

BANCA D'ITALIA

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# ANNUAL REPORT

OF THE

GOVERNOR

TO THE

GENERAL MEETING OF THE SHAREHOLDERS

*HELD IN ROME, THE 28th MARCH, 1924*

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**Year 1923**

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ROMA

« L'UNIVERSALE » TIPOGRAFIA POLIGLOTTA

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TO THE  
Shareholders of the Bank at the General Meeting  
held in Rome on the 28th March, 1924 (\*)

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**Review of general conditions. The International Market.**

The past year may be described as a halt on the path of reconstruction of the western economic and financial world. Everywhere persevering efforts were made to reach the goal which is the common aim. But whereas it may seem easy to indicate the theoretically logic lines which should be followed in order to attain the reconstruction of the individual national economies (as set forth by a number of international meetings which have taken place from time to time though so far with unobtrusive results), and whereas it seems no less easy to enumerate the desiderata that would be helpful to all, it appears much less easy to apply in practice the resolutions and recommendations, owing to the differences in the actual position of the various countries; and therefore even when the application of the rules may seem possible, the harmony of general results is at times checked.

The countries which were more favourably placed for an early return to normal conditions, thanks to their greater resources or to the comparatively lighter damages from the War, were the first to move for the re-establishment of sound finance, by strengthening their budgets and by resuming to a higher degree foreign trade, thus enabling a rapid ascent of their credit abroad, as compared to other countries less prepared for a speedy revival, owing to their less fortunate position.

(\*) Abridged translation of the Italian edition.

Consequently, the unbalanced relation between the currencies of the ones and those of the others was maintained and increased ; and such a state of affairs is a constant obstacle to the normal development of international trade. On the one hand, the depreciation of the currencies of the less fortunate countries, so far as the fall is not checked, stimulates artificially the outgoing of goods at disastrous terms ; on the other hand, the appreciation of the currency and even more, the accumulation of gold, affect the foreign trade of those countries whose currencies are more favoured, by restricting exports, which affects local production and increases unemployment. “ The crisis of gold ” is not a paradox (\*). Nor does it seem out of place to express deep concern on the subject, as has been done in recent addresses, mainly technical, delivered by leading personalities of the Anglo-Saxon high finance. It is equally easy to understand why customs barriers should have been sought in order to oppose the monetary dumping, as the proposed tariff which brought about the defeat of British Toryism ; as also the increasing obstacles opposed to immigration and to the introduction of foreign labour, for which the United States are prominent.

Moreover, contrary to the political-economic tendencies of pre-war days, which aimed at enlarging as much as possible customs' unity, thus assisting in the development of a free interchange of goods, the Peace has split the existing European countries in a number of smaller countries, which, though based on nationality, have added a great number of customs regulations, all of which are necessarily drawn according to the requirements of each particular State. A means of overcoming this difficulty will be found by applying a well organized system of commercial treaties, with a widespread and sincere adoption of the “ most favoured nation ” clause. However, more often than not, political aims,

(\*) See Prof. CASSEL's “ Money & Foreign Exchange after 1914 ”, pp. 62-78. (London, Constable & Co., Ltd., 1922).

though appreciable, prove to be in contrast with economic aims.

What has been mentioned cannot but increase the inevitable slowness to reach a satisfactory settlement of international economic relations. The greatest difficulty consists in the fact that the machinery which was in force before the War has broken down as a result of the War, and cannot be reconstructed as it used to be, or replaced effectively until the present state of affairs undergoes substantial alterations, and until a spirit of goodwill replaces the dissensions which have been prominent during the past year. It is only by co-ordinating one's own legitimate interests with those of others and by establishing a policy of real and sincere solidarity that it will be possible to create conditions in which, by harmonious relations, the welfare of the world economy may be attained in a not distant future.

It should be recognized however, that in the past year, certain events contributed to clear somewhat the international atmosphere. Among others, the Lausanne Conference should be mentioned, as it brought peace and provided a settlement in the Near East, thus eliminating a dangerous element of international uncertainty. A mention should also be made of the provisions jointly arrived at for the financial reconstruction of Austria ; and moreover there are hopeful indications that similar provisions may be adopted in the case of Hungary. Nor should slight importance be attached to the pact of friendship between Italy and Yugoslavia. It is a satisfactory settlement ending an unpleasant situation which, especially outside Italy, was regarded, though often unfairly and with prejudice, as being in the way of the tense need of Europe for peace.

The re-establishment of the political and economic relations of Russia with the rest of Europe, the initiative of which is due to the Italian Government, should prove helpful. Such relations, though still in a preliminary stage at the present moment, will gradually develop and should contribute effectively to bring back

that vast country to more satisfactory conditions of internal prosperity and to resume the role it played in the past in the world economy, owing to her geographical position and to her wealth of natural resources. Such elements are favourable omens for the outlook of the present year, but the way to be covered is still long and uphill, owing to the influence of the less favourable incidents of last year (\*).

The formidable problems of Reparations and inter-Allied War debts remain still unsettled. They are a dead weight, on the financial world and on the balance of international payments of the countries more directly involved (\*\*).

Regarding Government finances, the result of undertaking a fresh burden for the payment of interests and sinking fund on huge indebtedness, is obvious, even should the payments be diluted in a great number of years. As nothing can be created from nothing, each debtor country would be compelled to force its production in the most embarrassing circumstances, in order to increase at all costs the amount of commodities to be exported, so as to reach an equilibrium of the international balance of payments. And would such a state of things be possible without the gravest pre-

(\*) It is not the case of dealing at length with the events now affecting the influence of Far Eastern markets on international economy. The state of chaos in the Chinese Empire is well known. And equally known are the immediate consequences of the disaster fallen upon Japan. Nor should the economic consequences, though not immediate, of the social and political movements taking place in British India be overlooked.

(\*\*) The question of the inter-Allied debts created during and for the war, should not be prejudiced in any way by the Anglo-American Agreement by which the British Debt to the U. S. has been consolidated in the sum of \$4,600,000,000. For the first ten years the annual liability on the British Budget will be of \$140,000,000, and according to the eminent Chairman of an important London Bank, it would be equivalent to the yield of an income tax of 9*d.* in the pound. The said Chairman considers that the higher estimation of British credit in America, which is the outcome of the Anglo-American settlement, is neutralized by the greater burden imposed on the British tax-payer. In order to lighten such burden, it would be necessary that the surplus of the British trade balance should in each year show an equivalent increase of the above mentioned \$140,000,000.

justice to the interests of the creditor countries and without disturbing even more seriously, the already perturbed economic machinery of the civilized world? With the present situation of Germany, and the increasing difficulties for a fair settlement of the ultra vexata question of Reparations (to which the victors are entitled), what consequences may be expected from an unsatisfactory settlement of inter-Allied War debts causing a depression on the debtor nations which would soon be resented more or less strongly by the creditor nations?

The experts' reports on the financial and economic conditions of Germany and on Germany's capacity to make reparations (\*) are awaited with keen expectation. It is evident however that an early solution is imperative for the benefit of all. Reasonable and rational suggestions for a settlement have been outlined by the Prime Minister of Italy with a clear vision of present and future requirements.

Meanwhile it may be useful to examine briefly the attitude of the Foreign Exchange market in the year 1923 and at the beginning of the present year. On the whole the quotations of foreign exchanges reflect the situation created by the monetary disruption of Germany (the latter resulting in an actual repudiation of its public debt), and that arising from the combined efforts of France and Belgium to hold the Ruhr in the belief that it is the most effective defence of their good reasons in respect of insolvent Germany.

The tension of foreign exchanges was generally greater in the past year than in the previous year (\*\*), and was to a great extent determined by the so-called psychological influence. This is also true with regard to our lira, but in the particular case of the lira, in the last months the margin between the highest and the lowest quotations has been on a smaller scale than hitherto, thus showing

(\*) Cf. "Germany's capacity to pay, A Study of the Reparation Problem" by HAROLD G., MOULTON & CONSTANTINE E. MC GUIRE, New York, 1923.

(\*\*) See table of foreign exchange quotations on the New York Market at p. 49.



an unquestionable tendency towards a relative stabilization : which is an important and significant fact.

Apart from any comparison with France (for it does not seem possible to establish any connection between the recent crisis of the franc and the comparative strength of the lira in the international markets), it should be noted that the average quotations of gold, of the dollar and of the pound sterling, on the Italian bourses, were higher in 1923 than in 1922, but the highest quotations reached in the former year were considerably lower than in the latter, and margins were generally smaller, thus showing a contraction of the fluctuations which was beneficial to home production and foreign trade. These require above all, not to be disturbed by frequent and violent fluctuations (\*). The problem of revaluing the lira will arise later on, though it is to be hoped that it may not be too long deferred. However, it should proceed slowly and gradually in order to avoid situations which may favour perturbing influences on our financial and economic structure. In any case, the less tense depreciation of our currency to which we have drawn attention, and its comparative stabilization, apart from temporary fluctuations due to the nervousness of the markets, amidst an international state of affairs

(\* ) *Rates of Foreign Exchanges on Italian bourses :—*

	1922			1923		
	lowest	average	highest	lowest	average	highest
Paper lire to :						
100 Gold lire . . .	353.88	408.99	500.90	373.36	419.69	463.17
1 Dollar . . . .	18.34	21.20	25.96	19.35	21.74	23.83
100 Swiss francs. .	356.95	400.85	470.00	365.07	393.78	429.31
1 £ sterling . . .	81.01	93.83	115.46	90.18	99.80	108.82
100 French francs .	137.71	172.84	191.96	115.71	132.12	144.30

The wild fluctuations which have taken place lately in the month of March, are connected with the crisis and the speculation affecting the French francs, which have a relation with political developments focussed in central Europe.

which justifies the keenest concern, should be considered a good omen and an evidence that conditions have been reached ensuring a definite recovery of the economic position of Italy.

A most powerful contribution towards such achievement has been given by the financial policy of the Government. In three financial years, from 1920-21, to 1922-23, the actual deficit of the budget has been reduced from about 12,000 million lire to 3,029 million. The Finance Minister, Signor de Stefani, anticipated last May for the present financial year (\*) a deficit which it is now believed will be substantially curtailed on results, thanks to the larger flow of revenue and to the provision, for eliminating evasions of all descriptions from legitimate taxation. The balancing of the budget is therefore in sight, and when that will be reached, it will mark an historic achievement.

The wonderful strides towards balancing the budget are reflected in the figure concerning the internal public debt in its various forms. In 1920, the debt was increased by 16,300 million lire, in 1921 by 10,700 million, in 1922 by 3,500 million and in 1923 by 1900 million. The last mentioned figure has since been considerably reduced and, moreover, the last returns show important cash holdings accumulated by the Treasury, which diminish the actual figure of the debt by a very considerable amount, so that some early actual redemption of debt may be anticipated.

This state of affairs which is responsible for the rise in the prices of Government securities (\*\*), enables the Treasury to contract

(\*) In the speech delivered in Milan last year: "Actual deficit 2,616 million, real deficit 1,187 million".

Last year, when mentioning the Treasury estimates anticipating a deficit of about 4,000 million lire for the financial year 1922-23, we remarked as follows:—

"We have every confidence that the deficit will not be higher (than 4,000 million) but it is a lot to wipe out, and our goal does not seem too near".

Signor de Stefani's work and the wonderful powers of the Italian tax-payers have surpassed the most optimistic expectations.

(\*\*) 5 % Consols were quoted 84.30 per cent. at the end of 1922 and fell to 83.84 in February 1923. They improved steadily since, up to 88.04 at the end of December

the floating debt and should lead to the consolidation of a reasonable proportion of it.

The Finance Minister has taken a number of measures intended to reduce substantially the amount of Treasury Bills outstanding, to reduce the rate of interest on Treasury Bills from 5 % to 4  $\frac{3}{4}$  % for longer maturities and proportionately for six months or shorter dated bills. Still, the amount of bills outstanding aggregates 23,350 million lire. Such figure, compared to the total National Debt may, under particular circumstances, prove to be too high, though the Treasury Bills have achieved in practice the character of ordinary bills of exchange, and have become very popular with every class of investor, whilst they are always an excellent investment for banks and savings institutions.

The result of the Treasury policy cannot help being advantageous for our hard working country: it will assist in making available a larger and ever increasing amount of savings to be used up as capital at reasonable conditions for industries and agriculture, both directly and through the easier and more generally accepted form of credit which finds its way in the different classes of securities negotiated on our markets. Indications of such favourable development are not lacking, though at the present moment, some less conservative and probably imprudent anticipations of a speculative nature might be disappointed.

The Treasury notes' circulation shows no real change on the whole, because the 25-lire notes (totalling about 261 million lire)

and still further in 1924, reaching the high level of 93.65 in March (price net of accruing interests).

3  $\frac{1}{2}$  % Rentes with less uniform movements rose from 75.90 per cent. in December 1922, to 76.16 in December 1923, and at the present time, are quoted 81.45 per cent. (March 1924).

3  $\frac{1}{2}$  % War Damages Redemption Bonds are also in favour and quote approximately 81.60 per cent including interest.

The financial activity of our market is generally on the increase. Other securities have been subject to movements not always measured and which at the present moment may be considered excessive, particularly as regards banks and industrial shares.

issued last year are balanced by the withdrawal of an equal amount of banknotes of the same face value, redeemed by the note-issuing banks. On the other hand, between the 31st December 1921 and the 31st December, 1923, advances to the Treasury by the note-issuing banks have been repaid to the extent of 751 million lire. Deducting the aforesaid 261 million, the net reduction of the Treasury debt to the note-issuing banks is of 490 million and is due mainly to reimbursements of institutions created during and after the War, which had received the necessary funds through the Treasury. Such note issue which was created for temporary requirements has by a natural course returned to its source, thus easing the general monetary situation (\*).

The improved exchange conditions are certainly due to the more favourable trade which has also been assisted by commercial agreements, assuring markets for our exports, stipulated with a number of foreign countries; and to an admitted improvement of the balance of our international payments (\*\*), and we will improve fur-

(\*) Notes issued on behalf of the Treasury by the note-issuing banks (in million lire) :

31st December	1921	1923	Increase + or Decrease —
Ordinary advances . . . . .	485	485	»
Extraordinary advances . . . . .	6,654	6,384	— 270
Advances to Cassa Depositi e Prestiti . . . . .	700	700	»
Advances to other Institutions . . . . .	666	185	— 481
Total . . . . .	8,505	7,754	— 751

The decrease of extraordinary advances refers for an amount of 260,765,450 lire to the transfer of the 25-lire banknotes to the Treasury.

(\*\*) As an indication we give below the figures (based on provisional values) of Italy's foreign trade in the years 1922 and 1923, divided according to the nature of the commodities, in million lire :

	Imports		Exports	
	1923	1922	1923	1922
Raw materials . . . . .	6,925.4	5,242.9	1,271.8	1,154.1
Partly manufactured goods . . . . .	3,827.7	3,118.1	3,162.8	2,825.1
Manufacturing goods . . . . .	2,474.2	2,359.9	4,077.7	3,131.1
Foodstuffs and livestock . . . . .	4,971.2	5,048.8	2,547.2	2,192.1
Total . . . . .	17,198.5	15,764.8	11,059.5	9,302.4

ther as the Government finances will be strengthened and consolidated, and when a better relation between the producing power of the country and the currency circulation in its various forms will be re-established. That will be even more so if the problem of our debts to Great Britain and to the United States will be equitably solved. These debts created and increased on account of the War, representing to-day an amount of 22,500 million gold lire, are automatically increased by the interests accruing on the principal (\*).

As regards the bank-notes' circulation due to normal requirements, apart from the notes issued for Treasury account, between the end of the year 1922 and the end of 1923, a contraction of over 443 million lire has taken place, and adding the notes in circulation

It does not seem possible to indicate with relative certainty the actual position of the balance of international payments in 1923 as compared to previous years, on account of the difficulties of the investigation and of the numerous conjectural elements to which it is necessary to refer. On the whole there is evidence of an improving tendency, in spite of the obstacles which have been raised to Italian emigration and to the remittances of the savings of Italians abroad. Cf. the careful study of Prof. G. MORTARA "Il bilancio degli scambi economici fra l'Italia e l'estero" in the "Rivista bancaria", 20th February, 1924.

Prof. Jannaccone has made a table of the debit and credit balances of Italy with the outside world, according to which, in the year 1922, there was a balance in favour of Italy of about 232 million lire as against an adverse balance of about 1,000 million in the preceding year (See documents on the Financial and Economic conditions of Italy delivered by the Finance Minister to Parliament on the 8th December 1923, p. 10)

(\*) In June 1918, when the War was still in progress, we wrote as follows :

"It is scarcely necessary to emphasize that credits obtained abroad produce corresponding improvements of the Treasury cash holdings and therefore limit the necessity of expanding the note circulation. However, it would be inconsiderate to forget that such indebtedness, contracted outside Italy, will have to be met some day, both for interest and for principal, thus requiring a continuous effort of our economic power. Such indebtedness may become a concealed menace for a long time to come, after the Peace, for the exchange of our currency and for the monetary relations of Italy with the outside world, unless adequate provisions are made in due course". (See "Note e cifre su la circolazione cartacea e il mercato monetario". Rome, Casa Editrice italiana, 1918, p. xxiv).

for Treasury account, the contraction reaches about 765 million (\*). It is a substantial fall but it should be noted that Government deposits have meanwhile increased, so that at the end of last year they amounted to about 2,000 million. Therefore, even a partial dislocation of such position which may arise from payments to be effected for State account, would result, *coeteris paribus*, in an increased banknote circulation. And it is well that we should be prepared for such an occurrence (\*\*).

