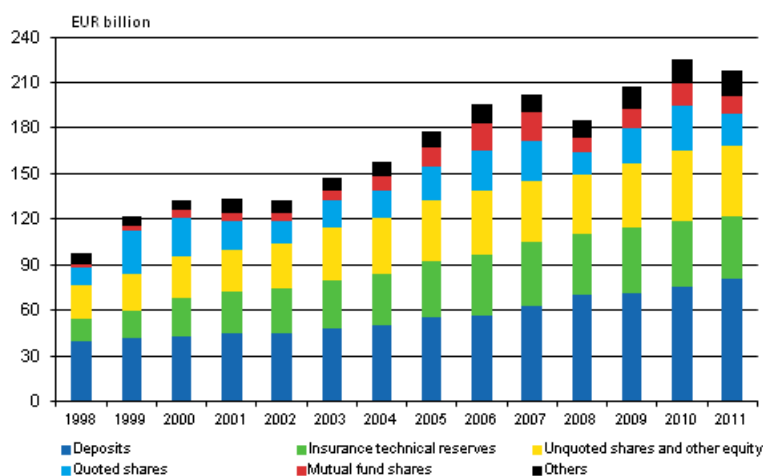


Financial Accounts 2011

Households' financial assets contracted due to holding losses in 2011

Households' financial assets stood at EUR 218 billion at the end of 2011. Their financial assets decreased by around EUR 7 billion during 2011. The decrease was due to holding losses caused by fallen value of investments and amounted to nearly EUR 13 billion. Net investments, in turn, boosted households' financial assets by EUR 5 billion. These data derive from Statistics Finland's Financial Accounts statistics

Financial assets of households 1998-2011, EUR billion



Popularity of deposits continued

Households invested the largest amount of their assets in deposits. EUR 80 billion, or 37 per cent, of the EUR 218 billion of households' financial assets were deposits. In last year, too, the vast majority of households' net investments were deposits. Households' net investments in quoted shares also remained positive, but they withdrew their assets from mutual funds. Besides deposits, at the end of the year households had EUR 46 billion invested in unquoted shares and equity, EUR 42 billion in insurance technical reserves, EUR 21 billion in quoted shares and EUR 12 billion in mutual fund shares.

Indebtedness rate went up

At the end of 2011, households' loan debts amounted to EUR 117 billion. Loan debts increased by EUR 6 billion from the previous year. Indebtedness rate, i.e. proportion of loans relative to disposable income, rose by 2.4 percentage points to 115.6 per cent. In consequence of the contraction of their financial assets and the growth of their debts, households' financial position weakened. During the year, households' net financial assets, i.e. difference between their financial assets and liabilities diminished by some EUR 14 billion, corresponding to a contraction of 13 per cent.

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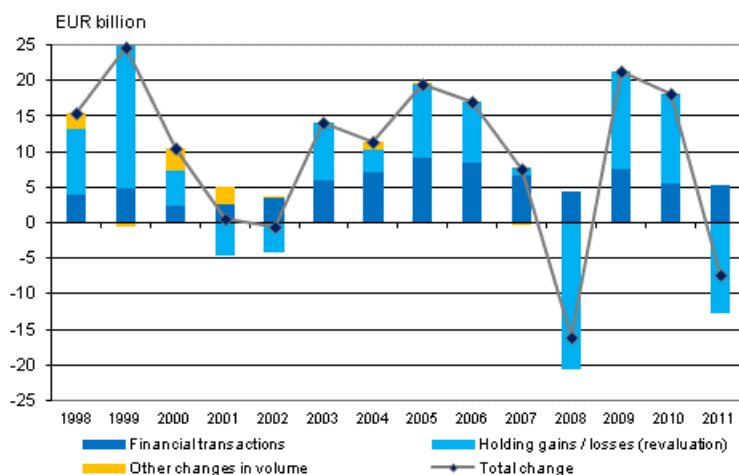
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1. Households' financial assets contracted and indebtedness continued in 2011

Due to holding losses, households' financial assets diminished in 2011. As share prices fell, households accumulated holding losses of nearly EUR 13 billion. The holding losses came mostly from quoted shares, insurance technical reserves and mutual fund shares. Households acquired further financial assets to the net amount of EUR 5 billion. Thus, the reduction in households' financial assets amounted to approximately EUR 7 billion.

