

The money and capital markets

1. Capital intermediation

Capital transfers from lenders to borrowers

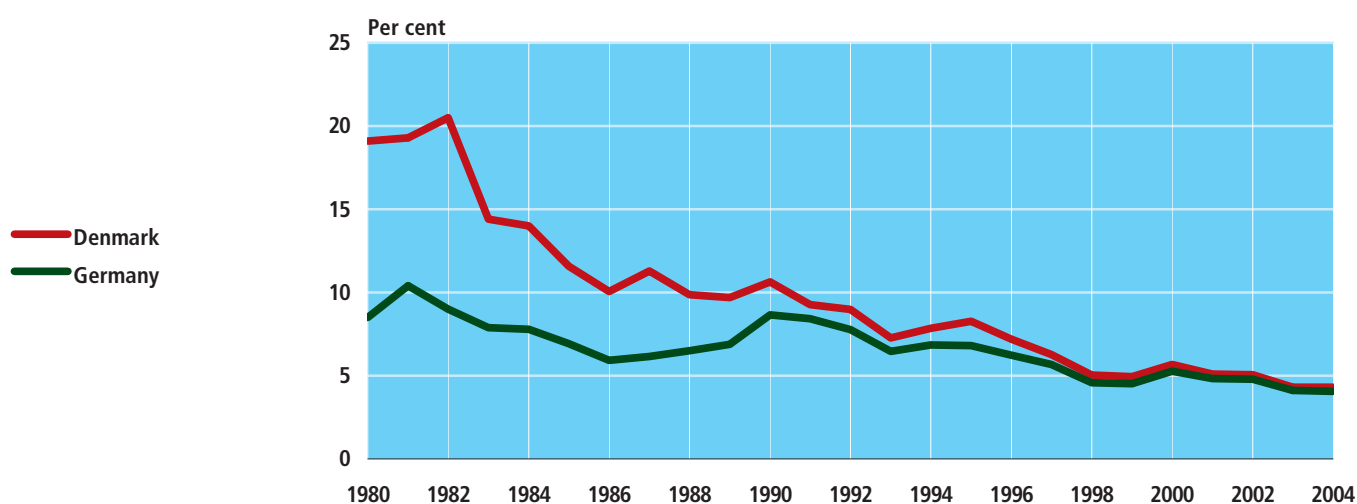
A capital market is a market where financial products are traded, such as loans, credit, insurance, etc. The market makes it possible to transfer capital from persons with a savings surplus to persons with a savings shortage. This allows the individual to time his investments and consumption in relation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

Since the early 1980s, the Danish financial markets have seen a distinct development towards deregulation, internationalization 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 equalization 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 2004 it was down to 0.2 percentage points.

Figure 1

Interest rate on ten-year government bonds 1980-2004



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 central bank of Denmark (Danmarks Nationalbank) can adjust the volume and price of liquidity in

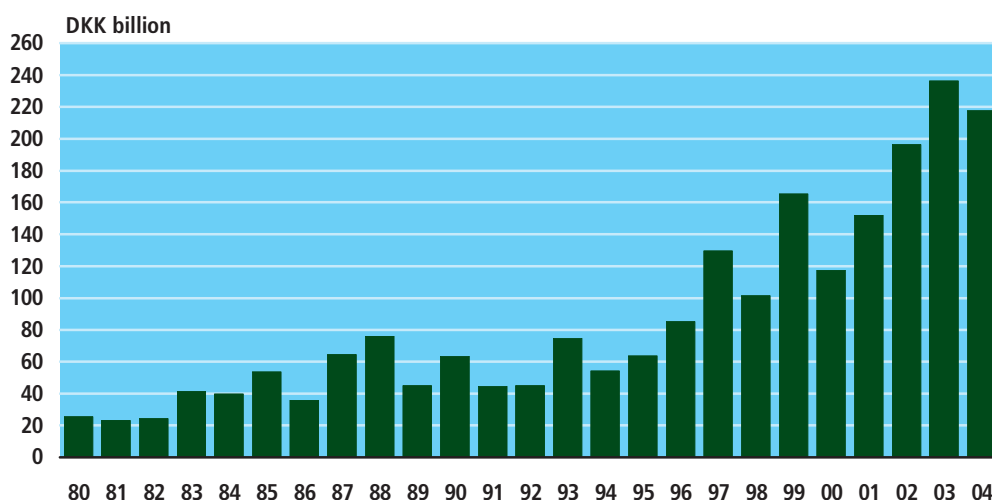
relation to the banks. The interest, which the banks receive from or pay to Danmarks Nationalbank influences the interest rates fixed by the banks vis-à-vis their customers. The long-term interest rate reflects other market driven factors, first of all inflation and risk expectations. The longer the 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.

Danmarks 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 Danmarks 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 to 2003. This indicates that in the past decade Danmarks Nationalbank has made more purchases than sales of foreign currency in net terms to keep the krone rate down.

