

Mr. Henry Dunning McLeod, one of the highest authorities on credit, says: "A solid system of credit, by which I mean credits on debts which are punctually redeemed at maturity, is the most ingenious and powerful method ever devised by the ingenuity of man for promoting and developing national wealth." Daniel Webster says: "Credit has done more a thousand times to enrich nations than all the mines of the world." To obtain credit there must, or should be, the ability to pay, and the honest intention to pay. The credit of Canada is good, and although the load of debt is growing heavier every day in this, as in every other belligerent country, we must all admit that its financial problems have been wisely handled, and I trust that its credit will continue to grow still stronger with the progress of time.

The Imperial Bank has long been one of the leading banking institutions of Canada, and for its continued successful growth the highest praise is due to its efficient staff. The Board of Directors is necessary to direct the general policy of a Bank, but the responsibility of the real work rests upon the management and official staff.

I have much pleasure in seconding the adoption of the Report.

## GENERAL MANAGER'S REMARKS

As requested by the President, I have pleasure in pointing out and commenting upon the special features of the balance sheet now presented to you.

While our actual cash holdings of \$22,204,696.91 are only very slightly in excess of the amount held a year ago, you will note a material increase from \$10,751,581.96 to \$14,866,892.57 in our "Second Line Reserves," which include Dominion, Provincial and British Government securities, and which are readily convertible into cash. This increase is represented very largely by short term Government loans for the purchase of munitions and other war supplies.

Balances maintained in foreign countries have decreased during the year from \$6,352,289.15 to \$1,858,167.68. In view of the very large demands of our borrowing customers and the fact that we are able to keep our funds well employed at home we have reduced our balances abroad by the substantial figure indicated, about \$4,500,000.

Municipal Loans show a decrease during the year of practically \$2,000,000, which is accounted for by the practise of economy and the curtailment of expenditures by municipalities generally. This is as it should be in times like these, and I might say that in our opinion some of our Canadian municipalities should retrench still further.

Call and Short Term Loans show a reduction from \$4,127,322.78 to \$3,900,248.45, roughly, \$200,000. While the decrease is not large, I would point out that a large proportion of the present loans is represented by advances to customers to assist in the purchase of War Loan Bonds.

The substantial increase in current loans and discounts, now amounting to \$41,192,000 odd, as compared with \$34,646,000 a year ago, is due to a general expansion in our commercial business and the present high cost of all commodities.

Bank Premises Account during the year has increased from \$2,621,000 to \$2,908,000. The expenditures in this connection have been conservative, and advisedly made in obtaining desirable sites at reasonable prices. Our policy is, as far as practicable, to own the premises required for the Bank's own business at places where we are satisfied we are permanently established, and where advantageous leases are not procurable.

Altogether, you will note an increase of \$9,000,000 in assets during the year.

Turning to the other side of the balance sheet—liabilities—you will observe the amount of notes of the Bank in circulation has, in common with other banks, considerably increased during the year just closed; in fact, I might say that the maximum during the year reached the figure of \$8,465,716, the largest in the history of the Bank. The amendments to the bank act, providing for emergency circulation, as it has been termed, are working out satisfactorily, and to enable us to take advantage of the opportunity afforded by this legislation to increase our circulation, we have deposited with the Central Gold Reserves various sums from time to time, the amount so deposited at present amounting to \$1,000,000.

### DEPOSITS INCREASED.

Deposits not bearing interest have increased by approximately \$3,600,000, from \$11,253,426.11 to \$14,845,206.10. Interest-bearing deposits have shown almost as large an increase, the amount last year being \$48,965,201.86, while this year we have reached the sum of \$51,354,075.12. This growth, representing a total increase in deposits of \$6,000,000, we regard as satisfactory—particularly so when we consider the large withdrawals for investment in war loan issues and such like interest-bearing securities yielding higher rates of interest.

You will note that our foreign correspondents' balances with us now, amounting to \$1,208,659.35, show a substantial increase. With the high rates of exchange prevailing, no doubt it suits our correspondents to leave these funds, representing chiefly proceeds of collections, on deposit with us, pending a return of exchange rates to normal.

The number of individual shareholders of the Bank's stock consistently continues to grow. There are now 1,879 shareholders as compared with 1,804 a year ago.

New Branches.—Although for the past two or three years' time our policy has not been one of expansion in the way of new branches, you will have noted from the report that we have during the past year established ourselves at half a dozen rural points in the Province of Saskatchewan and at two points in Alberta. I might say that these expansions have been with a view to the future and to extending our facilities in fields in which we have for some time been represented; for instance, the branches at Denholm and Ruddell are in the immediate vicinity of North Battleford, where we have had a branch for some ten or twelve years. In the Province of Alberta we have large interests also, and have opened a branch at Peace River, which is some 270 miles north-west of Edmonton, where considerable development has already taken place and it is expected will continue.

In replying to the shareholders' motion of thanks to the staff the General Manager said: The number of men on the staff of the Bank at the outbreak of the war was 875, of whom 834 were of an age eligible for military service. Out of this enrolment, 300 men, which is equal to 36 per cent., have volunteered and have enlisted for military and naval service. In addition to these, some 85 youths who were appointed to the staff since the commencement of the war have given up their positions to join the colors, in all, 385 of the Bank's employees, of whom I regret to have to report as many as 27 have been killed in action, 40 others wounded, three taken prisoners and three recently reported missing. We have now a total staff of 950, and of this number 300 are ladies. This means that the positions of more than 50 per cent. of those who have enlisted are now being filled by ladies, and it affords me pleasure to be able to say that they are performing their duties quite satisfactorily.

The customary motions were made and carried unanimously.

Mr. G. T. Clarkson, F.C.A., Toronto, and Mr. R. J. Dilworth, F.C.A., Toronto, were appointed Auditors of the Bank for the ensuing year.

The Scrutineers appointed at the meeting reported the following Shareholders duly elected Directors for the ensuing year: Messrs. Peleg Howland, Elias Rogers, William Ramsay (of Bowland, Stow, Scotland), Cawthra Mulock, Hon. Richard Turner (Quebec), William Hamilton Merritt, M.D., (St. Catharines), W. J. Gage, Sir Jas. A. M. Aikins, K.C. (Winnipeg), Hon. W. J. Hanna, M.P.P., John Northway, J. F. Michie, J. W. Woods.

At a subsequent meeting of the Directors, Mr. Peleg Howland was re-elected President, and Mr. Elias Rogers Vice-President for the ensuing year.