

The money and capital markets

1. Capital intermediation

Capital transfers from lenders to borrowers

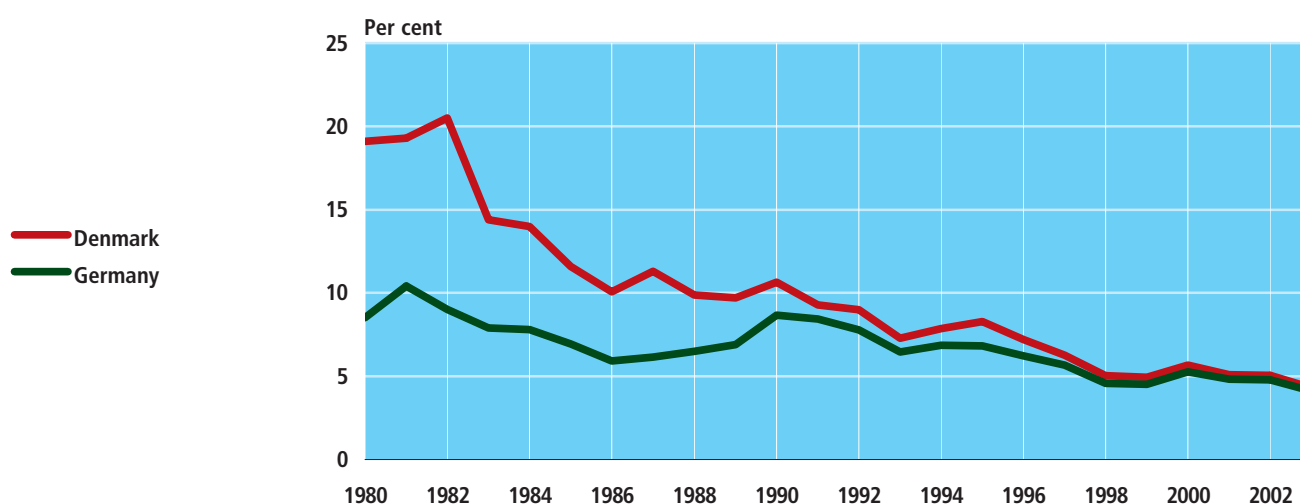
A capital market is a market where financial products are traded, such as loans, credit, insurance, etc. The market makes it possible to transfer capital from persons with a savings surplus to persons with a savings shortage. This allows the individual to time his investments and consumption in relation 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 2003 it was down to 0.2 percentage points.

Figure 1

Interest rate on ten-year government bonds 1980-2003



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

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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 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.

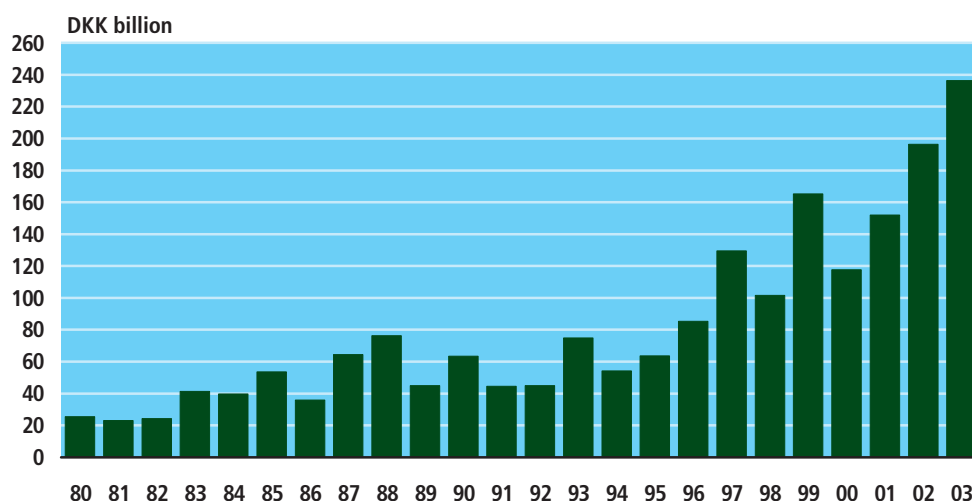
Government purchased foreign currency to keep the krone rate down

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 ± 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.

