

THE CANADIAN BANK OF COMMERCE

It is clear that during the coming year, the Canadian banks will be asked to undertake important operations in several directions. The movement of the present year's crops is by no means finished. It has been stated indeed on good authority, that this movement will not only continue through the winter, but that it is unlikely to be completed before next summer. In addition, the domestic war loan and the credit arrangements to Great Britain in connection with the purchase here of munitions and war supplies, will make extensive demands upon banking resources. These latter arrangements are only possible because of the strong position in which the banks are at present placed. Liquid assets, which in the past year or 18 months, have been most carefully husbanded and added to will probably during 1916 amply justify their existence. Obviously, the banks are likely to pursue a policy of caution while international monetary conditions remain abnormal; at the same time the extent of their resources will certainly enable them to undertake considerable transactions along the lines alluded to.

A STRONG POSITION.

The newly-published annual statement of the Canadian Bank of Commerce—the first above the signature of Mr. John Aird as general manager—indicates that this institution is in an admirable position in this connection. The following are the leading figures of the present balance sheet in comparison with those of the two previous years:—

	1915. \$	1914. \$	1913. \$
Capital Stock	15,000,000	15,000,000	15,000,000
Reserve	13,500,000	13,500,000	13,500,000
Circulation	16,397,908	14,942,558	15,642,923
Deposits (not bearing interest)	52,964,795	41,690,512	52,798,206
Deposits (bearing interest)	141,558,283	139,818,297	140,015,509
Total Liabilities to Public	220,932,234	215,218,904	230,618,524
Specie and Legals	39,901,993	30,337,215	30,415,656
Bank Balances			
Abroad	6,319,808	5,782,386	6,884,653
Call Loans Abroad	18,534,329	18,750,527	16,154,361
Total of Quick Assets	101,173,358	92,983,653	97,308,316
Current loans and discounts	140,920,867	142,588,076	154,576,890
Total Assets	250,421,840	245,364,399	260,030,721

It will be seen from this statement that the Bank of Commerce shared satisfactorily in the general rise in the banks' deposits. After a falling-off during 1914, these have now returned to the level of 1913 and aggregate \$194,523,078. The principal increase is in the non-interest bearing deposits which are up by \$11¼ millions, possibly in part as a result of special balances incidental to the purchase of war supplies by the Allies. The interest-bearing deposits mark an advance of \$1,750,000 to \$141,558,283—a record figure for these deposits. The important part played by the Bank in connection with the crop movement is indicated by the high figure of circulation, which at \$16,397,908, approaches an excess of \$1½ millions over last year.

SUBSTANTIAL GAIN IN LIQUIDITY.

On the other side of the account, the holdings of specie and legals show a gain of nearly \$10 millions, about \$1,400,000 of this gain being in specie and the remainder in Dominion notes. Call loans abroad at \$18,534,329, are slightly less than a year ago,

but there has been a substantial gain in foreign bank balances, from \$5,782,386 to \$6,319,808, this movement being accompanied by a sharp reduction in liabilities to foreign banks from \$11,163,569 to \$6,300,030. Canadian call loans are up from \$8,926,860 to \$12,847,521. As a result the Bank's quick assets, including Canadian call loans, have been increased from \$92,983,653 to \$101,173,358, a proportion to liabilities to the public of 45.9 per cent. as compared with 43.2 per cent. in 1914.

The decrease in holdings of securities is somewhat remarkable. Their total in the present balance sheet is only \$13,256,014 against \$21,191,247 a year ago. The reduction is in part in government securities, and may thus be due to some extent at least to the necessity of writing down, and, more notably, in railway and miscellaneous securities, which are down from \$16,104,764 in 1914 to \$9,613,179 this year.

Current loans show a surprisingly small decrease considering the conditions ruling during the Bank's financial year. At \$140,920,867, they are only some \$1,700,000 lower than a year ago.

PROFIT AND LOSS ACCOUNT.

The year's profits, after providing for all bad and doubtful debts, are reported as \$2,352,036, equal to 8.3 per cent. upon the combined paid-up capital and reserve and comparing with \$2,668,233 (9.4 per cent.) in 1914. A balance of \$1,117,793 brought forward on profit and loss account makes the total available \$3,469,799. Of this total, the 10 per cent. dividend and 2 per cent. bonus absorbs \$1,800,000; war-tax on note circulation, \$122,907; the annual contribution to the pension fund, \$80,000; subscription to British Red Cross Society \$5,000. As a measure of precaution against further depreciation in securities held, a million dollars is set aside, and a balance carried forward of \$461,892.

Shareholders of the Canadian Bank of Commerce certainly have reason to be satisfied with the financial results of a most trying year, and the conservative dealing of the management with the profit and loss account will be noted generally with gratification. The annual meeting of the Bank is fixed for January 11th.

MOBILISING CANADIAN SECURITIES.

An official statement now issued in London, makes clear what Canadian securities will be utilised in connection with the British Government's scheme of mobilising American and Canadian securities. Canadian Government, provincial and municipal bonds and Canadian railway securities will be accepted by the Government under this scheme, but only when their denominations are in Canadian currency, or if in sterling, convertible into currency at the holders' option. Purely sterling securities will not be accepted. All securities tendered must be supported by a statement of a banker or other responsible party that they have remained in the physical possession of the holder in the United Kingdom since September 30, 1914. British holders of trans-Atlantic securities are also reminded that if they do not avail themselves of the invitation they can still contribute materially to the object sought by selling their securities in the open market and re-investing the proceeds in British Government securities.