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THE IMPERIAL BANK'S REPORT.

The statement of the Imperial Bank of Canada for the year ended April 30th last reflects the present tendency towards a moderate rise in Canadian banking profits, though in view of the recent great increases in the banks' assets, probably the rate of earnings is still decreasing in proportion to assets. Net profits reported by the Imperial Bank are \$1,122,819 against \$1,003,960 in the preceding year, a proportion of 8.00 per cent. upon the paid-up capital and rest combined, compared with 7.2 per cent. in 1916. A balance of \$1,089,656 brought forward makes the total available on profit and loss account, \$2,212,475. Of this amount the 12 per cent. dividend absorbs only \$840,000; the war tax on bank circulation takes \$67,599; \$27,500 has been paid in patriotic and philanthropic subscriptions; \$7,500 goes to the officers' pension and guarantee funds and \$5,000 for auditors' fees. A contingent appropriation of \$100,000 to cover depreciation in bonds and debentures is also made, leaving the increased balance of \$1,164,876 to be carried forward.

THE BANK'S BALANCE SHEET.

The following is a summary of the leading items of the Bank's balance sheet in comparison with the previous year:—

	1917	1916
Capital Stock	\$ 7,000,000	\$ 7,000,000
Rest	7,000,000	7,000,000
Profit and Loss Balance	1,164,876	1,089,656
Circulation	7,656,914	5,944,439
Deposits, not bearing interest	14,845,206	11,253,426
Deposits, bearing interest	51,354,075	48,965,202
Total liabilities to public	75,343,252	66,521,755
Specie and legals	11,507,575	10,042,347
Central Gold Reserve	1,000,000	
Bank Balances Abroad	3,936,979	8,548,761
Securities held	14,886,893	10,751,582
Total Quick Assets	40,971,838	36,972,656
Current loans	45,732,099	41,260,169
Total Assets	90,775,728	81,911,758

Deposits show an increase of about \$6,000,000, following a rise of \$5,000,000 in the preceding year, a satisfactory growth in consideration of the large withdrawals for investment in war loan issues and other high-grade investments yielding high rates of interest. Circulation is up \$1,700,000 to \$7,656,914. On the assets side of the accounts, holdings of specie and legals have been increased nearly \$1,500,000 to \$11,507,575, and there is addi-

tionally this year, a million dollar deposit in the Central Gold Reserve, which has no correspondence in 1916. Bank balances abroad have been reduced \$4,600,000 from \$8,548,761 to \$3,936,979, the home demand for loans accounting for this decrease. The increased total of securities held, \$14,886,893 against \$10,751,582 reflects, of course, the short-term Government loans made in connection with the purchase of munitions and other war supplies. A particularly strong liquid position is maintained, cash assets being in the proportion of 29.5 per cent. to liabilities to the public, and total quick assets, of 54.4 per cent. The growth in current loans from \$41,260,169 to \$45,732,099 is due to a general expansion in commercial business and the present high cost of all commodities. Commercial loans actually increased \$6,500,000, but there was a decline in municipal loans, which are included in the total, of practically \$2,000,000.

INSTABILITY OF PRESENT CONDITIONS.

The addresses delivered at last week's meeting of shareholders contain considerable food for thought. It was pointed out by Mr. Peleg Howland (the Bank's president), that the existing prosperity in Canada is due to the war, and that much of the profit which is accruing to the community would appear to be due to the constant rise in the price levels of almost every conceivable commodity:—"The inflated conditions existing compel 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. 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."

It was mentioned at the annual meeting that the Bank is continuing to take advantage of opportunities for the profitable development of new fields of operation, particularly in the West, and it is evident that under Mr. E. Hay's general management the policy of enterprise which has always marked this institution is being continued. While the Imperial Bank's development has been mainly in Ontario and the West, an important branch is maintained in Montreal, under the management of Mr. Richardson, an experienced banker much esteemed by the Montreal banking fraternity. It remains only to note the very fine record made by the staff in joining the Colours. In all, 385 of the Bank's employees have enlisted, of whom, unfortunately, 27 have been killed in action, 40 wounded, three taken prisoners and three reported missing.