MERCHANTS' BANK OF CANADA

THE ANNUAL MEETING OF THE SHAREHOLDERS AT MONTREAL.

The Report for the Year—General Manager Hague Delivers His Address—The Banking Act Referred to—An Exhaustive Business Review—A Well-Managed Institution.

The annual meeting of the Merchants' Bank of Canada was held in the Board room of the institution in Montreal at noon on Wednesday, June 18, when there were present Messrs. Andrew Allan (President), Robert Anderson (Vice-President), H. Montagu Allan, John Cassils, James P. Dawes, John Duncan, Hector Mackenzie, T. H. Dunn, T. D. Hood, John Crawford, J. P. Cleghorn, J. H. R. Molson, James Williamson, John Morrison, Captain Benyon, G. C. Dunlop, J. Y. Gilmour, Mr. Wallace (R. and J. Moat), Murdock McKenzie, Robert Benny, James Moore, F. S. Lyman, J. Alexander Strathy, Murdock Laing, J. T. Molson, M. Burks, William Francis, C. R. Black, D. McCarthy (Sorel) and E. Lichtenheim.

The proceedings were opened by the President, Mr. Andrew Allan, taking the chair.

The President asked Mr. John Gault to act as secretary.

The Secretary having read the advertisement calling the meeting,

The President submitted the following:

Annual Report of the Directors.

The Directors of the Merchants' Bank of Canada have pleasure in meeting the Stockholders at the close of the year for the purpose of placing before them the result of the business done during their term of office.

The net profits of the year, after payment of interest and charges, and deducting appropriations for bad and doubtful debts, have amounted to	$606,363 61
Balance from last year	5,484 30
	$611,847 91
This has been disposed of as follows:	
Dividends Nos. 46 and 48, at 7 per cent.	$405,944 00
Added to the "Rest"	200,000 00
Carried forward to Profit and Loss Account of next year	5,903 91
	$611,847 91

The business of the Bank has proceeded, on the whole, with steadiness and regularity, both in the matter of deposits, circulation and discounts.

The profits, however, have scarcely been equal to the expectations formed a year ago, inasmuch as the rate of interest allowed on deposits has not borne a reasonable proportion to the rate of interest on loans and discounts.

The business of the country in some departments has been prosperous, but in others the reverse.

The cereal crops of Ontario proved to be considerably below the average. The wheat crop of Manitoba, which at one time had a most promising appearance, was injured by a severe drought about the time of harvest. The quantity of grain from that source was thereby much diminished. Other farm products, however, have done well.

The lumber trade was fairly remunerative. But the severity of competition affected almost all lines of manufacturing and importing business.

A severe scarcity of money was experienced during the winter, which occasioned the Directors and the General Management of the Bank some anxiety, and caused an unusual amount of care to be necessary during the progress of the year. This scarcity has been mitigated to some extent, but money is by no means plentiful. The result of the next harvest will be looked for with considerable anxiety.

Though the number and amount of failures in the Dominion during the year has been considerable, the Directors are glad to say that not many of their customers have been affected by these adverse times, and the losses have not been of an unusual amount.

The final result of the business has enabled the Directors to add the sum of $200,000 to the Rest, which now amounts to the proportion of 40 per cent. on the paid-up capital.

The important matter of the renewal of the Banking Act has been before the Parliament of the Dominion during its recent session. As a result of its deliberations a measure was passed which, in many respects, is an improvement on the Act now in force, and which will preserve unimpaired the power of the Banks to accommodate their customers and carry on the business of the country.

The officers in the Bank's service have discharged their duties with zeal and fidelity, and to the entire satisfaction of the Board.

The whole respectfully submitted.

ANDREW ALLAN,
President.

Statement of the Liabilities and Assets of the Bank at 31st May, 1890.

LIABILITIES.

1.—To the public:		
Notes in circulation		$ 2,563,897 00
Deposits not bearing interest	$ 2,469,184 47	
Deposits bearing interest	6,212,098 08	
Interest due thereon to date	64,558 81	
		8,745,841 36
Balances due Canadian Banks keeping Deposit Accounts with the Merchants' Bank of Canada		563,888 98
Balances due Canadian Banks in Daily Exchanges		13,330 53
Balances due to Agents in Great Britain		291,777 21
Dividend No. 48		202,972 00
Dividends unclaimed		3,271 71
		$12,484,973 79
2.—To the Shareholders:		
Capital paid up		5,799,200 00
Rest		2,335,000 00
Contingent Account		92,660 00
Balance of Profit and Loss account carried to next year		5,903 91
		$20,717,737 70

ASSETS.

