

1889.

30TH APRIL.

BANK OF MONTREAL.

*Statement of the result of the business of the Bank for the Year ended
30th April, 1889.*

Balance of Profit and Loss Account, 30th April, 1888		\$690,241 52
Profits for the year ended 30th April, 1889, after deducting charges of management, and making full provision for all bad and doubtful debts		<u>1,377,176 01</u>
		\$2,067,417 53
Dividend 5 per cent., paid December, 1888.....	\$600,000 00	
Dividend 5 per cent., payable 1st June, 1889.....	600,000 00	
Amount reserved for Bank Buildings in course of construction,	\$ 50,000 00	
		<u>\$1,250,000 00</u>
Balance of Profit and Loss carried forward		<u><u>\$817,417 53</u></u>

NOTE—*Market Price of Bank of Montreal Stock 30th April, 1889, 226 $\frac{3}{4}$ % to 227 $\frac{1}{2}$ %,
(equal to \$453.50 per share.) Or 221 $\frac{3}{4}$ %, Ex Dividend (equal to \$443.50 per share.)*

GENERAL STATEMENT.

30th April, 1889.

LIABILITIES.

Capital Stock	\$12,000,000 00
Rest	\$6,000,000 00
Balance of Profits carried forward	817,417 53
	\$6,817,417 53
Unclaimed Dividends	6,679 52
Half-yearly Dividend, payable 1st June, 1889	600,000 00
Amount reserved for Bank Buildings in course of construction	50,000 00
	\$7,474,097 05
	\$19,474,097 05
Amount of Notes of the Bank in circulation	\$5,349,452 00
Deposits not bearing interest	8,240,256 53
Deposits bearing interest	18,843,931 31
Balances due to other Banks in Canada	113,713 38
	\$32,547,353 22
	\$52,021,450 27

ASSETS.

Gold and Silver Coin Current	\$2,632,084 46
Government Demand Notes	1,803,991 00
Balances due from other Banks in Canada	\$ 221,293 68
Due from Agencies of this Bank, and other Banks, in Foreign Countries	12,234,891 44
Due from Agencies of this Bank, and other Banks, in Great Britain	835,848 98
	\$13,292,034 10
Notes and Cheques of other Banks	941,997 41
	\$18,670,106 97
Loans and Bills Discounted, Securities, and Other Assets	\$32,593,745 22
Debts Secured by mortgage or otherwise	119,215 89
Overdue debts not specially secured (estimated loss provided for)...	38,382 19
	\$32,751,343 30
Bank Premises at Montreal and Branches	600,000 00
	\$52,021,450 27

BANK OF MONTREAL,
MONTREAL, 30th April, 1889. }

W. J. BUCHANAN,
General Manager.

1889.

BANK OF MONTREAL.

BOARD OF DIRECTORS, 1888-89.

HON. SIR D. A. SMITH, K.C.M.G., <i>President.</i>	HON. GEO. A. DRUMMOND, <i>Vice-President.</i>	
GILBERT SCOTT, Esq.	A. T. PATERSON, Esq.	HUGH McLENNAN, Esq.
EDWARD B. GREENSHIELDS, Esq.	W. C. McDONALD, Esq.	HON. J. J. C. ABBOTT, Q.C.
	C. S. WATSON, Esq.	

REPORT

OF THE

DIRECTORS TO THE SHAREHOLDERS

AT THEIR

71st ANNUAL GENERAL MEETING,

HELD JUNE 3rd, 1889.

The Directors beg to present the Seventy-first Annual Report, showing the result of the Bank's business of the year ended 30th April, 1889 :—

Balance of Profit and Loss Account, 30th April, 1888	\$ 690,241 52
Profits for the year ended 30th April, 1889, after deducting charges of management and making full provision for all bad and doubtful debts.....	1,377,176 01
	\$2,067,417 53
Dividend 5 per cent. paid December, 1888.....	\$600,000
Dividend 5 per cent. payable 1st June, 1889.....	600,000
Amount reserved for Bank Buildings in course of construction.....	50,000
	\$1,250,000 00
Balance of Profit and Loss carried forward.....	\$ 817,417 53

The figures in the annexed statement do not call for any special notice. The only change of importance being the increase in Deposits at interest accounted for by special deposits of the Dominion Government.

The Board recommends to their successors in office, as an improvement upon the system which has hitherto prevailed in framing the Annual Statement, that a sum be set aside out of the Profit and Loss Account, to cover the rebate on Bills under discount, a measure which will doubtless meet with the approval of the Shareholders.

An office has been opened in the town of Wallaceburg, Ontario, with satisfactory results.

