



One year into the pandemic

A macroeconomic outlook

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Macroeconomic and credit trends in the Nordics and Netherlands

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Credit activity in Denmark - Returned to its pre-Covid-19 levels in Q1 2021

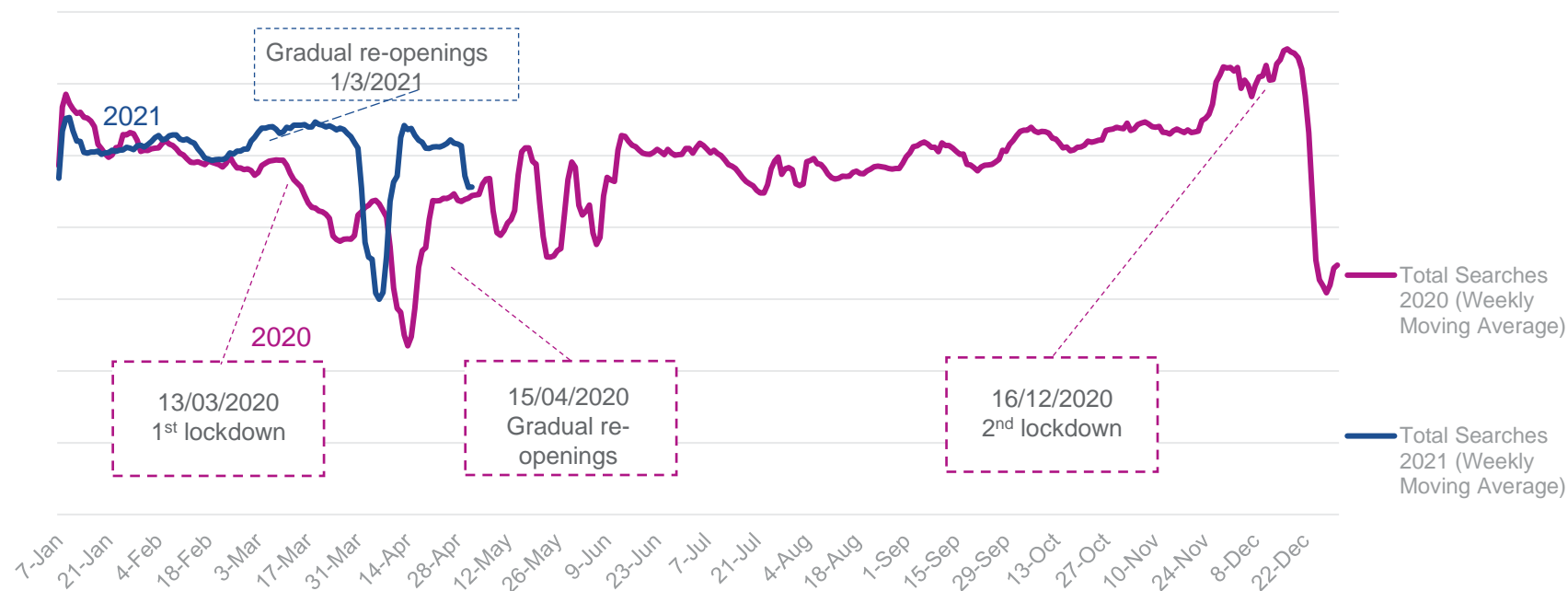


The recovering confidence in the business market is materializing in the newly established company numbers in March 2021

After re-openings in 2021, pre-Covid-19 levels

- High impact after mid-March after the 1st lockdown
- After May 2020, with gradual openings, recovery started
- Not shocking impact of 2nd lockdown
- Increase in the # newly established companies (+29.3% compared to Q1 2020)

Credit enquiry volumes have a sharp fall in December expectedly due to the Christmas holiday. In the beginning of 2021, credit enquiries have been at the same levels as pre-Covid-19. Since March, credit enquiry volumes are above last year.



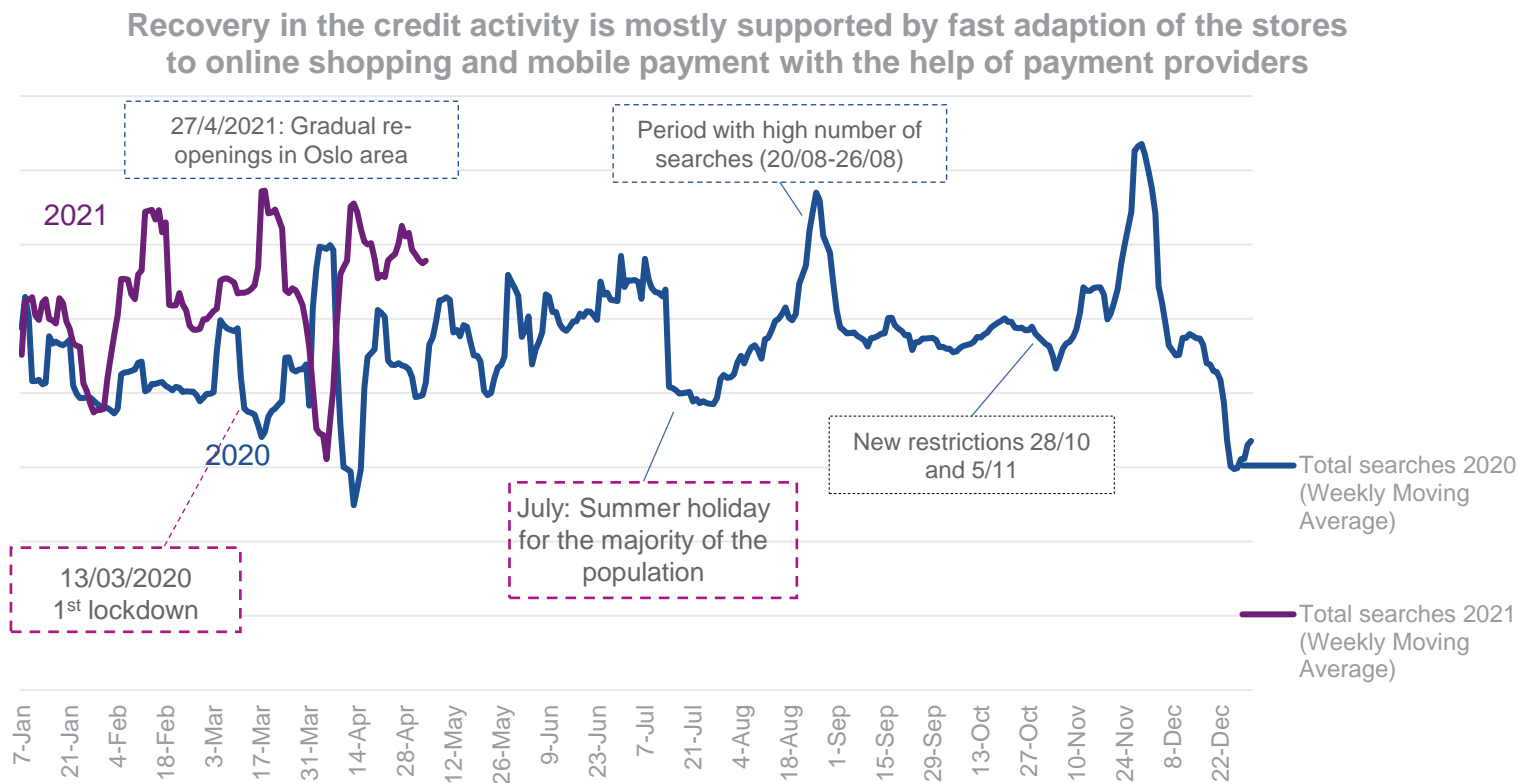
Credit activity in Norway - New normal or even better?



