

1935

BANK OF MONTREAL

ANNUAL GENERAL MEETING

HELD 2ND DECEMBER, 1935

The 118th Annual General Meeting of the Shareholders of the Bank of Montreal was held on the 2nd December, 1935, in the Board Room at the Bank's Headquarters.

Among those present were: the Hon. Thos. Ahearn, P.C., D. Forbes Angus, Arthur Barry, Sir Edward Beatty, G.B.E., Gerald A. Birks, W. A. Black, W. B. Blackader, W. A. Bog, Arthur Browning, W. W. Bruce, C. W. Buchanan, G. Rutherford Caverhill, Alfred Chaplin, F. D. Chapman, Ronzo H. Clerk, N.P., the Hon. Henry Cockshutt, F. W. Collins, D. E. Crutchlow, Norman J. Dawes, A. O. Dawson, Jackson Dodds, H. R. Drummond, W. R. Eakin, John H. Earle, W. Sanford Evans, William C. Finley, C. Fairall Fisher, A. B. Foster, A. E. Francis, B. C. Gardner, Sir Charles Gordon, G.B.E., G. H. Greening, Samuel Hart, C. A. Hodgson, C.A., R. E. Knight, J. N. Laing, F. X. Leduc, Sir Charles W. Lindsay, K.B.E., Lt.-Col. Walter E. Lyman, F. L. MacGachen, J. W. McConnell, F. E. Meredith, K.C., Major-General the Hon. S. C. Mewburn, C.M.G., T. E. Merrett, Lt.-Col. Herbert Molson, C.M.G., M.C., 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, Eugene Payette, A. M. Peters, L. H. Pinsonnault, H. E. Rawlings, O. R. Sharp, G. Ross H. Sims, C. F. Sise, L. McI. Spackman, G. W. Spinney, E. H. Stewart, H. D. Suckling, W. W. Thompson, W. N. Tilley, K.C., L. W. Townsend, D. J. S. Tyrer, R. S. White, M.P., Sir Frederick Williams-Taylor, E. P. Winslow.

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

The Hon. Thomas Ahearn, P.C., moved, seconded by Lt.-Col. G. L. Ogilvie, that Mr. Arthur Browning and Mr. G. Rutherford Caverhill 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. W. A. Bog, Joint General Manager, to read the Annual Report of the Directors to the Shareholders at their 118th Annual General Meeting, held on Monday, December 2nd, 1935.

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, 1935.

PROFIT AND LOSS ACCOUNT

Balance of Profit and Loss Account, 31st October, 1934.....	\$1,809,820.79
Profits for the year ended 31st October, 1935, after making appropriations to Contingent Reserve Fund, out of which Fund full provision for Bad and Doubtful Debts has been made.....	\$4,007,302.06
Less Dominion and Provincial Government Taxes.....	1,002,089.49
	<u>3,005,212.57</u>
	\$4,815,033.36
Quarterly Dividend 2 per cent. paid 1st March, 1935.....	\$ 720,000.00
Quarterly Dividend 2 per cent. paid 1st June, 1935.....	720,000.00
Quarterly Dividend 2 per cent. paid 3rd Sept., 1935.....	720,000.00
Quarterly Dividend 2 per cent. payable 2nd Dec., 1935.....	720,000.00
	<u>2,880,000.00</u>
Balance of Profit and Loss carried forward.....	<u>\$1,935,033.36</u>

(Signed) CHARLES B. GORDON,
President.

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

During the financial year, three offices were opened and twenty-nine were closed throughout the Dominion of Canada.

On 15th June, 1935, the Bank of Montreal (France), in Paris, France, was closed.

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

(Signed) CHARLES B. GORDON,
President.

Bank of Montreal, 2nd December, 1935.

THE GENERAL STATEMENT

The General Statement of the position of the Bank on 31st October, 1935, was submitted as follows:

LIABILITIES

Capital paid up.....		\$ 36,000,000.00
Rest.....	\$ 38,000,000.00	
Balance of profits carried forward as per Profit and Loss Account.....	1,935,033.36	
	\$ 39,935,033.36	
Unclaimed Dividends.....	10,059.72	
Quarterly Dividend, payable 2nd December, 1935.....	720,000.00	
		40,665,093.08
		\$ 76,665,093.08
Notes of the Bank in circulation.....	\$ 29,959,128.50	
Deposits by and balances due to Dominion Government.....	9,900,920.05	
Deposits by and balances due to Provincial Governments.....	15,100,961.93	
Deposits by the public not bearing interest.....	151,209,828.27	
Deposits by the public bearing interest, including interest accrued to date of statement.....	490,122,269.98	
Deposits by and balances due to other chartered banks in Canada.....	3,010,533.94	
Deposits by and balances due to banks and banking correspondents in the United Kingdom and foreign countries.....	7,600,351.89	
Bills payable.....	353,011.79	
		707,257,006.35
Acceptances and Letters of Credit outstanding.....		7,066,426.26
Liabilities to the public not included under the foregoing heads.....		1,784,347.07
		\$792,772,872.76

ASSETS

Gold held in Canada.....	\$ 3,618.86	
Subsidiary coin held in Canada.....	1,477,881.02	
Gold held elsewhere.....	2,027.33	
Subsidiary coin held elsewhere.....	180,266.54	
Notes of Bank of Canada.....	12,749,509.75	
Deposits with Bank of Canada.....	67,945,186.05	
Notes of other chartered banks.....	\$ 1,385,227.00	
Cheques on other banks.....	26,229,369.16	
Government and bank notes other than Canadian.....	353,145.58	
Deposits with and balances due by other chartered banks in Canada.....	1,526.16	
Due by banks and banking correspondents elsewhere than in Canada.....	37,902,357.98	
Call and short (not exceeding thirty days) loans in Canada on Stocks, Debentures, Bonds and other securities, of a sufficient marketable value to cover.....	4,435,736.20	
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.....	18,835,238.07	
		89,142,600.15
Dominion and Provincial Government direct and guaranteed securities maturing within two years, not exceeding market value.....		136,857,461.42
Other Dominion and Provincial Government direct and guaranteed securities, not exceeding market value.....		182,381,254.03
Canadian municipal securities, not exceeding market value.....		31,234,216.99
Public securities other than Canadian, not exceeding market value.....		4,776,334.59
Other Bonds, Debentures and Stocks, not exceeding market value.....		6,624,454.41
		\$533,374,811.14
Current loans and discounts in Canada, not otherwise included, estimated loss provided for..	\$185,641,800.26	
Loans to Provincial Governments.....	10,572,087.53	
Loans to Cities, Towns, Municipalities and School Districts.....	27,752,258.95	
Current loans and discounts elsewhere than in Canada not otherwise included, estimated loss provided for.....	7,021,479.71	
Non-current loans, estimated loss provided for.....	3,473,684.75	
		234,461,311.20
Bank premises, at not more than cost, less amounts written off.....		14,500,000.00
Real estate other than bank premises.....		698,165.12
Mortgages on real estate sold by the bank.....		825,266.93
Liabilities of customers under Acceptances and Letters of Credit as per contra.....		7,066,426.26
Deposit with the Minister of Finance for the security of note circulation.....		1,686,426.57
Shares of and loans to controlled companies.....		58,005.00
Other Assets not included under the foregoing heads.....		102,460.54
		\$792,772,872.76

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.
W. D. GLENDINNING, C.A.,
of the firm of Campbell, Glendinning & Co. } Auditors.

MONTREAL, November 21st, 1935.

COMPANIA TERRITORIAL MEXICANA, S.A.

Balance Sheet as at 31st October, 1935

ASSETS	Mexican Pesos	LIABILITIES	Mexican Pesos
Real Estate.....	\$ 19,846.47	Capital Stock:—	
Mortgages.....	106,734.43	Authorized and Issued—500 Shares of \$100. each.....	\$ 50,000.00
Bonds and Shares.....	51,841.00	Accounts Payable.....	1,658.98
Accounts Receivable.....	10,223.29	Bank of Montreal Loan Account.....	377,361.04
Cash in Bank.....	31,399.32		
Profit and Loss Account Balance.....	208,975.51		
		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 the Fourth Civil Court in Mexico.	
	<u>\$429,020.02</u>		<u>\$429,020.02</u>

NOTE:—

This 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, if any, 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, 1935, and have obtained all the information and explanations we have required. 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, 1935, according to the best of our information and the explanations given to us and as shown by the Books of the Company.

MONTREAL, 15th NOVEMBER, 1935.

(Signed)
CHARLES A. HODGSON, C.A.,
W. D. GLENDINNING, C.A.,
Auditors.

THE ST. JAMES LAND COMPANY LIMITED

Balance Sheet as at 31st October, 1935

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
		Capital Surplus.....	297,205.14
	<u>\$317,205.14</u>		
	<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 \$440,000 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. CRONVN, 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, 1935, 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 at 31st October, 1935, 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, 15th NOVEMBER, 1935

(Signed)
CHARLES A. HODGSON, C.A.,
W. D. GLENDINNING, C.A.,
Auditors.

HOCHELAGA REALTY AND DEVELOPMENT COMPANY

Balance Sheet as at 31st October, 1935

ASSETS		LIABILITIES	
Cash in Bank.....	\$ 4,889.42	Capital Stock:—	
Buildings, Real Estate, etc., 64-68 Wall Street, New York,		Authorized and Issued—100 Shares of \$100 each.....	\$ 10,000.00
less depreciation.....	1,161,127.68	Debtenture Bonds.....	1,220,000.00
Prepaid Taxes.....	5,499.00	Accounts Payable.....	2,373.61
Profit and Loss Account Balance.....	68,990.84	Bond Interest Accrued.....	8,133.33
	<u>\$1,240,506.94</u>		<u>\$1,240,506.94</u>

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, 1935, 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 at 31st October, 1935, 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, 15th NOVEMBER, 1935.

(Signed)
CHARLES A. HODGSON, C.A.,
W. D. GLENDINNING, C.A.,
Auditors.

