

BANK FOR INTERNATIONAL SETTLEMENTS

SECOND ANNUAL REPORT

APRIL 1, 1931 — MARCH 31, 1932

BASLE

May 10, 1932

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SECOND ANNUAL REPORT
TO THE GENERAL MEETING OF THE
BANK FOR INTERNATIONAL SETTLEMENTS
BASLE, May 10, 1932.

Gentlemen:

As provided by the Statutes, there is submitted herewith the Second Annual Report of the Bank for International Settlements covering the fiscal year which began April 1, 1931, and terminated March 31, 1932.

The year under review has been one of dramatic occurrences in the whole field of international finance, credit, monetary stability and capital movements, both public and private. The record of this year of unparalleled world-wide disturbance reflects itself in the progress, resources and activities of the Bank, which have been intimately affected by each succeeding episode, in all of which the Bank was promptly called upon to play a rôle, as was but natural for an international institution the statutory object of which is "to promote the cooperation of central banks and to provide additional facilities for international financial operations, and to act as trustee or agent in regard to international financial settlements", whose "operations for its own account shall only be carried out in currencies which satisfy the practical requirements of the gold or gold exchange standard".

In the second month of the fiscal year, the collapse of the Oesterreichische Credit-Anstalt, with its ramifications throughout Central Europe, called for immediate aid to the National Bank of Austria. In the third month of the fiscal year, there was announced the so-called "Hoover moratorium", which materially changed the scope of the operations of the Bank and the magnitude of the funds at its disposal in its capacity as Trustee for international financial settlements between Governments. In the same month the banking difficulties in Germany, precipitated by wholesale withdrawals of short-term credit, and the pressure upon the Hungarian exchange, necessitated the organization of central bank aid to the Reichsbank and to the National Bank of Hungary.

In the fourth month of the fiscal year, the London International Conference declared that "excessive withdrawals of capital from Germany" had "created an acute financial crisis", and invited the Bank for International Settlements to set up a Committee to inquire into the credit needs of Germany. In the fifth month, this Committee urged "most earnestly upon all Governments concerned that they lose no time in taking the necessary measures for bringing about such conditions as will allow financial operations to bring to Germany — and thereby to the world — sorely-needed assistance".

In the sixth month of the fiscal year, the world was shocked by the sudden fall of sterling, which was almost immediately followed by the suspension of the gold or gold exchange standard by six other nations. These occurrences still further shattered what was left of confidence and forthwith caused a strain on the reserves of nearly all central banks of the world, including the Federal Reserve System. The necessity for the employment by central banks of their reserves in turn placed a strain upon the Bank for International Settlements, in its capacity as the depository for a substantial portion of the reserves of many European banks of issue, but the large withdrawals in September were met without decreasing its high degree of liquidity.

In the ninth month of the fiscal year, there gathered at Basle the Special Advisory Committee, convoked by the Bank because of the declaration of the German Government that it had "come to the conclusion in good faith that Germany's exchange and economic life may be seriously endangered by the transfer in part or in full of the postponable part of the annuities". In the succeeding months of the fiscal year the world financial system continued to undergo heavier and heavier pressure and the condition of Central and Eastern Europe and of its central banks, members of the Bank for International Settlements, failed to ameliorate despite a series of "standstill" agreements, currency restrictions, rationing of imports and foreign devisen, and other artificial expedients.

The cumulative effect upon the condition and activities of the Bank for International Settlements of the interruption of intergovernmental payments, the wholesale withdrawal of short-term credits, the break-down of normal international economic relationships, the call upon central bank reserves, and the necessity of affording emergency credits to several European central banks, will be described later in the report. It is a satisfaction to confirm that the usefulness and use of the Bank for International Settlements as a center for information, for counsel, and for joint financial action has been greatly enhanced during the period of stress; that, from the material point of view, the business operations of the second full fiscal year have resulted in net profits exceeding by some 4 million Swiss francs those earned in the first fiscal period; and that the close of this year finds the institution in a sound liquid condition, with a substantial recent increase of deposits of central banks for their own account, namely, 608 million Swiss francs on March 31, 1932, as against 464 million Swiss francs on December 31, 1931. Indeed, in the course of the year, by reason of the interruption of intergovernmental payments, the prominence of monetary phenomena, and the necessity of mutual aid, the Bank has become more and more an instrument of central bank collaboration and a reserve center for their foreign currency holdings. The drop in the aggregate assets of the institution from 1,900 million Swiss francs at the close of the first fiscal year to 1,126 million Swiss francs at the end of the second fiscal year is mainly due to a decrease of some 600 million Swiss francs in the balances arising out of intergovernmental payments which were held for the account of Treasuries on March 31, 1931, by comparison with March 31, 1932.

II. THE THREE PHASES OF THE YEAR'S WORK.

During its second year, the Bank passed through three distinct phases of policy and of corresponding activity. The first phase terminated about the time of the proposal of the "Hoover moratorium". The second phase terminated almost contemporaneously with the depreciation of sterling. The third phase prevailed for the remainder of the period and its characteristics are still the controlling feature of present developments.

During the first phase of evolution, the Bank concentrated upon its customary function of holding central bank reserves, of aiding in stabilizing currencies, of receiving and distributing intergovernmental payments, of expanding its business relationships, and in particular of endeavoring to assist in directing the superabundant and dangerous international accumulation of short-term capital into the channel of longer term credits, for which there was manifest need. Thus, active negotiations with the Bank of Spain in connection with the contemplated stabilization of the peseta were conducted both in Madrid and in Basle, and a credit of £ 3,000,000 was advanced to the Bank of Spain by the Bank for International Settlements in connection with pre-stabilization projects. Owing to sudden internal political changes and to external economic events, the plan of stabilization was not realized and the credit was terminated when the purpose for which it was granted could not be achieved. Similarly, contact was maintained with the Bank of Portugal and the National Bank of Yugoslavia. When the latter stabilized its currency it became a shareholder in this central institution. The Bank, further, extended its relationships generally, and also admitted as shareholders the National Banks of Norway and Albania. But the essential emphasis of the Bank's work during the first of the three phases was laid upon the necessity, if imminent dangers were to be lessened, of reducing the quantity of short-term credit in the international markets and of its transformation into more permanent capital. Considering the nature of the Bank's own resources and its special need, as a reserve center for central banks, of maintaining high liquidity, very definite limitations existed upon the amount of funds available for direct investments at long term by the Bank for International Settlements itself. Nevertheless, committees of the Board of Directors examined the possibilities of our granting intermediate credits to a moderate extent, primarily as an encouragement to others; and careful studies were made as to the possibility or desirability of setting up some international organization outside the Bank for the stimulation and granting of long-term loans. By way of example, the Bank participated in the subscription to long-term bonds issued by two international mortgage banks, which had been set up by private international banking groups, the International Mortgage Bank, Basle, and the Compagnie Centrale de Prêts Fonciers, Amsterdam. Events moved too rapidly, and the response to the proposals for consolidation was too slow, to ward off the dangerous consequences of the over-accumulation of short-term credits, and this very accumulation caused the Bank to enter rapidly into the second phase of its activity, one that for a time altered the course of its development and the nature of its immediate aims.

Sweeping withdrawals of short-term credits from Central Europe and Germany, which were increased rather than reduced by the warning implied in President Hoover's proposal, caused drastic pressure upon the central banks in the countries involved,

which had to retribute within a few days or weeks large sums in foreign currencies that had gradually entered their respective markets over a considerable period of time and had been employed, in part, as if they were likely to remain, or to be replenished, indefinitely. The resultant disturbance also put a burden upon the exchanges and threatened an immediate severe dislocation of the international credit system.

Emergency help was imperative to enable the affected central banks to face the drain; and to give a breathing space both to debtors and creditors during which measures might be taken to withstand the shock; and to attempt to consolidate their positions. In rapid succession the Bank for International Settlements was called upon to grant emergency credits to the National Bank of Hungary, the National Bank of Austria, the Reichsbank, the Bank of Yugoslavia and a temporary advance to the Bank of Danzig. The call came at the very moment when the natural effect of the Hoover proposal was to lessen the existing and prospective working resources of the institution derived from intergovernmental payments. In consequence, to amplify its possibilities of material aid and in close collaboration with central banks, the Bank for International Settlements organized syndicates of central banks which contributed funds to the common constructive cause. Thus, three central banks, besides the Bank for International Settlements, participated, to the extent of \$ 25,000,000 each, in the credit of \$ 100,000,000 to the Reichsbank, and twelve central banks, besides the Bank for International Settlements, participated in the credits of approximately \$ 26,000,000 to the Hungarian National Bank. Further reference to this second phase of the year's work, that of emergency credit-granting, appears below in connection with a review of the short-term credit situation and its effects. At no time were these credits regarded as remedies, but merely as facilities giving the chance for corrective or defensive measures to be taken. Yet without them, and without the opportunity which the existence of the Bank for International Settlements afforded for speedy consultation and joint action between central banks, it is a matter for conjecture whether the acute credit crisis would not have been still more catastrophic and would not have resulted in a swifter and wider immobilization of the large creditor markets, as well as of those of their debtors.

Delays in aggressive action and worsening world conditions tended, in fact, to transform the temporary credits, as the result of successive renewals, into longer term advances. At the close of the fiscal year, only the advance to the Bank of Danzig had been promptly repaid in full. The other credits were still operative, although in three instances capital reductions of 10 per cent to 20 per cent had been effected. So, in the second phase of the Bank's operations, the force of events had partly altered its activities to that of a grantor of credit during a general economic depression, instead of discharging the more normal function of a stabilizer of monetary fluctuations resulting from seasonal movements or from a transitory, localized difficulty.

In addition, during the second phase and as a consequence of the emergency central bank credits and the causes which led up to them, the Bank was invited to perform certain extraordinary functions in connection with international agreements and "standstill" arrangements, such as the convocation at Basle of the committee recommended by the London Conference of July 1931, and the appointment of the Arbitration Committee provided for by the Standstill Agreement, between foreign creditors and German bank debtors, of August 1931. These extraordinary functions in connection with international

conferences and international financial settlements between private debtors and creditors recurred during the third phase of the year's activity. They will be more conveniently reviewed together later in the report, after further reference to the general question of superabundant short-term credits.

The third phase of the evolution of the Bank's year began with the fall of sterling, when it had become demonstrated that credit-giving, alone, was insufficient to bridge the economic difficulties or to maintain currencies against the swift current of capital withdrawal and flight engendered by the more general realization of the existing disequilibrium in the international balance of payments, a deepening business depression, and a crisis of confidence of almost panic proportions. Fundamental reasons for the conditions, and the possible correctives, lay far deeper in the economic system than those involving only immediate monetary steps or normal credit methods. The Bank for International Settlements, recognizing the demoralization which had developed and the inadequacy of additional grants of short-term credits, felt obliged to refuse new applications for advances which came to it from several central banks as a consequence of the fall of sterling, and it thus suspended the policy of being a substantial new credit-giver to sundry central banks. Warranted from the viewpoint of economic possibilities, even from the purely material angle, this change of policy was natural because, in addition to the diminishing effect of the Hoover moratorium upon the Bank's working resources of government origin, the effect of the fall of sterling in September 1931 was to reduce the current resources of the Bank corresponding in origin to the reserves of central banks. In the month of September 1931, the Bank's balance-sheet precipitately fell by 331 million Swiss francs, thus reflecting the strain upon central bank reserves that almost immediately resulted from the consternation caused throughout the financial world by the fall of sterling over a week-end. The immediate consequences in the monetary field were unparalleled in their rapidity, on the one hand, taking the form of the temporary abandonment of the gold exchange standard by several central banks and, on the other hand, the conversion of devisa into metallic gold, on the part of several banks of issue which had for some time carried substantial quantities of foreign devisa, but not as part of the cover for their notes. In both instances, the resultant tension upon the international exchanges was very great, and caused the central banks concerned to draw extensively on their deposits with the Bank for International Settlements. Furthermore, the volume of these deposits was adversely affected during the remainder of the fiscal year by the changed status of sterling and of the Scandinavian currencies, because of the provisions of Article 21 of the Statutes to the effect that the operations of the Bank for its own account shall only be carried out in currencies that satisfy the practical requirements of the gold or gold exchange standard. Consequently, central bank balances with the Bank in 1931 fell from the high point of 870,000,000 Swiss francs on August 31, 1931, to a low of 464,000,000 Swiss francs on December 31, 1931. At the close of the fiscal year they had somewhat recovered in volume, i. e., to 608,000,000 Swiss francs, but still remained far below the high level, and, what is more important, represented in part larger deposits from a few central banks instead of being, as hitherto, widely and more evenly spread among all the central banks with which the Bank is in contact.

The unsettled currency conditions and the intensification of the universal crisis explain the third phase of the Bank's evolution during the year, which falls under two

heads. First, on the business side, events demanded a prudent husbandry of the Bank's resources, a review of its investments on every market with the aim of acquiring the maximum security, a continuous conservation of the liquidity of the Bank's assets, and an increasing accumulation of its resources with central banks or under their guaranty. In the case of 13 central banks, we have received their guaranty, not only for the credit risk in their respective markets, but also against the risk of loss through depreciation of their respective currencies. Considering the special statutory objects of the Bank for International Settlements as a promoter of cooperation between central banks and the fact that it can operate only in currencies satisfying the practical requirements of the gold or gold exchange standard, these central banks in a spirit of collaboration have agreed that the investments of the Bank in their currencies on their markets shall in all circumstances retain (within the gold points) the same gold value as that which the investments had on the date they were originally made by the Bank. The generalization of such assurances would manifestly facilitate one of the statutory objects of the Bank, that is, to provide additional facilities for international financial operations. Second, during the third phase, the Bank once more oriented its internal organization and study in the direction of the examination of monetary phenomena and problems, with a view to being prepared to serve, if the central banks themselves should so desire, as a ready instrument which could be employed as a convenient center of discussion and action in connection with the monetary reconstruction which will be as indispensable after the world crisis as it was after the world war.

Events of this second fiscal year have shown to what extent our monetary systems, both great and small, have become interdependent, and how internationalism in monetary matters is not merely a theory or a desirable evolution but an accomplished fact. The tidal wave of uncertainty and fear which endangered several national currencies and some banking systems, originated in Austria, swept quickly on to Hungary and Germany, and, after devastating these areas, flowed onward to Great Britain and the Scandinavian countries, sweeping down their currencies, and then, backwashing into the United States, carried with it unusual demands upon the American gold supply and credit system. No such widespread effects, which soon extended to Japan also, could have occurred except for the already existing essential unity of international finance and monetary relationship, which ignores political and geographical frontiers. And this interdependence is not confined to the field of finance, but penetrates much farther into the whole economic structure of the various countries. The indices of production, employment, trade and profits show to an astounding degree the same recurrent tendencies in almost every country in the world. All the evidence available leads to the conclusion that any hope that a single country may achieve prosperity apart from the rest of the world would indeed be based on an insecure foundation.

III. THE INTERNATIONAL SHORT-TERM CREDIT SITUATION AND ITS RESULTS.

When at the end of March 1931 the Bank for International Settlements closed its books for the first financial year, the depression, although characterised by an unusually sharp fall in prices, still showed, in most respects, the main tendencies of an ordinary downward business trend.

On the capital markets there was a large supply of short-term funds at declining rates of interest, the natural consequence of a slowing down of industrial investment. Government credit had not yet been seriously weakened and a fair amount of international lending was still taking place.

The increase in available short-term funds during 1930 made it possible for debtor countries to borrow considerably in that year on short-term account, at rates which were relatively advantageous for them. It is now possible to estimate that the total amount of short-term international indebtedness which existed at the beginning of 1931 aggregated more than 50 billion Swiss francs. At that time, however, the magnitude of this indebtedness was not known, and an increase in short-term funds continued, which, if more complete information had been available, would very likely have been moderated in view of the risks involved. Nevertheless, central banks began to realize that the growing short-term indebtedness created a danger, and they endeavoured during 1930 and the first months of 1931, with some measure of success, to strengthen their reserves in foreign exchange. At the beginning of the year 1931, the 26 central banks in business relationship with the Bank for International Settlements reported foreign devisa, in addition to their holdings of metallic gold, in the aggregate amount of about 11 billion Swiss francs, of which some 800 millions were centralized with the Bank for International Settlements. Unfortunately, however, less than one-half of the holdings of the foreign exchange belonged to countries which had borrowed on short-term account. Furthermore, the private banks in the debtor countries which normally had to employ the funds borrowed for account of their clients were themselves able to retain only a relatively small portion of the foreign devisa which they had received; and they tended in many instances to invest short-term funds in assets which, even irrespective of the ensuing business depression, could be mobilized only over a period of time.

The menace of this situation did not appear as self-evident as it does today. Previous experience had seemed to show that in ordinary times large transfers of credits took place at a moderate rate. The pace at which funds moved was, with rare exceptions, largely determined by the rapidity with which new funds could be actively employed in trade and industry. Commercial banks usually found it sufficient to hold cash balances up to 10 per cent or 15 per cent of their deposits; and central banks usually kept a reserve in gold or foreign exchange of 10 per cent or 15 per cent above the minimum legal reserve. These margins normally allowed sufficient time for necessary readjustments to be made to meet capital movements, such as increasing discount rates, seeking replacement credits, mobilizing long-term assets and adopting other corrective methods. When, however, short-term funds are recalled, not with the object of reinvestment at home or elsewhere but as a result of the breakdown of confidence, the wholesale demands for immediate transfers are almost certain to break the system at some point. This is what occurred as the sequence to the banking and political difficulties during the year under review.

