

## Quarterly financial accounts: 3rd quarter 2012

During the course of the third quarter of the year 2012, the net financial wealth of individuals increased by € 16.1 billion to reach € 792.0 billion as at 30 September 2012, mainly on the back of favourable share price movements. These had a positive impact on the valuation of financial assets held principally in the form of shares, mutual funds shares and insurance products.

Net formation of financial assets worth € 2.4 billion masks divergent trends between asset categories. Regulated savings deposits and insurance products continued to find favour among investors, as had been the case during the first half of the year. By contrast, individuals continued the downsizing of their holdings of fixed-interest securities started in the first quarter of 2012.

**TABLE 1** CHANGE IN THE NET FINANCIAL WEALTH OF INDIVIDUALS IN THE 3rd QUARTER OF 2012  
(Billions of euro)

	Net financial wealth as at 30 June 2012	Financial transactions in the 3rd quarter of 2012	Other flows <sup>1</sup>	Net financial wealth as at 30 September 2012
<b>Financial assets</b>	<b>986.8</b>	<b>2.4</b>	<b>14.2</b>	<b>1 003.4</b>
Notes and coins	24.2	-0.1	0.0	24.1
Sight and time deposits	85.6	-0.4	0.1	85.3
Regulated savings deposits	210.5	2.0	-0.5	212.0
Fixed-interest securities	102.3	-2.4	0.9	100.7
Shares and other equity	198.2	0.5	8.3	207.1
Mutual funds shares	105.5	-0.7	3.5	108.4
Insurance products	251.8	0.9	1.8	254.5
Miscellaneous <sup>2</sup>	8.8	2.5	0.0	11.3
<b>Financial liabilities</b>	<b>210.8</b>	<b>0.8</b>	<b>-0.3</b>	<b>211.3</b>
Mortgage loans	169.7	1.5	0.0	171.2
Other loans	36.5	-0.1	-0.3	36.1
Other accounts payable <sup>3</sup>	4.6	-0.6	0.0	4.0
<b>Net financial wealth</b>	<b>776.0</b>	<b>1.6</b>	<b>14.5</b>	<b>792.0</b>

Source: NBB

1. Other flows include price and exchange rate variations. They may also include selective elements such as the reclassification of operations with regard to other sectors and/or instruments (for example in regulated savings deposits in the last quarter).

2. Mainly other accounts receivable within the meaning of the ESA 1995, notably including interest accrued but not due and general government assessments.

3. Mainly taxes due but not yet paid.

On the other side of the coin, individuals' financial liabilities rose by € 0.8 billion. This rise can be explained by the increase in outstanding mortgage loans (+€ 1.5 billion). It was nevertheless partly offset by a drop in taxes due but not yet paid (recurrent decline in the third quarter).

**TABLE 2 CHANGE IN THE NET FINANCIAL WEALTH OF THE MAJOR ECONOMIC SECTORS  
IN THE 3rd QUARTER OF 2012 <sup>1</sup>**

(Billions of euro)

	Net financial wealth as at 30 June 2012	Financial balances for the 3rd quarter of 2012	Other flows <sup>2</sup>	Net financial wealth as at 30 September 2012
Individuals	776.0	1.6	14.5	792.0
Corporations <sup>3</sup>	-414.6	3.6	-30.7	-441.7
General government	-305.7	-6.2	3.9	-308.0
Rest of the world	-55.7	1.1	12.2	-42.4

Source: NBB

1 Excluding monetary gold and special drawing rights (SDR).

2 Other flows include price and exchange rate variations. They may also include selective elements such as the reclassification of units or operations from one sector to another.

3 Financial and non-financial corporations.

Corporations posted a positive financial balance of €3.6 billion. However, the negative impact exerted by other flows (-€30.7 billion) weighed heavily on the net financial wealth of corporations as a whole, as their liabilities were affected by the rise in value of shareholdings more than their assets. Net corporate liabilities thus grew from €414.6 billion at the start of the quarter to €441.7 billion by the end of September 2012.

In line with the seasonal pattern of the general government account balance, this sector registered a financial deficit of €6.2 billion. Its net financial liabilities came to €308 billion as at 30 September 2012.

All in all, the domestic sectors of the economy relied on €1.1 billion worth of net borrowing from the rest of the world. However, it was mainly price and exchange rate effects that led to a sharp reduction in the value of Belgium's net foreign financial wealth. Overall, this figure shrank by €12.2 billion to settle at €42.4 billion on 30 September 2012.

#### Methodological changes

Compared with the previous version of the financial accounts, a few methodological adjustments have been made. The most important of these concerns the valuation of unlisted shares issued by non-financial corporations which are mainly engaged in intra-group financing activities. Up until now, these shares were valued according to the general methodology for unlisted shares, based on a ratio between the stock market valuation and the own funds of listed companies. From now on, the value of unlisted shares in this specific group of non-financial corporations shall be determined solely by their own funds. This methodological adjustment influences holdings of unlisted shares by non-financial corporations themselves and by the rest of the world, which in turn is reflected, *inter alia*, in the value of Belgium's net foreign financial assets.

Several other methodological changes have been made, including improved compilation of foreign bonds held by individuals, based on security-by-security surveys.

#### Methodological note

The financial balance sheets provide a summary of the financial assets and liabilities of national institutional sectors (individuals, financial and non-financial corporations, general government). These assets and liabilities are broken down by financial instrument (currency and deposits, loans, fixed-interest securities, shares, mutual funds shares, insurance products).

The net financial wealth of the different sectors is the result of the difference between the total of their respective financial assets and liabilities. When the net financial wealth of a sector is negative, the term net financial liabilities is used.

Since each financial asset held by a sector corresponds to a financial liability for another sector, the result is that the total net financial wealth of the domestic sectors is equal to the net financial liabilities of the rest of the world in respect of Belgium or, and this amounts to the same thing, to Belgium's net claim on the rest of the world.

The change in net financial wealth between the beginning and the end of a quarter is the result, on the one hand, of financial transactions carried out in the course of the period, and on the other, of other flows consisting mainly of price and exchange rate variations.

Financial transactions are recorded in the financial accounts, which highlight the manner in which the different institutional sectors allocate their financial savings or find the financial resources which they need.

In the European system of national accounts, the financial accounts are linked together with the non-financial accounts of the different institutional sectors. Thus, while the non-financial accounts show the financing positions from receipt and payment items, the financial accounts explain how the different sectors invest their surplus or finance their deficits. However, in practice, there are differences between real and financial balances associated mainly with the use of different sources.

Statistical data: [Belgostat online](http://belgostat.be)