

SOURCES AND METHOD

BANKING AND MORTGAGE LENDING, BALANCES

Financial Statistics
Money, Banking and National Accounts

Last revised:
23-06-2017

Banking and mortgage lending, balances

- 0 Administrative Information about the Statistical Product
- 1 Contents
- 2 Time
- 3 Accuracy
- 4 Comparability
- 5 Accessibility
- 6 Supplementary Documentation

0 ADMINISTRATIVE INFORMATION ABOUT THE STATISTICAL PRODUCT

0.1 Name

Banking and mortgage lending, balances.

0.2 Subject Area

Balance sheets and flows of the MFI sector
Money and credit market
Banks and mortgage-credit institutes.

0.3 Responsible Authority, Offices, Person, etc.

Danmarks Nationalbank, Statistics, Money, Banking and National Accounts Statistics

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0.4 Purpose and History

The purpose of the statistics is to analyse the development in the monetary financial institutions' (MFIs') assets and liabilities with main focus on lending and deposits.

Danmarks Nationalbank publishes a few data series from 1991 onwards. Data concerning periods prior to July 2000 is based on calculated historical figures. The majority of the data series begin in July 2000. As of 2003 Danmarks Nationalbank publishes data based on Regulation (EC) No 2423/2001 of the European Central Bank concerning the consolidated balance sheet of the monetary financial institutions sector (ECB/2001/13). As of January 2014 Danmarks Nationalbank publishes data based on Regulation (EC) No 25/2009 of the European Central Bank concerning the consolidated balance sheet of the monetary financial institutions sector (Recast) (ECB/2008/32). Furthermore, a number of data requirements from international organizations as well as domestic data requirements are met. Most of the additional data requirements in Regulation (EC) No 1071/2013 of the European Central Bank concerning the consolidated balance sheet of the monetary financial institutions sector (Recast) (ECB/2013/33) are as of January 2014 likewise met.

0.5 Users and Application

The statistics are used to analyse growth in lending, types of lending, market shares, business cycles, financial stability, etc.

The users are banks, mortgage banks, Danmarks Nationalbank, ministries, professional and industrial bodies, the ECB, IMF, OECD, BIS, etc.

0.6 Sources

The statistics on balance sheets and flows are collected from MFIs in Denmark which cover banks, 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 96 per cent of the total balance sheet of the MFI sector, report in full. The rest are tail institutions solely reporting reduced balance-sheet statistics. The statistics are grossed up so that the MFI statistics cover the entire reporting population.

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

0.7 Legal Authority to Collect Data

Pursuant to section 14a of the [National Bank of Denmark Act](#), inserted by Act no. 579 of 1 June 2010, Danmarks Nationalbank has separate authority to collect, compile and publish statistical information to perform its tasks. The collected information may be used for other purposes than compilation of statistics. This particularly applies in connection with oversight of financial stability and when laying down monetary and foreign-exchange policies, as well as in relation to Danmarks Nationalbank's participation in the European cooperation in the financial area.

0.8 Response Burden

The largest burden lies with the full reporting institutions which at present are around the 40 largest MFI's. The burden is considerably smaller for the tail institutions.

0.9 EU Regulation

The collection of data is based on Regulation (EC) No 25/2009 of the European Central Bank concerning the consolidated balance sheet of the monetary financial institutions sector (Recast) (ECB/2008/32).

1 CONTENTS

1.1 Description of Contents

The statistics contain a statement of the MFI sectors' assets and liabilities and an account of the monthly movements in the balance sheet items. Data is collected from all MFIs, i.e. banks, mortgage banks, other credit institutions, money market funds, and Danmarks Nationalbank, including foreign-owned MFIs and Danish MFIs' branches and subsidiaries abroad.

In general the published data is not seasonally adjusted, but the following series are available as seasonally adjusted data: Money supply (M1 and M2), Lending to households and non-financial corporations, and Coins and notes in circulation.

1.2 Statistical Concepts

The population comprises:

- Full reporting institutions covering at least 96 per cent of the total balance sheet of the MFI sector.
- Tail institutions covering the remaining of the total balance sheet of the MFI sector.

