

BANK OF FINLAND



158th
ANNUAL STATEMENT
1969



Profit and Loss Account,
31st December 1969

EXPENSES

Salaries	10 553 386,88
Pensions and family pensions	1 570 635,82
Social security contributions	697 909,61
Interest on deposits	8 991 868,77
Interest on foreign credits	457 783,11
Amounts written off and depreciation	4 170 257,63
Printing of bank notes	3 388 499,10
Other expenses	2 742 850,—
Net profit for 1969	55 332 519,41
	<u>mk 87 905 710,33</u>

EARNINGS

Interest on internal loans	43 034 684,82
Interest on foreign exchange holdings	26 032 038,50
Interest on bonds	10 516 288,58
Commission	3 350 962,88
Agio	2 336 406,89
Other earnings	2 635 328,66
	<u>mk 87 905 710,33</u>

Balance Sheet,

ASSETS		
Ordinary note cover		
Gold	189 386 048,28	
IMF gold tranche	173 281 267,46	
Foreign exchange	904 970 906,18	
Foreign bills	106 292 885,98	
Foreign bonds	59 130 398,46	1 433 061 506,36
Supplementary note cover		
Inland bills discounted		
In foreign currency	7 292 089,37	
In Finnish currency	173 051 481,30	
Rediscounted bills	550 336 191,26	730 679 761,93
Other assets		
Finnish bonds	126 479 200,62	
Cheque accounts	255 910,93	
Finnish coin	5 482 200,67	
Currency subscription to Finland's quota in the IMF	351 715 161,20	
Other claims	367 126 026,58	851 058 500,—
		mk 3 014 799 768,29

Statement of note

RIGHT OF NOTE ISSUE		
Ordinary cover		1 433 061 506,36
Supplementary cover (Upper limit mk 500 m.)		500 000 000,—
		mk 1 933 061 506,36

31st December 1969

LIABILITIES		
Notes in circulation		1 298 408 422,—
Liabilities payable on demand		
Foreign exchange accounts	92 408 750,26	
Mark accounts of holders abroad	765 870,45	
Cheque accounts		
Treasury	3 758 561,46	
Post Office Savings Bank	3 587 112,72	
Private banks	10 086 423,75	
Other	1 010 647,08	
Other sight liabilities	11 901 547,69	123 518 913,41
Term liabilities		
Foreign	7 679 974,91	
Finnish	299 890 790,58	307 570 765,49
IMF mark accounts		351 715 161,20
Equalization accounts		405 584 561,13
Bank's own funds		
Capital	300 000 000,—	
Reserve fund	172 669 425,65	
Net profit for 1969	55 332 519,41	528 001 945,06
	mk	3 014 799 768,29

issue, 31st December 1969

NOTE ISSUE	
Notes in circulation	1 298 408 422,—
Liabilities payable on demand	123 518 913,41
Undrawn on cheque credits	255 567,51
Unused right of note issue	510 878 603,44
	mk 1 933 061 506,36

Developments in 1969

Economic developments in Finland were characterized by a very pronounced upswing in 1969. The volume increase in total production was more than 7 per cent on the previous year. The agreement on prices and incomes, however, ensured stable price developments. As the upward trend continued abroad and Finland maintained a high degree of competitiveness there was a very marked increase in exports. On the other hand, the upswing and the acceleration in investment activity also resulted in a rather high growth of imports. According to preliminary figures there will be a trade deficit although the current account as a whole will be in balance. Uncertainty in the international foreign exchange markets and a widening gap between foreign and domestic interest rate levels restricted the inflow of short term capital and at times even resulted in quite heavy outflows. Despite this, however, the year as a whole saw a further improvement in the country's liquidity position.

