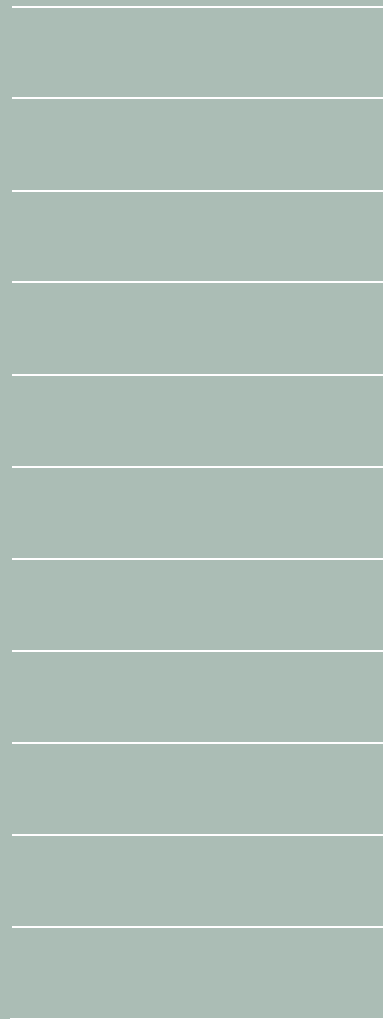




LIETUVOS BANKAS
EUROSISTEMA

SURVEY OF THE FINANCIAL SITUATION OF HOUSEHOLDS WITH LOANS

2015



ISSN 2335-8114 (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 the research of households, the Bank of Lithuania devised in early 2013 the Household Financial Monitoring Information System, the impersonal data of which have been used in this Survey.

METHODOLOGICAL NOTES

The Household Financial Monitoring Information System (hereinafter — HFMS) 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 granted to them submitted to the LRDB. Data to the LRDB is provided by banks registered in the Republic of Lithuania (they also provide the data of their controlled undertakings — leasing companies — at the same time), foreign bank branches, the Lithuanian Central Credit Union and credit unions about credit taking parties (natural and legal persons) and loans granted to them. A household with loans (hereinafter — household) is defined as a natural person with loans, his/her spouse (where the person is married) and the children of both spouses and those with other persons aged 18 and under. At the end of 2014 there were 486,628 such households in the HFMS database.

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 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 their collateral being “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, the initial contract amount of which is greater than EUR 200 but not above EUR 500,000, except for

- Loans, the initial contract amount of which is above EUR 15,000, but the reimbursement period provided for in the contract is shorter than 12 months;
- Loans, the initial contract amount of which is above EUR 30,000, but the reimbursement period provided for in the contract is shorter than 24 months;
- consumer loans, overdrafts and financial lease the initial contract amount of which is greater than EUR 30,000;
- other loans and credits, the initial contract amount of which is greater than EUR 30,000, except 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. This includes insured income, 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 recorded in the SoDra database. Information is presented about income before tax.

This Survey always considers unique loans. 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 and balance of the loan is divided in proportion to insured income received. Where none of such households receive insured income, the amount of loan is divided by the number of households that have received it. While calculating the average number of unique loans per household, the result obtained is rounded to the nearest whole number. The weighted average of loan reimbursement period is presented with a month-by-month accuracy.

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

The 2011–2014 LRDB data used in the Survey is not comparable with the data of previous periods because amendments to the LRDB Management Regulations came into effect in November 2011 — the threshold amount from which the loan is to be notified was reduced from LTL 50 thousand to LTL 1 thousand (from EUR 14.5 thousand to EUR 300). The data for the years referred to in the tables and charts are singled out against a background of a different colour. In 2015, when the euro became Lithuania's national currency, the LRDB was adapted to the changed currency. The database additionally included loans no less than EUR 200. Because of this, the indicators presented in the previous survey are not compared in detailed with the 2015 survey.

