

1894.

BANK OF MONTREAL.

BOARD OF DIRECTORS, 1893-94.

Sir DONALD A. SMITH, K.C.M.G., *President*. Hon. GEORGE A. DRUMMOND, *Vice-President*.
A. T. PATERSON, Esq., HUGH McLENNAN, Esq., E. B. GREENSHIELDS, Esq.,
W. C. McDONALD, Esq., R. B. ANGUS, Esq., W. H. MEREDITH, Esq.,
A. F. GAULT, Esq.

REPORT

OF THE

DIRECTORS TO THE SHAREHOLDERS

AT THEIR

76th ANNUAL GENERAL MEETING,

HELD JUNE 4th, 1894.

The Directors beg to present the 76th Annual Report, showing the result of the Bank's business for the year ended 30th April, 1894.

Balance of Profit and Loss Account 30th April, 1893.....	8 691,425 53
Profits for the year ended 30th April, 1894, after deducting charges of management, and making full provision for all bad and doubtful debts, and for rebate on current discounts	1,313,289 80
	<hr/>
	2,004,715 33
Dividend 5 per cent. paid 1st December, 1893.....	\$600,000
Dividend 5 per cent. payable 1st June, 1894	600,000
	<hr/>
	\$1,200,000 00
Balance of Profit and Loss Account carried forward.....	<hr/> <hr/> \$ 804,715 33

The business of the Bank has been fairly good during the past year, and, though adversely affected by the commercial depression, our profits are only about \$12,500 less than shown in the last Annual Statement. Under these circumstances the Directors feel that there is every reason to be satisfied with the results of the year's operations.

Since the Annual Meeting of the Shareholders in June last, a change has taken place in the Board, by the election of Mr. A. F. Gault to fill the vacancy caused by the lamented death of the late Hon. Sir John Abbott, in Montreal, in October last. Sir John Abbott was elected to the Board on the 15th May, 1888, and remained a member till his death.

The Shareholders, especially the older ones, will also have heard with regret of the death of Mr. Peter Redpath, which took place at Chiselhurst, England, on 1st February last.

Mr. Redpath was long a valued and esteemed member of the Board here, having been elected a Director in June, 1868, and resigning in the year 1882, when he left this country to take up his residence in England. He was a member of the London Committee of the Bank for the five years preceding his death.

The Directors are gratified that Parliament has at length taken up the question of an Insolvent Act for the whole Dominion, and it is to be hoped that the legislation upon that important subject will result in a comprehensive and equitable Act that will meet the requirements of the business community, and while affording protection to the interests of creditors, will at the same time expedite the winding up of estates.

In September last the Bank opened a branch at Deseronto, Ontario, and the office promises to be a satisfactory one.

All the offices of the Bank, including the Head Office, have been inspected during the year.

DONALD A. SMITH,
President.

GENERAL STATEMENT.

30th April, 1894.

LIABILITIES.

Capital Stock.....	\$12,000,000 00
Rest.....	\$ 6,000,000 00
Balance of Profits carried forward.....	804,715 33
	\$ 6,804,715 33
Unclaimed Dividends.....	3,510 69
Half-yearly Dividend, payable 1st June, 1894.....	600,000 00
	7,408,226 02
	\$19,408,226 02
Notes of the Bank in circulation.....	\$ 4,637,189 00
Deposits not bearing interest.....	6,579,678 10
Deposits bearing interest.....	23,222,171 88
Balances due to other Banks in Canada.....	9,495 92
	34,448,534 90
	\$53,856,760 92

ASSETS.

Gold and Silver Coin Current.....	\$ 2,587,903 38
Government Demand Notes.....	2,783,146 25
Deposit with Dominion Government required by Act of Parliament for security of general bank note circulation	265,000 00
Due by Agencies of this Bank and other Banks in Foreign Countries.....	\$ 8,139,893 13
Due by Agencies of this Bank and other Banks in Great Britain.....	2,696,018 12
	10,835,911 25
Government Bonds, India Stock, &c.....	1,820,000 00
United States Railway Bonds	2,207,000 00
Notes and Cheques of other Banks	995,062 15
	\$21,494,023 03
Bank Premises at Montreal and Branches.....	600,000 00
Current Loans and Discounts (rebate interest reserved), and other Securities and Assets.....	\$31,437,103 84
Debts Secured by mortgage or otherwise	174,681 68
Overdue debts not specially secured (loss provided for).....	150,952 37
	31,762,737 89
	\$53,856,760 92

E. S. CLOUSTON,
General Manager.

BANK OF MONTREAL,
MONTREAL, 30th April, 1894. }

PROCEEDINGS
OF THE
76TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS
HELD AT THE BANKING HOUSE,
ON
MONDAY, 4TH JUNE, 1894.
SIR DONALD A. SMITH, IN THE CHAIR.