In the endeavour to meet the demands, private banks in the debtor countries not only employed their own external assets but were soon obliged to apply to their respective central banks for advances and for the rediscount of bills which they had in their portfolio or were able to obtain. With the funds which they acquired they bought foreign exchange on the market or from the central banks, which thus saw their gold and foreign exchange holdings diminish rapidly. It is not a matter of mere coincidence that, despite augmented discount rates (over 12 per cent in some instances) and other credit restrictions, the figure of rediscounts and advances in the central banks of most of the debtor countries increased during the period of pressure by an amount substantially equal to the reduction in the gold and foreign exchange of the central banks affected. The classical remedy of increase of the discount rate proved inoperative in checking the withdrawal of foreign funds, for the reason that mobile capital was seeking security, with little or no return, rather than high interest rates coupled with currency and credit risks. In these circumstances the exchange reserves of private banks and the exchange reserves of central banks in the troubled areas were insufficient to satisfy the ever mounting demands for transfer. Consequently the banking systems involved turned for help to the principal financial capitals abroad, to foreign banks of issue, and to the Bank for International Settlements.

The extent of the emergency help granted during the year 1931 is not generally recognized. If there be added together the total amount of external advances granted by central banks, by the Bank for International Settlements, by the principal capital centers and by Treasuries, including the sums advanced to the British market, a figure of approximately 5 billion Swiss francs is reached, or about one-tenth of the total amount of short-term indebtedness outstanding at the beginning of 1931. These sums, supplemented by the large contributions made by the debtor markets themselves and by the diminution of their central bank reserves, permitted the liquidation in a single year of more than 30 billion Swiss francs of short-term indebtedness, a certain proportion of which represents, of course, not repatriation but transfers of funds from one foreign country to another. Of the balance of short-term credits still outstanding, a substantial part of the remainder has in fact become blocked as the result of arrestive measures referred to below. It is unnecessary to emphasize the havoc wrought by this vast movement of liquid funds, or to dwell upon the stagnation resulting from the magnitude of the sums immobilized. They have each contributed their part to the persistent fall of prices, and they have accentuated the deflationary forces which are oppressing world economy. The most remarkable thing is that the economic system has been able to withstand such dislocating forces — a fact that seems to indicate its inherent power of resistance.

In an effort to cope with the situation, at least for a time, new forces, themselves also dislocating, were introduced into the international economic system as the result of the adoption of a whole series of steps designed arbitrarily to arrest the continuation of transfers and to protect the home currencies, such as exchange control, standstill agreements, moratoria, restrictions of imports and other exceptional measures. In some instances the temporary suspension of the gold standard was resorted to, with a consequent depreciation of the currencies involved. The following chronology, which does not include South America, throws light on the extent of these special measures adopted during the period:—

- 1931 July 13th — Germany closed banks for two days, and issued on July 15th restrictions of foreign exchange.
- „ 17th — Hungary imposed foreign exchange restrictions.
- Sept. 17th — First German Standstill Agreement; for six months.
- „ 21st — Great Britain suspended the gold standard.
- „ 22nd — Great Britain issued certain restrictions.
- „ 28th — Norway and Sweden suspended the gold standard.
- „ 28th — Greece introduced exchange restrictions.
- „ 29th — Denmark formally suspended the gold standard (having prohibited the export of gold on September 22nd).
- „ 29th — The Italian Finance Minister was empowered to issue exchange regulations. No such regulations have been issued; but voluntary regulations were later applied by the Italian Bankers' Association.
- Oct. 3rd — Czechoslovakia introduced exchange restrictions.
- „ 5th — Finland „ „ „
- „ 7th — Yugoslavia „ „ „
- „ 8th — Latvia „ „ „
- „ 9th — Austria „ „ „
- „ 12th — Finland suspended the gold standard.
- „ 15th — Bulgaria introduced exchange restrictions.
- „ 24th — Estonia „ „ „
- November — Norway applied voluntary exchange restrictions.
- Nov. 18th — Denmark introduced exchange restrictions.
- Dec. 17th — Japan suspended the gold standard (having prohibited the export of gold as from December 14th).
- „ 23rd — Hungary declared a partial transfer moratorium.
- „ 31st — Finland abolished the exchange restrictions previously introduced.
- 1932 Jan. 20th — Austrian Standstill Agreement with American and British banks; for six months.
- March 1st — Second German Standstill Agreement; for one year.
- „ 3rd — Great Britain abolished the exchange restrictions previously introduced.
- „ 31st — Hungarian Standstill Agreement; for six months.

Wherever foreign exchange restrictions have been introduced, the main object has been to control capital movements and especially to prevent flight of capital. In Great Britain this was the only object. In most other countries the restrictions have served another purpose, i. e. the control of imports. Central banks, either with or without the assistance of some Government institution, have allotted foreign exchange for the import of "necessary" raw materials and commodities or have limited the amount of foreign exchange at the disposal of importers to a certain percentage of their "normal" requirements. The systems employed have varied, but in effect a new method of interfering with trading relations has resulted, and in many cases has made the working of the "most-

favoured-nation" clause, and other provisions in commercial treaties, practically inoperative. Some Governments have replied to these exchange restrictions by the establishment of import "quotas", or by attempting to organize "clearing arrangements", with a view to obtaining payment for their exporters to a given market out of the payments which the local importers would normally make to the same market.

Exchange control, with or without clearing arrangements, forces trade into a kind of strait-jacket, leaving little or no room for the play of such economic forces, price changes and other factors as normally tend to re-establish equilibrium. It is manifest that this interference, like other barriers to economic freedom, though furnishing a temporary helpful weapon of defence, offers no solution to the fundamental problems but instead aggravates them in the long run.

If the relative position of the international balances of payment is continuously to be upset by changes in tariff barriers, with profound effects on the equilibrium of the different countries; if the flow of capital from one nation to another is to be dammed by obstacles which make the fulfillment of contractual obligations virtually impossible, with the attendant destruction of general confidence, then the international monetary system cannot function properly. It becomes more and more evident that durable monetary stability cannot be expected to exist unless international relations in the economic field are radically improved. In the reestablishment of the world credit structure, cooperation between central banks will help; but the real solution of the problems involved requires the determined and concerted action of the Governments.

IV. THE TREND OF GOLD MOVEMENTS DURING THE YEAR.

Besides the alteration in the foreign devisen position of central banks which has occurred in connection with the partial liquidation of short-term capital commitments, the reflection of monetary events during the Bank's year is also visible in the movements of metallic gold. Since the beginning of 1931 these movements may be divided into four distinct periods, which correspond to the changing international financial phases which succeeded one another in the course of these eventful months.

1. From the beginning of the year until May the flow of gold was mainly influenced by ordinary seasonal movements; the distribution of newly-produced gold caused an increase in the gold holdings of a number of central banks (including those in Belgium, France, Germany, England, Japan, Holland and the United States). Two or three central banks, however, sustained losses to meet foreign obligations.

2. From May to September, when the liquidity crisis was at its height, central banks in a number of countries which were debtors on the short-term account (Germany, England, Hungary, Japan and Sweden) drew heavily on their gold reserves in order to repay the liabilities of their markets. Since these heavy reductions, most European central banks have avoided reducing their gold holdings further. In Europe the only substantial subsequent reduction has been that of the Reichsbank. Outside Europe, central banks such as the National Bank of Japan and several South American banks have, however, continued to use part of their gold reserves to meet foreign payments.

3. The depreciation of sterling in the second half of September and the fear that other currencies, previously considered invulnerable, might follow suit, caused a number of central banks quickly to convert their foreign exchange holdings into gold. From the United States, in particular, large quantities of gold were withdrawn. By the end of October this movement had slowed down, but the central banks in France, Switzerland, Holland and Belgium had in the meantime added 3,287 million Swiss francs to their gold holdings of the end of August. During the same period substantial quantities of gold — mostly of American origin — were also held outside the central banks, showing a growing distrust of paper currencies in general. Had it not been for the continuous arrival in New York of gold from South America and the Far East, American gold stocks would have been still further depleted. On balance, the monetary gold stock in the United States was reduced by 3,643 million Swiss francs between the end of August and the end of October (the net loss from the end of March 1931 to the end of March 1932 being, however, only 1,601 million Swiss francs).

4. In the late Autumn gold began to flow from India, where some of the gold which had been hoarded in large quantities was sold by the public partly as a result of the distress during a prolonged business depression, partly in order to profit by the depreciation of the rupee which had followed that of sterling. To date about one billion Swiss francs have in this way been added to monetary gold stocks. This gold not only played an important rôle in bringing assistance to the London market at a difficult period; it also seems to have had a psychological influence on the public by lessening the fear of a "scarcity of gold" and thus reducing hoarding.

The Bank for International Settlements in its direct business operations was affected by these gold movements in a minor degree only. In some instances it purchased

and delivered or held gold as an agent for some of the smaller central banks. In other instances it transferred gold held by it for one central bank to the account of another central bank. Speaking broadly, however, the gold acquired was either moved to the vaults of the acquiring central bank or left by it under earmark in the custody of the supplying central bank. At the end of the second fiscal year the Bank was the custodian of gold for the account of central banks in the amount of only some 120 million Swiss francs. No part of this gold is carried on the monthly or annual balance-sheets reporting the situation of the assets and liabilities of the Bank itself.

V. THE HOOVER MORATORIUM AND THE BANK.

On June 20, 1931, the American Government, through its President, proposed the postponement during one year from July 1, 1931, of all payments on intergovernmental debts. With certain adjustments, the substance of this proposal was accepted by the various creditor and debtor nations. Its application is popularly referred to as the "Hoover moratorium". The extent to which the observance of the moratorium has led to a restriction of the regular business operations of the Bank has been frequently misunderstood; and, moreover, its effect upon the broader scope of the Bank's activities has been greatly to expand them. From the viewpoint of revenue, the execution of the Hoover proposal has reduced the commission which the Bank would otherwise have received in connection with handling intergovernmental payments by some 950,000 Swiss francs, a relatively trifling sacrifice for the Bank to bear in the common effort to attenuate the burden upon the already overcharged exchanges of the current transfers in respect of intergovernmental debt. A more important business consequence was the reduction of the mobile resources otherwise at the command of the Bank, as depository for the monies which were generally paid by the debtor countries in equal monthly instalments and generally disbursed at half-yearly intervals. But even such resources, if received by the Bank, would have been employed during the intervening period between receipt and disbursement, partly in the markets of the creditor countries which renounced the payments, and partly in the markets of the debtor countries, which enjoyed a far greater benefit by not being obliged to make these payments at all. An additional effect on the funds of the Bank has been the gradual withdrawal by the creditor Treasuries of their balances on hand when the moratorium was instituted, either because of their own budgetary deficits, or for financing deliveries in kind from Germany which had been ordered prior to the inception of the Hoover moratorium. Thus, funds of the Treasuries on March 31, 1932, had fallen to 68,000,000 Swiss francs in comparison with 400,000,000 Swiss francs on June 30, 1931.

From the broader point of view, the real consequence of the moratorium was the utilisation of the Bank as a convenient center to secure relatively quick action in the international financial sphere. Despite the Franco-American accord of July on the main substance of the Hoover proposals (the details of which, as modified in agreement with the other interested governments, were finally expressed in the London Protocol of August 11, 1931 referred to later in this report), credit and banking difficulties continued to intensify in Germany; and these led to the convocation of the International Conference which met in London in the third week of July 1931. That Conference declared, in part, that the Governments represented were ready to recommend for the consideration of their respective financial institutions:

"That the Central Bank credit of one hundred million dollars recently granted to the Reichsbank under the auspices of the Bank for International Settlements, be renewed at maturity for a period of three months."

* * *

"The Conference recommend that the Bank for International Settlements should be invited to set up without delay a committee of representatives nominated

by the governors of the central banks interested to inquire into the immediate further credit needs of Germany and to study the possibilities of converting a portion of the short term credits into long term credits."

The foregoing resolutions were communicated to the Bank for International Settlements by telegram and letter under date of July 23, 1931. Acting pursuant to the second resolution, a committee of representatives nominated by the Governors of the Central Banks of Belgium, France, Germany, Great Britain, Holland, Italy, Japan, Sweden, Switzerland and the Federal Reserve Bank of New York was forthwith set up and met in the Bank's offices at Basle on August 8, 1931. It concluded its report on August 18, 1931. The report, with annexes, was immediately published, so it is necessary to summarize here only a part of the relevant conclusions. As to additional short-term credits, the Committee considered that it was

"obvious that if the additional capital required by Germany were supplied in the form of short-term credits she would be faced with a still greater difficulty than at present in meeting the obligations that will become due in six months' time when the period of prolongation of existing credits comes to an end".

As to long-term credits, the Committee felt that such loans were needed, but said:

"If we refrain from putting forward detailed schemes to this end, it is only because of our conviction that action which lies outside our province must first be taken before any long-term German bonds, however well secured, can be sold.

We therefore conclude by urging most earnestly upon all Governments concerned that they lose no time in taking the necessary measures for bringing about such conditions as will allow financial operations to bring to Germany — and thereby to the world — sorely-needed assistance."

In their report the Committee also outlined the proposed standstill arrangements with respect to existing short-term bank credits in Germany, an agreement concerning the maintenance of which at about their existing total for a further period of six months from September 1, 1931, was simultaneously reached in Basle between the German private bank representatives and the foreign private bank representatives. The Committee added:—

"For the adjustment of any differences which may arise as to the interpretation and execution of this agreement, the Bank for International Settlements has, at the request of all parties to the agreement and in view of its international functions, agreed to set up a Committee with full power to deal with such cases."

The Bank for International Settlements appointed as an Arbitration Committee, Messrs. Marcus Wallenberg (Chairman), T. H. McKittrick, Jr., and Franz Urbig. When the Standstill Agreement expired under its terms on February 28, 1932, and was thereupon renewed for another year, the same Arbitration Committee was reappointed, with the addition, as alternates for the members, of Messrs. Carl Trygger, G. Tyser, and Robert Pferdengenes.

The report of the Committee appointed on the recommendation of the London Conference was signed by all members of the Committee, namely, Messrs. Albert H. Wiggin (Chairman), Alberto Beneduce, R. G. Bindschedler, E. Francqui, P. Hofstede de Groot, Walter T. Layton, C. Melchior, E. Moreau, O. Rydbeck, and T. Tanaka.

Due in part to the Committee's earnest recommendation that the Governments should concert together with respect to the necessary measures for economic restoration, and assistance to Germany, there followed a series of diplomatic pourparlers and individual conversations between government heads, which culminated in the decision of the German Government to apply to the Bank for International Settlements, in accordance with Article 119 of the New Plan (Young Plan), for the convocation of the Special Advisory Committee provided for by that Plan and referred to in Article 45 of the Bank's Statutes. On November 19, 1931, the German Minister of Finance, "in the name of the German Government", transmitted to the President of the Bank a memorandum formally requesting convocation of the Committee and stating, in part:—

"In accordance with the New Plan the application requires a declaration by the German Government to the effect that 'they have come to the conclusion in good faith that Germany's exchange and economic life may be seriously endangered by the transfer in part or in full of the postponable portion of the annuities'. In making this declaration, the German Government must expressly state that such a declaration does not do justice to the present situation. Since the New Plan was framed, the economic and financial situation in the world, and particularly in Germany, has been fundamentally altered by a crisis without parallel."

Upon receipt of this declaration, the Board of the Bank promptly requested the nomination of the seven ordinary members of the Committee in the manner provided by the New Plan, that is to say, by the Governors of the Reichsbank, the Banque de France, the Bank of England, the Banque Nationale de Belgique, the Banca d'Italia, the Bank of Japan and the Federal Reserve Bank of New York. The Governors respectively nominated Messrs. Carl Melchior, Charles Rist, Walter T. Layton, E. Francqui, Alberto Beneduce, D. Nohara and Walter W. Stewart. The ordinary members met in the Bank building in Basle on December 7, 1931, and, after coopting four additional members as permitted by the New Plan, and after electing Professor Alberto Beneduce Chairman of the Committee, they entered upon their investigation which terminated December 23, 1931. The four coopted members were Messrs. Rudolf G. Bindschedler, H. Colijn, G. Diouritch and O. Rydbeck. The results of the deliberations of the Committee were set forth in its unanimous report, dated December 23, 1931, which was published and distributed in four languages. The relevant conclusions, contained in Chapter IV of the report, are as follows:—

"It is evident from the facts outlined in the preceding chapters that Germany would be justified in declaring — in accordance with her rights under the Young Plan — that in spite of the steps she has taken to maintain the stability of her currency she will not be able in the year beginning in July next to transfer the conditional part of the annuity."

"The Committee, however, would not feel that it had fully accomplished its task and justified the confidence placed in it if it did not draw the attention of the Governments to the unprecedented gravity of the crisis, the magnitude of which undoubtedly exceeds the 'relatively short depression' envisaged in the Young Plan — to meet which the 'measures of safeguard' contained therein were designed."

