

# BANCA D' ITALIA

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ABRIDGED TRANSLATION OF THE  
REPORT OF THE GOVERNOR  
AT THE  
ANNUAL GENERAL MEETING OF THE  
SHAREHOLDERS

HELD IN ROME ON THE 30th MARCH, 1933.

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YEAR 1932.

*Gentlemen,*

The Lausanne Agreement, concluded last July, brought about an improvement in the international political situation which seemed to foreshadow a wider and more general understanding of the present necessities which Italy was the first to insist upon. General Remarks

When a basis of agreement was reached on the problem of reparation payments it was found necessary that a World Conference should be called with the object of setting out the measures required to overcome the economic and financial difficulties which are regarded as the principal causes of the great depression that is affecting the whole world. A Preparatory Committee of Experts was entrusted with this task and, having met in Geneva last January, it established the elements of the present situation and set out clearly the main lines of the programme of the Conference. A valuable contribution to the work of the Committee was made by the Bank for International Settlements, which, in addition to appointing two members of its Board as experts on the Committee, supplied accurate studies on the following subjects : the return to an international gold basis ; the general trend of prices ; the working of the gold exchange standard ; the credit policy of Central Banks ; and on silver.

On that occasion, probably in connection with the hard-earned experience of certain countries, it was found necessary that a common standard should be restored for all currencies, which, ever since 11th July, 1932, the Board of the Bank for International Settlements had unanimously recognised to be gold, as the most suitable to meet the economic and currency requirements and to secure the safety and freedom of international movements of merchandise and capital.

The abandonment of the Young Plan and the cancellation of Germany's annual reparation payments, which were substituted by an equitably reduced lump sum, thus gave rise to a certain amount of optimism, especially since it created a possibility of reaching a basis of agreement among European States. But this conclusion could not be final until a corresponding revision of the problem of inter-Allied debts could be made, and, consequently, the first favourable impression was followed by a general feeling of uncertainty.

An early settlement of the problem of War Debts encountered difficulties on account of the Presidential election in the United States and the conflicting tendencies which arose on the subject in the North American political world together with the unbending attitude of the Governmental circles in Washington. Failing an extension of the Hoover moratorium, Italy regularly met her War Debt payment due on 15th December (1) pending a wide and open minded discussion, which cannot fail to materialise, not only in view of the high spirit of understanding and equity of the American people and of their representatives, but also because of the pressing economic difficulties which, through their innumerable and deep reactions, involve inevitably in the gravest responsibility to the whole world and to the present and future generations those who must and can take a decision on the basic problems for a solution of the crisis.

The problem of War Debts is international, and I would take this opportunity of emphasising what has already been clearly said and repeated on the subject by Italy. In order to reach an equitable adjustment of the War liabilities the principle cannot be disregarded of referring to the present economic conditions, which differ substantially from those prevailing at the end of 1925.

The keenest interest has been aroused in the discussions at Geneva on Disarmament, which problem, if solved to the general satisfaction of all parties, could certainly clear up the international political situation. This is obviously indispensable for the solution of other points which will be considered at the World Monetary and Economic Conference.

(1) When the Hoover moratorium expired on the 30th June of last year the United States Government did not see its way to renew it and the debtor States were asked to resume payments under the existing agreements. Payments were made by Italy, Great Britain, Czechoslovakia, Finland, Latvia and Lithuania, whereas France, Belgium, Estonia, Hungary and Poland did not pay.

The Grand Council of Fascism at its meeting of 5th December, after re-affirming in the most explicit manner the existing connection between Reparations and War Debts, resolved to invite the Government to pay the instalment amounting to \$1,245,437, which is equivalent to about 24 million lire, and to start without delay the necessary negotiations in order that prior to the next maturity on 15th June, 1933, a new agreement may be concluded which, in accordance with the recent declarations of Presidents Hoover and Roosevelt, should take Italy's position into consideration, a position which *de jure* and *de facto*, for universal reasons well known also to the Government of the United States, is not the same as it was when concluding the agreement, the terms of which have been up to the present scrupulously respected by the Italian Government.

The hopes of an agreement, which had seemed doomed, have been revived in the last days by the meeting in Rome of the representatives of Great Britain with the Prime Minister of Italy, who again, by his initiative, has brought about a renewal of confidence among the anxious peoples in a favourable and final solution of the questions on which peace and undisturbed work are dependent.

During the last year throughout the world some of the most impressive features of the crisis were intensified, these being the fall in commodity prices and the increase in unemployment, (1) and while the stocks of agricultural produce and other raw materials are still increasing, international trade, which has been considerably reduced in the last three years, both in value and volume, is being seriously disorganised and almost paralysed by various restrictions, which have often been imposed for defensive reasons and which all countries have now adopted—namely, customs protection, quotas, clearing arrangements, and import prohibitions.

The fall in prices and the contraction of trade weigh on the State finances, which show intolerable deficits. Currencies in many countries could not maintain or recover stability, thus increasing the difficulties and uncertainties of the already reduced international trade.

This background of difficulties shows the necessity of meeting without further delay, in a wide spirit of comprehension, the problems already mentioned, which are now present in the mind of everyone, including the humblest, besides occupying the mind of those who govern States interested in their solution.

After the Lausanne Conference appreciable improvements were recorded by the stock markets and there was also a recovery in the prices of some commodities. But this recovery was very short-lived, it being followed by a tendency to further depreciation, whereas the stock exchanges maintained through alternatives a more confident aspect.

(1) The prices of commodities expressed in gold have fallen generally by about one-third since October, 1929, and those of raw materials have on an average fallen from 50 to 60 per cent. Unemployment, according to the calculations of the International Labour Bureau, affects now about 30 million working people leaving out of consideration their families and those dependent upon them.

During 1932 capital movements were not as abnormal as in the previous year, but still did not show any signs of confidence in an early return to more settled conditions.

Although circumstances justify the movements of capital from one market to another, since capital seeks the best security for investment, there is no doubt that, in spite of all the means and safeguards aiming at reducing the most damaging consequences, such movements, which are caused by uneasiness, prove especially prejudicial to the countries whose economic conditions are more deeply affected. In many cases attempts have been made to apply a partial remedy by imposing exchange restrictions ; these, however, have given rise to further disturbance.

The general process of liquidation, which has not been checked by the credit inflation to which some States have resorted, follows its course, whereas production, in spite of its being almost everywhere curtailed, is further hindered by the reduced purchasing power of the masses owing to the number of unemployed and to the generally smaller incomes.

Meanwhile, although the adverse circumstances persist, the international situation is more reassuring, particularly in view of the greater hope for a political understanding and of some improvement of the financial outlook where a more balanced position is revealed especially by the progressive readjustment of banking conditions.

Italian Market.

Timely provisions, which are all linked together in the general political, economic and social programme that is being daily followed, have assisted towards resuming equilibrium among productive forces. Foremost, the programme of agricultural valorisation has been carried out with reasonable speed and the results already achieved are fully satisfactory, for almost in every instance agricultural production in 1932 was greater than in the previous year in spite of seasonal conditions not altogether favourable to the crops.

The wheat crop reached a total of 7,515,060 metric tons, which is over 850,000 tons more than the already remarkable crop of 1931, which amounted to 6,661,990 metric tons. This result confirms the

success of the efforts aiming at achieving by constant improvement of methods a greater yield from the soil. (1) The considerable progress of agriculture in the past year has been supported by the ready and steady action of the Government for checking falls in prices and ensuring their maintenance on a satisfactory basis. (2)

The reactions of international events were felt by Italian manufacturing trade during the year with undiminished force. The leading industries, which are to a large extent dependent on exports, (3) were especially affected by the obstacles placed on foreign trade, and the home manufacturers felt the keener competition of certain foreign industries, which, in order to overcome their difficulties, have adopted the system of quoting differential prices. However, the developments of production have disclosed in the last months more encouraging prospects and certain branches in fact feel that the depressing phase is less acute. In others there are signs of recovery and slight improvements. (4) The body of Italian manufacturers has, on the whole, shown a tremendous power of resistance and adaptability to the persisting adversities which hinder a return of production to normal conditions, all efforts having been directed to attaining in industry an improved and more economical output.

After the inevitable processes of selection and adjustments which have taken and are still taking place in the industrial field, certain new principles are being adopted. While every effort is being made to reduce costs, the necessity is now felt of gradually improving the quality of the manufactures and, as soon as the desired return to freedom of trade among nations takes place, quality will certainly play a leading role for assuring outlets for

(1) The average yield of 1.26 tons per hectare obtained in the first year of the "Battle of the Wheat" (1926) has been gradually improved and in the past year the average rose to 1.52 tons per hectare. This result is the more remarkable when we consider the damage which was caused in many districts along the Western Coast, in Southern Italy and in the Islands by adverse weather conditions.

(2) Thus, for example, the protection of the price of wheat in the home market has been effectively achieved by the provisions requiring the use of home grown wheat at the mills and collective storing in the silos, as well as the facilities granted by the agricultural, savings and other banks for advances against deposits of grain.

In the field of agricultural credit numerous provisions have been enacted for the relief of concerns too heavily burdened with debts, as a result of land depreciation or of a fall in income, by the splitting up of loans for current requirements, the postponement of instalments due on mortgage loans, remissions and concession of extraordinary grants to deserving farmers, etc.

(3) Wholly or partly manufactured goods cover at present about 59 per cent. of the value of Italy's total exports.

