

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 had 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. Moffat, 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 30th 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 1st to April 30th, 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 of Canada 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 in 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 to-day.

As it is, we are getting the benefit of the 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 7th \$1.62½ per bushel, compared with 92¼ 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 1½ per cent. 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 the 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 per cent., but it should be known that there is, at the very least, 15 per cent. (principally wheat) more land under cultivation this year (1915) than in the year 1914, and since I have had an opportunity of knowing what