

BANK GOSPODARSTWA
KRAJOWEGO
NATIONAL ECONOMIC BANK
W A R S A W



REPORT OF DIRECTORS
FOR THE FINANCIAL YEAR 1933

10th YEAR

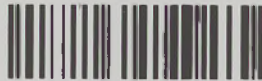


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FOR THE FINANCIAL YEAR 1933

10 t h Y E A R

Biblioteka Jagiellońska



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W A R S A W — 1934

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BANK GOSPODARSTWA KRAJOWEGO

NATIONAL ECONOMIC BANK

HEAD OFFICE:

1, ALEJA JEROZOLIMSKA, WARSAW

BRANCHES:

- | | |
|--------------------|-----------------|
| 1. BIAŁA (Bielsko) | 10. LWÓW |
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| 3. BYDGOSZCZ | 12. ŁUCK |
| 4. DROHOBYCZ | 13. POZNAŃ |
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*) As on the 31st December, 1933.

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I.

GENERAL ECONOMIC SITUATION IN 1933.

The year under review witnessed to a greater extent than the previous year an economic improvement in all parts of the world, although the principal obstacles standing on the road to recovery still persisted. The drop in production, turnover and prices was considerably less pronounced, having been brought to a standstill in many countries, while in others a decided improvement was noted in the second half of the year. The factors facilitating improvement were strictly localized in various countries, however, taking the nature of these developments into consideration, it is evident that the recovery was more due to the specific measures taken by the respective governments than to any general all-round betterment in trade.

The lack of confidence and of international co-operation was the principal adverse factor in the struggle with the crisis. Last year in this respect there was not only no improvement, but in addition, the depression hardened and emphasized the political uncertainty. The effort to reach international co-operation in the realm of economics, did not lead to success, while the World Economic Conference held in London in June, 1933, also failed to give any visible result. The depreciation of the dollar as also the economic policy of Germany adversely affected the international movement of both capital and goods, the turnover of which decreased. Arising out of the general confusion in respect of European currencies, a favourable development was the conclusion of an agreement by the countries remaining on the gold standard for reciprocal aid between their central banks. The creation of the "gold bloc", comprising the banks of issue of Belgium, France, Holland, Italy, Poland and Switzerland had a favourable influence on the currency situations of these countries, strengthening public confidence and favouring the process of capitalization.

One of the most important factors bearing on the improvement of the economic situation of the world is the necessity for settling present day financial problems, including the questions of international debts and of the international circulation of capital. Last year witnessed a partial solution of the problem of international debts in a manner favourable to the debtors, who, thanks to the depreciation of certain currencies, were enabled to reduce their indebtedness by large amounts. Many problems have been, however, left unsettled, the favourable solution depending on amicable agreements reached by the parties concerned, and, especially, on a rational attitude of the creditor countries towards their debtors. The stoppage of the free circulation of capital seriously affecting the balance of payments of those countries importing it, leads, as experience has shown in recent years, to a stimulation of autarchy and to a falling off in international trade, which certainly does not increase the payment capacity of the debtor countries.

Poland found itself last year under the potent influence of international events, but, however, thanks to a far-sighted policy, the Government was largely successful in smoothing over the adverse consequences of these developments.

The Polish Government adhered unshakenly to its doctrine of doing everything in its power to avoid the undertaking of any kind of currency experiment and by means of its well tried financial policy it was able to avert excessive pressure on the foreign currency and bullion reserves of the Bank of Poland for the service of the balance of payments while securing the stability of the State Budget. Here it should be observed that the stability of the Polish currency was fully maintained without the imposition of any restriction on the movement of currencies, operations being completely free.

The success of the efforts made by the Government should be ascribed to the great capacity of Polish economic life in adjusting itself to the changing conditions of the crisis. The gradual liquidation of the extravagances still outstanding from the pre-crisis period has obviated any violent disturbances and has created an equilibrium on fresh levels between the various economic elements, corresponding to the vanishing of the tendency to falling values.

The above process of readjustment to fresh conditions is occurring in the whole of Polish economic life: from the State Budget, followed by the local governments and other public legal institutions continuing in all private undertakings and not omitting clerical employees, workmen, pensioners, war pensioners and those in receipt of social assistance. In cases where the parties concerned were unable to reach an understanding sufficient to secure this process, the legislature took certain cautious steps in order to create a uniform legal basis either for the conclusion of voluntary agreements or for the facilitating of the payment of obligations in arrears. In those concrete cases in which the legislature initiated settlement directly between the creditor and the debtor, special protection was given, as far as possible, to private capitalists both domestic and foreign (as for instance the holders of debentures and mortgage bonds).

The evolutionary method of solving the economic difficulties arising from the crisis, adopted by Poland together with the principle of not reducing the claims of creditors, has created favourable conditions for internal capitalization which are reflected by the increase in deposits and the advance in the quotations of fixed interest securities. Both of these are especially welcome as they enable financial institutions to reduce the cost of both short and long term credits and facilitate the repayment of debts.

The process of adjustment in the State Budget was accentuated by further economies which permitted the expenditure to be again reduced by several per cent, as compared with 1932. The actual expenditure for 1933/34 as well as the estimated expenditure for 1934/35 have been cut by a quarter, as compared with 1929/30, when expenditure reached the highest peak. Only when it became evident that any further substantial reduction in expenditure was impossible, as it would be a danger to the activity of the State and to economic life, did the Government resort to another source, which they had hitherto not employed, i. e. to an internal credit, arising from the issue of Treasury Bills and of a National Loan.

The impressive result of the issue of the National Loan constitutes a fine testimonial showing that understanding of the needs of the State felt by the whole nation, the large subscription showing great confidence in the policy of the Government. The offer for subscription of Zl 120,000,000 was closed on the 5th October after five days instead of a week, as intended, applications having been received for over three times this sum. The Government

accepted the total amount of money subscribed and increased the issue to Zl 350,000,000. The receipts from the National Loan were not only sufficient do cover the budgetary deficit for the current fiscal year, but will partially meet that of 1934/35.

Having obtained a freer hand in respect of the budget thanks to the results of the National Loan, the Government was able to proceed to the work on taxation reform with a view, on the one hand, to removing excessive burdens, and, on the other, to securing for the Treasury a more regular influx of taxes. One of the more important tax easings, accorded to economic life, is the gradual reduction of the industrial tax, as from 1933. In order to work off arrears of taxes, particularly those owing by farmers, it has been arranged in most cases to prolong up to ten years the period for the payment of arrears to the Treasury, while in cases of real hardship, many reductions and individual easings were granted. An important facility in this respect is afforded by the Law empowering the Treasury to take over land in cover of certain monies due to the State. This Law will also give a stimulus to parcellation and may partially contribute to avert overcrowding and to the reduction of unemployment in the villages.

In regard to securing of the bullion and foreign currency reserves, guaranteeing the stability of the currency, the Bank of Poland, in spite of the increased issuing capacity, continued its cautious credit policy, with the result that the circulation of bank-notes remained on an unchanged level. This policy, together with the operation of certain Laws, intended for the counteracting of the wasting of the bullion reserves, enabled the closing of the foreign trade balance with a surplus of exports over imports, the meeting of the current service of foreign loans and the transfer of the earnings of foreign capital operating in Poland. Although Poland was badly hit in 1931 and 1932 by substantial outflows of foreign capital, it still remains one of those rare debtor countries which has not suspended the service of foreign debts, with the exception of inter-governmental war debts, the payment of which has been stopped by almost all powers, not excluding creditor countries. Having during the year changed over to a cover in gold alone for the note circulation and reduced its holdings of foreign currencies, the Bank of Poland avoided any reduction of its reserves appertaining to the cover from the depreciation of the dollar and the drops in other foreign currencies.

Several measures dealing with foreign trade were intended, on the one hand, to obtain a favourable trade balance, with a view to securing a steady inflow of foreign currencies, and, on the other hand, for the protection of home production. The most important step in this respect was the introduction on the 11th October, 1933, of a new customs tariff and the revision, based on this tariff, of those commercial treaties which had previously been concluded with foreign countries. For the assistance of merchandise exports, the refunding of customs duties on agricultural and certain industrial articles exported from Poland was maintained, while reductions in the freight tariff were granted on the transport of goods destined for export. The aim of the communication and trade policy is the elimination of unnecessary foreign intermediaries in trade and the granting of the fullest assistance to domestic merchants.

Efforts to stimulate overseas trade continued. A free area was opened at Gdynia to facilitate direct and transit turnover of goods; fresh steamship lines were started and the Polish mercantile marine was expanded. At the end of the year efforts were made to extend the co-operation between the ports of Gdynia and Danzig by means of the Polish-Danzig Port Agreement of October, 1933.

The increase in business turnover and the expansion in industrial activity, which was noted in 1933 in almost all countries, was largely due to capital investments on the part of the governments concerned, in an endeavour to speed up the economic revival. Within the limitations of the restricted funds at the disposal of the Polish Government, those responsible endeavoured to awaken an increased investment movement in order to expand turnover and to counteract the reduction in industrial work and the increase in unemployment. To this end an Employment Fund was created in March, 1933, to which special funds were allotted, enabling it to grant credits and subventions for economically justified public works and the employment of the workless. By the end of 1933, the Employment Fund had raised 61 million zlotys, while the expenditure for the next fiscal year is estimated at 90 million zlotys. Simultaneously with the Employment Fund, there was also created an Investment Fund, financed by government endowments and from the revenue from the investments effected. The state endowment is being raised by an issue of Investment Fund Bonds up to a maximum amount of 100 million zlotys, some 10 million zlotys having so far been placed.

The object of the new investment policy of the Government is the attracting of private capital, as owing to the uncertainty of most openings for capital, money is frequently unproductively hoarded. In this respect government activity was most successful in attracting funds last year for the building of small dwelling houses. For the fiscal year 1934/35, expenditure on investments has been estimated at 320 million zlotys, inclusive of building credits, an amount three times as high as the year [before, which should undoubtedly contribute to a further increase in building investments. Further encouragement has been given, apart from financial aid, by numerous reductions and exemptions on taxes and charges on invested capital.

In consideration of the fact that the price relationship of agricultural to industrial articles continued to show a wide margin in favour of the latter, the Government took all steps in its power to reduce this harmful discrepancy. In order to counteract the drop in the prices of agricultural articles, the State Grain Undertakings increased their intervention purchases of grain, while the refunds of customs duties on the export of grain and flour were maintained.

In order to check the excessive unloading of grain after the harvest, the Bank of Poland arranged, as in the previous years, large credits on liens on grain, [the interest of which was reduced, the Treasury covering the difference. Although these steps were powerless to raise the prices for agricultural produce, which are largely dependent on international fluctuations, they permitted the home grain price to be maintained on a level higher than abroad. At the same time, by means of tariff reductions, the removal of unnecessary intermediaries in trade, and by the concentration of business in the Grain Exchanges, efforts were made to reduce the disparity between the prices obtained by the farmers and those paid by the final consumer.

The endeavour to reduce the prices of industrial articles was, on the one hand, intended to reduce the cost of production, and, on the other hand, to check the rise in prices of cartelized goods. To this end the Government extended its legal control over certain basic products and last year, inter alia, reduced the prices for coal and cement. An important stride in this direction was the new Cartel Law of 1933, empowering the Minister of Industry and Commerce to cancel cartel agreements, if the activity of any cartel was recognised by

the Cartel Court as harmful to national economy. On the basis of these powers, numerous cartel agreements in the cement industry were cancelled, while the carbide cartel was dissolved.

The principal effort of the Government in its struggle against the crisis, was, however, concentrated upon the farming community. This task was carried out to the full by the four following legal enactments: 1) The Conversion Law of December, 1932, fixing the rate of interest on land bond loans at $4\frac{1}{2}$ per cent and on municipal loans at $5-5\frac{1}{2}$ per cent, while at the same time a break of three years was introduced and the period of redemption of loans on estates was extended to 55 years, of municipal loans from 33 to $50\frac{1}{2}$ years, and of communal debentures of the National Economic Bank to $49\frac{1}{2}$ years; 2) The Law of 1933, regarding reductions in the interest and the terms of repayment of mortgage loans, which reduced the interest to 6 per cent per annum; 3) The Law dealing with the Arbitration Courts for agricultural credit questions, giving a possibility of the reduction of the interest on short term private agricultural obligations to $4\frac{1}{2}$ per cent per annum and 4) The creation of the Acceptance Bank, having as its object the facilitation of the conversion of short term agricultural obligations and the unfreezing of the funds of credit institutions involved in agricultural credits. The acceptances of this Bank, drawn up on the basis of special conversion agreements, possess the right of rediscount in the Bank of Poland. The Acceptance Bank was created as a joint-stock company with a capital of 12 million zlotys, paid-up by the Treasury, the Bank of Poland, the National Economic Bank and the State Land Bank. A part of its liabilities are guaranteed by the Treasury, which in addition agreed to cover 50 per cent of any capital loss, which the contracting institutions may incur on conversion agreements (to a maximum total of 75 million zlotys).

The benefit which business life, especially agriculture, will derive from the Conversion Laws, dealing with long term credits and private mortgage debts, has been estimated by the Ministry of Finance at about 250 million zlotys per annum, while the annual burden on agriculture will be reduced by some 200 million zlotys, constituting about 40 per cent of the former cost of meeting its debts.

* * *

The State Budget. The budgetary year 1932/33 was closed on the 31st March, 1933, with an expenditure of 2,244 million zlotys and with a revenue of 2,002 million zlotys. Although economies were effected, reducing the expenditure to 92 per cent of estimates, there was a deficit of 242 million zlotys, which was covered from the existing Treasury reserves.

The budget estimate for the fiscal year 1933/34 amounted to 2,458 million zlotys of revenue and 2,059 million zlotys of expenditure. In the course of the first three quarters of the fiscal year, i. e. from the 1st April to the 31st December, 1933, there was a deficit of 1933 million zlotys, as compared with a deficit of 151 million zlotys recorded in the corresponding period of the previous year. As was stated by the Government, the deficit was partially covered from the existing Treasury reserves and the bulk met from financial operations. In order to achieve this, the Government issued in the spring of 1933 Treasury Bills, discounted at the rate of $4\frac{1}{2}$ per cent for the 3 months and at 6 per cent, and subsequently 5 per cent, for the 6 months' Bills. At the end of 1933, the total of Bills in circulation amounted to 108.4 million zlotys. The Treasury considered the Bills only as a means for the covering of temporary deficits, i. e. for the balancing of seasonal fluctuations in the Treasury receipts. For this reason the Bills could not serve for the covering of the real budgetary deficit, deriving from

the economic depression, and other more adequate means had to be found for the balancing of the Budget.

The most important step taken by the Government was the floating of an internal loan in the autumn of 1933, when the lists were opened for a 6 per cent National Loan of 120 million zlotys. The Loan was issued at 96, repayment taking place in 10 years, i. e. in 1943. In the course of a few days the applications reached about 340 million zlotys and the Government accordingly increased the issue to 350 million zlotys, destining the entire amount raised for the meeting of the budgetary deficits of 1933/34 and 1934/35.

The Budget for the year 1934/35, as voted by the Legislative Bodies, foreshadows a revenue of 2,136 million zlotys (inclusive of 175 million zlotys remaining from the National Loan) and an expenditure of 2,184 million zlotys. The estimate anticipates a deficit of 48 million zlotys. In view of the fact that there have been indications of an improvement in the economic situation, while the falling off in Treasury receipts appears to have been arrested, an increase even being noticeable in the receipts from certain sources, as compared with the previous year, the estimated revenue figure should be considered as real, being based upon current receipts. For the same reason there should not be foreseen any increase in expenditure, all the more so as owing to the Government economy drive, expenditure may still decrease.

The total of the National Debt, computed on the 1st January, 1934, amounted to 4,174 million zlotys, of which 630 million zlotys was internal and 3,544 million zlotys external debt. As compared with the previous year, the internal debt, after deducting the repayments made in the course of 1933, rose by 90 million zlotys, owing to the issue of Treasury Bills. On the other hand, the external debt dropped by 970 million zlotys, of which 45 million zlotys were repaid, the balance deriving from the depreciation of the foreign currencies in which the loans were effected, mainly dollars and pounds sterling. Poland continued to pay all her debts, both internal and external, with the exception of war debts, following in this latter case the example of the majority of the remaining debtor countries, which also temporarily suspended in whole or in part the service of war debts, pending a revision of the existing agreements.

The Foreign Exchange Situation. In 1933, the international currency situation suffered from violent disturbances owing to the United States going off the gold standard. The wide fluctuations in world currencies due to this collapse, had, however, no effect on the Polish currency, which even strengthened in the course of last year, without the imposition of any currency restrictions. Joining together with France, Belgium, Switzerland and Italy in the formation of the "gold bloc" in July, 1933, Poland showed her desire to avoid currency experiments. This led to a further strengthening of national confidence in the zloty and improved its standing on the international markets. The strain on the bullion and foreign currency reserves, continued in the first half of 1933, mainly owing to the balance of payments, was not only arrested in the second half of the year, but there was even noticeable an increased influx of gold to the Bank of Poland. In order to avoid any loss resulting from fluctuations in the quotations of foreign currencies, which appertained, in addition to gold, to the cover of the note circulation and the sight liabilities, the Statutes of the Bank of Poland were changed as from March, 1933, only gold now being included in the cover, the minimum being fixed at 30 per cent of the total of notes in circulation together with the sight liabilities, minus 100 million zlotys. The previous cover amounted to 40 per cent, of which 25 per cent was in foreign gold currency.

The withdrawal of foreign capital from Poland, which was in the previous two years one of the main causes of economic difficulty, has now ceased almost entirely, the greater part of the foreign obligations having been liquidated. The total foreign indebtedness of the Polish banks, after allowing for sums due from abroad, decreased from 165 million zlotys at the end of 1932 to 138 million zlotys at the end of 1933, a drop of 27 million zlotys, as against reductions of 94 million zlotys in 1932 and of 211 million zlotys in 1931. ¹⁾ This decrease must to a great extent be ascribed to exchange differences in connection with the drop in sterling and dollars recorded in 1933. At the same time there was a repatriation on a large scale of Polish securities from abroad, owing to the higher quotations on the home Stock Exchanges.

The merchandise credits granted to Poland by foreign countries decreased as a result of the falling off in the foreign trade turnover, This was, however, partially balanced by a decrease in sums due to Poland from foreign countries.