The Finnish gold tranche in the International Monetary Fund, which had formed the first item of the stand-by credit granted by the Fund to Finland 1967 was returned in March to its normal amount, 131 million marks. Since the Bank also accrued an amount of 42 million marks of so-called »super gold tranche» the total gold tranche equalled 173 million marks at the end of the year. There was a decline of 258 million marks in the foreign exchange assets of the Bank; two thirds of this was ascribable to repurchase of the afore-mentioned gold tranche with convertible currencies. As the amount of gold remained unchanged and short-term foreign exchange liabilities increased by 30 million marks, the total gold and foreign exchange reserves of the Bank of Finland were reduced by 115 million marks so that net reserves amounted to 1 175 million marks at the end of the year. On the other hand the foreign assets of the authorized banks grew substantially in 1969 at the same time as their short-term foreign exchange liabilities decreased. Thus there was a net increase of 155 million marks in Finland's total foreign exchange reserves.

The responsibility for the part of the Finnish quota in the International Monetary Fund paid in marks was transferred by parliamentary decision from the State to the Bank of Finland. This amounted to 352 million marks at the end of the year and is included in »Other claims» in the Bank's balance sheet. On the liabilities side it is entered under a new item »Mark accounts of the International Monetary Fund».

Owing to brisk investment activity and the upswing bank advances to the public in 1969 grew by almost three times as much as in 1968. At the same time deposits developed

considerably more favourably than in the previous year. The amount of rediscounted bills declined from 618 million marks to 550 million. There was a simultaneous decrease from 107 million to 87 million marks in the banks' liability to the Bank on the special index accounts included in »Other assets» in the balance sheet. The claims of the banks on the Bank of Finland declined as well. An amount of 46 million marks of the cash reserve deposits entered into »Domestic term liabilities» was returned and, in addition, the cheque account claims of the banks decreased by 29 million marks. Consequently there was no more than a 13 million mark decline in the net liability of the banks to the Bank of Finland during 1969.

A further 100 million marks of the 300 million mark loan arranged in 1966 was repaid by the Treasury in 1969 according to the terms of agreement. The accrual of export levies held on a special account at the Bank of Finland was 128 million marks but as the Treasury at the same time used 292 million marks of export levy funds, there was a net decline of 164 million marks on this account. In the balance sheet the account is included in »Domestic term liabilities».

Domestic bills in Finnish currency increased by 26 million marks during the year. At the end of the year they totalled 173 million marks, of which 'new export' credits accounted for 73 million marks.

»Other claims» also comprise credits granted to industries, primarily those drawn within the framework of the arrangement for domestic suppliers' credits the amount of which grew from 18 million to 79 million marks.

There was a decrease of 14 million marks in »Foreign term liabilities» due to the amortization of some loans obtained from the International Bank for Reconstruction and Development before 1956. This was counterbalanced by a decline in domestic bills in foreign currency. Investment deposits which are included in »Domestic term liabilities», were reduced from 18 million to 13 million marks in 1969.

The note circulation grew by 139 million marks and totalled 1 298 million at the end of the year.

The minimum official discount rate of the Bank of Finland remained unchanged at 6 per cent but the maximum rate was raised by order of the Bank Supervisors from 7 ½ per cent to 9 per cent on the 12th of December. The basic rate for rediscounts was 7 per cent and, in addition, the Board of Management of the Bank was entitled to charge a penalty rate of 4 per cent at the maximum on them. No penalty rate was, however, collected in 1969.

The profits of the Bank amounted to 55.3 million marks or 9.9 million marks more than in 1968. The greatest increase in proceeds occurred in interest earnings from foreign correspondents whereas interest earnings on domestic credits and on bonds declined; total proceeds roughly equalled those of 1968. Expenses declined by almost 10 million marks on the previous year, primarily as a result of the decrease in interest expenses on deposits and foreign credits.

One-half of the annual profits of 1969 will be transferred to the reserve fund while the disposal of the other half will be decided by Parliament.