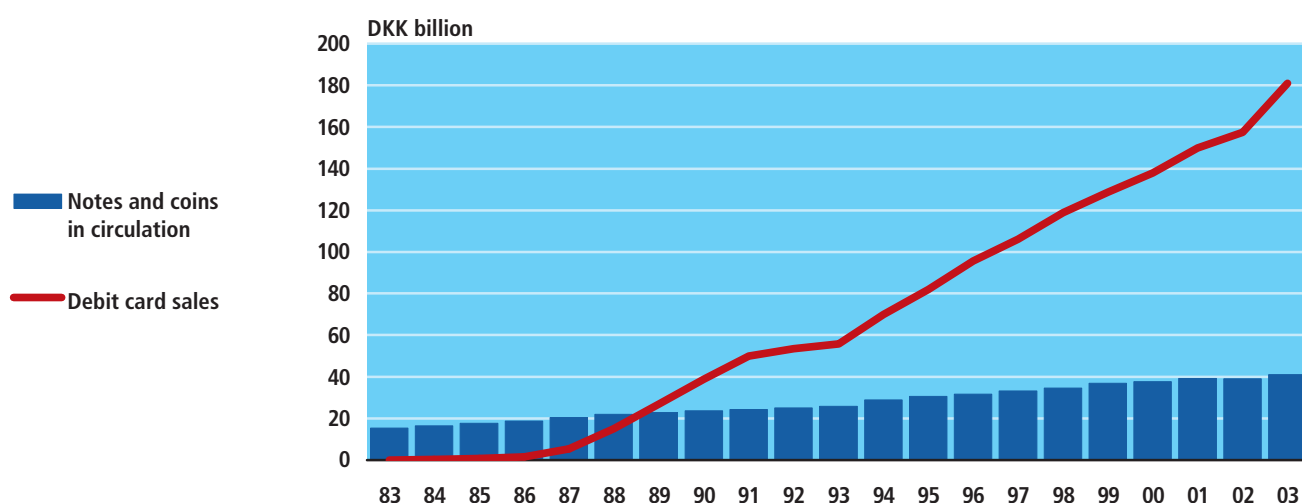
2. Financial claims

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

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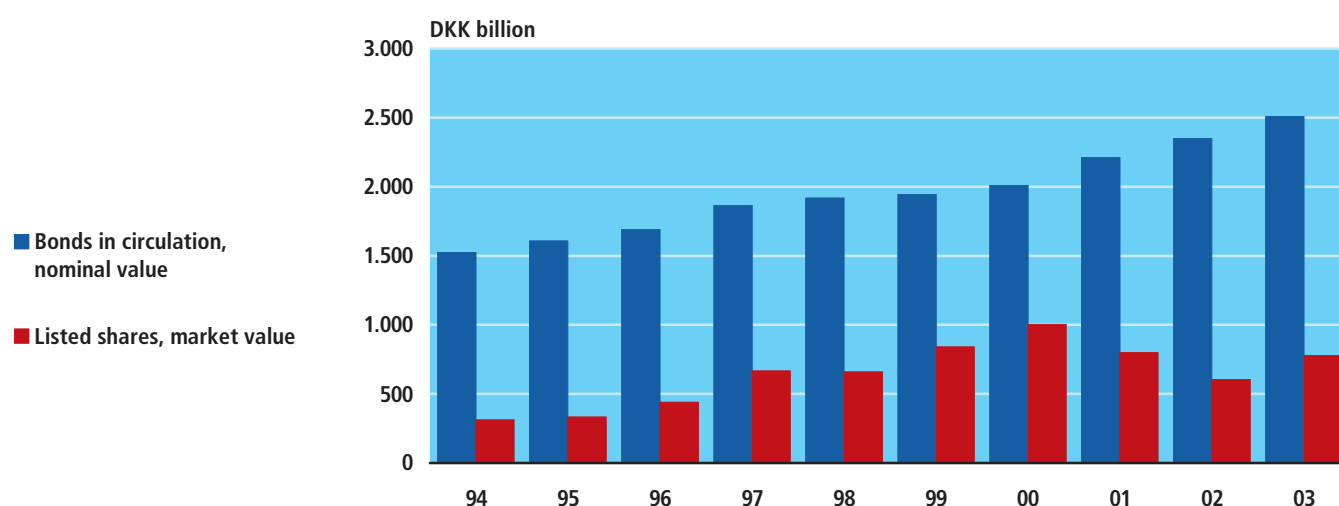
was among the largest in Europe¹. The market is dominated by government bonds and mortgage bonds.

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.

At the end of 2003, about 14 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

