

**THE SOVEREIGN BANK OF CANADA.**

The statement of the Sovereign Bank of Canada for the half year ending 31st October will be found on another page.

Remarkable progress is shown since the bank's organization in 1902.

The following figures for 1906 compared with the previous year are decided evidence of the growth of the institution:

|                                         | Oct. 31, 1906. | Oct. 31, 1905. |
|-----------------------------------------|----------------|----------------|
| Capital paid-up.....                    | \$3,942,710    | \$1,610,478    |
| Reserve fund and undivided profits..... | 1,335,847      | 523,491        |
| Circulation.....                        | 2,850,675      | 1,550,790      |
| Deposits.....                           | 15,578,920     | 10,134,209     |
| Commercial loans and discounts.....     | 14,640,510     | 9,578,850      |
| Loans at call.....                      | 4,614,067      | 1,566,144      |
| Total assets.....                       | 25,343,401     | 13,818,938     |

It is a well-known fact that the rapid progress made by the Sovereign Bank has had not a little to do with the formation of several of the new banks. It was the first of the new banks to be organized. Almost from the very outset of its career it was seen that success was assured; and all through, right down to the present time, the bank has grown at a pace almost unprecedented. At its organization, in the spring of 1902, it was, of course, at the foot of the list. Now, in the short space of four and a half years, it ranks, in respect to paid-up capital, eighth; and in respect to total assets, fifteenth, among the banks of the Dominion. The deposits, the circulation, the mercantile discounts, have all expanded to large proportions and it is no wonder that the promoters of new banks have had their imaginations fired by these results.

Mr. D. M. Stewart, the Sovereign's general manager, to whom the credit for the bank's success is primarily due, was for a number of years in the Canadian Bank of Commerce; and afterwards occupied a responsible position in the Royal Bank of Canada. When he undertook the organization of the Sovereign he had, therefore, a valuable banking experience behind him. In building up the business of the bank he has displayed great vigor and ingenuity and at the same time he has not forgotten to exercise great care in selecting his risks. At almost every annual meeting this point has been emphasized—that conservatism in the making of loans is the management's policy. How the profits have grown is shown by the following statement:

|                                           |           |
|-------------------------------------------|-----------|
| For the year ending 30th April, 1903..... | \$ 51,233 |
| For the year ending 30th April, 1904..... | 119,701   |
| For the year ending 30th April, 1905..... | 133,975   |
| For the year ending 30th April, 1906..... | 187,407   |

A five per cent. dividend was inaugurated in the bank's second year. Two years later it was increased to six, which is the present rate. It is expected that the profits for the current year will be much larger, because it is only in the last six months that the bank has had the benefit of the new capital paid in by the Dresdner Bank of Berlin, Germany, and other shareholders. The increased capital

with which it has had lately to work is seen by the following:

|                             | 28th Feb., 1906. | 30th April, 1906. |
|-----------------------------|------------------|-------------------|
| Capital paid up.....        | \$1,622,800      | \$3,585,410       |
| Reserve.....                | 490,722          | 1,230,000         |
| Total proprietors fund..... | \$2,113, 612     | \$4,815,410       |

Since the 30th April the amount has increased to over five millions. And the gain in deposits has also been very rapid, amounting to over 2½ millions for the last 5 months. In quick assets over \$10,000,000 is held, of which nearly \$4,000,000 is in actual cash.

Perhaps the most interesting feature of the Sovereign's history is the purchase by the Dresdner Bank of a large block of Sovereign stock. Never previously had a great European bank thus interested itself in a Canadian bank. It is announced that the connection has been very helpful to the Sovereign in the current half year, through the increased opportunity which it gave for profits in exchange, and for gaining valuable new business.

The bank has increased the number of its branches and sub-offices, from fifty-three in 1905, to seventy-seven in 1906, all confined to the two older Provinces of Ontario and Quebec, and in May last, opened an agency in New York city. No branches have as yet been opened in the Northwest where competition is keen, and in the opinion of some of our leading bankers, too much banking facilities, to be wholesome, are already in that section of the Dominion, owing to the number of branches recently established by the different banks.

In a circular addressed to the shareholders, the General Manager says:

"The bank's American and foreign business has now attained considerable importance. Our connections abroad, as well as our facilities at home, enable us to handle British, Continental and American transactions entrusted to us on a favourable basis, and the results so far have been satisfactory to all concerned.

"Our principal business is, of course, confined to Canada and is concentrated in the Provinces of Ontario and Quebec, which long experience has proven to be the safest territory in the Dominion for the conduct of a general and commercial banking business. In these two Provinces the bank has 55 branches and 22 sub-offices, the latter being managed from central points, and in some instances open only two or three days a week. We have not yet opened any branches in the Northwest, as competition there seems to be unusually keen, but with the undoubted progress the country is making, these conditions will probably right themselves later on, and in the meantime we have very satisfactory banking arrangements for the conduct of our business throughout that territory.

"The capital of the bank (\$4,000,000) will be fully