

## The money and capital markets

### 1. Capital intermediation

The task of the financial markets is to arrange capital transfers from lenders to borrowers.

Some groups - or "sectors" within society have periods of surplus purchasing power. This happens when the incomes of the relevant sectors exceed their consumption during this period, i.e. when such sectors have savings. Normally, there will be a desire for such surplus purchasing power to be transferred to one or more future periods in order to finance consumption which exceeds the income available at that time. For instance, this is what happens when groups within society save for their pensions.

During the period between the point in time where such surplus purchasing power was achieved and the point in time when it is to be put to use, this surplus purchasing power may be placed at the disposal of others, e.g. for sectors who experience a shortage of purchasing power during the same period. In practical terms, a temporary transfer of purchasing power requires that an agreement is entered into between the two parties, e.g. on the duration and terms of the loan. Such agreements are known as "financial claims".

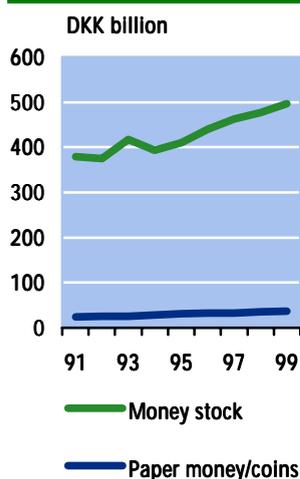
### 2. Financial claims

#### Degree of liquidity

Financial claims can be classified in accordance with their degree of liquidity. The degree of liquidity of a claim signifies the degree of security against loss and the ease with which the creditor can exchange the claim for goods and services. The most liquid claims are paper money (notes) and coins. Up until the abolishment of the Gold Standard scheme in 1931, notes and coins were claims against the gold reserves of Danmarks Nationalbank. Notes and coins did, however, remain claims against Danmarks Nationalbank, signed by its management and entered as liabilities on the balance sheet; the only change was that these claims were no longer covered by the gold reserves of Danmarks Nationalbank.

Completely liquid financial claims also include financial claims issued by other financial groups or sectors; such as financial claims in the form of peoples' deposits with banks. These claims are used more or less on a par with notes and coins, e.g. when customers pay by means of cheques or "Dankort" - the Danish electronic payment card system. Most other deposits with banks are also considered to be sufficiently liquid to be directly comparable to notes and coins. The only exception to this general rule are deposits which entail special tax benefits, e.g. children's savings accounts.

Figure 1  
Money stock



#### Money stock

On the whole, the media of exchange used by citizens are particularly liquid claims against the Danmarks Nationalbank and private banks. The sum of these claims is called "the money stock". At the end of 1998, the money stock came to DKK 476.2 billion. Of this amount, deposits with banks accounted for DKK 441.7 billion, or almost 93 per cent.

## The money and capital markets

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### Bonds

Other types of financial claims include bonds, which are of particular importance to the Danish capital market. At the end of 1998, the nominal value of listed bonds was DKK 1,919 billion. Bonds are normally considered to be less liquid in nature than the claims mentioned above, as it is difficult to exchange them for goods and services. This applies even more strongly to mortgage bonds and other, less formal claims.

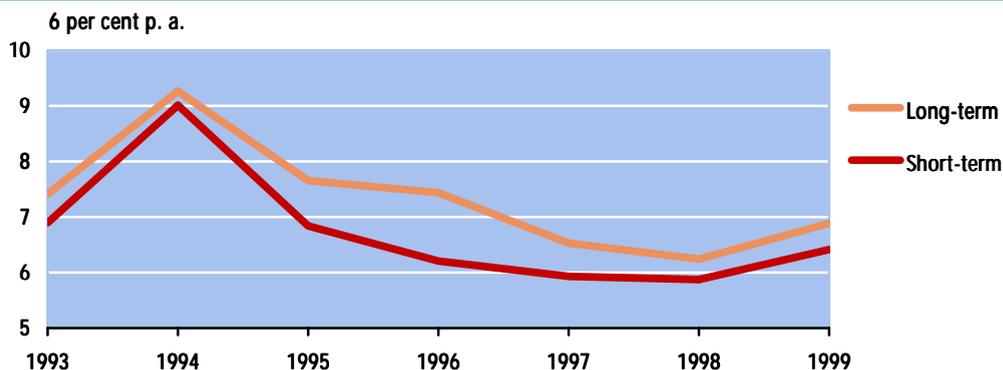
### Interest

Financial claims involve terms for payment of interest and repayment. First of all, the purpose of interest on a financial claim is to provide the lender with some compensation for the postponement of the opportunities of consumption which the loan represents. Secondly, the interest rate should aim to compensate the lender for the fact that the purchasing power of the loan granted may deteriorate during the loan period due to price increases. Finally, interest must also offer compensation to the lender for the risk taken: the borrower may not prove able to repay the loan in its entirety.

Figure 2

Average effective rate of interest on bonds

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Note: This Figure shows the average effective rate of interest on mortgage-credit bonds with a nominal rate of interest of 6 per cent: short-term bonds (10 years) and long-term bonds (20 years or more).