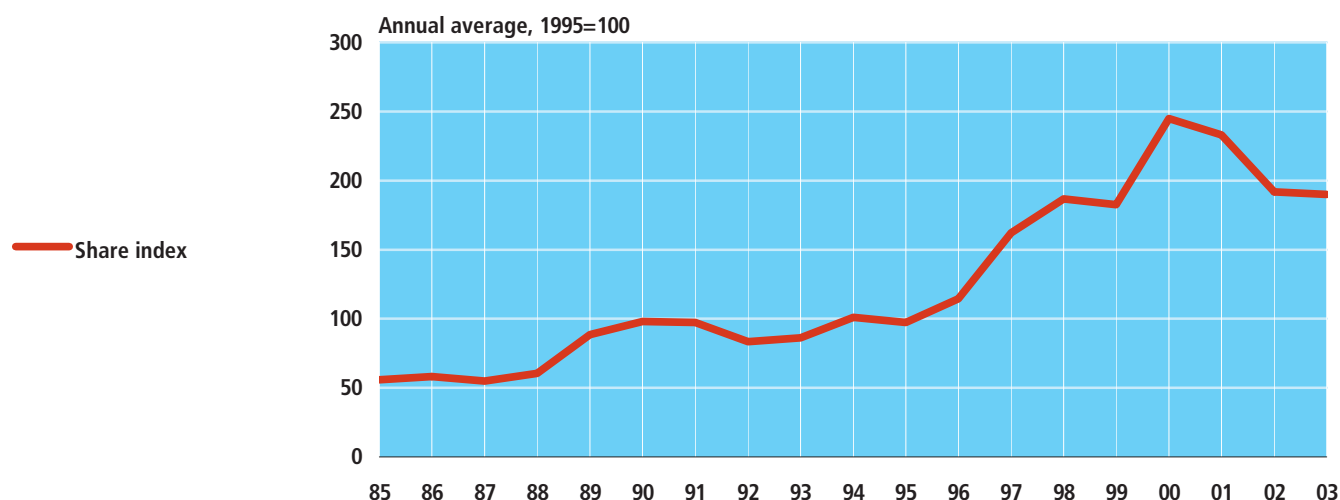
A share is a certificate of ownership of a company. The value of the share depends above all on the future earnings of the company. Since the future earnings are connected with great uncertainty, investing in shares may lead to both large losses and large gains. In addition to specific expectations of 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.

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

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. At the end of 2002, 180 banks were registered, of which the two largest account for 74 per cent of the balance sheet total in the sector.

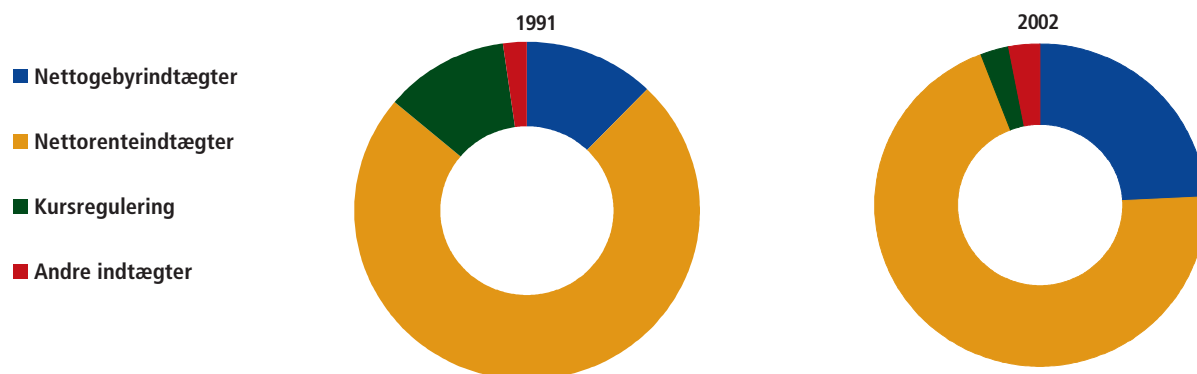
The lending activity in the banking sector is often in focus because it is highly sensitive to market fluctuations and may be seen as an indicator of growth, including in consumption and investing activities. The interest margin, *i.e.*, the difference between lending and deposit interest rates, also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

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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 437

Financial sector, main figures

	2001			2002		
	Balance	Companies	Employees	Balance	Companies	Employees
	DKK bn.	number		DKK bn.	number	
Total	5 349	622	59 436	5 781	604	58 210
Banks	1 989	186	41 087	2 257	1 803	39 957
Mortgage banks	1 617	8	3 394	1 753	8	4 134
Danish Ship Finance	58	1	46	60	1	49
Securities and broking companies	1	30	316	1	29	248
Investment trusts	283	122	-	290	132	-
Non-life insurance companies	107	131	11 622	110	128	11 337
Life insurance companies	650	58	1 606	669	43	1 709
Non-occupational pension funds	272	31	464	277	31	470
Company pension funds	40	50	39	37	47	40
Labour Market Supplementary Pension	247	1	762	243	1	157
LD Pensions	58	1	39	51	1	44
Labour market occupational health insurance	2	1	61	2	1	65
Special pension scheme savings	21	1	-	26	1	-
Temporary pension scheme savings	7	1	-	6	1	-

Source: Danmarks Nationalbank.


 For further information visit www.statbank.dk/mpk55

Table 438

Denmark's gold and foreign exchange reserve

Closing	2001	2002	2003
DKK billion			
The foreign exchange reserve (gross)	152.4	197.6	236.3
Danmarks Nationalbanks gold stock	5.0	5.2	5.3
Danmarks Nationalbanks foreign assets	139.1	184.7	224.4
Claims on the European Central Bank	6.0	6.9	6.1
Special Drawing Rights in the IMF	2.4	0.7	0.5

Source: Danmarks Nationalbank.