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 SURVEY RESULTS

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Chart 1. The number and value of household loans by average age of adult members of a household (at the end of 2014)

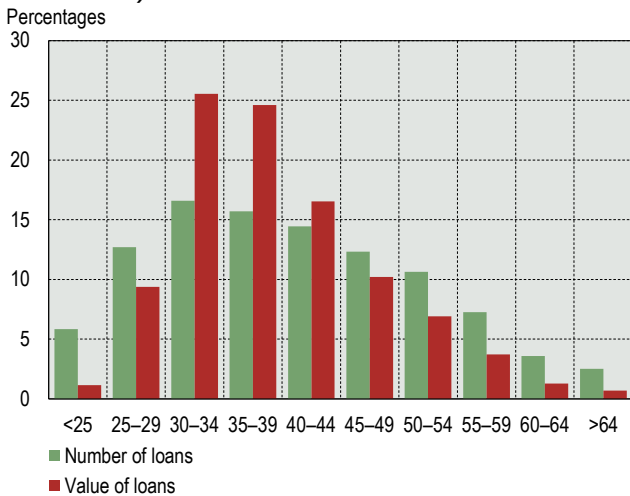
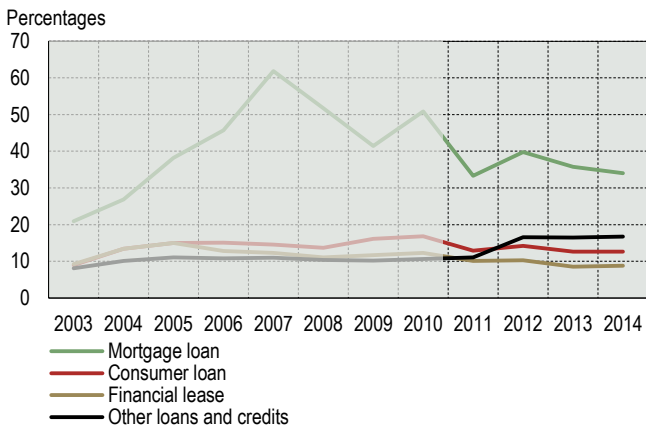
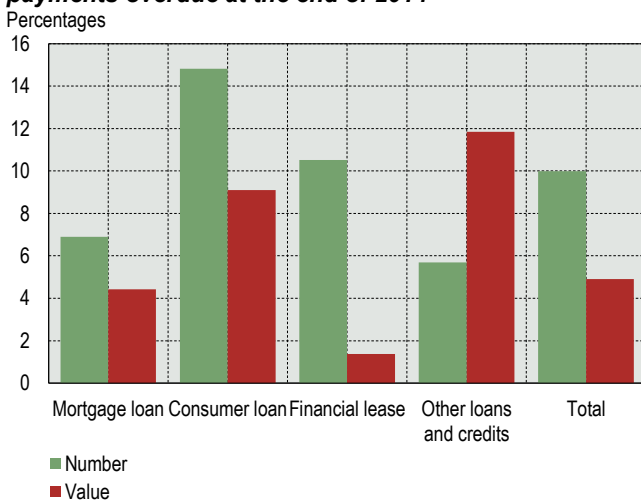


Chart 2. Share of household income for loan repayment



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

Chart 3. Share of the number and balance of loans with payments overdue at the end of 2014



1. Financial situation of households

At the end of 2014, the number of loans granted to households in Lithuania was 854.5 thousand, with their value standing at EUR 6.6 billion (see Table 1). Consumer loans represented the largest share of loans in number (38.3 %). Mortgage loans that not only include loans for house purchase, but loans for other purposes as well for which real estate is used as collateral accounted for 21.3 per cent, financial lease — 4.3 per cent, other liabilities — 36.1 per cent of a total of household loans. The largest amount was of mortgage loans — EUR 6.0 billion (a year-on-year increase of EUR 0.1 billion).

By the average age of adult members of a household, in 2014 the households within the group aged 30–39 were most in debt. Such households accounted for 32.3 per cent of a total number of household loans, with their value accounting for half of the value of total loans (see Chart 1). These households were mostly with mortgage loans: 32.8 per cent of a total number of their loans, or 47.1 per cent of a total number of mortgage loans (see Table 2).

Household expenditure on loan repayment (repayment of a loan tranche and interest) in 2014 amounted to LTL 1.4 billion. A year ago, household expenditure for loan repayment was lower by EUR 32 million. On average, one household had to spare EUR 223 for the discharge of its debt liabilities per month (see Table 4), while a year ago — EUR 5 less.