The business of the Branch in the town of Port Hope, having become unprofitable it was closed in October last.

It has been decided to open an office in St. Catherine Street West, in this City, to be called the West End Branch, and temporary premises in that locality have been rented, in the meantime, until a suitable building can be erected on a lot recently purchased, for the purpose, at the corner of Mansfield and St. Catherine Streets.

The Head Office and all the Branches have passed through the usual inspection during the year.

The Directors report, with extreme regret, the death, on the 29th December last, of their esteemed colleague, Mr. Alexander Murray, who had served on the Board since the year 1879. To fill the vacancy thus caused, Mr. Charles S. Watson was elected.

DONALD A. SMITH,
President.

BANK OF MONTREAL, 30th April, 1889.

GENERAL STATEMENT.

30th April, 1889.

LIABILITIES.

Capital Stock.....	\$12,000,000 00
Rest	86,000,000 00
Balance of profits carried forward.....	817,417 53
	\$6,817,417 53
Unclaimed dividends.....	6,679 52
Half-yearly dividend, payable 1st June, 1889.....	600,000 00
Amount reserved for Bank buildings, in course of construction.....	50,000 00
	\$ 7,474,097 05
	\$19,474,097 05
Amount of notes of the bank in circulation.....	\$ 5,349,452 00
Deposits not bearing interest.....	8,240,256 53
Deposits bearing interest.....	18,843,931 31
Balances due to other banks in Canada.....	113,713 38
	\$32,547,353 22
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ASSETS.

Gold and silver coin current.....	\$ 2,632,084 46
Government demand notes.....	1,803,991 00
Due from banks in Canada.....	\$ 221,293 68
Due from Agencies in foreign countries.....	12,234,891 44
Due from Agencies in Great Britain.....	835,848 98
	\$13,292,034 10
Notes and cheques of other banks.....	941,997 41
	\$18,670,106 97
Loans and bills discounted, securities, and other assets.....	832,593,745 22
Debts secured by mortgage or otherwise.....	119,213 89
Overdue debts not specially secured (estimated loss provided for).....	38,382 19
	\$32,751,343 30
Bank promises at Montreal and Branches.....	600,000 00
	\$52,021,450 27

W. J. BUCHANAN,
General Manager.

BANK OF MONTREAL, }
MONTREAL, 30th April, 1889. }

PROCEEDINGS
OF THE
71ST ANNUAL GENERAL MEETING OF SHAREHOLDERS
HELD AT THE BANKING HOUSE,

ON
Monday the 3rd June, 1889.

SIR DONALD A. SMITH, PRESIDENT, IN THE CHAIR.

On motion of Mr. ROBERT ANDERSON, Sir DONALD SMITH, K.C.M.G., was requested to take the chair.

Moved by Mr. GEORGE MACRAE, Q.C., seconded by Mr. J. H. R. MOLSON,
"That the following gentlemen be appointed to act as Scrutineers: Messrs. F. S. Lyman and W. H. Meredith, and that Mr. A. B. Buchanan be the Secretary of this meeting." Carried.

Moved by Sir DONALD SMITH, seconded by Hon. Senator DRUMMOND,
"That the Report of the Directors, now read, be adopted and printed for distribution among the Shareholders."

Moved by Mr. JOHN CRAWFORD, seconded by Mr. HECTOR MACKENZIE,
"That the thanks of the meeting be presented to the President, the Vice-President and Directors for their attention to the interests of the Bank."

Moved by Hon. J. J. C. ABBOTT, seconded by Mr. R. B. ANGUS,
"That the thanks of the meeting be given to the General Manager, the Assistant General Manager, the Inspector, the Managers, and other Officers of the Bank, for their services during the past year."

Moved by Mr. JAMES O'BRIEN, seconded by Mr. JOHN DUNLOP,
"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 Scrutineers reported the following gentlemen as duly elected Directors:—

Hon. J. J. C. ABBOTT,	Hon. GEO. A. DRUMMOND,
E. B. GREENSHIELDS, Esq.,	HUGH McLENNAN, Esq.,
W. C. McDONALD, Esq.,	A. T. PATERSON, Esq.,
Sir DONALD SMITH, K.C.M.G.,	GILBERT SCOTT, Esq.,
CHARLES S. WATSON, Esq.	

1889.

BANK OF MONTREAL.

ANNUAL GENERAL MEETING, Held 3rd June, 1889.

(From THE GAZETTE, of 4th June, 1889.)