Especially since February 2021, the credit activity has surpassed the levels in the same period last year

E-commerce adaption has driven the recovery

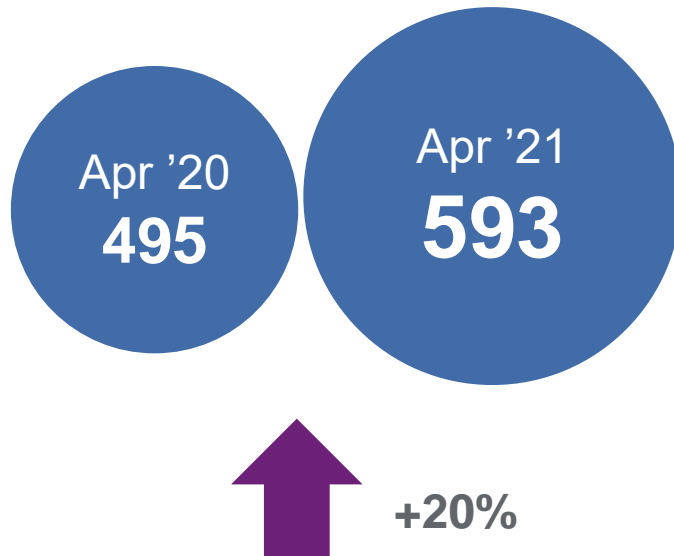
- Sharpest decline following the lockdown measures enacted 13th of March 2020
- Stricter restrictions started in October, then more regional restrictions have been introduced in March & April
- End of April, gradual re-openings of Oslo



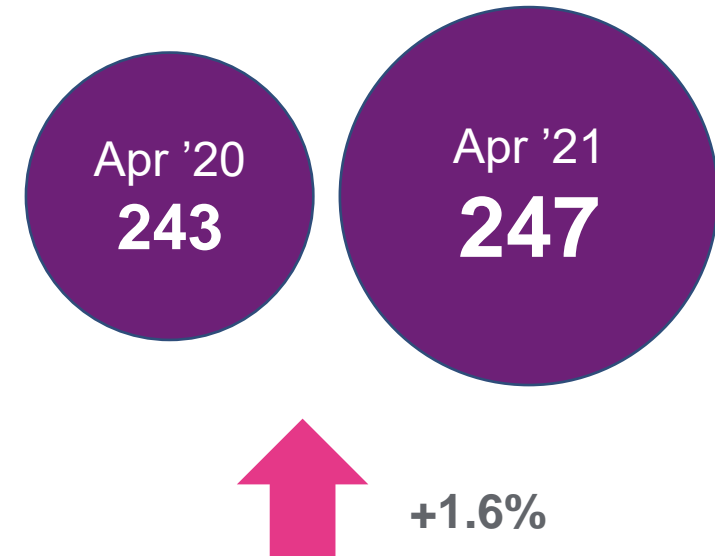
In the Nordics, the expected storm did not arrive, but still some more expected bankruptcies will come



9% increase in bankruptcies within this year compared to previous year



Decreasing trend continues: 18% decrease in bankruptcies within this year compared to previous year



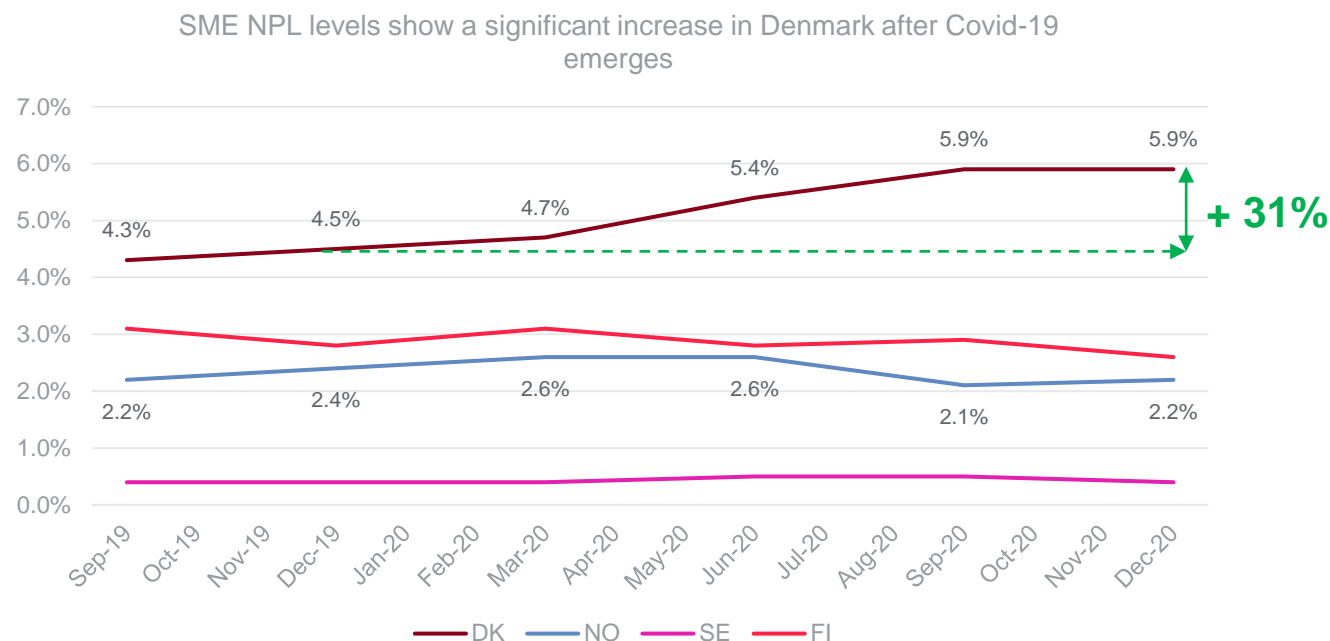
The full impact of Covid-19 will expectedly prompt more bankruptcies



The impact is observed now in NPL ratios in SME portfolios in Denmark

Denmark has the highest NPL levels among Nordic countries and this is still increasing

- 31% increase in NPL share in Danish SME portfolios – from 4,5% in Dec 2019 to 5,9 in Dec 2020
- In Norway, the increase in NPL share in SME portfolios continued until 1st half of 2020 and then dropped to 2,2% in Dec 2020



