

CANADIAN BANK OF COMMERCE.

As an index to financial conditions and tendencies, nothing more interesting and instructive has year by year been available to the public than the annual report of the Canadian Bank of Commerce, with its accompanying utterances from President Senator George A. Cox, and General Manager Byron E. Walker. The yearly address of the latter has come to be looked upon as having an interest and importance quite beyond the specific realm of banking, and no one concerned with Canada's progress can well afford to overlook Mr. Walker's summary of the movements and tendencies that make for its prosperity, growth and stability.

The bank's report for the year as presented at the 40th annual meeting of shareholders appears elsewhere in this issue, its financial statement being the best in the history of the institution. Increases all along the line are to be noted, one especially gratifying being that of net earnings. For 1906 these were 17.4 p.c. on the capital, in all amounting to \$1,741,125, about \$370,000 more than for 1905. This has resulted in the declaring of a bonus to stockholders of 1 p.c. in addition to the annual dividend of 7 p.c. The year's success has also made possible the adding of \$500,000 to the Rest, after providing for the annual contribution to the Pension Fund, and writing \$347,434 off bank premises. The Rest Account now stands at \$5,000,000, or 50 p.c. of the Paid-up Capital. Deposits during the year increased by nearly \$13,000,000, reaching the total of \$87,152,536. About \$1,000,000 of the increase is to be accounted for by the taking over of the Merchants Bank of Prince Edward Island, and others are frankly acknowledged to be of somewhat temporary character. But duly allowing for all exceptional circumstances, the advance is still a remarkable one. That the loans show slightly more than a corresponding increase is amply accounted for by the unusual activity of business throughout Canada during 1906. The total number of the bank's branches increased from 130 to 166 in the course of the year.

Not the least interesting feature of the retiring President's speech was his comparison of the bank's position to-day with that of twenty years ago. The figures given below forcibly show the growth which has taken place since the annual meeting held in June, 1887:

	June, 1887.	Jan. 1, 1907
Paid-up Capital.....	6,000,000	13,000,000
Rest Account.....	500,000	5,000,000
Year's Net Profits.....	606,715	1,741,125
Note Circulation.....	2,390,732	9,199,204
Deposits.....	9,985,040	87,152,536
Current Loans.....	15,381,180	88,304,623
Total Assets.....	19,574,094	113,545,960
Number Branches.....	35	166

But it is no blind optimism that characterizes the administration of this bank. President-elect Walker in his speech prudently points out that in the midst of extraordinary prosperity there are signs of a strain which may forebode trouble if not carefully looked to. Canada as yet is a borrowing country, in the nature of things. So far the number of countries willing to buy our securities has been steadily increasing, but our future drawing upon their capital for our country's development depends largely upon whether they continue to have a surplus to invest. Already

during the past autumn, the world's money markets have been put to a strain which for a time seemed likely to cause a general break-down of credit. Unless caution is displayed, next autumn may bring about a more serious state of affairs. The war drain upon Europe has of late months been enormous, the losses of San Francisco had to be reckoned with, and at the same time there are steadily increasing calls upon capital owing to unusually stimulated trade and unprecedented expenditures for railroads and buildings.

What might be termed the progressiveness of the Bank of Commerce with regard to its lands and buildings is well worth noting. As for some time past, profits were considerably drawn upon during 1906, for expenditures on bank premises account. The administration has recognized the advisability—or, speaking more decidedly, the real necessity—of having thoroughly creditable buildings not only in the larger towns and cities, but for the lesser branches as well. In the smaller places a proper regard for the comfortable accommodation of the branch staffs has been additional reason for the erection of buildings in which suitable living apartments could be provided.

The annual outlay thus entailed is larger than the directors have cared to ask the shareholders to provide out of present profits, and the Dominion Realty Company, Limited, has, therefore, been formed to construct and hold the smaller buildings leased for the bank's branches throughout the country. This company provides a part of the total cost of land and buildings by bonds which are disposed of to outside investors. The rentals paid by the bank, which are on a reasonable basis as regards the charge against each branch, are sufficient to retire the bonds in fifteen years. The remainder of the cost of the properties is covered by the bank purchasing shares in the Realty Company, the price of these being, however, entirely written off. The purchase of an attractive site on St. James St., Montreal, upon which building operations are to be commenced this year, largely accounts for the increase in the bank premises account during the past year. In all the value of the bank's properties is now as follows:

Lands and buildings owned by the Bank revalued	
In 1906 and allowance made for depreciation.....	\$1,951,600
Safes and fixtures (depreciation allowed for).....	478,200
Dominion Realty Company shares representing a cash investment of.....	600,000
	\$3,029,800

It is of interest to note, however, that this total value is entered in the bank premises account as but \$1,300,000.

We understand that the handsome building to be erected in Montreal will be of a distinctive banking character and for banking purposes alone. There are many of the opinion that the investment of large sums in the erection of office buildings for renting purposes does not come within the scope of banking. We have recently noticed that one bank has gone into the sky scraper business, thus locking up a large amount of funds which would otherwise be available for the general business of the country and more in accordance with legitimate banking and the object for which banks receive their charters. In Great Britain the bank buildings are used exclusively for banking purposes.