THE LAND SECURITIES COMPANY OF CANADA LIMITED

Balance Sheet as at 31st October, 1935

ASSETS		LIABILITIES	
Investments and Advances less Reserves.....	\$ 92,017.88	Capital Stock:—	
Cash in Bank.....	439.36	Authorized and Issued—2000 Shares of \$100 each.....	\$200,000.00
Profit and Loss Account Balance.....	332,149.85	Bank Loans.....	223,000.00
	<u>\$424,607.09</u>	Reserves for Commissions, etc.....	1,607.09
			<u>\$424,607.09</u>

NOTE:—

The Land Securities Company of Canada Limited was formed in 1893 by The Merchants Bank of Canada to facilitate the liquidation of properties falling into its hands from time to time, under mortgages and other securities taken in the course of its business.

The Company is now being liquidated as rapidly as possible consistent with obtaining fair prices for its assets, no further properties being taken into its operations.

The Capital Stock is entirely owned by the Bank and the shares appear on its books at a nominal value of \$1.00; a specific reserve of \$165,000 is also held for this Company.

O. R. SHARP, Director.
R. P. JELLETT, Director.

Auditors' Report

We have examined the Books and Accounts of The Land Securities Company of Canada Limited for the year ended 31st October, 1935, 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 at 31st October, 1935, 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, 15th NOVEMBER, 1935

(Signed)
CHARLES A. HODGSON, C.A.,
W. G. GLENDINNING, C.A.,
Auditors.

EDIFICIO MONTREAL, S.A.

Balance Sheet as at 31st October, 1935

ASSETS		LIABILITIES	
Real Estate and Building.....	\$750,000.00	Capital Stock:—	
Expended on Building to date.....	247,506.88	Authorized and Issued—100 Shares of \$7,500 each.....	\$750,000.00
	<u>\$997,506.88</u>	Bank of Montreal Loan Account.....	250,000.00
Furniture and Fixtures, less written off.....	2,493.12		
	<u>\$1,000,000.00</u>		<u>\$1,000,000.00</u>

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 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, 1935, 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 at 31st October, 1935, 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, 15th NOVEMBER, 1935.

(Signed)
CHARLES A. HODGSON, C.A.,
W. D. GLENDINNING, C.A.,
Auditors.

THE PRESIDENT'S ADDRESS

Gentlemen,—You have before you the report of the Directors of your Bank, together with the general statement and statement of the profit and loss account for the fiscal year ending October 31st. The statements have already been published, and the principal details will be explained to you by the General Managers. I trust that the results of the year's operations will be deemed satisfactory, having in view the extraordinary conditions affecting the banking business in Canada during the past year. The profits for the year have proved sufficient to provide for payment of dividends on the reduced scale which has prevailed for some time past, but the margin has been a small one. The earnings of your Bank are now feeling the effect of the transfer to the Bank of Canada of functions which our commercial banks formerly exercised, and they also are being influenced by the lower rate of interest obtainable upon investment in high-grade securities in which your Bank has had to employ an increasingly larger proportion of its assets owing to lack of demand for commercial loans. This latter consideration has resulted in our presenting to you a balance sheet of unusual strength in which there is maintained, in perhaps greater degree than we would have liked, the traditionally strong liquid position of your Bank.

TRADE AND INDUSTRY

The year under review was not marked by events of high importance in the realm of commerce at home or abroad. Progress in trade recovery in Canada continued but in less definite degree than in 1934 and in a general way it can be said that the gains of that period were consolidated, in some instances enlarged. The stability of commodity prices continues to characterize the trade situation, neither wide fluctuation nor violent change in price structure inciting speculation or disturbing the even tenor of business. In several manufacturing industries production has been on a larger scale, as in the case of newsprint, motor cars, textiles, boots and shoes, pig iron and steel ingots and castings. There has been a concurrent increase in the output of electrical energy, a dependable barometer of manufacturing activity, and, of what is no less significant, domestic consumption. The building trades, however, still lag behind, this industry contributing in the largest measure to prevailing unemployment. A public works programme initiated by the Federal Government has supplied much of such improvement as has occurred. A substantial amount of repair work is going on throughout the country and this has tended to alleviate unemployment to some extent, but no really important increase can be looked for in the building trades until we catch up with the overexpansion which took place in many directions, and until there is a return of confidence so that private initiative may again be induced to invest money in new construction.

I regard with unqualified satisfaction the apparent disposition of those in public office to direct more attention to the development of the mining industry in Canada. Mineral production is now established as one of Canada's principal industries, and the full extent of our mineral resources has yet to be uncovered. Indeed, our mines have contributed not a little towards lessening the blow of the depression through which Canada, in common with the world, has passed. Gold production now exceeds \$100,000,000 annually, new mines are being developed, and an intensive survey of prospective deposits was made this year under government auspices, with promising results. Of base metals there are extensive deposits, notably of nickel, copper, lead and zinc, the output of which is limited only by the demand. It has been officially estimated that the value of the mining output for 1935 will be \$300,000,000.

Before leaving the subject of domestic trade, I may be permitted to say that, while business has been going forward in

Canada, it has done so in the face of disquieting and disturbing political tendencies, and the use which it will be able to make of future opportunities will depend very largely upon its freedom from bureaucratic interference and wholly unnecessary restrictions. I hold no brief for those who may engage in unethical commercial practices and have no inclination to defend them, but they cannot represent more than a fractional minority and it would be a grave injustice if Canadian business as a whole, which has earned a high reputation over a long period of years, should be penalized for the offences of a few.

INTEREST RATES AND TAXATION

During recent months we have heard a good deal about capitalists and capitalism, and capitalism has been subjected to a great deal of criticism. I have always been at a loss to know just what a capitalist is. To my mind, any person who has been wise enough to save a little money to tide him over a period of illness or emergency must be reckoned as a capitalist, as for the time being he must live on his capital. I do not think we want to do anything to discourage thrift and I was sorry to see the interest on bank deposits cut from three per cent. to two. This, however, was rendered necessary by the pressure of the Government and the Central Bank for lower rates on Government loans. As a matter of fact, the Dominion of Canada has been borrowing money in some cases at rates which stand comparison with the rates at which the British Government has been borrowing in London. These low rates have resulted in a drastic cutting down of the earnings of the chartered banks, which have been forced to reduce their rates to depositors. Based on the results of the Bank of Montreal, it means that the depositors in all Canadian banks are receiving some \$17,000,000 less per annum than they did when the rate was 3%. In a sense this reduction may be regarded as a form of concealed taxation. I think that the sooner the public is educated to these facts, the better. Every man and woman should realize that no matter whether taxes are paid directly or not, no citizen escapes paying his share of the cost of government. It comes through such hidden taxes as a reduction in Savings Bank interest, or it may be buried in every purchase made for day-to-day living requirements.

AGRICULTURE

The harvest in Canada exceeded that of 1934, and, taken as a whole, prices of field and farm products have been higher. The yield of wheat, 274,000,000 bushels, of which 256,000,000 were garnered in the Prairie Provinces, was again much below average, and no less than 60,000,000 bushels were so injured by rust and frost as to be unfit for milling purposes. The yield of oats, barley and rye was much heavier than in 1934; there was an increase of 26% in the production of hay and clover, assuring an abundance of fodder for the coming winter; an average fruit crop was gathered, and generally the lot of farmers is better. In this connection it is gratifying to note that the disparity between the selling prices of the farmer's products and the cost of commodities which he is obliged to purchase is not now such a serious handicap as formerly. The gap, which on the basis of 1926 prices was as great as 56% during the worst of the depression in 1933, has been reduced to 12% or thereabouts; that is to say, the agriculturist is still at a 12% disadvantage when compared with his position in 1926 but is very much better off than he was two years ago. He is getting more for his products, and his purchasing power and ability to meet his overhead expenses are proportionately greater.

FOREIGN TRADE

The foreign trade of Canada has made a striking recovery from the low point reached in March, 1933. In the twelve months to October 31st last this commerce had a value of \$1,258,000,000

compared with \$903,000,000 in the corresponding period of 1933, an increase of \$355,000,000 in the short space of two years. In October of this year the expansion of foreign trade continued, imports rising \$5,500,000 and exports of domestic products \$17,200,000. Satisfactory, also, is the well maintained favourable balance of trade which in the twelve months to October 31st last was \$169,000,000, being \$43,000,000 greater than two years before. This large and progressive increase in the favourable balance of foreign trade has been an important factor in stabilizing the Canadian dollar in terms of the currency of the United States, our principal creditor.

As the year 1932 was made memorable by the Empire Trade Agreements, so 1935 is signalized by a trade agreement with the United States. Designed to stimulate trade between Canada and the neighbouring Republic, the arrangement embraces many hundred items; tariff concessions are in many cases considerable; and, if the term of the agreement is short, three years, it should suffice for practical test of the utility and general effect of the pact. It well may be that an assurance of tariff stability in the commerce of the two countries during this period will prove not the least advantage to be derived. Certainly, enlarged commercial intercourse with all countries is much to be desired, always provided the intercourse rests on fair and mutually advantageous terms, as I am disposed to believe does the agreement recently concluded with the United States.

In the United States the trend of business during the past year for the most part has been hesitatingly upward, although the movement would seem to have gathered decided momentum in recent months. Undoubtedly there has been a noticeable improvement in business sentiment, particularly since the decision adverse to the N.R.A. was rendered by the Supreme Court in May last. Nevertheless, an unusually protracted session of Congress and the advent of much new legislation, the merits of which are still in dispute, have served to retard somewhat that complete return of confidence which would have been so beneficial to business recovery.

In my annual address last year I called attention to the fact that the situation in Europe was far from reassuring. There is, unfortunately, no improvement yet visible; if anything, the situation appears to be worse.

The only exception to this serious situation is presented by Great Britain. In spite of political troubles and rumours of war, the country is going ahead, and during my visit in June last I saw signs on all sides of steady progress. It cannot be called a boom, because it has been going along quietly for the last three years, and, with a continuance of good government now assured by the result of the recent election, there seems to be no reason to doubt that it will persist.

ECONOMIC SITUATION IN CANADA

Now, gentlemen, let us look at some of the underlying factors in the economic situation in Canada. Will you pardon me if I refer to the fact that we had a general election on October 14th? That election, as you know, was the occasion of a surprisingly strong expression of public opinion—surprising to every party and to every individual. Its results have a profound bearing on our economic problems, and I may say at once, quite frankly, that the general reaction, both in this country and abroad, has been most favourable.

