

# BANK OF FINLAND



162nd  
ANNUAL STATEMENT  
1973

Helsinki 1974. Government Printing Centre

## Profit and Loss Account, 1973

### EXPENSES

Salaries .....	19 680 892,03
Pensions and family pensions .....	3 440 522,26
Social security contributions .....	1 559 891,16
Interest on deposits .....	91 991 681,22
Interest on foreign loans .....	5 396 437,50
Agio .....	1 968 451,29
Amounts written off and depreciation .....	13 762 315,83
Printing of bank notes .....	9 871 763,83
Other expenses .....	6 053 653,04
Net profit for 1973 .....	98 277 950,14
	<u>mk 252 003 558,30</u>

### EARNINGS

Interest on internal loans .....	166 018 349,17
Interest on foreign exchange claims .....	53 386 429,41
Interest on bonds .....	23 610 348,37
Commission .....	3 024 201,38
Other earnings .....	5 964 229,97
	<u>mk 252 003 558,30</u>

## Balance Sheet,

ASSETS		
Gold and other foreign assets		
Gold .....	121 033 093,93	
Special drawing rights .....	284 682 532,73	
IMF gold tranche .....	267 781 879,66	
Foreign exchange .....	1 546 470 431,93	
Foreign bills .....	95 587 738,57	
Foreign bonds .....	177 073 387,81	2 492 629 064,63
Claims on domestic banks		
Discounted bills .....	2 556 100 000,—	
Rediscounted bills .....	—	
Cheque accounts .....	61 245 660,78	2 617 345 660,78
Other lending		
Inland bills discounted		
In foreign currency .....	—	
In Finnish marks .....	58 205 000,—	
Loans .....	303 857 941,18	362 062 941,18
Other assets		
Finnish bonds .....	32 837 632,41	
Finnish coin .....	25 120 226,06	
Currency subscription to Finland's quota in the IMF .....	530 212 215,14	
Other claims .....	9 920 988,90	598 091 062,51
		mk 6 070 128 729,10

31st December 1973

LIABILITIES		
Notes in circulation .....		1 906 958 894,—
Liabilities payable on demand		
Foreign exchange accounts .....	79 442 963,86	
Mark accounts of holders abroad .....	67 425 491,79	
Cheque accounts		
Treasury .....	2 079 890,58	
Post Office Bank .....	1 702 462,20	
Private banks .....	—	
Other .....	7 661 687,39	
Other sight liabilities .....	19 433 040,59	177 745 536,41
Term liabilities		
Foreign .....	—	
Domestic .....	2 213 927 184,52	2 213 927 184,52
IMF mark accounts .....		530 212 215,14
Allocations of special drawing rights .....		258 172 243,77
Equalization accounts .....		171 147 413,71
Bank's own funds		
Capital .....	600 000 000,—	
Reserve fund .....	113 687 291,41	
Net profit for 1973 .....	98 277 950,14	811 965 241,55
	mk	6 070 128 729,10

Right of note issue .....		3 599 667 590,36
Utilized .....		2 085 238 332,86
Unused right of note issue .....	mk	1 513 829 257,50

## Developments in 1973

The economic revival which began in the latter half of 1972 continued in 1973, and the volume of total production grew by more than five per cent. As a result of the cyclical upswing, capacity ceilings were rapidly reached in a number of fields, and demand pressures strengthened further towards the end of the year, particularly in the country's southern regions. The high degree of capacity utilization and a shortage of raw materials and skilled labour slowed the growth of production in many industries. Excess demand, coupled with domestic and international cost pressures, further strengthened inflation. The expansion of total demand also produced a sharp increase in imports, which meant that the trade account deficit came to almost 2 000 million marks. As the net inflow of capital was not more than roughly half of that of the previous year, part of the current account deficit was financed by drawing on the foreign exchange reserves. In the course of the year, signs of a cyclical slow-down appeared just as uncertainty was increased by changes in the energy situation and the unsettled nature of the wage and incomes negotiations.

The gold reserves of the Bank of Finland declined by 84 million marks in 1973. SDRs increased by 2 million marks, whereas the gold tranche in the International Monetary Fund remained unchanged. The foreign exchange assets of the Bank of Finland declined by 383 million marks to 1 546 million marks in 1973, and the Bank's foreign liabilities grew by 26 million marks. The gold and foreign exchange reserves of the Bank of Finland declined by 491 million marks in 1973 and totalled 2 073 million marks at the end of the year. The foreign liabilities of the authorized banks grew substantially more than their foreign assets. The gold and foreign exchange reserves of the whole country declined by 784 million marks.

