THE CANADIAN BANK OF COMMERCE

REPORT OF THE PROCEEDINGS OF THE ANNUAL MEETING OF SHAREHOLDERS

Tuesday, 12th January, 1915.

The forty-eighth Annual Meeting of the Shareholders of the Canadian Bank of Commerce was held in the banking house at Toronto, yesterday, at 12 o'clock.

The President, Sir Edmund Walker, having taken the chair, Mr. A. St. L. Trigge was appointed to act as Secretary, and Messrs. W. S. Hodgens and E. M. Saunders were appointed scrutineers.

The President called upon the Secretary to read the Annual Report of the Directors, as follows:

REPORT

The Directors beg to present to the Shareholders the forty-eighth Annual Report, for the year ending 30th November, 1914, together with the usual statement of Assets and Liabilities:

The balance at credit of Profit and Loss Account, brought forward from last year, was...		$ 384,529.98
The net profits for the year ending 30th November, after providing for all bad and doubtful debts, amounted to.		2,668,233.29
		$ 3,052,763.27
This has been appropriated as follows:		
Dividends Nos. 108, 109, 110 and 111, at ten per cent. per annum.....	$ 1,500,000.00	
Bonus of one per cent. payable 1st June.....	150,000.00	
Bonus of one per cent. payable 1st December.	150,000.00	
Transferred to Pension Fund (annual contribution)	80,000.00	
Subscription to Canadian Patriotic Fund	50,000.00	
Subscription to The Canadian Red Cross Society	5,000.00	
Balance carried forward	1,117,763.27	
	$ 3,052,763.27	

The assets of the Bank have been, as usual, carefully revalued and ample provision has been made for all bad and doubtful debts.

During the year the Bank has opened the following new branches: In British Columbia: Alma Road (Vancouver); in Alberta: Rockyford; in Saskatchewan: Admiral, Central Butte, Gilroy, Hafford, River Street (Prince Albert); in Ontario: Grimsby, Madoc, Page and Queenston (St. Catharines), Bloor and Lippincott and Yonge and Eglinton (Toronto); in Quebec: Chicoutimi and St. Denis and Duluth (Montreal); in New Brunswick: Bath and Bristol, which however, have since been closed. A sub-agency of the Coaticook branch has been opened at Compton, Que., and the sub-agency at Bic, Que., has been made an independent branch. The branches at New Dayton and Tilley, Alta., River Street (Prince Albert), Sask., Gowganda, Ont., Fraserville, Que., West St. John, N.B., and the sub-agencies at Brompton-ville and Foster, Que., have also been closed. Since the end of the year the sub-agency at Comox, B.C., has been closed.

Your Directors record with regret the death of their late colleague, Hon. George A. Cox, during the past year. Mr. Cox had been a Director of this Bank for nearly 23 years, during 20 of which he filled the offices first of Vice-President and then of President. By his death the Bank lost a strong friend and adviser whose business judgment was unusually sound. In accordance with the provisions of the bylaws as amended at the last annual meeting the vacancy created by his death was not filled.

In acknowledgment of our duty to the Empire and of the obligations placed upon us by the terrible conflict now raging in Europe, your Directors voted the sum of $50,000 to the Canadian Patriotic Fund, $5,000 to the Canadian Red Cross Society and $2,500 to the Belgian Relief Fund of the Toronto Board of Trade. The last-named sum will appear in the accounts of next year.

During the year the first audit of the Bank has been made by the auditors appointed at the last annual meeting in conformity with the requirements of Section 56 of the Bank Act. In addition the branches and agencies of the Bank in Canada, the United States, Great Britain and Newfoundland, and the Departments of the Head Office have as usual been inspected during the year by the staff of our own Inspection Department.

Your Directors have pleasure in again recording their appreciation of the efficiency and zeal with which the officers of the Bank continue to perform their respective duties.

Alexander Laird,
General Manager.

B. E. Walker,
President.

Toronto, Jan. 5, 1915.

GENERAL STATEMENT

30th November, 1914.

LIABILITIES.

