

## The money and capital markets

### 1. Capital intermediation

#### Capital transfers from lenders to borrowers

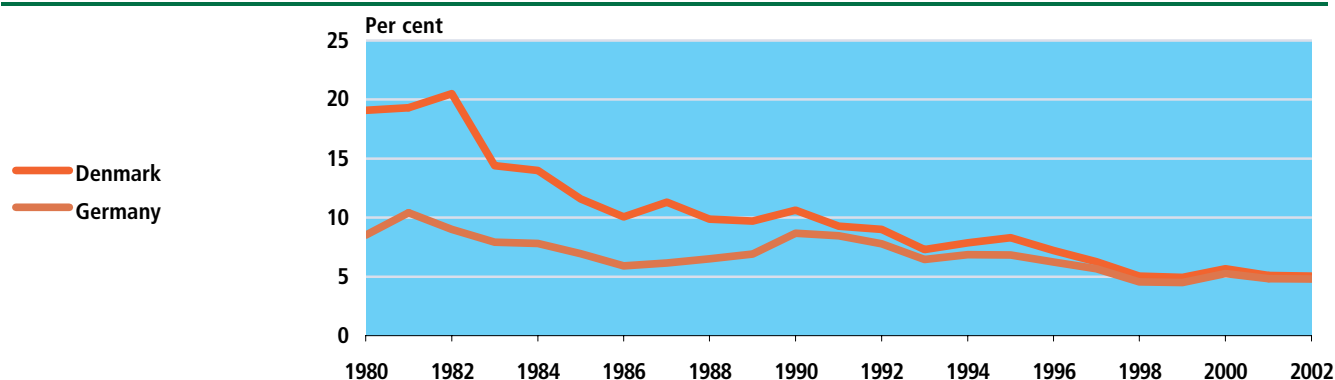
A capital market is a market where financial products are traded, such as loans, credit, insurance, etc. The market makes it possible to transfer capital from persons with a savings surplus to persons with a savings shortage. This allows the individual to time his investments and consumption in relation 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 2002 it was down to 0.3 percentage points.

Figure 1

Interest rate on ten-year government bonds 1980-2002



#### 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. The longer the term of the claim, the greater influence will these factors have on

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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.

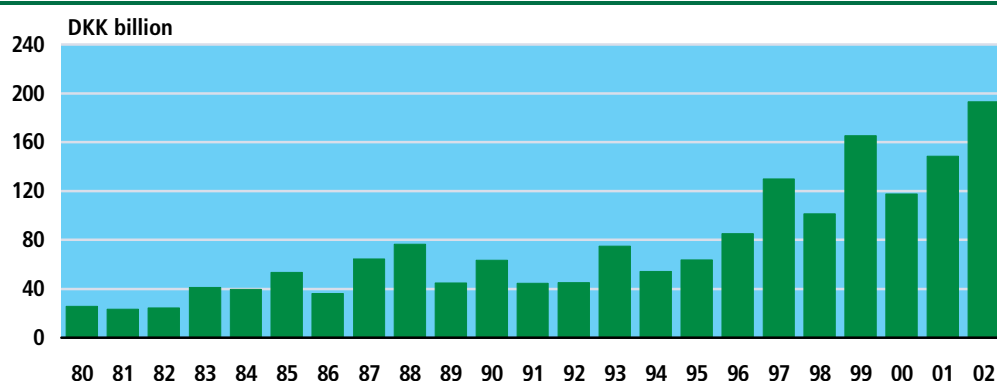
### Government purchased foreign currency to keep the krone rate down

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 for the EU member states that do not participate in the European Monetary Union. United Kingdom and Sweden do not participate in the agreement. 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.

