

COVID-19 WEBINAR

2020



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Q & A

ON TODAY'S CALL



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INTRODUCTION

PLEASE NOTE

We invite you to check our publications on <https://www.eurodw.eu/>

The 2020 – Q3 results published in webinar were obtained with the data available as of mid-November 2020 and are thus partially based on an incomplete data set, due to the reporting lag (see our *Data Timing and Timeliness Report*).

Also, these results are based on securitisation data, which is not fully representative of lenders' assets.

In particular:

- a) Securitised loans tend to be of better quality than non-securitised loans
- b) Securitisation is not equally important in all countries and to all lenders
- c) Large securitisations may disproportionately affect the overall statistics

Please refer to our *Data Availability Report Q1 2019* for an overview of data availability and concentration issues. Please do not hesitate to contact us at enquiries@eurodw.eu if you have comments/ requests/ questions.

RESEARCH PUBLICATIONS

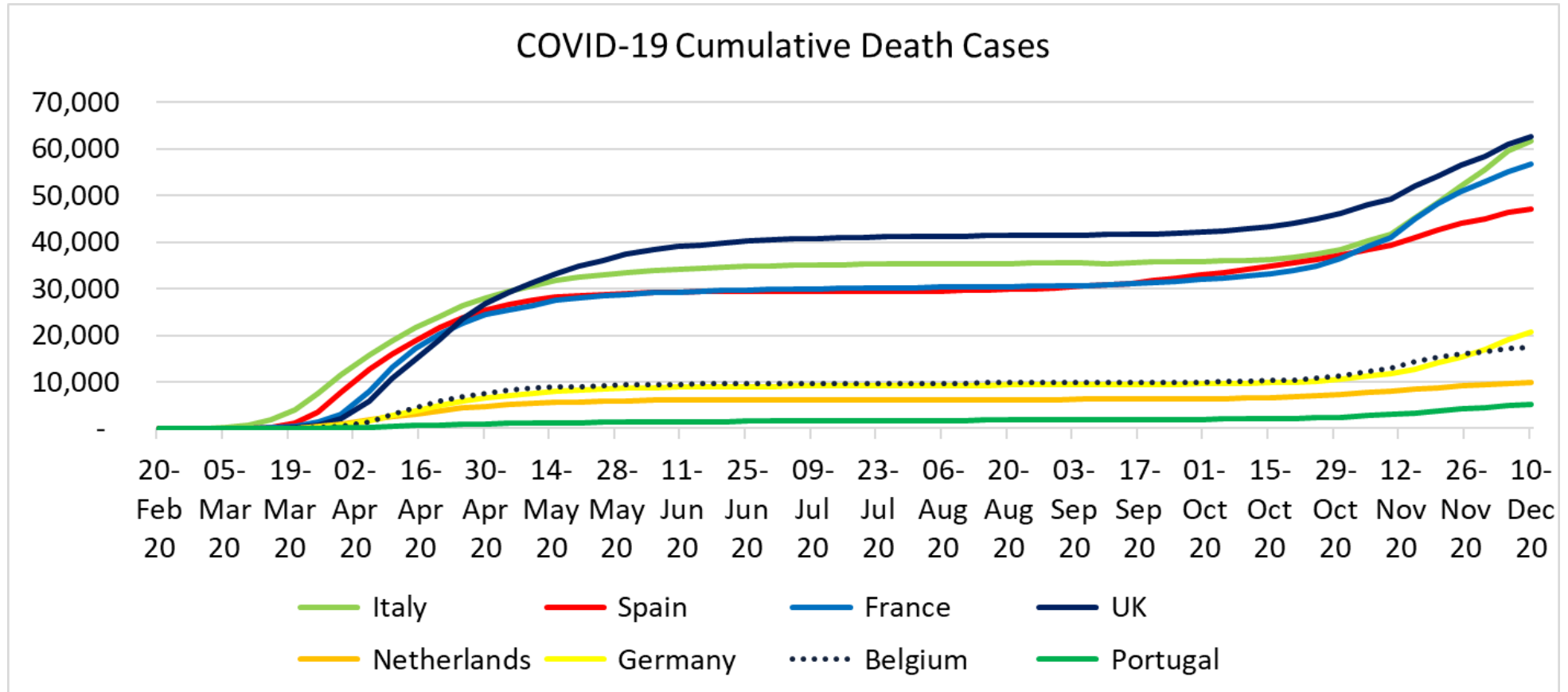
We invite you to check our publications on <https://www.eurodw.eu/>

- **Our blog:** (<https://www.eurodw.eu/knowledge/magazine/>)
 - [Special reporting guidelines: how to report data to reflect COVID-19](#)
 - [Impact of COVID-19 on Small Businesses and the self-employed: evidence from Auto ABS data](#)
 - [COVID-19 in SME data](#)
- **Our research section:** (<https://www.eurodw.eu/knowledge/research/>)
 - [Survey of payment holiday reporting practices in Europe](#)
 - [SME and the self-employed as main beneficiaries of auto loan extensions](#)
 - [Monitoring the impact of COVID-19 : Auto](#) (COVID-19 Tracker - Excel report)
 - [Monitoring the impact of COVID-19 : RMBS](#) (COVID-19 Tracker - Excel report)
 - [Monitoring the impact of COVID-19](#) (COVID-19 Tracker)
 - [Data timing and timeliness report](#)
 - [Data availability report](#)

CONSEQUENCES OF COVID-19

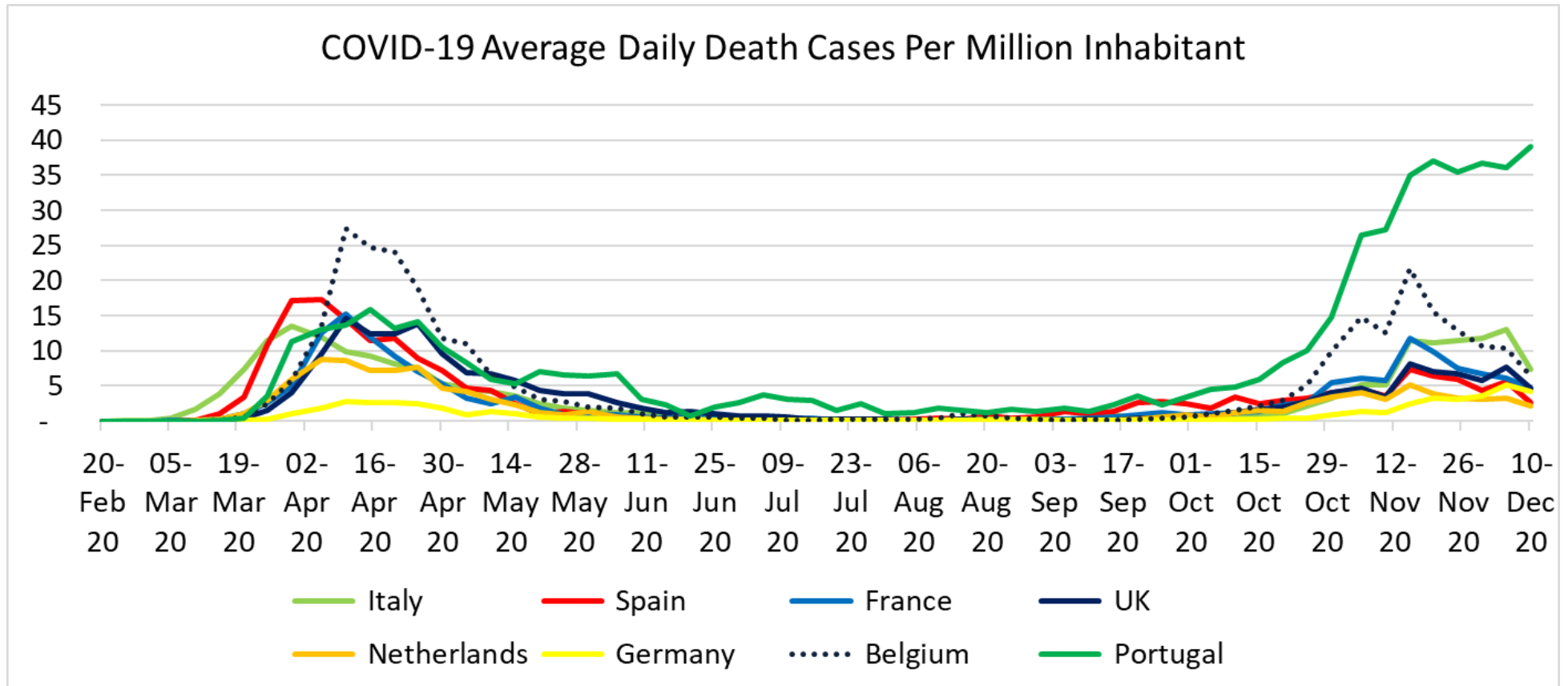
COVID-19 (1)

After a first wave in March/April, a second wave is underway



COVID-19 (2)

After a first wave in March/April, a second wave is underway



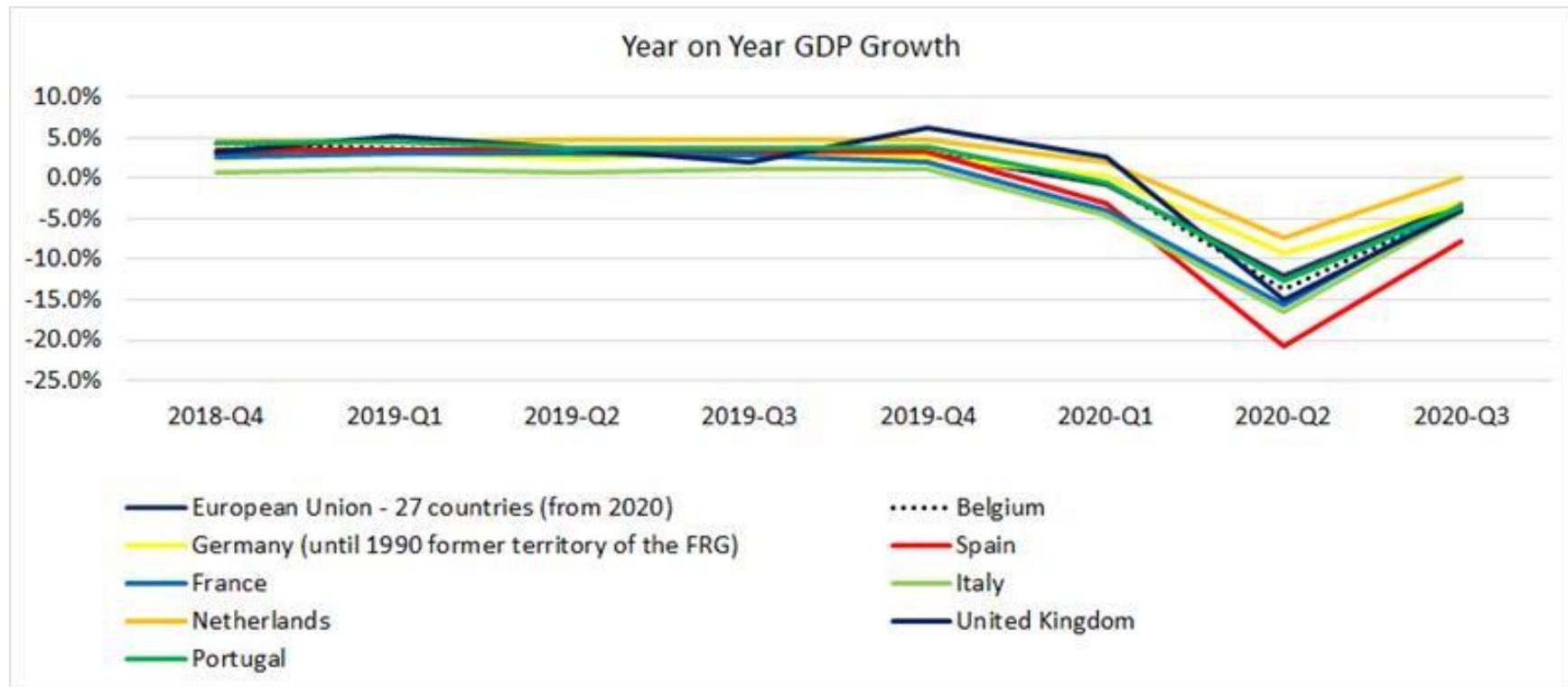
POLITICAL AND SOCIAL RESPONSE TO COVID-19

We invite you to check our publications on <https://www.eurodw.eu/>

- Social response to COVID-19
 - Stockpiling and empty shelves in March 2020 (empty shelves/rationing)
 - Postponement and renouncing of healthcare
 - Change in consumption habits (buy more online)
 - Other changes (avoid crowded places etc.)
 - Change in working habits (work from home)
 - Life in city centres becomes less attractive (impact on house prices?)
- Governmental response
 - People encouraged or forced to limit social contact
 - Shuttering of “non essential activities” and to limit the fallout...
 - Boosted social spending (people paid to stay home)
 - Encouraged borrowers to take / forced lenders to grant payment holidays

COVID-19 (3)

Social distancing measures led to severe economic consequences

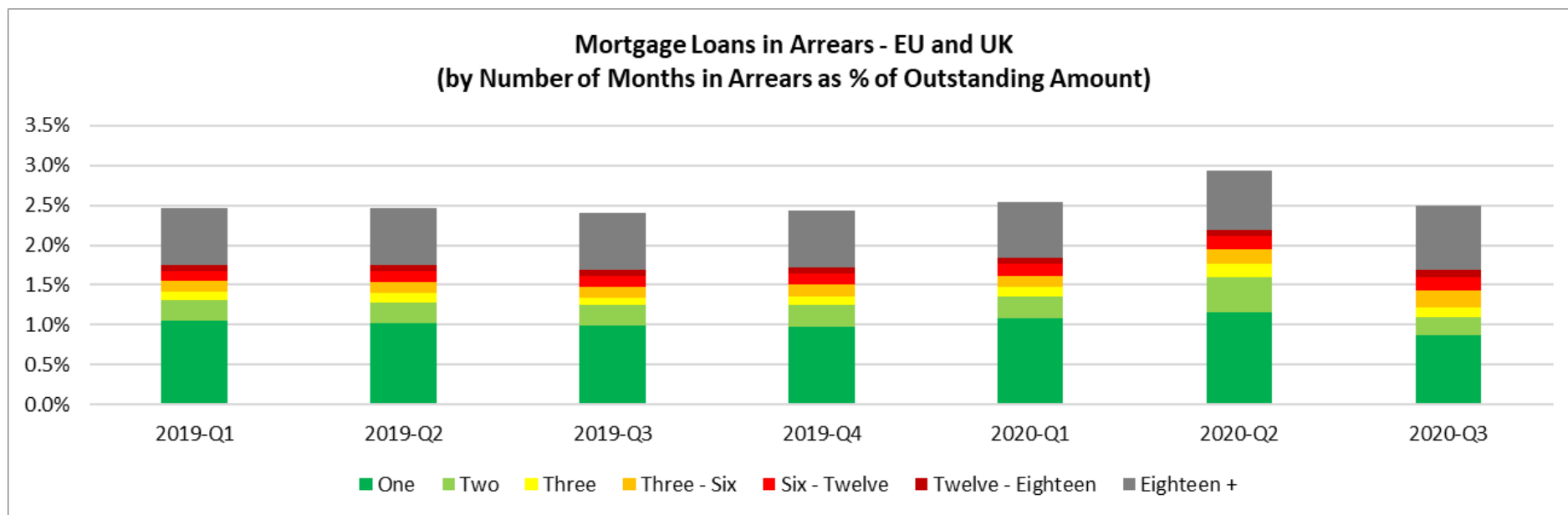


DELINQUENCIES

AGGREGATE DELINQUENCIES

LOANS IN ARREARS IN EUROPEAN RMBS

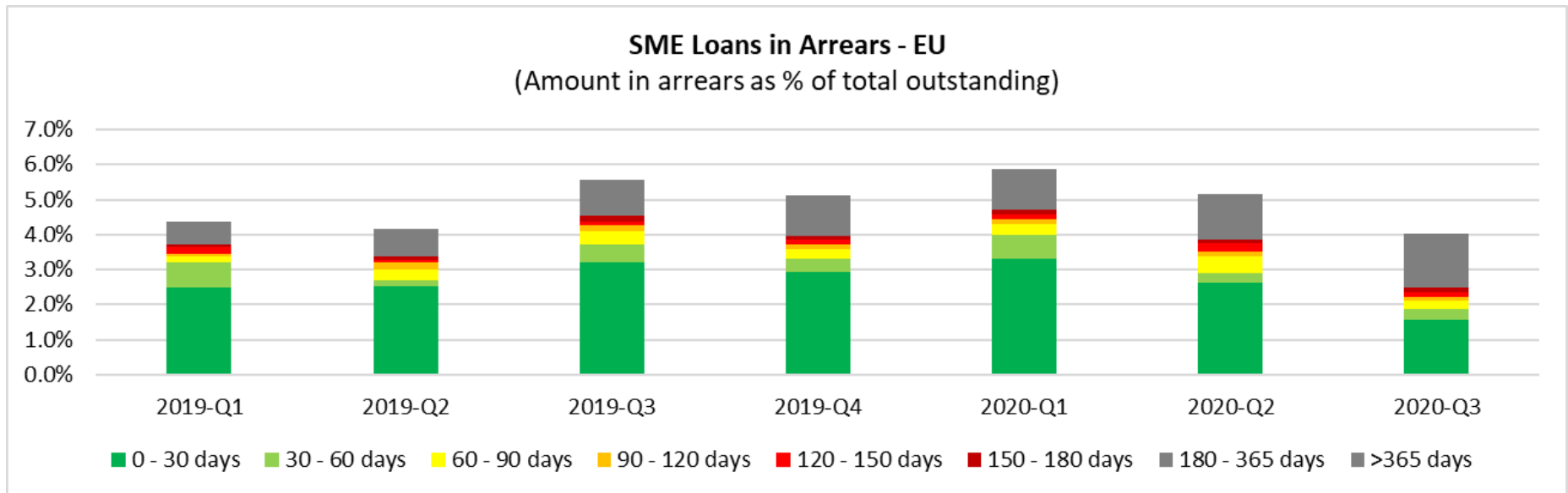
An increase in Q2 2020, receding in Q3



The loan count calculation is based on the total number of loans reported in the latest submission only for each transaction. All amounts in 000s (k)

