

# REPORT FOR THE YEAR 1958

NATIONAL BANK OF GREECE

FURVIS HALL  
LIBRARIES

NOV 2 1959

MCGILL UNIVERSITY



REPORT FOR THE YEAR 1958





REPORT  
FOR THE YEAR 1958

NATIONAL BANK OF GREECE



## BOARD OF DIRECTORS

---

DIMITRI HELMIS, GOVERNOR	PRESIDENT
JOHN PARASKEVOPOULOS, DEPUTY GOVERNOR	DIRECTOR
CHARLES ARLIOTIS	»
DEMETRIOS COUMS	»
NICOLAOS DRITSAS	»
PERICLES IOANNIDES	»
ANDREAS KYRIACOPOULOS	»
ANDREAS LEMOS	»
GEORGE PAPADIMITRACOPOULOS	»
MENIS PAPAGEORGIOU	»
NICOLAOS PETRIDES	»
ARISTOMENIS ROMBOS	»
PANAYIOTIS SCOURAS	»
GEORGE TERMENTZIS	»
DEMETRIOS VELISSAROPOULOS	»
CONSTANTINOS VERRIOPOULOS	»
STAVROS VLACHOS	»



REPORT  
FOR THE YEAR  
1958





**R E P O R T**  
BY  
**MR DIMITRI E. HELMIS**  
GOVERNOR OF THE  
**NATIONAL BANK OF GREECE**  
PRESENTED ON BEHALF OF THE BOARD OF DIRECTORS  
FOR THE YEAR 1958

---

GENTLEMEN,

In reporting today on the Bank's activities during the year 1958, we are pleased to say that last year was again a period of progress for the economy of Greece. It was also a year of progress for the credit market and for the further development of the business of our Bank. The continuous rise in the levels of production and of economic activity, in general, as well as the gradual improvement in the stability of monetary conditions, which have been observed for years, have generally continued in a satisfactory manner. These developments, the main characteristics of which will be outlined briefly below, should be considered as being particularly favourable and proving the stability of the Greek economy, especially after the less advantageous economic conditions observed in the Western countries in 1958. It is well known that Greece is connected mainly with these countries, and very closely so, for obtaining the supplement of her requirements in funds and in goods of every kind, and for selling the exportable part of her commodities and services.

During the years after the war, which were marked by an improvement of international conditions, the fact that the Greek economy depended extensively on the markets of Western Europe and of the U.S.A. was a decisive factor for increasing and maintaining a satisfactory rate of activity in Greece. For this reason, serious fears were expressed lest the slackness of production and the stagnancy of national income in the Western countries would have unfavourable effects on the economy of Greece.

## I

### INTERNATIONAL ECONOMIC DEVELOPMENTS IN 1958

#### **The slackening of the international economic activity**

The first signs of an economic recession, which were of broader importance and had an international repercussion, appeared in the U.S.A. shortly before the middle of 1957. These signs had been preceded by a world crisis in the shipping business and a decrease in freight rates. In the Western European countries, as a whole, the speedy rate at which their economic activity was rising had already shown signs of slowing down. This had, in many ways, no relation whatsoever with developments in the U.S.A., being rather due to anti-inflationary measures taken to react to the rise in prices and to foreign exchange difficulties. The second half of 1957 was a period when most of the Central Banks in Western Europe increased their discount rates considerably.

Reduced production in the U.S.A. and Western Europe, the world's strongest economic areas, had a depressing effect, as was to be expected, on prices of raw materials, in general. This also contributed towards spreading the conditions of recession, particularly to the less developed areas outside Europe which supply the industrial countries of the Western World with agricultural and mining products. Thus, in the early months of 1958, the economic recession had virtually spread over all countries outside the Eastern Block, though with a different degree of intensity and with varied manifestations.

#### **The recession in the U.S.A.**

If the recession in the U.S.A. revealed itself rather suddenly and soon assumed certain proportions, its duration, on the contrary, was relatively short.

The American recession lasted less than a year in all, but it should be noted that early in 1959 production and especially employment were still below the levels prior to the recession, despite the recovery observed in the spring of 1958 and the increase in economic activity noted since then. The recession would have been of shorter duration if, in spite of the slackness in economic activity, the inflexibility of prices had not caused the authorities concerned to be reluctant in taking drastic measures for the support of effective demand, due to fear of inflationary consequences. A characteristic of the recession was the decreased industrial activity following the accumulation of stocks, whilst



total income and sales remained at the same levels as before the recession. It is remarkable that developments in the U.S.A. did not cause any foreign exchange difficulties in Western Europe.

The fact that the United States has continued to import finished products at the same rate as before the recession, and to export capital abroad, has led to a decrease in the foreign exchange reserves of the U.S.A., instead of to a shortage of dollars in Western Europe. The non-creation of a dollar problem in 1958 has doubtless exerted a deterring effect on the recession in Western Europe and prevented the need of taking more extensive measures for safeguarding foreign exchange reserves. Had such measures been taken, they would have further influenced unfavourably the levels of production and employment.

### **The recession in Western Europe**

Early last year, industrial production in Western Europe, as a whole, continued to move at levels which were slightly higher than those during the corresponding period of 1957. Towards the middle of 1958, however, industrial activity, as compared with the one at the beginning of the same year, showed a slackness of non-seasonal character, and stagnancy, compared with 1957. Employment showed similar trends, but the problem never became acute, because of full employment existing before the recession. Another reason why the recession has lasted longer than expected was the fact that the yield of crops in most European countries, except Italy and Turkey, was lower in 1958 than in 1957 due to bad weather conditions.

The recession in Western Europe did not become apparent in all European countries at the same time, nor did it follow the same course in each of them. Great Britain, where industrial production has virtually been at a standstill since 1956, was the first country to feel the effects of the recession. This was a result of the restrictive policy that had been applied to meet foreign exchange difficulties. In Western Germany the rate of progress was seriously lower in 1958, after showing a small decline in 1957. However, the levels of economic activity in Western Germany, as a whole, were slightly higher in 1958, compared with 1957. The expansion of industrial production observed in France and Italy lasted longer, but came to a stop last summer.

It is interesting to note that, despite the above developments in industrial activity, incomes as well as outlays for consumption and in many cases also for investment continued to show some increase, whilst retail prices tended to reach higher levels. On the other hand, exports, as a whole, remained



at the 1957 level, and thus ceased to be a contributing factor for the development of production. These facts cast a veil over the actual situation of the Western European economy, and thereby delayed the diagnosis of the causes of the recession. They also inspired caution in the taking of reformatory measures, which could have disturbed the stability that had been obtained in prices.

Thus, whilst a year ago, the American economy had nearly reached the stage of recovery, and seemed to have been cured, the recession in Western Europe, during the same period, had spread and become more intensive.

A characteristic feature, which may have some influence on the competitiveness of Western European products, is that the slackness observed in the progress of Western European economy resulted in a decrease of productivity just at the time when the American economy had achieved considerable progress in this sector.

### **Convertibility and economic union of Western Europe**

Despite the recession, and when it had reached a climax, a step of world importance was taken at the close of 1958 towards liberating international transactions. This step consisted in the formal introduction by ten Western European countries of partial convertibility of their currencies. The development of business with the dollar area, which was favourable for the Western European economy in 1958, expedited the decision reached to this effect. Convertibility was a long time ago and for a great part in force in most of the Western European countries. Its formal introduction, therefore, is to be interpreted as an indication of the determination of one of the world's most powerful economic areas to establish closer cooperation both within itself and towards the dollar area, beyond national limits, and to create the pre-requisites for expanding trade and the flow of capital.

A further step was taken towards removing the restrictions that existed in commercial transactions with the United States of America, whilst the pound sterling and the German mark are playing an increasingly greater part as international currencies.

The recent currency reforms in Western Europe led to the abolition of the European Payments Union and to the implementation of the European Monetary Agreement contracted in 1955. These reforms were one of the essential conditions for the unification of Western Europe, which is pursued one way or another. Although they were made independently of each other, they should be considered as falling within the framework of this union. It is well known that a decisive step towards a fuller economic union of Western Europe



was taken by the signing of the Rome Convention, in March 1957, which established the European Economic Community (consisting of France, Germany, Italy, Belgium, Holland and Luxemburg) and which came into effect on 1st January, 1959. The creation of a broader economic area in Western Europe, which was sought in various ways and through successive approaches, almost immediately after the end of World War II, was the object of continuous and difficult negotiations throughout 1958. The purpose of the negotiations, made within the framework of the Organisation of European Economic Cooperation (O.E.E.C.), was to broaden cooperation between the six countries of the Common Market and the other countries of Western Europe, even under a looser form. The serious differences of views which arose mainly between the United Kingdom and France, the latter being one of the signatories to the Rome Convention, have prevented the conclusion of an agreement until now, and the efforts made towards broader cooperation between the Western European countries have thus reached a deadlock since the end of 1958. The six countries have applied the import duty reductions applicable between them to all countries participating in GATT. They also applied the percentages in force to the other members of the Organization of European Economic Cooperation, on a mutual basis. These measures have eliminated, for the time being, unfavourable repercussions on the transactions between the Common Market countries and the other member countries of the Organization of European Economic Cooperation, which had been caused by the reduction of import duties on the trade between the six countries as from 1st January, 1959.

## II

### THE REPERCUSSION OF INTERNATIONAL ECONOMIC DEVELOPMENTS ON GREEK ECONOMY

#### **The recession and the balance of foreign payments**

The economic recession, which started in the countries of the Western World towards the middle of 1957, made itself felt also in Greece, but with some delay, as its full impact became evident after the beginning of 1958 only. The question is whether the net result of this repercussion has been favourable or not. It is useful to insist on this question, in order to evaluate the sensitiveness of the Greek economy to adverse international economic developments and to isolate external influence on the formation of economic aggregates during 1958.

The effects of the international recession have doubtless been unfavourable



on the invisible receipts of this country. Invisible receipts had shown a steady and considerable increase over several years, and, compared with exports, became the most important factor for earning foreign exchange in 1957. During 1958, these receipts not only stopped increasing, but even showed a small decrease, which amounted to 18 million dollars, or 7.7 %. Such decrease was particularly observed in the remittances from seamen, in consequence of the shipping crisis. Both tourist foreign exchange and emigrants' remittances, which are particularly affected by the development of the national income in the countries from which tourists originate, and where Greek emigrants reside, remained at 1957 levels.

On the contrary, the Greek balance of trade was particularly favoured by the development of international prices in 1958. As a matter of fact, although the prices of Greek exports have dropped, as a whole, the prices of goods imported by the Greek economy have decreased by a much higher percentage. On the other hand, the charge for freight on imported goods fell to lower levels. Thus, in view of the fact that Greek exports, in value terms, hardly cover one half of imports, the economy of this country was able to obtain products necessary to it at a considerably lower expenditure in foreign exchange. According to customs statistics, the unit value index of imports dropped by 8.1%, whilst that of exports fell by 2.1 % in 1958, as against 1957, with the result that the terms of trade improved from 107.5 in 1957, to 114.5 in 1958, i.e. by 6.5 %. The gain from the favourable development of the terms of trade is estimated to have not been less than 30 million dollars.

Thus, the benefit accruing to the Greek economy from the lowering of the international price level, which, in final analysis, was a result of the stagnancy observed in the industrial and shipping activity all over the world, has fully compensated the decrease in Greece's invisible receipts, due to the same reason, and even left a small surplus.

The question is whether the international recession has prevented an increase in Greek exports, especially to Western European markets, and thus deprived the country of additional resources in foreign exchange. It should be noted, in principle, that Greek exports increased by 20 million dollars in 1958, but more than half of this increase was due to an exceptional purchase of Greek wines by France to complete her inadequate crop. It could be said for this reason that Greek exports continued to be relatively stagnant in 1958. The important point, however, is that no stocks of exportable agricultural products have accumulated from the 1957/1958 crop. Apart from incidental difficulties, arising each year, with which the total sale of certain products is usually confronted, the Greek exportable agricultural products were regularly absorbed by the foreign markets. The 1957 tobacco crop, which became exportable during the year



under review, is an exception to this rule. The difficulty in selling this product, however, should be attributed to reasons which are not connected with the economic developments in Western countries. The main reasons are the high level of Greek tobacco production and its abnormal qualitative composition.

### **The development of exports during recent years**

Consequently, the stagnancy in the export of Greek agricultural products is basically due to the fact that domestic production did not increase further. This does not mean, of course, that an increased supply of exportable agricultural products would find a sure outlet in the Western European markets. It would be wrong to say, however, that the economic recession was responsible for the difficulties faced by the Greek economy in increasing its exports of agricultural products to the organized and exacting Western markets, for such an error could be prejudicial to the further development of Greece's exporting effort. It should be clearly understood that the causes of the stagnancy observed for years in Greek agricultural exports to the above area lie deeper; urgent measures should, therefore, be taken promptly by everyone concerned, including producers, exporters, Banks, and the Greek Government, so that Greek exports may be given a new start.

To promote Greek exports to developed western-type markets, particularly in view of an increasing competition from Mediterranean countries, which are in a position to export commodities similar to Greek products, it is absolutely necessary that conditions of production and of handling foreign trade should be raised in this country to international standards. This means that prices offered should be competitive, and that qualities, varieties, terms of delivery and credit facilities be readjusted accordingly; furthermore, the look of Greek products should meet the requirements of organized import trade and of consumers in those markets.

Radical changes at all stages of procedure—from the preparation of growing to the final sale of our exportable agricultural products—have to be made before Greek exports to Western markets can be appreciably increased. The reasons, however, why the level of Greek exports to the rest of the world did not rise, are of a different nature. Greek products are still unknown in many foreign markets, for want of adequate and appropriate advertising or of regular commercial relations established under trade agreements. In other countries, despite their connection with Greece through bilateral commercial compensation agreements, and a broad-scale barter practiced with some of them before the last war, the sale of Greek products is hindered, as the Greek authorities



were actually deprived of the means to exercise and direct a commercial policy since freedom of imports was established in this country, and also, because the organized import trade of other countries has, for various reasons, turned to markets of the western countries to a large extent.

The development of Greek exports to countries of bilateral compensation agreements has been satisfactory. It should, indeed, be taken into consideration that, as against a total increase of \$36.3 million in exports between 1955 and 1958, exports to these countries in 1958 increased by \$42.5 million, whereas exports to western countries showed a slight decrease. However, there are considerable margins for a further increase of Greek exports to bilateral compensation countries, and the measures recently taken by the Greek Ministry of Commerce aim, among other things, at securing customers in these countries.

