

ANNUAL REPORT

The Sovereign Bank of Canada.

The fourth Annual Meeting of Shareholders of the Sovereign Bank of Canada was held at the Head Office, Toronto, 12th Inst., and was largely attended.

Reports were presented as follows:

GENERAL STATEMENT (Condensed)

30th April, 1906.

LIABILITIES.	ASSETS.
Notes of the bank in circulation	Cash on hand and at bankers
Deposits	Bonds, debentures, etc.
Deposits due to other banks	Call and demand loans secured by bonds, stocks, etc.
Capital stock paid up	Commercial loans and discounts
Reserve fund and undivided profits	Bank premises and other assets
\$18,569,009 75	\$18,569,009 75

COMPARATIVE STATEMENT.

LIABILITIES.	LIABILITIES.	LIABILITIES.	LIABILITIES.	LIABILITIES.	LIABILITIES.
30th April	30th April	30th April	30th April	30th April	30th April
Capital paid-up	Reserve Fund and Undivided Profits	Sovereign Bank Notes in Circulation	Deposits	Balance Due to other Banks	Total Liabilities to the Public
1903	1903	1903	1903	1903	1903
1904	1904	1904	1904	1904	1904
1905	1905	1905	1905	1905	1905
1906	1906	1906	1906	1906	1906

DIRECTORS' REPORT.

Result of the business of the Bank for the year ended 30th April, 1906:—
Balance at credit of Profit and Loss Account on 29th April 1905

This has been appropriated as follows:
Four Quarterly Dividends at 6 per cent. per annum

Balance carried forward

RESERVE FUND.

Balance at credit of account, 29th April, 1905

Transferred from Profit and Loss Account

Premium on New Stock, as shown above

Total, 30th April, 1906

Branches or Sub-Agencies have been opened at the following places in Ontario during the year:—

These offices have fulfilled or exceeded our expectations, and the outlook for all of them appears to be satisfactory.

All the Branches have been duly inspected during the year.

The most important event during the year was the sale of a large block of stock to the Dresdner Bank at \$130 per share net to the Bank.

The Directors feel sure that the Bank's progress, as shown by the comparative statement of the past four years already submitted, will be highly satisfactory to the shareholders.

The number of shareholders in the Bank on 30th April, 1906, was 1,119, as compared with 887 in 1905, and 841 in 1904.

The fact that our shareholders include some of the most powerful financial interests in the world, affords the investing and borrowing public, and all who do business with the Bank, a bulwark of strength and security of incalculable value.

The Directors have pleasure in again recording their appreciation of the zeal and efficiency of the staff, through whose efforts the Bank has now grown to such important dimensions.

PRESIDENT'S ADDRESS.

In addressing the shareholders a year ago, I remarked that even with the increased capital then being issued, we anticipated no difficulty in paying a 6 per cent. dividend and still making handsome additions to the Reserve Fund.

These anticipations have been realized. We paid some \$102,000 in dividends during the past year, and had a surplus from the ordinary net earnings of \$84,500, as compared with \$68,550 the year before.

I will ask the General Manager to discuss the statement submitted.

The First Vice-President then spoke as follows:

The President has covered the ground fully, and I can only add that I concur in everything he has said.

What has pleased me very much is the enlargement of the Bank is attracting a more important and influential class of business than might have come to us if we continued to be a comparatively small institution.

We have, from the outset, enjoyed an exceptionally good patronage, but the increased security afforded by the enlarging of our capital to \$4,000,000 has undoubtedly brought valuable business from large corporations which would not ordinarily go to a smaller bank.

The greatest difficulty we have to contend with is the securing of premises. We have twice had to alter the interior of the Toronto office, but we have at last succeeded in providing our customers with satisfactory accommodation, at least for a reasonable time.

I now second the adoption of the Report.

GENERAL MANAGER'S ADDRESS.

The statements submitted complete, and with a few explanatory remarks will be sufficiently comprehensible to enable the shareholders to form a conclusion as to the position of the Bank and its future prospects.

I think the results of the year's business may be considered satisfactory. We made more money than in any previous year.

The immediately available assets amount to fifty-four per cent. of the deposits, although fully two-thirds of the latter are payable only after notice.

"Current Loans and Discounts" \$11,682,290, consist of advances to merchants, manufacturers, farmers and others, and represent many diversified interests. The loans are well distributed and average \$1,092 per borrower.