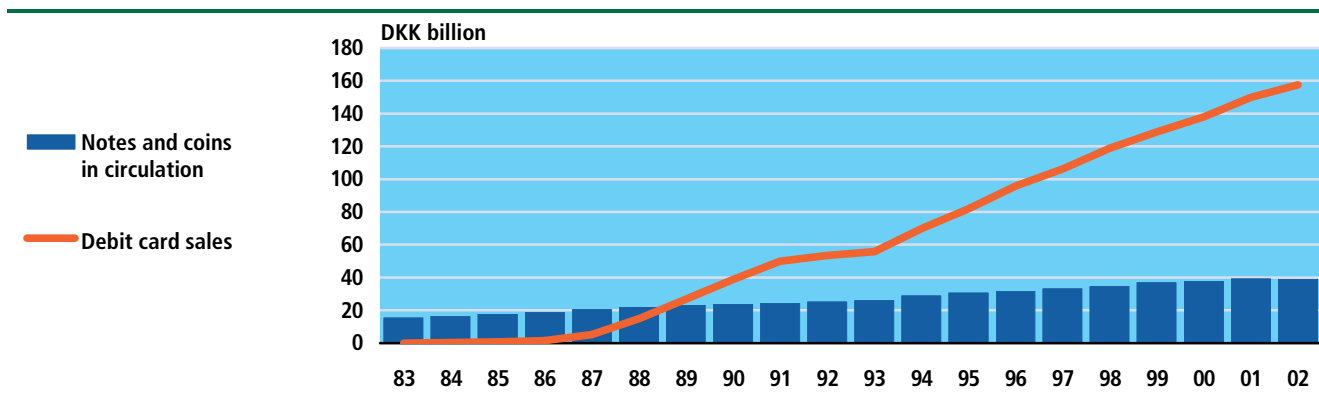
## 2. Financial claims

### 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.

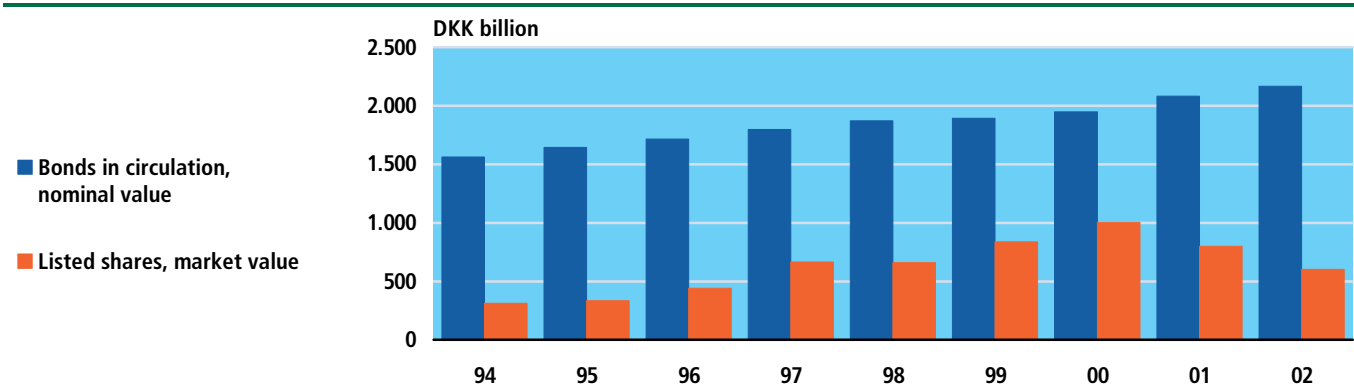
<sup>1</sup> Following the introduction of the euro on 1 January 1999, the euro markets are no longer divided into regions, but constitute a single market.

## The money and capital markets

At the end of 2002, about 16 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, 10 per cent of mortgage bonds were held by foreigners at the end of 2002 compared to about 3 per cent in 1995.

Figure 4

Shares and bonds traded on the Copenhagen Stock Exchange



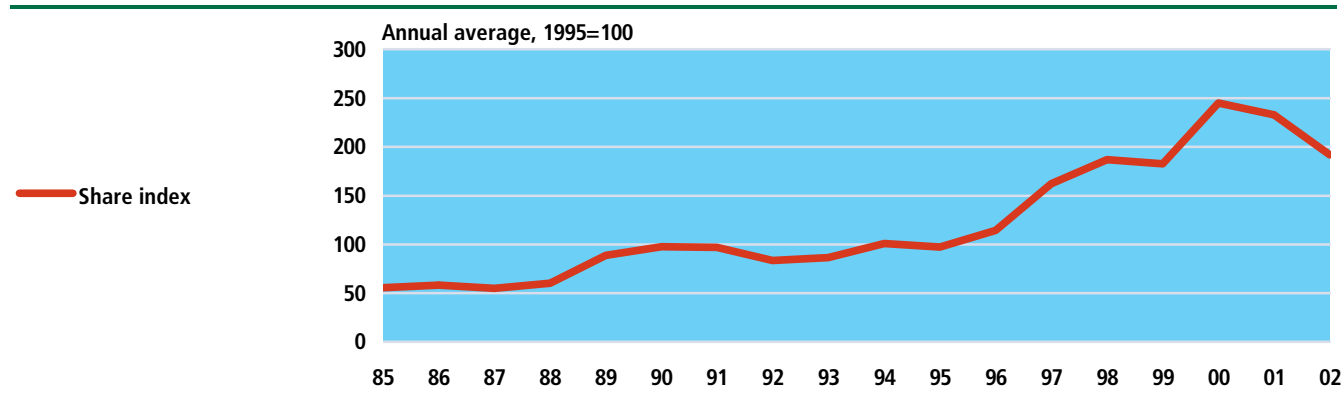
### Shares are risky investments

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 2002, 201 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 2002, a share was traded 0.7 times on average, while a bond was traded 2.5 times.

Figure 5

KAX, index of all shares at market value



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, 2001 and 2002, 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 inter company 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.

