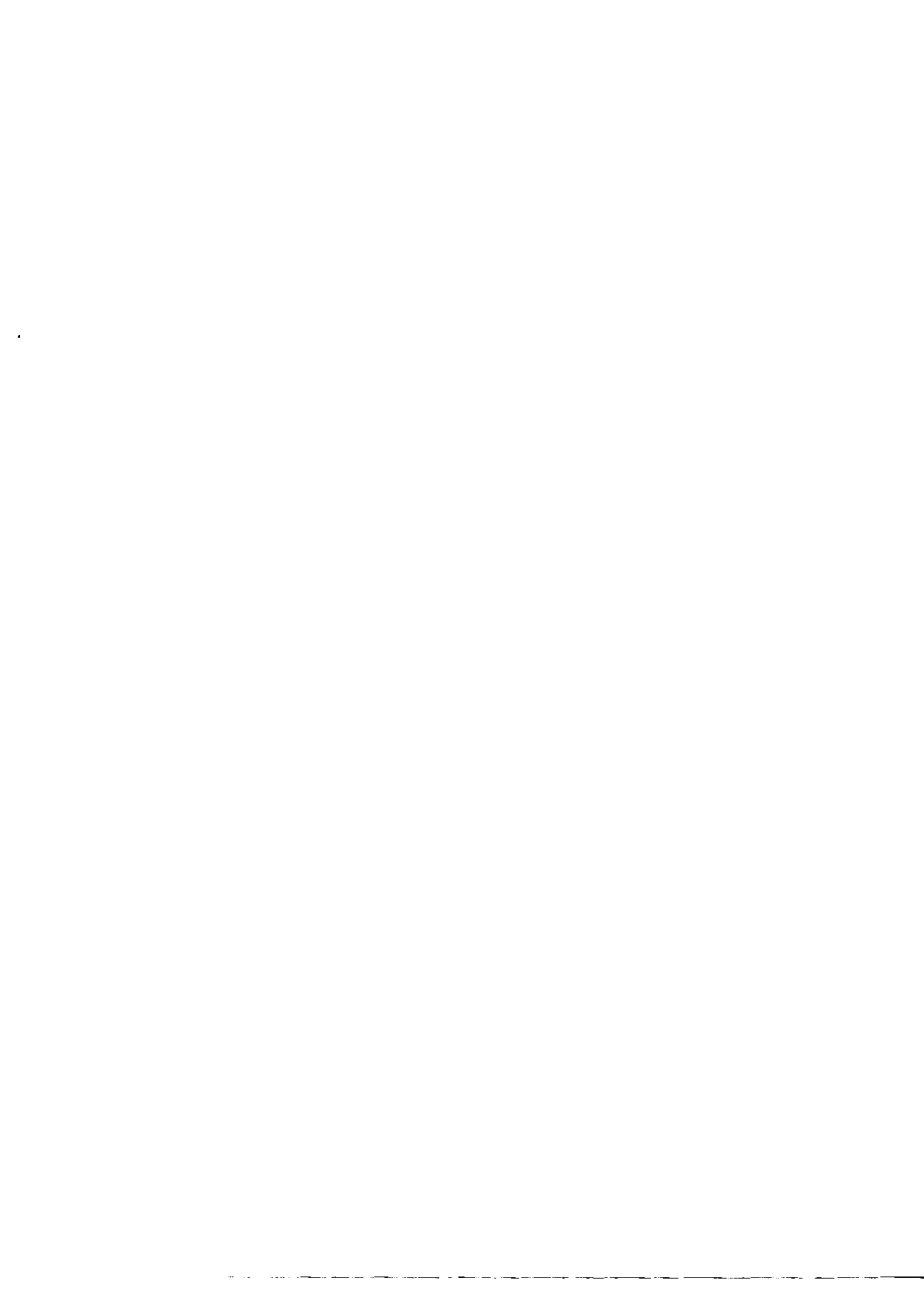


# BANK OF FINLAND



144th  
ANNUAL STATEMENT  
1955



## PROFIT AND LOSS ACCOUNT, 31st DECEMBER, 1955

### EXPENSES

SALARIES .....	296 338 001
PENSIONS .....	22 979 620
FAMILY PENSIONS .....	7 221 880
FEEs AND EXPENSES OF THE BANK SUPERVISORS .....	1 274 050
FEEs OF THE BRANCH CONTROLLERS .....	683 100
NATIONAL PENSIONS PREMIUMS AND CHILDREN'S ALLOWANCES .....	15 494 738
INTEREST ON CASH RESERVE ACCOUNTS .....	165 500 277
AMOUNTS WRITTEN OFF AND DEPRECIATION] .....	114 982 398
MANUFACTURE OF BANK NOTES .....	141 265 600
OTHER EXPENSES .....	77 446 034
NET PROFIT FOR 1955 .....	1 611 844 740
	mk 2 455 030 438

### EARNINGS

INTEREST ON HOME CREDITS .....	1 179 629 505
INTEREST ON CURRENT ACCOUNTS ABROAD .....	251 025 377
INTEREST ON BONDS .....	331 688 086
COMMISSION .....	186 330 675
AGIO PROFIT .....	442 616 597
OTHER EARNINGS .....	63 740 198
	mk 2 455 030 438

## BALANCE SHEET,

ASSETS		
<b>ORDINARY NOTE COVER</b>		
GOLD .....	7 848 971 137	
FOREIGN EXCHANGE .....	28 088 796 935	
FOREIGN BILLS .....	115 500 000	
FOREIGN BONDS .....	2 260 399 790	38 313 667 862
<b>SUPPLEMENTARY NOTE COVER</b>		
<b>INLAND BILLS DISCOUNTED</b>		
IN FOREIGN CURRENCY .....	8 510 816 945	
IN FINNISH CURRENCY .....	14 437 257 735	
BILLS REDISCOUNTED .....	22 627 789 697	
TREASURY BOND LOAN .....	20 000 000 000	65 575 864 377
<b>OTHER ASSETS</b>		
FINNISH BONDS .....	1 915 322 176	
CHEQUE ACCOUNTS .....	490 340 114	
FINNISH COIN .....	195 423 745	