The seventy-first annual meeting of shareholders of the Bank of Montreal was held at the head office in this city at 1 o'clock yesterday afternoon. Among those present were Sir Donald Smith, president; Hon. George A. Drummond, vice-president; Messrs. Gilbert Scott, Hugh McLennan, Hon. J. J. C. Abbott, W. C. McDonald, Robt. Anderson, Hector Mackenzie, Jas. O'Brien, John Crawford, Wm. Mackenzie, John Morrison, J. Philip Scott, F. S. Lyman, W. H. Meredith, Jno. H. R. Molson, Geo. Macrae, Q.C., D. Kinsella, W. B. Cumming, A. C. Clark, W. J. Learmont, Andrew McCulloch, W. G. Murray, Hon. D. A. McDonald, Robert Benny, D. Macmaster, Q.C., G. Strathy, A. D. Nicholls, Campbell Lane, J. A. Strathy, A. S. Compain, R. B. Angus, Hy. Hogan, John Dunlop, John Morrison, A. F. Clark, Robert Archer and others.

On motion of Mr. Robert Anderson, Sir Donald Smith, K.C.M.G., was requested to take the chair.

Mr. George Macrae, Q.C., moved, seconded by Mr. J. H. R. Molson,

That the following gentlemen be appointed to act as scrutineers: Messrs. F. S. Lyman and W. H. Meredith, and that Mr. A. B. Buchanan be the secretary of this meeting.

Carried.

The Directors' Annual Report.

The President then called upon the General Manager to read the annual report of the Directors, which was as follows:—

The Directors beg to present the Seventy-first Annual Report, showing the result of the Bank's business of the year ended 30th April, 1889:—

Balance of Profit and Loss Account, 30th April, 1888.....	\$ 680,241 52
Profits for the year ended 30th April, 1889, after deducting charges of management and making full provision for all bad and doubtful debts.....	\$1,377,176 01
	\$2,067,417 53
Dividend 5 per cent. paid December, 1888.....	\$600,000
Dividend 5 per cent., payable 1st June, 1889.....	600,000
Amount reserved for Bank Buildings in course of construction.....	50,000
	\$1,250,000 00
Balance of Profit and Loss carried forward.....	\$ 817,417 53

The figures in the annexed statement do not call for any special notice. The only change of importance being the increase in Deposits at interest accounted for by special deposits of the Dominion Government.

The Board recommends to their successors in office, as an improvement upon the system which has hitherto prevailed in framing the Annual Statement, that a sum be set aside out of the Profit and Loss Account, to cover the rebate on Bills under discount, a measure which will doubtless meet with the approval of the Shareholders.

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The Head Office and all the Branches have passed through the usual inspection during the year.

The Directors report, with extreme regret, the death, on the 29th December last, of their esteemed colleague, Mr. Alexander Murray, who had served on the Board since the year 1879. To fill the vacancy thus caused, Mr. Charles S. Watson was elected.

DONALD A. SMITH,
President.

GENERAL STATEMENT.

30TH APRIL, 1889.

Liabilities.

Capital stock.....	\$12,000,000 00
Reserve.....	\$ 6,000,000 00
Balance of profits carried forward.....	817,417 53
	\$ 6,817,417 53
Unclaimed dividends.....	6,679 52
Half-yearly dividend, payable 1st June, 1889.....	600,000 00
Amount reserved for bank buildings in course of construction.....	50,000 00
	\$ 7,474,097 05
	\$19,474,007 06
Amount of notes of the bank in circulation.....	\$ 5,349,452 00
Deposits not bearing interest.....	8,240,256 53
Deposits bearing interest.....	18,843,931 31
Balances due to other banks in Canada.....	113,713 38
	\$32,547,353 22
	\$52,021,450 27

Assets.

Gold and silver coin current.....	\$2,632,084 45
Government demand notes.....	1,803,991 00
Due from banks in Canada.....	\$ 221,293 68
Due from agencies in foreign countries.....	12,234,891 41
Due from agencies in Great Britain.....	835,848 98
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Overdue debts not specially secured (estimated loss provided for).....	33,382 19
	\$32,751,343 30
Bank premises at Montreal and branches.....	600,000 00
	\$52,021,450 27

W. J. BUCHANAN,
General Manager.

Bank of Montreal,
MONTREAL, 30th April, 1889.

The President's Address.

