

1936
BANK OF MONTREAL

ANNUAL GENERAL MEETING

HELD 7TH DECEMBER, 1936

The 119th Annual General Meeting of the Shareholders of the Bank of Montreal was held on the 7th December, 1936, in the Board Room at the Bank's Headquarters.

Among those present were: the Hon. Thos. Ahearn, P.C., J. C. C. Almon, A. D. Anderson, D. Forbes Angus, R. H. Arkell, Arthur Barry, Samuel M. Baylis, Sir Edward Beatty, G.B.E., Louis de G. Beaubien, F. G. Belcher, Lt.-Col. K. G. Blackader, M.C., W. B. Blackader, W. A. Bog, J. A. Boisjoli, J. S. Bolton, W. W. Bruce, C. W. Buchanan, George A. Campbell, K.C., G. Rutherford Caverhill, Alfred Chaplin, F. D. Chapman, C. W. Chesterton, Ross Clarkson, Ronzo H. Clerk, N.P., the Hon. Henry Cockshutt, F. W. Collins, W. R. Creighton, D. E. Crutchlow, J. Cuthbertson, Norman J. Dawes, A. O. Dawson, Jackson Dodds, H. R. Drummond, C. G. Dunning, W. R. Eakin, W. Sanford Evans, Samuel W. Ewing, William C. Finley, C. Fairall Fisher, A. B. Foster, A. E. Francis, B. C. Gardner, J. Garrow, Sir Charles Gordon, G.B.E., Alastair A. Gowan, C.A., G. H. Greening, E. Haberer, A. D. Harper, Samuel Hart, A. J. L. Haskell, C. A. Hodgson, C.A., Frank H. Hopkins, W. James, R. P. Jellett, John Jenkins, M. A. Johns, J. R. Kirkpatrick, R. E. Knight, J. N. Laing, Louis L. Lang, T. T. Lawlor, F. X. Leduc, the Hon. Rodolphe Lemieux, K.C., J. E. Leslie, Sir Charles W. Lindsay, K.B.E., W. T. A. MacFadyen, J. W. McConnell, W. McDonnell, Ross H. McMaster, F. E. Meredith, K.C., Major-General the Hon. S. C. Mewburn, C.M.G., Lt.-Col. Herbert Molson, C.M.G., M.C., R. S. Morphy, Daniel J. Munn, W. G. Murrin, G. H. Napier, C. A. Neville, Major S. C. Norsworthy, D.S.O., M.C., Lt.-Col. W. P. O'Brien, Lt.-Col. Gavin L. Ogilvie, Elzear Orchard, Alex. Paterson, A. M. Peters, F. Pike, L. H. Pinsonnault, Arthur B. Purvis, William G. Quinn, W. A. Ralston, A. Guy Ross, O. R. Sharp, G. Ross H. Sims, C. F. Sise, H. F. Skey, G. W. Spinney, Sir William Stavert, K.B.E., J. T. Stevens, E. H. Stewart, Arthur Terroux, W. W. Thompson, L. W. Townsend, R. J. Williams, Sir Frederick Williams-Taylor, E. P. Winslow.

On motion of Mr. H. R. Drummond, Sir Charles Gordon, G.B.E., was requested to take the chair.

Mr. A. O. Dawson moved, seconded by Mr. Arthur B. Purvis, that Sir William Stavert, K.B.E., and Lt.-Col. Gavin L. Ogilvie be appointed to act as Scrutineers, and that Mr. C. H. Cronyn be the Secretary of the Meeting. This was carried unanimously.

The Chairman then called upon Mr. Jackson Dodds, Joint General Manager, to read the Annual Report of the Directors to the Shareholders at the 119th Annual General Meeting held on Monday, December 7th, 1936.

THE ANNUAL REPORT

The Directors have pleasure in presenting the Report showing the result of the Bank's business for the year ended 31st October, 1936.

PROFIT AND LOSS ACCOUNT

Balance of Profit and Loss Account, 31st October, 1935.....	\$1,935,033.36
Profits for the year ended 31st October, 1936, after making appropriations to Contingent Reserve Fund, out of which Fund full provision for Bad and Doubtful Debts has been made, and after deducting Dominion and Provincial Government Taxes amounting to \$991,645.26.....	3,181,501.37
	<u>\$5,116,534.73</u>
Quarterly Dividend 2 per cent. paid 2nd March, 1936.....	\$ 720,000.00
Quarterly Dividend 2 per cent. paid 1st June, 1936.....	720,000.00
Quarterly Dividend 2 per cent. paid 1st Sept., 1936.....	720,000.00
Quarterly Dividend 2 per cent. payable 1st Dec., 1936.....	720,000.00
	<u>\$2,880,000.00</u>
Written off Bank Premises.....	200,000.00
	<u>3,080,000.00</u>
	<u>\$2,036,534.73</u>
Transferred to Rest Account.....	1,000,000.00
Balance of Profit and Loss carried forward.....	<u><u>\$1,036,534.73</u></u>

(Signed) CHARLES B. GORDON,
President.

(Signed) W. A. BOG,
JACKSON DODDS,
Joint General Managers.

During the financial year, twenty-one offices were closed throughout the Dominion of Canada.

The Board accepted with regret the resignation of Mr. W. A. Black, a member of the Board since 1928. In September, Mr. W. G. Murrin was appointed a member of the Board.

All the offices of the Bank, including the Head Office, have been inspected during the year.

(Signed) CHARLES B. GORDON,
President.

Bank of Montreal, 7th December, 1936.

THE GENERAL STATEMENT

The General Statement of the position of the Bank on 31st October, 1936, was submitted as follows:

LIABILITIES

Capital paid up.....		\$ 36,000,000.00
Rest.....	\$ 39,000,000.00	
Balance of profits carried forward as per Profit and Loss Account.....	1,036,534.73	
	<u>\$ 40,036,534.73</u>	
Unclaimed Dividends.....	9,613.09	
Quarterly Dividend, payable 1st December, 1936.....	720,000.00	
		<u>40,766,147.82</u>
		<u>\$ 76,766,147.82</u>
Notes of the Bank in circulation.....	\$ 27,749,972.00	
Deposits by and balances due to Dominion Government.....	21,477,315.04	
Deposits by and balances due to Provincial Governments.....	8,443,956.65	
Deposits by the public not bearing interest.....	189,401,980.18	
Deposits by the public bearing interest, including interest accrued to date of statement.....	463,579,911.72	
Deposits by and balances due to other chartered banks in Canada.....	1,761,698.02	
Deposits by and balances due to banks and banking correspondents in the United Kingdom and foreign countries.....	6,647,192.47	
Bills payable.....	137,838.65	
		<u>719,199,864.73</u>
Acceptances and Letters of Credit outstanding.....		7,168,979.49
Liabilities to the public not included under the foregoing heads.....		1,947,005.98
		<u>\$805,081,998.02</u>

ASSETS

Gold held in Canada.....	\$ 22,725.63	
Subsidiary coin held in Canada.....	944,910.38	
Gold held elsewhere.....	534.92	
Subsidiary coin held elsewhere.....	134,809.16	
Notes of Bank of Canada.....	14,515,012.75	
Deposits with Bank of Canada.....	63,187,714.97	
Notes of other chartered banks.....	\$ 1,496,325.00	
Cheques on other banks.....	27,725,906.15	
Government and bank notes other than Canadian.....	436,371.58	
Deposits with and balances due by other chartered banks in Canada.....	1,767.97	
Due by banks and banking correspondents elsewhere than in Canada.....	20,624,958.10	
Call and short (not exceeding thirty days) loans in Canada on Stocks, Debentures, Bonds and other securities, of a sufficient marketable value to cover.....	8,169,988.82	
Call and short (not exceeding thirty days) loans elsewhere than in Canada on Stocks, Debentures, Bonds and other securities, of a sufficient marketable value to cover.....	25,400,166.98	
		<u>83,855,484.60</u>
Dominion and Provincial Government direct and guaranteed securities maturing within two years, not exceeding market value.....		196,243,741.24
Other Dominion and Provincial Government direct and guaranteed securities, not exceeding market value.....		174,111,513.53
Canadian municipal securities, not exceeding market value.....		35,060,722.76
Public securities other than Canadian, not exceeding market value.....		15,197,593.55
Other Bonds, Debentures and Stocks, not exceeding market value.....		23,197,823.95
		<u>\$606,472,587.44</u>
Current loans and discounts in Canada, not otherwise included, estimated loss provided for... Loans to Provincial Governments.....	\$130,850,026.34	
Loans to Cities, Towns, Municipalities and School Districts.....	766,340.33	
Current loans and discounts elsewhere than in Canada not otherwise included, estimated loss provided for.....	27,606,925.94	
Non-current loans, estimated loss provided for.....	11,904,652.49	
	3,013,066.80	
		<u>174,141,011.90</u>
Bank premises, at not more than cost, less amounts written off.....		14,000,000.00
Real estate other than bank premises.....		685,576.86
Mortgages on real estate sold by the bank.....		821,796.81
Liabilities of customers under Acceptances and Letters of Credit as per contra.....		7,168,979.49
Deposit with the Minister of Finance for the security of note circulation.....		1,737,019.37
Shares of and loans to controlled companies.....		4.00
Other Assets not included under the foregoing heads.....		55,022.15
		<u>\$805,081,998.02</u>

NOTE—The business of the Bank in San Francisco, U.S.A., is carried on under the name of a locally incorporated company and the figures are incorporated in the above General Statement.

CHARLES B. GORDON,
President.

W. A. BOG,
JACKSON DODDS,
Joint General Managers.

TO THE SHAREHOLDERS OF THE BANK OF MONTREAL.

We have compared the above Statement with the Books and Accounts of the Bank of Montreal at the Head Office, and with the certified Branch Returns. We have checked the cash and verified the investments and securities at the Head Office, and at several of the principal Branches of the Bank at the end of the financial year. We have likewise, at various dates throughout the year, checked the cash and verified the securities at several important Branches.

We have to report that: (a) we have obtained all the information and explanations we have required; (b) in our opinion the transactions of the Bank, which have come under our notice, have been within the powers of the Bank, and (c) in our opinion, the above Statement discloses the true condition of the Bank and it is as shown by the Books of the Bank.

CHARLES A. HODGSON, C.A.,
of the firm of Creak, Cushing & Hodgson.
ALASTAIR A. GOWAN, C.A.,
of the firm of Riddell, Stead, Graham & Hutchison. } Auditors.

MONTREAL, November, 23rd 1936.

HOCHELAGA REALTY AND DEVELOPMENT COMPANY

Balance Sheet as at 31st October, 1936

ASSETS		LIABILITIES	
Buildings, Real Estate, etc., 64-68 Wall Street, New York, less depreciation.....	\$1,161,000.89	Capital Stock:—	
Prepaid Taxes.....	5,265.00	Authorized and Issued—100 Shares of \$100 each.....	\$ 10,000.00
Account Receivable.....	60.00	Four per cent. Debenture Bonds	
Cash in Bank.....	322.50	—due 1st September, 1938..	\$ 220,000.00
		—due 1st March, 1950.....	1,000,000.00
	\$1,166,648.39		1,220,000.00
Deficit.....	73,439.32	Accounts Payable.....	1,954.38
	\$1,240,087.71	Bond Interest Accrued.....	8,133.33
			\$1,240,087.71

NOTE:—

The Company was granted corporate existence by the State of New York on 27th May, 1909. The object of its formation was to enable the Bank to hold title to real estate in New York City. The Capital Stock and Bonds are entirely owned by the Bank and appear on its books at a nominal value of \$1.00.

Auditors' Report

We have examined the Books and Accounts of Hochelaga Realty and Development Company for the year ended 31st October, 1936, and we report that, in our opinion, the above Balance Sheet is drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st October, 1936, according to the best of our information and the explanations given to us, and as shown by the Books of the Company. We have obtained all the information and explanations required.

MONTREAL, 16th NOVEMBER, 1936.

(Signed)
CHARLES A. HODGSON, C.A.,
ALASTAIR A. GOWAN, C.A.,
Auditors.

EDIFICIO MONTREAL, S.A.

Balance Sheet as at 31st October, 1936

ASSETS		LIABILITIES	
	Mexican Pesos	Capital Stock:—	Mexican Pesos
Cash in Bank.....	\$365,000.00	Authorized and Issued—100 Shares of \$7,500 each.....	\$750,000.00
Deficit.....	385,000.00		
		The Company has given a bond for an undetermined amount on behalf of the Bank of Montreal in connection with an appeal by the latter for an injunction against a decision handed down by a Mexican Court.	
	\$750,000.00		\$750,000.00

NOTE:—

The Company was formed in July, 1930, in conformity with Mexican legal requirements for the purpose of holding and administering the property occupied by the Bank's former Mexico City Branch. The Company is in process of liquidation. The Capital Stock is entirely owned by the Bank and the shares appear on its books at a nominal value of \$1.00.

