

1891.

BANK OF MONTREAL.

BOARD OF DIRECTORS, 1890-91.

HON. SIR D. A. SMITH, K.O.M.G., *President.* HON. GEO. A. DRUMMOND, *Vice-President.*
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.
R. B. ANGUS, Esq.

REPORT

OF THE

DIRECTORS TO THE SHAREHOLDERS

AT THEIR

73rd ANNUAL GENERAL MEETING,

HELD JUNE 1st, 1891.

The Directors beg to present the Seventy-third Annual Report, showing the result of the Bank's business of the year ended 30th April, 1891:—

Balance of Profit and Loss account, 30th April, 1890.....	\$ 794,728 85
Profits for the year ended 30th April, 1891, after deducting charges of management, and making full provision for all bad and doubtful debts	844,999 45
	<hr/>
	\$1,639,728 30
Dividend 5 per cent. paid 1st December, 1890.....	\$600,000
Dividend 5 per cent. payable 1st June, 1891.....	600,000
	<hr/>
	\$1,200,000 00
	<hr/>
Balance of Profit and Loss account carried forward.....	\$ 439,728 30

In respect to the reduction in the balance of Profit and Loss Account the Directors desire to say that in the revaluation of the assets, taking into consideration the unsettled state of affairs abroad and the uncertain outlook for the future in this country, they have

thought it prudent to make such full appropriations as to give reasonable assurance that the Profit and Loss Account need not again be encroached upon.

As the losses and appropriations this year were to a considerable extent of an exceptional character, having been caused partly by the late crisis in England which depreciated the value of some of our securities (notwithstanding all we hold are of a high class), and partly by the shrinkage in the value of assets of old debts now being liquidated, the Directors considered themselves justified in paying the usual dividend of 10 per cent.

The deposits show a decrease in the amount not bearing interest and a considerable increase in the interest bearing portion, the latter, owing in some measure to the fact that in order to retain our deposits we were obliged to meet competition, and also that Savings Departments have during the year been opened in connection with all the Bank's Branches in the Dominion. From these Savings Departments your Directors anticipate very great and material advantages in the future as the country grows in wealth, and in addition to that it is thought they will be of service to and benefit a class of the community which the Bank would not otherwise reach.

Keeping in view the growing importance of British Columbia as a future profitable field for banking operations, the Directors have during the past year opened a branch in the City of Victoria, the capital of that province, which it is hoped will in time prove to be a source of profit, while it will, in any case, be of value to the Bank in connection with its other business.

Owing to the difficulty of securing suitable accommodation for the Bank's business at Regina and Vancouver, the Directors have decided to put up buildings specially adapted for its occupation, and such premises are now in course of erection at Regina, while the plans for those at Vancouver are at present under consideration.

As shareholders are aware, the present Bank charters expire, and the new Banking Act will come into operation on the 1st July next.

The Directors think it is not out of place in this Report to state their opinion that there is great need of a uniform and comprehensive Act for the better distribution of the Assets of insolvent estates in the Dominion, and they hope the matter will be taken up and receive the attention of the Boards of Trade of the different cities of the Dominion, with a view to legislation at an early day on the subject.

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

The Directors have recently had to regret the resignation of one of their number, in the person of Mr. Chas. S. Watson, and the vacancy thereby caused has been filled by the election of Mr. R. B. Angus.

During the past year a change has taken place in the management of the Bank by the resignation, owing to impaired health, of Mr. W. J. Buchanan, who had held the office of General Manager for a period of upwards of nine years, and the appointment of Mr. E. S. Clouston to the vacant office.

DONALD A. SMITH,

President.

BANK OF MONTREAL, 30th April, 1891.

GENERAL STATEMENT.

30th April, 1891.

LIABILITIES.

Capital Stock.....	\$12,000,000 00
Rest.....	\$ 6,000,000 00
Balance of Profits carried forward.....	439,728 30
	\$ 6,439,728 30
Unclaimed Dividends.....	10,959 52
Half-yearly Dividend, payable 1st June, 1891.....	600,000 00
	\$ 7,050,687 82
	\$19,050,687 82
Notes of the Bank in circulation.....	\$ 4,964,640 00
Deposits not bearing interest.....	5,277,564 55
Deposits bearing interest.....	18,279,884 90
Balances due to other Banks in Canada.....	80,213 45
	\$28,602,302 90
	\$47,652,990 72

ASSETS.

Gold and Silver Coin current.....	\$2,178,677 16
Government Demand Notes.....	2,103,801 50
Balances due by other Banks in Canada.....	\$ 238,011 08
Due by Agencies of this Bank and other banks in Foreign Countries.....	8,918,032 21
Due by Agencies of this Bank and other Banks in Great Britain.....	457,764 93
	\$9,613,808 22
Government Bonds, India Stock, etc.....	1,308,000 00
Notes and Cheques of other Banks.....	1,082,891 92
	\$16,287,178 80
Bank Premises at Montreal and Branches.....	600,000 00
Current Loans and Discounts (rebate interest reserved) and other Securities and Assets.....	\$30,173,430 07
Debts secured by Mortgage or otherwise.....	352,102 55
Overdue Debts not specially secured (estimated loss provided for)....	240,279 30
	30,765,811 92
	\$47,652,990 72

E. S. CLOUSTON,

General Manager.

BANK OF MONTREAL, }
MONTREAL, 30th April, 1891. }

PROCEEDINGS

OF THE

73RD ANNUAL GENERAL MEETING OF SHAREHOLDERS

HELD AT THE BANKING HOUSE,

ON

Monday, the 1st June, 1891.