(4) See the summary on the conditions in various branches of the home industry in the Italian text on pages 97 *et seq.*

our goods. Thus, the easy policy of development of the War period, which was assisted by inflation, has been replaced in these hard times of crisis by a policy based on careful study and scientific research. Italy disposes of a large number of men prepared by severe studies and educated to discipline and scrupulous attachment to their duties, and in the National Council of Research an efficient organisation exists which is able to lead and complete, with the aid of its precious scientific maturity, every branch of our manufacturing activity. Under the guidance of the corporative organs, agreements have been concluded among those concerned in the same or kindred branches of industry for better regulating production or sales. This movement, which has developed spontaneously, has been, however, assisted by the State in exceptional cases of national economic importance by making compulsory the creation of syndicates for all interests concerned in certain lines of production. (1)

The same object of a balanced development of the national industrial plant is aimed at by the recent legislation, which reserves to the Government the exclusive right to authorise new factories and the enlargement of existing ones, thus co-ordinating the initiative in the various branches of the manufacturing industry on the basis of concrete and recognised possibilities of expansion for the home production. (2)

Unemployment, though having further increased, (3) still maintains, in comparison with almost all the largest industrial nations, a proportionately lower level, this being effectively assisted

(1) See the Law No. 834 of the 16th June, 1932. In the present contingencies, which require that any dispersion of energy or damaging competition should be avoided, the comprehensive creation of syndicates can be enforced by law in view of the necessity of preventing concerns outside the syndicates—and therefore free from any tie—developing a particular industry beyond the limits which the syndicated concerns intended to impose, thereby adapting the production to the possibilities of consumption. It may be mentioned, however, that at present there are not any compulsory syndicates in industry; in fact, the recent renewal for a period of five years of the iron and steel syndicates, which had expired on 28th February, was carried out with the full agreement of all interested parties (see the speech made in the House of Deputies by the Under-Secretary for Corporations, Signor Asquini, on the 9th March).

(2) This Law, No. 141, of the 12th January, 1933, is connected with a previous Law of the 18th November, 1929, concerning the basic industries for national defence (armament and explosives factories, naval shipyards and aircraft construction factories, iron, steel and chemical industries, etc.) for which new plant or extensions to existing plants are subject to Government authority.

(3) According to the figures supplied by the National Social Insurance Office, the number of unemployed on the 31st December, 1932, was 1,129,654 as against 982,321 on the 31st December, 1931. The number of persons partially unemployed moved from 32,949 at the end of 1931 to 37,644 at the end of 1932. In the first two months of the present year the number of wholly unemployed persons has increased by 99,733 (or 8.11 per cent.) whereas in the corresponding period of last year the increase was 165,624 persons (or 14.43 per cent.).

by the extensive Public Works carried out by the State. Work, which is carried out under the control of organised syndicates, proceeds with discipline and order. Reductions of wages, which have been confined within the limits imposed by unavoidable industrial requirements, have been accepted by the working classes in a cordial spirit of co-operation, with keen understanding of the difficulties of the present moment. (1)

By a decision of the Cabinet of 21st January, 1933, the Institute for Industrial Reconstruction has been created. (2) This step has marked the completion of the programme for the readjustment of the home financial market, which now includes a range of specialised institutions capable of taking care and assuring the most economic use of the people's savings seeking investment. The new Institute, which is divided into two sections—one for financing industry and the other for industrial liquidation, the latter having in fact taken over both assets and liabilities of the former Istituto di Liquidazioni—has completed the provisions adopted for the gradual writing-off of the depreciations arising from the crisis with less possible damage to the economic structure, and for finding the means required to assist production as far as possible.

The creation of the Institute for Industrial Reconstruction, which was followed by the law conferring on the Government the power to supervise the provision of fresh industrial plant, is a good omen for the future industrial activity of the country. It should be noted, moreover, that the appointment on the Board of the new Institute of the representative of the Fascist Industrial Syndicates and of the representative of the Federation of Employers is a new proof of the progressive realisation of the principle of national

(1) See the changes in the index numbers of the average wages paid by industrial undertakings in Table IX. on page 135 of the Italian text.

In order to check the increase in unemployment the Fascist Federation of Industries has recently distributed the following instructions to its members :—

- (a) When new limitations of production may become necessary preference should be given, whenever technical or economic reasons do not interfere, to general or partial reductions in working hours rather than to reductions in personnel, in order to maintain in employment the largest possible number of people ;
- (b) Additional work due to urgent demands should, wherever possible, be carried out by new workmen temporarily employed rather than by existing work-people working extra hours.

(2) See Royal Decree Law No. 5 of the 23rd January, 1933, by which the new Institute has been created, and the Decree of the Finance Minister dated 30th January, 1933, approving its statutes.



solidarity which is being achieved through the Corporative State. Thirteen days after its creation the Institute carried out a very remarkable operation with the Credit Consortium for Public Works, which, against an assignment in legal form of a part of the annual contribution of 85 million lire granted by the State for twenty years to the Liquidation Section, has issued 1,000 million lire of 4.50 per cent. special bonds, the proceeds of which have been for the benefit of the Section itself. The subscription met with a most inspiring success, especially in view of the very large participation of small and medium investors. (1)

As regards the Government finances, it should be noted that the financial year 1931-32 concluded with actual receipts totalling 19,033.3 million lire against a total expenditure of 23,307.7 million lire, or a deficit of 4,274.4 million lire. As compared with the previous year, the receipts have fallen by 6.64 per cent., whereas expenditure has increased by 11.57 per cent. It is obvious that the gradual reduction of values and of taxable incomes, and equally the reduction of trade and business in every form, was bound to affect the revenue, whereas, on the other hand, the present public requirements do not permit of adequate cuts in expenditure, particularly under those items which, like the service of the Public Debt (which is necessarily growing) weigh considerably on the Budget. Moreover, the necessity must be borne in mind of developing, wherever possible, public works, which, in addition to checking unemployment, are a typical example of what may be regarded as useful expenditure.

It may be recalled that in the last month of the financial year (June, 1932) the total sum allocated for the full year was increased

(1) The Bonds, having a nominal value of 500 lire each, are redeemable only by yearly drawings over a period of 20 years and for the first five years five yearly prizes of 1,000,000 lire each will be drawn and assigned to the holders of these bonds. The bonds are exempt from any present or future taxation and for all purposes are equivalent to Real Estate Mortgage Bonds.

The subscription was carried out under the auspices of a Consortium presided over by the Banca d' Italia and including exactly the same banks as those which undertook the issue of the 9-Year Treasury Bonds (see page 12). The issue was made between the 6th and 7th February and the amount was fully subscribed on the first day. Applications totalled 1,310,775,500 lire and the number of applicants was 112,655. Subscriptions of less than 50,000 lire were in the proportion of 60 per cent. of the total and over 97 per cent. of the applicants.

It is interesting to note how the applications were distributed :—

|        |          |     |         |            |           |
|--------|----------|-----|---------|------------|-----------|
| 27,564 | were for | ... | ...     | ...        | 500 lire. |
| 48,045 | were     | ... | between | 1,000 and  | 5,000 "   |
| 13,594 | were     | ... | between | 5,500 and  | 10,000 "  |
| 20,820 | were     | ... | between | 10,500 and | 50,000 "  |

Up to the last-mentioned figure the allotments were made in full ; for larger applications the allotments were *pro rata*, the nominal amount allotted having been 1,000 million lire.

by 2,243.7 million lire, principally on account of the expenditure for public interest of a sum of 2,000 million lire, corresponding to a part of the proceeds of the cash subscription to 1941 9-Year Treasury Bonds, the amount of which appears among receipts under the second title of the Budget (Capital Movements). Actually it may be said that the normal deficit for the year 1931-32 should be reduced from 4,274.3 million to 2,274.3 million lire. (1)

It should be noted that as compared with the previous financial year the actual Budget receipts were 6.85 per cent. lower, while expenditure was 7.99 per cent. higher. From one year to the other the fall in the receipts was particularly due to a reduction in the yield from indirect taxation, which is responsible for 41.97 per cent. of the decrease. An important bearing was given by the fall from 1,263 to 488 million lire in the yield of the duty on imported wheat.

For the present financial year 1932-33 the original estimates anticipated actual receipts of 18,647.2 million lire and outgoings of 20,059.9 million lire, thus showing a deficit of 1,412.7 million lire. Under supplementary estimates up to last February, the figures have been raised to 18,692.5 and 21,738.0 million lire respectively, so that the estimated deficit has been increased to 3,045.5 million lire. (2)

During the first eight months of the present year the Budget revenue amounted to 11,901.7 million lire and expenditure to 14,555.3 million lire, or a deficit of 2,653.5 million lire. During this period the Budget receipts have declined, as compared with the previous year, at the rate of 4.44 per cent., whereas payments have risen by 2.21 per cent. (3)

The deadweight Public Debt at the end of 1932 amounted to 95.956 million lire, an increase as compared with the previous year of 4,574 million lire, which is equal to about 5 per cent. (4)

(1) Under the Law of 6th June, 1932, the said amount of 2,000 million lire was allocated as follows :—

- 800 million lire to the Istituto di Liquidazioni.
- 950 million lire for Extraordinary Public Works.
- 94 million lire for Railway Construction.
- 106 million lire for completion of Earthquake and War reconstruction.
- 50 million lire for the Apulian Aqueduct.

(2) See Table I. on page 127 of the Italian Text.

(3) The fall in receipts was especially remarkable in the transfer taxes, and, among direct taxation, in the income tax deducted at the source.

(4) See Table II. on page 128 of the Italian Text.

There was in fact an increase of 2,072.4 million lire in the floating debt and of 3,094.2 million lire in the amount of 9-Year Treasury Bonds outstanding on the one hand, while, on the other hand, redeemable debts were reduced by 96.5 million and Consols by about 500 million lire. (1)

The issue of 9-Year Treasury Bonds, (2) which was made about one year ago, being intended for the repayment of similar Bonds falling due on 15th November ultimo, amounting to 1,000 million lire, yielded actually to the Treasury no less than a nominal amount of 4,000 million lire. In fact, the subscriptions in 1932 Bonds amounted to 835,687,500 lire and those in cash to 3,618,296,500 lire. Following *pro rata* allotments, the latter were reduced to 3,164,312,500 in order to keep the issue of the new Bonds at the round figure of 4,000 million lire.

The result of this subscription, which followed with about one year's interval the issue of the 1940 Bonds—which had a no less brilliant result—is evidence of the unceasing confidence which investors place in the financial policy of the Fascist Government and of the tendency to visualise the future optimistically.

