

	Capital.	Surplus.	Total resources.
Citizens State Bank, Sheboygan, Wis.	\$200,000	\$125,000	\$2,069,096
First State Bank, Graford, Tex.	25,000	7,000	129,159
The First State Bank, Ladonia, Tex.	25,000	12,500	279,427
Rio Grande Valley Bank & Trust Co., El Paso, Tex.	500,000	90,000	3,679,306
El Paso Bank & Trust Co., El Paso, Tex.	200,000	1,645,757
Citizens State Bank, Commerce, Tex.	25,000	2,500	169,311
Brownfield State Bank, Brownfield, Tex.	25,000	12,500	258,239
First State Bank, Wylie, Tex.	30,000	12,500	273,672
The Desert Savings Bank, Salt Lake City, Utah.	500,000	300,000	4,457,619
Utah Savings & Trust Co., Salt Lake City, Utah.	300,000	20,000	1,982,541
Franklin Bank, Franklin, W. Va.	40,000	5,500	242,414
Second Ward Savings Bank, Milwaukee, Wis.	1,000,000	600,000	23,094,518
Bank of Oakfield, Oakfield, Wis.	25,000	10,000	292,207

Following is a comparative statement showing the number, capital, surplus, and total resources of State institutions which have joined the Federal Reserve system, as of January 1, 1918, and July 15, 1918:

State bank members of the Federal Reserve system up to January 1, 1918.

District.	Number of banks.	Capital.	Surplus.	Total resources.
No. 1—Boston.....	13	\$16,100,000	\$16,175,000	\$346,578,652
No. 2—New York.....	46	91,214,100	135,352,516	2,574,779,252
No. 3—Philadelphia.....	7	8,050,000	19,660,000	179,905,045
No. 4—Cleveland.....	15	14,150,000	45,109,500	346,478,697
No. 5—Richmond.....	14	5,040,700	3,067,900	43,620,960
No. 6—Atlanta.....	20	9,860,000	7,175,750	115,338,127
No. 7—Chicago.....	72	43,295,000	35,026,130	777,803,793
No. 8—St. Louis.....	13	15,625,000	16,510,750	204,210,354
No. 9—Minneapolis.....	16	2,760,000	741,500	26,371,671
No. 10—Kansas City.....	9	3,065,000	2,363,000	65,522,041
No. 11—Dallas.....	11	935,000	108,650	9,954,435
No. 12—San Francisco.....	14	2,820,000	1,538,250	53,641,094
Total.....	250	212,854,800	232,888,946	4,744,201,127

State bank members of the Federal Reserve system up to and including July 15, 1918.

District.	Number of banks.	Capital.	Surplus.	Total resources.
No. 1—Boston.....	24	\$24,600,000	\$26,277,000	\$517,051,789
No. 2—New York.....	70	108,685,100	149,570,016	3,002,653,894
No. 3—Philadelphia.....	16	14,900,000	37,551,944	251,606,939
No. 4—Cleveland.....	35	23,435,000	54,874,500	503,660,933
No. 5—Richmond.....	23	7,585,700	5,088,400	77,584,641
No. 6—Atlanta.....	40	14,720,000	9,549,010	211,493,568
No. 7—Chicago.....	131	51,786,000	41,503,000	932,930,958
No. 8—St. Louis.....	24	19,935,000	18,068,750	254,706,614
No. 9—Minneapolis.....	41	3,955,000	1,333,000	50,577,290
No. 10—Kansas City.....	21	4,575,000	2,983,700	88,909,221
No. 11—Dallas.....	62	3,823,000	1,048,750	37,675,963
No. 12—San Francisco.....	57	10,120,000	3,736,625	134,396,606
Total.....	544	237,569,800	351,589,695	6,153,637,625

Foreign Branches of American Banks.

