

sourceful bank, could not be expected to exist to the same extent. Personally, I look upon public confidence founded on the stability of any institution as the greatest feature in the mind of the people who desire to know that when they leave their money in the Savings Bank over night, they are sure to find it safe and certain in the morning. And whatever on good grounds increases this feeling of security is in the interest of general public credit, as well as for the benefit of the individual interested.

The interest of the shareholder is another matter we had to consider. He invests his money in bank stock, and ought to have a reasonable prospect that his shares are of continuing value, and will bring him fair dividends. This condition cannot safely be created, except by means of a strong financial body with plenty of readily available assets, a proper earning power, and a large surplus fund to meet any possible contingency. The forcing of a few hundred shares of any ordinary banking or other institution on the market may materially decrease values and cause complications. It is only when a corporation is fortified by ready resources and backed by public confidence that such sudden movements are not dangerous. It would be idle to argue that under former conditions the market value of Traders Bank shares could be maintained against adverse circumstances in the same way as the shares in the present amalgamation. Bank stocks have, like all others, their rise and fall, but the fall, even when it reaches its limit by force of general financial conditions, does not carry with it permanent or critical results, if the Bank's foundation is solid. We feel that, notwithstanding all our faith and pride in the Traders Bank, we are now better prepared to face a general commercial crisis than we would have been in the smaller institution. The shareholders' interest is one of great importance, and as his means are practically the foundation of the whole structure, his judgment as to what is best in his interest should be entitled to weight, more, at any rate, than the opinion of those who run no risk, except the risk of refusal by a bank to discount an uncertain security.

Having made these few observations from an outside point of view, and having indicated briefly some of the reasons why we came over to the Royal Bank, I shall trouble you with a few facts showing that in the practical result of the union of the two banks, the statements I have made are verified, and the general conditions underlying safe and successful banking have been accentuated.

Let us see how the public are affected by the union. The Traders Bank had one of the best connections in the Province of Ontario, but had no agency east of Montreal. We also had a number of well-located branches in the West as far as Vancouver. The Royal Bank had extensive facilities in that part of Canada east of Montreal, but owing to lateness in entering the field was not strong in Ontario branches. The time for union was, therefore, opportune. We gave you Ontario, with all its resources—manufacturing, agricultural and industrial. You gave us the benefits of Quebec, New Brunswick, Nova Scotia and the seaboard, where we did not have a single office. Your British Columbia connection was of great value. You also gave us the West India business, and well-established offices in New York and London. The necessities of each Bank were met by the resources of the other. There was practically no duplication. To have opened sufficient agencies in Ontario to meet the demands of the public on your Bank would have cost you a very large sum of money, and if we had extended our business eastward and opened offices in London and New York, which the exigencies of our business were forcing on us, we would have been compelled to spend hundreds of thousands of dollars. I say "exigencies" because we had under the then existing conditions to go on or recede. It was not a case of resting on our oars. We had reached that point when in order to keep our business, it became necessary to increase the facilities for doing it. The surplus profits would have been absorbed for some years in endeavoring to carry on the necessary work of expansion. Our dividend rate could not have been increased for some years, nor could we have added yearly to our reserve as much as our shareholders were fairly entitled to in order that they might be benefited by the consequent increased value of their stock. We were already a strong, active, healthy bank, but by reason of this very fact, we had to advance and enter fields new to us in order to increase our existing business and make it certain and permanent. All the money representing the cost would necessarily have to be withdrawn from public use. The expense of running the offices for three or four years would have to be taken from funds which might otherwise have gone in the way of loans to customers, and thereby increase our profits. The Royal Bank would have required many years and great expenditure to reach the stage of that banking and public advantage, which we give you in Ontario and parts of the West by a fair exchange through a common-sense arrangement. The public will reap and is reaping the benefit. Banking facilities are increased. Expenses of carrying on the united business are less than the aggregate cost of two separate banks. At least from two to three million dollars will be added in the next few years to funds available for commercial purposes by the

disposal of large and valuable properties not now required. And I will show you that competition has not been lessened, nor has a single customer suffered.

