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6(1929)



# NATIONAL ECONOMIC BANK

(BANK GOSPODARSTWA KRAJOWEGO)

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## REPORT OF DIRECTORS

FOR THE FINANCIAL YEAR 1929

VIth YEAR

WARSAW — 1930





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(BANK GOSPODARSTWA KRAJOWEGO)

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VIth YEAR

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REPORT OF DIRECTORS

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# NATIONAL ECONOMIC BANK

## HEAD OFFICE:

KRÓLEWSKA No. 5, WARSAW (POLAND)

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## BRANCHES:

- |                    |                 |
|--------------------|-----------------|
| 1. BIAŁA (Bielsko) | 11. ŁÓDŹ        |
| 2. BIAŁYSTOK       | 12. ŁUCK        |
| 3. BYDGOSZCZ       | 13. POZNAŃ      |
| 4. DROHOBYCZ       | 14. PRZEMYŚL *) |
| 5. GDYNIA          | 15. RADOM       |
| 6. KATOWICE        | 16. RÓWNE       |
| 7. KOŁOMYJA        | 17. STANISŁAWÓW |
| 8. KRAKÓW          | 18. TARNÓW      |
| 9. LUBLIN          | 19. WILNO       |
| 10. LWÓW           | 20. WŁOCŁAWEK   |
- 

\*) In liquidation since September, 1929.

# ADMINISTRATIVE COUNCIL OF THE NATIONAL ECONOMIC BANK

PRESIDENT OF THE COUNCIL:

Roman GÓRECKI, D. C. L.

VICE-PRESIDENT OF THE COUNCIL:

Feliks MACISZEWSKI, D. C. L.

MEMBERS OF THE COUNCIL:

Leon BARAŃSKI, D. C. L.

Director of the Monetary Department  
of the Ministry of Finance

Józef KOŻUCHOWSKI

Vice-Minister of Industry and Commerce

Jerzy DRECKI, Eng.

Director of the Labour Department of the  
Ministry of Labour and National Welfare

Antoni OLSZEWSKI, Eng.

Former Minister of Industry and Commerce

Kazimierz DUCH, D. C. L. \*)

Director of the Local Government  
Department of the Ministry of Interior

Stanisław ROŚCISZEWSKI

Director of the Presidential Department  
of the Ministry of Agriculture

Kazimierz GÓRSKI, Eng.

Vice-Minister of Public Works

Stefan STARZYŃSKI

Vice-Minister of Finance

Jan STRZELECKI \*\*)

Director of the Local Government  
Department of the Ministry of Interior

GOVERNMENT-COMMISSIONER:

Witold BRONIEWSKI

DEPUTY GOVERNMENT-COMMISSIONERS:

Stefan RYBAŁTOWSKI

Witold PAWŁOWICZ

---

\*) Member of the Council from October 25th, 1929, till March 31st, 1930.

\*\*\*) Member of the Council till October 25th, 1929.



# BOARD OF DIRECTORS

CHAIRMAN:

Roman GÓRECKI, D. C. L.

ACTING MANAGING DIRECTOR:

V A C A T

DEPUTY MANAGING DIRECTORS:

Wacław KONDRSKI

Feliks MERUNOWICZ, D. C. L.

DIRECTORS:

Leon BARYSZ, D. C. L.

Adam PAWLIKOWSKI, D. C. L.

Władysław BIZAŃSKI

Mieczysław SZENK, D. C. L.

Walenty MILER

Jan Edward ŻYTKIEWICZ\*)

\*) Retired on December 31st, 1929.

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## I.

### GENERAL ECONOMIC POSITION IN 1929.

In 1929 Poland entered the second decade of its restored political independence. The first ten years of independent existence was a period of concentrated efforts towards national reconstruction and economic development. The results obtained were favourable. The devastations caused by the war were effaced; internal production was restored to its former level, in some cases even surpassing it, while a series of new industries were brought into being; the State budget was stabilised and the currency re-established; a series of important public investments were completed; many important reforms were effected in the domain of industrial accident prevention; several important social reforms were put in hand; a Polish port was created, together with a Polish mercantile marine. In this manner, during this ten year period, the various dissimilar organisms resulting from the former partition of Poland between Russia, Germany and Austria were welded into a definite economic unity — the Polish State.

The economic achievements of this period are the more valuable, as they were obtained under much more difficult conditions than was the case in the other post-war countries. The difficulties were the more serious, as they did not only result from the differentiation of political, economic and social conditions, but first of all from the fact that the economic re-building of Poland was completed practically exclusively from the internal resources of the population. The net results of this work of the Polish community, free from outside interference, were fully evidenced by the Polish National Exhibition held at Poznań last year, which in a great measure gave a stimulus to the feeling of optimism and confidence in the favourable political and economic future of the nation.

Of the victories attained during the course of the first decade of the political restoration of Poland, those which were the result of most effort and strain, were the balancing of the State budget and the stabilization of the currency. The permanence of those two feats has not only now become an accomplished fact, thanks to the settling of the political conditions of the country during the last few years, but the absolute necessity for their maintainance has been realised by the nation as being a basic economic canon, independent of fluctuations in the general economic position.

The year 1929 fully demonstrated the inviolability of these two fundamental economic principles.

This year was the fourth in which there had been a complete budget equilibrium. During the first quarter of 1929, which was the last quarter of the 1928/29 financial year, the Treasury expenditure amounted to 696.7 mill. zl. and the revenue to 784.3 mill. zl., giving a surplus of 87.6 mill. zl., while the corresponding figures for the first quarter of 1928 were: 749.2 mill. zl.,



800.1 mill. zl. and 50.9 mill. zl. respectively. On the other hand, in the April—December period of 1929; i. e. the first three quarters of the financial year, expenditure amounted to 2,225.4 mill. zl., revenue to 2,261.8 mill. zl. and the surplus of revenue over expenditure to 36.4 mill. zl.; while in the corresponding period of 1928 the figures were: 2,111.8 mill. zl., 2,235.9 mill. zl., and 124.1 mill. zl. respectively. It will be seen from the above that the revenue for 1929/30 does not show the upward tendency of the previous years and that with the rise in expenditure there has been a simultaneous decrease in the surplus. This is due to the general economic position of the country, in view of which the Government has tried, as far as possible, to alleviate the rigours of taxation even at the expense of certain sources of revenue. An indication of this is the fact that the taxation of bank deposits has been abolished; the 10% supplement to the tax on capital and interest removed; a series of export articles freed from turnover tax; premiums introduced to aid the export of grain and numerous other minor alleviations.

The position of the Polish currency, fixed on the basis of the stabilization scheme of 1927, was entirely satisfactory. The zloty quotations fluctuated within narrow limits, not being, however, at any time below the minimum gold value. The highest quotation for bills on New York on the Warsaw Exchange was 8.91, the lowest—8.87. Thanks to this, the Bank of Poland was able to show during the whole of the year a satisfactory reserve of bullion and foreign bills. It is true that, mainly because of the deficit in the foreign trade balance, which was manifest during the first six months of 1929, the precious metal and foreign bill reserves of the Bank of Poland dropped from 1,335.5 mill. zl. on December 31st, 1928, to 1,147.9 mill. zl. on June 30th, 1929. The situation was, however, amended during the second half of the year, as simultaneously with the favourable foreign trade balance, the reserve commenced to increase, attaining the relatively high level of 1,226 mill. zl. on December 31st. Despite the considerable tension in the credit activities of the issuing institutions, as compared with the previous year, resulting from the difficult economic position coupled with the necessity of increasing the note issue, the Bank of Poland was, nevertheless, able to maintain the cover throughout nearly the whole of the time at a level of over 60%. The total note and bullion circulation was augmented, by reason of an increase in the circulation of the banknotes, from 1,539 mill. zl. on December 31st, 1928, to 1,600 mill. zl. on December 31st, 1929 (the maximum figure so far attained having been 1,662 mill. zl. on October 31st, 1929).

Thanks to an equipoised State budget and an established currency, phenomena which have now become the basic constituents of Polish national economy, the general economic crisis, which became apparent in 1928 and lasted during the whole of 1929, assumed an entirely different character to the crisis which occurred in the calamitous period of 1925/26, when the State Budget showed a deficit and the zloty was fluctuating heavily. The putting into good order of the budget and the currency in the years 1926/27 and 1927/28, permitted the economic life to take fuller advantage of the generally favourable conditions then obtaining.

Thanks to this, the national economy of Poland entered into the period of general depression, which commenced in the second half of 1928, already consolidated and considerably strengthened for the struggle against the adverse effects of the crisis.

The reason for the weakening of the economic position of Poland must be sought for in the past years. Thanks to the fortuitous conditions both at home and abroad, production in Poland made good progress during 1926—1928. The development of home consumption did not, however, keep pace during this period with the expansion of production and, as a result of the disproportion thus obtaining, the phenomena usually associated with such conditions soon



became manifest; i. e. production for stock, sales of goods on credit with ever lengthening terms of payment, etc. At the same time, owing to difficulties hampering the development of Polish export trade, resulting from unfavourable marketing conditions for certain Polish products, it was not possible to dispose of the surplus in this manner.

The effect of those occurrences was that the production commenced to shrink at the beginning of 1929 and to adjust itself to the real purchasing capacity of the nation.

The above mentioned changes, which occurred in 1929, were first of all reflected in the general situation of the money market, the position revealing signs of great tension. Production, which had been increasing for the past few years, absorbed the lion's share of the liquid funds available for investment purposes at home, being, to a great extent, frozen in this manner. As a natural result, efforts were made to substitute ready money by credit, granted on ever lengthening terms, progressively with the growth of the disproportion between production and consumption. The adverse effect of this freezing up of the available home funds was fully evidenced in 1929. There were great difficulties in obtaining credit; the private discount rate remained on a high level and the liquidation of outstanding liabilities was accompanied by great difficulties. Factors further aggravating the situation, were the severe winter and the retardation of the harvest. After May, however, a slight easing occurred on the money market, resulting from the adoption of severe restrictions in the granting of credit. The consequent amelioration in the quality of bills brought with it an increase in the cash reserves. This partial easing was maintained till about October. However, during the last months of 1929, mainly owing to the deterioration in the financial standing of the farmers, the wave of strong credit tension returned.

The difficulties encountered on the credit market did not affect the position of the Polish banking institutions. This was due to the fact that the deposits with the banks and savings institutions continued to grow throughout the economic crisis, as a result of both the increased savings and the accumulation of cash reserves. The deposits on December 31st, 1929, amounted to 2,636,900,000 zł., as against 2,437,600,000 zł. on December 31st, 1928. Thanks to this the banks were able to develop their credit operations, as is shown by the total of short term credits granted by them, which amounted to 3,007,400,000 zł., on December 31st, 1929, as against 2,709,600,000 zł. on December 31st, 1928. As a result of a cautious credit policy, the banks maintained their strong position. The savings banks and the credit co-operative societies also developed favourably, savings deposits rising from 645 mill. zł. at the close of 1928 to 845 mill. zł. on the 31st December, 1929.

On the other hand, the development of long term issue credits, in which the National Economic Bank is most interested, was unfavourable, owing to the stringency prevailing on the money market. As a result of the unsatisfactory international conditions governing the issue of loans at fixed rates of interest, the influx of foreign capital into Poland in the form of long term loans practically ceased. In consequence the credit societies and banks were only able to issue mortgage loans amounting to 241 mill. zł. during 1929, as against 358 mill. zł. in 1928.

An indication of the difficulties ruling on the money market was first of all a reduction of turnover of the stock exchanges and a drop in security quotations. The quotation index of industrial shares fell from 99.6 in December, 1928 to 65.3 in the corresponding month of 1929, while the Warsaw index of State loans dropped during the same period from 104.5 to 82.2 and that of mortgage bonds from 86.4 to 84.6.

The economic difficulties of Poland were to a great extent aggravated by the crisis prevailing in agriculture, this being the result of the influence of the international situation and, first of



all, of the conditions obtaining on the European corn markets. The agricultural crisis in Poland was undoubtedly of a more pronounced character than elsewhere, mainly owing to the general lack of capital, and particularly to the fact that the working capital which the farmers had managed to accumulate during the years 1926/27 and 1927/28, which seasons were favourable for agriculture, had all been expended for the payment of outstanding liabilities and for the increased costs of both consumption and production, which latter was reflected in the expanded demands for agricultural machinery, artificial fertilizers, etc. Thus, the farmers entered the period of crisis, which began in the middle of 1928, without any cash reserves. Under these conditions they suffered severely from the reduction of corn prices, which took away any possibility of obtaining normal supplies of ready money after the realisation of the crops.

The Polish corn crop in 1929, was on the whole, favourable, the provisional estimates being as follows (in quintals): wheat, 17,900,000; rye, 70,100,000, barley, 16,600,000; and oats, 29,500,000. The respective figures for the previous year were: 16,100,000, 61,100,000, 15,300,000 and 24,900,000. However, the existence of large stocks left over from the previous year, mainly of rye, which was subjected to particularly unfavourable conditions on the international markets, was the main reason why the depression on the Polish corn market was more accentuated than in other countries, and why the realisation of the crops was accompanied by serious difficulties. Under these circumstances, even the increase in exports, which were freed of all restrictions and duties, though attaining larger figures than in 1928, was insufficient to improve the position (the export of corn in 1929 amounted to 484,225 tons, as compared with 128,140 tons in 1928).

The losses which had been incurred on the production of cereals were only to a small extent compensated by the improved trend of live stock production, which, despite the losses resulting from the unusually severe winter, found itself, after the spring of 1929, in a more favourable condition, owing to improved sales conditions coupled with a good crop of fodder. The export of cattle increased several fold, reaching 29,400 head, valued at 16 mill. zl. in 1929, as against 3,300 head, valued at 3.6 mill. zl. in 1928. The export of hogs, though smaller in number, was carried on under more favourable conditions in 1929 than in 1928 owing to the more remunerative prices obtaining on the market, the export being 960,000 head, valued at 185 mill. zl., as against 1,279,000 head, valued at 208 mill. zl. in 1928. There also was an increase in the exports of bacon and butter and other animal products, the first named attaining 12,000 tons, valued at 46 mill. zl. and the second 15,000 tons, valued at 88 mill. zl., as compared with 700 tons, valued at 2 mill. zl. and 11,000 tons, valued at 66 mill. zl., respectively, in 1928. Despite the slight decline, the exports of eggs were maintained on the high level of 53,000 tons, valued at 143 mill. zl. in 1929, as compared with 55,000 tons, valued at 145 mill. zl. in 1928.

The crisis which dominated agricultural production induced the Government to issue a series of regulations with a view to alleviating the difficult position of the farmers. Amongst others should be mentioned the abrogation of export duties and prohibitions, the simultaneous introduction of imports duties on corn and, lastly, the introduction of export premiums, the object of which was not only to raise the prices, but also to rationalise the export of corn by centralising the entire trade in the hands of the Union of Corn Exporters of the Republic of Poland. Among other steps that were taken with a view to improving the position of the farmers, should be mentioned the credit assistance arranged by the Bank of Poland and the State banks, including the National Economic Bank, in the form of loans secured on the registered stocks of corn. In addition to this a series of tax alleviations were introduced: the turnover tax on the export



of rye and on certain other products was abolished; the previously granted agricultural credits were prolonged, etc.

The unfavourable position of the farmers had a repercussion on industry in general, as production had to be curtailed, following the reduced agrarian purchasing capacity. Apart from this, the almost complete cessation of building activity, coupled with the restricted investments of the Government, of local authorities and of social institutions, tended to expedite the deterioration of the position.

In spite of the unfavourable industrial position in Poland, the mining industry, and, above all, the coal mining industry, continued to develop favourably, the year 1929 being a period of definite progress for the European coal industry, shown by the increase of both production and sales as well as the improvement of prices. The progress achieved during the course of the past few years by Polish coal exporters on foreign markets has not been less than that obtained by their greatest competitors, i. e. England and Germany. Owing to the increased home demand and the expansion of exports, the output of Polish coal in 1929 exceeded that for 1913 by over 12%. Despite the unfavourable results obtained in the first quarter of 1929, when, during the very severe winter, adverse weather conditions and difficulties in transport hampered deliveries, the output of coal during the course of the year increased by about 14% to 46,200,000 tons. The home consumption, which has shown a permanent and steady increase since 1926, rose during the year by 3,600,000 tons, or 15%. The export of coal rose to 14,400,000 tons in 1929, as against 13,400,000 tons in 1928.

This considerable increase in sales was accompanied by a recovery of prices both at home and abroad. On the internal market, where the rise was small, the basic cause was an increase in the cost of production varying between 3 and 5%, according to quality. The augmentation in export prices, mainly for shipments effected via Danzig and Gdynia, was more important, the quotations advancing from an average of 12/6 — 12/9 per ton in January, 1928 to 17/3 per ton at the close of 1929. Thanks to the all round favourable conditions obtaining on the markets, the Polish coal mining industry was enabled to greatly strengthen its position and its significance in the general European coal industry, the best indication being the active part of Poland in the opening up of negotiations for an European coal agreement.

The progress achieved in the petroleum industry was on the whole less favourable. The position of the Polish oil industry, as compared with the oil industry of the world, reduced, owing to the fact that while the world's production of crude oil increased by 10%, as compared with the previous year, that of Poland decreased in almost the same proportion. The throughput of the Polish wells declined, from 743,000 tons in 1928 to about 674,000 tons in 1929, owing to the drying up of the existing wells coupled with the lack of fresh drillings of any importance. In consequence of the insufficient supplies of crude oil, the operations of the Polish refineries had to be reduced, preventing them from taking advantage of their full productive capacity, the more as the scarce offerings of crude oil permitted prices to be maintained on a relatively high level (the average price in December, 1929 was \$ 22.3 per ton of Borysław Standard Crude). The organisation of the internal market, thanks to the Syndicate, which was formed in 1927, is still progressing and the home consumption of petroleum products, resulting from the development of the motor trade and the increased demands of industry, rose by 11% to 414,000 tons, with a simultaneous increase of the prices for certain products ranging between 4½% and 15%. As the output of the refineries is limited, in consequence of the shortage of domestic crude oil, the export of petroleum products declined



during the course of 1929 by a further 12,000 tons to 248,000 tons in spite of the more advantageous sales conditions obtaining on foreign markets.

The demand for potassium salts decreased considerably in the second half of last year owing to an all round fall of the corn prices. However, in consequence of the large requirements for artificial fertilizers on the part of the agriculturalists during the spring season, the output of the Tesp Co., which is largely financed by the National Economic Bank, was maintained on the level of the previous year, i. e. at over 340,000 tons. The home production of potassium salts, being, however, insufficient to cover the requirements of agriculture, the imports of this commodity from Germany — mainly high percentage potassium salts — increased in 1929 by 21,000 tons to 112,000 tons.

The general weakening of the economic position and the consequent restriction of capital investment and building in 1929, caused first of all a decline in the production of the iron smelting industry; the progress of which during the past two years had been exclusively due to the increase in the purchasing capacity of the home market since 1926. The falling off in the orders received by the Iron Founders Syndicate in 1929, which decreased by 200,000 tons to 510,000 tons, a drop of 28%, resulted not only in a rise in the stocks at the foundries, but also in a reduction of the output of steel to 1,378,000 tons and of raw products to 961,000 tons, or 4% and 6½%, respectively, as compared with 1928. On the other hand, the output of pig iron increased by 20,000 tons to 705,000 tons. The decline in the home sales was not, however, compensated for by the improvement in exports recorded in the second half of the year, thanks to deliveries to Soviet Russia, as the total increase of exports, as compared with the previous year, was only 70,000 tons. However, in spite of this, Poland maintained the same position in the European iron and steel industry as in 1928, having the ninth place in respect of production of pig iron with 1.4% and the tenth place in steel, with 2.34%.

Thanks to the investments made in former years and the re-building and modernisation of the plants, the position of the zinc smelting industry made a more favourable showing. This industry being mainly concerned with exports, continued to occupy the second place after the United States in the world export of zinc. Despite the deterioration in the prices for zinc in Europe, the Polish foundries increased their exports in 1929 by over 5% to 140,000 tons this being more than 80% of the total Polish zinc production, which also increased during the course of the year by 5% to 170,000 tons. The production of lead amounted, as in the previous year, to over 35,000 tons with an increase of exports from 12,000 tons to 15,000 tons.

The textile industry was, perhaps, the greatest sufferer from the decline of the purchasing capacity of the rural population, passing through extensive sales difficulties in view of the increased production of 1927 and 1928. In addition to this, the position of the industry was affected by the prolonged and severe frosts of the winter of 1928/29, which caused a slowing down in the sales of summer goods, while, on the other hand, the mild winter of 1929/30 caused a decline in the demand for winter goods. By reason of the ever increasing depression existing in almost all textile markets, especially in respect of cotton goods, exports did not compensate for the steady falling off in the home demand. The steady accretion of stocks of unsold goods, combined with a recession of prices and a deterioration of conditions of payment and solvency, compelled the manufacturers to limit production and to adjust output to actual sales possibilities. The special circumstances were an incentive, particularly in the second half of the year, for the restriction of the production of winter goods, mainly by cutting down working hours and abolishing the second and third shifts. In consequence, the index of employed



workmen-hours (1926/27 = 100), which was 134.9 in December, 1927 and 144.6 for the corresponding month in 1928, fell in December, 1929 to 104.7. This reduction caused a decrease of 55 mill. zl. in the import of raw textiles and yarns, mainly of cotton, as compared with 1928. Thanks to the fact that there was a simultaneous increase in the export of woollen yarns and finished goods amounting to over 90 mill. zl., the debit of the textile section of the foreign trade balance diminished from 691 mill. zl. in 1928 to 548 mill. zl. in 1929, a decrease of 143 mill. zl.

The engineering industry suffered from unfavourable sales conditions in many branches; in addition it was also subjected to foreign competition of increasing severity accompanied by credit dumping on a large scale. The depression in agriculture was the main cause of the restriction in the output of agricultural machinery and implements. The slump in the building and investment movement greatly affected the other sections of industry. The electrical industry, which had been progressing from year to year and had been until recently working under favourable conditions, was forced to introduce restrictions of output in the last months of the year under review. Factories producing general industrial and wood working machinery suffered from sales difficulties owing to the strained economic position.

The timber industry, as had been the case in 1928, continued to struggle with sales difficulties on both the home and the foreign markets. The home demand was restricted, mainly owing to the lack of building, while foreign sales were accompanied by keen competition from Soviet Russia. The export of timber to Germany — Poland's chief market — despite the fact that the timber provisional agreement has not yet expired, was also unfavourable, in consequence of the deterioration of the internal economic position of the Reich. As a net result, as compared with 1928, the export of raw timber and wooden wares showed a decrease from 4.9 mill. tons, valued at 590 mill. zl. in 1928 to 3.7 mill. tons, valued at 482 mill. zl. in 1929.

The sugar industry was able to report a large increase of production for the 1928/29 campaign, attaining the high figure of 685,000 tons, domestic sales accounting for 369,000 tons and export, for 284,000 tons. As compared with the preceding campaign, the home consumption increased by 8%, while exports, though at lower prices, increased by over 90%. During the present campaign, the production of sugar attained the record figure of 820,000 tons.

The distilling industry, selling its production to the State Spirit Monopoly, showed a further increase in output from 66.2 mill. litres of 100% spirit for the campaign of 1927/28 to 72.8 mill. litres for 1928/29. There was also a considerable increase in the export of spirit, which exceeded that for the preceding year by about 500%.

The position of the potato by-products industry was unfavourable as compared with 1928 in spite of a reduction in output owing to disadvantageous prices obtaining on both the home and the foreign markets.

The past year was not a good one for the tanning industry as restricted home sales coupled with an international all round recession of prices, bringing in its train a fall of prices on the home market, caused great financial difficulties. An indication of the deterioration of the position in this branch of industry was the drop in the import of raw hides from 22,000 tons in 1928 to 15,000 tons in 1929.