The Board has recently authorized the establishment of additional foreign branches and subbranches of American banks. Following is a list of those authorized to date:

National City Bank, New York City:	Date authorized.
Branch at Buenos Aires, Argentina.....	Sept. 2, 1914
Subbranch at Montevideo, Uruguay ¹	Apr. 16, 1915
Branch at Rio de Janeiro, Brazil.....	Sept. 2, 1914
Subbranches at Santos, Sao Paulo, Pernambuco, Para, and Bahia, Brazil.....	Dec. 23, 1914
Branch at Habana, Cuba.....	Mar. 17, 1915
Subbranches at Santiago, Matanzas, Cienfuegos, Guantanamo, Camaguey, Cardenas, Manzanillo, Cuba; Kingston, Jamaica; and Santo Domingo, Santo Domingo.....	Mar. 17, 1915
Branch at Valparaiso, Chile.....	Oct. 18, 1915
Subbranches at Antofagasta and Santiago, Chile.....	Oct. 18, 1915
Branch at Genoa, Italy.....	May 25, 1916
Subbranches at Turin, Milan, Venice, Florence, Rome, Naples, and Palermo, Italy.....	May 25, 1916
Branch at Petrograd, Russia.....	July 5, 1916
Subbranches at Moscow, Odessa, Warsaw, Riga, Baku, Astrakhan, Vladivostok, Sebastopol, Helsingfors, and Vilna, Russia.....	July 5, 1916
Branch at Lima, Peru.....	July 31, 1917
Subbranches at Payta, Callao, and Mollendo, Peru.....	July 31, 1917
Branch at Caracas, Venezuela.....	July 31, 1917
Subbranches at La Guayra, Porto Cabello, and Maracaybo.....	July 31, 1917
Branch at San Juan, P. R.....	Feb. 13, 1918
Subbranches at Arceibo, Mayaguez, and Ponce.....	Feb. 13, 1918
Commercial National Bank, Washington, D. C.:	
Branch at Panama City, Panama ²	Jan. 12, 1915
Branch at Cristobal, Canal Zone ²	Nov. 30, 1914
First National Bank, Boston, Mass.:	
Branch at Buenos Aires, Argentina.....	Jan. 29, 1917
American Foreign Banking Corporation, New York:	
Branch at Port au Prince, Haiti.....	Jan. 7, 1918
Branch at Habana, Cuba.....	Feb. 25, 1918
Branches at Cristobal and Panama City.....	Apr. 2, 1918
Branch at Rio de Janeiro, Brazil.....	July 23, 1918
Branch at Cap-Haitien, Haiti.....	July 23, 1918
Branch at Saint-Marc, Haiti.....	July 23, 1918
Branch at Cali, Colombia.....	July 23, 1918

¹ Made an independent branch Dec. 8, 1917.

² Transferred to the American Foreign Banking Corporation.

The Mercantile Bank of the Americas has branches and affiliated banks as follows:

France—Mercantile Bank of the Americas (Inc.), 11 bis Boulevard Haussmann, Paris.

Spain—Mercantile Bank of the Americas (Inc.), Canuda 2, Barcelona.

Peru—Banco Mercantil Americano del Peru, Lima, Arequipa, Chiclayo, Callao.

Ecuador—Mercantile Oversea Corporation, Guayaquil.

Nicaragua—National Bank of Nicaragua (Inc.), Managua, Bluefields, Leon, Granada.

Venezuela—Banco Mercantil Americano de Caracas, Caracas, La Guayra; Mercantile Oversea Corporation, Maracaibo.

Brazil—American Mercantile Bank of Brazil, Para, Pernambuco.

Colombia—Banco Mercantil Americano de Colombia, Bogota, Barranquilla, Cartagena, Medellin. Mercantile Oversea Corporation, Bogota, Barranquilla, Cartagena, Medellin, Girardot, Honda.

New Orleans, La.—Mercantile Oversea Corporation.

Agencies in Bolivia, Costa Rica, Guatemala, Honduras.

Banks operating in the foreign trade under regulations of the Federal Reserve Board are as follows: Mercantile Bank of the Americas, New York City; American & Foreign Banking Corporation, New York City; First National Corporation of Boston, Boston, Mass.

The following is a list of banks which are stockholders of the American Foreign Banking Corporation and which have been granted by the Federal Reserve Board authority to take such stock:

Baltimore, Md.—Merchants-Mechanics First National Bank.

Boston, Mass.—Merchants National Bank.

Buffalo, N. Y.—Manufacturers & Traders National Bank.

Chicago, Ill.—Corn Exchange National Bank.

Cincinnati, Ohio.—Fifth-Third National Bank.

Cleveland, Ohio.—First National Bank.

