

## The money and capital markets

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### Capital intermediation

#### Capital transfers from lenders to borrowers

A capital market is a market where financial products are traded, such as loans, 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.

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.

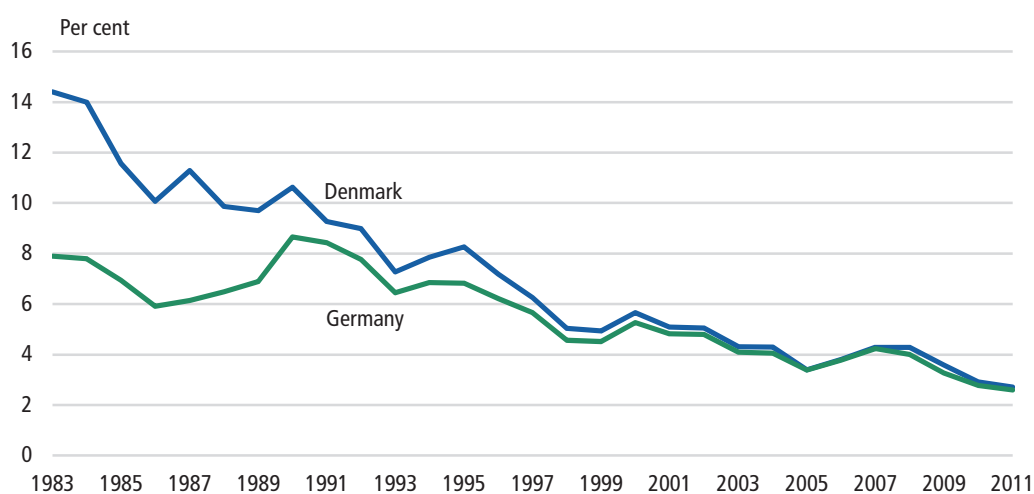
#### Increased internationalization

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 together with a credible 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 2011 was the Danish long-term bond interest rate 2.7 per cent while the German long-term bond interest was 2.6 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 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 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 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.

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

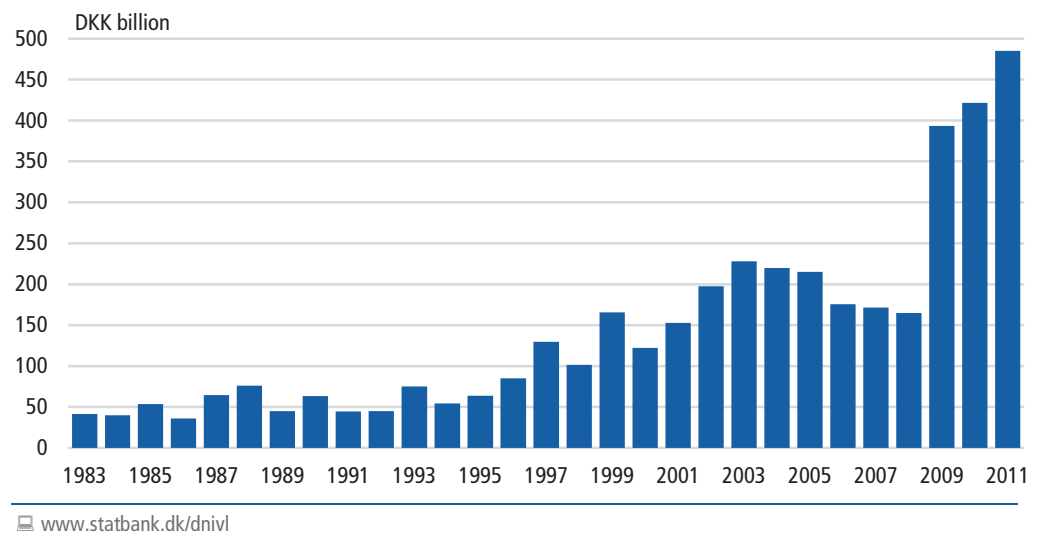
The rate of the Danish krone depends on the supply and demand for foreign currencies. The demand for foreign currency increases at import payments and capital exports (e.g. when Danes purchase foreign securities or make investments abroad).

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. In the period 2003 – 2007 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, which has increased the demand for Danish kroner. The Central Bank has in order to stabilise the exchange rate purchased foreign currency.

**Figure 2 Foreign exchange reserve**

### 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 and Latvia.

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.

