

# Imperial Bank of Canada

## Thirty-Ninth Annual Meeting of the Shareholders

Held at the Banking House of the Institution in  
Toronto, on Wednesday, 27th May, 1914, at 12 Noon.

### THE PRESIDENT'S ADDRESS

Gentlemen,—In rising to move the adoption of the Report I could not enter into an explanation of the year's operations until I had, on behalf of the Board, given expression to our feelings of sorrow at the passing of our late colleague, Sir William Whyte, and had invited you to join in a resolution of sympathy and condolence to Lady Whyte and her children, whose affliction is shared in by many thousands from the Atlantic to the Pacific. Sir William Whyte became a member of the Board on May 23rd, 1906, and, although not a regular attendant at our meetings, was in almost constant attendance at our Winnipeg Branch, always giving the Bank's interests his first consideration. Sir William died at Colorado Beach, in California, on the 14th April, 1914, in the seventy-first year of his age.

You are asked to elect in Sir William Whyte's stead Mr. J. A. M. Aikins, K.C., M.P., of Winnipeg, who from the very start of our business in Manitoba—thirty-four years ago—has been our invaluable legal adviser for that Province.

You are also asked to approve of a by-law increasing the number of Directors from 11 to 12. I take this opportunity to say that Mr. Ed. W. Cox, President of the Canada Life Assurance Company, has consented to allow his name to be presented to you for election.

#### PROFIT AND LOSS.

The net profits after all losses have been provided for are better than we dared look forward to early and late in the year, as one political or financial disturbance followed the other in quick succession. The net return upon our Capital—and for this calculation I include the Reserve Fund as part and parcel of our Capital—has been at the rate of 8.90% per annum. Under the "Old Style" the rate would appear as 17.80%, and would be calculated upon Capital alone, but such a version has in the past misled the critics—our Reserve Fund, to the extent of 66%, represents premiums upon New Issues of Shares paid in by ourselves from time to time, and the remaining 34% is undivided profit put aside during the past 39 years. It cannot be claimed by us, or charged against us, that our profits were realized upon \$7,000,000 fixed capital, instead of upon \$14,000,000 fixed capital and Reserve Fund.

Conditions in Canada and abroad are not too promising, and we have considered it advisable to provide for further possible shrinkage in the value of investments and for contingencies; we have laid aside the sum of \$250,000 to provide for these. Within the past two years stocks and bonds dealt in on the World's Exchanges have 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—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% 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%, 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 detriment 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 Timmins, 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% to 25% 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. Crop conditions generally may be looked upon as most encouraging.

In Manitoba there is no increase in the crop acreage; the quantity stands at about the same—6,300,000