

An estimate recently made, has it that the new C.P.R. stock issue will result in bringing about \$20,000,000 into Canada through the payments of the English and European stockholders. Although the underwriters of the Canadian Northern loan of \$35,000,000 were obliged to take up all of it except a small portion, that transaction also will result in the transfer of over \$30,000,000 of funds to the Dominion. So these two transactions between them will have a notable effect in replenishing the outside reserves of the Canadian banks. The strong demand for money in the Dominion has served to reduce these balances during the past three or four months. The total of call loans abroad and net bank balances in London and New York stood at \$153,400,000 on July 31st; \$150,400,000 on August 31st; \$147,500,000 on September 30th; and \$135,300,000 on October 31st. In November some \$10,000,000 gold came in from New York, and presumably the balance was further reduced.

It is also rumored that the Dominion Government intend to place a new loan in London shortly. A Federal Government loan would also help to build up the outside reserves.

THE MERCHANTS' BANK MEETING.

In at least one respect, the annual meeting of the Merchants' Bank of Canada held on Wednesday was of more than ordinary importance. The announcement was made by Sir H. Montagu Allan, the president of the bank, that at an early date \$1,000,000 of new stock will be issued at a figure to be decided upon by the Board. This intimation that the Merchants' Bank is falling into line with other banking institutions in making a substantial addition to paid-up capital is of special interest because, as was explained by Sir H. Montagu Allan, it is now eighteen years since new capital stock was offered by this bank to its shareholders. The then issue was only an "odd-lot," rounding off the paid-up capital to \$6,000,000, at which figure it has since stood, and it may be noted that the premium of \$90,000 obtained on this "odd-lot" issue is the only addition made from this source to the bank's rest, which, now standing at \$5,400,000, has been built up otherwise entirely out of surplus earnings.

The interesting speech of Mr. E. F. Hebden, the bank's able general manager, contained ample reasons for the issue of the new capital at the present time. Coincidentally, it was a striking commentary both upon the extent of business now being offered to the Merchants Bank and upon the careful yet steadily progressive conservatism which marks its management. One of the reasons for the new issue is to be found in the fact that during the latter part of the year the bank has been somewhat hampered by the want of circulation. Apart from this drawback, the year has been in all respects a good one. "We have had all

the Canadian business we could properly take up," said Mr. Hebden, "and indeed more was offered than we could accept."

With regard to the western business of the bank in particular, the general manager's statement was highly satisfactory. As a result of personal inspection last summer, Mr. Hebden believes the bank's business in the west to rest uniformly upon a safe and substantial basis and to be built upon sound banking lines. "We now get," said Mr. Hebden, "our full share of what is offering, and, within our reasonable power, we shall continue to take up points of vantage likely to develop into yet other profitable fields for legitimate banking enterprise. But the Board properly require that we shall go slowly and deliberately about this work, feeling our way as in the past, and making reasonably sure of our ground before opening. That we have proceeded in this work so far upon conservative lines is perhaps evidenced by the very small number of branches we have closed, and when I say this, we do not claim infallibility, but that every precaution is taken at the outset to guard against mistakes which necessarily involve expense and wasted effort, which we desire to avoid above all things."

This statement of a conservative but constructive policy is satisfactory reading not only for shareholders of the Merchants' Bank, but for all who are interested in seeing that the development of the Dominion is proceeded with on right lines.

We discussed in detail last week the exceedingly handsome results shown by the bank's annual statement, which now appears in full on another page. The leading figures of this year's statement and that of 1910 are compared in the table below, it being premised that one-third of the increase in deposits was stated by Mr. Hebden to be owing to special deposits of a temporary character.

	1911.	1910.
Capital Stock	\$ 6,000,000	\$ 6,000,000
Rest	5,400,000	4,900,000
Circulation	6,351,230	5,182,580
Deposits at Call	25,897,925	21,457,952
Deposits subject to notice	36,239,679	32,638,323
Total liabilities to public	70,470,083	60,600,761
Specie and legals	7,808,107	5,299,137
Call Loans in Canada	3,854,845	4,745,473
Call Loans Abroad	9,091,613	8,135,770
Total of Quick Assets	31,863,472	28,214,039
Current Loans and Discounts	47,411,049	41,198,937
Total Assets	81,928,961	71,608,059

The year's profits were \$1,179,581, an increase of \$122,000 over 1910 and equal to 19.66 p.c. upon the paid-up capital. In dividends \$570,000 is distributed, \$500,000 is transferred to reserve, making this fund \$5,400,000, or 90 p.c. of the paid-up capital, \$100,000 is written off bank premises, \$50,000 is contributed to the officers' pension fund, and a balance of \$58,878 is carried forward. Regarding the bank premises account, it may be noted that Sir Montagu Allan stated at the meeting that there is about double the amount to its credit to that shown in the balance sheet.