Nor could better conditions for our note circulation be expected for a year in which the three note-issuing banks together, had to increase their business (discounts, advances, and deferred payments at the clearing houses) from 9,720 to 11,860 million lire, owing to the addition of new extraordinary operations taken over by the Special Independent Section of the Syndicate for Advances against Industrial Securities (*Sezione speciale autonoma del Consorzio per sovvenzioni su valori industriali*). Unfortunately, the liquidation of the bank crisis which occurred at the end of 1921 weighs for the time being directly on the note-issuing banks and indirectly on our money market, but the problem had to be met pluckily in order to reach a solution, and the National Government met the position in a way to avoid any causes for new troubles endangering Italian credit at home and abroad.

This is not the time or the place for a valuation of the damages which resulted from the suspension of the Banca Italiana di Sconto,

(\*) Circulation of the three note-issuing banks (Banca d'Italia, Banco di Napoli and Banco di Sicilia) in million lire.

	Bank notes' circulation			Treasury notes' circulation	Grand total
	for trade account	for Treasury account	Total		
1922 December 31st. . .	9,935.4	8,076.6	18,012.0	2,267.0	20,279.0
1923 December 31st. . .	9,492.2	7,754.4	17,246.6	2,427.8	19,674.4
	— 443.2	— 322.2	— 765.4	+ 160.8	— 604.6

(\*\*) For details of the circulation of Banca d'Italia, see pp. 42 to 46.

which was apt to cause the fall of other intrinsically not too solid banks. Such banks had to be assisted as will be noted by examining the figures relating to the " Sezione Speciale Autonoma ", to which we will refer later (\*); and it would be equally undesirable from every point of view to reopen discussions on the events that preceded and followed the unfortunate crash of 1921. What should be emphasized however, is the fact that without the concurrence and the untiring work of the Banca d'Italia, who was assisted by the Southernnote-issuing banks and supported by special legislative provisions, it would have been impossible to carry out the agreement concluded by the fallen bank with her creditors. And also a precipitate failure of the Ansaldo industrial group, connected with that bank, would have been inevitable, and it would have caused the most unpleasant after-effects economically, industrially and socially, as everyone can readily appreciate.

It is not our object to boast because our administration on that occasion as in every circumstance, considered the interest of the country above its own. And our conduct has been inspired by the same principle during the hardest and most delicate periods of our activity in the past year, in order to carry through a programme of recovery and liquidation which was intended to bring back to normal conditions the Italian credit machinery (\*\*).

The exceptional war requirements have made it at times imper-

(\*) See pp. 31, 32.

(\*\*) The Minister of Finance, Signor de Stefani said in the Italian Senate, on December 8th, 1923 :

" In the latter period, the Government, in order to protect the national credit and to avoid compromising the economic reconstruction, have satisfactorily directed towards a definite solution the great problem of the Banks' demobilization which I mentioned in my address last May. At the present moment, we are concluding the third period of the demobilization which has proceeded, as it was natural, according to matters and by degrees. The first to be demobilized were the armies, then came the industrial organizations created for the War. The credit machinery, the working of which was affected by the industrial mobilization and its direct and indirect bearing on finance, comes last and, therefore, the last period is devoted to clear that machinery of all its war burdens ".

ative, other times desirable, to deviate from the principles governing certain aspects of the economic and financial life. The rules governing our banking life were particularly tested. Considering how the crisis arose and its development, more time and great caution will be necessary before the consequences and the more visible marks can be entirely wiped out. The long war, through unheard hardships and sorrows, while wonderfully strengthening the nature of the people and impressing more self assurance on national values, has likewise had a depressing effect on the less strong or morally unprepared in the business world. We must now re-establish the proper balance with a thoughtful, strong and constant action.

The severe lesson of past years should not be in vain. The care of the various parts of our banking organization must not be neglected, nor should there be any doubt as to the method to be followed.

Having faced and solved the two great questions involving the Banca Italiana di Sconto and the Banco di Roma ; and having given vitality and impulse to a new bank which is large enough to contribute with other powerful and well organized banks to satisfy the requirements of our industries and of our trade, it is now our duty to push forward the already started liquidation and realization of frozen credits. And at the same time, it is necessary that our efforts should not be neutralized by false policies of banking expansion and penetration or by an undue attraction of deposits or by the development of unsound business. The gradual process of elimination of unsound concerns, will clear the air and will be a useful lesson for all. We believe that the policy of absorbing middle-sized and small banks in order to attract deposits in the larger centres, is altogether undesirable because it creates an undue dislocation of credit to the detriment of local legitimate requirements. The old and well-established Italian system (of Bank decentralization), which has been in the past so beneficial to every branch of national activity, should be strengthened rather than give way to more speculative tendencies. At any rate, and in any case, there is



every reason to be confident and confidence is strength, which is an essential condition for a speedy and complete recovery of our economic life.

### **Industrial Results.**

Considered in its whole, Italian industry has made, in 1923, a step forward, though slowly and somewhat with difficulty, towards its complete recovery.

Industry has particularly benefited from the higher yield of labour, thanks to the return of a spirit of discipline, order and work in the factories. Moreover, the following elements were instrumental for the achievement of the recorded progress: Better relations between employers and employees and the tendency to come to definite agreements involving the safeguard of reciprocal interests; the absence of strikes and of disputes of any kind; the less frequent and less violent fluctuations of foreign exchanges which favoured a relative stabilization of the purchasing power of the currency, thus diminishing for our industries the risks connected with the instability of costs of production; the sifting process among the various industrial branches which took place, and gradually eliminated the weaker concerns that were unable to bear the pressure of free competition or to keep pace with the daily technical progress in their particular production.

Evidence of the more favourable conditions prevailing in our industrial world is given by the reduced number of unemployed, by the increased railway and maritime traffic and by the larger use of raw materials and fuels. The improvement however is not general, nor does the day seem at hand when all our industries will be working at full speed. The main obstacles to an early return to intensified production are the following:— A smaller demand for goods; the insufficient amount of working capital for agricultural and manufacturing purposes; in many cases, the uneven relation between industrial needs and available capital, so that the financing

must to a great extent be effected in the form of credits for which heavy interests are charged ; the widespread system of deferred payments consented by the factories to their commercial customers ; the pressure of taxation, which however cannot be helped owing to the requirements of the Treasury calling for larger revenue and reduced expenditure ; in some branches, the newly established customs tariffs which, rightly or wrongly, are considered to be insufficiently protective. And above all, the international economic, financial and political uncertainties, which we have already summarized in our general review.

Therefore, whilst again emphasizing the great assistance which was given the Government to strengthening the producing power of the country, let us now briefly examine, as in previous reports, the outlook of the leading branches of our industry.

### **Silk.**

In spite of an expected large crop of cocoons, the past season started at exceptionally high prices, thus curtailing the enquiry for the raw material by the spinners, which was scarcely enhanced by the keen American demand for silks which took place in the second half-year. In September, the prices of raw silk were swollen by a speculative intervention and increased still further (from 25 to 30 per cent.), on the anticipation that the destruction of vast stocks, as a result of the Japanese earthquake, would have caused a shortage of Japan's exportable surplus (\*). Such increase, however, only affected the merchandise ready for shipment and did not last very long, firstly on account of the later reports showing that the damages of the Japanese disaster were not so heavy as had been anticipated, secondly, for the increased shipments from other parts of Asia, and, lastly, for the contraction of the home demand owing to the increased

(\*) The American markets that are large consumers of Asiatic silks, were on that occasion keen buyers of Italian products.

production of mixed fabrics. Consequently, the prices fell gradually down to levels even lower than those prevailing before the Japanese earthquake. Spinners were generally busy, but their profits were comparatively small owing to the very high prices of the raw material ; twisting on the other hand, was handicapped by the changes of fashion discouraging the use of organzines and generally of twisted fabrics.

The development of artificial silk has made further progress during the past year (\*). The low cost of production enabled the factories to make large profits in spite of the progressive fall in the prices of manufactures. Artificial silk is rapidly becoming of more general use in every line of textiles, therefore, exports of that commodity to the principal world markets are on the increase (\*\*).

#### **Cotton.**

The cotton industry which started the year under favourable auspices, has been faced by increasing difficulties owing to the great rise in the price of the raw material for the shortage of the American crop. The higher cost of the raw material allowed smaller margins of profit on yarns, though it appears that the greater part of our spinners, in spite of working at short-time, were able to close the year with fairly good results thanks to the employment of raw materials, purchased at lower prices, from their stocks.

Greater difficulties had to be faced by the weavers owing to the smaller demand for fabrics and to the insufficient supply of yarns until the prices had substantially increased. The export of manufactured goods, which is so necessary for the Italian cotton in-

(\*) Last December, it was stated that the average daily production of the Italian artificial silk factories amounted to 18,000 kilogs. which is about one-sixth of the world production: and the new plants which will be soon completed are expected to bring the production in the present year to an average of 25,000 kilogs. per day.

(\*\*) The amount of artificial silk exported in 1923 is valued at over two million kilogs. as against imports of the same commodity of about 500,000 kilogs.

dustry, was maintained to a certain extent and, in some directions, made even satisfactory progress especially towards certain Near-Eastern and Far-Eastern markets, in spite of the keen competition of similar products from other countries.

### **Wool.**

In the wool trade, contrary to the results of 1922, during the year 1923 and particularly in the second half-year, working hours had to be reduced, and production was below normal. The prices of manufactured goods were unable to keep pace with the increased prices of the raw material, and good profits could only be made by those factories that were able to use up stocks of raw material purchased at cheaper prices (\*). Some compensation has been found in Government orders for military cloth by the factories equipped for those particular lines of production as against a general fall in the demand for ordinary clothing.

### **Hemp and Jute.**

The higher prices of all kinds of textile fibres were responsible for the easy absorption by the factories of the rather scarce hemp crop of last year. Hemp spinning and weaving, however, were adversely affected by the fall of the French and Belgium exchanges which contracted the purchases from France and Belgium, who were the best customers of that branch of our industry, and therefore, short-time had to be introduced.

The high customs duties imposed by most countries who used to be our customers, have compelled our exports of hemp to be

(\*) The price of raw wools has increased on an average of about 10 % for merinos and from 20 to 25 per cent for crossbreds. In the home market where the average price was 17 to 18 lire per kilog. at the beginning of the shearing season (May) and advanced to 26.50 for the Roman district wool and to 25 to 30 lire for the best Apulian qualities at the end of the year.

mainly directed to North and South America and to Great Britain where the exchange rates still allow profit margins.

The jute industry has generally worked under favourable circumstances and with good results.

#### **Shipping and Naval Construction.**

Both industries have been faced by considerable difficulties, especially owing to the fall in freights, to the embarrassing winding up of Government contracts, to the very limited orders for new ships, and to the high costs of building. The improved discipline on board has only neutralized to a limited extent the unfavourable effects of what has been mentioned. However, should the more hopeful outlook of the freight market be maintained, a revival may be expected. The activity of the yards was very small in the past year and most of the building was, for their own account, or for affiliated concerns. It is expected, however, that ship-building may be resumed as a result of the commercial agreements stipulated with Spain, Yugoslavia and Russia and of the new Conventions for running lines with Government assistance.

#### **Iron, Steel and Engineering Trades.**

Apart from the particular lines connected with ship-building, the year was favourable and good profits were made. The customs tariff which has recently been introduced and the greater yield and discipline of the workmen whose salaries were more proportionate to efficiency, assisted in the development of the home production of pig iron, steel and metal alloys.

Engineering trades made good progress, especially in the line of hydro-electric and freezing plants and also in connection with land reclamations. In the last months, there was a keen demand for rails and rolling stock by Railway and Tramway Companies.

### **Motor Industries.**

There are indications that in 1923 the motor car industry has gone back to normal conditions of production. Old and new factories have keenly competed among themselves in an effort to bring their production to such level of technical perfection as to insure to the Italian industry a leading position in the world markets. At the same time, the capacity to produce has been increased by reorganizing and grouping together the various branches of the industry in accordance with the modern conception that it is necessary to specialize. Such increase of the production which makes it far in excess of the purchasing power of the home markets, owing to the high cost of petrol and to the heavy motor taxes, may be utilized in order to place a fair proportion of the cars abroad. During the past year, a progress was recorded in the number of cars exported almost to every country, including Germany and Austria.

A revival of aircraft constructions is due to the re-organization of military aviation. Great impulse was given to aircraft building of every description, especially for the more efficient and technically perfect types.

### **Electric Industries.**

The year 1923 was very favourable for electric industries. There was no serious draught as in the previous year and therefore, no stoppage took place in the electric supplies, whilst the temporary deficiency of hydroelectric power could be easily met with the reserve of thermic power. A gradual application of charges more proportionate to the diminished purchasing power of the currency, has enabled the companies to raise sufficient funds to enable them to extend their scope and their activities. Consequently, the industry is now equipped so as to meet the increased requirement of elec-

tric power in its widespread industrial, agricultural and domestic applications, and a number of new plants are partly completed and partly nearing completion.

#### **Milling and Farinaceous Food.**

The milling industry had a rather hard year. In the latter half year the abundant Italian harvest which was far in excess of the most optimistic forecasts and the fall of the world price of wheat, brought about a depreciation of the large stocks held by the grain importers, and obliged the mills to work at a loss for a certain time.

The low prices and the exchange rates assisted to a certain extent in a revival of exports of flour and wheat pastes to Great Britain and Switzerland and at the same time, Italian products of that kind are increasingly being sent to Austria, Czecho-Slovakia and Yugo-Slavia, that were traditionally customers of the Hungarian market.

#### **Rice.**

The rice industry went through a period of considerable uncertainty owing to the instability of prices ; however, the abundance and good quality of last year's crop were responsible for a revival of exports, especially to Spain and Japan where the crops were poor. The demand in the last few months has brought about a considerable rise in the prices both of raw and cleaned rice.

#### **Wine.**

The extraordinarily rich vintage of last year caused a sudden and general fall in the wine prices which had been very steady in the first months of the year. After the vintage, the market became rather slack, but comparatively better prices have been paid for qualities of higher alcoholic grades and therefore, more

apt to mature. The home consumption which has diminished by about 25 % since pre-War days did not show any expansion and is not likely to absorb the large surplus of last year's crop. Exports were not on a large scale, the largest commitments being from France, and a serious obstacle to wine exports is found in the closing of many markets and in the high customs duties imposed by others. A considerable improvement of our wine export trade may however be expected by the enforcement of commercial agreements which have recently been concluded, especially if our wine producers will avail themselves of more modern and scientific methods than they have done hitherto (\*).

#### **Vegetable Oils.**

Favourable results were recorded in the past year by the industry for crushing and refining oil seeds, both for an increase of the home consumption and for a larger demand from abroad. Exports of table and industrial oils once more took their course to our traditional outlets of North and South America and France.

#### **Chemicals.**

In spite of the difficulty of importing the necessary raw materials, the production of sulphuric acid and its by-products was further developed in 1923, and this was due to the increased demand owing to the wider use of sulphuric acid in the production of superphosphates and other fertilizers. The production of electrolytic soda, of chloride, of ipochloride, of synthetic ammonia and its by-products has been equally developed. Further improvements were recorded in the process of electrolyzing alkaline chlorides and

(\*) Exports of wine by-products are resuming their pre-war importance particularly as regards raw tartar and tartaric acid.



a large development has also taken place in the production of caustic soda and of carbonate of soda owing to the large use which is made of them in the industry of artificial silk.

#### **Paper.**

Paper mills were fairly busy in 1923, in spite of foreign competition from countries with depreciated currencies, which produced a reduction of the home demand from our factories. The necessity of importing from abroad cellulose and other raw materials, which cannot be produced in Italy at remunerative prices, makes the position more difficult owing to the high foreign exchanges. It is believed however, that the new customs tariffs have somewhat relieved the pressure of foreign competition and therefore the stability of the economic standing and of the production of our paper mills may be considered to be to a certain extent assured.

#### **House-Building.**

House-Building in the past year has been patchy, though signs have not been lacking of a revival of building by private enterprise. A determined resumption has however been kept back, in spite of the considerable fiscal facilities (\*), by the high building costs, though a certain reduction in the prices of certain materials must be recorded. Good progress has been made, with encouraging results, in the building of cheap houses especially by the initiative of co-operative societies.

#### **Leather.**

The leather trade reports are less favourable and particularly for the finer qualities of boots and shoes, the competition of German goods has been very strongly felt. Moreover, the large fac-

(\*) By a Royal Decree of the 8th March, 1923, all buildings which will be completed before the 31st December, 1926, are exempted from house-duties for a period of twenty-five years.

tories are severely handicapped by the competition of the small local craft who find it more easy to meet speedily the wishes and the requirements of the constantly changing fashions.

#### **China and Glass.**

Both industries show fairly satisfactory results in the past year.