The reasons for this favourable reaction are well founded. You may recall that last year I mentioned that one of the steady influences at that time was the fact that this country had not undertaken any radical social or economic experiments. In the interval that has elapsed, however, public opinion has been greatly disturbed by the advocacy of many such measures by many cliques and factions, and undoubtedly the progress of our

recovery was retarded by this development. Most fortunately for Canada, socialist propaganda, in whatever form it appeared, was utterly repudiated at the polls by an immense majority of the people, who showed in unmistakable fashion their adherence to the two-party system which has served us so well in the past, and their distrust of individuals or of parties who sought to capitalize on the distress incident to the times by agitating for the establishment of some visionary new order of society in which both the business of the country and the lives of the people would be regimented by the State. I rank this emphatic repudiation of fantastic nostrums and Utopian experiments as the most important development in Canada since the Ottawa Agreements, and through the connections which your Bank has in other countries I am in a position to say that it has immensely enhanced the prestige of the Dominion abroad.

A second reason for the favourable reaction to the results of the election is the fact that the Government which has succeeded to power has such a majority as will make it independent of any interests seeking to hold the balance of power between the Government and the official Opposition. Taken together, these two developments have had an incalculable effect on the restoration of confidence in the immediate outlook and in the ultimate destiny of this great Dominion.

Personally, I look with hope to the new Government to justify this confidence. Certainly, no Government since Confederation has been placed in such a strong position as the present Government to carry through such measures as are plainly indicated to be necessary to the well-being of this country.

CANADA'S MAJOR PROBLEMS

I think you will agree with me that there is no gainsaying the fact that all the most important problems with which the old Government was faced remain to be dealt with by the new Government. These problems, to mention a few of them, are: the railway problem, with which is bound up the imperative necessity of balancing our national budget; unemployment, which involves the necessity of relieving our provinces and our municipalities of undue burdens of relief; the wheat situation, which would have been even more serious had there been a normal crop; and the newsprint situation, which is causing the depletion of our national resources without compensating revenue to our provincial and federal treasuries.

These are the major problems that confront the Government and the country, and if they are attacked boldly and wisely, most of our other problems will automatically disappear. What the people of this country want to know in respect to these major problems is not what CAN NOT be done, but what CAN be done.

Take, first, the question of our railways. We have been surfeited with arguments as to what cannot be done to remedy the ruinous situation that exists with regard to them, and yet the Canadian National Railways is still allowed to plunge us into debt. During the past ten years the guaranteed debt of the Canadian National Railways has increased \$405,000,000, grants to cover deficits have amounted to \$153,000,000, while unpaid interest upon loans from the Dominion Government has increased \$329,000,000, an aggregate addition of \$887,000,000 to the direct and indirect debt of the Dominion. Moreover, I am credibly informed that adequate provision is not being made for depreciation and that this will eventually mean further large expenditures.

The Canadian Pacific Railway, which is one of the great transportation systems of the world, formerly paid its common and preferred shareholders each year about \$40,000,000, which, by the way, was a very moderate interest on their investment. These payments have been discontinued, due partly to business

conditions but also to the fact that the system has been competing with a railway which is receiving money from the Federal treasury in generous sums that, by an easy process of book-keeping, are added to the Federal debt. The Canadian Pacific does earn its bond interest and pay its taxes, and therefore is an asset and not a liability to the country. If the Canadian Pacific were earning and paying the dividends that it formerly paid, it would be contributing, in addition to the taxes it now pays, an annual income tax to the Federal Government of about \$6,000,000, and there would be the further income tax to be received from nationals owning the shares.

No doubt the low rates on grain from the interior to the seaboard, which benefit the western farmer, have something to do with the lack of earning capacity on the part of the railways, but this does not seem to be a matter that can be overcome. As we know, the farmers in the West have been passing through a very difficult period.

What can be done, and what must be done, is to put an end to the utterly unwarranted competition and duplication of services by our two great railway systems. In this connection I repeat what I said last year, namely, that railways to-day face extraordinary competition from other means of transportation, and that railways competing against each other in the ruinous way that ours do can never succeed in adopting a common policy to meet these other forms of competition. More than ever it is necessary to co-ordinate all forms of transportation, not by the throttling of competitive systems, but by the elimination of useless competition by means of intelligent direction. A first step is the co-ordination of our railways. A second step is the regulation of all forms of transportation under a Federal Board of Transportation Commissioners vested with powers similar to those of the Board of Railway Commissioners, but on a wider and more comprehensive scale.

In respect to unemployment, still a most serious factor in our situation, the cure of course waits upon a more complete revival in our trade. Meanwhile, I am glad to note that the Government is pledged to vigorous action in respect to the problem of relief with a view to ending the chaotic conditions which are bringing ruin to our provinces and municipalities. Relief, of course, there must be for every person who through no fault of his own is unable to earn a livelihood, but relief must be recognized as a national problem to be dealt with under centralized control.

Our huge carry-over of wheat constitutes another of the problems on which we have been surfeited with arguments as to what cannot be done. There can be no sound basis for prosperity in Western Canada until that problem is solved, nor will recovery in the rest of the Dominion get into its proper stride until then. Many industries depend on the flow of new wealth into this country in exchange for wheat, and part of the set-back of our railways is due to the effect of the stoppage of the wheat traffic in which so much of their expensive equipment was formerly employed. What we have to do is to sell our wheat, not hold it, and sell it within the crop year. There is no other way out. Every day that passes during which we have done no business in the world's wheat market is a day lost for us and a day gained for a competitor who has sold his wheat by reason of the fact that our price has been out of line with world markets. With so many countries now committed to the policy of supplying their own domestic needs and of being independent as far as possible in the matter of food, we are left with practically only one important market, namely, that of Great Britain. This is the market to cultivate and not to throttle.

There has been a slight change for the better in the pulp and paper situation, inasmuch as the newsprint tonnage which the mills have been able to secure has increased considerably. Taken

as a whole, however, the situation is very disappointing. Here we have one of our great natural resources in the shape of our forests being depleted at a rapid rate for the benefit of newspapers in North America and other parts of the world who desire to secure their newsprint at less than cost. The capital invested in the paper business in Canada is estimated at about \$555,000,000, and we may assume that this takes only bonds and preferred stock into account, excluding the common stock, as no doubt much of it was water in the first place. It would be fair to suppose, therefore, that under normal conditions this huge investment should bring in, in the way of interest on bonds and dividends on preferred stock, some \$25,000,000 per annum. Instead, however, of producing a sum approximating this, the industry shows no profit at all, the result being that few, if any, of these companies are making a contribution to the Federal income tax, as companies; and further, people who should be receiving bond interest and dividends are also making no contribution because of the non-receipt of this income. It would be a fair estimate to say that the Federal Government is losing six to seven million dollars a year on this one industry. You may ask why this should go on. It will go on just so long as newspapers can continue to buy their material at less than cost, and our forests will go on disappearing. We are sometimes told that this is a provincial matter. It appears to me to be a federal matter of the greatest importance.

NATIONAL FINANCES

All the matters mentioned lead inevitably to the consideration of our national finances, for if, in dealing with these problems, the line of least resistance is followed by our governmental authorities, then we may expect further increases in our debt and in taxation, and a continuance of deficits in our national budget, with ultimate destruction of the national credit. Our debt has grown at a prodigious rate and there seems to be no end to new borrowings. The bonded indebtedness, direct and indirect, of our Dominion, Provincial and Municipal Governments now amounts to approximately \$6,500,000,000. This figure has increased more than \$1,500,000,000 during the past five years, that is, at the rate of \$300,000,000 per annum. A large part of the total is payable as to principal and interest outside of Canada, which presents an added complication. Indeed, the situation is that we as a nation have to send abroad for interest commitments alone \$600,000 every working day of the year. In this respect Canada's position as a debtor is much more complex than either that of the United States or Great Britain, whose government indebtedness is largely to their own nationals.

Closely related to the national finances is the question of provincial and municipal financing. Just as municipal financing has complicated the problems pertaining to provincial treasuries, so has provincial financing complicated the problems pertaining to the national treasury, since the Dominion Government has again and again had to come to the assistance of certain provinces. The situation has become so serious that it is now imperative that some form of control and supervision shall be set up over the financial commitments both of provinces and of municipalities, since these are no longer of local but of national concern. Not only must the machinery be provided for such control and supervision, but it is most desirable at the same time to have a clear definition of the respective spheres of municipal, provincial and federal taxation. At the present time the utmost confusion prevails in this respect and additional complications are ever arising, with duplication and multiplication of taxation.

In concluding I would like to emphasize the fact that one of the major planks in the platform of the party which has succeeded to power was the definite and emphatic promise to balance the budget. It will be remembered that the balancing of the national budget was laid down as the prerequisite to recovery by the

National Government in Great Britain, and it is a matter of common knowledge that not only was this object fulfilled, but that its fulfilment has caused Great Britain to lead the world in the return to prosperity. We are entitled to look for a similar fulfilment of a similar objective by the new Government at Ottawa, and I have no hesitation whatever in saying that with an early achievement of that object, Canada, assuming that no exterior problems arise to complicate her outlook, need be second to no other country in progress and material well-being.

THE GENERAL MANAGERS' ADDRESS

The Chairman then called upon Mr. Jackson Dodds, 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. Bog and myself I have the honour to present to you the 118th annual balance sheet of the Bank.

Important changes in the figures are as follows:

Our total assets amount to \$792,800,000, compared with \$759,100,000 a year ago.

Quick assets, including cash, total \$533,400,000, representing 74.48% of all liabilities to the public. This percentage is higher than necessary for normal requirements, and is a result of the reduced demand for loans for commercial purposes.

Cash holdings and balance in Bank of Canada at \$82,000,000 represent 11.50% of all liabilities to the public.

The inauguration of the Bank of Canada has effected certain changes, which are reflected in our balance sheet. It will be observed that "Gold and Coin," which stood at \$15,100,000 last year, now amount to \$1,700,000, a reduction of \$13,400,000. Under the terms of the Bank of Canada Act we were compelled to hand over our entire gold holdings in Canada on the opening of that institution. Formal protest was lodged against accepting the statutory value of \$20.6718 per fine ounce, on the grounds that the gold was held as protection against liabilities and contingencies elsewhere than in Canada, where it had a market value of about \$35 per fine ounce. Our protest was in vain and on 11th March last we turned in all our gold held in Canada. By order-in-council dated 29th April it was directed that 40% of the amount should be deemed as having been held by us against liabilities elsewhere than in Canada and the Bank of Canada was authorized by the Exchange Fund Act 1935 to determine and pay over the appreciation on that sum of gold at the current market price. This was duly received by us in July and set aside for the specific purpose for which all our gold had been held, namely, as protection against foreign liabilities and contingencies elsewhere than in Canada.