In spite of a slump on the international capital markets, the Polish State Railways obtained in London a loan of £ 1,980,000 for the electrification of the Warsaw railway line. In addition, certain private institutions received larger seasonal credits than in previous years. These facts show the increased interest manifested by foreign financial spheres in the investment of money in Poland.

The largest disbursement in the Polish balance of payments in 1933 was the service of the Foreign Debt, amounting to 126.1 million zlotys, of which about 45 million zlotys was for the repayment of the principal and the balance for the payment of interest; followed by purchases of gold abroad, destined for the private market for hoarding, which amounted to 95 million zlotys, a decrease of 50 million zlotys, as compared with 1932. Nearly 4/5 of the gold was imported into Poland in the first seven months of the year, after when the tendency to hoarding slackened with the result that the supply of gold increased. A part of the gold was bought in by the Bank of Poland.

The expenditure items of the balance of payments mentioned above, together with a small outlet of foreign credits from industrial undertakings, were partially balanced by the surplus of exports over imports, the remainder being covered from the bullion and foreign currency reserves of the Bank of Poland. The favourable foreign trade balance for the Polish-Danzig customs area amounted in 1933 to 133 million zlotys about 80 million zlotys (inclusive of gold and foreign currencies bought abroad), the figure showing a marked improvement, as compared with previous years. In 1932, the export of gold and foreign currencies from Poland amounted to 197 million zlotys, in 1931 to 161 million zlotys and in 1930 to 255 million zlotys. ²⁾ The gold holdings of the Bank of Poland decreased in the course of 1933 by 26.6 million zlotys to 476 million zlotys, but were still sufficient to maintain the cover for the note circulation and the sight liabilities at a level exceeding the statutory standard, the cover at the end of 1933 amounting to 40.79 per cent, or 10.79 per cent above the legal minimum. The quotation of the Zloty on foreign Stock Exchanges showed an upward trend in the last quarter of 1933.

The foreign currency turnover in the Money Exchanges showed a considerable decrease, as compared with 1932, as a result of the general falling off in the volume of foreign trade. The largest decrease was in the turnover in banknotes on the Warsaw

¹⁾ The figures comprise: accounts of correspondents and deposits in State and private banks, and in larger banking houses.

²⁾ The above figures do not include the gold bought in by the Bank of Poland on the home market.

Stock Exchange, the figure dropping to 0.5 million zlotys, as compared with 6.5 million zlotys in 1932. This decrease was due to the elimination of the dollar from business transactions, following upon the abandonment of the gold standard by the U. S. A. The turnover in drafts decreased, however, to a much less proportion, dropping from 571 million zlotys to 507 million zlotys. The total circulation of money in Poland increased in 1933 by 20.4 million zlotys to 1,346.6 million zlotys. Of this amount 1,004 million zlotys was in notes of the Bank of Poland and 342 million zlotys in silver and other coin.

The money and investment market. The money market was influenced in the first half of 1933 by general economic difficulties and the abandoning of the gold standard by the U. S. A., with the consequent suspension of the exchange of the dollar into gold. The drop in deposits in private banks was in reality only a partial indication of the true situation, as to a large extent the withdrawals were counterbalanced by the computing of the former dollar deposits at the new rates of exchange. From the middle of the year, the situation improved, the efflux of deposits ceased entirely and by the end the total had again commenced to increase. The favourable movement in deposits and the progress in the conversion and clearing of outstanding debts, contributed to the increase in banking liquidity and permitted a gradual expansion of credit operations. The suspension of the exchange of dollar notes into gold had a favourable result in that it abolished the dangerous bi-currency system and practically eliminated American currency from home business transactions. The flight from the dollar contributed to the increase in investments in real property and in addition gave a fillip to the investment market, causing, at the end of the year, a substantial improvement in the quotations of fixed interest securities.

The movement of deposits in the course of 1933 in the various financial institutions is illustrated in the following table (in millions of zlotys):

I n s t i t u t i o n	1932	1 9 3 3			
	31 Dec.	31 March	30 June	30 Sept.	31 Dec.
Bank of Poland	196.3	120.1	126.0	122.3	224.5
National Economic Bank	261.1	272.1	254.4	231.4	236.8
State Land Bank	61.7	60.9	68.5	74.0	97.1
Communal Banks	63.8	68.3	68.4	68.7	72.1
Joint-stock Banks	527.5	502.1	460.5	463.5	449.7
Branches of foreign joint-stock Banks	52.6	51.1	50.6	48.6	50.7
Post Office Savings Bank	622.9	594.4	621.5	661.7	713.5
Savings Banks	627.9	648.0	643.6	629.1	611.1
Credit Co-operative Societies	306.5	300.4	293.8	296.5	286.3
Central Credit Institute of Agricultural Co-operative Societies	4.0	3.7	3.7	4.3	4.2
T o t a l	2,724.3	2,621.1	2,591.0	2,600.1	2,746.0
National Economic Bank: Treasury deposits	483.6	473.8	485.3	506.7	531.9
State Land Bank:					
1. Treasury deposits	48.2	47.9	47.6	47.0	45.7
2. Government funds administered by the Bank	478.6	496.4	547.1	554.3	548.5
T o t a l	1,010.4	1,018.1	1,080.0	1,108.0	1,126.1
Grand total	3,734.7	3,639.2	2,671.0	3,708.1	3,872.1

A glance at the above figures shows a substantial decrease in deposits in the joint-stock banks in 1933. The falling off was, however, less acute than in the previous three years,

amounting to 78 million zlotys, as compared with 85 million zlotys in 1932 and with 408 million zlotys in 1931. The drop in the deposits in savings banks and co-operative credit societies in 1933 was due largely, as in the case of the joint-stock banks, to the decrease in the value of the dollar, bearing in mind that, especially in the Southern and Eastern palatinates, the dollar was the most popular currency. Simultaneously with the conversion of deposits, in conformance with the diminished value of the dollar, a part of the money was redeposited in zlotys. As a result, the ratio of deposits in dollars to the total of deposits showed a substantial decrease. According to the estimates of the Bank of Poland, it amounted at the end of 1933, in all institutions accredited in the Central bank, to 17.4 per cent, as compared with 30.6 per cent at the beginning of the year.

The above mentioned decrease in deposits was, however, outweighed by the increase in deposits in the remaining financial institutions, mainly in the Post Office Savings Bank, so that the total of deposits showed at the end of the year an increase of 21 million zlotys, as compared with 1932. Thanks to the substantial increase in deposits in the Post Office Savings Bank, the total of savings deposits increased in 1933, although in the savings banks and the co-operative credit societies it showed a decrease.

The drop in the credit activities of the banks, which has been in evidence since the end of 1930, was checked in 1933, and since when the total of short term credits has steadily increased thanks to an expansion in the discount credits of the Bank of Poland, rising by 117 million zlotys during the year. While the total of credits extended by the State and communal banks remained practically unaltered, the joint-stock banks restricted their credit operations. The development of the credit activities of all the short, medium and long term credit institutions, with the exception of savings banks and co-operative credit societies, is shown in the following table (in millions of zlotys):

Institution	1932	1	9	3	3
	31 Dec.	31 March	30 June	30 Sept.	31 Dec.
<i>Bibl. Jag.</i>					
Short term credits ¹⁾					
Bank of Poland	699.7	701.1	777.7	827.1	816.7
National Economic Bank	206.3	232.0	219.1	212.2	209.7
State Land Bank	103.5	96.1	97.1	98.0	106.2
Communal Banks	60.8	63.2	64.1	64.2	62.6
Joint-stock Banks	684.6	686.2	625.2	593.6	596.2
Branches of foreign joint-stock Banks	92.9	90.2	92.1	83.5	85.4
Post Office Savings Bank	17.7	21.7	22.8	23.2	22.2
Central Credit Institute of Agricultural Co-operative Societies	18.7	18.9	19.0	18.3	16.9
Total	1,884.2	1,909.4	1,917.1	1,920.2	1,915.9
Other credits					
National Economic Bank:					
1. medium and long term cash credits	119.1	119.6	117.1	116.5	116.9
2. credits from Treasury funds	618.4	643.4	600.2	633.0	651.1
State Land Bank: loans from Government and administered funds	420.7	447.5	497.8	496.6	500.8
Total	1,158.1	1,210.5	1,215.1	1,246.1	1,268.8
Grand total	3,042.3	3,119.9	3,132.2	3,166.3	3,184.7

As will be seen from the above figures, the total of credits granted by joint-stock banks and the branches of foreign banks operating in Poland decreased in the course of

¹⁾ Rediscount being deducted.

1933 by 96 million zlotys. However, during 1933 the banks continued to repay liabilities to foreign banks and to reduce their rediscount indebtedness to the Bank of Poland, owing to a lack of adequate material for discount. As a result, the ratio of rediscount to bills discounted dropped in the course of the year from 49.4 to 48 per cent. The drop in credit on open account was more accentuated than in the holdings of bills of exchange, the totals decreasing by 12 and 10 per cent, respectively. The fixed loans increased by some 2 per cent. As a result of these changes, the proportion of credits against bills of exchange to the total of short term credits, extended by the joint-stock banks, rose from 41 per cent at the end of 1932 to 42 per cent at the end of 1933.

The liquidity of the banks improved, especially at the end of the year. This was to a certain extent due to the conversion transactions, assisted by the Acceptance Bank, enabling the financial institutions to unfreeze a part of the money due to them from the farmers. On the other hand, the profit earning capacity of the banks showed no improvement. The total commission and interest, as shown in the joint balance sheet of the 47 joint-stock banks and the 7 larger banking houses, was 47.1 million zlotys, as compared with 60.3 million zlotys at the close of 1932, or a decrease of 22 per cent, while the administration charges decreased at the same time from 62.3 million zlotys to 51.6 million zlotys, or 17 per cent.

The total of loans granted by the two State banks from the Government funds increased by over 100 million zlotys. The substantial increase in these loans in the State Land Bank was mainly due to the conversion in the middle of the year of 50 million zlotys in mortgage bonds into cash loans from the Operating Fund for the Agrarian Reform, and, to a smaller extent, to the expansion of credit assistance for agriculture from Government funds. In the National Economic Bank there was primarily an increase in the credits for the construction of dwelling houses from the State Building Fund.

The solvency of debtors was adversely affected by the financial difficulties prevailing in agriculture. This did not, however, interfere with an improvement in the repayment of debts in the remaining branches of economic life. Thanks to this the annual ratio of protested bills of exchange to those presented for payment dropped from 12.6 to 9.2 per cent. The improvement in the position of commercial and industrial undertakings is also indicated by a decrease in the number of bankruptcies, which fell from 549 in 1932 to 301 in 1933, as compared with 769 in 1931.

The improvement in the money and credit markets, which was most accentuated in the second half of 1933, and the strong position of the Polish currency facilitated the taking of further steps towards reducing the cost of short term credits. On the 26th October, 1933, the Bank of Poland reduced the discount rate from 6 to 5 per cent and the lombard (loans against securities) rate from 7 to 6 per cent. This was followed by a lowering in the interest paid on deposits. The upper limit of the interest paid on deposits by communal savings banks was fixed by an order of the Minister of Finance, dated 30th November, 1933, at $5\frac{1}{2}$ per cent and for co-operative societies, rural savings banks and small savings banks at $6\frac{1}{2}$ per cent; the disparity in the rates of interest paid by various types of institutions being thus removed. The State banks reduced the interest paid on savings deposits in zlotys from 5 to 4 per cent and on deposits in zlotys in gold from 4 to 3 per cent. The interest on other zloty deposits was reduced in the State banks by $\frac{1}{2}$ per cent and on dollar deposits by 1 per cent. The private banks reduced the interest rates on savings deposits to 5 per cent and on other deposits by $\frac{1}{2}$ per cent. The interest on deposits in foreign

currency was reduced on the average by 1 per cent and is now $1\frac{1}{2}$ —2 per cent lower than on deposits in zlotys. After the introduction of these reductions, the lowest rates of interest will be those paid by the State banks. At the beginning of 1934, the interest charged by the State banks on credits was also reduced by $1-1\frac{1}{2}$ per cent. The reduction in the interest paid on deposits was intended to enable the banks to reduce the interest charged on credits, and following this, the State banks lowered their charges by $1-1\frac{1}{2}$ points at the beginning of 1934. The private banks also reduced slightly the interest charged on short term credits at the end of 1933.

In connection with the Conversion Law of December, 1932, the activities of the long term credit institutions were restricted in conformance with the conversion plan established by the regulations of February, 1933. In pursuance of this, the granting of fresh bond loans has now been stopped, which fact, together with the repayment of outstanding loans and the depreciation of certain foreign currencies, in which a part of the loans was made out, was responsible for a substantial decrease in the total of bond loans. The position of mortgage bond and debenture issues in all Polish institutions is shown in the following table (in millions of zlotys):

Institution	1931	1932	1 9 3 3			
			31 March	30 June	30 Sept.	31 Dec.
National Economic Bank	792.2	837.8	836.7	829.7	828.1	823.2
State Land Bank	338.1	334.7	333.6	284.8	283.6	283.0
3 Land Credit Societies	548.5	551.6	566.9	512.0	468.7	446.1
13 Municipal Credit Societies	325.3	332.7	331.0	329.1	326.4	325.0
4 Mortgage and 2 Communal Banks	158.8	156.2	158.8	143.9	135.6	126.8
Polish Industrial Credit Society	50.1	48.0	48.8	45.4	40.4	41.5
Total	2,213.0	2,261.0	2,275.8	2,144.9	2,082.8	2,045.6

Fresh loans for a nominal amount in $4\frac{1}{2}$ per cent mortgage bonds were only effected by the State Land Bank in connection with parcellation and the clearing of agriculture from debts. The substantial decrease in the total of the issues of this Bank is due to the conversion of some 50 million zlotys of credits in mortgage bonds into cash loans from State funds. The National Economic Bank granted only a few fresh loans to a total of several hundred thousand zlotys. The redemption of outstanding loans was, however, considerably in excess of this amount, so that the total of the bond loans of the Bank decreased by 15 million zlotys.

The increasing easing on the money and capital market, caused by the influx of fresh operating capital, which had hitherto been hoarded, enabled the Treasury to employ its funds mainly for credit operations for budgetary purposes and partly also for the initiation of investments with a view to reducing unemployment. The issue of Treasury Bills and of the National Loan were mentioned in the columns dealing with the State Budget. For the purpose of increasing public works, financed by the Employment Fund, the Treasury commenced on the 1st December, 1933, to place interest free Investment Fund Bonds, the first issue being for 10 million zlotys, redeemable by means of weekly drawings, paying 100 zlotys for each 25 zloty bond drawn.

The trend of the general economic position and the changing tendency on foreign Stock Exchanges, were responsible for wide fluctuations in the turnover and quotations of securities. After a temporary revival in transactions in fixed interest securities at the beginning of the year, quotations showed a downward trend in the first two quarters, while business decreased in the second quarter of the year. The converted securities dropped mostly to a level restoring their previous percentage of profit, while those made out in dollars showed fluctuations in response to the changing value of that currency. However, in the second half of the year, as and when the money market eased, there was, as on foreign Stock Exchanges, an improvement in quotations, especially of those Polish securities, listed on foreign markets, the quotations of which were frequently higher in Poland than abroad. Almost all other fixed interest securities listed on the Polish Stock Exchanges, gradually followed the upward movement in price.

The turnover in fixed interest securities on the Warsaw Stock Exchange dropped from 76.2 million zlotys in 1932 to 70.6 million zlotys in 1933. About 68 per cent of the transactions were in State Loans (as compared with 58 per cent in 1932), amongst which the first place was held by the 7 per cent Stabilization Loan of 1927. Apart from this, bulk transactions were recorded in the 5 per cent Conversion Loan and the two Premium Loans, i. e. the 3 per cent Building Loan and the 4 per cent Dollar Loan. Transactions in mortgage bonds were responsible for 28 per cent of the total turnover, as compared with 37 per cent in 1932, and debentures, inclusive of other securities, for some 4 per cent. The quotations of the mortgage bonds and debentures of the State banks showed practically no change in the course of the year, standing at 94 for 100 for the 8 per cent securities and at 83.25 for the 7 per cent securities. The bonds and debentures of the remaining institutions showed advances, some of them even substantial. In the share market, in view of small earnings of undertakings there was a drop in turnover on the Warsaw Stock Exchange, the total falling to 7.5 million zlotys, as compared with 8.7 million zlotys in 1932. About 73 per cent of this amount was in bank shares, mostly of the Bank of Poland.

At the same time there was a falling off in the number of new joint-stock companies formed and in increases of the capital in already existing concerns. In the course of the year under review there were floated 17 joint-stock companies with a capital of 31.1 million zlotys, as compared with 37 with 48.3 million zlotys in 1932. The capital of 26 companies was increased by 17.1 million zlotys, as compared with 49 companies and 96.5 million zlotys in 1932. The fresh issues of shares for this purpose were mainly utilized for the conversion of debts into participations in the undertakings. The capital of 22 companies was reduced by 47.7 million zlotys, as compared with 11 companies and 37.1 million zlotys in 1932.

Agriculture. The general economic position of Poland was adversely affected by the prolonged difficulties experienced in agriculture, the crisis pressing most heavily on this branch of economic life. Although the year under review brought about some improvement in industrial production and turnover, the position of agriculture showed no change for the better, the conversion and the clearing of debts, conducted on a large scale, being unable to lift the position. This was due to the fact that the position of the markets for agricultural products continued to be unfavourable. Grain prices, following the international trend, rose in the first half of the year, but after the harvest they showed a violent drop, stabilizing themselves in the closing months on a generally lower level than in 1932.

The export of grain was considerably larger than in 1932, but the prices obtaining on foreign markets dropped heavily. The export of the four chief kinds of grain amounted to 822,000 tons, as compared with 596,000 tons in 1932; but the value dropped by 5 million zlotys to 107 million zlotys. At the end of the year an agreement was concluded with Germany regarding the export of rye and the fixing of export prices by Central Commercial Organizations created in both countries.

