

### The money and capital markets

#### 1. Capital intermediation

##### Capital transfers from lenders to borrowers

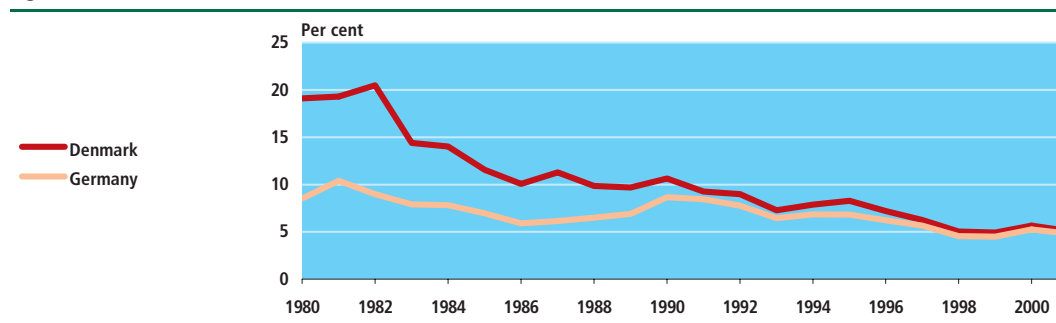
A capital market is a market where financial products are traded, such as loans, credit, insurance, etc. The market makes it possible to transfer capital from persons with a savings surplus to persons with a savings shortage. This allows the individual to time his investments and consumption in relation to his earnings. The purpose of the money market is to ensure a smooth payment mechanism so that transactions can be completed against payment without any major costs or difficulty. Thus, the money market concerns the liquidity applied for transfer of payments in connection with financial transactions. There is no clear dividing line between the money market and the capital market.

##### Increased internationalisation

Since the early 1980s, the Danish financial markets have seen a distinct development towards deregulation, internationalisation and increasing competition. Danish citizens can make foreign investments or raise loans abroad without major difficulty or costs. The free movement of capital has led to equalisation of the prices (interest rates) of the financial products between the countries. In 1980, the difference between the Danish and German long-term bond interest rate was 10.6 percentage points; in 2001 it was down to 0.3 percentage points.

Figure 1

Interest rate on ten-year government bonds 1980-2001



##### Long-term interest rate reached 21 per cent in 1982

The interest on a financial claim reflects the lender's compensation for the postponement of the opportunities of consumption. A distinction is made between short-term and long-term interest rates, i.e., the interest rates on short-term and long-term claims. Usually, the banks' three-month interest rate is applied as an indicator of the short-term interest rate, while the interest rate on ten-year government bonds is the indicator of the long-term interest rate.

The short-term interest rate can be controlled centrally. The Nationalbank of Denmark can adjust the volume and price of liquidity in relation to the banks. The interest, which the banks receive from or pay to the Nationalbank influences the interest rates fixed by the banks vis-à-vis their customers. The long-term interest rate reflects other market driven factors, first of all inflation and risk expectations.

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The longer the term of the claim, the greater influence will these factors have on the fixing of the interest rate. The long-term interest rate will usually be higher than the short-term interest rate. In 1981, the short-term interest rate was as high as 21 per cent per annum, partly because of high inflation expectations.

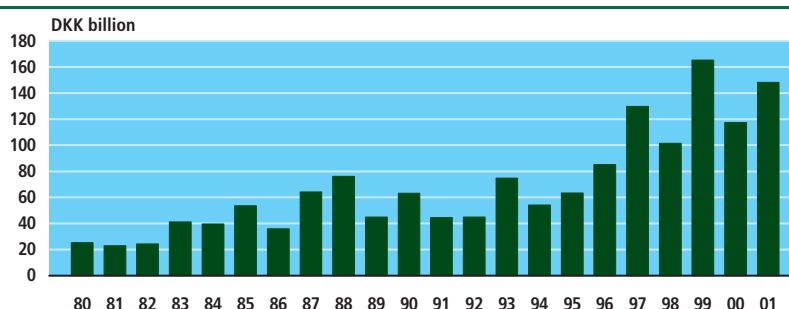
### Government purchased foreign currency to keep the krone rate down

The rate of the Danish krone depends on the supply and demand for foreign currencies. The demand for foreign currency increases at import payments and capital exports (e.g., when Danes purchase foreign securities or make investments abroad). Conversely, export payments and capital imports will increase the demand for Danish kroner. An increased demand for foreign currency will force the exchange rate upwards and the rate of Danish kroner will decrease.

The Nationalbank trades in the foreign exchange market with a view to stabilising the krone rate through purchases and sales of foreign currency against Danish kroner. Thus, the primary purpose of foreign exchange reserves is to enable the Nationalbank to use intervention as a tool to maintain a stable exchange rate between the krone and the euro. Purchases of Danish kroner thus tend to strengthen the krone rate, while sales of Danish kroner, i.e., purchases of foreign currency, tend to weaken the krone rate. The volume of the Danish foreign exchange reserves has increased substantially since the early 1990s. This indicates that in the past decade the Nationalbank has made more purchases than sales of foreign currency in net terms to keep the krone rate down.

Figure 2

Foreign exchange reserve



### Denmark participating in ERM II

Since 1 January 1999 Denmark has participated in exchange-rate co-operation with the European Central Bank (ECB) and the EU member states that do not participate in the European Monetary Union. The agreement is called ERM II (Exchange Rate Mechanism II) and is very similar to the former co-operation under the European Monetary System. The purpose of ERM II is to retain the exchange rates within the agreed fluctuation band. For Denmark, the fluctuation band is  $\pm 2.25$  per cent in relation to the central rate. In case of extraordinary pressure on the krone, in addition to selling some of its foreign exchange reserve Denmark may draw on an intervention credit/euro account with the ECB. Thus, the ERM contributes to stabilising the krone rate in relation to the European currencies and the euro, but not in relation to other major currencies such as the dollar or the yen.