Figure 1. Change in financial assets of households 1998-2011



In 2011, households invested most in deposits. Deposits have typically been the most important investment target for households. Last year, households favoured especially term deposits. Households' net investments in quoted shares also remained positive, but they withdrew their assets from mutual funds.

Overall, households' financial assets amounted to EUR 218 billion at the end of 2011. Of this amount EUR 80 billion were deposits, EUR 46 billion unquoted shares and equity, EUR 42 billion insurance technical reserves, EUR 21 billion quoted shares and EUR 12 billion mutual fund shares. The value of other financial assets held by households was EUR 17 billion. Households' shares in housing companies are not recorded in financial accounts as their financial assets.

Households' debts continued to grow at a steady pace. Their loan debt increased by EUR 6 billion during the year, reaching EUR 117 billion at the end of the year. Indebtedness rate, i.e. proportion of loans relative to disposable income, rose to 115.6 per cent from the previous year's 113.2 per cent.

In consequence of the contraction of households' financial assets and the growth of their debts, households' net financial assets, i.e. difference between financial assets and liabilities, decreased. During the year, their net financial assets diminished by some EUR 14 billion, corresponding to a reduction of 13 per cent.

1.1. Government sector's balance sheet position weakened

The government sector's balance sheet position weakened in 2011. At the end of the year, the government sector's net financial assets amounted to EUR 102 billion, which was EUR 15 billion less than one year earlier. Central government's net financial assets decreased by EUR 13 billion and those of employment pension schemes by EUR 2 billion. Local government's net financial assets remained on level with the previous year.

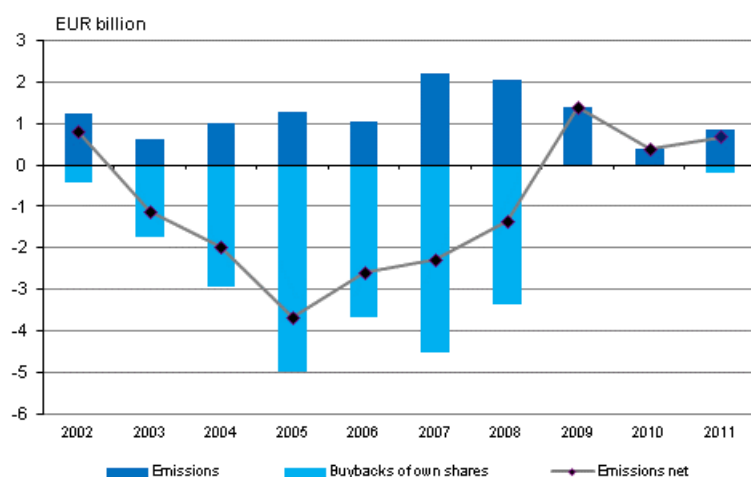
The weakening of the central government's balance sheet position, which started in 2008, continued and the central government's net financial assets fell to EUR -34 billion. The fall was due both to indebtedness and to the contraction of financial assets. Gross debt at market prices in the financial accounts of the central government increased by EUR 8 billion and financial assets decreased by EUR 5 billion. The reduction in the central government's financial assets was due to holding losses.

Over the year, the net financial assets of employment pension schemes fell from EUR 136 billion to EUR 133 billion. Most of the reduction in the net financial assets of employment pension schemes is explained by fallen market values of the quoted shares held by them. Employment pension schemes' holding losses totalled EUR 8 billion and their net investments EUR 5 billion in 2011. Employment pension schemes invested the largest amounts of their assets in debt securities and unquoted shares while in the previous year they still favoured mutual fund shares and quoted shares.

1.2. Emissions of quoted shares livened slightly

Non-financial corporations acquired financing through issuing new equity on the stock market in 2011. Quoted companies issued new shares to the value of EUR 0.8 billion whereas in the previous year the value of emissions was EUR 0.4 billion. Buybacks of own shares were quite minimal. From 2003 to 2008, non-financial corporations amortized their share debt by buying back more of their own shares than issuing them.

Figure 2. Changes in emissions of quoted shares by non-financial corporations 2002-2011, EUR billion



Non-financial corporations also increased their debt financing during the year. Debt financing refers to the total of loan debts and financing in the form of debt securities. Over the year, non-financial corporations' loan debt grew by EUR 3 billion, rising to EUR 169 billion. In addition, non-financial corporations increased their debt by issuing debt securities to the net amount of around EUR 1 billion.

