

# The Bank of British North America

ESTABLISHED IN 1836

Incorporated by Royal Charter in 1840

## SEVENTY-EIGHTH ANNUAL REPORT AND BALANCE SHEET

Report of the Directors of the Bank of British North America, Presented to the Proprietors at Their Seventy-Eighth Yearly General Meeting, on Tuesday, March 3, 1914.

In submitting the Report and Balance Sheet of the 29th November, 1913, the Court of Directors desire to point out to the Proprietors that the changes now introduced into the form of the Balance Sheet have been rendered necessary by the provisions of the Canadian Bank Act, 1913.

It will be seen that the profits for the year, including \$33,446.79 brought forward from 30th November, 1912, amount to \$783,181.89, of which \$194,666.66 was appropriated to a dividend paid last October, leaving a balance of \$588,515.23, which the Directors propose to distribute as follows—

In the payment of a Dividend of 40% per Share.....\$194,666.66  
Payable less income tax, on the 4th April next.....  
Transferring to the Reserve Fund.....\$7,333.33  
Transferring to the Bank Premises Account.....\$7,333.33  
And in the Payment of a Bonus of 5 per cent. to the Staff, about.....108,437.58  
Leaving a balance to be carried forward of.....\$285,075.99

The above Dividend will make a distribution of 3 per cent. for the year. The Dividend Warrants will be remitted to the Proprietors on 3rd April next.

Since the last Report Branches have been opened at 150 Mile House, B. C., McGregor street and Selkirk avenue, Winnipeg, Man., St. Catharines, Ont., and Sub-Branches at James Bay, Victoria, B. C., Kamloops, Sask., and Queen's Head and Beech avenue, Toronto, Ont.

A Branch has been closed at Forward, Sask., and a Sub-Branch at the Union Stockyards, West Toronto.

The following appropriations from the Profit and Loss Account have been made for the benefit of the Staff, viz:—

To the Officers' Widows' and Orphans' Fund.....\$7,440.72  
To the Officers' Pension Fund.....44,866.95  
To the Officers' Life Insurance Fund.....1,946.66  
These amounts are for the whole year and include those already set forth in the Statement to 31st May, 1913.

London, 17th February, 1914.

The seventy-eighth yearly general meeting of the Proprietors was held on Tuesday, March 3, at the office of the Corporation, 5 Gracechurch street, E. C., London, England, Mr. E. A. Hoare presiding.

The Secretary (Mr. Jackson Dodds), having read the notice convening the meeting.

The Chairman said: Gentlemen, before allowing me to say a few words on a personal matter, you will all miss the familiar figure of our old friend and colleague, Richard Glyn. He was present at the last meeting, but he was then suffering from serious illness, and in the following May he died. Elected in 1866, he had been a director for no less than 47 years, and had given his best services to the bank. I also have to inform you with deep regret of the death of Mr. H. J. Kendall as recently as last week. He, too, had been a director for many years, having been elected in 1876.

You have already noticed the great changes that have been introduced into the balance-sheet, and after reading the report you understand that they are rendered necessary by the provisions of the Canadian Bank Act, 1913. A model balance-sheet has been drawn up to which all the chartered banks must conform, and, therefore, although I may all of us prefer the simplicity of our old balance-sheet, to which you have been accustomed for so many years, we must fall into line with all the other banks. My difficulty in addressing you today is in making an intelligent comparison of the various figures with those of the preceding year, and if I were to attempt to explain to you the exact meaning of each of the new lines you would, I am sure, be bored. There are, however, certain important features which I wish to draw your attention to which it is necessary to refer, and I hope that I may be able to explain them to you with sufficient clearness. The capital remains the same, and the reserve fund we add \$194,666.66 to the profits of the year. The notes in circulation show little variation, being \$107,066.66 above the figures of 1912. The deposits at \$38,227,466.45 are \$1,231,532.32 lower. The explanation of this is to be found in the remarks that I made when I had the honor of addressing you two years ago. I then referred to a larger increase in the deposits than we are accustomed to see, but I explained that included in that total were certain special deposits which we did not expect to be permanent. That is exactly what has happened. These special deposits have been gradually withdrawn. I may also mention that banking deposits generally

have been about stationary during the past year, owing chiefly to the favorable opportunities for investment which always accompany a long period of dear money. Bills payable is the next item calling for comment. This is a new line, and must not be confused with the item "acceptances" in the 1912 balance-sheet.

