

BANK OF MONTREAL.

(ESTABLISHED 1818.)

INCORPORATED BY ACT OF PARLIAMENT.

CAPITAL (*all paid up*) - - - - - \$12,000,000.
RESERVED FUND, - - - - - 6,000,000.

HEAD OFFICE—MONTREAL.

BOARD OF DIRECTORS.

C. F. SMITHERS, ESQ., *President.* HON. D. A. SMITH, *Vice-President.*
GILBERT SCOTT, ESQ. | ALEX. MURRAY, ESQ. | ALFRED BROWN, ESQ.
A. T. PATERSON, ESQ. | G. A. DRUMMOND, ESQ. | HUGH McLENNAN, ESQ.
HON. JOHN HAMILTON.

W. J. BUCHANAN, *General Manager.*

A. MACNIDER, *Assist. Gen. Manager and Inspector.* H. V. MEREDITH, *Assistant Inspector.*

A. B. BUCHANAN, *Secretary.*

BRANCHES:

IN CANADA:

MONTREAL.....E. S. CLOUSTON, *Manager.*
ALMONTE, Ont. | GODERICH, Ont. | MONCTON, N.B. | REGINA, Assiniboia, N.W.T.
BELLEVILLE, " | GUELPH, " | OTTAWA, Ont. | SARNIA, Ont.
BRANTFORD, " | HALIFAX, N.S. | PERTH, " | STRATFORD, "
BROCKVILLE, " | HAMILTON, Ont. | PETERBORO, " | ST. JOHN, N.B.
CHATHAM, N.B. | KINGSTON, " | PICTON, " | ST. MARVS, Ont.
CHATHAM, Ont. | LINDSAY, " | PORT HOPE, " | TORONTO, "
CORNWALL, " | LONDON, " | QUEBEC, Que. | WINNIPEG, Man.

IN GREAT BRITAIN:

LONDON, BANK OF MONTREAL, 22 Abchurch Lane, E.C.
C. ASHWORTH, *Manager.*

LONDON COMMITTEE:

E. H. KING, ESQ., - - *Chairman.*
ROBERT GILLESPIE, ESQ.

IN THE UNITED STATES:

NEW YORK, WALTER WATSON and ALEX. LANG, 59 Wall Street.
CHICAGO, BANK OF MONTREAL, W. MUNRO, *Manager.* R. V. HEBDEN, *Assistant Manager.*

BANKERS IN GREAT BRITAIN:

LONDON, THE BANK OF ENGLAND. | LIVERPOOL, THE BANK OF LIVERPOOL.
" THE UNION BANK OF LONDON. | SCOTLAND, } THE BRITISH LINEN COMPANY
" THE LONDON AND WESTMINSTER BANK. | AND BRANCHES.

BANKERS IN THE UNITED STATES:

NEW YORK, THE BANK OF NEW YORK, N. B. A. | BUFFALO, BANK OF COMMERCE IN BUFFALO.
" THE MERCHANTS NATIONAL BANK. | SAN FRANCISCO, THE BANK OF BRITISH COLUMBIA.
BOSTON, THE MERCHANTS NATIONAL BANK.

COLONIAL AND FOREIGN CORRESPONDENTS:

ST. JOHNS, NFD., THE UNION BANK OF NEWFOUNDLAND. | INDIA, }
BRITISH COLUMBIA, THE BANK OF BRITISH COLUMBIA. | CHINA, }
NEW ZEALAND, THE BANK OF NEW ZEALAND. | JAPAN, }
AUSTRALIA, }

MONTREAL, June, 1885.

1885.

BANK OF MONTREAL.

ANNUAL GENERAL MEETING

Held 1st June, 1885.

(From THE GAZETTE)

The annual general meeting of the shareholders of the Bank of Montreal was held at one o'clock yesterday afternoon in the Board room. There was a large attendance of shareholders, prominent amongst whom were the following: Mr. C. F. Smithers (President), Hon. Donald A. Smith (Vice-President), Hon. John Hamilton, Alex. Murray, George A. Drummond, Hugh McLennan, Gilbert Scott, A. T. Paterson, Alfred Brown, R. Anderson, W. B. Cumming, D. MacMaster, Q.C., M.P., Jesse Joseph, J. J. Aruton, E. J. Barbeau, D. Kinsella, John Morrison, John Crawford, Hector Mackenzie, L. J. Forget, R. W. Shopherd, D. Lorne MacDougall, J. Burnett, A. Clerk, Henry Yates (Brantford), J. R. Meeker, S. Waddell, J. A. Grant, Jas. O'Brien, W. Evans, A. C. Hooper, G. Strathy, G. W. Simpson, H. S. Strathy, C. D. Monk, A. Wilson, etc., etc.

On motion of Mr. JOHN CRAWFORD, the President, Mr. C. F. Smithers, was requested to take the chair.

Mr. ROBERT ANDERSON moved, seconded by Mr. S. WADDELL, that the following gentlemen be appointed to act as scrutineers, Messrs. W. B. Cumming and James Burnett, and that Mr. A. B. Buchanan be the secretary of the meeting. Carried.

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

REPORT OF THE DIRECTORS

to the shareholders at the sixty-seventh annual general meeting:—

The Directors beg to present the 67th Annual report showing the result of the business of the year ended 30th April, 1885:—

The balance of profit and loss account on 30th April, 1884, was \$ 306,452 38
The profits of the year ended 30th April last, after deducting charges of management and making all necessary provision for bad and doubtful debts were.....\$1,893,116 88

From which have to be deducted:
Dividend 5 p.c. paid 1st December, 1884.....\$600,000
Dividend 5 p.c. payable 1st June, 1885.. 800,000
Bonus 1 p.c. payable 1st June, 1885..... 120,000
\$1,320,500 00

Leaving a balance of.....\$ 379,569 24
To be carried forward at credit of Profit and Loss account for the current year.

