

## EXCHANGE BANK OF CANADA.

## ANNUAL MEETING.

The fifth annual meeting of the shareholders of this bank was held at its banking house, St. Francois Xavier street, Montreal, on Monday, July 9th.

Among those present were Messrs. M. H. Gault, Thomas Caverhill, Jas. Crathern, Wm. Norris, Thos. Nichol, M.D., E. K. Greene, Henry Bulmer, Geo. Cruikshank, Leslie H. Gault, F. E. Gilman, Thos. McMaster, W. J. McMaster, Thos. Tiffin, Thos. Wilson, John Ogilvie, &c.

The chair was taken at noon by the President, M. H. Gault, Esq., and Mr. Geo. Burn was requested to act as secretary.

The Cashier then read the following:

## REPORT.

The Directors beg to submit, for the consideration of the shareholders, the following statement shewing the result of the years business:

Balance at credit of profit and loss account, 30th June, 1876.....	\$12,077 90
Profits for the year ending 30th June, 1877, after deducting expenses of management & writing off bad and doubtful debts .....	49,818 59
	<u>\$61,896 46</u>
Appropriated as follows:	
Dividend No. 9, 3 per cent., paid 2nd January, 1877 .....	\$30,000 00
Dividend No. 10, 3 per cent., paid 3rd July, 1877 .....	30,000 00
	<u>\$60,000 00</u>
Balance at credit of profit and loss (new account) ..	\$ 1,896 49

The continued depression which has so seriously affected the commercial and industrial interests of the country, having diminished the net earnings of the Bank, and many of the overdue debts, for which the directors considered ample provision had been made prior to the last annual meeting, having to be written off, the directors deemed it prudent, not only to reduce the dividend to six per cent. for the year, but also to take back from the "Rest" \$25,000, and place it to the credit of contingent account, to meet any further shrinkage in the value of the securities held by the Bank, or possible losses from overdue debts:—the experience of the past year having shown that settlements made under the Insolvent Act, or otherwise, and supposed at the time to be fully secured, have through the continued depreciation of every description of security, proved delusive. The directors are pleased, however, to state that from the cautious and conservative policy adopted in the past year, the losses resulting from transactions, the inception of which took place during that period are comparatively trifling.

In conjunction with the majority of the banks in this city, the directors have recently reduced the rate of interest allowed on Savings Bank deposits to four per cent per annum.

The Bank has opened, during the past year, branches at Aylmer and Hamilton, Ontario, and a Deposit Agency at Valleyfield, Quebec; and already the nucleus of a safe and profitable business has been formed at these points.

The branches and agencies of the Bank have been thoroughly inspected during the year.

The cashiership of the Bank having become vacant, by the resignation of Mr. R. A. Campbell, the directors secured the services of Mr. C. R. Murray, Inspector of the Canadian Bank of Commerce, who now occupies the position.

The cash and securities of the Head Office have been counted and examined by a Committee of the Board and found correct.

The officers of the Bank have performed their duties to the satisfaction of the directors.

All of which is respectfully submitted.

M. H. GAULT,  
President.

## GENERAL STATEMENT.

## Liabilities.

Notes of the Bank in circulation .....	\$385,157 00
Deposits bearing interest .....	766,777 07
Deposits not bearing interest .....	248,433 55
Balances due to Banks in Canada .....	5,418 26
Balances due to Banks in the United Kingdom .....	217,888 60
Liabilities to the public .....	\$1,623,674 48
Capital stock .....	1,000,000 00
Rest account .....	50,000 00
Contingent account .....	25,000 00
Dividend No. 10, payable July 3, 1877. ....	30,000 00
Former dividends unpaid .....	471 00
Amount reserved for interest and exchange .....	13,747 82
Balance of profit carried forward ..	1,896 49
Total liabilities .....	<u>\$2,744,789 79</u>

## Assets.

Gold and silver coin on hand .....	11,616 39
Dominion notes .....	84,429 00
Notes of and cheques on other banks ..	100,736 20
Balances due by other banks in Canada .....	217,663 00
Balances due by banks in foreign countries .....	49,156 39
Loans on call .....	16,543 52
Assets immediately available .....	480,145 69
Loans to corporations .....	124,347 03
Loans, discounts or advances, for which the bonds or debentures of Municipal or other corporations, or Dominions, Provincial, British or Foreign public securities, are held as collateral security .....	142,265 81
Notes and bills discounted, and current .....	1,795,077 39
Notes and bills discounted, overdue, and not specially secured .....	38,345 47
Notes and bills discounted, overdue, secured .....	16,060 96
Bank premises and furniture .....	148,547 44
	<u>\$2,744,789 79</u>

C. R. MURRAY,  
Cashier.

Exchange Bank of Canada.  
Montreal, 30th June, 1877.

The President then said that he had very little to add. It was no use for him to travel over the macadamized road which had been the burden of other bank reports. The trade of the year had not enabled the bank to declare a satisfactory dividend. The Directors, however, looked forward to better times with good hearts and hoped that there would be changes for the better. The Directors had paid careful attention to the business of the bank and had saved it from very considerable losses. But it had only been through the careful attention of the Directors and of the Cashier, Mr. Murray, who had since his appointment given the most unqualified satisfaction. He had nothing further to add, but should be happy to answer any questions which might be put. He would move that the report of the Directors now read, be adopted, and printed for the information of the shareholders.

Mr. Caverhill seconded the motion.

The President, in reply to Mr. Gilman, stated that the bank had agencies at Joliette, Bedford, Aylmer, Ont., Hamilton, and Park Hill.

Mr. Gilman said that the Exchange Bank seemed to be increasing their agencies, while other banks were reducing them. He saw in the report no reference to prospective reductions by the bank. What was the bank's intention in this direction?

The President said the policy of the bank was not to increase the number of its agencies, one of which, unfortunately owing to the mistakes of its manager, had not been successful, but it had been productive of loss. The other agencies were prosperous. The fact was that the bank must have agencies in order to make it pay. The circulation in Montreal was not worth having: it did not amount to \$150,000, the total circulation being \$385,000. The bank had circulating agencies at Valleyfield and Quebec, where the business was simply to cash cheques on other banks.

Mr. Gilman thought it would be well in the future to have the report circulated prior to the meeting (Hear, hear). It was almost impossible otherwise to grasp the statements of the bank business. He noticed from the statement that whereas the bank premises and furniture had last year been set down at \$116,000 they had now been placed at \$148,000, while they were only \$98 in 1875. This was an increased valuation during that period of more than \$50,000 upon the bank premises.

The President said that the bank had to pay instalments maturing on the building in Montreal, and also for land and bank premises at two of the branches.

Mr. Gilman continued to repeat his figures, maintaining that it was on the building now occupied, and here was a loss to capital of \$50,000. The fact was that had the bank premises been valued as previously there must have been a similar loss on other assets.

Mr. Greene said he thought he could explain this matter. When the bank purchased the property they left a certain amount due payable by instalments. The amounts due had been paid as they fell due and hence the value of the bank to the shareholders had been by so much increased. The bank, moreover, had established premises at Parkhill. From the present premises the bank derived a rental from offices of \$7,000 which amount would have been materially increased but for lack of tenants.

Mr. Gilman said that he had noticed the reduction of the Rest and could not help remarking upon it. It was certainly most unpleasant to have to make the remarks, but he could not help doing so.

Mr. M. H. Gault said the directors were pleased to have him call their attention to the matter.

Mr. Gilman said that he could never under-