

# BANK OF FINLAND



145th  
ANNUAL STATEMENT  
1956



## PROFIT AND LOSS ACCOUNT, 31st DECEMBER, 1956

### EXPENSES

SALARIES .....	372 445 445
PENSIONS .....	32 659 710
FAMILY PENSIONS .....	9 178 585
FEES AND EXPENSES OF THE BANK SUPERVISORS .....	1 536 815
FEES OF THE BRANCH CONTROLLERS .....	688 600
NATIONAL PENSIONS PREMIUMS AND CHILDREN'S ALLOWANCES .....	16 657 098
INTEREST ON CASH RESERVE ACCOUNTS .....	296 352 707
AMOUNTS WRITTEN OFF AND DEPRECIATION .....	258 885 135
PRINTING OF BANK-NOTES .....	182 048 400
OTHER EXPENSES .....	91 612 620
NET PROFIT FOR 1956 .....	2 052 176 668
	mk 3 314 241 783

### EARNINGS

INTEREST ON HOME CREDITS .....	1 997 317 714
INTEREST ON CURRENT ACCOUNTS ABROAD .....	414 812 856
INTEREST ON BONDS .....	290 903 826
COMMISSION .....	165 478 941
AGIO .....	382 458 086
OTHER EARNINGS .....	63 270 360
	mk 3 314 241 783

## BALANCE SHEET,

A S S E T S		
<b>ORDINARY NOTE COVER</b>		
GOLD .....	7 848 971 137	
FOREIGN EXCHANGE .....	21 560 427 961	
FOREIGN BILLS .....	115 500 000	
FOREIGN BONDS .....	2 775 068 150	32 299 967 248
<b>SUPPLEMENTARY NOTE COVER</b>		
<b>INLAND BILLS DISCOUNTED</b>		
IN FOREIGN CURRENCY .....	9 366 130 021	
IN FINNISH CURRENCY .....	14 921 576 990	
BILLS REDISCOUNTED .....	33 664 731 096	
TREASURY BOND LOAN .....	17 500 000 000	75 452 438 107
<b>OTHER ASSETS</b>		
FINNISH BONDS .....	1 793 744 867	
CHEQUE ACCOUNTS .....	861 908 629	
FINNISH COIN .....	354 471 349	
OTHER CLAIMS .....	10 360 206 116	13 370 330 961
		121 122 736 316
		mk

## STATEMENT OF NOTE

R I G H T O F N O T E I S S U E		
ORDINARY NOTE COVER .....		32 299 967 248
SUPPLEMENTARY NOTE COVER (UPPER LIMIT 58 000 MILL.)		58 000 000 000
		90 299 967 248
		mk

## 31st DECEMBER, 1956

LIABILITIES		
NOTES IN CIRCULATION .....		60 734 811 690
SHORT-TERM LIABILITIES		
FOREIGN EXCHANGE ACCOUNTS .....	4 600 674 585	
MARK ACCOUNTS OF HOLDERS ABROAD .....	7 046 900 201	
CHEQUE ACCOUNT OF THE TREASURY .....	10 550 074 158	
CHEQUE ACCOUNTS OF BANKS .....	1 166 710 078	
OTHER CHEQUE ACCOUNTS .....	367 656 512	
OTHER SHORT-TERM LIABILITIES ....	992 812 394	24 724 827 928
LONG-TERM LIABILITIES		
FOREIGN .....	8 290 440 620	
FINNISH .....	6 434 780 800	14 725 221 420
EQUALIZATION ACCOUNTS .....		8 073 853 870
THE BANK'S OWN FUNDS		
CAPITAL .....	10 000 000 000	
RESERVE FUND .....	811 844 740	
NET PROFIT FOR 1956 .....	2 052 176 668	12 864 021 408
	mk	121 122 736 316

## ISSUE, 31st DECEMBER, 1956

USE OF THE RIGHT OF NOTE ISSUE	
NOTES IN CIRCULATION .....	60 734 811 690
SHORT-TERM LIABILITIES .....	24 724 827 928
UNDRAWN ON CHEQUE CREDITS .....	316 491 371
UNUSED RIGHT OF NOTE ISSUE .....	4 523 836 259
	mk 90 299 967 248

## Developments in 1956

At the beginning of the year under review, the money market was tight. This had been the aim of the monetary policy pursued by the Bank of Finland in 1955. As a result of certain decisions taken last spring, which pressed the level of prices and wages upward, the position became still more strained. In the past year, therefore, the Bank decided to dispense with the methods which earlier had been introduced as transitional measures in order to control the money market.