The item "bills payable" includes several important accounts besides "acceptances" and the "acceptances" are in fact less than one-third of the total. In order that the comparison with 1913 may be presented to you distinctly I give the following figures: Acceptances, included in bills payable, \$2,447,933.33 (these are all drawn in the ordinary course of our exchange transactions, or against securities; acceptances under letters of credit, \$1,790,933.33; total, \$4,238,866.66. Compared with 1912, this shows a reduction of \$3,659,733.33. Our acceptances were, in fact, far below the normal, whereas, with our explanation, they would appear to you to be higher than last year. On the other side of the account you have probably been struck by the apparently wide difference in the "Coin and Bullion" this year, and the "Cash and Specie" of 1912. The difference is accounted for chiefly by the separate line given to "Dominion Notes," which, being legal tenders, have in the past been included in the cash. "Notes of Other Banks" have in the past been dealt with in the same way. There are also other amounts included in the numerous particulars given lower down, which actually represent cash. I will not weary you by describing them in detail, but I will give you the net result. Had the balance-sheet been made up as before, the "Cash and Specie at Bankers and in Hand" would have shown an increase of \$1,674,132.22. On the other hand, cash at call and short notice would have shown a decrease of \$2,073,200. Bank premises show a further increase of \$301,733.33, after appropriating \$97,333.33 for this account to the course of the premises account. The necessity for this expenditure has already been explained to you so fully that I may avoid repetition. It is, however, interesting to trace the course of the premises account during the last ten years. On December 31, 1904, the premises account stood at \$876,000.00; on November 30, 1913, the premises account stood at \$1,835,000.00, an increase of \$959,000.00. In addition to this we have appropriated out of the profits during this period \$622,566.66, so that the actual expenditure on premises during the ten years has been \$1,456,566.66, which we have been fairly divided between the present generation and posterity. Another new line amongst the assets is "Deposit in Central Gold Reserves," \$248,200.00, which I will explain later on. And now, leaving the maze of these unaccustomed figures, I come to the profit and loss account. You will observe that (still in conformity with the Act) we now give the figures for the whole year, instead of for six months only, as in the past. This, I think, is an improvement, for it shows at a glance the result of the year's operations. The net profit was \$689,746.00, which compares with \$1,216,506.00, an increase of \$526,760.00. Seeing that 1912 was a year of only eleven months that result would appear to be somewhat disappointing, but it is not so really, for the earning power of the bank was better than ever. There were, however, certain items in 1913 charged against the profit and loss account that did not appear in 1912, amounting to \$77,865.66. The principal item in this total was in anticipation of probable loss in respect of the guarantee for the Sovereign Bank; another was for depreciation in investments. With this explanation I think that we may be fairly well satisfied with the results of the year's operations. You have already seen, both from the report and the balance-sheet, the proposed distribution of the profits, \$588,515.23 goes in the payment of the dividend, \$7,333.33 to the reserve fund, \$7,333.33 to the bank premises account, and \$36,500.00 in the payment of a bonus of 5 per cent. to the staff. You have, in the past, always so generously sanctioned the payment of the bonus to the staff that we are encouraged to ask you to do so once more, and we couple this request with the assurance that it is deserved, for I cannot speak too highly of the loyalty and the energy displayed by all ranks of the service in their duty to the bank. You have also made the usual appropriations for the Officers' Widows' and Orphans' Fund, the Pension Fund, and the Life Insurance Fund, of which I feel confident that you will approve. The Pension Fund inevitably increases with the constant growth of the staff and the retirement of the senior members, but it is impossible to estimate the value of it apart altogether from the fact that it is our manifest duty to make provision for those who have spent a lifetime in the service of the bank.