The crops and the foreign trade in the four chief kinds of grain are shown in the following table (in thousands of tons):

Y I E L D					EXPORTS AND IMPORTS Surplus of: exports+, imports—				
Year	Wheat	Rye	Oats	Barley	Economic year ¹	Wheat	Rye	Oats	Barley
1927	1,662.6	5,887.1	2,138.9	1,275.9	1927/28	—224.0	— 96.6	— 14.2	+ 64.7
1928	1,611.7	6,110.2	2,497.7	1,527.2	1928/29	— 67.4	+ 56.1	— 4.3	+186.3
1929	1,792.5	7,009.8	2,953.1	1,659.8	1929/30	— 26.3	+297.1	+ 67.3	+256.9
1930	2,240.5	6,958.1	2,347.6	1,463.9	1930/31	+ 82.2	+276.1	+ 6.4	+127.1
1931	2,264.9	5,702.6	2,309.5	1,475.7	1931/32	+ 56.7	+106.4	+ 2.8	+142.7
1932	1,346.4	6,110.5	2,390.8	1,400.8	1932/33	+ 16.9	+288.3	+ 15.9	+161.4
1933	1,860.0	6,390.0	2,450.0	1,380.0	1933/34 ²⁾	— 14.8	+231.5	+ 2.9	+106.9

The marked increase in the wheat crop — by 38 per cent — in 1933 is due to the fact that in 1932 the crops suffered from rust. The crop of rye increased by 4.6 per cent, as compared with 1932, and that of oats by 2.5 per cent, while that of barley decreased by 1.4 per cent.

As a result of the expansion in the export of grain, the surplus of exports over imports in respect of rye, barley and oats showed a substantial increase. On the other hand, the foreign trade in wheat showed a debit balance. This was due to the low prices obtaining for wheat on the foreign markets, which made its export unremunerative.

Inasmuch as animal products are concerned, the position grew worse in the course of the year under review, both owing to fresh export difficulties and to a decrease in the home demand. The export of cattle from Poland for the entire year was valued at 1.3 million zlotys, as compared with 3.2 million zlotys in 1932, and that of hogs at 12.2 million zlotys, as compared with 22.8 million zlotys. The value of bacon exports dropped from 72.2 million zlotys to 66.6 million zlotys and that of ham from 14.9 million zlotys to 7.4 million zlotys. The prices of cattle, and especially of hogs, after a certain improvement in the first half of the year, showed a substantial drop in the second half, remaining, however, on a level higher than at the end of 1932. According to the yearly census of the Chief Bureau of Statistics there was a decrease in the number of live stock, cattle decreasing by 5.1 per cent, as compared with 3.5 per cent in 1932, and hogs by 1.5 per cent, as compared with 20 per cent.

In dairy products, the position was also worse than in 1932. Prices for both eggs and butter dropped and exports decreased. The export of butter from Poland was unimportant, the total value being 4.5 million zlotys, as compared with 3.9 million zlotys in 1932. The value of eggs exported dropped simultaneously from 56.6 million zlotys to 33.6 million zlotys.

¹⁾ Covers the period from August to July of the next year.

²⁾ Covers the period from August, 1933, to January, 1934.

Industry. The decrease in the volume of industrial production, which commenced in 1930, was checked in 1933, increases being recorded in many sections in both production and sales, especially in the second half of the year. In many branches these changes were due to an expansion in the volume of home demand, while in others—iron founding for instance, or timber—they arose from augmented exports. The index numbers of industrial production rose steadily after May, showing in certain months an increase of as much as 20 per cent over 1932. The development of these figures for the last five years is shown in the following table:¹⁾

Year	General	Production of manufactured goods	Production of consumable goods
1929	99.5	98.4	95.9
1930	82.6	78.1	80.2
1931	69.7	58.8	72.1
1932	53.7	41.9	61.6
1933	55.4	45.6	61.7

The above figures confirm that the increase in the production of manufactures, which commenced in the first months of 1933, was more pronounced than that of consumable goods, which commenced in the middle of the year.

Coal mining experienced great difficulties in external trade owing to increased competition from English exporters, particularly in the Baltic and Scandinavian countries. However, thanks to fresh outlets, the export of coal only dropped by 6 per cent to 9,700,000 tons. In view of the fact that home sales, aided by the increased requirements of industry, were maintained with a slight surplus on the previous level (15,300,000 tons), the curtailment of the output of coal in the course of the year was only 5 per cent, as compared with 1932. The output of crude oil remained on a level practically unchanged, as compared with 1932. The home and foreign sales of petroleum products increased slightly, resulting in an improvement in the employment of the refining industry.

The position of the iron foundries improved during the year, there being a 5 per cent increase in production. As a result of an increase in investments, the home demand for iron rose by 18 per cent to 189,000 tons and the export of foundry products—mainly owing to large deliveries to Soviet Russia—rose by 100 per cent to 273,000 tons. On the other hand, production of zinc dropped by 2.5 per cent, as a result of the existing export restrictions and low prices obtaining for the commodity.

¹⁾ The index numbers have been computed by the Polish Institute for Economic Research on the basis of 1928=100, eliminating seasonal fluctuations.

The development of the mining and smelting production for the last seven years is shown in the following table (in thousands of tons):

Specification	1926	1928	1930	1932	1933
Pit coal	35,747	40,616	37,506	28,835	27,339
Crude oil	796	743	663	557	551
Potassium salts	208	342	306	299	299
Pig iron	327	684	478	199	306
Steel	788	1,438	1,237	564	833
Rolled products	562	1,048	904	404	592
Zinc	124	162	174	85	83

The expansion in employment in the manufacturing industry, which has been almost universal, especially since the middle of 1933, was based, with the exception of the timber industry, exclusively on increased home consumption. After the strike there was a period of recovery in the textile industry from May to the end of the year. Thanks to expanded production, the imports of wool and cotton increased by about 20 per cent, as compared with 1932. Production of yarn increased by some 14 per cent. The value of textiles and clothes exported from Poland dropped, however, by 30 per cent to 56.9 million zlotys, although the quantity of commodities exported remained practically unchanged. The import of textiles was even further restricted, the total value dropping by about 40 per cent to 52.7 million zlotys. Simultaneously with the revival in the textile industry, an improvement took place in the clothing and leather industries. Thanks to the recovery in the sales of textiles and clothing, production was expanded in certain sections of the chemical industry, as for instance artificial silks, dye-stuffs and tanning extracts. The sales of artificial fertilizers deteriorated in the spring season, compelling the phosphoric fertilizer sections to maintain output on a low level. On the other hand, in the autumn the demand for manures showed a substantial increase, notably for potassium fertilizers.

The building movement expanded over the year, causing an increase in the employment of the various industries associated with it. Excellent results were obtained by the promoting, through public credits and other facilities, of the building of small dwelling houses for the use of those desiring to invest their savings, in view of the cheapness of building materials and labour. Thanks to the changes in the methods of granting credit, it became possible, with relatively small credits from State funds, distributed through the National Economic Bank, to employ a much larger private capital in building and to expand, especially in the second half of the year, the constructional movement throughout the whole of Poland. The labour market was also largely eased by the substantial increase in public works, mostly financed by the Employment Fund. The increased building investments had a favourable effect, in the first place, on the position of the mineral and timber industries. The latter branch was also aided by an improvement in export conditions, sales on foreign account of wood and wooden materials increasing by about 30 per cent, while prices advanced substantially. The position of the metal and engineering industry showed no material improvement with the exception of the electrical section and that working for the building trade. Production in the foodstuff industry was maintained on a low level, sales shrinking with the decreasing consumptive capacity of the population,

especially the peasant. The home consumption of sugar in the economic year 1932/33, as compared with the previous year, decreased by about 6 per cent to 279,000 tons and the exports by about 50 per cent to 108,000 tons. The production of sugar for the 1933/34 season was curtailed by 17 per cent to 310,000 tons.

The number of employed in industry increased in proportion to the expansion in production. In the course of the first three months of 1933, fewer hands were employed than in 1932, but in the second quarter of the year the number showed a substantial increase, attaining the highest level in October, when the total in mining, smelting, larger industrial undertakings and on public works reached 671,000, as compared with 640,000 in the previous year. At the end of the year, however, there was the usual decrease in the number of employed, the total falling to 547,000, as compared with 496,000 at the end of 1932.

The number of unemployed registered with the State Labour Exchanges dropped from its highest level of 280,000 in March to 202,000 in September, but rose subsequently, reaching 343,000 at the end of the year, an increase of 123,000 over 1932. The increase in unemployment was not, however, due to decreased employment in industry, the total of hands employed being at the end of the year larger than in 1932, but arose from the strong natural growth of the population in Poland, resulting in a surplus of adolescent labour over the industrial necessities, the general volume of production and turnover having been restricted by the crisis. The position of the labour market was still aggravated by the fact that the movement of emigration, which was most active in years of prosperity, has been checked, many who lost their jobs abroad having been compelled to return to Poland.

Trade and prices. After a sharp and steady decline in the last few years, trade has stabilized practically on the level of 1932. In the summer and in the early autumn, sales in certain branches showed a definite increase. This was, however, checked in the last quarter, especially in retail trade. The average daily loadings of railway wagons, inclusive of the Free City of Danzig, foreign and transit, amounted in 1933 to 10,620, as compared with 10,465 in 1932. The whole increase fell to home loadings, which rose from a daily average of 7,155 to 7,268 wagons. On the other hand, loadings for abroad decreased slightly, although the export of timber increased.

The downward movement of prices was less acute than in the previous years and by the end of the year prices showed a tendency to stabilize. The general index of wholesale prices dropped, with frequent fluctuations, by an average of 4 per cent, both agricultural and industrial articles declining to the same extent. As a result, there was no material alteration in favour of the former in the wide disparity between the prices of agricultural and industrial articles. The index numbers of prices for the last four years, as compared with 1927, which is taken at the basis of 100, showed the following changes:

Index number	1930	1931	1932	1933
Wholesale Commodity Prices	76.2	66.4	56.1	53.8
Agricultural products	63.2	57.2	44.8	43.0
Industrial	89.0	74.0	65.7	63.3
Retail Commodity Prices	97.6	81.6	71.3	66.5
Agricultural products	88.6	70.9	59.5	59.8
Industrial	106.8	91.7	83.3	73.4
Cost of living ¹⁾	93.8	83.3	73.2	70.2

¹⁾ At Warsaw.

The above figures suggest that the decline in the index number of retail prices at Warsaw was sharper than in wholesale prices. Retail prices decreased by nearly 7 per cent, while the drop of the cost of living responded to that in wholesale prices.

Foreign trade. Poland's foreign trade turnover showed, in response to the evolution of the world trade, a considerably smaller decrease than in the previous three years, the aggregate value dropping in 1933 by 8 per cent, as compared with 40 per cent in 1932. Imports decreased by 4 per cent and exports by 11.4 per cent, the latter being due to further restrictions imposed in almost all countries. The changes in the foreign trade turnover of Poland for the last few years are shown in the following table (in millions of zlotys):

Year	Imports	Exports	Balance
1930	2,246	2,433	+187
1931	1,468	1,878	+410
1932	862	1,084	+222
1933	827	960	+133

On the export side, the largest decrease (22 per cent) was in foodstuffs. The decrease in raw materials and semi-finished goods was less pronounced, being 7 per cent. The smallest decrease was of 2.6 per cent in manufactured goods. The changes recorded on the import side were different in nature. There was a substantial increase in the import of raw materials and semi-finished goods (over 8 per cent) with a simultaneous decrease in the value of finished goods (14.3 per cent). The import of foodstuffs decreased in value by 13.6 per cent.

Inasmuch as the direction of the foreign trade is concerned, last year there was a further shifting of the turnover from the Central European countries to Western and North-Western Europe, and also to Russia. Restrictions were recorded in the trade turnover with the Scandinavian and the Baltic countries, mainly in respect of exports, which decreased to the benefit of England, British exporters enjoying privileged conditions on those markets on the basis of commercial agreements. The first place in the exports from Poland was held by England, followed by Germany, Russia, Austria, Holland, France, and Czechoslovakia, which fell from the third to the seventh place.

The above changes were responsible for an increase in the sea-borne trade in relation to the aggregate foreign trade turnover, transports passing through the ports of Gdynia and Danzig exceeding the railway loadings, both in quantity and value; the figures being 69 and 53 per cent, respectively. The total weight of goods passing through these two ports rose by about 6 per cent to 11.3 million tons, of which Gdynia was responsible for 6.1 million tons, an increase of 17.5 per cent over the year and Danzig for 5.2 million tons, as compared with 5.5 million tons in 1932. The fine results obtained by Gdynia should be attributed to the low port charges and its increasing importance as a transit port, mainly to Czechoslovakia and also to Austria, Hungary and Roumania. At the end of the year, after an agreement had been reached between Poland and Danzig, on the basis of which the port charges were reduced, the conditions for the development of the latter port improved.

* * *

The economic position of Poland at the end of the year under review was characterized by a certain state of equilibrium and of the stabilizing of conditions on the level attained in the course of the year, a low one, it is true. However, the arresting of the downward movement and of the shrinkage of economic processes constitutes in itself no mean achievement which permits the expectation of a further improvement. This development, owing to the severe damages inflicted in the national economic structure during the years of the crisis, will neither be rapid nor easy, in view of the fact that Poland, which is employing its own forces only as a method of emerging from the depression, can only enter the path of revival gradually, as and when its internal economic strength increases and by the progressive adjusting of the development of conditions.

Year	Value	Change
1938	1,177	+1.2%
1939	1,177	+1.2%
1940	1,177	+1.2%
1941	1,177	+1.2%
1942	1,177	+1.2%
1943	1,177	+1.2%
1944	1,177	+1.2%
1945	1,177	+1.2%
1946	1,177	+1.2%
1947	1,177	+1.2%
1948	1,177	+1.2%
1949	1,177	+1.2%
1950	1,177	+1.2%
1951	1,177	+1.2%
1952	1,177	+1.2%
1953	1,177	+1.2%
1954	1,177	+1.2%
1955	1,177	+1.2%
1956	1,177	+1.2%
1957	1,177	+1.2%
1958	1,177	+1.2%
1959	1,177	+1.2%
1960	1,177	+1.2%
1961	1,177	+1.2%
1962	1,177	+1.2%
1963	1,177	+1.2%
1964	1,177	+1.2%
1965	1,177	+1.2%
1966	1,177	+1.2%
1967	1,177	+1.2%
1968	1,177	+1.2%
1969	1,177	+1.2%
1970	1,177	+1.2%
1971	1,177	+1.2%
1972	1,177	+1.2%
1973	1,177	+1.2%
1974	1,177	+1.2%
1975	1,177	+1.2%
1976	1,177	+1.2%
1977	1,177	+1.2%
1978	1,177	+1.2%
1979	1,177	+1.2%
1980	1,177	+1.2%
1981	1,177	+1.2%
1982	1,177	+1.2%
1983	1,177	+1.2%
1984	1,177	+1.2%
1985	1,177	+1.2%
1986	1,177	+1.2%
1987	1,177	+1.2%
1988	1,177	+1.2%
1989	1,177	+1.2%
1990	1,177	+1.2%
1991	1,177	+1.2%
1992	1,177	+1.2%
1993	1,177	+1.2%
1994	1,177	+1.2%
1995	1,177	+1.2%
1996	1,177	+1.2%
1997	1,177	+1.2%
1998	1,177	+1.2%
1999	1,177	+1.2%
2000	1,177	+1.2%
2001	1,177	+1.2%
2002	1,177	+1.2%
2003	1,177	+1.2%
2004	1,177	+1.2%
2005	1,177	+1.2%
2006	1,177	+1.2%
2007	1,177	+1.2%
2008	1,177	+1.2%
2009	1,177	+1.2%
2010	1,177	+1.2%
2011	1,177	+1.2%
2012	1,177	+1.2%
2013	1,177	+1.2%
2014	1,177	+1.2%
2015	1,177	+1.2%
2016	1,177	+1.2%
2017	1,177	+1.2%
2018	1,177	+1.2%
2019	1,177	+1.2%
2020	1,177	+1.2%
2021	1,177	+1.2%
2022	1,177	+1.2%
2023	1,177	+1.2%
2024	1,177	+1.2%
2025	1,177	+1.2%
2026	1,177	+1.2%
2027	1,177	+1.2%
2028	1,177	+1.2%
2029	1,177	+1.2%
2030	1,177	+1.2%

II.

THE ACTIVITIES OF THE NATIONAL ECONOMIC BANK IN 1933.

The activities of the Bank showed no material change in 1933. Although there were certain changes in various sections of the operations of the Bank, the sum total remained on a level practically equalling that of the end of 1932.

It should, however, be emphasized that the turnover of the Bank increased considerably in the course of 1933, the total on one side of the ledgers rising by 2.3 milliard zlotys to 15.3 milliard zlotys. The total of the balance sheet also showed an increase, rising, inclusive of guarantees, collections and acceptances, by 6.1 million zlotys to 2,167 million zlotys.

The capital of the Bank was increased by a further 2 million zlotys to 221 million zlotys, the increase arising mainly from the crediting of a portion of the net profit for 1932. The operating capital of the General Banking Section decreased, the drop being, however, balanced by an increase in the total of Treasury funds administered by the Bank. The total of deposits declined in the course of the year under review from 261.1 million zlotys to 236.8 million zlotys. The credit balances of other banks rose by 7.1 million zlotys to 47.8 million zlotys. Thanks to the unfreezing of a portion of the assets in the General Banking Section, the bill rediscount balance in the Bank of Poland was considerably reduced, the total dropping at the end of 1933 to 19.4 million zlotys, as compared with 59.7 million zlotys at the end of 1932. The Treasury deposits, together with the special accounts in the section of Treasury funds, rose by 32.8 million zlotys to 651.2 million zlotys, thus compensating the drop in the working capital of the General Banking Section. As a net result, the total of the operating capital of the Bank remained practically unchanged.

Passing to a consideration of the credit activities of the Bank, it should be observed that owing to the general economic position in Poland, these had to be effected on a moderate scale. For this reason, apart from the administration of outstanding loans, the Bank granted but few fresh ones. The Bank also was unable to grant many bond loans owing to the situation created by the Conversion Law of 20th December, 1932, the provisions of this Law having been fulfilled by the Bank in the course of the year under review, thereby gaining for it the first position among the Polish long term credit institutions. In respect of cash loans, the main activity of the Bank was the financing of the building of small dwelling houses, while in the remaining fields for cash loans the Bank was obliged to limit its activities to the position of its deposits. Having available mainly short term funds, the Bank was compelled to apply a corresponding restriction to its loans.

