

VICE-PRESIDENT.

The Vice-President, then spoke as follows:—

As the President will deal with the business of the country generally, I will only refer to the statement of the affairs of the bank presented to you. You will notice that the chief features are increases of about \$11,000,000 in deposits bearing interest, and about \$13,000,000 in our current loans. These changes took place principally during the last month of our fiscal year, and are the result of our undertaking the liquidation of the liabilities of the Ontario Bank. The profits show an increase of \$160,000, due partly to the good rates ruling in London and New York, where we are compelled to carry a considerable portion of our reserve funds. The other changes are of minor importance, and do not call for any special comment.

When in October the deplorable condition of the Ontario Bank was submitted for the consideration of a number of bankers, it was thought best, in the interests of all concerned, that the bank should be liquidated, and, with the view of allaying any excitement which would probably be detrimental to the interests of the commercial community generally, it was decided that this Bank should undertake to assume all the liabilities of the Ontario Bank, under a guarantee from other banks in the event of the assets being insufficient to discharge them. This Bank is also a party to the guarantee, and we have agreed in addition to pay \$150,000 for the goodwill of the business. We do not anticipate that there will be any claim under the guarantee. The liquidation is proceeding quietly, without any public excitement or disorganization of the business of the country, with a minimum cost to the shareholders of the Ontario Bank, and without the loss of a dollar to either note-holders or depositors. The record of Canadian banks in this respect is excellent. During the last quarter of a century, by failures of banks, which could be organized under our present banking laws, the loss to depositors has been under \$750,000. The note-holders, of course, have lost nothing. I speak only of banks that could be organized under our present acts. Other banks during that period failed, involving loss to both depositors and note-holders, but they were acting under old charters and under conditions which do not now exist—in one case there was no double liability. Out of the 12 banks that have suspended since 1880, five only could obtain charters under our present system.

With respect to the general business of the country, I can only repeat my remarks of last year, that we are still in the full flood tide of prosperity. Railway earnings continue large, immigration is satisfactory, and the farming community share with manufacturers and merchants the general well-being; but in its wake it is feared will follow over-expansion, inflated values and increasing speculations, particularly in real estate and mining stocks, leaving wreckage behind when the tide ebbs.

There is still time to set one's house in order and keep it there, but the tardy should remember that the prolongation of the day of grace may add to the severity of the day of reckoning.

THE PRESIDENT'S REMARKS.

The President, in moving the adoption of the directors' report, said:—

In accordance with a practice of many years' standing in this Bank, I attempt a brief review of the general trade of the country.

Beyond question the general condition is one of great prosperity.

In all or nearly all branches of trade, manufacture and commerce considerable advances in the volume of trade have taken place, as compared with the preceding year.

The port of Montreal is now, it is satisfactory to note, much more widely recognized as the eastern port of the Dominion, and its efficiency the concern not of the Province of Quebec specially, but of the whole Dominion. It is therefore not entirely satisfactory to note that the business of the year now ending shows little, if any, advance over the previous year.

The improvements of the port proceed but slowly, and much remains to be done in the harbor, the channel, and the gulf, to make it possible to claim Montreal as a model port.

The present extreme rates of marine insurance are a

great disadvantage. Upon the whole the shipping business shows a fair season's business, due in part to a greatly increased importation of good and increased passenger trade, and the shipowners appear to be fairly well satisfied.

In this connection, it is in the highest degree satisfactory to note the improved volume of passenger business, due largely to the appearance on the route of four new steamers of the Allans and Canadian Pacific Railway Company. These boats, if only the pioneers, do much to remove the reproach which forced Canadian travel to New York and Boston, and prevented almost entirely general travel from reaching Canada, in effect placing Canada and Canadian interests in the background. We have the shortest sea route from Europe, and are only beginning to secure a reasonable share of a business which may include not Canadian alone, but a large portion of the Western United States.

Taken in detail, I may say the various important departments of trade and commerce have done well.

The hardware trade reports "a larger business during the past year than at any former period in the trade's history."

The new application of iron and steel in building structures added to the demand for other standard purposes have caused a famine in these materials and unexpected delays in many enterprises.

The dry goods trade is reported as never better, and one feature to which I may refer later on, is the much better and more expensive goods now in demand.

In woollens the report is that while still under a cloud from the operation of the preferential tariff it is better than last year, prices of all classes having advanced.

In cotton, advances in prices and an active demand are reported. Here again buyers are said to be taking goods costing seven to eight cents a yard, when not long ago four to five cents sufficed.

Boots and shoes—The demand has been good. Prices it is said have not advanced in proportion to the advance in the raw material, though now from 5 to 20 per cent. above last year.

In leather a large business has been done in the home trade, at an advance of one to two cents per pound. Raw hides having advanced all round about 25 per cent.

Wool has brought very high prices during the year.

Some idea of the value to the farming community of the cheese and butter trade may be found from the following figures.

Cheese—The cheese exported to Great Britain during the present season was of the value of \$22,401,132.

Butter.—Of butter, \$4,433,891, and including what remains to be sent out, we reach a total of over 33 millions of dollars. To these must be added the home consumption, which is every year growing in volume and importance.

The great feature of the hour is, however, the development of the North Western provinces—Manitoba, Saskatchewan, and Alberta—in which the capacity to produce excellent qualities of all kinds of cereals seems to be assured beyond question.

Of wheat alone the present crop is estimated at 85 million bushels, the quality undoubted; the area under cultivation is greater than last year, but the yield per acre is about 19 bushels, as against 23 last year.

If the other grains, such as oats, barley and flaxseed, are taken into account, and cattle exported to the value of eight millions of dollars, we are assured that the farmers have shared in the general prosperity.

The number of acres of Canadian Pacific lands sold from January 1 to October 31, 1906, is 1,080,000, as against 653,000 acres in the corresponding period of 1905.

The number of immigrants entering Canada through Canadian Pacific gateways from January 1 to November 7, 1906, is 132,000, as against 96,000 in the corresponding period of last year.

The best evidence of the extraordinary activity of trade is to be found in the railway traffic, which is trying to the utmost the resources of the roads; new rolling stock is being put into service as quickly as acquired, and the demand is still unappeased.

In addition, we have three great trunk lines engaged in active construction—The Grand Trunk to reach the Pacific, the Canadian Northern and the Canadian Pacific in great stretches of extension, the pace being only limited by the supply of labor.

The current complaint is of the increased cost of living.