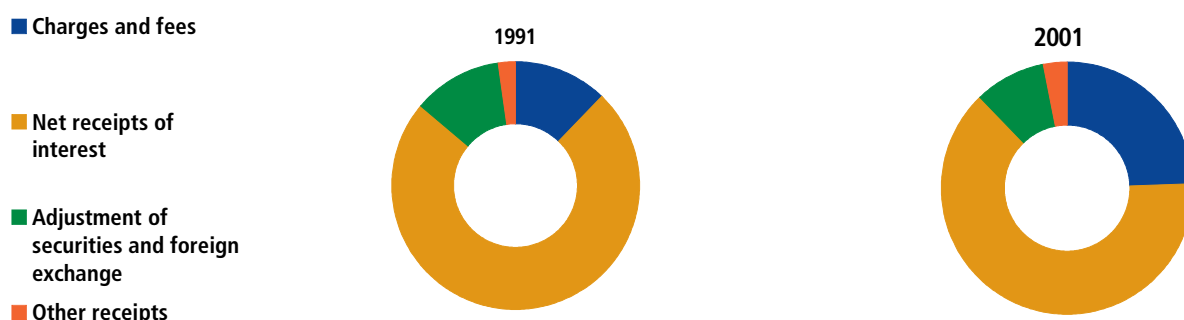
#### Few large and many small banks

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 derive from charges and fees, however.

Figure 6

The banks' earnings by type



### **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 inter company 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 438

## Denmark's gold and foreign exchange reserve

Closing	1990	2001	2002
	DKK mio.		
<b>The foreign exchange reserve (gross)</b>	<b>64 680</b>	<b>152 161</b>	<b>196 498</b>
The Danish National bank's gold stock	3 720	4 979	5 196
The Danish National bank's foreign assets	52 707	138 633	183 034
Claims on the European Central Bank	5 200	...	...
Special Drawing Rights in the IMF	3 053	8 549	8 268

Source: Danmarks Nationalbank.

Table 439

Danish banking system<sup>1</sup>

	1999	2000	2001
Number of banks	95	97	99
Employees	42 658	43 431	43 499
<b>Closing:</b>	DKK mio.		
Total assets	1 564 145	1 742 096	1 909 579
Deposits	747 781	757 625	802 682
Loans	685 275	777 595	835 820

<sup>1</sup> Commercial banks, savings banks, and cooperative savings banks.

Source: Danish Financial Supervisory Authority.



Table 440

## Money stock

	2000	2001	2002
	DKK billion		
<b>Money stock</b>	<b>506,4</b>	<b>546,2</b>	<b>606,7</b>
Notes and coins outside the banking sector	37,4	39,2	39,0
<b>Deposit in banks and savings banks</b>	<b>469,0</b>	<b>507,0</b>	<b>567,7</b>
- Demand deposits	348,6	375,6	391,8
- Agreement deposits <sup>1</sup>	120,4	131,4	175,9

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

Table 441

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

	2001	2002
	DKK mio.	
<b>Profit and loss account</b>		
<b>Interest receivable, etc. total</b>	<b>11 688</b>	<b>11 086</b>
Interest on foreign assets	6 453	7 048
Interest and commission on loans, etc.	2 638	1 780
Interest and dividends on securities	2 597	2 258
<b>Interest payable, etc. total</b>	<b>6 181</b>	<b>6 108</b>
Interest on foreign liabilities	67	43
Interest on deposits, etc.	6 114	6 065
<b>Expenses, total</b>	<b>514</b>	<b>505</b>
Administrative expenses	301	302
Expenses incidental to note production and the Royal Mint	213	203
<b>Exchange-rate and value adjustment, total</b>	<b>124</b>	<b>2 124</b>
Revaluation of gold stock	296	219
Revaluation of foreign-exchange accounts	- 299	1 126
Revaluation of securities	127	779
<b>Other ordinary receipts</b>	<b>- 295</b>	<b>101</b>
<b>Allocation to reserves, etc.</b>	<b>1 553</b>	<b>3 066</b>
<b>Net profit of the year</b>	<b>3 269</b>	<b>3 632</b>
<b>Balance sheet</b>		
<b>Assets, total</b>	<b>295 286</b>	<b>375 403</b>
Stock of gold <sup>1</sup>	4 979	5 196
Special drawing rights in the IMF	8 549	8 268
Foreign assets	138 633	183 034
Lending	97 016	132 037
Securities	41 152	41 169
Sundry debtors	4 957	5 699
<b>Liabilities, total</b>	<b>295 286</b>	<b>375 403</b>
Notes in circulation	42 966	43 164
Coin in circulation	4 333	4 491
Foreign liabilities	3 734	3 311
Allocation of Special Drawing Rights in IMF	1 884	1 721
Deposits, etc.	37 996	61 679
Deposit certificates	113 620	160 664
The Central Government's current account	43 510	50 319
Sundry creditors	539	317
General capital fund	50	50
General reserve	250	250
Reserve against loss on bonds and shares	46 404	49 437

<sup>1</sup> Holding is valued in 2001 on the basis of: 1 kg fine gold = DKK 74.758. In 2002 the valuation basis is: 1 kg fine gold = DKK 78.044.

Source: Danmarks Nationalbank.