### Capital intermediation

Thus, the capital markets allow lenders to offer up their surplus purchasing power against claims which stipulate specific terms for the payment of interest and the repayment of the loan, while borrowers cover their shortage of purchasing power through interest rates and repayment schedules which suit their financial circumstances. Due to the many possibilities available for the exact construction of the financial claim, it becomes necessary to arrange contact between lenders and borrowers, so that lenders and borrowers with compatible desires as regards claim type, interest rates, and repayment schedules can meet. This is exactly the task solved by the institutions of the capital market. Precisely because of the many different demands for the liquidity and interest terms of claims, the various enterprises within the capital market have specialised in making arrangements for specific types of claims.

## The money and capital markets

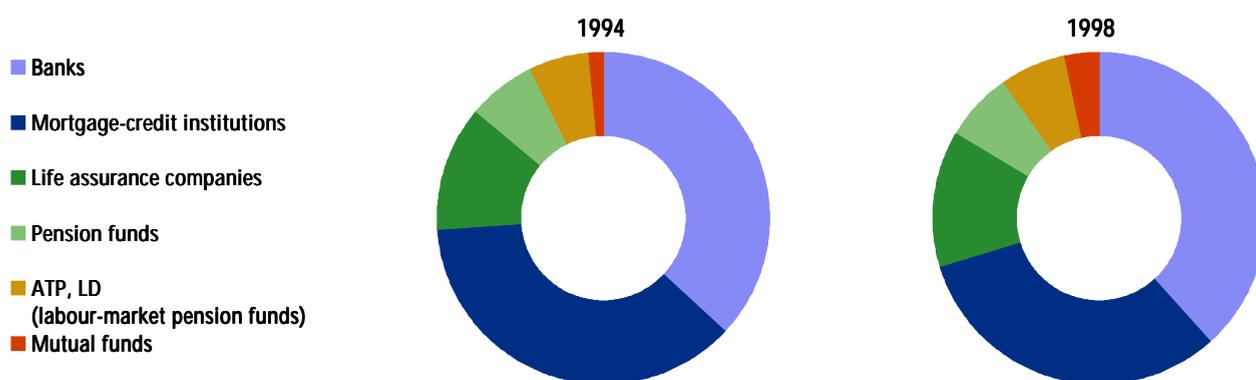
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In practise, such intermediation of capital usually does not involve direct contact between the lender and borrower; rather, the lender receives a claim against an intermediate enterprise. This enterprise then goes on to re-lend the relevant purchasing power to the final borrower against a claim. Thus, the accounts of financial intermediaries constitute an important source of information to elucidate activity within the money and capital markets.

As described in the above, statistical elucidation of capital intermediation must calculate the amounts which are put at the disposal of borrowers by lenders. It must also elucidate the terms which apply to main types of financial claims. Figure 4 describes development trends on the basis of the assets of the most important institutions which arrange for the redistribution of surplus purchasing power.

**Figure 4** Distribution of total assets by type of financial intermediary

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When comparing these amounts, it should be noted that the principles employed in the valuation of assets may differ. The principles used for valuation in life-assurance companies in particular differ from those used by e.g. banks and mortgage-credit institutions. This reservation does not, however, change the fact that capital intermediation in Denmark is dominated by banks and mortgage-credit institutions. It is also clear that banks have strengthened their position in relation to the other financial intermediaries during the period 1994-1998.

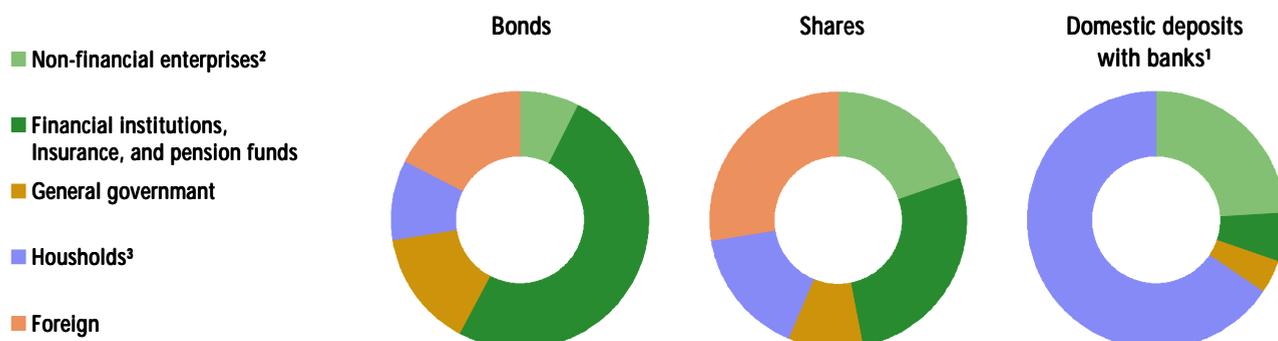
A detailed and complete description of borrower sectors, lender sectors, and claim types is not yet available. For particularly important types of claims, however, borrowers and lenders are recorded in statistics. This applies to bonds, bank deposits and loans, etc.

Many capital transfers take place without direct involvement on the part of financial intermediaries. For example, this applies to capital transfers from the private sector (i.e. enterprises and households) to the Danish State, and to capital transfers which are based on shares. As regards capital transfers from the private sector to the Danish State, such transfers mainly take place through private-sector purchases of government bonds and other financial

## The money and capital markets

claims issued by the government. Thus, at the end of 1998, the private sector had a stock of government bonds, Treasury notes, and Treasury bills at a total nominal value of DKK 305 billion.