Figure 2 Foreign exchange reserve 1980-2004



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. In June 2004 Denmark, which at the time was the only member, was accompanied by Estonia, Lithuania and Slovenia. 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 stabilizing the krone rate in relation to the European currencies and the euro, but not in relation to other major currencies such as the US-dollar or the yen.

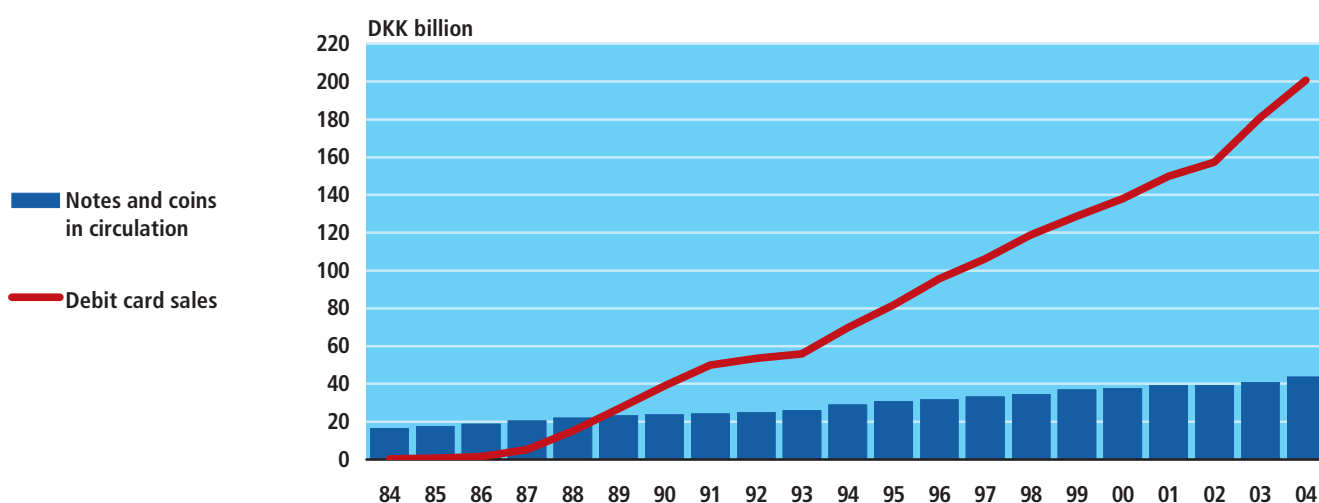
2. Financial claims

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 Danmarks Nationalbank. Although the gold convertibility was subsequently abolished, the gold standard existed formally up until 1971. This meant that Danmarks Nationalbank had a duty to maintain gold reserves corresponding to the value of notes and coins in circulation. Today, money is still claims against Danmarks Nationalbank, but these claims are no longer covered by the gold reserves of Danmarks Nationalbank.

Figure 3

Dankort (debit card) sales and notes and coins in circulation 1983-2004



Difficult to estimate the money stock

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, standardized debt instruments with low risk and a fixed repayment profile. Before the introduction of the euro, the Danish bond market

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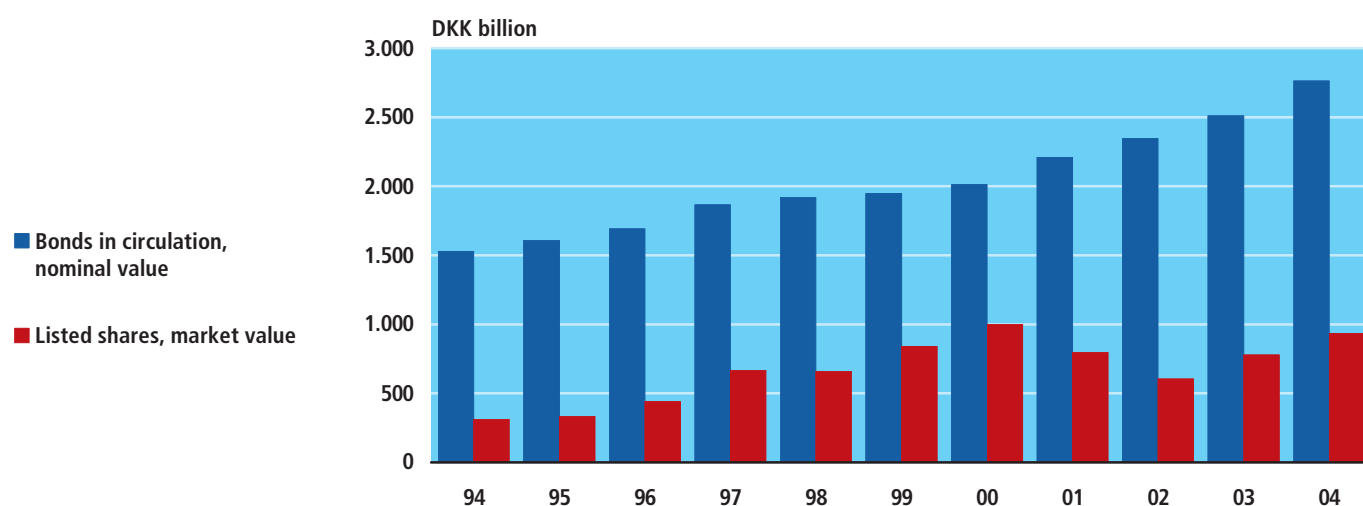
was among the largest in Europe¹. The market is dominated by government bonds and mortgage bonds.

