

Deposits	\$4,577,908.47
Short-time loans	1,200,438.69
Bills discounted	189,084,565.05
Loans on collaterals	101,228,214.08
Loans on mortgages	22,445,729.31
Other loans	2,661,590.31
Investments	23,421,704.50
Debtor accounts	236,123,560.11
Bank premises	6,240,985.51
Uncalled capital	7,700,000.00
Total combined assets	\$669,399,228.32

COMBINED LIABILITIES.

Combined capital	\$158,100,000.00
Reserve and prev. funds	53,903,668.21
Notes in circulation	94,861,543.00
Bonds in circulation	17,790,600.00
Deposits on demand	40,153,691.67
Deposits on time	28,776,952.97
Creditor accounts	275,812,772.47
Total combined liabilities	\$669,399,228.32

While these remarkable figures represent the amount of the turnover handled by the thirty-four chartered banks in the Republic for the month of September 1906, for the month of February 1907 the total was \$685,410,996.98.

CHAPTER XVIII

Banco Nacional—Directorate and management—Banco de Londres y Mexico—Former proprietors—Changes and increases of capital—United States Banking Co.—Career of President George I. Ham—Mexican Bank of Commerce and Industry—Career of Mr. James Walker—Mexico City Banking Co.—Some minor banks—Private banks—Table showing capitals, issues, dividends and present prices of the leading banks of the Republic.

THE Banco Nacional, or National Bank of Mexico, may be regarded as one of the foremost institutions of its kind in the world. Established in 1881, at a time when the finances of the country were in anything but a prosperous condition, and when banking in Mexico was only understood in regard to the most elementary stages, the Nacional found its career anything but an easy one. The first three years of its existence were not conspicuous by reason of success; and the contract under which it had been formed was considerably modified in 1884, when permission was granted to combine with the Mercantile Mexican, the name of the institution being changed to the "National Bank of Mexico." In conjunction with the Banco de Londres y Mexico, the Nacional shares the exclusive privilege of issuing bank-notes, or bills on demand, in the Federal District, and although this privilege is also granted to the banks established in the different States of the Republic, the latter are not permitted officially to establish redemption agencies for their notes in the capital, and it will be a long time before the Bills of the State Banks occupy the same position in the public confidence as those issued in the capital, although they are now circulating more freely than they did.

The Board of Directors controlling the Banco Nacional is made up of some of the most distinguished financial and

commercial representatives in the Republic of Mexico. The Chairman (or President) is the Hon. Sebastian Camacho, the Vice-Chairman (Vice-President) being Lic. Pablo Macedo, who has the greater amount of the detail control of the bank in his hands. Without going into the past history of the concern, which since 1884 has been one of almost uninterrupted prosperity, I may point to the remarkable success which attended the operations of the bank during the past year, and which resulted in a dividend at the rate of 20 per cent. being declared on the capital, which amounts to no less than \$32,000,000 (£3,200,000). The total profits made for that year amounted to \$6,289,820 nett (£628,982), and the gross profits close upon \$9,000,000 (£900,000). The best proof of the prosperity of the institution is the declaration of its dividend. It is worthy of note that the profits made by the bank for the year 1905-1906 were not the result of any abnormal conditions, but simply the outcome of the regular business which the bank is carrying on day by day. In addition to the amount absorbed by the 20 per cent. distributed among the shareholders, the sum of \$111,180 (£11,118) was applied to the founders' bonds, still outstanding, while the sum of \$814,441 (£81,444) was awarded to the Council of Administration. The total turn-over of the Banco Nacional up to the end of December 1906 was \$247,147,282 (£24,714,728), while three months later, on March 31st, 1907, the amount stood at \$261,849,718 (£26,184,971), a rate of increase which can probably be equalled by few and exceeded by no banking institutions in the world. The London agents of the Banco Nacional are Messrs. Glyn, Mills, Currie and Co., who pay the half-yearly dividends on the shares which are held in this country and on the Continent, and which are very considerable in number. I may mention that the dividend declared for 1905 was at the rate of 18 per cent.

The handsome building occupied by the Banco Nacional in Mexico City has recently undergone considerable improvement. The portion of the building at the rear, which contained the old vaults of the bank, has been completely reconstructed, the vaults having been torn down, and new ones, erected entirely of steel, and designed upon the most modern plan, have been put up in another part of the

building. Other improvements include the reconstruction of stair-ways and hall-ways, while an abundance of air and daylight is now provided for all the rooms where the clerks and principals work. The chief apartment is a lofty and spacious hall, not unlike that to be found at Messrs. Coutts and Co., the well-known bankers, in their handsome new premises in the Strand. The upper part of the Banco Nacional building is occupied by a clearing-house, the whole construction presenting the appearance of a model institution.