On motion of Mr. JOHN CRAWFORD, SIR DONALD A. SMITH, K.C.M.G., was requested to take the chair.

Moved by Mr. J. H. R. MOLSON, seconded by Mr. JOHN DUNLOP, Q.C.,

“That Messrs. James Burnett and W. J. Buchanan, act as scrutineers, and that Mr. A. Macnider Chief Inspector of the Bank, be the Secretary of the 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. HECTOR MACKENZIE, seconded by Mr. JAMES O'BRIEN,

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

Moved by Mr. A. F. GAULT, seconded by Mr. W. H. MEREDITH,

“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 CAPT. BENYON, seconded by Mr. F. S. LYMAN, Q.C.,

“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.

The Scrutineers reported the election of the following gentlemen as Directors of the Bank for the ensuing year :—

Mr. R. B. ANOUS,	Mr. W. C. McDONALD,
Hon. G. A. DRUMMOND,	Mr. HUGH McLENNAN,
Mr. A. F. GAULT,	Mr. W. H. MEREDITH,
Mr. E. B. GREENSHIELDS,	Mr. A. T. PATERSON,

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

1894.

BANK OF MONTREAL.

ANNUAL GENERAL MEETING,
HELD 4th JUNE, 1894.

(From THE GAZETTE of 5th June, 1894.)

The annual general meeting of the Shareholders of the Bank of Montreal took place in the Board Room of the Bank at 1 o'clock yesterday. Sir Donald A. Smith, the President, occupied the chair, and among those present were Hon. George A. Drummond, vice-president; Mr. E. S. Clouston, general manager; Messrs. R. B. Angus, E. B. Green-shields, A. T. Paterson, Hugh McLennan, A. F. Gault, W. H. Meredith, directors; H. Montagu Allan, Hector Mackenzie, John Arnton, W. Arnton, J. H. R. Molson, Wm. Mackenzie, Captain Benyon, John Crawford, W. J. Buchanan, James O'Brien, Judge Cross, B. A. Boas, F. S. Lyman, Q.C., Michael Burke, R. Sims, D. Ross-Ross, A. Macnider, E. Goff Penny, J. F. Doran, J. Y. Gilmour, Angus W. Hooper, A. T. Taylor, James Burnett, Rudolph Forget, W. de M. Marler, Richard White, J. H. Gordon Strathy, John Dunlop, Charles Meredith, G. F. C. Smith, P. Mackenzie, W. H. Weir, Alex. Mitchell, J. C. Barlow and others.

On motion of Mr. John Crawford, Sir Donald Smith, President of the Bank, was voted to the chair, and on the motion of Mr. J. H. R. Molson seconded by Mr. John Dunlop, Q.C., Messrs. Jas. Burnett and W. J. Buchanan were appointed to act as scrutineers and Mr. A. Macnider, Chief Inspector of the Bank, was appointed to act as secretary.

The President then called upon Mr. E. S. Clouston, General Manager, to read the annual report of the Directors, as follows:—

Report of the Directors.

The Directors beg to present the 76th Annual Report showing the result of the Bank's business of the year ended 30th April, 1894.

Balance of profit and loss account 30th April, 1893.....\$ 691,425.53
Profits for the year ended 30th April, 1894, after deducting charges of management, and making full provision for all bad and doubtful debts, and for rebate on current discounts.... 1,313,289.80

Dividend 5 per cent. paid 1st December, 1893.....\$600,000
Dividend 5 per cent. payable 1st June, 1894..... 600,000
\$1,200,000.00

Balance of profit and loss account carried forward.....\$ 804,715.33

The business of the Bank has been fairly good during the past year and though adversely affected by the commercial depression, our profits are only about \$12,500 less than shown in the last Annual Statement. Under these circumstances the Directors feel that there is every reason to be satisfied with the results of the year's operations.

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Mr. Redpath was long a valued and esteemed member of the Board here, having been elected a Director in June, 1868, and resigning in the year 1882, when he left this country to take up his residence in England. He was a member of the London Committee of the Bank for the five years preceding his death.

The Directors are gratified that Parliament has at length taken up the question of an Insolvent Act for the whole Dominion, and it is to be hoped that the legislation upon that important subject will result in a comprehensive and equitable act that will meet the requirements of the business community, and while affording protection to the interests of creditors, will at the same time expedite the winding up of estates.

