

The Bank of British North America

ESTABLISHED IN 1836.

Incorporated by Royal Charter in 1840.

SEVENTY-SEVENTH ANNUAL REPORT AND BALANCE SHEET

Report of the Directors of the Bank of British North America, Presented to the Proprietors at their Seventy-seventh Yearly General Meeting, on Tuesday, March 4th, 1913.

The Court of Directors submits the accompanying Balance Sheet to the 30th November last.

It will be seen that the profits for the half-year, including \$175,610.22 brought forward from last account, amount to \$563,514.92, which the Directors propose to distribute as follows:

In the payment of a Dividend of 40s. per share....	\$194,666.67
Payable, less Income Tax, on the 4th April next.	
Transferring to the Reserve Fund.....	146,000.00
Transferring to Bank Premises Account.....	73,000.00
And in the payment of a bonus of 5 per cent. to the Staff, about	34,066.67
Leaving a balance to be carried forward of.....	93,446.79

The above Dividend will make a distribution of 8 per cent. for the year.

The Dividend Warrants will be remitted to the Proprietors on the 3rd April next.

Since the last report a sub-Branch has been opened at the Union Stock Yards, West Toronto, and a Branch has been closed at St. Martin's, New Brunswick.

The following appropriations from the Profit and Loss Account have been made for the benefit of the Staff, viz.:-

To the Officers' Widows and Orphans Fund.....	\$ 3,621.08
To the Officers' Pension Fund.....	17,740.38
To the Officers' Life Insurance Fund.....	973.33

London, 18th February, 1913.

The seventy-seventh yearly general meeting of the Bank of British North America was held on Tuesday, March 4th, at the offices of the Corporation, 5 Gracechurch Street, E.C., Mr. C. W. Tomkinson presiding.

The Secretary (Mr. A. G. Wallis) having read the notice convening the meeting,

The Chairman said: The next business is the report of the directors and statement of accounts to be submitted, but with your leave I will take them, as usual, as read. I will first ask your attention to the balance sheet, on which a few comments and explanations are, I think, required. Taking first the debit side, the reserve fund now stands at the figure of \$2,920,000, as compared with \$2,774,000 last year. This increase is effected by the transfer of \$146,000 from the profits of the past year, a larger appropriation than we have often made before, but one which we believe will meet with your approval, both from the point of view of the soundness of a policy of strengthening the reserve as much as possible, and from the fact that it brings it up to the satisfactory round figure of \$2,920,000. Deposits show the considerable increase of \$3,385,272.80, which I think is a good and substantial growth, having regard to the fact that money has been in strong demand. Notes in circulation show an increase of \$356,200, and rebate of \$6,049.26. Following the practice of the great joint stock banks, we now show the amount of our acceptances separately from our other liabilities, which is an improvement, we think, as revealing more clearly the Bank's position. With regard to the "Liability under guarantee in respect of the Sovereign Bank of Canada" of \$300,000, you have been informed in previous years that no loss was anticipated in this connection. Unfortunately, the winding up of the affairs of this institution now seems likely to yield a less favorable result, and there will probably be some loss, which, however, we have fully provided for according to the information in our possession. Turning now to the credit side, cash and specie are down by \$552,614.85; cash at call and short notice are up by \$1,329,325.13. The proportion of our cash to immediate liabilities is 33 per cent. Investments show but

very slight changes, and stand in the books at or below their market value. Bills receivable show an increase of \$3,124,463.26. Bank premises account has increased by \$73,447.73; that is after crediting the account with the provision of \$73,000 from the year's profits, but I shall refer to this account subsequently. The profits of the past half year, as stated in the report, including the carry forward of \$175,610.22, amount to \$563,514.92, which we propose to allocate as follows: \$194,666.67 in the payment of a dividend of 40s. a share, less income tax, \$146,000 to reserve, \$73,000 to bank premises account and \$34,066.67 in the payment of a bonus of 5 per cent. to the staff, leaving a balance to be carried forward of \$93,446.80. The balance sheet, I think you will agree, shows a healthy condition of affairs, both as regards the growth of the Bank's business and the general strength and soundness of our position, and in the latter connection I may mention that full provision has been made for all probable losses. It will not have escaped your notice that the balance sheet is made up to November 30th instead of to December 31st, the latter having always been the date for the closing of our accounts in previous years, and the profits earned, therefore, are for a period of eleven months as compared with complete periods of twelve months previously. Bearing in mind this fact, a comparison of the profits for the past three years is interesting and shows the result for the eleven months just closed in a particularly favorable light. For 1910 the profits were \$554,800, for 1911 \$627,800, and for 1912 (eleven months), \$678,505.57. The result, I think, is satisfactory, and reflects the greatest credit on the staff, to whose loyal co-operation and unflagging energy it is chiefly due. I feel, therefore, that, as in previous years of satisfactory trading you have been pleased to sanction the bonuses recommended by the court, you will be pleased on this occasion to signify your approval of a bonus at the rate of 5 per cent., amounting, as stated in the report, to about \$34,066.67. As regards bank premises, you will note that we appropriate \$73,000 out of the year's profits to this account. As you have heard at former meetings, the opening of fresh branches and the growth of the Bank's business demand continued expenditure on this account, and you will clearly understand that our provision is not required to meet any depreciation—rather the reverse, as our property tends to increase in value—but simply to meet the growing need of the Bank's business. It will, perhaps, be of interest to you to hear that the foundations of our new building at Montreal are now in, and good progress, we hope, will be made with its erection during the coming summer. Some of you may have noticed statements in the press with regard to our intentions in connection with our building at Edmonton, to the effect that we had decided to put up a ten-storey building. This information is quite erroneous. Our building at Edmonton will be a hand-some building, consisting of four storeys, i.e., a basement, a floor for the Bank's business entirely and two floors of offices above: but we have no idea of embarking upon a more ambitious building programme, as has been suggested in some quarters. A new branch has been opened since the last report at the Union Stock Yards, West Toronto, and a branch has been closed at St. Martin's, New Brunswick. We hope shortly to hear that our branch at Regina has been opened. During the past year, as you are aware, Mr. Stikeman has resigned the position he held for so many years of general manager of the Bank. The reasons which led Mr. Stikeman to ask to be relieved of his office were entirely in connection with his health, which he felt was no longer equal to the strain of the work and responsibilities which fall to the lot of a general manager. Mr. Stikeman's connection with the Bank extended