



BANK GOSPODARSTWA KRAJOWEGO
(NATIONAL ECONOMIC BANK)

REPORT OF DIRECTORS
FOR THE FINANCIAL YEAR 1930

VIIth YEAR

WARSAW — 1931



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Zakłady Graficzne E. i Dr-a K. Kozińskich w Warszawie.

Akc. Nr. 4500 31
A.

BANK GOSPODARSTWA KRAJOWEGO

(NATIONAL ECONOMIC BANK)

HEAD OFFICE:

5 KRÓLEWSKA, WARSAW (Poland).

BRANCHES:

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

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VICE-PRESIDENT OF THE COUNCIL:

Feliks MACISZEWSKI, D. C. L.

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Władysław KORSAK **),

Vice-Minister of the Interior.

Jerzy DRECKI, Eng.

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

Józef KOZUCHOWSKI,

Vice-Minister of Industry and Commerce.

Kazimierz DUCH *), D. C. L.

Director of the Local Government Department
of the Ministry of the Interior.

Antoni OLSZEWSKI, Eng.

Former Minister of Industry and Commerce.

Kazimierz GÓRSKI, Eng.

Vice-Minister of Public Works.

Adam ROSE ***) , D. C. L.

Director of the Economic Department of
the Ministry of Agriculture.

Stanisław ROŚCISZEWSKI ****),

Director of the Presidential Department
of the Ministry of Agriculture

GOVERNMENT-COMMISSIONER:

Witold BRONIEWSKI

DEPUTY-GOVERNMENT COMMISSIONERS:

Stefan RYBAŁTOWSKI

Witold PAWŁOWICZ

*) Member of the Council until March 31st, 1930.
**) " " " " from April 1st, 1930.
***) " " " " from May 13th, 1930.
****) " " " " until May 1st, 1930.

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Vice-Chairman: Lucjan ZADROWSKI

Members: Artur ALLAND

Tadeusz PIEŃKOWSKI

Antoni REPECZKO

Board of Directors

CHAIRMAN:

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ACTING MANAGING DIRECTOR:

V A C A T

DEPUTY MANAGING DIRECTORS:

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DIRECTORS:

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Walenty MILER

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Adam PAWLIKOWSKI, D. C. L.

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Mieczysław SZENK, D. C. L.

*) Appointed Director on June 1st, 1930,

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I.

GENERAL ECONOMIC POSITION IN 1930.

The economic crisis which had become evident at the end of 1929 in the majority of European and overseas countries, developed in 1930 into a world wide economic crisis of an extremely acute character and on a very large scale. During the year most countries of an international economic importance, whether those based on agriculture and raw materials or those of an industrial structure, were racked by the crisis. The deepening of the world wide all round depression found its expression in the marked reduction in both industrial production and commercial turnover, in the excessive increase of unsold stocks and, finally in the heavy drop of prices, which assumed wide dimensions in respect of industrial raw materials and agricultural produce. A result of the falling off in economic activity was a great expansion in the number of unemployed, the world total at the close of 1930 being estimated at about eighteen millions.

The consequences of the crisis on the international markets were a strong growth of fluidity and a general lowering of discount rates, frequently to below the pre-war level, in the more important financial centres. The recovery of the capital market progresses slowly, being hampered, firstly, by the lack of confidence in the stability of the existing political conditions and, secondly, by the strong demand for long term credits from those countries which are poor in capital. A manifestation of the great economic tension now existing is shown by the prolonged slump in the stock and share markets from which it is gathered that there are no immediate hopes for an early improvement.

The economic development of Poland in 1930 was to a great extent ruled by the world economic situation. The influence of the general crisis was particularly marked in those sections of economic life, in which Poland is an important factor in international interchange, i. e. in the agricultural, live stock and produce industries. The shrinkage of turnover and of income in these sections, which give employment and nourishment to the major part of the population of this country, undoubtedly had an adverse effect on the purchasing power of the mass of consumers, bringing in its turn a drop of prices and the necessity for the restriction of industrial production, the turnover of trade and an increase of unemployment. The result of the weakening pulse of economic life was a decline in the general income, an extension of payment difficulties and a slowing down in the pace of capitalization. However, thanks to the nature of the economic structure of Poland, the crisis did not, in many respects, assume an acute form as in other European countries, especially in those which are highly industrialised, have a more intensive economy and a higher standard of living. The majority of the inhabitants of Poland are peasants, mainly having a lower standard of necessities and possessing the capacity of adjusting themselves to wide fluctuations in conditions to a larger degree than the population of industrial countries. This factor, however, reduces to a certain extent the opportunities for forming large reserves of capital, which would make it easier for Poland to withstand the present period of depression.

Thanks to the progress and the consolidation of the economic organism in previous years, the crisis did not disturb the foundations of economic life. The equilibrium of the State budget was maintained. The quotations of the Polish zloty in hard currency remained unshaken thanks to the sufficient reserves of bullion and foreign currencies and bills of the Bank of Poland, which were accumulated owing to the active trade balance, constituting the basis of the balance of payments of Poland. At the close of the year, several foreign long term loans were under discussion with every prospect for their favourable conclusion.

The acquisition by the Government of a decisive Parliamentary majority, during the course of the year, has brought about new factors of durability and continuation into economic life. The favourable influence of a strong Government in Poland has been markedly in evidence in recent years, as it has permitted the passing of a series of laws affecting economic policy and also the formation of many institutions and organizations, having as their object the economic consolidation of the State and the strengthening of its resistive powers against temporary economic influences.

* * *

The economic difficulties of Poland naturally exercised a certain influence on the budget. Even in the last quarter of the budgetary year 1929/30 (January — March, 1930), both revenue and expenditure were larger than in the previous year, the revenue being 768.8 mill. zl. and the expenditure 745.3 mill. zl., leaving a surplus of 23.5 mill. zl., as compared with a revenue of 784.3 mill. zl. and an expenditure of 696.7 mill. zl., with a surplus of 87.6 mill. zl. in the corresponding period of 1929. In the April-December period of 1930, the expenditure amounted to 2,071.8 mill. zl. and the revenue to 2,065.9 mill. zl., the deficit being 5.9 mill. zl., while in 1929 the analogous figures were 2,225.4 mill. zl. and 2,261.8 mill. zl. The above mentioned deficit arose through a surplus of expenditure over revenue in December, 1930, owing to heavy payments by the Treasury for sinking funds and interest on foreign loans. Taking 1930 as a whole, the budgetary equilibrium was maintained, the State expenditure being adjusted to the revenue. Thanks to the surplus in the earlier months, the calendar year was closed with an excess of revenue over expenditure of 17.6 mill. zl., the revenue amounting to 2,834.7 mill. zl. and the expenditure to 2,817.1 mill. zl.

The fact that the budgetary equilibrium was maintained over such a difficult period, should all the more be emphasized as the Government had considerably increased its economic assistance by the provision of greatly augmented sums for the relief of the unemployed. The drop in revenue was to a great extent due to numerous tax and Customs duties alleviations, approved by the Government during the course of both 1930 and 1929, amongst which should be mentioned the reduction or the total abolition of the industrial taxes on some categories of business and the partial abolition of the capital levy, the tax on pensions and a further expansion of the refunds of Customs duties payable on the export of goods abroad, especially in respect of agricultural products. The cancellation of large arrears of taxes and the granting of permission for the payment of taxes over long periods of time, mainly for the farming community, was also of great importance.

The budget for the year 1931/32 provides for a revenue of 2,867 mill. zl. and an expenditure of 2,866 mill. zl. These figures are below those for 1930/31, the revenue being reduced by 172 mill. zl. and the expenditure by 75 mill. zl.

The total of the Polish State debt rose last year by 365.6 mill. zl. to 4,413.6 mill. zl. The internal debts rose from 357.2 mill. zl. to 421.0 mill. zl. by reason of the issue of the first series of 50 mill. zl. of the 3% Building Loan and further issues of the 5% Conversion Loan and 5% Land Bonds. The foreign debt rose from 3,690.8 mill. zl. to 3,992.6 mill. zl. in consequence of the consolidation of the War and Relief Loans.

The position of the currency in 1930 was quite satisfactory. Despite the lack in the inflow of foreign long term credits, the bullion and hard currency and bill reserves of the Bank of Poland were sufficient to maintain the quotation of the zloty within the normal limits of a fixed currency. Only in the second half of September, the quotations for dollar bills advanced temporarily, attaining in the first days of October on the free market 9 zl., and on the Exchange 8.99 zl. This advance was mainly due to a sudden and temporary increase in the demand for dollar bills by foreign buyers and ceased entirely in November, when the quotation returned to its normal level of 8.88 zl. — 8.90 zl. The prices of drafts on New York, on which the parity of the zloty is based, was maintained at the unchanged level of 8.91 zl.

The repayment of the outstanding foreign obligations of Poland under the heading of loan service and the shrinkage of foreign goods credits in connection with the drop in the commercial turnover with abroad, brought about an efflux of 268 mill. zl. (from 1,119 mill. zl. to 851 mill. zl.) in the bullion and foreign currencies and bills from the Bank of Poland during the course of the year. In order to complete its foreign currency and bill portfolio, the Bank of Poland changed a part of its gold reserves (142 mill. zl.) into hard currencies and bills, while, simultaneously, the total of notes in circulation and of "on call" payments dropped, thanks to which it was possible to maintain the cover in hard currencies and bills, and bullion at a high level, the figure at the close of the year being 55.29%, or 15.29% above the legal cover; the cover in gold alone amounted to 36.54%, or 6.54% above the legal cover.

The total of notes of the Bank of Poland in circulation, dropped by 12 mill. zl. and of Treasury notes by 21 mill. zl., while the total circulation of money decreased by 31 mill. zl. to 1,569 mill. zl. at the close of the year, as against 1,600 mill. zl. at the end of 1929.

In 1930 the foreign currency reserves of the Bank of Poland were not replenished by a foreign long term loan. At the end of the year, however, the Polish Government received from the Swedish Match Trust, in connection with the prolongation of the Match Monopoly, a loan of \$ 32.4 mill. at 6½%. This loan will be realised during the course of the current year and should considerably strengthen the foreign bill reserves of the Bank of Poland.

The money and capital market was influenced by the general economic situation and reacted strongly to the developments which took place on the international money markets during the year under review. The restriction in production, the decline in turnover and, above all, the limitation in the investment activities were responsible for the lack of interest on the money market, which came into evidence after March. The receipt of funds from the production and sale of goods, the progressive fluidity of the Treasury cash reserves, the steady growth of deposits and the influx of short term credits from foreign banks, all of which were still in evidence in the first half of the year, brought about an increase in the working capital of the banks and financial institutions. As the simultaneously dropping volume of business did not provide a possibility for the employment of this money, the cash reserves of the financial institutions rose, which brought about a drop in the private interest rates.

The conjunction of the above reasons with the sharp fall of the discount rates on the international markets, permitted the Bank of Poland to lower its discount rate three times, viz.: from 8½% to 8% on January 31st; from 8% to 7% on March 14th; and from 7% to 6½% on June 13th, this being the lowest level noted in Poland since the War. The cheaper credit found its expression in the Order of the Ministers of Finance and of Justice of July 15th, 1930, which restricted the maximum interest on loans from 12% to 11% p. a. On July 1st the rates on current and on deposit accounts in the banks were reduced by ½% and 1% respectively. The progressing fluidity of the money

market brought about an improvement in the solvency with a drop in the numbers of protested bills and of bankruptcies.

The favourable development of the money market did not, however, continue throughout the second half of the year. The further drop in the prices of agricultural products after the harvest, caused a still greater reduction of the purchasing power of the farmers and, in consequence, brought about an increase in the difficulties of payments both of agriculture and of those sections of industry and trade which are closely bound up with it. The pressure on the credit market increased; there was a simultaneous falling off in the growth of bank deposits, and stock and share quotations began to show a downward trend. To this was coupled the adverse effects of developments occurring on the international markets, i. e.: the September panic in Germany and the French bank failures, which caused a partial withdrawal of short term credits by foreign banks, which brought about a decrease in the foreign currency, bill and bullion reserves of the Bank of Poland. The outflow of foreign currencies and the simultaneous pressure on the credit institutions, obliged the Bank of Poland to rise the discount rate from $6\frac{1}{2}\%$ to $7\frac{1}{2}\%$ on October 3rd and to adopt further credit restrictions (with the exception of credits for agriculture). The example of the Bank of Poland was followed by other banks and the restrictions thus introduced were severely felt by the economic life especially at the end of the year, bringing about a fresh increase in payment difficulties.

The financial institutions continued to progress in 1930, though at a slower rate than in previous years. The growth of deposits weakened; while in 1929 deposits of all kinds (with the exception of those of the Treasury and of foreign institutions) rose by 267 mill. zl. to 2,747 mill. zl.; in 1930 they increased by 241 mill. zl. to 2,988 mill. zl. A most favourable factor was the increase in savings deposits, during the course of the year in all branches: in the Postal Savings Bank they rose by 81 mill. zl. to 253.7 mill. zl. (in 1929 by 53 mill. zl.); in the communal savings banks they increased by 136 mill. zl. to 581 mill. zl.; in the credit co-operatives they rose by 7 mill. zl. to 381 mill. zl. The growth of deposits in the joint stock banks was maintained more or less on the level of the previous year. The total of deposits together with those in the branch offices of foreign banks increased by 67 mill. zl. do 1,051 mill. zl. On the other hand, there was a slight decrease in the clearing accounts in the Bank of Poland, which fell from 177.4 mill. zl. at the end of 1929 to 162.4 mill. zl. at the end of 1930 (without the State cash accounts). The deposits in the National Economic Bank and in the State Land Bank fell by 12.5 mill. zl. to 310.7 mill. zl.

The total of the short term credits in all the financial institutions, with the exception of the communal savings banks and the credit co-operatives, fell by 19 mill. zl. from 2,765 mill. zl. to 2,746 mill. zl. The total of cash credits, including the long term cash loans of the National Economic Bank and the credits from the State funds administered by the two State banks, rose during the year by 288 mill. zl., from 3,502 mill. zl. to 3,790 mill. zl. Of this total the share of the National Economic Bank and of the State Land Bank was 1,493 mill. zl. as against 1,206 mill. zl. in 1929. There was a particularly strong increase in the credit operations in the section of the Treasury funds administered by these two banks, in connection with the assistance given by the Government for the purpose of alleviating the economic crisis. The total of credits from the funds administered by the State Land Bank increased from 253.4 mill. zl. at the close of 1929 to 342.6 mill. zl. at the close of 1930, while those of the National Economic Bank rose from 413.4 mill. zl. to 589 mill. zl. in the same period. The credits granted by the joint stock banks, including the branch offices of foreign banks, increased by 39 mill. zl., or 3%, from 1,414 mill. zl. at the close of 1929 to 1,453 mill. zl. on December 31st, 1930.

On the other hand, the discount credits in the Bank of Poland dropped from 704 mill. zl. to 672 mill. zl. As there was a simultaneous increase in the lombard loans amounting to 9 mill. zl., the

total of the credits granted by the bank of issue dropped, as compared with the close of 1929, by 23 mill. zł. There was also a slight decrease in the credits granted by the Postal Savings Bank and the communal banks.

The slight improvement recorded on the capital market in the first half of 1930 under the influence of the increasing fluidity of the money market, permitted the long term credit institutions to maintain their activities more or less on the level of the previous year, in spite of the unfavourable situation prevailing on the international capital markets. The total of fresh issue credits (in mortgage bonds and debentures) placed during the course of 1930 by all Polish long term credit institutions, with the exception of the State banks, amounted to 122 mill. zł., or 33 mill. zł. more than in the previous year. The total state of mortgage loans granted by the above mentioned banks rose during the course of the year by 89 mill. zł. to 1,002 mill. zł. In the State banks the growth of the total of long term loans was less than in the previous year, the credits in mortgage bonds and debentures of the National Economic Bank and the State Land Bank increasing by 134 mill. zł. to 1,058 mill. zł.

The business world benefited from the financial assistance of the State to a greater extent than in the previous years. This assistance was chiefly for the building of apartment houses and for the needs of agriculture. For the increase of building funds, the Government issued in May a 3% Premium Loan, to an amount of 50 mill. zł. and for the assistance for the agriculturalists was used—besides the sums provided in the budget and the revenue from the "funds for economic development purposes" — a part of special reserves of the Treasury in the Bank of Poland, which was freed during the year under the terms of the Stabilization Loan. Thanks to the financial action of the Government, the Treasury deposits in the National Economic Bank increased in 1930 by 92 mill. zł. to 509 mill. zł., and those in the State Land Bank by 91 mill. zł. to 393 mill. zł.; in 1929 the respective increases were 29 mill. zł. in the National Economic Bank and 101 mill. zł. in the State Land Bank.

Amongst other actions of the Government with a view to alleviating money and credit conditions, should be mentioned firstly the partial suspension of the capital levy and of the tax on rents, which undoubtedly had an advantageous influence on the turnover of stocks and shares and the increase of deposits and, secondly, the Order of the President of the Republic, dated November 19th, 1930, in virtue of which the free funds of the Treasury placed in the Bank of Poland and in the Postal Savings Bank may be employed for the purchase of short term commercial bills of exchange to the amount of one-fourth of the liquid cash resources. This Order, which permits an increase of the credits for the different branches of business, may also assist in the future towards the creation of an acceptance market, which does not as yet exist in Poland

The turnover on the *Exchanges* rose, as compared with 1929, by nearly 30%. The strongest increase, 33%, was recorded in foreign currencies and bills. In stocks and shares, as in most other countries, there was a decided movement towards the group of fixed interest securities with a simultaneous vanishing of the interest in shares, transactions in the former increasing by 30% and in the latter decreasing by 25%, as compared with 1929. This had a considerable influence on the shaping of the quotations of the individual stocks and shares. The index of the quotations of mortgage bonds in Warsaw, calculated by the Institute of Economic Research on the basis of 1927 = 100, rose from 84.6 in December, 1929, to 99.8 in August, 1930, dropping at the close of the year to 92.3. The index of Polish State loans shaped less favourably increasing from 82.2 at the close of 1929 to 88.1 in July, 1930, and falling at the close of the year to 76.6. The quotations of shares suffered considerably heavier losses. The index of the quotations of industrial shares in December, 1930, was 42.4 as against 59.6 in the preceding year.

The difficulties on the money market, which again aggravated by the end of the year, had their source mainly in the deteriorating situation of the agriculture. The severe drop of prices of all agricultural products, was all the more severely felt by the Polish agriculture as the unfavourable year of 1929 had exhausted the limited working capital of agricultural industries. The improvement in the financial situation of agriculture, which is generally evidenced after the harvest, did not eventuate in 1930, the strongest drop of prices being recorded immediately after the harvest, making the normal realization of the crop impossible. The most marked declines during the course of the year were in wheat, which in December, 1930, was noted 43.5% below the quotation of a year before (in Poznań even by 53.23%), and rye, which fell by 30.37% in Warsaw and 40.29% in Poznań. The quotations of other grains dropped to a smaller extent: ordinary barley by 26.45%; brewing barley by 11.61% and oats by 6.06%.

The grain harvest was on the whole not much worse than in 1929, which was a very good crop year, and was much better than the average for 1924—1928. The wheat crop (22.4 mill. quintals) was 25% larger in 1930 than in the preceding year and 50% over the average for 1924—1928. The rye crop was 69.2 mill. q. (70.1 mill. q. in 1929); the barley crop 14.6 mill. q. (16.6 mill. q. in 1929); the oat crop 23.5 mill. q. (29.6 mill. q. in 1929). The ratio in percentage of the increase to the average 1924—1928 for rye was 25%; for barley 18% and for oats 16%.

Thanks to this Poland obtained in 1930 important surpluses for exports. The augmented exports failed, however, to improve the position of agriculture, as the financial results, owing to the low prices, were worse than those obtained in the previous year. While the height of exports of the four principal grains reached 714,098 tons, as against 484,227 tons in 1929, the value receded from 152,706,000 zl. in 1929 to 147,7390,00 zl. in 1930. There was also a great increase in the export of wheat and rye flour, which rose to 51,200 tons, valued at 16,081,000 zl., as against 5,500 tons, valued at 3,172,000 zl. in 1929.

While in 1929 the deterioration in the grain production had to a certain degree been compensated for by the favourable conditions obtaining for stock breeding, the situation in this branch of agriculture also deteriorated during the course of the year, and live stock prices dropped considerably, especially in the second half of the year. The general index of the wholesale prices of animal products receded between December, 1929, and December, 1930, from 98.9 to 72.2 (at the basis of 1927 = 100). Agriculture was particularly badly hit by the deterioration of the export conditions, the domestic market being unable to consume the augmented production owing to the serious decline in the purchasing power of the population. The export of the most important article of this group, namely hogs, decreased from 960,024 head in 1929 to 720,918 head during the course of the year under review. Their value dropped simultaneously from 185,182,000 zl. to 138,746,000 zl. On the other hand, the export of beef cattle showed a certain improvement, rising to 40,456 head, valued at 22,233,000 zl., as against 29,445 head, valued at 16,113,000 zl. in 1929. The drop in the export of hogs was to some extent covered by an increase in the export of meat products, and first of all of bacon, which reached 27,829 tons, valued at 82,293,000 zl. in the year under review, as against 13,774 tons, valued at 52,818,000 zl. in 1929.

Also the export of eggs increased in respect of quantity to 55,111 tons, as against 53,492 tons in 1929, the value, however, dropped to 134,828,000 zl., as compared with 142,504,000 zl. in the preceding year. The exports of butter showed a drop in respect of both quantity and value, the total being 12,117 tons, valued at 59,162,000 zl., as compared with 15,081 tons, valued at 88,069,000 zl. in 1929.