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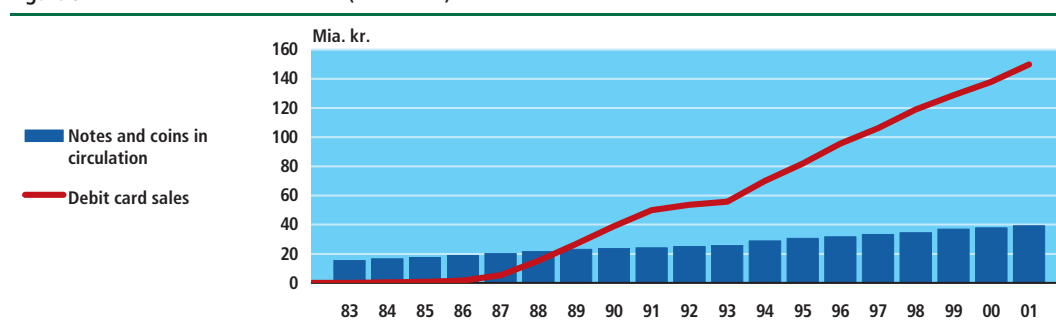
### 2. Financial claims

#### Money as a means of payment

Today, the function of money as a means of payment is based exclusively on trust. If a seller is to accept money as payment for his product, he must be able to trust that others will also accept money as the means of payment. In case of high inflation, the value of money as a means of payment will drop. Until 1931, the value of notes and coins could be converted into gold at the Nationalbank. Although the gold convertibility was subsequently abolished, the gold standard existed formally up until 1971. This meant that the Nationalbank had a duty to maintain gold reserves corresponding to the value of notes and coins in circulation. Today, money is still claims against the Nationalbank, but these claims are no longer covered by the gold reserves of the Nationalbank.

Figure 3

Dankort (debit card) sales and notes and coins in circulation



It is increasingly difficult to estimate the amount of liquidity available in the Danish society. Because of the use of Dankort (debit card), various types of accounts related to the Dankort have become just as liquid as notes and coins. At the same time, certain credit facilities may be connected to the Dankort, just as foreign banks may provide credit facilities to Danish citizens. Because of Denmark's position as a small, open economy with free capital movements, the role of the money stock as a monetary policy target figure is no longer as important as before.

#### Danish mortgage bonds are internationally unique

Bonds are liquid, standardised debt instruments with low risk and a fixed repayment profile. Before the introduction of the euro, the Danish bond market was among the largest in Europe<sup>1</sup>. The market is dominated by government bonds and mortgage bonds.

Mortgage bonds are secured by real property and have long maturity (up to 30 years). The Danish mortgage bond is unique to the Danish market in terms of its role in relation to home financing. In addition to the security in real property, the relatively high degree of security relates to the terms and conditions associated with the loan assessment by the mortgage credit institutes concerning lending limits, maturity and accumulation of reserve funds.

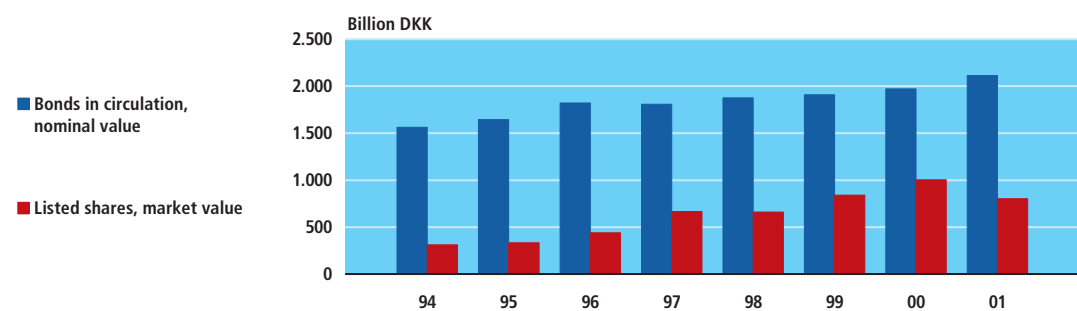
Following the introduction of the euro on 1 January 1999, the euro markets are no longer divided into regions, but constitute a single market.

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At the end of 2001, about 17 per cent of the total bond volume was owned by foreign investors. In recent years, foreign investors have shown an increasing interest in mortgage bonds. Thus, 11 per cent of mortgage bonds were held by foreigners at the end of 2001 compared to about 3 per cent in 1995.

Figure 4

Shares and bonds traded on the Copenhagen Stock Exchange



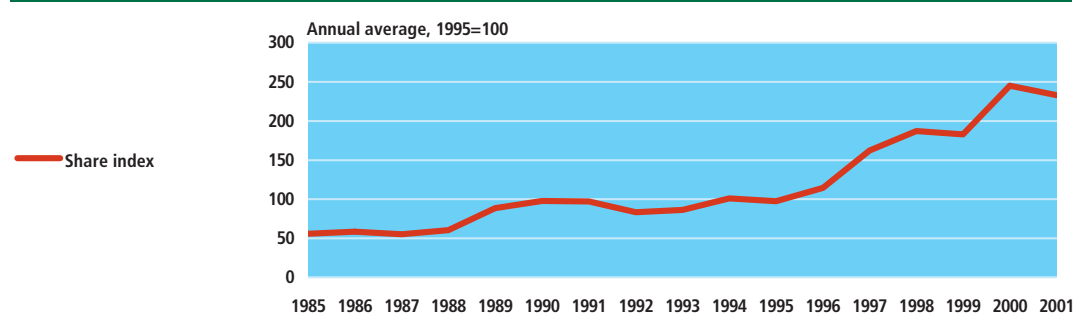
### Shares are risky investments

A share is a certificate of ownership of a company. The value of the share depends above all on the future earnings of the company. Since the future earnings are connected with great uncertainty, investing in shares may lead to both large losses and large gains. In addition to specific expectations of the company in question, the share price also reflects more general expectations of the particular industry and the economy at large. Minor changes in market information may create substantial, cumulative fluctuations in the market.

