

DANMARKS NATIONALBANK

6 JANUARY 2021

BANKING AND MORTGAGE LENDING, BALANCES, NOVEMBER 2020

Bank loans to NFCs have decreased during 2020

In a year affected by covid-19 and restrictions banks' loans to Danish non-financial corporations (NFCs) decreased by kr. 18.5 billion. The bank loans to NFCs were kr. 449.5 billion by the end of November 2020, which is 4.4 per cent less compared to the same period last year.

Government relief packages are a liquidity injection

The corona situation in Denmark and the decline in economic activity caused by the covid-19 related restrictions has resulted in lower revenue – especially for some industries. The hotel and restaurant industry has been severely hit by the restrictions, which could increase the lending demand in order to cover fixed costs. But nevertheless, bank lending in

this particular industry has decreased during the first 11 months of 2020. This should be seen in the light of the various government relief packages, which have been a liquidity injection for the NFCs. NFCs in the hotel and restaurant industry had loans of kr. 5.5 billion in Danish banks by the end of November 2020.

Deposits of NFCs increased by kr. 56.2 billion

Bank deposits from the hotel and restaurant industry decreased by 15 per cent in March 2020¹ to kr. 4.8 billion. Since then, the industry's deposits have increased by more than 40 per cent and are kr. 6.8 billion in November.

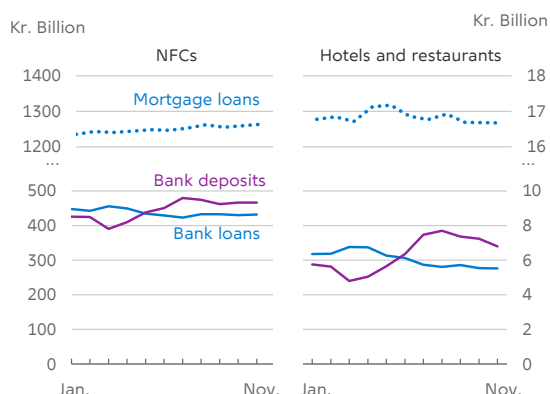
While banks' lending to NFCs decreased, the bank deposits of NFCs increased by kr. 56.2 billion during the first 11 months of the year. This large increase is seen in light of deferred taxes combined with a dampened appetite on new investments.

Mortgage loans to NFCs increased in 2020

The decrease in bank loans to NFCs also reflect the movement towards mortgage loans in recent years. Mortgage lending depends on the NFC to provide collateral in real estate.

The total mortgage debt held by NFCs was at kr. 1.263 billion in November 2020 and has increased by kr. 32.2 billion since the beginning of 2020. Mortgage loans now account for 74.5 per cent of total lending to NFCs.

Decreased bank loans and increased bank deposits to NFCs in 2020



Note: NFCs also include personally owned companies. Nominal value.

[CLICK HERE FOR FURTHER INFORMATION](#)

¹ On 11 March 2020 the Danish Prime minister announced the lockdown of Denmark.