The development of Greek export trade should be one of the principal objectives of the country's economic policy, and should be given priority. Such development will not only eliminate the risks of upsetting our balance of foreign payments and causing instability in the foreign exchange position, but may also become the means for further development and a more rational set-up of agricultural production. This development should, therefore, increase employment and income, and raise the standard of living of the country's largest productive class. The importance of increasing the demand for Greek products in other countries is decisive as a dynamic factor for the development of our country, and should be particularly stressed. The National Bank of Greece, having long considered this important matter, prepared and circulated two publications on the subject last year, and it believes that it has thus helped in bringing certain aspects of the problem into evidence. It is extremely pleasant to observe that the Greek Government have lately been active in the direction of organizing the effort for the promotion of exports, by systematically investigating foreign markets and by creating the indispensable pre-requisites within the country.

### **Recession and industrial production**

However, the problem of the balance of foreign payments and of income improvement does not end with the reorganization and increase of agricultural production and of exports therefrom. It is well known that industrial production is exclusively intended for the local market, and that this production depends, for its existence, to a very large extent on imports of raw and auxiliary materials, including fuel. If the international economic recession did not affect the Greek economy finally, it is because of these manufacturing peculiarities. In fact, the favourable repercussion on the cost of Greek production, resulting



from the decrease in international prices of raw materials, semi-finished products and fuel, and freight rates, has been strongly noticeable. This decrease has contributed towards maintaining stability in the level of domestic prices, despite the relatively large increase in lower salaries, mainly, given last year. On the other hand, exports of industrial products, made on an altogether negligible scale, leave Greek industry, directly at least, unaffected from an eventual slackening of the international demand for industrial products. The repercussion of an international recession could certainly make itself felt indirectly on Greek industrial production. If the income of people employed in the production of commodities and in the supply of services abroad were to be substantially reduced, the demand for Greek industrial products would be reduced. It has already been said, however, that whilst Greek exports were not adversely affected during the recent international recession, the reduction of income from abroad has represented a very small percentage of the total domestic demand.

Part of Greece's agricultural production is channelled abroad, and the repercussions of a change in the international demand could, therefore, be felt by Greek economy through foreign markets. In this connection, however, the following points should not be overlooked: Greek exports do not consist of one basic product of increased elasticity of demand, as is the case with other countries of primary production, but they include a certain variety of products, the demand for which abroad, with the exception of ores, has proved to be sufficiently steady. Moreover, each of these products represents only a small percentage of international trade, and its sale, therefore, usually does not meet with insuperable difficulties. On the other hand, the value of exports represents less than 10 % of the country's Gross National Product, and thus a small change in exports, particularly of a temporary nature, cannot decisively affect the level of the Greek national income.

These considerations lead to the well known and generally accepted view that the relation between the periodical fluctuations observed in industrially developed countries and the changes in the level of the economic activity of countries of primary production in Southern Europe is rather loose. Developments observed last year in Portugal, Spain, Yugoslavia and partly in Italy confirm this opinion.

But if the relation between the exportable part of Greece's national production and the total activity of Greek economy is of a nature that will make such activity less sensitive to adverse developments in the international community, it also limits its possibilities to follow up and take full advantage of favourable developments abroad. Neither the development and intensification of crops, nor the differentiation of agricultural exports alone—no matter how much this is desir-



able—may solve fully and definitely the great problems of the Greek economy. To raise the Greek national income permanently and insure productive employment for the total of its man-power it is not enough to increase production under its present set-up. It is absolutely necessary that Greek economy be reorganized by developing those branches whose activity ensures the continual supply of same and by setting afoot a permanent procedure for reinforcing demand. This obviously means a radical change in the part played by industry, the activity of which, instead of being passive and simply following primary production, as done until now, will have to become dynamic and exert an autonomous influence over the whole economy.

The industrialization of the country was rightly sought ever since the pre-war period as the only means to solve the population problem. On the other hand, the recent efforts made by advanced Western European countries to create broader markets and to coordinate their economic policy make it imperative for Greece to promptly create all pre-requisites for a reorganization of her economy, based on industrial development. Otherwise, Greece risks to remain definitively among the world's underdeveloped countries. Any delay in creating the conditions required for industrialization will involve, as time goes by, more hardships and sacrifices to obtain the objective aimed at.

#### **The prospects of international economic developments and their meaning for the Greek economy**

Many signs seem to indicate that we shall shortly—perhaps very shortly—witness a considerable and stepped-up increase in international production and income. Consequently, world demand will also increase on a much broader basis than in the past, and will be accompanied by an expansion of international trade. The economic recession in Western Europe, especially after the recovery in the United States of America, is expected to come to an end very soon. Production and demand are expected to go up intensively again. Such expectation, combined with the stabilization of monetary conditions and the improvement of the area's position in foreign exchange, creates favourable prospects. It is reasonably expected that the economic progress of Western Europe in the near future will be based on sounder foundations than in the past. The economic unification of Western Europe, that will inevitably tend to assume broader proportions, will no doubt lead, in the long run, to an unprecedented economic prosperity, which will be maintained by steady efforts toward increases in income and demand.

On the other hand, it may reasonably be expected that slackening of the in-

tensity in the relations between the Western countries and the Eastern Block will mean the inauguration of a period of expanding trade between these two areas. In conclusion, the systematic efforts made by countries of lower economic development to increase and differentiate their production are leading to a continuous increase in trade between industrial countries and countries of primary production. The sure prospect of a speedy and more permanent improvement in international cooperation requires a readjustment of conditions in Greek production and in carrying on export trade on an absolutely up-to-date basis. This should take place the soonest possible, in order that the Greek economy might take advantage of the possibilities created, in due time and as fully as possible.

### **International cooperation and the country's economic development**

During the negotiations for the establishment of the European Free Trade Area last year, the Greek Government was given the opportunity, and used it, to give our partners in the O.E.E.C. (Organization of European Economic Cooperation), a true and clear picture of the nature and extent of our economic problem. It has been a pleasure that this has met with general recognition and that the solutions proposed by the Greek delegates were accepted, in principle, as also appears from the Hallstein report on the Common Market.

That the Greek position has met with general understanding was proved by the successful outcome of the negotiations with the German Government towards the end of 1958. The respective agreement was concluded within the framework of a broader European economic cooperation. To the effort of attracting international interest to the economic development of Greece, the National Bank of Greece believes that it has contributed substantially by the well known agreement for cooperation with the Deutsche Bank and also by the discussions held, for a similar cooperation in various sectors, with other important credit institutions, import enterprises and technical firms in Germany, other Western European countries and in the United States of America.



### III

#### ACHIEVEMENTS OF GREEK ECONOMY DURING 1958

##### **Production and income**

Both from the point of view of quantity and quality, Greek economy made further considerable progress in 1958. According to the data available until now, it is estimated that the volume of the Greek national income has increased by about 4 %, compared with 1957. This percentage should be considered as satisfactory, in view of the fact that 1958 was for most countries a year of stagnation. This percentage, however, is considerably lower than the one obtained during previous years, especially in 1957, when it was about 10 %. As already stated, the serious slowing-down in the rate of increase of the national income had very little to do with the slackening of economic activity in the countries of the Western world. The main reason for it was the decrease in the volume of agricultural production, marked for the first time since 1954, as well as the fact that prices obtained for agricultural produce were by about 4 % lower than in 1957.

##### **Agricultural income and industrial production**

Greek national accounting shows that a mere slackening in the rate of increase of agricultural production, and still more a reduction of same, leads, a little later, to a slowing-down in the increase of total economic activity. The close and almost exclusive dependence of the latter on the fluctuations of primary production, which are due to the influence of factors that are mostly beyond control, is one of the basic weaknesses of the Greek economy. The remedy of this weakness will have to be sought, as already stated, by shifting the weight from agriculture to industry to increase national income in the long run. The contribution of industry to national income during the last few years has varied around 19%, as against 34 % of agriculture, and the activity of industry has rarely and only temporarily deviated from the level of activity in other economic sectors. This fact is an evidence for the non-active part played by industry.

A characteristic of last year was the contrary development of agricultural and industrial production. Greek industrial production not only increased, but obtained some of the most considerable results in recent years, having risen by 10.6%. As the market, for Greek industrial products—namely the domestic provincial market whose needs are largely satisfied by local production—remains practically unchanged, the increase in production entailed some unpleasant consequences. In fact, domestic demand was not able to absorb the country's entire



industrial production, with the result that Greek industries had greater stocks left with them than is considered to be normal, as these stocks consisted mainly of finished products. It should be noted that, according to existing indications, stocks have piled up also in import trade. Supply exceeded current demand, and this fact has caused an artificial increase in the national product, since a part of it was left in the form of abnormal stocks. That is, if the activity of industry and trade had been restricted within the limits of effective demand, the increase in the national income would have been smaller than estimated.

### **The causes of the slackening**

The question now is, what were the reasons that led to the formation of a supply which was disproportionate to the needs that could be satisfied? It is not improbable, of course, that the considerable fall in international prices was to some extent an incentive for additional purchases. As regards certain Greek industrial enterprises, in particular, an expansion of their production was the means for reducing their cost per unit. Basically, however, it should be assumed that, in making their plans for 1958, Greek enterprises relied on expectations of an increased demand, as compared with that in 1957. This seemed reasonable enough in view of the data that were available early in 1958. Under the influence of high agricultural incomes in 1957 and their multiplying effects on urban incomes, expectations came true in the first months of 1958. The high level of sales at the time encouraged enterprises to develop their business further. But the decrease in agricultural income, as from the middle of 1958, has tended to reduce demand from the provinces, and the unfavourable repercussion from this fact was soon felt by the urban population. That the value of agricultural production would be lower in 1958—not simply less than that expected for this year, but even lower than the levels obtained in 1957—became evident only gradually, especially during the second half of the year, when the main crops are gathered. But industrial enterprises had already geared their production to a high rate. If industrial activity had been reduced to the level of conditions prevailing in the provinces, this would have meant a sudden and intensive slowing down of industrial production, which would not have been without serious disturbing consequences on the cost of production and on the level of employment. A characteristic, however, of the efforts made by industry to readjust itself to the situation is that production during the last quarter of 1958 did not exceed the levels of the third quarter, whereas production in the last three months of 1957 had increased by 4 % over the preceding quarter. In January 1959, production was reduced, compared with December 1958, whereas it



had slightly increased in January 1958, as compared with December 1957. Before the unfavourable outcome of the Greek crops had been ascertained, it was not possible for Banks to exert pressure on industries by restrictions on credits. In any event, it was not advisable to exert such pressure, except gradually. Nevertheless, as soon as the first symptoms of slackening in demand became evident, the Banks adjusted their credit policy accordingly, and thus their short-term financing to industry increased by 2.9% only, between September 1958 and January 1959, as against 17.3% between September 1957 and January 1958.

Because of its nature, import trade was able to adjust itself earlier and more effectively than industry. This is proved by the fact that monthly private imports, as from August 1958, were at lower levels in comparison with the previous year.

During the second half of 1958, economic activity tended to slow down. Two were the main factors which contributed to check this trend. One was a revival of intensive building activity, which had been stagnant in 1957 and started again early in 1958. The other factor was the raise in the pay of workers. These two factors, however, did not prove sufficient to counterbalance the repercussions from the decrease in agricultural income.

### **Monetary and financial developments**

The sources of inflationary pressures, which were the permanent factors of instability and threatened to upset domestic equilibrium in the past, were completely neutralized, following systematic efforts that were made in particular during the last three years.

Thus, according to estimates of the Bank of Greece, the new funds which were made available to the public and private sectors of the economy, in 1958, decreased by Dr. 942 million, whereas in 1957 they had been increasing (5,181 million as against 6,123 million drachmae). The difference between 1958 and 1957 is due to the public sector (—347 million drachmae) and the private sector (—555 million drachmae) in particular. In the private sector, the use of new credit facilities was reduced by Dr. 337 million for industrial enterprises and by Dr. 307 million for commercial enterprises.

But even the new additional funds in 1958 (from deposits with Banks and from the deficit in the balance of payments) amounted to 4,540 million drachmae, compared with 5,179 million drachmae in 1957. The smaller increase, compared with 1957, is due to slackness in the rate of increase of private deposits. The increased margins resulting from a further reduction of foreign exchange availabilities have served as a substitute for this slackness, but only in part. Finally, equilibrium was obtained by increasing the money in circulation.



This increase, however, was not more than two thirds of that marked in 1957. It has been only a little higher than one half of the increase observed in 1956.

Consequently, during the last three years, the economy's dependence on Bank of Greece funds has lessened steadily, with the result that the rate of increase in note circulation has slackened substantially.

Due to its favourable effect on monetary stability, it is particularly worth mentioning that an impressive change was marked in the requirements of the State budget, which are covered by note circulation. According to estimates of the Bank of Greece, whilst the 1956 budget for current expenses led to an increase in circulation of Dr. 148 million, the budget for the next two years helped to reduce circulation by Dr. 355 million in 1957 and by Dr. 1,002 in 1958. Investment expenses, on the contrary, had a gradually stronger increasing effect, rising from Dr. 1,297 million, in 1956, to Dr. 1,641 million, in 1957, and to Dr. 2,421 million, in 1958. Finally, considering also the account for the financing of consumers' goods, the State budget led to an increase in circulation in 1958 which was by Dr. 490 million less than in 1957.

The progressive increase in the surpluses of the regular budget, which have covered constantly increasing expenses for public investments, explains why it is possible to implement a development programme, which expands from year to year, without disturbing monetary stability.

On the other hand, the efforts to avoid burdening note circulation with the financing of private requirements were continued in 1958. As it is known, this was obtained in 1957, mainly because the deposits of credit institutions with the Bank of Greece had increased considerably. Such increase had exceeded the new credits that were extended by the Bank of Greece mainly to the Agricultural Bank. In 1958, the new credits granted by the Bank of Greece to the private sector were reduced, as compared with 1957, but the reduction of new deposits with the Bank of Greece was higher. A result of these factors was that circulation increased in 1958, as compared with 1957.

The fall in prices for imported goods, in combination with the fact that no inflationary pressures were felt within the country, has led to an appreciable slackness in wholesale prices. The corresponding price index, compiled by the Bank of Greece, shows a 2.4 % decrease in the average annual level in 1958, as compared with 1957, and 1.3 % in December 1958, as against the corresponding month of 1957. Despite the slight rise in the cost-of-living index, which amounted to 1.4 % as regards the average annual level and to 1.9 % as regards the month of December, mainly due to prices under control, it may be said that the price level has generally been steadier in Greece than in many other countries, where the cost of living marked a greater increase.



## IV

### CREDIT CONDITIONS IN 1958

#### Development and formation of credit

The figures of bank credits to the economy show a considerable increase during the year under review. This increase, amounting to Dr. 3,366 million in 1958, i.e. to 17.8 %, as against the end of 1957, is both absolutely and relatively lower than the corresponding increase in the previous year. However, on the basis of the average monthly balances, it appears that the rate of increase was higher in 1958. This can be explained by the fact that, whilst the level of credits to the economy, in general, has substantially increased, particularly during the first half of 1958, the rate of credit increase was much lower by the end of the year. In some branches, in fact, this rate of increase showed a certain slowing down, as will be pointed out more analytically below.