The Bank of London and Mexico (Londres y Mexico) ranks next in importance to the Banco Nacional. It is the oldest foreign bank in Mexico, having been established at the time of the Emperor Maximilian (1864), but without any Government charter, under the title of Bank of London, Mexico and South America. The history of the Bank is a remarkably interesting one, especially in the early days, when it was mainly in the hands of British shareholders. At that period it issued its own notes, which circulated freely throughout the Republic, and, by its unwavering fidelity and exactitude during some forty-one years, it succeeded in establishing itself as the great financial institution of Mexico, and, as I have said, ranking second only to the Nacional bank itself. Like its sister institution, the Bank of London and Mexico last year enjoyed remarkable prosperity, the nett profits made amounting to \$4,218,740 (£421,874) against \$2,963,220 in 1905, or an increase during the last twelve months of \$1,255,519. The distribution of profits to shareholders was at the rate of 12 per cent., a portion of which had been paid as an interim dividend. There are 215,000 shares issued, nearly half of which are held on the Continent of Europe, and the rest in Mexico.

On the issue of the commercial code in 1884, which made it necessary for banks of this class to operate under charters from the Federal Government, the question arose as to the legality of the standing of the Banco de Londres y Mexico y Sud America. By negotiations, the charter of the Banco de Empléados, granted by the Federal Government on June 12th, 1883, under the new legislation, was purchased by the Banco Inglés the arrangement being sanctioned by the Treasury Department. The official transfer was approved under date

of August 21st, 1886, with the special stipulation that the Banco de Londres y Mexico y Sud America should assume and become subject to all the stipulations imposed in the charter purchased from the Banco de Empléados. This gave the Banco de Londres y Mexico y Sud America a definite legal existence, and a legal domicile in the City of Mexico, but without any express authorisation to issue notes. To acquire this legal right, still another charter was obtained from the Federal Government, under date August 21st, 1889, which stipulated that the name be changed from Banco de Londres y Mexico y Sud America to "Banco de Londres y Mexico," incorporated and registered as a Mexican institution, wholly independent of the original Bank of London, which sent out Mr. Newbold in 1864 to establish this Mexican branch. Its capital in the charter of August 21st, 1889, was registered at \$1,500,000, and under the same charter, the existence of the Bank was extended to fifty years. With a capital of \$1,500,000, the Bank operated from August 1889 to December 1891, when permission was granted by the Treasury Department to increase the capital to \$5,000,000. In August 1896 it was authorised to again raise its capital to \$10,000,000 before January 15th, 1897; while in 1896 the approval of the Secretary of the Treasury was obtained for the issue of another \$5,000,000, making the total capital of the Bank \$15,000,000, represented by 150,000 shares with the par value of \$100 each.

The business of the Bank continuing to extend, it was decided to again increase the capital, making it \$21,500,000 on January 1st, 1906. In 1905, Mr. James Walker, who had been manager for 2½ years, resigned his position, and Señor Francisco Yarza became manager, with Mr. G. Hopfner, who was formerly Accountant, as Assistant-manager. Under Señor Yarza's management the bank has continued on the high road of prosperity, its \$100 shares being quoted on the Paris Bourse at 665 francs, and \$285 in Mexico.

The President of the institution is General Manuel Gonzalez Cosio, who is supported by an exceptionally influential Board of Directors, composed of Señor Francisco Espinosa, Señor Luis Barroso, Señor José Sanchez Ramos, Señor Leon Signoret, Señor Remigio Noriega, Señor Enrique Tron, Señor

Alfonso Michel, Señor Valentin Elcoro and Señor Joaquin Baranda.

Undoubtedly, one of the most popular foreign banks is the United States Banking Co., which was organised on September 7th, 1899, and opened for business on January 9th, 1900. The bank works without a charter, but it has already made application to the Minister of Finance through its legal representatives for such a concession, which it is not improbable may be granted. If it is, it will be quite an exception, since the Finance Minister is known to be averse to any further concessions under any circumstances whatever.

The establishment of the United States Bank is due entirely to the initiative and the enterprise of Mr. George I. Ham, a Canadian by birth, and of whom it may be said that no more popular foreign resident is to be found in the Republic. Mr. Ham, however, is something more than a financier, for he is a keen, shrewd, and cautious business man, who can feel the pulse of commerce and trade as closely and as accurately as a medico can diagnose the condition of a patient.