The chemical industry, which has been developing rapidly from year to year, was operating under favourable conditions. Despite a deterioration in the position of the farmers, the artificial fertilizer industry maintained its production on the high level of the previous year,



mainly thanks to the good demand in the spring season. In addition to this, business was satisfactory in the majority of branches of chemical production such as sulphuric acid, coal by-products, fats, soap, pharmaceutical preparations, rubber goods, etc.

Building operations in 1929 did not attain the volume of the previous year, losing in intensity, especially in the second half of the building season. As a direct result of the difficulties ruling the money market, there was a decrease in the erection of both private flats and houses and also of public buildings. The largest activities were in Polish Upper Silesia where, thanks to the foreign loans raised in 1928, the local authorities erected many public edifices and houses for workmen and clerical employees. There was also a considerable amount of building in the first half of the year at Poznań in connection with the opening of the National Exhibition. Under the influence of deteriorating economic conditions, the construction of factories and of industrial dwelling houses was greatly reduced. The credits for the building of apartment houses arranged by the National Economic Bank from Treasury funds and from its own resources were less than during the previous two years and were mainly restricted to the assistance for the completion of unfinished buildings.

The slump in the building trade affected the sales of bricks and the brick kilns were left with large stocks at the end of the season. The position of the lime and cement factories was, however, more favourable, thanks to the finishing of the previous season's work. The demand for sheet glass was small, the makers only selling about 50% of their production.

In connection with the general economic situation, there was a considerable deterioration in the position of trade in the period under review, as compared with 1928; the year being characterised by a considerable reduction in turnover and by the accumulation of large stocks, which brought about a deterioration in conditions of payment and a decrease in the purchasing capacity of the population, simultaneously with a considerable surplus of production. The net result of these phenomena was a reduction of imports and an increase of exports, thanks to which there was a marked improvement in the foreign trade balance in 1929, the deficit for that year being reduced to 300 mill. zl., as against 855 mill. zl. in 1928, while, moreover, there was a credit balance of 134 mill. zl. in the second half of the year. There was a marked increase in the export of foodstuffs, including cereals, thanks to good crops and of sugar and certain animal products; also of metals and metal goods and, finally, of yarns and finished goods. On the other hand, there was a considerable decline in the export of timber and timber articles.

Amongst the imports, as a result of the good harvests of 1928 and 1929, a great decrease was recorded in respect of cereals and flour and also textiles. On the other hand, there was an increase in the imports of chemicals and products, electrical materials and motor cars and vehicles.

The overseas trade of Poland in 1929 was to an increasing extent directed by sea, as was evidenced by the considerable development of the movement of goods through the port of Gdynia. In 1929 the arrivals were 1,541 vessels, aggregating 1,445,000 reg. tons; while in 1928 the arrivals were 1,108 vessels, aggregating 985,000 tons and the departures 1,093 vessels, aggregating 974,000 net reg. tons. The goods turnover at Gdynia rose from 1,957,000 tons in 1928 to 2,822,000 tons for the year under review, an increase of 45%. The construction of the port has been making rapid progress. In 1929 the new Polish-British steamship line was formed, with services from Gdynia to Hull and London.

The state of unemployment for the individual months of 1929 was, on the average greater than in 1928, the total at the end of the year reaching 186,000 as compared with 126,000

at the end of 1928. The greatest increase in the number of unemployed was recorded in respect of unskilled workers owing to the reduction of public works, while the cutting down of building caused an increase in the number of unemployed builders labourers. The general weakening of the economic position brought in its train an increase in the number of unemployed textile and engineering workers. The general state of employment in the manufacturing industry, mining, metal smelting and public works fell from 880,000 at the close of 1928 to 797,000 at the close of 1929. During the period under review the highest number of workers employed was in October, when the figure reached 923,000. In many lines of industry wages were increased in 1929. The average level, however, increased by only a few per cent, as compared with the previous year.

**Bibl. Jag.**

The following table shows the total amount of credits granted by the National Economic Bank on the 31st December, 1929, amounted to 300% of the total at the close of 1928. The figures are given in millions of dollars.

**1. ISSUE CREDITS.**

The credits granted by the National Economic Bank in mortgage loans and debentures showed a steady increase, particularly in the case of mortgage loans, which rose from 100 million dollars in 1928 to 150 million dollars in 1929. The following summary of the state of credit at the close of 1929 is given in the table below.

| Year | Total Credits (Millions of Dollars) |
|------|-------------------------------------|
| 1928 | 100                                 |
| 1929 | 150                                 |

As will be seen from the above table, the total of credits granted by the National Economic Bank on the 31st December, 1929, amounted to 300% of the total at the close of 1928.



## II.

### THE ACTIVITIES OF THE NATIONAL ECONOMIC BANK IN 1929.

The general economic position of Poland in 1929 hampered the development of the activities of the Bank. The capital was slightly increased by an augmentation of the reserves. On the other hand, there was a considerable decrease in general deposits, while the state of Treasury funds was maintained on a level just higher than that of the close of 1928. The total of the Treasury funds and deposits decreased by over 35 mill. zl., during the course of the year, whilst in 1928 it had shown a total increase of 107.7 mill. zl.

Despite the reduction of deposits the Bank not only maintained its active operations on the level of 1928, but even considerably increased them. While at the close of 1928 the total of credits granted by the Bank amounted to 1,331 mill. zl., at the end of 1929 the figure was 1,472 mill. zl., showing an increase of 141 mill. zl., of which 62 mill. zl. were cash credits and 79 mill. zl. issue credits. This growth was mainly due to a considerable influx of short term foreign capital and — as far as issue credits are concerned — thanks to the fact that the sales of bonds of the Bank's own issues were in excess of the new issues during the year under review.

In its credit activities the Bank continued to follow the same principles as in the previous year. Accordingly, the primary consideration was the financing of the collective needs of the country as leading directly to the further development of long term issue credits.

#### I. ISSUE CREDITS.

(IN COMMUNAL, BANK AND BUILDING DEBENTURES AS WELL AS IN MORTGAGE BONDS)

The credits granted by the National Economic Bank in mortgage bonds and debentures showed a steady increase, proportionally higher than that of cash credits, as will be seen from the following comparative summary of the state of cash and issue credits at the close of each of the past five years:

| Y E A R        | Total<br>of credits | Cash<br>credits | In %<br>of the<br>whole | Issue<br>credits | in %<br>of the<br>whole |
|----------------|---------------------|-----------------|-------------------------|------------------|-------------------------|
|                | in mill. zl         |                 |                         | in mill. zl      |                         |
| 1925 . . . . . | 421                 | 256             | 61                      | 165              | 39                      |
| 1926 . . . . . | 628                 | 422             | 67                      | 206              | 33                      |
| 1927 . . . . . | 1,027               | 636             | 62                      | 391              | 38                      |
| 1928 . . . . . | 1,331               | 747             | 56                      | 584              | 44                      |
| 1929 . . . . . | 1,472               | 809             | 55                      | 663              | 45                      |

As will be seen from the above table, the total of credits granted by the National Economic Bank on the 31st December, 1929, amounted to 350% of the total at the close of

1928; during the same time the increase of issue credits amounted to 402% and that of cash credits to 316%.

The absolute, as well as the relative, increase of issue credits for 1929, was considerably smaller than for the previous two years, the reason for this lying in the unfavourable conditions obtaining for the placing of securities on the market, which were worse during the year under review than in 1928, as it will be appreciated that the total of issues had to be adapted to the capacity of the market.

The net sales of the issues of the Bank during the year under review amounted to 126.1 mill. zł. par value and 96.3 mill. zł. at market quotations. This latter total was barely 50% of the value of the issues sold in 1928. The main purchasers of these securities were the Postal Savings Bank, the Insurance Institution of Clerical Employees (Zakłady Ubezpieczeń Pracowników Umysłowych) and other insurance institutions.

The following securities of the National Economic Bank were quoted during the course of the year under review on the Warsaw Stock Exchange: the 7% and 8% mortgage bonds and the 7% and 8% communal debentures. The quotation of the 8% securities was maintained during the whole year at 94%; while the 7% securities, which were introduced at the close of 1928 at 83%, have remained at 83.25% since February, 1929.

The state of the mortgage bonds and debentures in circulation in the particular months of 1929, is shown in the summary on page 21.

Owing to the adverse situation on the money market, the Bank was obliged to restrict the granting of loans in mortgage bonds and debentures. As an immediate effect of this the figure of loans accorded fell to 93,714,700 zł. in gold in the year under review, as against 242,260,276 zł. in gold in 1928. It must be taken into consideration that of the above total of 93,714,700 zł., 61,232,00 zł. was composed of loans for the conversion of cash building credits (in 1928 the total of these loans was 54,115,700 zł.).

Being only able to satisfy long term sinking fund credits to a very meagre extent, the Bank was forced to restrict the granting of credits to the most pressing cases. An indication of the situation is shown by the reduction of communal credits, which not only form one of the main objects of the Bank, but are also one of the most important sections of its activities in respect of the number of loans accorded and paid out during the year under review. In this line, credits were only granted in as far as they were urgently needed, primarily in cases where the requirements were closely connected with the completion of important economic investments, which were already in course of construction.

The decrease in the credit activities of the Bank was also manifest — to a still greater extent — in the land mortgage and municipal credits as well as in the industrial credits. The figures of loans accorded and paid out for the conversion of cash building credits grew considerably, as of the total amount of 40,999,100 zł. paid out by the Bank in conversion loans, over 38,000,000 zł. was given in the year under review. (This is explained by the fact that the conversion loans were only instituted in the middle of 1928).

The total amount of issue loans, paid out during the year under review, was 92,398,430 zł. leaving 54,289,130 zł. after the deduction of conversion loans. Though the previous year showed much higher figures (201.8 mill. zł. and 152.7 mill. zł. after the deduction of certain special loans for towns and conversion loans, respectively), taking, however, into consideration the conditions obtaining for the credit activity of the Bank during the course of the year under review, the results achieved must be considered as advantageous.



The general division of credits in mortgage bonds and debentures paid out to particular categories of debtors during the course of 1924-29, is illustrated in the table on page 22.

The table on page 23 shows the division of loans realised in mortgage bonds and debentures according to palatinates for the year ending 31st December, 1929, as compared with previous years.

#### 1. LOANS AGAINST COMMUNAL DEBENTURES.

During the course of 1929 the Bank lent to local authorities a nominal sum of 45.7 mill. zl. against a second issue of 7% communal debentures and dollar debentures. This sum was less than one third (31.03%) of the loans of this type made in 1928 (145.7 mill. zl.), and amounted to 14.8% of all the loans made to local authorities up to the end of that year (303.9 mill. zl.). This latter figure is obtained after the elimination of the loans granted to the State Treasury from the paid up capital of the National Economic Bank.

From the above it will be seen that the distribution of long term credits to local authorities was restricted, the Bank only granting credits for the completion of investment work already commenced.

Owing to the fact that the credit activities of the Bank were hampered by the general economic conditions obtaining in the country and on the international money markets, the investment work of local authorities had to be restrained. In face of this, the latter were obliged to confine themselves to the completion as far as possible of the work in hand in order to protect it from damage and did not start any fresh work. According to a questionnaire of the Ministry of the Interior made in the first half of 1929, the sum total of credits demanded by local authorities for the completion of all investment work in hand amounted to 120 mill. zl., while the sum necessary for the completion of the most indispensable work amounted to 44 mill. zl.; but even this latter sum was reduced by the Ministry of the Interior to 30 mill. zl.

The entire activity of the Bank in respect of communal credits up to December 31st, 1929 amounted to a total of about half a milliard zloty. In addition to the loan to the State Treasury for the augmentation of the foundation capital of the Bank, the most important loans were given for the following purposes:

|     |           |   |
|-----|-----------|---|
| 90  | mill. zl. | for water supply stations and sewage,   |
| 66  | " "       | " electric power stations and electrification,                                  |
| 50  | " "       | " the conversion of outstanding short term liabilities,                         |
| 46  | " "       | " communications (roads, narrow gauge railways, tramways, bridges and streets), |
| 22  | " "       | " slaughter houses and cold storage,  |
| 14  | " "       | " various undertakings (gas works, bakeries, saw-mills, cement factories, etc., |
| 8   | " "       | " markets and clinker factories,  |
| 10  | " "       | " the construction of ordinary and infant schools,                              |
| 6,5 | " "       | " investment work at Gdynia,  |
| 5   | " "       | " amelioration work.  |



POSITION OF MORTGAGE BOND AND DEBENTURE ISSUES\*)

| D A T E            | Mortgage Bonds   |                   | Communal Debentures |                   |             |            | Bank debentures      | Building debentures | Total       | Issues of the former Polish National Bank | T o t a l      |
|--------------------|------------------|-------------------|---------------------|-------------------|-------------|------------|----------------------|---------------------|-------------|---|----------------|
|                    | 8% former parity | 7% present parity | 8% former parity    | 7% present parity | 8%          | 7%         |                      |                     |             |   |                |
|                    |                  |                   |                     |                   |             |            | i n U. S. A. dollars |                     |             |   |                |
| 31st December 1926 | 12,870,158       | —                 | 46,980,940          | —                 | 108,403,154 | —          | —                    | —                   | 168,254,252 | 37,852,067.53                             | 206,106,319.53 |
| 31st "             | 58,857,712       | 798,000           | 83,765,376          | 106,294,800       | 104,961,600 | —          | 2,565,000            | —                   | 357,242,488 | 34,056,539.72                             | 391,299,027.72 |
| 31st "             | 62,230,804       | 28,795,852        | 81,613,312          | 209,284,800       | 102,635,796 | 41,895,800 | 24,531,900           | 190,800             | 551,179,064 | 32,596,323.44                             | 583,775,387.44 |
| 31st "             | 62,230,804       | 35,294,952        | 81,613,312          | 211,019,800       | 101,472,516 | 42,739,400 | 24,531,900           | 1,226,500           | 560,129,184 | 32,596,323.44                             | 592,725,507.44 |
| 28th February "    | 62,437,204       | 38,579,252        | 81,613,312          | 211,724,800       | 101,472,516 | 46,308,180 | 24,531,900           | 1,272,300           | 567,939,464 | 32,596,323.44                             | 600,535,787.44 |
| 31st March "       | 62,437,204       | 42,678,152        | 81,613,312          | 212,029,800       | 101,468,062 | 46,308,230 | 24,531,900           | 1,473,200           | 572,539,860 | 32,596,323.44                             | 605,136,183.44 |
| 30th April "       | 62,540,404       | 47,121,452        | 80,485,164          | 214,560,262       | 101,182,814 | 46,308,230 | 23,640,356           | 1,714,100           | 577,552,782 | 32,596,323.44                             | 610,149,105.44 |
| 31st May "         | 62,953,204       | 50,788,152        | 80,485,164          | 216,170,262       | 101,182,814 | 46,308,230 | 23,640,356           | 2,359,300           | 583,887,482 | 32,425,411.41                             | 616,312,893.41 |
| 30th June "        | 62,197,780       | 51,010,056        | 80,485,164          | 216,920,262       | 101,182,814 | 46,308,230 | 23,640,356           | 2,299,100           | 584,043,762 | 32,425,411.41                             | 616,469,173.41 |
| 31st July "        | 62,197,780       | 54,046,856        | 80,485,164          | 219,952,262       | 99,970,510  | 46,076,466 | 23,640,356           | 2,459,200           | 588,828,594 | 32,052,898.13                             | 620,881,492.13 |
| 31st August "      | 62,197,780       | 57,515,156        | 80,485,164          | 243,515,262       | 99,970,510  | 46,076,466 | 23,640,356           | 2,723,700           | 616,124,394 | 32,052,898.13                             | 648,177,292.13 |
| 30th September "   | 62,197,780       | 59,072,856        | 80,485,164          | 243,995,262       | 99,970,510  | 46,076,466 | 23,640,356           | 2,758,400           | 618,196,794 | 32,052,898.13                             | 650,249,692.13 |
| 31st October "     | 62,197,780       | 64,363,356        | 79,302,148          | 244,619,334       | 99,667,434  | 45,826,874 | 23,010,894           | 3,415,900           | 622,403,720 | 32,052,898.13                             | 654,456,618.13 |
| 30th November "    | 62,197,780       | 68,144,156        | 79,302,148          | 244,769,334       | 99,667,434  | 45,826,874 | 23,010,894           | 3,696,200           | 626,614,820 | 31,877,242.04                             | 658,492,062.04 |
| 31st December "    | 62,197,780       | 70,497,456        | 79,302,148          | 246,809,334       | 99,667,434  | 45,826,874 | 23,010,894           | 3,857,200           | 631,169,120 | 31,877,242.04                             | 663,046,362.04 |

\*) The first issues of 8 1/2% mortgage bonds and the 8% communal debentures were at the parity of one former zloty to 1.72 present zloty. Communal debentures in dollars are taken at the rate of one dollar to 8.914 present zloty.



## LOANS IN MORTGAGE BONDS AND DEBENTURES

issued by the National Economic Bank up to 31st December, 1929, according to types of loans

(in zloté)

| TYPE OF LOANS                            | 1 9 2 4 |            | 1 9 2 5 |            | 1 9 2 6 |        | 1 9 2 7    |             | 1 9 2 8 |             | 1 9 2 9 |        | T O T A L   |               |      |            |       |      |             |       |
|--|---------|------------|---------|------------|---------|--------|------------|-------------|---------|-------------|---------|--------|-------------|---------------|------|------------|-------|------|-------------|-------|
|  | No.     | amount     | No.     | amount     | No.     | amount | No.        | amount      | No.     | amount      | No.     | amount | No.         | amount        |      |            |       |      |             |       |
| State Treasury*) . . . . .               | 1       | 43,000,000 | —       | —          | —       | —      | 1          | 103,200,000 | 53.1    | —           | —       | —      | —           | 2,146,200,000 | 22.1 |            |       |      |             |       |
| District authorities . . . . .           | —       | —          | 1       | 1,186,800  | 1.3     | 3      | 2,597,200  | 6.7         | 50      | 12,573,640  | 6.4     | 105    | 29,597,050  | 14.7          | 178  | 49,396,690 | 7.5   |      |             |       |
| Municipalities . . . . .                 | —       | —          | 5       | 88,310,596 | 96.5    | 8      | 24,909,100 | 64.7        | 71      | 27,041,840  | 13.9    | 134    | 103,194,950 | 51.1          | 38   | 39,836,930 | 43.1  |      |             |       |
| Rural district authorities . . . . .     | —       | —          | —       | —          | —       | —      | —          | —           | 9       | 407,640     | 0.2     | 13     | 481,000     | 0.2           | 12   | 425,000    | 0.5   |      |             |       |
| Other Public authorities . . . . .       | —       | —          | —       | —          | —       | —      | —          | —           | 4       | 1,214,400   | 0.6     | 11     | 12,446,000  | 6.2           | 1    | 2,000,000  | 2.2   |      |             |       |
| Country estates . . . . .                | —       | —          | 1       | 137,600    | 0.2     | 56     | 5,562,480  | 14.4        | 177     | 25,784,880  | 13.3    | 114    | 19,077,440  | 9.5           | 23   | 4,356,800  | 4.7   |      |             |       |
| Town mortgages . . . . .                 | —       | —          | 45      | 1,827,930  | 2.0     | 73     | 5,468,912  | 14.2        | 221     | 21,691,340  | 11.2    | 279    | 14,864,324  | 7.4           | 989  | 42,337,700 | 46.8  |      |             |       |
| a) Ordinary . . . . .                    | —       | —          | —       | —          | —       | 29     | 4,276,780  | 11.1        | 221     | 21,691,340  | 11.2    | 220    | 11,976,524  | 5.9           | 68   | 4,226,400  | 4.6   |      |             |       |
| b) Converted building loans**) . . . . . | —       | —          | 45      | 1,827,930  | 2.0     | 44     | 1,192,132  | 3.1         | —       | —           | —       | 59     | 2,887,800   | 1.5           | 921  | 38,111,300 | 41.2  |      |             |       |
| Industrial . . . . .                     | —       | —          | —       | —          | —       | —      | —          | —           | 1       | 2,565,000   | 1.3     | 14     | 22,112,800  | 10.9          | —    | —          | —     |      |             |       |
| Total . . . . .                          | 1       | 43,000,000 | 52      | 91,462,926 | 100.0   | 140    | 38,537,692 | 100.0       | 534     | 194,478,740 | 100.0   | 670    | 201,773,564 | 100.0         | 1082 | 92,398,430 | 100.0 | 2479 | 661,651,352 | 100.0 |

\*) Loans for the augmentation of the foundation capital of the National Economic Bank.

\*\*) In 1924 and 1925 conversion of the building loans formerly granted by the N. E. B. from its Town funds.

\*\*) The above sum concerns loans realised by the N. E. B. without amortisation (— 30,482,232) and without the revalourised loans of the former National Economic Bank (+ 31,877,242).

