

THE IMMEDIATE FUTURE.

Sooner or later we must have a reaction, but can it be, if soon, anything but temporary and of short duration, with the expenditures referred to going on, and the shortage of almost everything the world over? It is true we are doing business on credit—yes, on inflated Government credit—and mortgaging the future, and may, if we go on, exhaust that credit, with a possibility of a panic when the crisis comes, but it is difficult to see how there can be permanent reduction in prices, or a lengthy depression, until real work supplies an overplus of goods.

Our Bank Managers' annual letters are interesting and earnest, as usual, and my information as to conditions has been largely gathered from their perusal. They are, in most cases, optimistic as to the outlook in their particular districts. We have, I am happy to say, in our Managers, taken on a whole, a body of very shrewd and observant men, most of them young.

ASSISTING AGRICULTURE.

I am going to venture a word on the criticisms to which the Banks have been subjected regarding the assistance extended by them to the farming community in the newer Provinces. I believe the criticism is not justified; it certainly is not in the case of this Bank. Self-interest impels Banks to do all they can to further cultivation and production in the districts in which they have their branches, and, as far as we are concerned, we have gone in some cases beyond what prudence would warrant in assisting those we have thought deserving.

I might say, further, that we are not disposed to raise any objections to the establishment of banking institutions on some other basis than our own, as long as we are not compelled by law to take unwarranted chances in our dealing with them. If they prove a benefit to the community, they will be welcome, for on the prosperity of the people our own success depends, and there will be room for all that are entitled to success.

FOREIGN CONNECTIONS.

Up to this time, this Bank has had no branches or established individual agencies or offices of its own abroad. It has confined its efforts entirely to the Canadian Field, though its foreign connections have been of the best, and it has been able to furnish its customers, doing a foreign business, a service, I think, equal to any. These connections have been strengthened and improved during the past year, and we see no necessity for changing the policy followed so long. If, however, the situation changes, it is not our intention to be backward in meeting it.

SATISFACTORY GROWTH.

We are growing in a way that gives us much satisfaction, and have not, perhaps, the ambition to be great in the sense of being large. If we can employ our funds so as to give the public a safe depository for their savings, you a safe and satisfactory investment, help to the development and advancement of the country, and reasonably reward those who bring about these results, this institution's existence will be fully justified.

NEW HEAD OFFICE.

Turning to our Balance Sheet, you will notice a large increase in Bank Premises Account. The necessity for continuing the expenditure in this direction has not grown less, and in several cases we have been compelled to provide offices in spite of the extremely high cost of construction. We have, besides, purchased the northwest corner of King and Yonge streets, where we hope, some time in the not far distant future, to locate our Head Office. This corner is said to be the most important in the city of Toronto—we believe results will justify the heavy expenditure, and in the meantime we are receiving a reasonable return on the money invested.

The General Manager's Address

The General Manager said in part:

"General trade in practically all Branches has been active and profitable during the year, and the Bank has participated in this prosperity. The reaction from high prices has not yet occurred, and although there is undoubtedly a feeling not only in Canada, but also in the United States, that the crest of the wave has been reached, there have been few definite signs that the reaction is near. The feeling as to the future is becoming less optimistic, but the insistent home demands on our agricultural and manufacturing resources show few signs of abatement, and, as you see by our balance sheet, we have in assisting to care for the shortage incidentally been able in the past year to show results in the Bank's business of a gratifying nature—both Deposits and Circulation show substantial increases. Deposits have grown from \$83,198,234, in April, 1919, to \$97,784,217, as on April 30th of this year, and of the increase in this connection, \$10,964,534 has been in our interest-bearing deposits, equal to approximately 18 per cent. Bearing in mind the large amount withdrawn for investment in 1919 Victory Loan, we consider this a very satisfactory showing. The total increase in deposits of the Chartered Banks in Canada for the year ended April 30th, 1920, amounted to \$290,425,141, or 16 per cent., as compared with our increase of approximately 18 per cent.

GROWTH IN SAVINGS.

"I would rather not forecast the prospects for a continued growth in Savings Deposits. Last year I was rash enough to express the opinion that the Banks would find difficulty in keeping up a normal growth in this department, but with an increase of 10,964,000 for the year ending April 30th, 1920, compared with approximately \$5,000,000 for the previous year, the latter period enjoying the benefits of war contracts, etc., you will readily appreciate the diffidence I now have in committing myself. We are doing everything we can to increase the deposits of the Bank, and I can assure you that this very important department of our business receives careful attention.

NOTE CIRCULATION.

"The maximum figure which our circulation reached was \$14,868,970, on April 6th, 1920, or more than twice the amount of our paid-up capital, but, as pointed out on previous occasions, this expended note circulation has, on account of the necessity under the Bank Act of paying 5 per cent. interest on excess circulation, or keeping on deposit with the Central Gold Reserve an amount equal to such excess, been of less benefit to the Bank than would appear from the bald figures.

"Our total liabilities to the public have grown during the past twelve months, as you will see by the statement, to the large sum of \$112,431,890, being an increase of \$15,820,893 during the year.

ASSETS INCREASE.

"Turning to the other side of the balance sheet you will note a steady increase in assets, the total now being \$128,274,168, as compared with \$112,186,457 a year ago, an increase of \$16,087,711, equal to 14 per cent. It may interest you to know that in 1880 our total assets amounted to \$3,711,000; in 1890, \$9,732,000; in 1900, \$20,308,000; in 1910, \$56,239,000. Between the later date and April 30th, 1920, an increase of \$72,000,000, or 130 per cent.

"Our net profits are, we consider, satisfactory, being \$131,801.63 in excess of a year ago.

STRONG RESERVE.

"We have maintained strong reserves throughout the year and when this last balance sheet was prepared, the legal tender notes, specie, deposit in the Central Gold Reserve, call loans and balances due from other banks, total 32 per cent. of our liabilities to the public, which we consider a creditable showing. Our second reserve consists of bonds,