In September last the Bank opened a branch at Deseronto, Ontario, and the office promises to be a satisfactory one.

All the offices of the Bank, including the Head Office, have been inspected during the year.

DONALD A. SMITH,
President.

GENERAL STATEMENT.

30TH APRIL, 1894.

Liabilities.

Capital Stock\$12,000,000.00
Reserve\$ 6,000,000.00
Balance of profits carried forward..... 804,715.33
Unclaimed dividends, 3,510.69

Half-yearly Dividend, payable 1st June, 1894..... 600,000.00
7,408,226.02
\$19,408,226.02

Notes of the Bank in circulation\$ 4,637,139.00
Deposits not bearing interest 6,579,678.10
Deposits bearing interest 23,222,171.88
Balances due to other Banks in Canada... 9,495.92
\$4,448,534.80
\$53,856,760.92

Assets.

Gold and Silver Coin Current\$ 2,587,903.38
Government Demand Notes 2,783,146.25
Deposit with Dominion Govt. required by Act of Parliament for security of general bank note circulation 265,000.00
Due by Agencies of this Bank and oth'r Bks. in Foreign Countries\$8,139,893.13
Due by Agencies of this Bank and oth'r Bks. in Great Britain... 2,696,018.12
10,835,911.25
Government Bonds, India Stock, &c. 1,820,000.00
United States Railway Bonds 2,207,000.00
Notes and Cheques of other Banks..... 995,062.15
\$21,494,023.03
Bank Premises at Montreal and Branches..... 600,000.00
Current Loans and Discounts (rebate interest reserved, and other Securities and Assets)\$31,437,103.84
Debts Secured by mortgage or otherwise 174,681.68
Overdue debts not specially provided for) 150,952.87
31,762,737.89
\$53,856,760.92

E. S. CLOUSTON,
General Manager.

BANK OF MONTREAL,
MONTREAL, 30th April, 1894. }

The President's Address.

The President then rose and said:—Gentlemen, you have heard the report read, and I would move, seconded by the Vice-President, that it be adopted and printed for distribution among the shareholders. It will be observed that the net earnings of the Bank during the past year (\$1,313,269) have been within a fraction of eleven per cent. of the paid-up capital, a result which, making due allowance for the exceptional circumstances encountered, will, I think, be regarded by the shareholders as very satisfactory. The profits are fully up to the average of the preceding six years, and have not been appreciably larger in any twelve months since the rate of interest has fallen to what has come to be looked upon as a permanently lower level. You will readily understand that the many millions of dollars of capital, reserve and deposits at the disposal of the Bank, have not been employed so as to produce a net earning of thirteen hundred thousand dollars without the exercise of much care, circumspection, discretion and solicitude on the part of your Directors and General Manager. The period has been a trying one in many respects. Trade the world over has suffered a marked diminution in volume and value; credits have been contracted, resources strained, and the money markets disturbed. Comparatively speaking, Canada has displayed a gratifying power of resistance to the adverse influences which have crippled trade and industry elsewhere, furnishing the example of a fairly prosperous community of people in the midst of surrounding disaster and depression. Not that our country has wholly enjoyed immunity; but we have been scotched rather than maimed, and with the splendid recuperative powers Canada possesses, the stage of convalescence will, I trust, soon be reached. Of all countries the Dominion was the last to experience a decline in her foreign trade, which down to this present year had steadily augmented in compass and value, and which even now

IS REMARKABLY WELL MAINTAINED,

considering the abnormally low prices of staple products and the condition of foreign markets. In the first ten months of the current fiscal year, that is to say, up to April 30th last, the value of exports from Canada amounted to \$94,300,000, a gain of \$1,660,000 over the corresponding period of the preceding year, giving the highest total ever reached, and if, on the other hand, the import trade during the same period suffered a decline of \$3,000,000 from the preceding year, the decrease is neither formidable nor regrettable. For one thing I think we may fairly assume, that the reduced imports indicate the pursuit of a cautious conservative policy, on the part of Canadian merchants, eminently desirable in the existing conditions of trade; while by the fully maintained export business the supply of foreign exchange has been rendered adequate, at a period when new borrowings of British capital have well nigh ceased. I have referred to the relatively prosperous state of trade in Canada. How serious and widespread has been the collapse of commerce

in the United States is known to you all—the unexampled record of mercantile failures, of railway bankruptcy, of financial stringency, of industrial decay, of unemployed labor, which has marked the past year. To cite you a single instance of the contraction of trade there, let me say that the

