

The Chronicle

Banking Insurance and Finance

ESTABLISHED 1881.

PUBLISHED EVERY FRIDAY.

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

MONTREAL, FRIDAY, NOVEMBER 5, 1915.

THE MOLSONS BANK.

As the first of the series of annual bank reports which make their appearance during the autumn and early winter months, that of the Molsons Bank is always regarded with particular interest as affording evidence of the trend in banking affairs generally. The Molsons Bank is widely known as a solidly-based and conservatively managed institution, its characteristic policy in this respect having been continued under the present general manager, Mr. E. C. Pratt, who took office about two years ago, and whose first months of responsibility coincided with the most difficult and anxious time that has been the lot of bankers the world over in generations. That under Mr. Pratt's direction, the interests of this fine old institution have been so efficiently conserved as is evidently the case augurs well for its quiet, steady progress when conditions again become more favorable to financial institutions.

THREE YEARS' FIGURES.

Following are the leading items of the newly issued balance sheet and those of two previous years:—

	Sep. 30, 1915.	Sep. 30, 1914.	Sep. 30, 1913.
LIABILITIES.			
Capital paid up.....	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
Reserve Fund.....	4,800,000	4,800,000	4,800,000
Circulation.....	3,519,155	3,925,160	3,933,360
Deposits not bearing interest.....	5,040,011	5,502,137	5,662,843
Deposits bearing interest.....	33,781,359	31,316,640	31,065,254
Liabilities to public...	43,037,456	41,412,775	41,391,720
ASSETS.			
Specie and Dominion notes.....	4,524,150	4,514,897	5,041,889
Securities.....	3,546,952	2,771,640	2,691,088
Current loans.....	31,849,908	32,201,380	30,545,680
Call and short loans...	5,302,065	5,221,693	5,724,203
Liquid assets.....	17,408,333	16,088,456	17,678,222
Total assets.....	52,009,550	50,390,344	50,384,269

While non-interest bearing deposits show a decrease of about \$460,000 in comparison with last year, interest bearing deposits at \$33,781,359 are over \$2,450,000 higher than they were a year ago. At the same time, owing to the contraction in general business, current loans have contracted by \$350,000, and this decrease is only in part offset by a slight rise in the call and short loans. With the holdings of securities increased by nearly \$800,000, it is evident that the Bank has found difficulty in the profitable employment of the enlarged volume of funds on which it is paying interest.

The same phenomenon is likely to be seen in other bank balance sheets, due to appear within the next few weeks. The effect of the contraction in general business is also shown by the decline in the Bank's circulation of over \$400,000 from \$3,925,160 to \$3,519,155, while the profit from this source also is now considerably impaired by the special war taxation. The total assets are \$52,009,550, an increase of about \$1,600,000 in comparison with a year ago. Almost the whole of this increase is represented by the advance in quick assets which are \$1,320,000 higher than a year ago and at \$17,408,333 represent a proportion of 40.5 per cent. of liabilities to the public, compared with 39 per cent. a year ago.

PROFIT AND LOSS ACCOUNT.

The conditions above referred to leading to decreased earning power are naturally reflected in the profit and loss account, and the experience of the Molsons Bank in this particular has undoubtedly been shared in by other banking institutions. The net profits for the year ended September 30, after making provision for accrued interest on deposits, exchange and for bad and doubtful debts were \$556,194, compared with \$608,196 in the previous year, and representing an earning of 6.3 per cent. on the paid-up capital and reserve combined, which constitute the shareholders' funds, against a fraction more than 6.9 per cent. in 1914. An amount of \$67,058 brought forward on profit and loss account from last year makes the total available on this account \$623,252. This amount is distributed in a conservative manner. The eleven per cent. dividend absorbs \$440,000, a contribution of \$21,452 is made to the Officers' Pension Fund, \$75,000 is reserved for depreciation in security holdings—an unhappily very familiar entry in the books of all financial institutions these days—while the war tax on circulation takes \$25,500, leaving to be carried forward to the current year a balance of \$61,300.

QUIET CONFIDENCE.

The annual address of Mr. W. Molson Macpherson, president of the Bank, at Tuesday's meeting of the shareholders, was in a tone of quiet confidence regarding the future development of the Dominion. Mr. Macpherson alluded to the improvement that has taken place this year in certain manufacturing lines owing to the demand for war materials, and to the great change that has come over our trade balance, imports for the year ended August 31 last being over \$267,000,000 less and our exports \$90,000,000 more than in the corresponding period of 1913, making a change in the trade balance of no less than \$357,000,000 within two years. While the large increase in the crops means present prosperity for the farmers, a fair increase in population following the war may be anticipated. The facts mentioned show that confidence regarding the future is well based.

I say to you business men, give generously and on an increasing scale to the Patriotic Fund, the Red Cross and the other funds. But, above all, work harder and produce more, so that the country may grow stronger to bear what lies before it. This is no time to consider what is our share. It is a time to give our maximum effort, everything we can put forth for our country and Empire.—
Hon. W. T. White.