OTHER CLAIMS .....	9 015 869 532	11 616 955 567
		mk 115 506 487 806

## STATEMENT OF

RIGHT OF NOTE ISSUE		
ORDINARY NOTE COVER .....		38 313 667 862
SUPPLEMENTARY NOTE COVER (UPPER LIMIT 58 000 MILL.)		58 000 000 000
		mk 96 313 667 862

# 31st DECEMBER, 1955

LIABILITIES		
NOTES IN CIRCULATION .....		55 882 762 935
SHORT-TERM LIABILITIES		
FOREIGN EXCHANGE ACCOUNTS .....	3 855 305 877	
MARK ACCOUNTS OF HOLDERS ABROAD .....	3 897 875 210	
CHEQUE ACCOUNT OF THE TREASURY .....	9 815 890 976	
CHEQUE ACCOUNTS OF BANKS .....	8 383 651 775	
OTHER CHEQUE ACCOUNTS .....	6 732 523 845	
OTHER SHORT-TERM LIABILITIES ....	624 234 229	33 309 481 912
LONG-TERM LIABILITIES		
FOREIGN .....	7 719 163 417	
FINNISH .....	1 293 600 000	9 012 763 417
EQUALIZATION ACCOUNTS .....		5 689 634 802
THE BANK'S OWN FUNDS		
CAPITAL .....	10 000 000 000	
NET PROFIT FOR 1955 .....	1 611 844 740	11 611 844 740
	mk	115 506 487 806

## NOTE ISSUE

USE OF THE RIGHT OF NOTE ISSUE	
NOTES IN CIRCULATION .....	55 882 762 935
SHORT-TERM LIABILITIES .....	33 309 481 912
UNDRAWN ON CHEQUE CREDITS .....	494 059 886
UNUSED RIGHT OF NOTE ISSUE .....	6 627 363 129
	mk   96 313 667 862

## Development in 1955

The pages of this report present the Balance Sheet of the Bank in the new form introduced earlier last year. When in the following the development during last year is examined, the comparison is based on the figures derived from the Balance Sheet for 1954 in accordance with the present disposition.