BANK CLEARINGS IN THE UNITED STATES

for the first four months of 1894 amounted to \$14,769,000,000, as compared with a total of \$21,468,000,000 in the same period in 1893, a decrease of not less than 31 per cent.; and we regret to observe the evidences of a revival having the elements of continuity are still wanting, though it is expected that upon the completion of the tariff revision an improvement will occur. In Great Britain the record of the year 1893 was again one of retrogression, but happily somewhat less conspicuous than its immediate predecessor; and the latest advices which reach us hold out the hope that the bottom of the decline has been touched and that trade is on the mend. To the utter collapse of commerce and credit in Australia, which occurred more than a year ago, reference was made at our last annual meeting, and while some recovery has undoubtedly since taken place, while the process of liquidation and reorganization has made headway, we learn from the Melbourne correspondence of the London *Economist* of recent date, that "Trade continues depressed throughout the Colonies, and banking business suffers restriction." Perhaps nothing will more strikingly convey an idea of the extent of the contraction of trade in Australia than the fact that the Clearing House returns of the Melbourne banks, which in 1890 amounted to £315,190,000, were in 1893 only £140,311,000, showing a decline of no less than 55 per cent. Compared with other countries, therefore,

CANADA HAS DONE FAIRLY WELL.

We have not, however, wholly escaped the infection of depressed and diminishing trade. It was impossible that we should enjoy complete immunity. At the close of our banking year, namely, on April 30th last, the note circulation of the Canadian Banks had fallen below \$30,000,000 for the first time in eight years. The decline in prices, more particularly of agricultural products, accounts, doubtless in a measure, for the reduction in the note circulation, or the amount of currency employed in the trade of the Dominion, but the prevalent spirit of caution in buying, which is characteristic of all departments of business, is also responsible for the contraction. In this connection I may be permitted to point out what appears to be a superior advantage of our currency system over the United States. In Canada as in Great Britain the Bank circulation rises and falls in exact accordance with the requirements of trade. It has the essential and valuable elements of elasticity and convertibility. In the United States, on the other hand, these qualities are lacking in the currency, whose volume does not expand and contract in response to the necessities of commerce, but is of an arbitrary and at times embarrassing nature. Under the Canadian system the currency

becomes an accurate measure of the condition of trade, and, as we have seen, coincident with the decline of commerce as indicated by the Clearing House returns, a

REDUCTION OF THE VOLUME OF CURRENCY

outstanding takes place. But in the United States, where the Clearing House returns show a diminution of 31 per cent. in the first four months of the present year, the amount of currency outstanding was actually ninety-two and a half millions greater on May 1st last than at the corresponding date a year ago. Is it any wonder then that about twenty-five million dollars of gold was exported from that country during the month of May owing to the abnormal currency conditions which congested the American market, rendered the employment of money at remunerative rates impossible, and compelled the shipment abroad of the only form of money having an international circulation. Upon the present

STATE OF TRADE IN THE DOMINION

and its immediate prospects I shall make few remarks. The year has been one of anxiety to bankers because of these adverse foreign conditions to which I have alluded, and which have reflected upon our own country. The continuous decline in railway earnings for many months past is a sign of the times not lightly to be ignored. These great corporations which constitute in a measure the pulse of trade, have been compelled to meet reduced earnings with reduced expenses, and as a consequence the employment of labor and the circulation of money are adversely affected. The farming community suffer from the unexampled low prices of wheat, and the corresponding decline in prices of other cereals; and that important interest, the cattle trade, has also been less prosperous and profitable this season. On the other hand, several branches of farming, notably pork and dairy products, have yielded very satisfactory returns, and this is, I am glad to say, more marked in the Province of Quebec than in the other parts of the Dominion, showing that increased attention has been paid to that important industry in this province. The shipping interest generally, like that of the railways, experiences the trial of exceedingly low rates of freight and a slow demand for tonnage. The lumber industry is in reasonably satisfactory condition, save as respects shipments to the American market, where the demand has been greatly contracted by the prevalent prostration of all trade. Manufacturing industries are less active and the distributing business is cautiously conducted, buying being largely of a hand to mouth character. It is evident that a policy of discretion and

CONSERVATISM IN GIVING AND TAKING CREDIT

ought to be persisted in, as affording the surest means of warding off trouble and of speedy recuperation when more favorable conditions arise. The completion of the Tariff Revision by Parliament, now all but accomplished, should remove an element of disturbance whose adverse influence has been more or less felt since the opening of the year.