Auditors' Report

We have examined the Books and Accounts of Edificio Montreal, S.A., for the year ended 31st October, 1936, and we report that, in our opinion, the above Balance Sheet is drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st October, 1936, according to the best of our information and the explanations given to us, and as shown by the Books of the Company. We have obtained all the information and explanations required.

MONTREAL, 16th NOVEMBER, 1936.

(Signed)
CHARLES A. HODGSON, C.A.,
ALASTAIR A. GOWAN, C.A.,
Auditors.

COMPANIA TERRITORIAL MEXICANA, S. A.

Balance Sheet as at 31st October, 1936

ASSETS		LIABILITIES	
	Mexican Pesos		Mexican Pesos
Real Estate and Mortgages, less Reserve.....	\$ 13,265.14	Capital Stock:—	
Shares.....	17,283.42	Authorized and Issued—500 Shares of \$100 each.....	\$ 50,000.00
Accounts Receivable.....	315.12	Accounts Payable.....	1,228.43
Cash in Bank.....	34,327.87	Loan from Bank of Montreal.....	205,320.58
	<u>\$ 65,191.55</u>	The Company has given a bond for an undetermined amount on behalf of the Bank of Montreal in connection with an appeal by the latter for an injunction against a decision handed down by a Mexican Court.	
Deficit.....	191,357.46		
	<u>\$256,549.01</u>		<u>\$256,549.01</u>

NOTE:—

The Company was formed by the Bank in February, 1911, to assist in the realization of certain assets taken over by the Bank at that time. The Capital Stock is entirely owned by the Bank and the Shares appear on its books at a nominal value of \$1; provision has been made by the Bank to cover the impairment of its loan.

Auditors' Report

We have examined the Books and Accounts of the Compania Territorial Mexicana, S.A., for the year ended 31st October, 1936. Subject to the Assets realizing the amounts at which they appear in the Company's Books, we report that, in our opinion, the above Balance Sheet is drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st October, 1936, according to the best of our information and the explanations given to us, and as shown by the Books of the Company. We have obtained all the information and explanations required.

MONTREAL, 16th NOVEMBER, 1936.

(Signed)
CHARLES A. HODGSON, C.A.,
ALASTAIR A. GOWAN, C.A.,
Auditors.

THE ST. JAMES LAND COMPANY LIMITED

Balance Sheet as at 31st October, 1936

ASSETS		LIABILITIES	
*The rights of the Company in an emplacement conveyed to Insurance Exchange Corporation Limited, by a 99 years' lease (emphyteutic lease) and in the building thereon constructed by Insurance Exchange Corporation Limited, as at 29th September, 1923.....	\$222,396.95	Capital Stock:—	
Expended on the building to date.....	94,808.19	Authorized and Issued—200 shares of \$100 each.....	\$ 20,000.00
	<u>\$317,205.14</u>	Capital Surplus.....	297,205.14
	<u>\$317,205.14</u>		<u>\$317,205.14</u>

***NOTE:—**

The St. James Land Company's rights in the above described emplacement and building have been hypothecated by The St. James Land Company Limited to the extent of \$320,100 to secure bonds of Insurance Exchange Corporation Limited, for the payment of which amount The St. James Land Company Limited is not personally liable. The Capital Stock is entirely owned by the Bank and the shares appear on its books at a nominal value of \$1.00.

C. H. CRONYN, Director.
THOMAS CARLISLE, Director.

Auditors' Report

We have examined the Books and Accounts of The St. James Land Company Limited for the year ended 31st October, 1936, and we report that, in our opinion, the above Balance Sheet is drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st October, 1936, according to the best of our information and the explanations given to us, and as shown by the Books of the Company. We have obtained all the information and explanations required.

MONTREAL, 16th NOVEMBER, 1936.

(Signed)
CHARLES A. HODGSON, C.A.,
ALASTAIR A. GOWAN, C.A.,
Auditors.

THE PRESIDENT'S ADDRESS

Gentlemen,—In September last Mr. W. A. Black, having taken up his residence abroad, resigned his position as a member of the Board. His retirement has been a matter of regret to your Directors, for during the eight years in which he attended our meetings his views were most highly valued, particularly upon matters pertaining to the Prairie Provinces, where he had lived for a long period. To fill the vacancy thus occasioned, the Board appointed Mr. W. G. Murrin, President of the British Columbia Power Corporation, Limited. Mr. Murrin is a resident of Vancouver and is connected with many important enterprises on the Pacific Coast. His appointment adds to your Board an able representative of the westernmost portion of the Dominion.

Another addition to the Directorate which you will be asked to make to-day is that of Mr. Louis L. Lang, whose home is in Galt, Ontario, but whose chief interests are in Kitchener and that district. We felt that it was desirable to have another director in this important part of Ontario, where the Bank enjoys a large business. Mr. Lang is connected with various important enterprises and his advice and counsel will be helpful.

THE BANK'S STATEMENT

The Bank's statement now before you does not differ substantially from that of last year. The total assets continue in high figures, as also does the relatively high liquidity of those assets.

This is the ninth annual meeting over which I have presided. The report which was presented on the first occasion when I had the pleasure of addressing you as President, namely, in 1928, showed that our commercial loans at that time amounted to 45% of our deposits and our investments to 15%. To-day the commercial loans amount to 21% and the investments to 64%. This represents a great change; in fact, so great has been the change that a large portion of our business has become, for the time being, almost of the nature of an investment trust. In a recent visit to New York I found the same conditions existing with the larger institutions there. In their case, however, interest is paid upon less than one-tenth of the deposits placed with them and therefore they are able to loan funds at a very low rate of interest—in fact, at almost any rate—and still meet their overhead. The reverse is the case in Canada, as while no interest is paid on deposits in our current department, the larger volume of money is placed in the savings department, with the result that we pay interest upon nearly seven-tenths of our total deposits. This interest must be earned, in addition to the Bank's cost of operating, before there can be any return to shareholders.

We hope that with the encouragement which improving trade will give to business enterprise, the demand for banking accommodation will increase and that at our next meeting we shall be able to report a better balance between commercial loans and gilt-edged investments. As to profits during the past year, you will note that the dividend now being paid has been earned by a fair margin and that we have been able to effect a writing down of our premises account. There has been transferred to Rest Account from the balance in Profit and Loss Account accumulated in previous years a sum of one million dollars. Further information with regard to the statement will be contained in the address of the General Managers.

TRADE AND INDUSTRY

It has been said that fear to-day has many spokesmen, confidence but few. I feel that circumstances warrant my speaking with more confidence than for several years past regarding conditions in this country, this view being based to a great extent on personal observation. In my recent trip to the Pacific Coast I found a marked improvement over the conditions which prevailed at the time of my previous tour two years ago. The year under review can truly be said to be a year of recovery, in which, with

certain reservations, it can be claimed that every province of the Dominion has participated. If I were preaching a sermon instead of addressing a meeting of shareholders, I would say that a note of *Sursum Corda*—"Lift up your hearts"—should strike a responsive chord everywhere from the Atlantic to the Pacific. Five fundamental features are outstanding in any review of the year's progress. They are:—

- The recovery in agriculture;
- The extraordinary activity in mining;
- The all-time record in newsprint production;
- The gratifying increase in the tourist trade;
- The striking expansion in our export trade.

Let us see how these features are reflected in a quick trip in imagination across the Dominion. Excellent crops, with the price levels once more on a remunerative basis, are restoring the purchasing power of the farmers in the Maritime Provinces. The long-dormant lumber industry there has revived, and coal-mining and steel manufacture evince activity. On the whole, while unsettled conditions abroad have made returns from the fisheries unsatisfactory, generally conditions are better than they have been for years.

In Quebec good crops at better prices and a sounder position in the lumber industry are to be noted; the newsprint industry is working its way steadily toward a remunerative basis, but proper allowances for depreciation, depletion and sinking fund will have to be made in future, as these have been neglected for some years. In addition, foundations are being laid upon a broad scale for what to this Province is a new major industry, that of mining.

In Ontario crop returns have been excellent in some districts and poor in others, owing to drought. Nevertheless, the Ontario crops on the whole are still large and better prices are general. Mining development has had its greatest year in history, influencing constructively every phase of provincial activity. The lumber industry and newsprint manufacturing have been equally as active as in Quebec.

In the Prairie Provinces the excellent crop prospects of the earlier part of the season were dimmed by a drought over large portions of the prairies, yet the wheat crop as a whole amounts to the impressive total of 216,000,000 bushels. It grades more than usually high in quality and over large portions of the three provinces it gives encouraging returns to the farmers. Moreover, an uplift has been given to the whole West by the best wheat price level in years, the value of this year's crop being estimated at \$197,000,000 as compared with \$156,000,000 last year. An added factor in the uplift is an export demand which is rapidly dissipating the depressing cloud that has overshadowed the market in the form of the large carry-over from former years.

In British Columbia crops have been good and prices more satisfactory, mining has been exceptionally active and lumbering has regained its old-time vigour. The same may be said in regard to the fishing industry. The whole outlook has changed for the better.

While this has been a year of recovery throughout Canada, there are important industries in which recovery is only now becoming apparent. They are the building industry and what are known as the capital goods industries, by which is meant industries which supply the requirements for production. Building and capital goods industries are among the first to feel a depression and the last to recover. We are approaching the time when an upswing in these industries may be anticipated. The best way to stimulate this and to bring our whole economic life to a balance is to introduce an element of certainty about the future into the picture. I am glad to observe that this feeling apparently permeates the administration at Ottawa.

EMPLOYMENT

Realizing that the most numerous group of those out of employment to-day emanate from the construction industry, the Dominion Government, acting on the recommendation of the National Employment Commission, announced early in September a national housing policy based on the following three foundations:—

1. A Home Improvement Plan having for its object the rehabilitation of existing dwellings.
2. A low-cost housing plan to provide dwellings for those who cannot afford to pay an economic rent, with its corollary the abolition of existing slum areas in the main cities.
3. An improved Dominion Housing Act to provide medium-priced housing facilities for those who can afford to purchase their homes, provided payments are spread over a long period and interest is calculated at a reasonably low rate.

The first of these plans, the one to modernize or rehabilitate existing dwellings, was found by the National Employment Commission to be the easiest of approach. Experience available indicated that the United States had made the best attack on the problem and it was decided, therefore, to model a Canadian plan on the United States effort, which had stood the test of two years' experience. The plan rests upon a Dominion Government guarantee to lending institutions (the Canadian banks with their vast branch systems representing the chief element) of 15% of the aggregate of loans made by any one lending institution. In exchange for this guarantee the lending institution undertakes to loan small amounts up to \$2,000 to individual home owners who wish to improve their premises. The loans are to be at a $3\frac{1}{4}\%$ rate of discount, which is the equivalent of 6.32% on a year's repayment basis.

This interest is about one-half the rate which in the past has obtained for payments for automobiles, electrical equipment, et cetera, which admittedly, however, has not had the backing provided by a Government partial guarantee. In the United States a discount rate of 5% (equivalent to almost 10% interest) was successfully used, so the Canadian banks by agreeing to the lower rate are contributing to a great degree towards ensuring the success of the plan. It will be seen that the possibilities for employment in a Home Improvement Plan for Canada are great when it is borne in mind that in the United States for every dollar of loan made there were three dollars of private money spent; that some \$450,000,000 of loans had been made in the two years up to the end of October, 1936, which is equivalent on this three-to-one basis to a total expenditure on home improvements of approximately \$1,800,000,000; that 80% of such expenditures went to labour; and that the loss to the United States Government under its guarantee so far (so I understand) has been comparatively light.

In the case of low-cost housing, the National Employment Commission is engaged in developing a detailed plan based on the experience of the United Kingdom, which in this field has shown itself in advance of other countries.

In medium-priced housing experience has shown that important changes in the Dominion Housing Act may be necessary to obtain the fullest measure of progress thereunder. This phase of the Government's housing policy is also under consideration by the National Employment Commission.

The adoption by the Dominion Government of a broad housing policy of this nature should without question have a considerable effect in putting to work men whom the depression has hit more severely than almost any other type of Canadian citizen.

