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| Loans and bills discounted ....                                | 3,551,749 04   |
| Loans and bills discounted, overdue, secured ..                | \$ 90,249 00   |
| Loans and bills discounted, overdue, not specially secured ... | 125,549 67     |
| (All old business loss provided for.)                          | 215,798 67     |
| Real estate .....  | 54,292 25      |
| Bank premises....  | 122,979 97     |
| Other assets not included under forgoing heads..               | 71,500 00      |
|  | \$4,649,155 42 |
| G. W. YARKER,<br>General Manager.                              |                |

Mr. Nordheimer, on moving the adoption of the report, seconded by Mr. Playfair, made the following remarks:

"Gentlemen,—While I have nothing of importance to add to the report just read, I consider it my duty to make a few observations on moving its adoption. I hope you share in my opinion that it is neither of interest or advantage to dwell upon the past, especially having given full statements and explanations at our meeting last November.

Permit me, however, to take this opportunity of expressing to you, for myself and co-directors, our appreciation of the kindly spirit and consideration extended to us by the unanimous adoption of the various resolutions proposed on that occasion. I assure you by so doing you have not only greatly assisted us in our effort to re-establish public confidence, but materially benefitted the institution. That you may to-day, and on all future occasions, be guided by similar good judgment and harmony, is our earnest desire.

Now, gentlemen, the statement in your hands clearly indicates the true position of the bank. The profits of the year after paying all expenses, show a surplus of \$39,317.18, out of which a three per cent. dividend has been paid and \$2,000 carried to profit and loss account, which now stands at the handsome sum of \$38,730 98.

Taking into consideration the adverse circumstances with which we had to deal, that most of the year the capital had to be devoted to meet the extraordinary demands upon us, and considering that these demands were all regularly and promptly met, I hope you will agree with me that the finding of \$39,317 odd only, on the right side, ought not to be very disappointing.

What appears to concern us most now is the future and what it may have in store for us. I can safely say your Directors' efforts have been engaged to bring the Bank into a position to enable it to accept any safe and profitable business that may offer; in that, I think, we have been fairly successful. Confidence here and abroad is re-established; the old and valued customers are coming back as fast as we can take them, old and valued depositors are also returning, which is shown by the increase of over \$600,000 since November last, averaging \$100,000 per month, which serves as the best evidence of returned confidence in the institution. It is pleasing to note the feeling towards the Bank all over the country is most friendly.

With economy, largely reduced expenditure, and good management, I see no reason why we should not look with confidence to a profitable future.

I may here mention the continued depression throughout the country has materially prevented the collection of old accounts written off as bad or doubtful. I still think a good sum will be recovered, and whatever is so collected, instead of being placed to Profit and Loss Account, will as promised, constitute a special fund. You may rely upon the best attention of Directors and Officers being given towards bringing about such results.

I must draw your attention to the change in the Board. Two of the Directors, Mr. Kerr and Mr. Torrance, having resigned, after due deliberation the vacant seats were offered to and accepted by Mr. Clarke, M.P.P., and Mr. Langmuir. I trust this selection meets your approval, being gentlemen not only well qualified, but widely and favorably known all through the country. I sincerely recommend the re-election of the Board as now constituted."

The Chairman then called upon Mr. Yarker,

the General Manager, to explain the statement more fully.

Mr. Yarker rose and spoke as follows, saying he would try and make his remarks cover anticipated questions. He said as to

#### PROFITS.

"I think, all things considered, the Bank has done as well in the year as any reasonable shareholder could expect. It must be remembered, quite apart from our own immediate difficulties, business generally, not only in Canada, but in nearly all parts of the world, has not been altogether satisfactory. Merchants and manufacturers in Canada have been making very small profits, which is always a bad thing for us, as a bank's progress must, to a large extent, fluctuate with the fortunes of business men. It must not be forgotten either that during a part of the year we were large borrowers from other banks to enable us to meet promptly the unprecedented calls made upon us. These borrowings aggregated about \$2,500,000, which at even 6 per cent. was for the time a cost to us of at the rate of \$150,000 per annum. We had to deal upon equitable grounds of remuneration with 64 officers whom we were obliged to part with. We had to deal with the rentals, fixtures and closing of three large branches. Our law expenses were necessarily considerable. I was careful, of course, in my report of November to anticipate these contingencies and therefore all these extraordinary charges are paid, not \$1,000 remaining unsettled. I must also mention that our business was disarranged for several months, and lastly, upon this head, you will understand during the whole year I was obliged to keep our reserves unusually strong, which of course affected our earning power. I think, therefore, taking all these things into consideration, I am correct in stating the bank did well in earning and paying a dividend of 3 per cent. for the past half year."

#### REBATE INTEREST.

In looking over our Profit and Loss Account it will be observed I have taken \$20,000 from the \$50,000 which in November last I reserved for rebate of interest upon discounts. The explanation is that in November the discounts were much larger and the \$30,000 now reserved is found sufficient.

You will notice in the general statement I have reserved \$25,864.29 for interest due upon deposits. As this amount appears small it may be necessary to mention we paid up the interest in most cases, and the remaining deposits are new, upon which not much interest has yet accrued. The amount, \$25,864.29, reserved is the actual sum necessary for that purpose.