## 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 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.

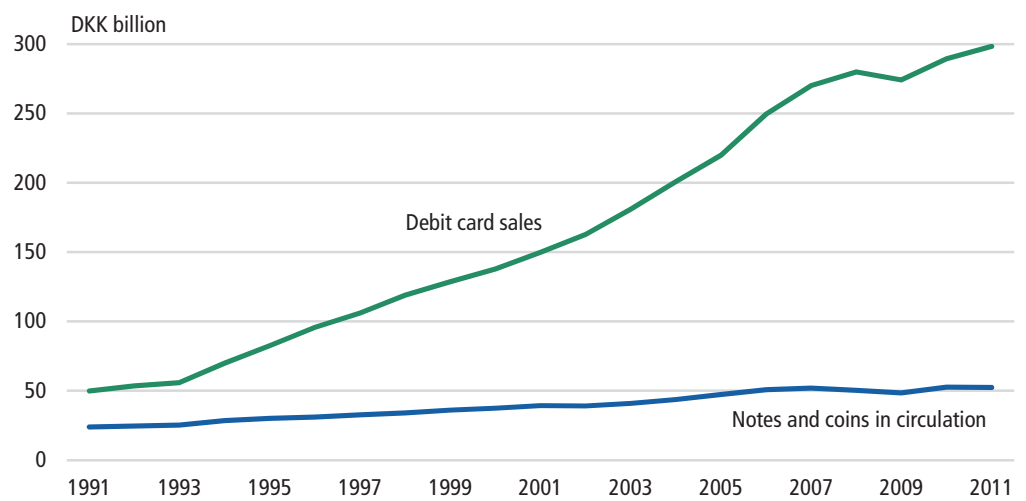
**Figure 3** Dankort (debit card) sales and notes and coins in circulation

Table 403 and 408

### 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

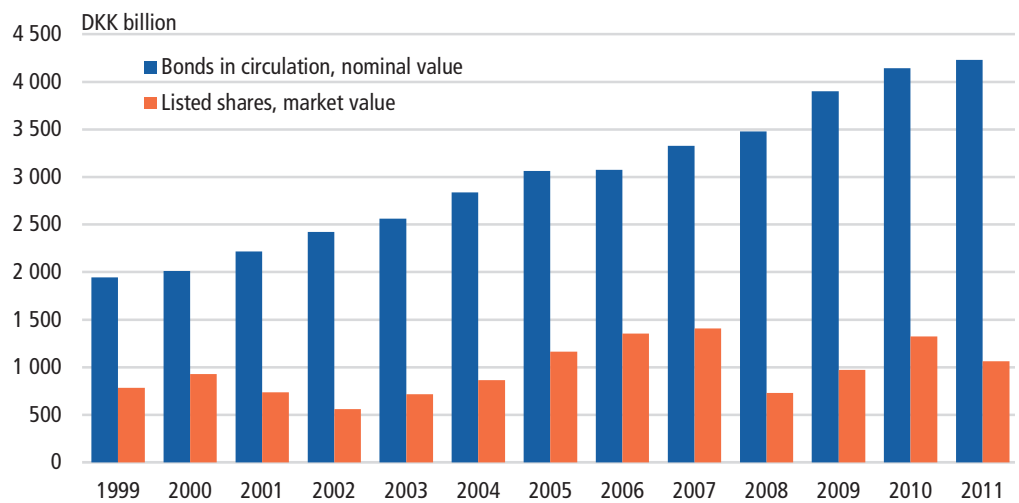
Bonds are liquid, standardized debt instruments with low risk and a fixed repayment profile. Before the introduction of the euro, the Danish bond market was among the largest in Europe<sup>1</sup>. The market is dominated by government bonds and mortgage bonds.

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 2011, 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, 11 percent of mortgage bonds were held by foreigners at the end of 2011 compared to about 5 per cent in 1996.

<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.

**Figure 4** Shares and bonds traded on the Copenhagen Stock Exchange

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

### Shares are risky investments

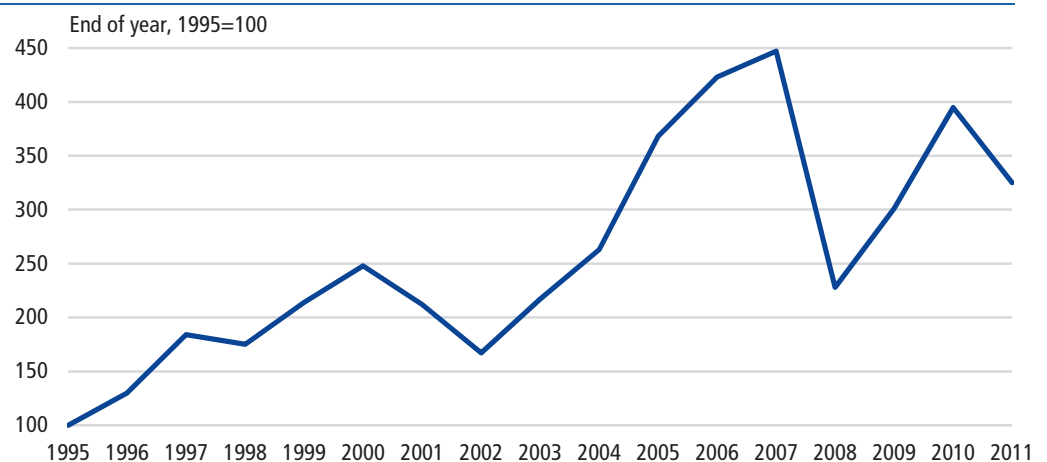
A share is a certificate of ownership of a company. The value of the share depends above all on the future earnings of the company. Since future earnings are connected with great uncertainty, investing in shares may lead to both large losses and large gains.

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 2011, 174 companies were listed on the Stock Exchange.