FOREIGN TRADE

During the past year the external trade of the Dominion has continued to expand, particularly on the export side, and the

favourable balance has grown to substantial proportions. The excess of exports is, of course, decidedly advantageous to the Dominion as a debtor country and at the same time there is in the continued upward movement of this trade a factor of the utmost importance in its bearing upon the general industrial welfare of Canada. It is particularly gratifying to note that the products of agriculture are regaining their normal place in the export list. The reciprocity agreement with the United States, which became operative at the first of the year, has contributed to a heavier exchange of products between our neighbours and ourselves, and the results on the whole appear to be satisfactory. The Canada-United Kingdom trade agreement of 1932 is due for revision next year and it is generally assumed that the Dominion will be asked to augment its concession to British exporters. The present ratio of trade between Canada and the United Kingdom creates a *prima facie* case in support of such an anticipated request, but the Canadian Government will have to consider, as, indeed, is necessary in all such negotiations, the calculable effects of new concessions upon domestic manufacturing industries and domestic industrial employment.

The four most important items entering into our international trade are—wheat, the tourist traffic, mineral products and newsprint, and I would draw your attention for a moment to what I consider the most important of these at this time, namely, mineral products.

This country is now well launched upon what is undoubtedly another major movement in the history of her development. I refer to the mining of metals. Our physical heritage of minerals is being appreciated now that the whole world has entered upon an age in which metals are so urgently required for many new purposes. The activity in mining such metals as gold, copper, nickel, lead and zinc is phenomenal. It has been estimated that a total of more than \$200,000,000 annually is being placed in circulation by the mining industry, of which in excess of \$100,000,000 goes to pay-rolls of mining employees and upwards of \$75,000,000 for supplies and equipment. This does not take into account dividends and many capital expenditures, nor does it include taxes paid to governments or the industry's large payments for transportation service, with the resulting benefit to our railways. With regard to capital expenditures, I would like to emphasize the point that the activity in mining development which we are now witnessing would be impossible were not capital, that great and little-understood instrument of modern industry, available. It is capital which finances the prospector, capital which provides machinery and explosives, capital which sinks shafts, capital which takes chances on finding hidden treasure and, when that treasure is found, it is capital which provides the means of making the stubborn rocks yield up that treasure. A recent survey which the Bank has made suggests that of all Canadian industries that of mining, with its collateral activities, is the greatest contributor to the federal income tax.

CONDITIONS IN THE UNITED STATES

Conditions in the United States always have an important bearing upon conditions in Canada. The presidential election year in the former country is by tradition one of uncertainty. Notwithstanding this, the major trend in business in the United States in the past year has been definitely upward. To what extent the policies of the administration, whose term of office has just been extended for another four years by an overwhelming majority, will stimulate or retard further progress it would be idle at this juncture to attempt to forecast. The momentum, however, seems to have gathered force and business leaders are, for the most part, optimistic as to the immediate outlook. The trade agreement which we have with our neighbours was one of the issues of the presidential campaign. More stability has been given to our outlook by the fact that this agreement was endorsed

by the American people, and the hope may be expressed that trading relations will be improved still further.

CONDITIONS IN EUROPE AND GREAT BRITAIN

In Europe event has fast followed event and the year has been marked by an almost unrelieved international political tension. The situation in Spain, the economic troubles of France and the indefinite aspirations of dictatorship countries have all clouded the outlook. In the financial field has come devaluation by France, an example which was swiftly followed by other members of the "gold bloc"; next, an agreement by the United Kingdom, France and the United States aiming to attain equilibrium of exchange and the progressive relaxation of quotas and exchange restrictions; and, finally, a sympathetic reception by other countries of an invitation to join in this policy. These constructive developments in the financial sphere, which will tend to promote prosperity and improve the standard of living, have encouraged confidence and renewed hope of further advances in international co-operation.

In the United Kingdom the year has seen another period of marked revival, and in practically every direction additional recovery has been experienced. Industry has been able to pay higher wages and increased prices for raw materials and yet show larger profits. Marked activity and substantial appreciation in values in the security markets have reflected confidence in Britain's financial stability and in the continued progress of the country's prosperity.

NATIONAL FINANCE AND TAXATION

The state of Dominion Government finances reflects the change that has recently come over business and other conditions. Total federal receipts for the fiscal year to October 31st were nearly \$268,000,000, an increase of \$41,000,000 over the same period of last year, the largest single increase being registered in income tax collections. Simultaneously, total expenditures were down from \$280,000,000 to \$275,000,000, due largely to the reduction in the Canadian National Railways deficit and decreased relief expenditures. Thus, up to October 31st, the excess of total expenditures over total revenue is only \$7,000,000. If the present rate of revenue receipts is maintained, with accompanying measures of operating economy, there is every indication that the deficit of the Dominion Government for the present fiscal year, aside from loans and investments which presumably may be classed as recoverable, will be reduced to a relatively small figure. When we consider that during the past six years these deficits have averaged over \$138,000,000 per year, it is gratifying to note that at last there is in sight a balanced budget—the goal of every finance minister and the corner-stone of any programme for restoring business confidence and the free functioning of private enterprise.

RAILWAY SITUATION

During the year the Dominion Government has brought into effect legislation altering the management of the Canadian National Railways. A board of seven directors has been substituted for the board of three trustees appointed by the late Government after the Royal Commission on Railways and Transportation had rendered its report.

It is as yet too early to appraise the value of this change of system, although the appointments to the Board have been such as to receive general approval. It is confidently expected that the new directors will take it as their duty to exercise every effort to reduce the recurring annual deficit of the publicly owned railway system. To some extent this may possibly be accomplished by measures of internal economy. To some extent savings can probably be made by measures of further co-operation with the

Canadian Pacific Railway, which, presumably, will be ready to assist in every proper fashion.

It has been announced that the Government has under consideration a measure to provide for a revision of the capital structure of the Canadian National Railways. If a revision of the railway accounts to bring them into keeping with accepted accounting practices is necessary, and if this is what is proposed to be done, such action is commendable. Unfortunately, there is always the possibility that, in endeavouring to have the railway appear self-supporting, some may urge that part of its indebtedness should be transferred to the general accounts of the Dominion. There is thus a very real danger that the accuracy and completeness of the record of publicly owned and operated transportation will be obscured. While it may not be palatable from the point of view of those directly concerned in the results of the Canadian National Railways, a strict accounting is necessary to record fully the total losses, the debts and the annual deficits which have resulted. The Government has not an accounting system which segregates our public expenditures or obligations on railway account in such a fashion as to provide a complete picture of their total. For a record of this nature the public have recourse to the accounts of the railway. In the interest of the proper framing of future policies with respect to the Canadian National Railways, it is to be hoped that no changes will be made in such accounts which would tend to make more difficult a proper understanding of the true facts of the railway situation.

The publicly and privately owned railways will benefit from the increasing volume of business which is evident in Canada. It is to be hoped that this relief for the tax-payers will be considerable, but I wish to record again the opinion that prudent administration of the public affairs requires that we should give the most careful consideration to some more complete and permanent solution of a grave national problem than can be obtained by any expected increase in earnings. It is urgently necessary that every effort be made to reduce to the minimum the burden placed on the citizens and tax-payers of this country by the maintenance of an unnecessary mileage of railways.

CONCLUSION

In my remarks to you last year I made reference to the general election which had taken place a short time before, expressing satisfaction that the country, by returning one of the established parties to power, had emphatically repudiated the Utopian experiments which had previously been advocated by certain new political cliques. I think you will agree that in the interim the affairs of the Dominion have been in good hands, but I am sorry that I cannot say as much for all of our provinces. Our shareholders are all aware of the changes which have been taking place in the various provinces with a view to bettering their financial position with regard to debts. You will have your own ideas on this subject. Repudiation, which is nothing more or less than a breach of contract, is sometimes talked about, and I cannot see how this line of thought can be pursued without the credit of the whole Dominion coming into disrepute.

Notes of warning are beginning to appear from different sources pointing out that the rise in the stock market has been continuous for many months, and to these I would add my own hope that the movement may not continue to a point where we shall witness, even in small degree, a recurrence of those disastrous experiences that preceded the depression from which we are now emerging.

I would not wish to close my remarks on a discouraging note. While, as I have intimated, there are domestic political factors carrying implied threats to our future well-being, and while we must all be deeply conscious of the foreign developments affect-

ing the general outlook, it must be clear to all of us, from our own observation, that the forces of recovery are once more in the ascendant. A wide variety of factors is combining to give full play to the enterprise of our people and among these factors is the growing conviction that there are no short-cuts to better times and that the observance of age-old economic laws must be the basis of sound progress. We still have problems to face but, as regards these problems, I stand squarely on the opposite side of the fence from the pessimists and I believe that, with the experience gained in the past few years, we in Canada will steadily work our way toward better things.

THE GENERAL MANAGERS' ADDRESS

The Chairman then called upon Mr. W. A. Bog, as Joint General Manager, to read the Address of the Joint General Managers, which was as follows:—

Mr. Chairman and Gentlemen,

On behalf of Mr. Dodds and myself I have the honour to present to you the one hundred and nineteenth annual balance sheet of the Bank.

Important changes in the balance sheet figures are as follows:—

Our total assets amount to \$805,100,000 as compared with \$792,800,000 a year ago.

Quick assets, including cash, total \$606,500,000, representing 83.27% of all liabilities to the public. This ratio of liquidity, which is higher than normal requirements, while reflecting the reduced demand for commercial loans, emphasizes the extremely strong position of the Bank.

Cash holdings and Bank of Canada balances, which are the equivalent of cash, amount to \$78,800,000, representing 10.82% of all liabilities to the public.

Investments, not exceeding market value, at \$443,800,000 show an increase of \$81,900,000. Included in our portfolio are \$370,400,000 Dominion and Provincial Government securities, of which \$196,300,000 mature within two years and \$174,100,000 mature subsequent to 31st October, 1938. Of these Government securities having maturities in excess of two years, \$121,200,000 mature before 31st October, 1941.

Our investments include \$35,000,000 Canadian Municipal securities, \$15,200,000 Public securities other than Canadian and \$23,200,000 other bonds, debentures and stocks.

Current loans and discounts in Canada (including loans to Provincial Governments, Municipalities and School Districts) amount to \$159,200,000, a decrease of \$64,700,000. During the past few years a feature of banking, not only in Canada but also in Great Britain and the United States, has been the regrettable decline in the demand for commercial loans and, as a result, the Banks to an increasing degree have turned to investing in securities.

A number of factors have contributed to the reduced need for bank credit. The speeding up of production processes and increased and swifter transportation facilities have been instrumental in reducing the size of inventories of both raw materials and finished goods carried by business enterprises, thus lessening the working capital necessary to finance operations. Another factor has been that business corporations have been able to obtain their requirements by means of public financing encouraged by the prevailing low level of interest rates. These steps have lessened the necessity for borrowing from Banks. Furthermore, the concentration of business into large companies has, in many instances, enabled the various components of these corporations to arrange their financing through the parent organizations, which generally have been well provided with cash resources. Another development has been the tendency

for manufacturers to sell direct to retailers and so eliminate, to a large extent, the services of wholesalers, who were once important borrowers from Banks. With a world-wide declining price level, the funds required to finance a given physical volume of goods or commodities have been appreciably reduced and, accordingly, there has been a corresponding decline in the demand for bank credit.

In view of the various factors that affect the situation, it is not possible to forecast the future trend in the demand for bank loans. While the decrease attributable to changes in production technique may be permanent, this cannot be said with regard to many other factors entering into the situation. As the volume of business activity increases, companies will doubtless find it necessary to utilize existing liquid resources in plant or other capital expansion and, as such resources are thus utilized, recourse will again be had to bank borrowings for inventory and other current requirements. Extensive capital expansion normally has the tendency to stiffen money rates and short-term borrowing from Banks for working capital purposes will be relatively cheaper than obtaining funds through the issue of securities, especially if the requirements of the borrower are of a seasonal nature. The upward movement in the level of prices will also tend to increase the demand for bank borrowings and firm up interest rates.

Even if the future should reveal that well-established companies individually will require less bank credit than in the past, a return of confidence should foster new enterprises and there should be a tendency for the demand for commercial loans to increase in the aggregate.

Current loans and discounts elsewhere than in Canada are at \$11,900,000, an increase of \$4,900,000.

In valuing our assets, ample provision has been made for all bad and doubtful debts and depreciation of securities.

Notes in circulation show a decrease of \$2,200,000 at \$27,700,000. Until 1st January, 1937, our maximum circulation is limited to \$34,200,000, and as from that date for one year, under the terms of the Bank Act, our authorized limit will be reduced to \$32,400,000.

