

and one that should make the position of all the contributory banks perfectly secure, for it must be a very bad case indeed where the total assets of a bank on realization fail to produce a sum sufficient to redeem its notes in circulation, seeing that it is provided by Section 51 of the Act that the total amount of such notes in circulation at any time shall not exceed the amount of the "unimpaired paid-up capital of the bank;" but herein lies the danger, for it has been ascertained by independent investigation that in the case of one of the banks which have recently suspended, this section of the Act has not been complied with. The bank had issued notes in excess of its nominal capital, although it was evident at the time and for some time previously, that the capital was not "unimpaired," and consequently the sum to be redeemed as a first charge upon the assets of the bank when realised is considerably larger than was contemplated by the framers of the Act. I do not express any opinion respecting the realisation of the assets, and I trust that they may prove sufficiently valuable to meet this first charge upon them, in which case the fund will not ultimately be called upon to bear any loss; but, should the assets of the bank referred to realize less than the sum required to redeem the notes in circulation, then the loss will fall upon the fund—that is, upon the banks generally. Such a situation appears to call for some stricter safeguards against mismanagement and inaccuracy in the returns made to the Government. It is true that the Act provides for heavy penalties for excess of circulation; but, inasmuch as it is further provided that the amount of any penalties for which the bank is liable shall not form a charge upon the assets of such bank in case of its insolvency until all other liabilities are paid, they really are of no value whatever as a deterrent. The situation thus created is, therefore, one that appears to call for careful consideration by the Government of Canada, and I am glad to learn that a representative of the Government has already been in communication with members of the Bankers' Association with the object of thoroughly inquiring into the matter, and listening to any suggestions which may be put forward by the Association. The result of such conferences can hardly fail to have a good result. Again, moving westward, the next point of special interest is the harvest in the North-west. A bountiful harvest in this region, if garnered in good condition, means prosperity to Canada, for although we watch with interest the steady growth of subsidiary industries, the harvest in Manitoba must, for a long time to come, be the main spring of Canada's trade. I see from a return prepared by the Government of Manitoba that the estimated yield of wheat is 33,000,000 bushels, and of oats 23,000,000 bushels, and unofficial estimates prepared at a later date have even placed the wheat crop as high as 40,000,000 bushels. The weather has been favourable for the harvest, and the crop which may by this time be regarded as secure has been got in without damage by early frost, which constitutes the most serious danger from year to year. At the same time it has been stated that, encouraged by these excellent returns, immigration into the province, both from the old country and from the United States, has been upon a larger scale than for many years past. The result of this bountiful harvest in stimulating trade both wholesale and retail throughout the entire country cannot be over-estimated. I must next speak of an industry of a very different character—that is the development of the mineral wealth of British Columbia, and of Rossland as its principal centre. The produce of the Rossland Mines during 1898 amounted to 116,000 tons of ore valued at 2,800,000 dol., as compared with 68,000 tons in 1897, from which 2,100,000 dol. was obtained, thus showing an increase of 700,000 dol., or 33 per cent. in the year. As in every other field, there are good and bad mines in the Kootenays; but it is interesting to notice that, whereas in the first instance our friends from across the border line were the pioneers of this district, the Canadians themselves have recently been actively engaged, and have invested considerable sums in the purchase and development of promising properties, while I need not inform you that there has also been a large expenditure of capital drawn from this country. The result has been a great growth in the population of Rossland, and as the city has increased, so has the business increased likewise. This is not, however, at the present time entirely to our own advantage, for, whereas in early days we had only one other bank as a competitor in Rossland, there are now no less than five, and business naturally becomes subdivided; but, if the complete development of the mines proves successful, and many who are qualified to form an opinion appear now to have little doubt of this, the business of this city and district should so largely increase in the next few years that there may well be enough for us all. It is, however, not to be forgotten that the prosperity of Rossland and the surrounding country depend entirely upon the mining industry. As you are aware, we have five branches established in the mining districts of British Columbia. We hope that they may all become profitable and permanent, but it is yet too early to express a decided opinion on each of these branches. We shall give them all a fair trial, and in the event of disappointment we shall not hesitate to withdraw before any serious expenditure has been incurred, as we have already thought it prudent to do at Slocan. Passing on to the Pacific coast, we find Vancouver and Victoria enjoying considerable activity in all departments of business, chiefly through the demand for supplies for the Klondike. Business has been prosperous in these places, and this increased activity appears likely to continue so long as the gold fields of the north attract both capital and labour. Finally, I must refer to the branches which we have recently established in those northern gold

