LIETUVOS BANKAS

SURVEY OF THE FINANCIAL SITUATION OF HOUSEHOLDS WITH LOANS

2013

ISSN 2335-8122 (ONLINE)

The purpose of the Survey of the Financial Situation of Households with Loans is to monitor and assess the financial situation of households, its features and developments.

Monitoring of the financial situation of households with loans and permanent analysis of household data are important in assessing the operating risk of credit institutions, examining the situation and stability of the financial system. Aiming to fill the gap in household examination, the Bank of Lithuania devised in early 2013 a Household Financial Condition Monitoring Information System, the impersonal data of which have been used in this Survey.

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METHODOLOGICAL NOTES

The Household Financial Condition Monitoring Information System (hereinafter — HFCMIS) is an information system that combines the information of the Loan Risk Database of the Bank of Lithuania (LRDB), the database of the Residents' Register Service, and the database of the State Social Insurance Fund Board (hereinafter — SoDra).

The Survey of the Financial Situation of Households only covers natural persons with loans, residents of the Republic of Lithuania, with the information about the loans extended to them submitted to the LRDB. A household with loans (hereinafter — household) is defined as a natural person with loans, his/her spouse (if the person is married) and children of both spouses and those with other persons aged 18 and under. At the end of 2012 there were 440,710 such households.

The Survey includes all valid, overdue, derecognized or impaired loans, also derecognized loans that were re-entered in the balance sheet in the course of the year and loans repaid in the he reference period. The Survey does not include repurchase agreements, business loans and credits, credit lines, credit arrears arising from factoring transactions, also credit arrears arising from liabilities under bills of exchange and promissory notes, loans and credits the asset type of whose collateral is "machinery and equipment" or "inventory of goods". Based on expert assessment, information about business loans, loans for economic activity, acquisition of bonds, financial and other investment is also excluded.

Another filtering criterion is the amount of loan, i.e. data is collected on loans whose initial amount in contracts is not less than LTL 1,000, but not above LTL 1,500,000, except for

- loans whose initial amount in the contract is above LTL 50,000, but the reimbursement period provided for in the contract is shorter than 12 months;
- loans whose initial amount in the contract is above LTL 100,000, but the reimbursement period provided for in the contract is shorter than 24 months;
- consumer loans, account credits and financial lease whose initial amount in the contract is above LTL 100,000;
- other loans and credits whose initial amount in the contract is above LTL 100,000, except for loans for house purchase.

In this Survey the amount of household income is not tantamount to household actual income and only comprises the state social security contribution base and the amounts of one-off and regular benefits assigned to a household during the reference period. In other words, this is insured income, which is defined as the total income of a natural person from which, according to the procedure established in the Republic of Lithuania Law on State Social Insurance, state social insurance contributions are calculated and must be paid; also sickness allowances, maternity, paternity benefits, maternity/paternity, occupational rehabilitation, sickness allowances in the case of incapacity for work as a result of accidents at work and state social insurance benefits for occupational sickness, as well as state social insurance unemployment benefits must be calculated. The aforementioned income in this Survey is hereinafter referred to as insured income.

The Survey excludes information about the income of individuals working with business certificates, receiving dividends or income from abroad as well as other income which is not disclosed by SoDra. Information is presented about income before tax.

Different households can have the same unique loan. In that case the loan is attributed to each of the households with this loan; however the amount of loan and the balance is divided in proportion to insured income received. Where none such households receive insured income, the amount of the loan is divided by the number of households that have received it. This Survey always considers unique loans.

While calculating the average number of unique loans per household, the result obtained is rounded to the nearest whole number. The weighted average of the loan reimbursement period is presented with month-by-month accuracy.

Meeting of loan repayment liabilities is recognised as belated where payments are overdue for more than 60 days.

The LRDB data for 2011 and 2012 used in the Survey is not compared with the data of previous periods, because amendments to the LRDB Management Regulations came into effect in November 2011 (the threshold for the amount after which the loan is to be notified was reduced from LTL 50,000 to LTL 1,000). The data for the years referred to in the tables and charts are singled out against a background of a different colour.

Due to methodological differences, the indicators in this Survey do not tally with monetary financial institutions' balance sheet and interest rate data, and credit institutions' financial accountability data.

