

Since the last Annual Meeting, Branches have been opened at: Aneroid, Sask.; Borden, Sask.; Cadillac, Sask.; Lancer, Sask.; Prelate, Sask.; and Branches have been closed at: Aylmer, Que.; Irricana, Alta.; Lumby, B.C.; Papineauville, Que.; Peachland, B.C.

Owing to the Bank's Capital having been increased, it is necessary to amend By-law No. 1 in respect of the number of shares necessary to qualify a Shareholder for election on the Board or Directors, and you will be asked to-day to sanction this amendment.

The new Act calls for some changes, and more detailed information in the Statement of the condition of the Bank.

It provides for the establishment of the Central Gold Reserves, which we have made use of to some extent.

It authorizes loans to farmers against the security of their threshed grain.

It eliminates the office of Local Director.

It provides for the appointment of an outside Auditor under Section 56, and you will be asked to-day to make this appointment, and to fix his remuneration.

It is with the deepest regret that the Directors have to record the death of Mr. W. C. Leistikow.

The Directors have also to record with much regret the resignation from the Board of Sir R. P. Roblin, who, owing to pressure of public affairs, has been for some time unable to devote much time to the Bank's business.

They have also to record with regret the resignation of Mr. F. Nation, who having removed to Victoria permanently, felt that he should resign in favor of a resident of Winnipeg. The vacancies in the Board, caused by Mr. W. C. Leistikow's death and the resignations of Sir R. P. Roblin and Mr. F. Nation, have been filled by Mr. W. J. Christie, Mr. A. McTavish Campbell, and Mr. John Stovel.

The Bank's Rest Account has been increased to \$350,000.

All the Branches of the Bank have been carefully inspected.

In moving the adoption of the Report, Sir D. H. McMillan, the President, said:—

A report has been submitted to you to-day which shows the Bank to be in an exceptionally strong position.

By referring to the Statement of Assets and Liabilities you will see that it has in liquid assets the very large sum of \$7,710,000, being 52 per cent. of its deposits, and 42 per cent. of its total liabilities to the public. This means that it could pay 52 per cent. of its deposits on demand in case of necessity, without calling in one dollar of its \$12,000,000 of Current Loans.

It may occur to some that we have erred on the safe side by keeping so much money in a liquid or immediately available condition, but in view of the extreme financial stringency that has existed for some time, and in view of the fact that the Bank is young, it seemed to your Directors to be in the best interests of the Shareholders to keep the reserves at a figure that would make it quite independent and easy under any circumstances that might arise. It is gratifying to be able to state that at no time during the past year has any difficulty been experienced in maintaining this position. As a matter of fact, it was not our intention to come to you with a statement showing 42 per cent. of our liabilities to the public in liquid assets, for we do not think it necessary to carry such heavy reserves, but having kept our reserves up to a high point throughout the year, we found ourselves during the last three months, face to face with an unusual influx of money caused by the rapid liquidation of loans and increase of deposits in the West, combined with an accumulation of funds through the expansion of our Note issue during the movement of the crop, which placed us in the position we now occupy. While maintaining this position of high reserves, we have nevertheless been able to make profits of \$281,000, which is only \$10,000 less than we made last year under the more favorable conditions which then prevailed. We make no apology for this comparatively small difference. You have seen in previous years the very high earning power we have under normal conditions, and the statement now before you is an evidence of what the Bank can do in the way of strengthening its position when occasion arises.

It is important at a time like the present for every business concern, financial or otherwise, to show by its statement that collections have been good. We may congratulate ourselves upon the showing we have made in this respect. Notwithstanding that we have made new loans, amounting to millions of dollars since the crop was harvested, our old loans have been paid off so rapidly that our liquid assets were not reduced.

This state of affairs is attributable to the fine weather we have experienced in the West, which enabled the farmers to harvest their grain early and quickly, and to the unusual rapidity with which the crop was moved by the Railway Companies.

Our deposits, on the whole, show up fairly well under existing circumstances. They reached their lowest level about three months ago, and have been growing steadily since that time. They are still, however, slightly below the figures shown at this date last year. This is only what is to be expected in a new country which depends so largely upon outside capital for its development, when a check is experienced in the receipt of money from abroad for loaning and investment purposes. There is necessarily under these circumstances less money lying in the Banks awaiting investment, and consequently De-

posits do not show up so well. Our Total Assets, however, are approximately the same as last year.