Figure 5 Ownership of bonds and shares; bank deposits by sector. End of 1998



- 1) Not including deposits from other banks  
 2) Incl. "not stated"  
 3) Incl. non-profit institutions

Arrangements for intermediation of capital by means of shares as financial claims take place partly through the issue and sale of listed shares, and partly through the issue of unlisted - and rarely traded - shares. Statistics on ownership of listed shares are available.

Capital intermediation without direct involvement on the part of financial intermediaries also takes place in a number of instances where lending is based directly on the lender's equity capital or on capital which the lender himself borrowed from a financial intermediary. This applies to financing which takes place in the form of financial leasing, as well as to a number of consumer-credit schemes. The scope of such credit arrangement is, however, relatively modest in relation to credit arrangement through credit-arrangement enterprises. Indeed, at the end of 1998, the total value of contracts on financial leasing was DKK 39.3 billion, whereas the total value of loans from consumer-credit companies was DKK 11.3 billion at the end of 1999.

Table 416

## Denmark's gold and foreign-exchange reserve 1990-1999

Closing	1990	1998	1999
	DKK mio.		
The Danish National bank's gold stock	3 720	3 934	4 567
The Danish National bank's foreign assets	52 707	89 416	154 715
Claims on the European Central Bank	5 200	...	...
Special Drawing Rights in the IMF	1 246	9 330	8 441
Reserve position in the IMF	1 807	...	...
<b>The foreign-exchange reserve (gross)</b>	<b>64 680</b>	<b>102 680</b>	<b>167 723</b>
Danmarks National Bank's foreign liabilities	1 361	1 253	2 425
<b>The foreign-exchange reserve (net)</b>	<b>63 319</b>	<b>101 427</b>	<b>165 298</b>

Source: Danmarks Nationalbank.

Table 417

Danish banking system 1990-1999<sup>1</sup>

	1990	1998 <sup>2</sup>	1999
Number of banks	151	92	95
Employees	54 930	42 483	43 081
	DKK mio.		
<b>Closing:</b>			
Total assets	1 125 265	1 285 257	1 447 096
Deposits	529 460	667 866	692 976
Loans	497 843	575 913	605 299

<sup>1</sup> Commercial banks, savings banks, and cooperative savings banks. <sup>2</sup> With a working capital of more than DKK 250 mio. (against a previous DKK 100 mio.).

Source: Danish Financial Supervisory Authority.

Table 418

## Money stock 1997-1999

	1997	1998	1999
	DKK mio.		
<b>Money stock</b>	<b>462 657</b>	<b>476 233</b>	<b>496 271</b>
Notes and coins outside the banking sector	33 246	34 490	36 857
Deposits with banks	429 411	441 743	459 414
- Demand deposits	295 101	316 544	334 946
- Deposits at notice	30 870	30 457	28 802
- Time deposits	103 440	94 742	95 666

Table 419

## Profit and loss account and balance sheet of Danmarks Nationalbank 1998-1999

	1998	1999
	DKK mio.	
<b>Profit and loss account</b>		
<b>Interest receivable, etc. total</b>	<b>9 304</b>	<b>9 088</b>
Interest on foreign assets	5 102	5 519
Interest and commission on loans, etc.	1 682	1 025
Interest and dividends on securities	2 520	2 544
Miscellaneous receipts	-	-
<b>Interest payable, etc. total</b>	<b>4 456</b>	<b>4 073</b>
Interest on foreign liabilities	97	65
Interest on deposits, etc.	4 359	4 008
<b>Expenses, total</b>	<b>482</b>	<b>545</b>
Administrative expenses	263	298
Expenses incidental to note production and the Royal Mint	219	247
<b>Exchange-rate and value adjustment, total</b>	<b>994</b>	<b>-3 082</b>
Revaluation of gold stock	-297	636
Revaluation of foreign-exchange accounts	844	-2 684
Revaluation of securities	447	-1 034
<b>Other ordinary receipts</b>	<b>68</b>	<b>84</b>
<b>Allocation to reserves, etc.</b>	<b>2 325</b>	<b>-1 715</b>
<b>Net profit of the year</b>	<b>3 104</b>	<b>3 188</b>
<b>Balance sheet</b>		
<b>Assets, total</b>	<b>185 277</b>	<b>292 565</b>
Stock of gold <sup>1</sup>	3 934	4 567
Special drawing rights in the IMF	2 208	2 536
Foreign assets	89 416	154 715
Denmark's IMF quota	9 605	16 667
Lending	40 225	72 946
Securities	37 487	37 697
Sundry debtors	2 402	3 437
<b>Liabilities, total</b>	<b>185 277</b>	<b>292 565</b>
Notes in circulation	37 199	42 430
Coin in circulation	3 816	3 952
Foreign liabilities	1 253	2 425
IMF	2 483	10 762
Allocation of Special Drawing Rights in IMF	1 606	1 815
Deposits, etc.	21 231	46 404
Deposit certificates	34 752	99 896
The Central Government's current account	37 131	39 678
Sundry creditors	2 333	3 445
General capital fund	50	50
General reserve	250	250
Reserve against loss on bonds and shares	43 174	41 458

<sup>1</sup> Holding is valued in 1998 on the basis of: 1 kg fine gold = DKK 59,022. In 1999 the valuation basis is: 1 kg fine gold = DKK 68,568.