Monthly movement

ASSETS

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Date	Ordinary note cover					Supplementary note cover			Other assets					Total of Balance Sheet
	Gold	IMF gold tranche	Foreign exchange	Foreign bills	Foreign bonds	Inland bills dis- counted in for- eign currency	Inland bills discounted in Finnish currency	Rediscounted bills	Finnish bonds	Cheque accounts	Finnish coin	Currency subscrip- tion to Finland's quota in the IMF	Other claims	
31. 12. 68	189	—	1 163	76	49	25	147	618	136	2	12	—	321	2 738
31. 1. 69	189	—	1 259	75	49	25	129	452	100	1	17	—	331	2 627
28. 2. 69	189	—	1 280	71	46	25	134	438	39	4	17	—	354	2 597
31. 3. 69	189	131	1 146	75	56	25	129	440	23	6	17	—	350	2 587
30. 4. 69	189	131	1 134	90	56	22	95	491	38	19	16	—	343	2 624
30. 5. 69	189	173	869	95	54	22	123	610	170	8	15	—	344	2 672
30. 6. 69	189	173	874	90	54	18	137	700	53	10	14	—	331	2 643
31. 7. 69	189	173	853	90	54	18	148	714	44	2	14	—	310	2 609
29. 8. 69	189	173	865	90	54	18	154	601	113	2	13	—	306	2 578
30. 9. 69	189	173	743	91	61	18	159	685	118	5	13	—	301	2 556
31. 10. 69	189	173	884	94	61	16	164	597	85	13	13	—	294	2 583
28. 11. 69	189	173	895	100	60	16	161	601	84	2	11	—	296	2 588
31. 12. 69	189	173	905	107	59	7	173	551	127	0	5	352	367	3 015

31. 12. 68	189	—	1 163	76	49	25	147	618	136	2	12	—	321	2 738
Change in 1969	—	+173	—258	+31	+10	—18	+26	—67	—9	—2	—7	+352	+46	+277
31. 12. 69	189	173	905	107	59	7	173	551	127	0	5	352	367	3 015

of Balance Sheet in 1969

LIABILITIES

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Date	Notes in circulation	Liabilities payable on demand							Term liabilities		IMF mark accounts	Equalization accounts	Bank's own funds		Total of Balance Sheet	
		Foreign exchange accounts	Mark accounts of holders abroad	Cheque accounts				Other sight liabilities	Foreign	Finnish			Capital Reserve fund	Profits undistributed		Profit & Loss account
				Treasury	Post Office Savings Bank	Private banks	Other									
31. 12. 68	1 160	62	13	3	3	39	2	14	21	525	—	401	450	45	2 738	
31. 1. 69	1 039	63	9	1	5	45	4	11	21	539	—	391	495	4	2 627	
28. 2. 69	1 081	45	9	3	1	—	3	12	21	520	—	398	495	9	2 597	
31. 3. 69	1 064	41	9	2	2	—	3	13	22	520	—	403	495	13	2 587	
30. 4. 69	1 099	43	9	10	7	—	2	11	19	523	—	389	495	17	2 624	
30. 5. 69	1 150	61	8	1	1	—	2	12	19	502	—	401	495	20	2 672	
30. 6. 69	1 178	63	8	5	25	—	2	12	15	436	—	403	473	23	2 643	
31. 7. 69	1 120	68	6	19	20	0	1	11	15	435	—	414	473	27	2 609	
29. 8. 69	1 167	70	7	7	3	0	1	11	15	386	—	408	473	30	2 578	
30. 9. 69	1 143	84	6	1	1	—	1	15	15	371	—	411	473	35	2 556	
31. 10. 69	1 144	76	6	3	3	39	2	10	12	344	—	433	473	38	2 583	
28. 11. 69	1 192	84	6	3	5	0	1	11	12	330	—	424	473	47	2 588	
31. 12. 69	1 298	92	1	4	4	10	1	12	8	300	352	405	473	55	3 015	

31. 12. 68	1 160	62	13	3	3	39	2	14	21	525	—	401	450	45	2 738
Change in 1969	+138	+30	-12	+1	+1	-29	-1	-2	-13	-225	+352	+4	+23	+10	+277
31. 12. 69	1 298	92	1	4	4	10	1	12	8	300	352	405	473	55	3 015

