Statement of the aggregate condition of the State Bank of Illinois and branches, November 16, 1840.

RESOURCES.			LIABILITIES.		
Bills discounted	$1,707,761 17		Capital stock, viz:		
Bills of exchange	447,040 53		Owned by the State	$2,100,000	
Suspended debt	670,397 55		Owned by individuals	1,546,125	
Loans on real estate	423,854 10				$3,646,125 00
State stocks	2,101,849 59		Real estate fund		400,000 00
Forfeited bank stock	2,100 00		Contingent fund		900,000 00
Real estate	471,995 46		Discount, exchange, interest, &c.		56,790 04
Incidental expenses	14,699 51		Notes in circulation		3,105,615 00
Balances between the parent bank and branches	15,990 34		Unclaimed dividends		1,663 50
State of Illinois	193,300 05		Board of Illinois and Michigan canal commissioners		21,726 07
Loan to fund commissioners of Illinois	50,096 42		State-house commissioners		306 06
Gold and silver coin	$529,640 04		Due to other banks		117,893 49
Notes of other banks	129,977 00		Individual depositors		85,859 76
Due from banks and bankers, payable on demand	797,278 16				
		1,456,895 20			
		7,555,969 92			7,555,969 92

STATE BANK OF ILLINOIS, *Springfield, December 1, 1840.*

N. H. RIDGELY, *Cashier.*

385

BANKS OF INDIANA.

Y 1.

Report of the State Bank, November, 1840.

To the General Assembly:

Since the last annual report, the second instalment due on the State stock, and from private stockholders, has been paid into the Michigan City branch; the third instalment due from the State has been paid into the South Bend branch; and $20,000 received on the loan authorized to be made in 1839, has been paid over as additional capital in the Madison branch. Funds have not yet been obtained to organize the 14th, 15th, and 16th branches, nor to pay the private stock for which mortgages have been executed at the South Bend branch.

The State stock in the bank now amounts to $1,304,950, derived from the following sources, viz:

Sale of 5 per cent. State bonds	$865,000 00
Third instalment Fort Wayne branch from sinking fund	15,000 00
Fourth instalment of surplus revenue anticipated by issue of six per cent. State bonds, and part of third instalment from payments on mortgages	404,950 00
Part of loan of 1839	20,000 00
The stock owned by individuals amounts to	1,366,668 75
Total, exclusive of $15,000 not yet reported from South Bend	$2,671,618 75

The dividends on the State capital for the year ending November 1, 1840, amount to $120,404 19; and the surplus fund has, during that time, increased $34,904. As nearly one-half of this belongs to the State, the rate of profit for the year has been ten and a half per cent.

The losses of the bank the last year are estimated at $50,000, being at least five times the amount of all that had been sustained for the five previous years. The suspended interest on the debt due from the State, and on other suspended accounts, which cannot be added to the profits until actually paid, will about equal the losses.

As near as could be ascertained at the last semi-annual examination, the discounts to different classes of business men were—

To merchants	$1,032,136
To farmers	600,310
To manufacturers and mechanics	610,754
To exporters	723,842
To all others	771,376

The loans to exporters will have been increased near a million of dollars before April; and those to others (merchants especially) a good deal diminished.

The notes and bills under discount amounted to 6,590.

The discounts to directors amounted to	$430,802
The discounts to other stockholders to	907,797
The discounts to persons not stockholders	2,399,819

Of the private stock, $820,500 was owned by persons who borrow nothing or to a less amount than their stock; and $545,353 by persons who owe the bank more than their stock. In eight of the branches, more than seven-tenths of the private stock is held by persons who usually borrow nothing or very little; and the discounts to their directors were $203,108, being $154,888 less than was due from the directors of the same branches in 1838.

In some other branches there is more stock held by borrowers than is desirable; yet where there are but few capitalists in a bank district wishing to invest funds in bank stock, where the borrowing stockholders would sell their stock at once, if purchasers of the right kind could be found, and where the business is safely and prudently managed, no interference can be required of the State board.

There have been almost no difficulties in managing the bank which have not arisen, mainly, from the purchase of stock by persons with the expectation of borrowing money on more favorable terms than could be allowed to others. As these difficulties have occurred from time to time, such measures have been adopted by the State board as appeared necessary to correct the evil, and no positive failure to do so has yet occurred. In regard to these, and all other exceptionable proceedings in branches, it is understood by the State board that they must be corrected; "that the branches which conduct their business properly must not be endangered by others; and that the whole institution can and must carry with it a good share of favor from the well-informed business-men of the State."

The directors and stockholders of the bank generally make the same payments as other borrowers, and the branches are as desirous of obtaining safe and punctual customers as they can be to receive accommodations. As the directors and principal dealers in bank cannot be permitted to lie under protest even as endorsers, their liabilities for others often make their debts large, when only a small portion was originally obtained for their own use.