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

- **Cash balance** comprises legal means of payment, including foreign banknotes and coins.
- **Loans** comprise loans granted on the basis of non-negotiable documents or without underlying documents, as well as financial leasing contracts. Negotiable loans granted on the basis of a single document are also included.
- **Debt securities** are financial assets not giving the holder any right of ownership in relation to the issuers, e.g. bonds, money-market papers and certificates of deposit issued by Danmarks Nationalbank. Holdings of debt securities issued by the reporter itself are included on neither the asset nor the liabilities side.
- **Shares and other equity** are financial assets giving the holder a right of ownership in relation to the issuers, e.g. shares, investment fund shares, guarantor certificates, general partners' shares in limited partnerships and capital contributions in cooperative societies (certificates of membership). Holdings of shares and other equity issued by the reporter itself are not included on the asset side. Holdings of shares and other equity issued by the reporter itself are subtracted from capital and reserves to the value they are acquired for.
- **Financial derivatives** comprise unsettled spot transactions and derived financial instruments (forward contracts, futures, options, swaps, FRAs, etc.). Financial derivatives contracts with a positive net market value on the balance sheet date are carried as assets, while financial derivatives contracts with a negative net market value are carried as liabilities.
- **Other assets** comprise tangible and intangible fixed assets according to current accounting provisions, and other assets which do not fall under 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 securities.
- **Capital and reserves** comprise the total net capital for statistical purposes, including the nominal value of shares and other equity issued by the reporter itself, as well as the profit for the year to date. The item also includes the correction account for the loan portfolio, i.e. total provisions.
- **Other liabilities** are liabilities which 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. Bond-based loans (mortgage loans from mortgage banks) are also compiled at the market value of the bonds, and are carried on the balance sheet at this market 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 translated into Danish kroner when reported. Balance-sheet items are calculated on the basis of the closing rate at the time of calculation while transactions are calculated on the basis of the foreign-exchange rate at the time of the trade. The closing rate must be identical to the rate used in accounting practice. Information on movements in the domestic lending of mortgage banks (new loans (gross), extraordinary prepayments and instalments) is based on a separate compilation of the credit flows of mortgage banks. New loans (gross) are valued at the market value at the time of transaction. Extraordinary prepayments are valued at the guaranteed redemption price on the redemption date. Instalments are valued at nominal value. For instalments for cash loans the cash loan instalments are compiled.

Distribution by sector

The distribution by sector is based on the sector classification set out in accordance with the European System of Accounts (ESA2010). For accounts with Danish residents the distribution by sector and industry is based on the Statistics Denmark's Central Business Register (CVR), and the data registered therein concerning the companies' industries and sectors. Self-employed individuals are included as an individual sub-sector of the household sector.

Distribution by country

The country indicates where the counterpart is domiciled. Natural persons are resident in the country of their permanent address, and legal entities in the country where their permanent establishment is located. Individuals and companies domiciled in Greenland and the Faroe Islands are not regarded as Danish residents.

Distribution by maturity

In the distribution by maturity of the balance-sheet items the criterion applied is generally original maturity. Several series also include residual maturity and time to next interest-rate fixation.

Financial flows

Financial flows during the month correspond to the development in the relevant balance-sheet items – i.e. the balance-sheet items at month-end less the balance-sheet item at the beginning of the month – and are given by the sum of net transactions and revaluations, 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.

Index of notional stocks

The developments in the balance-sheet items are also described by the term index of notional stocks. The index shows the size of a given balance sheet item driven by net transactions only. The index is calculated from the following equation with the period 201309 as the base month (index 201309 = 100):

$$I_t = I_{t-1} \cdot \left(1 + \frac{T_t}{B_{t-1}}\right)$$

where I_t is the value of the index in month t , T_t is net transactions in period t while B_{t-1} is the amount outstanding in period $t-1$.

The disseminated growth rates are calculated based on the index of notional stocks using the following equation:

$$a_t = \left(\frac{I_t}{I_{t-12}} - 1\right) \cdot 100$$

where a_t is the annual growth rate in month t and I_t is the value of the index of notional stocks in month t . Thus, the annual growth rates provide the growth in a given balance-sheet item due to net transactions alone, and without effects from revaluations.

