THE TORONTO WORLD

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World Telephone Calls.

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Editorial rooms (No. 18 Melinda-street)..... 325

WEDNESDAY MORNING, JUNE 6, 1888.

The World has the largest circulation of any morning paper in Canada.

Immigration as a Local Question.

We still think that The World was just right when, not long ago, it ventured to suggest that immigration business should be managed, not by the Dominion, but by each province to suit itself. This fact is conspicuously before us—that circumstances differ very much in the different provinces; from which we might have strong suspicion, in advance, that the immigration policy suitable for one province might be quite unsuitable for another. The probability is great beforehand that what would be desirable for Manitoba and the Territories would not be the thing for the Maritime Provinces, perhaps not even for Ontario. And it strikes us that, with every unprejudiced person, this view of probabilities will be confirmed the more that facts and details are examined. Even in the same province, different localities have very different needs as far as immigration is concerned. The town or city may want most of all a policy of "shut down," while the country of which it is a part may have room and work for a number more. We take this position—that immigration business should be handled as something of *local policy* mostly, and subject to provincial control. Then each province would manage the business to suit itself; and grumblers would be the more apt to put their grumbling where it would do most good.

The Dominion Government would thereby escape a responsibility which it should never have undertaken to carry; and the desideratum of having the saddle put on the right horse would have been more the rule than the exception, as it is now. Wonder if it never occurs to Sir John what a relief it would be to him if certain immigration responsibilities which some people for political purposes are trying to pile on to him were shifted on Mr. Mowat instead? The responsibilities indicated are something which Mr. Mowat and every other Provincial Premier are morally bound to accept.

The territories as yet have not real, parliamentary governments of their own, consequently the Nation, in other words, the Dominion Government, must act for them. But in immigration matters Manitoba should act for herself, and so, also, should Ontario. We venture to assert that, were this plan thoroughly carried out, the troubles which perplex such meetings as that held here the other night would mostly vanish away. The knowledge that it rested with each Province to act for itself, and to "paddle its own canoe" in immigration matters, would work wonders in the way of correcting abuses. With strictly *national* matters, which must be ordered alike for the whole country, the case is different, and "the case being altered alters the case."

One can see "with half an eye" that The Mail would be very much pleased to saddle the responsibility for our immigration troubles upon the N.P. And evidently there are those amongst us who would think they were "made up" could they turn the whole load over on Sir John and crush him with it. It would be just like Sir John were he some of these days to give them "an eye opener" on this question.

The Bank of Montreal.

We give up a large portion of our space this morning to a full report of the annual meeting of the Bank of Montreal. A perusal thereof will repay everyone. It is the best possible index of the business situation. We shall refer to it at greater length to-morrow.

Freehold Loan and Savings Company.

The annual meeting of the Freehold Loan and Savings Company was held yesterday at the company's office in this city. In presenting the twenty-ninth annual report the directors made a very satisfactory showing. Currency debentures have been increased by $152,565 and sterling debentures by $451,002. The business increased during the year by $377,864.

Will You Read This for $500?

For many years the manufacturers of Dr. Sage's Catarrh Remedy, who are abundantly responsible financially, as anyone can easily ascertain by enquiry, have offered, in good faith, a standing reward of $500 for a case of nasal catarrh, no matter how bad or of how long standing, which they cannot cure. The Remedy is sold by druggists at 50c. 36

REV. DR. M'TAVISH'S CALL.

The Presbytery Sustains the Choice of the Lindsay Divine.