During the past year there has been less anxiety than heretofore in the branches to increase their capital; for the demand for loans for actual business, and short periods has somewhat decreased. Still, in many parts of the State, if the bank possessed the ability, more loans might be made with advantage to all concerned; and probably the capital of most of the branches might be increased, with but little diminution of the rate of profits.

Much embarrassment has been felt in several of the branches, from the large advances made for the State in the summer of 1839, with no other expectation than that they should be speedily paid in New York. This sum, and interest, (which will be on the first of July next $692,433) in connexion with the $294,000 of State bonds advanced for the fourth instalment of surplus revenue, is, for the time being, no basis for banking; and is, for all practical purposes, a withdrawal of an equal amount of the capital of the institution. As the bonds were taken voluntarily, no complaint is made on their account; though none of them have been sold, and the State derives a clear profit of about $9,000 a year from an operation which is a loss to the bank of at least the amount gained by the State. That the bank may possess the means to keep up and increase its facilities for promoting the great business concerns of the country, it is most respectfully yet earnestly urged upon the Legislature that they make early provision to pay the debt due from the State.

The following table shows the highest and lowest discounts and circulation of the bank for the last four years:

1837, highest discounts April 1,	$4,314,827
" highest circulation April 29	2,615,275
1838, highest discounts, January 20	3,596,957
" highest circulation, October 31,	2,804,468
1839, highest discounts, March 15	4,995,382
" highest circulation, March 30	3,847,503
1840, highest discounts, March 31	4,309,757
" highest circulation, March 31	3,279,897
1837, lowest discounts, October 31	$3,367,267
" lowest circulation, October 31	2,205,812
1838, lowest discounts, July 21	3,182,503
" lowest circulation, January 6	2,308,130
1839, lowest discounts, October 31	3,940,382
" lowest circulation, October 31	2,985,372
1840, lowest discounts, October 31	3,617,249
" lowest circulation, October 31	2,835,902

Except in the year 1838, when the suspension of specie payments discouraged to a great extent new enterprises, and which accounts for the difference in the business of that year, it appears that the discounts and circulation of the bank are usually considerably larger in the winter and spring, than in the summer and fall. While the produce business of the State maintains its relative importance, and is managed as heretofore, these fluctuations must be expected. If more industry and capital were employed in manufactures, and if it would suit a portion of the farming interest to engage more extensively, at the proper season, in buying and fattening stock and hogs, to pay when exporters want their accommodations, the business of the bank might be nearly uniform throughout the year. Any attempt, however, to force a circulation beyond the business wants for a currency, will not be found advantageous to the bank or the country.

Since October, 1839, most of the banks in the middle, southern, and western States, have not paid specie on their notes as usual. A heavy drain of specie from these banks was submitted to for some months, in the hope that it would cease with the panic which produced it. But when it was feared that some of them might fail, and this would occasion so much alarm as to others that the demand for specie would continue and increase, it was believed that suspension for a time was the least of the evils which the banks could make choice of. The most of them, by paying out their specie, and forcing collections to the utmost, could have met all demands; but it would have been at the expense of blighting the hopes and blasting the prospects, not only of business-men generally, but of most of the creditors and debtors of the State.

By Mr. Woodbury's report of April 9, 1840, it appears that the circulation of all the banks in the Union has been as follows, at the times specified:

January 1st, 1835	$103,692,495
January 1st, 1836	140,301,038
January 1st, 1837	149,185,890
January 1st, 1838	116,138,910
January 1st, 1839	135,170,995
January 1st, 1840	106,968,572

The great reduction of circulation in 1838 and 1840 must have been much greater in each case, but for the suspension, which still left a currency not in general five per cent. below specie. With this, much of the debt of the country has been paid—often, no doubt, at considerable sacrifices; yet still insignificant to what they must have been, had no suspension taken place.

The circulation of the State Bank of Indiana has varied more in reference to the business demands of the country, than from any other cause; and yet the baneful influences of the fluctuations in other States have been severely felt here.

It is understood that specie payments will be resumed at an early day; and may it not be hoped that general confidence will be restored; that enterprise and industry will again seek their appropriate rewards; and that years of steady improvement and increasing prosperity may follow the severe lessons which should not have been given in vain?

There has been no opportunity for selling State bonds for bank capital during the past year; and the last Legislature having given the care of the bank loan of 1839 to the fund commissioners, that subject will have been properly noticed in their report. The annexed tables show the state and condition of the bank at the times specified in the charter.

Respectfully submitted.

S. MERRILL.

STATE BANK, *December* 8, 1840.