Confirmation of such tendency is also given by the trend of the leading Government securities; the average monthly quotation of the 5 per cent. Consols (cum interest) has risen to 83.183 per cent. last December as against 80.381 in the same month of 1931, the highest price for 1932 having been 84.02 per cent. in December as against 82.954 in May of the previous year, whereas the lowest was 79.128 in August, 1932, as against 78.8 per cent. in September, 1931.

Similarly, the 3½ per cent. Rentes have improved from one year to the other from 71.813 to 76.790 per cent. While the highest rate of 78.60 per cent. in December, 1932, compares with 73.385 in

(1) The reduction in the amount of the 5 per cent. Consols is especially due to the purchases of the Internal Debt Sinking Fund Office. The cancellation of these securities which has been made by the Office in the past year was for a nominal amount of 450 million lire.

(2) See Royal Decree Law No. 230 of 21st March, 1932. The public issue was made from 7th to 20th April, the issue having been undertaken by a consortium presided over by the Banca d'Italia and composed of the following institutions: National Insurance Institute; National Social Insurance Office; Banco di Napoli; Banco di Sicilia; Banca Nazionale del Lavoro; Monte dei Paschi di Siena; Lombard Provinces Savings Bank and other Savings Banks belonging to the Italian Savings Banks National Association; Istituto del le Opere Pie di S. Paola; Banca Commerciale Italiana; Credito Italiano; Banco di Roma; Società Italiana per le Strade Ferrate Meridionali; Banca d'America e d'Italia; Istituto Italiano di Credito Marittimo; Banca Popolare Cooperativa Anonima di Novara,

August, 1931, the lowest for 1932 was 70.498 per cent. in May as against 67.906 in January, 1931. (1)

In the case of Consols, the quotation at the end of the year has risen from 80.05 to 84.00 per cent.—*i.e.*, by 4.93 per cent.—and for the Rentes from 72.25 to 78.60 per cent.—namely, 8.79 per cent. The greater improvement in the latter is especially due to the more limited market for Rentes as compared with Consols and to the consequently greater influence of demand on the price.

During the first half of the year 1932 share values were depressed on the stock exchanges. This was due to the severe valuation of the various lines of production in the country, which in many cases was evidently over-pessimistic and by the fact that all attempts to sustain the prices artificially was discontinued by the interested groups.

It may be added that the investor showed his preference for Government securities and bonds, which, as mentioned above, were more widely dealt in and showed considerable improvement in price.

In the second half of the year the share values made a considerable recovery, indicating a return to more confident expectations. (2)

Concerning the monetary situation, there has been a considerable and progressive fall in money rates, especially in the second half of the year 1932 and in the first months of the present year. As in previous times of crisis, also now, either through the formation of new savings or the justified prudence of the investor, there is an

(1) See Table III. on page 129 of the Italian text, showing the monthly average highest and lowest quotations of the 5 per cent. Consols and 3½ per cent. Rentes for the years 1931 and 1932.

The index number of the prices of the State Consolidated Loans, according to Professor Bachi (the average for the year 1913 being equal to 100) moved from 58.9 in December, 1931, to 60.1 in February, 1932, reaching a minimum of 58.9 in April and May and concluding at 62.1 in December, 1932. In the previous year the highest level had been 60.6 in April and the lowest 58.2 in September.

The corresponding index number for all Government securities moved in the past year from 60.9 to 64.0, after touching a maximum of 62.2 in February and a minimum of 60.8 in May, as against the highest level of 62.1 in April and the lowest of 60.0 in September, 1931.

(2) The general index number of share prices calculated by Professor Bachi (on the basis of the quotations for December, 1924, being equal to 100), after declining steadily in 1931 from 52.3 to 34.0, recorded in the past year the low level of 24.2, concluding, however, at 28.0 in December.

Capital movements of limited companies did not disclose in 1932 any new tendency. The total share capital, which had risen from 49,596 million to 52,281 million lire in 1930, was reduced to 50,853 million lire at the end of 1931 and was further reduced to 49,602 million lire on the 31st December, 1932, the figures including also the new Venetian Provinces which had not been calculated in the previous returns.

abundance of liquid resources on which the institutions entrusted with the distribution of credit, who receive these resources on deposit, cannot allow as much remuneration as would be expected, in view of the difficulty of conveniently employing the money.

Thus, these liquid resources have been seeking long term investment and this has caused a reduction in the rate of capitalisation as is proved by the changes in the prices of fixed dividend securities. In order to assist and regulate this development, since May of last year, agreements have been made between all the banks and savings banks, establishing certain rules in regard to the interest rates to be allowed. Under the guidance of the Prime Minister, and thanks to the co-operation of the President of the Associated Savings Banks and of the Bankers' Association, an agreement was concluded in August. As from 1st October maximum rates of  $2\frac{1}{2}$  to 3 per cent. were fixed on sight and short-dated deposits and 3 to 4 per cent. on fixed-term deposits, in addition to establishing the rules for the application of the particular rates. (1)

The falling tendency of money rates, which is common to all markets, has also necessitated in Italy that the discount rate should move in accordance with the altered monetary conditions. Thus, as from 9th January, the official rate for discount has been reduced from 5 to 4 per cent., the latter level being the lowest ever recorded since the foundation of the Banca d' Italia. (2)

During 1932 the note circulation was reduced by 622.8 million lire to 13,672 million lire, or 4.36 per cent. At the same time the circulation of coin moved from 2,138.3 to 2,139.5 million lire, the increase being in respect of the smaller denominations. (3)

(1) As a natural consequence of these provisions rules were adopted also for regulating the principal banking operations; under these rules it is aimed—besides preventing evasions from the agreement on interest rates—to better co-ordinate the activity of the Banks keeping within limits as far as possible certain transactions that in practice had been overdone. The application of these rules is confided to the care of the Banca d' Italia in view of its existing control over all deposit banks. The new regulations have been well received by the banking world and generally adopted.

With regard to the Banca d' Italia, the reduction of the interest rates on its deposits had already been in force for a long time as shown on page 21.

(2) See Table XXIV. on page 155 of the Italian text.

(3) See Table IV. on page 130 of the Italian text.

The amount of the latter, in fact, moved in the year from 152.2 to 153.4 million lire, including coins of 50, 20, 10 and 5 centesimi. In order to satisfy legitimate demands, the limits for the issue of the 10 and 5 centesimi bronze coins has been raised to 45 and 25 million lire respectively. As will be seen in Table V. on page 131 of the Italian text, the aggregate circulation of demand drafts and circular cheques somewhat expanded in 1932—namely, from 1,197.9 million to 1,262.9 million lire as compared with 1,475.5 million lire at the end of the year 1930.

The exceptional conditions affecting international trade were very considerably reflected in our foreign trade returns. The Government have promoted negotiations in order to limit the consequences of the protective measures adopted by a large number of States and have concluded agreements for quotas and duties, only adopting defensive Customs rates when the demands of foreign countries proved irreducible.

Between 1931 and 1932 the total value of Italy's foreign trade declined from 21,900 to 15,100 million lire, or by 31 per cent., this being principally due to the unceasing fall in commodity prices. In fact, the reduction in volume was barely over 16 per cent. (1)

The value of imports in 1932 amounted to 8,257.4 million lire, showing a decline of 29.08 per cent. as compared with the previous year. Exports, totalling 6,811.2 million lire, have fallen by 33.28 per cent., the excess of imports amounting to 1,446.2 million lire, a figure slightly above that for 1931 (1,433.6 million lire). (2)

During the first half of the year the value of imports was 4,726 million lire, being 29 per cent. less than in the corresponding period of 1931 ; and the excess over exports was 1,257 million lire. In the second half of the year the imports of merchandise were valued at 3,531 million lire, which was 30 per cent. less than in the corresponding period of the previous year, the excess over exports amounting to 189 million lire. (3)

(1) See Table VI. on page 132 of the Italian text.

(2) It is noteworthy that in 1932 there was, as compared with the previous year, a considerable increase in the volume of imports of a large number of goods included in the group of raw materials and partly manufactured goods for industry. The value of such goods has, however, declined from 2,483 to 2,202 million lire though representing in 1931 21.34 per cent. and in 1932 26.67 per cent. of the total imports.

From one year to the other the average index of prices based on the 1925 average shows a fall from 49.23 to 38.58 on imported goods and from 49.23 to 41.84 on exported goods.

(3) Signor Casalini, Chairman of the National Institute for Exports, in his speech at the meeting of the Board on 2nd December, 1932, made the following remarks : " In the first place our exports are made up, relatively speaking, of a not great variety of goods. In the second place, of such goods a considerable proportion are either very perishable or of an essentially luxury type, and others can be easily replaced by similar goods or can be obtained in the countries which are outlets for our exports. It is obvious that this places us in an inelastic position and makes it difficult for our export trade to submit to the changes (which often are very swift, especially at the present time) of conditions on the various markets as compared with the exporters of other countries, whose trade, in addition to consisting of a larger variety of goods, is based on raw materials and primary products which, being necessary, find a more stable demand. In these circumstances the concentration which is taking place of a large proportion of our sales in a comparatively small number of markets is a danger to the development and the continuity of the expansion of our foreign trade."

Signor Casalini, after recording the tendency to seek new outlets for agricultural produce in spite of the difficulties arising from the perishable nature of these, called attention to the necessity of endeavouring to export manufactured goods to new and distant markets, especially those which are not yet sufficiently known and exploited but which offer good prospects of absorption.

In face of the disorder prevailing in most currencies the lira maintained its stability, the limited fluctuations in the rate having almost lost any significance in view of the events which affected the foreign exchange market. (1)

In Italy the average monthly rate for the dollar moved from 19.44 in December, 1931, to 19.66 in the following January, falling to 19.27 in February-March and rising to 19.56 in July; and after declining to 19.49 in September, it concluded the year at 19.55. The highest rate of 19.73 was reached in January and the lowest of 19.09 in February.

The average monthly quotations of the £ in 1932 moved from 66.14 in January to 64.18 in December, after being 73.05 in April and 64.05 in November. The extreme rates for the year were 74 in March-April and 62.15 in November.

