

REPORT  
OF THE  
BANK OF FINLAND

FOR THE 129TH FINANCIAL YEAR  
ENDED 31ST DECEMBER, 1940

\*

HELSINKI  
GOVERNMENT PRINTING OFFICE  
1941



31st December 1940.

<b>LIABILITIES.</b>			
Notes in Circulation .....			5,550,961,365
Balance of Current Account due to Government .....	—	—	
Balance of other Current Accounts .....	834,134,653	35	
Foreign Clearing Accounts .....	338,394,549	70	
Bank Post Bills .....	56,555,141	—	
Bills collected .....	617,641	50	
Correspondents abroad .....	295,029,808	25	
Sundry Accounts .....	409,706,851	69	
Current Accounts due to the Post .....	368,127	95	1,934,806,773 44
Balance of accrued interest .....			19,637,611 90
Capital .....	1,250,000,000	—	
Reserve Fund .....	522,262,546	38	1,772,262,546 38
Value of Real Estate and Furniture .....			12,000,100 —
Net Profit for the year 1940 .....			202,638,976 90
<b>Right to issue notes.</b>			
Stock of gold and Correspondents abroad .....	1,781,031,948: 10	mk	
According to the Law of December 13, 1939 ..	5,283,209,155: 30	»	
According to § 6 of the Bank's Regulations ...	1,800,000,000: —	»	
Right to issue notes .....	<u>8,864,241,103: 40</u>	mk	
Notes in circulation .....	5,550,961,365: —	mk	
Other liabilities payable on demand .....	1,934,806,773: 44	»	
Undrawn amount of advances on current accounts	143,588,100: 60	»	
Reserve of note issue .....	1,234,884,864: 36	»	
	<u>8,864,241,103: 40</u>	mk	
	mk		9,492,307,373 62

## II. Turnover.

### I. Cash Account.

The aggregate Cash turnover in Debit and Credit for 1940 was ..... mk 229,763,815,957: 72  
of which at the Branches at

Vaasa (Vasa) .....	mk	12,281,564,004: 30	
Tampere .....	»	8,138,119,731: 60	
Oulu .....	»	7,977,390,420: 39	
Turku (Åbo) .....	»	6,397,429,879: 55	
Pori .....	»	5,581,248,379: 30	
Jyväskylä .....	»	4,081,526,067: 99	
Hämeenlinna .....	»	3,593,937,934: 40	
Viipuri .....	»	3,529,495,912: 80	
Kuopio .....	»	3,301,573,330: 35	
Kotka .....	»	2,988,142,712: 83	
Mikkeli .....	»	2,410,757,972: 10	
Joensuu .....	»	2,085,779,838: 65	
Sortavala .....	»	629,038,846: 30	mk 62,996,005,030: 56
and at the Head Office at Helsinki (Helsingfors) .....	»		166,767,810,927: 16
			<u>mk 229,763,815,957: 72</u>

Thus the average turnover per day was ..... » 760,807,337: 60  
of which at the Head Office ..... » 552,211,294: 45  
and at the Branches together ..... » 208,596,043: 15

Cash in hand:		Ultimo dec. 1939	Ultimo dec. 1940
Gold Coin .....	mk	383,308,624: 40	mk 62,974,282: 20
Gold Bullion .....	»	795,621,314: 20	» 540,820,868: 65
Foreign Banknotes and Coupons .....	»	2,604,441: 50	» 1,505,759: 15
Coupons in Finnish currency .....	»	600,175: 50	» 991,071: 50
Aluminium-Bronze Coin .....	»	13,254,510: —	» 11,808,595: —
Nickel-Bronze Coin .....	»	4,439,936: —	» 857,046: 50
Copper Coin .....	»	91,953: 70	» 34,174: 20
Cheques issued by Joint Stock Banks .....	»	68,464,541: 05	» 65,541,810: 53
Own Banknotes .....	»	1,238,677,150: —	» 1,843,554,155: —
		<u>mk 2,507,062,646: 35</u>	<u>mk 2,528,087,762: 73</u>

