

# BANK OF FINLAND



161st  
ANNUAL STATEMENT  
1972



## Profit and Loss Account, 1972

### EXPENSES

Salaries .....	16 399 370,84
Pensions and family pensions .....	2 599 183,64
Social security contributions .....	1 197 106,13
Interest on deposits .....	57 637 678,95
Amounts written off and depreciation .....	7 626 456,88
Printing of bank notes .....	6 731 984,04
Other expenses .....	4 558 383,64
Net profit for 1972 .....	79 536 063,44
	<u>mk 176 286 227,56</u>

### EARNINGS

Interest on internal loans .....	68 238 431,08
Interest on foreign exchange claims .....	74 793 982,17
Interest on bonds .....	24 263 209,29
Commission .....	2 810 769,80
Agio .....	884 955,78
Other earnings .....	5 294 879,44
	<u>mk 176 286 227,56</u>

## Balance Sheet,

ASSETS		
Gold and other foreign assets		
Gold .....	205 289 460,02	
Special drawing rights .....	283 299 453,57	
IMF gold tranche .....	267 760 716,98	
Foreign exchange .....	1 928 988 352,80	
Foreign bills .....	110 286 203,23	
Foreign bonds .....	116 518 312,06	2 912 142 498,66
Claims on domestic banks		
Discounted bills .....	752 000 000,—	
Rediscounted bills .....	750 000,—	
Cheque accounts .....	5 199 616,29	757 949 616,29
Other lending		
Inland bills discounted		
In foreign currency .....	—	
In Finnish marks .....	43 528 000,—	
Loans .....	272 149 404,93	315 677 404,93
Other assets		
Finnish bonds .....	46 915 623,81	
Finnish coin .....	25 144 401,68	
Currency subscription to Finland's quota in the IMF .....	530 233 377,82	
Other claims .....	4 709 076,35	607 002 479,66
	mk	4 592 771 999,54

29th December 1972

LIABILITIES		
Notes in circulation .....		1 730 016 219,—
Liabilities payable on demand		
Foreign exchange accounts .....	77 820 219,16	
Mark accounts of holders abroad .....	43 695 929,63	
Cheque accounts		
Treasury .....	1 378 979,15	
Post Office Bank .....	1 507 269,74	
Private banks .....	—	
Other .....	589 643,72	
Other sight liabilities .....	10 957 686,42	135 949 727,82
Term liabilities		
Foreign .....	—	
Domestic .....	898 628 069,86	898 628 069,86
IMF mark accounts .....		530 233 377,82
Allocations of special drawing rights .....		258 172 243,77
Equalization accounts .....		286 317 038,14
Bank's own funds		
Capital .....	600 000 000,—	
Reserve fund .....	73 919 259,69	
Net profit for 1972 .....	79 536 063,44	753 455 323,13
		mk 4 592 771 999,54

Right of note issue .....		3 187 279 118,49
Utilized .....		1 866 583 670,08
Unused right of note issue .....	mk	1 320 695 448,41

## Developments in 1972

In 1972 the growth rate of total production accelerated clearly in the OECD countries most important for Finnish exports, and, as a result, a substantial expansion in exports occurred. At the same time, domestic demand showed signs of revival, in spite of a rather meagre increase in private investment. Although the volume of total output grew by about five per cent, the general employment situation still deteriorated slightly. As a result of rising import prices and domestic cost pressures, prices continued to rise at rapid pace. According to preliminary figures, the trade deficit amounted to 1 025 million marks, as against 1 837 million marks one year earlier. As a result of a strong inflow of capital, there was a pronounced improvement in Finland's liquidity position during 1972.

The gold reserves of the Bank of Finland remained unchanged throughout the year. Finland received 84 million marks of SDRs in the third allocation of January 1972, and the country's total holdings of this asset amounted to 283 million marks at the end of the year. Finland's gold tranche in the International Monetary Fund remained unchanged. The foreign exchange assets of the Bank declined from 1 950 million marks to 1 929 million marks in 1972, whereas foreign liabilities fell by 206 million marks. As a result, the gold and foreign exchange assets of the Bank of Finland increased by 271 million marks and totalled 2 564 million marks at the end of the year. The foreign assets of the authorized banks grew, and their liabilities declined. The foreign exchange reserves of the whole country increased by 591 million marks.

The banks' lending to the public grew as much as in the previous year, but growth of bank deposits was greater than one year earlier. Commercial bank discounting at the Bank of Finland declined by 96 million marks over the course of the year. The net liabilities of the banks to the Bank of Finland fell from 838 million marks to 756 million marks.