The Danish stock market is not as large as the bond market. It reflects the Danish corporate structure, which is characterised by many small and medium-sized enterprises without the tradition found abroad of entering the stock market to finance their need for capital. In 2001, 217 companies were listed on the Stock Exchange, of which the 20 largest accounted for 70 per cent of the total volume of listed shares. Furthermore, the rate of turnover is not as high for shares: In 2001, a share was traded 0.6 times on average, while a bond was traded 2.5 times.

Figure 5

KAX, index of all shares at market value



## The money and capital markets

Various indices are used as indicators of the development in the stock market. The most commonly used are the all-share index KAX shown above, which shows the market value of all listed shares, and KFX, which is a weighted market value index of the 20 largest and most traded shares. From 1985 up to 1995, the general price level was largely stable. The ensuing years saw a trend of increasing prices reflecting the trends in the international markets. In 1998 and 2001, price decreases were widespread and in line with the share price development in the foreign markets.

### 3. Enterprises in the financial sector

#### Banking, mortgage lending and insurance activities still separate

Since the early 1980s, the business areas in the financial sector have overlapped. Today, banks offer their customers pension schemes that are very similar to the schemes offered by life insurance companies. However, it is still prohibited to carry on banking, mortgage lending and insurance activities in one and the same company. New legislation made it possible to set up holding companies and intercompany ownership among the financial companies. This means that a mortgage credit institute may own a bank and vice versa. As a result, the capital market has seen a number of mergers and group formations. In that connection financial supermarkets have emerged where consumers can handle all their financial commitments through the same provider.

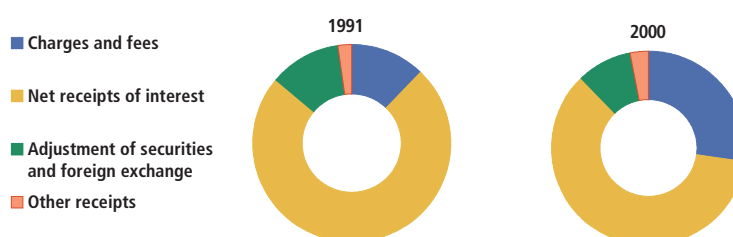
#### Few large and many small banks

The banking sector handles functions in connection with payment and credit transfers, securities trading and related services. Despite the mergers among the major banks in recent years, a large number of small banks remain. In mid-2002, 187 banks were registered, of which the two largest account for 75 per cent of the balance sheet total in the sector.

The lending activity in the banking sector is often in focus because it is highly sensitive to market fluctuations and may be seen as an indicator of growth, including in consumption and investing activities. The interest margin, *i.e.*, the difference between lending and deposit interest rates, also attracts attention. An increasing proportion of the banks' earnings derives from charges and fees, however.

Figure 6

The banks' earnings by type



## The money and capital markets

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### **Lending activity of mortgage credit institutes depends on interest changes**

In Denmark, only mortgage credit institutes may carry on mortgage credit activities. Mortgage credit activities mean lending against registered security in real property based on the issue of mortgage bonds. Presently, there are eight players in the market. The lending activity is primarily influenced by the development in interest rates. Upward or downward fluctuations will trigger waves of remortgaging, where borrowers seek to convert their loans to obtain more favourable terms of repayment.

### **Increasing share of personal savings with insurance companies and pension funds**

A distinction is made between non-life insurance and life and pension insurance. The different types of insurance may not be offered by the same company, but may be connected through intercompany ownership. Particularly the life and pension insurance business has increased in recent years. Due to the development of labour market pension schemes and various forms of tax privileges in connection with pension contributions, an ever increasing share of personal savings are managed by the pension funds, which have thereby become important players in the financial markets.

### **Vigorous expansion in investment associations**

An investment association is an association that invests the funds received as contributions from its members. The members are often small savers, but may also be life insurance companies, pension funds and foundations. The advantages of acting jointly are lower administrative costs and enhanced possibilities for risk diversification. The investment associations have expanded vigorously over the past few years. From 1996 to 2001, the number of associations rose from 55 to 122, and their aggregate balance sheet total increased by 400 per cent during the same period. Like in the banking sector, the concentration is relatively high as the two largest investment associations cover nearly 60 per cent of the market. The reason is that in most cases the investment associations are connected with a bank.

Table 430

## Denmark's gold and foreign exchange reserve

Closing	1990	2000	2001
	DKK mio.		
The Danish National bank's gold stock	3 720	4 683	4 979
The Danish National bank's foreign assets	52 707	110 851	138 633
Claims on the European Central Bank	5 200	...	...
Special Drawing Rights in the IMF	3 053	5 127	8 549
<b>The foreign exchange reserve (gross)</b>	<b>64 680</b>	<b>120 661</b>	<b>152 161</b>
Danmarks National Bank's foreign liabilities	1 361	3 143	3 734
<b>The foreign exchange reserve (net)</b>	<b>63 319</b>	<b>117 518</b>	<b>148 427</b>

Source: Danmarks Nationalbank.

Table 431

Danish banking system<sup>1</sup>

	1990	1999 <sup>2</sup>	2000
Number of banks	151	95	97
Employees	54 930	42 658	43 431
<b>Closing:</b>	DKK mio.		
Total assets	1 125 265	1 564 145	1 742 096
Deposits	529 460	747 781	757 625
Loans	497 843	685 275	777 595

<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 432

## Money stock

	1999	2000	2001
	DKK billion		
<b>Money stock</b>	<b>523,2</b>	<b>506,4</b>	<b>546,2</b>
Notes and coins outside the banking sector	36,1	37,4	39,2
<b>Deposit in banks and savings banks</b>	<b>487,1</b>	<b>469,0</b>	<b>507,0</b>
- Demand deposits	341,8	348,6	375,4
- Agreement deposits <sup>1</sup>	145,3	120,4	131,6

<sup>1</sup> Includes, e.g. deposits at notice and time deposits.