Deposits by the public amount to \$653,000,000, an increase of \$11,600,000.

Profits, after the deduction of Dominion and Provincial Government taxes, amount to \$3,181,501 as compared with \$3,005,212 in 1935, an increase of \$176,000.

The Rest has been increased to \$39,000,000 by a transfer of \$1,000,000 from Profit and Loss Account. In connection with our Rest Account or, in other words, Reserve Account, I would like to point out that this \$39,000,000, which has been accumulated from profits over the past 119 years and premiums on new stock issued, is held as a protection for our depositors; that is, as protection for deposit liabilities we have not only 100% in conservatively valued assets, but in addition we have assets representing \$36,000,000 of Capital and \$39,000,000 Rest.

Bank Premises stand at \$14,000,000 after being reduced by \$500,000, of which \$200,000 was applied from earnings and the balance represents proceeds of the sales of premises.

BANK INVESTMENTS

The abnormally high ratio of investments to total assets, which has become a feature of Bank balance sheets, calls for great care on the part of the banker. When commercial loans were the principal source of revenue, the problem of investing in suitable securities was comparatively simple. Then, as now, it was our policy to invest principally in obligations of the Dominion Government. Although formerly the question of income from investments was only a matter of relative im-

portance, the yield on short-term Dominion bonds was high in comparison with the return on these securities to-day.

During the last seven years, the surplus funds released by the repayment of commercial loans have, in our case, been invested in Dominion Government and other high-grade securities. The abnormal demand for prime investments has forced down yields to the lowest levels known in this country, although in recent weeks money rates have been slightly firmer. Having to depend to an increased degree on investments for revenue, the banker is faced with the temptation to buy long-term securities in order to obtain a higher revenue. While it may be possible to increase income by this means, there is an element of danger in following, even temporarily, a policy of long-term investment. It may be mentioned in this connection that the Dominion Bureau of Statistics index of Dominion of Canada long-term internal bond prices shows a fluctuation between a low index figure of 94.1 in 1932 and a recent high of 119.1. Similarly, the markets for long-term high-grade bonds in London and New York have also shown wide fluctuations during this period and the price variations in even the highest grade securities indicate the dangers of a possible decline from the present level of long-term prices.

The policy followed as regards our own investments has been to purchase the shorter term securities with the intention of holding them until they fall due, and arranging the maturities in such a manner that at intervals throughout the year a substantial volume of funds becomes available for commercial purposes should the demand arise. In illustration of the sound principles enunciated above, 47.49% of our securities mature within two years, and only 10.59% thereof mature subsequent to 31st October, 1943. In other words, our holdings are so arranged as to secure the utmost protection against fluctuations in the level of bond prices and to provide for the normal demands for commercial loans as and when required.

SAVINGS DEPOSITS

As from 1st June, 1936, it was found necessary to reduce to 1½% per annum the rate of interest paid by the Banks on Savings Deposits. This is the third reduction that has been made since 1st May, 1933. Prior to that date, the rate stood at 3%, a rate which had been maintained for about thirty years.

These reductions have been made with reluctance, and it was only the continued decline in the yield on securities and the low level of commercial loans that compelled the Banks to take this step. One need only instance that, on the 31st October, 1935, the yield on three month Dominion Government Treasury Bills was 1.3017%; at the same date this year an issue was made at an average rate of .73%, and an even lower rate of .643% was recorded in September.

I would repeat that these reductions in Savings interest rates were made with great reluctance as any action that curbs the incentive to thrift is detrimental to the welfare of the community. In most cases, the first step in building up reserves for the rainy day is through the medium of a Savings Account, and we particularly value such accounts, regardless of the initial balance, as we consider that the principles of thrift instilled preferably at an early age are of incalculable value to the country as a whole and the depositor in particular.

The two greatest depositaries for the savings of Canadians in all walks of life are the Banks and the Insurance Companies. There were on 31st October, 1935, over 4,600,000 depositors in the Chartered Banks with deposits aggregating \$2,090,508,000, representing an average of about \$450 for each account. It is estimated that there are 3,500,000 life insurance policy-holders in Canada and that the assets by which this insurance is protected amount to over \$2,000,000,000.

A great part of these funds belonging to depositors and policy-holders is invested in securities. The protection of the savings of Canadians, built up so laboriously and with such self-denial over the course of years to ensure a measure of security in old age or to provide for dependents after death is and always has been the first consideration of this Bank and should also be that of all Government authorities. In most instances, these savings are not large and a loss of only a small portion of the principal is sufficient in many cases to bring want and anxiety.

Any policy which would tend to weaken the sanctity of contracts is to be deprecated as, in addition to harming those who can least afford to bear losses, such a policy would strike at the very core of our economic order, for when there is lack of confidence, a slackening of business activity takes place, bringing unemployment in its train.

The effect on our credit abroad is also of paramount consideration. There is a large volume of foreign capital invested in Canada, which has contributed very materially towards building up the country, and we may be sure that we shall continue to need such capital in our future development. At all events, it would be imprudent in the extreme to foster any legislation which would unsettle those foreign investors who have already in a tangible way shown their confidence in Canada.

At this point it would be pertinent to state that the Bank adopts a sympathetic attitude towards borrowers in distress. Where borrowers, through unfortunate circumstances beyond their control, are unable to meet their obligations, the Bank shows every consideration. At the same time, it expects that those who are able to do so will carry out their undertakings.

TOURIST TRADE

It is estimated that the expenditure of tourists in Canada this year will amount to \$285,000,000 as compared with \$202,000,000 in 1935 and \$130,000,000 in 1934. When it is realized that these expenditures in 1936 brought into the country more money than any single item of our exports, the importance of fostering this industry will be appreciated. Expenditures of Canadian tourists abroad have also shown increases during the period under review. The estimated figure for 1935 was \$79,000,000 as compared with a preliminary estimate of possibly \$105,000,000 in 1936.

While the largest proportion of our visitors is drawn from the United States, increasing numbers are coming from other countries. To foster this valuable adjunct of our international trade, it is necessary for those who cater to these visitors to maintain travel and hotel facilities in the highest state of efficiency and to extend a fair and courteous treatment to all.

SECURITIES

Domestic financing by the Federal Government is, of course, the most important market operation of the year within Canada. Public loans of this nature since 31st October, 1935, exclusive of Treasury Bills, have amounted to \$309,703,000, of which \$187,871,000 were refunding. Rates of interest on such loans have ruled appreciably lower than a year ago. In this connection, it is noteworthy that the average rate of interest which the Dominion Government is now required to pay on its domestic debt is 4.02%, whereas in 1930 the average coupon rate was 5.33%.

Particular attention is drawn to this fact because it illustrates better perhaps than anything else the benefits derived from the orthodox process of meeting all principal and interest commitments in full as they accrue.

Provincial and Municipal Government issues floated in Canada during the past twelve months have amounted to approximately \$178,000,000. The amount of Corporation and Railroad financing at \$328,000,000 is appreciably higher than a year ago, due in part to the fact that many companies had bond issues outstanding which were callable at the option of the debtor, and such issues have been redeemed and replaced by new loans bearing rates of interest which represent an appreciable saving in carrying charges. In many instances, added benefits have been obtained through the elimination of commitments payable in foreign currencies and this may be regarded as a constructive step, particularly with respect to companies whose operating income is derived wholly within Canada.

A feature of some of these refinancing operations has been the issuance in part of short-term serial bonds. Such a procedure in some cases can no doubt be justified. My belief is, however, that in aiming at low interest charges some companies may have overlooked the fact that their working capital position would be less vulnerable if the amount borrowed had been obtained by means of longer term issues to be retired by the operations of a reasonable annual sinking fund.

STABILITY OF EXCHANGE

Canada, as the fifth trading nation in the world, is vitally interested in any efforts to facilitate international trade. The recent tripartite stabilization and gold exchange agreements entered into by Great Britain, France and the United States, and to which Holland, Switzerland and Belgium have latterly subscribed, are steps in the right direction. It is evident that trading nations are beginning to realize that stability of exchange is essential in promoting foreign trade and that the competitive devaluation of currencies is a short-sighted policy which disrupts both a country's internal and international trading relations. The agreements are limited in their scope and may be cancelled on twenty-four hours' notice, but they are an indication of the trend towards the resumption of an international monetary standard based in some form on gold.

The apprehensions expressed in the past that there is insufficient gold in existence for the purpose of a return to an international gold standard would now appear to have lost their force. With the rise in the price of gold since 1931, production has been accelerated considerably. The advance in the price of gold and the higher level of production, together with the release of gold hoards in the East, have been instrumental in increasing the gold reserves of Central Banks and Governments of the world from about \$11,275,000,000 in September, 1931, to roughly \$21,770,000,000 in September, 1936 (using the higher price of gold at the latter date). In the same period gold holdings of the United States have risen from \$4,364,000,000 to \$10,845,000,000—and since September the figure has passed the mark of eleven thousand million.

The increased production of gold by Canada has helped the country materially in meeting its foreign obligations.

UNITED STATES

Throughout the year business activity in the United States has continued on the upgrade. The important features have been the renewed activity in certain of the heavy industries, the increased output of the automobile industry, which has reached levels only exceeded by the record year 1929, and a marked betterment in railroad earnings. There has also been some improvement in the building trades. While agriculture has again suffered from drought, higher prices for farm produce, combined with Government subsidies, have been offsetting factors, and it is estimated that total farm income will probably exceed that of the preceding year. Payment of the soldiers' bonus and con-

tinued large scale disbursement of Government funds for public works and direct relief are also responsible in part for the continued upturn in business. Re-employment by private industry has proceeded more slowly and a disquieting factor is the tendency towards labour unrest.

The Federal budget, in spite of higher taxes and rapidly mounting revenues, remains unbalanced, and it is evident that more earnest efforts are required towards curtailment of public expenditures if budget equilibrium is to be achieved. The reported deficit for the year 1935-1936 was \$4,361,000,000, although it should be noted that this included an amount of \$1,673,000,000, payments made under the Soldiers' Bonus Bill. The potentialities for inflation are apparent and are the cause of growing concern. The direct funded debt of the United States Government as at 30th September, 1936, stood at \$33,800,000,000. The indirect debt as at the same date was \$7,200,000,000. Some progress has been made in the conversion of short-term Government debt into longer term securities, while the average interest rate paid on the total outstanding direct debt has been further reduced. In reviewing the Government's indebtedness, an unsatisfactory feature is that so large a percentage of the debt is in the hands of the Banks—it is estimated bank holdings are well over \$15,000,000,000.

Foreign trade has expanded moderately during the year, due in part to the consummation of certain reciprocal trade treaties. It is hoped that the full benefits of this step will be felt in greater measure as time goes on.

The gold influx, due largely to unsettled conditions in Europe, has continued and the monetary gold stock of the United States now amounts to more than \$11,000,000,000. This inflow of gold has served to bring about a further expansion in the cash reserves of the Banks of the United States, and on 14th July last, when surplus reserves over statutory requirements amounted to \$3,200,000,000, the Federal Reserve Board issued regulations, effective 15th August, increasing by 50% the ratio of reserves which member banks are required to hold against their deposit liabilities. Notwithstanding this, the reserves of member banks are still over \$2,000,000,000 in excess of requirements. Money has been plentiful throughout the year and there has been little change in rates. The call loan renewal rate has fluctuated between $\frac{3}{4}$ of 1% and 1% per annum while the New York Federal Reserve Bank re-discount rate has remained unchanged at $1\frac{1}{2}$ % per annum.

CONDITIONS ABROAD

The increasing strain in international political relations obscures the outlook in Europe. It would seem that economic isolation, with its attendant tariffs, quota systems and exchange restrictions, and international ill-feeling are complementary to one another. A relaxation of the barriers to the exchange of goods and services between nations would do much to relieve this tension and lessen the chances of war. Conversely, the relaxation of tension and lessening of the chances of war would result in a resumption of the flow of international trade in Europe and improvement in the economic well-being of the various countries concerned.

During the past year business activity in the United Kingdom has continued upward. While the heavy re-armament and social welfare programmes are acting as stimuli to business, an adverse factor is the Chancellor of the Exchequer's intimation that the budget for this year will be unbalanced as a result of these expenditures. However, the country's prosperity and prospects are such that a moderate deficit in March next is anticipated with equanimity.

The iron and steel trades are experiencing record activity; shipbuilding is greater than for many years, and there is also

an improvement in coal mining and the textile industries. Activity in house building continues as a result of the Government's slum clearance scheme, and there has been marked progress in new plant construction. The number of unemployed has fallen to 1,600,000, the lowest figure since 1930, and registered employment at 11,100,000 is at a record high.

