

IMPERIAL BANK OF CANADA.

The Fourteenth Annual General Meeting of the Imperial Bank of Canada was held, in pursuance of the terms of the charter, at the banking house of the institution, Toronto, 19th June, 1889. There were present:

Messrs. H. S. Howland, T. R. Merritt (St. Catharines), T. R. Wadsworth (Weston), Robt. Jaffray, Hon. Alexander Morris, Hugh Ryan, Rev. E. B. Lawler, George Robinson, W. T. Kiely, James Mason, Robert Thompson, R. Wickens, G. M. Rose, Robert Beaty, A. McFall (Bolton), R. S. Cassels, John Stewart, W. B. Hamilton, John Herbert, D. R. Wilkie, etc.

The chair was taken by the President, Mr. H. S. Howland, and Mr. D. R. Wilkie was requested to act as Secretary.

The Secretary, at the request of the Chairman, read the report of the Directors and the statement of affairs.

REPORT.

The Directors beg to submit to the Shareholders the fourteenth annual balance sheet, and statement of profits for the year ended 31st May, 1889.

PROFIT AND LOSS ACCOUNT.

Balance at Credit of Account 31st May, 1888, brought forward.	\$12,262 58
Profits for the year ending 31st May, 1889, after deducting charges of management and interest due depositors, and making full provision for all bad and doubtful debts.	186,879 78
	\$199,142 36
From which has been taken:	
Dividend No. 27, 4 per cent. (paid 1st December, 1888)	\$60,000 00
Dividend No. 28, 4 per cent. (payable 1st June, 1889)	60,000 00
	120,000 00
	\$79,142 36
Written off Bank premises and Furniture Account.	\$7,231 34
Carried to Rest Account	50,000 00
	57,231 34
Balance of account carried forward	\$21,911 02
REST ACCOUNT.	
Balance at Credit of Account, 31st May, 1888	600,000 00
Transferred from Profit and Loss Account	50,000 00
Balance of account carried forward	\$650,000 00

The result of the year's business is gratifying; the customary dividends have been maintained, and a sum of \$50,000 has been added to Rest Account, which now amounts to \$650,000.

The policy of keeping a portion of the funds of the Bank invested in Dominion of Canada and other first-class securities, inaugurated in the early history of the Bank, has been maintained, and further purchases of Dominion of Canada and other debentures have been made.

The last harvest in Manitoba and the North-West Provinces was disappointing, both as regards quantity and marketable value; the development of those provinces has, nevertheless, progressed most satisfactorily in wealth and population, and at present there is a fair prospect of an early and bountiful crop.

During the year branches of the Bank have been opened under the best auspices at Portage la Prairie, Man., and Sault Ste. Marie, Ont.

The officers of the Bank continue to perform their respective duties to the satisfaction of the Board.

All of which is respectfully submitted.

H. S. HOWLAND,

President.

GENERAL STATEMENT.

31st May, 1889.

LIABILITIES.

Notes of the bank in circulation	\$1,141,314 00
Deposits not bearing interest	\$1,372,958 63
Deposits bearing interest (including interest accrued to date)	5,019,895 70
Due to agents in United Kingdom	6,302,854 38
	57,626 90
Total liabilities to the public	\$7,591,795 28
Capital stock paid up	1,500,000 00
Rest account	650,000 00
Contingent account	32,870 00
Dividend No. 28, payable 1st June, 1889 (4 per cent.)	60,000 00
Former dividends unpaid	346 19
Balance of profit and loss account carried forward	21,911 02
	\$9,856,929 49

ASSETS.

Gold and silver coin current	\$346,662 77
Dominion Government notes	571,670 00
	918,332 77
Notes of and cheques on other banks	200,129 00
Balance due from other banks in Canada	266,435 02
Balance due from agents in foreign countries	220,089 18
Dominion of Canada debentures	\$398,919 33
Province of Ontario securities	430,586 28
Municipal and other debentures	395,316 49
	1,224,822 10
Loans on call, secured by debentures and other securities	428,465 56
Total assets immediately available	\$3,258,294 53
Loans, discounts or advances on current account of municipal and other corporation	845,443 61
Other current loans, discounts and advances to public	5,401,284 83
Notes discounted overdue, unsecured (estimated loss provided for)	11,178 39
Notes discounted overdue, secured	53,269 09
Real estate the property of the bank (other than bank premises)	39,132 25
Mortgages on real estate sold by the Bank (all bearing interest)	69,840 07
Bank premises, including safes, vaults and office furniture, at the head offices and branches	152,652 10
Other assets not included under foregoing heads	25,834 02
	\$9,856,929 49

D. R. WILKIE, Cashier.

Messrs. R. S. Cassels and R. Beaty were appointed scrutineers. The usual votes of thanks were passed to the President and Directors, also to the Cashier and other officers, for their attention and zeal in promoting the interests of the Bank.

