

# BANK OF FINLAND



156th  
ANNUAL STATEMENT  
1967



## Profit and Loss Account, 30th December 1967

### EXPENSES

Salaries .....	8 360 902,96
Pensions .....	972 783,30
Family pensions .....	226 663,70
Fees and expenses of bank supervisors .....	25 701,40
Fees of branch controllers .....	13 088,—
Social security contributions .....	560 226,67
Interest on deposits .....	9 156 706,48
Interest on foreign credits .....	4 366 578,47
Amounts written off and depreciation .....	6 515 489,23
Printing of bank notes .....	2 315 557,—
Other expenses .....	2 279 879,10
Net profit for 1967 .....	40 860 819,54
	mk 75 654 395,85

### EARNINGS

Interest on internal loans .....	55 485 304,35
Interest on foreign exchange holdings .....	5 968 689,53
Interest on bonds .....	7 731 938,60
Commission .....	1 841 871,92
Agio .....	2 522 483,48
Other earnings .....	2 104 107,97
	mk 75 654 395,85

## Balance Sheet,

ASSETS		
Ordinary note cover		
Gold .....	188 782 124,72	
IMF gold tranche .....	—	
Foreign exchange .....	512 277 070,09	
Foreign bills .....	72 511 653,19	
Foreign bonds .....	25 184 791,37	798 755 639,37
Supplementary note cover		
Inland bills discounted		
In foreign currency .....	122 522 111,79	
In Finnish currency .....	140 673 630,46	
Rediscounted bills .....	867 538 226,65	1 130 733 968,90
Other assets		
Finnish bonds .....	370 493 463,24	
Cheque accounts .....	4 001 831,11	
Finnish coin .....	12 314 806,10	
Other claims .....	320 910 469,07	707 720 569,52
		mk   2 637 210 177,79

## Statement of note

RIGHT OF NOTE ISSUE	
Ordinary cover .....	798 755 639,37
Supplementary cover (Upper limit mk 700 m.) .....	700 000 000,—
mk   1 498 755 639,37	

30th December 1967

LIABILITIES		
Notes in circulation .....		1 052 138 597,—
Liabilities payable on demand		
Foreign exchange accounts .....	74 686 627,98	
Mark accounts of holders abroad .....	14 146 046,24	
Cheque accounts		
Treasury .....	4 376 586,61	
Post Office Savings Bank .....	17 175 884,89	
Private banks .....	9 803 844,89	
Other .....	1 848 186,24	
Other sight liabilities .....	17 597 349,67	139 634 526,52
Term liabilities		
Foreign .....	339 466 575,72	
Finnish .....	213 613 263,27	553 079 838,99
Equalization accounts .....		421 969 126,92
Bank's own funds		
Capital .....	300 000 000,—	
Reserve fund .....	129 527 268,82	
Net profit for 1967 .....	40 860 819,54	470 388 088,36
	mk	2 637 210 177,79

issue, 30th December 1967

NOTE ISSUE	
Notes in circulation .....	1 052 138 597,—
Liabilities payable on demand .....	139 634 526,52
Undrawn on cheque credits .....	3 028 168,89
Unused right of note issue .....	303 954 346,96
	mk 1 498 755 639,37

## Developments in 1967

In 1967 economic growth continued to weaken. The volume of total production increased by about 3 per cent on the previous year. The foreign liquidity position continued to deteriorate despite the fiscal and monetary policy measures taken to curb the growth of demand and of imports in particular. The Finnmark was devaluated on October 11. This did not, however, have time to exert its full influence on the revival of productive activity during 1967.

To support the foreign exchange reserves Finland obtained a stand-by credit from the International Monetary Fund in March, which at that time was equivalent to 300 million marks. The credit consisted of the gold tranche of 100 million marks already previously included in the foreign exchange reserves and of the credit tranche of 200 million marks and it was used entirely for purchasing convertible currencies. According to the Balance Sheet the gold reserves of the Bank amounted to 189 million marks at the end of 1967; as the foreign exchange assets were 512 million and the foreign exchange liabilities 75 million marks, the total gold and foreign exchange reserves of the Bank amounted to 626 million marks net. According to the book value of the reserves there was a net increase of 131 million marks in 1967. This does not, however, reflect the real change in the reserves, since the par value of the Finnmark as well as those of certain other currencies were altered. Calculated on the basis of the new rates of exchange the gold and foreign exchange reserves of the Bank actually declined by 26 million marks during the year despite the fact that the above-mentioned credit tranche of the stand-by credit, 263 million marks according to the new rates of exchange, had been employed in supporting the reserves.

