

## THE ESKONTÁ A HOSPODÁRSKÁ BANKA

The thirty year history of this bank was shaped by many fusions and transitions into the spheres of interest of various financial institutions and financial groups. On 6th November 1910, the Magyar telepitő és parcellázo bank (Hungarian Colonization and Parcelization Bank) joint stock company of Budapest founded the new bank under the name Agrarian and Parcelization Bank joint stock company, entered in the register of companies as the Közgazdasági és parcellázo bank r.t. or the Agrar- und Parzellierungsbank A.G. The member of parliament Gejza Szüllő became its director. The share capital was set at 500 thousand crowns, but in 1916 it was reduced to 350 thousand crowns because of losses. From January 1917, the financial institution was transformed into the Közgazdasági bank r.t. (Volkswirtschaftliche Bank A.G. – Communal Farmers' Bank joint stock company) of Bratislava. From this period it also belonged to the sphere of interest of the Magyar leszámtóló és pénzváltó bank (Hungarian Discount and Exchange Bank) joint stock company of Budapest, one of the four most influential banks in the Kingdom of Hungary. It was also placed in the sphere of interest of the Rothschilds. The share capital was raised to one and a half million crowns.

On 30th December 1921, a general meeting of the Hospodárska banka joint stock company of Bratislava agreed to combine with the branches of the Hungarian Discount and Exchange Bank in Bratislava and Košice, to form the Eskontná a hospodárska banka (ESHB – Discount and Agrarian Bank), called in the register of companies the Leszámtóló és közgazdasági bank r.t. or Eskompte und volkswirtschaftliche Bank A.G. The representation of spheres of influence also changed in this bank, when the Tatra banka gained the majority of the shares, although Rothschild and Hungarian capital remained involved. The share capital was increased to 10 million Czechoslovak crowns (Kč). The general director of the Tatra banka Vladimír Jesenský was elected chairman of the Board of Directors, while the director of the Hungarian Discount and Exchange Bank Jozef Bun and the long-term functionary Hospodárska banka Emil Popper became the deputy chairmen. The Board included many notable representatives of Slovak finance such as Lajo Vanovič, Fedor Jesenský and Cyril Kresák. Albert Gestetner, a long-term functionary of the Hospodárska banka became the gene-

ral director of the Eskontná a hospodárska banka. The bank was situated on today's Hlavné námestie in Bratislava and it had a branch in Košice.

The statutes from 1922 mention as the main activities of the company: the buying and selling of foreign currencies, bills and remittances to foreign countries, discounting and rediscounting of bills and various receivables, authorization of covered and uncovered loans, establishing or participation in establishing economic enterprises. The general director had great legal authority.

The financial institution continually expanded in later years. In 1924, it took over the bankrupt Veľkotoľčianska úverná banka (Veľké Topoľčany Credit Bank), which became the Topoľčany branch of the Eskontná a hospodárska banka. On 28th June 1926, it merged with the Drevárska banka (Timber Bank) joint stock company of Bratislava. The shares of the Drevárska banka were exchanged for shares in the ESHB at a ratio of 4 : 3. There was another increase in the share capital to 17.5 million Kč. In 1927, the ESHB took over all the shares in the loss-making Bratislavská obchodná a úverná banka (Bratislava Commercial and Credit Bank). It owned them until 1932.

In 1929, the ESBH secured the majority of the shares in the company Valcové mlyny (Rolling Mills) of Zemianska Oľča. At this time, it was already an affiliated institution of the Tatra banka. In 1930, it acquired all the shares in the Novozámocká Sporobanka (Nové Zámky Savings Bank) joint stock company of Nové Zámky, which became an affiliated institution of the ESHB. From 1926 it also owned shares in the Ústredná predajňa dreva (Central Timber Trading Company) joint stock company of Bratislava, which had been founded in 1920 by the Drevárska banka. It became increasingly involved in loans connected with doubtful transactions involving timber. The so-called Herinčov case can be an example. The ESHB had a dubious receivable of 200 thousand Kč connected with a forestry project of Deutschovský les in Sub-Carpathian Ruthenia. The ESHB decided to use the receivable for a badly considered investment of 3 million Kč, leading to a final total of 6 million Kč for construction of a forest railway from Chust to Herinčov for transporting timber, but fraud by its own representatives, especially the general director Gestetner and the timber "experts" he cooperated with, led



to the whole investment ending in scandal, investigation and huge losses. The Ústredná predajňa dreva was entirely inactive after 1933. As a result of the scandal, Vladimír Jesenský resigned from the position of chairman of the board of directors, but the annual report from 1931 did not say anything about his successor in this function. The small businessman Emil Popper gained it in 1932, and in 1933 the government adviser Dr. Igor Dula, who headed the board of directors until 1938. In 1939, he was replaced by the public notary Dr. Ján Ďurčanský. However, Albert Gestetner still remained the chief director.

The results of the economic crisis became fully clear in 1933, but also the results of bad loans and disadvantageous transactions, so that the ESHB had to reduce its share capital to 8.4 million Kč. The writing off of unobtainable receivables was already done earlier. In 1922, a session of the Board of Directors

approved a proposal for writing off of 1.2 million Kč. A year later, it was a matter of 3.9 million Kč and in 1925 almost 11 million Kč. From 1932, the ESHB already paid no dividends and the annual profit was rarely more than 30 thousand Kč, which was carried over from year to year.

On 30th July 1940, it merged with the Tatra banka on the basis of a resolution of a general meeting and an order from the Ministry of Finance of the Slovak Republic of 15th May 1940. The shares of the ESHB were exchanged for the shares in the Tatra banka at a ratio of 3 : 1. The premises of the ESHB became a branch of the Tatra banka. The Košice branch of the ESHB existed until 1942, after the occupation of the city by Hungarian forces on the basis of the Vienna Arbitration.

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