The ballot was then taken for the election of Directors, which resulted in the election of the following shareholders, viz.: Messrs. H. S. Howland, T. R. Merritt, Wm. Ramsay, T. R. Wadsworth, Hon. Alex. Morris, Robert Jaffray, Hugh Ryan.

At a subsequent meeting of the Directors Mr. Henry S. Howland was elected President, and Mr. Thomas R. Merritt, Vice-President, for the ensuing year.

MERCHANTS BANK OF CANADA.

Annual Meeting of the Shareholders.

The General Manager gives a Financial and Commercial Review of the Country—the Future of the Country.

The annual meeting of the Stockholders of the Merchants Bank of Canada was held in the Board room of the institution at noon of the 19th inst., when there were present Messrs. Andrew Allan (president), Robt. Anderson (vice-president), Jonathan Hodgson, H. Montagu Allan, John Cassils, Jas. P. Dawes, John Duncan, Hector Mackenzie, Henry Yates (Brantford), T. D. Hood, Michael Burke, John H. R. Molson, James Williamson, John Morrison, J. Alex. Strathy, D. McCarthy (Sorel), J. P. Cloghorn, Robt. Benny, J. Y. Gilmour, Murdoch Mackenzie, F. S. Lyman, John T. Molson, James F. Smith (Toronto), John Curran, John Dunlop, A. C. Clark and E. Lichtenheim.

The proceedings were opened by the president, Mr. Andrew Allan, taking the chair.

The president asked Mr. John Gault to act as Secretary.

The Secretary having read the advertisement calling the meeting The President submitted the following

ANNUAL REPORT OF THE DIRECTORS.

The Directors of the Merchants Bank of Canada beg to place before the Stockholders the result of the business for the past year:

The net profits of the year, after payment of charges and all interest due, and making provision for bad and doubtful debts, have amounted to	\$617,858 11
Balance from last year	8,570 19
	\$626,428 30

This has been disposed of as follows:

Dividends Nos. 40 and 41, at the rate of 7 per cent.	405,344 00
Added to the "Rest"	215,000 00
Carried forward to Profit and Loss Account of next year	5,484 30
	\$626,428 30

The business of the Bank has been well maintained at all points, and the demand for money for mercantile purposes has been steadily and continually increasing. The discounts of the Bank are considerably in excess of the amount at which they stood last year.

Each Department of the business of the Bank has called for the exercise of constant vigilance on the part of the Board and the administrative officers of the Bank.

They are pleased to report that the failures amongst the circle of the Bank's numerous connections have been few in number, while none of them have entailed serious loss. It is largely in consequence of this that the Bank has been able, after providing for its usual seven per cent. dividend to the Stockholders, to add the sum of \$215,000 to the "Rest."

Competition has been increasingly severe, and the tendency of profits has been to diminish. On a larger volume of transactions, the Bank has realized a decreasing percentage of profit. The Directors, however, have the satisfaction of considering that they are doing business with a large class of sound and solvent men of business, and assisting them to carry on the legitimate trade of the country.

The steady growth of the "Rest" will no doubt be a matter of satisfaction to the stockholders. The policy of the Board in respect to the building up of this important fund continues as before. The "Rest" now amounts to nearly 37 per cent. of the capital.

The officers of the Bank have discharged their duties with zeal and fidelity, and to the entire satisfaction of the Board.

The whole respectfully submitted.

(Signed) ANDREW ALLAN,
President.

THE MERCHANTS BANK OF CANADA.

STATEMENT OF ASSETS AND LIABILITIES, 31st May, 1889.

LIABILITIES.

1. To the Public.

Notes in circulation	\$2,565,645 00
Deposits at interest (including interest accrued to date)	\$6,366,436 41
Deposits not bearing interest	3,025,556 90
	9,391,993 31
Balances due Canadian banks keeping deposit accounts with Merchants Bank of Canada	550,748 18
Balance due to agents in Great Britain	383,411 01
Dividend No. 41	202,972 00
Dividends unclaimed	6,428 87
	\$13,101,793 31

2. To the Stockholders.

Capital paid up	\$5,709,200 00
Rest	2,135,000 00
Contingent account	98,460 00
Balance of profit and loss account carried to next year	5,484 30
	\$21,134,938 21

ASSETS.