Notes of the Bank in circulation		$ 14,942,557.68
Deposits not bearing interest	$ 41,690,512.29	
Deposits bearing interest, including interest accrued to date	139,818,297.45	
		181,508,809.74
Balances due to other Banks in Canada		933,800.59
Balances due to Banks and Banking Correspondents elsewhere than in Canada		11,168,568.73
Bills payable		3,924,151.28
Acceptances under Letters of Credit		2,746,016.07
		$215,218,904.09
Dividends unpaid		2,731.28
Dividend No. 111 and bonus, payable 1st December		525,000.00
Capital paid up	$ 15,000,000.00	
Rest Account	13,500,000.00	
Balance of Profits as per Profit and Loss Account	1,117,763.27	
		29,617,763.27
		$245,364,398.64

ASSETS.

Current Coin	$ 16,922,230.20	
Dominion Notes	13,415,985.15	
		$ 30,337,215.35
Notes of other Banks	$ 2,019,301.00	
Cheques on other Banks	5,197,975.85	
Balances due by other Banks in Canada	17,500.00	
Balances due by Banks and Banking Correspondents elsewhere than in Canada	5,782,385.67	
		13,017,162.52
Dominion and Provincial Government Securities not exceeding market value		3,295,411.87
British, Foreign and Colonial Public Securities and Canadian Municipal Securities		1,791,071.90
Railway and other Bonds, Debentures and Stocks not exceeding market value		16,104,763.57
Call and Short Loans (not exceeding 30 days) in Canada on Bonds, Debentures and Stocks		3,926,859.91
Call and Short Loans (not exceeding 30 days) elsewhere than in Canada		18,750,526.61
Deposit with the Minister of Finance for the purposes of the Circulation Fund		760,641.36
		$ 92,983,653.09
Other Current Loans and Discounts in Canada (less rebate of interest)		132,168,482.26
Other Current Loans and Discounts elsewhere than in Canada (less rebate of interest)		10,419,594.36
Liabilities of Customers under Letters of Credit as per contra		2,746,016.07
Overdue Debts (estimated loss provided for)		733,826.88
Real estate other than Bank premises (including the unsold balance of former premises of the Eastern Townships Bank)	$ 1,252,344.80	
Less mortgage assumed	100,000.00	
		1,152,344.80
Mortgages on Real Estate sold by the Bank		382,002.93
Bank Premises at cost, less amounts written off	$ 4,986,991.69	
Less mortgage assumed on property recently purchased	300,000.00	
		4,686,991.69
Other Assets not included in the foregoing		91,486.56
		$245,364,398.64

B. E. WALKER, President. ALEXANDER LAIRD, General Manager

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF THE CANADIAN BANK OF COMMERCE.

In accordance with the provisions of sub-sections 19 and 20 of Section 56 of the Bank Act, 1913, we report as follows:

We have audited the above Balance Sheet with the books and vouchers at Head Office and with the certified returns from the branches, and have obtained all the information and explanations that we have required, and we are of the opinion that the transactions of the Bank which have come under our notice have been within the powers of the Bank.

We have checked the cash and verified the securities representing the investments of the Bank at its chief office and principal branches at a date other than and in addition to the verification at 30th November and found that they were in agreement with the entries in the books of the Bank relating thereto.

In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Bank according to the best of our information and the explanations given to us, and as shown by the books of the Bank.

T. HARRY WEBB, C.A.,
of Webb, Read, Hegan, Callingham & Co.
JAMES MARWICK, C.A.,
of Marwick, Mitchell, Peak & Co.
} AUDITORS

Before moving the adoption of the report the President called upon the General Manager to address the shareholders:

General Manager's Address.

When we had the pleasure of addressing you on the occasion of our annual meeting for 1913, we had every reason to look forward with apparently well-founded expectations that the year just ended would prove not less favorable than the preceding one. There was a movement during the first months of the year so world-wide in its scope as to lead many to infer that the drift of financial affairs towards a moderate prosperity had become unmistakable. The uneasiness regarding the settlement of the Balkan question had almost disappeared, and with the gradual adjustment of other political and international difficulties there was an apparent readiness to return to normal conditions. This enabled a large volume of securities to be marketed, which did much to relieve a very acute situation. As the season advanced the prospect of satisfactory crops and of fairly good returns from every legitimate enterprise should have assured a financial and industrial revival. Then came the outbreak of the European war, an event so tremendous in its import that at first we failed to realize the extent of the dislocation of business that it would entail, and the consequent hardship and loss to every conceivable interest the world over; yet we have stood the shock with remarkable fortitude and courage.