The President, Sir Donald Smith, in moving the adoption of the annual report, said: Gentlemen, in proposing the adoption of this report, which will be seconded by the Vice-President, Hon. G. A. Drummond, I do not intend to be otherwise than brief in my observations, especially as the General Manager will give such particulars as may be necessary to supplement the statement you now have in your hands. It may be, and doubtless is, a disappointment to some that there is no bonus on this occasion. The earnings, as you are aware, were such as to permit the giving of one per cent. in addition to the ordinary ten per cent., but your Directors gave their most careful consideration to this in all its bearings, and they considered it best in your interest and for your protection that instead of giving a bonus now there should be an addition made to the reserve of profit and loss. At this time the prospects of an abundant harvest are excellent, and were we assured of that it might have been well that we could all have put into our pockets now a little more money. You will all recollect that at this time last year everything also looked very bright, but, unfortunately; the harvest both in the old provinces and in the Northwest was a disappointment to all of us, and consequently the earning power of

the Bank was curtailed because the capabilities of borrowing were not the same for the community as they would have been had the harvest turned out as was hoped for. You will then be stronger by keeping this in reserve for the present and will be able to meet and to deal with circumstances as they may present themselves, and should the crops be such as we all look forward to at present, and there are no unforeseen adverse influences, the giving of that bonus, which you and all of us will be very glad to get, will only be postponed for a little while, for it is not that we look forward with any misgivings to the business of the Bank. Far from it. It is

IN A VERY EXCELLENT POSITION

to do all that may be necessary to give the best return to its shareholders. And while we have proposed this dividend, of course it rests with you to say, after all, that you are not to have the bonus, but I am sure that all of you who are business men, and who are capable of looking ahead as well as any of us, will consider that it is really best that we should content ourselves with the ordinary 10 per cent. at this moment. During the present year the Bank, to strengthen itself in England, has made purchases to a very considerable extent of Imperial securities, that is, securities such as the Bank of England will unhesitatingly accept at any time, and which are convertible at any moment, so that with these in our possession we are always in a position to borrow money as it may be required. You will see in the report that some \$50,000 has been set aside for bank premises in Calgary and Vancouver. This, your Directors considered essential; that is, that the Bank should be in possession of such premises and accommodation as would enable it to do its business in the best way in what may be called great centres of the Northwest and Pacific coast. Small comparatively at the present moment, but growing so fast that we may expect in a very short time that they will be very considerable factors towards enabling the Bank to increase its profits. Calgary is the centre of the ranching country. Vancouver, only three years old and now a city of some 10,000 inhabitants, and being the terminus of the Canadian system of railways on the Pacific coast, cannot fail to become a place of very considerable importance in the immediate future, and we wish to be ready for whatever may offer itself to the Bank in both these places. As an evidence of

THE PROGRESS OF THE BANK

and of Montreal you will see also that the Directors have thought proper to establish a branch in the west end of the city; that is St. Catherine street. This is for the accommodation of customers in that part of the town; for we all recognize that the great portion of the retail business is led in that direction, and it will be a great convenience for depositors and others having business transactions with the Bank there.

The question of rebate on bills discounted is one which has been under consideration by your Directors from time to time for many years back. The system which now prevails is that commenced by the Bank at its inception, and it has gone on ever since. The Bank year, as you are aware, closes on the 30th April, and it has not been the practice hitherto to de-

duct the unearned interest from that date until maturity of the bills discounted. It is thought by the Directors that it is better an allowance should be made for this. That will require \$200,000. You may say that the Directors might well have done this of themselves this year or the year before. But they thought that it was only right and proper before they changed the system of accounts that had prevailed for over seventy years, to come before you and inform you of their opinion on the subject and ask your advice with regard to it. (Hear, hear.) At the annual meeting last year I think reference was made to the opening up of certain roads into Montreal which must necessarily bring an accession of business to Canada, and to Montreal especially. Then the direct railways

FROM HERE TO THE NORTHWESTERN STATES, via Sault Ste. Marie, were under construction. Now, I am happy to say, they are an accomplished fact; and I could wish very much that all of you had been with me on a very pleasant trip we made over those roads within the last ten or twelve days. You would have seen for yourselves the great capabilities of that intervening country and of the Northwest, marking out what we may well expect to come to Montreal from that source. And to-day we have for the first time, speeding over the road called the Short Line to St. John, N. B., a new service, by a route which takes off 270 miles of distance to that part of the Maritime Provinces, and reduces the time to, I think, at present, eighteen hours, which I understand will very shortly be further curtailed by two hours. This cannot possibly fail to benefit us here in Montreal; and it appears to me that if we are true to ourselves, if we bend ourselves sturdily to the work before us, what with all these facilities, and with Montreal as it is to be, a free port, with such accommodation for traffic both by sea and land as you, gentlemen, who are connected with the trade and commerce of the country will insist on having, surely we may look forward for even a greater and much brighter condition of things throughout the country and Montreal than we have had in the past. (Hear, hear.) This in its train will bring with it additional accumulated wealth, and that, in turn, will give to the Bank of Montreal and to other banks, increased deposits of which, I hope that, as in the past, the Bank of Montreal will have its good share at a low average rate of interest, so that notwithstanding the steadily decreasing rate of interest obtainable for money for the last eight or ten years, the bank by a largely increased business by reason of these deposits, will, like the great banks in London, be in a position to continue the distribution of satisfactory profits. You will, notwithstanding that the rate of interest from your customers is much lower, be still able, with that good management which has characterized your Bank, to look forward I firmly believe to having the 10 per cent. dividend. As to bonus that must be just as the condition of affairs may permit. At any rate your directors, in the future as in the past, will, no doubt, do their utmost to keep up the standard of the Bank, and give you all the profit and all the advantage it may be possible for them to afford. I now move, seconded by Mr. Drummond, the vice-president,

