

DANMARKS NATIONALBANK

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BANKING AND MORTGAGE LENDING, INTERESTS, SEPTEMBER 2020

Danes repay more on their mortgage loans

In the last four quarters, households have increased the repayments on their mortgage loans by kr. 998 on average per borrowed million. The total annual repayment per borrowed million is now on average kr. 24,212, corresponding to an installment percentage of 2.4 per cent. The Danes have repaid kr. 6.0 billion on fixed-rate loans in 3rd quarter 2020, while the repayments on variable-rate loans were kr. 4.4 billion.

If we only look at the mortgage loans with repayments, the installment percentage was highest on loans with a variable interest rate of 5.1 percent in 3rd quarter of 2020. The proportion of variable-rate

loans with repayments is less than fixed-rate loans with repayments. Overall, Danes repay the most on fixed-rate loans.

Low interest rates can increase repayments

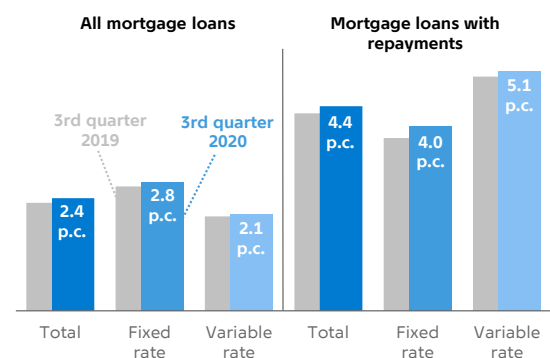
The low lending rates have improved borrowers' ability to repay more on their mortgage loans in a given payment. This is especially the case for borrowers with variable-rate loans. At the end of 3rd quarter of 2020, 59.8 per cent of the variable-rate loans are, however, interests-only.

Changes in the remaining maturity affect data

The remaining maturity of a loan also has an effect on the repayments and thus how much the Danes repay in total. A shorter remaining maturity typically means that the repayments account for a larger part of the payment. The remaining maturity and thus the repayments can also be affected by rescheduling or conversion of loans, where the borrower can either maintain, extend, or possibly shorten the remaining maturity of his loan.

At the end of the 3rd quarter of 2020, households' total mortgage loans were kr. 1,709 billion and are increased by kr. 61 billion the past year. In total, Danish households repaid kr. 10.3 billion in 3rd quarter 2020. They have so far repaid kr. 30.8 billion in 2020.

Annual repayment percentages on Danes' mortgage loans



Note: The repayment percentages p.a. is calculated as ordinary installments from the reference period on an annual basis in relation to mortgage loans to Danish households with security in owner-occupied homes and holiday homes at the end of the period.

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