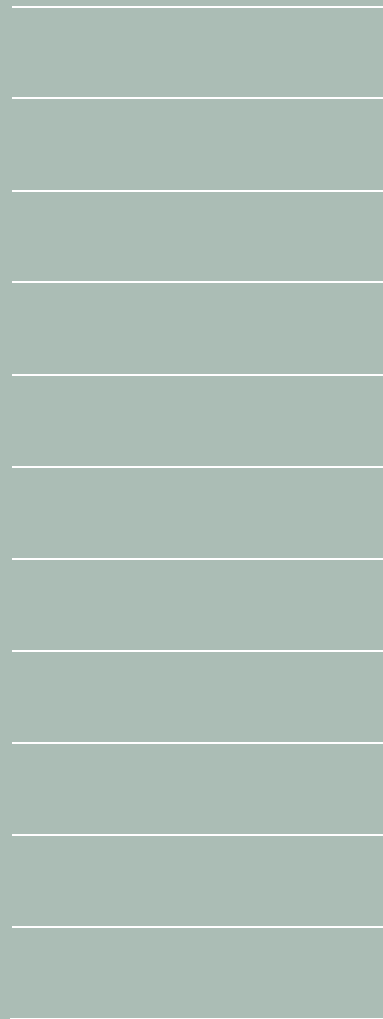




LIETUVOS BANKAS
EUROSISTEMA

SURVEY OF THE FINANCIAL SITUATION OF HOUSEHOLDS WITH LOANS

2016



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

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METHODOLOGICAL NOTES

The Household Financial Monitoring Information System (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 and residents of the Republic of Lithuania with loans, with the information about the loans extended to them submitted to the LRDB. Data to the LRDB on credit taking parties (natural and legal persons) and loans granted to them is provided by banks registered in the Republic of Lithuania (at the same time, they provide the data on their controlled undertakings — leasing companies), foreign bank branches, the Lithuanian Central Credit Union and credit unions. A household with loans (hereinafter — household) is defined as a natural person with loans, his/her spouse (where the person is married) as well as the children of both spouses and those with other persons aged 18 and under. At the end of 2015 there were 501,303 such households in the HFMS database.

The Survey includes all valid, overdue, derecognised or impaired loans, also derecognised loans that were re-entered in the balance sheet in the course of the year as well as 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 whose collateral asset type is 'machinery and equipment' or 'inventory of goods'. Based on expert assessment, information about loans for acquisition of bonds, financial and other investment is also excluded.

In preparing the Survey, data was collected on loans whose initial agreement amount is at least EUR 200, but no more than EUR 500,000, except for:

- loans whose initial agreement amount is above EUR 15,000, but the reimbursement period provided for in the agreement is shorter than 12 months;
- loans whose initial agreement amount is above EUR 30,000, but the reimbursement period provided for in the agreement is shorter than 24 months;
- consumer loans, overdrafts and financial lease whose initial agreement amount is above EUR 30,000;
- other loans and credits whose initial agreement amount is above 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 is 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 considers unique loans only. 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 such households receive insured income, the amount of the 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 the loan reimbursement period is presented with month-by-month accuracy.

Meeting of loan repayment liabilities is recognised as delayed 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 EUR 14.5 thousand to EUR 300 (from LTL 50 thousand to LTL 1 thousand). The data for the years referred to in the tables and charts are presented against a different-colour background. In 2015, when the euro became Lithuania's national currency, the LRDB was adapted to the changed currency. Loans no less than EUR 200 were additionally included in the database. For this reason, the indicators presented in the previous surveys (published until 2015) are not compared in detailed with this Survey.

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

SUMMARY OF THE SURVEY RESULTS

4

Chart 1. Distribution of the number and value of household loans by average age of adult members in a household (at the end of 2015)