That the Report of the Directors, now read, be adopted and printed for distribution among the Shareholders.

Hon. Senator Drummond— I have much pleasure in seconding the motion.

The President— I will now ask the General Manager to make a few remarks.

The General Manager's Address.

Mr. Buchanan, the General Manager, then said: As having a very important bearing on the results of the Bank's operations during the past year, I wish to take the liberty, as I did at our last meeting, of drawing your attention to the course of the money market in Great Britain and the United States. In London the rates for money ruled low until September, when, in order to stop the drain of gold, chiefly to the Argentine Republic, on whose account large loans had been put out, the Bank of England raised the rate to 4 and three weeks later to 5 per cent. Notwithstanding this, and the fact that that bank borrowed largely from the other great banks, with a view of reducing the supply of loanable funds, the open market rate for money responded to the advance in the bank rate for only a very limited period, and the following anomalous condition of affairs existed—The Bank of England rate was 5 per cent.—The other banks, according to London custom, were allowing 1½ per cent. below, that is, 3½ per cent. to depositors, while they were only able to lend on the market at 2 to 2½ per cent.—a very unprofitable business for them. Before long arrangements were made with the great issuing houses to stop the export of gold to the Argentine Republic; gold was brought in from Russia and elsewhere, and the year 1888 closed on a comparatively quiet money market. By the end of January the bank rate had been brought down to 3 per cent., and on 18th April it was further reduced to 2½, where it now stands, with discounts in the open market at 1½ per cent. It must be apparent, therefore, that London has been a poor field, throughout our year, for the profitable employment of any of our surplus monies. It may be interesting to note that during the stringency the stock of bullion in the Bank of England sank to £18,300,000, the lowest point it has reached since 1866, the year of the Overend-Gurney failure.

In New York with the exception of a slight squeeze towards the end of December,

MONEY HAS BEEN SUPER-ABUNDANT, and has not averaged for the year over 2 per cent. for call loans. Time money has been correspondingly low, and in Chicago we have been obliged to content ourselves with a reduced rate. This condition of things was largely produced by the extensive bond purchases made by the United States Government. From the 23rd of April, 1888, when the first purchase was made, until now, the enormous sum of \$195,000,000 has been put out in that way. The surplus, however, now held by the Treasurer has been reduced to \$56,000,000, and unless he advances the price he has so far been willing to pay for the bonds, there is not much likelihood of its being disbursed to any great extent, in which case, if the harvest equals general expectations, we look pretty confidently for much better values for money in the United States this Autumn.

The rates in Canada have been about normal, with a tendency to a lower level, owing to keen competition; profits on collections from the same cause have been

greatly reduced, while Foreign Exchange is dealt in at a price altogether out of proportion to the risks incident to the business. But this has been, I fear, about the case with most kinds of business for the past few years—greatly diminished profits on all sides. It is evident to every one that capital is yielding less year by year—for instance, between now and December, 1900, there are maturing in the United States, something like \$650,000,000 of railway bonds, now bearing not less than 6 per cent. and some as high as 10 per cent.; to-day these could be refunded at from 4 to 4½ per cent. Bringing this home to the case of this Bank it seems to me, that only by a great expansion in our lending capacity in this country which, I think, however, we may very fairly calculate on, as riches and population increase, can we look to a maintenance of our profits at about the present figure for many years longer, and that, therefore, a distribution of all a bank's earnings would be a measure of questionable prudence.

THE YEAR'S BUSINESS.