### 2. Stock of Gold.

Balance 31st December 1939 .....	mk	1,178,929,938: 60
Bought in 1940 or transferred to the above account .....	»	482,898: 15
		<u>mk 1,179,412,836: 75</u>
Sold in 1940 .....	»	575,617,685: 90
		<u>Balance 31st December 1940 mk 603,795,150: 85</u>

### 3. Foreign Bills Discounted.

In portfolio 31st December 1939 .....	mk	1,867,333: 25
Discounted during 1940 .....	»	157,155,329: 20
		<u>mk 159,022,662: 45</u>
Paid and sent for collection during 1940 .....	»	152,211,503: 50
		<u>In portfolio 31st December 1940 mk 6,811,158: 95</u>

## 4. Correspondents abroad.

Balance in favour of the Bank at the end of each month:

	1939	1940
January .....	mk 2,267,912,033: 50	mk 1,409,183,331: 70
February .....	» 2,214,455,460: 30	» 1,117,622,865: 55
March .....	» 2,235,279,934: 10	» 1,172,235,970: 45
April .....	» 2,095,955,528: —	» 1,094,081,131: 55
May .....	» 2,123,809,777: 25	» 1,148,769,770: 65
June .....	» 2,251,727,155: 30	» 1,079,474,014: 70
July .....	» 2,207,394,248: 15	» 1,029,998,458: —
August .....	» 2,111,860,249: 30	» 883,950,827: 65
September .....	» 1,860,173,978: 05	» 1,247,621,559: 95
October .....	» 1,713,146,926: 75	» 1,107,069,138: 50
November .....	» 1,711,159,869: 55	» 1,104,350,142: 65
December .....	» 1,726,052,255: 65	» 1,177,236,797: 25

Balance in favour of the Correspondents abroad at the end of each month:

	1939	1940
January .....	mk 16,632,144: 95	mk 70,033,590: 40
February .....	» 11,455,959: —	» 70,905,166: 60
March .....	» 11,346,778: 75	» 73,743,742: 25
April .....	» 20,374,209: 15	» 63,613,664: 65
May .....	» 24,444,800: 35	» 32,615,334: 75
June .....	» 16,454,194: 15	» 24,725,056: 40
July .....	» 15,931,097: 60	» 61,351,299: 65
August .....	» 10,966,957: 45	» 84,138,306: 15
September .....	» 29,258,201: 90	» 129,422,950: —
October .....	» 23,781,594: —	» 200,521,453: 10
November .....	» 56,535,060: 05	» 244,636,826: 80
December .....	» 68,223,722: 70	» 295,029,808: 25

For the time being the Bank of Finland has correspondents at the following places abroad: New York, Chicago, Toronto, Ottawa, London, Stockholm, Oslo, Copenhagen, Berlin, Moscow, Amsterdam, Paris, Brussels, Basle, Rome, Milan, Madrid, Prague, Riga and Tallinn.

## 5. Foreign Clearing Accounts.

Balance 31st December 1939 .....	mk	25,496,607: 20
Paid in during 1940 and transferred to above mentioned accounts .....	»	4,372,402,868: 25
	mk	4,397,899,475: 45
Withdrawn during 1940 .....	»	4,059,504,925: 75
	Balance 31st December 1940	mk 338,394,549: 70

## 6. Inland Bills Discounted.

In portfolio 31st December 1939 .....	mk	2,042,638,679: 05
Discounted during 1940 .....	»	21,281,166,466: 20
	mk	23,323,805,145: 25
Paid and sent for collection during 1940 .....	»	18,048,912,908: 05
	In portfolio 31st December 1940	mk 5,274,892,237: 20

## 7. Inland Bills Rediscounted.

In portfolio 31st December 1939 .....	mk	314,917,645: 05
Discounted during 1940 .....	»	21,405,500: —
	mk	<u>336,323,145: 05</u>
Paid during 1940 .....	»	336,323,145: 05
	mk	<u>—: —</u>
In portfolio 31st December 1940	mk	—: —

The discount rates have been, according to the quality and currency of the bills, 4, 4 ½ and 5 %.