Although the banks pursued a restrained credit policy their position remained tight throughout the year, the more so because the supply of central bank money was affected by both the decline in the foreign exchange holdings and by the cash reserve agreement concluded with the banks obliging them to make special deposits with the Bank of Finland. Upon the expiry in June of the target period set within the framework of this agreement for reducing the rediscounts, it could be seen that the banks in general kept within the rediscounting limits laid down for them. After this the Bank of Finland no longer issued directives concerning the banks' general liquidity position for a specified period, but confined its regulations to selective rediscounts and bank lending. The weekly average of rediscounts, which was 724 mil-

lion marks in 1966, was 752 million marks in the year under review. At the end of the year rediscounts amounted to 867 million marks or 48 million marks less than a year earlier. The banks' position was supported by the Bank of Finland also by means of purchases of bonds and other forms of credit arrangements towards the end of the year. On the other hand the amount accrued on the cash reserve accounts of the banks with the Bank of Finland was 162 million marks at the end of the year. The cash reserve agreement was altered during the year so that there was a cut by one third in the target level for deposits but an extension until June 1968 of the period during which these deposits have to be made.

The remaining 95 million marks of the 300 million mark loan granted to the Treasury by the Bank was drawn in January. The cheque account balance of the Treasury was reduced by 35 million marks during the year, but on the other hand an amount of 14 million marks accrued as export levies on a new special account in accordance with the Export Levy Act issued in connection with the devaluation.

There was an increase of 29 million marks in inland bills denominated in Finnish currency, mainly due to the 'new export' credits. Bills denominated in foreign currency grew by 86 million marks and credits under »Other claims in the Balance Sheet by 195 million marks; both these changes were primarily caused by temporary credits granted towards the end of the year.

Foreign term liabilities increased by 255 million marks as a result of the stand-by credit mentioned above. The growth in domestic term liabilities a 172 million marks. This item included the cash reserve deposits of the banking institutions and the export levies.

The note circulation declined by 54 million marks and was 1 052 million at the end of the year.

The official discount rates of the Bank of Finland remained unchanged throughout the year, with a minimum rate of 6 per cent and a maximum of 7  $\frac{1}{2}$  per cent. The basic rate for rediscounts was 7 per cent and the penalty rate charged for exceeding the quota at the most 4 per cent.

The profits of the Bank amounted to 40.9 million marks or 7 million marks more than in 1966. The increase in profits was caused by the increased interest earnings on domestic credit, the growth of which exceeded the interest expenses on cash reserve deposits and foreign liabilities.

One-half of the annual profits of 1967 is transferred to the reserve fund. The disposal of the other half will be decided by Parliament.

## Monthly movement

ASSETS

mill.mk

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 discounted in foreign currency	Inland bills discounted in Finnish currency	Rediscounted bills	Finnish bonds	Cheque accounts	Finnish coin	Other claims	
31. 12. 66	144	100	312	56	25	36	112	915	285	2	12	126	2 125
31. 1. 67	144	100	358	58	25	40	107	611	368	1	15	125	1 952
28. 2. 67	144	100	375	54	25	40	88	638	354	3	15	118	1 954
31. 3. 67	153	—	443	55	22	40	98	728	312	5	15	123	1 994
29. 4. 67	152	—	563	57	22	38	108	753	323	4	15	124	2 159
31. 5. 67	152	—	547	55	20	38	96	774	362	5	15	138	2 202
30. 6. 67	150	—	551	55	20	35	82	775	363	4	15	174	2 224
31. 7. 67	150	—	622	58	20	45	85	762	323	13	15	175	2 268
31. 8. 67	150	—	587	57	20	45	85	773	259	4	15	176	2 171
29. 9. 67	149	—	631	57	21	45	98	750	331	3	16	174	2 275
31. 10. 67	196	—	788	80	26	57	109	750	227	16	20	176	2 445
30. 11. 67	196	—	683	81	25	56	114	780	341	3	15	245	2 539
30. 12. 67	189	—	512	73	25	122	141	868	370	4	12	321	2 637

31. 12. 66	144	100	312	56	25	36	112	915	285	2	12	126	2 125
Change in 1967	+45	-100	+200	-17	—	+86	+29	-47	+85	+2	—	+195	+512
30. 12. 67	189	—	512	73	25	122	141	868	370	4	12	321	2 637