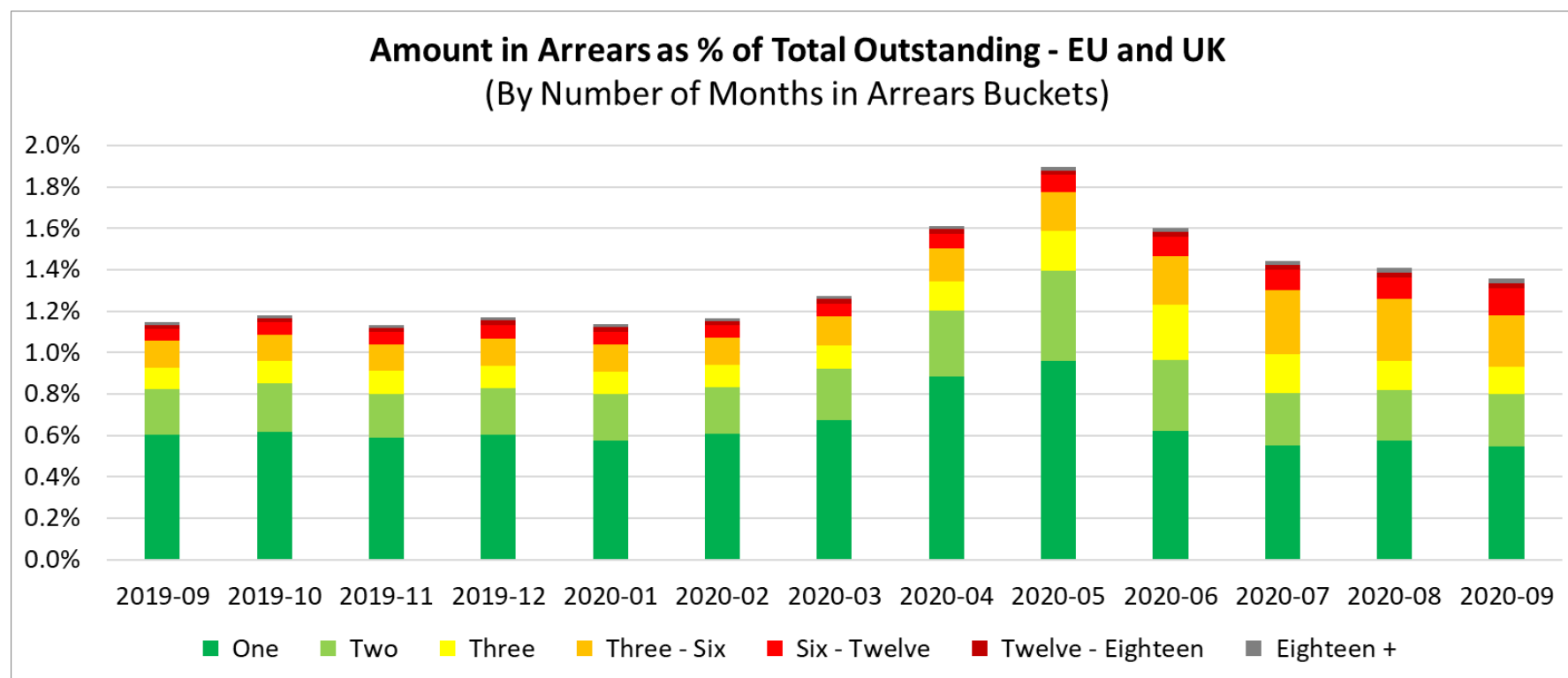
LOANS IN ARREARS IN EUROPEAN SME

An increase in Q2 2020, receding in Q3



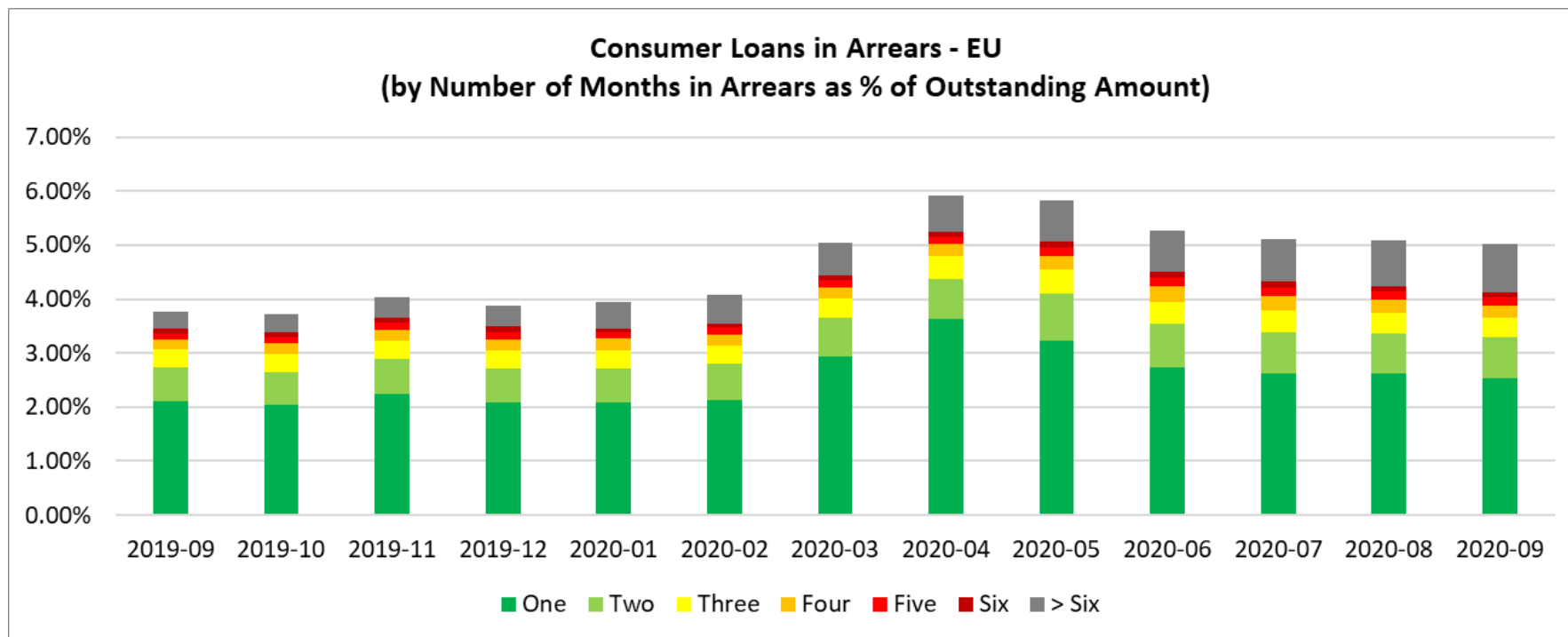
LOANS IN ARREARS IN EUROPEAN AUTO

An increase in Q2 2020, receding in Q3



LOANS IN ARREARS IN EUROPEAN CONSUMER

An increase in Q2 2020, receding in Q3

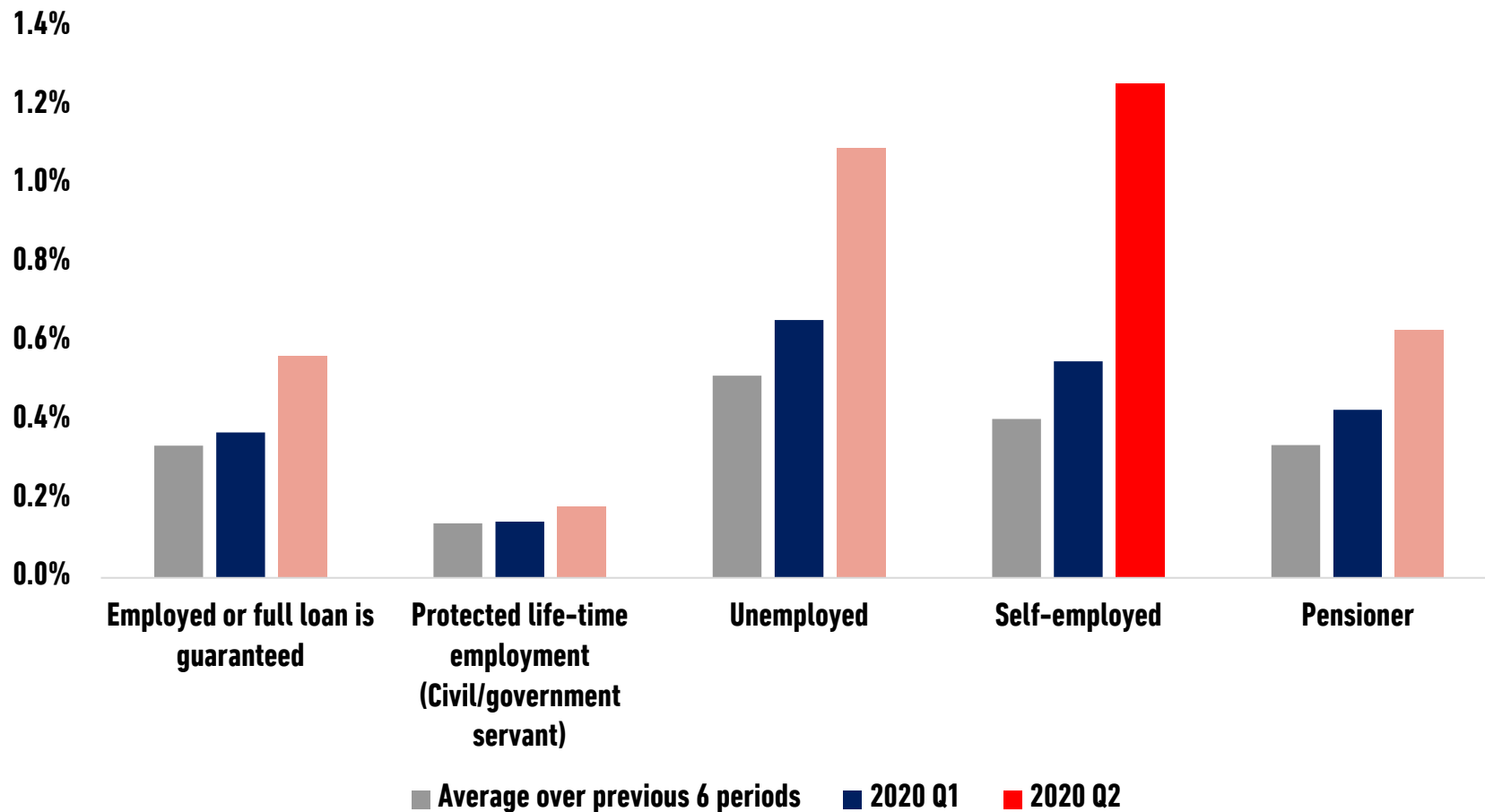


NEW DELINQUENCY RATE

MORTGAGE LOANS

EU level

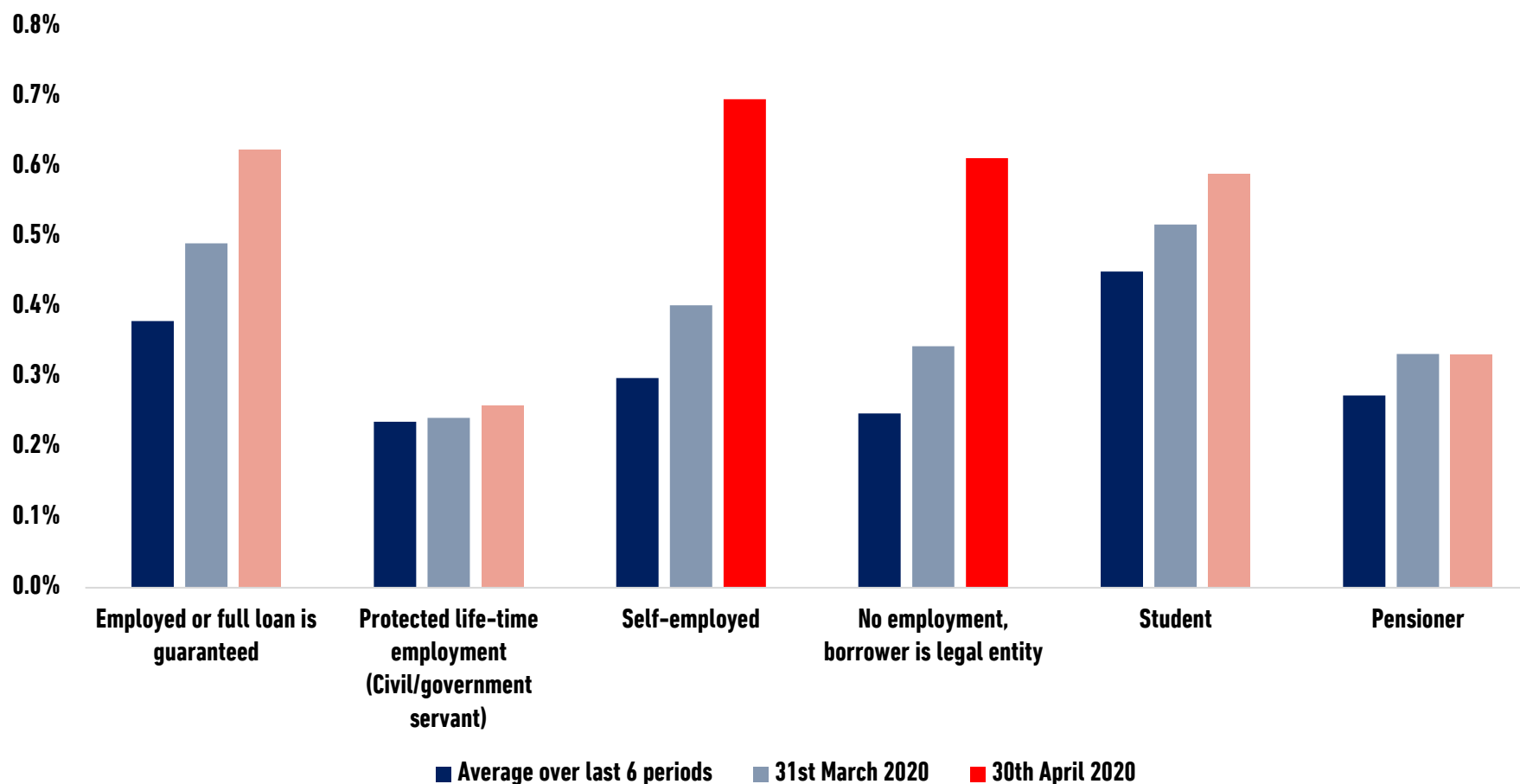
NEW DELINQUENCIES BY EMPLOYMENT STATUS



AUTO LOANS

EU level

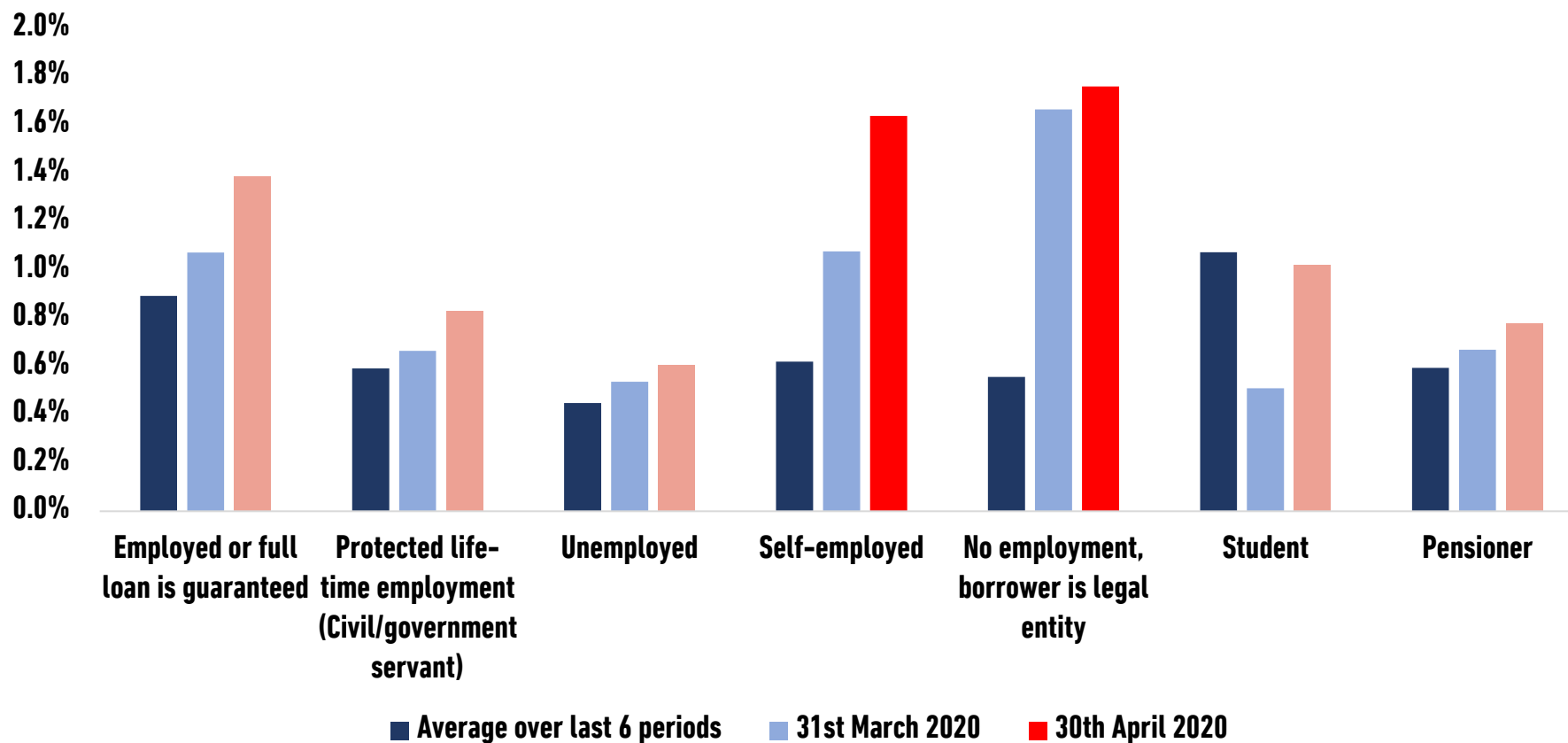
NEW DELINQUENCIES BY EMPLOYMENT STATUS



CONSUMER LOANS

France

NEW DELINQUENCIES BY EMPLOYMENT STATUS

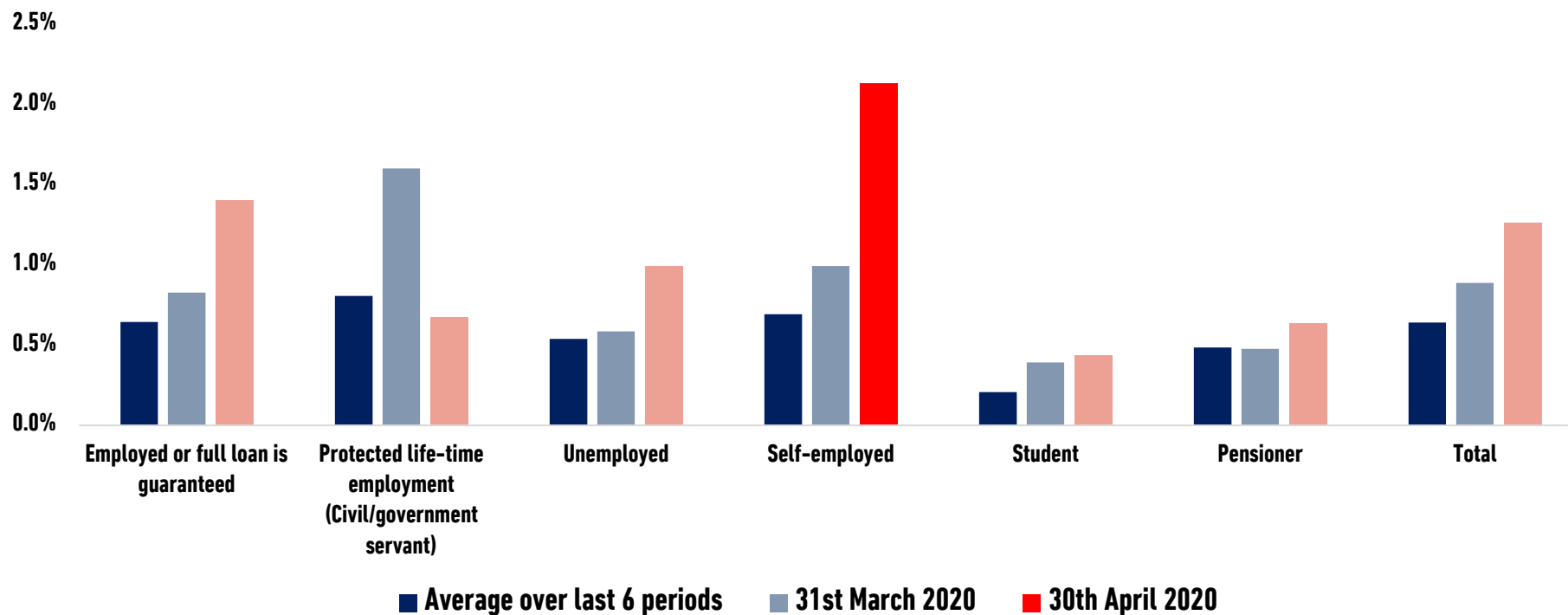