The Directors are much gratified at having been able to declare a bonus to the Shareholders of one per cent. in addition to the dividend of 10 p. c. for the year.

The Directors have to report that the Head Office and all the branches of the bank have been inspected during the past year.

The town of Chatham, Ontario, having been represented as a good field, the Directors caused an office to be opened there in the summer of 1884; and they are glad to state that their expectations of a reasonably profitable business have been realized.

The business of the Bank having outgrown the accommodation afforded by the premises here, extensive alterations are being carried out with the view of giving a very much enlarged banking room for the business of the Montreal Branch.

It has long been acknowledged also that something was necessary to be done in connection with the Toronto Branch premises, and it having been shown clearly that the matter could not longer be deferred with safety to the Bank's interests, or the health of the officers employed there, the Directors at length decided to call for plans for the construction of a new building, the erection of which on the site of the Bank's present office will be proceeded with so soon as arrangements for the temporary occupation of other premises can be made.

The Directors beg to remind the shareholders that at the annual meeting held on 2nd June last they recommended that the incoming Board should be authorized to organize a Pension Fund Society for the officers of the Bank, to take the place of the then existing annuity and Guarantee Funds Society, and the Directors have to report that an act of

incorporation of such Pension Fund Society has accordingly been obtained.

C. F. SMITHERS,
President.

GENERAL STATEMENT, 30th APRIL, 1885.

	Liabilities.
Capital stock paid up.....	\$12,000,000 00
Reserve.....	\$ 6,000,000 00
Balance of profits carried forward.....	379,569 24
	\$ 6,379,569 24
Unclaimed dividends.....	6,279 91
Half-yearly dividend, payable 1st June, 1885..	600,000 00
Bonus, payable 1st June, 1885..	120,000 00
	\$ 7,105,840 15
	\$19,105,840 15
Assets.	
Amount of notes of the bank in circulation.....	\$ 0,047,968 00
Deposits not bearing interest.....	7,628,446 11
Deposits bearing interest.....	12,401,770 26
Balances due to other banks in Canada.....	104,531 78
	\$26,182,716 10
	\$45,288,556 25
Assets.	
Gold and silver coin current.....	\$ 2,341,508 07
Government demand notes.....	2,513,186 00
Balances due from other banks in Canada.....	\$ 91,059 35
Due from agencies of this bank, and other banks in foreign countries..	3,822,504 42
Due from agencies of this bank, and other banks in Great Britain.....	1,562,257 74
	\$ 5,475,821 51
Notes and cheques of other banks.....	980,722 27
	\$11,911,237 85
Bank promises at Montreal and Branches.....	440,000 00
Loans and bills discounted.....	32,990,067 76
Debts secured by mortgages and other securities.....	283,017 88
Overdue debts not specially secured (estimated loss provided for).....	264,233 31
	\$33,537,318 40
	\$45,288,556 25

W. J. BUCHANAN,
General Manager.

BANK OF MONTREAL,
MONTREAL, 30th April, 1885. }

In moving the adoption of the report the PRESIDENT said:—

I am very much pleased to meet you to-day, gentlemen. It is always a pleasure to meet you on these occasions, but it is doubly so to-day, inasmuch as I was prevented by illness from being present at the last annual meeting. The loss, however, was mine, and only mine, as my place was so ably filled by my friend the vice-president, the Hon. Donald A. Smith. Before proceeding to the business in hand, I would like also to express the pleasure it gives us—myself and the Board—to meet you for the first time in these comfortable quarters, away from the noise and interruptions incident to the transaction of the daily business, from which it was impossible to altogether escape down stairs.

You have heard the report which has now been read, the most important part of which, the figures, you have had in your hands for several weeks, and have had ample time to digest. The gist of it all is that after providing for losses, amply, as we hope and believe, and paying you two Dividends of 5 per cent. each, and a Bonus of one, say 11 per cent. in all, we carry forward \$379,569—being something over \$73,000—more than we began the year with. There is nothing very remarkable about this result one way or the other. I do not claim that it is anything to be proud of, but neither do I think it is anything to be ashamed of, taking into account the year through which we have passed, and the times with which we have had to contend. Many of you are business men, and I think there are but few among you that would not be prepared to endorse the statement I now make, that it has been a year of unusual difficulty in all commercial affairs, and that there has been, unquestionably, a general depression in business. Business has not only been greatly restricted, but to a large extent unremunerative, and it goes without saying that no institution can be really prosperous, when the business of its customers is languishing and unprofitable.

In referring for a moment to the net profits for the year I may be permitted to remark figures, even when correctly stated, may be so used as to convey a wrong idea, and leave a false impression. I am led to make this remark in consequence of the unfavorable comparisons made in some of the daily papers when the figures were first made public. I do not mean to insinuate for a moment that there was anything intentionally unfriendly, the papers in question were only informing their readers of facts which were correctly stated, but we all know that there is a way of putting things which has very much to do with the impression produced. I allude to the comparison of this year's profits with the profits of former years, which I claim represented the result of the year's business in the least favorable light. These comparisons went back three or four years, showing a gradual falling off, but there they stopped, perhaps when their purpose was served, but more probably without any special object in view. Still, had they gone back a little further, it would have put a very different aspect on affairs, and have demonstrated that the result of the year just closed is that the profits are upwards of \$86,000 above the average of the last nine years. This is not a gratuitous or uncalled-for statement, but a fact of great significance and importance, as showing that the earning power of the Bank is, if not unimpaired, still very considerable. Mr. King

