

UNION BANK OF CANADA

52nd Annual Statement, 30th November, 1916

PROFIT AND LOSS ACCOUNT	
Balance at credit of account, 30th November, 1915	106,976.75
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	651,183.67
	\$ 758,160.42

LIABILITIES.	
Capital Stock	5,000,000.00
Reserve Account	3,400,000.00
Balance of Profit and Loss Account carried forward	83,160.42
Unclaimed Dividends	3,493,160.42
Dividend No. 117, 2 per cent, paid 1st June, 1916	4,015.53
Dividend No. 118, 2 per cent, paid 1st September, 1916	100,000.00
Dividend No. 119, 2 per cent, payable 1st December, 1916	50,000.00
Bonus of 1 per cent, payable 1st December, 1916	50,000.00
	\$ 8,647,173.95

ASSETS	
Gold and Silver Coin	\$ 1,139,492.26
Dominion Government Notes	6,965,529.00
	\$ 8,105,021.26
Deposits with the Minister of Finance for the purpose of the Circulation Fund	260,000.00
Deposits in the Central Gold Reserves	4,700,000.00
Notes of other Banks	937,860.00
Cheques on other Banks	4,016,138.02
Balances due by Banks and Banking Correspondents elsewhere than in Canada	49,372.56
Dominion and Provincial Government Securities not exceeding market value	700,455.95
Canadian Municipal Securities, and British, Foreign and Colonial Public Securities other than Canadian	2,100,547.50
Railway and other Bonds, Debentures and Stocks not exceeding market value	14,445,701.99
Call and Short (not exceeding 30 days) Loans in Canada, on Bonds, Debentures and Stocks	3,170,871.47
Call and Short (not exceeding 30 days) Loans elsewhere than in Canada	7,616,488.64
	\$ 8,484,897.00
Other Current Loans and Discounts in Canada (less rebate of interest)	\$ 56,587,852.59
Other Current Loans and Discounts elsewhere than in Canada (less rebate of interest)	49,173,367.16
Liabilities of customers under Letters of Credit, as per contra Real Estate other than Bank Premises	846,117.55
Mortgages on Real Estate sold by the Bank	512,281.32
Overdue Debts, estimated less provided for	355,982.24
Bank Premises, at not more than cost, less amounts written off	104,404.03
Other Assets not included in the foregoing	1,106,255.38
	\$ 12,614.89
	\$109,040,228.03

JOHN GALT, President. G. H. BALFOUR, General Manager.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF THE UNION BANK OF CANADA.

In accordance with the provisions of sub-sections 19 and 20 of Section 56 of the Bank Act, we report to the Shareholders as follows:

We have audited the above Balance Sheet with the books and vouchers at Head Office and with the certified returns from the branches.

We have obtained all the information and explanations that we have required and are of the opinion that the transactions of the Bank which have come under our notice have been within the powers of the Bank.

In addition to our verification at the 30th November, we have during the year, checked the cash and verified the securities representing the investments of the Bank at its chief office and principal branches and found them to be in agreement with the entries in the books of the Bank relating thereto.

In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Bank, according to the best of our information and the explanation given to us, and as shown by the books of the Bank.

T. HARRY WEBB, E. S. READ, C. R. HEGAN, Auditors, of the firm of WEBB, READ, HEGAN, CALLINGHAM & Co. Chartered Accountants.

PRESIDENT'S ADDRESS.

We have not yet reached a point when it would be wise to try to envisage what will happen in the near future, but that need not stop us from taking stock of where we stand—what have been the effects of the past two and a half years of warfare—on Canadian banks in general, and on the Union Bank in particular.

The outstanding fact, of course, is the unshaken solvency of our institutions—then comes the remarkable increase in deposits—a pleasing feature of which is the growth of savings accounts, showing that the rank and file of our people are alive to the importance of spending less than they are earning.

Our banks have followed the wise course of carrying ample cash reserves, and of keeping themselves in a liquid position to enable them to meet any possible contingency, and also to do their part in financing the war expenditure of the government.

So far they have taken many millions of British and Canadian loans, and are prepared, and able to take further large amounts as required. It is splendid evidence of the soundness of our banking system and no less of the ability with which our banks have been handled during these times of full of uncertainty, anxiety and peril.