Source: Danmarks Nationalbank.

Table 420

Profit and loss account and balance sheet of Danish banks  
1997-1998

Ultimo	1997	1998
<b>Number of banks<sup>1</sup></b>	<b>90</b>	<b>90</b>
	----- DKK mio. -----	
<b>Profit and loss account</b>		
+ Interest receivable	66 938	75 625
- Interest payable	39 566	47 453
<b>Net income from interest, net</b>	<b>27 372</b>	<b>28 172</b>
+ Share dividends	603	684
+ Charges and commissions receivable	9 184	10 899
- Charges and commissions payable	1 168	1 424
<b>Net income from charges and commissions</b>	<b>35 991</b>	<b>38 330</b>
+ Revaluation of securities and foreign exchange	1 999	999
+ Other ordinary income	852	2 177
<b>Profit/loss on financial items</b>	<b>38 842</b>	<b>41 506</b>
- Staff and administrative expenses	20 422	24 441
- Depreciation of tangible and intangible assets	1 527	1 855
- Other operating expenses	3 854	84
- Depreciations and provisions, net	2 554	2 743
+ Adjustments of shares	2 809	3 595
<b>Profit/loss on ordinary activities</b>	<b>13 293</b>	<b>13 978</b>
+ Extraordinary receipts, net	-620	-
<b>Profit/loss before tax</b>	<b>12 673</b>	<b>13 978</b>
- Tax	1 177	2 130
<b>Profit/loss for the year</b>	<b>11 497</b>	<b>11 848</b>
<b>Balance sheets</b>		
<b>Assets, total</b>	<b>1 285 257</b>	<b>1 447 096</b>
Claims on credit institutions, etc.	298 650	318 054
Loans	575 913	605 299
Bonds, etc.	289 808	323 011
Shares, etc.	33 118	33 152
Holdings in associated and affiliated enterprises	29 198	33 368
Intangible assets	152	102
Tangible assets	14 260	13 887
Other assets	44 157	120 223
<b>Liabilities, total</b>	<b>1 285 257</b>	<b>1 447 096</b>
Liabilities to credit institutions, etc.	373 514	411 609
Deposits	667 866	692 976
Issued bonds, etc.	51 717	54 422
Other liabilities, accruals and deferred income	77 236	167 863
Provisions for liabilities and charges	2 336	1 879
Capital deposits	28 770	28 090
Equity capital	83 818	90 257

Note: Excluding the banks in Greenland, see the section on Greenland.

<sup>1</sup> With a working capital of more than DKK 250 mio.

Source: Danish Financial Supervisory Authority.

Table 421

## Bank credits to residents and residents' deposits with banks 1999

	Deposits	Credits <sup>1</sup>
	DKK mio.	
<b>Total</b>	<b>594 799</b>	<b>394 968</b>
<b>Wage earners, pensioners, etc.</b>	<b>322 754</b>	<b>147 641</b>
<b>Commercial customers</b>	<b>272 045</b>	<b>247 327</b>
<b>Agriculture, fishing and quarrying</b>	<b>19 658</b>	<b>23 154</b>
Agriculture, horticulture and forestry	17 030	21 390
Fishing, etc.	776	1 045
Mining and quarrying	1 852	719
<b>Manufacturing</b>	<b>28 988</b>	<b>35 048</b>
Mfr. of food, beverages and tobacco	6 494	11 720
Mfr. of textiles, clothing, leather	950	1 545
Mfr. of paper products, printing and publishing	3 968	4 011
Mfr. of mineral oils, chemicals, and plastic products	4 455	4 413
Mfr. of other non-metallic mineral products	1 304	783
Mfr. of basic metals and fabricated metal products	10 462	10 413
Mfr. of furniture; manufacturing n.e.s.	1 355	2 163
<b>Energy and water supply</b>	<b>10 446</b>	<b>1 716</b>
<b>Construction</b>	<b>10 841</b>	<b>8 560</b>
<b>Wholesale, retail trade, hotels and restaurants, etc.</b>	<b>36 535</b>	<b>43 267</b>
Sale and repair of motor vehicles, sale of fuel	3 786	6 886
Wholesale and commission trade, except motor vehicles	21 021	23 677
Retail trade and repair work, except of motor vehicles	9 301	9 894
Hotels and restaurants, etc.	2 427	2 810
<b>Transport, postal services and telecommunications</b>	<b>13 443</b>	<b>13 949</b>
Transport	11 492	9 188
Postal services and telecommunications	1 951	4 761
<b>Financial intermediation, business activities</b>	<b>94 378</b>	<b>89 850</b>
Financial intermediation and insurance <sup>2</sup>	33 306	48 916
Real estate and renting activity	23 086	23 304
Business activities, etc.	37 986	17 630
<b>Public and personal services</b>	<b>43 099</b>	<b>23 451</b>
Public administration, etc.	18 541	14 508
Education	3 727	1 160
Health-care activities, etc.	3 750	2 470
Social institutions, etc.	2 903	629
Refuse collection, associations and recreation activities, etc.	14 178	4 684
<b>Industry not known</b>	<b>14 657</b>	<b>8 332</b>

Note :Excluding banks and savings banks in Greenland and the Faroe Islands.