Statement of the condition of the State Bank of Indiana, October 31, 1840.

RESOURCES.

Discounted notes	$2,912,619 42	
Bills	704,629 12	
Branch balances	71,766 41	
Balances due from other banks	335,505 68	
Banking-house, furniture, &c.	204,805 77	
Due from the State of Indiana for deferred payment of advances for public works	646,284 49	
Indiana bonds taken for fourth instalment	294,000 00	
Remittances and other items	86,153 98	
Notes of other banks	195,724 00	
Specie	1,092,963 72	
		$6,544,452 59

LIABILITIES.

Notes in circulation	$2,835,902 00	
Branch balances	73,998 00	
Balances due to other banks	154,423 69	
School tax	3,605 13	
Dividends not called for	6,815 10	
Sinking fund and other items	79,227 07	
Balance due individual depositors	309,248 61	
		3,463,219 60
Leaving the amount of resources of the bank, over and above all liabilities, other than to the stockholders		3,081,232 99

The excess above stated, of the means of the bank beyond her liabilities, is distributable as follows:

To the State of Indiana, for stock under the charter	$880,000 00	
To the State of Indiana, from loans of 1839	20,000 00	
To the State of Indiana, for stock from the surplus revenue	404,950 00	
	1,304,950 00	
To individual stockholders	1,365,883 13	
Total capital		$2,670,803 13
Amount in surplus fund	$275,839 43	
Profits of last six months	134,590 43	
Total profits undivided		410,429 86
Total excess		3,081,232 99

The circulation of the bank on October 31, 1839, was	$2,965,371 00
The circulation of the bank on October 31, 1840, was	2,835,902 00
Showing a less amount than this time last year by	129,469 00
The specie in the bank on October 31, 1840, was	$1,092,963 72
The specie in the bank on October 31, 1839, was	1,021,490 18
Showing a larger amount than at this time last year by	71,473 54

JAMES M. RAY, *Cashier.*

Y 2.

ANNUAL REPORT OF THE STATE BANK OF INDIANA.

STATE BANK, *December* 12, 1840.

Herewith is the annual report (printed) required from the State Bank; also, manuscript tables showing its condition; and other matters, named in the sixty-fifth section of the charter, which have been usually printed in connexion with the reports sent up from the branches.

I have the honor to be, &c.

S. MERRILL.

Hon. SAMUEL HALL,
President of the Senate.

Statement of the condition of the State Bank of Indiana, on the 21st November, 1840.

DR.

Bills discounted on personal security	$2,514,629 21	
Domestic bills of exchange	796,316 76	
		$3,310,945 97
Suspended debt—		
On personal security	305,792 36	
Domestic bills	45,729 43	
Bonds and mortgages	27,127 91	
		378,649 70
Real estate—		
Banking-houses	198,950 48	
Other property	24,679 92	
		223,630 40
Expense—		
Furniture and fixtures	–	6,533 39
Deposites in, and dues from, other branches and banks, viz:		
From other banks to branches	–	32,477 53
From branches to other branches—		
From branch at Indianapolis	47,449 27	
From branch at Lawrenceburg	16,394 21	
From branch at Richmond	15,309 74	
From branch at Madison	60,078 15	
From branch at New Albany	17,834 44	
From branch at South Bend	13,667 66	
From branch at Evansville	880 55	
From branch at Vincennes	4,077 37	
From branch at Bedford	16,956 60	
From branch at Terre Haute	53,348 81	
From branch at Lafayette	20,501 38	
From branch at Fort Wayne	35,315 48	
From branch at Michigan City	3,333 01	
		305,146 67
Bonds of the State of Indiana	–	294,000 00
State of Indiana by the fund commissioners	–	634,413 80
Interest, remittances, and other cash items	–	76,636 60
Bank notes on hand—		
Other branches of the State Bank	–	165,524 00
Other banks and checks	–	166,251 55
Specie—		
Silver	989,538 25	
Gold	87,013 69	
		1,076,551 94
		6,670,761 55

STATEMENT—Continued.

CR.

Capital stock paid in by the State	$1,304,950 00	
Capital stock paid in by individuals	1,366,668 75	
		$2,671,618 75
Discounts, &c.	–	15,282 87
Dividend not drawn	–	34,805 73
Tax for school purposes	–	7,212 51
Surplus fund	–	296,771 10
Sinking fund and other cash items	–	132,959 90
Deposites by, and dues to, other branches and banks, viz:		
To other banks from branches	–	34,414 09
To branches from other branches—		
To branch at Indianapolis	1,648 78	
To branch at Lawrenceburg	34,970 51	
To branch at Richmond	1,982 64	
To branch at Madison	47,213 80	
To branch at New Albany	36,356 45	
To branch at Evansville	12,291 31	
To branch at Vincennes	3,542 36	
To branch at Bedford	1,852 21	
To branch at Terre Haute	5,261 56	
To branch at Lafayette	1,227 16	
To branch at Fort Wayne	150 00	
To branch at South Bend	470 31	
To branch at Michigan City	1,862 65	
		148,829 74
Circulation	2,865,568 00	
Between the branches	165,524 00	
		3,031,092 00
Individual deposites	–	297,772 86
		6,670,761 55

JAMES M. RAY, *Cashier.*

usiness of each branch of the State Bank of Indiana, at 2 o'clock P. M., Saturday, November 21, 1840.