In dealing with the balance-sheet it has been necessary to refer to the Bank Act of 1913. The two clauses in that Act which, in my opinion, stand out prominently, are the Compulsory Audit and the requirement that all auditors, who require to be nominated and elected according to a definite formula which we all have to observe. This independent audit means nothing new to this bank, for we adopted it of our own free will as long ago as 1889, and have continued it ever since. This is sufficient evidence that we consider the new regulation to be a wise one. We should be glad to see the banks of Canada for a much greater elasticity in the circulation of all the banks by the deposit of gold and Dominion notes in the "Central Gold Reserves." These "Central Gold Reserves" will be under the joint control of the Canadian Bankers' Association and the Minister of Finance, and will be subject to inspection at frequent intervals by that Minister.

The banks are entitled to issue increased circulation equivalent to their deposits for the time being. This is the explanation of the \$248,200.00 under this heading to which I have just referred. We did not, as you are entitled to know, exceed our authorized circulation on November 30 by more than \$9,440.86, but by making this deposit we were protected against any unexpected demands.

This new privilege affects us in no small degree, principally because it finally relieves us of an anxiety which, during recent years, has sometimes been quite disturbing. We should be glad to see the limits of our authorized circulation during the autumn months when the movement of the harvest causes unavoidable expansion. It also affects us in another way, for I have often explained to you at our annual meetings that owing to there being no liability on the shares of this bank under our Royal Charter, our note circulation has been limited by the Canadian Bank Act to 75 per cent. of the paid-up capital, and for any excess over the 75 per cent. until the full amount of our capital is reached, we have deposited with the Government, Dominion of Canada Bonds, which we have held amongst our investments for this special purpose. Under the new Act that necessity will no longer exist, and should we at any future time, feel that it is no longer to our advantage to continue to hold that investment, we may let it go and, as an alternative, we may deposit in the "Central Gold Reserves" gold or Dominion notes equivalent to any excess of circulation over the 75 per cent. of our capital. We have no present intention of making any such change. As you are aware, we hold at present \$1,216,506.86 in Dominion of Canada bonds, maturing for repayment in 1914 to 1919, and this is a most convenient investment for a bank to hold, apart altogether from the special purpose for which it was made.

Now I shall not detain you any longer, for our general manager is here with us today. We invited him to come over and be present at the meeting, so that we might have the pleasure of introducing him to you. I shall now request him to address you and to explain to you the present position of affairs in the Dominion and our prospects for the coming year. (Applause.)

Mr. H. B. Mackenzie (General Manager), who was received with applause, said: Mr. Chairman and Gentlemen—Before I say anything else, I would like to tell you that it was very gratifying to me to learn from the Court of Directors that they wished me to be present at this meeting. It gives me much pleasure to meet the shareholders, and the visit affords an opportunity which I greatly value for personal consultation with the Court of Directors regarding our various business operations.

Mr. Hoare has dealt with the affairs of the bank, and I have been requested to address you regarding business conditions in the Dominion of Canada.

The year 1913 was not free from anxiety, but at the same time it was a profitable one for the banks, and practically all of them show increased earnings.

There have been references of late to the likelihood of a financial crisis in Canada, and I have no doubt that the country has been made; there is not the same readiness in London to buy our securities, and a higher rate of interest has to be paid on the issues that are exceptionally high quality. Through prices were not quite so good as in 1912, the total value of the crop was a little ahead of last year.

In British Columbia, the crops consist principally of fruit, and were very satisfactory. Mining, taken on the whole, was prosperous, in spite of a protracted strike in the coal mines at Nanaimo. The fisheries also had a good year, 1913 being the big year on the Fraser River, which occurs once in four years, and it was, perhaps, not so good as last year, but the average result was satisfactory. The lumber trade in British Columbia is depressed, and those interested in this industry have had a poor year.