Gold and Silver Coin on hand		$ 238,428 43
Dominion Notes		781,780 00
Notes and Cheques of other Canadian Banks		468,654 50
Balances due by other Canadian Banks in Daily Exchanges		88,840 97
Balances due by Banks and Agents in the United States		780,825 86
Dominion Government Bonds		668,967 33
Railway and Municipal Debentures		104,650 00
Call and Short Loans on Bonds and Stocks		424,581 31
		$ 3,506,708 40
Time Loans on Bonds and Stocks	$ 90,780 85	
Other Loans and Discounts	16,114,369 34	
Loans and Discounts overdue and not specially secured (loss provided for)	119,223 51	
Loans and Discounts overdue, secured	24,676 07	
		$16,348,999 77
Mortgages, Bonds and other Securities, the Property of the Bank		150,469 28
Real Estate		339,536 88
Bank Premises and Furniture		480,273 28
Other Assets		27,754 15
		$20,717,737 70

G. HAGUE,
General Manager.

The President then moved, seconded by the Vice-President, Mr. Robert Anderson:

That the report of the Directors as submitted be, and the same is hereby adopted and ordered to be printed for distribution amongst the Stockholders.

Before putting the motion to the meeting the President called upon the General Manager, Mr. George Hague, to make a few remarks upon the annual report.

The General Manager's Address.

The General Manager observed:

As the wisdom of these annual addresses is sometimes called in question I observe at the outset that it seems reasonable that the stockholders of banks, having interests in all parts of the Dominion, should be informed of those conditions of trade and finance that bear upon those interests.

Those who have the general direction of such banks have the best opportunities of forming an accurate acquaintance with these matters.

The pressure to do this and to take means for doing it well is upon such bankers every day in the year.

There is not an interest in the country that is not your interest.

In speaking at these annual meetings, of every trade and industry in the Dominion, from Nova Scotia on the Atlantic to British Columbia on the Pacific, we are not traveling one iota beyond matters that affect the business and profits of the Bank.

The fact is, the various provinces of the Dominion are bound together by a much stronger bond of interest than some persons suppose.

There is one item in our balance sheet that is the final test of the whole position of the Bank, namely, loans and bills discounted.

If you examined the lists that make up the total of over 16,000,000 you would find bills of persons in every line of trade, not only in the provinces where the bulk of our branches are situated, but in British Columbia, the Northwest Territories, the Maritime Provinces and Newfoundland.

And no bank with many branches can be successfully conducted unless the men at the head of it keep themselves in touch with all that is going on throughout the whole extent of the country.

The interests of this Bank indeed are most diversified.

The Merchants' Bank is not the largest in Canada, as you know, but it is owned by nearly 1700 stockholders. It is our business to earn dividends for them, and such as can be fairly relied on.

We have a vast army of depositors living in all parts of Canada, who are customers and friends of the bank. They number over 13,000. The bank has served them faithfully in the past and we mean to serve them faithfully in the future.

We have another army of customers who require loans and discounts to carry on their business. They number between three and four thousand. It is a heavy responsibility to conduct this part of the Bank's business, with due regard to the interest of the borrower as well as of the Bank.

We desire to avoid unduly cramping those who carry on legitimate business, and at the same time to avoid encouraging injudicious trading by a too free supply of borrowed money.

For experience shows that for one man who is injured by not having power to borrow enough ten are injured and many of them ruined by borrowing too much.

Competition between Banks can be depended on to prevent the former, but it is to be regretted that the abuse of competition has often brought disaster both to the customer and the Bank in the opposite direction. Nearly every loss made by the Banks of Canada can be traced to this cause, and the practice of borrowing from more than one Bank greatly facilitates it.

Our own experience is that when a customer has failed, it is almost invariably the case that he has had discounts from more than one Bank. It is our aim to treat our customers well, and especially to support those who entirely rely on us. The task of keeping the trading community supplied with adequate funds bears heavily and continuously upon the judgment and fortitude of Bankers.

In addition to the above, every Bank has a number of holders of its notes. These creditors are protected by law, and very properly, for they do not enter into a contract with the Bank as do the others.

All these classes have a close connection with one another. They are bound in a community of interest which is finally focussed round the board table and in the room where we stand to-day.

I name these things not as being new, but simply to show that we appreciate the responsibilities attaching to the working of this great corporation. Whether with that appreciation there is also judicious management, the result of every year's business must bear testimony. For whatever theories we may advance, the management of a bank must be judged by results.

Results of the Working of the Bank.

The results of the working of the bank since its capital was re-adjusted twelve years ago have been placed before you every year. It may be worth while to-day to look back on this period and note what has been accomplished.

For the first three years, viz.: 1878, 1879 and 1880 a condition of depression prevailed in Canada, and the large sum which was reserved as a contingent fund on the re-organization of the Bank was gradually depleted until it was reduced to a mere nothing.

During this time the Bank only earned sufficient to pay 6 per cent. dividend.

The depression which had prevailed for seven years passed away in the beginning of 1881. From that time the course of the Bank has been steadily upward. Dividends have been increased from 6 per cent. to 7 per cent. and have been so maintained. The "Rest" has been increased from $475,000, which is all we had ten years ago, to $2,335,000.