CONSUMER LOANS

Italy

NEW DELINQUENCIES BY EMPLOYMENT STATUS

(Amount of loans that went in arrears for the first time as % of performing loans in the previous submission)

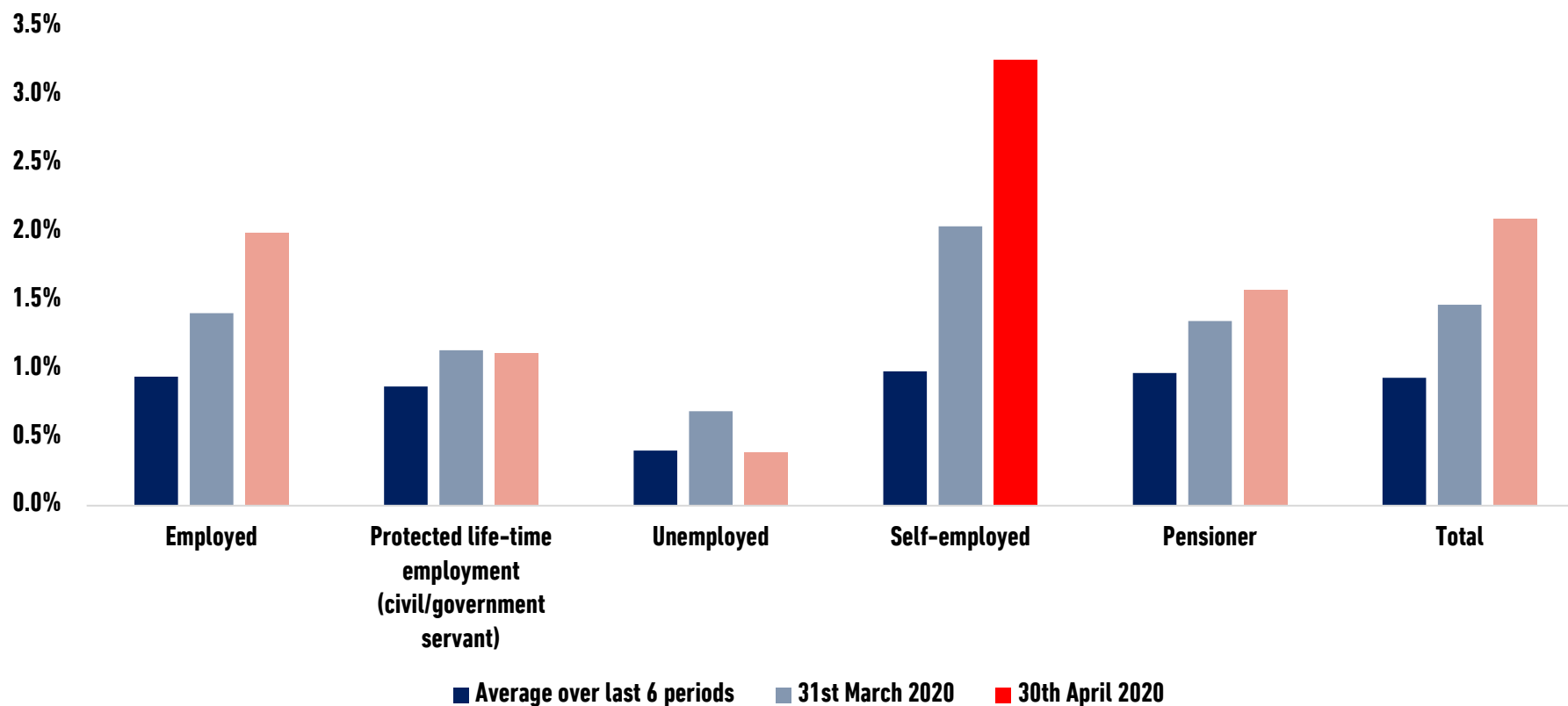


CREDIT CARD LOANS

Spain

NEW DELINQUENCIES BY EMPLOYMENT STATUS

(Amount of loans that went in arrears for the first time as % of performing loans in the previous submission)

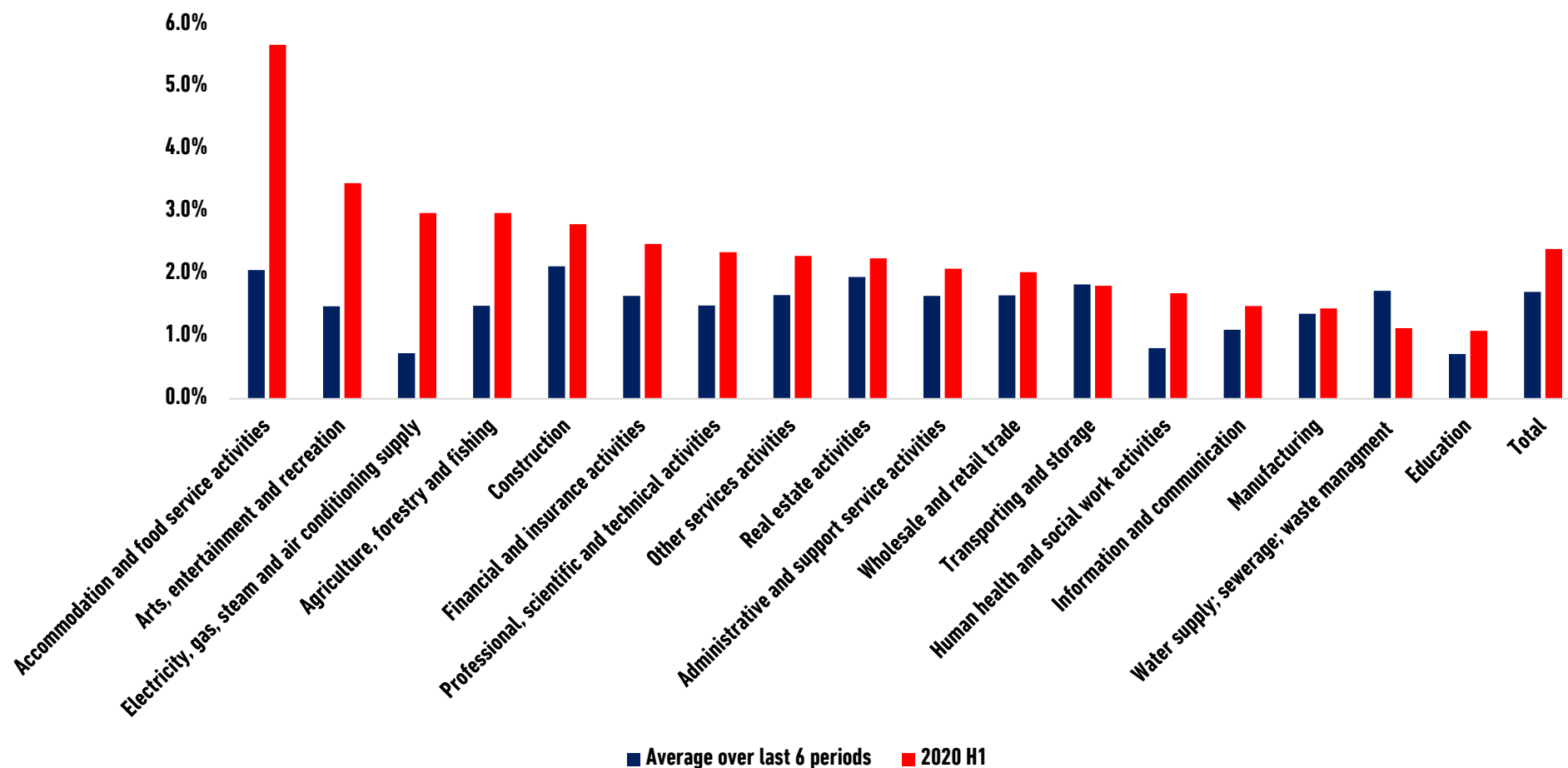


SME LOANS

Italy

NEW DELINQUENCIES BY INDUSTRY

(Amount of loans that went in arrears for the first time as % of performing loans in the previous submission)

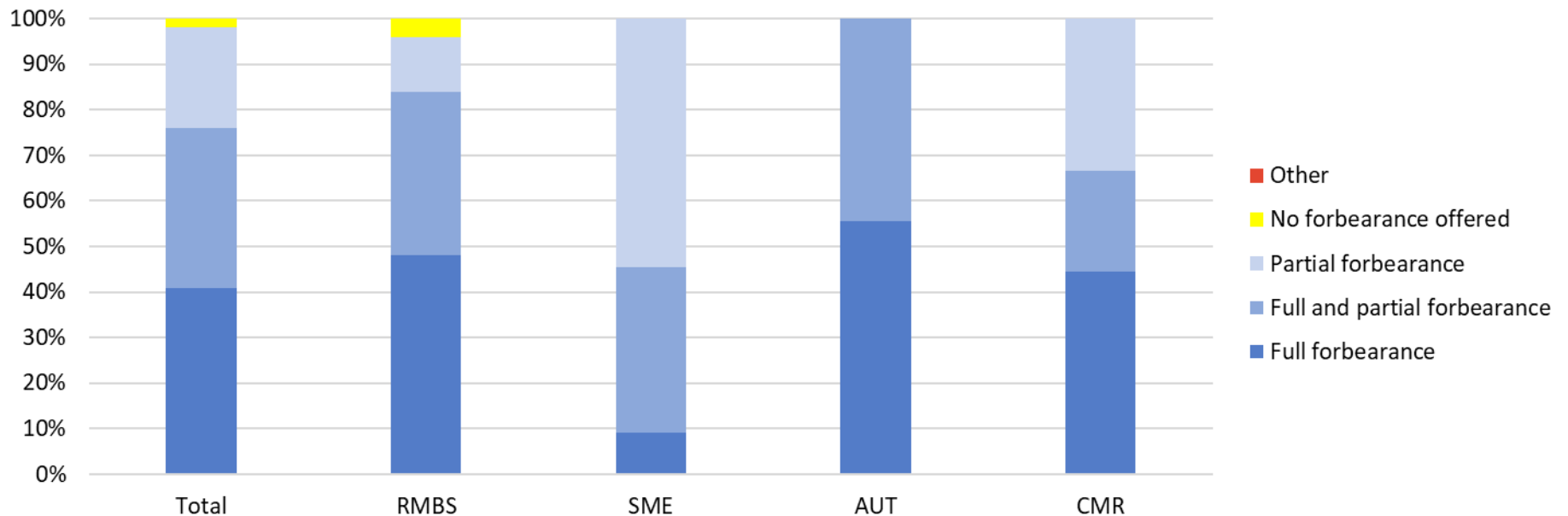


COVID-19 PAYMENT HOLIDAY REPORTING PRACTICES

REPORTING PRACTICES (1)

