REPORT OF THE DIRECTORS

OF THE

Canada Permanent Building and Savings' Society,

OF

THE TRANSACTIONS OF THE SOCIETY,

FOR THE YEAR ENDING JANUARY 31st, 1858.

The Board of Directors submit for the information of Shareholders, the following Report and Statement of the affairs of the Society for the past year. The business of the year will be found to have been very profitable notwithstanding that the extreme monetary pressure of the latter portion of it, much limited the amount of Loans.

The income of the Society from Members has increased more than thirty per cent. during the year, having advanced from £1750 to £2300 per month. The number of shares subsisting on 1st February, 1857, was 1187¾. This number was increased by the addition of new shares amounting to 590¾, being 86¼ more than was subscribed for during the previous year. The number of shares cancelled is 265½, 245 having been purchased by the Society, 15 having been redeemed, and 5½ matured, thus reducing the net increase in the year to 325¼. During the past twelve months 201¾ shares amounting to £20,175 have been advanced, by way of loan, to members. The now existing shares number 1523, of which 518¾ (£51,875,) have been advanced, and the remainder, 1004¼, constitutes the Stock of the Society, representing a Subscribed Capital of £100,425; 146 of these shares having been paid in full.

In the Deposit Branch the universal depression so severely felt during the last few months produced its natural effect in causing a much larger amount of withdrawals than usual; it will be found, however, that that the diminution on the year is very trifling. As stated in a former Report it has been deemed expedient to make temporary investments in easily convertible securities, of a portion of the funds deposited with the Society. Taking into consideration that the Bank Stock which forms a part of this investment, has suffered a depreciation since purchased, a deduction has been estimated in its present valuation, although as the Stock will probably again advance, and no sale has been necessary, no actual loss may be sustained.

The prevailing scarcity having rendered it difficult to convert other kinds of property, it was to be expected that the Society's shares being always readily saleable at a premium, would be largely made use of for the purpose of raising money, and accordingly several shareholders applied to withdraw. These applications have in all cases been promptly responded to, and in order to give to such Shareholders every benefit, compatible with the general interests of the Society, which could be accorded them, the Directors several months since determined to allow a premium equal to 8 per cent. per annum, compound interest on the amount paid in, on all shares two years old and over, where it was the intention of the member to commence again with new shares; and they doubt not, that as shares become older, an increased rate may from time to time be allowed with advantage to both the holder and to the Society. The increase in the rate of profit for the past, over that of the previous year, as exhibited in the accompanying Statements, is chiefly to be attributed to the number of shares thus purchased, and the consequent reduction in the number of participants.

The Board have much satisfaction in being able to state that no loss has occurred on any of the Society's loans, and that notwithstanding the depreciation in the market value of Real Estate, consequent on the late financial crisis, there has in all cases been a sufficient margin maintained to protect the Society from any apprehension of insufficiency in either of its securities. As evidence of the general punctuality of members it will be seen that the arrears scarcely amount to six week's income of the Society. That there are some exceptions, might have been anticipated, but these are as yet few, and the Directors trust that by the exercise of forbearance on the part of the Society, and the application of the necessary exertion on the part of defaulters, few sales of property will have to be resorted to. Applications for Loans have been presented much in excess of the ability of the Society to meet, and in several instances bonuses have been offered on the Table of Rates for Borrowers fixed by the Board, but feeling that the Tariff was adequate to realize sufficient to satisfy all reasonable expectations on the part of Investors, the Directors have invariably adhered to the scale adopted at the formation of the Society.

It is satisfactory to know that many of the Borrowers are also Investors, and it is believed that by adopting the plan of taking an equal number of investing shares, Borrowers will have increased reason to be satisfied with their connection with the Society.

The Board congratulate the Shareholders that at a time when so many investments have proven unreliable, when but few have sustained their value, and almost all were inconvertible without loss, the business of the Society has been more than usually successful. That the Institution will continue to prosper, scarcely admits of a doubt, and with judicious management it must continue to prove a reliable intermediary between borrower and lender, and will be found to supply to the Borrower all the main features of the Landed Credit Institutions which obtain so extensively in Europe, together with the opportunity of participating in the general profits; while to Investors it affords the same security with a much higher rate of interest. The encouragement of Institutions having for their object the advancement of Capital to the Proprietors of Real Estate is a subject of acknowledged