Reviewing all the circumstances with which we have had to deal, we have cause, I think, to be well satisfied with the outcome of the Bank's business for the twelve months ending on the 30th April, and as it is always satisfactory to know that we do at least as well as other similar institutions, in providing for the Shareholders a revenue from their capital investments, I would point to a little bit of information which has just appeared in one of the city papers, showing the amounts respectively to be paid out in Dividends for the past half year by ten of the Banks in the Dominion. They are as follows:—Bank of Montreal, \$600,000; Bank of Toronto, \$100,000; Merchants Bank of Canada, \$240,000; Quebec Bank, \$52,500; Jacques Cartier, \$17,500; Hochelaga, \$28,404; Ville Marie, \$15,000; Commerce, \$210,000; Ontario, \$52,500; Union, \$30,000, giving a total of \$1,351,904. Taking four of the largest of these banks we find they have a capital of \$16,500,000, with a reserve of \$6,350,000, together \$22,850,000, on which they pay dividends of \$602,000, or only in all \$2,000 more than the Bank of Montreal with \$12,000,000 of capital and six million of rest, pays to you on this occasion. The familiar faces of two gentlemen, one of whom, the late Sir John Abbott, was a Director when last we met here, and the other, Mr. Peter Redpath, who, and his father before him, had been for long years connected with the direction of the Bank, we lament to think will no longer be seen amongst us. They were both wise counsellors and took a deep interest in the welfare of the Bank. We feel assured you will cordially endorse the action taken by the Directors in appointing in place of the former gentleman, Mr. Andrew F. Gault, one well known to all of you as being actively engaged at the head of some of the most important interests of the country, and a gentleman of great experience, both as regards mercantile affairs and finance.

I think while we are alluding to some personal matters we might very properly refer to two gentlemen who have quite recently been honored by our gracious Queen, one a citizen of Montreal, and the other a citizen of Toronto. Both, we well know, merit the distinction that has been conferred upon them, and so long as such honors are so wisely bestowed they will be endorsed by every citizen in Canada. Sir William Van Horne we all know well, and we know the services he has rendered, not to the advantage of Montreal alone, or even of Canada, but to the Empire. I would wish to say of the other gentleman, Sir Francis Smith, who may not, perhaps, be so well known to some of you, that I entirely corroborate all that has been said of him by Sir William Van Horne in a letter of congratulation which has appeared in the press, and, if possible, I would accentuate it. He is a member of the Government, and although not holding a portfolio, I feel convinced that, notwithstanding all the zeal, all the ability and all the determination that may animate members of a government, whether of the present Conservative ministry or any of its predecessors, who desire to advance the interests of the Dominion, in no case has Canada been better served than by Sir Francis Smith.

Seldom has there been

A TIME OF MORE ANXIETY

for those responsible for the administration of the Bank's affairs, than during the last eleven or twelve months, the responsibility resting both on the Directors, the General Manager and Managers, being of a very weighty character; and before closing my remarks I desire to express to you on behalf of my fellow-Directors and myself the deep sense we entertain of the ability, industry and zeal devoted to the interests of the Bank by the General Manager and his Staff, upon the efficient discharge of whose duties the prosperity of the institution so largely depends.

Hon. George A. Drummond seconded the motion for the adoption of the report.

The General Manager's Address.

Mr. E. S. Clouston, General Manager, said:—There is not much to be said with reference to the statement laid before you to-day. The circulation, compared with our last annual statement, shows a falling off of \$488,000, a sign of the general inactivity in business. The deposits not bearing interest have decreased \$1,000,000. The deposits bearing interest have increased \$3,700,000, chiefly from some special deposits. Aside from these, our general deposits have rather decreased owing to heavy withdrawals for investment during the low prices of securities last summer. We have invested a considerable amount, \$2,207,000, in the highest class of United States Railway and other securities, which would be readily realisable at the sum they stand in our books at. Our overdue debts have increased \$171,000; the loss on these has been fully provided for. The advantage of our large Foreign Balances and Investments and the elastic character of our business outside the Dominion was well exemplified last year. We were able, notwithstanding the panic, to strengthen our cash reserves and respond to unexpected demands without in any way interfering with our Canadian business. Since I last had the pleasure of meeting you, we have passed through probably

