

THE MERCHANTS BANK OF CANADA.

THE REPORT ON LAST YEAR'S BUSINESS.

The report presented to the stockholders at the annual meeting of the Merchants' Bank of Canada, held on Wednesday, the fifteenth instant, at noon, is as follows:—

The directors beg to report to the stockholders the result of the year's operations, and also of the special examination of doubtful assets, securities, and properties made by the Joint General Manager.

The ordinary profits of the bank have been diminished by pressure of competition, but the losses arising from failures of customers during the year have been small. However, one exception, arising from a very heavy shrinkage in value of the security held for an important account necessitates a large appropriation out of the profits of the year to meet it.

The working of the business of the year has, therefore, been as follows:—

Net profits after payment of interest and charges, and providing for bad and doubtful debts, accruing during the year, including the above named were.....	\$440,437 96	
Balance from last year.....	141,717 22	
	<u>\$582,155 18</u>	
Out of which the usual dividends were paid of eight per cent.....	480,000 00	
Leaving a balance of.....	<u>\$102,155 18</u>	
The special examinations resulted in appropriations and adjustments at head office and branches (after deducting contingent account) of.....	\$108,941 30	
And bank premises and furniture were reduced.....	44,372 00	
	<u>\$453,313 30</u>	
This was met by a transfer from reserve account of.....	400,000 00	
Leaving a balance to be carried forward to next year of.....	48,841 88	
	<u>\$502,155 18</u>	<u>\$502,155 18</u>

The directors trust that there may be considerable recoveries from these appropriations, but it has been deemed most desirable to make large allowances for contingencies.

The volume of business of the bank has been well maintained, so far as deposits and circulation are concerned, but the diminished demand for mercantile Loans and Discounts is reflected in the balance sheet. A corresponding increase will be found in the investments of the bank in bonds, debentures and call loans.

The large developments of business in the Northwest have led to the consideration of favorable opportunities for business there, and branches have been opened at Portage la Prairie, Neepawa and Souris in Manitoba, at Medicine Hat in Assiniboia, and Edmonton in Alberta.

The expenses connected with the opening of these branches have been considerable, and have added to the charges for the year. The directors trust that hereafter they may prove a steady source of profit to the bank.

The bank already possesses the nucleus of a pension fund, but there has hitherto been difficulty in organizing it on a proper basis. It is, however, the intention of the board to give attention to the matter during the coming year, and it is hoped that a carefully considered scheme may be presented for adoption at a future meeting.

Meantime the annual cost of the pensions allowed to various former officers forms a part of the annual charges of the bank.

The various officers of the bank have discharged their duties to the satisfaction of the board.

All respectfully submitted.

Andrew Allan, President.

Montreal, June 9, 1898.

The statement of liabilities and assets at 31st May, 1898, is as follows:—

<i>Liabilities.</i>		
1.—To the Public.		Last year.
Notes in circulation.....	\$ 2,835,873	\$ 2,357,662
Deposits not bearing interest.....	2,409,361	2,554,992
Deposits bearing interest.....	9,895,205	8,765,341
Interest due thereon to date.....	71,157	78,565
Deposits of Canadian banks keeping accounts with this bank.....	917,281	670,447
Balances due to Canadian banks in daily exchanges.....	6,923	1,431
Balances due to agent in Great Britain.....		373,089
Dividend No. 59.....	240,000	240,000
Dividends unclaimed.....	767	1,398
	<u>\$16,776,571</u>	<u>\$15,042,928</u>
2. To the Stockholders.		
Capital paid up.....	\$ 6,000,000	\$ 6,000,000
Reserve.....	2,600,000	3,000,000
Surplus profits.....	48,841	141,717
Contingent Account.....		74,695
	<u>\$25,425,413</u>	<u>\$24,259,340</u>
<i>Assets.</i>		
Gold and silver coin on hand.....	378,449	372,580
Dominion notes on hand.....	1,121,269	1,044,743
Notes and Cheques of other Canadian banks.....	739,398	720,125
Balances due by other Canadian banks in Account and Daily Exchanges..	1,736	121,031
Balances due by agent in Great Britain.....	138,484	
Balances due by banks and agents in the United States.....	1,181,623	604,978
Dominion Government bonds.....	1,356,866	937,007
Railway, municipal and other debentures.....	1,221,854	398,928
Call and short loans on Bonds and Stocks.....	1,849,759	1,350,163
Total assets immediately available...	\$ 7,989,411	\$ 5,549,56
Time loans on bonds and stocks.....	492,430	555,574
Other loans and discounts less reserved for rebate.....	15,938,408	16,894,136
Loans and discounts overdue (loss provided for).....	93,137	147,454
Deposit with Dominion Government for security of note circulation.....	159,312	159,312