Almost all data owners (lenders mostly) offer at least some form of forbearance

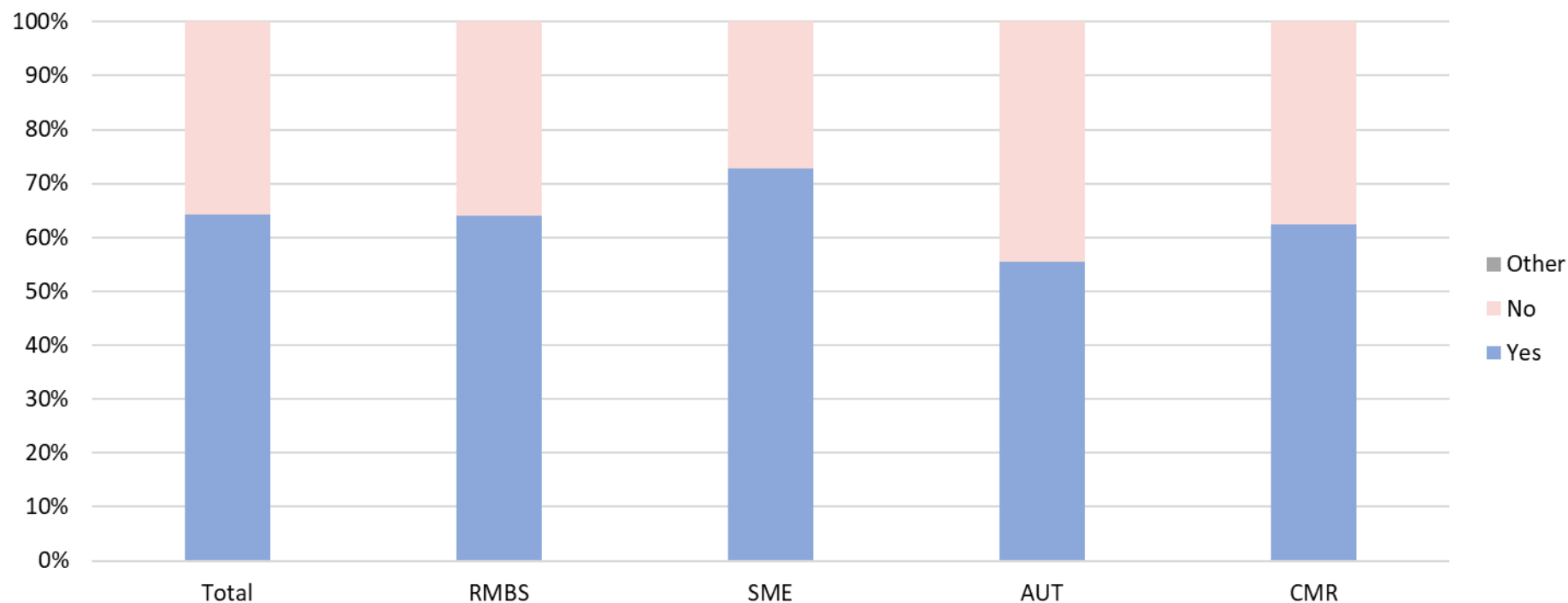
Which measures has your organisation taken to provide relief to borrowers whose payment abilities have been impacted by COVID-19?
(As % of answers)



REPORTING PRACTICES (2)

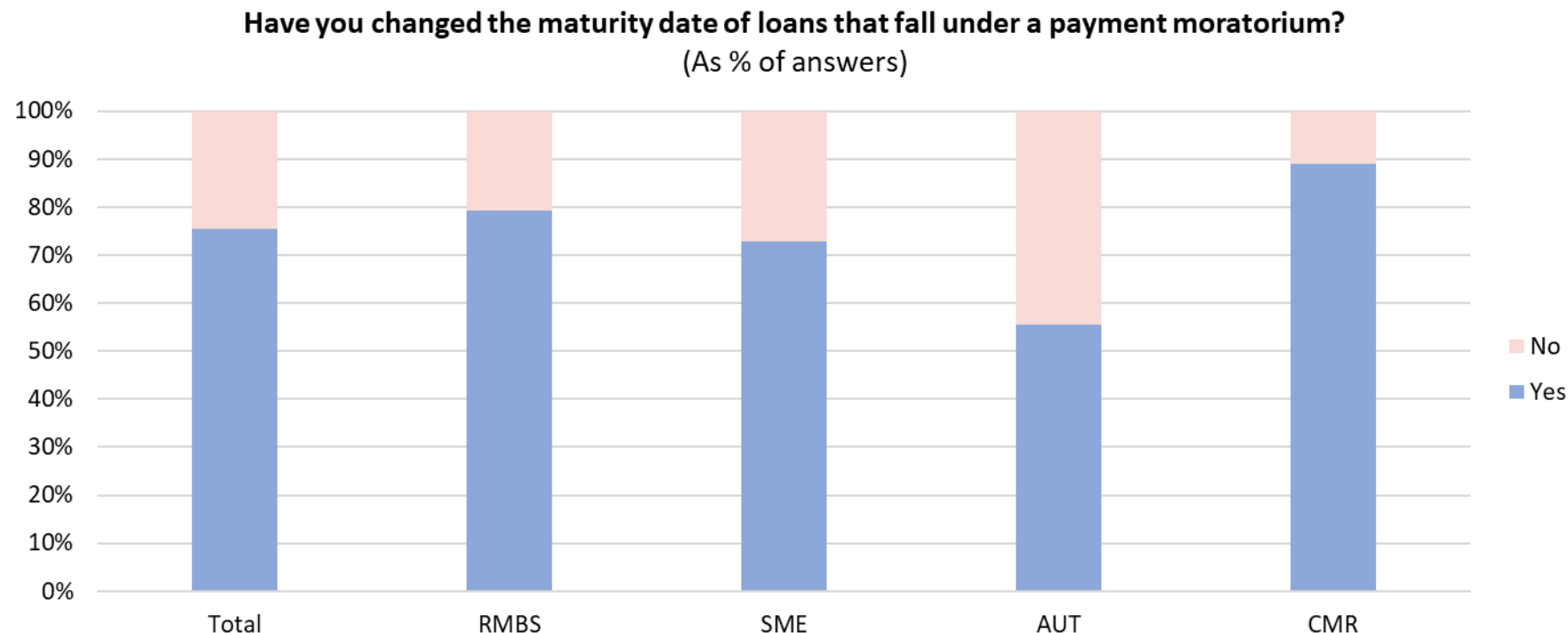
The reporting does not always reflect the special recommendations

Does the reported payment due reflect the moratorium as requested by ECB?
(As % of answers)



REPORTING PRACTICES (3)

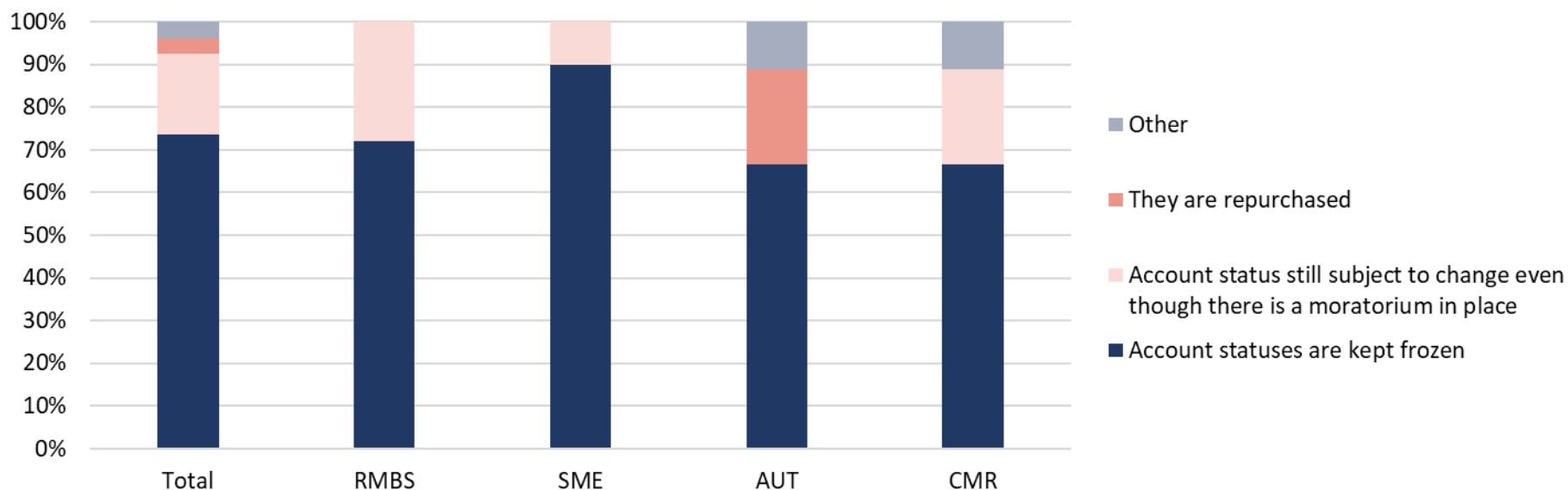
Changed (extended) maturity date is a common marker for the affected loans



REPORTING PRACTICES (4)

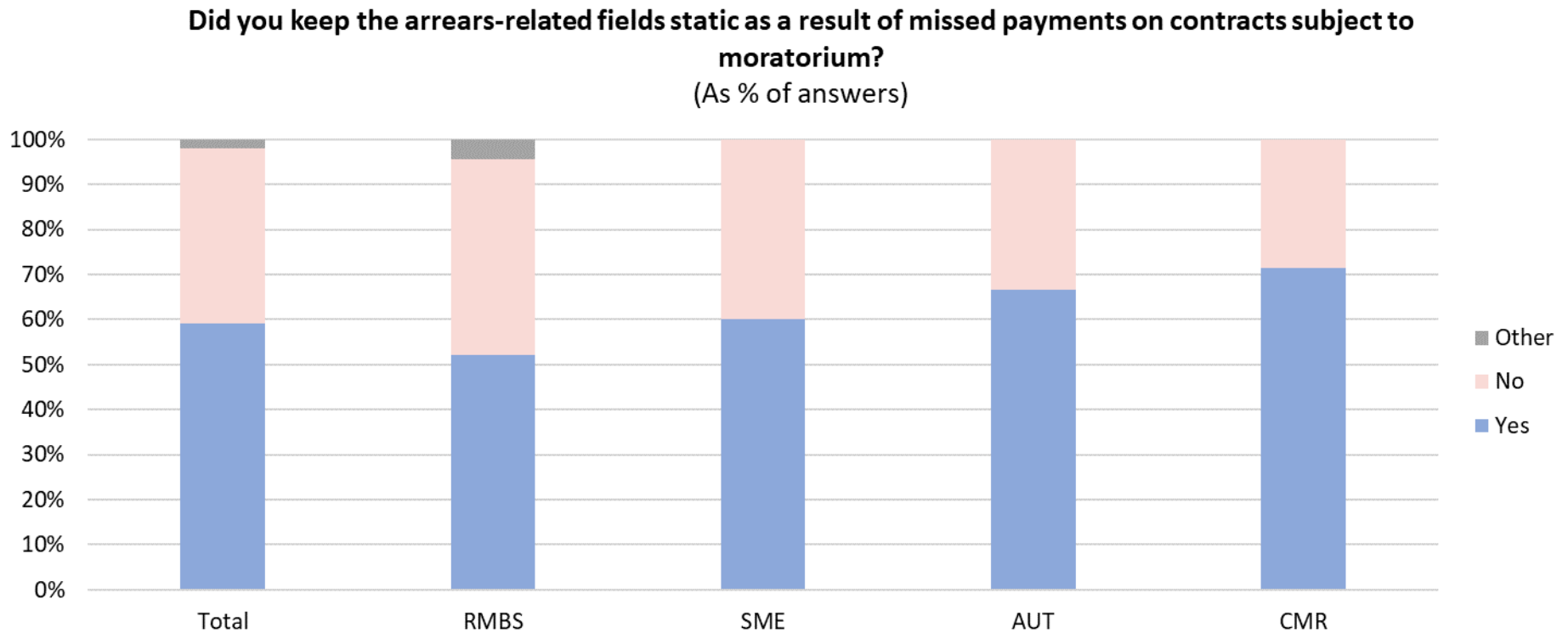
Payment holidays have mostly no effect on loan status fields

How do you report the account status for loans that benefit from a payment moratorium?
(As % of answers)



REPORTING PRACTICES (5)

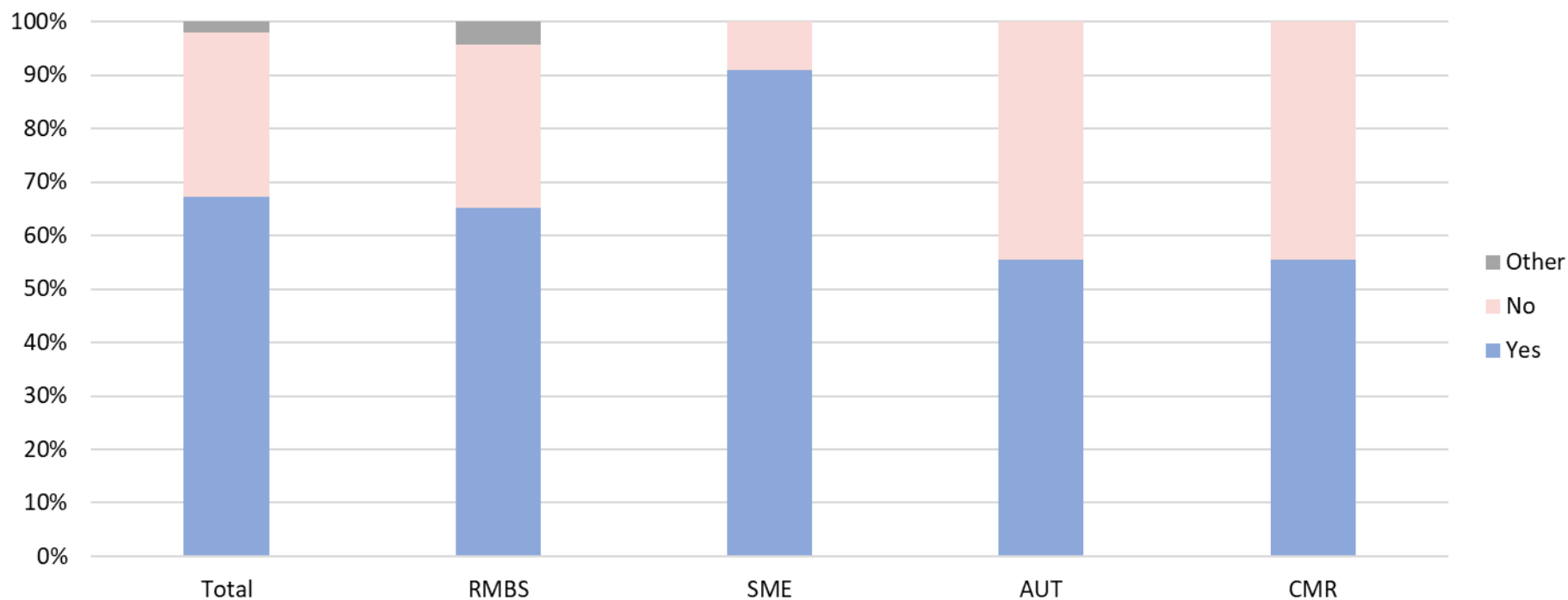
Arrears related fields are not always static for loans under moratorium



REPORTING PRACTICES (6)

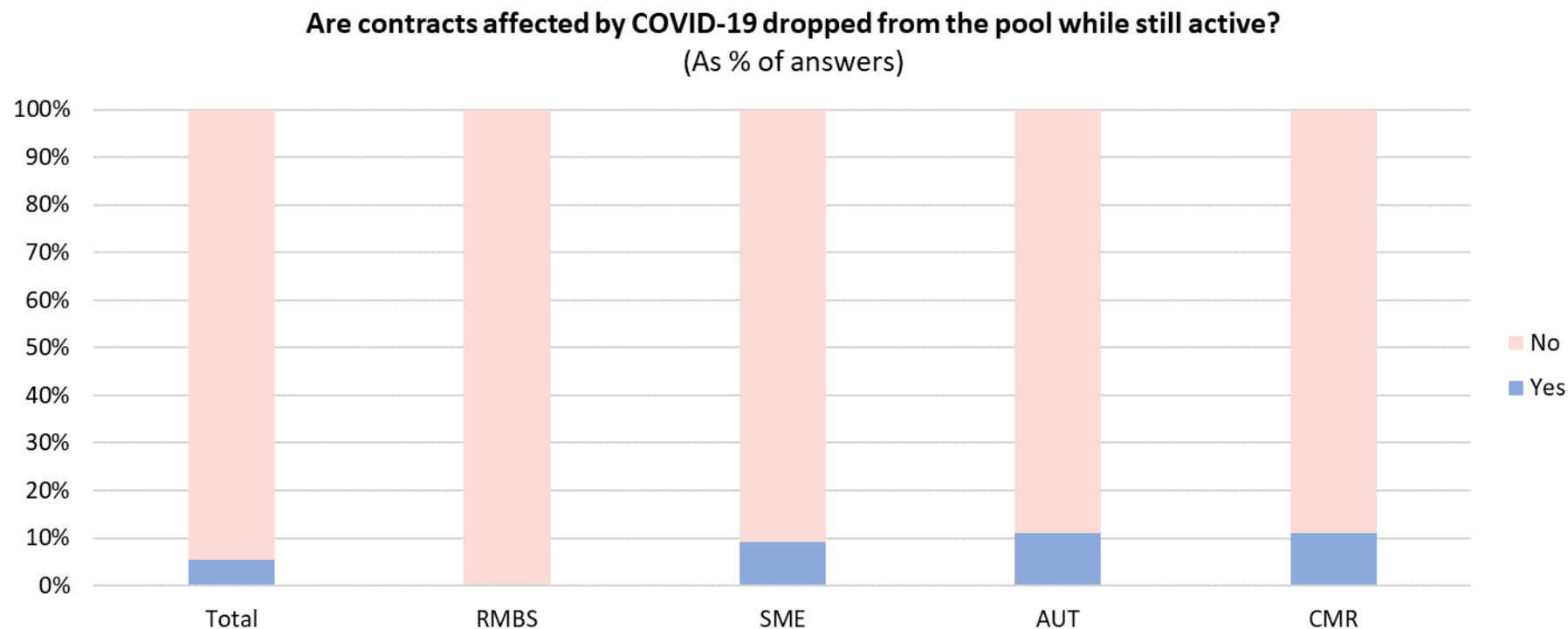
Non static current balance suggests capitalisation of interest

