

# The Merchants Bank of Canada

## Proceedings of the Fifty-seventh Annual Meeting of the Shareholders on June 2nd, 1920.

The Fifty-seventh Annual Meeting of the Shareholders of the Merchants' Bank of Canada was held Wednesday, in the Board Room at the Bank's Head Office at Montreal. The meeting was called to order at 12 o'clock noon.

On motion of Mr. John Patterson, the President, Sir H. Montagu Allan, was asked to take the chair.

Mr. J. M. Kilbourn was appointed Secretary of the meeting and read the notice calling the meeting.

The minutes of the last Annual Meeting were taken as read.

### THE ANNUAL REPORT.

The President, Sir H. Montagu Allan, then presented at Annual Report as follows:—

I beg to submit on behalf of the Directors, the Fifty-Seventh Annual Statement of The Merchants' Bank of Canada as at the close of business on the evening of the 30th April, 1920, together with a statement of the Profits covering the relative period.

Despite the fact that operating costs have continued their upward course, the net profits resulting from the year's business were \$1,686,156.15, being an increase over last year of \$302,586.75.

The financial position of the Bank, as reflected in detail in the Balance Sheet before you, will, I hope, meet with your full approbation.

In the Directors' Report of a year ago, I mentioned that an issue of \$1,400,000 of new stock was being made, and that, owing to the date of allotment, this step would fall for comment more appropriately at the next Annual Meeting. I am now pleased to advise you that the issue was promptly taken up and long since paid for in full by the shareholders. The Paid-up Capital of the Bank, therefore, stands today at \$8,400,000, while the \$700,000 premium received from the new issue and \$700,000 transferred from Profit and Loss Account have been added to the Reserve, thus maintaining that Fund upon an equal basis with the Paid-up Capital.

You have already been advised that, in line with the growth of the Bank, and with a view of keeping pace fairly and reasonably with the legitimate requirements of our ever-growing clientele, a further issue of \$2,100,000 of new stock, upon the same favorable terms to the shareholders, is now under way. This new issue will appropriately be referred to again a year hence.

It may be of interest to mention that the Bank's shareholders now number 2,622 as against 2,406 in 1919, and 2,340 in 1918.

At the commencement of the Bank's fiscal year presently under review, the Directors felt warranted in placing the Dividend on a regular 12 per cent basis, and also, later, in distributing a bonus of 1 per cent, making in all 13 per cent received by the shareholders during the twelve month period. No doubt their action in this respect will have your full approval.

During the year we opened 65 Branches with a number of sub-agencies as feeders, and I may say that results have amply justified our action, as evidenced by the fact that we have only closed 2 Branches during the period.

In December last our office in London, England, was opened for business and already gratifying progress has been made in the building up of a London connection, while the facilities afforded our clientele on this side have greatly enhanced the value of the services we are enabled to extend to them. It had been apparent for some time that the growth and increasing importance of the institution called for the completion of our organization by the establishment of an office in the Capital of the Empire.

During the year we considered it to be advisable and expedient, in keeping with modern and approved practice, to liquify to some extent the inactive asset represented by Bank Premises Account, which, as you are aware, must, with the growth of the Bank be an over-expanding one. We accordingly turned over certain of our premises to a subsidiary company called the Merchants' Realty Corporation, who in turn issued Bonds against the respective properties to the amount of \$4,000,000, the proceeds of the sale of which have been appropriately applied. These Bonds are of a serial nature and will be thus automatically amortized as they fall in for payment, control of the property being held by the Bank through the ownership of all the stock of the Company, this being shown upon our books at a nominal figure.

Since the last Meeting, death has removed from our midst, Mr. E. F. Hebden, formerly General Manager of the Bank and, for a period, Managing Director. His service in the institution was lifelong and in his demise the financial community lost a distinctive and distinguished personality, the Bank an able and experienced administrator. His death is regarded with deep regret by all.

The vacancy upon the Board has been filled by the appointment of Mr. E. W. Kneeland, of Winnipeg, a business man of wide experience and influence in the West.

In view of the continued growth of the Bank's business, the Directors are of opinion it would be desirable to enlarge the numerical strength of the Board by adding one more to their number, and an amendment to this effect of the relative

by-law will be submitted for your approval. The name of Mr. Gordon M. MacGregor, of Windsor, Vice-President of the Ford Motor Company of Canada will accordingly be included in the list, which will be submitted, to you in due course. He is a man of high standing in the commercial community, and we are sure of your agreement with the Directors that he will prove an acquisition to the Board.

