

# 1883.

## 30<sup>TH</sup> A.PRIL.

### BANK OF MONTREAL.

*Statement of the result of the business of the Bank for the year ended 30th April, 1883.*

Balance of Profit and Loss Account, 30th April, 1882 .....	\$ 215,403 68
Profits for the year ended 30th April, 1883, after deducting charges of management, and making full provision for all bad and doubtful debts .....	1,556,788 56
	<u>\$1,772,192 24</u>
Dividend 5 per cent., paid 1st December, 1882 .....	\$600,000 00
Dividend 5 per cent., payable 1st June, 1883.....	600,000 00
	<u>\$1,200,000 00</u>
	\$ 572,192 24
Carried to Rest Account .....	250,000 00
Balance of Profit and Loss carried forward .....	<u>\$ 322,192 24</u>

NOTE.—Market price of Bank of Montreal Stock, 30th April, 1883, 200¼ per cent., equal to \$400.50 per share.

# GENERAL STATEMENT.

30th April, 1883.

## LIABILITIES.

Capital Stock paid up.....		\$12,000,000 00
Rest .....	\$ 5,750,000 00	
Balance of Profits carried forward .	322,192 24	
	<u>\$ 6,072,192 24</u>	
Unclaimed Dividends .....	14,189 22	
Half-yearly Dividend, payable 1st June, 1883 .....	600,000 00	
	<u>\$ 6,686,381 46</u>	
		<u>\$18,686,381 46</u>
Amount of Notes of the Bank in circulation .....	\$ 5,359,580 00	
Deposits not bearing interest .....	6,319,889 04	
Deposits bearing interest .....	12,587,261 95	
Balances due to other Banks in Canada .....	499,412 10	
	<u>\$24,766,143 09</u>	
		<u>\$43,452,524 55</u>

## ASSETS.

Gold and Silver Coin Current .....	\$ 1,867,389 50	
Government Demand Notes.....	2,993,523 25	
Balances due from other Banks in Canada.....	\$ 99,644 45	
Due from Agencies of this Bank, and other Banks in Foreign Countries .....	4,614,869 99	
Due from Agencies of this Bank, and other Banks in Great Britain .....	1,374,670 12	
	<u>\$ 6,089,184 56</u>	
Notes and Cheques of other Banks .....	1,091,802 27	
	<u>\$12,041,899 58</u>	
Bank Premises at Montreal and Branches .....		440,000 00
Loans and Bills Discounted.....	\$30,531,636 65	
Debts secured by Mortgages and other Securities.....	211,851 36	
Overdue debts not specially secured (estimated loss provided for). .....	227,136 96	
	<u>\$30,970,624 97</u>	
		<u>\$43,452,524 55</u>

BANK OF MONTREAL, }  
MONTREAL, 30th April, 1883. }

W. J. BUCHANAN,  
General Manager.

# 1883.

## BANK OF MONTREAL

BOARD OF DIRECTORS - - 1882-83.

C. F. SMITHERS, Esq., PRESIDENT.  
 HON. D. A. SMITH, VICE-PRESIDENT.  
 EDWARD MACKAY, Esq. ALFRED BROWN, Esq.  
 GILBERT SCOTT, Esq. ALEX. T. PATERSON, Esq.  
 ALEXANDER MURRAY, Esq. G. A. DRUMMOND, Esq.  
 HUGH McLENNAN, Esq.

# REPORT

OF THE

## DIRECTORS TO THE SHAREHOLDERS

AT THEIR

*65th ANNUAL GENERAL MEETING,*

**HELD JUNE 4th, 1883.**

The Directors beg to present the 65th annual report showing the result of the Bank's operations for the year ended 30th April, 1883:—

The balance of Profit and Loss Account on 30th April, 1882, was	- -	\$ 215,403 68
The Profits of the year ended 30th April last, after deducting charges of management, and making all necessary provision for bad and doubtful debts, were	- - - - -	1,556,788 56
		<hr/>
		\$1,772,192 24

From which have to be deducted :

Dividend 5 per cent. paid 1st December, 1882	- -	\$600,000
Dividend 5 per cent. payable 1st June, 1883	- -	600,000
Addition to the Rest	- - - - -	250,000
		<hr/>
		\$1,450,000 00

Leaving a balance of	- - - - -	\$322,192 24
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to be carried forward at credit of Profit and Loss Account for the current year.

Although it will be noticed that the net profits for the year just closed are about \$84,000 less than the previous year, there is yet the pleasing feature, that the sum of \$250,000 has been added to the Rest, and at the same time an increased amount is carried forward at the credit of Profit and Loss account, a result which the Directors trust will be considered satisfactory by the shareholders.

The solicitorship of the Bank having become vacant during the year by the death of the late T. W. Ritchie, Esq., Q.C., the appointment was conferred upon W. W. Robertson, Esq.

All the branches of the Bank, and the head office also, have been inspected during the year, and the only change to note in connection with business outside Montreal, is the opening of branches at Portage la Prairie and Regina, in the Northwest.

