

# DANMARKS NATIONALBANK

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BANKING AND MORTGAGE LENDING, BALANCES, OCTOBER 2018

## Increased credit growth to Danish businesses

After several years of annual credit growth around zero, total lending by banks and mortgage institutions to Danish businesses has increased by 2.9 per cent so far in 2018. This is the largest increase over the first 10 months of the year since 2008. However, credit growth was several times larger in the years preceding the financial crisis.

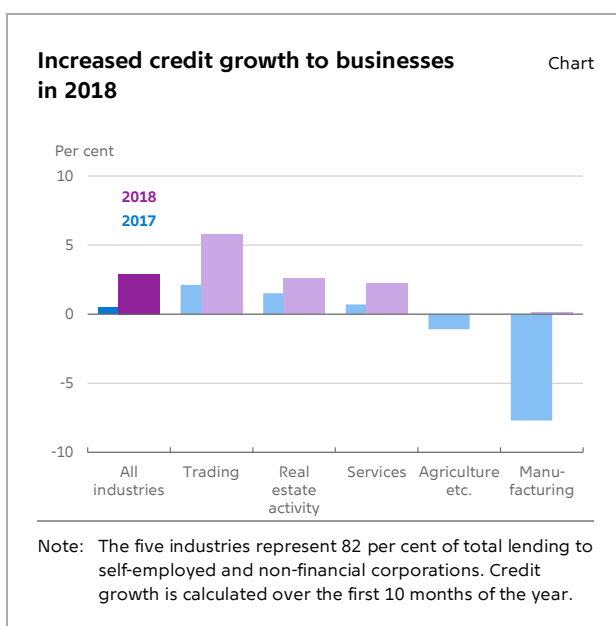
The trading industry experienced with a credit growth of 6 per cent the largest rate among the five industries which borrow most from banks and mortgage institutions. Oppositely, agriculture etc. had the lowest credit growth at zero per cent. Loans to these two industries represent one fourth of the total business loan.

Real estate activity, which primarily covers real estate trade and rental, accounts for almost half of the total business loan. Lending has increased by 2.3 per cent.

The increase in corporate loans is in line with results from Danmarks Nationalbank's lending survey. In particular, mortgage institutions and medium-sized banks report increasing loan demand from both new and existing business customers since 2016.

The general development in banking and mortgage lending to businesses reflects both the current interest rate on corporate loans – which has never been lower – and the growing need for loan financing during the economic recovery.

The total bank and mortgage loan to Danish businesses is kr. 1,668 billion at the end of October. In addition to loans from Danish banks and mortgage credit institutions, businesses' external sources of funding primarily include a combination of corporate bonds, stock issues and loans from other companies or from abroad.



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