Overseas trade is expanding, with the rise in imports more marked than that of exports. The trend of Britain's trade with the Empire continues upwards. In the first nine months of 1936 imports from Canada at £51,400,000 show an increase of over £14,000,000 compared with the same period in 1935, while exports to Canada at £16,900,000 show an increase of £1,600,000. Trade with the United States also shows a noticeable increase.

The Government's policy of cheap money has been the dominating influence on the London money market. Rate for call money against prime bills has remained constant at $\frac{1}{2}$ of 1% and the rate for discounts up to three months at fractionally over this rate.

STAFF

I take this opportunity of expressing our appreciation of the continued loyal co-operation of the staff, whose unfailing support during the difficult years through which we have been passing has been a source of deep satisfaction to the executive. The courteous service rendered to our customers and others has done much to enhance the reputation of our institution.

The high morale of the staff may be attributed in part to security of employment and an assured income on retirement. These factors, from a national viewpoint, have been a contribution to the employment situation in Canada during the past few years when the Bank has carried a surplus of staff.

Copies of the printed report of the proceedings of this meeting will be mailed to shareholders and may be obtained by others upon request. The report will contain, as usual, a detailed review of conditions in the various Provinces and Newfoundland.

Notwithstanding some disturbing legislative influences in Canada, which cannot but act as a deterrent to recovery, there is a distinct improvement in business as a whole and a feeling of confidence in every phase of our economic activity.

QUEBEC

The season has been a successful one for agriculturists. The harvest generally, except in the case of apples and berries, the blossoms of which suffered damage from frost, has been above the average. Prices are firm and the outlook for the farming community is brighter than for several years past.

With ample rainfall, pastures have been in excellent condition all season. Milk has been abundant and dairying operations have been on an expanding scale. Production of butter to September 30th totalled 60,296,000 pounds, as compared with 59,060,000 pounds last year, and cheese 21,659,000 pounds, as compared with 16,948,000 pounds. Fodder is plentiful and livestock will enter winter quarters in good condition. Prices for beef cattle remain low, but horses and pure-bred dairy cows are in demand. With the exception of sweet corn and tomatoes, which suffered from pest infestation and early frosts, vegetables were plentiful and the canning pack was larger. Returns from the maple sugar industry were slightly over 1935 figures.

The British market for lumber has strengthened since mid-summer and indications point to increasing trade. The export of lumber to the United States is showing some increase. Domestic trade for low-grade lumber was strong, but the market for higher grades continued quiet. Consumption of pulpwood has increased steadily, with prices improving. Woods operations this winter

will be on a larger scale; operating costs will be substantially higher.

The newsprint industry has experienced a year of expanding production, with the output reaching an all-time high. A basic price of \$42.50 per ton, New York delivery, in 1937 is indicated, compared with \$41 in 1936. The increase in price will be offset to some extent by higher costs. Quebec companies produced 1,358,559 tons for the nine months ended 30th September, as compared with 1,146,294 tons for the same period last year.

There has been a marked impetus in gold mining activity in the Province. The production of gold for the first eight months of 1936 amounted to 438,412 ounces, as against 286,590 ounces for the same period last year. Silver at 472,613 ounces showed a decrease of 18,752 ounces. Asbestos increased by 51,995 tons to 173,258 tons. The output of copper was 49,529,115 pounds for nine months, as compared with 61,386,182 pounds for the same period last year.

Operations of the majority of manufacturing plants have enlarged during the year. Competition is keen, however, and the margin of profit in many lines is narrow.

Boot and shoe manufacturers experienced an active demand and production compared favourably with 1935, which was the best year for some time. Leather prices have increased. Raw hides are selling at a high level.

Pressure of British and foreign competition on the cotton industry continues and mills are running well below capacity. Woollen mills have been well employed. Manufacturers of silk, real and artificial, report steady expansion in output. Dyers and finishers of textile fabrics have operated at full capacity.

Some progress is reflected in the men's clothing trade. Retail sales have increased and a tendency to better-class merchandise is in evidence. Unseasonable spring weather adversely affected sales of women's wear.

Nearly every division of the rubber goods industry operated on higher schedules.

Production of flour mills showed a substantial increase over that in the previous year. Domestic volume has been well maintained and the change in the wheat situation has produced a quickening export demand. Wheat shipments from St. Lawrence ports for the three months ended October 30th totalled 27,380,278 bushels against 18,475,385 bushels for the corresponding period in 1935.

Nearly all branches of the fur trade have attained the best position since 1931 and the outlook is promising.

The Aluminum Company at Arvida operated at capacity throughout the year.

Increased production is noted in most of the other lines of industry, noticeably in the furniture and steel trades. Manufacturers of paints, mining machinery and electrical apparatus have also been well employed. Increased power consumption reflects the stepping up of industrial activity.

Commodity prices generally have been higher than in 1935. Wholesale and retail trade shows continued improvement over last year, with higher quality and luxury merchandise more in demand.

Tourist traffic reached the highest volume in several years.

Federal and Provincial Government expenditures have been lower and confined chiefly to harbour development, dredging and building and maintenance of roads.

Employment evinces an upward trend. Relief costs, however, remain a serious problem. There has been little movement in real estate and values remain low. Building, while showing some improvement, lags behind general recovery.

To summarize, general conditions reflect increasing industrial activity, with expansion of wholesale and retail trade; unemploy-

ment, while still a problem, is diminishing. These factors, coupled with a bountiful harvest and higher returns to farmers, form the basis for optimism and the outlook for the coming year is encouraging.

ONTARIO

Ontario farmers have had a profitable year notwithstanding that the yield and quality of agricultural products have been variable. A spirit of moderate optimism pervades the countryside.

Fall wheat wintered well, and an average crop of good quality was harvested under favourable conditions. Spring grains ripened prematurely and there is a shortage of winter feed in some localities. Hay was a satisfactory crop. Eastern and south-western Ontario escaped the severity of the midsummer drought, but in other sections root crops were retarded. Early corn, tomatoes and all fruits were below average in yield but sampled well. Potatoes, sugar beets, later varieties of canning vegetables and fodder revived remarkably in excellent autumn growing weather. Late apples have sized well and are of good colour. A general advance in agricultural commodity prices has been recorded.

Due to the delayed harvest and a damaging frost in Norfolk County, the yield of flue-cured tobacco is estimated at 66% of the 1935 crop. The percentage of high quality leaf is small, but prices have stiffened for the various grades and growers expect the crop to move out easily. The yield of Burley tobacco is only 15% under that of 1935.

Dairy production increased under the stimulus of steady demand, and prices advanced. There was, however, a temporary restriction of milk flow in the drought areas.

Pure-bred dairy cattle have continued to find a satisfactory market in the United States and Western Canada. Feeder stock proved unprofitable and holdings have been reduced. The market for hogs was buoyant until recently, when prices fell off.

Pastures revived abundantly under generous autumn rains and livestock will enter barns in prime condition with sufficient roughage for the winter.

Lumbering activities have shown a healthy improvement. Bush operations in logging and pulpwood, and production of mine timbers and ties, were all more extensive. Stocks moved more satisfactorily due to better demand, at firmer prices, for domestic use and export.

The newsprint industry reached high production levels.

The production value of mines this year is expected to exceed that of 1935 by 10%. Unprecedented development work in gold camps, further important expansion of the nickel-copper industry and larger output of silver and non-metallic minerals have made a notable contribution to the growth of northern municipalities and to the prosperity of the Province as a whole.

The catch netted by Great Lakes commercial fishermen in most waters has been poor, but better prices have prevailed.

The general trend in manufacturing operations has continued upward. Increased profits in some industries have reflected price improvement; competition remains keen.

Automobile production has increased for both domestic and export markets. Iron and steel plants are increasingly active. The agricultural implement industry suffered from unfavourable Western crop forecasts, but export business has been good. Textile manufacturers have been well employed. Woollen and hosiery mills have operated above last year's levels. The furniture industry shows some improvement, with present volume largely confined to the lower-price field. Tanneries have realized slightly increased sales in a firm market. Boot and shoe factories have held their own. Rubber manufacturers report improvement in all departments, particularly footwear. Flour millers are enjoying an increased volume of business and better price stability, with

the kindred industries of biscuit manufacturers and bakers working at high production levels.

Wholesale trade has shown a moderate enlargement in volume, principally in staple commodities. Prices have firmed, and collections relative to recent business have been satisfactory. Retail trade and consumer prices generally have moved upward, with more frequent enquiry for higher-grade merchandise. Chain store competition still constitutes a serious problem for the independent merchant. An appreciable increase in tourist traffic, accompanied by freer spending, featured the holiday season.

The Dominion Government construction programme has been restricted to completion of existing works and to the award of new contracts in relatively modest figures for public buildings and harbour improvement. Relief cost to the Province shows a downward trend, and some employment has been provided by linking up and extending existing highways. The burden of relief on municipalities still remains oppressive, and only isolated minor capital expenditures have been possible.

The Hydro-Electric Power Commission of Ontario has increased its capacity in northern and eastern Ontario. Additional distributing stations and some 900 miles of transmission and rural lines have been constructed.

Land values have changed little and, apart from distress selling, farm properties have been inactive. Industrial confidence has been signalized by some plant expansion in diversified industries. Residential building permits have increased, but there is still a shortage of houses and values are higher. Rents, particularly for apartments, have risen 5% to 15%.

The economic horizon is clearing steadily. Agricultural revenues show improvement and the development of natural resources, particularly in the North, is being carried on at a pace which augurs well for the future. There are unmistakable evidences of a pick-up in business, accompanied by a reduction in industrial unemployment, all of which affords solid ground for the expectation of a sustained improvement in business conditions generally throughout the Province.

MARITIME PROVINCES

Continuance of unsettled conditions in foreign markets prevented any recovery in the fishing industry and the season has been unsatisfactory. Despite a smaller catch prices declined, except in the case of lobsters, returns from which improved. There is some encouragement for the future in the reported world-short fishery production.

Improvement in the lumber trade was noticeable, due principally to increased British demand, and practically all stocks have been sold. Pulpwood moved in good volume. The cut of lumber and pulpwood this winter will be larger. While operators are obtaining higher prices for 1937 contracts, their costs are rising.

The harvest has been above average and higher prices have prevailed, except for hay, which was a particularly heavy crop. Potatoes promise well and returns to growers should be more satisfactory than for several years, although supplies sold late last season brought good prices. The commercial apple yield is lower than that of last year, owing to damage by aphids and fungus, but the crop is of good quality and is bringing satisfactory prices.

Coal production so far this year has exceeded that of any year since 1929. Operations at the Sydney Steel Plant have been maintained at the highest level for some years; ingot production averaged, for the nine months ended September, 90.27% of capacity, as against 68.4% for the same period in 1935.

Some of the cotton factories were busier, but the industry is still operating considerably below capacity. Woollen mills

worked full time. Production of pulp and paper is expanding. Wholesale and retail trade reflects improvement, except in districts dependent on fishing. Collections are improving. Tourist trade exceeded that of 1935.

Federal Government expenditures have been unimportant, but Provincial Governments are rounding out an extensive programme of highway improvements. Little interest is evinced in real estate and values are low. Import and export tonnage through Saint John and Halifax shows an increase over last year.

To sum up, while the fishing industry continues subnormal, lumbering, mining and agriculture have experienced an appreciable gain, business generally has been better and the outlook is favourable.

PRAIRIE PROVINCES

Crops on the prairies have again been disappointing, except in limited areas. Business generally has improved moderately.

The Dominion Government estimates the prairie wheat crop at 216,000,000 bushels, compared with 272,000,000 bushels last year and 358,000,000 bushels for a ten-year average. Wheat was seeded on 24,522,000 acres, or 1,229,000 acres more than in 1935.

The estimated yield from oats, barley, flax and rye totals 197,000,000 bushels, or 120,000,000 bushels less than 1935, with the acreage seeded practically unchanged. A shortage of feed crops exists in some areas.

Seeding was late but crops made fair progress until a drought condition set in. Deterioration then followed rapidly, crops ripened prematurely and harvesting was early. The drought was most severe in the southern parts of the three provinces and in western Saskatchewan and eastern and central Alberta.

Wheat prices are higher and, in addition, the quality of this year's wheat crop is superior to that of last year. Consequently the value of this year's smaller wheat crop will likely exceed that of last year. Farmers delivered 123,000,000 bushels of wheat from 1st August to 30th October this year, compared with 147,000,000 bushels for the corresponding period last year.