It may not be out of place to state, for the information of shareholders residing at a distance, that since the date of the closing of the year's business covered by this report, the directors have to record the death of their late much esteemed colleague, Edward Mackay, Esq., who had given his earnest attention to the interests of the Bank, in the capacity of a director, for a period embracing very nearly ten years; and that the vacancy upon the Board caused thereby, has been filled by the election of the Hon. John Hamilton.

C. F. SMITHERS,  
*PRESIDENT.*

30th April, 1883.

# GENERAL STATEMENT.

30th April, 1883.

## LIABILITIES.

Capital Stock paid up.....		\$12,000,000 00
Rest.....	\$ 5,750,000 00	
Balance of Profits carried forward.....	322,192 24	
	<u>\$ 6,072,192 24</u>	
Unclaimed Dividends.....	14,189 22	
Half-yearly Dividend, payable 1st June, 1883 .....	600,000 00	
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Amount of Notes of the Bank in circulation.....	\$ 5,359,580 00	
Deposits not bearing interest.....	6,319,889 04	
Deposits bearing interest.. ..	12,587,261 95	
Balances due to other Banks in Canada .....	499,412 10	
	<u>\$24,766,143 09</u>	
		<u>\$43,452,524 55</u>

## ASSETS.

Gold and Silver Coin Current.....	\$ 1,867,389 50	
Government Demand Notes .....	2,993,523 25	
Balances due from other Banks in Canada .....	\$ 99,644 45	
Due from Agencies of this Bank, and other Banks in Foreign Countries.....	4,614,869 99	
Due from Agencies of this Bank, and other Banks in Great Britain.....	1,374,670 12	
	<u>\$ 6,089,184 56</u>	
Notes and Cheques of other Banks .....	1,091,802 27	
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Bank Premises at Montreal and Branches.....		440,000 00
Loans and Bills Discounted .....	\$30,531,636 65	
Debts secured by Mortgages and other Securities.....	211,851 36	
Overdue debts not specially secured (estimated loss provided for). ..	227,136 96	
	<u>\$30,970,624 97</u>	
		<u>\$43,452,524 55</u>

BANK OF MONTREAL, }  
MONTREAL, 30th April, 1883. }

W. J. BUCHANAN,  
General Manager.

# PROCEEDINGS

OF THE

SIXTY-FIFTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS,

HELD AT THE BANKING HOUSE,

ON

Monday, the 4th June, 1883.

C. F. SMITHERS, ESQ., PRESIDENT, IN THE CHAIR.

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Moved by MR. ROBERT ANDERSON, seconded by MR. A. T. PATERSON :

“That the following gentlemen be appointed to act as scrutineers : MESSRS. W. B. CUMMING and THOS. DAVIDSON, and that MR. R. A. LINDSAY be the Secretary of this meeting.”  
After the report had been read, the following Resolutions were put and carried unanimously :—

Moved by the CHAIRMAN, seconded by HON. D. A. SMITH :

“That the report of the Directors now read be adopted and printed for distribution among the Shareholders.”

Moved by Mr. ANDREW ROBERTSON, seconded by Mr. D. LORN MACDOUGALL :

“That the thanks of the meeting be presented to the President and Directors for their attention to the interests of the Bank.”

Moved by Mr. HUGH McLENNAN, seconded by Mr. GILBERT SCOTT :

“That the thanks of the meeting be given to the General Manager, the Inspector, the managers, and other officers of the Bank, for their services during the past year.”

Moved by Mr. G. MACRAE, Q.C., seconded by Mr. HECTOR MACKENZIE :

“That the ballot now open for the election of Directors, be kept open until three o'clock, unless fifteen minutes elapse without a vote being cast, when it shall be closed, and until that time and for that purpose only this meeting be continued.

The Scrutineers reported the following gentlemen duly elected Directors :

ALFRED BROWN, Esq.

ALEX. MURRAY, Esq.

GEO. A. DRUMMOND, Esq.

ALEX. T. PATERSON, Esq.

HON. JOHN HAMILTON.

GILBERT SCOTT, Esq.

HUGH McLENNAN, Esq.

HON. D. A. SMITH.

C. F. SMITHERS, Esq.

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At a meeting of the new Board MR. C. F. SMITHERS was elected President, and HON. D. A. SMITH, Vice-President.

# 1883.

# BANK OF MONTREAL.

## ANNUAL GENERAL MEETING.

*Held 4th June, 1883.*

*(From THE GAZETTE, of 5th June, 1883.)*

The annual general meeting of the Bank of Montreal was held at noon yesterday in the Board room. There was a large attendance of shareholders, prominent amongst whom were the following:—Mr. C. F. Smithers, Hon. John Hamilton, Hon. Donald A. Smith, Messrs. Hugh McLennan, Robert Anderson, Gilbert Scott, A. T. Paterson, Andrew Robertson, J. J. Arnton, George Macrae, Q.C., F. B. Matthews, R. A. Ramsay, Jesse Joseph, D. Lorn Macdougall, D. R. Stoddart, Thos. Davidson, W. B. Cumming, John McDonald, John Morrison, Robt Moat, Alfred Brown, W. J. Buchanan (General Manager), Hector Mackenzie, E. F. King and John McIntosh.

The proceedings were opened by Mr Jesse Joseph, moving that the President, Mr. Chas. F. Smithers, be requested to take the chair.