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

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

Moved by Mr. J. H. R. MOLSON, seconded by Mr. HECTOR MACKENZIE

“That the following gentlemen be appointed to act as Scrutineers: Messrs. W. H. Meredith and F. S. Lyman, and that Mr. A. Brock Buchanan be the Secretary of this meeting.” Carried.

Moved by the PRESIDENT, seconded by the VICE-PRESIDENT.

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

Moved by Mr. JOHN CRAWFORD, seconded by Mr. JAMES O'BRIEN,

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

Moved by Mr. A. T. PATERSON, seconded by Mr. R. B. ANGUS,

“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.” Carried.

Moved by Mr. R. W. SHEPHERD, 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.

On the motion of Mr. JOHN MORRISON, Mr. ROBT. ANDERSON took the Chair.

Mr. JOHN MORRISON moved, seconded by Mr. HECTOR MACKENZIE,

“That the thanks of this meeting be given to our esteemed President for his conduct of the business of this meeting.” Carried.

The Scrutineers reported the following gentlemen as duly elected Directors:—

Hon. J. J. C. ABBOTT.

R. B. ANGUS, Esq.,

W. C. McDONALD, Esq.,

A. T. PATERSON, Esq.,

Hon. GEORGE A. DRUMMOND,

E. B. GEENSFIELDS, Esq.,

HUGH McLENNAN, Esq.,

GILBERT SCOTT, Esq.

Sir DONALD A. SMITH, K.C.M.G.

1891.

BANK OF MONTREAL.

ANNUAL GENERAL MEETING,

Held 1st June, 1891.

(From THE GAZETTE, of 2nd June, 1891.)

The seventy-third annual meeting of the shareholders of the Bank of Montreal was held yesterday, commencing at 1 o'clock in the afternoon. Amongst those present were Sir Donald Smith, president; Hon. George A. Drummond, vice-president; Mr. E. S. Clouston, general manager; Hon. D. A. Macdonald, Messrs. Henry Lyman, J. H. R. Molson, Robert Anderson, John Morrison, John Crawford, R. B. Angus, J. Alex. Strathy, Donald Macmaster, G. C.; Jesse Joseph, R. S. White, M. P.; James Tasker, James O'Brien, E. B. Greenshields, Hartland McDougall, Owen McGarvey, W. O. McDonald, Campbell Lane, S. Finley, W. O. Weir, Thomas Murray, A. T. Patterson, John Fairbairn, H. G. Strathy, M. S. Foley, John McKenzie, J. R. Meeker, J. Y. Gilmour, B. A. Boas, J. McIntosh, John Duncan, James Burnett, G. F. C. Smith, H. J. Mudge, E. F. King, James Wilson, R. W. Hamilton, Hugh McLennan, W. H. Meredith, A. C. Clerk, John Dunlop, Hector McKenzie, F. S. Lyman, Robert Benny, C. Meredith, J. H. Joseph, B. W. Sheppard, William Murray, G. Cheney, O. A. Starke, L. J. Forget, W. J. Fenwick, Alex. Mitch-ll, Captain Low, R. Sims, A. C. McCullough, J. B. Learmont, J. Marler, H. C. Scott, S. H. Ewing, H. Sims, J. G. Grant, A. W. Hooper, W. King, J. Wallace, T. McKenzie, Richard Ware and O. McGill (of Peterborough), Henry Joseph, Richard White and R. Patterson.

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

Mr. J. H. R. Molson moved, seconded by Mr. Hector McKenzie:—

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

The Directors' Annual Report

was then read to the meeting, as follows:—

The Directors beg to present the 73rd Annual Report showing the result of the Bank's business of the year ended 30th April, 1891:—

Balance of Profit and Loss account, 30th April, 1890 \$ 794,728 85
 Profits for the year ended 30th April, 1891, after deducting charges of management, and making full provision for all bad and doubtful debts..... 844,889 45

\$1,639,728 30
 Dividend 5 per cent paid 1st December, 1890 \$800,000
 Dividend 5 per cent payable 1st June, 1891 600,000
 \$1,200,000 00

Balance of Profit and Loss account carried forward \$ 439,728 30

In respect to the reduction in the balance of Profit and Loss account the Directors de-

sire to say that in the revaluation of the assets, taking into consideration the unsettled state of affairs abroad and the uncertain outlook for the future in this country, they have thought it prudent to make such full appropriations as to give reasonable assurance that the Profit and Loss account need not again be encroached upon.

As the losses and appropriations this year were to a considerable extent of an exceptional character, having been caused partly by the late crisis in England which depreciated the value of some of our securities (notwithstanding all we hold are of a high class), and partly by the shrinkage in the value of assets of old debts now being liquidated, the Directors considered themselves justified in paying the usual dividend of 10 per cent.

The deposits show a decrease in the amount not bearing interest and a considerable increase in the interest bearing portion, the latter, owing in some measure to the fact that in order to retain our deposits we were obliged to meet competition, and also that Savings Departments have during the year been opened in connection with all the Bank's Branches in the Dominion. From these Savings Departments your Directors anticipate very great and material advantages in the future as the country grows in wealth, and in addition to that it is thought they will be of service to and benefit a class of the community which the Bank would not otherwise reach.

Keeping in view the growing importance of British Columbia as a future profitable field for banking operations, the Directors have during the past year opened a branch in the City of Victoria, the capital of that province, which it is hoped will in time prove to be a source of profit, while it will, in any case, be of value to the Bank in connection with its other business.

Owing to the difficulty of securing suitable accommodation for the Bank's business at Regina and Vancouver, the Directors have decided to put up buildings specially adapted for its occupation, and such premises are now in course of erection at Regina, while the plans for those at Vancouver are at present under consideration.