once said that the prosperity of the Bank was not ephemeral, that it was not dependent upon chance or hazardous profits, and the same is largely true of it to-day. In fact, I may as well state that the actual profits of the year just closed, before making provision for bad and doubtful debts, were slightly in excess of those of the previous year. The fact would seem to be that these things move in cycles—there is apt to be a series of good years, and then a succession of poor ones. It is not the first time this kind of thing has happened in the history of the Bank of Montreal, and it will probably be found that history will repeat itself again as it has done before; for example, as far back as 1832 we find the Bank paying 12 to 14 per cent. for a period of 5 years, when it fell back to 8, 7, 6, &c., for a long series of years. Again, beginning with 1871, we paid 16 per cent. for 4 years, and then gradually came down to 10 per cent.; but the fact must not be lost sight of that the value of money has undergone a great change, and the returns derived from every kind of business correspondingly reduced.

With regard to the distribution we have made out of the profits of the year just closed, we have had to guard against paying either too much or too little; while we must carefully avoid paying too much, which is above all things to be deprecated, still, on the other hand, you must not blame us for paying too little. The danger is all in the other direction, viz., of paying too much—that is the rock banks usually split upon; did anyone ever hear of a Bank coming to grief from paying too little? Still I quite understand that it will not do to keep everything for posterity; the Stockholders of to-day have some rights that we are bound to respect. We have to consider what course will be most acceptable to the great body of Shareholders. It is difficult to please everybody, but I have little doubt that the permanent Investors are satisfied with the course we have pursued, and they are our special care; we are not catering for the speculators, who are in to-day and out to-morrow. Every business man in the country has an interest in the careful, conservative and honest administration of every Bank in the Dominion, and yet, strange to say, stockholders are often clamoring for larger dividends, which can only be earned by reckless banking, such as brought more than one institution to grief within the last year or two, and involved hundreds of people and families in financial ruin. We have had abundant evidence in this country within the last few years of the fruits produced by what may be called the high pressure system of banking, and yet, strange to say, people can be found to supply the funds to carry on aggressive banking, upon the same principle that less than a year ago culminated in a crisis in the affairs of one of our Banks which claimed a prosperity out of all proportion to anything ever attained by the old conservative institutions. But as all practical bankers foresaw that abnormal prosperity proved to be only upon paper, and its end was what will inevitably be the fate of all similar attempts to build Rome in a day.

Before proceeding let me call attention to the fact that while the aggregate circulation of all the Banks has fallen off about three-quarters of a million, ours has increased to about the same extent. There is some falling off in our deposits, amounting in all to about half a million, which is less than our proportion of the falling off of nearly five millions in the grand total of deposits. The

increase of about three millions in our loans and discounts will be fully explained in what follows.

By way of explanation as to how and where our profits have been made, I have already intimated that our gross profits were a trifle in excess of last year. This result was arrived at in spite of an immense falling off in New York, and some diminution in Chicago. This will not be surprising to anyone who has followed the course of the New York money market. During our entire fiscal year, the maximum price for money on call has been about 2 per cent. per annum, and even this pitiable return subject to a tax of the half of one per cent. per annum to the State. This of course necessitated the withdrawal of our funds, as far as possible from that market, and the transfer of our reserves to London, where we did better for a time, though even there rates were not very remunerative, and now they have fallen as low as in New York necessitating another change of base. Fortunately, however, we have plenty of employment for our funds in Canada, so that for the time being we are largely independent of those great financial centres, and consequently the falling off in profits in New York has been largely made up by a corresponding increase in Canada—in fact chiefly in Montreal—and this accounts for the increase in the loans and discounts in Canada, already referred to, amounting to \$3,000,000, which includes a round amount advanced to the Dominion Government. But this is not the state of things we prefer, and we should be sorry to regard it as the normal condition. I should very much like to see a reasonable prospect of the employment of funds in New York at fairly remunerative rates, not because I am afraid that we shall not be able to find employment in Canada; but because, as a matter of prudence, we don't want to be forced to extend too widely in Canada—it is neither good for the Bank nor its customers, so far as this Bank is concerned, because the reserves, which it is essential that we should keep somewhere, can be employed in New York in a manner more completely under our control, and consequently always available at the shortest possible notice, and as we have all the costly machinery necessary for doing that business on a large scale, it is unfortunate that it cannot just now be fully utilized. The low rates prevailing there and the deduction for taxes to which even that wretched return is subjected is not the only difficulty to be contended with in that quarter just now. Most of you cannot but be aware that a depreciation of the currency arising out of the enormous and persistent coinage of debased silver dollars is imminent; it is a fact that we cannot afford to lose sight of, and I need hardly add is a very embarrassing feature in connection with our New York and Chicago business. I am sorry to add that any considerable improvement in the value of money in New York is not to be looked for at present—the existing state of things is quite unprecedented. The city banks hold an enormous surplus over and above the reserves required by law, amounting just now to about sixty millions of dollars. This state of things would seem to indicate that liquidation is still going on, and what is true there, is probably true in a less degree in this country.

