

1865.

BANK OF MONTREAL.

ANNUAL GENERAL MEETING,

HELD 5th JUNE, 1865.

(From THE GAZETTE of 6th June, 1865.)

The Annual Meeting of the Shareholders of the Bank of Montreal was held at the Banking House in this city yesterday, T. B. Anderson, Esq., President, in the chair.

Among the Shareholders present we noticed Hon. H. L. Holton, Hon. John Rose, Hon. Thos. Ryan, John Redpath, D. Torrance, John Greenshields, John Frothingham, Thos. Paton, D. L. McDougall, J. McCrea, James Reekie, C. A. Low, Chas. Phillips, Jas. Logan, Henry Thomas, Wm. Murray, Jas. S. Clouston, W. B. Cumming, John Smith, F. Griffin, Hy. Mulholland, R. S. Tylee, and others.

Moved by John Smith, Esq., seconded by Henry Mulholland, Esq.—That the following gentlemen be appointed to act as Scrutineers:—John Greenshields, Esq., and W. B. Cumming, Esq., and that Mr. R. A. Lindsay be the Secretary of this meeting.

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS AT THEIR FORTY-SEVENTH ANNUAL GENERAL MEETING, HELD 5TH JUNE, 1865.

Your Directors have pleasure in submitting the Forty-Seventh Annual Report, accompanied by the usual statement of the Assets and Liabilities of the Bank at the close of its financial year.

The Balance at the Credit of Profit and Loss Account at the last annual meeting amounted to.....£1,822 3s. 2d. \$7,288.64

Profits for the year ending April 30th, 1865, after deducting charges of management, and providing for bad and doubtful debts.....£123,230 1s. 4d. \$492,920.27

£125,052 4s. 6d. \$500,208.91

Out of which two Dividends of 4 pr. c. each have been paid.....
On 1st Dec., 1864.....£60,000
On 1st June, 1865.....£60,000—£120,000 os. 0d. \$480,000.00

Leav'g a balance at the Credit of Profit and Loss Account..... £5,052 4s. 6d. \$20,208.91

This result although not as favourable as could have been desired, will be more satisfactory to the shareholders when they are informed that it has been arrived at after providing the full amount of every debt reported, either bad or doubtful, and upon the lowest estimates that were obtained of real estate securities. The profits from the business of the past year were good, while the losses were moderate; and a statement apparently more favourable than the present, might have been warranted, but the Directors with their experience of the continued depreciation in the value of real estate assets, in the past, have thought it more prudent to devote a handsome surplus to appropriations of so ample a character as to give reasonable assurance that nothing more can be required in the way of provision for further depreciation.

Your Directors adverted in their last annual report to the system of advances upon accommodation paper so long prevailing in some parts of the Province, and to which many of the Banking losses in Canada were attributable.

Your Directors have steadily persevered during the past year in declining new business of this description, and in requiring payment or security for old obligations of this character. This system had its origin in the early days of Banking in this Province, when an extended circulation in proportion to capital enabled the Banks to sustain loans of this description. The evils of the system were manifold: it involved an extended liability beyond the means or resources of the obligants, as the consideration in many cases was a mutual endorsement

of paper. The facility with which discounts could be obtained and the ease with which they could be continued, often led both bankers and customers to lose sight of the legitimate functions of Banking advances altogether. Instead of their active employment and continual re-employment in facilitating commercial operations; aiding manufacturing industry and assisting in the transfer of the products of the country to home and foreign markets, the banking loans in too many instances were devoted to the acquirement of real estate and improvements thereon; an expenditure only legitimate upon permanent loans, and generally necessitating still further borrowing to render it productive. The effect of this misapplication of Banking advances would have been sooner felt, but for the large outlay upon Railways and other public works which imparted a temporary stimulus and an appearance of great prosperity. This naturally encouraged increased personal expenditure and the imports of the country grew rapidly; entailing a heavy indebtedness upon the consumers. Before the large expenditure on railways had ceased, came the opening of the United States markets for the raw products of the country and for a time the producers seemed in a fair way to pay their indebtedness to Banks and Importers. The load of debt, however, proved too heavy; low and unremunerative prices for the products of the field and the forest, accompanied by a succession of short crops, and combined with Banking restrictions rendered necessary by the curtailment in circulation resulting in a great measure from the pressure to collect debts upon all sides, revealed the fact that in many instances the only security left for bankers and other creditors was real estate frequently encumbered to its full value.

There still exist many erroneous ideas respecting the value of Banking privileges in this country; and among others, that they afford compensation for the vexatious usury laws still existing. This compels a withdrawal of banking accommodation from districts where business transactions do not possess collateral advantages of a legitimate character.