"The Young Plan, with its rising series of annuities, contemplated a steady expansion in world trade, not merely in volume but in value, in which the

annuities payable by Germany would become a factor of diminishing importance. In fact the opposite has been the case. Since the Young Plan came into effect, not only has the trade of the world shrunk in volume, but the very exceptional fall in gold prices that has occurred in the last two years has itself added greatly to the real burden, not only of German annuities but of all payments fixed in gold."

"In the circumstances the German problem — which is largely responsible for the growing financial paralysis of the world — calls for concerted action which the Governments alone can take."

* * *

"In this connection, certain considerations seem to us of great importance."

"The first is that transfers from one country to another on a scale so large as to upset the balance of payments can only accentuate the present chaos."

* * *

"Again, the adjustment of all intergovernmental debts (Reparations and other War Debts) to the existing troubled situation of the world — and this adjustment should take place without delay if new disasters are to be avoided — is the only lasting step capable of re-establishing confidence which is the very condition of economic stability and real peace."

* * *

"We appeal to the Governments on whom the responsibility for action rests to permit of no delay in coming to decisions which will bring an amelioration of this grave crisis which weighs so heavily on all alike."

A Government Conference has been scheduled to meet in Lausanne during the month of June, 1932.

VI. CENTRAL BANK COLLABORATION DURING THE PERIOD.

In the period under review, central bank collaboration has expressed itself most notably in the volume of inter-central bank advances which were made in the mutual effort to hold together the fabric of the international credit system. Besides, the rising tide of monetary and financial difficulties naturally caused the banks of issue to maintain closer and more continuous contact than ever before, either through or at Basle or by direct exchange of views, of plans and of information. In May 1931 there gathered at the Bank's offices, immediately after the General Meeting of shareholders, the representatives of 24 central banks for the purpose of the discussion of a number of monetary and credit problems. So large a gathering of central bank officials, including twenty Governors, had never before assembled. The need for increased cooperation in studying currency and credit questions and in collecting and exchanging statistical data was especially emphasized in the discussions. As a consequence, there has been organized in the Bank a Monetary and Economic Department which closely follows the changing trends in the various money markets and collates statistical information. In fulfillment of a wish expressed by various central banks that the Department should gather detailed data directly from central banks with regard to the various regulations and practices when dealing in gold, an inquiry into the subject was conducted by way of questionnaire addressed to 27 central banks, and the authoritative replies were distributed in two bound volumes to the interested banks of issue.

A second compilation was published during the year, namely "Foreign Exchange Regulations in the Different Countries", a reprint or translation of the laws and decrees relating to exchange restrictions which had been adopted in the European countries during 1931. The need for such official information was demonstrated by the Prague Conference of central bank experts, convened by the Bank for International Settlements in November 1931 for the examination of problems connected with foreign exchange restrictions and clearing arrangements and their effect upon central bank operations. This Conference was attended by experts or observers representing the National Banks of Bulgaria, Czechoslovakia, Germany, Greece, Poland, Roumania, Yugoslavia, Austria and Hungary.

The two last mentioned Banks, in connection with the especially severe conditions prevailing in their markets during the period under review, requested the Bank for International Settlements to suggest foreign advisors to be appointed by the respective institutions. The Bank suggested Dr. G. W. J. Bruins, who was appointed Adviser by the Austrian National Bank, and Mr. Henry J. Bruce, who was appointed Adviser by the Hungarian National Bank.

VII. TRUSTEE AND AGENCY FUNCTIONS OF THE BANK.

Throughout its second fiscal period, the Bank has continued to act as trustee or agent in connection with the international financial settlements and transactions described below:

(a) TRUSTEE FOR GOVERNMENT ANNUITY PAYMENTS.

THE ANNUITY PAYMENTS OF THE GERMAN REICH.

The German annuity which, in accordance with the New Plan, was to have been paid for the year April 1, 1931—March 31, 1932, amounted to 1,618.9 million reichsmarks, plus the cost of the service of the German External Loan, 1924, and was payable in equal monthly instalments on the 15th or next business day of each month. Of this total, 444,340,000 reichsmarks were to have been paid in reichsmarks for financing programs of deliveries in kind and the remainder in foreign currencies, subject to the provisions of the New Plan.

The monthly instalments due on the 15th day of April, May, and June 1931, each in amounts to the equivalent of 134,908,333 reichsmarks, plus the monthly instalments towards the service of the German External Loan, 1924, were all paid to the Trustee on or before the respective due dates.

On June 20, 1931, however, the President of the United States made proposals for the suspension of intergovernmental debts falling due during the year July 1, 1931—June 30, 1932. These proposals were in substance accepted by the Creditor Governments (with the exception of the Government of Yugoslavia) signatory to the Hague Agreements with Germany of January 20, 1930. The modifications in Germany's annuity payments were formally embodied in the London Protocol of August 11, 1931, which provided, inter alia, that

- 1) The existing provisions for the service of the German External Loan, 1924, and the German Government International 5½% Loan, 1930, shall remain unaltered and unaffected and the service of the said Loans shall continue to be effected punctually and duly in conformity with the provisions of the respective General Bonds and other agreements securing them.
- 2) The German Government shall continue, during the year from July 1, 1931 to June 30, 1932, to pay to the Bank the unconditional part of the annuity in monthly instalments, on the 15th day of each month, of an amount in foreign currencies equivalent to 51 million reichsmarks, as defined by the New Plan.
- 3) Out of the amount thus paid the Bank shall make the normal provision for that part of the service of the German Government International 5½% Loan, 1930, which is chargeable on the unconditional part of the annuity and shall pay over the same day the balance of about 45 million reichsmarks by way of loan in foreign currencies to the German Railway Company.
- 4) The conditions of the loan to the German Railway Company shall be embodied in a single contract between the Bank, acting as agent of the Creditor Governments, the German Government and the German Railway Company, the terms of which shall provide, in part, that

- a) Unless otherwise agreed, the loan will carry interest at 3 per cent from July 1, 1933 and shall be amortised by June 30, 1943; the payments in respect of interest and sinking fund shall be made in foreign currencies by means of ten equal annuities, each payable in instalments of one-twelfth on the 15th of each month beginning July 15, 1933 and ending June 15, 1943.
- b) Bonds representing the obligation of the German Railway Company, made out in favour of the various Governments entitled thereto under existing agreements, shall be handed over by the Company to the Bank.
- c) The Creditor Governments shall have the right to transfer, discount or pledge the above bonds to public "caisses", institutions or establishments, which shall undertake not to retransfer the bonds otherwise than to institutions of the same character.
- d) The German Government guarantees the execution of the undertakings entered into by the German Railway Company regarding the service of the said loan.
- 5) The payment of the conditional part of the annuity falling due from July 15, 1931 to June 15, 1932 (both inclusive), shall be suspended. The amounts thus suspended shall, unless otherwise agreed, be repaid as from July 1, 1933, together with interest at 3 per cent from the said date, by ten equal annuities of 117,831,000 reichsmarks, the reichsmark being defined as in the New Plan. These repayment annuities shall be paid by equal monthly instalments on the 15th day of each month from July 15, 1933 to June 15, 1943, inclusive.
- 6) Immediately on the signature of the present Protocol and before its entry into force, its provisions will be applied provisionally with retroactive effect to July 1, 1931, by each of the signatory Governments.

The Creditor Governments signatory to the London Protocol of August 11, 1931, addressed a letter, under the same date, to the Bank as Trustee, stating that they had "decided to put the Protocol into immediate force provisionally with retrospective effect to the 1st July, 1931, and accordingly authorise and request you to be good enough to give effect to the dispositions of the Protocol, so far as the Bank for International Settlements is concerned, as from the date of your receipt of this letter,".

The London Protocol of August 11, 1931, has been ratified by only one of the signatory Governments. It has not, therefore, been possible to conclude the single contract between the Bank acting as agent of the Creditor Governments, the German Government and the German Railway Company and the bonds representing the obligation of the German Railway Company in respect of the loan to it of part of the unconditional annuity, have not yet been issued. In the meantime the Bank has obtained provisional receipts from the German Railway Company acknowledging that the sums remitted to it by the Bank, out of the payments by the German Government, are received as a loan, on the conditions laid down in Annex I to the London Protocol of August 11, 1931. Moreover, as the Government of Yugoslavia has not signed the London Protocol of August 11, 1931, the share of that Government in the unconditional annuity has not been paid over to the German Railway Company by way of loan but is held in a special suspense account, in dollars, at the Reichsbank, Berlin, in the name of the Bank, as Trustee.

During the year April 1, 1931—March 31, 1932, the Bank in conformity with the provisions of the New Plan, as modified by the London Protocol of August 11, 1931, has therefore received from Germany

	Reichsmarks
a) Amount required for the service of the German External Loan, 1924	80,235,440.47
b) Three monthly payments (April—June 1931) at the rate of R.M. 1,618,900,000 annually	404,725,000.—
c) Nine monthly payments (July 1931—March 1932) at the rate of R.M. 612,000,000 annually	459,000,000.—

The details of the operations of the Bank, in respect of the German annuity during the period April 1, 1931—March 31, 1932, including the distribution and payments to or for the account of the various Creditor Governments are set forth in full in Annexes Va and Vb, in the form approved and certified by the auditors.

Information in connection with deliveries in kind from Germany, showing the amounts received by the Bank for this purpose, during the months April to June 1931, inclusive, and the payments in respect of deliveries during the period April 1, 1931—March 31, 1932, together with the unexpended balances on hand as on the latter date, is given in Annex XV. In view of the suspension of the payment by Germany of the postponable part of the annuity, in accordance with the London Protocol, during the period July 1, 1931—June 30, 1932, no new funds became available for deliveries in kind during the period July 1, 1931 to March 31, 1932. Pursuant to the terms of the London Protocol, however, the unexpended deliveries in kind balances on hand on June 30, 1931, which amounted to R.M. 119.5 millions, are being used for continuing the execution of existing approved contracts or for new contracts in those cases where the available balances were uncommitted, so that on March 31, 1932, such balances had been reduced to R.M. 23.2 millions.

THE ANNUITY PAYMENTS OF HUNGARY.

The Trust Agreement between the Bank and the Creditor Governments of Hungary came into force on May 6, 1931.

The Hungarian annuity instalments which, in accordance with the Paris Agreement of April 28, 1930, were to have been paid during the period April 1, 1931—March 31, 1932, amounted in total to 8,000,000 gold crowns, payable in two equal instalments on June 30 and December 31, 1931. The instalment of 4,000,000 gold crowns due on June 30, 1931, was paid in foreign currencies on the due date.

The "Hoover moratorium" was accepted by the Creditor Governments (with the exception of the Governments of Rumania and Yugoslavia) signatory to the Paris Agreements with Hungary of April 28, 1930. The modifications in Hungary's annuity payments were embodied in the London Protocol of January 21, 1932, which provided, inter alia, that the payment of the amounts falling due under Agreement No. I signed at Paris on the April 28, 1930, from July 1, 1931 to June 30, 1932 (both inclusive), should be suspended, except for the shares, amounting to 7.27 per cent thereof, allotted to Belgium, the British Empire, France, Italy, Japan and Portugal, in accordance with the Arrangement of January 20, 1930, between the Creditor Powers. Pursuant to Agreement No. III

signed at Paris on April 28, 1930, the Governments of Belgium, the British Empire, France, Italy, Japan and Portugal had agreed that they would immediately transfer to the Agrarian Fund, amounts equal to such sums as they would receive in respect of their respective shares in the annuities payable by Hungary. In order that the activities of the Agrarian Fund should not be interrupted, the London Protocol provided that, despite the proposals for one year's suspension of intergovernmental debts, that part of the Hungarian annuities destined for the Agrarian Fund should continue to be paid. The provisions as to repayment, with interest, over a period of ten years of that part of the Hungarian annuities which is suspended during the period July 1, 1931—June 30, 1932, are the same as those for the repayment of the loan to the German Railway Company and the postponable part of the German annuities.

During the year April 1, 1931—March 31, 1932, the Bank, in conformity with the provisions of the Paris Agreements of April 28, 1930, as modified by the London Protocol of January 21, 1932, has therefore received from Hungary

	Gold Crowns
on June 30, 1931, the equivalent in foreign currencies of	4,000,000
on December 31, 1931, the equivalent in pengö — 337,598.33 — of	290,800

The payment in pengö, instead of in foreign currencies, of the annuity instalment due December 31, 1931, was due to the fact that the President of the Hungarian National Bank exercised his right, referred to in Article 4 of the Trust Agreement, to postpone the conversion of pengö into foreign currencies if, in his opinion, such postponement is necessary in order to avoid depreciation of the Hungarian currency. The pengö were, in fact, converted into dollars on January 5, 1932, but the dollars were still held in a suspense account by the Trustee on March 31, 1932, because it is not possible to transfer the amount for the credit of the Agrarian Fund until the Trustee has received adequate protection against any claims that may be made, under the terms of the Trust Agreement, by those Creditor Governments who have not signed the London Protocol of January 21, 1932.

The details of the operations of the Bank in respect of the Hungarian annuity during the period from May 6, 1931, to the end of the Annuity year — December 31, 1931, including the distribution and payments to the various Creditor Governments, are set forth in full in Annex VI, in the form approved and certified by the auditors.

THE ANNUITY PAYMENTS OF BULGARIA.

The Trust Agreement between the Bank and the Creditor Governments of Bulgaria came into force on April 28, 1931. At that date, the Bank held on deposit sums amounting to the equivalent of 10,000,000 gold francs, plus interest, for the account of the liquidator of the Reparation Commission. This sum represented the annuity payments, each in the amount of 5,000,000 gold francs, due from and paid by Bulgaria on September 30, 1930, and March 31, 1931. On the coming into force of the Agreement, the Bulgarian payment of September 30, 1930, was distributed by the liquidator of the Reparation Commission among the interested Creditor Governments, whilst the payment of March 31, 1931, was handed over to the Bank, as Trustee, and distributed by it in the same manner.

The "Hoover moratorium" was accepted by the Creditor Governments (with the exception of the Governments of Rumania and Yugoslavia) signatory to the Hague Agreements with Bulgaria of January 20, 1930. The modifications in Bulgaria's annuity payments were embodied in the London Protocol of January 21, 1932, which provides, inter alia, that

The payment of the amounts falling due under Article 2 of the Agreement with Bulgaria signed at The Hague on January 20, 1930, from July 1, 1931 to June 30, 1932 (both inclusive), shall be suspended, except for:

- a) The shares, amounting to 4.222 per cent thereof, allotted to Belgium, the British Empire, France and Italy, in accordance with the Arrangement between the Creditor Powers (Austria, etc.), signed at The Hague on January 20, 1930.
- b) Out of the share allotted to Greece in accordance with the aforesaid Arrangement of January 20, 1930, the sum of 4,004,196 gold francs shall continue to be paid to Greece during the year from July 1, 1931, in accordance with the arrangements set forth in the Greco-Bulgarian Agreement of November 11, 1931.

Pursuant to Agreement No. III signed at Paris on April 28, 1930, the Governments of Belgium, the British Empire, France and Italy had agreed that they would immediately transfer to the Agrarian Fund, amounts equal to such sums as they would receive in respect of their respective shares in the annuities payable by Bulgaria. In order that the activities of the Agrarian Fund should not be interrupted, it was agreed that, despite the proposals for one year's suspension of intergovernmental debts, that part of the Bulgarian annuities destined for the Agrarian Fund should continue to be paid. The continued payment of a part of the Greek share in the Bulgarian annuities is the result of a special agreement, dated November 11, 1931, between Bulgaria and Greece. The provisions for the repayment with interest over a period of ten years of that part of the Bulgarian annuities which is suspended during the period July 1, 1931—June 30, 1932, are the same as those for the repayment of the loan to the German Railway Company and the postponable part of the German annuities.

Pursuant to the provisions of the Hague Agreements of January 20, 1930, the Bank should have received from Bulgaria during the year April 1, 1931—March 31, 1932, foreign currencies to the equivalent of 10,000,000 gold francs, but as a result of the agreements embodied in the London Protocol of January 21, 1932, the amounts actually received were:

On September 30, 1931, the equivalent of	211,100	gold francs
„ March 31, 1932, „ „ „	1,892,766	„ „

The payment of September 30, 1931, represented the shares in the annuities of Belgium, the British Empire, France and Italy, whilst that of March 31, 1932, included, in addition to those shares, part of the share of Greece. The part of the Greek share in the annuity instalment due on September 30, 1931, was the subject of set-off against a like sum due by Greece to Bulgaria.

The details of the operations of the Bank in respect of the Bulgarian annuity during the period April 28, 1931—March 31, 1932, including the distribution and payments to the various Creditor Governments, are set forth in full in Annex VII, in the form approved and certified by the auditors.

THE ANNUITY PAYMENTS OF CZECHOSLOVAKIA.

The Czechoslovakian annuity instalments which, in accordance with the Hague Agreements and the Trust Agreement between the Bank for International Settlements and the Creditor Governments of Czechoslovakia were to have been paid during the period April 1, 1931—March 31, 1932, amounted in total to 10,000,000 gold marks, payable in two equal instalments on July 1, 1931 and January 1, 1932.

