MERCHANTS BANK OF CANADA

The forty-sixth annual general meeting of the shareholders of the Merchants' Bank of Canada was held on Wednesday, December 15th, at the head offices, 205 St. James street, Montreal. The chair was taken at noon by Sir H. Montagu Allan, the President. Among those present were Messrs. Jonathan Hodgson, Thomas Long, C. F. Smith, Alex. Barnet, F. Orr Lewis and K. W. Blackwell (Directors), and Messrs. C. R. Black, A. Piddington, D. Kinghorn, M. Burke, M. T. Burke, G. Smith, G. Durnford, M. S. Foley, C. W. Lindsay, G. F. C. Smith, A. Haig Sims, T. E. Merrett, D. C. Macarow, R. Shaw, J. M. Kilbourn, J. G. Muir and H. B. Loucks.

Mr. J. M. Kilbourn, Secretary of the Bank, was appointed Secretary of the meeting, and read the notice calling the meeting.

The minutes of the last annual meeting were taken as read, after which the President presented th report of the Directors, as follows:—

THE DIRECTORS' REPORT.

The Directors have pleasure in submitting the report of the Merchants' Bank of Canada covering the year's business up to the close of books on 30th November, for the information and approval of the shareholders.

The net profits amount to $831,159.57, equal to 13.85 per cent. upon the capital, as against $738,597.19 or 12.30 per cent. for the previous year. We hope you will consider this a good return, and from present indications we feel safe in saying that the outlook is promising for equally good results covering the next twelve months. We are loath, however, to predict, for we all know how easily it may turn out otherwise, so many factors come into the calculation.

The past year's earnings have been dealt with as follows:—After paying the usual dividend at the rate of 8 per cent., we have written down our bank premises $100,000, and credited $50,000 to the Officers' Pension Fund, leaving a balance to be dealt with of $201,159.57. This sum added to the amount brought forward, enables us to add $500,000 to the Reserve Fund, making 75 per cent. of the capital, and to carry forward a balance in the Profit and Loss Account of $102,157.51.

All the branches of the Bank have been inspected during the year. We have opened fourteen offices, namely, St. Eugene, Ont.; Ste. Agathe, P.Q.; Unity and Kisbey, Saskatchewan; Castor, Mannville, Viking, Acme, Trochu, Killam and Okotoks, Alberta; Nanaimo, New Westminster and Sidney, B.C. We have also opened four sub-agencies, viz., Meadowvale and Muirkirk, Ont.; Strome and Botha, Alta. We have closed the Fort Saskatchewan office.

We are asking you to authorize us to apply to the Dominion Government for power to increase the capital stock of the Bank by issuing, at a convenient time, 40,000 new shares, equal to $4,000,000. We are not proposing to issue this stock now, but think it desirable in your interest to take the necessary power.

All of which is respectfully submitted.

H. MONTAGU ALLAN,
President.

The President—You will see from this that the figures in the Statement are clearly shown, with last year's figures introduced to form a basis for comparison and show the progress of the Bank during the year just ended. Before the motion for the adoption of the report is put, I shall be very glad to answer any questions any of the stockholders may wish to ask.

Mr. Thomas Long—I think the stockholders would like to have the General Manager say a few words in connection with this statement.

GENERAL MANAGER'S ADDRESS.

Mr. Hebden, General Manager of the Bank, then made his annual address, as follows:—

The Profit and Loss Account for the year's business is in your hands. I trust it may be satisfactory to you, and that our stewardship may meet with your approval. You will note that our Reserve Fund has been substantially supplemented, and that it now represents 75 per cent. of the paid-up capital. The Fund now stands at the handsome figure of $4,500,000; and here let me state that every dollar of this but $90,000 has been gained from the surplus earnings of the Bank, without any further call being made upon the shareholders to contribute. With the Merchants' Bank you will note that the building up of the Rest is all collar work. Of our Reserve Fund of $4,500,000, 2 per cent. has been contributed by the shareholders, and 98 per cent. has been derived from the surplus earnings. Perhaps, in view of the above figures, the fact may be considered established that the record of the Merchants' Bank is fairly good—we should like to think, equal to the best—and that you possess in your shares a very valuable investment.

Turning to the Balance Sheet, which shows the position of your property and reflects its growth from a year ago, the important changes to be noted in it will not escape you. They show the considerable stride forward the Merchants' Bank has taken within the past twelve months. You may think, perhaps, with the materially developed earning power apparent, that even better things might have been accomplished during the Bank's year of operations. In this connection, I have only to remind those who study the monthly returns made to the Dominion Government, that throughout all the year we have, as usual, maintained very heavy balances of sharp call funds, amounting to very many millions of dollars, and that during the first three-quarters of the bank year we were receiving a very low rate therefor. This was a very unfavorable return compared with former years, but our strong position had to be maintained, and I am free to admit to being more concerned for a strong financial position than I am about profits, and I am as keen for profits as anyone.

Our deposits, you will note, have grown substantially during the twelve months since last we came together. We have received our full proportion of what was offering, and it must be a special matter of satisfaction to us all that the confidence of the general public is evidenced towards the Merchants' Bank in so liberal measure. We are making our proportional response therefor, for upon the other side of the account you will note that the current loans have materially increased, which means that as we are favored by the confidence of the public with their deposits, so are we, pari passu, responding by supporting in due and safe proportion legitimate enterprise in manufacturing, trade and agriculture, wherever we are represented throughout the Dominion.

The occasion is opportune for mentioning that I visited our great Western country this fall, especially with a view of renewing and increasing my knowledge of it and keeping in close touch with its general and particu-

(See over page.)