As shareholders are aware, the present Bank charters expire, and the new Banking Act will come into operation on the 1st July next.

The Directors think it is not out of place in this Report to state their opinion that there is great need of a uniform and comprehensive Act for the better distribution of the Assets of Insolvent estates in the Dominion, and they hope the matter will be taken up and receive the attention of the Boards of Trade of the different cities of the Dominion, with a view to legislation at an early day on the subject.

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

The Directors have recently had to regret the resignation of one of their number, in the person of Mr. Chas. S. Watson, and the vacancy thereby caused has been filled by the election of Mr. R. B. Angus.

During the past year a change has taken place in the management of the Bank by the resignation, owing to impaired health, of Mr. W. J. Buchanan, who had held the office of General Manager for a period of upwards of nine years, and the appointment of Mr. E. S. Clouston to the vacant office.

DONALD A. SMITH,
 President.

GENERAL STATEMENT.

30TH APRIL, 1891.

Liabilities.

Capital stock.....	\$12,000,000 00
Reserve.....	\$ 6,000,000 00
Balance of profits carried forward.....	439,728 30
	\$ 6,439,728 30
Unclaimed dividends.....	10,359 52
Half-yearly dividend, payable 1st June, 1891.....	600,000 00
	\$ 7,050,687 82
	\$19,050,687 82
Notes of the bank in circulation.....	\$ 4,964,640 00
Deposits not bearing interest.....	5,277,664 55
Deposits bearing interest.....	18,279,884 90
Balances due to other banks in Canada..	80,213 45
	\$28,602,302 90
	\$47,652,990 72

Assets.

Gold and silver coin current.....	\$2,178,677 16
Government demand notes.....	2,103,801 60
Balances due by other banks in Canada..	\$ 238,011 08
Due by agencies of this bank and other banks in foreign countries, 8,918,032 21	
Due by agencies of this bank and other banks in Great Britain	457,764 93
	\$9,613,808 22
Government bonds, India stock, etc.....	1,308,000 00
Notes and cheques of other banks	1,062,891 92
	\$16,267,178 80

Bank premises at Montreal and branches	600,000 00
Current loans and discounts (rebate interest reserved) and other securities and assets	\$30,173,430 07
Debts secured by mortgage or otherwise	352,102 65
Overdue debts not specially secured (estimated loss provided for)	240,279 30
	<u>\$30,765,811 92</u>
	<u>\$47,852,990 72</u>

E. S. CLOUSTON,
General Manager.

BANK OF MONTREAL,
MONTREAL, 30th April, 1891.

The President's Address.

The president, Sir Donald Smith, in moving the adoption of the annual report, said: This report which you have just heard read comprises everything, or almost everything, that need be said on this occasion, so that my remarks will be very brief. Although we do not show so large a net profit as in some former years, yet we feel assured from our experience of the present year, as well as of past years, that the earning powers of the bank are such as we need not have any apprehension about. The working of the bank, so far as its earnings have been concerned, has been entirely satisfactory, and were it not that there were some exceptional losses—losses which it was impossible for your directors or your general manager to control—we would have been able to show a very excellent exhibit to you on this occasion. In 1885 the balance of profit and loss was \$379,569; ever since then the bank has paid a dividend of 10 per cent. On one occasion it gave besides one per cent. of a bonus, and on another two per cent. It has, in addition to this, appropriated for a rebate on bills discounted, \$200,000. It has also built the West end branch on St. Catherine street, which, I am sure, you will be glad to know is a benefit to the Bank, and is also, I have no doubt, a great accommodation to the friends of the Bank doing business in that part of the city. It has in addition built premises of an excellent character at Calgary, a very rising place, as most of you know, and it has appropriated an adequate sum for a Bank building at Regina. With all this it now shows a balance of \$439,728, at credit of profit and loss, so that we feel there is really nothing to apologize for on the part of your Directors at this moment. Their object has been, as you have been told on several occasions, if possible so to conduct the affairs of the Bank that it will give a steady income to its shareholders, with the view of ensuring, as far as possible, that there shall be a regular dividend of 10 per cent. We have confidence that there is no reasonable cause for fear, but that the Bank will be able to continue that rate of distribution. There have been some disturbing influences within the past year, notably that McKinley bill, of which we have all heard so much. The outcome of business throughout the country has not been good; the harvest of last year was not equal to what was looked for, although it promised to be very abundant in the first instance. In Manitoba and the Northwest, owing to early frost and then to a period of exceptionally wet weather before it could gathered in, there was a very great shrinkage, and yet with all that they are now in a better condition there than they have been at any time, and

