

THE GENERAL MANAGER.

The General Manager then spoke as follows:

I purpose confining my few remarks to the balance sheet submitted to you, and to one or two matters more closely connected with banking, leaving the general condition of business in the country to be dealt with by the Vice-President.

The principal features in the statement are the increase, since last year, of \$2,000,000 in our circulation, an indication of the universal activity in business, and of \$7,750,500 in deposits not bearing interest; but of this latter a considerable proportion was a temporary deposit made at the end of our fiscal year, and since withdrawn. Our deposits bearing interest show a satisfactory increase of \$16,600,000. Our immediately available assets stand at \$68,000,000, a greater amount than, as a rule, we consider necessary, but in view of the rather uncertain future of continental finance, owing to the state of affairs in Russia and the somewhat boom condition in this continent, it is well to be strong, and in any case we are in a good position to take advantage of any desirable business offering. Our loans and discounts have increased \$7,000,000, accounted for partly by the increased demands of the commercial community, and partly by the absorption of the People's Bank of Halifax.

The low rate ruling for call money in England and the United States during our fiscal year affected our profits adversely, as we are obliged to carry a large proportion of our reserve in those markets; but of late there has been a decided improvement, which may be maintained during the winter.

Owing to the magnificent crop and the general activity in business, an unusual strain was placed on the circulation, but at the highest point attained by all the banks, about \$79,000,000, there was still a margin of \$4,500,000; and with the addition of new banking capital and the increase of branches, it seems as if, for some time to come, the circulation provided will be sufficient for the needs of the country. The advantage of the Canadian system has been amply demonstrated during the late pressure for money. Notwithstanding the heavy demands to move the largest crop in our history, the interest rate to our people has remained normal. We have only to glance at the condition of affairs across the line to see what fluctuations in rates for money the public are subjected to under the system there in vogue.

In March last, the Bank of Yarmouth failed under circumstances reflecting much discredit upon those responsible for its condition, and, for the first time since the incorporation of the Canadian Bankers' Association, that body had to exercise the power conferred upon it by Parliament in 1900, of assuming supervision of the affairs of a suspended bank.

The liquidator chosen by the Canadian Bankers' Association was subsequently appointed by the court sole liquidator. The results have been highly satisfactory, particularly when viewed in the light of what has followed former failures of Canadian banks. The winding up of the defunct bank has been conducted with remarkable expedition and economy, and the rights and interest of the creditors so well attended that the liquidator has been able, in nine months, to pay all of their claims, with interest added thereto. That no loss to the depositors and other creditors of the Bank of Yarmouth has resulted from this failure is, it must be admitted, largely due to the prompt and creditable recognition by its unfortunate shareholders of their liability for the utter insufficiency of assets to pay the debts of the bank in question.

An interesting event in financial circles was the offering here of a portion of the Japanese loan, the first time in the history of Canada of any foreign loan being issued locally, and, considering the short time at our disposal, the success was surprising.

In conclusion, I may say that the one word written large in the records of Canada this year is "Prosperity." Railways, manufacturing industries, merchants, farmers, all are prosperous. Immigration grows steadily; labor has full employment, and is well remunerated. Probably never before have we had a twelve-month of such universal prosperity, and it is during a year like this that everyone should set his house in order. Collections should be pressed, and manufacturers should husband their resources and strengthen themselves in every way; for they are to a great extent prosperous by the grace of their neighbors, and when adversity comes to other countries, the American bargain counter will be opened in Canada, and our manufacturers and their employees will surely suffer.

VICE-PRESIDENT'S REMARKS.

The Vice-President, in moving the adoption of the Directors' report, said:

The position of the Bank is fully exhibited in the statements laid before you and the remarks of the General Manager. Following, however, the practice of many years standing, I venture to offer a few observations.

The remark has been made before, and is now repeated, that the profits of banking, and consequently the cost to the public of the use of money, are steadily decreasing. This is due mainly, I think, to the accumulation of wealth in the country, the consequent increase of the number of banking companies and of their capital, and the resulting keenness of competition. Proof of this is to be found in the following figures:

1. As to the accumulation of wealth. The deposits in all the chartered banks in the Dominion, in 1870, were 49 millions of dollars, in round figures, omitting fractions of a million; in 1880, were 85 millions; in 1890, were 136 millions; in 1900, were 305 millions; in 1904, were 470 millions.

The Dominion Government Savings Bank held in the same year (1904), nearly 62 millions, making bank and Government deposits 532 millions.

2. As regards banking facilities. Five new banks have gone into operation since 1900, with an authorized capital of \$9,000,000. Five have been absorbed into other banks, but their capital presumably remains, under other control, and one bank, referred to by the General Manager, with a capital of \$300,000, has failed. It may also be mentioned that charters have been obtained from Parliament during the last three years of eleven new banks, with a capital of \$19,000,000.

As regards our own Bank, it has been the care of the Directors to advance with the times, and I give you a few figures to show the progress which it has made:

In 1863, the capital was \$6,000,000; assets, \$15,252,000.
In 1879, the capital was \$11,099,000; assets, \$36,221,000.
In 1873, the capital was \$11,296,831; assets, \$34,252,000.
In 1887, the capital was \$12,000,000; assets, \$42,000,000.
In 1900, the capital was \$12,000,000; assets, \$46,165,000.
In 1905, the capital was \$14,400,000; assets, \$158,470,000.
Our branches, which in 1863 numbered 29, are now 100.

GENERAL TRADE OF THE COUNTRY.

A review in detail of the various trade and manufacturing industries may be summed up in the general report of almost unbroken prosperity. Probably never in Canada and the United States have crops of all kinds been better in quantity and quality.

In regard to one of our staple industries, the lumber trade, I am tempted to express the conviction that we are using up our resources in a most reckless fashion, certain to end disastrously, unless we take prompt steps to treat it as other crops, and replant on an adequate scale.

The increase of manufactures, thereby creating a home market for produce of every kind, is most marked. In this city and neighborhood a great number of large factories are springing up, and whatever may be said of our tariff, it unquestionably has had the effect of inducing the manufacture in this country of goods previously imported, with all the advantages of increased employment and circulation of money in this country. A number of these manufactures are branches, or offshoots, of industrial organizations in the United States.

The value of the home market is not sufficiently appreciated. If the statistics published by a recent writer be true, that "Western Canada produced two and a half times as much wheat twenty-five times as much oats, and thirty-four times as much barley as Canada exported."

The failures in Canada are considerably smaller this year than last, being 1904, \$11,188,223; 1905, \$9,511,472.

The feature of the year, however, is the splendid crop which has just been harvested in the Northwest Provinces and in Ontario. As regards the former, the most sanguine anticipations have been realized, and it seems beyond doubt that the following estimates of this season's crop in Manitoba and the Northwestern Provinces are conservative:

Wheat, 90 million bushels, worth on the spot, say, 65 cts.; oats, 65 million bushels, worth on the spot, say 35 cts.; barley, 13 million bushels, worth on the spot, say 30 cts.; flax, 1½ million bushels, worth on the spot, say 80 cts.; rye, 1-3 million bushels, worth on the spot, say, 35 cts. In all, 169 million bushels of grain.