"Bank Premises, etc.," is a valuable asset; nearly three-quarters of the amount is represented by our ten-storey building. The Montreal Branch occupies the ground floor and basement and the executive offices take up the whole of the first floor. The other eight floors are all rented. After charging ourselves with a very modest rental this building is now netting the Bank a clear 5 per cent. on its investment. Our tenants are of a high order, and you may expect this yield to continue for some time to come. The banking room was planned with a view to comfort and convenience, and is an unequalled success. The building and location could not be duplicated in Montreal today for within \$50,000 to \$75,000 of the value it stands at in our books.

The balance of the items under this heading represents only some \$1,800 per branch, for furniture, safes, etc., and is good value, as we have written off \$30,000 from these assets to date.

The total "Assets" amount to \$18,569,000, an increase of nearly \$7,000,000 for the year.

Turning to the "Liabilities" side of the statement you will observe the substantial increase of \$217,840 in the note circulation.

"Deposits" have increased over three and a half million dollars.

"Balances due to Banks," are about one-half the amount due us by other banks.

A small balance of recently issued capital is being paid up by instalments; the great majority of the shareholders paid in full in advance. The paid-up capital today amounts to over \$3,716,000.

The Reserve Fund increase proportionately as the capital is paid in and now amounts to about \$1,250,000.

The following figures show that the bank's staff and customers have doubled within the past two years:

1904. 1905. 1906.

No. of officers on the staff

No. of depositors

No. of discount customers

Total number of customers

During the past year we received applications for 2,893 discount accounts, of which 1,714 were declined.

There were 32 chartered banks in Canada when we opened our doors on 1st May, 1902, and we stood 32nd on the list. On the 30th April, 1906, we had moved up into 15th place, in point of assets, and to 6th place in point of paid-up capital. It is not, however, by such comparisons that I would convey to our shareholders the merits of their own institution, but rather by inviting their careful consideration of the unvarnished figures and hard facts laid before them today.

I have always had large ideas regarding the position the Sovereign Bank of Canada should take in the financial world, but my ambition ran towards strength and safety rather than size. It is none the less pleasing to me, however, to be able to say that I believe we now have within our reach the happy combination of both solidity and magnitude, and when we hold our 5th annual meeting, I hope we shall be able to celebrate the occasion in a manner satisfactory to the shareholders, and becoming to a great institution.

Mr. W. J. Barr, I recently saw an announcement of a branch being opened in New York, and I would like to know the particular advantage of this move.

The General Manager—This was not referred to in the statement, as the agency was only opened a couple of weeks ago. We have always done considerable business with the United States, and felt it would pay us to open our own office, and this move has brought us other agency business. We have been appointed agents for the Commercial Banking Company of Sydney and the National Bank of South Africa. We are, therefore, in a position to compete successfully for the Canadian business that goes to South Africa, Australia and New Zealand, and to handle such business advantageously on the spot. We have no less than nine men on our New York staff, and, outside of the collateral advantage of the prestige our New York office gives us, we have enough agency business to pay all our running expenses.

Proposed by Hon. James Young, seconded by W. J. Barr: That the thanks of the shareholders are due and are hereby tendered, to the President and Directors for their careful attention to the Bank. Carried.

Mr. Young said the statement presented today is very satisfactory. The arrangement for increasing the Bank's capital was a most happy and successful stroke, reflecting great credit upon the management. He had been more than pleased with the solid and business-like way the Sovereign Bank of Canada was being conducted. Its record has been remarkable, and the accumulation of \$12,000,000 of deposits in four years certainly evinced the feelings of the public toward the Sovereign Bank of Canada. The shareholders were to be congratulated upon the Bank's position and policy generally, and it seemed to him that these indicated most careful and conservative management.

In Mr. Stewart we have a most capable and efficient Manager. He is most aggressive in getting business, and yet conservative in handling it.

Mr. Barr, in seconding the motion, said he was sure the shareholders appreciated the services rendered by the Directors. The shareholders should be more than satisfied with the excellent report. He knew this motion had the hearty approval of all present.

Mr. Macdonald—On behalf of myself and my co-directors, I beg to thank you for the kind words spoken by Hon. Mr. Young and Mr. Barr. We are pleased that we have so excellent a statement to present, and that so many shareholders have so kindly expressed their approval of our efforts.

Proposed by Major Arthur G. Peuchen, seconded by A. C. Macdonnell, M.P., that the thanks of the shareholders are due and are hereby tendered to the General Manager and staff of the Bank for the satisfactory manner in which they have discharged their respective duties during the past year. Carried.

Mr. Peuchen said he knew each and every one appreciated the high order of service rendered by the General Manager and the other officers of the Bank. Another thing that Mr. Peuchen noticed was the active and intelligent interest taken by Local Managers in bringing industries to their respective towns. This showed how keen and alive this staff must be, and the results showed it.