Table 433

## Profit and loss account and balance sheet of Danmarks Nationalbank

	2000	2001
<b>Profit and loss account</b>	DKK mio.	
<b>Interest receivable, etc. total</b>	<b>10 581</b>	<b>11 688</b>
Interest on foreign assets	5 815	6 453
Interest and commission on loans, etc.	2 203	2 638
Interest and dividends on securities	2 563	2 597
<b>Interest payable, etc. total</b>	<b>5 625</b>	<b>6 181</b>
Interest on foreign liabilities	134	67
Interest on deposits, etc.	5 491	6 114
<b>Expenses, total</b>	<b>556</b>	<b>514</b>
Administrative expenses	293	301
Expenses incidental to note production and the Royal Mint	263	213
<b>Exchange-rate and value adjustment, total</b>	<b>1 343</b>	<b>124</b>
Revaluation of gold stock	116	296
Revaluation of foreign-exchange accounts	1 126	- 299
Revaluation of securities	101	127
<b>Other ordinary receipts</b>	<b>- 19</b>	<b>- 295</b>
<b>Allocation to reserves, etc.</b>	<b>2 658</b>	<b>1 553</b>
<b>Net profit of the year</b>	<b>3 066</b>	<b>3 269</b>
<b>Balance sheet</b>		
<b>Assets, total</b>	<b>237 796</b>	<b>295 286</b>
Stock of gold <sup>1</sup>	4 683	4 979
Special drawing rights in the IMF	5 127	8 549
Foreign assets	110 851	138 633
Lending	67 635	97 016
Securities	39 960	41 152
Sundry debtors	9 540	4 957
<b>Liabilities, total</b>	<b>237 796</b>	<b>295 286</b>
Notes in circulation	40 650	42 966
Coin in circulation	4 148	4 333
Foreign liabilities	3 143	3 734
Allocation of Special Drawing Rights in IMF	1 869	1 884
Deposits, etc.	52 460	37 996
Deposit certificates	51 874	113 620
The Central Government's current account	37 718	43 510
Sundry creditors	729	539
General capital fund	50	50
General reserve	250	250
Reserve against loss on bonds and shares	44 905	46 404

<sup>1</sup> Holding is valued in 2000 on the basis of: 1 kg fine gold = DKK 70.307. In 2001 the valuation basis is: 1 kg fine gold = DKK 74.758.

Source: Danmarks Nationalbank.

Table 434

## Profit and loss account and balance sheet of Danish banks

Closing	1999	2000
<b>Number of banks<sup>1</sup></b>	<b>95</b>	<b>97</b>
	DKK mio.	
<b>Profit and loss account</b>		
+Interest receivable	73 493	93 154
–Interest payable	44 468	62 103
<b>Net income from interest, net</b>	<b>29 025</b>	<b>31 051</b>
+Share dividends	760	861
+Charges and commissions receivable	12 602	15 635
–Charges and commissions payable	1 926	2 534
<b>Net income from charges and commissions</b>	<b>40 461</b>	<b>45 013</b>
+Revaluation of securities and foreign exchange	1 771	4 637
+Other ordinary income	1 885	1 622
<b>Profit/loss on financial items</b>	<b>44 117</b>	<b>51 271</b>
–Staff and administrative expenses	28 774	30 683
–Depreciation of tangible and intangible assets	1 736	1 787
–Other operating expenses	199	2 592
–Depreciations and provisions, net	2 622	3 059
+Adjustments of shares	3 447	4 582
<b>Profit/loss on ordinary activities</b>	<b>14 233</b>	<b>17 732</b>
+Extraordinary receipts, net	-	-
<b>Profit/loss before tax</b>	<b>14 233</b>	<b>17 732</b>
–Tax	2 465	3 425
<b>Profit/loss for the year</b>	<b>11 768</b>	<b>14 307</b>
<b>Balance sheets</b>		
<b>Assets, total</b>	<b>1 564 145</b>	<b>1 742 096</b>
Claims on credit institutions, etc.	340 038	346 502
Loans	685 275	777 595
Bonds, etc.	329 020	354 719
Shares, etc.	43 591	44 728
Holdings in associated and affiliated enterprises	35 613	60 925
Intangible assets	111	59
Tangible assets	13 725	13 371
Other assets	116 771	144 197
<b>Liabilities, total</b>	<b>1 564 145</b>	<b>1 742 096</b>
Liabilities to credit institutions, etc.	426 762	475 688
Deposits	747 781	757 625
Issued bonds, etc.	94 784	109 826
Other liabilities, accruals and deferred income	162 079	238 172
Provisions for liabilities and charges	1 139	3 820
Capital deposits	37 698	40 647
Equity capital	93 902	116 318

Note: Excluding the banks in Greenland.

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

Source: Danish Financial Supervisory Authority.

Table 435

## Bank credits to residents and residents' deposits with major banks 2001

	Deposits	Credits <sup>1</sup>
	DKK mio.	
<b>Total</b>	<b>779 557</b>	<b>623 630</b>
<b>Wage earners, pensioners, etc.</b>	<b>309 601</b>	<b>147 269</b>
<b>Commercial customers</b>	<b>469 956</b>	<b>476 361</b>
<b>Agriculture, fishing and quarrying</b>	<b>16 607</b>	<b>21 984</b>
Agriculture, horticulture and forestry	11 888	20 387
Fishing, etc.	379	910
Mining and quarrying	4 340	687
<b>Manufacturing</b>	<b>21 419</b>	<b>42 666</b>
Mfr. of food, beverages and tobacco	3 616	11 110
Mfr. of textiles, clothing, leather	672	2 200
Mfr. of paper products, printing and publishing	2 263	4 634
Mfr. of mineral oils, chemicals, and plastic products	5 387	7 916
Mfr. of other non-metallic mineral products	504	1 130
Mfr. of basic metals and fabricated metal products	7 886	13 256
Mfr. of furniture; manufacturing n.e.s.	1 091	2 420
<b>Energy and water supply</b>	<b>11 557</b>	<b>4 731</b>
<b>Construction</b>	<b>8 337</b>	<b>10 642</b>
<b>Wholesale, retail trade, hotels and restaurants, etc.</b>	<b>28 858</b>	<b>45 531</b>
Sale and repair of motor vehicles, sale of fuel	2 986	6 694
Wholesale and commission trade, except motor vehicles	16 622	25 562
Retail trade and repair work, except of motor vehicles	7 251	9 654
Hotels and restaurants, etc.	1 999	3 621
<b>Transport, postal services and telecommunications</b>	<b>13 118</b>	<b>16 342</b>
Transport	10 982	14 498
Postal services and telecommunications	2 136	1 844
<b>Financial intermediation, business activities</b>	<b>309 566</b>	<b>289 403</b>
Financial intermediation and insurance	253 412	226 582
Real estate and renting activity	20 497	31 748
Business activities, etc.	35 657	31 073
<b>Public and personal services</b>	<b>47 112</b>	<b>26 594</b>
Public administration, etc.	23 330	16 985
Education	3 956	1 438
Health-care activities, etc.	2 895	2 104
Social institutions, etc.	3 306	710
Refuse collection, associations and recreation activities, etc.	13 625	5 357
<b>Industry not known</b>	<b>13 382</b>	<b>18 468</b>