with the promise, happily a good promise just now, of an excellent harvest, we may look forward to an improvement in the general trade of the country with a remunerative business for the bank. It would be out of place for us to predict with regard to that; much depends on what the harvest is to be, but, as I say, if it is ordinarily good, then we may look forward to having a prosperous time; for, notwithstanding the disturbance we speak of in respect to tariffs, we have no doubt that Canada will find other markets and that she will go on progressing. Just about this time last year I had occasion to allude to illustrious visitors, then amongst us, who had come to Canada, and to Montreal, by way of India, China, Japan, and into close communication with Vancouver, and we rejoiced to find it so. This year we have heard within a short time of the arrival in Vancouver of the first of a line of steamers which will bring us the East and its vast business resources. When we can find that leaving London today, in twenty-one days after we are at Yokohama, in Japan, I think a very great deal indeed has been accomplished for the future of Canada, seeing that the journey is made so very much through the Dominion. Added to this we shall, no doubt, also have an accelerated mail service of our own across the Atlantic. We look eagerly for this, and I believe the time is not far distant when we shall have it, and when to it will be added a direct line also from our Pacific coast to the vast continent of Australasia and to the growing business of that great country. I think we may take to ourselves the hope and the assurance that we are to grow throughout every part of the Dominion, and that Montreal and, I trust, your institution of the Bank of Montreal will not be behind in the race. You are aware that the new Banking act comes into effect on the 1st July of this year. The principal alteration this makes is that there is a guarantee of 5 per cent. on the part of all the banks, to secure the circulation of the whole. The Bank of Montreal did not consider that it required this, but with a view to advancing the interests of the country it was prepared to go into the arrangement, although certainly we should have preferred to have been left alone. Another provision is that calling for a list or exhibit of unclaimed balances. That is of very little consequence, except in that it will add to the work of our staff very considerably, and to some little extent to the cost, while really the benefit to be derived from it will absolutely be nil to the community. We look forward with much hope to the future of the Bank. The late General Manager who had conducted affairs under the direction of the Board, Mr. Buchanan, owing to ill-health, was obliged to retire, much to our regret. The present General Manager, who was joint manager, and who has a thorough and complete knowledge of all the affairs of the Bank will, I am sure, so conduct its business that you will have cause in the future, as I hope you have had in the past, to be satisfied with the result of the administration. One word, and only one more. We need hardly say to you that the Bank of Montreal knows nothing of party politics; its only desire and effort throughout has been so to conduct the affairs of the Bank as to give the greatest possible support to the industries of the country, commercial and other, and while doing so to make the best possible profits for its shareholders, keeping in consideration always the absolute security of its capital,

and, may I say, of its rest, which we look upon really as a portion of its capital, and which we trust and believe it will never be necessary to encroach on. One chief object of the directorate has ever been to provide that there shall be a uniform dividend, so that the stock of the Bank will approach as nearly as may be in the estimation of the public to that of a debenture stock yielding a regular income, year by year. And in stating that we know nothing of politics, I desire to make just one remark on a subject which is at present in the minds and the thoughts of all of us that is in respect of that great statesman, for we all admit that he is a statesman, who has done so much for the advancement of the Dominion. (Hear, hear, and applause.) I am sure our earnest prayer is on all sides irrespective of party, that he may overcome the serious illness from which he is now suffering, and be spared to us for years to come. Now, gentlemen, I really don't think it necessary that I should say anything further. I shall be ready to answer any questions that may be put in regard to affairs of the bank in the best way I can. I move the adoption of the report, seconded by Hon. G. A. Drummond. Before sitting down I will call upon the General Manager to address you:—

The General Manager's Remarks.

Mr. E. S. Clouston, the general manager, said:—It is not a pleasant task to appear before the shareholders in my first six months of office, to give explanations with respect to a statement somewhat less favorable than those of previous years. The last six months, however, have been pregnant with events of so grave a character in the financial world, that, looking back upon them, I cannot help feeling thankful that I am not called on to explain an even much worse result than the present. We have been on the verge of a crisis, the outcome of which no man could foretell;—it would probably have been the most serious in the history of the world had it been allowed to run its course, but happily it was checked in time through the tact and determination of the Governor of the Bank of England, aided by a combination of the most powerful Banks and Bankers of London. There had been an uneasy feeling for some time, the air had been thick with rumors, and on the 6th November the Barings notified the Bank of England they were unable to meet their engagements. It was not, however, until the 15th that it was announced to the public. The interval, meantime, had been employed in making arrangements to avert the panic, which it was feared might break out, the particulars of which are now matters of history.

This crisis was followed in December by a financial stringency in New York, caused not so much by a shortage of the supply of funds in the country as by the locking up of large quantities of gold, either through fear of the operations of the silver bill, or, some say, designedly, with a view of affecting the stock market. But whether it was hoarding caused by the natural timidity of capitalists, or whether it was through the machinations of speculators, or the natural export to pay debts due foreign countries, the gold disappeared and the result was an acutely sensitive condition of the market. Credit was suspended, some classes of long exchange were entirely unsaleable, and discounts were so difficult to procure, that merchants were put to unusual straits for want of customary banking facilities. At one time it looked very serious

and it was only when some importations of gold were ordered that apprehension was removed from the public mind, and business resumed its normal condition.

As you are aware, both in the United States and in England, we have very large interests, and though we lost nothing directly, during either of the two periods, but came through with added strength to our already well established credit, yet we have suffered indirectly. The downfall of the Baring's was brought about by their inability to market the large quantity of Bonds, chiefly of the South American States, which they either owned, or against which they had advanced, and though the aid afforded by the Bank of England has enabled them to take time to liquidate, there remains hanging over the London Market, large masses of securities still undigested. Until these are absorbed by the public, or written off by the holders, a fate which must befall a great portion of them, prices of securities, even the best class, must be depressed. We always hold, or are interested in, a considerable amount of Bonds and other securities, and in better times have made large profits out of that class of business, and though what we hold are all undoubtedly good and of a high class, as we have carefully avoided any of a speculative character, and have not held a Foreign Bond for the last three years, the market value has declined, and we have been obliged to make provision to bring them down to the price of the day. Returning to Canada, it was found necessary, during the last year, to place in liquidation several accounts which were not in a satisfactory position, with the result that we discovered that previous appropriations, considered ample at the time, were totally inadequate to meet the shrinkage in values, caused by the last three years of agricultural and commercial depression. It will always be my desire to take the Shareholders into my confidence with regard to the business of the Bank, to the greatest possible extent compatible with the interests of the Institution; but you will readily understand how impolitic it would be for me to give any details, where the bulk of the appropriations are on debts not actually liquidated, but only in process. We have gone through the assets of the Bank very carefully, and believe that very ample appropriations have been made. There has been no desire to make things appear either better or worse than they really are; but a revaluation has been made with the desire to arrive at a true result without exaggeration. As a general rule, when one bad year succeeds another, it is our experience that the appropriations are usually insufficient, and you have only to look at some of the recent failures to see how difficult it is for a banker to arrive at a true estimate of the value of his assets, when an account, estimated as quite good last year, shows now a loss of \$50,000 to \$75,000.