A large amount of business was transacted by the Toronto Presbytery yesterday. Moderator Rev. Alex. Gilray presided. A communication from the Guelph Presbytery intimated that leave would be asked of the next General Assembly to receive Rev. Hugh R. Rae, a minister of the Congregational church in England, as a member of the Presbyterian church. A similar communication was read from the Halifax Presbytery relative to Revs. Lennox R. Gloag and Henry Stoddard, formerly ministers of the Congregational church. Rev. John Gibson, missionary at Demarara, sent an encouraging account of his work. Dr. Caven, moderator of the Central Presbyterian church session, reported the selection of Rev. Dr. McTavish of Lindsay by the church and congregation, the particulars of which were given in yesterday's World. The call was sustained on motion of Rev. D. J. Macdonnell and Rev. J. Meikle. The consolidation of the East York and York Town Line congregations was next considered. Each congregation guarantees $400 stipend. A call, signed by 48 members and 50 adherents, was given to Rev. T. T. Johnston, who accepted it. On motion of Rev. R. P. McKay, Parkdale, $200 was added to the stipend from the augmentation fund. A long discussion took place over the recommendation of a committee that St. John's Church, Markham, and St. Andrew's Church, Scarboro, should be separated. It was finally decided that St. Andrew's Church stand alone, and that a supply be furnished for St. John's. The call of Rev. D. B. Macdonald, Quaker Hill, to St. Andrew's church was sustained. The other business transacted was not of general interest.

The World on the Island.

We shall commence our Island delivery next Monday. Leave addresses at The World office, 4 King-street east. An early and punctual delivery is guaranteed.

To Residents of Queen Park and Long Branch.

Residents of these summer resorts can have The World delivered to them, care of the captains of the steamers for these points, and receive them on arrival of first boat. Twenty-five cents a month.

Spring, Gentle Spring.

—There is not the least doubt but what spring is at hand, and Matthews, the gents' furnisher, 162 Queen street east, is up with the season with a full stock of spring goods at very low prices. The latest styles in spring ties and collars. 36

"Adams' Tutti Frutti Gum is entitled to especial praise and recognition."—The American Analyst. Sold by all druggists and confectioners; 5 cents. x

FREEHOLD LOAN AND SAVINGS COMPANY.

The annual meeting of this Company was held at the Company's office on the 5th instant. Amongst those present were the following: Messrs. W. Elliot, W. F. McMaster, A. T. Fulton, W. Cook, R. Gilmore, T. S. Starnes, C. H. Gooderham, P. Browne, Henry Pellatt, H. Mortimer, M. O'Connell and W. J. MacDonnell.

A. T. Fulton, Esq., presided, and the Hon. S. C. Wood, acting as Secretary, read the following report:

The Directors have much pleasure in presenting their twenty-ninth Annual Report.

The financial results of the year's business are very satisfactory. The profits, after deducting all charges, amount to $151,289.94, thereby enabling the Company to pay two half-yearly dividends at the rate of ten per cent. per annum, and carry $31,289.94 to contingent account.

They have succeeded in inducing several large depositors to invest in the Company's currency debentures, thereby largely reducing the amount on deposit. The directors feel this will be eminently satisfactory to the British investor, who, as a rule, strongly objects to the large amount of deposits held by many Loan Companies.

The currency debentures have been increased by $132,565 and sterling debentures by $451,002. The volume of the Company's business is larger by $377,864 than it was last year.

During the year improved rates of interest prevailed, and the good demand for money has continued. The collections both in Manitoba and Ontario have been satisfactory. The system of having all properties offered as security for loans, inspected and reported upon by one of the Company's inspectors, in addition to the examination and report by the local valuator, before any money is advanced, is continued with the most satisfactory results.

With feelings of deep regret the Directors have to report the lamented death of their much esteemed colleague, the Hon. Wm. McMaster, who occupied the position of President since the formation of the Company, and under whose wise and prudent guidance its career has been eminently successful. Mr. A. T. Fulton was elected President and Mr. C. H. Gooderham Vice-President, while Mr. Hugh Ryan was chosen to fill the vacancy on the Board.

Owing to the continued ill health of Mr. George D. McVicar, General Agent at Winnipeg, the Board was obliged, though very reluctantly, to allow him to withdraw from the Company's service. Mr. McVicar was an able, faithful and energetic officer.

The books, vouchers, and securities of the Company have been carefully examined by the Auditors, whose report is hereto appended.

The Manager and other officers continue to discharge their respective duties in a satisfactory manner. ALEX. T. FULTON, President.

Toronto, May 23, 1888.

LIABILITIES AND ASSETS.

