

Railway and other Bonds, Debentures, and Stocks, not exceeding market value	802,642.28	
Call and Short (not exceeding thirty days) Loans in Canada, on Bonds, Debentures, and Stocks	2,171,418.69	\$15,485,644.68
Other Current Loans and Discounts in Canada (less rebate of interest \$199,100.00)	\$42,658,735.32	
Loans to other Banks, secured	118,478.85	
Overdue Debts (estimated loss provided for)	88,913.61	42,866,127.78
Liabilities of Customers under Letters of Credit, as per contra		464,206.06
Bank Premises, at not more than cost, less amounts written off		3,113,384.68
		<u>\$61,929,363.20</u>

D. COULSON,  
President.

THOS. F. HOW,  
General Manager.

Toronto, 30th November, 1914.

#### AUDITOR'S REPORT TO THE SHAREHOLDERS.

I have compared the above Balance Sheet with the books and accounts at the chief office of the Bank of Toronto, and with the certified returns received from its branches, and after checking the cash and verifying the securities at the chief office and two of the principal branches on November 30th, 1914, I certify that in my opinion such Balance Sheet exhibits a true and correct view of the state of the Bank's affairs according to the best of my information, the explanations given to me, and as shown by the books of the Bank.

In addition to the examination mentioned, the cash and securities at the chief office and two of the principal branches were checked and verified by me during the year, and found to be in accord with the books of the Bank.

All information and explanations required have been given to me, and all transactions of the Bank which have come under my notice have, in my opinion, been within the powers of the Bank.

G. T. CLARKSON,  
Chartered Accountant.

Toronto, December 12th, 1914.

After the Report had been read a letter from the President, Mr. Coulson, addressed to the Stockholders, was read by the Second Vice-President, Mr. Henderson, accompanied by the following remarks, which Mr. Coulson desired to have conveyed to the meeting:—

It was fortunate for the business interests in Canada that the process of slowing down had been going on for more than a year before the outbreak of the war. There was a realization that the time had come when we could no longer obtain money to the extent it had been available in former years, and that expenditures that had been so freely made in railway building, in the development of public utilities and municipal undertakings, must be largely reduced. The unwise lengths, also, to which speculation had gone in real estate ventures, and the inflated values at which industrial enterprises had been capitalized had created a feeling of distrust in the minds of conservative investors, and in consequence the supply of money for such purposes was almost entirely cut off.

The banks had all been pursuing a very conservative policy, were steadily strengthening their resources, and influencing their customers in the same direction. As a result of this conservative policy the country was in a better position to meet the shock which came when war was declared. It was impossible for any country to have made adequate provision against such a blow as the whole financial credit system received in those days in early August last. Looking back upon the situation as it existed for a few days following the closing of all the important stock exchanges in the world, with the complete shutting off of all transactions in international exchange, it is a cause for thankful wonder that matters were so speedily brought under control, and that business relations were re-established, although necessarily at first to a very limited extent.

Too much credit cannot be given to the financial authorities of Great Britain for their heroic and wise adoption of measures that brought relief from the financial chaos that existed. Credit must also be given to our Finance Minister and other financial authorities for the action taken in Canada which had such a beneficial effect in preventing anything having the appearance of lack of confidence either in the country or in its financial institutions. We have since that time passed through five months, in which matters have been gradually adjusting themselves to the changed conditions, and the business interests of the country have been protected by the banks to an extent that seemed, for a short time, to be beyond our power to accomplish.

We have, however, many difficulties still to face. Canada has been for years past a large borrower in outside markets, and we have been almost entirely dependent upon this outside capital for the prosecution of our large enterprises. The war found us with uncompleted works, and with the source of supply for money to complete these suddenly cut off. We have to a large extent, therefore, been cast upon our own resources, and must endeavor to meet the new conditions that have been created. Both collectively and individually we must cut off all unnecessary expenditure and seek to make available such resources as will increase our capital and help us to make the best of a difficult situation.

The progress that has been made during these past months is most encouraging, and we are justified in looking forward with confidence. We have the resources within our borders which, wisely developed, will enable us to meet all our engagements, to add to our capital, and give contentment to our people.

The duty that now lies before us as a country is that of giving attention specially to the increased production of commodities that have a ready market, and which will create a large exportable surplus. This duty has been strongly advocated by the Minister of Finance, in a recent address, as the most important economic duty. It needs, however, more than mere exhortation to bring about increased production. In no administrative department is there greater room for leadership than in directing this movement wisely. We cannot turn unskilled labor on to new territory and by mere exhortation make grain grow. There is need for a wise co-operation between those who are willing to work and become producers and those who can direct and aid in making their labor productive. It is not enough that we should increase the acreage devoted to grain-growing, but greater attention should be paid to making the present acreage more productive. This is being done, we are glad to say, in some districts very successfully. The estimated value of the Ontario field crops this year shows an increase of nearly one hundred and fifty millions of dollars as compared with that of a year ago, and is an illustration of what may be accomplished in this direction.

It is also gratifying to note the rapid progress that the Western Provinces are making in mixed farming, and the increase in the number of cattle and other live-stock in those Provinces. Alberta has this year made considerable shipments of hogs to eastern markets, and we believe that western producers will very soon become important factors in the shipment of live-stock and dairy products.

We do not propose to deal with statistics that have already been fully presented in our financial papers. They show important reductions in Canada's total trade, in the number of miles of new railways constructed, in building permits in towns and cities, in Bank clearings, and the extent of our Canadian borrowings.

The Minister of Finance has dealt with the question of the adverse balance of trade as represented by the figures of our exports and imports, and has pointed out the progress that has already been made in more nearly equalizing the amounts of exports and imports. We have hitherto provided for this adverse balance by our borrowings abroad. Great Britain has undertaken to finance the expenditures of the Dominion Government in connection with our war measures, but we cannot at the present time look to her for the supplies of capital which she has hitherto so freely given in connection with industrial enterprises. Our trade relations with the United States are so important, we are such valuable customers of theirs, that we can reasonably expect that their financial markets will readily absorb investments in our high-grade municipal and industrial securities.

We have assumed heavy responsibilities which have come upon us unexpectedly, but with our large undeveloped resources and great possibilities of increase in crop produc-