

# REPORT OF THE DIRECTORS

OF THE

## Canada Permanent Building and Savings' Society,

FOR THE YEAR 1861.

In submitting this their Seventh Annual Report, the Directors rejoice to be able to congratulate the Shareholders on the fact that the past year has formed no exception to its predecessors in respect to the gratifying success which has attended the operations of the Society. The statements herewith presented, into which the records of those operations and their results have been condensed, sufficiently confirm the correctness of this remark, and attest the soundness of the principles upon which the Society was founded and has been conducted.

Without further preliminary remarks they beg to note some of the more prominent features of the year's business.

From the large number of new investing shares which were applied for, amounting in one month, that of March last, to 502, the Board considered it advisable to act on the suggestion contained in last year's report, and check the too rapid increase of the Society's capital. This was done by stopping the issue of shares to mature in one year, which has had the desired effect—the only new shares now issued requiring four years to mature.

The result of this measure, and of the loss of income on the large number of shares which have this year matured and been capitalized, has been to considerably diminish the income of the Society from investing shares. This diminution has, however, been nearly compensated by the increased revenue from mortgage loans. The monthly income from both of these sources is now \$24,536.

The \$400 shares—of which none have been issued since August, 1859—have been reduced very considerably in number, 396½ having matured, and there having been purchased 115, redeemed 1261, and closed by default 29½, leaving now standing on the books 1,053½, of which 483½ are advanced, and 570½ are investing shares.

There were 8,505 shares of \$50 each held last year, to which 10,112 have been since added. There have been purchased 208, redeemed 1,226, matured 1,450, closed by default 6, leaving the net increase on the year at 7,222, and the present number 15,725, of which 12,356 are advanced, and 3,369 are investing shares.

The principal increase appears, however, in the Permanent or Capital Stock. Previous to 1861 very few of the shares were in a position to be capitalized, only 390 having matured. The capital stock was last year \$19,350. Investing shares have since matured amounting to \$185,850, the whole of which have been capitalized, with the exception of \$500, as to which no action has yet been taken by the owners, increasing the permanent capital to the handsome sum of \$205,700. The whole subscribed capital now amounts to \$602,750, on which the sum of \$146,220 has been paid.

The Board has been able to declare two half-yearly dividends of six per cent. each on the Capital Stock, and in addition to this, in order to place this Stock on a footing of equality with that which is still accumulating, a reserve fund has been formed exclusively for its benefit, which amounts to \$2,167 60 for the past year. They have also made provision, which is believed to be ample, for possible future loss on any of the securities now held.

The Deposit Branch exhibits a marked augmentation in amount, reaching to more than 50 per cent. during the year. The number of depositors has increased from 320 to 440.

The Directors have to report a steadily increased demand for advances from the Society's funds; and generally a larger margin has been maintained between the value of securities and the amount advanced thereon, than was formerly considered necessary. The number of advances made during the year was 457, amounting to \$387,900, which is more than 50 per cent. in excess of the preceding year.

The magnitude of these operations, showing as they do an unusual increase in every branch of the Society's business, need not be commented on. Coupled with the satisfactory and remunerative result of its business hitherto, they place this Society far in advance of every other Canadian Institution, sustained by Provincial capital, for advancing money on real security; nearly all the funds thus profitably employed being held and owned by residents of the Province.

The establishment of the Society on a broad, permanent basis, by the gradual increase of its capital, and by the conversion of a sufficient portion of that capital into fixed stock, has been long looked forward to as affording an opportunity of safely extending the facilities given to borrowers. Believing that the extent of its resources and the confidence exhibited in the Institution warranted a movement in this direction, as last year announced, an extension of time for the repayment of loans to ten years was decided on, a step which has been found of great benefit to borrowers and advantageous to the Society.