1.3. Domestic mutual funds contracted

Investors withdrew money from domestic mutual funds to the value of some EUR 3 billion. In 2010, more money was still flowing into mutual funds. Especially households, insurance corporations and non-financial corporations withdrew assets from mutual funds. By contrast, net investments from the rest of the world into mutual funds registered in Finland were positive. Over the year, mutual funds shrunk by a total of EUR 7 billion, of which holding losses from investment portfolios accounted for EUR 4 billion. By contrast, new subscriptions exceeded redemptions in money market funds

1.4. Investments to the rest of the world decreased

Foreign bonds and mutual fund shares interested Finnish investors clearly less than in the previous year. Domestic investors withdrew their assets from foreign quoted shares during the year. In 2011, the total value of the net investments of domestic investors in foreign bonds, shares and funds was EUR 8 billion, while in the year before it was still EUR 39 billion.

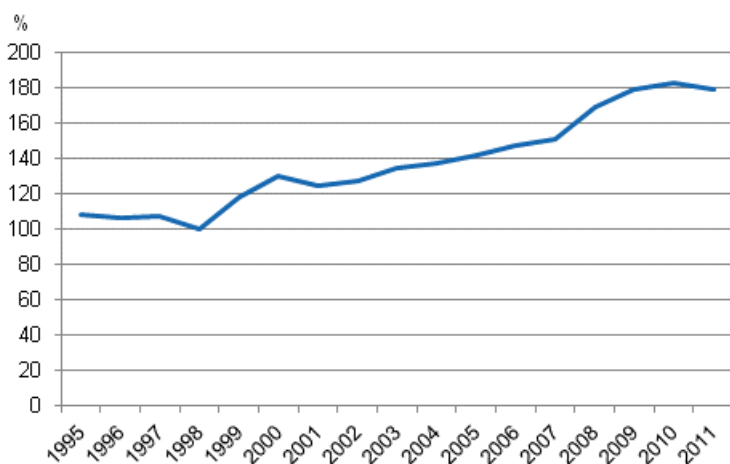
Some EUR 49 billion of domestic units' money flowed into foreign deposits and loans. The central bank accounted for the vast majority of the increase in foreign deposits. Loans to the rest of the world were in turn granted by deposits banks.

As in earlier years, foreign investors cut back their holdings in Finnish quoted shares. In all, Finnish quoted shares were sold to domestic investors to the net value of EUR 2 billion last year. At the end of the year, the value of the foreign ownership of quoted shares was EUR 46 billion. The proportion of foreign ownership of the value of Finnish quoted shares fell to 43 per cent. By contrast, Finnish bonds and mutual fund shares interested foreign investors also in 2011.

1.5. Private sector debt under scrutiny

The European Commission has launched a mechanism for the monitoring of macroeconomic imbalance (Macroeconomic Imbalance Procedure), which is based on ten indicators. The indicators have been defined thresholds the passing of which may be a sign of macroeconomic imbalance. One of the indicators is private sector debt as percentage of GDP. Private sector debt comprises the loan debts and debts in the form of debt securities of non-financial corporations, households and non-profit institutions serving households.

Figure 3. Private sector debt as percentage of GDP



In 2011, the percentage of private sector debt of GDP fell by four percentage points to 179 per cent. The euro amount of the private sector debt grew but its percentage of GDP fell as GDP went up. Nevertheless, the indicator exceeds the threshold set by the European Commission, which is 160 per cent. A percentage below the threshold was last achieved in 2007.

Appendix tables

Appendix table 1. Financial assets of households, million EUR

Instrument	Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assets and liabilities total	132 661	146 741	158 124	178 011	195 362	201 643	185 557	206 801	224 974	217 722
Currency	1 439	1 668	1 964	2 487	2 538	3 037	3 336	3 899	3 938	4 724
Transferable deposits	34 686	37 465	39 602	41 778	42 137	42 921	45 324	55 019	40 323	41 705
Other deposits	10 617	10 538	10 216	13 143	14 431	20 050	25 226	16 562	35 145	38 539
Bonds	1 376	1 390	2 480	2 857	4 251	3 330	3 783	4 860	6 205	6 196
Derivative instruments	0	0	176	283	388	142	30	0	31	18
Loans	471	575	626	771	1 046	143	317	92	0	0
Quoted shares	15 269	17 625	18 700	22 617	26 987	27 114	15 021	22 982	29 312	21 280
Unquoted shares	29 475	34 693	36 678	39 693	41 773	39 650	38 765	42 324	46 498	46 063
Mutual funds shares	4 912	6 573	8 992	12 930	17 639	18 056	9 115	12 778	14 439	11 601
Insurance technical reserves	29 080	31 596	33 812	37 314	39 859	42 184	39 646	42 795	43 653	41 993
Other accounts receivable and payable	5 336	4 618	4 878	4 138	4 313	5 016	4 994	5 489	5 430	5 603