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. In 1998, 2001, 2002, 2007 and 2008, price decreases were widespread and in line with the share price development in the foreign markets. From 2009 the prices raised again. The sharp decrease in 2008 followed the financial crises which started in oktober 2008. In 2009 and 2010 the stock markets worldwide have recovered some of the losses, which is reflected in the Danish stock market. However the stock prices declined again in 2011 due to the European Debt crisis.

**Figure 5** OMXC, index of all shares at market value

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

### 3

## Enterprises in the financial sector

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

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

New legislation made it possible to set up holding companies and intercompany ownership among the financial companies. This 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.

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

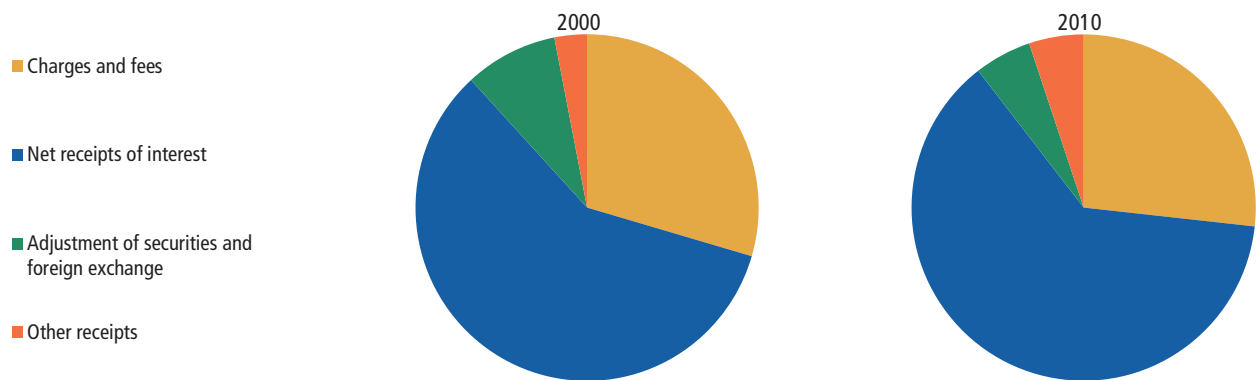
The banking sector handles functions in connection with payment and credit transfers, securities trading and related services. Despite the mergers among the major banks in recent years, a large number of small banks remain.

At the end of 2010, 125 banks were registered, of which the two largest account for 69 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, an increasing proportion of the banks' earnings derive from charges and fees.

Figure 6 The banks' earnings by type



[www.statbank.dk/mpk39](http://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 re-mortgaging, 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

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.

### 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 644 billion at the end of 2010.

**Table 402** Financial sector, main figures

	2009			2010		
	Balance	Companies	Employees	Balance	Companies	Employees
	DKK bn.	number		DKK bn.	number	
<b>Total</b>	<b>10 046</b>	<b>400</b>	<b>68 387</b>	<b>10 486</b>	<b>377</b>	<b>66 342</b>
Banks	4 323	132	46 124	4 288	123	44 186
Mortgage banks	3 102	8	4 108	3 239	8	4 371
The ship Credit fund of Denmark	85	1	59	84	1	58
Securities and broking companies	3	46	524	2	44	580
Investment funds (big) <sup>1</sup>	0.3	3	104	0.3	3	98
Investment funds (small) <sup>1</sup>	0.6	11	269	0.7	12	276
Non-life insurance companies	160	100	12 288	169	97	12 019
Life insurance companies	1 212	33	3 872	1 351	31	3 766
Non-occupational pension funds	436	26	295	478	24	266
Company pension funds	45	36	38	51	30	37
ATP, LD, AES and SP	679	4	706	823	4	685

<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](http://www.statbank.dk/mpk55)

**Table 403** Denmark's gold and foreign exchange reserve

End of year	2009	2010	2011
	DKK billion		
Danmarks Nationalbanks gold stock	12.3	16.9	19.4
Danmarks Nationalbanks foreign assets	370.9	397.1	455.4
Claims on the International Valuta Fund	15.7	17.8	20.5
Other assets	151.3	54.3	74.5
<b>The foreign exchange reserve</b>	<b>550.2</b>	<b>486.1</b>	<b>569.8</b>

Source: Danmarks Nationalbank

**Table 404** Money stock

	2009	2010	2011
	DKK billion		
<b>Money stock</b>	<b>1 015.7</b>	<b>962.3</b>	<b>928.2</b>
Notes and coins outside the banking sector	48.5	52.6	52.5
<b>Deposit in banks and savings banks</b>	<b>967.2</b>	<b>909.7</b>	<b>875.6</b>
-Demand deposits	744.6	747.8	722.7
-Agreement deposits <sup>1</sup>	222.6	161.9	152.9