The decrease in the purchasing power of the population was not propitious for the progress of the agricultural manufacturing industries. The production of sugar in the 1929/30 season

attained the record figure of 825,000 tons, but in face of insufficient domestic sales, the sugar factories were compelled to export 400,000 tons of their production at very disadvantageous prices. The home sales of sugar dropped as compared with the previous year by 6.2% to 346,000 tons. Owing to the continually deteriorating position on the international sugar markets, the area under beet was reduced in 1930, and the production of sugar in the present season was diminished to 704,000 tons. The distillery industry produced in the 1929/30 campaign 87.8 mill. litres of spirit, as against 72.9 mill. litres in the previous economic year. The export of spirit rose in 1930 by 1.4 mill. litres to 5.5 mill. litres.

Desirous of assisting agriculture, the Government continued to develop the action started in 1929 by the maintenance of the export premiums, the increase of the import duties on certain agricultural articles, the renewal of the rye convention with Germany on more advantageous conditions and the alleviations of the regulations regarding the grinding of corn, the continuation of the intervention on the domestic market through the mediumship of the State Industrial Corn Stores, to the board of which have been appointed representatives of the circles interested. Numerous reductions were made in the taxes and also the railway tariffs on agricultural products. The State banks considerably expanded their financial assistance to agriculture granting extension for the payment of previous liabilities and also making further advances. The Bank of Poland considerably extended the quota of registered credits against the lien of corn, and excluded agricultural credits from the rediscount restrictions brought into force in the last quarter of the year. Emphasis should be laid on the expansion of the Government efforts as well as those of the relevant professional organizations towards the rationalising and consolidation of both the production and the trade in agricultural products. The initiative taken by the Government in calling an international conference with a view to conciliating the conflicting interests of the agricultural States and to organizing the provision of agricultural credits, was another noteworthy occasion.

The decline of the purchasing power and the payment difficulties of agriculture were greatly responsible for the heavy restrictions in industrial production and commercial turnover. The shrinkage of the sales of raw materials and industrial articles, coupled with the decline of prices also caused a great reduction in the investment activities of the Government and other public bodies as well as on the part of industry and trade, while there was a simultaneous deterioration in the export conditions obtaining for many kinds of goods. As an immediate result of this there was a marked decrease of employment in industry and a large augmentation in the number of unemployed industrial workers. The general index of industrial production dropped from 124.9 in December, 1929, to 101.8 at the end of 1930 (1925—1927 = 100). There was a reduction in the production of manufacturing goods, the index of which dropped from 136.6 to 98.9, while the index of the manufacture of consumption goods dropped from 114.2 to 101.6.

Coal mining, which even at end of 1929 was one of the best employed industries in Poland, suffered badly from the falling off in the demand for coal, due to the mild winters of the last two years and the prolonged industrial crisis. The domestic sales in 1930 fell to 20.3 mill. tons, i.e. to 75% of the 1929 total, while the exports dropped by 11% to 12.8 mill. tons. The falling off in the foreign sales was all the more felt by the industry as it was mainly in respect of the Succession States (Austria, Hungary and Czechoslovakia), on which markets, thanks to the existence of a convention, Polish coal obtains relatively the most advantageous prices. The export to the free markets showed a smaller reduction and that to the Scandinavian and Baltic countries even increased, but the prices obtained receded considerably during the course of the year owing to the severe competition from the remaining two large coal exporters, i. e. England and Germany. The next

result of the unfavourable conditions was that the output fell to 37.5 mill. tons, i.e. to 81% of that of 1929.

The petroleum industry was in a relatively better position as its prospects depend on the international situation, while the domestic market is in the hands of a strong syndicate. The output of crude oil in 1930 amounted to 663,000 tons, a drop of 2% as compared with the previous year, this being due to the progressive exhaustion of the Boryslaw field. The output of petroleum products attained 96% of last year's figures (575,000 tons). The home sales were 405,000 tons, a figure almost equal to that of the previous year, while prices were maintained. As a result of the unfavourable sales conditions on the international markets, where prices fell heavily owing to excessive offers from Russia and America, the export of petroleum products from Poland dropped to 192,000 tons, or by 23% as compared with 1929.

The weakening of the economic activities and especially of the investment action in the country, seriously hit the iron and steel industry. The production of pig iron dropped by 32% to 478,000 tons as compared with 1929, that of steel decreased by 10% to 1,238,000 tons, and the output of raw products by 6% to 904,000 tons. The sales of iron and steel on the home market, effected by the Syndicate of the Polish Iron Foundries, totalled 370,000 tons, or 73% of the figure for 1929. In order to keep the foundries occupied, it became necessary to obtain foreign orders, many of which were at relatively unremunerative prices. Thanks to the financial assistance given to export sales by the Government, large shipments were placed in Soviet Russia which, before the War, was largely supplied by the Polish iron industry. Thanks to this, exports increased to 418,000 tons, or 182% of the figure for 1929.

The heavy reduction of prices in Europe for non-ferrous metals affected the Polish zinc founding industry, which was compelled, owing to the lack of domestic sales, to export about 80% of its output. By reason of this fact Poland maintained in 1930 its position as the greatest European zinc exporter, the foreign sales remaining on the level of 1929, i.e. 140,000 tons. The value of this trade decreased, however, by 30%. The output of the zinc foundries was slightly larger than in 1929, reaching 175,000 tons, as against 169,000 tons in the previous year. The production of lead rose to 40,000 tons, as compared with 36,500 tons in 1929; exports were over 15,000 tons.

In addition to the metal industries, the lack of investment movement was also severely felt by the engineering industry. The position of this branch was the more difficult as both home and foreign sales shrunk simultaneously, the latter meeting with ever increasing difficulties concurrently with the deterioration of the international economic situation and the growth of competition from Western and Central Europe. Owing to the advantageous credit conditions granted by foreign suppliers, the effect of foreign competition was felt even on the home market in numerous branches of the industry. As an immediate result the state of employment in the various sections of the engineering industry was, on the average, 20% below the level of 1929. The slump was noted particularly in the branches producing textile machinery, wood and metal working machinery, and agricultural machinery, the latter owing to the exceptional depression in agriculture. The factories of builders equipments, electrical machinery and fittings and rolling stock also suffered from the lack of orders. The builders of railway locomotives were in a somewhat better position thanks to several foreign contracts.

The unfavourable position of the timber industry was due, as in the previous two years, to the further decline in home sales as well as to the limited export possibilities. The insufficient domestic demand was caused by the all round slackness in the building trade, the restrictions in the output of the furniture and carriage factories, as well as to the reduced purchases made by

other branches, especially the coal industry. On the foreign markets, Polish exporters suffered from strong competition from Soviet Russia which was severely felt on the English and German markets. As a result of this, the value of the exported wooden materials and products dropped in 1930 by 28% to 348 mill. zl., as against 482 mill. zl. in 1929.

The textile industry was the first to feel the effects and the worst sufferer from the increasing economic depression. Already by the end of 1928 there were difficulties in effecting sales, which were intensified in the following year, causing a heavy decline in production, which continued to be maintained on a low level throughout the whole of 1930, thanks to which the excessive stocks of goods which had remained unsold from previous years were practically all liquidated. Sales in 1930 did not, however, appreciate to an extent sufficient to permit a constant increase in production, which after a short seasonal spurt in September and October, had again to be restricted at the end of the year. Apart from the insufficient home sales, the situation of the textile industry also suffered from the decline in exports in respect of both quantity and value. The total exports of yarns and finished goods in 1930 was 14,200 tons, valued at 167.8 mill. zl. as against 17,300 tons, valued at 201.9 mill. zl. in 1929.

Similarly as in the textile industry, the drop in the purchasing power of the population was also felt by the ready made clothing and the tanning industries.

The break in the demand for agricultural produce reacted adversely on the position of the artificial fertilizer industry. Despite severe restrictions imposed on the import of potassium salts from abroad, the sale of the domestic product was smaller than in 1929 mainly owing to the marked falling off in business in the Autumn. The demand for nitrate and phosphate fertilizers also dropped considerably below the level of the previous year. In many sections of the chemical industry, including dyeing coal tar by-products, sulphuric acid, rubber, cosmetics and perfumery, soaps and fats, the demand was considerably below the 1929 figures.

Relatively to most other branches of production, the paper industry maintained the best state of employment; even here, however, the sales conditions were less favourable than they had been a year ago.

Bibl. Jag.

The difficulties on the money and capital market continued throughout 1930 to hamper any great development of the building industry. The building activities of the Government and of other public bodies and social institutions which, in previous years, had constituted the lion's share of the public works, was subject to heavy restrictions during the year under review, owing to the decline in public revenues. The building investments in the various industries were also smaller owing to the falling off in production and turnover and the exhaustion of the financial reserves. The speculative residential building was at a minimum owing to the lack of available capital for investments of that type.

On the other hand, the financial assistance for the construction of flats given by the National Economic Bank and the Social Insurance Establishments was well above the level of the previous years, the former granting from its own funds and from the State Building Fund a sum of 145 mill. zl., which together with the assistance given by the Social Insurance Establishments permitted the construction of 14,028 flats, comprising 35,176 rooms.

Owing to the restriction in building, the mineral industry was not able to work at full capacity. The output of bricks and tiles decreased by about 50% in comparison with 1929. By reason of the small number of drainage schemes in hand, the production of drains was also greatly restricted. In comparison with 1929 the domestic sales of cement dropped by 14% and the foreign sales by 10%. The position of the glass factories during the whole of the period under review was not too satisfactory.

The general all round economic depression strongly reperccussed on trade bringing with it augmented payment difficulties, bankruptcies and liquidations of commercial undertakings. Of the total of 817 bankruptcies during the year, 566, or 70%, fell to commercial firms. The first to give way were unstable and unsound concerns, their fall bringing in its turn disaster to many sound and useful enterprises. There was a marked reduction in the sales of goods on credit with a corresponding steady growth of cash transactions. According to the estimate of the Institute of Economic Research, based on the revenue from bill of exchange taxes, the total of bills drawn, which attained its highest level since the introduction of the zloty in March, 1929 (1,213 mill. zl.), and in December, 1929, 1,014 mill. zl., fell in December, 1930, to 888 mill. zl., this amount undoubtedly including numerous bills that had been prolonged. In addition to this the average length of maturity of bills was considerably shortened, this being to a great extent due to the fight of banks against long term bills and to the restrictions in the discounting of bills of this type by the Bank of Poland. In addition to the decreasing purchasing power of the population, the restrictions also influenced the shrinkage of commercial turnover and the reduction of trade profits. The falling off in trade is also shown by the reduced goods loadings on the railways, the total of which decreased, as compared with 1929, by about 16%, to a daily average of 14,924 wagons.

The world slump in goods prices, which was recorded during 1930, also affected Poland. The index of wholesale prices of agricultural articles, calculated by the Chief Bureau of Statistics on the basis of 1927=100, dropped from 80.2 in December, 1929, to 63.2 in December, 1930. The index for industrial articles dropped during the same period from 101.1 to 86.9. The general index of wholesale prices in December was 76.2, as against 92.0 in 1929. There was a far smaller decline in the index of retail prices in Warsaw, which dropped from 106.3 to 97.6 during the period under review.

Influenced by the steadily increasing depression in prices on foreign markets, international goods turnover decreased considerably as compared with 1929. The average drop of values in the goods exchange between the more important states in the world was about 20%. The foreign trade of Poland decreased, as compared with 1929, by 14% in respect of quantity and by 21% in value. There was an exceptionally strong decline in the value of imports which, in 1930, fell to 2,246 mill. zl., or only 72% of the total of 1929, mainly owing to a decrease in foodstuffs, industrial raw materials and manufactured products of the metal and chemical industries. Exports decreased by about 14% to 2,433 mill. zl., mainly in foodstuffs, timber and its products, coal and textiles. As opposed to 1929, which brought about a deficit of 300 mill. zl. in the trade balance, last year was closed with a surplus of exports over imports amounting to 187 mill. zl., all the months of the year, with the exception of June, showing a credit balance.

As the share of sea-borne trade in the Polish imports and exports increases from year to year, the movement through the port of Gdynia increased in 1930 despite the drop in the total of foreign trade. The total goods turnover of the port amounted to 3,628,000 tons, this being 22% more than in 1929. The movement of passengers also increased slightly, arrivals in 1930 being 6,781 and departures 17,388 as against 5,683 and 17,555 respectively in the previous year. The total goods turnover of the port of Danzig remained on a high level, attaining 8,217,000 tons.

With the view of augmenting the trade relations with abroad a whole series of commercial treaties with foreign countries were concluded or renewed in 1930, including the trade and navigation conventions with Roumania, Spain and Greece, the supplementary protocol to the commercial treaties with Yougoslavia and China as well as the provisional commercial agreement with Egypt. The provisional commercial treaty with Germany has not so far been ratified by the Reich.

The position on the labour market, which depends on the volume of production, deteriorated concurrently with the weakening of economic activities in industry. The highest state of employment in industry for the last few years was in October, 1928, when the number of workers employed in mining, iron, steel, metal and general industries and on public works reached 950,000. This figure fluctuated in 1929 between the limits of 800,000 and 900,000. During the year under review the best showing was in October (809,000) and the lowest at the close of December (663,000). In comparison with 1929 there was, therefore, a drop of over 100,000 in the number of workmen employed in industry, falling mainly to the particular sections of the manufacturing industries. Owing to this, the number of unemployed in 1930 was, on the average, higher than in the previous year, reaching its highest figure of 300,000 at the end of December (185,000 in the previous year). The lowest showing was the figure of 165,000 in October (85,000 in September, 1929). Owing to the none too favourable situation on the labour market, the upward trend of wages, which had been strongly marked in previous years, was restrained and the levels of wages in the basic sections of production remained unaltered. At the end of 1930, in some sections of industry, there was a tendency on the part of the employers to cut wages as an offset to the deteriorating conditions of production and sales, on the one hand, and to the drop in the cost of living, on the other.

II.

THE ACTIVITIES OF THE NATIONAL ECONOMIC BANK IN 1930.

Despite the economic depression lasting throughout the year under review, the development of the activities of the Bank was much greater than in 1929 and not far below the level of 1928, which latter year was generally considered as a favourable one.

The total of the balance sheet, exclusive of collections and guarantees, increased by zl. 324 mill. to zl. 2,102 mill., showing an increase of 18.2% as compared with 1929, while the analogous increase for 1929 was hardly zl. 88 mill., or 5.2% of the total for 1928.

The reserves of the Bank increased by zl. 7,167,000, while the capital remained unaltered.

The holdings of outside funds increased considerably. Although the deposits, inclusive of sundry credit balances, showed a slight drop, the Treasury funds rose by no less than zl. 92 mill., reaching zl. 509 mill. on December 31, 1930.

The credit activities of the Bank were considerably expanded. With the exception of short term credits, which dropped by zl. 9.6 mill., all other types of credits rose. The increase was particularly marked in respect of credits granted from the Treasury funds.

The total of credits granted by the Bank amounted on December 31, 1930, to zl. 1,750 mill., of which zl. 1,015 mill. were cash loans and zl. 735 mill. issue loans. The total credits at the close of 1929 amounted to zl. 1,472 mill., of which zl. 809 mill. were cash loans and zl. 663 mill. issue loans.

As will be seen from the table given below, the ratio of cash loans to issue loans moved slightly to the credit of the former, which at the close of 1930 formed 3% more of the sum total than at the close of the previous year. This movement is, however, purely formal, as a large proportion of the increase in cash credits has fallen to building and communal cash loans, which may, at a subsequent date, be converted into issue loans.

Y e a r	Total of credits	Cash credits	In % of the whole	Issue credits	In % of the whole
	in mill. zl.			in mill. zl.	
1924	163	96	59	67	41
1925	431	266	62	165	38
1926	646	440	68	206	32
1927	1,027	636	62	391	38
1928	1,331	747	56	584	44
1929	1,472	809	55	663	45
1930	1,750	1,015	58	735	42

At the end of 1929 the balance sheet of the National Economic Bank was divided into three main sections: 1) General Banking Section, 2) Bond Issue Section and 3) Section of Treasury Funds Administered by the Bank. In order to facilitate the comparison of the present items with those for the previous years, the balance sheets for the years 1924—1928 have been changed according to the fresh division. All the summaries and tables in the present Report have been based on the amended balance sheets, included at the end.

1. BOND ISSUE SECTION.

(LOANS IN MORTGAGE BONDS AND IN COMMUNAL, BANK AND BUILDING DEBENTURES).

Despite the incessant and ever increasing difficulties on the long term credit market, the total of issue loans, both of those accorded and of those paid out during the course of 1930, was greater than for the previous year.

The issue loans accorded in 1930 amounted to zł. 108.4 mill., as compared with zł. 93.7 mill. in 1929. Of this total zł. 78 mill. was applied to the conversion of building loans into issue loans, leaving a balance of only zł. 30.4 mill. for all other types of loans. The analogous figures for 1929 were zł. 61.2 mill. and zł. 32.5 mill. respectively.

The issue loans realised during the course of 1930 amounted to zł. 93.2 mill., or zł. 0.8 mill. more than in 1929, when the total was zł. 92.4 mill. The proportion of conversion building loans to all other categories of issue loans increased, however, in 1930, as compared with the previous year. Whereas in 1930 this type of loan was greatly in excess of all others, reaching zł. 60 mill., as compared with zł. 33.2 mill. falling to all remaining categories of issue loans; in 1929 the figures were zł. 38.1 mill. and zł. 54.3 mill. respectively.

As will be seen from the above figures, the issue activities of the National Economic Bank in 1930 were slightly greater than in 1929, the rise being exclusively due to the increased conversion of building loans. In the other branches of this section there were relatively large decreases, with the exception of industrial loans in bank debentures. Loans in communal debentures in 1930 totalled zł. 19.9 mill. or zł. 25.8 mill. less than in the previous year. Mortgage loans both on estates and urban properties amounted to zł. 6.0 mill., as against zł. 8.6 mill. in 1929. Finally, industrial loans in bank debentures in 1930 amounted to zł. 7.3 mill. as compared with nil in 1929.

The total issues of the National Economic Bank rose during the course of 1930 from zł. 631.2 mill. to zł. 704.5 mill., or by zł. 73.3 mill. as against an increase of zł. 80 mill. in the previous year. The gradual liquidation of the issue loans of the late Polish National Bank was continued during 1930, the figure dropping by zł. 1.0 mill. to zł. 30.9 mill.

Despite the increase in the number of securities issued, the holdings of securities of the N. E. B. bought by the Bank from customers dropped by zł. 4,631,000 to zł. 70,643,000 on December 31, 1930, as compared with zł. 75,274,000 at the close of the previous year. This fall signifies that despite the difficulties which were encountered during the year, the Bank was not only able to place the whole of the 1930 issues on the market, but also a part of the balance remaining from previous years. The majority of the new issues were placed at home mostly with the Ministry of Finance, which invested large amounts from its cash in the purchase of mortgage bonds and building debentures, deriving from the conversion of building loans, with the view to assisting the State Building Fund, the activities of which were expanded in consequence. As in former years, large blocks of N. E. B. securities were again purchased by the Social Insurance Establishments, the Bank of Poland and the Postal Savings Bank.