Appendix table 2. Liabilities of households, million EUR

Instrument	Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Liabilities total	52 732	58 965	68 958	78 981	90 819	100 621	109 300	113 441	119 657	126 207
Loans	49 458	56 070	64 249	73 646	83 142	92 587	99 340	104 771	111 045	117 311
Other liabilities	3 274	2 895	4 709	5 335	7 677	8 034	9 960	8 670	8 612	8 896

Appendix table 3. Households net acquisition of financial assets, million EUR

Instrument	Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assets and liabilities total	3 521	6 009	7 149	9 116	8 501	6 766	4 473	7 541	5 506	5 377
Currency	110	229	296	523	51	499	299	419	40	796
Transferable deposits	822	2 779	2 137	2 176	359	784	2 403	9 695	1 463	1 401
Other deposits	53	-79	-322	2 927	1 288	5 619	5 176	-8 664	2 329	3 391
Bonds	133	-682	785	385	1 404	-673	665	505	1 062	45
Loans	55	104	51	145	275	-903	174	-225	0	0
Quoted shares	630	80	242	-398	10	-1 123	-93	2 276	654	579
Unquoted shares	-227	727	113	-1 887	-572	-985	-1 199	-1 006	-1 482	-933
Mutual funds shares	564	1 305	1 497	2 877	3 862	786	-4 334	2 364	287	-1 147
Insurance technical reserves	1 555	2 264	2 090	3 108	1 649	2 061	1 404	1 627	1 211	1 146
Other accounts receivable and payable	-174	-718	260	-740	175	701	-22	549	-57	99

Appendix table 4. Households net incurrence of liabilities, million EUR

Instrument	Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Liabilities total	5 857	6 233	10 003	10 023	11 835	9 806	8 651	4 178	6 242	6 494
Loans	4 882	6 612	8 180	9 397	9 496	9 445	6 726	5 468	6 300	6 210
Other liabilities	975	-379	1 823	626	2 339	361	1 926	-1 290	-58	284

Appendix table 5. Financial assets of Non-financial corporations, million EUR

Instrument	Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assets and liabilities total	194 882	210 886	214 297	223 708	244 621	270 621	292 319	279 090	312 221	314 493
Currency and transferable deposits	12 000	16 184	14 030	12 496	13 570	17 271	22 261	21 987	27 892	26 754
Money-market instruments	2 366	2 176	3 199	2 761	2 926	1 651	1 864	2 134	3 930	3 213
Bonds	8 006	5 010	3 250	2 719	2 293	1 324	1 523	1 443	2 650	2 110
Derivative instruments	1 768	1 582	2 392	1 991	1 672	3 073	5 509	3 483	3 841	5 548
Loans	65 719	74 470	74 561	71 084	70 650	79 450	87 811	76 406	81 726	82 163
Quoted shares	10 324	9 125	7 128	8 768	9 678	9 462	4 587	8 300	10 734	8 141
Unquoted shares	56 160	60 707	63 295	70 609	81 034	90 311	103 807	105 143	116 285	121 608
Other equities	315	347	388	509	848	724	748	930	1 919	1 230
Mutual funds shares	2 449	3 730	4 442	5 525	6 930	6 732	1 685	2 684	4 517	4 109
Insurance technical reserves	2 190	2 260	2 432	2 298	2 550	1 875	1 845	1 824	1 880	2 069
Other accounts receivable and payable	33 585	35 295	39 180	44 948	52 470	58 748	60 679	54 756	56 847	57 548

Appendix table 6. Financial liabilities of Non-financial corporations, million EUR