The credit activities of the Bank continued to be largely based upon the lines of its programme, i. e. credits were in the first place granted for operations of a general public nature and to those questions of national economy, which by their nature were of types

requiring the financial help of the Bank. Thanks to this policy — especially in respect of short term credits — the total of short term loans granted for public purposes amounted at the end of 1933 to 152.5 million zlotys, as compared with 27.8 million zlotys at the end of 1927, at which latter period the total equalled 12.6 per cent of the total of short term credits, while in 1933, the figure was 56.6 per cent. The total of short term credits granted to private individuals, which amounted in 1927 to 192.5 million zlotys, or 87.4 per cent of the whole, had dropped in 1933 to 116.7 million zlotys, or 43.4 per cent. Even taking the whole amount of short, medium and long term credits into consideration, which in 1927 equalled 636.1 million zlotys and at the end of 1933 1,037.3 million zlotys, credits for public purposes rose from 42 per cent in 1927 to 65.3 per cent in 1933. In contrast, the credits granted to private individuals fell from 58 per cent in 1927 to 34.7 per cent in 1933.

The total of credits granted by the National Economic Bank remained in 1933 on a level unchanged from that of the previous year at 1,861 million zlotys. In connection with the total suspension of the issue activities of Bank in the year under review, and the switch over to the new type of loans, the total of loans in mortgage bonds and debentures decreased, owing to further redemptions, by 14.6 million zlotys to 823.2 million zlotys. The cash loans in the General Banking Section also fell by 18.3 million zlotys to 386.2 million zlotys. On the other hand, the credits from Treasury funds administered by the Bank rose by 32.8 million zlotys to 651.1 million zlotys.

The drop in the transactions of the General Banking Section affected both short term and long term operations, the former decreasing by 16.1 million zlotys to 269.3 million zlotys, mainly in respect of current accounts and bills discounted, and the latter by 2.2 million zlotys to 116.9 million zlotys, chiefly in building loans from the Bank's own funds.

The table below shows the total of the credits of the Bank divided into cash and bond loans, as from 1924 to 1933, showing that the ratio of cash loans rose from 55 to 56 per cent, at the expense of bond loans, which fell from 45 to 44 per cent.

Year	Total of credits In millions of Zl	Cash credits In millions of Zl	% of the total	Bond loans In millions of Zl	% of the total
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
1931	1,876	1,084	58	792	42
1932	1,861	1,023	55	838	45
1933	1,861	1,038	56	823	44

The holdings of securities decreased slightly. In the first instance, the fixed interest securities fell by 7.6 million zlotys to 21.6 million zlotys. Of this the holdings of the Bank's own issues were reduced by 3 million zlotys to 48.7 million zlotys. The only increase was in the holdings of participations and shares which rose by 1.4 million zlotys to 34.2 million zlotys. This sum represents the holdings of the Bank in the paid up capital of the Acceptance Bank.

The total cash resources of the Bank (cash on hand in zlotys and foreign currencies, on call with the Bank of Poland and with the Post Office Savings Bank, and Treasury bills) remained on practically the same level as at the end of 1932, the respective figures being 49.2 million zlotys and 51 million zlotys, equalling 29 per cent of the demand deposits together with the various credit balances, or 20.8 per cent of the total of deposits. In 1932, the cash on hand and at call amounted to 31.1 per cent of the demand deposits and to 19.5 per cent of the total of deposits.

The net profit of the Bank for 1933 was but slightly less than in the previous year, being 2,566,000 zlotys, as compared with 2,846,000 zlotys. This profit was obtained by the Bank in spite of various alleviations having been granted to its debtors and after providing, as in previous years, for a sum of 1 million zlotys for the payment of the interest due by various Polish towns on the "Ulen" loan.

At the end of the year under review, the Bank lowered the interest rates paid on deposits and charged on credits. Thanks to this the customers of the Bank obtained a further reduction averaging 1 per cent on the cost of cash loans, while for many special credits the Bank continued to grant facilities for payment.

The overhead charges of the Bank were decreased by 386,000 zlotys, this result having been obtained in spite of the increased work of the Bank and being due to the application of far reaching economies on both supplies and personnel.

In view of the fact that at the end of 1929, as was mentioned in the Report for 1931, the make up of the balance sheet was altered, all the main summaries and tables given in this Report now include the figures for the whole period of the Bank's existence, i. e. since 1924, as based upon the revised setting out. It is felt that the revision of these tables will considerably facilitate comparison with the figures for previous years.

1. ISSUE SECTION.

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

The issue activities of the National Economic Bank during the year under review were governed by the Law of the 20th December, 1932, dealing with the lowering of the rates of interest and the extension of periods of redemption (Journal of Laws of the Republic of Poland No. 115, Item 950, as completed by the Executive Order of the 6th February and 22nd May, 1933 (Journal of Laws of the Republic of Poland No. 7, Items 46 and 47 and No. 39, Item 314).

As was already stated in the Report for the year 1932, the annual interest on the bond loans was lowered, following upon the above Laws, from 8 and 7 per cent on real estates to 4.5 per cent, beginning as from the falling due of the instalments for December, 1932. The interest on all the remaining types of bond loans, namely mortgage loans on urban immovable property, both the regular or that derived from the conversion of building credits, on communal and industrial loans, was lowered to 5.5 per cent per annum, commencing with the second half-yearly instalment for 1932. For loans arising from the conversion of cash building credits, the debtor pays 3 per cent, the balance being covered by the State Fund for the Extension of Towns. Although the interest on the bond loans was lowered, the Bank still continued to pay for these loans the full amount of the coupons on issues held by private concerns or persons both at home and abroad. The interest has only been

lowered upon the securities held by the Treasury, by State Institutions and Public Legal Institutions, as enumerated in § 1 of the order of the Minister of Finance of the 6th February, 1933 (Journal of Laws of the Republic of Poland No. 7, Item 47).

The periods of redemption of the bond loans have also been extended. That on mortgage loans on real estates has been extended, regardless of the previous period of redemption to 55 years. With mortgage loans on urban property, both regular and converted, the maximum new periods of redemption have been fixed at 46 and 47 years, respectively, for communal loans at 46 years, and for industrial loans at 20 years. The work connected with the carrying out of the above mentioned regulations lasted throughout the whole of the year under review.

Following upon the situation prevailing on the security market, the issue activities of the Bank were suspended in the course of the year under review. In the early part of 1933 there were only realised four bond loans for half a million zlotys, of which one loan on real estate totalled Zl 200,000, one on urban property totalled Zl 75,000, while the other two loans for the conversion of building credits totalled Zl 225,000. Apart from this, the only action taken in respect of the issue loans was the redemption of a further quantity, thanks to which the total of outstanding issues decreased by 14.6 million zlotys to 823.2 million zlotys. On the 31st December, 1933, the position of the various issues of the Bank was as shown in the table below, which gives details not only of each separate category of loans, but also of the various securities issued against them. This division has become necessary in view of the fact that the interest payable on the loans to the Bank no longer equals the interest which the Bank in its turn has to pay to the private holders of the securities.

Loans forming the basis of securities issued by the National Economic Bank:

4½%	mortgage bonds on real estates	Zl	57,947,608.—
5½%	„ „ „ urban property	„	45,177,388.40
5½%	„ „ of converted building credits	„	178,290,991.60
5½%	building debentures	„	31,708,500.—
5½%	bank „	„	23,014,614.—
5½%	communal „	„	331,035,869.83
5½%	„ „ in dollars Series III	„	42,546,522.—
8%	„ „ in dollars Series I and II	„	85,226,754.—
		<u>Total</u>	<u>Zl 794,948,247.83</u>
	Bond loans of the late Polish National Bank	„	28,275,433.41
		<u>Grand total</u>	<u>Zl 823,223,681.24</u>

Securities issued by the National Economic Bank against loans:

4½%	mortgage bonds	Zl	57,947,608.—
5½%	„ „	„	156,509,270.—
7%	„ „	„	51,791,118.—
8%	„ „	„	15,167,992.—
5½%	building debentures	„	30,639,500.—
8%	„ „	„	1,069,000.—
	<u>Carried forward</u>	<u>Zl</u>	<u>313,124,488.—</u>

Brought forward	Zl 313,124,488.—
5½% bank debentures	„ 22,152,658.—
7½% „ „	„ 861,956.—
5½% communal „ in Zl	„ 296,856,854.—
7% „ „ „ „	„ 20,645,539.83
8% „ „ „ „	„ 13,533,476.—
5½% „ „ „ dollars Series III	„ 42,546,522.—
8% „ „ „ „ I and II	„ 85,226,754.—
	<hr/>
Total	Zl 794,948,247.83
Securities issued by the late Polish National Bank	„ 28,275,433.41
	<hr/>
Grand total	Zl 823,223,681.24

By the year 1932 the Bank had commenced, in addition to issuing loans in bonds and debentures, to effect long term loans in cash, secured and repayable in the same manner as the original loans. These loans may at any time be employed as a basis for the issue of further bonds and debentures, if and when the conditions become favourable. This constituted the sole form of long term credit activity which the Bank undertook in 1933. The volume of these new loans was, however, restricted to 236 loans for 12.5 million zlotys. It should, however, be borne in mind that of this amount 12.1 million zlotys were for the conversion of building credits, while the remaining loans accounted for the balance of Zl 400,000.

There were no changes during the year in the listed prices for the securities issued by the Bank. On the Stock Exchanges there continued to be listed only the following, as in former years: the 8% mortgage bonds, the 7% mortgage bonds, second issue, the 8% communal debentures, second issue, and the 8% building debentures first issue, none of which securities have, as yet, been converted on the basis of the Law of 20th December 1932 and are still in circulation on the open market. The converted issues, not yet having been officially listed, are exclusively dealt in on the controlled market. The quotations of the securities of the Bank remained at the following unvarying levels throughout the year: the 7% issues at 83.25% and the 8% at 94%; with the exception of the 8% building debentures, which were quoted at 93%.

The payment of the instalments on the bond loans improved to a certain extent, largely due to the easings deriving from the Conversion Laws. The ratio of the receipts to maturing instalments for the last three years has been as follows, after eliminating instalments due from the Treasury:

In 1931, the total due was 44.9 million zlotys and the receipts were 38.1 million zlotys, or 85 per cent. In 1932, with 42.1 million zlotys and 30.5 million zlotys, the figure was 73 per cent. In 1933, with a total due of 28.1 million zlotys, the receipts reached 22.3 million zlotys, or 80 per cent. Here, it should be observed that there was a great improvement in 1933, as compared with 1932, in the payment of instalments on loans arising from building credits as well as on loans in communal debentures.

As far as possible the Bank took into consideration the difficult position of the debtors and in more than 700 cases granted easings in the repayment of arrears. Apart from this it became necessary, in many cases, to have recourse to execution orders, the Bank being compelled, in order to secure its claims, to buy in at auction 17 properties, of which 10 were in respect of loans on real estate, 2 of loans on urban property and 5 in respect of conversion loans.

LOANS IN MORTGAGE
granted by the National Economic Bank up to the 31st December,

Type of loan	Central			Eastern		
	Number	Zlotys	%	Number	Zlotys	%
Real estate 4½% in Mortgage bonds	219	30,570,440	49.0	65	8,336,160	13.4
Urban immovables 5½% in Mortgage bonds . .	266	26,840,460	50.0	46	3,360,740	6.2
Converted building loans	3,092	166,344,000	74.2	180	5,008,100	2.2
5½% in Mortgage bonds	2,417	138,351,900		148	4,424,400	
5½% ,, Building debentures	675	27,992,100		32	583,700	
Treasury 5½% in Communal debentures . . .	2	146,200,000	100.0	—	—	
District authorities	118	35,470,670	69.6	31	7,643,770	15.0
5½% in Communal debentures	92	26,779,520		13	2,250,800	
5½% ,, ,, ,, in dol.	26	8,691,150		18	5,392,970	
Municipalities	162	226,463,126	73.2	36	11,598,660	3.8
5½% in Communal debentures	144	109,163,800		34	9,459,300	
5½% ,, ,, ,, in dol.	9	7,264,910		2	2,139,360	
8% ,, ,, ,, in dol.	9	110,034,416		—	—	
Rural Communes 5½% in Communal debentures	9	435,040	31.7	11	463,000	33.8
Other Communal Unions	6	2,181,000	11.5	—	—	
5½% in Communal debentures	6	2,181,000		—	—	
5½% ,, ,, ,, in dol.	—	—		—	—	
Industrial 5½% in Bank debentures	16	23,402,800	69.7	—	—	
Total	3,890	657,907,536	73.1	369	36,410,430	4.0

BONDS AND DEBENTURES

1933, according to categories of borrowers and groups of Palatinates.

Western			Southern			Total			
Number	Zlotys	%	Number	Zlotys	%	Number	Zlotys	%	%
66	15,459,960	24.8	52	7,954,240	12.8	402	62,320,800	100.0	6.9
251	11,231,924	20.9	261	12,286,982	22.9	324	53,720,106	100.0	6.0
572	18,445,500	8.2	1,332	34,445,200	15.4	5,176	224,242,800	100.0	24.9
444	16,298,000		1,205	31,161,700		4,214	190,236,000		
128	2,147,500		127	3,283,500		962	34,006,800		
—	—	—	—	—	—	2	146,200,000	100.0	16.2
11	2,809,560	5.5	27	5,007,690	9.9	187	50,931,690	100.0	5.7
10	2,453,000		20	3,180,320		135	34,663,640		
1	356,560		7	1,827,370		52	16,268,050		
52	44,005,700	14.2	62	27,244,230	8.8	312	309,311,716	100.0	34.3
46	37,765,900		51	20,692,440		275	177,081,440		
5	5,170,120		11	6,551,790		27	21,126,180		
1	1,069,680		—	—		10	111,104,096		
3	117,200	8.5	12	333,400	26.0	35	1,348,640	100.0	0.2
9	16,650,000	87.7	4	160,400	0.8	19	18,991,400	100.0	2.1
6	7,736,000		4	160,400		16	10,077,400		
3	8,914,000		—	—		3	8,914,000		
2	730,000	2.2	2	9,425,000	28.1	20	33,557,800	100.0	3.7
966	109,449,844	12.1	1,752	96,857,142	10.8	6,977	900,624,952	100.0	100.0

One of the more important problems, which arose during the year under review, was the conversion of the instalment arrears on bond loans, in virtue of the Law of the 27th October, 1932 (Journal of Laws of the Republic of Poland No. 94, Item 810). Basing itself upon the provisions of the Law, the Bank hypothecated all the arrears outstanding on the 29th October 1932, on the mortgage registers of the properties concerned, with the same degree of priority as the principal of the loans. Apart from this, in cases deserving consideration, the Bank capitalized the arrears, making them payable over a period of up to 40 years in case of real estate, reducing the interest to 6 per cent per annum. For other types of arrears on loans, treated in the same manner, the period was up to 20 years.

2. BANKING SECTION.

A) WORKING CAPITAL.

The **capital** of the Bank was increased in the course of the year under review by Zl 2,053,000 to Zl 221,047,000, owing to the transfer to it of a part of the net profit for 1932. There was no change in the paid-up capital, which remained at the previous level of Zl 150,000,000.

Deposits and Treasury funds. The total of the deposits and Treasury funds at the end of the year was 768.7 million zlotys, an increase of 24 million zlotys over the year. The whole of this increase was in Treasury funds, of which the main item was the State Building Fund, which rose by 48.3 million zlotys to 531.9 million zlotys. On the other hand, deposits decreased by 24.3 million zlotys to 236.8 million zlotys.

The decrease in deposits fell mainly to the fixed deposits, which dropped by 30 million zlotys to 67.1 million zlotys, chiefly on the foreign currency deposit account. This arose from the withdrawal of dollars, owing to the depreciation of that currency. Demand deposits dropped to a level of 2.4 million zlotys less than in the preceding year, the total amounting to 156.4 million zlotys, while the sundry credit balances showed an increase of 8 million zlotys to 13.3 million zlotys. Among the demand deposits, there was a decrease in the cheque and foreign currency accounts, the former by 2.8 million zlotys to 94 million zlotys and the latter by 2.2 million zlotys to 3 million zlotys. The savings deposits rose to 55 million zlotys, as compared with 53 million zlotys at the end of 1932. The accounts of the communal savings banks also rose from 3.7 million zlotys to 4.4 million zlotys.

An analysis of the above changes suggests that the drop was common to all classes of depositors, the largest drop being in those of local government institutions (by 10.9 million zlotys to 14.5 million zlotys), of State institutions (by 7 million zlotys to 74.5 million zlotys), to a lesser extent, of private depositors (by 3.8 million zlotys to 129.7 million zlotys) and legal public insurance companies (by 2.6 million zlotys to 18.1 million zlotys).

The ratio of Treasury funds to the general total of deposits and funds rose from 64.9 per cent at the end of 1932 to 69.2 per cent at the end of 1933. The increase of 48.3 million zlotys to 531.9 million zlotys, should, in addition to the above causes, be ascribed to the State Building and other funds, which rose over the year from 122.4 million zlotys to 149.1 million zlotys. The relief fund for banks remained unchanged, but the fund ex re „Kooprolna” fell by 7.7 million zlotys to 32.7 million zlotys.

Banks and rediscount. The credit balances of banks both "Loro" and "Nostro" increased by 7.1 million zlotys to 47.8 million zlotys, exclusively on the account of Polish banks, the foreign bank accounts having decreased by 3.8 million zlotys. The abandonment of the gold standard by the U. S. A. intensified the general uncertainty on the exchange market. This led to a further decrease in the Bank's assets abroad. Following upon this the debit balances of foreign banks also decreased by 2.2 million zlotys to 6 million zlotys. The depreciation of the dollar did not, however, entail any loss to the Bank, but even caused a certain profit on exchange differences.

The Bank only had occasion to employ small foreign credits owing to which their total again dropped markedly. There was a revival in reimbursement and acceptance credits. The total of emigrants' remittances from the U. S. A., mainly in dollars, remained on the previous level.

Although there was a decrease in deposits, the Bank reduced its rediscount with the Bank of Poland by the same amount as in 1932, i. e. by 19.4 million zlotys to 59.7 million zlotys. This became possible owing to a further decrease in the volume of credits in the General Banking Section as well as by the unfreezing of securities valued at 10.6 million zlotys, of which 3 million zlotys were in securities issued by the Bank. The utilization of rediscount facilities during the year under review fluctuated between 47 million zlotys (in March) and 69.7 million zlotys (in October), while in 1932 the respective totals were 73.2 million zlotys (in November) and 91.7 million zlotys (in January). Throughout almost every month the figures were some 20 to 30 million zlotys lower than in 1932. In view of the fact that the bill portfolio was slightly reduced, the ratio of rediscounted bills to the total bill holdings improved markedly, fluctuating between 36.4 per cent (in March) and 51.9 per cent (in October), as compared with 47.9 per cent (in February) and 60.3 per cent (in July) in 1932. At the end of 1933, the rediscount was 44.1 per cent, as against 57.2 per cent on the preceding 31st December.