Business generally during the past year in Canada has been rather disappointing, and, unless in exceptional cases, I am under the impression that a majority of merchants, who have had the courage to value their assets in a proper manner, have had to contemplate a shrinkage of their capital account. The crops were only fairly good in Ontario, and were disappointing in Manitoba. Payments were consequently light, and the banks have had to carry a heavier load than usual. This, with the holding over of a good deal of lumber and logs, will pretty well account for the increase of \$19,000,000 during the year in loans, and does not altogether indicate a healthy expansion of business. The deposits have increased \$15,000,000, and though a portion of this very probably represents the savings of the community, a large part is composed of proceeds of loans in other countries, and, consequently, increased indebtedness of the Dominion. One feature about these deposits in banks is not very satisfactory. Leaving out the Bank of Montreal from the Government statement, it will be seen that while circulation and deposits representing the liabilities to the public have increased, the Reserves, which should have augmented proportionately, have diminished. The figures are:—

Circulation and deposits of all kinds, 30th April, 1888.....	\$121,333,000
Circulation and deposits of all kinds 30th April, 1889.....	132,544,000
<i>Reserves.</i>	
Gold, 30th April, 1888.....	4,458,000
" 30th April, 1889.....	4,029,000
Increase.....	\$164,000
Dominion notes, 30th April, '88	\$8,565,000
" " 30th April, '89	7,370,000
Decrease.....	\$1,196,000
Due by (less due to) Banks, 30th April, 1888.....	\$2,454,000
" 30th April, 1889,	2,196,000
Decrease.....	\$258,000
Due by foreign agents (less due to) 30th April, 1888.....	\$4,468,000
" 30th April, 1889	1,014,000
Decrease.....	\$3,454,000

Showing a reduction in reserves of all kinds of about four and three-quarter millions, and an increase of liabilities of close on \$11,250,000. We leave practical financial men to draw their own conclusions.

THE OUTLOOK FOR THE FUTURE

is at present bright. Lumber prospects were never better. Crops all over the Dominion give great promise. The cotton mills appear to be working in harmony, and consequently on more profitable lines, and many securities, which were a short time ago unrealizable, are now getting a market value. If our hopes are realized we should have an active business in the early autumn, but, if on the contrary, the crops should turn out badly and the lumber business, which is a very important factor, not meet expectations, the results cannot fail to be correspondingly disappointing. We look on this as rather a crucial year, and until the outcome of it is seen, our distribution of profits was, I think, wisely confined to what has been considered for some few years back the minimum, viz., 10 per cent. Let us hope that merchants also will not discount the future, which is always full of uncertainties, by increasing their importations, at least until we are treading on firmer ground than is possible so long before harvest time. I have already taken up too much of your time, and shall now only add that I shall be pleased to answer any questions which any of the shareholders desire to put to me.

The President—If there is any other gentleman who would like to make some observations on the report, we will be happy to hear him.

Mr. John Morrison reviewed the business of the Bank for the past year, and added that the Directors had acted with commendable prudence in adding to the reserve fund. Had a bonus been declared a gross error would have been committed. It would have been an improvement if the current expenses and losses every year were given in the annual statements. The statement, however, he must say as far as it went for the present year was unexceptional.

Mr. John Crawford—Mr. Chairman, there does not seem to be much disposition either to ask or answer any questions. I am very happy to remark that my friend Mr. Morrison has done that respect to the resolution for the adoption of the reports which, it seems to me, it deserves. He has led the way, and I will follow with a few supplementary remarks. I think sir, in the first place, that your remarks about the non-payment of a bonus were sound, logical and conservative; and I can scarcely believe that any person interested in bank affairs could take exception to

SUCH A JUDICIOUS POLICY.

I conclude that the whole is an argument generally in favor of the conservatism of the Board. Notwithstanding the fire and brimstone which was showered on the heads of certain gentlemen at the time of the declaration of the no-bonus dividend, I predict from the serene faces before me that harmony will be the prevailing characteristic of this meeting. I can understand there was some excitement on the part of the street; some gentlemen were severely clipped in their wings by the stock falling, but the general result is only another illustration of the Bank's sound position and the judicious course which the Bank has adopted. A question which naturally arises, and one which I presume we are qualified to pronounce upon is the expediency of the policy of the Board. I have no hesitation in declaring, Mr. President, in favor of that policy. I have listened to the remarks of the General Manager with a great deal of interest and

attention, and I think he deserves credit for the interesting statistics which he has compiled, and I have no doubt they will prove beneficial to many here. It is only two years ago since we were told that if the Directors had been able to look further ahead they would in that year (1887) have only paid a 1 per cent. instead of a 2 per cent. bonus. Now, sir, neither can we ignore our present situation. Competition between banks is vastly on the increase, money is phenomenally cheap, and the expenditure is still maintained at its maximum rate. It seems to me, though, that the country, narrow as it is, is capable of absorbing all its unemployed capital, and I think that these reasons will lead us to the conclusion that the policy of the Bank is deserving of credit. I might take this opportunity of saying that the picture presented by the President contrasts severely with that roseate picture usually given at bank meetings. Now, sir, last year I took the opportunity of saying a few words