With a view to the boom which prevailed during the whole of 1955, the Bank has aimed at keeping the money market tight. For this purpose the Bank concluded with the different groups of monetary institutions an agreement according to which, as from February 1, 1955, a portion of the monthly increase in the deposits of the public was placed on special cash reserve accounts with the Bank of Finland. At the end of 1955, the total of the balances on these cash reserve accounts amounted to 6 677 million marks, which sum in the Balance Sheet is included in the *cheque accounts of the banks*. Since the beginning of July, the import licences have been granted on the understanding that the importer deposits 10 per cent of the amount of the licence on an account with the Bank of Finland. At the end of 1955, the deposits thus obtained totalled 6 578 million marks booked in the Balance Sheet to *other cheque accounts*. These measures were intended to force the monetary institutions to restrict the expansion of their lending correspondingly. This target was reached only in part. Although the development of the State economy caused a relaxation on the money market — the balance on the *cheque account of the Treasury* decreased from 15 470 million to 9 816 million marks during last year — rediscounts were appreciable in the course of the year and, at the end of it, the *rediscounted bills* totalled no less than 22 628 million marks. So far as possible, the Bank of Finland has tried to narrow the credit limits of its own clients. Nevertheless, the total of the *inland bills in Finnish currency* discounted within these limits grew by 2 497 million marks to 14 437 million.

By a decree passed December 23, the ceiling of the supplementary note cover was lifted to the amount of 58 000 million marks until the end of 1956. As the volume of lending had expanded and since the inland bills in foreign currency have been transferred from the foreign bills to the inland discount credit, at the end of last year the total of credits acceptable as supplementary note cover exceeded even the new upper limit by 7 576 million marks.

The total of the *notes in circulation* increased steadily and amounted at the end of last year to 55 883 million marks, which sum by approximately 17 per cent

exceeds the corresponding figure for the previous year. At the end of 1955, the *unused right of note issue* amounted to 6 627 million marks.

As the combined influence of the other factors affecting the money market has tended to increase the supply of money, the Bank has had to refrain from increasing the *foreign exchange reserve*. In the course of last year, the items which form the ordinary note cover grew only by 769 million marks. The composition of these items has changed in so far that, to some extent, foreign exchange has been used for purchases of gold and bonds. However, the Bank has reinforced its foreign payments position by diminishing by 3 162 million marks the *short-term liabilities on foreign exchange accounts*. The increase by 1 212 million marks in the *long-term foreign liabilities* indicates the disbursement of loans granted by International Bank for Reconstruction and Development. The withdrawals have been lent to Finnish companies against *bills in foreign currency*, the amount of which has increased by 1 774 million marks. The relative difference is caused by the fact that the Bank has in advance repurchased certain amortizations of its dollar loans due within the next few years. For foreign loans to be contracted in the future, the Bank has founded a mortgage credit bank called Mortgage Bank of Finland Oy.

In 1955 the official discount rates of the Bank of Finland remained unchanged. However, within the range of the discount rate determined by the Bank Supervisors at the end of 1954, the rates applied have been raised so as to vary from 6  $\frac{3}{4}$  to 7  $\frac{1}{2}$  per cent and thus to conform better with the market rates for bank advances.

The *profit* of the Bank amounts to 1 612 million marks against 1 521 million for 1954. Among the earnings in the statement of profit and loss account, especially the interest received from the home credits granted by the Bank has grown. Owing to the fact that the level of interest rates was raised in a number of countries, also the earnings from foreign exchange holdings have increased whereas provisions and agio profits have slightly diminished. Among the expenses, the interest paid on the cash reserve accounts deserves attention.