Now, I am going to allude to a matter of great public interest, which is closely identified with the business in hand. I refer to the subject of Bank issues generally, and if my views were adopted it would serve the double

purpose of placing the currency upon a thoroughly satisfactory basis, and at the same time materially assist the Government finances. After these remarks I need hardly add that I am prepared to advocate the policy of putting the Banks upon the American system, and requiring them to secure their issues by the deposit of Government bonds. I have long been in favor of this system, but it was not pressed at the time of the last legislation on the subject of Banking, not because the Bank of Montreal was not quite ready for the change, but out of consideration for the views of other Bankers. I believe my colleagues, if not all, at least a majority of them, are in sympathy with my views—at any rate speaking for myself I wish to take this opportunity, and I know of no better, as what I say to-day will be widely read—I say I want to avail myself of this opportunity of placing my views on record. Let it, therefore, be distinctly understood that I openly avow myself in favor of the adoption of this system. It will not only, as I have already said, place the circulation upon a thoroughly satisfactory basis, but, in my judgment, it would do away with the necessity for the voluminous monthly statements furnished in so much detail to the Government; as, if the safety of the currency was fully assured, all the statements required could be furnished in half a dozen lines, as I hold that when the Government has provided the country with a thoroughly sound currency its duty is discharged. I maintain that it is both the duty and privilege of every man to satisfy himself as to what Bank he will deposit his money in, in precisely the same manner as the wholesale merchant elects as to what retailers he will give credit to, and the one has no greater claim on the Government for protection than the other. The same is true of the Shareholder; in selecting his investments he should be governed by his confidence in the management just as he is in taking stock in any other Company, and the moment he sees reason to change his mind he should sell his shares. It may be said that the people of the United States are looking round for a substitute for the National Banking Law; but if they are it is not because it has not been a success, but because the supply of Bonds is likely to give out, a contingency which is not likely to arise in this country for some time to come, if we are to judge from present appearances. And this brings me to the other feature of the system, viz., that it would make a market for a very large amount of Dominion Bonds. Of course this would be a gradual process, and I am not going into detail now—it would be premature to do so—suffice it is to say that in four or five years it would supply the Government (without allowing for any increase of circulation) with about thirty millions of dollars. Therefore, gentlemen, without further remark I repeat that I am in favor of the adoption of this system, and if it should be brought forward by the Finance Minister it will have my support, unless my colleagues take a very different view, which I do not think very probable.

Now, about the future; and here my trouble begins—that word has given me more worry lately than any other word in the dictionary, as it seems that I am expected to see a little further into a mill-stone than other people—I don't exactly know why, but so it is. Strictly speaking, it is no part of our business to-day to discuss the future; the object of this meeting is to render an account of our stewardship, and to elect our successors.

Still I am not afraid to look the future in the face; it has become our habit to do so, and I think wisely so. I am not going to prophesy, though to prophesy is one thing, and a very foolish thing, while a wise forecast is another and very different thing. There can be no reason why we should not try to read the signs of the times, and if we see, or think we see, breakers ahead, it is surely the part of wisdom to trim our sails accordingly; every wise navigator keeps a sharp lookout ahead. It is always difficult to forecast the future, and perhaps never more so than at the present time with so many disturbing elements. He would be a bold man who would attempt to dogmatise upon the subject. Nothing would please me more than to give you a *couleur de rose* view of things—nothing would be easier or pleasanter than to tell you that everything is beautiful, and there is nothing to do but to put on steam and go ahead; but that is a responsibility I am not prepared to take. Among the serious complications with which we are threatened the danger of war between England and Russia stands pre-eminent, and while I sincerely trust, and am not without strong hopes that peace may be maintained, still it would be folly to shut our eyes to the fact that it is by no means assured, although the latest accounts are very encouraging. I am aware that a good many have been building upon a Russian war as likely to stimulate business here, but while it might temporarily help certain special interests, it is impossible to believe that so great a calamity, and such a tremendous destruction of life and property could in the long run promote the general good, though it might benefit a few at the expense of the many!

The insurrection in the Northwest is another important feature in the consideration, and although there is every reason to hope that it has received its deathblow, still I suppose it will hardly be questioned that the tendency must be to postpone the settlement of the country from which so much was expected to build up the trade of the older provinces. In this connection, I remark that the near completion of the Canadian Pacific Railroad is a matter of great importance to the community generally, and a subject for congratulation; but there are many who think that the stoppage of the large expenditure, which has been going on for some time will be attended with serious consequences.

With regard to manufacturing interests and more especially to the cotton industry, while there is still much to be done before it can be said to be in a satisfactory state, still I think some progress has been made in that direction, and that it is gradually though slowly working into a better shape, and it is to be hoped that the bitter experience so dearly bought, will prevent a recurrence of the ruinous competition which resulted so disastrously; but cotton is not the only direction in which there has been over-production: to a greater or less extent, nearly every industry has probably been pushed too far. We see it in every direction, and in nothing more than the overbuilding of railroads. This remark may apply more directly to the United States, but even in this country it is true to a certain extent, which I suppose accounts for Canada being spoken of in a recent article in a financial journal as "the country of light railroad earnings." It is the enormous depreciation in the price of the shares of competing lines that has largely caused the enormous accumulation of unemployed money in the New York Banks.

As regards general business, I think it will be admitted that there has been improvement in some directions, and an important advance in prices on certain articles of merchandise; but I am not dealing to-day with isolated cases controlled by special influences, but with the mercantile business of the country, as a whole. Are the country merchants buying goods? Are they paying for them? Do they hold large or light stocks? What is the record of failures, etc., etc.? These are the burning questions and they are not difficult to answer. There is a general concurrence of opinion that the imports, especially of dry goods, will be light, and the distribution of goods does not, I fear, come up to the expectations of importers, and there is too much reason to fear that excessive competition, and the absence of profit, is the great feature of the times. As far as I can gather, the stocks held by both wholesale and retail merchants are less than at the same time last year, and though payments have been poor, there are some signs of improvement. The record of failures both in the United States and Canada was alarmingly large during 1884, both in number and amount, though I learn from the best authority that there has been some improvement in this respect since the opening of 1885.

