

NOVOMESTSKÁ ÚVERNÁ BANKA, ÚČASTINNÁ SPOLOČNOSŤ

The Novomestská úverná banka (Nove Mesto Credit Bank, joint stock company) was established at the founding general meeting held on 6 July 1890 in Nove Mesto nad Váhom. Its mission was to become one of the first Slovak banks with a set life of 30 years. The founding members were Jews operating as traders, landlords, doctors, lawyers and manufacturers. A stimuli for establishing the bank was the requirement of Jewish traders who needed to gain operating capital for pursuing business. Its operation was focused on discounting and re-discounting bills of exchange, warrants and other merchant deeds; approving loans for bonds; provision of prepayments for securities; trading in domestic and foreign securities; the administration of deposit books; provision of mortgage loans; establishing industrial enterprises, their acquisition and management.

The initial share capital was 100 000 zlaty with the condition that at the start of the operation 40% of the cash must be paid up, i.e. 40 000 zlaty.

The banks bodies were: the General Meeting, Board of Directors, Directorate and Supervisory Committee. The position of managing director was taken by Mór Herzfeld. The first chairman of the Board of Directors was Dr. Bernát Sonnenfeld. From 1894 memberships in the Board of Directors were appropriately remunerated.

For the first twenty years the bank focused mainly on providing loans, ranging from bills of exchange, mortgage loans or overdrafts. In order for it to be able to satisfy numerous loan applications, it drew a re-discounting loan on an ongoing basis in considerable sums. Nevertheless, it yearly succeeded in reporting an appropriate profit from which it could afford to pay dividends and supplement its reserve funds. Loans were provided especially to merchants, but also for the support of industry and the economy, which brought it large interest revenues.

The economic management of the bank was consolidated up until the beginning of the first world war. During the war the bank's management began to show certain changes. On the asset side loans, especially bills of exchange, fell; overdraft loans grew and there is also an apparent increase in the holding of securities, which was caused by underwriting war loans. The registered capital was increased to 300 000 koruna, though the bank recorded a decline in reserve funds.

These changes required an amendment to the bank's memorandum of association at its extraordinary general meeting on 12 October 1919, chaired by Leopold Tauber and minuted by Karol Haas, the bank's accountant. Changes were also recorded in the corporate register in the Nitra's district, where the company's existence was set at 60 years. The registered capital comprised 1 500 registered shares, where the nominal value of one share was 200 Czechoslovak koruna. The institute's bodies were the General Meeting, Administration and Supervisory Committee.

In 1922 an extraordinary general meeting was called at which a merger with the Zilina Credit Bank was passed, which though was not realised. The priority Count Dr. Bedrich Pongrácz, a priest in Nove Mesto nad Váhom, was co-opted on to the Administration, Board, where he held this function until his death in 1935.

1924 saw another change in the memorandum of association, this time concerning a reduction in the par value of shares from 200 to 60 Czechoslovak koruna, whereby the registered capital fell to 90 000 Czechoslovak koruna. The new amendment to the memorandum of association was recorded in the Commercial Register of the Regional Court in Trenčín on 12 April 1930, where it is stated that the registered capital in the amount of one million Czechoslovak koruna comprises 5 000 fully paid-up shares.

The institute's development culminated on 1 January 1938. From then, due to unsettled political circumstances, there is a visible decline both in the deposits administered as well as in loans.

By its underwriting of war loans in the period of the first world war the institute suffered losses which it had to come to terms with was over the following twenty years. At the end of 1939 the bank undertook non-bankruptcy composition proceedings in which depositors suffered a loss in the amount of 25% of their deposits.

The institute was taken over completely by the Dunajská banka (Danube Bank) in its acquisition of 4 900 shares. In a letter to the headquarters of the Slovak Bank of 12 December 1939 there is written: "A majority stake in the shareholding capital in the amount of one million koruna in the Nove Mesto



Bank is held by the Danube Bank and the remaining shares are held by local citizens of almost exclusively Jewish nationality”.

Prior to this coup the Nove Mesto credit bank had been as equally strong as the Ľudová banka (Folk Bank).

The Nove Mesto Credit Bank had all its free resources deposited in the Danube Bank, which indeed did not even have any interest in Nove Mesto bank reporting profits, this being simply because: by an affiliation contract it ensured for itself a fixed annual remuneration in the volume of 50 000 Czechoslovak koruna. This fee was covered in losses in the way that it was charged to costs of re-discounting interests.

This period saw the beginning of the end for this financial institute. A period of racial persecution of Jews began and with it also a decline in deposits. The institute recorded the amount of 312 000 for the Fund for the Eviction of Jews and the amount of 364 000 for the Jewish Collection Account. Separately it recorded an item of the manufacturers, the Reissd

brothers, in the amount of 400 000 Czechoslovak koruna.

By a decision of the Ministry of Finance of 6 December 1939 the Nove Mesto Credit Bank was ordered to merge with the Slovenská banka, u. s (Slovak Bank) in Bratislava, which performed an audit, though the merger did not actually take place. It was not until 1941 that the Ministry of Finance finally came to issue the order for the bank to enter liquidation, as of 1 January 1942, the charge of which was entrusted to the Sedliacka banka (Smallholders' Bank) in Bratislava. Danube Bank likewise received a liquidation order, which was also liquidated by the Smallholders' Bank, which later came to be the strongest industrial bank in Slovakia. In 1949 the Smallholders' Bank merged with Slovenská Tatra banka.

Nove Mesto Credit Bank was definitively liquidated by its deletion from the Commercial Register in July 1950.

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