Looking to the future of this country with its vast agricultural and mineral wealth with the insufficiency of capital and labor to make it productive, it is of

primary importance that the strongest inducements should be held out to attract both one and the other. The present time seems propitious for the consideration of the important question how far it is possible for Canada to present greater attractions as a home and field of labor to emigrants than the United States. Situated as that country now is, with an enormous national debt, and compelled to impose most onerous taxation to support the national credit, it may be in the power of Canada so to re-arrange its lighter fiscal burdens, that the emigrant should here find the necessities of life, food and clothing, at the lowest cost, and the weight of taxation so imposed as to fall least heavily upon that class of the community. These subjects strictly within the domain of economic science, have a most important bearing upon the prosperity of the country, with which the banking interest is inseparably connected.

The gradual approximation of the currency of the United States to a gold value, enables the banks to look forward to a period, when the large amount of American silver in circulation will be removed. Your Directors have not looked upon this silver circulation as an unmixed evil, existing at a time when the banks of the Province were the recipients of heavy American deposits at interest, which could not wisely be employed in the general business of the country, and the gradual withdrawal of which it is hoped will be compensated for to some extent by the revival of circulation upon the disappearance of silver.

Your Directors believe that the prospects of the bank for the current year are brighter than the past; prices for agricultural products have become more encouraging; the appearance of the crops so far is all that can be desired; the unhappy civil war in the United States is at an end; the importations have fallen off enormously; and above all there exists in the community a settled conviction of the necessity for greater economy and curtailment of credits.

The new Bankrupt law although to some extent affording means to the dishonest debtor of evading his liabilities, and in that respect susceptible of amendment, has had a good effect in revealing in so many cases the necessity for much greater caution in granting credit hereafter.

Your Directors hope that the returns for the current year, will show a marked improvement, if nothing unforeseen occurs to disappoint their present expectations.

T. B. ANDERSON,
President.

GENERAL STATEMENT.

LIABILITIES.	ASSETS.		
Capital Stock.....	Gold and Silver Coin on hand.....	\$1,500,000	\$2,499,617 86
Circulation.....	Government Securities.....	469,94 9s 4d	2,979,66 67
Deposits.....	Balances due by other Banks.....	2,278,330 4s 11d	11,138,320 98
Dividends unclaimed.....	Notes and Cheques of other Banks.....	7,179 17s 9d	18,314 1s 5d
Half-yearly Dividend of 4 P et. June 1, 1865.....	Bank Premises at Montreal, and at Branches and Agencies.....	60,000 00s 6d	85,954 3s 1d
Rest.....	Notes and Bills discounted, and other debts due to the Bank of Montreal, not included under the foregoing heads.....	2,344,671 7s 8d	1,638,639 18s 2d
Balance of Profits carried forward.....		175,000 0s 0d	400,000 00
		5,052 4s 6d	11,424,334 80
		44,594,723 12s 2d	\$18,378,894 44
		\$18,378,894 44	\$18,378,894 44

BANK OF MONTREAL, Montreal, 30th April, 1865.

E. H. KING, General Manager.

The President then remarked that he hoped and believed the statement of the affairs of the Bank just read would be satisfactory to the stock holders. It would indeed have been possible to make what would in appearance have been a still better statement of the affairs of the Bank. The profits would have enabled the Directors to do so; but it was thought desirable in consideration of the condition of the country and its commerce to avoid anything that might lead to exaggerated hopes. The Directors had, therefore, as was stated in the report, taken steps to write off everything which could give a false opinion of the value of the property belonging to the Bank, and they had written off not only all the bad, but all the doubtful debts. They had done this after a very close investigation, and had never written off many debts from which they had strong reason to hope that they would realize, at least, a considerable dividend. Indeed he thought he might assure the Stockholders that they would hear no more of these debts, except it was that some portion of them had been recovered. Mr. Anderson shortly recapitulated the heads of the report and concluded by paying a warm tribute of praise to the zeal, capacity and success of the Managing Director, Mr. King; at the same time saying that if any additional information on the general condition of the Bank were required he would be happy to afford it.

After the Report had been read, the following resolutions were put and carried unanimously:

Moved by Hon. H. L. Holton, seconded by H. O. Andrews, Esq.—That the report of the Directors, now read, be adopted, and printed for distribution among the Shareholders.

Mr. Holton in moving this resolution remarked that the statement which had been submitted to the meeting and through the meeting to the proprietors was not only highly satisfactory; but something even more than satisfactory. That the bank should, in a period of depression such as the country had gone through, continue to pay the generous dividend of 8 per cent not only without trenching upon the rest; but even while adding something to it, was a fact which reflected the greatest credit upon the President, the direction and the general manager. And he was glad to find that the directors felt they could properly in a time of considerable despondency, hold out hopes of a brighter future. The Bank of Montreal could and ought to exercise a very considerable influence in the country, and he thought it was only doing its duty when it properly could do so in expressing an opinion that the country might look forward to a period of greater prosperity than that which it had recently experienced.

Moved by John Greenshields, Esq., seconded by W. B. Cumming, Esq.—That the thanks of the meeting be given to the General Manager, the Managers, Agents and other officers of the Bank, for their services during the past year.