And now to come to our own case, the gratifying increase in our business is due entirely to the wise and able advice and attention of our Advisory Committee, Major J. Leigh Wood, C.M.G., Lieut.-Col. the Hon. Sidney Peel, and Mr. F. W. Ashe.

With the rapid growth of our resources has come the need of improving our facilities for handling the produce of the country, and to this end it is gratifying to your Board of Directors to be able to announce today that we shall, in the near future open an agency in the City of New York. Our Foreign Exchange Department has been reorganized in a satisfactory manner during the past year, and the contemplated arrangement will better enable us to handle the rapidly increasing business between London, the United States and Canada.

United States.

Following our London plan, we shall have an Advisory Committee for this bank at New York and I am happy to inform you that Mr. Stuyvesant Fish, Mr. Cornelius Vanderbilt and Mr. Gilbert G. Thorne have consented to act upon that Committee. It is unnecessary for me to add anything further, as the names of these gentlemen are well known in Canada, the United States and abroad, and we are indeed fortunate to have worked out a programme for the future which carries with it so much promise.

We are greatly pleased to report the completion of arrangements whereby the Bank is assured of the able services of the well known firm of Carter, Ledyard & Milburn, counselors-at-law, of the City of New York.

We intend to feature a statistical department in New York, through which all information concerning Canada can be readily obtained by our friends in the United States, and through which we expect to be able to quickly furnish such information as may be desired by our home friends in regard to United States affairs.

Agriculture.

Conditions generally throughout the country are more satisfactory than could have been foreseen. The remarkable harvest of 1915 gave freights to our railroads, a market to our manufacturers and merchants, employment to our people, and showed the Empire what Canada is capable of doing towards supplying food for the world.

That year the harvest was not so abundant, but the prices realized were so high that never in the history of Canada were our farmers, speaking generally, in such good shape financially. Every farmer has it now within his power to do a real service to the cause by bending his energies towards increasing his production of foodstuffs, which are so urgently needed by the world.

I shall not go into details of conditions in the various provinces, as the reports of our Superintendents will appear in our annual book form. These reports have been most ably prepared and are well worth reading. I must not conclude these brief remarks without an urgent appeal to every one who may hear or read them. We must win the war. We cannot all fight, but we can all serve the cause in one way or another. We can produce and we can economize. Remember that everything we import is still produced in some way or other, and that if we do not produce it ourselves, it will be produced elsewhere. We can and should be put into effect at once, not a moment should be lost. There are two questions which every man in Canada should ask himself—what can I do? and what have I done for my country today?

I have an announcement to make that I am sure you will be sorry to hear. Mr. Balfour has decided to retire from the position of General Manager after forty-seven years of service—no one should find fault with his decision to take a well-earned rest. He has filled, in succession, every post in the Bank, from that of junior clerk to general manager, and has filled that position during the past thirteen years, which have, without question, been the most prosperous in the history of the Bank. We all feel that the remarkable progress of the institution is, in no small measure, due to the ability and well-balanced administration of Mr. Balfour. To his personality is also due the fine esprit de corps which pervades this institution at the present time. The story of his career should be a stimulating one to every officer in the service as it shows what possibilities are before every able, energetic young man if he does his work faithfully and with a single eye to the welfare of the institution. During the many years I have known Mr. Balfour he has been uniformly the most courteous and high-minded gentleman I have known. His sincere affection for him and his would be real misfortune were we to lose him, but I am glad to say that he has agreed to join the Board and we shall, therefore, retain the benefit of his wisdom and experience. You will be asked today to approve of a resolution increasing the Board of Directors of this Bank from 15 to 18 in order that Mr. Balfour may immediately take his seat on the Board.

Your Directors have decided to appoint Mr. Harold B. Shaw, General Manager. He has been in the Bank's service for twenty-six years, has been Assistant General Manager for the past eight years, and previous to

that, filled the position of Superintendent of our western business for eight years. Mr. Shaw is a well-trained, conservative and able banker full of energy, and devoted to the best interests of the Bank. Your Directors have watched his career closely and are satisfied that he will fill the new position with success. The friends of the Bank may rest easy in their minds knowing that the policy of the bank will be unchanged, and that Mr. Shaw will carry out the traditions of the Bank, which may be summed up as "service and security."

GENERAL MANAGER'S ADDRESS.