 For further information visit www.statbank.dk/mpk15

Table 439

Money stock

	2001	2002	2003
	DKK billion		
Money stock	546.4	604.7	690.8
Notes and coins outside the banking sector	39.2	39.0	41.0
Deposit in banks and savings banks	507.2	565.7	649.8
- Demand deposits	375.6	392.1	428.1
- Agreement deposits ¹	131.6	173.6	221.7

¹ Includes, e.g. deposits at notice and time deposits.


 For further information visit www.statbank.dk/mpk12

Table 440

Profit and loss account and balance sheet of Danmarks Nationalbank

	2002	2003
	DKK mio.	
Profit and loss account		
Interest receivable, etc. total	11 086	10 451
Interest on foreign assets	7 048	6 299
Interest and commission on loans, etc.	1 780	1 979
Interest and dividends on securities	2 258	2 173
Interest payable, etc. total	6 108	5 958
Interest on foreign liabilities	43	29
Interest on deposits, etc.	6 065	5 929
Expenses, total	505	576
Administrative expenses	302	329
Other expenses	203	247
Exchange-rate and value adjustment, total	2 124	-268
Revaluation of gold stock	219	104
Revaluation of foreign-exchange accounts	1 126	-38
Revaluation of securities	779	-334
Other ordinary receipts	101	-
Allocation to reserves, etc.	3 066	548
Net profit of the year	3 632	3 101
Balance sheet		
Assets, total	375 514	399 547
Stock of gold ¹	4 977	5 194
Special drawing rights in the IMF	8 895	8 017
Foreign assets	183 309	213 730
Lending	132 112	125 486
Securities	40 278	40 466
Sundry debtors	5 943	6 654
Liabilities , total	375 514	399 547
Notes in circulation	43 164	44 984
Coin in circulation	4 491	4 701
Foreign liabilities	3 322	2 975
Allocation of Special Drawing Rights in IMF	1 884	1 721
Deposits, etc.	61 694	90 929
Deposit certificates	160 664	157 279
The Central Government's current account	46 687	40 880
Sundry creditors	6 915	6 341
General capital fund and general reserve	46 693	49 737

¹ Holding is valued in 2002 on the basis of: 1 kg fine gold = DKK 78.044. In 2003 the valuation basis is: 1 kg fine gold = DKK 79,605.

Source: Danmarks Nationalbank.

For further information visit www.statbank.dk/mpk37 and [mpk38](http://www.statbank.dk/mpk38)

Table 441

Profit and loss account and balance sheet of Danish banks

Closing	2001	2002
Number of banks¹	99	98
	DKK mio.	
Profit and loss account		
+Interest receivable	94 412	84 333
-Interest payable	60 366	48 676
Net income from interest, net	34 045	35 657
+Share dividends	1 123	695
+Charges and commissions receivable	14 593	14 716
-Charges and commissions payable	2 467	2 352
Net income from charges and commissions	47 294	48 716
+Revaluation of securities and foreign exchange	1 854	740
+Other ordinary income	1 621	1 591
Profit/loss on financial items	50 770	51 047
-Staff and administrative expenses	30 423	30 794
-Depreciation of tangible and intangible assets	1 765	1 421
-Other operating expenses	28	53
-Depreciations and provisions, net	5 011	4 303
+Adjustments of shares	5 795	6 392
Profit/loss on ordinary activities	19 338	20 868
+Extraordinary receipts, net	- 55	0
Profit/loss before tax	19 283	20 868
-Tax	4 898	5 827
Profit/loss for the year	14 385	15 041
Balance sheets		
Assets, total	1 909 579	2 244 122
Claims on credit institutions, etc.	356 762	486 734
Loans	835 820	892 005
Bonds, etc.	460 637	509 468
Shares, etc.	37 910	31 062
Holdings in associated and affiliated enterprises	57 492	65 004
Intangible assets	86	96
Tangible assets	13 531	13 198
Other assets	147 341	246 556
Liabilities, total	1 909 579	2 244 122
Liabilities to credit institutions, etc.	563 442	643 419
Deposits	802 682	840 590
Issued bonds, etc.	154 765	188 975
Other liabilities, accruals and deferred income	221 254	388 158
Provisions for liabilities and charges	3 428	3 161
Capital deposits	47 611	51 143
Equity capital	116 397	128 677

Note. Excluding the banks in Greenland.

¹ With a working capital of more than DKK 250 mio.

Source: Danish Financial Supervisory Authority.