The cash reserve agreement concluded with the monetary institutions was only renewed until the end of June after which time the Bank began to return the funds deposited with it according to this agreement; the last refunds were made in December. In the course of 1956 the cash reserve accounts had reached a maximum of 7 062 million marks.

From the beginning of June, also the system of deposits against import licences was changed and the deposit time was limited so that the amount of the deposits, which had totalled as much as 9 717 million marks, shrank by the end of the year to 4 125 million which sum now has been booked among the Finnish long-term liabilities.

Funds blocked by the Bank of Finland in the form of cash reserves and deposits against licences were thus released up to an amount of 12 654 million marks in the course of the year. Despite of this the banks, whose borrowings from the public showed a very unsatisfactory tendency, had to make excessive use of credits granted by the Bank of Finland. At the end of the year the rediscounted bills thus totalled 33 665 million marks whereas a year ago the corresponding figure was 22 628 million.

With a view to the stringent position in 1956, the Bank of Finland did not generally consider it possible, as in previous years, to require its private customers to reduce the credits made available to them. It was even considered necessary to increase the credits granted to certain companies operating in the North of Finland. Besides, temporary credit was to some extent given for the financing of exceptionally large stocks of export goods last spring. The amount of the inland bills discounted in

Finnish currency, which a year ago had totalled 14 437 million, was 14 921 million marks at the end of 1956. Credits granted by the International Bank for Reconstruction and Development before the foundation of the Mortgage Bank of Finland Oy were drawn on also in the past year and reloaned against inland bills discounted in foreign currency; the net increase in these bills amounted to 855 million marks.

The fact that the export earnings just failed to reach the level of the preceding year and the strong expansion in imports put a serious strain on the foreign exchange reserves. At the beginning of the year the Bank's short-term holdings of foreign exchange amounted to 28 089 million marks whereas the corresponding figure at the end of 1956 was 21 560 million. This decrease chiefly concerned the holdings of EPU currencies. The gold reserve remained unchanged. As the short-term liabilities on foreign exchange accounts increased by 745 million marks, the decrease in the Bank's short-term net holdings of foreign exchange was 7 274 million marks. This figure does not include the growth of the mark accounts of holders abroad from 3 898 million marks to 7 047 million, which was caused by the fact that also in 1956 agricultural products from the U. S. surplus stocks were purchased with Finnish currency. Additional foreign bonds were bought with an amount equivalent to 515 million marks.

Towards the end of 1956, the increase in the amount of notes in circulation became less rapid. Nevertheless, at the end of the period under review, this amount was 4 852 million marks larger than at the end of the preceding year. The increase was 9 per cent whilst the corresponding figure for 1955 was 17 per cent.

Since December 1, 1954, the lowest rate of discount applied by the Bank of Finland had been 5 per cent and the highest  $7\frac{1}{2}$  per cent. As from April 19, 1956, these limits were raised to  $6\frac{1}{2}$  and 8 per cent respectively. In practice the discount rates have been raised so near the upper limit that they now roughly correspond to the lending rates applied by the commercial banks.

The profit of the Bank was 2 052 million marks which amount by 440 million marks exceeds the corresponding figure for 1955. This growth is foremost due to the increased interest earnings from home credits and, to some extent, also to the increased yield on foreign exchange investments.