POSITION OF MORTGAGE BOND

(In

D A T E	M o r t g a g e B o n d s		C o m m u n a l	
	8% 1st issue in gold zlotys former parity	7% 2nd, 3rd, 4th and 5th iss. in gold zlotys present parity	8% 1st issue in gold zlotys former parity	7% 2nd and 3rd issue in gold zlotys present parity
31st December, 1924	—	—	25,000,000.—	—
31st „ 1925	1,882,025.—	—	43,411,158.—	—
31st „ 1926	12,994,369.99	—	47,434,360.70	—
31st „ 1927	58,857,712.—	798,000	83,765,376.—	106,294,800.—
31st „ 1928	62,230,804.—	28,795,852	81,613,312.—	209,284,800.—
31st „ 1929	62,197,780.—	70,497,456	79,302,148.—	246,809,334.—
31st January 1930	61,653,572.—	71,816,220	79,302,148.—	247,346,834.—
28th February „	61,653,572.—	76,926,020	79,302,148.—	249,921,834.—
31st March „	61,653,572.—	80,570,720	79,302,148.—	249,959,334.—
30th April „	61,653,572.—	85,062,920	78,069,768.—	250,839,464.—
31st May „	61,653,572.—	91,238,720	78,069,768.—	255,089,464.—
30th June „	61,653,572.—	96,034,220	78,069,768.—	258,089,464.—
31st July „	61,031,534.—	99,166,090	78,069,768.—	258,089,464.—
31st August „	61,031,534.—	103,047,290	78,069,768.—	258,504,464.—
30th September „	61,031,534.—	108,156,490	78,069,768.—	259,997,964.—
31st October „	61,031,534.—	114,426,490	76,785,960.—	259,362,640.77
30th November „	61,031,534.—	119,809,290	76,785,960.—	260,400,140.77
31st December „	61,031,534.—	125,978,390	76,785,960.—	261,902,140.77

AND DEBENTURE ISSUES.

zlotys)

Debentures		Bank Debentures 7½% in gold zlotys present parity	Building Debentures 8% 1st and 2nd issue in gold zlotys present parity	T o t a l	Issues of the late Polish National Bank 4% and 4½% Mrtg. Bonds 4% and 4½% Com. Deb. and 4% Railway Deb. Present parity	Grand Total
8%	7%					
In U. S. A. dollars						
—	—	—	—	25,000,000.—	42,040,514.17	67,040,514.17
79,340,250	—	—	—	124,633,433.—	40,376,043.33	165,009,476.33
109,449,000	—	—	—	169,877,730.69	36,228,588.84	206,106,319.53
104,961,600	—	2,565,000	—	357,242,488.—	34,056,539.72	391,299,027.72
102,635,796	41,895,800	24,531,900	190,800	551,179,064.—	32,596,323.44	583,775,387.44
99,667,434	45,826,874	23,010,894	3,857,200	631,169,120.—	31,877,242.04	663,046,362.04
98,410,560	45,826,874	23,010,894	3,797,100	631,164,202.—	31,558,483.64	662,722,685.64
98,410,560	45,826,874	23,010,894	4,319,600	639,371,502.—	31,558,483.64	670,929,985.64
98,410,560	45,826,874	23,010,894	4,528,000	643,262,102.—	31,558,483.64	674,820,585.64
98,098,570	45,568,368	29,217,016	4,867,300	653,376,978.—	31,386,005.41	684,762,983.41
98,098,570	45,568,368	29,217,016	5,779,600	664,715,078.—	31,386,005.41	696,101,083.41
98,098,570	45,568,368	29,217,016	6,559,300	673,290,278.—	31,386,005.41	704,676,283.41
96,788,212	45,568,368	29,617,016	6,796,000	675,126,452.—	31,096,566.23	706,223,018.23
96,788,212	45,568,368	29,617,016	7,254,100	679,880,752.—	31,096,566.23	710,977,318.23
96,788,212	45,568,368	29,617,016	8,305,300	687,534,652.—	31,096,566.23	718,631,218.23
96,467,308	45,300,948	25,159,730	9,405,900	687,940,510.77	30,920,077.13	718,860,587.90
96,467,308	45,300,948	25,159,730	10,540,800	695,495,710.77	30,920,077.13	726,415,787.90
96,467,308	45,300,948	25,159,730	11,834,300	704,460,310.77	30,920,077.13	735,380,387.90

LOANS IN MORTGAGE

granted by the National Economic Bank up to 31st De

(In z l o

	1 9 2 4.		1 9 2 5.			1 9 2 6.		
	No.	Amount	No.	Amount	%	No.	Amount	%
Treasury **)	1	43,000,000	—	—	—	—	—	—
District authorities	—	—	1	1,186,800	1.3	3	2,597,200	6.7
Municipalities	—	—	5	88,310,596	96.5	8	24,909,100	64.7
Rural communes	—	—	—	—	—	—	—	—
Other communal unions	—	—	—	—	—	—	—	—
Estates	—	—	1	137,600	0.2	56	5,562,480	14.4
Urban properties	—	—	45	1,827,930	2.0	73	5,468,912	14.2
a) ordinary	—	—	—	—	—	29	4,276,780	11.1
b) converted building loans ***)	—	—	45	1,827,930	2.0	44	1,192,132	3.1
Industry	—	—	—	—	—	—	—	—
Total	1	43,000,000	52	91,462,926	100	140	38,537,692	100

*) The loans in 8% mortgage bonds and in 8% zloty to 1.72 present gold zloty. Those in U.S.A.

**) Loans for the augmentation of the foundation of 3rd December, 1930, the Treasury is not

***) In 1925 and 1926 conversion of the building loans

****) The above sum comprises loans realised by the N.E.B. Bank (+ 30,920,077.13).

BONDS AND DEBENTURES *)

December, 1930, according to the categories of borrowers.

złoty)

1927.			1928.			1929.			1930.			Total		
No.	Amount	%	No.	Amount	%	No.	Amount	%	No.	Amount	%	No.	Amount	%
1	103,200,000	53.1	—	—	—	—	—	—	—	—	—	2	146,200,000	19.4
50	12,573,640	6.4	105	29,597,050	14.7	19	3,442,000	3.7	4	825,000	0.9	182	50,221,690	6.7
71	27,041,840	13.9	134	103,194,950	51.1	38	39,836,930	43.1	37	15,857,000	17.0	293	299,150,416	39.6
9	407,640	0.2	13	481,000	0.2	12	425,000	0.5	1	35,000	0.0	35	1,348,640	0.2
4	1,214,400	0.6	11	12,446,000	6.2	1	2,000,000	2.2	2	3,206,000	3.4	18	18,866,400	2.5
177	25,784,880	13.3	114	19,077,440	9.5	23	4,356,800	4.7	8	2,478,800	2.7	379	57,398,000	7.6
221	21,691,340	11.2	279	14,864,324	7.4	989	42,337,700	45.8	1610	63,540,300	68.2	3217	149,730,506	19.8
221	21,691,340	11.2	220	11,976,524	5.9	68	4,226,400	4.6	88	3,503,100	3.8	626	45,674,144	6.0
—	—	—	59	2,887,800	1.5	921	38,111,300	41.2	1522	60,037,200	64.4	2591	104,056,362	13.8
1	2,565,000	1.3	14	22,112,800	10.9	—	—	—	2	7260,000	7.8	17	31,937,800	4.2
534	194,478,740	100	670	201,773,564	100	1082	92,398,430	100	1664	93,202,100	100	4143	754,853,452	100

communal debentures, both in gold zlotys of former parity, are taken at the parity of one former gold dollars are taken at the rate of one dollar to 8.914 present zlotys.

capital of the National Economic Bank. It should be added that according to the Presidential Decree empowered to raise money by means of issue loans put out by the N.E.B.

formerly granted by the N. E. B. from its own funds.

without amortisation (—50,393,141.23) and without the revalorised loans of the late Polish National

The main foreign transaction, after the elimination of a series of small sales, was the introduction of N. E. B. Bonds on the French market, which the "Société Centrale des Banques de Province" had successfully placed to 25 mill. Fr. Francs, nominal value, in 7% communal debentures.

It should here be observed that the National Economic Bank is continually adjusting the conditions under which its Bonds are issued in order to meet the requirements of foreign markets. Even before 1930 there had been introduced categories of Bonds of round sums in foreign currencies: U. S. Dollars, Pounds Sterling, Swiss Francs and French Francs in gold. In 1930 a further important change was made by the adoption of closed issues, the totals of which had been determined in advance and which were guaranteed by special assets in lieu of the previously obtaining system consisting of the unlimited increase of issues according to the total of loans granted.

The Presidential Order of December 3rd, 1930, which is dealt with more fully on page 53 brought about several changes in the Charter of the National Economic Bank, simplifying and strengthening the payment of instalments on the issue Bonds of the N. E. B., which, at the same time, is equivalent to a considerable increase in the security afforded to investors.

In 1930 the 8% building debentures were introduced on the Warsaw Exchange and the French series of 7% communal debentures on the Paris Exchange. The quotation of the 7% and 8% securities of the N. E. B. on the Warsaw Exchange remained on the level of the previous year, the former being quoted at 83.25% and the latter at 94%. The quotations of the 7% communal debentures noted in Paris fluctuated between 860 and 920 for 1,000 francs nominal.

The tables on page 22—26 show: the state of the issues of mortgage bonds and debentures of the N. E. B., according to the particular months of the year under review; the division of loans in mortgage bonds and debentures granted in the particular years, according to the categories of borrowers and, finally, the division of issue loans, according to the groups of palatinates.

A) LOANS IN COMMUNAL DEBENTURES.

In view of the shortage of funds, which the National Economic Bank might employ for loans in Communal Debentures, the activities of this section were greatly curtailed in 1930, being far below the level of 1929, not to speak of former years.

The total of the most pressing credits for Local Government Authorities was determined by the Ministry of the Interior, in a specification to the Bank, dated May 22nd, 1930, at zl. 21,117,000, made up as follows:

- | | |
|---|----------------|
| 1) for the completion of investments in course and the conversion of short term outstanding obligations for works already completed | zl. 9,181,000; |
| 2) for the conversion of outstanding obligations for works already completed .. | 4,540,000; |
| 3) for fresh works. | „ 7,396,000. |

The N. E. B. was only able to partially satisfy the requirements by the according of loans to an amount of zl. 6,900,000, divided as below:

- | | |
|---|----------------|
| 1) for the completion of works in course | zl. 3,325,000, |
| i. e. 36% of the demand; | |
| 2) for the conversion of short term obligations | „ 3,230,000, |
| i. e. 72% of the demand; | |
| 3) for fresh investments | „ 345,000, |
| i. e. 5% of the demand. | |

In addition to this the National Economic Bank granted from special funds loans of zl. 3,090,000 to Gdynia for the expansion of the town; zl. 3,650,000 to the City of Warsaw for sewage and water-works, and zl. 3,369,600 to Local Government Authorities which had been recommended by the Ministry of the Interior in a specification of credits in 1929.

The total amount of loans accorded by the National Economic Bank in 1930 in communal debentures was zl. 17,009,600, while the loans realised amounted to zl. 19.9 mill., or 43.5% of the loans realised in 1929 (zl. 45.7 mill.), and 5.4% of the sum total of loans in communal debentures realised up to the close of 1930 (zl. 369.6 mill.), apart from the loans granted to the Treasury for the augmentation of the capital of the National Economic Bank. The loans in communal debentures realised in 1930 were 21.3% of the total of issue loans realised in that year.

Here must be added that the National Economic Bank also grants cash loans to Local Government Authorities, which subsequently have to be converted into issue loans. These loans therefore form a basis for future issues of communal debentures as soon as there is a favourable opportunity for placing them.

These loans are shown in the General Banking Section and amount at the close of the year under review to zl. 50,628,000.

a) Loans to District Authorities.

Loans accorded up to the 31st December, 1929	190	totalling zl.	53,046,042.—
„ „ during 1930	7	„ „	1,305,000.—
„ „ up to the 31st December, 1930	197	„ „	54,351,042.—
„ cancelled up to the 31st December, 1930	11	„ „	3,599,352.—
„ realised up to the 31st December, 1930 .	182	„ „	50,221,690.—
of which in 1930	4	„ „	zl. 825,000.—
„ remaining to be realised in 1931	4	„ „	530,000.—

Division of realised loans for District Authorities in Communal Debentures.

(In gold zlotys)

Palatinates	Up to the 31st December, 1930.									Up to the 31st December, 1929.		
	Total			8% 1st issue		7%		7% in dollars		No.	Amount	%
	No.	Amount	%	No.	Amount	No.	Amount	No.	Amount			
Central . . .	114	34,940,670	69.6	36	13,090,920	52	13,158,600	26	8,691,150	110	34,115,670	69.0
Eastern . . .	31	7,643,770	15.2	5	1,032,000	8	1,218,800	18	5,392,970	31	7,643,770	15.5
Western . . .	11	2,809,560	5.6	1	430,000	9	2,023,600	1	356,560	11	2,809,560	5.7
Southern . . .	26	4,827,690	9.6	5	526,320	14	2,474,000	7	1,827,370	26	4,827,690	9.8
Total . . .	182	50,221,690	100.0	47	15,079,240	83	18,874,400	52	16,268,050	178	49,396,690	100.0

The National Economic Bank accorded in 1930 to District Authorities 7 fresh loans, totalling zl. 1,305,000; paid out 4 loans, totalling zl. 825,000, one for zl. 50,000 being from 1929, which left 4 loans, totalling zl. 530,000 to be completed in 1931. In 1930 no loans were cancelled, so that the sum total of zl. 3,599,352 was in respect of the previous periods.

The loans granted by the National Economic Bank to the District Authorities were for the following purposes: the construction of roads; the expansion of electrical power networks and the repayment of short term obligations arising from the expansion of electric power stations and the building of a narrow gauge railway.

b) Loans to Municipalities.

Loans accorded up to the 31st December, 1929	303	totalling	zl. 294,162,366.—
„ „ during 1930	47	„ „	15,438,600.—
„ „ up to the 31st December, 1930	350	„ „	309,600,966.—
„ cancelled up to the 31st December, 1930	30	„ „	5,765,950.—
„ of which in 1930	5	„ „	zl. 879,000.—
„ realised up to the 31st December, 1930.	293	„ „	299,150,416.—
„ of which in 1930	37	„ „	„ 15,857,000.—
„ remaining to be realised in 1931	27	„ „	4,684,600.—

Division of realised loans for Municipalities in Communal Debentures.

(In gold zlotys)

Municipalities	Up to the 31st December, 1930.										Up to the 31st December, 1929.			
	Total			8%		7%		8% in dollars		7% in dollars		No.	Amount	%
	No.	Amount	%	No.	Amount	No.	Amount	No.	Amount	No.	Amount			
Central	154	225,585,626	75.4	42	14,878,000	94	93,408,300	9	110,034,416	9	7,264,910	136	218,375,626	77.1
Western	35	10,973,660	3.7	8	2,528,400	25	6,305,900	—	—	2	2,139,360	26	9,250,160	3.3
Eastern	49	36,534,400	12.2	9	9,786,800	34	20,507,800	1	1,069,680	5	5,170,120	47	31,284,400	11.0
Southern	55	26,056,730	8.7	6	1,035,440	38	18,469,500	—	—	11	6,551,790	47	24,883,230	8.6
Total	293	299,150,416	100.0	65	28,228,640	191	138,691,500	10	111,104,096	27	21,126,180	256	283,293,416	100.0

During the course of 1930, the National Economic Bank accorded to Municipalities 47 loans, totalling zl. 15,438,600, i. e. about zl. 5 mill. more than in the previous year; the amount of the loans realised was much less than then, being 37 loans, totalling zl. 15,857,000 as against 38 loans, totalling zl. 39,836,930. In 1930 5 loans, totalling zl. 879,000 were cancelled, while 27 loans, totalling zl. 4,684,600 remained to be realised in 1931.

The loans accorded to Municipalities in 1930 were for the following purposes:

a) for the completion of electric power stations, slaughter-houses, market halls, market places, water and sewage works zl. 10,690,000. This amount includes the following important loans: for the City of Warsaw zl. 3,650,000 for water and sewage works; Gdynia zl. 3,090,000 for the expansion of the town; Wilno zl. 1,100,000 for water and sewage works; Pabjanice zl. 360,000 for the completion of a slaughter-house; Tarnów zl. 250,000 for the completion of a slaughter house;

b) for the conversion of outstanding obligations incurred in connection with the construction of electric power stations, slaughter-houses, water works and market halls: zl. 4,748,600. The largest loans were given to the following towns: Będzin zl. 250,000; Zakopane zl. 375,000; Borysław zl. 625,000; Siedlce zl. 1,060,000; Koło zl. 200,000; Kowel zl. 290,000; Łowicz zl. 250,000; Grudziądz zl. 166,000; Krzemieniec zl. 160,000; Lida zl. 125,000 and Tomaszów Lubelski zl. 100,000.

Apart from the above, the Bank granted from the funds raised by the special placing of debentures cash loans to the commune of Gdynia, totalling zł. 4,750,000 for the expansion of the town. These loans will subsequently be converted into a long term credit in Communal Debentures.

c) Loans to Rural Communes.

Loans accorded up to the 31st December, 1929	49 totalling	zł. 1,628,140.—
„ „ during 1930	2 „	60,000.—
„ „ up to the 31st December, 1930	51 totalling	zł. 1,688,140.—
of which:		
„ cancelled up to the 31st December, 1930.	15 „	314,500.—
„ realised up to the 31st December, 1930 .	35 „	1,348,640.—
of which in 1930	1 „	zł. 35,000.—
„ remaining to be realised in 1931	1 „	25,000.—

Division of the realised loans to Communes in Communal Debentures.

(In gold zlotys)

Palatinates	Up to the 31st December, 1930.						Up to the 31st December, 1929.			
	Total			8%		7%		No.	Amount	%
	No.	Amount	%	No.	Amount	No.	Amount			
Central	9	435,040	32.3	4	132,440	5	302,600	9	435,040	33.1
Eastern	11	463,000	34.3	—	—	11	463,000	11	463,000	35.3
Western	3	117,200	8.7	1	17,200	2	100,000	3	117,200	8.9
Southern	12	333,400	24.7	3	120,400	9	213,000	11	298,400	22.7
Total	35	1,348,640	100.0	8	270,040	27	1,078,600	34	1,313,640	100.0

The Bank accorded in 1930 to rural communes 2 loans, totalling zł. 60,000 and realised 1 loan of zł. 35,000; no loans were cancelled but 1 loan of zł. 25,000 remained to be realised in 1931. In 1929 the Bank accorded 3 loans, totalling zł. 42,000 and realised 12 loans, totalling zł. 425,000.

The loans in 1930 were accorded for the construction of slaughter-houses and the completion of market halls.

d) Loans to other Local Authorities and Public Legal Institutions.

Loans accorded up to the 31st December, 1929	20 totalling	zł. 21,113,400.—
„ „ during 1930	1 „	206,000.—
„ „ up to the 31st December, 1930	21 „	21,319,400.—
of which:		
„ cancelled up to the 31st December, 1930	2 „	453,000.—
„ realised up to the 31st December 1930, .	18 „	18,866,400.—
of which in 1930	2 „	zł. 3,206,000.—
„ remaining to be realised in 1931	1 „	2,000,000.—

Division of loans realised for other Local Authorities and Public Legal Institutions in Communal Debentures.

(In gold zlotys)

Palatinates	Up to the 31st December, 1930.									Up to the 31st December, 1929.		
	Total			8%		7%		7% in dollars		No.	Amount	%
	No.	Amount	%	No.	Amount	No.	Amount	No.	Amount			
Central . .	5	2,056,000	10.9	—	—	5	2,056,000	—	—	4	1,850,000	11.8
Eastern . .	—	—	—	—	—	—	—	—	—	—	—	—
Western . .	9	16,650,000	88.3	1	344,000	5	7,392,000	3	8,914,000	8	13,650,000	87.2
Southern . .	4	160,400	0.8	2	120,400	2	40,000	—	—	4	160,400	1.0
Total . .	18	18,866,400	100.0	3	464,400	12	9,488,000	3	8,914,000	16	15,660,400	100.0

To public legal institutions, the Bank granted in 1930 only one loan amounting to zł. 206,000 to an Intercommunal Union for the maintenance of the Psychiatric Hospital at Chelm (Palatinate of Lublin).

In addition to the above, the Bank realised a loan of zł. 3,000,000, which had been accorded in 1929 to the Pomorski Wojewódzki Związek Komunalny (the Pomeranian Palatinal Communal Union) at Toruń for the construction of the Hydro-Electric Works at Zur. One loan amounting to zł. 2 mill. remained, however, to be realised in 1931, on account of which the National Economic Bank made to the Pomeranian Palatinal Communal Union at Toruń a short term cash loan amounting to zł. 1,600,000. The same Union obtained in 1930 a further cash loan of zł. 5,170,000, which will be converted into a long term credit during 1931.

B) LOANS IN MORTGAGE BONDS ON ESTATES AND URBAN PROPERTIES.

The Bank accorded in 1930 loans in mortgage bonds on estates and on urban properties totalling some zł. 11½ mill. as compared with zł. 7 mill. in 1929. The total of the loans realised in 1930 was zł. 5,981,900, as against zł. 8,583,280 in 1929.

Of the total of issue loans realised by the N. E. B. during 1930, loans on estates absorbed 2.7%, as against 5% in 1929 and those on urban properties 3.8%, as against 5%.

The territorial division of the mortgage loans on estates and urban properties is given in the following tables:

a) Loans on Estates.

Loans accorded up to the 31st December, 1929	594	totalling	zł.	94,950,220.—
„ „ during 1930	26	„ „	5,384,800.—	
„ „ up to the 31st December, 1930	620	„ „	100,335,020.—	
of which:				
„ cancelled up to the 31st December, 1930	217	„ „	38,039,220 —	
of which in 1930	5	„ „		zł. 1,190,000.—
„ realised up to the 31st December, 1930	379	„ „	57,398,000.—	
of which in 1930	8	„ „		„ 2,478,800.—
„ remaining to be realised in 1931	24	„ „	4,897,800.—	

Division of realised loans in Mortgage Bonds on Estates.

(In gold zlotys)

Palatinates	Up to the 31st December, 1930.							Up to the 31st December, 1929.		
	Total			8%		7%		No.	Amount	%
	No.	Amount	%	No.	Amount	No.	Amount			
Central	210	29,353,440	51.1	139	17,745,240	71	11,608,200	208	28,863,440	52.6
Eastern	63	7,616,160	13.3	36	4,752,360	27	2,863,800	62	7,597,360	13.8
Western	55	12,609,160	22.0	35	7,039,960	20	5,569,200	50	10,639,160	19.4
Southern	51	7,819,240	13.6	35	4,957,040	16	2,862,200	51	7,819,240	14.2
Total	379	57,398,000	100.0	245	34,494,600	134	22,903,400	371	54,919,200	100.0

b) Loans on Urban Properties.

Loans accorded up to the 31st December, 1930 1,036 totalling zl. 80,739,272.—
 „ „ during 1930 151 „ „ 6,179,900.—
 „ „ up to the 31st December, 1930 1,187 „ „ 86,919,172.—

of which:

„ cancelled up to the 31st December, 1930 372 „ „ 34,015,466.—
 of which in 1930 24 „ „ zl. 1,774,600.—
 „ realised up to the 31st December, 1930 715 „ „ 48,694,206.—
 of which in 1930 88 „ „ „ 3,503,100.—
 „ remaining to be realised in 1931 100 „ „ 4,209,500.—

Division of realised loans in Mortgage Bonds on Urban Properties.

