

1878.

BANK OF MONTREAL.

Statement of the result of the Business of the Bank for the year ended 30th April, 1878.

Balance of Profit and Loss Account, 30th April, 1877,	-	-	-	-	\$	199,081	84
Profits for the year ended 30th April, 1878, after deducting charges of management, and making full provision for all bad and doubtful debts,	-	-	-	-		1,430,903	23
							<hr/>
						\$1,629,985	07
Dividend 6 per cent., paid December, 1877,	-	-	-	\$	719.904	00	
Dividend 6 per cent., payable June, 1878,	-	-	-	-	719.904	00	
						<hr/>	
						\$1,439,808	00
Balance of Profit and Loss carried forward,	-	-	-	-	-	\$	190,177 07

GENERAL STATEMENT.

30th APRIL, 1878.

LIABILITIES.

Capital Stock paid up (Subscribed \$12,000,000 00).		\$11,998,400 00
Rest	\$ 5,500,000 00	
Balance of Profits carried forward.....	190,177 07	
	\$ 5,690,177 07	
Unclaimed Dividends.....	16,460 22	
Half-yearly Dividend. payable June, 1878	719,904 00	
	\$ 6,426,541 29	
		\$18,424,941 29
Amount of Notes of the Bank in circulation.....	\$ 3,183,929 00	
Deposits not bearing interest.....	4,473,127 09	
Deposits bearing interest.....	9,365,867 33	
Balances due to other Banks and Institutions.....	748,456 36	
	\$17,771,379 78	
		\$36,196,321 07

ASSETS.

Gold and Silver Coin current		\$ 1,723,211 74
Government Demand Notes	1,927,541 00	
Balances due from other Banks and Institutions.....	3,091,040 04	
Notes and Cheques of other Banks.....	817,535 99	
	\$ 7,559,328 77	
Bank Premises at Montreal and Branches.....		437,000 00
Bills of Exchange and Discounted Notes.....	\$27,718,613 13	
Debts Secured by Mortgages and other Securities... ..	222,168 47	
Overdue Debts not specially secured (estimated loss provided for)	259,210 70	
	\$28,190,992 30	
		\$36,196,321 07

BANK OF MONTREAL, }
MONTREAL, 30th April, 1878. }

R. B. ANGUS,
General Manager.

1878.

BANK OF MONTREAL.

Board of Directors.

GEORGE STEPHEN, Esq., PRESIDENT.
G. W. CAMPBELL, Esq., VICE-PRESIDENT.

HON. T. RYAN,	EDWARD MACKAY, Esq.,
P. REDPATH, Esq.,	GILBERT SCOTT, Esq.,
HON. D. A. SMITH,	ALLAN GILMOUR, Esq.
STR A. T. GALT, K.C.M.G.	
R. B. ANGUS, Esq., GENERAL MANAGER.	

REPORT

OF THE

DIRECTORS TO THE SHAREHOLDERS

AT THEIR

60th ANNUAL GENERAL MEETING,

HELD 3RD JUNE, 1878.

The Directors beg to present the Sixtieth Annual Report, showing the result of the Bank's operations for the year ended 30th April last:—

The balance of Profit and Loss Account on 30th April, 1877, was.....	\$ 199,081 84
The profits for the year ended 30th April, 1878, after deducting charges of management, and making full provision for all bad and doubtful debts, are.....	1,430,903 23
	\$1,629,985 07
Out of which have been paid:	
Dividend 6 per cent., 1st Dec., 1877	\$719,904
Dividend 6 per cent., 1st June, 1878.....	719,904
	\$1,439,808 00
Leaving a balance of.....	\$ 190,177 07

at credit of Profit and Loss Account to be carried forward.

The General Statement of the Assets and Liabilities of the Bank at the close of its financial year is printed for distribution. Its principal features, as compared with last year, are a decline of \$2,909,689 in loans, most of which is accounted for by the lessened demand for accommodation at the principal commercial centres in Canada; and a loss of \$2,179,582 in deposits, caused chiefly by reduction of Dominion and Provincial Government balances, but also, in part, by withdrawals of money, induced by offers of a higher rate of interest elsewhere.

