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THE BANK OF MONTREAL'S STATEMENT.

The half-yearly statement of the Bank of Montreal, issued this week, provides highly interesting evidence of the strong position maintained by a financial institution which is in many respects a leader among the Canadian banks, during a period in which bankers and financiers the world over, have had to contend with political and other circumstances of extreme difficulty. Doubtless the figures contained in the present report will be perused with much interest abroad by those who are interested in Canadian affairs. The effect of them should be in the nature of an assurance that nervousness in regard to the development of the Canadian monetary situation is misplaced. While naturally the incidence of an improvement in Canadian trade depends very largely upon the results of this year's harvests, yet from the present report it is clear that the Bank of Montreal, an institution which takes a foremost part in the task of safeguarding the credit of the Dominion is in a position of great strength to meet untoward circumstances or any emergency that may suddenly arise, whether that emergency arise within the Dominion or outside it.

At April 30 last, against liabilities to the public of $225,814,855 the Bank of Montreal held immediately available assets of $139,579,558, a proportion of 61.8 per cent. This is an exceptionally high figure comparing with 49.7 p.c. at the close of October, 1913, to which date the last annual report was made up and with 54.4 a year ago—at April 30, 1913. Of the total amount of immediately available assets, $23,966,569 or nearly 17.2 per cent. consisted of gold and silver coin and government demand notes—the latter being practically gold certificates. Then $86,456,203 or 61.9 per cent. comprised call and short loans in the New York and London markets, employed in those markets, it is perhaps necessary again to emphasise, primarily for reserve purposes and earning considerably less than funds employed in Canada, which are not available as part of the reserve. Quite clearly, in fact, the earning power of the Bank of Montreal has suffered to a certain extent as a result of the adoption of the highly conservative policy indicated in the present balance sheet. The half-year's earnings were $1,212,751, compared with $1,299,646, a reduction of $87,000, and equal only to 15.16 per cent. per annum upon the paid-up capital and 7.58 per cent. per annum upon the capital and reserve funds combined against 16.24 per cent. and 8.12 per cent. in the corresponding half-year, of 1913. The remaining portion of the immediately available assets, 20.9 per cent., comprises balances due by banks abroad and holdings of securities.

While this remarkably strong position is held by the Bank, it is evident that the demands of the ordinary borrower—municipalities, commercial houses, industrial enterprises and others have been treated with discretion. The current loans and discounts at April 30, are $117,116,406, a reduction of about twelve millions from their level of a year ago, but it is noteworthy that at their lower level now recorded, these loans are nearly $2,000,000 in advance of the figures presented at April 30, 1912, when the boom period was still in full swing.

Taken altogether, these figures are encouraging reading, and to the foreign capitalists who are carefully watching the various developments in connection with the readjustment of the financial situation here, should be re-assuring. It is clear that not only has the Bank placed itself in a position that thoroughly safeguards its own interests, but that it is also in a position which lends material strength to the general financial and business situation of the country.

The newly-issued statement is not without signs that last month, the resources of the Bank were considerably augmented by new capital from abroad—the enlargement of the foreign bank balances in comparison with those of the end of March, by about $6,000,000 would seem particularly to indicate this. This would, of course, be in part accounted for by the recent public issues on behalf of Canadian municipalities and others in the London market, but no doubt also private transactions by which capital is sent from England and other countries are represented in these figures.