The CHAIRMAN announced that the first business before the meeting was the appointment of scrutineers and a secretary.

Mr. ROBERT ANDERSON moved, seconded by Mr. A. T. PATERSON, "That the following gentlemen be appointed to act as scrutineers; Messrs. W. B. Cumming and Thos. Davidson, and that Mr. R. A. Lindsay be the secretary of this meeting" Carried.

The CHAIRMAN then called upon the General Manager, Mr. W. J. Buchanan, to read the following

### REPORT OF THE DIRECTORS

to the shareholders at their 65th annual general meeting, held 4th June, 1883.

The Directors beg to present the 65th annual report showing the result of the Bank's operations for the year ended 30th April, 1883:—

The balance of profit and loss account on 30th April, 1882, was... \$ 215,403 68.  
The profits of the year ended 30th April last, after deducting charges of management and making all necessary provision for bad and doubtful debts, were..... 1,556,788 56  
\$1,772,192 24

From which have to be deducted:—

Dividend 5 per cent. paid 1st December, 1882.....\$600,000  
Dividend 5 per cent. payable 1st June, 1883..... 600,000  
Addition to the Rest..... 250,000 1,450,000

Leaving a balance of..... \$322,192 24

To be carried forward at credit of Profit and Loss account for the current year.

Although it will be noticed that the net profits for the year just closed are about \$84,000 less than the previous year, there is yet the pleasing feature, that the sum of \$250,000 has been added to the Rest, and at the same time an increased amount is car-

ried forward at the credit of Profit and Loss account, a result which the Directors trust will be considered satisfactory by the shareholders.

The solicitorship of the Bank having become vacant during the year by the death of the late T. W. Ritchie, Esq., Q.C., the appointment was conferred upon W. W. Robertson, Esq.

All the branches of the Bank, and the head office also, have been inspected during the year, and the only change to note in connection with business outside Montreal, is the opening of branches at Portage la Prairie and Regina, in the Northwest.

It may not be out of place to state, for the information of shareholders residing at a distance, that since the date of the closing of the year's business covered by this report, the directors have to record the death of their late much esteemed colleague, Edward Mackay, Esq., who had given his earnest attention to the interests of the Bank, in the capacity of a director, for a period embracing very nearly ten years; and that the vacancy upon the Board caused thereby, has been filled by the election of the Hon. John Hamilton.

C. F. SMITHERS,  
President.

### General statement—30th April, 1883.

#### LIABILITIES.

Capital Stock paid up	\$12,000,000 00
Rest.....	\$ 5,750,000 00
Balance of profits carried forward.....	322,192 24
	\$ 6,072,192 24
Unclaimed dividends.....	14,189 22
Half-yearly dividend, payable 1st June, 1883	600,000 00
	\$ 6,686,381 46
	\$18,686,381 46
Amount of notes of the Bank in circulation \$	5,359,580 00
Deposits not bearing interest.....	6,319,889 04
Deposits bearing interest.....	12,587,261 95
Balances due to other Banks in Canada....	499,412 10
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	\$43,452,524 55

#### ASSETS.

Gold and Silver coin current.....	\$ 1,867,389 50
Government demand notes.....	2,993,520 25
Balances due from other banks in Canada \$	99,644 45
Due from agencies of this Bank, and other banks in foreign countries.	4,614,869 99

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Notes and cheques of other banks.....	1,091,802 27
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Bank premises at Montreal and branches..	440,000 00
Loans and bills discounted.....	\$30,531,636 63
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	\$30,970,624 97
	\$43,452,524 55

W. J. BUCHANAN,  
General Manager.

BANK OF MONTREAL.  
Montreal, 30th April, 1883.

The President moved

That the report of the Directors now read be adopted and printed for distribution among the shareholders.

He said: Before proceeding to say anything about the report, I would remark that I regret very much that one or two of our Directors are absent. Mr. Murray is detained by sickness and Mr. Drummond by sickness in his family. In the remarks that I have to make before proposing this resolution I see much is expected of me, though I am very much afraid that it must result in disappointment. However, I am not sure that my practice of making somewhat extended remarks upon these occasions would not be more honored in the breach than in the observance, still the opportunity occurs only once a year, and I am not willing to let it pass without taking advantage of it, more especially since we have adopted the English system, and our Reports are limited to the baldest statement of facts. and it would be folly for us to put everything to the Rest, only perhaps to take it away again the next year. However, I will not say much about the Rest, which I hope will soon be set at rest forever, except this one remark, that nothing will so certainly contribute to uniform dividends (and uniformity is what the average investor wants); nothing, I say, will so certainly contribute to uniform dividends as a large Rest, and it will also do more than anything else to maintain the market value of the stock, though that is a matter with which we, as Directors, have really nothing to do. It is our duty to manage the Bank to the best of our ability and leave the stock to take care of itself. At the same time, it is of great importance that it should not fluctuate largely, and I take this opportunity