(In gold zlotys)

Palatinates	Up to the 31st December, 1930.							Up to the 31st December, 1929.		
	Total:			8%		7%		No.	Amount	%
	No.	Amount	%	No.	Amount	No.	Amount			
Central	230	24,105,060	49.5	129	16,263,460	101	7,841,600	204	22,943,760	50.8
Eastern	41	3,222,340	6.6	24	2,553,340	17	669,000	40	3,200,340	7.1
Western	200	9,642,624	19.8	64	4,982,324	136	4,660,300	157	8,084,624	17.9
Southern	244	11,724,182	24.1	132	7,639,982	112	4,084,200	226	10,962,382	24.2
Total	715	48,694,206	100.0	349	31,439,106	366	17,255,100	627	45,191,106	100.0

C) LOANS IN MORTGAGE BONDS AND BUILDING DEBENTURES FOR THE CONVERSION OF CASH BUILDING CREDITS.

The conversion of cash building credits on issue loans, based on the Presidential Order, dated April 22nd, 1927, regarding the expansion of towns (Journal of Laws No. 42 of 1927, item 372) and Executive Order, dated November 3rd, 1927 (Journal of Laws No. 106 of 1927, item 913) showed considerable growth in 1930.

Division of realised Industrial Loans in Bank Debentures.

(In gold zlotys)

Palatinates	Up to the 31st December, 1930.			Up to the 31st December, 1929.		
	No.	Amount	%	No.	Amount	%
Central	13	21,782,800	68.2	12	21,382,800	86.6
Eastern	—	—	—	—	—	—
Western	2	730,000	2.3	2	730,000	3.0
Southern	2	9,425,000	29.5	1	2,565,000	10.4
Total	17	31,937,800	100.0	15	24,677,800	100.0

In 1930 the National Economic Bank accorded 3 industrial loans in bank debentures, totalling zl. 1,820,000, as against 1 loan, totalling zl. 6,860,000 in 1929; 2 loans, totalling zl. 7,260,000 were realised, as compared with none the previous year.

The division of realised Industrial Loans in Bank Debentures is given in the following table:

(In gold zlotys)

I n d u s t r y	Up to the 31st December, 1930.			Up to the 31st December, 1929.		
	No.	Amount	%	No.	Amount	%
Mineral	3	1,660,000	5.2	2	1,260,000	5.1
Ceramic	1	1,000,000	—	1	1,000,000	—
Cement and tiles	1	400,000	—	—	—	—
Others	1	260,000	—	1	260,000	—
Metal, Engineering, Foundry	4	14,860,000	46.5	4	14,860,000	60.3
Chemical	3	3,120,000	9.7	3	3,120,000	12.6
Chemical products	1	275,000	—	1	275,000	—
„ inorganic	2	2,845,000	—	2	2,845,000	—
Textile	1	3,422,800	10.7	1	3,422,800	13.8
Paper	1	550,000	1.7	1	550,000	2.2
Leather	1	455,000	1.4	1	455,000	1.8
Timber	3	1,010,000	3.2	3	1,010,000	4.2
Plywood	2	845,000	—	2	845,000	—
Other factories	1	165,000	—	1	165,000	—
Foodstuffs (sugar)	1	6,860,000	21.6	—	—	—
T o t a l	17	31,937,800	100.0	15	24,677,800	100.0

As will be seen from the above table, the greatest share in the total of industrial loans was in respect of the metal, engineering and foundry industries (46.5%) and the sugar industry (21.6%), and a smaller share in respect of the textile, chemical, mineral and ceramic industries.

E) PAYMENT OF INSTALMENTS ON ISSUE LOANS AND COLLECTION OF PAYMENTS IN ARREARS.

There was a considerable improvement during the year under review in the payment of the instalments on issue loans, both in respect of the total receipts and of the percentage of the receipts to the amounts due.

The corresponding figures for the years 1929 and 1930 are given hereafter: Instalments in arrears and payable during 1929 amounted to zł. 62,334,000 and in 1930 to zł. 82,464,000. The payments for the covering of these sums in 1929 amounted to zł. 47,873,000 (76.8%) and in 1930 to zł. 69,833,000 (84.6%). The receipts in 1930 were zł. 21,960,000 more than in the previous year, while the percentage of the cover increased by 7.8%. The attaining of these results in spite of the severe deterioration in the economic position of Poland should be considered as most favourable. It should, however, be mentioned that a large proportion of the results are due to the fact that the Ministry of Finance has assumed responsibility for the payments still due to the Bank in respect of the „Ulen” loans. The payment of instalments on loans of other categories deteriorated, which is wholly explained by the augmented economic difficulties of the debtors. The situation might have been much better, if the Bank had taken advantage to the full of its right in respect of the arrears. In numerous cases, however, the Bank considered it desirable to grant extensions of payment, which, although not diminishing the security of the debt, enable the debtors to discharge their liabilities in the most convenient manner. In consequence, despite the rather great number of proceedings, the Bank only had to sell real property by auction in nine cases.

2. BANKING OPERATION SECTION.

A) WORKING CAPITAL.

Paid up capital and reserves. — The general reserve fund and the special reserve for securities issued by the Bank increased in 1930 by zł. 7,167,000, while the paid up capital remained unaltered.

Deposits and Treasury Funds. — The total of funds and deposits increased in 1930 by zł. 80.1 mill. to zł. 752.4 mill., deposits dropping by zł. 11.9 mill. and Treasury funds rising by zł. 92.0 mill. The main reason for the increase of the latter was the augmentation of the building funds from zł. 215,231,000 on December 31st, 1929, to zł. 311,500,000 on December 31st, 1930.

Amongst the particular categories of deposits, those of public institutions dropped in 1930 by zł. 47.7 mill. to zł. 97.9 mill., while, on the other hand, those of private institutions and individuals rose by zł. 35.8 mill. to zł. 145.2 mill.

The percentage of the Treasury Funds to the sum total of deposits and funds rose during the course of the year under review from 62.1% do 67.7%.

A summary of the latter for the years 1924—1929 and for the particular months of 1930 with a division into categories of depositors is given in the top table on page 36.

The division of the deposits according to their types for the years 1924—1929 and for the separate months of 1930, is given in the bottom table on page 36.

As will be seen from the above mentioned table, the deposits declined by zł. 11,882,000, of which the sight deposits declined by zł. 14,216,000 and the term deposits by zł. 12,418,000, while the sundry credit balances rose by zł. 14,752,000. In the sight deposits, the cheque accounts dropped by zł. 27,405,000, while the remaining classifications of sight deposits rose by zł. 13,189,000. The savings deposits showed a steady and considerable increase, advancing from zł. 23,800,000 on December 31st, 1929, to zł. 34,991,000 at the end of 1930, or by zł. 11,191,000.

Inasmuch as the development of deposits in the particular months of the year under review is concerned, the cheque accounts in the group of the sight deposits showed a constant drop, which could not be compensated for by the favourable trend in the savings deposits, which

D A T E	Grand total in mill. zl.	Treasury Funds		Deposits in mill. zl.					
		in mill. zl.	in % of the total	Total	State Institutions	Insurance Companies*)	Local Government Institutions	Public Utility Companies*)	Private Institutions and Individuals
December 31st, 1924	69.5	—	—	—	—	—	—	—	—
„ „ 1925	251.0	179.1	71.4	71.9	2.7	—	8.3	9.7	51.0
„ „ 1926	468.1	317.1	67.7	151.0	56.5	—	16.3	22.1	56.0
„ „ 1927	603.5	373.3	61.9	230.2	97.5	—	16.5	20.8	95.0
„ „ 1928	713.3	388.0	54.4	325.3	115.4	—	63.2	30.1	116.0
„ „ 1929	672.2	417.2	62.1	255.0	87.4	—	19.4	38.8	109.0
January 31st, 1930	711.7	443.3	62.3	268.4	94.5	26.9	13.7	—	133.0
February 28th, „	707.9	445.0	62.9	262.9	85.5	33.2	15.2	—	129.0
March 31st, „	739.0	454.0	61.4	285.0	91.3	35.5	22.7	—	135.0
April 30th, „	736.5	462.8	62.8	273.7	83.1	40.5	20.9	—	129.0
May 31st, „	779.0	498.8	64.0	280.2	80.3	44.0	21.2	—	134.0
June 30th, „	801.9	524.0	65.3	277.9	79.2	40.1	23.0	—	135.0
July 31st, „	822.3	546.1	66.4	276.2	72.3	37.0	18.7	—	148.0
August 31st, „	847.7	578.3	68.2	269.4	68.7	34.2	16.4	—	150.0
September 30th, „	767.0	489.6	63.8	277.4	72.0	32.3	18.2	—	154.0
October 31st, „	748.2	494.3	66.1	253.9	57.0	26.4	12.3	—	158.0
November 30th, „	738.0	494.7	67.0	243.3	51.0	22.2	13.2	—	156.0
December 31st, „	752.3	509.2	67.7	243.1	59.9	23.5	14.5	—	145.0

(In thousands of zlotys)

D A T E	S i g h t D e p o s i t s					Term deposits	Sundry credit balances	Total
	Cheque acc.	For. curr. acc.	Savings deposits	Commun. sav. banks curr. acc.	Total			
December 31st, 1924	24,517	537	869	—	25,923	41,020	225	67,168
„ „ 1925	31,773	17,131	2,750	—	51,654	14,146	6,081	71,881
„ „ 1926	78,643	11,423	4,288	—	94,354	53,434	3,203	150,991
„ „ 1927	117,047	22,884	11,299	—	151,230	59,106	19,887	230,223
„ „ 1928	137,385	17,155	19,206	6,964	180,710	136,253	8,304	325,267
„ „ 1929	97,015	8,286	23,800	1,963	131,064	116,099	7,861	255,024
January 31st, 1930	107,100	8,416	26,475	2,859	144,850	116,379	7,152	268,381
February 28th, „	95,086	8,737	25,696	4,627	134,146	121,332	7,457	262,935
March 31st, „	103,436	13,265	28,485	8,848	154,034	121,008	10,006	285,048
April 30th, „	90,383	7,630	30,759	3,549	132,321	131,951	9,463	273,735
May 31st, „	89,273	10,798	32,697	3,849	136,617	130,275	13,322	280,214
June 30th, „	91,972	7,598	33,717	3,528	136,815	123,046	18,059	277,920
July 31st, „	84,984	7,754	35,710	5,828	134,276	122,188	19,764	276,228
August 31st, „	75,065	8,631	35,305	3,724	122,725	120,378	26,289	269,392
September 30th, „	88,100	11,610	33,847	3,290	136,847	112,252	28,343	277,442
October 31st, „	75,895	11,283	32,784	3,137	123,099	104,645	26,153	253,897
November 30th, „	69,275	9,354	32,649	2,934	114,212	106,675	22,427	243,314
December 31st, „	69,610	10,282	34,991	1,965	116,848	103,681	22,613	243,142

*) Until the end of 1929 no separate records were kept for insurance companies, and from the 1st January, 1930 separate records ceased to be kept for public utility institutions.

showed a constant advance. The same phenomenon was to be observed in respect of term deposits: they were rising until June and dropping subsequently, so that the total at the close of 1930 was zł. 12,418,000 less than in 1929. The various credit balances increased until September after which month they commenced to fall.

The share of the Head Office — inclusive of the Building Department — in the total of deposits is 48.1%. In addition it should be mentioned that almost the entire sum of the Treasury Funds are deposited with the Head Office. The largest totals of deposits were at the Katowice (zł. 33 mill.), Lwów (zł. 22 mill.) and Łódź (zł. 18 mill.) Branches.

Rediscount and Banks.— The totals of rediscount credits and of credit accounts of banks, at the close of the year under review, were in excess of those for 1929.

The average total of rediscounts with the Bank of Poland during the year under review showed wide fluctuations. From January until August inclusively, the figure ranged between the limits from zł. 40 mill. to zł. 55 mill., rising to a maximum of zł. 83 mill. in September, and dropping to zł. 77,710,000 at the close of 1930, or zł. 5,712,000 more than at the close of 1929.

The percentage ratio of the rediscounted bills to the total of bills in portfolio varied between 21% to 30% from January to August inclusively and from 35% to 44% during the remainder of the year.

The credit accounts of banks amounted on December 31st, 1930, to zł. 90,389,000, or zł. 11,077,000 more than on the same date in the previous year. There was an increase in both the amounts falling to Polish banks and those to foreign banks, the former, however, to a greater extent than the latter. The rise in these accounts balances wholly the falling off in deposits.

The relations of the National Economic Bank with foreign banks were expanded in 1930. The sum total of foreign credits accorded to the Bank amounted at the close of the year under review to \$ 10,280,000. Amongst the creditors, England continued to remain in the first place, followed by the U. S. A., Switzerland, France and Holland. Relations were opened with a series of banks in South America, drafts for emigrants and collections being main bank operations with those countries. As an immediate result of this, there was an increase in the total of remittances being paid to Poland through the N. E. B. The National Economic Bank has at the present moment correspondents in every country which is in commercial relations with Poland and in those to which Poles habitually emigrate.

B) CASH CREDITS.

During 1930, the National Economic Bank greatly expanded its activity in respect of cash credits as compared with 1929; the figure increasing from zł. 808,711,000 at the close of 1929 to zł. 1,015,018,000 at the close of 1930, or by zł. 206,307,000. The analogical increases for 1929, 1928, 1927, 1926 and 1925 were zł. 61,074,000; zł. 111,515,000; zł. 196,439,000; zł. 172,941,000; and zł. 170,194,000 respectively. The year 1930 exceeded even the record year of 1927.

The development of the cash credits in the years 1924—1929 as well as in the particular months of 1930, with a division into the kinds of credits, is given in the table on page 38.

As will be seen from that summary, the short term credits dropped during the course of 1930 by zł. 9,558,000, while, on the other hand, the long term cash loans in the General Banking Section, (inclusive of the N. E. B. building funds, which are in the same Section) rose by zł. 40,126,000. The credits in the Section of Treasury funds administered by the Bank, inclusive of the building loans from the State Building Fund, increased by zł. 175,739,000.

SUMMARY OF CASH CREDITS FOR THE YEARS 1924—1929
and according to the particular months of 1930.

(In thousands of zlotys)

D A T E	Total sum of cash credits	Short term cash credits				Long term cash credits exclusive of building loans				Building loans		
		Total	Bills discoun- ted	Term loans	On current accounts	Total	General Banking Section	Treasury Funds administered by the Bank	Total	From Bank funds	From State funds and advances against the State funds	
December 31st, 1924	96,548	82,311	48,277	25,684	8,350	14,237	11,888	2,349	—	—	—	
“ “ 1925	266,742	122,556	52,953	22,285	47,318	113,618	15,908	97,710	30,568	—	30,568	
“ “ 1926	439,683	156,728	73,309	24,554	58,865	226,209	14,338	211,871	56,746	—	56,746	
“ “ 1927	636,122	220,340	136,907	21,614	61,819	246,912	32,181	214,731	168,870	26,430	142,440	
“ “ 1928	747,637	282,274	177,441	40,149	64,684	220,553	56,544	164,009	244,810	22,971	221,839	
“ “ 1929	808,711	326,678	185,064	62,071	79,543	214,747	44,768	169,979	267,286	23,912	243,374	
January 31st, 1930	840,979	326,455	180,317	53,525	92,613	247,894	50,976	196,918	266,630	23,506	243,124	
February 28th, “	848,118	330,592	178,852	43,724	108,016	253,037	51,030	202,007	264,489	22,153	242,336	
March 31st, “	849,191	319,886	178,425	38,774	102,687	264,478	57,847	206,631	264,827	21,194	243,633	
April 30th, “	858,645	319,756	179,653	38,711	101,392	272,985	58,201	214,784	265,904	20,369	245,535	
May 31st, “	884,829	352,327	189,458	36,126	126,743	266,767	53,620	213,147	265,735	18,491	247,244	
June 30th, “	916,528	337,119	190,521	37,916	108,682	306,889	77,650	229,239	272,520	18,785	253,735	
July 31st, “	948,516	356,097	203,374	41,431	111,292	312,515	77,662	234,853	279,904	19,045	260,859	
August 31st, “	989,037	363,207	205,753	44,275	113,179	329,114	79,161	249,953	296,716	18,576	278,140	
September 30th, “	1,001,863	364,359	202,752	47,032	114,575	325,706	79,529	246,177	311,798	18,366	293,432	
October 31st, “	1,008,940	354,873	186,402	53,932	114,539	335,391	75,894	259,497	318,676	18,291	300,385	
November 30th, “	990,328	330,405	177,708	43,090	109,607	339,334	84,884	254,450	320,589	18,231	302,358	
December 31st, “	1,015,018	317,120	168,278	35,082	113,760	377,729	91,206	286,523	320,169	17,600	302,569	

GENERAL SUMMARY OF CASH CREDITS OF THE N. E. B.

according to the particular categories of borrowers

as per December 31st, 1930.

(In thousands of zlotys)

BORROWERS	Total sum of cash credits	In % of the sum total	Short term credits				Long term cash loans General Banking Section	Credits from Treasury funds administered by the Bank
			Total	Bills discounted	Term loans	On current accounts		
I. State Institutions and Undertakings . . .	215,896	21.27	75,339	6,035	2,385	66,919	30,420	110,137
1. Institutions								
a) building loans	2,500	0.25	—	—	—	—	—	2,500
b) other credits	141,915	13.98	38,369	321	—	38,048	418	103,128
2. Undertakings	36,125	3.56	4,705	3,902	13	790	30,000	1,420
3. Associated undertakings	35,356	3.48	32,265	1,812	2,372	28,081	2	3,089
II. Local Authorities	103,735	10.22	4,577	1,726	2,020	831	51,570	47,588
1. Offices:								
a) building loans	45,893	4.52	—	—	—	—	85	45,808
b) other credits	56,319	5.55	3,061	872	1,895	294	51,478	1,780
2. Undertakings	1,523	0.15	1,516	854	125	537	7	—
III. Co-operative Societies (without credit institutions)	212,001	20.89	24,785	20,799	260	3,726	8,472	178,744
1. agricultural trading	58,178	5.73	21,131	19,469	19	1,643	494	36,553
2. building and residential:								
a) on building loans accounts	142,653	14.06	—	—	—	—	7,308	135,345
b) on other accounts	8,033	0.79	517	81	135	301	670	6,846
3. Others	3,137	0.31	3,137	1,249	106	1,782	—	—
IV. Financial institutions	89,071	8.78	49,741	25,449	13,365	10,927	1,115	38,215
1. Banks	52,074	5.13	13,317	3,576	—	9,741	1,072	37,685
2. Communal Savings banks	25,553	2.52	25,553	11,853	13,232	468	—	—
3. Co-operative savings and credit societies	11,321	1.12	10,791	9,954	133	704	—	530
4. Others	123	0.01	80	66	—	14	43	—
V. Agriculture and breeding	56,143	5.53	52,096	43,489	5,901	2,706	4,047	—
VI. Mining	1,025	0.10	897	594	150	153	25	103
1. Petroleum	810	0.08	785	526	106	153	25	—
2. Others	215	0.02	112	68	44	—	—	103
VII. Industry	151,462	14.92	65,775	40,604	7,203	17,968	879	84,808
1. Foundry	38,173	3.76	3,590	3,194	362	34	—	34,583
2. Metal	4,685	0.46	4,643	3,589	518	536	7	35
3. Engineering and electrical	8,624	0.85	8,610	5,833	618	2,159	14	—
4. Articles from precious metals and precision goods	33	—	33	3	15	15	—	—
5. Mineral and ceramic:								
a) adhesive substances	858	0.08	854	89	163	602	4	—
b) brick	6,893	0.68	6,856	1,074	2,154	3,628	37	—
c) other	527	0.05	527	146	318	63	—	—
6. Chemical:								
a) artificial fertilizers	2,731	0.27	2,731	2,331	386	14	—	—
b) other	3,094	0.31	2,599	1,986	287	326	495	—
7. Textile	32,997	3.25	7,450	4,649	1,025	1,776	1	25,546
8. Leather	1,982	0.20	1,981	334	5	1,642	1	—
9. Paper	4,089	0.40	1,754	1,050	110	594	4	2,331
10. Timber	8,614	0.85	5,728	2,446	336	2,946	10	2,87
11. Foodstuffs:								
a) sugar	2,115	0.21	2,115	2,080	35	—	—	—
b) distilling	22,706	2.24	5,430	4,673	10	747	21	17,255
c) brewing	805	0.08	707	338	369	—	98	—
d) flour milling	4,863	0.48	4,740	3,651	40	1,049	123	—
e) baking	2,454	0.24	269	117	73	79	3	2,182
f) others	1,544	0.15	1,544	535	151	858	—	—
12. Clothing and fancy goods	896	0.09	896	146	23	727	—	—
13. Polygraphic	386	0.04	385	213	133	39	1	—
14. Building	1,328	0.13	1,327	1,207	16	104	1	—
15. Gas, water and electricity	250	0.02	250	250	—	—	—	—
16. Others	815	0.08	756	670	56	30	59	—
VIII. Artizans	804	0.08	803	116	646	41	1	—
IX. Trade	30,165	2.97	27,586	25,570	174	1,842	14	2,565
1. Agricultural	3,929	0.39	3,929	3,378	23	528	—	—
2. Others	26,236	2.58	23,657	22,192	151	1,314	14	2,565
X. Communication and transport	2,862	0.28	2,455	138	581	1,736	7	400
XI. Miscellaneous	151,854	14.96	13,066	3,758	2,397	6,911	12,256	126,532
1. Social institutions:								
a) building loans	33,434	3.29	—	—	—	—	2,240	31,194
b) other credits	6,454	0.64	6,105	1,588	787	3,730	130	219
2. Others:								
a) building loans	95,689	9.43	—	—	—	—	7,967	87,722
b) other credits	16,277	1.60	6,961	2,170	1,610	3,181	1,919	7,397
Total	1,015,018	100.00	317,120	168,278	35,082	113,760	108,806	589,092

The main reason for the increase in the cash credits during the course of 1930 was the more animated building action carried on by the Government through the medium of the National Economic Bank, the granting of a great number of credits for the financing of the export of foundry products, and the extensive assistance given to the textile industry. The building credits from the State Building Fund, although a great number (zl. 60,037,000) had been converted into issue loans, increased by zl. 59,194,000, and the special accounts reached zl. 113,451,000.

