

# Money and credit market

The money and credit markets

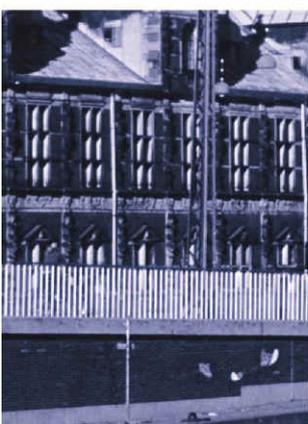
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## The money and credit markets

### Capital transfers from lenders to borrowers

A capital market is a market where financial products are traded, such as shares, bonds and credit. 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.

### A smooth payment mechanism

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.

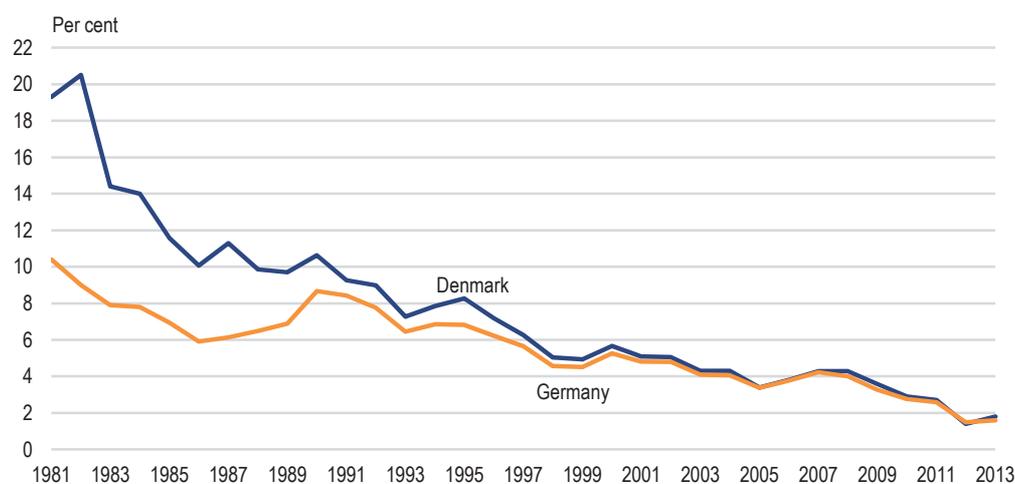
## Interest rate and price changes

### 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 together with a fixed exchange rate policy 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. This difference has diminished until the beginning of the 1990's after which the two interest rates have developed in parallel. In 2013 was the Danish long-term bond interest rate 1.8 per cent and the German long-term bond interest rate 1.6 per cent

Figure 1 Interest rate on 10-year government bonds



www.statbank.dk/dnrenta

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

The interest on a financial claim reflects the lender's compensation providing capital. 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 often is the indicator of the long-term interest rate.

The short-term interest rate can be affected centrally. The central bank of Denmark (Danmarks Nationalbank) can adjust the volume and price of liquidity in relation to the banks. The interest that 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 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.

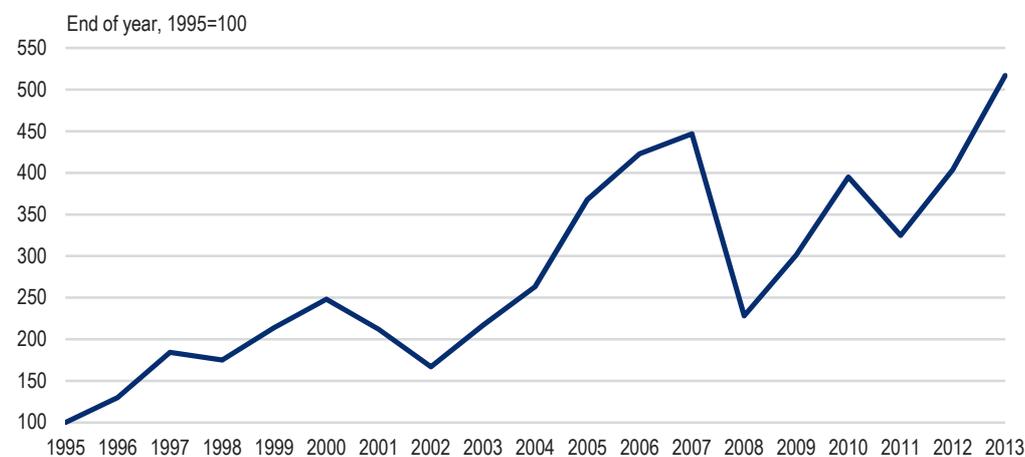
In 1982, the short-term interest rate was as high as 21 per cent per annum, partly because of high inflation expectations.

### Shares are risky investments

A share is a certificate of ownership of a company. The value of the share depends above all on the expected future earnings of the company. Since 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 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 2013, 166 companies were listed on the Stock Exchange.

**Figure 2** OMXC, index of all listed shares at market value



[www.statbank.dk/mpk13](http://www.statbank.dk/mpk13)

Various indices are used as indicators of the development in the stock market. The most commonly used are the all-share index OMXC shown above, which shows the market value of all listed shares, and OMXC20, which is a weighted market value index of the 20 largest and most traded shares.

There has been a trend of increasing prices reflecting the trends in the international markets. However widespread decreases in the stock markets are observable in the Danish indices. The sharp drop in 2008 followed the financial crisis which started in October 2008 and the European Debt crisis has contributed to the latest widespread decrease in the markets. In 2012 and 2013 the stock markets worldwide regained some of the losses from the latest crises.