to deprecate the excessive speculation in bank stocks which prevails here to a greater extent than anywhere else, so far as I am aware. I quite understand that this will not be a popular sentiment in certain quarters, and I can only say to gentlemen of the Stock Exchange that I have no desire to injure their business, but I should be glad to see it turned into some other channel, and to this end I hail with feeling of unmixed satisfaction the introduction to the Board of the statement which you have heard read, and which has been in your hands for three weeks, has, perhaps, occasioned a little disappointment in the minds of some, but this, I think, is partly owing to your expectations having been raised too high, and partly from the want of a full appreciation of the case. I own to some degree of disappointment myself, the gross profits of the year, and especially of the last half year were exceptionally good, and until within a couple of months of its close we were not without hopes that we should have reached the goal at which we have been so long aiming. I refer of course to the six million rest which we have set before us, and which now seems so nearly within our grasp, and which but for the losses to which I have referred would have been easily reached; in fact, we have a clear surplus of over six millions now; but you can easily see that we could not carry it all to the Rest; it would have left the balance at profit and loss to be carried forward too small to be safe. Everyone will understand that with our large business and widely extended ramifications we must have a very considerable margin to meet contingencies. It is needless to say that we are at all times liable to be hit from some unexpected quarter, railway and other securities recently listed. Notwithstanding the losses referred to, the Report states that the profits are only \$84,000 less than last year—about this question of profits I have reason to think some misapprehension exists—you will have seen from the statement that after deducting all expenses and providing for losses, there is left as nearly as possible 13 per cent for the shareholders, 10 per cent. of which has been distributed, and the remaining 3 per cent. has gone to augment the Rest and the balance carried forward, the Rest being now \$5,750,000, the highest point yet touched. Although the net profits are not so large as we could have wished, I am not sure that the result is a very bad one, but in case any of you or any of the other shareholders not present to-day think otherwise, I will endeavor to explain why it is not easy to realize their expectations, and while I am not aware that any Bank in the Dominion is paying more than 10 per cent. (though several of them have 50 per cent. Rests), still I think it only requires a little reflection to see that a Bank with a very large capital cannot be expected to make as large a percentage of profit as a small Bank. This was clearly seen by Mr. Angus and lucidly explained to the shareholders as early as June, 1875. He saw then, and plainly pointed out that no corresponding increase of circulation and deposits could be expected, and if that was true then how much more is it so to-day when competition has so largely increased. It is not the part of wisdom to undertake hazardous business simply to foster circulation, and it is quite possible to pay too much for deposits. It should also be remembered that banks and loan and saving societies are not our only competitors; they have absorbed a large amount

both in the form of circulation and deposits. The Government circulation exceeds \$15,000,000, upwards of \$10,000,000 of which is held by the banks, and the deposits exceed \$25,000,000. While on the subject of profits I may further remark that all the conditions have greatly changed since the very large dividends of which we sometimes hear were paid. No one understands better than I do the great ability and success of Mr. King as a banker. He was generally considered a financial genius, and I am as ready as anyone to admit his claim to the distinction, but he never paid a dividend upon twelve million dollars; he left before the increased capital was fully paid up, the average for that year being a little over \$9,000,000. I do not complain of the legacy he left us, but it is a task of no mean order to employ safely and at the same time profitably the large amount of funds controlled by the Bank of Montreal, at any rate in a country like this, where the conditions are wholly different from what they are in London or even in New York. Mr. Angus soon saw, as I have already indicated, that the dividends could not be maintained on the greatly increased capital, and although he succeeded in paying them for a time against very adverse circumstances, he was running on a down grade and the dividends gradually fell until in 1879 they got down to 10 per cent., and they must inevitably have reached that point sooner, as I believe I have once before stated, had it not been that there was a large surplus to dip into, all of which was absorbed, together with half a million dollars taken from the Rest, in the effort to maintain dividends. Mr. Davidson had a great reputation as a banker, and deservedly so, still in those days the Bank never paid more than 8 per cent., and that on a capital ranging from \$4,000,000 to \$6,000,000, and even in Mr. King's time with all the talent I so freely accord to him, the Bank only paid 8 per cent. during the first four years of his career and 10 per cent. for the two following. The brilliant results subsequently achieved will be within the recollection of most of you, and I do not desire to detract one iota from the credit due to those magnificent results. But the position of the Bank of Montreal is peculiar in other respects. The necessity of our keeping large reserves will not be questioned. It will be seen at a glance by anyone who comprehends the situation that it is an absolute necessity that we should always keep strong, and no man at the head of the Bank of Montreal having any realizing sense of his responsibility dare sail this institution as close to the wind as some of the smaller banks are sailed, and, I may add, sailed with comparative impunity. If they get a little beyond their depth they have only to find some bank to re-discount for them; but will anyone tell me where the Bank of Montreal is to go in like circumstances. So much depends upon the Bank of Montreal keeping strong that I have no hesitation in saying that it would not be a mistake but a crime if any man or set of men, having the control of the Institution, were for a single moment to ignore the fact. We are not only liable to be, but as a matter of fact are from time to time called upon by the Government, at very short notice, for large sums, and as a matter of course must always be prepared. So much for the profits. Let us now turn our attention for a moment to the amount under discount, which is as near as possible the same as shown in our last annual bal-