In accordance with the Regulations of the Bank, half the profit or 1 026 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. 55	7.8	28.1	0.1	2.3	8.5	14.5	22.6	20.0	1.9	0.5	0.2	9.0	115.5
31. 1. 56	7.8	29.1	0.1	2.5	8.7	15.2	19.1	20.0	1.9	0.4	0.3	9.4	114.5
29. 2. 56	7.8	28.2	0.1	2.5	8.7	16.6	23.6	20.0	1.9	0.4	0.4	9.6	119.8
29. 3. 56	7.8	26.5	0.1	2.5	8.8	19.0	20.1	18.8	1.8	0.3	0.3	10.1	116.1
30. 4. 56	7.8	23.2	0.1	2.5	8.9	19.8	24.8	18.8	1.8	0.5	0.3	10.5	119.0
31. 5. 56	7.8	20.1	0.1	2.5	9.2	20.6	27.2	18.8	2.0	0.6	0.3	11.9	121.1
30. 6. 56	7.8	20.2	0.1	2.5	9.2	20.0	27.2	18.8	2.0	0.5	0.3	14.1	122.7
31. 7. 56	7.8	21.3	0.1	2.5	9.2	18.8	26.9	18.8	2.0	0.6	0.3	13.8	122.1
31. 8. 56	7.8	23.4	0.1	2.5	9.2	17.0	23.5	18.8	2.0	0.6	0.4	13.3	118.6
29. 9. 56	7.8	22.8	0.1	2.5	9.3	16.6	27.2	17.5	2.0	0.7	0.3	13.4	120.2
31. 10. 56	7.8	22.7	0.1	2.9	9.4	16.5	20.9	17.5	2.0	0.6	0.3	11.8	112.5
30. 11. 56	7.8	21.8	0.1	2.9	9.4	16.0	25.2	17.5	2.0	0.5	0.3	11.0	114.5
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. 12. 55	7.8	28.1	0.1	2.3	8.5	14.5	22.6	20.0	1.9	0.5	0.2	9.0	115.5
Change in 1956	—	—6.5	—	+0.5	+0.8	+0.4	+11.1	—2.5	—0.1	+0.4	+0.1	+1.4	+5.6
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

In all balance sheets the changes made May 31, 1956, have been taken into consideration.



# of BALANCE SHEET in 1956

(thousand million marks)

## LIABILITIES

Date	Notes in Circulation	Short-term liabilities						Long-term liabilities		Equalization Accounts	Bank's Own Funds		Total of Balance Sheet
		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 Profit	Profit & Loss Account	
31. 12. 55	55.9	3.9	3.9	9.8	1.7	0.1	0.6	7.7	14.6	5.7	10.0	1.6	115.5
31. 1. 56	50.5	4.5	4.4	12.9	0.5	0.2	0.6	7.9	15.5	5.7	11.6	0.2	114.5
29. 2. 56	53.9	4.0	4.3	14.3	0.7	0.2	0.6	8.0	15.8	6.1	11.6	0.3	119.8
29. 3. 56	54.3	3.3	4.3	11.5	0.1	0.3	0.7	8.1	15.4	6.8	10.8	0.5	116.1
30. 4. 56	55.0	3.9	4.3	10.2	0.5	0.2	1.0	8.1	17.1	7.3	10.8	0.6	119.0
31. 5. 56	57.4	6.0	4.5	7.0	0.7	0.2	1.0	8.2	17.0	7.6	10.8	0.7	121.1
30. 6. 56	57.9	7.5	5.1	6.3	0.5	0.2	0.9	8.3	16.5	7.9	10.8	0.8	122.7
31. 7. 56	58.3	6.1	5.3	4.3	0.8	0.2	0.9	8.4	18.1	7.9	10.8	1.0	122.1
31. 8. 56	58.9	5.7	5.7	2.3	0.7	0.2	0.9	8.1	16.1	8.1	10.8	1.1	118.6
29. 9. 56	58.8	5.5	6.1	8.3	0.8	0.1	0.8	8.2	10.9	8.6	10.8	1.3	120.2
31. 10. 56	56.8	3.8	6.5	4.9	0.4	0.4	0.9	8.2	9.6	8.7	10.8	1.5	112.5
30. 11. 56	58.5	3.7	6.7	4.1	0.5	0.3	1.1	8.2	10.1	8.7	10.8	1.8	114.5
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. 12. 55	55.9	3.9	3.9	9.8	1.7	0.1	0.6	7.7	14.6	5.7	10.0	1.6	115.5
Change in 1956	+4.8	+0.7	+3.1	+0.7	-0.5	+0.3	+0.4	+0.6	-8.2	+2.4	+0.8	+0.5	+5.6
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

