

ANNUAL MEETING UNION BANK OF CANADA

HELD AT WINNIPEG, DECEMBER 17, 1912

The 48th annual general meeting of the shareholders of the Union Bank of Canada was held at the banking house in Winnipeg on Tuesday, 17th December, 1912.

The chairman read the annual report of the directors as follows:

The directors beg to present to the shareholders the following statement of the result of business for the year ending 30th November, 1912, together with a statement of the assets and liabilities of the Bank.

UNION BANK OF CANADA

Forty-eighth Annual Statement

30th November, 1912

PROFIT AND LOSS ACCOUNT

Balance at credit of account, 30th November, 1911	\$ 71,975.33
Net profits for the year, after deducting expenses of management, interest due depositors, reserving for interest and exchange, and making provision for bad and doubtful debts, and for rebate on bills under discount, have amounted to	706,832.73
Being slightly over 14 per cent. on the average paid-up capital during the year).	
Premium on new stock	47,580.00
	\$826,388.06

Which has been applied as follows:

Dividend No. 100, quarterly, 2 per cent.	98,919.70
Dividend No. 101, quarterly, 2 per cent.	99,044.60
Dividend No. 102, quarterly, 2 per cent.	100,000.00
Dividend No. 103, quarterly, 2 per cent.	100,000.00
Transferred to rest account	\$195,360.00
Transferred to rest account, premium on new stock	47,580.00
	242,940.00
Written off bank premises account	100,000.00
Contribution to officers' pension fund	10,000.00
Balance of profits carried forward	75,483.76
	\$826,388.06

UNION BANK OF CANADA

Head Office, Winnipeg

FORTY-EIGHTH ANNUAL BALANCE SHEET

30th November, 1912

LIABILITIES

Notes of the bank in circulation	\$ 4,711,534.00
Deposits not bearing interest	\$14,423,813.15
Deposits bearing interest	41,219,540.83
	55,643,353.98
Balances due to other banks in Canada	256,737.45
Balances due to agencies of the bank and to other banks in foreign countries	161,422.62
	\$60,773,048.05
Total liabilities to the public	5,000,000.00
Capital paid up	3,300,000.00
Rest account	157,337.63
Reserved for rebate of interest on bills discounted	100,000.00
Dividend No. 103	2,358.53
Dividends unclaimed	75,483.76
Balance of profit and loss account carried forward	
	\$69,408,227.97

ASSETS

Gold and silver coin	\$ 690,161.30
Dominion government notes	5,937,622.00
	\$ 6,627,783.30
Deposit with Dominion government for security of note circulation	230,000.00
Notes of and cheques on other banks	4,074,920.33
Balances due from other banks in Canada	414,051.49
Balances due from agents in United States	536,192.42
Balances due from agents in United Kingdom	779,557.78
Government, municipal, railway and other debentures and stocks	3,782,063.70
Call and short loans on stocks and bonds	6,345,476.07
	\$22,790,045.09
Other loans and bills discounted current	45,015,074.74
Overdue debts (estimated loss provided for)	118,108.24
Real estate other than bank premises	305,045.34
Mortgages on real estate sold by bank	66,073.52
Bank premises and furniture	1,019,061.70
Other assets	94,819.34
	\$69,408,227.97

G. H. BALFOUR,
General Manager.

During the year the head office of the bank was transferred from Quebec to Winnipeg.

During the past year forty-three branches and agencies of the bank have been opened in the following provinces—Ontario, 13; Alberta, 9; British Columbia, 4; Manitoba, 5; Saskatchewan, 12.

Two branches in Ontario, which proved unproductive, have been closed. The total number of branches is now 285.

The customary inspections of the head office and of all branches and agencies of the bank have been made.

JOHN GALT,
President.

Winnipeg, 17th December, 1912.

The president, Mr. John Galt, addressed the meeting as follows:

I beg to move the adoption of the report, seconded by Mr. William Price, of Quebec, and Mr. R. T. Riley, of Winnipeg, our vice-presidents.

The financial position and the net profits of the past year will, I trust, meet with your approval. The present year marks an epoch in the bank's history, and it is, therefore, fitting that I should make a few remarks on the present position of the bank—its policy and the scope of its operations.

On July 1st the head office was removed from the city of Quebec to the city

of Winnipeg. Such an important event calls for a review of the progress of the bank in past years and an explanation of the reasons which, in the opinion of your directors, necessitated this change.

The great development of our institution is coincident with, and largely due to the development of the West. The following figures will show how rapid this growth has been.

On the 31st of May, 1904, only eight and one-half years ago, when the present general manager took charge, our capital was \$2,500,000; reserve fund, \$1,000,000; and total assets, \$20,602,110. To-day these figures are—Capital, \$5,000,000; reserve fund, \$3,300,000; and total assets over \$69,000,000; or double the capital, over three times the reserve fund, and well over three times the total assets. The policy of the Union Bank has certainly been consistent. It was the first bank to establish a chain of branches in the West, and as railways and population spread westward we followed, and to-day, west of and including Fort William, we have no less than 187 branches. This policy was criticized in earlier days, but it has since been adopted by all the large banks, and the results have amply justified it.