30th April, 1888.

Dr.

To the Public:		
Deposits and Interest	$ 800,994 03	
Debentures, Currency, and Interest	663,497 41	
Debentures, Sterling, and Interest	2,061,721 00	$3,526,212 44
To the Shareholders:		
Capital	$1,200,000 00	
Reserve	570,000 00	
Contingent	$24,978 26	
Less written off	18,625 92	
	$ 6,352 32	
Ad'd this year	31,289 94	
	37,642 26	
Dividend due 1st June	60,000 00	
	$1,867,642 26	
		$5,393,854 70

Cr.

By Investments:		
Mortgages	$5,063,678 04	
Loans on Company's Stock	21,311 15	
Dominion Land Scrip	13,236 08	
Municipal Debentures	1,566 00	
		$5,099,691 27
Property Owned:		
Office Premises and Furniture		16,112 11
Balances:		
British Agencies for Maturing Debentures	$ 49,335 25	
Banks	228,155 03	
Cash in Office	500 12	
		278,051 32
		$5,393,854 70

PROFIT AND LOSS.

Dr.

To Interest Paid or Allowed:		
On Deposits	$41,129 05	
On Debentures, Currency	28,457 00	
On Debentures, Sterling	82,179 14	
		$152,065 19
To Expenses, including Cost of Management, Commission, Tax on Dividends		48,337 88
To Profits, $151,289.94, appropriated as follows:		
Dividends, two half-years, at 5 per cent. each	$120,000 00	
Contingent	31,289 94	
		151,289 94
		$351,693 01

Cr.

By Interest on Investments, Bank Balances, Rent, etc		$351,693 01
		$351,693 01

S. C. WOOD,
Manager.

To the President, Directors and Shareholders of the Freehold Loan and Savings Company, Toronto:

GENTLEMEN,—We the undersigned having examined the securities and vouchers, and audited the books of the Freehold Loan and Savings Company, Toronto, certify that we have found them correct, and that the annexed Balance Sheet is an exact statement of the Company's affairs to the 30th April, 1888.

J. SYMONS, } *Auditors.*
W. E. WATSON, }

"Gold Point."

—These cigars are hand-made by the Cuban method, the filler being of choice Vuelta Abajo and the wrapper fine Sumatra, imported directly by ourselves. We do not see how any reputable imported cigars at 10 cents can equal those in value. It is the best 5-cent cigar on the market. Spilling Bros., 115 Jarvis-street, Toronto. 136

Unfair to the Preacher.

From The Albany Journal.

The innocence of childhood was never more strikingly illustrated than at an evening party recently held in the neighborhood of this city. Several clergymen were present, and one of them, who is especially noted for his austerity and piety, was offered a glass of water. An infant daughter of the host, who overheard the tender of the drink and remembered her father's entertainment of others, astounded the whole company and "laid up" a whipping for herself by remarking in a loud voice of surprise: "Why, papa, don't you give the minister some beer?"

Wonderful.

Ladies visiting the Waterloo House are filled with amazement at the low prices asked for lovely goods this week. Still further reductions in McMaster's wholesale stock jerseys, real Yak laces, black and colored, worth 20 to 50 cts., all at 5c. per yard. Elegant flouncing laces, white, cream, fawn and black 25c. All the new shades in dress goods cheap at McKendry's, 273 Yonge-st. edx

Trials of Boarders in Michigan.

Detroit Free Press.

What is meant by a swell boarding house is a place where the beans and dried apples are put to soak at an early hour the day before they are wanted. They are sometimes also bay windows on the house.

New Spring Styles.

The newly-established firm of G. W. Tickell & Co., 108, 110 King-st. west (nearly opposite Rossin House), are showing fashionable and elegant new designs in fine furniture for the spring trade.

Their upholstered goods department looks especially attractive, besides we notice a splendid stock of mahogany, oak and walnut suites for the bedroom, dining room and hall. 26

The Accident Insurance Company of North America, the most popular Canadian company, has paid over 20,000 claims and issues policies on the most liberal terms. For further particulars apply to MEDLAND & JONES, General Agents, Equity Chambers, Victoria-street, Toronto. 361

Mantels, Mantels, Mantels.