Farmers are guaranteed 87½¢. per bushel, basis No. 1 Northern, Fort William, by the Canadian Wheat Board, the same as last year, but the Board will not take deliveries unless the price of wheat should decline to 90¢.

The sugar beet industry in southern Alberta continues profitable. It is expanding and a record production is estimated this year.

Livestock operations generally have not been profitable. Prices for conditioned cattle are fairly steady, although reduced, and exports to the United States have been heavier. Herds in some areas are being depleted by forced selling and slaughtering due to feed shortages. Whilst hog prices have been profitable, marketings are down and there are less hogs on farms. Lamb prices have been higher but sales have been in lower volume. Severe cold during the lambing season caused losses.

Butter production has increased and prices for butterfat have improved.

Metallic mineral production in Manitoba for 1935 was \$10,474,000 and has been increasing annually. Extraction for the first six months of this year declined, but steady development work is proceeding. Coal output in Alberta has increased but the industry continues unprofitable. Consumption of Saskatchewan lignite coal shows little change. In the Turner Valley oil field in Alberta an 800-barrel crude oil well was brought in last June.

Manufacturing has been steady and has shown gains in some lines. Packers and the needle trades have been more active and makers of mining equipment busy. Flour mills have been somewhat busier but operations are below capacity. Construction

trades have been dull. Lumbering activities have improved compared with 1935.

Wholesale and retail trade has been better than last year and in Manitoba and Saskatchewan has benefited from this year's crop returns. Automobile sales have increased. Farm implement business is somewhat more satisfactory. Business failures have lessened.

Current credit terms are conservative and payments are prompt. Repayment of old indebtedness remains slow but shows a slight improvement and creditors generally are disposed to make reasonable concessions. In the Saskatchewan drought area, under a voluntary adjustment scheme, farmers are being relieved of old indebtedness for taxes, relief and mortgage interest estimated at \$75,000,000. The Alberta Government has enacted legislation for arbitrary cancellation of interest on old debts and limiting the rate of interest on new debts to 5%.

Acute unemployment has diminished little and in Alberta has become worse. Some unemployed were attracted to Alberta by the "Social Credit" Government's promise of dividends and road work. The public generally declined to circulate the Government's taxable scrip paid to road workers as wages and the Government redeemed them. The Dominion Government is assuming an increased share of rural relief costs in Saskatchewan but the continuing very large direct relief costs of municipalities and the Provincial Governments are onerous to them.

Wheat shipments from Churchill totalled 4,300,000 bushels compared with 2,400,000 bushels last year.

Building has been inactive and city realty is quiet, although interest in small desirable dwellings is improving. Office and residential rents are low but the latter are strengthening. Farm sales in the more dependable farming districts show an increase. Tax collections generally have increased. In Manitoba and Saskatchewan interest collections on farm mortgages have shown some improvement. Payments on city mortgages are satisfactory under present circumstances.

The Province of Alberta has defaulted the principal of bonds totalling \$4,450,000 during the year. Since June the Government has failed to pay interest in full on its obligations and in August took legislative authority to pay one-half the contract rate but not less than 2%.

In Alberta the scene is dominated by experiments of its "Social Credit" Government which is attempting to codify industry, reduce and cancel interest and replace ordinary credit and currency by substitutes. The result so far is a low ebb in business confidence, flight of capital from the Province, stifled enterprise, increased unemployment and seriously-impaired provincial credit.

In December, 1935, the Dominion Government announced that the Canadian Wheat Board would initiate a policy of selling wheat at competitive values, the object being to restore the surplus to a normal basis.

Exports of Canadian wheat have been upward and the outlook for sustained demand is encouraging, preliminary estimates, as compared with recent years, indicating a reduction in total exportable wheat stocks at 31st July in Canada, the United States, Argentina and Australia. Canada's carry-over was reduced in the year from 215,000,000 bushels to 128,000,000 bushels.

Business in the prairies, with the exception of Alberta, has gained some encouragement during the year despite the widespread disappointments brought by drought. The effect of improvement in the wheat market is heartening and trade has been healthier. Serious problems nevertheless continue. The severity of unemployment and of farm relief, with its incidental financial burden, has abated little and livestock are being depleted. Those who have suffered most demonstrate commendable fortitude and

resourcefulness, and the spirit of the people by and large is one of confidence in the future.

BRITISH COLUMBIA

Farming operations were delayed by a late wet spring. Despite a hot and dry midsummer season, fair to good crops of roots, vegetables, grain and fodder, with the exception of clover, were harvested under favourable conditions. The severe winter, with early killing frosts, severely damaged fruit trees and berry canes, resulting in substantially lower yields of apricots, peaches and berries. Other tree fruits were fair to good. The apple crop was of excellent quality. It is estimated at 4,400,000 boxes, with 50% of export sizes, which is approximately 10% below last year's production. The movement of apples, principally under voluntary market control, is satisfactory, at prices slightly above last year's figures. Poultry farming is more profitable. Conditions in the dairy industry show some improvement but surplus milk production still constitutes a problem. Early fat cattle prices were higher than last year but declined substantially before the peak turn-off and present prices are unprofitable to the ranchers. Dairy cows are in demand. Agricultural conditions are reasonably satisfactory, with prices for products generally showing improvement.

In lumbering, with prices on a higher level and Coast mills operating at near capacity, this year's estimated production, valued at \$62,000,000, represents an increase of 9% over 1935. Water-borne shipments for the initial nine months, totalling 871,259,000 feet b.m., are up 38% over the corresponding period last year, with the United Kingdom taking 48% of the total. Gains were recorded in nearly all major markets. The local market is good but eastern domestic and prairie business continues quiet. Mill stocks are low. Logging operations are on a profitable basis, and production, at slightly over two billion feet b.m. to the end of September, shows an increase of 13% over last year. Shingles have moved in reasonable volume. The lumber industry, as a whole, is in a healthy condition and the outlook is promising.

Metalliferous mining generally has shown satisfactory progress, excepting silver operations, which show a decline of \$1,800,000, when compared with last year, in the estimated value of production, due to substantially lower prices for that metal. Copper production will shortly be increased through the resumption of operations by The Granby Consolidated Mining, Smelting and Power Company at the Allenby Mine near Princeton. Gold production has increased 12% over last year. Extensive development is continuing, principally on gold properties in the Bridge River and Cariboo districts. Coal mining continues unsatisfactory, due to the lack of markets and the increasing use of fuel oil and sawdust. There are now approximately 15,500 employees in the mining industry, representing a gain of 2,000 over 1935.

The fishing industry has experienced the best year in volume and value of production since 1930. The salmon pack to October 17th totalled 1,735,051 cases, largely of the choicer grades, compared with 1,433,575 cases for the corresponding period last season. Fishermen report a profitable year. Cannery operations on a close margin but sales to date are satisfactory at approximately last year's price levels. Foreign competition is keen but no important carry-over is anticipated. United States authorities estimate the salmon pack in Alaskan waters this season at 8,000,000 cases—a new high record.

In shipping, exports and imports of cargo for the initial nine months of 1936, at 4,154,251 tons and 1,128,700 tons, represent gains of 35% and 16% respectively over the corresponding period last year. Grain shipments through the Port of Vancouver for the season 1935-36 totalled 56,486,949 bushels, an increase of 8% over the preceding season. Space is scarce and ocean freight

rates have increased substantially during recent months. Passenger traffic has been the best since 1929.

Manufacturers report increasing activity, especially those supplying the building trades and the mining industry. Newsprint plants have operated profitably at near capacity. Employment shows a moderate increase and there have been no labour disturbances of importance during the year.

Wholesalers report an increase in the volume of business and prices of staple commodities tend to increase. Retail trade has benefited from improved purchasing power of consumers, while transportation companies, hotels and those catering to tourists have had an excellent season. Current collections are satisfactory.

Dominion expenditures, apart from relief, have been unimportant during the year. Provincial Government road contracts total approximately \$1,500,000 against \$800,000 last year. Construction of the new \$3,500,000 bridge over the Fraser River at New Westminster is well advanced. The groundwork in connection with the building of a new bridge over the First Narrows at Vancouver, by private enterprise, at an estimated cost of \$6,000,000, is under way. Apart from a new City Hall at Vancouver, costing nearly \$1,000,000, municipal expenditures have been chiefly confined to maintenance and repair work.

Building permits have increased in number and value. Residential building is active and rentals show a consistent upward trend. Apartment houses are well occupied. Business space is plentiful, and revenues therefrom barely cover carrying charges.

It is estimated that the four primary industries of lumbering, mining, agriculture and fishing will produce \$175,000,000 in 1936, an increase of 7% over 1935. Bank clearings to the end of September were \$783,000,000, an increase of \$142,000,000 over the corresponding period last year. A higher percentage of municipal taxes has been collected. Apart from the problem of unemployment, business conditions generally may be considered as satisfactory and the general outlook promising.

NEWFOUNDLAND

With an estimated catch of only 900,000 quintals, about 375,000 below last year, the codfish industry has had the poorest season for years and, although Norway and Iceland had short catches also, prices did not respond because Italian and Spanish markets were practically closed. Storms interfered with the salmon fishing to some extent. Exports of chilled and frozen salmon are estimated at 3,100,000 pounds. The lobster catch is estimated to be 25% larger than last year and returns to fishermen were higher. Herring were plentiful but the large percentage of small fish reduced the average price received. The seal fishery was carried on under better conditions than last year and slightly over 200,000 seals were taken. The production of cod oil and cod-liver oil will be the smallest for many years. The Commission of Government has formed the Newfoundland Fisheries Board to succeed the former Salt Codfish and Herring Boards, with wide powers of supervision over the industry.

The land settlement policy of the Commission is being extended and they are continuing to promote agricultural development.

Iron ore exports for the first nine months of this year were 540,388 tons compared with 736,661 for the whole of 1935. The mine (base metals) at Buchans continues to operate at capacity and production should be around the 1935 total of 195,414 tons.

The paper mills at Grand Falls and Corner Brook have been fully employed throughout the year except for mechanical interruptions. Employment increased at both points. Export demand for pulpwood has increased.

Manufacturers dependent on the fisheries show a reduction in turnover but others report a slight gain.

While volume of wholesale trade has been about average and retail trade has kept up well, both have suffered from depressed conditions in the fishing industry. Collections are slow.

There were 42,000 persons receiving relief in the month of August, an increase of 15,000 over last year.

Work has commenced on an airport at Cobbs Camp for use in the proposed transatlantic service. The highway programme is being vigorously pushed to attract tourist traffic.

Government expenditure for the year ended 30th June was approximately \$13,188,000, about \$2,374,000 more than revenue. A deficit of \$2,223,000 is budgeted for during the current year, to meet which a grant-in-aid of \$2,092,000 is expected. Exports for the year ended 30th June totalled \$28,800,000 and imports \$20,700,000.

It is hoped the Commission now investigating the salt codfish industry will be able to point the way to its rehabilitation, as a large portion of the population depends on that industry for its livelihood. While sufficient time has not elapsed for long-range policies of the Commission of Government to bear fruit, with the continued co-operation of the Mother Country existing difficulties should gradually be overcome.

REPORT ADOPTED

The Chairman then moved, seconded by Mr. H. R. Drummond, that the Report of the Directors, now read, be adopted and printed for distribution among the Shareholders.

The report was unanimously adopted.

Sir Charles Gordon here said:

"Before proceeding further with the business before us, I have an important announcement to make and that is that one of our General Managers, Mr. W. A. Bog, is retiring from that position.

"I wish I possessed some oratorical powers, as there are so many nice things that I would like to say about Mr. Bog.

"As I mentioned before, I have been president for nine years and during six and a half years of that time I have been in constant touch with Mr. Bog as one of our General Managers. It has been for me a particularly pleasant relationship, and not once during that time have we had any serious difference of opinion, or, indeed, I might almost say even a slight difference of opinion.

"Mr. Bog has been with the Bank for over fifty-five years, and has served in many different capacities, the most important positions being that of first agent in New York, and as Assistant General Manager in Canada and then as Joint General Manager. I consider that our successful surmounting of the many difficulties we have had to face since 1929 has been largely due to the wide experience which Mr. Bog brought to the management of the Bank." (Applause.)

Mr. W. A. Bog in reply said:

"Sir Charles and Gentlemen,

"It is with a great deal of feeling that I rise to acknowledge the kindly words of the President in announcing my resignation. After a lifetime in the service of this Institution it is not easy to relinquish one's activities, but I do so with only the happiest recollections of my association with the Bank and of my fellow-workers in the service. During my tenure of office as a General Manager I have received the most cordial co-operation from all members of the staff, and, so far as Sir Charles and the Board of Directors are concerned, there is no better man to work under than Sir Charles, and if I have had any measure of success in the post I am relinquishing, it is largely due to his wholehearted support and that of the Board of Directors." (Applause.)