# of Balance Sheet in 1967

## LIABILITIES

mill.mk

Date	Notes in circulation	Liabilities payable on demand							Term liabilities		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 undispensed	
				Treasury	Post Office Savings Bank	Private Banks	Other							
31. 12. 66	1 106	61	16	40	17	14	3	28	84	42	267	413	34	2 125
31. 1. 67	969	46	13	1	5	73	2	21	85	35	252	447	3	1 952
28. 2. 67	991	47	14	—	2	2	2	19	85	110	230	447	5	1 954
31. 3. 67	965	50	13	2	8	—	2	20	85	162	233	447	7	1 994
29. 4. 67	1 034	61	13	1	3	3	1	19	159	179	229	447	10	2 159
31. 5. 67	1 010	61	13	5	50	16	1	21	159	170	237	447	12	2 202
30. 6. 67	1 062	51	14	2	5	6	1	20	204	175	240	430	14	2 224
31. 7. 67	1 020	51	13	5	127	—	1	18	204	143	238	430	18	2 268
31. 8. 67	1 001	49	14	23	37	2	2	18	204	146	223	430	22	2 171
29. 9. 67	1 048	54	14	1	1	1	2	21	280	169	228	430	26	2 275
31. 10. 67	939	64	13	11	16	—	1	20	364	171	384	430	32	2 445
30. 11. 67	938	72	14	18	52	18	2	14	343	209	394	430	35	2 539
30. 12. 67	1 052	75	14	4	17	10	2	17	339	214	422	430	41	2 637

31. 12. 66	1 106	61	16	40	17	14	3	28	84	42	267	413	34	2 125
<b>Change in 1967</b>	—54	+14	—2	—36	—	—4	—1	—11	+255	+172	+155	+17	+7	+512
30. 12. 67	1 052	75	14	4	17	10	2	17	339	214	422	430	41	2 637

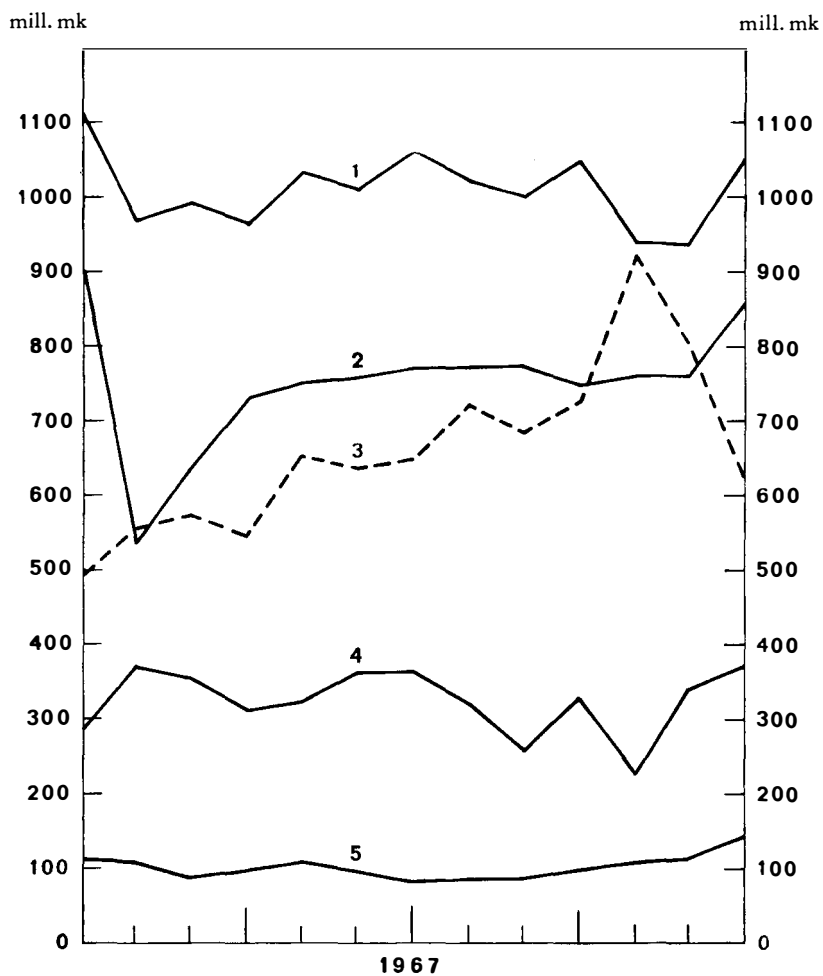
## Right of note issue in 1967

mill.mk

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. 66	637	700	1 337	1 106	179	5	47
31. 1. 67	685	700	1 385	969	161	6	249
28. 2. 67	698	700	1 398	991	86	4	317
31. 3. 67	673	700	1 373	965	96	3	309
29. 4. 67	794	700	1 494	1 034	101	3	356
31. 5. 67	775	700	1 475	1 011	167	2	295
30. 6. 67	776	700	1 476	1 062	99	3	312
31. 7. 67	850	700	1 550	1 020	215	4	311
31. 8. 67	814	700	1 514	1 001	145	4	364
29. 9. 67	858	700	1 558	1 048	94	3	413
31. 10. 67	1 090	700	1 790	939	125	4	722
30. 11. 67	985	700	1 685	938	190	4	553
30. 12. 67	799	700	1 499	1 052	140	3	304

