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FINANCIAL AND COMMERCIAL NEWS FROM SWITZERLAND.

The Myth of German Deposits.

A persistent tale is current in the newspapers—particularly in France, but also in this country—that there are very large German balances deposited with the Swiss banks. Figures have been published according to which these deposits amount to 40 million pounds or even more. This, at the rate of, say, 1,000 marks to the pound, would be the equivalent of 40,000 million marks. Such an amount is obviously absurd, and it is very improbable that German deposits in Switzerland amount to much more than 100 million francs, or, say, 5,000 million marks. Moreover, it would appear that the authors of the legend have forgotten what formidable restrictions have been imposed by the German Government to protect against the "flight from the mark." That a certain amount of evasion has been possible is not to be denied, but it is inconceivable that the export of capital could have reached such a large figure as the above.

In this connection it is interesting to quote a passage from the report of the *Crédit Suisse* which deals with the matter and represents the considered opinion of banking circles:—

"As far as we have been able to ascertain in the course of our business this assumption (that there are large foreign deposits) is altogether incorrect. Our own observations, moreover, appears to be generally confirmed, since an inquiry instigated by the Swiss Bankers' Association with the larger banks in Switzerland shows the same result. Switzerland was formerly supposed to have become enormously rich during the war, but it was forgotten how much had been lost by many important branches of industry and the heavy costs incurred by the State in mobilisation. Now that this myth has ceased to command credence and another has taken its place, it seems worth while to take a stand against this new legend which is growing up in explanation of the origin of our momentary surfeit of funds. The matter is explained quite naturally by the fact that the present economic crisis causes large amounts of capital to lie idle, that owing to the fall in prices of raw materials, etc., manufacturers can do with smaller working funds, that through the liquidation of the war finance societies large sums which were invested in advances to foreign countries were released, and finally that the repatriation of Swiss securities from abroad has now practically ceased, since obviously the realisation of foreign holdings of these securities is for the most part complete."

Beyond deposits properly so called there are, no doubt, a certain number of Swiss bank notes held by Germans, who have been eager buyers of the money of Great Britain, America, or Switzerland, with the idea of placing some part of their wealth in a more settled currency. Such holdings must, however, be more or less insignificant, since after all the whole note issue in Switzerland is only about 800 million francs, and nearly the whole of this is in circulation in the country itself.

Canton of Grisons Loan.

The whole amount of the Canton of Grisons $5\frac{1}{2}\%$ Loan, which was referred to in these columns last week, was covered by the applications for conversion received from holders of the maturing $3\frac{1}{2}\%$ Loan of 1901.

Cantonal Banking Results.

The Cantonal Bank of Zurich shows a profit of frs. 4,569,059 for 1921 (frs. 3,868,241 in 1920). After payment of interest on capital and adding the carry forward from 1920 this leaves an available net profit of frs. 2,989,059 (frs. 2,308,077 in 1920). The Cantonal Exchequer will benefit to the extent of one million francs and 925,000 frs. go to forming a special building fund for the bank.

The Cantonal Bank of Zoug shows a gross profit of 791,344 frs.; 362,107 frs. go to general expenses, 68,291 frs.

to writing down, and 100,000 frs. to reserve against losses. The available net profit is 281,446 frs. as against 270,500 francs last year.

P.-C.-K. Results.

The accounts of Peter-Cailler-Kohler Chocolats Suisses S.A. of Vevey for 1921 are now available and show a considerable falling off of earnings as compared with previous years. The gross manufacturing profit amounts to 34,700,000 francs as against 57,570,000 frs. last year, and is thus smaller than that obtained in 1917. Last year's dividend was 22 frs. per share, and this year the directors recommend payment of only 10 frs.

The profit and loss account shows—besides the above item of gross manufacturing profit—a falling off of general expenses from 39,816,001 frs. in 1920 to 23,758,395 frs. last year. Transport charges have fallen one million francs to 5,391,976 frs., but this still compares with $2\frac{1}{4}$ millions in 1919. The net available profit is 3,754,936 frs. as compared with 9,282,010 frs. in 1920.

The report points out that in the spring of 1921 and even up to June business showed every sign of improving, but after that time the crisis, which had at first chiefly affected luxuries, spread to foodstuffs. The fall in the price of raw materials rendered it necessary to write down stocks considerably, and so, while on the one hand it was absolutely necessary to write down large amounts, on the other hand the sales were steadily diminishing. Luckily the Company's stocks of raw materials were not very large.

The exchanges made things very difficult, and the report specially mentions the effects of the low rate of sterling as compared with the Swiss franc. The eight-hour day helped to keep up labour costs throughout. On the whole the directors express a certain satisfaction with the results of 1921, when all the adverse factors are considered under which the Company has had to work.

Swiss Bank Corporation's Fiftieth Report.