From the above brief synopsis it will be seen that, except for the lumber trade in British Columbia, conditions in the natural industries of the country may be called generally satisfactory. Manufacturers throughout the Dominion have speaking broadly, done well, though the outlook for 1914 is hardly so good. General mercantile business has been good, though retail trade has suffered at those points where it had been stimulated during recent years by the spending of the profits so easily made in real estate and other speculations.

The action of the United States Government in removing the tariff from lumber, agricultural products, cattle and fish, is expected to stimulate trade through giving our people wider markets. One immediate effect was the shipment to the United States of large numbers of cattle, and it is felt that too many of the farmers were induced by the high prices offering to deplete their herds.

In the annual address of the chairman three years ago, reference was made to the establishment in Canada by American manufacturers of branch manufacturing plants in Canada. These form a welcome addition to the business community, and there seems every reason to expect that their experience will encourage others to follow.

Owing probably to the reports of depression in Canada, the outlook for immigration this year is not so good, though there will no doubt be a substantial number of settlers. In this connection the fact seems often overlooked that in the Maritime Provinces and in Ontario and Quebec there are good and cheap lands awaiting settlement. The great bulk of the emigrants still go to the prairies, but steps are being taken to draw attention to the available lands in the eastern provinces.

I cannot offer any prediction as to the time when the full tide of prosperity will return to Canada, but it

200.00, which I will explain later on. And now, leaving the maze of these unaccustomed figures, I come to the profit and loss account. You will observe that (still in conformity with the Act) we now give the figures for the whole year, instead of for six months only, as in the past. This, I think, is an improvement, for it shows at a glance the result of the year's operations. The net profit was \$689,746.00, which compares with \$1,216,506.00, an increase of \$526,760.00. Seeing that 1912 was a year of only eleven months that result would appear to be somewhat disappointing, but it is not so really, for the earning power of the bank was better than ever. There were, however, certain items in 1913 charged against the profit and loss account that did not appear in 1912, amounting to \$77,865.66. The principal item in this total was in anticipation of probable loss in respect of the guarantee for the Sovereign Bank; another was for depreciation in investments. With this explanation I think that we may be fairly well satisfied with the results of the year's operations. You have already seen, both from the report and the balance-sheet, the proposed distribution of the profits, \$588,515.23 goes in the payment of the dividend, \$7,333.33 to the reserve fund, \$7,333.33 to the bank premises account, and \$36,500.00 in the payment of a bonus of 5 per cent. to the staff. You have, in the past, always so generously sanctioned the payment of the bonus to the staff that we are encouraged to ask you to do so once more, and we couple this request with the assurance that it is deserved, for I cannot speak too highly of the loyalty and the energy displayed by all ranks of the service in their duty to the bank. You have also made the usual appropriations for the Officers' Widows' and Orphans' Fund, the Pension Fund, and the Life Insurance Fund, of which I feel confident that you will approve. The Pension Fund inevitably increases with the constant growth of the staff and the retirement of the senior members, but it is impossible to estimate the value of it apart altogether from the fact that it is our manifest duty to make provision for those who have spent a lifetime in the service of the bank.

In dealing with the balance-sheet it has been necessary to refer to the Bank Act of 1913. The two clauses in that Act which, in my opinion, stand out prominently, are the Compulsory Audit and the requirement that all auditors, who require to be nominated and elected according to a definite formula which we all have to observe. This independent audit means nothing new to this bank, for we adopted it of our own free will as long ago as 1889, and have continued it ever since. This is sufficient evidence that we consider the new regulation to be a wise one. We should be glad to see the banks of Canada for a much greater elasticity in the circulation of all the banks by the deposit of gold and Dominion notes in the "Central Gold Reserves." These "Central Gold Reserves" will be under the joint control of the Canadian Bankers' Association and the Minister of Finance, and will be subject to inspection at frequent intervals by that Minister.

The banks are entitled to issue increased circulation equivalent to their deposits for the time being. This is the explanation of the \$248,200.00 under this heading to which I have just referred. We did not, as you are entitled to know, exceed our authorized circulation on November 30 by more than \$9,440.86, but by making this deposit we were protected against any unexpected demands.