During the first few years so many of the Bank's customers failed that the amount of indebtedness of such insolvent customers to the Bank exceeded seven millions of dollars. The net loss sustained is now a matter of history. It was deeply felt at the time. But the failure of such a number of persons left the Bank with a largely reduced clientelle.

It was extremely difficult during these years to make even the moderate dividend we then paid.

This Bank had as able a body of directors as ever sat round a Board table. Some of these have passed away. Others still remain to lend the weight of their great influence and knowledge of business to the management of the Bank.

Under the administration of the Board during the last ten years a business has been built up that is largely a new creation. This business has on the whole been very satisfactory.

While none can claim to be infallible, the stockholders may rest assured that no mistakes involving serious and heavy losses have been made for many years back.

For your information I will give you the position of the bank as it was ten years ago and now:

Its capital was	$ 5,820,000
It is now	5,799,200
But our deposits were then	7,996,000
They are now	9,309,000
Our loans and discounts were	12,202,000
They are now	16,348,000
Our circulation was then	2,127,000
It is now	2,563,000

The main difference, however, is in the "Rest." This stands as a sort of breakwater to defend the capital and to preserve your property. It serves also to guarantee your dividends, and to prevent a repetition of the unfortunate events of twelve years ago.

If the "Rest" now amounts to 40 per cent. of the capital. Canadian banks have generally settled to the conclusion that a "Rest" of 50 per cent. should be accumulated. I need not say this has my hearty concurrence, as I was among the first in Canada to emphasize it. And experience confirms its wisdom.

Some may think that such a reserve fund would be too large. But in looking over the masses of loans and discounts of the bank, and considering the risks involved in them, I have often thought the bank can never have too large a rest. For, after all, the true method of considering a rest is to look at its proportion to the risks carried on our books in the shape of loans and discounts. Viewed in this light, a rest of 50 per cent. on the capital would be by no means a large one.

Review of the Year's Business.

This year has been a difficult one. The results are not bad, seeing that we have paid you the usual dividend, and added $200,000 to the rest. But both profits and losses have been affected by unforeseen circumstances.

The crop of cereals in many parts of Canada was considerably below the average. A short supply ought to bring about better prices. But it is not the crop of Canada that determines the price of cereals. It is the crops of the world. Our farmers, then, for a diminished crop got a range of low prices.

This simply means a diminution to the extent of millions of dollars of deposits, circulation and earning power to the banks as a whole.

It is to be noted, however, that the crops growing on the ground are not of the relative importance to Canada as a whole that they used to be when Canada simply consisted of the provinces of Ontario and Quebec.

Our great dairy and cattle interests, and even such apparently trifling matters as eggs, have all become prominent of late years as sources of profit. Dairy products and animals of various kinds have been estimated as contributing fully one-half to what is sold from our farms.

In respect to these our farmers on the whole have had a fair year.

Our forests still afford a supply of timber that would be practically inexhaustible if properly conserved. European governments have long had to give attention to this matter. It may soon become a pressing question in Canada.

The lumber business requires for its prosecution an enormous amount of capital in proportion to its annual volume. Much of it is owned by individuals in the trade, but a very large sum in the aggregate is contributed by the banks. This capital has had a fair return, on the whole, during the year. There have been exceptions no doubt, and legislation in the United States will require careful attention from the Dominion Government.

Our mining, manufacturing and importing interests, together with our fisheries, have all contributed their usual quota to the volume of business done by the banks.

This Bank has no branches in the Maritime Provinces, though we have large indirect interests there. It is a satisfaction to learn that business on the Atlantic coast has been highly satisfactory during the year. The same may be said of business in British Columbia.

But Banking profits are below what is commensurate with its risks. In this respect Banking here compares unfavorably with the Australian colonies and Great Britain.

Losses.

An effort, as you are aware, was made during the recent Parliamentary session to compel the banks to publish the amount of their losses. Parliament, however, though disposed at first to entertain the proposal, on further consideration declined to allow this provision to become law.

I will, however, tell you one or two things about the losses of the year that may interest you.

During the year, in the circle of our customers, there have been a certain number of failures and embarrassments. In a number of these cases the Bank loses nothing. Our securities bring us out.

In a majority of those that remain our losses will be less than $1000.

In none of the other cases was the loss a serious one, considering the magnitude of our business.

But I much regret to say that the largest of them all was brought about by unfaithfulness on the part of one of the officers of the Bank. This loss remained after his bondsmen had honorably discharged their obligations.

These are rare experiences. The Bank has only had two during the last fifteen years. May we never have another.

Had it not been for this untoward occurrence the losses for even such a year as this would have amounted to less than the average. In addition to loss from actual failures, we have thought it prudent to make provision for some cases where failure has not taken place and where loss is only apprehended.

This information with regard to losses should be sufficient. Whether the same amount of information will be communicated in future must be left to the judgment of those who have the direction of the Bank.

