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# Hongkong and Shanghai Bank and the Foochow Loan: a case for dual identities

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## **Abstract**

**Purpose** Accounting practices of Hongkong and Shanghai Bank from 1865 to 1876 fostered dual identities of the bank for the west and the east. Hongkong and Shanghai Bank used these identities to act opportunistically in commercial dealings with the British colonial administration of Hong Kong, the public of the Scotland and Britain, and the Emperor of China and his government. This paper argues the Hongkong and Shanghai Bank varied its financial reporting practices to manage its identities in different cultural constituencies, and to enable a unique identity to emerge.

**Design / Methodology / Approach** The approach taken is to use the example of Hongkong and Shanghai Bank's Foochow loan to demonstrate its use of financial reporting to sustain dual identities. Documents pertaining to the published financial statements of Hongkong and Shanghai Bank between 1865 and 1876 are examined for the accounting practices and policies used. Secondary sources were also analysed.

**Findings** Hongkong and Shanghai Bank uniquely positioned itself to be simultaneously viewed as a conservative bank based on Scottish banking principles and a trusted local bank of the people of Hong Kong and the Emperor of China. Hongkong and Shanghai Bank was the only bank at the time acting in these two capacities. It achieved this by varying financial reporting and banking practices to manage business relationships. In doing so, the bank projected two identities, an identity acceptable to the Scottish and British, and another acceptable to the Chinese.

**Research limitations / implications** Only sources written in English were utilised in this study, as English texts dominate the historical records.

**Originality / Value of the paper** The Foochow loan was noteworthy because it was the first Chinese public loan, and its form was atypical of contemporary lending practice. An analysis of this event reveals Hongkong and Shanghai Bank used dual identities in the Foochow loan transaction to emerge with an evolved identity beyond that of a colonial bank, and one which was historically contextualised, geographically informed and culturally sensitive.

## **Keywords**

Hongkong, Shanghai, Bank, Foochow, Loan, Case, for, Dual, Identities

## **Disciplines**

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## **Hongkong and Shanghai Bank and the Foochow Loan: A Case for Dual Identities.**

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**Paper type** Research Paper

## **Introduction**

Hongkong and Shanghai Bank, now HSBC, is a global bank with strong historical roots. Its viability as a trusted financial institution has depended upon its successful projection of images to satisfy both eastern and western cultures. It has been dually registered in Hong Kong and London since its foundation in 1865. Through the examination of a financial event the “Foochow Loan” from 1874 to 1876, the use of dual commercial identities by the bank as detected through its use of financial accounting practices is explored. An analysis of this event demonstrates that the dual identities enabled a cultural positioning of the bank, and allowed it to inscribe a unique identity that enabled transcendence from its colonial origins.

At the beginning of the nineteenth century, accounting practices were unsystematic, with a variety of asset valuation methods and approaches to calculations of profits (Gordon and Gary, 1994). There was no requirement to conform to a uniform format of financial reporting (Brief, 1966; Edwards, 1980; Kedslie, 1990; Lee, 1979; Parker, 1991). The Scots were pioneers in developing conservative banking principles for the acceptance of deposits and the paying of interest. Traditional Scottish banking at this time paid the same interest on both fixed and current deposit accounts.

Hongkong and Shanghai Bank was established in 1865 by Sir Thomas Sutherland (then Thomas Sutherland) in the British colony of Hong Kong. This was just two and a half decades after the first moves to form a group of professional accountants in Scotland during the 1850s, and before such professional accounting groups were being formed in England from the 1870s onwards (Mathew and Perera, 1996). The bank was listed in both London and Hong Kong. During that period Hong Kong did not have its own *Banking Ordinance* or accounting regulations. Most organizations just followed what had been done in England (King and Hongkong and Shanghai Banking Corporation, 1987). The bank retained the traditions of a British overseas bank. It was incorporated under the Colonial Banking Regulations, and reflected Scottish banking principles, and was formed as a joint stock company under the *Joint Stock Companies Act 1856*. It issued its own bank notes, paid interest on current accounts, and lent on the basis of cash credit (Munn 1982).

Consistent with contemporary practice, Hongkong and Shanghai Bank had limited accounting and disclosure of information in its financial statements. This was typical due to minimal legal requirements. The bank was incorporated with its own special ordinances<sup>1</sup> authorised by the Treasury in Hong Kong. The special ordinances mainly focused on limited liability issues and the bank's ability to issue notes on behalf of the Hong Kong Government. The special ordinances did not state a disclosure requirement.

