

# DANMARKS NATIONALBANK

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BANKING AND MORTGAGE LENDING, BALANCES, DECEMBER 2019

## Modest credit growth in 2019

Lending from banks and mortgage credit institutions (MCI's) to non-financial corporations (NFC's) and households grew 2.9 percent in 2019. This is a slight increase compared to 2018, but significantly lower compared to the peak in the 2000s where the total credit growth reached 16.9 per cent. Loans to these two sectors totalled kr. 3,749 billion in December 2019.

### Mortgages are the underlying driver

Lending from MCI's has increased for both households and businesses, while the growth in bank lending has fallen compared to 2018. Over the past few years there has been a shift from bank loans to

mortgages. While bank loans accounted for 36.1 percent of total loans by the end of 2009, the share is currently down to 23.4 percent.

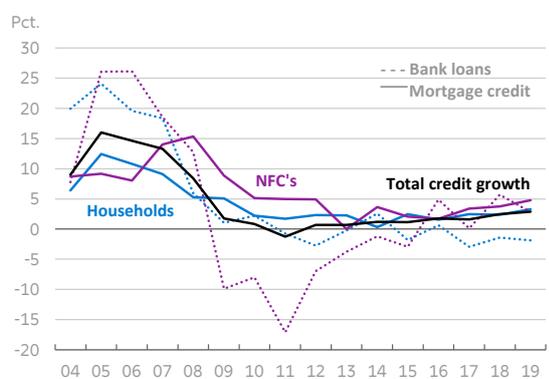
The growth in mortgage credit is driven almost exclusively by fixed-rate loans. Fixed-rate loans to households rose as much as 14.4 percent in 2019, while the increase was 7.2 percent for NFC's. On the other hand, variable-rate mortgage lending to households fell by 3.8 percent, while it increased 3.7 percent for NFC's.

### The definition of credit growth

Here, credit growth is based on the so-called "index of nominal balances", which is aimed at describing the credit developments for banks and MCI's. The index reflects the contribution of new lending and repayments to the growth in the loan balance. The index is purged for, among others, the effects of loan losses and transfer of loans to other sectors (reclassifications). In periods with few realized losses and reclassifications, the difference between the growth concept used here and growth based on the actual loan balances will be limited.

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**Increased credit growth to NFC's and households**



Anm.: The figure shows lending growth based on the so-called "index of nominal holdings". Total lending growth covers total bank and mortgage lending to non-financial corporations and households. The growth rate is the year-on-year growth. Repo loans are not included.