# LOANS IN MORTGAGE BONDS AND DEBENTURES

according to the groups of palatinates

Loans accorded up to the 31st December, 1928 . . . . . 2780 totalling zl 750,180,240  
 " during 1929 . . . . . 1990 " " 93,714,700  
 " up to 31st December, 1929 . . . . . 4770 totalling zl 843,894,940

of which:

cancelled up to 31st December, 1929 . . . . . 618 totalling zl 80,188,888  
 " during 1929 . . . . . 96 " " zl 9,749,060  
 realised up to 31st December, 1929 . . . . . 2479 " " 661,651,352  
 " during 1929 . . . . . 1082 " " zl 92,398,430  
 remaining to be realised in 1930 . . . . . 1673 " " 102,054,700

Division of realised loans in mortgage bonds and debentures:

(in zlote)

| Palatinates        | Up to the 31st December, 1929 |             |          |             |          |             | Up to the 31st Dec. 1928 |            |       | Up to the 31st Dec. 1927 |       |        |             |       |        |
|--------------------|-------------------------------|-------------|----------|-------------|----------|-------------|--------------------------|------------|-------|--------------------------|-------|--------|-------------|-------|--------|
|                    | Total                         |             | Communal |             | Mortgage |             | Industrial               |            | Nc.   | %                        | No.   | amount | %           | No.   | amount |
|                    | No.                           | amount      | No.      | amount      | No.      | amount      | No.                      | amount     |       |                          |       |        |             |       |        |
| Central . . . . .  | 1,497                         | 362,999,436 | 259      | 254,776,336 | 1,226    | 86,840,300  | 12                       | 21,382,800 | 684   | 298,644,236              | 52.4  | 372    | 172,618,276 | 47.0  |        |
| Eastern . . . . .  | 192                           | 289,17,130  | 68       | 17,356,930  | 124      | 11,560,200  | —                        | —          | 156   | 25,518,230               | 4.5   | 76     | 11,447,940  | 3.1   |        |
| Western . . . . .  | 329                           | 68,800,444  | 69       | 47,861,160  | 258      | 20,209,284  | 2                        | 730,000    | 230   | 54,122,294               | 9.5   | 102    | 21,751,840  | 5.9   |        |
| Southern . . . . . | 459                           | 54,734,342  | 88       | 29,669,720  | 370      | 22,499,622  | 1                        | 2,565,000  | 325   | 44,768,162               | 7.9   | 175    | 15,461,302  | 4.2   |        |
| In all . . . . .   | 2,477                         | 515,451,352 | 484      | 349,664,146 | 1,978    | 141,109,406 | 15                       | 24,677,800 | 1,395 | 423,052,922              | 74.3  | 725    | 221,279,358 | 60.2  |        |
| Treasury . . . . . | 2                             | 146,200,000 | 2        | 146,200,000 | —        | —           | —                        | —          | 2     | 146,200,000              | 25.7  | 2      | 146,200,000 | 39.8  |        |
| Total . . . . .    | 2,479                         | 661,651,352 | 486      | 495,864,146 | 1,978    | 141,109,406 | 15                       | 24,677,800 | 1,397 | 569,252,922              | 100.0 | 727    | 367,479,358 | 100.0 |        |

Of the total of loans realised up to 31st December, 1929 . . . . . zl 661,651,352  
 have been amortised up to that date . . . . . " 30,482,232  
 State of loans of the National Economic Bank on 31st December, 1929 . . . . . zl 631,169,120  
 " " " former National Bank on 31st December, 1929 . . . . . " 31,877,242  
 Grand total of loans . . . . . zl 663,046,362



a) *Loans to district authorities.*

|  |     |           |               |
|--|-----|-----------|---------------|
| Loans accorded up to the 31st December, 1928 . . . . . | 184 | totalling | zł 51,993,042 |
| „ „ during 1928 . . . . .                              | 6   | „ „       | 1,053,000     |
| „ „ up to the 31st December, 1929 . . . . .            | 190 | totalling | zł 53,046,042 |

of which:

|   |     |           |              |
|---|-----|-----------|--------------|
| cancelled up to 31st December, 1929 . . . . . | 11  | totalling | zł 3,599,352 |
| „ during 1929 . . . . .                       | 4   | „         | zł 689,000   |
| realised up to 31st December, 1929 . . . . .  | 178 | „ „       | 49,396,690   |
| „ during 1929 . . . . .                       | 19  | „         | zł 3,442,000 |
| remaining to be realised in 1930 . . . . .    | 1   | „ „       | 50,000       |

Loans in Communal Debentures

(in złote)

| Palatinate         | Up to the 31st. December, 1929 |            |       |              |            |              |            |                  |            | Up to the 31st. December, 1929 |            |       |
|--------------------|--------------------------------|------------|-------|--------------|------------|--------------|------------|------------------|------------|--------------------------------|------------|-------|
|                    | T o t a l                      |            |       | 8% 1st issue |            | 7% 2nd issue |            | 7%<br>in dollars |            | No.                            | amount     | %     |
|                    | No.                            | amount     | %     | No.          | amount     | No.          | amount     | No.              | amount     |                                |            |       |
| Central . . . . .  | 110                            | 34,115,670 | 69.0  | 36           | 13,090,920 | 48           | 12,333,600 | 26               | 8,691,150  | 101                            | 32,048,670 | 69.8  |
| Eastern . . . . .  | 31                             | 7,643,770  | 15.5  | 5            | 1,032,000  | 8            | 1,218,800  | 18               | 5,392,970  | 30                             | 7,543,770  | 16.4  |
| Western . . . . .  | 11                             | 2,809,560  | 5.7   | 1            | 430,000    | 9            | 2,023,000  | 1                | 356,560    | 9                              | 2,534,560  | 5.5   |
| Southern . . . . . | 26                             | 4,827,690  | 9.8   | 5            | 526,320    | 14           | 2,474,000  | 7                | 1,827,370  | 19                             | 3,827,690  | 8.3   |
| Total . . . . .    | 178                            | 49,396,690 | 100.0 | 47           | 15,079,240 | 79           | 18,049,400 | 52               | 16,268,050 | 159                            | 45,954,690 | 100.0 |

As will be seen from the above figures the assistance granted to local district authorities by the Bank was limited to the payment of 14 loans, accorded in 1928, amounting to 2,439,000 zł.

In 1929 the Bank was only able to accord fresh credits amounting to 1,053,000 zł. to 6 local district authorities, of which 5 amounting to 1,003,000 zł. were paid, leaving one, amounting to 50,000 zł., still to be paid out.

The Bank made 19 loans to communal unions in 1929 amounting to 3,442,000 zł., while 4 loans amounting to 689,000 zł. were cancelled.

The loans in 1929 were accorded to district authorities for the following purposes: the construction of roads and the payment of outstanding short term liabilities incurred thereon, the completion of an electric power station and the enlarging of the net work therefor (district of Grudziądz and Szczuczyn) and the completion of a slaughter house (district of Ostrołęka).

b) Loans to Municipalities.

|  |     |           |                |
|--|-----|-----------|----------------|
| Loans accorded up to the 31st December, 1928 | 266 | totalling | zl 283,654,866 |
| „ „ during 1929                              | 37  | „ „       | 10,507,500     |
| „ „ up to the 31st December, 1929            | 303 | totalling | zl 294,162,366 |

of which:

|   |     |           |               |
|---|-----|-----------|---------------|
| cancelled up to the 31st December, 1929 | 25  | totalling | zl 4,886,950  |
| „ during 1929                           | 7   | „         | zl 555,000    |
| realised up to the 31st December, 1929  | 256 | „ „       | 283,293,416   |
| „ during 1929                           | 38  | „         | zl 39,836,930 |
| remaining to be realised in 1930        | 22  | „ „       | 5,982,000     |

Loans in Communal Debentures

(in zloty)

| Palatinate   | Up to the 31st December 1929 |             |       |              |            |              |             |               |             |               | Up to the 31st December, 1928 |     |             |       |
|--------------|------------------------------|-------------|-------|--------------|------------|--------------|-------------|---------------|-------------|---------------|-------------------------------|-----|-------------|-------|
|              | Total                        |             |       | 8% 1st issue |            | 7% 2nd issue |             | 8% in dollars |             | 7% in dollars |                               | No. | amount      | %     |
|              | No.                          | amount      | %     | No.          | amount     | No.          | amount      | No.           | amount      | No.           | amount                        |     |             |       |
| Central . .  | 136                          | 218,375,626 | 77.1  | 42           | 14,878,000 | 76           | 86,198,300  | 9             | 110,034,416 | 9             | 7,264,910                     | 116 | 192,548,126 | 79.1  |
| Eastern . .  | 26                           | 9,250,160   | 3.3   | 8            | 2,528,400  | 16           | 4,582,400   | —             | —           | 2             | 2,139,360                     | 24  | 7,108,760   | 2.9   |
| Western . .  | 47                           | 31,284,400  | 11.0  | 9            | 9,786,800  | 32           | 15,257,800  | 1             | 1,069,680   | 5             | 5,170,120                     | 40  | 22,635,350  | 9.3   |
| Southern . . | 47                           | 24,383,230  | 8.6   | 6            | 1,035,440  | 30           | 16,796,000  | —             | —           | 11            | 6,551,790                     | 38  | 21,164,250  | 8.7   |
| Total . .    | 256                          | 283,293,416 | 100.0 | 65           | 28,228,640 | 154          | 122,834,500 | 10            | 111,104,096 | 27            | 21,126,180                    | 218 | 243,456,486 | 100.0 |

The following remarks should be made with regard to the loans granted to municipalities during the course of the year under review: the Bank cancelled 6 loans totalling 535,000 zl., accorded to towns in 1928; prolonged 5 loans totalling 667,000 zl., which the towns were unable to utilise and paid out 19 further loans totalling zl. 34,664,430 accorded in 1928.

Of the 37 loans totalling 10,507,500 zl. provisionally granted to Municipalities in 1929, the Bank paid 19 loans totalling zl. 5,172,500, cancelled one amounting to 20,000 zl.; leaving 17 loans totalling 5,315,000 zl. to be realised in 1930.

The total value of the 38 loans made by the Bank in 1929 was 39,836,930 zl.

If the total of the loans made to Municipalities in 1928, i. e. 57,000,000 zl. (103,000,000 zl. less 46,000,000 zl. constituting the Ulen loans), be compared with the 39,800,000 zl. paid out in 1929, it will be seen that there was a drop of about 30%. On the other hand, if a comparison is made between the 54,000,000 zl. odd, of loans provisionally accorded in 1928 — which figure is obtained after eliminating of the Ulen loans which were of a special character — with the 10,500,000 zl. provisionally accorded in 1929, it will be seen that there was a decrease of 80%. It must, however, be stated that the granting of fresh credits to Municipalities was severely hampered in 1929.



Among the Municipal loans granted during the year the following call for special attention:

*Gdynia.* A long term loan of 2,160,000 zl. for building purposes in connection with the expansion of the town necessitated by the growth of the port. Pending the realisation of this and of further pending loans, the Bank paid out 2,500,000 zl. as an advance.

*Płock.* For the completion of the electric power station, two long term loans amounting to 1,375,000 zl. were provisionally granted, and until they are realised the Bank has granted an advance of 830,000 zl.

*Włocławek.* 250,000 zl. for the extension of the electric net work.

*Warsaw.* 1,865,000 zl. for the completion of the mechanical bakery.

*Wilno.* A loan of 1,250,000 zl. for the extension of the water and sewage works, and the electric power station.

c) *Loans to Rural District authorities.*

|  |    |           |              |
|--|----|-----------|--------------|
| Loans accorded up to the 31st December, 1928 . . . . . | 46 | totalling | zl 1,586,140 |
| " " during 1929 . . . . .                              | 3  | " "       | 42,000       |
| " " up to the 31st December, 1929 . . . . .            | 49 | totalling | zl 1,628,140 |

of which:

|   |    |           |            |
|---|----|-----------|------------|
| cancelled up to the 31st December, 1929 . . . . . | 15 | totalling | zl 314,500 |
| " during 1929 . . . . .                           | 8  | " "       | zl 189,200 |
| realised up to the 31st December, 1929 . . . . .  | 34 | " "       | 1,313,640  |
| remaining to be realised in 1930 . . . . .        | 12 | " "       | zl 425,000 |

Loans in Communal Debentures

(in złote)

| Palatinate         | Up to the 31st December, 1929 |           |       |              |         |              |           | Up to the 31st December, 1928 |         |       |
|--------------------|-------------------------------|-----------|-------|--------------|---------|--------------|-----------|-------------------------------|---------|-------|
|                    | Total                         |           |       | 8% 1st issue |         | 7% 2nd issue |           | No.                           | amount  | %     |
|                    | No.                           | amount    | %     | No.          | amount  | No.          | amount    |                               |         |       |
| Central . . . . .  | 9                             | 435,040   | 33.1  | 4            | 132,440 | 5            | 302,600   | 8                             | 410,040 | 46.1  |
| Eastern . . . . .  | 11                            | 463,000   | 35.3  | —            | —       | 11           | 463,000   | 3                             | 133,000 | 15.0  |
| Western . . . . .  | 3                             | 117,200   | 8.9   | 1            | 17,200  | 2            | 100,000   | 3                             | 117,200 | 13.2  |
| Southern . . . . . | 11                            | 298,400   | 22.7  | 3            | 120,400 | 8            | 178,000   | 8                             | 228,400 | 25.7  |
| Total . . . . .    | 34                            | 1,313,640 | 100.0 | 8            | 270,040 | 26           | 1,043,600 | 22                            | 888,640 | 100.0 |

The total of loans made to *Rural District authorities* shows that the latter took very little advantage of credit facilities.

In 1929 the Bank cancelled loans of this type totalling 189,000 zl., and arranged 12 fresh loans totalling 425,000 zl. These were mainly granted to communes in the Eastern Palatinates for the construction of roads and schools.

d) Loans to other Public Authorities.

|  |    |           |               |
|--|----|-----------|---------------|
| Loans accorded up to the 31st December, 1928 . . . . . | 17 | totalling | zł 14,113,400 |
| "    "    during 1929 . . . . .                        | 3  | "    "    | 7,000,000     |
| "    "    up to the 31st December, 1929 . . . . .      | 20 | totalling | zł 21,113,400 |

of which:

|   |    |           |              |
|---|----|-----------|--------------|
| cancelled up to the 31st December, 1929 . . . . . | 2  | totalling | zł 453,000   |
| "    during 1929 . . . . .                        | 1  | "    "    | zł 78,000    |
| realised up to the 31st December, 1929 . . . . .  | 16 | "    "    | 15,660,400   |
| "    during 1929 . . . . .                        | 1  | "    "    | zł 2,000,000 |
| remaining to be realised in 1930 . . . . .        | 2  | "    "    | 5,000,000    |

Loans in Communal Debentures

(in złote)

| Palatinate        | Up to the 31st December, 1929 |            |       |              |         |              |           |               |           | Up to the 31st December, 1932 |            |       |
|-------------------|-------------------------------|------------|-------|--------------|---------|--------------|-----------|---------------|-----------|-------------------------------|------------|-------|
|                   | T o t a l                     |            |       | 8% 1st issue |         | 7% 2nd issue |           | 7% in dollars |           | No.                           | amount     | %     |
|                   | No.                           | amount     | %     | No.          | amount  | No.          | amount    | No.           | amount    |                               |            |       |
| Central . . . . . | 4                             | 1,850,000  | 11.8  | —            | —       | 4            | 1,850,000 | —             | —         | 4                             | 1,850,000  | 13.5  |
| Eastern . . . . . | —                             | —          | —     | —            | —       | —            | —         | —             | —         | —                             | —          | —     |
| Western . . . . . | 8                             | 13,650,000 | 87.2  | 1            | 344,000 | 4            | 4,392,000 | 3             | 8,914,000 | 7                             | 11,650,000 | 85.3  |
| Suthern . . . . . | 4                             | 160,400    | 1.0   | 2            | 120,400 | 2            | 40,000    | —             | —         | 4                             | 160,400    | 1.2   |
| Total . . . . .   | 16                            | 15,660,400 | 100.0 | 3            | 464,400 | 10           | 6,282,000 | 3             | 8,914,000 | 15                            | 13,660,400 | 100.0 |

As will be seen from the above table of loans made to *other* Public authorities the Bank cancelled in 1929 one loan totalling 78,000 zł. accorded in 1928 and provisionally accorded three new loans amounting to 7,000,000 zł. These latter loans were granted to the Pomorski Wojewódzki Związek Komunalny (the Communal Union of the Pomeranian Palatinate) for the completion of a Hydro - Electric Works at Zurzu.

Of these three loans, one, amounting to 2,000,000 zł., was paid out, while on account of the other two totalling 5,000,000 zł. the Bank advanced a sum of 4,000,000 zł. This credit was granted by the Bank on the basis of the purchase of communal debentures of the National Economic Bank and of cash deposits of the State Social Insurance Institution respectively.

The construction of the Hydro - Electric Works at Zurza was completed in December, 1929, when they were put into operation; they now supply power to Gdynia.

2. LOANS GRANTED IN MORTGAGE BONDS ON COUNTRY ESTATES AND TOWN PROPERTIES.

The Bank granted in 1929 loans against mortgage bonds on real estate and on municipal properties totalling 7,000,000 zł., as against 30,000,000 zł. in 1928. As a result of the difficulties encountered in placing its securities and in view of the possibility of obtaining long term real estate and municipal credits through other institutions, the National Economic Bank confined its credit activities in respect of loans in mortgage bonds during the course of the year under review to exceptional cases.



In accordance with the previously established division of activity between the State banks, the National Economic Bank granted loans secured on the larger estates.

Of the sum total of the long term loans, made by the National Economic Bank during the course of 1929, real estate accounted for 5%, while in the previous year it accounted for 9.5%. The municipal loans also accounted for 5%, as compared with 5.9%.

In the following two summaries are given the loans secured on real estate and the municipal loans according to territories:

*a) Loans on Country estates.*

|  |     |           |               |
|--|-----|-----------|---------------|
| Loans accorded up to the 31st December, 1928 . . . | 573 | totalling | zł 90,965,420 |
| " " during 1929 . . . . .                          | 21  | " "       | 3,984,800     |
| " " up to the 31st December, 1929 . . .            | 594 | totalling | zł 94,950,220 |

of which:

|   |     |           |               |
|---|-----|-----------|---------------|
| cancelled up to the 31st December, 1929 . . . | 212 | totalling | zł 36,840,220 |
| " during 1929 . . . . .                       | 17  | " "       | zł 4,177,200  |
| realised up to the 31st December, 1929 . . .  | 371 | " "       | 54,919,200    |
| " during 1929 . . . . .                       | 23  | " "       | zł 4,356,880  |
| remaining to be realised in 1930 . . . . .    | 11  | " "       | 3,181,800     |

Loans in Mortgage Bonds

(in złote)

| Palatinate         | Up to the 31st December, 1929 |            |       |              |            |              |            | Up to the 31st December, 1928 |            |       |
|--------------------|-------------------------------|------------|-------|--------------|------------|--------------|------------|-------------------------------|------------|-------|
|                    | Total                         |            |       | 8% 1st issue |            | 7% 2nd issue |            | No.                           | amount     | %     |
|                    | No.                           | amount     | %     | No.          | amount     | No.          | amount     |                               |            |       |
| Central . . . . .  | 208                           | 28,863,440 | 52.6  | 139          | 17,745,240 | 69           | 11,118,200 | 202                           | 27,233,640 | 53.9  |
| Eastern . . . . .  | 62                            | 7,597,360  | 13.8  | 36           | 4,752,360  | 26           | 2,845,000  | 58                            | 7,420,360  | 14.7  |
| Western . . . . .  | 50                            | 10,639,160 | 19.4  | 35           | 7,039,960  | 15           | 3,599,200  | 42                            | 9,076,360  | 17.9  |
| Southern . . . . . | 51                            | 7,819,240  | 14.2  | 35           | 4,957,040  | 16           | 2,862,200  | 46                            | 6,832,040  | 13.5  |
| Total . . . . .    | 371                           | 54,919,200 | 100.0 | 245          | 34,494,600 | 126          | 20,424,600 | 348                           | 50,562,400 | 100.0 |

*b) Municipal loans.*

|  |      |           |               |
|--|------|-----------|---------------|
| Loans accorded up to the 31st December, 1928 . . . | 956  | totalling | zł 77,703,872 |
| " " during 1929 . . . . .                          | 80   | " "       | 3,035,400     |
| " " up to the 31st December, 1929 . . .            | 1036 | totalling | zł 80,739,272 |

of which:

|   |     |           |               |
|---|-----|-----------|---------------|
| cancelled up to the 31st December, 1929 . . . | 348 | totalling | zł 32,240,866 |
| " during 1929 . . . . .                       | 56  | " "       | zł 2,580,660  |
| realised up to the 31st December, 1929 . . .  | 627 | " "       | 45,191,106    |
| " during 1929 . . . . .                       | 68  | " "       | zł 4,226,400  |
| remaining to be realised in 1930 . . . . .    | 61  | " "       | 3,307,300     |

## Loans in Mortgage Bonds

(in zlote)

| Palatinate         | Up to the 31st December, 1929 |            |       |              |            |              |            | Up to the 31st December, 1928 |            |       |
|--------------------|-------------------------------|------------|-------|--------------|------------|--------------|------------|-------------------------------|------------|-------|
|                    | T o t a l                     |            |       | 8% 1st issue |            | 7% 2nd issue |            | No.                           | amount     | %     |
|                    | No.                           | amount     | %     | No.          | amount     | No.          | amount     |                               |            |       |
| Central . . . . .  | 204                           | 22,943,760 | 50.8  | 129          | 16,263,460 | 75           | 6,680,300  | 185                           | 20,470,160 | 50.0  |
| Eastern . . . . .  | 40                            | 3,200,340  | 7.1   | 24           | 2,553,340  | 16           | 647,000    | 40                            | 3,200,340  | 7.8   |
| Western . . . . .  | 157                           | 8,084,624  | 17.9  | 64           | 4,982,324  | 93           | 3,102,300  | 127                           | 7,378,824  | 18.0  |
| Southern . . . . . | 226                           | 10,962,382 | 24.2  | 132          | 7,639,982  | 94           | 3,322,400  | 207                           | 9,915,382  | 24.2  |
| Total . . . . .    | 627                           | 45,191,106 | 100.0 | 349          | 31,439,106 | 278          | 13,752,000 | 559                           | 40,964,706 | 100.0 |

### 3. LOANS AGAINST MORTGAGE BONDS AND BUILDING DEBENTURES FOR THE CONVERSION OF BUILDING CREDITS.

In 1929 the Bank continued to carry on the conversion of building credits on the basis of regulations drawn up by the Ministry of Finance, and published as a decree of the President of the Republic, dated April 2nd, 1927, regarding the building of houses in towns and cities (Journal of Laws No. 42, of 1927, item 372) and the decree, dated November 3rd, 1927 (Journal of Laws No. 106, of 1927, item 913).

The conversion of building credits made considerable progress in 1929, which may be seen from the following table:

Up to the 31st December, 1929 transactions totalling 141,187,719.40 zl. had been allocated for conversion:

|  |      |           |    |               |
|--|------|-----------|----|---------------|
| Loans accorded up to the 31st December, 1928 . . . . . | 713  | totalling | zl | 54,115,700    |
| “ “ during 1929 . . . . .                              | 1839 | “         | “  | 61,232,000    |
| “ “ up to the 31st December, 1929 . . . . .            | 2552 | totalling | zl | 115,347,700   |
| of which:  |      |           |    |               |
| realised up to the 31st December, 1929 . . . . .       | 980  | totalling | zl | 40,999,100    |
| “ during 1929 . . . . .                                | 921  | “         |    | zl 38,111,300 |
| remaining to be realised in 1930 . . . . .             | 1572 | “         | “  | 74,348,600    |

## Loans in Mortgage Bonds

(in zlote)

| Palatinate         | Up to the 31st December, 1929 |            |       |              |            |              |           | Up to the 31st December, 1928 |           |       |
|--------------------|-------------------------------|------------|-------|--------------|------------|--------------|-----------|-------------------------------|-----------|-------|
|                    | T o t a l                     |            |       | 7% 1st issue |            | 8% 2nd issue |           | No.                           | amount    | %     |
|                    | No.                           | amount     | %     | No.          | amount     | No.          | amount    |                               |           |       |
| Central . . . . .  | 814                           | 35,033,100 | 85.4  | 647          | 31,384,700 | 167          | 3,648,400 | 56                            | 2,700,800 | 93.5  |
| Eastern . . . . .  | 22                            | 762,500    | 1.9   | 19           | 735,000    | 3            | 27,500    | 1                             | 112,000   | 3.9   |
| Western . . . . .  | 51                            | 1,485,500  | 3.6   | 46           | 1,404,000  | 5            | 81,500    | —                             | —         | —     |
| Southern . . . . . | 93                            | 3,718,000  | 9.1   | 88           | 3,558,000  | 5            | 160,000   | 2                             | 75,000    | 2.6   |
| Total . . . . .    | 980                           | 40,999,100 | 100.0 | 800          | 37,081,700 | 180          | 3,917,400 | 59                            | 2,887,800 | 100.0 |



As will be seen from the above 1839 loans were accorded during the course of the year under review. The relatively small amount of loans accorded in 1929, as compared with 1928 may be explained by the fact that in 1929, when the conversion of building credits had been started, endeavours were chiefly made to satisfy the larger applications.

The realisation of the conversion of loans is hampered by the necessity of carrying out a series of legal and mortgage formalities.

#### 4. INDUSTRIAL LOANS AGAINST DEBENTURES.

|  |    |           |               |
|--|----|-----------|---------------|
| Loans accorded up to the 31st December, 1928 . . . . . | 23 | totalling | zł 29,847,800 |
| " " during 1929 . . . . .                              | 1  | " "       | 6,860,000     |
| " " up to the 31st December, 1929 . . . . .            | 24 | totalling | zł 36,707,800 |

of which:

|   |    |           |              |
|---|----|-----------|--------------|
| cancelled up to the 31st December, 1929 . . . . . | 5  | totalling | zł 1,845,000 |
| realised up to the 31st December, 1929 . . . . .  | 15 | " "       | 24,677,800   |
| remaining to be realised in 1930 . . . . .        | 4  | " "       | 10,185,000   |
| cancelled during the course of 1929 . . . . .     | 3  | " "       | 1,480,000    |

#### *Territorial division of industrial loans.*

#### Loans in Industrial Debentures

(in złote)

| Palatinate         | Up to the 31st December, 1929 |            |       |
|--------------------|-------------------------------|------------|-------|
|                    | No.                           | Amount     | %     |
| Central . . . . .  | 12                            | 21,382,800 | 86.6  |
| Eastern . . . . .  | —                             | —          | —     |
| Western . . . . .  | 2                             | 730,000    | 3.0   |
| Southern . . . . . | 1                             | 2,565,000  | 10.4  |
| Total . . . . .    | 15                            | 24,677,800 | 100.0 |

From the above statistics it will be seen that the pace of development of this particular type of loan has considerably diminished, not only owing to the difficulties experienced in placing debentures on the money market, but also as a result of the necessity for exercising far reaching caution in the granting of this type of loan.