<sup>1</sup> Closing amounts. <sup>2</sup> Does not include accounts with Danmarks Nationalbank, other banks or other credit institutions. Accounts with these institutions appear on the balance sheet of the individual institutions.

Table 422

## Long-term savings schemes with deposit accounts of Danish banks 1997-1998

Ultimo	1997	1998
	DKK mio.	
<b>Specific deposit accounts, total</b>	<b>138 724</b>	<b>143 219</b>
Index-linked pension savings	16 782	16 462
Capital-pension accounts	78 791	82 984
Savings accounts for children	8 475	8 915
Private pension schemes	8 094	7 760
Investment-fund accounts	2 862	2 426
Business establishment savings	1 397	1 293
Home-savings contracts	2 034	1 798
Instalment-pension accounts	9 241	10 295
Savings accounts for education	1 453	1 329
Premium lottery accounts	9 580	9 937
Market fluctuation adjustment accounts	15	20

Source: Danish Financial Supervisory Authority.

Table 423

## Danish electronic payment card system 1985-1999

	1985	1990	1999
	thousands		
<b>Electronic card system</b>			
Number of cards	609	1 731	2 794
<b>Transaction, total</b>			
Electronic	106	65 783	361 605
Slips	1 060	15 803	9 450
	DKK mio.		
<b>Turnover</b>			
Electronic	58	30 844	123 383
Slips	636	8 010	5 318

Note: Transactions using cash points are not included.

Source: Danish Payment Systems

Table 424

## Profit and loss account and balance sheet of mortgage credit institutions 1997-1998

	Mortgage credit institutions <sup>1</sup>	
	1997	1998
<b>Number of institutions</b>	<b>10</b>	<b>10</b>
	DKK mio.	
<b>Profit and loss account</b>		
+ Interest receivable	77 479	80 168
- Interest payments	69 102	70 858
<b>Net income from interest</b>	<b>8 377</b>	<b>9 310</b>
+ Charges and commissions receivable	446	440
<b>Net income from charges and commissions</b>	<b>8 823</b>	<b>9 750</b>
- Expenditure of the personnel administration and other operating expenses	2 997	3 540
- Depreciation and provisions on loans	-104	-50
+ Adjustment of capital interest	2 061	335
+ Other ordinary receipts	111	120
<b>Profit/loss on ordinary activities</b>	<b>8 102</b>	<b>6 714</b>
+ Extraordinary receipts (net)	-93	-59
- Tax	2 446	1 949
<b>Profit/loss for the year</b>	<b>5 563</b>	<b>4 706</b>
<b>Balance sheets</b>		
<b>Assets, total</b>	<b>1 112 561</b>	<b>1 220 965</b>
Claims on credit institutions, etc.	62 780	73 506
Loans	959 309	1 033 200
Bonds and shares, etc.	78 544	101 063
Holdings in associated and affiliated enterprises	3 247	4 281
Intangible assets	8	11
Tangible assets	1 906	1 858
Other assets	6 767	7 047
<b>Liabilities, total</b>	<b>1 112 561</b>	<b>1 220 965</b>
Liabilities to credit institutions	2 581	22 438
Issued bonds, etc.	1 017 130	1 098 258
Other liabilities, accruals and deferred income	718	25 376
Provisions for liabilities and charges	2 498	1 973
Capital deposits	4 672	5 671
Security capital	25 325	3 227
Equity capital	59 637	64 021

<sup>1</sup> The debt included in the tables does not include the Mortgage Bank department in Den Danske Bank (Hypotekafdeling). At 31.12.1998 this department had DKK 49 mio. of bond loans.

Source: Danish Financial Supervisory Authority

Table 425

## Lending activity of mortgage credit institutions 1997-1999

	1997	1998	1999*
	DKK mio.		
<b>Loans incl. index-linked loans, total</b>	<b>53 868</b>	<b>66 927</b>	<b>58 742</b>
Owner-occupied dwellings and holiday homes	42 915	48 785	40 982
Subsidized construction of residential buildings	820	2 088	217
Private rental housing	4 575	5 536	4 642
Agricultural properties, etc.	3 913	6 666	6 690
Industrial properties, etc.	495	-136	1 017
Office and shop buildings	347	2 537	3 777
Properties for social, cultural and educational purposes	849	1 504	1 427
Undeveloped plots	-46	-53	-10

Note: Lending by mortgage credit institutions has been calculated at cash values. 'New loans' is a net concept equal to gross lending less early repayments and ordinary repayments.

Table 426

## Other bond issuing institutions 1998-1999

	1998	1999
	DKK mio.	
Loans paid out	32 564	36 419
<b>Balance sheets</b>		
<b>Assets, total</b>	<b>183 315</b>	<b>195 612</b>
Loans	132 925	146 565
Cash and bank deposits	15 066	14 086
Bonds <sup>1</sup>	25 413	24 577
Other assets	9 911	10 384
<b>Liabilities, total</b>	<b>183 315</b>	<b>195 612</b>
Bonds in circulation	116 570	123 425
Borrowings <sup>2</sup>	25 161	28 747
Liabilities to domestic banks	8 332	11 424
Other liabilities	10 096	9 597
Capital and reserves	23 156	22 419

Note: Including Danish Ship Finance, Fiskeribanken, FIH – Finance for industry, the Mortgage bank and Financial Administration Agency of the Kingdom of Denmark, and KommuneKredit.