Considering all these untoward circumstances the report and statements now presented to you bring us the satisfaction that we have not labored in vain. In consequence of the extraordinary depreciation in the prices of all securities we have made a careful revaluation on very strict lines; and having in the past been conservative and prudent with the disposition of our returns from this source, we were enabled to make all our adjustments without interfering with current profits. Our usual care has been exercised in providing for bad and doubtful debts, and with the return of more propitious times we should derive very important recoveries.

The net profits for the year were $2,668,233.29, a decrease of $324,717 from last year, and amounted to 9.36 per cent. on the Capital and Rest combined. We were enabled to pay dividends amounting to $1,800,000, these being at the usual rate of 10 per cent. per annum, with extra bonus dividends of 2 per cent. The regular appropriation for the Pension Fund required $80,000 and subscriptions to Patriotic Funds amounted to $55,000. We are carrying forward in Profit and Loss Account a balance of $1,117,763.27, as against $384,529.98 a year ago.

You will notice that no appropriation has been made in Bank Premises Account, which shows an increase over last year of $405,510. This increase is mainly accounted for by the final payments on some of our larger buildings and by the sums expended in purchasing sites for a number of the smaller offices. As we indicated in the report presented to you in January, 1910, we have in the past endeavored to keep the figures of this account within 50 per cent. of the value of the properties which it covers. During the past year we obtained from reliable outside experts an appraisal of all the premises belonging to or controlled by the Bank, instead of relying, as formerly, upon the best information available through our various managers; and the result of this indicates that the figures given in our balance sheet are well below the limit of 50 per cent. just referred to. This is a source of much gratification to us, emphasizing, as it does, the conservative estimates of our managers. In this connection we may add that the Bank owns and controls the stock of The Dominion Realty Co., Limited, by which Company our smaller buildings are erected and owned. This stock is carried on our books at the nominal value of $1.00. The last annual statement of this Company, bearing even date with our own, shows a surplus of $3,540,411.78.

The Bank's notes in circulation stood at $14,942,557 at the close of our year, this account showing important fluctuations during the period under review, from a minimum in July of $11,934,000 to a maximum in October of $16,679,038. Our deposits decreased $11,304,905, accounted for by a general reduction in current account balances, which is not unnatural under the circumstances; the ordinary deposits bearing interest show a decrease of only $197,211, a remarkable exhibit when we consider the probable requirements of small depositors under existing conditions and the extraordinary opportunities which have offered for investing in first-class securities at remunerative rates. Bills Payable Account, representing our participation in international exchange transactions, amounted to $3,924,151, being a reduction of $5,591,636 from the figures of our last report. We wish to place on record that in accordance with an understanding acted upon by all the Canadian banks in London as to the moratorium in respect of bills of exchange, we adopted the policy agreed upon by the clearing banks, and re-accepted, with a few trifling exceptions, all our bills which matured in August, altho during the whole period we were carrying bank balances more than sufficient to meet these commitments. At the expiration of the 30 days we resumed paying all our bills without exception. We did not take advantage of the moratorium in any other respect, and did so in respect of our bills merely to join in a united front to the public.

Call and Short Loans were $27,677,386 and other Current Loans and Discounts $142,588,076, as compared with $25,764,910 and $154,576,889 in our last report, the total being $170,265,463, a decrease of $10,076,337 for the year. Government and other securities were $21,191,247, a decrease of $2,766,571. The percentage of quick assets to liabilities to the public was 43.20. In thus strengthening our position we have the satisfaction of knowing that no credit usually granted to any of our customers was curtailed during this very trying year.