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 2004, about 15 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 2004 compared to about 4 per cent in 1995.

Figure 4

Shares and bonds traded on the Copenhagen Stock Exchange 1994-2004



Shares are risky investments

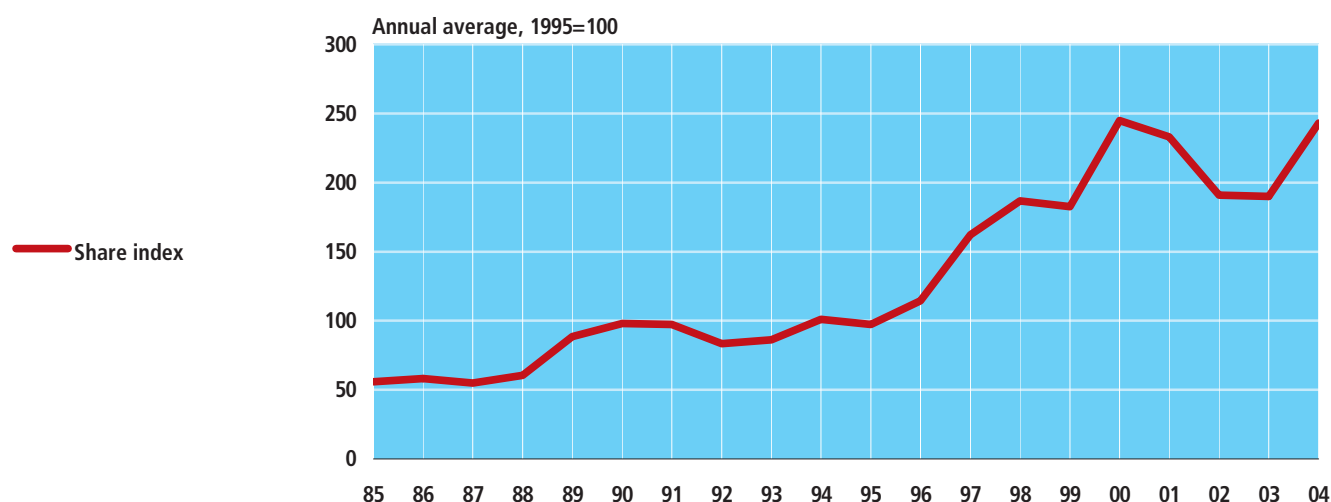
A share is a certificate of ownership of a company. The value of the share depends above all on the future earnings of the company. Since the future earnings are connected with great uncertainty, investing in shares may lead to both large losses and large gains. In addition to specific expectations of 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 2004, 185 companies were listed on the Stock Exchange, of which the 20 largest accounted for 76 per cent of the total volume of listed shares. Furthermore, the rate of turnover is not as high for shares: In 2004, a share was traded 0.7 times on average, while a bond was traded 2.5 times.

¹ 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 1985-2004



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 2003, 176 banks were registered, of which the two largest account for 73 per cent of the balance sheet total in the sector.

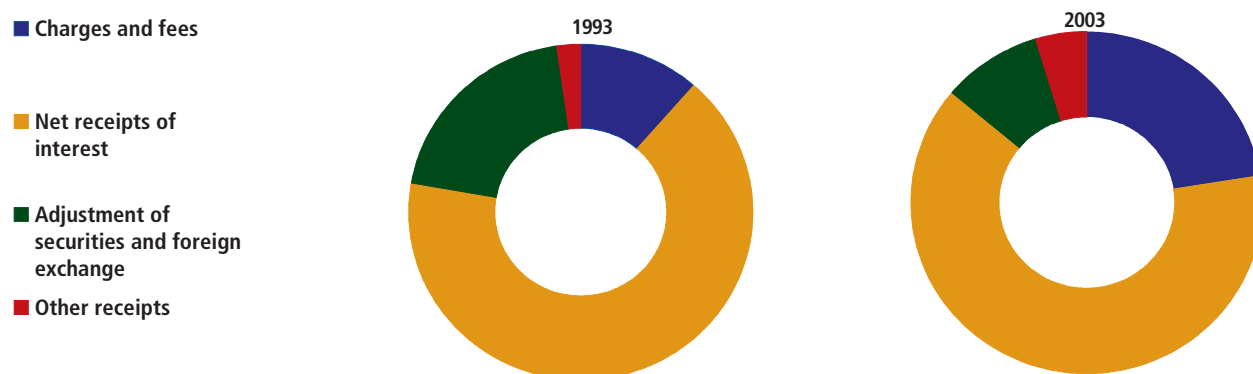
The lending activity in the banking sector is often in focus because it is highly sensitive to market fluctuations and may be seen as an indicator of growth, including in consumption and investing activities. The interest margin, *i.e.*, the difference between lending and deposit interest rates, also 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 2003, the number of associations rose from 55 to 128, and their aggregate balance sheet total increased by 531 per cent during the same period. Like in the banking sector, the concentration is relatively high as the two largest investment associations cover nearly 57 per cent of the market. The reason is that in most cases the investment associations are connected with a bank.