In the case of the Swiss franc, from 381.31 in December the average monthly rate increased to 386.19 in January, 1932, falling back to 373.92 in March and rising to a fraction over 381 in June and July, concluding the year at 376.50. The highest rate was touched in January at 389.50 and the lowest in February-March at 373.

The French franc moved from 76.74, which was the average rate for December, 1931, to 77.86 in January, 1932, declining to 76.19 in March and finishing at 76.35 in December, after having been quoted around 76.90 in June and July. The highest and lowest rates for the year were 78.58 and 75.25 respectively. (2)

At the end of 1932 the shares of the Bank were inscribed in the names of 10,944 shareholders, of whom 10,794, holding 496,790

(1) See Table VIII. on page 134 of the Italian text.

(2) See Table VII. on page 133 of the Italian text.

Below are given the rates for the above currencies in the first part of the present year:—

|              | January |        |         | February |        |         | March (up to the 20th) |        |         |
|--------------|---------|--------|---------|----------|--------|---------|------------------------|--------|---------|
|              | Highest | Lowest | Average | Highest  | Lowest | Average | Highest                | Lowest | Average |
| Dollars ...  | 19.55   | 19.52  | 19.53   | 19.55    | 19.51  | 19.53   | 19.54                  | 19.34  | 19.44   |
| Sterling ... | 66.42   | 65.00  | 65.63   | 67.25    | 66.30  | 66.87   | 68.65                  | 66.65  | 67.49   |
| Swiss Francs | 378.50  | 375.50 | 376.58  | 381.30   | 376.75 | 378.48  | 382.50                 | 376.05 | 379.55  |
| French „     | 76.35   | 76.10  | 76.19   | 77.05    | 76.20  | 76.57   | 77.50                  | 76.35  | 76.95   |

Mention should be made of the fact that, under Royal Decree Law No. 1234 of 17th September, 1932, as from 1st October, 1932, the official quotation was suspended of the so-called gold lira rate, which was calculated on a dollar basis recording the difference between the gold content of the old lira—0.2903225 grammes fine and that of the new lira which is 0.079191 grammes fine.

shares, were domiciled in the Kingdom, and 150, holding 3,210 shares, resided abroad. During the year 3,953 transfers were made for 188,479 shares against 4,908 for 273,865 shares in 1931. (1)

The cash turnover recorded by the Bank for the year 1932 amounted to about 453,000 million lire as against 474,000 million lire in 1931. Cash Displacements and Reserve

In-payments aggregated 227,207,363,543 lire and out-payments 225,980,135,780 lire, as against 236,600 and 237,200 million lire respectively in 1931. (2)

The reserve held against notes and other sight liabilities on the 31st December, 1932, was as follows:—

|                            | Million Lire | Per Cent.  |
|----------------------------|--------------|------------|
| Gold in hand ... ..        | 5,839.5      | 81.74      |
| Other Gold Assets—         |              |            |
| Balances abroad ... ..     | 1,116.3      |            |
| Foreign Treasury Bills ... | 188.2        |            |
|                            | 1,304.5      | 18.26      |
|                            | 7,144.0      | 100.00 (3) |

It will be seen that the ratio of gold to the total reserve at the end of last year was 81.74 per cent., whereas on the 31st December, 1931, it did not exceed 72.17 per cent.

At the end of last year the Bank's notes outstanding and its other sight liabilities amounted altogether to 15,294.4 million lire, the ratio of reserve to these liabilities being 46.71 per cent. as compared with 47.64 per cent. at the end of 1931. The gold in hand, however, was in the proportion of 38.18 per cent. to the above liabilities against 34.38 per cent. at the end of the previous year. (4)

(1) See Tables XI. and XII. on pages 137, 138 and 139 of the Italian text.

(2) See Table XIV. on page 141 of the Italian text.

(3) At the end of the preceding years the gold and other assets included in the Reserve were in the following proportions:—

|  | 1927   | 1928           | 1929      | 1930      |
|--|--------|----------------|-----------|-----------|
| Gold in hand ... ..  | 37.55% | 45.63%         | 50.18%    | 55.03%    |
| Other assets equivalent to gold ...  | 62.45% | 54.37%         | 49.82%    | 44.97%    |
| (4) For the present year the composition of the Reserve has changed as follows:— |        |                |           |           |
|  |        | (Million Lire) |           |           |
|  |        | 31st Jan.      | 28th Feb. | 20th Mar. |
| Gold in hand ... ..  |        | 5,856.7        | 6,174.5   | 6,256.7   |
| Credits abroad ... ..  |        | 1,306.0        | 962.2     | 852.1     |
|  |        | 7,162.7        | 7,136.7   | 7,108.8   |
| Total Reserve ... ..   |        |                |           |           |
| Ratio of Reserve to total sight liability ...                                    |        | 46.72%         | 48.79%    | 49.31%    |
| Ratio of gold to total sight liability ... ..                                    |        | 38.18%         | 42.21%    | 43.40%    |
| Ratio of gold to notes ... ..  |        | 43.60%         | 47.32%    | 49.00%    |



Considering the total sight liabilities above mentioned, the reserve required for the legal cover, at the rate of 40 per cent., would be 6,117.8 million lire, leaving a surplus reserve available at the end of 1932 of 1,026.2 million lire, which is 224.3 million lire less than the amount appearing at the end of 1931. (1)

Deducting from the reserve the amount required for the prescribed 40 per cent. cover against sight liabilities other than notes (namely, demand drafts, Treasury and other current accounts) it will be seen that the ratio of the reserve cover, including the gold in hand, against the notes, moved from 48.74 to 47.50 per cent. During 1932 the ratio of the actual gold holdings to notes rose from 39.36 to 42.71 per cent., thus rising above the minimum required for the total reserve to all sight liabilities. (2)

As a matter of fact, whereas the notes outstanding declined from 14,294.8 million lire to 13,672.0 million lire, the gold holdings rose from 5,626.3 to 5,839.5 million lire. The increase of 213.2 million lire, which is equal to 3.8 per cent., was entirely due to purchases of gold in the home market. (3)

(1) See Table XV. on page 144 of the Italian text.

(2) See Table XVI. on page 145 of the Italian text.

(3) As from 21st April, 1932, the Bank started to purchase gold coin and other gold in the home market and in Italy's Possessions. Up to 31st December the amount of these purchases totalled 180.6 million lire, of which 55.8 million lire were in respect of coin, the balance being bullion. To the said amount must be added the gold purchases made by the Banco di Napoli for account of the Bank and the gold salvaged by the "Artiglio" amounting altogether to about 35 million lire.

The following table shows the amounts purchased divided into regions:—

| Region                  | Coin<br>Lire | Bullion<br>Lire | Total<br>Lire |
|-------------------------|--------------|-----------------|---------------|
| Abruzzi e Molise ...    | 226,000      | 998,500         | 1,224,500     |
| Calabria ...            | 214,300      | 610,800         | 825,100       |
| Campania ...            | 2,024,800    | 22,743,200      | 24,768,000    |
| Emilia ...              | 611,700      | 2,450,300       | 3,062,000     |
| Latium ...              | 1,068,200    | 6,858,300       | 7,926,500     |
| Liguria ...             | 35,396,400   | 19,493,800      | 54,890,200    |
| Lombardy ...            | 7,321,100    | 34,613,800      | 41,934,900    |
| Lucania ...             | 69,200       | 167,300         | 236,500       |
| Marche ...              | 137,400      | 517,300         | 654,700       |
| Piedmont ...            | 3,677,500    | 8,271,100       | 11,948,600    |
| Apulia ...              | 198,600      | 4,532,300       | 4,730,900     |
| Sardinia ...            | 138,400      | 563,200         | 701,600       |
| Sicily ...              | 1,715,300    | 11,682,300      | 13,397,600    |
| Tuscany ...             | 549,600      | 1,867,800       | 2,417,400     |
| Umbria ...              | 59,900       | 393,000         | 449,900       |
| Venetia ...             | 1,019,500    | 3,133,400       | 4,152,900     |
| Julian Venetia ...      | 649,700      | 2,027,200       | 2,676,900     |
| Tridentente Venetia ... | 183,500      | 547,100         | 730,600       |
|                         | <hr/>        | <hr/>           | <hr/>         |
|                         | 55,258,100   | 121,470,700     | 176,728,800   |
| Aegean Islands ...      | 228,400      | 2,664,400       | 2,892,800     |
| Tripolitania ...        | 110,500      | 65,800          | 176,300       |
| Cyrenaica ...           | 201,000      | 171,300         | 372,300       |
| Erythraea ...           | 5,800        | 455,300         | 461,100       |
|                         | <hr/>        | <hr/>           | <hr/>         |
| Grand Total ...         | 55,803,800   | 124,827,500     | 180,631,300   |

On the 25th March, 1933, the gold purchases had risen to about 312.3 million lire.

During the year 1932 there were no conversions of foreign balances into gold, while the suspension of the War Debt payments, which started in 1931, did not permit the release of any of the gold owned by the Bank which is deposited in London for account of the Royal Treasury.

Altogether the reserve in gold and its equivalent moved from 7,796.5 to 7,144.0 million lire during the year 1932, showing a reduction of 652.5 million, which is due to a fall of 865.7 million in other currencies as against the already mentioned increase of 213.2 million lire in gold.

The demand for foreign currencies in the home market during the year proved to be considerably below that of the previous year. In fact it will be seen that, as against the said reduction of 865.7 million lire of foreign balances recorded last year, in 1931 the reduction, apart from the conversion of foreign currencies into gold, was 1,847 million lire.

The value and quantity of gold sold to the Bank in Italy clearly indicate the complete confidence of the people in the national currency. Should other important and clear proofs of such confidence—which, as already stated, consisted of the success of the issues of Treasury bonds and the Institute for Industrial Reconstruction bonds—have been lacking, this remarkable amount of gold brought to the Bank internally would be sufficient to show appreciation of the financial policy adopted by the Fascist Government, recalling that in the decisive and historic hour of the lira stabilisation the greatest consideration was given to the necessity of protecting above all the savings of the people.