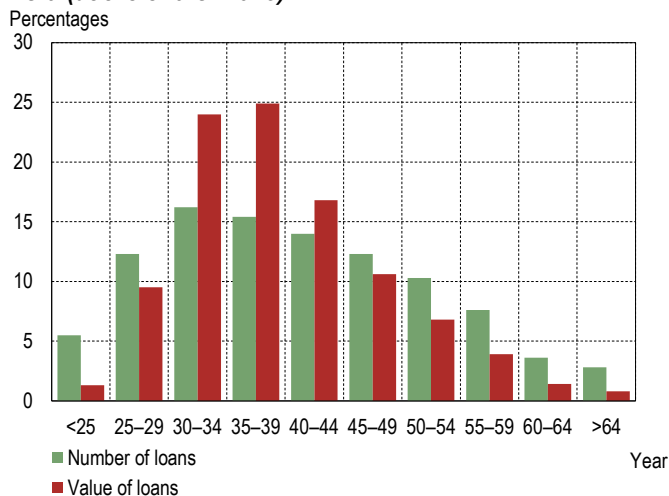
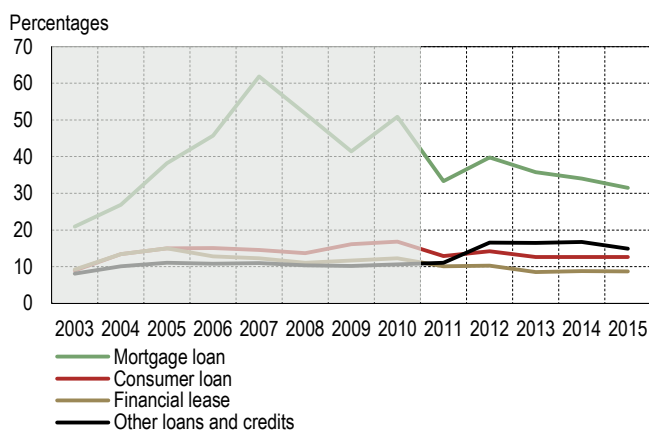
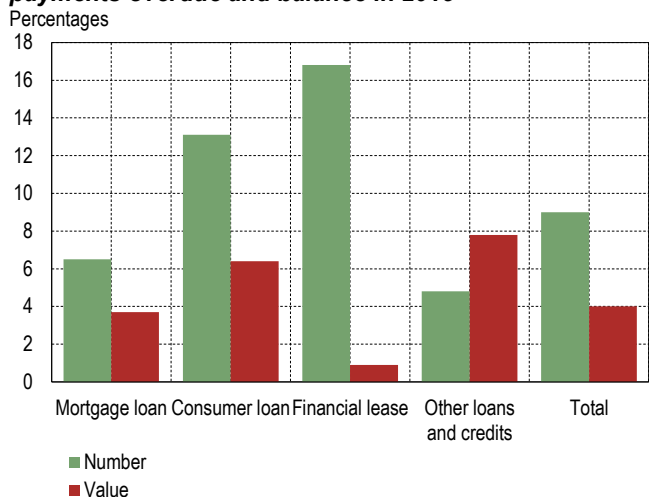


Chart 2. Share of household income for loan repayment



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. Average annual share of the number of loans with payments overdue and balance in 2015



1. Financial situation of households

At the end of 2015, Lithuanian households were granted 879.0 thousand loans registered in the LRDB, with their value standing at EUR 7.0 billion (see Table 1). Consumer loans represented the largest share of loans in number (38.0%). Mortgage loans that include not only loans for house purchase but also loans for other purposes, for which real estate is used as collateral, accounted for 21.9 per cent, financial lease — 2.8 per cent, other liabilities — 37.3 per cent of total household loans. As usual, the largest amount was of mortgage loans — EUR 6.3 billion (a year-on-year increase of EUR 0.3 billion).

By the average age of adult members in a household, in 2015 households within the 30–34 age group were indebted the most. Such households accounted for 16.2 per cent of total household loans, with their value accounting for 24.0 per cent of the overall value of household loans (see Chart Chart 1.). These households mostly had consumer loans: 34.1 per cent of the total of their loans, or 14.6 per cent of total consumer loans (see Table 2). Nonetheless, by the average of adult members in a household, households within the 35–39 age group accounted for a larger share of the total value of loans — 24.9 per cent (see Table 3). These households were mostly with mortgage loans: 34.8 per cent of the total of their loans, or 23.6 per cent of total mortgage loans.

Household expenditure on loan repayment (repayment of a loan tranche and interest) in 2015 amounted to EUR 1.46 billion. A year ago, household expenditure for loan repayment was lower by EUR 44 million (3.1%). On average, one household in debt had EUR 225 to spare for the discharge of its debt liabilities per month (see Table 4), almost as much as in 2014.

