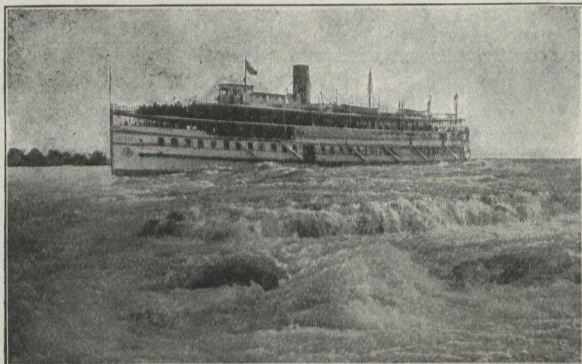


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IMPERIAL BANK of CANADA

President D. R. Wilkie's Address at the Annual
Meeting Held 25th May, 1911

Gentlemen,—I have much pleasure in rising to move the adoption of the report.

The profits of the year have been at the rate of 15.184 per cent, as compared with 14.05 in the previous year. This increase justified your Directors in declaring a higher dividend for the last quarter. By a comparison of the balance sheet with the same return for 30th April, 1910, you will note that the circulation of our bills has increased by about \$650,000, and that deposits have increased \$5,100,000 (about). The total gain in deposits and circulation has been from \$45,302,000 to \$51,052,000. On the other side of the account, liquid assets are \$28,300,000, as against \$23,256,000, and current loans are \$33,571,000, as against \$31,368,000—a condition of affairs which is, I should think, perfectly satisfactory to all concerned.

The additional capital referred to in our last annual report has been taken up most satisfactorily; out of a total allotment of \$975,000, \$769,559 having been already paid up. The additional capital has enabled us to take on valuable business, and the additional dividend charges have been compensated for by a very substantial increase during the year in deposits and circulation.

Our shareholders now number 1,392, as compared with 1,327 in 1910.

The staff has increased in number from 665 in 1910 to 691 in 1911.

The advance in the rate of dividend to twelve per cent, per annum is, I am sure, from expressions of opinions which I have heard here on more than one occasion, in line with your own views. Anyone occupying my responsible position would naturally hesitate before recommending an advance in the usual rate of dividend, unless he is fairly confident that it can be maintained; if not maintained, disappointment is the result; but unless conditions throughout the Dominion change substantially for the worse, or unless we suffer some unlooked for reverse, I do not at the moment see why with our established business and ever-growing reserves and resources, the present dividend should not be earned from year to year.

We are still expanding, and, I think, are doing our full share in providing the country with necessary banking facilities. We have opened up seven new branches during the year and have ten others under way. The first cost of opening these branches is considerable, outside of expenditures upon structures, which may be looked upon as of permanent character, the whole expense has to be provided for out of the profits of the year. Moreover, it is not to be expected that such development will receive an immediate return. We are, as I think other banks are doing, carrying a number of branches which form pivotal or strategical positions and which, although not yielding a profit to-day, are not only protecting more important points from the attack of competitors, but will, themselves, in proper time become directly profitable. We now have, including sub-branches, one hundred and seven offices.

We expended during the year, in connection with new bank premises, over \$250,000, and we have now under construction about half a dozen new buildings, besides incurring the expense of alterations to a number of others, the cost of which will be reported to you in due course.

Our policy and practice to write off each year from this account a sufficient amount to bring the book value of the premises well within what we are satisfied is their realizable value.

The decennial revision and renewal of bank charters has again been postponed by the Dominion Legislature in deference to what was considered to be more important legis-

lation. In the meantime the charters of all banks have been renewed until 1st July, 1912; the policy of the Government and any new provisions in the Act will, it is promised, be announced during the Autumn session of Parliament.

The Government has been reticent so far as regards its own policy, but we have no reason to doubt that what is best in the interests of the country, which are your interests, will be decided upon. As regards the policy of inspection, we are quite willing to submit to any reasonable form of inspection. At the same time we have no faith whatever, any more than the Finance Department itself has faith in Government inspection. Effective Government inspection is impracticable and ineffective—Government inspection would be misleading and dangerous. "Outside" inspection has its advantages, and if it had not been that the whole subject will be threshed out in a few months in Parliament, we should have had some suggestion of our own to submit to you for your approval.

In comparing the returns furnished the Government by the banks on 30th April, 1911, with the returns for the same day in 1910, I find that the paid-up capital of all the banks has grown during the year from \$97,000,000 to \$100,000,000; Reserve from \$78,800,000 to \$85,000,000; Circulation from \$78,000,000 to \$83,000,000; Public Deposits, \$768,000 to \$837,000,000; Total Liabilities have grown from \$993,000,000 to \$1,046,000,000. Amongst the assets, loans in foreign countries have come down from \$161,000,000 in 1910 to \$118,000,000 in 1911. Bear in mind as regards this last item that is an error to suppose that these loans are placed abroad for the purpose of earning a higher rate of interest than can be obtained at home. As a matter of fact they earn less, but they form a part of the necessary cash reserves of the banks, are loaned on readily marketable securities on sharp call, at low rates of interest, and are quickly realizable. The total of these reserves is not excessive when total liabilities of \$1,046,000,000, the greater part of which is payable on demand, are taken into account. Moreover, such loans include the investment of foreign deposits held by the banks having agencies outside of this country amounting to no less than \$69,000,000, so that the net loans of Canadian funds by Canadian banks, elsewhere than in Canada, do not amount in all to more than \$47,000,000.