Did you keep the current balance of contracts subject to moratorium static?
(As % of answers)



REPORTING PRACTICES (7)

Loans affected by COVID-19 are usually not dropped from the pools



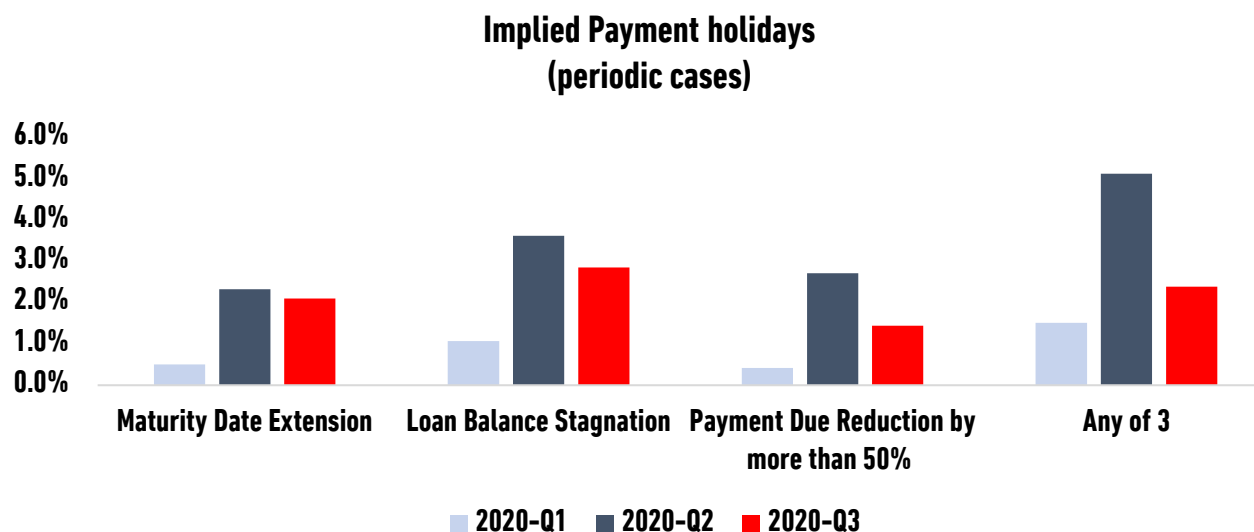
PAYMENT HOLIDAYS

RMBS

IMPLIED PAYMENT HOLIDAYS RMBS

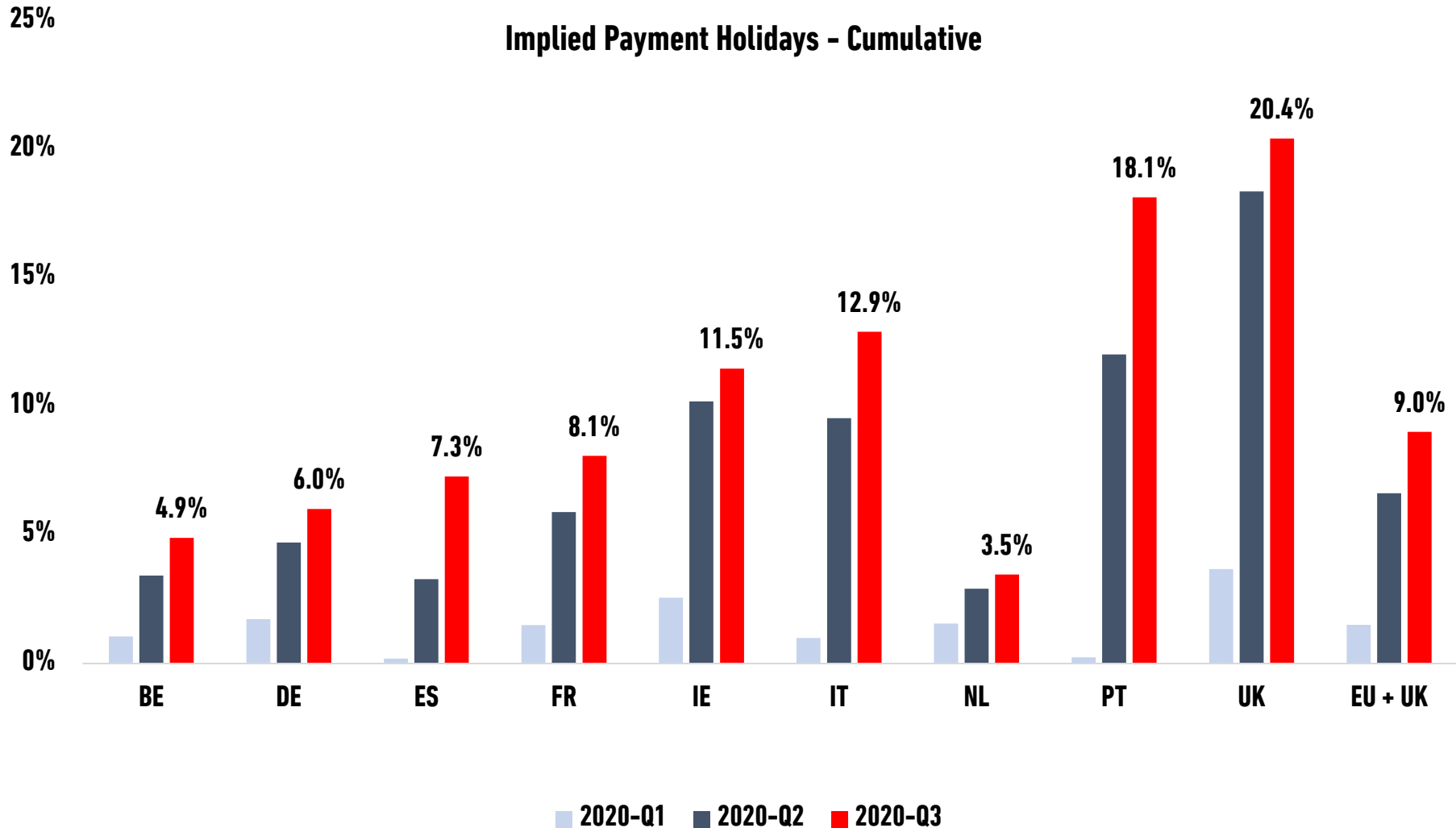
3 criteria to detect loans in payment holiday

- Increased maturity date
- “Stagnant current balance” or “increasing current balance”?
- Instalment decreased 50% at least
- “Any of 3” flags all the loans for which
 1. None of the flags were raised before COVID-19
 2. At least one of these flags was raised since



MORTGAGE LOANS

LOAN MODIFICATIONS MORE PREVALENT IN SOME COUNTRIES THAN OTHERS

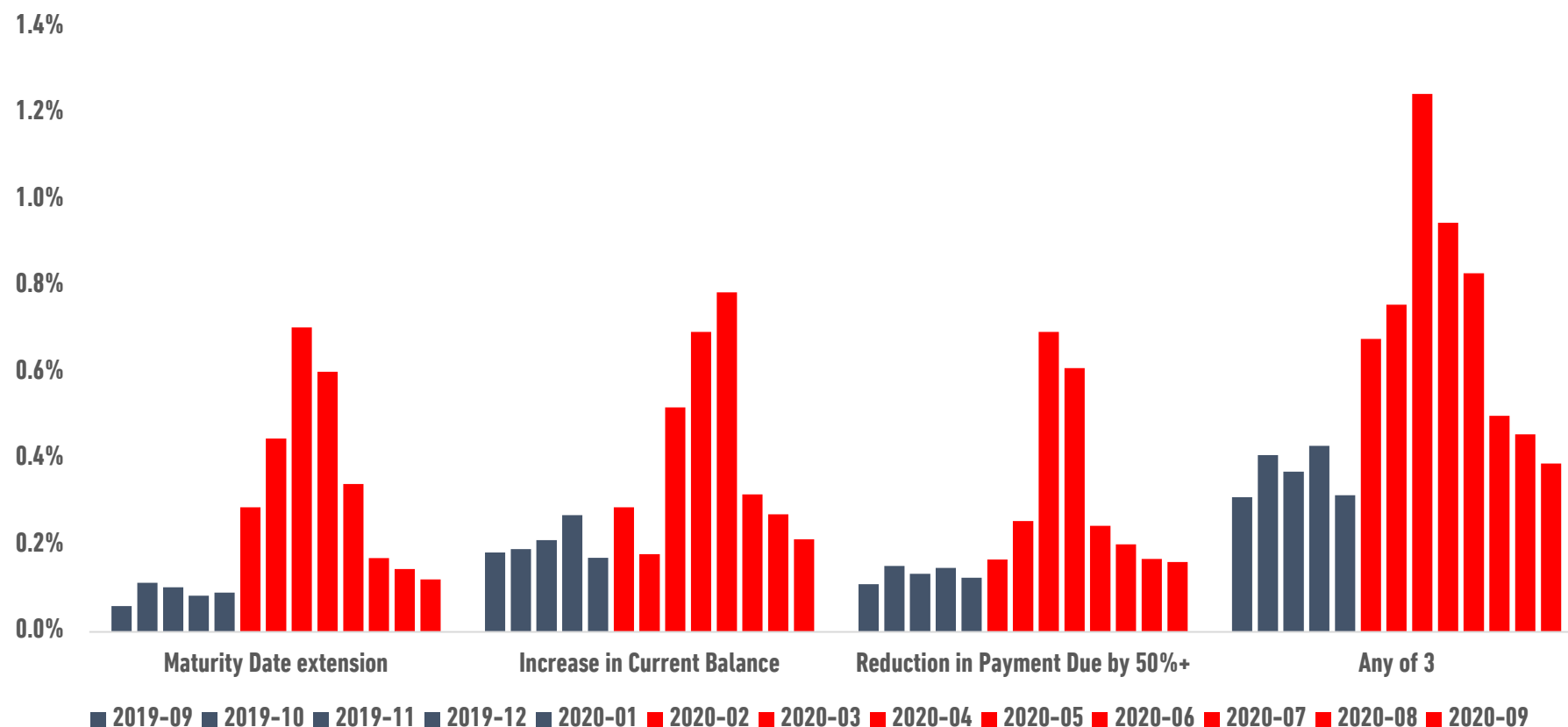


AUTO

AUTO LOANS/LEASES

3 DIFFERENT FLAGS USED TO IMPLY PAYMENT HOLIDAYS – EU PLUS UK

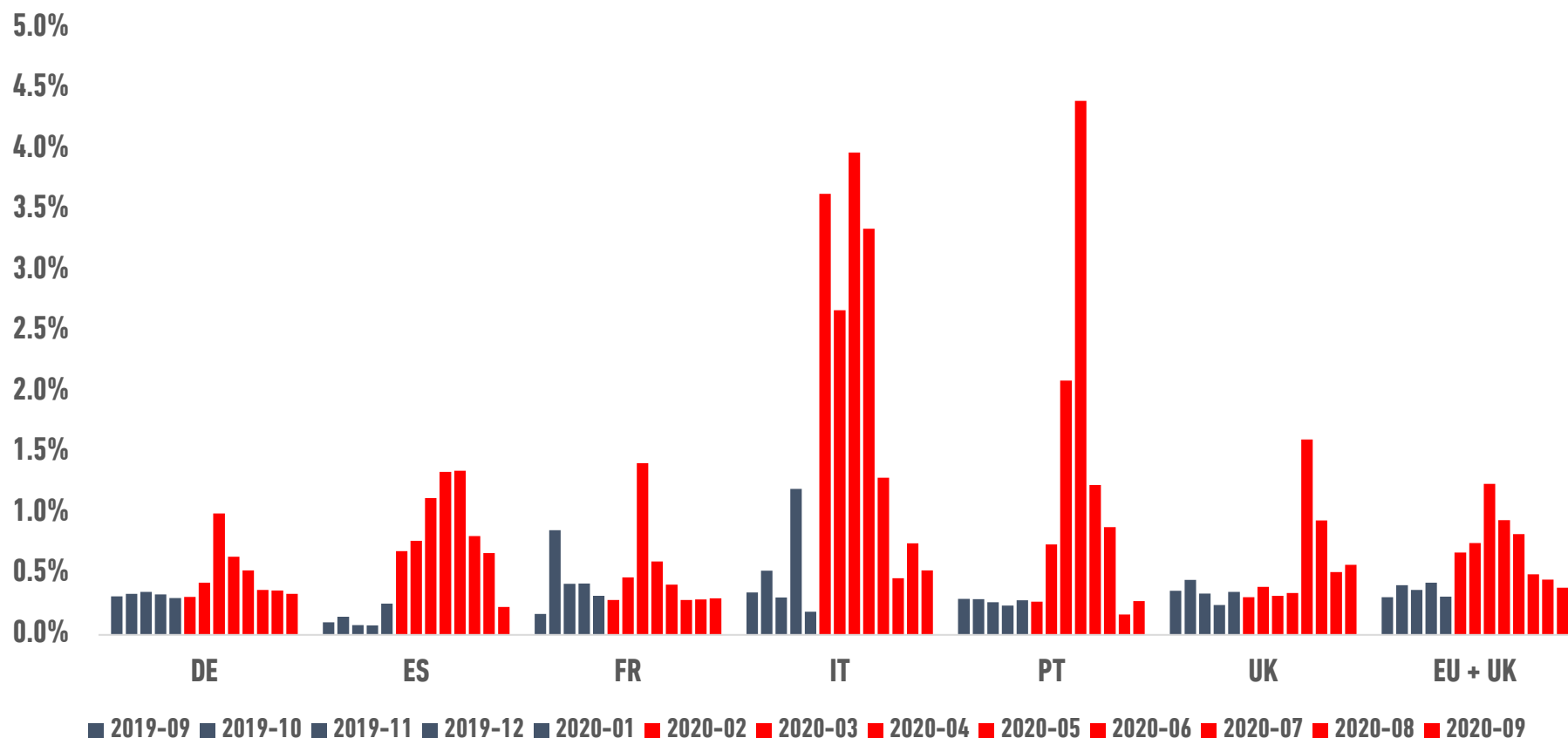
Periodic Implied Payment holidays – EU plus UK
(Amount Modified in That Month as % of Total Outstanding)