The gold holdings of your Bank played an important, and at times a vital, part over the course of a century in stabilizing the value of Canada's dollar and in supporting the credit abroad of the country at large.

The headings "Dominion Notes" and "Deposit in Central Gold Reserve" no longer appear in the balance sheet, the Dominion Government having ceased to issue notes, which is now a function of the Bank of Canada, and the operation of Central Gold Reserve having been discontinued with the withdrawal from the Banks of the privilege of issuing circulation in excess of paid-up capital against the deposit of gold or Dominion Notes in the Central Gold Reserve.

Last year Dominion Notes held totalled \$62,700,000 and Deposit in Central Gold Reserve \$9,000,000. The elimination of these assets is more than offset by Notes of Bank of Canada, \$12,700,000, and Deposits with Bank of Canada, \$67,900,000. Under the Bank of Canada Act we are required to maintain under

these two headings an amount equal to 5% of our deposit liabilities within Canada. In order to provide a safe margin over the legal minimum, we have consistently maintained a higher percentage: on the date of the statement before you it was 13.9% of average deposit liabilities in Canada during October.

The amount "Due by banks and banking correspondents elsewhere than in Canada," \$37,900,000, is higher this year by \$21,100,000, and of "Call and Short Loans Elsewhere," \$18,800,000, is lower by \$13,300,000. During the past year the average call loan rate in London was $\frac{1}{2}$ of 1% and in New York $\frac{3}{5}$ of 1%—not sufficient to cover operating costs. It is essential to our operations in facilitating our customers' foreign business, to meet foreign deposit liabilities and for reserve purposes to maintain funds abroad, chiefly in London and New York. Such money, when rates and conditions are favourable, can earn "its board" or better, but in any case it must be kept abroad in immediately available form for the purposes mentioned.

Investments, not exceeding market value, amount to \$361,900,000, an increase of \$43,800,000 over last year. Included in this total are Dominion and Provincial Government securities \$319,000,000, of which \$136,800,000 matures within two years, and \$182,000,000 matures after October 31st, 1937. Of these Government securities with over two years' maturity date, \$152,300,000 (par value) falls due before October 31st, 1940.

Also included in the Investment total mentioned are Canadian Municipal securities \$31,000,000, Public Securities other than Canadian \$4,800,000, and Other Bonds, Debentures and Stocks, \$6,600,000.

Current Loans and Discounts in Canada and Loans to Provincial Governments, Municipalities and School Districts amount to \$223,900,000, a decrease of \$6,800,000. The demand for commercial loans continues to lag behind the improvement in business, as is usual after a prolonged depression; customers naturally employ their own accumulated funds before borrowing. Some Canadian borrowers, through exchange operations or otherwise, are using foreign funds obtainable temporarily at very low rates; it is to be hoped that this practice may turn out less disastrously than it did for many on a former occasion, when the lower rates elsewhere blinded them to the risk involved in borrowing outside the country. There is good and bad money, just as there are good and bad loans; the cheapest money often costs the borrower dearly in the end, just as loans bearing the highest rates frequently result in loss to the lender. The interest on money used for productive purposes is comparatively the smallest item represented in the cost of production. If other items of cost received as much consideration, and if borrowers generally, particularly public bodies, gave anything like as close attention to the use to which borrowed money is put as most do to the question of a small saving in interest, the financial problems of this country would be simplified.

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

Notes of the Bank in circulation amount to \$30,000,000 as against \$35,300,000 a year ago, a total which was uncomfortably close to the maximum limit of \$36,000,000 permissible after the opening of the Bank of Canada. On January 1st next, our authorized limit will be reduced to \$34,200,000.

Last year we showed in our balance sheet "Advances under the Finance Act, \$9,000,000." This item represented our share of the \$35,000,000 which the Chartered Banks borrowed under the Finance Act at the request of the Dominion Government in November, 1932. The Dominion Government notes borrowed by us in this connection were in excess of our requirements and, on the opening of the Bank of Canada in March last, were applied in repayment of the relative loan from the Finance Department.

The Dominion Government's deposits at \$9,900,000 show a decrease of \$26,900,000, and Provincial Government deposits at \$15,100,000 an increase of \$5,200,000.

Deposits by the public amount to \$641,300,000, an increase of \$65,800,000.

Profits, after deducting Dominion and Provincial Government taxes, amount to \$3,005,212 as compared with \$3,204,369 in 1934—a decrease of \$199,000, over half of which is due to the increase in Dominion and Provincial taxes.

Dominion and Provincial Government taxes paid during the past year total \$1,002,000—an increase of \$101,000. This does not include Municipal taxes of various kinds paid by our branches, which run into a substantial sum. Taxation is primarily intended to cover state and municipal essential expenditures. That we have drifted a long way from the original intention is becoming more and more apparent. The burden of taxation imposed by our numerous governing bodies has grown to the point where it consumes capital resources, saps energy and enterprise, discourages industry, production and construction, and thereby increases unemployment. Direct and indirect taxpayers are beginning to take a livelier interest in what is being done with their hard-earned money, and taxing bodies are beginning to realize that, unless taxes are reduced by effecting economies in public expenditures, the source of taxation will ultimately be dried up. One evidence of this trend is to be seen in the demolition of buildings which have been converted from assets into liabilities by reduced rentals and heavy taxes. There are many other evidences which are not so apparent.

PATERNAL LEGISLATION

Well-intentioned legislation in some provinces, designed to help debtors, is not working out in every case as expected by those responsible for it. On the contrary, it has had an adverse effect upon the morale of many and has closed the source of mortgage loans for worthy people who would otherwise have been able to borrow upon their fixed assets, the value of which has in consequence fallen.

SAVINGS DEPOSITS

For about thirty years the rate of interest paid by the Banks on Savings Deposits stood at 3%. In May, 1933, it was reduced to 2½%, and in November, 1934, it was further reduced to 2%. In June last the rate paid on commercial funds deposited in the Savings Department was reduced to 1%.

The reductions were reluctantly put into effect under pressure of the decreasing earning value of money. There were many who felt that the lowering of the interest structure of the country would stimulate borrowing of money for productive and constructive purposes. This hope was ill-founded, for as rates were forced down lenders naturally shortened the term of their commitments. They would not take the risk of long term investments at low rates in the face of experiments of one kind and another, whether monetary, economic or socialistic. Until confidence is inspired by the adoption and carrying out of sound policies, the balancing of budgets by effecting economies and by the reduction of taxes, long term investments will be postponed and business recovery retarded.

GOVERNMENT BUSINESS

The Bank of Montreal was fifty years old when the Dominion of Canada was born, and from that day it acted as the Government's chief bankers until early this past year when the main account at Ottawa was taken over by the Bank of Canada.

We place a high value on our long established connection with the Dominion of Canada and are pleased to be able to say that succeeding governments have freely acknowledged in turn the value of the services performed by the Bank of Montreal.

TOURIST TRADE

Canada has unexcelled railway and hotel facilities to attract tourists the whole year round, and, year by year as our automobile roads are improved and extended, more and more American cars will be seen in Canada. The railway and steamship lines, tourist agencies and newspapers have done a great deal towards cultivating this important trade, in the general interest. Country hotels, boarding houses and tourist camps are coming to realize the necessity for improvement in their accommodation and service. If tourists are given a warm welcome, are comfortably accommodated and treated courteously and fairly, their number will increase annually.

SECURITIES

Financing in Canada during the year was dominated by the issue of Federal Government obligations arising from budget requirements and refunding of matured or callable guaranteed bonds at lower interest rates. Certain new issues were also created in connection with the assumption by the Bank of Canada of outstanding Dominion note circulation.

Provincial issues were substantial, though less important in amount than federal, while municipal issues were relatively small. Much refinancing in this field has been postponed awaiting the necessary restoration of budgetary equilibrium.

A certain amount of corporation financing has been effected, comprised largely of refunding of callable bonds at lower interest rates.

In spite of the further accumulation of idle money seeking investment, high grade bonds failed to reach this year the peak attained toward the end of 1934. This hesitancy in the market was caused by successive threats of arbitrary action affecting the rights of creditors, which emanated from various sources. Any departure from the standard of good faith would not be forgotten in a day.

During the year we have closed 29 branches in Canada, which, under the changed conditions applicable to banking, could not be expected ever to become profitable. We have opened three sub-agencies. The Bank of Montreal (France), Paris, was closed in June last.

STAFF

During the past twenty-five years great changes in banking methods and routine have taken place. Efficiency and speed in handling the increasing volume of work have been assisted by the use of mechanical equipment. Some bankers who received their elementary training before the introduction of calculating and posting machines are prone to lament the valuable routine training now denied to young men. As a matter of fact, more attention than ever is being given to the selection of recruits and to their training. Special inducements are offered to clerks to take courses in banking approved by The Canadian Bankers' Association and the success of those who pass the examinations is a matter of gratification. These courses are not compulsory, which leaves it to every young banker to classify himself as ambitious or otherwise.

During the past two years I have visited our branches outside of Canada and have met, with few exceptions, all our Managers in Canada, also the members of the Staff at the centres. I am proud to say that our Managers and Staff, in point of efficiency, loyalty and *esprit de corps*, are a credit to the Bank and to themselves.

UNITED STATES

While there has been some improvement in revenues, Government debt continues to grow apace. The budget deficit for the year ended June 30th last reached the unprecedented figure of

\$3,575,357,000, while the indicated deficit for the current year is in excess of \$3,250,000,000. This deficit has been financed by continued issues of Government securities, most of which have found their way into the portfolios of the banks, with the result that the banks of the United States now hold slightly over 50% of the Federal direct debt, which in the past three years has increased from \$19,000,000,000 to over \$28,000,000,000. There has also been a great increase in the guaranteed debt, which exceeds \$7,000,000,000. Obviously the Government cannot continue to permit such an increase in debt without grave risk of either credit or currency inflation, or both; the alternative is increased taxation and retrenchment in public expenditure to bring about a balanced budget.

