

THE BANK of BRITISH NORTH AMERICA

A general meeting of the proprietors of the Bank of British North America was held on Tuesday last, at the office of the Corporation, No. 3 Clement's lane, Lombard street, E.C., Mr. E. A. Hoare presiding.

The Secretary (Mr. A. G. Wallis) read the notice calling the meeting.

The Chairman said: Without going through the formality of reading the report which has been in your hands for some time past, I will with your permission proceed at once to read a paper which I have prepared with the object of amplifying the information contained in the report and explaining some of the figures in the accounts. The balance sheet in our opinion reveals satisfactory progress combined with a thoroughly sound position, and in order to substantiate this statement I will compare our present figures with those of the corresponding period of 1898, for in this way I think we arrive at a truer comparison than by placing the figures side by side with those of the half year immediately preceding. Dealing first with our liabilities, the deposits on the 30th of June, 1899, compared with those of 30th June, 1898, show an increase of £178,000. The notes in circulation show an increase of £31,000. This increase amounts to more than 10 per cent. in the year, and is owing not only to general trade activity throughout the Dominion, but also to the opening of our new branches in the far North. The bills payable show an increase of £237,000, and these figures appear likely to increase still further, as we find an increasing demand for our acceptances in New York, due, I have no doubt, to the excellent credit which this bank has always enjoyed in that city. Turning to our assets, the cash and specie in hand show an increase of £59,000; and here I would particularly draw your attention to the fact that the cash and specie, amounting to £568,000, are in the ratio of 40 per cent. to our immediate liabilities, that is to say, to the current and deposit accounts payable on demand and to the notes in circulation. This, you will agree with me, is a thoroughly sound position. The cash at call and short notice, amounting to £1,233,000, shows an increase of £435,000. As regards our investments, the Consols remain a constant quantity, but our other investments are £9,000 lower than they were a year ago. The bills receivable show a decrease of £18,000, whilst the Premises account has been reduced by £3,000. I have on a previous occasion drawn your special attention to the Premises' account, in which we have found it almost impossible to prevent a gradual increase. We have opened, as you are aware, several new branches, and these all involve an expenditure which cannot be avoided if our business is to be efficiently conducted; but, nevertheless, we have been reluctant to see the figures increase, and we have on this occasion decided that in view of probable further expenditure which we believe to be inevitable, and to which I shall take an opportunity of referring more in detail later on, it is imperative for us to set aside a portion of our profits to meet this expected outlay. The result of this increase in every department of our business has resulted in increased profits. For the half year ended June 30, 1898, the profits amounted to £29,519 13s. 10d., while for the half year now concluded they amount to £33,550 4s. 3d., an increase of £4,030 10s. 5d., and this result has been obtained after making a very ample provision, not only for bad debts, but for every account respecting which we feel the least doubt or hesitation. From last half year we brought into the account the sum of £5,036, and we are now carrying forward to next half year £10,288. These figures are somewhat larger than those to which we have been accustomed—our object being the further building up of our reserve fund at the end of our financial year, an object which we must keep steadfastly before us. After the last annual meeting, when by the appropriation of £15,000 we brought the reserve fund up to £300,000, it was suggested to us by one or two of the shareholders that, having reached that round figure, we might now relax our efforts

to build up our reserve and distribute a larger sum in dividends. We are most anxious ourselves for the time to come when we may take another step forward and declare an increase of dividend; and we trust that the time for doing so may not be far distant, but we feel that the building up of the reserve fund must take precedence of any other consideration. I do not wish you to think that we are acting in this matter in an arbitrary way and without substantial grounds for what we are doing, and I am quite sure that if I can show you how incumbent upon us it is to continue adding to our reserve, we shall in this matter receive, as we ever have done, your cordial support. In making his budget speech to the Dominion Parliament this year the Minister of Finance drew a comparison between the trade returns of the Dominion in 1894 and in 1898, and he showed in the course of a most interesting speech that the total trade of the country had increased from \$240,000,000 in 1894 to \$304,000,000 in 1898, thus showing an increase of 26 per cent. He gave many other interesting figures, but I have not the time necessary to repeat them to you now. I, however, wish to follow the example of the Finance Minister, and to compare our own figures of June 30, 1894, with those now in your hands. On the former date our total liabilities amounted to £4,560,000, whereas now they amount to £6,053,000, or an increase of 33 per cent. During the same period what have we been able to do for our reserve fund? We have added to it only £25,000, or an increase of less than 10 per cent. During the period, under review banking has been by no means uniformly profitable; not only have we been unable to add to our reserve fund at all during some of these years, but we were even compelled to reduce our dividend, so that our reserve fund has not kept pace with the increase of our liabilities. It must, however, be evident to you, as it is to us, that with a constant increase in our liabilities it is manifestly our duty to continue to build up our reserve fund, and we hope that at the conclusion of the financial year, if our business continues to prosper, we may be able to take a further step in that direction. I think I have now thoroughly analyzed these accounts, and I may now pass on to tell you something of the bank's business throughout the Dominion of Canada. Beginning at the point nearest home, that is to say, the Maritime Provinces of Eastern Canada, it is satisfactory to learn that the lumbering trade, which is their most important industry, is enjoying a much greater degree of prosperity than at this time last year, the value of spruce in the American market showing a considerable improvement; while the crop of hay and oats has been good, and the former has realized excellent prices in the United States, principally in Boston, where the growers seem to find their best market. In the Province of Quebec general business has been satisfactory, and both wholesale and retail traders have been working with good results during the year. It is, therefore, the more curious that we should recently have seen two bank failures respecting which you are probably expecting to hear something from me to-day. The institutions which have suspended payment were comparatively unimportant, and although the consequences must be inconvenience and loss to their customers and depositors, which is much to be regretted, the incident will cause no disturbance amongst the community generally. The only way in which we can ourselves suffer any loss thereby may be as contributors in common with all the Canadian banks to the Banks' Circulation Redemption Fund. Allow me briefly to explain to you how it is that we and the other bankers become responsible for the notes issued by a bank which suspends payment. Under the Canadian Banking Act of 1890 all banks carrying on business in the Dominion are required to contribute to the Bank's Circulation Redemption Fund, the object of which is that in the event of the suspension of a bank the notes then issued by such bank, with interest thereon, shall be paid in full. This is a most excellent object, because it efficiently secures the whole of the circulation of all of the Canadian banks—a manifest advantage to the community generally in a country where paper money is the ordinary medium of circulation. The contribution required from each bank is a sum equal to 5 per cent. of its average note circulation. The fund is under the control of the Minister of Finance, and bears interest at the rate of 3 per cent. per annum, and it is further provided that the payment of the notes issued and in circulation shall constitute a first charge upon the assets of a bank in case of its insolvency. Now it appears to me that this is a reasonable proviso