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# The Shareholder

*Devoted to Banking, Insurance, Railways and Manufactures.*

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MONTREAL, FRIDAY MORNING, FEBRUARY 23, 1912

## THE COMMERCE—EASTERN TOWNSHIPS BANK MERGER.

### A Comparison of the Merged Bank and The Bank of Montreal.

ON the 29th of this month the Eastern Townships Bank will cease to exist, and hereafter will be a part of the Canadian Bank of Commerce. The union of these two banks has resulted in the formation of one of the strongest financial institutions in Canada. The following figures regarding the two banks which have joined forces will prove of interest. These are taken from the December statement of the banks :—

| | Canadian Bank of Commerce. | Eastern Townships Bank. |
|---|---|---|
| Capital authorized.... | $15,000,000 | $5,000,000 |
| Capital paid up ...... | 11,773,395 | 3,000,000 |
| Reserve.............. | 9,818,716 | 2,400,000 |
| Circulation .......... | 12,018,704 | 2,914,310 |
| Deposits ............ | 141,467,531 | 19 349,553 |
| Note circulation...... | 12,728,575 | 3,074,030 |
| Call loans............ | 16,534,621 | 1,500,029 |
| Current loans ........ | 113,903,503 | 19.729,439 |
| Bank premises ....... | 3,188,598 | 1,402,496 |
| Total assets .......... | 183,491,980 | 28,382,877 |
| Dividends paid ...... | 10 per cent | 9 per cent |
| Total liabilities ...... | 161,529,257 | 22,747,758 |
| Profits, year 1910 .... | 1,838,065 | 410,696 |
| Profits, year 1911 .... | 2,305,409 | 459,570 |

The total strength of the bank resulting from the Canadian Bank cf Commerce - Eastern Townships Bank merger will be as follows. A comparison with the Bank of Montreal will prove of interest. These figures are also taken from the December report of the banks :—

| | Canadian Bank of Commerce. | Bank of Montreal. |
|---|---|---|
| Capital authorized.... | $20,000,000 | $16,000,000 |
| Paid up capital....... | 14,773,395 | 15,499,790 |
| Reserve.............. | 12,218,716 | 15,000,000 |
| Circulation .......... | 14,933,014 | 15,486,067 |
| Deposits ............ | 160,817,084 | 174,553,458 |
| Note circulation...... | 15,802,605 | 16,247,534 |
| Call loans.......... | 18,034,650 | 49,074,759 |
| Current loans ........ | 133,632,942 | 113,140,424 |
| Bank premises ....... | 4,591,094 | 4,000,000 |
| Total assets .......... | 211,874,857 | 230,406,333 |
| Total liabilities ...... | 184,277,015 | 197,398,319 |
| Profits, year 1910 .... | 2,248,761 | 1,797,992 |
| Profits, year 1911 .... | 2,764,977 | 2,276,518 |

Both the Canadian Bank of Commerce and the Bank of Montreal have the "absorbing" habit. The following is a list of the banks absorbed by the Canadian Bank of Commerce:

The Gore Bank in May, 1870.
The Bank of British Columbia, in January, 1901.
The Halifax Banking Company, in June, 1903.
The Merchants Bank of Prince Edward Island, in June, 1906.
The Eastern Townships Bank, in February, 1912.

The Bank of Montreal in the past few years has taken over the following :

The Bank of Yarmouth, in August, 1903.
The People's Bank of Halifax, in July, 1905.
The People's Bank of New Brunswick, in July, 1907.

## AMALGAMATED ASBESTOS REORGANIZATION PLANS.

A PLAN for the reorganization of the Amalgamated Asbestos Corporation has been decided upon by the Bondholders' Committee. The plan of reorganization is a somewhat drastic one, but was made necessary by the complete collapse of the company's finances. The new company will be formed with an issue of $2,875,000 of 5 per cent. bonds, $4,000,000 of 6 per cent. participating preferred stock, and $2,875,000 common stock.

After the preferred stock shall receive 6 per cent. dividends, and the common stock 5 per cent. dividends, any dividends paid shall be shared *pro rata* by the preferred and common stocks.

The plan will work out as follows: Holders of the $8,000,000 5 per cent. bonds will receive $2,000,000 of the new 5 per cent. bonds, $4,000,000 new 6 per cent. preferred stock, and $2,000,000 common stock.

This plan wipes out the old preferred and common stocks. The holder of $1,000 par value of old bonds will receive $250 in new bonds, $500 of new 6 per cent. preferred stock, and $250 of new common stock.

To provide working capital, the company will sell $875,000 of new first mortgage 5 per cent. bonds, which will be offered to old bondholders $500,000 at 85 and accrued interest, with 100 per cent. bonus of new common stock, and to the old preferred stockholders for subscription *pro rata* $375,000 at 85 and accrued interest, with 100 per cent. bonus new common stock.

This plan, therefore, gives old preferred shareholders an opportunity to retrieve some of their lost fortunes.

The present capitalization compares as follows with the capitalization of the company as first incorporated :—

| | Original Company | | Present Co'y |
|---|---|---|---|
| Bonds authorized.. | $15,000,000 | .......... | $5,000,000 |
| Issued ............ | 7,500,000 | .......... | 2,875,000 |
| 7 p.c. Preferred, Authorized.... | 1,875,000 | 6 p.c. Pref'd, Authorized | 4,000,000 |
| Preferred Issued .. | 1,875.000 | .......... | 4,000,000 |
| Common Stock, Authorized.... | 8,125,000 | .......... | 2,875,000 |
| Common Stock, Issued ........ | 8,125,000 | .......... | 2,875,000 |

As stated above, the holder of a $1,000 bond gets in exchange a $250 bond; $500 in preferred stock, and $250 in common. The old preferred and common stock is wiped out. The profits for the year 1911 amounted to only $98,003, whereas the bond interest called for $400,000. The company has about $690,000 worth of asbestos on hand and has accounts receivable of $47,927, and cash amounting to $19,887. Bills payable on the other hand, total over $400,000. While the reorganization plan is somewhat drastic, it looks as if the committee who had the matter in charge made the best of a bad situation, and that their plan is the fairest and most equitable that could be devised. With an improvement in the asbestos market the new company may get upon its feet. It is doubtful if the holders of preferred stock and holders of old bonds will feel like subscribing to the new bonds. The failure of the company was a particularly bad one, but it is hoped that the future will be brighter.

## REAL ESTATE IN MONTREAL.

REAL estate transactions in Montreal are following one another with almost bewildering rapidity. The activity is so pronounced that we doubt very much if outsiders have any conception of the volume of business being handled. To many outsiders, especially those who are not familiar with Montreal and its possibilities, the present activity may seem to partake of the nature of a boom. To those on the ground, however, there is nothing to indicate that the present activity is artificial. Up to a few years ago the values of real estate in Montreal were dormant. People were content to live in congested areas where three or four storey flats and tenement houses were the prevailing order of things. With a suddenness that was almost startling came the awakening to the fact that fine suburban districts were being neglected and that there was more room and more opportunity for fine homes in the outlying districts than was possible to obtain in the older parts of the city. With improved transportation facilities Montrealers were enabled to move to the suburbs. In the downtown financial and wholesale houses there also came a sudden realization that Montreal was destined to be a great city, and a consequent increased activity in real estate followed.

The decision on the part of the railroads to expend millions of dollars in Montreal in the building of new terminals, improved hotels, and many other things incidental to modern