AUTO LOANS/LEASES

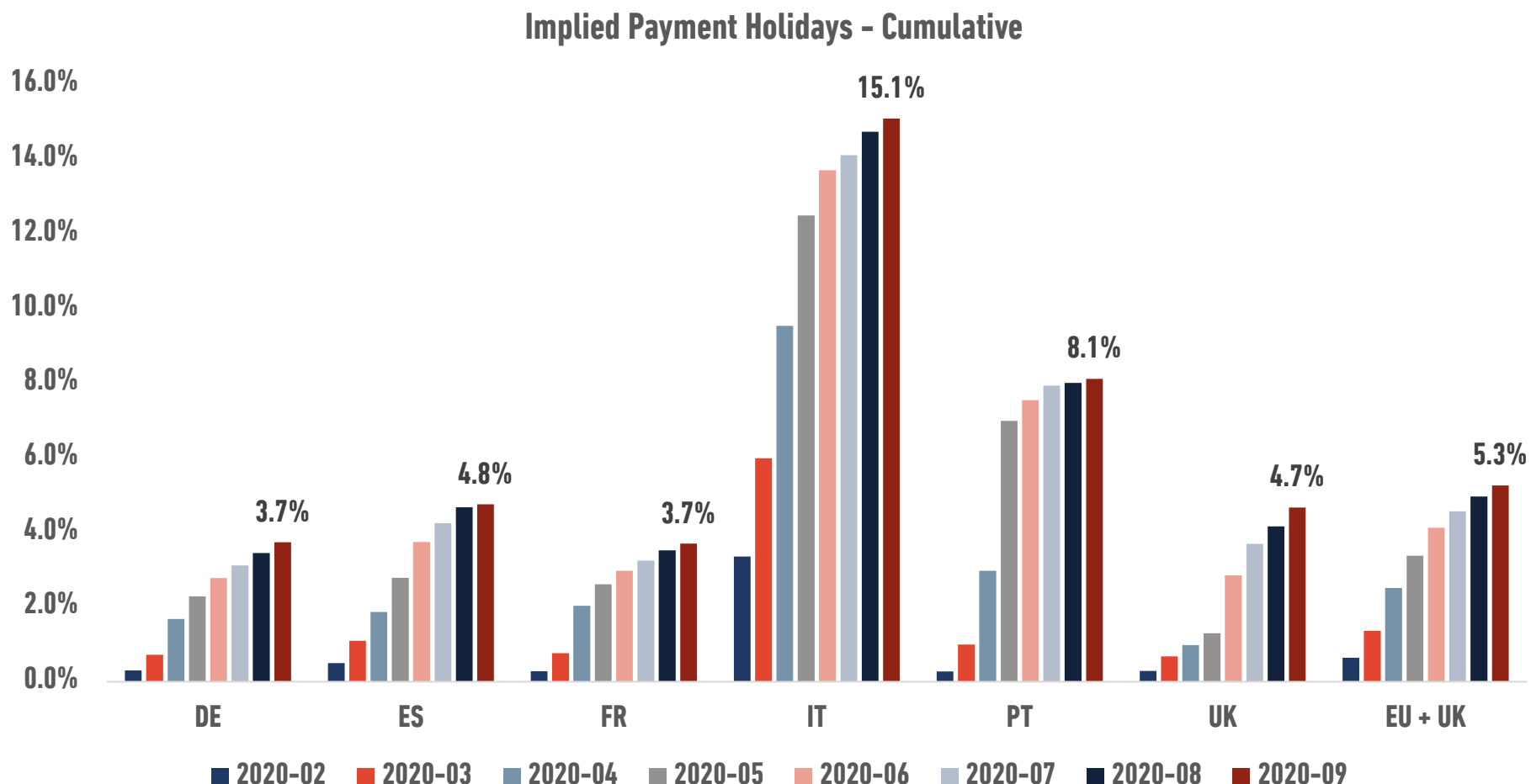
LOAN MODIFICATIONS MORE PREVALENT IN SOME COUNTRIES THAN OTHERS

Implied Payment Holidays - Periodic



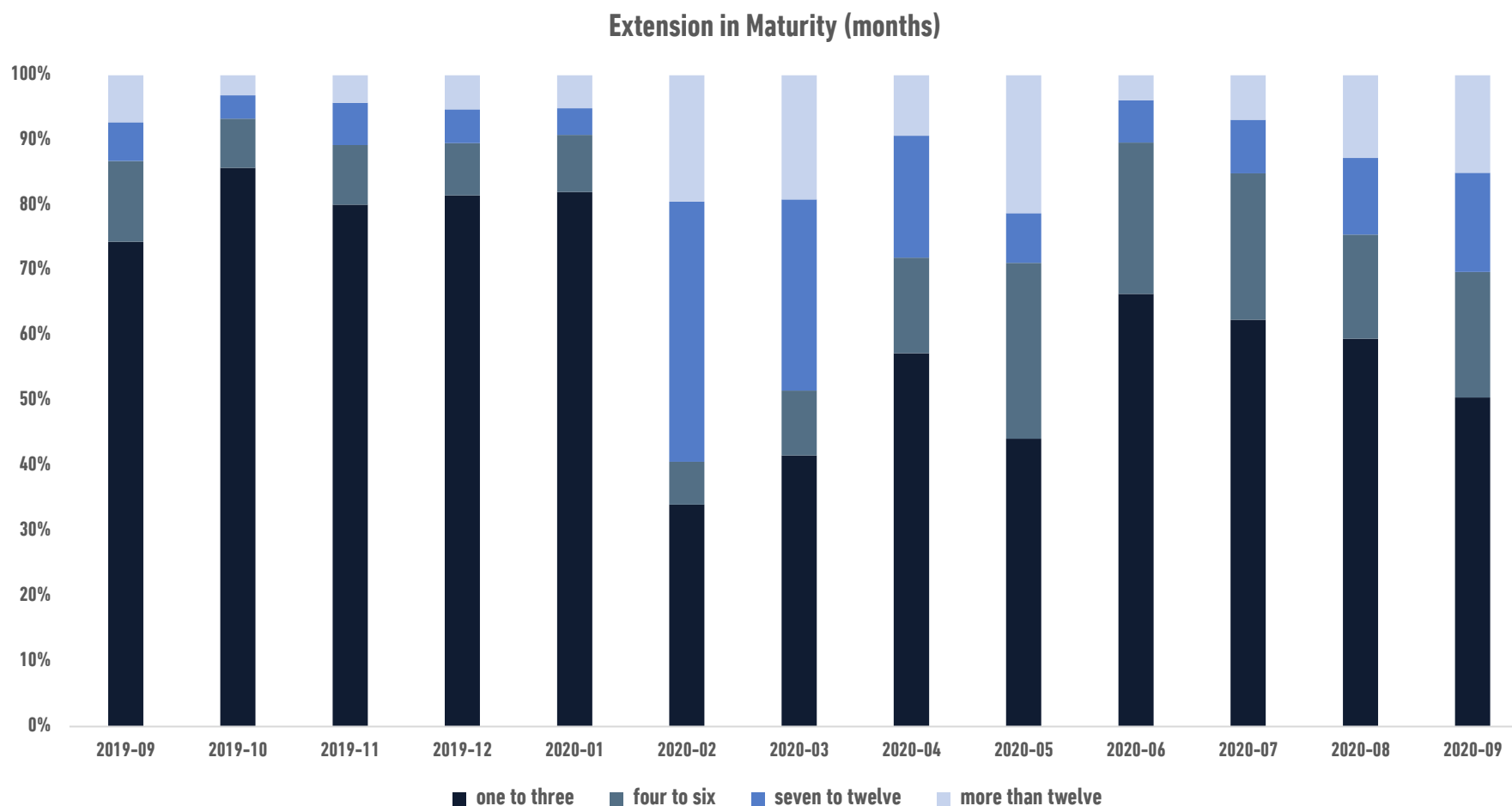
AUTO LOANS/LEASES

LOAN MODIFICATIONS MORE PREVALENT IN SOME COUNTRIES THAN OTHERS



AUTO LOANS/LEASES

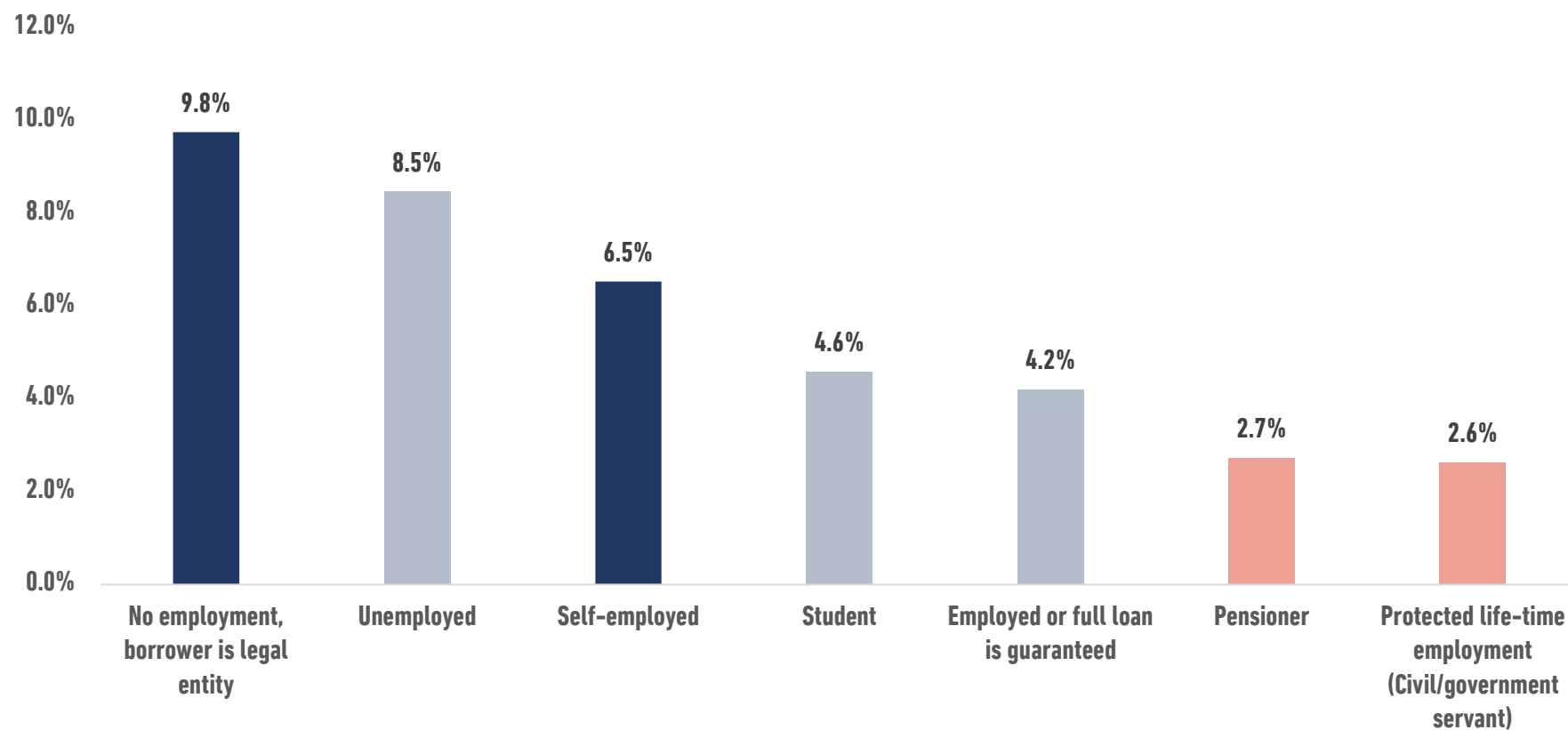
EXTENSIONS IN LOAN/LEASE MATURITIES SEEM TO BE LONGER THAN BEFORE



AUTO LOANS/LEASES

LOAN MODIFICATIONS MOST PROMINENT AMONG SME AND SELF-EMPLOYED BORROWERS

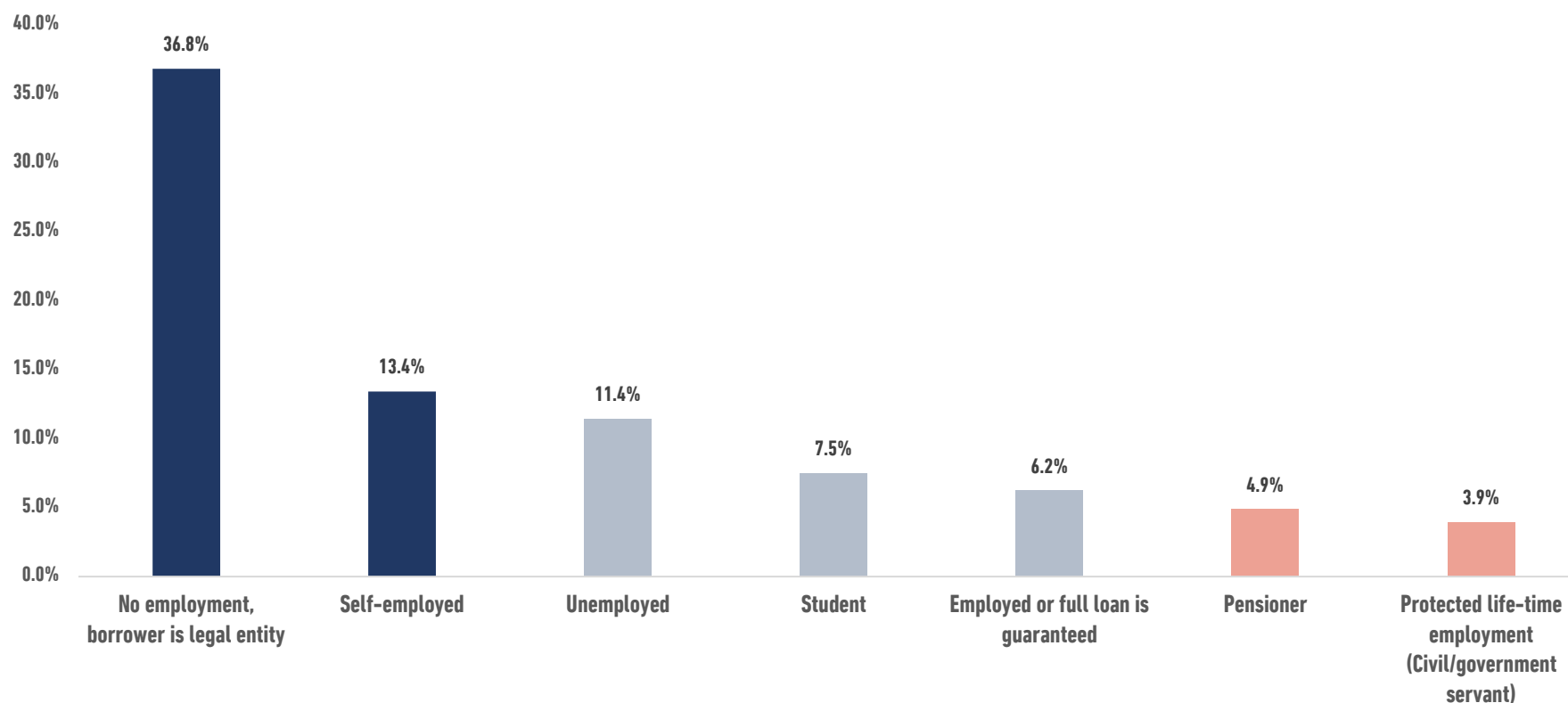
Implied Payment Holidays by Employment type in EU + UK
(Balance of Loans flagged at least once since Feb 2020 as % of Total Outstanding Balance in Feb 2020)



AUTO LOANS/LEASES

HIGH PORTION OF SME TYPE BORROWERS IN ITALY HAD LOAN MODIFICATIONS

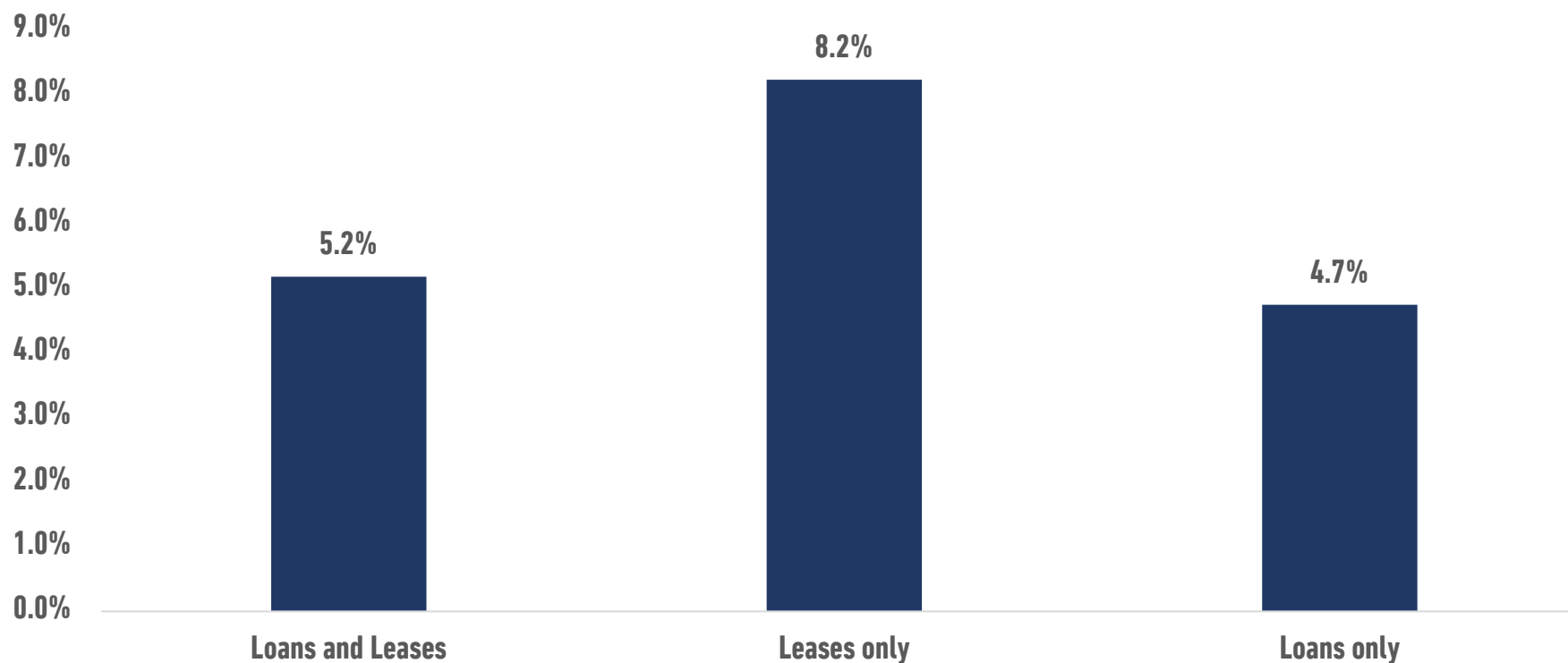
Implied Payment Holidays by Employment type in Italy
(Balance of Loans flagged at least once since Feb 2020 as % of Total Outstanding Balance in Feb 2020)