ance sheet. It was quite clear at that time that this item had reached its maximum, a point beyond which it would not be safe to go, and we put our foot down. What I said on that subject last year will probably be within the recollection of many of you, and though we have not made any material reduction we have, at any rate, not expanded. We have held an even scale, and while on the one hand we have had to keep a firm hold on the purse strings, we certainly have not distressed the community by contraction. It would have suited us better to have got in money and to have strengthened our reserves in New York, and I am not sure that we take very much credit for not having done so—it was not altogether from choice. It is not always an easy matter to contract. Doubtless we could have done so if it had been absolutely necessary, but only at great inconvenience and perhaps some loss to valued customers. The loans and discounts of the Banks generally taken as a whole show an increase of several millions. Last year we reported a large gain in deposits, this year we have lost about the same amount, and they are back to about where they stood this time two years ago. The circulation has increased \$273,000. Now, with regard to the general situation, some remarks I made last year were widely commented upon, and made use of in a way that I never intended but that will not deter me from saying in a few words just what I think now. What I said then and what I say now is solely from the bankers' standpoint. Please do not misunderstand me; I am not going to claim any credit for the outcome of anything I said then. I simply thought at the time that I saw a cloud in the financial horizon (perhaps not bigger than a man's hand), and I had the courage of my convictions to say so. I thought I saw it, and it was there and it spread, and although we had no serious calamity, nothing that could be called a panic, still money became extremely stringent, perhaps wholesomely so. We had a good many failures, and probably should have had more but for the check that was given to over-trading, and if anything that I said contributed in the slightest degree to mitigate the effects of the dangerous expansion then in progress, there is no reason to regret what was said. I hinted on that occasion at the tendency to over production in certain directions, which some of us feared, in view of the large additions to several mills which were being pushed forward with great energy. To-day it is hardly necessary to remark that there is no room for difference of opinion. That there has been over-production in certain classes of staple goods is an established fact which I presume no one will question. There is reason to hope, however, that the parties most directly interested are now so fully alive to the fact that they will apply the remedy. What the remedy is it is unnecessary for me to point out, but we need not go far to look for it. As regards the importation of foreign goods, I am not without hopes that wise counsels have prevailed and that they will be on a more moderate scale; this may not suit the steamship companies, but it will be for the general good. On the subject of losses, I have not changed the opinions I enunciated when I first appeared before you, viz., that if we can keep clear of losses, the profits will take care of themselves, but, gentlemen, we cannot always keep clear of losses—there comes the difficulty. Mr. Buchanan and I, and Mr. Mac-



nider too for the matter of that, have all had a life long experience, but I am sorry to say that we have not yet reached the standard of infallibility, and if any one can lend the amount of funds controlled by the Bank of Montreal without making losses I should like very much to make his acquaintance. On this subject the key note was struck by the *Monetary Times* in a recent issue when it remarked: "Nothing is more difficult than to do a banking business safely—to lend millions of money without losing any of it, is a task which taxes the ability of experienced men to the very utmost." Last year I had occasion to refer to the operations of the Canadian Pacific Railway Company, and I shall make no apology for again alluding to the subject as no review of the past year, either as regards the country or the Bank of Montreal, would be complete without some notice of it. It is known to every one that the work of construction has been pushed forward with marvellous energy. The progress has been even greater than I expected, although I looked for great things. The effects of the success which has attended the efforts of the Company to place its stock upon the leading markets of the world can scarcely be over-estimated. It is a matter of congratulation to us all. It has brought large sums of money into the country and has had important influence upon the Exchanges. Exchange on the United States has been very much against this country, and would have been still more so but for the large amount of American funds supplied by the Company, amounting in all to many millions. The scarcity of New York funds and the high rates they commanded during the past winter is of too recent occurrence to require any reminder, but had it not been for the supply obtained from the sources I have indicated it would have been very difficult to meet the demand. The expenditure of the Company during the coming season is now certain to be large—the works will be pushed forward with undiminished vigor without a doubt, and in connection with the immigration, which is now certain to be larger than ever before, will do much to promote a high degree of prosperity in that region, if we should be favored with a good harvest, and to mitigate the disastrous effects of a bad one, if it should unfortunately be in store for us. In making special allusion to the operations of the Canadian Pacific Railway, I do so partly because it is largely a national undertaking, and partly because the public attention has been turned very much in that direction—the prosperity of the country in the immediate future being very much bound up with the successful prosecution of that great work. I do not, however, forget that we have other old and valued clients engaged in the work of opening up and developing the country and transporting the crops, whose relations to the Bank are of long standing and the connection highly prized. Just here I may say that business has been very dull in Manitoba and the Northwest during the winter, partly from the natural reaction from what must be considered a somewhat artificial state of things, and partly from the excessive stocks of goods held rendering it necessary for the banks to exercise considerable forbearance in many cases to prevent disaster. There is no denying that things have met with a decided check in the Northwest, but that was to be expected. That it will recover quickly may also be confidently expected, and, although uninterrupted pros-

perity can scarcely be looked for, its progress will probably be very like the incoming tide, rising higher every time after receding. There are indications already that things are working into a more satisfactory shape, and we may, I think, look for another considerable influx of money during the coming season.