Note: "Major banks" are defined as banks whose balance sheet makes up 93 pct. of the total balance sheet of the sector.

<sup>1</sup> Outstanding amounts at end of year.

Source: Danmarks Nationalbank.

Table 436

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

Closing	1999	2000
	DKK mio.	
<b>Specific deposit accounts, total</b>	<b>149 621</b>	<b>148 489</b>
Index-linked pension savings	15 955	15 590
Capital-pension accounts	87 233	86 135
Savings accounts for children	9 241	9 207
Private pension schemes	7 695	6 412
Investment-fund accounts	1 454	851
Business establishment savings	1 202	1 118
Home-savings contracts	1 561	1 298
Instalment-pension accounts	13 721	16 531
Savings accounts for education	1 191	1 056
Premium lottery accounts	10 341	10 259
Market fluctuation adjustment accounts	27	32

Source: Danish Financial Supervisory Authority.

Table 437

## Danish electronic payment card system

	1985	1990	1995	2001
<b>Electronic card system</b>	thousands			
Number of cards	609	1 731	2 703	3 180
<b>Transaction, total</b>				
Electronic	106	65 783	218 119	429 520
Slips	1 060	15 803	22 622	9 994
<b>Turnover</b>	DKK mio.			
Electronic	58	30 844	71 026	144 770
Slips	636	8 010	10 870	5 160

Note: Transactions using cash points are not included.

Source: Danish Payment Systems.

Table 438

## Profit and loss account and balance sheet of mortgage credit institutions

	Mortgage credit institutions <sup>1</sup>	
	1999	2000
<b>Number of institutions</b>	<b>10</b>	<b>8</b>
<b>Profit and loss account</b>	DKK mio.	
+ Interest receivable	77 699	83 141
– Interest payments	68 102	73 452
<b>Net income from interest</b>	<b>9 597</b>	<b>9 689</b>
+ Charges and commissions receivable	146	- 112
<b>Net income from charges and commissions</b>	<b>9 743</b>	<b>9 577</b>
– Expenditure of the personnel administration and other operating expenses	3 916	3 979
– Depreciation and provisions on loans	- 50	- 89
+ Adjustment of capital interest	- 795	946
+ Other ordinary receipts	136	159
<b>Profit/loss on ordinary activities</b>	<b>5 218</b>	<b>6 792</b>
+ Extraordinary receipts (net)	0	0
– Tax	1 298	1 999
<b>Profit/loss for the year</b>	<b>3 920</b>	<b>4 793</b>
<b>Balance sheets</b>		
<b>Assets, total</b>	<b>1 266 118</b>	<b>1 430 198</b>
Claims on credit institutions, etc.	66 195	68 218
Loans	1 093 392	1 184 505
Bonds and shares, etc.	96 427	165 207
Holdings in associated and affiliated enterprises	4 892	5 875
Intangible assets	135	129
Tangible assets	1 724	1 599
Other assets	3 353	4 665
<b>Liabilities, total</b>	<b>1 266 118</b>	<b>1 430 198</b>
Liabilities to credit institutions	22 239	34 994
Issued bonds, etc.	1 145 894	1 281 616
Other liabilities, accruals and deferred income	23 105	30 609
Provisions for liabilities and charges	1 874	1 748
Capital deposits	5 670	5 170
Security capital	-	10
Equity capital	67 334	76 051

<sup>1</sup> The debt included in the tables does not include the Mortgage Bank department in Den Danske Bank (Hypotekafdeling). At 31.12.2000 this department had DKK 24 mio. of bond loans.

Source: Danish Financial Supervisory Authority

Table 439

## Lending activity of mortgage credit institutions

	1999	2000	2001
	DKK mio.		
<b>Loans incl. index-linked loans, total</b>	<b>58 742</b>	<b>48 451</b>	<b>82 962</b>
Owner-occupied dwellings and holiday homes	40 982	34 204	56 343
Subsidized construction of residential buildings	217	295	451
Private rental housing	4 642	5 758	7 059
Agricultural properties, etc.	6 690	5 488	9 084
Industrial properties, etc.	1 017	368	2 385
Office and shop buildings	3 777	1 622	5 239
Properties for social, cultural and educational purposes	1 427	713	2 383
Undeveloped plots	-10	3	18

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.

Source: Danmarks Nationalbank.



Table 440

## Other bond issuing institutions

	2000	2001
	DKK mio.	
<b>Balance sheets</b>		
<b>Assets, total</b>	<b>204 563</b>	<b>215 922</b>
Loans	160 014	164 836
Cash and bank deposits	8 846	12 383
Bonds <sup>1</sup>	24 121	27 807
Other assets	11 582	10 896
<b>Liabilities, total</b>	<b>204 563</b>	<b>215 922</b>
Bonds in circulation	127 930	140 715
Borrowings	29 729	33 912
Liabilities to domestic banks	12 513	7 551
Other liabilities	11 061	11 646
Capital and reserves	23 330	22 098

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.