RESOURCES.

Branch.	Bills discounted.	Bills of exchange.	Branch balances.	Other bank balances.	Banking-houses.	Other real estate.	Furniture.
Indianapolis	$298,139 01	$153,965 26	$3,351 42	$17,419 27	$31,129 33	-	$699 70
Lawrenceburg	298,906 18	101,066 69	4,369 25	16,391 21	11,087 58	$3,016 76	761 65
Richmond	207,215 45	61,062 82	5,990 03	15,309 74	5,102 70	3,200 00	268 16
Madison	285,422 32	137,792 38	1,097 08	60,078 15	10,456 47	-	599 21
New Albany	183,780 38	62,916 16	2,652 04	17,831 11	31,113 05		
Evansville	161,011 56	36,628 13	2,392 82	880 55	29,862 42		
Vincennes	225,185 90	23,990 02	1,397 52	4,077 37	22,050 80	-	829 06
Bedford	176,128 20	94,815 18	1,102 10	16,956 60	3,414 68	1,300 00	141 70
Terre Haute	190,262 87	32,405 85	1,861 95	53,318 81	13,460 73	-	656 25
Lafayette	302,897 14	33,031 51	426 71	20,501 38	14,200 35	9,551 91	615 34
Fort Wayne	273,231 59	12,237 85	961 35	35,315 48	17,361 85	2,611 25	620 88
South Bend	171,714 60	37,002 30	-	13,667 66	3,121 72	5,000 00	501 21
Michigan City	151,591 68	55,032 01	6,872 23	3,333 01	2,952 80	-	620 20
	2,817,519 48	812,016 19	32,177 53	305,146 67	198,930 48	21,679 92	6,533 39

STATEMENT—Continued.

RESOURCES.

Branch.	State bonds.	State, by fund commissioners.	Remittances, interest, and other cash items.	Notes of other branches.	Notes of other banks.	Specie.
Indianapolis	$39,000 00	$87,868 50	$7,089 25	$10,202 00	$4,785 00	$88,599 52
Lawrenceburg	52,000 00	59,315 59	2,699 79	-	10,745 00	78,543 06
Richmond	39,000 00	16,393 85	101 50	35,176 00	17,485 00	94,038 58
Madison	38,000 00	28,741 62	18,225 00	3,000 00	12,570 55	89,699 59
New Albany	29,000 00	53,171 13	111 32	14,159 00	10,056 00	70,652 13
Evansville	19,000 00	101,724 65	198 00	8,476 00	1,970 00	61,636 68
Vincennes	-	38,135 51	-	16,880 00	26,525 00	87,080 37
Bedford	-	21,564 08	235 63	17,648 00	10,297 00	75,375 51
Terre Haute	58,000 00	29,696 75	15,815 07	9,181 00	17,400 00	130,509 79
Lafayette	-	152,563 87	19,770 80	7,611 00	20,125 00	63,943.57
Fort Wayne	-	52,238 25	9,012 01	700 00	26,223 00	81,908 09
South Bend	10,000 00	-	2,790 17	1,942 00	5,539 00	69,196 53
Michigan City	10,000 00	-	588 06	40,549 00	2,531 00	85,368 52
	294,000 00	634,413 80	76,636 60	165,524 00	166,251 55	1,076,551 94

STATEMENT—*Continued.*

LIABILITIES.