fields. You will have noticed from the report that since our last meeting we have opened branches at Atlin and Bennett; the former place is the centre of a gold field which a year ago excited no little enthusiasm. I think it is doubtful whether the fair promise of early days has been maintained; but at the same time we have felt that the possibilities of this country are great, and although there may have been a certain measure of disappointment in the results thus far obtained, we have felt, from the evidence which has come before us, that there was reasonable ground for opening a branch there. The principal difficulty seems to have been not so much a failure in the discovery of the gold as legal questions respecting the title to claims, which have prevented regular operations over a large part of the country where gold is known to exist. These questions are now being dealt with by a judge who has been sent up by the Government, and by his prompt and energetic action it already appears that the situation is considerably cleared. I am still unable to say that we feel confident of this branch proving profitable; but, at any rate, we think the prospects are sufficiently favourable to justify us in giving the opening a fair trial. Bennett is a place where a considerable business is being transacted. It is a sort of half-way house to Dawson City, and has developed into quite a business town. Should the railway be ultimately carried right through to Dawson, its importance may consequently be diminished, and we have not been unmindful of this point in opening our branch there; but, nevertheless, the position has seemed to us to be worth a trial. Passing through Bennett we come to our most distant point in Dawson City. I need not tell you that your directors have experienced a time of considerable anxiety respecting our branch there since we last met you, owing to the great conflagration which recently took place in that city by which our premises were entirely destroyed. It was some days before we received any information of a reliable character; and we waited in suspense for details of the disaster. We had taken every possible precaution to protect ourselves against loss by fire, but unfortunately the steel vault upon which we relied did not come up to our expectations, and failed to stand the test of the fierce heat of the conflagration—the result being that several documents and books were destroyed which I am afraid must be the cause of considerable inconvenience to our customers, although not of ultimate loss. Our manager has estimated the loss to the bank as not exceeding 5,000 dol., but I am not even yet in a position to confirm those figures, and I shall not be surprised if we find that they are exceeded. Let me, however, remind you that when we first opened this branch we set aside a sum of money to meet the original expenses of the branch, because we felt that such an exceptional step as we were then taking should be specially provided for. That sum was never required after all, and consequently it still remains to the credit of a special fund; and I have no doubt that our total loss, when finally ascertained, will not exceed that sum. In the earlier part of these remarks, when speaking of the accounts, I referred to the appropriation made in reduction of the premises' account, saying that I should return to the subject again later on. You will see that the expenses of rebuilding in Dawson City and of securing suitable premises both in Atlin and Bennett must be heavy. We feel that we cannot rely upon steel vaults or any other substitute for solid masonry as a protection against these disastrous conflagrations. There are no bricks in the country, which consequently have to be imported at an enormous cost, of which you will be able to form a more clear opinion when I tell you that the freight on bricks to Atlin was recently quoted at two dol. per ton. We have, therefore, thought it prudent to make this provision, seeing that even at such a cost as this it is far cheaper to build a substantial vault, proof against any fire or attack, than to run the risk of loss which, without such protection, might at any time prove very serious. You may perhaps be inclined to think, on hearing these remarks, that in the face of such difficulties it was perhaps hardly prudent to venture into so remote a country; but you must remember that there is another side to the picture. The future of Atlin is, perhaps, still in the balance, but there is no doubt whatever about Dawson; the gold is there, and it has been estimated by a high authority that this season's production will not be less than 40,000,000 dol. This is a very large total, and we secure our fair share of the business attaching to such an industry; so that if we have been compelled, in the first place, to run a risk, and thereafter to incur a heavy expenditure in order to avoid such risk in future, we may hope for adequate remuneration in return. I think I have now explained to you the principal points of interest in those places where the bank is established, and I am afraid that I have already occupied a longer time than is usual on these occasions; but even now I cannot conclude without reference to the loss which the bank has recently sustained by the death of Mr. Jeffrey Penfold, who spent a lifetime in the service of the bank, and was for no less than twenty years manager of our important branch in Montreal, where he had most deservedly earned the respect and esteem of all who knew him. I desire to take this opportunity of expressing our deep regret at his loss, and our sympathy with Mrs. Penfold and the members of his family. The chairman concluded by moving the adoption of the report and accounts.

Mr. J. J. KINGSFORD seconded the motion, which was carried unanimously.

A vote of thanks to the chairman closed the proceedings.