Table 442

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

Closing	2000	2001
<b>Number of banks<sup>1</sup></b>	<b>97</b>	<b>99</b>
	DKK mio.	
<b>Profit and loss account</b>		
+Interest receivable	93 154	94 412
-Interest payable	62 103	60 366
<b>Net income from interest, net</b>	<b>31 051</b>	<b>34 045</b>
+Share dividends	861	1 123
+Charges and commissions receivable	15 635	14 593
-Charges and commissions payable	2 534	2 467
<b>Net income from charges and commissions</b>	<b>45 013</b>	<b>47 294</b>
+Revaluation of securities and foreign exchange	4 637	1 854
+Other ordinary income	1 622	1 621
<b>Profit/loss on financial items</b>	<b>51 271</b>	<b>50 770</b>
-Staff and administrative expenses	30 683	30 423
-Depreciation of tangible and intangible assets	1 787	1 765
-Other operating expenses	2 592	28
-Depreciations and provisions, net	3 059	5 011
+Adjustments of shares	4 582	5 795
<b>Profit/loss on ordinary activities</b>	<b>17 732</b>	<b>19 338</b>
+Extraordinary receipts, net	-	- 55
<b>Profit/loss before tax</b>	<b>17 732</b>	<b>19 283</b>
-Tax	3 425	4 898
<b>Profit/loss for the year</b>	<b>14 307</b>	<b>14 385</b>
<b>Balance sheets</b>		
<b>Assets, total</b>	<b>1 742 096</b>	<b>1 909 579</b>
Claims on credit institutions, etc.	346 502	356 762
Loans	777 595	835 820
Bonds, etc.	354 719	460 637
Shares, etc.	44 728	37 910
Holdings in associated and affiliated enterprises	60 925	57 492
Intangible assets	59	86
Tangible assets	13 371	13 531
Other assets	144 197	147 341
<b>Liabilities, total</b>	<b>1 742 096</b>	<b>1 909 579</b>
Liabilities to credit institutions, etc.	475 688	563 442
Deposits	757 625	802 682
Issued bonds, etc.	109 826	154 765
Other liabilities, accruals and deferred income	238 172	221 254
Provisions for liabilities and charges	3 820	3 428
Capital deposits	40 647	47 611
Equity capital	116 318	116 397

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 443

## Bank credits to residents and residents' deposits with major banks 2002

	Deposits	Credits <sup>1</sup>
	DKK mio.	
<b>Total</b>	<b>834 891</b>	<b>667 544</b>
<b>Wage earners, pensioners, etc.</b>	<b>308 060</b>	<b>148 767</b>
<b>Commercial customers</b>	<b>526 831</b>	<b>518 777</b>
<b>Agriculture, fishing and quarrying</b>	<b>14 985</b>	<b>23 146</b>
Agriculture, horticulture and forestry	12 153	21 625
Fishing, etc.	458	1 014
Mining and quarrying	2 374	507
<b>Manufacturing</b>	<b>20 091</b>	<b>43 450</b>
Mfr. of food, beverages and tobacco	4 645	12 847
Mfr. of textiles, clothing, leather	746	1 708
Mfr. of paper products, printing and publishing	2 159	4 258
Mfr. of mineral oils, chemicals, and plastic products	3 374	6 755
Mfr. of other non-metallic mineral products	444	1 363
Mfr. of basic metals and fabricated metal products	7 852	13 500
Mfr. of furniture; manufacturing n.e.s.	871	3 019
<b>Energy and water supply</b>	<b>11 818</b>	<b>3 780</b>
<b>Construction</b>	<b>8 506</b>	<b>11 981</b>
<b>Wholesale, retail trade, hotels and restaurants, etc.</b>	<b>29 272</b>	<b>44 834</b>
Sale and repair of motor vehicles, sale of fuel	2 676	6 457
Wholesale and commission trade, except motor vehicles	17 074	24 384
Retail trade and repair work, except of motor vehicles	7 400	9 923
Hotels and restaurants, etc.	2 122	4 070
<b>Transport, postal services and telecommunications</b>	<b>14 269</b>	<b>16 699</b>
Transport	12 844	14 676
Postal services and telecommunications	1 425	2 023
<b>Financial intermediation, business activities</b>	<b>365 308</b>	<b>337 078</b>
Financial intermediation and insurance	301 439	265 397
Real estate and renting activity	23 493	38 761
Business activities, etc.	40 376	32 920
<b>Public and personal services</b>	<b>50 449</b>	<b>27 178</b>
Public administration, etc.	25 349	16 558
Education	4 635	1 476
Health-care activities, etc.	3 058	2 404
Social institutions, etc.	3 661	763
Refuse collection, associations and recreation activities, etc.	13 746	5 977
<b>Industry not known</b>	<b>12 133</b>	<b>10 631</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 444

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

Closing	2000	2001	Percentage change in relation to previous year
	DKK mio.		per cent
<b>Specific deposit accounts, total</b>	<b>148 489</b>	<b>147 245</b>	<b>-0.8</b>
Index-linked pension savings	15 590	15 299	-1.9
Capital-pension accounts	86 135	83 385	-3.2
Savings accounts for children	9 207	9 197	-0.1
Private pension schemes	6 412	5 866	-8.5
Investment-fund accounts	851	466	-45.2
Business establishment savings	1 118	1 078	-3.6
Home-savings contracts	1 298	1 117	-13.9
Instalment-pension accounts	16 531	19 553	18.3
Savings accounts for education	1 056	932	-11.7
Premium lottery accounts	10 259	10 319	0.6
Market fluctuation adjustment accounts	32	33	3.1

Source: Danish Financial Supervisory Authority.