Branch.	Capital stock.		Notes in circulation.	Branch balances.	Other bank balances.	Dividend not drawn.	Tax for school purposes.	Surplus fund.	Sinking fund and other cash items.	Individual deposites.	Profit and loss.
	State.	Individual.									
Indianapolis -	$125,300	$170,000 00	$291,619	$2,551 95	$1,618 78	$1,705 82	$850 00	$22,327 33	$17,153 12	$12,725 91	$3,563 32
Lawrenceburg	112,000	170,000 00	233,719	-	31,970 51	3,259 48	850 00	46,430 07	10,859 70	18,826 69	990 31
Richmond -	106,000	113,150 00	231,485	-	1,982 64	3,420 31	625 00	19,802 92	2,211 08	20,595 20	1,082 68
Madison -	117,150	171,000 00	233,535	7,580 26	47,213 80	1,561 91	855 00	26,555 80	8,889 93	38,269 52	3,018 15
New Albany -	112,000	87,100 00	165,617	1,381 09	36,356 45	3,262 69	435 50	37,718 31	21,310 26	15,509 43	1,054 92
Evansville -	105,650	84,950 00	179,831	229 39	12,291 31	2,414 25	424 75	13,279 81	8,768 06	18,566 39	405 83
Vincennes -	80,000	83,750 00	210,635	3,459 48	3,542 36	2,489 96	400 00	17,359 25	2,189 13	11,400 14	925 88
Bedford -	87,150	87,150 00	202,305	213 63	1,852 21	2,191 31	435 75	13,555 01	7,657 48	14,586 17	1,879 09
Terre Haute -	113,650	92,350 00	261,253	6,331 55	5,261 56	2,030 87	461 63	30,554 85	6,899 34	32,963 25	843 02
Lafayette -	111,050	135,500 00	305,938	3,716 83	1,227 16	4,669 23	671 88	23,637 20	24,405 52	33,977 38	412 41
Fort Wayne -	80,000	80,000 00	286,074	369 92	150 00	2,603 11	400 00	27,172 59	9,436 27	25,754 89	464 79
South Bend -	65,000	31,718 75	189,296	8,179 19	470 31	1,011 85	400 00	9,936 85	2,236 79	15,455 69	142 76
Michigan City	60,000	60,000 00	209,725	369 85	1,862 65	1,131 88	400 00	8,411 05	7,913 22	9,122 17	469 72
	1,304,950	1,366,668 75	3,031,092	31,416 09	148,829 71	34,805 73	7,213 51	296,771 10	132,959 90	297,772 86	15,282 87

Officers and compensation.

STATE BANK.

Samuel Merrill, president	-	$1,500
James M. Ray, cashier -	-	1,500
Jacob B. McChesney, clerk	-	200

BRANCHES.

Indianapolis.

Hervey Bates, president	-	500
B. F. Morris, cashier -	-	1,500
T. H. Sharpe, teller -	-	1,200
J. P. Southard, clerk -	-	500

Lawrenceburg.

D. S. Major, president, (salary not fixed.)		
W. B. Thurston, cashier	-	1,000
H. K. Hobbs, book-keeper	-	500

Richmond.

A. C. Blanchard, president	-	-
Elijah Coffin, cashier -	-	500
	-	1,500

Madison.

J. F. D. Lanier, president	-	-
John Sering, cashier -	-	1,000
I. C. Lea, 1st clerk -	-	1,500
S. B. Sering, 2d clerk -	-	700
	-	400

New Albany.

Mason C. Fitch, president	-	1,000
James R. Shields, cashier	-	1,500
V. A. Pepin, 1st clerk -	-	600
William E. Fitch, 2d clerk	-	500

Evansville.

John Mitchell, president.	-	-
John Douglass, cashier	-	1,200
Horace Dunham, clerk -	-	600

Vincennes.

D. S. Bonner, president.	-	-
John Ross, cashier -	-	1,200
G. W. Rathbone, clerk -	-	600

Bedford.

William McLean, president	$700
D. R. Dunihue, cashier	1,000
Isaac Rector, clerk	400

Terre Haute.

Demas Deming, president	1,000
A. B. Fontaine, cashier	1,200
Nathaniel Preston, clerk	800

Lafayette.

J. S. Hanna, president	400
R. Mullikin, cashier	1,300
A. P. Linn, teller	900
G. H. Harris, book-keeper, (notarial fees.)	

Fort Wayne.

Allen Hamilton, president.	
Hugh McCulloch, cashier	1,200
M. W. Hubbell, teller	850

South Bend.

Tyra W. Bray, president.	
Horatio Chapin, cashier	1,100
John Grant, teller	900

Michigan City.

Joseph Orr, president	500
A. P. Andrews, jr., cashier	1,200
Samuel Gordon, jr., teller	600

OFFICE OF THE STATE BANK, *December* 12, 1840.

JAMES M. RAY, *Cashier.*

BANKS OF OHIO.

Z 1.

Extracts from Governor Shannon's message.

There are upwards of nine hundred and fifty banks in the United States having an aggregate capital of about three hundred and twenty-four millions. The whole amount of specie upon which this immense banking capital rests for its basis, does not exceed forty (or at most fifty) millions; having between two hundred and seventy-four and eighty-four millions of bank capital to consist of nothing but credit; or, in other words, the stock-notes or bonds of the stockholders, and bank notes. It is obvious that a paper system, resting mainly on credit or paper, instead of gold and silver—the only basis on which banking can be safely conducted—can neither be safe to the public, nor regular or uniform in its action. Such a paper system will ever be disturbed by the slightest reverses in the trade and business operations of the country, and unable to withstand the shocks to which the trade and business of every commercial community must occasionally be subjected.