SUMMARY OF THE REVIEW RESULTS

Fig.1. The number and value of household loans by average age of adult members of a household (at the end of 2012)

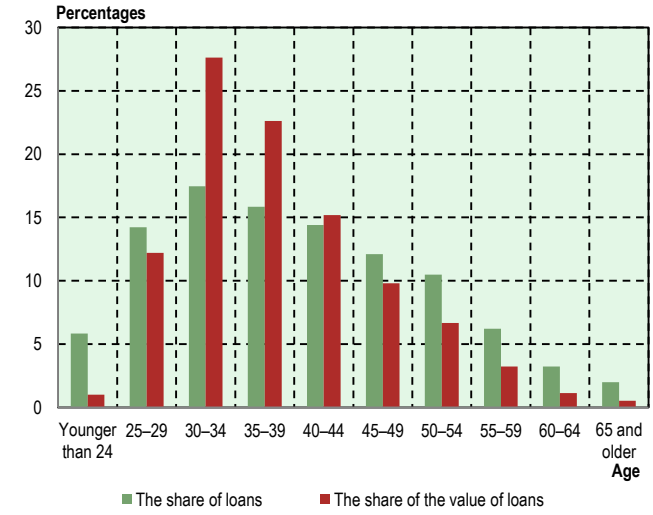
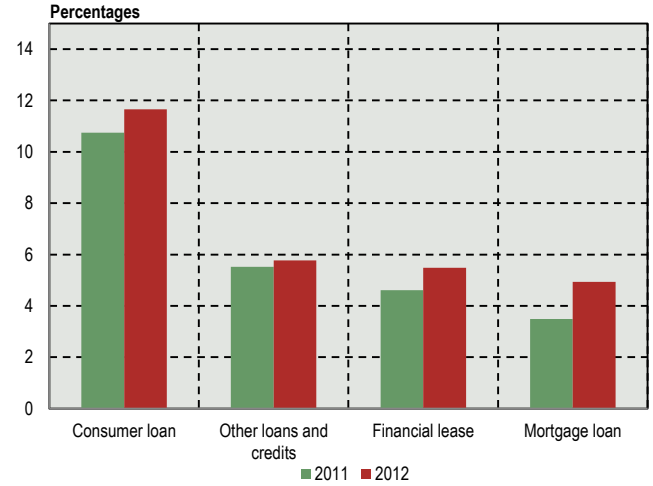
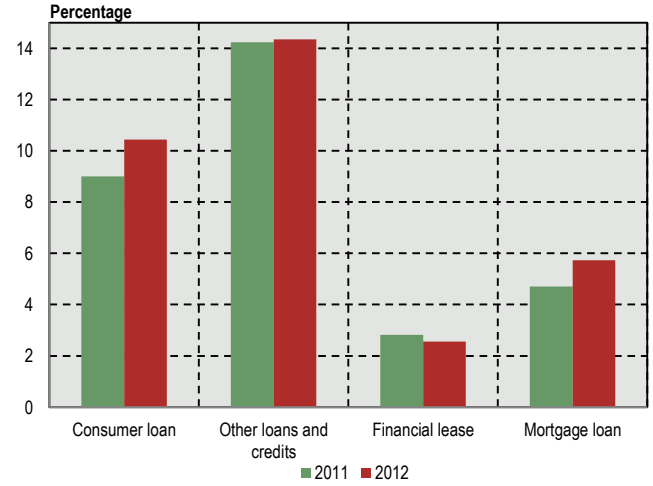


Fig. 2. Share of the number of loans with payments overdue at the end of the year



Note: due to methodological changes (see Methodological Notes) the data for 2011 and 2012 must be compared with a reserve.

Fig. 3. Share of the balance of loans with payments overdue at the end of the year



Note: due to methodological changes (see Methodological Notes) the data for 2011 and 2012 must be compared with a reserve.

1. Financial situation of households

At the end of 2012, the number of unique loans extended to households in Lithuania was 748.4 thousand, with their value standing at LTL 22.3 billion (see Annex 1). The largest share in number consisted of consumer loans — 41 per cent of total loans. Mortgage loans (it should be noted that mortgage loans not only include loans for house purchase, but also all loans for which real estate is used as collateral) accounted for 23 per cent, financial lease — 6 per cent, and other liabilities — 30 per cent of the number of household loans. The largest value was of mortgage loans — LTL 20.2 billion.

