

creditors must be large. No part of it would be available for the purchase of \$50 and \$100 government bonds. If these parties wished to buy Government bonds they would take \$1,000 bonds and \$500 bonds.

Lastly, taking the deposits owned by workmen and farmers, it is doubtful if there is any large proportion which would go into Government bonds of small denomination. The owners of these deposits carry them in the banks because they wish to have the funds available in case of need whenever anything special turns up—sickness or a special expense, or a specially advantageous investment. They think the bank deposit is more convenient than a bond would be and they are not likely to change when they have the opportunity to do so.

When the Canadian Government issued its recent loans in London provision was made for the receipt of small subscriptions. Only a very small number of these subscriptions were received—hardly enough to make it worth while inviting them. Then there is the broad question as to the effect upon Canadian finances. While it is all right to have arrangements whereby any Canadian who wishes to invest in Canadian Government bonds may do so without going to a lot of bother, nevertheless it is in the best interest of the Dominion for the Government to borrow abroad, especially when it can usually do so at less expense in interest. Then, as a result of each borrowing, new capital is brought into Canada; and new capital is what we stand very much in need of.

THE BANK OF BRITISH NORTH AMERICA.

The annual report and proceedings of the recent general meeting of the Bank of British North America is an interesting record of both solidity and progress. The Bank has now been in business 75 years, but that, with increasing age, it is gaining rather than losing in virility, is shown by the fact that the institution is larger and in a stronger position at the present time than it has ever been before. Moreover, during the last ten years the Bank has been steadily keeping abreast of the expansion of Canada by the wide extension of its operations. So recently as 1902, the Bank of British North America's branches numbered only 24; at the present time the Bank's branches are 85 in number, and there is every prospect that in the not distant future, with a continuance of the present policy of expansion, this institution will be numbered among the Canadian banks having one hundred branches and upwards.

The following are the leading figures of the current balance sheet in comparison with those of 1909:—

	1909.	1910.
LIABILITIES.		
Capital paid up	\$4,866,667	\$4,866,667
Reserve Fund	2,530,667	2,652,333
Deposits and current accounts	30,460,044	32,070,246
Circulation	3,374,079	3,750,501
Bills payable and other liabilities	9,879,094	9,614,838

ASSETS.		
Cash and Specie	\$5,352,833	\$5,812,058
At Call and Short Notice	10,774,049	9,084,842
Investments	2,700,006	2,506,527
Bills receivable, loans on security, etc.	31,579,098	34,673,314
Bank Premises	917,237	1,100,185
Net profit	494,705	554,942
To Reserve Fund	97,333	121,667

These figures make it clear that 1910 was both a year of expansion and of increased profit for the Bank. Deposits and current accounts increased during 1910 by \$1,610,200 to \$32,070,246, and circulation by \$376,422 to \$3,750,501. There is an advance in cash and specie of \$459,225 to \$5,812,058, the fluctuations in other important items being as might have been anticipated in view of banking conditions in Canada last year, viz., a reduction in the amount out at call and short notice from \$10,774,049 to \$9,084,842, and the substantial increase in bills receivable, loans on security, etc., from \$31,579,098 to \$34,673,314, an advance of \$3,094,216. The Bank is strong in cash reserves. Cash and specie at \$5,812,058 are in proportion to the Bank's immediate and direct liabilities of 37.35 per cent., immediate and direct liabilities including demand deposits plus note circulation. Also, total cash assets available immediately or at call or short notice, \$14,806,800 were 32.7 p.c. of the Bank's whole direct liabilities to the public. The investments of the Bank are interesting. As formerly, they consist of the highest grade of British and Dominion securities but those particularised have changed since the issue of the last balance sheet. As the Chairman explained, the change has been brought about, partly by the repayment of the National War Loan, and partly by the decision of the Court of Directors to re-invest in short dated rather than long-dated securities. The former, while of the same high grade as those formerly held, have, owing to their early maturity, greater stability of value.

The profits of 1910 at \$554,942 are \$60,000 in advance of those of 1909, and, in fact, have only been exceeded in two previous years, 1906 and 1907. The Chairman made an interesting comparison of the Bank's profits over five-yearly periods, which is interesting as showing from at least one angle, the steady progress which the Bank is making. The figures are as follows:—

	Average Annual Profit.
1895-1899	\$292,778.66
1900-1904	417,102.52
1905-1909	518,008.00
Profits for 1910	554,941.62

Thus it appears that profits now are almost double what they averaged twelve or fifteen years ago, and the 1910 record is a satisfactory one, more especially as in New York and London, where the Bank employs its reserves at call, rates were low last year, 2.00 p.c. being averaged in New York and 2.27 p.c. in London. The total amount available on profit and loss account including \$99,987 brought forward from 1909, is \$654,928. Of this amount \$340,667 is distributed in the usual dividend and bonus, making a distribution of 7 p.c. for the year. An allocation of \$121,667 has been made to the Reserve Fund, bringing this fund up