This new privilege affects us in no small degree, principally because it finally relieves us of an anxiety which, during recent years, has sometimes been quite disturbing. We should be glad to see the limits of our authorized circulation during the autumn months when the movement of the harvest causes unavoidable expansion. It also affects us in another way, for I have often explained to you at our annual meetings that owing to there being no liability on the shares of this bank under our Royal Charter, our note circulation has been limited by the Canadian Bank Act to 75 per cent. of the paid-up capital, and for any excess over the 75 per cent. until the full amount of our capital is reached, we have deposited with the Government, Dominion of Canada Bonds, which we have held amongst our investments for this special purpose. Under the new Act that necessity will no longer exist, and should we at any future time, feel that it is no longer to our advantage to continue to hold that investment, we may let it go and, as an alternative, we may deposit in the "Central Gold Reserves" gold or Dominion notes equivalent to any excess of circulation over the 75 per cent. of our capital. We have no present intention of making any such change. As you are aware, we hold at present \$1,216,506.86 in Dominion of Canada bonds, maturing for repayment in 1914 to 1919, and this is a most convenient investment for a bank to hold, apart altogether from the special purpose for which it was made.

Now I shall not detain you any longer, for our general manager is here with us today. We invited him to come over and be present at the meeting, so that we might have the pleasure of introducing him to you. I shall now request him to address you and to explain to you the present position of affairs in the Dominion and our prospects for the coming year. (Applause.)

Mr. H. B. Mackenzie (General Manager), who was received with applause, said: Mr. Chairman and Gentlemen—Before I say anything else, I would like to tell you that it was very gratifying to me to learn from the Court of Directors that they wished me to be present at this meeting. It gives me much pleasure to meet the shareholders, and the visit affords an opportunity which I greatly value for personal consultation with the Court of Directors regarding our various business operations.

Mr. Hoare has dealt with the affairs of the bank, and I have been requested to address you regarding business conditions in the Dominion of Canada.

The year 1913 was not free from anxiety, but at the same time it was a profitable one for the banks, and practically all of them show increased earnings.

There have been references of late to the likelihood of a financial crisis in Canada, and I have no doubt that the country has been made; there is not the same readiness in London to buy our securities, and a higher rate of interest has to be paid on the issues that are exceptionally high quality. Through prices were not quite so good as in 1912, the total value of the crop was a little ahead of last year.

In British Columbia, the crops consist principally of fruit, and were very satisfactory. Mining, taken on the whole, was prosperous, in spite of a protracted strike in the coal mines at Nanaimo. The fisheries also had a good year, 1913 being the big year on the Fraser River, which occurs once in four years, and it was, perhaps, not so good as last year, but the average result was satisfactory. The lumber trade in British Columbia is depressed, and those interested in this industry have had a poor year.

From the above brief synopsis it will be seen that, except for the lumber trade in British Columbia, conditions in the natural industries of the country may be called generally satisfactory. Manufacturers throughout the Dominion have speaking broadly, done well, though the outlook for 1914 is hardly so good. General mercantile business has been good, though retail trade has suffered at those points where it had been stimulated during recent years by the spending of the profits so easily made in real estate and other speculations.

The action of the United States Government in removing the tariff from lumber, agricultural products, cattle and fish, is expected to stimulate trade through giving our people wider markets. One immediate effect was the shipment to the United States of large numbers of cattle, and it is felt that too many of the farmers were induced by the high prices offering to deplete their herds.

In the annual address of the chairman three years ago, reference was made to the establishment in Canada by American manufacturers of branch manufacturing plants in Canada. These form a welcome addition to the business community, and there seems every reason to expect that their experience will encourage others to follow.

Owing probably to the reports of depression in Canada, the outlook for immigration this year is not so good, though there will no doubt be a substantial number of settlers. In this connection the fact seems often overlooked that in the Maritime Provinces and in Ontario and Quebec there are good and cheap lands awaiting settlement. The great bulk of the emigrants still go to the prairies, but steps are being taken to draw attention to the available lands in the eastern provinces.

