

BANKS' CAPITALS AND REST FUNDS: TWELVE MONTHS' DEVELOPMENTS.

Our annual tables of the development from year to year as at September 30, of the banks' capital accounts and rest funds show a considerable falling-off in the rate of progress in this connection during the twelve months ended September 30 last, in comparison with the prior twelve months. During the year ended September 30, 1913, the paid-up capitals of the banks were increased by \$3,287,271 or by 2.97 per cent., as against an increase of \$9,302,358 in the twelve months ended September 30, 1912 (9.17 per cent.), and one of \$4,902,031 in the year ended September 30, 1911.

The figures given are net increases. During recent months the taking-over of the Banque Internationale by the Home Bank, had the effect of reducing the amount of the banks' combined paid-up capital by about \$700,000. So that actually shareholders of the banks paid up in the year ended September 30 about \$4,000,000 new capital.

In regard to the individual banks, some important changes have taken place as a result of amalgamations. The Bank of Nova Scotia, which absorbed the Bank of New Brunswick with its \$1,000,000 capital and \$1,790,000 rest fund, shows an advance of \$1,578,330 in paid-up capital. The Home Bank, as a result of its absorption of the Internationale, increased its capital account during the twelve months by about \$650,000. Apart from these changes caused by consolidations, the Hochelaga bank has enlarged its capital during the twelve months by \$775,665; the Dominion by \$660,190; the Standard by \$428,748; the Imperial by \$422,139; the Northern Crown by \$241,016; the Ottawa by \$220,460, and the Quebec by \$220,320. In the case of several of the banks, considerable amounts of new issues announced some time ago have still to be paid-up. The smaller banks, it is well-known, have their capital accounts practically always open. So that for some time to come it is to be expected that the banks' paid-up capitals will show a steady rise, although managements are not likely to take steps in regard to further new issues for some time to come. One of the incentives to the large increases of banking capital which began in 1911 and are now being completed, was the necessity of coping with the increased demand for circulation. This demand can now be better met under the new Central Gold Reserve. It seems probable that for some considerable time to come, Canadian bankers will follow a very cautious policy in the matter of their capital accounts.

GROWTH OF REST FUNDS.

The diminished rate of growth in rest funds follows upon the diminution in the rate of increase

in the banks' capital. The substantial premiums at which most of the banks are able to issue their new stock, even when giving shareholders' favorable terms of subscription, enable them to make large additions to their rest funds. During the year ended September 30, an addition of \$5,057,037 was made to the banks' rest funds, equal to 4.85 per cent. as against an increase in the year ended September 30, 1912, of \$14,119,462 or 15.66 per cent. At that time, however, the figures were abnormally swelled by the action of the Bank of Montreal in taking its premises into its balance sheet at \$4,000,000 instead of \$700,000 as formerly, and crediting a portion of the increased visible assets to rest fund. At September 30 last, the proportion of the banks' rest funds as a whole to their paid-up capitals had been increased to 95.94 per cent. against 94.26 per cent. at September 30, 1912, and 88.94 per cent. at September 30, 1911. Eleven of the twenty-five banks have at the present time rest funds equal to or greater than their paid-up capital; four have rest funds 75 per cent or above of their paid-up capital and three rest funds of between 50 and 75 per cent. of their paid-up capital. In the cases of some of the banks, there do not yet appear in the official returns apparently, the full amounts which can be credited to rest as a result of the issues of new capital at a premium.

Following are the additions to paid-up capital and rest funds made by individual banks in the year ended September 30:—

	Addition to Paid-up Capital.	Addition to Rest Fund.
British	\$.....	\$ 146,000
Commerce .....	.....	.....
Dominion	660,190	660,190
Hamilton .....	.....	69,400
Hochelaga	775,665	350,000
*Home	648,467	200,000
Imperial	422,139	476,577
Merchants	91,417	519,175
Metropolitan .....	.....	.....
Molson .....	.....	.....
Montreal .....	.....	.....
Nationale .....	.....	150,000
Northern Crown	241,016	50,000
†Nova Scotia	1,578,330	2,799,662
Ottawa	220,460	220,460
Provinciale .....	.....	75,000
Quebec	220,320	.....
Royal	185,620	204,182
Standard	428,748	528,748
Sterling	126,250	.....
Toronto	12,280	12,280
Union .....	.....	195,360
Vancouver	30,112	40,000
Weyburn	6,160	50,000

*Absorbed Banque Internationale.

†Absorbed Bank of New Brunswick.