

DANMARKS NATIONALBANK

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Fewer mortgage bonds change interest rates in 2021

The value of mortgage bonds, which are subject to refinancing over the course of a year, has fallen from approximately kr. 1,047 billion in 2013 to kr. 453 billion in 2021. Fewer borrowers are thus facing changed interest payments on their mortgages in 2021. The decline is primarily driven by the fact that there are fewer bonds behind the short-term adjustable-rate loans (F1 loans).

Fewer bonds behind adjustable-rate loans

The bonds behind adjustable-rate loans are subject to a new interest rate when they are refinanced. The total amount of bonds behind adjustable-rate loans, which will be refinanced in 2021, amounts to kr. 312 billion. In comparison, in 2013 an amount of kr. 955

billion was refinanced and became subject to a new interest rate.

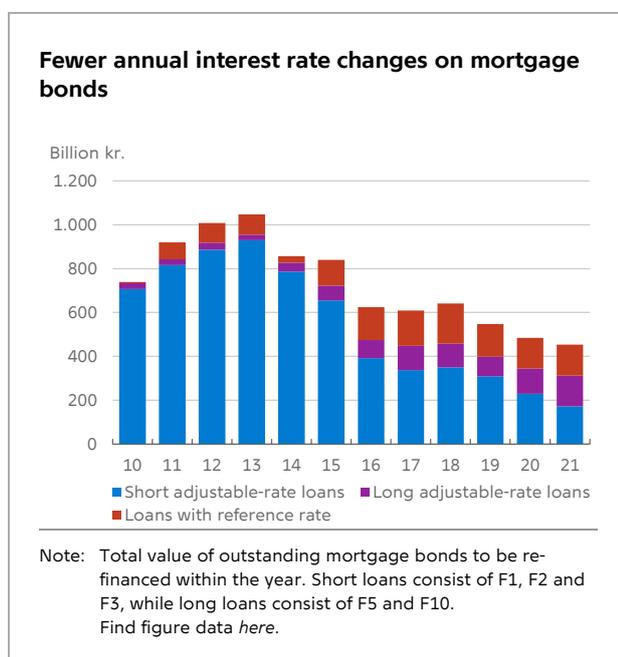
The decline is due, firstly, to the fact that the total outstanding amount of these bonds has fallen. Secondly, there has been a shift from bonds with rates being adjusted relatively often (1-3 years) to bonds with several years between interest rate adjustments (typically 5 years). The change is related to the fact that it has been attractive to take out loans with interest rate adjustment every 5 years as a result of a very small difference between the 5-year and the 1- to 3-year mortgage rates. At the same time, in recent years, mortgage-credit institutes have raised contribution rates on loans financed by shorter-term bonds.

Increase in bonds with reference interest rates

Mortgage bonds with a reference interest rate are typically subject to a new interest rate every three or six months. Since 2013, there has been an increase in the value of mortgage bonds with reference interest rates. In total, bonds with a reference interest rate of kr. 141 billion must be refinanced during 2021.

New interest rate for kr. 414 billion of mortgages

Danish homeowners have loans with interest rate adjustments and loans with reference interest for a total of kr. 839 billion. Of this, kr. 421 billion are subject to a new interest rate in 2021. This is shown by Denmark's Nationalbank's statistics for banking and mortgage lending.



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