I cannot offer any prediction as to the time when the full tide of prosperity will return to Canada, but it

should we at any future time, feel that it is no longer to our advantage to continue to hold that investment, we may let it go and, as an alternative, we may deposit in the "Central Gold Reserves" gold or Dominion notes equivalent to any excess of circulation over the 75 per cent. of our capital. We have no present intention of making any such change. As you are aware, we hold at present \$1,216,506.86 in Dominion of Canada bonds, maturing for repayment in 1914 to 1919, and this is a most convenient investment for a bank to hold, apart altogether from the special purpose for which it was made.

Now I shall not detain you any longer, for our general manager is here with us today. We invited him to come over and be present at the meeting, so that we might have the pleasure of introducing him to you. I shall now request him to address you and to explain to you the present position of affairs in the Dominion and our prospects for the coming year. (Applause.)

Mr. H. B. Mackenzie (General Manager), who was received with applause, said: Mr. Chairman and Gentlemen—Before I say anything else, I would like to tell you that it was very gratifying to me to learn from the Court of Directors that they wished me to be present at this meeting. It gives me much pleasure to meet the shareholders, and the visit affords an opportunity which I greatly value for personal consultation with the Court of Directors regarding our various business operations.

Mr. Hoare has dealt with the affairs of the bank, and I have been requested to address you regarding business conditions in the Dominion of Canada.

The year 1913 was not free from anxiety, but at the same time it was a profitable one for the banks, and practically all of them show increased earnings.

There have been references of late to the likelihood of a financial crisis in Canada, and I have no doubt that the country has been made; there is not the same readiness in London to buy our securities, and a higher rate of interest has to be paid on the issues that are exceptionally high quality. Through prices were not quite so good as in 1912, the total value of the crop was a little ahead of last year.

In British Columbia, the crops consist principally of fruit, and were very satisfactory. Mining, taken on the whole, was prosperous, in spite of a protracted strike in the coal mines at Nanaimo. The fisheries also had a good year, 1913 being the big year on the Fraser River, which occurs once in four years, and it was, perhaps, not so good as last year, but the average result was satisfactory. The lumber trade in British Columbia is depressed, and those interested in this industry have had a poor year.

From the above brief synopsis it will be seen that, except for the lumber trade in British Columbia, conditions in the natural industries of the country may be called generally satisfactory. Manufacturers throughout the Dominion have speaking broadly, done well, though the outlook for 1914 is hardly so good. General mercantile business has been good, though retail trade has suffered at those points where it had been stimulated during recent years by the spending of the profits so easily made in real estate and other speculations.

The action of the United States Government in removing the tariff from lumber, agricultural products, cattle and fish, is expected to stimulate trade through giving our people wider markets. One immediate effect was the shipment to the United States of large numbers of cattle, and it is felt that too many of the farmers were induced by the high prices offering to deplete their herds.

In the annual address of the chairman three years ago, reference was made to the establishment in Canada by American manufacturers of branch manufacturing plants in Canada. These form a welcome addition to the business community, and there seems every reason to expect that their experience will encourage others to follow.

Owing probably to the reports of depression in Canada, the outlook for immigration this year is not so good, though there will no doubt be a substantial number of settlers. In this connection the fact seems often overlooked that in the Maritime Provinces and in Ontario and Quebec there are good and cheap lands awaiting settlement. The great bulk of the emigrants still go to the prairies, but steps are being taken to draw attention to the available lands in the eastern provinces.

I cannot offer any prediction as to the time when the full tide of prosperity will return to Canada, but it

should we at any future time, feel that it is no longer to our advantage to continue to hold that investment, we may let it go and, as an alternative, we may deposit in the "Central Gold Reserves" gold or Dominion notes equivalent to any excess of circulation over the 75 per cent. of our capital. We have no present intention of making any such change. As you are aware, we hold at present \$1,216,506.86 in Dominion of Canada bonds, maturing for repayment in 1914 to 1919, and this is a most convenient investment for a bank to hold, apart altogether from the special purpose for which it was made.

