

BANK OF FINLAND



146th
ANNUAL STATEMENT
1957



PROFIT AND LOSS ACCOUNT, 31st DECEMBER, 1957

EXPENSES

SALARIES	386 480 612
PENSIONS	32 578 825
FAMILY PENSIONS	9 749 030
FEEES AND EXPENSES OF THE BANK SUPERVISORS	1 360 180
FEEES OF THE BRANCH CONTROLLERS	725 600
NATIONAL PENSIONS PREMIUMS AND CHILDREN'S ALLOWANCES	15 967 970
AMOUNTS WRITTEN OFF AND DEPRECIATION	79 801 340
PRINTING OF BANK-NOTES	156 377 650
OTHER EXPENSES	89 851 472
NET PROFIT FOR 1957	2 171 157 024
mk	2 944 049 703

EARNINGS

INTEREST ON HOME CREDITS	1 655 091 170
INTEREST ON CURRENT ACCOUNTS ABROAD	292 535 360
INTEREST ON BONDS	341 762 455
COMMISSION	173 362 665
AGIO	416 860 094
OTHER EARNINGS	64 437 959
mk	2 944 049 703

BALANCE SHEET,

A S S E T S		
ORDINARY NOTE COVER		
GOLD	7 849 885 226	
FOREIGN EXCHANGE	30 578 524 791	
FOREIGN BILLS	136 425 000	
FOREIGN BONDS	2 775 068 150	41 339 903 167
SUPPLEMENTARY NOTE COVER		
INLAND BILLS DISCOUNTED		
IN FOREIGN CURRENCY	13 240 118 441	
IN FINNISH CURRENCY	12 909 340 860	
BILLS REDISCOUNTED	24 911 485 161	
TREASURY BOND LOAN	13 750 000 000	64 810 944 462
OTHER ASSETS		
FINNISH BONDS	1 258 438 307	
CHEQUE ACCOUNTS	619 148 381	
FINNISH COIN	299 288 481	
OTHER CLAIMS	17 609 538 645	19 786 413 814
		mk 125 937 261 443

STATEMENT OF NOTE

RIGHT OF NOTE ISSUE	
ORDINARY NOTE COVER	41 339 903 167
SUPPLEMENTARY NOTE COVER (UPPER LIMIT 58 000 MILL.)	58 000 000 000
mk 99 339 903 167	

31st DECEMBER, 1957

LIABILITIES		
NOTES IN CIRCULATION		60 640 288 905
SHORT-TERM LIABILITIES		
FOREIGN EXCHANGE ACCOUNTS	4 568 336 796	
MARK ACCOUNTS OF HOLDERS ABROAD	7 900 655 132	
CHEQUE ACCOUNT OF THE TREASURY	5 144 917 449	
CHEQUE ACCOUNTS OF BANKS	2 405 319 142	
OTHER CHEQUE ACCOUNTS	189 136 143	
OTHER SHORT-TERM LIABILITIES	371 985 630	20 580 350 292
LONG-TERM LIABILITIES		
FOREIGN	12 283 965 040	
FINNISH	3 965 460 517	16 249 425 557
EQUALIZATION ACCOUNTS		14 458 106 591
THE BANK'S OWN FUNDS		
CAPITAL	10 000 000 000	
RESERVE FUND	1 837 933 074	
NET PROFIT FOR 1957	2 171 157 024	14 009 090 098
	mk	125 937 261 443

ISSUE, 31st DECEMBER, 1957

USE OF THE RIGHT OF NOTE ISSUE	
NOTES IN CIRCULATION	60 640 288 905
SHORT-TERM LIABILITIES	20 580 350 292
UNDRAWN ON CHEQUE CREDITS	624 251 619
UNUSED RIGHT OF NOTE ISSUE	17 495 012 351
	mk 99 339 903 167

Developments in 1957

The most noticeable changes in the balance sheet of the Bank of Finland were caused by the devaluation effected on September 16. First and foremost, its impact is visible in the holdings of foreign exchange whose increase by 9 018 million marks is almost entirely due to the rise in the rates of exchange. In terms of Finnish marks the Bank's indebtedness on the foreign exchange accounts remained despite of devaluation approximately the same as a year ago, which indicates a decrease in this indebtedness in terms of foreign currency. The value of gold and foreign bonds has been kept unaltered in the books. Of the value of the primary note cover, the portion of gold and dollars comprised 62 per cent whereas at the end of 1956 the corresponding percentage was 59.