As regards lumber, one of our great staples, it is gratifying to learn that the position and prospects of the business are, upon the whole, favorable.

It is always difficult at this season of the year to speak with any degree of confidence about the growing crops, and this being a backward season increases the difficulty and adds to the risk. Still I am glad to learn that the prospects both in Ontario and the Northwest are upon the whole favorable, as far as it is possible to form an opinion; while in the United States the reports are anything but encouraging as regards winter wheat, the latest official estimate I have seen reporting a shortage of 117,000,000 bushels, and the latest news received this morning is still more unfavorable. In what I have said I do not forget that I am talking to intelligent business men, many of whom are as well or even better informed than I am—certainly as to their own particular line, if not as regards the business of the country generally, and if I cannot foresee any more than the rest of you what is before us, I can at least advise you so to manage your business as to be prepared for whatever comes, and if I am to sound the tocsin to-day the keynote must be "Caution"—no other word will suit the occasion. We have passed through troublous times, and I hope the worst is over, and that we are down to hard pan, but I would not take down the danger signal. My advice to everyone to-day is to go slowly—do not expect any great and general revival of business—if it comes, so much the better—you will be in a position to take advantage of it, but I am bound to say that at present I can see no great indications of it. There are many thoughtful men who think that this year will be no better than the last, and it is a safe view to take. You cannot go wrong if you hope for the best, but prepare for the worst.

And now, in conclusion, putting everything together, I think I speak the views of my colleagues as well as myself, when I say there is nothing specially encouraging in the outlook. But you will expect me to say something of the bearing of all this upon what we are likely to divide during

the coming year. Now, that is a subject upon which I propose to be non-committal; indeed I was about to say that I would make no promises; but on second thought I think I will make one promise, and that is that under no circumstances will we pay a bonus in the fall. I am sure the Board will support me in this; in other words, we will pay an interim dividend, but what we may do this time twelve months I cannot say; that will depend upon circumstances. We shall probably do what we have done before, and what we ought always to do, that is, be governed by the actual state of the facts and figures at the time. I want to be emphatic about this; therefore don't misunderstand me, what I want to impress upon you is that as far as I am concerned, and as far as one can speak for all, I feel safe in repeating that if the present Board should be re-elected there will be no bonus in the fall, altogether irrespective of what the profits may be, and further this deponent sayeth not. He concluded by moving, seconded by the Hon. D. A. Smith, Vice-President:—

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

Hon. DONALD A. SMITH—Notwithstanding the kind and pleasant words used by our Chairman and President, I was very sensible how very inadequately I filled the position of Chairman on the last occasion we met here together, and were anything necessary further to impress this upon me, it is the very able and exhaustive statement that has been put before you on this occasion, one, I am sure, which must be most interesting to every shareholder of the Bank of Montreal and every one taking an interest in the affairs of the country. So fully has our Chairman gone into every matter connected with the affairs of the Bank for the past year that it is really quite unnecessary for me to add anything to what he has said. There are two points, however, to which we have attended within the last twelve months which I think are worthy of more than a passing notice. Thus we have at last attained to a bonus, after having a Rest of 50 per cent. That we have looked forward to very earnestly. It has not been accomplished by any fortuitous circumstances, not by any happy coup, but by a persevering attention to the affairs of the Bank by all those who have administered them during these many years. That is a consolation, I think, and a very great encouragement to the shareholders for the future that the prosperity of the Bank of Montreal will go on increasing. Another point is that you have now been able to get a Pension Fund or a superannuation for the officers of the Bank. I look upon that as very important indeed. It places the officers of the Bank in a very different position to that in which they were formerly. It gives them an assurance that in doing their duty faithfully and well, and we know that they have throughout as a whole done that eminently well and to the satisfaction of the shareholders—it shows that they will have the assurance that on retiring after an honorable service in the Bank they will have something substantial to look to for themselves and their families. Not only is this important to the officers of the Bank, but I look upon it as not less important to the Shareholders. (Hear, hear.) There is one other point on which I should like to say just one word. Your chairman has pointed out the different influences which might be against

prosperity in the immediate future. He alluded to the fact that in the Northwest we have—I was about to say, "have had"—an insurrection or a rebellion. I think we may almost say "have had," for I believe that in a short time indeed we shall have been rid of the trouble there. (Hear, hear.) It is a thing very deeply to be deplored that we have had those difficulties and those troubles, but yet there is no unmixed evil in this world. While we have to deplore the great loss of life, yet I believe that this rebellion will cause a knowledge of that country to spread, not only throughout Canada, but throughout Europe, (applause), although this year emigration and immigration into the Northwest may be arrested to a considerable extent. Yet I look forward with very great hope indeed. I think we may look forward with much hope that next year we shall have even a larger immigration than anything we could previously have hoped for. It is a country such as cannot be held down in the march of prosperity. It is a place fitted to be a home for so many thousands, nay, millions of people, that a knowledge of its many advantages alone is required to induce people to go there. I believe that, although for the moment we suffer, yet there is no question that we shall see even greater impetus given to the settlement of that great country. To say more would be entirely out of place, and I now have very great pleasure in seconding the motion that the report of the Directors now read be adopted and printed for distribution amongst the shareholders. (Applause.)

The President—Has any gentleman present any remarks to make on the report? Mr. Buchanan will be happy to answer any question that may be put to him.

Mr. MORRISON then made a few remarks, which were replied to by the General Manager.