#### **Sugar.**

Last year's excellent beet crop has caused an intense activity of our sugar industry.

#### **Agriculture.**

Practically in every line of agricultural produce the 1923 crops have been larger than those of 1922. The wheat harvest resulted in 6,119,000 tons or 1,719,900 tons more than in 1922, an amount unsurpassed since 1909. The result has been noticeable by the amount of wheat imported since the harvest, namely 1,311,650 tons up to the 29th February, 1924, which is 384,600 tons less than during the same period last year (\*). As to the next harvest, the prospects are not quite so favourable, the sown acreage resulting considerably contracted, owing partly to the fall in the prices of wheat and partly to the unfavourable weather during the autumn and winter months. After a prolonged draught, continual rains have hindered sowing operations.

The maize crop amounted to 2,265,900 tons or, 315,200 tons more than in 1922, but still under the average.

Beans and leguminous cereals were in excess of the previous year by 73,100 tons, with a grand total of 229,300 tons.

(\*) It should be noted that in the first months of the financial year (July 1st-June) 30th the imports of foreign wheat were on a large scale as a result of contracts which had been placed before the promising prospects of the harvest were known.

The vintage was also extraordinarily abundant, the total production of wine having reached 53,948,000 hectolitres (approx. 25 gallons to the hectolitre), as against 35,585,000 hectolitres in 1922, and an average yearly production of about 41,000,000 hectolitres.

Exact figures are not yet at hand regarding the olive oil production in 1923 but it is estimated that it will yield about 2,000,000 hectolitres. If so, it would be about 100,000 hectol. less than in 1922, when the crop was exceptionally favourable, but close upon the average of previous years.

The fruit crop, including chestnuts, was also smaller than in 1922, the grand total that has been reported amounting to 1,145,200 tons as against 1,269,200 tons in 1922.

As regards the agricultural position, we may say that everywhere great activity and complete confidence are noticeable, and it is pleasing to note that all traces of agitation and strife have entirely disappeared.

The legislation regarding the compulsory occupation of land has been repealed and all ideas of fixing compulsory terms for agricultural labour have been abandoned. The Government have made it clear that they do not intend to interfere in any way with private contracts. Government supervision has been strictly curtailed to the one object of developing agriculture by larger provisions for agricultural instruction, for experiments, for useful propaganda and for co-ordinating local agricultural interests through special organs; (\*) and we may therefore conclude that the way is open to a prosperous future for Italian agriculture.

#### **Legislation.**

We must recall first of all the Royal Decree dated the 27th September 1923 No. 2158. In the first article of the said Decree the power given to the Italian note-issuing banks of issuing

(\*) Provincial Agricultural Councils.

notes is postponed until the 31st December, 1930. According to the second and last paragraphs of the same article, until that date the bank notes will be legal tender, whereas, according to the Decree of the 2nd January, 1923, mentioned in our last report, the privilege had to cease on the 31st December, 1925. The contents of No. 2 and following articles are more important as they deal with the relation of the three note-issuing banks with the Syndicate for Advances against Industrial Securities (Consorzio per sovvenzioni su valori industriali) and more particularly with the Special Independent Section (Sezione Speciale Autonoma) of the Syndicate, which was created following a decree of March, the 4th 1922, No. 233. The termination of the business of the above mentioned Section and the ultimate date of its final winding up had been fixed for the 31st December, 1925, and the 31st December, 1927, respectively, and such dates have now been postponed to the 31st December, 1930, and 31st December, 1932, respectively.

A decree dated 2nd January, 1923, had fixed the tax to be paid by the three banks for the notes issued in respect of bills re-discounted on behalf of the Syndicate or its Independent Section, at the rate of one-tenth of one per cent. per annum so long as the prescribed 40% in specie or equivalent cover existed and of one-quarter of the normal discount rate, when the notes were insufficiently covered or without cover. These regulations were effective from July the 1st, 1922. As from that date however, three quarters of the amount of the said tax had to be set aside until the 31st December, 1925, in order to increase the reserve belonging to the Treasury (set aside as from 1st July, 1921) to which the note-issuing banks could have applied under certain circumstances in order to face losses of an exceptional nature which might have arisen during the years 1922 to 1925. Article 5 of the decree 27th September, 1923, rules on one hand that the setting aside of three-quarters of the special tax on notes in circulation should be continued until the 31st December, 1930, and on the other hand that the reserve thus accrued should have to meet eventually the losses

arising from the transactions on behalf of the Special Independent Section of the Syndicate for Advances against Industrial Securities. The said reserve should not however be disposed of, until other reserves have been used up, which are mentioned in the Articles 3 and 4 of the same Decree. These are the special reserves of the Syndicate itself, made up as follows :

A) By net profits of the note-issuing banks made over bills re-discounted on behalf of the Special Independent Section of the Syndicate ;

B) By all net profits excess of the note-issuing banks in the following proportions :

In respect of the Banca d'Italia above the figure of the profits paid to the Treasury and of profits divided by the shareholders in the balance-sheet for the year 1922 ;

In respect of the Banco di Napoli and Banco di Sicilia above an interest at the rate of 5 % per annum on their respective capital and ordinary reserve.

This until the 31st December, 1930.

The note-issuing banks by imposing on themselves up to the year 1930, a sacrifice which might be indeed conspicuous, are however guarded against the possible losses and surprises which may be the result of the exceptional business transacted on behalf of the above mentioned Special Independent Section, when the latter is finally wound up. They have thus resumed a freedom of action which otherwise would have been very doubtful, owing to the uncertainty of the present prospects regarding the final results of such transactions.

The operations of the Section have been wisely concluded by a Decree of the 1st January, 1924. The decree rules that the Special Independent Section cannot undertake any fresh business as from that date and it can only carry through the business remaining to be settled, which was undertaken not later than the 31st December, 1923, subject to the supervision of the Finance Minister. The limitation thus imposed is a warning for all and makes it

perfectly clear that the labours and contributions of the note-issuing banks, which were granted in defence of the credit of the nation and for supreme economic interests of the country, cannot and must not be sought in order to meet any further insolvency which may result from the inexperience, when not from actual guilt, of the management of banking concerns.

Another Decree dated 31st December, 1923, No. 3060, completes the aforesaid Decree of September 27th and postpones until the end of the year 1930 all items connected with the privilege of issuing notes. Moreover it gives authority to the effect that the sums set aside in the special reserve which has been mentioned, may be also invested in Treasury Bonds, and empowers the Government to promulgate a general law including all existing regulations on note-issuing banks and bank notes' circulation.

Other legislation deals with the absorption by the Treasury of the 25-lire notes issued by the note-issuing banks (decree 26th April, 1923) thus re-establishing the smallest value of bank notes at 50 lire as it used to be before the 4th November, 1917.

A Decree of 13th December, 1923, No. 3139, provides special facilities for agricultural credit.

#### **Banks' Syndicate.**

The Syndicate which was formed in November 1921, by the three note-issuing banks, the Banca Commerciale Italiana, the Credito Italiano and the Banco di Roma in order to assist the Banca Italiana di Sconto, has contracted its business and there is every reason to believe that it will be wound up within the fixed term, namely by the 24th November, 1924. The liabilities of the Banca Italiana di Sconto to the Syndicate have fallen from 424 million lire at the end of the year 1921, to 120 million at the present date. It is equally satisfactory to note that the direct liabilities of the Banca Italiana di Sconto towards our bank have fallen from 624,687,000 on the 31st December, 1921, to 196,000,000 lire at the present date.

**Syndicate for Advances against Industrial Securities.**

Examining the proceeds of the above Institution we must separate the Ordinary Section from the Special Independent Section.

The *Ordinary Section* whose capital is of 125 million lire, to which the Banca d'Italia participates for an amount of 18,850,000 lire, has contracted its business in the past year, in fact the balance of transactions to be carried forward on 31st December, 1923, amounted to lire 571,843,646.12 as against lire 767,839,612.40 at the end of 1922. The above mentioned figure consists of :

Advances against securities . . . . .	Lire	30,559,500
Advances on merchandise and deposit notes . . . . .	»	14,144,502
Industrial bills discounted . . . . .	»	377,954,740
Shipping credits . . . . .	»	149,174,904

Gross profits amounted to lire 36,336,944.46 and net profits to lire 7,662,206.45 as against lire 48,877,750.86 and 12,291,240.03 respectively in 1922.

The reduction of profits is due partly to the contraction of the business and partly to the writing off of lire 4,445,796.23 against bad debts, during the past year. The said net profits have been paid in, as usual, to the special reserve of the Syndicate which is held by our bank, and at the same time a further amount of lire 3,182,008.30 has been paid by the note-issuing banks as their contribution in respect of their profits arising from the re-discount of the Syndicate's bills. Moreover adding the interests accrued on the Treasury bills investments of the existing reserve the latter has risen from lire 29,637,199.88 at the end of 1922 to lire 42,410,953.09 at the end of 1923 which figure is about 34 % of the paid up capital. According to present regulations the Ordinary Section of the Syndicate should terminate its activity by the end of the year 1925, and should be finally wound up by the 31st December, 1927, but on

this particular point we refer to the report issued by the Central Administrative Committee of the Syndicate on the 9th May, 1923 (\*). The *Special Independent Section* can be described in the words we used in last years report " as an institution of a particular nature for liquidating and mobilising exceptional credit balances, to be realised in a number of years, without perturbing our money and financial markets". The activity of the Section was increased the past year and its nature was made more clear by the legislation which was enacted during that period. The reasons of the increased activity are well known and they consist firstly in the need of enabling the Banca Italiana di Sconto to conclude definitely in the shortest time the agreement with her creditors, and secondly the opportunity of assisting another large bank that was seriously shaken by the fall of the Banca Italiana di Sconto. By a decree of 22nd March, 1923, the Section was allowed to exceed the limit of 1,000 million lire, which had been fixed by decree on 4th March, 1922, for the advances which it was allowed to make. Therefore, the sums advanced by the Section at the end of the year 1923, amounted to lire 3,306,354,167.29 including however a sum of lire 104,716,463.16 realised in the meanwhile, or in other words paid back. Out of the said aggregate amount, the sum owing to the Banca d'Italia by the Section was of lire 2,564,606,443.98, including 82,969,732.06 for transactions already liquidated.

The liabilities of the Special Independent Section of the Syndicate to the Banca d'Italia, appear in the balance-sheet under a

(\*) In that report it was said: " the Syndicate, according to the present legislation, should operate until the 31st December, 1925, and after that date it should proceed to liquidate its actual business in order to conclude its life by the end of 1927. But will it be so, and are not circumstances to be expected, which may induce to prolong the life of an institution which has rendered notable services in past years, which is very useful today, and which may in the future represent a financial force apt to assist Italian industries? Naturally the principles guiding this Institution, its structure and its activity should be transformed according to the changes which have taken place in our economic position and the relative needs should be taken into account; however, we feel, without prejudice, that this important problem should not be neglected whatever may be the solution that time and circumstances may advise".



separate heading and the amount of same reduces proportionately the figure of the Inland Bills, which thus resumes its natural aspect of showing the actual amount of self-liquidating bills discounted, whilst the public is enabled to scrutinize closely the process of liquidation of the above-mentioned assets. It is unnecessary to recall here the legislation which has been enforced in order to safeguard the ultimate results of the liquidation of the frozen assets accrued to the Special Section, but it is well to emphasize that the provisions which have been enacted clearly separate the normal business of the note-issuing banks from the business of the Section.

At the end of the year 1923 the profits shown in the books of the Section, to be assigned to the Banca d'Italia, amounted to lire 85,467,783.95 including the profits made by the bank in 1922 for rediscounts on behalf of the Section. Such profits after deducting the amount of the tax paid by the Bank on the notes issued in respect of the transactions from which the profits had arisen, were paid back to the Section. At the end of the same year the sum set aside in the special reserve in respect of the tax on notes' circulation amounted to lire 319,860,230.57. Since then three-quarters of the tax on notes in circulation for the second half year 1923 have been invested in Treasury bills and placed in the special reserve, which therefore had risen to L. 391,853,082.07 by the 29th February, 1924. Accounting for further amounts which have been paid in during such period, we may conclude that the total reserve to meet the liabilities of the Section to the Bank amounted at the end of last February to about 522 million lire.

Such reserves, all of which bear interest, being invested in Treasury Bills or Bonds, allow us to look forward with confidence to the final liquidation within the scheduled time of the frozen credits which had to be taken over by the Section.

### Italian National Institute of Exchange.

Also in the past year the Italian National Institute of Exchange has been very helpful to the Government finances and to public economy by collecting the foreign currencies which were necessary for Treasury payments abroad, and by a temperate action on the exchange markets in the moments in which such action proved to be desirable. The profits which have been made in 1923, added to those of previous years have brought to a substantial figure the reserve which has been set up according to existing regulations. Such reserve will enable the Institute to afford to the State, if necessary, its adequate financial contribution for whatever purposes may be deemed desirable for our national interests outside Italy.

### Clearing House.

The aggregate total of the clearing returns in the cities of Florence, Genoa, Milan, Rome, Triest and Venice were of about 805,742 million lire and the employment of cash therein was of 12,054 million or a percentage of 1.48 of the total (\*).

### Austrian Loan.

Following the resolutions adopted by the Council of the League of Nations on 4th October, 1922, and in accordance with the agreement signed in Geneva on the 31st May, 1923, the Austrian Re-

(\*) The following are the clearing results from 1919 to 1923 in Florence, Genoa, Milan, Rome, Triest and Venice (in million lire).

Year	Total returns	Sums cleared	Cash used	Percentage of cash to clearings
1919 . . . . .	259,319.9	251,736.1	7,583.8	2.92
1920 . . . . .	519,916.6	510,009.9	9,906.7	1.92
1921 . . . . .	649,481.8	637,612.4	11,869.3	1.82
1922 . . . . .	577,916.1	565,959.6	11,956.5	2.06
1923 . . . . .	805,741.9	793,687.8	12,054.1	1.48

The Triest clearing house was started in March 1921 and the Venice clearing house in March 1923. Both the latter clearing houses act only for daily clearings.

public was authorised to issue an international loan up to an amount equivalent to 650 million gold crowns. Besides being guaranteed by a first mortgage on all customs duties and on the tobacco monopoly of the Austrian State, the Loan was also guaranteed in a varying measure by a number of foreign governments who took an interest in the operation (\*). The Italian Finance Minister authorised the issue in the Kingdom of a part of the said loan for 200 million lire nominal capital, divided in 400,000 Bonds of 500 lire each to be redeemed by Austria in twenty years by drawings or repurchases in the open market. Such bonds bearing an interest of 6.50 per cent p.a. are exempt from any Austrian present or future taxes and moreover are free from the Italian Income Tax which, together with the Italian stamp on the Bonds are charged to the Austrian Government. The issue of the said Bonds, was placed in the hands of a Banks' syndicate presided by the Governor of the Bank of Italy, and a convention was made on the 25th June, 1923, between the Syndicate and the representatives of the Austrian Government, giving effect to the above stipulations. According to the convention the Syndicate offered on the market the aforesaid bonds at the price of 93 per cent plus matured interest, and though the public subscription was open only one day (the 20th July), the applications covered more than six times the amount of Bonds offered; therefore the allotments were at the rate of about 16 per cent. except in the case of small investors who were specially favoured.

#### **Cash Displacements and Reserves.**

The total cash displacements through the Bank during the year 1923 reached altogether 574,500 million lire as against 526,000 million in the previous year. Of the said sum :

Receipts amounted to . . . . .	Lire	287,013,782,890
Payments amounted to . . . . .	»	287,545,270,772

(\*) As it is known, the guarantee given by Italy in respect of the Austrian loan is equivalent to 20.5 per cent of the aggregate amount placed.

At the end of the year the gold and silver reserves amounted to lire 960,971,706 with an increase of lire 1,238,221 over the figure of the 31st December, 1922. On the 31st December 1923, the reserve constituting the cover of the notes in circulation was thus composed in million gold lire :

Gold . . . . .	875.7
Silver, 5 lire coins . . . . .	72.3
Silver, other coins (*) . . . . .	13.0
	<u>85.3</u>
Total gold and silver . . . . .	961.0
Certificates of gold deposits abroad . . . . .	380.4
Certificates of silver deposits abroad . . . . .	1.0
Certificates of credits abroad . . . . .	113.1
Foreign Treasury Bills . . . . .	15.6
Foreign notes . . . . .	0.1
	<u>510.2</u>
Total Reserve . . . . .	<u>1,471.2</u>

The following table shows the changes in the reserve at the end of the years from 1916 to 1923.

(in million lire)

	1916	1917	1918	1919	1920	1921	1922	1923
Gold holdings . . . . .	899.7	835.9	817.8	804.8	819.3	850.0	883.9	875.7
Silver holdings . . . . .	72.6	87.4	77.1	75.1	75.0	74.3	75.8	85.3
Total coin and bullion. . . . .	972.3	923.3	894.9	879.9	894.3	924.3	959.7	961.0
Balances abroad :								
Certificates of Gold deposits . . . . .	290.1	366.8	384.8	394.8	380.4	380.4	380.4	380.4
Certificates of Silver deposits . . . . .	—	—	1.0	1.0	1.0	1.0	1.0	1.0
Credit certificates . . . . .	77.5	80.9	310.4	347.9	381.8	296.8	320.1	113.1
Other currencies . . . . .	29.2	34.9	350.6	33.3	27.7	16.2	9.6	15.7
Total balances abroad . . . . .	396.8	482.6	1046.8	777.0	790.9	694.4	711.1	510.2
Grand total . . . . .	1369.1	1405.9	1941.7	1656.9	1685.2	1618.7	1670.8	1471.2

(\*) Including 2,399,496 silver rupees valued at 1.68 lire to the rupee.