A heavy influx of gold from abroad, combined with former operations of the Treasury, has resulted in a further expansion of bank reserves which are now \$3,000,000,000 in excess of requirements—a new record, but fraught with elements of danger. The continued influx of gold is directly related to unsettlement in Europe, and has served to aggravate the situation. It is estimated that gold holdings of the United States Government now amount to \$9,800,000,000, or between 40% and 45% of the world's supply of monetary gold. This gold is far in excess of requirements and sooner or later will require to be redistributed if currency stabilization is to be achieved and world trade restored.

On the other hand, these excess reserves have also been one of the chief contributing factors in the continued decline in money rates. Government refunding operations have resulted in a reduction in the average interest rate on the outstanding national debt from 3.51% in 1932 to 2.72% at the present time. Private industry also has taken advantage of these low rates to reduce fixed charges, but borrowings for additional working capital and plant expansion so far have been negligible. The opportunity to expand is available, but the incentive is lacking, due chiefly to the uncertainty surrounding Government policy.

Foreign trade has shown a moderate upturn during the year, but is still far below pre-depression years both in quantity and dollar value.

The general level of banking profits in the United States continues to decline and dividends have in many cases been reduced. Interest rates have fallen to new low records, with call money lending at $\frac{1}{4}$ of 1% for several months, the lowest rate in over twenty-five years, while short-term Government securities return less than $\frac{1}{2}$ of 1%. Although call money rates have recently been marked up to $\frac{3}{4}$ of 1%, the outlook is not promising considering the lack of demand for both commercial and stock exchange loans and the substantial excess reserves of American banks.

CONDITIONS ABROAD

In Europe, international and domestic political influences have continued to undermine confidence. Tariffs, trade barriers and exchange restrictions still hamper and curtail the exchange of goods and services. The revival of international economic activity still awaits the development of a better understanding between nations.

The Italo-Abyssinian conflict has further complicated the international situation and has introduced an element of uncertainty which, with the application of sanctions against Italy, must inevitably further restrict international business relationships. The immediate outlook in Europe is indeed obscure.

In Great Britain sound national finance and a constructive policy designed to stimulate industry have restored prosperity in a marked degree. National credit stands high, and so long as no untoward foreign developments involving the country intervene, confidence is felt that the improvement in economic

activity will spread over a wider area and more equally distribute prosperity throughout the country.

British overseas trade has shown a satisfactory expansion, mainly within the sterling area. Exports for the first ten months of the year were £26,000,000 higher than in the corresponding period of 1934. The adverse visible trade balance for the first ten months of the year is over £20,000,000 better than for the corresponding period of 1934.

The Bank of England rate has remained unchanged at 2% throughout the year. Extreme ease has characterized the short loan market in London and the rate for call loans has been steady at $\frac{1}{2}$ %. Restrictions on overseas capital issues in the London market continue, but several conversions for British Dominions were successfully launched earlier in the year.

BETTER TIMES

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 agriculture, business and industry in the various provinces.

These reviews will be found informative, interesting and heartening, indicating as they do that definite improvement in business has taken place during the past year, in spite of all handicaps, domestic and foreign. There is unmistakable evidence of increased confidence, and enterprising people are beginning once more to look ahead.

Gradual recovery in world commerce will continue as men of good-will, with courage, ability, initiative, enterprise and ingenuity devise means whereby trading may be resumed on more normal lines. The Ottawa Agreements were a notable advance toward the revival of trade within the Empire, and Canada's recent trade agreement with the United States is a further courageous step in the direction of removing barriers to foreign trade.

Canada's share in adding obstacles to world trade has been comparatively slender. The forbearance of this country in the face of critical domestic conditions has not gone unnoticed abroad; in the excellent bulletin of February last issued by the Svenska Handelsbanken, Stockholm, Sweden, it is pointed out that throughout the crisis practically no restrictions were imposed upon the movement of exchange across the Canadian frontier, and the quota system with hampering licences was not applied to import requirements. It is true, however, that certain measures of control were applied.

Having said this much for our own country in relation to the international situation, it is well to re-emphasize that our immediate and vital concern is to put our internal affairs in order, to ensure Canada being properly equipped to take a prominent part in world trade on whatever basis and scale it may be resumed in future.

This will not be brought about by trying out quack remedies, which would only make a serious condition hopeless. The country must face its well-known difficulties finally, and delay will not only be futile but will encourage their further growth. Some complain that the standard of living throughout Canada is too high for a debtor country, poor in accumulated means even though rich in undeveloped natural wealth, and that it adversely affects her competitive position in the world market. The standard is not too high in the proper sense of the word: it is the cost that is too high, and this cost can be brought down by effecting economies in our excessive general overhead.

QUEBEC

Notwithstanding a midsummer period of drought, weather conditions favoured the growth of the crops, and except in respect

to apples and potatoes the harvest was bountiful. Large yields more than offset slightly lower prices. Pasturage was good, resulting in well-conditioned cattle and increased returns from milk. Butter and cheese factories have been operating steadily; butter production to the end of September was 58,800,000 pounds compared with 55,200,000 pounds last year, and cheese 17,200,000 pounds as compared with 18,700,000 pounds. There is an abundant supply of feed. Vegetables and small fruits were plentiful and the canning pack was larger. The total yield of the maple sugar industry showed an increase of 30% in volume and 19% in value over last year's figures. A fine tobacco crop was harvested. Livestock prices have shown an upward tendency and there is a demand by United States purchasers for pure-bred dairy cattle.

Following a strong demand for lumber last year by the British market, extensive woods operations were undertaken. Unfortunately that market fell off, due partly to European competition, and as domestic requirements were also lower decreased prices and a heavy carry-over of softwood lumber have resulted. The United States market is showing some activity. A large part of last season's output of pulpwood is unsold and the price has declined. Owing to surplus stocks, the cut of lumber and pulpwood this winter will be curtailed.

Conditions in the newsprint industry continue unsatisfactory to manufacturers, and the outlook for the immediate future is still uncertain. The price for 1936 has been set at \$41 per ton, New York delivery, \$1 higher than at present. Quebec mills produced 1,032,248 tons for the nine months ended 30th September, as compared with 1,009,057 tons for the corresponding period of last year.

Mining production in this Province during the first eight months of 1935 shows a gain over the corresponding period of 1934. Gold at 287,000 ounces and silver at 510,000 ounces were greater by 30,000 and 202,000 ounces respectively; asbestos was 22,000 tons greater at 118,000 tons. Copper was almost 10,000,000 pounds higher at 42,000,000 pounds for the first six months.

Practically all manufacturing plants in the Province have shown increased activity; the margin of profit, however, is still narrow. There have been no labour troubles of importance.

The boot and shoe trade has had a good year and most of the factories are working at capacity, but competition is very keen.

Due principally to English competition, cotton mills have lost ground compared with their position last year. Woollen factories have worked at or near capacity. Rayon mills report full-time activity, with competition for available markets keen. Manufacturers of real silk goods are quiet at present, as the rise in the price of raw silk, due to a tariff increase in August, has put their products at a disadvantage as compared with rayon and cotton goods. Dyers and finishers of textile fabrics have been very busy.

Clothing factories were more fully occupied; sales of women's suits and cloaks are slowing up, while retail trade in moderately-priced men's and children's wear is active.

Tanneries and makers of tires and other rubber goods have worked at or near capacity. Leather prices have moved upward, the reason ascribed being a reduced source of supply, but stocks on hand are substantial.

The pegged price of Canadian wheat was advantageous to Old Country millers, as it enabled them to undersell our flour in foreign markets; consequently, Canadian mills have had a poor year.

While foreign buying of raw furs has been stronger and prices are about 15% higher, local demand has been quiet and the industry generally does not appear to be doing more than holding its own.

Asbestos and aluminum plants have been running at capacity and the Aluminum Company is constructing a large new ore mill.

There has been increased production of mechanical equipment, belting, rubber hose, tractors, trucks and power machinery. The mining industry particularly has been a heavy purchaser of machinery. Power consumption has increased, with rates unchanged.

Retail prices, on the whole, are slightly higher than 1934 levels, and some commodities, particularly furniture, show a firming tendency. There has been improvement in both wholesale and retail trade, evidenced to a considerable extent in luxury purchases—automobiles, radios, et cetera. Competition is still keen and profits small.

Tourist traffic was much heavier than last year and hotels and restaurants have had the best season for some years.

In addition to the usual Federal and Provincial outlays for dredging, harbour development and maintenance of roads, large expenditures for both direct and indirect relief have been made. Notwithstanding increased employment, relief continues to be a major Government problem and the cause of heavy taxation on business.

Urban and rural real estate continues to sell at low prices and there is little new building apart from Government relief projects.

Satisfactory crops, increased industrial activity, reduced unemployment and improved retail turnover have been of material influence in restoring a good measure of confidence throughout the Province. The outlook generally is better than for some years past.

ONTARIO

Ontario farmers have harvested a good crop. Grain yields were larger but the quality is generally below that of last year. Heavy rains caused oats and barley to lodge badly, which made harvesting operations protracted. Hay was a bumper crop and the yield of fodder corn was above average. Tonnage of sugar beets is estimated at approximately 40% over last year. Potatoes were below normal, while turnips and mangels were a fair yield. Small fruits were average, with an exceptionally large crop of strawberries. Early apples were good, with winter varieties a light yield. Peaches, while plentiful, were small. Grapes were damaged by an early frost and the yield is estimated at from 10% to 12% below normal. Tobacco acreage increased approximately one-third and yielded a heavy crop. The flue-cured crop is one of the finest ever produced in Ontario. Growers will receive an average price of 23c. a pound, which compares with 24.66c. last year. Fall work was delayed due to prolonged harvesting, and consequently a reduced acreage has been sown to winter wheat.

Pasturage was excellent throughout the season, resulting in a heavy flow of milk, and producers are benefiting from the Dominion Government's bonus of 1½c. a pound on deliveries to cheese factories in preference to creameries.

