

La Banque Nationale

SIXTIETH ANNUAL REPORT, 1920

The Sixtieth Annual General Meeting of the Shareholders of this Institution was Held at the Office of the Bank on Wednesday, the Ninth of June, 1920, at Three O'clock p.m.

There were present:—Messrs. J. B. Laliberte, Napoleon Drouin, Nazaire Fortier, Charles Pettigrew, Napoleon Lavoie, Revd. Tancrede J. Paquet, His Worship Mayor Jos. O. Samson, Capt. J. E. Bernier, Col. Chas. A. Chauveau, C.R.C., Alfred R. Desjardins, Pierre Drapeau, Thomas Duchaine, J. F. Dumontier, A. S. Garneau, Stanislas Gaudreau, Ls. A. Gosselin, Charles Grenier, N.P., Elzear Labrecque, M.D., M. A. Labrecque, S. Jules La Rue, N.P., C. J. Levesque, James McCone, N. T. Pare, F. X. Rainville, Adjutor Rivard, Arthur E. Scott, Cyrille Tessier, N.P., Geo. V. Tessier, etc., etc.

In the absence of Mr. R. Audet, President of the Bank, Mr. J. B. Laliberte, Vice-President, was called to the chair and Mr. P. Lafrance was requested to act as secretary.

Before proceeding to the reading of the annual report, the following gentlemen were elected scrutineers, viz.: Messrs. A. S. Garneau, Chs. Grenier, N.P., and C. J. Levesque. The President then read the following report:—

REPORT OF THE BOARD OF DIRECTORS.

Gentlemen Shareholders:—

The Directors have the honor to submit to your approbation the result of the operations of the Bank for the year 1919-20, by the statement of Profit and Loss account, together with the statement of the Assets and Liabilities of the Bank:—

The balance at the credit of Profit and Loss, on April 30th, 1919	\$ 48,699.35
The profits of the year, after paying interest on deposits and deducting bad and doubtful debts	567,372.36

Forming the sum of \$616,071.71
Which has been disposed of as follows:—

To Quarterly Dividends, at the rate of 10% per annum, (i.e., 2½% payable 1st August, 3rd November, 2nd February and 1st May) \$200,000.00	
To Reserve Fund	100,000.00
To Depreciation on securities and for contingencies	100,000.00
To Rebate of interest on discounts..	25,000.00
To Depreciation on Bank premises..	50,000.00
To Depreciation on fixtures	15,000.00
To Pension Fund	25,000.00
To War Tax on circulation	26,851.74
	<u>541,851.74</u>

Leaving to the credit of Profit and Loss a balance of \$ 74,219.97

The result which has been achieved this year is most encouraging; it is far ahead of all previous years. After examining and comparing the statements of last year with those of this term you will see a general increase. The deposits show a very satisfactory increase; from \$37,455,103, last year, they have reached \$48,460,158, an increase of \$11,005,055. The increase in our deposits in Canada is \$7,632,151, and the increase in those of our Paris branch is \$3,372,904. This increase of our Paris deposits is due both to our Paris depositors to whom have been added a great number of Canadian depositors who, in the hope of benefiting by the French exchange rate, have made deposits either for a proposed trip, or for buying goods or simply as a speculation. Our assets, of \$50,433,531, last year, are now \$68,675,366, an increase of

\$18,241,835. Commerce, industry and agriculture, which we support and stimulate as much as possible wherever we are established, have necessitated for their wants much more than in past years and though deposits have increased in large proportions, they have not been sufficient and we have been obliged, to give satisfaction to our customers and also to contribute to reconstruction, by increasing production, to obtain advances from the Government. Our current loans, from \$25,065,603, last year, are, this year, \$36,967,916, an increase of \$11,902,313. Our Imperial and Dominion Government securities, Canadian municipal and foreign securities, railway and other debentures and stocks, and on call loans on bonds, debentures and stocks, of \$13,135,792, last year, are \$16,955,114, an increase of \$3,819,322. This increase on the total of our advances, has been possible, as said before, by the increase of our deposits and by our borrowings from the Government, which, last year, \$3,697,350, are, this year, \$9,470,449; an increase of \$5,773,099. Our circulation of \$5,609,060, an increase of \$646,205. It is a general increase on all the line.

Our statement of Profit and Loss tells you in what manner we have disposed of our profits of \$567,372, which are 28% on the capital, equal to 14% on both capital and reserve. By this disposition, our reserve is increased by \$100,000. We supply the depreciation and contingencies \$100,000. Unearned interest on our discount is protected by an additional \$25,000. A depreciation on our buildings and furniture, of \$65,000, has been made. The Pension Fund of our employees has been gratified with an amount of \$25,000. This protection given them is an acknowledgement of their good services and of their fidelity to the Bank.

We believe that this year will see a diminution in the advances made to the public and that prudence will oblige the banks to curtail and choose more carefully the operations in which they will interest themselves. The facilities which have been offered by the Government during the war, will grow less; the banks who have borrowed, will have to reimburse and this will allow the Government to withdraw a good proportion of its paper and, to a great extent, re-establish the gold basis it had before the war. However, this should not be done at the expense of production. It is evident that, if the Government collects its loans too suddenly and obliges the banks to hamper production, it will cause a greater evil; as, if by such a line of conduct, our exports with the United States decrease and our imports are the same; our money, which, in relation to the United States, was worth 10% to 15% all the year, less than theirs, will be worth still less, whatever the gold guarantee the Government may have for its paper. What is wanted for the welfare of Canada, is to import only what is strictly wanted, not to accumulate any goods for speculation, specially necessities of life; we must produce and produce still more, so that the balance of trade will be in our favor.

The Bank has had the most prosperous year of its existence and your Directors believe they are in a position and are justified to pay the future dividends on a 12% basis. To pay 12% on the capital of the Bank is practically to pay 6% on the amount invested by the shareholders, as the reserve must be considered as an additional investment which results from the economy of the shareholders, who, in drawing a fraction less of dividends, each year, have been able to accumulate an equal amount and more to the capital. It has taken sixty years to obtain this result. Under such circumstances, nobody can speak of undue profits and exaggerated dividends, and if we add to that the obligation of the double responsibility, we come to the conclusion that the revenue of such a capital is relatively small.