

all know he has had, that it was very up-hill work during the whole time. It is a very unpleasant task to come before meetings of shareholders year after year with gloomy reports. Mr. Stephen's assistance to this Bank has been great. Speaking for the Board of Directors, I can bear testimony, during the time we have worked together, to the zeal and the deep interest he has always taken in the affairs of the Bank. I believe the shareholders of this institution are very much indebted to Mr. Stephen, not only for his services in the chair to-day, but for the valuable services he has rendered to the Bank since he has been a Director, and especially during the years he has acted as President. I beg to move the resolution.

Mr. Lyman—I have great pleasure in seconding the resolution now before the meeting. I am sure there can be only one feeling in connection with Mr. Stephen's retirement, and that one of regret. Though Mr. Stephen will not be present at the board hereafter, I am sure we may be satisfied he will still be a friend to the bank.

The motion was then put and carried.

Mr. Stephen—I thank you very much for the way in which the mover and seconder of the motion have alluded to my past services. Whatever may have been my shortcomings since I have been officially connected with the Bank, I have always had a loyal heart for it, and whatever my shortcomings may have been, they were errors in judgment and nothing else. Although I felt it necessary to sever my connection with the Bank—I felt it very strongly a year ago or two years ago—it was simply because I had so many other things to attend to. The responsibilities upon me were more than I could well bear. However, I made a compact with Mr. Smithers when he came on here that I would stay at least for a year, and I have done so. Since I became connected with the Canadian Pacific Railway I felt it was absolutely impossible to continue my connection with the Bank. I do not sever that connection for the reason advanced by some newspapers. I may say for those who take an interest in the Bank, and also for those who take an interest in other people's affairs that the Pacific Railway Syndicate does not propose to borrow from the Bank or anybody else, whatever advantage may accrue to the Bank through the Canada Pacific Railway. Mr. Lyman has only done me justice in saying that I will always remain the friend of the Bank. I do not propose that the Bank shall suffer from any business with the Pacific Railway or any other concern with which I may be connected. I do not know that I can say anything more than to thank you for your confidence in me while I have occupied this position. I may just add, I have been connected with the Bank for ten years, and you all know what a time of depression we have had since 1875, but I find that the average distribution during those ten years to the shareholders has been 13 per cent, while the resources of the Bank only suffered in consequence of that depression, which has now happily passed away, something like 10 or 11 per cent. No doubt we could have done a great deal better if the depression had not come, but that is the actual position. Therefore, I think the management during the ten years has probably been as successful as it could have been under the circumstances. I do not like to say any more because it sounds like blowing one's own trumpet.

Mr. Macrae, Q.C., then moved, seconded by Mr. G. W. Simpson:

"That the ballot now open for the election of Directors be kept open until 3 o'clock, unless fifteen minutes elapse without a vote being cast, when it shall be closed, and until that time and for that purpose only this meeting be continued."

The motion was carried.

The meeting then adjourned.

THE BOARD OF DIRECTORS.

The report of the scrutineers declared the following gentlemen elected Directors:—Messrs. Alfred Brown, G. W. Campbell, M.D., Edward Mackay, Alexander Murray, A. T. Patterson, Peter Redpath, Gilbert Scott, Hon. D. A. Smith and C. F. Smithers.

At a subsequent meeting of the Board of Directors, Mr. C. F. Smithers was elected President of the Bank, and Dr. G. W. Campbell, Vice-President.

EASTERN TOWNSHIPS BANK.

The annual General Meeting of the Stockholders of this Institution was held at their Banking House in the city of Sherbrooke, on Wednesday, the first day of June. The following shareholders were present, viz: Messrs. R. W. Heneker, A. A. Adams, Rev. C. P. Reid, Rev. F. Robinson, Col. B. T. Morris, Rev. A. C. Scarth, Col. Kippin, John Thornton, T. S. Morey, Edward Chapman, J. B. Paddon, Liudeu A. Wiley, G. K. Foster, Lt.-col. King, Major I. Wood, G. G. Stevens, J. N. Galer and others. Notice calling the meeting having been read by the General Manager, on motion, Mr. J. B. Paddon, of Lennoxville, was unanimously chosen chairman of the meeting. Mr. Wm. Farwell, the General Manager, was requested to act as Secretary. Col. Kippin of Lennoxville, and Major I. Wood of Sherbrooke, were elected scrutineers of votes. Mr. R. W. Heneker, the President of the Bank, on behalf of the directors then submitted the following

REPORT:

The directors in presenting to the shareholders the balance sheet of the bank at the close of the fiscal year, the 14th ult., together with the profit and loss statement for the year, desire to congratulate them on the present satisfactory state of affairs. The balance at the credit of profit and loss on the 15th May, 1880, deducting the dividend payable on the ensuing 2nd July, was \$6,136.16, to which has been added \$125,146.91, as the net profits for the year, after providing amply for all contingencies. This made the available profit \$131,283.07. A dividend of 3½ per cent. was paid on the 2nd January last, and at the meeting of the directors yesterday another dividend of like amount was declared payable on the 2nd July next. These two dividends absorb \$96,942.44, and leave an unapplied balance of \$34,340.63. The directors have determined to use this balance by reducing the amount standing at the debit of bank premises and furniture account to the net sum of \$100,000, by an appropriation of \$12,614.43. They have also credited reserve fund with \$20,000, which leaves a balance to be carried forward at the credit of profit and loss of \$1,726.20. In thus applying the profits of the past year, the directors felt that they were consulting the true interests of the shareholders. It should be the aim of all banking institutions so to strengthen their reserves that the risk of permanent deterioration by the recurrence of bad times may be avoided. Banking affairs are, like other business matters, subject to fluctuation from contingencies often beyond the control of managers or directors, and although business may be said to be in a fair state, yet some adverse circumstances have to be guarded against. The Banking Act of 1880, as was mentioned in the report of last year, provides for the issue by the Dominion Government of all bills under \$5, limiting the circulation of the banks to \$5 and upward. Our own bank has always had a large part of its circulation in \$4 bills, and must therefore to some extent be affected by this change in the law. This part of the Act comes into force on the 1st July next, and although we may do our best to substitute \$5s for \$4s, we must look forward to some reduction in circulation. Again, the rate at which money can be loaned has been greatly reduced within a short period. This is partly due to the fact that there is still an absence of a speculative spirit in the community, as evidenced by the large deposits accumulated in the banks, and partly to the establishment of new loan companies based on foreign capital, such as the Cr dit Foncier. The old loan companies have been seriously affected in their business by these changes, and the banks find it difficult and indeed impossible to lend money at short date, with the conditions of repayment at maturity, excepting at very moderate rates of interest. The directors feel, therefore, that a

cautions policy is necessary, and they hope, by the exercise of due care, that the Eastern Townships bank will retain the good name it has acquired. The general business of the country is good. In Sherbrooke the manufacturers are fully employed. In Coaticook, besides the cotton company recently established, and which has proved a financial success, a large Beet Root Sugar Manufacturing Company has been organized. At West Farnham a beet root sugar manufactory of at least equal capacity with that at Coaticook is also under way. At Capelton and in Bolton large numbers of men are employed in copper mining; and the various uses to which it is found Asbestos may be applied has given an importance to this mineral (large quantities of which are found in parts of these townships) which is tending to the development of these mines. The lumber trade has again become full of life and activity, and in consequence of all these matters labor has advanced in value. As an Eastern Townships institution the bank watches, of course, with great interest everything which tends to develop the resources of this section of country, and the signs are considered by the directors the more healthy because they are not confined to our section or our business, but embrace agriculture as well as manufactures and mining industries. And it is on these grounds, as well as on the returns they have to exhibit, that they consider the present aspect of affairs to be satisfactory, taking heed at the same time to exercise caution in the administration of the affairs of the bank.

The whole respectfully submitted on behalf of the Directors.

R. W. HENEKER,
President.

PROFIT AND LOSS STATEMENT FOR YEAR ENDING MAY 14, 1881.

Balance at credit of Profit and Loss carried forward from 15th May, 1880.....	6,136 16
Profit of Head Office and branches, after deducting charges of management, interest due Depositors, and providing for bad and doubtful debts.....	125,146 91
	\$131,283 07
DEDUCT	
Dividend of 3½ per cent., paid January 2nd, 1881.....	\$48,414 12
Dividend of 3½ per cent., payable July 2nd, 1881.....	48,528 32
Transferred to Reserve Fund.....	20,000 00
Applied in reduction of bank premises and furniture.....	12,614 43
Balance of Profit and Loss carried forward	\$1,726 20

WM. FARWELL,
General Manager.

The President having read the Report entered more fully into an analysis of the general accounts of the Bank, and in closing moved its adoption. After congratulatory remarks by several of the shareholders, Mr. A. A. Adams seconded the motion of the President, when it, the Report, was unanimously adopted. The usual votes of thanks to the President and Directors and to the Officers of the Bank were then passed, after which the election of Directors was proceeded with, which resulted in the re-election of the old Board by an unanimous vote, viz: R. W. Heneker, A. A. Adams, G. K. Foster, J. H. Pope, G. G. Stevens, M. H. Cochran, T. S. Morey, John Thornton, and J. N. Galer. There being no further business before the meeting, Mr. T. S. Morey was requested to take the chair, when a vote of thanks was passed to Mr. Paddon for his able conduct as Chairman. At the meeting of the new Board R. W. Heneker and A. A. Adams were re-elected President and Vice-President respectively.