The lesson to be learnt from our past experience is that in good years it is a mistake to distribute all that is earned. It is much more prudent, in order to equalize dividends, to set aside a considerable percentage of our surplus earnings in good years to meet unexpected contingencies in bad ones, which are sure to come. It is becoming more and more difficult, owing to competition, to earn our dividends, and unless we can increase our loaning power by adding to our Rest, or by increasing our Deposits, I do not think we would be safe, even if we made them, in distributing a larger percentage of our profits

than we have done for the last few years.

If we were only satisfied that the commercial community were fully alive to the necessity of greater economy and curtailment of credit we could look forward with more confidence to the future. I cannot help feeling, however, that they are in no position to stand a succession of bad seasons arising from indifferent harvests, or other causes—there are too many in business with insufficient capital, and their stability is honeycombed by too much and too long credit.

If I am right in my interpretation of the present condition of the financial market in London, it is hardly necessary to point out to those controlling the finances of municipalities, cities, corporations, and even Governments, the absolute necessity of the greatest prudence and economy. Of late there seems to have been a fever of borrowing, extending even to the smallest village. The local market can only absorb a certain quantity of securities, and if these borrowers are obliged to appeal to a market already overloaded, it means that they must negotiate their securities with difficulty, and at a much lower rate than they have hitherto obtained.

There is one reassuring feature to the shareholders, which perhaps I may be allowed to refer to. The credit of the Bank never stood higher than it does at present, and its earning power is unimpaired. Notwithstanding the fact that during the periods before referred to we were obliged to keep several millions of cash unemployed to meet any possible panic that might arise, our gross profits were the largest, with one exception, since 1878—our commercial losses for this year were not abnormal, and had it not been for the special appropriations I mentioned, we could have shown a very favorable statement. We were able to make unusually handsome profits out of our Exchange operations, owing to the fact that during the troubled times, when the community were inclined to scrutinize bills very closely our credit stood so high that our Exchange was in active demand, at remunerative rates, when others were taken only at lower rates, or avoided altogether. During a considerable portion of the year also, rates for money ruled high in the United States; but we cannot, in the future, count on so active and profitable a demand, or on such remunerative Exchange transactions.

There is only one other subject to which I wish to refer, one alluded to in the Director's Report, the necessity of arranging some scheme by which Insolvent Estates can be equitably divided among the Creditors, as speedily, and with as little expense as possible. I do not advocate a return to the old Act of 1874, though even that would be better than the present state of affairs; but I should like to see a Court of Bankruptcy appointed for that purpose, employing only salaried officials and with the expenses of winding up limited to a certain percentage of the nett amount available for distribution. It would be premature to go into details, but I think it a subject worthy of the most serious consideration by the different Boards of Trade through the country, and I have no doubt that when they have decided on some well matured Insolvent Law, and it is in a shape to be placed before Parliament, they will receive any assistance and influence which can be brought to bear by the different Banks in Canada.

Business men know better than I can tell

them the state of trade in their own particular line. Generally speaking, as a result of three bad harvests, it cannot be questioned that business has been conducted with little profit, and losses have been above the average. Naturally Banks must suffer in sympathy, sooner or later, unless a decided change for the better takes place.

With regard to the future, I prefer to follow the advice of a famous American class sic, who said "not to prophesy before you know." You have only to look back over the numerous oracular utterances of Bankers for past years to discover that as prophets we are not a success. It is best to be silent, and, while preparing for the worst, hope for the best.

In conclusion I may say that I have unbounded confidence in the future of the Institution. It may have its days of adversity, but I have no hesitation in saying that it will emerge from them triumphantly, with increased strength, to assist in the development of the country's resources and to continue its career of steady and solid progress.

Discussing the Report.

Mr. Morrison desired to know if the Bank was not pushing the business of the country. There was a good deal of complaint about business being overdone; was the Bank encouraging this or was it endeavoring to keep things in a normal condition? The contingent fund was established to guarantee a regular dividend of 10 per cent, and in drawing upon that fund the Directors had only used it for the purpose for which it was intended. It is to be hoped that an effort will be made to increase this fund to a million and a half. He then gave a list of figures presenting a running review of the affairs of the bank during the last four years, and wound up by stating that after all they should not be dissatisfied with the statement made to-day if they remembered that in 1883, with a profit of \$1,556,784 the management made an apology because it was \$84,000 less than the previous year. The difference shown at present, he continued, was doubtless due somewhat to the increased expenses which were much greater, and reasonably so, than in 1883. Increased business caused an increase in expenses, but the question to be asked was if there was a visible increase in profits to make up for this. Mr. Morrison finished his remarks by saying: Gentlemen, we have been on the down grade of late, and it is to be sincerely hoped that our new acquisition to the directorate, who has, no doubt, brought with him one of his big Mogul engines, will manage to pull us up again to a sixteen per cent dividend.