Instrument	Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assets and liabilities total	370 638	382 422	393 018	444 663	493 427	561 716	475 271	481 311	531 931	491 374
Money-market instruments	2 370	3 278	3 361	4 711	4 956	5 369	4 188	4 562	4 728	5 224
Bonds	16 026	15 732	16 012	17 140	17 426	17 269	17 024	22 060	23 533	22 730
Derivative instruments	803	1 439	1 529	2 163	1 363	1 422	5 000	3 956	3 742	6 335
Loans	99 392	104 284	110 356	111 217	123 066	139 865	173 444	158 027	166 657	169 401
Quoted shares	132 723	126 817	124 106	160 041	183 990	224 286	98 450	118 521	142 269	94 825
Unquoted shares	74 539	81 561	85 595	92 701	100 603	107 303	107 634	110 532	120 413	123 628
Other equities	12 280	15 005	15 765	17 169	17 189	16 902	17 532	16 259	16 647	17 093
Other accounts receivable and payable	32 505	34 306	36 294	39 521	44 834	49 300	51 999	47 394	53 942	52 138
Net financial assets	-175 756	-171 536	-178 721	-220 955	-248 806	-291 095	-182 952	-202 221	-219 710	-176 881

Appendix table 7. Net financial assets by sector, million EUR

Sector	Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Non-financial corporations	-175 756	-171 536	-178 721	-220 955	-248 806	-291 095	-182 952	-202 221	-219 710	-176 881
Housing corporations	-11 831	-11 866	-11 364	-11 291	-11 238	-11 350	-11 542	-12 718	-13 640	-13 959
The central bank	4 585	4 445	4 230	5 018	4 680	4 439	4 826	5 781	6 567	6 740
Deposit banks	786	848	1 002	-43	-813	70	345	551	729	4 840
Money market funds	0	0	0	0	0	0	0	2	29	0
Other monetary financial institutions practising financial intermediation	467	335	209	243	455	522	270	371	93	2 362
Other financial intermediaries including mutual funds	-2 117	-3 035	-4 821	-5 858	-5 741	-2 282	-1 871	-3 887	-391	-3 906
Financial auxiliaries	245	194	284	660	859	1 295	-1 190	-3 178	-706	-1 175
Insurance corporations and voluntary pension funds	1 531	892	542	2 027	3 386	1 787	302	-51	350	1 293
Central government	-28 957	-23 858	-20 055	-11 773	-3 043	2 806	-10 822	-15 026	-21 563	-34 231
Local government	4 813	4 386	3 835	3 361	3 835	3 520	2 584	1 135	1 302	1 429
Employment pension schemes	67 133	73 506	85 416	98 849	111 898	121 271	102 922	120 499	135 520	133 429
Other social security funds	1 998	1 913	1 872	1 803	2 390	2 818	2 407	1 691	1 914	1 776
Households	79 929	87 776	89 166	99 030	104 543	101 022	76 257	93 360	105 317	91 515
Non-profit institutions serving households	7 553	8 144	9 719	12 694	14 153	13 085	9 192	12 851	14 700	11 925
Rest of the world	49 621	27 856	18 686	26 235	23 442	52 092	9 272	840	-10 511	-25 157