Most of the counter-cyclical reserves of the public and private sector were released during 1972. Export levy funds declined from 15 million marks to 2 million marks and counter-cyclical tax funds from 114 million marks to 42 million marks. These items are entered in the balance sheet under »Domestic term liabilities», which also comprise such items as investment deposits and counter-cyclical deposits. Counter-cyclical deposits, which amounted to 184 million marks at the beginning of the year, were drawn upon before the end of September. Net drawings of investment deposits and special deposits for the acquisition of ships totalled 72 million marks during the year, and 38 million marks of these funds remained on account at the end of the year. Deposit certificates of the Bank of Finland included in »Domestic term liabilities» amounted to 790 million marks at the end of the year under review.

»Discounted inland bills in Finnish marks» decreased by 77 million marks during the year. At the end of 1972, these credits totalled 44 million marks, 39 million

marks of which consisted of »new export credits». Loans increased by 53 million marks and amounted to 272 million marks at the end of the year. Of this, 236 million marks had been granted under the domestic suppliers' credit arrangement. Total lending by the Bank to private customers declined by 24 million marks.

Note circulation grew by 251 million marks and totalled 1 730 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 reduced by  $3/4$  percentage points at the beginning of the year, and it remained at  $7\ 3/4$  per cent throughout the year. 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 remained unchanged at 6 per cent and 9 per cent respectively.

Net profits of the Bank amounted to 80 million marks, which was 4 million marks less than in 1971. The greatest increase in receipts was in interest earnings from foreign banks. Interest income on bonds grew as well, whereas interest income on domestic credits declined. The total increase in earnings was 14 million marks. Outlays grew by 18 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 pursuance of 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	Inland bills dis-counted		Loans	Finnish bonds	Finnish coin	Currency sub-scription to Finland's quota in the IMF	Other claims	
										In foreign currency	In Finnish marks						
31. 12. 71	205	197	268	1 950	119	37	848	1	—	—	121	219	38	14	530	15	4 562
31. 1. 72	205	282	268	2 180	115	37	714	1	22	—	117	212	10	20	530	14	4 727
29. 2. 72	205	282	268	2 325	112	53	522	1	18	—	116	221	29	22	530	17	4 721
30. 3. 72	205	282	268	2 236	111	67	786	1	—	—	89	225	32	22	530	17	4 871
28. 4. 72	205	282	268	2 324	105	72	807	1	5	—	85	232	72	26	530	17	5 031
31. 5. 72	205	283	268	2 185	115	80	796	1	6	—	79	237	39	29	530	17	4 870
30. 6. 72	205	283	268	2 109	113	89	860	1	—	—	67	244	124	29	530	17	4 939
31. 7. 72	205	283	268	2 272	112	106	616	1	19	—	63	240	151	27	530	16	4 909
31. 8. 72	205	283	268	2 317	103	110	488	1	5	—	63	240	110	28	530	16	4 767
29. 9. 72	205	283	268	2 278	102	109	661	1	15	—	63	243	95	31	530	5	4 889
31. 10. 72	205	283	268	2 125	104	108	753	1	29	—	65	256	166	31	530	6	4 930
30. 11. 72	205	283	268	2 035	102	108	787	1	17	—	57	260	132	31	530	5	4 821
29. 12. 72	205	283	268	1 929	110	117	752	1	5	—	44	272	47	25	530	5	4 593

31. 12. 71	205	197	268	1 950	119	37	848	1	—	—	121	219	38	14	530	15	4 562
Change in 1972	+0	+86	+0	-21	-9	+80	-96	—	+5	—	-77	+53	+9	+11	-0	-10	+31
29. 12. 72	205	283	268	1 929	110	117	752	1	5	—	44	272	47	25	530	5	4 593