Household expenditure on loan repayment (repayment of a loan tranche and a portion of interest) in 2012 amounted to LTL 4.8 billion. On average, one household had to spare LTL 927 for the discharge of debt liabilities per month (see Annex 3).

By the average age of adult members of a household, towards the end of 2012 the households within the group aged 30–39 were most in debt. They accounted for a third of a total of household loans, with, also, the largest average amount of loan — even half the value of total loans (see Fig. 1). These households were mostly with mortgage loans: 34.6 per cent of the total of their loans, or 50.8 per cent of total mortgage loans (see Annex 4).

2. Discharge of household debt liabilities

Households mostly are late[1] in making payments for consumer loans, but make an effort to meet their financial lease or mortgage loan liabilities on time. The share of consumer loans whose borrowers have been recognised as late in paying their contributions at the end of 2012 accounted for 11.7 per cent (see Fig. 2). Late in meeting financial liabilities for financial lease were 5.5 per cent, for mortgage loans — 4.9 per cent, for other loans and credits — 5.8 per cent of households. With regard to total loans, it should be noted that in 2012, 8 per cent of loans were with debt liabilities overdue.

In terms of the balance, in 2012 most problems were faced by borrowers with loans not attributed to financial lease, mortgage or consumer loans (see Fig. 3). Households were late in making payments for about a tenth of the value of consumer loans. The value of total liabilities with payments overdue accounted for 6.2 per cent.

[1] Loans with payments by households overdue do not tally with the non-performing loans, as the latter comprise not loans overdue alone (see Methodological Notes).

3. Financial situation of households

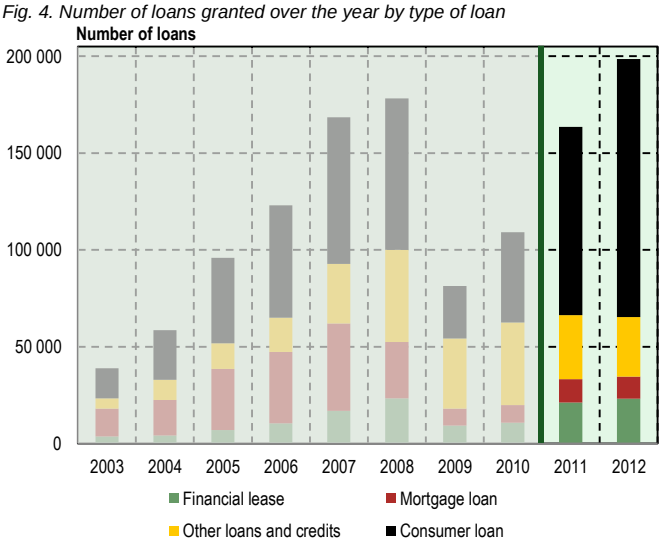
In 2012 households were extend nearly 200 thousand new loans. More than two thirds (133.4 thousand) of these loans were consumer loans (see Fig. 4). 11.4 thousands of loans extended were mortgage loans.

The average amount of mortgage loans extended in 2012 was LTL 130 thousand (see Fig. 5). The average amount of a financial lease was over LTL 5,000, of consumer loans — slightly below LTL 5,000. Other loans and credits amounted to LTL 6,000 on average.

In 2012 the average weighted repayment period for mortgage loans extended was 20 years and 4 months (see Fig. 6). The average repayment period for financial lease was 2 years and 1 month, for consumer loans — 2 years and 7 months. Repayment of other loans and credits was scheduled in 6 years and 9 months.

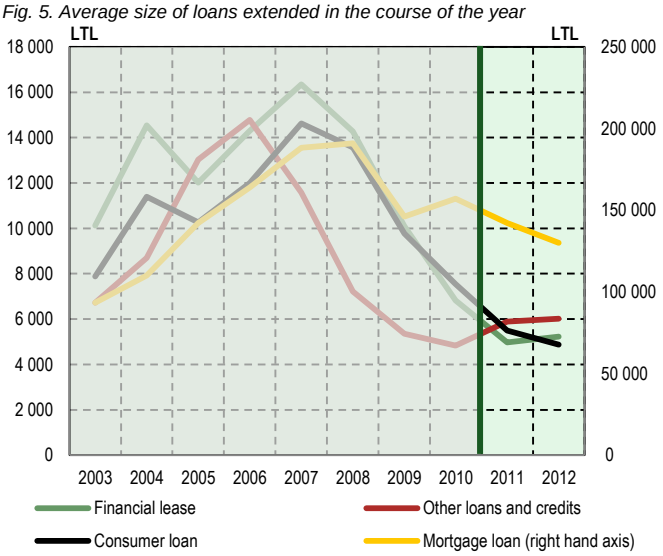
In 2012 a little over three fourths of the value of mortgage loans was secured. The ratio between the initial amount of loan and assets pledged was 76.3 per cent (see Annex 9).