The country is undoubtedly laboring under some pecuniary embarrassments; but the idea of paying our debts by the creation of more paper money, is a gross fallacy. We cannot pay debt by the creation of more debt. Every additional bank-note issued is but the creation of a new debt which the bank owes to the holder. It is not wealth—it is not capital; and it is idle to think of lessening the debts of a country in this way. We may shift or change our responsibilities, but they will still exist in some shape or other, until paid by the creative energies of the hand of labor. The banking capital of the State is now near twelve millions; which is amply sufficient, in the opinion of prudent bankers and business-men, to furnish all the means necessary to carry off the surplus produce of the State.

The creation of a United States Bank, with a capital of fifty or a hundred millions, is advocated by some as the most effectual means of restoring stability, uniformity, and safety to our currency. Throwing out of view the constitutional objections to such an institution, and viewing it merely as a question of expediency, I am forced to believe that such an institution would but add to the insecurity and evils of our paper system, and, in its political tendency, endanger public liberty.

Its power to act as a regulator is nothing more, as is proved by experience, than a power to induce the local banks to expand as it expands, and to compel them to contract when it contracts. But the same experience proves that it stands full as much in need of a regulator as the local banks themselves.

The most effectual means within the power of the General Government to provide against the abuses and evils above alluded to, are to be found in the provisions of the law establishing the independent treasury. This measure, by separating the funds of the Government from the banks, and placing them in the custody of the agents of the people, who are prohibited from using them for private purposes or speculation, under severe penalties, not only increases the security of the public funds, but withdraws that stimulus to overbanking, which they were calculated to create while possessed and controlled by the banks.

The banks of our own State, which constitute a part of the whole of which I have been speaking, are as unguarded and defective, and present as many opportunities to commit frauds on the public with impunity, as those of most other States in the Union. If we have had less cause of complaint here, than the people have had elsewhere, it is owing to the limited temptations to engage in hazardous speculations and unsafe banking—not to any superiority in the organic structure of our bank charters.

Of the private stock, $820,500 was owned by persons who borrow nothing or to a less amount than their stock; and $545,353 by persons who owe the bank more than their stock. In eight of the branches, more than seven-tenths of the private stock is held by persons who usually borrow nothing or very little; and the discounts to their directors were $203,108, being $154,888 less than was due from the directors of the same branches in 1838.

In some other branches there is more stock held by borrowers than is desirable; yet where there are but few capitalists in a bank district wishing to invest funds in bank stock, where the borrowing stockholders would sell their stock at once, if purchasers of the right kind could be found, and where the business is safely and prudently managed, no interference can be required of the State board.

There have been almost no difficulties in managing the bank which have not arisen, mainly, from the purchase of stock by persons with the expectation of borrowing money on more favorable terms than could be allowed to others. As these difficulties have occurred from time to time, such measures have been adopted by the State board as appeared necessary to correct the evil, and no positive failure to do so has yet occurred. In regard to these, and all other exceptionable proceedings in branches, it is understood by the State board that they must be corrected; "that the branches which conduct their business properly must not be endangered by others; and that the whole institution can and must carry with it a good share of favor from the well-informed business-men of the State."

The directors and stockholders of the bank generally make the same payments as other borrowers, and the branches are as desirous of obtaining safe and punctual customers as they can be to receive accommodations. As the directors and principal dealers in bank cannot be permitted to lie under protest even as endorsers, their liabilities for others often make their debts large, when only a small portion was originally obtained for their own use.

During the past year there has been less anxiety than heretofore in the branches to increase their capital; for the demand for loans for actual business, and short periods has somewhat decreased. Still, in many parts of the State, if the bank possessed the ability, more loans might be made with advantage to all concerned; and probably the capital of most of the branches might be increased, with but little diminution of the rate of profits.

Much embarrassment has been felt in several of the branches, from the large advances made for the State in the summer of 1839, with no other expectation than that they should be speedily paid in New York. This sum, and interest, (which will be on the first of July next $692,433) in connexion with the $294,000 of State bonds advanced for the fourth instalment of surplus revenue, is, for the time being, no basis for banking; and is, for all practical purposes, a withdrawal of an equal amount of the capital of the institution. As the bonds were taken voluntarily, no complaint is made on their account; though none of them have been sold, and the State derives a clear profit of about $9,000 a year from an operation which is a loss to the bank of at least the amount gained by the State. That the bank may possess the means to keep up and increase its facilities for promoting the great business concerns of the country, it is most respectfully yet earnestly urged upon the Legislature that they make early provision to pay the debt due from the State.