By a law passed November 18, two amendments were made in the Regulations of the Bank. In § 4, the *capital* was increased to 10 000 million marks and, in § 30, the amount, prior to the reaching of which at least half the annual profit shall be used to increase the reserve fund, was raised to 20 000 million marks. The capital was increased by transferring to it the entire reserve fund, which amounted to 4 479 million marks and, besides, 521 million marks from the equalization accounts. Half the net profit for 1955, i. e. 806 million marks, will be allocated to the *reserve fund*. Out of the other half of the profit, 800 million marks, which sum appears in the Budget for 1956, will be placed at the disposal of the Treasury. The Diet will decide on the disposal of the balance of 6 million marks; such a surplus has regularly been allocated to the reserve fund of the Bank.

# 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. 54	6.9	29.6	0.1	0.9	6.7	12.0	8.5	20.0	2.3	—	0.2	9.0	96.2
31. 1. 55	6.9	30.2	0.1	0.9	6.9	11.1	2.3	20.0	2.2	0.2	0.3	9.0	90.1
28. 2. 55	6.9	34.6	0.1	0.9	6.8	11.4	2.4	20.0	2.2	0.1	0.3	7.9	93.6
31. 3. 55	6.9	34.0	0.1	0.9	6.8	12.4	3.1	20.0	2.2	0.3	0.3	8.6	95.6
30. 4. 55	6.9	31.9	0.1	2.4	7.1	13.3	5.4	20.0	2.1	0.4	0.3	9.0	98.9
31. 5. 55	6.9	29.1	0.1	2.4	7.3	14.6	6.1	20.0	2.1	0.4	0.3	10.6	99.9
30. 6. 55	6.9	26.7	0.1	2.4	7.5	15.1	9.0	20.0	2.1	0.2	0.3	11.3	101.6
30. 7. 55	6.9	27.7	0.1	2.4	7.9	14.4	13.2	20.0	2.1	0.3	0.3	10.7	106.0
31. 8. 55	6.9	29.2	0.1	2.4	8.0	13.5	5.3	20.0	2.1	0.1	0.3	10.3	98.2
30. 9. 55	7.1	30.6	0.1	2.4	8.3	13.8	6.7	20.0	2.0	0.4	0.3	10.8	102.5
31. 10. 55	7.3	31.3	0.1	2.4	8.4	14.3	9.5	20.0	2.0	0.3	0.3	10.8	106.7
30. 11. 55	7.9	31.0	0.1	2.4	8.5	13.6	10.0	20.0	2.0	0.3	0.2	10.6	106.6
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. 12. 54	6.9	29.6	0.1	0.9	6.7	12.0	8.5	20.0	2.3	—	0.2	9.0	96.2
Change in 1955	+0.9	-1.5	—	+1.4	+1.8	+2.5	+14.1	—	-0.4	+0.5	—	—	+19.3
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

The Balance Sheets have been drawn up in accordance with the renewed form of the Bank's Statement introduced August 31st, 1955.