You may be interested to learn that I made a trip last autumn through Ontario and the West—accompanied by some of the Directors and the General Manager. We met all the senior officers and I have pleasure in saying that I found the trip both inspiring and beneficial to a degree.

We have undoubtedly, an efficient staff and you will, I am sure join with the Directors in extending to its members one and all, a word of cordial appreciation for their capable and loyal services, to which the measure of progress the Bank has enjoyed is in no small extent attributable.

All the various offices of the Bank have been inspected during the past twelve months.

The Auditors' Certificate is appended.

All of which is respectfully submitted.

R. MONTAGU ALLAN,  
President.

### STATEMENT OF THE RESULT OF THE BUSINESS OF THE BANK FOR THE YEAR ENDED 30TH APRIL, 1920.

The Net Profits of the year, after payment of charges, rebate on discounts, interest, on deposits, and making full provision for bad and doubtful debts, have amounted to .....	\$1,686,156.15
Premium on New Stock .....	700,000.00
The balance brought forward from 30th April, 1919, was .....	574,043.32
Making a total of .....	\$2,960,199.47

This has been disposed of as follows:—

Dividend No. 128, at the rate of 12 per cent, per annum .....	\$238,416.01
Dividend No. 129, at the rate of 12 per cent, per annum .....	243,726.44
Dividend No. 130, at the rate of 12 per cent, per annum .....	250,805.76
Bonus 1 per cent .....	83,263.00
Dividend No. 131, at the rate of 12 per cent, per annum .....	252,074.56
Government War Tax on Note Circulation .....	81,138.72
Transferred to Reserve Fund from Premium on New Stock .....	700,000.00
Transferred to Reserve Fund out of Profits .....	700,000.00
Written off Bank Premises Account .....	100,000.00
Contribution to Officers' Pension Fund .....	50,000.00
Balance carried forward .....	260,774.98
	\$2,960,199.47

### RESERVE FUND ACCOUNT.

Balance, 30th April, 1919 .....	\$7,000,000.00
Premium on New Stock .....	700,000.00
Transferred from Profits .....	700,000.00
	\$8,400,000.00
Average Paid-Up Capital during year .....	\$8,230,539.00

H. MONTAGU ALLAN,  
President

D. C. MACAROW,  
General Manager.

### STATEMENT OF LIABILITIES AND ASSETS AT 30TH APRIL, 1920.

LIABILITIES.		1920	1919
1.—To the Shareholders.—			
Capital Stock paid in .....	\$8,400,000.00	\$7,000,000.00	
Rest or Reserve Fund .....	\$8,400,000.00	\$7,000,000.00	
Dividends declared and unpaid .....	338,159.22	194,194.00	
Balance of Profits of per Profit and Loss Account submitted herewith ..	260,774.98	574,043.32	
	\$17,398,934.20	\$14,768,237.32	
2.—To the Public.—			
Notes of the Bank in circulation .....	14,791,027.00	13,316,033.00	
Deposits not bearing interest .....	45,368,876.69	43,552,214.61	
Deposits bearing interest (including interest accrued to date of Statement) .....	114,132,175.79	91,904,993.37	
Balances due to other Banks in Canada .....	2,747,402.86	2,614,696.64	
Balances due to Banks and Banking Correspondents in the United Kingdom and foreign countries ..	831,997.36	105,076.96	
Bills payable .....	2,117,441.21	464,153.05	
Acceptances under Letters of Credit .....			
Liabilities not included in the foregoing .....			
	197,387,855.14	166,725,404.95	
ASSETS.		1920	1919
Current Coin .....	\$ 4,193,117.50	\$ 4,946,946.33	
Deposit in the Central Gold Reserves .....	7,500,000.00	7,000,000.00	
Dominion Notes .....	8,407,003.25	8,405,602.50	
Notes on other Banks .....	1,170,482.00	985,044.00	
Cheques on other Banks .....	11,093,195.77	6,082,616.99	
Balances due by other Banks in Canada .....	9,470.50	3,215.80	
Balances due by Banks and Banking Correspondents in the United Kingdom .....	445,034.79	123,496.50	
Balances due by Banks and Banking Correspondents elsewhere than in Canada and the United Kingdom ..	1,561,157.87	1,903,040.10	
Dominion and Provincial Government Securities, not exceeding market value .....	7,893,229.90	6,005,573.65	