The Directors feel that the anticipation expressed at last Annual Meeting, and their assurances as to the exceptional character of the accounts then submitted, are justified by the present report, which exhibits an increase of \$241,591 in the net earnings of the Bank, as compared with last year's operations. This improvement, although moderate in degree, has been achieved, it must be remembered, under the very adverse circumstances attending the prolonged stagnation of business, not in Canada only, but also throughout the commercial world.

The natural and enforced curtailment of business which has been taking place in this country having diminished the volume of the Bank's operations, has necessarily caused a reduction of its revenue, and likewise entailed considerable losses in the process of liquidation.

The vigorous contraction practised by sound and prudent merchants is highly to be commended, and the forced withdrawal of many from the overcrowded ranks of commerce may be viewed without regret until we reach a point, if we have not already done so, at which business can be conducted with some degree of confidence and with moderate profit. Some classes of manufacturers have experienced more encouraging results during the year, while others continue to struggle against excessive competition; and but little improvement in the lumber trade can yet be recorded.

On the other hand, last year's abundant harvest has not only added to the wealth of the country, but also stimulated a healthful movement of unemployed labour from the cities and older settlements to the new lands of the Western Provinces. This movement has been more marked in the neighbouring country than with us, and it has been accompanied there by a decided improvement in mercantile affairs, which will not be without a favourable influence upon our condition. While, therefore, there may not, in the present position of affairs, be enough to justify sanguine anticipations of the future, there seems sufficient to warrant the belief that the extraordinary depression of trade, which we have so long experienced, is being somewhat mitigated, and that it is about to be followed by a moderate degree of prosperity.

Should this forecast prove to be correct, your Directors believe the Bank is in an excellent condition to offer facilities for, and to profit by, the prosecution of a more extensive and active business.

The Directors have to notice the opening of an Agency at Winnipeg, and an increase of the Inspector's staff, which appeared desirable to insure the regular and thorough supervision of the distant Branch establishments. They have also to assure the Shareholders that the loans of the Bank have undergone the usual careful scrutiny, and that all known bad and doubtful debts have been amply provided for.

GEORGE STEPHEN,

President.

1878.

BANK OF MONTREAL.

ANNUAL GENERAL MEETING, HELD 3rd JUNE, 1878.

From the MONTREAL HERALD, 4th June, 1878.

The Sixtieth Annual General Meeting of the Bank of Montreal was held on Monday, June 3rd, 1878, at one o'clock, in the Board Room of that Institution. Among those present we noticed—Robert Anderson, Thomas Caverhill, Robert Wood, Hon. D. A. Smith, Dr. Campbell, Thomas Davidson, Thomas Workman, M.P., Robert Benny, George Stephen, Gilbert Scott, G. W. Simpson, Edward Mackay, Sir Alexander T. Galt, George Macrae, Russell Stephenson, A. T. Drummond, R. James Reekie, Andrew Robertson, Hon. Thomas Ryan, Alderman Hagar, Alexander Murray, W. F. Lighthall, W. G. Murray, H. L. Snowdon, G. Campbell Macdougall, John W. Gordon, T. Peck, Alex. S. Bamston, T. W. Ritchie, R. W. Shepherd, James Burnett, J. A. Clarke, Robert Moat, William Rhind, W. Wilson, Joseph Mackay, H. G. Strathy, Hon. John Hamilton, John Rankin, J. B. Renny, H. C. Scott, W. O'Brien, D. L. Macdougall, James O'Brien, A. G. Ramsay, Joseph Whyte, John McDonald, W. B. Cumming, and others.

On motion of Mr. EDWARD MACKAY, Mr. George Stephen, the President of the Bank, was requested to take the Chair.

It was then moved by Mr. GEORGE MACRAE, seconded by Mr. ROBERT BENNY: "That the following gentlemen be appointed to act as Scrutineers, viz., Messrs. W. B. Cumming and Thomas Davidson; and that Mr. R. A. Lindsay be the Secretary of this meeting."