Having regard to the due dates of the Czechoslovakian annuity instalments and the provisions of the London Protocol of August 11, 1931, dealing with the suspension of intergovernmental debts falling due during the year July 1, 1931—June 30, 1932, no amounts were received from Czechoslovakia, in this respect, during the period April 1, 1931—March 31, 1932.

(b) TRUSTEE OR AGENT FOR GOVERNMENT INTERNATIONAL LOANS.

THE GERMAN EXTERNAL LOAN 1924.

The service of the German External Loan, 1924, by the terms of the General Bond securing the Loan, was and remains a direct and unconditional obligation of the German Reich, chargeable on all its present and future assets and revenues. The amounts required for the service of the Loan were specifically secured by a first charge on all payments provided for under the Experts' Plan (Dawes Plan) and are specifically charged by way of collateral security as a first charge on the gross revenues of the German Government from the customs and from the taxes on tobacco, beer and sugar and from the net revenue of the German Government from the spirits monopoly and also on such other taxes as may hereafter be specifically assigned by the German Government.

Article XIII of the Hague Agreement with Germany of January 20, 1930, provides, inter alia, that nothing in the New Plan or in consequence of the termination of the Dawes Plan diminishes or varies the nature and extent of the priorities, securities and rights hitherto created for the benefit of the German External Loan, 1924, under the General Bond securing said Loan, under the London Protocol of August 30, 1924, or otherwise; and provides, in particular, that the specific first prior charge continues to attach to all payments thereafter to be made on account of the German annuities. Annex XI of the same Agreement provided the machinery for applying the first charge by way of collateral security upon the revenues of the German Government enumerated above.

The London Protocol of August 11, 1931, dealing with the "Hoover moratorium" provides that "Nothing in the present Protocol shall in any way alter or affect the existing provisions for the service of the German External Loan, 1924, in particular the provisions of Article XIII and Annex XI of the Hague Agreement of the 20th January, 1930, concerning that Loan".

As Fiscal Agent of the Trustees for the German External Loan, 1924, the Bank has regularly and punctually received and distributed the monthly payments required for this Loan, pursuant to the terms of the General Bond and other agreements securing it. A Statement of Receipts and Payments in respect of the Loan, as certified by the auditors, for the last completed Loan year to October 15, 1931, is appended as Annexes VIIIa and

VIII b. In order to show the position of the Loan to the last interest coupon due date, there is also appended, as Annex IX, an Interim Statement of Receipts and Payments for the half year to April 15, 1932. This Interim Statement has not been audited, but the period covered thereby will be included in the Statement that will later be certified by the auditors, in respect of the complete Loan year to October 15, 1932. In addition, the funds relating to this Loan which were deposited in the name of the Trustees, with Paying Agents, as at March 31, 1932, are shown in Annex XIV.

GERMAN GOVERNMENT INTERNATIONAL 5½% LOAN 1930.

The German Government International 5½% Loan, 1930, was issued in June 1930, in a nominal amount in various currencies sufficient to yield effective proceeds of the approximate equivalent of \$ 300,000,000. It is to be redeemed not later than June 1, 1965. The service of the Loan amounts to the equivalent of approximately 95.6 million reichsmarks per annum and is payable to the Trustee in equal monthly instalments; it is a direct and unconditional obligation of the German Reich and two-thirds of its amount are provided out of the non-postponable annuities. In respect of the German annuities the German Government has constituted as collateral guarantee a special tax payable by the German Railway Company and has undertaken, subject to the charge securing the German External Loan, 1924, to reserve free from any charge securing any loan or credit in priority to, or *pari passu* with, the said annuities the proceeds of the customs, the tobacco taxes, the beer tax and the tax on spirits.

The London Protocol of August 11, 1931, dealing with the "Hoover moratorium" provides that "the service of the German Government International 5½% Loan, 1930, shall continue to be effected punctually and duly in conformity with the provisions of the general bond and other agreements securing the said Loan".

Pursuant to the provisions of Article VI of the General Bond securing this Loan, bondholders are entitled to be paid in respect of the principal and interest of each bond as nearly as possible the same gold value, at the due date, in the currency of the country where the bonds were issued, as the amount of the face value of the bond or coupon had at the date of the issue of the Loan, or the equivalent thereof in the local currency on any foreign market where any of the bonds are quoted. These provisions became operative for the first time in the payment of the coupon due December 1, 1931, for the British and Swedish issues of the Loan, as a result of the departure from the gold standard, in September 1931, of the pound sterling and the Swedish crown. The result of the application of this "gold clause" on this occasion was that, in the case of the British issue, £ 4.0.11 instead of £ 2.15.0 was paid per unit of £ 100 and in the case of the Swedish issue, 39.25 Kronen instead of 27.50 Kronen were paid per unit of 1000 Kronen.

As Trustee for the German Government International 5½% Loan, 1930, the Bank has regularly and punctually received and distributed all the payments required for the service of this Loan, pursuant to the terms of the General Bond and other agreements relating to the Loan. A Statement of Receipts and Payments in respect of the Loan, as certified by the auditors, for the last completed Loan year to June 1, 1931, is appended as Annexes Xa and Xb. In order to show the position of the Loan to the last interest

coupon due date, there is also appended, as Annex XI, an Interim Statement of Receipts and Payments for the half year to December 1, 1931. This Interim Statement has not been audited, but the period covered thereby will be included in the Statement that will later be certified by the auditors in respect of the complete Loan year to June 1, 1932. In addition, the funds relating to this Loan which were deposited, in the name of the Trustee, with Paying Agents, as at March 31, 1932, are shown in Annex XIV.

AUSTRIAN GOVERNMENT INTERNATIONAL LOAN 1930.

The Austrian Government, in March 1930, took power to raise loans not exceeding, in net proceeds, 725 million Austrian schillings, for productive construction of the railways and the postal and telegraph administration. These loans were approved by the "Committee of Control of the Guaranteeing Governments" (in connection with the Guaranteed Loan of 1923) and the revenues and other assets charged or to be charged in respect of them were released, to the extent necessary, from the prior charge in favour of the Relief Bonds. The International Loan of 1930, which was issued in the equivalent in nominal amount of 439 million Austrian schillings, represents a part issue of the authorised total of 725 million Austrian schillings, net proceeds.

Subject only to the prior charges in respect of the Austrian Government Guaranteed Loan 1923—1943 and the Czecho-Slovakian Conversion Loan, the service of the Austrian Government International Loan, 1930, has a first charge upon the gross receipts of the customs and of the tobacco monopoly of the Government and such other specific revenues and/or assets as may from time to time have been made additional security for the service of the Loan of 1923 or for the service of the Czecho-Slovakian Loan.

The receipts in each month from the charged revenues, after they have satisfied the requirements for that month of the prior charge in favour of the Guaranteed Loan of 1923 and the Czecho-Slovakian Conversion Loan, are paid into a special Austrian schilling account in the name of the Bank for International Settlements, as Trustee, with the Austrian National Bank. The total proceeds of the said revenues amounted, for the twelve months to March 31, 1932, to 578.6 million schillings. The part thereof required for the service of the Guaranteed Loan of 1923 and the Czecho-Slovakian Conversion Loan amounted to 95.5 millions so that 483.1 million schillings remained as security for the service of the Austrian 1930 Loan, the cost of which during the same period amounted to 35.2 million schillings. The service of the Loan is payable to the Trustee in monthly instalments and as soon as the credit in the special schilling account, referred to above, amounts to the equivalent of the foreign currencies required for the service of the Loan, due on the first day of the following month, such foreign currencies are acquired by the Austrian National Bank and credited to a special foreign currency account in the name of the Bank, as Trustee. Thereafter, until the end of the month, the revenues continue to be paid into the special schilling account but are immediately released to the Austrian Government.

As Trustee for the Austrian Government International Loan, 1930, the Bank has regularly and punctually received and distributed all the payments required for the service of this Loan, pursuant to the terms of the General Bond and other agreements securing it. A Statement of Receipts and Payments in respect of the Loan, as certified by the auditors,

for the last completed Loan year to June 30, 1931, is appended as Annexes XIIa and XIIb. In order to show the position of the Loan to the last interest coupon due date, there is also appended as Annex XIII, an Interim Statement of Receipts and Payments for the half year to December 31, 1931. This Interim Statement has not been audited, but the period covered thereby will be included in the Statement that will later be certified by the auditors in respect of the complete Loan year to June 30, 1932. In addition, the funds relating to this Loan which were deposited, in the name of the Trustees, with Paying Agents, as at March 31, 1932, are shown in Annex XIV.

VIII. SHARE CAPITAL; DEPOSITS AND INVESTMENTS; NET PROFITS.

Share Capital.

The authorized capital of the Bank is 500 million Swiss gold francs, divided into 200,000 shares of equal gold nominal value. The Statutes provide that 25 per cent, only, of the value of each share shall be paid for at the time of subscription. There were 173,600 shares of the capital stock outstanding on March 31, 1932, 25 per cent of the value of which had been paid up (108,500,000 Swiss francs). At the close of the first fiscal year, the number of shares outstanding, 25 per cent paid up, was 165,100 (103,187,500 Swiss francs). The Statutes provide that, during the two years following the incorporation of the Bank, the Board of Directors shall arrange for the subscription of any unissued portion of the authorized capital, and that any part of the capital which at the end of two years remains unsubscribed shall then be subscribed (or subscriptions arranged for) by the seven banking institutions which founded the Bank. The Directors have arranged for the subscription by the seven banking institutions during the month of May 1932 of the remaining 26,400 shares that have not been issued, principally because of the ineligibility of several central banks desirous of becoming member banks in the Bank for International Settlements, but whose national currencies do not satisfy the practical requirements of the gold or gold exchange standard. In order to admit such banks at a later date when they may have become eligible, arrangements have been made with the seven banking institutions to retrocede in equal proportions, upon the request of the Board of Directors, such number of the shares now about to be issued as may be needed for transfer to new central banks applying for membership.

Deposits and Investments.

Out of the total of sight and short term deposits held by the Bank on March 31, 1932, 67.6 per cent had been effected in dollars, 15 per cent in French francs, 4.6 per cent in reichsmarks and the remainder of 12.8 per cent in various other currencies. Of the long term deposits with the Bank, 77 per cent, representing the balance of the Annuity Trust Account as shown on Annex Va, and the German Government deposit, are expressed in reichsmarks, and 23 per cent in dollars. The off-setting assets include our holdings in Germany, which, in addition to the Reichsbank credit of \$22,500,000 (originally \$25,000,000) represent 28.2 per cent of the total investments. Of the total of our investments, 85.9 per cent (1931 — 41 per cent) were placed with central banks, 10.8 per cent (1931 — 20 per cent) with banking institutions selected by central banks, and the remainder, 3.3 per cent (1931 — 39 per cent), with or through institutions selected by us with the knowledge of the interested central banks. All investments are regularly made through the intermediary of the central banks concerned, which are thus aware of all operations in their markets. This rule, which has been followed from the beginning, eliminates the possibility of the Bank acting in contradiction to the credit policy of the local bank of issue. Thanks to this practice, there has been no instance to date of the use of the veto right, which, in accordance with the Statutes, each central bank is entitled to exercise with respect to any operation in its market which it does not desire.

Net Profits and their distribution.

On the now outstanding capital stock, the payment of a dividend at the rate of 6 per cent per annum, that is, the same rate as was paid last year, requires 6,446,770.83 Swiss francs (1931: 5,156,250 Swiss francs). It is for the present General Meeting to consider a declaration of dividend and its amount and to make appropriations to reserve and to special funds. The net profits for the year, after writing off all losses suffered as the result of depreciation of currencies, and all other losses, and after provision for further contingencies, is 15,182,818.64 Swiss francs (1931: 11,186,521.97 Swiss francs), the Swiss franc being taken at par. In the year-end Balance-Sheet, all currencies are valued at or below the least favorable market rate prevailing on March 31, 1932, and all assets are valued at or below market quotations, if any, or below cost. In computing the above profits, no account has been taken of exchange gains arising by reason of the Bank happening to be short in any depreciated currency; such book profits are carried in a separate suspense account.

After providing for the Legal Reserve that is required by Article 53 of the Statutes, in an amount equal to 5 per cent of the net profits, i. e., 759,140.93 Swiss francs (1931: 559,326.10 Swiss francs), it is recommended that the General Meeting declare a dividend at the rate of 6 per cent per annum on account of the second fiscal year. The net profits still remaining after the distribution of this dividend, if voted, amount to 7,976,906.88 Swiss francs, the utilization of which is described in Article 53 of the Statutes.

Exercising the discretion vested in it by Paragraph (c) of Article 53, the Board of Directors has determined to place to the credit of the Special Dividend Reserve Fund, for use in maintaining the cumulative 6 per cent dividend provided for by the Statutes, the sum of 1,595,381.38 Swiss francs, which is the maximum amount which it is permissible, under the Statutes, to set aside for this purpose out of the net profits of the present year (1931: 1,094,189.17 Swiss francs).

After making provision for the foregoing items, you are requested, from the balance still remaining, to make an appropriation to the General Reserve Fund of the Bank in the manner stipulated by Paragraph (d) of Article 53, in the amount of 3,190,762.75 Swiss francs (1931: 2,188,378.35 Swiss francs).

The same article of the Statutes lays down the distribution of the sum finally remaining, namely, 3,190,762.75 Swiss francs, between such of the Governments or central banks of Germany and the countries entitled to share in the annuities payable under the New Plan, defined in the Hague Agreement of January, 1930, as shall have maintained time deposits at the Bank subject to withdrawal in not less than five years. No central bank has such time deposits at present, but the following Governments have these deposits and are entitled, in view of this minimum duration of their deposits, to participate in the residual amount of 3,190,762.75 Swiss francs (1931: 2,188,378.35 Swiss francs), in the following sums:—

		<u>Swiss francs</u> <u>at par</u>	
French Government Guarantee Fund in accordance with Article XIII of the Trust Agreement		731,551.58	
German Government non-interest-bearing deposit in accordance with Article IX of the Trust Agreement		819,737.06	
Creditor Government minimum deposits in accordance with Article IV (e) of the Trust Agreement:—			
France	892,365.76		
Great Britain	348,716.14		
Italy	182,145.57		
Belgium	98,532.39		
Rumania	17,214.48		
Yugoslavia	71,645.02		
Greece	5,902.11		
Portugal	11,312.37		
Japan	11,312.37		
Poland	<u>327.90</u>		
		<u>1,639,474.11</u>	<u>3,190,762.75</u>

The accounts of the Bank and its second Annual Balance-Sheet have been duly audited by Messrs. Price, Waterhouse & Co., Chartered Accountants, Paris. The Balance-Sheet will be found in Annex III, as well as the certificate of the auditors to the effect that they have obtained all the information and explanations they have required and that the Balance Sheet exhibits a true and correct view of the state of the Bank's affairs as shown by its books. The Profit and Loss Account and the Appropriation Account are reproduced in Annex IV.

* * *

In conformity with the requirements of the Statutes, your Board of Directors has held ten meetings during the year. The maximum number of Directors is fixed at 25, of whom 16 were elected in the course of the first fiscal year. On May 18, 1931 three additional members were unanimously chosen: Mr. Ivar Rooth, Governor of the Sveriges Riksbank, Prof. G. Bachmann, President of the Managing Board of the Swiss National Bank, and Dr. G. Vissering, President of De Nederlandsche Bank. In connection with his resignation in October last as President of De Nederlandsche Bank, Dr. Vissering tendered his resignation as a member of the Board; this resignation was not accepted until December 31, 1931. With the retirement of Dr. Vissering, the Board lost a member who has had a distinguished career in the field of central bank collaboration. He was succeeded by Dr. L. J. A. Trip, the new President of De Nederlandsche Bank. President Bachmann's term expired March 31, 1932, whereupon he was re-elected.

It is with profound regret that I announce the impending resignation of Sir Charles Addis, a Vice-Chairman of the Board. Sir Charles Addis, as a member of the Experts' Committee which formulated the New Plan in Paris, played an active rôle in the origination and development of the idea of the creation of an international banking institution, and later, at Baden-Baden and The Hague, he served as a member and temporary chairman of the Organization Committee which drew up the charter and statutes of the Bank for International Settlements. Because of his outstanding position and wide experience as a banker and his competence in all matters affecting the Bank for International Settlements, his departure will remove from the Board a personage of signal authority, whose counsel will be missed, particularly in the important period of monetary reconstruction which lies ahead.

Respectfully submitted,
GATES W. Mc GARRAH,
President.

ANNEXES

CENTRAL BANKS OR OTHER BANKING INSTITUTIONS ALLOTTED SHARES OF THE BANK

during the period from May 17, 1930, to March 31, 1932.