Source: The individual institutions.

**Table 441****Major finance companies, loans, factoring and confirming**

	Total activities 2000	Total activities 2001	Status at end of year 2000	Status at end of year 2001
	DKK mio.			
Loans	6 704	8 306	16 025	14 336
Factoring	29 369	33 396	2 676	2 988
Confirming	81	118	40	59

Source: Individual finance company.

Table 442

## Major finance companies, leasing

		Activities							Status at end of year
		Industrial equipment	Edp and office equipment	Lorries and vans	Passenger cars	Vessels, aircraft, railway material	Buildings	Other	
		DKK mio.							
Leasing	2001	2 856	5 181	3 961	2 766	776	1 377	1 181	18 100
	2000	2 589	5 950	3 492	2 772	2 510	1 949	1 222	20 484

Source: Individual finance company.

Table 443

## Consumer credit, etc.

End of year	2000	2001
	DKK mio.	
<b>Total</b>	<b>14 014</b>	<b>13 853</b>
Balance on credit and account cards	5 562	5 780
Credit agreements	5 725	5 178
Of which loans secured upon cars and yachts	4 049	3 462
Loans	2 727	2 895

Source: Each individual financing company and credit card company.

Table 444

## Quoted bonds in circulation by holder sector 2001

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>628 313</b>	<b>1 451 172</b>	<b>132 677</b>	<b>2 212 162</b>
<b>Non-financial corporate sector</b>	<b>22 102</b>	<b>81 005</b>	<b>3 866</b>	<b>106 973</b>
<b>Financial institutions</b>	<b>155 434</b>	<b>571 287</b>	<b>47 930</b>	<b>774 651</b>
Monetary institutions	118 370	490 226	32 697	641 293
Other financial institutions	37 064	81 061	15 233	133 358
<b>Insurance companies and pension funds</b>	<b>78 329</b>	<b>357 553</b>	<b>25 488</b>	<b>461 370</b>
<b>General government</b>	<b>135 356</b>	<b>106 434</b>	<b>6 025</b>	<b>247 815</b>
Central government sector	128 402	89 733	5 427	223 562
Local government sector	6 954	16 701	598	24 253
Social security funds <sup>3</sup>	...	...	...	...
<b>Non-profit institutions serving households</b>	<b>6 477</b>	<b>22 845</b>	<b>618</b>	<b>29 940</b>
<b>Household sector</b>	<b>13 093</b>	<b>99 456</b>	<b>38 000</b>	<b>150 549</b>
<b>Not stated</b>	<b>16 866</b>	<b>47 531</b>	<b>3 170</b>	<b>67 567</b>
<b>Rest of the world</b>	<b>200 656</b>	<b>165 061</b>	<b>7 580</b>	<b>373 297</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 445

### Owners of quoted shares and unit trust certificates by holder sector 2001

Share prices, end of year	Issuing companies						Total
	Manufac- turing, etc. <sup>1</sup>	Wholesale and retail trade, hotels and restaurants, etc.	Transport, postal services and telecommu- nications	Financial interme- diation, business activities	Public and personal services	Foreign companies	
Owners <sup>2</sup>	DKK mio.						
<b>Total</b>	<b>255 531</b>	<b>13 897</b>	<b>193 733</b>	<b>289 552</b>	<b>20 768</b>	<b>25 949</b>	<b>799 430</b>
<b>Non-financial corporate sector</b>	<b>37 183</b>	<b>3 113</b>	<b>54 515</b>	<b>28 772</b>	<b>582</b>	<b>387</b>	<b>124 552</b>
<b>Financial institutions</b>	<b>52 888</b>	<b>2 237</b>	<b>10 159</b>	<b>41 420</b>	<b>1 590</b>	<b>14 798</b>	<b>123 092</b>
Monetary institutions	5 752	620	3 973	13 367	527	1 848	26 086
Other financial institutions	47 136	1 618	6 186	28 053	1 063	12 950	97 005
<b>Insurance companies and pension funds</b>	<b>26 799</b>	<b>2 352</b>	<b>21 004</b>	<b>31 982</b>	<b>3 144</b>	<b>2 259</b>	<b>87 540</b>
<b>General government</b>	<b>19 078</b>	<b>1 099</b>	<b>14 167</b>	<b>16 631</b>	<b>1 486</b>	<b>233</b>	<b>52 693</b>
Central government sector	15 696	1 036	13 584	15 272	1 475	2	47 066
Local government sector	3 382	62	583	1 359	11	230	5 627
Social security funds <sup>3</sup>	...	...	...	...	...	...	...
<b>Non-profit institutions serving households</b>	<b>625</b>	<b>65</b>	<b>639</b>	<b>1 771</b>	<b>70</b>	<b>127</b>	<b>3 296</b>
<b>Household sector</b>	<b>26 400</b>	<b>2 639</b>	<b>16 282</b>	<b>83 260</b>	<b>1 151</b>	<b>5 366</b>	<b>135 098</b>
<b>Not stated</b>	<b>10 134</b>	<b>1 360</b>	<b>15 973</b>	<b>17 779</b>	<b>691</b>	<b>574</b>	<b>46 511</b>
<b>Rest of the world</b>	<b>82 423</b>	<b>1 032</b>	<b>60 995</b>	<b>67 937</b>	<b>12 055</b>	<b>2 205</b>	<b>226 648</b>

<sup>1</sup> Manufacturing, energy and water supply and construction. <sup>2</sup> Owners are defined as account holders with the Danish Securities Centre. <sup>3</sup> Share holdings in this sector have been transferred to Central Government sector.

Source: The Danish Securities Centre.

Table 446

## Share index

KAX-index	1999	2000	2001
Annual average	End of 1995 =100		
<b>Total</b>	<b>214</b>	<b>248</b>	<b>212</b>
Materials	101	150	122
Industrials	257	262	193
Discretionary	104	108	87
Consumer Staples	94	124	103
Health Care	233	404	433
Financials	174	254	233
IT	422	455	217
Telecommunication	355	209	192
Utilities	83	88	208

Source: Copenhagen Stock Exchange.

