BANK OF VANCOUVER REORGANIZED

Capital Stock Reduced and Firm Measures Taken to Place Institution in Good Position

The capital stock of the Bank of Vancouver will be reduced by 50 per cent. This was decided at the adjourned annual meeting of the shareholders at Vancouver. Such a step, it was thought, would provide for all loans considered bad or doubtful, as well as for loans in which future losses may result. The loans in question were almost entirely granted shortly after the inception of the bank, and while, prior to the financial depression which existed during the past year, it was not considered that the losses on these accounts would be serious, the money stringency affected the positions of the various obligants in such a manner as to point to inevitable substantial losses. In taking the steps as mentioned, to provide for present or possible future losses, the total necessary to be provided for was arrived at by conservative calculations, and it is felt that when more favorable conditions present themselves, the bank will be able to realize to greater advantage upon the collateral securities that are held in a number of cases, so that the actual losses may not ultimately result to be as high as now anticipated.

The directors of the bank, therefore, hope that they will be able to save a portion of the amount now voted for these losses, and, if so, it will go to form the nucleus of a reserve fund, thereby increasing the value of the bank's stock. The by-law to reduce the capital stock 50 per cent. was passed by a unanimous vote, and it was explained that the policy of the management for the immediate future would be to concentrate operations and reduce the operating expenses to the lowest possible amount, consistent with efficiency.

Sale of Stock.

Arrangements have been completed by the bank for a large issue of treasury stock. In the meantime, an amount of $500,000 is available for the immediate business of the bank. The following are the figures shown in the financial statement for the year ended November, 1913, and presented to the shareholders:—

The profit and loss account showed a balance forward from 1912 of $26,699. The profits for the 12 months to November 29th, 1913, were $12,423. From this, charges paid during the year but incurred in the previous year, and amounting to $6,430, were deducted, leaving net profits of $5,993. A sum of $32,692 was provided for bad and doubtful overdue debts. The reserve fund showed a balance of $40,000 at the end of 1912. A transfer of a similar amount was made to provide for bad and overdue debts. The liabilities of the bank are as follows, according to the financial statement issued by the bank:—Notes of bank in circulation, $373,150; deposits not bearing interest, $681,761.81; deposits bearing interest, including interest accrued to date of statement, $824,963.38—$1,879,875.19; capital stock paid in, $873,838.90; total liabilities, $2,753,714.

Assets of the Bank.

The assets are given in the statement as follows:—Current coin held by the bank, $36,036.29; Dominion notes held, $150,883.75—$186,920.04. Deposited with the minister for the purposes of circulation fund, $37,155.11; notes of other banks, $34,270; cheques on other banks, $157,419.14; balances due by other banks in Canada, $29,734.16; balances due by banks and banking correspondents elsewhere than in Canada, $26,455.37; railway and other bonds, debentures and stocks (depreciation to be provided for), $106,068.77; call and short (not exceeding 30 days) loans in Canada on bonds, debentures and stocks, $225,000—$803,022.59. Loans to cities, towns, municipalities and school districts, $43,115; other current loans and discounts in Canada (less rebate of interest), $1,704,673.48; overdue debts, estimated loss to be provided for, $87,414.90; real estate, other than bank premises, $1,628.08; bank premises, at not more than cost, $57,724.18; other assets, not included in the foregoing, $56,135.86—$2,753,714.00.

The shareholders were asked to approve a by-law to create a contingent fund to provide for estimated losses on certain of the assets included in the foregoing statement. During the year the paid-up capital of the bank was increased from $846,600 to $873,838. The amount standing to the credit of reserve fund and profit and loss account last year was set aside to take care of ascertained losses. The Broadway West branch, Vancouver, which was being operated at a serious loss was closed on April 30th, 1913.

Mr. R. P. McLennan, general manager of the bank, in his address to the shareholders pointed out the advantage of a local bank in British Columbia. It required time and experience to build up a bank, there or anywhere, that would become a continental factor in money circles, but the advantage to British Columbia, when once established, could not be over-estimated. This would not interfere with the splendid work of the other Canadian banks, but would be an additional strength and power in provincial development.

The resources of British Columbia had been barely tapped and not thoroughly exploited. Its wonderful mineral deposits were practically untouched, and in this respect it would be wise to remember the great possibilities of the immediate future in connection with gold production in the opening up of the auriferous and agricultural lands by the newly-projected Northern railways. This gold and other wealth should be largely, at least, retained in this province to aid in development, and the best possible method of ensuring this would be to build up a powerful local institution, organized and equipped to carry on the work. The opening of the Panama Canal and the early completion of transcontinental railways also would bring about a great increase in the population of the province and a rapid development of industries, which must mean increased business for the bank.

The Bank of Vancouver has had a strenuous time, and it is fortunate that, by dint of recent and careful direction, disaster did not overtake it. The primary object of reorganization apparently is to give the shareholders of the bank an ultimate fair return on their investments. This the directors and management of the bank believe will be done. Undoubtedly lessons in banking practice have been learned during the early years of this institution's existence. Given the asistance of a good directorate and conservative management, the Bank of Vancouver should now build a solid financial house.

NEW BRUNSWICK'S REVENUES FROM RESOURCES.

(Special Correspondence.)

St. John, N.B., March 24th.

Premier Flemming's statement that the province of New Brunswick is receiving in bonuses from lessees of provincial timber lands the sum of $795,759, illustrates the value of the timber lands which are still held by the government. In 1893 the timber lands were leased for a period of 25 years, and those leases last year had still five years to run. It was felt desirable however, to make a new arrangement, so that those who wished could renew their leases, paying a higher bonus for an additional 20 years from 1913 and this was done. The new leases were promptly taken up, and whereas in the 20 years from 1893 to 1913 the total receipts in bonuses from the lessees was only $264,630, the amount to be received from the same lands for the ensuing 20 years is $795,759, of which a large amount has already been paid in. There are mileage dues and stumpage fees to be paid by the operators from year to year, and the timber must be cut under such regulations as will prevent the cutting of small trees. The province does not know the exact value of its timber lands, as there has never been a complete and comprehensive survey; this is to be made during the next two or three years.

The government of New Brunswick has entered into an agreement with companies which will cultivate oysters on an extensive scale on the shores of Westmoreland county. The Shemogue Oyster Company has secured a lease of 6,950 acres at Shemogue, for a term of 20 years. They must spend $5,000 annually for seven years, in planting and cultivating oysters, and pay 25 cents per barrel upon all oysters sold. After January 1st, 1920, the minimum royalty to be paid by them shall not be less than $2,000 per year, and 25 acres of the area must be made productive annually for the first seven years. The Canadian Oyster Company, Limited, has 15,000 acres at Baie Verte, must spend $10,000 per year for the first seven years, make at least 100 acres productive each year for the first seven years, and pay a royalty of 25 cents per barrel on all oysters sold the minimum royalty after January 1st, 1920, to be not less than $5,000 per year.—M.

Brantford ratepayers have voted in favor of the purchase of the Brantford Street Railway and Grand Valley Railway, which runs from Brantford to Galt, for the sum of $253,000.