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

Source: Danmarks Nationalbank



Table 405 Profit and loss account and balance sheet of Danmarks Nationalbank

	2009	2010	2011
	DKK mio.		
<b>Profit and loss account</b>			
Net interest receivable	2 760	3 546	4 265
Market value adjustment	1 751	4 567	835
Dividend on investments	126	129	74
Other income	24	12	165
Costs including depreciation	-706	-600	-606
<b>Net profit of the year</b>	<b>3 955</b>	<b>7 654</b>	<b>4 733</b>
<b>Balance sheet</b>			
<b>Assets, total</b>	<b>550 151</b>	<b>486 144</b>	<b>569 804</b>
Stock of gold	12 260	16 938	19 356
Special drawing rights in the IMF	15 683	17 833	20 545
Foreign assets	370 861	397 085	455 374
Lending	107 969	13 374	28 101
Securities	33 093	32 609	34 512
Other assets	10 285	8 305	11 916
<b>Liabilities, total</b>	<b>550 151</b>	<b>486 144</b>	<b>569 804</b>
Notes in circulation	55 015	56 697	56 687
Coin in circulation	5 746	5 844	5 720
Allocations of Special Drawing Rights	12 419	13 253	13 511
Foreign liabilities	4 257	3 134	3 378
Deposits	188 294	147 067	158 712
Other liabilities	11 509	14 737	37 584
The Central Government's current account	212 435	179 443	225 849
Equity capital	60 476	65 969	68 363

Source: Danmarks Nationalbank

[www.statbank.dk/mpk38](http://www.statbank.dk/mpk38)

Table 406	Profit and loss account and balance sheet of Danish banks	
End of year	2009	2010
<b>Number of banks</b>	<b>132</b>	<b>123</b>
<b>Antal ansatte, ultimo året</b>	<b>46 124</b>	<b>44 186</b>
	————— DKK mio. —————	
<b>Profit and loss account</b>		
+Interest income	145 254	103 104
÷Interest expenses	75 851	44 140
<b>Net income from interest, net</b>	<b>69 403</b>	<b>58 618</b>
+Share dividends	683	802
+Charges and commissions income	23 159	24 974
÷Charges and commissions expenses	5 357	6 199
<b>Net income from charges and commissions</b>	<b>87 888</b>	<b>78 071</b>
+Revaluation of securities and foreign exchange	10 606	5 004
+Other ordinary income	3 726	4 799
<b>Profit/loss on financial items</b>	<b>102 220</b>	<b>87 852</b>
÷Staff and administrative expenses	47 330	46 510
÷Depreciation of tangible and intangible assets	6 058	3 468
÷Other operating expenses	7 878	6 510
÷Depreciations and provisions, net	58 306	35 951
+Adjustments of shares	1 639	8 333
<b>Profit/loss on ordinary activities</b>	<b>-15 713</b>	<b>4 042</b>
+Extraordinary receipts, net	0	0
<b>Profit/loss before tax</b>	<b>-15 713</b>	<b>4 042</b>
÷Tax	-120	2 482
<b>Profit/loss for the year</b>	<b>-15 593</b>	<b>1 622</b>
<b>Balance sheets</b>		
<b>Assets, total</b>	<b>4 315 342</b>	<b>4 287 392</b>
Claims on credit institutions, etc.	615 969	604 097
Loans	1 978 356	1 953 603
Bonds, etc.	1 007 143	943 051
Shares, etc.	24 111	27 762
Holdings in associated and affiliated enterprises	128 461	147 113
Intangible assets	22 506	24 872
Tangible assets	18 294	17 528
Other assets	520 503	569 366
<b>Liabilities, total</b>	<b>4 315 342</b>	<b>4 287 392</b>
Liabilities to credit institutions, etc.	852 664	766 992
Deposits	1 651 122	1 627 502
Issued bonds, etc.	676 849	634 380
Other liabilities, accruals and deferred income	756 095	869 441
Provisions for liabilities and charges	15 716	19 030
Capital deposits	121 490	119 798
Equity capital	241 406	250 249

Note: Excluding the banks in Greenland.

Source: Danish Financial Supervisory Authority

[www.statbank.dk/mpk39](http://www.statbank.dk/mpk39)

Table 407 Banks' domestic lending and deposits. 2011

	Deposits	Lending <sup>1</sup>
	— mio. kr. —	
<b>Total</b>	<b>1 472 838</b>	<b>1 544 527</b>
Agriculture, forestry and fishing	16 087	56 630
Mining and quarrying	3 007	1 614
Manufacturing	31 951	65 251
Electricity, gas, steam and air conditioning supply	7 410	21 010
Water supply, sewerage and waste management	4 247	2 158
Construction	14 088	22 207
Wholesale and retail trade	34 967	68 064
Transportation and storage	14 811	36 592
Accommodation and food service activities	4 368	8 563
Information and communication	13 647	7 410
Financial and insurance activities	391 600	471 653
Real estate activities	38 609	111 332
Professional, scientific and technical activities	36 265	22 810
Administrative and support activities	8 959	17 870
Public administration and defence	15 375	26 799
Education	6 594	2 287
Human health and social work activities	11 396	7 058
Arts, entertainment and recreation	4 156	3 670
Other service activities	16 161	5 745
Activities of households as employers	155	105
Activities of extraterritorial organisations and bodies	39	5
Households	786 004	570 227
Activity not stated	12 942	15 467

