



SLOVENSKÁ BANKA

The Úverná banka (Credit Bank) of Ružomberok remained the leading element in Slovak finance after the formation of Czechoslovakia (for the period before 1918, see: Ružomborský účastinársky úverkový spolok, *Biatic* 8/2004, p. 29). The management of the bank at its meeting on 26th December 1918 decided to change the name of the bank to Slovenská banka (Slovak Bank), to distinguish it from other credit banks and emphasize its activity in the whole territory of Slovakia. Together with the change of name, an extraordinary general meeting of the bank on 19th January 1919 also decided to increase the share capital to 10 million crowns. However, by the end of 1919 the share capital was increased two more times, so that it reached 30 million crowns. The Slovenská banka, hereinafter SB, established friendly contacts with the Živnostenská banka (Trade Bank) of Prague at the beginning of the 1920s. It helped the SB to increase its share capital and provide loans. It was not a matter of small sums: in the middle of 1920, the total debt exceeded 100 million crowns. The SB became the only Slovak bank in the consortium of banks for state and credit operations and the Zväz československých bánk (Union of Czechoslovak Banks). With the help of mergers, it gained control of several financial institutions, for example, in 1921 it took over the Trenčianska obchodná a priemyselná banka (Trenčín Commercial and Industrial Bank), Piešťanská sporiteľňa (Piešťany Savings Bank) and the Hospodárska banka (Economic Bank) of Bratislava. Especially the merger with the Hospodárska banka (hereinafter the HB), concluded at an extraordinary general meeting on 17th December 1921, evoked great euphoria. After the merger, the SB was the largest financial institution in Slovakia with 42 branches and sub-branches, share capital of 70 million Czechoslovak crowns (Kč) and reserve funds of 47,404,544 Kč.

It continued to build up its business interests after 1918. It extended and modernized the Továreň na drevovinu (Timber Works) and Slovenská papiereň (Slovak Paper Works) at Ružomberok. It participated in the nationalization or establishment of various companies for processing and trading in timber in Čadca, Snina, Gelnica, Ružomberok and Štúrovo. It attempted to enter the chemical industry. With the help of the Živnostenská banka, it participated in the holding of shares in the Československá továreň na

látky výbušné (Czechoslovak Explosives Works) at Pardubice and the Bantlinové chemické závody (Bantlin Chemical Works) at Perečín. Its sphere of influence also included chemical works in Bratislava such as Olea, Chemia and Tatra drogéria. Its influence also extended to the breweries and malting works in Bratislava, Nitra, Bytča, Vyhne, Považský liehovar (distillery) in Leopoldov and the conserving works in Poprad. It took over the iron works in Prakovce and malting works in Bratislava from Hungarian capital. By founding the Slovenská poisťovňa (Slovak Insurance Company) in Bratislava, it established itself in the field of insurance. It obtained various companies by merging with the HB, especially the Fischer chocolate factory in Trnava, the Parný mlyn (Steam Mill) in Šenkvice and the Tekla cardboard works in Skalica. By the end of 1922, the holdings of the Slovenská banka extended to about 45 joint stock companies, in which it owned shares worth 39,111,281 Kč.

However, the post-war economic crisis of 1921 and later showed that the merger with the HB had happened at the most disadvantageous time. It was also clear that in an effort to extend its influence as quickly as possible, the HB had taken over financial institutions and industrial companies without thorough auditing of their overall situation. Therefore, in the crisis years 1922 – 1923, the SB had to liquidate many deals of the HB and free itself from participation in industrial companies, although obviously not without losses. In this period, it also suffered losses from the commercial bankruptcy of credit enterprises, decline of the value of purchased securities, reduced prices of goods in which it traded for commission and the decline of entrusted resources. As a result, in 1925, it was forced to ask for support from the „Special fund for relieving losses arising from wartime conditions“, and on 31st December 1924 it showed a total loss of 161,370,235 Kč. Up to the end of 1929, rehabilitation support for the SB reached a sum of 71.6 million Kč.

At the end of the 1920s, the bank was successfully consolidated, but the good results were disturbed by the economic crisis of 1929 – 1932, which full struck the SB in 1931. In 1932, it rejected rehabilitation with bonds from the Special Fund proposed by the Ministry of Finance, because the conditions of the rehabilitation would have brought it under the direct influence of the state. Therefore, the management of the SB worked out a plan for the recovery of



the financial state of the bank from its own resources, with the result of reducing its share capital to 32 million Kč. From 1931 to 1936 the bank did not pay dividends, but used its profits for internal strengthening. The position of the bank was again stabilized from 1937, but territorial changes intervened in its activities, since the Vienna Arbitration of 1938 deprived it of ten branches and so caused substantial losses.

During the existence of the Slovak state of 1939-1945, the SB fully exploited the wartime boom with extensive granting of loans, as well as extending its influence in industrial companies, which had belonged to the spheres of influence of Jewish or Czech capital. It succeeded in this in spite of the reserved relationship of the state apparatus, especially in connection with the decision of the Ministry of Finance not to assign the SB to the concentration of Slovak

banking. In spite of this, the bank strengthened its position during the war years, as was shown especially by the fact that by 1942 it succeeded in again raising its share capital to 70 million crowns, while entrusted resources increased to 935.7 million crowns in 1944.

The Slovenská banka was nationalized in 1945, and in January 1948 it took over the Ľudová banka in Ružomberok, Sedliacka banka in Bratislava and the Myjavská banka in a further stage of merging of financial institutions. After February 1948, the process of concentration of Slovak commercial banks was completed. On 25th March the Czechoslovak government decided to create one operational bank in Slovakia by merging the Slovenská banka and the Tatra banka to form the Slovenská Tatra banka national enterprise of Bratislava.

Mgr. František Chudják