The breakdown of figures, per source of capital, shows the ever increasing importance of the Banks' own availabilities, which now cover about 59 % of the total of credits, and the considerable decrease of loans granted by commercial banks from Bank of Greece funds. At the same time, financing by the Bank of Greece direct was maintained at about the same level. On the contrary, the funds belonging to Public Entities have assumed greater importance, but only for credits extended by the Agricultural Bank and the Mortgage Bank. These two Banks have received the entire amount of increase in capital coming from the privilege of note issue, as well as the amount by which the commercial banks' share of this capital was reduced. Thus, the independence of Banks from funds of the Bank of Issue and of Public Entities witnessed during the last three years has continued. Such capital now represents only about 11 % of the total of the commercial banks' financing.

An increase in credits was observed in all branches, except tobacco trade. Out of a total increase of 3,366 million drachmae, 1,296 million drachmae concerned industry and about Dr. 1,000 million agriculture. Much smaller amounts of increase correspond to all other branches, and in the case of commerce, in particular, the debit balance went on decreasing during the last quarter of the year under review. With the exception of commerce, the percentages of participation of the various branches in the total financing do not seem to have changed substantially. In any event, it should be noted that the figures of financing in drachmae do not give a complete picture of the credit supply to the economy. Import trade, in particular, also has available very considerable credits from abroad.



A more detailed breakdown of bank credits, by branches, as far as time limit is concerned, proves that long-term financing to the economy was extended on a broader scale in 1958. This financing, having gone up from Dr. 5,231 million as at 31st December, 1957, to Dr. 6,416 million by the end of 1958, rose by 22.7 %, whilst short-term credits increased from Dr. 13,705 million to Dr. 15,886 million respectively, i.e. by 15.9 %. Thus, the percentage of long-term credits to the economy on the whole increased from 27.6 % in 1957 to 28.8 % in 1958. The increase in long-term credits was channelled, firstly, to agriculture and, secondly, to housing and mines. The increase in long-term financing to industry was relatively small (i.e. Dr. 157.5 million, or 11.6 %). On the contrary, the rise of short-term credits to industry has been considerable, industry having received nearly one half of the total increase of credits.

The National Bank of Greece again increased the percentage of its contribution to total financing of the economy from 25.9 % in 1957 to 27.6 % as at 31st December 1958. Out of the total of credits extended by commercial banks, the percentage of the National Bank amounted to 66.2 % as 31st December 1958, as against 64.5 % in 1957.

More specifically, the National Bank of Greece directed a large part of its capital to industry, i.e. nearly 50 %, as against 47 % in 1957, and 40 % in 1956. Including handicraft, percentages of financing to industry, in general, were 55 %, 51 % and 44 % respectively. These credits were mostly used to provide industrial enterprises with working capital, and only a small percentage (1.8 %) was loaned out for fixed installations.

Out of the total of credits extended by commercial banks to industry, the percentage of the National Bank amounted to 66.9 % as at 31st December 1958, as against 63.6 % as at 31st December 1957. As regards the total financing of trade, the contribution of the National Bank of Greece reached still higher percentages, i.e. 67.2 % in 1958, as against 64.7 % in 1957. This is mainly due to considerable credits extended to tobacco trade by this Bank.

### **Development and formation of deposits**

The reduced rate of increase in the national income, as against 1957, undoubtedly created smaller margins for savings, but owing to the monetary stability and the confidence in Banks, such savings were deposited with Banks in larger amounts than in the past.

It is true that the development of private deposits has followed a slower rate of increase, as compared with the previous years, but it has been much

higher in itself, if compared with the national income, as shown by the following figures (in milliards of drachmae):

	Increase in Gross National Product at market prices (1)	Increase in Savings and Time Deposits (2)	Ratio % (2) : (1)
1955	8.8	0.3	2
1956	11.3	1.4	12
1957	6.3	2.7	43
1958	3.5-4.5	2.1	47-60

By the end of 1958, the level of deposits rose to about 13,300 million drachmae in total, having shown an increase of 2,900 million, or 28 %, as compared with the end of 1957. The major part of this increase, i.e. 2,400 million, came from deposits of private individuals and of Public Entities. But no matter how satisfactory the rate of increase in deposits generally was, it should not be forgotten that both absolutely and relatively this rate was slower, as compared with the corresponding increase in 1957. This delay might not have been felt so strongly, had not the development of deposits been reversed, even though temporarily, for reasons relating to international events, in July last year. It should also be borne in mind that a part of the savings was absorbed by the Public Power Corporation Bond Loan.

It should be particularly stressed that the increase was mainly observed in private deposits, savings accounts, and time deposits. Out of the total of private deposits, the percentage of savings accounts with Banks and with special credit organizations, in relation to the total of private deposits, amounted to 57.1 % by the end of 1958, as against 53.4 % in 1957 and 16.9 % in 1955. The percentage of time deposits amounted to 10.9 %, as against 8.1 % and 2.3 % respectively.

On the basis of data available with us, this encouraging development of deposits, from the standpoint of qualitative composition, is further enhanced by the slower rate at which savings deposits are withdrawn.

Finally, the number of depositors with the National Bank of Greece provides an indication of the tendency for savings, which is becoming a habit again and is constantly expanding.

The total number of depositors with our Savings Department has increased by about 46 %, as against an increase of 61 % in 1957. This increase mainly concerns employees and other natural persons (not shopkeepers), and corresponds to similarly high percentages of increase in the amounts deposited.



This reflects the tireless efforts made by our Bank to contribute, in every way, to the development and expansion of the spirit of saving, guided by the confidence that consolidation of the country's credit system and, consequently, a further development of the Greek economy on sound foundations should come, above all, from the encouragement of this spirit. Thus, an Advisory Council on Savings was established with our Bank last October, which His Majesty the King has graciously accepted to place under His patronage. This Council is of great help in the effort assumed by us, on a very broad scale, to develop deposits.

At the same time, the establishment of Regional Committees on Savings in all provinces, which has made it possible to recruit the services of the clergy, as well as of schoolteachers, and to obtain their assistance in encouraging the spirit for savings has been invaluable.

Departing from the forms of savings which were usual in Greece until now, we established a few months ago the Youth Savings Department, as well as Savings accounts combined with Life and Accident Insurance. The former department aims at promoting the spirit of savings amongst young people, whilst the latter department promotes the idea of insurance. Despite the short time that these categories of savings have been in application, their results are encouraging.

Other systems also, practiced in several countries, are being studied, and we hope that with the assistance of the Currency Committee and the Government, wherever legislative measures are required, we shall increase the number of our depositors, by establishing additional forms of savings, which would fit in with our country's economic conditions and with the way of thinking of the Greek people.

Thanks to these efforts, the National Bank of Greece has become, as before the last war, the institution to which the stream of private deposits is directed above all. Indeed, out of private deposits with commercial banks, 60 % are now concentrated with the National Bank, as against 50 % by the end of 1957 and 56.5 % in 1956.

## TRENDS OF CREDIT POLICY

### Changes in the problems of the credit market

The year 1958 marked a turning-point for the National Bank of Greece and for the whole Greek banking system. It may be said that this year was a dividing line between two periods in the development of the credit market. Thanks to the policy that was successfully applied since 1956, as regards particularly the accumulation of savings in their natural channels, the commercial banks have acquired the necessary funds to finance adequately the current requirements of production and trading of goods. At the same time, the expansion of the Banks' credit business has brought about a gradual improvement in their earnings, which, in the case of the National Bank of Greece had been very low, causing some serious irregularities. Thus, the policy that was followed during the last three years has made it possible to meet imperative problems, which hindered the expansion of transactions and of the credit market. The economy's short-term requirements have now been largely covered. Whenever business in certain lines and in certain cases fails to find financing that is satisfactory to it, this is no longer due to inadequacy of funds with commercial banks, but either to organic weaknesses of the enterprises themselves, or to the regulations governing financing, which are imposed by the currency authorities with the intention of serving other requirements and purposes.

However, new problems have arisen at present, which are no less decisive in character for the future of the Greek economy and are certainly more complicated, requiring intensive efforts and a constantly improving organization of the banking system. Some of these problems are a product of the Greek banking system itself. Others are due to the development observed in the economy and to its organic weaknesses.

The considerable and unquestionable progress that was made during the last few years leaves room for the optimistic view that the new problems, too, no matter whether they are temporary adversities or structural problems of long standing will gradually be overcome and that the development of the credit market and of the whole economy will be given a fresh impulse.

### Problems of the Greek banking system

A problem of primary importance for the National Bank of Greece is the high cost of money, which leads to high interest rates, even in the case of loans



extended to basic productive branches. If other credit institutions are in a position to extend loans at lower rates of interest, because they have either no interests to pay, or, if they do, they pay very low rates, the National Bank of Greece is restricted in its policy of interest rates by the level of interest on deposits presently in force. These rates naturally respond to the depositors' present demands, and may only be reduced with the further improvement of conditions. We trust, however, that such improvement will be continuous and will permit interest rates on deposits to be reasonably lowered.

But the cost of money is further increased in the case of the National Bank of Greece by the fact that quite a considerable part of the Bank's funds are blocked, and either no compensation is paid for them, or the one paid is far below their cost. Because of its tradition and volume of business, the National Bank of Greece is a main depositary for national savings, and part of the deposits concentrated with commercial banks and particularly with the National Bank of Greece are channelled, in one form or another, to other sectors and agents, at a low rate of interest. Thus, a very considerable part of high-interest deposits is used for low-interest financing, with the result that the cost of the remaining deposits, which are disposed of for the usual credit business of the Bank, increases in substance.

On the other hand, the advisability of increasing the reserves and provisions of the Bank, which were much higher before the war, must not be overlooked.

These conditions lead to a cost of money and to rates of interest on loans, which cannot easily be reduced from one day to another. Nevertheless, it should be sought steadily to diminish these charges, especially for meeting credit requirements of priority, as such charges exert an unfavourable influence on one of the cost items of production, at a time when the strengthening of the competitiveness of Greek enterprises is an objective of foremost importance.

The fact that the granting of credits is regulated according to general rules results in some cases in an inflexibility of the credit system which constitutes another problem for commercial banks.

All are agreed that the promotion of advisable investments and of business combinations by Banks is an objective to be aimed at, but the regulations in existence do not make it possible for Banks to participate in enterprises under establishment, or in companies seeking to improve their productivity and develop their activity. Commercial banks have virtually been excluded from such initiatives, at the risk of their playing merely a passive role.

There are other sectors, such as agriculture and real estate, where the respective specialized financing agents do not dispose of the savings that



are required to cover their needs. Without disregarding these needs, however, we believe that it has now become imperative for commercial banks to be provided with the possibility to develop their business and to assume greater initiatives, always within the framework of credit control, which is necessary in order to attain the objectives of economic development and to ensure monetary stability. This possibility, which will urge the Banks themselves to seek improved methods of financing, will have to be specified clearly and in due time, in order that the banking system may readjust itself to the requirements of such business.

The existence of brighter prospects and the establishment of the respective agents is a pre-requisite for a more systematic granting of long-term credits. The capital market outside the banking system does not show any marked progress, nor could such progress be expected. But even if, as it is hoped, the capital market registers any substantial progress in the future, it will not be possible for it to become soon a decisive factor for the concentration of savings. As pre-war experience has shown, the capital market outside the banking system develops slowly, because there are very few large enterprises with a long tradition in Greece which can attract the funds of the great mass of investors as in more advanced countries.

In Greece, the preference of investors always turns mainly to deposits with Banks. During the present stage of development of the Greek economy, the commercial banks are those which can mainly concentrate savings and use them for short-term credits, but also for long-term investments. The type of a mixed bank, like the National Bank of Greece, was mainly responsible for long-term industrial financing in Greece as well as in many other countries of Continental Europe, also before the war. In the circumstances, this type of Bank should be considered to be particularly appropriate for handling this kind of credit. In countries that have passed the stage of economic development, in which Greece finds herself at present, the promotion and establishment of a large number of industries and the activation of the stock exchange were due to the Banks engaged in short- and long-term business. I should also like to mention that recent reports of the International Bank have, in many cases, suggested that commercial banks should extend long-term credits on a larger scale. The policy that was recently followed by many under-developed, countries has also favoured the business of mixed banking. The fact that deposits with commercial banks in Greece are mostly of short-term character sets limits, of course, to the possibility of their extending long-term credits. It should not be overlooked, however, that a large part of these deposits are actually of longer duration and that, as now admitted by both banking



theory and practice, Central Banks should and can, if necessary, ensure the liquidity required for commercial banks, without risk to monetary equilibrium.

### **Problems of financed enterprises**

The problems that the banking system has to meet and that have resulted from certain trends and difficulties which have arisen in the business sector and in the economy, generally, may be divided into problems of a passing nature and such of a more permanent character.

There is no doubt that just at a time when the whole upward tendency of the country's economy had led to a great increase of activity in industry and business in general, the decrease of agricultural income, mainly, caused some disturbance in the equilibrium between supply and demand. This disturbance was perhaps covered up for a while and eventually enhanced by expanding sales on credit. The problem relating to increased stocks of goods will have to be solved by gradual re-adjustment of production, and will certainly be straightened out when demand returns to higher levels in the course of time. The task of the banking system, however, is to make such re-adjustment as smooth as possible, by applying a wise credit policy, adapted to each case.

Moreover, the main duty of banking institutions is to seek the most appropriate methods for contributing to overcome the problems of industrial financing. For, although these problems were more acute during the past few months when demand was slack, they have always been and still are of more permanent character, owing to the composition of the capital of a large number of industrial enterprises. There is no doubt that in many enterprises there is a disproportion between their own funds and borrowed capital. The high percentage of the latter leads to a heavy burdening of industries, especially because of the high level of interest rates prevailing in Greece. On the other hand, the fact that industrial enterprises largely depend on credits, mostly of short-term character, creates difficulties in the drafting of long-term production programmes and engenders uncertainty as regards further plans.

A critical problem is that, in many cases, enterprises do not have sufficient permanent working capital of their own. Thus, whenever their corresponding requirements are financed by Banks or third parties, the problem they are faced with is that they are usually not in a position to meet their commitments when repayment is due, as they have not succeeded to build up capital of their own in the meantime. Under the conditions obtaining especially during the last few years, the ability of enterprises to make profits is not such as to enable them to accumulate the required capital for the repayment of loans, even

of medium term. In this connection, it should not be overlooked that although the average of nominal rates of interest on loans has generally decreased, the level of actual interest rates is still very high and leads to an increased burdening of enterprises. If in the past, charges resulting from unusually high interest rates were lightened by a rise in prices, this does not happen any longer. The burden is particularly felt by enterprises which have a long cycle of production, as well as in all cases of long-term loaning.

Since both small and large industries —according to Greek standards— are not able, as a rule, to have recourse to the money market, one of the duties of banking institutions is to seek the means and changes in the methods of financing, in order to improve the capital structure of enterprises.

