

therefore been entailed upon your Directors, and in common, as they believe, with all who have had similar responsibilities, they have found it a task of great difficulty to conduct the business of the bank with satisfaction. In addition to these ordinary and general causes of anxiety, they have had to deplore the prevalence of practices of fraud and forgery to a painful degree. A considerable percentage of the losses of the year have arisen from a cause so exceptional as this.

A summary of the operations of the bank is as follows:—

The profits of the year, after payment of interest on deposits, and all charges of management, have amounted to..... \$512,406 05  
Add to this the balance carried over from last year..... 36,067 55

From this have been deducted:  
For ascertained losses on the year's business, written off..... \$90,294 93  
For additional losses to be apprehended therefrom (provided for by new Contingent Fund.. 64,200 00

Leaving a net result of..... \$393,978 67  
out of this have been paid:  
Half-year's Dividend No. 20, at 7 per cent. per annum..... \$192,030 64  
Half-year's Dividend No. 21, at 6 per cent. per annum..... 164,980 60

Balance carried forward to next year..... \$36,967 43

Before the final balancing of the books, a careful re-valuation of the old assets of the Bank was made, and everything that had become an actual and ascertained loss was written off. These losses were charged to the old Contingent Fund, which, after receiving credit for certain over-appropriations and other payments applicable thereto, now stands at \$207,553 52.

During the year an arrangement has been made by which the Detroit and Milwaukee Bonds that had yielded no revenue for many years have been exchanged, in a proportion agreed on by all similar bondholders, for new bonds, bearing interest, and guaranteed by the Great Western Railway Company. The first half-year's interest has been already paid, and it is a satisfaction to the Board that this asset has now become one of the interest-bearing securities of the Bank.

The deposits, circulation and general connections of the Bank have been satisfactorily maintained notwithstanding the adverse circumstances referred to. The Board, however, appreciate the necessity of great and continued caution in dispensing credit in times like the present, for, without indulging in unwise dependency, they fear some time must elapse before the abuses, which became so general in Canada during years of inflation, are entirely corrected.

During the past year the Branch at Beauharnois has been closed. The accounts of the Levis office have been transferred to Quebec, and the Bank, under new management there, has good prospects of successful business.

The Board, in conclusion, call attention to the accompanying statement of the Assets and Liabilities of the Bank, which has been prepared in such detail as to show its position with great clearness. They especially direct attention to that portion of the statement which relates to Real Estate, Mortgages and Investments

(other than Discounts and Loans), showing that the larger part of these are now productive of revenue. This result has not been attained without much labor on the part of the General Manager and other officers of the Bank.

The whole respectively submitted,  
On behalf of the Board.  
(Signed,) JOHN HAMILTON,  
President.

#### PROFIT AND LOSS ACCOUNT.

By balance from last year.	\$ 36,067 55
By net profits, after payment of charges and interest on Deposit.....	512,406 05
	\$548,473 60
Deduct:	
Ascertained losses written off.....	\$90,294 93
Apprehended losses provided for by new contingent fund.....	64,200 00
	\$154,494 93
From this have been paid Dividends No. 20 and 21, as before stated.....	\$393,978 67
	357,011 24
Balance to next year's account.....	\$ 36,967 43

#### GENERAL STATEMENT

##### Liabilities.

Notes in circulation.....	\$1,744,123 00
Deposits bearing interest.....	\$4,260,404 91
Deposits not bearing interest.....	1,628,977 31
	5,889,382 22
Balances due to other Banks in Canada.....	176,427 87
Balances due to agents in United Kingdom.....	120,777 76
Dividends unclaimed	5,543 56
Dividend No. 21, payable 2nd June, 1879.....	164,980 60
Interest due to Depositors	39,233 41
Total liabilities to the Public.....	\$8,140,468 42
Capital paid up.....	5,499,353 36
Reserve.....	475,000 00
Contingent Account	
No. 1.....	207,553 52
Contingent Account	
No. 2.....	64,200 00
	271,753 52
Balance to Profit and Loss account of next year....	36,967 43
Total .....	\$14,423,542 73

##### Assets.

Gold and silver coin on hand ..	\$ 348,073 19
Dominion notes on hand .....	1,091,890 25
Notes and cheques of other banks..	257,034 68
Balances due by other banks in Canada .....	180,944 45
Balances due by Foreign Agents	23,495 35
Total assets immediately available	\$ 1,901,437 92
Loans & discounted bills .....	\$10,761,480 19
Loans & discounted bills overdue and not specially secured .....	243,241 33

Loans & discounted bills specially secured .....	90,732 09
	11,095,453 61

(Estimated loss provided for.)

Loans to Dom. Government....	6,980 58
Mortgages on Real Estate sold, bearing interest ....	154,237 13
Real Estate, productive .....	183,300 00
Real Estate unproductive .....	160,963 41
	344,263 41
Bank premises ..	598,159 77
Other assets, not included under foregoing heads	323,010 31

N.B.—Of this amount (which, amongst other interest-bearing assets, includes value of Detroit and Milwaukee R.R. Bonds), all but \$47,636 is productive of revenue.

Total .....

(Signed), G. HAGUE,  
General Manager.

Gentlemen.—The report which has been for some days in your hands is sufficiently in detail to speak for itself. I need not tell you what sort of a year we have passed through. There is perhaps, not one of you but has had some pretty severe experience of its character. As for ourselves, up till December we appeared to be doing well. Only one or two losses were in view, not amounting to more than \$10,000 in all and profits had been very good, better than we expected, but the winter as it passed on brought numerous failures, and continued depression in some leading lines of produce led to heavy loss on the part of the customers. A fraud of a serious character was perpetrated by one of the managers of the Bank who had been in its employ from his youth. Fortunately, by most energetic exertions on the part of the General Manager, the greater part of the money was recovered. The expenses however, were very heavy. the Bank has also been the victim, along with other institutions, of a flagrant case of forgery in Quebec. In this case more than ten distinct acts of forgery were committed against this bank, alone, and as many more against others. The business of the bank is made up for the most part of numerous small accounts. Very few exceeding \$100,000; not one as much as \$400,000; by far the larger number are below \$10,000. The number of persons obtaining loans and discounts averages 3,800. The average amount to each is nearly \$3,000. The number of deposits is 17,590, and the average about \$450 each. The Board and Executive have to devote much time to the realization of old assets, properties, insolvent estates, &c. The times are not favorable to the sale of real estate, and they thought it prudent not to press much to sale, especially as the greater part of it produces revenue. No reasonable offer, however, has been refused. The mortgages held for property sold are among the best assets of the Bank. They do not yield as a rule more than six or seven per cent, but they are safe—an all-important matter in these times. The expenses of the Bank have been largely decreased during the last two years. They are now \$81,000 less than they were in 1877. Should business improve, these expenses, could probably be reduced still further by its greater concentration, and lesser cost of supervision. We are therefore, in a good position to take advantage of any change for the better that may transpire. We have lately had reports the crops in the West and they are nearly all