

DANMARKS NATIONALBANK

11 JANUARY 2021

LENDING SURVEY, 4TH QUARTER 2020

Further weakening in loan demand from NFC

In Danmarks Nationalbank's lending survey for the 4th quarter of 2020, 11 out of 19 banks report that loan demand from existing corporate customers dropped from the 3rd to the 4th quarter of 2020. Nine of 11 banks also reported that demand decreased from the 2nd to the 3rd quarter and have now seen further declines from the 3rd to the 4th quarter. Weighted by the banks' respective market shares, the decline in loan demand from the 3rd to the 4th quarter corresponds to a net figure of -27.6.

Both large and medium-sized banks report decline

If bank responses are decomposed into large and medium-sized banks, respectively, most banks in both groups respond that the loan demand from

existing corporate customers decreased from the 3rd to the 4th quarter. Several banks are still pointing towards government relief packages as the main explanation for the fall in demand as the relief packages have translated into lower bank financing needs.

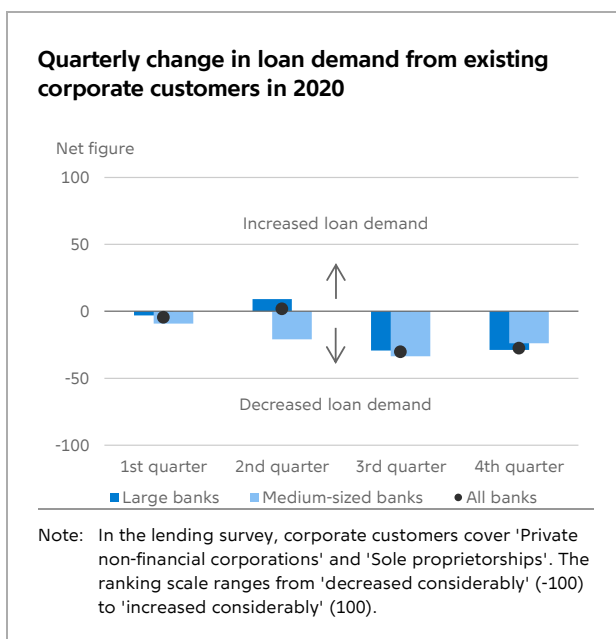
Do not agree on demand from new customers

Overall, demand from new corporate customers remained unchanged from the 3rd to the 4th quarter (net figure 1.3). However, credit managers across banks do not agree on the change. Six of the 19 banks surveyed respond that they have recorded a decline in demand from new corporate customers, while six banks respond that demand from new corporate customers has increased. The remaining seven banks report unchanged demand from new corporate customers from the 3rd to the 4th quarter.

Outlook for the 1st quarter of 2021

Just under half of banks expect the loan demand from existing corporate customers to be unchanged from the 4th quarter of 2020 to the 1st quarter of 2021. The credit managers of six banks, including several large banks, expect loan demand from existing corporate customers to increase, while four banks expect it to decrease.

The lending survey is subject to some uncertainty, as bank responses may be affected by the response timing – particularly in view of new announcements at the government's coronavirus press briefings. Responses to the survey for the 4th quarter were received between 7 December and 22 December 2020.



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