The share of income spared for loan repayment at the end of 2014 accounted for 30.4 per cent (see Annex 5). The major share is to be spared for the repayment of a mortgage loan — 34.0 per cent of income of households' having such loans (see Chart Chart 22). The smallest share of households' income is spared for repayment of financial lease liabilities — 8.8 per cent.

2. Discharge of household debt liabilities

Households mostly overdue¹ payments for consumer loans, while best meeting their mortgage loan liabilities. The share of consumer loans, the borrowers of which were late in paying their contributions, at the end of 2014 accounted for 14.8 per cent of the total number (see Chart 3). Late in meeting financial liabilities for financial lease were 10.5 per cent of households, for mortgage loans — 6.9 per cent, for other loans and credits — 5.7 per cent of households. With regard to total loans, in 2014, 10.0 per cent of loans were overdue or 0.4 p.p. more than a year ago (see Table 7).

In terms of value, households with financial lease loans were least overdue in 2014 (see Chart 3). Households were overdue in their payments for 9.1 per cent of the value of consumer loans, 4.4 per cent of mort-

¹ HFMS loans with payments by households overdue do not tally with the non-performing loans, as the latter are only calculated of the banking sector's and comprise not only loans overdue, but unimpaired loans as well (loans for which specific provisions have been formed). In addition, the sample of HFMS loans is different (see Methodological Notes). Meeting of loan repayment liabilities is recognised as belated where payments are overdue for more than 60 days.

gage loans and 1.4 per cent of financial lease loans. With regard to total loans, payments were overdue for 4.9 per cent of the value of total loans (1.3 p. p. less than a year ago, see Table 8).

3. Financial situation of households

There were nearly 213.1 thousand new loans granted to households in 2014. Such number of new loans is by 19.9 thousand larger than a year ago. Almost two-thirds of new loans (136.7 thousand) were consumer loans (see Chart 4), 17.4 — mortgage loans (2.1 thousand more than a year ago).

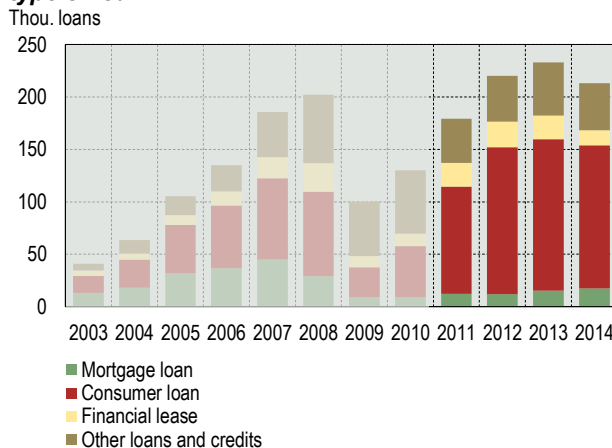
The average initial amount of mortgage loans provided in 2014 specified in the contract was EUR 41.8 thousand (EUR 3.8 thousand more than a year ago, see Chart 5 and Table 10). The average amount of a new financial lease was EUR 2.8 thousand (EUR 1.1 thousand more than a year ago), while of consumer loans — slightly less than EUR 1.4 thousand (has remained basically unchanged over a year). Other loans and credits amounted to EUR 1.5 thousand on average (EUR 100 less than a year ago).

In 2014 the average weighted repayment period for mortgage loans extended was 24 years and 1 month (see Chart 6 and Table 11). The arithmetic average of repayment periods of newly granted mortgage loans was 21 years and 1 month, since higher value loans were granted for a longer period on average.² The average weighted repayment period for financial lease was 4 years and 0 months, for consumer loans — 3 years and 4 months. Repayment of other loans and credits at the same time was scheduled in 10 years and 8 months on average. The repayment periods for all new loans granted, except for consumer loans, were slightly longer on average than a year ago.

The ratio of the value of new mortgage loans provided in 2014 to the value of total assets pledged was 75.6 per cent. A year ago, securing of mortgage loans by assets was slightly less (73.8%; see Table 12). Nearly all underlying assets were real estate assets — 99.8 per cent of the total asset value spared for securing. Due to this reason, the average loan-to-value ratio of newly granted mortgage loans remained almost unchanged at 75.8 per cent (73.9% a year ago).