## Right of Note Issue in 1956

(thousand million marks)

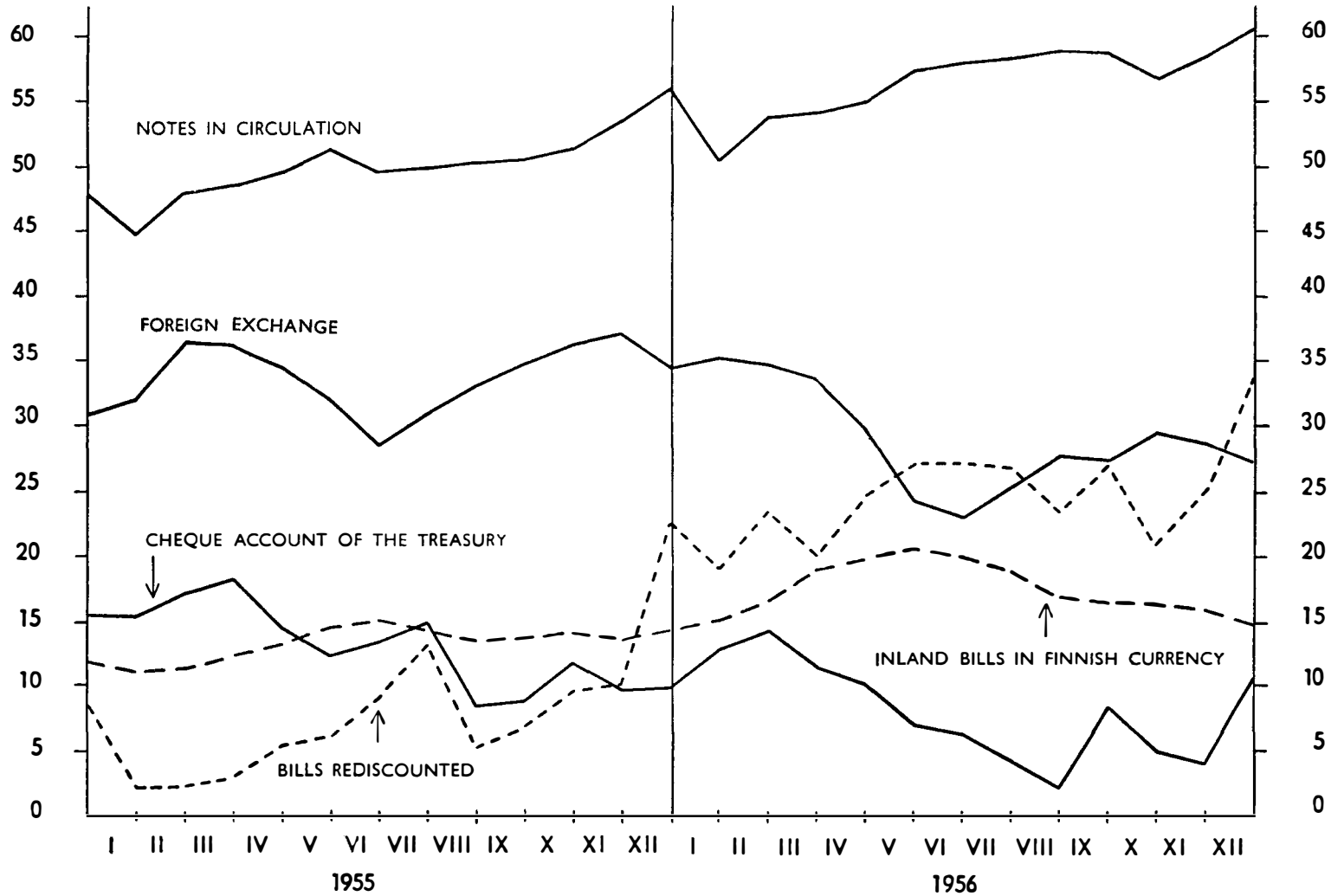
Date	Ordinary Note Cover a	Supplementary Note Cover b	Right of Note Issue c = a+b	Notes in Circulation d	Short-term Liabilities e	Undrawn on Cheque Credits f	Unused Right of Note Issue g = c-(d+e+f)
31. 12. 55	38.3	58.0	96.3	55.9	20.0	0.5	19.9
31. 1. 56	39.5	58.0	97.5	50.5	23.1	0.6	23.3
29. 2. 56	38.6	58.0	96.6	53.9	24.1	0.6	18.0
29. 3. 56	36.9	58.0	94.9	54.3	20.2	0.8	19.6
30. 4. 56	33.6	58.0	91.6	55.0	20.1	0.5	16.0
31. 5. 56	30.5	58.0	88.5	57.4	19.4	0.5	11.2
30. 6. 56	30.6	58.0	88.6	57.9	20.5	0.6	9.6
31. 7. 56	31.7	58.0	89.7	58.3	17.6	0.6	13.2
31. 8. 56	33.8	58.0	91.8	58.9	15.5	0.6	16.8
29. 9. 56	33.2	58.0	91.2	58.8	21.6	0.5	10.3
31. 10. 56	33.5	58.0	91.5	56.8	16.9	0.6	17.2
30. 11. 56	32.6	58.0	90.6	58.5	16.4	0.6	15.1
31. 12. 56	32.3	58.0	90.3	60.7	24.8	0.3	4.5