In the following sections the financial event of the Foochow loan is described, followed by an analysis of its associated transactions from the perspectives of the principles and conventions of the Scottish and British, contrasted with those of local Chinese perceptions.

### **Foochow Loan (1874 – 1895)**

Foochow is a province in mainland China. The Foochow loan occurred because of the pre-existing business relationship between the Chinese Superintendent of Trade for the North (Li Hung-chang<sup>2</sup>) who was located in the Peking Province, and the Hongkong and Shanghai Bank Chief Manager James Grieg<sup>3</sup> who was located in Hong Kong. Li Hung-chang's office entitled both he and James Grieg access to the Emperor Mu-tsung (King 1983, King and Hongkong and Shanghai Banking Corporation 1987). Hongkong and Shanghai Bank negotiated a written agreement and in October 1874 committed to loan the Office of the Emperor in Peking a sum of £627,615. The contract was signed in two stages, the first tranche of the loan £539,748 was issued on 28 November 1874, while the second tranche was issued on 5 June 1875. The loan was made to "His Majesty Tung Chih, Emperor of China", which was a reign title (King and Hongkong and Shanghai Banking Corporation, 1987). The Foochow loan was recorded in the written contract for the sum of 2 million taels, at an agreed but arbitrary exchange rate for silver. However, when

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<sup>1</sup> The Hongkong and Shanghai Bank Ordinance (No. 5 of 1866). It was modelled after the charter of the Asiatic Banking Corporation but with exceptions appropriate for Hong Kong.

<sup>2</sup> Li Hung-chang was a leading statesman of the late Qing Dynasty and a Chinese general who ended many major rebellions (Liu, 1970).

<sup>3</sup> James Grieg was the chief manager of Hongkong and Shanghai Bank from 1871. He was forced to resign in 1876 because of the criticism from the bank and public of the accounting procedures associated with the Foochow Loan (King and Hongkong and Shanghai Banking Corporation, 1987).

Hongkong and Shanghai Bank came to record the transaction in their records they converted the 2 million taels into British pounds using a floating exchange rate of gold based pound sterling. This meant that while the loan was recorded as the equivalent of 2 million taels in gold, the Chinese repaid correctly according to their contract the equivalent of 2 million taels in silver. Profit earned on the loan by the bank was then consequently exposed to the fluctuation of the exchange rates. While the loan did attract interest, there was no fixed interest rate attached which was uncharacteristic of Scottish principles of banking. It was in the terms of the contract that the loan was repaid monthly. Also, not in keeping with conservative banking principles, there was no collateral required for the Foochow loan. It was regarded as a security because it was under the seal of the Emperor.

Upon signing the contract, the bank advanced 60,000 Taels immediately to the Chinese government. At the time, the bank did not have sufficient funds in their cash account to cover this advance, and so recorded the transaction against its reserve fund. For Hongkong and Shanghai Bank the purpose of the reserve fund is specifically stated for the equalization of dividends under the Acts of 1857 and 1858 (Article 122 of the deed of settlement). This urgent advance, while part of the total negotiated amount of 2 million taels, was not consistent with the terms of the contract with respect to its immediate delivery. It has been argued that the transgression may have been due to pressure from the Chinese government for immediate funds (Born, 1983; King, 1983; King and Hongkong and Shanghai Banking Corporation, 1987; Liu, 1979).

The Foochow loan contract was signed on the 28 November 1874, and the first tranche amount was made available to the Chinese on the 19 December 1874. The total amount was included in the December 1874 accounts of Hongkong and Shanghai Banking Corporation under “discounts, loans and credits”. There is no record of the amount of the advance being reversed out of the reserve fund to the cash account at a later date. This departure from accounting convention led to concern among the shareholders and a call for independent inspection of the bank’s accounts (King and Hongkong and Shanghai Banking Corporation, 1983).

In order to finance the Foochow loan, Hongkong and Shanghai Bank issued in their name in June 1875, six months after the first advance of the loan, a public loan (bond issue) on behalf of the Emperor and his government to fund the Foochow loan. These bonds had an attractive interest rate of 8% fixed, and were sold in Hong Kong and Shanghai (King and Hongkong and Shanghai Banking Corporation, 1987). There was no guarantee at the time that the public issue would be taken up. While the term of the loan was 20 years, the term of the bonds was half this at 10 years.