In addition to this the majority of applications presented during the course of the year under review were rejected after only a preliminary examination owing to the fact that the undertakings were in a very difficult financial position requiring radical reorganisation or belonged to a class of undertakings which was not in a position to fulfil the essential conditions imposed by the Bank.

#### 5. REPAYMENT OF LOANS AND EXECUTIVE ACTIVITY.

The National Economic Bank turned its special attention during the year under review to the repayment of instalments of long term loans, bearing in mind the fact that the regular payment of instalments has an important economic significance and that latitude given as regards arrears can frequently lead to a good deal of financial embarrassment for the customers.

In respect of communal loans the Bank endeavoured to exercise its influence on local authorities principally through their superior officers who are legally charged with their control and obtained in this respect very great assistance from the Ministry of the Interior, the latter having sent in 1929 circular orders to the voievodes in which the duty of regular repayment of loans raised at the National Economic Bank was especially underlined.

The collection of instalments in arrears was energetically carried on by the officers of the Bank and gave very good results, as will be seen from the following figures:

|   |                  |
|---|------------------|
| Instalments in arrears and due during 1929 . . . . .    | zl 62,333,612.62 |
| Arrears for collection on 31st December, 1929 . . . . . | „ 14,460,378.90  |
|   | <hr/>            |
| Repayments made in 1929 . . . . .                       | zl 47,873,233.72 |

or 76.80% of the amount due to the Bank under this heading.

On the other hand, no improvement was recorded in the repayment of communal loans, i. e. the Ulen loans, first issue, a fact already mentioned in the revelant portion of this report. The reorganisation and facilities granted in connection with the repayment of these loans did not bring the hoped for results.

As far as the towns affected by the Ulen first issue are concerned, they were given facilities for the repayment of instalments in arrears during the third and fourth quarters of the year under review.

The facilities granted to municipalities consisted of the formation of a transition period to the end of the budgetary years 1929/30 or 1930/31 during the course of which they have to pay a certain sum on their arrears in monthly instalments. This method of settlement proved to be indispensable in view of the fact that the investment work which had been made with the Ulen loans had not been up to then brought into operation or had only partially been operating, so that no revenue was to be expected before the end of the transitory period.

On the other hand, the payment of instalments in arrears and of current instalments on other communal loans (not belonging to the Ulen loans) improved greatly during the course of the year under review.

Results were, however, to a great extent obtained only after compulsory measures had been applied, i. e. a lien placed on municipal taxes. In 1929 the Bank was obliged to place a lien on the sources of revenue in 119 cases, meeting everywhere with great assistance on the part of the fiscal authorities.

Bearing, however, in mind the difficult financial position, the Bank granted in numerous cases facilities for the payment of instalments in arrears, namely by permitting payment in several portions at dates advantageous to the borrower; this was especially the case with regard to debtors who were satisfactorily meeting outstanding obligations incurred in previous years.

There was also an improvement in the payment of arrears and current instalments on long term mortgage loans. But also in this section, the Bank was frequently obliged to take compulsory steps, lodging 495 complaints against debtors in order to enforce the payment of instalments.

During the year under review, however, there were no cases of distraints on property.

In as far as industrial loans are concerned, the payment of instalments during the course of 1929 was, on the whole, satisfactory; the instalments, which were not paid at due date were either prolonged or permission was given for them to be paid in several portions; in both cases, however, only until the next instalment was due. Only in one case was it necessary to refer the case to court.



## II. PARTICIPATION IN INDUSTRIAL UNDERTAKINGS.

The participation of the Bank in industrial concerns did not show any important changes during the year under review. The holdings of founders shares in different enterprises were only increased in 1929 by the acquisition of 1,000,000 zł. in shares of the Towarzystwo Przetworów Drzewnych „Jarot” (the „Jarot” Timber Products Company). The National Economic Bank continued to control the activities of such industrial undertakings as: S. A. Eksploatacji Soli Potasowych „Tesp” (the „Tesp” Potassium Salts Company); Przemysł Chemiczny w Polsce (Chemical Industry of Poland, Ltd.); „Azot” (the „Azot” Company, Ltd.); Zakłady Chemiczne „Grodzisk” (the „Grodzisk” Chemical Works, Ltd.) and Tow. Przetworów Drzewnych „Jarot” (the „Jarot” Timber Products Company) as well as the following *engineering firms*: Tow. Starachowickich Zakładów Górniczych (the Starachowice Mining Company); Zakłady Mechaniczne „Ursus” (the „Ursus” Engineering Company); Stowarzyszenie Mechaników Polskich z Ameryki (the Association of Polish Mechanics from America); Fabryka Obrabiarek „Pionier” (the „Pionier” Tool Works, Ltd.) and Stocznia Gdańska (the International Shipbuilding and Engineering Company Ltd. of Danzig).

In addition to this the Bank has important holdings in the foundation capital of the bank of issue of the Free City of Danzig (Bank of Danzig) and also owns parcels of shares in the Brytyjsko-Polski Bank Handlowy (British and Polish Trade Bank at Danzig), and the Bank of Silesia (Bank Śląski — Banque de Silesie).

Among other undertakings in which the Bank is interested the following call for special attention: Gdański Monopol Tytoniowy (the Danzig Tobacco Monopoly); Polskie Towarzystwo Akumulatorów (the Polish Accumulator Company) and Fabryka Śmigieł W. Szomański (the W. Szomański Propeller Works).

The conditions under which the economic life of Poland developed during the course of the year under review had a considerable influence on the progress of the above mentioned institutions. The yearly balance sheets of the major part of the undertakings showed, however, a slight increase, though not so great as was expected.

In the group of chemical undertakings the agricultural crisis adversely affected both production and sales of artificial fertilizers in the second half of the year. For the first six months the industry was working under favourable conditions with a keen demand from the farmers. The foliferous wood dry distillation industry was also in a relatively good position and only came into contact with bad sales conditions during the last weeks of the year. On the other hand, the difficult position of the textile industry was directly reflected in the dyestuff industry.

In the metallurgical group, the restricted purchasing capacity of the customers hindered the Bank undertakings from keeping production at the normal level and, in addition, they were obliged to make for stock.

The difficulties which these undertakings encountered in effecting sales during the course of the previous year, compelled them to seek financial assistance, which the Bank granted them to an adequate extent. In addition to this the Bank constantly insisted on the greatest possible reduction of overhead charges and on the rationalisation of the processes of production, in which latter direction good results were obtained.

### III. DEPOSITS AND ALLOCATIONS

The development of the deposits of the State Treasury during the year under review is shown by the following table (in mill. of zl.):

| Date                 | Grand total | Allocations |               | D E P O S I T S |                  |               |                           |                  |
|----------------------|-------------|-------------|---------------|-----------------|------------------|---------------|---------------------------|------------------|
|                      |             | Total       | in % of total | Total           | Cash assignments | Savings books | Deposits of public bodies | Private deposits |
| 31st Dec. 1927 . . . | 599.9       | 284.2       | 47.4          | 315.7           | 0.5              | 11.3          | 149.0                     | 154.9            |
| 31st " 1928 . . .    | 707.6       | 356.2       | 50.3          | 351.4           | 0.5              | 19.2          | 235.2                     | 96.5             |
| 31st Jan. 1929 . . . | 681.7       | 351.6       | 51.6          | 330.1           | 0.5              | 20.4          | 221.5                     | 87.7             |
| 28th Febr. " . . .   | 676.2       | 354.4       | 52.4          | 321.8           | 0.5              | 20.6          | 217.6                     | 83.1             |
| 31st March " . . .   | 665.6       | 345.4       | 51.9          | 320.2           | 0.5              | 22.0          | 211.9                     | 85.8             |
| 30th April " . . .   | 655.2       | 344.1       | 52.5          | 311.1           | 0.2              | 22.9          | 197.8                     | 90.2             |
| 31st May " . . .     | 668.6       | 346.1       | 51.8          | 322.5           | 0.1              | 23.3          | 185.9                     | 113.2            |
| 30th June " . . .    | 679.1       | 349.3       | 51.4          | 329.8           | 0.1              | 23.2          | 182.3                     | 124.2            |
| 31st July " . . .    | 664.0       | 358.6       | 54.0          | 305.4           | 0.1              | 23.3          | 184.5                     | 97.5             |
| 31st August " . . .  | 656.5       | 365.6       | 55.7          | 290.9           | 0.1              | 23.4          | 174.1                     | 93.3             |
| 30th Sept. " . . .   | 643.3       | 368.5       | 57.3          | 274.8           | 0.1              | 23.3          | 159.0                     | 92.4             |
| 31st Oct. " . . .    | 636.3       | 367.6       | 57.8          | 268.8           | 0.1              | 23.6          | 147.3                     | 97.7             |
| 30th Nov. " . . .    | 650.0       | 369.9       | 56.9          | 280.1           | 0.1              | 23.0          | 154.8                     | 102.2            |
| 31st Dec.*) " . . .  | 643.9       | 370.0       | 57.5          | 273.9           | 0.1              | 23.1          | 157.9                     | 92.8             |
| 31st " **) " . . .   | 672.2       | 417.2       | 62.1          | 255.0           | 0.1              | 23.8          | 144.4                     | 86.7             |

As will be seen from the above table the sum total of the deposits and the allocations of the State Treasury decreased during the year under review, as compared with 1928, by 35.4 mill. zl., the allocations increasing by 61 mill. zl. with a simultaneous decrease of the deposits by 96.4 mill. zl. The reason for the difference was the transfer to the allocations, from the deposits, of a series of time accounts of the Ministry of Finance in connection with the re-arrangement of the balance sheet and the formation of a new section „Treasury funds administered by the Bank“. The percentage of the allocations to the total of capital of third persons (allocations and deposits), according to the net balance sheet of 31st December, 1929 was 62.1%, and according to the rough balance sheet of the same date, when the transfers had not yet been made, the proportion was 57.5%, showing an increase of 7.2%, as compared with the previous year.

The general development of the Treasury allocations did not show any large changes, showing an uninterrupted series of slight monthly increases throughout the year, with the exception of January and March, when decreases were recorded. In the development of deposits, however, a contrary phenomenon was manifest: decreases were constantly recorded, with the exception of May, June and November, during which months the figure rose. The allocations increased mainly owing to the Bank receiving further financial credits from the Ministry of Finance for the purpose of assisting building, while, on the other hand, the decrease of deposits was due to withdrawals by public institutions and local authorities. Private deposits — if the transfers to allocations are eliminated — remained at the level of the end of 1928, and even showed a slight increase, as did also the savings deposits, which increased by 4.6 mill. zl., from 19.2 mill. zl. at the close of 1928 to 23.8 mill. zl. at the close of 1929.

\*) According to the rough balance sheet.

\*\*) According to the net balance sheet.



In the following table is given the state of deposits in the National Economic Bank divided according to the type and set against the particular Branches, as per 31st December, 1929 (in thousands of zloté):

| Branches              | S i g h t d e p o s i t s |                           |                  |                              |         | Term deposits | Sundry credit balances | Total of deposits *) |
|-----------------------|---------------------------|---------------------------|------------------|------------------------------|---------|---------------|------------------------|----------------------|
|                       | Cheque accounts           | Foreign currency accounts | Savings deposits | Current accounts K. K. O. *) | Total   |               |                        |                      |
| Head Office . . . . . | 59,318                    | 5,136                     | 2,858            | 39                           | 67,351  | 67,241        | 1,031                  | 135,623              |
| Building Dep. . . . . | 3                         | —                         | —                | —                            | 3       | —             | 3,022                  | 3,023                |
| Biała . . . . .       | 2,557                     | 69                        | 1,455            | 195                          | 4,276   | 845           | 129                    | 5,250                |
| Białystok . . . . .   | 1,598                     | —                         | 724              | 35                           | 2,357   | 990           | 2                      | 3,349                |
| Bydgoszcz . . . . .   | 619                       | 44                        | 392              | 108                          | 1,163   | 292           | 1                      | 1,456                |
| Drohobycz . . . . .   | 254                       | 10                        | 845              | 39                           | 1,148   | 110           | 171                    | 1,426                |
| Gdynia . . . . .      | 2,384                     | 241                       | 824              | 93                           | 3,542   | 3,533         | 1,275                  | 8,350                |
| Katowice . . . . .    | 7,634                     | 1,901                     | 1,208            | 808                          | 11,551  | 26,438        | 36                     | 38,025               |
| Kołomyja . . . . .    | 208                       | 32                        | 385              | 17                           | 642     | 212           | 223                    | 1,077                |
| Kraków . . . . .      | 2,495                     | —                         | 2,778            | 71                           | 5,344   | 617           | 446                    | 6,407                |
| Lublin . . . . .      | 543                       | —                         | 564              | 36                           | 1,143   | 302           | 95                     | 1,540                |
| Lwów . . . . .        | 5,995                     | 171                       | 2,182            | 69                           | 8,417   | 10,378        | 511                    | 19,306               |
| Łódź . . . . .        | 2,621                     | 75                        | 4,296            | 20                           | 7,012   | 1,034         | 194                    | 8,240                |
| Łuck . . . . .        | 433                       | 149                       | 193              | 4                            | 779     | 129           | 50                     | 958                  |
| Poznań . . . . .      | 2,024                     | 8                         | 1,418            | 134                          | 3,584   | 874           | 312                    | 4,770                |
| Przemysł . . . . .    | 247                       | 4                         | 193              | —                            | 444     | 106           | —                      | 550                  |
| Radom . . . . .       | 1,068                     | —                         | 84               | 31                           | 1,183   | 292           | 56                     | 1,531                |
| Równe . . . . .       | 380                       | 152                       | 159              | 11                           | 702     | 117           | 213                    | 1,032                |
| Stanisławów . . . . . | 604                       | 116                       | 526              | 17                           | 1,263   | 265           | —                      | 1,528                |
| Tarnów . . . . .      | 1,108                     | 2                         | 411              | 18                           | 1,539   | 318           | 4                      | 1,861                |
| Wilno . . . . .       | 4,789                     | 176                       | 2,093            | 210                          | 7,268   | 1,923         | 77                     | 9,268                |
| Włocławek . . . . .   | 133                       | —                         | 212              | 8                            | 353     | 83            | 13                     | 449                  |
| Total . . . . .       | 97,015                    | 8,286                     | 23,800           | 1,963                        | 131,064 | 116,099       | 7,851                  | 255,024              |

Of the total of deposits, the „on call“ payments — inclusive of the credit balances — accounted for 54.5% and the time deposits for 45.5%. If the ratios between the particular types of deposits are compared, the highest percentage falls to term deposits (45.5%), cheque accounts (38.0%) and savings deposits (9.3%).

The Head Office of the Bank had at the close of the year under review 53.2% of the total of deposits, while the Branches — including the Building Department at the Head Office — accounted for the balance of 46.8%. The largest deposits with the branches were at Katowice and Lwów.

The decrease of the working capital on the accounts of deposits and allocations of the State Treasury was counterbalanced by a marked increase in the deposits of other banks. The balances of these latter accounts, which amounted to 40.6 mill. zł. at the close of 1928, rose to 79.3 mill. zł., at the close of 1929, an increase of 38.7 mill. zł. This increase was exclusively in respect of the „loro“ accounts, which increased by 47.1 mill. zł., of which 35.3 mill. zł. are accounted for by foreign banks, as during the year under review the relations between the National Economic Bank and foreign countries extended considerably. The credits accorded by American, English, Swiss, Dutch and French banks to the Head Office alone amounted to about 112 mill. zł.

\*) Communal Savings Banks.

#### IV. CASH CREDITS

The total amount of cash credits, both long and short term, granted by the National Economic Bank during the course of 1929 showed an increase of 61.5 mill. zl. (from 747.2 mill. zl. to 808.7 mill. zl.). In this total the long term cash credits showed an increase of 42.7 mill. zl. and the short term credits, an increase of 18.8 mill. zl. This proportionately larger increase of the long term credits than of the short term credits finds its explanation in the fact that all credits, which are shown in the balance sheet in the Section of Treasury funds administered by the Bank, are treated as long term credits. In addition to this there have been transferred to this section — in connection with the new arrangement of the balance sheet of the Bank — all those short term credits, which are connected with the allocations and the time accounts of the Ministry of Finance. If it were not for this change, the growth of cash credits would be almost entirely accounted for by short term credits.

The development of the cash credits during the year under review is shown in the table below, giving the state of both long and short term cash credits on the last day of each month of the year, in thousands of zloté:

| D A T E                   | Total   | Long term<br>credits and<br>credits in the<br>Treasury funds<br>admin. by the<br>Bank | Short term credits |         |               |                     |
|---------------------------|---------|---|--------------------|---------|---------------|---------------------|
|                           |         |   | Total              | Bills   | Term<br>loans | Current<br>accounts |
| 31st December 1927 . . .  | 636,121 | 380,535   | 255,586            | 136,907 | 25,033        | 93,646              |
| 31st December 1928 . . .  | 747,205 | 439,313   | 307,892            | 177,441 | 43,251        | 87,200              |
| 31st January 1929 . . .   | 743,422 | 435,115   | 308,307            | 179,617 | 42,504        | 86,186              |
| 28th February " . . .     | 757,666 | 436,283   | 321,383            | 189,423 | 42,543        | 89,417              |
| 31st March " . . .        | 762,501 | 439,134   | 323,367            | 195,432 | 39,613        | 88,322              |
| 30th April " . . .        | 766,279 | 431,503   | 334,776            | 203,571 | 46,571        | 84,634              |
| 31st May " . . .          | 777,704 | 437,574   | 340,130            | 204,039 | 54,554        | 81,537              |
| 30th June " . . .         | 792,298 | 442,265   | 350,033            | 208,564 | 59,635        | 81,834              |
| 31st July " . . .         | 800,269 | 445,822   | 354,447            | 210,365 | 62,284        | 81,798              |
| 31st August " . . .       | 795,610 | 433,165   | 362,445            | 215,031 | 62,027        | 85,387              |
| 30th September " . . .    | 800,715 | 437,670   | 363,045            | 214,711 | 61,092        | 87,242              |
| 31st October " . . .      | 803,873 | 435,785   | 368,088            | 211,339 | 61,912        | 94,837              |
| 30th November " . . .     | 795,265 | 434,648   | 360,617            | 196,420 | 63,049        | 101,148             |
| 31st December " *) . . .  | 792,793 | 434,603   | 358,190            | 186,787 | 65,574        | 105,829             |
| 31st December " **) . . . | 808,711 | 482,033   | 326,678            | 185,064 | 62,071        | 79,543              |

As will be seen from the above table, the development of this business was uneven; the long term cash credits continued to increase until July and gradually fell off in the subsequent months. This growth was due to the granting of further building credits, especially during the first six months of the year. On the other hand, the decline in the long term credits was the result of a considerable progress in the conversion of cash building credits into loans in mortgage bonds and debentures during 1929 and also the reduction of the indebtedness of private banks to the N.E.B. in respect of relief credits. Apart from this, the short term credits showed increases throughout almost the whole of the year; the bill discount credits rose uninterruptedly up to August subsequently falling progressively to a level slightly above that of the close of 1928; term loans showed important increases, attaining a surplus of about

\*) according to the rough balance sheet; \*\*) according to the net balance sheet.



19,000,000 zł. at the close of 1929, as compared with 1928; finally the credits on current accounts fell off during the course of the first half of the year and picked up again during the course of the next six months. The considerable difference between the state of the short term credits (mainly on current accounts) in the trial balance sheet and the final balance sheet as per 31st December, 1929 was due to the transfer in the new balance sheet of a whole series of accounts to the section of „Treasury funds administered by the Bank“.

The state of the cash credits on December 31st, 1929, divided according to the most important types, is given in the following table for each of the Branches of the Bank, in thousands of złote:

| BRANCHES               | Total of cash credits | Short term credits |                  |               |                  | Long term cash loans and loans from the Treasury funds administered by the N.E.B. |                |
|------------------------|-----------------------|--------------------|------------------|---------------|------------------|---|----------------|
|                        |                       | Total              | Bills discounted | Term loans    | Current accounts | Building loans  | Other credits  |
| Head Office . . . . .  | 337,961               | 145,337            | 74,497           | 37,140        | 33,700           | —   | 192,624        |
| Building Dep. . . . .  | 175,244               | 21,291             | —                | —             | 21,291           | 144,303   | 9,650          |
| Biała . . . . .        | 8,273                 | 8,273              | 5,926            | 1,333         | 1,014            | —   | —              |
| Białystok . . . . .    | 6,358                 | 6,358              | 4,215            | 1,774         | 369              | —   | —              |
| Bydgoszcz . . . . .    | 8,596                 | 8,196              | 5,189            | 1,504         | 1,503            | —   | 400            |
| Drohobycz . . . . .    | 5,234                 | 5,234              | 3,291            | 1,041         | 902              | —   | —              |
| Gdynia . . . . .       | 16,474                | 6,706              | 1,712            | 610           | 4,384            | 9,768   | —              |
| Katowice . . . . .     | 20,354                | 20,272             | 15,541           | 3,192         | 1,539            | 70  | 12             |
| Kołomyja . . . . .     | 2,961                 | 2,944              | 2,323            | 452           | 169              | 17  | —              |
| Kraków . . . . .       | 26,334                | 9,588              | 5,381            | 3,760         | 447              | 13,089  | 3,657          |
| Lublin . . . . .       | 10,802                | 6,268              | 4,854            | 1,259         | 155              | 4,534   | —              |
| Lwów . . . . .         | 67,444                | 26,930             | 20,092           | 767           | 6,071            | 32,279  | 8,235          |
| Łódź . . . . .         | 40,110                | 12,951             | 10,818           | 1,015         | 1,118            | 27,046  | 113            |
| Łuck . . . . .         | 2,255                 | 2,255              | 1,952            | 282           | 21               | —   | —              |
| Poznań . . . . .       | 35,086                | 14,766             | 8,471            | 2,254         | 4,041            | 20,295  | 25             |
| Przemysł . . . . .     | 933                   | 933                | 488              | 194           | 251              | —   | —              |
| Radom . . . . .        | 11,327                | 5,771              | 4,366            | 812           | 593              | 5,556   | —              |
| Równe . . . . .        | 6,470                 | 3,107              | 1,478            | 944           | 685              | 3,363   | —              |
| Stanisławów . . . . .  | 3,913                 | 3,847              | 3,153            | 353           | 341              | 66  | —              |
| Tarnów . . . . .       | 2,279                 | 2,279              | 1,818            | 135           | 326              | —   | —              |
| Wilno . . . . .        | 13,140                | 7,904              | 5,363            | 2,224         | 317              | 5,236   | —              |
| Włocławek . . . . .    | 7,163                 | 5,468              | 4,136            | 1,026         | 306              | 1,665   | 30             |
| <b>Total . . . . .</b> | <b>808,711</b>        | <b>326,678</b>     | <b>185,064</b>   | <b>62,071</b> | <b>79,543</b>    | <b>267,287</b>  | <b>214,746</b> |

As will be seen from the above figures, the largest bill credits, apart from the Head Office, were granted by the branches at Lwów, Katowice, and Łódź; whilst the largest building loans were made by the Building Department at Warsaw, and the branches at Lwów, Łódź, Poznań, Cracow and Gdynia.