# of BALANCE SHEET in 1955

(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. 54	47.9	7.0	3.6	15.5	2.2	0.1	0.7	6.5	—	2.5	8.7	1.5	96.2
31. 1. 55	44.8	6.4	2.8	15.4	1.4	0.0	0.3	6.6	—	2.0	10.3	0.1	90.1
28. 2. 55	48.2	6.1	2.8	17.2	0.6	0.0	0.4	6.5	—	2.1	9.5	0.2	93.6
31. 3. 55	48.7	5.9	2.8	18.3	0.9	0.0	0.1	6.5	—	2.5	9.5	0.4	95.6
30. 4. 55	49.7	7.0	2.9	14.5	3.3	0.0	0.1	6.8	1.3	3.3	9.5	0.5	98.9
31. 5. 55	51.4	6.8	3.1	12.4	3.2	0.0	0.3	6.9	1.3	4.4	9.5	0.6	99.9
30. 6. 55	49.6	7.9	3.1	13.4	3.8	0.0	0.2	7.0	1.3	5.1	9.5	0.7	101.6
30. 7. 55	49.9	6.3	3.1	15.0	4.9	0.9	1.4	7.5	1.3	5.4	9.5	0.8	106.0
31. 8. 55	50.4	5.8	3.2	8.4	3.9	2.0	1.6	7.1	1.3	4.1	9.5	0.9	98.2
30. 9. 55	50.6	5.5	3.4	8.8	6.4	3.3	1.2	7.4	1.3	4.1	9.5	1.0	102.5
31. 10. 55	51.4	5.0	3.7	11.8	6.5	4.2	0.9	7.5	1.3	3.8	9.5	1.1	106.7
30. 11. 55	53.5	4.2	4.0	9.6	6.9	5.3	0.7	7.6	1.3	2.2	10.0	1.3	106.6
31. 12. 55	55.9	3.9	3.9	9.8	8.4	6.7	0.6	7.7	1.3	5.7	10.0	1.6	115.5

31. 12. 54	47.9	7.0	3.6	15.5	2.2	0.1	0.7	6.5	—	2.5	8.7	1.5	96.2
Change in 1955	+8.0	—3.1	+0.3	—5.7	+6.2	+6.6	—0.1	+1.2	+1.3	+3.2	+1.3	+0.1	+19.3
31. 12. 55	55.9	3.9	3.9	9.8	8.4	6.7	0.6	7.7	1.3	5.7	10.0	1.6	115.5

## Right of Note Issue in 1955

(thousand million marks)