In the following table is given the repartition of deposits by types as on the 31st December of each of the years 1924—1933 (in thousands of zlotys):

Date	Demand deposits					Communal sav. banks Current accounts	Fixed deposits	Sundry credit balances
	Grand total	Total	Cheque accounts	Foreign currency accounts	Savings deposits			
31 December, 1924	67,168	25,923	24,517	537	869	—	41,020	225
31 ,, 1925	71,881	51,654	31,773	17,131	2,750	—	14,146	6,081
31 ,, 1926	150,991	94,354	78,643	11,423	4,288	—	53,434	3,203
31 ,, 1927	230,223	151,230	117,047	22,884	11,299	—	59,106	19,887
31 ,, 1928	325,267	180,710	137,385	17,155	19,206	6,964	136,253	8,304
31 ,, 1929	255,024	131,064	97,015	8,286	23,800	1,963	116,099	7,861
31 ,, 1930	243,142	116,848	69,610	10,282	34,991	1,965	103,681	22,613
31 ,, 1931	238,698	134,820	78,870	6,170	46,425	3,355	97,981	5,897
31 ,, 1932	261,108	158,735	96,795	5,173	53,030	3,737	97,156	5,217
31 ,, 1933	236,783	156,381	94,027	2,941	55,022	4,391	67,133	13,269

The table hereafter illustrates the state of deposits and Treasury funds as on December 31st of each of the years 1924—1933, according to categories of depositors:

D a t e	Grand total in millions of zlotys	Treasury funds		Deposits (In millions of zlotys)					
		In millions of zlotys	In per cent	Total	State institutions	Insurance companies	Local government institutions	Public utility companies	Private institutions and individuals
31 December, 1924	69.5	2.3	3.3	67.2	—	—	—	—	—
31 „ 1925	251.0	179.1	71.4	71.9	2.7	—	8.3	9.7	51.2
31 „ 1296	468.1	317.1	67.7	151.0	56.5	—	16.3	22.1	56.1
31 „ 1927	603.5	373.3	61.9	230.2	97.5	—	16.5	20.8	95.4
31 „ 1928	713.3	388.0	54.4	325.3	115.4	—	63.2	30.1	116.6
31 „ 1929	672.2	417.2	62.1	255.0	87.4	—	19.4	38.8	109.4
31 „ 1930	752.3	509.2	67.7	243.1	59.9	23.5	14.5	—	145.2
31 „ 1931	745.4	506.7	68.0	238.7	70.8	13.6	12.2	—	142.1
31 „ 1932	744.7	483.6	64.9	261.1	81.5	20.7	25.4	—	133.5
31 „ 1933	768.7	531.9	69.2	236.8	74.5	18.1	14.5	—	129.7

B) CASH CREDITS.

The total of credits of the Bank at the end of 1933 was exactly the same as at the end of the year before, being 1,861 million zlotys. There were, however, certain switchings between the different types of credits to the benefit of cash credits, which rose by 15 million zlotys to 1,038 million zlotys. The whole of this increase was in credits from the Treasury funds administered by the Bank and was mainly in connection with the extended activities of the State Building Fund. On the other hand, the loans in the General Banking Section dropped again by 18.3 million zlotys to 386.2 million zlotys, the drop falling mainly to short term and long term loans, the former predominating.

Short term credits decreased by 16.1 million zlotys to 269.3 million zlotys, the largest reduction being in current accounts, by 8.4 million zlotys to 117.1 million zlotys and discounted bills, by 5 million zlotys to 126.2 million zlotys. To a smaller extent, if judged in absolute figures, and to a larger, if expressed in percentages, was the falling off in term loans and protested bills. The first dropped by 1.9 million zlotys to 22.5 million zlotys and the second by 0.9 million zlotys to 3.5 million zlotys. The whole drop in short term credits, totalling 16.1 million zlotys, as mentioned above, fell to the group of State institutions and undertakings. In the remaining groups there were certain relatively slight changes, of which the most important was an increase of 2.9 million zlotys in credits for local government authorities. The total of short term credits fluctuated during the year under review between 269 and 282 million zlotys. The first and the last quarters of 1933 were those in which credits dropped, while in the remaining two quarters they rose, being mainly on the level of 280 million zlotys. This was partially due to the transitory increase in discount operations in June, July and August. Apart from this period, discount transactions, inclusive of protested bills, remained constantly between 130 and 131 million zlotys. The fixed term loans increased in the course of the first five months of 1933 to 21 million zlotys and remained at that figure until the end of August, when they rose to 24

million zlotys owing to credits secured by grain. In the last two months of the year, the figure again dropped. The utilization of credits from current accounts was irregular in the course of the year, dropping considerably in the last quarter. The total of both discount operations and current accounts was at its lowest on the 31st December, 1933.

The ratio of protested bills of exchange to those presented for payment was—with the exception of June and July—lower than in the corresponding months of 1932, ranging between 2.27 per cent (in December) and 5.75 per cent (in June and July), as compared with 8.21 per cent (in February) and 3.18 per cent (in September), in 1932. In December, 1933, the figure was 3.21 per cent, while in the same month of the year under review the figure was 2.27 per cent.

The medium term and long term loans in the General Banking Section amounted at the end of 1933 to 116.9 million zlotys, as compared with 119.1 million zlotys in the previous year. The drop was mainly due to a reduction of building credits from the Bank's funds by 3.4 million zlotys to 13 million zlotys, following on the transfer of several large loans to the State Building Fund. The remaining types showed slight decreases, except the communal loans, which rose by 2.4 million zlotys to 65.1 million zlotys.

Credits from Treasury funds administered by the Bank rose by 32.8 million zlotys to 651.1 million zlotys, resulting almost entirely from building loans from the State Building Fund. The changes in the other accounts amounted to considerable sums, which, however, balanced each other. Thus the relief credits for banks decreased by 1.3 million zlotys to 34.6 million zlotys; the credits for the "Kooprolna" and others, parallel with the corresponding funds, declined by 9.5 million zlotys to 38.1 million zlotys; and special accounts, equally with the same accounts on the Liabilities side, declined by 16.3 million zlotys to 120.7 million zlotys. On the other hand, there was an increase in sundry credits by 25.8 million zlotys to 148.6 million zlotys, similarly to other funds on the Liabilities side of the balance sheet.

The switchings which took place in the various groups of borrowers, comprised only the following important changes: building credits for private persons and co-operative societies increased by 25.5 million zlotys; credits for local government authorities rose by 10 million zlotys, while credits for institutions and State undertakings decreased by 10.1 million zlotys and for agriculture by 10.6 million zlotys, mainly owing to the liquidation of a portion of the credits for the "Kooprolna".

a) **Building credits.** The activities of the Bank in connection with building credits were of practically the same dimensions as in the previous year, but owing to the allocation of the credits to a larger number of borrowers, the amount of residential building, resulting therefrom, was much greater. The credits of this type, granted by the Bank for the construction of stone and wooden houses—the loans covering 50 per cent of the cost of construction—amounted to a maximum of Zł 4,000 per house, except in Warsaw and Gdynia, where it amounted to Zł 5,000. Similarly as in previous years, the Bank granted loans for the completion of buildings which had previously been partly financed by it as well as for certain buildings specified by the institutions which had purchased the issues of the Bank. In addition, the Bank acted on behalf of the Social Insurance Companies for the buildings financed by them. The construction of small dwelling houses was the object of special care and assistance on the part of the Government. Thanks to this help, those who built houses enjoyed in 1933 numerous alleviations aiming at the cheapening of the cost of construction,

GENERAL SUMMARY OF CASH CREDITS
according to the particular categories of borrowers
as per December 31st, 1933,
(In thousands of zlotys)

B O R R O W E R S	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 and protested	Term loans	On current accounts		
I. State Institutions and Undertakings	236,887	22.84	57,748	43,281	1,723	12,744	30,311	148,828
I. Institutions:								
a) building loans	3,687	0.35	—	—	—	—	—	687
b) other credits	161,880	15.61	31,497	18,500	1,400	11,597	371	130,012
2. Undertakings	71,320	6.88	26,251	24,781	323	1,147	29,940	15,129
II. Associated Undertakings	41,101	3.96	37,376	7,864	1,167	28,345	445	3,280
III. Local Authorities	128,603	12.40	8,910	3,637	3,550	1,723	65,536	54,157
1) Offices:								
a) building loans	52,521	5.06	—	—	—	—	1	52,520
b) other credits	75,605	7.29	8,481	3,481	3,483	1,517	65,530	1,594
2) Undertakings	477	0.05	429	156	67	206	5	43
IV. Co-operative Societies (excl. credit institutions)	166,667	16.07	14,912	4,285	207	10,420	6,592	145,163
1) Agricultural-trading	39,835	3.84	12,339	2,572	25	9,742	410	27,086
2) Building:								
a) on building loans	119,611	11.53	—	—	—	—	5,374	114,237
b) on other accounts	5,088	0.49	440	—	96	344	808	3,840
3) Others	2,133	0.21	2,133	1,713	86	334	—	—
V. Financial Institutions	98,139	9.46	38,170	24,169	3,458	8,543	485	61,484
1) Banks	68,133	6.57	7,255	1,496	—	5,759	464	60,414
2) Communal Savings Banks	18,544	1.79	18,394	14,859	2,776	759	—	150
3) Co-operative Savings & Credit Societies	11,262	1.08	10,321	7,814	482	2,025	21	920
4) Others	200	0.02	200	—	200	—	—	—
VI. Agriculture and Breeding	51,912	5.00	48,736	23,279	6,600	18,857	3,110	66
VII. Mining	2,753	0.26	808	593	12	203	25	1,920
1. Coal	2,200	0.21	280	280	—	—	—	1,920
2. Petroleum	537	0.05	512	303	7	202	25	—
3. Others	16	—	16	10	5	1	—	—
VIII. Industry	119,250	11.50	39,567	16,156	3,683	19,728	570	70,113
1. Foundry	10,414	1.00	3,943	3,421	—	522	—	6,471
2. Metal	2,335	0.23	1,530	656	—	874	5	800
3. Engineering and Electrical	4,415	0.43	4,402	1,357	317	2,728	—	—
4. Articles from precious metals and precision goods	1	—	1	—	—	1	13	—
5. Mineral and Ceramic:								
a) adhesive substances	4,941	0.48	976	54	—	922	2	3,963
b) brick	6,978	0.67	6,948	404	2,021	4,523	30	—
c) other	1,685	0.16	754	253	337	164	—	931
6. Chemical:								
a) artificial fertilizers	430	0.04	430	350	—	80	—	—
b) other	1,708	0.16	1,369	668	176	525	339	—
7. Textile	35,342	3.41	3,119	1,886	6	1,227	1	32,222
8. Leather	715	0.07	714	127	43	544	1	—
9. Paper	3,082	0.30	940	74	3	863	4	2,138
10. Timber	5,341	0.51	2,663	658	189	1,816	6	2,672
11. Foodstuffs:								
a) sugar	10,929	1.05	2,003	1,938	—	65	—	8,926
b) distilling	21,335	2.06	2,565	1,353	—	1,212	17	18,753
c) brewing	744	0.07	716	301	35	380	28	—
d) flour milling	2,593	0.25	2,504	959	287	1,258	89	—
e) baking	2,465	0.24	225	8	34	183	3	2,237
f) others	1,097	0.11	1,097	180	24	893	—	—
12. Clothing and Fancy Goods	748	0.07	748	34	1	713	—	—
13. Polygraphic	384	0.04	384	177	164	43	—	—
14. Building	876	0.08	875	766	11	98	1	—
15. Gas, water and electricity	174	0.02	149	149	—	—	25	—
16. Others	518	0.05	512	383	35	94	6	—
IX. Artizans	568	0.05	568	154	226	188	—	—
X. Trade	12,280	1.18	8,449	4,083	332	4,034	16	3,815
1. Agricultural	7,375	0.71	3,560	2,305	54	1,201	—	3,815
2. Others	4,905	0.47	4,889	1,778	278	2,833	16	—
XI. Communication and transport	2,348	0.23	1,066	29	555	482	—	1,282
XII. Miscellaneous	176,839	17.05	15,033	2,169	1,033	11,831	9,785	152,021
1. Social Institutions:								
a) building loans	68,197	6.57	—	—	—	—	2,520	65,677
b) other credits	5,834	0.56	4,822	1,171	439	3,212	549	463
2. Others:								
a) building loans	78,104	7.54	—	—	—	—	5,049	73,055
b) other credits	24,704	2.38	10,211	998	594	8,619	1,667	12,826
Total	1,037,347	100.00	269,343	129,699	22,546	117,098	116,875	651,129

i. e. the lowering of the transport charges on building materials, the reducing of the price of cement, the abolition of certain formalities, the reducing of town charges, and the extension of the facilities granted on the baiss of the Law of 24th March, 1933, for newly constructed buildings. In addition to this, the borrowers benefited from the general all-round lowering of the rates of interest on building loans, resulting from the Order of 31st March, 1933. In order to attract a greater interest from the community in the erection of small dwelling houses, and with a view to facilitating the construction of houses by those desirous of so doing, a competition was held in January, 1933, for the designing of suitable types of small detached one - family houses. From among the winning designs, chosen by judges, some 24 plans were worked out by the technical department of the Bank and issued as working plans, which would not require any special approval by the municipal authorities.

According to the principles established by the resolution of the Economic Committee of Ministers of 10th January, 1933, the Bank restricted the financing of small residential building to larger towns and suburbs.

For the purpose of financing the construction of small dwelling houses there was provided during the year under review a sum of 14.5 million zlotys from the State Building Fund, the total being allocated in credit quotas to 218 towns. From these quotas, the Bank granted 2,631 loans, totalling 9.3 million zlotys, for stone houses, and 1,370 loans, totalling 4.5 million zlotys, for wooden houses, a total of 4,001 loans for 13.8 million zlotys. With the loans granted by the Bank 4,335 houses were built. As the total estimates for stone houses amounted to 49.5 million zlotys and for wooden houses to 15.6 million zlotys, the relation between the total of credits granted by the Bank and these figures, expressed in percentages, was 18.9 per cent for stone houses and 28.4 per cent for wooden houses. The total of credits granted by the Bank permitted of the construction of 28,337 rooms in 1933, the average sum per room being Zl 486.

The conclusion may be drawn from the above figures, that the building of small houses attracts considerable funds — in addition to the amounts advanced by the Bank, — as this is a most advantageous method of investing capital for personal use. According to professions, the builders of small houses are divided as follows:

Brain workers	2,549 or 58.5%
Manual labourers and tradesmen	765 ,, 17.4%
Various	1,021 ,, 24.1%
Total	4,335 or 100.0%

Apart from individual loans, the Bank satisfied the necessities for the collective building of small houses for workmen and employees, allocating special quotas for this purpose. The erection of such houses, important from the point of the reduction of the cost of construction and also assisting in the building up of housing areas, was undertaken in Warsaw and its suburbs and in the larger towns. The financial resources at the disposal of the Bank during the year under review, excluding the building activities of the social insurance companies, as well as the degree to which they were utilized, is shown in the table below:

Funds	Amounts available	Loans accorded		
		No.	zlotys	in %
State Building Fund	25,824,225.08	4,387	24,368,980	94.7
Bank's own funds	957,700.—	15	957,700	100.0
Total	26,781,925.08	4,402	25,326,680	94.9

Furthermore, the expenditure for the building campaigns of the social insurance companies, omitted above, amounted in the course of 1933 to Zl 7,138,000, of which Zl 3,888,000 were employed for the covering of loans which the Bank had granted in 1932, but had not received sufficient funds to actually effect. The balance of Zl 3,250,000 remained for new loans. The Bank, however, granted loans of Zl 3,748,000 against the aforesaid balance, leaving a sum of Zl 498,000 to be paid out in 1934.

The distribution of building credits in 1933, according to categories of borrowers, is shown in the table below:

Borrowers	State funds		Bank funds		Total		Per cent
	No. of loans	Amount in Zl	No. of loans	Amount in Zl	No. of loans	Amount in Zl	
Communes	8	433,300	—	—	8	433,300	1.5
Co-operative Societies	69	6,289,400	6	863,600	75	7,153,000	24.6
Social Institutions . .	35	3,627,900	—	—	35	3,627,900	12.4
Private Individuals . .	4,279	17,766,380	9	94,100	4,288	17,860,480	61.5
Grand total	4,391	28,116,980	15	957,700	4,406	29,074,680	100.0

From a comparison with 1932, when the number of rooms built with practically the same financial resources amounted to 12,091, the result of the 1933 building campaign of the Bank was 28,819, or twice as many, thanks to the fact that the funds were mainly employed for the construction of small dwelling houses.

The number of rooms constructed or under completion, thanks to the building activities of the Bank, for the period 1924 to 1933, reached the large figure of 193,456.

The distribution of the building loans of the Bank, according to the categories of borrowers, for the period from 1924 to 1933 is shown below:

Borrowers	State funds		Bank funds		Total		Per cent
	No. of loans	Amount in Zl	No. of loans	Amount in Zl	No. of loans	Amount in Zl	
Military Billetting Fund	1	2,500,000.—	—	—	1	2,500,000.—	0.44
Communes	513	56,424,162.33	9	278,250.—	522	56,702,412.33	10.00
Co-operative Societies	1,690	208,225,590.—	180	23,953,700.—	1,870	232,179,290.—	41.10
Social and Welfare Institutions	512	86,426,800.—	67	4,452,806.81	579	90,879,606.81	16.06
Private Individuals . .	14,948	162,717,267.64	966	20,421,905.36	15,914	183,139,173.—	32.40
Aggregate	17,664	516,293,819.97	1,222	49,106,662.17	18,886	565,400,482.14	100.00

The balances of the building accounts as per 31st December, 1933, are given below:

1) Loans from the State Building Fund:

a) Building loans	Zl 293,778,831.51
b) Long term cash loans	„ 11,897,400.—
c) Grants in aid from the State Building Fund	„ 3,500,000.—
T o t a l	Zl 309,176,231.51

2) Loans from the funds of the Bank:	„ 12,943,680.30
	Zl 322,119,911.81

The total of the building loans decreases as and when repayments are effected, either by their conversion into issue loans in mortgage bonds or building debentures, or into long term cash loans, which serve as a basis for future issues by the Bank, or, if it is impossible to effect the conversion, owing to legal or technical obstacles, by the repayment of the loans in cash instalments for fixed periods. The total of bond loans derived from the conversion of building loans, as per 31st December, 1933, was Zl 209,999,491.60. Fuller details regarding the state of the conversion loans will be found in the "Bond Section".