Mr. JOHN CRAWFORD—If it were only to assist in lifting the meeting out of the ordinary dullness which is associated with meetings of this kind, I would like to make a few remarks before the adoption of the very able report which I am so delighted to coincide in. I think I may say that I feebly reflect the sentiments of all present in the pleasure we experience in seeing our respected President occupying the position in such apparent good form and health. (Hear, hear.) It was very refreshing to hear the humble remarks made by our Vice-President with regard to the weakness with which he discharged his functions at the last annual meeting. But I think, Mr. President, had you been here you would have considered him a very worthy representative of yourself. The skilful manner in which he parried the many thrusts made on him in view of bonuses and dividends and so forth, gave me, and, I believe, to others, the impression that he, to a very great extent, possessed the unique and complex qualities of an expert in financial matters as well as in first-class diplomacy. Some of the remarks which fell from you, Mr. President, especially the suggestion about the Government bonds, are matters which in my judgment are worthy of important and serious consideration. I am glad that you have given the country an opportunity of reflecting upon it, and discussing it in the meantime. It is quite manifest that you will not have an entire concurrence in the views which you propounded, but at the same time I am not prepared to forestall an opinion in their favor. There is this much which might be said in a

general way respecting that. The country has not to my knowledge lost very materially from the bad circulation. With reference to the investments and deposits it may be otherwise, but it is certainly not the case in reference to the circulation. Now, sir, I was struck with the disparity between the forecast made upon this occasion and the opinions of many gentlemen who were present at the meeting last year. I have thought that they were then a little over sanguine. I think that you have not taken an over sanguine view, and I think your view is a sound one, worthy of the level head which you get the credit of possessing. Therefore, it is well to expect the worst and hope for the best. With reference to the remark which you made, Mr. President, that you could give one promise—that there would be no bonus in the fall, I heard it stated on the street incidentally, but I had no idea that there was any authority for the statement. Now, I withdraw that opinion, for probably you had inspired somebody with the idea that there was to be no bonus.

The President—I never inspire anybody.

Mr. CRAWFORD—Well, I always am in favor of a careful policy, and especially so in connection with Banks. They cannot be too conservative, and if I had anything to do with the disposal of the \$120,000 which was given to the shareholders on this occasion, it is just possible I might have advocated its being added to the \$330,000 of the Profit and Loss Account, thereby making a clear half million, which might have served as a dividend reserve fund hereafter.

The President—We will get there yet.

Mr. CRAWFORD—I cannot help thinking that goal must be, and that soon, at 12 per cent. of a dividend. At the same time I wish you, Mr. President, and the meeting to understand that if I thought that the management would be guided by anything I would say or by anything others would say, I would withdraw my statement, for I believe you will pursue the even tenor of your way regardless of what I or others may say. I have the utmost confidence that you will steer this ship—and a great ship it is—into a safe haven in the end (hear, hear), and after all, sir, 10 per cent. is not a very despicable dividend. At the same time if a greater one can be earned with safety and prudence I for one will support it. I am not in favor of the principle of bonuses as a rule, and that for the best of reasons—that it invariably means an introduction of speculators, and they generally manage to get the inside track either one way or the other. Therefore, I would rather see a straight dividend—whatever you feel yourself warranted in giving, whether it is 10 or 11 or 12 per cent. We all concur in the view that you take of the outlook in the Northwest, and in regard to manufacturing interests and so forth. Although last year some of my friends took a very sanguine view of the outlook, and they saw prosperity was again on the flow, I had great doubts about it, and I have seen, sir, that the great prostration of business in shipping, commercial and manufacturing interests would not endorse those sanguine hopes which were held out last year. There is no doubt we have had hard times to make both ends meet, so as to keep expenditure within revenue, and this trouble has been experienced by every institution. I don't know whether they take the same means to bring their expenses down, which, to use an aphorism, I might say is "taking in sail"

in order to pay handsome dividends. But there have been large demands on the purses of individuals. To-day it is a subscription to suppress a heinous rebellion; to-morrow it is to cope with contagious disease—the outcome, I have no hesitation in saying, of a persistence in the use of antiquated and exploded sanitary appliances. Now, sir, I do trust that the future will be all that we can hope for. You referred to the remarks made on the declensions in your dividends by the newspapers. My own attention has been attracted to it, too. But in the year '82 we paid 14—in '83, 13—

The PRESIDENT—We have not paid more than 10 per cent in either of those years.

Mr. CRAWFORD—But your profits were in '82—14, in '83—13. in '84—12 and in the present year about 11½ per cent. There has been a gradual falling off and you in a great measure have explained very satisfactorily the cause of it. I trust, notwithstanding, that we will keep a stiff back and that we will be hopeful for the future. I have great faith in the ultimate recuperative power of this Bank. (Hear, hear.) I believe, sir, we have inherited a rich kingdom, and that we are not unworthy of that kingdom, when I remember the manner in which our people have acted in connection with the rebellion and the noble and courageous manner in which Canadians have done their duty. I believe it will be reflected in good hereafter. (Applause.)

The PRESIDENT—We are always glad to see Mr. Crawford here. He has always been in the habit of attending all the meetings for a great many years, and I thank him to-day for the kind and encouraging way in which he has spoken. With regard to what you have just said about the profits, of course it is true that there has been a gradual falling off, and I endeavored to explain it. Going back a little, however, and taking an average, we are considerably ahead. The dividends now are not as large as they were during those years. When the profits were much smaller, but they paid more than they earned during those years, for they took the dividends out of previous accumulations. In conclusion the President again asked if there was any other gentleman who would like to make any remarks, or ask any questions. If so they would be happy to answer them.

No other remarks having been made or questions put, the motion to adopt the report was carried unanimously.

THANKS TO THE PRESIDENT AND DIRECTORS.