That the Bank was not established without a great deal of difficulty may be taken for granted; but, during the eight years of its existence, it has succeeded in attracting the confidence and custom of the native as well as the foreign community. In regard to the last balance-sheet, it may be pointed out that deposits last year amounted to no less than \$9,865,075 (£986,507), the immediate available assets being 69·8 per cent. of this amount, while the profits for the year came to \$405,686 (£40,568) nett. In the month of July a 6 per cent. interim dividend was declared, and for the rest of the year a further distribution of 8 per cent. took place, making the dividend for the whole twelve months 14 per cent. A sum of \$100,000 (£10,000) was credited to reserve fund, causing this to stand at \$600,000 (£60,000); \$85,000 were set aside for bad and doubtful debts, and \$13,278 carried to undivided profits. Nett profits for 1906 = 22 : 84 per cent. on the capital.

The United States Bank allows no opportunity for a safe and profitable investment to pass unheeded. Among several of its more shrewd operations may be mentioned the purchase of \$700,000 bonds issued by the State of Veracruz for the

improvement works in Coatzacoalcos (or Port Mexico) within the limits of the Bay. The conditions and terms of the issue were almost the same as those in vogue with the Central Bank, and, undoubtedly, Mr. G. I. Ham was well advised in taking the whole issue on behalf of the United States Bank. The negotiations were carried out by representatives of the Federal Treasury Department, the State of Veracruz and the Bank.

The issue carries 5 per cent. interest, guaranteed by the Federal Government, and payable half-yearly. The amortisation fund is created by 2 per cent. of the import duties from the Port of Mexico customs' house, which are delivered monthly to the Federal Treasury of Mexico City and held to meet the requirements of the State of Veracruz issue. The United States Banking Co. also took the entire issue of Parral bonds, which were issued to provide for drainage and sewage works for Parral (Durango), the issue being \$300,000, in bonds bearing 6 per cent. interest. The present Board of Directors of the United States Banking Co. is composed of several influential bankers, merchants and contractors in Mexico City. Mr. George I. Ham is the President; Mr. H. R. Nickerson, who has been long connected with Mexican railway matters, is the first Vice-President; Mr. John T. Judd, second Vice-President; and Colonel Edgar K. Smoot, Mr. M. Elsassner, Mr. W. F. Layer, Mr. R. J. Dwyer, Mr. G. W. Jennings, and Mr. J. N. Neeland (Vice-President of the Pan-American Railway) are Directors.

Mr. Ham's career in Mexico may be regarded as typical of the hustling, enterprising young colonist of to-day. Born in the little town of Napanee, Ontario, young Ham came to Mexico in 1890, his first employment being in a minor capacity on the Central Railway. For six years he remained in the service of the same railway, gradually rising from post to post, until he filled one of great responsibility. Being of a thrifty disposition, he was enabled to leave the railway with a small but sufficient capital, saved from his salary and a few business transactions in which he had engaged, and which had brought him small profits. He was fortunate in finding himself in the country at the commencement of its commercial revival, and of this opportunity he made the

utmost. While his transactions lacked anything like sensation, they were none the less smart, and were crowned with conspicuous success. Having become a broker, thus obtaining an insight into banking institutions, Mr. Ham, discerning the necessity for an American institution, launched the United States Banking Co. with a small capital, and a still smaller office located in Gante Street.

From the day it opened its doors, the bank was a success, and it gradually grew both in importance and in extent until it assumed the dimensions which it has now attained. The Bank outgrew its premises, which were removed from Gante to the corner of San Francisco and San Juan de Letran, the capital being also increased to \$500,000 and then to \$2,000,000, at which it stands to-day.

Mr. Ham is one of the wealthiest men in Mexico City, having judiciously invested in land, which has increased enormously in value. A recent enterprise of his was the acquisition of the valuable site occupied by the American Club for the sum of \$500,000 (£50,000). He is still a young man, and enjoys robust health, so that there is no saying what his keen acumen and abundant opportunities may not attain.

