

Imperial Bank of Canada

The Fortieth Annual General Meeting of the Imperial Bank of Canada was held, in pursuance with the terms of the Charter, at the Banking House of the Institution, 26th May, 1915. The addresses of the President and Vice-President are given herewith.

THE PRESIDENT'S ADDRESS

The President, Mr. Peleg Howland, said:

In rising to move the adoption of the Report, my first duty is to refer to the extraordinary combination of circumstances which has placed me in this position.

Since the last Annual Meeting the Bank has lost through death its President and General Manager, its Vice-President, a Director, and its Chief Counsel and Solicitor.

Mr. E. W. Cox died in London only a short time after his election to the Board, and before he had an opportunity of taking his seat.

In October, Mr. James Bicknell, the Bank's Solicitor, died of pneumonia, after a very short illness. He was one of the leading commercial lawyers in Canada, and was besides endowed with more than ordinary good business judgment.

On November 17 Mr. Wilkie was stricken down by apoplexy. Mr. Wilkie had been General Manager of the Bank ever since its establishment in 1875, and its President and General Manager since 1906. This is the first Annual Meeting at which he has not been present. I am sure you must all regret his absence.

His devotion to the interests of the Bank was extraordinary; it was first in his thoughts, and he was prepared to make any sacrifice of time and energy on its behalf. There is no doubt that his anxiety for the outcome of the crisis through which the world has been passing had something to do with hastening his end. He was a sound banker; he was also public-spirited, and his ability, forcefulness and foresight had an influence on the general affairs of the country, as well as on its banking. He was president of the Bankers' Association at the time of his death.

On December 16, just about a month after Mr. Wilkie's death, the Honorable Mr. Jaffray, who had been elected to the Presidency, died after a very short illness; he had reached an advanced age, but was so active in body and clear in mind that it was thought the benefit of his judgment and services to the Institution would be available for many years.

Suitable resolutions have been passed by the Board, which, with your concurrence, will be printed in the proceedings of this meeting.

Mr. Elias Rogers has been elected Vice-President, and the Directors have done me the honor to elect me to the Presidency.

The vacancies on the board have been filled by the election of the Hon. Mr. Hanna, Mr. Jno. Northway and Colonel Michie, who are all well known to you. The Bank can be congratulated upon having obtained their services.

You will be interested in knowing that one of your Directors, Major Wm. H. Merritt, has volunteered for active service, and has left for Europe in command of a battery of artillery.

Upon Mr. Wilkie's death, Mr. Edward Hay, who joined the Bank before it opened its doors in 1875, and who has been occupying the position of Assistant General Manager since 1902, was appointed General Manager, and I am sure he will successfully conduct the affairs of the Institution, and that he will have able assistance from the other members of the Executive.

The Chief Inspector, Mr. W. Moffatt, has been made Assistant General Manager, and Mr. G. D. Boulton promoted to the position of Chief Inspector. Our Chief Western Inspector, Mr. A. E. Phipps, has been given the title of Western Superintendent.

Referring to the Report, you will notice that profits this year are reduced. This was to be expected. Strong as was the position of the Bank, when war broke out it was thought advisable to immediately further increase its holdings of actual cash in order to be ready for any possible emergency, and these cash holdings have continued large, the proportion to liabilities on April 30 being considerably higher than last year. Interest rates in Great Britain and the United States have been unusually low, so that funds held abroad, in order to be readily available, have earned a comparatively small return. Note circulation has shrunk with the reduction of the business of the country, which reduction has also diminished the returns for exchange and collections.

Here are some figures that will show the state of affairs for the past four months, and which it seems to me may be taken as some guide to the future.

The number of immigrants coming into Canada during the period from January 1 to April 30, 1915, was 16,145, as against 69,823 for the same period in 1914.

The building permits granted in thirty-one principal cities for the four months of 1915 are reported as amounting to \$7,622,757, as against \$27,282,971 in 1914.

The bank clearings for the four months of 1915 are reported as \$2,239,968,179, as against \$2,642,864,629 in 1914 for the same period.

The receipts of the three great railroads for the four months of 1915 are given as \$46,938,370, as against \$55,965,687 in the four months of 1914.

These conditions have prevailed in spite of the very large expenditures of the different Governments, including our own, on supplies and munitions for use in carrying on the war, and in spite of the increased return in dollars and cents for our 1914 crop, short as it was, compared with that of 1913. Prices had so advanced that the Government estimate of the value of the field crops in 1914 is \$638,580,300, as compared with \$552,771,500 in 1913. It is strange in this young and growing country to note that notwithstanding the immigration of 384,878 persons, the total acreage of field crops in 1914 was 35,102,175, as compared with 35,371,430 in 1913, a reduction of about 270,000 acres.

Undoubtedly we were getting well into our period of retrenchment when the war began, and had it not broken out would have been facing a more serious commercial condition than we are today.

As it is we are getting the benefit of increased prices for grains and produce, have disposed of large numbers of horses, many of our factories that otherwise would have been idle or slack have been busily employed, and the problem of the unemployed has been at least partially solved.

