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ing 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 \$203.25 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 Fraser 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 \$78,406.09 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 upstairs, 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 twenty-one thousand dollars.

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. C. B. Powell, M.L.A., said: "Before the resolution is put to the meeting, I would like to say that a rumor has been abroad among some of the shareholders not actively connected with the management of the bank, that in view of the good showing for some years and the magnificent increase in the earnings now submitted to us, the rate of dividend would be increased at no distant date to 10 per cent. I would like to ask the directors if this is likely to take place."

Mr. J. G. Whyte said that he would like to know if there was any reason why the banks should not be allowed to circulate their own bills against a proportion of their rest account, as well as against the capital.

The president replied to Mr. Whyte, saying that at present the law did not admit any circulation beyond the amount of capital, but that he saw no good reason why the proportion of the reserve or rest fund of each bank should not be

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