In presenting the 52nd Annual Statement of the Bank to the Shareholders, there are but few changes in the balance sheet, in your hands, which require explanations or comment. Owing to the exceptionally profitable harvest of 1915, the balance of trade with Great Britain being greatly in favor of Canada, the tremendous expenditure of money in this country for war purposes, and the abnormally high prices obtained for an average crop in 1916, assisted by economy—money has been abundant and general trade conditions satisfactory.

Prosperity in Canada has been clearly demonstrated by the ease with which money has been obtained by the Federal Government for war purchases and the steadily increasing bank deposits.

Notwithstanding the fact that less activity prevailed than in the past, a more conservative policy has been followed during 1916, owing to there being, as yet, no indications as to when the war may end. What effect the cessation of hostilities may have on business generally, owing to war contracts being summarily discontinued, is a question difficult to answer, but husbanding resources would seem to be the only wise policy to adopt, and so long as the war continues there is no other prudent course to follow.

Profits.

The net profits for the year amounted to \$651,183.61, as against \$659,688.01 in 1915, or \$8,504.34 less, being 13.02 per cent. on paid up capital; a result with which we were well satisfied, having in mind the fact that the net profit on the operations of the bank and doubtful paper had been made before closing our books and that bank maintaining very strong cash reserves throughout the year. These profits have been disposed of as follows: Dividend of 2 per cent. and bonus of 1 p.c. paid to shareholders, \$400,000; Tax on note circulation, \$50,000; British Sailors' Relief Fund, \$5,000; Contingent Account, \$150,000, and the usual contribution to the Officers' Pension Fund of \$10,000, leaving \$83,160.42 to be carried on to the new Profit and Loss Account as against \$106,976.75 brought forward from last year.

With regard to setting aside \$150,000 to a Contingent Account this is purely a precautionary measure which we deem wise owing to fluctuations taking place from time to time in the valuation of securities held by the Bank.

Deposits.

The deposits amount to \$89,367,000 against \$72,650,000 in 1915, an appreciable increase of \$16,717,000, of which \$7,000,000 is in non-interest-bearing and \$9,717,000 in interest-bearing deposits.

Reserves.

The percentage of quick assets to liabilities to the public has increased to 56.65 per cent. from 47.92 per cent. last year and 36.27 per cent. in 1914. The wisdom of maintaining strong liquid reserves will, I am sure, be commended.

Circulation.

Although the crop was not moved out nearly as freely the past season as it was in 1915, notes of the Bank in circulation were in excess of \$1,200,000, bearing evidence of greater business activity throughout the country.

The Dominion Government war tax on our circulation was \$50,000.

Total Assets.

The assets of the Bank have passed the century mark, being \$109,040,228, an increase of \$18,377,165 over 1915, when they amounted to \$90,663,063.

Dominion and Provincial Government Securities.

Our holdings in these securities have increased \$1,415,000, made up entirely of Canadian War Loan issues.

Canadian Municipal Securities, and British, Foreign and Colonial Public Securities Other Than Canadian.

Since the last statement under review we have purchased \$14,000,000 of British Treasury Bills, which accounts for the large increase in securities under the above heading.

Call and Short Loans Elsewhere Than in Canada.

These loans are higher by \$4,000,000 than in 1915, and are secured by British Treasury Bills in London.

Branches.

Seven branches have been opened during the year, viz.: Province of Alberta—Calmar, Elkton, Cluny; Province of Saskatchewan—Bulyea, Hazenmore, Prussia, Hutton; and five new branches have been closed as they were not being operated at a profit, viz.: Province of Ontario—Genova and Welland streets, St. Catharines; Rockland, Canada, in Province of Quebec—Catherine and St. Christophe streets, Montreal; Jonquiere, in Province of Alberta—Seven Persons, in Province of British Columbia—Vancouver Heights, Granville and Robson streets, Vancouver; City Heights, Vancouver; Endeavor, Prince George, Vancouver; Province of Manitoba—Clearwater (Sub to Crystal City), Selver and Ardington streets, Winnipeg, in Province of Saskatchewan—Verlgin.

The total number of branches at the present time is 309.

Staff.

We have a male staff of 1,218 and female, 365, or a total of 1,583, whose

duties are greatly increased, and are being cheerfully performed, owing to so many others having volunteered for overseas duties. The steadily increasing cost of living is a very important factor with all persons on salaries and the Bank has endeavored to lessen the burden as much as possible in its periodical adjustment of salaries.