Our Branch Managers have all sent in recent reports with reference to their districts. These would indicate that manufacturers other than those engaged on war orders are not busy, that wholesalers and retailers are dull, but hopeful, and that generally speaking there is an increased acreage in grain, with good prospects, though in parts of the northwest there has been some damage from frost, from high winds and from lack of rain. (I am glad to be able to state that a good rainfall has taken place since.) A hopeful feature of the situation is the probable near approach of the long deferred business revival in the United States; its arrival would materially help our paper, pulp and lumber interests. The realization, too, of our expected large crops at present high prices (No. 1 northern wheat in Winnipeg was on May 7 \$1.62½ per bushel, compared with 92½ cents last year on same date) would give an enormous return, and go a long way towards bringing about liquidation, but would not restore the prosperity which we so long enjoyed, and which it would seem to me can only come again as a slow process, when the needs of the country have grown to require the over supply of equipment of all descriptions, which has been provided through the optimism of the lender and of the borrower.

When the war ceases, and all will join fervently in the wish that it may be soon, I would think that the process of recovery would be retarded, and the effect of the taxation, which will necessarily be very heavy, will then be severely felt.

I venture to express the hope that at that time immigrants only of a very high standard will be permitted to enter this country, and that regulations will be very strictly enforced.

The war tax on note circulation now imposed is a heavy one, and in the case of this Bank, in conjunction with stamps, will probably amount in a year to nearly 14% of its capital. It is very difficult during such times to load this off on the borrower, so that taking all things into consideration it would appear to be proper to look forward to further reduction in banking profits.

There is a disposition to feel that Banks are being burdened with rather more than their fair share of the load of emergency taxation, but the government did great service in the promptness, when the war opened, with which the Finance Minister took action to prevent the hoarding of gold, so perhaps we should not grumble.

Under existing conditions it has been thought prudent to take \$400,000 from Profit and Loss Account to provide for shrinkage in securities and for contingencies; this, if the contingencies do not arise and values recover with cheaper money, will help to maintain the reserves of the Bank. I hope our action may commend itself to you.

Your approval is also asked, and I am sure will readily be given, of subscriptions to the Canadian Patriotic Fund, the Red Cross Fund and the Belgian Relief Fund, as shown in the report.

The Auditors of the Bank, whom you appointed last year, will present themselves for re-election. At one time I was opposed to outside audits for Banks. I have changed my mind. I am satisfied that, carefully conducted, as has been the audit of this Bank, they may be the cause of much satisfaction to the Staff, Board and Shareholders.

Before closing I would like to bear my personal testimony to the loyalty and zeal of the Staff of the Bank. My opinion has been formed, I may say, from observation, the perusal of correspondence and personal contact.

I beg to move the adoption of the report, seconded by Mr. Elias Rogers, the Vice-President.

The Vice-President, Mr. Elias Rogers, then said:—

I have much pleasure in seconding the adoption of the report, and also without elaboration in most heartily seconding what the President has said in his address, except that perhaps I am a little more optimistic than his remarks might be construed to mean.

Canada is undoubtedly a great country, young, it is true, but the progress made in the last 15 years has been most remarkable, and with almost unlimited undeveloped natural resources I am exceedingly optimistic as to its future, and especially the future of this Bank. As indicated in the President's address, there was a decrease in the amount of land under cultivation 1913-1914 of about 13%, but it should be known that there is, at the very least, 15% (principally wheat) more land under cultivation this year (1915) than in the year 1914, and since I have had an opportunity of knowing what Mr. Howland was going to say, I have ascertained that the rainfall up to a recent date in this year in Saskatoon district was 1.6 inches as compared with 1.75 in the whole of last year. In the Medicine Hat district the rainfall has been 3.2 inches this year, as against practically nothing last year. In Calgary district it has been 2.4, or at least twice as much as the whole of last year. In the Lethbridge district it has been 2 inches already this year, as against practically none last year. In South Saskatchewan there has very recently been five days of continued rainfall. These figures, together with the prospective prices mentioned by Mr. Howland, to my mind, are most encouraging as to the prospects up to the present time of this year's western grain production. In the Calgary district alone in the year 1914, 281,488 head of horses, cattle, hogs and sheep were exported, as against 83,252 head the previous year. The value of these exports last year, in round figures, was \$6,500,000. I do not have the figures for the other districts. In Ontario and Eastern provinces the conditions are well known.

As to the Bank, it is well organized, and has a splendid staff of officers, a large number of the Managers having been in the Bank's service for many years. Mr. Leslie, Manager at Winnipeg, has occupied that position for a long time. His management, as well as that of other Managers, has been most efficient. He is present today, and I hope we will hear from him before the meeting closes. Mr. Moffat, the Assistant General Manager, formerly Chief Inspector, had banking experience before coming to the Imperial, and has now been with this Bank thirty-four years. He deserves special mention on account of his ability, experience and untiring efforts in the interests of the Bank. Mr. Boulton, who succeeds Mr. Moffat as Chief Inspector, is a comparatively young man but has been in the Bank's service as boy and man thirty-two years. Mr. Phipps, Western Superintendent, has been with the Bank twenty-four years, and is also present, and will doubtless have something to say about Western conditions.

I can corroborate all that the President has said about the loyalty and zeal of the staff as a whole, and the exceedingly favorable statement under the prevailing conditions, which is now presented, is almost entirely due to the effective service and co-operation of the General Manager, Managers and Staff.

The Bank has for a number of years foreseen the inevitable result of over-