Appendix table 8. Net financial transactions by sector, million EUR

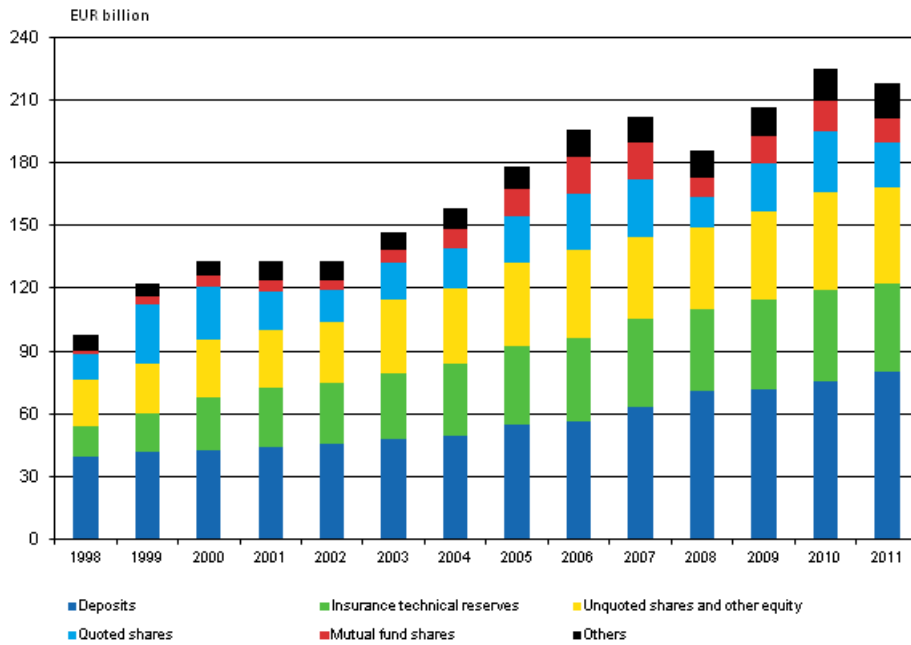
Sector	Year	Net incurrence of liabilities	Net acquisition of financial assets	Net financial transactions
Non-financial corporations and housing corporations	2008	33 252	29 284	-3 968
	2009	-6 892	-11 708	-4 816
	2010	11 182	15 361	4 179
	2011	-278	3 178	3 456
The central bank	2008	6 540	6 873	333
	2009	4 283	4 449	166
	2010	8 092	8 725	633
	2011	51 469	51 481	12
Other monetary financial institutions	2008	33 635	32 714	-921
	2009	13 213	14 522	1 309
	2010	56 517	56 224	-293
	2011	80 834	81 435	601
Other financial intermediaries	2008	-5 338	-4 313	1025
	2009	8 468	8 170	-298
	2010	5 249	6 565	1 316
	2011	-1 971	-1 850	121
Financial auxiliaries	2008	184	-269	-453
	2009	-158	-285	-127
	2010	48	757	709
	2011	365	443	78
Insurance corporations	2008	1 207	1 349	142
	2009	2 890	2 629	-261
	2010	1 893	1 440	-453
	2011	829	1 112	283
General government	2008	688	8 753	8 065
	2009	13 573	8 758	-4 815
	2010	11 602	6 158	-5 444
	2011	7 771	5 736	-2 035
Households	2008	8 651	4 473	-4 178
	2009	4 178	7 541	3 363
	2010	6 242	5 506	-736
	2011	6 494	5 377	-1 117
Rest of the world	2008	28 280	27 235	-1 045
	2009	31 756	36 594	4 838
	2010	65 682	65 876	194
	2011	56 011	54 638	-1 373

Appendix table 9. Statistical discrepancy by sector, million EUR

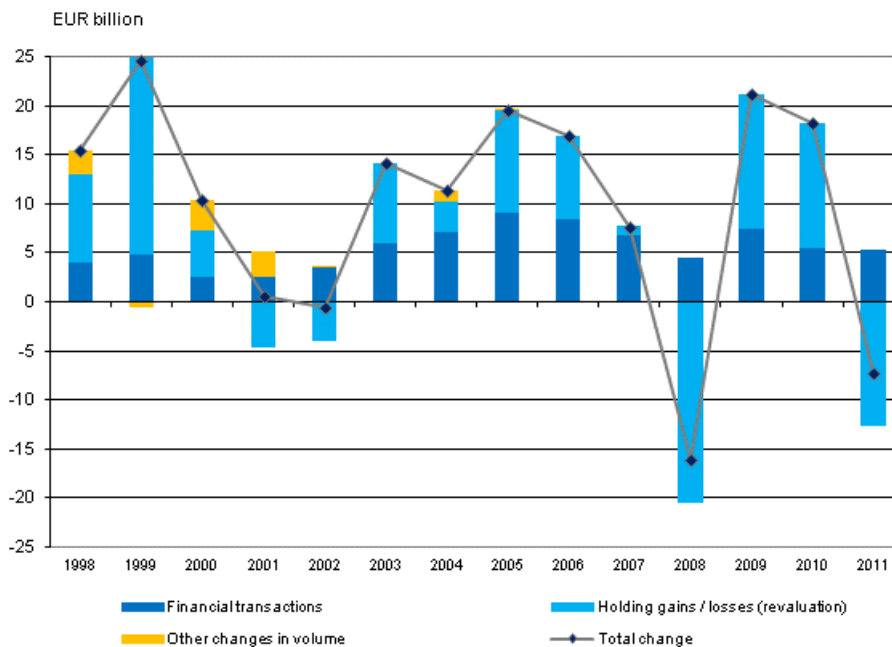
Sector	Instrument	Year									
		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Non-financial corporations and housing corporations	Net financial transactions	5 017	8 195	3 716	644	-588	223	-3 968	-4 816	4 179	3 456
	Net lending	7 472	6 456	8 249	4 975	6 416	3 978	1 224	6 388	8 730	2 509
	Statistical discrepancy	2 455	-1 739	4 533	4 331	7 004	3 755	5 192	11 204	4 551	-947
Financial and insurance corporations	Net financial transactions	1 951	-938	185	310	908	180	126	789	1 912	1 102
	Net lending	1 359	-215	295	1 024	1 178	723	1 937	1 150	689	1 496
	Statistical discrepancy	-592	723	110	714	270	543	1 811	361	-1 223	394
General government	Net financial transactions	5 643	3 217	3 748	3 462	6 782	9 370	8 065	-4 815	-5 444	-2 035
	Net lending	5 992	3 635	3 449	4 235	6 761	9 601	8 066	-4 680	-5 011	-1 766
	Statistical discrepancy	349	418	-299	773	-21	231	1	135	433	269
Households	Net financial transactions	-2 336	-224	-2 854	-907	-3 334	-3 040	-4 178	3 363	-736	-1 117
	Net lending	-2 751	-2 561	-2 505	-4 863	-6 912	-6 849	-5 658	501	-1 532	-4 494
	Statistical discrepancy	-415	-2 337	349	-3 956	-3 578	-3 809	-1 480	-2 862	-796	-3 377
Non-profit institutions serving households	Net financial transactions	866	28	993	734	-239	-542	1 000	641	-105	-26
	Net lending	303	221	245	366	392	247	408	225	105	231
	Statistical discrepancy	-563	193	-748	-368	631	789	-592	-416	210	257
Rest of the world	Net financial transactions	-11 141	-10 278	-5 788	-4 243	-3 529	-6 191	-1 045	4 838	194	-1 373
	Net lending	-12 375	-7 536	-9 733	-5 737	-7 835	-7 700	-5 977	-3 584	-3 055	1 967
	Statistical discrepancy	-1 234	2 742	-3 945	-1 494	-4 306	-1 509	-4 932	-8 422	-3 249	3 340

