

# BANK OF FINLAND



165th  
ANNUAL STATEMENT  
1976

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## Income Statement, 1st January 1976—31st December 1976

### Interest earnings

Interest on domestic receivables .....	497 850 429,64
Interest on foreign receivables .....	40 311 796,60
Interest on bonds .....	93 121 724,11
<u>Total .....</u>	<u>631 283 950,35</u>

### Interest expenses

Interest on domestic claims .....	43 828 415,53
Interest and reservations for commissions on foreign claims ....	62 601 004,81
<u>Total .....</u>	<u>106 429 420,34</u>

Interest earnings, net .....

524 854 530,01

### Other earnings

Commissions .....	7 224 271,42
Agio .....	29 588 535,10
Other earnings .....	21 649 230,51
<u>Total .....</u>	<u>58 462 037,03</u>

### Other expenses

Salaries .....	36 743 525,25
Social security contributions .....	3 308 301,37
Pensions .....	8 737 323,27
Printing of bank notes .....	17 088 482,41
Depreciation .....	51 929 775,03
Other expenses .....	12 174 423,12
<u>Total .....</u>	<u>129 981 830,45</u>

Transfer to equalization accounts .....

250 000 000,—

Net earnings for the accounting year ..... mk 203 334 736,59

## Balance Sheet,

<b>ASSETS</b>		
<b>Gold and foreign exchange receivables</b>		
Gold .....	121 033 880,37	
Special drawing rights .....	235 742 184,90	
IMF gold tranche .....	—	
Convertible currencies .....	1 004 630 939,29	
Tied currencies .....	439 824 422,88	1 801 231 427,44
<b>Other foreign receivables</b>		
Foreign bills .....	436 140 426,23	
Foreign bonds .....	396 969 004,58	
Currency subscription to Finland's quota in the IMF .....	826 828 428,54	1 659 937 859,35
<b>Receivables from financial institutions</b>		
Cheque accounts of the commercial banks	174 442 933,35	
Discounted bills .....	2 920 250 000,—	
Bonds .....	331 906 816,80	
Call money market advances .....	1 204 000 000,—	
Other financial institution receivables ..	43 955 985,16	4 674 555 735,31
<b>Receivables from the public sector</b>		
Bonds .....	66 870 271,62	
Total coinage .....	279 104 000,—	
Other public sector receivables .....	100 672 903,53	446 647 175,15
<b>Receivables from corporations</b>		
New export bills .....	165 229 300,—	
Financing of suppliers' credits .....	554 318 433,97	
Bonds .....	197 565 416,96	
Other corporate receivables .....	482 591 782,62	1 399 704 933,55
<b>Other assets .....</b>		
		52 594 548,27
<b>Right of note issue .....</b>		
Utilized .....	3 806 894 414,39	
Unused right of note issue .....	2 766 698 970,46	
Unused right of note issue .....	1 040 195 443,93	10 034 671 679,07

31st December 1976

<b>LIABILITIES</b>		
Foreign exchange liabilities		
Convertible accounts .....	50 556 503,15	
Tied accounts .....	50 695 547,47	101 252 050,62
Other foreign liabilities		
IMF mark accounts .....	1 665 184 558,67	
Allocations of special drawing rights ...	258 172 243,77	1 923 356 802,44
Notes and coins in circulation		
Notes .....	2 635 365 279,—	
Coins .....	249 538 547,73	2 884 903 826,73
Deposit certificates in circulation .....		—
Claims of financial institutions		
Cheque account of Postipankki .....	2 162 815,99	
Cheque accounts of the commercial banks	1 720 771,31	
Call money market deposits .....	1 137 000 000,—	
Other financial institution claims .....	1 660 181,87	1 142 543 769,17
Claims of the public sector		
Cheque accounts .....	2 603 017,06	
Counter-cyclical reserves .....	58 671 450,36	
Import deposits .....	972 855 234,—	
Other public sector claims .....	98 822 098,67	1 132 951 800,09
Claims of corporations		
Investment deposits .....	57 833 709,57	
Capital import deposits .....	241 443 200,—	
Import levy deposits .....	6 452 699,38	
Other corporate claims .....	2 394 806,71	308 124 415,66
Other liabilities .....		12 358 029,52
Equalization accounts .....		591 678 724,32
Capital accounts		
Primary capital .....	1 400 000 000,—	
Reserve fund .....	334 167 523,93	
Net earnings for the accounting year ..	203 334 736,59	1 937 502 260,52
	mk	10 034 671 679,07

