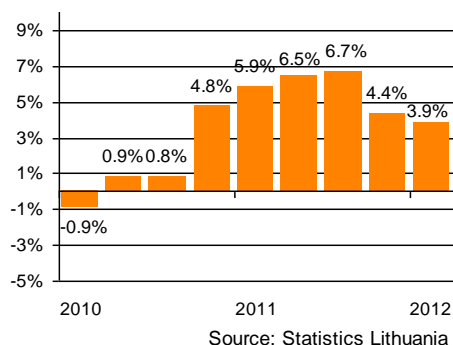
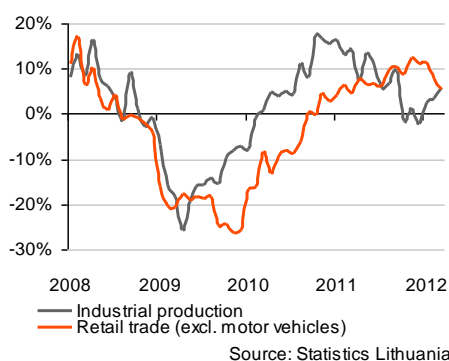


Growth remains strong in the first quarter of 2012

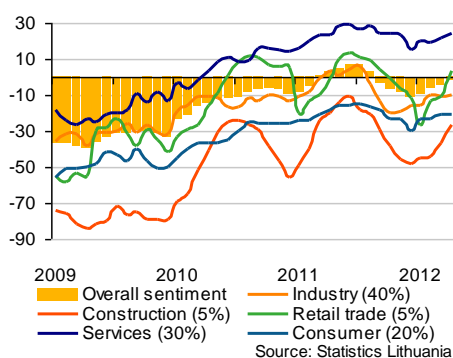
Economic Growth, yoy



Industrial production and retail trade (excl. motor vehicles), annual growth



Confidence Indicators



In line with our forecasts, in the first quarter of 2012 GDP continued expanding, although at a slightly slower pace. According to the preliminary data annual growth in the first quarter eased to 3.9%, whereas compared with fourth quarter of 2011 economy expanded by 0.8% (seasonally adjusted). In the first quarter GDP at current prices totalled EUR 7.3bn.

In the first quarter retail trade growth has decelerated but traders' turnover still was 8.2% higher than a year ago. Industrial production growth, on the other hand, has been accelerating, confirming our forecast that stagnation at the end of 2011 was temporal and caused by rapid contraction in inventories. Household consumption is supported by improving labour market, increased retirement pensions and upcoming increase in minimum monthly wage (by, probably, 12.5%).

Outlook

Small but important steps forward were made in euro zone, but political risks remain. However, we see that impact from euro zone recession on Lithuanian economy was muted.

Improving consumer and business confidence suggest a continued growth later this year. We forecast Lithuanian GDP to increase by 3.3% this year and 4.3% in 2013.

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