## 8. Inland Bills Protested.

Outstanding 31st December 1939 .....	mk	8,138: 35
Protested during 1940 .....	»	44,891: 30
	mk	<u>53,029: 65</u>
Paid during 1940 .....	»	53,029: 65
	mk	<u>—: —</u>
Outstanding 31st December 1940	mk	—: —

## 9. Loans on Security granted to Credit Institutes.

Balance 31st December 1939 .....	mk	424,150,000: —
Granted during 1940 .....	»	621,840,000: —
	mk	<u>1,045,990,000: —</u>
Repaid during 1940 .....	»	998,990,000: —
	mk	<u>47,000,000: —</u>
Balance 31st December 1940	mk	47,000,000: —

Security held against these loans consisted of bonds.

## 10. Loans on Security granted to others.

Balance 31st December 1939 .....	mk	50,363,001: —
Granted during 1940 .....	»	513,300: —
	mk	<u>50,876,301: —</u>
Repaid during 1940 .....	»	9,707,130: 55
	mk	<u>41,169,170: 45</u>
Balance 31st December 1940	mk	41,169,170: 45

Securities held against these loans consisted of:

Bonds pledged for loans amounting to .....	mk	13,795,000: —
Mortgages pledged for loans amounting to .....	»	27,374,170: 45
	mk	<u>41,169,170: 45</u>

The rates of interest on loans have been according to security 4, 4 ½ and 5 %.

## 11. Advances on Current Accounts.

Amount allowed 31st December 1939 .....	mk	162,150,000: —
» » 31st » 1940 .....	»	176,450,000: —
Amount used 31st December 1939 .....	»	92,985,607: 73
Drawn during 1940 .....	»	1,452,401,792: 85
	mk	<u>1,545,387,400: 58</u>
Paid in during 1940 .....	»	1,512,525,501: 18
	mk	<u>32,861,899: 40</u>
Balance 31st December 1940	mk	32,861,899: 40

The rates of interest on advances on current accounts during 1940 have been the same as those for loans on security. An opening commission of ½ % per year has been charged.

Securities held against these advances:

Bonds pledged for advances amounting to .....	mk	27,850,000: —
Mortgages pledged for advances amounting to .....	»	148,600,000: —
	mk	<u>176,450,000: —</u>

## 12. Bonds.

Balance 31st December 1939 .....	mk	646,714,558: 20
Bought during 1940 .....	mk	103,317,489: —
Profit on sold and drawn bonds .....	»	46,957,322: 10
		150,274,811: 10
	mk	796,989,369: 30
Sold and drawn during 1940 .....	mk	74,333,375: 55
Written off during 1940 .....	»	46,491,719: 45
		120,825,095: —
	mk	676,164,274: 30
Of the Bonds: in Finnish currency .....	mk	369,675,256: —
in foreign currency .....	»	306,489,018: 30
	mk	676,164,274: 30

## 13. Current Account due to Government.

Balance 31st December 1939 .....	mk	26,018,057: 31
Paid in during 1940 .....	»	17,016,406,513: 15
		17,042,424,570: 46
Withdrawn during 1940 .....	»	18,582,051,795: 80
	mk	1,539,627,225: 34

## 14. Other Current Accounts.

Balance 31st December 1939 .....	mk	685,694,779: 90
Paid in during 1940 .....	»	40,895,011,831: —
		41,580,706,610: 90
Withdrawn during 1940 .....	»	40,746,571,957: 55
	mk	834,134,653: 35

## 15. Bank Post Bills.

Outstanding 31st December 1939 .....	mk	66,988,763: 95
Issued during 1940 .....	»	3,510,086,132: 47
		3,577,074,896: 42
Redeemed during 1940 .....	»	3,520,519,755: 42
	mk	56,555,141: —

## 16. Bills for Collection.

Balance 31st December 1939 .....	mk	7,479: 10
Collected during 1940 .....	»	159,348,333: 25
		159,355,812: 35
Covered by remittance during 1940 .....	»	158,738,170: 85
	mk	617,641: 50

## 17. Stock of Aluminium-Bronze Coin.

	Pieces of 20 marks	Pieces of 10 marks	Pieces of 5 marks	Total
	mk	mk	mk	mk
Delivered by the Mint until the 31st December 1940	52,230,000	50,030,000	52,820,000	155,080,000
of which in circulation .....	49,107,100	45,869,750	48,294,555	143,271,405
and at the Bank on the 31st December 1940 ....	3,122,900	4,160,250	4,525,445	11,808,595