<sup>1</sup> Including treasury bills. <sup>2</sup> Of which debt in foreign currency: 1998: DKK 1,875 mio.; 1999: DKK 1,668 mio.

Source: The individual institutions.

Table 427

## Lending from major finance companies 1998-1999

Activity		Total	Status at end of year
		DKK mio.	
Loans	1999	8 607	17 117
	1998	7 709	14 557
Factoring	1999	22 949	2 367
	1998	20 703	2 443
Confirming	1999	59	25
	1998	25	16

Source: The individual finance companies.

Table 428

## Financial leasing 1998-1999

		Activities							Total	Status end of year
		Industrial equipment	Edp and office equipment	Lorries and vans	Passenger cars	Vessels, aircraft, railway material	Buildings	Other		
		—DKK mio.—								
Leasing	1999	1 892	4 405	2 625	2 318	805	1 185	1 139	14 369	46 920
	1998	1 674	3 115	2 611	1 218	1 950	352	852	11 772	39 277

Source: Individual leasing company.

Table 429

## Quoted bonds in circulation by holder sector 1999

Nominal value at the end of the year	Central government bonds, etc.	Bonds issued by mortgage credit associations, etc. <sup>1</sup>	Other quoted bonds <sup>2</sup>	Total
—DKK mio.—				
<b>Total</b>	<b>618 862</b>	<b>1 145 925</b>	<b>182 393</b>	<b>1 947 180</b>
<b>Non-financial corporate sector</b>	<b>28 547</b>	<b>63 059</b>	<b>9 638</b>	<b>101 244</b>
<b>Financial institutions</b>	<b>130 074</b>	<b>305 043</b>	<b>70 687</b>	<b>505 804</b>
Monetary institutions	89 840	237 762	51 550	379 152
Other financial institutions	40 234	67 281	19 137	126 652
<b>Insurance companies and pension funds</b>	<b>61 364</b>	<b>387 069</b>	<b>30 509</b>	<b>478 942</b>
<b>General government</b>	<b>138 618</b>	<b>136 508</b>	<b>10 332</b>	<b>285 458</b>
Central government sector	131 186	122 891	9 704	263 781
Local government sector	7 432	13 617	628	21 677
Social-security funds <sup>3</sup>	...	...	...	...
<b>Non-profit institutions serving households</b>	<b>8 414</b>	<b>21 062</b>	<b>991</b>	<b>30 467</b>
<b>Household sector</b>	<b>16 355</b>	<b>98 236</b>	<b>39 308</b>	<b>153 899</b>
<b>Not stated</b>	<b>7 708</b>	<b>28 014</b>	<b>2 742</b>	<b>38 464</b>
<b>Rest of the world</b>	<b>227 782</b>	<b>106 934</b>	<b>18 186</b>	<b>352 902</b>

<sup>1</sup> Bonds issued by mortgage credit associations and bonds issued by other institutions that issue bonds. <sup>2</sup> Local government bonds, Bonds issued by the Ship Credit Fund of Denmark, debentures, foreign bonds and CMO bonds. <sup>3</sup> Bond holdings in this sector have been transferred to Central Government sector.

Source: The Danish Securities Centre.

Table 430

## Share price index 1990-1999

	1990	1998	1999
Start of Jan. 1983=100—			
<b>Annual average</b>			
<b>Total</b>	<b>358</b>	<b>684</b>	<b>665</b>
Banks	251	482	428
Insurance	852	890	790
Trade and services	435	1 108	1 176
Shipping	665	1 582	1 785
Manufacturing	261	549	488
Investment companies	511	263	251

Table 431

## Yield on bonds 1997-1999

		1997 <sup>1</sup>	1998 <sup>1</sup>	1999
<b>Yield</b>		per cent p.a.—		
<b>Government bonds:</b>				
5 year:	End of year	5.30	4.06	5.13
	Annual average	5.22	4.73	4.43
10 year:	End of year	5.74	4.37	5.50
	Annual average	6.26	5.03	4.94
<b>Mortgage credit bonds:</b>				
20 year:	End of year	6.81	6.19	6.56
	Annual average	7.20	6.27	6.38
30 year:	End of year	7.31	7.11	7.30
	Annual average	7.65	7.13	7.22

<sup>1</sup> Revised figures.

Source: Danmarks Nationalbank.