It should be borne in mind that though these are technically meetings of stockholders they have become, by reason of publication, practically meetings of citizens. The bearing of this remark, I think, will be apparent.

Banking Legislation.

You are aware that during the recent session of Parliament a measure has been passed for extending the charters of the banks until 1901.

The Banking Act now in force is a complicated measure of about 90 clauses. Your rights and responsibilities as stockholders are regulated by this act.

Banking, I may say, as a simple business and apart from the issuing of notes, can be carried on by private firms without any act of Parliament to regulate it.

But circumstances in this country have brought about a general organization of banking on the joint stock principle, that is, by duly constituted corporations.

This necessitates provisions of law with regard to the issuing of notes, the liability of stockholders and the manner in which stock is to be held, transferred and bequeathed, with regard also to lending, discounting and taking security, the position and powers of directors and a multitude of other matters with which you are no doubt familiar.

From time to time disputes have arisen in regard to the operation of various clauses in our banking acts. To guard against these new provisions have been introduced, until in course of years this Banking Act with its 89 clauses has become what it is.

Under this law, which expires next year, the business of the banks has to be conducted day by day all the year round. Bankers have, therefore, have ascertained by experience wherein such a measure is defective and what would be desirable in future legislation.

It will not surprise you therefore to learn that many conferences of bankers took place with regard to the renewal of the act.

There was a general agreement that certain improvements were desirable.

1. That bank notes should be made to pass without discount all over the Dominion.

2. That in the event of a bank failing, though its circulation is a preferential lien, the notes should be kept at par until liquidation.

3. That measures be taken to still further strengthen the security of the noteholder under all possible contingencies.

4. That additional precautions for the protection of the public should be taken in granting new charters.

5. It was considered also that the clauses regulating advances on the security of merchandise could be much simplified, and that the returns to be made to the Government might be made clearer and less open to misconception.

The representations of the banks were received with all possible consideration by the Government, and their recommendations were generally adopted.

The Government, however, had views of their own upon several matters, which they communicated for consideration to the banks. Some of these were considered so objectionable that we felt constrained to oppose them, not only in your interest, but in the public interest.

The proposal to make it compulsory upon stockholders to appoint auditors was judged to be inappropriate to the circumstances of Canadian banks; that an audit, in fact, would be necessarily imperfect and illusory.

The proposal to compel the holding of a fixed reserve of money in proportion to their liabilities was demurred to by a large majority. It was pointed out that to insist upon the banks keeping locked up in their safes at all times any fixed sum of money would interfere with the rights of creditors, to meet whose demand all a banker's cash is held. It was shown that such a measure had never been tried in practice except in the United States, and that there when banks attempted to keep the law violent fluctuations in the rate of interest ensued. And, further, that circumstances occurred nearly every year that compelled them to disregard the law altogether.

The proposal of an audit and of a fixed reserve were, therefore, withdrawn.

Another proposal for the transfer to the Government of all moneys of depositors and stockholders unclaimed for a period of years was deemed objectionable. This was finally modified so as only to require the sending of annual statements to the Finance department of balances unclaimed for five years.

With regard to the further securing of the circulation, the banks had proposed the gradual formation of a guarantee fund; not that this was deemed necessary, but as an evidence of the willingness of the banks to go even beyond what was needful in order to make their notes absolutely secure.

The Government, however, modified this proposal so as to make its provisions dangerous.

The chief part in opposing this dangerous modification was taken by the Bank of Montreal. On its real bearing being pointed out the Government consented to alter the clauses in such a way that they could be carried out by the banks without danger.

During the progress of the bill through the House a remarkable absence of political feeling was manifest. Members of both parties gave themselves to the work of considering how to make the act as nearly perfect as possible.

We were much indebted for assistance to members on both sides of the House of Commons and of the Senate who are connected with banking institutions.

The measure will come into effect in July next year and will amend the present act in the following particulars:

It provides a banking currency that will circulate at par in every part of the Dominion, and guaranteed not only by being made a preferential lien on all the resources of the Bank, but by a guarantee fund in the hands of the Government.

These notes in case a bank fails will be guarded against depreciation by being made to bear interest until liquidation takes place.

No new banking corporation can be chartered unless $250,000 of capital be actually paid into the Treasury instead of $100,000 only as at present.

Banks are empowered to lend on the security of merchandise to certain classes of traders and to take security thereon by a simple assignment on a specified form.

Power is given to stockholders of banks either to increase or decrease the capital, subject to approval by the Treasury Board. And the returns to be made by the banks will be made more clear and simple.

Commencing then on 1st July, 1891, the Dominion will have a Banking law, which, on the whole, is likely to benefit every interest of the country.

Position and Prospects of Business.

With regard to the prospects of business in the country it has already been observed very appropriately in another place that it is not wise to forecast too much. The same thing has been said on this floor more than once. I shall not attempt much in that direction, but may simply remind you, and it is safe, I think, to go so far, that Canada as a country has attained such a state of development that an assured general progress may be looked for notwithstanding temporary drawbacks.

