

Q2 2022 overview of creditors sector

Lending activity by creditors increased noticeably in the second quarter. Substantially more contracts were signed than in recent years. The number of new contracts signed in the second quarter reached 220,000, having been 174,000 in the previous quarter. The contracts signed most commonly were unsecured small loan contracts at 176,000 and instalment loan contracts at 39,000, while 5250 vehicle lease contracts were signed. New loans worth 275 million euros in total were granted.

Key indicators	Q1 2022	Change	Q2 2022
Stock of consumer loans	1,435 mln €	?	1,49 mln €
Number of contracts	564 317 tk	?	576 067 tk
of which new contracts	174 127 tk	?	220 371 tk
Net interest income	36,5 mln €	?	32,3 mln €

The stock of the loan portfolio of creditors grew by 4% over the quarter to stand at 1.5 billion euros at the end of June. More than half of the aggregate portfolio consisted of vehicle leases worth 870 million euros in total, while one third of the portfolio at 467 million euros was unsecured small loans.

The majority of the loan market for creditors is held by creditors associated with banks, which mainly handle vehicle leases. Non-bank creditors mainly specialise in issuing unsecured small loans.

The average annual percentage rates are very different at creditors associated with banks and at other creditors. The loans from creditors not associated with banks are much more expensive than those from creditors associated with banks. The average annual percentage rate on car leases in the second quarter from creditors associated with banks was 5%, while from creditors not associated with banks it was 25%. The average annual percentage rate on other monetary credit from creditors associated with banks was 14%, and from creditors not associated with banks it was 45%. The annual percentage rate offered by creditors associated with banks was only higher for instalment loans, as it was 18% while it was 15% at creditors not associated with banks.

Reporting by creditors changed from the second quarter, and now gives a better picture of the quality of the loan portfolio of creditors. They earlier reported overdue loans that were late by more than 30 days to Finantsinspektsioon, but under the new requirements they must submit data on all overdue loans. This means there are now more data on overdue contracts. While 6% of contracts at creditors associated with banks were overdue, 25% of loans from creditors not associated with banks were. With the 30-day ceiling in place, the number of loan contracts overdue remains at the same level as in the first quarter.

In total, 103,000 client contracts, or 18% of all the contracts signed, were in difficulty in the second quarter as either overdue, written off or disposed of.

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