Table 444

Financial sector, main figures

	2002			2003		
	Balance	Companies	Employees	Balance	Companies	Employees
	DKK bn.	number		DKK bn.	number	
Total	5 775	603	58 210	6 220	548	54 972
Banks	2 257	180	39 957	2 332	176	38 740
Mortgage banks	1 753	8	4 134	1 903	8	4 261
Danish Ship Finance	60	1	49	65	1	51
Securities and broking companies	1	29	248	1	28	272
Investment trusts	290	132	-	366	89	-
Non-life insurance companies	110	128	11 337	118	124	9 085
Life insurance companies	669	43	1 709	732	41	1 723
Non-occupational pension funds	277	31	470	302	30	490
Company pension funds	37	47	40	38	47	40
Labour Market Supplementary Pension	243	1	157	263	1	193
LD Pensions	51	1	44	54	1	45
Labour market occupational health insurance	2	1	65	2	1	72
Special pension scheme savings	26	1	-	43	1	-

Source: Danish Financial Supervisory Authority.


 For further information visit www.statbank.dk/mpk55

Table 445

Denmark's gold and foreign exchange reserve

Closing	2002	2003	2004
	DKK billion		
The foreign exchange reserve (gross)	196.5	227.2	219.2
Danmarks Nationalbanks gold stock	5.2	5.3	5.1
Danmarks Nationalbanks foreign assets	183.0	214.5	208.4
Claims on the International Valuta Fund	8.3	7.4	5.7
- Danmarks Nationalbanks foreign liability	3.3	3.0	1.6
The foreign exchange reserve (net)	193.2	224.2	217.6

Source: Danmarks Nationalbank.


 For further information visit www.statbank.dk/mpk15

Table 446

Money stock

	2002	2003	2004
	DKK billion		
Money stock	604.7	680.6	699.0
Notes and coins outside the banking sector	39.0	41.0	43.7
Deposit in banks and savings banks	565.7	639.6	655.3
- Demand deposits	392.1	428.2	492.8
- Agreement deposits ¹	173.6	211.4	162.5

Source: Danmarks Nationalbank.

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


 For further information visit www.statbank.dk/mpk12

Table 447

Profit and loss account and balance sheet of Danmarks Nationalbank

	2003	2004
	DKK mio.	
Profit and loss account		
Interest receivable, etc. total	10 451	9 243
Interest on foreign assets	6 299	5 623
Interest and commission on loans, etc.	1 979	1 730
Interest and dividends on securities	2 173	1 890
Interest payable, etc. total	5 958	5 218
Interest on foreign liabilities	29	32
Interest on deposits, etc.	5 929	5 186
Expenses, total	576	550
Administrative expenses	329	317
Other expenses	247	233
Exchange-rate and value adjustment, total	-268	-662
Revaluation of gold stock	104	-174
Revaluation of foreign-exchange accounts	-38	-562
Revaluation of securities	-334	74
Other ordinary receipts	-	84
Allocation to reserves, etc.	548	92
Net profit of the year	3 101	2 805
Balance sheet		
Assets, total	323 094	337 066
Stock of gold ¹	5 298	5 124
Special drawing rights in the IMF	7 416	5 684
Foreign assets	214 441	208 456
Lending	51 272	76 047
Securities	40 203	37 732
Sundry debtors	4 464	4 023
Liabilities, total	323 094	337 066
Notes in circulation	44 984	47 047
Coin in circulation	4 701	4 992
Foreign liabilities	2 976	1 633
Allocation of Special Drawing Rights in IMF	1 577	1 514
Deposits, etc.	16 789	9 693
Deposit certificates	157 279	160 379
The Central Government's current account	43 981	60 810
Sundry creditors	562	714
General capital fund and general reserve	50 245	50 284

¹ Holding is valued in 2003 on the basis of: 1 kg fine gold = DKK 79.605. In 2004 the valuation basis is: 1 kg fine gold = DKK 76.995.

Source: Danmarks Nationalbank.

