

large outflow of gold, as they take the view that it may result in their getting a little better rate of interest on loans.

Money rates in Canada have not as yet been notably affected by the heavy import of gold coin. Possibly the rates for call loans will not immediately fall much below the 5 to 5½ p.c. now quoted. Like all other large importations of gold this one will probably result in a further important rise in the Dominion note circulation. In all probability when the figures for November 30th are published the Dominion's circulation will be found to be nearly \$110,000,000, if it has not passed that figure. And it is also likely that some part of the newly imported gold will be retained by the banks as an addition to the specie reserves held in their own vaults. Of course, such part of the newly transferred funds as is carried by the banks in the form of increase of cash reserve held in Canada will have no appreciable effect on money market conditions in Montreal and Toronto. But it is almost inevitable that some part of these funds will be offered on the market, and it is but natural to expect that rates will ease off to some extent.

#### THE BANK OF MONTREAL'S STATEMENT.

The representative standing of the Bank of Montreal among Canadian financial institutions always lends to its annual statement peculiar interest and importance. In the case of the newly issued statement for the year ending October 31 last, the interest is increased by a change in what may be described as the Bank's domestic policy. For some years past, the Bank's premises have stood in the balance sheet at the nominal amount of \$600,000. In thus taking credit for a fraction only of the premises' real value, the directors were following the best models. But, doubtless, owing to the large expenditures which have been made upon premises during recent years—with in the last 12 months more than \$700,000 has been spent in this direction—and also, no doubt, to the largely increased value in many cases of the sites which they occupy, the directors have come to the conclusion that the time has arrived, when, without the slightest overstepping of the limits of conservatism, the premises can be written up. Accordingly, they appear in the new balance sheet at \$4,000,000 instead of \$600,000 as heretofore. Their actual value is \$9,088,000, land representing \$4,735,000 and buildings \$4,353,000, so that even now the premises are taken credit for at under four-ninths of their actual value. This is certainly highly conservative, while at the same time the change should meet the wishes of those shareholders who last year expressed themselves as in favor of the writing-up of premises account.

The profits of the bank in the twelve months ending October 31 last, were \$2,276,519, against \$1,797,993 last year, or an increase of practically \$500,000. In regard to these figures, however, it may be pointed out that this year the amount expended on premises, which in the twelve months was \$708,800, is charged against the declared profits, whereas in former years the entire expenditure connected with the building, extension and maintenance of the Bank's premises was charged directly against revenue and did not appear at all in the profit and loss account. Brought in also into the profit and loss account is \$365,677 premiums paid on the new issue of stock, and \$3,400,000 on account of the adjustment in bank premises. These items, together with the balance forward of \$961,789, make the total available, \$7,093,985. Of this amount, the 10 per cent. dividend absorbs only \$1,400,000; \$3,000,000 is placed to the reserve, making this fund \$15,000,000, and \$708,800, expenditures on bank premises during the year, is also charged. After these allocations, the balance of profit and loss carried forward is practically double that of twelve months ago at \$1,855,185.

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

	1911.	1910.	1909.
	\$	\$	\$
Capital Stock . . . . .	14,887,570	14,400,000	14,400,000
Res. . . . .	15,000,000	12,000,000	12,000,000
Circulation . . . . .	15,914,654	14,502,591	13,245,289
Deposits (not bearing interest) . . . . .	46,187,555	43,425,978	51,401,226
Deposits (bearing interest) . . . . .	135,538,261	154,117,878	128,445,206
Total Liabilities to Public . . . . .	197,816,157	212,168,686	193,216,370
Specie and Legals . . . . .	19,344,656	21,798,760	19,042,850
Call Loans Abroad . . . . .	42,602,772	61,918,750	77,212,382
Bank Balances Abroad . . . . .	17,975,274	17,214,648	16,145,331
Total of Quick Assets . . . . .	104,445,885	126,764,806	128,582,244
Current loans and discounts . . . . .	121,053,066	112,087,982	91,173,656
Total Assets . . . . .	229,920,420	239,892,330	220,582,747

The slight increase in the capital stock paid-up this year marks the beginning of the paying-up by stockholders of the \$1,600,000 of new stock now being issued, which, when fully paid up in the course of the new bank year, will raise the capital from \$14,400,000 to \$16,000,000. Circulation, it will be seen, includes more than one million, "excess" circulation. The figures of deposits, on the one hand, and call loans and loans and discounts on the other suggest graphically the extent of industrial, commercial and financial activity in Canada at the present time. The total of deposits is practically \$16,000,000 lower than twelve months ago. Non-interest bearing deposits are slightly higher than last year, but \$5,000,000 below the total of October, 1909. Interest bearing deposits are nearly \$19,000,000 down from last year, an indication, possibly, that large amounts of capital, which were temporarily on de-