AUTO LOANS/LEASES

LEASES WERE MODIFIED MORE OFTEN THAN LOANS ACROSS EU AND UK

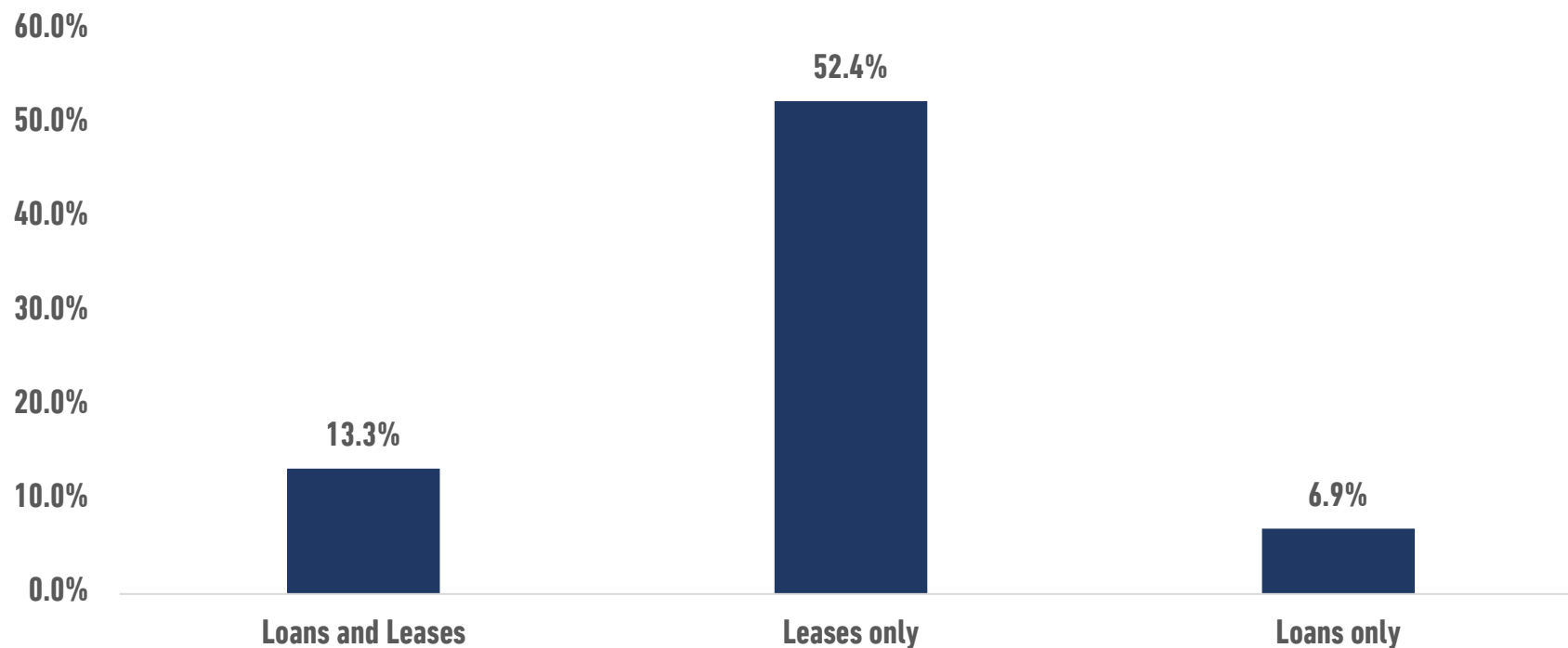
Implied Payment Holidays for Loans vs Leases in EU + UK
(Balance of Loans flagged at least once since Feb 2020 as % of Total Outstanding Balance in Feb 2020)



AUTO LOANS/LEASES

LEASES SEEM TO BE DRIVING THE HIGH NUMBERS IN ITALY

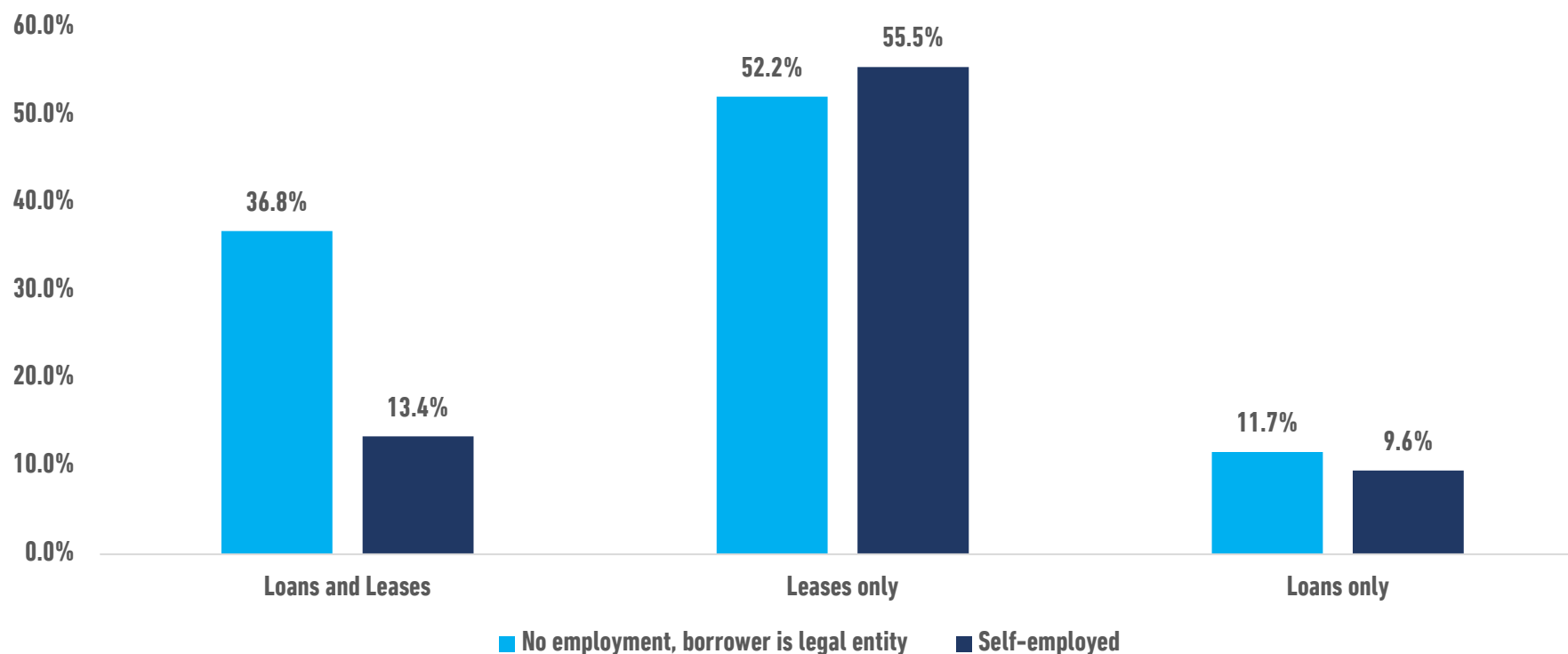
Implied Payment Holidays for Loans vs Leases in Italy
(Balance of Loans flagged at least once since Feb 2020 as % of Total Outstanding Balance in Feb 2020)



AUTO LOANS/LEASES

LEASES TO SMES AND SELF-EMPLOYED WERE MODIFIED MORE OFTEN THAN...
LOANS FOR SMES AND THE SELF EMPLOYED

Implied Payment Holidays by Employment Type for Loans vs Leases in Italy
(Balance of Loans flagged at least once since Feb 2020 as % of Total Outstanding Balance in Feb 2020)

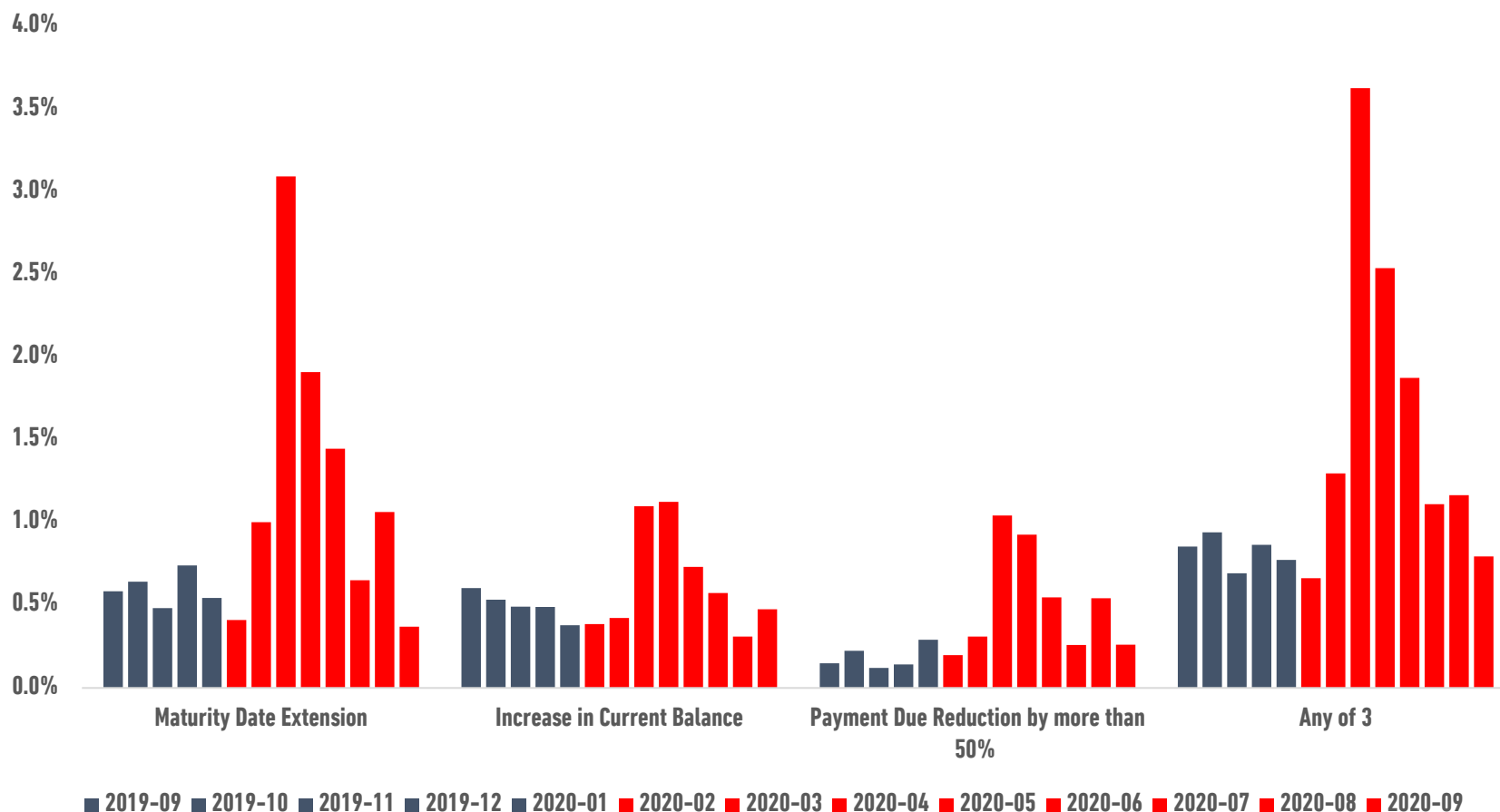


CONSUMER

CONSUMER LOANS

3 DIFFERENT FLAGS USED TO IMPLY PAYMENT HOLIDAYS – EU

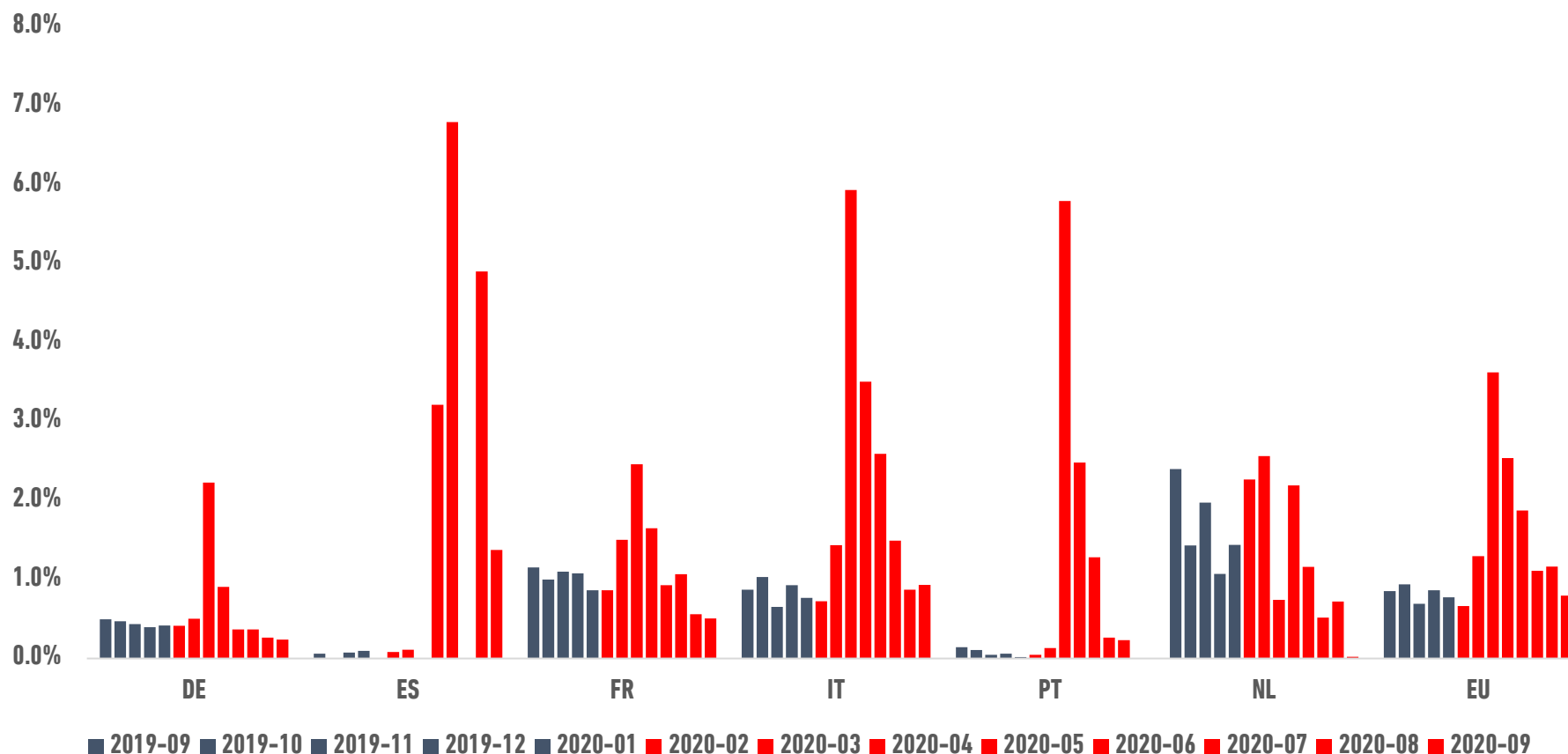
Periodic Implied Payment holidays – EU
(Amount Modified in That Month as % of Total Outstanding)



CONSUMER LOANS

LOAN MODIFICATIONS MORE PREVALENT IN SOME COUNTRIES THAN OTHERS

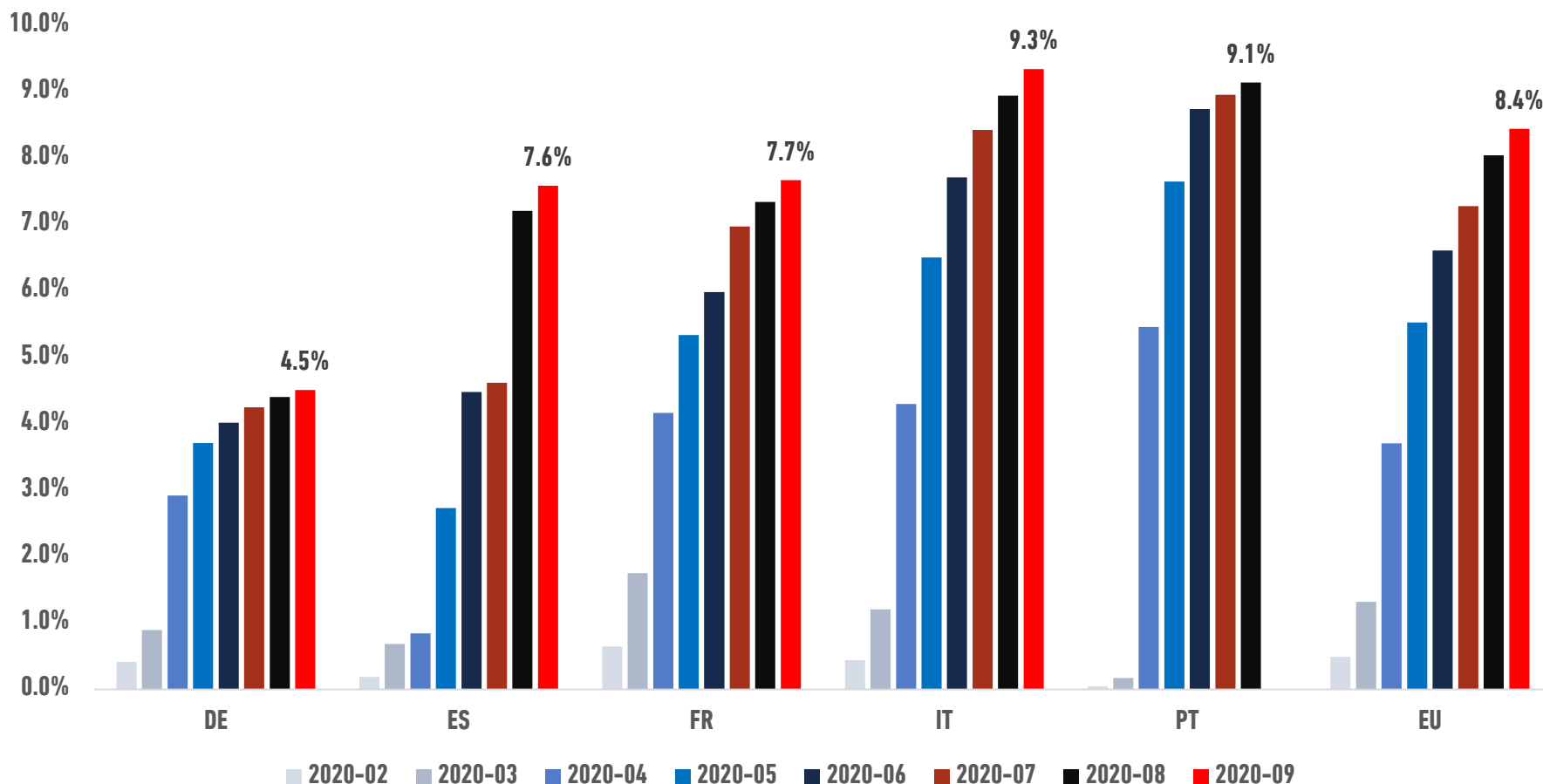
Implied Payment Holidays – Periodic
(any of 3 in amount as % of Outstanding)