Right of note issue in 1969

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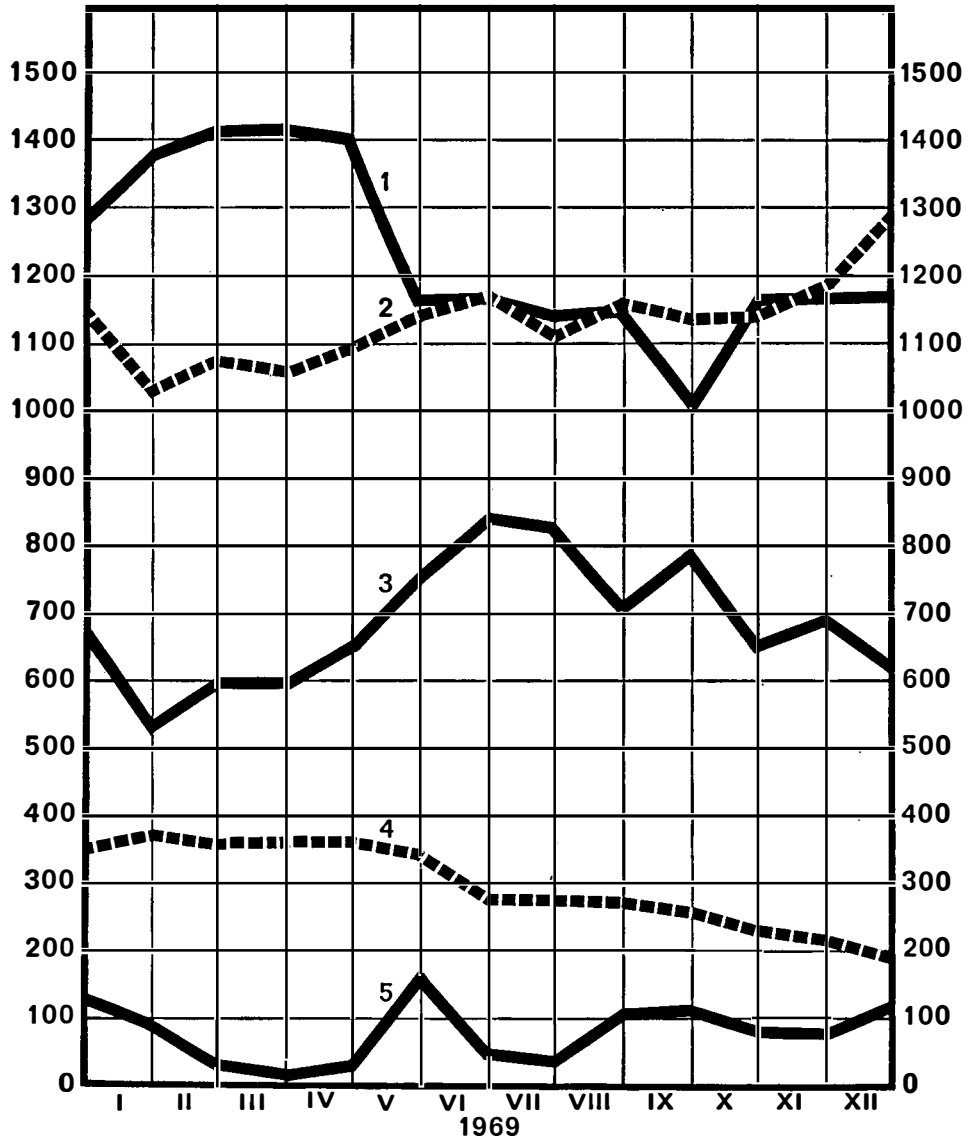
Date	Ordinary note cover a	Supplementary note cover b	Right of note issue c = a + b	Notes in circulation d	Liabilities payable on demand e	Undrawn on cheque credits f	Unused right of note issue g = c - (d + e + f)
31. 12. 68	1 477	700	2 177	1 160	136	5	876
31. 1. 69	1 572	500	2 072	1 039	138	6	889
28. 2. 69	1 586	500	2 086	1 081	73	4	928
31. 3. 69	1 597	500	2 097	1 064	70	5	958
30. 4. 69	1 600	500	2 100	1 099	82	4	915
30. 5. 69	1 380	500	1 880	1 150	85	4	641
30. 6. 69	1 380	500	1 880	1 178	115	5	582
31. 7. 69	1 359	500	1 859	1 120	125	6	608
29. 8. 69	1 371	500	1 871	1 167	99	6	599
30. 9. 69	1 257	500	1 757	1 143	108	5	501
31. 10. 69	1 401	500	1 901	1 144	139	4	614
28. 11. 69	1 417	500	1 917	1 192	110	5	610
31. 12. 69	1 433	500	1 933	1 298	124	0	511