On September 1st, 1906, was instituted a new Bank under the name of the Mexican Bank of Commerce and Industry, with a capital of \$10,000,000 (£1,000,000), \$5,000,000 of which have been called up. Of this issue \$3,500,000 are held by the Deutsche Bank of Berlin; \$3,500,000 by Messrs. Speyer and Co., of New York; \$1,000,000 by the Banco Nacional de Mexico, of Mexico City, and \$2,000,000 by prominent business houses in Mexico City. The shareholders have agreed among themselves not to sell any of their holdings until after two years shall have expired from the date of the institution of the Bank. The Bank has acquired a concession or charter granted by the Secretary of the Treasury under date July 27th, 1906. This concession was granted to Messrs. Martin J. Ribon, James Walker and Albert Fricke, and limits the new institution to the exercise of certain banking operations, while it specifically prohibits others. What lends considerable importance to the institution is that it represents the interests of three of the largest

banking institutions of the world—Messrs. Speyer and Co., of New York, the Deutsche Bank of Berlin and the Banco Nacional de Mexico. The Banco Aleman Transatlantico has been absorbed in the undertaking, and its former offices in the Calle San Agustin occupied, while an important factor also is the engagement of Mr. James Walker as joint General Manager. It was Mr. Walker who during the 2½ years of his management brought up the Bank of London and Mexico to the profitable stage which it occupied, and still occupies, in the Republic, and probably there is no one in Mexico who possesses a more intimate knowledge of banking matters and finance than he.

Mr. James Walker, who is a native of Scotland, has had an eventful and thoroughly successful career, beginning his banking business in London, in the Bank of London and Mexico. In 1888 he went to the Republic as a clerk in their Mexico City Branch, and very speedily attained a high position in that institution. For 17 years he remained with the bank, and during some years was its manager. He resigned to take the responsible position of joint-manager of the Mexican Bank of Commerce and Industry, which has already been made a pronounced success. Mr. Walker is one of the most hospitable of the British colony, entertaining lavishly at his beautiful house, with its spacious grounds, in the suburbs of Coyoacán. He was also President of the British Club last year, and is one of the Members of the Monetary Commission of Mexico.

The Council of Administration is composed of 10 members, namely Mr. J. B. Body (partner in the house of S. Pearson and Son, Ltd.); Mr. Oscar J. Braniff (of Messrs. G. and O. Braniff); Mr. E. N. Brown (President of the National Lines of Mexico); Don Guillermo de Landa y Escandon (Governor of the Federal District); Señor Pablo Macedo (one of the Republic's most eminent lawyers); Señor Hugo Scherer junr., Señor Franz Boker, Mr. Martin J. Ribon, Señor Ernesto Otto, and Señor Rodolfo Stoecker. Mr. Albert Fricke is joint General Manager with Mr. James Walker.

The bank's charter is held for 40 years, has been in operation since September 1906, and the usual stipulations in regard to the granting of loans for periods limited to six

months, and upon not less than two recognised signatures, are in force, while the bank is not allowed to issue certificates of deposits payable at sight or to bearer. On the other hand, the institution enjoys, up to the year 1922, certain valuable abatements of taxation, and during the first few months of its existence, it astonished even its most ardent supporters by the sound, profitable and widespread nature of business which it handled. There can also be little question that the Mexican Bank of Commerce and Industry has found a firm and powerful footing, being recognised as one of the strongest commercial institutions in the city. Its foreign connections are probably unsurpassed in financial strength. Possessed, then, of every practical advantage which the chartered banks of the Republic enjoy, with the exception of the issue of notes, and with the powerful connections which it commands, as well as the sufficient capital subscribed, this bank should find itself equipped to participate freely in the full prosperity of the Republic.

The Mexico City Banking Co., S.A., with a capital of \$400,000 (£40,000) fully-paid, and deposits of \$2,563,873 (£256,387), commenced business the year before last, and has since had an unparalleled run of good fortune. The directorate includes the names of some of the best-known and most respected members of the American community, such as Mr. A. A. Robinson (formerly President of the Central Railway), Mr. W. W. Wheatly (formerly General Manager of the Mexican Tramways), Mr. C. R. Hudson (Vice-president of the Central Railway), Mr. Paul Hudson (Manager of the *Mexican Herald*), Mr. W. T. Bell, Mr. J. A. Hendry, etc. The Bank transacts general business in all its branches, and does a thoroughly consistent and sound class of trading.

The Federal Banking Co., S.A., is also a newly-launched enterprise, while the house of L. Speyer and Co. is an old-established and very highly respected institution.