Mr. ANGUS was then called upon to read the Report of the Directors to the Shareholders.

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS AT THEIR 60TH ANNUAL GENERAL MEETING, HELD 3RD JUNE, 1878.

The Directors beg to present the 60th Annual Report, showing the result of the Bank's operations for the year ended 30th April last:—

The balance of Profit and Loss Account on 30th April, 1877, was.....	\$ 199,081 84
The profits for the year ended 30th April, 1878, after deducting charges of management, and making full provision for all bad and doubtful debts, are.....	1,430,903 23
	<u>\$1,629,985 07</u>
Out of which have been paid Dividend 6 per cent., 1st Dec., 1877.....	\$719,904
Dividend 6 per cent., 1st June, 1878.....	719,904
	<u>\$1,439,808 00</u>
Leaving a balance of.....	\$ 190,177 07

at credit of Profit and Loss Account to be carried forward.

The General Statement of the Assets and Liabilities of the Bank at the close of its financial year is printed for distribution. Its principal features, as compared with last year, are a decline of \$2,909,689 in loans, most of which is accounted for by the lessened demand for accommodation at the principal commercial centres in Canada; and a loss of \$2,179,582 in deposits, caused chiefly by reduction of Dominion and Provincial Government balances, but also, in part, by withdrawals of money induced by offers of a higher rate of interest elsewhere.

The Directors feel that the anticipation expressed at last Annual Meeting, and their assurances as to the exceptional character of the accounts then submitted, are justified by the present report, which exhibits an increase of \$241,591 in the net earnings of the Bank as compared with last year's operations. This improvement, although moderate in degree, has been achieved, it must be remembered, under the very adverse circumstances attending the prolonged stagnation of business, not in Canada only, but also throughout the commercial world.

The natural and enforced curtailment of business which has been taking place in this country having diminished the volume of the Bank's operations, has necessarily caused a reduction of its revenue, and likewise entailed considerable losses in the process of liquidation.

The vigorous contraction practised by sound and prudent merchants is highly to be commended, and the forced withdrawal of many from the overcrowded ranks of commerce may be viewed without regret until we reach a point, if we have not already done so, at which business can be conducted with some degree of confidence and with moderate profit. Some classes of manufacturers have experienced more encouraging results during the year, while others continue to struggle against excessive competition; and but little improvement in the lumber trade can yet be recorded.

On the other hand, last year's abundant harvest has not only added to the wealth of the country, but also stimulated a healthful movement of unemployed labour from the cities and older settlements to the new lands of the Western Provinces. This movement has been more marked in the neighbouring country than with us, and it has been accompanied there by a decided improvement in mercantile affairs, which will not be without a favourable influence upon our condition. While, therefore, there may not, in the present position of affairs, be enough to justify sanguine anticipations of the future, there seems sufficient to warrant the belief that the extraordinary depression of trade, which we have so long experienced, is being somewhat mitigated, and that it is about to be followed by a moderate degree of prosperity.

Should this forecast prove to be correct, your Directors believe the Bank is in an excellent condition to offer facilities for and to profit by the prosecution of a more extensive and active business.

The Directors have to notice the opening of an Agency at Winnipeg, and an increase of the Inspector's staff, which appeared desirable to insure the regular and thorough supervision of the distant Branch establishments. They have also to assure the Shareholders that the loans of the Bank have undergone the usual careful scrutiny, and that all known bad and doubtful debts have been amply provided for.

GEORGE STEPHEN,
President.

GENERAL STATEMENT,
30th April, 1878.

Liabilities.

