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Banking, Insurance and Finance

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THE IMPERIAL BANK OF CANADA.

The addresses made at last week's annual meeting of shareholders of the Imperial Bank, printed on another page, deserve careful consideration. Signs are not wanting of a widespread failure to realize the essentially transitory character of the prosperity which now marks certain lines of industry and trade, and of lack of appreciation of the present day duty of thrift. In such circumstances, the careful warning of Mr. Peleg Howland, the president of the Imperial Bank, regarding the exceptional conditions of the economic situation in Canada deserves the utmost publicity:

"It seems to me," he said, "that in all human probability we will have a short crop this year, if not from poor yield, then from reduced acreage, and in consequence our exports of agricultural products must diminish, and if the war ceases lower prices will probably be obtained. The manufactured goods, too, that are going out and have helped so largely to maintain the balance of trade in our favor are largely for war purposes, are not being produced on a competitive basis, and will cease to be exported to a great extent at the close of the war. Our present prosperity is largely due, as is apparent, to the more or less necessarily lavish expenditure on the pay, clothing, equipment and maintenance of the enormous number of troops which this country is providing—expenditure which must end very shortly after the close of the war. Our debt, you will notice, is increasing very rapidly, the annual interest charges growing in even greater proportion. All industries except those that have a regular and natural market abroad must slacken in activity."

Such circumstances, in Mr. Howland's view, point to a period of more or less serious depression on the resumption of peace. While in due time, this condition of affairs may be followed by an era of prosperity, the earlier depression needs to be prepared for, and accordingly too much stress cannot be laid upon the necessity for thrift at the present time.

As regards the farther future, there can be no doubt that Canada stands in an exceptionally favorable position among the belligerents to bear the continuing financial burdens consequent upon the war, owing to immense resources in undeveloped wealth. Mr. Elias Rogers, the Bank's vice-president, in his address, gave special attention to this aspect of the outlook, summing up his views in these sentences:—

"I know of no other country having so large an acreage of fertile, unbroken land, simply waiting the plough of the industrious farmer to be converted into wealth-producing land. Our mineral resources have only just begun to be developed, and the development and operation of these will provide employment for capital and untold thousands of men. These latter in turn will be consumers of home products. In short, I look for as great and as rapid an expan-

sion in the growth and wealth of Canada after the close of this war as we have seen in the United States since the close of the civil war."

To a considerable extent, at least, the realisation of these expectations depends upon the appreciation of present-day economic responsibilities and the steady achievement of present-day financial duties.

THE BANK'S YEAR.

As already intimated, the profits of the Imperial Bank for the year ended April 30th were slightly less than in the preceding year, owing to circumstances which it is not necessary to recapitulate. The amount reported is \$1,003,960, against \$1,031,359 in the preceding year, and equal to 7.2 per cent. upon the paid-up capital and rest combined, against 7.4 per cent. in 1914. A balance of \$1,012,989 brought forward makes the total available on profit and loss account, \$2,016,950. Of this amount the 12 per cent. dividend absorbs only \$840,000; the war tax on bank circulation takes \$57,294; \$17,500 has been paid in patriotic and philanthropic subscriptions; \$7,500 goes to the officers' pension and guarantee funds and \$5,000 for auditors' fees, leaving the increased balance of \$1,089,656 to be carried forward.

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

	1916	1915
Capital Stock	\$ 7,000,000	\$ 7,000,000
Rest	7,000,000	7,000,000
Circulation	5,944,439	4,528,252
Deposits, not bearing interest	11,253,426	7,815,803
Deposits, bearing interest	48,965,202	47,266,101
Total liabilities to public	*66,521,755	*60,296,581
Specie and legal	10,042,347	15,048,000
Bank Balances Abroad	8,548,761	3,758,208
Total Cash Assets	22,089,702	21,996,862
Total Quick Assets	336,972,656	128,664,938
Current loans	34,646,351	36,245,618
Total Assets	81,911,758	75,568,247

* Excluding acceptances under letters of credit.

† Excluding provincial and municipal loans.

Deposits show an increase of \$5,000,000 for the year, and circulation is \$1,400,000 higher. Reduction in holdings of Dominion notes is represented by increased bank balances abroad, which balances are readily convertible into gold and are at the same time revenue-producing. The Bank has largely increased its security holdings during the year through subscription to the Canadian War Loan and purchases of British Exchequer bills. Holdings of Dominion and provincial government securities are now reported as \$4,920,185 against \$666,360 a year ago and of Canadian municipal securities and British, foreign and colonial public securities as \$4,947,075 against \$1,070,714. The increase in the holdings of these securities for the year is therefore well over \$8,000,000. A particularly strong liquid position is maintained, cash assets being in the proportion of 33.2 per cent. to liabilities to the public, and total quick assets, of 55.6 per cent., compared with 47.5 per cent. last year.

The present report is the first covering a period for which Mr. E. Hay has been wholly responsible as general manager, and upon the results disclosed Mr. Hay may be deservedly congratulated. While the Imperial Bank's principal development has been 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.