Gold and silver coin on hand	\$278,009 86
Dominion notes	647,211 00
Notes and cheques of other Canadian banks	569,274 54
Balance due by other Canadian banks in daily exchanges	58,917 38
Balances due by banks and agents in the United States	406,091 22
Dominion Government bonds	668,967 33
Railway and municipal debentures	104,650 00
Call and short loans on bonds and stocks	1,174,049 00
	\$3,997,170 33
Time loans on bonds and stocks	\$161,220 00
Other loans and discounts	16,012,909 85
Loans and discounts overdue, and not specially secured (loss provided for in contingent account)	106,313 09
Loans and discounts overdue, secured	25,438 74
	16,305,881 68
Mortgages, bonds and other securities, the property of the bank	187,652 35
Real estate	167,130 72
Bank premises and furniture	448,773 28
Other assets	30,329 85
	\$21,134,938 21

G. HAGUE, General Manager.

The President then moved, seconded by the Vice-President, Mr. Robert Anderson, "That the report of the Directors as submitted be, and is hereby adopted, and ordered to be printed for distribution amongst the stockholders."

The President, before putting this motion to the meeting, said: We will be happy to hear any remarks from any shareholder present, and to answer any questions which may be asked.

Mr. John Morrison—In a bill discounted on 30th April, 1889, due at three months from date, is the total amount of discount included in return for the past year, or is only the amount of discount for one month included, in return for year ending 31st May, 1889?

Mr. George Hague—The whole amount of discount is included.

Mr. Morrison thought that was counting the profit in advance. It would be better to take the average amount due on bills discounted when making the report.

Mr. H. Yates, of Brantford, said that the other day he heard that the liabilities of the Directors of that bank were greater than the "Rest." The statement of accounts said nothing about it, but he hoped that the General Manager would say whether or not it was so, and would also state what the liabilities of the Directors were. He also wished to know what was the sum deducted for bad and doubtful debts. He thought it was only reasonable that these things should appear in the annual statement of accounts; it would be more satisfactory to the shareholders and to the public. He suggested that instead of piling up the "Rest" account, it would be better to divide the money amongst the shareholders, to whom it belonged. He did not like large "Rests;" they were a temptation for managers to lend money on unearned paper or anything. After making some jocular remarks respecting a bank at Toronto and the Bank of Montreal, he said, in conclusion, that he had obtained information from Ottawa of sundry possible amendments to the Banking Act, such as that no Director should hold a proxy or borrow money from the bank and that auditors be appointed by the shareholders. He did not know if the information was correct or not.

THE GENERAL MANAGER'S ADDRESS.

The General Manager stated that he would reply to Mr. Yates after making the remarks he had prepared as to the general business. He then went on as follows:—

Mr. President—In supplementing the report of the Board of Directors by a few remarks, I will commence by stating that in many respects the course of events during the past year was disappointing.

A year ago the outlook for our grain crops was satisfactory. As is generally the case, many engagements were made on the strength of this outlook, which ultimately resulted in embarrassment. For, as the summer proceeded, we had in some parts of Ontario a severe drought, while in certain districts of Quebec we had such continuous rains that crops could not ripen.

The effect of this was to diminish by millions of dollars the actual value of the productions of the year, and our power of paying for goods purchased abroad.

A general impoverishment of the farming population in these districts was the result, with the usual consequence of diminished purchases, non-payment of debts, renewal of notes instead of payment, and a continuous increase in the demand for money. This last is the final outcome of the diminution of the value of our products. The whole finally results in increased loans and discounts, with, in some cases, increased liability to embarrassment.

There is a certain amount of indebtedness which every individual firm, or corporation can carry with safety. If that line is passed a condition of danger supervenes, and if prompt remedies are not applied, suspension and bankruptcy are the inevitable result.

In some districts of Ontario, however, crops were unusually good, and particularly in the fine agricultural region bordering on the western division of the Grand Trunk Railway. The result was the exact opposite of all that has been before stated. Farmers had abundance of money, notes were promptly taken up, indebtedness reduced, and a general air of prosperity pervaded the community.

But the severest disappointment has been felt in Manitoba. There never were such fine crops on the ground as there were in Manitoba this time last year; but when the period of harvesting came on the weather proved unfavourable. In some districts frost, and in others a kind of blight, destroyed considerable portions of the crop and largely reduced the quantity available for export. The increased price obtained, however, somewhat compensated for this heavy drawback. And frost did not prevail in every locality. Some districts escaped it entirely, and many farmers were able to sell a large crop at a high price, and thus place themselves in a splendid position.

The amount of money realized by the farmers of Manitoba did not therefore fall much short of what was realized the previous year. The advantage to all concerned in the development of trade in the North-West is obvious.

The area of cultivated land in the North-West is constantly increasing, and careful observations are being made with regard to the manner in which damage from frost may be avoided and the best returns from the land obtained. Cattle and dairy interests are also having increased attention and with good results. Railway development there is going on at a remarkable rate, and in a few years we may see the North-West as thoroughly gridironed with railways as the older parts of Canada are at present.

