

DANMARKS NATIONALBANK

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BANKING AND MORTGAGE LENDING, BALANCES, OCTOBER 2021

Corporate deposits exceed bank debt

At the end of October, Danish companies had deposits for kr. 467 billion in the banks. At the same time, they had bank debt for kr. 435 billion. The deposits thereby exceeded the debt by kr. 32 billion. This continues the trend since May 2020, where the deposits exceeded the debt for the first time.¹

The pandemic accelerated the development

The deposits have for a number of years tailed in on the debt, and the development accelerated in the spring and summer of 2020. This has happened despite the prevalence of negative interest rates. The deposits first exceeded the debt in May 2020, where the companies raised their deposits and lowered their debt at the same time.

Several conditions during the pandemic are considered to having contributed to the development: Firstly, companies might have chosen to bolster their finances in a time of economic uncertainty. Secondly, the companies might have invested less and have thus not needed to borrow as much. Thirdly, the liquidity effect of the deferred tax and VAT payments, which were part of the government's aid packages, might have contributed to increasing corporate deposits in the banks temporarily.

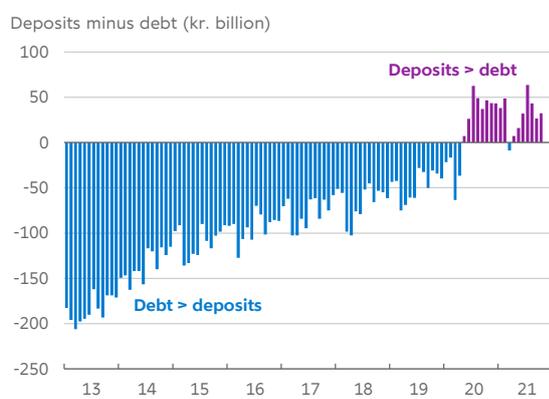
Multiple elements of the aid packages are still active and might therefore still contribute to the higher deposits and lower borrowing needs. For example, the deadline for the repayment of VAT loans, which allowed the companies to defer their VAT payments, was extended to April 2022 for small and medium-sized businesses. Likewise, some of the A-tax loans are not to be repaid until 2022 and 2023.

Mortgage debt for kr. 1,298 billion

Besides the bank debt, companies had mortgage debt of kr. 1,298 billion at the end of October. Thus, the mortgage debt is three times larger than the bank debt and has increased by kr. 71 billion in the last two years.

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The companies have higher deposits than bank debt



Note: The term 'companies' covers non-financial corporations and personally owned companies. Find chart data here ([link](#)).

¹ However, not in March 2021, where companies reduced their deposits strongly, i.a. as a result of dividend payments. See Danmarks Nationalbank, Corporate deposits fell sharply in March 2021, *Danmarks Nationalbank Statistics*, May 2021.