31. 12. 55	38.3	58.0	96.3	55.9	20.0	0.5	19.9
<b>Change in 1956</b>	-6.0	—	-6.0	+4.8	+4.8	-0.2	-15.4
31. 12. 56	32.3	58.0	90.3	60.7	24.8	0.3	4.5

The changes made May 31, 1956, have been taken into consideration in all the figures above.

THOUSAND MILLION MARKS

THOUSAND MILLION MARKS



## Bank Supervisors Elected by the Diet

ESKOLA, KUSTAA OSKARI  
*Deputy, Chairman*

LEIKOLA, ERKKI ENSIO  
*Professor, Deputy*

PELTONEN, ONNI EVERT  
*Deputy*

SÖDERHJELM, JOHAN OTTO  
*D. C. L.*

TANNER, VÄINÖ ALFRED  
*D. C. L. h. c., Vice Chairman*

AALTONEN, AIMO ANSELM  
*Deputy*

KORSIMO, ARVO ILMARI  
*Party Secretary*

MURTO, YRJÖ ALEKSANTERI  
*Deputy*

LUUKKA, EEMIL VIKTOR  
*Deputy*

## The Board of Management

V. FIEANDT, BERNDT RAINER  
*Envoy Extraordinary and Minister  
Plenipotentiary, Governor*

WARIS, KLAUS HENRIK  
*Ph. D., Former Professor,  
Deputy Governor*

LEINONEN, ESKO KULLERVO  
*B. C. L.*

JUTILA, KALLE TEODOR  
*Ph. D., Former Professor*

SUNDMAN, CARL GUSTAV  
*Chief of Department, Member ad int.*

### Secretaries

VATANEN, UUNO ARMAS

ASP, EERO RAFAEL

TAMMIVUORI, PERTTI JUHANI

KARJALAINEN, AHTI KALLE SAMULI

# 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

ENGBERG, KARL GUNNAR

Chiefs of Department

SUNDMAN, CARL GUSTAV

BLOMQUIST, PAUL MIKAEL

ÖSTERLUND, PAUL-ERIK LUDVIG

KAJANTIE, ARVO OLAVI

HELANDER, JOSEF JOHANNES

JUSSILA, JUHO EINO

LINDSTRÖM, HELGE EUGEN

NENONEN, AARRE VILHO

Chief Cashier

ASPELUND, BROR KARL ARTHUR

Accountants

RÄIKKÖNEN, PAULI

BÄCKMAN, OLE RUNAR

VAINIO, EERO OLAVI

LINDSTRÖM, LEO WALDEMAR

EIROLA, KAINO PELLERVO

UOTILA, ERKKI VILHELM

HEISKANEN, VÄINÖ TAAVETTI

KANERVA, PAULI OSSIAN

Comptroller

MOILANEN, ARVO ANTERO

INSTITUTE FOR ECONOMIC RESEARCH

Chief

ROSSI, TARU REINO KAI

*Ph. D.*

Chief of Department

