

# The Chronicle

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## THE MERCHANTS BANK OF CANADA.

The address made by Mr. E. F. Hebden, managing director of the Merchants Bank of Canada, at Wednesday's annual meeting of shareholders, followed well-established precedent in its illuminative discussion, felicitously phrased, of some of the most prominent banking problems of the moment. The remarkable rise during recent months in the banks' commercial loans and discounts and the consequent general tendency to a relative decrease in their liquid reserves, following the great industrial activity and the extraordinary rise in values of all classes of commodities, suggested to Mr. Hebden the necessity for emphasis of the present duty of the banks to maintain themselves in a highly liquid position. This is a duty which they not only owe to themselves but by the neglect of which they would render a serious disservice to the Dominion, of whose industrial life, Mr. Hebden very truly and aptly remarked, the banks are the bulwark and stay. Mr. Hebden accordingly made a strong plea, and no serious student of the present banking and economic situation will question the importance of that plea, for a policy of moderation in regard to industrial development. He pointed out that under present circumstances, "unreasonable buying and storing of materials far ahead, and excessive contracting in advance on borrowed money, are not the best way of helping out a situation that bids fair to become strained, unless a policy of moderation be generally adopted and a spirit of sweet reasonableness prevail."

Wednesday's meeting was also marked by a number of congratulatory references to the Bank's staff. The re-organisation of executive duties recently, by which Mr. E. F. Hebden became managing director and Mr. D. C. Macarow, general manager, was referred to by several speakers as having worked out admirably. Mr. Macarow, in the course of his first address as general manager, paid a high tribute to the staff. Of a total of 874 male members of the staff of military age at the beginning of the war, 520 or 59 per cent. are now overseas. Of these 82 have made the supreme sacrifice, 60 have been wounded, and to many high honours have been awarded for valorous deeds performed in the field. Mr. Macarow also referred in complimentary vein to the loyal way in which the staff remaining at home had shouldered new duties and additional responsibilities throughout the war period.

## THE BANK'S BALANCE SHEET.

Reference has already been made in these columns to the Bank's financial statement for the year ended April 30th. It is a matter for congratulation to Mr. Macarow, the general manager, that the first report bearing his signature should be so decidedly favorable a document. The following is a comparison of the leading items of the Bank's balance sheets for the last two years:—

	1917	1916
Paid-up Capital.....	\$ 7,000,000	\$ 7,000,000
Rest.....	7,000,000	7,000,000
Profit & Loss balance.....	421,293	250,984
Circulation.....	9,483,468	7,486,906
Deposits not bearing interest.....	27,101,588	17,181,959
Deposits bearing interest.....	65,000,484	54,995,070
Total liabilities to public.....	100,119,094	80,905,134
Specie.....	4,766,439	3,681,854
Dominion Notes.....	7,650,790	8,106,240
Deposit in Central Gold Reserve.....	3,500,000	1,000,000
Bank Balances Abroad.....	2,474,326	4,099,253
Securities held.....	19,089,955	12,786,874
Call loans in Canada.....	4,627,864	5,175,048
Call loans abroad.....	3,461,420	2,651,404
Total liquid Assets.....	52,041,625	40,960,487
Current loans.....	63,115,541	49,038,691
Total assets.....	121,130,559	96,361,363

The growth in deposits of nearly \$20,000,000 during the twelve months follows an expansion of \$10,000,000 in the preceding year, and was distributed pretty generally over the whole of the Bank's widely-extended branches. Circulation shows an increase of practically \$2,000,000 at \$9,483,468 compared with \$7,486,906 twelve months previously. On the other side of the account, specie holdings show an enlargement of over a million from \$3,681,854 to \$4,766,439, and the deposit in the Central Gold Reserve has been increased from \$1,000,000 to \$3,500,000. With Dominion note holdings of \$7,650,790 against \$8,106,240, actual cash holdings are in a proportion of 15 per cent. to the liabilities to the public—a decidedly satisfactory position. The 50 per cent. increase in security holdings during the twelve months is a direct reflection, of course, of the assistance given by the Bank, in Canadian and Imperial war financing. A particularly interesting development is the large growth in current loans and discounts of over \$14,000,000 from \$49,038,691 to \$63,115,541. This increase, with the expansion in security holdings, indicates that the Bank has in fact done a great deal in the twelve months past in assisting and facilitating industrial and agricultural enterprise, as well as in taking its full share in war financing. At the same time, the Bank's liquid position has been well maintained, the proportion of liquid assets to liabilities to the public now reported, 49.0 per cent., being about the same as a year ago. Total assets show the notable enlargement of nearly \$25,000,000 from \$96,361,363 to \$121,130,559.

Profits for the year were \$1,120,309 in comparison with \$950,713 for the preceding year, and equal to 8.00 per cent. upon the paid-up capital and rest combined, against 6.79 per cent. in 1916. A balance of \$250,984 brought forward makes the total available on this account \$1,371,293. The 10 per cent. dividend absorbs \$700,000; \$30,000 is allocated to patriotic objects; the war tax on note circulation takes \$70,000; \$100,000 is written off bank premises account; \$50,000 contributed to the officers' pension fund, the substantially enlarged balance of \$421,293 being carried forward. Lieut.-Col. J. R. Moodie of Hamilton, Ont., has been elected a director of the Bank.