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THE BANK OF BRITISH NORTH AMERICA.

The Eighty-Second Annual Report of the Bank of British North America, covering the period to November 30th, 1917, is published on another page of this issue. More than usual interest is attached to the results of last year's operations, in view of the proposed amalgamation of the bank with the Bank of Montreal. As already stated, the Bank of British North America is the third oldest of the existing Canadian banking institutions having been established 82 years ago, during which long period, its high prestige and honourable dealings with its customers throughout Canada is well known. The general manager, Mr. H. B. Mackenzie, whose service with the bank covers a period of over 30 years, is thoroughly conversant with Canadian conditions, and the prosperity of the Bank under his management has been a matter for much favourable comment among financial men throughout Canada.

Profit and Loss Account.

The net profits for the year ending 30th Nov., 1917, after deducting all current charges and making provision for all bad and doubtful debts, amounted to \$668,003, compared with \$546,346 in the preceding year, showing the substantial increase of \$121,657. The President, Mr. E. A. Hoare, in referring to the profits, referred to the extraordinary War Credits, that is to say, loans to the Imperial and Dominion Governments in one form or another and including the French Industrial Credit, amounted to \$14,250,000, so that from these sources there has been a large contribution to the annual profit. With the balance brought forward of \$104,222, the total available was \$772,226. Of this amount an interim dividend at the rate of eight per cent. paid in October absorbs \$194,666. Transferred to various funds for benefit of employees absorbs \$65,879.29. In addition a special war bonus of five per cent. is to be paid to the staff, including those who have joined the forces. War tax on circulation amounted to \$48,666.66, after payment of which and other allocations there is a balance of \$428,842 available for April dividend.

A Strong Position.

The following are the leading figures of the current balance sheet compared with those for 1916:—

	1917.	1916.
Paid-up Capital	\$4,866,667	\$ 4,866,667
Reserve	3,017,333	3,017,333
Circulation	5,708,882	5,627,982

Deposits not bearing interest....	18,223,720	20,511,339
Deposits bearing interest	40,860,087	28,893,573
Liabilities to the public	69,367,149	59,564,151
Gold and Dominion Notes	6,039,867	5,988,275
Deposit in Central Gold Reserve	2,420,000	800,000
Call and Short Loans in Canada	2,607,013	1,446,234
Call and Short Loans elsewhere	4,849,124	4,331,550
Securities held	14,967,219	12,298,385
Liquid Assets	37,284,827	32,534,113
Current Loans and discounts in Canada	28,776,590	23,936,070
Current Loans and Discounts elsewhere	7,791,248	7,225,512
Total Assets	77,682,843	67,785,958

The Bank's deposits bearing interest are the highest on record, being up from \$28,893,573 to \$40,860,087, while deposits not bearing interest show a decrease from \$20,571,339 to \$18,223,720. The increase in note circulation is unimportant. There has been a substantial increase in securities held Canadian current loans and discounts show an increase from \$23,936,070 to \$28,776,590. Liquid assets show an increase from \$32,534,113 to \$37,284,827.

At the Bank's recent annual meeting the Chairman, Mr. E. A. Hoare, after referring to the prosperity of Canada, said:

But notwithstanding this general prosperity, I cannot look forward to the future without a certain reserve, and it is for that reason that, as I have already said, our accounts have been scrutinised with unusual care on this occasion. The enormous advance in the cost of all raw materials, and consequently of manufactured articles, should have led to a corresponding curtailment in consumption, and a gradual contraction of credits. But this has not been so—the tendency has rather been to expansion, or at least to maintain the accustomed level by replacing stocks in anticipation of a continued demand as though advancing prices and consequent profits are to last for ever. There are too many influenced by this fallacy today, for the reaction is sure to come. Then those who have continued to replenish, and even add to, stocks at the abnormal prices now current, will have to face a serious depreciation and consequent losses.

RESERVE RESOURCES IN FRANCE.

"The whole question of French finance," a Paris financial correspondent writes to London, "and of the way in which the expenditure caused by the war is to be met has almost since the outset of the war closely exercised the attention of French economists. To English minds the French situation seems very much less salutary than is consistent with sound finance, but critics of French finance are perhaps apt to forget that France possesses many means of meeting the situation."

"Within a very short period after the war large numbers of values will become available to the state, values such as railway monopolies, and so forth, and it is quite possible that the indebtedness of France will be reduced to considerable extent by a stroke of the pen extending the privileges granted to private companies."

Moving picture theatres, garages and hotels are reported as three of the most unprofitable classes now being written in the United States.