For further information visit www.statbank.dk/mpk39 and mpk40

Table 442

Bank credits to residents and residents' deposits with major banks 2003

	Deposits	Credits ¹
	DKK mio.	
Total	865 150	709 691
Commercial sector	535 058	546 279
Agriculture, fishing and quarrying	14 978	27 862
Agriculture, horticulture and forestry	12 753	25 337
Fishing	422	1 311
Mining and quarrying	1 803	1 214
Manufacturing	25 589	72 178
Mfr. of food, beverages and tobacco	4 244	20 900
Mfr. of textiles, wearing apparel, leather	799	2 834
Mfr. of wood products, printing and publishing	2 315	6 633
Mfr. of chemicals, plastic products	7 662	10 441
Mfr. of other non-metallic mineral products	514	3 340
Mfr. of basic metals and fabricated metal products	9 236	22 992
Mfr. of furniture; manufacturing n.e.s.	819	5 038
Energy and water supply	12 366	4 427
Construction	8 868	14 621
Wholesale, retail trade, hotels and restaurants, etc.	29 900	61 377
Sale and repair of motor vehicles, sale of fuel	2 648	8 899
Wholesale and commission trade, except motor vehicles	15 903	34 318
Retail trade and repair work, except of motor vehicles	9 094	13 333
Hotels and restaurants, etc.	2 255	4 827
Transport, post and telecommunications	19 560	23 567
Transport	15 001	20 778
Post and telecommunications	4 559	2 789
Financial intermediation, business activities	349 198	287 135
Financial intermediation and insurance	282 468	191 599
Letting and sale of real estate	17 833	45 266
Business activities, etc.	48 897	50 270
Public and personal services	58 742	42 602
Public administration	32 709	30 936
Education	3 370	1 454
Human health activities	9 515	4 885
Social institutions	1 740	493
Refuse collection, associations and recreation activities, etc.	11 408	4 834
Activity not stated	15 857	12 510
Employees, pensioners, etc.	330 092	163 412

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

¹ Outstanding amounts at end of year.

Source: Danmarks Nationalbank.

For further information visit www.statbank.dk/mpk6

Table 443

Long-term savings schemes with deposit accounts of Danish banks

Closing	2001	2002	Percentage change in relation to previous year
	DKK mio.		per cent
Specific deposit accounts, total	147 245	138 205	-6.1
Index-linked pension savings	15 299	14 659	-4.2
Capital-pension accounts	83 385	74 295	-10.9
Savings accounts for children	9 197	9 708	5.6
Private pension schemes	5 866	5 111	-12.9
Investment-fund accounts	466	212	-54.5
Business establishment savings	1 078	1 038	-3.7
Home-savings contracts	1 117	944	-15.5
Instalment-pension accounts	19 553	21 035	7.6
Savings accounts for education	932	788	-15.5
Premium lottery accounts	10 319	10 380	0.6
Market fluctuation adjustment accounts	33	35	6.1

Source: Danish Financial Supervisory Authority.


 For further information visit www.statbank.dk/mpk43

Table 444

Danish electronic payment card system

	1988	1993	1998	2003
Electronic card system	thousands			
Number of cards	1 321	2 412	2 621	3 434
Transaction, total				
Electronic	21 934	147 314	328 975	528 044
Slips	6 262	24 868	10 867	7 513
Turnover	DKK mio.			
Electronic	11 175	46 586	113 203	175 719
Slips	3 863	9 170	5 658	5 154

Note. Transactions using cash points are not included.

Source: Danish Payment Systems.


 For further information visit www.statbank.dk/mpk41

Table 445

Mortgage banks

	Mortgage credit institutions ¹	
	2001	2002
Number of institutions	8	8
Profit and loss account	DKK mio.	
+ Interest receivable	88 384	82 734
– Interest payments	77 795	72 108
Net income from interest	10 589	10 626
+ Charges and commissions receivable	246	274
Net income from charges and commissions	10 835	10 900
– Expenditure of the personnel administration and other operating expenses	4 049	4 276
– Depreciation and provisions on loans	294	232
+ Adjustment of capital interest	199	450
+ Other ordinary receipts	160	115
Profit/loss on ordinary activities	6 851	6 957
+ Extraordinary receipts (net)	0	0
– Tax	1 688	2 133
Profit/loss for the year	5 163	4 824
Balance sheets		
Assets, total	1 669 078	1 820 200
Claims on credit institutions, etc.	138 095	130 549
Loans	1 269 268	1 369 618
Bonds and shares, etc.	242 612	299 792
Holdings in associated and affiliated enterprises	5 235	5 685
Intangible assets	96	99
Tangible assets	1 646	1 501
Other assets	12 126	12 956
Liabilities, total	1 669 078	1 820 200
Liabilities to credit institutions	54 069	56 685
Issued bonds, etc.	1 481 758	1 619 002
Other liabilities, accruals and deferred income	48 677	53 146
Provisions for liabilities and charges	1 455	1 272
Capital deposits	2 283	3 776
Security capital	10	10
Equity capital	80 826	86 309

¹ The debt included in the tables does not include the Mortgage Bank department in Den Danske Bank (Hypotekafdeling). At 31.12.2002 this department had DKK 15 mio. of bond loans.