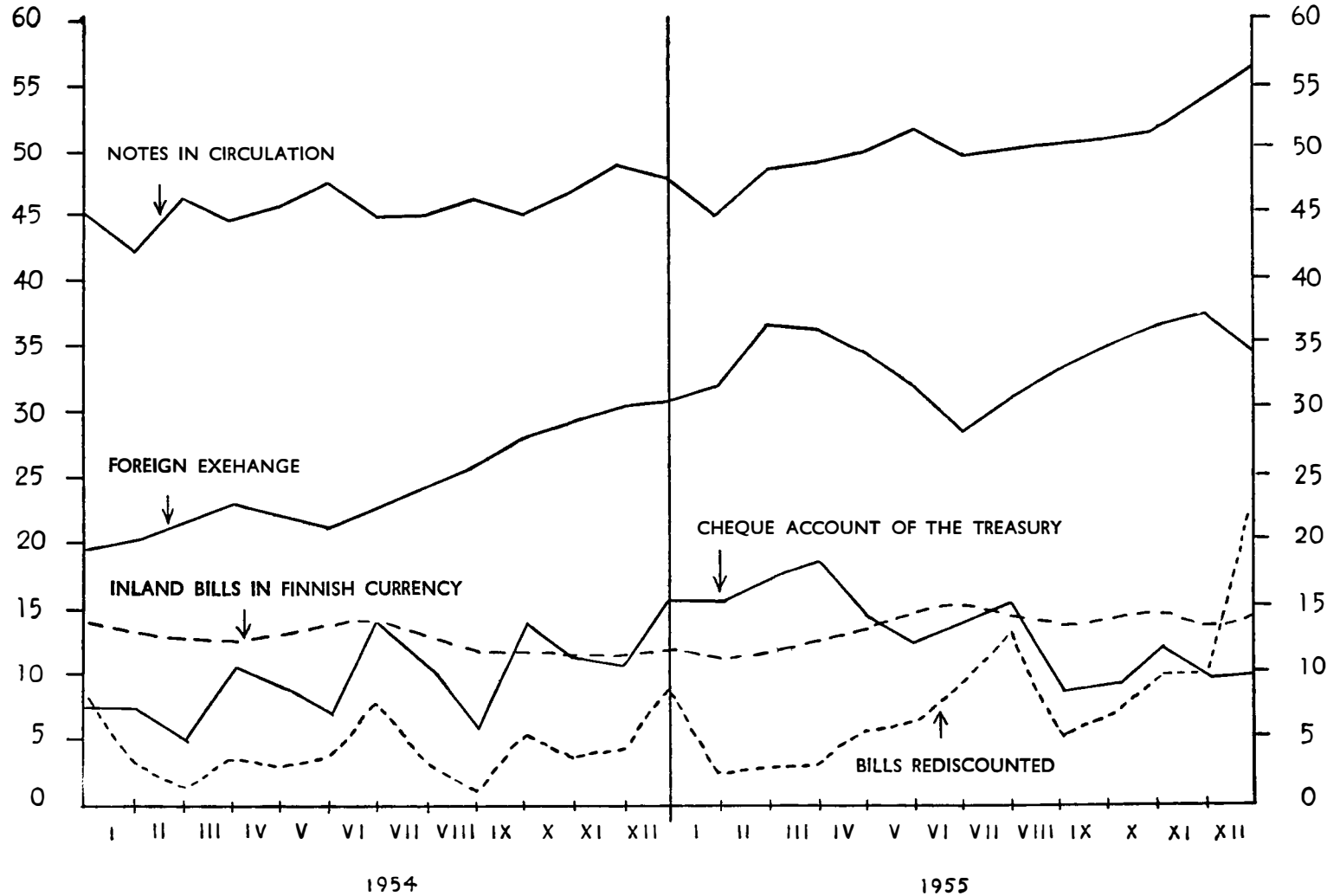
Date	Ordinary Note Cover	Supplementary Note Cover	Right of Note Issue	Notes in Circulation	Short-term Liabilities	Undrawn on Cheque Credits	Unused Right of Note Issue
	a	b	c = a+b	d	e	f	c-d-e-f
31. 12. 54	37.5	47.2	84.7	47.9	29.1	1.0	6.7
31. 1. 55	38.1	40.3	78.4	44.8	26.3	0.9	6.4
28. 2. 55	42.5	40.5	83.0	48.2	27.1	0.8	6.9
31. 3. 55	41.9	42.3	84.2	48.7	28.0	0.7	6.8
30. 4. 55	41.3	45.8	87.1	49.7	27.8	0.6	9.0
31. 5. 55	38.5	48.0	86.5	51.4	25.8	0.6	8.7
30. 6. 55	36.1	50.0	86.1	49.6	28.4	0.8	7.3
30. 7. 55	37.1	50.0	87.1	49.9	31.6	0.7	4.9
31. 8. 55	38.6	46.8	85.4	50.4	24.9	0.9	9.2
30. 9. 55	40.2	48.8	89.0	50.6	28.6	0.6	9.2
31. 10. 55	41.1	50.0	91.1	51.4	32.1	0.7	6.9
30. 11. 55	41.4	50.0	91.4	53.5	30.7	0.7	6.5
31. 12. 55	38.3	58.0	96.3	55.9	33.3	0.5	6.6

31. 12. 54	37.5	47.2	84.7	47.9	29.1	1.0	6.7
Change in 1955	+0.8	+10.8	+11.6	+8.0	+4.2	-0.5	-0.1
31. 12. 55	38.3	58.0	96.3	55.9	33.3	0.5	6.6

The right of note issue has been reckoned basing on the renewed form of the Bank's Statement introduced August 31st, 1955.