The banks' lending to the public grew substantially more than in the previous year, but the growth of bank deposits was slower than in the previous year. Commercial bank discounting at the Bank of Finland rose by 1 804 million marks over the course of the year, and the net liabilities of the banks to the Bank of Finland increased from 756 million marks to 2 615 million marks. The central bank credit quotas of the commercial banks remained at 1 224 million marks until the end of August, when they were raised to 1 550 million marks.

The central government's counter-cyclical reserves increased sharply during 1973. A total of 500 million marks was transferred to the central government's counter-cyclical fund held by the Bank of Finland. Counter-cyclical tax funds amounting to

20 million marks were released so that, the balance on this account declined from 42 million marks to 22 million marks. All these items are entered in the balance sheet under »Domestic term liabilities», which include, in addition to these central government's counter-cyclical reserves, deposit certificates of the Bank of Finland, capital import deposits and investment deposits. The deposit certificates of the Bank of Finland grew by 660 million marks and totalled 1 450 million marks at the end of 1973. A total of 214 million marks accrued in the form of capital import deposits during 1973. Net drawings of investment deposits and special deposits for the acquisition of ships totalled 33 million marks during the year, and 5 million marks of these funds remained on account at the end of the year.

»Discounted inland bills in Finnish marks» increased by 14 million marks during the year. At the end of 1973, these credits totalled 58 million marks, 47 million marks of which consisted of new export credits. Loans increased by 32 million marks and amounted to 304 million marks at the end of the year. Of this, 271 million marks had been granted under the domestic suppliers' credit arrangement. Total lending by the Bank to private customers increased by 46 million marks during 1973.

Note circulation grew by 177 million marks and totalled 1 907 million marks at the end of the year.

The basic rate applied by the Bank of Finland for discounts and rediscounts of commercial banks was  $7\frac{3}{4}$  per cent until the end of June, and from then,  $9\frac{1}{4}$  per cent. In addition, the Board of Management of the Bank reserved the right to charge a maximum penalty rate 4 percentage points higher than the basic rate. The minimum and maximum rates for other credits granted by the Bank of Finland were 6 and 9 per cent during the first half of the year, and  $7\frac{1}{2}$  and  $10\frac{1}{2}$  per cent during the latter half of the year.

The net profits of the Bank amounted to 98 million marks, which was 18 million marks more than in 1972. The greatest increase in receipts was on interest earnings from domestic lending. However, interest earnings on funds held with foreign banks and interest income on bonds declined. The total increase in earnings was 76 million marks. Outlays grew by 57 million marks on the previous year, primarily because of increased interest expenses on deposits.

One-half of the annual profits will be transferred to the reserve fund in keeping with the Regulations for the Bank of Finland. The disposal of the other half will be decided by Parliament.

## Monthly movement

ASSETS

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Date	Gold and other foreign assets						Claims on domestic banks			Other lending			Other assets					Total of Balance Sheet
	Gold	Special drawing rights	IMF gold tranche	Foreign exchange	Foreign bills	Foreign bonds	Discounted bills	Rediscounted bills	Cheque accounts	In foreign currency	Inland bills discounted	In Finnish marks	Loans	Finnish bonds	Finnish coin	Currency subscription to Finland's quota in the IMF	Other claims	
29. 12. 72	205	283	268	1 929	110	117	752	1	5	—	44	272	47	25	530	5	4 593	
31. 1. 73	205	283	268	1 873	101	117	621	1	9	—	40	269	18	33	530	4	4 372	
28. 2. 73	205	283	268	1 774	96	114	828	1	56	—	40	270	37	36	530	5	4 543	
30. 3. 73	205	283	268	1 530	94	113	986	1	17	—	42	284	47	37	530	7	4 444	
30. 4. 73	205	283	268	1 421	104	118	2 036	1	—	—	43	287	389	33	530	6	5 724	
31. 5. 73	205	285	268	1 522	110	122	1 363	1	—	—	47	291	62	35	530	6	4 847	
29. 6. 73	205	285	268	1 227	112	129	1 696	1	25	—	50	296	32	35	530	5	4 896	
31. 7. 73	205	285	268	1 173	124	137	2 060	—	60	—	51	291	3	31	530	6	5 254	
31. 8. 73	205	285	268	1 355	110	137	1 776	—	8	—	52	290	158	35	530	5	5 214	
28. 9. 73	205	285	268	1 262	97	136	2 221	—	22	—	54	291	232	34	530	6	5 643	
31. 10. 73	205	285	268	1 103	100	138	2 363	—	54	—	57	295	232	36	530	7	5 673	
30. 11. 73	152	285	268	1 355	100	168	2 623	—	50	—	60	295	150	37	530	7	6 080	
31. 12. 73	121	285	268	1 546	96	177	2 556	—	61	—	58	304	33	25	530	10	6 070	