The following table shows the highest and lowest discounts and circulation of the bank for the last four years:

1837, highest discounts April 1,	$4,314,827
" highest circulation April 29	2,615,275
1838, highest discounts, January 20	3,596,957
" highest circulation, October 31,	2,804,468
1839, highest discounts, March 15	4,995,382
" highest circulation, March 30	3,847,503
1840, highest discounts, March 31	4,309,757
" highest circulation, March 31	3,279,897
1837, lowest discounts, October 31	$3,367,267
" lowest circulation, October 31	2,205,812
1838, lowest discounts, July 21	3,182,503
" lowest circulation, January 6	2,308,130
1839, lowest discounts, October 31	3,940,382
" lowest circulation, October 31	2,985,372
1840, lowest discounts, October 31	3,617,249
" lowest circulation, October 31	2,835,902

Except in the year 1838, when the suspension of specie payments discouraged to a great extent new enterprises, and which accounts for the difference in the business of that year, it appears that the discounts and circulation of the bank are usually considerably larger in the winter and spring, than in the summer and fall. While the produce business of the State maintains its relative importance, and is managed as heretofore, these fluctuations must be expected. If more industry and capital were employed in manufactures, and if it would suit a portion of the farming interest to engage more extensively, at the proper season, in buying and fattening stock and hogs, to pay when exporters want their accommodations, the business of the bank might be nearly uniform throughout the year. Any attempt, however, to force a circulation beyond the business wants for a currency, will not be found advantageous to the bank or the country.

Since October, 1839, most of the banks in the middle, southern, and western States, have not paid specie on their notes as usual. A heavy drain of specie from these banks was submitted to for some months, in the hope that it would cease with the panic which produced it. But when it was feared that some of them might fail, and this would occasion so much alarm as to others that the demand for specie would continue and increase, it was believed that suspension for a time was the least of the evils which the banks could make choice of. The most of them, by paying out their specie, and forcing collections to the utmost, could have met all demands; but it would have been at the expense of blighting the hopes and blasting the prospects, not only of business-men generally, but of most of the creditors and debtors of the State.

By Mr. Woodbury's report of April 9, 1840, it appears that the circulation of all the banks in the Union has been as follows, at the times specified:

January 1st, 1835	$103,692,495
January 1st, 1836	140,301,038
January 1st, 1837	149,185,890
January 1st, 1838	116,138,910
January 1st, 1839	135,170,995
January 1st, 1840	106,968,572

Statement of the condition of the State Bank of Indiana, on the 21st November, 1840.

DR.

Bills discounted on personal security	$2,514,629 21	
Domestic bills of exchange	796,316 76	
		$3,310,945 97
Suspended debt—		
On personal security	305,792 36	
Domestic bills	45,729 43	
Bonds and mortgages	27,127 91	
		378,649 70
Real estate—		
Banking-houses	198,950 48	
Other property	24,679 92	
		223,630 40
Expense—		
Furniture and fixtures	–	6,533 39
Deposites in, and dues from, other branches and banks, viz:		
From other banks to branches	–	32,477 53
From branches to other branches—		
From branch at Indianapolis	47,449 27	
From branch at Lawrenceburg	16,394 21	
From branch at Richmond	15,309 74	
From branch at Madison	60,078 15	
From branch at New Albany	17,834 44	
From branch at South Bend	13,667 66	
From branch at Evansville	880 55	
From branch at Vincennes	4,077 37	
From branch at Bedford	16,956 60	
From branch at Terre Haute	53,348 81	
From branch at Lafayette	20,501 38	
From branch at Fort Wayne	35,315 48	
From branch at Michigan City	3,333 01	
		305,146 67
Bonds of the State of Indiana	–	294,000 00
State of Indiana by the fund commissioners	–	634,413 80
Interest, remittances, and other cash items	–	76,636 60
Bank notes on hand—		
Other branches of the State Bank	–	165,524 00
Other banks and checks	–	166,251 55
Specie—		
Silver	989,538 25	
Gold	87,013 69	
		1,076,551 94
		6,670,761 55

STATEMENT—Continued.

CR.