THOUSAND MILLION MARKS

THOUSAND MILLION MARKS



## Bank Supervisors Elected by the Diet

ESKOLA, KUSTAA OSKARI,  
*Deputy, Chairman*

LEIKOLA, ERKKI,  
*Professor, Deputy*

PELTONEN, ONNI EVERT,  
*Minister of Social Affairs*

SÖDERHJELM, JOHAN OTTO,  
*D. C. L.*

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

AALTONEN, AIMO ANSELM,  
*Deputy*

KORSIMO, ARVO,  
*Party Secretary*

MURTO, YRJÖ ALEKSANTERI,  
*Deputy*

LUUKKA, EEMIL,  
*Deputy*

## The Board of Management

VON FIEANDT, BERNDT RAINER,  
*Envoy Extraordinary and Minister  
Plenipotentiary, Governor*

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

KEKKONEN, URHO KALEVA,  
*D. C. L., Prime Minister,  
On Leave of Absence*

LEINONEN, ESKO KULLERVO,  
*Secretary General, Member ad int.*

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

TERVO, PENNA,  
*Minister of Finance,  
On Leave of Absence*

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

Secretary General

LEINONEN, ESKO KULLERVO

Secretaries

VATANEN, UUNO ARMAS

TAMMIVUORI, PERTTI JUHANI

ASP, EERO RAFAEL

# 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

Vacant. *Ad int.* ROSSI, TARU REINO KAI,

*Chief of Department*

Chief of Department:

ROSSI, TARU REINO KAI,

*Ph. D.*

## NOTE-PRINTING OFFICE

Director

KYRÖHONKA, EERO PAAVO

Technical Leader

KORHONEN, FRANZ

Accounts

ELONEN, VILHO JALMARI

## Branches

### Hämeenlinna

Chief:  
HERTTUAINEN, EDVARD WILHELM

Cashier:  
KALLASMAA, KEIJO WALTER

### Jyväskylä

Chief:  
SOMPPI, OIVA JALMARI

Book-keeper:  
VAINIO, URHO VEIKKO

Cashier:  
MUHONEN, MAIRE INKERI

### Kuopio

Chief:  
YRJÖLÄ, AARNE ADOLF

Cashier:  
THERMAN, VÄINÖ JOSUA

### Mikkeli

Chief:  
Vacant. *Ad int.* KAARNAKORPI, VILJO RUDOLF  
*Cashier*

Cashier:  
KAARNAKORPI, VILJO RUDOLF

### Pori

Chief:  
LAXEN, JARL OLOF GUIDO

Book-keeper:  
KANERVA, OSSI ONNI

Cashier:  
REKOLA, AINO ELISABET

### Joensuu

Chief:  
YLÖNEN, ELIS ALBERT RAFAEL

Cashier:  
RITANORO, SULO KAUKO

### Kotka

Chief:  
Vacant. *Ad int.*  
HEISKANEN, VELI MARTTI JUHANI

#### *Cashier*

Cashier:  
HEISKANEN, VELI MARTTI JUHANI

### Lahti

Chief:  
FRIETSCH, BRUNO ENGELBRECHT

Book-keeper:  
VUORELA, KAARLO ERKKI

Cashier:  
VAARNALA, HILKKA TELLERVO

### Oulu

Chief:  
MYREEN, GUNNAR ÅKE

Book-keeper:  
NÄRHI, ONNI KALERVO

Cashier:  
HOLM, ULLA MAJLIS

### Tampere

Chief:  
SAHRAKORPI, SAKARI VOLDEMAR

Accountant:  
PAANANEN, KALEVA JOHANNES

Cashier:  
BACK, ESTER SOFIA

**Turku (Åbo)**

**Chief:**

**KIVIKOSKI, NILO NIKOLAI**

**Accountant:**

**STRÄHLMANN, KARL GUNNAR**

**Cashier:**

**KOPPE, INEZ PAULINE**

**Vaasa (Vasa)**

**Chief:**

**HÄLLSTEN, PÄR-OSKAR**

**Book-keeper:**

**KOTKASAARI, RURIK HUGO ALFONS**

**Cashier:**

**HUMBLE, MARGIT EMILIA HENRIETTE**

Helsinki, 2nd January, 1956.

## 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.**

**ad int.**

**G. ENGBERG**

Helsinki 1956. Valtioneuvoston kirjapaino