The share of income assigned to loan repayment at the end of 2015 accounted for, on average, 28.5 per cent (see Table 5). Compared with the data of the last year survey, households designated 1.9 p.p. less of their income for loan repayment. Households assigned the largest share of their income to the repayment of mortgage loans — 31.5 per cent (see Chart Chart 2.). The smallest share of households' income was assigned to the repayment of financial lease liabilities — 8.7 per cent.

2. Discharge of household debt liabilities

In 2015, households were mostly overdue on payments for financial leasing and consumer loans, while meeting better the liabilities for other loans and credits. In 2015, the shares of financial leasing and consumer loans, the borrowers of which were late in paying their contributions, accounted for 16.8 per cent and 13.1 per cent respectively (see Chart Chart 3). Assessing other types of loans, 6.5 per cent of mortgage loans and 4.8 per cent of other loans and credit were overdue (by number of loans). In total, 9 per cent of loans were overdue in 2015 (or 1.0 p.p. less year on

year) (see Table 7).

In terms of value, households with financial lease loans delayed the least in making payments in 2015, as in the previous year (see Chart Chart 3). Payments for this type of loans were overdue for 0.9 per cent of their total value. Households were overdue in their payments for consumer and mortgage loans, which accounted for 6.4 and 3.7 per cent of the loan value respectively. In 2015, payments were overdue for 4.0 per cent of the value of total loans (0.9 p.p. less than a year ago; see Table 8).

3. Household loans

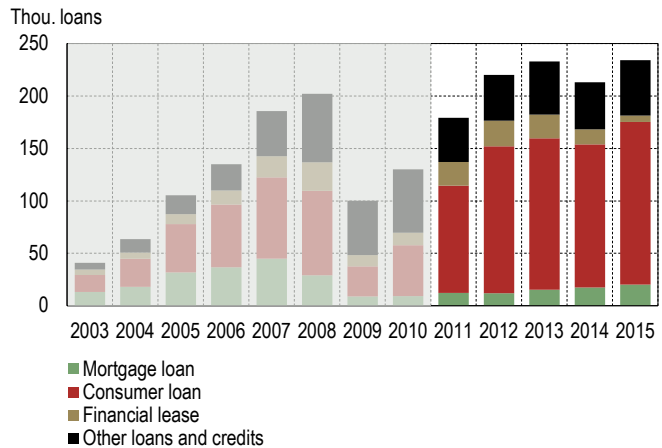
There were nearly 234.4 thousand new loans granted to households in 2015 (see Table 9), a year-on-year increase of 21.2 thousand. Two-thirds (155.1 thousand) of new loans were consumer loans (see Chart Chart 4.). The number of mortgage loans extended was 20.1 thousand (a year-on-year increase of 2.8 thousand).

The average initial amount of mortgage loans extended in 2015, as specified in the agreement, was EUR 43.5 thousand (EUR 1.8 thousand more than a year ago; see Chart Chart 5. and Table 10). The average amount of a new financial lease was EUR 8.1 thousand (EUR 5.3 thousand more than a year ago), while of consumer loans — EUR 1.7 thousand, a year-on-year increase of EUR 245 or 17.2 per cent. Other loans and credits amounted to EUR 2.0 thousand on average; over the year they increased by a third (32.9%).

In 2013, the average weighted repayment period for mortgage loans extended was 23 years and 11 months (see Chart Chart 6.). The average weighted repayment period for a financial lease was 4 years and 7 months, for consumer loans — 3 years and 8 months. Repayment of other loans and credits at the same time was scheduled in 12 years and 6 month on average. The weighted repayment periods for all new loans extended, except for mortgage loans, were slightly longer on average than a year ago.