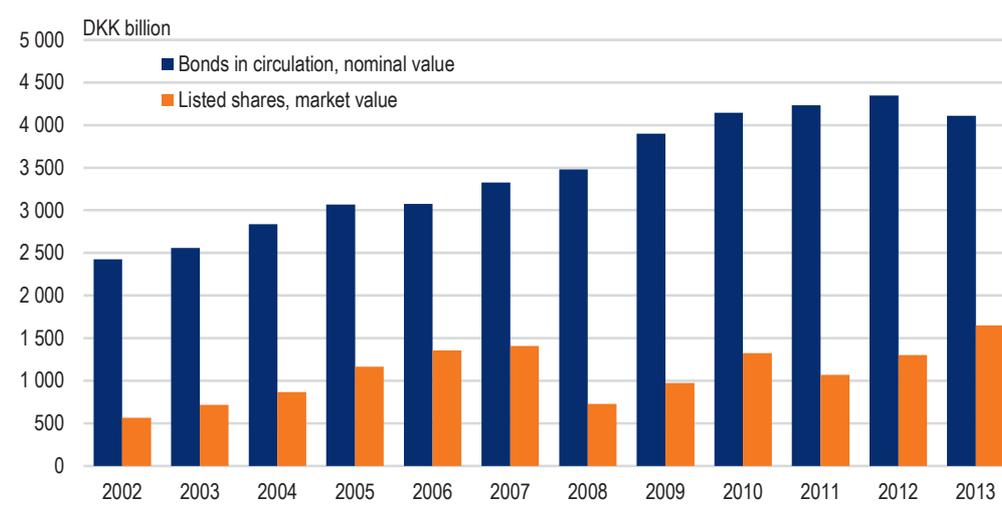
## Securities

### 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 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 bonds are unique to the Danish market in terms of their 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 2013, about 20 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, 17 per cent of mortgage bonds were held by foreigners at the end of 2013 compared to about 5 per cent in 1996.

**Figure 3** Shares and bonds traded on the Copenhagen Stock Exchange



[www.statbank.dk/dnvpdkb](http://www.statbank.dk/dnvpdkb)

<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.

## Banks and mortgage-credit institutes

### The Central Bank purchased foreign currency to keep the krone rate stable

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.

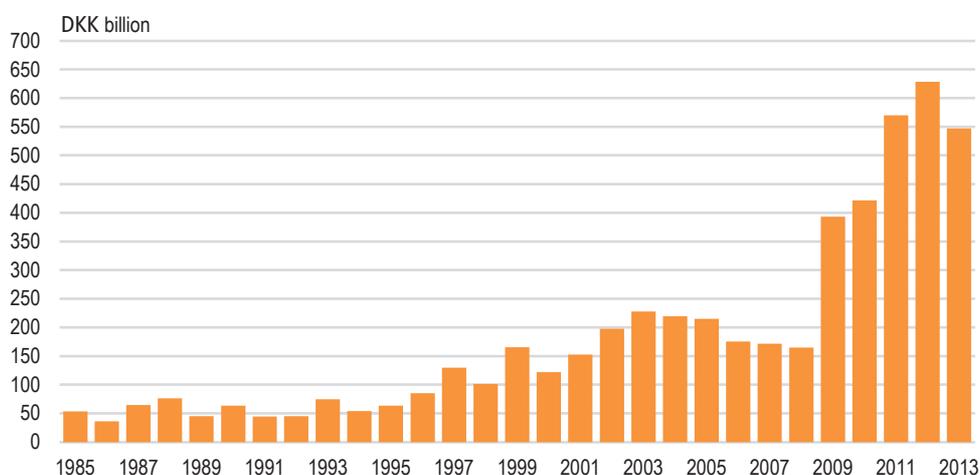
Danmarks Nationalbank trades in the foreign exchange market with a view to stabilise the krone rate through purchases and sales of foreign currency against Danish kroner. Thus, the primary purpose of foreign exchange reserves is to enable Danmarks Nationalbank to use intervention as a tool to maintain 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.

### Marked increase in foreign exchange reserves in recent years

In the period 2003 – 2008 the volume of the foreign exchange reserves decreased, but since the volume has increased, because of the difference in interest rates between Denmark and especially the Euro-area. As the interest rates have fallen in general, even small differences have made it attractive for foreign investors to invest in Danish securities. This has increased the demand for Danish kroner. The Central Bank has in order to stabilise the exchange rate purchased foreign currency.

Figure 4 Foreign exchange reserve



www.statbank.dk/dnivr

### Denmark participating in ERM II

Since 1 January 1999, Denmark has participated in an exchange-rate co-operation with the European Central Bank (ECB) for the EU member states, which do not participate in the European Monetary Union. In the agreement called ERM II (Exchange Rate Mechanism II) Denmark is accompanied by Lithuania. The purpose of ERM II is to retain the exchange rates within the agreed fluctuation band on +/- 15 per cent in relation to the central rate. Denmark has a narrower fluctuation band on +/- 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.

### 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.

**Figure 5** Dankort (debit card) sales and notes and coins in circulation

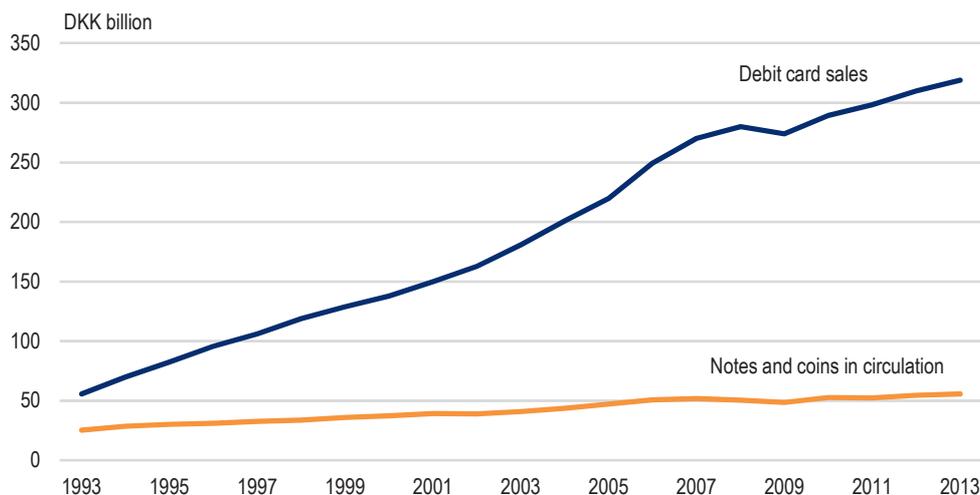


Table 324 and 326

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 until 1971. This implied 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.

