

Since the last annual meeting, branches of the bank have been opened at Smith's Falls, and Winchester, Ontario, and at Shawinigan Falls, Quebec. The business done at these offices since their establishment has fully justified the directors in opening them.

In the belief that the shareholders would approve of such a course, the directors contributed, on behalf of the bank, \$5,000 to the fund for the relief of the sufferers by the Ottawa and Hull fire, and \$1,000 to the National Patriotic Fund.

While the disastrous fire referred to was the cause of very serious loss to the residents and owners of property in the burned districts, it is satisfactory to note that rebuilding, with a better class of structure, has been very general.

The usual inspections of the offices of the bank have been made during the year.

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, Mr. Magee, 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 liability 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, \$377,370. 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 deal 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 50 miles around Ottawa, this season, as eight or nine hundred million feet. From a reliable authority, I learn that that is an overestimate, 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 North-West 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 way by the Shawinigan Water and Power Company 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 Lachute 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 remodeled. 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 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 in 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 other's 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 the adoption of the report was moved by the president, and seconded by the vice-president and carried.

Mr. J. G. Whyte said, in praising the management, that the shareholders had surely great reason to be satisfied with the result of the business of the past year. And he moved, seconded by Mr. John Manuel, a vote of thanks to the president and directors.

Mr. Hay, vice-president, in thanking the shareholders for their vote, declared that the welfare of the bank is a matter of intense personal interest to each member of the board, and it is a subject of much congratulation that the bank has been so successful. "There is a Divinity which shapes our ends," and let us hope that there will be a continuance of the same care which has characterized and helped our endeavors in the past.