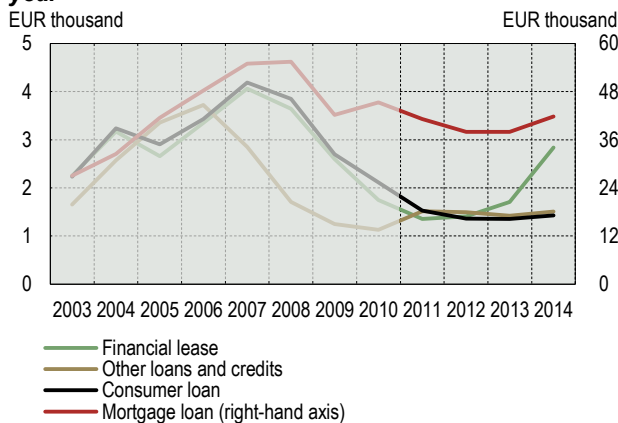
The Survey was prepared by the Bank of Lithuania
Economic and Financial Stability Service
Financial Stability Department

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



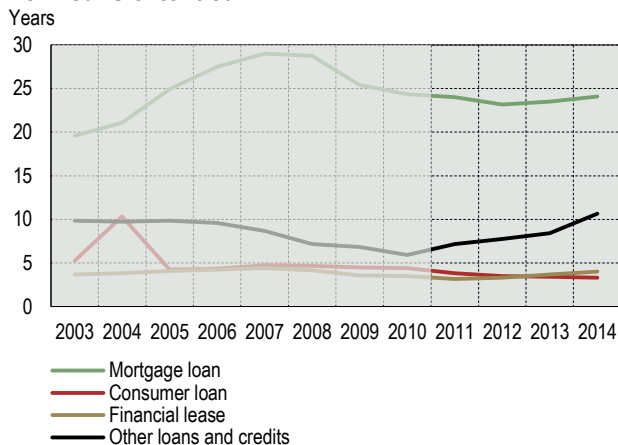
Note: the data for the periods against a different background are not comparable due to methodological changes, whereas the data for 2011 and 2012 must be compared with a reserve (see Methodological Notes).

Chart 5. Average size of loans extended during the year



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

Chart 6. Average weighted repayment period for new loans extended



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

² The weighted average of a loan repayment period indicated in a loan agreement is calculated by assigning weights according to the amount indicated in the agreement.

Annex

Note: annex table data within the columns against a different background are not comparable due to methodological changes: in November 2011, the threshold amount for a loan to be notified of was reduced from LTL 50,000 to LTL 1,000 (from EUR 14.5 thousand to EUR 300).

Table 1. The number and amount of household loans by type of loan at the end of 2014

Indicator	Mortgage loan	Consumer loan	Financial lease	Other loans and credits	Total
Loan balance, EUR millions	6,014	328	60	232	6,634
Number of unique loans	182,505	326,999	36,424	308,547	854,475
Households, units*	152,598	233,610	34,493	239,691	486,628***
Average amount of household loans, EUR	32,953	1,004	1,640	753	7,764

* 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.

Table 2. The number of loans by the average age of adult members of a household at the end of 2013

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, %
<25	1,564	3.1	0.9	21,446	42.9	6.6	1,516	3.0	4.2	25,436	50.9	8.2
25–29	18,155	16.7	9.9	48,734	44.9	14.9	5,031	4.6	13.8	36,544	33.7	11.8
30–34	45,368	32.0	24.9	47,034	33.2	14.4	5,709	4.0	15.7	43,550	30.7	14.1
35–39	45,205	33.7	24.8	40,946	30.5	12.5	5,034	3.8	13.8	42,887	32.0	13.9
40–44	32,409	26.3	17.8	42,715	34.6	13.1	4,720	3.8	13.0	43,553	35.3	14.1
45–49	21,054	20.0	11.5	40,749	38.7	12.5	4,126	3.9	11.3	39,417	37.4	12.8
50–54	14,765	16.2	8.1	37,194	40.9	11.4	3,639	4.0	10.0	35,321	38.8	11.4
55–59	8,823	14.2	4.8	25,841	41.6	7.9	2,626	4.2	7.2	24,778	39.9	8.0
60–64	3,253	10.6	1.8	14,078	46.1	4.3	1,637	5.4	4.5	11,584	37.9	3.8
>64	1,714	8.0	0.9	11,106	52.0	3.4	2,386	11.2	6.6	6,163	28.8	2.0
Total	192,310*	–	–	329,843*	–	–	36,424*	–	–	309,233*	–	–

* 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, this digit does not coincide with that indicated in Annex 1.

