

ral opinion expressed by other corporations—banks, loan companies, railways, etc., both in this country and elsewhere. Some have been fortunate enough to maintain their dividend without change, but not a few, like ourselves, have been obliged to reduce it. Our profits have not been up to those of former years, but I think we may reasonably hope that, as there are marked evidences of a revival in trade all over this continent, we shall share in its advantages, and reach better results in the future. Speaking generally, however, I should not like to hold out too bright a prospect in this particular, for it must be borne in mind that the tendency everywhere is towards cheaper money, and investors can hardly expect as large a return as they have been receiving in the past. This influence must have its effect upon us as well as upon others, and an equivalent must be sought for in other directions—in the rate paid for deposits and other borrowings, in economical and efficient administration, and in increased watchfulness to avoid loss. I have no doubt, however, means will be found to maintain the payment of a respectable dividend to you, and that our best efforts will be given to that end.

"The bank, as we state, has had this to contend against during the year, but it had other unfavorable influences as well. The news of the failure of several banks in Newfoundland, coupled with the statement that their collapse was precipitated by losses through the borrowings of their directors, gave rise to rumors that this institution had suffered heavily from similar causes. I need hardly state that this report was most unwarranted. These rumors, however, inspired others of an equally exaggerated character, some going so far as to attribute to us losses with accounts which never were in our books. From these influences, the inevitable consequences soon followed in the loss, as will be seen by the balance sheet, of a very considerable amount of our deposits, and also in a serious fall in the quotations of our shares. I need not say that this occasioned my colleagues and myself no little anxiety, but I am glad to say that we were able to meet any demands from our own resources promptly, and without restricting or depriving any of our customers of the means necessary to carry on their business, and yet, as you will see, we are stronger to-day in cash reserves than this time last year, when our obligations were very much larger. The reduction in deposits entails a diminution of earning power, but this, we are satisfied, is only temporary, and that the efforts now being directed to retrieve the leeway will be successful.

"The circulation of the bank shows a reduction of \$64,794. It is not large, considering the state of trade, and the explanation of it is the same as I have given in the matter of profits. Activity in business is the condition necessary to large issues, and when the opposite prevails notes do not remain out.

"Bills discounted, current and loans are represented by \$4,808,647.77, a reduction of \$1,070,386.20, arising partly from the contraction necessary to meet the withdrawal of deposits already referred to, and the lessened demands of our borrowers.

"The other items of the balance sheet are detailed so fully that I need not dwell long upon them. You will, however, note the gross liabilities which can be asked for on demand are \$5,331,721.23, as against \$6,344,054.42 last year—while now we have \$1,805,959.35 in gold and other liquid assets to meet them, as against \$1,817,437.51 last year, when our liabilities were over a million dollars larger.

"I now come to the profit and loss side of our affairs, and if you will give me your attention I will deal with it at length, and so fully that you will thoroughly understand the position and the causes which led the board and myself to decide upon the policy we now submit for your approval. The profit I have already mentioned—we must now consider the loss.

"When you did me the honor of re-electing me as one of your directors, and my colleagues, at a meeting held subsequently, still further honored me, by choosing me as the president of the bank, I fully realized the importance of the trust committed to my charge, and I felt it my duty to at once familiarize myself with the bank's position and possibilities, in order that I might intelligently bring to its service my very best efforts in your interest. It was, however, very discouraging to be met at the outset with such wide-spread depression and inactivity in every branch of business at home, and a threat-

ening financial horizon in a neighboring country, whose mercantile interests, in lumber especially, are so closely connected with our own. Values of all kinds, in Canada, had shrunk enormously, and while capital was but too abundant, its owners were timid, and the inception of new enterprises, or the extension of those already established, was impossible. These influences were, of course, immediately observable upon our earnings, and were implemented still further by the rumors to which I have already referred. Exceptional losses also fell to our lot. Two were met with of a very unusual character, which could not occur again; one through the decision of the courts cancelling our lien upon bonds we held collateral to a debt (our title to which, up to that time, we had every reason to consider undoubted)—a decision we had to bow to, however unjust, but we preferred to accept the fiat of the court and limit our loss, than involve ourselves further in vexatious and costly litigation—or build a whole railway, in the hope that, possibly with the profit, we might recoup ourselves. I need hardly add, we chose the former alternative, and wrote the debt off. The other loss, and at the same office, arose through the misrepresentation, I might almost say fraud, of a customer who succeeded in deceiving our agent, and leading him to depart from instructions and the established practice observed by us in foreign business. Fraud or misrepresentation, however, are contingencies it is not always possible to guard against. The amounts above referred to, and other contingencies of the year, made up a considerable sum, calling for appropriation out of earnings.

"The above have, of course, received our most careful attention, as well as the value and condition of the other assets and accounts of the bank represented at the different branches throughout the country. As mentioned in the report, I visited them personally, in company with the inspector, and we spent over ten weeks in making a careful examination, not only of their accounts, but of their general condition and their prospects for business in the future; and, after full consideration with the members of the board, we decided, as shown by the statement submitted to-day, to write off \$145,000 to provide for the exceptional losses already referred to, as also to provide for other bad and doubtful items among the assets and accounts of the bank, of which, considering the state of business in the country, we felt an especially conservative view of values should be taken.