## Developments in 1976

Although 1976 saw the beginnings of a recovery in total output, real gross domestic product for the year as a whole was only slightly larger than that in 1975. The volume of commodity exports increased by nearly a fifth, although this was still below the level achieved during the last boom. On the other hand, domestic demand declined noticeably, partly as a result of a cyclical weakening in investment activity and partly because of an economic policy designed to restore current account balance. As a result, the volume of imports was reduced according to expectations and, despite a deterioration in the terms of trade, the current account deficit declined to about 4 000 million marks, a half of the deficit in 1975. Cost and price inflation continued, although at a slower pace than before. In the course of the year, consumer prices rose by 12 per cent, which was six percentage points less than in 1975. During the first half of the year, the employment situation continued to deteriorate: for the year as a whole, the average number of unemployed persons seeking work was 80 000, 3.6 per cent of the country's total labour force.

The gold reserves of the Bank of Finland remained unchanged, while holdings of SDRs declined by 42 million marks. The Bank of Finland's total foreign exchange receivables declined by 107 million marks, comprising reductions of 85 million marks in convertible currencies and 22 million marks in tied currencies. The Bank's total foreign exchange liabilities, both convertible and tied, declined by 71 million marks. The convertible foreign exchange reserves declined by 99 million marks to 1 311 million marks at the end of the year. There was a net increase of 21 million marks in the Bank's tied foreign exchange reserves, and the tied currency accounts showed a net receivable of 389 million marks at the end of the year.

Total bank lending and borrowing both grew substantially more slowly than in 1975. Receivables due to the Bank of Finland from financial institutions increased by 414 million marks. The commercial banks' central bank credit quotas, the total of which had been 2 500 million marks since October 1975, were reduced to 2 300 million marks from the beginning of July. The commercial banks' total central bank financing increased by 492 million marks, amounting to 4 284 million marks.

On the Bank of Finland's call money market, advances totalled 1 204 million marks at the end of the year and deposits 1 137 million marks. The regulations concerning the call money market were revised with effect from the beginning of 1976, entitling Postipankki to participate as a depositor in the market. At the same time, the commercial banks' overnight borrowing facility at Postipankki was discontinued.

Receivables from the public sector increased by 108 million marks to 447 million marks, while the claims of the public sector declined by 168 million marks to 1 133 million marks, mainly as a result of the gradual dismantling of the import deposit system. Import deposits reached their peak level in February, when they totalled 1 396 million marks; at the end of the year they amounted to 973 million marks.

The Central Government's counter-cyclical reserves, 155 million marks at the beginning of the year, were reduced by 100 million marks during the first two quarters. At the end of the year, the counter-cyclical reserves increased by 4 million marks as a result of the addition of interest due.

The Bank of Finland's receivables from corporations increased by 467 million marks to 1 400 million marks. Lending to corporations grew by 492 million marks and amounted to 1 202 million marks at the end of the year. Of this stock of loans, new export bills accounted for 165 million marks, domestic suppliers' credits for 554 million marks, and credits granted under temporary special financing arrangements for 440 million marks. The Bank's portfolio of corporate bonds declined by 25 million marks to 198 million marks.

The claims of corporations decreased by 231 million marks to 308 million marks. Capital import deposits, which declined during 1976 by 208 million marks to 242 million marks, accounted for the majority of corporate claims. The Council of State decided that corporations should make use of the funds in the investment deposit accounts: a net 15 million marks was drawn and, at the end of the year, 58 million marks remained in these accounts.