Table 445

## Danish electronic payment card system

	1985	1990	1995	2002
<b>Electronic card system</b>	thousands			
Number of cards	609	1 731	2 703	3 290
<b>Transaction, total</b>				
Electronic	106	65 783	218 119	467 628
Slips	1 060	15 803	22 622	9 723
<b>Turnover</b>	DKK mio.			
Electronic	58	30 844	71 665	157 483
Slips	636	8 010	10 870	5 361

Note. Transactions using cash points are not included.

Source: Danish Payment Systems.

Table 446

## Mortgage credit institutions

	Mortgage credit institutions <sup>1</sup>	
	2000	2001
<b>Number of institutions</b>	<b>8</b>	<b>8</b>
<b>Profit and loss account</b>	DKK mio.	
+ Interest receivable	83 141	88 384
– Interest payments	73 452	77 795
<b>Net income from interest</b>	<b>9 689</b>	<b>10 589</b>
+ Charges and commissions receivable	- 112	246
<b>Net income from charges and commissions</b>	<b>9 577</b>	<b>10 835</b>
– Expenditure of the personnel administration and other operating expenses	3 979	4 049
– Depreciation and provisions on loans	- 89	294
+ Adjustment of capital interest	946	199
+ Other ordinary receipts	159	160
<b>Profit/loss on ordinary activities</b>	<b>6 792</b>	<b>6 851</b>
+ Extraordinary receipts (net)	0	0
– Tax	1 999	1 688
<b>Profit/loss for the year</b>	<b>4 793</b>	<b>5 163</b>
<b>Balance sheets</b>		
<b>Assets, total</b>	<b>1 430 198</b>	<b>1 669 078</b>
Claims on credit institutions, etc.	68 218	138 095
Loans	1 184 505	1 269 268
Bonds and shares, etc.	165 207	242 612
Holdings in associated and affiliated enterprises	5 875	5 235
Intangible assets	129	96
Tangible assets	1 599	1 646
Other assets	4 665	12 126
<b>Liabilities, total</b>	<b>1 430 198</b>	<b>1 669 078</b>
Liabilities to credit institutions	34 994	54 069
Issued bonds, etc.	1 281 616	1 481 758
Other liabilities, accruals and deferred income	30 609	48 677
Provisions for liabilities and charges	1 748	1 455
Capital deposits	5 170	2 283
Security capital	10	10
Equity capital	76 051	80 826

<sup>1</sup> The debt included in the tables does not include the Mortgage Bank department in Den Danske Bank (Hypotekafdeling). At 31.12.2001 this department had DKK 20 mio. of bond loans.

Source: Danish Financial Supervisory Authority

Table 447

## Lending activity of mortgage credit institutions

	2000	2001	2002
	DKK mio.		
<b>Loans incl. index-linked loans, total</b>	<b>48 451</b>	<b>82 962</b>	<b>89 127</b>
Owner-occupied dwellings and holiday homes	34 204	56 343	55 440
Subsidized construction of residential buildings	295	451	- 978
Private rental housing	5 758	7 059	9 862
Agricultural properties, etc.	5 488	9 084	14 036
Industrial properties, etc.	368	2 385	243
Office and shop buildings	1 622	5 239	9 632
Properties for social, cultural and educational purposes	713	2 383	816
Undeveloped plots	3	18	76

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 448

## Other bond issuing institutions

	2000	2001
<b>Balance sheets</b>	DKK mio.	
<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 449****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 450

## 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	Total	
		DKK mio.								
Leasing	2001	2 856	5 181	3 961	2 766	776	1 377	1 181	18 100	59 465
	2000	2 589	5 950	3 492	2 772	2 510	1 949	1 222	20 484	57 547

Source: Individual finance company.

Table 451

## Consumer credit, etc.

End of year	2000	2001 <sup>1</sup>	2002
	DKK mio.		
<b>Total</b>	<b>14 014</b>	<b>13 853</b>	<b>12 315</b>
Balance on credit and account cards	5 562	5 780	5 970
Credit agreements	5 725	4 468	2 643
Of which loans secured upon cars and yachts	4 049	3 462	1 653
Loans	2 727	3 605	3 702

<sup>1</sup> Revised figures.

Source: Each individual financing company and credit card company.

Table 452

## Quoted bonds in circulation by holder sector 2002

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>653 793</b>	<b>1 583 418</b>	<b>113 439</b>	<b>2 350 650</b>
<b>Non-financial corporate sector</b>	<b>16 784</b>	<b>82 136</b>	<b>4 057</b>	<b>102 977</b>
<b>Financial institutions</b>	<b>153 854</b>	<b>669 647</b>	<b>35 013</b>	<b>858 514</b>
Monetary institutions	123 770	577 761	22 412	723 943
Other financial institutions	30 084	91 886	12 601	134 571
<b>Insurance companies and pension funds</b>	<b>100 465</b>	<b>384 507</b>	<b>23 297</b>	<b>508 269</b>
<b>General government</b>	<b>141 135</b>	<b>106 438</b>	<b>4 124</b>	<b>251 697</b>
Central government sector	135 151	88 437	3 648	227 236
Local government sector	5 984	18 001	476	24 461
Social security funds <sup>3</sup>	...	...	...	...
<b>Non-profit institutions serving households</b>	<b>5 075</b>	<b>23 422</b>	<b>475</b>	<b>28 972</b>
<b>Household sector</b>	<b>9 515</b>	<b>89 620</b>	<b>39 362</b>	<b>138 497</b>
<b>Not stated</b>	<b>19 712</b>	<b>70 831</b>	<b>2 939</b>	<b>93 482</b>
<b>Rest of the world</b>	<b>207 253</b>	<b>156 817</b>	<b>4 172</b>	<b>368 242</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 453