"A further some of \$65,000 was devoted in reduction of other assets and collaterals held by the bank, while the sum of \$100,000 is applied in reduction, and to provide for any shrinkage in value that might occur in the realization of the real estate. That item, you will remember, appeared in our last year's report at \$166,004.89, and it has now been written down to \$57,027.04, represented by the following properties, which it may be of interest to you if I particularize: 15,700 acres in Manitoba; 23,000 acres mineral, farm and pine lands in Algoma; 52 acres, with buildings, in the town of Fort William; 200 acres, with buildings, in the county of Victoria; 200 acres, and a mine, in Haliburton, and small holding of city property in Montreal.

"Bank premises, \$172,527.96, have been written down \$10,000, and consist of safes, furniture, etc., and valuable buildings (freehold) at Montreal, Toronto, Bowmanville and Winnipeg—the last-named bringing a rental of \$1,500 per annum; but efforts are now being made for its disposal, which, when accomplished, will bring this amount down to still lower figures.

"Other assets, \$31,803.30, are represented by life policies of insurance and other assets which could not be specified under any of the usual headings.

"The advent of so many new members on the directorate who were entirely independent in their judgment, made this enquiry unusually searching and valuable, and it may possibly be thought by some shareholders that we have been too severe with the pruning-knife; but when the enormous shrinkage in property which has taken place during the past year is considered, I think it will be found we have erred, if at all, on the right side, in writing down as liberally as we have done, in order to place our assets in a position where their value will cease to be questioned. If we have over-written, the money is not lost—you still have it, and it will come back.

"Another phase of the situation had to receive our consideration, I refer to public opinion, and the serious depression which had

taken place in the quotations of our shares, evidencing but too clearly that our rest was doing us no good, in the face of such a large showing of unproductive assets, for the contingencies of their realization were being over-discounted, and our stock in consequence depreciated to a figure much below its true value—a condition alike injurious to the credit of the bank and to the interests of its stockholders. Viewing the whole situation, therefore, from all points of view, I am convinced that the course decided upon by your directors was the best, both in your interests and the interests of the institution, and I trust it will receive your approval.

"I am glad to be able to state that I look with confidence to the future. The bank has an excellent earning power, and its offices are well-balanced and distributed in the most prosperous and best earning districts of the country. Already improvements have been introduced to equalize the diminished earnings of the past year. Considerable reductions have already been effected in expenses, and will be still further effected. Consideration is also being given to the extension of our operations in directions hitherto untried, and we have hopes, provided trade becomes active in the country, we shall from these sources equalize, to a considerable extent, any diminution in the earnings resulting from the reduced rates for loans to borrowers.

"I must also acknowledge the loyal support given by the stockholders to their property, in holding their shares—our records show that we have still 625 stockholders, as against 630 in 1894, a difference of but five, which, considering the wide fluctuations of the market, is an evidence of their confidence, and one which I think the future will prove was not misplaced.

"I have now dealt, and I trust fully, with the report and the different items contained in it, but if I have not been sufficiently explicit, or if I have omitted anything you would like to know, I shall be happy to supply it before moving its adoption."

After a few remarks and questions by some of the stockholders upon the business of the bank for the year, Mr. G. R. R. Cockburn moved, seconded by Mr. Donald Mackay, that the report be adopted, which was carried.

The usual resolutions thanking the president and directors were then passed.

The scrutineers appointed at the meeting subsequently reported the following gentlemen duly elected as directors for the ensuing year, viz., G. R. R. Cockburn, M.P., Donald Mackay, G. M. Rose, Hon. J. C. Aikins, A. S. Irving, R. D. Perry, D. Ulyot.

The new board met the same afternoon, when G. R. R. Cockburn, M.P., was elected president, and Donald Mackay vice-president, by unanimous votes.

C. HOLLAND,
General Manager.

Toronto, 18th June, 1895.

STOCK TRANSACTIONS.

The following are the stock transactions on the Toronto Stock Exchange for the week. During the warm weather there will be no Saturday boards held until further notice. Therefore the week consists of five days. The first figure given is the number of shares; the second, the lowest price; the third, the highest price realized. Total for the week was 2,799 shares; last week, 5,667. Ontario Bank, 150 at 86-87; Commerce, 70 at 137½-137¾; Imperial, 137 at 179½-180; Dominion, 12 at 263½-264; Standard, 51 at 163½; Hamilton, 12 at 157½; British America Assurance, 97 at 121; Western Assurance, 650 at 165½-166½; Consumers' Gas, 95 at 200-201; Dominion Telegraph, 4 at 121; Can. N.W. Land Co., 35 at 50; Toronto Incandescent Electric Light, 20 at 114½-115; Commercial Cable, 675 at 162-162½; Bell Telephone, 37 at 158½-160; Montreal Railway, 15 at 210½; Toronto Railway, 665 at 85½-87½; Duluth Railway, pref., 25 at 16½—common, 25 at 8½; Canada Landed & National, 4 at 116; Canada Permanent Loan, 3 at 164; Farmers' Loan and Savings, 8 at 105 (20%)—26 at 165½; Freehold Loan, 9 at 135.

—The returns of the Canadian Post Office Savings Bank for May show that deposits amounted to \$653,461 during the month and that withdrawals totalled \$684,243. Balance on hand on 31st May was \$25,861,854.