Of the cattle and dairy products of the older Provinces of the Dominion, a good report can be made. We had a splendid production of cheese, which we sent abroad and realized good prices for. Canada is rapidly becoming the best known cheese-producing country in the world.

Our export of live cattle went on steadily all last summer, but shipowners realized little by the business, and farmers got low prices. In sending cattle to England we shall meet increasing competition from English and continental graziers. The trade, however, is well established, and it will be for the farmer and the cattle dealer in all parts of the country to produce animals of a class that will take the best price of the English market and give Canada as good a name for cattle as we have for cheese.

Our great lumber and timber interest was not prosperous last year. The production was large, the markets were disappointing, and the results unsatisfactory. This year, however, prospects are better, especially for heavy timber. The great increase in English trade prosperity is directly reflected back in an improved demand for our forest productions.

It has been in such conditions as these with regard to what the country produces from its soil that our merchants and manufacturers have carried on business. It goes without saying that the bulk of them have not had a satisfactory year. Great stocks of goods were on hand a year ago, which have been disposed of at unremunerative prices, and much forcing and slaughtering have characterized the year's business, especially in the dry goods trade. The purchasing power of the country has been over-estimated. The country did not want much of what has been brought into it, and produced within it, and if unwilling purchasers have been persuaded or almost driven to purchase, the result has simply been an increase of poor accounts due to the wholesale merchant, and unsold goods on the shelves of storekeepers. I venture to say that of the balance sheets made out since last Christmas not one in five has shown a reasonable return for the business done.

And what has characterized the business of distributing merchandize has to a large extent characterized that of manufacturing. There have been exceptions no doubt. But, taken as a whole, our manufacturing industries which have been so enormously developed of late, realized last year a poor return on their capital.

Our shipping industries have perhaps fared better. We sometimes boast of being a great shipping country, and plume ourselves on the fact that we rank about fourth amongst the maritime nations of the world.

Our shipowners and shipping companies on lake and ocean are abreast of the times, and the business has been rather more remunerative this year than it sometimes is.

Our collieries have about held their own. I do not refer particularly to our fisheries, which have had a prosperous year, for the reason that this bank has no branches in the Maritime Provinces.

The bank has had to conduct its business during the year under the above named circumstances. We have had to lend our money (and the amount you will remember is in millions) to people engaged in this variety of industries. You may believe me when I say that the year has been one of considerable anxiety. As its various developments were watched sometimes hopes and sometimes fears alternated.

A year ago I made a careful analysis of the loans and advances of every description we had out, and classified the names according to stability and strength. I was glad to notice the proportion we had of customers whose stability was undoubted. But no bank has a monopoly of this first-class business. In a new country like this, the majority of traders and manufacturers are those with a more limited capital. It is in undertaking risks with these that the judgment of the banker has to be most carefully exercised.

Especially is care needed when symptoms arise which show that things are not going well. The banker's treatment of a merchant at such a time may either ruin him or reinstate him. Nothing tends more effectively to ruin a customer than an unlimited supply of funds and the supporting him in overtrading. A banker with bad judgment, whose only anxiety it is to discount as many bills as possible, is a trader's worst enemy. Many a man who is prosperous to-day owes his position to the fact that he was checked in time by a prudent banker who, while imposing a firm check upon foolish credit operations, was ready with judicious assistance when danger transpired. It is, I know, much easier to give advice than to take it. But the experience of bankers generally qualifies them to be sound judges, and if merchants and business men take counsel with their bankers frequently, receiving hints from them in good part, and acting upon them, I venture to say in a majority of cases the result will be beneficial.

It has been our endeavour to train up a staff of well-informed men at our branches who are familiar with the business of the country, and are fitted to give good counsel to our customers. It is largely on their reports that the operations of the bank are carried on. Their opinions are, of course, constantly under the influence of judgment exercised from headquarters, for we make it a point here to keep ourselves acquainted with the position and character of the customers of the bank at all points. This is for mutual advantage, I am certain.

The Directors state that few failures have occurred amongst our customers. The inference may naturally be drawn that our customers as a whole are of a sound and reliable sort, and so they are. Many of them have been made such by judicious help from the bank. From small beginnings many have developed into the possession of large capital and extended trade. We would not take more credit than is due, but the credit of appreciating who are worthy of support; of assisting freely when assistance is deserved; of checking unfavourable symptoms at an early stage, and giving good advice at all times; for these things we do take credit. How much they have to do with the prosperity of a man of business you can judge.

The question of failures is always a vital one for banks doing busi-