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

Table 448

Profit and loss account and balance sheet of Danish banks

Closing	2002	2003
Number of banks	180	176
	DKK mio.	
Profit and loss account		
+Interest receivable	84 333	76 424
– Interest payable	48 676	39 478
Net income from interest, net	35 657	36 946
+Share dividends	695	791
+Charges and commissions receivable	14 716	15 760
–Charges and commissions payable	2 352	2 625
Net income from charges and commissions	48 716	50 872
+Revaluation of securities and foreign exchange	740	4 380
+Other ordinary income	1 591	2 790
Profit/loss on financial items	51 047	58 042
–Staff and administrative expenses	30 794	31 350
–Depreciation of tangible and intangible assets	1 421	1 267
–Other operating expenses	53	311
–Depreciations and provisions, net	4 303	5 077
+Adjustments of shares	6 392	7 816
Profit/loss on ordinary activities	20 868	27 853
+Extraordinary receipts, net	0	0
Profit/loss before tax	20 868	27 853
–Tax	5 827	7 240
Profit/loss for the year	15 041	20 613
Balance sheets		
Assets, total	2 244 122	2 319 346
Claims on credit institutions, etc.	486 734	506 343
Loans	892 005	933 068
Bonds, etc.	509 468	609 962
Shares, etc.	31 062	38 796
Holdings in associated and affiliated enterprises	65 004	68 032
Intangible assets	96	105
Tangible assets	13 198	11 051
Other assets	246 556	151 988
Liabilities, total	2 244 122	2 319 346
Liabilities to credit institutions, etc.	643 419	705 718
Deposits	840 590	929 561
Issued bonds, etc.	188 975	216 646
Other liabilities, accruals and deferred income	388 158	275 469
Provisions for liabilities and charges	3 161	2 330
Capital deposits	51 143	52 007
Equity capital	128 677	137 616

Note. Excluding the banks in Greenland.

Source: Danish Financial Supervisory Authority.

For further information visit www.statbank.dk/mpk39 and [mpk40](http://www.statbank.dk/mpk40)

Table 449

Bank credits to residents and residents' deposits with major banks 2004

	Deposits	Credits ¹
	DKK mio.	
Total	911 550	759 166
Commercial sector	553 600	558 348
Agriculture, fishing and quarrying	15 554	31 920
Agriculture, horticulture and forestry	14 373	29 073
Fishing	473	1 774
Mining and quarrying	708	1 073
Manufacturing	24 449	77 253
Mfr. of food, beverages and tobacco	3 065	23 542
Mfr. of textiles, wearing apparel, leather	805	2 093
Mfr. of wood products, printing and publishing	2 645	6 558
Mfr. of chemicals, plastic products	7 775	12 727
Mfr. of other non-metallic mineral products	646	4 476
Mfr. of basic metals and fabricated metal products	8 483	23 007
Mfr. of furniture; manufacturing n.e.s.	1 030	4 850
Energy and water supply	10 835	9 956
Construction	10 238	14 980
Wholesale, retail trade, hotels and restaurants, etc.	32 591	62 196
Sale and repair of motor vehicles, sale of fuel	2 989	9 502
Wholesale and commission trade, except motor vehicles	17 169	34 658
Retail trade and repair work, except of motor vehicles	9 715	12 703
Hotels and restaurants, etc.	2 718	5 333
Transport, post and telecommunications	22 618	21 528
Transport	17 005	20 009
Post and telecommunications	5 613	1 519
Financial intermediation, business activities	353 272	281 548
Financial intermediation and insurance	275 627	173 140
Letting and sale of real estate	23 551	54 485
Business activities, etc.	54 094	53 923
Public and personal services	68 786	44 339
Public administration	40 418	31 692
Education	3 116	1 433
Human health activities	10 661	5 127
Social institutions	1 331	516
Refuse collection, associations and recreation activities, etc.	13 260	5 571
Activity not stated	15 257	14 628
Employees, pensioners, etc.	357 950	200 818

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 450

Long-term savings schemes with deposit accounts of Danish banks

Closing	2002	2003	Percentage change in relation to previous year
	DKK mio.		per cent
Specific deposit accounts, total	138 205	140 948	2,0
Index-linked pension savings	14 659	14 032	-4,3
Capital-pension accounts	74 295	74 019	-0,4
Savings accounts for children	9 708	9 877	1,7
Private pension schemes	5 111	4 814	-5,8
Investment-fund accounts	212	66	-68,9
Business establishment savings	1 038	1 020	-1,7
Home-savings contracts	944	812	-14,0
Instalment-pension accounts	21 035	25 670	22,0
Savings accounts for education	788	668	-15,2
Premium lottery accounts	10 380	9 938	-4,3
Market fluctuation adjustment accounts	35	32	-8,6

Source: Danish Financial Supervisory Authority.