Mr. John Crawford referred to the recent election of Mr. R. B. Angus as a director, and said he thought that unless there was some urgency why a director should have been appointed, it would have been a gracious act to have deferred the election until yesterday, when he had no doubt that Mr. Angus would have been elected unanimously. He was of opinion that it would be well for general managers to reverse their tactics in reference to assets, and in the future underestimate rather than over-estimate them, as they had done in the past. He referred to the repelling towards the close of last session of one of the clauses of the Banking act by a bare quorum in the Senate, and said he considered it retrograde legislation on the part of the Dominion House of Lords. Referring to the Park Mills estate matter

he expressed the opinion that the ruling of the judge was open to adverse criticism and that the dignity of the Bench would not have been impaired had he at the outset relinquished his quasi-official position.

Hon. G. A. Drummond begged permission to say a word or two, as Mr. Crawford had mentioned instances with which some proceedings of his were connected. It was quite true that the House of Commons, almost without a division, inserted in the Banking Act passed last year a clause calling upon Directors to show not only the net earnings but also the gross earnings. That clause was inserted without pre-meditation, apparently, by the Hon. Edward Blake, and partly owing to his undoubted authority and great personal influence it was accepted by the House of Commons. Before it passed to the Senate the opinions of practical bankers had been obtained upon the question, and the gentlemen in the House of Commons who more especially represented banks and banking interests had reconsidered their verdict, and they were almost unanimously of opinion that it was a dangerous interpolation in the bill, which did not otherwise contain it. The Senate, which contained a great number of people intimately acquainted with banking, considered the clause, and he (Mr. Drummond) had the honor of suggesting to them reasons why they should strike it out, and they unanimously threw it out. He had previously been appealed to by sundry members of the House of Commons, who had voted for the clause and repented of it, to have it upset in the Senate, if possible. He maintained that in no sense whatever was the legitimate function of the Senate heter displayed than in the fact that it upset unanimously that clause. The reasons why it should do so were, if a board of directors and the management of a bank were called upon to show not only the gross earnings but the amount which had been written off for bad and doubtful debts, they were borne down by the responsibility and the whole tendency was to limit the power of writing off by the fact of having to explain to the shareholders the full amount and the reasons why the sums have been written off. Supposing the act had gone into force and the Board of Directors had at this meeting shown the gross amount they had estimated their profits to reach and the sums they had written off, the very delicate plant of commercial credit would have been assailed. The questions would have been asked. How much did you write off? Who was it to? Why did he lose all that money? If such a clause as the one referred to was interpolated in the Banking Act, it would stir the whole community to discover whose credit was impaired to cause such and such a loss. It would do infinite harm to some suffering man upheld by the bank and it would do no good to the shareholders. He was proud that at his suggestion the Senate unanimously struck out the clause. (Applause).

Hon. D. A. Macdonald thought there should be some explanation why there had been such a large withdrawal from the Contingent fund between October last and the present time. The Contingent fund stood at some \$866,000 and he found it had been reduced by no less than \$426,985. He thought it would be fitting for the General Manager to give some explanation why that large sum had been written off and whether the loss was incurred during the first six months of the year. The amount of deposits

not bearing interest had, unfortunately, been reduced by \$3,345,000 from what it was last year. The increase in deposits bearing interest had been something like \$4,000,000. He looked upon these deposits, as well as the reduction in the profit and loss account, as being a very serious matter for the Bank to recoup. He did not mean to say that the management was to blame for the withdrawal of deposits. People who deposited had a right to withdraw just when they thought proper. There was another point he regretted to see, and that was the large advances which had been made by the Bank to some manufacturing institutions. He saw that the bank had placed the Parks Manufacturing company, of St. John, in insolvency, and he regretted that it had placed itself in a position to act as a private individual who might have a thousand or two thousand dollars' interest. He thought it would be wiser to provide against that in the advances made than afterwards to come in and have it said that the Bank of Montreal had forced an institution into insolvency. Anything he might say was intended to guide the Directors and the new manager. Seeing that the outgoing Manager had left a large amount behind him of doubtful debts, which the new Manager had swept aside, he guarded him to leave the Bank with clean skirts when his time arrived, and it was to be hoped that he would get a liberal pension for services rendered, but which had not always been rendered by some of his predecessors. The manufacturing institutions of this country were not to-day on a solid basis; they were on a downward grade and the bank had a great deal to do in watching with care the advances it made to companies.

In conclusion, the hon. gentleman referred to the President's remark that there were no politics at that meeting, and expressed some little wonder at what had caused it to be made.

The President—My friend Mr. Crawford has said he thought it would be better in the future to under-estimate rather than over-estimate the assets of the Bank—that we should appropriate for contingent losses, more than we have been in the habit of doing. I would tell my friend that the Directors in the statements submitted at every annual meeting made, as they believed, all necessary appropriations for bad and doubtful debts; but within the twelve months there will arise those contingencies which no Directors can foresee or predict, and each year they have endeavored to do the best they could in the interests of their fellow shareholders. With regard to the statement of gross losses being given, I think what has fallen from the Hon. G. A. Drummond is quite sufficient, and that it is unnecessary for me to say anything further on that point. Then my friend has said he thought it might have been well for the Directors to wait three or four weeks before making the appointment of a new Director. I will just quote to him what is said in the by-laws. "Whenever in the interval between two annual general meetings of the Shareholders a vacancy shall occur in the Board of Directors, the remaining Directors shall, from among the qualified Shareholders, fill up the vacancy for the unexpired period." So that, it will be observed, we had no discretion in the matter. Had it remained for the Shareholders to elect our friend Mr. Angus, whom we are all so very glad to see here back again in connection with the Bank, I have no doubt the shareholders would have elected him unani-