NPL management
Forborne exposures management
Collection processes

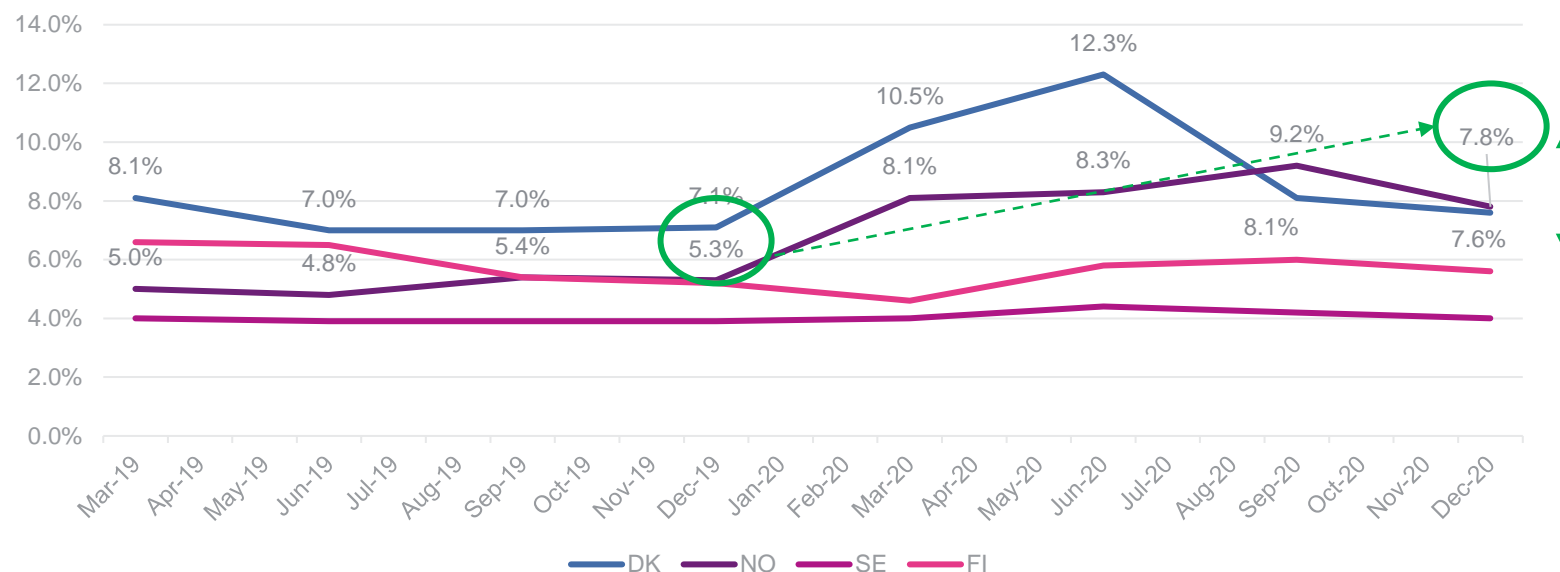


In Norway, the impact of Covid-19 is not observed yet in NPLs



On the other hand, the expansion in underperforming loans can be alerting the upcoming collections if no actions are taken

Underperforming (Stage 2) loans share in Norwegian banks rose by 47% in 2020



23%

Overall NPL ratio growth in Norway within 2020

* From EBA Risk Dashboard, not depicted from the graph

47%

The increase in underperforming loans in Norway within 2020
More NPLs? More collections?

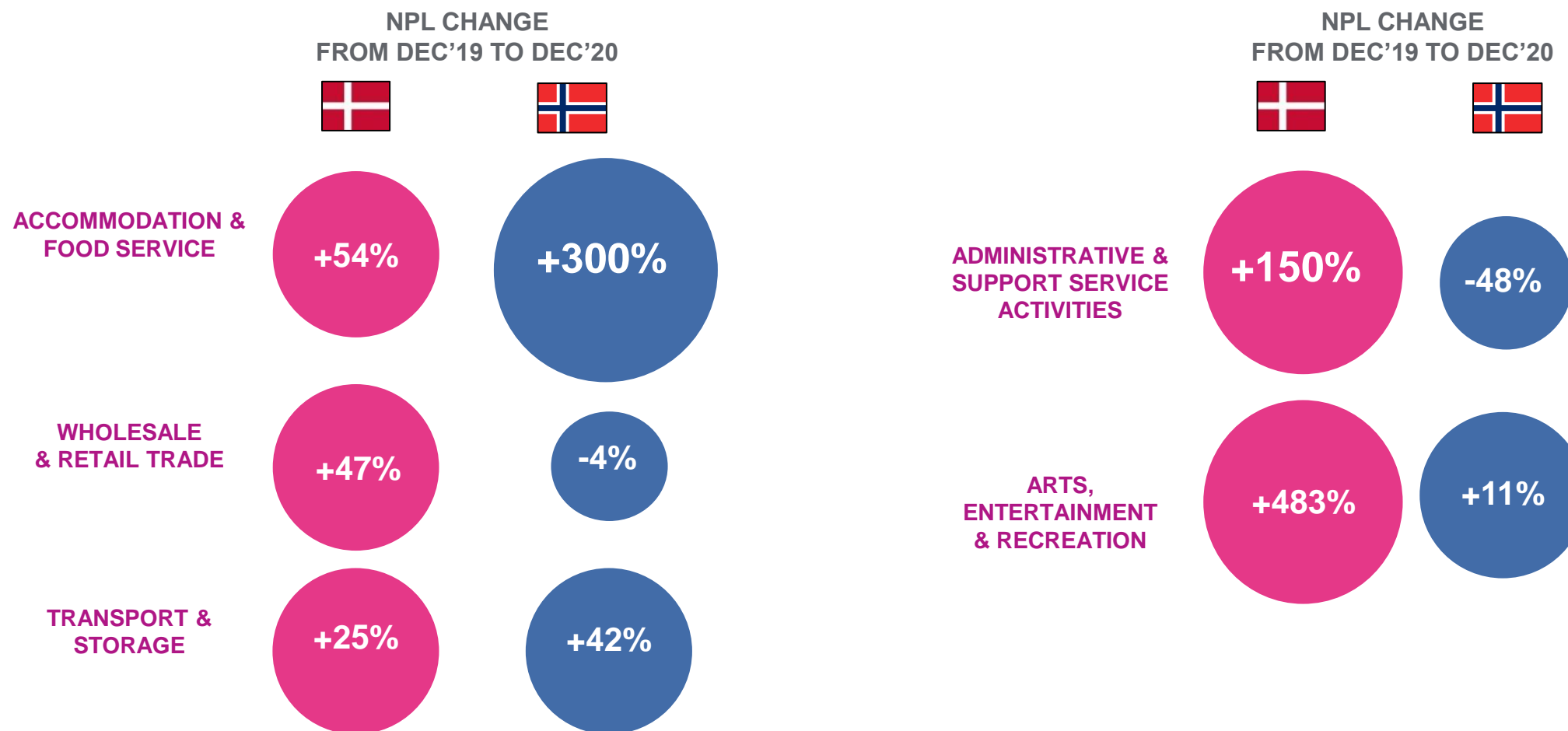


**Early Warning System
IFRS 9 optimization**

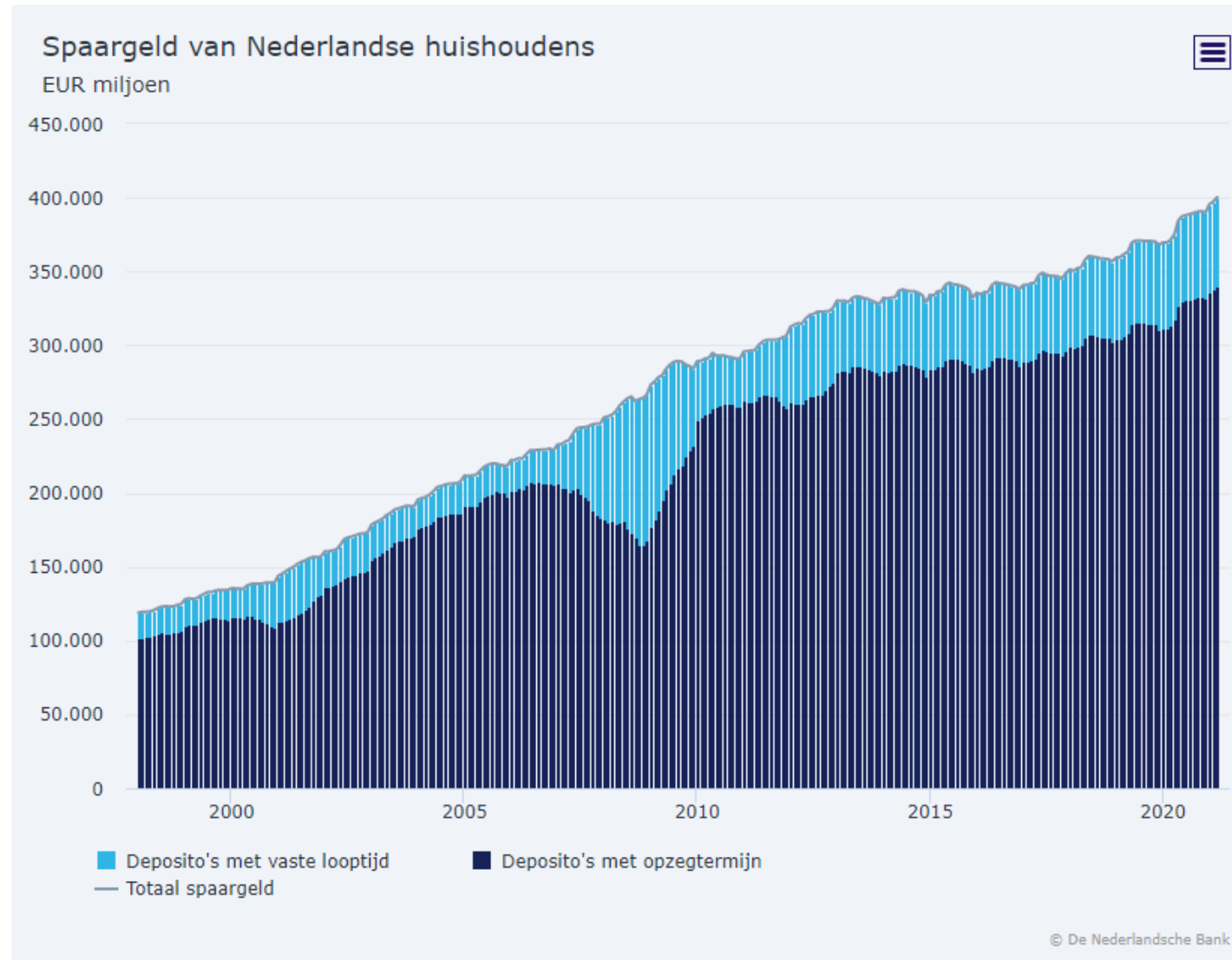
Sector and region matters on loan performances



