

# **ANNUAL STATEMENT OF BANK OF MONTREAL: ITS BEARING ON THE BANKING SITUATION.**

Never has the general Canadian public been more interested in the position of the banks than at the present time. The appearance this week of the preliminary annual statement of the Bank of Montreal—as given elsewhere in these columns—is therefore of special moment. In view of the financial strain which our near neighbors are just now undergoing, this showing of the Dominion's premier bank will be perused and studied for indications of the exact way in which Canadian bankers have strengthened their position against any conceivable stress. The statement must certainly prove reassuring to such "honest doubters" a may have felt apprehensive regarding the Dominion's ability to withstand the storm that has lately broken at her very threshold.

Considering first the year's active operations, it will be seen that the profits for the twelvemonth, after deducting charges of management, and making full provision for all bad and doubtful debts, amounted to \$1,980,138, as compared with net profits of \$1,797,076 for the previous year. With the balance brought forward from 1906, viz., \$159,831, there was a sum of \$2,139,969 available for distribution, and after the payment of \$1,440,000 in dividends, there was a balance of profit and loss carried forward of \$699,969.

With regard to its rest fund, the Bank of Montreal does not make additions to it every year, but follows instead the plan of allowing undivided profits to accumulate in the profit and loss account until there is a sufficient surplus to permit of transferring a round million dollars. Thus one million dollars were added in April, 1903, and a like sum in October of the same year, out of premiums on the new stock issue. A year ago another million was added, and by October 31, this year, there are accumulations of nearly \$700,000 of undivided profits towards the next reserve fund increment.

By the general public, however, the greater attention will be directed to the showing of assets and liabilities. The general statement, October 31, shows that while deposits not bearing interest increased during the year by \$5,200,895, interest bearing deposits decreased by \$8,964,188. Current loans and discounts in Canada and elsewhere totalled \$105,107,113, as compared with \$101,814,453 at the corresponding date of last year, while call and short loans in Great Britain and the United States amounted to \$23,341,220, as compared with \$20,784,242 at the corresponding date last year.

It will be noted that while total assets decreased from \$168,001,173 to \$165,234,768 during the year, the liabilities to the public showed a more than corresponding reduction—from \$142,079,113 to \$138,772,000. A more particular instance of the bank's preparedness for all contingencies is seen in the increase of cash holdings. The showing is as follows:

	1907.	1906.
Gold and Silver Coin.....	\$7,729,735	\$6,232,607
Government notes.....	4,320,385	5,374,510
	<b>\$12,050,120</b>	<b>\$11,607,117</b>

As already mentioned, this addition of \$450,000 in cash was made concurrently with a decrease in

the total of liabilities to the public. It is notable proof of the bank's foresight that this should have been effected during a year of especial demands upon banking resources—as witness the increase in current loans and discounts over the 1906 showing. During the present month also, the Bank of Montreal has been active in the importing of gold.



## **DOMINION GOVERNMENT AND THE BANKS.**

Government relief measures of a somewhat spectacular sort seem necessary from time to time under United States banking conditions—these taking the form of special deposits by the Secretary of the Treasury from surplus Government funds. Why does not the Minister of Finance help the Canadian banks in times of stringency just as Secretary Cortelyou is now helping the American banks? This question—asked sometimes by patriots whose zeal considerably transcends their knowledge—was aptly answered by Hon. W. S. Fielding himself during a recent press interview. He pointed out that what the United States Government does once in a while under the pressure of severe stringency, the Canadian Government is doing all the time. Ordinarily, the surplus moneys of the United States over and above current payments are kept idly locked up in the Treasury's vaults. Occasionally, when widespread financial stringency calls for relief measures, some of these are doled out to the banks in the form of special deposits. "Our system" to quote the summing up by the Minister of Finance, "is entirely different. Apart from certain moderate reserves necessary to protect our circulation and savings bank deposits, there is no such withdrawal of money from general business and locking it up in the Government Treasury. Every dollar of revenue that comes to us in any shape or form is instantly deposited in the banks. Whatever is necessary to meet our immediate obligations passes out at once in circulation. Whatever there is over and above such immediate requirements remains in the banks, like other deposits, and is, for the time being, available for the banks' general business."

Commenting upon the complaints from the West regarding the alleged difficulty of financing crop-moving, Mr. Fielding remarked that, while on the one hand it has been alleged that the banks are unduly withholding assistance, leading bankers have stated through the press that the banks are giving accommodation for all the immediate transactions, and that it is only speculative business for which money cannot be found. During this week Mr. Fielding consulted with leading Montreal bankers regarding the matter, and has since given his assurance that all necessary aid will be extended to crop-moving operations.

MONTREAL BANK CLEARINGS for the ten months ending October 31, show an increase of \$41,931,000 over the corresponding period last year, the clearings for the ten months amounting to \$1,288,745,000.

Canadian clearings, for the eleven cities from which complete returns are available, have been \$3,465,958,734 for the ten months, as against \$3,166,110,792 in 1906.