

They have aimed at all points to give facilities to legitimate commercial and manufacturing enterprise, assisting all who were worthy of assistance, and discouraging speculative operations.

In carrying out this policy they have given employment in an active form to an average line of between ten and eleven millions of loans and discounts, and as a net result have realized a profit of \$462,208.

This has admitted of the payment of a Dividend of seven per cent and the adding of \$75,000 to the newly formed Rest, leaving a balance, in addition to a sum hereafter named, to be carried to the Profit and Loss Account of next year.

It should be stated that this result has been reached, although the ordinary expenses during more than half the year were much beyond what was commensurate with the reduced volume of business.

These expenses have now been considerably reduced.

Arrangements have also been made, in concert with other Banks, to lower the rate of interest on deposits.

The working out and realization of the old Assets and properties of the Bank has occupied much necessary attention during the year, and such progress has been made that the unproductive portion of them is now reduced within a comparatively small compass.

The Board will continue this attention until all these are placed on an interest-bearing basis, or are entirely disposed of.

As the result of this policy, the necessary appropriations have been made from the former Contingent Fund to close accounts that were a burden to the Bank, but the removal of which has set the remaining Capital at liberty for legitimate and profitable business.

In order to place the Stockholders of the Bank in an uniform position under the new legislation, it became necessary for the Board to call in the unpaid portion of the Subscribed Stock.

The calls were placed at intervals of three months in accordance with an engagement formerly given, and to avoid, as far as possible, inconveniencing the Stockholders. Every effort has been made to obtain payment of calls as they matured, without unduly pressing Shareholders in times like the present. It is gratifying to note that, on the whole, a very reasonable response has been given by the subscribers.

The Directors beg to call attention to the accompanying Memorandum of Profit and Loss Account, and to the Statement of Assets and Liabilities following thereupon.

They add, in conclusion, that they have every reason to believe that the Bank has now entered on a career in which the Directors, supported by the confidence and aid of the Stockholders, may expect to redeem its position by a vigilant and cautious administration, aided by the endeavors of the General Manager and a reorganized staff.

(Signed,)

JOHN HAMILTON,

President.

#### MEMORANDUM OF PROFIT AND LOSS ACCOUNT.

The legislation already referred to was based on the express principle of reserving a considerable margin over and above the sum at which the new Capital Account was fixed.

The effect was that the sum of \$400,000 could be set aside as the nucleus of a new Rest, after writing off every bad debt upon the Books, and reserving a sufficiently large sum to provide for all matters of doubt.

This sum, \$530,000, has been arrived at as sufficient after a renewed examination of accounts in the light afforded by actually dealing with them during the last twelve months.

After making these provisions, there remained a balance of \$31,176, which was carried into a new Profit and Loss Account. And to the new Rest there was added, at the close of the year, and as a surplus of the earnings, the sum of \$75,000.

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