

DANMARKS NATIONALBANK

8 OCTOBER 2020

LENDING SURVEY, 3RD QUARTER 2020

Decreasing demand and increasing impairments

In Danmarks Nationalbank's lending survey for the 3rd quarter of 2020, 13 out of 19 banks report that loan demand from existing corporate customers has decreased from the 2nd to the 3rd quarter. 4 of the 13 banks report that demand has decreased a lot. The remaining 9 banks report that demand has decreased a bit. The majority of the remaining banks answer that loan demand is unchanged. In the same period, 8 banks report that the proportion of impairments and losses has increased compared to the 2nd quarter. 6 of the 8 banks expect a further increase in impairments and losses in the 4th quarter.

Loan demand decreased against expectations ...

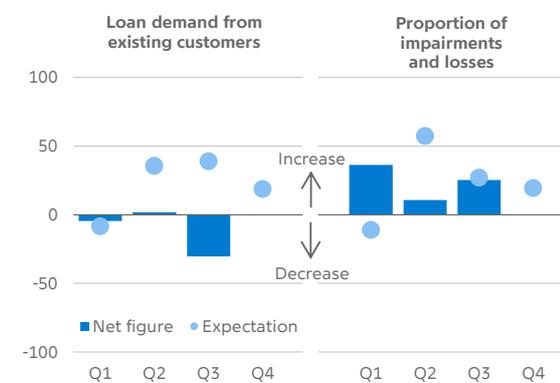
Contrary to the majority of credit managers' expectations in the 2nd quarter, the majority now answer that loan demand from the banks' existing corporate customers decreased from the 2nd to the 3rd quarter. Weighted by the banks' respective market share, the decrease corresponds to a net figure of -30.4. This is the largest decrease since the 4th quarter of 2011. Several banks mention in particular the government assistance packages as an explanation for the lower loan demand. The assistance packages have led to a lower liquidity need; at the same time companies have also been more reluctant to invest than usual.

... and bank loans have decreased since March

Since March, banks' corporate loans have been reduced by a total of kr. 19.2 billion. During the first two months of the 3rd quarter of 2020, banks' corporate loans have increased by kr. 3.2 billion. The total bank loans are kr. 427.9 billion, of which the banks in the survey cover 92 per cent. The loans are exclusive unutilised credit limits and standby credit, but inclusive loans guaranteed through the two public funds EKF Denmark's Export Credit Agency and Vækstfonden.

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Selected net figures for the banks' corporate customers 2020



Note: Corporate customers in the lending survey cover 'Private non-financial corporations' and 'Personally owned companies'. The net figure is the banks' answers weighted by their respective market share. Expectation is the banks' previously reported responses from the previous quarter regarding the current quarter.