

DANMARKS NATIONALBANK

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BANKING AND MORTGAGE LENDING, BALANCES, MARCH 2020

Lending increased by 2.3 per cent in March

Bank lending to Danish non-financial corporations (NFCs) increased by 2.3 per cent in March compared to the same month the year before. Lending growth is thus roughly in line with the growth seen in January and February. At the end of March, banks' total lending to businesses was kr. 453 billion.

Decreased lending for some exposed industries

Across industries, the electricity, gas and district heating and manufacturing industries in particular have increased their borrowing compared to the same period the year before. Lending to the hotel and restaurant industry, which is one of the industries most affected by the shutdown, on the other hand, has fallen. Almost all industries have increased

their borrowing in March.

The closure associated with coronavirus means less revenue for businesses and for some an increased need for borrowing to cover expenses. However, the reduction in economic activity may also lead to lower demand for loans.

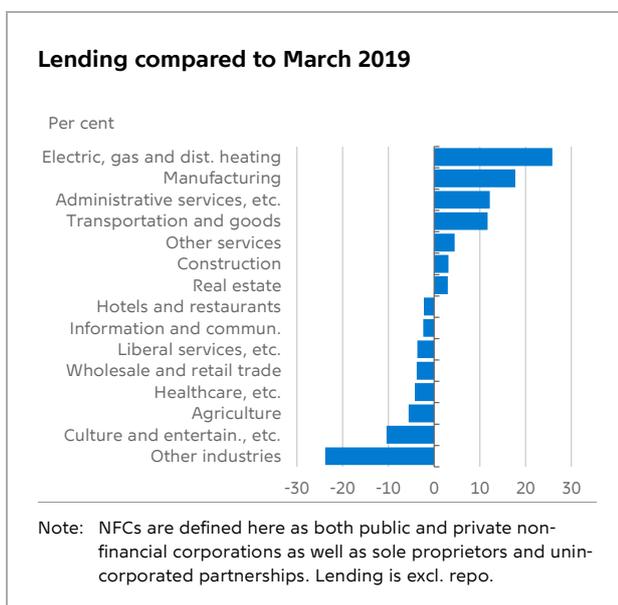
Loans in excess of kr. 15 billion in March

NFC lending amounted to kr. 15.3 billion in March, which is high compared with January and February, when there was a decrease of kr. 5 and 6 billion respectively. However, much of the increase in March is due to seasonal effects. These include: VAT payments, dividend payments and settlements. In comparison, the average lending to businesses in March over the past 5 years has been kr. 12.5 billion. If the loan series is adjusted for seasonal effects, lending in March has been approx. kr. 4 billion.

New overdraft facilities and credits on existing facilities account for kr. 9.7 billion of the lending increase in March 2020. This is approx. the same level as the average lending rate for this type of loan for the past 5 years.

The NFCs are drawing on their deposits

The NFCs have also reduced their deposits by more than kr. 33 billion in March.¹ However, deposits are also affected by seasonal effects with some of the same explanatory factors as for lending. At the end of March, NFC deposits totaled kr. 390 billion.



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¹ The average for March over the last 5 years is kr. -26 billion.