

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, June 2nd, 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 the 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 \$1,886,156.15, 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 to 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 2,922, 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 13% basis, and also, later, in distributing a bonus of 1%, making in all 14% 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 position called for the completion of our organization by the establishment of an office in the Capital of the Empire.

During the year we conceived it to be advisable and expedient, in keeping with modern and approved practice, to liquidate 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 ever-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—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. Healden, 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. McGregor, of Windsor, Vice-President of the Ford Motor Company of Canada, will accordingly be included in the list, which will be submitted to the shareholders at a meeting of high standard 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 benefited from the trip, and 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 service, 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.

H. 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	\$1,886,156.15
Premium on New Stock	700,000.00
The balance brought forward from 30th April, 1919, was	574,943.23
Making a total of	\$2,960,199.47
This has been disposed as follows:	
Dividend No. 128, at the rate of 13 per cent. per annum	\$228,416.01
Dividend No. 129, at the rate of 13 per cent. per annum	343,728.44
Dividend No. 130, at the rate of 13 per cent. per annum	356,205.74
Bonus 1 per cent.	33,283.00
Dividend No. 131, at the rate of 13 per cent. per annum	352,974.56
Government War Tax on Note Circulation	\$1,138.72
Transferred to Reserve Fund from Premium on New Stock	700,000.00
Transferred to Reserve Fund from Profit and Loss Account	100,000.00
Written off Bank Premises Account	100,000.00
Contribution to Officers' Pension Fund	260,774.38
Balance carried forward	260,774.38
	\$2,960,199.47

RESERVE FUND ACCOUNT

Balance, 30th April, 1919	\$7,000,000.00
Premium on New Stock	700,000.00
Transferred from Profit and Loss Account	700,000.00
	\$8,400,000.00
Average Paid-Up Capital during year	\$8,230,537.00
H. MONTAGU ALLAN, President.	D. C. MACAROW, General Manager.

STATEMENT OF LIABILITIES AND ASSETS AT 30th APRIL, 1920

LIABILITIES.		1920.	1919.
Capital Stock paid in	\$2,400,000.00	\$2,400,000.00	\$2,400,000.00
Reserve Fund	3,400,000.00	3,400,000.00	3,400,000.00
Dividends declared and unpaid	825,151.23	194,151.00	
Balance of Profits as per Profit and Loss Account submitted herewith	260,774.38	574,943.23	
	\$17,398,934.20	\$14,768,237.32	
2. To the Public:			
Notes of the Bank in Circulation	14,791,027.00	13,316,032.00	
Deposits not bearing interest	45,368,876.69	42,552,314.51	
Deposits bearing interest (including interest accrued to date of Statement)	114,132,176.79	91,994,982.27	
Balances due to other Banks in Canada	3,747,402.36	2,514,626.84	
Cheques on other Banks in Canada	2,117,441.31	464,132.95	
Balances due by Banks and Banking Correspondents in the United Kingdom	836,937.29	105,076.59	
Bills payable		464,132.95	
Acceptances under Letters of Credit		464,132.95	
Liabilities not included in the foregoing			
	\$197,887,855.14	\$166,725,404.95	
ASSETS.			
Current Coin	\$4,192,117.50	\$4,348,942.32	
Deposit in the Central Gold Reserves	7,500,000.00	7,500,000.00	
Demands on other Banks	8,497,992.25	8,497,992.25	
Notes of other Banks	1,770,482.00	382,044.00	
Cheques on other Banks	11,983,152.77	6,822,814.59	
Deposits due by other Banks in Canada	5,460.59	2,515.59	
Deposits due by Banks and Banking Correspondents elsewhere than in Canada and the United Kingdom	445,034.79	122,494.50	
Demands on and Federal Government Securities, not exceeding market value	1,841,167.87	1,963,046.70	
Real Estate and other Securities, not exceeding market value	7,393,225.90	6,095,572.81	
Railway and other Bonds, Debentures and Stocks, not exceeding market value	4,597,622.10	4,119,702.32	

