

The Merchants Bank of Canada.

PROCEEDINGS AT THE ANNUAL MEETING OF SHAREHOLDERS.

The annual general meeting of the Shareholders of the Merchants Bank of Canada was held in the Board Room of that institution on the 17th June at noon, when there were present Messrs. Andrew Allan, Hector Mackenzie, Jonathan Hodgson, John Cassils, T. M. Dunn (Quebec), Robert Mackay, John Morrison, John Crawford, Senator O'Brien, Captain W. H. Benyon, J. H. R. Molson, John Dunlop, Q.C.; F. S. Lyman, Q.C.; T. D. Hood, James Moore, M. S. Foley, C. A. Friggs, Michael Burke, J. Y. Gilmour, William Reid, J. S. Murray, James Croil, Alex. McDougall and Murdoch McKenzie.

The proceedings were opened by Mr. Andrew Allan, President, taking the chair and requesting Mr. John Gault to act as Secretary.

Mr. Gault, having read the notice convening the meeting, the President submitted the following report of the Directors :

THE ANNUAL REPORT.

The Directors of the Merchants Bank of Canada beg to report to the stockholders that the result of the year's business has been as follows :—

The net profits of the year, after payment of interest and charges and deducting appropriations for bad and doubtful debts, have amounted to..... \$501,999 51
Balance from last year..... 57,277 79
\$559,277 30

This has been disposed of as follows :—

Dividend No. 54, at the rate of 8 per cent. per annum... \$240,000 00
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Carried forward to Profit and Loss Account of next year..... 79,277 30
\$559,277 30

The business of the Bank has been well maintained during the year, both deposits and discounts having shown a steady increase in volume.

But the net profits have been much smaller than the average for many years back, owing to lower rates and larger appropriations, both of which are the result, directly or indirectly, of the severe competition now prevailing in business and banking.

Two new offices have been opened during the year, one in the West End of Montreal and the other at St. Jerome.

Your Directors, during this year, have had to deplore the decease of their old and esteemed colleague, Mr. Robert Anderson, for twenty years a Director and for thirteen years Vice President.

Until the closing years of an unusually prolonged life, Mr. Anderson devoted much time to the affairs of the Bank, and by his prudent habits of mind and wise counsels, materially aided it in attaining the position it now enjoys.

The Directors not thinking it desirable to fill the vacancy, have left a new election to the whole body of Stockholders.

The customary inspection of all the offices of the Bank has been made, and the Directors have pleasure in testifying to the zeal and faithfulness with which they have been served by the officers of the staff.

(Signed)

ANDREW ALLAN,

President.

Montreal, 9th June, 1896.

LIABILITIES AND ASSETS.

LIABILITIES.		Last Year.
1.—To the public :		
Notes in circulation	\$2,315,031 00	\$2,352,684 00
Deposits not bearing interest.....	\$2,091,933 33	2,135,188 40
Deposits bearing interest	8,664,944 01	8,157,448 09
Interest due thereon to date. . .	73,085 95	71,668 29
	10,829,963 29	
Balances due to Canadian banks keeping deposit accounts with this Bank.	531,832 78	654,827 40
Balances due to Canadian banks in daily exchanges.....	1,579 84	816 87
Balances due to banks and agents in United States.	20,288 87
Balances due to agents in Great Britain.....	481,219 50	182,107 47
Dividend No. 55.	240,000 00	240,000 00
Dividends unclaimed.....	1,402 00	2,015 00
	\$14,421,317 28	\$13,796,755 52
2.—To the Stockholders :		
Capital paid up.....	\$6,000,000 00	\$6,000,000 00
Reserve 3,000,000 00	3,000,000 00	
Surplus profits	79,277 30	57,277 79
	\$9,079,277 30
Contingent Account	95,095 00	74,215 00
	\$23,595,689 58	\$22,928,248 31
ASSETS.		
Gold and silver coin on hand...	\$370,200 22	\$389,759 28
Dominion notes on hand.....	842,101 00	897,093 00
Notes and cheques of other Canadian banks.....	530,904 64	649,901 20
Balances due by other Canadian banks in account and daily exchanges.....	85,379 97	98,336 92
Balances due by banks and agents in the United States	346,308 06
Dominion Government bonds.	938,178 32	1,089,820 15
Railway and municipal debentures.....	403,069 31	321,510 85
Call and short loans on bonds and stocks.....	911,490 25	1,125,446 85
Total available assets.	\$4,081,323 71	\$4,918,176 31
Time loans on bonds and stocks.	230,353 50	194,528 63
Other loans & discounts (less reserved for rebate)	18,022,604 91	16,643,438 81
Loans & discounts over due (loss provided for)	210,117 16	142,875 04
	18,463,075 57

Deposit with Dominion Government for security of note circulation.....	159,312 70	159,312 70
Mortgages, bonds and other securities, the property of the bank.....	281,392 88	263,675 02
Real estate.....	37,745 70	55,162 21
Bank premises and furniture.....	556,712 33	536,868 20
Other assets.....	16,126 69	14,211 39
	\$23,595,689 58	\$22,928,248 31

(Signed) GEORGE HAGUE,
General Manager.

The President then moved, seconded by Mr. Hector Mackenzie, That the report of the Directors, as submitted, be and the same is hereby adopted, and ordered to be printed for distribution among the Stockholders.

The President called upon the General Manager, Mr. George Hague, for a few remarks upon the financial outlook.

Mr. Hague then said :—The statement of the result of the year's business will, no doubt, be disappointing to you ; certainly it has been disappointing to ourselves. I have seldom known a winter in which so many untoward events happened.

The first half of this Banking year, matters looked prosperous enough ; profits were fair, losses in sight were moderate ; but during the winter a number of failures occurred by which, after realizing all our securities the loss will be considerable.

Still, after providing for all these losses, the Directors were enabled to pay the usual dividend, and add over \$20,000 to our surplus profits.

We expected up to last Christmas to add a much larger sum, for we now have in view, over and above a rest of half the capital, the accumulation of a fund of surplus profits of a few hundred thousand dollars.

Upon this fund the Directors might draw in time of exceptional losses and thus keep the dividend steady.

I venture to think, and I hope you will agree with me, that this is of great importance to the stability of the Bank.

With regard to the losses, I may say that nearly all of any moment were made in large centres of business.

In eighteen of our thirty-four offices no customers failed during last year, and no losses were made at all, and in five others the losses were of a very trifling character—a gratifying result, which has helped to steady the whole position.

But it must be remembered that a time of mercantile uneasiness has the effect of depreciating the outcome of insolvent estates and properties, causing larger appropriations to be necessary than in better times. Of this we had our full share last year. But our general business has been well maintained. Deposits are larger, discounts are considerably larger, owing in great measure to the acquisition of a number of desirable new accounts.

We cannot complain of lack of business ; in fact, our business is larger than ever. Even had we not opened two new branches, the business of the old ones would have shown a large increase.

You may naturally ask why, with such an increased amount of business, we have made so much less money. The reason is, not only that we have had to write off much more than usual, but that we have made a much smaller amount of ordinary profit.

Competition between banks has come to be as severe as between merchants, with the result that profits have been steadily bearing down for a year or two back. But you may depend upon it that we shall be on the lookout at all times to make the profits as large as we can, consistently with doing a safe business, or what the Directors consider safe.

With regard to the state of the country generally, this subject was well opened up at the annual meeting of the Bank of Montreal.

With the remarks there made, I entirely concur.

The real foundation of the prosperity of this, or any other country, is its power to produce and export. In this respect the Dominion, as a whole, has shown constant improvement.

But our point of view, and that of the Government, are entirely distinct. I am not