Shares, 25% paid up, allotted to:—	Number of shares	Date of Acquisition
Bank of England, London	16,000	20th May 1930
Banque Nationale de Belgique, Brussels	16,000	20th May 1930
Banque de France, Paris	16,000	20th May 1930
Banca d'Italia, Rome	16,000	20th May 1930
Reichsbank, Berlin	16,000	20th May 1930
A group of 14 Japanese banks led by the Industrial Bank of Japan, Tokyo	16,000	20th May 1930
The American Group:—		
J. P. Morgan & Co., New York		
The First National Bank of New York, New York	16,000	20th May 1930
The First National Bank of Chicago, Chicago		
De Nederlandsche Bank, Amsterdam	4,000	20th May 1930
Schweizerische Nationalbank, Zurich	4,000	20th May 1930
Sveriges Riksbank, Stockholm	4,000	20th May 1930
Bank von Danzig, Danzig	4,000	25th June 1930
Finlands Bank, Helsingfors	4,000	25th June 1930
Banque de Grèce, Athens	4,000	25th June 1930
Oesterreichische Nationalbank, Vienna	4,000	25th June 1930
Banque Nationale de Bulgarie, Sofia	4,000	25th June 1930
Nationalbanken i Kjøbenhavn, Copenhagen	4,000	25th June 1930
Banque Nationale de Roumanie, Bucarest	4,000	25th June 1930
Bank Polski, Warsaw	4,000	25th June 1930
Magyar Nemzeti Bank, Budapest	4,000	25th June 1930
Narodní Banka Československá, Prague	4,000	25th June 1930
Eesti Pank, Tallinn	100	31st Oct. 1930
Latvijas Banka, Riga	500	30th Dec. 1930
Lietuvos Bankas, Kaunas	500	31st March 1931
Banque Nationale d'Albanie, Rome	500	30th April 1931
Norges Bank, Oslo	4,000	30th May 1931
Banque Nationale du Royaume de Yougoslavie, Belgrade	4,000	28th June 1931
	173,600	

NOTE: The remaining unissued portion of the total authorised capital of 200,000 shares, that is to say, 26,400 shares, will be taken up in equal proportions on May 31, 1932, by the seven banking institutions or banking groups first above listed, which founded the Bank.

PERSONNEL

March 31, 1932

1. Executive Officers		7	
2. Officials:			
Offices of President and General Manager	2		
Accounts	7		
Administrative	1		
Banking Department	7		
General Secretariat	2		
Monetary and Economic Department	8	27	
3. Employees:			
Accounts	19		
Administrative	9		
Banking Department	14		
Coding Office	6		
General Secretariat	5		
Monetary and Economic Department	7		
Private Secretaries	7		
Translators	3		
Typing Pool	11	81	
Total		<u>115*</u>	

* Exclusive of Minor Staff employed for messenger service, upkeep of building, etc.

BALANCE-SHEET

(IN SWISS FRANCS)

ASSETS			
			%
I—CASH			
On hand and on current account with Banks		14,211,955.14	1.3
II—SIGHT FUNDS at interest . . .		74,384,533.62	6.6
III—REDISCOUNTABLE BILLS AND ACCEPTANCES			
1. Commercial Bills and Bankers' Acceptances	473,560,333.12		42.0
2. Treasury Bills	136,738,464.26		12.1
		610,298,797.38	
IV—TIME FUNDS at interest			
1. Central Bank credits	184,767,202.17		16.4
2. Other Funds not exceeding 3 months maturity	21,769,093.33		1.9
		206,536,295.50	
V—SUNDRY BILLS AND INVEST- MENTS			
1. Maturing within 3 months			
(a) Treasury Bills	126,768,541.81		11.3
(b) Sundry Investments	47,509,636.49		4.2
2. Between 3 and 6 months	35,851,527.86		3.2
3. Over 6 months	788,743.95		0.1
		210,918,450.11	
VI—OTHER ASSETS		9,661,125.09	0.9
 NOTE— Information regarding the more important con- stituent elements in the above Balance-Sheet is given at page 31 of the Report to which reference is made.			
		1,126,011,156.84	100.0

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS
OF THE BANK FOR INTERNATIONAL SETTLEMENTS, BASLE.

In conformity with Article 52 of the Bank's Statutes we have examined the books and accounts and explanations we have required and that in our opinion the above Balance-Sheet is properly of our information and the explanations given to us and as shewn by the books of the Bank.

BASLE, April 30, 1932.

AS AT MARCH 31, 1932

AT PAR)

LIABILITIES			
			%
I—CAPITAL			
Authorised 200,000 shares, each of 2,500 Swiss gold francs	500,000,000.—		
Issued 173,600 shares	434,000,000.—		
of which 25 % paid up		108,500,000.—	9.6
II—RESERVES			
1. Legal Reserve Fund	559,326.10		
2. Dividend Reserve Fund	1,094,189.17		
3. General Reserve Fund	2,188,378.35		
		3,841,893.62	0.4
III—LONG TERM DEPOSITS			
1. Annuity Trust Account	153,622,762.50		13.6
2. German Government Deposit	76,811,381.25		6.8
3. French Government Guarantee Fund	68,648,520.43		6.1
		299,082,664.18	
IV—SHORT TERM AND SIGHT DEPOSITS			
1. Central Banks for their own account:			
(a) Not exceeding 3 months	145,154,858.74		12.9
(b) Sight	463,030,162.56		41.1
		608,185,021.30	
2. Central Banks for the account of others:			
Sight		68,153,969.04	6.1
3. Other depositors:			
Sight		7,822,525.85	0.7
V—MISCELLANEOUS ITEMS			
		15,242,264.21	1.4
VI—SURPLUS			
Profit for the financial year ended March 31, 1932		15,182,818.64	1.3
		1,126,011,156.84	100.0

of the Bank for the financial year ending March 31, 1932, and we report that we have obtained all the information drawn up so as to exhibit a true and correct view of the state of the Bank's affairs according to the best

PRICE, WATERHOUSE & Co.
Chartered Accountants.

PROFIT AND LOSS ACCOUNT
for the financial year ended March 31, 1932

	<u>Swiss francs at par</u>
Net Income from the use of the Bank's capital and the deposits entrusted to it, after necessary allowance for contingencies	17,111,750.67
 Commissions earned:—	
Under Trust Agreements	1,008,955.45
As Trustee (or Fiscal Agent to Trustees) for International Loans	325,849.16
In connection with special credits and bond issues	952,545.79
Transfer Fees	<u>1,221.04</u>
	19,400,322.11
 Costs of Administration:—	
Board of Directors — fees and travelling expenses	324,515.07
Executives and staff — salaries and travelling expenses	2,779,574.96
Rent, insurance, heating, light and water	242,394.56
Consumable office supplies, books, publications	121,872.70
Telephone, telegraph and postage	229,903.78
Experts' Fees (Auditors, interpreters, etc.)	62,624.47
Tax on French issue of Bank's shares	20,077.53
Miscellaneous	<u>63,697.53</u>
	3,844,660.60
Furniture and office equipment	62,798.51
Structural alterations to building	10,044.36
Provision for indemnities to and repatriation of staff	<u>300,000.—</u>
Expenditure	<u>4,217,503.47</u>
NET PROFIT:—	<u>15,182,818.64</u>

APPROPRIATION ACCOUNT

	<u>Swiss francs at par</u>
NET PROFIT FOR THE FINANCIAL YEAR ENDED MARCH 31, 1932	15,182,818.64
Applied in accordance with Article 53 (a) (b) (c) and (d) of the Statutes, as follows:—	
To the Legal Reserve Fund — 5 % of 15,182,818.64	759,140.93
	14,423,677.71
Dividend at the rate of 6 % per annum on paid-up capital	6,446,770.83
	7,976,906.88
To the Dividend Reserve Fund — 20 % of 7,976,906.88	1,595,381.38
	6,381,525.50
To the General Reserve Fund — 50 % of 6,381,525.50	3,190,762.75
Remainder	3,190,762.75

Distributed in accordance with Article 53 (e) (1) of the Statutes, as follows:—

	<u>Swiss francs at par</u>
French Government Guarantee Fund in accordance with Article XIII of the Trust Agreement	731,551.58
German Government non-Interest-bearing deposit in accordance with Article IX of the Trust Agreement	819,737.06
Creditor Government minimum deposits in accordance with Article IV (e) of the Trust Agreement:—	
France	892,365.76
Great Britain	348,716.14
Italy	182,145.57
Belgium	98,532.39
Rumania	17,214.48
Yugoslavia	71,645.02
Greece	5,902.11
Portugal	11,312.37
Japan	11,312.37
Poland	327.90
	1,639,474.11
	3,190,762.75

THE TRUSTEE OF THE CREDITOR GOVERNMENTS

Summary of Receipts and Payments for the

(EXPRESSED IN

RECEIPTS	Reichsmarks																																	
I—Balances as at April 1, 1931:—																																		
(a) Held in special interest bearing accounts, in accordance with Article IV (f) of the Trust Agreement, reserved for payments for deliveries in kind	124,310,214.94																																	
(b) Balance of the Annuity Trust Account being minimum deposits in accordance with Article IV (e) of the Trust Agreement	125,000,000.—																																	
II—Due from and paid by the German Government in accordance with the Debt Certificate and the London Protocol of August 11, 1931:—																																		
(a) Amount required for the service of the German External Loan 1924	80,235,440.47																																	
(b) Three monthly payments (April—June 1931) at the rate of R.M. 1,618,900,000 annually	* 404,725,000.—																																	
(c) Nine monthly payments (July 1931—March 1932) at the rate of R.M. 612,000,000 annually	* 459,000,000.—																																	
	943,960,440.47																																	
* Pursuant to Article II of the Debt Certificate of the German Government and Annex I of the London Protocol of August 11, 1931, these monthly payments were made in various currencies as follows:—																																		
<table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr> <th style="width: 20%;">Currencies</th> <th style="width: 30%;"></th> <th style="width: 50%;">Reichsmark Equivalents</th> </tr> </thead> <tbody> <tr> <td>U. S. Dollars</td> <td style="text-align: right;">78,765,631.52</td> <td style="text-align: right;">331,464,735.63</td> </tr> <tr> <td>£ Sterling</td> <td style="text-align: right;">2,629,736.3.4</td> <td style="text-align: right;">53,409,033.38</td> </tr> <tr> <td>French Francs</td> <td style="text-align: right;">2,092,238,830.67</td> <td style="text-align: right;">346,165,705.57</td> </tr> <tr> <td>Reichsmarks</td> <td style="text-align: right;">118,987,622.96</td> <td style="text-align: right;">118,987,622.96</td> </tr> <tr> <td>Belgas</td> <td style="text-align: right;">1,706,526.75</td> <td style="text-align: right;">1,001,041.89</td> </tr> <tr> <td>Florins</td> <td style="text-align: right;">3,025,570.06</td> <td style="text-align: right;">5,130,232.66</td> </tr> <tr> <td>Lire</td> <td style="text-align: right;">4,767,712.83</td> <td style="text-align: right;">1,040,735.25</td> </tr> <tr> <td>Swedish Kronen</td> <td style="text-align: right;">2,389,134.10</td> <td style="text-align: right;">2,692,532.45</td> </tr> <tr> <td>Swiss Francs</td> <td style="text-align: right;">4,684,963.44</td> <td style="text-align: right;">3,833,360.21</td> </tr> <tr> <td style="text-align: right;">Total</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">863,725,000.—</td> </tr> </tbody> </table>	Currencies		Reichsmark Equivalents	U. S. Dollars	78,765,631.52	331,464,735.63	£ Sterling	2,629,736.3.4	53,409,033.38	French Francs	2,092,238,830.67	346,165,705.57	Reichsmarks	118,987,622.96	118,987,622.96	Belgas	1,706,526.75	1,001,041.89	Florins	3,025,570.06	5,130,232.66	Lire	4,767,712.83	1,040,735.25	Swedish Kronen	2,389,134.10	2,692,532.45	Swiss Francs	4,684,963.44	3,833,360.21	Total		863,725,000.—	
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The above table includes the sums in Sterling and French Francs paid by the German Government under the Reparation Recovery Acts procedure at the equivalent of the Reichsmark sums reserved therefor.																																		
III—From Creditor Governments for credit to the special interest bearing accounts for deliveries in kind:—																																		
Greece	500,000.—																																	
Rumania	3,000.—																																	
	503,000.—																																	
Grand Total	1,193,773,655.41																																	

**TO THE BANK FOR INTERNATIONAL SETTLEMENTS,
TRUSTEE OF THE CREDITOR GOVERNMENTS FOR THE ANNUITIES PAYABLE BY GERMANY, BASLE.**

As auditors of the Bank for International Settlements we have examined the above and accompanying Trust Agreement between the Creditor Governments and the Bank, we certify that in our opinion they cluding the service of the German External Loan 1924, for the year ending March 31, 1932.

BASLE, April 30, 1932.

FOR THE ANNUITIES PAYABLE BY GERMANY

period from April 1, 1931 to March 31, 1932

REICHSMARKS)

PAYMENTS AND BALANCES	Reichsmarks
I—To the Trustees for the service of the German External Loan 1924 in accordance with Article IV (a) of the Trust Agreement	80,235,440.47
II—To the Trustee for the service of the German Government International 5½ % Loan 1930 in accordance with Article IV (b) of the Trust Agreement	65,646,420.36
III—To the Trustee of the Creditor Governments for the annuities payable by Germany for commission in accordance with Article XVIII of the Trust Agreement	800,859.70
IV—In respect of deliveries in kind in accordance with Article VII of the Trust Agreement	213,945,322.84
V—To Banks in accordance with Article IV (f) of the Trust Agreement:—	
(a) The Bank for International Settlements	264,062,978.53
(b) Other Banks	11,891,114.60
VI—To the German Railway Company by way of loan in foreign currencies on behalf of the Creditor Governments in accordance with Annex I Article I (c) to the London Protocol of August 11, 1931	404,947,525.96
VII—Balances as at March 31, 1932:—	
(a) Held in a Special Account at the Reichsbank, Berlin, in Dollars in the name of the Trustee, being the share of Yugoslavia in the non-postponable part of the Annuity for the period from July 1, 1931 to March 31, 1932	4,031,600.85
(b) Held in special interest bearing accounts in accordance with Article IV (f) of the Trust Agreement, reserved for payments for deliveries in kind	23,212,392.10
(c) Balance of the Annuity Trust Account being minimum deposits in accordance with Article IV (e) of the Trust Agreement	125,000,000.—
Total payments and balances allocated to the Creditor Governments as per Annex V b	1,113,538,214.94
Grand Total	1,193,773,655.41

statements and compared them with the books of the Bank, and, in conformity with Article XVII of the correctly reflect all the operations of the Bank in respect of the whole of the German Annuities, in-

PRICE, WATERHOUSE & Co.
Chartered Accountants.

THE TRUSTEE OF THE CREDITOR GOVERNMENTS

Distribution of the Total Payments and Balances allocated

(Period from April 1, 1931

(EXPRESSED IN

Payments and Balances allocated to the Creditor Governments as shewn in the Statement of Receipts and Payments — Annex V a	Total	France	British Empire
II—To the Trustee for the service of the German Government International 5½ % Loan 1930	65,646,420.36	43,397,207.38	16,411,605.10
III—To the Trustee of the Creditor Governments for the annuities payable by Germany, for commission	800,859.70	543,041.33	116,058.67
IV—In respect of deliveries in kind	213,945,322.84	166,476,948.76	—
V—To banks			
(a) The Bank for International Settlements	264,062,978.53	122,413,866.65	74,537,939.93
(b) Other Banks	11,891,114.60	—	11,891,114.60
VI—To the German Railway Company by way of loan on behalf of the Creditor Governments	404,947,525.96	341,860,884.64	28,818,281.70
VII—Balances as at March 31, 1932:—			
(a) Held in a Special Account at the Reichsbank, Berlin, in Dollars in the name of the Trustee	4,031,600.85	—	—
(b) Held in special interest bearing Accounts, reserved for payments for deliveries in kind	23,212,392.10	22,675,448.45	—
(c) Balance of the Annuity Trust Account being minimum deposits	125,000,000.—	68,037,500.—	26,587,500.—
	1,113,538,214.94	765,404,897.21	158,362,500.—

Statement showing the Allocation of the Receipts of the non-postponable to the Trust Agreement between the Creditor Governments

ANNUITIES	Total	France	British Empire
In respect of the non-postponable part for the year 1931—1932	612,000,000.—	500,000,000.—	55,000,000.—
In respect of the postponable part for the period from April 1 to June 30, 1931 (see Note)	251,725,000.—	84,600,000.—	76,775,000.—
	863,725,000.—	584,600,000.—	131,775,000.—

NOTE—The postponable part of the Annuity from July 1, 1931 to March 31, 1932 August 11, 1931, however, payment of the postponable part of the Annuity

FOR THE ANNUITIES PAYABLE BY GERMANY

to the Creditor Governments as shown on Annex Va

to March 31, 1932)

REICHSMARKS)

Italy	Belgium	Rumania	Yugoslavia	Greece	Portugal	Japan	Poland
4,301,481.64	—	—	614,450.50	—	245,517.61	676,158.13	—
75,105.74	25,650.—	3,000.—	23,736.58	1,675.—	4,864.89	7,602.49	125.—
15,692,929.18	11,375,000.—	3,000,000.—	12,011,654.10	1,881,947.72	1,287,843.08	2,219,000.—	—
33,502,454.30	17,749,350.—	—	10,905,212.07	973,325.—	2,036,778.90	1,819,176.68	124,875.—
—	—	—	—	—	—	—	—
28,220,958.32	—	—	—	—	1,612,838.60	4,434,562.70	—
—	—	—	4,031,600.85	—	—	—	—
—	4,000.—	—	336,606.70	52.28	—	196,284.67	—
13,887,500.—	7,512,500.—	1,312,500.—	5,462,500.—	450,000.—	862,500.—	862,500.—	25,000.—
95,680,429.18	36,666,500.—	4,315,500.—	33,385,760.80	3,307,000.—	6,050,343.08	10,215,284.67	150,000.—

and postponable Annuities payable by Germany as set forth in Annex C
and the Bank for International Settlements

Italy	Belgium	Rumania	Yugoslavia	Greece	Portugal	Japan	Poland
42,000,000.—	—	—	6,000,000.—	—	2,400,000.—	6,600,000.—	—
37,225,000.—	25,650,000.—	3,000,000.—	18,325,000.—	1,675,000.—	2,700,000.—	1,650,000.—	125,000.—
79,225,000.—	25,650,000.—	3,000,000.—	24,325,000.—	1,675,000.—	5,100,000.—	8,250,000.—	125,000.—

amounted to RM. 755,175,000. Pursuant to the terms of the London Protocol of
was suspended for the period from July 1, 1931 to June 30, 1932.