Canadian Municipal Securities and British Foreign and Colonial Public Securities other than Canadian	13,239,204.50	15,233,339.32
Call Loans in Canada on Bonds, Debentures and Stocks	8,471,243.31	5,134,499.71
Call Loans elsewhere than in Canada	6,296,537.78	2,801,857.72
	\$72,697,546.36	62,750,188.94

Current Loans and Discounts in Canada (less Rebate of Interest)	\$119,195,913.94
Loans on Cheques, Bills, and Capitalists and School Districts	2,587,491.69
	121,783,405.63

Current Loans and Discounts elsewhere than in Canada (less Rebate of Interest)	1,117,268.51	332,918.12
Liabilities of Customers under Letters of Credit as per contra	2,117,441.31	464,132.95
Real Estate other than Bank Premises	604,225.33	782,326.64
Overdue Deposits not provided for	352,737.25	267,973.56
Bank Premises at not more than cost (less amounts written off)	\$2,076,639.21	5,253,269.48
Deposits with the Minister for the purpose of the Cullulation Fund	377,000.00	266,000.00
Other Assets not included in the foregoing	758,500.65	615,149.12
	\$197,387,855.14	\$166,725,404.95

After crediting amount received in respect of Premises transferred to The Merchants Realty Corporation, Limited.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF THE MERCHANTS BANK OF CANADA.

In accordance with the provisions of sub-sections 19 and 20 of Section 56 of the Bank Act, we report to the shareholders as follows:— We have examined the above Balance Sheet with the Books of Account and other records of the Bank and with the signed returns from the Branches and Agencies and have checked the cash and verified the securities of the Bank at the Chief Office and in regard thereto in the books of the Bank at 30th April, 1920, and at different times during the year and found them to agree with such entries. We also attended at some of the Branches during the year and checked the cash and verified the securities held at the dates of our attendances and found them to agree with the entries in regard thereto in the books of the Bank.

We have obtained all the information and explanations we have required. In our opinion, the transactions of the Bank which have come under our notice have been within the powers of the Bank, and the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs, according to the best of our information and the explanations given to us, and as shown by the books of the Bank.

VIVIAN HARCOURT,
GORDON TANSLEY,
Auditors.
(of the firm of Deloitte, Plender, Griffiths & Co.
Montreal, 25th May, 1920.)

PRESIDENT'S ADDRESS.

In moving the adoption of the report, Sir Montagu Allan said: "After my formal address I wish to add just a few words, and I apologise to Mr. Macarow for doing so, because it is somewhat of a personal matter, but I think on this occasion it should be referred to.

"I wish to say that the day before yesterday I and the members of the board were notified by a member of the staff of the Bank that a very important affair was to take place on the board room here yesterday afternoon. We attended, and were agreeably surprised to find that the business in hand was a presentation to our General Manager, Mr. D. C. Macarow.

"I have not secured his permission to mention this matter, but take the opportunity of doing so, because it was a decidedly unique event, of which neither he nor I nor the directors had any previous knowledge.

"It turned out to be a spontaneous gift from all the members of the bank's staff, from Vancouver to Halifax, a magnificent silver tea service, one of the most beautiful things I have ever seen, with other objects d'art.

"The presentation was the occasion of some very happy addresses from members of the staff, with an address which they presented Mr. Macarow, along with their gift, and replied to a particularly illuminating reply from the General Manager, which, needless to say, brought down the tears from all the members of the staff.

"It is with particular pleasure that I inform the shareholders of this event, because it is of interest to you all to know that the General Manager and the staff are in such close accord, and we such friendly personal relations, that the staff have every confidence in Mr. Macarow, and from what we saw in the west last year, there was no doubt of the friendly feelings of the staff everywhere towards him. As an evidence of the friendly and confident relations that exist between Mr. Macarow and the staff over Canada, I think yesterday's function was one of the most agreeable and unique I have been privileged to witness for a long time, and I congratulate Mr. Macarow on the regard he has won from the bank staff throughout the whole Dominion." (Applause).