Incorporation of sector outlooks into customer management and collection strategies is essential in order to prevent losses and to keep provisions under control



Savings



13%

Increase consumer
spending

440 billion/43 billion
Extra

Comparison

2020 Jan/Feb

3,7 billion

2021 Jan/Feb

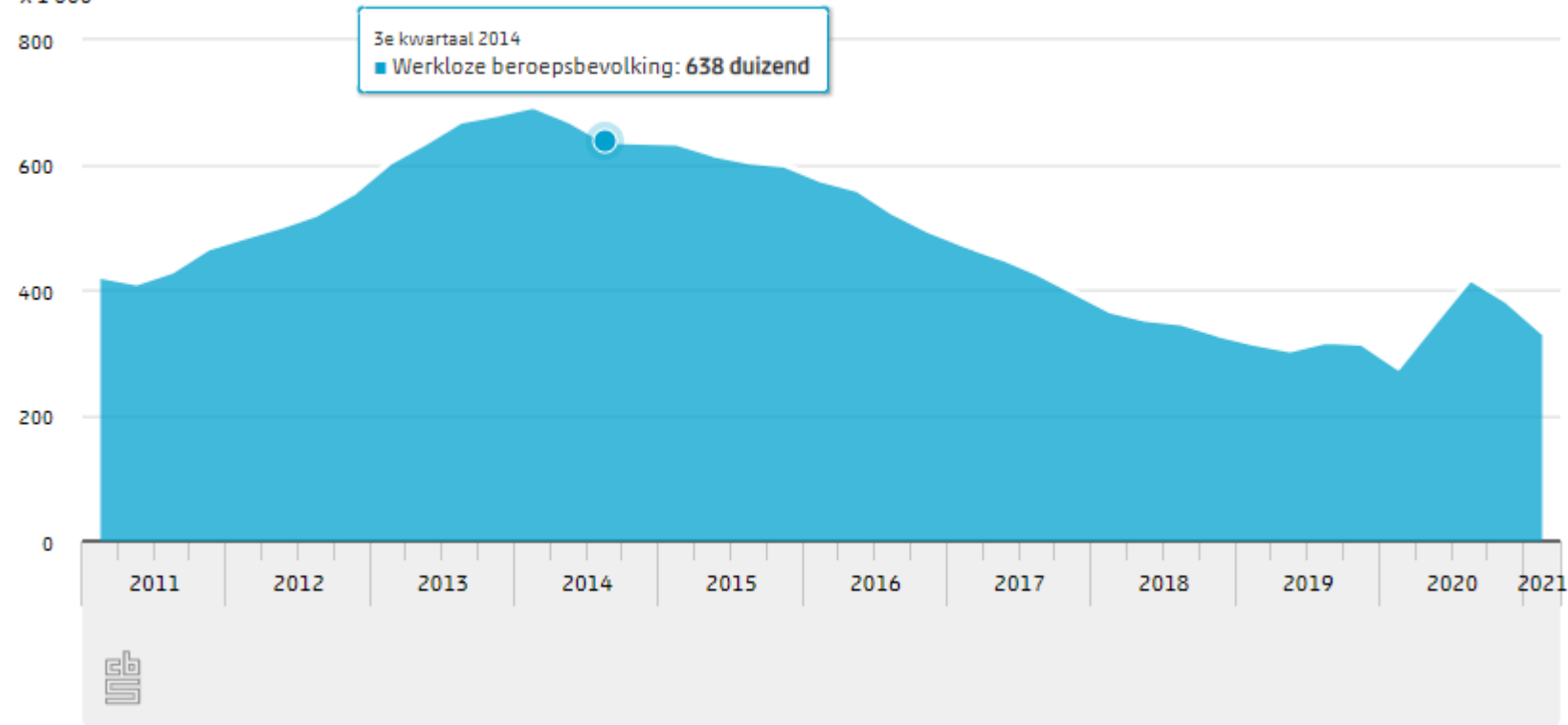
10 billion

Unemployment



Werkloze beroepsbevolking, seizoengecorrigeerd

x 1 000



March 2021

3,6%

2020

2,9% – 4,6%

Property value existing houses

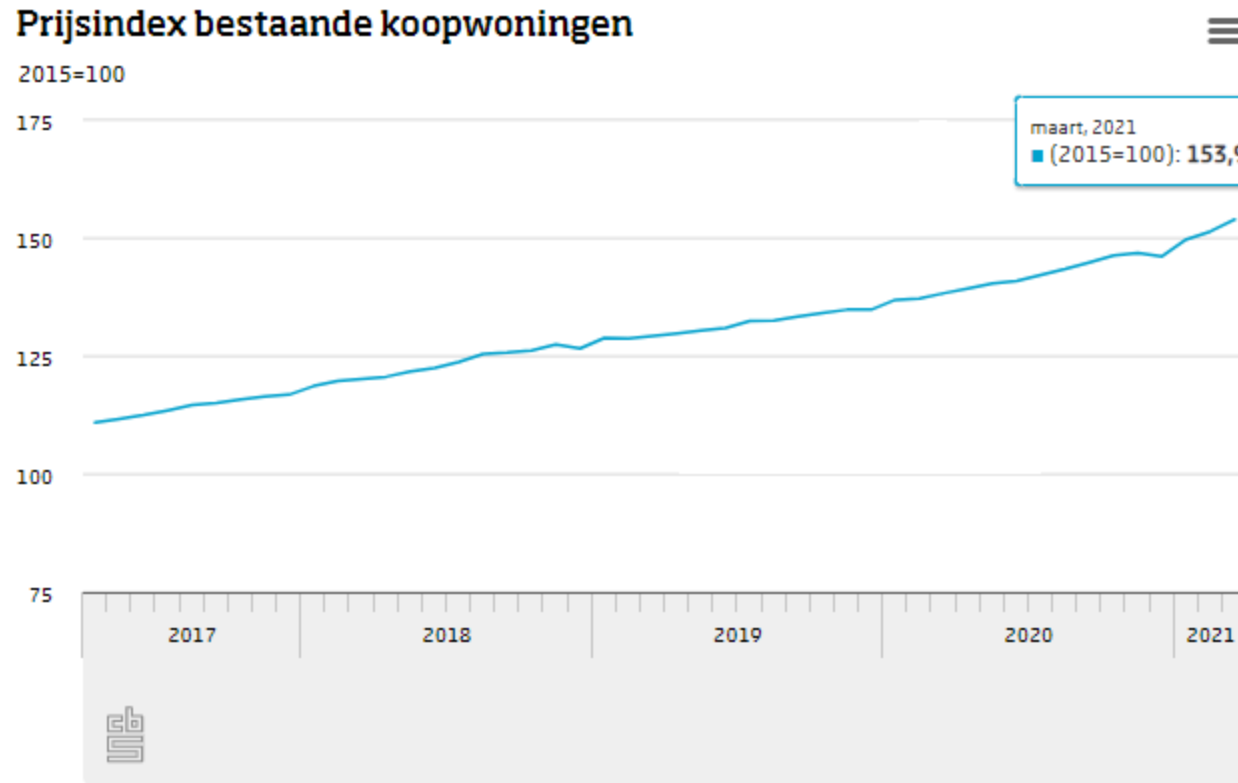


Mortgage interest rate

10 year fixed
0,86% - 0,88%

20 year fixed
1,16% - 1,19%

Variable
1,19% - 1,35%



Average 385K
+15% Q1 2020

17,5K For Sale
-/- 42% Q1 2020

Lowest since 1995

60% Sold > Above
price

Payment support & Governmental support



This monitor provides insights into bank financing to companies and consumers in the Netherlands.

Publication date **7 May 2021**



Companies

Number of companies that received support

56,000*

Total financing value **51.1 billion euros**

In 2020 **129,000** businesses received a postponement for repayments, with a total sum of **3.1 billion euros****

