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THE BANK OF MONTREAL'S REPORT.

A large increase in assets, remarkable liquidity and a moderate advance in profits are the outstanding features of the Bank of Montreal's report for the year ended October 31st last, which was published this week. The increase in the Bank's resources is the natural result of the large transactions in connection with the extensive war loan and credit operations of the Canadian and British Governments. The remarkable liquid position, quick assets being in a proportion of no less than 75.2 per cent. of liabilities to the public, is a reminder of the responsibilities shouldered by the Bank in relation to the economic structure of the whole Dominion and an exemplification of the policy of prudence that is consistently followed in order faithfully to uphold those responsibilities. The moderate increase in profits, about \$90,000, is reasonably satisfactory in view of profit-earning conditions. While the munition loans and loans to the Dominion Government have earned a satisfactory rate of interest, the rate procurable upon the Bank's large foreign call loans has, almost throughout the year, been very low and there is a decrease also in the more remunerative current loans and discounts.

A THREE-YEAR COMPARISON.

Following is a comparison of the leading items of the Bank's balance sheet for the last three years:—

	1916.	1915.	1914.
	\$	\$	\$
Capital Stock.....	16,000,000	16,000,000	16,000,000
Reserve.....	16,000,000	16,000,000	16,000,000
Circulation.....	21,779,134	17,276,782	17,231,502
Deposits (not bearing interest).....	88,767,018	75,745,730	42,689,032
Deposits (bearing interest).....	210,439,032	160,277,084	154,533,643
Total Liabilities to Public.....	328,419,793	264,540,759	221,350,378
Specie and Legals....	41,314,019	40,269,804	40,661,762
Central Gold Reserve.	7,500,000	1,500,000	1,500,000
Call Loans Abroad....	113,002,097	70,957,528	41,502,122
Bank Balances Abroad	31,631,237	26,793,150	15,900,037
Total of Quick Assets.	246,982,680	170,007,568	122,658,003
Current loans and discounts.....	111,462,901	121,175,954	128,618,661
Total Assets.....	365,215,542	302,980,555	259,481,663

The total increase in the Bank's deposits during the past year is \$63 millions, compared with a growth of about \$39 millions in the preceding year.

It is an interesting fact that this year the major part of the increase is made by the interest-bearing deposits, and a comparatively restricted growth is shown by non-interest-bearing deposits. Last year, the reverse was the case. Non-interest-bearing deposits are now reported as \$88,767,018 against \$75,745,730 and \$42,689,032 in 1914. Interest-bearing deposits are \$210,439,032, fully fifty millions larger than a year ago when they were \$160,277,084 and comparing with \$154,533,643 in 1914. Circulation, which was almost stationary last year, is now reported as \$21,779,134, a growth of over \$4,500,000 for the year. The Bank's liabilities to the public are brought up to \$328,419,793, an advance of \$64 millions in comparison with 1915, when they were \$264,540,759 and of over \$107 millions compared with 1914 (\$221,350,378).

REMARKABLE LIQUIDITY.

While holdings of specie and legals have only been increased by just over a million (\$41,314,019 in 1916 against \$40,269,804 in 1915), a large growth is reported in the deposits in the Central Gold Reserve, which are \$7,500,000 against \$1,500,000 in 1915. Including this Central Gold Reserve deposit and the Circulation Fund deposit, cash holdings are in the proportion of 15.1 per cent. of liabilities to the public. Both call loans abroad and bank balances abroad again show large increases. Call loans are \$113,002,097, a growth of over \$42 millions during the year and comparing with \$70,957,528 in 1915 and \$41,502,122 in 1914. Bank balances abroad are \$31,631,237 against \$26,793,150 in 1915 and \$15,900,037 in 1914. These call loans and bank balances abroad, together with the Bank's cash, show a proportion to liabilities to the public of 59.1 per cent.

Security holdings are much the same as last year in regard to Dominion, etc., securities and railway, etc., securities, but holdings under the heading of Canadian municipal securities and British, foreign and colonial public securities other than Canadian, are up from \$4,475,487 to \$21,796,159. This important change, of course, reflects the receipts of British Exchequer bonds in connection with the munitions credits. Municipal loans at \$11,255,572 are only slightly changed from last year; Canadian commercial loans and discounts are down from \$99,078,506 to \$93,729,065. One-half the net decrease in the total of the Bank's current loans and discounts from \$121,175,954 to \$111,462,901, is accounted for by the fact of a loan of \$5,000,000 to the Canadian Government included in last year's total having been paid off. Total assets are \$365,215,542, a growth of over \$62 millions since last year's report and of no less than \$106 millions since October, 1914. Of this total, \$246,982,680 are quick assets, a proportion of liabilities to the public, as already indicated, of no less than 75.2 per cent., against 64.3 per cent. in 1915 and 55.4 per cent. in 1914. The figures speak for themselves as to the strength of the Bank's position and the conservative policy pursued by its management.

PROFIT AND LOSS.

Profits show only a very moderate growth in view of the large increase in the volume of the Bank's business. Earnings for the year ended October 31st are \$2,200,471, equal to 6.9 per cent.

(Continued on page 1129)