If, in addition, the Military Billetting Fund is taken into consideration, with the 18.5 million zlotys working credit, which it has with the Bank, employed for the construction of houses for officers and non-commissioned officers, the total amount of the credit for building purposes, both in cash or converted into bond or long term special cash loans, amounted to Zl 550,619,403.41.

The above mentioned activities of the Bank in the financing of residential building were complimented by the laying out of housing areas, commenced following the resolutions of the Economic Committee of Ministers of the 10th January, 1933.

The laying out of housing areas by the Bank includes the breaking up of State lands into plots, preparatory to their sale, both on the legal-administrative and technical sides (streets, water mains, sewers, gas mains, electric conduits, etc., according to local conditions and necessities) and also their sale by arrangement with the Committees for the Extension of Towns. In addition, the Bank carries out all other operations resulting from the administration of the State lands transferred to it.

b) Credits for State institutions and undertakings.

As has already been mentioned in the chapter dealing with cash credits, the entire decrease in the total of short term loans was in the account of State institutions and undertakings. The indebtedness of this group in the long term credits in the General Banking Section showed, however, no special change, while the credits from the Treasury funds administered by the Bank increased by 7.3 million zlotys. Owing to this the total of credits dropped by 9 million zlotys to 236.9 million zlotys, a sharper fall than in 1932.

Of this 236.9 million zlotys, State institutions accounted for 165.6 million zlotys, a decrease of 12.1 million zlotys on the year, and the State undertakings for 71.3 million zlotys, an increase of 3.1 million zlotys, as compared with 1932.

c) Credits for undertakings associated with the Bank.

The engagements of the Bank in associated undertakings decreased again in 1933, both in respect of capital investments and of credits. The increase of participations by 1.4 million zlotys to 34.2 million zlotys, was entirely due to the acquisition of shares of the Acceptance Bank, the Bank subscribing for 1.5 million zlotys of the paid-up capital of 12.5 million zlotys. As will be seen below, the participation of the Bank in other undertakings showed but a slight decrease. During the year under review the Bank sold several participations, which had been taken over from the former Polish National Bank. In addition, it opened negotiations for the sale of the participations in two Galician undertakings, and two more in the Central palatinates; of these, one of the Galician undertakings was sold at the beginning of 1934. The above demonstrates that the Bank continues to put into force its policy of gradually disposing of its participations in industrial undertakings. The Bank now has participations in four undertakings, of which three are in the Free City of Danzig (British and Polish Trade Bank, Bank of Danzig and the Danzig Tobacco Monopoly) totalling 12.8 million zlotys, all of which pay dividends. In another concern, the Potassium Salts Exploitation Company (Tesp), the holdings are 18.2 million zlotys. Apart from this, the Bank is a shareholder in the Bank of Poland, to the extent of 1.7 million zlotys, and in the Acceptance Bank (1.5 million zlotys). The Bank's participations in all the remaining undertakings, including the Starachowice Company and the Union of Polish Mechanics from America, were written off to 1 zloty each in 1932. The credits to all these concerns fell by 1.1 million zlotys to 41.1 million zlotys during the year.

The activities of the undertakings associated with the Bank were mainly concentrated during the year under review with a further effort to adjust themselves to the existing conditions, to effect economies in production costs and to increase both output and profit.

The Potassium Salts Exploitation Company (Tesp) reduced the price of potassium fertilizers considerably, and developed a strong propaganda campaign among the smaller farmers in order to persuade them to utilise these fertilizers. This concern was faced with great difficulties arising from both the diminished purchasing power of agriculture and the fall in prices on the international market, the latter rendering export transactions unremunerative. Owing to this the company completed the year with a loss.

The Starachowice Company — although it did not declare a dividend, succeeded in covering its expenditure by its receipts, in spite of the lowering of the prices for its products and of a decreased turnover, and also of the fact that certain essential capital expenditure had to be met from income in order to adjust production to the market requirements. In addition, the Company succeeded in considerably reducing their debt to the Bank during the year.

The "Boruta" Company, engaged in the manufacture of chemicals, the most important source of supply in Poland for dye-stuffs and intermediates, increased its turnover in 1933, and, thanks to augmented production yield and improved standards of technical efficiency was able to show a profit in spite of a general reduction in prices. They have largely increased the line of products which they market.

The Grodzisk Chemical Works, have been passing through a period of financial reorganization. The Union of Polish Mechanics from America, which has also been reorganised financially, succeeded in increasing its turnover to a marked extent.

On the whole, it may be said that the policy of economy and of expansion of sales and production lines, which has been practised in the concerns associated with the Bank, gave certain definitely favourable results during the year under review.

d) Credits for local government authorities.

When discussing the switchings over which took place in the financing of various domains of national economic life by the Bank, it was mentioned that the cash credits for local government authorities increased by 10 million zlotys to 128.6 million zlotys.

This increase was in respect of almost all types of credits. The short term credits—mainly discount credits—for local government authorities increased by 2.9 million zlotys, the medium and long term credits in the General Banking Section by 2.3 million zlotys, and the credits from the Treasury funds administered by the Bank by 4.8 million zlotys. These latter were solely building credits from the State Building Fund, the total of which reached 52.5 million zlotys at the end of 1933, as compared with 47.7 million zlotys at the end of 1932.

In the chapter on the issue activities of the Bank, it was mentioned that the granting of loans in Communal Debentures was suspended by the Bank, owing to the situation prevailing on the security market. In addition, the allocations of long term cash credits showed no especial increase, only one communal loan being granted for 280,000 zlotys. During the period under review the outstanding bond loans were partially redeemed, and owing to this reason, in spite of the increased cash loans, the grand total together with the bond loans, showed practically no change, standing at 486.6 million zlotys, as compared with 485.7 million zlotys in 1932. The former figure includes cash loans totalling 128.6 million zlotys, bond loans (excluding loans in communal debentures for the Treasury) for 339.5 million zlotys, and 18.6 million zlotys in credits for communal savings banks.

e) Credits for communal savings banks and co-operative societies.

The credits granted to the communal savings banks by the Bank are mainly in the form of rediscount credits, while the credits granted to craftsmen and the formation credits destined for the increasing of the funds at the disposal of newly created savings banks, still continue to be of secondary importance. The total of such credits, whether accorded or utilised, as at the end of 1933, as compared with the previous year, is shown in the table below:

Type of credit	December 31st, 1932.			December 31st, 1933.		
	No. of banks	Credits in thous. of zlotys		No. of banks	Credits in thous. of zlotys	
		granted	utilized		granted	utilized
Foundation	71	686	686	21	479	479
Artizan	223	3,734	3,734	72	2,297	2,297
Rediscount	260	24,158	13,395	262	27,679	14,859
Other	6	2,255	2,245	3	759	759
Total	—	30,833	20,060	—	31,214	18,394

From the above table it will be observed that in spite of the increase in the total of the credits accorded by 381,000 zlotys, the total of those utilised fell by 1,666,000 zlotys. This drop fell mainly to the investment credits group, i. e. formation, trade and sundry credits. The only increase, of 1,464,000 zlotys, was in the rediscount credits, which arose from the distribution by the communal savings banks of 2.5 million zlotys, which had been accorded by the Bank on the rediscount of artizan bills endorsed by the savings banks.

In connection with the drop in the dollar, there was recorded in communal savings banks, especially in Galicia, a large withdrawal of dollar deposits. In its relations with savings banks, the Bank placed particular emphasis on the desirability of ceasing to conduct operations in other currency than Polish.

The special contracts which the Bank had concluded in 1931 with several Silesian and Galician savings banks, were still maintained in force; these institutions being granted special facilities by the Bank for rediscount, investment and lombard credits, in return for their concentrating their entire external business transactions in the hands of the Bank.

The number of savings banks, acting as correspondents for the Bank, rose in 1933 to 296, the relations between both parties continuing to remain satisfactory.

The extent of credits granted by the Bank to credit and consumers' co-operative societies is shown in the table below:

Type of credit	December 31st, 1932.			December 31st, 1933.		
	No. of co-oper. soc.	Credits in thous. of zlotys		No. of co-oper. soc.	Credits in thous. of zlotys	
		granted	utilized		granted	utilized
Bills rediscounted . . .	253	13,830	9,005	281	14,261	9,481
Fixed loans	19	178	166	18	574	564
Current accounts . . .	16	1,734	1,619	77	2,122	2,055
Total	—	15,742	10,790	—	16,957	12,100

The increase in rediscount credits mainly arose from the granting of relief credits in the shape of three year loans. Until the present time the relief action was in respect of 17 credit co-operatives in the Western Confines, totalling Zl 1,190,000. These credits were not, however, utilized to their full extent. Apart from this, the increase of credits for co-operative societies in 1933, included current account (overdrafts) for 436,000 zlotys and term loans for 398,000 zlotys. The total of credits granted by the Bank to all types of co-operative societies, including agricultural, trade and residential-building, at the end of 1933, amounted to 177.9 million zlotys.

f) Credits for private institutions.

Agriculture. The share of this branch in the total of credits of the Bank is relatively small, being 200 million zlotys, as compared with 211 million zlotys in 1932, out of the 1,861 million zlotys, the percentages being 10.75 and 11.34, respectively. The drop affected practically all branches, as will be seen from the following table:

	Dec. 31, 1932.	Dec. 31, 1933.	Changes
	In millions of zlotys		
Agriculture	53.4	51.9	— 1.4
Agricultural co-operative societies . . .	49.0	39.8	— 9.2
Agricultural trade	7.4	7.4	—
Total cash credits	109.8	99.1	—10.6
Bond loans	62.4	61.6	— 0.8
Cash credits for food industry	38.8	39.2	+ 0.4
	211.0	199.9	—11.1

The largest drop, occurring in the agricultural co-operative societies was due to the announcement of the bankruptcy of the Kooperacja Rolna in March 1933, owing to the

failure of the court arrangement with the creditors of this institution, following upon the appointment of a receiver in 1932. Before advising the Kooprolna of the bankruptcy, the Bank, with the approval of the court, took over the indebtedness of the Kooperacja Rolna to the Kooprolna, totalling 24.5 million zlotys, writing off at the same time 7.4 million zlotys of this sum, with the permission of the Ministry of Finance, from Treasury funds.

The new agricultural credits granted during the year by the Bank, only comprised those on registered liens on grain, totalling 5.5 million zlotys for the farmers in the Central palatinates and Wolhynia. This sum was fully taken up.

Of the general total of agricultural credits, 26.8 million zlotys were for collective credits mainly composed of various types of harvest and sowing credits, granted in former years and then amalgamated, totalling 18 million zlotys; followed by credits granted through the intermediary of the Kooprolna for 3.3 million zlotys, natural disaster credits for farmers, aggregating 0.3 million zlotys, and finally, credits on registered liens on grain—exclusive of those mentioned in the preceding paragraph—for 5.2 million zlotys. The grand total of these credits was 32.2 million zlotys, a drop of 5.4 million zlotys on the year.

Apart from the normal easings in the form of prolongations, the Bank gave special attention during the year under review to the furthering, as far as possible, of the ideas expressed in the Law creating the Acceptance Bank. The Bank therefore commenced by advising all its debtors, in the shortest and clearest form, of both their rights and their duties under the new Law. This action was taken by the Bank both in direct communication with the debtors and also through the central agricultural institutions. At the same time the Bank requested these institutions to apply to the Taxation Offices and the communal authorities for the maximum possible amount of facilities in issuing the certificates required by the Acceptance Bank.

Considering that the intention of the Law dealing with the Acceptance Bank was to give the maximum of assistance to agricultural debtors, the Bank concluded that it was desirable to effect individual agreements, even in those cases, when, owing to the excessive indebtedness of the debtors, the sums due were not subject to conversion by the Acceptance Bank.

These agreements are as a rule for periods of three years with the possibility of further prolongation—only moderate repayments being required—in the first and second years 10% of the principal and at the lowest possible rates of interest. In view of the absence in such cases of assistance from the State Treasury, the interest rates are a little higher than those fixed by the Acceptance Bank.

In order to assist the debtors, even those who were exceptionally weak, having a mortgage indebtedness including the privileged entries exceeding 75% of the assessed value of the property; the Bank was also willing to conclude special agreements with such debtors, giving them the same conditions as provided by the Acceptance Bank and granted them a two years suspension of payments at $7\frac{1}{2}\%$ per annum.

The results obtained from this action were quite satisfactory. Up to the end of 1933, the Bank had effected conversion agreements with 91 debtors for a total amount of 3 million zlotys. This programme was continued in the present year (1934). It is anticipated that after the removal of certain technical difficulties, and following upon the carrying out of the formalities required by the Law, the progress of this scheme will be more rapid and on a larger scale than has hitherto been the case.

Industry. The total indebtedness of private industry to the Bank remained at the level of 119.3 million zlotys, a decrease of 0.1 million zlotys on the year. There were only slight changes among the various branches of industry. It should, however, be mentioned that the debts of the smelting industry fell by 1.2 million zlotys and of the timber industry by 0.8 million zlotys, while the indebtedness of the ceramic industry rose by 1.4 million zlotys and that of the textile industry by 1 million zlotys.

The total indebtedness of industry to the Bank was without change, the figure at the ends of both 1932 and 1933 being some 380 million zlotys. There were some slight switches over between different types of credits. Bonds and bank debentures for industry decreased, owing to redemptions, from 24.3 to 23 million zlotys. The cash loans for private industry remained unchanged. The loans in communal debentures for local government undertakings are included in the above reckoning, as at the same figure as in 1923, at 153.3 million zlotys. The credits for the industrial undertakings associated with the Bank also dropped, but this was practically balanced by the increased advances to State industrial undertakings.

In so far as the remaining branches of private business are concerned, the credits for merchandise trade, other than agriculture, dropped from 5.3 million zlotys 4.9 million zlotys; those for communication and transport by 0.9 million zlotys to 2.3 million zlotys. On the other hand, private banks and other financial institutions obtained augmented financial aid from the Treasury through the Bank, their indebtedness rising from 66.4 million zlotys to 68.3 million zlotys; of this sum over 60 million zlotys came from the Treasury funds administered by the Bank.

C) GURANTEES AND ACCEPTANCES.

In 1933 there was a revival in reimbursement and acceptance credits. Thanks to this the items "Creditors and Debtors on account of acceptances" rose by 1.9 million zlotys to 7.7 million zlotys. The guarantees granted by the Bank rose from 7.4 million zlotys to 11.2 million zlotys. The assistance of this type of financial aid being almost exclusively restricted to institutions and State undertakings, to concerns associated with the Bank, and to local government authorities. The guarantees and acceptances for the first group rose by 5.2 million zlotys to 19.7 million zlotys, and for local government authorities by 1 million zlotys. The sums allocated to the remaining economic groups included 1 million zlotys for industry, as compared with 1.6 million zlotys in 1932.

3. ADMINISTRATION AND ORGANIZATION.

Changes in the Administrative Council. During the year under review, the following members of the Administrative Council resigned: Antoni Olszewski, Eng., former Minister of Industry and Commerce, on the expiration of his term of office, and Adam Rose, D. C. C. L., Director of the Economic Department of the Ministry of Agriculture. The places of these gentlemen, together with those remaining unfilled from 1932, were filled by: Wacław Jędrzejewicz, former Vice-Minister of Finance, at present Minister of Religious Cults and Education; Karol Kasiński, Eng., Vice-Minister of Agriculture; Eugenjusz Kwiatkowski, Eng., late Minister of Industry and Commerce, Managing Director of the United Nitrate Compound Works; and Mr. Kazimierz Roznowski, late Vice-Minister of Finance, President of the Social Insurance Chamber.

Changes in the Managing Committee. Mr. Wacław Konderski, the Assistant Managing Director, retired on pension.

Number of Officials. The number of established and non-established officials, employed by the Bank, decreased in the course of the year from 1276 to 1255. The reduction was mainly in respect of officers, whose number dropped from 973 to 958, following upon the dismissal of married women. The total of messengers and servants dropped from 281 to 279. Apart from the above there were 75 temporary employees, as compared with 62 in 1932, recruited from the unemployed.

Branches of the Bank and activities of the Inspectorate.

As in the previous years, the Bank had 19 provincial Branches, of which 14 were employed in the distribution of building credits, a building department having been started at the Białystok Branch during the year under review. In addition to the Head Office, four Branches directly issued long term credits.

Owing to the changes on the money market, the Managing Committee considered it advisable to extent the competence of the Branch Managers, and in consequence the credit service, especially in discounting, was made more elastic.

The Inspectorate continued to attach great importance to detailed inspections. They investigated the assets of the Bank administered by the Branches, verified the carrying out of the instructions and orders of the Bank, paying special attention to the collection of the various frozen assets of the Bank by the Branches, and at the same time investigating their technique of banking.

4. AUDIT COMMITTEE.

The Audit Committee, appointed by the Minister of Finance, as the statutory organ for the supervision of the activities of the Bank— apart from the detailed investigation of the balance sheet and of the profit and loss accounts for 1933, together with the investigation of the various departments of the Head Office— also checked up the accounts of the Branches of the Bank at Białystok, Łódź, Łuck, Radom, and Równe.

III.

COMMENTS ON THE BALANCE SHEET FOR THE YEAR 1933.

