

Subsection 3.—Bank of Canada Operations.

The operations of the Bank of Canada, as shown by the liabilities and assets statement as at Mar. 13, 1935, and Dec. 31, 1937-39, are shown in Table 1.

1.—Liabilities and Assets of the Bank of Canada, Mar. 13, 1935, and Dec. 31, 1937-39.

Item.	Mar. 13, 1935.	Dec. 31, 1937. ¹	Dec. 31, 1938. ¹	Dec. 31, 1939. ¹
	\$	\$	\$	\$
Liabilities.				
Capital paid up.....	5,000,000	10,100,000	5,000,000	5,000,000
Reserve fund.....	173,092	1,348,414	1,903,515	2,449,757
Notes in circulation.....	99,677,229	165,330,405	175,259,573	232,779,327
Deposits—				
Dominion Government.....	18,262,844	12,292,582	17,783,500	47,362,964
Chartered banks.....	181,636,034	196,039,737	200,645,826	216,996,201
Other.....	766,255	3,456,935	3,086,373	17,351,578
Totals, Deposits.....	200,665,133	211,789,054	221,515,499	282,210,743
Dividends declared.....	113,000	228,260	85,000	112,500
Other liabilities.....	2,026,698	1,634,083	1,172,015	4,678,505
Totals, Liabilities.....	307,655,152	390,430,216	404,935,602	527,230,832
Assets.				
Reserves (at market values)—				
Gold coin and bullion.....	180,509,343	179,763,762	185,912,017	225,677,320
Silver bullion.....	1,638,366	2,992,623	Nil	Nil
Sterling and U.S.A. dollars.....	4,223,101	14,884,810	28,354,420	64,324,718
Other currencies, of countries on a gold standard.....	9,215	382	2,005	47
Totals, Reserves.....	186,380,025	197,641,578	214,268,442	290,002,085
Subsidiary coin.....	128,778	42,989	220,152	90,273
Advances to Dominion Government.....	3,465,813	Nil	Nil	Nil
Investments (at not exceeding market values)—				
Dominion and Provincial Government short-term securities.....	30,873,169	82,343,729	144,620,866	181,896,820
Other Dominion and Provincial Government securities.....	83,409,675	91,564,710	40,894,976	49,375,738
Other securities.....	Nil	12,212,437	Nil	Nil
Totals, Investments.....	114,282,844	186,120,876	185,515,842	231,772,558
Bank premises.....	111,911	1,167,563	1,647,580	1,635,158
All other assets.....	3,285,780	5,457,210	3,283,586	3,730,758
Totals, Assets.....	307,655,152	390,430,216	404,935,602	527,230,832

¹ From the Bank's Annual Statement.

The chart on p. 886, showing Bank of Canada liabilities and assets covering the short period since June, 1937, illustrates the relationship between the central bank's balance sheet and chartered banks' cash reserves. The expansion of Bank of Canada liabilities and assets has provided for increased Bank of Canada notes in active circulation, as the chartered bank-note issue is limited and is gradually being retired under Bank Act regulations, and has somewhat enlarged the cash reserves of the chartered banks. The principal change in Bank of Canada assets since June, 1937, has been the rise in reserve and investments, variations in the latter having been due, in part, to seasonal variation in cash reserves and active note circulation.