

DANMARKS NATIONALBANK

9 JANUARY 2018

LENDING SURVEY, 4TH QUARTER 2017

Fewer losses on bank and mortgage loans

11 of 23 credit institutions report decreasing impairment charges on corporate customer loans in the 4th quarter of 2017, compared to the preceding quarter. Only 3 respondents experience increasing write-offs. This corresponds to a net figure of -11 (on a scale from -100 to 100) when weighing each answer with the credit institutions' respective market share – indicating a small overall reduction in credit loss on outstanding loans.

The survey also shows a decrease on write-offs to private costumers – thus continuing the tendency of gradually declining credit losses on total outstanding loans. The development is confirmed by Danmarks Nationalbank's statistics for banking and mortgage lending, balances.

The amount of write-offs on loans is in general affected by the business cycle along with financial market developments. The current economic upswing and the low interest rate level improve debtors' ability to repay their loans – which is reflected by the credit institutions.

Mainly the larger institutions, however, expect growing loan impairment charges in the 1st quarter of 2018. Reporters explain this by the transition towards the new IFRS 9 accounting rules from January 2018, as loan impairment charges to a higher degree will reflect expected credit losses.

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