VALVANNE, HEIKKI ILMARI

*D.Pol.Sc.*

NOTE-PRINTING OFFICE

Director

KYRÖHONKA, EERO PAAVO

Technical Leader

KORHONEN, FRANZ

Accounts

ELONEN, VILHO JALMARI

## Branches

### Hämeenlinna

Manager:  
HERTTUAINEN, EDVARD WILHELM

Cashier:  
KALLASMAA, KEIJO VALTER

### Jyväskylä

Manager:  
SOMPPI, OIVA JALMARI

Book-keeper:  
VUORELA, KAARLO ERKKI

Cashier:  
MUHONEN, MAIRE INKERI

### Kuopio

Manager:  
YRJÖLÄ, AARNE ADOLF

Book-keeper  
THERMAN, VÄINÖ JOSUA

Cashier:  
VON WRIGHT, ELIN HANNA MARIA

### Mikkeli

Manager:  
PAANANEN, KALEVA JOHANNES

Cashier:  
JAUHIAINEN, JOUKO JUHANI

### Pori

Manager:  
LAXÉN, JARL OLOF GUIDO

Book-keeper:  
HEISKANEN, VELI MARTTI JUHANI

Cashier:  
REKOLA, AINO ELIISABET

### Joensuu

Manager:  
VAINIO, URHO VEIKKO

Cashier:  
RITANORO, SULO KAUKO

### Kotka

Manager:  
YLÖNEN, ELIS ALBERT RAFAEL

Cashier:  
KAARNAKORPI, VIILJO RUDOLF

### Lahti

Manager:  
FRIETSCH, BRUNO ENGELBRECHT

Book-keeper:  
KOTKASAARI, RURIK HUGO ALFONS

Cashier:  
VAARNALA, HILKKA TELLERVO

### Oulu

Manager:  
MYRÉEN, GUNNAR ÅKE

Book-keeper:  
NÄRHI, ONNI KALERVO

Cashier:  
HOLM, ULLA MAJLIS

### Tampere

Manager:  
SAHRAKORPI, SAKARI VOLDEMAR

Accountant:  
HUUPPONEN, ILMARI EEMELI JOHANNES

Cashier:  
BACK, ESTER SOFIA

**Turku (Åbo)**  
**Manager:**  
**KIVIKOSKI, NILO NIKOLAI**

**Accountant:**  
**STRÄHLMANN, KARL GUNNAR**

**Cashier:**  
**ÅKERBLOM, INEZ PAULINE**

**Vaasa (Vasa)**  
**Manager:**  
**HÄLLSTEN, PÄR-OSKAR**

**Book-keeper:**  
**KANERVA, OSSI ONNI**

**Cashier:**  
**HUMBLE, MARGIT EMILIA HENRIETTE**

Helsinki, 2nd January, 1957.

## The Board of Management of the Bank of Finland

**R. v. FIEANDT**

**KLAUS WARIS**

**K. T. JUTILA**

**ESKO K. LEINONEN**

**C. G. SUNDMAN**  
**ad int.**

**G. ENGBERG**

Helsinki 1957. Valtioneuvoston kirjapaino