The revival of the export of livestock to United States markets has been the bright feature of the stock-raising industry. There has also been a keen American demand for tested, pure-bred dairy cattle at profitable prices. Stockers and feeders have nearly doubled in price during the year. The range of hog prices has been higher and sheep, lamb and wool markets strong. With an abundance of fodder available, farmers are winter feeding considerably more cattle, and the generally higher price of agricultural products has created a cheerful feeling throughout the farming community.

Manufacturing operations generally have been further expanded, with competition keen and with margins of profit narrow.

Marked expansion has taken place in the automotive industry. Iron and steel mills have operated at higher percentage of capacity. The agricultural implement industry has enjoyed a sharp recovery, reflecting the improved purchasing power of the farmer. Woollen, silk, rayon and hosiery mills have in most instances operated at capacity, while cotton textile factories, although feeling the competition of imports, have been reasonably well employed. The furniture industry has operated at a higher level, with a noticeable demand for better class merchandise. The hide market continues strong and tanners have been well occupied. Boot and shoe factories have been steadily active on increased production. Flour millers report normal domestic trade, with competition keen and export business at a low ebb.

Lumbering has been slightly more active and woods operations this winter are expected to approximate those of last year. The situation in the pulp and paper industry remains unsatisfactory notwithstanding that consumption of newsprint has increased. The price for 1936 has been set at \$41 per ton—an increase of \$1—which, however, will be offset by higher costs.

Development of mining areas continued throughout the year and a number of new gold mines have been brought into production. Nickel output has been substantially increased and the higher price of copper has resulted in greater production. The metalliferous production of the Province for the current year is estimated at \$148,000,000, an increase of \$4,000,000 over 1934.

Commercial fishermen on the Great Lakes netted a fair catch which realized satisfactory prices.

Wholesalers in general have experienced an increase in the volume of business and prices of staple commodities have remained steady throughout the year. Retail trade has benefited from improved consumer purchasing power and increased tourist traffic. Summer resorts enjoyed the best season for a number of years. Collections continue to show improvement.

Ontario's share of the Dominion Government's construction awards for public buildings, et cetera, this year is estimated at approximately \$10,000,000. Other government and municipal expenditures have been practically confined to relief purposes. The Provincial Government expended in this connection, for the six months ended June 30th, approximately \$12,000,000. Employment, with the exception of the seasonal falling off in March, has shown consistent improvement. While this is largely due to government-financed construction and relief work, increased agricultural and mining activities have also contributed, but the problem of unemployment is still serious.

Some improvement in the real estate market is evident, although most buyers are seeking bargains at sacrifice prices. Rents are firmer, particularly in the larger cities for modern apartment accommodation. Although construction contracts awarded were greater than last year, a large proportion represented the public works programme of the Federal Government.

There has been no railway construction during the year.

No major power developments have been undertaken by the Hydro-Electric Power Commission of Ontario.

The past year has been a period of steady but gradual expansion in nearly all branches of economic activity. A bountiful harvest, the restoration of livestock prices to a profitable level and increased industrial production, all resulting in enlarged consumer purchasing power, have strengthened the feeling of confidence, and a more optimistic tone is in evidence than for some years past.

MARITIME PROVINCES

The fishing industry has had a discouraging season. The catch of cod was about the same as last year, but conditions abroad, particularly in Italy and Brazil, upset markets for dried fish, resulting in unprofitable prices. Fresh fish returns are im-

proving. The lobster catch was below average but brought higher prices.

As a result of the British market not absorbing the anticipated quantity of last season's cut of lumber, lower prices prevailed and there is a substantial carry-over. Woods operations will be on a smaller scale this winter and costs will be higher. There was little change in pulpwood production but the price declined.

Good average crops were harvested and prices generally have been slightly higher. The large crop of potatoes in 1934 sold unprofitably, but this year's smaller production of good quality is bringing fairly satisfactory prices. An average harvest of good quality apples, well graded and packed, is being marketed at satisfactory prices.

Coal output is below that of last year, owing to reduced demand from Ontario and smaller purchases by the Railways. Gypsum production at 412,000 tons is up 106,000 tons.

The Sydney steel plant is operating at the highest point for some years, ingot production averaging 68% of capacity as compared with 61% last year. Woollen mills are fully employed, but cotton factories are running about 15% below 1934. Footwear manufacturers have increased production but are still operating below capacity. The output of newsprint is slightly larger than that of last year.

There has not been much change in wholesale and retail trade, as improvement in agriculture has been offset by poor fishery and lumber returns. Retail prices have increased slightly. Collections are improving and now average better than fair.

Imports and exports through the ports of Halifax and Saint John are below those of last year, but improvement is looked for this winter.

Hotels have benefited from heavier tourist traffic, a feature of which was the development of conducted bus tours.

The Dominion and Provincial Governments are spending large sums on public works to relieve the unemployment situation; otherwise, there has been little new construction. Real estate values continue low.

To sum up, the fishing and lumber industries have had an unsatisfactory year, and unemployment, while declining, continues to be a serious problem and relief expenditures remain a heavy public burden. On the other hand, the position of farmers has improved somewhat, business generally has made some headway and a more hopeful feeling prevails.

PRAIRIE PROVINCES

During the first half of the year business generally showed improvement, but later a disappointing wheat crop had an adverse effect on all lines. Unemployment remains acute.

Wheat was seeded on 23,293,000 acres, practically corresponding with the area sown in 1934. The Dominion Government estimates the Prairie wheat crop at 256,000,000 bushels, compared with 263,000,000 bushels last year and with a ten-year average of 367,000,000 bushels. The yield estimated from oats, barley, rye and flax totals 382,000,000 bushels against 222,000,000 bushels last year. Saskatchewan's coarse grain production showed decided improvement. Crops went in late but were generally promising until July, when rust infected the growing wheat in Manitoba and in east, central and south-eastern Saskatchewan. The results were disastrous. Over large acreages the crop was not worth cutting. Farther west and in northern localities insufficient rainfall and August frosts caused damage. The nature of damage to the wheat crop this year renders more difficult than usual the compiling of estimates of outturns.

The Canadian Wheat Board, to which farmers may voluntarily sell wheat, commenced operations in September and guar-

anteed a minimum of 87½c. per bushel basis No. 1 Northern, Fort William, to producers. Also, producers who sell their wheat to the Board will receive participation certificates to share in any surplus the Board may eventually realize. Allowing for grade deductions and freight from shipping points, the minimum set will net producers a better price than last year.

Deliveries of wheat to 31st October, at which date approximately half the year's crop remained in farmers' hands, included a substantial percentage of the lower grades, and it is possible undelivered wheat may consist largely of wheat of inferior quality.

Sugar beet production, an important industry in southern Alberta, is below last year's record crop, but 140,000 tons are expected, with sugar content higher. An additional \$1,000,000 factory is under construction at Picture Butte.

Livestock prices have risen, but the industry generally continues to be unprofitable. Cattle marketings increased substantially, partly through the selling of animals not properly conditioned, due to feed shortage. Higher prices in the United States have revived exports to that country. Hog marketings are lower, notwithstanding profitable prices. The British market for bacon has held up well. Sheep breeders generally are reported to have had an unprofitable year. Ample supplies are now available for feeding stock.

In the dairy industry butter production has lessened somewhat, but with abundance of rough feed available, improvement is expected during the closing months of the year. There has been more activity in the cheese business this year. Low prices have prevailed.

Metallic mineral extraction in Manitoba is ahead of last year, when the output was \$9,776,000; Saskatchewan's 1934 production approximated \$5,000,000. Development work proceeds steadily. Alberta's coal output is higher but conditions in the industry are unsatisfactory. Saskatchewan's lignite coal trade is being well maintained. There has been little development of new gas wells of the Turner Valley field in Alberta, but additional absorption and refining plants are contemplated.

Manufacturers of popular staple commodities have been more active. The building trades have benefited from governmental projects and mining development. Flour mills have increased their output, but have operated below capacity. Abattoirs have been busier. The lumber industry has experienced a more satisfactory year than that of 1934.

Wholesale and retail trade has improved compared with that of last year, although in poor crop districts business has slackened since August. Demand is for the inexpensive lines in necessities. Sales of lower-priced automobiles have increased. Implement dealers experienced improved business, notwithstanding the cancellation of many orders when it was realized crop outturns would be poor. Competition continues severe for independent merchants, but business failures are down.

With current credits extended on a conservative basis, collections have been promptly met, but old accounts remain stubborn. Numerous compositions have been effected under the Farmers' Creditors Arrangement Act, and, while there has been some complaint by creditors that adjustments are too drastic, creditors generally have been disposed to grant concessions to involved debtors.

There have been important government and municipal expenditures on buildings, sewerage and highway projects to relieve unemployment.

Pronounced unemployment continues and inordinately heavy direct relief costs are crippling municipalities and the provincial governments. Outlays for relief increased during the year, due to last year's drought, and unfortunately some areas which

previously suffered from drought were, because of rust, deprived this year of a wheat crop. Notwithstanding the drain for relief and tax collection difficulties, debenture indebtedness, apart from certain rural obligations, has been kept in good standing. Special civic appeals for payment of taxes have proved effective.

In Alberta a "social credit" government has been elected.

The redemption of Province of Alberta savings certificates, of which there are \$9,000,000 outstanding, has had to be postponed owing to heavy withdrawals.

Railway construction and immigration are at a standstill.

Wheat shipments from Churchill were 2,400,000 bushels, compared with 4,000,000 bushels last season.

Apart from relief works, building has been inactive. City realty transactions are confined practically to bargains in desirable dwellings. Residential rents are low, but are inclined to be firmer, and office rents are cheap. There is little movement in farm lands. Interest payments on mortgages on city properties are satisfactory but are indifferent to poor on farm mortgages.

The outlook for Canada's wheat export trade is somewhat improved. Excluding Russia, the combined carry-over of stocks in exporting countries at 31st July, 1935, is estimated at 412,000,000 bushels, or some 187,000,000 bushels less than 1934. Of this Canada held 215,000,000 bushels, or 11,000,000 bushels more than 1934. Indications are that the southern hemisphere will have less wheat available for export, but Russia has re-entered the export market and international movement of wheat has been disappointing this season.