A word about the future before I sit down, though I feel that it is very dangerous ground, and I never felt so much difficulty as I do to-day in arriving at a satisfactory conclusion. The safest course would doubtless be to say nothing; but I do not wish to shrink from the responsibilities of my position. I am not sure, however, that it is exactly in order, as we are here to-day to give an account of what we have done during the year just ended—still it has been usual to indicate, in some degree, what the policy will be in the event of your again giving us your confidence. On this subject I have only to say that, in the event of your re-electing the old Board, I think, if one may presume to speak for all, it is scarcely likely that there will be any great change of policy. That policy has been clearly defined; it has not been a fitful or vacillating policy, but has been kept steadily in view, and we shall probably pursue the even tenor of our way under the assured conviction that it is the true policy, a thoroughly sound and conservative policy, and that it must and will come out right in the long run. I do not propose to prophesy; our success for the next year depends largely upon circumstances beyond our control, and you can read the signs of the times as well as I can. In the annual report of the New York Chamber of Commerce the following clause occurs:—

"In surveying our own horizon of commercial enterprise we fail to discover one cloud of menace, and look forward with cheerful confidence to a year of great prosperity to the entire country."

This is brave language, and it is not for me to question any statement put forth by such a body of men, and yet it is hard to reconcile it with the well-known fact that the iron trade is in a very unsatisfactory condition, and with the fact that mercantile failures are in excess of the same time last year, to say nothing of strikes and of the unfavorable accounts in relation to winter wheat. Assuming it to be correct, I can only say that it is a most highly favored country; and I doubt whether as much can be said of any other country in the world. I am quite sure that it is not true of England, where they have suffered from a series of bad harvests, where the Bank of England reserve is at the lowest point touched for years, and the supply of metals gradually on the decline. But now we come to this country, in which we are more immediately interested. Can it be said of this latitude? Would that I could adopt this language in relation to Canada, in the full confidence that I was justified in doing so; but in the exercise of the most sanguine view of the outlook, I dare not go so far. I am afraid I should be regarded as a very unsafe counsellor if I did. I fully understand that I am not speaking merely to those here present; but that what I say to-day will be read all over the country; and, fully realizing the responsibility that rests upon me, I repeat that I dare not adopt the language of the New York Chamber of Commerce in speaking of this country.

I am not a croaker, but, rather than inspire false hopes, I prefer to take the chance

of being misunderstood. Now, what are the facts? I have already pointed out that there is unquestionably over-production of certain kinds of domestic goods, and it is useless to shut our eyes to the fact that, after all, Canada is a very limited market. Then, as regards our great staple, lumber, I am informed by those largely engaged in the business that the English market is not very promising for deals, though better for square timber; the American demand for sawn lumber will probably be good.

I have said nothing so far about the crops, because it is utterly impossible to form a correct judgment at this season of the year, and yet so much depends on them that the subject cannot be passed over in silence. I am afraid that there is no denying that, up to the present time, the reports are not satisfactory; and yet I think there is no necessity for alarm. Wonderful progress is made when summer once fairly sets in, and we have sometimes seen a late season turn out a very good one. *Nil desperandum*, is all that can be said on this subject.

As regards general business, as far as I can learn by diligent enquiry, extreme dullness is the great feature of the day. No doubt stocks of certain classes of goods are being carried over, and the load is probably heavy in some quarters, but if it is true, as many seem to think, that the retailers are not as a rule overstocked, that is a very favorable feature, and, taken in connection with reduced importations, is very reassuring. On the whole, while caution is decidedly in order, there does not seem to be sufficient cause for distrust or anxiety. While I cannot go as far as the gentleman across the line I have quoted, I do not wish to err on the other side. Far be it from me to put, unnecessarily, a damper on the hopes and expectations of any. Neither do I think the occasion calls for it. The circumstances are very different from what they were a year ago; then things were booming, and a check was wholesome, while, for some time past, there has been a feeling of depression, which has tended to make men cautious, and that is a step in the right direction. There is a prevailing conservatism among an important class of the community which is itself an omen of better things to come—the brakes have been put on, and it will do no harm to keep them on a little longer. The tendency to inflation does not exist to anything like the same degree that it did a year ago, and that was what gave rise to the necessity for hoisting the danger signals. I am inclined to think that the best advice that can be given to the commercial community to-day is to keep credits within prudent limits, both as regards time and amount—they are unquestionably too long—this done and I think, or rather hope, we may look for a fair degree of prosperity.

It is a favorable feature in connection with our New York and Chicago offices that the Internal Revenue tax upon bank capital and deposits has been repealed—it will be a very important saving to us. It will still leave the state tax, but I think we can live under that. We have never objected to pay our fair share of taxes, but so long as we had to pay heavily to both State and Federal Governments it was rather too much.

I look for ample employment of our capital, and probably at remunerative rates. The amount at our disposal for dividends will depend very much upon our immunity from losses; that our profits will be fair we have

no reason to doubt, and we shall try harder than ever to avoid losses.