Capital Stock paid up (Subscribed, \$12,000,000.00).....		\$11,998,400 00
Rest.....	\$ 5,500,000 00	
Balance of Profits carried forward.....	190,177 07	
	<hr/>	
	\$ 5,690,177 07	
Unclaimed Dividends.....	16,460 22	
Half-yearly Dividend, payable June, 1878.....	719,904 00	
	<hr/>	
	\$ 6,426,541 29	
	<hr/>	
	\$18,424,941 29	
Amount of Notes of the Bank in circulation.....	\$ 3,183,929 00	
Deposits not bearing Interest.....	4,473,127 19	
Deposits bearing Interest.....	9,865,867 33	
Balances due to other Banks and Institutions.....	748,456 36	
	<hr/>	
	\$17,771,379 78	
	<hr/>	
	\$36,196,321 07	
<i>Assets.</i>		
Gold and Silver Coin current.....	\$ 1,723,211 74	
Government Demand Notes.....	1,927,541 00	
Balances due from other Banks and Institutions.....	3,091,040 04	
Notes and Cheques of other Banks.....	817,535 99	
	<hr/>	
	\$ 7,559,328 77	
Bank Premises at Montreal and Branches.....	437,000 00	
Bills of Exchange and Discounted Notes.....	\$27,718,613 13	
Debts secured by Mortgages and other Securities.....	222,168 47	
Overdue Debts not specially secured (estimated loss provided for).....	239,210 70	
	<hr/>	
	\$28,199,992 30	
	<hr/>	
	\$56,196,321 07	

R. B. ANGUS, *General Manager.*

BANK OF MONTREAL,
Montreal, 30th April, 1878.

The Chairman, Mr. GEO. STEPHEN, then addressed the meeting as follows:

In asking you to pass this motion, I will not trespass upon your time further than merely to offer my congratulations on the improvement in the exhibit, as compared with that of last year, with which we have the pleasure of meeting you on this occasion.

The statements before you show an increase over last year, in the net profits of the Bank, of, in round numbers, \$242,000.

Considering the difficulties and disasters by which we have been surrounded during the year, and the generally adverse circumstances under which this result has been attained, we would seem to be almost justified in expecting at least equally good results in future. In other words, that a 12 per cent. dividend may be looked forward to with some degree of certainty. Without wishing to express any opinion on this point one way or the other, let me suggest that, in our efforts to forecast and look into the future, we ought not to overlook the note of warning furnished by the fact stated in the report, that, during the past year the loans of the Bank had fallen off nearly three million dollars. Neither ought we to forget that, while we may have passed the period of abnormally heavy losses from bad debts, as I hope and believe we have, we may be entering upon one of diminished earnings. The difficulty of finding safe and profitable employment in Canada for all the means at the disposal of the Bank is more likely to increase than to diminish.

With regard to the general trade of the country, it is to me, and must be to you, a matter of regret that the events of the past year have justified the few cautionary remarks which I ventured to make last year. I fear the process of liquidation, which our leading merchants have been pursuing for the last three or four years, must still be continued yet a while. There are still too many men in business, too much buying all round, and too much borrowing. All this has to be remedied before business can become as profitable as we should all like to see it.

DR. G. W. CAMPBELL, the Vice-President, seconded the resolution.

Mr. THOS. WORKMAN, M.P., asked whether the diminution in the amount of loans referred to in the report of over \$2,000,000 had taken place chiefly at the head office, or generally throughout the different agencies?

Mr. ANGUS, the General Manager, said that he would mention that, and answer any other questions, in a few minutes.

The motion was then put to the meeting and carried unanimously.

Mr. THOS. WORKMAN, M.P., then moved, seconded by Mr. ROBT. ANDERSON.—“That the thanks of the meeting be presented to the President and Vice-President and the Directors, for their attention to the interests of the Bank.”

Mr. WORKMAN said:—I am quite sure that every stockholder here to-day will vote for this resolution with the greatest pleasure. The results of the year's business, as they have just been shown, are so satisfactory—in fact, so unexpected, and so much better than were generally expected—that I am sure every stockholder present, as well as those who are absent, will hear of them with great satisfaction. There was an impression that the semi-annual dividend in June would be less than it is to-day, and, even if it had been so, I am sure the stockholders would have been satisfied to accept it. But we find that, notwithstanding the enormous losses that have been sustained by the whole of the commercial community, the Bank of Montreal is able to pay its 12 per cent. per annum—that is, two semi-annual dividends of 6 per cent. each, and only deducts from the balance of profits carried over from last year the sum of \$8,000. This is a result very astonishing, considering the great losses that have been suffered in every branch of business, and to other banks more particularly. Therefore, I am satisfied that there must have been a great amount of care and anxiety displayed on the part of the General Manager, the President and the Directors, in order to secure this very beneficial and unexpected result, and I am sure that the whole of the stockholders will agree with me in the sentiment expressed in this resolution.