THE TRUSTEE OF THE CREDITOR GOVERNMENTS FOR THE ANNUITIES PAYABLE BY HUNGARY

Summary of Receipts and Payments for the period
from May 6, 1931 to the end of the Annuity Year — December 31, 1931

(EXPRESSED IN GOLD CROWNS)

Receipts

	Gold Crowns
I—From the Hungarian Government:	
(a) On June 30, 1931, in accordance with the Debt Certificate — \$ 809,974.61 being the equivalent of	4,000,000.—
(b) On December 31, 1931, in accordance with the London Protocol of January 21, 1932 — Pengö 337,598.33 being the equivalent of	290,800.—
The President of the Hungarian National Bank exercised the right, as provided in Article 4 of the Trust Agreement, to postpone conversion of this Pengö sum into foreign currencies. The conversion was subsequently effected on January 5, 1932 into Dollars.	
Total	4,290,800.—

Payments

I—For the account of the undermentioned Creditor Governments:—				
	To the Trustee of the Creditor Governments in respect of Commission in accordance with Art. 11 of the Trust Agreement	To Accounts with the Bank for International Settlements in accordance with Art. 3 of the Trust Agreement	To the Agrarian Fund (Fund A) in accordance with Art. 3 of the Trust Agreement	Gold Crowns
Greece	6,138.40	3,063,061.60	—	3,069,200.—
Rumania	1,040.—	518,960.—	—	520,000.—
Czechoslovakia	80.—	39,920.—	—	40,000.—
Yugoslavia	160.—	79,840.—	—	80,000.—
France	226.56	—	113,053.44	113,280.—
Italy	217.76	—	108,662.24	108,880.—
British Empire	95.84	—	47,824.16	47,920.—
Belgium	34.88	—	17,405.12	17,440.—
Japan	3.28	—	1,636.72	1,640.—
Portugal	3.28	—	1,636.72	1,640.—
Totals	8,000.—	3,701,781.60	290,218.40	4,000,000.—
II—Balance held at the Hungarian National Bank pending conversion into foreign currencies under Article 4 of the Trust Agreement — Pengö 337,598.33 equivalent to				290,800.—
Total				4,290,800.—

TO THE BANK FOR INTERNATIONAL SETTLEMENTS,
TRUSTEE OF THE CREDITOR GOVERNMENTS FOR THE ANNUITIES PAYABLE BY HUNGARY, BASLE.

As auditors of the Bank for International Settlements we have examined the above statement and compared it with the books of the Bank and, in conformity with Article 10 of the Trust Agreement between the Creditor Governments and the Bank, we certify that in our opinion it correctly reflects all the operations of the Bank in respect of the whole of the Hungarian Annuities for the period from May 6, 1931, the date on which the Trust Agreement came into force, to December 31, 1931.

BASLE, April 30, 1932.

PRICE, WATERHOUSE & Co.
Chartered Accountants.

THE TRUSTEE OF THE CREDITOR GOVERNMENTS FOR THE ANNUITIES PAYABLE BY BULGARIA

Summary of Receipts and Payments
for the period from April 28, 1931 to March 31, 1932

(EXPRESSED IN GOLD FRANCS)

Receipts

	Gold Francs
I—From the Liquidator of the Reparation Commission on May 1, 1931	
(a) In respect of the instalment of the annuity due from and paid by the Bulgarian Government on March 31, 1931 in accordance with the Debt Certificate — \$ 964,768.52, being the equivalent of	5,000,000.—
(b) In respect of interest earned thereon \$ 1,765.49, being the equivalent of	9,149.81
II—From the Bulgarian Government in respect of instalments of the annuity due under the London Protocol of January 21, 1932 on	
(a) September 30, 1931 — \$ 40,732.53 being the equivalent of	211,100.—
(b) March 31, 1932 — \$ 365,214.30 being the equivalent of	1,892,766.—
Total	7,113,015.81

Payments and Balances

For the account of the undermentioned Governments:—				
	Payments		Balances	Gold Francs
	To the Trustee of the Creditor Governments in respect of Commission in accordance with Art. 11 of the Trust Agreement	To accounts with the Bank for International Settlements in accordance with Art. 6 of the Trust Agreement	In the hands of the Trustee as at March 31, 1932 (see Note)	
Greece	11,036.33	3,835,847.60	1,678,302.67	5,525,186.60
Rumania	1,300.—	649,889.46	—	651,189.46
Czechoslovakia	100.—	49,991.52	—	50,091.52
Yugoslavia	500.—	249,957.47	—	250,457.47
France	498.90	166,285.86	82,817.40	249,602.16
Italy	479.70	159,886.40	79,630.20	239,996.30
British Empire	211.20	70,394.02	35,059.20	105,664.42
Belgium	76.80	25,597.82	12,748.80	38,423.42
Japan	2.40	1,199.83	—	1,202.23
Portugal	2.40	1,199.83	—	1,202.23
Totals	14,207.73	5,210,249.81	1,888,558.27	7,113,015.81

NOTE—The London Protocol of January 21, 1932 has not been signed by Rumania and Yugoslavia, who are parties to the Trust Agreement. These balances, derived from the sum received from the Bulgarian Government on March 31, 1932, are held in suspense until the Trustee has received adequate protection, by indemnity, or otherwise, against any claims that may be made under the terms of the Trust Agreement.

TO THE BANK FOR INTERNATIONAL SETTLEMENTS

TRUSTEE OF THE CREDITOR GOVERNMENTS FOR THE ANNUITIES PAYABLE BY BULGARIA, BASLE.

As auditors of the Bank for International Settlements we have examined the above statement and compared it with the books of the Bank and, in conformity with Article 10 of the Trust Agreement between the Creditor Governments and the Bank, we certify that in our opinion it correctly reflects all the operations of the Bank in respect of the whole of the Bulgarian Annuities for the period from April 28, 1931, the date on which the Trust Agreement came into force, to March 31, 1932.

BASLE, April 30, 1932.

PRICE, WATERHOUSE & Co.
Chartered Accountants.

FISCAL AGENT OF THE TRUSTEES FOR

Statement of Receipts and Payments for the Seventh

Receipts

	American Issue \$	British Issue £	French Issue £
1. BANK BALANCES as at October 16, 1930	4,050,196.02	741,053. 3. 1	115,341.19. 4
2. RECEIVED FROM THE GERMAN GOVERNMENT			
Cash in respect of:			
Interest coupons	5,661,250.78	733,768.16. 3	183,675.16.11
Bond redemptions	4,234,950.—	286,388.14. 4	71,597. 2. 8
Expenses	16,631.75	1,845.19. 3	461. 4. 7
Bonds delivered for cancellation (see below)	385,050.—	—	—
3. INTEREST RECEIVED on cash employed pending application to service of the Loan	28,959.77	7,190. 5.11	1,263.12. 2
	14,377,038.32	1,770,246.18.10	372,339.15. 8

Payments

1. INTEREST			
Matured coupons paid and accrued interest paid on bonds purchased for redemption	6,031,932.22	754,578. 6. 8	183,364.16. 9
2. REDEMPTION			
Drawn bonds reimbursed (after adjustment in respect of detached unmatured coupons)	1,379,941.50	266,400.—.—	39,207.—.—
Bonds purchased for redemption by the Paying Agents	4,193,986.25	310,131.19. 7	71,930.19.10
Bonds purchased by the German Government and delivered for can- cellation (see above)	385,050.—	—	—
3. EXPENSES			
Commission and expenses of Paying Agents and Fiscal Agent and fees and expenses of Trustees	31,692.50	3,289. 2.10	906.14. 8
4. BANK BALANCES as at October 15, 1931, held for the purposes shown on Annex VIII b	2,354,435.85	435,847. 9. 9	76,930. 4. 5
	14,377,038.32	1,770,246.18.10	372,339.15. 8

AUDITORS'

We have audited the Books and Accounts of the Trustees for the German External Loan 1924 and Disbursements is correctly prepared therefrom and properly sets forth the transactions for this the depositories.

BASLE, December 3, 1931.

THE GERMAN EXTERNAL LOAN 1924

Loan Year (October 16, 1930 to October 15, 1931)

Belgian Issue £	Dutch Issue £	German Issue £	Swiss Issue £	Swiss Issue Sw. Fr.	Italian Issue Lire	Swedish Issue Sw. Kr.	General Expenses Sw. Fr.
28,131.—. 7	73,624. 2. 5	1,784.12. 2	143,325. 9. 1	933,025.47	5,632,382.35	192,704.58	—
91,626. 7. 7	153,657.11. 7	19,573.17. 5	144,619.14. 4	925,190.89	6,090,039.95	1,541,808.48	—
32,823.12. 4	59,664. 6. 8	7,042.—.10	51,733. 1.—	357,986.13	2,386,375.02	601,500.02	—
230.11. 9	384.10. 9	—	362.19.10	2,307.86	15,328.71	3,878.08	119,044.49
2,975.—.—	—	595.—.—	4,590.—.—	—	—	—	—
636. 4.11	984.10. 6	187. 3. 7	606.15.—	4,582.40	27,646.23	19,420.05	—
156,422.17. 2	288,315. 1.11	29,182.14.—	345,237.19. 3	2,223,092.75	14,151,772.26	2,359,311.21	119,044.49

90,483. 4.11	145,681. 2. 4	19,595.12. 9	147,979.10. 6	948,245.95	6,263,471.25	1,564,570.—	—
7,800.—.—	24,500.—.—	—	52,400.—.—	334,000.—	1,530,140.—	598,000.—	—
33,870.—. 1	59,719.17. 4	6,326. 3. 7	53,977.15. 4	369,670.—	2,452,022.75	—	—
2,975.—.—	—	595.—.—	4,590.—.—	—	—	—	—
304.18. 2	776.15. 3	10.10. 2	418.18. 6	5,602.90	27,477.10	4,658.92	119,044.49
20,989.14.—	57,637. 7.—	2,655. 7. 6	85,871.14.11	565,573.90	3,878,661.16	192,082.29	—
156,422.17. 2	288,315. 1.11	29,182.14.—	345,237.19. 3	2,223,092.75	14,151,772.26	2,359,311.21	119,044.49

CERTIFICATE

for the seventh Loan Year ended October 15, 1931 and certify that the above Statement of Receipts period. We have also verified the bank balances on hand at October 15, 1931 by certificates from

PRICE, WATERHOUSE & Co.
Chartered Accountants.

FISCAL AGENT OF THE TRUSTEES FOR

Statement of Funds in the hands of

	American Issue \$	British Issue £
The Cash Balances as at October 15, 1931 were held for the following purposes:—		
1. To meet unrepresented matured interest coupons and drawn bonds		
Interest coupons	1,443,445.31	362,239. 3.—
Drawn bonds	31,195.50	100.—,—
2. To discharge expenses accrued to October 15, 1931, but not claimed until thereafter	7,115.18	903.17.—
3. Instalments in respect of the eighth Loan year received from the German Government in advance of maturities, less payments therefrom for bonds purchased on the market	725,260.33	60,985.17. 1
Funds in hands of Paying Agents for liquidation of accrued or accruing liabilities	2,207,016.32	424,228.17. 1
4. Available for bond redemptions	43.50	33.15. 4
5. Surplus funds on hand at October 15, 1931 to be applied in reduction of sums to be received from the German Government in the eighth Loan year	147,376.03	11,584.17. 4
Total balances on hand as per Statement of Receipts and Payments — Annex VIII a	2,354,435.85	435,847. 9. 9

Statement of Bonds outstanding

Nominal value of bonds issued	110,000,000	12,000,000
Less: Nominal value of bonds redeemed, drawn for redemption or cancelled during:—		
1. First six Loan years	27,066,100	1,360,000
2. Seventh Loan year:—		
(a) From bond redemption instalments applicable to the seventh year	4,557,000	299,900
(b) From bond redemption Instalments applicable to the eighth year received in advance	204,000	44,500
Nominal value of bonds outstanding as at October 15, 1931 (see note below)	78,172,900	10,295,600

NOTE: When drawn for redemption, bonds:

THE GERMAN EXTERNAL LOAN 1924

Depositories as at October 15, 1931

French Issue £	Belgian Issue £	Dutch Issue £	German Issue £	Swiss Issue £	Swiss Issue Sw. Fr.	Italian Issue Lire	Swedish Issue Sw. Kr.
55,143.—.— 2,959.10.— 140.15. 6 16,150.16. 4	9,922.10.— 100.—.— 114. 6.11 9,512. 3. 8	42,581.—.— — 198.10. 3 12,556. 6.—	— — — 2,285.17. 1	71,862.—.— 100.—.— 179. 1. 8 12,009.15. 6	461,265.— 1,105.— 1,154.70 93,353.50	3,123,417.50 38,855.— 8,820.76 634,361.95	— — — 180,609.75
74,394. 1.10 35. 3.— 2,500.19. 7 76,930. 4. 5	19,649.—. 7 54. 5. 9 1,286. 7. 8 20,989.14.—	55,335.16. 3 22. 1. 3 2,279. 9. 6 57,637. 7.—	2,285.17. 1 61. 1. 6 308. 8.11 2,655. 7. 6	84,150.17. 2 3.12. 4 1,717. 5. 5 85,871.14.11	556,878.20 636.30 8,059.40 565,573.90	3,805,255.21 267.— 73,138.95 3,878,661.16	180,609.75 — 11,472.54 192,082.29

as at October 15, 1931

3,000,000	1,500,000	2,500,000	360,000	2,360,000	15,000,000	100,000,000	25,200,000
346,200	171,100	288,600	76,900	270,300	1,698,000	11,711,000	2,849,000
72,100	37,300	57,500	7,300	55,500	368,000	2,432,500	598,000
9,300	2,100	9,300	—	6,600	20,000	93,000	—
2,572,400	1,289,500	2,144,600	275,800	2,027,600	12,914,000	85,763,500	21,753,000

of the American Issue are repayable at 105 %.

FISCAL AGENT OF THE TRUSTEES FOR

Interim Statement of Receipts and Payments

Nominal amount originally issued	
Nominal amount outstanding as at April 15, 1932	
RECEIPTS	
BALANCES in the hands of Paying Agents as at October 16, 1931	
RECEIVED FROM THE GERMAN GOVERNMENT in respect of:	
Interest	
Redemption	
Expenses	
INTEREST RECEIVED on balances held by Paying Agents	
PAYMENTS	
INTEREST — matured coupons and accrued interest on bonds purchased for redemption	
REDEMPTION	
Bonds purchased for redemption	
Drawn bonds reimbursed (after adjustment in respect of detached unmatured coupons)	
EXPENSES	
Commission and other charges of Paying Agents	
Fees and expenses of Trustees and their Fiscal Agent	
BALANCES in the hands of Paying Agents as at April 15, 1932:	
Interest Fund	
Redemption Fund	
Expenses Fund	
Matured coupons unrepresented	
Drawn bonds unrepresented	

THE GERMAN EXTERNAL LOAN 1924

for the half-year ended April 15, 1932

Dollars	Sterling	Swiss Francs	Lire	Swedish Kronen
110,000,000.— 74,200,400.—	21,720,000.—.— 18,235,700.—.—	15,000,000.— 12,630,000.—	100,000,000.— 84,249,500.—	25,200,000.— 21,753,000.—
2,354,435.85	679,931.17. 7	565,573.90	3,878,661.16	192,082.29
2,597,439.72	634,310. 8. 6	444,823.90	2,931,762.60	750,266.36
2,310,000.—	275,208.10. 6	190,411.80	1,269,500.—	320,000.—
8,121.23	1,624. 4. 5	48,732.18	7,582.75	1,919.50
14,909.35	7,951.11. 8	1,415.75	10,560.—	9,922.91
7,284,906.15	1,599,026.12. 8	1,250,957.53	8,098,066.51	1,274,191.06
3,107,410.87	670,938.12. 1	453,601.35	3,027,767.60	761,355.—
2,340,905.— 28,294.—	248,245.10.10 2,779.—.—	208,785.— —	1,276,552.— 25,912.50	— —
17,618.49 —	2,872. 5. 2 —	3,183.75 47,590.73	12,423.95 —	1,903.39 —
457,198.58	108,950.17. 2	75,448.30	500,829.55	126,892.50
236,086.—	31,023. 6.10	Dr. 1.60	125,358.35	373,333.35
93,246.71	17,944.13. 7	6,700.—	46,630.06	10,706.82
1,001,245.—	515,791.17.—	454,545.—	3,069,850.—	—
2,901.50	480.10.—	1,105.—	12,742.50	—
7,284,906.15	1,599,026.12. 8	1,250,957.53	8,098,066.51	1,274,191.06

TRUSTEE FOR THE GERMAN GOVERNMENT

Statement of Receipts and Payments for the First

Receipts

	German Issue R. M.	American Issue \$
1. SUMS RECEIVED FROM THE GERMAN GOVERNMENT in respect of:		
Interest coupons	1,969,718.86	5,383,409.14
Adjustments effected between Paying Agents for the value of coupons paid in currencies other than the currency of issue	18,948.89	— 522.50
Bond redemptions (including 2 monthly instalments in respect of the second Loan year)	418,947.06	1,143,376.35
Expenses	5,190.16	13,690.04
	2,412,804.97	6,539,953.03
2. INTEREST RECEIVED on cash employed pending application to the service of the Loan	19,149.44	24,489.86
	2,431,954.41	6,564,442.89

Payments

1. INTEREST		
Matured coupons paid and accrued interest paid on bonds purchased for redemption	1,255,378.63	3,871,746.90
Adjustments required between Paying Agents for the value of coupons paid in currencies other than the currency of issue	125,014.09	3,248.66
2. REDEMPTION		
Bonds purchased for redemption	418,934.62	1,143,245.—
3. EXPENSES		
Commission and expenses of Paying Agents and Trustee	4,596.65	10,294.34
4. BANK BALANCES as at June 1, 1931, held for the purposes shown on Annex Xb	628,030.42	1,535,907.99
	2,431,954.41	6,564,442.89

AUDITORS'

We have audited the Books and Accounts of the Trustee for the German Government International and Disbursements is correctly prepared therefrom and properly sets forth the transactions for that year.