658 members of the staff have enlisted for overseas active service. Of these we regret to announce 43 are missing, 28 wounded and 3 are missing, leaving 584 still in the field. To the sorrowing relatives our heartfelt sympathy is extended.

This is the last occasion on which I shall have the pleasure of addressing you as General Manager of the Bank, as I am relinquishing executive duties on the 31st instant, after nearly forty-seven years of active service, the last thirteen and a half of which I have been General Manager.

The Bank has shared to a very appreciable extent in the prosperity of the country during this latter period, and I am sure the following figures in this connection will be read with much interest.

Capital Stock	\$ 2,400,000	\$ 5,000,000
Reserve Account	1,000,000	3,400,000
Profits	360,000	651,183.61
Dividends	150,000	450,000
Rate of dividend	7%	9%
Notes in Circulation	2,300,000	8,900,000
Deposits	13,300,000	89,367,000
Balances due to Other Banks	8,000	1,800,000
Coin & Government Notes	1,500,000	10,100,000
Circulation Fund	91,000	260,000
Deposit in Central Gold Reserves	Nil	4,700,000
Notes and Cheques of Other Banks	467,000	4,954,000
Bonds	101,000	19,700,000
Stocks	67,000	15,100,000
Current Loans	15,000,000	50,000,000
Number of Shareholders	847	2,438
Number of Branches	74	309
Total Assets	15,400,000	109,040,228

It is needless to point out that such marked success could not have been achieved without the active cooperation and loyal support of a capable staff of officers, who have, at all times, devoted their best energies to furthering the interests of the institution they served. I desire to take this occasion of expressing to them, one and all, my very great appreciation of their valuable assistance.

After seeing the progress of the Bank from 1870, when its operations were very restricted, and it had only three branches, to its present position of one of the important financial institutions of the country, I am retiring with mixed feelings of pride and regret, pride at the enviable position occupied by the Bank, and regret at the severance of such long-standing relations, always made pleasant and congenial by the ready assistance of Directors, Executive and Staff.

I esteem it a great honor to be invited to join the Board of Directors of the Bank and it will be a pleasure and satisfaction to me, if elected by the Shareholders, to retain in connection with the Bank in that capacity. I trust, too, that my intimate knowledge of affairs of the institution may prove of some assistance in an advisory capacity as a Director.

The President has been good enough to refer to my services and retirement in very kind and appreciative words. My relations with the Presidents, Vice-Presidents and Directors with whom I have been associated have, at all times, been very pleasant, and their advice most helpful. I desire to express my very great appreciation of and thanks for the kindly manner in which Mr. Galt has alluded to my resignation.

ASSISTANT GENERAL MANAGER'S REMARKS.

I desire to thank you for the kind words with which you and the Directors have introduced me to the public. I wish to assure you, Sir, also the Directors and Shareholders of the Bank, that I shall assume my new position with a deep sense of its responsibilities.

I should like to add my testimony to the splendid example which has been set by Mr. Balfour to every member of the Staff, and to express my regret at losing him in an official capacity at the end of this month. It is with the greatest satisfaction that we have heard that he is to join the Board—for we know that we shall still keep him as a friend and advisor.

I shall do my utmost to live up to the traditions of the Bank, and to carry on the wise policy of my predecessors.

REMARKS OF MR. F. E. KENASTON OF MINNEAPOLIS.

The important change taking place today in the general management of the Bank whereby Mr. G. H. Balfour is resigning as General Manager, after forty-seven years of service, and the appointment of Mr. H. B. Shaw, who has so well served the bank for a number of years as Assistant General Manager, to full status, has impressed me very strongly. When you take into account, Gentlemen, forty-seven of the best years of a man's life, devoted to the most loyal and faithful manner to the upbuilding of a business institution, and when advancing years bring on the infirmities of old age, it is better to shift the burden of responsibility on to younger shoulders and enjoy a well-earned rest after so many years of arduous work, we must conclude that the severing of the ties which bind men together in business life is a serious thing. I wish to endorse fully all of the words of eulogy which the preceding speakers have used in connection with Mr. Balfour's long years of service, and his decision to now resign

TRANSPORTATION ADV.

CANADIAN GOVERNMENT RAILWAYS

ST. JOHN - MONTREAL

OCEAN LIMITED

Daily Except Sunday.