Mr. ANDERSON, in seconding the resolution, desired to say nothing in addition to what had been said by Mr. Workman, but believed that the shareholders were fully satisfied with the management of the institution and its results.

The resolution was then put to the meeting and carried.

The CHAIRMAN then called upon

SIR A. T. GALT to reply on behalf of the Directors. He said:—Our President has been good enough to ask me to respond to this resolution, and I have very great pleasure in doing so. It undoubtedly is more than ever necessary that the Directors should be assured of the support of the stockholders in times such as this institution has been going through for the last three or four years. I may say, that, under the circumstances in which the country has been placed, there is no doubt that unless the Directors, aided by the management, had every year taken a careful review of the position of the Bank and cut down all those loans which they feared would prove losses, we would have been obliged to give a very much worse statement than has been presented to-day. The policy of this Bank has been to face its difficulties as they arose year by year, and the stockholders may receive the statement as conveying as truly the position of the Bank as it is possible for the management to place before it. I, therefore, think, in entering on a new year, that, with another good harvest and improving trade, the position of the Bank may be even more satisfactory than in the past. It is certainly a credit to Canada that it has such an institution as the Bank of Montreal. In every direction its influence has been beneficial, and with the support of a body of shareholders almost wholly residents of Canada (and most of our shareholders are residents of Canada), I trust it will continue to be a matter of pride to Canada that we have such an institution as the Bank of Montreal.

HON. THOS. RYAN then moved the following resolution, seconded by MR. ANDREW ROBERTSON:—“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.”

Mr. RYAN said:—I can only attribute this motion being put into my hands to the fact that I, being the oldest Director at the Board, may be supposed to have more experience than my *confreres* on the subject to which it relates. You have heard the remarks of Sir A. T. Galt taking a great deal of credit to the Board of Direction for their services and attention; and I believe that these remarks have been fully merited. But I need not say that, without a good Manager, a Board of Directors would be of very little service. They can support and they can back up the measures of a Manager, but it is his measures, and his discrimination, and his insight into the business and conduct of the business of the Bank, that gives you your dividends. (Hear, hear.) One of the duties devolving on him is the selection of subordinate officers, and in that I think our friend, Mr. Angus, has shown a discrimination which has certainly been unsurpassed. And I believe besides, that while he has selected good officers throughout in every branch of this wide-spread Bank, I think I can appeal to all who serve under him to confirm me in the statement that he (Mr. Angus) is highly appreciated by the whole banking community as well as the Managers and subordinate officers of the Bank. Of course, in the management and in the selection of officers there may sometimes be mistakes, and among the officers there may sometimes be men that disappoint the trust reposed in them, but these, I think, in the Bank of Montreal, have been few to an unexampled degree. I think those with whom we have had to find any fault have been very few compared with what we see every day around us.

Mr. Ryan, after briefly reviewing the past history of the Institution and its management, said he regarded the high position which the Bank now held was, in a great measure, due to the urbanity of manner and conduct of the General Manager, who had always looked to the general interests of the country in his dealings for the Bank rather than that of operating to the disadvantage of similar institutions. No one, he thought, had promoted that feeling more than Mr. Angus.

Mr. ANDREW ROBERTSON, in seconding the resolution, wished to add only a word. In regard to the services of Mr. Angus, we must not forget that, when he took the management, he came in on the flood-tide, and he has stood the breakers for two or three years; and no one could have better managed the business of the Bank.