We have a vast and diversified area of farming lands, and a body of farmers who are, as a whole, year by year becoming more conversant with their business.

The farmers and farming lands of Canada are generally as good as any to be found on this continent.

The business has not been very remunerative for some years back. But that is no new thing with either farming or any great industry.

In my short experience I can remember times in which for years together farming in England had periods of prolonged depression, and the value of land depreciated heavily. But the farming interest recovered itself again and went on prosperously year after year in succession.

When we remember that the farms of Canada have been hewn out of the depths of untrodden forests and brought to their present condition (largely within the memory of living men) by the labor and skill of the farming class, one certainly need not despair of what our farmers may do with the land in future years. They have already created properties that are worth hundreds of millions. And I think the farmers of Canada are not the men to allow a few years of adverse circumstances to discourage them.

There is room for improvement on the part of some farmers, no doubt. If a farmer (and there are some such) knows a mere nothing about his business, or pays no attention to it, or if he is not ready to adopt modern improvements, or falls into lazy or intemperate habits, it is not likely that he can prosper, no matter what the seasons are. But there are not many of this sort amongst us.

Legislation on both sides of the line has to do with the condition of farmers as well as every class of persons amongst us.

Without saying a word about the wisdom or unwisdom of particular legislation, which I think would be out of place here, I may say that the farmers and people of Canada have generally shown themselves able to adapt themselves to new legislative conditions. There is no reason to doubt their ability to do this in the future.

To correct some prevailing misconceptions, I may say that a large amount and a great number of deposits made in the banks, lying there at this day, are from farmers.

We have over one hundred and two thousand farming depositors who have lying at their credit with us more than a million dollars.

And what may surprise some persons, I may say that the banks lend a considerable amount of money to farmers. We have at our various branches over seven hundred farmers who borrow money from us. This class of business consists almost wholly of small temporary loans, and has generally proved very satisfactory.

In all cases where it has not, the fault has been in allowing a farmer to borrow too much.

No farmer in a good position and living next to a chartered bank finds any difficulty in getting temporary loans, and when he is so far from a banking town that the journey would cost more than the money is worth, he can generally find a private banker in his own neighborhood who is ready to lend him money.

And if a private banker charges more than a chartered bank, the farmer is recompensed by the saving in time and labor in undertaking the journey.

I have already spoken of dairy industries. One great advantage of these is that instead of impoverishing the soil, they enrich it. The advantage of this is being more appreciated in all parts of the country. Even in Manitoba, the natural home of wheat production, dairy farming is rapidly coming to occupy the place it deserves.

There is no part of the country in which cattle and sheep raising better shines in the Northwest. On the great cattle ranches at the foot of the Rocky Mountains, the herds are rapidly multiplying and will soon be numbered by the hundred thousand, affording a steady line of exports growing year by year.

Our great lumber and timber interests are almost wholly affected by the condition of trade in the United States and England.

The saw millers where find their market in the United States are likely to have a fairly prosperous season, though the legislation formerly referred to may prove a drawback.

In the manufacturing of timber for the English market there has been a considerable development during the year, following upon the demand arising out of a revival of trade in Great Britain. It is to be hoped that this production will continue to meet a good market and be disposed of at satisfactory prices. But it will be prudent to curtail production somewhat next year.

Our manufacturing industries are becoming more diverse and their interests more complicated every year. And it is becoming more evident that nothing but practical knowledge applied to all the details of business day by day can bring about success in any line of manufacturing.

The idea that it needs nothing but to erect a mill, stock it with machinery and set it going to make money has been dissipated by the logic of events. Success comes only by practical knowledge, close attention to details and watchful economy. We believe that all these respects we are gaining ground every year and we are also educating a manufacturing population.

Our various lines of importing business are subject very much to the same style of remark. It is evident more and more that nothing but a practical knowledge of the goods dealt in, of the best markets in which to buy and of the varying tastes and circumstances of the population, combined with a reasonable capital and good financial management, can possibly lead to success.

This applies both to the wholesale and retail trade. But with respect to the wholesale trade, the force of capital is becoming more important as a factor every year. And every year it is becoming more important to have the crediting department of a wholesale house under watchful management. For it is generally here, rather than in the business department of a house, that the mistakes are made which bring about insolvency.

And this leads me to say, what has been said again and again before, but we must keep on saying it, that in many departments of the wholesale trade the credit given and taken is unreasonably long, bad for the buyer, bad for the seller, and not good for the consumer. It is one chief hindrance to success and prosperity. Capital is frittered away by it and the labor of years lost.

If there is one thing that calls for attention, for persistent labor, and even for sacrifice, until things are put on a better footing, it is the credit system of Canada.

Of the intimate connection of this with banking I need not say a word. All the crediting of the country is finally reflected and focussed in the bill cases of the banks.