# Owners of quoted shares and unit trust certificates by holder sector 2002

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>183 704</b>	<b>13 154</b>	<b>149 026</b>	<b>226 719</b>	<b>14 720</b>	<b>15 736</b>	<b>603 058</b>
<b>Non-financial corporate sector</b>	<b>28 803</b>	<b>3 088</b>	<b>56 704</b>	<b>27 577</b>	<b>504</b>	<b>286</b>	<b>116 961</b>
<b>Financial institutions</b>	<b>45 783</b>	<b>1 910</b>	<b>10 608</b>	<b>35 435</b>	<b>1 372</b>	<b>7 984</b>	<b>103 092</b>
Monetary institutions	4 065	532	4 656	12 170	372	1 394	23 189
Other financial institutions	41 718	1 378	5 952	23 265	999	6 591	79 903
<b>Insurance companies and pension funds</b>	<b>12 598</b>	<b>2 359</b>	<b>10 449</b>	<b>19 730</b>	<b>1 032</b>	<b>1 131</b>	<b>47 298</b>
<b>General government</b>	<b>15 490</b>	<b>1 056</b>	<b>8 899</b>	<b>12 156</b>	<b>901</b>	<b>170</b>	<b>38 673</b>
Central government sector	10 813	1 002	8 425	11 046	894	2	32 181
Local government sector	4 677	55	474	1 110	7	169	6 491
Social security funds <sup>3</sup>	...	...	...	...	...	...	...
<b>Non-profit institutions serving households</b>	<b>496</b>	<b>76</b>	<b>669</b>	<b>1 514</b>	<b>64</b>	<b>86</b>	<b>2 905</b>
<b>Household sector</b>	<b>21 390</b>	<b>2 393</b>	<b>13 387</b>	<b>63 368</b>	<b>878</b>	<b>3 882</b>	<b>105 298</b>
<b>Not stated</b>	<b>4 883</b>	<b>897</b>	<b>8 115</b>	<b>11 516</b>	<b>347</b>	<b>455</b>	<b>26 212</b>
<b>Rest of the world</b>	<b>54 262</b>	<b>1 374</b>	<b>40 196</b>	<b>55 423</b>	<b>9 623</b>	<b>1 742</b>	<b>162 620</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 454

## Share index

KAX-index	2000	2001	2002
Annual average	End of 1995 =100		
<b>Total</b>	<b>248</b>	<b>212</b>	<b>167</b>
Materials	150	122	110
Industrials	262	193	156
Discretionary	108	87	68
Consumer Staples	124	103	93
Health Care	404	433	307
Financials	254	233	205
IT	455	217	156
Telecommunication	209	192	111
Utilities	88	208	368

Source: Copenhagen Stock Exchange.

Table 455

## Yield on bonds

		2000	2001	2002
		per cent p.a.		
<b>Yield</b>				
<b>Government bonds:</b>				
5 year:	End of year	5.09	4.57	4.04
	Annual average	5.57	4.74	4.58
10 year:	End of year	5.24	4.97	4.61
	Annual average	5.66	5.09	5.05
<b>Mortgage credit bonds:</b>				
20 year:	End of year	6.61	6.37	5.38
	Annual average	7.01	6.44	6.15
30 year:	End of year	7.31	6.50	5.58
	Annual average	7.45	6.72	6.33

Source: Danmarks Nationalbank.