### 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.

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

Since the early 1980s, the business areas in the financial sector have overlapped. Today, banks offer their customers pension schemes that are very similar to the schemes offered by life insurance companies. However, it is still prohibited to carry on banking, mortgage lending and insurance activities in one and the same company.

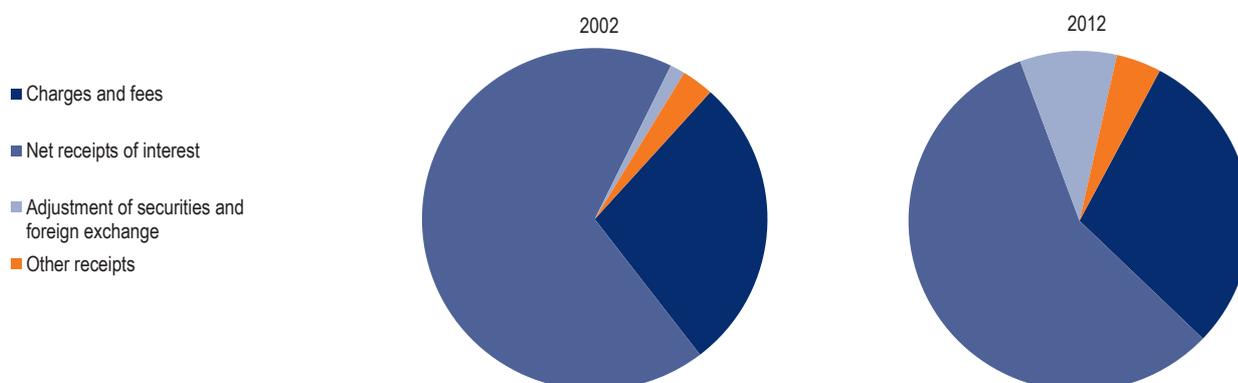
New legislation made it possible to set up holding companies and intercompany ownership among the financial companies. This implies that a mortgage credit institute may own a bank and vice versa. As a result, the capital market has seen a number of mergers and group formations

### 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 2012, 96 banks were registered, of which the two largest account for 72 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 in for example consumption and investing activities. The interest margin, i.e. the difference between lending and deposit interest rates, also attracts attention. However, a significant proportion of the banks' earnings derive from charges and fees.

Figure 6 The banks' earnings by type



www.statbank.dk/mpk39

### 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.

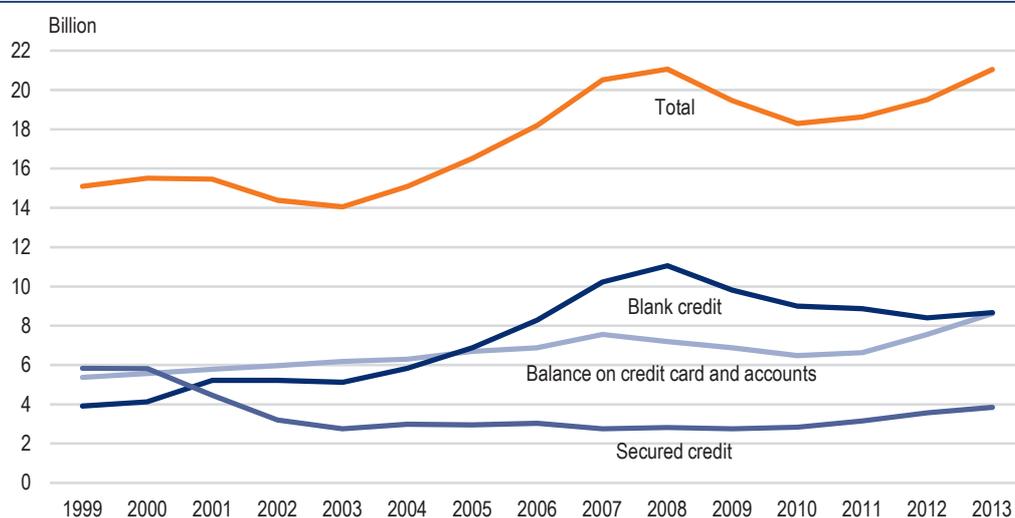
## Other financial intermediaries

### Consumer credit

In addition to banks and mortgage credit institutes, credit is offered to Danish consumers by finance companies. There was a sharp increase in total consumer credit until the beginning of the global financial crisis in 2008. Over a 5-year period consumer credit increased by 50 pct. from DKK 14 billion by the end of 2003 to DKK 21 billion by the end of 2008.

The increase was primarily boosted by the Danes' use of blank credit, which is an unsecured personal loan. The use of blank credit has been steadily falling since the global financial crisis. In 2011 and 2012 total consumer credit has increased again. This is mainly due to increased withdrawals from retailer credit cards and account cards, which cover all types of lending to which a secured or unsecured retailer credit card or account card is attached.

Figure 7 Consumer credit, end of year



www.statbank.dk/mpk30

### 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. The balance sheet total has increased from DKK 290 billion at the end of 2002 to DKK 723 billion at the end of 2012.