In accordance with the resolution passed at the annual meeting in January, 1912, and taking advantage of the provisions for this purpose contained in the Revised Bank Act, the Directors passed a bylaw on April 17th last providing for the change of the par value of the shares of the Capital Stock of the Bank from $50 to $100 each. Steps were at once taken to notify the shareholders of the change, and to communicate with those who held an odd number of shares, offering to arrange the purchase or sale of one share for them on being notified of their wishes. As a result, altho approximately 1400 shareholders held an odd number of shares, only twenty-four of these remained to be adjusted when the time limit set for the change expired on August 15th last. These twenty-four shares were subsequently sold and the proceeds remitted to the former owners in accordance with the provisions of Section 35a of the Bank Act. It is interesting to note, as indicating the loyalty of our shareholders to this Bank, that out of the large number affected by the change practically two-thirds preferred to add to their holdings rather than to part with even the small amount of stock represented by a fractional share. The number of the Bank's shareholders is now 6147, as against 6026 a year ago. The following table indicates how widely our shareholders are scattered, not only in Canada but abroad:

	No. of Shareholders	No. of Shares
Ontario	1,335	40,367
Quebec	1,192	30,354
Maritime Provinces	778	15,454
Western Provinces	161	2,953
In Canada	3,517	89,128
Great Britain	1,518	33,283
United States	707	25,690
Other Countries	107	1,893
Total	6,147	150,000

We have not thought it advisable to open many new branches, but are confining ourselves to districts giving unusual promise of future development, and in several instances we have closed branches that had not proved profitable after a fair trial. We shall pursue this policy whenever possible, and thus endeavor to escape needless expense and loss. The net increase of branches during the year was six, the geographical distribution being as follows:

Alberta	52
British Columbia	44
Manitoba	23
New Brunswick	4
Nova Scotia	13
Ontario	87
Prince Edward Island	5
Quebec	32
Saskatchewan	60
Yukon	2
In Canada	372
Newfoundland	1
London, England	1
United States of America	4
Mexico	1
Total	379

The members of the staff now number 3536, a slight decrease from the figures of last year, but with the decline of business, sufficient to equip every department efficiently. We include in this number those on our Honor Roll who have temporarily left our service at the call of duty. We have given leave of absence to these officers on terms which should be very satisfactory to them, and it will be our pleasure and duty as far as possible to reinstate them when they return. Between 325 and 350 of our men have volunteered for military service of various kinds at home and abroad, besides very many others who are preparing for any emergency during the continuance of the war. This contribution of men and money and, what is more important, the loyal spirit manifested throughout our service, are creditable alike to our staff and to the Bank.

In reviewing the past year, we cannot but be impressed with the fact that Canada has had a remarkable escape from untoward disaster in financial matters, and we should realize that worse might have been our fate. With a courage begotten of experience, we shall face the future with full confidence that much good will eventually come out of the present situation.

The President then said:

President's Address.

The war has so changed all business conditions that it may seem unnecessary to describe those previously existing, and yet without doing so it is difficult to estimate our present position. We had passed a period of trade expansion throughout the world which in our case had been sharply exemplified by our foreign trade returns for the year ending in March, 1913, when the excess of our imports over exports fell just short of 300 million dollars, and in addition to this we had to provide interest and dividends on securities sold abroad of from 100 to 125 millions. To meet this we can trace the sale of securities during the year 1913 to the extent of at least 350 millions. In the sharp contraction throughout the world which followed, the question confronting us was how well we could bear the loss of power to sell securities and the shrinkage of trade caused by the stoppage of the building operations based upon our sales of securities.

The more important of our public and private improvements were nearing completion, and the fact that we must in any event pause to demonstrate, by increased production, the wisdom of building them, was clear to many, but the enforced contraction, though it naturally went too far in the other direction, was necessary to bring us to a halt. The world had gone through the severer phases of this contraction, and had entered upon the year 1914 with distinct hopes for improvement in many countries, notably in Canada. The great banks of Europe were able to increase their reserves, money was growing easier, the market for securities was improving, and, indeed, by February many issues, which had been held back for some time, were successfully placed. In the United States the new tariff legislation and the new Bank Act were events of the highest importance, and if the effects of these were still somewhat uncertain, at least a great deal of painful doubt had been removed. Later on the prospect of a great crop left the question of improved rates for railroad freights the main point to be settled in order to put the United States again on the high road to prosperity. In Canada, while trade was still lessening in activity, and money still hard to obtain and the prospect for our crops less hopeful than that of the United States, we felt that in order to make our future secure, we had only to lessen our pace and to turn our minds more to immediate production than to permanent improvements. Elsewhere, in France, in the Balkans, and in the Latin American republics, there was still much financial trouble to overcome, but conditions in London continued steadily to improve, and with that improvement the power to sell our securities seemed to be rapidly returning. It was, therefore, to a somewhat chastened but distinctly hopeful business community in Canada that the rumors of war at the end of July came with portents of evil in every direction.