Mr. JOHN HOPE—Mr. President, I have much pleasure in moving

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

In view of the very satisfactory report which has just been adopted, it is unnecessary that I should use many words in support of this resolution. As you are all aware, it is to the foresight, capacity, experience, and perhaps above all to the painstaking work of the gentlemen referred to in this resolution, that that result is in a very large measure due. (Hear, hear.) Such a report as we have listened to, such an outcome of the year's work as has been told to us would have been highly creditable even in prosperous times. But when we consider the nature of the year through which we have just passed, the large shrinkage in the value of general commerce and the consequent large increase in banking

funds unused we cannot be surprised that the dividend is not larger than has been declared, but, on the contrary, we must confess to the great difficulties which have beset the management, and to the large amount of credit which is their due. I think that the history of the Bank of Montreal will show that, as a rule, it has been exceptionally fortunate in having gentlemen of distinguished ability in its highest offices, and I think it will be no unfitting compliment on the present occasion to say before I sit down that the gentlemen who are at present guiding its destinies are fit successors to those who have gone before.

Mr. HECTOR MACKENZIE—I have the greatest pleasure in seconding the resolution.

The motion was carried unanimously.

The PRESIDENT—On behalf of the Board of Directors, as well as myself, I thank the meeting for passing this resolution, and you, Mr. Hope, for the kind manner in which you proposed it.

THANKS TO THE GENERAL MANAGER AND OFFICERS OF THE BANK.

Mr. A. T. PATERSON moved

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

In moving this resolution I do not propose to take up much of your time, but I will refer to the remarks made by Mr. Hope in regard to the importance of the services of the President and Board of Directors. No matter how very important their supervision may be, the management of an extensive institution like this must necessarily depend upon the permanent staff, and I hope that a resolution of this sort will not be looked upon as a mere matter of form, but that it will be taken as a full and complete encouragement to the permanent staff to perform their duties in a satisfactory manner.

Mr. ALFRED BROWN—I endorse every word that Mr. Paterson has said with regard to the manner in which the officials of the Bank have performed their duties, and I have very great pleasure in seconding the resolution.

The motion having been carried unanimously,

The General Manager, Mr. BUCHANAN, returned thanks on behalf of himself and other officers of the bank.

Mr. R. W. SHEPHERD moved

That the ballot now open for the election of Directors, be kept open until 3 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.

Mr. HENRY YATES—In seconding this resolution I wish to say a word or two. This appears to me to be a sort of mutual admiration society. Every one is satisfied and no one seems to find much fault. For my own part I see a great many of the solid men of Montreal here, and they no doubt are satisfied with the results of the management for the past year, which is certainly very encouraging. So far as I am concerned myself I feel perfectly satisfied with the way in which our President and General Manager have conducted our affairs, and I think you will all agree with me that we have in these two gentlemen that very rare quality which we so seldom see in business of capacity and honesty combined. We know very well that we can find many capable men who are not honest, and many honest men who are not capable, and therefore I

think on the whole we ought to be perfectly satisfied. (Hear, hear.) You have voted them all the confidence they desire and which we wish to give, and I think that in the future they will go on discharging their duties to the satisfaction of themselves, the directors and the shareholders. With regard to the directors, I remember some two or three years ago when I mentioned that in my opinion the Directors should be made responsible for their position as directors, the proposition was received with a great deal of merriment and laughter, imagining, I suppose, that they should not be responsible for everything, but should only receive fees, which I contend are very small indeed for gentlemen of their ability. There is not one of those gentlemen who individually I would not trust with the management of my affairs, but looking at them collectively I think they are entirely a nonentity. I do not see of what use they are, myself, and I think it would be much better if they could agree and the shareholders could agree also that they should become responsible. I think the directors of any bank should be responsible. If that had been so, what losses and what anxiety would have been saved to the men who have money invested in banks and to the public generally. Look at the number of banks that have been wrecked within my recollection. I will enumerate them. There was the Metropolitan, the Mechanics, the Consolidated, the Ontario, the Merchants, the Federal, the Exchange, and the old Gore Bank, more than one-third of the old banks in Canada. If the Directors of those Banks had been responsible, and paid well for their responsibility for looking after the affairs of the Bank, those Banks would not have been wrecked. I think you should introduce some system whereby the Directors would not only give their assistance, but become responsible for any mistakes and bad debts that might be made; then the shareholders would never suffer. I know a single shareholder standing up to advance a new idea like this simply gets laughed at, but we should not forget that in all public measures there are three phases of the discussion—first the ridiculous phase, second, the practical discussion, and third, its adoption. We commenced the ridiculous stage and we are getting to the practical part, and the reason I submitted the matter is that you will have plenty of time to discuss it, for I have no doubt it will be ultimately adopted. I think my ideas, if adopted, would be for the benefit of the Bank. I can remember that some gentlemen connected with wrecked banks held their heads high, and if you looked at them on the street they would look at the top of a telegraph pole and could not see you. Now, when they shook hands with an honest man they felt a kind of new sentiment, and they went on their way rejoicing. I have some friends amongst the directors and I would like to see them safe by the institution of the system I have suggested. Taking all our working capital I see there is \$12,000,000 and \$3,000,000, and I suppose you have got about \$3,000,000 deposits which I suppose you make something out of. That would mean about twenty-eight millions. And if you take all that I do not see we have much to congratulate ourselves on. It is not a very brilliant feat of banking to make about 5 per cent. out of our capital. We all remember these days you refer to when you paid 10 per cent. The dividend got our

heads a twirling. We did not know how it was done, but we were glad to get it. (Laughter.) I don't find fault with the way in which the expenses for management are presented, for I suppose it has been the rule with banks since they were started. Instead of presenting a lump sum for expenses, I think it would be more satisfactory if they were given in detail, so that we could see what agencies paid best and what officers were entitled to more remuneration. Again, I see that you advertise your bank in every bit of a paper in the province and in the country, as if it were not well known without that. With regard to not paying a dividend in the middle half of the year, I think myself it should be paid if we earned it, and I do not see why it should be given to the world that we do not intend to pay it whether we have got it or not. Our accumulated earnings are now very large, and I think the shareholders are entitled to all the dividend they can get. The directors would make the shareholders feel happy, and I do not think this prognostication should be made by the President of a Bank like this.