Mainly as a result of the rise in the advance payments for exports, the »Other Assets» in the balance sheet grew by 7 250 million marks which figure also includes the increase caused by devaluation in the book values.

The abovementioned factors and the fall by 5 405 million marks in the funds on the Treasury's cheque account brought about in the money market a relaxation which in accordance with the objectives of the Bank of Finland was used by the commercial banks for reducing their indebtedness. The rediscounts declined by 8 753 million marks and, since the commercial banks, besides, increased by 1 238 million marks their holdings on cheque accounts, their net indebtedness to the Bank of Finland shrank by nearly 10 000 million marks.

In the last months of 1957 the Export Levy, which had been enacted in order to limit the inflationary effects of devaluation, brought to the Bank of Finland holdings amounting to 3 251 million marks, which amount thus softened the impact of the increase in the exchange reserves on the supply of money. Of these holdings an amount of 2 500 million marks was utilised for the redemption of the Treasury Bond Loan. An amount of 1 250 million marks of budget returns was used for the same purpose.

The total of the inland bills discounted by the Bank in Finnish currency fell by 2 013 million marks, while the advances granted on cheque accounts decreased

by 243 million marks, and the value of bonds in the Bank's portfolio declined by 536 million marks. This contraction of credit reflects the fact that after the devaluation the clients, chiefly export companies, to a considerable extent refrained from making use of the credit facilities available to them. On the other hand, the rise by 3 874 million marks in the inland bills discounted in foreign currency is due to an increase in the book value of the credits granted from the loans contracted with the International Bank for Reconstruction and Development over previous years. The change in this item is offset by the increase in long-term foreign liabilities. The abolishment of the system of deposits against import licences caused a reduction in the long-term Finnish liabilities.

In the past year the total amount of the notes in circulation showed a clearly falling tendency. Towards the end of the year, however, there was an exceptionally strong seasonal rise which brought this total to 60 640 million marks or only 95 million marks less than one year earlier.

The rise in book values caused by devaluation has not affected the profit and loss account. The earnings have slightly declined owing to the decrease in interest receipts. On the other hand, the cash reserve system was not applied in the past year any more and so did not cause interest expenses as it had done in 1956. The profit for the year amounted to 2 171 million marks while the corresponding figure one year earlier had been 2 052 million.

In accordance with the Regulations of the Bank, half the profit or 1 086 million marks will be allocated to the reserve fund. The Diet will decide on the use of the other half of the profit.

MONTHLY MOVEMENT

ASSETS

thousand million marks

Date	Ordinary Note Cover				Supplementary Note Cover				Other Assets				Total of Balance Sheet
	Gold	Foreign Exchange	Foreign Bills	Foreign Bonds	Inland Bills Discounted in Foreign Currency	Inland Bills Discounted in Finnish Currency	Bills Rediscounted	Treasury Bond Loan	Finnish Bonds	Cheque Accounts	Finnish Coin	Other Claims	
31. 12. 56	7.8	21.6	0.1	2.8	9.3	14.9	33.7	17.5	1.8	0.9	0.3	10.4	121.1
31. 1. 57	7.8	20.8	0.1	2.8	9.4	15.4	23.2	17.5	1.7	0.5	0.4	10.1	109.7
28. 2. 57	7.8	18.4	0.1	2.8	9.5	15.7	27.0	17.5	1.8	0.6	0.4	10.4	112.0
30. 3. 57	7.8	15.5	0.1	2.8	9.6	17.2	32.3	17.5	1.6	0.6	0.4	10.7	116.1
30. 4. 57	7.8	15.4	0.1	2.8	9.5	17.0	24.5	17.5	1.6	0.6	0.4	11.1	108.3
31. 5. 57	7.8	15.2	0.1	2.8	9.6	17.0	26.7	16.2	1.5	0.5	0.4	11.8	109.6
29. 6. 57	7.8	15.3	0.1	2.8	9.6	17.5	32.6	16.2	1.5	0.7	0.3	13.3	117.7
31. 7. 57	7.8	17.8	0.1	2.8	9.6	17.5	19.8	16.2	1.5	0.4	0.4	13.3	107.2
31. 8. 57	7.8	18.9	0.1	2.8	9.5	17.2	20.9	16.2	1.5	0.7	0.3	12.8	108.7
30. 9. 57	7.8	27.0	0.1	2.8	13.2	16.3	20.5	16.2	1.5	1.2	0.4	16.7	123.7
31.10.57	7.8	30.3	0.1	2.8	13.3	15.1	12.9	16.2	1.5	0.4	0.4	16.2	117.0
30.11.57	7.8	32.0	0.1	2.8	13.4	13.6	17.6	16.2	1.5	0.5	0.4	16.3	122.2
31.12.57	7.8	30.6	0.1	2.8	13.3	12.9	24.9	13.7	1.3	0.6	0.3	17.6	125.9