The report of the Swiss Bank Corporation for the year 1921 marks the fiftieth anniversary of the bank's foundation. It was in February, 1872, that a group of Basle bankers formed the Basler Bankverein with the object of facilitating their dealings on a larger scale than had been possible to them working individually. For the first twenty years of the bank's existence the scope of business entered into was not much altered, but with the general economic expansion of the nineties the aims of the Basle bank became wider, and it was gradually developed from a house principally interested in the financing of new issues to a commercial bank in the widest sense of the term. The consolidation of this new development was rendered possible by the fusion with the Zürcher Bankverein, which took place in 1895. After this time the bank took the name of the Basler and Zürcher Bankverein; from that time onwards the development was steady and systematic, being conducted principally by way of absorption of existing banking concerns. In 1896 the St. Gall Office was acquired through absorption of the Schweizerische Unionbank in that city, and it was then that the title Schweizerischer Bankverein was adopted, to indicate the final passing of the bank from a local concern to a commercial bank with interests all over the country.

In 1898 the extension of business overseas caused the bank to open the London Office. In 1906 the first move was made towards Western Switzerland, and an office was opened in Geneva. In 1908 offices were founded in Herisau and in Chiasso, and 1912 in Lausanne.

During the latter years of the war the development in Western Switzerland was carried still further by taking

over the Banque de Nyon in 1917, Reutter & Co.'s Bank in La Chaux-de-Fonds in 1918, and Pury & Co.'s Bank in Neuchâtel in 1920. The last development up to the date of the present report was the opening of an office in Schaffhausen.

The balance sheet for the 31st of December, 1921, shows an increase of 13,801,795 frs. in the cash holding, which now amounts to 57,215,056 frs. The item: coupons, redeemable securities and foreign moneys has increased from 10,851,098 in 1920 to 49,539,436 frs. owing principally—it is explained in the report—to purchases of short-dated securities made by the London Office in order to utilise the liquid means at the bank's disposal. Bills receivable have fallen from 328,542,266 frs. to 299,527,623 frs. Permanent participations stand in the balance sheet at a book value of 9,512,275 frs. after being written down 8,900,000 frs. This item includes the holding of 7,250,000 frs. in 8% preference shares of Leu & Co.'s Bank acquired at the time of the reconstruction in the early months of last year. Securities and syndicates stand at 44,388,877 frs. The details given in the report as to the Corporation's activities in the latter sphere show the wide extent of its interests, including as they do nearly all State, Railway and Municipal Loans issued during the year in Switzerland, a number of industrial issues in Switzerland, and in England an interest in the issue of a number of Colonial Loans. During the year the Corporation also participated in the foundation of the International Acceptance Bank Inc. of New York.

On the other side of the accounts capital and reserves remain unchanged at 120 million francs and 33 million francs respectively. Fixed term deposits stand at 127,602,925 frs., banks and bankers at 160,866,033 frs., and creditors at 581,565,733 frs. Cheques, etc., account for 14,513,254 frs., and acceptances 32,208,457 frs.

The profit and loss account, as indicated in the short preliminary notice given in our financial columns on the 4th of March, shows a net profit of 11,549,762 frs. General expenses amount to 24,649,806 frs., of which 16,543,862 frs. is accounted for in salaries. Receipts from discounts brought in 20,418,097 frs., and commissions 9,272,484 frs. out of a total of 39,406,600 frs.

The directors propose to pay a dividend of 9 per cent., thus repeating last year's distribution, and to allocate 500,000 frs. to the pension fund, which will thus be raised to a total of 7,347,676 frs.

STOCK EXCHANGE PRICES.

BONDS.		Mar. 6th	Mar. 13th
Swiss Confederation 3% 1903	...	73.00%	73.75%
Swiss Confederation 9th Mob. Loan 5%	...	100.55%	100.75%
Federal Railways A—K 3½%	...	75.20%	75.35%
Canton Basle-Stadt 5½% 1921	...	100.87%	101.00%
Canton Fribourg 3% 1892...	...	68.75%	68.63%
Zurich (Stadt) 4% 1909	...	100.00%	100.13%
SHARES.			
Crédit Suisse...	...	615 frs.	615 frs.
Union de Banques Suisses...	...	544 frs.	541 frs.
Swiss Bank Corporation	...	607 frs.	600 frs.
Fabrique Chimique ci-dev. Sandoz	...	1100 frs.	1140 frs.
C. F. Bally S.A.	...	635 frs.	612 frs.
Fabrique de Machines Oerlikon...	...	400 frs.	400 frs.
Enterprises Sulzer	...	425 frs.	425 frs.
S.A. Brown Boveri (new)	...	235 frs.	235 frs.
Nestlé & Anglo-Swiss Condensed Milk Co.	...	240 frs.	238 frs.
Chocolats Suisses Peter-Cailler-Kohler...	...	139 frs.	141 frs.
Compagnie de Navig'n sur le Lac Léman	...	480 frs.	482 frs.

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SOCIAL AND PERSONAL.

Mr. G. De Brunner, of 13, Southampton Street, W.C.1, and 60, Grand Avenue, Muswell Hill, N., celebrated on March 11th in a characteristically Swiss atmosphere the 25th anniversary of his arrival in this country. Mr. De Brunner is best remembered as the late manager of the Employment Department of the Swiss Mercantile Society and still maintains an active and constructive interest in the welfare of this society.