For further information visit www.statbank.dk/mpk43

Table 451

Danish electronic payment card system

	1993	1998	2003	2004
Electronic card system	thousands			
Number of cards	2 412	2 621	3 434	3 355
Transaction, total				
Electronic	147 314	328 975	528 044	579 147
Slips	24 868	10 867	7 513	7 355
Turnover	DKK mio.			
Electronic	46 586	113 203	175 719	195 323
Slips	9 170	5 658	5 154	5 484

Note. Transactions using cash points are not included.

Source: Danish Payment Systems.


 For further information visit www.statbank.dk/mpk41

Table 452

Mortgage banks

	Mortgage credit institutions	
	2002	2003
Number of institutions	8	8
Profit and loss account	DKK mio.	
+ Interest receivable	82 735	86 199
– Interest payments	72 109	74 695
Net income from interest	10 626	11 504
+ Charges and commissions receivable	274	650
Net income from charges and commissions	10 900	12 154
– Expenditure of the personnel administration and other operating expenses	4 276	4 665
– Depreciation and provisions on loans	232	295
+ Adjustment of capital interest	450	1 982
+ Other ordinary receipts	115	93
Profit/loss on ordinary activities	6 957	9 269
+ Extraordinary receipts (net)	0	-22
– Tax	2 026	2 204
Profit/loss for the year	4 931	7 043
Balance sheets		
Assets, total	1 753 394	1 902 861
Claims on credit institutions, etc.	128 110	121 528
Loans	1 321 195	1 431 580
Bonds and shares, etc.	284 384	326 565
Holdings in associated and affiliated enterprises	5 685	7 841
Intangible assets	99	1 925
Tangible assets	1 414	1 537
Other assets	12 507	11 885
Liabilities, total	1 753 394	1 902 861
Liabilities to credit institutions	56 685	30 237
Issued bonds, etc.	1 559 399	1 719 530
Other liabilities, accruals and deferred income	48 734	54 089
Provisions for liabilities and charges	1 272	1 114
Capital deposits	3 776	4 885
Equity capital	83 528	93 006

Source: Danish Financial Supervisory Authority.

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

Table 453

Lending activity of mortgage banks

	2002	2003	2004
	DKK mio.		
Loans incl. index-linked loans, total	89 127	99 070	90 430
Owner-occupied dwellings and holiday homes	55 440	62 910	53 587
Subsidized construction of residential buildings	-978	979	1 468
Private rental housing	9 862	12 554	15 972
Agricultural properties, etc.	14 036	10 954	9 276
Industrial properties, etc.	243	4 350	513
Office and shop buildings	9 632	6 666	8 974
Properties for social, cultural and educational purposes	816	611	592
Undeveloped plots	76	46	48

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 454

Major finance companies, factoring and other loans

	Total activities 2002	Total activities 2003	Status at end of year 2002	Status at end of year 2003
	DKK mio.			
Factoring	36 631	36 671	3 248	2 510
Other loans	7 500	6 462	17 526	15 134

Source: Individual finance company.


 For further information visit www.statbank.dk/mpk32

Table 455

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	2003	3 566	3 342	4 381	3 528	167	769	871	16 624	55 229
	2002	2 976	3 113	3 648	3 407	880	831	870	15 727	55 263

Source: Individual finance company.


 For further information visit www.statbank.dk/mpk31

Table 456

Consumer credit

End of year	2002 ¹	2003 ¹	2004
	DKK mio.		
Total	13 774	13 435	14 389
Balance on credit and account cards	5 970	6 180	6 196
Of which, petrol companies	1 337	1 302	1 432
Blank credit	5 094	4 997	5 805
Secured credit	2 710	2 257	2 388

¹ Revised figures.

Source: Each individual financing company and credit card company.


 For further information visit www.statbank.dk/mpk30

Table 457

Quoted bonds in circulation by holder sector 2004

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	673 627	1 960 786	130 624	2 765 037
Non-financial corporations	17 137	92 843	7 088	117 070
Financial corporations	127 867	1 032 224	48 904	1 208 995
Monetary financial institutions	59 846	857 077	27 336	944 260
Other financial institutions	68 021	175 146	21 567	264 735
Insurance and pension funds corporations	127 599	385 574	20 721	533 896
General government	155 108	103 208	2 470	260 785
Central government	149 913	77 221	1 528	228 661
Local government	5 195	25 987	942	32 124
Social security funds ³	...	...	...	...
Non-profit institutions serving households	3 926	22 898	979	27 803
Households	6 231	86 425	41 746	134 403
Sector unknown	17 734	41 315	3 782	62 831
Abroad	218 022	196 298	4 933	419 253

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 458

Owners of quoted shares and unit trust certificates by holder sector 2004

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	224.6	14.4	288.4	374.8	8.0	28.0	938.1
Non-financial corporations	68.0	3.1	134.1	58.2	1.0	0.9	265.3
Financial corporations	18.3	2.8	17.5	64.8	0.6	9.1	113.1
Insurance and pension funds corporations	12.1	1.0	14.1	25.6	0.1	1.4	54.3
General government	11.1	1.3	11.5	13.8	-	1.5	39.1
Non-profit institutions serving households	28.5	3.8	32.9	108.5	1.0	7.1	181.7
Households	0.8	0.2	2.1	3.1	0.1	0.2	6.4
Sector unknown	76.7	1.8	73.9	93.6	0.2	7.6	253.8
Abroad	9.0	0.4	2.3	7.2	5.0	0.4	24.3