## **Insurance companies and pension funds**

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

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 and life insurance companies, which have thereby become important players in the financial markets.

**Table 302 Owners of quoted shares and unit trust certificates. 2013**

Share prices. end of year	Non-financial corporations			Financial corporations	Foreigns corporations	Total
	Manufacturing. etc.	Transport. postal services and telecommunications	Other corporations			
Owners <sup>1</sup>						
	DKK billion					
<b>Total</b>	<b>611.7</b>	<b>77.7</b>	<b>663.6</b>	<b>1 317.9</b>	<b>56.2</b>	<b>2 727.6</b>
Non-financial corporations	97.7	7.4	234.1	123.7	3.6	466.5
Financial corporations	23.3	7.9	70.7	198.9	19.3	320.1
Insurance and pension funds corporations	7.6	2.4	16.2	423.1	4.2	453.5
General government	0.0	0.0	8.6	21.0	0.8	30.4
Households <sup>2</sup>	84.2	11.1	88.1	399.6	17.8	600.8
Non-profit institutions serving households	9.1	0.5	4.8	19.3	1.0	34.7
Abroad	0.5	0.1	2.8	5.8	0.1	9.4
Sector unknown	389.2	48.2	238.3	126.4	9.5	812.2

<sup>1</sup> Owners are defined as account holders with the Danish Securities Centre. <sup>2</sup> Households consists of privately owned enterprises, employees, pensioners etc.

Source: Danmarks Nationalbank  
www.statbank.dk/dnvpdks

**Table 303 Share index**

OMXC-index	2011	2012	2013
End of the year	end of 1995 = 100		
<b>Total</b>	<b>325</b>	<b>404</b>	<b>517</b>
Energy	10	5	25
Materials	502	571	1 092
Manufacturing	273	309	421
Discretionary	40	58	74
Consumer goods	171	159	196
Health Care	1 067	1 397	1 648
Finance	218	274	366
ICT	289	442	740
Telecommunication	149	130	170
Utilities	340	188	217

Source: Copenhagen Stock Exchange  
www.statbank.dk/mpk13

Table 304 Quoted bonds in circulation by holder sector. 2013

Nominal value at the end of the year	Central government bonds, etc.	Bonds issued by mortgage banks etc. <sup>1</sup>	Other quoted bonds <sup>2</sup>	Total
DKK mio.				
<b>Total</b>	<b>639 749</b>	<b>3 089 627</b>	<b>203 990</b>	<b>3 933 366</b>
<b>Non-financial corporations</b>	<b>3 590</b>	<b>124 704</b>	<b>9 138</b>	<b>137 432</b>
<b>Financial corporations</b>	<b>80 918</b>	<b>1 800 857</b>	<b>83 366</b>	<b>1 965 141</b>
Monetary financial institutions	19 061	1 338 589	37 048	1 394 698
Other financial institutions	61 857	462 268	46 318	570 443
<b>Insurance and pension funds corporations</b>	<b>266 768</b>	<b>493 306</b>	<b>28 727</b>	<b>788 801</b>
<b>General government</b>	<b>63 550</b>	<b>57 829</b>	<b>47 153</b>	<b>168 532</b>
Central government	63 187	27 468	40 397	131 052
Local government	349	29 795	6 719	36 863
Social security funds	14	566	36	616
<b>Households</b>	<b>1 640</b>	<b>46 728</b>	<b>15 704</b>	<b>64 072</b>
<b>Non-profit institutions serving households</b>	<b>900</b>	<b>20 205</b>	<b>930</b>	<b>22 035</b>
<b>Sector unknown</b>	<b>922</b>	<b>13 742</b>	<b>1 282</b>	<b>15 946</b>
<b>Abroad</b>	<b>221 461</b>	<b>532 256</b>	<b>17 689</b>	<b>771 406</b>

<sup>1</sup> Bonds issued by mortgage banks 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.

Source: Danmarks Nationalbank  
www.statbank.dk/dnvpdks

Table 305 Yield on bonds

		2010	2011	2012
per cent p.a.				
<b>Yield</b>				
<b>Government bonds:</b>				
5 year:	End of year	2.04	0.62	0.06
	Annual average	2.16	1.96	0.49
10 year:	End of year	2.98	1.58	1.05
	Annual average	2.91	2.71	1.56
<b>Mortgage credit bonds:</b>				
20 year:	End of year	4.39	3.19	2.92
	Annual average	4.18	4.05	3.40
30 year:	End of year	4.53	3.94	3.46
	Annual average	4.67	4.71	4.08

Source: Danmarks Nationalbank

Table 306 Financial sector, main figures

	2011			2012		
	Balance	Companies	Employees	Balance	Companies	Employees
	DKK bn.	number		DKK bn.	number	
<b>Total</b>	<b>11 512</b>	<b>447</b>	<b>65 235</b>	<b>11 926</b>	<b>407</b>	<b>62 682</b>
Banks	4 307	113	42 876	4 262	96	40 492
Mortgage banks	3 388	8	4 527	3 513	8	4 493
The ship Credit fund of Denmark	79	1	58	83	1	60
Securities and broking companies	2	43	531	2	40	481
Investment trusts	610	91	...	723	85	...
Investment funds (big) <sup>1</sup>	0.4	3	107	0.7	4	205
Investment funds (small) <sup>1</sup>	0.7	11	264	0.6	10	222
Non-life insurance companies	178	94	12 193	177	85	11 934
Life insurance companies	1 496	29	3 666	1 682	27	3 675
Non-occupational pension funds	556	21	271	565	20	226
Company pension funds	53	29	35	57	27	33
ATP, LD, AES and SP	842	4	707	860	4	861

<sup>1</sup> Large - with licence to carry out securities trading activities. Small - without licence to carry out securities trading activities.