Appendix figures

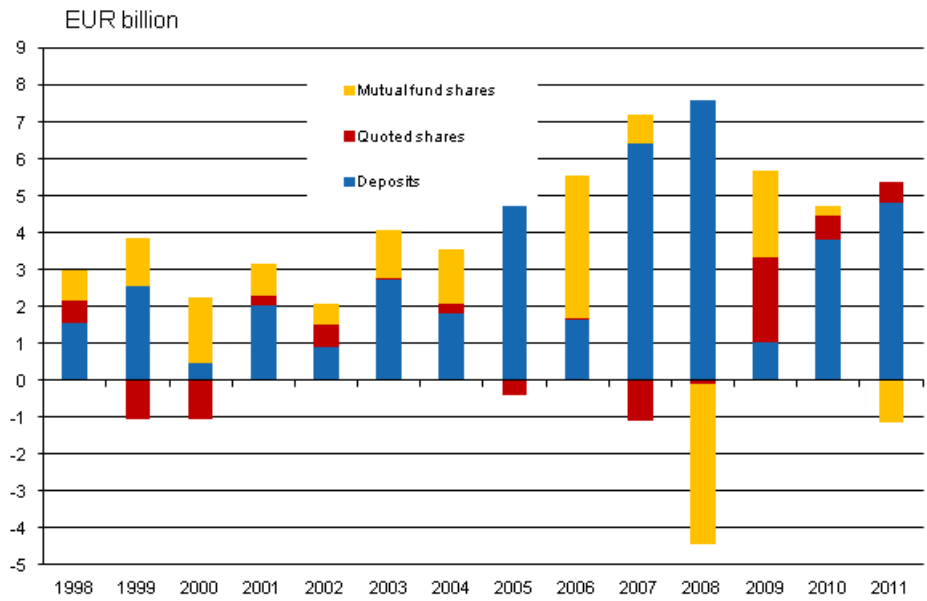
Appendix figure 1. Financial assets of households 1998-2011, EUR billion