* Payment breaks are excluded from the total number of banks' financing to businesses.

**This concerns the general payment break initiated shortly after the start of the corona pandemic.



Consumers

Total customers who received support almost

38,000

Number of customers who received a mortgage payment break almost **26,000**

Number of payment breaks for (consumer) loans **12,000**



Loans with government guarantee*

Total amount of companies **8,181**

Total sum **3.3 billion euros**

Of which:

SME Credit Guarantee Scheme (BMKB-C) 54,7% **732 million**

BMKB 17,5% **1.081 million**

Credit Guarantee Scheme for Agriculture (BL-C) 2,8% **122 million**

BL 1,1% **246 million**

Corporate Finance Guarantee (GO-C)

1,2% **867 million**

GO 0,1% **187 million**

Small Credits for Corona Guarantee Scheme (KKC) 22,5% **63 million**

* Total % of government guarantee: BMKB-C 67,5%, BL-C 70%, GO-C 80-90% and KKC 95%

1,8 million businesses
SME & Corporate in NL

Approx. 15 million Consumers 18+

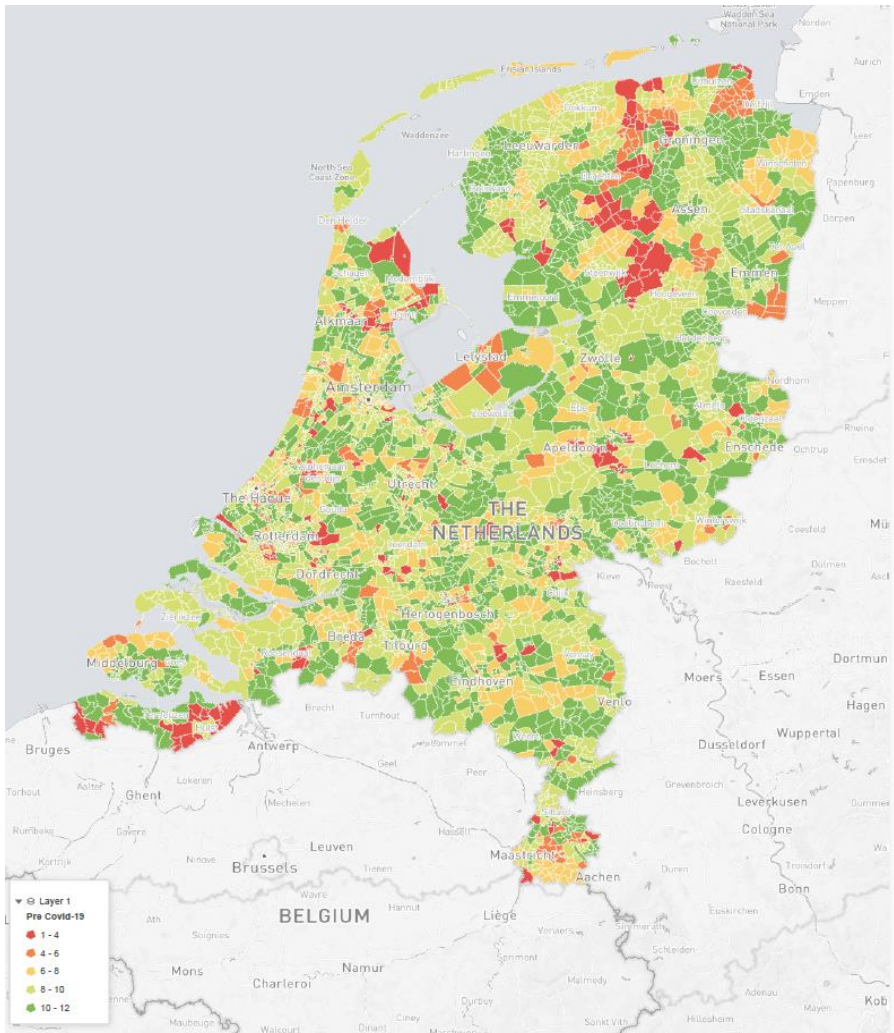
11,5 million contracts for Consumer Loans