W. Millichamp, Sons & Co., manufacturers of every description of mantels, from the plainest and lowest price to the most elaborate ancient or modern design. Specialties in antique, oak, cherry and mahogany. Place your orders early and thereby take advantage of the 10 per cent. reduction in price for this month only. Showrooms, 31 Adelaide east, city. 246

A first-class cherry top counter sixteen feet long for sale at World office.

Don't fail to procure Mrs. Winslow's Soothing Syrup for your children while teething. It has been used by millions of mothers during the last forty years for their children. Cures wind colic, diarrhœa. Be sure and get Mrs. Winslow's Soothing Syrup. 25c a bottle. 135

THE BANK OF MONTREAL.

ANNUAL MEETING OF SHAREHOLDERS ON MONDAY AFTERNOON.

The Report for the Year—Speeches of the President and General Manager—The Trade Situation Reviewed—Caution Impressed Upon Merchants and Manufacturers—The Outlook.

The annual meeting of the shareholders of the Bank of Montreal was held in the Board room of the institution at 1 o'clock Monday afternoon and was largely attended. Among those present were Sir Donald Smith (president), Messrs. Hugh McLennan, Gilbert Scott, W. C. McDonald, A. T. Paterson, E. B. Greenshields, R. B. Angus, R. W. Shepherd, John Crawford, J. H. R. Molson, Hon. Thomas Ryan, Robert Anderson, Thomas Workman, George Macrae, Q.C., Hector MacKenzie, Jesse Joseph, John Dunlop, J. L. Morris, James O'Brien, F. S. Lyman, Rudolphe Forget, A. C. Clark, R. G. Stark, Robert Benny, D. R. Stodart, J. Morrison, A. M. Crombie, James Burnett, Thomas Peck, Henry Joseph, G. Strathy, Henry Yates, Angus Hooper, J. B. Learmont, D. McCarthy (Sorel), A. H. Lunn, B. A. Boss, J. P. Scott, Campbell Lane, W. B. Buchanan, W. H. Meredith and others.

On motion of Mr. H. Yates, Sir Donald Smith, K.C.M.G., was requested to take the chair.

THE DIRECTORS' ANNUAL REPORT.

The President then called upon the General Manager to read the annual report of the Directors, which was as follows:

The Directors have pleasure in presenting the Seventieth Annual Report, showing the result of the Bank's business of the year ended 30th April, 1888:

The balance of Profit and Loss on 30th April, 1887, was		$ 605,740 38
The profits of the year ended on 30th April last, after deducting charges of management, and making all necessary provision for bad and doubtful debts, were		1,284,501 17
		$1,890,241 55
From which has to be deducted:		
Dividend 5 per cent. paid 1st December, 1887	$600,000	
Dividend 5 per cent. payable 1st June, 1888	600,000	
		$1,200,000 00
Leaving a balance of		$ 690,241 55

to be carried forward at the credit of Profit and Loss account.

Attention was drawn last year to the fact that the Deposits had fallen off about $5,000,000. This amount has been more than recovered, and a reference to the annexed General Statement will show an addition of upwards of $6,000,000 during the past twelve months.

The loans and discounts and balances due by foreign agents have increased to a corresponding degree.

The Head Office and all the Branches have passed through the usual thorough inspection during the year just past.

In the report for last year the Annual Report it was intimated that preparations were being made for establishing a branch at Vancouver; this has been done, and it is now in a satisfactory condition in the adjoining town of New Westminster has lately been opened.

Since the last Annual Meeting the Directors have had cause to regret the loss by death of their late colleague, the Hon. John Hamilton, who had served on the Board for the space of nearly five years. The vacancy caused by Mr. Hamilton's death has been filled by the election of the Hon. J. J. C. Abbott to the Directorate.

DONALD A. SMITH,
President.

GENERAL STATEMENT.

30TH APRIL, 1888.

Liabilities.