Whilst the gold and silver holdings do not show substantial changes, a considerable fall has taken place during the past year in the amount of the balances abroad, and this is due to alterations which have been brought in the relations between the Bank and the Italian National Institute of Exchange.

Comparing the aggregate reserves with the notes in circulation, which are covered according to law, the proportion (per cent.) shows the following changes at the end of each particular year :

1916	1917	1918	1919	1920	1921	1922	1923
48.42	40.87	36.40	25.91	18.53	18.39	20.45	19.91

The following table shows the amounts of gold and silver in the reserve which are the property of the Bank, and the amounts of certificates of gold belonging to the Bank transferred abroad for Treasury Account during the war (\*) :

31st December	1916	1917	1918	1919	1920	1921	1922	1923
Gold and silver holdings .	950.4	897.3	868.8	855.0	869.3	868.5	869.9	855.7
Certificates . . . . .	18.0	94.7	113.7	123.7	109.3	109.3	109.3	109.3

### Current Accounts.

The turnover of current accounts, namely the debit and credit transactions passed on our books in 1923, aggregated lire 64,881,442,784 as against lire 73,269,006,478 in the previous year.

(\*) The gold and silver reserves of the Bank of France on the 30th December, 1922 and on the 29th December, 1923, figured as follows (according to the report of the Governor of the Bank of France to the general meeting of the shareholders held the 31st January, 1924 : (in million francs).

Year	Gold			Silver	Grand total
	in the vaults	held abroad	Total gold		
1922 . . . . .	3,670.5	1,864.3	5,534.8	289.0	5,823.8
1923 . . . . .	3,676.1	1,864.3	5,540.4	286.5	5,836.9

Such conspicuous specie reserves have been instrumental for the conclusion of recent credit operations in defence of the French exchange.

The average amount of deposits in current accounts was in the year of 820,092,545 lire as against 978,902,216 in 1922. Deposits at the end of the year were for lire 822,745,094 or 17,250,466 less than at the end of 1922 (\*).

#### Discounts.

The average amount of bills discounted which in the year 1922 had been of 4,440.7 million lire, increased in 1923 to 4,954.5 million. Inland Bills reached the maximum figure of 5,616.5 million lire the 20th December and a minimum of 3,455.8 million lire on December 31st 1923. The remarkable difference in such a short period is due to the separation between bills normally discounted and the transactions on behalf of the Special Independent Section of the Syndicate for Advances against Industrial Securities.

It may be useful to compare the amounts of inland bills discounted at the following dates :

1921 20th November . . . . .	Lire	3,328.9	million
» 31st December . . . . .	»	3,895.8	»
1922 30th June . . . . .	»	4,539.1	»
» 31st December . . . . .	»	4,635.3	»
1923 30th June . . . . .	»	5,259.0	»
» 30th November . . . . .	»	5,796.7	»
» 31st December . . . . .	»	3,455.8	»

From the 20th November, 1921 to the 31st December 1922 bills discounted were increased by 1,306.4 million lire and from January 1st to the 30th November 1923 a further increase of 1,161.4 million took place. Therefore altogether from the 20th November

(\*) The following figures refer to the deposits held by our Bank at certain dates of the present year :

31st January 1924 . . . . .	L.	860,412,687
29th February . . . . .	»	871,029,000
10th March . . . . .	»	1,007,520,000

1921 to 30th November 1923 the holdings of inland bills were increased by approximately 2,500 million lire ; the largest contribution to such increase being given by the operations on behalf of the Special Independent Section of the Syndicate for Advances against Industrial Securities. The position on 31st December, 1923 shows however a contraction of 2,340.9 million lire in the amount of inland bills and this is due particularly, as already mentioned, to the separation which has been made of ordinary bills discounted by the Banca d'Italia from the bills which constitute the liability of the Independent Section of the Syndicate. The following statement will clear still further the actual position :

The amount of bills discounted on the 30th November 1923 was of . . . .	Lire 5,796,700,000
And the amount was increased dur- ing the month of December by . . . .	» 223,700,000
	<hr/>
Thus making a grand total of . . .	Lire 6,020,400,000
	<hr/> <hr/>
Deducting from that figure the amount of bills charged to the Special Independent Section of the Syndicate of	» 2,564,600,000
	<hr/>
The result is the amount of inland bills appearing in the balance-sheet, namely	Lire 3,455,800,000
	<hr/> <hr/>

Altogether in the course of the year 1923 the number of bills discounted was of 1,456,381 for an aggregate amount of 19,479,262,679 lire or 297,875 bills totalling lire 1,810,369,969 more than in the previous year. The said figure includes 32.4 million lire of bills discounted in respect of supplies for Treasury account, 6,717 million for re-discounts on behalf of the Syndicate for Advances against Industrial Securities and 775.7 million for bills discounted on behalf

of agricultural banks. Moreover bonds and coupons discounted amounted to 532.5 million (\*).

Bills discounted below the normal bank rate amounted to 38.46 per cent. of the total discounts, whereas the corresponding figure for 1922 had been of 19.75 per cent. The difference is obviously due to the additional business regarding the Special Independent Section of the Syndicate for Advances against Industrial Securities. The average discount rate has fallen from 5.55 per cent. in the year 1922 to 4.95 per cent. in the past year as against an average of 5.83 per cent. in the year 1921.

The total discounts of 1923 can be classified as follows according to the rates at which they were effected:

Rate of 4 — % . . . . .	L. 6,717,004,075	or 34.48 per cent. of the total.
« » 4.50 » . . . . .	775,662,601	» 3.98 ditto
» » 5.50 » . . . . .	11,831,685,338	» 60.74 ditto
Other rates (in the Colonies) »	154,910,664	» 0.80 ditto
	<hr/>	
	L. 19,479,262,679	100.00

Special discount rates were charged to agricultural banks and to both Sections of the Syndicate for Advances against Industrial Securities the rate being of 4 ½% p. a. for the former and of 4%

(\* The following table shows the details of the different classes of discounts effected in the years 1922 and 1923 :

	1922		1923	
	Number	Amount in lire	Number	Amount in lire
Bills discounted . . . . .	1,152,925	17,416,835,949	1,455,641	19,446,864,679
ditto for supplies. . . . .	5,521	252,056,761	740	32,398,000
Total . . . . .	1,158,506	17,668,892,710	1,456,381	19,479,262,679
Treasury bills, securities and coupons discounted by our Branches. . . . .	—	655,422,953	—	532,511,107
Grand total . . . . .	—	18,324,315,663	—	20,011,773,786



for the latter. The bank rate was unchanged during the whole of the year at 5 ½% (\*).

### Loans and Advances.

Loans and advances in the year 1923 totalled lire 20,487,444,540 or lire 1,923,860,166 more than in 1922. The above figure does not include deferred payments at the Clearing Houses (it is a known fact that the Italian Clearing Houses have been created under the auspices of the Banca d'Italia and are established in many towns on the premises of the bank).

The average amount of loans and advances was of 2,162,235,266 lire in the year 1923 as against 2,841,342,610 lire in the year 1922. The highest figure was recorded on the 31st December with 2,881.1 million lire and the lowest on the 10th April with 1,672.3 million. The former figure exceeds by 348.1 million the total loans and advances outstanding on the 31st December, 1922. Also with re-

(\*) The following are the bank rates ruling on the principal European markets :

31st December	1922	1923	March 1924
Paris . . . . .	5	5	6
London . . . . .	3	4	4
Amsterdam . . . . .	4	4 ½	5
Brussels . . . . .	4 ½	5 ½	5 ½
Berne . . . . .	3	4	4
Madrid . . . . .	5 ½	5	5
Stockholm . . . . .	4 ½	5 ½	5 ½
Christiania . . . . .	5	7	7
Copenhagen . . . . .	5	6	7
Berlin . . . . .	10	90	90
Vienna . . . . .	9	9	9
Prag . . . . .	5	5 ½	6 ½

gard to these items it is well to compare figures at the following dates :

1921 20th November . . . . .	Lire 2,513.5 million
» 31st December . . . . .	» 4,176.2 »
1922 30th June . . . . .	» 2,975.0 »
» 31st December . . . . .	» 2,533.0 »
1923 30th June . . . . .	» 2,341.7 »
» 30th November . . . . .	» 2,526.4 »
» 31st December . . . . .	» 2,881.1 »

From the 20th November to 31st December, 1921, loans and advances were increased by 1,662.7 million lire. During the year 1922 they were reduced by 1,643.2 million, and in 1923 there was a fresh increase of 348.1 million which however took place in the latter part of the year owing to normal requirements at the close of the year, so that in the new year the figure shews again a falling tendency.

The following table shows the average amounts of discounts, loans and advances and deferred payments at the Clearing Houses for the last ten years :

(in million lire)

Year	Inland bills	Loans and advances	Deferred payments at the clearing houses	Total
1914 . . . . .	580.3	108.3	17.6	706.2
1915 . . . . .	683.7	221.2	11.2	916.1
1916 . . . . .	466.6	245.3	5.2	717.1
1917 . . . . .	600.4	399.0	65.6	1,065.0
1918 . . . . .	768.3	626.0	59.7	1,454.0
1919 . . . . .	862.5	782.0	86.2	1,730.7
1920 . . . . .	2,423.6	2,079.4	244.0	4,747.0
1921 . . . . .	3,189.3	2,401.1	261.3	5,851.7
1922 . . . . .	4,440.7	2,841.3	201.7	7,483.7
1923 . . . . .	4,954.4	2,161.2	300.4	7,417.0

and the monthly figures relating to the year 1923 are given below :

(in million lire)

1923	Inland bills	Loans and advances	Deferred payments	Total
31st January. . . . .	4,475.1	2,001.1	239.6	6,715.8
28th February. . . . .	4,351.7	2,190.0	219.9	6,761.6
31st March . . . . .	4,552.4	1,870.2	190.7	6,613.3
30th April . . . . .	4,718.9	1,926.9	350.4	6,996.2
31st March . . . . .	4,819.9	1,881.7	212.6	6,917.2
31st May . . . . .	5,259.0	2,341.7	405.9	8,006.6
30th June. . . . .	5,262.6	2,200.7	320.5	7,783.8
31st July . . . . .	5,263.9	2,476.0	433.0	8,172.9
31st August. . . . .	5,436.1	2,588.9	394.2	8,419.2
30th September . . . . .	5,423.8	2,822.0	469.3	8,715.1
31st November . . . . .	5,796.7	2,526.4	354.1	8,677.2
31st December . . . . .	3,455.8	2,881.1	443.1	6,780.0

The figure of inland bills for December 31st, 1923, includes re-discounts on behalf of the Ordinary Section of the Syndicate for Advances against Industrial Securities. These involve a sum of 425.5 million lire or 125.7 million less than on 31st December, 1922.

**Notes' Circulation.**

The average circulation of our bank's notes which had been of lire 13,913,215,182 in the year 1922 was reduced in 1923 to lire 12,861,477,645. The following table shows the composition of the latter figure also in connection with the reserve cover :

(in million lire)

	Reserve cover		Without cover	Total
	40 %	33,3 %		
Within normal limits	according to art. 6 of the Law . . . . .	660,0	—	660,0
	according to Royal Decrees no. 791 and 825 (year 1914) . . . . .	440,0	—	440,0
	according to Royal Decree no. 1284 (year 1914) . . . . .	220,0	—	220,0
		1,320,0	—	1,320,0
Over normal limits	up to 70 million . . . . .	70,0	—	3,223,4
	over 70 and up to 140 million . . . . .	70,0	—	
	over 140 and up to 210 million . . . . .	70,0	—	
	over 210 million . . . . .	1,841,0	—	
	without cover . . . . .	—	1,171,6	
Bills re-discounted on behalf of the Syndicate for Advances against I. S. or other Institutions . . . . .	256,8	—	2,137,8	2,394,6
Ordinary Advances to the Treasury . . . . .	—	360,0	—	5,923,4
Extra-ordinary Advances to the Treasury . . . . .	—	—	3,455,6	
Advances for State account . . . . .	—	—	1,951,8	
Statutory deliveries to the Treasury . . . . .	—	—	516,0	
	3,628,6	360,0	8,872,8	12,861,4

From the above table it appears that out of the average total of 12,861.4 million lire in circulation 5,923.4 million lire were issued for account of the Treasury and out of the latter sum 5,563.4 million did not require to have a statutory reserve cover.

The following are the changes of the notes' circulation for Treasury account as compared to the year 1922 :

	31st December		Increase + or decrease —
	1922	1923	
Ordinary advances . . . . .	360,000,000.00	360,000,000.00	—
Extraordinary advances . . . . .	3,600,000,000.00	3,374,042,525.00	— 225,957,475.00
Statutory deliveries . . . . .	516,000,000.00	516,000,000.00	—
Advances for State account to various Institutions or for supplies . . . . .	175,836,704.58	128,459,485.46	— 47,377,219.12
Advances against notes of the Cassa Veneta . . . . .	26,700,000.00	26,700,000.00	—
Advances for the exchange of Austro-Hungarian Notes . . . . .	509,370,000.00	509,370,000.00	—
Advances for redemption of Treasury Bills . . . . .	924,000,000.00	924,000,000.00	—
	6,111,906,704.58	5,838,572,010.46	— 273,334,694.12

There has been a contraction of 273.3 million lire. Extraordinary advances to the Treasury were reduced by approximately 226 million owing to the already mentioned fact that the Treasury has taken over the 25-lire bank notes; and the contraction of the advances to various institutions for Government account (47,377,000 lire) is due to the suspension of further business with the Istituto Nazionale di Credito per la cooperazione (a co-operative Bank under Government control).

The notes in circulation for trade requirements exceeded also last year the legal limits and the excess which averaged 3,426,239,184 lire for the first half-year fell to 3,020,492,053 lire in the second half-year with an average of 3,223,365,619 for the whole year. The highest figure of the excess of trade circulation over legal limits was reached on 31st January with 4,049,300,001 lire, and the lowest on 20th December with 2,034,291,782 lire.

The following table shows the average monthly circulation of Banca d'Italia notes in the last eight years :

(in million lire)

Months	1916	1917	1918	1919	1920	1921	1922	1923
January . . . . .	3,007.1	3,888.6	6,562.3	9,079.9	12,150.8	15,038.9	14,609.1	13,537.0
February . . . . .	2,865.1	3,872.3	6,628.9	8,952.4	11,757.1	14,637.6	14,173.0	13,158.6
March . . . . .	2,873.9	3,879.8	6,872.6	9,027.1	11,868.4	14,466.9	13,955.1	12,971.7
April . . . . .	2,949.0	3,975.6	7,170.5	9,352.3	12,292.8	14,115.5	13,709.6	12,720.1
May . . . . .	3,033.1	4,065.9	7,365.6	9,293.1	12,726.3	13,803.9	13,328.3	12,236.5
June . . . . .	3,265.5	4,283.2	7,652.2	9,375.5	13,454.6	13,729.0	13,599.5	12,509.5
July . . . . .	3,393.4	4,557.6	7,968.2	9,938.8	13,819.7	13,934.7	14,056.8	13,115.7
August . . . . .	3,401.2	4,649.5	8,007.2	10,288.5	13,903.4	13,813.9	13,844.3	12,920.7
September . . . . .	3,522.7	4,850.9	8,369.0	10,768.5	14,498.3	14,098.4	13,799.8	12,835.0
October . . . . .	3,673.3	5,242.3	8,834.1	11,704.2	15,227.4	14,295.1	14,070.8	12,950.9
November . . . . .	3,722.8	6,186.5	9,082.2	12,155.6	15,369.0	14,015.5	14,042.5	12,736.8
December . . . . .	3,823.4	6,466.7	9,184.3	12,420.5	15,298.3	13,954.7	13,769.9	12,645.1

The monthly average in the year 1923 has been constantly lower than the corresponding averages of the year 1922.