As to competition, I may state that out of the combined agencies, amounting to 320, there were only sixteen places where both banks did business. This is another example of the exact fitting in of the functions and conditions of each institution. In at least four out of these sixteen branches, the chief business of the Traders Bank was receiving deposits. This leaves only twelve in which there could be any semblance of competition. And in this connection let me say that not a single former customer has been refused accommodation, and not a new applicant for credit has been turned away where the security offered has been deemed satisfactory. In four places out of the twelve, agencies of other banks were opened before we had closed our arrangements with the Royal Bank. This leaves only eight branches by the closing of which the public could possibly be affected, and in all of these the Royal Bank continues to do business. In these eight places, which represent the largest cities in Canada, such as Montreal, Toronto, Ottawa, Winnipeg, Vancouver, etc., there are large agencies of all the old leading banks, and many of the younger banks as well. The banking facilities in these eight cities are undoubtedly ample. In the remaining 312 points, where we have agencies, the situation remains absolutely as it was before the amalgamation.

I am glad to say that the Traders Bank staff was taken over in a body and given substantial advantages in the way of pensions, etc., which did not exist in connection with the Traders' Bank.

In every way the amalgamation will be found to be most beneficial, and, speaking from a personal knowledge of the circumstances, I have no hesitation in stating to this meeting that the Royal Bank has gained by the acquisition of the Traders Bank, and the shareholders, customers and depositors of the Traders Bank have greatly advanced their own interest, and the country is, and will be, better served and provided with greater banking facilities than if the two banks had continued separate from each other.

#### MR. STUART STRATHY.

Mr. Stuart Strathy, late General Manager of the Traders Bank of Canada, spoke as follows:—

The Shareholders of the Royal Bank of Canada are to be congratulated upon the organization which took over so successfully the business of the Traders Bank of Canada. The transfer was made without the slightest disturbance to the business of either bank.

The report was then unanimously adopted.

On motion of Mr. H. S. Holt, seconded by Mr. E. F. B. Johnston, K.C., the by-laws of the Bank, with amendments, were re-enacted.

On motion of Mr. A. J. Brown, seconded by Mr. W. J. Sheppard, an annual contribution to the Officers' Pension Fund was authorized.

The usual resolutions expressing the thanks of the Shareholders to the President, Vice-President and Directors and to the General Manager and Staff, were unanimously carried. The President and General Manager replied.

The ballot for the election of Directors was then proceeded with and the scrutineers reported the following elected Directors for the ensuing year: H. S. Holt, E. L. Pease, E. F. B. Johnston, Wiley Smith, Hon. D. Mackeen, Jas. Redmond, G. R. Crowe, D. K. Elliott, W. H. Thorne, Hugh Paton, T. J. Drummond, Wm. Robertson, A. J. Brown, W. J. Sheppard, C. S. Wilcox, A. E. Dvment.

At a subsequent meeting of the Board of Directors, Mr. H. S. Holt was unanimously re-elected President, Mr. E. L. Pease, Vice-President, and Mr. E. F. B. Johnston, K.C., second Vice-President, for the ensuing year.

#### GRAND TRUNK IS CENTRAL TOPIC

Before Charles M. Hays came into the service of the Grand Trunk Railway, that company was the "easy mark" of its rivals and connections on both sides of the line, says the Providence Evening Bulletin. On the one hand, the Canadian Pacific, aided by powerful politicians, made the Grand Trunk a mere switching yard. On the Vermont side of the line, country politicians legislated it out of opportunity even to collect its just credits, due for car mileage balances. Timidity and indecision marked its policies. Mr. Hays changed all that; but the question is now, Is the change permanent?

The ballot for the election of Directors was then pro-Grand Trunk Railway in New Hampshire is sending out a letter to the associates and directors of Southern New England Railroad Corporation and to the organizations and individuals whose support of the Grand Trunk may have been induced by my assurances of its good faith, in which he purports to show how he, President Fitzhugh and others were tricked in abandonment of Grand Trunk project. Judge Remick is caustic in his expressions and suggests legislation to secure control of Boston and Maine Railroad."