

week to week, and the board is thereby enabled to judge intelligently of all that goes on from the head office down to the smallest branch. The auditor, as I explained on a former occasion, is an entirely independent officer, not in any way under the control of the head office management, but appointed and subject to dismissal only by your Directors, who fix his remuneration and define his duties. Our experience is such that not only in our own personal interest, but in the interest of all banks a thorough and efficient audit by an independent officer is of the greatest value, and we heartily concur in the suggestion of the appointment of such auditors. I need only add that the Directors feel convinced that a competent and conscientious auditor performing his work thoroughly would be of immense advantage to banks and the public, but his work must be efficiently done, otherwise false confidence may be created and grave injustice done to those who may depend too much on his results. We shall be glad to see a searching and practical system of bank auditing adopted in this country, and hope that some measure having this object in view may become law at the earliest moment.

I do not intend to deal with the condition or prospects of business in any detail. The annual statement and returns of our various banks show the progressive strides taken by our various banks more than mere words could do. Our Canada is making far more than mere words could do. Our own share in the forward movement is very gratifying. Without further comment, therefore, I move the adoption of this report presented for your consideration.

#### VICE-PRESIDENT'S ADDRESS.

Hon. J. R. Stratton, the Vice-President, in seconding the motion for the adoption of the report, said:—

In seconding the motion I feel that no very extended remarks are called for. The President has covered the ground so completely that little that has not been said is left for me to say in commendation of the statement. I whose favorable features so amply justify the motion. I may say that I fully and freely endorse what has been said. It is very gratifying to me, as it must be to all concerned, that the Traders Bank signalizes the first year of its entrance upon the second quarter century of its existence with a statement so eminently satisfactory, and under auspices which promise a continuous growth and advance. The commercial, industrial and prospectively continuous development of our great and widely distributed and diversified resources will tend to create an active demand for and profitable employment of capital. In this regard the Traders Bank is well equipped to have its share; its assets, very considerably increased during the past year, are strong, while a very important increase of deposits evidences the growing confidence and favor of the public—two of the prime elements in justifying anticipation of a progressively improving and profitable business. We can, I feel sure, regard the future with confidence. If the next decade shows the splendid ratio of advance of the past ten years, with their five-fold increase in assets, their six-fold growth in deposits, and their thirty-three-fold increase in reserve, we who may live to see 1921 will be very agreeably astonished. The generally satisfactory character of the statement is gratifying, not only on account of the creditable accomplishment shown, but it is further to be regarded as the result of shrewd, careful and aggressive management, a circumstance not only of importance to the Shareholders, but to the public as well, as additionally conducing to that confidence both in skill and efficiency of administration, and in stability, which is the foundation of financial success. If there is an indication of necessity in these regards in respect of the banking business generally, for an improvement in assurance in the returns suggestive of amendment of the Banking Act, there will be little ground to objection. As far as the Bank is concerned, there is no objection to the closest scrutiny of its securities, investments and methods. In this connection, I agree with the remarks of the President, in regard to any inspection that may be considered desirable to verify the several essential items of the annual statement and monthly returns of Canadian banks. The one now before us would not be affected either as to its correctness, or favorable showing, by the rigorous scrutiny of securities and the most thorough independent audit; it must be satisfactory—as it is a credit—to the management, to the Shareholders, to the Bank's clientele, and I have great pleasure in seconding the motion for the adoption of the Report.

The motion for the adoption of the report was carried unanimously.

It was moved by E. F. B. Johnston, K.C., Director, seconded by Rev. J. S. Williamson, Shareholder, and resolved:

That the Shareholders and Directors of the Traders

Bank of Canada place on record their hearty approval of any legislation of the Dominion Parliament whereby an independent examination and audit under the direction of the Government of all Canadian banks shall be made from time to time.

Resolved also, that whilst the system of auditing should be determined by the Government, it is hoped that in the public interest the method to be devised will be thorough and efficient, and of a practical character, as the result of a defective system would create injustice and tend to injure those who might be induced to rely on reports having the sanction of a Government or other official auditor.

That a copy of this resolution be forwarded to the Honorable the Minister of Finance.

In speaking to the motion, Mr. E. F. B. Johnston, K.C., strongly advocated the principle of independent inspection and audit. He pointed out the great benefit which the Directors receive from our present system of auditing in this Bank, and, although not claiming it to be perfect, he pointed out that it was a long step in the right direction. The Traders' Bank is undoubtedly the pioneer in seeking to work out some method whereby the Directors and Shareholders may receive information and details apart from the general management. Under the proposed legislation the duties of Directors are found to be much more onerous than heretofore, and the penalties attached to want of care or lack of thoroughness will be severe. It is, therefore, most important that the Directors, who are endeavoring to be honest and watchful in their management, should be protected, as well as the public, by some practical method of auditing. He emphasized the fact that whatever system may be adopted would have to be efficient otherwise there might be a tendency to do more harm than good. The greatest care will have to be taken in devising a scheme which will ensure safety to the public on the one hand, and avoid danger, on the other hand, from too much reliance upon the results obtained from any official examining the affairs of a bank. He read the resolution appointing the present Auditor to the Board, and showed how very wide and comprehensive are his duties, as defined by the resolution, and how satisfactorily they are carried into actual practice. This official is outside the general management, and responsible to the Board only. His duties involve continuous work, and there is perhaps no officer who works harder than he does. A more extended and comprehensive system, applicable to all Banks, would protect Shareholders and Directors alike, and would be of the greatest value to the public.

Mr. Williamson, in seconding, entirely agreed with these remarks.

It was moved by Mr. Geo. Watson and seconded by Mr. C. D. McLeod that the thanks of the Shareholders are due and are hereby tendered to the President, Vice-President, and Directors of the Bank for their attention to the interests of the Bank during the past year. Carried.

It was moved by Mr. J. Parker, seconded by Mr. Skinner, Rev. Wm. Cooper that the thanks of the Directors and Shareholders are due, and are hereby tendered to the General Manager, the Assistant General Manager, and the staff of the Bank for their diligent attention to the interests of the Bank during the past year. Carried.

It was moved by J. Parker, seconded by Mr. Skinner, that a sum not exceeding \$20,000 be set apart each year out of the earnings of the Bank for the purpose of paying for all the services, fees, and expenses of the President, Vice-President, and such Directors as now receive remuneration, said sum, or such portion thereof as may be required, to be apportioned as the Board may think proper. Carried.

It was moved by Mr. Jos. E. Baillie and seconded by Mr. Gideon Grant, that the ballot be now open for the election of Directors, and to be kept open until three o'clock, unless five minutes elapse without a vote being cast, when it shall be closed, and until that time, and for that purpose only, this meeting be continued. Carried.

The Scrutineers reported the following gentlemen duly elected to act as Directors for the ensuing year, viz., C. D. Warren, Hon. J. R. Stratton, C. Kloepper (Guelph), W. J. Sheppard (Waukegan), C. S. Wilcox (Hamilton), E. F. B. Johnston, K.C., H. S. Strathy.

The meeting then adjourned.

At a subsequent meeting of the newly elected Directors, Mr. C. D. Warren was re-elected President, and Hon. J. R. Stratton, Vice-President, by a unanimous vote.

STUART STRATHY,

General Manager.

The Traders Bank of Canada, Toronto, 24th January, 1911.