The people on the prairies generally have received small satisfaction for their year's efforts and serious problems prevail, but there are aspects that offer encouragement. Conditions in the northern and south-westerly regions of Saskatchewan have improved and many Alberta farmers are better situated than a year ago. Prices for farm products are somewhat higher. Adequate feed being available, one important farm problem is made easier. Creditors are sympathetic with debtors and business has demonstrated that it responds quickly to improved conditions. The prevailing attitude is one of hopefulness for better times in 1936, with the feeling in the areas that have suffered from a succession of dry years that the long drought has definitely broken.

BRITISH COLUMBIA

The season opened late for farming operations. Precipitation generally was sufficient to promote the growth of vegetation, and good average fodder and grain crops were harvested. Cherries, peaches, apricots and berries yielded light crops. Other tree fruit yields were satisfactory. The apple crop, estimated at 4,500,000 boxes with 60% export sizes, is approximately 10% below last year's figures. The reduction is chiefly due to severe frosts late in October. The movement of fruit is satisfactory; it is principally under market control and prices have been slightly above last year's figures. The dairy and poultry industries are still unsatisfactory owing to surplus production. Irrigation water was plentiful and pasturage in most districts was good. Livestock are in good condition; prices have improved and the turn-off has increased.

Lumbering is still the primary industry of the Province, the estimated production this year being valued at \$50,000,000, compared with \$45,461,000 in 1934. Coast mills are operating at 70% of normal production, compared with 60% in 1934. Water-borne shipments for the initial nine months totalled 686,592,000 feet b.m. against 695,547,070 feet b.m. for the corresponding period last year, with the United Kingdom taking 50%, followed by Australia and China. The Japanese market, which previously absorbed seven to eight million feet a month, has been practically closed following an embargo on certain

Canadian goods instituted last May, while trade with China, as a result of the United States silver policy, is in relatively low figures. Operating costs are high and leave little margin of profit against foreign competition. The eastern domestic market has strengthened, but prairie business continues to be quiet. Owing to recent strikes in the northwestern States, shingle mills in British Columbia have been operating at capacity for the United States market. Log and tie production to date exceeds the output for the corresponding period last year.

Gold mining is flourishing, a production in excess of \$1,000,000 per month establishing a new high record for British Columbia. Metal prices have increased and the outlook is more encouraging. Development work is progressing steadily, principally on gold properties in the Bridge River and Cariboo districts. There are over 400 mining companies registered in the Province and 150 metalliferous mines are producing. Copper production will probably show a decline, due to the closing of the Granby operations at Anyox. Coal mining has been adversely affected by increasing sales of fuel oil and sawdust.

The value of fisheries for 1934, at \$15,334,335, showed a gain of 28% and 55% respectively over the two previous years. Salmon fishing contributed 81% of the total value. The salmon pack to October 12th, 1935, totalled 1,414,477 cases, compared with 1,329,651 cases for the corresponding period last season. Prices to fishermen have been slightly higher, while prices to packers remain at last year's levels and are unremunerative. Foreign competition is keen, but the volume of sales to date is satisfactory.

In shipping circles exports for the initial six months of 1935 show a moderate increase over the corresponding period last year. Grain shipments through the Port of Vancouver for the season 1934-35 totalled 51,895,844 bushels—an increase of about 3% over the previous season but 47% below the record year of 1932-33. Ocean freight rates generally have been low but are now strengthening and space is well booked.

Manufacturing increased 25% in 1934 over the previous year and is continuing near the 1934 level. Employment shows a moderate increase.

Merchants generally report business to be slightly better than last year. Railway excursions were well patronized and tourist trade satisfactory. Credit is carefully supervised and current collections are being well met.

Dominion expenditures of importance, apart from relief, have been confined to an extension to the Post Office building and a new Armoury in Vancouver and an Assembly Wharf at Nanaimo. The Provincial Government is completing the hard surfacing of 280 miles of roads and has let a contract for a new bridge over the Fraser River at New Westminster at an estimated cost of \$3,500,000 spread over three to four years. Loans totalling \$283,500 have been granted to municipalities by the Provincial Government for public works to relieve unemployment. Otherwise, expenditures have been curtailed and have been chiefly confined to repairs and maintenance work.

Building permits show a substantial increase in number and value. There is practically no speculation in real estate and few sales are reported. Business space is plentiful but modern houses for rent are scarce and apartment houses are well occupied. Rentals tend to increase but still barely cover carrying charges.

It is estimated the four primary industries of lumbering, mining, agriculture and fishing will produce \$153,500,000 in 1935—an increase of 8-10% over 1934. Bank clearings to the end of September were \$641,000,000, an increase of \$8,000,000 over the corresponding period last year.

Taxes generally have been well met and municipalities are endeavouring to balance their budgets, although in some cases

provision has not been made for sinking fund requirements. Unemployment continues to be a serious problem, but business generally is on a more stable basis. There has been a definite improvement during the past year, and with a return to more normal world conditions a continuance of the growth already experienced can be expected.

NEWFOUNDLAND

The past year has been somewhat disappointing for the cod fisheries, the principal industry of the country. Operations were hampered by bad weather which damaged gear and equipment, while the process of curing the fish was adversely affected by abnormally wet weather. Exchange and quota restrictions in Latin countries, though in some instances eased somewhat recently, still constitute a detriment to foreign sales. The Commission of Government has organized a Salt Cod Fish Board to control shipments to certain designated countries and it is hoped that this regulation will have a beneficial effect. The Seal Fishery was much below expectations, bad ice conditions preventing steamers from striking the main herd. Salmon exports for the season are estimated at about 2,500,000 pounds. Despite the new Government regulations increasing the minimum size of lobsters taken, this year's pack has been larger than last year's. The herring pack was 50% over that of last year and prices were 25% in advance, so that the return was well above normal.

In an endeavour to encourage agricultural production the Commission of Government has engaged an expert from Canada and is appointing district agricultural officers. Sheep and Swine Clubs are being formed and fostered by the Government, who lend the necessary stock.

Iron ore shipments for the first nine months of this year were 471,686 tons and it is expected that shipments for the calendar year will be valued at \$1,800,000, as against \$1,617,000 for 1934. The mines at Buchans were operated at capacity throughout the year; the production for 1934 was 210,638 tons. The paper mills at Grand Falls and Corner Brook were likewise run at full capacity throughout the year.

In the manufacturing industry, factories were working at 80% to 100% capacity for the first quarter of the year, after which production slumped somewhat although there has been a gradual increase latterly. The slowing up in the delivery of fish owing to unseasonable weather has had an adverse influence on collections. Sales in most wholesale lines are up somewhat in volume this year although lower in dollar value, due to reductions in the tariff. Retail trade has been fair, but merchants report the outlook for the next few months to be uncertain owing to the poorer quality of the cod fish this year.

Customs revenue for the first three months of the fiscal year, July to September inclusive, was \$244,000 lower than last year, largely owing to tariff reductions.

The success of the efforts of the Commission of Government is indicated in various ways and both the members of the Commission and the people are satisfied with the progress that is being made with regard to the financial, educational, industrial and other features of the national life. The Commission in eighteen months has made substantial progress and the groundwork is being laid for further improvement.

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.

Major-General the Hon. S. C. Mewburn, C.M.G., moved, seconded by Mr. D. Forbes Angus, 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 Sir Edward Beatty, G.B.E., seconded by Mr. W. Sanford Evans, resolutions appointing the necessary proxies for the Bank at meetings of controlled companies were unanimously adopted.

THANKS TO THE OFFICERS

Lt.-Col. W. P. O'Brien then moved, seconded by Mr. Henry E. Rawlings, 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, Lt.-Col. O'Brien said:

"The President's address, the General Managers' address, and the Directors' report are for us, the shareholders, instructive documents, being informative and comprehensive of general conditions, and of the trade, and commerce, and finance of this country. I think you will all agree with me, that in these last several years of severest strain on financial institutions, the Bank of Montreal, like a great rock in a raging sea, has stood magnificently firm and immune to the buffeting and shocks of fortune. It is a cause of much satisfaction to know with the improving times that the Bank of Montreal is in such splendid liquid condition to serve its customers; and may I add, it is a great moral help to feel in these hectic days that the experience and the sympathetic understanding and support of this Board and Officers are at all times available to the shareholders and clients, now as in the past. I have much pleasure in moving that the thanks of the shareholders be tendered to the President, Vice-Presidents and Directors for their invaluable services rendered this past year." (Applause.)

The motion was adopted unanimously.

The Chairman: "On behalf of myself and fellow Directors, I thank you very much for the kind words you have spoken. I am sure we all feel encouraged when a shareholder gets up and tells us how well we are managing the Bank."

Mr. A. O. Dawson moved, seconded by Lt.-Col. Herbert Molson, C.M.G., M.C., "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, Mr. Dawson said:

"I wish I could adequately express my own feelings, as well as those of the Directors of the Bank, as we inscribe in the minutes of our Annual Meeting the resolution you have just listened to. Those of us who sit in at the meetings of the Board held throughout the year realize how fortunate we are in having Mr. W. A. Bog and Mr. Jackson Dodds as our General Managers—both men of attractive personality and of outstanding ability.

"Mr. Bog's wonderful knowledge of banking, acquired through the years, combined with his zeal and devotion to this Institution, makes him an ideal General Manager.

"In Mr. Dodds we have not only an able banker, but also a scholar and an orator. When he appears on the public platform, which is quite often, what he has to say is always constructive, and his sane and helpful messages are widely quoted throughout the Dominion. He has, too, the happy faculty of bringing inspiration to the thousands of men and women who serve this Institution, and through it the citizens of Canada.

"It is quite thrilling to observe with what pride our fellow-workers speak of the officers at the Head Office, as well as of the organization of which they form a part.

"You will, I am sure, also wish me to say a further word regarding the men and women who compose the staff of the Bank, whether at the Head Office or out in its branches in Canada, and elsewhere. My business takes me continuously to many of the cities and towns of this country, and on such visits, either by direct contact with the officers of the branches of the Bank, or through the merchants and manufacturers in the locality, I learn something regarding the impact our employees are making on the business, cultural and social life of Canada. It is a delight for me to be able to say to you that our men are good citizens, as well as good bankers, and that they are making a valuable contribution to all that is best in the communities in which their lot is cast.