Table 447

## Yield on bonds

		1999	2000 <sup>1</sup>	2001
		per cent p.a.		
Yield				
Government bonds:				
5 year:	End of year	5.18	5.09	4.57
	Annual average	4.48	5.57	4.74
10 year:	End of year	5.50	5.24	4.97
	Annual average	4.94	5.66	5.09
Mortgage credit bonds:				
20 year:	End of year	7.22	6.61	6.37
	Annual average	6.60	7.01	6.44
30 year:	End of year	7.43	7.31	6.50
	Annual average	7.27	7.45	6.72

<sup>1</sup> Revised figures.

Source: Danmarks Nationalbank.



Table 448

## Pension funds

	Pension funds subject to legislation governing insurance activities			Pension funds subject to legislation governing supervision of company pension funds		
	1998	1999	2000	1998	1999	2000
<b>Number of funds</b>	<b>31</b>	<b>32</b>	<b>31</b>	<b>60</b>	<b>56</b>	<b>52</b>
<b>Number of members</b>	<b>586 722</b>	<b>631 441</b>	<b>610 097</b>	<b>24 031</b>	<b>23 679</b>	<b>22 884</b>
Working members	531 604	573 014	563 021	13 088	12 440	11 898
Retired members	38 207	41 225	31 614	7 731	7 944	7 749
Retired spouses	9 044	9 163	8 644	2 774	2 779	2 719
Children who receive children's pension	7 867	8 039	6 818	438	516	518
	DKK millions					
<b>Current annual pension, total</b>	<b>3 452</b>	<b>3 566</b>	<b>4 190</b>	<b>1 438</b>	<b>1 504</b>	<b>1 480</b>
Pension for members	2 665	2 805	3 281	1 160	1 218	1 194
Pension for spouses	613	592	726	271	277	276
Pension for children	174	169	183	7	9	10
<b>Miscellaneous income</b>						
Member contributions	8 464	9 298	10 047	357	408	342
Of which extraordinary contributions	...	...	...	79	76	79
Interest income and profits	9 406	9 040	10 181	2 245	2 269	2 067
<b>Miscellaneous expenditure<sup>1</sup></b>						
Pensions	4 155	4 496	5 054	1 408	1 499	1 500
Retirement allowances	546	514	515	154	174	146
<b>Assets, total</b>	<b>213 599</b>	<b>253 967</b>	<b>269 482</b>	<b>38 175</b>	<b>43 513</b>	<b>43 315</b>
Central government bonds <sup>1</sup>	15 414	19 533	20 057	4 834	5 210	6 574
Local government bond <sup>1</sup>	3 937	6 008	4 107	47	1	87
Mortgage credit bonds, etc. <sup>1</sup>	92 432	88 543	92 843	20 088	19 294	16 816
Cash at bank and in hand	1 592	2 939	4 644	202	122	360
Mortgage credits	748	597	504	16	9	6
Loans with other collateral	184	145	599	10	35	7
Other assets	99 292	136 202	146 728	12 978	18 842	19 465
<b>Premium reserves</b>	<b>169 984</b>	<b>188 791</b>	<b>207 025</b>	<b>30 051</b>	<b>30 595</b>	<b>30 719</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 449

## Discount rate of Danmarks Nationalbank

Discount rate		Discount rate		Discount rate	
		per cent			
<b>1991</b>		<b>1994</b>			
2. January	9.50	6. January	6.00	29. May	3.75
22. May	9.00	19. January	5.75	21. September	4.25
16. August	9.50	18. February	5.50	5. November	4.00
21. October	9.00	15. April	5.25	4. December	3.50
20. December	9.50	13. May	5.00		
<b>1993</b>		<b>1995</b>		<b>1999</b>	
4. February	11.50	8. March	6.00	4. February	3.25
22. February	10.50	6. July	5.75	9. April	2.75
19. March	10.00	3. August	5.50	5. November	3.00
29. March	9.50	25. August	5.00		
23. April	9.25	9. November	4.75	<b>2000</b>	
19. May	8.25	15. December	4.25	4. February	3.25
8. June	7.75			17. March	3.50
2. July	7.25	<b>1996</b>		28. April	3.75
19. July	9.25	25. January	4.00	9. June	4.25
16. September	8.75	7. March	3.75	1. September	4.50
27. September	8.25	19. April	3.25	6. October	4.75
12. October	7.75				
22. October	7.25	<b>1997</b>		<b>2001</b>	
4. November	7.00	10. October	3.50	14. May	4.50
16. November	6.75			31. August	4.25
29. November	6.50	<b>1998</b>		18. September	3.75
22. December	6.25	6. May	4.00	9. November	3.25

Source: Danmarks Nationalbank.

Table 450

## Exchange rates in Copenhagen

		Currency	1999	2000	2001
			DKK		
Belgian franc	BEF		18,43	18,48	18,47
Canadian dollars	CAD		470,26	544,49	537,54
Pound sterling	GBP		1 129,49	1 223,32	1 197,73
Finnish mark	FIM		125,06	125,36	125,34
French franc	FRF		113,36	113,63	113,47
Greek drachma	GRD		2,283	2,214	2,187
Dutch guilder	NLG		337,41	338,23	338,16
Irish pound	IEP		944,13	946,42	946,22
Icelandic krona	ISK		9,64	10,27	8,56
Italian lira	ITL		0,3840	0,3849	0,3849
Japanese yen	JPY		6,1755	7,5081	6,8522
Norwegian krone	NOK		89,47	91,89	92,60
Portuguese escudos	PTE		3,709	3,718	3,717
Swiss franc	CHF		464,63	478,68	493,47
Spanish pesetas	ESP		4,469	4,480	4,479
Swedish krone	SEK		84,46	88,26	80,58
German D-mark	DEM		380,18	381,10	381,02
US dollars	USD		698,34	809,03	831,88
Austrian schilling	ATS		54,037	54,168	54,156
EU common currency	EUR		743,56	745,37	745,21
Effective rate of DKK 1980 = 100			99,6	95,6	96,9

Note: The rate is the annual average.