Dep. St. John 7.00 a.m.

Arr. Montreal 8.05 a.m.

MARITIME EXPRESS

Daily Except Sunday.

Dep. St. John 6.10 p.m.

Arr. Montreal 6.30 p.m.

CUNARD LINE

CANADIAN SERVICE.

LONDON TO HALIFAX

(Via Plymouth)

HALIFAX TO LONDON

(Calling Falkland to land passengers)

For particulars of sailings and rates apply to

THE ROBERT REFORD CO., LTD.

General Agents, 162 Prince William Street, St. John, N. B.

New Zealand Shipping Co. Limited.

Montreal and St. John to Australia and New Zealand.

EASTERN CANADIAN SERVICE.

Steamer from St. John, N. B., for Auckland, Wellington, Lyttelton, Dunedin, Melbourne and Sydney. Cargo transhipped for other ports.

For freight rates, sailings and other particulars apply to

J. T. KNIGHT & CO., Market Square, Agents, St. John, N. B.

ELDER-DEMPSTER LINE

SOUTH AFRICAN SERVICE.

FROM ST. JOHN, N. B.

For information as to Dates of Sailings, Freight Rates and other particulars, apply

ELDER-DEMPSTER & CO., Limited, J. T. Knight & Co., St. John, N. B.

Eastern Steamship Lines.

All-the-way by Water.

INTERNATIONAL LINE

Steamship "North Star"

Leaves St. John Thursdays at 9.00 a.m. (Atlantic time), for Eastport, Lubec, Portland and Boston.

Return, leave Central Wharf, Boston, Mondays at 9.00 a.m. for Portland, Eastport, Lubec and St. John.

MAINE STEAMSHIP LINE.

Between Portland and New York. Passenger service discontinued for the season. Freight service throughout the year.

METROPOLITAN STEAMSHIP LINE

Direct between Boston and New York. Passenger Service discontinued for the season. Freight Service throughout the year.

City Ticket Office, 47 King Street, A. C. CURRIE, Agent, St. John, N. B. A. E. FLEMING, T. F. & P. A., St. John, N. B.

The Maritime Steamship Co., Limited.

On March 3, 1915, and until further notice the S.S. Corsora Bros. will run as follows: Leave St. John, N. B., Thorne Wharf and Warehousing Company, Ltd., on Saturday, 7.30 a.m., daylight time, for St. Andrews, N. B., Harbor, Dipper Harbor, Beaver Harbor, Black's Harbor, Back Bay or L'Etete, Bear Island, Red Store or St. George's. Returning leave St. Andrews, N. B., Tuesday for St. John, N. B., calling at L'Etete or Back Bay, Black's Harbor, Beaver Harbor, and Dipper Harbor. Weather and tide permitting.

Agent—Thorne Wharf and Warehousing Co., Ltd., Phone, 2351, Mgr. Lewis Connors.

This company will not be responsible for any debts contracted after this date without a written order from the company or captain of the steamer.

GRAND MANAN S. S. CO.

After Oct. 1st and until further notice S. S. Grand Manan leaves Grand Manan, Mondays 7.30 a.m., for St. John, returning leave St. John Wednesday, 7.30 a.m., both ways via Campbell, Eastport and Wilson's Beach.

Leave Grand Manan Thursdays 7.30 a.m., for St. Stephen, returning Friday 7 a.m., via Campbell, Eastport and St. Andrews, both ways.

Leave Grand Manan Saturdays 7.30 a.m., round trip St. Andrews, returning 1 p.m., both ways via Campbell and Eastport.

Atlantic Standard Time.

SCOTT & GUYTILL, Mgr.

TRAVELLING?

Passage Tickets By All Ocean Steamship Lines.

WM. THOMSON & CO. Limited.

Royal Bank Bldg., St. John, N. B.

TUBES FOR STEAM BOILERS

Makers are without stocks and those in dealers hands are very few, but we are still able to fill orders quickly from our stocks in New Glasgow. It is more satisfactory to submit your exact specifications of requirements and have us quote.

I. MATHESON & CO. Ltd., Boiler Makers

New Glasgow, Nova Scotia.

NOTICE TO MARINERS.

Notice is hereby given that the light on Northern Wolf gas and whistling buoy is not burning. Will be relighted as soon as possible.

J. C. CHEESLEY, Agent Marine and Fisheries Dept.