

**BANK OF OTTAWA.**

The twenty-seventh annual meeting of the shareholders of the bank of Ottawa was held on the 11th day of Dec., 1901, in the bank. Among those present were: J. Roberts-Allan, Newell Bate, Hon. Geo. Bryson, J. C. Browne, J. Christie, Jas. F. Cunningham, W. C. Edwards, M.P., John B. Frazer, Rev. T. Garrett, Go. Hay, J. Mather, D. Murphy, J. L. Murphy, Charles Magee, D. MacLaren, John J. McGee, W. S. O'Dell, C. Berkeley Powell, M.L.A., G. H. Perley, Gordon, B. Pattee, Sheriff Sweetland, L. J. R. Steckel, F. J. Wilson, J. G. Whyte.

**REPORT OF THE DIRECTORS.**

The directors have pleasure in presenting the twenty-seventh annual report, showing the result of the bank's business for the year ended 30th November, 1901:—

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|--|---------------------|
| The balance at credit of Profit and Loss Account on the 30th of November, 1900, was  | \$ 46,344.26        |
| Net profits for the year ending 30th November, 1901, after deducting expenses of management, and making necessary provision for interest due to depositors, unearned interest on current discounts and for all bad and doubtful debts, . . . | 319,515.68          |
|  | <u>\$365,859.34</u> |

**Appropriated as follows:—**

|  |                       |
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| Dividend No. 50, 4½ per cent., paid 1st June, 1901, . . . . .            | \$ 89,740.49          |
| Dividend No. 51, 4½ per cent., payable 2nd December, 1901, . . . . .     | 90,000.00             |
| Applied in reduction of Bank premises and furniture, . . . . .           | 21,253.18             |
| Carried to Rest Account, . . . . .                                       | 100,000.00            |
|  | <u>300,993.67</u>     |
| Balance carried forward at credit of Profit and Loss Account, . . . . .  | 64,865.57             |
| <b>The balance at credit of Rest Account on 30th November, 1900, was</b> | <b>\$1,660,455.00</b> |
| To which has been added Premiums on New Stock, . . . . .                 | 4,545.00              |
| Transferred from Profit and Loss Account as above . . . . .              | 100,000.00            |
|  | <u>\$1,765,000.00</u> |

Your directors are pleased to report that, as will be seen from the statements submitted, the bank has shared in the prosperity which has been enjoyed by the country generally during the past year.

Since the last annual meeting branches of the bank have been established at Granby, Quebec; Cobden, Ontario; and on Somerset street in the southwestern part of this city. The evidences of progress at each of these points have so far been satisfactory.

In order to provide for the increasing needs of the business at the head office, the accommodation for which had become inadequate, it has been found necessary to prepare the upper portion of this building for occupation of the head office staff, and to increase the vault room.

The directors being prohibited by law from allotting fractions of shares, and having a balance of fifty-one shares left after the last allotment, decided, in May last, to sell the same. Tenders were asked for by advertisement, and the price realized was at the rate of \$20.25 per share, the extra premium over the rate of allotment (\$1.440.75) being included in the profits of the year.

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

The officers of the bank have performed the various duties assigned to them to the satisfaction of the directors.

All of which is respectfully submitted.

CHARLES MAGEE,  
President.

**THE PRESIDENT'S ADDRESS.**

The President, Mr. Magee, then said:—

I am glad to see such a large representation of the shareholders present to-day, but I regret to learn that Mr Alexander Frazer is not well enough to be here.

The report which has just been presented and read is one which I am sure will be considered satisfactory by the shareholders, as it is the best of the many good showings the bank has made. The net earnings are \$78,400.00 greater than last year, or nearly four per cent., which shows that in common with all the other banks we have participated in the general activity in business and prosperity of the country.

The increase in deposits is about \$700,000, and in loans

\$900,000. The increase in circulation is small, only \$92,000, but this brought us to the legal limit, and together with the majority of the chartered banks we have been much inconvenienced by our circulation being restricted to the amount of the paid-up capital. There are only three banks in the Dominion that have much reserve of circulation. Under the present law the only relief the banks can get is by increasing their capital, and this in most cases is not necessary, as the amount of banking capital is generally believed to be sufficient for the wants of the country.

If the banks are to fulfil their mission in the future as they have done in the past, and provide for the periodical and necessary expansion of the currency to move the crops, the Bank Act will have to be amended and the banks allowed to increase their issue of notes beyond the amount of their paid-up capital, either by allowing them to issue up to say, 50 per cent. of their rest, or by their depositing with the Government interest bearing bonds for the amount of the over-issue. One thing, however, is certain: relief will have to be given, and it will rest with the Bankers' Association to suggest to the Finance Minister and the Government the best means of meeting the difficulty.

The security afforded to the holder of the notes of any chartered bank—the involuntary creditor—is so perfect that there can be no danger in allowing the banks the necessary facilities under proper safeguards to furnish currency sufficient to meet the wants of the public in times of great business activity.

Last year I referred to the improved facilities for the transaction of business at many of our branches. Since then the office at Hull has been completed and occupied. A new office at Bracebridge will be ready for occupation before the end of the month, and at Parry Sound we expect the new bank building to be finished by the 1st of May next.

The growth of our local business has been such that the directors were obliged to provide quarters for the head office staff up stairs, and as this room that we are now meeting in will be required for the accommodation of the local manager a new board room is also being provided on the first floor.

The directors are disappointed at not being able to receive the shareholders there to-day, but the delays incident to the construction of a modern strong room for the custody of money and securities, and the remodelling of the first floor and the entrance thereto have been such that it will not be possible to have the work completed before the end of the month.

You will notice that there is an increase in the bank premises account of \$20,000, and this after charging the business of the year with over \$21,000.

The policy of the directors is to keep this account down to the lowest possible amount, but in many places where we have branches it is not easy to obtain suitable premises without building for ourselves. The shareholders may rest assured, however, that the bank premises, safes, fittings and furniture are good value for the amount at the debit of the account.

Business throughout the Dominion is quite active, and as most of the Provinces have been blessed with magnificent harvests I have no doubt this activity will continue for some time longer, but sooner or later a reaction will come. Already financial depression exists in Germany, and to a lesser extent in other European countries. Cotton, woolen and other manufacturing industries in the United States and Germany are suffering from over-production, and attempts are being made to find a market for the surplus in Great Britain, Canada and other countries, at reduced prices. The result will be that some of our mills and factories may either have to close, or work shorter hours.

Quite a factor in the prosperous condition of our farmers during the past two years has been the large amount paid to them for horses, hay, oats, and other products by the British Government for shipment direct to South Africa. When peace is restored (and it cannot be long delayed now) this demand will probably cease, and the loss of the market be seriously felt for a time. In view of these possibilities, the policy of your directors is to be conservative, and to strengthen the position of the bank so that we may be ready for any change in the condition of business which the future may develop, our desire being that our shareholders may depend upon getting their dividends as regularly in times of depression as in prosperity.

I do not think it necessary for me to make any further comment upon the report, and following our usual custom, time will be given for the putting of questions that any of the shareholders present may desire to ask, before moving the adoption of the report.

Mr. Powell asked if a 10 per cent. dividend was to be paid at no distant date, and Mr. Whyte asked why notes should