The president then made the formal resolution for the adoption of the annual report, seconded by Mr. K. W. Blackwell.

THE GENERAL MANAGER'S ADDRESS.

The General Manager, Mr. D. C. Macarow, in rising to make his address, was received with much applause from the shareholders. He said:

"In the first place I must say that the personal onslaught made upon myself by the president is as unexpected as it is kindly. I was deeply touched by the presentation so spontaneously made to myself by the staff throughout the country. I view the presentation with mixed feelings, appreciation of the kindly intent it showed, and doubt as to my own merits. However, I accepted it in the spirit in which it was given, and it will always be one of my most prized possessions.

"The President's address forms a comprehensive epitome of all the important phases of the Bank's present position, and has appropriately dealt with or touched upon the several outstanding developments which have taken place during the past fiscal year.

"I shall, therefore, but add a brief word of amplification as to some features of the statement which it occurs to me may be enlarged upon without unnecessary repetition.

"Another Victory Loan last autumn was again heavily subscribed to by the Bank's clients throughout the country, their total subscriptions reaching the large sum of \$41,770,000, practically all of which (conversions being negligible in amount) was a direct charge against our deposits. Yet the resultant heavy withdrawals were not only overruled, but deposit totals show an increase, in addition, over last year, of \$24,900,000. This must be considered a satisfactory achievement, I think.

"Commercial Discounts have, in the natural course, advanced also, and the total now stands at \$113,195,000, being an increase during the year of \$17,324,000. These figures indicate that the Bank is continuing to carry its full share of the load in a period when the support and encouragement of the productive capacity and energies of the country is a matter of paramount importance. If stable conditions are to be reasonably maintained, it is essential that the vital channels of commerce and industry be kept open and, I venture to assert, in functioning as the above figures reflect, the Bank is playing its part to the end.

"I made reference to our Asset column as representing dollar for dollar of actual value, and I make the same assertion today with equal emphasis.

"The record of growth this year leads me to feel that a few figures showing our progress, taking the last five years as a basis of comparison, may be of some interest to you. The totals and percentages are as follows, based on the year-end figures as at 30th April, 1915, and 30th April this present year:

Total Deposits	\$44,969,000	\$163,000,000	151%
Current Loans and Discounts	47,461,000	113,195,000	135%

"It is a satisfactory and evenly balanced measure of development, you will, I am sure, agree.

"If I may be permitted to add a word as to general conditions I will be brief, for the subject has been dealt with from platform, pulpit and press so exhaustively that I cannot say much without wearisome repetition. I fear it must be admitted, however, that the progress of this country, and indeed of the world at large, toward normal peace conditions has not been what we looked forward to a year ago. Unsettled conditions, labor and other difficulties abound, and the dominant need of the time, production, is palpably inert and backward. So long as production lags so long will high prices and general inflation continue. Costs are mounting to ever higher levels and the process of deflation with the necessary changes in ideas, in habits and in outlook to something more approaching those of normal conditions can hardly be said yet to be in real evidence, though sporadic and somewhat spectacular cutting of prices in certain seasonal lines of manufactured goods may perhaps be accepted as a psychological sign showing that the trend, at least, is in the right direction.

"The demand for borrowed capital continues to be more or less importunate and it is in the conservation of credit and the equitable rationing of it that Banks can play and, indeed, are playing a sound constructive role. Legitimate productive enterprises are being fostered and encouraged fairly, while at the same time a firmly restraining hand is held upon unproductive, non-essential and speculative undertakings. This policy of selective curtailment, so to put it, operating as it does at its very root of existing evils, and applied with due regard to discrimination and consistency, cannot but prove a beneficial corrective and an importantly contributing factor towards restoring, with a minimum of dislocation and disturbance, healthy and normal conditions in the body politic.