During 1874 Hongkong and Shanghai Bank was not experiencing high profitability. To mitigate this circumstance, the bank recorded upfront in their profit and loss account at the end of 1874 a high proportion of the total profits on the loan, which they calculated to be approximately HK\$125,000. The profit on the Foochow loan transaction was estimated and recognised up front, but was not yet realized. This incident caused the shareholders to raise questions about the profitability of the loan and the accountability of the bank. The Foochow loan was eventually repaid in full, but not all the repayments were made on schedule.

The Foochow loan was noteworthy because it was not typical of contemporary lending practice. Examination of the events of the Foochow loan reveals the complexities that Hongkong and Shanghai Bank faced in operating in an eastern environment using western business conventions. In attempting to adapt the Scottish banking principles and British conventions inherent in their operations with their colonial position, this paper argues that the bank fostered a modus operandi of using dual of identities. Hongkong and Shanghai Bank used these two identities opportunistically in their commercial dealings with the British colonial administration of Hong Kong, the public of the United Kingdom, and the Emperor of China and his government. The next sections describe these two discerned identities used by Hongkong and Shanghai bank as demonstrated over the course of the Foochow loan; a colonial identity, and a Chinese identity.

### **Hongkong and Shanghai Bank's dual identities: colonial and Chinese.**

Any founder has a great impact on the structure and accounting practices of the organization he or she establishes. Their characteristics and practices often become

institutional in the organization's culture. This can clearly be seen from HSBC's founder, Sir Thomas Sutherland. His Scottish background and experience as the Hong Kong agent for the Peninsular and Oriental Steam Navigation Company (P&O) had an impact on the bank's operation and financial practices (Napier, 1989). He realized that to be successful, a local bank would have to meet the diverse needs of the community and lure constituents from rival firms<sup>4</sup>. He believed that there was a role for a locally based bank in Hong Kong, which could help to finance trade in East Asia and provide banking services to the local community.

Thomas Sutherland promoted Hongkong and Shanghai Bank as a bank to be operated on 'Scottish banking principles'<sup>5</sup>, suggesting to investors and clients that the model for his bank would be banks such as the Bank of Scotland and the Royal Bank of Scotland, both of which were over 150 years old in 1865. He envisaged the role of his new bank as supporting the commercial development of the colony. The prospectus of the Hongkong and Shanghai Banking Company Limited (29 July 1864) stated that the establishment of a Mint in Hong Kong could provide an adequate supply of the proper currency (King and Hongkong and Shanghai Banking Corporation 1987, 73). It was also envisaged that the bank could become the exclusive medium for the transaction of monetary operations connected with trade and replace the Compradoric system<sup>6</sup> (Collis, 1965). A locally-based bank could therefore offer the benefit of retaining profits within the local economy rather than remitting them back to Britain, and could also act as an issuer of bank notes. Sir Thomas Sutherland's claim would have had particular significance, creating a colonial image of solidity, prudence and scrupulous attention to business.

The provisional committee was formed comprising 15 members, including Thomas Sutherland and all the leading firms in Hong Kong except Jardine and Matheson. The composition of the committee reflected the international nature of the merchants of the treaty ports<sup>7</sup>. It included British, American, German, Danish, Jewish and Indian

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<sup>4</sup> The traditional rivalry between Jardine, Matheson and Co. and Dent and Co., between Russell and Co., and Augustine Heard and Co.

<sup>5</sup> The Scottish banking principles will be discussed later.

<sup>6</sup> Compradors were acted as financial intermediaries who worked with the local bank, remittance, merchants and officials, operating especially between the bank and their Chinese counterparts.

<sup>7</sup> Treaty of Nanking or Treaty of Nanjing, signed 29 August 1842.

members. Most of them belonged to the firms established originally in Hong Kong (King and Hongkong and Shanghai Banking Corporation, 1987). However, no local Chinese participated in the formation of the bank. It has been argued that this was due to cultural differences and language barriers (Cheng, 1969).