More detailed explanations of the changes which occurred in the particular kinds of cash credits will be found in Part III of the Report.

The share of the Head Office together with the Building Department in the total sum of cash credits was 66.3%. Important credit amounts fell to the following Branches: Lwów, Łódź, Poznań, Kraków, Gdynia, Katowice and Wilno.

The division of the cash credits according to the particular sections of the economic life, as per December 31st, 1930 is given in a table on page 39.

As will be seen from that table, the greatest share in the cash credits of the National Economic Bank on December 31st, 1930, was held by co-operative societies (22.01%), State institutions and undertakings (21.27%), industry (14.92%), and local authorities (10.22%). The relatively small share of agriculture (5.53%) is explained by the fact that a great number of agricultural credits are to be found in other groups, viz.: agricultural trading co-operative societies (5.73%) are included in the co-operative group and credits for agricultural trade (0.39%), in the trade group. The total share of agriculture should therefore be taken as 11.65%. The same may be said about building credits, which are to be found in many groups, viz.: State institutions (0.25%); local authorities (4.52%); co-operative societies (14.85%) and miscellaneous (12.72%). The total share of the building credits was therefore 32.34%, being the greatest of all.

As compared with 1929, the greatest increases in respect of the sums of credits were recorded in those granted to the State institutions and undertakings (zl. 98 mill.); industry (zl. 33 mill.); co-operative societies (zl. 33 mill.); local authorities (zl. 20 mill.); and agriculture (zl. 10 mill).

a) Building credits.

The building credit activities of the N. E. B., based first of all on the funds assigned for this purpose by the Ministry of Finance, rose in 1930 to almost threefold that for 1929. This was the result of the careful execution of the Government plans, with a view to mobilizing as large financial means as possible and to starting action at the commencement of the building season.

When summarising the financial resources employed for the financing of the building plan in 1930, the first item to be considered is the Treasury endowments of zl. 117,738,969.64 destined for transfer to the State Building Fund and derived from the following sources:

1. From the cash reserves of the Ministry of Finance used, on the basis of the Law of January 29th, 1930, authorizing the Minister of Finance to invest cash in securities, to purchase securities of the Na-

tional Economic Bank, which are deposited with the State Building Fund	zl.	50,000,000.—
2. Sum transferred from the State Economic Fund to the State Building Fund	,,	8,027,100.—
3. Receipts from the issue of the 1st series of the 3% Premium Building Loan (issued on the basis of the Law of March 23rd, 1930, authorizing the Minister of Finance to issue an internal building loan up to the amount of zl. 100,000,000,—)	,,	47,200,000.—
4. Other sources (such as repayments of loans, balance from the quota of 1929, etc.)	,,	12,511,869.64
T o t a l	zl.	117,738,969.64

These endowments, assigned by the Ministry of Finance, were destined either for the completion of those buildings which had already been the subject of advances or for the construction of fresh buildings which had hitherto not been financed.

The credits destined for the completion of buildings which had already been financed, were granted by the National Economic Bank to the amounts established by the respective Committees for the Expansion of Towns. The credit quota for buildings which had hitherto not been financed, was divided by the Ministry of Finance amongst the particular towns proportionately to the taxation receipts from flats and from building sites. In connection with the above it should be added that the Ministry of Finance desirous of obtaining as good results as possible, and bearing in mind that sums below zl. 20,000.— divided between several small towns, would not have the desired effect, omitted such towns when establishing the quotas, with the reservation, however, that they might enjoy building credits in the future, if the sums from their quotas attain at least zl. 20,000 —.

The Treasury funds were employed as follows:

1. For the completion of buildings which had already been financed .	zl.	30,424,180.00
2. For fresh buildings	,,	60,068,650.00
3. Loan for the payment of a subsidy to the Military Billetting Fund for the construction of residential houses	,,	2,500,000.00
4. For the repayment of sums received on the basis of Art. 28 of the Law regarding the Expansion of Towns	,,	9,072,500.00
5. For the reimbursement to the National Economic Bank of sums which had been temporarily lent to the State Building Fund	,,	15,673,639.64
T o t a l	zl.	117,738,969.64

Another source of funds for the building credits was the receipts from the purchase of the issues of the National Economic Bank made by the Social Insurance Establishments and other public legal institutions (the Bank of Poland, the Postal Savings Bank). The receipts under this heading for the State Building Fund amounted in 1930 to zl. 25,248,400.— and were destined for the financing of particular buildings according to the requirements of the purchasers.

Independently of this type of financing for residential building, the Social Insurance Establishments have created, under the leadership of the Ministry of Labour and Social Welfare, a Residential Building Association of the Social Insurance Establishments, with the object of building dwelling houses in several larger towns. The flats will be placed at the disposal of persons insured in these Establishments, both workmen and clerical employees. The financing of this scheme has been carried out by the National Economic Bank from funds obtained from the sale of mortgage bonds of the Bank to the Social Insurance Establishments and deriving from the conversion of short term building loans.

The above programme provides for the raising of zł. 125,000,000.— during the course of five years, of which zł. 15,501,600.— had been procured in 1930.

On the other hand, the credit assistance of the National Economic Bank from its own funds had necessarily to be restrained, as building credits, which are usually long term, or at the best medium term credits, may not, in accordance with the canons of banking practice, be furnished from short term deposits, but only from long term funds, which can be obtained through the sale of the securities issued by the Bank; a measure which met with great difficulties both in Poland and abroad owing to the general all round economic crisis.

Recapitulating the above, the financial means available during the year under review for the building credits were as follows:

1. The State Building Fund:

a) Treasury Endowments	zł. 117,738,969.64	
b) receipts from the purchase of issues of the N. E. B. by the Social Insurance Establishments ,	25,248,400.00	zł. 142,987,369.64

2. N. E. B. funds , 5,932,100.00

Total zł. 148,919,469.64

3. Independent financing by the Social Insurance Establishments . , 15,501,600.00

Grand Total zł. 164,421,069.64

The extent to which advantage was taken of the means at the disposal of the N. E. B. during the course of 1930 and thereby the results of the credit building action of the Bank, not taking into consideration the independent action of the Social Insurance Establishments, is illustrated in the following table:

FUNDS	Sums at disposal	L O A N S							
		A c c o r d e d			R e a l i s e d			P a i d o u t	
		No.	Amount	%	No.	Amount	%	Amount	%
1. State Building Fund.	142,987,369.64	3,166	138,605,759.64	96.94	2,836	131,330,959.64	91.85	113,219,057.23	79.1
2. National Economic Bank Funds	5,932,100.—	63	5,932,100.—	100.00	53	4,587,100.—	77.32	4,092,100.—	68.9
T o t a l	148,919,469.64	3,229	144,537,859.64	97.05	2,889	135,918,059.64	91.27	117,311,157.23	78.7

The relation of the loans realised and paid out to those accorded was as follows:

F U N D S	O F L O A N S A C C O R D E D	
	Re a l i s e d	P a i d o u t
	%	%
1. State Building Fund	94.75	81.68
2. N.E.B. ,, ,,	77.32	68.98
3. Both funds together.	94.03	81.16

These results may be considered as most favourable, especially if the many unavoidable difficulties are taken into consideration, such as the many legal formalities connected with assurance of the loans, as well as the making of payments in instalments as the work proceeds.

If, to complete the picture, the independent credits of the Social Insurance Establishments are added to those given by the National Economic Bank, the following figures are obtained:

Resources at disposal	L o a n s				
	A c c o r d e d		R e a l i s e d		P a i d o u t
	No.	Amount	No.	Amount	Amount
164,421,069.64	3,241	160,039,459.64	2,889	135,918,059.64	117,311,157.23

Of which accorded for:

New buildings	zł. 157,437,659.64
Reconstruction and extensions	„ 1,160,500.—
Repairs	„ 1,441,300.—
Total	zł. 160,039,459.64

The buildings financed by the National Economic Bank in 1930 included following numbers of flats and rooms:

No. of rooms per flat*)	No. of flats	%
1	4,030	28.73
2	3,518	25.08
3	3,115	22.21
4	2,356	16.79
5	823	5.87
6 and over	186	1.32
Total of flats	14,028	100.00
Total of rooms	35,176	—

*) Kitchens are counted as rooms.

These data prove without any doubt that the credit action was primarily directed to the assisting of the building of small flats (90,35%), which is the considered residential building policy of the Government. The numbers of flats and rooms financed in 1930 are 582.34% larger than in 1929.

The division of the building credits accorded during 1930 according to the categories of the borrowers, is shown below.

Borrowers	State Funds		Bank Funds		T o t a l		In %
	No.	Amount	No.	Amount	No.	Amount	
1. Communes	103	18,602,400.—	—	—	103	18,602,400.—	11.63
2. Co-operative Societies	461	67,859,540.—	19	4,961,000.—	480	72,820,540.—	45.51
3. Social institutions	106	26,542,600.—	3	120,000.—	109	26,662,600.—	16.64
4. Private individuals	2,507	38,602,819.64	41	851,100.—	2,548	39,453,919.64	24.66
5. Military Billetting Fund	1	2,500,000.—	—	—	1	2,500,000.—	1.56
T o t a l	3,178	154,107,359.64	63	5,932,100.—	3,241	160,039,459.64	100.00

For the facilitation of the work of the Head Office and in order to make the distribution of the building loans more elastic, two fresh building sections were established during the year at Bydgoszcz and Katowice, so that at the present moment twelve Branches have independent building sections.

Of the total of loans granted from State funds 56% was accorded by the Building Credit Department and the balance, or 44% by the Branch Offices. The largest loans were made by the Łódź Office, followed by the Branches at Lwów, Kraków, Gdynia, Poznań and Katowice.

The credit building action in 1930 was of a special importance, as — in addition to its main purpose that the largest number of flats should be made available — it also had for its object the partial alleviation of the adverse consequences of the prolonged economic crisis, especially, as the building industry is almost exclusively based on home products.

The significance which the Government attached — for these reasons — to credits for building was shown at the conference held on June 5th, 1930, by the Ministers of Finance, Public Works, Labour and Social Welfare, Industry and Commerce and of the Interior with the authorities of the Bank during the course of which the Director of the Building Credit Department and the managers of the provincial Branch Offices, which have building sections, made detailed reports as to the progress so far obtained. A very important result of the conference was the issuing of an order by the Minister of the Interior, advising the Committees for the Expansion of Towns to co-ordinate their work with that of the National Economic Bank.

The credit building activity of the National Economic Bank from 1924 up to December 31st, 1930, comprised 12,315 loans accorded, totalling zl. 451 mill.

Of this sum 11,178 loans, totalling zl. 408 mill. were from State funds and 1,137 loans, totalling zl. 43 mill. from Bank funds.

The categories of the borrowers participating in this zl. 451 mill. were as follows:

Borrowers	State Funds		N. E. B. Funds		Total		In %
	No.	Amount	No.	Amount	No.	Amount	
Military Billetting Fund	1	2,500,000.—	—	—	1	2,500,000.—	0.55
Communes	456	53,546,962.33	9	278,250.—	465	53,825,212.33	11.94
Co-operative Societies .	1,219	165,284,240.—	136	18,950,100.—	1,355	184,234,340.—	40.85
Social institutions . . .	407	53,398,800.—	63	4,057,806.81	470	57,456,606.81	12.74
Private individuals . . .	9,095	133,471,042.64	929	19,508,305.36	10,024	152,979,348.—	33.92
Total	11,178	408,201,044.97	1,137	42,794,462.17	12,315	450,995,507.14*)	100.00

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

Purpose	Loans accorded from 1924 to 1930	
	No.	Amount
New buildings	11,878	442,573,904.14
Reconstruction and extensions	102	1,750,100.—
Repairs	335	6,671,503.—
Total	12,315	450,995,507.14

The number of rooms constructed and under construction thanks to the credit assistance of the National Economic Bank for the entire period from 1924 up to the 31st of December, 1930, amounted to 141,743.

The position of the building loans accounts as on December 31st, 1930, was as follows:

1) loans granted from the State Building Fund	zl. 299,155,117.58
2) advances on loans from the S. B. F.	„ 3,414,000.—
3) building loans from the Bank's own funds	„ 17,600,289.85
Total	zl. 320,169,407.43

The above loans are liable to conversion into issue loans in 7% mortgage bonds and 8% building debentures. Up to the end of 1930, the total of building loans which had been converted amounted to zl. 101,036,300. More detailed data in this respect will be found in the Bond Issue Section.

It lies in the interest of the development of the building activity that the funds which are at the disposal of the State Building Fund should show the greatest turnover, i. e. that the cash loans should be converted into issue credits as soon as possible after the completion of the construction work on the buildings in question in order that the State Building Fund may regain its expenditure through the sale of the new securities and employ it again for the making of fresh loans.

*) The above sum does not include a total of zl. 23,760,112.83 accorded in 1929, but cancelled and/or transferred in 1930 from the Bank funds to the State funds.

The Bank has constantly endeavoured to accelerate the pace of conversion by the removal of legal difficulties. The good results of these efforts may be seen from the large increase in 1930 of the issue loans for the conversion of the building credits.

b) Participation in and credits for Associated Industrial Undertakings.

The number of undertakings in which the National Economic Bank is interested decreased during the year under review by reason of the cession of the total holdings in the Zakłady Mechaniczne „Ursus” („Ursus” Engineering Works) to the Państwowe Zakłady Inżynierji (State Engineering Works). In addition to this the book value of many shares and participations has been written off, in consequence of which the balance sheet item “Shares and Participations” dropped from zł. 47,293,000 on December 31st, 1929 to zł. 33,753,000 on December 31st, 1930, a decrease of zł. 13,540,000.

The economic depression had also a repercussion on the associated undertakings. Increases in turnover were only recorded in a few undertakings; in others it remained on the level of the previous year and in the remaining it even dropped below that level. In consequence only a few undertakings will be able to pay a dividend for the year 1930, as for instance the Spółka Akcyjna Eksploatacji Soli Potasowych (“Tesp” Potassium Salts Company) which will pay 2%, the Bank von Danzig — 7%, the British and Polish Trade Bank — 5% and the Danzig Tobacco Monopoly — 12%.

The crisis which affected the development of agriculture and the textile industry during the year under review adversely reacted upon the position of the chemical undertakings owing to the difficulties encountered in the sale of artificial fertilizers and dyestuffs. The restriction of the pace of capital investments in industry to the most necessary needs, did not permit the metallurgical undertakings to make full use of their productive capacity.

During 1930, as in previous years, the Bank insisted on the greatest possible reduction of overhead charges and on the rationalization of production in all those undertakings in which it was interested. The results obtained in this respect were, on the whole, quite satisfactory.

The credits granted by the N. E. B. to its associated undertakings at the end of the year under review totalled zł. 35 millions.

During 1930—as had also been the case in the previous year—the policy of the Bank was directed towards the non-increase of its interest in outside undertakings and, on the other hand, towards the gradual reduction of its commitments to its associated industrial undertakings.

Finally, it should be mentioned that the Order of the President of the Republic, dated December 3rd, 1930, cancelled Article 11 of the Charter of the N. E. B., giving to the Bank the right to participate in industrial undertakings.

c) Credits for Local Authorities.

These credits rose during the course of 1930 by zł. 20 mill., the increase being mainly due to the realization by the Bank of numerous building loans for local authorities and also to the payment of further cash advances against communal debentures.

d) Credits for Communal Savings Banks.

The granting of credits to communal savings banks and co-operative societies continued to be considered as one of the important activities of the Bank. This action, which was commenced in 1927, showed further important progress during the year under review.

The Bank grants credits to communal savings banks in three shapes: 1) foundation credits 2) artizan credits, 3) rediscount credits.

The state of credits accorded to communal savings banks by the National Economic Bank as on December 31st, 1930, as compared with the preceding period, is shown in the following table:

Type of credit	Number of savings banks		Total of credits accorded (in thousands of zl.)	
	1929	1930	1929	1930
Foundation	89	97	1,740	1,997
Artizan	257	275	14,664	14,230
Rediscount	208	247	16,019	21,449
Sundry	—	5	—	1,494
Total	—	—	32,423	39,170

As will be seen from the above table, the credits of the National Economic Bank for communal savings banks expanded not only in respect of credits accorded but also in respect of the number of institutions assisted.

Foundation credits showed but a slight increase, as compared with 1929 owing to the fact that they are exclusively used for building up the turnover resources of newly created savings banks of which but few were created in 1930. At the same time the Bank withdrew its foundation credits from those savings banks, which had enjoyed them for a long time and which are now in a position to draw on other resources.

Artizan credits, which form a very advantageous form of credit for smaller artizans, as they are repayable in ten quarterly instalments, remained on the level of the previous year. When granting fresh credits, the Bank devoted special care to the Western districts in which artizanship is strongly developed and where it was suffering from particularly difficult conditions.

Rediscount credits are the most advantageous form of credits both for the communal savings banks and the National Economic Bank. They rose accordingly in the highest measure during the course of the year under review. The rediscount quotas in the National Economic Bank form a convenient reserve for savings banks, permitting them both to expand their credit activities and to effect large payments without any special difficulties.

The state of the different types of credits for communal savings banks on December 31st, 1930 was as follows:

1) Foundation credits	zl. 1,997,000
2) Artizan „	„ 11,212,000
3) Rediscount „	„ 11,853,000
4) Sundry „	„ 491,000
	<u>zl. 25,553,000</u>

The territorial division of credits for communal savings banks is illustrated in the following table:

Palatinates	Sums of credits in thous. of zl.	
	Accorded	Utilised
Central	9,212	6,213
Eastern	2,790	2,032
Western	15,589	9,215
Southern	11,579	8,093
Total	39,170	25,553

Not restricting its activities to the granting of credits, the Bank endeavoured to extend its co-operation with the communal savings banks in the field of mutual banking relations, mainly by entrusting them with collections which is demonstrated by the augmented number of collecting correspondents amongst the communal savings banks, the figure being 168 on December 31st, 1930. It must be emphasized that the organization of the communal savings banks has constantly been improving, thanks to which both collections and the repayment of instalments on artizan and foundation credits have been, with a few exceptions, settled punctually.

e) Credits for Co-operative Societies.

As in the previous years, the Bank continued in 1930 to grant credits to co-operatives, financing mainly credit and consumers co-operative societies associated in the following audit unions:

- 1) Związek Spółdzielni Polskich w Warszawie (Union of Polish Co-operative Societies, Warsaw),
- 2) Związek Stowarzyszeń Zarobkowych i Gospodarczych w Poznaniu (Union of Consumers and Economic Societies, Poznań),
- 3) Związek Stowarzyszeń Zarobkowych i Gospodarczych we Lwowie (Union of Consumers and Economic Societies, Lwów),
- 4) Związek Żydowskich Towarzystw Spółdzielczych w Polsce w Warszawie (Union of Jewish Co-operative Societies in Poland, Warsaw),
- 5) Powszechny Związek na własnej pomocy opartych spółdzielni we Lwowie (General Union of self aiding co-operative societies, Lwów),
- 6) Związek Spółdzielni Spożywców R. P. w Warszawie (Union of Consumers Co-operative Societies of the Republic of Poland, Warsaw).

The co-operative societies belonging to the two last mentioned Unions do not benefit from direct credits from the National Economic Bank but only through the intermediary of their Head Offices.

The credits given by the Bank to co-operative societies are mainly based on the rediscount of bills of exchange.

The state of credits accorded by the Bank to co-operative societies after the elimination of agricultural-trading and building co-operative societies, is shown in the following comparative summary:

Credits	No. of co-oper. soc. 31st December		Credits granted (in thous. of zl.) 31st December	
	1929	1930	1929	1930
Bills rediscounted . . .	335	310	16,861	18,395
Term loans	25	1	553	50
Current accounts . . .	9	8	1,646	1,570
Total . . .	—	—	19,060	20,015

The state of the credits employed by the co-operative societies amounted on December 31st, 1930 to:

1) Bills rediscounted	zl. 11,203,000
2) Term loans	„ 2,486,000
3) Current accounts	„ 239,000
	<hr/> zl. 13,928,000

The territorial division of the credits for co-operative societies, is illustrated in the following table:

Palatinates	Credit total in thous. of zl. on December 31st, 1930	
	accorded	utilised
Central	8,873	5,499
Eastern	543	435
Western	4,660	3,600
Southern	5,939	4,394
Total . . .	20,015	13,928

From the above summary it will be seen that although the Bank slightly expanded its credits in respect of the number of credits accorded, as compared with the previous year, 300,000 zl. less was used than in 1929. The credits given by the co-operative societies have mainly been for the use of artisans, then small traders and the lesser manufacturing workshops.

f) Credits for Private Institutions.

Agriculture. — The cash credits granted to agriculture increased during the course of the year under review by 10 mill. zl. The indebtedness of the farmers to the National Economic Bank, as compared with 1929, is shown in the following comparative table:

	December 31st, 1929.	December 31, 1930.
Agriculture and breeding	zl. 46,339,000	zl. 56,143,000
Agricultural-trading co-operative societies	„ 58,060,000	„ 58,178,000
Agricultural trade	„ 3,675,000	„ 3,929,000
	<hr/>	<hr/>
	„ 108,074,000	„ 118,250,000

This growth fell to discount credits granted to farmers and their unions.