It is not my part today to speak of what war means to us in its effect on our lives, on our hopes for our beloved Empire, or on the happiness of our families—I may speak of it only in its less important effect, that on our material prosperity. As we know, the first effect on finance and trade was the closing of almost all the Stock and Merchandise Exchanges in the world, the cessation of the enormous trade, not only between the countries now engaged in the war, but to a very large degree between neutral countries and those at war which were blockaded by the fleets of the allies, and the breaking down for the moment of all dealings in foreign exchange, letters of credit, and in the vast number of credit arrangements existing between banks in different countries throughout the world. This paralysis affecting for the moment a large part of the international trade of the world estimated at about forty billions of dollars annually and also disturbing countless millions of domestic trade in all leading countries, was nearly universal in its effect merely because London, the great power house of the world, had to pause for a few days in order to consider how the new conditions were to be faced. I need not tell you what was accomplished in the way of remedial measures by the wisdom of the British Government and the leading bankers, merchants and men of affairs generally, but the few words which make the sufficient defence of the Chancellor of the Exchequer are pregnant with a meaning which cannot escape the historian of British affairs for centuries to come. He said: "There is no doubt that we have, I will not say, departed from any principles which have been accepted in this country, but that we have undertaken responsibilities which no Government has ever been called upon to undertake in the past." In the report of our London manager, which appears in our Review of Business Conditions, a most admirable summary is made of the various events in London bearing on the finance and trade of the world. In our own country, while the issues were smaller, they were of the most profound importance to us, and we can never be too thankful for the high intelligence and the quickness of action of our Minister of Finance. Our gold supply is not important in amount as compared with that of the greater nations, but its preservation is vitally important to us. To convince people that the hoarding of gold was unnecessary, and in any event to make it nearly impossible, was part of the task here, as it was in England. One of the most effective means of accomplishing this was, as far as possible, to make sure that the inevitable result of war in curtailing business would not be intensified by a lack of currency with which to carry on our daily affairs. The arrangements proposed by the Minister of Finance, approved by his Government and put into operation, all within twenty-four hours, were as follows:

(1) For the first time in the history of Canada banks were empowered to pay their debts in their own notes. When these notes reached the clearing house, however, they were redeemed in Government legal tenders or in gold. The notes were not, as many people suppose, made a legal tender as between individuals, and the main object of this arrangement was to prevent people from securing actual gold coin in order to hoard it, a process which would have been ruinous to the nation as a whole, although comforting to the individual who secured the gold.

(2) The banks would have been able under the Bank Act to issue the usual emergency circulation for crop-moving in September and this date was set back to August.

(3) The Government raised somewhat the limit for that part of its legal tender issues which is not entirely based on gold.

(4) The Government undertook to make loans to banks on approved security in order to aid them in carrying on the business of the country.

At that moment no machinery existed by which Canadian banks with call loans or actual cash, in either London or New York, could use such resources to pay debts in Canada. It seemed at first as if it would be necessary to declare several Bank Holidays in succession to afford time in which to work out remedial measures, but the latter were provided so promptly by the Government that no general cessation of business took place. The value of such measures is not to be judged by the use made of them. On the contrary, we are proud that they were used so little. Their real value consists in the assurance to the public and to the banks that steps have been taken, so far as lies in the power of the Government, to enable business to go on as usual. Since the passage of these measures the effect of the really wonderful provisions for financial relief set in force by the Imperial Government, the consequent ending of the British moratorium, the recovery of British and the partial recovery of other international exchange markets, the removal of nearly all enemies of the peace on the high seas, and the lowering, therefore, of the charge for the war risk in insurance, the partial resumption of operations by Stock and Merchandise Exchanges, and many other remedial features, all these have helped largely to restore the broken machinery of the world by which before the war all international and much of our domestic business transactions were carried on.

