

The President then submitted the following report of the Directors :—

THE DIRECTORS' REPORT.

The Directors of the Merchants Bank of Canada beg to present to the Stockholders their usual Report of the business of the Bank during the past year.

Notwithstanding the fact that the circulation of the Bank has shown a considerable shrinkage, along with that of the other Banks of the Dominion, and that the deposits not bearing interest have somewhat declined, the profits finally realized have been such as to enable the sum of \$100,000 to be added to the rest, thus making it equal to half the capital, and also to enable full provision to be made for rebate on current discounts. This result the Directors trust will be satisfactory to the Stockholders.

The net profits of the year after payment of interest and charges, and deducting appropriations for bad and doubtful debts, have amounted to	\$ 630,903 49
Balance from last year	13,961 79
	<u>\$ 644,865 28</u>

This has been disposed of as follows :

Dividend No. 50, at rate of 7 per cent per annum...	\$210,000 00	
Dividend No. 51, at rate of 8 per cent per annum...	240,000 00	
		\$ 450,000 00
Added to Rest		100,000 00
Reserved for rebate (in full) on bills discounted.....		89,437 00
Carried forward to Profit and Loss Account of next year.....		5,428 28
		<u>\$ 644,865 28</u>

The condition of financial matters in the United States, which was referred to in the last Annual Report, became gradually more serious, until the repeal of the Sherman Silver Act brought about a partial restoration of confidence. Matters, however, are still very unsettled, and the business of our New York Office has been much interfered with in consequence.

The Board have thought it prudent to pursue a policy of caution and retrenchment during the year, especially in the North-West, where deficient harvests in certain districts, and low prices for wheat and cattle generally, have rendered it needful to be more than ordinarily careful.