mously, just as the directors did, who were very glad to appoint him. They were only fulfilling one of their duties as directors. My friend, the Hon. Mr. Macdonald, has bewailed the fact of deposits without interest being so greatly diminished. That is readily explained; it is because there is so much competition. There was a time in the history of Montreal when there was only the Bank of Montreal here, but now the competition for money and deposits is so keen that every bank is anxious to get all they possibly can and pay for it. At one time some of them outbid the others in the rate of interest, but I hope there is a better understanding now. I think it would be better for the country, as a whole, and for the shareholders of each and every bank that this should be so. My honorable friend has referred to the Parks mills, but I am not going to do more than touch upon it. The bank gave advances to that Company and looked to have adequate security, and they believed they had ample security. However the affairs of that company came into a state that it was necessary in the protection of your interests that the Bank should demand a settlement. The case is now before the courts and it would be entirely out of place that I should make any further comment upon it. The Bank in all it has done in this matter has only been doing what it believed it was right and just it should do in the interests of the shareholders. My friend, I was sorry to hear, threw out what might be looked upon as a reflection upon the late General Manager. I can say to him, and I say it for every one of my colleagues, that had Mr. Buchanan remained in office the statement of the Bank presented today would not have varied in any way. While we have every consideration for the opinion and advice given by the General Manager of the Bank, it rests with the Directors to say what is the final verdict with regard to everything of this kind, what shall be taken off, to what extent, and what appropriation shall be made. They are responsible to you for their actions, and they endeavor to act accordingly. We had confidence, and rightly so, in the General Manager who has left us, and I had the pleasure of saying in an earlier part of this meeting, we have not less confidence in the gentleman who now fills that position. It is the duty of the Directors to see that everything shall be correct as far as they can ascertain in the statements put forward, and they do not shirk this duty. My friend, Mr. McDonald, has thought that I should not have referred to party politics. It was only as a prelude to the few words that came after that I desired to say that we knew no party politics in this Bank, and that the whole affairs of the Bank were conducted in a business like way for the benefit of the customers of the Bank, for the benefit of the country as far as possible, and for the interest of the shareholders in maintaining intact the capital of the Bank and then giving them the best dividend or interest that can be yielded. That was simply a prelude to what I said afterwards, that all of us here, I was sure, deplored the critical position in which that eminent man, the Premier of Canada, is at this moment, that our prayer is that he may be preserved to his country and be capable of doing it still further service. We should all of us, irrespective of politics, pay that tribute to a man's worth, no matter upon what side he may be, which he deserves. I spoke in my earlier remarks of what I believed was a very promising pros-

pect, that is, we were coming into closer relations with outside countries, coming closely into contact in business relations with the great East, Japan and India, and that we hoped to have an accelerated mail service across the Atlantic; that we trusted also soon to be in close contact with the great Australian continent. But if I recollect aright I did not even refer to that railway company to which the honorable gentleman says I wish to pay a tribute. I merely spoke of this as being indicative of the progress of the country, and I carefully refrain from making the slightest reference to the Canadian Pacific Railway Company, although now it has been brought up, he will admit, I think, that both the Grand Trunk railway, in its early time and now, and the Canadian Pacific railway, and all other railway facilities which have been provided have been of advantage to our country. I, for one, am willing to give credit to each and all of them. Now I think I have answered, so far as rests with me, all that was asked for.

Mr. Crawford—With reference to the appointment of a new director, I have personal knowledge that other banks have not felt themselves called upon to elect directors immediately after the resignation or death of a member of the board.

The President—I have read to you what is imperative.

Hon. D. A. Macdonald said that he felt considerably under a cloud. He had known Sir John Macdonald from 1844, and when he saw him a few days ago at Ottawa there was the same geniality that had always characterized him. Another had left us in the person of Chief Justice Dorian, who was eighteen years in Parliament and was a colleague with him in the Government. He could assure the meeting that what with the death of one and the condition of the other he had the greatest possible difficulty in

saying a word or two this day. He most sincerely hoped that Sir John's life might be preserved, even if he was not able to undertake any of the duties he formerly did in the interests of the country. In Chief Justice Dorian a good and great man had left us, and the whole Dominion was sad and sorry that his life had terminated.

The motion to adopt the report was then unanimously carried.

THANKING THE PRESIDENT AND DIRECTORS.

Mr. John Crawford moved:—

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

He said: I do not believe there is a man in the assembly who will propose a resolution of this character with greater pleasure than I do this.

Mr. James O'Brien seconded the resolution, which was carried unanimously.

The President—For my colleagues and myself I thank you most warmly and sincerely for the motion which has just been carried. In the past your directors have tried to do their best in your interest, and I have no doubt those you may be pleased to elect to-day will continue to promote the best interests of the Bank.

THANKS TO THE OFFICERS.

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.

Mr. R. B. Angus seconded, and in doing so said they were to be congratulated on having a General Manager of such unquestionable ability, and who had associated with him a number of gentlemen who were so thoroughly acquainted with their various duties that the best results might be expected in the future.

The motion was unanimously adopted.

The General Manager—I have to thank

you for your kind expressions on behalf of myself and the executive. I know quite well that no efforts of my own can make the Bank a success unless I am ably seconded by my staff. I am glad to say that not only have I a staff very well trained, but very ambitious for the success of the institution. There is a thorough *esprit du corps* throughout the bank, and I hope it will produce good results.

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. John Dunlop seconded the motion, which was unanimously adopted.

On the motion of Mr. John Morrison, Mr. Robt. Anderson took the chair, when Mr. Morrison moved, seconded by Mr. Hector Mackenzie:—

That the thanks of this meeting be given to our esteemed President for his conduct of the business of this meeting.