The share of the particular domains of the national economic life in the short term credits of the Bank for each of the months of last year, is shown in the tables on pages 38 and 39. As will be seen there was a further expansion in the amount of short term credits during the period under review for the financing of public works, for which latter purposes the credits granted by the Bank amounted at the end of 1927 to 13.9% of the sum total of credits of this

type; to 33.1% at the end of 1928 and to 39.1% at the end of 1929. This increase was almost entirely in respect of State Undertakings, and mainly for undertakings belonging to or financed by the Bank.

A detailed division of the short and long term cash credits according to the particular sections of economic life, as per 31st December, 1929 is given in the table on page 40.

The most important sections of cash credits for the year under review were the following:

*a) Building credits.*

The housing question is one of the most important problems in Poland, having not only a social significance but one also for the State as a whole. The shortage of flats, a phenomenon which has been observed in the post war period in almost all European countries, was especially pronounced in Poland, as during the six years of war activities on Polish soil more than 1,800,000 buildings were destroyed. The nation, exhausted by the war and its effects, and especially by the results of the devaluation of the currency, was unable to develop the building movement by means of its own strength and thus remedy the increasing shortage of flats. The State was obliged to give assistance to the nation - similarly as has been the case in other European countries. Ever since the restoration of the Polish State, the Government has been engaged in issuing a whole series of laws and regulations with a view to the reconstruction of the country and the development of the building of flats, which plays the most important role in the solution of the housing question — the Order of the President of the Republic of Poland, dated April 22nd, 1927, regarding the expansion of towns, established the State Building Fund, and the executive order, dated November 3rd, 1927, entrusted the question of the distribution of building loans from this fund to the National Economic Bank.

The authorities of the Bank had already created a special Building Section in 1924, which was subsequently made into the Head Office Building Department with extensive autonomous powers. The object of this Department, on the activities and technical elasticity of which the authorities of the Bank lay great weight, is not only to assist the housing movement through the granting of building loans, but also to carry on investigations and studies regarding the housing and apartment problems in Poland.

In order to make the distribution of building loans more elastic, building branches were opened in previous years at: Lwów, Kraków, Poznań, Łódź, Gdynia, Wilno and Równe. In order to further relieve the strain on the Head Office, five independent building branches were opened during the course of the year under review at Lublin, Włocławek, Radom, Kołomyja and Stanisławów, so that at the present time building loans are being distributed by twelve Branches besides the Head Office in Warsaw.

This decentralisation brought the Bank and the business community into closer contact, thanks to which the authorities of the former have succeeded in obtaining all necessary information regarding the requirements of the population, moreover it has given greater convenience to the customers.

The State funds are the main source of supply for capital for building purposes, the Bank being a distributing organisation for the State Building Fund. Apart from this the Bank also granted building credits from its own funds, thus completing or substituting the building activities carried on by the Government.

The total sum of loans granted from 1924 up to December 31st, 1929 was 314.7 mill. zł.,





# DISTRIBUTION OF SHORT TERM LOANS

according to their main types in each of the months of the year 1929  
in relative figures (in percentage of the sum total of loans)

| Types   | State on the last day of the month |              |              |               |               |               |             |              |              |              |               |              |              |                     |       |
|---|------------------------------------|--------------|--------------|---------------|---------------|---------------|-------------|--------------|--------------|--------------|---------------|--------------|--------------|---------------------|-------|
|   | Dec.<br>1927                       | Dec.<br>1928 | Jan.<br>1929 | Febr.<br>1929 | March<br>1929 | April<br>1929 | May<br>1929 | June<br>1929 | July<br>1929 | Aug.<br>1929 | Sept.<br>1929 | Oct.<br>1929 | Nov.<br>1929 | Dec.<br>1929<br>net |       |
| <b>I. Public Credits</b>  |                                    |              |              |               |               |               |             |              |              |              |               |              |              |                     |       |
| State Undertakings . . . . .  | 5.3                                | 15.1         | 14.6         | 14.5          | 15.6          | 17.1          | 17.6        | 18.4         | 19.3         | 19.2         | 18.9          | 19.6         | 19.3         | 20.9                | 22.1  |
| Local Government Authorities and Com-<br>munal Undertakings . . . . . | 3.7                                | 6.0          | 5.7          | 5.4           | 4.6           | 3.7           | 3.7         | 3.9          | 3.9          | 4.1          | 4.3           | 4.3          | 4.4          | 4.9                 | 5.3   |
| Communal Savings Banks . . . . .                                      | 2.2                                | 7.4          | 7.0          | 6.5           | 6.3           | 6.2           | 5.8         | 6.0          | 5.8          | 5.6          | 5.5           | 5.4          | 5.6          | 5.5                 | 5.9   |
| Co-operative Credit Soc. and others .                                 | 2.1                                | 3.9          | 4.3          | 4.0           | 4.1           | 4.2           | 4.5         | 3.8          | 4.0          | 3.8          | 3.7           | 3.6          | 3.7          | 3.8                 | 4.0   |
| Various public purposes . . . . .                                     | 0.6                                | 0.7          | 1.1          | 1.4           | 1.5           | 1.5           | 1.5         | 1.5          | 1.5          | 1.5          | 1.5           | 1.5          | 1.6          | 1.7                 | 1.8   |
| Total . . . . .   | 13.9                               | 33.1         | 32.7         | 31.8          | 32.1          | 32.7          | 33.1        | 33.6         | 34.5         | 34.2         | 33.9          | 34.4         | 34.6         | 36.8                | 39.1  |
| <b>II. Private Credits</b>  |                                    |              |              |               |               |               |             |              |              |              |               |              |              |                     |       |
| Banks . . . . .   | 8.5                                | 3.5          | 3.4          | 4.1           | 3.3           | 3.5           | 3.3         | 3.2          | 3.2          | 4.1          | 3.9           | 4.5          | 4.3          | 4.2                 | 4.4   |
| General and Mining Industries . . . .                                 | 34.5                               | 29.2         | 28.9         | 29.4          | 28.8          | 27.1          | 27.1        | 27.0         | 26.6         | 26.8         | 27.5          | 28.6         | 30.1         | 30.0                | 27.0  |
| Agriculture, breeding and agricult. trade                             | 24.9                               | 19.2         | 19.8         | 19.8          | 21.4          | 23.2          | 23.9        | 24.1         | 24.0         | 25.2         | 24.9          | 23.2         | 21.9         | 19.2                | 20.2  |
| General trade . . . . .   | 14.0                               | 11.1         | 11.3         | 10.9          | 10.4          | 9.5           | 8.6         | 7.8          | 7.0          | 6.9          | 6.8           | 6.3          | 5.8          | 6.7                 | 7.0   |
| Various private purposes . . . . .                                    | 4.2                                | 3.9          | 3.9          | 4.0           | 4.0           | 4.0           | 4.0         | 4.3          | 4.7          | 2.8          | 3.0           | 3.0          | 3.3          | 3.1                 | 2.3   |
| Total . . . . .   | 86.1                               | 66.9         | 67.3         | 68.2          | 67.9          | 67.3          | 66.9        | 66.4         | 65.5         | 65.8         | 66.1          | 65.6         | 65.4         | 63.2                | 60.9  |
| Total I. + II. . . . .  | 100.0                              | 100.0        | 100.0        | 100.0         | 100.0         | 100.0         | 100.0       | 100.0        | 100.0        | 100.0        | 100.0         | 100.0        | 100.0        | 100.0               | 100.0 |



# TABULAR STATEMENT OF CASH CREDITS

classified according to the various sections of Economic Life, as per 31st December, 1929 (in thousands of zlotę)

| BORROWERS   | Total sum of cash credits | Short term credits |                   |               |                  | Long term credits General Banking Section | Treasury funds admin. by the Bank |
|---|---------------------------|--------------------|-------------------|---------------|------------------|---|-----------------------------------|
|   |                           | Total              | Discount of bills | Time loans    | Current accounts |   |                                   |
| <b>I. State:</b>  |                           |                    |                   |               |                  |   |                                   |
| 1. Min. of Finance . . . . .                                      | 36,571                    | —                  | —                 | —             | —                | —   | 36,571                            |
| 2. Departments . . . . .  | 22,946                    | 22,946             | —                 | —             | 22,946           | —   | —                                 |
| 3. Undertakings . . . . .   | 57,987                    | 49,257             | 11,073            | 31,200        | 6,984            | 3,593                                     | 5,137                             |
| <b>II. Local Gov. Authorities:</b>                                |                           |                    |                   |               |                  |   |                                   |
| 1. Departments:   |                           |                    |                   |               |                  |   |                                   |
| a) building loans . . . . .                                       | 30,765                    | —                  | —                 | —             | —                | 1,769                                     | 28,996                            |
| b) other loans . . . . .  | 51,442                    | 16,459             | 7,722             | 5,475         | 3,262            | 32,170                                    | 2,813                             |
| 2. Undertakings . . . . .   | 1,410                     | 825                | 323               | 3             | 499              | 60  | 525                               |
| <b>III. Co-operative Societies (without credit institutions):</b> |                           |                    |                   |               |                  |   |                                   |
| 1. Agricultural trading . . . . .                                 | 58,060                    | 20,937             | 20,211            | —             | 726              | 517                                       | 36,606                            |
| 2. Others: a) building loans . . . . .                            | 111,369                   | —                  | —                 | —             | —                | 7,932                                     | 103,437                           |
| b) other loans . . . . .  | 10,005                    | 2,796              | 621               | 227           | 1,948            | 562                                       | 6,647                             |
| <b>IV. Financial Institutions:</b>                                |                           |                    |                   |               |                  |   |                                   |
| 1. Banks . . . . .  | 55,068                    | 14,348             | 4,678             | —             | 9,670            | 1,277                                     | 39,443                            |
| 2. Savings banks . . . . .  | 19,430                    | 19,430             | 10,801            | 8,501         | 128              | —   | —                                 |
| 3. Credit co-operative Societies . . . . .                        | 10,936                    | 10,405             | 9,866             | 107           | 432              | —   | 531                               |
| 4. Others . . . . .   | 141                       | 87                 | —                 | —             | —                | 54  | —                                 |
| <b>V. Agriculture and breeding . . . . .</b>                      | 46,339                    | 41,303             | 34,874            | 4,334         | 2,095            | 4,681                                     | 355                               |
| <b>VI. Mining:</b>  |                           |                    |                   |               |                  |   |                                   |
| 1. Petroleum . . . . .  | 1,285                     | 1,260              | 833               | 285           | 142              | 25  | —                                 |
| 2. Others . . . . .   | 164                       | 164                | 114               | 50            | —                | —   | —                                 |
| <b>VII. Industry:</b>   |                           |                    |                   |               |                  |   |                                   |
| 1. Foundry . . . . .  | 17,956                    | 17,956             | 17,052            | 653           | 251              | —   | —                                 |
| 2. Metal . . . . .  | 4,143                     | 4,135              | 3,155             | 76            | 904              | 8   | —                                 |
| 3. Engineering and electrical . . . . .                           | 8,986                     | 8,975              | 7,390             | 1,068         | 517              | 11  | —                                 |
| 4. Precious metals and articles of precision . . . . .            | 113                       | 113                | 59                | 15            | 39               | —   | —                                 |
| 5. Ceramic: a) adhesive substances . . . . .                      | 194                       | 190                | 100               | 15            | 75               | 4   | —                                 |
| b) brick . . . . .  | 7,528                     | 7,483              | 1,215             | 2,501         | 3,767            | 45  | —                                 |
| c) others . . . . .   | 1,248                     | 1,248              | 105               | 523           | 620              | —   | —                                 |
| 6. Chemical: a) artificial fertilisers . . . . .                  | 1,691                     | 1,691              | 1,336             | 343           | 12               | —   | —                                 |
| b) others . . . . .   | 2,963                     | 2,460              | 2,099             | 187           | 174              | 503                                       | —                                 |
| 7. Textile . . . . .  | 16,471                    | 10,307             | 7,861             | 68            | 2,378            | 1   | 6,163                             |
| 8. Tanning . . . . .  | 2,240                     | 2,239              | 773               | 33            | 1,433            | 1   | —                                 |
| 9. Paper . . . . .  | 5,056                     | 2,741              | 1,301             | 240           | 1,200            | 5   | 2,310                             |
| 10. Timber . . . . .  | 8,409                     | 5,549              | 2,960             | 547           | 2,042            | 6   | 2,854                             |
| 11. Foodstuffs: a) sugar . . . . .                                | 8,307                     | 8,307              | 2,459             | 37            | 5,811            | —   | —                                 |
| b) distilling . . . . .   | 17,599                    | 247                | 222               | 7             | 18               | 23  | 17,329                            |
| c) brewing . . . . .  | 865                       | 702                | 300               | 351           | 51               | 163                                       | —                                 |
| d) flour milling . . . . .  | 6,161                     | 6,030              | 5,028             | 157           | 845              | 131                                       | —                                 |
| e) baking . . . . .   | 2,385                     | 411                | 114               | 58            | 239              | 5   | 1,969                             |
| f) others . . . . .   | 2,104                     | 2,104              | 988               | 250           | 866              | —   | —                                 |
| 12. Clothing and fancy goods . . . . .                            | 850                       | 850                | 333               | 4             | 513              | —   | —                                 |
| 13. Polygraphic . . . . .   | 466                       | 465                | 240               | 183           | 42               | 1   | —                                 |
| 14. Building . . . . .  | 1,984                     | 1,983              | 1,397             | 395           | 191              | 1   | —                                 |
| 15. Gas, water, electricity . . . . .                             | 260                       | 260                | 250               | 10            | —                | —   | —                                 |
| 16. Other industries . . . . .                                    | 398                       | 340                | 236               | 95            | 9                | 58  | —                                 |
| <b>VIII. Artisans . . . . .</b>                                   | 1,028                     | 1,026              | 169               | 824           | 33               | 2   | —                                 |
| <b>IX. Trade:</b>   |                           |                    |                   |               |                  |   |                                   |
| a) agricultural . . . . .   | 3,675                     | 3,675              | 3,043             | 70            | 562              | —   | —                                 |
| b) others . . . . .   | 25,607                    | 20,991             | 20,098            | 225           | 668              | 19  | 4,597                             |
| <b>X. Communications and transport . . . . .</b>                  | 2,261                     | 1,861              | 125               | 485           | 1,251            | —   | 400                               |
| <b>XI. Miscellaneous:</b>   |                           |                    |                   |               |                  |   |                                   |
| 1. Social Institutions.   |                           |                    |                   |               |                  |   |                                   |
| a) building loans . . . . .                                       | 32,270                    | —                  | —                 | —             | —                | 3,731                                     | 28,539                            |
| b) others . . . . .   | 6,982                     | 5,786              | 1,637             | 774           | 3,375            | 111                                       | 1,085                             |
| 2. Others:  |                           |                    |                   |               |                  |   |                                   |
| a) building loans . . . . .                                       | 92,383                    | —                  | —                 | —             | —                | 9,980                                     | 82,403                            |
| b) other credits . . . . .  | 12,210                    | 6,336              | 1,816             | 1,695         | 2,825            | 1,231                                     | 4,643                             |
| <b>Total . . . . .</b>  | <b>808,711</b>            | <b>326,678</b>     | <b>185,064</b>    | <b>62,071</b> | <b>79,543</b>    | <b>68,680</b>                             | <b>413,353</b>                    |

of which total 8,085 loans totalling 257.3 mill. zl. were made from State funds and 1,368 loans totalling 57.4 mill. zl. from the funds of the Bank.

The balance sheet of the building loans as per December 31st, 1929 is illustrated by the following statement:

|   |                 |
|---|-----------------|
| a) loans granted from the State Building Fund . . . . .   | 219.8 mill. zl. |
| b) advances against loans from the State Building Fund, granted by the Bank<br>from its own funds . . . . . | 23.6 " "        |
| c) building loans granted from own funds . . . . .  | 24.6 " "        |
| Total . . . . .   | 268.0 mill. zl. |

Here it should be added that the number of cash building loans converted into long term sinking fund loans (in mortgage bonds and building debentures) on December 31st, 1929 was 1,069 aggregating 44 mill. zl. Details concerning these loans will be found in the chapter dealing with issue loans.

The 314.7 mill. zl. of building loans, accorded by the National Economic Bank from 1924 to 1929, was made up as follows:

| Borrowers                        | State funds |                | Bank funds |              | T o t a l |                |       |
|----------------------------------|-------------|----------------|------------|--------------|-----------|----------------|-------|
|                                  | No.         | Amount         | No.        | Amount       | No.       | Amount         | %     |
| Local authorities . . . . .      | 354         | 35,015,962.33  | 12         | 443,250.—    | 366       | 35,459,212.33  | 11.3  |
| Co-operative Societies . . . . . | 777         | 98,772,800.—   | 209        | 27,140,800.— | 986       | 125,913,600.—  | 40.0  |
| Public Institutions . . . . .    | 304         | 27,225,200.—   | 81         | 7,464,100.—  | 385       | 34,689,300.—   | 11.0  |
| Private Individuals . . . . .    | 6650        | 96,267,823.—   | 1066       | 22,386,225.— | 7716      | 118,654,048.—  | 37.7  |
| Total . . . . .                  | 8085        | 257,281,785.33 | 1368       | 57,434,375.— | 9453      | 314,716,160.33 | 100.0 |

In the following table are shown the purposes for which the loans were granted:

| P u r p o s e                       | Loans accorded from<br>1924 to 1929 inclusive |                |
|-------------------------------------|---|----------------|
|                                     | No.   | Amount         |
| New buildings . . . . .             | 9,131   | 308,896,357.33 |
| Re-building and additions . . . . . | 33  | 589,600.—      |
| Repairs . . . . .                   | 289   | 5,230,203.—    |
| Total . . . . .                     | 9,453   | 314,716,160.33 |

The sum total of rooms constructed or under construction thanks to the credit assistance of the National Economic Bank from 1924 up to December 31st, 1929 — was 107,546.

The credit activities for building were smaller during the year under review than in 1928. This is explained by the general all round deterioration of the economic position of the country as a whole, a fact which did not permit the Ministry of Finance to transfer larger sums to the State Building Fund, and which, on the other hand, compelled the Bank to restrict the financing of the building movement from its own funds.



Owing to the meagre means at the disposal of the Bank from State funds and in accordance with the directions of the the legislative bodies, the Bank in principle restricted its building credits to those buildings which were in process of completion and in respect of which previous assistance had been given, so that the largest number of dwelling houses should be available for use at the earliest possible time.

In Spring — at the moment of the beginning of the building activities — the total sum required for the assisting of building all over the country was some 60 mill. zl., while the total amount which the Bank had at its disposal during the course of 1929 was 57.2 mill. zl. The distribution of these sums and the way in which they were used are illustrated in the following table:

| Sources of funds at disposal in 1929             |               | Loans accorded |            | Loans paid out |
|--|---------------|----------------|------------|----------------|
|  |               | No.            | amount     | amount         |
| State Building Fund. Balance remaining from 1928 | 7,130,030.—   | 540            | 7,130,030  | 6,390,880      |
| Quota for 1929 . . . . .                         | 36,836,986.07 | 797            | 35,085,450 | 34,376,300     |
| Total of State quota . . . . .                   | 43,967,016.07 | 1,337          | 42,215,480 | 40,767,180     |
| Funds of the National Economic Bank . . . . .    | 13,264,575.—  | 149            | 13,264,575 | 13,103,575     |
| Grand total . . . . .                            | 57,231,591.07 | 1,486          | 55,480,055 | 53,870,755     |

The above summary comprises only the sums accorded and realised in 1929 and deriving from three sources: the balance of the building quota of 1928; the quota for 1929 and the funds of the National Economic Bank.

The quota for 1929, as shown above, zl. 43,025,686.07 was, in actual fact, considerably larger than the actual sums received; firstly because the State only credited the Bank with zl. 40,867,486.04, during the year and, secondly, because the Bank had to repay a sum of 4,034,477.07 zl. received as an advance in 1928, so that the total receipts during the course of 1929 were only 36,833,009 zl. However, as of the advances received in 1928 only 4,030,500 zl. had been used, there was a credit balance of 3,977.07 zl. in hand, bringing the total of the quota at the disposal of the Bank to zl. 36,836,986.07.

The means that were placed at the disposal of the National Economic Bank during the course of the year under review were mainly used for the completion of those buildings in course of construction which had formerly been financed by the Bank; a certain part was, however, destined for the exchanging of credits granted by the Bank from its own fund in previous years on account of future quotas. Apart from this the Ministry of Finance agreed to the use of 2,875,000 zl. for new buildings — mainly at Gdynia — in view of the special situation obtaining in that town owing to the rapid development of the port and the consequent increase in the requirements for accommodation. Thus from the quota put at the disposal of the

|  |                           |
|--|---------------------------|
| Bank in 1929 amounting to . . . . .  | zl 36,836,986.07          |
| were granted:  |                           |
| a) 5 loans for new buildings (1,439 rooms) totalling . . . . .   | zl 2,875,000              |
| b) for the exchanging over to the State Building Fund of credits granted as advances from Bank funds . . . . . | „ 6,500,000 „ 9,375,000.— |
| the balance, i. e. . . . .   | zl 27,461,986.07          |

was used for the completion of those buildings which were in course of construction and in respect of which previous financial assistance had been given by the Bank.

The balance of the quota of 1928 and the part of the quota of 1929 which had already been mobilised in 1928 were distributed without strictly keeping to the principle of financing only buildings in course of construction and formerly financed, although, however, the great majority of credits were for this purpose.

The relation of loans realised to those accorded was very favourable, as of the 55,480,055 zl. of loans accorded, 53,870,755 zl., or 98%, were realised.

The building loans accorded by the N. E. B. in 1929 from both State and Bank funds were divided as follows according to branches:

| Branches                 | State funds |            | Bank funds |            | T o t a l |            |
|--------------------------|-------------|------------|------------|------------|-----------|------------|
|                          | No.         | amount     | No.        | amount     | No.       | amount     |
| Gdynia . . . . .         | 33          | 2,561,980  | 9          | 269,400    | 42        | 2,831,380  |
| Kołomyja . . . . .       | 7           | 35,700     | —          | —          | 7         | 35,700     |
| Cracovie . . . . .       | 82          | 1,463,000  | 3          | 820,000    | 85        | 2,283,000  |
| Lublin . . . . .         | 44          | 855,700    | 1          | 20,000     | 45        | 875,700    |
| Lwów . . . . .           | 195         | 4,162,000  | 7          | 918,000    | 202       | 5,080,000  |
| Łódź . . . . .           | 120         | 3,027,750  | 46         | 844,850    | 166       | 3,872,600  |
| Poznań . . . . .         | 130         | 4,117,900  | 1          | 7,000      | 131       | 4,124,900  |
| Radom . . . . .          | 34          | 698,800    | 4          | 39,325     | 38        | 738,125    |
| Równe . . . . .          | 54          | 546,900    | —          | —          | 54        | 546,900    |
| Stanisławów . . . . .    | 18          | 75,000     | —          | —          | 18        | 75,000     |
| Wilno . . . . .          | 48          | 662,250    | —          | —          | 48        | 662,250    |
| Włocławek . . . . .      | 21          | 230,600    | —          | —          | 21        | 230,600    |
| Total Branches . . . . . | 786         | 18,437,580 | 71         | 2,918,575  | 857       | 21,356,155 |
| Head Office . . . . .    | 551         | 23,777,900 | 78         | 10,346,000 | 629       | 34,123,900 |
| Grand total . . . . .    | 1,337       | 42,215,480 | 149        | 13,264,575 | 1,486     | 55,480,055 |

As will be seen from the above table the Building Credit Department is accounted for 56.32% and the Branches for 43.68% of the State funds accorded.