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

Source: Danmarks Nationalbank

**Table 408 Long-term savings schemes with deposit accounts of Danish banks**

End of year	2009	2010	Percentage change in relation to previous year
	————— DKK mio. —————		per cent
<b>Specific deposit accounts, total</b>	<b>201 988</b>	<b>216 039</b>	<b>7.0</b>
Index-linked pension savings	10 029	9 256	-7.7
Capital-pension accounts	85 719	93 498	9.1
Savings accounts for children	12 550	13 098	4.4
Private pension schemes	3 293	2 435	-26.1
Investment-fund accounts	11	2	-81.8
Business establishment savings	817	812	-0.6
Home-savings contracts	430	408	-5.1
Instalment-pension accounts	82 277	89 465	8.7
Savings accounts for education	189	140	-25.9
Premium lottery accounts	6 632	6 891	3.9
Market fluctuation adjustment accounts	41	34	-17.1

Source: Danish Financial Supervisory Authority

[www.statbank.dk/mpk43](http://www.statbank.dk/mpk43)**Table 409 Danish electronic payment card system**

	1995	2000	2005	2010	2011
	————— thousands —————				
Number of cards	2 703	3 018	3 511	4 374	4 496
Transaction	218 119	390 851	580 283	872 377	922 472
	————— DKK mio. —————				
Turnover	71 665	132 970	214 743	289 442	298 274

Source: NETS

[www.statbank.dk/mpk41](http://www.statbank.dk/mpk41)

Table 410	Mortgage banks	
	2009	2010
<b>Number of institutions</b>	<b>8</b>	<b>8</b>
	----- DKK mio. -----	
<b>Profit and loss account</b>		
+Interest income	129 514	109 519
÷Interest xpenses	110 931	91 930
<b>Net income from interest</b>	<b>18 583</b>	<b>17 589</b>
+Charges and commissions receivable	-1 209	-1 456
<b>Net income from charges and commissions</b>	<b>17 374</b>	<b>16 133</b>
÷Expenditure of the personnel administration and other operating expenses	5 256	5 067
÷Depreciation and provisions on loans	5 231	3 122
+Adjustment of capital interest	4	1 418
+Other ordinary receipts	132	179
<b>Profit/loss on ordinary activities</b>	<b>7 023</b>	<b>9 541</b>
+Extraordinary receipts (net)	...	...
÷Tax	2 153	1 714
<b>Profit/loss for the year</b>	<b>4 870</b>	<b>7 827</b>
<b>Balance sheets</b>		
<b>Assets, total</b>	<b>3 101 744</b>	<b>3 239 355</b>
Claims on credit institutions, etc.	544 308	585 580
Loans	2 325 194	2 407 462
Bonds and shares, etc.	171 659	183 621
Holdings in associated and affiliated enterprises	28 496	29 529
Intangible assets	4 917	4 521
Tangible assets	775	646
Other assets	26 395	27 996
<b>Liabilities, total</b>	<b>3 101 744</b>	<b>3 239 355</b>
Liabilities to credit institutions	612 182	633 018
Issued bonds, etc.	2 245 750	2 357 553
Other liabilities, accruals and deferred income	76 777	77 373
Provisions for liabilities and charges	1 574	1 398
Capital deposits	26 646	23 294
Equity capital	138 815	146 719

Source: Danish Financial Supervisory Authority

www.statbank.dk/mpk47 and mpk48

Table 411	Lending activity of mortgage banks	DKK mio.		
		2009	2010	2011
	<b>Loans incl. index-linked loans, total</b>	<b>121 426</b>	<b>67 224</b>	<b>50 398</b>
	Owner-occupied dwellings and holiday homes	62 133	40 898	24 638
	Rental housing	8 035	5 781	9 574
	Business properties	49 466	17 123	14 258
	Other properties	1 792	3 422	1 927

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 412	Major finance companies, factoring and other loans	Total activities		Status	
		2009	2010	Ult. 2009	Ult. 2010
		DKK mio.			
	Factoring	38 092	25 227	3 963	4 434
	Other loans	9 919	11 223	34 524	34 649

Source: Individual finance company

[www.statbank.dk/mpk57](http://www.statbank.dk/mpk57)

Table 413	Major finance companies, leasing	DKK mio.	
		2009	2010
	Activities in the year		
	<b>Total</b>	<b>15 923</b>	<b>13 750</b>
	Industrial equipment	2 072	1 770
	Edp and office equipment	2 186	1 897
	Lorries and vans	5 302	4 265
	Passengercars	1 777	2 506
	Vessels, aircraft, railway material	135	11
	Buildings	259	293
	Other	4 192	3 008
	<b>Status at end of year</b>	<b>50 738</b>	<b>47 027</b>

Source: Individual finance company

[www.statbank.dk/mpk31](http://www.statbank.dk/mpk31)

Table 414		Consumer credit		
End of year	2009	2010	2011	
	DKK mio.			
<b>Total</b>	<b>19 453</b>	<b>18 294</b>	<b>18 632</b>	
Balance on credit and account cards	6 884	6 475	6 622	
Of which, petrol companies	1 265	1 035	1 202	
Blank credit	9 813	8 995	8 859	
Secured credit	2 756	2 824	3 151	