WITH REFERENCE TO DIVIDENDS

and I suggested that the Bank, in view of the uncertainty of business, should take up the question of the propriety of paying quarterly dividends of 2½ per cent., in the aggregate 10 per cent., a rate which you, Mr. President, said might be relied upon. I am satisfied that that step would become very popular among a large proportion of the Shareholders, and I would say that if the policy be adopted the increase in the expenditure of the institution would be scarcely appreciable. Now, Mr. President, at the last annual meeting you were kind enough to say that this subject, as well as that of the gross earnings, would be taken into earnest consideration by the new Board. I hope that has been done. I sincerely hope, sir, and I am quite satisfied that everyone in this room hopes with me, that you will always continue a member of that Board until you are, of course, removed to a higher and better sphere. In reading the annual report of the Banque Nationale a week or so ago, I perceived an item of \$50,000 appropriated to defray bad and doubtful debts, a proof that that institution is in touch with the situation of the times. Take just one progressive step further and give us an item of the expense of the management and that horrible problem, gross expenditure, the lug-bear of bankers, will be entirely solved.

The President—I may say, in reply to Mr. Crawford, that although the Board have not seen their way to introduce quarterly dividends, this is not lost sight of and that we will always keep it in view, and have done so, and I have no doubt that those whom you may elect as your Board to-day will keep before them the question of the renewal of the charter, and that so far as may rest with them the Bank will not suffer from any change.

The report was unanimously adopted.

THANKS TO THE PRESIDENT AND DIRECTORS.

Mr. John Crawford then moved:

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

He said: I may say that it gives me great pleasure to discharge the agreeable duty implied in moving this resolution and I think it should be understood, or I desire it to be understood, that it is not done in that conventional sense usual for motions of this

kind, but with an honest desire to convey the sincere thanks of Shareholders to yourself and colleagues for the year's results. That directors incur great responsibilities goes without saying. When the industrial and commercial affairs of the country are booming these responsibilities are in a great measure both nominal and agreeable; but when a period of adversity arrives, when industries are languishing and failures the order of the day their position and their relations to the shareholders, as well as the public, assume a widely different aspect. There is fleeting before their eyes, perhaps, visions of ruined widows and orphans, and dogging their steps, and if conscience were present, perhaps, filling them with remorse. On the other hand, when they discharge honestly and faithfully the duties devolving upon them, as ours have during the past year, they are certainly entitled to our thanks. Their substantial interest, I might say, Mr. President, in this Bank is a guarantee that not only their own but ours will not go by default, if zeal, energy and integrity be of any avail, and these, sir, are the sterling qualities which constrained me at an earlier stage of the meeting to endorse the policy of the Bank. If ever the golden rule applied it is in this instance "the right man in the right place," and while they are but mortal, they cannot expect to convert blood from a stone, or other assets, golden though they be, into profits in the absence of a demand. The General Manager stated that the profits fell below the average during the past year, and I may say that it is stated, I presume on good authority, that our Board is a canny, formidable Scotch clan, who get the credit of a bump of caution, and they will not have any transaction of a speculative character. I desire, sir, in conclusion, to emphasize this, that what shareholders have most to apprehend is not the withholding of bonuses, but the natural tendency of directors to be too generous. I do not allude to any particular bank, and least of all to the Bank of Montreal—

to declare dividends out of unearned or unwarranted profits. It is not polite in Shareholders to bring great pressure to bear upon Directors to pay bonuses or higher dividends. One word more in the shape of caution: if our Directors should unfortunately be caught napping, and a very serious deficit should ensue, woe betide them; therefore gentlemen look out for your noddles.

Mr. Hector Mackenzie seconded the motion, which was carried unanimously.

The President in replying said:—For my colleagues and myself I think you most warmly for the manner in which you have referred to us in our administration of your affairs for the past year. It is gratifying to us to know that you so thoroughly endorse the conservative policy we thought it our duty to pursue in withholding the bonus which it would have been possible at this time to give, and I will only add that, at any rate, we are conscious of having done with regard to your affairs just as each of us would have done were we looking after our own individual matters. While speaking of this I will just say this one word. We all of us deeply regret the loss of our colleague, the late Mr. Alex. Murray, a gentleman upon whose mature judgment we always relied and whose sound advice we found to be most valuable in all cases of emergency. He was always ready to do his part in the best possible way for the interests of the shareholders, whose trustee he was.