Dallas, Tex.—Security National Bank.

Denver, Colo.—Denver National Bank.

Detroit, Mich.—Peoples State Bank.

Grand Rapids, Mich.—Grand Rapids National City Bank.

Indianapolis, Ind.—Indiana National Bank.

Los Angeles, Cal.—Merchants National Bank.

Louisville, Ky.—American-Southern National Bank.

Milwaukee, Wis.—First National Bank.

Minneapolis, Minn.—First and Security National Bank.

Minneapolis, Minn.—Northwestern National Bank.

Mobile, Ala.—The Peoples Bank.

Newark, N. J.—National Newark & Essex Banking Co.

New Orleans, La.—Canal Bank & Trust Co.

New York.—Chase National Bank.

Philadelphia, Pa.—Philadelphia National Bank.

Pittsburgh, Pa.—The Bank of Pittsburgh, N. B. A.

Portland, Oreg.—United States National Bank.

Providence, R. I.—Industrial Trust Co.

Richmond, Va.—Merchants National Bank.

St. Paul, Minn.—Merchants National Bank.

St. Louis, Mo.—National Bank of Commerce.

San Francisco, Cal.—Anglo and London-Paris National Bank.

Springfield, Mass.—Springfield National Bank.

Tacoma, Wash.—National Bank of Tacoma.

Toledo, Ohio.—The National Bank of Commerce.

Utica, N. Y.—First National Bank.

Washington, D. C.—The Commercial National Bank.

Worcester, Mass.—Merchants National Bank.

There is printed herewith the substance of a report furnished by the Mercantile Bank of the Americas concerning the operation of its foreign branches.

The Board prints this report in order to give the banks of the United States an opportunity to familiarize themselves with what is being done in foreign fields. The Board plans to invite the other banks operating in foreign countries to make similar reports and will publish them from time to time.

The bank was started in 1915 with a small capital stock subscribed by Messrs. Brown Bros. & Co. and Messrs. J. & W. Seligman & Co. The intention was to form a Pan-American bank, the gentlemen starting the bank being deeply interested in conferences that had taken place in Washington, and the general discussion that had been spread through the country concerning the need for foreign trade banks by the United States of America. Shortly afterward the following banks were added to the group at various times: The Guaranty Trust Co. of New York; The National Shawmut Bank of Boston; The Anglo-London Paris National Bank of San Francisco; The Hibernia Bank & Trust Co. of New Orleans.

The first foreign bank to be placed under the control of the Mercantile Bank of the Americas was the National Bank of Nicaragua. This bank had been formed in order that the currency situation in Nicaragua might be revised in accordance with the wish of the United States Government's State Department that some method be devised whereby the currency of Nicaragua would no longer experience the vicissitudes it had heretofore experienced. After considerable labor the old currency was finally taken up, a good part of it being burned, and the balance of it at the time of conversion being taken over at the rate of 12½ to 1; namely, 8 cents in the new cordoba currency for each peso of the old currency. The unit of value was the cordoba, value the same as the United

States dollar. With the exception of a very short time, when the war between England and Germany commenced, this currency has been maintained at about parity, being the only currency in South and Central America which enjoys that distinction. At the present time the range of rates has been about 99 to 102. The National Bank of Nicaragua is a Connecticut corporation, and its capital is \$300,000, 51 per cent of its stock being owned by the Mercantile Bank of the Americas and 49 per cent by the Government of Nicaragua. Its board of directors consists of representatives of the Mercantile Bank of the Americas, the Government of Nicaragua, and the State Department of the United States.

The branches of the National Bank of Nicaragua are opened in Managua, Bluefields, Leon, and Granada. Bluefields is on the Atlantic coast, and strenuous efforts are being made by the bank to develop this part of Nicaragua, which is mostly settled by Americans. To that end close connections are maintained between the Mercantile Oversea Corporation in New Orleans and its affiliated institutions and the National Bank of Nicaragua in Bluefields, New Orleans being the port through which most of the trade must be cleared. The National Bank of Nicaragua is the only American Bank in Nicaragua.

PERU.

The American Mercantile Bank of Peru was established about a year and a half ago at Lima. Since then branches have been opened at Arequipa, Chiclayo, and Callao. It maintains an aggressive foreign trade department, employing commercial men, and has become known as the most active dealer in exchange, both sterling and dollars, in Peru.