Hongkong and Shanghai Bank followed the influence of the Scottish practice of cash credit, a forerunner of the modern overdraft, where advances were given to their customers. In accordance with these principles, from its foundation in 1865 Hongkong and Shanghai Bank recorded such advances in “Discount, Loans, & Credits” account in its Statement of Liabilities and Assets. A Scottish banking practice was to set up a branch system, which Hongkong and Shanghai Bank adopted in its establishment of branches in both Hong Kong and Shanghai. This branch system facilitated the collection of the repayments of the Foochow loan, with a branch located in Shanghai.

The British convention was to conduct all foreign business using a mutually accepted medium of exchange between the parties. The bank’s convention was to record the Foochow loan in British pounds in the financial statements, not the local currency. With respect to the receipt of interest payments by the bank, these were also managed according to Scottish convention. The terms of the contract were that payments were to be made each month, which the Hongkong and Shanghai Bank interpreted to be a calendar month. The banking convention of the west was stringent about repayment schedules and amounts. Failure to comply would indicate financial distress by the debtor. Hongkong and Shanghai Bank’s receipt of some of the Foochow loan payments late, although not very often would have been frowned upon.

The British Banking system of the nineteenth century concentrated chiefly on the provision of short-term loans for the purposes of working capital rather than long-term loans for fixed capital investment (Boyns *et al.*, 1997, 53). Loans and credit were mainly financed by deposits, and secured through lending against shares. Loans were usually made not for capital infrastructure, but for short term operating liquidity. This also was the general practice of Hongkong and Shanghai Bank, and it was a legitimate banking practice under the *General Companies Ordinance* (King and Hongkong and Shanghai Banking Corporation 1987).

The banks' issuing of the bonds had the consequence of transferring the risk away from the shareholders of Hongkong and Shanghai Bank to those investing in the bonds, and in doing so protecting its shareholders' profits. This is consistent with the proprietorship concept of the era. (Chatfield and Vangermeersch, 1996; Godfrey *et al.*, 2000).

At this time the United Kingdom was developing principles of revenue recognition and revenue realisation through the British common law system. (Glover 1910). The upfront reporting of a profit associated with the Foochow loan of HK\$125,000 did not contravene any formal compliance. It did breach the Scottish principle of conservatism.

Banks operating overseas retained the traditions of British overseas banks, traditions similar to those of Royally chartered banks, while maintaining vital regional associations. Hong Kong was a British colony and did not have significant banking laws until the late 1960s. Hongkong and Shanghai Bank was no different to other British banks operating overseas, being subjected through the provisions of the Colonial Banking Regulations to authorized regulatory supervision administered by the Governor of Hong Kong after consultation with or instructions from the Treasury through the Colonial Office (King, 1983). Although there was no specific banking law to govern the bank, it still had to comply with the *Joint Stock Companies Acts* of 1844 and 1856, and their financial reporting requirements. In these respects, the Hongkong and Shanghai Bank acted as an interface between the financial systems of the east and the west, and it is in this capacity that the Foochow loan arose.

Hongkong and Shanghai Bank in negotiating this loan contract were from an institutional and regulatory perspective aligned with the British legislation and convention. It was operating from the British concept of proprietorship, where reporting was done from the perspective of the owners, not the entity. This meant "control" i.e. management of the risk of the contract was afforded the investor through the regulations and principle of limited liability. In the writing of the contract an image of financial stewardship was conveyed, and at the same time constructed

around the rights and responsibilities in the social contract of the legislation. An image of stability and probity is verified through the self imposition by Hongkong and Shanghai Bank of controls such as audits, annual reports and shareholder meetings.

Despite being an artefact of colonisation, also Hongkong and Shanghai Bank was encumbered by the cultural concept of “Guanxi”<sup>8</sup>, requiring their image to be modified to accommodate a local identity. An example of this concerns the contractual requirement for monthly repayments of the loan. The Chinese did not work on a western calendar month, but rather operated by a lunar month. In the negotiations of the loan, while the condition monthly was inserted into the written contract, there was acceptance that the payments were to be made in China to the Shanghai branch by lunar month (Collis 1965, King 1983, King and Hongkong and Shanghai Bank 1987). This arrangement, while fulfilling the local cultural norm, was highly irregular in terms of Scottish banking, and this information was never conveyed to London (as indicated by the matter never being raised by the stockholders in their annual general meetings). The concern of a few late payments inherent in United Kingdom conventions were not an issue for the bank’s Chinese persona. The bank understood the physical and cultural context of the loan execution. The Chinese collected customs duties in the form of silver from vessels upon their arriving in a Chinese port. The silver was used to repay the loan. Timely repayments required relying on shipping and trading schedules and transporting the silver from two major ports, Foochow and Shanghai to Hong Kong. The uncertainty of bad weather and long distances were understood by the bank. The “Customs of Maritime” were also an element that delayed the payment process, as they first collected and sorted the silver received to its various destinations.