Source: Danmarks Nationalbank.

Table 451

## Life assurance companies

	1999	2000
<b>Number of companies</b>	<b>61</b>	<b>59</b>
<b>Profit and loss account</b>	DKK mio.	
<b>A: Insurance activities</b>		
+Premiums net of reinsurance	37 716	42 215
+Allocated investment return transferred from the technical account	66 610	27 294
Receipts from insurance activities	104 326	69 509
–Claims incurred, net of reinsurance	25 829	30 182
–Change in life assurance provisions	36 314	19 382
–Administrative expenses	3 017	3 246
–Change in bonus equalization provisions	40 716	16 045
+Result from sickness and accident insurance	504	143
Result from insurance activities	-1 046	797
<b>B: Investment activities</b>		
+Result from investment activities	82 023	35 418
–Real interest tax	7 022	3 879
–Allocated investment return transferred to the technical account	66 610	27 294
–Yield on investments carried forward to sickness and accident insurance	562	221
Result from investment activities	7 829	4 024
<b>C: Total activities</b>		
+Result from primary operation	6 783	4 821
+Other ordinary receipts, net	8	-4
+Extraordinary receipts, net	87	3
–Taxes	2 179	841
Net result for the year	4 699	3 979
<b>D: Increase in equity capital</b>		
+Net result of the year	4 699	3 979
+Balancing items	4	37
+Capital injection	-1 368	1 227
–Dividends, etc.	133	2 360
Increase in equity capital, total	3 222	2 883
Of which allocated to contingency reserve	-	-40
<b>Balance sheets</b>		
<b>Assets total</b>	<b>610 320</b>	<b>649 498</b>
<b>A: Investment assets</b>		
Land and buildings	9 081	14 643
Bonds	303 926	329 313
Shares and other capital holdings	255 044	255 904
Loans	3 714	3 232
Other	16 140	13 219
<b>B: Other assets</b>	<b>22 415</b>	<b>33 187</b>
<b>Liabilities, total</b>	<b>610 320</b>	<b>649 498</b>
Equity capital	62 825	69 867
Provisions	527 108	562 377
Other liabilities	20 387	17 254

Source: Danish Financial Supervisory Authority.

Table 452

## Accounts of non-life insurance companies

	1999	2000
<b>Number of companies</b>	<b>142</b>	<b>139</b>
<b>Profit and loss account</b>	DKK mio.	
<b>A: Insurance activities</b>		
+Gross premiums written	31 473	33 191
+Technical interest	1 509	2 491
Receipts from insurance activities	32 982	35 682
–Claims incurred, net of reinsurance	27 455	28 061
–Administrative expenses	9 559	10 354
–Other insurance technical items	-932	- 206
Result from insurance activities	-3 100	- 2 527
<b>B: Investment activities</b>		
+Result from investment activities	3 457	6 426
<b>C: Total activities</b>		
Result from primary operation	357	3 899
+Other ordinary receipts, net	-8	- 73
+Extraordinary receipts, net	-244	564
–Taxes	-74	685
Net result for the year	179	3 705
<b>D: Increase in equity capital</b>		
Net result for the year	179	3 705
+Capital injection	3 944	265
+Balancing items	-126	-3
Increase, total	3 997	3 967
–Dividends, etc.	4 289	2 490
Increase in equity capital, total	-292	1 477
Of which allocation to contingency reserve	-45	718
<b>Balance sheets</b>		
<b>Assets, total</b>	<b>103 970</b>	<b>108 129</b>
<b>A: Investment assets</b>		
Land and buildings	2 874	2 424
Bonds	44 703	46 864
Shares and other capital holdings	37 614	37 576
Loans	2 951	2 230
Other	1 176	2 709
<b>B: Other assets</b>	<b>14 652</b>	<b>16 326</b>
<b>Liabilities, total</b>	<b>103 970</b>	<b>108 129</b>
Equity, total	40 713	44 539
Provisions	62 877	62 401
Other liabilities	380	1 189

Source: Danish Financial Supervisory Authority.

Table 453

## Non-life insurance by type 2000

	Number	Premiums	Compensation
		DKK mio.	
<b>Total</b>	<b>152</b>	<b>35 637</b>	<b>31 548</b>
<b>Total commercial insurance</b>	<b>113</b>	<b>8 714</b>	<b>10 136</b>
Workmen's compensation	19	1 445	1 548
Buildings	39	2 820	4 487
Contents (other than stock and machinery)	70	2 055	2 253
Professional liability	35	968	742
Marine and transport	31	758	684
Aviation	10	53	27
Other commercial insurance	27	615	395
<b>Total private insurance</b>	<b>62</b>	<b>6 172</b>	<b>4 945</b>
Householder's comprehensive	49	2 450	1 690
Homeowner's comprehensive	46	2 825	2 610
Weekend cottages	43	375	298
Other private insurance	48	522	347
<b>Total personal accident insurance</b>	<b>63</b>	<b>4 982</b>	<b>4 077</b>
Single accident and sickness	52	4 985	3 887
Professional disability	20	- 3	190
<b>Total motor vehicle insurance</b>	<b>41</b>	<b>8 916</b>	<b>7 374</b>
Third-party liability	40	3 081	3 160
Vehicle (own damage)	39	5 835	4 214
<b>Credit and suretyship</b>	<b>9</b>	<b>202</b>	<b>- 73</b>
<b>Touristassistance and Legal aid insurance</b>	<b>1</b>	<b>14</b>	<b>4</b>
<b>Total direct business</b>	<b>147</b>	<b>29 000</b>	<b>26 463</b>
Of which abroad	...	1 372	1 334
<b>Total indirect business</b>	<b>25</b>	<b>6 637</b>	<b>5 085</b>
Of which abroad	...	4 995	4 341

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.