Referring to what was said in last year's report concerning the settlement of the loss sustained owing to the depreciation of the sterling balances, which on 20th September, 1931, were included in the reserve, I am pleased to say that an agreement has recently been concluded with the Government which may be regarded as fully satisfactory. A special sinking fund to meet the loss on sterling has been set up with the profits obtained on the dealings in other currencies included in the reserve, transferring moreover to the fund the reserve of the National Institute of Exchange, which, under

the terms of Article 9 of the Royal Decree Law No. 112 of 13th February, 1927, is to be used for strengthening the reserve of the Banca d' Italia. Through the investment of such funds in Government securities it is expected that the loss will be entirely offset not later than the 31st December, 1940, and so the damage caused by exchange losses will be repaired by the profits on exchange transactions.

We can, however, consider as closed the period of actual working of the gold exchange standard system, which could still have rendered remarkable services to the world. But this could only have been possible if the countries on a gold basis—who were trustees of gold balances of the Central Banks of those countries which adopted the recommendations of the Genoa Conference—had employed with sufficient care the capital confided to them so as to remain at all times in a position to repay on the same gold basis, fulfilling, in other words, the engagement of maintaining the convertibility of their notes into gold.

In the first months of the present year the Bank has gradually converted into gold a large proportion of its equivalent reserve, thus resuming a form of gold standard as was conceived by Crispi and carried out under the fundamental Bank Act of 1893 by Sonnino and Stringher.

#### Note Circulation

As already mentioned, there was a decline in the amount of notes outstanding from 14,294.8 million lire on the 31st December, 1931, to 13,672.0 million lire on the 31st December, 1932, and correspondingly the average circulation has moved from 14,679.2 in 1931 to 13,460.3 million lire in 1932.

The half-yearly average for 1932 was 1,469.3 million lire less than in 1931 in the first six months and 968.4 million lire in the second half of the year.

The highest level for the year was reached on 10th January with 14,213.2 million lire and the lowest on 20th June with 12,650.8 million lire, (1) the corresponding figures for 1931 having been 15,579.8 million and 13,957.9 million lire respectively. (2)

(1) This is the lowest figure ever touched since the legal stabilisation of the lira.

(2) See Tables XVII., XVIII. and XIX. on pages 146, 147 and 148 of the Italian text. The circulation of notes at the beginning of the present year shows the following changes :—

|                     |     |                        |
|---------------------|-----|------------------------|
| 31st January, 1933  | ... | 13,432.5 million lire. |
| 28th February, 1933 | ... | 13,047.5   "   "       |
| 20th March, 1933    | ... | 12,767.7   "   "       |

The turnover of current accounts—namely, the debit and credit entries passed into our customers' accounts during the year—was in 1932 41,149.5 million lire as against 41,143.5 million lire in 1931. (1)

The average balances of current accounts for 1932 were 1,067,593,004 lire against 1,458.3 million lire in 1931, the highest amount having been 2,022.1 million lire on the 20th January and the lowest 666.5 million lire on 10th November. The balance outstanding at the end of the year was 776,736,329 lire, or 548.9 million lire less than at the end of 1931. (2)

The balances held by the Treasury with the Bank varied in 1932 from a minimum of 945.1 million lire to a maximum of 4,354.3 million lire as compared with 932.9 and 3,374.0 million lire in 1931. The average of public deposits has risen from 1,965.1 million to 2,403.7 million lire. (3)

Thus, in the course of the year the funds (apart from the note issue) available to the Bank from the issue of demand drafts and money orders and from the public and private deposits just mentioned, have risen altogether from 4,199.8 million to 4,925.9 million lire. (4)

The average amount of bills discounted in 1932 was 4,747.8 million lire, the highest amount having been 5,468 million lire on 31st May, and the lowest 4,242.4 million lire on 20th February. (5)

(1) See on Table XXII. on page 152 of the Italian text, the detail of the movement in the current accounts of each of the branches of the Bank.

Below are given the interest rates allowed by the Bank on current accounts since 1930 :—

|                           | 15th March, 1930 | 1st June, 1930 | 1st May, 1931 |
|---------------------------|------------------|----------------|---------------|
| Private Accounts ...      | 1.00%            | 0.50%          | Nil           |
| Accounts of Public Bodies | 1.50%            | 1.00%          | 1.00%         |
| Bankers' Deposits ...     | 2.00%            | 1.50%          | 1.00%         |

(2) Of the total current accounts of 776.7 million lire, the amount of 46.5 million lire was in respect of accounts not bearing interest. In addition, however, on 31st December there were deposit accounts totalling 666.3 million lire.

(3) The Treasury services undertaken by the Bank were punctually carried out, as usual, in 1932 and with growing intensity. Under Royal Decree Law No. 1628 of 21st December, 1932, the authority to the Banca d' Italia to carry out the Treasury services in the Kingdom and in the Colonies, which expired on 31st December, 1932, has been extended to 31st December, 1934.

(4) See Table XX. on page 149 of the Italian text.

(5) The amount of bills discounted in the first months of this year was as follows :—

|                      |                    |
|----------------------|--------------------|
| 31st January ... ..  | L.5,033.9 million. |
| 28th February ... .. | 4,999.5 ,,         |
| 20th March ... ..    | 4,952.3 ,,         |

As mentioned in the last report, since November, 1931, the Syndicate for advances against Industrial Securities has discontinued re-discounting with the Bank as it obtains the means required for its business by the issue of its own bonds and by discounting abroad some of the bills held. The report on the Syndicate for the past year will be found on page 112 of the Italian text.

The number of bills discounted by the Bank in 1932 was 1,081,780, representing an aggregate sum of 13,376,971,990 lire, showing a decrease of 297,906 in the number against an increase of about 1.5 million lire in the amount as compared with the previous year.

Apart from that figure, 1,603,090 lire of bonds and coupons were discounted.

The average discount rate moved from 5.73 per cent. in 1931 to 5.33 in 1932, the rate for 1930 having been 5.91 per cent.

The Bank Rate remained at 7 per cent. until 20th March and from the following day it was reduced to 6 per cent. As from 2nd May it was further reduced to 5 per cent. (1)

#### Advances

The total amount of advances against securities granted by the Bank in 1932 was 13,399,013,199 lire, which was 3,604.8 million lire less than in 1931. The average advances outstanding for 1932 amounted to 1,117.9 million against 1,204.2 million lire in 1931. The highest figure was reached on the 30th June at 1,531.4 million lire and the lowest on the 20th July at 804.1 million lire. At the end of the year the advances, amounting to 1,289.6 million lire, were 223 million lire higher than on the 31st December, 1931. (2)

The deferred payments at the clearing houses moved in 1932 from an amount of 161.6 to 140.5 million lire. (3)

#### Summary of Bank's Credit Operations

The average amount of discounts, advances and deferred payments at the clearing houses has increased altogether from 4,688.1 million lire in 1931 to 5,920.9 million lire in 1932, while the aggregate at the end of the two years moved from 5,826.3 to 6,679.7 million lire. (4)

(1) As already mentioned, as from 9th January, 1933, the Bank Rate was reduced to 4 per cent. See Table XXIV. on page 155 of the Italian text.

Table XXIII. on page 154 of the Italian text contains the changes in the Bank Rate of the leading countries during the last two years.

(2) The outstanding advances since the beginning of the present year have been as follows :—

|               |     |     |                  |
|---------------|-----|-----|------------------|
| 31st January  | ... | ... | L.525.6 million. |
| 28th February | ... | ... | 812.2 „          |
| 20th March    | ... | ... | 598.8 „          |

(3) See page 115 of the Italian text for the report on the clearing houses for 1932 compared with the results for the previous year.

(4) See Tables XXV., XXVI. and XXVII. on pages 156, 157, 158 and 159 of the Italian text.

The Istituto di Liquidazioni liability to the Bank was increased during the past year from 1,540.7 million lire to 1,888.1 million lire. When the Industrial Liquidation Section of the Institute for Industrial Reconstruction took the place of the Istituto di Liquidazioni, the liabilities of the latter to the Bank amounted to 1,890.2 million lire. The proceeds of the operation carried out by the said Section with the Credit Consortium for Public Works, of which mention has been made on page 10, enabled the credit to be reduced as from the 28th February to 990.2 million lire. (1)

As already mentioned, there was no change in the Bank's gold credit arising from the gold lent to the Treasury and deposited in London on account of War Debts to Great Britain, the figure having remained at 1,772.8 million lire since July, 1931.

The average investments of the Bank in Government securities moved between 1931 and 1932 from 1,273.1 million lire to 1,366.6 million lire, the figures at the end of the year having, however, declined from 1,375.1 million to 1,366.2 million lire. The latter amount includes :—

|  | Lire          |
|--|---------------|
| (a) Securities freely owned by the Bank ...  | 627,171,892   |
| (b) Statutory Reserve Investment Fund ...  | 57,548,166    |
| (c) Other Funds ... ..   | 4,471,200     |
| (d) Securities transferred to the Bank from the Istituto di Liquidazioni for reduction of its liabilities under Royal Decree No. 1832 of 6th November, 1926 (2) ... .. | 676,967,996   |
|  | 1,366,159,254 |
|  | 1,366,159,254 |

Of the above total 622.4 million lire were Consols, 671.0 million lire 9-Year Treasury Bonds, 33.1 million lire Railway Certificates, and the balance of 39.7 million lire other public securities. In

(1) On 20th March of the present year the liabilities of the Liquidation Section of the Institute for Industrial Reconstruction to the Bank amounted to 1,044 million lire.

(2) As is known, the interest on these securities is not included among the gross profits of the Bank but is re-invested for further reducing the outstanding liabilities of the Institute.

addition, at the end of the year the Bank held the following securities :—

|   | Lire        |
|---|-------------|
| Extraordinary Reserve Investment Fund ... | 28,705,000  |
| Shareholders' Reserve Fund ... ..         | 82,783,937  |
| Employees' Pension Fund ... ..            | 177,867,914 |
| “ Bonaldo Stringher ” Foundation ...      | 831,040     |

#### Premises Account

On the 31st December, 1932, the house property owned by the Bank for premises appeared in the balance sheet at 170,953,005 lire. In the year 1932 additions in respect of expenditure for completing new buildings or for alterations and enlargements of existing buildings amounted to 8,695,432 lire (1) and new purchases of land or buildings to 101,410 lire, raising the total to 179,749,847 lire.

