

REPORT OF THE DIRECTORS
OF THE
Canada Permanent Loan and Savings Company

FOR THE YEAR 1878.

The Directors have pleasure in laying before the Shareholders the accompanying statements of the business transacted in the year 1878, and of the position of the Company on 31st December last.

From these it will be seen that the affairs of the Company continue to prosper as its operations enlarge, and that after providing for all charges and for payment of interest on Debentures and Deposits, and closing all nominal and unproductive accounts, the net profits of the year have enabled the Board to declare two half-yearly dividends of six per cent. each, and to augment the provision against future possibilities by adding \$50,000 to the Reserve Fund, as well as by increasing the Contingent Fund to \$62,098, a sum equal to one per cent. upon the total amount of the Mortgages held.

Considering the liberal Reserves already provided, a higher dividend might therefore have been declared, but the Directors feel sure that the Shareholders will agree with them in preferring to still further fortify the already well established position of the Company.

In the Savings Bank branch an increase of \$68,133 is observable. The Company's Sterling Debentures, to the amount of \$338,622, were applied for and issued, a sum which, in the condition of financial affairs existing in Great Britain, affords gratifying evidence of the high standing the Company has there also obtained.

The Receipts from Mortgagors for principal and interest amount to the satisfactorily large sum of \$1,759,526.

The demand for loans upon acceptable securities for a portion of the year was not quite equal to the supplies, but for several months past the funds have been well and fully employed. The amount lent in the year was \$1,710,134.

The continued depression in business, more especially in those districts immediately affected by the trade in lumber, and the deficient harvest in several counties last year, together with low prices for grain and other farm produce, have led to a considerable shrinkage in the selling value of property, which necessitates the utmost caution and discrimination in accepting applications for loans, and also in acceding to the requests for extension of time occasioned by these adverse circumstances, which, however, with the ample security the Company holds, can generally with safety be granted.

In view of this depreciation in prices, and of the increasing competition among lenders for the limited amount of desirable business obtainable, it may be well for the shareholders to know that, after full inquiry and careful inspection, the Directors are warranted in stating that the Contingent Fund alone affords much more than a usual or necessary provision against possible deficiencies in any of the Company's assets, thereby placing the Reserve Fund on an equal footing of absolute security with the Capital Stock; a state of affairs which cannot fail to be eminently satisfactory to all concerned in the Company's welfare.

All which is respectfully submitted.

J. HERBERT MASON,

Manager

JOSEPH D. RIDOUT,

President.