I am not in a position to promise you larger dividends, there are some things that are beyond the ken of any one; but I think you are safe in regarding 10 per cent. as the minimum, and whether at the end of the fiscal year we shall be in a position to distribute a little more will depend almost entirely upon how far we may be fortunate in escaping losses. You all perfectly understand that we have nearly reached the point at which we may be expected to divide pretty much all we make, after allowing for reasonable contingencies—more than this it would scarcely be safe or prudent to say.

Hon. DONALD A. SMITH—Mr. Chairman and Gentlemen,—After the full and very complete statement—I would say also the very able statement—made by the President with regard to the affairs of your institution, you will all see that there is really nothing left for me to do any more than to second the motion. Indeed, there is hardly a possibility of saying anything more after Mr. Smithers' full and comprehensive statement. I will only say that it has been the consideration of your Directors, as I believe it has been throughout the whole existence of the Bank, first, to see that your capital stock shall be held intact, and after that they shall give you the very best return for the money that can safely be given. Such has been the consideration of the Directors, and in this I am sure that throughout they have been most ably assisted by the General Managers and the staff of officers from time to time, including the present officers, who are as a whole equal to anything that you or anyone of the shareholders can desire to have in the management of the Bank. With regard to the future, our Chairman gives us the hope that we shall have, at any rate, ten per cent., and perhaps something better. I will say myself that if anything could contribute to do so, it would be the continuance for a long—and a very long time—of Mr. Smithers in the position which he now holds as President of this institution; and also of Managers and officers, who will continue to give their attention to the affairs of the Bank in the same manner as has been done throughout the long years of the existence of the Bank. (Applause.)

The CHAIRMAN—Before passing this resolution we shall be very glad to hear from any gentleman present, and Mr. Buchanan will be happy to answer any questions which any of you may wish to put.

Mr. MORRISON—Our Chairman spoke of the fluctuations of the stock as a matter which they, as Directors, had little or nothing to do, but if we, as shareholders, especially, require to sell, it concerns us sometimes very materially. And he also spoke in an almost apologetic tone as to the amount of the Rest approaching the sum of six million dollars. Now, an institution such as this never should give way to the clamours of speculators, and those amongst the shareholders who only wish to derive as much as they can at the present moment from their investment. Had he spoken in an apologetic tone of raising the Rest to twelve million dollars, instead of six, we might have understood him better, seeing the vast interests connected with this institution, and the prominent position it has in the country, being looked up to by smaller institutions and its example followed. It ought, therefore, to be very careful as to the position it takes in regard to such matters. There is

one question I would like to ask of the Chairman which might have an influence in regulating the fluctuations of bank stocks. The question is that, of the total number of shares held by stockbrokers on the 31st May, 1882, how many shares were held by the same parties on the 31st May of the current year, and I can heartily join in the wish expressed by the Chairman, that these stock brokers might soon find some other interest in which to speculate than bank stocks. I would suggest cards and dice as much more appropriate.

The CHAIRMAN—It would be impossible to give the information asked for by the gentleman. As the books stand now, and as compared with the year altogether, I suppose it could be got at, but it would be a work of great labor. But I think we are at one about the Rest. The view taken here last year was that the Rest was too large. The Directors have never thought that; we have always determined to bring it up to six millions. If any other gentleman has anything to say, we will give him the largest opportunity, because we have nothing to conceal.

The resolution was carried unanimously.

Mr. ANDREW ROBERTSON moved,

That the thanks of the meeting be presented to the President, the Vice-President and Directors, for their attention to the interests of the Bank.

He said: I am sure, Mr. Chairman, that we must all be delighted with the statement that you have made to-day. On looking back over the last year, I can quite appreciate it; in fact, my mind has reverted to the note of warning which you then gave us, and I know that it has had a good effect. You have mentioned certain things with reference to over-importation. I know that it has done good in that respect by materially decreasing over-importation since that time, but I fear the question of over-production more than that of over-importation; I think we have more reason to warn the manufacturers than the importers. I have, therefore, great pleasure, Mr. Chairman, in moving this resolution.

Mr. D. LORN MACDOUGALL—I have the greatest pleasure in seconding the resolution.

The motion was carried unanimously.

Mr. HUGH McLENNAN moved:—

"That the thanks of the meeting be given to the General Manager, Inspector, the Managers and other officers of the Bank for their services during the past year."

He said: The very great importance of this resolution and how much it means will be realized by the statement which has just been made, that this institution has got in charge some forty-three millions of money that is being supervised and handled by the officers in question; that this business extends from the city of London to Regina and that we are holding our own in the business of Chicago and New York, and that there are officers in those places who are carrying on the management of this very large interest. While by your President and your Board of Directors, you may be assured that your interests are safe, yet the real interests of the shareholders very largely depend upon those officers who are carrying forward the business in their respective capacities, and upon their success in securing the assiduity and diligence that is necessary for carrying that work forward. As one of the Directors, and so far as our knowledge extends, and the knowledge of any Directors can extend, I very heartily move this resolution of thanks to the officers in question. (Applause.)

Mr. GILBERT SCOTT—I have very great pleasure in seconding this resolution, and I can bear testimony to all that Mr. McLennan has said. I do not think you could find a more exemplary lot of gentlemen than our General Manager, the Managers and inspectors, and all down to the very end of the chapter, and I have, therefore, much pleasure in seconding this resolution.

