

# DANMARKS NATIONALBANK

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LENDING SURVEY, 2ND QUARTER 2021

## Banks report lower losses and loan impairments

In Danmarks Nationalbank's lending survey for the 2nd quarter of 2021, almost half of the 17 banks surveyed report a decrease in the share of loan impairments and losses from the first to the second quarter. This is the case for both private and corporate customers. The decrease is in contrast to the banks' responses in the first quarter, where they expected the losses to remain unchanged.

If the responses are weighted with the respective banks' market share, the net figure for the change in the share of losses and loan impairment is -22, where 0 corresponds to an unchanged share, and -100 corresponds to all banks reporting that the share has

fallen significantly. For corporate customers, the net figure is -19.9.

### Affected by house prices and coronavirus

Several banks mention that they experience lower loan impairment and losses due to rising housing prices and continued sound finances among private customers. For corporate customers, several banks describe the decrease as unexpected. Some banks respond that during the coronavirus pandemic, they have set aside a larger amount for loan impairments, which have not yet been realised.

### Expect unchanged losses in the next quarter

In relation to developments in 3rd quarter, the majority of banks expect that the share of loan impairments and losses will be in line with the 2nd quarter. Several banks respond that they expect that the expiry of corona-related governmental relief packages prevents that the loss on corporate customers will fall further in the next quarter.

### Changes in demand

In the 2nd quarter, the banks reported a small increase in loan demand from private customers (net figure 7.4). For corporate customers, on the other hand, loan demand has fallen further (net figure -17.5). This is in contrast to mortgage credit institutions, where demand from corporate customers increased by a net figure of 36.7 in the 2nd quarter.<sup>1</sup>

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**Declining share of loan impairment and losses in 2nd quarter**



Note: The chart shows the change in the banks' share of loan impairment and losses compared with the previous quarter, and the net figure is the banks' response weighted by their market shares. In the lending survey, corporate customers cover "Private non-financial corporations" and "Personally owned companies". Find chart data [here](#).

<sup>1</sup> Net figures for mortgage credit institutions are not directly comparable with the net figures from banks due to different populations and a limited number of possible answers (-100, -50, 0, 50, 100).