31. 12. 68	1 477	700	2 177	1 160	136	5	876
Change in 1969	-44	-200	-244	+138	-12	-5	-365
31. 12. 69	1 433	500	1 933	1 298	124	0	511

Movement of the most important items of the Bank of Finland Balance Sheet in 1969

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1. Gold and exchange reserves, net
2. Notes in circulation
3. Rediscounted bills plus the banks' liabilities on the index equalization accounts minus the cheque accounts of private banks
4. Export levy account
5. Finnish bonds

The Bank Supervisors delegated by Parliament

VEIKKO KOKKOLA
Chairman

AARNE SAARINEN
Vice Chairman

NESTORI KAASALAINEN
Deputy

T. JUNNILA
Deputy

RAFAEL PAASIO
Deputy

EINO UUSITALO
Deputy

OIVA LEHTO

INGVAR S. MELIN
Deputy

OLAVI SALONEN

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Pb.D., Governor
Prime Minister (On leave of absence)

REINO ROSSI
Pb.D., Acting Governor

ESKO K. LEINONEN
LL. B.

A. SIMONEN
LL. M. Minister of Justice
(On leave of absence)

AHTI KARJALAINEN
D.Pol.Sc., Minister for Foreign
Affairs (On leave of absence)

HEIKKI VALVANNE
D.Pol.Sc.

JOUKO J. VOUTILAINEN
M.A., ad int.

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M.A.

TIMO HELELÄ
D.Pol.Sc.

JORMA ARANKO

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KARI WALDEN

KALEVI KAILASVUORI

KARI NARS

EINO HELENIUS

Head Office

Helsinki

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K. IGNATIUS

A. KAJANTIE
K. EIROLA
A. NENONEN

EINO SUOMELA

Chief cashier

STIG TÖRNROTH

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VÄINÖ HEISKANEN
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KALLE KOSKI

OLE BÄCKMAN
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J. KOKKONEN

RAINE PANULA

Comptroller

ANTERO MOILANEN

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Director

LAURI KORPELAINEN
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Heads of department

HENRI J. VARTIAINEN
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PERTTI KUKKONEN
D.Pol.Sc.

MARKKU PUNTILA
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ad int.

Note-Printing Office

Director

T. RISSANEN

Accounts

V. ELONEN

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Joensuu

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V. KAARNAKORPI

Cashier:

K. KARHI

Jyväskylä

Manager:

E. M. TAMMI

Book-keeper:

HEIKKI HAKOLA

Cashier:

M. MUHONEN

Kotka

Manager:

vacant

Cashier:

TAPANI KULANKO

Kuopio

Manager:

V. VAINIO

Book-keeper:

V. THERMAN

Cashier:

ELSE TUOMINEN

Lahti

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Book-keeper:

KEIJO KALLASMAA

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Cashier:

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Oulu

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KALERVO NÄRHI

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INEZ ÅKERBLOM

V a a s a

Manager:
O. SUNDSTRÖM

Book-keeper:
HARRI SALENIUS

Cashier:
M. SELENIUS

Helsinki 31st December, 1969

The Board of Management of the Bank of Finland

REINO ROSSI

ESKO K. LEINONEN

HEIKKI VALVANNE

JOUKO J. VOUTILAINEN

ad int.