The only moratorium legislation put into effect in Canada thus far is in Manitoba and Saskatchewan. In Manitoba proceedings to enforce mortgage security on land are delayed for six months, while the period allowed for redemption is increased to one year. The Act does not affect trust deeds securing bonds, debentures or stocks. In Saskatchewan an Act was passed giving wide powers to the Lieutenant-Governor for the protection of debtors, and these powers have been exercised by a proclamation extending protection to volunteers and reservists from all legal processes for six months, and by a further proclamation giving protection to all debtors against legal process under chattel mortgage, conditional sale or hire receipt, except with the approval of the sheriff.

In Ontario the Government have intimated their intention to introduce legislation requiring mortgagees and holders of similar securities to obtain an order from a judge before foreclosing, and giving the judge power in cases of great hardship to extend the time of payment. It is not intended to interfere with the collection of interest, rent or other debts of like character.

In Alberta a new Act has been passed in connection with the proceedings for the foreclosure of mortgages and similar securities, but this is not in the nature of moratorium or other legislation caused by the war.

In this connection it may be well to say that the speaker has recently seen the returns of four large lenders by mortgage, the total principal of whose loans amounts to $60,000,000. On these loans interest has been paid in the East with only a very trifling percentage of arrears, while in the West about 92 to 94 per cent. of all interest has been paid, either at the moment when due or within three months thereafter. Any one who can remember the conditions in the now rich Province of Ontario twenty-five years ago will think this a very good showing indeed.

In Saskatchewan there are now commissioners whose duty it is to look after the finances of the various municipalities in the province. It is interesting to learn that one company owning about fifteen million dollars in Canadian municipal bonds had at the end of the year only three town and three school section bonds aggregating $4,500 of principal in default, and this temporary default had taken place since August and has no real significance.

We have in each year remarked upon the condition of our foreign trade, partly because in the disparity between imports and exports the danger line of our expansion is most easily found. We have to sell securities to settle this difference and we have to pay the interest on these securities. Frankly, with the balance against us at March, 1913, of $298,711,000, already referred to, we had gone far enough. The contraction in building operations and the general economy which had already begun helped to bring this debit balance down so that by March, 1914, it had fallen to $171,620,000. The improvement, however, was caused by a reduction of only $41,225,000 in imports, while there was an increase in exports of $85,765,000. In these figures the export and import of coin and bullion are included. Heretofore it has not seemed worth while to adjust the official figures by leaving these items out, but during the half-year ending September, 1914, the shipments of gold to Canada were so large as to render an adjustment imperative. The official excess of imports over exports for the half-year was $88,213,000, but omitting shipments of coin and bullion it was only $64,022,000. From this time forward, imports should show a very great decline, while, because of high prices for grain, the carrying out of war contracts for the allied countries and the general desire to sell all that is available and to buy nothing that is not a necessity, our exports and imports should in the near future more nearly meet than at any time since the early years of this century. This will be a highly creditable accomplishment, showing that without undue pressure we could in two or three years do what our unfriendly critics thought impossible, that is, adjust the very large trade balance against us. Of course, we have still our interest to pay, and this country, in order to meet the most conservative demands for development, must be a borrower for many years to come, but I think we need have no great fear of the future in this respect, if we take sufficient care of our credit. During the year 1914, although the markets were only favorable at times, and, since the war, have been practically closed to us, we sold securities abroad amounting to over 225 millions. As soon as Great Britain begins to buy any new securities other than war issues, she will buy ours, and meantime we must hope that the market for our bonds in the United States will continue to grow. We cannot too often draw the attention of that country to the fact that when our foreign trade is analyzed the net debit for the difference between our sales and our purchases is payable to them and not to Europe. If the war prevents London from buying our securities, either the United States must buy them or our great trade with that country must fall away, and the cry of "Made in Canada" would then have even a wider significance than it has today. During the year ending March, 1914, again omitting the figures for coin and bullion, we made purchases from the United States to the value of $409,818,000, and we sold them goods to the value of $178,282,000, so that with a net excess of imports from all countries of $179,945,000, the excess in the case of the United States was actually $231,536,000. Part of this is, of course, offset by the actual cash brought into Canada by settlers from the United States, part by investments made here by Americans, and part by the purchase of our securities, but it has mainly been settled in the past out of the proceeds of our sales of securities in London and on the continent.