Now I shall not detain you any longer, for our general manager is here with us today. We invited him to come over and be present at the meeting, so that we might have the pleasure of introducing him to you. I shall now request him to address you and to explain to you the present position of affairs in the Dominion and our prospects for the coming year. (Applause.)

Mr. H. B. Mackenzie (General Manager), who was received with applause, said: Mr. Chairman and Gentlemen—Before I say anything else, I would like to tell you that it was very gratifying to me to learn from the Court of Directors that they wished me to be present at this meeting. It gives me much pleasure to meet the shareholders, and the visit affords an opportunity which I greatly value for personal consultation with the Court of Directors regarding our various business operations.

Mr. Hoare has dealt with the affairs of the bank, and I have been requested to address you regarding business conditions in the Dominion of Canada.

The year 1913 was not free from anxiety, but at the same time it was a profitable one for the banks, and practically all of them show increased earnings.

There have been references of late to the likelihood of a financial crisis in Canada, and I have no doubt that the country has been made; there is not the same readiness in London to buy our securities, and a higher rate of interest has to be paid on the issues that are exceptionally high quality. Through prices were not quite so good as in 1912, the total value of the crop was a little ahead of last year.

In British Columbia, the crops consist principally of fruit, and were very satisfactory. Mining, taken on the whole, was prosperous, in spite of a protracted strike in the coal mines at Nanaimo. The fisheries also had a good year, 1913 being the big year on the Fraser River, which occurs once in four years, and it was, perhaps, not so good as last year, but the average result was satisfactory. The lumber trade in British Columbia is depressed, and those interested in this industry have had a poor year.

From the above brief synopsis it will be seen that, except for the lumber trade in British Columbia, conditions in the natural industries of the country may be called generally satisfactory. Manufacturers throughout the Dominion have speaking broadly, done well, though the outlook for 1914 is hardly so good. General mercantile business has been good, though retail trade has suffered at those points where it had been stimulated during recent years by the spending of the profits so easily made in real estate and other speculations.

The action of the United States Government in removing the tariff from lumber, agricultural products, cattle and fish, is expected to stimulate trade through giving our people wider markets. One immediate effect was the shipment to the United States of large numbers of cattle, and it is felt that too many of the farmers were induced by the high prices offering to deplete their herds.

In the annual address of the chairman three years ago, reference was made to the establishment in Canada by American manufacturers of branch manufacturing plants in Canada. These form a welcome addition to the business community, and there seems every reason to expect that their experience will encourage others to follow.

Owing probably to the reports of depression in Canada, the outlook for immigration this year is not so good, though there will no doubt be a substantial number of settlers. In this connection the fact seems often overlooked that in the Maritime Provinces and in Ontario and Quebec there are good and cheap lands awaiting settlement. The great bulk of the emigrants still go to the prairies, but steps are being taken to draw attention to the available lands in the eastern provinces.

I cannot offer any prediction as to the time when the full tide of prosperity will return to Canada, but it

should we at any future time, feel that it is no longer to our advantage to continue to hold that investment, we may let it go and, as an alternative, we may deposit in the "Central Gold Reserves" gold or Dominion notes equivalent to any excess of circulation over the 75 per cent. of our capital. We have no present intention of making any such change. As you are aware, we hold at present \$1,216,506.86 in Dominion of Canada bonds, maturing for repayment in 1914 to 1919, and this is a most convenient investment for a bank to hold, apart altogether from the special purpose for which it was made.

Now I shall not detain you any longer, for our general manager is here with us today. We invited him to come over and be present at the meeting, so that we might have the pleasure of introducing him to you. I shall now request him to address you and to explain to you the present position of affairs in the Dominion and our prospects for the coming year. (Applause.)

Mr. H. B. Mackenzie (General Manager), who was received with applause, said: Mr. Chairman and Gentlemen—Before I say anything else, I would like to tell you that it was very gratifying to me to learn from the Court of Directors that they wished me to be present at this meeting. It gives me much pleasure to meet the shareholders, and the visit affords an opportunity which I greatly value for personal consultation with the Court of Directors regarding our various business operations.