Table 456

## Pension funds

	Pension funds subject to legislation governing insurance activities			Pension funds subject to legislation governing supervision of company pension funds		
	1999	2000	2001	1999	2000	2001
<b>Number of members</b>	<b>631 441</b>	<b>610 097</b>	<b>697 968</b>	<b>23 679</b>	<b>22 884</b>	<b>21 741</b>
Working members	573 014	563 021	630 306	12 440	11 898	11 404
Retired members	41 225	31 614	49 017	7 944	7 749	7 292
Retired spouses	9 163	8 644	10 313	2 779	2 719	2 555
Children who receive children's pension	8 039	6 818	8 332	516	518	490
	DKK millions					
<b>Current annual pension, total</b>	<b>3 566</b>	<b>4 190</b>	<b>4 622</b>	<b>1 504</b>	<b>1 480</b>	<b>1 439</b>
Pension for members	2 805	3 281	3 651	1 218	1 194	1 165
Pension for spouses	592	726	770	277	276	265
Pension for children	169	183	201	9	10	9
<b>Miscellaneous income</b>						
Member contributions	9 298	10 047	11 469	408	342	612
Of which extraordinary contributions	...	...	...	76	79	350
Interest income and profits	9 040	10 181	11 372	2 269	2 067	1 944
<b>Miscellaneous expenditure<sup>1</sup></b>						
Pensions	4 496	5 054	5 883	1 499	1 500	1 431
Retirement allowances	514	515	466	174	146	96
<b>Assets, total</b>	<b>253 967</b>	<b>269 482</b>	<b>272 145</b>	<b>43 513</b>	<b>43 315</b>	<b>39 984</b>
Central government bonds <sup>1</sup>	19 533	20 057	24 657	5 210	6 574	6 230
Local government bond <sup>1</sup>	6 008	4 107	3 175	1	87	1
Mortgage credit bonds, etc. <sup>1</sup>	88 543	92 843	82 751	19 294	16 816	15 603
Cash at bank and in hand	2 939	4 644	1 288	122	360	469
Mortgage credits	597	504	426	9	6	27
Loans with other collateral	145	599	3 496	35	7	6
Other assets	136 202	146 728	156 352	18 842	19 465	17 648
<b>Premium reserves</b>	<b>188 791</b>	<b>207 025</b>	<b>225 446</b>	<b>30 595</b>	<b>30 719</b>	<b>31 049</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 457

## Discount rate of Danmarks Nationalbank

Discount rate		Discount rate		Discount rate	
		per cent			
<b>1991</b>		19. January	5.75	<b>1999</b>	
2. January	9.50	18. February	5.50	4. February	3.25
22. May	9.00	15. April	5.25	9. April	2.75
16. August	9.50	13. May	5.00	5. November	3.00
21. October	9.00				
20. December	9.50	<b>1995</b>		<b>2000</b>	
<b>1993</b>		8. March	6.00	4. February	3.25
4. February	11.50	6. July	5.75	17. March	3.50
22. February	10.50	3. August	5.50	28. April	3.75
19. March	10.00	25. August	5.00	9. June	4.25
29. March	9.50	9. November	4.75	1. September	4.50
23. April	9.25	15. December	4.25	6. October	4.75
19. May	8.25	<b>1996</b>		<b>2001</b>	
8. June	7.75	25. January	4.00	14. May	4.50
2. July	7.25	7. March	3.75	31. August	4.25
19. July	9.25	19. April	3.25	18. September	3.75
16. September	8.75	<b>1997</b>		9. November	3.25
27. September	8.25	10. October	3.50	<b>2002</b>	
12. October	7.75	<b>1998</b>		6. december	2.75
22. October	7.25	6. May	4.00	<b>2003</b>	
4. November	7.00	29. May	3.75	7. marts	2.50
16. November	6.75	21. September	4.25		
29. November	6.50	5. November	4.00		
22. December	6.25	4. December	3.50		
<b>1994</b>					
6. januar	6.00				

Source: Danmarks Nationalbank.

Table 458

## Exchange rates in Copenhagen

	Currency	2000	2001	2002
		DKK		
Belgian franc	BEF	18,48	18,47	
Pound sterling	GBP	1 223,32	1 197,73	1 182,10
Finnish mark	FIM	125,36	125,34	
French franc	FRF	113,63	113,47	
Greek drachma	GRD	2,214	2,187	
Dutch guilder	NLG	338,23	338,16	
Irish pound	IEP	946,42	946,22	
Icelandic krona	ISK	10,27	8,56	8,62
Italian lira	ITL	0,3849	0,3849	
Norwegian krone	NOK	91,89	92,60	99,03
Polish zloty	PLN	186,03	203,05	193,07
Portuguese escudos	PTE	3,718	3,717	
Swiss franc	CHF	478,68	493,47	506,47
Spanish pesetas	ESP	4,480	4,479	
Swedish krone	SEK	88,26	80,58	81,12
Czech koruna	CZK	20,946	21,885	24,134
German D-mark	DEM	381,10	381,02	
Hungarian forint	HUF	2,866	2,906	3,058
Austrian schilling	ATS	54,168	54,156	
Canadian dollars	CAD	544,49	537,54	501,86
Japanese yen	JPY	7,5081	6,8522	6,2969
US dollars	USD	809,03	831,88	788,12
EU common currency	EUR	745,37	745,21	743,04
Effective rate of DKK 1980 = 100		95,6	96,9	97,7

Note. The rate is the annual average.

Source: Danmarks Nationalbank.