The *Kooperacja Rolna* (formerly the *Kooprolna*) continued to be the chief debtor of the Bank in the group of agricultural credits. The indebtedness of this institution in the "Section of Treasury funds administered by the Bank", which arose in 1925 from the payment by the Bank from special Treasury funds of the foreign obligations of the "*Kooperacja Rolna*", showed no important changes. Similarly as in prior years, the "*Kooperacja*" benefitted from discount credits which permitted it to supply agriculture, through the intermediary of the organizations associated therein, with the financial resources indispensable for production. Apart from this, the Bank employed the "*Kooprolna*" for the distribution of credits for the purchase of artificial fertilizers although, here, in consequence of the drop in the sales of this commodity, caused by the crisis in agriculture, the credits have been largely reduced, the figure dropping from 23 mill. zl. in the Spring of 1929 to a preliminary estimate of 16 mill. zl. during the year under review, which was finally reduced to 10,250,000 zl. The credit for the purchase of artificial fertilizers for the coming Autumn was also reduced, as compared with 1929, from 16 mill. zl. to 7,950,000 zl. and, later, to 7 mill. zl. In December, 1930, the Bank accorded a credit of a further million zloty for the 1931 Spring season. The credit for the purchase of brewing barley, peas and seeds for export purposes was maintained on the level of 1929 at 1,500,000 zl.

The indebtedness of the "*Kooperacja Rolna*" on December 31st, 1930 was:—artificial fertilizer credits 11,707,000 zl., export credits 1,456,000 zl. and normal discount credits 3,533,000 zl.

The Bank granted sowing credits amounting to 7,800,000 zl. to farmers in the Central Palatinates through agricultural organizations; this credit was almost entirely employed. Apart from this the Bank arranged sowing credits all over the country amounting to 7 mill. zl., of which 6,547,000 zl. were taken up.

The Bank issued registered credits on grain liens to the same figure as last year, i. e. 5 mill. zl. of which hardly 3,253,000 zl. was employed. These credits were spread throughout the Central and the Wolhynian Palatinates.

In 1930, the Bank granted a certain number of calamity credits for farmers in those districts which had suffered from natural disasters and also larger individual credits for big agricultural units.

Owing to the difficult position of the agriculturalists, every possible facility was applied in the repayment of agricultural credits, payments being effected by convenient instalments and prolongations being given in all deserving cases.

The state of exhaustion of the various special agricultural credits was on December 31st, 1930 zl. 33,908,000, of which zl. 25,909,000 fell to current and former sowing credits, zl. 1,709,000 to harvest credits, zl. 3,048,000 to calamity credits and zl. 3,242,000 to registered corn liens.

Industry. — The credits of the National Economic Bank for industry rose from 118 mill. zl. in 1929 to 151 mill. zl. in 1930, an increase of 33 mill. zl., which fell almost entirely to the iron smelting and textile industries, the credits for other sections having undergone but small changes.

The credits for the iron smelting industry were granted mainly for the financing of foreign orders booked by the iron foundries in Upper Silesia. The indebtedness of the iron industry at the close of the year under review amounted to 38,173,000 zł. The indebtedness of the textile industry rose in the same period to 32,997,000 zł., the increase falling almost entirely to the Łódź industry, to which substantial assistance was given.

The credits for the foodstuffs industry dropped from 37,421,000 zł. to 34,487,000 zł., the decrease falling to the sugar and flour milling industries, while, on the other hand, those for the distillery industry rose by over 5 mill. zł.

The National Economic Bank accorded during the year under review even larger credits to the flour milling industry than last year, namely 10 mill. zł. as against 7 mill. zł., but the millers took advantage only of 4,099,000 zł. These credits have partially been repaid so that the final indebtedness of the millers at the end of 1930 was smaller than at the close of 1929.

Similarly as in the previous year the Bank assigned credits for the proprietors of woods and forests amounting to 1 mill. zł., which were almost entirely employed for purposes connected with the industrialization of the forests.

Credits for trade—with the exception of agricultural trade—remained on the level of the previous year. Relief credits for banks, realised from the State Relief Fund for credit Institutions in the years 1925—1926, i. e. at the time of the zloty collapse were further substantially reduced from 38 mill. zł. to 29 mill. zł., thanks to repayments. In spite of this the total sum of credits granted by the National Economic Bank to banks dropped only by 2,994,000 zł. owing to fresh credits granted in other accounts during the year under review.

C) GUARANTEES AND ACCEPTANCES.

The total of guarantees and acceptances granted by the National Economic Bank amounted on December 31st, 1930, to 40,002,000 zł., an increase of 2,205,000 zł. as compared with 1929.

The total of acceptance credits accorded by the Bank rose during the year under review to \$ 2,430,000, a threefold increase in relation to 1929. The main recipients of these credits were the artificial fertilizers industry, the sugar industry and, to a certain extent, the textile industry, the money being almost exclusively destined for the financing of export.

Reimbursement credits, by means of which the Bank finances the import of raw materials indispensable for Polish industry, decreased, as compared with 1929, by about 43% to \$ 480,000, the decrease being due to the slump in the textile industry and to the consequent diminution in the demands for raw materials. For the same reason the turnover in reimbursement accounts dropped by \$ 1,145,000 to \$ 410,000.

Of the reimbursement credits actually employed, 90% fell to the textile industry, the balance being used for the aviation and chemical industries.

Acceptance credits were not the sole form of assisting exports, as the Bank also endeavoured to assist exporters by discounting bills of exchange, deriving directly or indirectly from export transactions. The total of discount credits granted in foreign currencies amounted on December 31st, 1930, to \$ 8,716,000; an increase of about 7.5%, as compared with the previous year. The total of rediscounted bills in foreign currencies in 1930 was \$ 19,915,500, of which 92% fell to bills deriving from exports, this item showing an increase of 66%, as compared with 1929.

Amongst the export bills discounted by the Bank the first place is held by bills deriving from sales to Russia (76%), mainly for goods of the heavy iron industry (iron, iron sheets, zinc, con-

structional iron and tubes). The next place is held by textiles, metallurgical products, yarns, chemicals and fancy goods.

The distribution of guarantees and acceptances amongst the various branches of economic life on December 31st, 1930, is given in the following table:

G R O U P S	In thousands of zl.	
I. State and associated undertakings		31,545
II. Co-operative societies:		
1) Building and residential	141	
2) Consumers	7	148
III. Banks		16
IV. Agriculture and breeding		24
V. Industry: 1) Founding	468	
2) Metal	615	
3) Engineering and electrical	351	
4) Precious metals and articles of precision	2	
5) Mineral and ceramic:		
a) Adhesives	3,338	
b) Bricks	13	
c) Others	19	
6) Chemical	100	
7) Textile	1,157	
8) Timber	14	
9) Foodstuffs: a) Sugar	10	
b) Distilling	97	
10) Building	143	
11) Other industries	135	6,462
VI. Trade: 1) Agricultural	10	
2) Others	976	986
VII. Communication and transport		20
VIII. Miscellaneous:		
1) Social institutions, etc.	634	
2) Others	167	801
Total		40,002

During the year under review the main grouping of guarantees and acceptances moved from industry to the State and associated undertakings.

3. ADMINISTRATIVE AND ORGANIZATION QUESTIONS.

ADDITIONS AND CHANGES IN THE CHARTER.

The Presidential Order, dated December 3rd, 1930, (Journal of Laws No 86, item 666), regarding changes and extensions to the Presidential Order, dated May 30th, 1924, concerning the amalgamation of State credit institutions into the National Economic Bank, brought about a series of basic changes into the organization of the Bank and its activities. Amongst the most important should be mentioned: 1) The fixation of the foundation capital of the Bank at 150 mill. zl., divided into

shares of 250,000 zł. each, whereby the share of the Treasury may not be smaller than 60% thereof; 2) a change in the manner of dividing the profit and the establishing of the manner of investing the reserve funds; 3) the provision of a Vice-President of the Bank, and the manner of his nomination; 4) the division of the activities of the Bank into a Long Term Credit Section and a General Banking Section; 5) the introduction of special securities and reserves for the particular issues of the Bank, whereby the total sum of issues is limited to 15 times the amount of the foundation capital of the Bank; 6) the introduction of the prohibition of granting issue loans to the Treasury and to State undertakings not possessing legal entity; 7) the abolition of Art. 11 of the Charter of the Bank granting to the Bank the right of establishing, conducting and assisting in the opening of undertakings; 8) the granting to the Bank of a series of privileges, such as the giving to the declarations and to the books of the Bank the legal standing of public documents, the right to enforce execution orders administratively, the freeing of deposits in the Bank on savings books not exceeding 2,500 zł. from execution orders, etc.

CHANGES IN THE ADMINISTRATIVE COUNCIL.

During 1930 the following members of the Administrative Council resigned: Kazimierz Duch, D. C. L., M. Stanisław Rościszewski and M. Stefan Starzyński and in their place the Minister of Finance appointed the following members: Stanisław Korsak, the present Vice-Minister of the Interior and Adam Rose, D. C. L., Director of the Economic Department of the Ministry of Agriculture.

CHANGES IN THE BOARD OF DIRECTORS.

The administrative Council nominated M. Tadeusz Garbusiński, D. C. L., who was formerly Deputy Director of the Bank to become Director. In addition the Bank nominated in 1930 the following Deputy Directors: M. Włodzimierz Baczyński, M. Ludwik Zdzisław Czechowski, M. Bolesław Golik, D. C. L., M. Kazimierz Greger, D. C. L., M. Wiktor Osuchowski, D. C. L., M. Antoni Paprocki and M. Ludwik Szwykowski.

NUMBER OF OFFICIALS.

The staff of the Bank was slightly reduced during the year under review, and on December 31st, 1930 it consisted of 1,030 persons together with the members of the Board of Directors, or 25 persons less than at the close of the previous year. On the other hand, the lower grades were increased by 6 to 246 persons.

The decrease in the number of employees was due to the transfer of officials from one department to another and the further mecanisation and rationalization of work.

In order to raise the level of the professional qualifications of the officials, it was decided to introduce compulsory passing of examinations by the non-permanent officials after periods of two or three years of service in the Bank, whereas in prior years officials were admitted for examination only at their own request. In the execution of this order 154 persons were admitted for examination in the Autumn of 1930 amongst which 127 presented themselves for examination, of which 117 passed out,

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 on promotion; on the 1st January, 1930, to 205 officials and on the 1st July, 1930, to 95. In addition to this for various service reasons promotions in 1930 were granted to 12 officials in different terms.

The residential facilities for the officials of the Bank improved very much in 1930, especially in the larger centres. Buildings were erected in Warsaw, Katowice, Łódź and Gdynia for the use of officials, and the majority of the employees were furnished with apartments.

ORGANIZATION.

The organization activities of the Bank in the year under review were, above all, directed to the technique of the work, the simplification of which, bearing in mind the security of business, made good progress.

Many simplifications in the working methods were introduced in all departments of the Bank, especially in the book-keeping and correspondence sections.

Among the more important changes introduced, should be mentioned the mecanization of the work in the book-keeping, the tellers, and the collection sections.

In the endeavour to normalize and standardize the technique throughout the whole Bank, several minor re-organizations were carried out in the Branch Offices during the year under review. At the end of 1930 a meeting of the accountants of all Branch Offices of the Bank took place, at which were discussed questions regarding book-keeping and the possibility of its rationalization.

BRANCH OFFICES AND ACTIVITIES OF THE INSPECTORATE.

During the year under review the Bank opened two fresh building sections in the Branches at Bydgoszcz and Katowice; to the Katowice Office being assigned all building credits for the Dąbrowa basin. Of 19 provincial Branch Offices 14 are now able to grant building credits directly.

Many detailed inspections were made in 1930 in the Branch Offices of the National Economic Bank. The examination of the state of business of the particular Branches continued as well as of their credit policy, the security offered, the result of their activities and the value of the organization methods being subjected to a minute analysis.

In Gdynia and Katowice fresh buildings belonging to the Bank were completed and handed over for the use of the Branch Offices. In the Branch of Lublin, the reconstruction of the main office has been completed.

4. AUDIT COMMITTEE.

The Audit Committee, in connection with the checking of the balance sheet for 1930, investigated the work of various departments of the Head Office. Apart from this the accounts from the Branches at Lwów, Kraków, Lublin, Poznań, Gdynia, and Katowice were also audited.

III.

OBSERVATIONS ON THE BALANCE SHEET FOR THE YEAR 1930.

The ledgers were closed at the end of the year with a total turnover of zl. 18,288,241,000 inclusive of collections and guarantees, or of zl. 17,763,701,000 exclusive of these items. The main items are shown below:

	Assets in thous. of zl.	Liabilities in thous. of zl.
Cash in hand and with Bank of Poland and P. S. B.	Zl. 4,793,954	Zl. 4,787,851
Foreign currencies and bills	,, 115,178	,, 114,760
Bills discounted	,, 786,925	,, 804,763
Term loans	,, 67,763	,, 94,752
Debtors on current accounts	,, 357,155	,, 322,938
Banks "loro" and "nostro" (home and foreign)	,, 2,563,626	,, 2,569,070
Cheque accounts	,, 2,028,715	,, 2,001,310
Foreign currency accounts	,, 98,994	,, 100,990
Savings deposits	,, 43,739	,, 54,930
Current accounts of communal savings banks	,, 202,529	,, 202,533
Term deposits	,, 212,060	,, 199,642
Bills rediscounted	,, 279,040	,, 284,752

The Balance Sheet for the year 1930 was closed with a total of zl. 2,151,261,194.73 (inclusive of collections and guarantees). The development for the years 1924—1930 is shown below:

Year	Total of balance sheet	Increase in % 1924=100
1924	283,359,067.74	100
1925	773,942,219.60	273
1926	920,159,796.19	325
1927	1,425,215,415.23	503
1928	1,715,360,386.48	605
1929	1,830,839,311.48	646
1930	2,151,261,194.73	759

GENERAL BANKING SECTION.

LIABILITIES.

Items 1—3. Capital and reserves:

	December 31st, 1929.	December 31st, 1930.	Changes in thous. of zl.
a) Capital	150,000,000.—	150,000,000.—	—
b) Reserve fund	9,156,920.65	12,496,478.84	+3,339
c) Valorisation fund for mortgage loans of the late State Bank for Reconstruction and the late Credit Institution of Galician Towns	2,674,586.88	2,650,330.46	— 24
d) Valorisation fund for savings deposits	28,443.01	5,991.83	— 22
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	190,653,393.59	193,946,244.18	+ 3,293

The reserve fund was increased by the transfer to it of 40% of the net profit for 1929, in accordance with § 74 of the Statutes. The valorisation reserve for mortgage loans of the late State Bank for Reconstruction and the late Credit Institution of Galician Towns, as well as the reserve for savings deposits, decreased slightly. The reduction in this fund is explained by the fact that, after having been revalorised, the actual value of certain loans became so small that they ceased to be worth while suing for if the debtors refused to pay. The savings reserve dropped owing to withdrawals.

The above mentioned reserves do not comprise the considerable reserve for the bonds issued by the Bank which is to be found under item 16 on the liabilities side.

Items 4—6. Sight and term deposits and sundry credit balances.

	December 31st, 1929.	%	December 31st, 1930.	%	Changes in thous. of zl.
Grand total	zl. 255,024,120.46	100.0	zl. 243,142,584.86	100.0	—11,882
Cheque accounts	zl. 97,015,337.07	38.1	zl. 69,610,066.80	28.6	—27,405
Foreign currency accounts	„ 8,286,118.88	3.2	„ 10,281,832.27	4.2	+ 1,995
Savings deposits	„ 23,799,580.09	9.3	„ 34,990,774.97	14.5	+11,191
Current accounts of C. S. B.	„ 1,962,490.40	0.8	„ 1,965,665.20	0.8	+ 3
Total sight deposits	zl. 131,063,526.44	51.4	zl. 116,848,339.24	48.1	—14,216
Term deposits					
in Polish currency	zl. 76,712,873.58	30.1	zl. 71,131,782.—	29.2	— 5,581
in foreign „	„ 39,320,460.99	15.4	„ 32,549,209.29	13.4	— 6,771
Cash assignats	„ 66,100.—	—	„ —	—	— 66
Total term deposits	zl. 116,099,434.57	45.5	zl. 103,680,991.29	42.6	—12,418,000
Totalsundry credit balances	zl. 7,861,159.45	3.1	zl. 22,613,254.33	9.3	+14,752,000

The sum total of deposits decreased by zł. 11,882,000; the sight deposits fell by zł. 14,216,000 and the term deposits by zł. 12,418,000, while the sundry credit accounts rose by zł. 14,752,000. In the sight deposits, cheque accounts decreased by zł. 27,405,000, while the other accounts rose by zł. 13,189,000. The division of deposits according to the type of depositors is given in the second part of the Report on page 36.

Periods within which the term deposits were payable, as per December 31st, 1930, are given below:

	Totals in thous. of zł.	% of whole
within 1 month	16,530	15.9
„ 2 months	17,774	17.2
„ 3 months	16,112	15.5
„ 4, 5, 6 months	45,590	44.0
„ over 6 „	7,675	7.4
Term deposit total	103,681	100.0

Item 7. Bills rediscounted:

	December 31st, 1929.	December 31st, 1930.	Changes in thous. of zł.
Total	zł. 71,998,038.20	zł. 77,709,994.47	+5,712
a) in Polish currency	„ 48,611,203.80	„ 57,955,342.82	+9,344
b) in foreign currency	„ 23,386,834.40	„ 19,754,651.65	-3,632

The ratio in percentage of the rediscounted bills to the total of bills held according to the particular months of the year under review, is given in the following table:

December 31st, 1929	36.8%
January 31st, 1930	29.4%
February 28th, „	27.1%
March 31st, „	27.6%
April 30th, „	21.3%
May 31st, „	24.9%
June 30th, „	22.4%
July 31st, „	24.5%
August 31st, „	34.6%
September 30th, „	39.5%
October 31st, „	38.9%
November 30th, „	37.2%
December 31st, „	44.3%

Items 8 and 9. Banks "loro" and "nostro":

	December 31st, 1929.	December 31st, 1930.	Changes in thous. of zł.
Total	zł. 79,311,973.71	zł. 90,388,689.96	+11,077
Polish banks	„ 26,444,364.04	„ 35,986,414.40	+ 9,542
Foreign banks	„ 52,867,609.67	„ 54,402,275.56	+ 1,535

Of the total of the credit bank accounts as per December 31st, 1930 amounting to zl. 90,389,000
 fell to sight deposits zl. 29,681,000 or 32.8%
 ,, to term deposits ,, 60,708,000 ,, 67.2%

The periods within which the bank term deposits were payable are given below:

		Totals	
		in thous. of zl.	% of whole
within	1 month	zl. 21,616	or 35.6%
	,, 2 months	,, 6,057	,, 10.0%
	,, 3 months	,, 14,790	,, 24.4%
	,, 4, 5, 6 months	,, 17,821	,, 29.3%
	,, over 6 months	,, 424	,, 0.7%
	Total	zl. 60,708	or 100.0%

Item 10. The total of **drafts** drawn on the Bank, which had not been presented for payment on the 31st December, 1930, was zl. 275,593.78, this figure showing a drop of zl. 43,000 as compared with the previous year.

Item 11. The **mortgagees'** account was closed with a total of. zl. 219,332.40 on December 31st, 1930, the figure showing debts charged on the real properties of the Bank. This account dropped during the year by zl. 6,000.

Item 12. The **transit accounts** dropped as compared with the close of 1929, by zl. 4,799,000 to zl. 14,491,506.46. This amount comprises the ordinary transit items and the inter-period settlements.

Items 13 and 14. The **Balances of Bond Issue Section and of Section of Treasury funds administered by the Bank**, correspond to items 22 and 25 of the Assets. They are purely settlements between the particular sections of the balance sheet of the Bank.

Item 15. The **net profit for the year 1930** was zl. 11,933,062.10 or zl. 791,000 less than in the previous year. For further details see the Profit and Loss Account.

A S S E T S.

Item 3. The **holdings of fixed interest securities** increased during 1930 by zl. 13,273,000 to zl. 38,771,556.57.

The principal items were:

State securities	Nominal value	Balance-sheet value
5% Conversion Loan	zl. 286,358	zl. 143,179.—
5% Railway Loan	,, 3,993,603	,, 1,876,993.41
10% „ „	Fr. 10,485,945	,, 18,486,720.28
Various		,, 33,189.15

Other securities:		Nominal value	Balance sheet value
7%	Mortgage Bonds of the State Land Bank	zl. 8,500,000	zl. 6,800,000.—
8%	„ „ „ „ Lwów Land Credit Society	dol. 280,845	„ 2,074,602.01
8%	„ „ „ „ Wilno Land Bank	„ 284,500	„ 2,026,352.—
8%	„ „ „ „ Warsaw Land Credit Society	„ 766,300	„ 5,933,460.90
8%	„ „ „ „ „ „ „ „ „ „	zl. 1,294,000	„ 1,002,850.—
Various			„ 394,209.82
		<u>Total</u>	<u>zl. 38,771,556.57</u>

Item 4. Securities issued by the National Economic Bank decreased, as compared with 1929 by zl. 4,631,000 to zl. 70,643,202.15.