31. 12. 56	7.8	21.6	0.1	2.8	9.3	14.9	33.7	17.5	1.8	0.9	0.3	10.4	121.1
Change in 1957	—	+9.0	—	—	+4.0	—2.0	—8.8	—3.8	—0.5	—0.3	—	+7.2	+4.8
31.12.57	7.8	30.6	0.1	2.8	13.3	12.9	24.9	13.7	1.3	0.6	0.3	17.6	125.9

of BALANCE SHEET in 1957

LIABILITIES

thousand million marks

Date	Notes in Circulation	Short-term liabilities						Long-term liabilities		Equalization Accounts	Bank's Own Funds		Total Sheet Balance
		Foreign Exchange Accounts	Mark Accounts of Holders abroad	Cheque Account of the Treasury	Cheque Accounts of Banks	Other Cheque Accounts	Other Short-term Liabilities	Foreign	Finnish		Capital Reserve Fund Undisposed Profit	Profit & Loss Account	
31. 12. 56	60.7	4.6	7.0	10.5	1.2	0.4	1.0	8.3	6.4	8.1	10.8	2.1	121.1
31. 1. 57	54.2	4.5	6.9	6.4	0.5	0.3	0.8	8.3	6.5	8.3	12.8	0.2	109.7
28. 2. 57	58.2	4.1	7.2	4.1	0.6	0.2	0.6	8.4	6.4	9.0	12.8	0.4	112.0
30. 3. 57	55.0	3.7	7.1	11.4	—	0.2	0.4	8.6	6.4	9.9	12.8	0.6	116.1
30. 4. 57	55.7	4.8	7.2	5.5	—	0.1	0.6	8.6	2.3	10.0	12.8	0.7	108.3
31. 5. 57	56.3	7.1	7.2	4.2	0.2	0.3	0.5	8.7	2.3	10.2	11.8	0.8	109.6
29. 6. 57	56.2	7.9	7.6	10.5	0.3	0.3	0.4	8.7	2.3	10.8	11.8	0.9	117.7
31. 7. 57	53.5	6.3	7.6	3.8	0.8	0.1	0.4	8.7	2.3	10.8	11.8	1.1	107.2
31. 8. 57	53.7	7.3	7.6	4.2	0.5	0.4	0.3	8.8	2.3	10.6	11.8	1.2	108.7
30. 9. 57	55.8	9.7	7.6	6.4	—	0.1	0.3	12.1	3.3	15.3	11.8	1.3	123.7
31. 10. 57	54.1	6.4	7.7	4.0	0.8	0.1	0.5	12.1	3.3	14.7	11.8	1.5	117.0
30. 11. 57	57.5	6.0	7.2	6.0	0.6	0.1	0.3	12.3	4.3	14.4	11.8	1.7	122.2
31. 12. 57	60.6	4.6	7.9	5.1	2.4	0.2	0.4	12.3	3.9	14.5	11.8	2.2	125.9

31. 12. 56	60.7	4.6	7.0	10.5	1.2	0.4	1.0	8.3	6.4	8.1	10.8	2.1	121.1
Change in 1957	-0.1	—	+0.9	-5.4	+1.2	-0.2	-0.6	+4.0	-2.5	+6.4	+1.0	+0.1	+4.8
31. 12. 57	60.6	4.6	7.9	5.1	2.4	0.2	0.4	12.3	3.9	14.5	11.8	2.2	125.9