Source: Danish Financial Supervisory Authority.

For further information visit www.statbank.dk/mpk47 and [mpk48](http://www.statbank.dk/mpk48)

Table 446

Lending activity of mortgage banks

	2001	2002	2003
	DKK mio.		
Loans incl. index-linked loans, total	82 962	89 127	99 070
Owner-occupied dwellings and holiday homes	56 343	55 440	62 910
Subsidized construction of residential buildings	451	- 978	979
Private rental housing	7 059	9 862	12 554
Agricultural properties, etc.	9 084	14 036	10 954
Industrial properties, etc.	2 385	243	4 350
Office and shop buildings	5 239	9 632	6 666
Properties for social, cultural and educational purposes	2 383	816	611
Undeveloped plots	18	76	46

Note. Lending by mortgage banks 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.


 For further information visit www.statbank.dk/mpk25

Table 447**Major finance companies, loans, factoring and confirming**

	Total activities 2001	Total activities 2002	Status at end of year 2001	Status at end of year 2002
DKK mio.				
Loans	5 223	7 500	17 419	17 526
Factoring	33 396	36 508	2 988	3 238
Confirming	118	123	59	10

Source: Individual finance company.


 For further information visit www.statbank.dk/mpk32

Table 448

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	2002	2 976	3 113	3 648	3 407	512	688	870	15 214	55 263
	2001	2 856	5 181	3 961	2 766	776	1 377	1 181	18 100	59 465

Source: Individual finance company.


 For further information visit www.statbank.dk/mpk31

Table 449

Consumer credit, etc.

End of year	2002	2003
	DKK mio.	
Total	12 315	11 801
Balance on credit and account cards	5 970	6 180
Credit agreements	2 643	2 263
Of which loans secured upon cars and yachts	1 653	1 359
Loans	3 702	3 358

Source: Each individual financing company and credit card company.


 For further information visit www.statbank.dk/mpk30

Table 450

Quoted bonds in circulation by holder sector 2003

Nominal value at the end of the year	Central government bonds, etc.	Bonds issued by mortgage banks etc. ¹	Other quoted bonds ²	Total
	DKK mio.			
Total	656 198	1 726 007	130 129	2 512 334
Non-financial corporations	17 645	83 046	4 766	105 457
Financial corporations	146 109	832 378	44 336	1 022 823
Monetary financial institutions	91 566	687 872	24 416	803 854
Other financial institutions	54 543	144 506	19 920	218 969
Insurance and pension funds corporations	139 024	398 243	25 091	562 358
General government	144 257	95 757	2 985	242 999
Central government	137 503	78 771	2 277	218 551
Local government	6 754	16 986	708	24 448
Social security funds ³	...	...	...	...
Non-profit institutions serving households	4 860	23 392	732	28 984
Households	7 151	87 854	41 953	136 958
Sector unknown	8 004	41 068	6 061	55 133
Abroad	189 148	164 269	4 205	357 622

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

Source: The Danish Securities Centre.

For further information visit www.statbank.dk/obl2

Table 451

Owners of quoted shares and unit trust certificates by holder sector 2003

Share prices, end of year	Issuing companies						Total
	Manufac- turing, etc. ¹	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 ²	DKK billion						
Total	193,1	11,3	251,1	289,4	12,6	20,3	777,7
Non-financial corporations	50,0	2,8	113,6	45,0	0,9	0,7	213,0
Financial corporations	18,5	1,5	14,6	51,8	1,6	8,7	96,6
Insurance and pension funds corporations	10,0	0,9	12,7	20,1	0,6	0,9	45,2
General government	19,1	1,0	10,8	12,3	0,6	1,6	45,3
Non-profit institutions serving households	24,7	3,2	25,7	85,9	1,2	5,4	146,1
Households	0,7	0,1	1,6	2,5	0,1	0,2	5,3
Sector unknown	63,0	1,3	70,5	67,5	7,5	2,6	212,5
Abroad	6,9	0,6	1,6	4,2	0,2	0,2	13,7

¹ Manufacturing, energy and water supply and construction. ² Owners are defined as account holders with the Danish Securities Centre.

Source: The Danish Securities Centre.

For further information visit www.statbank.dk/an1

Table 452

Share index

KAX-index	2001	2002	2003
Closing	end of 1995 =100		
Total	212	167	217
Materials	122	110	155
Industrials	193	156	243
Discretionary	87	68	90
Consumer Staples	103	93	96
Health Care	433	307	308
Financials	233	205	272
ICT	217	156	173
Telecommunication	192	111	138
Utilities	208	368	913

Source: Copenhagen Stock Exchange.