Source: Each individual financing company and credit card company

[www.statbank.dk/mpk30](http://www.statbank.dk/mpk30)

Table 415		Quoted bonds in circulation by holder sector. 2011			
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>607 412</b>	<b>3 140 710</b>	<b>261 972</b>	<b>4 010 094</b>	
<b>Non-financial corporations</b>	<b>5 148</b>	<b>128 264</b>	<b>8 014</b>	<b>141 426</b>	
<b>Financial corporations</b>	<b>81 260</b>	<b>1 935 160</b>	<b>104 503</b>	<b>2 120 923</b>	
Monetary financial institutions	26 133	1 501 236	49 163	1 576 532	
Other financial institutions	55 126	433 923	55 340	544 389	
<b>Insurance and pension funds corporations</b>	<b>254 110</b>	<b>513 696</b>	<b>37 441</b>	<b>805 247</b>	
<b>General government</b>	<b>69 171</b>	<b>86 853</b>	<b>54 279</b>	<b>210 303</b>	
Central government	68 121	53 943	47 169	169 233	
Local government	1 011	31 930	6 890	39 831	
Social security funds	40	980	220	1 240	
<b>Households</b>	<b>2 797</b>	<b>79 325</b>	<b>31 094</b>	<b>113 216</b>	
<b>Non-profit institutions serving households</b>	<b>2 244</b>	<b>26 355</b>	<b>909</b>	<b>29 508</b>	
<b>Sector unknown</b>	<b>1 994</b>	<b>18 184</b>	<b>2 036</b>	<b>22 214</b>	
<b>Abroad</b>	<b>190 687</b>	<b>352 874</b>	<b>23 696</b>	<b>567 257</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: The Danish Securities Centre

**Table 416** Owners of quoted shares and unit trust certificates by holder sector. 2011

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>443.9</b>	<b>138.9</b>	<b>377.8</b>	<b>991.7</b>	<b>44.4</b>	<b>1 996.7</b>
Non-financial corporations	80.9	9.3	149.9	76.0	1.9	318.1
Financial corporations	24.8	30.1	43.8	136.6	13.4	248.8
Insurance and pension funds corporations	7.0	6.6	12.9	345.7	1.8	373.9
General government	0.1	0.3	5.7	18.1	0.3	24.6
Households <sup>2</sup>	60.1	20.5	72.7	333.0	12.4	498.8
Non-profit institutions serving households	5.3	1.5	27.2	15.8	0.7	50.4
Abroad	1.8	1.0	3.2	15.9	0.4	22.3
Sector unknown	269.2	71.1	89.6	66.3	14.1	510.3

<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/dnvpks](http://www.statbank.dk/dnvpks)

**Table 417** Share index

OMXC-index	2009	2010	2011
End of the year	end of 1995 =100		
<b>Total</b>	<b>301</b>	<b>395</b>	<b>325</b>
Energy	61	51	10
Materials	328	453	502
Manufacturing	330	385	273
Discretionary	120	143	40
Consumer goods	148	216	171
Health Care	611	1 032	1 067
Finance	292	319	218
ICT	284	318	289
Telecommunication	158	157	149
Utilities	497	307	340

Source: Copenhagen Stock Exchange

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



Table 418		Yield on bonds		
		2009	2010	2011
		————— per cent p.a. —————		
<b>Yield</b>				
<b>Government bonds:</b>				
5 year:	End of year	3.07	2.04	0.62
	Annual average	3.05	2.16	1.96
10 year:	End of year	3.62	2.98	1.58
	Annual average	3.59	2.91	2.71
<b>Mortgage credit bonds:</b>				
20 year:	End of year	4.62	4.39	3.19
	Annual average	5.08	4.18	4.05
30 year:	End of year	5.19	4.53	3.94
	Annual average	5.53	4.67	4.71

Source: Danmarks Nationalbank

Table 419 Pension funds

	Intersectoral pension funds		Corporate pension funds	
	2009	2010	2009	2010
<b>Number of members</b>	<b>685 051</b>	<b>704 688</b>	<b>17 988</b>	<b>18 261</b>
Working members	572 742	586 760	6 441	6 409
Retired members	90 420	96 071	8 177	8 510
Retired spouses	13 365	13 282	2 441	2 403
Children who receive children's pension	8 524	8 575	929	939
	DKK mio			
<b>Current annual pension, total</b>	<b>8 314</b>	<b>8 323</b>	<b>4 176</b>	<b>4 159</b>
Pension for members	7 126	7 055	3 235	3 266
Pension for spouses	983	1 053	924	876
Pension for children	205	215	17	17
<b>Miscellaneous income</b>				
Member contributions	17 805	18 877	850	971
Of which extraordinary contributions	-	-	380	798
Interest income and profits	8 992	10 807	1 413	1 336
<b>Miscellaneous expenditure<sup>1</sup></b>				
Pensions	11 115	11 818	1 874	1 899
Retirement allowances	614	692	...	...
<b>Assets, total</b>	<b>435 996</b>	<b>439 697</b>	<b>45 328</b>	<b>50 789</b>
Central government bonds <sup>1</sup>	25 079	18 015	5 114	5 938
Other bonds <sup>1</sup>	1 333	1 141	11 493	15 955
Mortgage credit bonds, etc. <sup>1</sup>	85 895	80 223	14 270	14 522
Cash at bank and in hand	7 863	1 910	925	1 436
Mortgage credits	37	27	8	0
Loans with other collateral	7 530	14 597	1 122	212
Other assets	308 259	323 784	12 396	12 726
<b>Premium reserves</b>	<b>332 541</b>	<b>356 877</b>	<b>36 458</b>	<b>38 500</b>

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

<sup>1</sup> Book value.