Source: Danish Financial Supervisory Authority  
www.statbank.dk/mpk55

Table 307 Profit and loss account and balance sheet of Danmarks Nationalbank

	2011	2012	2013
	DKK mio.		
<b>Profit and loss account</b>			
Net interest receivable	4 265	3 834	3 221
Market value adjustment	835	637	-9 166
Dividend on investments	74	122	132
Other income	165	60	123
Costs including depreciation	-606	-611	-629
<b>Net profit of the year</b>	<b>4 733</b>	<b>4 042</b>	<b>-6 319</b>
<b>Balance sheet</b>			
<b>Assets, total</b>	<b>569 804</b>	<b>628 549</b>	<b>547 225</b>
Stock of gold	19 356	20 148	13 915
Special drawing rights in the IMF	20 545	21 364	20 017
Foreign assets	455 374	462 816	443 188
Lending	28 101	69 748	25 620
Securities	34 512	35 214	35 025
Other assets	11 916	19 259	9 460
<b>Liabilities, total</b>	<b>569 804</b>	<b>628 549</b>	<b>547 225</b>
Notes in circulation	56 687	60 045	60 681
Coin in circulation	5 720	5 759	5 810
Allocations of Special Drawing Rights	13 511	13 323	12 773
Foreign liabilities	3 378	2 685	3 125
Deposits	158 712	312 026	238 258
Other liabilities	37 584	315	242
The Central Government's current account	225 849	163 694	163 376
Equity capital	68 363	70 702	62 960

Source: Danmarks Nationalbank

www.statbank.dk/mpk38

Table 308 Discount rate of Danmarks Nationalbank

Discount rate		Discount rate		Discount rate	
per cent					
<b>1995</b>		17. march	3.50	7. june	4.00
8. march	6.00	28. april	3.75	<b>2008</b>	
6. july	5.75	9. june	4.25	4. july	4.25
3. august	5.50	1. september	4.50	8. october	4.50
25. august	5.00	6. october	4.75	7. november	4.00
9. november	4.75	<b>2001</b>		5. december	3.50
15. december	4.25	14. may	4.50	<b>2009</b>	
<b>1996</b>		31. august	4.25	16. january	2.75
25. january	4.00	18. september	3.75	6. march	2.00
7. march	3.75	9. november	3.25	3. april	1.75
19. april	3.25	<b>2002</b>		11. may	1.40
<b>1997</b>		6. december	2.75	8. june	1.20
10. october	3.50	<b>2003</b>		14. august	1.10
<b>1998</b>		7. marts	2.50	28. august	1.00
6. may	4.00	6. june	2.00	<b>2010</b>	
29. may	3.75	<b>2005</b>		15. january	0.75
21. september	4.25	2. december	2.25	<b>2011</b>	
5. november	4.00	<b>2006</b>		7. april	1.00
4. december	3.50	3. march	2.50	8. july	1.25
<b>1999</b>		9. june	2.75	4. november	1.00
4. february	3.25	4. august	3.00	9. december	0.75
9. april	2.75	6. october	3.25	<b>2012</b>	
5. november	3.00	8. december	3.50	1. june	0.25
<b>2000</b>		<b>2007</b>		6. july	0.00
4. february	3.25	9. march	3.75		

Source: Danmarks Nationalbank

www.statbank.dk/disk

Table 309 Profit and loss account and balance sheet of Danish banks

End of year	2011	2012
<b>Number of banks</b>	<b>113</b>	<b>96</b>
<b>Antal ansatte, ultimo året</b>	<b>42 876</b>	<b>40 492</b>
	----- DKK mio. -----	
<b>Profit and loss account</b>		
+Interest income	101 310	90 010
÷Interest expenses	49 680	39 525
<b>Net income from interest, net</b>	<b>51 254</b>	<b>50 069</b>
+Share dividends	889	1 170
+Charges and commissions income	24 621	25 712
÷Charges and commissions expenses	6 203	6 138
<b>Net income from charges and commissions</b>	<b>70 431</b>	<b>70 673</b>
+Revaluation of securities and foreign exchange	2 071	8 027
+Other ordinary income	4 426	3 732
<b>Profit/loss on financial items</b>	<b>76 982</b>	<b>82 403</b>
÷Staff and administrative expenses	48 125	48 800
÷Depreciation of tangible and intangible assets	3 747	4 102
÷Other operating expenses	2 319	1 088
÷Depreciations and provisions, net	24 281	27 370
+Adjustments of shares	4 698	6 041
<b>Profit/loss on ordinary activities</b>	<b>3 504</b>	<b>7 398</b>
+Extraordinary receipts, net	0	0
<b>Profit/loss before tax</b>	<b>3 504</b>	<b>7 398</b>
÷Tax	1 613	3 595
<b>Profit/loss for the year</b>	<b>1 891</b>	<b>3 803</b>
<b>Balance sheets</b>		
<b>Assets, total</b>	<b>4 308 665</b>	<b>4 246 445</b>
Claims on credit institutions, etc.	547 267	536 295
Loans	1 787 831	1 762 094
Bonds, etc.	955 521	1 001 907
Shares, etc.	25 703	29 077
Holdings in associated and affiliated enterprises	142 277	143 637
Intangible assets	25 565	25 627
Tangible assets	17 348	16 190
Other assets	807 153	731 618
<b>Liabilities, total</b>	<b>4 308 665</b>	<b>4 246 445</b>
Liabilities to credit institutions, etc.	797 917	800 135
Deposits	1 627 123	1 724 163
Issued bonds, etc.	500 526	389 903
Other liabilities, accruals and deferred income	987 094	945 991
Provisions for liabilities and charges	13 440	6 689
Capital deposits	112 184	107 104
Equity capital	270 381	272 459

Note: Excluding the banks in Greenland.