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 459

Share index

KAX-index	2002	2003	2004
Closing	end of 1995 =100		
Total	167	217	263
Energy	...	...	134
Materials	110	155	200
Industrials	156	243	280
Discretionary	68	90	136
Consumer Staples	93	96	114
Health Care	307	308	398
Financials	205	272	348
ICT	156	173	230
Telecommunication	111	138	150
Utilities	368	913	935

Source: Copenhagen Stock Exchange.


 For further information visit www.statbank.dk/mpk13

Table 460

Yield on bonds

		2002	2003	2004
		per cent p.a.		
Yield				
Government bonds:				
5 year:	End of year	3.86	3.65	3.31
	Annual average	4.58	3.56	3.40
10 year:	End of year	4.45	4.46	3.87
	Annual average	5.05	4.31	4.30
Mortgage credit bonds:				
20 year:	End of year	5.27	5.21	4.85
	Annual average	6.69	5.11	5.00
30 year:	End of year	5.47	5.45	5.07
	Annual average	6.33	5.45	5.30

Source: Danmarks Nationalbank.


 For further information visit www.statbank.dk/mpk42

Table 461

Pension funds

	Pension funds subject to legislation governing insurance activities			Pension funds subject to legislation governing supervision of company pension funds		
	2001	2002	2003	2001	2002	2003
Number of members	697 968	724 965	738 978	21 741	19 958	19 950
Working members	630 306	651 860	662 770	11 404	9 830	9 912
Retired members	49 017	53 920	57 071	7 292	6 950	6 965
Retired spouses	10 313	10 798	10 853	2 555	2 674	2 574
Children who receive children's pension	8 332	8 387	8 284	490	504	499
DKK millions						
Current annual pension, total	4 622	4 711	5 047	1 439	1 643	1 680
Pension for members	3 651	3 798	4 102	1 165	1 141	1 162
Pension for spouses	770	732	765	265	303	319
Pension for children	201	181	180	9	199	199
Miscellaneous income						
Member contributions	11 469	12 036	13 153	612	555	620
Of which extraordinary contributions	...	...	...	350	105	107
Interest income and profits	11 372	9 379	9 621	1 944	1 628	1 606
Miscellaneous expenditure¹						
Pensions	5 883	6 267	6 599	1 431	1 423	1 437
Retirement allowances	466	498	499	96	81	116
Assets, total	272 145	277 018	301 892	39 984	37 077	38 191
Central government bonds ¹	24 657	32 235	29 692	6 230	5 519	6 999
Local government bond ¹	3 175	9 405	3 055	1	113	363
Mortgage credit bonds, etc. ¹	82 751	80 353	89 486	15 603	17 377	17 156
Cash at bank and in hand	1 288	3 861	2 896	469	215	239
Mortgage credits	426	429	326	27	20	11
Loans with other collateral	3 496	6 986	6 659	6	4	4
Other assets	156 352	143 749	169 778	17 648	13 829	13 419
Premium reserves	225 446	239 497	252 520	31 049	31 354	31 655

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 462

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.

For further information visit www.statbank.dk/mpk3

Table 463

Exchange rates in Copenhagen

	Currency	2002	2003	2004
		DKK		
Pound sterling	GBP	1 182.10	1 074.99	1 096.69
Bulgarian lev	BGN	381.21	381.26	380.88
Estonian kroon	EEK	47.49	47.49	47.55
Icelandic krona	ISK	8.62	8.58	8.54
Latvian lats	LVL	1 279.75	1 161.21	1 118.83
Lithuanian litas	LTL	214.79	215.21	215.47
Norwegian krone	NOK	99.03	93.03	88.90
Polish zloty	PLN	193.07	169.26	164.73
Romanian lei	ROL	0.024	0.020	0.018
Swiss franc	CHF	506.47	488.88	481.96
Slovak koruna	SKK	17.41	17.91	18.59
Slovenian tolar	SIT	...	3.18	3.11
Swedish krona	SEK	81.12	81.45	81.54
Czech koruna	CZK	24.13	23.34	23.33
Hungarian forint	HUF	3.06	2.93	2.96
EU common currency	EUR	743.04	743.07	743.98
Australian dollars	AUD	427.91	428.17	440.53
Canadian dollars	CAD	501.86	470.27	460.64
Hong Kong dollars	HKD	101.05	84.62	76.89
Japanese yen	JPY	6.2969	5.6840	5.5366
Singapore dollars	SGD	439.96	378.02	354.21
US dollars	USD	788.12	658.99	598.93
Effective rate of DKK 1980 = 100		97.74	101.21	102.2

Note. The rate is the annual average.