The extraordinary railway development of the country during the last few years has often excited attention. This has a most intimate bearing upon the development of the country. Without the means of communication the finest territory is valueless.

In Ontario and Quebec our railway systems are so ramified that they now reach within a few miles of every man's door.

But it is in the Northwest that our great hope of future development through a well devised system of railway extension mainly centres. There is land there, and room for a population of several millions.

The effect of such a population, if we had it, on the commerce and banking of the Dominion generally, it would be hard to over-estimate.

The foundations are laid already. Let us hope that within a reasonable time these great stretches of fine country will be occupied by a productive population, whose wants will give an impetus to our manufactures and imports, and whose productions will swell our exports to many times their present proportions. All which would tend to the advantage of the great centres of trade in Canada and to the increase of the business of the banks.

The Staff.

Let me say a word in conclusion about our staff of officers.

In the service of the bank altogether we have a staff of 220 persons. Of these 37 are managers or assistant-managers, and have much of the responsibility of conducting the business of the bank.

It was observed long ago by one of the ablest bankers that ever lived—Mr. Gilbart of the London & Westminster Bank—that the training of clerks and officers of a bank is a matter of first-rate importance, and deserves constant attention at the hands of the general management.

On this conviction we have long acted; rules and regulations with that end in view have long been in force in the Bank, and a considerable part of the time of the general management is occupied with the work of increasing the knowledge and efficiency of the staff at all points.

I am glad to see that such efforts have been rewarded by a good measure of success. Our managers as a whole understand their business well, and appreciate their responsibilities, and we are constantly on the lookout for indications of intelligence and ability in the whole circle of our employes, and of stimulating endeavors after success by judicious promotion.

Without their co-operation it would be impossible to carry on the Bank successfully. I desire to remind the stockholders on this occasion that they have a number of valuable servants who never make their appearance at the annual meeting and are for the most part entirely unknown to them, but whose character, ability and good conduct are of the very essence of the management of the Bank.

They have endeavored to serve you faithfully in the past and with some amount of success. I speak for every member of the staff along with myself in saying that it will be our endeavor to do at least as well in the future.

Remarks by Shareholders.

The President: We will be happy to hear any remarks from any of the shareholders present upon the business of the Bank or to answer any question which they may desire to ask.

Mr. John Morrison, in the course of some remarks, advocated the completing of the capital to $6,000,000, which would require an amount equal to 2008 shares at par, and he moved that eight shares be sold to the highest bidder and the proceeds added to the capital and rest, the remaining 2000 shares to be given as a bonus to stockholders.

There being no seconder to the motion it fell to the ground.

Mr. John Crawford alluded to the resolution proposed by Mr. Morrison and suggested to the board that the increasing of the capital to a round $6,000,000 would lift the bank out of a third class to a second class position. He did hope that the question would hereafter occupy the board. Speaking of the rebate on discount, he said that almost all the banks gave the specific amount of rebate taken from the net profits every year, and he wished to know whether in the Merchants' Bank that amount had been deducted from the net profits or if the practice had been the same as obtained in the Bank of Montreal up to the past year. Turning his attention to the new Banking Act, he said that bankers and others who held divergent views upon that act acted them generously before the public, the clause relating to the guarantee circulation fund being signally selected for criticism, and so far as he was able to learn it was unsparingly condemned, chiefly owing to a compromise between principle and expediency. He was glad that the General Manager had approved of the act. But he would like to have been at the meeting when the directors, in their wisdom, assembled the stockholders together in order to hear a report on the condition of the bank. The amount of the losses was then fully stated, though it was greater than at any time since the present General Manager assumed office. He was sadly afraid that this had not been continued. If there were anything in this matter that was detrimental to the interests of the bank its would say "don't give it." But the Government had no alternative; they were entitled to demand from banks the publication of their debts, due, not due and overdue, together with an estimate of the probable loss that might accrue thereon.

The motion to adopt the report was carried unanimously.

Mr. Hague, in reply to Mr. Crawford regarding the increase of the capital, said that if it were a mere matter of putting the figures there it could be done to-morrow, but it would involve a change in the ratio between the Capital and the Rest. It would also involve the paying out of $14,000 a year more of the profits, while it would be doubtful if they could make $14,000 more out of the additional capital. The board, however, the board would bring the matter before the shareholders. In connection with the matter of rebate it was one in which the practice of banks in Canada had been different from that of Scotland. He believed that it was the Bank of Toronto—he was the cashier at the time—which first made an entry for rebate on bills discounted. It was a very reasonable proposition and the Merchants' Bank would no doubt make the entry in their books at some time. This rebate simply meant the amount it would take to bring all the bills in our bill case up to a cash value.

Mr. Crawford did not think any shareholder desired to impose any difficulty upon the Board, but he thought the increase in the capital could be easily arranged. The rebate question would come sooner or later and they would have to fall into line with the custom of other banks.

