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THE BANK OF MONTREAL'S REPORT.

The one-hundredth annual statement of the Bank of Montreal is worthy of the occasion. Undoubtedly, the outstanding feature is its fresh revelation of the remarkably liquid position occupied by this great institution. With liabilities to the public of \$365,771,928 at October 31st last, the Bank's quick assets aggregated \$276,298,398, a proportion to liabilities to the public of no less than 75.5 per cent. This is a fractional advance upon the proportion reported a year ago, and compares with 64.3 per cent. in 1915. So splendid a showing cannot fail to make a favorable impression upon observers abroad of the Canadian financial situation, by whom both the peculiar responsibilities attaching to the Bank of Montreal in the sound maintenance of the Canadian economic fabric, and the far-seeing prudence with which those responsibilities are constantly discharged, are keenly appreciated.

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

	1917	1916	1915
	\$	\$	\$
Capital Stock.....	16,000,000	16,000,000	16,000,000
Reserve.....	16,000,000	16,000,000	16,000,000
Profit & Loss Balance.....	1,664,893	1,414,424	1,293,953
Circulation.....	29,308,086	21,779,134	17,276,782
Balance due to Dominion Government.....	13,638,962
Deposits (not bearing interest).....	71,114,642	88,767,018	75,745,730
Deposits (bearing interest).....	246,041,787	210,439,032	160,277,084
Total Liabilities to			
Public.....	365,771,928	328,419,793	264,540,759
Specie and Legals.....	51,353,125	41,314,019	40,269,804
Central Gold Reserve.....	14,500,000	7,500,000	1,500,000
Call Loans Abroad.....	100,610,214	113,002,097	70,957,528
Bank Balances Abroad.....	16,629,090	31,631,237	26,793,150
Total of Quick Assets.....	276,298,398	246,982,680	170,007,568
Current loans and discounts.....	119,068,600	111,462,901	121,175,954
Total Assets.....	403,980,237	365,215,542	302,980,555

The net growth in the Bank's deposits during the past year is \$18,000,000, interest-bearing deposits showing an expansion of nearly \$36,000,000 from \$210,439,032 to \$246,041,787, while non-interest bearing deposits declined from \$88,767,018 to \$71,114,642, a movement due possibly to some extent, to transfers of funds to notice accounts, by depositors with large balances. In the last two years, interest-bearing deposits have increased by practically \$86,000,000 (about 54 per cent.), and in the last three, by \$92,000,000 (60 per cent.). Circulation is reported at the new high level of \$29,308,086, a growth for the year of \$7,600,000, which compares

with an expansion of \$4,500,000 in the year preceding. The Bank's liabilities to the public are brought up to \$365,771,928, an advance of over \$37,000,000 in comparison with 1916, when they were \$328,419,793 and of over \$100,000,000 compared with 1915 (\$264,540,759).

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Holdings of specie and legals were increased during the year by over \$10,000,000 from \$41,314,019 to \$51,353,125 and, in consequence of the increased demand for circulation, a large growth is also reported in deposits in the Central Gold Reserve, which are \$14,500,000 against \$7,500,000 in 1916. Including this Central Gold Reserve deposit and the Circulation Fund deposit, cash holdings are in the proportion of 18.2 per cent. of liabilities to the public. Both call loans abroad and bank balances abroad are somewhat lower than in 1916, through the transfer of funds to provide for purposes of war, munitions and food financing. Call loans are \$100,610,214 in comparison with \$113,002,097 in 1916, and \$70,957,528 in 1915. Bank balances abroad are \$16,629,090 against \$31,631,237 in 1916 and \$26,793,150 in 1915. These call loans and bank balances abroad, together with the Bank's cash, show a proportion to liabilities to the public of 50.0 per cent.

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The figures of security holdings indicate graphically the extent to which the Bank's resources are being used in connection with war financing. Holdings of Dominion and provincial securities, which were returned a year ago as less than a half million are now reported as \$28,573,322. Presumably, these figures reflect the short-time advances to the Government, which have been arranged by the banks in recent months. Security holdings classified as Canadian municipal, and British, foreign, and colonial public securities other than Canadian, are \$33,455,255 against \$21,796,159. This advance is probably mainly accounted for by enlarged holdings of British treasury bills, consequent upon further advances to the British Government. In connection with this war-financing, there should be noted a new item in the Bank's balance sheet of \$13,638,962, balance due to the Dominion Government. Of the other loan accounts, municipal loans at \$11,415,384 are only slightly changed from last year; Canadian commercial loans and discounts are \$97,607,405 against \$93,729,065. Total assets are \$403,980,237, a growth of nearly \$39,000,000 since last year's report and of no less than \$145,000,-

(Continued on page 1023)