The highest and lowest figures of the notes' circulation in the past year are given below with due reference to the separate items of trade circulation and circulation for Treasury account :

Total Circulation . . .	}	highest	L.	13,768	-	10th	January
		lowest	»	12,054	-	20th	May
Circulation for trade account	}	highest	»	7,654	-	10th	January
		lowest	»	6,221	-	20th	May
Circulation for Treasury account	}	highest	»	6,221	-	10th	January
		lowest	»	5,832	-	20th	June

The following table shows the changes which have taken place at the end of each month in the two kinds of notes in circulation for the last five years :

**Banca d'Italia notes' circulation**

(in million lire)

	For trade account					For treasury account				
	1919	1920	1921	1922	1923	1919	1920	1921	1922	1923
31st January . . .	3,752.7	4,094.7	7,052.8	8,045.8	7,346.0	5,269.4	7,895.3	7,866.7	6,501.0	6,091.8
28th February . . .	3,434.8	3,971.5	6,951.3	7,529.9	7,059.7	5,530.7	7,767.2	7,697.5	6,582.3	6,074.7
31st March . . .	3,361.2	4,335.2	7,004.7	7,575.4	7,000.4	5,800.9	7,709.8	7,478.7	6,474.3	6,065.3
30th April . . .	3,421.2	4,861.4	6,900.5	7,258.4	6,553.0	5,968.0	7,863.9	7,126.1	6,350.0	6,058.4
31st May . . .	3,419.1	5,162.0	6,989.9	7,219.0	6,353.4	5,890.3	7,766.2	6,773.5	6,107.5	5,832.5
30th June . . .	3,715.2	6,098.5	7,490.9	7,785.1	7,234.2	5,823.6	7,729.1	6,436.1	6,147.3	5,834.9
31st July . . .	4,266.7	6,238.0	7,643.1	7,912.8	7,321.4	5,828.1	7,660.9	6,362.0	6,151.6	5,833.9
31st August . . .	4,017.8	5,985.7	7,519.6	7,716.5	7,051.0	6,334.5	7,999.0	6,358.9	6,088.8	5,833.8
30th September . . .	4,151.1	6,827.0	7,780.4	7,885.8	7,089.8	6,884.3	8,076.4	6,542.3	6,101.5	5,839.7
31st October . . .	3,948.8	7,049.6	7,665.1	8,125.9	7,136.2	8,006.6	8,229.3	6,661.0	6,105.4	5,839.1
30th November . . .	4,205.7	7,135.6	7,312.2	7,850.0	6,866.7	8,035.9	8,284.1	6,580.0	6,108.2	5,839.0
31st December . . .	4,919.8	7,400.2	8,439.9	7,809.7	7,029.2	7,772.0	8,036.7	6,407.5	6,111.9	5,838.6

In order to complete our survey we also give the figures of the money orders issued, of the deposits and of the Treasury balances at the end of each month :

(in million lire)

1923	Money orders	Deposits	Treasury Balances	Total
31st January . . . . .	858.7	923.2	148.8	1,930.7
28th February . . . . .	904.4	951.1	626.1	2,481.6
31st March . . . . .	750.2	958.9	436.3	2,145.4
30th April . . . . .	850.3	798.8	1,242.4	2,891.5
31st May . . . . .	731.8	817.1	1,418.9	2,967.8
30th June . . . . .	1,121.5	690.3	1,270.6	3,082.4
31st July . . . . .	879.6	781.0	1,196.4	2,857.0
31st August . . . . .	807.5	695.9	2,042.1	3,545.5
30th September . . . . .	923.7	695.8	1,653.8	3,273.3
31st Oct. . . . .	757.1	729.2	1,828.4	3,314.7
30th November . . . . .	828.5	923.5	1,455.4	3,207.4
31st December . . . . .	946.8	822.7	2,011.2	3,780.7

There has been a steady increase of such items and altogether the high level of close to 3,800 million lire has been reached. We have thereby an explanation why the expansion of our business has not been followed by a larger note circulation.

Finally we show in the following table the monthly changes which have taken place in the circulation of our notes for trade requirements and for Treasury account, classified according to the relative reserve covers :

(in million lire)

Date	Circulation for trade account					Circulation for Treasury account			
	within normal limits	over normal limits		advances to various institutions		with 33.3 % cover	without cover		
	with 40 % cover	with 40 % cover	insufficiently covered	with 40 % cover	without cover	ordinary advances to the Treasury	extraordinary advances to the Treasury	advances to third parties for State account	statutory notes supply
31st Dec. 1922 . . . . .	1320.0	2332.7	2690.8	224.5	1241.7	360.0	3600.0	1635.9	516.0
31st Jan. 1923 . . . . .	1320.0	2264.7	1784.6	241.6	1735.1	360.0	3600.0	1615.7	516.0
28th Feb. » . . . . .	1320.0	2179.2	1597.4	260.7	1702.4	360.0	3600.0	1598.7	516.0
31st Mar. » . . . . .	1320.0	2166.9	1421.4	246.3	1845.8	360.0	3600.0	1589.2	516.0
30th Apr. » . . . . .	1320.0	2169.0	870.9	242.3	1950.7	360.0	3600.0	1582.4	516.0
31st May » . . . . .	1320.0	2171.8	583.7	241.1	2036.8	360.0	3374.0	1582.4	516.0
30th June » . . . . .	1320.0	2146.4	1424.6	245.0	2098.1	360.0	3374.0	1584.9	516.0
31st July » . . . . .	1320.0	2132.4	1465.8	265.1	2138.1	360.0	3374.0	1583.9	516.0
31st Aug. » . . . . .	1320.0	1977.7	1352.2	263.0	2138.0	360.0	3374.0	1583.8	516.0
30th Sept. » . . . . .	1320.0	1808.8	1423.1	267.7	2270.1	360.0	3374.0	1589.7	516.0
31st Oct. » . . . . .	1320.0	1813.7	1261.1	262.2	2479.2	360.0	3374.0	1589.0	516.0
30th Nov. » . . . . .	1320.0	1809.8	579.3	279.0	2878.5	360.0	3374.0	1589.0	516.0
31st Dec. » . . . . .	1320.0	1756.9	592.8	301.0	3058.5	360.0	3374.0	1588.5	516.0

**Foreign Business.**

Purchases and sales of foreign currencies amounted in 1923 to lire 107,690,950 or 29,737,257 more than in 1922. On the 31st December, 1923, the Bank balances abroad had fallen to 148,281,459 lire from 355,362,171 lire at the end of 1922, or a net reduction of 207,080,712 lire. The remarkable difference is due in the first place to the reimbursement of a special sterling credit opened in London in June 1917 which took place in September 1923 secondly to the reduction of credit certificates with reference to certain transactions of the Italian National Institute of Exchange.

The balances abroad at the end of December, 1923, were as follows:

- (a) Bills and credits abroad not placed in the reserve L. 19,526,159
- (b) Credit certificates and foreign treasury bills placed  
in the reserve . . . . . » 128,755,300

The following tables show the course of foreign exchanges. In the first table the changes in the rate of the French francs against lire in the last three years are recorded. In the second table the changes of pounds sterling, dollars, Swiss francs and gold rates as from December 1915 are recorded. And finally the third table gives the rates of the principal European exchanges quoted on the New York market as from December 1922. The latter shows that from the end of the year 1922 all European currencies have depreciated as against the dollar, including Swiss francs and Dutch guilders. The pound sterling, which stood at 4,65 ¼ dollars at the end of January 1923 was quoted in the last days at less than 4,30 to the dollar.

**Exchange Rates of lire to 100 French francs.**

	1921			1922			1923		
	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average
January . .	199.24	169.61	180.23	191.96	181.71	187.08	144.30	125.28	136.70
February . .	201.24	192.51	186.84	183.07	173.51	178.82	133.19	125.13	127.66
March . . .	196.96	170.31	186.27	179.61	171.23	176.37	137.96	126.46	130.42
April . . .	171.09	147.01	158.16	175.03	170.81	172.46	137.87	130.27	134.49
May . . . .	163.38	152.64	158.23	177.86	171.14	173.60	139.49	135.33	137.41
June . . . .	167.35	154.93	161.51	180.90	174.65	176.51	139.49	136.79	137.95
July . . . .	186.52	163.07	170.88	183.27	178.54	180.38	137.78	134.52	136.56
August . . .	183.68	176.29	181.02	181.49	175.19	177.35	133.93	129.74	132.16
September .	179.60	164.49	173.30	181.43	176.61	179.38	136.80	128.46	132.10
October . .	189.60	178.99	183.00	180.30	174.84	177.62	134.17	129.90	132.14
November .	182.15	170.37	174.41	165.22	137.71	151.03	129.76	123.31	126.52
December .	187.82	169.57	176.97	146.94	140.47	143.46	124.93	115.71	121.23



## Exchange rates of the £ sterling, of the Dollar, of Swiss Francs and of Gold on the Italian markets

(lire to 1 £, to 1 \$, to 100 Swiss francs and to 100 gold lire)

Months	London			New York			Switzerland			Gold lire		
	highest	lowest	average	highest	lowest	average	highest	lowest	average	highest	lowest	average
a) December 1915 .	31.26	30.72	30.97	6.59	6.52	6.57	125.43	121.40	123.56	121.47	118.35	120.20
» 1916 .	33.02	32.13	32.59	6.955	6.755	6.85	139.18	130.45	135.185	129.88	127.155	128.01
b) » 1917 .	40.20	37.50	39.56	8.38	7.88	8.29	194.42	185.91	189.90	—	—	—
c) » 1918 .	30.375	30.375	30.375	6.345	6.345	6.345	130.00	130.00	130.00	120.18	120.18	120.18
December 1919 .	51.28	49.50	50.08	13.84	12.28	13.07	265.29	224.91	241.67	203.31	193.64	198.61
» 1920 .	105.67	95.06	99.79	29.88	27.10	28.57	456.51	426.29	441.02	418.96	376.92	395.95
» 1921 .	98.30	90.46	93.91	23.99	21.58	22.70	462.41	419.00	440.18	462.89	416.30	437.93
January 1922 .	99.15	92.78	96.90	23.64	21.69	22.92	461.38	424.94	445.69	456.14	418.51	442.33
February » .	93.17	83.62	89.38	21.78	18.87	20.66	425.33	371.50	400.30	420.25	364.10	394.65
March » .	87.88	82.72	85.68	20.35	18.58	19.55	390.50	363.12	380.46	392.66	358.57	392.66
April » .	85.05	81.01	82.53	19.43	18.34	18.68	377.96	356.95	363.50	374.91	353.88	346.09
May » .	87.83	82.91	84.78	19.70	18.60	19.04	375.50	360.75	366.14	380.11	358.90	367.45
June » .	94.98	85.64	89.48	21.71	19.10	20.08	409.43	367.33	382.44	413.69	370.47	386.96
July » .	101.15	94.23	97.39	22.92	21.25	21.97	435.50	404.50	418.43	442.24	410.02	423.91
August » .	103.94	96.07	99.40	23.20	21.69	22.28	442.00	412.35	423.49	447.65	418.51	430.05
September » .	105.67	101.63	103.70	23.88	22.70	23.40	447.50	432.25	439.81	460.77	438.00	451.73
October » .	115.46	102.85	106.77	25.96	23.30	23.97	470.00	435.00	442.40	500.90	449.58	462.51
d) November » .	108.16	93.51	98.87	24.23	20.83	22.09	445.87	384.18	407.09	467.52	402.07	427.22
December » .	93.48	90.43	91.54	20.70	19.44	19.89	386.87	370.17	374.54	399.41	372.22	383.55
January 1923 .	98.51	90.18	95.33	21.26	19.35	20.49	396.86	368.51	384.95	410.21	373.36	395.51
February » .	98.43	96.75	97.52	21.14	20.55	20.78	395.75	388.32	390.98	407.91	396.52	401.19
March » .	99.19	93.61	97.01	21.09	20.00	20.64	393.12	369.25	383.99	406.93	385.90	398.37
April » .	94.78	93.24	93.97	20.42	19.99	20.16	370.17	365.07	368.02	394.01	384.94	389.16
May » .	97.81	94.24	95.68	21.17	20.33	20.67	381.70	369.19	372.97	408.50	392.27	398.88
June » .	104.80	98.54	100.86	22.82	21.30	21.86	405.55	383.28	392.32	440.33	410.99	421.82
July » .	108.82	104.68	106.21	23.83	22.62	23.12	410.69	398.63	406.07	459.81	436.56	446.24
August » .	107.60	105.19	105.97	23.47	23.05	23.20	429.31	412.28	419.08	452.95	444.75	447.71
September » .	107.36	98.23	102.97	23.58	21.47	22.65	426.05	386.19	405.27	454.98	414.27	436.29
October » .	102.47	98.68	100.29	22.65	21.81	22.16	402.45	391.65	395.94	437.04	420.83	427.49
November » .	102.65	100.20	100.92	23.79	22.47	23.07	413.03	400.55	403.75	463.17	433.54	446.30
December » .	101.13	100.09	100.62	23.22	22.95	23.08	404.06	401.10	402.47	447.94	442.89	445.37

(a) From the average rates according to R. Decrees 30th Aug. 1914, No. 919 and Ministerial Decrees 1st Sept. 1914, 15th April, 29th June and 22nd October 1915.

(b) From the quotations ascertained by the Bourse Commissions and from the official quotations from the 18th to the 31st December 1917.

(c) From the Italian National Institute of Exchange selling prices for cheques.

(d) From the average rates published by the Ministry of National Economy.

New York rates on

Date	Italy	Paris	Belgium	Switzerland	Spain	Holland	London
	Dollars to 100 lire	Dollars to 100 francs	Dollars to 100 francs	Dollars to 100 francs	Dollars to 100 pesetas	Dollars to 100 guilders	Dollars to the £.
1922							
December 31st .	5.10	7.335	6.81	18.96	15.74	39.76	4.6735
1923							
January 31st . .	4.73	5.97	5.12	18.66	15.54	39.37	4.65 <sup>1</sup> / <sub>4</sub>
February 28th .	4.82	6.12	5.34	18.70	15.62	39.59	4.70 <sup>3</sup> / <sub>4</sub>
March 31st . . .	5.015	6.66	5.37	18.49	15.36	39.36	4.67 <sup>3</sup> / <sub>4</sub>
April 30th . . .	4.90	6.725	5.81	18.09	15.27	39.06	4.6362
May 31st . . . .	4.73	6.479	5.62	18.05	15.20	39.17	4.625
June 30th . . . .	4.39	6.045	5.13	17.61	14.41	39.18	4.58 <sup>1</sup> / <sub>8</sub>
July 31st . . . .	4.34	5.8325	4.75	17.85	14.20	39.28	4.57 <sup>1</sup> / <sub>8</sub>
August 31st . . .	4.34	5.615	4.67	18.02	13.46	39.33	4.54 <sup>5</sup> / <sub>8</sub>
September 30th .	4.57	6.145	5.23	17.85	13.68	39.33	4.54 <sup>3</sup> / <sub>4</sub>
October 31st . .	4.50	5.88	5.01	17.81	13.35	38.86	4.48 <sup>3</sup> / <sub>4</sub>
November 30th .	4.31	5.89	4.62	17.46	13.00	37.87	4.3337
December 31st . .	4.32	5.10	4.48	17.46	12.90	37.93	4.3187
1924							
January 31st . .	4.36	4.699	4.17	17.31	12.81	37.48	4.31 <sup>1</sup> / <sub>8</sub>
February 29th .	4.31	4.15	3.63	17.33	12.59	37.51	4.30
March 10th . . .	4.13	3.60	3.07	17.23	12.25	36.95	4.26

**Profits.**

When considering the results of the past year, we will separate as usual the profits made by our branches from those made by the head office. The gross profits of our branches amounted to lire 388,236,968.21 as against lire 435,224,622.74 in 1922 or lire 46,987,654.53 less. The gross profits of the head office were lire 99,506,877.73 as against lire 152,031,678.68 in 1922 with a reduction of lire 52,524,800.95. Therefore altogether the gross profits for the year amounted to lire 487,743,845.94 or lire 99,512,455.48 less than in 1922. Discounts alone, which produced gross profits of lire 181,373,545.62, yielded lire 46,960,594.01 less than in the previous year. Such contraction in profits is due to the reimburse-

ment which has been made to the Special Independent Section of the Syndicate for Advances against Industrial Securities of the proceeds of bills re-discounted on their behalf, for an amount of 59.4 million ; on the other hand the proceeds of ordinary discounts were increased by 12,445,000 lire in spite of the fact that the discount rate level was lower in 1923 than in 1922.

The profits arising from the interest on loans and advances amounted to lire 136,424,517.88 as against lire 186,724,617.88 in the previous year.

Deferred payments at the clearing houses produced 16,728,424.27 lire whilst in 1922 the profits had been of 11,545,368.01 lire.

The profits from foreign business were of lire 4,033,174.41 or lire 789,707.27 less than in 1922.

Treasury services yielded lire 673,298.59.

Other services yielded lire 19,622.63 including commissions for lire 2,992,762.43.

The interest on investments amounted altogether to lire 38,078,673.08 including lire 33,151,525.85 on Government securities.

Moreover to the profits of the year the following should be added :

(a) The sum of 50 million lire written off against bad and doubtful debts, as was resolved at the previous general meeting.

(b) The portion of the profits of the Banks' Syndicate to which our bank is entitled, amounting to about 12 million lire, which however appears on the other side of the balance-sheet, owing to the repayment of the same amount to the Independent Section of the Syndicate for Advances against Industrial Securities.

(c) A credit of 11 million lire towards the Special Independent Section of the Syndicate for Advances against Industrial Securities in respect of the tax which has been paid in the second half-year for notes issued on behalf of same.

### Expenditure and Taxes.

The total expenditure amounted in the year 1923 to 416,436,941.00 lire as against an expenditure of lire 547,152,898.77 in 1922, thus a reduction of lire 130,715,957.77.

The administrative expenses proper, including Treasury services, totalled lire 68,566,947.45, or an increase of lire 3,028,388.00 over the corresponding expenditure in the previous year.

The inclusive salaries of the staff have risen from 52 million lire in 1922 to 53.1 million in 1923.

