

THE IMPERIAL BANK OF CANADA.

The annual report of the Imperial Bank of Canada, whose financial year closes at the end of April, continues the satisfactory story of banking expansion, which the series of reports issued by the banks whose financial years close in the autumn, has made familiar during recent months. In many respects, in fact, 1911 was the best year in the Imperial Bank's history. The following table shows the leading figures of the annual statement in comparison with those of the two previous years:—

	1910.	1911.	1912.
Paid-up Capital.	\$5,000,000	\$5,769,559	\$6,000,000
Reserve.	5,000,000	5,769,559	6,000,000
Profits.	702,509	841,692	1,004,340
Circulation.	3,772,949	4,420,715	5,303,642
Deposits (not bearing interest)	6,998,194	8,769,869	11,056,740
Deposits (bearing interest)	34,401,695	37,734,623	43,931,239
Coin and Notes.	8,283,847	10,027,701	12,358,206
Canadian Call and Short Loans.	2,514,092	3,576,127	3,277,814
Foreign Call Loans.	2,404,417	1,502,885	1,001,378
Current Loans.	31,368,499	33,571,232	40,171,085
Total Assets.	56,239,001	63,710,026	73,751,668
Liabilities to public.	45,302,618	51,052,454	60,410,232
Liquid Assets.	23,256,997	28,315,851	31,537,449

The recent issue of new capital stock has now been fully paid up by the shareholders, making the paid-up capital \$6,000,000, with a reserve of the same amount. It is interesting in this connection to note what was said by President Wilkie at the recent annual meeting, that at an early date, in order to keep pace with the requirements of the country, a further issue of \$1,000,000 new stock will be made, raising the paid-up capital of the bank to \$7,000,000 within a period of eighteen months. This is very satisfactory evidence that the management of the Imperial Bank are fully alive to the requirements of the country at the present time in regard to banking capital. Further evidence of the management's activity is to be found in the fact that fourteen new branches were opened in the financial year just closed, and only one shut up, while President Wilkie mentioned that "we have not found it possible to reply favorably to all the applications we have received from deserving places for branches of the bank." It may be observed that the Imperial Bank's branches now number 120, and there is a staff of 818, against 691 at the close of 1911. Mr. John A. Richardson represents the important interests of the bank in Montreal.

The well directed policy of expansion by which the Imperial Bank is guided, has its sequel in largely increased profits. They were in fact, \$160,000 larger than those reported a year ago—\$1,004,340 against \$841,692, and at the rate of 16.93 p.c. upon the paid-up capital as against 15.18 p.c. in 1911, and 14.05 p.c. in 1910. Comparing the present balance sheet with that of twelve months ago, it is seen that non-interest bearing deposits are \$2,300,000 higher at \$11,056,740, and interest-bearing deposits show the satisfactory gain of more than \$6,000,000 to \$43,931,239. On the other side, Canadian current loans have advanced by \$6,600,000 to \$40,171,085. In this connection we may draw attention to a point mentioned by President Wilkie, which at the present time, we believe, is frequently not understood by the public generally, that is, that the whole amount deposited with the banks of Can-

ada by the public of Canada, less a portion of the cash reserves, is loaned back again to the public by the banks.

With regard to the position of the bank generally, the result of the year's business has been to increase the bank's total assets from \$63,710,026 to \$73,751,668, while the liquid assets have been advanced by over \$3,000,000 during the twelve months, and at \$31,537,449 are above 50 p.c. of the liabilities to the public.

THE PROBLEM OF BANK INSPECTION.

President Wilkie's speech at the recent annual meeting contained, as usual, timely references to a number of matters of present day importance in the commercial and financial development of Canada. In view of the fact that the question of bank inspection is likely to form one of the main bones of contention at the forthcoming revision of the Bank Act, it is of interest to observe that President Wilkie favours a system of auditors appointed by the bank's stockholders. He said regarding this:—

It is, perhaps, fortunate that there has been a delay of three years in revising the Act. Within that time several very important defects have come to the surface, and possible abuses which were not thought of when the Act was last amended have made themselves not only seen but felt. We have had time, too, to consider suggestions that have been made regarding the auditing and inspecting of banks. A suggestion that the Government should undertake the responsibility of inspection is one that the Government has not so far seriously entertained, recognizing no doubt the difficulty, if not the impossibility, of carrying out a system that would not be faulty and misleading and embarrassing to the Government itself. It has also been suggested that the duty should be undertaken by the Bankers' Association. Thorough inspection could not be carried out any better by the Association than by the Government; its value and importance might be exaggerated on the one hand, and on the other it would be unreasonable to hold the Association as a whole responsible for the reputed solvency and worthiness of its members. Moreover, no bank under present conditions of competition and with the readiness of some to retire from business, and of others to add to their size and importance, with mergers and amalgamations following, one on the heels of another, should be called upon to place its affairs under the review of officials appointed by rival institutions. One can imagine what might happen to even a sound institution whose business and connections were coveted by a Bank more influential than itself in the Councils of the Association. The very proxies given to Directors to assist in carrying on a Bank might be used to destroy its separate existence. Mergers may even throw the control of the Association into comparatively few hands. Would you not, rather than be at the mercy of inspectors selected by your competitors, prefer to have the report of auditors and inspectors, men of repute, selected by yourselves, and responsible to you, and whose appointment and re-appointment would be subject to your pleasure?

THE SPECULATION IN REAL ESTATE.

The accounts which President Wilkie gave in regard to the condition of crops and the manufacturing industries of the country were uniformly satisfactory. We are glad to note, however, that he closed with a warning in regard to the rampant speculation in real estate. Mr. Wilkie said:—

From Pacific to Atlantic values have advanced 200 per cent., 300 per cent., 400 per cent., and even 500 per cent. Enormous profits have been realized, and enormous obligations incurred. How and when the rise in values is to end, it is impossible to say, as even sober, level-headed financially responsible men are amongst the most enthusiastic speculators. Bankers find it difficult to prevent customers engaged in legitimate pursuits using their commercial credits in the purchase of land for which they have no legitimate use. I should not be at all surprised to hear of failures and defalcations as a result of specula-