In moving this resolution, Mr. Greenshields congratulated the President and Directors on the report which they had

presented to the Shareholders. It was a great thing in times such as the country had passed through to be enabled to pay the customary dividend, and to add something, though it were not much to the Reserve Fund of the Bank. He was delighted to hear that the Directors had put in the pruning knife for the purpose of writing off bad debts and reducing the value of real estate. If he had understood the President rightly they were to hear no more of these bad debts, except in the shape of money realized from them. That was very satisfactory—the more so, as he remembered that some years ago, this question of bad debts had proved a very troublesome one. On the occasion to which he referred the Directors had written off what seemed a fabulous sum for bad debts; but the next year there was a farther sum written off; and again the third year there was another sum. At the annual meeting that third year he had felt it his duty to ask the President whether the gulf had really been filled, and he was at last assured that the hole was stopped. He was, therefore, glad to hear the confident assurance of the President on this occasion. It seemed from what that gentleman had stated that a very large sum must have been written off. He was afraid to ask what it was; but it was evident, if it were as large as might fairly be supposed from what had been stated, that the profits of the year must have been very large indeed. There was a sum, though not a very large one, added to the rest, and the President knew his sentiments well enough to be aware that he thought this was good policy. He held that it was most desirable for the Bank to have a good rest. It was no injustice to the shareholders, because when they sold they received a proportionate premium, and he, therefore, considered it a healthy sign that the rest had once more been augmented. He was glad, moreover, to see that the Directors had set their faces resolutely against the system of accommodation paper, and had determined to put it down. If he had learned anything during many years of business experience in Canada, it was that there was nothing more dangerous to any man in business than to begin the system of obtaining money on accommodation notes, and he was quite satisfied that it was injurious alike to the Banks and the

public. He also trusted that the usury laws would be abolished. The argument against them was useless; they were exploded everywhere except in Canada, and during a recent visit to the old country he had noticed how much the public gained from the abolition of these laws. The public in fact was the real gainer. The report spoke of the necessity under which the Bank might find itself, unless these laws were repealed, of withdrawing its operations from certain sections of the country, and he trusted that the hint would induce persons possessed of local interest to use their influence for the abolition of laws, which were so injurious to the general welfare. The report was something longer than was usual with reports addressed to the proprietors of that Bank, and he thought wisely so. It touched among other things, on a subject respecting which he did not feel competent to say much; but which he knew had received the attention of his friend Mr. Holton. The Directors properly called attention to the heavy load of taxation which was now borne by the people of Canada. How that had arisen, or how it was to be remedied he was not prepared to say; but everyone knew that food and clothing were much more expensive than heretofore. Everyone felt that he was spending more money, and that he had to spend more. Well now, clothing—good warm clothing—was as essential in this country for a working man, as food itself, and he did think that it was most desirable that means should be devised by which the working man should be enabled to live cheaply and well, so as to make the country one where it would be advantageous for him to settle. After a few other remarks Mr. Greenshields concluded by paying a high tribute of respect to the talents and zeal of Mr. King, the General Manager of the Bank. He said that his position was one of no light labour, as was proved by the enormous sum which the figures just read showed he had to deal with. Some persons might suppose themselves capable of stepping into Mr. King's place and managing the concerns of the institution better than he. Such persons on trial would speedily find their mistake. He was sure that no one could come into contact for a short time with the general manager without feeling that he had an especial aptitude and capacity for the

management of a great financial institution. It had been his duty to discharge a number of the old servants of the Bank and this had brought about his ears a chorus of censure from the persons who had been dismissed and from their friends. He was sure that no duty could have been more unpleasant than that which the general manager had had to discharge in making these dismissals; but he deserved the thanks of the Directors for having discharged this painful duty fearlessly and efficiently.

Moved by James Court, Esq., seconded by William Murray, Esq.,—That the thanks of the meeting be presented to the President, Vice-President, and Directors, for their attention to the interests of the Bank.

Mr. Court added that he gave the Directors credit for the moral courage they had exhibited in the writing off of so many bad debts, and the reduction in the estimated value of their real estate at a period such as the present, when there was so much temptation to postpone that duty. He was the more disposed to give them credit for the discharge of this duty because he had reasons to know personally that it had been done in a very thorough manner.

Moved by Charles A. Low, Esq., seconded by E. G. Penny, Esq.,—That the ballot now open for the election of Directors be kept open until three o'clock, and no longer, and that until that hour and for that purpose only, this meeting be continued.

MONTREAL, 5th June, 1865.

E. H. KING, Esq., General Manager Bank of Montreal:

Sir,—We beg leave to inform you that at the meeting of the Stockholders of the Bank of Montreal, held this day, the following gentlemen were elected Directors, viz.:

Thomas B. Anderson, Esquire,	
Thomas E. Campbell,	"
James Logan,	"
John Redpath,	"
Honble. John Rose	
Honble. Thomas Ryan,	
John Swanston,	"
Henry Thomas,	"
David Torrance,	"

We are, Sir,

Your most obdt. serv'ts,

JOHN GREENSHIELDS,

W. B. CUMMING,

Scrutineers.