There are several private banking firms doing business in the City of Mexico, and in some of the principal State capitals. Among the former is the house of H. Scherer and Co., a German firm of great eminence, the senior partner of which, Mr. Hugo Scherer, is the Persian Consul-General. Both he and Mr. Anton Hübbe, the junior partner, hold high

The following Table which I have arranged may afford a tolerably clear idea of the magnitude of the banking operations in Mexico to-day, and the profitable nature of the business to those who carry it on :

Name of State.	Name of Bank.	Capital.	Dividend.	Face Value.	Present Value.	Number of Shares Issued.
Aguascalientes ...	Banco de Aguascalientes	600,000:00	8:00	100:00	125:00	6,000
Campeche	Banco de Campeche	1,000,000:00	8:00	100:00	108:00	10,000
Chiapas	Banco de Chiapas	500,000:00	5:00	100:00	140:00	5,000
Chihuahua	Banco Minero	5,000,000:00	6:00	100:00	168:00	50,000
Coahuila	Banco de Coahuila	1,600,000:00	11:00	100:00	138:00	16,000
Colima	Banco Nacional Branch	—	—	—	—	—
Durango	Banco de Durango	2,000,000:00	10:00	100:00	133:00	20,000
Guanajuato	Banco de Guanajuato	3,000,000:00	6:00	100:00	146:00	30,000
Guerrero	Banco de Guerrero	500,000:00	—	100:00	60:00	5,000
Hidalgo	Banco de Hidalgo	1,000,000:00	11:00	100:00	150:00	10,000
Jalisco... ..	Banco de Jalisco... ..	6,000,000:00	10:00	100:00	117:00	60,000
Mexico, State of ...	Banco de Mexico	2,959,350:00	—	—	—	—
" City of ...	Banco Agricola é Hipotecario	2,000,000:00	8:00	100:00	140:00	20,000
" " ...	Banco Central	21,000,000:00	11:00	100:00	187:00	210,000
" " ...	Banco de Londres y Mexico	21,500,000:00	13:00	100:00	257:00	15,000
" " ...	Banco Nacional	32,000,000:00	20:00	100:00	385:00	315,128
" " ...	Banco Internacional é Hipotecario	5,000,000:00	12:00	100:00	187:00	35,000
" " ...	Corporacion Bancaria Internacional	6,500,000:00	—	—	—	—
" " ...	United States Banking Co.	2,000,000:00	14:00	100:00	180:00	20,000
" " ...	Mercantile Banking Co.	500,000:00	—	—	—	—
" " ...	Mexico City Banking Co.	400,000:00	8:00	100:00	180:00	4,000

Mexico, City of ...	Banco Mexicano de Comercio	10,000,000:00	—	100:00	115:00	50,000
" " ...	Banco Americano	—	—	215:00	405:00	5,000
" " ...	Compania Nacional de Predios	250,000:00	—	—	—	—
" " ...	*Banco Aleman Transatlantico	—	—	—	—	—
" " ...	Descuento Español	—	5:00	100:00	140:00	30,000
" " ...	Banco de Montreal	28,800,000:00	—	200:00	510:00	14,400
Michoacán	Banco de Michoacán	600,000:00	4:00	100:00	117:00	6,000
Morelos	Banco de Morelos	1,000,000:00	4:00	100:00	130:00	10,000
Nuevo Leon	Banco de Nuevo Leon	2,000,000:00	6:00	100:00	210:00	20,000
" " ...	Banco Mercantil de Monterey... ..	2,500,000:00	5:00	100:00	142:00	25,000
Oaxaca	Banco de Oaxaca	1,000,000:00	5:00	100:00	146:00	10,000
Puébla... ..	Banco Oriental de Mexico	6,000,000:00	10:00	100:00	165:00	60,000
Queretaro	Banco de Queretaro	1,000,000:00	8:30	100:00	102:00	10,000
San Luis Potosi	Banco de San Luis Potosi	1,100,000:00	16:00	100:00	208:00	11,000
Sinaloa	Banco Occidental de Mexico	1,500,000:00	6:00	100:00	135:00	15,000
Sonora	Banco de Sonora	1,000,000:00	14:00	100:00	230:00	15,000
Tabasco	Banco de Tabasco	1,000,000:00	5:00	100:00	115:00	10,000
Tamaulipas	Banco de Tamaulipas	1,000,000:00	12:00	100:00	147:00	20,000
Veracruz	Banco Mercantil de Veracruz	3,000,000:00	12:00	100:00	176:00	30,000
" " ...	Banquera Veracruzana	—	10:00	100:00	115:00	2,000
Yucatán	Banco Mercantil de Yucatán	8,000,000:00	14:00	100:00	—	—
" " ...	Banco Yucateco	8,000,000:00	12:00	100:00	165:00	120,000
Zacatecas	Banco de Zacatecas	1,000,000:00	10:00	100:00	145:00	10,000
Banks' combined capital		\$193,809,350:00				

In the above figures, where the capital was in American gold, I have translated it into Mexican *pésos*. The last dividends are given, but these do not represent the whole distribution for the year, some being *interim*.

