The Chronicle

Banking, Insurance and Finance

ESTABLISHED JANUARY, 1881

PUBLISHED EVERY FRIDAY

Vol. XXXV. No. 21 — MONTREAL, MAY 21, 1915. — Single Copy 10c. Annual Subscription, $5.00

THE BANK OF MONTREAL'S STATEMENT.

The newly-published statement of the Bank of Montreal for the half-year ended April 30th gains in interest from the critical time at which it appears. For many years, business and financial leaders, not only in Canada but also abroad, have been accustomed to look to the periodical reports of the Bank of Montreal as a reliable index of the condition of banking affairs generally in Canada and of the whole monetary situation throughout the Dominion. They will peruse the figures of the new half-yearly report with additional keenness born of the times in which we live. The new report will be found to indicate a satisfactory position. It shows in brief that the Bank of Montreal, an institution which takes a foremost part in the task of safeguarding the credit of the Dominion, maintains a position of very great strength in the midst of untoward conditions. The report should induce a well-grounded confidence that the position of the Canadian banking institutions, the most vital part of the structure of Canadian finance and commerce, is thoroughly sound.

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At April 30th last, against liabilities to the public of $252,733,021, the Bank of Montreal held liquid assets of $163,358,440, a proportion of 64.6 per cent. This high figure compares with 55.4 per cent. at October 31st, 1914, to which date the last annual report was made up, and with 61.8 per cent. a year ago—at April 30th, 1914. At April 30th last actual cash holdings of specie and legal tender notes aggregated $47,019,960, gold and silver coin amounting to $17,303,520 and notes to $29,716,440. This cash holding is almost double what it was a year ago, when the figures reported were $23,966,569, in the proportions of $10,134,978 gold and silver, and $13,831,591 notes, and bears a proportion to the liabilities to the public of 18.6 per cent. This compares with a ratio a year ago of 10.6 per cent. The maintenance of this fine position has cost a good deal in the way of earnings. For the half-year these are only $1,030,195 compared with $1,212,751 in the corresponding half-year, a reduction of some $180,000, and equal to barely 6½ per cent. upon the combined paid-up capital and rest compared with over 7½ per cent. in the corresponding half-year and over 8 per cent. in the corresponding half-year of 1913. Bearing in mind the critical character of the past six months, shareholders however, are probably well content that the half-year's earnings have been sufficient to pay dividends and bonus, to provide $50,000 for the new war tax on the banks' circulation and to carry forward some $20,000.

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Apart from its reassurance on the vital question of strength of position, the newly published report contains a number of other interesting features. The total assets reported, $289,562,678, are the largest assets ever reported by any Canadian banking institution. A considerable growth is shown in the volume of deposits. Compared with a year ago, non-interest bearing deposits are 13½ millions higher at $63,901,200; the six months' increase from October 31st last is even more striking, these deposits having been at that date reported as $42,689,032. So that in the six months there has been an increase in these deposits of over 21 millions. Similarly interest-bearing deposits are over 9 millions higher than a year ago at $166,990,565 and nearly 12½ millions higher than six months ago. Foreign call loans at $76,792,482 are ten millions lower than a year ago, but have been increased in the last six months by over 35 millions. Current Canadian commercial loans are some $6,400,000 lower than a year ago, and about $8,500,000 lower than six months ago—in the course of events these loans would naturally be lower in the spring than in the autumn. Compared with a year ago, however, the total current loans are slightly higher at $117,653,235, the decrease in Canadian and foreign commercial loans having been offset by a loan of $5,000,000 to the Dominion Government and an increase of nearly $4,000,000 in the loans to municipalities and other public authorities.

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To sum up, the Bank of Montreal's report not only shows that a strong position is maintained to meet any abnormally unfavorable circumstances that may yet arise before a more settled turn is given to the business outlook but also that when finally conditions do improve, this Bank — and correspondingly, it may well be anticipated, the other Canadian banks also—will be well equipped to meet the demands of legitimate business when these demands expand. It is perhaps necessary to lay stress on legitimate business, as, judging by some recent utterances in Western journals, there are still some folk out there whose main idea is that the banks should be compelled to get real estate speculators out of the holes in which they have got themselves.