The PRESIDENT—I remember the previous occasion to which Mr. Yates has referred when he called attention to the suggestion that the Directors of the Bank should be made personally liable. I intimated to him then, and I can only repeat the same words now, that it would be difficult to find the right kind of directors under such circumstances. I think we should have to fall back upon a Board whose responsibility would not amount to anything. There is one thing I want to say in

regard to Mr. Yates, and that is that he never made a greater mistake than when he said the Directors were a non-entity. I do not know what it may be in other banks, but I know it is not the case in this Bank. The gentlemen you have on this Board give their earnest attention to the affairs of this Bank. (Hear, hear.) This question of expenses has been raised before, but it has never been thought best to give them in detail. In looking over the old reports I find that the very same motions have been thrown out by Mr. Crawford and answers given to them. In the first place it is impossible to give all those things in detail. Of course it is one of the things that the Board should know, and do know. They know which agency pays the best, and the results of the business is put before them. Some agencies show no profit, and yet they are by no means our worst agencies. They have deposits largely in excess of their discounts, and that money is employed elsewhere. You could not form an intelligent idea about that from merely seeing the results unless you saw the complete working of the agencies. There is another point in the matter. Our expenses could not be intelligently compared with the expenses of other banks, and for this reason: We have, for example, our own offices in New York, Chicago and London, Eng., which are very expensive offices, and all those expenses in the other banks take the form of commission. The other banks pay enormous sums for commission for buying their business transacted at those places. This charge would appear as expenses in our accounts, and they would seem

to be comparatively larger than in the case of other banks. The conclusion arrived at is that it would be better not to give the details of those expenses. I did not say there would be no dividend in the Fall. I said there would be no bonus.

Mr. YATES—I meant bonus.

The PRESIDENT—Then we are now between two fires. Mr. Crawford blames us now for giving too much. A great many would bring this reserve up to \$500,000, and I am sure we will soon arrive at that.

Mr. CRAWFORD—In point of fact I had intended to bring the matter referred to by Mr. Yates before the meeting. It has been talked about amongst the larger shareholders for twenty or thirty years.

The PRESIDENT—I know exactly what your ideas are. You believe that a little knowledge is a dangerous thing and you want to know a great deal more. You thirst for knowledge. (Laughter.)

Mr. CRAWFORD—We have no time to discuss the matter to-day, but perhaps you may see your way some time to call a special meeting for the purpose.

The PRESIDENT expressed himself much satisfied with Mr. Yates' remarks.

The voting was then proceeded with, and the formal adjournment took place.

The scrutineers reported the following gentlemen duly elected Directors: Alfred Brown, Geo. A. Drummond, Hon. John Hamilton, Hugh McLennan, Alexander Murray, Alex. T. Patterson, Gilbert Scott, Hon. D. A. Smith, and C. F. Smithers.

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

1885.

31ST OCTOBER.

BANK OF MONTREAL.

*Statement of the result of the business of the Bank for the half-year ended
31st October, 1885.*

Balance of Profit and Loss Account, 30th April, 1885.....	\$379,569 24
Profits for the half-year ended 31st October, 1885, after deducting charges of manage- ment, and making full provision for all bad and doubtful debts.....	662,765 90
	<u>\$1,042,335 14</u>
Dividend 5 per cent., payable December, 1885.....	600,000 00
Balance of Profit and Loss carried forward	<u><u>\$442,335 14</u></u>

NOTE.—*Market Price of Bank of Montreal Stock, 31st October, 1885:—205 % equal to \$410 per share.*

GENERAL STATEMENT.

31st October, 1885.

LIABILITIES.

Capital Stock		\$12,000,000 00
Reserve	\$6,000,000 00	
Balance of Profits carried forward	442,335 14	
	\$6,442,335 14	
Unclaimed Dividends	6,083 52	
Half-yearly Dividend, payable 1st December, 1885	600,000 00	
	\$ 7,048,418 66	
		\$19,048,418 66
Amount of Notes of the Bank in circulation	\$ 6,098,887 00	
Deposits not bearing interest	8,173,370 16	
Deposits bearing interest	11,652,691 17	
Balances due to other Banks in Canada	323,877 33	
	\$26,248,825 66	
		\$45,297,244 32

ASSETS.

Gold and Silver Coin Current	\$2,277,419 62	
Government Demand Notes	2,654,522 00	
Balances due from other Banks in Canada	\$ 137,198 82	
Due from Agencies of this Bank, and other Banks		
in Foreign Countries	8,303,450 57	
Due from Agencies of this Bank, and other Banks		
in Great Britain	892,098 64	
	\$9,332,748 03	
Notes and Cheques of other Banks	1,006,101 38	
	\$15,270,791 03	
Dominion Government Bonds	2,304,079 75	
Loans and Bills Discounted	\$26,762,265 15	
Debts Secured by mortgage and other security	328,336 54	
Overdue debts not specially secured (estimated loss provided for) ..	191,771 85	
	\$27,282,373 54	
Bank Premises at Montreal and Branches	440,000 00	
	\$45,297,244 32	

BANK OF MONTREAL, }

MONTREAL, 31st October, 1885 }

W. J. BUCHANAN,

General Manager.

