The Directors feel sure that the Bank's progress as shown by the comparative statement already submitted, will be entirely satisfactory to the shareholders. The increase of over $2,400,000 in deposits affords gratifying evidence of the confidence which the investing public have in this institution, while the increase of $2,000,000 in commercial loans shows that the bank is attaining to an important position in the mercantile community.

The net profits amounted to $119,760.94, or about 9.21 per cent. on the capital, and show an increase of $68,527.34, or 133¾ per cent. over the previous year.

Our cash resources are maintained at a high level, and these alone are sufficient to pay off the demand deposits, while our total immediately available assets amount to 54 per cent. of the bank's entire liabilities to the public. These figures will bear favourable comparison with those of the strongest banks in the Dominion.

The past year has been particularly satisfactory, and the outlook for the one we have now entered is very encouraging. The bank's business is in a sound condition, well distributed and is steadily increasing in a healthy manner.

The shareholders of the bank number 841, as against 810 a year ago, making an average holding of 15 shares per head, and the subscribed capital is now fully paid up.

The branches have been regularly inspected during the year.

The Directors have pleasure in recording their appreciation of the zeal and efficiency displayed by the officers of the bank.

H. S. HOLT,
President.

MONTREAL, June 10, 1904.

PRESIDENT'S ADDRESS.

In moving the adoption of the Directors' report, I have very little to add to the statements submitted, which speak for themselves, and are eminently satisfactory. I might, however, refer to one item in the profit and loss statement, namely, the rebate on unmatured discounts. This has been calculated at the full legal rate, and, while I understand it has not been customary for banks to rebate during the first few years, we consider it prudent and conservative banking to deduct the amount from the profits. In this, as in the case of our cash reserves, we are actuated by a desire to place the bank in a thoroughly sound position, which will entitle it to the fullest measure of public confidence, and I trust that this policy will always be characteristic of the Sovereign Bank.

I wish also to mention that since the close of our fiscal year we have purchased a site for the bank in Montreal. Our business in that city has long since outgrown our present quarters, and as we found it impossible to secure other satisfactory premises, we had no choice but to purchase a property for ourselves. We were, however, very fortunate in being able to secure a site with a frontage of 45 feet by a depth of 109 feet, on St. James street (between St. Peter and McGill streets) at a cost of something less than $60,000. This site is in the very heart of the financial and banking district of Montreal, and it is proposed to erect a building in which we can properly accommodate our business, and one which will be both creditable and profitable to the bank. The land is bound to increase in value and is already too valuable to erect a building on it solely for the accommodation of the bank. It has, therefore, been decided to put up an office building, and I have every hope that this will prove a satisfactory investment to the shareholders.

I would like to say that the business of the bank has received great care and attention from our very able General Manager and his efficient staff, who have spared no time or effort to give to the public a satisfactory and up-to-date service, and to the shareholders a sound and profitable institution.

I now move the adoption of the Directors' report, seconded by Mr. Macdonald, the Vice-President.—*Carried.*

GENERAL MANAGER'S ADDRESS.

I am content to let the statements placed before you to-day testify to our stewardship during the past year. I would like to say however, that the results have only been achieved by extremely hard work on the part of all officers of the bank. You could not wish for a more loyal and painstaking body of men, and the success of the institution is in no small degree due to the courteous treatment, prompt attention and obliging service which the staff has invariably rendered to the public. When you once get business, the great thing is to keep it, and I feel safe in saying that the Sovereign Bank will not lose many customers for want of either technical knowledge or prompt and cheerful attention.

It affords me very great pleasure to be in a position to inform the shareholders at the close of the bank's second year that we have a clientele of which any institution in the Dominion might be proud. We number amongst our customers several important municipal corporations, insurance companies and societies, as well as some of the largest and most conservative merchants and manufacturers in Canada. We are in a position to handle in the most efficient way every financial detail of the import and export business. This department is steadily increasing, and brings the bank in touch with the best houses in this country, the United States and Great Britain, and it will be our constant endeavour to maintain in increasing measure the high-class patronage the bank now enjoys.

I think I can say, without egotism that the Sovereign Bank has been of distinct benefit to the Canadian public. It has encouraged thrift among classes who never kept savings accounts before, and in the rural districts where we took over the business of several private bankers we have naturally given better banking facilities and afforded the people a much greater measure of security for their savings than they ever had before.

Our profits for the past year have not been contributed to by any "wind falls," but have been made in the ordinary way of legitimate banking business. We were, however, fortunate to being singularly free from losses, due chiefly to the fact that we have been in a position to decline any account that we did not consider a fair banking risk. We never refuse a really good account, and so manage our resources as to always have plenty of money to handle any first-class business that offers.

The following table will give you an idea of how the bank has grown during the past year, and how well its business is distributed:—

	30th April, 1903.		30th April, 1904.	
Number of officers on the staff	103		151	
Number of savings accounts open	6,006	($2,862,000)	15,125	($4,612,000)
Total number of bank's customers	8,006	(3,253,000)	20,551	(5,700,000)
Number of discount accounts declined	440	(3,546,461)	723	(5,358,980)

The discount accounts declined include only strictly commercial business. While some of this was unquestionably doubtful, it was not at all bad, but it simply did not come up to our standard. The highest class of business also is not the most remunerative, but it is the safest, and, while we do not pretend to be able to keep clear of the unavoidable losses that occur in business, we will do our best to secure only such of it as contains a minimum amount of risk.

As regards doubtful accounts, I may say that our policy is to wipe them off our books altogether. If we recover anything from them later, well and good, but meantime we commence our new fiscal year with an absolutely clean sheet.

RESOLUTIONS ADOPTED.

Votes of thanks were tendered to the President and Directors for their services during the year, and also to the General Manager and staff.

Both resolutions were heartily received.

Lieut.-Col. Pellatt considered the statements submitted very complete and satisfactory, and thought the large attendance complimentary to the Directors, and showed the interest the shareholders took in the bank. The manner in which the deposits had increased shows how fully the institution holds the confidence of the public.

Mr. W. K. McNaught stated that he voiced the sentiments of every shareholder when he said that the results shown were in every way satisfactory. They evidenced close attention and vigilance on the part of the Directors and management, and with the continuance of such attention the Sovereign Bank was bound to go on and prosper.

Mr. J. F. Junkin thought that the statements reflected the utmost credit upon the General Manager and staff, for, no matter how good a Board of Directors a bank had, it was necessary to have efficient management in order to carry out their views.

At the close of the meeting the following Directors were declared elected:—

H. S. Holt, A. A. Allan, Arch. Campbell, M.P., James Carruthers, Randolph Macdonald, Hon. Peter McLaren, Hon. D. McMillan and John Pugsley.

At a subsequent meeting of the Directors H. S. Holt was elected President and Randolph Macdonald, Vice-President.