# of Balance Sheet in 1972

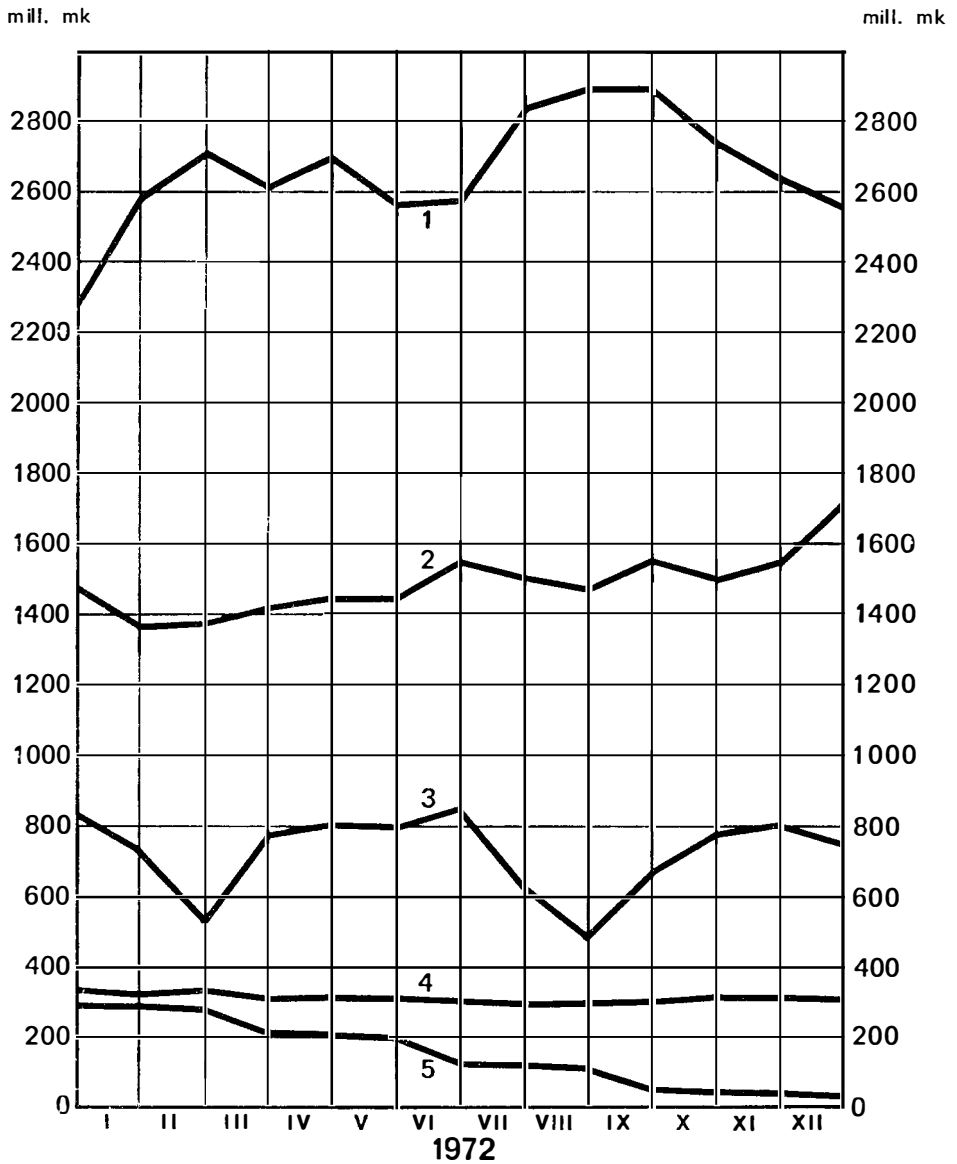
## LIABILITIES

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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									
31. 12. 71	1 479	297	30	2	2	9	3	15	—	905	530	174	400	632	84	4 562
31. 1. 72	1 369	312	37	17	71	—	3	11	—	1 003	530	258	391	716	9	4 727
29. 2. 72	1 377	319	41	26	101	—	3	11	—	966	530	258	357	716	16	4 721
30. 3. 72	1 423	331	39	30	48	5	4	20	—	1 089	530	258	355	716	23	4 871
28. 4. 72	1 451	333	39	37	207	—	3	11	—	1 076	530	258	341	716	29	5 031
31. 5. 72	1 450	340	30	32	74	—	3	11	—	1 056	530	258	334	716	36	4 870
30. 6. 72	1 555	245	37	36	154	6	2	20	—	1 077	530	258	302	674	43	4 939
31. 7. 72	1 513	147	34	35	347	—	2	11	—	1 062	530	258	247	674	49	4 909
31. 8. 72	1 474	144	31	43	249	—	1	11	—	1 048	530	258	251	674	53	4 767
29. 9. 72	1 557	109	28	48	388	—	1	19	—	959	530	258	260	674	58	4 889
31. 10. 72	1 507	105	29	43	507	—	1	11	—	939	530	258	265	674	61	4 930
30. 11. 72	1 556	101	45	47	312	—	2	11	—	926	530	258	289	674	70	4 821
29. 12. 72	1 730	78	43	1	2	—	1	11	—	899	530	258	286	674	80	4 593

31. 12. 71	1 479	297	30	2	2	9	3	15	—	905	530	174	400	632	84	4 562
Change in 1972	+ 251	—219	+13	—1	—0	—9	—2	—4	—	—6	—0	+84	—114	+42	—4	+ 31
29. 12. 72	1 730	78	43	1	2	—	1	11	—	899	530	258	286	674	80	4 593