Of the Branches the largest amount of credit was granted by Lwów, followed by Poznań, Łódź, Gdynia and Kraków.

The following table shows the division of credits according to the categories of borrowers:

| Borrowers                     | State funds |            | Bank own funds |            | T o t a l |            |
|-------------------------------|-------------|------------|----------------|------------|-----------|------------|
|                               | No.         | amount     | No.            | amount     | No.       | amount     |
| Communes . . . . .            | 70          | 5,607,500  | 3              | 38,250     | 73        | 5,645,750  |
| Co-operative Soc. . . . .     | 217         | 19,547,200 | 26             | 8,793,900  | 243       | 28,341,100 |
| Public Institutions . . . . . | 63          | 6,330,000  | 6              | 1,343,600  | 69        | 7,673,600  |
| Private individuals . . . . . | 987         | 10,730,780 | 114            | 3,088,825  | 1,101     | 13,819,605 |
| Total . . . . .               | 1,337       | 42,215,480 | 149            | 13,264,575 | 1,486     | 55,480,055 |



In the following table is given the division of loans according to purpose:

| Purpose                             | Loans accorded in 1929 |            |
|-------------------------------------|------------------------|------------|
|                                     | No.                    | amount     |
| New buildings . . . . .             | 1,401                  | 54,325,955 |
| Rebuildings and additions . . . . . | 33                     | 589,600    |
| Repairs . . . . .                   | 52                     | 564,500    |
| Total . . . . .                     | 1,486                  | 55,480,055 |

Detailed statistic kept since the beginning of 1929 show that in that year the Bank granted loans for the construction of the following number of flats divided according to the number of rooms:

| No. of rooms             | No. of flats financed by the N. E. B. | %     |
|--------------------------|---------------------------------------|-------|
| One . . . . .            | 1,258                                 | 50.2  |
| Two . . . . .            | 643                                   | 25.7  |
| Three . . . . .          | 385                                   | 15.4  |
| Four . . . . .           | 203                                   | 8.1   |
| Five and over . . . . .  | 15                                    | 0.6   |
| Total of flats . . . . . | 2,504                                 | 100.0 |
| Total of rooms . . . . . | 6,352                                 | —     |

Apart from the building activity carried on by the Bank on the basis of the law regarding the Expansion of Towns, it also financed the construction of dwelling houses for army officers and married professional non-commissioned officers.

The Military Billeting Fund, which was created on the basis of the law dated July 15th, 1925 (Journal of Laws of the Republic of Poland, No. 97 item 681), had in the previous year wholly exhausted the credit of 20 mill. zl. granted to it in 1928 by the National Economic Bank. This loan is secured on the income from the billeting tax and will also be covered by a mortgage inscription on all the immovable property of the fund, as soon as the question of giving Government lands for billeting as arranged by the law of March 23rd, 1929 (Journal of Laws, No. 26, of 1929, item 269), has been settled.

This credit was based on the anticipated income from taxes and has been for the building of dwelling houses for officers and married professional non-commissioned officers. During the course of 1929 the military billeting fund expended zl. 17,500,000 on building while the total expenditure from the beginning of its existence to 31st December, 1929, was zl. 46,200,000. The buildings constructed included 189 apartment houses containing together 2,932 flats, mainly of three rooms, totalling 11,025 rooms. This has been a great help to the army in view of the lack of billets in the 54 towns in which the fund has constructed houses.

Finally the Bank also granted loans for the construction of new mechanical bakeries and for the mechanisation of previously existing equipments. The total of these loans on 31st December, 1929, was 2,440,000 zl.

## *b) Credits for savings banks.*

Fully appreciating the importance of the rôle of the communal savings banks in the economic life of Poland, the Bank gave them extensive financial assistance in 1927 and 1928.

The development of this branch of activity depended in a great measure on the general economic and financial position of the country and on the development of the banks themselves. The growth of deposits and the increase of the turnover of the communal savings banks caused an expansion of their activities, a fact which brought in its turn the necessity for closer contact with the N. E. B., as the main source of financial support.

The assistance given by the N. E. B. to the communal savings banks was manifested first of all by the granting of „foundation credits” to enable the newly formed banks to start credit operations. These credits were granted at three months’ notice without fixing the date of repayment.

The Bank also continued during the year under review the credit assistance for artisans and handicrafts which had been begun in 1928. The credits granted to artisans were repayable in quarterly instalments, spread over 2½ years.

The credits for handicrafts, as well as the formation credits were granted as deposits on saving books. Here it should be emphasised that the payment of instalments in 1929 was on the whole very regular, without any arrears — with the exception of those artizan credits, which had been granted through the communal savings banks in Pomerania. The instalments of these credits had to be prolonged by the Bank after July, 1929, considering the difficult position of the artizans in that district.

The Bank granted rediscount credits to those communal savings banks, which showed a relatively large turnover and possessed bills in portfolio. In the granting of rediscount credits to communal savings banks, the Bank adopted the system that the normal exhaustion of the rediscount credits accorded should not exceed 60—70% of the sum accorded. The remaining part of the sum, 30—40%, should form a cash reserve in case of necessity, i. e. in the event of the withdrawal of deposits. It should here be observed that the action of the Bank in 1929, tending to limit the exhaustion of the rediscount credits granted to communal savings banks, was not of a restrictive character but was solely dictated by the necessity of having credit reserves with these banks. In addition to this a special rediscount credit was arranged through the medium of communal savings banks for the convenience of property owners in the towns of Częstochowa, Radom and Lublin, for the purpose of connecting up with the newly installed sewage and water systems. This credit, amounting to 900,000 zł., is repayable in 10 quarterly instalments.

During the year under review the Bank arranged numerous inspections of the communal savings banks, which are in credit connections with it, in order to examine the real state of business and the elasticity of each particular savings bank.

The credit assistance granted by the Bank to communal savings banks is illustrated in the following figures:

Credits accorded to communal savings banks by the National Economic Bank as at the close of the years 1927—1929:



| Type of credit              | Number of savings banks |      |      | Total of credits accorded<br>(in thousands of zł) |        |        |
|-----------------------------|-------------------------|------|------|---|--------|--------|
|                             | 1927                    | 1928 | 1929 | 1927  | 1928   | 1929   |
| Formation credits . . . . . | 18                      | 72   | 89   | 215   | 1,405  | 1,740  |
| Rediscount „ . . . . .      | 123                     | 192  | 208  | 8,125   | 14,625 | 16,019 |
| Artizan „ . . . . .         | —                       | 235  | 257  | —   | 13,699 | 14,664 |
| Total . . . . .             | 141                     | 499  | 534  | 8,340   | 29,729 | 32,423 |

The total of credits accorded to communal savings banks on December 31st, 1928, was 29,729,000 zł., and at the same date in 1929 it was 32,423,000 zł.

According to the balance sheet of December 31st, 1928, the total of the credits paid out to communal savings banks was zł. 21,821,000 and at the same date in 1929 it was zł. 19,430,000.

The territorial division of the credits granted to communal savings banks on December 31st, 1929, was as follows:

| Palatinates:       | Totals        |
|--------------------|---------------|
| Central . . . . .  | zł 4,978,000  |
| Eastern . . . . .  | „ 1,411,000   |
| Western . . . . .  | „ 5,891,000   |
| Southern . . . . . | „ 7,150,000   |
| Total . . . . .    | zł 19,430,000 |

### c) Credits for co-operative societies.

During the course of the year under review the the Bank continued to carry on the credit assistance which had been given in 1928 to co-operative societies associated in the following audit unions:

- a) Związek Spółdzielni Polskich w Warszawie (Union of Polish Co-operative Societies, Warsaw),
- b) Związek Spółdzielni Zarobkowych i Gospodarczych w Poznaniu (Union of Consumers and Economic Societies, Poznań),
- c) Związek Stowarzyszeń Zarobkowych i Gospodarczych we Lwowie (Union of Consumers and Economic Societies, Lwów),
- d) Związek Żydowskich Towarzystw Spółdzielczych w Warszawie (Union of Jewish Co-operative Societies, Warsaw),
- e) Związek Spółdzielni Spożywców R. P. w Warszawie (Union of Co-operative Societies of the Polish Republic, Warsaw).

The financial assistance of the Bank in respect of the so-called „social credits“ was restricted exclusively to the following types of co-operative societies: credit, artizan traders, producing (municipal) and alimentary and with a predominance of the first two categories. The credit activities of the Bank in the financing of co-operative societies were based upon the same principles as the financial assistance given to communal savings banks, being usually in the form of rediscount credits.

By financially supporting co-operative societies, the Bank enabled them to expand their activities, thus enabling both the middle and artizan classes to take adequate advantage of the credit facilities offered.

The credits accorded by the Bank to co-operative societies are shown in the following comparative summary:

| Credits                    | No. of co-operative soc.<br>31st December |      | Credits granted (in thous. of zl)<br>31st December |        |
|----------------------------|---|------|--|--------|
|                            | 1928                                      | 1929 | 1928   | 1929   |
|                            | Bills rediscounted . . . . .              | 321  | 335  | 15,412 |
| Term loans . . . . .       | 22  | 25   | 367  | 553    |
| Current accounts . . . . . | 9   | 9    | 1,646  | 1,646  |
| Total . . . . .            | 352                                       | 369  | 17,425   | 19,060 |

The position of the cash credits granted to co-operative societies as at the 31st December, 1928, and 1929, is given in the following table:

| Credits                      | Total (in thousands of zl) |        |
|------------------------------|----------------------------|--------|
|                              | 1928                       | 1929   |
| Bills rediscounted . . . . . | 10,702                     | 11,411 |
| Term loans . . . . .         | 268                        | 325    |
| Current accounts . . . . .   | 2,066                      | 2,561  |
| Total . . . . .              | 13,036                     | 14,297 |

In the above summary is not shown the indebtedness of agricultural and trade co-operative societies, to which the „Kooprolna“ was included in the general summary of cash credits, this latter institution only having become a co-operative society in 1929.

The co-ordination of the credit activities for the communal savings banks and the co-operative societies having been carried on under almost analogical conditions and being based on the same principles, brought about an all round elasticity of the methods employed by the banks in dealing with these institutions which have now become the reservoirs for savings of large spheres of the population and almost the sole source from which credit facilities can be given to craftsmen, small traders and small producing workshops.

*d) Credits for State and other undertakings.*

In the above group a considerable increase in debts was recorded in 1929, caused by the necessity of supplying working capital for State undertakings and first of all to undertakings controlled by the National Economic Bank. This increase, amounting to about 26,000,000 zl., fell entirely to short term cash loans (term loans), which rose during the year under review from 7,200,000 zl. to 31,200,000 zl. The indebtedness of the State and associated undertakings on the account of long term cash loans fell from 9,900,000 zl. to 8,700,000 zl.

*e) Credits for local authorities and their undertakings.*

The general position of the cash credits granted to local authorities and communal undertakings was 83,600,000 zl., showing a decrease of 2,100,000 zl., as compared with the close of 1928. During the course of the year under review there was a decrease of 6,800,000 zl. in



communal cash loans — from 38,100,000 zł. to 31,300,000 zł. These loans were granted to local authorities mainly as advances against long term loans in communal debentures, which had not yet been placed.

On 31st December, 1929 the total of building loans to local authorities amounted to 30,800,000 zł.

#### *f) Credits for private institutions.*

**Agriculture.** — In connection with the extraordinarily difficult position of agriculture obtaining last year, caused by the great fall in prices for cereals, the Bank granted, as far as its means permitted, financial assistance to farmers, arranging fresh credits and prolonging those which had formerly been granted. The indebtedness of the farmers to the National Economic Bank rose during the year under review from 96,300,000 zł. to 108,100,000 zł., an increase of 11,800,000 zł. This growth fell mainly to short term credits, the general total of which was 56,900,000 zł. at the close of 1928 and 65,900,000 zł. at the close of 1929. Of the general state of cash credits granted to agriculture, 46,300,000 zł. fell to agriculture and breeding in the strict sense of the word and 61,800,000 zł. to agricultural trade. Of this latter total 58,100,000 zł. was to agriculture and trade co-operative societies, by far the largest individual amount being the debt of the „Kooprolna“, which became a co-operative organisation during the year.

The „Kooprolna“, the chief debtor of the Bank in this group of credits, benefitted, as was the case in previous years, from discount credits, which permitted it to supply indispensable means of production to agriculture through the medium of farm trading enterprises. The „Kooprolna“ took the fullest advantage of the large credits for the purchase of artificial fertilisers. Apart from the normal discount quota of 1,000,000 zł. (as against 600,000 zł. in 1928), the organisation benefitted from the following special credits:

A discount quota of 23,000,000 zł. for the purchase of artificial fertilizers for the Spring season, was continued during the year under review. In June, 1929, a 16,00,000 zł. credit (as against 18,000,000 zł. in 1928) was accorded for the purchase of artificial fertilizers for the autumn season, and in October, a credit of 2,000,000 zł., as the first portion of a credit for the purchase of artificial fertilizers for the Spring season of 1930. In addition to this, a discount credit of 1,500,000 zł. (as against 2,400,000 zł. in 1928) was accorded for the purchase of brewing barley, peas and seeds for export purposes.

The indebtedness of the „Kooprolna“ in respect of long term cash credits under the heading of foreign liabilities resulting from the loan raised by the institution in 1925 in England and repaid by the National Economic Bank, dropped by a further 2,500,000 zł. (from 39,100,000 zł. at the close of 1928 to 36,600,000 zł. at the close of 1929).

Besides the credits at the disposal of the organisations belonging to the „Kooprolna“, the Bank granted through the intermediary of agricultural organisations the so-called „pre-harvest“ sowing credits and prolonged the loans raised from the „special calamity credits“ destined for the districts which had suffered from floods and other elemental disasters and finally, granted individual bill credits to large agricultural properties.

In the Autumn of last year the Bank commenced the granting of credits against corn stocks on those arrears, which were insufficiently helped by other banks. The total amount which the Bank destined for this purpose was 5,000,000 zł., of which the farmers only employed one half.

Industry. — The indebtedness of industry in respect of cash credits received from the National Economic Bank increased in 1929 by 10,500,000 zł. — from 107,900,000 zł. to 118,400,000 zł. Of this increase 3,200,000 zł. fell to agricultural industry and 7,300,000 zł. to other industries.

The most important item in these credits is the agricultural industry, the total indebtedness of which was 37,400,000 zł. on December 31st. 1929. The largest credits in this branch fell to the distilling and sugar industries. On the other hand, as compared with the state of the close of 1928, the largest increase was recorded in flour milling, the Bank having allotted a credit of 7,000,000 zł. for the purpose of augmenting the purchase of corn, and checking the sharp fall in prices; this sum was later augmented to 10,000,000 zł., in order to increase the working capital of the millers. This credit was not, however, entirely exhausted, the permanent drop in price quotations of corn having prevented the millers from acquiring any important stocks.

Of other industries the largest sums fell to the iron smelting industry, the indebtedness of the latter to the Bank having increased during the course of the year under review by 12,600,000 zł. (from 5,300,000 zł. to 17,900,000 zł.). This increase was due to the credits which the Bank granted to the Silesian foundries, mainly in connection with the orders the foundries were executing for abroad. The next most important items are the cash credits for the textile industry which increased during the year under review by 1,500,000 zł. (from 15,000,000 zł. to 16,500,000 zł.). The indebtedness of other branches of industry remained on approximately the same levels as before.

The indebtedness of *trade* to the National Economic Bank dropped by some 6,000,000 zł., and that of the banks by 3,000,000 zł. The greatest changes were recorded in the relief credits to private banks arranged by the National Economic Bank in the years 1925 — 1926, at the period of the crisis of the Polish zloty, which decreased by 6,600,000 zł.

#### *g) Export and import credits.*

In connection with the Government policy of doing everything possible to obtain a favourable foreign trade balance, the National Economic Bank granted, similarly as in the previous year, credits to those industrial and commercial enterprises, which could not carry on their exports without assistance.

The total amount of discount credits in foreign currencies, accorded during the year under review, was \$ 8,100,000, an increase of some 50%, as compared with the previous year. The sum of bills discounted in foreign currencies in 1929 exceeded \$ 12,000,000, of which about 50% were bills deriving from exports. In this item there was also an increase of 30%, as compared with the previous year.

Of the total amount of export bills discounted, 90% were bills deriving from exports to Russia, of which more than 50% were for the heavy foundry and metallurgical industries, followed by the textile, chemical, timber and fancy goods industries.

Apart from purely export credits, the Bank also granted credits by purchasing bills for the financing of exports. Of these credits some \$ 3,000,000 were given to the petroleum industry („Polmin“). In the granting of discount credits the Bank pursued the policy of buying bills derived from completed commercial transactions, covering the requirements for these purposes up to 100%.

During the year under review the Bank commenced the taking up of acceptances through



its foreign correspondents, this type of credit being mainly used by the sugar industry. The Bank endeavoured to expand the volume of these credits in view of the low interest rates and the facility for obtaining them on foreign markets — particularly from French and English banks.

The sum total of credits on account of acceptances was \$ 800,000.

The import credits destined for the financing of the import of raw materials indispensable for Polish industry accorded by the National Economic Bank amounted to some \$ 830,000, an increase of 10%, as compared with 1928. The turnover on the reimbursement accounts amounted in 1929 to \$ 1,555,000, a decrease of \$ 800,000, as compared with the previous year, which decrease may be explained by the longer terms of each of the credits and by the fact that they were not fully exhausted, owing to the crisis prevailing in the textile industry.

Of the general total of import credits 90% were for the textile industry, the balance of 10% falling to the tanning and aviation industries.

## V. GUARANTEES AND ACCEPTANCES

The total of guarantees and acceptances granted by the National Economic Bank on December 31st, 1929, was zł. 37,797,000, an increase of 8,624,000 zł., as compared with 1928. The main recipients were State undertakings and industrial concerns as well as the sugar industry. Apart from these groups, the largest items fell to the textile and brick industries.

The distribution of guarantees amongst the various branches of economic life on December 31st, 1929, is given in the following table:

| G R O U P S   | Total<br>in thousands of zł |
|---|-----------------------------|
| I. State and associated undertakings . . . . .            | 18,848                      |
| II. Local Government authorities . . . . .                | 26                          |
| III. Co-operative societies (without credit institutions) |                             |
| 1. agricultural and trading . . . . .                     | 491                         |
| 2. Others . . . . .                                       | 50                          |
| IV. Banks . . . . .                                       | 33                          |
| V. Agriculture and breeding . . . . .                     | 12                          |
| VI. Industry, comprising:                                 |                             |
| 1. Foundry . . . . .                                      | 469                         |
| 2. Metal . . . . .  | 871                         |
| 3. Engineering and electrical . . . . .                   | 173                         |
| 4. Precious metals and articles of precision . . . . .    | 207                         |
| 5. Ceramic . . . . .                                      | 3,351                       |
| 6. Chemical:  |                             |
| a) artificial fertilizers . . . . .                       | 332                         |
| b) others . . . . .                                       | 35                          |
| 7. Textile . . . . .                                      | 3,603                       |
| 8. Tanning . . . . .                                      | 65                          |
| 9. Timber . . . . .                                       | 709                         |
| 10. Foodstuffs:   |                             |
| a) sugar . . . . .  | 6,492                       |
| b) distilling . . . . .                                   | 46                          |
| c) others . . . . .                                       | 110                         |
| 11. Building . . . . .                                    | 422                         |
| 12. Other industries . . . . .                            | 35                          |
| VII. Trade (non-agricultural) . . . . .                   | 839                         |
| VIII. Communications and transport . . . . .              | 70                          |
| IX. Miscellaneous . . . . .                               | 508                         |
| T o t a l   | 37,797                      |

## VI. ORGANISATION QUESTIONS

### 1. NUMBER OF OFFICIALS.

The staff of the National Economic Bank on the 1st January, 1930, consisted of 1,055 persons inclusive of the members of the Board of Directors and 240 lower grades; the corresponding figures on the 1st January, 1929, were 1,048 and 228 respectively.

As will be seen from the above figures, the number of the staff of the Bank, increased by 19 persons, of which 12 fell to the lower grades. Owing to the fact that the general total of the employees was sufficient, the actual requirements were covered through the internal transferring of officials from one department to another and by the rationalisation of work.

The staff policy which has been carried on by the Bank, tending to augment the educational and professional qualifications of the officials, brought about in 1929 an increase in the number of officials of the 1st category, i. e. those possessing a higher education with a simultaneous decrease in the number of officials of the 2nd category having secondary education and of the 3rd category or those having a primary education only, respectively.

During the course of the year under review 88 non-permanent officials passed the qualification examination prescribed, and were established on this basis on January 1st, 1930.

### 2. SALARIES.

During the year under review the scheme of staff payments which had been put in force in the second half of 1927 was continued. Individual increases of salaries were granted at the general terms of promotion: on the 1st January, 1929, to 118 officials, and on the 1st July, 1929, to 29 officials.

The Bank has laid a great weight on the adequate solution of the housing question for its officials — particular in the larger centres.

### 3. ORGANISATION.

A quieter impetus in the work of the Bank in 1929 than in the previous years allowed the Bank to turn its special attention to organisation questions. The activities of the Bank in this respect were above all directed to the normalization and the mechanization of the work. With a view to this end an Organisation Section was opened at the Head Office in Warsaw, whose task is to study and investigate the latest methods of banking technique and their adaptation as far as possible, to the requirements of the N. E. B.

In the endeavour to rationalize the work of the office as far as possible, the Bank is now doing the majority of its correspondence and book-keeping by the taking of carbon copies and many other steps have been taken to standardize working methods in both the Head Office and the Branches, mainly by increasing mechanization.

For the facilitation of the work of the Presidium and the Board of Directors, a Presidium Office has been organised in which have been incorporated: the Presidium and the Economic Secretaries and the Personal and Statistical Sections.

The necessity which has long been felt for the drawing up of the balance sheet in a manner such as to give as far as possible, a clear picture of the manifold activities of the Bank found its expression in the change of the arrangement of the balance sheet, which is now divided into three sections: General Banking Section, Bond Issue Section and „Treasury



Funds administered by the Bank". The book-keeping of the Bank has now been adjusted to this fresh arrangement.

The greatest hindrance in the organisation is the inadequate office accommodation at the Head Office. The completion of the new head office building at the corner of the Nowy Świat and the Jerosolimaska, in Warsaw, will, however, solve all the problems now facing the staff.

#### 4. BRANCH OFFICES.

For the purpose of facilitating the satisfaction of the needs of the population in respect of building credits, five fresh building sections were established during the course of the year under review at the branches at Lublin, Radom, Stanisławów, Włocławek and Kołomyja, so that at the present moment of 19 existing provincial branches, 12 have building sections. In the second half of 1929, the authorities of the Bank decided to liquidate the branch office at Przemyśl, as the decreasing economic needs of this district as well as the high degree of development of local financial institutions permitted the Bank to take this step. The credit assistance given by the N. E. B. to the local financial institutions will, however, be continued as before.

In accordance with the established scheme, the Inspectorate of the National Economic Bank carried out both detailed and occasional inspections of the branches. In the branch offices not only was the state of property and business examined from the meritorious point of view, but also in respect of further elasticity of manipulation and uniformity of organization. Inspections were also made in some sections of the Head Office.

In June, 1929 was held the 3rd meeting of branch Managers at which was discussed the general question of branch organisation, also the specific conditions of work in the branch offices and the practical banking problems, deriving from their activities. Indirectly, in view of the programme of work, this meeting was an important step forward in respect of obtaining uniformity in the banking practice of the various branches.

The question of the adequate accommodation for the Bank's offices has progressed considerably thanks to the construction of new buildings for the branches at Katowice, Gdynia and Łódź, where the accommodation had been unsuitable.

