

The officers of the Bank have performed their various duties to the satisfaction of your Directors.
All of which is respectfully submitted.

CHARLES MAGEE,
President.

THE PRESIDENT'S ADDRESS.

The President then said: The report just read records the result of another satisfactory and prosperous year.

A comparison of the statement of assets and liabilities, with last year's, shows large increases. On the liabilities side, circulation has increased by \$250,810, and deposits by \$1,334,025. On the other side the assets show an increase in specie on hand of \$117,960; Dominion notes, \$292,057; deposits in the United Kingdom and Foreign countries, \$377,570. Current loans have increased by \$1,069,546, and call loans show a decrease of \$371,027. The statement this year shows our holding of railway and other stocks and bonds to be \$485,587, while Canadian municipal and other securities, together with the British National War Loan bonds (£30,000 Sterling) show an increase of \$114,115. The net earnings show an increase of \$23,215, which is about the same percentage on the average increased amount of paid-up capital as last year. The gross earnings were larger than usual, but the Directors considering it a good time to prepare for years that may not be so prosperous, have made very liberal appropriations for the liquidation of unprofitable or undesirable accounts.

The condition of the lumber trade is sound and healthy, and does not vary much from last year. Next season's cut of deals is practically all sold at the same prices as last year. With regard to the amount of the season's output of lumber in the Ottawa Valley, a newspaper paragraph has lately gone the rounds, giving the quantity of lumber produced within a radius of fifty miles around Ottawa this season as eight or nine hundred million feet. From a reliable authority, I learn that that is an over-estimate, the total manufacture not greatly exceeding six hundred million feet. The production of square and waney timber has fallen off very materially, the quantity now wintering in Quebec being the smallest on record. In 1899 the quantity of white and red pine, held there, was 2,304,239 cubic feet, and in 1900 the total is only 1,358,223 cubic feet.

The grain crops in Manitoba and the Northwest Territories were below an average last season, but the farmers in these districts have enjoyed a succession of several years of bountiful harvests, and are, for the most part, in such easy circumstances as to be able to view the situation with equanimity and to face the future with hopefulness. The consequence is that trade has not yet suffered to an appreciable extent.

The general outlook for business in the provinces in which we have agencies is good, and I do not anticipate any diminution of profits, or difficulty in maintaining the usual dividends.

The report refers to the opening of three new branches. The development of the water power at Shawinigan Falls has been undertaken in such an energetic and practical way by the Shawinigan Water and Power Co. that thirty thousand horse power is already available and leased to Metal, Carbide, Pulp and Paper and other industrial Companies and firms. The water power can be cheaply developed up to 100,000 horse power, and if necessary to 200,000 horse power. The Board decided to open a branch at that point, where there is already a population of over 2,000, and which is destined to be one of the manufacturing centres of Canada. The increase of business at the Branches has called for increased facilities for transacting it. These facilities have to be provided, either by alterations to the present offices or by building new ones, and the past has been an unusually active year in this respect. It is not always possible to get the needed accommodation at reasonable rentals, so that last year the Bank built a new office at Alexandria, which was occupied in October, and a new building is under construction in Hull, which will be ready for occupation in a few weeks. At Shawinigan Falls we purchased a lot, on which there was a temporary building, which has been converted into an office. At Rat Portage we are occupying a handsome office, built for the Bank by an enterprising citizen of that place. At Lacute and Dauphin new buildings have been leased, which are nearly completed, and which have been designed to suit our requirements. At Smith's Falls we have taken a long lease of a building on a prominent business stand, which is now being remodelled. At Bracebridge and Parry Sound the Bank has purchased building sites, with the intention of erecting new office buildings this year. All

these operations cost money and we have made the business of the year pay for a portion of it, so that the Bank Premises' account is only increased by \$10,000.

At the last session of Parliament the Bank charters were renewed, with a few amendments in the direction of giving greater security to the public, and conferring upon the Bankers' Association power to supervise the enforcement of the clauses of the Bank Act respecting the issue and cancellation of the circulation of all chartered Banks, also the power to appoint a curator in the event of the suspension of any Bank, whose duty it will be to control the affairs of such a Bank. The General Manager is one of the Vice-Presidents of the Association, and is in a position to give you some interesting information on the powers conferred on the Association.

In December, 1895, the Bank appropriated \$20,000 as a nucleus for the establishment of a pension fund for the officers of the Bank, but for various reasons it has not yet been put into operation. It is the intention, however, to commence it this year, and a resolution dealing with the subject will be submitted to-day, when some detailed information as to the working of the scheme will be given by the General Manager.

There is only one more subject mentioned in the report which calls for any special remark, and that is the subscriptions to the Ottawa and Hull Fire Relief Fund, and to the Patriotic Fund. The directors considered that with regard to the great calamity of the fire, it was necessary to act promptly and liberally, and they believed their action in both cases would receive the hearty approval of the Shareholders.

Before moving the adoption of the Report, I will ask the General Manager to give the information to which I have alluded.

THE GENERAL MANAGER.

The General Manager said:

The President has referred to the usual revision of the Bank charters, which has taken place since the last meeting. The changes in the act are not of so great importance as those made ten years ago, when the plan for strengthening the security of the note issues, which has worked so successfully ever since, was formulated. Some of the amendments of the New Bill, are the natural result of the legislation of 1890. It will be remembered that a "Circulation Redemption Fund" was then established, by which each Bank became responsible for the circulation of the others, and an amount placed by each Bank, pro rata to its circulation, in the hands of the Government for the redemption of the notes of any failed Bank, in case of need. I am glad to say that this fund has never been called on, the Banks which have failed since 1890, having redeemed their issues without Governmental interference. The new amendments provide that the incorporated Canadian Bankers' Association shall make by-laws regulating the checking of the issues of each Bank, and the by-laws now framed are of such a nature that the danger of an over-issue of bills beyond the limit of the law will be greatly minimized.

As a voluntary body, the Canadian Bankers' Association had no power of supervision, although the individual members, i.e., the Banks, were responsible for each others' issues. Now, while the responsibility is not lessened, the power given under incorporation, of investigating the state of the circulation of any Bank, will, we believe prove a wholesome deterrent against a repetition of the scandalous over-issues which have occurred in the past, and for which, in some cases, those responsible are now suffering the penalties prescribed in the Bank Act.

Another function which has been imposed by the Government on the Association is the appointment of a curator in the case of a suspended Bank. It must not be supposed by this that the control of the suspended institution is to be removed altogether from the creditors and shareholders, but as the Banks are now so largely interested in each other, and the members of the Association are likely to know the suitable man for such an appointment, it will, I think, be admitted that the interests of all concerned, are likely to be wisely conserved in the hands of a curator so appointed. The whole legislation will be found to be in the direction of strengthening our Banking and Currency system, and is, I consider, a distinct advance.

He then gave some particulars as to the working of the Pension Fund, after which it was moved by the President, seconded by the Vice-President, "That the report of the Directors and statement now read be adopted, and printed for the information of the Shareholders." Carried.