Mr. R. B. ANGUS, the General Manager, in reply to the resolution, said:—I thank you for this continued mark of your confidence, coming, as it does, at a time when we are surrounded with more than usual difficulty and responsibility in the discharging of our duties. I consider it a very great honour to occupy the position which has been filled by my predecessors—men of great renown and position in the banking world. And I have

also much satisfaction in being associated with my fellow-officers, who are known, not only in this country but in England and in the United States, as men—some of them the leading gentlemen of the profession—of high standing, integrity and ability in their respective spheres. I have been asked, since I came into the room, as to whether the decline in the discount that was noticed took place chiefly at Montreal? I may say, in reply: Undoubtedly it did; our loans here are larger than elsewhere, and the decline was, in a great measure, at this office. But the words of the report were correct, that the decline was to be accounted for by the diminution of discounts at the chief commercial centres of Canada. At Toronto the decline was proportionate to that in Montreal, and in some of the larger cities it was also considerable. I may take this opportunity of telling you that the diminution of the volume of banking business has been gradual throughout the year; therefore, the full effects of it may not have been experienced, and it is quite possible that it may affect the profits of the coming year to a greater extent than the past. I think it also well to remind you, while you are taking, perhaps, a somewhat sanguine view of the position of affairs, that there is, perhaps, no department of business where competition is more keenly felt than in banking. We have, perhaps, as great an excess of banking capital and Banks in Canada as in any other line of business. We have to compete, not only with the capital wielded by our neighbours in Canada, but also with the very cheap money of Great Britain, which is finding its way more and more into this country, and with the very low rates of interest that have prevailed, and do still prevail throughout the United States. The time was when we had the opportunity of employing money to very considerable advantage in such great commercial cities as New York and Chicago; but that, I regret to say, has been—almost entirely—reversed during the last two years. Money has ruled very low at these points, and the competition for business has cut down profits to a minimum. While, therefore, there are some favourable indications of the present, that have been already referred to, such as the promise of abundant crops for the coming year, and several indications of a more encouraging nature with regard to business generally in the United States and in Canada, I think it well to caution the shareholders not to look with too much expectation on the probable results of the immediate future. I hope there has been nothing said in the report of the Directors, or in the speeches of our friends, that would indicate the certainty of twelve per cent. dividends being maintained, because I think that it is quite possible that we may be unable to make such a return for the coming year. If the business continues in its present position, it would not be a satisfactory measure for any of us to continue a twelve per cent. dividend, when there was so little margin, or rather as you have seen this year, no surplus over the amount required for the dividend, and for bad and doubtful debts. Still I may say that I enter upon the year with a considerable degree of hopefulness myself; and the efforts of the executive will be directed, as they have been in the past, to achieve as good results as can possibly be obtained, and I believe that the Bank occupies a position second to none, I may say, on the Continent, for profitable prosecution of the banking business. While I have this opportunity of addressing you, I may mention that the point we have alluded to on several occasions, as to the number of shares held by bankers and brokers—shares held presumably on speculation—that that is a question which, at any rate, for the present, is not a practical one, and which may for the future be dismissed. While in June, 1875, there appeared to be 6,675 shares so held, the number this year, so far as we can make it out, does not amount to 1,000. The number of shareholders is increased from 1,831 in 1875, to 2,286 this year. Mr. Angus then stated that he would be happy to give any further information that was asked, or reply to any questions suggested.

Mr. R. W. SHEPHERD then moved, seconded by Mr. THOMAS W. RITCHIE:—"That the ballot now open for the election of Directors be kept open until three o'clock, unless fifteen minutes elapse without a vote being cast, when it shall be closed; and, until that time and for that purpose only, this meeting be continued.—Carried.

The meeting then adjourned.

The following is the report of the Scrutineers:—

MONTREAL, 3rd June, 1878.

Sir,—We declare the following gentlemen duly elected Directors this day:—

G. W. CAMPBELL, M. D.		PETER REDPATH.
SIR A. T. GALT.		HON. THOMAS RYAN.
ALLAN GILMOUR.		GILBERT SCOTT.
EDWARD MACKAY.		HON. DONALD A. SMITH.
GEORGE STEPHEN.		

We are, Sir,

Your very obedient servants,

W. B. CUMMING.
THOS. DAVIDSON

To the General Manager, Bank of Montreal.