The printing of notes cost was 962,823.15 lire with a saving of 1,411,970.09 as compared to the year 1922.

The outlay for taxes amounted to lire 166,292,950.84 or lire 120,857,170.51 less than in 1922 (\*). Out of the said amount the tax on notes in circulation alone absorbed 149.5 million lire which was however 119.8 million less than in the previous year. The fall in this item must be connected with the regulations introduced by the decree issued the 2nd January, 1923, regarding the bank notes circulation arising from the business of the Syndicate for Advances against Industrial Securities and more particularly of the Special Independent Section of the latter.

The tax on the circulation of our money orders brought a charge of lire 1,723,388.98 which is 344,044.16 less than in 1922.

Interest on current accounts was liable for lire 21,464,292.08, a contraction of lire 2,496,501.97 as compared to the previous year.

(\*) The amount of 166 million 292 thousand lire can be dissected as follows (in thousand lire):

Tax on notes in circulation . . . . .	149,487
Tax on money orders in circulation . . . . .	1,723
Income Tax . . . . .	12,061
Land tax . . . . .	894
Other taxes . . . . .	2,128

Interests on the Treasury balances accounted for 19,476,077.34 lire and interest on the balances held with our bank by the Italian National Institute of Exchange accounted for lire 19,529,350.58.

Sinking funds set aside against ordinary losses arising from unpaid bills, amounted in the past year to lire 25,043,423.19 which is 7,052,326.40 more than the corresponding figure in the previous balance-sheet. Moreover a special amount of lire 20,200,000 has been written off against losses of our Genoa branch in respect of liabilities of the Ansaldo Company. A further amount of 12 million lire is set against the corresponding figure mentioned among our profits, the said sum, being the portion assigned to our bank out of the profits of the Banks' Syndicate created to support the late Banca Italiana di Sconto, having been paid back to the Special Independent Section of the Syndicate for Advances against Industrial Securities.

Finally, following the precedent of our last balance sheet, your directors have unanimously resolved to write off from our assets a round sum of 40 million lire, as against 50 million written off last year against depreciation or possible losses.

#### **Dividend.**

Resuming the above statements, our balance sheet shows gross profits aggregating . . . . .	Lire	487,743,845.94
against a total expenditure of . . . . .	»	416,436,941.00
leaving a net profit of . . . . .	»	<u>71,306,904.94</u>

After assigning 5 % of the said amount, namely lire 3,565,345.24 with the usual addition of lire 750,000 to the Provident Fund for the staff of the late note-issuing banks, absorbed by our bank, making altogether . . . . .

	»	<u>4,313,345.24</u>
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the balance of net profits to be divided is: Lire 66,991,559.70 which exceeds by 29,648,327.18 the corresponding sum of last year.

The directors having received a favourable report of the auditors, in consideration of the provisions of the already mentioned Royal Decree dated 27th September, 1923, on the results of the profit and loss account for the year 1923, recommend :

That the Treasury be entitled to receive as participation to the net profits the same amount as last year,  
namely . . . . . Lire 13,874,116.26

That the shareholders be likewise entitled to a share in the profits to the same extent as for the year 1922, namely, to a dividend of . . . . . » 18,000,000.00  
which is equivalent to 60 lire per share (10 per cent. of the paid up capital), and a further amount of . . . . . » 5,193,056.26  
to be added to the special reserve which is the property of the shareholders ;

That after allocating the usual sum of . . . . . » 281,060.00  
to the reserve fund of the Credito Fondiario, the balance of . . . . . » 29,643,327.18  
be assigned to the Special Independent Section of the Syndicate for Advances against Industrial Securities . . . . .  
  
Lire 66,991,559.70

Accounting for the further sums paid by the bank to the Special Independent Section of the Syndicate, we may conclude that in the year 1923 we have contributed to the extent of a round figure of about 100 million lire towards making good doubtful or bad debts which are included in the assets of the Special Independent Section taken over from the Società Finanziaria per l'Industria e il Commercio (\*) and from the late Banca Italiana di Sconto of its own

(\*) The Company which has taken over the frozen assets of the Banco di Roma.

account and in connection with the affairs of the Companies of the Ansaldo group.

We have already mentioned the fact that by a Decree of the 1st January, 1924 a definite stop has been put to any further operations of the Special Independent Section of the Syndicate. Therefore, through the provident action of the Government we may consider closed the period of salving and repairing, and a new period has been opened. We scarcely believe that it will be necessary to await until the year 1930 in order to accomplish our task, once the joint action of the Treasury and of the note-issuing banks will be assisted, as we confidently expect, by a renewed economic activity of the country.

The Banca d'Italia has been relieved of a heavy burden which has been placed upon her as a result of the vast credit depression which took place ; and having clearly separated her normal business from what has been described as exceptional transactions, it is now in a position of fully resuming pre-war life, namely, her duties as regulator of the Italian money market, in aid of the economic resources of the Nation.

#### **Conclusion.**

Gentlemen,

You have heard described in every detail the activity of our bank and the results achieved in a year which every single day had its hardships.

Our work can be differently appreciated according to whether one judges it from a strictly theoretical or technical point of view, or if it is looked upon from a wider point of view, bearing in mind the contingencies which were such as to dispel, under the stress of circumstances, the righteous reluctance to part from the principles ruling an institution like our own in normal times.

It is not easy to draw a line nor can one say how far public interest may justify such deviation from principle. So the judgment

of third parties may vary regarding the most difficult of our labours during the acutest period of the crisis : on the one hand considering our action excessive, on the other hand considering it insufficient, according to the interests at play which, though almost unaware, are bound to influence judgments on the subject.

At any rate your administration, with the support of the public authorities, went ahead convinced to be right ever since the outburst of the crisis up to the enactment of the plucky provisions intended to assure a speedy recovery from the consequences of the crisis itself.

And we have taken the responsibility of tying up the balance-sheet of the bank for a further period of five years beyond 1925 in the way which has been described in every detail, in order to contribute effectively to the settlement of our banking system and of the money market. We have however made provisions to protect our bank against the danger of further frozen assets being charged upon her, and against possible losses. Our structure must remain sound and be still further re-inforced in order to enable us to maintain the value of our notes, which is and will always be the ultimate object of our labours.

What has been said and often repeated in this report regarding the national interest involved need not be insisted upon. And in conclusion we trust in the approval of the shareholders convened in this room : such approval will be the most cherished prize for your administration for it will be equivalent to a solemn recognition of the great duty which it has performed.

BONALDO STRINGHER.

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BALANCE-SHEET

*December 31<sup>st</sup>, 1923*

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PROFIT AND LOSS ACCOUNT

# BANCA

PAID UP CAPITAL

## BALANCE-SHEET

### ASSETS

Total Cash holdings	Gold and silver in the vaults . . . . .	L.	960,971,706.38	960,971,706.38		
	Certificates of gold deposited abroad, Certificates of credits abroad, foreign Treasury bills, and foreign Bank-notes . . . . .	»	510,207,570.22			
	<b>TOTAL RESERVE . . . . .</b>	<b>L.</b>	<b>1,471,179,276.60</b>			
Total Cash holdings	Currency Notes . . . . .	L.	373,270,410.—		1,625,721,286.20	
	Notes and sight drafts of other Note-issuing Banks . . . . .	»	208,789,421.85			
	Foreign Bank-notes . . . . .	»	588,489.16			
	Postal orders etc. . . . .	»	56,532,566.30			
	Silver coin . . . . .	»	892,328.46			
	Copper and nickel coin . . . . .	»	22,344,530.77			
	Silver rupees . . . . .	»	2,331,833.28			
<b>Inland Bills . . . . .</b>				L.	3,455,848,460.51	
<b>Foreign Bills . . . . .</b>				»	15,950,399.12	
<b>Bills for collection . . . . .</b>				»	46,695,100.39	
<b>Loans and Advances . . . . .</b>				»	2,881,079,867.39	
<b>Liabilities of the Special Independent Section of the Syndicate for Advances against Industrial Securities:</b>						
Securities to Advances to the Treasury	Unrealised . . . . .	L.	2,481,636,711.92		2,564,606,443.98	
	Realised . . . . .	»	82,969,732.06			
	Ordinary . . . . .	»	360,000,000 —			
	Extra-ordinary . . . . .	»	3,374,042,525 —			
	For statutory deliveries . . . . .	»	516,000,000 —			
	For exchanging the notes issued by the Cassa Veneta . . . . .	»	26,700,000 —		5,838,572,010.46	
	For redemption of Treasury bills . . . . .	»	924,000,000 —			
	For redemption of Austro-Hungarian Notes . . . . .	»	509,370,000 —			
	To third parties for Treasury account . . . . .	»	128,459,485.46			
	Free Fund . . . . .	»	22,317,463.30			
	Partial investment of Statutory Reserve . . . . .	»	10,298,957.83			
	Guarantee for Treasury Services . . . . .	»	110,046,581.16		400,616,002.29	
	Investment of other Reserves . . . . .	»	3,450,000 —			
Against issue of money orders . . . . .	»	254,503,000 —				
<b>Cr. Bankers' accounts</b> { In Italy . . . . .	»	550,008,471.07		1,063,723,231.08		
{ In Foreign Countries . . . . .	»	513,714,760.01				
<b>Liability of the Shareholders in Respect of unpaid Balance of Subscribed Capital . . . . .</b>						
				L.	60,000,000.00	
<b>Buildings for Bank Premises . . . . .</b>						
				»	66,683,408.13	
Other Assets	" Credito Fondiario " Fund . . . . .	L.	30,000,000 —			
	Colonial Branches Reserve . . . . .	»	4,000,000 —			
	Participation to the Capital of the « Credito Agrario per il Lazio » . . . . .		500,000 —			
	Participation to the Capital of the Italian National Institute of Exchange . . . . .	»	7,200,000 —			
	Liabilities of the " Società pel Risanamento di Napoli " . . . . .	»	1,598,746.79			
	Liabilities of other note issuing Banks . . . . .	»	31,321,819.12		1,419,917,307.50	
	Special Reserve, which is the property of the Shareholders . . . . .	»	91,653,000 —			
	Investment of extraordinary Reserve . . . . .	»	12,025,500 —			
	Investment of the Banca d'Italia Pensions fund . . . . .	»	126,450,722.88			
	Bills receivable . . . . .	»	82,109,960.28			
	Treasury Bills and Bonds for Investment of Special Reserve Fund (D. L. 27 Sept. 1923, no. 2158) . . . . .	»	405,328,014.52			
Other debtors . . . . .	»	627,730,043.91				
				L.	19,439,413,517.05	
By Securities deposited	{ in custody . . . . .	L.	10,843,784,586.33		39,285,582,598.35	
	{ as collateral pledged . . . . .	»	13,794,383,048.43			
	{ for Treasury account . . . . .	»	93,944,505 —			
	{ for the Bank's account . . . . .	»	13,031,053,959.08			
				»	1,522,416,499.51	
<b>By Amounts written off in past Years . . . . .</b>						
				L.	58,724,996,115.40	
				»	73,728,299.75	
				<b>TOTAL . . . . .</b>	<b>L.</b>	<b>58,798,724,415.15</b>

L. 180,000,000

DECEMBER 31st, 1923

LIABILITIES

<b>Capital and Statutory Reserve</b>	Subscribed Capital . . . . .	L.	240,000,000 —	}	300,025,412.33
	Statutory ordinary Reserve . . . . .	»	48,000,000 —		
	Extra-ordinary Reserve . . . . .	»	12,025,412.33		
<b>Notes in Circulation</b> . . . . .		L.			12,867,790,800.00
<b>Sight Drafts</b> . . . . .		»			946,782,682.96
<b>Current and Deposits Accounts</b> . . . . .		»			822,745,094.00
<b>Other Accounts</b> . . . . .		»			101,880,496.40
<b>Services for Treasury and Provincial Account</b>	Treasury balances . . . . .	L.	2,011,165,667.07	}	2,114,036,834.01
	Other Treasury accounts . . . . .	»	11,491,008.12		
	Current account for certificates to order in respect of customs duties . . . . .	»	50,416,802.22		
	Provincial Inland Revenue departments . . . . .	»	40,963,356.60		
	To miscellaneous contingency funds . . . . .	»	5,110,255.30		
	To securities depreciation fund . . . . .	»	7,696,478.50		
To "Credito Fondiario" cash service . . . . .	»	1,121.02			
To funds for communal and other services . . . . .	»	107,297,749.46			
<b>Other Liabilities</b>	Under the terms art' 3 and 4 of the Decree of 27th September 1923, n. 2158 L. 85,467,783.95	}	405,328,014.52	}	2,219,160,637.65
	Under the terms of art. 5 of the said Decree . . . . . » 319,860,230.57				
	To employees pensions fund . . . . .	L.	127,916,592.22		
	To Colonial Branches Reserve . . . . .	»	4,000,000 —		
	To special Reserve which is the property of the shareholders . . . . .	»	93,035,045 —		
	Inland Bills discount profits carried forward . . . . .	»	25,824,689.81		
	To bills depreciation fund . . . . .	»	74,438,583.68		
	To special fund from the Reserve which is the property of the Shareholders for building and purchasing new premises. . . . .	»	18,800,000. —		
	To Other creditors . . . . .	»	1,349,712,108.14		
	<b>Net Profit for the Year</b> . . . . .		L.		
				L.	19,439,413,517.05
<b>To Securities deposited</b> . . . . .		»			39,285,582,598.35
				L.	58,724,996,115.40
<b>To Amounts written off in past Years</b> . . . . .		»			73,728,299.75
				L.	58,798,724,415.15
			TOTAL . . . . .	L.	

# PROFIT AND Year

		DR.			
Expenditure	Expenses in respect of:	Administration . . . . .	L. 68,566,947.45	73,495,251.42	239,788,202.26
		Board of Directors etc. . . . .	» 1,708,454.99		
		Transport of specie, notes and other valuables . . . . .	» 1,079,081.96		
		Notes printing . . . . .	» 962,823.15		
		Buildings which are the property of the Bank . . . . .	» 1,074,733.67		
		Stamps and commissions on foreign business . . . . .	» 103,210.20		
		Tax on notes in circulation . . . . .	» 149,487,398.02		
	Tax on money orders and sight drafts in circulation . . . . .	» 1,723,388.98			
	Income tax . . . . .	» 12,060,730.28			
	Land tax . . . . .	» 893,926.79			
	Bank shares transfer tax . . . . .	» 819,040.80			
	Weights and measures control tax . . . . .	» 3,454.60			
	Stamp duties . . . . .	» 297,202.67			
	Contribution for Government supervision . . . . .	» 100,000 —			
	Other tributes . . . . .	» 907,808.70			
Unpaid bills . . . . .	L.	11,002,526.59			
Amounts written off . . . . .	»	25,043,423.19			
Interests and annuities . . . . .	»	64,773,262.11			
Benevolent contributions . . . . .	»	827,198.85			
Contribution to Employees Pension Fund . . . . .	»	2,802,328 —			
To bills depreciation fund . . . . .	»	20,200,000 —			
To special depreciation fund . . . . .	»	40,000,000 —			
Transfer to the Special Independent Section of the Syndicate for Advances against Industrial Securities of the profits assigned to the Bank on the operations of the Banks' Syndicate . . . . .	»	12,000,000 —			
	L.	416,436,941 —			
To the Pensions Fund of late note-issuing Banks . . . . .	L. 4,315,345.24	71,306,904.94			
Net profit to be divided . . . . .	» 66,991,559.70				
	TOTAL . . . L.	487,743,845.94			

## DISTRIBUTION

Dividend on No. 300,000 shares at the rate of L. 60 per share . . .  
 Annual contribution to the Reserve Fund of the "Credito Fondiario"  
 Treasury participation . . . . .  
 To Special Reserve which is the property of the Shareholders . . .  
 To the Special Independent Section of the Syndicate for Advances  
 of art. 4 of the Decree 27th September 1923, No. 2158 . . . . .

Rome, 28th March 1924.

VITTORIO ARTOM  
 GIUSEPPE CORNAGLIOTTO  
 VITTORIO TIBERIO DECIANI  
 DOMENICO MAROCCO  
 LEOPOLDO VIALI

Auditors.

ALESSANDRO RIPETTI  
 Chief Accountant.





## DIAGRAMS



## EQUIVALENT IN ENGLISH OF ITALIAN HEADINGS

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### FIRST TABLE :

Corso medio del Consolidato 5 % . . . . . = Average prices of 5 % Consols.  
Corso medio della Rendita Italiana 3.50 % . = Average prices of 3 ½ % Rentes.

### SECOND TABLE :

Circolazione bancaria e di Stato e riserve = Bank-notes and currency notes in cir-  
per i biglietti (Situazione a fine mese) . culation and reserve against notes  
(at the end of each month).  
Circolazione dei tre Istituti (Totale) . . . = Notes' circulation of the three note-  
issuing Banks (Total).  
Id. p. c. del Commercio . . . . . = Ditto for trade account.  
Totale dei tre Istituti e di Stato . . . . = Total of the three note-issuing Bank,  
and currency notes.  
Riserva dei tre Istituti . . . . . = Reserve of the three note-issuing Banks  
Id. totale dei tre Istituti e di Stato . . . = Total reserve of the three note-issuing  
Banks and of the Treasury.