The motion was carried unanimously.

Mr. BUCHANAN—Mr. Chairman and gentlemen, on behalf of my fellow-workers and myself, I thank you very much for the kind resolution which has just been passed. I am sure that one and all of the staff endeavor to do their duty in the best interests of the service. Mr. Smithers has really taken up all the questions relating to the affairs of the Bank that are necessary on this occasion, so that there is scarcely anything left for me to say. I cannot tell Mr. Morrison how many shares each individual holds as compared with last year, but I can give him this much information—that there are several hundred less on what is termed "the street" now than at that time. We cannot make any precise calculations because there are many private capitalists lending on the shares, which shares stand in their names, as if they were proprietors, but we have a pretty fair idea and consider that there are under 7,000 shares being carried, while last year there were a few hundreds over 7,000. In regard to the business outlook, my own feeling is that while there may be no cause for special rejoicing, on the other hand there is no occasion for despondency. I think we may reasonably look for at least a fair share of prosperity.

Mr. D. R. STODDART—Did I understand the General Manager to say that the number of the shares on the street was something under 7,000?

The GENERAL MANAGER—Yes.

Mr. STODDART—But the institutions for lending money are the City and District Savings Bank and La Caisse d'Economie de Notre Dame, Quebec, who have some 3,875 shares.

The GENERAL MANAGER—The City and District Savings Bank has some 2,960 shares, and La Caisse d'Economie has 915 shares. We have reason to believe that there is money lent on stock by private capitalists, but the Savings Banks are the largest holders.

Mr. STODDART—These are the principal ones?

The GENERAL MANAGER—I have a long list here, and there are a few that I know positively hold the stocks for speculative purposes.

The CHAIRMAN—It is a favorite way of private capitalists to lend money. There is a large amount of money now employed in that way.

Mr. GEORGE MACRAE, Q.C., moved, seconded by Mr. HECTOR MACKENZIE,

"That the ballot now open for the election of Directors be kept open until three o'clock, unless fifteen minutes elapse without a vote being cast, when it shall be closed, and until that time and for that purpose only this meeting be continued."

Carried.

A formal adjournment then took place, and at three o'clock the scrutineers reported the following gentlemen duly elected Directors:—Alfred Brown, George A. Drummond, Hon. John Hamilton, Hugh McLennan, Alex. Murray, Alex. T. Paterson, Gilbert Scott, Hon. D. A. Smith, and C. F. Smithers.

At a meeting of the new Board, Mr. C. F. Smithers was elected President, and Hon. D. A. Smith, Vice-President.



31st OCTOBER, 1883

Bank of Montreal.

*STATEMENT of the result of the Business of the Bank for the Half-year  
Ended 31st October, 1883.*

Balance of Profit and Loss Account, 30th April, 1883.....	\$322,192 24
Profits for the half-year ended 31st October, 1883, after deducting charges of management, and making full provision for all bad and doubtful debts.....	692,668 55
	<u>\$1,014,860 79</u>
Dividend 5 per cent., payable December, 1883.....	600,000 00
Balance of Profit and Loss carried forward.....	<u><u>\$414,860 79</u></u>

NOTE.—*Market Price of Bank of Montreal Stock. 31st October, 1883, 184¼ @ 184½.*

# GENERAL STATEMENT.

31<sup>ST</sup> OCTOBER, 1883.

## LIABILITIES.

Capital Stock.....		\$12,000,000 00
Rest.....	\$ 5,750,000 00	
Balance of Profits carried forward.....	414,860 79	
	<hr/>	
	\$ 6,164,860 79	
Unclaimed Dividends.....	7,823 22	
Half-yearly Dividend, payable 1st December, 1883.....	\$ 600,000 00	
	<hr/>	\$ 6,772,684 01
		<hr/>
		\$18,772,684 01
Amount of Notes of the Bank in circulation.....	\$ 6,352,508 00	
Deposits not bearing interest.....	7,293,917 21	
Deposits bearing interest.....	13,234,192 88	
Balances due to other Banks in Canada.....	98,629 87	
	<hr/>	\$26,979,247 96
		<hr/>
		\$45,751,931 97

## ASSETS.

Gold and Silver Coin Current.....	\$ 2,101,246 32	
Government Demand Notes.....	2,364,346 75	
Balances due from other Banks in Canada.....	\$ 160,940 73	
Due from Agencies of this Bank, and other Banks in the United States.....	6,640,685 00	
Due from Agencies of this Bank, and other Banks in Great Britain.....	2,638,085,37	
	<hr/>	\$ 9,439,711 10
Notes and Cheques of other Banks.....	1,219,330 81	
	<hr/>	\$15,124,634 98
Bank Premises at Montreal and Branches.....		440,000 00
Loans and Bills Discounted.....	\$29,748,049 10	
Debts Secured by Mortgages and other Securities.....	181,431 50	
Overdue Debts not specially secured (estimated loss provided for).....	257,816 39	
	<hr/>	\$30,187,296 99
		<hr/>
		\$45,751,931 97

BANK OF MONTREAL,

MONTREAL, 31<sup>ST</sup> October, 1883.

W. J. BUCHANAN,  
General Manager.