

ASSETS.

Current Coin held by the Bank	\$ 1,621,742.57	
Dominion Government Notes	9,885,832.00	
		\$11,507,574.57
Deposit in the Central Gold Reserves		1,000,000.00
Deposit with the Minister for the purposes of the Circulation Fund		348,495.33
Notes of other Banks		905,817.00
Cheques on other Banks		4,129,209.10
Balances due by other Banks in Canada		376,621.51
Due from Banks and Banking Correspondents in the United Kingdom		2,078,811.63
Due from Banks and Banking Correspondents, elsewhere than in Canada and the United Kingdom.....		1,858,167.68
		\$22,204,606.91
Dominion and Provincial Government Securities, not exceeding market value	\$5,752,872.38	
Canadian Municipal Securities, and British, Foreign, and Colonial Public Securities other than Canadian	8,215,437.34	
Railway and other Bonds, Debentures and Stocks, not exceeding market value	898,582.85	
		14,866,892.57
Loans to Provincial Governments	\$ 28,885.52	
Loans to Cities, Towns, Municipalities and School Districts.....	4,510,792.69	
Call and Short Loans (not exceeding thirty days) in Canada on Bonds, Debentures and Stocks	3,900,248.45	
		8,439,926.66
		\$45,511,516.14
Other Current Loans and Discounts in Canada (less rebate of interest)		41,192,420.77
Liabilities of Customers under Letters of Credit (as per contra)		57,600.00
Overdue Debts (estimated loss provided for).....		237,911.04
Real Estate (other than Bank premises)		389,102.55
Mortgages on Real Estate sold by the Bank		450,284.37
Bank Premises, at not more than cost, less amounts written off		2,908,083.47
Other Assets, not included in the foregoing.....		28,810.00
		\$90,775,728.34

PELEG HOWLAND,
President.

E. HAY,
General Manager.

AUDITORS' REPORT TO SHAREHOLDERS.

We have compared the above Balance Sheet with the books and accounts at the Chief Office of Imperial Bank of Canada and with the certified returns received from its Branches, and after checking the cash and verifying the securities at the Chief Office and certain of the principal Branches on 30th April, 1917, we certify that in our opinion such Balance Sheet exhibits a true and correct view of the Bank's affairs according to the best of our information, the explanations given to us and as shown by the books of the Bank.

In addition to the examinations mentioned, the cash and securities at the Chief Office and certain of the principal Branches were checked and verified by us during the year and found to be in accord with the books of the Bank.

All information and explanations required have been given to us and all transactions of the Bank which have come under our notice have in our opinion been within the powers of the Bank.

G. T. CLARKSON, F.C.A.,
R. J. DILWORTH, F.C.A.,
of Clarkson, Gordon and Dilworth.

PRESIDENT'S ADDRESS

While the year just past has been one of much anxiety, your directors meet you to-day with some satisfaction, for the management is able to show a considerable increase in the earnings of the Bank. As you will see, after paying dividends and making the usual provisions, and also putting aside a sum to cover depreciation in securities, our Profit and Loss Account balance has been considerably augmented.

When we last met together there were a few of us, I venture to say, who thought we would still be at war at this date, and now the end seems as far off as ever, with the added anxiety of the uncertainty of happenings in Russia and the increased submarine peril, an anxiety tempered by the entrance of the United States into the war.

Without doubt our prosperity (unstable though it is) is due to the continuation of the awful struggle. Much of the profit that is accruing to the community would appear to be due to the constant rise in the price levels of almost every conceivable commodity consumed or desired by man. As to what are the causes that lead to these advances even on materials, of which there is an apparent abundance, I will not venture an opinion; suffice it to say that there seems to be an infection in the air that compels the feeling that delay in providing for present or future needs is dangerous; under such conditions the saving of money which is being so strongly advocated is not likely to be made even by the thrifty.

I make this reference because the inflated conditions existing compels the use of additional money in the conduct of business which the Banks are being called upon to supply. These calls, in addition to the needs of the Government, either direct or indirect, are beginning to tax the resources of the Banks, and must lead to higher rates of interest on borrowed money. In our own case we may be compelled to make use of a larger proportion of our reserves than we would under ordinary circumstances think desirable, and which, perhaps, can only be excused by our Government, or rather our country's needs. It is, of course, quite true that a state of things such as I have mentioned means increased earnings for us, and would in that respect be a source of satisfaction, if it did not also bring about a reduction in the apparent value of securities, even of the highest class, which reduction will have to be provided for out of these earnings, as has already been the case to a certain extent in the past year.

All things considered, therefore, is it not wise that the business community, using the term in its broadest sense, should resist all temptation to expand or make capital outlays even at the cost of some prospective profit? The war may go on for a long time, but it may end soon and suddenly, with conditions impossible to foresee, but which we cannot hope will be, immediately, good.