Deposit certificates in circulation, a total of 250 million marks at the end of 1975, were all redeemed during the first half of the year, and there remained none in circulation at the end of the year. Notes and coins in circulation increased by only 30 million marks and totalled 2 885 million marks at the end of the year.

The basic rate applied by the Bank of Finland on the commercial banks' central bank credit was  $9 \frac{1}{4}$  per cent throughout the year. In addition, the Board of Management reserved the right to impose a penalty charge of up to 4 per cent over the basic rate. On the basis of Decisions by the Bank Supervisors, the upper limit for the rate of interest to be applied in the call money market was 30 per cent until the end of May, and 25 per cent thereafter. The minimum and maximum rates of interest applied on other credits granted by the Bank of Finland were  $7 \frac{1}{2}$  and  $10 \frac{1}{2}$  per cent respectively.

According to the Income Statement, the net profits of the Bank of Finland for the accounting year amounted to 203 million marks, 10 million marks more than in 1975. The Bank's earnings totalled 690 million marks. Of this sum, interest earnings from domestic receivables accounted for 498 million marks, those from bonds for 93 million marks, those from foreign receivables for 40 million marks, and *agio* for 30 million marks. The Bank's expenses totalled 236 million marks, of which interest expenses and provision for commissions on foreign claims accounted for 63 million marks, interest expenses on domestic claims for 44 million marks and salaries for 37 million marks. Depreciation amounted to 52 million marks.

In keeping with the Regulations of the Bank of Finland, onehalf of the net profits will be transferred to the reserve fund. Parliament will decide on the disposal of the other half.

# The Balance Sheet

## ASSETS

mill. mk, end-of-month figures

Month	Gold and foreign exchange receivables				Other foreign receivables	Receivables from financial institutions				Receivables from the public sector			Receivables from corporations				Other assets	Total of Balance Sheet
	Gold	Special drawing rights	Convertible currencies	Tied currencies		Cheque accounts of the commercial banks	Discounted bills	Call money market advances	Other financial institution receivables	Bonds	Total coinage	Other public sector receivables	New export bills	Financing of suppliers' credits	Bonds	Other corporate receivables		
XII/75	121	278	1 089	462	1 274	133	3 385	373	369	70	256	13	128	402	223	180	47	8 803
I	121	278	878	599	1 373	147	3 085	399	413	69	259	7	125	418	221	209	47	8 648
I	121	278	714	532	1 390	196	3 035	901	507	71	261	2	126	426	220	259	46	9 085
III	121	272	791	424	1 442	202	3 035	997	424	72	265	1	125	458	211	304	47	9 191
IV	121	272	1 000	328	1 449	193	3 053	671	427	70	269	2	128	456	208	334	47	9 028
V	121	271	1 235	487	1 465	176	3 235	540	464	74	270	8	129	473	208	365	47	9 568
VI	121	265	1 160	446	1 456	196	3 358	698	413	72	272	6	130	487	201	397	48	9 726
VII	121	265	1 414	547	1 483	164	2 775	794	395	72	272	17	143	484	206	451	48	9 651
VIII	121	265	1 284	666	1 503	169	2 749	533	393	74	274	40	144	490	209	454	49	9 417
IX	121	251	1 042	412	1 533	185	3 031	781	372	71	276	68	144	515	204	479	49	9 534
X	121	251	885	352	1 560	164	3 148	1 096	470	69	277	75	157	528	204	467	52	9 876
XI	121	251	825	577	1 595	178	3 036	981	420	74	278	80	154	541	202	418	52	9 783
XII	121	236	1 004	440	1 660	174	2 920	1 204	376	67	279	101	165	554	198	483	53	10 035

### Change in 1976

	—	—42	—85	—22	+386	+41	—465	+831	+7	—3	+23	+88	+37	+152	—25	+303	+6	+1 232
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during 1976