CONSUMER LOANS

LOAN MODIFICATIONS MORE PREVALENT IN SOME COUNTRIES THAN OTHERS

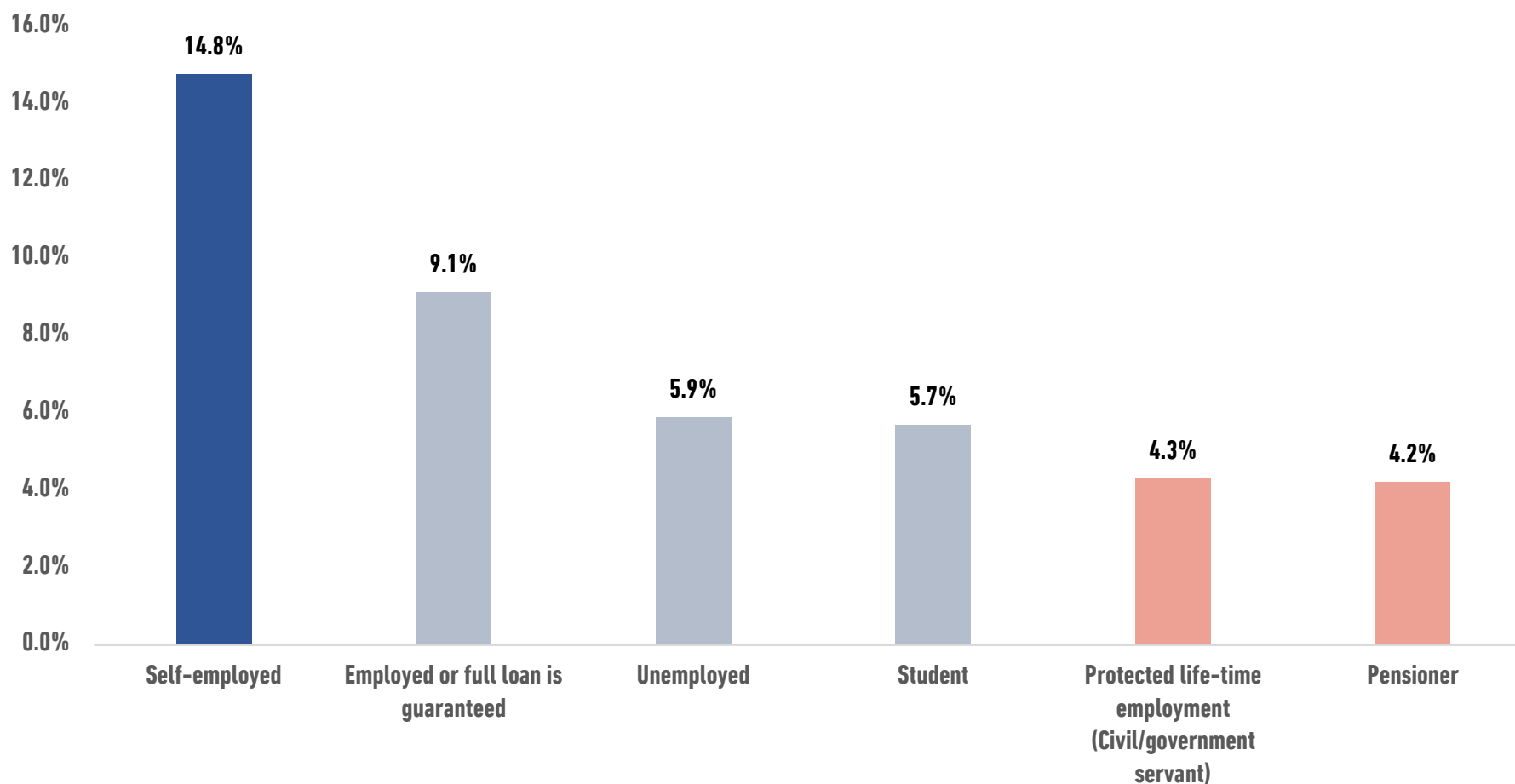
Implied Payment Holidays - Cumulative



CONSUMER LOANS

LOAN MODIFICATIONS MOST PROMINENT AMONG SELF-EMPLOYED BORROWERS

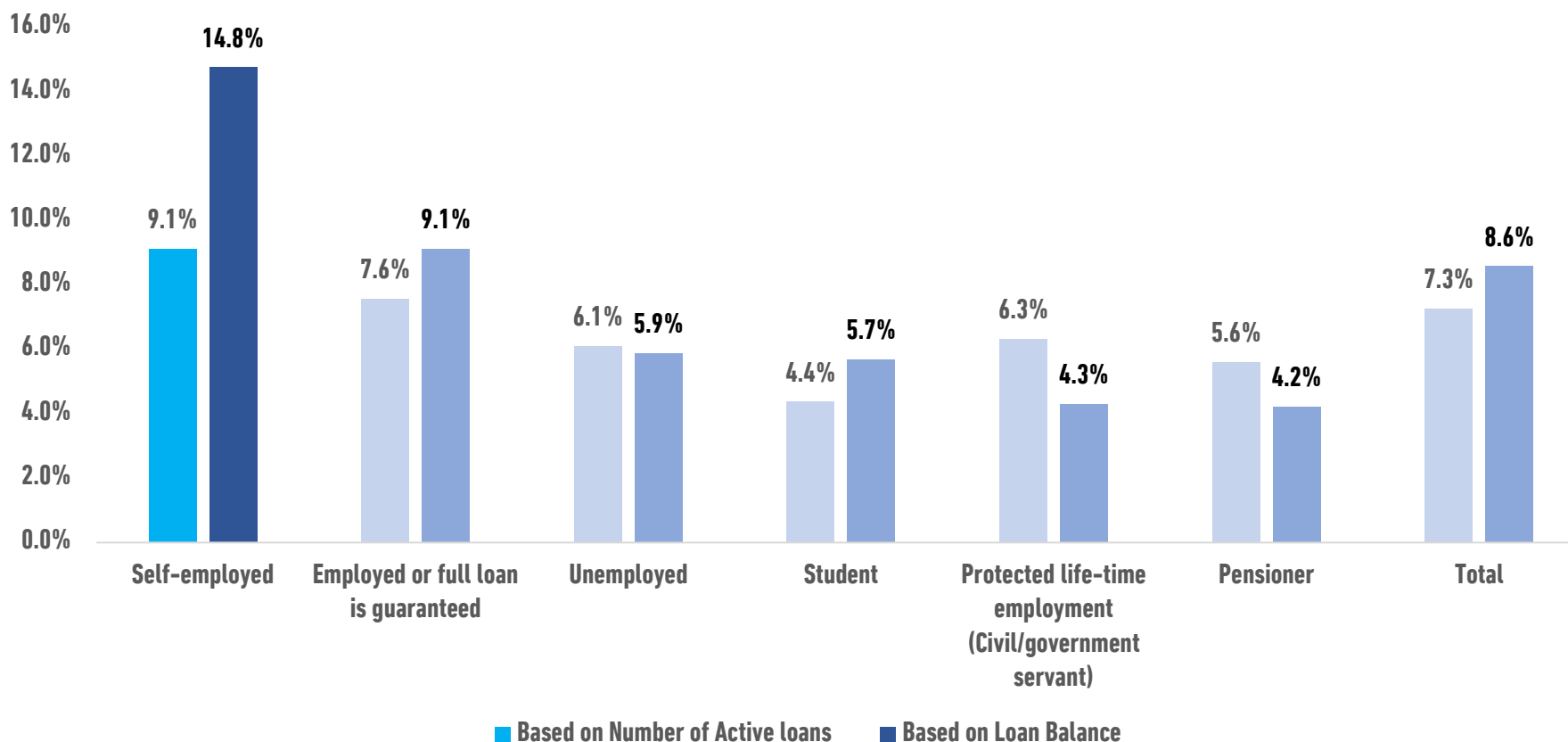
Implied Payment Holidays by Employment Type (Based on Loan Balance)



CONSUMER LOANS

RESULTS BASED ON NUMBER OF LOANS SIGNIFICANTLY LOWER

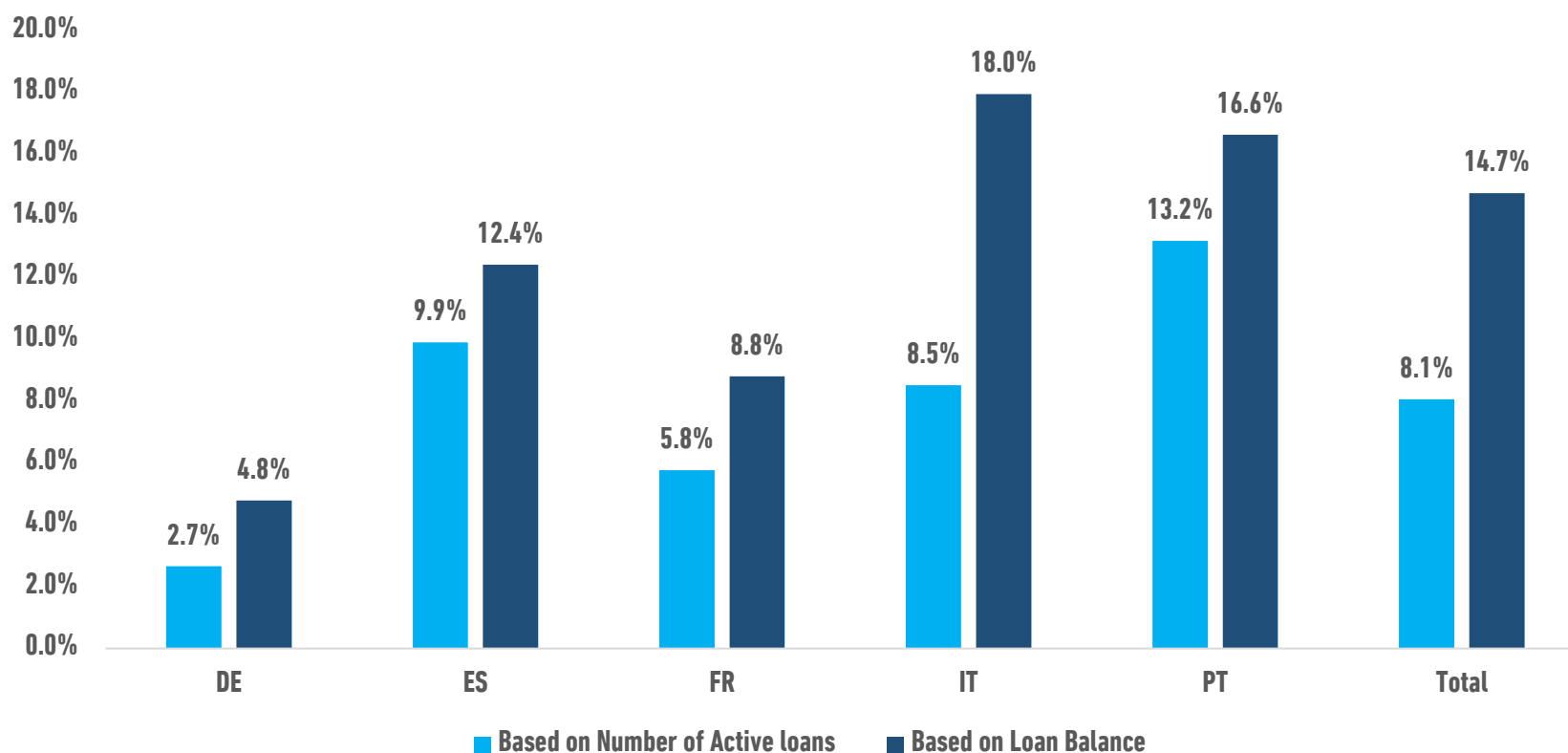
Implied Payment Holidays by Employment Type (Based on Number of Active loans vs Loan Balance)



CONSUMER LOANS

RESULTS ON A COUNTRY LEVEL SHOW A SIMILAR PICTURE

Implied Payment Holidays seem less severe if calculations based on Number of Active Loans instead of Loan Balance



CONSUMER LOANS

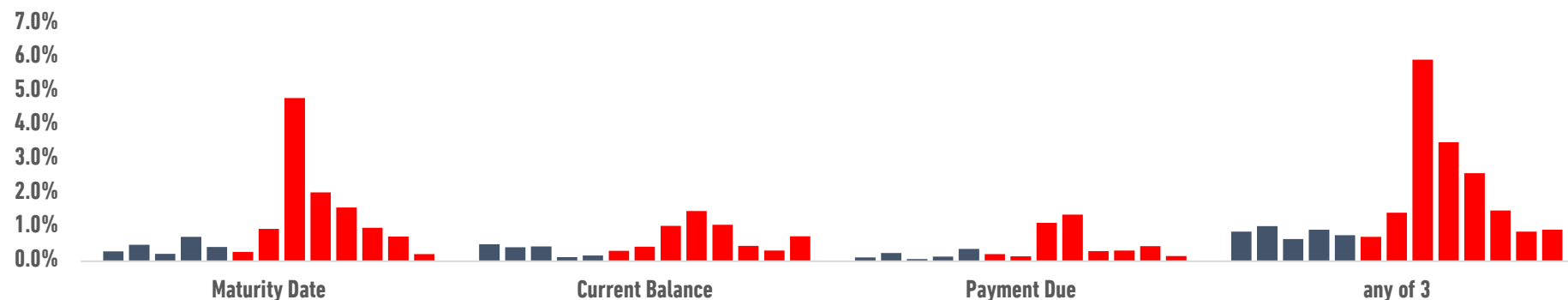
LOANS WITH HIGHER BALANCES SEEM TO BE MORE LIKELY TO GET A PAYMENT HOLIDAY



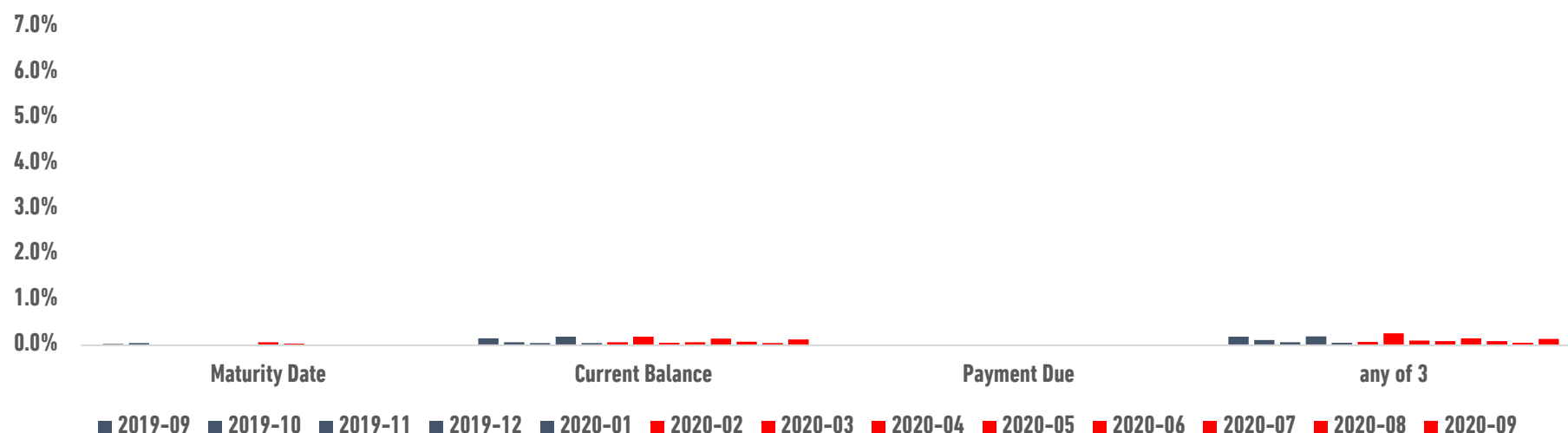
CONSUMER LOANS

ITALY – CQS VS NOT CQS (CQS = LOAN REPAID DIRECTLY FROM EMPLOYEE SALARY)

Implied Payment holidays – Not CQS



Implied Payment holidays - CQS



THANK YOU//CONTACT US

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