Deducting from this sum reimbursements made in the year for 689,954 lire and 10 million lire for amortisation of the buildings recently purchased or constructed, the premises account appears in the 1932 balance sheet at 169,059,893 lire. This amount is 1,893,112 lire less than the figure appearing in the previous balance sheet, the statutory limit being still exceeded by 44,059,893 lire. This excess, however, is met by the shareholders' reserve, which is invested in premises to the extent of 46 million lire.

#### Foreign Business

At the end of the past year the Bank's credit in respect of bills and balances abroad amounted to 1,308.9 million lire, of which 4.4 million lire were on account of bills and balances abroad not included in the reserve, and 1,304,530,841 lire were in respect of balances and foreign treasury bills included in the reserve.

Also during the year 1932 the Bank did not fail to co-operate with the National Institute of Exchange, supplying the latter with

(1) Expenditure in respect of the completion of new buildings for offices started previously at Bari, Bologna, Palermo, Trieste, Castellammare, Verona, Aosta, Crotone, San Pier d'Arena, Asmara and Rhodes, amounted to 6,848,476 lire. The expenditure for adjusting or enlarging old buildings totalled 1,846,956 lire.

foreign exchanges when these were required on Treasury account. (1)

On the 31st May, 1932, the residuary 26,400 shares of the Bank Shares of the B.I.S. for International Settlements, still remaining to be allotted and necessary to complete the authorised capital, were subscribed. These shares were divided into equal parts among the seven groups of banks which founded the Institution, so that the number assigned to the Banca d' Italia was 3,772 shares having a nominal value of 2,500 Gold Swiss Francs each. The paid-up portion of these shares, viz., 25 per cent., amounted to 8,642,830.12 lire, which is equivalent at par to 2,357,500 Swiss Francs. These new shares, as the previous 16,000 shares subscribed by the Bank in May, 1930, are included among the investments of the special shareholders' reserve. (2)

The world crisis affected very considerably the Italian Colonies Colonial Branches and Possessions. The Banca d' Italia, as in the past, did not fail to assist wherever possible the sounder concerns with a view to strengthening their power of resistance and making possible their recovery. The work in the Erythraea Branches had to be curtailed owing to heavy losses in the financial year 1931-1932 in connection with the writing off of a large number of bad or doubtful assets.

(1) The National Institute of Exchange undertook in 1932, as usual, to supply the foreign currencies required for the normal needs of the Government or Government-controlled administrations, and for the service of the U.S. Dollar Government Loan.

Moreover, the Institute supplied the foreign currencies required for interest and sinking fund in respect of foreign loans contracted by public bodies or companies, the proceeds of which were originally paid over to the Treasury against an exchange guarantee.

By a resolution of the Board of February, 1932, the Institute has been authorised to accept interest-bearing deposits, either at sight or for fixed terms, in foreign currencies, and further to undertake forward exchange transactions provided that the commercial or financial nature of these is ascertained.

It was mentioned in last year's report that the Institute was also entrusted as from the beginning of 1931 with the carrying out of clearing arrangements for meeting the payments in respect of goods exchanged with certain countries following special agreements between these and the Italian Government. Such clearing agreements were concluded with Austria, Hungary and Yugoslavia. With Bulgaria it has been agreed to employ the sums due by the Italian Monopoly for tobacco purchases towards meeting Italian credits, and negotiations are also being conducted with Chile.

With Germany an agreement has been concluded with the object of facilitating payment for Italian exports to that country, by which the German importers—when the foreign currencies to which they are entitled under the exchange restrictions imposed by Germany are insufficient—are entitled to pay for such imports in reichsmarks, depositing same with the Reichsbank for the credit of the Institute. The Institute disposes of these reichsmarks in favour of Italian importers of German goods and the equivalent in lire is used to pay the balances due to the exporters.

(2) Concerning the new shares which have been subscribed, it has been arranged that if at any time within five years from 1st June, 1932, the Board of the Bank for International Settlements should wish to assign shares to a Central Bank which is not a shareholder, each of the seven founder banks among which the shares issued last May have been divided would concur for one-seventh, handing over, with due notice, and at the same gold price paid by them, the number of shares required for such purpose, it being understood, however, that none of the said banks can be asked to hand over a greater number of shares than those which were actually subscribed for in May, 1932.



At the Asmara Branch the special Agricultural Credit Section started its operations last June by discounting bills of the Erythraea Agricultural Consortium and granting loans directly to farmers against the guarantee of the said Consortium.

Before reporting on our interests in Somaliland, I feel it my duty to refer with deep emotion and regret to the great personality of His Royal Highness the Duke of Abruzzi. His premature loss recalls to our minds his great achievements, which brought fresh glories to the illustrious House of Savoy and to Italy, in his memorable and heroic enterprises of scientific exploration as well as in the War. But at this particular meeting it is our duty especially to recall his exceptional qualifications of activity and tenacity, with exemplary simplicity, in the hard work of colonisation in Somaliland, which owes to him largely its valorisation, and the inevitable future prosperity of that country will be to a great extent due to his efforts.

The branches at Mogadiscio and Chisimaio concluded the year 1932 with very modest results owing to unfavourable conditions generally, but particularly to the adverse weather conditions, especially droughts. However, the economic valorisation of Somaliland is developing slowly but steadily, thanks to the keen interest of the Government of the Colony and to the Agricultural Consortium as well as the organisation which that Consortium has been able to create in the banana trade, which is continually improving.

The profits of the Tripoli Branch for the past year are below those of the previous year, but an improvement was recorded by the Benghazi Branch. The economic improvement in Cyrenaica is very satisfactory, this being largely due to the complete calm and security which has been gained thanks to the valuable political and military action taken by Field-Marshal Badoglio and General Graziani.

At Benghazi, with a resumption of peaceful conditions, the natives are returning to their homes and work has been restarted everywhere with renewed confidence. The construction of the harbour, which will enable large ships to dock, is actively proceeding.

The task which was undertaken jointly by the Banca d' Italia, the Banco di Napoli, the Banco di Sicilia, and the Savings Bank in

Tripolitania, under the Convention of 1st October, 1929, to assist the building developments of the previous years, may be now considered as fulfilled. Credit facilities have also been granted to a large extent in connection with new building requirements.

The Rhodes Branch concluded the year with a loss, but there is reason to hope for an improvement in the depressed economic conditions of the Italian Possessions in the Aegean Islands, which at present are in a phase of reorganisation of their industrial and agricultural activities. (1)

Under the Royal Decree Law No. 1607 of the 20th December, 1932, which was completed by the Ministerial Decree of the 27th of the same month, new rules of liquidation have been established when a party is insolvent on cash or future contracts, or contangoes where securities are concerned. (2)

Register of the  
Institutions dealing  
in Securities or  
Foreign Exchanges

The new rules are applicable under special conditions set forth in the Decree, one of which is that one of the parties should figure in a special register to be kept at each branch of the Banca d' Italia. In this register all credit and savings institutions existing in the Kingdom are entitled to be inscribed when fulfilling certain requisites, whereas public bodies of that nature are inscribed *ex officio*.

The Governor of the Bank may exercise his discretion in the inscriptions to or cancellations from the register, and any dispute arising therefrom shall be finally settled by the Finance Minister.

(1) The following figures resume the Bank's operations in the Italian Colonies oversea :—  
(00,000 omitted)

|                                   |     |     |     |     |     |     |     | Lire                       |
|-----------------------------------|-----|-----|-----|-----|-----|-----|-----|----------------------------|
| Cash displacements                | ... | ... | ... | ... | ... | ... | ... | 6,080.1                    |
| Bills discounted                  | ... | ... | ... | ... | ... | ... | ... | 218.9                      |
| Advances                          | ... | ... | ... | ... | ... | ... | ... | 62.9                       |
| Interest bearing current accounts | ... | ... | ... | ... | ... | ... | ... | { receipts ... .. 322.6    |
|                                   |     |     |     |     |     |     |     | { payments ... .. 326.3    |
|                                   |     |     |     |     |     |     |     | { balance ... .. 31.2      |
| Savings Deposits                  | ... | ... | ... | ... | ... | ... | ... | { receipts ... .. 14.8     |
|                                   |     |     |     |     |     |     |     | { payments ... .. 13.2     |
|                                   |     |     |     |     |     |     |     | { balance ... .. 18.8      |
| Foreign Currencies                | ... | ... | ... | ... | ... | ... | ... | 60.5                       |
| Orders to Pay                     | ... | ... | ... | ... | ... | ... | ... | { transmitted ... .. 148.5 |
|                                   |     |     |     |     |     |     |     | { met ... .. 31.9          |
| Demand Drafts                     | ... | ... | ... | ... | ... | ... | ... | { Issued ... .. 495.7      |
|                                   |     |     |     |     |     |     |     | { paid ... .. 304.1        |

(2) Of particular interest are the provisions contained in Articles 5 and 6. The first, which is based on the principles contained in the new Bankruptcy Law, aims at avoiding that unscrupulous banks may obtain securities by bogus contangoes in order to postpone the cover of unsecured commitments. The second provides that in case of failure, forward or contango contracts should be suspended and the claim to the credit should be for the difference between the purchase and sale price, whereas in the case of a deed of arrangement each party has the right to claim the fulfilment of the contract.

At the end of 1932 the register of the Finance Minister contained a list of 3,547 deposit banks, including 1,152 joint stock banks and bankers, 162 savings banks, pawnbroking establishments, etc., and 2,233 agricultural banks. Since the number at the end of 1931 was 3,708—to which 18 other banks must be added which had not previously been inscribed in the register—it will be seen that the actual reduction in the year 1932 has been 179.