The management of this organization consists of a board of directors, whose formal meetings are held in New York, and the executive committee of the board which meets in Lima, Peru. This executive committee consists of three prominent Peruvian gentlemen, and the use of their names in that country in connection with our American institution there, has, no doubt, been extremely useful to the bank, giving it a standing that it would not have otherwise secured so quickly. Exchange in Peru now shows New York funds selling at the rate of about 5.80 against a parity of 4.86. The capital of the bank is, however, carried down on the books of the bank at about 4.80, which is probably the worst that exchange would go in case of a reverse position after the war. In view of the exchange situation and the possibility of there being a scarcity of currency (which has now materialized) the bank has kept a great deal of its deposits in foreign currencies, and thus is in an extremely favorable position as compared to the other banks there, which have deposits in local currency almost exclusively, and whose position at this time is a rather difficult one, because of the fact that the country has been drained of its gold, and currency is extremely scarce. The capital of this bank is \$500,000, all owned at present by the Mercantile Bank of the Americas.

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VENEZUELA.

The American Mercantile Bank of Caracas was opened about nine months ago in the city of Caracas. A branch has been opened at La Guayra in order to facilitate the movement of goods through the customhouse. A great many merchants in America seem to think that if they send a sight draft with documents attached, the merchant in Venezuela (and for that matter in every country) can not obtain the goods unless he first takes up the draft and receives the documents. This is not so, and to the end that American merchants might be protected, arrangements have been made and announcements sent throughout the country informing banks that the service of this American Bank in Venezuela is at their disposal for the consignment of goods direct to the bank at the port of entry, La Guayra, provided that the sight draft with bills of lading is forwarded through the bank for collection. To large banks no charge is made for this service, on condition, of course, that they protect the bank in case the goods are not taken up by the purchaser. This facility would seem to remove one of the obstacles in the way of development of trade, and, by the way, is only one of many innovations that have been possible under this merchant banking system, which the Mercantile Bank of the Americas has installed in various parts of South America. This is a Connecticut corporation, and all the stock is owned by the Mercantile Bank of the Americas.

BRAZIL.

The American Mercantile Bank of Brazil, with offices at Para and Pernambuco, was opened about six months ago. This bank is not yet fairly under way, and the restrictions on trade in rubber and other commodities by our Government has resulted in this bank developing rather more slowly than some of the others. In addition to that, it is even more difficult to get banking men who understand Portuguese than it is to obtain those who speak Spanish. The capital of this bank is \$500,000, all of which is owned by the Mercantile Bank of the Americas. This bank is also a Connecticut corporation.

COLOMBIA.

The American Mercantile Bank of Colombia has been established within the last few months at Bogota, Barranquilla, Cartagena, and Medellin, and is the only bank, native or otherwise, with a system covering practically the whole country. The capital allocated to this bank is \$500,000. This is a Connecticut corporation, and all of its stock is owned by the Mercantile Bank of the Americas.

Through the cooperation of the Federal Reserve Board and the Treasury Department, as our first important work we were able to protect New York exchange and bring it from about 76 back to 96, merely by shipping gold to that country. It has not been necessary for us to put it into circulation in order to obtain the results reported. The favorable sentiment created by our entrance, and the measures taken by us to adjust the situation, have evidently met with the approval of the people of Colombia.

A special session of Congress has been called, and is now in session, considering proposals we have made for an emergency currency there, in order to adjust the exchange situation. We think that with very little help on the part of our Federal Reserve Board and the Treasury Department we shall be able to prevent New York exchange from going against us as badly as it has in other countries similarly situated.