LIABILITIES

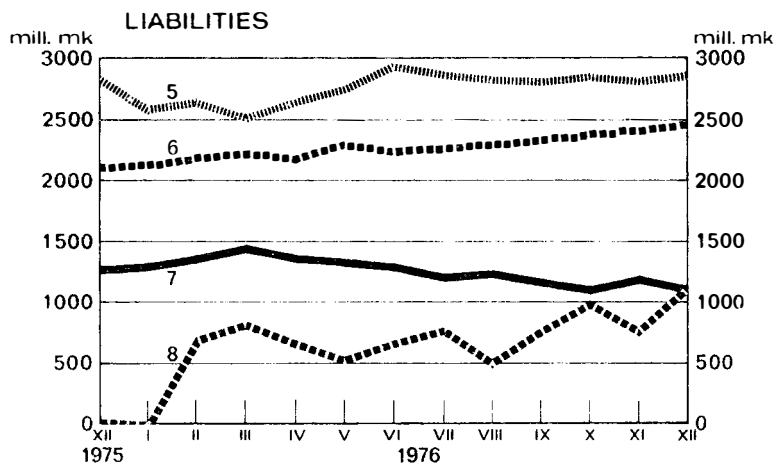
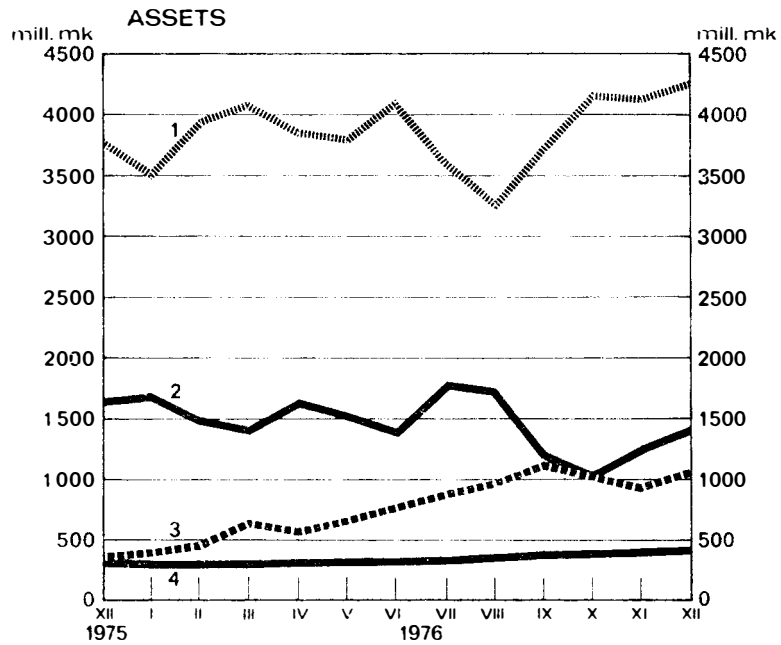
mill. mk, end-of-month figures

Month	Foreign exchange liabilities		Other foreign liabilities	Notes and coins in circulation	Deposit certificates in circulation	Claims of financial institutions		Claims of the public sector			Claims of corporations			Other liabilities	Equalization accounts	Capital accounts			Total of Balance Sheet
	Convertible accounts	Tied accounts				Call money market deposits	Other financial institution claims	Counter-cyclical reserves	Import deposits	Other public sector claims	Investment deposits	Capital import deposits	Other corporate claims			Primary capital	Reserve fund	Net earnings	
XII/75	78	94	1 385	2 855	250	96	29	155	1 135	11	73	450	16	15	331	1 400	237	193	8 803
I	86	66	1 385	2 614	160	269	7	55	1 248	15	67	460	13	13	345	1 400	334	111	8 648
II	82	50	1 385	2 677	—	708	6	55	1 309	16	66	470	12	33	354	1 400	334	128	9 085
III	157	46	1 413	2 544	—	834	11	55	1 378	32	69	345	13	12	401	1 400	334	147	9 191
IV	47	47	1 413	2 676	—	679	5	55	1 296	39	68	441	14	12	335	1 400	334	167	9 028
V	46	53	1 922	2 775	—	549	4	55	1 266	39	67	415	6	13	433	1 400	334	191	9 568
VI	48	54	1 923	2 969	—	681	5	55	1 208	57	66	341	6	12	458	1 400	334	109	9 726
VII	62	40	1 923	2 895	—	790	6	55	1 115	57	63	302	9	13	462	1 400	334	125	9 651
VIII	123	46	1 923	2 858	—	522	12	55	1 128	80	63	232	6	15	477	1 400	334	143	9 417
IX	142	57	1 923	2 840	—	778	7	55	1 053	80	62	120	7	13	507	1 400	334	156	9 534
X	134	48	1 923	2 882	—	1 002	6	55	995	80	63	230	4	12	534	1 400	334	174	9 876
XI	123	48	1 923	2 839	—	782	9	55	1 081	79	59	247	46	15	555	1 400	334	188	9 783
XII	50	51	1 923	2 885	—	1 137	6	59	973	101	58	242	8	13	592	1 400	334	203	10 035

