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JAS. J. SALMOND
President and General Manager

A. E. JENNINGS
Assistant General Manager

JOSEPH BLACK
Secretary

W. A. McKAGUE
Editor

Bank of Nova Scotia Takes Fourth Place

Purchase of Bank of Ottawa Will Place Bank of Nova Scotia Fourth in List
—Terms Announced, Subject to Ratification by Shareholders—Comparison of
Principal Figures—Strength of Bank Stocks Suggests Further Developments

	Bank of Nova Scotia.	Bank of Ottawa.	Combined. (Probable figure.)
Year founded	1832	1874	
Capital authorized ... \$	10,000,000	\$ 5,000,000	
Capital subscribed ...	6,500,000	4,000,000	\$ 10,500,000
Capital paid-up	6,500,000	4,000,000	10,500,000
Reserve fund	12,000,000	4,750,000	16,750,000
Dividend rate	14	12	14
Circulation	17,844,915	6,954,012	24,798,927
Total deposits	99,121,306	46,401,517	145,522,823
Total liabilities	142,665,801	63,624,001	206,289,802
Total assets	162,734,560	72,694,205	235,428,765

The above are the principal figures as at November 30th, 1918, regarding the business of the two banks concerned in the amalgamation announced this week. An arrangement has been made between the management of the Bank of Nova Scotia and of the Bank of Ottawa whereby the former is to purchase the latter on the basis of four shares of Bank of Nova Scotia stock for five shares of the Bank of Ottawa. This is just about in proportion to their market valuation. Ten shares of the Bank of Ottawa sold on the Toronto Stock Exchange on Wednesday, January 15th, at 205, and 20 shares of Bank of Nova Scotia sold on Friday, the 17th inst., at 257½. The value of five shares of the former and four shares of the latter would respectively be \$1,025 and \$1,030.

This merger will reduce the number of Canadian chartered banks to eighteen, and eliminates another of the smaller banks. The Bank of Ottawa stood thirteenth in the list in point of total assets. It was founded in 1874, and while it has not been an aggressive bank but has mainly operated in the Ottawa valley, it has maintained a strong position there. Its general management has been conservative. The Bank of Nova Scotia, on the other hand, has expanded rapidly, and for some time past has paid the largest dividend of any Canadian bank, with the result that its stock has maintained record levels for Canadian banks. As stated in the announcement of Mr. H. A. Richardson, given below, there are only eleven points at which branches of the two banks duplicate, so that many changes will not be necessary.

Many Mergers in Past Few Years

The following is a list of bank amalgamations which have taken place since the year 1910:—

Date.	Purchasing bank.	Bank absorbed.
Nov., 1910	Royal Bank	Union Bank of Halifax
Apr., 1911	Union Bank	United Empire Bank
Mar., 1912	Bank of Commerce	Eastern Townships Bank
Sept., 1912	Royal Bank	Traders Bank
Feb., 1913	Bank of Nova Scotia	Bank of New Brunswick
Apr., 1913	Home Bank	Banque Internationale
Nov., 1914	Bank of Nova Scotia	Metropolitan
Sept., 1918	Royal Bank	Quebec Bank
Jan., 1917	Royal Bank	Northern Crown
Mar., 1918	Bank of Montreal	Bank of British N.A.

The Bank of Nova Scotia has, it will be seen, been one of the most active in expansion of this kind.

The consent of the Finance Minister has already been given to this merger. It was, however, kept a profound secret until the announcement was made on the 19th inst. The fact that there was no suspicion of it is indicated by the quite normal business in the shares of both banks upon stock exchanges. Activity is quite probable during the next few weeks, however, as presumably, it will be necessary for shareholders of the Bank of Ottawa to have shares in multiples of five in order that the exchange may be consummated. The paid-up capital of the Bank of Nova Scotia is, it will be seen, still \$3,500,000 less than the authorized capital and as the subscribed and paid-up capital of the Bank of Ottawa is just \$4,000,000, the unissued balance of the Bank of Nova Scotia stock will be sufficient to complete the transactions in the proportions arranged, and leave a balance of \$300,000. This will probably be sold to make the capitalization an even \$10,000,000.

Mr. H. A. Richardson, general manager of the Bank of Nova Scotia, who passed through Montreal on the 19th inst., on his way to attend the annual meeting in Halifax, made the following announcement in connection with the amalgamation:—

"The two banks are peculiarly adapted to the union now under way. To begin with, they met at only eleven points of their nearly 300 branches. Those points are the larger cities where the public is already well served with banks, so that no diminution of bank facilities is entailed.

"The acquisition of the Bank of Ottawa, with branches in the west, is a welcome to our connections there, where we are most anxious to extend. The Bank of Nova Scotia has practically no branches in the Ottawa valley, where the Bank of Ottawa is particularly well established; indeed, they have concentrated their main efforts in that section and largely control the business there.

Growing Competition

"Under conditions developed by the war, it is clear that in order to be completely equipped to meet the growing competition in banking for not only domestic business but for the foreign trade balances that Canada must develop if she is to maintain favorable trade balances, banks should have such a chain of branches as will enable them to provide the most complete facilities for their customers. The Bank of Nova Scotia possesses these facilities, for its branches extend from the Atlantic to the Pacific, to Newfoundland, the West Indies and the United States, and we have taken the initial steps to establish ourselves in Great Britain. Through the medium of our connections we can make the resources of the Bank of Ottawa a much more powerful factor in the development of the trade and commerce of the country.

"We shall have the continued influence and support of the Bank of Ottawa-directors, a number of whom will join the board of the Bank of Nova Scotia, and we believe we