

DANMARKS NATIONALBANK

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BANKING AND MORTGAGE LENDING, INTERESTS, DECEMBER 2017

Mortgage instalments reached new heights in 2017

Instalments paid by private mortgage customers reached kr. 32.4 billion in 2017. That is kr. 3.3 billion more than in 2016 and the largest amount ever recorded.

The figures correspond to private customers on average having reduced their mortgage debt by kr. 23,100 per million borrowed – almost kr. 1,700 more than in 2016.

The increasing instalments are partly explained by the fact that mortgage debt with instalments increased by 7 per cent in 2017 and now amounts to

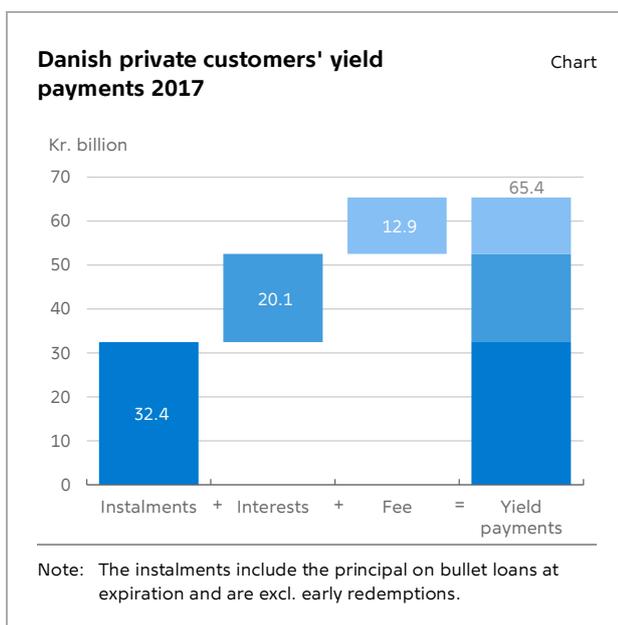
kr. 730 billion of Danish private customers' total mortgage debt of kr. 1,424 billion.

However, instalments on new mortgage loans had a limited contribution to the increase in total instalments in 2017. The increase is in particular explained by the fact that instalments on existing loans have increased compared to 2016 – simply because these loans have matured one additional year.

Furthermore, there has also been an increase in the instalments due to the expiry of several so-called bullet loans. For bullet loans, the entire instalment is paid when the mortgage debt expires.

The vast majority of mortgage loans are annuity loans, where the sum of instalments and interest are constant throughout the term of the loan. Together with administration fees instalments and interest makes up the yield. At the beginning of the term, instalments make up a limited part of the mortgage payments, which consist mostly of interest and administration fees. As the outstanding debt is reduced, instalments will, consequently, make up a larger part of the mortgage payments.

In addition to instalments of kr. 32.4 billion, private customers paid kr. 20.1 billion in interests and kr. 12.9 billion in administration fees related to their mortgage debt – a total of kr. 65.4 billion in annual yield payments.



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