Change in 1976

	—28	—43	+ 538	+ 30	—250	+ 1 041	—23	—96	—162	+ 90	—15	—208	—8	—2	+ 261	—	+ 97	+ 10	+ 1 232
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## The most important items of the Balance Sheet during 1976



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|--|--|
| 1. Commercial banks' central bank financing, net | 5. Notes and coins in circulation                      |
| 2. Foreign receivables, net                      | 6. Capital and equalization accounts, other items, net |
| 3. Receivables from corporations, net            | 7. Claims of the public sector                         |
| 4. Receivables from the public sector            | 8. Claims of financial institutions                    |

## The Bank Supervisors delegated by Parliament

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

### Vice Chairman

JERMU LAINE  
*LL. M., M. P.*

MATTI MAIJALA  
*M. P.*

AARNE SAARINEN  
*M. P.*

ULF SUNDQVIST  
*M. Pol. Sc., M. P.*

ELE ALENIUS  
*D. Pol. Sc., M. P.*

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

AHTI PEKKALA  
*M. P.*

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

## The Board of Management

Governor  
MAUNO KOIVISTO  
*Ph. D.*

### Deputy Governor

A. SIMONEN  
*Lic. Jur.*

AHTI KARJALAINEN  
*D. Pol. Sc., absent as a Member of  
Government*

PÄIVIÖ HETEMÄKI  
*LL. M.*

PENTTI UUSIVIRTA  
*LL. M.*

ROLF KULLBERG  
*M. Pol. Sc.*

## Directors

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*M. A.*

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

MARKKU PUNTILA  
*D. Pol. Sc.*

SEPPÖ LINDBLOM  
*Lic. Pol. Sc.*

EINO HELENIUS  
*LL. M.*

PENTTI KOIVIKKO  
*D. Pol. Sc.*

## Head Office

Director of ADP-Planning

PERTTI KUKKONEN

*D. Pol. Sc.*

### Heads of department

REINO AIRIKKALA

*Lic. Sc. (Econ.)*

KARI PEKONEN

*Lic. Sc. (Econ.)*

RAILI NUORTILA

*M. Sc. (Eng.)*

J. OJALA

*M. Pol. Sc.*

HEIKKI KOSKENKYLÄ

*Lic. Pol. Sc.*

A. NENONEN

*Lic. Phil.*

K. EIROLA

*B. Sc. (Econ.)*

STIG G BJÖRKLUND

*LL. M.*

ANTTI LEHTINEN

*M. Sc. (Econ.)*

RAINE PANULA

KALLE KOSKI

KARI PUUMANEN

*M. Sc. (Econ.)*

H. T. HÄMÄLÄINEN

*LL. M.*

EINO SUOMELA

PAULI KANERVA

*LL. M.*

ANTTI LUUKKA

*M. Pol. Sc.*

Heads of offices

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*M. Sc. (Econ. )*

U. KILPINEN

M. VANHALA  
*M. Pol. Sc.*

A. SAARLO  
*M. Pol. Sc.*

JUHANI LAURILA  
*M. Pol. Sc.*

JARMO NURMINEN  
*M. Pol. Sc.*

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*Dip. in law*

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*M. Pol. Sc.*

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HEIKKI U. ELONEN  
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*Dip. in law*