Thanks to the Directors and General Manager.

Mr. J. H. R. Molson moved:

That the thanks of the stockholders are due and are hereby tendered to the President, Vice-President and Directors for the manner in which they have conducted the institution during the past year, and to the General Manager for his efficient management during the year.

He said: Some people may consider a motion of this kind as a matter of form, but in connection with this institution we can hardly look upon it as such. We have an able and faithful body of men on the Board of this Bank, and we have an equally efficient gentleman as General Manager. The Bank has been for years steadily progressing, which is most satisfactory. It has also been adding steadily to its rest, and I think therefore that these gentlemen are entitled to our heartiest thanks. I have very much pleasure, therefore, in moving this resolution.

Mr. Murdock McKenzie seconded the motion, which was carried unanimously.

Mr. Crawford enquired if the question of increasing the dividends had engaged the attention of the Board.

The President replied that it had not engaged the attention of the Board as yet.

Mr. John Crawford moved, seconded by Mr. T. D. Hood:

That Messrs. F. S. Lyman and James Williamson be appointed scrutineers of the election of Directors about to take place, that they proceed to take the votes immediately, that the ballot shall close at 3 o'clock p.m., but if an interval of ten minutes elapse without a vote being tendered, that the ballot shall thereupon be closed immediately.

Carried.

It was finally moved by Mr. J. P. Cleghorn, seconded by Capt. Benyon, and carried,

That the thanks of the meeting are due and are hereby tendered to the Chairman for his efficient conduct of the business of the meeting.

The meeting then adjourned, and the Scrutineers shortly after reported the following gentlemen to be duly elected as Directors for the ensuing year:

ANDREW ALLAN, Esq.
ROBERT ANDERSON, Esq.
H. MONTAGU ALLAN, Esq.
JOHN CASSILS, Esq.
JAMES P. DAWES, Esq.
JOHN DUNCAN, Esq.
T. H. DUNN, Esq.
JONATHAN HODGSON, Esq.
HECTOR MACKENZIE, Esq.

The new Board met in the afternoon, when Mr. Andrew Allan was re-elected President and Mr. Robert Anderson Vice-President.

Yellow Oil has done good work for 30 years in curing muscular rheumatism, lumbago, croup, quinsy, colds, sprains, bruises, burns and all pains and aches. It is equally good for man or beast.

FLAGS and LANTERNS
-FOR-
CARNIVAL WEEK
Large Stock at Low Prices
H. A. NELSON & SONS
56 & 58 Front-street west

DR. W. H. GRAHAM

198 KING-ST. W
Toronto, Ont.
TREATS CHRONIC DISEASES and gives special attention to SKIN DISEASES, as Pimples, Ulcers, etc.
PRIVATE DISEASES and Diseases of a Private Nature, as Impotency, Sterility, Varicocele, Nervous Debility, Etc. (the result of youthful folly and excess), Gleet and Stricture of long standing.
DISEASES OF WOMEN—Painful, Profuse or Suppressed Menstruation, Ulceration, Leucorrhœa, and all Displacements of the Womb.
OFFICE HOURS: 9 a.m. to 8 p.m.; Sundays 1 p.m. to 3 p.m. 245

The Land Security Company
HALF-YEARLY DIVIDEND
NOTICE—A dividend of five per cent. on the paid up capital of this Company has been declared for the current half-year, and the same will be paid on the first day of July next, 1890.
The transfer books of the Company will be closed from the 24th to the 30th instant, both days inclusive.
W. I. MACKENZIE, Manager.
Toronto, June 10, 1890. No. 7 Victoria-street. 55

PROPERTIES FOR SALE.
STORE WITH PLATE-GLASS FRONT AND dwelling; good opening for druggist. Petley & Co., 69 Adelaide-street east.
CHURCH-ST.—SEMI-DETACHED HOUSE—near Charles-street; rent low to a good tenant. Petley & Co.
MORSE-STREET—NICE NEW EIGHT roomed house with stable; rent low to a good tenant. Petley & Co., 69 Adelaide-street east. 561

HELP WANTED.
Advertisements under this head 1 cent a word.
WANTED A FIRST-CLASS CITY TRAVELER for a brewery. Apply Box 31, The Toronto World.
WANTED—SALESMEN IN EVERY TOWN and city, great inducements, outfit free. Address J. Austin Shaw, Nurseryman, Brooklyn, N.Y.

ARTICLES WANTED.
HIGHEST PRICE PAID FOR CAST-OFF clothing, send card. J. Robinowich, 211 Queen West.
WANTED—DWELLING, ABOUT 12 ROOMS, with some garden or lawn, would take 1 to 3 years' lease. Apply Box 33 World. 5

PASTURE.
HORSES PASTURED ON OUR RUN, DON Mills. Taylor Brothers, Market-square.
$100 DOWN, FOR CHOICE CORNER lots on Bloor-street, balance easy. Also vacant lots in all parts of Brockton Addition. J. L. Dow.
$25 DOWN AND $25 YEARLY BUYS TWO storey cottage in Dovercourt or Brockton addition, near all cars and factories.
J. L. DOW,
Office, Room 21, Manning Arcade.