Table 3. The number and value of household loans by average age of adult members of a household at the end of 2014

Age group, years	Number of loans, units	Share of loans, %	Loan balance, EUR millions	Loan balance share, %
<25	49,962	5.8	75	1.1
25–29	108,464	12.7	622	9.4
30–34	141,661	16.6	1,695	25.6
35–39	134,072	15.7	1,633	24.6
40–44	123,397	14.4	1,096	16.5
45–49	105,346	12.3	677	10.2
50–54	90,919	10.6	459	6.9
55–59	62,068	7.3	247	3.7
60–64	30,552	3.6	84	1.3
>64	21,369	2.5	46	0.7
Total	854,475*	–	6 634	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".

Table 4. Household expenditure on loan repayment

Year	Household expenditure for loan repayment, EUR millions per year	On average per household, EUR/month
2003	66	97
2004	160	138
2005	338	184
2006	592	229
2007	1,126	320
2008	1,344	308
2009	1,160	249
2010	1,261	249
2011	1,059	185
2012	1,440	235
2013	1,387	218
2014	1,419	223

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

Table 5. Share of income allocated for loan repayment by type of loan (%)

Year	Mortgage loan	Consumer loan	Financial lease	Other loans and credits	Total
2003	20.9	9.0	9.2	8.1	17.8
2004	26.9	13.4	13.4	10.1	23.8
2005	38.2	15.0	15.0	11.1	31.7
2006	45.7	15.1	12.8	10.8	35.6
2007	61.9	14.6	12.3	11.0	49.8
2008	51.7	13.7	11.1	10.4	36.9
2009	41.4	16.1	11.7	10.2	32.5
2010	50.9	16.8	12.3	10.6	36.5
2011	33.3	12.9	10.1	11.1	26.8
2012	39.8	14.2	10.3	16.6	32.8
2013	35.8	12.6	8.5	16.5	30.4
2014	34.0	12.6	8.8	16.7	30.4

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

Table 6. Average monthly insured income of households in the fourth quarter of 2014 (EUR)

Type of insured income	Mortgage loan	Consumer loan	Financial lease	Other loans and credits	Total
Total average insured income of households	1,364	805	1,120	1,199	989
Average insured labour income of households	1,345	810	1,162	1,198	1,000
Average insured labour income from royalty fees of households	340	268	388	341	325
Average insured non-labour income from royalty fees of households	208	153	170	172	179
Average insured other income of households	345	308	351	339	327
Average one-off benefits for households	136	95	113	116	107
Average regular benefits for households	298	240	274	285	263

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.

Table 7. Average share of the number of overdue loans (%)

Year	Mortgage loan	Consumer loan	Financial lease	Other loans and credits	Total
2011	3.6	10.9	3.4	5.4	7.0
2012	7.7	14.0	6.3	7.1	10.0
2013	7.4	13.6	11.0	7.1	10.4
2014	6.9	14.8	10.5	5.7	10.0

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

Table 8. Average share of the balance sheet value of overdue loans

(%)

Year	Mortgage loan	Consumer loan	Financial lease	Other loans and credits	Total
2011	2.7	4.9	0.7	12.8	3.2
2012	6.1	11.7	2.7	16.7	6.8
2013	5.6	11.2	2.2	14.2	6.2
2014	4.4	9.1	1.4	11.8	4.9

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

Table 9. The number of new loans granted over the year

(by type of loans, units)