Fig. 4. Number of loans granted over the year by type of loan



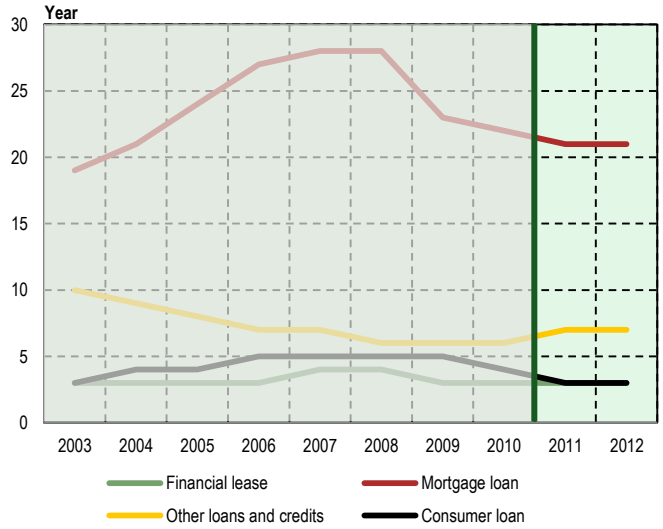
Note: The data for the periods against a different background are not compared due to methodological changes, whereas the data for 2011 and 2012 should be compared with a reserve (see Methodological Notes).

Fig. 5. Average size of loans extended in the course of the year



Note: The data for the periods against a different background are not compared due to methodological changes, whereas the data for 2011 and 2012 must be compared with a reserve (see Methodological Notes).

Fig. 6. Average weighted repayment period of new loans extended



Note: The data for the periods against a different background are not compared due to methodological changes, whereas the data for 2011 and 2012 must be compared with a reserve (see Methodological Notes).

This Survey was prepared by the Financial Stability Department of the Economics and Financial Stability Service of the Bank of Lithuania

Annexes

Note: Annex table data within the sections of a different background are not compared due to methodological changes: in November 2011, the threshold for the amount of the loans to be submitted to the LRDB of the Bank of Lithuania was reduced from LTL 50,000 to LTL 1,000.

Annex 1. The number and amount of household loans by type of loan at the end of 2012

Indicator	Mortgage loan	Consumer loan	Financial lease	Other loans and credits	Total
Balance of loan, LTL millions	20,246.1	1,110.5	178.4	796.6	22,331.7
Number of unique loans, units	169,749	305,243	45,005	228,444	748,441
Households, units*	138,265	228,306	42,497	179,736	440,710
Average amount of household loans, LTL	146,430.0	4864.0	4,199.1	4,432.2	50,672.1

** The same unique loan can be attributed to several households at a time (e.g., when the members of two different households have been issued a common loan); as a result, the number of unique loans and of households with loans of a certain type does not tally.*
*** Since the same household may have several loans, the number in the column "Total" is not the sum of the other columns.*

Annex 2. Average weighted repayment period of new loans extended

Year of granting the loan	Mortgage loan	Consumer loan	Financial lease	Other loans and credits
2003	18 years 05 months	2 years 09 months	2 years 09 months	9 years 09 months
2004	20 years 02 months	3 years 10 months	2 years 10 months	8 years 00 months
2005	23 years 09 months	3 years 08 months	2 years 08 months	7 years 10 months
2006	26 years 06 months	4 years 00 months	2 years 11 months	6 years 08 months
2007	27 years 09 months	4 years 05 months	3 years 01 month	6 years 03 months
2008	27 years 01 month	4 years 05 months	3 years 01 month	5 years 10 months
2009	22 years 05 months	4 years 04 months	2 years 10 months	5 years 09 months
2010	21 years 02 months	3 years 09 months	2 years 09 months	5 years 05 months
2011	20 years 07 months	2 years 10 months	2 years 02 months	6 years 08 months
2012	20 years 04 months	2 years 07 months	2 years 01 month	6 years 09 months

Note: The data for the periods against a different background are not compared due to methodological changes, whereas the data for 2011 and 2012 must be compared with a reserve (see Methodological Notes).