29. 12. 72	205	283	268	1 929	110	117	752	1	5	—	44	272	47	25	530	5	4 593
Change in 1973	-84	+2	+0	-383	-14	+60	+1 804	-1	+56	—	+14	+32	-14	-0	-0	+5	+1 477
31. 12. 73	121	285	268	1 546	96	177	2 556	—	61	—	58	304	33	25	530	10	6 070



## of Balance Sheet in 1973

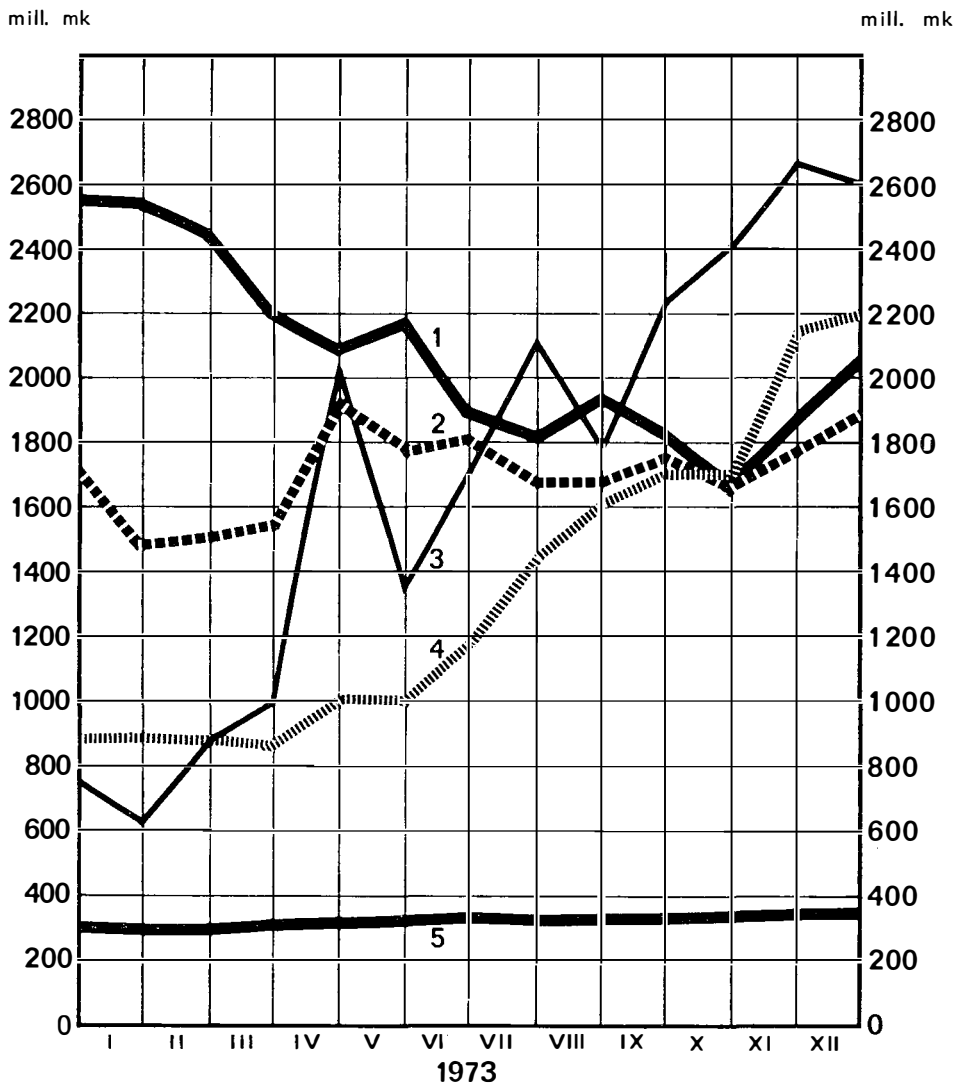
### LIABILITIES

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Date	Notes in circulation	Liabilities payable on demand							Term liabilities		IMF mark accounts	Allocations of special drawing rights	Equalization accounts	Bank's own funds		Total of Balance Sheet
		Foreign exchange accounts	Mark accounts of holders abroad	Cheque accounts				Other sight liabilities	Foreign	Domestic				Capital & Reserve fund	Profit & Loss account	
				Treasury	Post Office Bank	Private banks	Other									
29. 12. 72	1 730	78	43	1	2	—	1	11	—	899	530	258	286	674	80	4 593
31. 1. 73	1 497	25	45	43	18	—	2	10	—	901	530	258	282	754	7	4 372
28. 2. 73	1 521	25	45	47	162	—	1	10	—	891	530	258	287	754	12	4 543
30. 3. 73	1 562	27	48	41	16	—	3	11	—	879	530	258	299	754	16	4 444
30. 4. 73	1 937	27	46	46	768	3	2	11	—	1 022	530	258	299	754	21	5 724
31. 5. 73	1 795	38	52	41	22	4	2	11	—	1 018	530	258	297	754	25	4 847
29. 6. 73	1 829	29	46	5	1	—	2	13	—	1 197	530	258	244	714	28	4 896
31. 7. 73	1 695	45	51	44	156	—	1	17	—	1 460	530	258	252	714	31	5 254
31. 8. 73	1 693	106	50	29	5	—	1	21	—	1 625	530	258	145	714	37	5 214
28. 9. 73	1 773	127	49	50	199	—	2	22	—	1 717	530	258	160	714	42	5 643
31. 10. 73	1 683	117	52	49	320	—	2	17	—	1 712	530	258	171	714	48	5 673
30. 11. 73	1 790	99	71	50	67	—	2	19	76	2 169	530	258	172	714	63	6 080
31. 12. 73	1 907	80	67	2	2	—	8	19	—	2 214	530	258	171	714	98	6 070

29. 12. 72	1 730	78	43	1	2	—	1	11	—	899	530	258	286	674	80	4 593
Change in 1973	+177	+2	+24	+1	+0	—	+7	+8	—	+1 315	—0	—	—115	+40	+18	+1 477
31. 12. 73	1 907	80	67	2	2	—	8	19	—	2 214	530	258	171	714	98	6 070

## Movement of the most important items of the Bank of Finland Balance Sheet in 1973



1. Gold and foreign exchange reserves, net
2. Notes in circulation
3. Claims on domestic banks minus cheque accounts of private banks
4. Domestic term liabilities
5. Other lending (Credits to enterprises)

