

Branches or sub-agencies have been opened at the following places during the year:—

Baden,	Essex,	London East,	South River,
Berlin,	Goderich,	Millbank,	Teeswater,
Brucefield,	Huntsfield,	New Dundee,	Thorndale,
Chatham,	Ilderton,	Penetanguishene,	Walton,

These offices have fulfilled or exceeded our expectations, and the outlook for all of them appears to be satisfactory.

The branches have all been duly inspected during the year.

The most important event during the year was the sale of a large block of stock to the Dresdner Bank at \$130 a share net to the bank. This, with the new stock issued in Canada, increased the bank's paid-up capital to \$3,585,410 on 30th April. This was fully referred to at the special general meeting of shareholders held on 1st March to ratify the agreement and approve of the increase in the capital to \$4,000,000, but the directors now wish to record their gratification at the unanimity expressed by the shareholders on that occasion. Out of 1,040 shareholders, there were but two dissentients and their total holdings aggregated only fifteen shares.

The directors feel sure that the bank's progress as shown by the comparative statement of the past four years already submitted, will be highly satisfactory to the shareholders. The increase of \$3,542,000 in the deposits, which now aggregate nearly \$12,000,000, affords the most satisfactory evidence of the ever-increasing confidence of the public in the Sovereign Bank of Canada.

Exclusive of the premium on new stock, the net profits were \$187,467.35, an increase of \$53,491 over the previous year, and \$67,706 over 1904.

All bad or doubtful debts have been amply provided for, and the shareholders may rest assured that the business of the bank is in a sound and healthy condition, and on a very satisfactory earning basis, the importance of which will be more apparent later on.

The number of shareholders in the bank on 30th April, 1906, was 1,120, as compared with 887 in 1905, and 841 in 1904. This wide distribution and the fact that our shareholders include some of the most powerful financial interests in the world, afford the investing and borrowing public, and all who do business with the bank, a bulwark of strength and security of incalculable value.

All of your present directors offer themselves for re-election, and they beg to also present for election to-day, Mr. Albert Edward Dymont, member of the Dominion Parliament, one of the original, as well as one of the largest shareholders of the bank. Mr. Dymont's high position in the financial world, his successful business experience and recognized ability eminently qualify him to represent the shareholders on this board.

The directors have pleasure in again recording their appreciation of the zeal and efficiency of the staff, through whose efforts the bank has now grown to such important dimensions.

RANDOLPH MACDONALD, President.

#### President's Address.

The statements submitted to you with the directors' report are so complete, and, I trust, satisfactory, that they leave little for me to say.

In addressing the shareholders a year ago, when I also had the pleasure of announcing an increase in the dividend, I remarked that, even with the increased capital then being issued, we anticipated no difficulty in paying a 6 per cent. dividend and still making handsome additions to the Reserve Fund and otherwise strengthening the bank. You will understand how fully these anticipations have been realized when I tell you that we paid some \$103,000 in dividends during the past year, and after doing this had a surplus from the ordinary net earnings of \$84,500, as compared with a surplus of \$68,900 the year before over dividends aggregating only \$65,000. On this basis we could easily have paid 7 per cent. and still have had as much to appropriate for the Reserve Fund, bank premises, etc., as we had at the end of April, 1905.

Our shares were listed on the Toronto and Montreal Stock Exchanges during the year, and the market quotations ever since have represented a handsome premium over the original price.

The business of the bank has now assumed large proportions, and we shall welcome the addition of another representative of the shareholders to the board. The feelings of the directors towards Mr. Dymont have been expressed in their report, and I am sure his election would give great satisfaction to all who are interested in the bank and to the people of Canada generally.

I will ask the general manager to discuss the statement submitted to you, and before doing so I wish to state that

in Mr. Stewart we have a gentleman of proven ability and sound judgment, and under his management the shareholders may look forward to even greater results in the future.

I now move, seconded by the first vice-president, Mr. Allan, that the report of the directors be adopted, and printed for distribution among the shareholders.

The first vice-president then spoke as follows:—

The president has covered the ground very fully, and I can only add that I concur in everything he has said. One thing I have noticed which has pleased me very much is that the enlargement of the bank is attracting a more important and influential class of business than might have come to us if we continued to be a comparatively small institution. We have, from the outset, enjoyed an exceptionally good patronage, but for some reason or other people prefer doing business with a "big bank," and the increased security afforded by the enlarging of our capital to \$4,000,000 has undoubtedly brought our deposits and other valuable business from insurance companies, bankers, and large corporations which would not ordinarily go to a smaller bank.

The greatest difficulty we have to contend with is the securing of premises to accommodate our business, as in a short time after we open at an important centre the business outgrows the building. We have twice had to alter the interior of the Toronto office, but we think we have at last succeeded in providing our customers with satisfactory accommodation, at least for a reasonable time.

I now second the adoption of the report.

#### General Manager's Address.

The statements submitted to you are as complete as it is possible to make them, and, with a few explanatory remarks regarding some of the figures, I trust they will be sufficiently comprehensive to enable the shareholders to form a fairly accurate conclusion as to the present position of the bank and an intelligent idea of its future prospects.

Taking the "Profit and Loss Statement" first, I think the results of the year's business may be considered satisfactory. We made more money, both actually and in proportion to our capital, than in any previous year. The only item in this statement that calls for special comment is the appropriation of \$1,500 to hospitals, etc. Contributions to such public objects are both necessary and desirable, and need no defence. All we desire is the shareholders' approval of them, and I am sure we will always have this so long as such donations are confined to moderate amounts.

Referring to the "General Financial Statement," the first seven items require no explanation. They comprise the immediately available assets, which amount to fifty-four per cent. of the deposits, although fully two-thirds of the latter are payable only after notice.

The "Current Loans and Discounts" amount to \$11,682,290, being an increase of \$5,000,000 over last year. They consist of advances to merchants, manufacturers, farmers and others doing business in Ontario and Quebec, and represent so many diversified interests that in no sense have we too many eggs in one basket. These loans are also well distributed as to amount, and average only \$1,992 per borrower.

The next item, "Overdue Debts, \$9,491," really belongs to current loans, as it is quite good, and composed of bills only temporarily past due. Where we have a really bad debt it is wiped out from profits and does not appear under loans, either current or overdue.

"Real Estate, other than bank premises, \$11,307." This chiefly represents the price we paid recently for the old Nipissing Hotel property at the corner of King and George Streets in Toronto. We intend to put up a suitable building there for our Market Branch, where the business has long since outgrown the present premises at 168 King Street East.

The next item, "Bank Premises, Safes," etc., is a valuable asset; nearly three-quarters of the amount is represented by our magnificent ten-storey building on St. James' Street, Montreal. The Montreal branch occupies the ground floor and basement, and the executive offices take up the whole of the first floor. The other eight floors are all rented, and there is not a vacant office in the building. After charging ourselves with a very modest rental compared with what we know we would have to pay for inferior accommodation elsewhere in the city, I am very pleased to be able to tell you that this building is now netting the bank a clear 5 per cent. on its investment. Our tenants are of a high order, and are all under lease, so that you may expect this yield to continue for some time to come. Apart from its value as a safe revenue producer, this building is a good advertisement and business attraction. The banking-room was planned with a view to the comfort and convenience of our customers and staff, and is an unqualified success. Profiting by the experience of the Baltimore fire, we had the vaults built under ground, and nothing was left undone to provide the bank with the very maximum of protection.