Sir Edward Beatty, G.B.E., moved, seconded by Lt.-Col. Herbert Molson, C.M.G., M.C., that Messrs. Charles A. Hodgson, C.A., and Alastair A. Gowan, C.A., be appointed Auditors for

the Bank for the ensuing year, and that the ballot for the Auditors be taken at the same time as the ballot for Directors is taken.

The motion was carried.

On motion of the Hon. Henry Cockshutt, seconded by Mr. C. F. Sise, resolutions appointing the necessary proxies for the Bank at meetings of controlled companies were unanimously adopted.

THANKS TO THE OFFICERS

Mr. George A. Campbell, K.C., then moved, seconded by Mr. A. E. Francis, that the thanks of the meeting are hereby tendered to the President, the Vice-Presidents and Directors for their attention to the interests of the Bank.

In speaking to the motion, Mr. Campbell said: "I realize it is quite unnecessary for me to add anything to the text of this resolution to ensure its adoption, but I would not like the officers of the Bank to feel that this is a perfunctory resolution. The shareholders are genuinely grateful for the great care and attention with which they have supervised the Bank's affairs. The statement which has been submitted, in view of the difficult conditions, is eminently satisfactory. It shows at least some improvement over the preceding year, and that is a turn in the right direction.

"I would like to reiterate on behalf of the shareholders what you have, yourself, said, Mr. President, to the shareholders in regard to appreciation of the long services which Mr. W. A. Bog has rendered to this Bank.

"I venture to say there are others besides the shareholders who ought to express satisfaction, among them being the tax gatherers of the country. I see by the statement that the amount paid for Federal and Provincial taxes was \$991,645. I have had no training or experience as a banker but it looks to me almost 25 per cent of the profits of the Institution. If one adds to that 25 per cent of the Bank's profits the amount of municipal taxation collected from coast to coast it would add very materially to the amount which has been paid to the Federal and Provincial Treasuries. May we venture to hope that the returning prosperity of which we have read in the papers will bring some diminution of this burden. In regard to this taxation problem it is a matter of 'Rendering to Caesar what is due to Caesar' but we may venture to hope that Caesar will have some heart and conscience.

"In addition to the tax gatherers we might also add that the public should find satisfaction in the statement presented here to-day. The citizens of this country should remember and express gratitude because this Bank and other banks are rendering great services which we are apt to take for granted."

Mr. Francis said, seconding the motion: "I have very much pleasure in seconding the resolution. If I may add a word, may I say that all concerned, from the smallest depositor, realize and appreciate that their interests are being protected in the best possible manner by the gentlemen who constitute the Board."

The motion was adopted unanimously.

Sir Charles Gordon said: "On behalf of myself and Board of Directors I thank you very much for your remarks and the feelings you have shown towards us."

Major-General Mewburn moved, seconded by Mr. D. Forbes Angus, that the thanks of the meeting are hereby tendered to the General Managers, the Assistant General Managers, the Superintendents, the Managers and other officers of the Bank, for their services during the past year.

In speaking to the motion, Major-General Mewburn said:

"I am sure the shareholders share in the regret which has been expressed at the retirement of Mr. Bog, but I am glad that his long experience is still available to the members of the Board

by his being one of our members. The General Managers, the Assistant General Managers, the Superintendents and Managers throughout the country have had a very trying time during the past few years. To say that they and the Staff generally have carried out their duties to the satisfaction of the public and the Bank is to put it very mildly. We are deeply indebted to all of them for the high *esprit de corps* existing throughout the service and for the integrity and sense of duty of all concerned."

The motion was passed unanimously.

In reply to the resolution, Mr. Jackson Dodds said:

"On Mr. Bog's and my own behalf and on behalf of our able assistants and the staff generally, I wish to express sincere thanks for your warm words of appreciation of services rendered during the past year. General Mewburn's very generous remarks will serve as an inspiration to all of us; we know they are not intended to be taken as a matter of formality, that they are sincere, and we value them highly. The *esprit de corps*, loyalty, efficiency and zeal of our staff of men and women will continue to be an outstanding feature of the Bank and one of its greatest assets."

The Chairman then said: "The remaining business before the meeting is the ballot for the appointment of Auditors and the election of Directors for the ensuing year. The ballot is now open for these purposes."

The ballot for the appointment of Auditors and the election of Directors for the ensuing year was then proceeded with.

The scrutineers appointed for the purpose reported that: Messrs. Charles A. Hodgson, C.A., and Alastair A. Gowan, C.A., were duly appointed Auditors and the following gentlemen elected Directors: the Hon. Thomas Ahearn, P.C., D. Forbes Angus, Sir Edward Beatty, G.B.E., W. A. Bog, the Honourable Patrick Burns, the Honourable Henry Cockshutt, Norman J. Dawes, A. O. Dawson, H. R. Drummond, W. Sanford Evans, Sir Charles Gordon, G.B.E., Louis L. Lang, J. W. McConnell, Ross H. McMaster, F. E. Meredith, K.C., Major-General the Hon. S. C. Mewburn, C.M.G., Lt.-Col. Herbert Molson, C.M.G., M.C., W. G. Murrin, Arthur B. Purvis, C. F. Sise, W. N. Tilley, K.C., Sir Frederick Williams-Taylor.

The meeting then terminated.

At a subsequent meeting of the Directors, Sir Charles Gordon, G.B.E., was elected President and Mr. H. R. Drummond, Major-General the Honourable S. C. Mewburn, C.M.G., and Mr. W. A. Bog were elected Vice-Presidents.

The Executive Committee of the Board was appointed consisting of: Sir Charles Gordon, G.B.E.; Mr. H. R. Drummond, Major-General the Honourable S. C. Mewburn, C.M.G.; Sir Edward Beatty, G.B.E., and Mr. W. A. Bog.

BANK OF MONTREAL

(ESTABLISHED OVER 100 YEARS)

INCORPORATED BY ACT OF PARLIAMENT

HEAD OFFICE—MONTREAL

PRESIDENT

SIR CHARLES GORDON, G.B.E.

VICE-PRESIDENTS

H. R. DRUMMOND, Esq. MAJ.-GEN. THE HON. S. C. MEWBURN, C.M.G. W. A. BOG, Esq.

GENERAL MANAGERS

JACKSON DODDS G. W. SPINNEY

DIRECTORS

D. FORBES ANGUS, Esq.	LT.-COL. HERBERT MOLSON, C.M.G., M.C.	THE HON. HENRY COCKSHUTT
SIR EDWARD BEATTY, G.B.E.	F. E. MEREDITH, Esq., K.C.	THE HON. THOMAS AHEARN, P.C.
J. W. McCONNELL, Esq.	A. O. DAWSON, Esq.	W. N. TILLEY, Esq., K.C.
SIR FREDERICK WILLIAMS-TAYLOR	THE HON. PATRICK BURNS	ROSS H. McMASTER, Esq.
C. F. SISE, Esq.	ARTHUR B. PURVIS, Esq.	NORMAN J. DAWES, Esq.
W. SANFORD EVANS, Esq.	W. G. MURRIN, Esq.	LOUIS L. LANG, Esq.

EXECUTIVE COMMITTEE OF THE BOARD

SIR CHARLES GORDON, G.B.E.
H. R. DRUMMOND, Esq. MAJ.-GEN. THE HON. S. C. MEWBURN, C.M.G.
SIR EDWARD BEATTY, G.B.E. W. A. BOG, Esq.

LONDON COMMITTEE

HIS GRACE THE DUKE OF DEVONSHIRE, K.G. (*Chairman*)
F. R. S. BALFOUR, Esq. SIR HARDMAN LEVER, BART, K.C.B.
SIR FREDERICK WILLIAMS-TAYLOR

CAPITAL <i>paid up</i> - - - - -	\$36,000,000.00
REST AND UNDIVIDED PROFITS - - - - -	40,036,534.73
TOTAL ASSETS - - - - -	805,081,998.02

The Bank has 523 Offices in Canada, Newfoundland, United States and at London, England, with Correspondents in all Countries, offering exceptional facilities in all departments of General and Foreign Banking.

FOREIGN DEPARTMENT - - - - - HEAD OFFICE, MONTREAL

BRANCHES IN CANADA

ALBERTA

ACME
ALLIANCE
BANFF (JUNE TO SEPT.)
BENTLEY
CALGARY (MAIN OFFICE)
" ELBOW PARK
" STOCK YARDS
CAMROSE
CARBON
CARSTAIRS
CASTOR
CHAUVIN
COUTTS
DAYSLAND
DELBURNE
DRUMHELLER
EDGERTON
EDMONTON (MAIN OFFICE)
" 97TH STREET AT 103RD A.
AVENUE
FORESTBURG
GRANDE PRAIRIE
HUGHENDEN
IRMA—SUB TO WAINWRIGHT
ISLAY
KILLAM
LACOMBE
LAKE LOUISE (CHATEAU LAKE,
LOUISE BRANCH—JUNE TO SEPT.)
LEDUC
LETHBRIDGE
MAGRATH
MANNVILLE
MEDICINE HAT
MORRIN
MYRNAME
OLDS
PARADISE VALLEY—SUB TO
EDGERTON
RAYMOND
RED DEER
RIMBEY
SEDGEWICK
STETTNER
THORSBY
TOFIELD
TROCHU
TWO HILLS
VEGREVILLE
VIKING
WAINWRIGHT
WESTLOCK
WETASKIWIN

BRITISH COLUMBIA

ASHCROFT
BRALORNE
CHILLIWACK
CLOVERDALE
DUNCAN
ENDERBY
ESQUIMALT
HANEY
KAMLOOPS
KASLO

BRITISH COLUMBIA —CONTINUED

KELOWNA
KIMBERLEY
MERRITT
NANAIMO
NELSON
NEW DENVER
NEW WESTMINSTER
NORTH VANCOUVER
OAK BAY
PENTICTON
PORT ALBERNI
POWELL RIVER
PREMIER—SUB TO STEWART
PRINCE GEORGE
PRINCE RUPERT
ROSSLAND
STEWART
TRAIL
VANCOUVER (MAIN OFFICE)
" BROADWAY & GRANVILLE
STREET
" BROADWAY & MAIN STREET
" CARRALL & HASTINGS STREETS
" FOURTH AVENUE & ALMA ROAD
" GRANVILLE & DAVIE STREETS
" HOMER & HASTINGS STREETS
" HOTEL VANCOUVER
" KERRISDALE
" MAIN & HASTINGS STREETS
" MARINE BUILDING
" PENDER & COLUMBIA STREETS
" PRIOR & MAIN STREETS
" WEST POINT GREY
VERNON
VICTORIA (MAIN OFFICE)
" GOVERNMENT STREET
WEST SUMMERLAND
WILLIAMS LAKE

MANITOBA

BELMONT
BISSETT
BOWSMAN RIVER
BRANDON
CARBERRY
DAUPHIN
GLADSTONE
HARTNEY
MCGREGOR
MINITONAS
MORRIS
NEEPAWA
OAK RIVER
OAKVILLE
PORTAGE LA PRAIRIE
RESTON
SELKIRK
SOURIS
WINNIPEG (MAIN OFFICE)
" BANNERMAN AVENUE & MAIN
STREET
" CORYDON AVENUE
" FORT ROUGE
" HIGGINS AVENUE & MAIN
STREET
" LOGAN AVENUE
" LOMBARD STREET

MANITOBA—CONTINUED

WINNIPEG—CONTINUED
" MCGREGOR STREET & SELKIRK
AVENUE
" MORLEY AVENUE & OSBORNE
STREET
" PORTAGE AVENUE
" PORTAGE AVENUE & GOULDING
STREET
" PORTAGE AVENUE & VAUGHAN
STREET
" SELKIRK AVENUE & ARLINGTON
STREET

NEW BRUNSWICK

BATHURST
CHATHAM
FREDERICTON
GRAND FALLS
HARTLAND
MONCTON
PERTH
SAINT JOHN (MAIN OFFICE)
" HAYMARKET SQUARE
" UNION STREET
ST. STEPHEN
SHEDIAC
WOODSTOCK

NOVA SCOTIA

AMHERST
BRIDGEWATER
CANSO
GLACE BAY
HALIFAX (MAIN OFFICE)
" NORTH END
" WILLOW TREE
LUNenburg
MAHONE BAY
RIVERPORT
SYDNEY
WOLFVILLE
YARMOUTH