Hongkong and Shanghai Bank had to cultivate two images. In dealing with the Emperor and his government, the relationship had to be more than a commercial one, operating on a basis of trust. The Emperor and his government, not having concepts

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<sup>8</sup> *Guānxi* describes the dynamic in the nature of personalized networks of social relationships in Chinese society. It also is used to describe a network of contacts, in which an individual can exert influence on behalf of another when something needs to be done (Chen, 1995; Gold *et al.*, 2002).

of limited liability and a legal person, understood the transaction as a relationship with Li Hung-chang and James Grieg who were a local part of Shanghai and Hong Kong. In this capacity, the bank was an agent of the Emperor and in honouring this relationship it would do nothing in violation of this trust. This meant that it would have been a cultural offence for the bank to request collateral for the loan from the Emperor. Their role of agent to sell the bonds on behalf of the Emperor protected the public image of the Emperor.

In the conduct of the bond issue, Hongkong and Shanghai Bank projected alternate images to the east and the west, while acting with duplicity as protectors to both parties. From the western viewpoint their strategy removed risk of the loan from shareholders to the local investors in the bonds. From an eastern perspective, they protected the pride of the Emperor, as the bonds were issued in Hongkong and Shanghai Bank's name and did not give a public perception of the Emperor needing money. It removed the Emperor and Chinese government from appearing to beg the public for financial support, as would be the case in a government bond issue. Indeed, as this was the first loan, this problem of east and west cultural collision had not been encountered before in business.

The bank nurtured its construction of being a local bank in its policy of retaining a significant percentage of its shares on the Eastern registers. In the field in executing the early advance of part of the loan, and contracting the loan six months prior to the issue of the bonds, Hongkong and Shanghai Bank had to compromise sound British business practice to maintain "Guanxi" with the Chinese government.

The juxtaposition inherent in the bank's position is evident through the recognition of the upfront profit of \$125,000 on the loan. It was not until the *Companies Act of 1929* that it was required that a profit and loss account be laid before the company at a general meeting (Hein, 1978). The bank recorded estimated profits of the loan to the Profit and Loss in 1874 in order to pay out a dividend for the year and project a sound image of its financial position. From the Chinese perspective, the trust concept required no accountability and so none was required by the Emperor. However, curiously it must have had some significance to the local business community in Hong

Kong. The cartoon published in 1875 in *China Punch* magazine [see *Figure 1*] showed the character Father Time (representing the timing of the accounting transaction) emerging from the gloom of 1874 bringing in the new year, a bag of silver dollars with legs and clearly marked “1875 loan”...£675,645” (King and Hongkong and Shanghai Banking Corporation, 1987) is Western in appearance, bringing the profits of 1875 to Hongkong and Shanghai Bank’s representative (dressed in Chinese government uniform only allowed to be worn by official representatives of the Emperor) in 1874. This cartoon, published in an English language magazine, both expresses the accountability concerns of the predominately western shareholders and at the same time also confirms the identity of HSBC as being perceived as truly local to China.

Take in Figure 1

The Chairman explained the timing of the revenue recognition at the General Meeting was due to the poor performance of the half-year’s result, and without the China Loan, there would be no profit available. This result can be seen from *Table I*. The directors explained the situation from the proprietary viewpoint, that is, regarding the assets and liability as those of the proprietor, with the potential use of the net worth unrestricted (Godfrey *et al.*, 2000).

Take in Table I

The shareholders did not raise a point of significance at the annual meetings until 1875 because of their trust in the bank. They even criticized the directors for knowing the problems and withholding information. The directors defended themselves saying that the Chairman had informed the shareholders in a general way and raised the question of the auditors’ inability to detect the unauthorized investments.