The Bank Premises Account of all the banks has grown from \$22,400,000 to \$27,000,000. This is not a large amount, when it is borne in mind that the total number of branches over Canada has grown from 2,276 in 1910 to 2,435 in 1911. The total assets of all the banks have grown from \$1,183,000,000 in 1910 to \$1,247,000,000 in 1911. Current loans which represent manufacturing, agricultural, lumbering, mining and all mercantile business have grown from \$645,000,000 to \$719,000,000, so that setting aside an indispensable amount by way of cash reserves against deposits and circulation, it may truthfully be said that the whole amount owing to the banks of Canada to the public of Canada is loaned back again to the public of Canada by the banks of Canada.

As regards the "crops," my latest information is to the effect that the acreage under crop in the three Prairie Provinces is 16,000,000 acres as against 14,850,000 acres in 1910. The total yield of agricultural products in these three provinces in 1910 was valued at \$145,000,000, a falling off from 1909 of no less than \$47,000,000, the result of drought and heat, although the acreage had increased by 1,857,300 acres. The total area of field crops grown in all Canada in 1910 was 32,711,062 and the value \$507,185,000, as compared with 30,065,500 acres and \$532,992,000 in 1909. We are glad to know that the condition of the crops at the present moment is in every respect first-class; there has been an abundance of moisture and there is a sound of gladness throughout the land. The average yield of wheat per acre in the Western Provinces over the past ten years has been 19 bushels, but in 1910 it was only 15 bushels.

Our reports regarding manufacturing interests are uniformly satisfactory. We have reports from a hundred different points and in not one instance is there a complaint. Everywhere prosperity reigns.

There has been a steady emigration to Canada for several years past and I am informed that the present year is to add several hundreds of thousands of most desirable settlers to our population; for the year ending 31st March there were no less than 311,064 new arrivals, compared with 208,794 up to the same date in 1910. The character and desirableness of the new citizens is guaranteed by the fact that all have undergone inspection and have complied with emigration laws. No less than 123,113 of the new arrivals came from the British Isles and 121,451 from the United States. British Columbia has benefited from these new arrivals to the extent of 54,626, Alberta by 44,782, Saskatchewan 40,763, and Manitoba by 34,653; the total population of Manitoba is now 540,000; Saskatchewan and Alberta have 860,000. Although we look upon and have a right to think of our Prairie Provinces as an integral part of ourselves, we must bear in mind that it will not be long before their interests and ambitions may lead them to look somewhat askance at the present dominating influence of the Eastern Provinces. In the meantime the older provinces are contributing of their best blood and bone to the prairie country. The population of some of the older provinces is at a standstill, none are increasing in the same proportion as the Western Provinces. The tendency is westward. Of 1,269 branches in all Canada of the nine leading banks doing business in the West, 616 are in the West, as against 653 in the East.

It must be borne in mind that the prosperity of the country at the moment is largely due to the enormous expenditures of money borrowed from abroad for railway construction. At the present moment there are no less than 1,681 miles of railway actually under construction and no less than 10,000 men employed in the work, in addition to which a further mileage of about 3,000 miles will shortly be under way. The work entails enormous expenditures in the purchase of the natural products of the country, ties, lumber, oats, butter, hay, beef, pork, etc., besides giving help to many new settlers, who, by obtaining temporary employment on the works under construction, are enabled to earn sufficient cash to carry them over the early months of settlement and to make a fair start amongst new and untried surroundings.

We are told by Cobalt authorities that the silver production of that camp during 1910 realized \$14,500,000 (as against a total output in the Yukon of \$4,126,727.60 for the same period), and that the total production since the discovery of the mines is valued at \$47,340,886, more than fifty per cent., perhaps sixty per cent., of which has been paid out in dividends to shareholders. Cobalt produces thirteen per cent. of the total silver production of the world, and apparently there are better things to come as the industry is now being helped by the introduction of electric and compressed air power. Fortunately, also, the market price of silver is advancing. Porcupine is somewhat of an unknown quantity but there is great promise of enormous yields of free milling gold ore. It is gratifying to know that the great belts of fertile land which are even further north than Cobalt and Porcupine are being taken up by a desirable class of settlers; in one district alone not many miles from Cobalt there are over 2,000 farmers who are apparently satisfied with their conditions and who will have a home market, the best market, for everything they produce. But what the north country needs very badly are good wagon roads; these are of almost greater importance to the agriculturist than additional railway facilities and can be furnished much more economically.

The total exports of merchandise and agricultural products during 1910 amounted to \$274,000,000, as against total imports of \$451,000,000. There is no difficulty in finding out where the \$177,000,000 came from.

Our loans abroad were considerably more than \$200,000,000. Our exports of agricultural and forest products fell off during the year in value by \$10,000,000, but our exports of the mine increased from \$40,000,000 to \$43,000,000, and of manufactured goods from \$31,500,000 to \$35,300,000. Our imports of merchandise for 1910 exceeded those of 1909 by \$81,000,000.

The success and wealth which have followed upon the expenditure of immense sums of borrowed money, of money made in honest toil and in real estate, has introduced a period of extravagance by way of personal expenditure that is unparalleled in the history of the country and may yet occasion disaster to many. It is true, however, that business failures are few. Luxuries of every description, motor cars and foreign travel, are now indulged in by thousands who were satisfied a few years ago with short trips by land or water to local points of interest.

I beg to move the adoption of the report.