Source: Danish Financial Supervisory Authority

www.statbank.dk/mpk39

Table 310 Banks' domestic lending and deposits. 2013

	Deposits	Lending <sup>1</sup>
	— mio. kr. —	
<b>Total</b>	<b>1 479 212</b>	<b>1 391 041</b>
Agriculture, forestry and fishing	20 820	72 696
Mining and quarrying	1 040	506
Manufacturing	32 353	63 714
Electricity, gas, steam and air conditioning supply	7 566	17 131
Water supply, sewerage and waste management	4 852	2 836
Construction	15 853	21 404
Wholesale and retail trade	38 380	66 934
Transportation and storage	17 046	26 559
Accommodation and food service activities	3 737	7 660
Information and communication	15 394	7 650
Financial and insurance activities	382 184	456 726
Real estate activities	56 014	115 928
Professional, scientific and technical activities	50 452	32 746
Administrative and support activities	10 351	18 775
Public administration and defence	10 979	36 690
Education	7 819	3 173
Human health and social work activities	17 989	7 278
Arts, entertainment and recreation	5 540	3 374
Other service activities	23 954	6 189
Activities of households as employers	167	611
Activities of extra-territorial organisations and bodies	431	4
Households	756 069	422 458
Activity not stated	224	0

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

Source: Danmarks Nationalbank

Table 311 Long-term savings schemes with deposit accounts of Danish banks

End of year	2011	2012	Percentage change in relation to previous year
	— DKK mio. —		per cent
<b>Specific deposit accounts, total</b>	<b>209 589</b>	<b>220 386</b>	<b>5.2</b>
Index-linked pension savings	8 128	7 192	-11.5
Capital-pension accounts	91 579	98 486	7.5
Savings accounts for children	13 095	13 327	1.8
Private pension schemes	1 931	1 661	-14.0
Investment-fund accounts	1	1	20.5
Business establishment savings	774	764	-1.3
Home-savings contracts	377	356	-5.5
Instalment-pension accounts	87 163	91 632	5.1
Savings accounts for education	98	73	-25.5
Premium lottery accounts	6 413	6 866	7.1
Market fluctuation adjustment accounts	30	28	-5.0

Source: Danish Financial Supervisory Authority

www.statbank.dk/mpk43

Table 312	Mortgage banks		
	2011	2012	
	DKK mio.		
<b>Number of institutions</b>	<b>8</b>	<b>8</b>	
<b>Profit and loss account</b>			
+Interest income	109 558	102 135	
÷Interest xpenses	92 205	81 862	
<b>Net income from interest</b>	<b>17 353</b>	<b>20 273</b>	
+Charges and commissions receivable	-1 810	-1 521	
<b>Net income from charges and commissions</b>	<b>15 543</b>	<b>18 752</b>	
÷Expenditure of the personnel administration and other operating expenses	5 135	4 860	
÷Depreciation and provisions on loans	3 553	4 677	
+Adjustment of capital interest	-2 111	-283	
+Other ordinary receipts	70	70	
<b>Profit/loss on ordinary activities</b>	<b>4 812</b>	<b>9 002</b>	
+Extraordinary receipts (net)	...	...	
÷Tax	884	1 998	
<b>Profit/loss for the year</b>	<b>3 929</b>	<b>7 004</b>	
<b>Balance sheets</b>			
<b>Assets, total</b>	<b>3 387 676</b>	<b>3 512 976</b>	
Claims on credit institutions, etc.	627 918	680 826	
Loans	2 499 393	2 583 077	
Bonds and shares, etc.	194 725	185 826	
Holdings in associated and affiliated enterprises	30 225	31 596	
Intangible assets	4 147	3 681	
Tangible assets	643	621	
Other assets	30 624	27 349	
<b>Liabilities, total</b>	<b>3 387 676</b>	<b>3 512 976</b>	
Liabilities to credit institutions	663 536	660 380	
Issued bonds, etc.	2 468 032	2 574 113	
Other liabilities, accruals and deferred income	80 353	99 895	
Provisions for liabilities and charges	1 371	1 057	
Capital deposits	23 954	19 392	
Equity capital	150 429	158 140	

Source: Danish Financial Supervisory Authority  
www.statbank.dk/mpk47

Table 313	Lending activity of mortgage banks		
	2010	2011	2012
	DKK mio.		
<b>Loans incl. index-linked loans, total</b>	<b>67 224</b>	<b>50 398</b>	<b>65 630</b>
Owner-occupied dwellings and holiday homes	40 898	24 638	27 560
Rental housing	5 781	9 574	13 217
Business properties	17 123	14 258	22 839
Other properties	3 422	1 927	2 014

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

Table 314 Major finance companies, factoring and other loans

	Total activities		Status	
	2011	2012	Ult. 2011	Ult. 2012
	DKK mio.			
Factoring	28 185	30 030	4 752	5 292
Other loans	15 346	19 467	36 947	43 775

Source: Individual finance company  
www.statbank.dk/mpk57

Table 315 Major finance companies, leasing

	2011	2012
Activities in the year	DKK mio.	
<b>Total</b>	<b>18 072</b>	<b>18 606</b>
Industrial equipment	2 452	3 337
Edp and office equipment	2 001	2 040
Lorries and vans	5 694	6 486
Passengercars	3 517	4 061
Vessels, aircraft, railway material	23	14
Buildings	1 448	490
Other	2 937	2 178
<b>Status at end of year</b>	<b>46 226</b>	<b>45 878</b>

