



## Statistics on the balance sheets and flows of the MFI sector

The collection and compilation of balance-sheet and flow statistics for monetary financial institutions (MFIs) – also called MFI statistics – are based on international standards determined primarily by the European Central Bank (ECB). The MFI statistics also incorporate a number of national requirements.

### Sources

Balance-sheet and flow statistics are compiled from MFIs in Denmark – i.e. banks and mortgage banks, other credit institutions, money-market funds and Danmarks Nationalbank. The reporting population comprises Danish MFIs' main activity in Denmark, as well as the branches in Denmark of foreign MFIs. The population is divided into two groups: "Full reporting institutions", and "tail institutions". The largest MFIs, representing at least 95 per cent of the total balance sheet in the MFI sector, are reported in full. The rest are tail institutions that solely report reduced balance-sheet statistics. The statistics are grossed up so that the MFI statistics cover the entire reporting population.

Balance-sheet statistics are also compiled from the foreign units of Danish MFIs.

The statistics for the banks' lending and deposits in the overnight money market (Table 32) are prepared on the basis of reports from 13 banks domiciled in Denmark. The statistics are compiled as an aggregation of the daily transactions with other Danish and foreign banks and credit institutions, either through a broker or directly, and include the money-market transactions Overnight (O/N), Tomorrow/next (T/N) and Spot/next (S/N). The transactions are reported excluding trading with own units abroad and with Danmarks Nationalbank. Repo lending is included at market value.

### Compilation method

The MFIs' balance sheets are divided into the following key items:

- *Cash balance* comprises legal means of payment, including foreign banknotes and coins.
- *Lending* comprises loans granted on the basis of non-negotiable documents or without underlying documents, as well as financial leasing contracts.
- *Bonds, etc.* are negotiable securities, other than shares, comprising bonds, bills of exchange, certificates, mortgage deeds registered to the vendor, money-market paper and shares issued by MFIs, and similar securities.

Money-market securities typically have a maturity of less than 1 year, and are traded in liquid markets in which liquidity is exchanged between MFIs or other financial institutions. Danmarks Nationalbank's certificates of

deposit are classified as money-market paper. Shares issued by MFIs are shares issued by money-market funds compiled at intrinsic value.

- *Shares, etc.* comprise shares, including own shares, subscription rights, share warrants, guarantee capital investment certificates with savings banks, shares in investment funds and special funds, and other capital investments, including capital investments in associated and affiliated companies, and other significant capital investments.
- *Financial derivatives* comprise unsettled spot transactions and derived financial instruments (forward contracts, futures, options, swaps, FRAs, etc.). Financial derivatives with a positive market value on the balance-sheet date are carried as assets, while financial derivatives with a negative market value are carried as liabilities.
- *Other assets* comprise fixed assets that are tangible and intangible assets according to current accounting provisions, and other assets that do not fall under the other categories.
- *Banknotes and coins in circulation* are all circulating banknotes and coins issued by Danmarks Nationalbank.
- *Deposits* comprise deposits and lending in all categories which are not based on the issue of negotiable debt securities.
- *Capital and reserves* comprise the total net capital for statistical purposes, including the profit for the year to date. The item also includes the correction account for the loan portfolio, i.e. total provisions. This is a residual item.
- *Other liabilities* are liabilities that do not belong to any of the other categories.

#### Valuation

The valuation of balance-sheet items excluding deposits and lending is at market value. If a market value cannot be set objectively a best estimate of market value is applied. Deposits and lending are compiled at nominal value in the balance sheet, although index-linked lending is stated at the index-linked nominal value. All items are included as gross amounts in the balance sheet. Lending is compiled including provisions as of the balance-sheet date. Balance-sheet items in foreign currency are stated at the exchange rates listed by Danmarks Nationalbank as of month-end.

It should be noted, however, that information on fluctuations in the domestic lending of mortgage banks is based on a separate compilation of the credit flows of mortgage banks, cf. Table 42. In the payment-flows statistics, movements in net lending are thus the cash value of gross lending less the cash value of early redemptions and ordinary repayments.

#### Distribution by sector

The distribution by sector is based on the sector classification set out in accordance with the European System of Accounts (ESA95). For accounts with Danish residents the distribution by sector is based on Statistics Denmark's Central Business Register (CVR) and the data registered therein concerning the companies' industries and sectors. Self-employed individuals are included under households.