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*M. Pol. Sc.*

PEKKA TUKIAINEN  
*M. Pol. Sc.*

ILKKA PURO  
*M. Pol. Sc.*

OSMO SOIKKELI

INKERI HIRVENSALO  
*M. Sc. (Econ. )*

PETRI KIEMA

TOR ÅKERFELT  
*LL. M.*

PENTTI SYSIKASKI

SIRKKA HÄMÄLÄINEN  
*M. Sc. (Econ. )*

JUHANI HIRVONEN  
*Lic. Pol. Sc.*

OLAVI PIETILÄ

ERKKI VEHKAMÄKI  
*M. A.*

JUHANI VANHALA  
*M. Pol. Sc.*

J. KOKKONEN

E. HENTTONEN

Main cashier  
REIJO MÄKINEN

## Note-printing Works

Managing Director

TOIVO RISSANEN

*M. Sc. (Eng.)*

Director

TUURE MYNTTINEN

*M. A.*

Heads of offices

JOUKO RAITA

*LL. M.*

TAPIO TALPONEN

*B. Sc. (Econ.)*

ESA PERHO

Operating managers

TAPIO YRJÖNEN

*M. Sc. (Eng.)*

PENTTI RAHIKAINEN

*graphic artist*

PEKKA RANTANEN

*B. Sc. (Eng.)*

HEIKKI TAIPALE

*B. Sc. (Eng.)*

K. JOKINIEMI

*B. Sc. (Eng.)*

## Branches

Joensuu

Manager:

HEIKKI HAKOLA

Accountant:

K. KARHI

Cashier:

SIRKKA VILHUNEN

Jyväskylä

Manager:

E. M. TAMMI

*Dip. in law*

Accountant:

MARTTI HAGMAN

*M. Pol. Sc.*

Cashier:

IRMA TIKKA

Kotka

Manager:

V. LEHTO

Accountant:

ANJA OLLIKAINEN

Cashier:

ARJA LINDGREN

Kuopio

Manager:

KEIJO KALLASMAA

Accountant:

ELISABETH LEHTO

Cashier:

ELSE TUOMINEN

Lahti

Manager:  
R. KOTKASAARI

Accountant:  
TAPANI KULANKO

Cashier:  
ANJA MÄKELÄ

Mikkeli

Manager:  
REINO YLÖNEN  
B. Sc. (Econ.)

Accountant:  
J. JAUHIAINEN

Cashier:  
SISKO MYLLYNIEMI

Oulu

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

Accountant:  
KALERVO NÄRHI

Cashier:  
HILKKA INKALA

Pori

Manager:  
V. KAARNAKORPI

Accountant:  
PAULI LÄHDE  
M. Sc. (Econ.)

Cashier:  
EEVA TEPONOJA

Rovaniemi

Manager:  
M. HANNULA

Accountant:  
ELMER TOIVANEN  
M. Sc. (Econ.)

Cashier:  
IRJA PYLKKÄNEN

Tampere

Manager:  
E. VUORELA

Head of office:  
ILMARI HUUPPONEN  
M. A.

Accountants:  
HELVI ARIMO

RENNE KURTH

Cashier:  
HELY SNELLMAN

Turku

Manager:  
S. PAAVOLA  
LL. M.

Head of office:  
TIMO MÄNNISTÖ  
M. Sc. (Econ.)

Accountants:  
AARNO ALSI  
ANNIKKI HÄKKINEN

Cashier:  
INEZ ÅKERBLOM

V a a s a

Manager:  
RAUNO HAIKARAINEN

Accountant:  
J. HUUSKONEN

Cashier:  
M. SELENIUS

Helsinki 31st December, 1976

The Board of Management of the Bank of Finland

**MAUNO KOIVISTO**

**A. SIMONEN**

**PÄIVIÖ HETEMÄKI**

**PENTTI UUSIVIRTA**

**ROLF KULLBERG**