an increase of £586,000. Here I may point out that the cash in hand is in the proportion of 39 per cent. to our liabilities payable on demand; while the cash in hand, at call and at short notice, together largely exceed the total of our demand liabilities. This is a thoroughly sound and strong position. Under the heading of investments our Consols and National War Loan remain unchanged; but we have added to our list of British Government securities £25,000 Exchequer bonds, thus bringing the total to a quarter of a million sterling. As you are aware, our Consols have for several years past been written down to 90—a figure which at one time was regarded as almost quixotic. There was, however, a short period during last year when it appeared not unlikely that we might be called upon to write them down to a still lower figure, but, happily, that time of deep depression has passed away, and there has since been a moderate recovery. In the other securities there is an increase of £185,000 compared with 1900. This increase consists of provincial and municipal bonds within the Dominion of Canada, and the valuations on December 31 show that they are worth more than the figure at which they stand in the books. Bills receivable show an increase of £4,000, and premises' account is £3,000 more, the increase being made up of the balance of our expenditure upon these new premises. The total liabilities show an increase of £715,000. You will notice from the front page of the report, that we have closed our office at Sydney, Cape Breton. After giving the place a fair trial, we did not find the results sufficiently satisfactory to encourage us in remaining there. During the year 1901, the Dominion of Canada reached the highest mark in her progress hitherto attained, compared with ten years ago her exports have doubled, having increased from 98,000,000 dols. to 196,000,000 dols., while her imports have grown from 119,000,000 dols. to 190,000,000 dols. The public deposits in the banks now exceed 400,000,000 dols. These figures are evidence of great prosperity, and we are inclined to hope that the year upon which we have now entered, may establish another record; for, as I have remarked on a previous occasion, the mainspring of Canada's prosperity is in the harvest, and the harvest of last season was extremely bountiful. The Government statement shows that the harvest in Manitoba amounted to no less than 85,000,000 bushels of grain, of which 50,000,000 bushels were wheat; and another Government estimate puts the total value of the products from the farms in Manitoba last year at 40,000,000 dols., exclusive of the revenue derived from the sale of stock, hay or root crops, which has not been included in the Government calculations. Not only was the grain crop so large, but it was garnered in good condition, and is realizing a good price; and, although we must not conclude that the large sum of 40,000,000 dols. has already gone into the pockets of the farmers (for there is no doubt that immense quantities of grain are still in the hands of producers, owing to the impossibility of obtaining transport to the coast), nevertheless this splendid harvest cannot fail to have an extremely beneficial effect, not only upon the farmers themselves, but upon all classes of the community. During the past year there has been a largely increaed demand by real settlers for agricultural lands. In 1901 the Canadian Pacific Railway sold 830,000 acres, compared with 416,000 acres in 1900. The Canada North-West Land Company disposed of 121,000 acres, compared with 71,000 acres in the preceding year, and we are informed that the demand has by no means been satisfied by these large sales, but that there is still a continuous stream of settlers to the agricultural lands. The traffic receipts of the Canadian Pacific Railway are also remarkable. In 1901 the aggregate gross earnings from July 1 to the end of December exceeded those of the preceding year by 3,613,000 dols., and the aggregate net profits by 1,651,000 dols. Passing on to British Columbia, we learn, from a statement issued by the Minister of Mines, that, notwithstanding serious labour troubles in the Rossland and Kootenay districts and notwithstanding a fall of 30 per cent. in the price of copper, the mineral production of the province showed an increase of 25 per cent. over the previous year, the output of the chief metals being as follows:—Gold, 5,600,000 dols.; silver, 2,600,000 dols.; copper 5,000,000 dols.; lead, 2,000,000 dols. and coal, 4,500,000 dols. As you are aware, we have branches in Rossland and at Kaslo; and now that the labour troubles are at an end, and that more economical production and treatment may reasonably be expected, we hope that, notwithstanding the vicissitudes which are inevitable in mining districts, those branches may have a prosperous future. On the Pacific Coast of British Columbia the salmon pack has been the largest on record, and there has been a real broadening out in the lumber trade of the Province; but the conditions of trade generally, and especially in Victoria, have not been so favourable as elsewhere in Canada. It is difficult to assign a reason for this exceptional state of things—some are of opinion that it is owing to political unrest, while others think that the gold discoveries at Dawson led to an inflation at these points, from the after effects of which they are now suffering. Whatever may be the cause, there have been failures in Victoria, and I deeply regret to say that by one of them our bank has sustained a serious loss, one of our oldest customers having been compelled to make an assignment. The person to whom I refer has been long resident in Victoria, and has always been regarded most highly amongst the commercial community. He has throughout dealt with the bank with apparent frankness, and has submitted to the bank statements respecting his affairs, which are now proved to have been absolutely fictitious. When the assignment was made it was found that for ten years past the books of account had not been properly kept, and it has been necessary for the assignee to bring in a considerable staff of book-keepers in the hope of being able ultimately to unravel the tangled state of his affairs. When speaking about the accounts, I said that I should refer again to the diminished profits for the half-year and to the smaller appropriation to the reserve fund. This loss is the reason for both those disappointing results. Had it not been for this loss, our profit would have equalled those of the corresponding period, and the amount transferred to the reserve fund would have been £25,000, instead of £15,000. Under the circumstances which I have described to you—circumstances which demand and are receiving the closest investigation—it is impossible to say what our ultimate loss may prove to be; but it will at least be a satisfaction to you, if there can be any satisfaction in such a wretched tale, to know that whatever the loss may be, it is fully provided for, and you need be under no apprehension so far as this account is concerned, that there is any further disappointment in store for you. I wish that I could speak more hopefully respecting business in Victoria generally, but at the present time there is no doubt a feeling of uneasiness in that place and on the Pacific Coast. I have spoken to you about one failure, because we have only suffered by that one, but there have been others, and we know how contagious this state of things becomes. I can only assure you that we are well and strongly represented at that point by a manager who is exerting himself to the utmost to safeguard the interests of the bank, and in whom we have complete confidence. Proceeding northwards to Dawson City, it will interest you to know that we have done a considerable business in the export of gold, and that our general banking business is satisfactory. The Government estimate of the amount of gold shipped from Dawson during the year is 23,000,000 dols.; but our Dawson city manager, who is now at home on vacation, tells me that he thinks these figures exceed the actual total, and that there has been an inaccuracy in the figures issued by the department. That, however, is not important to us now; we are not so much concerned with the amount of gold that has been brought out, as we are with the amount which is left in, and upon which alone the future prosperity of Dawson city depends. As to the future life of the goldfields, I notice that the opinions of experts who have visited the place and made their observations on the spot, differ widely, and you will not, therefore, expect any opinion at all from me. I will only say this, that we do not expect to see any increase in the output, and that if the exports of gold continue upon the present scale, we shall be content. Last summer our general manager, Mr. Stikeman, visited this country, and, although he was only here on furlough and not upon the business of the bank, we had the great advantage of many interviews with him, which were most valuable to us. I do not think that I have any further observations to offer upon the report and accounts, and I, therefore, beg to move that they be adopted, adding that I shall be happy to reply to the best of my ability to any inquiries which you may wish to put to me."

Mr. Henry R. Farrer seconded the motion, which was then put and carried unanimously.

The retiring directors—Messrs. F. Lubbock, H. R. Farrer and E. A. Hoare—were unanimously re-elected, and Mr. Edwin Waterhouse and Mr. George Sneath were re-appointed auditors.

An extraordinary general meeting was then held, Mr. Hoare again presiding, at which Mr. Maurice Glyn was elected a director.