LOST.
LOST—DIAMOND RING WITH THREE stone setting; number of ring on inside. Finder will be suitably rewarded by returning ring to 388 College-street.
A GOLD COIN MONOGRAM BROOCH YESterday on Yonge or Queen-streets. Finder will be rewarded by returning to 19 Wilcox-street.
A PARASOL—ON YONGE-STREET OR KING street; liberal reward if returned to 23 Toronto-street.

FOR RENT.
COSY, COMFORTABLE SIX-ROOMED house for rent, 47 Cumberland-street; bath, gas, etc., $18. Apply 148 Davenport-road.
TO RENT—A VERY DESIRABLE RESIdence lately occupied by Mr. Cameron of The Globe, and especially adapted for a professional or business man; house contains 20 rooms, bath and laundry; newly papered and decorated; special terms. Apply or write to No. 35.

TO LET
91 Yonge-street, lately occupied by A. & C. Gurney. Space 25x120. Address
J. A. McGEE
care of Rogers & Son
97 Yonge-street

TO LET
Commodious House
AND GROUNDS
Cor. Charles and Church-strs
Rent Low. Immediate Possession
ALEXANDER & FERGUSSON
Bank of Commerce Buildings

TENDERS.
TENDERS WILL BE RECEIVED FROM ALL trades for the erection of stores on Queen-street west. Apply G. M. Miller, architect, 1 Queen-street east. 58

TENDERS FOR COAL OIL.
SEALED TENDERS ADDRESSED TO "THE Inspector of Penitentiaries, Ottawa," and endorsed "Tenders for Coal Oil," will be received at the office of the Inspector of Penitentiaries, till Saturday, the 21st instant, from parties desirous of contracting for supplying the Manitoba Penitentiary (Stony Mountain, Man.), with 70 barrels Canadian Coal Oil, more or less (price per gallon to be specified), from the 1st July, 1890, to 30th June, 1891. The oil to be delivered at Stony Mountain, in carload lots, as required free of charge, freight and all other incidental expenses being prepaid.
The test will require to be stated.
Barrels not to be charged for or returned.
Sample of oil to be furnished with the tender.
Blank forms of tender to be obtained upon application to the undersigned.
JAS. G. MOYLAN,
Inspector of Penitentiaries.
Department of Justice, Ottawa, June 11th, 1890. 252

A JACOBI STEINER VIOLIN
in Leather Case
FOR SALE BY AUCTION
— AT —
A. O. Andrews & Co.'s Rooms
— ON —
Tuesday Evening at 7.30
A. O. ANDREWS, Auctioneer

CITY NURSERIES
H. SLIGHT,
407 Yonge-street, Toronto
WEDDING FLOWERS A SPECIALTY
Palms, Orchids, etc. 246
Moderate Prices. Finest Quality

Notice to Creditors
OF JOHN CUNNINGHAM, deceased. All creditors of John Cunningham, late of the City of Toronto, in the County of York, City Bell Ringer, who died in the month of April, 1890, are on or before the 15th day of July, 1890, to send by post prepaid to Messrs. Read, Read & Knight, of 75 King-street east, in said City of Toronto, the solicitors for the executors of the deceased, their Christian and surnames, addresses and description, the full particulars of their claims, a statement of their accounts, and the nature of the securities (if any) held by them; or in default thereof they will be peremptorily excluded from the benefit of said estate.
Dated at Toronto this 12th day of June, 1890.
READ, READ & KNIGHT,
75 King-street east, Toronto, Solicitors for James Little, James Robert Dunn and William Newall, the executors of John Cunningham, deceased.

TO BUILDERS
The Mimico Real Estate Security Company, Limit'd, offer special inducements to builders, both in prices and terms, for the erection during the present year of ONE HUNDRED HOUSES of various sizes and values, chiefly mechanics' dwellings. A great demand for houses in Mimico before the end of the year is certain, as operations have already commenced for the erection of a number of factories, which are under bond to be running by that time. For terms and further information apply at the offices of the company, 38 Toronto-street.
A. McROBERTS
MANAGING DIRECTOR. 56

VETERINARY.
ONTARIO VETERINARY COLLEGE HORSE Infirmary, Temperance-street. Principal assistants in attendance day or night.

DENTISTRY.
C. H. RIGGS, DENTIST, CORNER KING and Yonge-streets. Best teeth $8. Vitalized air.

BOARD.
FEW BOARDERS—ELEGANT COUNTRY home, convenient boating and fishing, close to large town. Box 111, Peterboro. 12345

ART.
J. W. L. FORSTER—PUPIL OF MONS. Bouguereau, studio 81 King-street East. Specialty, portraiture.

BUSINESS CARD