The Chronicle

Banking Insurance and Finance

ESTABLISHED 1881. PUBLISHED EVERY FRIDAY.

F. WILSON-SMITH, *Proprietor.* ARTHUR H. ROWLAND, *Editor.*

Office:

406-408 LAKE OF THE WOODS BUILDING,
10 ST. JOHN STREET, MONTREAL.

Annual Subscription, $3.00. Single Copy, 10 cents.

MONTREAL, FRIDAY, NOVEMBER 26, 1915.

THE BANK OF MONTREAL'S YEAR.

In one respect at least, the report of the Bank of Montreal for the year ended October 31st, forms a milestone in Canadian banking. For the first time in history, the resources of a Canadian bank are shown to be in excess of 300 millions of dollars. The exact figures shown by the Bank of Montreal are [illegible]2,980,555, representing an increase over the figures of last year of some $43½ millions. Not only was there this large increase in resources, as was to have been anticipated, but the advance was accompanied by a further strengthening of the Bank's position, beyond even what had been achieved in previous years. The result is a statement of singular impressiveness, and one upon which those primarily in charge of what has now developed into almost a national institution, Mr. H. V. Meredith (president), and Sir Frederick Williams-Taylor (general manager), may be sincerely congratulated.

Following is a comparison of the leading items of the Bank's balance sheet for the last three years:—

	1915.	1914.	1913.
	$	$	$
Capital Stock	16,000,000	16,000,000	16,000,000
Rest	16,000,000	16,000,000	16,000,000
Circulation	17,276,782	17,231,502	17,061,665
Deposits (not bearing interest)	75,745,730	42,689,032	45,134,957
Deposits (bearing interest)	160,277,084	154,533,643	144,437,882
Total Liabilities to Public	264,540,759	221,350,378	208,656,751
Specie and Legals	40,269,804	40,661,762	22,164,800
Central Gold Reserve	1,500,000	1,500,000	1,000,000
Call Loans Abroad	70,957,528	41,502,122	51,240,795
Bank Balances Abroad	26,793,150	15,900,037	6,126,730
Total of Quick Assets	170,007,568	122,658,003	103,699,427
Current loans and discounts	121,175,954	128,618,661	134,163,473
Total Assets	302,980,555	259,481,663	244,787,045

LARGE INCREASE IN DEPOSITS.

The important rise in the deposits of the Bank during the past year will be readily grasped from this comparison. The non-interest-bearing deposits made relatively the very large increase of over $33 millions during the year from $42,689,032 to $75,745,730. In comparison with this meteoric increase, the advance made by the interest-bearing deposits, which while more costly to the Bank in times when funds cannot be freely employed for commercial purposes, have the advantage of greater stability, is relatively small. Actually, however, it is nearly six millions, from $154,533,643 to $160,277,084, this increase following an advance of over ten millions in the Bank's previous year. Altogether, the Bank's deposits show an increase of over $38,800,000 in comparison with a year ago. Circulation is also up, but to a trifling extent, the figures of $17,276,782 showing an advance of only about $45,000 on those of last year.

A REMARKABLY LIQUID POSITION.

On the other side of the account, the holdings of specie and legals show a slight reduction in comparison with a year ago from $40,661,762 to $40,269,804. The reduction is wholly accounted for by a decrease in holdings of notes, the specie held being some $350,000 more than in 1914. With the deposit in the Central Gold Reserve of $1½ millions, the same as a year ago, the proportion of cash to direct liabilities to the public is 15.8 per cent. Both call loans abroad and bank balances abroad show very large increases over 1914. Call loans abroad are $70,957,528 against $41,502,122 and bank balances abroad, $26,793,150 against $15,900,037. As a result the total quick assets are increased to $170,007,568 against $122,658,003, last year, a proportion to liabilities to the public of no less than 64.3 per cent. compared with 55.4 per cent. last year. The figures speak for themselves of the strength of the position achieved by the Bank.

Security holdings have been largely increased from $12,245,402 to $18,270,842. The main part of the advance having taken place in Canadian municipal securities and British, etc., public securities, reflects support given to Canadian municipalities and to British war financing during the year.

Current loans and discounts naturally show a falling off. Canadian loans coming under this heading show a decrease approaching $10 millions from $108,845,333 to $99,078,506. This decrease is, however, partly offset by a rise in municipal loans from $9,017,324 to $11,203,472. There is, as last year, a loan to the Dominion Government of $5 millions and discounts abroad at $5,893,975 show a slight increase over 1914.

PROFIT AND LOSS ACCOUNT.

With the maintenance of such a splendidly strong liquid position, it is natural that earnings should again show a falling off. Specie and legal notes locked up in vaults earn no interest, bank balances abroad are not particularly remunerative and the rate on call loans abroad does not compare favorably with that which can be secured on commercial loans and discounts. Shareholders, however, have reason to be satisfied seeing that in a year of the utmost severity