## 18. Bank Notes.

## a) Finnish Marks Notes.

	Number of 1 mark notes	Number of 3 mark notes	Number of 5 mark notes	Number of 10 mark notes	Number of 12 mark notes	Number of 20 mark notes	Number of 40 mark notes	Number of 50 mark notes	Number of 100 mark notes	Number of 500 mark notes	Number of 1,000 mark notes	Number of 5,000 mark notes	Total mk
Notes in hand and in circulation 31st December 1939:													
old issues .....	3,088,730	52,641	562,771	2,498	8,233	123,015	232	35,318	145,236	6,329	3,905	—	32,012,864
1922 issue .....	—	—	155,435	69,531	—	3,495,990	—	4,829,735	11,898,035	2,025,932	2,065,906	47,999	4,821,549,535
1939 » .....	—	—	—	2,519,999	—	2,520,000	—	6,919,999	—	—	—	—	421,599,940
Printed in 1940:													
1922 issue .....	—	—	—	—	—	—	—	899,000	3,786,000	1,080,000	978,000	—	1,941,550,000
1939 » .....	—	—	—	2,030,000	—	2,520,000	—	3,080,000	2,320,000	—	—	113,000	1,021,700,000
<b>Total</b>	<b>3,088,730</b>	<b>52,641</b>	<b>718,206</b>	<b>4,622,028</b>	<b>8,233</b>	<b>8,659,005</b>	<b>232</b>	<b>15,764,052</b>	<b>18,149,271</b>	<b>3,112,261</b>	<b>3,047,811</b>	<b>160,999</b>	<b>8,238,412,339</b>
Destroyed during 1940:													
old issues .....	4,000	—	5,000	—	—	800	—	500	600	100	—	—	180,000
1922 issue .....	—	—	5,000	14,600	—	445,001	—	1,497,001	2,160,001	251,001	129,002	47,300	790,923,670
1939 » .....	—	—	—	702,001	—	1,395,002	—	401,001	—	—	—	1	54,975,100
Notes in hand and in circulation 31st December 1940 .....	3,084,730	52,641	708,206	3,905,427	8,233	6,818,202	232	13,865,550	15,988,670	2,861,160	2,918,809	113,698	7,392,333,569
<b>Total</b>	<b>3,088,730</b>	<b>52,641</b>	<b>718,206</b>	<b>4,622,028</b>	<b>8,233</b>	<b>8,659,005</b>	<b>232</b>	<b>15,764,052</b>	<b>18,149,271</b>	<b>3,112,261</b>	<b>3,047,811</b>	<b>160,999</b>	<b>8,238,412,339</b>
At the Bank 31st December 1940:													
old issues .....	—	—	—	—	—	—	—	—	—	—	—	—	—
1922 issue .....	2,859	56	6,400	567	77	2,850	2	1,809	2,033	1,196	494	—	1,484,451
1939 » .....	—	—	3,761	31,637	—	308,118	—	1,234,241	2,421,090	551,457	279,444	131	866,146,085
In circulation 31st December 1940:													
old issues .....	3,081,871	52,585	551,371	1,931	8,156	119,365	230	33,009	142,603	5,033	3,411	—	30,348,413
1922 issue .....	—	—	146,674	23,294	—	2,742,871	—	2,997,493	11,102,944	2,303,474	2,635,460	568	5,106,029,780
1939 » .....	—	—	—	1,743,740	—	283,868	—	1,136,414	—	—	—	66,494	412,405,460

## b) Penni Notes.

	Number of 25 penni notes	Number of 50 penni notes	Total mk
Notes in hand and in circulation 31st Dec. 1939	4,686,136	1,606,938	1,975,003
Destroyed in 1940 .....	2,000	1,000	1,000
Notes in hand and in circulation 31st Dec. 1940	4,684,136	1,605,938	1,974,003
At the Bank 31st December 1940 .....	900	900	675
In circulation » » .....	4,683,236	1,605,038	1,973,328