Table 432

## Pension funds 1996-1998

	Pension funds subject to legislation governing insurance activities			Pension funds subject to legislation governing supervision of company pension funds		
	1996	1997	1998	1996	1997	1998
<b>Number of funds</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>65</b>	<b>63</b>	<b>60</b>
<b>Number of members</b>	<b>544 721</b>	<b>563 182</b>	<b>586 722</b>	<b>25 572</b>	<b>25 395</b>	<b>24 031</b>
Working members	495 906	511 043	531 604	14 077	14 092	13 088
Retired members	33 202	35 861	38 207	7 865	7 973	7 731
Retired spouses	8 043	8 554	9 044	3 324	3 023	2 774
Children who receive children's pension	7 570	7 724	7 867	306	307	438
	DKK millions					
<b>Current annual pension, total</b>	<b>2 829</b>	<b>3 131</b>	<b>3 452</b>	<b>1 385</b>	<b>1 427</b>	<b>1 438</b>
Pension for members	2 143	2 389	2 665	1 098	1 150	1 160
Pension for spouses	515	570	613	282	271	271
Pension for children	169	172	174	6	6	7
<b>Miscellaneous income</b>						
Member contributions	6 951	7 553	8 464	404	488	357
Of which extraordinary contributions	...	...	...	87	154	79
Interest income and profits	8 638	8 851	9 406	2 339	2 298	2 245
<b>Miscellaneous expenditure<sup>1</sup></b>						
Pensions	3 388	3 716	4 155	1 365	1 420	1 408
Retirement allowances	563	517	546	134	613	154
<b>Assets, total</b>	<b>161 134</b>	<b>181 774</b>	<b>213 599</b>	<b>34 855</b>	<b>37 510</b>	<b>38 175</b>
Central government bonds <sup>1</sup>	8 235	13 354	15 414	3 148	4 141	4 834
Local government bond <sup>1</sup>	5 152	2 950	3 937	202	87	47
Mortgage credit bonds, etc. <sup>1</sup>	79 840	84 756	92 432	21 377	20 438	20 088
Cash at bank and in hand	1 047	2 228	1 592	110	1 046	202
Mortgage credits	1 219	954	748	34	24	16
Loans with other collateral	342	243	184	17	13	10
Other assets	65 299	77 289	99 292	9 967	11 761	12 978
<b>Premium reserves</b>	<b>142 223</b>	<b>157 009</b>	<b>169 984</b>	<b>29 516</b>	<b>30 303</b>	<b>30 051</b>

Note: The financial year for certain pension funds does not coincide with the calendar year.

<sup>1</sup> Book value.

Source: The Danish Financial Supervisory Authority

Table 433

## Discount rate of Danmarks Nationalbank 1991-2000

	Discount rate		Discount rate		Discount rate
<b>1991</b>		<b>1994</b>		<b>1998</b>	
2 January	9½%	6 January	6%	6 May	4%
22 May	9%	19 January	5¾%	29 May	3¾%
16 August	9½%	18 February	5½%	21 September	4¼%
21 October	9%	15 April	5¼%	5 November	4%
20 December	9½%	13 May	5%	4 December	3½%
<b>1993</b>		<b>1995</b>		<b>1999</b>	
4 February	11½%	8 March	6%	4 February	3¼%
22 February	10½%	6 July	5¾%	9 April	2¾%
19 March	10%	3 August	5½%	5 November	3%
29 March	9½%	25 August	5%	<b>2000</b>	
23 April	9¼%	9 November	4¾%	4 February	3¼%
19 May	8¾%	15 December	4¼%	17 March	3½%
8 June	7¾%	<b>1996</b>		28 April	3¾%
2 July	7¼%	25 January	4%	9 June	4¼%
19 July	9¼%	7 March	3¾%		
16 September	8¾%	19 April	3¼%		
27 September	8¼%	<b>1997</b>			
12 October	7¾%	10 October	3½%		
22 October	7¼%				
4 November	7%				
22 December	6¼%				
16 November	6¾%				
29 November	6½%				

Table 434

## Exchange rates in Copenhagen 1997-1999

	Currency	1997	1998	1999
		DKK		
Belgium	BFr	18.46	18.46	18.43
Canada	C \$	477.44	452.27	470.26
United Kingdom	£	1 082.32	1 109.36	1 129.49
Finland	FM	127.27	125.36	125.06
France	FFr	113.17	113.60	113.36
Greece	Dr	2.420	2.270	2.283
Netherlands	Fl	338.51	337.86	337.41
Ireland	IE	1 001.55	953.82	944.13
Iceland	IKr	9.31	9.41	9.64
Italy	L	0.3879	0.3858	0.3840
Japan	Y	5.4761	5.1339	6.1755
Norway	NKr	93.36	88.70	89.47
Portugal	Es	3.769	3.718	3.709
Switzerland	SFr	455.35	462.37	464.63
Spain	Pta	4.511	4.486	4.469
Sweden	SKr	86.54	84.23	84.46
Germany	DM	380.96	380.84	380.18
United States	\$	660.86	669.70	698.34
Austria	Sch	54.135	54.129	54.037
EU common currency <sup>1</sup>	ECU/Euro	746.26	751.37	743.56
Effective rate of DKK 1980=100		100.0	101.3	99.6

Note: The rate is the annual average.

<sup>1</sup> From 1 January 1999 Euro.

Source: Danmarks Nationalbank.