These reductions may be classified as follows:—

- 46 Withdrawals of authority to receive deposits ;
- 21 Amalgamations ;
- 59 Liquidations ;
- 16 Deeds of Arrangement ;
- 23 Failures ;
- 14 Stoppages for lack of business.

During the year 429 inspections were carried out (against 488 in 1931), which included 121 joint stock and co-operative banks, 33 private firms, and 275 agricultural banks.

Since the establishment of the control there have been altogether 2,532 inspections, of which four were of national banks, 72 of inter-regional banks, 94 of regional banks, 270 of provincial banks, and 2,092 of local banks.

During the past year there were three applications for the creation of new banks, only one of which was sanctioned. During the same period 28 applications for amalgamation were made, involving 53 concerns.

As regards the opening of new branches, a restrictive policy is still being pursued. Nevertheless, during the year 131 demands were received from 25 ordinary banks and 20 savings banks.

The applications for authority to carry out agricultural credit operations were only 13.

The fact that in many of the less important centres there are still a number of different banks tends to bring about a friendly understanding among them for a better and more useful division of work for the benefit of the local economy. By this it is not

meant to encourage monopolies, which certainly would not be advantageous.

Applications for the granting of credits in individual cases exceeding one-fifth of the Bank's resources were 54, involving altogether a sum of 179,025,000 lire. Forty-two applications, involving 146,279,000 lire, were granted.

These figures, compared with those for the previous year, when the applications were 72, involving 585 million lire, show that both the number and the amounts of these demands are continually falling.

It may be mentioned that the cases of loan facilities exceeding the prescribed limits which, at the end of 1931, were 715, involving a sum of 1,387 million lire, were reduced at the end of 1932 to 375 cases for a total of 885 million lire. (1)

The results of the past year may now be considered, separating <sup>Profits</sup> as usual the gross profits of the branches from those of the head office. The former amounted to 168,163,866 lire as compared with 211,430,436 lire in 1931, being thus reduced by 43,266,570 lire. The profits of the head office, on the other hand, were increased by 5,952,672 lire, having amounted to 209,255,021 lire as compared with 203,302,349 lire in 1931. Thus, the gross profits totalled 377,418,887 as compared with 414,732,785 lire in 1931, showing a reduction of 37,313,898 lire.

Discount operations alone yielded 222,194,157 lire, which is 28.6 million lire more than in 1931.

The amount of bills carried forward from last year's balance sheet is 54,668,839 lire as against 70.7 million lire brought in for that year.

The interest on advances amounted to 62,725,702 lire, or 10.8 million lire less than in the previous year, and interest from deferred payments at the clearing houses was 2,818,347 lire, against 6.5 million lire in 1931.

(1) On page 117 and following of the Italian text data will be found concerning the balance sheets at the end of 1931, as compared with those for 1930, of the banks subject to control, together with a table showing the division by province of the total deposits at the end of the two years.

The profits from foreign business fell to 14,462,880 lire, showing a reduction of 18.8 million lire as compared with 1931, owing especially to the reduction of the foreign balances held in the reserve. A fall from 29.1 to 8.6 million lire of the Bank's share in the earnings of the reserve equivalent to gold, paid over by the State when the lira was legally stabilised, was mainly responsible for the reduction in profits under this heading, whereas, on the other hand, there was a slight increase from 4.1 to 5.9 million lire in the earnings of the reserve originally held by the Bank, of which the Bank is the exclusive owner.

The refund of the tax on notes issued for account of the Istituto di Liquidazioni yielded 4,285,900 lire which was 1.3 million lire more than in 1931.

Miscellaneous receipts amounted to 13,096,847 lire, including commissions for 4,647,725 lire.

The interest on investments amounted altogether to 53,450,029 lire, of which 41,617,358 lire were in respect of Government securities. The previous year's figures were 48.6 and 37.1 million lire respectively. (1)

Gross expenditure for 1932 totalled 324,603,820 lire against 361,922,514 lire in 1931, a reduction of 37,318,694 lire.

Administrative costs accounted for 87,314,672 lire, which is .6 million lire more than in 1931.

The salaries of the staff were, however, 78.5 million lire against 80.9 million lire in 1931.

The outlay for taxes was 24,456,285 lire, or 2.4 million lire less than in 1931. (2)

Interest on private accounts called for 13,700,579 lire, or 3.5 million less than in 1931. On deposit accounts the interest amounted to 12.5 million lire; on public deposits the interest allowed was 63,906,920, or 9.9 million lire more than in the preceding year.

(1) As already mentioned, the interest is not included on the securities owned by the Bank which were handed over by the Istituto di Liquidazioni and which are annually employed for further reducing the latter's liability.

(2) The total of 24.5 million lire is made up as follows :—

|  | (000 omitted) |
|--|---------------|
|  | Lire          |
| Circulation tax on Notes ... ..                              | 6,139         |
| Circulation tax on Drafts... ..                              | 324           |
| Income tax ... ..  | 12,216        |
| Real Estate tax ... ..                                       | 1,113         |
| Other taxes, including transfer tax on the Bank's Shares ... | 4,664         |

In addition to a sum of about 40.1 million lire in respect of unpaid bills already charged to the balance sheet, a further amount of 6 million lire was added to meet further possible losses or depreciation on the bills. Moreover, for various amortisations a further sum of 54,321,416 lire has been allocated, which is 7.2 million lire more than in 1931, whilst, finally, the sum expended for charitable or public utility objects in the year totalled 1.7 million lire.

To sum up, against gross profits totalling 377,418,887 lire, <sup>Dividend</sup> gross expenditure aggregated 324,603,820 lire, leaving a net profit for the year of 52,815,067 lire, which is 24,995,203 lire less than in the year 1931.

The Board of Directors of the Banca d' Italia, having considered the report of its Auditors, in accordance with the terms of the Decree of 27th September, 1923, propose that the above net profit be distributed as follows:—

- |                 |  |
|-----------------|--|
| L.13,874,116.26 | to the State as participation in equal measure as for the years 1929 to 1931; (1)  |
| L.30,000,000.00 | to the shareholders as dividend, equal to the one distributed for the years 1922 to 1931, at the rate of 60 lire on each of the existing shares;   |
| L. 8,655,093.76 | to the Shareholders' Special Reserve;  |
| L. 281,060.00   | to the Credito Fondiario (Real Estate Mortgage Institute), formerly belonging to the late National Bank, being interest at the rate of 4 per cent. in respect of the reserve transferred to the Banca d' Italia in the year 1913;  |
| L. 4,796.76     | balance payable to the Reserve set against the credit of the Banca d' Italia with the Istituto di Liquidazioni, in accordance with the terms of Art. 3 of the Decree of 6th November, 1926, but which, in view of the smallness of the amount, is brought forward to be added to the amount to be distributed for the year 1933. (2) |

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L.52,815,066.78

(1) In addition to the participation in the profits, the State has received from the Bank 22.9 million lire in respect of duties and taxes paid by the Bank both as a Bank of Issue and as a limited company, and, moreover, 63.9 million lire were allowed as interest on public deposits, making a total of 101 million lire. Further, account must be taken of a sum of 38 million lire referred to in the following note.

(2) It should be noted that, as in previous years, a sum of about 38 million lire has been allocated to reducing the liabilities of the Istituto di Liquidazioni, this amount being the 1932 interest on the Government securities handed over by the Istituto di Liquidazioni to the Bank ever since 1926 in partial repayment of its debt, this interest not appearing among the profits in the balance sheet.

Now, it is well to consider that in the 1931 balance sheet an amount of 25 million lire was brought in from the profits assigned in previous years to various amortisations. Without that sum the net profit for 1931 would have been reduced to 52,810,270.02 lire. So, it may be said that the results of the past year on which I have just reported are satisfactory, especially considering the trying conditions under which they were achieved.

#### Conclusion

The increasing difficulties and uncertainties by which the solution of the fundamental problems required for a return to normality are surrounded have not affected the policy of the Banca d' Italia, which is always consistent with a clear vision of the country's welfare.

On the 10th anniversary of the Fascist Revolution we must record our deeply felt gratitude for the constant care which the Duce has always shown for the Bank, thus conferring upon it greater prestige and stability. Among the various provisions which have been adopted, the centralisation of the note issue in the hands of the Bank is outstanding. Forty years ago the necessity was already felt of creating a strong and single bank of issue, whose function—as in the other great nations—was to regulate effectively the circulation of notes and credit, actively co-operating with the State especially in times of difficulty. But Parliamentary contingencies did not permit the achievement of what was specially needed by the country for its future development. Political prejudices opposed the unity of the bank of issue, and it could only be through the formation of a really national conscience that the opposition of local and partisan interests could be finally overcome. Fascism, by creating a real spiritual unity of the nation after the great war and victory, to which every Italian contributed, has made it possible to achieve in the best possible form the new banking order. The complete confidence which has inspired our labours is based on the certainty that Italy, by virtue of her people, who are admirable in their industry, spirit of adaptability and sacrifice, guided by a chief who by his genius sets each day the path for the future welfare of the country, will overcome the present difficulties and go ahead as a great advancing nation.

The perfect discipline and spirit of collaboration among all classes, which are increasingly evident during this trying period,

make it possible to liquidate the consequences of the crisis following a programme which has been constantly in keeping with the needs of the country. Thus new and solid foundations are being laid on which the economic forces will resume production. If in industry and trade much ground has been covered thanks to the constant and effective support of the State, in the banking field a notable consolidation has been achieved through the desirable alterations by which the banks have resumed their specific functions of distributing credit and, above all, acting as jealous and intelligent guards of the people's savings.

In conclusion, I wish to make a further fervent appeal to the loyal and steady co-operation among banks in order that we may go ahead with unity of effort to a safer and better morrow.