## c) Rouble Notes.

	Number of 3 rouble notes	Number of 5 rouble notes	Number of 10 rouble notes	Number of 25 rouble notes	Total mk
Notes in hand and in circulation 31st Dec. 1939	8,539	2,355	762	279	207,948
Destroyed in 1940 .....	—	—	—	—	—
Notes in hand and in circulation 31st Dec. 1940	8,539	2,355	762	279	207,948
At the Bank 31st December 1940 .....	12	4	1	33	3,564
In circulation » » .....	8,527	2,351	761	246	204,384

The total of banknotes in Finnish Marks, Pennis and Roubles on 31st December 1940 amounted to ..... mk 7,394,515,520: —  
of which in hand ..... mk 1,843,554,155: —  
» » » circulation ..... » 5,550,961,365: — mk 7,394,515,520: —



### III. Summary of the Bank's Monthly Returns in 1940.

Month	Stock of Gold	Assets in Foreign Currency	Home Credits	Other Assets	Notes in Circulation	Other Liabilities	Undrawn amount of advances on current accounts	Reserve of Note Issue
	mk	mk	mk	mk	mk	mk	mk	mk
January . . .	1,177,704,449	1,413,220,973	3,619,574,742	1,036,700,349	4,148,102,055	1,238,751,938	97,200,032	2,149,013,870
February . .	1,172,999,913	1,119,922,171	4,728,875,199	776,051,476	4,428,945,700	1,490,168,526	91,238,141	2,464,270,756
March . . . .	603,666,108	1,176,839,930	5,544,417,735	968,792,321	4,742,998,210	1,645,776,814	104,476,344	2,324,736,448
April . . . . .	603,544,585	1,099,510,679	5,580,845,525	1,113,645,316	4,831,526,000	1,684,474,914	115,733,608	2,235,608,873
May . . . . .	603,859,799	1,152,782,876	5,548,248,747	1,117,807,695	4,706,377,665	1,813,290,329	123,773,320	2,299,242,427
June . . . . .	603,867,789	1,084,979,994	5,510,642,400	1,225,859,334	4,646,904,135	1,868,844,567	103,459,432	2,217,661,480
July . . . . .	603,867,789	1,033,079,310	5,473,974,822	1,063,398,806	4,677,570,300	1,583,285,338	109,141,249	2,388,086,282
August . . . .	603,868,950	886,180,720	5,461,790,102	1,573,843,955	4,931,384,830	1,676,615,410	118,609,020	1,881,867,531
September . .	603,785,308	1,248,984,900	5,505,658,000	1,548,848,778	5,090,423,350	1,886,211,460	121,408,006	1,919,822,397
October . . . .	603,785,308	1,109,431,172	5,485,699,340	1,672,278,117	5,225,193,275	1,689,914,833	109,703,209	1,827,536,712
November . . .	603,795,150	1,108,368,922	5,491,368,124	1,881,033,597	5,313,596,695	1,791,702,980	123,315,386	1,641,051,522
December . . .	603,795,150	1,185,553,715	5,395,923,307	2,307,035,200	5,550,961,365	1,934,806,773	143,588,100	1,234,884,864

### IV. Clearing.

The Clearing Department's turnover amounted in the different months of 1940 and at the different Offices as follows:

Month	Head Office at Helsinki (Helsingfors)	Turku (Åbo)	Vaasa (Vasa)	Tampere (Tammerfors)	Oulu (Uleåborg)	Jyväskylä
	mk	mk	mk	mk	mk	mk
January . . . . .	1,917,607,258 05	89,716,377 40	791,147,010 45	213,350,457 90	90,340,984 55	25,375,301 60
February . . . . .	2,181,457,091 70	71,004,461 70	428,709,009 85	200,488,634 90	104,342,309 50	41,489,999 75
March . . . . .	2,247,764,507 65	82,146,491 75	274,964,502 10	168,582,140 35	113,427,941 30	22,193,391 40
April . . . . .	3,169,219,046 30	78,144,931 85	108,039,009 —	221,178,649 90	115,036,727 40	32,424,144 40
May . . . . .	3,296,627,492 75	86,811,277 45	125,459,724 05	238,012,768 60	96,972,813 85	37,340,250 95
June . . . . .	3,076,847,461 75	84,859,731 —	105,593,813 65	182,145,835 95	117,818,989 85	31,812,154 —
July . . . . .	3,103,280,847 10	92,859,375 10	118,406,179 65	209,027,633 50	139,567,322 50	44,698,068 05
August . . . . .	2,873,579,570 15	96,503,336 55	139,870,322 40	161,765,206 45	143,269,844 45	37,640,087 35
September . . . . .	2,778,154,611 40	80,420,023 30	117,834,137 10	202,607,483 70	137,167,648 20	32,252,470 30
October . . . . .	3,133,780,521 90	77,396,563 —	110,575,230 30	262,375,710 50	149,054,310 10	36,776,900 90
November . . . . .	3,348,030,665 10	80,695,001 60	136,194,069 35	223,163,007 85	142,517,018 —	39,086,946 65
December . . . . .	3,458,808,238 45	86,283,137 40	98,927,227 65	236,801,987 05	154,259,003 80	39,845,645 80
	34,585,157,312 30	1,006,840,708 10	2,555,720,235 55	2,519,499,516 65	1,503,774,913 50	420,935,361 15