The motion having been carried, Sir Donald Smith briefly acknowledged the compliment paid him.

The Election of Directors.

The scrutineers reported the election of the following gentlemen as directors for the ensuing year:—

Hon. J. J. C. ABBOTT.
R. B. ANGUS.
Hon. G. A. DRUMMOND.
E. B. GREENSHIELDS.
W. C. McDONALD.
HUGH McLENNAN.
A. T. PATERSON.
GILBERT SCOTT.
Hon. Sir DONALD A. SMITH.

At a meeting of the new Board on Tuesday, the 2nd inst., Sir Donald A. Smith was elected President, and Hon. Geo. A. Drummond, Vice-President.

BANK OF MONTREAL.

ESTABLISHED 1817.

INCORPORATED BY ACT OF PARLIAMENT.

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

HEAD OFFICE, MONTREAL.

BOARD OF DIRECTORS.

HON. SIR D. A. SMITH, K.C.M.G., *President.* HON. G. A. DRUMMOND, *Vice-President*
 GILBERT SCOTT, Esq. A. T. PATERSON, Esq. HUGH McLENNAN, Esq.
 EDWARD B. GREENSHIELDS, Esq. W. C. McDONALD, Esq. HON. J. J. C. ABBOTT.
 R. B. ANGUS, Esq.

E. S. CLOUSTON, *General Manager.*

A. MAONIDER, *Chief Inspector, and Superintendent of Branches.*

R. Y. HEBDEN, *Assistant Inspector.*

A. B. BUCHANAN, *Assistant Superintendent of Branches.*

BRANCHES IN CANADA :

MONTREAL..... H. V. MEREDITH, *Manager.*
Do West End Branch, St. Catherine Street.

ALMONTE, Ont.	HAMILTON, Ont.	REGINA, Assiniboia, N.W.T.
BELLEVILLE, "	KINGSTON, "	SARNIA, Ont.
BRANTFORD, "	LINDSAY, "	STRATFORD, "
BROCKVILLE, "	LONDON, "	ST. JOHN, N.B.
CALGARY, N.W.T.	MONCTON, N.B.	ST. MARY'S, Ont.
CHATHAM, N.B.	NEW WESTMINSTER, B.C.	TORONTO, "
CHATHAM, Ont.	OTTAWA, Ont.	VANCOUVER, B.C.
CORNWALL, "	PERTH, "	VICTORIA, "
GODERICH, "	PETERBORO, "	WALLACEBURG, Ont.
GUELPH, "	PICTON, "	WINNIPEG, Man.
HALIFAX, N.S.	QUEBEC, Que.	

IN GREAT BRITAIN.

LONDON, BANK OF MONTREAL, - - - - - 22 Abchurch Lane, E.C.

COMMITTEE :

SIR ROBERT GILLESPIE. PETER REDPATH, Esq.
 C. ASHWORTH, *Manager.*

IN THE UNITED STATES :

NEW-YORK, WALTER WATSON and ALEX. LANG, 59 Wall Street.
 CHICAGO, BANK OF MONTREAL, - - - W. MUNRO, *Manager.* E. M. SHADBOLT, *Asst. 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 AND
" THE LONDON AND WESTMINSTER BANK.		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.		PORTLAND, OREGON, Do.

MONTREAL, JUNE, 1891.

1891.

31ST OCTOBER.

BANK OF MONTREAL.

*Statement of the result of the business of the Bank for the half-year ended
 31ST OCTOBER, 1891.*

Balance of Profit and Loss Account, 30th April, 1891	\$439,728.30
Profits for the half-year ended 31st October, 1891, after deducting charges of management, and making full provision for all bad and doubtful debts..	666,642.93
	\$1,106,371.23
Dividend 5 per cent., payable 1st December, 1891.....	600,000.00
Balance of Profit and Loss carried forward	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$506,371.23</div>

NOTE—*Market Price of Bank of Montreal Stock 31st October, 1891, 227 $\frac{1}{2}$*
(equal to \$454.00 per share)

GENERAL STATEMENT.

31st October, 1891.

LIABILITIES.

Capital Stock	\$12,000,000.00
Reserve	\$6,000,000.00
Balance of Profits carried forward	506,371.23
	\$6,506,371.23
Unclaimed Dividends	4,786.85
Half-yearly Dividend, payable 1st December, 1891	600,000.00
	\$7,111,158.08
	\$19,111,158.08
Notes of the Bank in circulation	\$5,397,602.00
Deposits not bearing interest	7,649,536.30
Deposits bearing interest	19,324,509.49
Balances due to other Banks in Canada	3,497.59
	\$832,375,145.38
	\$51,486,303.46

ASSETS.

Gold and Silver Coin Current	\$2,038,150.12
Government Demand Notes	2,011,607.75
Deposit with Dominion Government required by Act of Parliament for security of general Bank note circulation	135,000.00
Due by Agencies of this Bank and other Banks in Foreign Countries	11,913,565.98
Due by Agencies of this Bank and other Banks in Great Britain	3,022,054.25
	\$14,935,620.23
Government Bonds, India Stock, &c.	1,308,000.00
Notes and Cheques of other Banks	1,200,093.86
	\$21,628,471.96
Bank Premises at Montreal and Branches	600,000.00
Current Loans and Discounts, (rebate interest reserved) and other Securities and Assets	\$28,714,729.33
Debts Secured by mortgage or otherwise	432,934.65
Overdue debts not specially secured (loss provided for)	110,167.52
	\$29,257,831.50
	\$51,486,303.46

BANK OF MONTREAL,

MONTREAL, 31st October, 1891. }

E. S. CLOUSTON,

General Manager.