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THE MERCHANTS BANK OF CANADA

The addresses delivered at last week's annual meeting of shareholders of the Merchants Bank of Canada attained a high level of interest and deserve the close attention of every business man, who desires something more than a mere surface knowledge of present-day important developments in Canadian economics and finance. The admirable exposition by Mr. E. F. Hebden, managing-director of the functions of the banks in relation to the Dominion's business and prosperity, emphasised the absolute necessity of such encouragements being made in connection with the present calls to military service, as will allow the banking institutions to carry on their vital services to the community through an experienced staff with trained judgment. The weighty and dignified statement made by Mr. Hebden should have an excellent effect. There is a shrewd suspicion that the recent great demands of the military authorities upon the banks are not unconnected with the facts that the banks are easily reached, and that the bankers are not apt to be so vociferous as some other classes of the community in similar circumstances. From now on, the banks must be concerned increasingly with consideration of ways and means regarding the working-out of the enormous problems with which Canada will be faced at the close of the war, as well as pressed by the consistent day-to-day demands of war financing. In this connection, Mr. Hebden gave his influential support to the suggestion made some months ago by Mr. E. L. Pease, president of the Canadian Bankers' Association, for the establishment in Canada of a bank of re-discounts. He pointed out what some hasty critics overlooked at the time the suggestion was originally made, that while the need for re-discounting facilities may not be felt at present, it cannot be foreseen when the need for them may be felt, at the time the enforced industrial reorganization after the war has to be got under way. In other addresses, Mr. K. W. Blackwell, vice-president, showed up effectively the fallacies involved in the agitation in some quarters for "conscription of capital." The fallacies are so gross that they only need sufficient exposure to kill the whole agitation. Mr. D. C. Macarow, the general manager, spoke hopefully regarding the future, and indicated that

the general policy of the Bank had been influenced by the present-day necessity of a maximum of production in all directions.

The Bank's Balance Sheet.

The balance sheet of the Bank as at 30th April last, indicates that the Bank has participated fully in the expansion of Canadian business which has taken place during the past twelve months. Circulation shows an increase of almost \$3,000,000 from \$9,483,468 to \$12,327,168, following a growth of \$2,000,000 in the year preceding. The deposit accounts are particularly satisfactory, non-interest bearing deposits being up from \$27,101,588 to \$34,886,748, or by nearly \$7,900,000 and interest-bearing deposits from \$65,000,484 to \$75,946,935, or by almost \$11,000,000. Compared with two years ago, total deposits show a growth in excess of \$38,650,000. On the other side of the accounts, specie and Dominion note holdings are somewhat lower than a year ago, at \$10,802,154, but deposits in Central Gold Reserves have been increased by \$2,500,000 to \$6,000,000, covering most of the year's rise in the Bank's circulation. Canadian call loans are \$5,223,954 compared with \$4,627,864, the rise being doubtless accounted for by loans in connection with recent bond issues. Foreign call loans are about \$450,000 higher, at \$3,906,649 against \$3,461,420. The Bank's security holdings show a growth of approximately \$5,000,000, their present total of \$24,084,735 comparing with \$19,089,961 a year ago. The chief rise is under the heading of Canadian municipal, British, etc., securities which are up from \$11,263,196 to \$14,589,065.

A striking feature of the balance sheet is the development in current loans. Their total is reported as \$76,534,003, compared with \$53,115,541 in 1917 and \$49,038,691 in 1916. An advance in two years of \$27,500,000 in these loans indicates that the Bank has been doing its full share in providing for the enlarged needs of its customers, following upon the rise in values, and also in supporting production of all kinds, as well as, through its increase of security holdings, taking its share in war financing. At the same time the Bank's liquid position has been well maintained, the proportion of liquid assets to liabilities to the public now appearing as 45.9 per cent. Total assets again show notable enlargement, their aggregate of \$140,937,545 comparing with \$121,-

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