

IMPERIAL BANK OF CANADA—Continued.

depreciated in value considerably. The shrinkage during the past year of the leading financial, industrial and railway securities actively dealt in on the Exchanges of Montreal and Toronto represents no less a sum than \$188,000,000—Canada has borne her full share of this loss.

We have also to regret the delay, the disappointing delay, in the liquidation of the Sovereign Bank; we have thought it well to provide for a possible loss upon advances which we made, in conjunction with other Banks, to enable that Bank to liquidate with open doors, upon securities which at the time were represented to be, and which to experts appeared to be ample to protect the assisting Banks, but a large portion of which are still unrealized.

The writing off of \$74,601.05 from Bank Premises Account is in line with our policy for many years—it is not money lost or given away, but is a wise provision for what may be, sooner or later, actual depreciation in value in that important item of our Assets.

Before I pass from the Profit and Loss Account let me draw attention to the item credited to Profit and Loss Account, \$211,830.82. This sum was taken from Profit and Loss Account in 1913 to make up Reserve Account to an even \$7,000,000, and in anticipation of Premiums to be received upon subscriptions to new stock—these Premiums have since been paid in, and very properly have been returned to Profit and Loss Account.

The net result is, that after paying \$834,783.06 in Dividends, writing off \$74,601.05 from Bank Premises Account, contributing \$27,500 to the Bank's Pension and Guarantee Funds, setting aside \$250,000 for possible depreciation in securities and for contingencies, we carry forward a Profit and Loss Account of \$1,265,919.12, as compared with \$1,003,988.55, with which we started the year.

Let us turn to the General Balance Sheet—

NOTE CIRCULATION—The reduction in this item from \$5,803,794 to \$4,762,347, is the result of shrinkage in trade throughout the country, and of the early marketing of last year's grain crops.

OUR DEPOSITS, however, show a respectable increase of \$1,436,000.

On the **ASSETS** side of the Balance Sheet you will find that we maintain our policy of keeping substantial **CASH RESERVES**, which, with liquid assets that are realizable, irrespective of the condition of trade, represent over 50 per cent. of our total liabilities to the public.

LOANS AND DISCOUNTS—The trade discounts stand at \$41,331,017, as compared with \$40,502,609, in 1913, an increase occasioned, I think, entirely by renewals of loans which, under ordinary circumstances, would have been liquidated.

NEW CAPITAL—The allotment of new Shares authorized on 5th June, 1912, and which took place on 30th June, 1912, at a premium of 100 per cent., has been entirely taken up and paid for.

SHAREHOLDERS—Our Shareholders now number 1,729, as compared with 1,586 last year.

STAFF—The staff of the Bank are 985 in number, an increase of 80 during the year.

PENSION FUND—It will not be necessary this year to ask you to make any special contribution to the Pension Fund, the income from present investments and the Annual Grant being more than sufficient to provide for all existing pensions.

NEW BRANCHES AND TAXATION—The contraction of business throughout the Dominion has not encouraged the opening of new Branches. Moreover, the policy on the part of some of the Provinces and Municipalities must tend to discourage expansion.

The annual taxation of Banks by Provinces and Municipalities is ever becoming more burdensome. Since we last met Provincial taxes have been nearly doubled in British Columbia, and have been about trebled in Ontario.

The Dominion has exclusive legislative authority over banking, the incorporation of Banks and the issuing of paper currency. It also has exclusive rights to raise money by any mode or system of taxation. Provincial Legislatures are empowered to levy direct taxation within the Province for Provincial purposes. The Dominion Parliament, for its own uses, has power to duplicate every tax which may be imposed by any Province. If such a power is ever exercised by the Dominion the consequences to Banks would be serious.

Admitting the authority of the Provincial Legislatures to impose taxation on Banks, there still remains the question as to the extent to which such taxation could be imposed, and it is more than probable that the taxation would be declared unconstitutional, in so far as it might be excessive or hamper the operations of the Banks created by the Dominion Parliament for the purpose of carrying out the policy of the Dominion Parliament, in providing for and developing the agricultural, manufacturing, mining, lumbering and general interests of the Dominion. It is premature to say that the Provincial and Municipal taxation at present is excessive, but it is unquestionably true that these taxes are already so burdensome as to be a deterrent to the opening of new Branches, and to the granting of Banking facilities.

BANK PREMISES.

We have expended in connection with Bank Premises during the year the sum of \$375,000, of which about \$75,000 has been provided from Profits of the year. At the moment we have under construction new buildings at Timins, Thorold, Sparta, and at Yonge and Queen streets, in the City of Toronto. New buildings have been completed during the year at Quebec, Ingersoll, Cochrane, and Redcliff. Buildings and sites have been purchased at Victoria, B.C., Galt, Belwood, Niagara-on-the-Lake, Preston, Aurora, and in Toronto at Wellesley and Sherbourne streets, as well as this very building where we are now assembled, No. 30 Wellington street.

Our holdings of real estate for Bank Premises are all in evidence. We have no inside corporation to which the Bank can dispose of its properties with a view to their disappearance from the Balance Sheet and their lease by the Bank from the same Corporation on purchase terms. The adoption of the "new method" would admit of the investment by the Bank of large sums in the purchase or construction of Bank Premises without the fact being made apparent to the Shareholders, the Government, or the public, and of the creation of liabilities for corresponding amounts, no trace of which could be discovered in the Balance Sheet. It would be equally proper to extend the operations of such a corporation by including in its range of purchases from the Bank (of which it would be an adjunct), such assets as overdue debts, real estate, dead and other undesirable loans, etc., etc., and vitalizing these, through a process of bookkeeping into lively-looking bonds and debentures of corporations, which would later on, and until disposed of, make their appearance amongst the liquid Reserves of the Bank.

AUDITORS—You will be called upon to elect Auditors for the now current year, whose duties are fully described in Section 56 of the Bank Act. Sub-sections 19, 20, 21, 22, 23 and Section 56A.

We shall welcome to our confidence those whom you elect, and shall afford them every assistance to perform their very responsible duties.

HARVEST PROSPECTS.

From **ALBERTA** we hear that there has been an increase of 20 per cent. to 25 per cent. in the acreage under crop. The seed has been put in to the very best advantage, and there has been sufficient rain. It is to be noted that the raising of fall wheat in this Province is on the decline, owing to the greater certainty of a crop from "Marquis" wheat, planted in the spring, and which ripens ten days earlier than the ordinary Red Fife wheat. There is a very large increase in the quantity of live stock, especially in hogs, which have a high-priced market in Edmonton, Calgary, and elsewhere in the Province. Prospects are not only very bright, but prices for all kinds of stock are high.

The discovery of oil in this Province is likely to be of great assistance to the Province, introducing, as it is sure to do, large sums of capital, which will be employed in the development of the industry, besides affording a new source of heat, light and power. It is to be hoped that this development will not lead to wild speculation or to frauds, which too often follow upon such discoveries.

In **SASKATCHEWAN** there is an increase of 150,000 acres in the wheat area, and there is an increase in oats of no less than 300,000 acres. Barley and flax do not show an equal expansion. The cattle industry is satisfactory.