"I might here venture to say that it is a matter of gratification to see our mercantile marine growing apace and to know that the Government will have, it is understood, some 45 merchant vessels in commission by the end of July next. I mentioned last year, and reaffirm the opinion then expressed, that there is nothing of greater national importance than the establishment of our own lines of ocean transport, and what has been and is being accomplished in this direction, both by the Government and by private enterprise, augurs well for the future safety and stability of the country's trade and commerce.

"After what looked like in some respects an ominous start this crop season throughout the country now seems to justify the belief that good yields will be secured this year. Predictions, however, are futile and we can only nurse the hope that actual results will fairly measure up to present optimistic estimates. Certain, on the theory of averages alone, we are entitled to look for some dress in the crop situation this year. Much depends upon it, more especially in view of the disappointing results of the last two years, and if nature is benevolent in the coming harvest this country will benefit to an unmeasured extent, and we shall be reasonably in a position to view the period of deflation upon the threshold of which we stand, with feelings of confidence as to our immediate future—as to our ultimate future there need be no misgiving, for it must be borne in mind that Canada is a young and virile country of almost limitless possibilities and immense natural resources awaiting development, that its manhood is strong, enterprising, thoughtful and sane.

THE MAN ON WATCH

Now that the "knockers" of the fire department have been knocked as flat as a pancake, what next will they attack?

How did the county council miss holding its session during a circus week? There should be an enquiry into this.

Well if the Supreme Court of Canada cannot agree on the law as to price fixing, a lay opinion would appear to be just as good as the findings of their lordships.

The Humane and the Historical societies have difficulty in gathering together a quorum for their meetings. Even the ladies' mission society can beat them.

Some of the best people claim it is not necessary to attend church twice a Sunday in order to be seventy five per cent. good. There certainly appears to be no rule requiring it, but double attendance is not harmful anyway.

A vote has been held in Gananoque and the most popular girl decided upon. Now let Gananoque try out its best janes in competition with Fortsmith's most charming petticoat.

If the employees could only fix their wages as the employers fix their prices and Sir Henry Drayton his luxury tax, would it not be a happy world?

Wolfe Islanders refused to accept the decision of the hockey board last winter and now comes island objection to abide by the decision of the League Judge in the muskrat case. It takes a very strong argument to convince the good islanders.

It should not require a motion of the city council to remove the pest house in the city park. Some of the political parsons' Sim Pein friends, who are used to burning down bar-

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Whether it is a cut hand or a gashed knee—a torn arm, burnt finger, sprained ankle, bruise or open wound—apply "ABSORBINE JR." full strength.

It may smart for an instant—but it will cleanse the wound, destroy germs, prevent infection, ease the pain and promote rapid and healthy healing.

For toothache, saturate cotton with "ABSORBINE JR." and place in the cavity in the tooth. Then rub the face with this reliable liniment—it stops the pain.

If the children get sore throat or tonsillitis, make a gargle with "ABSORBINE JR." You see how useful, how handy, how necessary it is to keep a bottle of "ABSORBINE JR." always in the house—it saves so much pain and suffering.

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Colds, when neglected or badly treated give rise to consequences of such a grave character that you should not risk using inferior preparations.

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Which apparently means that William and the outer part of Victoria ward are to be christened.

—THE TOWN WATCHMAN

Joe Maher, with Sparks Bros. circus, was drowned in Small's pond, at Guelph, while in bathing. He could not swim and had gone in after having partaken of a full meal. He got beyond his depth and sank before help could reach him. He was about twenty-four years of age, and served overseas with the 102nd Battalion.

racks might be invited over from Ireland to make an attack on the west structure. They would no doubt delight in being given the opportunity of attacking it in view of the fact that it was erected by His Majesty's government for the military some years ago.

It is announced that the erection of a new Methodist church uptown may be discussed by the Montreal Conference under the heading "Extension of the Kingdom of God."