"One has but to study our Staff Magazine, which, by the way, is an exceptionally worthy publication, to realize that we have great reason to be proud not only of our talented and able Secretary, Mr. C. H. Cronyn, who heads the editorial committee, but also of the hundreds of worthy men and women, many of whose names appear from time to time in our Magazine, who unostentatiously, but effectively, serve the great Institution known as the Bank of Montreal." (Applause.)

The motion was passed unanimously.

In reply to the resolution, Mr. Bog said:

"On behalf of Mr. Dodds and myself, our Assistant General Managers, and all members of the staff, I thank you most sincerely for your kind and flattering references to us, and our services of the past twelve months. In banking we have had our problems during the past few years, and in many cases bankers have been unfairly criticized by those not fully conversant with the facts. Kind words are therefore doubly welcome.

"During the years, the General Managers have had the greatest measure of support from all members of the staff, and I cannot speak too highly of the fine spirit shown by the men and women who comprise it."

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 Honourable Thomas Ahearn, P.C., D. Forbes Angus, Sir Edward Beatty, G.B.E., W. A. Black, 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., 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., A. 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 and Major-General the Honourable S. C. Mewburn, C.M.G., 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., and Sir Edward Beatty, G.B.E.

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.

GENERAL MANAGERS

W. A. BOG

JACKSON DODDS

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.

W. A. BLACK, 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.

A. B. PURVIS, ESQ.

W. A. BOG, ESQ.

NORMAN J. DAWES, ESQ.

W. SANFORD EVANS, 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.

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	-	-	-	-	-	-	-	-	39,935,033.36
TOTAL ASSETS	-	-	-	-	-	-	-	-	792,772,872.76

The Bank has 543 Offices in Canada, Newfoundland, United States; 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
ISLAY
KILLAM
LACOMBE
LAKE LOUISE (CHATEAU LAKE
LOUISE BRANCH—JUNE TO SEPT.)
LEDUC
LETHBRIDGE
MAGRATH
MANNVILLE
MEDICINE HAT
MORRIN
MYRNAM
OLDS
PARADISE VALLEY—SUB TO
EDGERTON
RAYMOND
RED DEER
RIMBEY
SEDGEWICK
STETTLE
THORSBY
TOFIELD
TROCHU
TWO HILLS
VEGREVILLE
VIKING
WAINWRIGHT
WESTLOCK
WETASKIWIN

BRITISH COLUMBIA

ASHCROFT
BRALORNE
CHILLIWACK
CLOVERDALE
DUNCAN
ENDERBY
ESQUIMALT
KAMLOOPS
KASLO
KELOWNA
KIMBERLEY
MERRITT
NANAIMO
NELSON
NEW DENVER
NEW WESTMINSTER
NORTH VANCOUVER
OAK BAY
PENTICTON
PORT ALBERNI
PORT HAMMOND—SUB TO
PORT HANEY
PORT HANEY
POWELL RIVER
PREMIER—SUB TO STEWART
PRINCE GEORGE
PRINCE RUPERT
ROSSLAND
SIDNEY
STEWART
TERRACE
TRAIL
VANCOUVER (MAIN OFFICE)
" BROADWAY & GRANVILLE
STREET
" BROADWAY & MAIN STREET
" CARRALL & HASTINGS STREETS
" FORTY-FOURTH AVENUE &
FRASER STREET
" FOURTH AVENUE & ALMA ROAD
" GRANVILLE & DAVIE STREETS
" HOMER & HASTINGS STREETS
" HOTEL VANCOUVER
" KERRISDALE
" MAIN & HASTINGS STREETS
" MARINE BUILDING
" PENDER & COLUMBIA STREETS
" PRIOR & MAIN STREETS
" VANCOUVER HEIGHTS
" WEST POINT GREY
VERNON

BRITISH COLUMBIA —CONTINUED

VICTORIA (MAIN OFFICE)
" GOVERNMENT STREET
WEST SUMMERLAND
WILLIAMS LAKE

MANITOBA

BELMONT
BISSETT
BOWSMAN RIVER
BRANDON
CARBERRY
DAUPHIN
GLADSTONE
HARTNEY
MACGREGOR
MINITONAS
MORRIS
NEEPAWA
OAK LAKE
OAK RIVER
OAKVILLE
PORTAGE LA PRAIRIE
RESTON
SELKIRK
SOURIS
THE PAS
WINNIPEG (MAIN OFFICE)
" BANNERMAN AVENUE & MAIN
STREET
" CORYDON AVENUE
" ELLICE AVENUE & SHERBROOK
STREET
" FORT ROUGE
" HART AVENUE & KELVIN
STREET
" HIGGINS AVENUE & MAIN
STREET
" LCGAN AVENUE
" LOMBARD STREET
" 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
SHEDIAK
WOODSTOCK

NOVA SCOTIA

AMHERST
BRIDGEWATER
CANSON
GLACE BAY
HALIFAX (MAIN OFFICE)
" NORTH END
" WILLOW TREE
LUNenburg
MAHON 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
BRAMPTON

ONTARIO—CONTINUED

BRANTFORD
BRESLAU—SUB TO KITCHENER
BRIDGEPORT—SUB TO KITCHENER
BRINTON—SUB TO IROQUOIS
BROCKVILLE
BRONTE
BRUCEFIELD—SUB TO HENSALL
CALABOGIE—SUB TO RENFREW
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
GRANTON—SUB TO LUCAN
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
KINGSTON
KINGSVILLE
KIRKTON—SUB TO MITCHELL
KITCHENER
KOMOKA—SUB TO MARKET
SQUARE, LONDON
LAMBTON MILLS
LANCASTER
LANDSLOWNE
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
NEWMARKET
NEW TORONTO
NIAGARA FALLS
NORWICH
OAKVILLE
ORILLIA
OSHAWA
OTTAWA (MAIN OFFICE)
" BANK STREET
" HINTONBURG

ONTARIO—CONTINUED

OTTAWA (CONTINUED)
" RIDEAU STREET
" SPARKS STREET
OWEN SOUND
PARIS
PELEE ISLAND—SUB TO LEA-
MINGTON (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
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 & LANSDOWNE
AVENUE
" BLOOR STREET & WINDERMERE
AVENUE
" COLLEGE STREET
" DANFORTH & LOGAN AVENUES
" DANFORTH AVENUE & MAIN
STREET
" DUNDAS STREET & LANSDOWNE
AVENUE
" DUNDAS STREET & RONCES-
VALLES 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
" ROSLAWN 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

BRANCHES IN CANADA

ONTARIO—CONTINUED

WOODSTOCK
YARKER
ZURICH

PRINCE EDWARD ISLAND

CHARLOTTETOWN

QUEBEC

AMQUI
ARTHABASKA
ARUNDEL
ARVIDA
BEDFORD
BREAKEYVILLE
BRISTOL—Sub to SHAWVILLE
BUCKINGHAM
BURY
CHAPEAU
CHICOUTIMI
COOKSHIRE
COWANSVILLE
DRUMMONDVILLE
GATINEAU
GRANBY
GRAND MERE
HULL
HUNTINGDON
KNOWLTON
LACHINE
LACHUTE
LEVIS
LONGUEUIL
MAGOG
MATANE
MEGANTIC
MONT JOLI
MONTREAL (Main Office)
" ANGUS SHOPS, DAVIDSON &
NOLAN STREETS
" BEAVER HALL
" BERCY & ONTARIO STREETS
" BLEURY & ST. CATHERINE
STREETS
" BORDEAUX STREET & MOUNT
ROYAL AVENUE
" CHARLEVOIX & CENTRE
STREETS

QUEBEC—CONTINUED

MONTREAL (CONTINUED)
" CHRISTOPHER COLUMBUS
STREET & MOUNT ROYAL
AVENUE
" CITY HALL AVENUE & ST.
CATHERINE STREET
" COTE DES NEIGES
" COTE ST. PAUL
" DE LORIMIER AVENUE &
ROSEMOUNT BOULEVARD
" DRUMMOND & ST. CATHERINE
STREETS
" FULLUM & ST. CATHERINE
STREETS
" GIROUARD & MONKLAND
AVENUES
" GUY & SHERBROOKE STREETS
" HINGSTON AVENUE & SHER-
BROOKE STREET
" JACQUES CARTIER SQUARE &
ST. PAUL STREET
" JEAN TALON STREET &
QUERBES AVENUE
" LA SALLE AVENUE & ONTARIO
STREET
" LAURIER AVENUE & ST. LAW-
RENCE BOULEVARD
" MARCIL AVENUE & SHER-
BROOKE 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
" PEEL STREET
" POINT ST. CHARLES
" ST. ANTOINE & WINDSOR
STREETS
" ST. CLEMENT & ST. CATH-
ERINE STREETS
" ST. HENRI
" ST. JEAN BAPTISTE MARKET
" ST. PETER & ST. JAMES
STREETS
" ST. ZOTIQUE & ST. DENIS
STREETS

QUEBEC—CONTINUED

MONTREAL (CONTINUED)
" 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
QUYON
RICHMOND
RIVIERE DU LOUP
ROBERVAL
STE. AGATHE DES MONTES
STE. ANNE DE BELLEVUE
ST. CESAIRE
ST. GEORGES DE BEAUCE
ST. HYACINTHE
ST. JEROME
ST. JOHNS
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
" FIRST AVENUE & WELLINGTON
STREET
VICTORIAVILLE
WATERLOO

QUEBEC—CONTINUED

WESTMOUNT (Main Office)
" CLAREMONT AVENUE &
SHERBROOKE STREET

SASKATCHEWAN

BATTLEFORD
CARNDUFF
DAVIDSON
DOMREMY
DUCK LAKE
EASTEND
ESTEVAN
FIFE LAKE
KAMSACK
KELLIHER
KISBEY
LAKE LENORE
LAMPMAN
LIMERICK
MAPLE CREEK
MELVILLE
MOOSE JAW
NIPAWIN
NORTH BATTLEFORD
OUTLOOK
PRINCE ALBERT
PUNNICHY
REGINA (Main Office)
" VICTORIA AVENUE & ALBERT
STREET
RHEIN
ROSE VALLEY
SALT COATS
SASKATOON
SEMANS
SHAUNAVON
SWIFT CURRENT
TISDALE
UNITY
WAKAW
WEYBURN
WHITEWOOD
WYNNARD
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

WEST INDIES

Barclays Bank (Dominion, Colonial & Overseas)