Capital stock		$12,000,000 00
Rest	$ 6,000,000 00	
Balance of profit carried forward	690,241 52	
	$ 6,690,241 52	
Unclaimed dividends	10,137 52	
Half-yearly dividend, payable 1st June, 1888	600,000 00	
		$ 7,300,379 04
		$19,300,379 04
Amount of notes of the bank in circulation	$ 5,467,743 00	
Deposits not bearing interest	9,390,025 92	
Deposits bearing interest	14,325,780 23	
Balances due to other banks in Canada	148,782.97	
		$29,332,332 12
		$48,633,211 16
Gold and silver coin current	$ 1,338,398 28	
Government demand debentures	1,872,016 25	
Balances due from other banks in Canada	$178,563 24	
Due from agencies of this bank and other banks in foreign countries	9,788,295 87	
Dominion Government demand and other securities	1,333,576 43	
		$11,300,435 14
Notes and checks of other banks	1,138,971 50	
		$16,146,821 17
Loans and bills discounted	$31,452,541 50	
Debts secured by mortgage and other security	317,222 24	
Overdue debts not specially secured (estimated loss provided for)	116,626 25	
		$ 31,886,389 99
Bank premises at Montreal and branches		600,000 00
		$48,633,211 16

W. J. BUCHANAN,
General Manager.

BANK OF MONTREAL, }
Montreal, 30th April, 1888. }

The President's Address.

Sir Donald Smith, in moving the adoption of the report, said: You have just heard the report read, and you will see by it that on the 30th April last there was a balance, speaking in round numbers, of $605,000; that the profits of the last year, up to the 30th April, were $1,284,501, or, allogether, $1,890,000. If we take into that two dividends of 5 per cent., it leaves $690,000, or about $85,000 more than is shown by the balance of the previous year. The profits for last year were, roundly speaking, 12½ per cent., and the profits for this year 10½ per cent., or about 2 per cent. of a difference.

To have given a bonus of 1 per cent. would have required to have taken from them last year's balance, some $40,000. Although it would have been very pleasing to your directors to have paid a bonus of one per cent., or even two per cent., they felt that they had to consider—and very carefully to consider—the interests of their shareholders. During the past year, as you are aware, the harvest was a partial failure in Ontario, which had its effect upon the profits of this bank as well as upon the profits of banks generally. There were also last year two failures of banks in Canada, and one of them a very disastrous failure. Taking this into consideration, and also remembering that, although not politically connected with our neighbors on the other side of the line, we know that during the year of a Presidential election there is always a disturbance, more or less, of business; considering, again, that it is uncertain what the outcome of the crops for the present year may be, and that the fall wheat is not well reported of, your directors have thought that they would be acting most to your advantage and your interest by giving only a dividend of 5 per cent., making 10 per cent. in all for the past twelve months.

Those who come to look back some nine years will recollect that in 1879 it was found necessary in order to make up the ordinary dividend to take $500,000 from the "Rest." They will also recollect that in the following year of 1880 the dividend was only 9 per cent. Now we do not wish to be obliged to repeat this. All along it has been said to you by your directors that their earnest wish and great desire was to have a steady dividend of 10 per cent., and other than so much of a bonus as they thought it was quite safe to give, keeping intact the Rest and having at the same time a sufficient balance to meet all contingencies. The directors believe that in ex mining and considering the result of the business for the last year they have made

PROVISION FOR EVERYTHING WHICH COULD BE CONSIDERED BAD

and they further believe that the Bank of Montreal at this moment is in every way in a condition for transacting its business to the best advantage. They regret very much not being able to give a bonus which would, no doubt, be very pleasing to certain classes of the community—especially those generally spoken of as "on the street," those who had speculated by endeavoring to advance the market price of the stock by "bulling" it, as the term goes. It is not in the province of your directors to consider such.

A Shareholder—Hear, hear.