Capital stock paid in by the State	$1,304,950 00	
Capital stock paid in by individuals	1,366,668 75	
		$2,671,618 75
Discounts, &c.	–	15,282 87
Dividend not drawn	–	34,805 73
Tax for school purposes	–	7,212 51
Surplus fund	–	296,771 10
Sinking fund and other cash items	–	132,959 90
Deposites by, and dues to, other branches and banks, viz:		
To other banks from branches	–	34,414 09
To branches from other branches—		
To branch at Indianapolis	1,648 78	
To branch at Lawrenceburg	34,970 51	
To branch at Richmond	1,982 64	
To branch at Madison	47,213 80	
To branch at New Albany	36,356 45	
To branch at Evansville	12,291 31	
To branch at Vincennes	3,542 36	
To branch at Bedford	1,852 21	
To branch at Terre Haute	5,261 56	
To branch at Lafayette	1,227 16	
To branch at Fort Wayne	150 00	
To branch at South Bend	470 31	
To branch at Michigan City	1,862 65	
		148,829 74
Circulation	2,865,568 00	
Between the branches	165,524 00	
		3,031,092 00
Individual deposites	–	297,772 86
		6,670,761 55

JAMES M. RAY, *Cashier.*

STATEMENT—Continued.

LIABILITIES.

Branch.	Capital stock.		Notes in circulation.	Branch balances.	Other bank balances.	Dividend not drawn.	Tax for school purposes.	Surplus fund.	Sinking fund and other cash items.	Individual deposites.	Profit and loss.
	State.	Individual.									
Indianapolis -	$125,300	$170,000 00	$291,619	$2,551 95	$1,618 78	$4,705 82	$850 00	$22,327 33	$17,153 12	$12,725 91	$3,563 32
Lawrenceburg	112,000	170,000 00	233,719	-	31,970 51	3,259 48	850 00	46,430 07	10,859 70	18,826 69	999 31
Richmond -	106,000	113,150 00	231,485	-	1,982 64	3,429 31	625 00	19,802 92	2,211 08	20,595 20	1,082 08
Madison -	117,150	171,000 00	233,535	7,580 26	47,213 80	1,561 91	855 00	26,555 80	8,889 93	38,289 52	3,018 15
New Albany -	112,000	87,100 00	165,617	1,381 09	36,356 45	3,262 69	435 50	37,718 31	21,310 26	15,509 43	1,054 93
Evansville -	105,650	81,950 00	179,831	229 39	12,291 31	2,414 25	424 75	13,279 81	8,768 06	18,566 39	405 82
Vincennes -	80,000	83,750 00	210,635	3,159 48	3,512 36	2,489 96	400 00	17,359 25	2,189 13	11,400 14	925 88
Bedford -	87,150	87,150 00	202,305	213 63	1,852 21	2,194 31	435 75	13,555 01	7,657 48	14,586 17	1,879 09
Terre Haute -	113,650	92,350 00	261,253	6,331 55	5,261 56	2,030 87	461 63	30,551 85	6,809 34	32,963 25	843 02
Lafayette -	111,050	135,500 00	305,939	3,716 83	1,227 16	4,669 23	671 88	23,637 20	21,405 52	33,977 38	412 41
Fort Wayne -	80,000	80,000 00	286,074	369 92	150 00	2,603 11	400 00	27,172 59	9,436 27	25,751 89	464 79
South Bend -	65,000	31,718 75	189,296	8,179 19	470 31	1,011 85	400 00	9,936 85	2,236 79	15,455 69	142 76
Michigan City	60,000	60,000 00	209,725	369 85	1,862 65	1,131 88	400 00	8,411 05	7,913 22	9,122 17	169 73
	1,304,950	1,366,668 75	3,031,092	31,416 09	148,829 71	34,805 73	7,212 51	206,771 10	132,959 90	297,772 86	15,282 87

Officers and compensation.

STATE BANK.

Samuel Merrill, president - - - - - $1,500
James M. Ray, cashier - - - - - 1,500
Jacob B. McChesney, clerk - - - - - 200

BRANCHES.

Indianapolis.

Hervey Bates, president - - - - - 600
B. F. Morris, cashier - - - - - 1,500
T. H. Sharpe, teller - - - - - 1,200
J. P. Southard, clerk - - - - - 600

Lawrenceburg.

D. S. Major, president, (salary not fixed.)
W. B. Thurston, cashier - - - - - 1,000
H. K. Hobbs, book-keeper - - - - - 600

Richmond.

A. C. Blanchard, president - - - - - 600
Elijah Coffin, cashier - - - - - 1,500

Madison.

J. F. D. Lanier, president - - - - - 1,000
John Sering, cashier - - - - - 1,500
I. C. Lea, 1st clerk - - - - - 700
S. B. Sering, 2d clerk - - - - - 400

New Albany.

Mason C. Fitch, president - - - - - 1,000
James R. Shields, cashier - - - - - 1,500
V. A. Pepin, 1st clerk - - - - - 800
William E. Fitch, 2d clerk - - - - - 600

Evansville.

John Mitchell, president.
John Douglass, cashier - - - - - 1,200
Horace Dunham, clerk - - - - - 600

Vincennes.

D. S. Bonner, president.
John Ross, cashier - - - - - 1,200
G. W. Rathbone, clerk - - - - - 600