The Mercantile Oversea Corporation is a subsidiary of the Mercantile Bank of the Americas, all of the stock being owned by them. It has full powers to trade and to do any business that a merchant banker would do in Central or South American countries. It is used to match the facilities possessed by the German and English banking and trade in these countries, and can deal for its own account as a trading company whenever necessary. It can also put in cleaning plants for coffee, and similar machinery that may be necessary in order to secure a hold on the movement of trade for the United States of America, and for the American banks for foreign trade established in the respective countries. In view of the difficulties of transportation and the fact that the great product of the country, coffee, was produced by small farmers, it was necessary that some such organization should be installed in Colombia, and a couple of years ago the Mercantile Oversea Corporation established agencies in various parts of the country, before the establishment of the American Mercantile Bank of Colombia, with its offices at Bogota, Barranquilla, Cartagena, Medellin, Giradot, and Honda. Where the bank is not established this corporation acts as its agent. It has also been established in the town of Maracaibo, Venezuela. Practically a state of barter exists there, and the trade is entirely in the hands of the Germans. There is not much to be looked for in the way of a bank in Maracaibo at the present time, and the Mercantile Oversea Corporation will therefore continue to try to work up a business until such time as it is possible to open a branch of the Caracas bank in that city. An office of the Mercantile Oversea Corporation has also been opened in New Orleans, so that the orders received from people to whom we lend money in the various countries adjacent to New Orleans may be sent for execution to them.

Agencies of the Mercantile Bank have been established in Bolivia, where for the time being our own representative is located in La Paz; in Costa Rica, and in Guatemala and Honduras.

It has been the policy of the Mercantile Bank of the Americas to establish separate banks in each South or Central American country in which it operates. These banks are treated as if they were branches in respect to credit granted, but otherwise are quite separate and distinct corporations. In Europe, however, there is no necessity for the establishment of separate organizations, and a branch of the Mercantile Bank of the Americas was opened about a year and a half ago in Paris. Because of war conditions and restrictions placed upon operations by the French Government, it has not been possible for this

branch to do much business. It is merely laying the lines for service after the war to our Central, South, and North American institutions. A branch of the Mercantile Bank of the Americas was opened about six months ago in Barcelona, and is the only American bank established in Spain. Because of the fact that dollars were at such a heavy discount in Spain, it was quite impossible for us to place the necessary amount of capital in Spain at the disposal of the bank, with the result that an extremely difficult position arose. The services of this branch have been offered to the Treasury Department, and it is hoped that they will appoint it depository and fiscal agent for the United States Government in Spain. This branch has done some business with the South American bank established in Venezuela whenever there was a possibility of shipment of merchandise to Spain from that country. Absolute control was thus provided in a small way of a supply of pesetas for use in this market. The services of this bank have been placed freely at the disposal of the Treasury Department, and the owners of the bank would not look upon its services to the United States Government solely from the viewpoint of profits.

The capital and paid-in surplus of the bank are \$3,125,000, and the undivided profits approximately \$300,000. The board of directors of this bank feel reasonably well satisfied with the progress that has been made in the extremely difficult situation, both as to men and trade, that has existed. They have, however, had in mind the development of this organization wherever there were sources of raw materials to be had in South and Central America for the use of our country after the war. Under their intensive system of going right back to the planter himself and lending him money through a local bank established in his own country, with a local statement published in his country, and with the cooperation of native directors, they feel that in spite of the numerous difficulties in attempting to establish a foreign-trade bank for America in these days, the work done will prove extremely useful to our country after the war. They also hope that it will eventually turn out to be profitable.

The theory under which we work is that we shall obtain possession of the product for export at the earliest possible moment—in fact, as soon as it is ready at the plantation—and carry it from that point in our own possession until such time as it is disposed of by the broker in New York or otherwise. The same is true of exports from the United States, when the goods are consigned to the bank.

As soon as our manufacturers wake up to the need for foreign trade we are confident that this bank and its affiliated institutions will be in a position to put the American exporter into closer touch with the actual buyer of the goods in South or Central America than can be secured through any other system. To that end we are building up our organization in foreign countries and not developing extensively in this country. We are preparing our lines abroad so that when American export manufacturers are ready to sell their goods in foreign countries we shall

be in the strongest position to see that they are placed in touch with the right people. Our banks in no case have shipments of merchandise made for their own account, but they do everything short of that in order to bring buyer and seller together, relying upon their commissions to reimburse them.

In the New York office there is a staff of about 150, and I suppose that if those employed in the foreign field are added the total number of people engaged in this enterprise would be in the neighborhood of 500. Compared to a local bank or a bank doing the ordinary foreign exchange business, the overhead charges in connection with such an enterprise as this are appalling. The only way in which this situation can be met is by incorporating in the one institution all the elements that can be found in the German system, which carries the goods from producer to the source of distribution, and receives the commissions, or a part of them, that are ordinarily paid for similar services rendered by various parties under the old American system. It is also a fact that under the old system German houses in New York were established in order that their chain might be completed, and the sales commission for goods and services rendered, outside of mere financial charges, were sufficient when put together to make it worth while for them to make loans, and thus control business in South and Central American countries.