Mr. Hoare has dealt with the affairs of the bank, and I have been requested to address you regarding business conditions in the Dominion of Canada.

The year 1913 was not free from anxiety, but at the same time it was a profitable one for the banks, and practically all of them show increased earnings.

There have been references of late to the likelihood of a financial crisis in Canada, and I have no doubt that the country has been made; there is not the same readiness in London to buy our securities, and a higher rate of interest has to be paid on the issues that are exceptionally high quality. Through prices were not quite so good as in 1912, the total value of the crop was a little ahead of last year.

In British Columbia, the crops consist principally of fruit, and were very satisfactory. Mining, taken on the whole, was prosperous, in spite of a protracted strike in the coal mines at Nanaimo. The fisheries also had a good year, 1913 being the big year on the Fraser River, which occurs once in four years, and it was, perhaps, not so good as last year, but the average result was satisfactory. The lumber trade in British Columbia is depressed, and those interested in this industry have had a poor year.

From the above brief synopsis it will be seen that, except for the lumber trade in British Columbia, conditions in the natural industries of the country may be called generally satisfactory. Manufacturers throughout the Dominion have speaking broadly, done well, though the outlook for 1914 is hardly so good. General mercantile business has been good, though retail trade has suffered at those points where it had been stimulated during recent years by the spending of the profits so easily made in real estate and other speculations.

The action of the United States Government in removing the tariff from lumber, agricultural products, cattle and fish, is expected to stimulate trade through giving our people wider markets. One immediate effect was the shipment to the United States of large numbers of cattle, and it is felt that too many of the farmers were induced by the high prices offering to deplete their herds.

In the annual address of the chairman three years ago, reference was made to the establishment in Canada by American manufacturers of branch manufacturing plants in Canada. These form a welcome addition to the business community, and there seems every reason to expect that their experience will encourage others to follow.

Owing probably to the reports of depression in Canada, the outlook for immigration this year is not so good, though there will no doubt be a substantial number of settlers. In this connection the fact seems often overlooked that in the Maritime Provinces and in Ontario and Quebec there are good and cheap lands awaiting settlement. The great bulk of the emigrants still go to the prairies, but steps are being taken to draw attention to the available lands in the eastern provinces.

I cannot offer any prediction as to the time when the full tide of prosperity will return to Canada, but it

should we at any future time, feel that it is no longer to our advantage to continue to hold that investment, we may let it go and, as an alternative, we may deposit in the "Central Gold Reserves" gold or Dominion notes equivalent to any excess of circulation over the 75 per cent. of our capital. We have no present intention of making any such change. As you are aware, we hold at present \$1,216,506.86 in Dominion of Canada bonds, maturing for repayment in 1914 to 1919, and this is a most convenient investment for a bank to hold, apart altogether from the special purpose for which it was made.

Now I shall not detain you any longer, for our general manager is here with us today. We invited him to come over and be present at the meeting, so that we might have the pleasure of introducing him to you. I shall now request him to address you and to explain to you the present position of affairs in the Dominion and our prospects for the coming year. (Applause.)

Mr. H. B. Mackenzie (General Manager), who was received with applause, said: Mr. Chairman and Gentlemen—Before I say anything else, I would like to tell you that it was very gratifying to me to learn from the Court of Directors that they wished me to be present at this meeting. It gives me much pleasure to meet the shareholders, and the visit affords an opportunity which I greatly value for personal consultation with the Court of Directors regarding our various business operations.

Mr. Hoare has dealt with the affairs of the bank, and I have been requested to address you regarding business conditions in the Dominion of Canada.

The year 1913 was not free from anxiety, but at the same time it was a profitable one for the banks, and practically all of them show increased earnings.

There have been references of late to the likelihood of a financial crisis in Canada, and I have no doubt that the country has been made; there is not the same readiness in London to buy our securities, and a higher rate of interest