The ledgers of the National Economic Bank were closed at the end of the year with a total of Zł 15,301,712,000, exclusive of collections and guarantees, or of Zł 15,645,206,000, inclusive of these accounts, an increase of Zł 2,257,000,000 over the year. The main items are shown hereafter:

	Debit	Credit
	(In thousands of Zlotys):	
Cash on hand, and with Bank of Poland and Post Office Savings Bank	4,404,754	4,403,639
Foreign Currencies	61,419	64,351
Bills Discounted	479,380	484,356
Fixed Loans	55,029	26,925
Debtors on Current Accounts	363,206	380,719
Banks "Loro" and "Nostro" (home and foreign)	1,166,489	1,175,836
Cheque Accounts	2,087,378	2,083,868
Foreign Currency Accounts	93,280	91,047
Savings Deposits	61,975	63,965
Current Accounts of Communal Savings Banks	153,844	154,517
Fixed Deposits	209,008	178,988
Bills Rediscounted	290,690	271,299

The Balance Sheet of the National Economic Bank for the year 1933 was closed with a total of Zł 2,166,633,629.42 (inclusive of collections and guarantees). The development for the years 1924—1933 is shown below:

Year	Total of Balance Sheet (In Zlotys)	Per cent of increase 1924=100
1924	233,359,067.74	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	1,830,839,331.48	646
1930	2,151,261,194.73	759
1931	2,183,365,642.07	771
1932	2,160,495,781.91	763
1933	2,166,633,629.42	765

Comparing the above figures, it will be seen that operations in 1933 were again on the up-grade, the total of the Balance Sheet for that year being well ahead of that for the previous year, when the sum showed a slight decrease for the first time since the creation of the Bank.

GENERAL BANKING SECTION.

LIABILITIES.

Items 1—3. Capital and Reserves:

	December 31, 1932.	December 31, 1933.	Changes in thous. of Zl
a) Capital paid-up	Zl 150,000,000.—	Zl 150,000,000.—	—
b) Reserve Fund	,, 16,790,283.46	,, 17,359,505.80	+569
c) Valorised Fund for Mortgage Loans of the late State Bank for Recon- struction and the late Credit In- stitution of Galician Towns	2,201,989.70	,, 2,186,009.67	— 16
d) Valorised Fund for Savings Deposits	,, 158,032.87	,, 134,367.18	— 23
e) General Reserve	,, 28,793,443.05	,, 28,793,443.05	—
Total	Zl 197,943,749.08	Zl 198,473,325.70	+530

The Capital and the General Reserve of the Bank remained unaltered. The Reserve Fund increased by Zl 569,000, 20 per cent of the net profit for the year 1932 being transferred to it in accordance with Art. 13 of the Order of the President of the Republic of Poland of the 3rd December, 1930, regarding the National Economic Bank (Journal of Laws of the Republic of Poland No. 86, Item 666). The remaining two Reserves decreased slightly, due to the fact that some mortgage loans, after being revalorised, were written off because they were so small that it was not worth while suing the debtors in case of default.

The above mentioned sums do not include the considerable Reserve for securities issued by the Bank. This will be found under Item 17 on the Liabilities side.

Items 4—6. Demand Deposits, Fixed Deposits and Sundry Credit Balances:

	December 31, 1932.	In %	December 31, 1933.	In %	Changes in thous. of Zl
Grand total	Zl 261,108,530.17	100.0	Zl 236,782,918.95	100.0	—24,326
Cheque Accounts	Zl 96,795,931.51	37.1	Zl 94,028,838.22	39.7	— 2,767
Foreign Currency Accounts	,, 5,173,420.64	2.0	,, 2,940,505.18	1.2	— 2,233
Savings Deposits	,, 53,030,576.80	20.3	,, 55,020,877.81	23.2	+ 1,990
Current Accounts of Com- munal Savings Banks	,, 3,737,005.26	1.4	,, 4,390,300.—	1.9	+ 653
Total Demand Deposits	Zl 158,736,934.21	60.8	Zl 156,380,521.21	66.0	— 2,357
Fixed Deposits in Pol. Cur.	Zl 62,068,075.07	23.8	Zl 58,554,328.06	24.7	— 3,514
Fixed Deposits in for.	,, 35,085,338.48	13.4	,, 8,579,027.26	3.7	—26,506
Total Fixed Deposits	Zl 97,153,413.55	37.2	Zl 67,133,355.32	28.4	—30,020
Total Sundry Credit Balance	Zl 5,218,182.41	2.0	Zl 13,269,042.42	5.6	+ 8,051

Details regarding the changes in the state of Deposits entrusted to the Bank in 1933 are given in the second part of the Report.

The following statement illustrates the distribution of Fixed Deposits according to terms of withdrawal, as on December 31st, 1933:

	Total in thous. of Zl	In %
1 month	24,778	36.9
2 months	6,082	9.1
3 months	9,836	14.6
4, 5, 6 months	21,258	31.7
over 6 months	5,179	7.7
Total	67,133	100.0

Item 7. Bills Rediscounted:

	December 31, 1932.	December 31, 1933.	Changes in thous. of Zl
Total	Zl 79,094,249.13	Zl 59,702,870.69	—19,392
a) In Polish Currency	Zl 61,573,633.29	Zl 48,107,965.56	—13,466
b) In Foreign Currency	„ 17,520,615.84	„ 11,594,905.13	— 5,926

The maturities of the Bills Rediscounted are given hereafter:

	Total in thous. of Zl	In %
1 month	24,567	41.1
2 months	18,854	31.6
3 months	13,976	23.4
4, 5, 6 months	2,306	3.9
Total	59,703	100.0

The ratio in percentage of the Bills Rediscounted to the total of Bills in Portfolio as per December 31st, 1933, was 44.1 per cent, as compared with 57.2 per cent at the close of 1932.

Items 8 and 9. Banks "Loro" and "Nostro":

	December 31, 1932.	December 31, 1933.	Changes in thous. of Zl
Total	Zl 40,679,596.02	Zl 47,823,537.77	+ 7,144
a) Polish Banks	Zl 33,308,005.84	Zl 44,291,119.55	+10,983
b) Foreign Banks	„ 7,371,590.18	„ 3,532,418.22	— 3,839

The total balance of the Bank Accounts, as per December 31st, 1933, amounting to Zl 47,824,000, was divided as follows:

Demand Accounts	Zl 28,307,000 or 59.2%
Fixed Accounts	„ 19,517,000 or 40.8%

The Bank Fixed Accounts were payable in the course of one month.

Item 10. The total of the Drafts drawn on the Bank, which had not been presented for payment on the 31st December, 1933, was Zl 910,962.07.

Item 11. The **Mortgagees' Account** was closed on the 31st December 1933, with a total of Zl 32,586.42, representing debts on immovables owned by the National Economic Bank. This Account showed no change over the year.

Item 12. Suspense Accounts increased in 1933, as compared with 1932, by Zl 5,127,000 to Zl 37,169,994.02. This amount comprises the ordinary Transitory Items and the Inter-periodic Settlements.

Item 13. Interest charged for 1934 amounted on December 31st, 1933, to Zl 1,662,050.65.

Items 14 and 15. Balances of the Bond Issue Section and of the Section of Treasury funds administered by the Bank correspond with the Items 25 and 28 of the "Assets". They are purely accountancy items between the particular Sections of the Balance Sheet of the Bank.

Item 16. Net Profit for the year 1933 was Zl 2,565,538.90, or Zl 281,000 less than in 1932.

The distribution of the Net Profit, in accordance with Art. 13 of the Decree of the President of the Republic of Poland of the 3rd December, 1930, regarding the National Economic Bank (Journal of Laws No. 86, Item 666) is given hereafter:

1) 35%	to the increase of the Special Reserve Fund for Securities issued by the Bank	Zl	897,938.62
2) 20%	to the Reserve Fund	„	513,107.77
3) 10%	for various purposes provided by the Statutes	„	256,553.89
4) 35%	i. e. the balance of the Net Profit was placed at the disposal of the Government, as participation of the Treasury in the profits of the Bank	„	897,938.62
	Total	Zl	2,565,538.90

A S S E T S.

Items 1 — 3. Cash on hand and with the Bank of Poland and the Post Office Savings Bank, inclusive of Treasury Bills and Foreign Currencies, amounted on the 1st December, 1933 to Zl 49,177,259.89, as compared with Zl 50,995,377.23 at the close of 1932, a decrease of Zl 1,818,117.34. The ratio of these Items to the total of Deposits was 20.8% and 29% to the total of the Demand Deposits and the Sundry Credit Balances.

Item 4. The **Securities** decreased in the course of 1933 by Zl 7,643,000 to Zl 21,604,524.84.

The portfolio of Securities is composed of State Loans, valued at Zl 5,272,000 and other Securities, valued at Zl 16,333,000.

Item 5. The **Holdings of Securities issued by the National Economic Bank** decreased, as compared with the end of 1932, by Zl 2,978,000 to Zl 48,695,738.63.

Item 6. Participations and Shares held by the Bank increased in the course of 1933 by Zł 1,411,000 to Zł 34,227,593.79. The increase was entirely in shares of the Acceptance Bank, the National Economic Bank taking part in the creation of that Institution.

The holdings consist of participations and shares in the Potassium Salt Exploitation Company, three undertakings situated in the Free City of Danzig, the Bank of Poland and the aforesaid Acceptance Bank. They comprise also participations and shares in several enterprises associated with the National Economic Bank—Starachowickie Zakłady Górniczo-Hutnicze, Stowarzyszenie Mechaników Polskich z Ameryki, etc.—and of the balance of various shares previously purchased in other concerns. These securities are entered at a value of one zloty for each type of security.

Items 8—11. Short Term Credits showed the following changes in the course of 1933:

	December 31, 1932.	December 31, 1933.	Changes in thous. of Zł
a) Bills Discounted	Zł 131,204,895.37	Zł 126,228,748.80	— 4,976
b) Bills Protested	„ 4,340,717.84	„ 3,469,892.92	— 871
c) Fixed Loans and Deposits in Communal Savings Banks	„ 24,442,479.63	„ 22,546,362.74	— 1,896
d) Debtors on Current Ac- counts	„ 125,472,359.72	„ 117,098,371.68	— 8,374
Total	Zł 285,460,452.56	Zł 269,343,376.14	—16,117

Details regarding the changes which took place in 1933 in the Short Term Credit Accounts will be found in the second part of the Report.

The liquidity of the portfolio of bills of exchange on December 31st, 1933, was as follows:

Maturity	Number	In %	Total in thous. of Zł	In %
1 month	41,593	45.0	39,782	31.5
2 months	27,008	29.2	26,364	20.9
3 months	19,779	21.4	28,422	22.5
4, 5 and 6 months	4,053	4.4	31,658	25.1
over six months	2	—	3	—
Total	92,435	100.0	126,229	100.0

In the course of the year under review 418,959 bills for Zł 439,116,000 were discounted. The following statement shows their distribution by amounts:

Amount:	Number	In %
less than Zł 100	69,068	16.5
from „ 101 to Zł 200	91,472	21.8
„ „ 201 „ „ 500	108,319	25.9
„ „ 501 „ „ 1,000	76,847	18.3
Carried forward	345,706	82.5

	Brought forward			345,706	82.5
from	Zl 1,001	to	Zl 2,000	34,387	8.2
„	„ 2,001	„ „	5,000	23,352	5.6
„	„ 5,001	„ „	10,000	10,434	2.5
over	„ 10,000			5,080	1.2
		Total		418,959	100.0

The average value of bills was slightly in excess of Zl 1,000. If, however, bills above Zl 1,000, which represent hardly 17.5% of the bill holdings of the Bank, are eliminated, this average will be much smaller.

The ratio of protested bills to those presented for payment in December, 1933, was 2.27%, as compared with 3.21% in the corresponding period of 1932.

The liquidity of the Fixed Loans on December 31st, 1933, is shown in the following table:

	Total in thous. of Zl	In %
1 month	9,907	44.0
2 months	4,215	18.7
3 months	2,324	10.3
4, 5 and 6 months	2,959	13.1
over six months	3,141	13.9
Total	22,546	100.0

Items 12 and 13. Banks "Loro" and "Nostro":

	December 31, 1932,	December 31, 1933,	Changes in thous. of Zl
a) Polish	Zl 509,510.34	Zl 334,393.08	— 175
b) Foreign	„ 7,657,347.69	„ 5,629,325.74	—2,028
Total	Zl 8,166,858.03	Zl 5,963,718.82	—2,203

Item 14. Communal Loans rose by Zl 2,436,000 to Zl 65,052,548.41. This Item consists mainly of medium term loans for Local Governments. A part of these loans, i.e. Zl 14,744,000, was converted into cash loans, constituting therefore a basis for the future issue of securities. The bulk of the balance, amounting to Zl 50,308,000 will also be converted into cash loans of this type.

Item 15. Building Loans from the Bank's own funds decreased by Zl 3,438,000 to Zl 12,943,680.30. This was due mainly to the fact that a portion of them was taken over by the State Building Fund. These loans, when converted into bond loans, benefit, as the loans granted by the State Building Fund, from easings accorded by the State Building Fund for the Expansion of Towns. Temporarily, however, owing to the suspension of the issue operations of the Bank, they are exchanged into cash loans, as mentioned above, figuring in Item 16 c).

Item 16. Long Term Loans:

	December 31, 1932,	December 31, 1933,	Changes in thous. of Zl
a) Loans to cover arrears of interest on building loans	Zl 988,233.33	Zl 762,865.93	— 226
b) Revalorized loans of amalgamated Institutions	„ 4,381,556.73	„ 4,077,057.13	— 304
c) Other credits	„ 34,698,105.41	„ 34,039,193.72	— 659
Total	Zl 40,067,895.47	Zl 38,879,116.78	—1,189

The credits figuring under a) are, as indicated by their name, capitalized arrears of interest on building loans. The revalorized 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 gradually liquidated. Among "Other Credits", the most important item is the loan granted to the State Engineering Establishments and to the motor car factory "Ursus", which had been taken over by the aforesaid Establishments. Apart from this, this Item includes the cash loans of a special type as mentioned before, amounting to Zl 1,058,000, comprising Zl 47,000 land loans, Zl 759,000 municipal loans and Zl 252,000, originating from the conversion of building loans granted from the Bank's own funds.

Items 17 and 18. Immovable and Movable Property showed no material change. Their total decreased by Zl 448,000 to Zl 34,694,081.22, mainly owing to the fact that the sums redeemed were written off.

Item 19. Suspense Accounts increased in the course of the year by Zl 1,223,000 to Zl 15,649,205.93. They embrace — as Item 12 of the Liabilities — the ordinary Transitory Items and the Interperiodic Settlements.

BOND ISSUE SECTION.

LIABILITIES.

Item 17. The Special Reserve for bonds issued by the Bank increased in the course of 1933 by Zl 1,522,880.11 to Zl 22,574,143.44. This was due to:

a) The distribution of the Net Profit for 1932 (35% in accordance with Art. 13 of the Decree of the President of the Republic of Poland, dated the 3rd December, 1930, regarding the National Economic Bank (Journal of Laws of the Republic of Poland No. 86, Item 666)	Zl 996,139.11
b) Inscription fees, according to § 17 of the Statutes of the Bank, and of the Profit of the Bank from the purchase of mortgage bonds and debentures destined for redemption as well as of the earning on obliterated coupons and drawn mortgage bonds and debentures	„ 526,741.—

The distribution of the above Reserve by type of bonds, as at the end of 1932 and 1933, is given in the following table:

	December 31, 1932.	December 31, 1933.	Changes in thous. of Zl
a) Reserve for Mortgage Bonds	Zl 5,157,983.51	Zl 5,559,552.62	+ 402
b) „ „ Communal Debentures	„ 13,724,779.01	„ 14,579,619.49	+ 855
c) „ „ Railway „	„ 1,069,867.90	„ 1,132,742.66	+ 63
d) „ „ Building „	„ 219,522.64	„ 257,459.96	+ 38
e) „ „ Bank „	„ 879,101.27	„ 922,768.21	+ 43
f) „ „ Long Term Cash Loans	—	„ 121,991.50	+ 122
Total	Zl 21,051,254.33	Zl 22,574,134.44	+1,523

18. Mortgage bonds and debentures issued by the late Polish National Bank dropped during 1933 by Zl 910,000 to Zl 28,275,433.41. The following changes were recorded in these issues:

	December 31, 1932.	December 31, 1933.	Changes in thous. of Zl
a) Mortgage Bonds	Zl 7,921,019.86	Zl 7,391,411.06	— 530
b) Communal Debentures	„ 10,318,146.95	„ 10,057,830.35	— 260
c) Railway „	„ 10,945,844.—	„ 10,826,192.—	— 120
Total	Zl 29,185,010.81	Zl 28,275,433.41	— 910

The above securities are pre-war issues of the late Polish National Bank, one of the amalgamated Institutions. These issues have been revalorized and taken over by the National Economic Bank and are gradually being liquidated.

Item 19. Mortgage bonds and debentures issued by the National Economic Bank decreased in 1933 by Zl 13,699,000. This was due to the redemption of a certain number of the Bank's own securities and the suspension of the issue operations. The changes are given in the following table:

	December 31, 1932.	December 31, 1933.	Changes in thous. of Zl
a) Mortgage Bonds	Zl 284,003,188.—	Zl 281,415,988.—	—2,587
b) Communal Debentures	„ 468,440,306.30	„ 458,809,145.83	—9,631
c) Building „	„ 31,908,300.—	„ 31,708,500.—	— 200
d) Bank „	„ 24,295,376.—	„ 23,014,614.—	—1,281
Total	Zl 808,647,170.30	Zl 794,948,247.83	—13,699

The distribution of mortgage bonds, according to types of loans for which they were issued, is given below:

	December 31, 1932.	December 31, 1933.
	(In thousands of Zlotys)	
a) On real estate	58,602	57,948
b) „ „ urban properties	45,680	45,177
c) For the conversion of building loans	179,721	178,291
Total	284,003	281,416

Item 20. The drawn mortgage bonds and debentures in circulation account discloses that bonds drawn for redemption, which have not been presented for payment till December 31st, 1933, amounted to Zl 464,031.53. This amount is made up as follows:

a) Mortgage Bonds	Zl 308,205.58
b) Communal Debentures	„ 121,873.95
c) Building „	„ 100.—
d) Railway „	„ 33,852.—
Total	<u>Zl 464,031.53</u>

Item 21. Unpaid coupons account on the 31st December, 1933, totalled Zl 321,656.13. This sum was composed of over-due coupons not presented to the Bank for payment, viz:

a) Mortgage Bonds	Zl 107,439.26
b) Communal Debenture	„ 138,837.22
c) Railway „	„ 74,791.60
d) Bank „	„ 588.05
Total	<u>Zl 321,656.13</u>

Item 22. The balance of the mortgage bonds and debentures redemption fund was Zl 1,738,989.73. To this account the Bank transfers the capital portion of the instalment payments on bonds. They increase the sum destined for the redemption of the Bank's own securities. This large total finds its explanation in the fact that the day on which the payment of the drawn bonds fell due, i.e. the 31st December, 1933, was Sunday, so that the sum had not been transferred to the drawn mortgage bonds and debentures account and no payment had been effected. The distribution of the redemption fund by types is as follows:

a) Mortgage Bonds	Zl 1,516,952.54
b) Communal Debentures	„ 55,474.39
c) Railway „	„ 6,547.15
d) Building „	„ 159,985.80
e) Bank „	„ 29.85
Total	<u>Zl 1,738,989.73</u>

Item 23. The coupon redemption fund amounted on the 31st December, 1933, to Zl 8,522,787.37. To this account the Bank credits the interest portion of the instalment payments on bond loans. In view of the fact that the debtors are bound to pay the interest in advance, these sums remain on this account until the payment of the first sinking fund instalment falls due. This year's total, as compared with last year's figures, on the corresponding date, is surprisingly large. In explanation of this, it should be observed that the 31st December, 1933, i.e. the day on which the payment on coupons of mortgage bonds and building debentures of the Bank should have been effected, was Sunday, by reason of which fact neither the transfer of the amount to the coupon redemption fund nor the payment on

coupons could be effected, so that the sum destined for this purpose remained on the original account. The distribution of the coupon redemption fund by types of securities is as follows:

a) Mortgage Bonds	Zl 7,653,114.78
b) Building Debentures	876,381.—
	<u>Zl 8,529,495.78</u>
c) Communal „	— 6,708.41
Total	<u>Zl 8,522,787.37</u>

Item 24. The account of instalment payments in anticipation showed on the 31st December, 1933, a total of Zl 648,851.28. This account is composed of instalments paid before their maturity and of repayments in excess of the redemption plan. Their distribution by types is given below:

a) Mortgage Bonds	Zl 607,178.44
b) Communal Debentures	6,874.54
c) Building „	34,798.30
Total	<u>Zl 648,851.28</u>

Item 25. Receipts on account of current instalments on bond loans were detached in 1933 from sundry issue accounts. This item decreased, as compared with 1932, by Zl 3,769,000 to Zl 13,445,345.50.