Consolidated balance sheet

The consolidated balance sheet of the MFI sector corresponds to the sum of 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.

Money supply

The money supply is calculated in accordance with the ECB's definition of harmonised monetary aggregates for the EU: M1, M2 and M3. This includes Danish 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 and including 2 years, and money-market securities and shares issued by MFIs are included in the 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 sectors – i.e. citizens and business enterprises, but excluding the central government and non-residents, in this context considered to be money neutral.

Deposit surplus

Deposit surplus shows bank deposits subtracted bank loans, where counterparties are non-MFIs. Foreign branches of Danish banks are included in the deposit surplus. Resident branches of foreign banks are not included. The deposit surplus is furthermore calculated excluding repo loans and deposits.

Seasonal adjustment

Seasonal adjustment means adjusting data for systematic fluctuations during the year. It is made by use of X-12-ARIMA. The seasonally adjusted series are revised every year in August. A detailed description is available in the article *Seasonally Adjusted Financial Statistics*, Danmarks Nationalbank, Monetary Review, 3rd Quarter 2006, and the technical details are described in [Seasonal adjustment of Danish financial time series using the X-12-ARIMA procedure](#), Danmarks Nationalbank Working Paper, no. 44, 2006.

2 TIME

2.1 Reference Period

The statistics are prepared on a monthly basis.

2.2 Date of Publication

The statistics are published every month on the 19th banking day after the end of the reference period.

2.3 Punctuality

The statistics are usually published without delay in relation to the scheduled date.

2.4 Frequency

New data is published every month.

3 ACCURACY

3.1 Overall Accuracy

The statistics are based on information collected from all Danish MFIs (around 120) of which about 40 are full reporting institutions. Apart from data for December, after the annual revisions in April, data from the smallest MFIs are grossed up. This group accounts for 4 per cent of the MFIs' total balance. Danmarks Nationalbank is responsible for contacting any newly established MFI on the basis of information from the Danish Financial Supervisory Authority. The accuracy of the statistics is dependent on the accuracy of the reports delivered by the institutions, and especially the quality of the reports delivered by the largest institutions is crucial. With a contribution margin of 100 per cent for December, after annual revisions in April, and more than 96 per cent in the remaining months, the overall accuracy of the statistics is considered to be high.

3.2 Sources of Inaccuracy

Danmarks Nationalbank sets out guidelines for the MFIs' reporting to the statistics, but there is a risk that the guidance is interpreted differently by the institutes and therefore may lead to non-consistent reporting. However, a large number of quality checks are performed on the individual reports as well as across all reports, in order to minimise errors made by the individual reporter and differences in interpretation among MFIs.

During the control and publishing phases several manual procedures are conducted which involve risks of errors.

3.3 Measures of Accuracy

The statistical uncertainty is not calculated.

4 COMPARABILITY

4.1 Comparability over Time

The amount of detail in the statistics is increased regularly. Some changes in compiling and reporting methods can occur, when the statistics is updated. Efforts are made to handle this by disseminating backdata based on the new definitions.

4.2 Comparability with other Statistics

On an annual basis the Danish Financial Supervisory Authority publishes the balance sheets of banks and mortgage banks both at institution and aggregated levels.

4.3 Coherence between Provisional and Final Statistics

The statistics are normally revised 2 reference periods back when the present month is published, cf. also [Danmarks Nationalbank's revision policy for financial statistics](#) and the appurtenant [revision cycle](#).

5 ACCESSIBILITY

5.1 Forms of dissemination

Published monthly via:

www.nationalbanken.dk
<http://nationalbanken.statbank.dk>
www.statbank.dk

5.2 Basic material: Storage and Usability

The Sources and method does not comprise data which are stored.

5.3 Documentation

The reporting guidelines are available at Danmarks Nationalbank's website.

5.4 Other Information

No further information is available.

6 SUPPLEMENTARY DOCUMENTATION

None.

Last revised: 23/06/2017