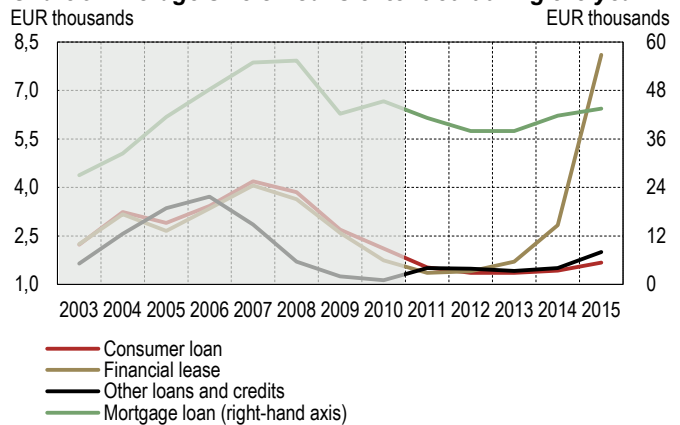
In 2015, the average ratio of the value of new mortgage loans extended to the value of pledged assets reduced somewhat and amounted to 74.8 per cent (see Table 12). A year ago, securing of mortgage loans by assets amounted to 75.6 per cent. Nearly all underlying assets were real estate assets — 99.7 per cent of the asset value spared for securing. Due to this reason, the average loan-to-value ratio remained almost unchanged at 75.0 per cent (75.8% a year ago)

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



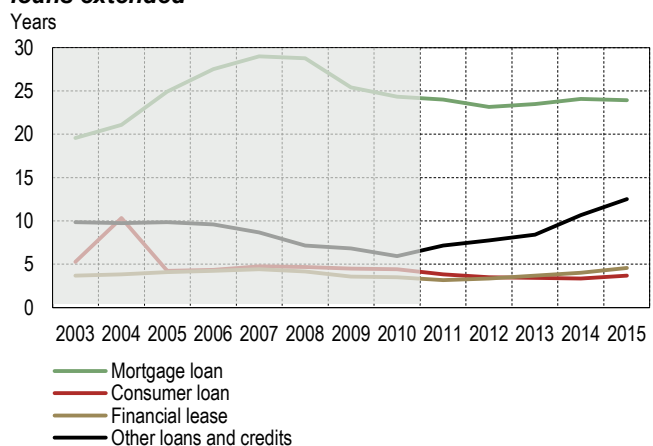
Note: the data for the periods against a different background are not comparable due to methodological changes, whereas the data for 2011 and 2012 must be compared with a reserve (see Methodological Notes).

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).

Annex

Note: annex table data against a different background is not comparable due to methodological changes: in November 2011, the threshold amount for a loan to be notified of was reduced from EUR 14,500 to EUR 300 (from LTL 50,000 to LTL 1000).

Table 1. Number and amount of household loans by type of loan at the end of 2015

Indicator	Mortgage loan	Consumer loan	Leasing	Other loans and credits	Total
Loan balance, EUR millions	6,295	378	75	246	6,993
Number of unique loans, units	192,551	333,935	24,610	327,914	879,010
Households, units*	162,948	238,573	23,555	254,532	501,303**
Average amount of household loans, EUR	32,691	1,132	3,035	752	7,957

* 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. Number of loans by the average age of adult members in a household at the end of 2015

Age group, years	Mortgage loan			Consumer loan			Leasing			Other loans and credits		
	unit	age group, %	loan group, %	unit	age group, %	loan group, %	unit	age group, %	loan group, %	unit	age group, %	loan group, %
<25	1,946	4.0	1.0	19,817	40.3	5.9	520	1.1	2.1	26,922	54.7	8.2
25–29	18,733	17.0	9.2	48,135	43.7	14.3	2,747	2.5	11.2	40,564	36.8	12.3
30–34	44,978	31.3	22.1	49,075	34.1	14.6	4,432	3.1	18.0	45,277	31.5	13.8
35–39	47,938	34.8	23.6	42,039	30.5	12.5	3,844	2.8	15.6	44,119	32.0	13.4
40–44	34,912	27.8	17.2	42,579	34.0	12.7	3,271	2.6	13.3	44,633	35.6	13.6
45–49	23,312	21.3	11.5	42,142	38.5	12.5	2,835	2.6	11.5	41,138	37.6	12.5
50–54	15,756	17.1	7.8	37,467	40.7	11.1	2,496	2.7	10.1	36,260	39.4	11.0
55–59	10,022	14.8	4.9	28,306	41.7	8.4	1,893	2.8	7.7	27,697	40.8	8.4
60–64	3,740	11.5	1.8	14,421	44.4	4.3	1,051	3.2	4.3	13,266	40.8	4.0
>64	1,874	7.5	0.9	12,473	50.1	3.7	1,521	6.1	6.2	9,007	36.2	2.7
Total	203,211*	–	–	336,454*	–	–	24,610*	–	–	328,883*	–	–

* 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 number does not coincide with that indicated in Table 1.