We have already found it possible to call attention of borrowers in South and Central America to the fact that naturally we would prefer that purchases be made in America, if all things are equal, with the funds that we place in their hands.

There is printed below, as likely to be of interest, a list of the principal Argentine banks, stating their deposits as of April 30, 1918. This list shows that by far the largest deposits are held by the local Argentine banks and by those which appeal directly to the Spanish-speaking population and to the Italians, who form a very large percentage of the Argentine population. It is significant, however, that of the British, French, Dutch, American, and German groups of banks, the Americans now rank second in their holdings of deposits. The first group consists of the British banks, including the Anglo-South American, with \$25,000,000, the British Bank of South America with \$30,000,000, the London & Brazilian Bank with \$10,000,000, and the London & River Plate Bank with \$80,000,000. The second group contains the National City Bank with \$21,000,000 and the First National with \$15,000,000.¹ The third group contains the

German banks, the Banco Aleman Transatlantico with \$21,000,000 and the Banco Germanico de la America del Sur with \$11,000,000. The fourth group contains the French banks, the Banco Frances del Rio de la Plata with \$14,000,000 and the Banco Frances e Italiano with \$7,000,000. The fifth group contains the Dutch bank, Banco Holandes de la America del Sur, with \$18,000,000.

When it is recalled that the British banks have been in the South American field for generations while the German banks have been there for approximately a generation, that the branch of the First National Bank of Boston has been established only a year, and that the branch of the National City Bank has existed only since the beginning of the war, there is every reason to look with confidence upon the development of American banking in Argentina.

Condition of principal Argentine banks, April, 1918.

[Argentine gold dollars.]

	Deposits.	Loans and discounts.	Cash on hand.	Actual capital or that corresponding to the Argentine Republic.
Banco Alemán Transatlántico.....	\$20,776,739	\$12,228,092	\$11,387,492	\$3,650,000
Anglo-South American Bank.....	24,723,050	25,618,923	10,887,426	4,988,999
British Bank of South America.....	29,951,216	17,000,583	15,618,599	4,536,000
Banco Español del Rio de la Plata.....	103,612,256	103,442,410	24,573,832	43,253,029
Banco Francés e Italiano.....	6,874,757	11,066,595	6,095,629	13,998,940
Banco Germánico de la América del Sur.....	11,233,189	7,571,221	4,638,429	1,729,000
Banco Holandés de la América del Sur.....	17,547,449	24,279,726	3,821,047	3,895,833
Banco Italia y Rio de la Plata.....	51,929,963	56,707,252	13,997,816	10,000,000
Banco Italo-Belga.....	12,315,680	7,465,587	3,102,633	1,000,000
Banco de la Nación.....	453,152,109	223,081,855	166,677,495	56,796,253
London and Brazilian Bank.....	10,230,456	5,992,402	4,534,068	2,126,190
London and River Plate Bank.....	79,669,941	31,143,720	47,510,928	4,250,000
Banco Nuevo Italiano.....	25,687,986	21,005,230	7,843,007	2,200,000
Banco Popular Argentino.....	11,472,218	14,863,159	4,195,428	4,626,492
Banco de la Provincia de Buenos Aires.....	106,585,847	88,677,237	42,740,757	27,480,890
National City Bank (B. A. Branch).....	21,161,946	12,328,386	6,894,759	1,036,399
First National Bank, Boston (B. A. Branch).....	15,028,017	11,121,400	3,632,787	1,036,400
Frances del Rio de la Plata.....	14,059,621	9,867,208	5,820,260	2,500,000
Total of principal banks.....	1,016,007,440	683,460,989	333,972,392	190,104,425
Total of all banks.....	1,042,536,127	710,309,595	391,796,852	201,094,059
Total of all banks for March, 1918.....	973,001,766	706,557,058	384,197,181	200,180,129

¹ The statement of May 31, just at hand, shows \$22,442,325 for the National City Bank and \$17,991,651 for the First National Bank.