

DANMARKS NATIONALBANK

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BANKING AND MORTGAGE LENDING, BALANCES, FEBRUARY 2019

Mortgages with instalments take up more

At the end of February, the Danes had mortgage loans with instalments totalling kr. 796 billion. This is kr. 227 billion more than in September 2014, when the proportion of Danes' mortgage loans with instalments reached its lowest point of 44 per cent of total mortgage lending.

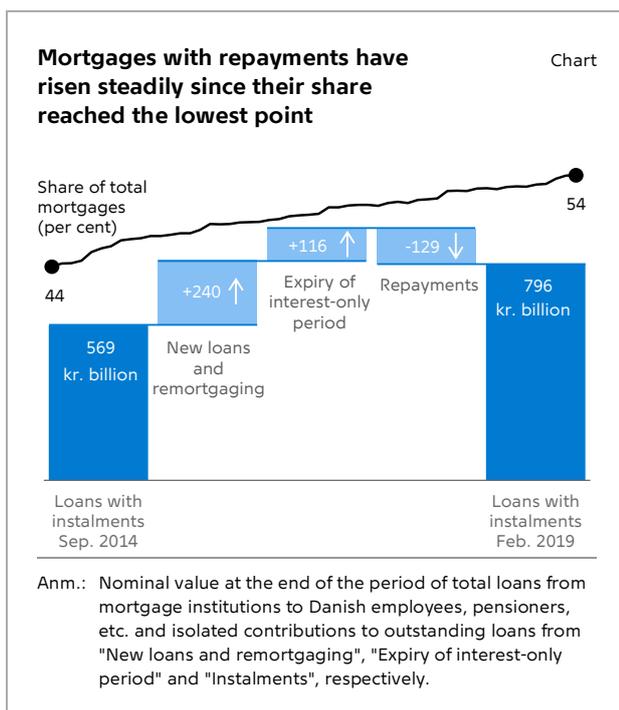
In recent years, the Danes' appetite for loans with instalments has increased, and the loans' share of the total mortgage lending has since increased significantly. Thus, the share rose to 54 per cent in February 2019.

The largest contribution to the increase in loans with instalments comes from new loans and the remortgaging of existing loans. The increase from this is kr. 240 billion. Of which kr. 228 billion is with fixed interest. By comparison, loans without instalments have increased by kr. 152 billion as a result of new loans and remortgaging.

Expiry of the interest-only period has also contributed significantly to the increase in loan with instalments. Overall, expiration of the interest-only period has resulted in a reduction in loans without instalments of kr. 116 billion since September 2014, while loans with instalments have increased accordingly.

However, several borrowers have converted into a loan with instalments or a loan with a new interest-only period before expiration of the interest-only period on their loans. The interest rate development in recent years has incentivized borrowers with fixed interest rates in particular to remortgage their loans. Therefore, especially loans with variable interest rates have been allowed to grow old enough for the interest-only period to expire - totalling kr. 100 billion.

Since September 2014, the Danes have paid instalments for kr. 129 billion. The repayments mean that loans with instalments increase less than they would have otherwise. The increasing repayments contribute to reducing the borrowers' loan-to-value ratio and thus make borrowers more resilient to financial headwinds.



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