ONE OF THE MOST TRYING YEARS

in the financial history of the century. The year of 1893 commenced with the terrible banking crash in Australia, and at our last meeting, while we were quietly discussing important financial problems, there was hanging over the world a crisis remarkable for its severity and duration. The Australian troubles were followed by a sudden stringency in the London money market. The Bank of England rate was advanced from 2½ per cent. at the beginning of May to 4 per cent. at the end; the joint stock banks took fright, and in their desire to strengthen their reserves, aggravated the position by ruthlessly calling in their Stock Exchange loans and refusing to discount. In the United States the apprehension caused by the extraordinary silver legislation had borne fruit and brought about an appalling state of affairs. Several railroads passed

into the hands of receivers, large corporations closed their doors, banks were failing daily, currency, under the influence of panic, was rapidly disappearing, and business was being transacted in New York on Clearing House certificates. Currency, gold, and silver, went to a premium, and a man in New York with a large balance at his bankers could barely obtain sufficient currency for his daily household expenses. In some cases Canadian currency was actually resorted to for the purposes of commerce and the payment of wages in the United States.

THE ACUTE STAGE WAS PASSED

when the repeal of the Silver Bill was carried in the House by a large majority on the 28th August, though it did not actually have the assent of the President, until the 1st November. On the Continent the disorganized condition of national finances; in India, the closing of the Mint for silver coinage; the coal strikes in England and the consequent depression in trade, all helped to make last summer a period of the utmost anxiety to those having the management of financial institutions. Canada was more fortunate than most countries, but though she escaped without any serious crisis, she had her troubles, and heavy speculative losses were made by the more adventurous of the community. Those behind the scenes know how thin the ice was on which we were skating and how close we were on one or two occasions to a very serious state of affairs. Fortunately there had been no great over production or over importation; we had no currency question like the United States to deal with. Bankers for the most part kept their heads and did not try to enforce impossible payments, the newspapers were discretion itself. I regret to say that the real danger to Canada last summer was the unsatisfactory

CONDITION OF THE CASH RESERVES

of some of the banks. They were weak even for normal periods, but in the delicate and difficult period I refer to, they were a source of danger and peril to Canada. Had a slight run occurred at this time, I am afraid our much vaunted system would have fared no better than others. A reserve to be effective in a crisis must be, first, cash and, for a second line of defence, foreign balances and securities readily saleable outside the country. Canadian municipal securities, or even call loans on securities having only a Canadian market, though available under ordinary circumstances, do not constitute a reserve for a crisis. In New York the Banks, all holding a 25 per cent. reserve to start with, were able by banding together to use the total reserve for the support of the banks endangered by sudden calls, but in Canada where the minimum reserve carried is not fixed by legislation, but by the judgment or caprice of the Executive of each individual bank, such joint action would have been impossible. The banks who had kept strong could not prudently have weakened themselves by assisting banks who had notoriously offended, and the probable result would

have been that the weak would have gone to the wall, and the strong remained stronger than ever. The lesson of last year will have been productive of good if it has taught the necessity of a much stronger cash reserve. In estimating the reserve necessary to be carried, it would appear as if in some cases, the deposits payable after notice were left out of the calculation. The majority of these are practically payable on demand, as the notice only runs from one day to fifteen, and in case of a bank under suspicion, it would hardly venture to shew weakness by exacting notice. As it was we had only one bank failure, the Commercial Bank of Manitoba, which had been notoriously rotten for some years past, and should not have existed so long. As the bank was a small one, there was no disturbance in the circulating medium.

THE COMMERCIAL CONDITION OF CANADA

at the opening of the year was fairly good, and in this Province it might be described as prosperous, but we could not expect to escape for any length of time the demoralization in trade prevailing among our neighbors. While, therefore, we have enjoyed some advantages, I cannot be blind to the fact that trade with us now is both dull and depressed, the farmer is receiving low prices for his grain, manufactured products are extremely low in price, work is slack; indeed it would be folly to imagine that we could escape in this age of steam and electricity, when interchange of ideas and commodities is so rapid, without feeling some effects from the unfortunate condition of affairs throughout the world. The shock has been too great to recover immediately; some improvement is visible in England, though in the United States the legislators are doing their best to prevent any. A redeeming feature in the situation is the condition of the dairy industry, which is steadily increasing in volume and returning good profits to the farmers. The Deal trade promises well; and I am informed that the importations of merchandise generally this spring are on a much smaller scale than usual. I took occasion last year to advert to the desirability of ceasing for a time from the large