Table 459

## Life assurance companies

	2000	2001
<b>Number of companies</b>	<b>59</b>	<b>54</b>
<b>Profit and loss account</b>	DKK mio.	
<b>A: Insurance activities</b>		
+Premiums net of reinsurance	42 215	48 616
+Allocated investment return transferred from the technical account	27 294	-4 407
Receipts from insurance activities	69 509	44 209
-Claims incurred, net of reinsurance	30 182	30 576
-Change in life assurance provisions	19 382	57 870
-Administrative expenses	3 246	3 460
-Change in bonus equalization provisions	16 045	- 45 194
+Result from sickness and accident insurance	143	- 261
Result from insurance activities	797	- 2 764
<b>B: Investment activities</b>		
+Result from investment activities	35 418	- 6 573
-Real interest tax	3 879	- 2 461
-Allocated investment return transferred to the technical account	27 294	- 4 407
-Yield on investments carried forward to sickness and accident insurance	221	- 18
Result from investment activities	4 024	313
<b>C: Total activities</b>		
+Result from primary operation	4 821	- 2 451
+Other ordinary receipts, net	-4	17
+Extraordinary receipts, net	3	7
-Taxes	841	- 999
Net result for the year	3 979	- 1 428
<b>D: Increase in equity capital</b>		
+Net result of the year	3 979	- 1 428
+Balancing items	37	- 8 927
+Capital injection	1 227	2 475
-Dividends, etc.	2 360	9 448
Increase in equity capital, total	2 883	526
Of which allocated to contingency reserve	-40	- 18
<b>Balance sheets</b>		
<b>Assets total</b>	<b>649 498</b>	<b>649 623</b>
<b>A: Investment assets</b>		
Land and buildings	14 643	16 805
Bonds	329 313	383 149
Shares and other capital holdings	255 904	177 507
Loans	3 232	6 229
Other	13 219	19 218
<b>B: Other assets</b>	<b>33 187</b>	<b>46 715</b>
<b>Liabilities, total</b>	<b>649 498</b>	<b>649 623</b>
Equity capital	69 867	55 046
Provisions	562 377	574 043
Other liabilities	17 254	20 534

Source: Danish Financial Supervisory Authority.

Table 460

## Accounts of non-life insurance companies

	2000	2001
<b>Number of companies</b>	<b>139</b>	<b>134</b>
<b>Profit and loss account</b>	DKK mio.	
<b>A: Insurance activities</b>		
+Gross premiums written	33 191	32 879
+Technical interest	2 491	2 013
Receipts from insurance activities	35 682	34 892
-Claims incurred, net of reinsurance	28 061	26 297
-Administrative expenses	10 354	9 198
-Other insurance technical items	- 206	739
Result from insurance activities	- 2 527	- 1 342
<b>B: Investment activities</b>		
+Result from investment activities	6 426	1 422
<b>C: Total activities</b>		
Result from primary operation	3 899	80
+Other ordinary receipts, net	- 73	- 403
+Extraordinary receipts, net	564	- 231
-Taxes	685	204
Net result for the year	3 705	- 758
<b>D: Increase in equity capital</b>		
Net result for the year	3 705	- 758
+Capital injection	265	1 693
+Balancing items	-3	451
Increase, total	3 967	1 386
-Dividends, etc.	2 490	1 772
Increase in equity capital, total	1 477	- 386
Of which allocation to contingency reserve	718	544
<b>Balance sheets</b>		
<b>Assets, total</b>	<b>108 129</b>	<b>108 873</b>
<b>A: Investment assets</b>		
Land and buildings	2 424	2 385
Bonds	46 864	49 008
Shares and other capital holdings	37 576	36 825
Loans	2 230	2 091
Other	2 709	2 356
<b>B: Other assets</b>	<b>16 326</b>	<b>16 208</b>
<b>Liabilities, total</b>	<b>108 129</b>	<b>108 873</b>
Equity, total	44 539	42 738
Provisions	62 401	65 071
Other liabilities	1 189	1 064

Source: Danish Financial Supervisory Authority.

Table 461

## Non-life insurance by type 2001

	Number	Premiums	Compensation
		DKK mio.	
<b>Total</b>	<b>131</b>	<b>39 649</b>	<b>31 856</b>
<b>Total commercial insurance</b>	<b>113</b>	<b>9 361</b>	<b>7 410</b>
Workmen's compensation	19	1 620	1 919
Buildings	39	2 899	1 565
Contents (other than stock and machinery)	70	2 255	2 069
Professional liability	35	1 083	929
Marine and transport	31	937	654
Aviation	10	65	23
Other commercial insurance	27	502	251
<b>Total private insurance</b>	<b>62</b>	<b>6 469</b>	<b>4 303</b>
Householder's comprehensive	49	2 560	1 729
Homeowner's comprehensive	46	2 944	2 012
Weekend cottages	43	389	215
Other private insurance	48	576	347
<b>Total personal accident insurance</b>	<b>63</b>	<b>5 527</b>	<b>4 645</b>
Single accident and sickness	52	5 425	4 366
Professional disability	20	102	279
<b>Total motor vehicle insurance</b>	<b>41</b>	<b>9 179</b>	<b>7 517</b>
Third-party liability	40	3 149	3 525
Vehicle (own damage)	39	6 030	3 992
<b>Credit and suretyship</b>	<b>9</b>	<b>149</b>	<b>- 56</b>
<b>Touristassistance and Legal aid insurance</b>	<b>1</b>	<b>21</b>	<b>10</b>
<b>Total direct business</b>	<b>147</b>	<b>30 706</b>	<b>23 829</b>
Of which abroad	...	1 621	- 941
<b>Total indirect business</b>	<b>25</b>	<b>8 943</b>	<b>8 027</b>
Of which abroad	...	6 501	- 6 924

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.