## The Bank Supervisors delegated by Parliament

### Chairman

HARRI HOLKERI  
*M. Pol. Sc., M. P.*

### Vice Chairman

VALDEMAR SANDELIN  
*Governor of the province of Häme*

AARO LINTILÄ  
*farmer*

VEIKKO VENNAMO  
*Lic. Jur., M. P.*

INGVAR S. MELIN  
*Lic. Sc. (Econ.)*

T. JUNNILA  
*Ph. D., M. P.*

SYLVI SILTANEN  
*Governor of the province of  
Turku and Pori*

HEIKKI HYKKÄÄLÄ  
*M. P.*

AARNE SAARINEN  
*M. P.*

## The Board of Management

### Governor

MAUNO KOIVISTO  
*Ph.D.*

### Deputy Governor

A. SIMONEN  
*Lic. Jur.*

AHTI KARJALAINEN  
*D. Pol. Sc., absent as Minister  
of Foreign Affairs*

HEIKKI VALVANNE  
*D. Pol. Sc.*

JAAKKO LASSILA  
*D. Sc. (Econ.)*

PÄIVIÖ HETEMÄKI  
*LL. M.*

TIMO HELELÄ  
*D. Pol. Sc., ad int.*

## Directors

JOUKO J. VOUTILAINEN  
*M. A.*

TIMO HELELÄ  
*D. Pol. Sc.*

JORMA ARANKO  
*B. Sc. (Econ.)*

PERTTI TAMMIVUORI  
*LL. M.*

MARKKU PUNTILA  
*D. Pol. Sc.*

## Head Office

Director of ADP Planning

PERTTI KUKKONEN

*D. Pol. Sc.*

### Heads of department

PAULI KANERVA

*LL. M.*

K. IGNATIUS

*LL. M.*

ANTTI LEHTINEN

*M. Sc. (Econ.)*

HELGE LINDSTRÖM

*Lic. Jur.*

KALLE KOSKI

KARI NARS

*Lic. Pol. Sc.*

RAILI NUORTILA

*M.Sc. (Eng.)*

J. OJALA

*M. Pol. Sc.*

KARI PUUMANEN

*M. Sc. (Econ.), ad int.*

HENRI J. VARTIAINEN

*D. Pol. Sc.*

STIG TÖRNROTH

*M. A.*

K. EIROLA

*B. Sc. (Econ.)*

A. NENONEN

*Lic. Phil.*

VÄINÖ HEISKANEN

*LL. M.*

EINO SUOMELA

H e a d s o f o f f i c e

EINO HELENIUS  
*LL. M.*

MAIJA SALOVAARA

ANTERO MOILANEN  
*M. A.*

JUHANI VANHALA  
*M. Pol. Sc.*

HEIKKI U. ELONEN  
*M. Pol. Sc.*

U. KILPINEN

JUHANI LAURILA  
*M. Pol. Sc.*

PETRI KIEMA

STIG G. BJÖRKLUND  
*LL. M.*

KARI PEKONEN  
*Lic. Sc. (Econ.), on leave of  
absence*

M. VANHALA  
*M. Pol. Sc.*

RAINE PANULA

TOR ÅKERFELT  
*LL. M.*

SEPPO KOSTIAINEN  
*M. Pol. Sc., ad int.*

SIRKKA HÄMÄLÄINEN  
*M. Sc. (Econ.)*

REINO AIRIKKALA  
*M. Sc. (Econ.)*

JUHANI RAPELI  
*B. Sc., ad int.*

PENTTI SYSIKASKI

A. SAARLO  
