

REPORT OF THE DIRECTORS

OF THE

Canada Permanent Building and Savings' Society,

FOR THE ELEVEN MONTHS ENDING DECEMBER 31st, 1859.

The Shareholders having determined, at a meeting held in August last, to terminate the Society's financial year on 31st December, instead of 31st January, as heretofore, the Report and Statements now submitted contain a record of the transactions of the Society for eleven months only, instead of the usual term.

It will be seen, however, that the increase in the business of the Society has in that time much exceeded that of any previous year; and after thoroughly scrutinizing the various securities held by the Society and providing ample reservations to meet deficiencies arising from the greatly depreciated value of real estate, consequent on the existing commercial depression, a dividend has been credited to the Stockholders which will bear favorable comparison with that of any other money institution, and it is believed will more than realize the expectations of the members.

The income of the Society from members has advanced from \$11,700 to \$17,500 per month, and the number of members has increased from 502 to 720.

At the date of last report, all the Society's shares were of the value of \$400 each, and were paid up in six years. There were then existing 1927½ of these shares, and up to 10th August, after which no shares of this description were issued, 378½ new shares were subscribed for. To the 31st December, 134½ of those shares have been purchased, 8½ were forfeited, and 58½ were redeemed, making the net increase 177½, and the number now existing 2104½. Of this number 914 have been advanced, and 1190½ are investing shares. In the stead of the above mentioned, a new system of shares was instituted, of the value of \$50 each, and maturing in one or four years, and, up to 1st January, 1729 shares of this description have been issued. Of these 24 were redeemed, leaving the present number 1705, of which 680 have been advanced and 825 remain as investing shares. 191½ \$400 shares and 564 \$50 shares have been paid up in full. The subscribed capital, consisting of 1190½ shares of \$400 each and 825 shares of \$50 each, now amounts to \$517,550.

The Deposit or Savings Bank branch of the Society's business still proves of important benefit as a temporary and readily available investment to a numerous body of depositors; and the abundant assets, large and constantly increasing revenue the Society has attained, enables it to present advantages as to security and convenience which no establishment of small means can afford to an equal extent.

For several months a premium equal to 10 per cent. per annum, compounded half yearly, has been paid for all shares of four years old and upwards which could be obtained, and rates varying from 6 to 9 per cent. on shares of shorter duration. An increase in the rates on the older shares, it is believed, may shortly be made with advantage.

The investments of the Society continue to receive that careful consideration which their great importance demands; and notwithstanding the large accessions which the funds have recently received, the Board is of opinion that at no previous period have the amounts loaned been more satisfactorily secured.

Bearing in mind the extended operations of the Society, the high rates which real estate generally obtained at the time when a large portion of the Society's investments were made, and the low and almost unobtainable state to which property is now reduced, exhibiting a fluctuation rarely if ever known to other countries, it is some evidence of the care exercised in the selection of securities, that now, when the extreme of depression may be hoped to have been reached, a comparatively small reservation will cover all probable contingencies. The Board feels assured that the properties held are ample security for the amounts which they now respectively represent in the books of the Society.

As the Shareholders are already aware, permission has been obtained from the Legislature to capitalize matured shares and pay periodical dividends thereon; and the Board is of opinion that this privilege will have an important beneficial effect on the institution, by inducing a new class of individuals to invest therein, who were heretofore precluded from availing themselves of its advantages. There is reason to believe that a considerable amount of the new stock has been taken up with a view to be thus permanently invested, and the Directors feel satisfied that this course may be adopted with safety and profit to the investors, and will ultimately add much to the efficiency of the establishment.

It should be observed, however, that the original feature of the Society as a means of accumulation by the periodical payment of small sums has not been overlooked in the new arrangements, and that the Society continues to present the same inducements as heretofore to those who invest for that purpose. A system of shares maturing in and payable at the end of four years is in operation, which is well suited to those to whom the payment of a periodical dividend is not an object, or who wish to raise by a present payment, or by instalments, a sum payable at the end of several years; and the Society's profits being distributed on the principle of being half yearly compounded, investors for the longer term suffer no disadvantage as compared with those who receive a semi-annual dividend. The abolition of Entrance and Management Fees removes all ground for an apprehension which existed, founded on the practice of former Societies, that a portion of the funds paid in by investors was not accounted for to them with profits when their shares matured.