Source: Individual finance company  
www.statbank.dk/mpk31

Table 316 Life assurance companies

	2011	2012
<b>Number of companies</b>	<b>29</b>	<b>27</b>
<b>Profit and loss account</b>	————— DKK mio. —————	
<b>A: Insurance activities</b>		
+ Premiums net of reinsurance	98 329	103 822
+ Allocated investment return transferred from the technical account	81 749	120 975
Receipts from insurance activities	180 078	224 797
÷ Claims incurred, net of reinsurance	70 725	76 042
÷ Change in life assurance provisions	119 046	136 836
÷ Administrative expenses	4 599	4 605
÷ Change in bonus equalization provisions	-14 703	4 333
+ Result from sickness and accident insurance	31	137
Result from insurance activities	442	3 118
<b>B: Investment activities</b>		
+ Result from investment activities	94 215	140 419
÷ Tax on pensions yield	12 467	19 445
÷ Allocated investment return transferred to the technical account	76 534	114 066
÷ Yield on investments carried forward to sickness and accident insurance	3 318	4 281
Result from investment activities	1 896	2 627
<b>C: Total activities</b>		
+ Result from primary operation	2 338	5 745
+ Other ordinary receipts, net	920	1 431
+ Extraordinary receipts, net	0	0
÷ Taxes	613	1 820
Net result for the year	2 645	5 356
<b>D: Increase in equity capital</b>		
+ Net result of the year	2 645	5 356
÷ Dividends, etc.	274	664
Increase in equity capital, total	2 371	4 692
<b>Balance sheets</b>		
<b>Assets total</b>	<b>1 496 225</b>	<b>1 681 570</b>
<b>A: Investment assets</b>		
Land and buildings	3 423	3 125
Bonds	505 577	519 051
Shares and other capital holdings	383 938	414 099
Loans	76 042	85 825
Other	22 154	24 332
<b>B: Other assets</b>	505 091	635 138
<b>Liabilities, total</b>	<b>1 496 225</b>	<b>1 681 570</b>
Equity capital	58 677	62 671
Provisions	1 280 441	1 440 751
Other liabilities	157 107	178 148

Source: Danish Financial Supervisory Authority  
[www.statbank.dk/mpk50](http://www.statbank.dk/mpk50) and [mpk51](http://mpk51)

Table 317 Accounts of non-life insurance companies

	2011	2012
<b>Number of companies</b>	<b>94</b>	<b>85</b>
<b>Profit and loss account</b>	DKK mio.	
<b>A: Insurance activities</b>		
+Gross premiums written, net of reinsurance	50 879	53 125
+Technical interest	474	143
Receipts from insurance activities	51 353	53 268
+Claims incurred, net of reinsurance	38 247	36 997
+Administrative expenses	9 066	9 204
+Other insurance technical items	704	883
Result from insurance activities	3 336	6 184
<b>B: Investment activities</b>		
+Result from investment activities	3 708	7 007
<b>C: Total activities</b>		
Result from primary operation	7 044	13 191
+Other ordinary receipts, net	-2 576	-1 055
+Extraordinary receipts, net	756	1
+Taxes	936	2 190
Net result for the year	4 288	9 947
<b>D: Increase in equity capital</b>		
Net result for the year	4 288	9 947
+Balancing items	1 120	2 358
+Capital injection	40	44
Increase, total	5 448	12 349
+Dividends, etc.	2 968	5 044
Increase in equity capital, total	2 480	7 305
<b>Balance sheets</b>		
<b>Assets, total</b>	<b>177 659</b>	<b>177 060</b>
A: Investment assets		
Land and buildings	5 542	5 110
Bonds	97 692	96 880
Shares and other capital holdings	44 815	48 594
Loans	245	226
Other	1 393	837
B: Other assets	27 972	25 413
<b>Liabilities, total</b>	<b>177 659</b>	<b>177 060</b>
Equity, total	64 066	68 545
Provisions	92 645	91 680
Other liabilities	20 948	16 835

Source: Danish Financial Supervisory Authority  
[www.statbank.dk/mpk52](http://www.statbank.dk/mpk52) and [mpk53](http://mpk53)

Table 318 Non-life insurance by type

	Premiums		Compensation	
	2011	2012	2011	2012
	DKK mio.			
<b>Total</b>	<b>58 216</b>	<b>59 746</b>	<b>46 193</b>	<b>41 022</b>
<b>Total commercial insurance</b>	<b>15 796</b>	<b>16 103</b>	<b>13 209</b>	<b>10 147</b>
Workmen's compensation	3 584	3 458	1 632	1 899
Buildings	4 976	5 202	5 575	3 814
Contents (other than stock and machinery)	3 124	3 007	3 243	1 602
Professional liability	1 857	2 023	1 258	1 296
Marine and transport	1 316	1 393	685	821
Aviation	12	4	14	2
Other commercial insurance	926	1 017	801	713
<b>Total private insurance</b>	<b>14 203</b>	<b>14 635</b>	<b>13 234</b>	<b>11 170</b>
Householder's comprehensive	4 615	4 698	4 659	3 820
Homeowner's comprehensive	6 160	6 437	6 051	4 783
Weekend cottages	764	783	543	626
Change of ownership insurance	331	334	403	335
Other private insurance	2 334	2 383	1 578	1 606
<b>Total personal accident insurance</b>	<b>10 187</b>	<b>10 434</b>	<b>7 054</b>	<b>7 669</b>
Health insurance	1 155	1 246	3 157	901
Single accident and sickness	8 588	8 763	3 669	6 454
Professional disability	444	424	228	315
<b>Total motor vehicle insurance</b>	<b>16 520</b>	<b>16 511</b>	<b>11 586</b>	<b>10 739</b>
Third-party liability	6 383	6 234	4 978	4 494
Vehicle (own damage)	10 137	10 277	6 609	6 244
<b>Credit and suretyship</b>	<b>336</b>	<b>359</b>	<b>210</b>	<b>289</b>
<b>Touristassistance and Legal aid insurance</b>	<b>723</b>	<b>1 065</b>	<b>617</b>	<b>669</b>
<b>Total direct business</b>	<b>57 765</b>	<b>59 107</b>	<b>45 911</b>	<b>40 682</b>
<b>Total indirect business</b>	<b>451</b>	<b>638</b>	<b>282</b>	<b>340</b>