### **Industrial and credit policy**

The problems now faced by the Greek industry, although connected with the subject of financing, as a whole, are not confined to financing alone. For this reason, the improvement of conditions and the further development of Greek industry depend on two other factors: first, on the efforts, which the industrialists themselves will make towards an improvement and modernization of industry, and, second, on the policy of the Government, who should exercise pressure in this direction. It is a happy event that the policy of the Government clearly tends at present to avoid giving unjustifiable support to failing enterprises and to refrain from obstructing competition, which is necessary for the selection and renewal of productive units. The Government policy is clearly directed at present towards affording greater support to industrial units which can become productive and competitive. The concession of wider tax incentives to such enterprises finds us absolutely in agreement. We believe that, with regard to taxes, the Government will wish to take measures for further favouring income which is derived from capital invested productively in industry, including income from new industrial plants with high priority. Thus, even complete exemption from income tax could be allowed on the portion of profits proved to have been used for financing new investments, as well as a reduction or suspension of taxation in the case of profits coming from new industrial investments.

It is also imperative to increase the cases when exemption from import duties is granted on the import of new mechanical equipment. It should be noted that tax incentives are very widely used in many countries. The case of Italy may be mentioned in particular, where income obtained from new



industrial enterprises, which have been established in the southern part of the country, is fully exempted from taxation; also the fact that the expenses of such enterprises for capital installations are subsidized. Another example is Israel, where, in spite of the fact that taxation is high, certain enterprises are fully exempted from taxes.

On the other hand, the Greek Government should be seriously concerned with the regulation of some specific subjects, which would greatly help to create the basic pre-requisites for the allocation of credits, and particularly of industrial long-term credits. Amongst the principal subjects of this kind is the reduction of the expenses required to register a mortgage. Another and still more important question is the preferential satisfaction of certain claims. Such preferential treatment can indeed lead to loss of value of the security offered, and bring about uncertainty and hesitations in the relationship of the parties contracting the loan, thus obstructing long-term financing. The establishment of a speedier procedure for execution also seems to be imperative.

Moreover, it is particularly advisable that the Government and the enterprises should take initiatives jointly to provide industry with greater technical assistance and to guide same as regards organization, in general, as happens in many other countries which are at the same stage of economic development as Greece. The National Bank of Greece, having appreciated this need, has already re-organized its corresponding services and looks forward to proposals for the creation of a centre for industrial research. Our Bank would willingly contribute to the materialization of such a project.

In order to enable the Banks to meet the above problems and satisfy the needs of economic development, we believe that the following general directives should be given to the credit policy and to the business of Banks:

As a first point, we would propound the principle that this country's industrial development should be sought both in the creation of new industries and in the improvement of industries already in existence. It is not reasonable that we should limit our efforts to new investments, whilst a more extensive and more rational exploitation and utilization of existing productive installations is necessary and feasible. It is absolutely advisable, of course, to discontinue any assistance to obsolete plants and enterprises which have no organization and do not aim at renovation, but, on the other hand, it is also imperative that enterprises, which aim at their renewal and promise further development, should be supported by being provided with the necessary means for improving their competitiveness and for planning their production on a rational basis.



Enterprises that already have important assets of their own, in plants, are unable to obtain loans for their expansion or modernization, unless they contribute a high percentage of additional funds of their own for such expansion. It would be difficult for us to accept that the reasons for such heavy terms are plausible. Also, enterprises that are sound, are unable to obtain loans for permanent working capital under terms and time limits which would allow them to settle their obligations regularly and carry on the cycle of their production according to the particulars of their productivity and under a programme. We fail to understand the reasons for hesitating to finance such enterprises.

As long as we aim at speeding up the rate of the country's industrialization, a much more decisive policy to encourage industry should be followed.

The Economic Development Financing Organization (E.D.F.O.), as an institution of development, similar to those established also in the other countries since the war, with funds contributed by the Government and foreign aid, will have to meet the requirements and conditions of a drive for building up a sound industry, by providing, through commercial banks, the funds that are required for this purpose. E.D.F.O. should follow a credit policy, which will aim at the development of an enterprise by taking into account its significance from a general economic point of view. To that effect E.D.F.O. should not stipulate that an enterprise must contribute, out of its own funds, amounts which are impracticable, in view of the shortage of funds prevailing in industry. Evaluation of the collateral to be obtained should be left with the intermediary Bank, which bears the responsibility and gives its guarantee.

The National Bank of Greece is prepared to re-adjust its policy and terms of financing, so as to promote the object of building up a sound Greek industry and to meet the requirements for an improved development of its activity. The National Bank considers this to be its basic responsibility, resulting from its national assignment in the Greek economy. To that effect:

First, the National Bank of Greece is prepared to fix the time limits for loans, on the merits of each particular case. These limits will correspond to the actual requirements and possibilities of the enterprises concerned.

Second, the Bank considers it to be a matter of primary importance to assume a more extensive initiative, including participation in enterprises, in order to promote new investments and enable an improvement in the capital setup of existing enterprises. Within the framework of these pursuits, the National Bank of Greece has re-organized its services concerned and has sought, as in the case of the agreement with the Deutsche Bank AG., Frankfurt, and with an American Bank, the cooperation of foreign banking institutions to



channel their funds into Greek enterprises and generally to promote combinations of undertakings.

Third, the National Bank aims at lowering the rates of interest which are charged to productive enterprises, as it considers this charge to exert a deterring effect on the improvement of the competitiveness of such enterprises.

To this effect, the National Bank of Greece would be fully prepared to differentiate and reduce the rates of interest applied to its credits, even at its expense. Such reduction, however, is impossible, for the time being, owing to other pressing needs of the Bank and to the supreme advisability of building up adequate reserves, for the sake of insuring a smooth operation of the Greek credit system as a whole. At present, however, it would obviously be impossible to reduce the interest rates charged on credits, unless commercial banks could secure money at lower cost. Such reduction could reasonably be expected from a lowering in the rate of interest payable on deposits, and this may soon be feasible as a result of the increasing tendency of the public to deposit their savings with Banks.

Furthermore, in order to obtain funds at a cost which would be suitable for long-term credits, it is necessary that Banks be provided with low-interest money of a more permanent nature. Only if such money is secured, it will be possible to build up availabilities fit for such credits. To deprive the National Bank of Greece of the funds of Public Entities, which are now being used by it, would mean to render such credit policy impossible. To state the matter clearly, such deprivation would exclude the Bank from the systematic practice of medium- and long-term credit in the future. If the objective of the National Bank to use a substantial and increasing part of its credits for long-term productive investments is truly favoured, the Bank's availabilities would not only be tied up in certain *sui generis* credits, which can be satisfied from other sources, thus depriving the Bank of the few low interest funds, which it has available at present; but the Bank should be provided with funds either free of interest or at low interest rates, as are given to other agents or sectors for similar purposes.

We believe, therefore, that, in order to develop more systematically and effectively the application of long-term credit by our Bank, a basic pre-requisite would be to build up a special fund for meeting the requirements of this category of credit. This fund should consist, as at present, of a percentage of the deposits with our Bank, and furthermore should be supplemented (a) with funds of Public Entities, i.e., such as are deposited at present with our Bank and the gradual refund of which was recently ordered, and with part of newly accruing funds; (b) by funds made available by E.D.F.O. Only in this

manner, it would be possible to insure a sufficiently low interest rate and availabilities whose nature would correspond to the long-term character of credits.

At the same time, measures will have to be taken to amend the regulations in regard to credits, so that they may better correspond to facts and to the needs of enterprises. The five-year limit set for loans intended for fixed installations is, in many cases, incompatible with the nature of the needs financed, it constitutes a hindrance for banks and may create difficulties for the enterprises financed. The time limit now in force for financing requirements to cover permanent working capital is also inadequate for credits of this nature. Satisfaction of these requirements should come under the *status quo* established by the Currency Committee, in their decision No 1004.

On the other hand, a way will probably have to be sought, for the sound financing of commercial enterprises by the Banks, so that the burden of financing the trading of commodities of domestic production should not weigh upon industries and thus cause disturbances in industrial activity.

If the National Bank of Greece is supplied, in reasonable proportion, with low-interest funds, which it may blend with its own high-interest availabilities, and if certain credit regulations are re-adapted to the pre-requisites of both medium- and long-term credits, the Bank considers it its objective to extend such credits on an ever increasing scale. The criteria for extending these credits will be both sound from a banking point of view and adapted to the potential of enterprises, in general, to the prospects of their development and to their capacity to meet the requirements of national economy.



## GENERAL REMARKS ON THE OPERATIONS OF THE BANK

---

The Bank's business during the year under review has developed as follows:

### Deposits

Deposits with the Bank, in general, which amounted to Dr. 6,616 million at the end of 1957, rose to Dr. 8,080 million by the end of 1958, thus indicating an increase of Dr. 1,464 million, against an increase of Dr. 2,272 million in the preceding year. This increase comes almost entirely from deposits in Greece, as deposits with our Branches abroad rose by Dr. 26 million only.

A breakdown of deposits, by categories, at the end of the years 1956, 1957, and 1958, is given below in millions of drachmae:

	1956	1957	1958
Sight Deposits	1,852	2,392	2,798
Savings Account Deposits	1,051	2,189	2,928
Time Deposits	650	1,212	1,498
Deposits of Public Entities, Emergency Law 1611/50	791	823	856
	<u>4,344</u>	<u>6,616</u>	<u>8,080</u>

These figures show that deposits in Greece and abroad, as at the end of 1958, increased by 22 %, compared with the total of deposits at the end of 1957. Compared with 1956, the increase was 52.5 % in 1957.

As regards deposits with our Branches in Greece, not including deposits of Public Entities, or sums deposited in Collector's Account (Greek-Egyptian Clearing), the percentages and figures of increase during the same periods amounted to 32 %, as against 76%, or Dr. 1,565 million, as against Dr. 2,185 million.

More specifically, the increase of deposits in savings accounts amounted to 37%, as against 125%, or Dr. 722 million, as against Dr. 1,088 million.

Although these figures and the percentages of increase, in particular, give



at first sight the impression that the trend for savings has flattened out, it may be said with certainty that the reasons why the percentage and figure increase diminished were due to the natural exhaustion of possibilities to create extra capital for saving (from the sale of gold sovereigns, the collection of non-banking funds, etc.).

On the contrary, the increase in the number of deposit accounts with our Bank (Savings Accounts in particular), which rose from 171,200 by the end of 1957 to 241,160 by the end of 1958, indicates that the spirit for saving has spread over a broader circle of persons.

It is worthy of particular interest to mention that Greek depositors looked upon the events in Lebanon with some equanimity in July 1958. During a critical ten-day period, overdrafts reached Dr. 170 million, which barely represented 3% of the total of our deposits in Greece. A lull followed for about a month, during which these withdrawals were wholly covered by new deposits. The normal upward trend was restored later on.

It should be observed that, compared with the effects that the Suez Canal events had two years ago, these more recent events were met with less uneasiness, and so withdrawals were considerably less.

Our attention was particularly directed to the desirability of developing savings, through appropriate measures, and we took various steps to this effect, regarding which we give fuller details in another part of this Report.

### **Financing by the Bank of Greece**

Last year also, our Bank met its increased investments of every kind by its own availabilities, except for a small sum of not more than Dr. 80 million, with which it was financed to extend loans on Government tobacco and wheat under special terms.

In order to pay a debit balance in our deposit account with the Bank of Greece, which was a result of withdrawals of deposits, due to the events in the Lebanon, we had to make use of a rediscounting credit with the Bank of Greece, late in September last year, for a sum of Dr. 150 million, which we settled with, in three months, our payments starting from the first month.

On the other hand, funds of our Bank, left with the Bank of Greece in 1958, in the form of drachma deposits and investments, both obligatory and not, amounted to an average of Dr. 680 million, 40% of which brought us no interest, whilst the balance earned interest at 5% p.a.

By the end of 1958, this capital amounted to Dr. 1,000 million and by the end of February this year it amounted to about Dr. 1,400 million, including investments in interest-bearing Greek Government bills.

## **Loans and Advances**

Loans and advances amounted to Dr. 6,545 million on the 31st December 1958, as against Dr. 5,309 million at the end of the preceding year 1957. Consequently, there was an increase of Dr. 1,236 million during the year under review, which represented loans and advances extended mostly in Greece, except for a sum of Dr. 54 million, which was the increase in loans and advances extended by our Bank abroad.

The average level of loans and advances in 1958, which amounted to Dr. 6,000 million, shows an increase of 1,593 million drachmae, in comparison with the average in 1957. The average increase in 1957, over the preceding year 1956, was 1,120 million drachmae.

## **Tourism**

During the year under review, construction of the hotel building at Alexandroupolis, as well as its supply with furniture, were completed, the expenditure for which was paid from money left last year for this purpose. An unused balance is still left from this amount.

This hotel is now in operation.

ASTIR Hotel Company, whose shares are owned almost entirely by our Bank, showed an improvement in their results, as anticipated in our Report for the year 1957, from the operation of both Glyfada Beach and the Hotels in Rhodes. This has enabled them to add another floor to Hotel "Thermaï,, and to improve Hotel "Pindos,, in Rhodes. They thus obtained an increase in the number of their beds and also paid the Bank interest on the funds advanced to them, from the date such interest was due up to the end of the year under review, on a temporary low rate basis.

At the same time, ASTIR Company are negotiating with the Government in order to undertake the construction and operation of a large part of the "Mikro Kavouri,, tourist project.

## **Purchase of Sterling Loan Bonds of the National Mortgage Bank of Greece**

It has been agreed with the National Mortgage Bank of Greece, who is the original debtor, that the funds made available by us for the purchase of part of the bonds of its loan in caption and amounting to Dr. 61.6 million, plus corresponding expenses in drachmae, be paid to us within 20 years, plus interest at 5% per annum, through annual amortization instalments. Reference to this matter was made in detail in our Report for the year 1957. The amount due was



rounded off to 60 million, after a down payment of the difference of 1.6 million drachmae.

On the other hand, the old legal proceedings were continued in London in 1958, and new lawsuits were lodged against our Bank, based on the guarantee given for the above debt by the National Bank of Greece at the time, from 1927 to 1930. Appeals were instituted by our Bank in 1958 against the first degree decisions, which awarded about £235,000 to the bondholders for principal and interest due. These appeals were heard by the English Courts from the 11th to the 16th March, 1959. Furthermore, new suits were lodged by other bondholders for about £40,000, the hearing of which has been postponed until the aforementioned actions are terminated.

### Portfolio of Securities

The book value of the Bank's Portfolio of Securities amounted to Dr. 615.2 million as at 31st December 1958, against a balance of Dr. 589.6 million as at 31st December 1957.