Sir Donald Smith—It is the duty of the directors to look to what may be most to the advantage of their shareholders. In passing I might say that at no time in the existence of this bank have the directors had so great an individual interest in the stock of the bank as an investment as has been the case with the members of your Board during the past year. This fact, apart from their wish to discharge their duty faithfully towards you, will also be considered as an incentive to give whatever dividend or bonus they can possibly give with safety. Having gone back last year to the position of affairs which existed before the late lamented Mr. Smithers became president of the bank, we thought it proper that the duty of placing before you an extended statement of the affairs of the bank should rest with the general manager. As you know, Mr. Smithers was not only president of the bank, but he also occupied the position of joint general manager. At present the president does not occupy that latter office. The president and vice-president are the representative members of the board, and Mr. Buchanan takes the place occupied by Mr. Smithers. Mr. Buchanan will therefore put before you an extended statement of the business for last year. While regretting that we cannot show a better exhibit now, we are not without

HOPE FOR THE FUTURE.

Should we have, which we hope may be the case, good crops in the eastern provinces and in the Northwest—and especially from the Northwest we hear very good accounts—we believe that with this and other favorable circumstances the outlook for next year ought not to be unsatisfactory. I may say here that had it not been for the beautiful crops in the Northwest and Manitoba last year the situation throughout this country, considering the partial failure in Ontario, would certainly not have looked as it is at present. We have got rid of the burden of the Lake St. Peter debt, that incubus which has been hanging over the harbor of Montreal and over the people of Montreal for so long a time. I may be permitted to say that this shows in what persistent determination in a good cause can effect. I hope that in every other instance in which the people of Montreal are concerned they will be as determined to uphold their rights and to obtain what is properly belonging to them. Another act of legislation this year which will also do good to banking institutions is the Warehousing Act, which has been extended to manufacturers of cotton and woolen goods, and to distillers, so that the advances made by banks to those industries are now in a better position than before and better secured. The prospects are very good in the Northwest. The extent of ground broken up is much greater during the last year than formerly and should the crop be a fairly good one we may certainly look upon it that Manitoba and the Northwest will contribute largely to the prosperity of the whole country. The Sault Ste Marie route affords us a new inlet into Canada, and having gone over that route within the last three weeks or so, and knowing something of the Western States for a good many years before, I can say that my friends and myself were surprised beyond measure to see the great advances that had been made within the last five or six years. We felt satisfied, and I think I am quite safe in saying to you that Canada will benefit greatly from having this road and from having brought into and through Canada. Another encouraging feature for us is the evidence we have of the

HIGH CREDIT OF OUR COUNTRY IN THE EUROPEAN MARKET.

We have seen that for a certain loan put on the market within the last week some ten times, or more than ten times, the actual amount was bid for. In some respects, however, the prospects are not very promising, and I do think that very great caution is required. I think we have been pushing far too largely in cotton, agricultural implements and some other manufactures, and I think that manufacturers and merchants alike have to look very carefully to the future. Still with ordinary prudence I am satisfied we have no cause to despond, but that we have every reason to believe that the country will go forward and prosper, and that with the prosperity of the country your bank and the stock you hold in it will appreciate year by year. At any rate you may fairly expect a fixed ten per cent. dividend on your stock, and that the management of the bank will be such as will ensure for you the full benefit of the prosperity of the country. We very much regret the loss of the Hon. John Hamilton, one of the members of the board, during the past year. The directors were glad to be able to induce the Hon. Mr. Abbott to fill the vacancy which so occurred. Mr. Abbott is well known to all of you, and I am sure you will consider that the choice is a good one. I move, seconded by Mr. Gilbert Scott:

"That the report of the directors, now read, be adopted and printed for distribution among the shareholders."

Mr. Gilbert Scott—As seconder of the report it is not necessary for me to say anything, as the president has explained everything to you. I second the adoption of the report.

The President—I would ask Mr. Buchanan, the General Manager, to make his statement to you.

The General Manager's Address.