Year	Mortgage loan	Consumer loan	Financial lease	Other loans and credits	Total
2003	13,304	16,177	4,963	6,551	40,995
2004	18,137	26,676	5,849	12,874	63,536
2005	31,876	45,941	9,637	17,955	105,309
2006	36,793	59,879	13,227	24,993	134,892
2007	44,946	77,599	20,188	42,971	185,704
2008	29,102	80,627	26,972	65,288	202,079
2009	8,950	28,725	10,567	52,111	100,353
2010	9,208	48,681	11,916	60,256	130,061
2011	12,258	102,186	22,601	42,137	179,182
2012	11,840	140,185	24,485	43,807	220,317
2013	15,344	144,440	22,530	50,700	233,014
2014	17,374	136,697	14,099	44,905	213,075

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

Table 10. Average initial contract amount of new loans granted over the year

(EUR)

Year	Mortgage loan	Consumer loan	Financial lease	Other loans and credits
2003	27,011	2,231	2,253	1,651
2004	32,421	3,239	3,173	2,571
2005	41,443	2,905	2,660	3,354
2006	48,270	3,428	3,349	3,720
2007	54,937	4,187	4,061	2,851
2008	55,402	3,850	3,641	1,705
2009	42,212	2,700	2,597	1,251
2010	45,279	2,115	1,749	1,130
2011	41,163	1,530	1,357	1,513
2012	37,993	1,363	1,409	1,492
2013	37,955	1,355	1,707	1,423
2014	41,764	1,427	2,835	1,509

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

Table 11. Average weighted repayment period for new loans granted

Year of granting the loan	Mortgage loan	Consumer loan	Financial lease	Other loans and credits
2003	19 y. 7 mo.	5 y. 3 mo.	3 y. 8 mo.	9 y. 10 mo.
2004	21 y. 1 mo.	10 y. 4 mo.	3 y. 10 mo.	9 y. 9 mo.
2005	24 y. 11 mo.	4 y. 3 mo.	4 y. 1 mo.	9 y. 10 mo.
2006	27 y. 6 mo.	4 y. 4 mo.	4 y. 3 mo.	9 y. 7 mo.
2007	29 y. 0 mo.	4 y. 9 mo.	4 y. 5 mo.	8 y. 8 mo.
2008	28 y. 9 mo.	4 y. 8 mo.	4 y. 2 mo.	7 y. 2 mo.
2009	25 y. 5 mo.	4 y. 6 mo.	3 y. 7 mo.	6 y. 10 mo.
2010	24 y. 4 mo.	4 y. 5 mo.	3 y. 6 mo.	5 y. 11 mo.
2011	24 y. 0 mo.	3 y. 10 mo.	3 y. 2 mo.	7 y. 2 mo.
2012	23 y. 2 mo.	3 y. 6 mo.	3 y. 4 mo.	7 y. 9 mo.
2013	23 y. 6 mo.	3 y. 5 mo.	3 y. 8 mo.	8 y. 5 mo.
2014	24 y. 1 mo.	3 y. 4 mo.	4 y. 0 mo.	10 y. 8 mo.

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

Table 12. Securing of new mortgage loans provided 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 total assets pledged, %	Loan-to-value ratio, %	The share of real estate in assets pledged, %
2003	61.8	63.3	97.7
2004	64.7	66.1	98.0
2005	70.0	70.5	99.3
2006	77.9	78.4	99.4
2007	87.9	88.3	99.5
2008	88.5	89.6	98.7
2009	80.8	81.1	99.7
2010	80.3	80.7	99.5
2011	73.3	73.6	99.5
2012	73.9	74.1	99.7
2013	73.8	73.9	99.8
2014	75.6	75.8	99.8

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

Table 13. 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 repayment methods
2003	82.6	8.9	5.3	0.0	3.1
2004	81.9	7.5	7.0	0.0	3.5
2005	79.7	7.8	9.3	0.0	3.2
2006	78.1	8.8	10.5	0.0	2.5
2007	76.2	10.2	11.4	0.1	2.0
2008	73.7	12.2	12.0	0.1	2.0
2009	72.6	13.0	12.3	0.1	2.0
2010	71.6	13.6	12.7	0.1	2.0
2011	46.0	17.8	33.8	0.3	2.1
2012	37.9	19.4	40.1	0.5	2.1
2013	32.2	20.9	44.6	0.4	1.9
2014	12.0	24.9	61.0	0.4	1.7

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