BORROWINGS FOR PUBLIC PURPOSES

to which Governments and municipal corporations have been addicted, and threw out then a warning, that the policy, if persisted in, might seriously endanger the credit and disturb the financial stability of the country. I am glad to observe that this feeling has prevailed in influential quarters, and that on the part of the Dominion and Provincial Governments new undertakings, involving large capital expenditure, are being avoided. If the estimates of the Federal Government are adhered to, the expenditure on capital account during the ensuing year will be very considerably less than for a long time past, and as none of the funded debt of the Dominion, outstanding, matures before 1903, Canada as a borrower to any large extent in the British money market is likely to be conspicuous by her absence. I regret to say, however, that the same prudent foresight is not being displayed

by some municipal corporations, whose civic rulers continue to incur liabilities at an excessive rate when compared with the increase of the surplus revenue available for interest purposes. An impairment of credit is thus risked, to say nothing of the contingency of higher taxation which is incurred. Bearing all these past troubles in mind, and remembering also that we have large interests in the United States, where during the first half of the year it was difficult to say who was solvent, and during the second half we could not even net 1 per cent. for our money on call; hearing in mind, also, that the Reserve we carried gave confidence to the country, and that we cramped no deserving customer, that we came through the year with increased credit to the Bank, I venture to say that the shareholders

HAVE REASON TO BE SATISFIED

with the statement laid before them today. I only hope that we will do as well next year. At present the outlook is not encouraging, we cannot be prosperous if the general community is not making money, prolonged depression must surely bring losses no matter how careful a banker may be, and our foreign balances are producing very poor results. At the date of this statement, we had large amounts of money which could not be lent at any price, and competition is as keen as ever. As one of our most respected constituents said at one of our meetings, "Shareholders must begin to realize the inexorable logic of events, and that in the present days of keen and cutting competition fancy dividends and bonuses must be relegated to the indefinite future," and I agree with him. I am more than ever convinced that in order to keep up our present dividend it is absolutely necessary in the good years to husband our profits to meet years of depression and low rates of money, particularly in a heavily capitalized bank like ours.

The General Discussion.

After some remarks by Mr. John Morrison, Mr. John Crawford said that the directors, the shareholders and the public had good reason to be proud of the conservative policy pursued by the Dominion banks during the past year, and especially by the Bank of Montreal during a prolonged period of general commercial depression in the neighboring country. He went on to ask the character of the bonds, representing \$2,207,000, which were invested in American railways; also what amount had been charged to Profit and Loss account for rebate on current loans, and the aggregate amount loaned to directors and their firms. It was gratifying, he thought, to learn that the Profit and Loss account was nearing the figure of \$1,000,000, only \$200,000 more being required to bring it to that amount. When it reached that sum he hoped that it would become stationary, and would not be called upon unless for the equalization of dividends. He congratulated Mr. Gault, who was one of Montreal's foremost and most liberal citizens, upon his appointment to the directorate. He alluded to the Bank of England episode, and said

that it furnished an excellent object lesson to bankers the world over, who should, he suggested, adopt as their motto the word "Vigilance." No one, he believed, would attach the slightest suspicion of dishonesty or disloyalty to any bank officials in the Dominion, who, as a class, would compare favorably with those of any other similar institutions elsewhere; but he considered that if the Bank of England had adopted the practice of appointing some of its directors, say, for a period of three months each, to enquire, if even only partially, into some of the principal accounts of the Bank, Mr. May could never have succeeded in hoodwinking the directors as he did.

Mr. John J. Arnton spoke in favor of dividends being paid quarterly, instead of semi-annually, believing that such a step would do very much to popularize the Bank, besides being a great advantage to those Shareholders who had what might be called a fixed income.

Mr. John Crawford also favored the paying of dividends quarterly; but the suggestion was opposed by Mr. John Morrison.

The President then spoke as follows:— Perhaps it would be well that I should just say a word or two. Our friend, Mr. Morrison, had an idea that we were putting the best face on the statement; we were putting it in the most explicit and the clearest terms that we could before the Shareholders, to show that all had been done for their interest that was possible with the capital of the Bank during the past year. Mr. Crawford spoke of railway bonds, and wanted to know something about those held by the Bank. We look upon them as being absolutely good, and it was because they were considered to be the very best security that they were chosen. Moreover, they are readily convertible into cash at any time. As to the rebates of interest on bills under discount, they are something like \$200,000, and the amount loaned to the directors is about \$1,200,000. The English Banks, as my friend knows, are in many respects differently circumstanced to those of Canada; and they have one advantage that we have not, and that is, very much larger deposits for which they pay nothing. The Bank of England has been mentioned as an example of a bank that had met with some difficulty, and one which might have been avoided, possibly, had more care been taken by the Board. Mr. Crawford perhaps is not aware that it has a committee sitting daily to deal with all matters connected with the Bank. As to the paying of a dividend quarterly, spoken of by Mr. Arnton, I would say that the remarks I made last year upon this subject were earnestly meant, and the question had not been absent from the minds of the directors. The past year, however, would hardly have been an opportune time to deal with the question, owing to the crisis which we have, happily, in a great measure averted. But after the argument of Mr. Morrison—economy and providence—I think that I need not say much more on the subject. Economy is a very great virtue, and those who most closely exer-

cise it will be best off at the end of the quarter, half-year or year, or at whatever period the dividend may be paid.

