The shareholders in New Zealand number 1,050, liable for £403,000.

There are 115 branch banks, and 28,584 current accounts.

The discount account, representing traders' acceptances, equals £456,000.

The Colony of New Zealand, independently of the "A" stock, £2,000,000, and remittances *in transitu*, is creditor to the bank for £1,403,000, the amount in New Zealand being £458,000, and in London £945,000.

From the evidence taken and the balance-sheets submitted it will be found that the Bank of New Zealand and Estates Company, though two in name, are practically one institution; that the Estates Company and the Auckland Agricultural Company, though under different names, are practically one concern; and that the combined Estates Company, Auckland Agricultural Company, and Bank of New Zealand are practically one concern. The division is in name only, because the whole of the shares in the Estates Company are owned by the Bank of New Zealand, the only interest held outside the bank being the debenture-holders who recently acquired five hundred thousand pounds' worth of the debentures previously held by Baron Schroder, and the debenture-holders of the Auckland Agricultural Company, who hold £282,960 worth of debentures.

Your Committee is of opinion that it would be in the best interests of the colony, of the shareholders of the Bank of New Zealand, and of all concerned that a separation of the affairs of the Bank of New Zealand and the Estates Company should take place. In dealing with so momentous and intricate a question it is necessary that every precaution should be taken to safeguard the colony against losses, and to render future application for the intervention of Parliament unnecessary.

To effect this, your Committee recommend that the whole of the freeholds, leaseholds, stations, stock, and implements in New Zealand be disposed of, and that the Bank of New Zealand and Estates Company sell them to a Realisation Board, to be established for that purpose.

That an Assets Realisation Board, consisting of three members, be created as hereinafter provided.

That the Assets Realisation Board be authorised to issue bonds for £2,734,000, bearing 3½ per cent. interest, and that the deficiency, if any, on these bonds, after the realisation of the New Zealand Estates Company's properties, be guaranteed by the colony to the bank. In return for these, the Bank of New Zealand, the New Zealand Estates Company, and the Auckland Agricultural Company to transfer the whole of the property referred to the Realisation Board for liquidation purposes.

That £500,000 of uncalled reserve liability of the Bank of New Zealand shareholders be called up in four equal instalments, the first being payable on the 30th June, 1896, the second on the 31st December, 1896, the third on the 30th June, 1897, and the fourth on the 31st December, 1897.

That, to encourage the shareholders of the bank to meet the call of £500,000 proposed to be made, your Committee recommend that the first charge on all annual profits of the bank beyond £50,000 per annum should be a payment of interest not exceeding 5 per cent. on amount paid by shareholders on the call as aforesaid.

That the Bank of New Zealand, out of its profits, pay to the Assets Realisation Board the sum of £50,000 per annum as hereinbefore mentioned, and any further sum which may remain after paying 5 per cent. to ordinary shareholders until any deficit on realisation is provided for.

Your Committee are of the opinion that the last valuations of stations and landed property may, under favourable circumstances, be maintained, but the more prudent course would be to allow for further depreciation.

That, to insure the colony against any loss on account of guaranteeing any deficiency that may arise on bonds, in addition to the payments from profits above provided for, security be given over the freeholds, certain leaseholds, stations, stock, and implements in New Zealand, the bank's latest ascertained value of which is £1,879,000, and over the second call of £500,000, and also over the balance £500,000 of the uncalled reserve liability of the bank shareholders.

That the first call, the last payment of which is due on the 26th November next, estimated to amount to £450,000, together with the present paid-up capital, amounting to £900,000, be written off to provide for losses, of which £1,150,000 is for ascertained losses, and includes £9,532 which is proposed to be held as a dependency, and £200,000 as a contingency for unascertained loss.

In conjunction with this proposal, and to enable adequate capital to be provided for the bank to carry on its business and restore its credit, your Committee recommend the colony to subscribe £500,000 for preferential shares, bearing 3½ per cent. interest, and that they be paid for by the issue of 3½ per cent. stock to the bank; the bank to have the right to purchase for purpose of sale any or all of these shares, bank shareholders to have priority of purchase. This, with the £500,000 of capital from the second call of the reserve liability, will give the Bank of New Zealand a clear capital of £1,000,000 sterling. In addition to this the position of the bank will be strengthened by having the whole of the £2,000,000 of "A" stock for use in its ordinary business. Under the altered position that the bank will occupy, these proposals, if given effect to, will put it on a sound basis.

On investigation, your Committee ascertained that the second million "A" Stock, now invested according to law in liquid securities, entails a heavy annual loss on the bank. To prevent this recurring loss, and in order to increase the earning-power of the bank, your Committee recommend that the million be freed and made available for use in the bank's general business. And to further enable the bank to increase its earning power, your Committee are of opinion that the bank should be at liberty, if deemed advisable, to secure further trade by purchasing other banking business, but that no purchase be allowed unless with the sanction of the Governor in Council. And that, to enable this to be done, section 3 of "The Banking Act, 1894," be repealed. And, further, with a view of increasing the earning-power of the bank, the Committee recommend that the colony's business in England be transacted by the Bank of New Zealand. The directors of the bank are of opinion that, if these recommendations be given effect to, the net earning-power of the bank will be so increased as to leave a profit of £135,000 per annum.

That, in consideration of the £500,000 preferred shares to be taken up by the Government, the colony should have further representation, and that the Governor in Council be empowered to appoint one director.