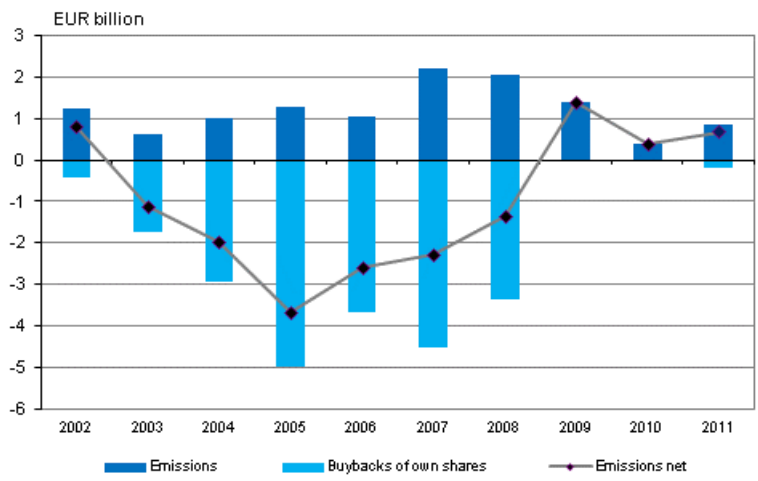
Appendix figure 2. Change in financial assets of households 1998-2011



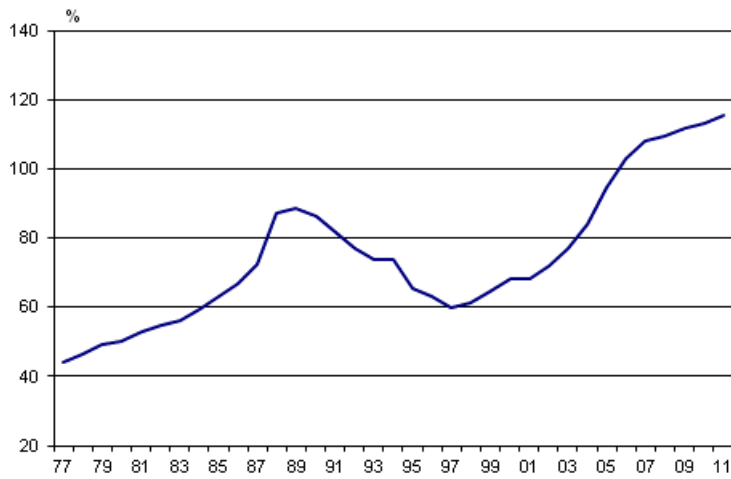
Appendix figure 3. Households' net acquisition of deposits, quoted shares and mutual funds, EUR billion



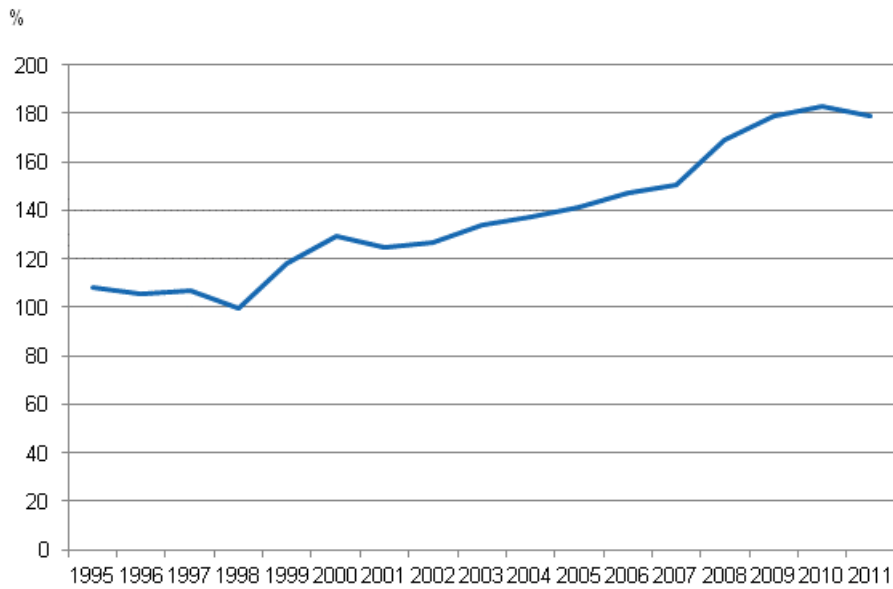
Appendix figure 4. Emissions of quoted shares, EUR billion



Appendix figure 5. Households' indebtedness ratio 1977-2011



Appendix figure 6. Private sector debt as percentage of GDP



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Finlands officiella statistik
Official Statistics of Finland

National Accounts 2012

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Source: Financial Accounts, Statistics Finland