

Proceedings of the Forty-Third Annual Meeting.

The Forty-Third Annual Meeting of Shareholders was held in the Company's Office Building, on Tuesday, 22nd February, 1898, at 12 o'clock noon.

The President, Mr. J. Herbert Mason, occupied the chair, and the Secretary, Mr. George H. Smith, was appointed Secretary to the meeting. The following Shareholders were present:—Ralph K. Burgess, W. T. Boyd, W. H. Beatty, R. C. Baillie, Dr. Baldwin, B. E. Bull, Melfort Boulton, Henry Barber, Philip Browne, James Barber, James Carlyle, James Craig, J. C. Copp, R. C. Carlyle, W. M. Cockburn, W. H. Eakins, Alex. Ford, George Gooderham, W. G. Gooderham, C. S. Gzowski, Jr., Henry Gooderham, Robert Gooderham, H. L. Hime, J. W. Jackson, Wm. Lawrence, G. W. Monk, W. D. Matthews, Alfred Myers, H. Mortimer, Rev. Dr. Moffat, P. L. Mason, W. P. Morse, Augustus Myers, F. Marriott, Alfred J. Mason, T. Mortimer, H. H. Mason, W. B. Mason, S. Nordheimer, A. Nordheimer, D. Prentice, N. Parker, J. H. Paterson, J. A. Procter, Rev. T. W. Paterson, George M. Rae, George Robson, R. F. Ridout, A. Robb, W. J. Robertson, E. C. Rutherford, Hon. A. M. Ross, Wm. Spry, Miss Jane Smith, G. A. Stimson, John Stewart, F. M. Thomas, Rev. F. Tremayne, W. E. Wellington, S. G. Wood, Miss W. M. Willis, Rev. J. H. White, and A. E. Webb.

The Secretary read the Report of the Directors and Financial Statements for 1897.

The President said:

GENTLEMEN,—In the few words I desire to say before moving the adoption of the Directors' Report, I purpose to confine my remarks to the several topics referred to therein.

The revenue derived from investments amounted, as stated in the Report, to \$625,827, about 51% upon the capital employed. The total losses sustained on the realization of securities during the year was \$34,083, leaving for distribution a balance of \$591,744, as appears in the Profit and Loss Account. The net profits, after providing for all fixed charges, losses and expenses, amounted to nearly eight per cent. upon the paid-up Capital Stock, a result which, considering the low rate of interest prevailing, is, I think, very satisfactory. You will be pleased to notice that the cost of management was some \$1000 less than in the preceding year.

Unmistakable evidence of the great improvement in agricultural, commercial and industrial affairs in the past year is afforded by the phenomenal increase in exports, as shown by the customs returns, by the increased business of railways, banks, and in manufacturing and mining industries, as well as in the trade and commerce of the Dominion generally. Our own experience likewise bears witness to this fact. We issued more than two thousand receipts for payments on mortgages more than in 1896. Maturing obligations were better met than for several preceding years.

The revival of business property has always, sooner or later, a beneficial effect upon the market value of landed property. The demand for farming lands in Manitoba has much improved. During the latter part of the year about one-half of the lands on our hands in the North-West were disposed of. In Ontario, sales have been more readily effected, but the improvement in value is not so marked. Town property is more slowly and indirectly affected, but the returns for rentals have considerably increased, and there are few vacancies. For many years there have not been more favourable opportunities afforded to immigrants and home-investors to acquire Ontario improved agricultural lands, and city and town property, than exist at the present time.

A special examination into the state of our borrowers' accounts was instituted by the Directors in the latter part of the year. In addition to the usual examination made by our Auditors, schedules were prepared by and under their direction, at the City Branches as well as at the Head Office, showing the sum originally advanced, the amount now at the debt, and the increase or decrease of each individual account in the Company's ledgers. These schedules were placed in the hands of a Committee of four Directors, two of whom spent a large portion of every day for several weeks in making careful examination of them, scrutinizing each account and the security held therefor, when it appeared in any way doubtful, and calling upon the Superintendent, Inspectors, and other Officers, for any information they desired. It will be gratifying to the Shareholders to know that the Directors are perfectly satisfied with the result of this investigation. The Committee report that they found interest to be generally well paid up, that there are no accumulations of unpaid interest in the books of the Company, no interest having been charged on any account where there existed reasonable doubt as to being repaid. A large proportion of the accounts show not only that interest has been paid, but also that the principal sum advanced has been considerably reduced, thereby improving the security. The Committee also report that the Officers in charge were thoroughly conversant with the condition of each account, and with the security held therefor, and that throughout their long and minute enquiry they did not find one account which had been overlooked or neglected. The state of our customers' accounts is conclusive evidence that the revenue out of which interest, expenses and dividends have been paid is not a mere book-keeping estimate, but has been actually earned, and either received in cash or stands charged on good active mortgage loans.

Owing to the steadily diminishing value of nearly every description of landed property during the last seven years, the duty of repeated re-examination and re-valuation of securities has become one of the first importance. To effect this, a larger staff of Inspectors has become necessary. For some time it was difficult to realize that such a general shrinkage in values could take place as to absorb the margin of security that for so many years we had found to be sufficient to protect the Company's interests. Our practice has been to make provision for any exceptional cases of this kind, out of the surplus revenue of the current year. The present severe and long continued depression led the Directors to the conclusion that the time had come when much larger deductions should be made, and they decided to use for that purpose, for the first time in the Company's history, a portion, say three hundred thousand dollars of the amount annually reserved in former years, to meet such an adverse contingency if it should arise. The earning power of the Company has not been diminished by these reductions, no interest having been charged against these properties. The Reserve Fund still stands at \$1,150,000, and is protected by a Contingent Fund of \$102,000. Should values improve as expected, some of these reductions for estimated deficiencies may prove to have been unnecessary.

Our experience as to depreciation in the value of landed property has not been peculiar to ourselves. It is the experience, in a greater or less degree, of all corporations and of all individuals whose business is based on real estate, or who have had transactions in it. For many years it was considered one of the most stable of securities, and doubtless will be so again. Nor is this state of things confined to Canada, but is even to a greater extent felt elsewhere. As prudent business men, your Directors resolved to face the situation, and to anticipate possible future loss by reducing or wiping out all doubtful assets. In adopting this course, instead of treating them as good, but however strong their conviction, that in time, by not charging interest, applying rentals on account, etc., they would prove to be so, the Directors may fairly expect to receive the commendation of their fellow-shareholders, and of the investing public generally.

In the first half of the year there was so little demand for money that we declined to receive large sums which were offered to the Company for investment. The general improvement creates greater opportunities for the employment of capital, and a more active demand for loans.

I have pleasure in again acknowledging the faithful and influential assistance of our respected Agents in Great Britain, in maintaining the high standing of the Company in the Motherland, and also the efficient labours of the Officers and Staff at the Head and Branch Offices.

Near the close of the year our venerable Vice-President, Mr. Hooper, in consequence of advanced age, he having entered his ninety-sixth year, felt it necessary to retire from that office. Mr. Hooper has been a member of the Board for nearly forty years, and still remains a Director. Mr. W. G. Gooderham was elected Vice-President in Mr. Hooper's place.

Before concluding, I beg leave to say that if any shareholder present desires any further information, I shall be pleased to give it, so far as I may be able.

W. H. Hooper