Item 5. Shares and participations held by the Bank dropped in 1930 by zl. 13,540,000 to zl. 33,753,263.24. The holdings of shares and participations comprise the following items:

British & Polish Trade Bank	zl. 7,157,900.—
Bank of Danzig (issue institution)	„ 6,147,352.96
Danzig Tobacco Monopoly	„ 2,142,035.78
Potassium Salts Exploitation Co.	„ 17,923,191.50
Bank of Poland	„ 382,695.—
Other securities	„ 88.—
<u>Total</u>	<u>zl. 33,753,263.24</u>

The item "other securities" is composed in part of shares in a dozen or so associated undertakings, the balance consisting of shares previously purchased. These securities have been brought into the balance sheet at a value of one zloty for each type of share.

Items 7—10. Short term credits show following changes during the course of 1930:

	December 31, 1929.	December 31, 1930.	Changes in thous. of zl.
a) Bills discounted	zl. 182,993,239.51	zl. 165,155,364.55	—17,837
b) Bills protested	„ 2,071,324.20	„ 3,122,548.32	+ 1,051
c) Term loans	„ 53,633,662.17	„ 21,908,207.02	—31,725
d) Deposits in communal savings banks	„ 8,437,293.98	„ 13,173,754.44	+ 4,736
e) Debtors on current accounts	„ 79,542,578.58	„ 113,760,216.91	+ 34,217
<u>Total</u>	<u>zl. 326,678,098.44</u>	<u>zl. 317,120,091.24</u>	<u>— 9,558</u>

The total of discounted bills decreased owing to the increased severity of selection applied at the end of 1929. The increase in protests was almost entirely in respect of agricultural bills. Term loans decreased mainly owing to the transfer of the indebtedness of several undertakings belonging to the Bank to "current accounts" and the transfer of several loans granted to local authorities to the "communal cash loans" account. The deposits in communal savings banks increased owing to further developments in the financing of these institutions by the National Economic Bank. Finally, the debtors on current accounts increased in consequence of the transfer of term loans mentioned above and also by reason of a temporary overdraft granted to the State Unemployment Fund.

The liquidity of the holdings of discounted bills on 31st December, 1930, was as follows:

Period within which payable	Number	% of whole	Totals in thous. of zl.	% of whole
1 month	64,775	45.2	73,306	44.4
2 months	48,657	34.0	46,246	28.0
3 months	25,167	17.6	28,589	17.3
4, 5, 6 months	4,464	3.1	16,828	10.2
over 6 months	90	0.1	186	0.1
Total	143,153	100.0	165,155	100.0

In 1930, 605,279 bills for zl. 636,258,000 were discounted. Their division according to the terms of circulation from the dates of drawing to maturity, as well as to their values, are given in the following summary:

Tenor in days	No.	% of whole	Totals in thous. of zl.	% of whole
Below 30	10,216	1.7	4,859	0.8
„ 60	65,958	10.9	47,021	7.4
„ 90	265,531	43.9	252,240	39.6
„ 180	219,879	36.3	262,682	41.3
„ 360	42,429	7.0	67,879	10.7
above 360	1,266	0.2	1,577	0.2
Total	605,279	100.0	636,258	100.0

Bills having longer currencies arise mainly from agricultural transactions.

Values of bills	No.	% of whole
less than 100 zl.	100,746	16.6
from 101 to 200 zl.	115,778	19.1
„ 201 to 500 „	170,880	28.2
„ 501 to 1,000 „	128,649	21.4
„ 1,001 to 2,000 „	35,769	5.9
„ 2,001 to 5,000 „	34,388	5.7
„ 5,001 to 10,000 „	14,680	2.4
over 10,000 zl.	4,389	0.7
Total	605,279	100.0

The average value of bills exceeded 1,051 zl. If, however, bills above zl. 1,000, which represent 14% of the bill holdings of the Bank, are eliminated, this average will be greatly decreased.

The ratio of protested bills to those presented for payment in each of the months of 1930 was as follows:

Month	Bills payable in mill. of zl.	Protested bills in mill. of zl.	Percentage of protests
January	56.5	2.8	4.91
February	54.4	2.5	4.60
March	66.9	3.6	5.35
April	58.7	2.6	4.35
May	46.0	2.1	4.66
June	48.5	2.1	4.40
July	51.5	1.9	3.59
August	55.4	1.9	3.33
September	60.0	2.1	3.52
October	69.8	2.9	4.21
November	53.9	2.9	5.26
December	59.6	3.5	5.91

The liquidity of term loans on December 31st, 1930, is shown in the following table:

Period within which payable	Totals in thou- sands of zlotys	% of whole:
1 month	12,287	35.0
2 months	3,445	9.8
3 „	5,571	15.9
4, 5, 6, months	3,489	10.0
over 6 „	10,290	29.3
Total.	35,082	100.0

Items 11—12. Banks "loro" and "nostro":

	December 31st, 1929.	December 31st, 1930.	Changes in thous. of zl.
a) Polish	zl. 1,365,630.73	zl. 1,376,820.37	+ 11
b) Foreign	„ 32,457,953.96	„ 38,079,489.55	+ 5,622
Total.	zl. 33,823,584.69	zl. 39,456,309.92	+ 5,633

Item 13. Long term cash loans:

	December 31st, 1929.	December 31st, 1930.	Changes in thous. of zl.
a) For arrears of interest on building loans	753,941.50	1,325,667.50	+ 572
b) Communal	31,315,292.49	50,627,703.92	+ 19,312
c) Building from own funds	23,912,272.88	17,600,289.85	— 6,312
d) Revalorised of late amalgamated institutions	6,757,167.46	5,579,533.76	— 1,178
e) Sundry	5,941,885.33	33,673,289.45	+ 27,732
Total	68,680,559.66	108,806,484.48	+ 40,126

The "sundry" long term cash loans rose in connection with the liquidation of the holding of the N. E. B. in the "Ursus" motor car factory, which was sold to the State Engineering Establishments, who borrowed a sufficient sum from the Bank to purchase the shares. The communal cash loans rose mainly owing to the granting of fresh credits to local authorities and the transfer of several credits from the term loans account, as has already been mentioned. The building loans from the Bank's own funds are being gradually converted into issue loans. The valourised loans of the late amalgamated institutions were taken over from the late State Bank for Reconstruction and the late Credit Society of Galician Towns, and are being steadily wiped off.

Item 14. Real property increased by zł. 5,840,000 to zł. 26,624,503.98 due to further work on the new Bank building in Warsaw, Katowice and Gdynia. The two latter have already been completed and taken over. The building of the Head Office in Warsaw should be ready for use during the course of 1931.

Item 16. Transit accounts amounted on December 31st, 1930, to zł. 10,515,132.08, or a drop of zł. 3,259,000 as compared with 1929. They embrace the ordinary transit items and the inter-period settlements.

BOND ISSUE SECTION.

LIABILITIES.

Item 16. The Special reserve for securities issued by the Bank increased during the year under review by zł. 3,873,669.91. This rise was due to:

- a) the division of the net profit for 1929 (35% in accordance with § 74 of the Statutes of the Bank) zł. 2,922,113.41
- b) inscription fees, according to § 17 of the Statutes and the profits obtained by the Bank through the purchase of mortgage bonds and debentures destined for drawing, according to § 17 of the Statutes zł. 951,556.50

The division of the above reserve between the various issues, as at the ends of 1929 and 1930 is given in the following table:

	December 31st, 1929.	December 31st, 1930.	Changes in thous. of zł.
a) Reserve for mortgage bonds	zł. 1,664,342.64	zł. 2,654,872.75	+ 991
b) „ „ communal debentures „	„ 7,464,771.05	„ 10,037,107.20	+2,572
c) „ „ railway „	„ 827,207.87	„ 897,770.45	+ 71
d) „ „ building „	„ 9,908.88	„ 52,888.08	+ 43
e) „ „ bank „	„ 406,091.05	„ 603,352.92	+ 197
Total	zł. 10,372,321.49	zł. 14,245,991.40	+3,874

Item 17. Securities issued by the late Polish National Bank dropped during 1930 by zł. 957,000, the following changes having been recorded in these issues:

	December 31st, 1929.	December 31st, 1930.	Changes in thous. of zł.
a) Mortgage bonds	zł. 9,706,507.86	zł. 9,098,310.28	—608
b) Communal debentures	„ 10,946,118.18	„ 10,705,310.85	—241
c) Railway „	„ 11,224,616.—	„ 11,116,456.—	—108
Total	zł. 31,877,242.04	zł. 30,920,077.13	—957

The aforesaid securities are the pre-war issues of the late Polish National Bank, one of the amalgamated institutions which have been valorised and taken over by the National Economic Bank. They are gradually being drawn or bought in.

Item 18. Securities issued by the National Economic Bank increased in 1930 by zl. 73,291,000, the following changes being recorded:

	December 31, 1929.	December 31, 1930.	Changes in thous. of zl.
a) Mortgage bonds *)	zl. 132,695,236.—	zl. 187,009,924.—	+ 54,315
b) Communal debentures	„ 471,605,790.—	„ 480,456,356.77	+ 8,850
c) Building „	„ 3,857,200.—	„ 11,834,300.—	+ 7,977
d) Bank „	„ 23,010,894.—	„ 25,159,730.—	+ 2,149
Total	zl. 631,169,120.—	zl. 704,460,310.77	+ 73,291

Item 19. The drawn mortgage bonds and debentures in circulation account shows that the value of the securities, which had so far not been presented for payment on December 31st, 1930, amounted to zl. 592,244.69. The relevant items are given below:

a) Mortgage bonds	zl. 356,361.84
b) Communal debentures	„ 182,634.85
c) Railway „	„ 53,248.—
Total	zl. 592,244.69

Item 20. Unpaid coupons account on the 31st December, 1930 totalled zl. 2,538,297.18. This sum was composed of coupons which have not yet been presented to the Bank for payment, the relevant items being as follows:

a) Mortgage bonds	zl. 2,153,823.91
b) Communal debentures	„ 214,928.61
c) Railway „	„ 169,544.66
Total	zl. 2,538,297.18

Item 21. The balance of the mortgage bond and debenture redemption fund was zl. 1,805,690.95. To this account the Bank regularly transfers the amortization portion of the issue loan instalments. After a drawing has taken place, sums corresponding to the values of the securities which had been drawn are transferred from this account to that of the drawn mortgage bonds and debentures. Securities of the Bank's own issues, bought on the open market in lieu of drawing, as well as securities paid over by debtors in lieu of cash to meet the amortization portion of the

	December 31, 1929.	December 31, 1930.
	(in thousands of zlotys)	
*) of which: on estates	zl. 53,408	zl. 55,429
on urban properties	„ 42,493	„ 44,450
from the conversion of building loans.	„ 36,794	„ 87,131
	zl. 132,695	zl. 187,010

instalments due, are directly charged to this account. The redemption fund is divided as follows, according to types of securities:

a) Mortgage bonds	zl.	71,723.02
b) Communal debentures	„	1,723,959.46
c) Railway „	„	9,832.14
d) Building „	„	172.50
e) Bank „	„	3.83
Total	zl.	1,805,690.95

Item 22. The coupon redemption fund amounted on December 31st, 1930 to zl. 19,650,443.78. To this account is credited by the Bank the interest portion of the matured instalments on issue loans. In view of the fact that the interest has to be paid in advance by the debtors, these sums remain on this account for six months, after which they are transferred to the account of unpaid coupons from which the payment is made effective.

The coupon redemption fund is divided as follows, according to types of securities:

a) Mortgage bonds	zl.	308,596.24
b) Communal debentures	„	18,067,536.88
c) Railway „	„	221,727.74
d) Building „	„	58,877.26
e) Bank „	„	993,705.66
Total	zl.	19,650,443.78

Item 23. The account of instalments paid in advance was on December 31, 1930 zl. 6,125,969.10. This account is composed of instalments paid before maturity and repayments in excess of the redemption plan. This sum is in respect of the following types of issues:

a) Mortgage bonds	zl.	1,298,023.64
b) Communal debentures	„	4,772,502.10
c) Building „	„	55,443.36
Total	zl.	6,125,969.10

Item 24. Sundry accounts amounted on December 31st, 1930 to zl. 3,496,588.86, as compared with zl. 6,024,381.15 on the same date in 1929. They comprise the transitory items and the inter-period settlements of the Bond Issue Section.

A S S E T S.

Items 17 and 18. Issue loans of the late Polish National Bank and of the National Economic Bank. See Items 17 and 18 of the "Liabilities."

Item 19. Instalments on issue loans dropped during the course of 1930 by zł. 1,808,000 to zł. 12,652,749.35, of which the instalments for the current year amounted to zł. 10,065,103.17 and those for the previous years to zł. 2,587,646.18, falling to the following types of issues:

	Instalments of former years (in thousands of zlotys)	Instalments of the current year
8% Mortgage bonds	995	2,253
7% " "	160	1,035
8% Communal debentures	552	1,319
7% " "	56	1,870
7% " " in dollars IIIrd series	56	1,354
7½% Bank "	—	1,638
8% Building "	279	53
Total of the instalments on the N. E. B. securities	2,098	9,522
" " " " " securities of the late P.N.B.	490	543
Grand total	2,588	10,065

A detailed statement regarding the payment of instalments on issue loans and collection of payments in arrears is given in the second part of the Report.

Item 21. Sundry accounts comprise transitory items and inter-period settlements of the issue section. They amounted on December 31st, 1930 to zł. 6,988,707.14, as compared with zł. 7,871,705.70 on the same date in 1929.

Item 22. Balance with General Banking Section. See Item 13 of the "Liabilities" side.

TREASURY FUNDS ADMINISTERED BY THE BANK.

LIABILITIES.

Item 25. The Treasury funds increased during the course of 1930 by zł. 92,024,000 to zł. 509,249,684.63, divided as follows:

	December 31, 1929.	December 31, 1930.	Changes in thous. of zł.
a) Building fund	zł. 215,230,936.84	zł. 311,500,332.68	+96,269
b) Relief fund for banks	" 56,545,706.20	" 53,771,579.36	— 2,774
c) Fund ex re "Kooprolna"	" 36,191,311.79	" 36,327,102.33	+ 136
d) Special reserve for operations guaranteed	" 3,562,259.79	" 4,617,091.51	+ 1,055
e) Sundry deposits	" 105,695,440.32	" 103,033,578.75	— 2,662
Total	zł. 417,225,654.94	zł. 509,249,684.63	+92,024

Item 26. Special accounts. These accounts correspond with Item 24 of the "Assets".

A S S E T S.

Item 23. Loans granted from Treasury funds underwent the following changes during the course of 1930:

	December 31, 1929.	December 31, 1930.	Changes in thous. of zl.
a) Building credits from and advances against the State Building Fund	zl. 243,374,553.53	zl. 302,569,117.58	+ 59,194
b) Relief credits for banks	,, 38,077,741.63	,, 29,343,685.11	— 8,734
c) Loans: 1) to "Kooprolna"	,, 36,596,950.—	,, 36,544,134.70	— 53
2) ,, others	,, 11,682,558.27	,, 11,393,200.72	— 290
d) Sundry loans	,, 83,620,262.05	,, 95,790,761.74	+ 12,171
Total	zl. 413,352,065.48	zl. 475,640,899.85	+ 62,288

The building credits from the State Building Fund showed great increases owing to the renewed building activities in 1930. The drop in the next item was due to repayment of considerable amounts of the outstanding relief credits for banks. Sundry loans increased by zl. 12,171,000.

Item 24. Special accounts amounted on December 31st, 1930 to zl. 113,451,394.74. This item includes transactions connected with the State Building Fund, the financing of the exports of the iron foundries and special assistance for the textile industry. They correspond with item 26 on the "Liabilities" side.

Item 25. Balance with General Banking Section see Item 14 on the "Liabilities" side.

ITEMS NOT BELONGING TO THE BALANCE SHEET.

The "Collections" account on the "Liabilities" and on the "Assets" side respectively, showed the following balances at the close of 1929, as compared with 1930:

	December 31, 1929.	December 31, 1930.
	zl. 14,968,739.62	zl. 8,907,755.22

"Guarantees on account of customers" on the "Liabilities" side and the "Liability of customers for guarantees" on the "Assets" side respectively, were as follows:

	December 31, 1929.	December 31, 1930.
	zl. 25,641,448.42	zl. 27,185,548.42
of which guaranteed by the Treasury	,, 3,381,104.47	,, 12,237,500.—

"Acceptances on account of customers" on the "Liabilities" side and the "Liability of customers for acceptances" on the "Assets" side respectively, were as follows:

	December 31, 1929.	December 31, 1930.
	zl. 12,155,138.37	zl. 12,816,672.94

SECURITIES DEPOSITED WITH THE BANK.

	Nominal value in various curr.		Nominal value in various curr.
Securities held in the vaults			
of the Bank	zl. 1,670,393,517.01	Customers' securities held	zl. 2,030,061,392.44
Securities deposited else-			
where	,, 1,005,864,137.78	Bank's own securities	,, 646,196,262.35
	zl. 2,676,257,654.79		zl. 2,676,257,654.79

As compared with the previous year, which showed deposits in securities amounting to zl. 4,662,449,416.90 there was a decrease of zl. 1,986,191,761.81 partially due to the revalorisation of securities of a high nominal value in Polish marks, and partially to the withdrawal of securities issued by liquidated joint stock companies.

SECURITIES DEPOSITED WITH THE BANK

National value		National value	
in various currencies		in various currencies	
Securities held in the vaults of the Bank	£ 1,870,303,517.01	Securities deposited with the Bank	£ 1,005,804,137.78
Bank's own securities	£ 886,100,202.55		
	<u>£ 2,756,507,651.70</u>		<u>£ 1,005,804,137.78</u>

As compared with the previous year, which showed deposits in securities amounting to £ 4,502,449,418.90 there was a decrease of £ 1,682,101,701.81, partially due to the redemption of securities of a high nominal value in Polish marks, and partially to the withdrawal of securities held by limited joint stock companies.

The amount of securities deposited with the Bank in various currencies, which are held in the vaults of the Bank, is £ 1,870,303,517.01, which is an increase of £ 1,005,804,137.78 as compared with the previous year.

THEIR HOLDINGS OF FOREIGN SECURITIES

The following table shows the holdings of foreign securities of the Bank at the end of the year 1931.

Country	Value in Pounds	Value in Foreign Currencies
France	£ 1,200,000,000.00	1,200,000,000.00
Germany	£ 500,000,000.00	500,000,000.00
Italy	£ 300,000,000.00	300,000,000.00
Spain	£ 100,000,000.00	100,000,000.00
Other countries	£ 100,000,000.00	100,000,000.00
Total	£ 2,200,000,000.00	2,200,000,000.00

The total value of foreign securities held by the Bank at the end of the year 1931 is £ 2,200,000,000.00, which is an increase of £ 200,000,000.00 as compared with the previous year.

IV.

BALANCE SHEET, 31st DECEMBER, 1930
PROFIT AND LOSS ACCOUNT FOR 1930

BALANCE SHEET AND INCOME AND EXPENDITURE ACCOUNT
OF THE PENSION FUND FOR 1930.

