

THE EXCESS NOTE ISSUES.

At the end of October there were eight banks that had an amount of notes in circulation exceeding the amount of paid-up capital. The list is as follows:

Bank	Paid up Capital.	Circulation 31st Oct., 1909.	Excess.
Toronto.....	\$4,000,000	\$4,133,634	\$133,634
Union (Halifax)	1,500,000	1,502,128	2,128
Provinciale.....	1,000,000	1,172,458	172,458
Union (Canada)	3,202,670	3,339,542	136,872
Commerce.....	10,000,000	10,313,105	313,105
Dominion.....	3,983,700	4,330,584	346,884
Standard.....	1,929,675	2,021,822	92,147
Home.....	1,021,474	1,122,785	101,311
			\$1,298,539

Thus there was outstanding at the month-end, \$1,298,539 of the excess issues. It is to be noted also that two of the banks in this list—the Union of Halifax and the Home—had in circulation during the month an amount greater than the end of the month figure. The maximum circulation of the Union Bank of Halifax was \$1,505,788, and that of the Home, \$1,195,500. Also it is to be noted that two other banks overcirculated during the month, but were down below the ordinary limits by the 31st. The Northern Crown Bank with paid-up capital of \$2,202,691, had at one time in the month \$2,228,980 in circulation; and the Sterling Bank of Canada, with capital \$845,898, had \$855,720. So that apparently up to the end of October some ten institutions, or one-third the number of banks, had availed themselves of the right to over-issue and the gross amount of recourse they had was about \$1,400,000.

Then the effect of the Act is seen in the figures of certain other banks which did not actually use the extra powers. Following is a list of the nineteen banks not mentioned above, with their authorized ordinary issue and actual circulation as at 31st October.

Bank	Ordinary Issue Limit.	Circulation 31st October.
Montreal.....	\$14,400,000	\$13,245,289
New Brunswick.....	750,000	734,305
Quebec.....	2,500,000	1,721,440
Nova Scotia.....	3,000,000	2,900,575
St. Stephen.....	200,000	183,520
British North America	3,650,000	3,775,230
Molson.....	3,500,000	3,385,362
Eastern Townships....	3,000,000	2,893,696
Nationale.....	1,997,315	1,987,678
Merchants.....	6,000,000	5,903,791
Royal.....	4,926,770	4,780,607
Hamilton.....	2,500,000	2,231,978
Hochelega.....	2,500,000	2,316,962
Ottawa.....	3,216,850	3,108,525
Imperial.....	5,000,000	4,401,997
Traders.....	4,354,398	3,291,870
Metropolitan.....	1,000,000	995,665
United Empire.....	506,154	477,965
Farmers'.....	567,152	429,630

* The B. N. A. Bank is allowed to issue 75 per cent. of its paid up capital uncovered. In the fall of the year it is accustomed to deposit bond security at Ottawa, under the terms of the Bank Act, and then to issue an extra amount of circulation.

It will be seen that a number of these banks were close to the ordinary limit at the end of the month,

and a glance at the figures reported as maximum circulation during the month, shows that in the cases of twelve of them there was in circulation at some time in the month an amount exceeding the end of the month figure. In the daily press the total of the column "greatest amount of notes in circulation at any time during the month" is sometimes quoted as measuring the high tide of the general circulation for the month. But it is hardly accurate to say that it does so, for the reason that the various banks would not all record the maximum of circulation on the same day of the month. One might reach its high point on the 10th, another on the 15th, another on the 20th, and so on.

It is clear from the figures that all the banks have this year paid out their notes freely as they approached the ordinary limits. Under the old conditions when the circulation of a bank with a large number of branches approached within a couple of hundred thousands of its paid-up capital, the management would warn the branches to be careful in paying out lest the limit be passed inadvertently and the bank be subject to a fine of \$1,000 or more. Just a while before the new feature was introduced into the banking law, one of the important banks was subjected to a fine because a far away branch paid out \$40,000 in notes in one day at a time when the circulation was close to the legal limit.

But under the new conditions there is no risk of fine. Even if a bank does not intend to take advantage of its rights of extra issue it can press its circulation close to the paid-up capital, and if by inadvertence the amount is exceeded the utmost penalty that can be exacted is interest at 5 per cent. per annum on the excess.

CANADIAN BANK OF COMMERCE.

As briefly noted by THE CHRONICLE a week ago, the preliminary annual statement of the Canadian Bank of Commerce evidences steady growth in resources. Only twelve years ago this institution's assets were under \$30,000,000. At the close of its fiscal year 1909, they had reached over \$140,000,000—which is well on to a five-fold increase.

Of the total, over \$65,000,000 are classed as quick assets, these amounting to almost 50 per cent. of liabilities to the public. Current loans total over \$80,000,000, showing a gain of \$12,000,000 during the twelvemonth. Aggregate deposits are now over \$120,000,000; the year's increase of almost \$25,000,000 is indicative in large part of a continued inflow of capital from abroad.

It was to have been expected that net profits would fall off somewhat during a year when money rates ruled low. Still, as it was, the net banking profits amounted to \$1,510,695—and to these there