ONTARIO

ACTON
ALLISTON
ALMONTE
ALVINSTON
AMHERSTBURG
ARNPRIOR
ATHENS
AULTSVILLE—SUB TO WALES
AURORA
AYLMER
BARRY'S BAY
BEACHVILLE—SUB TO INGERSOLL
BELLEVILLE
BLENHEIM
BOBCAYGEON
BOTHWELL
BOWMANVILLE

ONTARIO—CONTINUED

BRAMPTON
BRANTFORD
BRESLAU—SUB TO KITCHENER
BRIDGEPORT—SUB TO KITCHENER
BROCKVILLE
BRONTE
BRUCEFIELD—SUB TO HENSALL
CAMPBELLFORD
CHATHAM
CHATSWORTH
CHESTERTON
CLARKSON—SUB TO BRONTE
CLINTON
COLLINGWOOD
CORNWALL (MAIN OFFICE)
" MCCONNELL AVENUE &
MONTREAL ROAD
COURTLAND—SUB TO TILLSONBURG
CREEMORE
DELHI
DOUGLAS
DRUMBO
EGANVILLE
ELGIN
ELORA
EXETER
FENELON FALLS
FINCH
FOREST
FORMOSA—SUB TO TEESWATER
FORT ERIE
FORT ERIE NORTH
FORT WILLIAM
FRANKFORD—SUB TO TRENTON
GALT
GANANOQUE
GEORGETOWN
GLENCOE
GODERICH
GORE BAY
GUELPH
HALIBURTON
HAMILTON (MAIN OFFICE)
" BARTON STREET & VICTORIA
AVENUE
" CENTRAL MARKET
" GAGE AVENUE & BARTON
STREET
" HOLTON AVENUE
" JAMES & BARTON STREETS
" MAIN STREET EAST (DELTA)
" VICTORIA AVENUE
" WESTINGHOUSE AVENUE
HANOVER
HENSALL
HESPELER
HIGHGATE
HOLSTEIN—SUB TO MOUNT FOREST
INGERSOLL
IROQUOIS
KINCARDINE
KINGSTON
KINGVILLE
KIRKTON—SUB TO MITCHELL
KITCHENER
KOMOKA—SUB TO MARKET
SQUARE, LONDON
LAMBTON MILLS

BRANCHES IN CANADA

ONTARIO—CONTINUED

LANCASTER
 LANSLOWNE
 LEAMINGTON
 LINDSAY
 LISTOWEL
 LITTLE CURRENT
 LONDESBOURGH—SUB TO CLINTON
 LONDON (MAIN OFFICE)
 " CITY HALL
 " EAST
 " MARKET SQUARE
 " SOUTH
 LUCAN
 LUCKNOW
 MANITOWANING
 MARKDALE
 MEAFORD
 MERLIN
 MIDLAND
 MILDMAY
 MIMICO
 MINDEMOYA
 MITCHELL
 MONKLAND—SUB TO FINCH
 MORRISBURG
 MOUNT FOREST
 NAPANEE
 NEWINGTON—SUB TO FINCH
 NEWMARKET
 NEW TORONTO
 NIAGARA FALLS
 NORWICH
 OAKVILLE
 ORILLIA
 OSHAWA
 OTTAWA (MAIN OFFICE)
 " BANK STREET
 " RIDEAU STREET
 OWEN SOUND
 PARIS
 PELEE ISLAND—SUB TO LEAMINGTON (APRIL TO DEC.)
 PEMBROKE
 PERTH
 PETERBOROUGH (MAIN OFFICE)
 " GEORGE STREET
 PICTON
 PORT ARTHUR
 PORT HOPE
 PRESCOTT
 PRESTON
 RENFREW
 RIDGETOWN
 ST. CATHARINES
 ST. EUGENE
 ST. GEORGE—SUB TO BRANTFORD
 ST. MARYS
 ST. THOMAS (MAIN OFFICE)
 " EAST END
 SARNIA
 SAULT STE. MARIE
 SCHREIBER
 SIMCOE
 SMITH'S FALLS
 STIRLING
 STRATFORD
 SUDBURY

ONTARIO—CONTINUED

TARA
 TEESWATER
 THAMESVILLE
 THORNDALE—SUB TO MARKET SQUARE, LONDON
 TICHBORNE—SUB TO YARKER
 TILBURY
 TILLSONBURG
 TIMMINS
 TORONTO (MAIN OFFICE)
 " BATHURST & KING STREETS
 " BAY STREET
 " BLOOR & BAY STREETS
 " BLOOR STREET & LANSLOWNE AVENUE
 " BLOOR STREET & WINDERMERE AVENUE
 " COLLEGE STREET
 " DANFORTH & LOGAN AVENUES
 " DUNDAS STREET & LANSLOWNE AVENUE
 " DUNDAS STREET & RONGES-VALLIS AVENUE
 " DUPONT STREET
 " EARLSCOURT
 " GROSVENOR & YONGE STREETS
 " HOUNSLOW HEATH ROAD & ST. CLAIR AVENUE
 " KING & DUFFERIN STREETS
 " KING & YONGE STREETS
 " OAKWOOD & ST. CLAIR AVENUES
 " PARLIAMENT STREET
 " QUEEN STREET EAST & BEECH AVENUE
 " QUEEN STREET WEST & BEACONSFIELD AVENUE
 " QUEEN STREET & BROADVIEW AVENUE
 " QUEEN STREET & O'HARA AVENUE
 " QUEEN & PORTLAND STREETS
 " ROSELAWN AVENUE & YONGE STREET
 " ROYAL YORK HOTEL
 " ROYCE AVENUE
 " ST. GEORGE & BLOOR STREETS
 " ST. LAWRENCE MARKET
 " SPADINA AVENUE & ADELAIDE STREET
 " WEST TORONTO
 " YONGE & BLOOR STREETS
 " YONGE & QUEEN STREETS
 " YONGE STREET & ST. CLAIR AVENUE
 TRENTON
 TWEED
 VERONA—SUB TO YARKER
 WALES
 WALKERTON
 WALKERVILLE (MAIN OFFICE)
 " WALKER ROAD
 WALLACEBURG
 WATERFORD
 WATERLOO
 WATFORD
 WELLAND
 WEST LORNE
 WESTON
 WESTPORT
 WILLIAMSBURG
 WILLIAMSTOWN
 WINDSOR (MAIN OFFICE)
 " EAST WINDSOR
 " LONDON STREET
 WOODSTOCK
 YARKER
 ZURICH

PRINCE EDWARD ISLAND

CHARLOTTETOWN
 QUEBEC
 AMQUI
 ARTHABASKA
 ARUNDEL
 ARVIDA
 BEDFORD
 BREAKYVILLE
 BRISTOL—SUB TO SHAWVILLE
 BUCKINGHAM
 BURY
 CHICOUTIMI
 COOKSHIRE
 COWANSVILLE
 DRUMMONDVILLE
 GATINEAU
 GRANBY
 GRAND MERE
 HULL
 HUNTINGDON
 KNOWLTON
 LACHINE
 LACHUTE
 LEVIS
 LONGUEUIL
 MAGOG
 MATANE
 MEGANTIC
 MONT JOLI
 MONTREAL (MAIN OFFICE)
 " BEAVER HALL
 " BLEURY & ST. CATHERINE STREETS
 " BORDEAUX STREET & MOUNT ROYAL AVENUE
 " CHARLEVOIX & CENTRE STREETS
 " CHRISTOPHER COLUMBUS STREET & MOUNT ROYAL AVENUE
 " CITY HALL AVENUE & ST. CATHERINE STREET
 " COTE DES NEIGES
 " COTE ST. PAUL
 " DARLING & ONTARIO STREETS
 " DE LORIMIER AVENUE & ROSEMOUNT BOULEVARD
 " DRUMMOND & ST. CATHERINE STREETS
 " FULLUM & ST. CATHERINE STREETS
 " GIROUARD & MONKLAND AVENUES
 " GUY & SHERBROOKE STREETS
 " JACQUES CARTIER SQUARE & ST. PAUL STREET
 " JEAN TALON STREET & QUERBES AVENUE
 " LA SALLE AVENUE & ONTARIO STREET
 " LAURIER AVENUE & ST. LAWRENCE BOULEVARD
 " MARCIL AVENUE & SHERBROOKE STREET
 " MASSON STREET & FIFTH AVENUE
 " MCGILL & ST. PAUL STREETS
 " MOUNT ROYAL AVENUE & ST. LAWRENCE BOULEVARD
 " ONTARIO STREET & ST. LAWRENCE BOULEVARD
 " PAPINEAU AVENUE & ST. CATHERINE STREET
 " PARK & BERNARD AVENUES

QUEBEC—CONTINUED

MONTREAL (CONTINUED)
 " PEEL STREET
 " POINT ST. CHARLES
 " ST. ANTOINE & WINDSOR STREETS
 " ST. CLEMENT & ST. CATHERINE STREETS
 " ST. HENRI
 " ST. JEAN BAPTISTE MARKET
 " ST. PETER & ST. JAMES STREETS
 " ST. ZOTIQUE & ST. DENIS STREETS
 " SEIGNEURS & NOTRE DAME STREETS
 " SHERBROOKE & DRUMMOND STREETS
 " SHERBROOKE STREET & ST. LAWRENCE BOULEVARD
 " SNOWDON
 " UNIVERSITY & ST. CATHERINE STREETS
 " VILLERAY & ST. DENIS STREETS
 " WEST END
 MONTREAL WEST
 NAPIERVILLE
 OUTREMONT
 QUEBEC (MAIN OFFICE)
 " CHATEAU FRONTENAC
 " ST. JOHN'S GATE
 " ST. ROCH
 " ST. SAUVEUR
 " UPPER TOWN
 QUYN
 RICHMOND
 RIVIERE DU LOUP
 ROBERVAL
 STE. AGATHE DES MONTS
 STE. ANNE DE BELLEVUE
 ST. CESAIRE
 ST. GEORGES DE BEAUCE
 ST. HYACINTHE
 ST. JEAN
 ST. JEROME
 ST. JOSEPH D'ALMA
 ST. JOVITE
 ST. LAMBERT
 STE. THERESE
 SAWYERVILLE
 SHAWVILLE
 SHERBROOKE (MAIN OFFICE)
 " BELVIDERE & KING STREETS
 SOREL
 TEMISKAMING
 TROIS-RIVIERES
 VALLEYFIELD
 VERDUN (MAIN OFFICE)
 " BEATTY & VERDUN AVENUES
 " CHURCH AVENUE
 " FOURTH AVENUE & WELLINGTON STREET
 VICTORIAVILLE
 WATERLOO
 WESTMOUNT (MAIN OFFICE)
 " CLAREMONT AVENUE & SHERBROOKE STREET
 SASKATCHEWAN
 BATTLEFORD
 CARNDUFF
 DAVIDSON
 DOMREMY

BRANCHES IN CANADA

SASKATCHEWAN—CONTINUED

DUCK LAKE
EASTEND
ESTEVAN
FIFE LAKE
KAMSACK
KELLIHER
KISBEY
LAKE LENORE
LIMERICK
MAPLE CREEK

SASKATCHEWAN—CONTINUED

MELVILLE
MOOSE JAW
NIPAWIN
NORTH BATTLEFORD
OUTLOOK
PRINCE ALBERT
PUNNICHY
REGINA (MAIN OFFICE)
" VICTORIA AVENUE & ALBERT
STREET

SASKATCHEWAN—CONTINUED

ROSE VALLEY
SALTCOATS
SASKATOON
SEMANS
SHAUNAVON
SWIFT CURRENT
TISDALE
UNITY
WAKAW

SASKATCHEWAN—CONTINUED

WEYBURN
WHITEWOOD
WYNYARD
YORKTON

YUKON

DAWSON
MAYO

IN NEWFOUNDLAND

BUCHANS—Sub to Grand Falls

CORNER BROOK

CURLING

GRAND FALLS

ST. GEORGE'S

ST. JOHN'S

IN GREAT BRITAIN

LONDON, ENG.—47 THREADNEEDLE STREET, E.C. 2.

" " 9 WATERLOO PLACE, S.W. 1.

IN THE UNITED STATES

NEW YORK, N.Y.—AGENCY—BANK OF MONTREAL—64 WALL STREET

CHICAGO, ILL.—BANK OF MONTREAL—27 SOUTH LA SALLE STREET

SAN FRANCISCO, CALIF.—BANK OF MONTREAL (SAN FRANCISCO)—333 CALIFORNIA STREET