#### 5. CHANGES IN THE ADMINISTRATIVE COUNCIL.

During 1929 the Minister of Finance nominated Feliks Maciszewski, D. C. C. L., member of the Administrative Council to be Vice Chairman of the Bank. Mr. Jan Strzelecki resigned from the Administrative Council and in his place Kazimierz Duch, D. C. C. L. a departmental director of the Ministry of the Interior, was nominated by the Minister of Finance.

#### 6. CHANGES IN THE BOARD OF DIRECTORS.

The following gentlemen resigned from the Board of Directors during 1929 owing to their having reached the age for retirement: Mr. Eustachy Korwin-Szymanowski, managing director of the Bank; Mr. Kazimierz Niwiński, D. C. C. L. and Mr. Karol Roschildt, D. C. C. L., deputy directors; and on the 1st January, 1930: Mr. Edward Żytkiewicz, director; Mr. Paweł Sporysz, D. C. C. L., Mr. Ignacy Szotarski and Mr. Józef Drzewicki, D. C. C. L., deputy directors.

In 1929 the deputy director Mr. Włodzimierz Czermiński was nominated chief accountant of the Bank.

7. CHANGES IN THE STATUTES.

By an order of the Minister of Finance, dated the 10th April, 1929 (Journal of Laws No. 38, of 1929, item 324), Paragraphs 73, 74 and 82 of the Statutes of the Bank were amended, as follows:

§ 73. From the net profit of the Bank, calculated annually in accordance with the tenets of the commercial code, i. e., after making the necessary provisions for a sinking fund, the Board of Directors may allocate, with the approval of the Minister of Finance, certain sums for the increase of the existing reserve funds or for the creation of fresh ones, or for the formation of special funds for the assistance of scientific and organisatory research for industry commerce and agriculture, also of funds for public purposes and, finally, of funds for the remuneration of members of the Board of Directors and of other persons co-opted by the authorities of the Bank for the performance of special functions.

§ 74. has been amended to accord with the new text of § 73.

§ 82. has been amended to provide for the appointment of a Vice Chairman by the Minister of Finance. The Vice Chairman may act for the Chairman in his absence and may also normally assume a portion of his duties. He is eligible for re-appointment after the expiration of his three year term of office.



### III.

## OBSERVATIONS ON THE BALANCE SHEET FOR THE YEAR 1929.

The balance sheet for the year 1929 was closed with a grand total of Zl. 1,830,839,311.48 and a net total of Zl. 1,778,073,985.07, exclusive of guarantees and collection accounts.

For the purpose of comparison the totals of the balance sheets — excluding guarantees — for the previous years are given below, together with their annual percentages of increase and indexes:

| Year | Total of balance sheet | Index |
|------|------------------------|-------|
| 1924 | 224,028,816.45         | 100   |
| 1925 | 555,569,193.42         | 248   |
| 1926 | 798,149,067.76         | 356   |
| 1927 | 1,363,651,831.21       | 609   |
| 1928 | 1,686,187,735.74       | 753   |
| 1929 | 1,793,042,724.69       | 800   |

### LIABILITIES.

#### GENERAL BANKING SECTION.

##### Items 1—3. Capital and reserves:

|   | December 31st, 1928 | December 31st, 1929 |
|---|---------------------|---------------------|
| a) Capital . . . . .  | Zl. 150,000,000.—   | Zl. 150,000,000.—   |
| b) Reserve fund . . . . .   | " 6,279,297.52      | " 9,156,920.65      |
| c) Valorisation fund for mortgage loans of the former State Bank for Reconstruction and the former Credit Institution of Galician Towns . . . . . | " 2,569,823.30      | " 2,674,586.88      |
| d) Valorisation fund for savings deposits . . . . .   | " 69,308.63         | " 28,443.01         |
| e) General reserve . . . . .  | " 21,369,640.40     | " 21,369,640.40     |
| f) Reserve for exchange differences . . . . .   | " 7,423,802.65      | " 7,423,802.65      |
| Total . . . . .   | Zl. 187,711,872.50  | Zl. 190,653,393.59  |

The reserve fund (b) was increased during the year under review by Zl. 2,877,623.13, by the transfer to it of 40% of the net profit for 1928, in accordance with § 73 of the statutes.

There was a net increase of Zl. 63,897.96 in the other reserves composed as follows:

|  |                |
|--|----------------|
| c) The valorisation reserve for mortgage loans was increased by . . . . .  | Zl. 104,763.58 |
| d) The valorisation reserve for savings deposits was decreased, in consequence of the realisation of savings books, by . . . . . | „ 40,865.62    |

From the general reserve a sum of Zl. 7,423,802.65 was set aside as a special reserve for exchange losses.

**Items 4—6. Deposits.** The state of deposits of the National Economic Bank at the close of 1928 and 1929, is given below:

|   | December 31st, 1928 | December 31st, 1929 |
|---|---------------------|---------------------|
| a) Sight deposits and credit balances . . . . . | Zl. 200,381,679.42  | Zl. 138,924,685.89  |
| b) Time deposits . . . . .                      | „ 151,030,380.05    | „ 116,099,434.57    |

A detailed statement of the deposits for the two years is given below:

|   | December 31st, 1928       | December 31st, 1929       |
|---|---------------------------|---------------------------|
| a) Cheque accounts . . . . .                        | Zl. 137,384,974.82        | Zl. 105,301,455.95        |
| b) Savings books . . . . .                          | „ 19,205,895.34           | „ 23,799,580.09           |
| c) Time deposits . . . . .                          | „ 133,125,049.49          | „ 76,778,973.58           |
| d) Deposits in dollars . . . . .                    | „ 46,286,725.60           | „ 39,320,460.99           |
| e) Current accounts of Com. Savings Banks . . . . . | „ 6,963,603.64            | „ 1,962,490.40            |
| f) Sundry accounts . . . . .                        | „ 8,445,810.58            | „ 7,861,159.45            |
| <b>Total . . . . .</b>                              | <b>Zl. 351,412,059.47</b> | <b>Zl. 255,024,120.46</b> |

As will be seen from the above table there was a decrease of nearly Zl. 96,400,000 in the deposits during the year. This was due to a) the transfer of several accounts, totalling Zl. 26,000,000 to „Treasury funds administered by the Bank“ in connection with the re-arrangement of the balance sheet and b) the withdrawal of Zl. 70,400,000 of Government and public institution deposits. It should, however, be observed that there was no falling off in private and savings book deposits, which were not only maintained at their previous levels but, in the latter case, actually increased.

**Item 7. The re-discount of bills** increased during the course of the year under review by Zl. 33,115,527.06, from Zl. 38,882,511.14 to Zl. 71,998,038.20. Of this latter total, bills in zloté accounted for Zl. 48,611,203.80, as against Zl. 27,248,136.79 in 1928, and bills in foreign currency for Zl. 23,386,834.40, as against Zl. 11,634,374.35 in 1928.

**Item 8. The „loro“ accounts** of other banks increased by Zl. 47,059,179.75, as will be seen from the following figures:

|                            | December 31st, 1928      | December 31st, 1929      | Increase                 |
|----------------------------|--------------------------|--------------------------|--------------------------|
| a) Polish banks . . . . .  | Zl. 14,642,659.20        | Zl. 26,358,637.35        | Zl. 11,715,978.15        |
| b) Foreign banks . . . . . | „ 2,866,905.64           | „ 38,210,107.24          | „ 35,343,201.60          |
| <b>Total . . . . .</b>     | <b>Zl. 17,509,564.84</b> | <b>Zl. 64,568,744.59</b> | <b>Zl. 47,059,179.75</b> |



Item 9. The „nostro“ accounts with other banks showed a decrease of Zl. 8,358,204.09, as will be seen from the following figures:

|                            | December 31st, 1928      | December 31st, 1929      | Decrease                |
|----------------------------|--------------------------|--------------------------|-------------------------|
| a) Polish banks . . . . .  | Zl. 5,180,322.22         | Zl. 85,726.69            | Zl. 5,094,595.53        |
| b) Foreign banks . . . . . | „ 17,921,110.99          | „ 14,657,502.43          | „ 3,263,608.56          |
| <b>Total . . . . .</b>     | <b>Zl. 23,101,433.21</b> | <b>Zl. 14,743,229.12</b> | <b>Zl. 8,358,204.09</b> |

Item 10. The total amount of drafts drawn on the Bank, which had not been presented for payment on the 31st December, 1929, was Zl. 318,876.99.

Item 11. The mortgage creditors account decreased by Zl. 12,372.38, this figure forming a partial repayment of debts charged on the real properties of the Bank. This account was closed with a total of Zl. 224,972.92, as compared with Zl. 237,345.30 in the previous year.

Item 12. The totals of the transit items accounts for 1928 and 1929, were as follows:

|  | December 31st, 1929 | December 31st, 1928 | Decrease         |
|--|---------------------|---------------------|------------------|
|  | Zl. 19,290,745.93   | Zl. 24,000,989.89   | Zl. 4,710,243.96 |

#### BOND ISSUE SECTION.

Item 16. The special reserve for bonds issued by the bank, was increased during the year under review by Zl. 3,324,134.04, composed as follows:

|  |                  |
|--|------------------|
| a) 35% of the net profit for 1928 (in accordance with § 73 of the Statutes of the Bank) . . . . .  | Zl. 2,517,920.24 |
| b) From inscription fees, according to § 17 of the Statutes and from the profits obtained by the Bank through the purchase of mortgage bonds and debentures destined for redemption, according to § 17 of the Statutes . . . . . | „ 806,213.80     |

The totals of the reserves for the various groups of issues at the ends of 1928 and 1929, are given in the following comparative table:

|   | December 31st, 1928     | December 31st, 1929      |
|---|-------------------------|--------------------------|
| a) Reserve for mortgage bonds . . . . .                                   | Zl. 1,070,970.67        | Zl. 1,664,342.64         |
| b) Reserve for communal debentures . . . . .                              | „ 4,952,143.79          | „ 7,464,771.05           |
| c) Reserve for railway debentures (of the former National Bank) . . . . . | „ 757,868.99            | „ 827,207.87             |
| d) Reserve for building debentures . . . . .                              | „ —                     | „ 9,908.88               |
| e) Reserve for bank debentures . . . . .                                  | „ 267,204.—             | „ 406,091.05             |
| <b>Total . . . . .</b>  | <b>Zl. 7,048,187.45</b> | <b>Zl. 10,372,321.49</b> |

*Items 17 and 18. Bonds issued by the Bank.*

The totals of the valorised mortgage bonds and debentures of the former Polish National Bank decreased as follows during the course of 1929:

|                                  | December 31st, 1928      | December 31st, 1929      | Decrease              |
|----------------------------------|--------------------------|--------------------------|-----------------------|
| a) Mortgage bonds . . . . .      | Zl. 10,079,021.14        | Zl. 9,706,507.86         | Zl. 372,513.28        |
| b) Communal debentures . . . . . | " 11,188,790.30          | " 10,946,118.18          | " 242,672.12          |
| c) Railway debentures . . . . .  | " 11,328,512.—           | " 11,224,616.—           | " 103,896.—           |
| <b>Total . . . . .</b>           | <b>Zl. 33,596,323.44</b> | <b>Zl. 31,877,242.04</b> | <b>Zl. 719,081.40</b> |

The mortgage bond and debenture issues of the National Economic Bank increased during the course of 1929 by Zl. 79,990,056, the following changes being recorded in the particular sections:

|                                  | December 31st, 1928      | December 31st, 1929      | Changes               |
|----------------------------------|--------------------------|--------------------------|-----------------------|
| a) Mortgage bonds . . . . .      | Zl. 91,026,656.—         | Zl. 132,695,236.—        | + 41,668,580.—        |
| b) Communal debentures . . . . . | " 435,429,708.—          | " 471,605,790.—          | + 36,176,082.—        |
| c) Building debentures . . . . . | " 190,800.—              | " 3,857,200.—            | + 3,666,400.—         |
| d) Bank debentures . . . . .     | " 24,531,900.—           | " 23,010,894.—           | — 1,521,006.—         |
| <b>Total . . . . .</b>           | <b>Zl. 551,179,064.—</b> | <b>Zl. 631,169,120.—</b> | <b>+ 79,990,056.—</b> |

*Item 19.* The account of **drawn mortgage bonds and debentures** in circulation showed that the total value of the securities, which had not been presented for payment on the 31st December, 1929 was Zl. 488,231.09. The relevant items are given below:

|                                  |                       |
|----------------------------------|-----------------------|
| a) Mortgage bonds . . . . .      | Zl. 344,021.44        |
| b) Communal debentures . . . . . | " 111,189.65          |
| c) Railway debentures . . . . .  | " 33,020.—            |
| <b>Total . . . . .</b>           | <b>Zl. 488,231.09</b> |

*Item 20.* The **unpaid coupons account** showed on the 31st December, 1929 a total of Zl. 3,588,941.75, composed of coupons of the following securities:

|                                  |                         |
|----------------------------------|-------------------------|
| a) Mortgage bonds . . . . .      | Zl. 3,298,459.39        |
| b) Communal debentures . . . . . | " 126,059.42            |
| c) Railway debentures . . . . .  | " 164,422.94            |
| <b>Total . . . . .</b>           | <b>Zl. 3,588,941.75</b> |

*Item 21.* The balance of the **redemption fund for mortgage bonds and debentures** was Zl. 1,643,287.94. To this account is transferred a proportion of the capital and of the instalments on issue loans. After the drawing of lots, sums corresponding to the values of the securities drawn and of those bought on the open market are transferred from this account to that of the drawn mortgage bonds and debentures.



A detailed statement of the composition of this fund is given below:

|                                  |     |              |
|----------------------------------|-----|--------------|
| a) Mortgage bonds . . . . .      | Zl. | 88,327.08    |
| b) Communal debentures . . . . . | "   | 1,543,402.15 |
| c) Railway debentures . . . . .  | "   | 11,533.69    |
| d) Building debentures . . . . . | "   | 23.62        |
| e) Bank debentures . . . . .     | "   | 1.40         |
|                                  |     | <hr/>        |
| Total . . . . .                  | Zl. | 1,643,587.94 |

*Item 22.* The redemption fund for the coupons of mortgage bonds and debentures amounted on December 31st, 1929 to Zl. 18,950,786.30. To this account, from which the coupons for mortgage bonds and debentures are paid, is credited a portion of the instalments payable on issue loans. As the Bank charges interest on loans for six months in advance, any funds remaining six months on this account are subsequently transferred to the coupons in circulation account, from which the payment is effected.

This sum of Zl. 18,950,786.30 is allocated as follows:

|                                  |     |               |
|----------------------------------|-----|---------------|
| a) Mortgage bonds . . . . .      | Zl. | 132,345.98    |
| b) Communal debentures . . . . . | "   | 17,704,369.04 |
| c) Railway debentures . . . . .  | "   | 223,891.79    |
| d) Building debentures . . . . . | "   | 6,679.01      |
| e) Bank debentures . . . . .     | "   | 883,500.48    |
|                                  |     | <hr/>         |
| Total . . . . .                  | Zl. | 18,950,786.30 |

*Item 23.* The account of instalments paid in advance on December 31st, 1929, totalled Zl. 2,305,793.79. This amount is composed of instalments paid out before maturity and pre-maturity repayments in excess of the redemption plan in respect of the following loans:

|                                  |     |              |
|----------------------------------|-----|--------------|
| a) Mortgage loans . . . . .      | Zl. | 1,053,701.21 |
| b) Communal debentures . . . . . | "   | 1,203,861.58 |
| c) Building debentures . . . . . | "   | 48,231.—     |
|                                  |     | <hr/>        |
| Total . . . . .                  | Zl. | 2,305,793.79 |

#### TREASURY FUNDS ADMINISTERED BY THE BANK.

*Item 25.* The total of the Treasury funds administered by the Bank amounted on December 31st, 1929 to Zl. 417,225,654.94. These funds are closely connected with the credit action of the Government carried on through the National Economic Bank. The corresponding total at the close of 1928 was Zl. 356,223,547.33, showing an increase of Zl. 61,002,107.61; the largest item being in the group d) „sundry deposits“, which is explained by the fact that certain deposits

of another group were transferred to this item (see remarks on items 4—6 above). The relevant items are as follows:

|   | December 31st, 1928       | December 31st, 1929       |
|---|---------------------------|---------------------------|
| a) Building fund . . . . .                  | Zl. 196,444,307.07        | Zl. 215,230,936.84        |
| b) Relief fund for banks . . . . .          | " 53,572,506.92           | " 56,545,706.20           |
| c) Fund ex re „Kooprolna” . . . . .         | " 35,970,707.70           | " 36,191,311.79           |
| d) Sundry deposits . . . . .                | " 67,595,071.96           | " 105,695,440.32          |
| e) Special reserve for guarantees . . . . . | " 2,640,953.68            | " 3,562,259.79            |
| <b>Total . . . . .</b>                      | <b>Zl. 356,223,547.33</b> | <b>Zl. 417,225,654.94</b> |

## ASSETS.

### GENERAL BANKING SECTION.

*Items 3 and 4.* There was a decrease from Zl. 28,610,206.51 to Zl. 25,498,397.93 in the **securities account**, practically exclusively in State securities.

The holdings of the Bank's own securities amounted on December 31st, 1929 to Zl. 75,274,271.41, as compared with Zl. 94,336,746.46 on the same date of the previous year, a drop of Zl. 19,062,475.05. This decrease was mainly due to the desire of the Bank to diminish these holdings.

*Item 5.* The **holdings and shares in subsidiary undertakings** rose from Zl. 46,285,391.56 to Zl. 47,293,390.94, an increase of Zl. 1,007,999.38.

#### *Items 7—10. Short term credits:*

|  | December 31st, 1928       | December 31st, 1929       |
|--|---------------------------|---------------------------|
| a) Discounted bills . . . . .  | Zl. 176,100,994.04        | Zl. 182,993,239.51        |
| b) Protested bills . . . . .   | " 1,340,069.92            | " 2,071,324.20            |
| c) Term loans (secured on bills, goods, promissory notes, mortgages, etc.) . . . . . | " 31,361,952.37           | " 53,633,662.17           |
| d) Current accounts . . . . .  | " 87,199,616.86           | " 79,542,578.58           |
| e) Holdings in Communal Savings Banks . . . . .                                      | " 11,888,904.78           | " 8,437,293.98            |
| <b>Total . . . . .</b>   | <b>Zl. 307,891,537.97</b> | <b>Zl. 326,678,098.44</b> |

#### *Item 11. Banks „loro“:*

|                            | December 31st, 1928     | December 31st, 1929   |
|----------------------------|-------------------------|-----------------------|
| a) Polish banks . . . . .  | Zl. 1,456,977.55        | Zl. 575,964.58        |
| b) Foreign banks . . . . . | " 138,363.50            | " 9,416.35            |
| <b>Total . . . . .</b>     | <b>Zl. 1,595,341.05</b> | <b>Zl. 585,380.93</b> |

#### *Item 12. Banks „nostro“:*

|                            | December 31st, 1928      | December 31st, 1929      |
|----------------------------|--------------------------|--------------------------|
| a) Polish banks . . . . .  | Zl. 2,883,938.21         | Zl. 789,666.15           |
| b) Foreign banks . . . . . | " 38,678,366.91          | " 32,448,537.61          |
| <b>Total . . . . .</b>     | <b>Zl. 41,562,305.12</b> | <b>Zl. 33,238,203.76</b> |



**Item 13. Long term cash loans.**

The position of this account at the end of 1929, as compared with the end of 1928, was as follows:

|   | December 31st, 1928      | December 31st, 1929      |
|---|--------------------------|--------------------------|
| a) Building loans from N. E. B. funds . . . . .           | Zl. 23,912,272.88        | Zl. 24,666,214.38        |
| b) Communal loans . . . . .                               | " 38,092,800.85          | " 31,315,292.49          |
| c) Valorised of former amalgamated institutions . . . . . | " 13,021,533.70          | " 6,757,167.46           |
| d) Other long term cash loans . . . . .                   | " 6,540,035.39           | " 5,941,885.33           |
| <b>Total . . . . .</b>                                    | <b>Zl. 81,566,642.82</b> | <b>Zl. 68,680,559.66</b> |

**Item 14. The real property account** increased by Zl. 11,358,666.48 to Zl. 20,784,371.48.

**Item 16. The transit accounts** were closed with a total of Zl. 13,774,264.77, a decrease of Zl. 1,322,932.19, as compared with the previous year.

**BOND ISSUE SECTION.**

**Items 17 and 18. Issue loans,** see items 17 and 18 on the „liabilities“ side.

**Item 19. Instalments on issue loans** amounted to Zl. 14,460,376.90, as against Zl. 11,993,496.94 in 1928.

The position of this account on December 31st, 1929 was as follows:

| Type of security                            | T O T A L       |                  |
|---|-----------------|------------------|
|   | former years    | 1929             |
|   | 000 omitted     |                  |
| 8% Mortgage bonds . . . . .                 | zl 377          | zl 1.715         |
| 7% " " . . . . .                            | " 23            | " 419            |
| 8% Communal debentures . . . . .            | " 183           | " 1.370          |
| 7% " " . . . . .                            | " —             | " 1.073          |
| 8% " in \$ series I . . . . .               | " —             | " 1.996          |
| 8% " " II . . . . .                         | " 2.141         | " 2.314          |
| 7% " " III . . . . .                        | " —             | " 476            |
| 7½% Bank debentures . . . . .               | " —             | " 710            |
| 8% Bbuilding debentures . . . . .           | " —             | " —              |
| <b>Total issues of N. E. B. . . . .</b>     | <b>zl 2.724</b> | <b>zl 10.073</b> |
| <b>Total issues of former National Bank</b> | <b>zl 999</b>   | <b>zl 664</b>    |
| <b>Grana total . . . . .</b>                | <b>zl 3.723</b> | <b>zl 10.737</b> |

**Item 21. Sundry issue accounts** amounted on December 31st, 1929 to Zl. 7,871,705.70, a decrease of Zl. 11,637,294.30, as compared with 1928.

TREASURY FUNDS ADMINISTERED BY THE BANK.

Item 23. The position of loans granted from these funds at the close of 1928 and 1929, is given below:

|   | December 31st, 1928 | December 31st, 1929 |
|---|---------------------|---------------------|
| a) Building loans from the State Building |                     |                     |
| Fund and advances thereon . . . . .       | Zl. 222,822,476.99  | Zl. 243,374,553.53  |
| b) Relief credits for banks . . . . .     | " 44,667,824.66     | " 38,077,741.63     |
| c) Credits ex re „Kooprolna“ . . . . .    | " 39,094,200.72     | " 36,596,950.—      |
| and others . . . . .                      | " 8,189,603.43      | " 11,682,558.27     |
| d) Sundry credits . . . . .               | " 51,161,811.53     | " 83,620,262.05     |
| Total . . . . .                           | Zl. 365,935,917.33  | Zl. 413,352,065.48  |

ITEMS NOT BELONGING TO THE BALANCE SHEET.

The items „Sundry for collections“ on the liabilities side and „Collections“ on the assets side, showed the following balances at the close of 1929, as compared with the same date in 1928:

|  | December 31st, 1928 | December 31st, 1929 |
|--|---------------------|---------------------|
|  | Zl. 16,291,324.67   | Zl. 14,968,739.62   |

The items „Guarantees granted“ on the liabilities side and „Debtors on account of guarantees“ on the assets side, make the following showing:

|   | December 31st, 1928 | December 31st, 1929 |
|---|---------------------|---------------------|
|   | Zl. 29,172,650.74   | Zl. 25,641,448.42   |
| of which guaranteed by the State Treasury | " 9,157,832.26      | " 3,381,104.47      |

The accounts „Creditors in respect of acceptances“ and „Debtors on account of acceptances“ respectively, were as follows:

|  | December 31st, 1928 | December 31st, 1929 |
|--|---------------------|---------------------|
|  | Zl. 4,418,730.86    | Zl. 12,155,138.37   |

D E P O S I T S.