It is not possible to forecast the effect of the war upon our economic position, and we must be prepared to meet each new condition as it arises, but we can learn something from the events of the war, and gain courage or caution as a result. The cost of the war to Canada is already arranged for in London, so that no money is being withdrawn from Canadian money markets on that account, and to the extent of 60 per cent., representing that part of the war expenditure which is paid out in Canada, we obtain money in London with which debts abroad can be paid. The war has brought us military contracts and purchases of supplies on account of Great Britain, France and Russia, the amount of which has been estimated at much higher figures, but may safely be placed at about $30,000,000; our exports are thus increased and a corresponding ability to pay debts abroad created. One estimate of the result of the war on our foreign trade places the annual value of the imports into Canada, the movement of which is either directly or indirectly affected because of the war, at $110,000,000. We can gather from this some rough idea of the extent to which our imports will be restricted by inability to obtain the particular articles we desire. It is already clear, however, that reduction will also come from lessened imports due directly to lessened trade at home. On the other hand, exports will be enlarged in quantity and value by the foreign demand for foodstuffs of all kinds, and already the preparations for next year's crop exceed anything known heretofore. Less noticeable, but probably of great economic importance will be the result of the wave of economy which has swept over Canada, mainly an enforced economy, but affecting all alike whether incomes are reduced or not. The effect of the careful use of food alone, the realization of the value of a bit of unused land as a garden plot, the little or great increase in production of almost every farm in Canada, east or west, the willingness to wear out old clothes and to put off the purchase of all luxuries—no matter how desirable—the cry for goods "made in Canada," and the slow but gradual realization that every unnecessary import may be a wrong to Canada even if the purchaser himself can afford it—all of these things must, taken together, materially increase our financial ability to bear the strain of the war. On the other hand, many of our greatest industries are working on short time, or are practically closed down, our railroad earnings speak eloquently of the contraction of business, men are not thinking so much of making money as of conserving their position for better times, unemployment as a problem faces us as rarely before, and the daily newspaper makes it impossible to forget that our material affairs are a secondary consideration while we rest under the vast shadow of the war.

The clearing-house returns are, as usual, full of interest. For 1912 we had to record the highest figures reached up to that time in our clearing houses—$9,146,236,000, a gain of 23.74 per cent. over the figures of 1911. In 1913 there was still a gain, but one of only 1.27 per cent., and there was a decline in most of the western cities. This year there is a decline in every city except one, the total for Canada being $8,070,120,000, a reduction of 12.37 per cent. It will be seen, however, that the figures for 1914 are still well in advance of those for 1911.

We continue our figures for the building permits of the four leading cities:—

	Montreal.	Toronto.	Winnipeg.	Vancouver.
1911..	$14,580,000	$34,274,000	$17,850,000	$17,684,000
1912..	19,442,000	27,461,000	20,475,000	23,320,000
1913..	27,632,000	27,628,000	33,621,000	19,422,000
1914..	17,619,126	20,672,498	12,160,960	4,684,400

Immigration has nearly stopped for the time being, except from the United States and the Orient, but, owing to the war, it is impossible to obtain figures showing present conditions. We have, of course, lost for a time a large number of our best people by the despatch of our own contingent, by the return of reservists, and in other ways.

The reports of our superintendents and others on the business conditions in the various areas in which the Bank is interested are, needless to say, of more than usual importance. They range from references to the greatest financial events in the history of the world to the price of the agricultural products of a locality, and they give faithful representations of the various elements working for or against our prosperity. If we consider the awful effects of the war, we can but congratulate ourselves on the manner in which Canada has stood up under the strain and on the spirit shown by her people, while if we look beyond the war, we cannot doubt the ability of this country to carry out every prophecy made as to her future. In connection with the success which has attended our confederation of the North American provinces in one Dominion of self-governing people, we draw attention to the report of our Newfoundland manager, in which the hope is expressed that the last step contemplated by the Fathers of Confederation is now possible of attainment.