Item 26. Sundry issue accounts amounted on the 31st December, 1933, to Zl 11,553,200.91. After detaching the receipts on account of current instalments from the total of the 31st December, 1932, the above accounts increased by Zl 5,036,000. They comprise various settlements connected with the payment of instalments on bond loans and the service of securities issued by the Bank. The increase is due to the entering in the books of all sums due to the Bank on account of the instalments maturing before the 29th October, 1932, secured by mortgages on an equal basis as the capital portion (Decree of the President of the Republic of Poland of the 27th October, 1932, Journal of Laws No. 94, Item 810).

A S S E T S.

Items 20 and 21. Bond loans of the late Polish National Bank and of the National Economic Bank. See Items 18 and 19 of the Liabilities.

Item 22. Instalments on bond loans rose in the course of 1933 by Zl 7,438,000 to Zl 37,921,760.18. The distribution of this sum by types of bond loans is given below:

(In thousands of Zlotys)

4½% Land Mortgage Bonds	9,864
5½% Municipal „ „	3,931
5½% Converted „ „	4,190
5½% Building Debentures	984
5½% Bank „	2,988
5½% Communal „ in Zl and dollars Series III	15,092
Total of instalments on issues of the National Economic Bank	<u>37,049</u>
Total of instalments on issues of the late Polish National Bank	873
Grand total	<u>37,922</u>

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

Item 24. Sundry bond accounts amounted on the 31st December, 1933, to Zl 10,168,219.35, as compared with Zl 7,365,676.20 on the same date in 1932. They comprise the analogical accounts as the Bond Issue Section of the Liabilities (Item 26).

Item 25. Balance with General Banking Section. See Item 14 of the Liabilities.

TREASURY FUNDS ADMINISTERED BY THE BANK.

LIABILITIES.

Item 27. The Treasury funds increased in the course of 1933 by Zl 48,273,000 to Zl 531,914,768.27. They are composed of the following funds, viz:

	December 31, 1932.	December 31, 1933.	Changes in thous. of Zl
a) Building fund	Zl 287,431,040.93	Zl 316,694,115.77	+29,263
b) Relief fund for banks	„ 32,676,679.23	„ 32,677,172.04	+ 1
c) Relief fund ex re "Kooprolna"	„ 41,097,791.97	„ 33,428,782.65	— 7,669
d) Deposits	„ 122,436,683.31	„ 149,114,697.81	+26,678
Total	Zl 483,642,195.44	Zl 531,914,768.27	+48,273

Details regarding changes in the above accounts are given in the second part of the Report.

Item 28. Special accounts. These accounts correspond with the Item 27 of the Assets. They dropped in the course of 1933 by Zl 15,437,000 to Zl 119,329,372.57.

A S S E T S.

Item 26. Credits granted from the Treasury funds underwent the following changes in the course of 1933:

	December 31, 1932.	December 31, 1933.	Changes in thous. of Zl
a) Credits from the State Building Fund	Zl 275,047,409.22	Zl 309,176,231.51	+34,129
b) Relief credits for banks	„ 35,892,526.08	„ 34,554,301.97	— 1,338
c) Credits: 1. to "Kooprolna"	„ 36,202,997.54	„ 28,535,636.47	— 7,667
2. to others	„ 11,456,263.70	„ 9,556,533.64	— 1,900
d) Other credits	122,783,572.79	„ 148,617,531.11	+25,834
Total	Zl 481,382,769.33	Zl 530,440,234.70	+49,058

A detailed statement of the changes which took place in the above accounts is given in the second part of the Report. Here, it should, however, be added that a) comprises also building credits from the State Building Fund converted into long term cash loans of a special type, constituting a basis for the future issue of securities. They amounted at the end of 1933 to Zl 11,897,000.

Item 27. Special accounts amounted on the 31st December, 1933, to Zl 120,688,016.57, a decrease of Zl. 16,256,000, as compared with 1932. This item includes also the special assistance for the textile industry and for financial institutions as well as Treasury guarantees to the Bank. It corresponds with Item 28 of the Liabilities.

Item 28. Balance with General Banking Section. See Item 15 of the Liabilities.

ITEMS NOT INCLUDED IN BALANCE SHEET.

The "Collections" account on the "Liabilities" side and on the "Assets" side, respectively, showed the following balances at the close of 1933, as compared with 1932:

December 31, 1932.	December 31, 1933.
Zl 7,405,602.15	Zl 11,221,944.38

"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, 1932.	December 31, 1933.
Zl 14,379,470.17	Zl 17,616,918.81

of which guaranteed by the Treasury ,, 7,748,100.— ,, 56,042,050.—

"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, 1932.	December 31, 1933.
Zl 5,837,129.58	Zl 7,694,032.45

SECURITIES DEPOSITED WITH THE BANK.

	Nominal value in various currencies		Nominal value in various currencies
Securities held in the vaults		Securities on behalf of	
of the Bank	Zl 1,194,433,772.36	Customers	Zl 1,246,000,214.19
Securities deposited elsewhere	„ 359,274,284.84	Bank's own securities	„ 307,707,843.01
Total	Zl 1,553,708,057.20	Total	Zl 1,553,708,057.20

BANK GOSPODAR

THE NATIONAL

BALANCE

ASSETS.

on the 31 st

		Zlotys	gr.
GENERAL BANKING SECTION			
1.	Cash on hand and with Bank of Poland and Post Office Savings Bank	44,322,679	00
2.	Treasury bills	4,035,000	00
3.	Foreign currencies	819,580	89
4.	Fixed interest bearing securities	21,604,524	84
5.	Securities issued by the N. E. B.	48,695,738	68
6.	Shares and participations	34,227,593	79
7.	Bonds and coupons due for payment	133,070	01
8.	Bills discounted	126,228,748	80
9.	Protested bills	3,469,892	92
10.	Fixed loans against:		
a)	Securities	251,234.13	
b)	Gold and silver	1,050.00	
c)	Bills of exchange	12,363,427.13	
d)	Goods	6,406,019.57	
e)	Railway documents	27,599.00	
f)	Warehouse warrants	16,700.00	
g)	Deposits in Communal Savings Banks	3,480,332.91	
11.	Debtors on current accounts:	22,546,362	74
12.	Banks "Loro":	117,098,371	68
a)	Polish	248,857.79	
b)	Foreign	84,068.68	
13.	Banks "Nostro":	332,926	47
a)	Polish	85,535.29	
b)	Foreign	5,545,257.06	
14.	Communal loans	5,630,792	35
15.	Building loans from own funds	65,052,548	41
16.	Long term cash loans:	12,943,680	30
a)	For arrears of interest on building loans	762,865.93	
b)	Revalorised loans of the amalgamated Institutions	4,077,057.13	
c)	Sundry	34,039,193.72	
17.	Real property	38,879,116	78
18.	Furniture, (fittings) etc.	33,406,047	28
19.	Suspense accounts	1,288,033	94
		15,649,205	93
	Carried forward	596,363,914	81

STWA KRAJOWEGO

ECONOMIC BANK

SHEET

December, 1933.

LIABILITIES.

		Zlotys	gr.
GENERAL BANKING SECTION			
1.	Capital	150,000,000	00
2.	Reserve fund	17,359,505	80
3.	Other reserves:		
	a) For valorisation of mortgage loans	2,186,009.67	
	b) „ „ „ savings deposits	134,367.18	
	c) General reserve	28,793,443.05	
		<hr/>	
		31,113,819	90
4.	Call deposits:		
	a) Cheque accounts	94,028,838.22	
	b) Foreign currency accounts	2,940,505.18	
	c) Savings deposits	55,020,877.81	
	d) Current accounts of Communal Savings Banks	4,390,300.00	
		<hr/>	
		156,380,521	21
5.	Fixed deposits	67,133,355	32
6.	Sundry credit balances	13,269,042	42
7.	Bills rediscounted	59,702,870	69
8.	Banks "Loro":		
	a) Polish	24,706,025.55	
	b) Foreign	3,490,356.89	
		<hr/>	
		28,196,382	44
9.	Banks "Nostro":		
	a) Polish	19,585,094.00	
	b) Foreign	42,061.33	
		<hr/>	
		19,627,155	33
10.	Drafts	910,962	07
11.	Mortgagees	32,586	42
12.	Suspense accounts	37,169,994	02
13.	Interest for 1934	1,662,050	65
14.	Balance of Bond Issue Section	11,124,240	07
15.	Balance of Treasury funds administered by the Bank	115,889	57
16.	Net profit	2,565,538	90
		<hr/>	
	Carried forward	596,363,914	81

ASSETS.

		Zlotys	gr.
Brought forward		596,363,914	81
BOND ISSUE SECTION			
20.	Bond loans of the late Polish National Bank:		
	a) Mortgage bonds	7,391,411.06	
	b) Communal debentures	10,057,830.35	
	c) Railway „	10,826,192.00	28,275,433 41
21.	Bond loans of the N. E. B.:		
	a) Mortgage bonds	281,415,988.00	
	b) Communal debentures	458,809,145.83	
	c) Building „	31,708,500.00	
	d) Bank „	23,014,614.00	794,948,247 83
22.	Instalments on bond loans (arrears)	37,921,760	18
23.	Coupons of drawn mortgage bonds and debentures —	54,777	29
24.	Sundry bond accounts	10,168,219	35
25.	Balance with General Banking Section	11,124,240	07
		<hr/>	
		882,492,678	13
SECTION OF TREASURY FUNDS ADMINIS- TERED BY THE BANK			
26.	Loans granted from Treasury funds:		
	a) Building loans from the State Building Fund	309,176,231	51
	b) Relief credits for banks	34,554,301	97
	c) Loans:		
	1) to "Kooprolna"	28,535,636.47	
	2) to others	9,556,533.64	38,092,170 11
	d) Other loans		148,617,531 11
27.	Special accounts	120,688,016	57
28.	Balance with General Banking Section	115,889	57
		<hr/>	
		651,244,140	84
Total of balance sheet		2,130,100,733	78
Collections, as per contra		11,221,944	38
Liability of Customers for guarantees, as per contra		17,616,918.81	
Liability of Customers for acceptances, as per contra		7,694,032.45	25,310,951 26
Total		<hr/> <hr/>	<hr/> <hr/>
		2,166,633,629	42

		Zlotys	gr.
Brought forward		596,363,914	81
BOND ISSUE SECTION			
17.	Special reserve for securities issued by the N. E. B.:		
	a) Mortgage bonds	5,559,552.62	
	b) Communal debentures	14,579,619.49	
	c) Railway „	1,132,742.66	
	d) Building „	257,459.96	
	e) Bank „	922,768.21	
	f) Long term cash loans	121,991.50	22,574,134 44
18.	Securities issued by the Polish National Bank in circulation:		
	a) Mortgage bonds	7,391,411.06	
	b) Communal debentures	10,057,830.35	
	c) Railway „	10,826,192.00	28,275,433 41
19.	Securities issued by the N. E. B. in circulation:		
	a) Mortgage bonds	281,415,988.00	
	b) Communal debentures	458,809,145.83	
	c) Building „	31,708,500.00	
	d) Bank „	23,014,614.00	794,948,247 83
20.	Drawn mortgage bonds and debentures in circulation	464,031	53
21.	Unpaid coupons	321,656	13
22.	Mortgage bond and debenture redemption fund	1,738,989	73
23.	Coupon redemption fund	8,522,787	37
24.	Instalments paid in advance	648,851	28
25.	Instalments on bond loans	13,445,345	50
26.	Sundry accounts	11,553,200	91
		882,492,678	13
SECTION OF TREASURY FUNDS ADMINISTERED BY THE BANK			
27.	Treasury Funds:		
	a) Building funds	316,694,115	77
	b) Relief funds for banks	32,677,172	04
	c) Funds ex re "Kooprolna" and others	33,428,782	65
	d) Other credits	149,114,697	81
28.	Special accounts	119,329,372	57
		651,244,140	84
Total of balance sheet		2,130,100,733	78
Collections, as per contra		11,221,944	38
Guarantees on account of Customers, as per contra		17,616,918.81	
Acceptances „ „ „ „ „ „ „		7,694,032.45	26
Total		2,166,633,629	42

BANK GOSPODAR

THE NATIONAL

PROFIT AND

for the year ended

EXPENDITURE.

		Z lotys	gr.
Interest paid on:			
a) Current accounts	17,973,124.17		
b) Re-discounted bills	6,566,935.13		
c) Savings deposits	2,602,233.51		
d) Other accounts	20,674.59	27,162,967	40
Exchange differences on securities		2,832,675	91
Expenses:			
a) Operating expenses	607,568.01		
b) Office "	1,069,413.38		
c) Sundry "	1,139,771.60		
d) Motor upkeep	127,936.92		
e) Salaries and wages	9,048,090.66		
f) Pensions	962,022.37	12,954,802	94
Amortisation:			
a) Real property	630,755.25		
b) Furniture (fittings) etc.	362,902.37	993,657	62
Written off		6,376,707	47
Net profit		2,565,538	90
Total		52,886,350	24

STWA KRAJOWEGO

ECONOMIC BANK

LOSS ACCOUNT

31st December, 1933.

INCOME.

		Zlotys	gr.
Interest received on:			
a)	Bills discounted	14,489,424.71	
b)	Current accounts	11,725,312.26	
c)	Fixed loans	1,677,772.86	
d)	Long term and communal loans	6,231,620.26	
e)	Building loans	449,457.19	
f)	Securities	6,208,374.57	
g)	Compound interest on arrears of bond loans	931,318.57	
h)	Other accounts	24,101.82	
		41,737,382	24
Commission on:			
a)	Collestions	334,011.32	
d)	Drafts	143,782.93	
e)	Current accounts	154,128.84	
d)	Exchange transactions	93,481.94	
e)	Deposits	141,692.63	
f)	Guarantees	175,008.94	
g)	Building loans	1,214,360.04	
h)	Other accounts	440,496.90	
		2,696,963	54
Exchange differences on drafts and foreign currencies.		3,882,826	69
Administrative charges payable to Issue Department		3,271,883	80
Administration of real property		613,410	52
Refund of sums previously written off		683,883	45
Total		52,886,350	24

AUDITORS' CERTIFICATE.

The Audit Committee has examined the Balance Sheet of the National Economic Bank for the year ended 31st December, 1933, as well as the Profit and Loss Account for the year ended on that date, and states:

1) That the items comprised in the balance sheet, closed on each side with a total of Zł 2,166,633,629.42 (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, 1933, and the Profit and Loss Account for the year ended on that date, be adopted.

Warsaw, 10th February, 1934.

Chairman:

W. Marynowski, D. C. C. L.

Auditors:

Artur Alland

Marjan Strumillo

Wacław Drabarek

Lucjan Zadrowski

Tadeusz Pieńkowski

Stefan Żurowski

Balance sheet of the Staff Pension Fund

of the National Economic Bank

as on 31st December, 1933.

A S S E T S	Zlotys	gr.	L I A B I L I T I E S	Zlotys	gr.
Cheque account with the Bank	948,159	00	Capital of the Pension Fund on the 31st December, 1932	16,968,509	64
Securities	7,659,101	64	Redemption Fund	494,921	38
Real property	11,865,232	61	Mortgagees	1,310,922	55
Other accounts	396,097	70	Other accounts	93,889	66
			Surplus of revenue over expenditure for the year 1933	2,000,347	72
Total of balance sheet	20,868,590	95	Total of balance sheet	20,868,590	95

Income and Expenditure Account

of the Staff Pension Fund

for the year 1933.

E X P E N D I T U R E	Zlotys	gr.	I N C O M E	Zlotys	gr.
Pensions and allowances to widows	145,243	82	Ordinary contributions from the Bank	456,558	86
Post mortem payments	823	60	Contributions from members	484,029	64
Reserves transferred to the Brain Workers' Insurance Company	44,056	97	Premium reserve	57,937	66
Overhead charges	2,241	24	Profit on house administration for the year 1933	489,847	35
Surplus of revenue over expenditure for the year 1933	2,000,347	72	Coupons	650,926	60
			Interest on cheque accounts	43,217	57
			Drawn securities and premiums	10,195	67
Total	2,192,713	35	Total	2,192,713	35

Journal of the Board of Directors

of the [Company Name]

for the year ending [Date]

No.	Description	Amount	Balance
1
2
3
4
5
6
7
8
9
10

Receipts and Expenditures Account

of the [Company Name]

No.	Description	Amount	Balance
1
2
3
4
5
6
7
8
9
10