Source: Danmarks Nationalbank.

For further information visit www.statbank.dk/mpk101

Table 464

Life assurance companies

	2002	2003
Number of companies	43	41
Profit and loss account	DKK mio.	
A: Insurance activities		
+Premiums net of reinsurance	53 401	58 197
+Allocated investment return transferred from the technical account	13 291	36 286
Receipts from insurance activities	66 692	94 483
– Claims incurred, net of reinsurance	33 649	36 018
– Change in life assurance provisions	46 534	38 864
– Administrative expenses	3 950	4 327
– Change in bonus equalization provisions	-17 070	11 298
+Result from sickness and accident insurance	72	169
Result from insurance activities	-299	4 145
B: Investment activities		
+Result from investment activities	15 570	44 131
– Real interest tax	1 005	4 999
– Allocated investment return transferred to the technical account	13 291	36 799
– Yield on investments carried forward to sickness and accident insurance	176	0
Result from investment activities	1 098	2 333
C: Total activities		
+Result from primary operation	799	6 478
+Other ordinary receipts, net	7	39
+Extraordinary receipts, net	7	35
– Taxes	-1 169	1 109
Net result for the year	1 982	5 443
D: Increase in equity capital		
+Net result of the year	1 982	5 443
+Balancing items	813	-9
+Capital injection	-595	3 755
– Dividends, etc.	503	462
Increase in equity capital, total	1 697	8 727
Of which allocated to contingency reserve	4	0
Balance sheets		
Assets total	668 530	731 698
A: Investment assets		
Land and buildings	18 520	10 712
Bonds	476 918	501 212
Shares and other capital holdings	96 152	124 127
Loans	5 831	6 025
Other	15 221	18 211
B: Other assets	55 888	71 411
Liabilities, total	668 530	731 698
Equity capital	39 924	47 564
Provisions	603 852	645 345
Other liabilities	24 754	38 789

Source: Danish Financial Supervisory Authority.

For further information visit www.statbank.dk/mpk50 and [mpk51](http://www.statbank.dk/mpk51)

Table 465

Accounts of non-life insurance companies

	2002	2003
Number of companies	130	126
Profit and loss account	DKK mio.	
A: Insurance activities		
+Gross premiums written ¹	33 328	35 694
+Technical interest	1 543	991
Receipts from insurance activities	34 871	36 685
– Claims incurred, net of reinsurance	27 192	26 377
– Administrative expenses	8 953	8 270
– Other insurance technical items	211	909
Result from insurance activities	-1 485	1 129
B: Investment activities		
+Result from investment activities	1 966	6 310
C: Total activities		
Result from primary operation	481	7 439
+Other ordinary receipts, net	-80	-140
+Extraordinary receipts, net	-463	-1
– Taxes	72	1 286
Net result for the year	-134	6 012
D: Increase in equity capital		
Net result for the year	26	6 012
+Balancing items	-106	-11
+Capital injection	718	4 225
Increase, total	638	10 226
– Dividends, etc.	2 084	2 299
Increase in equity capital, total	-1 446	7 927
Of which allocation to contingency reserve	-607	34
Balance sheets		
Assets, total	108 288	120 680
A: Investment assets		
Land and buildings	2 385	2 298
Bonds	49 087	54 393
Shares and other capital holdings	36 825	40 735
Loans	2 091	1 935
Other	2 296	2 667
B: Other assets	15 604	18 652
Liabilities, total	108 288	120 680
Equity, total	42 929	50 124
Provisions	64 468	69 403
Other liabilities	891	1 153

¹ F.e.r. = at one's own expense.

Source: Danish Financial Supervisory Authority.

For further information visit www.statbank.dk/mpk52 and mpk53

Table 466

Non-life insurance by type 2003

	Premiums	Compensation
	DKK mio.	
Total	40 571	27 927
Total commercial insurance	13 027	8 377
Workmen's compensation	2 332	2 322
Buildings	3 492	1 982
Contents (other than stock and machinery)	2 953	1 832
Professional liability	1 565	1 212
Marine and transport	934	491
Aviation	1 064	180
Other commercial insurance	687	358
Total private insurance	7 355	4 765
Householder's comprehensive	2 892	1 873
Homeowner's comprehensive	3 258	2 116
Weekend cottages	430	247
Change of ownership insurance	242	209
Other private insurance	533	320
Total personal accident insurance	6 252	5 067
Health insurance	171	72
Single accident and sickness	5 966	4 784
Professional disability	115	211
Total motor vehicle insurance	11 204	8 289
Third-party liability	4 755	4 781
Vehicle (own damage)	6 449	3 508
Credit and suretyship	404	-27
Touristassistance and Legal aid insurance	39	16
Total direct business	38 281	26 487
Total indirect business	2 290	1 440

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