The adoption of the report was then moved by the President, seconded by the Vice-President, and carried unanimously.

Mr. G. A. Morrow: I desire to move that the retiring auditors, Messrs. T. Harry Webb, C.A., and James Marwick, C.A., be and they are hereby reappointed to hold office until the next annual general meeting, their remuneration not to exceed $15,000.

This was seconded by Mr. J. K. Macdonald, and carried.

Mr. G. F. Beer then moved: That the thanks of the meeting are due and are hereby tendered to the President, Vice-President and other Directors for their careful attention to the affairs of the Bank during the past twelve months.

It is with unusual pleasure that I move this resolution. For some months the shareholders have been looking forward with great interest to this meeting. Need I add that the financial statement just presented is not only much more favorable than we had anticipated, but equal to that of normal years, despite the unusual conditions resulting from the war. The shareholders, therefore, appreciate more than ever the great services rendered by the Board which have made such a statement possible.

Mr. Alex. Bruce, K.C.: I have much pleasure in seconding the resolution that has just been moved by Mr. Beer. With the statement that is in our hands and the full explanations that have been given by the President and General Manager, we can see that the Bank's affairs have received very careful attention at the hands of the Directors. I think that the community owes a great deal to the foresight of the banks in beginning the restriction of business and credit, even before the war was thought of; this has enabled all of us to pass thru the crisis more successfully.

The President: On behalf of the Board I have to thank you once more for this expression of confidence in us. It would be absurd not to admit that this is the hardest year we have yet passed through, because I suppose it is the hardest year that any of us have ever gone through, no matter what our position may be. As regards the war we have to seek to be satisfied with the reflection that thus far we are a great deal better off than we dreamed in August and September last would be possible; and we must meet as well as we can, in the interests of Canada, each new difficulty as it arises. Every day we feel more confident that we shall be able to meet the problems and difficulties which must confront us in the future.

Mr. Davidson: I beg to move that the thanks of the meeting be tendered to the General Manager, the Assistant General Manager, and the officers of the Bank for the satisfactory discharge of their respective duties during the past twelve months. One cannot but be impressed with the greatness of the burden which is placed upon the members of the staff of the Bank, and especially upon the General Manager and the Assistant General Manager, in caring for the $245,000,000 of assets, but it is abundantly apparent that the result of their work has been satisfactory, when we find that after making payment of the usual dividends, the sum of $1,100,000 is carried forward at the credit of Profit and Loss. Another striking fact is the statement of the General Manager's that there are 350 officers in this Bank. When one thinks of this great army of men spread, as might almost say all over the world, we are bound to recognize the immense amount of intelligence, integrity and ability which must enter into the successful result now reported to us. One would wish to be able to thank each one of the officers individually, if this were possible, but it cannot be out of place for us to record specifically the appreciation by the shareholders of the 350 officers who have withdrawn themselves from comfort in their offices to undertake military duty in the defence of their country.

Mr. E. M. Saunders then seconded the resolution.

Mr. Aird: I am sure, Mr. Chairman, that the staff will feel doubly pleased, if that be possible, in having the shareholders pass this resolution to-day. The executive have not been able, owing to the depression in business, to treat the staff as liberally as in former years, but notwithstanding this they have performed their heavier duties without a murmur. As has been intimated to you, our ranks have been depleted by some 350 to 360 men, who have gone to the front. Some of these men, gentlemen, are on the firing line, some are in the trenches; others are in training camps. We have many other men who are training in one way or another, and we feel sure that they will all do their duty. We have had one man killed, and it grieves us very much to think that many of the men who have gone forward may never return. The shareholders may rest satisfied, however, that as long as the Executive can surround themselves with such men as these their interests will be well served.

Mr. H. B. Walker: I am very glad, indeed, Mr. President, to have an opportunity of responding to this resolution, which Mr. Davidson has so kindly and eloquently moved. Al-

(Continued on Page 5, Column 3)