Bank of Montreal Prepared for Post War Period

Features of Annual Statement Indicate Unusual Strength—Liquid Assets Equivalent to 75% of Liabilities to Public—$50,000,000 Increase in Deposits.

The Bank of Montreal statement for the fiscal year ending October 31st, just issued, is one of the strongest the Bank has ever forwarded to its shareholders. Being the first of the statements of the leading banks of Canada, it presages well for what may be expected at the end of the year.

Even a cursory study reveals a condition of strength and a growth of assets so exceptional that comparisons with previous years become difficult. In the past twelve month period the strides made are remarkable. What these have been may perhaps be best appreciated by a glance at the total assets, which have increased by well over $62,000,000 during the year, and now amount to $365,215,541, as compared with $302,980,554 at the end of the previous year. Such an increase, being at the rate of over $5,000,000 a month, would seem to indicate some special business and is perhaps due in part to the very large undertakings being carried out by the Bank on this side of the Atlantic for the Canadian and British Governments.

Ever since the outbreak of war, and more especially since preparations have set in for the after-war period, the principal banks of the world have aimed at maintaining a position of unusual strength by keeping almost as large a proportion of their assets as possible in liquid form. In this respect the Bank of Montreal this year makes a new record, even for itself. Of its total assets of $365,215,541, it is able to report liquid assets amounting to $246,982,680, equivalent to as much as 75.20% of the total liabilities to the public, as compared with $170,007,568 at the end of the previous year, an increase of over $76,000,000. Of the liquid assets actual cash as represented by gold and silver coin and Dominion notes, amounts to approximately $41,-300,000, equivalent to 12.57% of liabilities to the public.

It would be difficult to over-estimate the advantage to the Dominion in that the Bank of Montreal is able to indicate such a degree of preparedness, more especially when one recalls the considerable extent to which the Bank has already gone in joining in the war financing of the Imperial and Dominion Governments.

Another benefit that will likely result therefrom is that outside of the Dominion there is likely to be a new conception of the growth and development of the country when the leading Bank alone can report liquid assets of almost a quarter of a billion dollars.

An analysis of the liquid assets would seem to indicate the large amount of business of an Imperial nature, in which the Bank is engaged through its Branches in Canada and abroad, as the balances due by banks and banking correspondents elsewhere than in Canada have increased to $31,-631,237, while the call and short loans in Great Britain and the United States now stand at $113,002,097, compared with $70,957,527 a year ago. Among the other accounts in this group are the railway and other bonds, debentures and stocks, $13,947,120, compared with $13,332,074; Canadian municipal securities, British, Foreign and Colonial public securities other than Canadian $21,796,159 up from $4,475,-487. Cheques on other banks $14,832,868, compared with $9,893,506. The liquid strength also shows the position of constant readiness in which the Bank keeps itself to take care of any increase in the commercial requirements of the Dominion. The general industrial activity of the past year, however, has evidently resulted in the tendency on the part of large companies to pay off their indebtedness to banks, as current loans and discounts in Canada now stand at $93,729,-065 as compared with $99,078,506; loans to cities, towns, municipalities and school districts $11,255,571, against $11,-203,472; current loans and discounts elsewhere than in Canada, $6,478,263, compared with $5,893,975. A loan of $5,000,000 to the Dominion Government, which appeared last year, has been paid off. The deposit in the Central Gold Reserves now stands at $7,500,000, compared with $1,500,000 last year, an increase of $6,000,000. This in part indicates the heavy call on the Bank for circulation, necessary for crop moving and the payment of troops concentrated in the various military camps at which the Bank opened temporary branches for the convenience of the men.

While a large increase in deposits, especially under present conditions, is gratifying, indicating funds awaiting investment as well as a desire for thrift in the country, a gain of over $50,000,000 in interest-bearing deposits illustrates a degree of public confidence that must be especially satisfactory to the Board and Management. The total increase in the deposit accounts for the year is well over $60,-000,000, the deposits not bearing interest standing at $88,-767,018 up from $75,745,729, while deposits bearing interest rose to $210,439,031 from $160,277,083.

Notwithstanding the maintenance of an exceptionally strong position and the lessened demand for commercial banking accommodation, the Bank makes its usual satisfactory report to shareholders of earnings and shows a comfortable margin over the usual dividends and bonuses. The profits for the year were $2,200,471, equal to 13.75% on the capital. These profits, with the balance carried forward from the previous year, brought the total amount available for distribution up to $3,494,423. This amount was distributed as follows:—A dividend at the rate of 10% and bonus of 2% for the year, or 12% in all, $1,920,000; war tax on bank note circulation to 31st October, 1916, $160,000, leaving balance to be carried forward to profit and loss $1,414,423.

The review of conditions contained in the addresses of the President and the General Manager to be delivered to the Shareholders at the Annual Meeting to be held on the first Monday in December will be looked forward to with added interest this year, owing to the exceptional conditions the country is passing through.

The principal accounts of the Bank at the end of the fiscal year just closed, and at the end of the fiscal year 1915, are as follows:—

	Oct. 31, '16	Oct. 30, '15
Capital Stock	$ 16,000,000	$ 16,000,000
Rest	16,000,000	16,000,000
Total Assets	365,215,541	302,980,554
Liquid Assets	246,982,680	170,007,568
Cash on Hand	41,314,019	40,269,804
Railway and other Bonds and Securities	13,947,120	13,332,074
Canadian Municipal Securities and British, Foreign and Colonial Public Securities	21,796,159	4,475,487
Cheques on other banks	14,832,868	9,893,506
Current loans in Canada	93,729,065	99,078,506
Current loans elsewhere than in Canada	6,478,263	5,893,975
Notes of Bank in circulation	21,779,134	17,276,782
Deposits not bearing Interest	88,767,018	75,745,729
Deposits bearing Interest	210,439,031	160,277,083
Deposits made by and balances due other banks in Canada	5,663,390	9,474,694
Balances due to banks elsewhere than in Canada	545,282	482,631
Profits for the year	2,200,471	2,108,631
Balance of profit and loss carried forward	1,414,423	1,293,952

MR. MURRIN ADVANCED IN B. C. ELECTRIC SERVICE.

Mr. W. G. Murrin, who has been general superintendent of the B. C. Electric Railway Company, has been appointed assistant general manager by General Manager George Kidd. The new appointment has been necessitated by the growth of work in the hands of the general manager. Mr. Murrin came to Vancouver in April, 1913, to take charge of the railway department of the company.