the previous administration, or to try to account for the large losses which have occurred. The depreciaion in securities is perhaps not more than should be expected in a year in which values have shrunk as they did last year, and I should hope taat under favorable conditions a considerable portion of the amount written off should be recovered.

In the very nature of things a new bank, without a history to guide it, is almost certain to incur losses which an older bank would avoid. These considerations apply with special force in this particular case. The Bank has in the past been too ambitious. It has piled up its figures at an

EXTRAORDINARILY RAPID RATE

and it has paid the natural penalty for attempting to grow too fast and for departing from the beaten paths of experience, which in banking more than in any other business it is most necessary to follow. But the losses which have been made are far too heavy to be explained in this way, and I ought perhaps to say that in many cases loans have been made for which sound banking principles offer no apparent justification, and under methods directly contrary to those which will be followed by the present management.

If my Report is adopted, the figures of the Profit and Loss Account and of the General Balance sheet of the Bank will be as follows: It will be observed that the Profit and Loss statement is as of 30th April, with my adjustments made as an addendum. The general balance sheet is as of the 31st May.

So far as the future of the Bank is concerned, I have no hesitation in saying that

ITS PROSPECTS ARE OF THE BEST.

It will have a fully paid-up capital of $3,000,000, which we may be certain is absolutely intact, while in the Special Contingent Fund it has, I hope, the nucleus of a Rest Account, which I trust will within the next few years begin to assume respectable proportions. We have throughout Ontario, and in parts of Quebec, a large and valuable business. Our country branches have as a whole been well selected, although we think it altogether likely that some of them will have to be closed, and our country managers undoubtedly have the confidence of the farming and mercantile community. Our deposits have shown remarkable growth, and at the moment they amount to over $13,000,000, of which over 90 per cent. are of a thoroughly normal and healthy nature. Their growth has naturally been checked to some extent by the recent feeling of uncertainty, but now that this has been removed, now that we know our exact position, and that our assets on their present valuation are on as sound and clean a basis as any bank could possibly desire, I have no doubt that the Bank will again make steady and continuous progress, and that the esteem in which it is held throughout the country districts will year by year increase. The Bank has its own distinct sphere of usefulness, and in working along safe, sound and conservative lines, it will do its full share in contributing to the prosperity of the districts in which it is represented.

F. G. JEMMETT,

Toronto, 8th June, 1907. Joint General Manager.

The results of this examination were a most painful surprise to your Board, but after the figures had been carefully revised by your President and considered by the Board, they deemed it necessary to confirm Mr. Jemmett's recommendation.

A by-law will be submitted to you reducing the Capital, and authorizing the necessary application to the Treasury Board for the confirmation of your action.

Mr. Stewart's resignation of his position as General Manager has been submitted to the Board and duly accepted. Mr. F. G. Jemmett, the Joint General Manager, has been appointed General Manager in place of Mr. Stewart.

You will observe that the Profit and Loss Statement submitted herewith is that of the 30th April last, being the end of the Bank's year, with the additions of the adjustments made by the new Executive. The Statement of assets and liabilities, is, however, as of the 31st May, instead of the 30th April. This change has been made principally for the reason that as the President and General Manager only assumed their new duties on the 1st and 6th May, respectively, they could not possibly deal with the figures of the 30th April, a date before their responsibility began. In addition to this, it is felt that as the 31st May and 30th November are the dates on which a number of the other Banks close their books for the half-year, it is better that we should conform to the more general custom. A by-law will, therefore, be submitted for your approval changing the date of the Annual Meeting from the second Tuesday in June to the second Tuesday in July. The only practical effect to the shareholders will be that they will receive their dividends in March, June, September and December, instead of on the present dates, and that the dividend payable in December next will be for four months instead of three. The dividend for the current three months on the capital will be paid on the 16th August, as usual.

ÆMILIUS JARVIS,
President.

Toronto, 11th June, 1907.

PROFIT AND LOSS ACCOUNT.

Balance at credit of Profit and Loss Account on 30th April, 1906			$15,931.77
Net profits for the year ended 30th April, 1907, after deducting charges of management, Provincial Government and Municipal Taxes, Advertising Expenses, and accrued interest on Deposits, and after making some provision for bad and doubtful debts			243,027.16
Premium on new stock			25,950.93
			$284,908.93
Which has been appropriated as follows.			
Quarterly dividends, at 6 per cent. per annum:			
No. 13, paid 16th August, 1906	$55,727.11		
No. 14, paid 16th November, 1906	57,431,30		
No. 15, paid 16th February, 1907	58,798,20		
No. 16, payable 16th May, 1907	60,000.00		
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Transferred to Reserve Fund	25,950.00		
Written off safes and office furniture	7,832.71		
		$265,739.32	
		$19,169.61	
To this have been added:			
Amount transferred from Rest Account		$1,255,950.00	
Amount transferred from Capital Account		1,000,000.00	$2,275,119.61
Against the total thus arrived at the following amounts have been charged:			
Written off bad debts		$700,695.91	
Written off for depreciation in securities		150,607.95	
Written off Bank premises and furniture		48,109.25	
Reserved for unearned discount		9,000.00	
			908,373.11
Transferred to Contingent Fund as a provision for bad and doubtful debts in liquidation		$541,494.00	
Transferred to Special Contingent Fund as provision for certain accounts, the outcome of which is not yet assured		800,000.00	
			$1,341,494.00
Balance carried forward to Profit and Loss Account			25,252.50
			$2,275,119.61