Source: Danish Financial Supervisory Authority

[www.statbank.dk/mpk49](http://www.statbank.dk/mpk49)

**Table 420** Discount rate of Danmarks Nationalbank

Discount rate		Discount rate		Discount rate	
per cent					
<b>1995</b>		17. marts	3.50	7. juni	4.00
8. marts	6.00	28. april	3.75	<b>2008</b>	
6. juli	5.75	9. juni	4.25	4. juli	4.25
3. august	5.50	1. september	4.50	8. oktober	4.50
25. august	5.00	6. oktober	4.75	7. november	4.00
9. november	4.75	<b>2001</b>		5. december	3.50
15. december	4.25	14. maj	4.50	<b>2009</b>	
<b>1996</b>		31. august	4.25	16. januar	2.75
25. januar	4.00	18. september	3.75	6. marts	2.00
7. marts	3.75	9. november	3.25	3. april	1.75
19. april	3.25	<b>2002</b>		11. maj	1.40
<b>1997</b>		6. december	2.75	8. juni	1.20
10. oktober	3.50	<b>2003</b>		14. august	1.10
<b>1998</b>		7. marts	2.50	28. august	1.00
6. maj	4.00	6. juni	2.00	<b>2010</b>	
29. maj	3.75	<b>2005</b>		15. januar	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. marts	2.50	8. juli	1.25
<b>1999</b>		9. juni	2.75	4. november	1.00
4. februar	3.25	4. august	3.00	9. december	0.75
9. april	2.75	6. oktober	3.25		
5. november	3.00	8. december	3.50		
<b>2000</b>		<b>2007</b>			
4. februar	3.25	9. marts	3.75		

Source: Danmarks Nationalbank

[www.statbank.dk/disk](http://www.statbank.dk/disk)**Table 421** Exchange rates

	Currency	2009	2010	2011
DKK				
Pound sterling	GBP	836.26	869.02	859.05
Bulgarian lev	BGN	380.73	380.78	380.95
Estonian kroon	EEK	47.59	407.60	...
Latvian lats	LVL	1 055.30	1 050.80	1 055.01
Lithuanian litas	LTL	215.66	215.69	215.78
Norwegian krone	NOK	85.39	93.02	95.61
Polish zloty	PLN	172.43	186.47	181.14
Swiss franc	CHF	493.17	540.60	605.74
Swedish krona	SEK	70.18	78.15	82.52
Czech koruna	CZK	28.21	29.47	30.30
Hungarian forint	HUF	2.66	2.70	2.67
EU common currency	EUR	744.63	744.74	745.05
US dollars	USD	535.51	562.57	536.22
Australian dollars	AUD	421.96	516.96	552.82
Brazilian real	BRL	270.02	319.87	320.51
Canadian dollars	CAD	469.81	546.08	541.84
Hong Kong dollars	HKD	69.09	72.41	68.88
Japanese yen	JPY	5.73	6.43	6.74
Chinese yuan renminbi	CNV	78.39	83.12	83.00
Singapore dollars	SGD	368.09	413.16	426.32
Effective rate of DKK 1980 = 100		107.79	103.97	103.60

Note: The rate is the annual average.

Source: Danmarks Nationalbank

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

Table 422	Life assurance companies	
	2009	2010
<b>Number of companies</b>	<b>33</b>	<b>31</b>
<b>Profit and loss account</b>	————— DKK mio. —————	
<b>A: Insurance activities</b>		
+Premiums net of reinsurance	85 125	92 027
+Allocated investment return transferred from the technical account	73 378	95 416
Receipts from insurance activities	158 502	187 443
÷Claims incurred, net of reinsurance	56 427	63 092
÷Change in life assurance provisions	97 219	120 560
÷Administrative expenses	4 490	4 196
÷Change in bonus equalization provisions	-1 200	-2 811
+Result from sickness and accident insurance	291	292
Result from insurance activities	1 857	2 698
<b>B: Investment activities</b>		
+Result from investment activities	85 076	109 968
÷Tax on pensions yield	-11 698	14 552
÷Allocated investment return transferred to the technical account	74 666	96 624
÷Yield on investments carried forward to sickness and accident insurance	-4 982	-4 817
Result from investment activities	3 694	3 609
<b>C: Total activities</b>		
+Result from primary operation	5 551	6 307
+Other ordinary receipts, net	241	983
+Extraordinary receipts, net	581	0
÷Taxes	1 585	1 485
Net result for the year	4 788	5 805
<b>D: Increase in equity capital</b>		
+Net result of the year	4 788	5 805
÷Dividends, etc.	78	326
Increase in equity capital, total	4 710	5 479
Of which allocated to contingency reserve	...	...
<b>Balance sheets</b>		
<b>Assets total</b>	<b>1 211 964</b>	<b>1 351 032</b>
<b>A: Investment assets</b>		
Land and buildings	5 596	3 687
Bonds	665 386	515 863
Shares and other capital holdings	198 301	403 638
Loans	21 898	29 682
Other	26 281	21 876
<b>B: Other assets</b>	<b>294 502</b>	<b>376 286</b>
<b>Liabilities, total</b>	<b>1 211 964</b>	<b>1 351 032</b>
Equity capital	59 699	58 349
Provisions	1 061 053	1 176 093
Other liabilities	91 212	116 590