Mr. Buchanan, the General Manager, then said—I do not propose to make any very extended remarks in connection with the statements just submitted to you, but it may be interesting to sketch, as briefly as possible, the course of the money market during the past Bank year, as its condition, especially in the United States, has an important bearing on our profits. In England money ruled easy at 2 per cent. until August, when the Bank of England rate was raised to 5 per cent. On 1st September it was advanced to 3 per cent., and so continued till the close of the year, not so much apparently from actual scarcity of money as from the fear of it. During the first three months of the present year it came down steadily, until it reached 2 per cent. in March, where it remained until the other day when it was raised to 3 per cent. In the United States there was a severe stringency in the last week of June; it did not last long, but the fear of a repetition of it kept money pretty steady until the end of December. The action of the Government in purchasing its own Bonds to the extent of $25,000,000, and also in depositing funds in the National Banks, not only prevented a deficit, but, fortunately for us, it had had a good deal to do with the reduction in the value of money to a very low point, the best rates obtainable being 2 to 2½ per cent., and on several occasions lately we have not been able to place our money even at those figures. So that during the portion of the last six months, when we generally look for our largest profits, circumstances were dead against us. There has been a considerable amount of gold during the past month, and it is to be hoped this will continue and induce a dearer money market.

In Canada money has followed pretty much the same course; owing to over importation, poor cash collections, the unusually heavy demands of the lumbermen, the absorption of capital in real estate and other causes, the surplus of loanable funds was reduced last autumn, and an advance in the rates of interest was only natural. Relief came towards spring by the successful marketing in London and Paris of provincial and municipal bonds, and the rates have been lowered again. It is to be hoped the Government will act on the power taken lately and reduce the rate of interest on deposits in their savings banks from 4 to 3½ per cent. It seems a waste of public money to allow a higher rate for deposits liable to be withdrawn at short notice than would have to be paid for a long loan. Then, again, these

SAVINGS CAN BE USED TO MORE ADVANTAGE

to the country if lodged with the Banks, but the competition between the Government and the Banks is not on equal terms, as the Banks must of necessity carry a reserve in coin or legal tender notes against their deposits, while the Government carry none. If the Government rate was brought down to 3 or 2½ per cent. the Banks would then have some chance. The question you are probably most interested in is the reason for the large falling off in the net profits this year as compared with last. The decrease—$35,930—is very close to the amount of bonus given to you a year ago, and I may say at the outset, that had we been able to see far enough ahead at the time, your Directors would probably have only declared a bonus of 1 per cent., and in that case the profits of the two years would have been about equal, and a similar bonus could have been paid this year also. The causes for the diminution in net profits are twofold, viz.: smaller profits and larger losses. Last year we had a considerable amount of Dominion Government securities which were disposed of in England at a handsome profit, and we also made money on the sale of American securities in New York. This year we have had no similar opportunities, and were it not that our Canadian business has been above the average we should not have been able to make so good a showing as we have done. The very low rates before alluded to, which have prevailed in New York for the last three or four months, have also curtailed our profits very materially. Then, I am sorry to say, our losses last year exceeded the average—we have had nothing like them since 1883. As you know it has been a trying time—two banks have failed—one very disgracefully, and disastrously to the depositors, and another has been forced into liquidation. There have been two or three large mercantile failures and a number of smaller ones, while in many cases, though no actual bankruptcy took place, compromises have been effected.

MERCHANTS BEWAIL ABSENCE OF PROFITS

and many bad debts, and it is, therefore, not very surprising that this Bank, with so immense a business in this country, has suffered a good deal. With all our care, every year tells us that losses cannot be escaped. The system of long credits, which prevails in Canada, adds materially to the hazards of business. We endeavor to exercise the greatest possible care in lending our money, but we must take the risks incident to Banking business in Canada, or look abroad for the employment of the bulk of our capital. But now about the losses, for which we had to provide in the past year. It is only right to state that a great portion of them should more properly have come out of previous year's profits. We took rather too sanguine a view of the future, and of the condition of two or three of our accounts in particular—they were weaker than we supposed, and the failure of crops in Ontario last year brought matters to a crisis. Bearing that in mind and the extent to which another failure of the crop would affect the prosperity of the country, the Directors were impressed with the necessity of exercising more than ordinary caution in estimating the present position of our assets and the future prospects of the Bank. We believe ample appropriations have been made for all losses, and that the Bank today is in as sound a position as it ever occupied, and we feel confident that the Shareholders will approve the conservative policy adopted.