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  
www.statbank.dk/mpk54

Table 319 Pension funds

	Intersectoral pension funds		Corporate pension funds	
	2011	2012	2011	2012
<b>Number of members</b>	<b>723 620</b>	<b>705 233</b>	<b>17 174</b>	<b>15 494</b>
Working members	598 891	578 905	5 824	4 312
Retired members	102 499	105 487	8 162	8 114
Retired spouses	13 702	12 685	2 257	2 210
Children who receive children's pension	8 528	8 156	931	858
	DKK mio			
<b>Current annual pension, total</b>	<b>10 402</b>	<b>8 668</b>	<b>1 778</b>	<b>1 653</b>
Pension for members	9 092	7 834	1 337	613
Pension for spouses	1 092	677	424	1 025
Pension for children	218	157	17	15
<b>Miscellaneous income</b>				
Member contributions	19 289	20 071	857	677
Of which extraordinary contributions	-7	1 387	397	293
Interest income and profits	10 423	10 700	1 557	1 730
<b>Miscellaneous expenditure<sup>1</sup></b>				
Pensions	13 288	12 570	1 815	1 776
Retirement allowances	913	1 310	...	...
<b>Assets, total</b>	<b>555 614</b>	<b>565 033</b>	<b>53 019</b>	<b>57 381</b>
Central government bonds <sup>1</sup>	10 702	14 113	7 073	8 139
Other bonds <sup>1</sup>	1 903	1 948	11 209	14 055
Mortgage credit bonds, etc. <sup>1</sup>	93 487	83 598	13 211	19 671
Cash at bank and in hand	1 789	3 358	1 419	1 907
Mortgage credits	20	14	0	0
Loans with other collateral	64 101	55 824	1	1
Other assets	383 612	406 178	20 106	13 608
<b>Premium reserves</b>	<b>364 674</b>	<b>387 917</b>	<b>43 130</b>	<b>43 799</b>

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

Source: Danish Financial Supervisory Authority

<sup>1</sup> Book value.

www.statbank.dk/mpk49

Table 320		Denmark's gold and foreign exchange reserve		
End of year	2011	2012	2013	
	DKK billion			
Danmarks Nationalbanks gold stock	19.4	20.1	13.9	
Danmarks Nationalbanks foreign assets	455.4	462.8	443.2	
Claims on the International Valuta Fund	20.5	21.4	20.0	
Other assets	74.5	124.2	70.1	
<b>The foreign exchange reserve</b>	<b>569.8</b>	<b>628.5</b>	<b>547.2</b>	

Source: Danmarks Nationalbank

Table 321		Money stock		
	2011	2012	2013	
	DKK billion			
<b>Money stock</b>	<b>931.0</b>	<b>986.3</b>	<b>1 024.8</b>	
Notes and coins outside the banking sector	52.5	54.6	55.8	
<b>Deposit in banks and savings banks</b>	<b>878.5</b>	<b>931.6</b>	<b>969.0</b>	
-Demand deposits	727.2	796.8	823.7	
-Agreement deposits <sup>1</sup>	151.3	134.8	145.3	

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

Source: Danmarks Nationalbank

Table 322		Consumer credit		
End of year	2011	2012	2013	
	DKK mio.			
<b>Total</b>	<b>18 632</b>	<b>19 511</b>	<b>21 042</b>	
Balance on credit and account cards	6 622	7 552	8 614	
Of which, petrol companies	1 202	1 409	1 410	
Blank credit	8 859	8 396	8 666	
Secured credit	3 151	3 563	3 763	

Source: Each individual financing company  
and credit card company  
[www.statbank.dk/mpk30](http://www.statbank.dk/mpk30)

**Table 323 Danish electronic payment card system**

	1997	2002	2007	2012	2013
	thousands				
Number of cards	2 825	3 290	3 859	4 794	4 921
Transaction	289 888	467 628	733 230	975 377	1 032 171
	DKK mio.				
Turnover	97 593	157 483	266 561	309 876	318 800

Source: NETS  
www.statbank.dk/mpk41

**Table 324 Exchange rates**

	Currency	2011	2012	2013
		DKK		
Pound sterling	GBP	859.05	918.37	878.14
Bulgarian lev	BGN	380.95	380.60	381.33
Latvian lats	LVL	1 055.01	1 067.58	...
Lithuanian litas	LTL	215.78	215.59	216.00
Norwegian krone	NOK	95.61	99.62	95.69
Polish zloty	PLN	181.14	178.05	177.67
Swiss franc	CHF	605.74	617.57	605.87
Swedish krona	SEK	82.52	85.62	88.24
Czech koruna	CZK	30.30	29.61	28.73
Hungarian forint	HUF	2.67	2.58	2.51
EU common currency	EUR	745.05	744.38	745.80
US dollars	USD	536.22	579.72	561.60
Australian dollars	AUD	552.82	600.80	543.62
Brazilian real	BRL	320.51	297.84	261.32
Canadian dollars	CAD	541.84	580.10	545.44
Hong Kong dollars	HKD	68.88	74.74	72.40
Japanese yen	JPY	6.74	7.28	5.77
Chinese yuan renminbi	CNV	83.00	91.88	91.34
Singapore dollars	SGD	426.32	464.04	448.85
Effective rate of DKK 1980 = 100		103.60	100.59	102.39

Note: The rate is the annual average.

Source: Danmarks Nationalbank  
www.statbank.dk/DNVALA