BANK GOSPODAR

THE NATIONAL

BALANCE

on the 31st

ASSETS.

		zlotys	gr.
GENERAL BANKING SECTION			
1.	Cash on hand and with Bank of Poland and Postal Savings Bank	44,056,442	03
		4,017,996	39
2.	Foreign currencies	38,771,556	57
3.	Fixed interest securities.	70,643,202	15
4.	Securities issued by the N. E. B.	33,753,263	24
5.	Shares and participations.	268,312	44
6.	Bonds and coupons due for payment	165,155,364	55
7.	Bills discounted	3,122,548	32
8.	Protested bills.		
9.	Term loans on:		
	a) Securities	538,987.26	
	b) Gold and silver	200.—	
	c) Bills of exchange	14,422,755.45	
	d) Goods	6,927,964.31	
	e) Railway documents	10,000.—	
	f) Warehouse warrants	8,300.—	
	g) Deposits in Communal Sav. Banks	13,173,754.44	35,081,961 46
10.	Debtors on current accounts:		
	a) Customers' liabilities	95,538,005.57	
	b) Pending	18,222,211.34	113,760,216 91
11.	Banks "Loro":		
	a) Polish	674,900.33	
	b) Foreign	13,534.—	688,434 33
12.	Banks "Nostro":		
	a) Polish	701,920.04	
	b) Foreign	38,065,955.55	38,767,875 59
13.	Long term cash loans:		
	a) For arrears of interest on building loans.	1,325,667.50	
	b) Communal	50,627,703.92	
	c) Building loans from own funds	17,600,289.85	
	d) Revalorised loans of the late amalgamated Institutions	5,579,533.76	
	e) Sundry	33,673,289.45	108,806,484 48
14.	Real property	26,624,503	98
15.	Furniture, fixtures, etc.	1,115,352	78
16.	Transit accounts	10,515,132	08
	Carried forward	695,148,647	30

STWA KRAJOWEGO

ECONOMIC BANK

SHEET

December, 1930

LIABILITIES.

		zlotys	gr.
GENERAL BANKING SECTION			
1.	Capital	150,000,000	—
2.	Reserve fund	12,496,478	84
3.	Other reserves:		
	a) For valorisation of mortgage loans	2,650,330.46	
	b) For valorisation of savings deposits	5,991.83	
	c) General reserve	21,369,640.40	
	d) For Exchange differences	7,423,802.65	34
4.	Sight deposits:		
	a) Cheque accounts	69,610,066.80	
	b) Foreign currency accounts	10,281,832.27	
	c) Savings deposits	34,990,774.97	
	d) Current accounts of Communal Savings Banks	1,965,665.20	24
5.	Term deposits	103,680,991	29
6.	Sundry credit balances	22,613,254	33
7.	Bills rediscounted.	77,709,994	47
8.	Banks "Loro":		
	a) Polish	26,130,948.95	
	b) Foreign	3,086,746.16	11
9.	Banks "Nostro":		
	a) Polish	9,855,465.45	
	b) Foreign	51,315,529.40	85
10.	Drafts.	275,593	78
11.	Mortgagees	219,332	40
12.	Transit accounts	14,491,506	46
13.	Balance of Bond Issue Section.	28,766,976	69
14.	Balance of Section of Treasury funds administered by the Bank	34,274,662	40
15.	Net profit	11,933,062	10
	Carried forward	695,148,647	30

ASSETS.

		zlotys	gr.
Brought forward		695,148,647	30
BOND ISSUE SECTION			
17. Issue loans of the late Polish National Bank:			
a) Mortgage bonds	9,098,310.28		
b) Communal debentures	10,705,310.85		
c) Railway "	11,116,456.—	30,920,077	13
18. Issue loans of the N. E. B.			
a) Mortgage bonds	187,009,924.—		
b) Communal debentures	480,456,356.77		
c) Building "	11,834,300.—		
d) Bank "	25,159,730.—	704,460,310	77
19. Instalments on issue loans:			
a) Of the current year.	10,065,103.17		
b) Of previous years.	2,587,646.18	12,652,749	35
20. Coupons of drawn mortgage bonds and debentures .		46,792	78
21. Sundry accounts		6,988,707	14
22. Balance with General Banking Section		28,766,976	69
		783,835,613	86
SECTION OF TREASURY FUNDS ADMINIS- TERED BY THE BANK			
23. Loans granted from Treasury funds:			
a) Building loans:			
1. from the State Building Fund	299,155,177.58		
2. advances on loans from the State Building Fund	3,414,000.—	302,569,117	58
b) Relief credits for banks.		29,343,685	11
c) Loans:			
1. to "Kooprolna"	36,544,134.70		
2. to others	11,393,200.72	47,937,335	42
d) Sundry loans		95,790,761	74
24. Special accounts		113,451,394	74
25. Balance with General Banking Section		34,274,662	40
		623,366,956	99
Total of balance sheet		2,102,351,218	15
Collections, as per contra		8,907,755	22
Liability of customers for guarantees, as per contra	27,185,548.42		
Liability of customers for acceptances, as per contra	12,816,672.94	40,002,221	36
Total		2,151,261,194	73

LIABILITIES.

		zlotys	gr
	Brought forward	695,148,647	30
BOND ISSUE SECTION			
16. Special reserve for securities issued by the N. E. B.:			
a) Mortgage bonds	2,654,872.75		
b) Communal debentures	10,037,107.20		
c) Railway „	897,770.45		
d) Building „	52,888.08		
e) Bank „	603,352.92	14,245,991	40
17. Securities issued by the late Polish National Bank in circulation:			
a) Mortgage bonds	9,098,310.28		
b) Communal debentures	10,705,310.85		
c) Railway „	11,116,456.—	30,920,077	13
18. Securities issued by the N. E. B. in circulation:			
a) Mortgage bonds	187,009,924.—		
b) Communal debentures	480,456,356.77		
c) Building „	11,834,300.—		
d) Bank „	25,159,730.—	704,460,310	77
19. Drawn mortgage bonds and debentures in circulation:		592,244	69
20. Unpaid coupons		2,538,297	18
21. Mortgage bond and debenture redemption fund		1,805,690	95
22. Coupon redemption fund		19,650,443	78
23. Instalments paid in advance		6,125,969	10
24. Sundry accounts		3,496,588	86
		783,835,613	86
SECTION OF TREASURY FUNDS ADMINISTERED BY THE BANK			
25. Treasury Funds:			
a) Building funds		311,500,332	68
b) Relief funds for banks		53,771,579	36
c) Funds ex re "Kooprolna"		36,327,102	33
d) Special reserve for operations guaranteed		4,617,091	51
e) Sundry credits		103,033,578	75
26. Special accounts		114,117,272	36
		623,366,956	99
	Total of balance sheet	2,102,351,218	15
Collections		8,907,755	22
Guarantees on account of customers	27,185,548.42		
Acceptances „ „ „ „	12,816,672.94	40,002,221	36
	Total	2,151,261,194	73

BANK GOSPODAR

THE NATIONAL PROFIT AND

EXPENDITURE.

for the year ending

		zlotys	gr.
Interest paid:			
a) Current accounts	34,245,409.89		
b) Re-discounted bills	6,851,705.08		
c) Savings deposits	2,206,000.04		
d) Sundry accounts	801,825.79	44,104,940	80
Exchange differences		15,740,672	38
Expenses:			
a) Operating expenses	845,882.—		
b) Office „	802,577.87		
c) Sundry „	969,850.52		
d) Motor upkeep	161,546.97		
e) Salaries and wages	11,242,991.30		
f) Pensions	799,383.16	14,822,231	82
Amortisation:			
a) Real property	318,104.40		
b) Movable property	417,482.27	735,586	67
Written off		1,534,277	91
Net profit		11,933,062	10
Total		88,870,771	68

STWA KRAJOWEGO

ECONOMIC BANK

LOSS ACCOUNT

31st December, 1930

INCOME.

		zlotys	gr.
Interest received:			
a) Bills discounted	18.954.851.71		
b) Current accounts	18.182.720.71		
c) Term loans	4.839.859.51		
d) Long term cash and communal loans	2.329.343.66		
e) Building loans	17.217.835.06		
f) Securities	13.892.244.71		
g) Compound interest on arrears on issue loans	1.891.002.28		
h) Sundry accounts	4.528.190.71	81,836,048	35
Commissions:			
a) Collections	497,110.67		
b) Drafts	183,272.34		
c) Current accounts	253,112.13		
d) Exchange transactions	243,182.93		
e) Deposits	134,208.46		
f) Guarantees	498,449.57		
g) Sundry accounts	1,081,474.35	2,890,810	45
Exchange differences		231,077	35
Administrative charges payable to issue department		3,101,056	85
Administration of property		380,987	03
Refund of sums previously written off.		430,791	65
Total		88,870,771	68

AUDITORS CERTIFICATE.

The Audit Committee has examined the Balance Sheet of the National Economic Bank for the year ended 31st December, 1930, as well as the Profit and Loss Account for the year ending on that date, and states: —

1. That the items comprised in the balance sheet, closed on each side with a total of zlotys 2,151,261,194.73 (inclusive of 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 of the Head Office are correct and have been properly kept.

In view of the above, the Audit Committee proposes that the Balance Sheet of the National Economic Bank as on December 31st, 1930, and the Profit and Loss Account for the year ending on that date, should be accepted.

Warsaw, 11th March, 1931.

Chief Auditor:

Wiktor Marynowski, D. C. L.

Auditors:

Tadeusz Pieńkowski

Lucjan Zadrowski

Artur Alland

Antoni Repeczko

Balance sheet of the Pension Fund

of the National Economic Bank

as on 31st December, 1930.

A S S E T S			L I A B I L I T I E S		
	Zlotys	gr.		Zlotys	gr.
Cheque accounts with the Bank	4,619,179	61	Capital of the Pension Fund on the 31st Decemb., 1929 Zl. 10,719,551.79		
Securities	2,842,173	81	Surplus of revenue over expenditure for the year 1930 Zl. 2,614,360.82	13,333,912	61
Real properties	5,870,090	89			
Transit account	2,468	30			
Total of balance sheet	13,333,912	61	Total of balance sheet	13,333,912	61

Income and Expenditure account

of the Pension Fund

for the year 1930.

E X P E N D I T U R E			I N C O M E		
	Zlotys	gr.		Zlotys	gr.
Pensions and payments to widows	129,456	29	Contributions from the Bank:		
Post mortem payments	6,449	16	a) Ordinary Zl. 461,829.36		
Amortisation of real properties	108,269	33	b) Extraordinary „ 1,000,000.—	1,461,829	36
Stamp fees and taxes	12	23	Contributions from members	490,261	90
Surplus of revenue over expenditure for the year 1930	2,614,360	82	Premium reserves	65,265	49
			Profit on house administration	324,049	70
			Profit on securities drawn	6,928	—
			Coupons of securities	292,583	12
			Interest on cheque accounts	217,630	26
Total	2,858,547	83	Total	2,858,547	83

BANK GOSPODARSTWA KRAJOWEGO

THE NATIONAL ECONOMIC BANK

BALANCE SHEETS (net)*)

for the financial years 1924 — 1930 as on December 31st

ASSETS.

(I N Z L O T Y S)

(I N Z L O T Y S)

LIABILITIES.

	1924	1925	1926	1927	1928	1929	1930		1924	1925	1926	1927	1928	1929	1930
I. GENERAL BANKING SECTION								I. GENERAL BANKING SECTION							
1. Cash on hand and with the Bank of Poland and Postal Savings Bank	5,420,094.93	7,140,406.08	28,184,422.04	46,177,827.51	52,583,581.40	37,953,010.09	44,056,442.03	1. Capital	35,000,000.—	35,000,000.—	35,000,000.—	120,000,000.—	150,000,000.—	150,000,000.—	150,000,000.—
2. Foreign currencies	363,808.32	1,122,799.29	2,719,422.11	4,307,722.11	3,351,938.27	3,599,639.49	4,017,996.39	2. Reserve fund	1,251,125.95	1,698,870.33	2,832,310.10	4,446,159.17	6,279,297.52	9,156,920.65	12,496,478.84
3. Fixed interest securities	1,576,425.10	45,980,535.43	16,671,875.89	36,549,248.07	28,610,206.51	25,498,397.93	38,771,556.57	3. Other reserves:	2,687,472.17	3,549,620.67	10,981,035.17	19,970,460.97	31,432,574.98	31,496,472.94	31,449,765.34
4. Securities issued by the N. E. B.	20,350,951.32	17,578,238.96	16,013,344.17	115,252,041.20	94,336,746.16	75,274,271.41	70,643,202.15	a) For valorisation of mortgage loans	2,517,472.17	2,366,602.98	2,270,567.61	2,270,567.61	2,569,823.30	2,674,586.88	2,650,330.46
5. Shares and participations	1,193,915.44	2,041,866.26	5,734,437.16	20,113,351.73	46,285,391.56	47,293,390.94	33,753,263.24	b) For valorisation of savings deposits	170,000.—	170,000.—	168,939.45	87,224.37	69,308.63	28,443.01	5,991.83
6. Drawn bonds and coupons due for payment	—	60.75	106.10	—	115,344.36	17,588.31	268,312.44	c) General reserve	—	1,013,017.69	8,491,900.73	17,612,668.99	21,369,640.40	21,369,640.40	21,369,640.40
7. Bills discounted	48,058,117.40	52,111,466.43	73,147,491.30	136,419,462.80	176,100,994.04	182,993,239.51	165,155,364.55	d) For Exchange differences	—	—	—	—	7,423,802.65	7,423,802.65	7,423,802.65
8. Protested bills	218,662.88	840,809.14	160,615.36	488,088.25	1,340,069.92	2,071,324.20	3,122,548.22	4. Sight deposits:	25,922,909.34	51,653,814.94	91,354,531.10	151,230,289.86	180,709,789.03	131,063,526.44	116,848,339.24
9. Term loans on:	25,684,565.11	22,285,294.08	21,554,019.14	21,613,547.05	40,148,575.67	62,070,956.15	35,081,961.46	a) Cheque accounts	24,517,130.53	31,773,064.—	78,643,221.67	117,047,374.28	137,384,974.82	97,015,337.07	69,610,066.80
a) Securities	172,189.45	454,825.95	493,983.65	549,447.55	1,124,975.44	533,503.67	538,987.26	b) Foreign currency accounts	537,067.72	17,131,119.85	11,422,738.58	22,883,676.74	17,155,315.23	8,286,118.88	10,281,832.27
b) Gold and silver	5,672.20	2,251.65	1,113.20	300.—	1,850.—	670.—	200.—	c) Savings deposits	868,711.09	2,749,631.09	4,288,570.85	11,299,238.84	19,205,895.34	23,799,580.09	34,900,774.97
c) Bills of exchange	9,158,509.42	9,643,061.44	16,004,849.81	14,539,973.16	22,242,987.24	46,838,896.61	14,422,755.45	d) Current accounts of Communal Savings Banks	—	—	—	—	6,963,603.64	1,962,490.40	1,965,665.20
d) Goods	16,283,400.88	12,019,009.—	7,571,378.30	6,149,087.27	4,509,559.—	5,820,110.70	6,927,964.31	5. Term deposits:	41,020,055.66	14,146,340.95	53,433,647.04	59,106,541.07	136,253,041.40	116,099,434.57	103,680,991.29
e) Railway documents	19,783.83	166,146.04	482,694.18	348,994.07	7,200.—	8,437,293.98	13,173,754.44	a) Deposits	41,001,655.66	13,727,140.95	38,509,347.04	58,613,141.07	135,714,841.40	116,033,334.57	103,680,991.29
f) Warehouse warrants	45,009.33	—	—	25,745.—	—	—	—	b) Cash assignats	18,400.—	419,200.—	14,924,300.—	493,400.—	538,200.—	66,100.—	—
g) Deposits in communal savings banks	—	—	—	—	11,888,904.78	8,437,293.98	13,173,754.44	6. Sundry credit balances	224,625.26	6,080,756.46	3,203,345.36	19,887,666.16	8,803,897.04	7,861,159.45	22,613,254.33
10. Debtors on current accounts	8,349,505.06	47,317,917.90	58,865,460.44	61,819,053.30	64,684,121.84	79,542,578.58	113,760,216.91	7. Bills rediscounted	33,762,284.34	27,260,219.31	6,876,619.42	38,882,511.14	71,998,038.20	77,709,994.47	69,610,066.80
11. Banks "Loro":	8,151,958.21	3,635,857.32	4,104,935.65	6,195,373.90	1,595,341.05	585,380.93	688,434.33	8. Banks "Loro":	3,187,287.68	1,529,567.90	4,039,859.24	62,414,356.95	61,568,744.59	29,217,695.11	29,217,695.11
a) Polish	8,151,958.21	3,635,857.32	4,104,935.65	6,195,373.90	1,595,341.05	585,380.93	688,434.33	a) Polish	3,181,775.06	1,529,567.90	4,039,859.24	62,414,356.95	61,568,744.59	29,217,695.11	29,217,695.11
b) Foreign	95.—	131,360.68	2,832.45	21,510.—	138,363.50	9,416.35	13,534.—	b) Foreign	5,512.62	335,359.34	82,474.52	6,188,023.98	2,866,905.64	38,210,107.24	3,086,746.16
12. Banks "Nostro":	4,295,529.06	9,984,190.82	34,503,027.34	26,348,977.73	41,563,305.12	33,288,263.76	38,767,875.59	9. Banks "Nostro":	492,215.49	28,107,787.71	13,360,934.52	43,158,383.96	23,101,433.21	14,743,229.12	61,170,994.85
a) Polish	1,948,749.—	766,999.38	1,039,159.95	1,039,159.95	2,883,938.21	789,666.15	701,920.04	a) Polish	89,004.83	19,793,760.50	89,237.57	8,572,626.69	58,726.69	9,855,465.45	
b) Foreign	2,346,780.06	8,953,782.88	33,736,027.96	25,309,817.78	38,679,366.91	32,448,537.61	38,065,955.55	b) Foreign	403,210.66	8,314,027.21	13,271,696.95	33,802,951.14	17,921,110.99	14,657,502.43	51,315,529.40
13. Long term cash loans:	11,888,179.74	15,908,363.41	14,338,152.23	58,610,509.16	79,515,671.94	68,680,559.66	108,806,484.48	10. Drafts	—	—	—	286,995.46	211,099.33	318,876.99	275,593.78
a) For arrears of interest on building loans	—	—	—	753,941.50	1,325,667.50	1,325,667.50	1,325,667.50	11. Mortgages	944,739.32	905,764.97	1,399,745.45	237,345.30	224,972.92	219,332.40	219,332.40
b) Communal	—	—	—	—	—	—	—	12. Transit accounts	5,573,960.67	9,419,202.56	17,116,767.50	35,103,444.93	39,347,375.39	19,290,745.93	14,491,506.46
c) Building loans from own funds	222,000.—	4,945,350.—	4,000,000.—	5,210,603.24	38,896,719.19	31,315,292.49	50,627,703.92	13. Balance of Bond Issue Section	—	—	—	—	—	—	28,766,976.69
d) Revalorised loans of the late amalgamated institutions	11,666,179.74	10,963,013.41	10,338,152.23	17,460,421.68	17,460,421.68	17,460,421.68	33,673,289.45	14. Balance of Section of Treasury funds administered by the Bank	—	—	—	—	—	—	3,873,589.46
e) Sundry	—	—	—	—	—	—	—	15. Net profit	1,119,360.96	2,852,174.35	4,034,622.68	4,582,845.87	7,194,057.83	12,723,895.47	11,933,062.10
14. Real property	8,001,598.71	8,431,109.77	8,229,156.26	9,315,371.66	9,425,705.—	20,784,371.48	26,624,503.98	II. BOND ISSUE SECTION							
15. Furniture, fixtures, etc.	793,634.53	928,879.88	909,599.30	1,157,911.75	1,152,339.88	1,051,047.34	1,115,352.78	16. Special reserve for securities issued by the N. E. B.:	865,993.03	1,391,205.21	2,482,400.15	4,400,307.52	7,048,187.45	10,372,321.49	14,245,991.40
16. Transit accounts	7,704,979.55	3,188,232.30	6,152,889.98	12,902,832.63	23,507,476.15	13,774,264.77	10,515,132.08	a) Mortgage bonds	114,817.73	173,642.66	343,999.73	664,677.68	1,070,970.67	1,664,342.64	2,654,872.75
II. BOND ISSUE SECTION								b) Communal debentures	636,357.57	1,046,776.78	1,819,012.45	3,188,860.74	4,952,143.79	7,464,771.05	10,037,107.20
17. Issue loans of the late Polish National Bank:	42,040,514.17	40,376,043.33	36,228,588.84	34,056,539.72	32,596,323.44	31,877,242.04	30,920,077.13	c) Railway debentures	114,817.73	170,785.77	319,387.95	521,119.10	827,207.87	9,908.88	52,888.08
a) Mortgage bonds	12,305,486.70	12,811,840.13	12,591,490.20	10,957,731.79	10,079,021.14	9,706,507.86	9,098,310.28	d) Building debentures	—	—	—	—	—	9,908.88	52,888.08
b) Communal debentures	12,100,414.72	12,072,219.25	11,887,407.21	11,436,596.48	11,089,790.30	10,946,118.18	10,705,310.85	e) Bank debentures	—	—	—	—	267,204.—	406,091.05	603,352.92
c) Railway debentures	17,634,612.75	15,491,983.95	11,749,691.43	11,662,211.45	11,328,512.—	11,224,616.—	11,116,456.—	17. Securities issued by the late Polish National Bank in circulation:	42,040,514.17	40,376,043.33	36,228,588.84	34,056,539.72	32,596,323.44	31,877,242.04	30,920,077.13
18. Issue loans of the N. E. B.:	25,000,000.—	124,633,433.—	169,877,730.69	357,242,488.—	551,179,064.—	631,169,120.—	704,460,310.77	a) Mortgage bonds	12,305,486.70	12,811,840.13	12,591,490.20	10,957,731.79	9,706,507.86	9,098,310.28	9,098,310.28
a) Mortgage bonds	—	1,882,025.—	12,994,369.99	59,655,712.—	132,695,236.—	187,009,924.—	187,009,924.—	b) Communal debentures	12,100,414.72	12,072,219.25	11,887,407.21	11,436,596.48	11,188,790.30	10,946,118.18	10,705,310.85
b) Communal debentures	25,000,000.—	122,751,408.—	156,883,360.70	295,021,776.—	435,429,708.—	471,605,790.—	480,456,356.77	c) Railway debentures	17,634,612.75	15,491,983.95	11,749,691.43	11,662,211.45	11,328,512.—	11,224,616.—	11,116,456.—
c) Building debentures	—	—	—	2,565,000.—	24,531,900.—	23,010,894.—	25,159,730.—	18. Securities issued by the N. E. B. in circulation:	25,000,000.—	124,633,433.—	169,877,730.69	357,242,488.—	551,179,064.—	631,169,120.—	704,460,310.77
d) Bank debentures	—	—	—	—	—	—	—	a) Mortgage bonds	—	1,882,025.—	12,994,369.99	59,655,712.—	132,695,236.—	187,009,924.—	187,009,924.—
19. Instalments on issue loans	—	2,446,358.72	9,136,072.45	19,091,272.13	11,993,496.94	14,460,376.90	12,652,749.35	b) Communal debentures	25,000,000.—	122,751,408.—	156,883,360.70	295,021,776.—	435,429,708.—	471,605,790.—	480,456,356.77
20. Coupons of drawn mortgage bonds and debentures	—	—	76.41	14,484.07	29,474.53	33,043.06	46,792.78	c) Building debentures	—	—	—	—	—	—	—
21. Sundry accounts	—	—	—	—	—	—	—	d) Bank debentures	—	—	—	2,565,000.—	24,531,900.—	23,010,894.—	25,159,730.—
22. Balance with General Banking Section	—	14,043,428.98	9,238,348.50	21,165,986.86	19,515,237.41	7,871,705.70	6,988,707.14	19. Drawn mortgage bonds and debentures in circulation	803,321.—	—	25,132.92	655,075.02	936,088.64	488,231.09	592,244.69
23. Section of Treasury Funds administered by the Bank:	—	—	—	—	—	—	—	20. Unpaid coupons	866,184.24	2,205,919.30	346,767.97	2,205,919.30	3,588,941.7		