The total turnover in 1940 amounted to mk 42,591,928,047: 25.

## V. The Year's Results.

### Profit and Loss Account.

#### Credit.

Interest on Home Credits .....	mk	159,645,560: 94	
»    » Current Accounts abroad .....	»	341,357: 75	
»    » Bonds .....	»	48,946,627: 25	
Commission .....	»	17,197,640: 76	
Agio .....	»	4,385,736: 85	mk 230,516,923: 55

#### Debit.

Salaries .....	mk	10,547,601: 70	
Pensions and Supports .....	»	1,021,653: 50	
Fees to the Bank Supervisors and their expenses .....	»	129,910: 35	
Cost of manufacturing Bank Notes .....	»	5,280,197: 60	
Expenses .....	»	2,881,832: 25	
Depreciations .....	»	7,501,103: 70	
Depreciation of Furniture .....	»	515,647: 55	mk 27,877,936: 65
Net Profit for the Year 1940 .....	»	202,638,976: 90	
			mk 230,516,923: 55

## VI. Capital.

Capital 31st December 1940 .....	mk	1,250,000,000: —
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## VII. Reserve Fund.

The Reserve Fund amounted on the 31st December 1939 to .....	mk	469,761,114: 18
In 1940 it has been transferred to the Reserve Fund, according to § 30 of the Bank's Regulations, from the Net Profit for the year 1939 .....	»	51,250,716: 10
In 1940 it has been transferred to the Reserve Fund from the Undisposed Profit Account, according to resolution of the Diet passed on the 22nd November 1940 .....	»	1,250,716: 10
		<u>Balance 31st December 1940</u>
	mk	522,262,546: 38

## VIII. Undisposed Profit Account.

The Undisposed Profit Account amounted on the 31st December 1939 to . . .	mk	—: —
In 1940 it has been transferred to the Undisposed Profit Account, according to § 30 of the Bank's Regulations, from the Net Profit for the year 1939 ..	»	51,250,716: 10
		<u>mk 51,250,716: 10</u>
In 1940 it has been transferred to the Current Account due to Government, according to the budget passed by the Diet on the 15th December 1939 ..	mk	50,000,000: —
In 1940 it has been transferred to the Reserve Fund, according to resolution passed by the Diet on the 22nd November 1940 .....	»	1,250,716: 10
		<u>Balance 31st December 1940</u>
	mk	51,250,716: 10

## IX. Bank Offices.

Head Office at Helsinki (Helsingfors), Branches at Turku (Åbo), Pori, Vaasa (Vasa), Oulu, Kuopio, Joensuu, Mikkeli, Tampere, Hämeenlinna, Jyväskylä, Kotka and Agencies at Rovaniemi and Kajaani. Until the 13th of March the Bank had also Branches at Sortavala and Viipuri. The first named has been closed and the Viipuri Branch has moved to Lahti.

Helsinki, January 7th, 1941.

## The Board of Management of the Bank of Finland.

**J. W. RANGELL**  
a. i.

**Lauri af HEURLIN**

**K. KIVIALHO**

**K. T. JUTILA**

**W. SAHLSTEIN**  
a. i.

**G. ENGBERG**