For further information visit www.statbank.dk/mpk13

Table 453

Yield on bonds

		2001	2002	2003
		per cent p.a.		
Yield				
Government bonds:				
5 year:	End of year	4.71	3.86	3.65
	Annual average	4.74	4.58	3.56
10 year:	End of year	5.15	4.45	4.46
	Annual average	5.09	5.05	4.31
Mortgage credit bonds:				
20 year:	End of year	6.98	5.27	5.21
	Annual average	7.05	6.69	5.11
30 year:	End of year	6.55	5.47	5.45
	Annual average	6.72	6.33	5.45

Source: Danmarks Nationalbank.


 For further information visit www.statbank.dk/mpk42

Table 454

Pension funds

	Pension funds subject to legislation governing insurance activities			Pension funds subject to legislation governing supervision of company pension funds		
	2000	2001	2002	2000	2001	2002
Number of members	610 097	697 968	724 965	22 884	21 741	19 958
Working members	563 021	630 306	651 860	11 898	11 404	9 830
Retired members	31 614	49 017	53 920	7 749	7 292	6 950
Retired spouses	8 644	10 313	10 798	2 719	2 555	2 674
Children who receive children's pension	6 818	8 332	8 387	518	490	504
	DKK millions					
Current annual pension, total	4 190	4 622	4 711	1 480	1 439	1 643
Pension for members	3 281	3 651	3 798	1 194	1 165	1 141
Pension for spouses	726	770	732	276	265	303
Pension for children	183	201	181	10	9	199
Miscellaneous income						
Member contributions	10 047	11 469	12 036	342	612	555
Of which extraordinary contributions	...	...	...	79	350	105
Interest income and profits	10 181	11 372	9 379	2 067	1 944	1 628
Miscellaneous expenditure¹						
Pensions	5 054	5 883	6 267	1 500	1 431	1 423
Retirement allowances	515	466	498	146	96	81
Assets, total	269 482	272 145	277 018	43 315	39 984	37 077
Central government bonds ¹	20 057	24 657	32 235	6 574	6 230	5 519
Local government bond ¹	4 107	3 175	9 405	87	1	113
Mortgage credit bonds, etc. ¹	92 843	82 751	80 353	16 816	15 603	17 377
Cash at bank and in hand	4 644	1 288	3 861	360	469	215
Mortgage credits	504	426	429	6	27	20
Loans with other collateral	599	3 496	6 986	7	6	4
Other assets	146 728	156 352	143 749	19 465	17 648	13 829
Premium reserves	207 025	225 446	239 497	30 719	31 049	31 354

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

¹ Book value.

Source: Danish Financial Supervisory Authority.

For further information visit www.statbank.dk/mpk49

Table 455

Discount rate of Danmarks Nationalbank

Discount rate		Discount rate		Discount rate	
		per cent			
1993		1995		1999	
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	2000	
19. May	8.25	15. December	4.25	4. February	3.25
8. June	7.75			17. March	3.50
2. July	7.25	1996		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	1997		2001	
4. November	7.00	10. October	3.50	14. May	4.50
16. November	6.75			31. August	4.25
29. November	6.50	1998		18. September	3.75
22. December	6.25	6. May	4.00	9. November	3.25
		29. May	3.75		
1994		21. September	4.25	2002	
6. January	6.00	5. November	4.00	6. December	2.75
19. January	5.75	4. December	3.50		
18. February	5.50			2003	
15. April	5.25			7. March	2.50
13. May	5.00			6. June	2.00

Source: Danmarks Nationalbank.

Table 456

Exchange rates in Copenhagen

Currency		2001	2002	2003
		DKK		
Pound sterling	GBP	1 197,73	1 182,10	1 074,99
Icelandic krona	ISK	8,56	8,62	8,58
Norwegian krone	NOK	92,60	99,03	93,03
Polish zloty	PLN	203,05	193,07	169,26
Swiss franc	CHF	493,47	506,47	488,88
Swedish krone	SEK	80,58	81,12	81,45
Czech koruna	CZK	21,89	24,13	23,34
Hungarian forint	HUF	2,91	3,06	2,93
EU common currency	EUR	745,21	743,04	743,07
Canadian dollars	CAD	537,54	501,86	470,27
Japanese yen	JPY	6,8522	6,2969	5,6840
US dollars	USD	831,88	788,12	658,99
Effective rate of DKK 1980 = 100		96,85	97,74	101,21

Note. The rate is the annual average.

Source: Danmarks Nationalbank.