Mr. Macdonnell, in seconding this resolution, said it was his privilege to be associated with the Bank ever since its incorporation. He felt fully qualified to speak of the zeal and efficiency of the General Manager and staff. The General Manager had the happy faculty of combining zeal with prudence, and was in close touch with each member of the staff, and the friendship and affection which existed between Mr. Stewart and the other officers of the Bank largely contributed to its success. Mr. Stewart's aim has been to instill into all officers a uniform courtesy and civility.

Mr. Allan—Our men are deserving of all the good things that have been said about them, and no one appreciates this more than the Directors. The annual gatherings of the Managers and principal officers is an important function in the management of the Bank. This year no less than eighty-five were present at the conference, and the bringing together of these men once a year for consultation with one another must be of great value to themselves as well as to the General Manager.

The President—it gives me much pleasure to put this motion. I have some knowledge of the ability necessary to effectually control so large a number of men. I have had the pleasure of managing various members of the staff, and they are all worthy of the vote of this assembly. Mr. Stewart also deserves great credit for the able manner in which he handles them.

The General Manager—On behalf of the staff, I thank you from the bottom of my heart for this vote of thanks, and I assure you that my fellow-officers and I fully appreciate the sincerity of the remarks which have been made.

Proposed by J. J. Warren, seconded by G. C. Martin—That the meeting do now proceed to elect Directors for the coming year.

The Secretary reported that the following gentlemen had been elected Directors for the ensuing year: Randolph Macdonald, A. A. Allan, D. M. Stewart, Hon. D. McMillan, Hon. Peter McLaren, Arch. Campbell, M.P., John Pugsley, W. K. McNaught, M.P.P., and Albert E. Dymont, M.P.

At a subsequent meeting of the Directors, Mr. Randolph Macdonald was elected President; Mr. A. A. Allan, First Vice-President; and Mr. D. M. Stewart, Second Vice-President and General Manager.

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I have always had large ideas regarding the position the Sovereign Bank of Canada should take in the financial world, but my ambition ran towards strength and safety rather than size. It is none the less pleasing to me, however, to be able to say that I believe we now have within our reach the happy combination of both solidity and magnitude, and when we hold our 5th annual meeting, I hope we shall be able to celebrate the occasion in a manner satisfactory to the shareholders, and becoming to a great institution.

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The General Manager—This was not referred to in the statement, as the agency was only opened a couple of weeks ago. We have always done considerable business with the United States, and felt it would pay us to open our own office, and this move has brought us other agency business. We have been appointed agents for the Commercial Banking Company of Sydney and the National Bank of South Africa. We are, therefore, in a position to compete successfully for the Canadian business that goes to South Africa, Australia and New Zealand, and to handle such business advantageously on the spot. We have no less than nine men on our New York staff, and, outside of the collateral advantage of the prestige our New York office gives us, we have enough agency business to pay all our running expenses.

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NAIL-BITING IS AN HEREDITARY HABIT

PHYSICIANS FIND THAT IN MANY CASES IT RUNS IN FAMILIES.

[New York Sun.]

"Hereditary? Look at these finger nails of mine," said a physician of somewhat stolid exterior. "Observe that every one of them is bitten down to the quick. They've been bitten down to the quick ever since I can remember, and in spite of everything I can do, I've tried all or most of the schemes that have been invented to stop folks from gnawing on their nails, and yet here are my disgracefully bitten nails to show how ineffective such schemes are—in my case, at any rate."

"Now, my mother bit her finger nails in precisely the same fashion. She had a beautiful pair of hands, with long, slender, tapering fingers, and it was one of the miseries of her existence that she simply could not get away from the habit of ruining her nails by biting them. Not only that, but my mother told me that her father, in turn, told her that his mother had tried all his life to do away with the habit of biting her nails, without success."

"So you see that in my case the nail biting habit is distinctly hereditary. My curiosity as to this matter led me to investigate it in the cases of other persons all of them in my practice, who had the nail biting habit, and I found that in every case I tackled their immediate progenitors, on one side or the other, had the nail biting habit."

"There's no reason whatever why I should bite my nails. It is asserted by some specialists in nerve diseases that the practice springs from a certain form of nervousness, but I doubt if that can be true, for I am actually the least nervous person on top of the globe, so far as I know. My mother was one of the most composed persons of her sex I ever knew. I have long since given up trying to break myself of the practice, which, being an involuntary and unconscious one, is almost impossible to control. I have, with the greatest difficulty, contrived