It is interesting to note by reference to the Comparative Statement which has been published each year, with our Annual Report, that a very similar condition existed in 1907, the year of the last financial stringency. In that year also our deposits showed a slight falling off compared with 1906, but they recovered quickly and showed a marked increase each succeeding year, up to the present time.

It may not be out of place at this time to review briefly what this Bank has accomplished since its inception, eight years ago.

It was organized in 1905, and began business in November of that year. It paid a dividend of 5 per cent. to its Shareholders in 1907 and each subsequent year up to July, 1911, and a dividend of 6 per cent. from that date. It has accumulated a Rest Account of \$350,000 all out of profits, and has paid the Northern Bank Shareholders a stock bonus of \$186,000 under the Amalgamation Agreement between the Northern and Crown Banks, in addition to the regular dividend. Its earnings this year are \$116,000 over and above the Dividend.

We have to record with the deepest regret the death of Mr. W. C. Leistikow. His place on the Board has been taken by Mr. John Stovel.

Mr. F. Nation, who is at present residing in Victoria, B.C., has resigned from the Board of Directors, owing to his inability to attend the Board Meetings. His place on the Board has been taken by Mr. A. McTavish Campbell.

Owing to pressure of public affairs, Sir R. P. Roblin has for some time been desirous of giving up his position on the Board to someone who can devote more time to the Bank's business. The Board of Directors have at last reluctantly consented to relieve him of his duties, and have accepted his resignation. Mr. W. J. Christie has taken his place on the Board.

While regretting the circumstances that made it necessary for Sir R. P. Roblin and Mr. F. Nation to resign, we feel that the Bank is to be congratulated upon the new Directors it has secured in Messrs. Christie, Campbell and Stovel. All of these gentlemen occupy high positions in the business community, and being residents of Winnipeg, are in a position to give the affairs of the Bank their close attention.

The Board, as now constituted, is a working Board, composed of business men who have made good in the West, and I think the Shareholders may feel perfectly safe in leaving the affairs of the Bank in such good hands.

During the year five Branches have been closed and five have been opened. It is not always possible to estimate how a district may turn out from a banking standpoint, before giving it a trial. It has not been necessary, I am glad to say, to close many Branches since we began business, but when it is found that a Branch is not making much headway, we think it wiser to start somewhere else where business is better. The Branches closed were: Aylmer, Que.; Irricana, Alta.; Lumby, B.C.; Papineauville, Que.; Peachland, B.C., and the Branches opened were: Aneroid, Sask.; Borden, Sask.; Cadillac, Sask.; Lancer, Sask.; Prelate, Sask.

During the year the decennial revision of the Bank Act took place. Amongst the most important changes, as far as we are concerned, are:—

- The establishment of the Central Gold Reserves,
- Authority to lend to farmers on their threshed grain,
- The appointment of an outside Auditor, and
- The elimination of Local Directors.

Under the provisions of the new Act, a Bank may continue to issue its own Notes by depositing dollar for dollar in the Gold Reserves, after it has reached the limit of its authorized circulation, and has exhausted the emergency circulation of 15 per cent. of its combined Capital and Reserve, which is available during the crop moving season, between the 1st September and the 1st March.

The existence of the Gold Reserves has been a great convenience to this Bank during the crop movement. It had on the 29th November \$750,000 in the Gold Reserves, and its Note Circulation at one time reached the considerable sum of \$3,500,000.

The provision in the Act which enables a Bank to lend to a farmer on the security of his threshed grain is also new, and has been availed of by us to quite a large extent. We still, however, regard this class of loan in the light of a moral risk, and we continue to depend more upon the character of the borrower than upon the security.

The independent audit is another innovation which will doubtless work out on the whole both in the interests of the Banks and of the Public. You will be called upon to-day to elect an Auditor for the coming year, and fix his remuneration.

In the new Act the power of a Bank to appoint Local Directors has been taken away. We are, therefore, unable to re-elect the gentlemen who have up to the present time represented the Bank in this capacity in Toronto and elsewhere. We hope, however, still to retain their influence and friendship.

The other changes are unimportant, and do not affect us to any appreciable extent.

In the Prairie Provinces there is quite a noticeable movement taking place in the direction of mixed farming, which is much to be commended. We are endeavoring to do our share in encouraging this movement by making advances to farmers for the purchase of cattle, sheep and hogs, and we are pleased