

ASSETS

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| Gold and Silver coin current..... | \$ 11,015,339 47 |
| Government demand notes | 11,149,460 25 |
| Deposit in Central Gold Reserves | 1,000,000 00 |
| Deposit with Dominion Government required by Act of Parliament for security of general bank note circulation | 790,000 00 |
| Due from Banks and Banking Correspondents elsewhere than in Canada.. | \$ 6,126,729 75 |
| Call and Short Loans in Great Britain and United States..... | 51,240,795 02 |
| | 57,367,524 77 |
| Dominion and Provincial Government Securities..... | 530,880 74 |
| Railway and other Bonds, Debentures and Stocks..... | 12,403,160 79 |
| Notes and cheques of other Banks..... | 9,443,052 22 |
| | \$103,699,427 24 |
| Current Loans and Discounts in Canada and elsewhere (rebate interest reserved) and other assets | \$128,935,567 24 |
| Loans to Cities, Towns, Municipalities and School Districts..... | 5,227,905 74 |
| Debts Secured by mortgage or otherwise.. | 285,281 83 |
| Overdue debts not specially secured (loss provided for)..... | 115,037 55 |
| | \$134,563,792 30 |
| Bank Premises at Montreal and Branches..... | 4,000,000 00 |
| Liabilities of Customers under Letters of Credit (as per Contra) | 2,523,824 95 |
| | \$244,787,044 55 |

H. V. MEREDITH,
General Manager.

THE PRESIDENT'S ADDRESS

Mr. Meredith, in moving that the report of the Directors and the accounts, as read, be adopted and the same be printed for distribution among the shareholders, said:—

Gentlemen,—In moving the adoption of the Directors' Report, I will refer to the changes which have taken place during the year in the Balance Sheet, a copy of which has been furnished you, before alluding to general and financial conditions. The Bank has experienced another good year and its business has been well maintained. The Authorized Capital remains at \$25,000,000, the Paid-up Capital at \$16,000,000, and the Rest at \$16,000,000. Out of net earnings, which, for the year, amounted to \$2,648,402.86, \$243,402.86 was transferred to Profit and Loss Account, bringing that balance up to \$1,046,217.80, and there has been set aside for Bank Premises Account during the year an amount of \$485,000. A Bonus of 1 per cent. was paid to Shareholders on 1st June and 1st December over and above the quarterly dividend of 2½ per cent.

Deposits not bearing interest remain practically unchanged. Interest-bearing deposits show an increase of \$2,500,000. A portion of these is always of a temporary nature, but I am pleased to say that, notwithstanding the fact that considerable sums have been withdrawn during the year for investment at the tempting rates prevailing, the aggregate of the Savings Bank deposits has been well maintained.

Turning to our assets, the current loans and discounts in Canada and elsewhere and other assets, amounting to \$134,160,000, show an increase of \$15,000,000, caused by taking on new business and by the increased legitimate requirements of our customers. Investments in railway and other bonds are \$12,933,000. Bank premises, Montreal and branches, remain at \$4,000,000. Call and other loans in Great Britain and the United States are \$51,240,000, against \$55,150,000 a year ago, which deduction, with \$8,000,000 withdrawn from foreign correspondents and agencies of the Bank outside of Canada, has been used to provide for the increased demands of our Canadian customers, mentioned above. Our bills payable amount to \$919,308, as compared with £1,717,000 as at the same date last year. At that time, however, the amount was shown as a contingent liability instead of being included in the General Statement as at present.

The delayed decennial revision of the Bank Act was finally completed at the last session of Parliament. On the whole, the new measure may be characterized not only as workable, as preserving the fundamental principles of past laws, but as well designed to promote and safeguard the interests of the public, which, I need scarcely add, are identical with the interests of the Bank.

As the measure was a non-contentious one, I think I am at liberty to add my tribute of praise to the Finance Minister, Hon. Mr. White, for the very capable manner in which he supervised the revision of the Act. Throughout the protracted discussion of the bill, he exhibited a thorough grasp of the subject and a keen desire to make the measure conform as fully as possible to the needs of the public, the safety and stability of the banks.

THE GENERAL SITUATION

In regard to the general situation, the year 1913 may be truly described as a memorable one. In Great Britain it has been disturbed and disappointing. The demands of borrowing countries, both old and new, have outrun capital supplies, and there has been an ever-increasing difficulty in obtaining loans, however sound the security might be, and, when obtainable, the rates and terms have been far more onerous than for many years past.

As is well known, there have been several factors combining to produce these stringent conditions; the Balkan War and record public flotations, which in London alone totalled not less than £200,000,000 to the end of October, exclusive of special borrowings and treasury bills, of which no less an amount than £54,000,000 were Canadian emissions. Then there has been world-wide trade activity, a rise in the price of commodities, coupled with serious political disturbances in France and Germany, and the continuous and heavy gold demands of such importing countries as Argentina, Brazil, Egypt and India, heavier requirements for home trade in Great Britain, and accumulations by joint stock banks in their private vaults. Added to all this, the position was aggravated by the prolongation of the Balkan War, and social unrest in England.

In France, the economic position has been less favorable than usual. The severe political shocks I have mentioned occasioned a withdrawal of funds from Germany, and hoarding has been continuous and constant. A vast aggregation of loans to finance the Balkan States and for increased home armaments still await flotation. In Germany, the situation shows a marked betterment in the improved condition of the Reichsbank and a curtailment of that country's excessive trade activities.

In the United States, conditions throughout that country are thought to be fundamentally sound. Politics have affected business activities, and with the exception of wheat, there is a shortage of crops throughout the country. A disposition to go slow and not to make commitments beyond actual requirements is apparent, so that no undue strain is likely to take place, but, rather, an era of economy, which should have a beneficial effect on the situation generally. The money situation has proved to be of greater ease than was at one time expected, and the usual Fall stringency has not so far materialized. The principal cause for the prolonged ease may, I think, be put down to the early preparations to meet the contingency of dear money, the slowing down in general business, and the depositing of Government funds in the banks of the West and South, thereby relieving the Eastern banks of a portion of the burden of financing the crops, for which they had been prepared.

The condition in Great Britain and abroad, which I have endeavored to outline, will no doubt take time to ameliorate, and improvement will probably be brought about by reduced trade activity gradually releasing money for investment purposes and hoarded funds; but the process will of necessity be slow.

I have thought it well to make these somewhat extended remarks in regard to financial conditions in other and neighboring countries, as they have an important bearing upon existing conditions here.

TRADE OF CANADA

The returns of the foreign trade of Canada are not unsatisfactory. Imports are falling off, in consequence of the monetary situation and the curtailment of foreign loans. In October the value of imports of merchandise was \$8,664,000 less than in the corresponding month in 1912, while for the seven months ending October, the value of imports was only \$4,300,000 in excess of last year. On the other hand, the export trade is expanding, the value of domestic products exported in October having been \$23,360,000 in excess of the same month a year ago, and the exports for the seven months, \$49,330,000 greater than in 1912. The aggregate foreign trade of Canada for the seven months ending with October was \$636,004,000 as against \$582,444,000 a year ago, showing a gain of \$53,650,000, and in this period the excess of imports over domestic exports has been cut down from