Table 3. Number and value of household loans by average age of adult members in a household at the end of 2015

Age group, years	Number of loans, units	Share of loans, %	Loan balance, EUR millions	Loan balance share, %
<25	49,205	5.5	88	1.3
25–29	110,179	12.3	662	9.5
30–34	143,762	16.2	1,681	24.0
35–39	137,940	15.4	1,748	24.9
40–44	125,395	14.0	1,171	16.8
45–49	109,427	12.3	739	10.6
50–54	91,979	10.3	478	6.8
55–59	67,918	7.6	274	3.9
60–64	32,478	3.6	96	1.4
>64	24,875	2.8	56	0.8
Total	893,158*	–	6,993	–

* 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 number does not coincide with that indicated in Table 1.

Table 4. Household expenditure on loan repayment

Year	Household expenditure for loan repayment, EUR millions per year	On average per household, EUR per month
2003	66	97
2004	160	138
2005	338	184
2006	592	229
2007	1,125	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
2015	1,463	225

Note: data for the periods against a different background is 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	Leasing	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	43.8
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
2015	31.5	12.6	8.7	14.9	28.5

Note: data for the periods against a different background is 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 with loans of indicated type on the fourth quarter of 2015 (EUR)

Type of insured income	Mortgage loan	Consumer loan	Leasing	Other loans and credits	Total
Total average insured income of households	1,450	875	1,444	1,259	1,061
Average insured labour income of households	1,428	873	1,500	1,263	1,071
Average insured labour income from royalty fees of households	347	283	344	348	336
Average insured non-labour income from royalty fees of households	204	124	192	171	171
Average insured other income of households	344	328	355	346	339
Average one-off benefits for households	141	104	132	122	114
Average regular benefits for households	311	254	300	300	278

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 annual share of loans overdue (%)

Year	Mortgage loan	Consumer loan	Leasing	Other loans and credits	Total
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
2015	6.5	13.1	16.8	4.8	9.0

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

Table 8. Average annual share of the balance of loans overdue

(%)

Year	Mortgage loan	Consumer loan	Leasing	Other loans and credits	Total
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
2015	3.7	6.4	0.9	7.8	4.0

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

Table 9. Number of new loans extended over the year

(by type of loans, units)

Year	Mortgage loan	Consumer loan	Leasing	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	9,537	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
2015	20,129	155,109	6,249	52,763	234,250

Note: the data for the periods against a different background is 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 agreement amount of new loans extended over the year

(EUR)

Year	Mortgage loan	Consumer loan	Leasing	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
2015	43,535	1,672	8,102	2,006

Note: the data for the periods against a different background is 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 extended

Year of granting the loan	Mortgage loan	Consumer loan	Leasing	Other loans and credits
2003	19 years 7 months	5 years 3 months	3 years 8 month	9 years 10 month
2004	21 years 1 months	10 years 4 months	3 years 10 month	9 years 9 month
2005	24 years 11 month	4 years 3 months	4 years 1 months	9 years 10 month
2006	27 years 6 months	4 years 4 months	4 years 3 months	9 years 7 month
2007	29 years 0 months	4 years 9 months	4 years 5 months	8 years 8 months
2008	28 years 9 months	4 years 8 months	4 years 2 months	7 years 2 months
2009	25 years 5 months	4 years 6 months	3 years 7 month	6 years 10 months
2010	24 years 4 month	4 years 5 months	3 years 6 month	5 years 11 months
2011	24 years 0 month	3 years 10 month	3 years 2 month	7 years 2 months
2012	23 years 2 months	3 years 6 month	3 years 4 month	7 years 9 months
2013	23 years 6 months	3 years 5 month	3 years 8 month	8 years 5 months
2014	24 years 1 month	3 years 4 month	4 years 0 months	10 years 8 months
2015	23 years 11 months	3 years 8 month	4 years 7 months	12 years 6 months

Note: the data for the periods against a different background is 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 extended over the year by assets (the ratio of the initial amount of loan to assets pledged, %)

Year	Ratio of the amount of loans to assets pledged, %	Loan-to-value ratio, %	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
2015	74.8	75.0	99.7

Note: the data for the periods against a different background is 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
2015	12.1	24.9	61.2	0.3	1.5

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