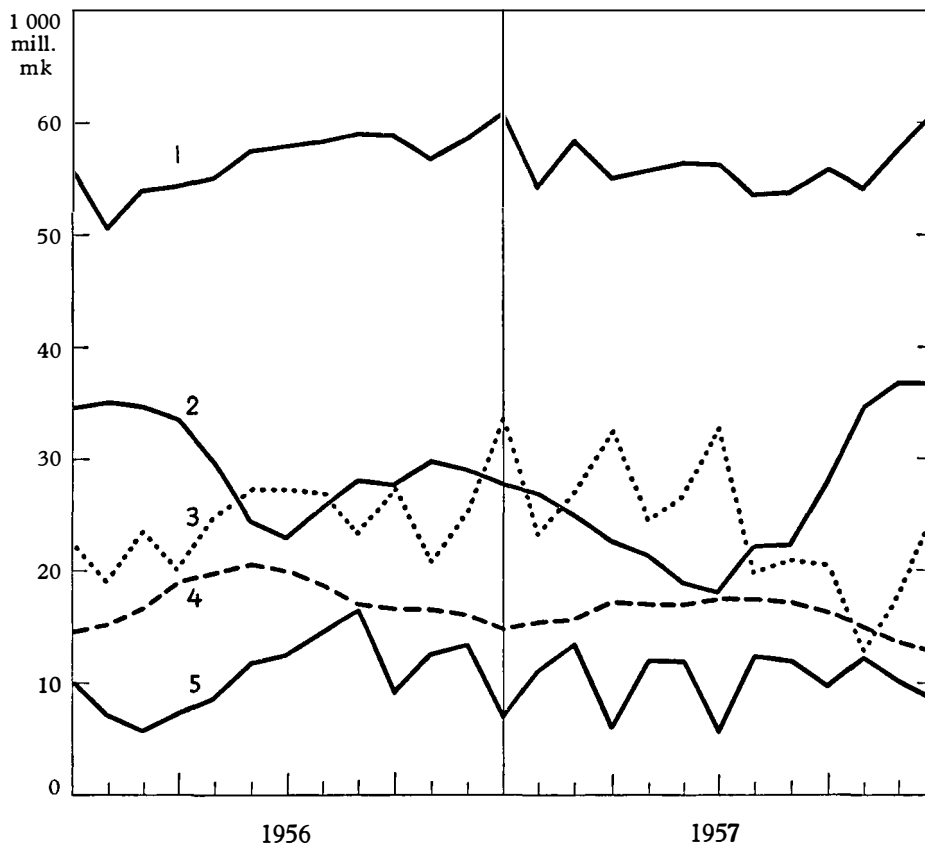
Right of Note Issue in 1957

thousand million marks

Date	Ordinary Note Cover a	Supplementary Note Cover b	Right of Note Issue c = a+b	Notes in Circulation d	Short-term Liabilities e	Undrawn on Cheque Credits f	Unused Right of Note Issue g = c-(d+e+f)
31. 12. 56	32.3	58.0	90.3	60.7	24.8	0.3	4.5
31. 1. 57	31.5	58.0	89.5	54.2	19.4	0.7	15.2
28. 2. 57	29.1	58.0	87.1	58.2	16.8	0.6	11.5
30. 3. 57	26.2	58.0	84.2	54.9	22.8	0.6	5.9
30. 4. 57	26.1	58.0	84.1	55.7	18.2	0.7	9.5
31. 5. 57	25.9	58.0	83.9	56.3	19.5	0.7	7.4
29. 6. 57	26.0	58.0	84.0	56.2	27.0	0.5	0.3
31. 7. 57	28.5	58.0	86.5	53.5	19.0	0.9	13.1
31. 8. 57	29.6	58.0	87.6	53.7	20.3	0.6	13.0
30. 9. 57	37.7	58.0	95.7	55.8	24.1	0.6	15.2
31. 10. 57	41.0	57.5	98.5	54.1	19.5	0.8	24.1
30. 11. 57	42.7	58.0	100.7	57.5	20.1	0.7	22.4
31. 12. 57	41.3	58.0	99.3	60.6	20.6	0.6	17.5

31. 12. 56	32.3	58.0	90.3	60.7	24.8	0.3	4.5
Change in 1957	+9.0	—	+9.0	--0.1	--4.2	+0.3	+13.0
31. 12. 57	41.3	58.0	99.3	60.6	20.6	0.6	17.5