Source: Danish Financial Supervisory Authority

www.statbank.dk/mpk50 and mpk51

Table 423	Accounts of non-life insurance companies	
	2009	2010
<b>Number of companies</b>	<b>100</b>	<b>97</b>
<b>Profit and loss account</b>	DKK mio.	
<b>A: Insurance activities</b>		
+Gross premiums written, net of reinsurese	50 595	50 199
+Technical interest	615	385
Receipts from insurance activities	51 210	50 584
+Claims incurred, net of reinsurance	38 198	39 592
+Administrative expenses	8 871	9 140
+Other insurance technical items	721	600
Result from insurance activities	3 420	1 252
<b>B: Investment activities</b>		
+Result from investment activities	10 671	7 285
<b>C: Total activities</b>		
Result from primary operation	14 091	8 537
+Other ordinary receipts, net	-3 018	-1 238
+Extraordinary receipts, net	761	753
+Taxes	1 476	861
Net result for the year	10 358	7 191
<b>D: Increase in equity capital</b>		
Net result for the year	10 358	6 156
+Balancing items	3 914	2 811
+Capital injection	55	16
Increase, total	14 327	8 983
+Dividends, etc.	4 532	4 684
Increase in equity capital, total	9 795	4 299
Of which allocation to contingency reserve	...	...
<b>Balance sheets</b>		
<b>Assets, total</b>	<b>161 606</b>	<b>170 367</b>
<b>A: Investment assets</b>		
Land and buildings	5 478	5 206
Bonds	82 909	93 448
Shares and other capital holdings	45 808	45 216
Loans	222	226
Other	5 461	1 668
<b>B: Other assets</b>	21 728	24 603
<b>Liabilities, total</b>	<b>161 606</b>	<b>170 367</b>
Equity, total	66 907	62 780
Provisions	81 576	85 942
Other liabilities	13 123	21 645

Source: Danish Financial Supervisory Authority

[www.statbank.dk/mpk52](http://www.statbank.dk/mpk52) and mpk53

Table 424 Non-life insurance by type

	Premiums		Compensation	
	2009	2010	2009	2010
	DKK mio.			
<b>Total</b>	<b>54 199</b>	<b>50 218</b>	<b>39 984</b>	<b>39 164</b>
<b>Total commercial insurance</b>	<b>16 837</b>	<b>12 874</b>	<b>11 696</b>	<b>9 990</b>
Workmen's compensation	4 368	3 666	2 874	2 765
Buildings	4 906	3 783	3 931	3 574
Contents (other than stock and machinery)	3 335	2 537	2 325	1 684
Professional liability	1 725	1 446	1 011	878
Marine and transport	1 711	866	1 085	725
Aviation	5	1	3	2
Other commercial insurance	787	575	466	362
<b>Total private insurance</b>	<b>11 895</b>	<b>12 153</b>	<b>10 679</b>	<b>10 596</b>
Householder's comprehensive	3 966	3 988	3 726	3 537
Homeowner's comprehensive	5 099	5 225	4 442	4 725
Weekend cottages	670	669	513	491
Change of ownership insurance	376	297	562	349
Other private insurance	1 784	1 973	1 437	1 494
<b>Total personal accident insurance</b>	<b>9 084</b>	<b>9 355</b>	<b>6 415</b>	<b>6 704</b>
Health insurance	891	973	718	668
Single accident and sickness	7 786	7 957	5 479	5 765
Professional disability	408	425	218	271
<b>Total motor vehicle insurance</b>	<b>14 997</b>	<b>14 735</b>	<b>10 297</b>	<b>11 078</b>
Third-party liability	6 117	5 995	4 168	4 847
Vehicle (own damage)	8 880	8 740	6 129	6 231
<b>Credit and suretyship</b>	<b>227</b>	<b>142</b>	<b>41</b>	<b>61</b>
<b>Touristassistance and Legal aid insurance</b>	<b>579</b>	<b>632</b>	<b>486</b>	<b>495</b>
<b>Total direct business</b>	<b>53 620</b>	<b>49 890</b>	<b>39 614</b>	<b>38 924</b>
<b>Total indirect business</b>	<b>579</b>	<b>328</b>	<b>370</b>	<b>240</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](http://www.statbank.dk/mpk54)