

added \$2,742,180 to Rest account and carry forward a balance of \$771,578.88 in Profit and Loss. The Bank's Circulation account showed important fluctuations during the year, the minimum reached in January being \$10,403,322 and the maximum in November \$16,660,709. We had occasion to take advantage of the emergency provisions of the Bank Act amendment of 1908 early in October, and we closed our statement with a circulation of \$1,422,864 in excess of the amount of our paid-up Capital.

If the Bank Act introduced at this session of Parliament should be passed in its present form and a "Central Gold Reserve" established, there will be no apprehension of a scarcity of currency at a time when the emergency provisions are not operative; for with the deposit of gold or Dominion notes in the custody of trustees the banks will have the privilege of issuing their own notes to the full amount thus deposited. This will undoubtedly be a very important step towards ensuring that the business of the country should not be embarrassed through lack of currency. It is evident, however, that there will be no profit to the banks in availing themselves of the suggested privilege, and as we have reached the time when the need of currency is beyond the present limits of the banks' power to supply, it is desirable that in addition to the adventitious aids so wisely provided in the new Bank Act, the banks should anticipate an increasing demand for bank-note currency by the issue of additional capital.

During the year our deposits increased \$51,651,727. There was a considerable accession of special amounts which will be withdrawn in due course, and we received \$19,111,119 as a result of the Eastern Townships Bank amalgamation. The ordinary deposits show a very handsome increase. Current loans and discounts increased \$52,753,947 and call and short loans \$2,757,730, compared with last report. Investments in Government bonds, municipal and other securities were increased by \$2,821,024 and cash resources by \$1,625,271.

You will notice from the report of the Board of Directors the large increase in the number of our branches. We fully realize our responsibility in undertaking to control so many units in a great bank, and the importance of arranging for a complete organization of competent and loyal associates, with geographical divisions which thoroughly cover the field of our operations. We endeavour as far as possible to clothe our Superintendents and Managers with authority for a prompt discharge of the duties of management, and believe we have succeeded in perfecting a system which meets every reasonable requirement. The distribution of branches at the close of the year was as follows:—

Alberta	49
British Columbia	42
Manitoba	23
New Brunswick	2
Nova Scotia	13
Ontario	79
Prince Edward Island	5
Quebec	91
Saskatchewan	53
Yukon	2
Total in Canada	359
Newfoundland	1
London, Eng.	1
United States	4
Mexico	1

Total number of Branches

The number of the Bank's shareholders has increased during the year from 4,142 to 5,656, the increase being principally due to the taking over of the Eastern Townships Bank. The stock of the Bank is now quite widely distributed, not only in Canada but abroad, as will be seen from the following figures compiled as at the close of our year:—

	No. of Shareholders.	Amount held.
Ontario	1,388	\$4,087,500
Quebec	1,127	3,213,650
Maritime Provinces	702	1,544,450
Western Provinces	118	242,950
Great Britain	1,569	3,204,400
United States	669	2,549,950
Other countries	83	157,100
	5,656	\$15,000,000

We have referred to the provisions of the new Bank Act for increased note circulation, and would like to advert to the proposal that is now being considered, of creating a system of independent audit to supplement what has always been regarded as complete and satisfactory in every well-organized bank. There can be no question as to the importance of a strict supervision of all matters pertaining to our banks, and we should welcome any plan which makes for more efficient management and a proper recognition of the great responsibilities we are called upon to assume. We are disposed to believe that with the co-operation of the Canadian Bankers' Association working through the various Bank Clearing Houses effective service could be rendered in the correction of abuses and the perfecting of methods for the encouragement of sound banking. We have possibly not taken advantage of our opportunities in this respect.

The Bank Act will probably sanction, under proper liens and assignments, the loaning of money to farmers and ranchers on the security of grain and cattle and other live stock in their possession. This will undoubtedly be a great advantage in many instances, and will at least legalize a practice already quite common, and probably tend to prevent hasty marketing of produce. As a matter of fact large advances are made to farmers on the security of notes, but actually upon what they possess in the way of products of agriculture and their reputation for honesty and ability, always an essential consideration when lending money. We have no hesitation in stating that our farmer customers are, almost without exception, satisfactory borrowers. Our aggregate advances to farmers run into large figures, estimated at \$15,000,000 for the western provinces.

Despite the money stringency during the closing months of 1912, and the fear that we may feel the pinch for some time to come, there are offsetting influences at work. The wonderful revival of trade in every branch, the bountiful harvests throughout the land and the consequent enormous increases in traffic on the railways, afford excellent grounds for the assumption that the unusual prosperity we are enjoying is on a sound basis. There is therefore some warrant for the belief that with reasonable care and judgment in measuring our commitments there will be a continuance of prosperous conditions for the coming year. We must of course reckon with the adverse circumstances prevailing abroad, for in conducting a world-wide business we are sensitive to these influences. We are hopeful that with the settlement of present difficulties in Europe and the return of trade to normal channels, any apprehension for the immediate future will be dispelled. We are likely to experience on the part of investors a very decided reluctance to pay fancy prices when we come to dispose of the securities now awaiting a favourable market, and we should be prepared for a revaluation which will probably mean a higher yield for the purchaser.

In moving the adoption of the Report the President said:—

PRESIDENT'S ADDRESS.

The area of Canada in which the Bank is directly interested has become so large that we have decided to present the information collected regarding its industrial position in a new form. We shall hereafter include in the statement made to our shareholders reports from those senior officers of the Bank who have charge under the General Manager of the various geographical divisions of the Bank and who are better qualified than we are to set forth the facts regarding such districts.

The year has been one marked, even in comparison with recent years of large expansion, by a continued increase in immigration, in building operations of all kinds, especially in connection with railroads, in foreign and domestic trade, in bank deposits, indeed in almost everything connected with the prosperity of a country. Our object in stating what is so well known is that we may consider the causes of our rapid growth and whether in the methods of our expansion there is anything which needs to be checked. Our financial requirements are mainly determined by the volume of immigration. It is because of this that we must build so largely, and this also is the main cause of the excess of our imports over our exports. The immigration for the calendar year, December being estimated, was 394,784, an increase over the record year of 1911 of 13 per cent. The immigrants came to us from forty-one countries and were divided as follows: British, 144,830; American, 140,456; from other countries, 109,498.