

(The Bank of Iceland) was established by law of 1903, and commenced its activities two years later. For a term of 30 years it was granted the sole right of issue in Iceland in excess of the $\frac{3}{4}$ million krónur which the National Bank of Iceland was entitled to issue on behalf of the treasury. This right was retained by Íslandsbanki for a period of 19 years (1904—1922). But in 1921 it was enacted by law that its note-issuing privilege should lapse in 1933, and its note circulation be reduced by fixed annual amounts. When Íslandsbanki was taken over by Útvegsbanki Íslands the circulation had come down to 4 million krónur. This amount is (according to the act under which Útvegsbanki Íslands is founded) to be withdrawn at once and the sole right of issue handed over to the National Bank. But while Íslandsbanki was thus withdrawing its notes the National Bank was by law obliged to re-discount for it sound commercial bills on certain specified terms, to an amount not exceeding 5 million krónur. The amount for which the National Bank was legally bound to re-discount bills should, however, be annually reduced until it was entirely discontinued. The special terms thus enjoyed by Íslandsbanki are now transferred to Útvegsbanki Íslands.

According to the Balance Sheet the assets and liabilities of Íslandsbanki on 31. December 1928 were as follows:

Assets.	
Gold	kr. 1 878 049.65
Bonds & Stocks	— 2 535 831.07
Loans	— 7 556 319.32
Bills of Exchange	kr. 24 632 680.88
less Net Profit — 583 003.16	
	Kr. 24 049 677.72
less estimated loss according to Bank Inspe- ctor's estimate	— 1 014 982.62 — 23 034 695.10
To balance (see Bills of Exchange)	— 1 014 982.62
Banking Correspondents	— 261 208.18
Foreign Currency	— 7 184.93
Bank Premises and other real Estate	— 2 034 809.09
Cash in Hand	— 451 882.55
	<u>Kr. 38 774 962.51</u>
Liabilities.	
Capital Paid up	kr. 4 500 000.00
Notes in Circulation	— 4 811 000.00
Bank Bonds	— 706 000.00
	<u>Kr. 10 170 000.00</u>