

DANMARKS NATIONALBANK

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LENDING SURVEY, 4TH QUARTER 2021

Banks expect increased demand from corporates

In Danmarks Nationalbank's lending survey for Q4 2021, several of the banks report that they expect increased lending demand from corporate clients in Q1 2022. Several explain their expectations with corona-related credits issued by the government (particularly postponed tax and VAT payments), which begin to expire by April 2022.

In September 2021, the government and the Danish parliament decided to extend the maximum period for repayment schemes on the government issued corona-related credits from 12 to 24 months with an interest rate of almost 9 percent p.a. If the companies still need the credits, the requirement to pay interest can increase the companies' incentive to seek financing from the banks. As the interest rate accrual

takes effect in April 2022, some banks expect that the increase in demand will not occur until Q2 2022.

Following the outbreak of corona, most banks expected increased lending demand for temporary operating liquidity. However, loan demand was limited by the postponement of VAT and tax payments, which made a significant contribution to the companies' liquidity resources.

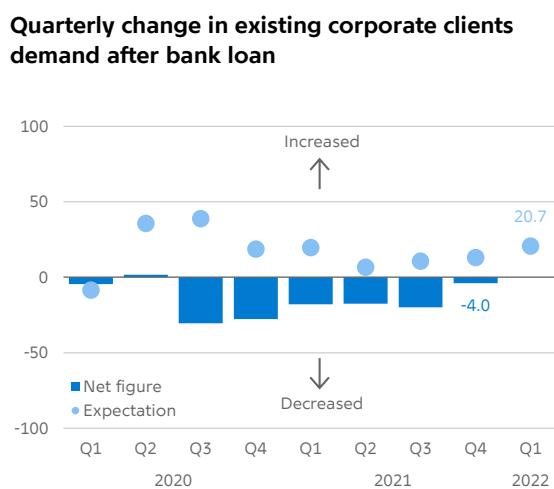
Corona means increased uncertainty

As the figure also shows, the overall response from the banks to the actual development in lending demand has not matched their expectations in the previous two years. The difference reflects in particular the ongoing uncertainty about the development for corona and possible changes in restrictions, which may have caused that the companies have postponed their investments, and that the expected loan demand from these investments therefore has been absent.

Corporate lending increased in Q4 2021

Despite 6 quarters of declining credit demand, the banks corporate lending has in November 2021 again reached the level of pre-corona lending. This indicates that corporate clients have begun to utilize their credit facilities to a greater extent than before.

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Note: In the lending survey, corporate customers cover 'Private non-financial corporations' and 'Personally owned companies'. The net figure is the banks responses weighted by their respective market share. The ranking scale ranges from 'decreased considerably' (-100) to 'increased considerably' (100). Find data here ([link](#)).