The surplus difference of 25.6 million drachmae is mainly due to our subscription for Dr. 30 million to the Public Power Corporation Bond Loan, as well as to the capital increase of "Lampsakia Greek Hotels, S.A., and "Titan, Cement Co., corresponding to old shares in our portfolio, less amounts collected for return of capital against our shares in the Companies Lesini, Kambas, Kopais and Granitis, as well as the value of bonds of various loans in our portfolio, which were drawn by lot at par.

Very few purchases and sales were made this year, representing a total of about half a million drachmae.

### Real Estate

The book value of the Bank's Buildings and Real Estate amounted to 363.1 million drachmae at the end of 1958, against a balance of 371.3 million drachmae as at 31st December 1957.

This difference has resulted as follows:

Value as at 31st December 1957		Dr. 371.3 million
In 1958:		
Real Estate purchased	Dr. 0.3 million	
Real Estate acquired from forced sales	Dr. 4.3 »	
Spent on construction of new buildings	Dr. 5.5 »	
Spent on improvements to and completion of old buildings	Dr. 1.3 »	Dr. 11.4 »
Carried forward	.....	Dr. 382.7 million

	Brought forward.....	Dr. 382.7 million
Real Estate sold	» 2.6 »	
		<u>Dr. 380.1 million</u>
Written off, as per Balance Sheet	» 17.0 »	
Balance as at 31st December, 1958		<u>Dr. 363.1 million</u>

The sum of 0.3 million drachmae, representing real estate purchased, was spent for the purchase of the building at Amphissa, where our local Branch was housed as tenant. The sum of 5.5 million drachmae, used for the construction of new buildings, was spent as follows: Dr. 0.8 million to complete the hotel at Alexandroupolis; Dr. 2.8 million to complete the new premises for our branches at Almyros, Katerini, Kiaton and Xylocastron, construction of which began last year; the balance was spent to construct premises for our new branches at Ithaca and Mesolongion.

Thus, during the year under review, our branches at Almyros, Ithaca, Katerini, Kiaton, Mesolongion and Xylocastron were moved to new buildings. Also our branches at Aghios Nicolaos (Crete) and Kythira were moved to old buildings owned by our Bank, which we had renovated for this purpose.

Our Branch office at Nicosia was also moved to a new building owned by the Bank.

It has been our practice to move our Bank's branch offices to the shopping centers of the towns in which they operate and to construct premises providing suitable working conditions for the staff and ensuring prompt and comfortable servicing to our customers. We believe this policy to be right, and shall continue the Bank's construction program in this spirit.

#### **Fittings, Office Furniture, Vaults, etc.**

The balance of this account at the end of 1957  
amounted to

New items purchased in 1958

Written off for 1958

Balance as at 31st December, 1958

Dr. 19.5 million
» 9.4 »
<u>Dr. 28.9 million</u>
» 5.7 »
<u>Dr. 23.2 million</u>

Out of the Dr. 9.4 million shown above as having been used for the purchase of new items, Dr. 4.8 million were spent for the purchase of accounting machines, typewriters and postage printing machines; Dr. 0.4 million were used for hotel equipment, particularly for the hotel at Alexandroupolis, and



for completing the furniture for the hotels at Iraklion, Kavalla and Kerkyra (Corfu); the balance was spent for the purchase of steel furniture, file cabinets and various office fixtures, especially for those of our branch offices which were moved to new buildings.

### Results of the year

Gross earnings for 1958, after deduction of interest due, amounted to Dr. 496.8 million  
against a corresponding amount of Dr. 397.7 million in 1957.

Expenses and taxes amounted to Dr. 357.7 million  
against a corresponding amount of Dr. 307.6 million in 1957.

The breakdown of expenses is as follows:

Administration expenses Dr. 306.8 million  
of which :

Pay-roll Dr. 210.2

Contribution to Staff Insurance Funds » 37.0

Fees to third parties » 6.9

General Expenses (office stationery, lighting, heating, contributions to the Social Insurance Fund, compensation to retiring personnel, rent for I.B.M. machines, publications and advertising, donations, etc.)

» 52.7

Taxes (on net earnings, turnover, etc.) Dr. 50.9 »

Total Dr. 357.7 million

The following table shows the percentage ratio of the Bank's administration expenses (after deduction of interest paid for deposits and Bank of Greece financing) to the average level of loans and advances granted in the years 1950-1958 (in million drachmae):

Year	Average amount of loans granted in Greece	Salaries, contributions to Insurance Funds and General expenses	Percentage ratio
1950	1,545	177	11.45
1951	1,858	236	12.70
1952	1,635	251	15.35
1953	1,670	250	14.97
1954	2,027	219	10.80
1955	2,233	231	10.34
1956	2,803	253	8.99
1957	3,913	272	6.95
1958	5,452	307	5.63

Extraordinary contributions to Staff Insurance Funds were not included in calculating the ratios of administrative expenses shown in the above table.

This table witnesses a continual decrease in the ratio of administration expenses per year, particularly from 1954 and afterwards.

The analysis of the Bank's expenses during 1955-1958 is as follows (in million drachmae):

	1955		1956		1957		1958	
	Amount	%	Amount	%	Amount	%	Amount	%
Salaries	159.6	62.1	178.0	64.2	190.3	61.9	210.3	58.8
Contributions to Staff Insurance Funds	29.2	11.4	32.3	11.7	34.2	11.1	37.0	10.4
Fees to third parties	8.9	3.5	9.2	3.3	10.2	3.3	6.9	1.9
General expenses	32.9	12.8	33.6	12.1	37.9	12.3	52.7	14.7
Taxes	26.3	10.2	24.1	8.7	34.9	11.4	50.9	14.2
Total	<u>256.9</u>	<u>100.0</u>	<u>277.2</u>	<u>100.0</u>	<u>307.5</u>	<u>100.0</u>	<u>357.8</u>	<u>100.0</u>

Against the preceding year, salaries show an increase of 20 million drachmae, which is due to an extra grant of half a month's salary, to differences paid, because of promotion and increases of salary within ranks, and to additional pay for overtime.

The contributions to the Staff Insurance Funds witnessed an increase of of Dr. 2.8 million over the preceding year, in consequence of the increase in salaries, mentioned above.

Gross earnings for 1958 allowed us to write off completely Dr. 15 million, representing the balance of our extraordinary contribution to Staff Insurance



Funds for 1956 and 1957, under Law No 3662/57, which had not been written off.

Under the above Law and following decisions of the Ministers of Finance, Trade and Labour, our Bank's extraordinary contribution to this effect was fixed at Dr. 40 million for each of the years 1958 and 1959.

The Balance Sheet of 1958 provides for payment of this year's contribution of 40 million drachmae out of the profits made in 1958.

Fees to third parties show a decrease of Dr. 3.3 million, as a result of our having transferred Dr. 3.8 million, representing office rents, from this account to General Expenses.

The total of General Expenses, amounting to Dr. 52.7 million, as against 37.9 million in 1957, showed an increase of Dr. 14.8 million.

It should be observed that the actual increase is Dr. 11 million, since the amount of Dr. 3.8 million represents the above transfer of rents from the account "Fees to third parties" to the account "General Expenses".

The said increase of 11 million drachmae is analysed as follows:

Writing off real estate donated to the Municipality of Ioannina	Dr. 3.4 million
Increase in stationery expenses, owing to increased business	» 1.0 »
Maintenance of Bank's buildings and installations	» 1.7 »
Messengers' uniforms	» 0.7 »
Contributions to Social Insurance Fund	» 0.6 »
Publications (especially advertising the Savings branch)	» 3.6 »
<b>Total</b>	<b><u>Dr. 11.0 million</u></b>

Taxes in general showed an increase of Dr. 16.0 million, out of which Dr. 12.3 million correspond to additional taxes paid on business turnover and for stamps, as a result of increased income over the preceding year. The balance covers other categories of taxes, particularly taxes on buildings.

The Bank's earnings for the year, as mentioned previously, amounted to Dr. 496.8 million. Against these earnings, expenses amounted to Dr. 357.7 million, so that net profits reached Dr. 139.1 million, against Dr. 90.1 million in 1957, thus showing an increase of Dr. 49 million.

The above amount of net profits, plus Dr. 0.4 million brought forward from last year, or Dr. 139.5 million in all, was used for depreciation and provisions, leaving a balance of Dr. 46.8 million for distribution as follows:

a) To write off installation expenses	Dr.	5.7	million
b) To depreciate the value of the Bank's Buildings and Real Estate, such depreciation being tax-free according to the Law	»	17.0	»
c) To provide for bad and doubtful debts	»	30.0	»
d) To provide for extraordinary contribution to Staff Insurance Funds, pursuant to Emergency Law No 3662/57	»	40.0	»
e) Balance for distribution	»	46.8	»
Total		<u>Dr. 139.5</u>	<u>million</u>

We would point out that the total of existing provisions is sufficient to cover bad and doubtful debts to the Bank.

According to the Articles of Association, your approval is requested to distribute the above amount of Dr. 46.8 million as follows:

To Ordinary Reserves	Dr.	4.7	million
First gross dividend at Dr. 71.80 per share (5% on 404,880 shares)	»	29.1	»
To Extraordinary Reserve	»	9.5	»
Remuneration to the members of the Board	»	0.1	»
Additional dividend of Dr. 8.20 per share	»	3.3	»
To be carried forward	»	0.1	»
Total		<u>Dr. 46.8</u>	<u>million</u>

### **Organization of Accounting—IBM Accounting Centre**

Every effort was made also last year to pursue the organization of the Bank's accounting system. This included the sector of Services dealing with customers and the sector of accounting concentration and of statistical data. As regards the former sector, we have introduced rules and by-laws in many services of the Bank and have equipped them with suitable accounting machines. For the latter sector, we have extended the use of our IBM accounting machinery to new business.

With regard to our IBM Accounting Centre, in particular, we drew up a program during the last few months of 1958, which provides for further application of the IBM system to the Bank's business. According to that program, we expect to bring under the above Centre all the accounting work of our Central Offices and Branches which lends itself to such treatment by the end of 1960. Our objective is to free employees from purely accounting work and use them almost exclusively for the better service of our customers.

To this effect, we have ordered new machinery, which we expect to have set up here by the end of this year at the latest.



In its new composition, this group of machinery will enable us to perform our business in a faster, more efficient, and more economical way. Moreover, this will modernize our Bank as regards the use of mechanical equipment, to such a point that we may assure you that our Institution will not lag behind other European Banks.

### **Opening of Agencies. Change of name of one of our Branches**

During the year 1958, the Bank opened two new Agencies, one at Metsovon, operating since 15th September, 1958, and another at Aigaleo, operating since 7th January, 1959.

It has been decided that the above two Agencies should keep their own accounting books and do business with all the Offices of the Bank and with third parties, both inland and abroad.

The Agencies opened at Nemea and Orchomenos in 1957—the former depending on the Branch at Argos and the latter on the Branch at Levadia—started operating independently and keeping their own books, since the 1st July and 1st August, 1958, respectively.

Following a Royal Decree, dated 8th May, 1958, which changed the name of the capital town of the island of Samos from Vathy to Samos, we changed the name of our **Vathy-Samos Branch** to **Samos Branch**.

It has been decided to keep our Mykonos Branch operating throughout the year hereafter.

### **Personnel**

I would suggest that, together with the congratulations of the Bank's Administration and Board of Directors, we express the satisfaction of the General Meeting for the zeal, industry and loyalty shown by the Bank's personnel, which has greatly contributed to the very satisfactory results obtained by the Bank during the year under review.

The Bank's Administration is fully aware of the financial situation of the personnel and pensioners, and sympathizes with their requests. It will always do its best to satisfy these demands within reasonable limits and the possibilities of the Bank.

### **Bank's Directors**

As the term of office of Messrs. D. Velissaropoulos, C. Verriopoulos, Arist. Rombos, P. Scouras and G. Termentzis, members of the Board, has expired, you are requested to elect an equal number of new Directors for a term of three years, plus one Director to fill an existing vacancy.

The Directors in question are eligible for re-election.

# TABLES





# Greek Balance of Payments 1956-1958

(Million Dollars)

	Cardinal figures			Changes over preceding year		Percent. change	
	1956	1957	1958	1957	1958	1957	1958
1. Trade balance	-272.7	-301.2	-285.1	+28.5	-16.1	+ 10.5	- 5.3
Exports F.O.B.	209.6	222.8	242.8	+13.2	+20.0	+ 6.3	+ 9.0
Imports C.I.F.	-482.3	-524.0	-527.9	+41.7	+ 3.9	+ 8.6	+ 0.7
2. Invisibles	143.2	186.0	169.9	+42.8	-16.1	+ 29.9	- 8.7
Receipts	182.6	235.7	217.6	+53.1	-18.1	+ 29.1	- 7.7
Payments	-39.4	-49.7	-47.7	+10.3	- 2.0	+ 26.1	- 4.0
3. Capital transfers	48.8	68.0	53.7	+19.2	-14.3	+ 39.3	-21.0
a) Long-term Receipts	43.2	42.2	48.2	- 1.0	+ 6.0	- 2.3	+14.2
Payments	- 8.5	- 7.6	- 9.1	- 0.9	+ 1.5	-10.6	+19.7
b) Short-term Receipts	20.0	47.1	35.7	+27.1	-11.4	+135.5	-24.2
Payments	- 5.9	-13.7	-21.1	+ 7.8	+ 7.4	+132.2	+54.0
4. Methods of Financing	83.3	33.7	36.0	-49.6	+ 2.3	- 59.5	+ 6.8
U.S. Aid and Loans	82.6	33.3	35.8	-49.3	+ 2.5	- 59.7	+ 7.5
Reparations	0.7	0.4	0.2	- 0.3	- 0.2	- 42.9	-50.0
5. Changes in Bank of Greece holdings	-4.8	-3.8	-3.6	-1.0	- 0.2	- 20.8	- 5.3
a) Increase							
b) Decrease							
6. Errors and omissions	1.5	15.1	26.3	+13.6	+11.2	+900.7	+74.2
7. Grand total	0.7	2.2	2.8	—	—	—	—
	540.9	598.8	609.4	—	—	—	—

1. Including donations of charitable institutions, franco valuta imports (imports by importers' own foreign exchange), imports of machinery under Law 2687/53, foreign credits (outstanding receivables) and imports of ships (see analysis of capital transfers).