In the Directors Reports for previous years, the statement of deposits was given immediately after the balance sheet, as an item extracted therefrom. In view of the fact that at present only those items of the balance sheet which do not strictly belong to it, such as collections and guarantees are separately given, the total of the deposits on the 31st of December, 1929, is given below:

|                                   | Nominal value in various<br>currencies |                         | Nominal value in various<br>currencies |
|-----------------------------------|--|-------------------------|--|
| Cash, stocks and shares . . . . . | Zl. 3,781,115,827.23                   | Creditors in respect    |  |
| Debtors for deposits              |  | of guarantees . . . . . | Zl. 3,991,984,766.64                   |
| placed with them . . . . .        | " 881,333,589.37                       | Own deposits („Nostro“) | " 670,464,649.96                       |
|                                   | Zl. 4,662,449,416.60                   |                         | Zl. 4,662,449,416.60                   |



TREASURY FUNDS ADMINISTERED BY THE BANK

Item 23 The position of loans granted from these funds at the close of 1938 and 1939

| December 31st, 1938 | December 31st, 1939 |
|---------------------|---------------------|
| 21,225,823.76 00    | 21,225,823.76 00    |
| 14,007,823.00       | 14,007,823.00       |
| 30,004,300.75       | 30,004,300.75       |
| 8,189,603.43        | 8,189,603.43        |
| 14,151,161.81 53    | 14,151,161.81 53    |
| 28,230,665.18 52    | 28,230,665.18 52    |
| 21,225,823.76 00    | 21,225,823.76 00    |

28,230,665.18 52 of 28,230,665.18 52

ITEMS NOT BELONGING TO THE BALANCE SHEET

The items "Sundry for collections" on the liabilities side and "Collections" on the assets side show the following balance at the close of 1939 as compared with the same date in 1938:

| December 31st, 1938 | December 31st, 1939 |
|---------------------|---------------------|
| 14,968,339.63       | 14,968,339.63       |

"Debit on account of guarantees" on the liabilities side and "Debit on account of guarantees" on the assets side make the following showing:

| December 31st, 1938 | December 31st, 1939 |
|---------------------|---------------------|
| 9,127,832.26        | 9,127,832.26        |
| 3,381,104.17        | 3,381,104.17        |

The accounts "Creditors in respect of acceptances" and "Debit on account of acceptances" were as follows:

| December 31st, 1938 | December 31st, 1939 |
|---------------------|---------------------|
| 4,418,130.86        | 4,418,130.86        |
| 12,152,138.37       | 12,152,138.37       |

In the Director's Report for previous years the statement of deposits was given immediately after the balance sheet as an item extracted therefrom in view of the fact that at present only those items of the balance sheet which do not strictly belong to it such as collections and guarantees are separately given. The total of the deposits on the 31st of December, 1939, is given below:

| Nominal value in various currencies | Nominal value in various currencies |
|-------------------------------------|-------------------------------------|
| 3,781,118,823.25                    | 3,781,118,823.25                    |
| 3,991,981,766.64                    | 3,991,981,766.64                    |
| 4,602,419,416.00                    | 4,602,419,416.00                    |

|    | NOTICES GYNNAR VARNENGD | GENERAL BANKING SECTION  |
|----|-------------------------|--|
| 1  |                         | Cash on hand, and with Bank of Poland and Postal                           |
| 2  |                         | Office Savings Bank  |
| 3  |                         | Foreign currencies   |
| 4  |                         | Securities   |
| 5  |                         | Securities of the National Economic Bank bought by the Bank from customers |
| 6  |                         | Interests in subsidiary undertakings, shares, etc.                         |
| 7  |                         | Bonds and coupons due for payment  |
| 8  |                         | Bills  |
| 9  |                         | Protected bills  |
| 10 |                         | Term loans   |
| 11 |                         | Securities   |
| 12 |                         | Gold and silver  |
| 13 |                         | Bills of Exchange  |
| 14 |                         | Gold   |
| 15 |                         | Water  |
| 16 |                         | Savings  |
| 17 |                         | Debtors on current accounts  |
| 18 |                         | Customers liabilities  |
| 19 |                         | Banking  |
| 20 |                         | Local  |
| 21 |                         | Foreign  |
| 22 |                         | Banks, Notes   |
| 23 |                         | Local  |
| 24 |                         | Foreign  |
| 25 |                         | Long term cash loans   |
| 26 |                         | Sundry   |
| 27 |                         | For the payment of outstanding interest on current                         |
| 28 |                         | Building loans from two funds  |
| 29 |                         | Revalued loans of the former amalgamated institutions                      |
| 30 |                         | Real property  |
| 31 |                         | Factory fixtures, etc.   |
| 32 |                         | Transit accounts   |
| 33 |                         | Carried forward  |

IV.

**BALANCE SHEET, 31st DECEMBER, 1929  
PROFIT AND LOSS ACCOUNT FOR 1929**

**BALANCE SHEET AND INCOME AND EXPENDITURE ACCOUNT  
OF THE PENSION FUND FOR 1929**



# The National BALANCE

on the 31st

## ASSETS.

|   | Zlote         | gr |
|---|---------------|----|
| <b>GENERAL BANKING SECTION</b>  |               |    |
| 1. Cash on hand, and with Bank of Poland and Postal Office Savings Bank . . . . .       | 37,953,010    | 09 |
| 2. Foreign currencies . . . . .   | 3,599,639     | 49 |
| 3. Securities . . . . .   | 25,498,397    | 93 |
| 4. Securities of the National Economic Bank bought by the Bank from customers . . . . . | 75,274,271    | 41 |
| 5. Interests in subsidiary undertakings, shares, etc. . . . .                           | 47,293,390    | 94 |
| 6. Bonds and coupons due for payment . . . . .  | 17,588        | 34 |
| 7. Bills . . . . .  | 182,993,239   | 51 |
| 8. Protested bills . . . . .  | 2,071,324     | 20 |
| 9. Term loans on:   |               |    |
| a) Securities . . . . .   | 533,503.67    |    |
| b) Gold and silver . . . . .  | 670.—         |    |
| c) Bills of exchange . . . . .  | 46,838,896.61 |    |
| d) Goods . . . . .  | 5,820,110.70  |    |
| e) Railway documents . . . . .  | 432,609.—     |    |
| f) Warrants . . . . .   | 7,872.19      |    |
| g) Savings books deposits in Communal Sav. Banks . . . . .                              | 8,437,293.98  | 15 |
| 10. Debtors on current accounts:  |               |    |
| a) Customers liabilities . . . . .  | 64,697,601.94 |    |
| b) Pending . . . . .  | 14,844,976.64 | 58 |
| 11. Banks „Loro“:   |               |    |
| a) Local . . . . .  | 575,964.58    |    |
| b) Foreign . . . . .  | 9,416.35      | 93 |
| 12. Banks „Nostro“:   |               |    |
| a) Local . . . . .  | 789,666.15    |    |
| b) Foreign . . . . .  | 32,448,537.61 | 76 |
| 13. Long term cash loans:   |               |    |
| a) Sundry . . . . .   | 5,941,885.33  |    |
| b) For the payment of outstanding interest . . . . .                                    | 753,941.50    |    |
| c) Communal . . . . .   | 31,315,292.49 |    |
| d) Building loans from own funds . . . . .  | 23,912,272.88 |    |
| e) Revalorised loans of the former amalgamated Institutions . . . . .                   | 6,757,167.46  | 66 |
| 14. Real property . . . . .   | 20,784,371    | 48 |
| 15. Furniture, fixtures, etc. . . . .   | 1,051,047     | 34 |
| 16. Transit accounts . . . . .  | 13,774,264    | 77 |
| Carried forward . . . . .   | 654,428,224   | 58 |

|                                  |  | Zlote          | gr |
|----------------------------------|--|----------------|----|
| <b>GENERAL BANKING SECTION</b>   |  |                |    |
| 1.                               | <b>Capital</b> . . . . .   | 150,000,000    | —  |
| 2.                               | <b>Reserve fund</b> . . . . .  | 9,156,920      | 65 |
| 3.                               | <b>Other reserves:</b>   |                |    |
|                                  | a) For conversion of mortgage loans . . . . .                                    | 2,674,586 88   |    |
|                                  | b) For conversion of savings deposits . . . . .                                  | 28,443.01      |    |
|                                  | c) General reserve . . . . .   | 21,369,640 40  |    |
|                                  | d) For Exchange differences . . . . .  | 7,423,802.65   | 94 |
| 4.                               | <b>Sight deposits:</b>   |                |    |
|                                  | a) Cheque accounts . . . . .   | 97,015,337 07  |    |
|                                  | b) Currency accounts . . . . .   | 8,286,118 88   |    |
|                                  | c) Savings deposits . . . . .  | 23,799,580.09  |    |
|                                  | d) Current accounts of Communal Savings Banks . . . . .                          | 1,962,490 40   | 44 |
| 5.                               | <b>Term deposits:</b>  |                |    |
|                                  | a) Deposits of sums at interest . . . . .  | 116,033,334.57 |    |
|                                  | b) Cash assignments . . . . .  | 66,100 —       |    |
| 6.                               | <b>Sundry credit balances</b> . . . . .  | 7,861,159      | 45 |
| 7.                               | <b>Bills rediscounted</b> . . . . .  | 71,998,038     | 20 |
| 8.                               | <b>Banks „Loro“:</b>   |                |    |
|                                  | a) Local . . . . .   | 26,358,637.35  |    |
|                                  | b) Foreign . . . . .   | 38,210,107 24  | 59 |
| 9.                               | <b>Banks „Nostro“:</b>   |                |    |
|                                  | a) Local . . . . .   | 85,726 69      |    |
|                                  | b) Foreign . . . . .   | 14,657,502 43  | 12 |
| 10.                              | <b>Drafts</b> . . . . .  | 318,876        | 99 |
| 11.                              | <b>Mortgagees</b> . . . . .  | 224,972        | 92 |
| 12.                              | <b>Transit accounts</b> . . . . .  | 19,290,745     | 93 |
| 13.                              | <b>Balance with Bond Issue Section</b> . . . . .                                 | 21,008,617     | 85 |
| 14.                              | <b>Balance with Section of Treasury funds administered by the Bank</b> . . . . . | 3,873,589      | 46 |
| 15.                              | <b>Net profit</b> . . . . .  | 12,723,895     | 47 |
| <b>Carried forward</b> . . . . . |  | 654,428,224    | 58 |



# ASSETS.

|  |                | Zlote         | gr |
|--|----------------|---------------|----|
| Brought forward . . . . .  |                | 654,428,224   | 58 |
| <b>BOND ISSUE SECTION</b>  |                |               |    |
| <b>17. Mortgage bonds and debentures of the f. Polish National Bank:</b> |                |               |    |
| a) Mortgage bonds . . . . .  | 9,706,507.86   |               |    |
| b) Communal debentures . . . . .   | 10,946,118.18  |               |    |
| c) Railway debentures . . . . .  | 11,224,616.—   | 31,877,242    | 04 |
| <b>18. Own securities in circulation:</b>                                |                |               |    |
| a) Mortgage bonds . . . . .  | 132,695,236.—  |               |    |
| b) Communal debentures . . . . .   | 471,605,790.—  |               |    |
| c) Building debentures . . . . .   | 3,857,200.—    |               |    |
| d) Bank debentures . . . . .   | 23,010,894 —   | 631,169,120   | —  |
| <b>19. Instalments on issue loans:</b>                                   |                |               |    |
| a) Of the current year . . . . .   | 10,737,624.30  |               |    |
| b) Of previous years . . . . .   | 3,722,752 60   | 14,460,376    | 90 |
| 20. Coupons of drawn mortgage bonds and debentures . . . . .             |                | 33,043        | 06 |
| 21. Sundry issue accounts . . . . .                                      |                | 7,871,705     | 70 |
| 22. Balance with General Banking Section . . . . .                       |                | 21,008,617    | 85 |
|  |                | <hr/>         |    |
|  |                | 706,420,105   | 55 |
| <b>SECTION OF TREASURY FUNDS ADMINISTERED BY THE BANK</b>                |                |               |    |
| <b>23. Loans granted from Treasury funds:</b>                            |                |               |    |
| a) Building loans:   |                |               |    |
| from the State Building Fund . . . . .                                   | 219,786,383.89 |               |    |
| advances on loans from the State Building Fund . . . . .                 | 23,588,169.64  | 243,374,553   | 53 |
| b) Loans for relief purposes . . . . .                                   |                | 38,077,741    | 63 |
| c) Loans:  |                |               |    |
| 1) to „Kooprolna“ . . . . .  | 36,596,950.—   |               |    |
| 2) to others . . . . .   | 11,682,558 27  | 48,279,508    | 27 |
| d) Sundry loans . . . . .  |                | 83,620,262    | 05 |
| 24. Balance with General Banking Section . . . . .                       |                | 3,873.589     | 46 |
|  |                | 417,225,654   | 94 |
| Total of balance sheet . . . . .   |                | 1,778,073,985 | 07 |
| Collections . . . . .  |                | 14,968,739    | 62 |
| Debtors on account of guarantees . . . . .                               | 25,641,448.42  |               |    |
| Debtors on account of acceptances . . . . .                              | 12,155,138.37  | 37,796,586    | 79 |
|  |                | 1,830,839,311 | 48 |

|   |  | Złote         | gr |
|---|--|---------------|----|
|   | Brought forward . . . . .  | 654,428,224   | 58 |
| <b>BOND ISSUE SECTION</b>                                 |  |               |    |
| 16.   | <b>Special reserve for securities issued by the N. E. B.:</b>        |               |    |
|   | a) Mortgage bonds . . . . .  | 1,664,342.64  |    |
|   | b) Communal debentures . . . . .                                     | 7,464,771.05  |    |
|   | c) Railway debentures . . . . .                                      | 827,207.87    |    |
|   | d) Building debentures . . . . .                                     | 9,908.88      |    |
|   | e) Bank debentures . . . . .   | 406,091.05    |    |
|   |  | 10,372,321    | 49 |
| 17.   | <b>Mortgage bonds and debentures of the i. Polish National Bank:</b> |               |    |
|   | a) Mortgage bonds . . . . .  | 9,706,507.86  |    |
|   | b) Communal debentures . . . . .                                     | 10,946,118.18 |    |
|   | c) Railway debentures . . . . .                                      | 11,224,616.—  |    |
|   |  | 31,877,242    | 04 |
| 18.   | <b>Own mortgage bonds and debentures in circulation:</b>             |               |    |
|   | a) Mortgage bonds . . . . .  | 132,695,236.— |    |
|   | b) Communal debentures . . . . .                                     | 471,605,790.— |    |
|   | c) Building debentures . . . . .                                     | 3,857,200.—   |    |
|   | d) Bank debentures . . . . .   | 23,010,894.—  |    |
|   |  | 631,169,120   | —  |
| 19.   | <b>Drawn mortgage bonds and debentures in circulation . . . . .</b>  | 488,231       | 09 |
| 20.   | <b>Unpaid coupons . . . . .</b>                                      | 3,588,941     | 75 |
| 21.   | <b>Mortgage bond and debenture redemption fund . . . . .</b>         | 1,643,287     | 94 |
| 22.   | <b>Coupon redemption fund . . . . .</b>                              | 18,950,786    | 30 |
| 23.   | <b>Instalments paid in advance . . . . .</b>                         | 2,305,793     | 79 |
| 24.   | <b>Sundry issue accounts . . . . .</b>                               | 6,024,381     | 15 |
|   |  | 706,420,105   | 55 |
| <b>SECTION OF TREASURY FUNDS ADMINISTERED BY THE BANK</b> |  |               |    |
| 25.   | <b>State Treasury deposits:</b>                                      |               |    |
|   | a) Building funds . . . . .  | 215,230,936   | 84 |
|   | b) Relief funds for banks . . . . .                                  | 56,545,706    | 20 |
|   | c) Funds ex re „Kooprolna“ . . . . .                                 | 36,191,311    | 79 |
|   | d) Special reserve for guaranteed operations . . . . .               | 3,562,259     | 79 |
|   | e) Sundry credits . . . . .  | 105,695,440   | 32 |
|   |  | 417,225,654   | 94 |
|   | <b>Total of balance sheet . . . . .</b>                              | 1,778,073,985 | 07 |
|   | Sundry for collections . . . . .                                     | 14,968,739    | 62 |
|   | Guarantees granted . . . . .   | 25,641,448.42 |    |
|   | Creditors in respect of acceptances . . . . .                        | 12,155.138.37 |    |
|   |  | 37,796,586    | 79 |
|   |  | 1,830,839,311 | 48 |



# The National PROFIT AND

for the year ending

DR.

|   | z l o t e     | g r |
|---|---------------|-----|
| <b>1. Interest paid on:</b>                     |               |     |
| a) Current accounts . . . . .                   | 25,294,316.34 |     |
| b) Re-discounted bills . . . . .                | 6,903,307.76  |     |
| c) Savings deposits . . . . .                   | 1,474,229.46  |     |
| d) Cash assignments . . . . .                   | 5,968.77      |     |
| e) Sundry accounts *) . . . . .                 | 3,046,347.30  |     |
|   | 36,724,169    | 63  |
| <b>2. Exchange differences . . . . .</b>        | 7,343,975     | 17  |
| <b>3. General expenses:</b>                     |               |     |
| a) Operating expenses:                          |               |     |
| 1) Office expenses . . . . .                    | 1,092,555.85  |     |
| 2) Upkeep of buildings . . . . .                | 797,502.61    |     |
| 3) Sundry expenses . . . . .                    | 1,244,579.68  |     |
| 4) Motor upkeep . . . . .                       | 133,021.23    |     |
| 5) Salaries and wages . . . . .                 | 10,949,977.78 |     |
|   | 14,217,637.15 |     |
| b) Pensions . . . . .                           | 672,465.17    |     |
| c) Cost of issues, etc. . . . .                 | 7,844.61      |     |
| d) Administration of property . . . . .         | 58,110.77     |     |
|   | 14,956,057    | 70  |
| <b>4. Amortisation:</b>                         |               |     |
| a) Real property . . . . .                      | 207,738.05    |     |
| b) Movable property . . . . .                   | 412,417.27    |     |
| c) Loans raised on account of capital . . . . . | 1,267,687.47  |     |
|   | 1,887,842     | 79  |
| <b>5. Written off . . . . .</b>                 | 593,962       | 69  |
| <b>6. Net profit . . . . .</b>                  | 12,623,895    | 47  |
|   | 74,229,903    | 45  |

\*) Including interest on the loan raised for the purpose of increasing the capital, and on mortgages on properties belonging to the Bank.

# Economic Bank

## LOSS ACCOUNT

31st December, 1929

CR.

|  |               | z l o t e         | g r       |
|--|---------------|-------------------|-----------|
| <b>1. Interest received:</b>   |               |                   |           |
| a) Discounted bills . . . . .  | 19,923,459.32 |                   |           |
| b) Current accounts . . . . .  | 9,045,434.02  |                   |           |
| c) Term loans . . . . .  | 5,040,911.98  |                   |           |
| d) Building loans *) . . . . .   | 19,662,474.28 |                   |           |
| e) Securities . . . . .  | 14,214,660.10 |                   |           |
| f) Retention of loans against issues . . . . .                                     | 759,273.84    |                   |           |
| g) Sundry accounts . . . . .   | 93,016.59     | 68,739,230        | 13        |
| <b>2. Commissions:</b>   |               |                   |           |
| a) Bills . . . . .   | 99,454.93     |                   |           |
| b) Collections . . . . .   | 433,732.59    |                   |           |
| c) Drafts . . . . .  | 169,849.61    |                   |           |
| d) Current accounts . . . . .  | 458,835.44    |                   |           |
| e) Deposits . . . . .  | 123,186.42    |                   |           |
| f) Exchange transactions . . . . .   | 359,818.26    |                   |           |
| g) Guarantees and endorsements . . . . .   | 314,754.43    |                   |           |
| h) Sundry accounts . . . . .   | 572,046.69    | 2,531,678         | 37        |
| <b>3. Refund of expenses on behalf of third parties . . . . .</b>                  |               | 327,809           | 01        |
| <b>4. Additional receipts for operating expenses of issue department . . . . .</b> |               | 2,267,093         | 93        |
| <b>5. Administration of property . . . . .</b>                                     |               | 242,096           | 89        |
| <b>6. Refund of sums previously written off . . . . .</b>                          |               | 121,995           | 12        |
|  |               | <b>74,229,903</b> | <b>45</b> |

\*) Sum total of interest raised on building loans. In the previous year the interest was partly added to interest on loans for reconstruction and partly to interest on term loans.



## AUDITORS CERTIFICATE.

We, the duly appointed auditors of the National Economic Bank, hereby certify that we have examined the above balance sheet for the year end 31st December, 1929, and the profit and loss account for the year 1929, and have satisfied ourselves:

1. That the items comprised in the balance sheet, closed on each side with a total of zloty 1,830,839,311.48 (collections, guarantees and acceptances) have been accurately entered, and are in accordance with the books of the Head Office, and the statements submitted by the Branches.
2. That the books and vouchers, kept by the Head Office, are correct and properly kept.

In view of the above, we consider that the balance sheet and the profit and loss account above referred to, should be approved.

Warsaw, 22nd February, 1930.

Chief Auditor:

*Dr. Marynowski*

Auditors:

*L. Zadrowski*

*Pieńkowski*

*Artur Alland*

*Antoni Repeczko*

# Balance sheet of the Staff Pension Fund

of the National Economic Bank  
for the year ended 31st December 1929

| A S S E T S  | Zlote             | gr        | L I A B I L I T I E S  | Zlote             | gr        |
|--|-------------------|-----------|--|-------------------|-----------|
| On deposit with the National Economic Bank . . . . . | 2,605,146         | 20        | Capital of the Pension Fund on the 31st Decemb., 1928 Zl. 8,209,558.92 |                   |           |
| Securities . . . . .                                 | 3,056,699         | 51        | Surplus of revenue over expenditure for the year 1928 .. 2,509,992.87  | 10,719,551        | 79        |
| Real properties . . . . .                            | 5,044,106         | 08        |  |                   |           |
| Transit account . . . . .                            | 13,600            | —         |  |                   |           |
|  | <u>10,719,551</u> | <u>79</u> |  | <u>10,719,551</u> | <u>79</u> |

## Income and Expenditure account

of the Pension Fund  
for the year 1929

| E X P E N D I T U R E                                | Zlote            | gr        | I N C O M E                     | Zlote            | gr        |
|--|------------------|-----------|---------------------------------|------------------|-----------|
| Pension to staff and widows                          | 109,597          | 15        | Contributions from the Bank:    |                  |           |
| Post mortem payments . . .                           | 6,075            | 69        | a) Ordinary Zl. 449,784.93      |                  |           |
| Amortisation . . . . .                               | 79,491           | 96        | b) Extraordin. .. 1,000,000.—   | 1,449,784        | 93        |
| Stamp fees and taxes . . .                           | 19,388           | 40        | Contributions from members .    | 463,653          | 04        |
| Surplus revenue over expenditure for the year 1929 . | 2,724,546        | 87        | Premium reserves . . . . .      | 145,219          | 94        |
|  |                  |           | Profit on house administration  | 178,096          | 12        |
|  |                  |           | Profit on drawing of securities | 11,303           | 10        |
|  |                  |           | Coupons on securities . . .     | 294,168          | 77        |
|  |                  |           | Interets on bank accounts. .    | 182,320          | 14        |
|  | <u>2,724,546</u> | <u>07</u> |                                 | <u>2,724,546</u> | <u>07</u> |