V. AZZOLINI,

*Governor.*





**BALANCE-SHEET**

*31st December, 1932.*

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**PROFIT AND LOSS ACCOUNT.**

**BANCA**  
AUTHORISED CAPITAL  
OF WHICH IS PAID-UP

**BALANCE SHEET,**

| <b>ASSETS.</b>   |  |                  |                   |
|--|--|------------------|-------------------|
| <b>Gold in Hand</b> .....  |  | L.               | 5,839,487,771.29  |
| <b>Other Gold Assets :</b>   |  |                  |                   |
| Balances Abroad .....  | L.   | 1,116,284,677.40 |                   |
| Foreign Treasury Bills.....  | „  | 188,246,163.74   |                   |
|  |  | L.               | 1,304,530,841.14  |
| <b>Total Reserve</b> .....   |  | „                | 7,144,018,612.43  |
| <b>Gold deposited abroad, due by the State</b> .....               |  | „                | 1,772,798,105.00  |
| <b>Cash in Hand</b> .....  |  | „                | 324,628,590.97    |
| <b>Inland Bills</b> .....  |  | „                | 5,249,555,906.44  |
| <b>Bills for Collection</b> .....                                  |  | „                | 32,991,487.18     |
| <b>Advances to Customers</b> {                                     | Against Government Securities and Mort-<br>gage Bonds..... | L.               | 1,289,290,796.04  |
|  | Against Silk and Cocoons.....                              | „                | 327,564.05        |
|  |  | L.               | 1,289,618,360.09  |
| <b>Investments (Government Securities owned by the Bank)</b> ..... |  | „                | 1,366,159,254.09  |
| <b>Cr. Accounts in the Kingdom :</b>                               |  |                  |                   |
| Deferred Payments at Clearing Houses.....                          | L.   | 140,530,783.58   |                   |
| Other Accounts .....   | „  | 76,164,594.42    |                   |
|  |  | L.               | 216,695,378.00    |
| <b>Shareholders' uncalled Capital</b> .....                        |  | „                | 200,000,000.00    |
| <b>Premises</b> .....  |  | „                | 169,059,893.40    |
| <b>Credit with "Istituto di Liquidazioni"</b> .....                |  | „                | 1,888,102,381.86  |
| <b>Other Assets :</b>  |  |                  |                   |
| " Credito Fondiario " Fund.....                                    | L.   | 30,000,000.00    |                   |
| Investment of Extraordinary Reserve .....                          | „  | 32,485,000.00    |                   |
| „ „ Shareholders' Special Reserve .....                            | „  | 106,738,350.98   |                   |
| „ „ Employees' Pension Fund .....                                  | „  | 227,646,810.72   |                   |
| Other Debtors .....  | „  | 226,870,103.97   |                   |
|  |  | L.               | 623,740,265.67    |
| <b>Securities and other valuables deposited</b> .....              |  | L.               | 20,277,368,235.13 |
|  |  | „                | 28,452,566,719.01 |
| <b>Amounts written off in past years</b> .....                     |  | L.               | 48,729,934,954.14 |
|  |  | „                | 419,427,891.41    |
|  |  | L.               | 49,149,362,845.55 |
|  | <b>TOTAL</b> .....   | L.               | 49,149,362,845.55 |

## D' ITALIA.

L.500,000,000.

L.300,000,000.

31st December, 1932—XI.—E.F.

## LIABILITIES.

|   |    |                |                   |
|---|----|----------------|-------------------|
| Notes in circulation .....                                | L. |                | 13,672,028,000.00 |
| Demand Drafts Outstanding.....                            | ,, |                | 545,657,158.37    |
| Current Accounts.....                                     | ,, |                | 776,736,329.44    |
| Treasury Current Account.....                             | ,, |                | 300,000,000.00    |
|   |    |                | <hr/>             |
|   | L. |                | 15,294,421,487.81 |
| Capital .....   | ,, |                | 500,000,000.00    |
| Statutory Reserve .....                                   | ,, |                | 100,000,000.00    |
| Extraordinary Reserve .....                               | ,, |                | 32,500,000.00     |
| Deposit Accounts .....                                    | ,, |                | 666,328,407.17    |
| Treasury Fixed Deposit Account.....                       | ,, |                | 2,637,248,974.80  |
| "Internal Debt Sinking Fund Office" Current Account ..... | ,, |                | 69,840,762.37     |
| Other Liabilities :                                       |    |                |                   |
| Shareholders' Special Reserve.....                        | L. | 109,536,338.07 |                   |
| Shareholders' Special Reserve Invested in Premises.....   | ,, | 46,000,000.00  |                   |
| Other Creditors.....                                      | ,, | 768,677,198.13 |                   |
|   |    |                | <hr/>             |
| Net Profits for the Year.....                             | L. |                | 924,213,536.20    |
|   | ,, |                | 52,815,066.78     |
|   |    |                | <hr/>             |
|   | L. |                | 20,277,368,235.13 |
| Securities and other valuables deposited.....             | ,, |                | 28,452,566,719.01 |
|   |    |                | <hr/>             |
|   | L. |                | 48,729,934,954.14 |
| Amounts written off in past years.....                    | ,, |                | 419,427,891.41    |
|   |    |                | <hr/>             |
| TOTAL .....   | L. |                | 49,149,362,845.55 |

# PROFIT AND YEAR

| Dr.         |   |  |  |               |
|-------------|---|--|--|---------------|
| Expenditure | Expenses<br>in respect of :                     | Administration ..... L.                            | 87,314,671.79  |               |
|             |   | Board of Directors, etc..... "                     | 1,846,915.25   |               |
|             |   | Transport of specie and<br>other valuables ..... " | 1,411,973.69   |               |
|             |   | Printing of notes ..... "                          | 3,364,888.37   |               |
|             |   | House Property Account ... "                       | 2,492,728.13   |               |
|             |   |  | 14,017.00  | 96,445,194.23 |
|             | Taxes   |  | Circulation tax on notes ... "                       | 6,139,449.00  |
|             |   |  | Circulation tax on demand<br>drafts ..... "          | 324,385.87    |
|             |   |  | Income Tax ..... "                                   | 12,215,581.07 |
|             |   |  | Additional Income-Tax<br>..... "                     | 1,239,716.11  |
|             |   |  | Real Estate Tax ..... "                              | 1,113,256.24  |
|             |   |  | Bank Shares transfer tax... "                        | 1,471,462.00  |
|             |   |  | Weights and measures<br>control tax ..... "          | 1,169.00      |
|             |   |  | Stamp duties..... "                                  | 236,305.80    |
|             |   |  | Contribution for Govern-<br>ment supervision ..... " | 200,000.00    |
|             |   | Other tributes ..... "                             | 1,514,959.44   |               |
|             |   |  | 24,456,284.53  |               |
|             |   |  | 120,901,478.76                                       |               |
|             | Unpaid bills .....                              | L.   | 40,143,481.45  |               |
|             | Amounts written off..... "                      | "  | 54,321,416.38  |               |
|             | Interests and annuities..... "                  | "  | 93,639,132.22  |               |
|             | Charities and other contributions .....         | "  | 1,746,252.00   |               |
|             | Contribution to Employees' Pension Fund .....   | "  | 7,852,059.00   |               |
|             | Depreciation of bills against losses, etc. .... | "  | 6,000,000.00   |               |
|             |   | L.   | 324,603,819.81                                       |               |
|             | Net profit to be divided..... "                 | "  | 52,815,066.78  |               |
|             | TOTAL .....                                     | L.   | 377,418,886.59                                       |               |

## DISTRIBUTION

|  |       |
|--|-------|
| Dividend on 500,000 shares at the rate of L. 60 per share.....                   | ..... |
| Annual contribution to the Reserve Fund of " Credito Fondiario ".....            | ..... |
| State participation to the profits exceeding 5 per cent. on paid-up capital..... | ..... |
| To Shareholders' Special Reserve.....  | ..... |
| Balance Carried Forward.....   | ..... |

ARTOM VITTORIO.  
CORNAGLIOTTO GIUSEPPE.  
CORTESI ARTURO.  
RAVANO EMANUELE.  
VIALI LEOPOLDO.  
Auditors.

GIULIO ROSAI.  
Chief Accountant.

## LOSS ACCOUNT

1932—XI.—E. F.

|   |  | Cr.              |  |
|---|--|------------------|--|
| Profits from<br>the Year's<br>business  | Re-discounts brought in from<br>previous year.....                       | L. 70,716,380.32 |  |
|   | Year's discounts .....   | „ 206,146,615.32 |  |
|   |  | 276,862,995.64   |  |
|   | less: re-discounts carried forward ..                                    | „ 54,668,838.63  |  |
|   |  | 222,194,157.01   |  |
|   | Interest on advances.....  | L. 62,725,702.36 |  |
| Interest on Cr. accounts .....  | „ 7,203,335.63   |                  |  |
| Commissions .....   | „ 4,647,725.18   |                  |  |
| Interest, discount and exchange profits on foreign<br>business, less re-discount charges..... | „ 14,462,879.56  |                  |  |
| Other profits.....  | „ 8,449,121.54   |                  |  |
|   | 319,682,921.28   |                  |  |
| Profits<br>from<br>Investments  | Interest on Government Securities.....                                   | L. 41,617,357.69 |  |
|   | Interest on "Credito Fondiario" Fund.....                                | „ 1,200,000.00   |  |
|   | Revenue on real estate .....   | „ 6,395,267.68   |  |
|   | Interest on investment of Colonial Branches Fund ..                      | „ 500,000.00     |  |
|   | Profits arising from the liquidation of late note-<br>issuing banks..... | „ 3,737,403.23   |  |
|   | 53,450,028.60  |                  |  |
| By Istituto di Liquidazioni, circulation tax on notes outstanding on its behalf .....         |  | 4,285,936.71     |  |
|   |  | 377,418,886.59   |  |
| TOTAL .....   |  | L.               |  |

## OF NET PROFIT

|  |    |               |
|--|----|---------------|
| .....                                    | L. | 30,000,000.00 |
| .....                                    | „  | 281,060.00    |
| .....                                    | „  | 13,874,116.26 |
| .....                                    | „  | 8,655,093.76  |
| .....                                    | „  | 4,796.76      |
|  | L. | 52,815,066.78 |
| TOTAL NET PROFIT TO BE DISTRIBUTED ..... |    | L.            |

VINCENZO AZZOLINI.  
Governor.