# Analysis of Invisible Receipts and Payments in 1956-1958

(Million Dollars)

Invisible receipts for services	1956	1957	1958	Invisible payments for services	1956	1957	1958
Travel	31.2	41.5	36.2	Travel	12.7	15.2	15.3
Transportation	48.3	66.6	60.3	Transportation	—	—	2.9 <sup>2</sup>
Insurance	0.8	0.7	1.5	Insurance	1.4	1.9	2.7
From investments	5.8	6.8	5.5	From investments	2.6	2.6	3.0
Expenses of foreign missions	5.2	6.8	9.6	Govt. expenses	7.3	8.3	7.3
Infra-structure works	13.4	12.2	13.4	Infra-structure works	0.1	1.1	0.1
Other services	17.0	26.1	14.4	Other services	15.3	20.0	15.7
Emigrants' remittances	60.9	75.0	76.7	Technical assistance	—	0.6	0.7
<b>Total</b>	<b>182.6</b>	<b>235.7</b>	<b>217.6</b>	<b>Total</b>	<b>39.4</b>	<b>49.7</b>	<b>47.7</b>

## Analysis of Capital Movements

Increase of liabilities or decrease of claims	1956	1957	1958	Decrease of liabilities or increase of claims	1956	1957	1958
<b>Private</b>				<b>Private, Long-term</b>	<b>5.7</b>	<b>4.9</b>	<b>1.1</b>
<b>a) Long-term</b>	<b>43.2</b>	<b>42.2</b>	<b>48.2</b>	Repayments of loans under L.D. 2687	2.4	0.9	1.1
Capital transfer	22.8	26.6	29.1	Other repayments	3.3	4.0	—
Loans under L.D. 2687/53	3.0	3.5	7.5	<b>Official and banking institutions</b>	<b>8.7</b>	<b>16.4</b>	<b>29.1</b>
Machinery	—	0.3	1.0	Long-term instalments	2.8	2.7	8.0 <sup>4</sup>
Import credits (P5) <sup>3</sup>	17.4	11.8	10.6	Short-term L.D. 2687	2.0	3.0	7.5
<b>b) Short-term</b>	<b>12.0</b>	<b>26.8</b>	<b>12.1</b>	E.P.U. clearing agreements	—	—	1.6
Import credits (P, P1, P3) <sup>3</sup>	7.2	22.0	7.7	Other clearing agreements	3.9	10.7	12.0
Franco valuta imports	4.2	4.2	4.2				
Private barter	0.6	0.6	0.2				
<b>Official and banking instit. short-term</b>	<b>8.0</b>	<b>20.3</b>	<b>23.6</b>				
Deposits under L.D. 2687	4.6	10.9	13.8				
E.P.U. clearing agreem.	3.4	7.6	—				
E.P.U. credits	—	1.8	9.8				
<b>Total</b>	<b>63.2</b>	<b>89.3</b>	<b>83.9</b>	<b>Total</b>	<b>14.4</b>	<b>21.3</b>	<b>30.2</b>

1. Included in imports C.I.F.

2. Tickets. Including foreign travel exchange for 1956 and 1957.

3. Net increase.

4. Including two instalments of the British Government loan, paid in March 1958.

# Total Financing to the Economy, by Source and Institution

(At the end of each year, in millions of drachmae)

Financing Banks and other Credit Organizations	1956		1957		1958	
	Amount	%	Amount	%	Amount	%
<b>1. National Bank of Greece</b>	<b>3,431.0</b>	<b>23.3</b>	<b>4,895.0</b>	<b>25.9</b>	<b>6,154.4</b>	<b>27.6</b>
a) From its own availabilities	2,325.7	15.8	3,879.3	20.5	5,206.1	23.4
b) From Bank of Greece funds	314.5	2.1	192.9	1.0	92.3	0.4
c) From funds of Public Entities	790.8	5.4	822.8	4.4	856.0	3.8
<b>2. Other Commercial Banks</b>	<b>1,813.5</b>	<b>12.3</b>	<b>2,694.7</b>	<b>14.2</b>	<b>1,314.3</b>	<b>14.1</b>
a) From their own availabilities	1,655.2	11.2	2,587.0	13.7	3,071.3	13.7
b) From Bank of Greece funds	157.6	1.1	107.3	0.5	70.7	0.3
c) From funds of Public Entities	0.7	0.0	0.4	0.0	1.1	0.1
<b>3. Bank of Greece, direct</b>	<b>1,112.3</b>	<b>7.5</b>	<b>1,343.8</b>	<b>7.1</b>	<b>1,344.1</b>	<b>6.0</b>
<b>4. Agricultural and Mortgage Banks</b>	<b>4,693.2</b>	<b>31.8</b>	<b>6,082.7</b>	<b>32.1</b>	<b>7,245.0</b>	<b>32.5</b>
a) From their own availabilities	907.1	6.1	1,052.9	5.5	1,186.9	5.3
b) From Bank of Greece funds	3,460.8	23.5	4,583.1	24.2	5,264.1	23.6
c) From funds of Public Entities	325.3	2.2	446.7	2.4	794.0	3.6
<b>5. Economic Development Financing Organization (E.D.F.O.)</b>						
From its own funds	2,734.9	18.6	2,759.5	14.6	2,960.9	13.3
of which : through Agricultural Bank	68.0	0.5	74.0	0.4	157.6	0.7
<b>6. Other Special Organizations</b>	<b>400.4</b>	<b>2.7</b>	<b>518.3</b>	<b>2.7</b>	<b>760.7</b>	<b>3.4</b>
a) From their own availabilities	400.4	2.7	505.9	2.7	747.8	3.3
b) From Bank of Greece funds	—	—	12.4	0.0	12.9	0.1
<b>7. Government availabilities</b>	<b>555.2</b>	<b>3.8</b>	<b>642.0</b>	<b>3.4</b>	<b>693.7</b>	<b>3.1</b>
of which : through Agricultural Bank and National Mortgage Bank	454.5	3.1	548.4	2.9	598.6	2.7
<b>Total</b>	<b>14,740.5</b>	<b>100</b>	<b>18,936.0</b>	<b>100</b>	<b>14,740.5</b>	<b>100</b>
<b>By Source</b>						
Own availabilities	8,023.3	54.4	10,784.6	56.9	13,173.0	59.1
Bank of Greece funds	5,045.2	34.2	6,239.5	33.0	6,784.1	30.4
Funds of Public Entities	1,116.8	7.6	1,269.9	6.7	1,651.1	7.4
Government availabilities	555.2	3.8	642.0	3.4	693.7	3.1
<b>Total</b>	<b>14,740.5</b>	<b>100</b>	<b>18,936.0</b>	<b>100</b>	<b>22,301.9</b>	<b>100</b>



# Breakdown of Total Increase in Financing by Source of Funds and Institution

(Amounts in millions of drachmae)

Source and institution	Increase in total financing		Percent. increase between :	
	31.12.56-31.12.57	31.12.57-31.12.58	31.12.56-31.12.57	31.12.57-31.12.58
<b>Total increase</b>	<b>4,195.5</b>	<b>3,365.9</b>	<b>28.5</b>	<b>17.8</b>
<b>1. Banks' own availabil.</b>	<b>2,761.3</b>	<b>2,388.4</b>	<b>34.4</b>	<b>22.1</b>
a) Commercial Banks	2,485.4	1,811.1	62.4	28.0
of which : N.B.G.	1,553.6	1,326.8	66.8	34.2
b) Agricultural Bank of Greece and National Mortgage Bank	145.8	134.0	16.1	12.7
c) E.D.F.O.	24.6	201.4	0.9	7.3
of which through A.B.G.	6.0	83.6	8.8	113.0
d) Special Organizations	105.5	241.9	26.3	47.8
<b>2. Bank of Greece funds</b>	<b>1,194.3</b>	<b>544.6</b>	<b>23.7</b>	<b>8.7</b>
a) Commercial Banks	-171.9	-137.2	-36.4	-45.7
of which : N.B.G.	-121.6	-100.6	-38.7	-52.2
b) Agricultural Bank of Greece and National Mortgage Bank	1,122.3	681.0	32.4	14.9
c) Bank of Greece	231.5	0.3	20.8	0.0
d) Special Organizations	12.4	0.5	—	4.0
<b>3. Funds of Public Ent.</b>	<b>153.1</b>	<b>381.2</b>	<b>13.7</b>	<b>30.0</b>
a) Commercial Banks	31.7	33.9	4.0	4.1
of which : N.B.G.	32.0	33.2	4.0	4.0
b) Agricultural Bank of Greece and National Mortgage Bank	121.4	347.3	37.3	77.7
<b>4. Government funds</b>	<b>86.8</b>	<b>51.7</b>	<b>15.6</b>	<b>8.1</b>
of which : through Agricultural Bank of Greece and National Mortgage Bank	93.9	50.2	20.7	9.2

# Long- and Short-term Financing of the Economy

## A. End of period

(In millions of drachmae)

Categories	1956		1957		Percent. increase over 1956	1958		Percent. increase over 1957
	Amount	%	Amount	%		Amount	%	
<b>Total Financing</b>	<b>14,740.5</b>	<b>100</b>	<b>18,936.0</b>	<b>100</b>	<b>28.5</b>	<b>22,301.9</b>	<b>100</b>	<b>17.8</b>
<b>I. Long-term</b>	<b>4,386.0</b>	<b>29.8</b>	<b>5,230.9</b>	<b>27.6</b>	<b>19.3</b>	<b>6,415.8</b>	<b>28.8</b>	<b>22.7</b>
1. Agriculture (land improvement equipment, fisheries)	583.1	4.0	844.6	4.4	44.8	1,307.3	5.9	54.8
2. Agricultural industries	462.6	3.1	504.9	2.7	9.1	543.0	2.4	7.5
3. Other industries	1,329.8	9.0	1,362.1	7.2	2.4	1,519.6	6.8	11.6
4. Mines	389.6	2.6	431.6	2.3	10.8	508.0	2.3	17.7
5. Power production	336.3	2.3	598.5	3.1	78.0	657.8	3.0	9.9
6. Housing	567.4	3.9	695.1	3.7	22.5	943.0	4.2	35.7
7. Other *	717.2	4.9	794.1	4.2	10.7	937.1	4.2	18.0
<b>II. Short-term</b>	<b>10,354.5</b>	<b>70.2</b>	<b>13,705.1</b>	<b>72.4</b>	<b>32.4</b>	<b>15,886.1</b>	<b>71.2</b>	<b>15.9</b>
1. Agriculture	3,964.9	26.9	5,031.8	26.6	26.9	5,572.4	24.9	10.7
a) Cultivation	1,877.6	12.7	2,139.6	11.3	14.0	2,567.6	11.5	20.0
b) On pledge of produce	1,358.7	9.2	1,918.5	10.1	41.2	2,128.1	9.5	10.9
c) Other loans and supplies in storage	728.6	5.0	973.7	5.2	33.6	876.7	3.9	-10.0
2. Industry	2,976.0	20.2	4,496.2	23.8	51.1	5,519.7	24.7	22.8
3. Handicraft	263.3	1.8	426.4	2.3	61.9	594.2	2.7	39.4
4. Domestic trade	1,005.1	6.8	1,438.7	7.6	43.1	1,784.2	8.0	24.0
5. Import trade	259.1	1.8	311.3	1.6	20.1	328.0	1.5	5.4
6. Export trade	346.1	2.3	482.1	2.5	39.3	487.2	2.2	1.1
7. Tobacco trade	1,079.9	7.3	1,075.3	5.7	-0.4	1,017.1	4.6	-5.4
8. Miscellaneous**	460.1	3.1	443.3	2.3	-3.7	583.3	2.6	31.6

\* Communications, public welfare institutions, earthquake-stricken population, guerilla victims.

\*\* Consumers' loans to Co-operative Societies, Insurance Funds and private people.



# Long- and Short-term Financing of the Economy

## B. Monthly average balances

(In millions of drachmas)

Categories	1 9 5 6		1 9 5 7		Percent. increase over 1956	1 9 5 8		Percent. increase over 1957
	Amount	%	Amount	%		Amount	%	
<b>Total Financing</b>	<b>13,143.0</b>	<b>100</b>	<b>16,253.2</b>	<b>100</b>	<b>23.7</b>	<b>20,416.1</b>	<b>100</b>	<b>25.6</b>
<b>I. Long-term</b>	<b>4,118.2</b>	<b>31.3</b>	<b>4,747.1</b>	<b>29.2</b>	<b>15.3</b>	<b>5,718.6</b>	<b>28.0</b>	<b>20.5</b>
1. Agriculture (land improvement equipment, fisheries)	508.8	3.9	704.3	4.3	38.4	1,075.0	5.3	52.6
2. Agricultural industries	451.2	3.4	482.5	3.0	6.9	522.1	2.6	8.2
3. Other industries	1,308.2	9.9	1,323.9	8.1	1.2	1,416.3	6.9	7.0
4. Mines	339.9	2.6	414.9	2.6	22.1	491.9	2.4	18.6
5. Power production	307.1	2.3	442.6	2.7	44.1	538.9	2.6	21.8
6. Housing	523.6	4.0	631.9	3.9	20.7	800.8	3.9	26.7
7. Other*	679.4	5.2	747.0	4.6	9.9	873.6	4.3	16.9
<b>II. Short-term</b>	<b>9,024.8</b>	<b>68.7</b>	<b>11,506.1</b>	<b>70.8</b>	<b>27.5</b>	<b>14,697.5</b>	<b>72.0</b>	<b>27.7</b>
1. Agriculture	3,455.7	26.3	4,098.1	25.2	18.6	5,061.1	24.8	23.5
a) Cultivation	1,858.9	14.1	2,224.0	13.7	19.6	2,555.3	12.5	14.9
b) On pledge of produce	874.6	6.7	1,116.2	6.8	27.6	1,670.0	8.2	49.6
c) Other loans and supplies in storage	722.2	5.5	757.9	4.7	4.9	835.8	4.1	10.3
2. Industry	2,522.8	19.2	3,510.8	21.6	39.2	4,955.4	24.3	41.1
3. Handicraft	216.3	1.6	386.2	2.4	78.5	587.1	2.9	52.0
4. Domestic trade	945.2	7.2	1,260.5	7.7	33.4	1,666.0	8.2	32.2
5. Import trade	204.5	1.6	254.8	1.6	24.6	290.9	1.4	14.2
6. Export trade	251.1	1.9	294.2	1.8	17.2	409.9	2.0	39.3
7. Tobacco trade	1,032.8	7.9	1,270.3	7.8	23.0	1,235.0	6.0	-2.8
8. Miscellaneous**	396.4	3.0	431.2	2.7	8.8	492.1	2.4	14.1

\* Communications, public welfare institutions, earthquake-stricken population, guerilla victims.

\*\* Consumers' loans to Co-operative Societies, Insurance Funds and private people.