The bank was aware of these and other criticisms and sought to correct the impression at every opportunity. The bank’s response was to present itself to the west as a financially reliable bank. As a result, a London committee was set up to examine and inspect all the bill schedules and the problem of lending on the ultimate security of bank shares. An internal inspection system was set up beyond the scrutiny of managers. Although no provisions were made at that time for auditing the accounts on

which the statements were based, nor of the statements themselves, all the bank's accounts were to be audited under the terms of the British ordinance. The quick response of Hongkong and Shanghai Bank was to present itself as a financially reliable organization.

The reason Hongkong and Shanghai bank succeeded in the loan was due to the connections and reputation of the bank (Jones, 1993), since its issue was a matter of confidence. With the founder's and its manager's personal experience of China and specialist knowledge of Chinese conditions, the bank was willing to accommodate the requirements of the Chinese Emperor. These requirements included a floating loan on its own terms, denominated in Chinese units of account (taels), with interest calculated on a lunar-month basis and payments at different intervals, which was different from the western loan calculation. With the connection of the British and Hong Kong Government, the bank was able to place the China loans on the London market without the help of other merchant banks.

Throughout this transaction it was necessary for the bank to project dual identities, beyond what it would do in the normal course of communicating with investors and clients in a mono-cultural setting. The duality of identity was necessary to make the loan.

## **Discussion**

This paper argues that the cultural identity of Hongkong and Shanghai Bank emergent from the Foochow loan transaction, while having many points of similarity with its genealogy, had critical and significant elements of difference also which constituted its identity over this time (Hall 1994, 394). The bank's conception and use of dual identities evolved from the circumstances of the historical event of the colonisation of Hong Kong, the influence of two dominant cultures, and the compunction of the British financial and legal regulations counterpoint against the persuasion of the local Chinese culture and environment. The ruptures to each identity created by the sequence of events in the Foochow loan juxtaposed elements of difference as well as reinforced the similar viewpoint of the economic value of the existence of the financial institution.

The colonial and Chinese identities ascribed by this paper to the bank are merely different ways the authors observed the bank to be positioned by, and positioned themselves within, the regulations and conventions of both the occident and the orient. In Edward Said's "Orientalist" sense, Hongkong and Shanghai Bank's operational knowledge gained from the west had the power to make its managers see the bank as the "other" when trying to operate in the local Chinese context of "Guanxi". The manifestation of the dual identities confirms the cultural identity of the commercial organisation not as a fixed and unchanged and not as having the universal colonising spirit of its establishment.

The dual identities enabled a positioning of the bank. The difference between the two personas was not contradictory or destructive to the building of an identity for Hongkong and Shanghai Bank. Rather they worked together to inscribe a unique identity that enabled the bank to transcend its colonial origins. Throughout this period Hongkong and Shanghai Bank both is and is not British. It is a corporate entity of Britain, reflected in its legal registration and banking and financial accounting systems, but the bank reflects an operating style that is much richer in complexity and is visibly more willing to forego conservative conventions in the conduct of the Foochow loan. These two identities are representative of the bank's transition to a unique identity beyond the cultural confines of being an artefact of colonization.

## **Conclusion**

What is distinctly unique about Hongkong and Shanghai Bank can only be described in terms of the respective peculiarities of the British and Chinese business practices. The unique identity emerging from the dual images presented does not erase the duality, but draws upon it. The bank's cultural identity was not fixed as Sir Thomas Sutherland envisaged, but rather it was strengthened by its transitory nature. Edward Said noted that identity gets its own sense of itself "by dramatising the difference between what is close to it and what is far away" (Said as cited in Hall, 1994, 399). Hongkong and Shanghai Bank simultaneously inhabited different but overlapping worlds. The bank's handling of the Foochow loan brings into question explanations of identity in terms of "self" and "other". Neither the colonial nor the Chinese identity was master. The existence of each reified the existence of the other. There

occurred a hybridisation which rendered both the British and Chinese identity less pure (Williams 2004). However, it permitted the bank to emerge with an identity historically contextualised, geographically informed and culturally sensitive.