## Movement of the most important items of the Bank of Finland Balance Sheet in 1972



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

## The Bank Supervisors delegated by Parliament

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

### Vice Chairman

VALDEMAR SANDELIN  
*M. P.*

AARO LINTILÄ  
*M. P.*

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 the ADP Planning

PERTTI KUKKONEN

*D. Pol. Sc.*

### Heads of department

PAULI KANERVA

*LL. M.*

ANTTI LEHTINEN

*M. Sc. (Econ.)*

KALLE KOSKI

KARI NARS

*Lic. Pol. Sc.*

KARI PUUMANEN

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

STIG TÖRNROTH

*M. A.*

A. NENONEN

*Lic. Phil.*

K. IGNATIUS

*LL. M.*

HELGE LINDSTRÖM

*Lic. Jur.*

P.-E. ÖSTERLUND

J. OJALA

*M. Pol. Sc.*

HENRI J. VARTIAINEN

*D. Pol. Sc.*

K. EIROLA

*B.Sc. (Econ.)*

VÄINÖ HEISKANEN

*LL. M.*

### EINO SUOMELA

### Heads of office

EINO HELENIUS

*LL. M.*

JUHANI VANHALA

*M. Pol. Sc.*

U. KILPINEN

KARI PEKONEN

*M. Sc. (Econ.), on leave of absence*

RAINE PANULA

E. UOTILA

REINO AIRIKKALA

*M. Sc. (Econ.)*

PENTTI SYSIKASKI

ANTERO MOILANEN

*M. A.*

HEIKKI U. ELONEN

*M. Pol. Sc.*

STIG G. BJÖRKLUND

*LL. M.*

RAILI NUORTILA

*M. Sc. (Eng.)*

TOR ÅKERFELT

*LL. M.*

SEPPO KOSTIAINEN

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

SIRKKA HÄMÄLÄINEN

*M. Sc. (Econ.)*

LAURI LIUHTO

### J. KOKKONEN

Strongroom supervisor

OLE BÄCKMAN

*LL. M.*

## Note-printing Works

Director

TOIVO RISSANEN  
*M. Sc. (Eng.)*

Heads of office

STEVE KANGAS  
*M. Pol. Sc.*

RAINER LUND  
*B. Sc. (Econ.)*

STAFFAN SLOTTÉ  
*M. Sc. (Econ.)*

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.)*

T. MYNTTINEN  
*M. A.*

K. JOKINIEMI  
*B. Sc. (Eng.)*

AIMO KUKKASJÄRVI  
*M. Sc. (Eng.)*

## Branches

Joensuu

Manager:  
V. LEHTO

Accountant:  
K. KARHI

Cashier:  
SIRKKA VILHUNEN

Kotka

Manager:  
V. KAARNAKORPI

Accountant:  
TAPANI KULANKO

Cashier:  
ANJA OLLIKAINEN

Jyväskylä

Manager:  
E. M. TAMMI  
*Dip. in law*

Accountant:  
HEIKKI HAKOLA

Cashier:  
HELVI KANKAINEN  
*Dip. in law*

Kuopio

Manager:  
O. KANERVA  
*M.A.*

Accountant:  
V. THERMAN  
*M.A.*

Cashier:  
ELSE TUOMINEN

Lahti

Manager:  
R. KOTKASAARI

Accountant:  
KEIJO KALLASMAA

Cashier:  
TOINI HANNULA

Mikkeli

Manager:  
S. PAAVOLA  
LL.M.

Accountant:  
J. JAUHAINEN

Cashier:  
SISKO MYLLYNIEMI

Oulu

Manager:  
E. VUORELA

Accountant:  
KALERVO NÄRHI

Cashier:  
HILKKA INKALA

Pori

Manager:  
K. PAANANEN  
B.Sc. (Econ.)

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

Cashier:  
KYLLIKKI SANTONEN

Rovaniemi

Manager:  
M. HANNULA

Accountant:  
JUHANI HUUSKONEN

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:  
OLAVI VAINIO  
M.Sc. (Econ.)

Head of office:  
RAUNO HAIKARAINEN

Accountant:  
AARNO ALSI

Cashier:  
INEZ ÅKERBLOM

V a a s a

Manager:

O. SUNDSTRÖM  
LL.M.

Accountant:

HARRI SALENIUS  
B.Sc. (For.)

Cashier:

M. SELENIUS

Helsinki 29th December, 1972

The Board of Management of the Bank of Finland

**MAUNO KOIVISTO**

**A. SIMONEN**

**HEIKKI VALVANNE**

**JAAKKO LASSILA**

**PÄIVIÖ HETEMÄKI**

**TIMO HELELÄ**  
ad int.