## Total Financing by Branches

### A. End of period

(In millions of drachmae)

Branches	1956		1957			1958		
	Amount	%	Amount	%	Increase over 1956	Amount	%	Increase over 1957
Industry	5,158.0	35.0	6,794.8	35.9	31.7	8,090.3	36.3	19.1
Handicraft	263.3	1.8	426.4	2.3	61.9	594.2	2.7	39.4
Commerce	2,690.2	18.2	3,307.4	17.4	22.9	3,616.5	16.2	9.3
of which: Domestic	1,005.1	6.8	1,438.7	7.6	43.1	1,784.2	8.0	24.0
Imports	259.1	1.8	311.3	1.6	20.1	328.0	1.5	5.4
Exports	346.1	2.3	482.1	2.5	39.3	487.2	2.2	1.1
Tobacco trade	1,079.9	7.3	1,075.3	5.7	-0.4	1,017.1	4.5	-5.4
Miscellaneous	1,513.6	10.3	1,835.9	9.7	21.3	2,178.2	9.8	18.6
Agriculture	4,548.0	30.9	5,876.4	31.0	29.2	6,879.7	30.8	17.1
Housing	567.4	3.8	695.1	3.7	22.5	943.0	4.2	35.7
Total	14,740.5	100.0	18,936.0	100.0	28.5	22,301.9	100.0	17.8

### B. Yearly average balances

Industry	4,622.2	35.2	5,732.2	35.3	24.0	7,385.6	36.2	28.8
Handicraft	216.3	1.6	386.2	2.4	78.5	587.2	2.9	52.0
Commerce	2,433.6	18.5	3,079.8	18.9	26.6	3,601.9	17.6	17.0
of which: Domestic	945.2	7.2	1,260.5	7.8	33.4	1,666.0	8.2	32.2
Imports	204.5	1.6	254.8	1.5	24.6	291.0	1.4	14.2
Exports	251.1	1.9	294.2	1.8	17.2	409.9	2.0	39.3
Tobacco trade	1,032.8	7.8	1,270.3	7.8	23.0	1,235.0	6.0	-2.8
Miscellaneous	1,382.9	10.5	1,620.8	10.0	17.2	1,904.6	9.3	17.5
Agriculture	3,964.4	30.2	4,802.4	29.5	21.1	6,136.0	30.1	27.8
Housing	523.6	4.0	631.9	3.9	20.7	800.8	3.9	26.7
Total	13,143.0	100.0	16,253.3	100.0	23.7	20,416.1	100.0	25.6



**Credits Granted by the National Bank of Greece,  
by Branches**

(End of period, in millions of drachmae)

Branches	1957		1958		Percent of increase	Percent of total credits granted by com. banks	
	Amount	%	Amount	%		1957	1958
<b>Industry<sup>1</sup></b>	<b>2,300.1</b>	<b>47.0</b>	<b>3,106.3</b>	<b>50.5</b>	<b>35.1</b>	<b>63.6</b>	<b>66.9</b>
of which : Bills discounted	546.8	11.2	558.6	9.1	2.2	59.1	58.1
Working capital	1,736.3	35.5	2,436.3	39.6	40.3	64.9	68.7
Fixed installations	17.0	0.3	111.4	1.8	555.3	96.6	82.0
<b>Handicraft</b>	<b>182.7</b>	<b>3.7</b>	<b>274.7</b>	<b>4.5</b>	<b>50.4</b>	<b>42.8</b>	<b>46.2</b>
<b>Commerce</b>	<b>1,871.2</b>	<b>38.2</b>	<b>2,181.7</b>	<b>35.4</b>	<b>16.6</b>	<b>64.7</b>	<b>67.2</b>
of which : Domestic	826.9	16.9	1,060.1	17.2	28.2	60.8	62.4
Imports	142.5	2.9	161.5	2.6	13.3	46.5	49.7
Exports	291.0	5.9	292.1	4.7	0.4	61.1	60.6
Tobacco trade	610.8	12.5	668.0	10.9	9.4	81.7	90.4
<b>Miscellaneous<sup>2</sup></b>	<b>541.0</b>	<b>11.1</b>	<b>591.7</b>	<b>9.6</b>	<b>9.4</b>	<b>82.6</b>	<b>72.6</b>
of which : Electricity companies	161.4	3.3	112.9	1.8	-30.0	100.0	52.3
Transport	52.0	1.1	61.8	1.0	18.8	91.4	91.8
Public utilities	5.6	0.1	13.1	0.2	133.9	65.9	78.0
Earthquake-stricken profess.	22.9	0.5	22.5	0.4	-1.7	52.8	54.2
Consumers' loans	173.5	3.5	227.8	3.7	31.3	89.5	91.2
Other	125.6	2.6	153.6	2.5	22.3	65.8	68.7
<b>Total</b>	<b>4,895.0</b>	<b>100</b>	<b>6,154.4</b>	<b>100</b>	<b>25.7</b>	<b>64.5</b>	<b>66.2</b>

1. Not including loans to Public Power Corporation from funds intended for medium-term credits (Currency Committee decision No 1010/57), which are included in loans for miscellaneous purposes.

2. Including loans to Insurance Funds, i.e. 166.6 millions on 31.12.1957, and 222.2 millions on 31.12.1958.

# Credits Granted by the National Bank of Greece

## A. By Branches

(Yearly average balances. In millions of drachmae)

A m o u n t s	1957		1958		Per- cent. of increa- se	Percent. of total loans granted by commerc. banks	
	Amounts	%	Amounts	%		1956	1957
<b>Industry</b>	<b>1,770.8</b>	<b>43.9</b>	<b>2,708.8</b>	<b>48.2</b>	<b>53.0</b>	<b>64.0</b>	<b>65.2</b>
of which :							
Bills discounted	515.3	12.8	504.3	9.0	-2.1	58.1	59.6
Working capital	1,252.5	31.0	2,144.5	38.1	71.2	66.7	66.2
Fixed installations	3.0	0.1	60.0	1.1	1,900.0	93.8	85.1
<b>Handicraft</b>	<b>156.7</b>	<b>3.9</b>	<b>281.5</b>	<b>5.0</b>	<b>79.6</b>	<b>40.6</b>	<b>48.1</b>
<b>Commerce</b>	<b>1,709.8</b>	<b>42.4</b>	<b>2,084.8</b>	<b>37.1</b>	<b>21.9</b>	<b>66.3</b>	<b>67.2</b>
of which :							
Domestic	692.8	17.2	980.2	17.5	41.5	58.2	62.0
Imports	122.0	3.0	149.2	2.7	22.3	48.6	51.7
Exports	182.6	4.5	244.3	4.3	33.8	63.6	60.5
Tobacco Trade	712.4	17.7	711.1	12.6	-0.2	83.8	85.9
<b>Miscellaneous</b>	<b>398.2</b>	<b>9.8</b>	<b>545.1</b>	<b>9.7</b>	<b>36.9</b>	<b>78.1</b>	<b>79.9</b>
<b>T o t a l</b>	<b>4,035.5</b>	<b>100</b>	<b>5,620.2</b>	<b>100</b>	<b>39.3</b>	<b>64.7</b>	<b>65.9</b>

## B. By Source of Funds

From Bank's own availabilities	3,047.4	75.5	4,629.9	82.4	51.9	59.0	62.1
From Bank of Greece funds	189.4	4.7	159.3	2.8	-15.9	68.9	68.7
Public Entities funds	798.7	19.8	831.0	14.8	4.0	99.9	99.9
<b>T o t a l</b>	<b>4,035.5</b>	<b>100</b>	<b>5,620.2</b>	<b>100</b>	<b>39.3</b>	<b>64.7</b>	<b>65.9</b>

## Breakdown of Credits to Industry by Branches

(End of period, in millions of drachmae)

Branches of industry	Cardinal figures			Percentages		
	1956	1957	1958	1956	1957	1958
<b>T o t a l<sup>1</sup></b>	<b>5,158.0</b>	<b>6,794.8</b>	<b>8,090.3</b>	<b>100</b>	<b>100</b>	<b>100</b>
1. Food	958.5	1,175.0	1,423.8	18.6	17.3	17.6
2. Textiles	1,334.2	1,938.4	2,333.5	25.9	28.5	28.8
3. Wearing apparel	25.7	43.8	102.8	0.5	0.6	1.3
4. Woodworking	50.7	64.1	90.7	1.0	0.9	0.9
5. Paper	118.8	186.8	207.6	2.3	2.8	2.6
6. Chemical	664.1	990.6	1,119.6	12.9	14.6	13.8
7. Building materials	199.5	242.6	263.6	3.8	3.6	3.3
8. Metallurgy <sup>3</sup>	83.5	69.3	61.8	1.6	1.0	1.0
9. Engineering	780.8	921.7	1,111.0	15.1	13.6	13.7
10. Miscellaneous	406.2	520.6	676.4	7.9	7.7	8.4
11. Mining	536.0	641.9	699.5	10.4	9.4	8.6

1. Including also credits granted out of funds deposited under L.D. 2687/53.

2. Including also credits for Larymna.

3. Including also steel-processing industries.



**Development of Deposits in Drachmae with Banks and with  
Banking Organizations, except the Bank of Greece (\*)**

(End of each year, in millions of drachmae)

B a n k s	A m o u n t s			P e r c e n t a g e		
	1956	1957	1958	1956	1957	1958
<b>1. National Bank of Greece<sup>1</sup></b>	<b>3,069.2</b>	<b>4,839.6</b>	<b>6,100.1</b>	<b>47.6</b>	<b>46.6</b>	<b>45.8</b>
a) Private Persons and Companies <sup>2</sup>	2,032.2	3,673.0	4,864.8	31.6	35.4	36.5
b) Public Entities <sup>3</sup>	1,037.0	1,166.6	1,235.3	16.0	11.2	9.3
<b>2. Other Commercial Banks<sup>1</sup></b>	<b>1,823.3</b>	<b>2,932.9</b>	<b>3,595.8</b>	<b>28.4</b>	<b>28.2</b>	<b>27.0</b>
a) Private Persons and Companies <sup>2</sup>	1,565.4	2,567.7	3,229.5	24.3	24.7	24.2
b) Public Entities <sup>3</sup>	257.9	365.2	366.3	4.1	3.5	2.8
<b>3. Total Commercial Banks<sup>1</sup></b>	<b>4,892.5</b>	<b>7,772.5</b>	<b>9,695.9</b>	<b>76.0</b>	<b>74.8</b>	<b>72.8</b>
<b>4. Non-Commercial Banks and Savings Organizations<sup>4</sup></b>	<b>1,548.1</b>	<b>2,613.5</b>	<b>3,623.4</b>	<b>24.0</b>	<b>25.2</b>	<b>27.2</b>
a) Private Persons and Companies	721.3	1,435.4	2,002.6	11.2	13.8	15.0
b) Public Entities	826.8	1,178.1	1,620.8	12.8	11.4	12.2
<b>5. Total Deposits with Banks</b>	<b>6,440.6</b>	<b>10,386.0</b>	<b>13,319.3</b>	<b>100</b>	<b>100</b>	<b>100</b>
a) Private Persons and Companies	4,318.9	7,676.1	10,096.9	67.1	73.9	75.8
b) Public Entities	2,121.7	2,709.9	3,222.4	32.9	26.1	24.2
<b>6. Deposits with the Bank of Greece</b>	<b>3,376.0</b>	<b>5,213.8</b>	<b>6,067.3</b>	<b>100</b>	<b>100</b>	<b>100</b>
a) Private Persons and Companies	438.4	484.3	519.8	12.9	9.3	8.6
b) Public Organizations, Emergency Law No 1611/50 <sup>5</sup>	2,443.3	3,011.5	3,346.0	72.0	57.6	55.2
c) Commercial Banks (of which: N.B.G.)	335.6	1,264.6	1,731.5	9.9	24.3	28.5
d) Special Credit Organizations <sup>6</sup>	213.7	676.3	937.7	6.3	12.9	15.5
	158.7	453.4	470.0	5.2	8.8	7.7

1. These figures do not include renewed sight and time deposits of the Agricultural Bank of Greece and of the Post Office Savings Bank to avoid duplication. The said deposits have been included by the above Institutions with whom they were made originally. During the corresponding period, these deposits amounted: in 1956 to 246.5 million, out of which 184.6 million with the N.B.G.; in 1957 to 766.3 million, out of which 470.5 million with the N.B.G. and in 1958 to 1,042.8 million, out of which 715.8 with the N.B.G. These figures do not include renewed deposits of commercial banks. Such deposits with the N.B.G. in 1956 amounted to 71.0 million, in 1957 to 122.4 million and in 1958 to 95.8 million drachmae (chiefly renewed deposits of the Army Shareholders Fund Bank and AMEXCO).

2. Including deposits of some Public Enterprises, e.g. Telecommunications Organization of Greece (O.T.E.), Public Power Corporation (P.P.C.).

3. Including «Funds Administration» deposits made with Banks direct, which carry no interest, direct sight and time deposits, carrying interest, permitted as an exception to Emergency Law No 1611/50, renewed deposits made by the Bank of Greece from deposits of Public Entities with the Bank of Greece, as well as some «Special Government Deposits», deposits of the American Mission and some funds of the Bank of Greece coming from the servicing of the Greek-Egyptian clearing.

4. Namely: Agricultural Bank of Greece, National Mortgage Bank of Greece, Pledged Deposits and Loans Treasury Office and the Post Office Savings Bank.

5. Including the «Funds Administration», as well as deposits of Public Entities of Emergency Law No 1611/50 with the Pledged Deposit and Loans Treasury Office.

6. Not including deposits of Public Entities of Emergency Law No 1611/50, which have been included in deposits of Public Organizations.

**Analysis of Deposits of Private Persons and Companies, in Drachmae,  
with Banks and Banking Organizations, except the Bank of Greece (\*)**

*(End of period, in millions of drachmae)*

B a n k s	A m o u n t			P e r c e n t a g e		
	1956	1957	1958	1956	1957	1958
<b>1. National Bank of Greece</b>	<b>2,032.2</b>	<b>3,673.0</b>	<b>4,864.8</b>	<b>47.1</b>	<b>47.8</b>	<b>48.2</b>
a) Sight	918.0	1,257.0	1,386.7	21.2	16.4	13.7
b) Savings	859.9	1,941.0	2,684.6	20.0	25.3	26.6
c) Time	131.4	339.0	628.8	3.0	4.4	6.2
d) Blocked	122.9	136.0	164.7	2.9	1.7	1.7
<b>2. Other Commercial Banks</b>	<b>1,565.4</b>	<b>2,567.7</b>	<b>3,229.5</b>	<b>36.2</b>	<b>33.5</b>	<b>32.0</b>
a) Sight	851.7	958.9	984.5	19.8	12.5	9.8
b) Savings	550.0	1,256.3	1,703.9	12.7	16.4	16.9
c) Time	86.1	265.4	448.5	2.0	3.5	4.4
d) Blocked	77.6	87.1	92.6	1.7	1.1	0.9
<b>3. Total Commercial Banks</b>	<b>3,597.6</b>	<b>6,247.0</b>	<b>8,094.3</b>	<b>83.3</b>	<b>81.3</b>	<b>80.2</b>
<b>4. Non-Commercial Banks and Savings Organizations</b>	<b>721.3</b>	<b>1,435.4</b>	<b>2,002.6</b>	<b>16.7</b>	<b>18.7</b>	<b>19.8</b>
a) Sight	127.9	138.2	157.0	2.9	1.8	1.6
b) Savings	347.6	905.1	1,379.5	8.0	11.7	13.6
c) Time	9.4	19.1	27.3	0.3	0.2	0.3
d) Blocked	236.4	373.0	438.8	5.5	5.0	4.3
<b>5. Total Private Deposits with Banks</b>	<b>4,318.9</b>	<b>7,676.1</b>	<b>10,096.9</b>	<b>100</b>	<b>100</b>	<b>100</b>
a) Sight	1,897.6	2,354.1	2,528.2	43.9	30.7	25.1
b) Savings	1,757.5	4,102.4	5,768.0	40.7	53.4	57.1
c) Time	226.9	623.5	1,104.6	5.3	8.1	10.9
d) Blocked	436.9	596.1	696.1	10.1	7.8	6.9

(\*) See note (\*) and remarks (2) and (4) to the preceding table.