Annex 3. Household expenditure on loan repayment

Year	Household expenditure on loan repayment, LTL millions per year	On average per household, LTL per month
2003	234.6	479.4
2004	530.9	593.0
2005	1,111.5	779.5
2006	1,942.8	927.2
2007	3,714.4	1,268.8
2008	4,470.9	1,208.9
2009	3,900.0	955.1
2010	4,225.5	960.4
2011	3,518.7	719.8
2012	4,806.6	927.3

Note: The data for the periods against a different background are not compared due to methodological changes, whereas the data for 2011 and 2012 must be compared with a reserve (see Methodological Notes).

Annex 4. The number of loans by the average age of adult members of a household at the end of 2012

Age group, years	Mortgage loan			Consumer loan			Financial lease			Other loans and credits		
	Units	age group, %	loan group, %	Units	age group, %	loan group, %	Units	age group, %	loan group, %	Units	age group, %	loan group, %
up to 24	1,409	3.2	0.8	21,945	50.2	7.2	2,335	5.3	5.2	17,998	41.2	7.9
25–29	21,428	20.1	12.6	51,449	48.3	16.9	6,323	5.9	14.0	27,371	25.7	12.0
30–34	46,400	35.5	27.3	44,350	34.0	14.5	6,461	4.9	14.4	33,422	25.6	14.6
35–39	39,794	33.6	23.4	38,864	32.8	12.7	6,164	5.2	13.7	33,725	28.4	14.8
40–44	27,699	25.7	16.3	40,459	37.5	13.3	5,915	5.5	13.1	33,686	31.3	14.7
45–49	17,941	19.8	10.6	37,255	41.1	12.2	5,367	5.9	11.9	30,059	33.2	13.2
50–54	12,769	16.3	7.5	34,282	43.6	11.2	4,731	6.0	10.5	26,768	34.1	11.7
55–59	6,683	14.4	3.9	20,928	45.0	6.9	3,143	6.8	7.0	15,758	33.9	6.9
60–64	2,622	10.8	1.5	12,121	50.1	4.0	2,148	8.9	4.8	7,299	30.2	3.2
65 or older	1,332	9.0	0.8	8,258	55.6	2.7	2,418	16.3	5.4	2,851	19.2	1.2
Total	169,749*	–	–	305,243*	–	–	45,005*	–	–	228,444*	–	–

** The same unique loan can be attributed to several households at a time (e.g., when the members of two different households have been issued a common loan); as a result, the sum of the columns is obtained higher than that specified in the column "Total".*

Annex 5. The number of new loans extended over the year (by type of loan, units)

Year	Mortgage loan	Consumer loan	Financial lease	Other loans and credits	Total
2003	14,457	15,537	3,654	5,233	38,881
2004	18,248	25,674	4,224	10,429	58,575
2005	31,495	44,072	7,020	13,285	95,872
2006	36,876	57,999	10,359	17,757	122,991
2007	45,033	75,618	16,938	30,876	168,465
2008	29,019	78,298	23,375	47,613	17,305
2009	8,799	27,048	9,284	36,160	81,291
2010	9,081	46,609	10,734	42,634	109,058
2011	12,106	97,279	21,187	32,977	163,549
2012	11,419	133,394	23,206	30,644	198,663

Note: The data for the periods against a different background are not compared due to methodological changes, whereas the data for 2011 and 2012 should be compared with a reserve (see Methodological Notes).

Annex 6. Average amount of new loans extended over the year (LTL)

Year	Mortgage loan	Consumer loan	Financial lease	Other loans and credits
2003	93,355	7,881	10,124	6,725
2004	109,978	11,398	14,536	8,692
2005	142,090	10,269	12,017	13,024
2006	163,861	12,000	14,294	14,778
2007	188,169	14,623	16,350	11,576
2008	190,900	13,568	14,268	7,213
2009	146,063	9,776	10,101	5,351
2010	156,966	7,538	6,814	4,832
2011	142,154	5,489	4,974	5,895
2012	130,059	4,880	5,227	6,018

Note: The data for the periods against a different background are not compared due to methodological changes, whereas the data for 2011 and 2012 must be compared with a reserve (see Methodological Notes).

