

position to take advantage of the growth of the country, and confidently look forward to a steady increase in the earnings of the Bank. We have paid a conservative rate of interest to our Shareholders since 1885, and in the meantime have built up a reserve to protect your capital, to the extent of \$2,300,000. Our foundations are well and truly laid, and with the natural growth and prospects of this country, perhaps the equal of which does not elsewhere exist, we have every reason to look forward to the future with the greatest confidence, feeling that the property committed to our care will continue to make a reasonable return to its Shareholders.

All of the Branches of the Bank, including the Head Office, have been inspected during the year. I am conscious that the result of the Bank's operations for the past year, as shown to you by the statement now before you, could not have been accomplished except for the loyalty and efficiency of the staff of the Bank. It affords me greatest pleasure to bear testimony to their devotion to the interests of your institution.

President's Address.

Gentlemen,—I have much pleasure in moving the adoption of the report for the year 1910.

Much of the general prosperity of our Canadian Banks is doubtless due to the great advancement this country has made within the past few years. A large increase in our population and the continued development of the Northwest have added very materially to the wealth of Canada. The extensions of our great railway systems and our rapidly growing trade with other countries have placed this Dominion on a very high level of commercial importance. Banks are becoming every day a more important factor in meeting the increased demands made upon capital and credit for aid in the inauguration of substantial industries and the enlargement of general business. The result is that our banking institutions have become in a material sense the moving power in all national works as well as the necessary adjunct of private enterprise. A wide field is thus opened up with satisfactory results. Securities are improving in character and value. Investments are found to be amply protected. Payments are being more promptly met than formerly. Everything of a financial and commercial character is becoming more substantial. Money is now utilized in larger and more profitable enterprises than at any time in the history of banking. The outlook for the future is most favorable. Add to these facts the rapid strides which our rich north and western Canada is making and the prosperous condition of the older Provinces and it is reasonably safe to say that with careful management and prudent investments, banks occupy a stronger position to-day than they have ever done.

The fact that the failure of one of two smaller banks has not affected the standing of the existing institutions shows that our banks are on a solid basis. With anything like careful and conservative management, failure cannot happen. If the interests of the shareholders and depositors are safeguarded by watchfulness and business methods on the part of the management and directors, the assets of a bank must always be greater than its liabilities, and whilst this is the state of affairs, the public are safe. Your Directors have always adhered to this principle, and have spared neither time nor consideration in watching all the outgoings of your money. The securities have been closely scrutinized. Investments in the slightest degree of a speculative character have been avoided. As a result, we believe that our present record will appeal to the shareholders in a convincing manner, and afford them good ground for the confidence they have in the management. It should be remembered that this bank has only been in existence about half the lifetime of others of about the same volume of business. As a reward to the management and all concerned in the welfare of the Traders Bank, it is pleasing to note that our deposits have increased over last year by six millions, a condition which could not have been created except by thoroughly good management on the part of the Bank officials and the confidence which such management always brings about.

There have been eleven new branches opened during the year. This was rendered necessary by reason of the expansion of the Bank, as well as of the business requirement of the country at large. For a short time, several of these branches cannot be expected to pay, except indirectly, but our experience is that if branches are opened in proper localities they soon begin to yield a profitable return on their own account, and increase the earning power of the bank as a whole by affording commercial connection, and adding to our facilities to do business.

Our premises still continue to give us a good return for the investment.

For instance, the Head Office building gave 5½ per cent. net for the year. Every room is occupied by desirable tenants. Owing to the increase in the business, it has been found necessary to utilize the large room at the entrance

on the ground floor for Savings Department purposes. Already the convenience of this to depositors is felt, and we are beginning to reap the advantages accordingly. You will observe that your Directors have not this year written off any sum on premises account. The reason is very simple. The property is worth much more than it was a couple of years ago owing to the large increase in the value of real estate in a central location like this. The frontage is about 94 feet. The land alone has, on a very moderate estimate, increased in value \$2,500 per foot over what was paid for it a few years ago, so that the property is really worth \$225,000 more than it stands on the books to-day. To write off any amount under these conditions would not be justifiable, when the sole object is to present a true account of the Bank's affairs to its shareholders.

The policy of the management looks to the making of valuable connection in various parts of Canada, as shown by the character and extent of our new branches, and also to do everything reasonably possible towards making our Reserves and Rest strong and substantial. The amount carried to Rest account this year is very gratifying. After payment of all necessary obligations and providing for bad and doubtful debts and contingencies, we are able to place \$100,000 to Rest account and we have increased our profit and loss account by \$50,991.39 over last year, this account now standing at \$153,434.79. And you will bear in mind that these objects have been accomplished notwithstanding the fact that we paid an increased dividend, now amounting to 8 per cent. and involving an extra yearly payment out of profits of about \$44,000.

The office of auditor to the board has been found to be of the greatest value. By means of the industry and care of this official, we are continually kept in close touch with all that concerns the welfare of the bank. Details and complicated matters with which directors could not ordinarily be thoroughly conversant are placed before the board from week to week, and the board is thereby enabled to judge intelligently of all that goes on from the head office down to the smallest branch. The auditor, as I explained on a former occasion, is an entirely independent officer, not in any way under the control of the head office management, but appointed and subject to dismissal only by your Directors, who fix his remuneration and define his duties. Our experience is such that not only in our own personal interest, but in the interest of all banks a thorough and efficient audit by an independent officer is of the greatest value, and we heartily concur in the suggestion of the appointment of such auditors. I need only add that the Directors feel convinced that a competent and conscientious auditor performing his work thoroughly would be of immense advantage to banks and the public, but his work must be efficiently done, otherwise false confidence may be created and grave injustice done to those who may depend too much on his results. We shall be glad to see a searching and practical system of bank auditing adopted in this country, and hope that some measure having this object in view may become law at the earliest moment.

I do not intend to deal with the condition or prospects of business in any detail. The annual statement and returns of our various banks show the progressive strides Canada is making far more than mere words could do. Our own share in the forward movement is very gratifying. Without further comment, therefore, I move the adoption of this report presented for your consideration.

Vice-President's Address.

Hon. J. R. Stratton, the Vice-President, in seconding the motion for the adoption of the report said:—

In seconding the motion I feel that no very extended remarks are called for. The President has covered the ground so completely that little that has not been said is left for me to say in commendation of the statement, whose favorable features so amply justify the motion. I may say that I fully and freely endorse what has been said. It is very gratifying to me, as it must be to all concerned, that the Traders Bank signalizes the first year of its entrance upon the second quarter century of its existence with a statement so eminently satisfactory, and under auspices which promise a continuous growth and advance. The commercial, industrial and prospectively continuous development of our great and widely distributed and diversified resources will tend to create an active demand and profitable employment of capital. In this regard the Traders Bank is well equipped to have its share; its assets, very considerably increased during the past year, are strong, while a very important increase of deposits evidences the growing confidence and favor of the public—two of the prime elements in justifying anticipation of a progressively improving and profitable business. We can, I feel sure, regard the future with confidence. If the next decade shows the splendid ratio of advance of the past ten years, with their five-fold increase in assets, their six-fold growth in deposits, and their thirty-three-fold in-