Distribution by country (residents versus non-residents)	<p>The <i>distribution by country</i>, including allocation to residents and non-residents, adheres to the definition of resident and non-resident in the statistics Balance of payments – Financial accounts (according to the same definition of residence). A specification of countries and currencies is available at <a href="http://www.nationalbanken.dk/balance_of_payments">www.nationalbanken.dk/balance_of_payments</a> in the right-hand frame. Individuals and companies domiciled in Greenland and the Faroe Islands are non-residents.</p> <p>The definition EU15 in tables 21 and 22 does not include the 10 new member states that joined the EU on 1 May 2004, but refers to the following countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy Luxembourg, The Netherlands, Portugal, Spain, Sweden and United Kingdom.</p>
Distribution by maturity	<p>In the distribution by maturity of the balance-sheet items the criterion applied is original maturity. However, the interest fixation's residual maturity is the criterion applied to the compilation of the mortgage banks' adjustable-rate lending with adjustment of interest rates up to and including one year, cf. Table 36, 40 and 41.</p>
Financial flows	<p>Financial flows during the month correspond to the development in the relevant balance-sheet item – i.e. the balance-sheet item at month-end less the balance-sheet item at the beginning of the month – and is given by the sum of net transactions and value adjustments, etc. Net transactions correspond to the net value of the month's transactions. Value adjustments, etc. cover all changes in the balance-sheet item that are not related to transactions, including changes as a result of market-price adjustments, exchange-rate adjustments, reclassifications, etc. Value adjustments also cover losses on lending.</p>
Consolidated compilation of the MFI sector	<p>The consolidated balance sheet of the MFI sector corresponds to the sum of the MFIs' balance sheets where accounts between MFIs in Denmark are eliminated. The consolidated balance sheet of the MFI sector thus shows the Danish MFI sector's accounts with Danish non-MFIs and abroad respectively.</p>
Money supply	<p>The money supply and its counterparts are calculated in accordance with the ECB's definition of harmonised monetary aggregates for the EU: M1, M2 and M3. This includes residents' deposits with MFIs with short maturities in kroner and foreign currency. Special deposits are included in the money supply (M2 and M3) to the extent that they are part of the short maturity band. Bonds issued with an original maturity of up to 2 years, and money-market securities and shares issued by MFIs, are included in M3. The money supply is determined on the basis of the consolidated balance sheet and comprises the MFI sector's liquid liabilities vis-à-vis the liquidity-holding sector – i.e. citizens and business enterprises, but excluding the central government and non-residents, in this context considered to be neutral in liquidity terms.</p>

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Seasonal adjustment	Seasonal adjustment means adjusting data for systematic fluctuations during the year. Seasonal adjustment is made by use of X-12-ARIMA. A detailed description can be found in Monetary Review, 3rd Quarter 2006. The technical aspects of methodology and revision policy are described Working Paper 44/2006. The annual revision of the models are described in the technical note "Annual revision of the models for seasonal adjustment"
Growth rates	Growth rates are calculated on the basis of the value of the individual balance-sheet items as of month-end. If $B_t$ is the balance-sheet item at the end of month $t$ , the year-on-year change $a_t$ in per cent. – i.e. the change in the last 12 months – can be calculated as follows: $a_t = ((B_t/B_{t-12})-1) * 100$ .
Data prior to July 2000	Data prior to July 2000 is based on calculated historical figures. For a more detailed description of the estimation method please refer to the publication "Financial statistics – Special Reports: Historical figures for new MFI balance-sheet statistics 1991-2000" published in February 2001 and available from <a href="http://www.nationalbanken.dk">www.nationalbanken.dk</a> . Please note that the data has been revised since this publication was released.
Level of detail in the data is significantly bigger after July 2000	The level of detail in the data after July 2000 is significantly bigger than in the data from January 1991 - June 2000 due to increased requirements to reporting after July 2000.
Revision	The statistics are revised according to "Danmarks Nationalbank's revision policy for financial statistics". Times of revision and revision periods for the individual statistics appear from "Danmarks Nationalbank's revision cycle for financial statistics". Both documents can be found on Danmarks Nationalbank's website under Statistics – Revision policy.
Explanation of symbols	Details may not add because of rounding-off. <ul style="list-style-type: none"><li>• Category not applicable.</li></ul> ... Data not available.

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