While on the subject of deposits I may say they are gradually increasing and in a satisfactory way; that is, in small sums in many hands at several of our country branches. We are also gradually reducing the rate of interest allowed, and in no sense shall we be open to the charge of paying too dearly for money.

#### RATE OF INTEREST.

The question of interest has, however, a two-fold aspect the secondary one, viz., the rate charged for accommodation, receiving far less weight than in my judgment it deserves. While, therefore, we shall aim at paying a minimum for deposits, I think it an unsafe policy to exact excessive rates from borrowing customers. The business generally that will stand more than fair current rates I do not covet. The margin of profit upon imported or manufactured goods has by competition narrowed itself to a very fine point, and it is a questionable policy to burden business with heavy interest charges. I believe if full data could be had it would be found working expenses, including interest, have played a large part in weakening and retarding the business and trade of the Dominion.

The amount—nearly \$100,000—left at credit of Profit and Loss account is a wise and conservative policy that perhaps needs no defence. It practically belongs to Rest, and I hope by degrees will be added to that fund. You may remember of this sum \$76,913.80, by my report of November, was to be held to protect any unfavorable contingency arising from old debts, and while I simply claim that six months is too short a period to test this point, I admit there is no apparent prospect yet of this sum being required. It is sound and safe, however, to leave it where it is for the present.

#### CIRCULATION AND DEPOSITS.

You will notice our circulation and deposits already aggregate nearly \$3,000,000, the latter being much higher than they were a few months ago. I consider, under the circumstances, this is very satisfactory; that sum, together with

our capital and reserves gives us a loaning power of over \$4,000,000. I do not aim at the folly and risk of prophecy but I think we may fairly expect to reach a loaning power of \$5,000,000 in good time, and then I should be inclined from prudent motives to recommend the Directors to let it stay there until we increase our capital and rest.

#### LOANING POWER.

On the subject of loaning power, seeing this is obtained solely from the confidence of bill holders, depositors, and shareholders, I take specially high ground in using it, and regarding our policy in this respect, I think I can safely say the Directors and I will be guided solely by safe and strict banking rules. These rules tie us down imperatively to the selection of safe business, and not only to loans that are presumably safe but to amounts that are limited. The word "Safety" in my judgment only precedes the word, "limit," and our risks therefore will be confined to operations and accounts of moderate dimensions. I do not intend to enter upon an essay on banking, and I dismiss the subject of loans by merely pointing out that "banking loans" mean, pure and simple, "cash and its equivalent," and the Directors and I will be a unit in building up the business of the bank upon some such basis. And here I may fittingly add that many of our old business accounts are being re-offered to us as fast as we can take them, and we are entering upon no aggressive policy in obtaining business.

The last item necessary to refer to in the general statement is the \$71,500 under the head of other assets. The explanation is that it is partly lumber in Winnipeg for sale, and partly accounts for lumber sold and in process of collection. The item, to use a familiar expression, is nearly as good as wheat, as the lumber is in a manufactured state and is selling off satisfactorily.

#### INVESTING STOCKHOLDERS.

It may be interesting to mention our smaller shareholders are increasing in number. We have now no less than 393 investors holding an average of 13 shares each. I may add a word regarding my report of November last. That report in its wording, temper, and policy I am personally responsible for. It cost me a deal of thought and anxious consideration. I drew upon all the experience and energy I possessed, and I am still convinced it *was* and *will* prove to be the solution of our difficulties, and if faithfully and wisely carried out will in time place the bank in a high position. I may mention the President, Vice-President, and Directors have given me painstaking time and assistance in winding up old accounts.

I congratulate the shareholders upon the daily improving condition of the Bank."

Mr. Yarker closed by saying that if any shareholder had a question to ask, not touched upon in his remarks, he would be most happy to answer.

Mr. T. R. Wood spoke at some length after which the report was unanimously adopted.

On motion of Mr. A. H. Campbell, seconded by Mr. Northrop, the thanks of the meeting were given to the President, Vice-President, and Directors.

Mr. Joseph Simpson then moved, seconded by Mr. James Scott, that the thanks of the meeting be given to the General Manager, Local Managers, and other officers of the bank. The motion carried.

On motion of Mr. R. N. Gooch, seconded by Mr. Lyman, the poll was opened and in due time the scrutineers announced the following Directors unanimously elected:—S. Nordheimer, J. S. Playfair, Wm. Galbraith, Edward Gurney, J. W. Langmuir, H. E. Clarke M.P.P., and B. Cronyn.

At a meeting of the Directors subsequently held, Mr. S. Nordheimer and Mr. J. S. Playfair were unanimously elected President and Vice-President respectively.

—The Winnipeg Sun of Saturday last states that reports from all parts of Manitoba give most favorable indications regarding the crop outlook. "Owing to the lateness of the harvest of last fall, much of the ploughing had to be deferred until this spring, but the farmers were able to make an early start, and at present the growth is said to be fully a month in advance of last year. This being so, harvesting should commence early in August, and should be completed at a period which will remove all danger from frost. It is also gratifying to know that in most cases, despite the disturbing influences, the acreage under crop is reported to be greater than last year."