Annex 7. Average insured income of households in the fourth quarter of 2012 (LTL)

Type of insured income	Mortgage loan	Consumer loan	Financial lease	Other loans and credits	Total
Total average insured income of households	12,716	7,459	9,335	11,700	9,096
Average insured labour income of households alone	12,499	7,511	9,656	11,672	9,200
Average insured labour income from royalty fees of households alone	4,112	2,888	3,782	3,946	3,665
Average insured non-labour income from royalty fees of households alone	2,097	1,598	2,130	1,919	1,869
Average insured other income of households alone	3,041	2,643	3,048	2,982	2,831
Average one-off benefits for households alone	1,359	905	978	1,178	1,027
Average regular benefits for households alone	3,269	2,473	2,660	2,903	2,674

Note: The averages of insured income presented in the columns of the Table, by type of insured income, differ in their sample, as averages are only calculated for those households that had insured income of a respective category.

Annex 8. Share of the value of mortgage loans by repayment method (at the end of the year, %)

Year	Unspecified	Periodic annuity payments	Periodic linear payments	Single payment at the end of the repayment period	Other
2003	85.0	7.2	4.1	0.0	3.8
2004	82.6	8.1	4.7	0.0	4.6
2005	80.0	10.4	5.2	0.0	4.4
2006	78.3	11.9	5.8	0.0	4.0
2007	76.4	14.2	5.9	0.0	3.6
2008	72.0	17.3	7.0	0.1	3.6
2009	70.4	18.5	7.2	0.1	3.8
2010	68.5	19.4	8.1	0.1	3.8
2011	40.9	25.7	29.2	0.4	3.9
2012	16.2	31.8	47.3	1.0	3.8

Note: The data for the periods against a different background are not compared due to methodological changes, whereas the data for 2011 and 2012 must be compared with a reserve (see Methodological Notes).

Annex 9. Securing of new mortgage loans extended over the year by assets (the ratio of the initial amount of loan to assets pledged, %)

Year	The ratio of the amount of loans to assets pledged
2003	59.6
2004	62.4
2005	68.6
2006	69.7
2007	85.4
2008	87.5
2009	76.0
2010	74.1
2011	72.0
2012	75.0

Note: The data for the periods against a different background are not compared due to methodological changes, whereas the data for 2011 and 2012 must be compared with a reserve (see Methodological Notes).

Annex 10. The number and value of household loans by average age of adult members of a household at the end of 2012

Age group, years	Number of unique loans, units	Share of loans, %	Loan balance, LTL millions	Loan balance share, %
younger than 24	43,687	5.8	225	1.0
25–29	106,571	14.2	2,727	12.2
30–34	130,633	17.5	6,171	27.6
35–39	118,547	15.8	5,052	22.6
40–44	107,759	14.4	3,393	15.2
45–49	90,622	12.1	2,189	9.8
50–54	78,550	10.5	1,488	6.7
55–59	46,512	6.2	721	3.2
60–64	24,190	3.2	251	1.1
65 and older	14,859	2.0	115	0.5
Total	748,441*	–	22,332	100

** The same unique loan can be attributed to several households at a time (e.g., when the members of two different households have been issued a common loan); as a result, the sum of the columns is obtained higher than that specified in the column "Total".*

Annex 11. Share of the number of loans whose borrowers have been recognised as late in paying their contributions at the end of the year (%)

Year	Mortgage loan	Consumer loan	Financial lease	Other loans and credits	Total
2011	3.5	10.7	4.6	5.5	7.1
2012	4.9	11.7	5.5	5.8	8.0

Note: Due to methodological changes (see Methodological Notes) the data for 2011 and 2012 must be compared with a reserve.

Annex 12. Share of the balance of loans whose borrowers have been recognised as late in paying their contributions at the end of the year (%)

Year	Mortgage loan	Consumer loan	Financial lease	Other loans and credits	Total
2011	4.7	9.0	2.8	14.2	5.3
2012	5.7	10.4	2.6	14.4	6.2

Note: Due to methodological changes (see Methodological Notes) the data for 2011 and 2012 must be compared with a reserve.