 For further information visit www.statbank.dk/mpk101

Table 457

Life assurance companies

	2001	2002
Number of companies	58	43
Profit and loss account	DKK mio.	
A: Insurance activities		
+Premiums net of reinsurance	48 616	53 401
+Allocated investment return transferred from the technical account		
Receipts from insurance activities	-4 407	13 291
–Claims incurred, net of reinsurance	44 209	66 692
–Change in life assurance provisions	30 576	33 649
–Change in life assurance provisions	57 870	46 534
–Administrative expenses	3 460	3 950
–Change in bonus equalization provisions	- 45 194	-17 070
+Result from sickness and accident insurance	- 261	72
Result from insurance activities	- 2 764	-299
B: Investment activities		
+Result from investment activities	- 6 573	15 570
–Real interest tax	- 2 461	1 005
–Allocated investment return transferred to the technical account	- 4 407	13 291
–Yield on investments carried forward to sickness and accident insurance	- 18	176
Result from investment activities	313	1 098
C: Total activities		
+Result from primary operation	- 2 451	799
+Other ordinary receipts, net	17	7
+Extraordinary receipts, net	7	7
–Taxes	- 999	-1 169
Net result for the year	- 1 428	1 982
D: Increase in equity capital		
+Net result of the year	- 1 428	1 982
+Balancing items	- 8 927	813
+Capital injection	2 475	-595
–Dividends, etc.	9 448	503
Increase in equity capital, total	526	1 697
Of which allocated to contingency reserve	- 18	4
Balance sheets		
Assets total	649 623	668 530
A: Investment assets		
Land and buildings	16 805	18 520
Bonds	383 149	476 918
Shares and other capital holdings	177 507	96 152
Loans	6 229	5 831
Other	19 218	15 221
B: Other assets	46 715	55 888
Liabilities, total	649 623	668 530
Equity capital	55 046	39 924
Provisions	574 043	603 852
Other liabilities	20 534	24 754

Source: Danish Financial Supervisory Authority.

For further information visit www.statbank.dk/mpk50and mpk51

Table 458

Accounts of non-life insurance companies

	2001	2002
Number of companies	134	131
Profit and loss account	DKK mio.	
A: Insurance activities		
+Gross premiums written	32 879	33 328
+Technical interest	2 013	1 543
Receipts from insurance activities	34 892	34 871
-Claims incurred, net of reinsurance	26 297	27 192
-Administrative expenses	9 198	8 953
-Other insurance technical items	739	211
Result from insurance activities	- 1 342	-1 485
B: Investment activities		
+Result from investment activities	1 422	1 966
C: Total activities		
Result from primary operation	80	481
+Other ordinary receipts, net	- 403	-80
+Extraordinary receipts, net	- 231	-463
-Taxes	204	72
Net result for the year	- 758	-134
D: Increase in equity capital		
Net result for the year	- 758	26
+Capital injection	1 693	718
+Balancing items	451	-106
Increase, total	1 386	638
-Dividends, etc.	1 772	2 084
Increase in equity capital, total	- 386	-1 446
Of which allocation to contingency reserve	544	-607
Balance sheets		
Assets, total	108 873	108 288
A: Investment assets		
Land and buildings	2 385	2 385
Bonds	49 008	49 087
Shares and other capital holdings	36 825	36 825
Loans	2 091	2 091
Other	2 356	2 296
B: Other assets	16 208	15 604
Liabilities, total	108 873	108 288
Equity, total	42 738	42 929
Provisions	65 071	64 468
Other liabilities	1 064	891

Source: Danish Financial Supervisory Authority.


 For further information visit www.statbank.dk/mpk52 and [mpk53](http://www.statbank.dk/mpk53)

Table 459

Non-life insurance by type 2002

	Number	Premiums	Compensation
		DKK mio.	
Total	152	40 647	31 346
Total commercial insurance	113	11 970	9 637
Workmen's compensation	19	1 803	2 031
Buildings	39	3 230	2 418
Contents (other than stock and machinery)	70	2 515	2 613
Professional liability	35	1 333	1 061
Marine and transport	31	906	578
Aviation	10	1 658	616
Other commercial insurance	27	525	320
Total private insurance	62	6 809	4 947
Householder's comprehensive	49	2 679	1 938
Homeowner's comprehensive	46	3 111	2 349
Weekend cottages	43	406	242
Other private insurance	48	613	418
Total personal accident insurance	63	5 624	4 783
Single accident and sickness	52	5 674	4 581
Professional disability	20	- 50	202
Total motor vehicle insurance	41	10 160	7 742
Third-party liability	40	3 974	3 985
Vehicle (own damage)	39	6 186	3 757
Credit and suretyship	9	300	91
Touristassistance and Legal aid insurance	1	27	14
Total direct business	147	34 889	27 213
Of which abroad	...	3 240	- 1 458
Total indirect business	25	5 757	4 132
Of which abroad	...	3 870	- 3 096

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: Danish Financial Supervisory Authority.

For further information visit www.statbank.dk/mpk54