* This Bank is now absorbed in the Banco Mexicano de Comercio.

positions in financial and commercial circles, their opinions being continually consulted upon important matters, and through the instrumentality of their house a considerable number of bonds of several of the best banks in Mexico have been placed upon the markets of the Continent of Europe. The connections of the house of H. Scherer and Co. throughout the world are of the highest possible character. Messrs. H. Scherer and Co. moved into new and handsome premises at No. 10 Calle Cadena in June of this year.

Messrs. Hugo Scherer junior, and Co. are also interested in practically all the prominent financial enterprises of the Republic, the name of Mr. Hugo Scherer junior being found upon the Board of Directors of several of these, and his connections being exceedingly influential.

The United States and Mexican Trust do a considerable amount of private banking, their relations with the whole of the U.S.A. enabling them to offer special facilities to their clients, while the Trust has also financed several important undertakings, such, for instance, as a new Colony land-scheme in the City of Mexico, and a building scheme in the City of Cuernavaca, both of which have proved eminently successful enterprises.

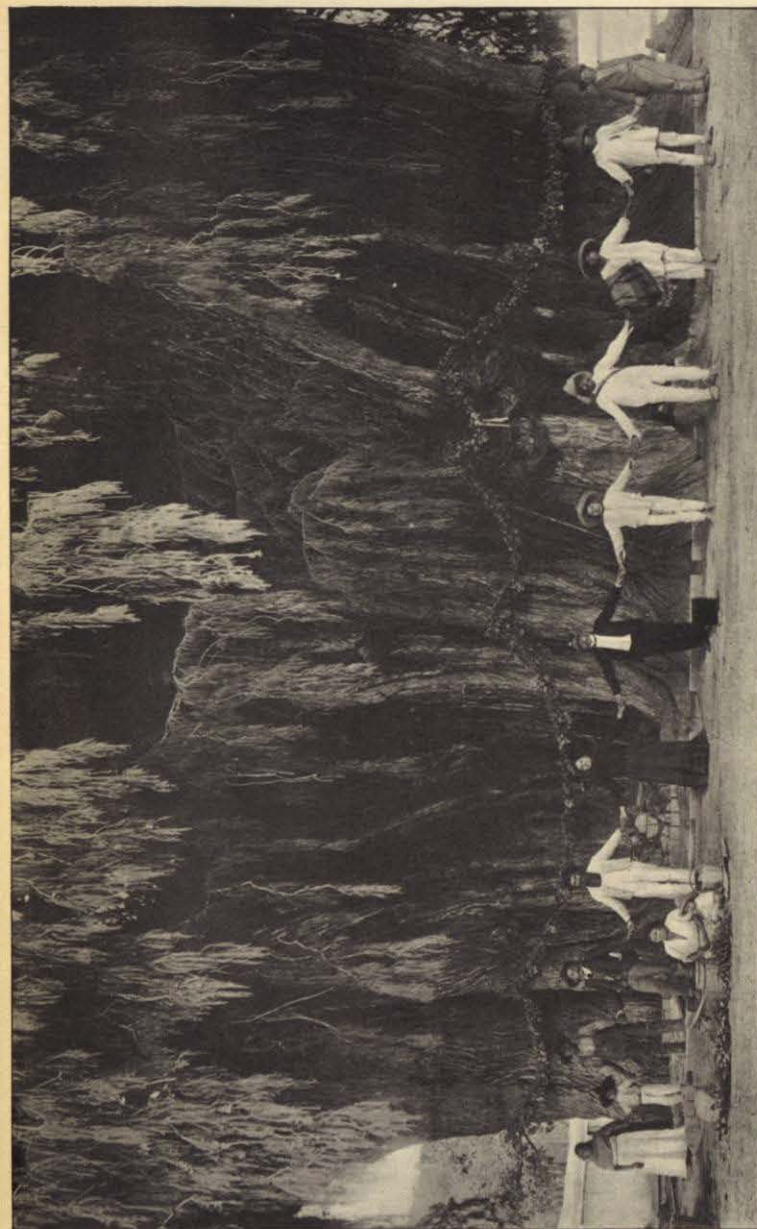


Photo by Schatzmann.
THE FAMOUS BANYAN TREE OF TULE, IN THE CHURCHYARD OF SANTA MARIA DEL TULE, OAXACA.