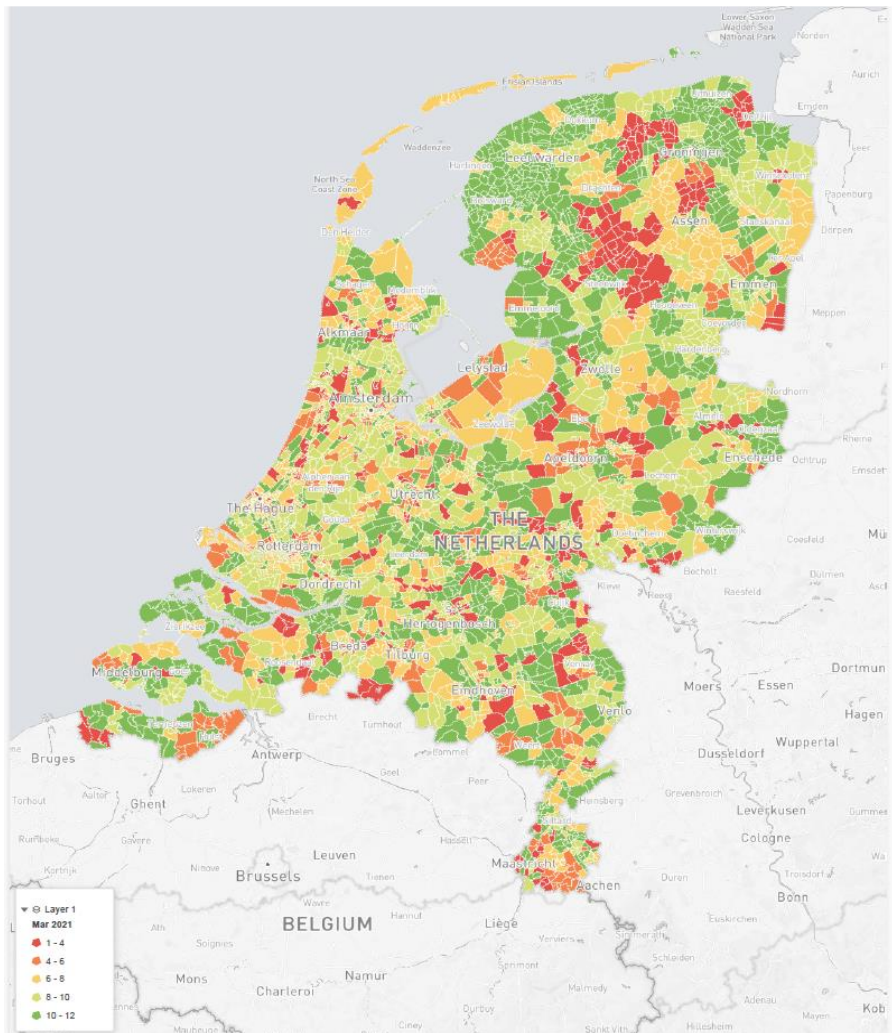
Shift in risk in SME



Average SME Customer Management Score
September 2019



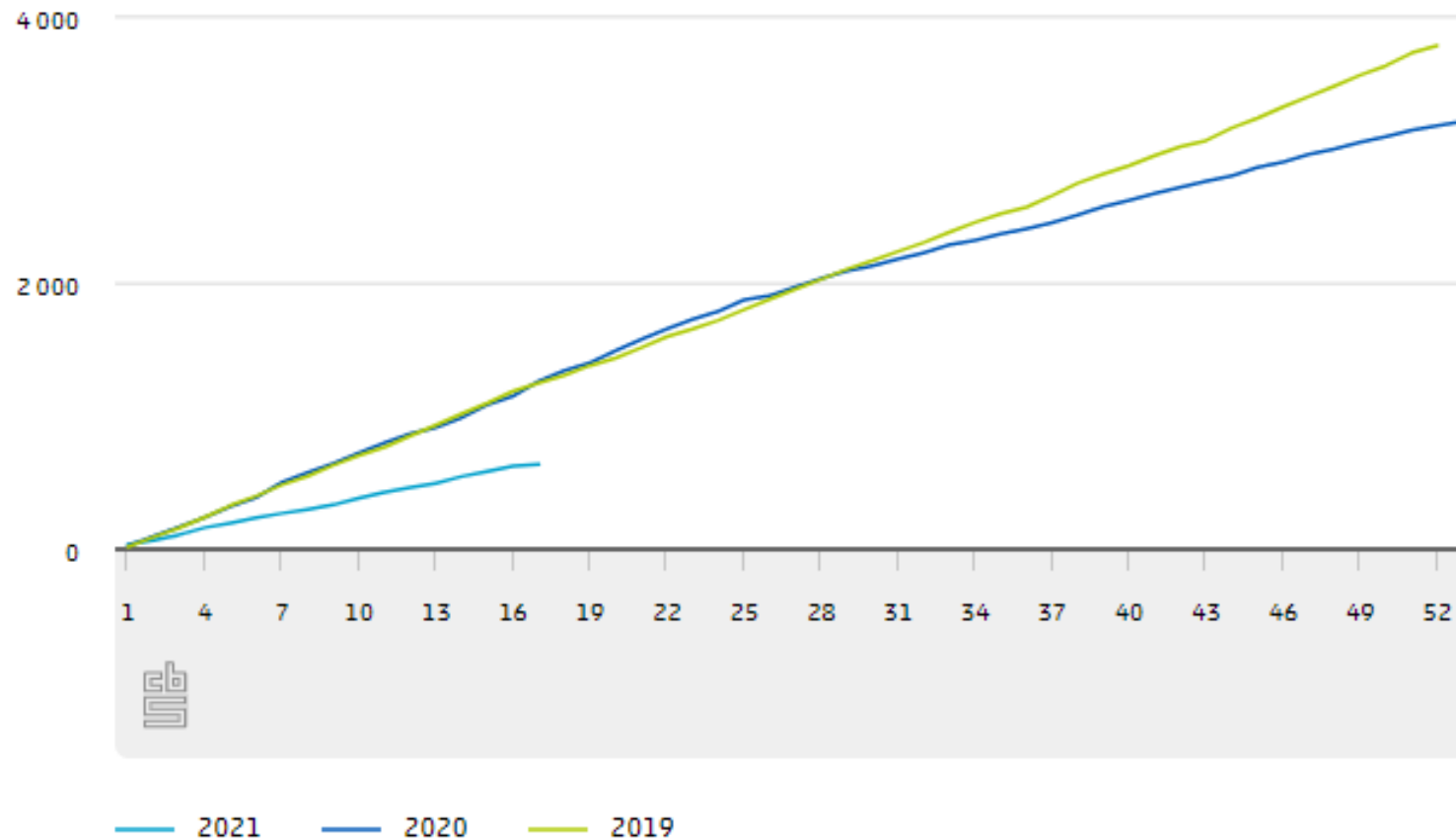
Average SME Customer Management Score
March 2021



Problems to come...?



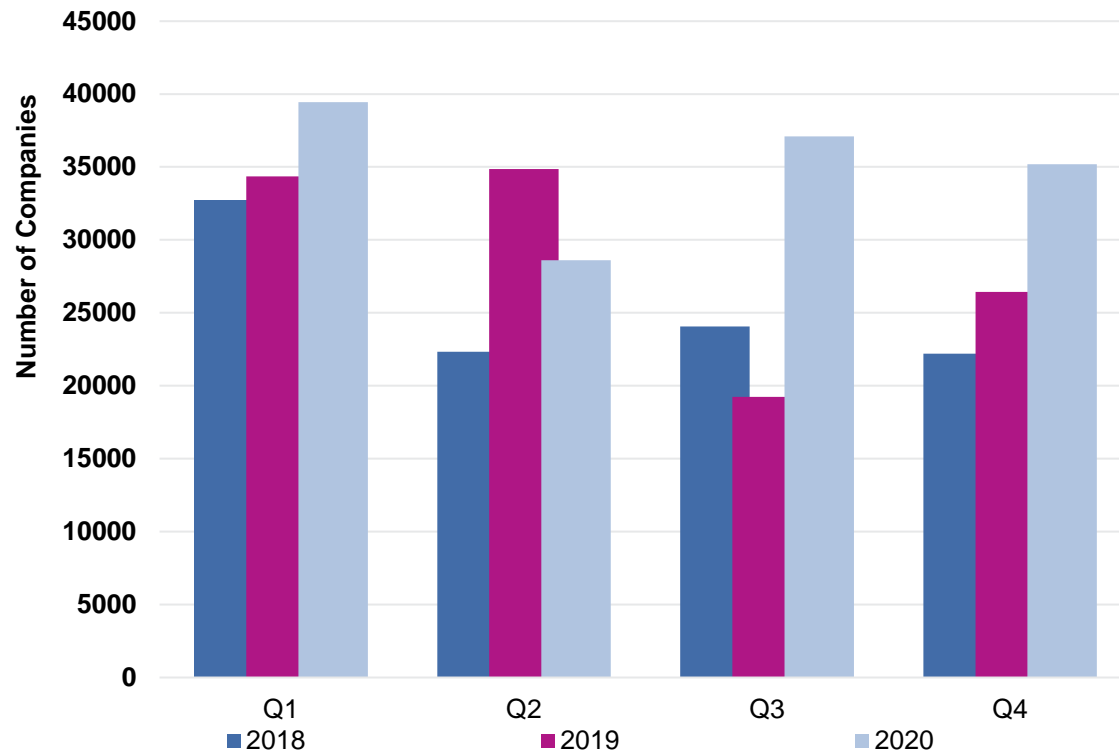
Bankruptcies SME (including Sole traders)