BASLE, July 17, 1931.

INTERNATIONAL 5½% LOAN 1930

Loan Year (June 1, 1930 to June 1, 1931)

Belgian Issue Bgs.	French Issue Fr. Fr.	British Issue £	Dutch Issue Fl.	Italian Issue Lire	Swedish Issue Sw. Kr.	Swiss Issue Sw. Fr.	General Expenses Sw. Fr.
1,918,364.20	137,946,572.05	550,401. 3. 7	4,005,641.82	6,039,646.31	6,021,660.10	5,045,147.46	—
— 64,748.75	28,830.69	597.13. 7	— 46,283.85	—	—	101,332.75	—
407,309.63	29,268,107.12	139,649.—. 4	849,531.55	1,280,116.02	1,280,116.02	1,070,642.48	—
4,715.10	511,362.22	1,403.11. 8	10,056.20	22,361.15	15,327.57	14,197.70	196,044.86
2,265,640.18	167,754,872.08	692,051. 9. 2	4,818,945.72	7,342,123.48	7,317,103.69	6,231,320.39	196,044.86
11,314.36	578,904.10	2,840. 4.11	7,427.21	24,349.66	38,780.30	19,480.54	—
2,276,954.54	168,333,776.18	694,891.14. 1	4,826,372.93	7,366,473.14	7,355,883.99	6,250,800.93	196,044.86

967,591.—	77,752,633.58	325,695. 8. 9	3,383,216.23	3,012,410.50	4,916,740.89	2,525,240.—	—
— 75,295.—	28,473.19	— 1,855. 4.—	— 84,998.92	—	—	101,445.65	—
377,955.87	29,266,535.97	139,627. 8. 3	849,419.85	1,250,138.—	1,277,482.50	1,069,179.—	—
4,530.27	454,282.74	1,007. 5. 3	8,657.84	21,877.35	13,436.97	11,444.29	196,044.86
1,002,172.40	60,831,850.70	230,416.15.10	670,077.93	3,082,047.29	1,148,223.63	2,543,491.99	—
2,276,954.54	168,333,776.18	694,891.14. 1	4,826,372.93	7,366,473.14	7,355,883.99	6,250,800.93	196,044.86

CERTIFICATE.

5½% Loan 1930 for the first fiscal year ended June 1, 1931 and certify that the above Statement of Receipts We have also verified the bank balances on hand at June 1, 1931 by certificates from the depositories.

PRICE, WATERHOUSE & Co.
Chartered Accountants.

TRUSTEE FOR THE GERMAN GOVERNMENT

Statement of Funds in the hands

	German Issue R. M.	American Issue \$
The Cash Balances as at June 1, 1931 were held for the following purposes:—		
1. To meet unrepresented matured coupons	711,683.50	1,495,428.—
2. To discharge expenses accrued to June 1, 1931, but not claimed until thereafter	1,779.36	6,802.10
3. To meet adjustments not yet effected between Paying Agents in respect of the payment of coupons in currencies other than the currency of issue	— 106,330.37	— 3,780.59
Funds in hands of Paying Agents for liquidation of accrued or accruing liabilities	607,132.49	1,498,449.51
4. Available for bond redemptions	12.44	131.35
5. Surplus funds on hand at June 1, 1931 to be applied in reduction of sums to be received from the German Government in the second Loan year	20,885.49	37,327.13
Total balances on hand as per Statement of Receipts and Payments— Annex X a	628,030.42	1,535,907.99

Statement of Bonds outstanding

Nominal value of bonds issued	36,000,000	98,250,000
Less: Nominal value of bonds redeemed during the first Loan year . .	555,800	1,415,000
Nominal value of bonds outstanding as at June 1, 1931	35,444,200	96,835,000

INTERNATIONAL 5½% LOAN 1930

of Depositories as at June 1, 1931

Belgian Issue Bgs.	French Issue Fr. Fr.	British Issue £	Dutch Issue Fl.	Italian Issue Lire	Swedish Issue Sw. Kr.	Swiss Issue Sw. Fr.
945,084.25	59,697,577.50	221,774. 8. 7	602,316.—	3,000,690.—	1,090,952.50	2,499,255.—
2,427.25	253,315.55	811.19.—	4,863.15	10,967.81	3,729.33	6,250.03
10,572.62	358.80	2,459.—. 6	38,811.86	—	—	— 113.18
958,084.12	59,951,251.85	225,045. 8. 1	645,991.01	3,011,657.81	1,094,681.83	2,505,391.85
29,353.76	1,571.15	21.12. 1	111.70	29,978.02	2,633.52	1,463.48
14,734.52	879,027.70	5,349.15. 8	23,975.22	40,411.46	50,908.28	36,636.66
1,002,172.40	60,831,850.70	230,416.15.10	670,077.93	3,082,047.29	1,148,223.63	2,543,491.99

as at June 1, 1931

35,000,000	2,515,000,000	12,000,000	73,000,000	110,000,000	110,000,000	92,000,000
492,800	33,894,000	179,100	1,112,800	1,664,000	1,595,000	1,356,000
34,507,200	2,481,106,000	11,820,900	71,887,200	108,336,000	108,405,000	90,644,000

TRUSTEE FOR THE GERMAN GOVERNMENT

Interim Statement of Receipts and Payments

	Reichsmarks	Dollars
Nominal amount originally issued	36,000,000.—	98,250,000.—
Nominal amount outstanding as at December 1, 1931	35,244,100.—	95,864,000.—
RECEIPTS		
BALANCES in the hands of Paying Agents as at June 1, 1931.	628,030.42	1,535,907.99
RECEIVED FROM THE GERMAN GOVERNMENT in respect of:		
Interest	1,077,830.89	3,724,564.57
Redemption	194,833.24	688,908.59
Expenses	2,542.51	10,291.30
STERLING AND SWEDISH KRONEN PURCHASED with Dollars (see Note)	—	—
INTEREST RECEIVED on balances held by Paying Agents	20,000.59	12,079.50
	1,923,237.65	5,971,751.95
PAYMENTS		
INTEREST — matured coupons and accrued interest on bonds purchased for redemption	890,593.75	3,012,404.95
REDEMPTION — Bonds purchased for redemption	112,957.25	469,875.—
EXPENSES		
Commission and other charges of Paying Agents	2,537.75	9,057.72
Fees and expenses of Trustee	—	—
DOLLARS SOLD for Sterling and Swedish Kronen (see Note)	—	1,183,396.78
BALANCES in the hands of Paying Agents as at December 1, 1931, in respect of:		
Redemption	81,888.43	114,774.06
Expenses	25,132.47	49,952.94
Matured coupons unrepresented	810,128.—	1,132,290.50
	1,923,237.65	5,971,751.95

NOTE—After Sterling and Swedish Kronen left the gold standard, the service instalments for the English and

INTERNATIONAL 5½% LOAN 1930

for the half-year ended December 1, 1931

Belgas	French Francs	Sterling	Florins	Lire	Swedish Kronen	Swiss Francs
35,000,000.—	2,515,000,000.—	12,000,000.—	73,000,000.—	110,000,000.—	110,000,000.—	92,000,000.—
34,084,100.—	2,459,224,000.—	11,710,400.—	70,986,700.—	107,386,000.—	107,272,000.—	89,651,000.—
1,002,172.40	60,831,850.70	230,416.15.10	670,077.93	3,082,047.29	1,148,223.63	2,543,491.99
1,072,735.73	66,844,543.93	200,469.17. 8	1,850,641.68	2,937,244.89	1,937,552.02	2,806,314.14
188,113.27	13,475,559.48	43,183. 4. 4	394,686.95	594,381.15	394,988.80	496,136.78
2,517.94	238,184.94	419. 3. 7	4,271.73	9,943.71	6,295.67	105,010.51
—	—	232,292. 8. 3	—	—	2,278,857.03	—
5,086.35	216,302.68	968.19. 3	2,334.60	7,983.97	9,421.96	9,553.33
2,270,625.69	141,606,441.73	707,750. 8.11	2,922,012.89	6,631,601.01	5,775,339.11	5,960,506.75
1,094,735.29	67,986,290.15	215,010. 2.—	1,604,959.30	2,972,843.70	1,665,680.38	2,852,526.50
216,376.97	13,476,619.94	56,461.11. 1	394,782.50	603,452.50	638,031.50	494,765.—
4,274.48	336,860.88	1,058. 4. 6	7,499.12	13,956.—	7,025.54	9,283.16
—	—	—	—	—	—	98,427.86
—	—	—	—	—	—	—
1,090.06	510.69	—	16.15	20,906.67	—	2,835.26
11,581.85	677,728.37	55. 6. 5	15,383.15	27,342.14	—	26,046.47
942,567.04	59,128,431.70	435,165. 4.11	899,372.67	2,993,100.—	3,464,601.69	2,476,622.50
2,270,625.69	141,606,441.73	707,750. 8.11	2,922,012.89	6,631,601.01	5,775,339.11	5,960,506.75

Swedish issues were received in Dollars and so held until required for the service of the Loan.

TRUSTEE FOR THE AUSTRIAN

Statement of Receipts and Payments

Receipts

	American Issue \$	British and Dutch Issues £
1. RECEIVED FROM THE AUSTRIAN GOVERNMENT		
Cash in respect of:		
Interest coupons	1,736,661.34	206,703. 6. 6
Bond redemptions	284,419.50	39,883. 7.10
Expenses	11,000.—	1,205. 8. 4
Bonds in respect of:		
Accrued interest (see below)	2,306.50	318. 9. 5
Capital (see below)	94,580.50	13,176.12. 2
2. INTEREST RECEIVED on cash employed pending application to the service of the Loan	8,384.90	1,744. 7.—
	2,137,352.74	263,031.11. 3

Payments

1. INTEREST		
Matured coupons paid and accrued interest paid on bonds purchased for redemption	871,991.39	85,328.11. 8
Accrued interest on bonds purchased by the Austrian Government and delivered for cancellation (see above)	2,306.50	318. 9. 5
2. REDEMPTION		
Bonds purchased for redemption by the Paying Agents	284,416.75	39,725.14. 2
Bonds purchased by the Austrian Government and delivered for cancellation (see above)	94,580.50	13,176.12. 2
3. EXPENSES		
Commission and expenses of Paying Agents and Trustee	2,984.40	1,227. 4. 5
4. BANK BALANCES as at June 30, 1931, held for the purposes shown on Annex XIIb	881,073.20	123,254.19. 5
	2,137,352.74	263,031.11. 3

AUDITORS'

We have audited the Books and Accounts of the Trustee for the Austrian Government International and Disbursements is correctly prepared therefrom and properly sets forth the transactions for that
BASLE, July 17, 1931.

GOVERNMENT INTERNATIONAL LOAN 1930

for the First Loan Year (July 1, 1930 to June 30, 1931)

Italian Issue Lire	Swedish Issue Sw. Kr.	Swiss Issue Sw. Fr.	Austrian Issue Sch.	General Expenses	
				£	Sw. Fr.
5,747,139.98	697,315.37	1,741,017.50	3,478,073.10	—	—
1,140,910.—	151,970.—	285,639.98	570,176.75	—	—
38,201.16	3,382.50	10,266.69	16,477.09	150.—.—	27,000.—
9,558.30	—	2,170.—	4,454.92	—	—
378,480.—	—	94,240.—	189,573.25	—	—
28,375.—	7,118.15	7,760.32	29,270.43	—	—
7,342,664.44	859,786.02	2,141,094.49	4,288,025.54	150.—.—	27,000.—

2,261,411.75	700,000.—	870,415.65	1,731,468.68	—	—
9,558.30	—	2,170.—	4,454.92	—	—
1,136,198.—	—	283,200.30	569,727.65	—	—
378,480.—	—	94,240.—	189,573.25	—	—
20,125.05	1,750.—	5,408.29	11,525.01	150.—.—	27,000.—
3,536,891.34	158,036.02	885,660.25	1,781,276.03	—	—
7,342,664.44	859,786.02	2,141,094.49	4,288,025.54	150.—.—	27,000.—

CERTIFICATE

Loan 1930 for the first fiscal year ended June 30, 1931 and certify that the above Statement of Receipts year. We have also verified the bank balances on hand at June 30, 1931 by certificates from the depositories.

PRICE, WATERHOUSE & Co.
Chartered Accountants.

TRUSTEE FOR THE AUSTRIAN

Statement of Funds in the hands

The Cash Balances as at June 30, 1931 were held for the following purposes:—

1. To meet (a) unrepresented matured coupons
(b) Interest coupons maturing on July 1, 1931
2. To discharge expenses accrued to June 30, 1931, but not claimed until thereafter
Funds in hands of Paying Agents for liquidation of accrued or accruing liabilities
3. Available for bond redemptions
4. Surplus funds on hand at June 30, 1931 to be applied in reduction of sums to be received from the Austrian Government in the second Loan Year
Total balances on hand as per Statement of Receipts and Payments — Annex XIIa

Statement of Bonds outstanding

Nominal value of bonds issued
Less: Nominal value of bonds redeemed during the first Loan Year
Nominal value of bonds outstanding as at June 30, 1931 (see note below)

NOTE: When drawn for redemption,

GOVERNMENT INTERNATIONAL LOAN 1930

of Depositories as at June 30, 1931

American Issue \$	British and Dutch Issues £	Italian Issue Lire	Swedish Issue Sw. Kr.	Swiss Issue Sw. Fr.	Austrian Issue Sch.
—	49.19. 2	9,805.25	—	2,310.—	14,549.50
860,706.—	120,512.—.—	3,442,950.—	—	861,455.—	1,722,371.—
2,151.80	4. 3	17,276.43	1,939.96	4,325.98	8,612.14
862,857.80	120,562. 3. 5	3,470,031.68	1,939.96	868,090.98	1,745,532.64
34.82	169. 1.10	5,037.20	151,970.—	2,933.61	460.23
18,180.58	2,523.14. 2	61,822.46	4,126.06	14,635.66	35,283.16
881,073.20	123,254.19. 5	3,536,891.34	158,036.02	885,660.25	1,781,276.03

as at June 30, 1931

25,000,000	3,500,000	100,000,000	10,000,000	25,000,000	50,000,000
408,400	56,800	1,630,000	—	387,000	789,400
24,591,600	3,443,200	98,370,000	10,000,000	24,613,000	49,210,600

Bonds are repayable at 103 per cent.