**Analysis of Deposits of Private Persons and Private Companies with  
Banks and Banking Organizations, except the Bank of Greece\***

*(In millions of drachmae)*

Months	Cardinal Figures					Percentages			
	Total	Sight	Savings	Time	Blocked	Sight	Savings	Time	Blocked
1955 Dec.	3,402.2	2,093.5	522.9	72.1	413.7	67.5	16.9	2.3	13.3
1956 March	3,153.8	2,133.4	568.4	37.4	414.6	67.6	18.0	1.2	13.2
June	3,658.3	2,123.2	959.5	114.2	461.4	58.0	26.2	3.1	12.7
Sept.	3,976.1	1,901.2	1,420.2	200.4	454.3	47.8	35.7	5.0	11.5
Dec.	4,318.9	1,897.6	1,757.5	226.9	436.9	43.9	40.7	5.3	10.1
1957 March	4,957.0	1,815.8	2,421.3	264.8	455.1	36.6	48.8	5.4	9.2
June	5,882.7	1,942.3	3,067.9	301.7	570.8	33.0	52.2	5.1	9.7
Sept.	6,597.8	2,143.5	3,418.9	444.8	590.6	32.5	51.8	6.7	9.0
Dec.	7,676.1	2,354.1	4,102.4	623.5	596.1	30.7	53.4	8.1	7.8
1958 March	8,172.9	2,231.0	4,589.6	736.0	616.3	27.3	56.2	9.0	7.5
June	8,722.8	2,209.8	4,962.9	892.8	657.3	25.3	56.9	10.3	7.5
Sept.	8,826.1	2,326.8	4,983.4	887.0	628.9	26.4	56.5	10.0	7.1
Dec.	10,096.9	2,528.2	5,768.0	1,104.6	696.1	25.0	57.2	10.9	6.9

**Changes in the years 1955, 1956, 1957**

1955	1,216.7	-159.9	1,234.6	154.8	23.2	-9.4	236.1	214.7	5.6
1956	3,357.2	456.5	2,344.9	396.6	159.2	24.1	133.4	174.8	36.4
1957	2,420.8	174.1	1,665.6	481.1	100.0	7.4	40.6	77.2	16.8

(\*) On the basis of last revision (1958) data of the Bank of Greece.

**Analysis of Savings and Sight Deposits with the National  
Bank of Greece, by categories of Depositors and Scales  
of Amounts as at 31st December 1957**

**A. Savings Bank Deposits**

*(In thousands of drachmae)*

Categories of Depositors	1 — 50,000		50,001 — 100,000		100,001 & over		Total	
	Num-ber	Am-ount	Num-ber	Am-ount	Num-ber	Am-ount	Num-ber	Am-ount
Manufacturers	398	4,058	87	6,827	97	12,133	582	23,018
Merchants	9,061	81,848	1,516	109,192	1,010	125,286	11,587	316,326
Handicraftsmen	9,784	87,420	916	62,599	292	35,710	10,992	185,729
Free Professionals	9,801	104,361	1,526	110,252	759	99,295	12,086	313,908
Employees	29,773	286,998	2,483	171,082	662	88,426	32,918	546,506
Other	71,430	635,606	5,946	399,943	2,202	263,564	79,578	1,299,113
Total as at 31.12.58	130,247	1,200,291	12,474	859,895	5,022	624,414	147,743	2,684,600
%	88.2	44.7	8.4	32.0	3.4	23.3	100	100
Total as at 31.12.57	89,248	881,779	8,423	594,983	3,657	445,915	101,328	1,922,677
%	88.1	45.9	8.3	30.9	3.6	23.2	100	100
Total as at 31.12.56	57,512	431,543	3,819	242,855	1,618	184,558	62,949	858,956
%	91.4	50.2	6.1	28.3	2.5	21.5	100	100

**B. Sight Deposits<sup>1</sup>**

Categories of Depositors	1 — 50,000		50,001 — 100,000		100,001 & over		Total	
	Num-ber	Am-ount	Num-ber	Am-ount	Num-ber	Am-ount	Num-ber	Am-ount
<b>1) Natural Persons</b>	<b>21,871</b>	<b>104,069</b>	<b>865</b>	<b>59,543</b>	<b>828</b>	<b>248,260</b>	<b>23,564</b>	<b>411,872</b>
a) Manufacturers	611	2,575	32	2,132	42	10,371	685	15,078
b) Merchants	9,054	43,194	376	25,984	303	92,817	9,733	161,995
c) Professionals	2,903	14,605	85	5,855	53	12,193	3,041	32,653
d) Other	9,303	43,695	372	25,572	430	132,879	10,105	202,146
<b>2) General and Ltd. Partnerships</b>	<b>3,240</b>	<b>20,333</b>	<b>216</b>	<b>15,252</b>	<b>276</b>	<b>88,563</b>	<b>3,732</b>	<b>124,148</b>
a) Manufacturing	444	2,785	33	2,401	48	19,087	525	24,273
b) Commercial	1,838	10,873	139	9,902	174	53,506	2,151	74,281
c) Other	958	6,675	44	2,949	54	15,970	1,056	25,594
<b>3) Sociétés Anonymes</b>	<b>1,015</b>	<b>8,370</b>	<b>100</b>	<b>7,157</b>	<b>325</b>	<b>362,144</b>	<b>1,440</b>	<b>377,671</b>
a) Manufacturing	328	2,458	27	2,013	111	140,467	466	144,938
b) Commercial	305	2,919	39	2,852	112	78,819	456	84,590
c) Other	382	2,993	34	2,292	102	142,858	518	148,143
<b>4) Other Depositors<sup>2</sup></b>	<b>3,163</b>	<b>25,966</b>	<b>218</b>	<b>16,529</b>	<b>330</b>	<b>172,114</b>	<b>3,711</b>	<b>214,609</b>
Total 31.12.1958	29,289	158,738	1,399	98,481	1,759	871,081	32,447	1,128,300
Total 31.12.1957	28,589	159,976	1,431	100,418	1,765	727,184	31,785	987,578
Total 31.12.1956	32,396	180,038	1,454	107,962	1,504	513,967	35,354	801,967

1. Not including : Sight Deposits of Organizations (Public Utility Enterprises, Oil Companies and Organizations which are not Sociétés Anonymes and do not fall under Emergency Law No 161/150).

2. Namely : Associations, Corporations, Donation Committees, etc.



# **Rate of Withdrawals from Sight and Savings Accounts with the National Bank of Greece**

*(Percentage ratio of total withdrawals in each month to the balance of the preceding month)*

M o n t h s	S i g h t		S a v i n g s	
	Private persons and Companies			
	1957	1958	1957	1958
January	211.1	179.0	13.7	11.3
February	171.5	169.6	13.4	10.8
March	196.5	198.1	13.1	12.3
April	206.7	186.8	14.1	13.0
May	197.5	156.4	13.8	12.9
June	184.5	174.0	13.1	13.1
July	200.5	185.8	14.6	19.4
August	187.4	179.6	13.2	12.7
September	183.8	166.6	14.3	13.6
October	199.5	195.4	14.7	13.2
November	224.7	188.3	12.9	11.3
December	196.4	193.2	12.4	11.7
Yearly average	196.9	180.9	13.6	13.0

## BALANCE SHEET







# NATIONAL BANK OF GREECE

SOCIÉTÉ ANONYME

BALANCE SHEET, AS AT 31<sup>ST</sup> DECEMBER, 1958, IN DRACHMAE

ASSETS			LIABILITIES	
AVAILABILITIES			CAPITAL	
Cash on hand, with the Bank of Greece, Coupons, Cheques, and foreign Treasury Bills	1,442,423,667.20		Share Capital .....	581,407,680.—
Gold, with Banks abroad, and foreign bank-notes .....	105,795,815.—	1,548,219,482.20	Ordinary Reserves .....	7,677,388.—
			Extra-ordinary Reserves .....	9,500,000.—
				598,585,068.—
LOANS AND ADVANCES			DEPOSITS	
<i>I. To Merchants and Professionals</i>			Sight Deposits .....	2,799,569,232.43
Bills discounted.....	617,313,853.80		Savings Accounts .....	2,927,812,355.02
Loans and Accounts :			Time Deposits .....	1,497,212,734.40
On commercial paper and other guarantees	1,216,662,112.60		Deposits of Public Entities .....	856,018,930.20
On merchandise and bills of lading .....	1,031,516,280.35			8,080,613,252.05
On securities.....	78,287,652.65		CURRENT ACCOUNTS AND GUARANTEES.....	1,900,112,204.83
On mortgage .....	5,302,742.20		GREEK STATE - E.D.F.O. (Long-term Reconstruction Loans)...	618,820,831.—
Current Accounts and Guarantors.....	1,039,058,540.62	3,988,141,182.22	CHEQUES AND PAY ORDERS.....	90,627,119.85
<i>II. To Manufacturers and Handicraftsmen</i>			BRANCHES.....	4,561,570.53
Bills discounted.....	124,851,583.85		Gross Dividend .....	32,390,400.—
Loans and Accounts :			Profit and loss account-Balance carried forward .....	135,575.85
On commercial paper and other guarantees	3,250,966,217.15			
On merchandise and bills of lading .....	219,319,482.40			
On mortgage .....	820,933.40			
Current Accounts and Guarantors.....	464,167,845.45			
Reconstruction Loans .....	618,820,831.—	4,678,946,893.25		
INVESTMENTS				
Securities in Portfolio .....	615,202,933.95			
Bank Premises and Real Estate .....	363,105,903.10			
Fixtures, Office Furniture, Vaults .....	23,226,514.60	1,001,535,351.65		
SUSPENSE ACCOUNTS .....				
		109,003,112.79		
		11,325,846,022.11		11,325,846,022.11
PROFIT AND LOSS ACCOUNT				
DEBIT			CREDIT	
General Expenses .....	269,876,274.72		Balance brought forward .....	422,057.55
Taxes .....	50,876,240.05		Commissions, Interest and Sundry Earnings .....	496,774,384.72
Contribution to Personnel's Insurance Funds :				
Ordinary .....	36,970,041.65			
Extra-ordinary aid, pursuant to Law 3662/57	40,000,000.—	76,970,041.65		
Depreciation of :				
Fixtures and repairs .....	5,700,000.—			
Bank Premises and Real Estate .....	17,000,000.—	22,700,000.—		
Provisions : for bad and doubtful debts .....		30,000,000.—		
Balance carried forward .....		46,773,885.85		
		497,196,442.27		497,196,442.27
DISTRIBUTION OF PROFITS				
To Ordinary Reserves, 10%.....		4,677,388.—		
First gross Dividend on 404,880 shares at 71.80 drachmae per share ..		29,070,384.—		
Extra-ordinary Reserves.....		9,500,000.—		
To members of the Board of Directors .....		70,522.—		
Additional gross Dividend at 8.20 drachmae per share .....		3,320,016.—		
Balance carried forward .....		135,575.85		
		46,773,885.85		

Athens, 28th February, 1959

DEM. E. HELMIS  
GOVERNOR

N. J. DRITSAS  
SPECIALLY AUTHORIZED DIRECTOR

SP. CH. KAPANTAÏS  
MANAGER, CHIEF ACCOUNTANT



**REPORT  
OF THE AUDITORS**





REPORT OF THE AUDITORS  
TO THE  
ORDINARY GENERAL MEETING OF THE SHAREHOLDERS  
OF THE  
NATIONAL BANK OF GREECE  
ON THE BANK'S ACCOUNTS FOR THE YEAR 1958

GENTLEMEN,

We have the honour to inform you that in compliance with the authority given us by your Ordinary General Meeting, held on the 30th April 1958, we have audited the accounts of the Bank for the past year, 1958, and verified the balances in the Ledger with reference to the Balance Sheet, as of the 31st December 1958, and to the other records submitted to us.

From the audit made, we have satisfied ourselves concerning the accuracy of the entries which have resulted in the amounts appearing in the Balance Sheet.

The year 1958 also showed a further increase in the deposits and investments of the Bank, amounting to Dr. 1,464 and 1,236 million respectively, as compared with the balances of same at the end of the year 1957.

As a result of the higher level of the Bank's investments and of the increase observed in its other business activities, the net profits of the Bank amounted to Dr. 139.1 million, as against 90.1 million obtained in 1957.

The increase of 49 million drachmae observed in net profits has enabled the Board of Directors to propose to your Meeting larger amounts for depreciation and provisions, as compared with the previous year, and total liquidation of the Bank's extraordinary contribution to its Personnel's Insurance Funds for the year 1958, amounting to Dr. 40 million. It further allowed, for the first time since the merger, that an allocation of Dr.

9.5 million be made, in order to create an Extraordinary Reserve Fund, and that a gross dividend of Dr. 80 be distributed per share, as against Dr. 60 distributed last year.

We, therefore, recommend approval of the Balance Sheet submitted, and wish to mention particularly the thoroughness, accuracy and good order of the data placed at our disposal for this audit.

Athens, 28th February, 1959

A. DAIS  
D. APOSTOLIDIS  
N. SPAHIS  
*Auditors*



RESOLUTIONS  
PASSED AT THE ANNUAL ORDINARY GENERAL  
MEETING OF SHAREHOLDERS  
HELD ON THE 25<sup>TH</sup> APRIL 1959

---

UNDER THE CHAIRMANSHIP OF THE GOVERNOR  
M<sup>R</sup> DIMITRI E. HELMIS

THE GENERAL MEETING:

1. Adopted the Report of the Board of Directors and the Balance Sheet as of 31st December 1958.
2. Discharged the Board of Directors and the Auditors from all liability for the year 1958.
3. Re-elected Messrs. Demetrios Velissaropoulos, Constantinos Verriopoulos, Aristomenis Rombos, Panayiotis Scouras and George Termentzis as members of the Board.
4. Elected Mr. Constantinos Kefalas as member of the Board to fill a vacancy.
5. Appointed Messrs. Asterios Dais, Nicholas Spahis and Antonios Mouzakis as regular Auditors, and Messrs. Aristotelis Peppas, Constantine Cordosis and Demetrios Thividopoulos as substitute Auditors for the year 1959, and fixed their remuneration.
6. Fixed the remuneration of the members of the Board of Directors and of the Administration.













