

# Danske Bank UK dips toe into GB lending and ramps up profits

Danske Bank UK has expanded its business outside Northern Ireland with “small pockets” of lending in Great Britain.

The Danish-owned bank said it is operating in the social housing sector in England, as well as in the syndicated lending space and has wrote lent around £300 million across both in 2021.

It has also been selling its carbon neutral mortgage through brokers in the south of England and said it will look to grow mortgage provision through brokers further in 2022.

The bank announced the move in its full year results statement for last year where it recorded pretax profits of £61.3 million, nearly five times the £13.1 million it posted in 2020.

It put the profit hike down to an improving economic environment which mean loan impairments provisions – money set aside to protect against potential bad debt – were sharply reduced.

“I am pleased to share a set of results which reflect an improving economic outlook,” Vicky Davies, CEO of Danske Bank UK, said. “ 2021 was a challenging year characterised by the impacts of the pandemic and uncertainty arising from the end of the Brexit transition period.”

She said the buoyant housing market last year saw lending in that sector grow at the same time the bank upped its loan-to-value maximum to 95%, as well as increasing the maximum mortgage term to 35 years from 30 years.

Small business lending also increased by some 9% year on year and is close to pre-pandemic levels, although Ms Davies said lending to larger businesses remains relatively subdued as a result of “many organisations carrying excess liquidity and some delaying growth plans”.

She was confident that strong economic growth will remain in place in the coming year but warned of headwinds from coronavirus variants, political instability, inflation, supply chain disruption and labour shortages.

“We have seen a massive swell in deposits within our customer base, which are now at record levels – up £3 billion from those recorded in early 2020,” Ms Davies said. “When it comes to the pace of economic recovery, a lot will depend on pent up economic capacity like this turning into consumer spending and business investment. That will require increased levels of both consumer and business confidence.

“We are in the midst of changes to the local competitive landscape and an adaptation of the economy to what will be a new post-pandemic and post-Brexit business environment. Despite the challenges, with change comes opportunity, and we believe this transition will create opportunities for Danske Bank both in Northern Ireland and in Great Britain.”