We have opened this year a number of new branches, but we can assure you that this has not been done without careful consideration and a close examination of local conditions. One not conversant with western life would find it difficult to realize the change made each year in a few months by the incoming thousands of new settlers. Vast areas of vacant land are brought under cultivation, new lines of railway are built, divisional towns established, and villages with stores and hotels spring up with magical rapidity. To these communities a bank is essential, and one of the chief merits of our Canadian banking system is that it lends itself to the prompt establishment and equipment of branches whenever they are required.

Mixed Farming.—Too much stress cannot be laid upon the importance of mixed farming. It insures for the farmer a steady income all year round. Should his wheat crop be unfit for sale, it can be fed, with other coarse grains and roots, to his live stock. The world's demand for cattle is increasing, and we should be able, not only to supply our own needs, but also to export on a large scale. We must look to our agricultural products to pay the interest on our obligations, and finally to liquidate them.

Speculation in Land.—A good deal has been said about speculation in land. The increase in land values has added enormously to the assets of western business, and has to some extent formed a basis for extended credit, but this is not felt to be a drawback when the value is real and convertible. We consider that a business standing which is strengthened and enhanced by property holdings is entitled to a reasonable enlargement of credit for legitimate business operations. The danger lies in speculation, and this bank should, in the future, as in the past, set its face steadfastly against this evil.

It is gratifying to note that there is every indication of continued prosperity in Canada. The character of our business shows that trade conditions are on a healthy basis, and we expect to have full scope for the employment of our money under advantageous conditions. We look forward to the future with a full degree of confidence.

In conclusion, let me say that your directors feel the responsibility which rests upon them, that they will do their utmost to safeguard the interests of the shareholders and depositors, and to properly fulfil the obligations which rest upon a great bank of taking care of the savings of the people, and of employing them prudently and safely in fostering the legitimate and active undertakings of commerce, of manufacturing and of farming.

The general manager, Mr. G. H. Balfour, addressed the meeting as follows: Gentlemen,—It affords me much pleasure to welcome so many shareholders as are present at this, the first annual meeting to be held in the new home of the bank. The large number is an evidence of the interest manifested in the welfare of the institution by its western shareholders.

The reasons for making the change in the head office have been fully explained by the President.

The wisdom of the course adopted has been always fully concurred in by me personally, and, indeed, its necessity had become very apparent during the past few years, owing to the rapidly increasing volume of business transacted by the bank in these western provinces.

The President has given you some figures bearing on the general expansion of the bank's position during the past eight years.

It may, however, prove interesting to you to learn in this connection that whilst the bank had eighty-four branches in 1904, on the 20th of November, 1912, it had two hundred and eighty-five branches, and the number of officials employed had increased from 420 to 1,387 in the same period.

These figures must bear convincing testimony to the steady progress and expansion made in the past eight years.

Of these 201 new branches, 132 have been opened west of the Great Lakes.

Comparing the figures in the balance-sheet now under review with those of November 30th, 1911, it will be noted that the deposits have increased by \$10,400,000, namely, from \$45,232,460.80 to \$55,643,353.98. These figures are considered very satisfactory and encouraging.

The subscribed capital stock has been fully paid up during the year, and now stands at \$5,000,000.

The rest account has been increased by \$243,000, bringing it up to \$3,300,000, or 66 per cent. of the paid-up capital of the bank.

The total assets are \$11,000,000 greater than in 1911. This is largely accounted for by the increase in the deposits above referred to.

Bearing in mind the exceptionally heavy expenses incurred during the year incident to the transfer of the head office from Quebec to Winnipeg, and to the opening of so many new branches, we are well satisfied with the result of the year's operations, namely, a net profit of slightly over 14½ per cent. on the average capital paid up.

I may say that the full cost of opening a branch is written off at the end of the first half-year of its operations. This is a very heavy item in the aggregate, when a number of branches are opened in any one year.

In the matter of steel chests alone, the bank has up to date invested more than \$350,000, all of which has been paid for out of its profits.

Coming to the assets, it will be seen that the holding of gold and government notes is \$700,000 more than last year, being additional cash reserves held against increased liabilities in the nature of larger deposits.

Notes and cheques on other banks in Canada, whilst \$1,000,000 in excess of 1911, merely represent the daily accumulated items for exchange with other banks.

The additional \$700,000 due by agents in the United Kingdom pertains to money loaned in London by our branch there.

The bank has increased its holdings of government, municipal, railway, and other debentures and stocks during the year by \$1,000,000, and its loans and bills discounted current by \$9,000,000, bringing these two items up to \$3,782,063.70 and \$45,015,074.74 respectively. This is in the nature of a general expansion in the business of the bank.

It was then moved by Mr. John Galt, seconded by Mr. William Price and Mr. R. T. Riley that the report of the directors now read, be adopted and distributed amongst the shareholders.

Mr. R. T. Riley spoke as follows:

"I have followed with as much interest as anyone present the very able address of the president—like everything else that he has undertaken, it has been well done and you can accept with confidence every statement made and be assured he has the endorsement of all his colleagues on the board.

"I am glad we have with us to-day some of our friends from Quebec, Montreal and Toronto, who doubtless hold the proxies of many of our eastern stockholders.