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you will see from our general statement that we have plenty of money to lend, and all we require is a profitable field to place it in. Canada is limited, and we must always calculate on using a good deal of our money in the neighboring States—the prospects of large earnings there in the immediate future are, as I have already said, very poor. We shall hope that a more active demand will spring up before long, although it looks as if low rates would last at least during the summer. We are obliged to hold reserves there from motives of prudence. Keeping as we do large accounts, and being in some cases the Bankers for other Banks, we are occasionally drawn on for large sums without notice, and if we were obliged to withdraw money from our restricted local markets to meet these demands, you can see how disorganizing it would be to the general finances of the country. In New York we could always get in all our call money in 24 hours without creating the slightest excitement, or causing a murmur, which would be an impossibility in Canada. Employing this large amount of our funds in the United States, the interest ruling there will always be an important factor in our profits, and it need not be surprising, therefore, if the net result does not always compare favorably with that of other banks, who have not the same necessity for carrying large reserves in foreign money markets. Still we have paid not less than 10 per cent. for a number of years, sometimes more, and not many banks in this country can show a better record.

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DIVIDENDS AND BONUSES.

In conclusion I would like to be permitted to say a few words regarding Dividends and Bonuses. The first, our late president told you some years ago, we calculated on maintaining at 10 per cent., and the object of carrying forward a large amount at credit of Profit and Loss account each year was to ensure that rate of Dividend in the event of any great mishap. But I would ask you always to consider a Bonus as an exceptional thing—not to be calculated on but viewed in the light of an agreeable surprise. Sir Donald Smith, speaking as Vice-President at the annual meeting in 1885, in the absence of the President from illness, plainly indicated this. He said, in effect, the attainment of the full Rest of $6,000,000 would give assurance of a steady dividend, and, he trusted, a bonus from time to time. Not, as you will remember, a bonus as a regular thing. The fact that a bonus has been given for the three succeeding years no doubt may have encouraged the expectation that they would be paid every year; but the outcome for the last twelve months has proved that this could not have been done now without reducing the Profit and Loss account below the amount the Directors think it should be maintained at, say $600,000, and I am sure the prudent course in respect of a bonus decided on by the Directors will commend itself to all Shareholders who look to the permanent interest of the Bank. I have now, I think, gone over all the ground, but if there is any more information required I shall be happy to answer any questions to the best of my ability.

The President—We shall now be glad to hear from any gentleman who may desire to address the meeting.

The Dividends.

After some remarks from Mr. John Morrison, Mr. Henry Yates of Brantford trusted that the directors would see their way to lay a more detailed account of the working of the bank before the shareholders. Although it was a very nice thing for a shareholder to handle his bonus, he did not complain that he had not got one, and he felt it was for the best, as he always had placed his most unbounded confidence in the management of the institution, and knew them to be both capable and honest. Anything told to the shareholders by the directors he felt that all could put their implicit belief in. He regretted that unfortunately for us we had a good deal to do with the reduction in the value of money to a very low point, the best rates obtainable being 2 to 2½ per cent., and on several occasions lately we have not been able to place our money even at those figures. So that during the portion of the last six months, when we generally look for our largest profits, circumstances were dead against us. There has been a considerable amount of gold during the past month, and it is to be hoped this will continue and induce a dearer money market.

In Canada money has followed pretty much the same course; owing to over importation, poor cash collections, the unusually heavy demands of the lumbermen, the absorption of capital in real estate and other causes, the surplus of loanable funds was reduced last autumn, and an advance in the rates of interest was only natural. Relief came towards spring by the successful marketing in London and Paris of provincial and municipal bonds, and the rates have been lowered again. It is to be hoped the Government will act on the power taken lately and reduce the rate of interest on deposits in their savings banks from 4 to 3½ per cent. It seems a waste of public money to allow a higher rate for deposits liable to be withdrawn at short notice than would have to be paid for a long loan. Then, again, these

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