### THIRD TABLE :

Vaglia cambiari . . . . . = Bank money orders.  
Biglietti per conto dello Stato . . . . . = Notes in circulation for Treasury ac-  
count.  
Biglietti per conto del Commercio . . . . = Notes in circulation for trade account.  
Circolazione dei biglietti . . . . . = Bank notes in circulation.  
Circolazione totale dei biglietti e dei vaglia = Total circulation of notes and Bank  
cambiari . . . . . money orders.

### FOURTH TABLE :

Debiti a vista e depositi in c/c (Situazione = Sight drafts and current account de-  
a fine mese) . . . . . posits (at the end of each month).  
Istituti di emissione . . . . . = Three note-issuing Banks.

### FIFTH TABLE :

Corso medio mensile del cambio . . . . . = Average monthly exchange rates.  
su Francia . . . . . = on France.  
su Svizzera . . . . . = on Switzerland.  
su Londra (in ragione percentuale) . . . = on London (percentage over parity).  
su New York id. id. . . . = on New York d. d.

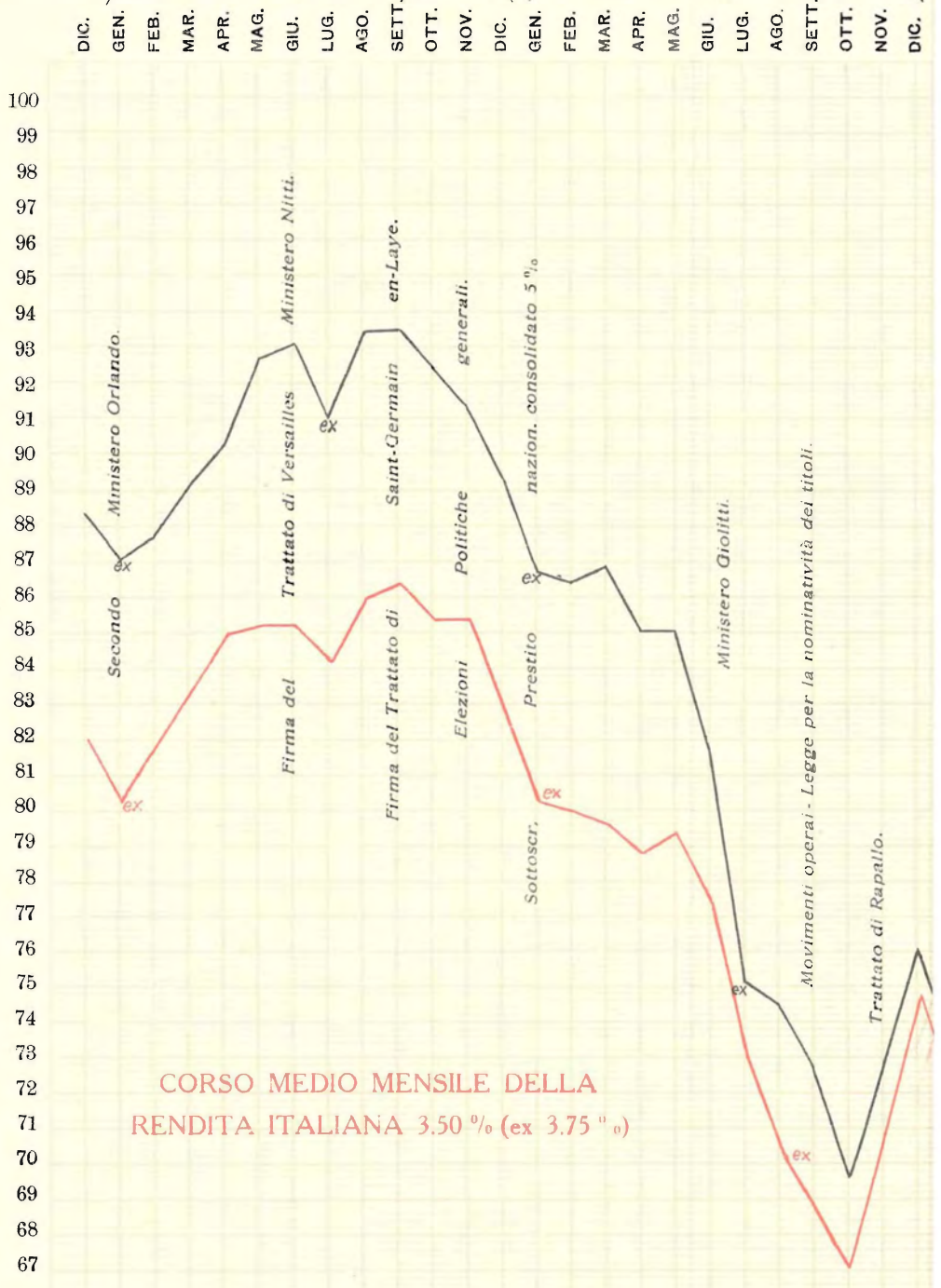
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1918

1919

1920

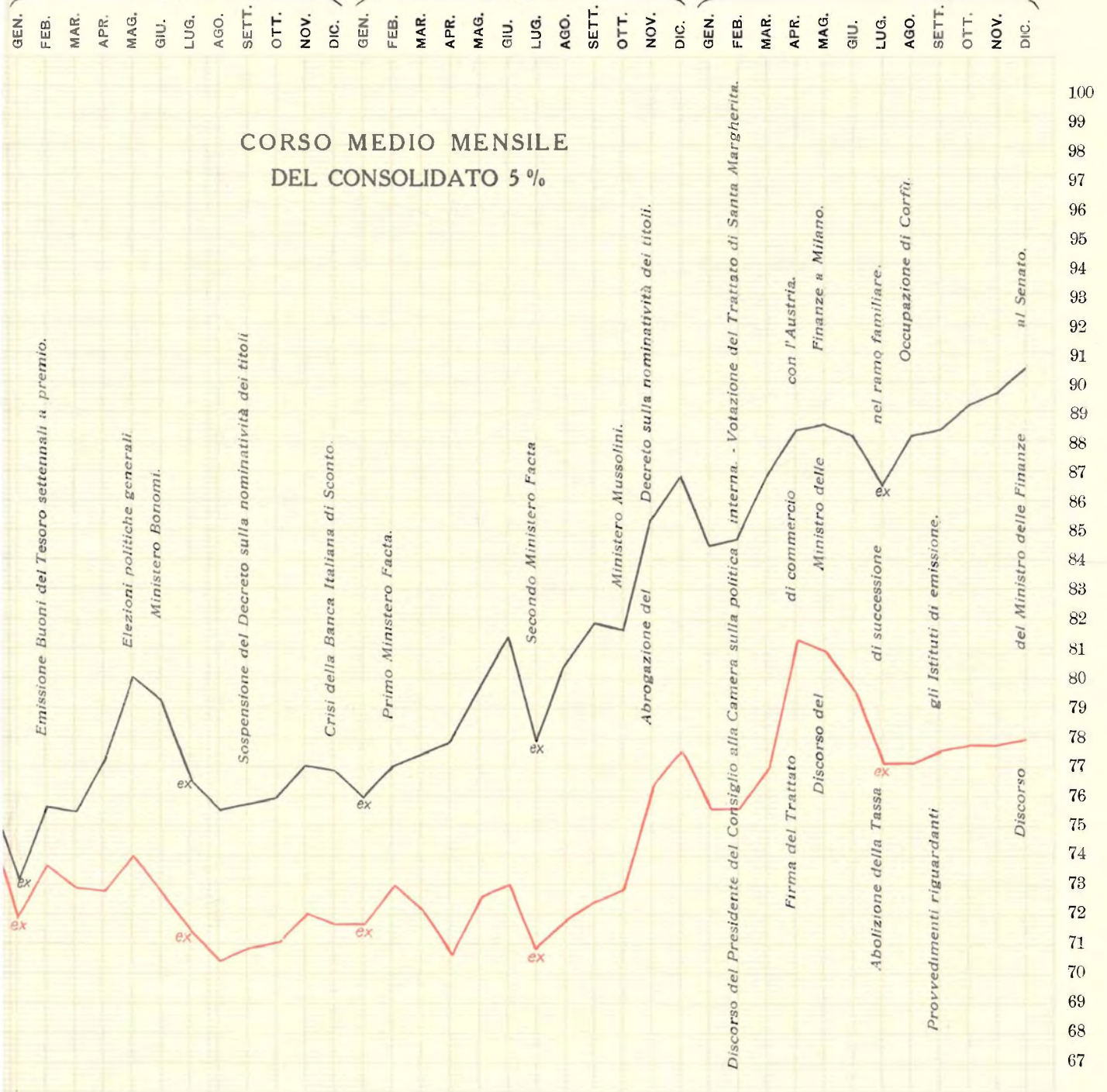


1921

1922

1923

CORSO MEDIO MENSILE  
DEL CONSOLIDATO 5 %



1918

1919

1920

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**CIRCOLAZIONE BANCARIA E DI STATO E RISERVA PER I BIGLIETTI**

(Situazione a fine mese)

Millioni di lire

20.000  
19.500  
19.000  
18.500  
18.000  
17.500  
17.000  
16.500  
16.000  
15.500  
15.000  
14.500  
14.000  
13.500  
13.000  
12.500  
12.000  
11.500  
11.000  
10.500  
10.000  
9.500  
9.000  
8.500  
8.000  
7.500  
7.000  
6.500  
6.000  
5.500  
5.000  
4.500  
4.000  
3.500  
3.000  
2.500  
2.000  
1.500  
1.000  
500

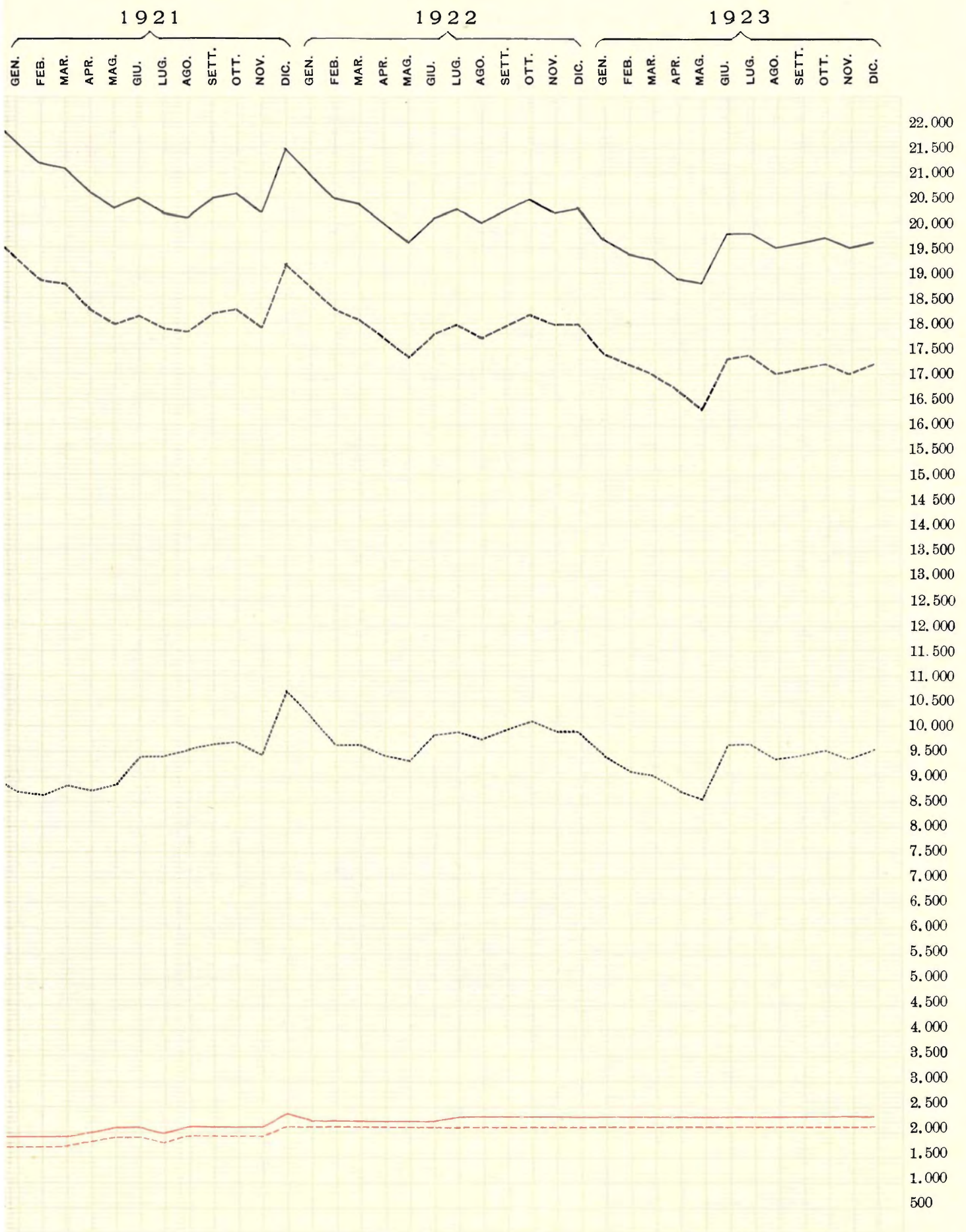
**CIRCOLAZIONE**

- Dei Tre Istituti (totale)
- - - - - idem p. c. del Commercio
- Totale dei Tre Istituti e di Stato

