

The following classification of bank loans in Canada as at Oct. 31, 1934 and 1935, has been made as a result of an amendment to the Bank Act in 1934:—

CLASSIFICATION OF LOANS.

Item.	1934.		1935.	
	\$	\$	\$	\$
1. Provincial Governments.....	-	26,822,179	-	29,651,382
2. Municipal governments and school districts.....	-	107,414,483	-	96,777,122
3. Agriculture—				
(a) Farmers' loans, cattle loans, fruit growers....	64,229,744	-	59,949,953	-
(b) Loans to grain dealers, grain exporters and seed merchants.....	150,515,305	-	166,441,828	-
		214,745,049		226,391,781
4. Financial—				
(a) Call loans and other accommodation to brokers and bond dealers.....	90,748,241	-	66,697,883	-
(b) Loans to trust, loan, mortgage, investment and insurance companies and other financial institutions.....	69,956,745	-	63,132,592	-
(c) Loans to individuals against approved stocks and bonds not otherwise classified.....	115,192,444	-	101,183,396	-
		275,897,431		231,013,871
5. Merchandising, wholesale and retail.....	-	117,468,420	-	113,767,896
6. Manufacturers of, and dealers in, lumber, pulpwood, and products thereof.....	-	74,283,150	-	72,974,075
7. Other manufacturing of all descriptions.....	-	140,125,188	-	119,200,354
8. Mining.....	-	6,621,121	-	6,812,425
9. Fishing, including packers and curers of fish.....	-	6,965,205	-	7,207,205
10. Public utilities, including transportation cos.....	-	71,358,370	-	71,265,693
11. Loans to building contractors and others for building purposes.....	-	21,792,645	-	24,125,443
12. Loans to churches, parishes, hospitals, charitable and religious institutions.....	-	19,683,072	-	16,101,300
13. Other loans.....	-	66,532,517	-	52,320,478
Totals.....		\$1,149,708,830		\$1,067,609,025

Bank Reserves.—An important change has been made in the regulations governing bank reserves since the Bank of Canada commenced operations. Prior to the establishment of the Bank of Canada, the chartered banks were not required by law to maintain any specific amount of cash reserves against their liabilities. The cash reserve they did maintain was in the form of Dominion notes, specie and foreign currencies. The Bank Act required that 40 p.c. of whatever cash reserves a bank found it expedient to carry should be in the form of Dominion notes. Since the Bank of Canada commenced operations, the chartered banks are required to maintain a reserve of at least 5 p.c. of their deposit liabilities in Canada in deposits with and notes of the Bank of Canada. They are also required to maintain adequate reserves against external liabilities. In addition to these cash reserves, Canadian banks carry three other kinds of assets which are regarded as secondary reserves, being funds more or less immediately available for the liquidation of liabilities. These are: (1) cash balances in banks outside of Canada; (2) call and short loans in New York (the favourite call loan market); and (3) readily marketable securities. These are shown, together with net liabilities, in Table 15. In Table 16, the ratio to net liabilities of each element of the reserves is shown.