TRUSTEE FOR THE AUSTRIAN

Interim Statement of Receipts and

	Dollars
Nominal amount originally issued	25,000,000.—
Nominal amount outstanding as at December 31, 1931	24,279,000.—
RECEIPTS	
BALANCES in the hands of Paying Agents as at July 1, 1931	881,073.20
RECEIVED FROM THE AUSTRIAN GOVERNMENT in respect of:	
Interest	842,928.31
Redemption	203,794.—
Expenses	1,996.20
INTEREST RECEIVED on balances held by Paying Agents	3,319.27
	1,933,110.98
PAYMENTS	
INTEREST — matured coupons and accrued interest on bonds purchased for redemption	862,582.09
REDEMPTION — Bonds purchased for redemption	203,253.95
EXPENSES	
Commission and other charges of Paying Agents	2,469.86
Fees and expenses of Trustee	—
BALANCES in the hands of Paying Agents as at December 31, 1931, in respect of:	
Interest payable on January 1, 1932	849,765.—
Bonds drawn for payment on January 1, 1932	—
Matured coupons unrepresented	3,195.50
Redemption Fund	574.87
Expenses Fund	11,269.71
	1,933,110.98

GOVERNMENT INTERNATIONAL LOAN 1930

Payments for the half-year ended December 31, 1931

Sterling	Lire	Swedish Kronen	Swiss Francs	Schillings
3,500,000.—.—	100,000,000.—	10,000,000.—	25,000,000.—	50,000,000.—
3,402,200.—.—	97,309,000.—	10,000,000.—	24,341,000.—	48,762,500.—
123,254.19. 5	3,536,891.34	158,036.02	885,660.25	1,781,276.03
118,095.14. 7	3,384,351.24	346,180.79	847,625.14	1,688,584.59
28,518.—.—	816,745.—	75,985.—	203,485.—	407,504.—
679.13. 9	15,972.30	1,534.40	17,479.45	7,362.35
1,444.13. 5	10,275.71	6,775.33	3,819.54	20,592.48
271,993. 1. 2	7,764,235.59	588,511.54	1,958,069.38	3,905,319.45
120,906. 1. 5	3,436,585.55	—	863,018.52	1,700,134.89
28,675.16. 1	820,164.50	—	206,243.51	407,911.93
662. 7.—	18,955.20	1,750.—	4,427.75	8,752.25
150.—.—	—	—	13,484.25	—
119,077.—.—	3,405,815.—	350,000.—	851,935.—	1,706,687.50
—	—	151,410.—	—	—
351.—.10	33,388.25	—	5,320.—	43,851.50
11. 5. 9	1,617.70	76,545.—	175.10	52.30
2,159.10. 1	47,709.39	8,806.54	13,465.25	37,929.08
271,993. 1. 2	7,764,235.59	588,511.54	1,958,069.38	3,905,319.45

INTERNATIONAL LOANS

FOR WHICH THE BANK IS TRUSTEE OR FISCAL AGENT FOR THE TRUSTEES

Funds on hand as at March 31, 1932

(the whole of which were deposited in the name of the Trustee with Paying Agents)

	German External Loan 1924	German Govt. International 5½% Loan 1930	Austrian Govt. International Loan 1930	Total
Swiss francs at par				
FUNDS AVAILABLE FOR:—				
Redemption by purchases on the market when possible or through the next drawing	427,423.86	463,731.27	127,166.51	1,018,321.64
Interest in respect of the next coupon falling due	28,675,256.07	32,763,364.14	5,100,841.46	66,539,461.67
Expenses	173,235.23	102,364.38	37,338.58	312,938.19
Drawn bonds not yet presented for redemption	34,886.31	—	—	34,886.31
Interest coupons due but unrepresented	286,625.49	673,537.65	300,168.32	1,260,331.46
TOTAL . .	29,597,426.96	34,002,997.44	5,565,514.87	69,165,939.27

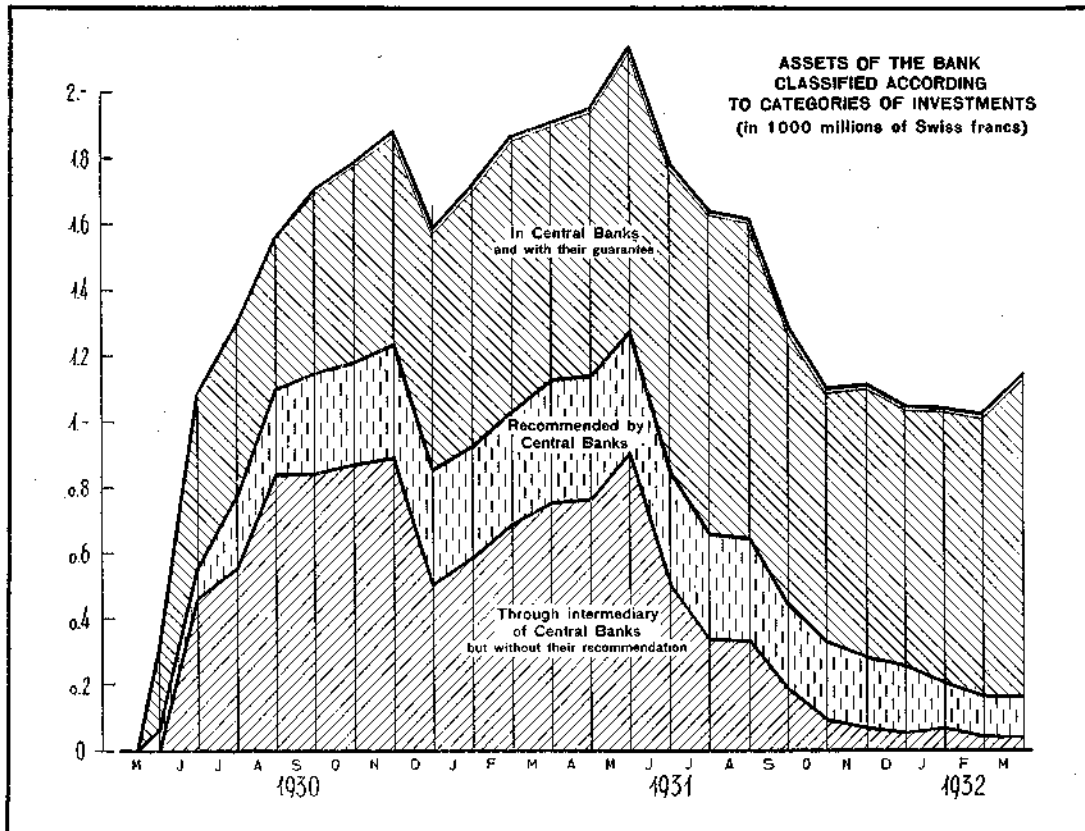
FUNDS AVAILABLE FOR DELIVERIES IN KIND AND THEIR UTILISATION

during the period April 1, 1931 to March 31, 1932

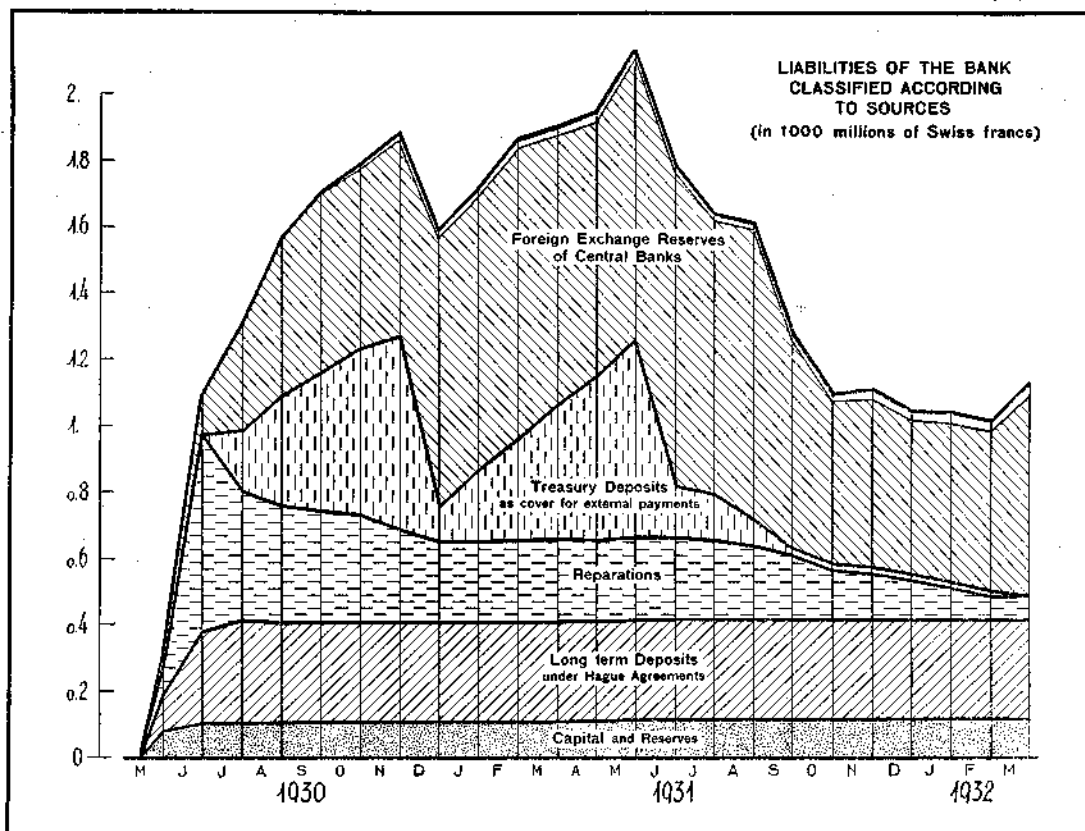
(EXPRESSED IN REICHSMARKS)

Creditor Government	Balances available for payments for Deliveries in Kind as at April 1, 1931	Subsequently provided by Creditor Governments from other resources	Quotas for Deliveries in Kind under Hague Agreements — April to June 1931 inclusive	Total available funds	Withdrawn by Creditor Governments for payment to German producers	Balances available for payments for Deliveries in Kind as at March 31, 1932
France	112,767,397.21	—	76,385,000.—	189,152,397.21	166,476,948.76	22,675,448.45
Italy	2,567,929.18	—	13,125,000.—	15,692,929.18	15,692,929.18	—
Belgium	3,504,000.—	—	7,875,000.—	11,379,000.—	11,375,000.—	4,000.—
Rumania	—	1,262,500.—	1,737,500.—	3,000,000.—	3,000,000.—	—
Yugoslavia	3,598,260.80	—	8,750,000.—	12,348,260.80	12,011,654.10	336,606.70
Greece	682,000.—	500,000.—	700,000.—	1,882,000.—	1,881,947.72	52.28
Portugal	87,843.08	—	1,200,000.—	1,287,843.08	1,287,843.08	—
Japan	1,102,784.67	—	1,312,500.—	2,415,284.67	2,219,000.—	196,284.67
Totals	124,310,214.94	1,762,500.—	111,085,000.—	237,157,714.94	213,945,322.84	23,212,392.10

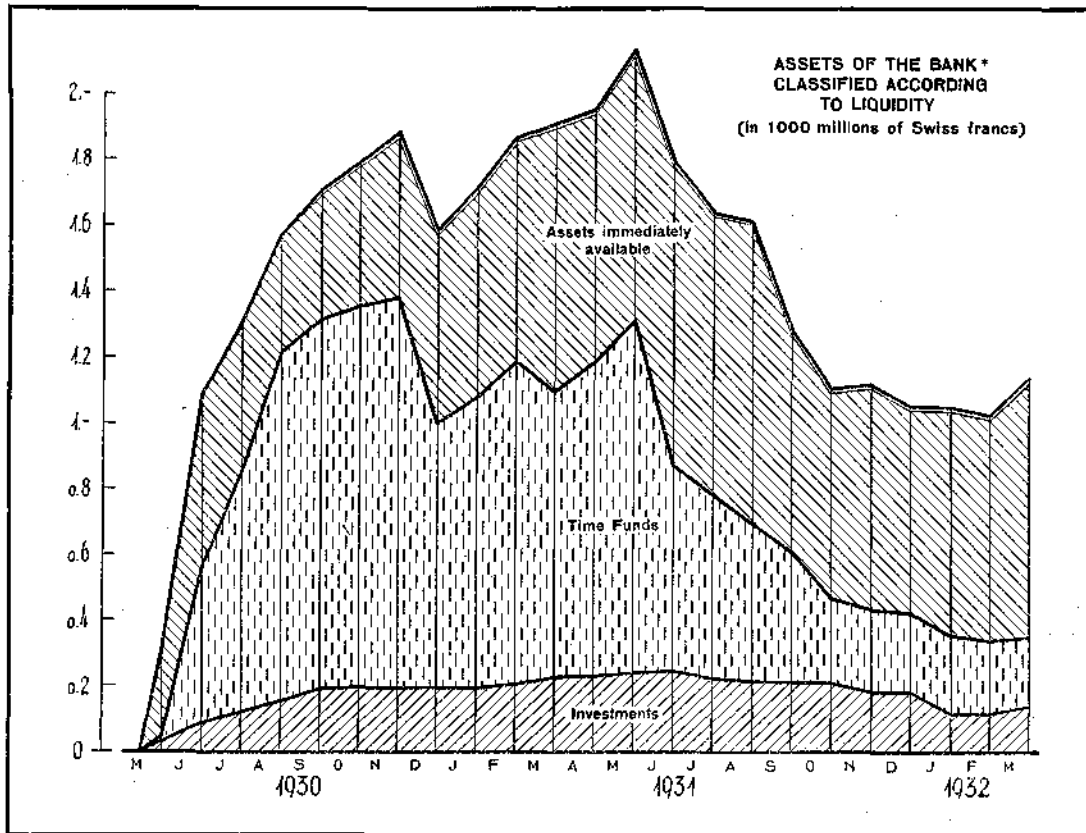
ANNEX XVIa



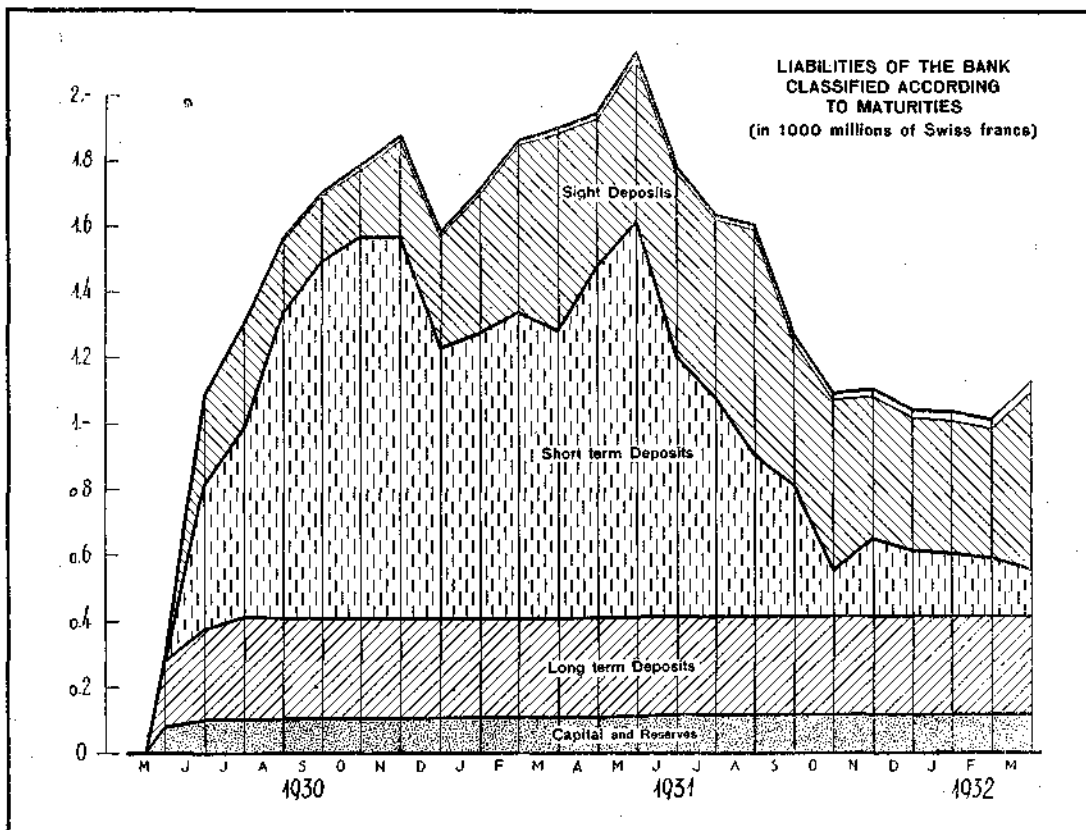
ANNEX XVIb



ANNEX XVII a



ANNEX XVII b



* "Assets immediately available" contains sight funds, rediscountable portfolio and currently marketable treasury bills.
 "Time funds" includes monetary credits to central banks renewed by the Bank for successive terms not exceeding three months each.

BOARD OF DIRECTORS

Gates W. McGarrah
Sir Charles Addis, London
Dr. Carl Melchior, Hamburg

Chairman.
} Vice-Chairmen.

Dott. V. Azzolini, Rome.
Prof. G. Bachmann, Zürich.
Prof. Alberto Beneduce, Rome.
Baron Brincard, Paris.
Louis Franck, Brussels.
Emile Francqui, Brussels.
Leon Fraser.
Dr. Hans Luther, Berlin.
Clément Moret, Paris.
D. Nohara, London.
Montagu Collet Norman, London.
Dr. Paul Reusch, Oberhausen (Rheinland).
Ivar Rooth, Stockholm.
T. Tanaka, London.
Dr. L. J. A. Trip, Amsterdam.
Marquis de Vogüé, Paris.

Alternates

Charles Farnier, Paris.
H. A. Siepmann, London.
Dott. Pasquale Troise, Rome.
Dr. Wilhelm Vocke, Berlin.
Paul van Zeeland, Brussels.

EXECUTIVE OFFICERS

Gates W. McGarrah
Leon Fraser
Pierre Quesnay
Ernst Hülse
R. H. Porters
R. Pilotti
Marcel van Zeeland

President.
Alternate of the President.
General Manager.
Assistant General Manager.
Manager.
Secretary General.
Manager.