THANKS TO THE GENERAL MANAGER AND OTHER OFFICERS.

Hon. J. J. C. ABBOTT said: While I feel gratified at the approbation which the Shareholders have been pleased to accord to our labors for the past year, I feel that we must not forget that the executive officers of the Board have contributed in their respective departments to the success of the operations of the Bank, and I think they should have their due amount of approval also. I therefore beg to move:—

That the thanks of the meeting be given to the General Manager, the Assistant General

Manager, the Inspector, the Managers, and other Officers of the Bank, for their services during the past year.

Mr. R. B. Angus—I have much pleasure in seconding the motion.

The General Manager, in replying, said: I beg to thank the mover and seconder of the resolution for the manner in which they have spoken of myself and the other officers of the Bank, and for your cordial reception of the motion. I can say with confidence that from the highest to the lowest in rank there is the utmost loyalty and zeal, and that the Managers in Canada, from Halifax to Vancouver, as well as those in London, New York and Chicago, to whom especially great responsibilities are entrusted, have a full appreciation of the magnitude and importance of the interests committed to their charge.

Mr. Crawford—Mr. President, might I ask when the renewal of the bank charters comes before the Legislature.

Sir Donald Smith said the charters terminated in 1891, and would doubtless then be dealt with by Parliament.

Mr. Jas. O'Brien moved, seconded by Mr. John Dunlop:—

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.

Carried.

A formal adjournment then took place. The Scrutineers reported the following gentlemen as duly elected Directors:—

- HON. J. J. C. ABBOTT.
- HON. GEO. A. DRUMMOND.
- E. B. GREENSHIELDS.
- HUGH McLENNAN.
- W. C. McDONALD.
- A. T. PATERSON.
- SIR DONALD A. SMITH, K.C.M.G.
- GILBERT SCOTT.
- CHARLES S. WATSON.

At a meeting of the new Board on Tuesday the 4th inst., Sir Donald A. Smith was elected President, and Hon. George A. Drummond, Vice-President.

1889.

31ST OCTOBER.

BANK OF MONTREAL.

*Statement of the result of the business of the Bank for the half-year ended
31st October, 1889.*

Balance of Profit and Loss Account, 30th April, 1889.....	\$817,417 53
Less Amount Reserved for Rebate on Bills discounted and current.....	200,000 00
	<u>\$617,417 53</u>
Profits for the half-year ended 31st October, 1889, after deducting charges of management, and making full provision for all bad and doubtful debts	705,707 35
	<u>\$1,323,124 88</u>
Dividend 5 per cent., payable 1st December, 1889.....	600,000 00
Balance of Profit and Loss carried forward	<u>\$723,124 88</u>

NOTE—*Market Price of Bank of Montreal Stock 31st October, 1889, 236¼*
(equal to \$472.50 per share.) Or 232½, Ex Dividend (equal to \$465.00 per share.)

GENERAL STATEMENT.

31st October, 1889.

LIABILITIES.

Capital Stock		\$12,000,000 00
Rest	\$6,000,000 00	
Balance of Profits carried forward	723,124 88	
	\$6,723,124 88	
Unclaimed Dividends	11,159 52	
Amount Reserved for Rebate on Bills discounted and current	200,000 00	
Half-yearly Dividend, payable 1st December, 1889	600,000 00	
	\$7,534,284 40	
		\$19,534,284 40
Amount of Notes of the Bank in circulation	\$5,578,259 00	
Deposits not bearing interest	7,845,000 35	
Deposits bearing interest	15,586,514 14	
Balances due to other Banks in Canada	88,649 26	
	\$29,098,422 75	
		\$48,632,707 15

ASSETS.

Gold and Silver Coin Current	\$2,365,057 57	
Government Demand Notes	1,930,453 75	
Balances due from other Banks in Canada	\$ 278,096 60	
Due from Agencies of this Bank, and other Banks, in Foreign Countries	6,208,843 47	
Due from Agencies of this Bank, and other Banks, in Great Britain	1,833,867 42	
	\$8,320,807 49	
Notes and Cheques of other Banks	1,102,075 35	
		\$13,718,394 16
Dominion Government Bonds and other Public Securities	1,328,000 00	
Bank Premises at Montreal and Branches	600,000 00	
Loans and Bills Discounted	\$32,710,779 68	
Debts Secured by mortgage or otherwise	259,128 17	
Overdue debts not specially secured (estimated loss provided for)...	16,405 14	
	\$32,986,312 99	
		\$48,632,707 15

BANK OF MONTREAL, }
MONTREAL, 31st October, 1889. }

W. J. BUCHANAN,
General Manager.