Major Factors Bearing upon the Money Supply in 1956 and 1957



1. Notes in circulation
2. Gold and foreign exchange (foreign exchange, bills and bonds minus foreign exchange accounts; for these items see Balance Sheet)
3. Bills rediscounted
4. Inland bills in Finnish currency
5. Treasury bond loan minus cheque account of the Treasury

Bank Supervisors Elected by the Diet

KUSTI ESKOLA
Deputy, Chairman

VÄINÖ TANNER
ŷ. S. D. h. c., Vice Chairman

ERKKI LEIKOLA
Deputy, Professor

AIMO AALTONEN
Deputy

ONNI PELTONEN
Deputy

ARVO KORSIMO
Party Secretary

J. O. SÖDERHJELM
ŷ. S. D.

YRJÖ MURTO
Deputy

EMIL LUUKKA
Deputy

The Board of Management

KLAUS WARIS
Ph. D., Governor

K. T. JUTILA
Ph. D., Former Professor

ESKO K. LEINONEN
LL. B.

A. SIMONEN
LL. M.

Secretaries

U. A. VATANEN

PERTTI TAMMIVUORI

EERO ASP

AHTI KARJALAINEN

Bank Offices

Head Office in Helsinki (Helsingfors); Branches in Hämeenlinna, Joensuu, Jyväskylä, Kotka, Kuopio, Lahti, Mikkeli, Oulu, Pori, Tampere, Turku (Åbo) and Vaasa (Vasa).

Head Office

Chief Accountant

G. ENGBERG

Chiefs of Department

C. G. SUNDMAN

P.-E. ÖSTERLUND

J. HELANDER

HELGE LINDSTRÖM

P. BLOMQUIST

A. KAJANTIE

EINO JUSSILA

A. NENONEN

Chief Cashier

ARTHUR ASPELUND

Accountants

P. RÄIKKÖNEN

OLAVI VAINIO

K. EIROLA

VÄINÖ HEISKANEN

OLE BÄCKMAN

LEO LINDSTRÖM

E. UOTILA

PAULI KANERVA

T. NORKONMAA

Comptroller

ANTERO MOILANEN

INSTITUTE FOR ECONOMIC RESEARCH

Chief

HEIKKI VALVANNE

D.Pol.Sc.

NOTE-PRINTING OFFICE

Director

T. RISSANEN

Technical Leader

F. KORHONEN

Accounts

V. ELONEN

Branches

Hämeelinnna

Manager:
EDV. HERTTUAINEN

Cashier:
KEIJO KALLASMAA

Jyväskylä

Manager:
O. J. SOMPPI

Book-keeper:
E. VUORELA

Cashier:
M. MUHONEN

Kuopio

Manager:
A. YRJÖLÄ

Book-keeper:
V. THERMAN

Cashier:
ELIN v. WRIGHT

Mikkeli

Manager:
R. KOTKASAARI

Cashier:
JOUKO JAUHIAINEN

Pori

Manager:
K. PAANANEN

Book-keeper:
MARTTI HEISKANEN

Cashier:
LIISA REKOLA

Joensuu

Manager:
V. VAINIO

Cashier:
V. LEHTO

Kotka

Manager:
R. YLÖNEN

Cashier:
V. KAARNAKORPI

Lahti

Manager:
B. FRIETSCH

Book-keeper:
EINO SUOMELA

Cashier:
HILKKA VAARNALA

Oulu

Manager:
OLE LAXÉN

Book-keeper:
KALERVO NÄRHI

Cashier:
U. HOLM

Tampere

Manager:
SAKARI SAHRAKORPI

Accountant:
ILMARI HUUPPONEN

Cashier:
ESTER BACK

Turku (Åbo)
Manager:
NILO KIVIKOSKI

Accountant:
GUNNAR STRÅHLMANN

Cashier:
INEZ ÅKERBLOM

Vaasa (Vasa)
Manager:
P. O. HÄLLSTEN

Book-keeper:
O. KANERVA

Cashier:
MARGIT HUMBLE

Helsinki, 2nd January, 1958.

The Board of Management of the Bank of Finland

KLAUS WARIS

K. T. JUTILA

ESKO K. LEINONEN

A. SIMONEN

G. ENGBERG

Helsinki 1958. Valtioneuvoston kirjapaino