31. 12. 66	637	700	1 337	1 106	179	5	47
<b>Change in 1967</b>	+162	—	+162	—54	—39	—2	+257
30. 12. 67	799	700	1 499	1 052	140	3	304

## Movement of the most important items of the Bank of Finland Balance Sheet in 1967



1. Notes in circulation
2. Rediscounted bills *minus* cheque accounts of private banks
3. Gold and foreign exchange, net
4. Finnish bonds
5. Inland bills discounted in Finnish currency

## The Bank Supervisors delegated by Parliament

VEIKKO KOKKOLA  
*Chairman*

AARNE SAARINEN  
*Vice Chairman*

NESTORI KAASALAINEN  
*Deputy, Minister of Agriculture*

T. JUNNILA  
*Deputy*

RAFAEL PAASIO  
*Deputy, Prime Minister*

EINO UUSITALO  
*Deputy*

OIVA LEHTO

VERNER KORSBÄCK  
*Deputy*

OLAVI SALONEN  
*Minister of Trade and Industry*

## The Board of Management

KLAUS WARIS  
*Ph.D., Governor*

REINO ROSSI  
*Ph.D., Deputy 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., ad int.*

### Directors

HEIKKI VALVANNE  
*D.Pol.Sc.*

JOUKO J. VOUTILAINEN  
*M.A.*

### Secretaries

PERTTI TAMMIVUORI

K. IGNATIUS

JORMA ARANKO  
*(On leave of absence)*

KALEVI KAILASVUORI

KARI NARS  
*(On leave of absence)*

KARI WALDEN

## Head Office

Helsinki

### Heads of department

C. G. SUNDMAN  
P.-E. ÖSTERLUND  
HELGE LINDSTRÖM  
A. NENONEN

P. BLOMQUIST  
A. KAJANTIE  
K. EIROLA  
EINO SUOMELA

### Chief cashier

STIG TÖRNROTH

### Accountants

P. RÄIKKÖNEN  
LEO LINDSTRÖM  
VÄINÖ HEISKANEN  
E. UOTILA

OLE BÄCKMAN  
PAULI KANERVA  
T. NORKONMAA  
U. KIIPINEN

KALLE KOSKI

### Comptroller

ANTERO MOILANEN

## Institute for Economic Research

### Director

TIMO HELELÄ  
*D.Pol.Sc.*

### Head of department

LAURI KORPELAINEN  
*D.Pol.Sc.*

## Note-Printing Office

Director  
T. RISSANEN

Accounts  
V. ELONEN

Production manager  
F. KORHONEN

## Branches

### Joensuu

Manager:  
V. KAARNAKORPI

Cashier:  
K. KARIH

### Jyväskylä

Manager:  
E. M. TAMMI

Book-keeper:  
HEIKKI HAKOLA

Cashier:  
M. MUHONEN

### Kotka

Manager:  
EDV. HERTTUAINEN

Cashier:  
TAPANI KULANKO

### Kuopio

Manager:  
V. VAINIO

Book-keeper:  
V. THERMAN

Cashier:  
ELSE TUOMINEN

### Lahti

Manager:  
R. KOTKASAARI

Book-keeper:  
KEIJO KALLASMAA

Cashier:  
HILKKA VAARNALA

### Mikkeli

Manager:  
O. KANERVA

Cashier:  
JOUKO JAUHIAINEN

### Oulu

Manager:  
E. VUORELA

Book-keeper:  
KALERVO NÄRHI

Cashier:  
U. HOLM

### Pori

Manager:  
K. PAANANEN

Book-keeper:  
M. KYÖSTILÄ

Cashier:  
KYLLIKKI SANTONEN

R o v a n i e m i  
Manager:  
M. HANNULA

Book-keeper:  
V. LEHTO

Cashier:  
TYYNE HAATAJA

T a m p e r e  
Manager:  
P. O. HÄLLSTEN

Accountant:  
ILMARI HUUPPONEN

Cashier:  
RAILI JOKISALO

T u r k u  
Manager:  
OLAVI VAINIO

Accountant:  
S. PAAVOILA

Cashier:  
INEZ ÅKERBLOM

V a a s a  
Manager:  
O. SUNDSTRÖM

Book-keeper:  
HARRI SALENIUS

Cashier:  
M. SELENIUS

Helsinki 30th December, 1967

## The Board of Management of the Bank of Finland

**KLAUS WARIS**

**REINO ROSSI**

**ESKO K. LEINONEN**

**HEIKKI VALVANNE**

**ad int.**

Helsinki 1968. Government Printing Centre