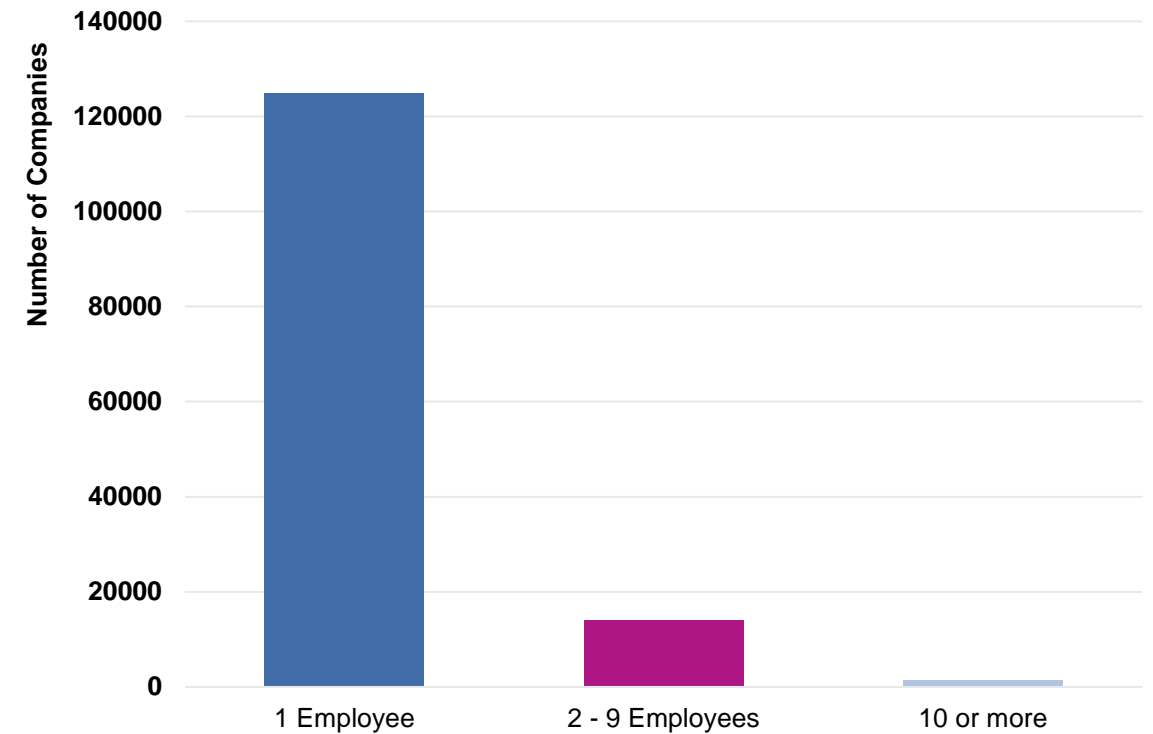
Problems to come...?



Company Voluntary Dissolutions



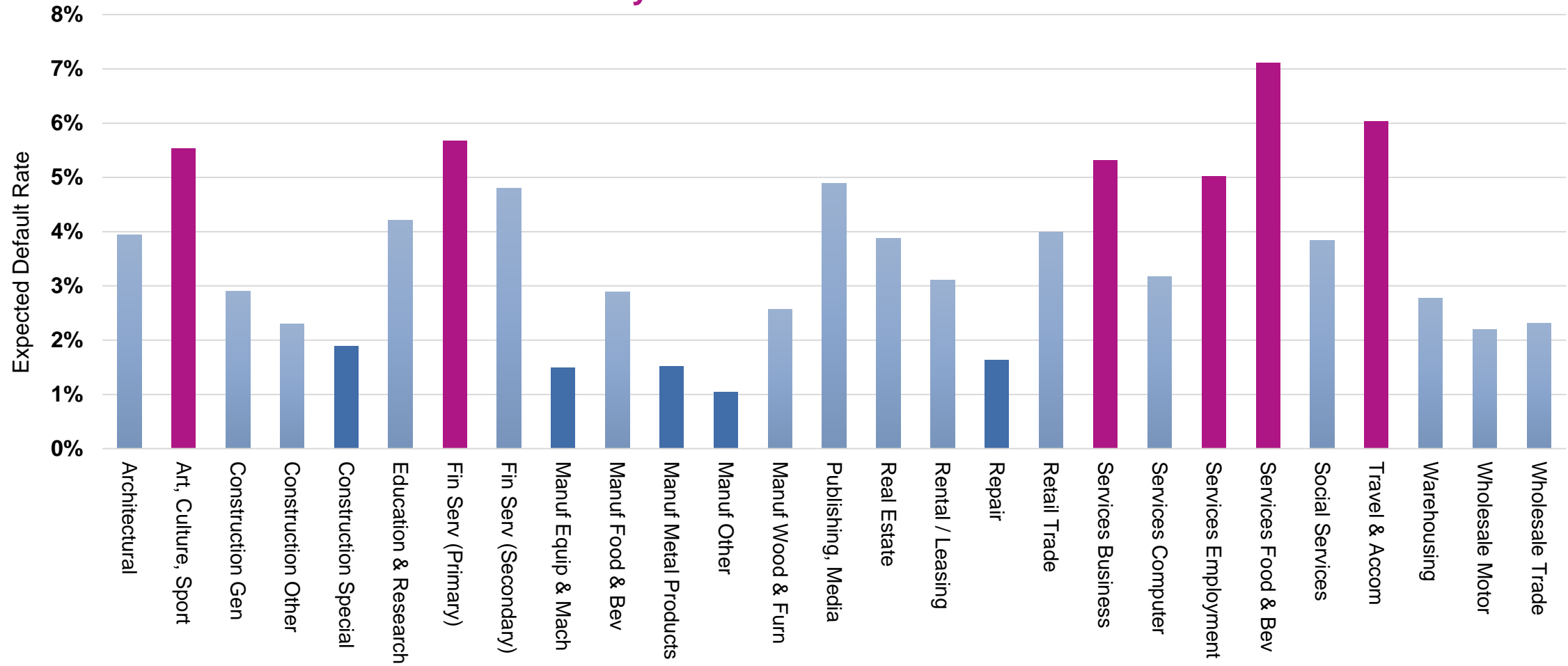
2020 Company Voluntary Dissolutions by Size