**RISERVA**

- - - - - Dei Tre Istituti
- Totale dei Tre Istituti e di Stato





1918

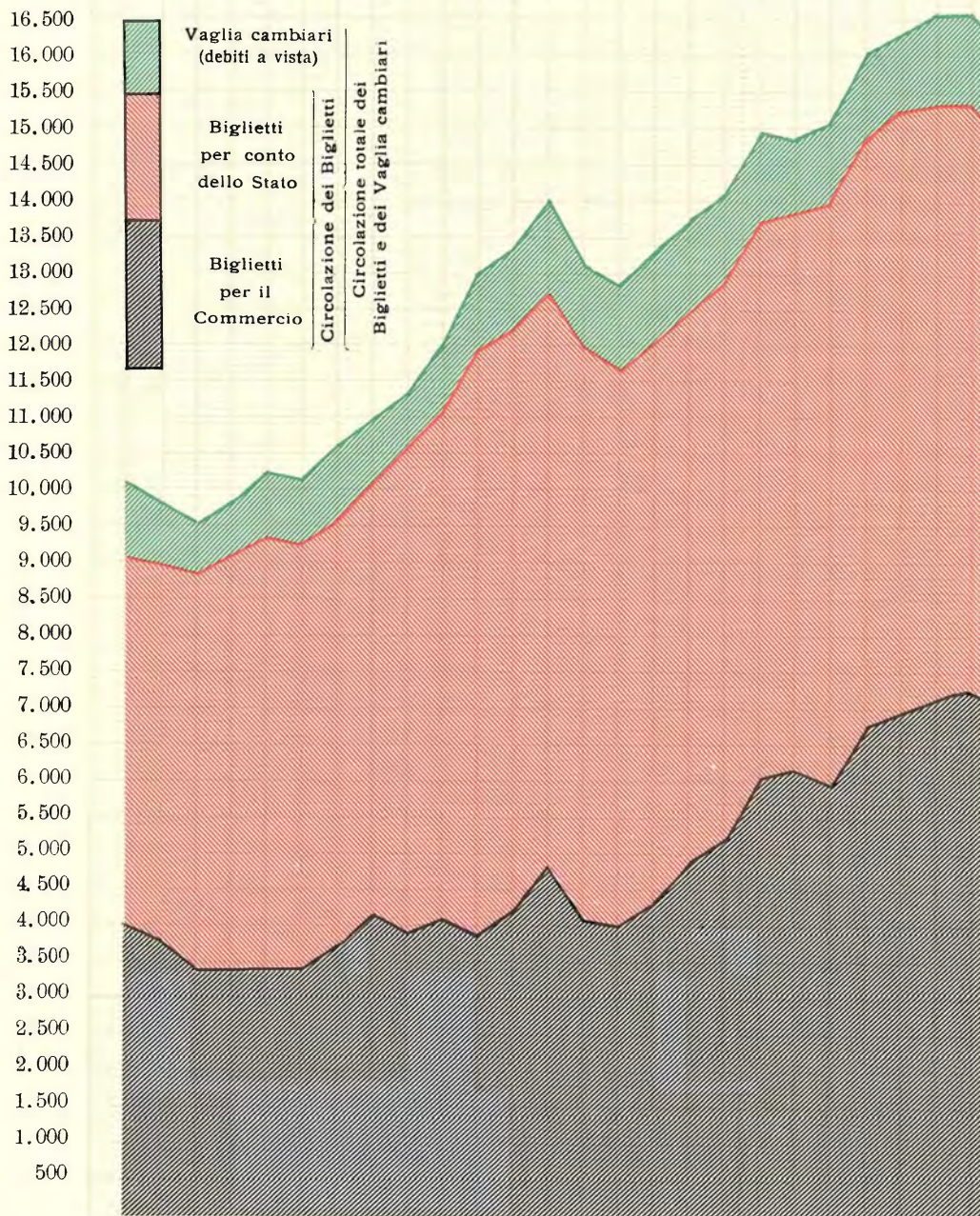
1919

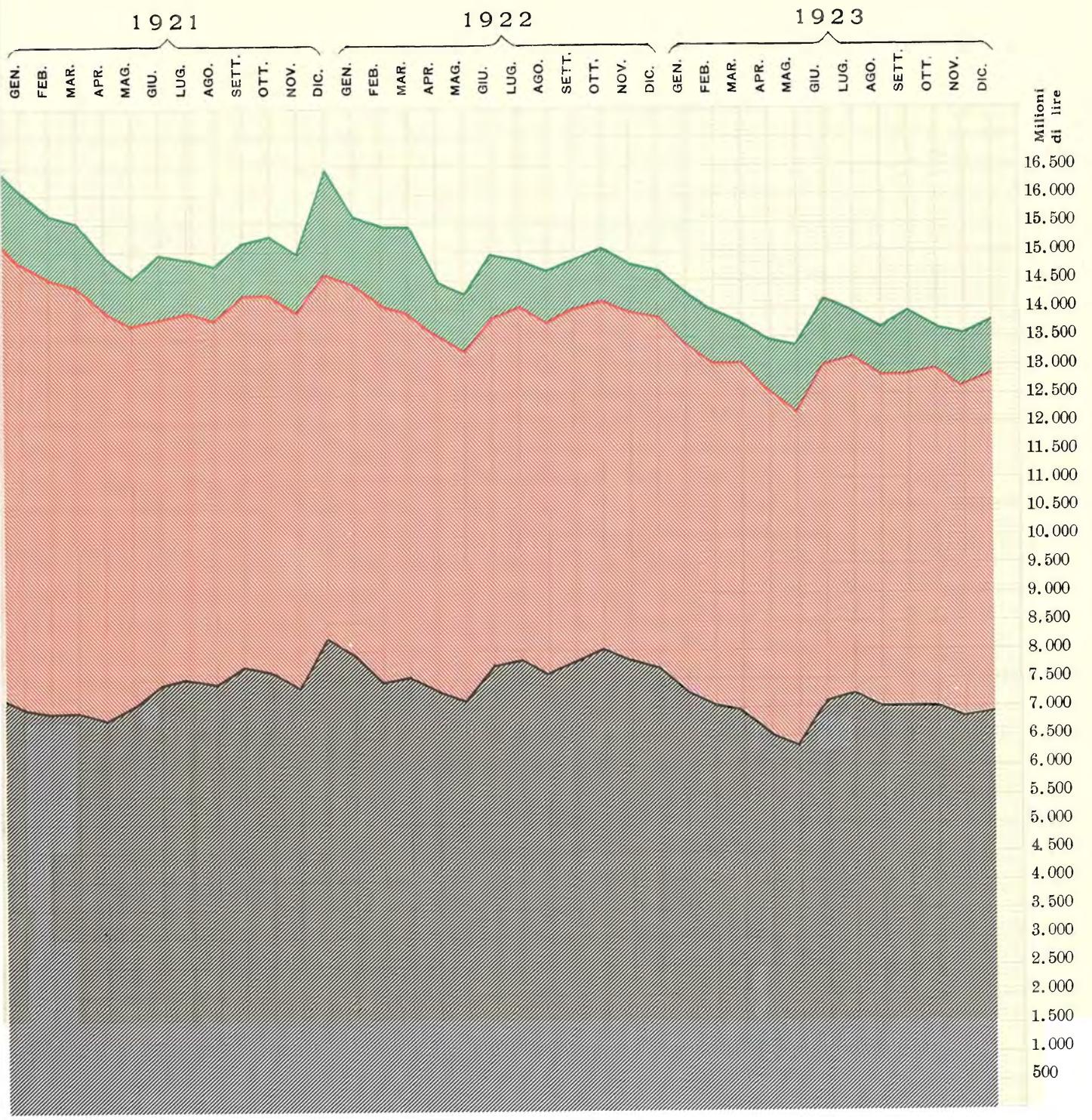
1920

Millioni  
di lire

DIC. GEN. FEB. MAR. APR. MAG. GIU. LUG. AGO. SETT. OTT. NOV. DIC. GEN. FEB. MAR. APR. MAG. GIU. LUG. AGO. SETT. OTT. NOV. DIC.

BANCA D'ITALIA







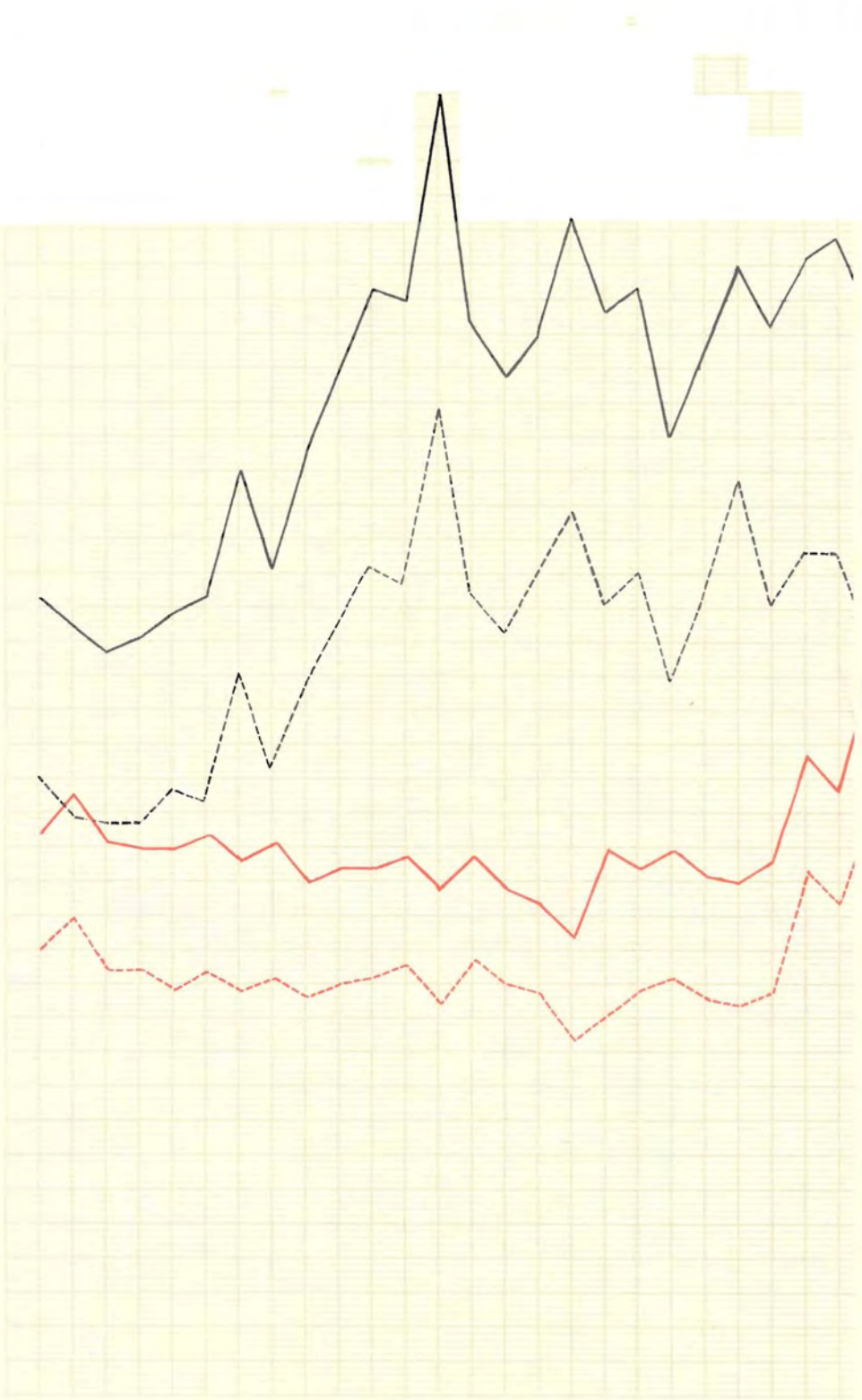
1918

1919

1920

DIC. GEN. FEB. MAR. APR. MAG. GIU. LUG. AGO. SETT. OTT. NOV. DIC. GEN. FEB. MAR. APR. MAG. GIU. LUG. AGO. SETT. OTT. NOV. DIC.

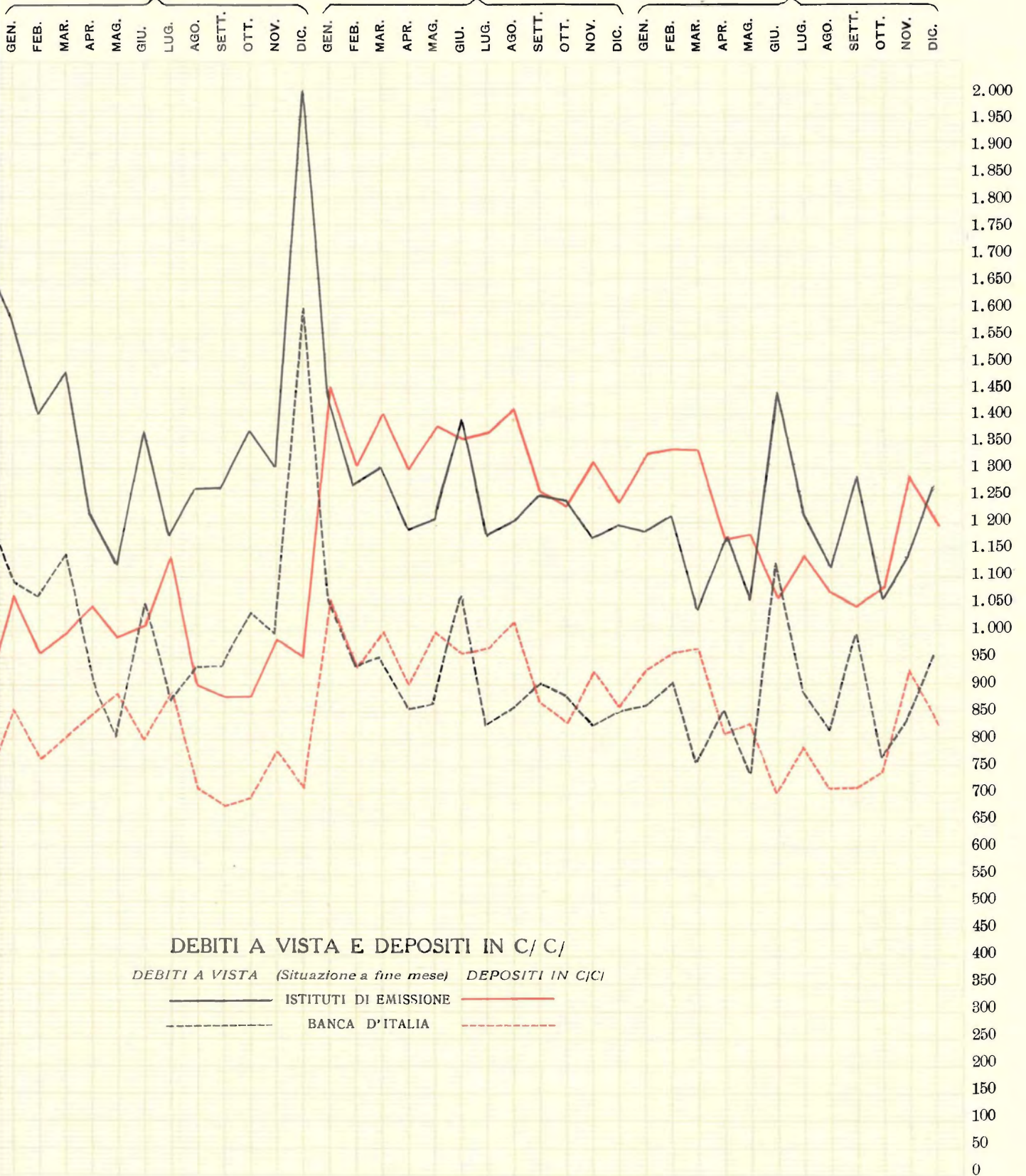
Millioni di lire  
1.900  
1.850  
1.800  
1.750  
1.700  
1.650  
1.600  
1.550  
1.500  
1.450  
1.400  
1.350  
1.300  
1.250  
1.200  
1.150  
1.100  
1.050  
1.000  
950  
900  
850  
800  
750  
700  
650  
600  
550  
500  
450  
400  
350  
300  
250  
200  
150  
100  
50  
0



1921

1922

1923



1918

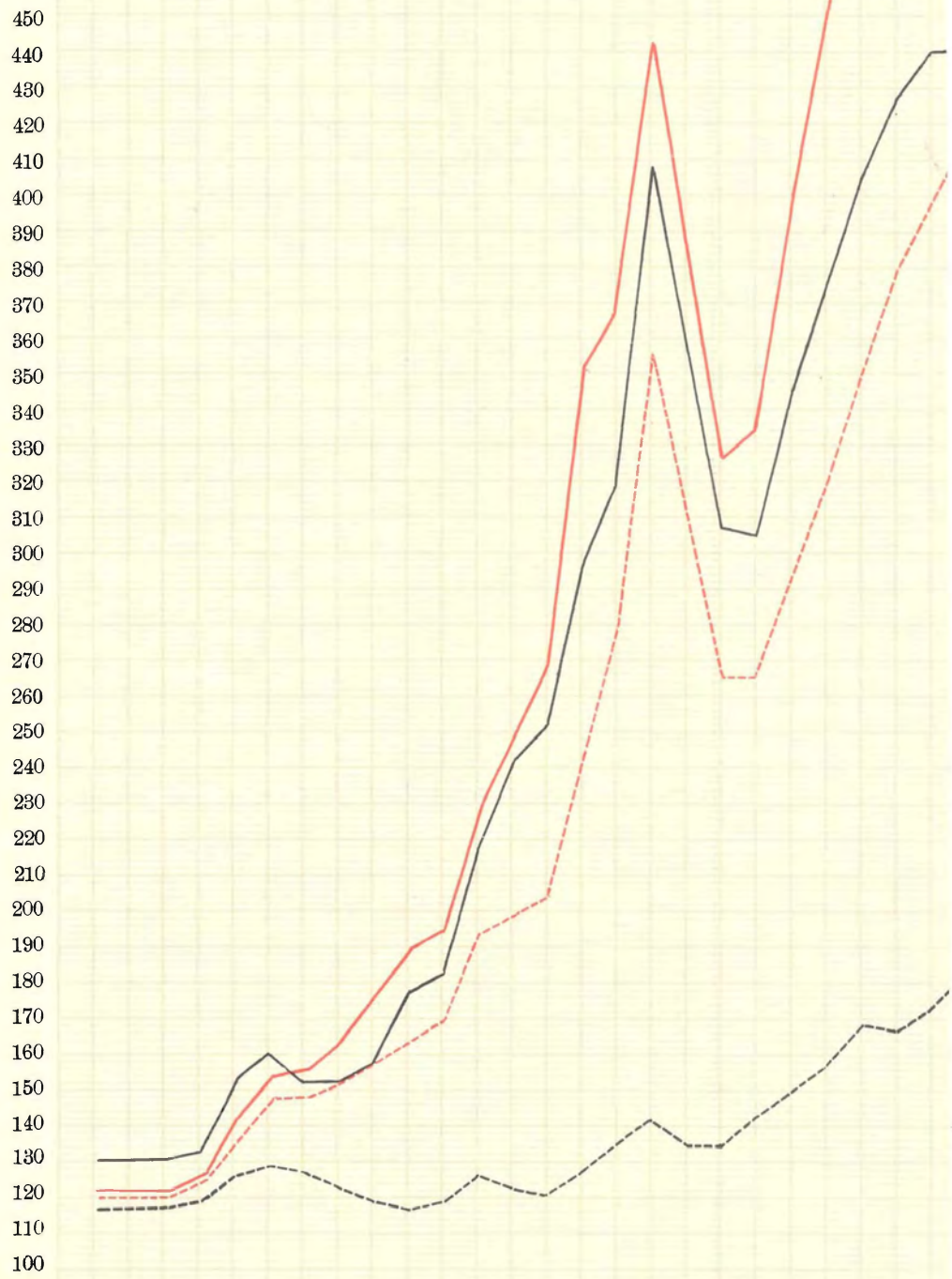
1919

1920

DIC. GEN. FEB. MAR. APR. MAG. GIU. LUG. AGO. SETT. OTT. NOV. DIC. GEN. FEB. MAR. APR. MAG. GIU. LUG. AGO. SETT. OTT. NOV. DIC.

### CORSO MEDIO MENSILE DEL CAMBIO

----- su Francia  
— su Svizzera  
- - - - su Londra  
= su New York } in ragione percentuale



1921

1922

1923

GEN. FEB. MAR. APR. MAG. GIU. LUG. AGO. SETT. OTT. NOV. DIC. GEN. FEB. MAR. APR. MAG. GIU. LUG. AGO. SETT. OTT. NOV. DIC. GEN. FEB. MAR. APR. MAG. GIU. LUG. AGO. SETT. OTT. NOV. DIC.

