

Cyprus' Household Net Wealth

Treasury & Correspondent Banking

- Cyprus' household net wealth has exhibited a 46% decrease between the years of 2010 and 2014. This drop is the highest among a number of other European countries.
- The decline which follows the economic crisis and the Cyprus' bail in events of 2013 can be characterized as particularly severe.
- Despite the severe decline in Cyprus' net wealth over 2010 to 2014, Cyprus has the second highest household net wealth among European countries, following Luxemburg.

Key Definitions on Wealth

Net wealth is defined as the difference between total (gross) assets and total liabilities. Total assets consist of real assets and financial assets.

Real assets include:

- value of the household main residence, HMR (for owners)
- value of other real estate property
- value of vehicles (cars and other vehicles, such as boats, planes or motorbikes)
- value of valuables (valuable jewellery, antique or art)
- value of self-employment businesses of household members.

Financial assets consist of:

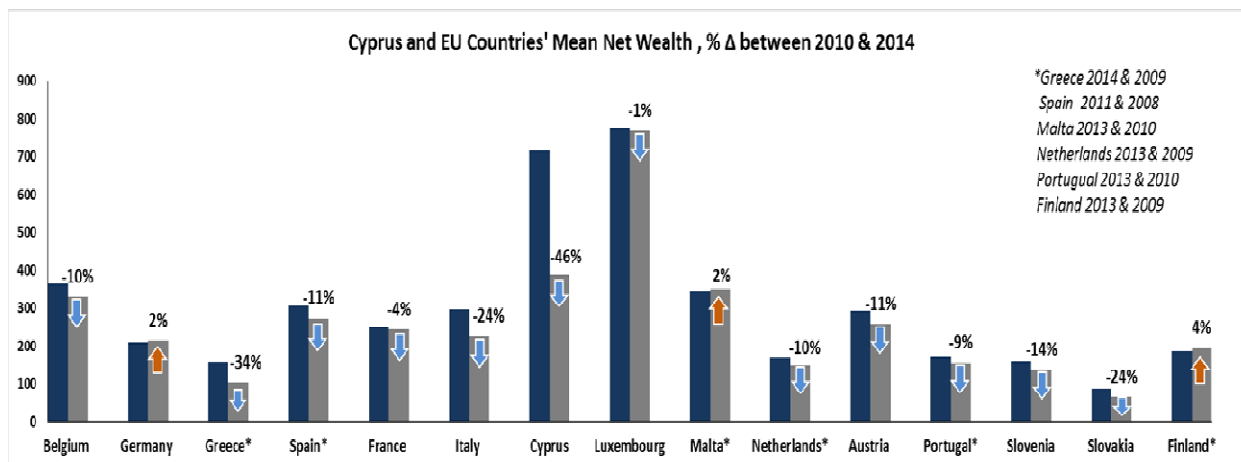
- deposits (sight accounts, saving accounts)
- investments in mutual funds
- bonds
- investments held in non-self-employment private businesses
- publicly traded shares
- managed investment accounts
- money owed to households as private loans
- other financial assets: options, futures, index certificates, precious metals, oil and gas leases, future proceeds from a lawsuit or estate that is being settled, royalties or any other.
- private pension plans and whole life insurance policies.

Total liabilities (debt) consist of:

- outstanding amount of HMR mortgages and other real estate property mortgages
- outstanding amount of debt on credit cards and credit lines/bank overdrafts
- outstanding amounts of other, non-collateralised, loans (including loans from commercial providers and private loans).

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The chart that follows shows the percentage change of real net wealth between 2010 and 2014 across a number of European countries. Bearing in mind that the survey reference years differ between countries, from 2011 in Spain to 2014-15 in other countries, the decline in wealth has been mirrored in most countries. The chart shows that the drop has been particularly severe in countries most affected by the economic crisis. The shift was particularly substantial in Cyprus and Greece, where real mean net wealth fell by roughly 46% and 34% respectively. The decline in real mean net wealth is also large in Italy, Slovakia, Spain, and Slovenia, where it declined by more than 10%. On the other hand, in Germany, Malta and Finland, mean net wealth edged up.



Source: ECB

The table that follows indicates the actual monetary and percentage change of the Cyprus' households mean net wealth components between the years of 2010 and 2014.

- Mean Financial Assets declined from €64,400 in year 2010 to €40,000 in 2014, equivalent to a 38% drop.
- Mean Real Assets declined from €728,000 in year 2010 to €422,900 in 2014, equivalent to a 42% drop.
- Mean Total Assets declined from €792,400 in year 2010 to €462,900 in 2014, equivalent to a 42% drop.
- Mean Financial Liabilities remained mainly flat from €75,900 in year 2010 to €75,700 in 2014.
- As a result, Mean Net Wealth declined from €716,500 in year 2010 to €387,300 in 2014, equivalent to a 46% drop.
- From the chart above, it may be observed that despite the severe decline in Cyprus' net wealth over 2010 to 2014, Cyprus has the second highest household net wealth among European countries, following Luxembourg.

Cyprus Net Wealth €	Mean Net Wealth (1,000)	Mean Financial Assets (1,000)	Mean Real Assets (1,000)	Mean Total Assets (1,000)	Mean Liabilities (1,000)
2010	716.5	64.4	728.0	792.4	75.9
2014	387.3	40.0	422.9	462.9	75.7
% Change	-46%	-38%	-42%	-42%	0%

Source: ECB

The above changes in net wealth compare adversely with the decline in the Household Mean Income and Total GDP at current market prices which recorded a decrease of 34% and 9% respectively during the period of 2010 and 2014 (indicated at the table below).

Cyprus	Household Mean Income (€1,000)	GDP € billion
2010	46,200	19.12
2014	30,500	17.39
% Change	-34%	-9%

Source: Eurostat & ECB



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