*M. Pol. Sc.*

J. KOKKONEN

M a i n C a s h i e r

ANTTI LUUKKA  
*M. Pol. Sc.*

## Note-printing Works

Managing Director

TOIVO RISSANEN

*M. Sc. (Eng.)*

Director

T. MYNTTINEN

*M. A.*

### Heads of office

STEVE KANGAS

*M. Pol. Sc.*

RAINER LUND

*B. Sc. (Econ.)*

AIMO KUKKASJÄRVI

*Lic. Sc. (Eng.)*

A. HELLBOM

*manager for planning*

### Operating managers

PENTTI RAHIKAINEN

*graphic artist*

JIM DUNCKER

*M. Sc. (Eng.)*

H. TAIPALE

*B. Sc. (Eng.)*

P. RANTANEN

*B. Sc. (Eng.)*

K. JOKINIEMI

*B. Sc. (Eng.)*

## Branches

### Joensuu

Manager:

RAUNO HAIKARAINEN

Accountant:

K. KARHI

Cashier:

SIRKKA VILHUNEN

### Kotka

Manager:

V. LEHTO

Accountant:

TAPANI KULANKO

Cashier:

ANJA OLLIKAINEN

### Jyväskylä

Manager:

E. M. TAMMI

*Dip. in law*

Accountant:

HEIKKI HAKOLA

Cashier:

IRMA TIKKA

### Kuopio

Manager:

O. KANERVA

*M.A.*

Accountant:

MARTTI HAGMAN

*M. Pol. Sc.*

Cashier:

ELSE TUOMINEN

Lahti

Manager:  
R. KOTKASAARI

Accountant:  
KEIJO KALLASMAA

Cashier:  
TOINI HANNULA

Mikkeli

Manager:  
HARRI SALENIUS  
*B. Sc. (For.)*

Accountant:  
J. JAUHAINEN

Cashier:  
SISKO MYLLYNIEMI

Oulu

Manager:  
E. VUORELA

Accountant:  
KALERVO NÄRHI

Cashier:  
HILKKA INKALA

Pori

Manager:  
V. KAARNAKORPI

Accountant:  
TIMO MÄNNISTÖ  
*M.Sc. (Econ.)*

Cashier:  
EEVA TEPONOJA

Rovaniemi

Manager:  
M. HANNULA

Accountant:  
RENNE KURTH

Cashier:  
IRJA PYLKKÄNEN

Tampere

Manager:  
P. O. HÄLLSTEN  
*Dip. in law*

Head of office:  
ILMARI HUUPPONEN  
*M.A.*

Accountants:  
HELVI ARIMO

REINO YLÖNEN

Cashier:  
RAILI JOKISALO  
*Dip. in law*

Turku

Manager:  
S. PAAVOLA  
*LL. M.*

Accountant:  
AARNO ALSI

Cashier:  
INEZ ÅKERBLOM

V a a s a

Manager:

O. SUNDSTRÖM  
LL.M.

Accountant:

JUHANI HUUSKONEN

Cashier:

M. SELENIUS

Helsinki 31st December, 1973

The Board of Management of the Bank of Finland

**MAUNO KOIVISTO**

**A. SIMONEN**

**HEIKKI VALVANNE**

**JAAKKO LASSILA**

**PÄIVIÖ HETEMÄKI**

**TIMO HELEÄ**  
ad int.