

DANMARKS NATIONALBANK

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Broader ownership in mortgage bonds

The mortgage bonds for financing fixed-rate loans have a broader ownership base than earlier. In September 2017 the concentration of owners was low for about 80 per cent of the bond series. This is the lowest concentration measured since 2005. A low concentration in a bond is characterized by no single investor having an ownership share above 20 per cent.

Danmarks Nationalbank's statistics on ownership concentration of Danish mortgage bonds are broken down by series with low, medium and high concentration, respectively. The compilation of ownership concentration is relevant for e.g. borrowers in the

issued mortgage series. Bond series with high concentration tend to be characterized by lock-in effects. The lock-in effects for mortgage bonds with a high concentration may entail a higher price for bonds in periods where buy-back by the borrower is relevant.

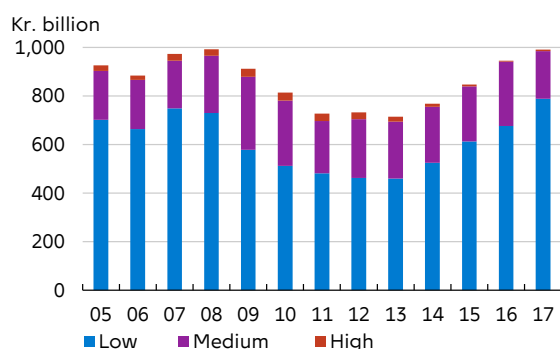
Especially in the bond series with coupon below 3 per cent, the ownership concentration has been falling since 2012. This is coherent with a longer period of low interest rates, where the liquidity and the total amount outstanding of the fixed-rate mortgage bond series have risen. As a result, the probability of lock-in effects has fallen in the newer mortgage bonds series.

The ownership concentration for fixed-rate mortgage bonds with a coupon above 3 per cent has been stable since 2012. The lock-in effects concerning these bond series are less severe. The bond prices are typically above 100 and the borrower can therefore utilize the option to buy the bond at price 100.

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Mortgage bonds for financing fixed-rate loans distributed by ownership concentration

Chart



Note: Compilation of the nominal value as of end-September 2005-07. Mortgage bonds with low concentration have a maximum ownership share under 20 per cent, medium concentration has between 20 and 50 per cent, and high concentration has 50 per cent or more.