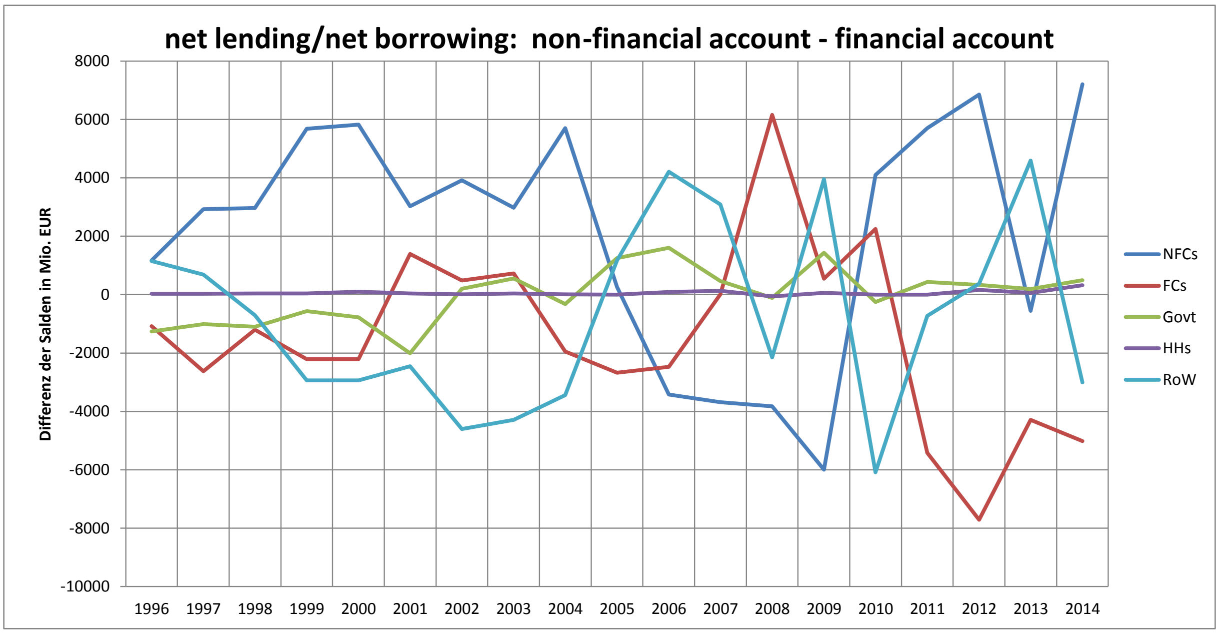
1. **According to length of balance sheet:** Here, we took the length of the balance sheet as a proxy for the activities of this sector, determining a corresponding amount of flows implied by these FC sub-sectors to carry out these activities (to be discussed). The share of the balance sheet length of the respective sub-unit of the FC sector in the total balance sheet length of the FC sector was used to split the total flow of the FC sector among the respective sub-units. This procedure applies to consumption, wages, investment, exports, imports, social and other transfers (SocTrans, SubTrans), as well as other taxes (T_o) and the firm income tax (T_{firm}).
2. **According to stock of a financial asset/liability held:** In this case, we address a stock-flow relation proper (interest or dividend payment) relating to the size of the stock of a financial asset/liability held. The procedure here was to calculate the interest/dividend rate paid on a stock of assets for the FC sector as a whole. Keeping this interest/dividend rate fixed, we calculated the flow of interest payments to a sub-unit of the FC sector by applying the interest rate to each asset class on the stock of assets held by each FC sub-unit. This method applies to interest payments on loans (interest), as well as distributed income of corporations (F_{DIV}), dividends on insurance and pension fund shares ($ICPF_{DIV}$), as well as dividends on investment fund shares (IFU_{DIV})

Figure 2: Difference of Net Lending/Net Borrowing of Sectors from Non-Financial Transactions (NFTR) Accounting and Financial Accounts (FA) (in Mio. EURO)



Residual (Res) Generally, NLNB differ between the financial and the non-financial accounts. After contacting experts from Austrian National Bank, we decided to take NLNB from the financial account as link between the TFM and the balance sheet matrix (BSM), in order to safeguard consistency with financial account and since the financial accounts seem to rely more on data than assumptions as compared to the non-financial accounts. For constructing the large TFM given in table 1, however, we used NLNB from non-financial accounts as the target variable,