Table 435

## Life-assurance companies 1997-1998

	1997	1998
<b>Number of companies</b>	<b>55</b>	<b>59</b>
	DKK mio.	
<b>Profit and loss account</b>		
<b>A: Insurance activities</b>		
Premiums net of reinsurance	34 523	40 942
+ Allocated investment return transferred from the technical account	42 388	25 718
Receipts from insurance activities	76 911	66 660
Claims incurred, net of reinsurance	20 964	22 937
+ Change in life assurance provisions	32 130	45 657
+ Administrative expenses	2 480	2 856
+ Change in bonus equalization provisions	20 281	-4 784
+ Result from sickness and accident insurance	67	30
Result from insurance activities	1 123	24
<b>B: Investment activities</b>		
Result from investment activities	53 644	34 447
- Real interest tax	6 023	5 620
+ Allocated investment return transferred to the technical account	42 388	25 718
+ Yield on investments carried forward to sickness and accident insurance	222	184
+ Result from investment activities	5 011	2 925
<b>C: Total activities</b>		
Result from primary operation	6 134	2 949
+ Other ordinary receipts, net	-3	-30
+ Extraordinary receipts, net	8	59
+ Taxes	265	732
+ Net result for the year	5 874	2 247
<b>D: Increase in equity capital</b>		
+ Net result of the year	5 874	2 247
+ Balancing items	-	-
+ Capital injection	-603	-1 441
+ Dividends, etc.	1 349	75
+ Increase in equity capital, total	3 922	731
+ Of which allocated to contingency reserve	-20	-28
<b>Balance sheets</b>		
<b>Assets total</b>	<b>462 457</b>	<b>511 243</b>
<b>A: Investment assets</b>		
+ Land and buildings	5 618	6 027
+ Bonds	275 257	290 377
+ Shares and other capital holdings	156 665	179 033
+ Loans	4 133	3 739
+ Other	7 134	17 871
<b>B: Other assets</b>	<b>13 650</b>	<b>14 196</b>
<b>Liabilities, total</b>	<b>462 457</b>	<b>511 243</b>
+ Equity capital	44 378	50 198
+ Provisions	407 050	449 117
+ Other liabilities	11 029	11 928

Source: Danish Financial Supervisory Authority.

Table 436

## Accounts of non-life insurance companies 1997-1998

	1997	1998
<b>Number of companies</b>	<b>151</b>	<b>150</b>
	DKK mio.	
<b>Profit and loss account</b>		
<b>A: Insurance activities</b>		
+ Gross premiums written	29 565	30 882
+ Technical interest	1 728	1 711
Receipts from insurance activities	31 293	32 593
- Claims incurred, net of reinsurance	25 538	23 259
- Increase in provision	2 989	-
- Administrative expenses	8 178	9 035
- Other insurance technical items	-5 189	210
Result from insurance activities	-223	89
<b>B: Investment activities</b>		
+ Result from investment activities	6 181	5 282
<b>C: Total activities</b>		
Result from primary operation	5 959	5 371
+ Other ordinary receipts, net	24	-
+ Extraordinary receipts, net	16	-2
- Taxes	437	785
Net result for the year	5 562	4 584
<b>D: Increase in equity capital</b>		
Net result for the year	5 562	4 584
+ Capital injection	734	32
+ Balancing items	-145	-88
Increase, total	6 151	4 528
- Dividends, etc.	926	1 804
Increase in equity capital, total	5 225	2 724
Of which allocation to contingency reserve	-347	-147
<b>Balance sheets</b>		
<b>Assets, total</b>	<b>104 052</b>	<b>112 064</b>
<b>A: Investment assets</b>		
Land and buildings	3 121	3 263
Bonds	50 452	51 449
Shares and other capital holdings	31 077	38 337
Loans	789	2 335
Other	3 854	3 256
<b>B: Other assets</b>	<b>14 759</b>	<b>13 424</b>
<b>Liabilities, total</b>	<b>104 052</b>	<b>112 064</b>
Equity, total	49 266	52 233
Provisions	46 740	59 311
Other liabilities	8 046	520

Source: Danish Financial Supervisory Authority

Table 437

## Non-life insurance by type 1998

	Number	Premiums	Compensation
		DKK mio.	
<b>Total</b>	<b>152</b>	<b>34 113</b>	<b>26 315</b>
<b>Total commercial insurance</b>	<b>113</b>	<b>9 416</b>	<b>6 744</b>
Workmen's compensation	19	1 981	1 611
Buildings	39	2 841	1 831
Contents (other than stock and machinery)	70	2 147	1 719
Professional liability	35	970	794
Marine and transport	31	820	495
Aviation	10	61	17
Other commercial insurance	27	596	277
<b>Total private insurance</b>	<b>62</b>	<b>5 973</b>	<b>3 571</b>
Householder's comprehensive	49	2 332	1 470
Homeowner's comprehensive	46	2 733	1 589
Weekend cottages	43	359	193
Other private insurance	48	549	319
<b>Total personal accident insurance</b>	<b>63</b>	<b>4 095</b>	<b>3 297</b>
Single accident and sickness	52	4 032	3 152
Professional disability	20	63	145
<b>Total motor vehicle insurance</b>	<b>41</b>	<b>8 370</b>	<b>7 045</b>
Third-party liability	40	2 785	3 099
Vehicle (own damage)	39	5 585	3 946
<b>Credit and suretyship</b>	<b>9</b>	<b>300</b>	<b>-46</b>
<b>Legal aid insurance</b>	<b>1</b>	<b>2</b>	<b>1</b>
<b>Total direct business</b>	<b>147</b>	<b>28 156</b>	<b>20 612</b>
Of which abroad	...	770	568
<b>Total indirect business</b>	<b>25</b>	<b>5 957</b>	<b>5 703</b>
Of which abroad	...	5 114	4 962

Note: Premiums and claims are listed as reserve regulating gross amounts. Indirect business is the reinsurance received, which each insurance company has taken over from other insurance companies.

Source: The Danish Financial Supervisory Authority.