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**FIGURE 1**



6 Introducing the New Year, 1875, to Mr Punch in the dress of a Taiping Official – *China Punch*, 1875.

**Figure 1** China Punch New Year's cartoon

**TABLE I**

**Assets and liabilities, 1867 - 1874**

<i>(in millions of HK dollars)</i>	1865	1866	1867	1868	1869	1870	1871	1872	1873	1874	1875	1876	1877
<b>Assets</b>													
Cash on hand and with banks	1.25	1.94	3.95	4.23	4.25	10.18	9.35	8.1	11.26	8.55	4.36	4.45	5.72
Discounts, loans, credits	3.14	4.07	3.37	4.38	4.76	8.11	7.65	11.03	9.84	9.76	9.25	8.67	10.34
Exchange remittances	5.55	9.20	13.29	12	17.98	16.67	21.31	32.22	26.95	21.87	18.15	28.92	34.01
Branches and agencies	3.39												
Preliminary expenses	0.03	0.02											
Government securities			0.24	0.72	0.94	2.95	2.04	2.16	2.82	2.48	2.55	0.93	23.4
Other			0.11	0.12	0.13	0.14	0.15	0.16	0.26	0.32			
Buildings		0.06									0.23	0.22	0.21
Dead stock	0.01	0.03									0.09	0.1	0.1
<b>Total Assets = liabilities</b>	<b>13.37</b>	<b>15.32</b>	<b>20.96</b>	<b>21.45</b>	<b>28.07</b>	<b>38.05</b>	<b>40.5</b>	<b>53.67</b>	<b>51.14</b>	<b>42.91</b>	<b>34.63</b>	<b>43.29</b>	<b>52.71</b>

**Liabilities**

Paid-up capital	2.5	2.5	2.5	2.5	2.5	2.5	2.5	5	5	5	5	5	5
+ Paid up (new shares)		0.39	0.5	0.5	1	1.5	2						
+Marine Insurance Account										0.03	0.05	0.07	0.07
+ Reserve Fund		0.1	0.25	0.5	0.7	0.8	0.9	1	1	0.1	0.1	0.2	0.65
= Shareholders' funds	2.5	2.99	3.25	3.5	4.2	1.8	5.4	6	6	5.13	5.15	5.27	5.72
Deposits and notes	3.38	4.13	6.28	7.06	7.81	11.11	12.58	16.07	18.77	19.8	13.41	13.07	22.36
of which :banknotes	0.8	0.93	1.22	1.11	1.76	1.71	1.52	2.37	1.96	2.24	1.88	1.31	2.04
Exchange acceptances	5.73	7.86	11.04	10.42	15.68	21.67	22.12	31.26	26.13	17.86	15.74	24.44	24.08
Branches and agencies	1.55												
<b>Profit and loss</b>			0.39	0.46	0.37	0.46	0.4	0.34	0.24	0.12	0.34	0.5	0.55

**Profit and Loss**

<i>(in thousands of dollars)</i>	By amount from Reserve Fund												
	675												
By balance of undivided profits	0	45.7	14.2	70.7	116.8	99.4	31.3	122.8	36.8	7	106	38.1	14
By amount of profits	193.4	278.3	368.1	382.6	249.5	361.7	367	206.4	199.7	112.7	228.1	460.7	535
<b>=Total funds to be allocated</b>	<b>193.4</b>	<b>324</b>	<b>382.3</b>	<b>453.2</b>	<b>366.3</b>	<b>461.1</b>	<b>398.3</b>	<b>329.2</b>	<b>236.3</b>	<b>794.8</b>	<b>334.1</b>	<b>498.8</b>	<b>549</b>
To preliminary expenses	6.4	5	10			268.6							
To bonus to customers	8.2												
To Contingency Fund										781	145		
To dividend	132.2	180	180	180	210	160	270	300	200	0	150	177.78	177.78
To directors' remuneration		28	10	10	10	10	10	10	10	10.7	20	10	10
To reserves	33.3	75	125	200	100	0	100	0	0	0	0	300	350
<b>To balance carried forward</b>	<b>12.3</b>	<b>35.9</b>	<b>57.3</b>	<b>63.2</b>	<b>46.3</b>	<b>22.6</b>	<b>18.3</b>	<b>19.2</b>	<b>26.3</b>	<b>3.1</b>	<b>19.1</b>	<b>11</b>	<b>11.2</b>
<b>Reserve Fund: new balance</b>			<b>375</b>	<b>700</b>	<b>800</b>	<b>800</b>	<b>1000</b>	<b>1000</b>	<b>1000</b>	<b>100</b>	<b>100</b>	<b>500</b>	<b>1000</b>