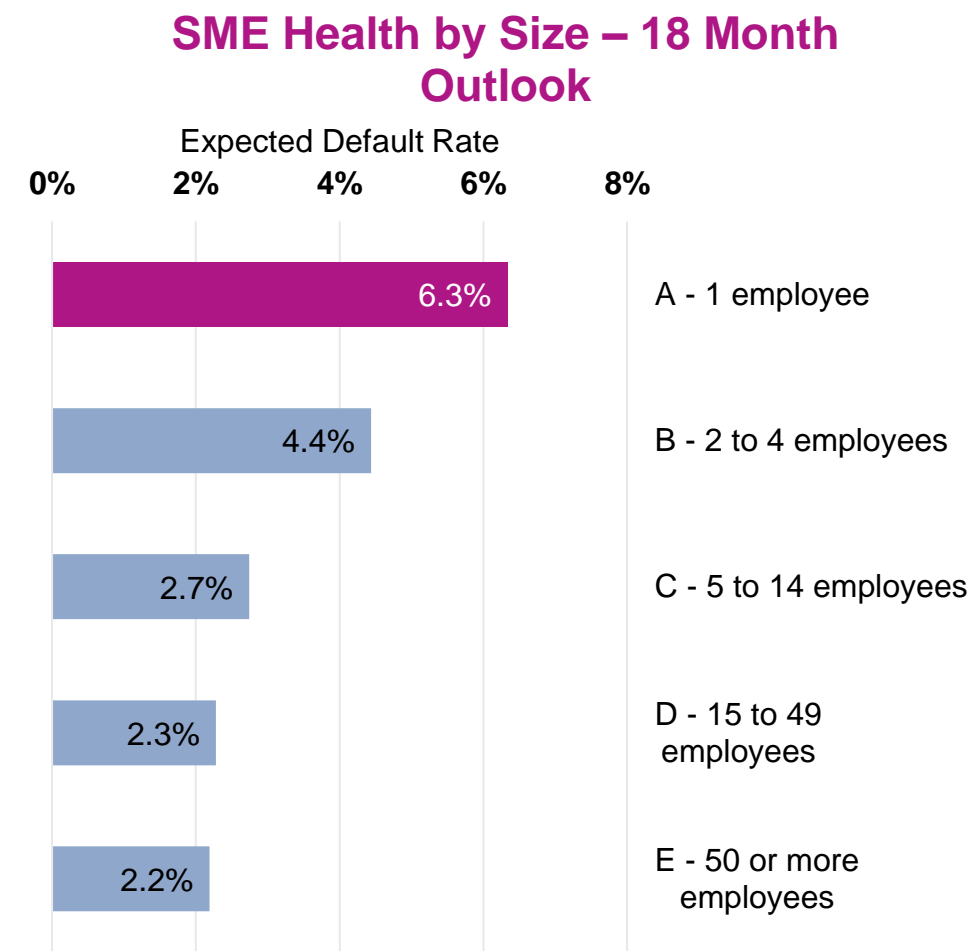
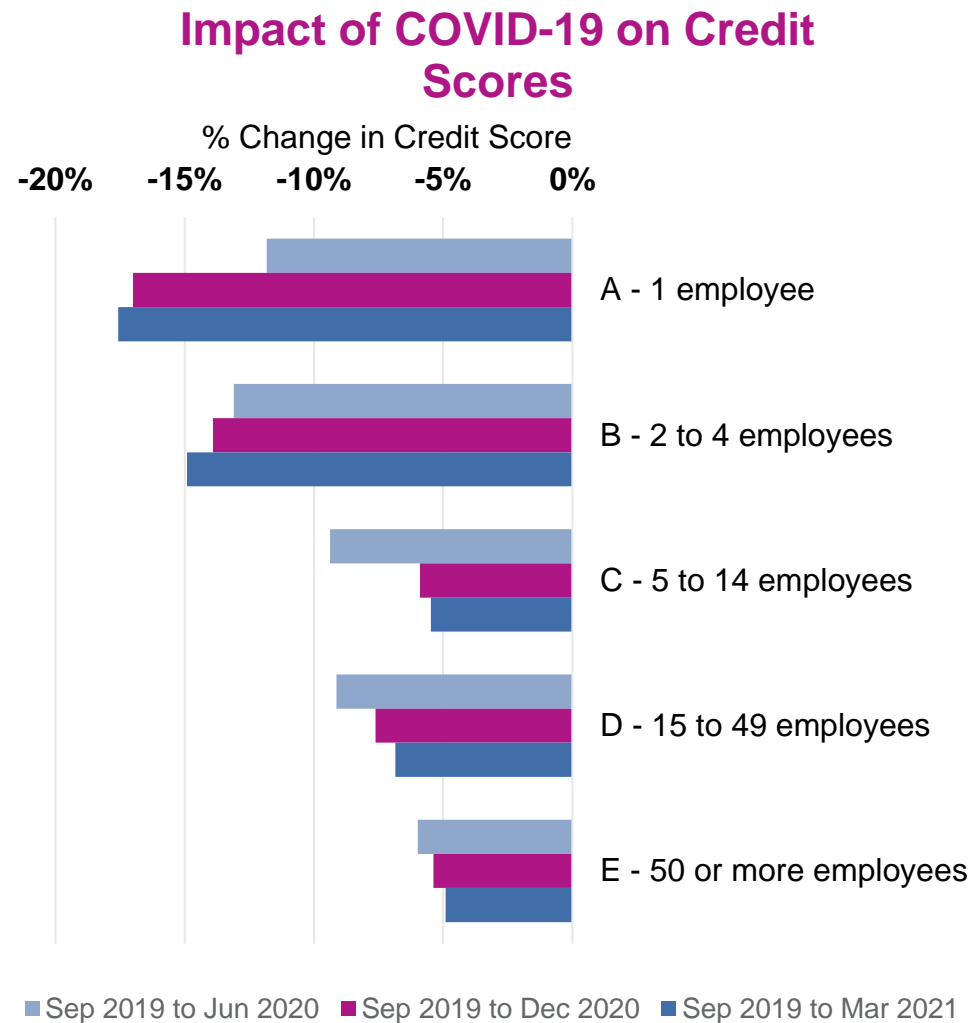
But sectorial...



SME Health by Sector - Mar 2021 - 18 Month Outlook



But sectorial...



Key messages



Macroeconomic Data and Forecasts & Sector Performance Monitoring



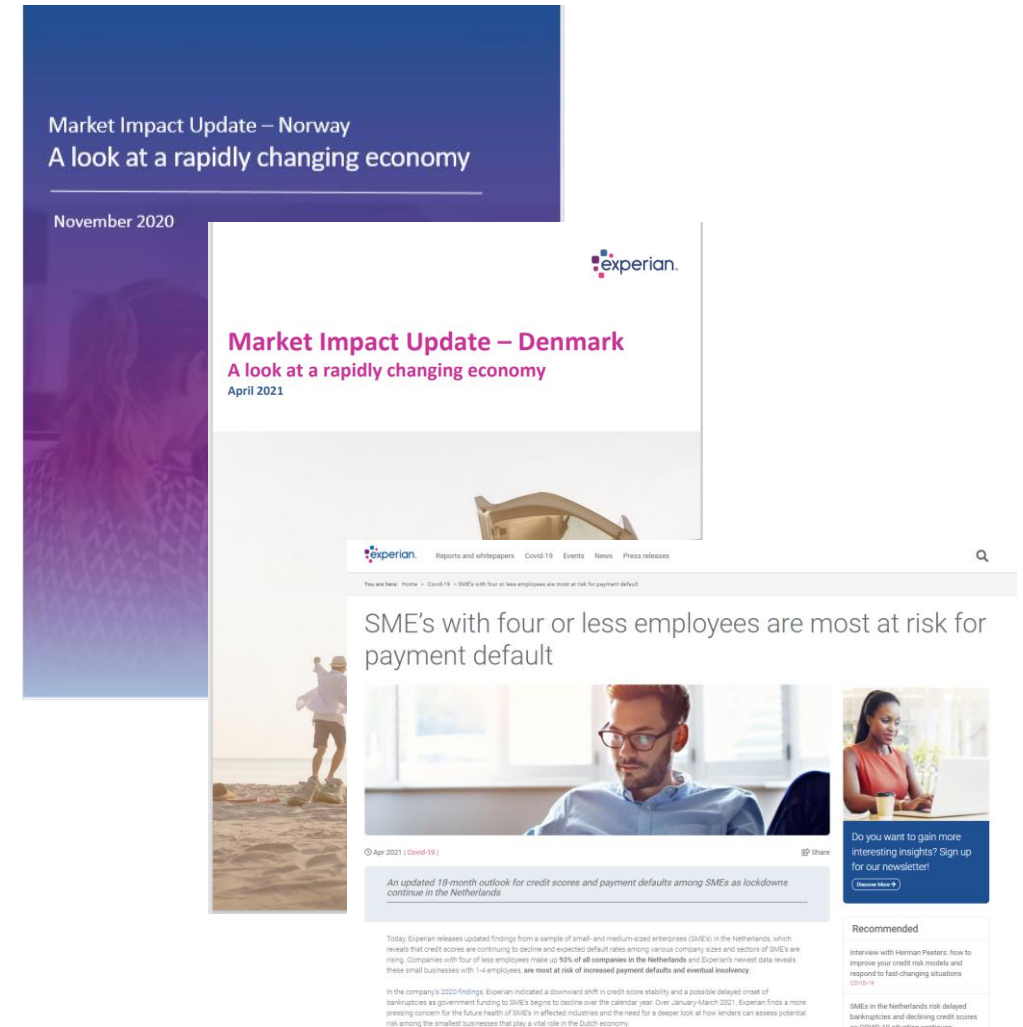
IFRS 9 optimization



Early Warning Systems



NPL and forbore exposures management
Collection processes



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