

DANMARKS NATIONALBANK

17 APRIL 2020

LENDING SURVEY, 1ST QUARTER 2020

Expect increased losses and demand from NFC

In Danmarks Nationalbank's lending survey for the 1st quarter of 2020, credit managers in 8 of the 17 surveyed banks report an increase in losses¹ on corporate lending. All 17 banks expect their corporate loan losses to increase further in the 2nd quarter. Furthermore, 14 of the banks expect their losses on loans to private customers to increase. The lending survey was conducted after the government in mid-March conducted a series of temporary measures to reduce infection-spreading of coronavirus.

The majority of banks report unchanged borrowing demand in the 1st quarter for both private and corporate customers. 11 of the 17 surveyed banks expect increased demand in 2nd quarter from existing

corporate customers, especially small and medium-sized enterprises.

The banks' responses to the development of credit standards point in several directions, especially with regard to expectations for the 2nd quarter. The majority of banks expect credit standards to change. However, there is no agreement among the banks as to whether it is towards a tighter or easier credit standard.

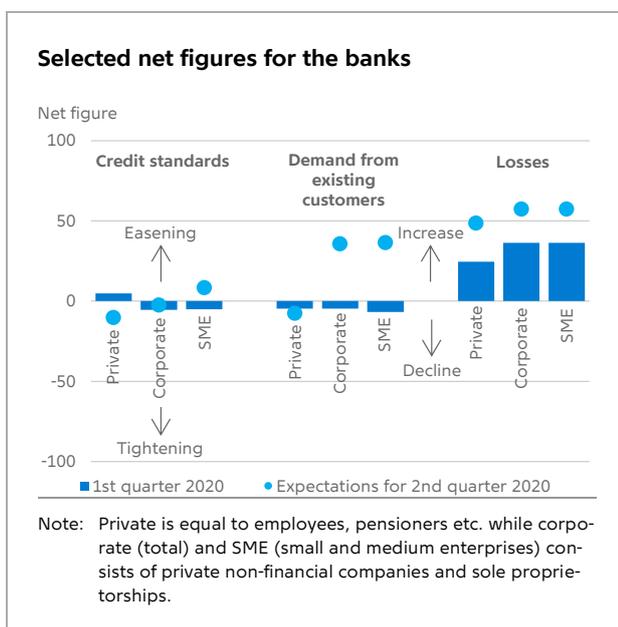
About the lending survey

The lending survey complements statistics on the credit institutions' actual lending and interest rates. The participants are the credit managers of the large and medium-sized banks, mortgage lenders and branches of foreign credit institutions with substantial private and commercial loans. In addition to the total mortgage lending, the participating institutions cover a total of 88 per cent of bank lending to private and corporate customers.

Credit managers' response to the 1st quarter was received from March 19 to April 3.

When answering the survey, there are five options to each question ranked from decreased/tightened (-100) to increased/eased (+100). For the purpose of analysis and publication, the responses are weighted to a so-called net figure (-100 to 100), where the weights are the respective institutions' market share.

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¹ Increase in the proportion of impairments and losses.