The motion for the adoption of the report was then agreed to unanimously.

Mr Hector Mackenzie moved :—

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

This was seconded by Mr. James O'Brien, and carried unanimously.

In returning thanks on behalf of the Board, the President said :—During the past year, as in former years, we have always endeavored, as trustees of your capital and your interest in the Bank, to do all we could for your benefit. I have no doubt that such directors as may be elected to-day will continue to do their utmost, and that the Bank of Montreal will enjoy the prosperity that the circumstances of the country may permit.

Mr. A. F. Gault moved :—

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

In making the motion, Mr. Gault said : It is not necessary, I am sure, for me to say anything with regard to the General Manager. You are all aware of the very

great ability he has put forth ever since he was connected with the Bank, but more especially during the year which has just passed. In that period he has had a very trying time, but to use a common expression, he has come through with flying colors. With regard to the Inspector, you all know he is a gentleman who has given a great deal of time to the work, and he has the utmost confidence of everyone connected with the Bank. As to the managers, I know many of them personally, and they would be a credit to any institution, it is not necessary for me to detain you by giving any single instance, but I may say that we have in London one of the best men, perhaps, in the banking community, and one who would do credit to any banking institution in the world, whilst the manager here, Mr. Meredith, has proved himself a gentleman of very great ability, and in the affairs of the Bank he has displayed much zeal. As regards the officers of the Bank, it is only necessary to say that there has not been one delinquency or irregularity during the year. I think that is sufficient to show that we have a staff of officers of whom we may well be proud, and who deserve our cordial thanks.

The motion, which was seconded by Mr. W. H. Meredith, was unanimously carried, after which the General Manager briefly returned thanks.

Captain Benyon moved, seconded by Mr. F. S. Lyman, Q.C., and it was agreed to unanimously :—

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.

On the motion of Mr. John Morrison, a vote of thanks was accorded the President for his conduct of the business of the meeting.

The Directors.

At the close of the poll the scrutineers declared the following elected as directors :—Sir Donald A. Smith, K. C. M. G. Hon. George A. Drummond, A. T. Paterson, Esq., Hugh McLennan, Esq., Edward B. Green-shields, Esq., W. C. McDonald, Esq., R. B. Angus, Esq., W. H. Meredith, Esq., A. F. Gault, Esq.

At a meeting of the new Board on Tuesday the 5th inst., Sir Donald A. Smith was elected president, and Hon. G. 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:

SIR D. A. SMITH, K.C.M.G., *President.* HON. G. A. DRUMMOND, *Vice-President.*

A. T. PATERSON, Esq. HUGH McLENNAN, Esq. E. B. GREENSHIELDS, Esq.
 W. C. McDONALD, Esq. R. B. ANGUS, Esq. W. H. MEREDITH, Esq.
 A. F. GAULT, Esq.

E. S. CLOUSTON, *General Manager.*

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

A. B. BUCHANAN, *Assistant Superintendent of Branches.* J. M. GREATA, *Assistant Inspector.*

BRANCHES IN CANADA:

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

PROV. OF ONTARIO.
 ALMONTE,
 BELLEVILLE,
 BRANTFORD,
 BROCKVILLE,
 CHATHAM,
 CORNWALL,
 DESERONTO,
 FORT WILLIAM,
 GODERICH,
 GUELPH,
 HAMILTON,

PROV. OF ONTARIO,
 KINGSTON,
 LINDSAY,
 LONDON,
 OTTAWA,
 PERTH,
 PETERBORO,
 PICTON,
 SARNIA,
 STRATFORD,
 ST. MARYS,

PROV. OF ONTARIO.
 TORONTO,
 WALLACEBURG.
PROV. OF QUEBEC.
 QUEBEC.
LOWER PROVINCES.
 CHATHAM, N.B.
 MONCTON, "
 ST. JOHN, "
 HALIFAX, N.S.

NORTHWEST PROV.
 CALGARY, Alberta,
 REGINA, Assiniboia,
 WINNIPEG, Man.
 Prov. of British Columbia.
 NELSON,
 NEW WESTMINSTER,
 VANCOUVER,
 VERNON,
 VICTORIA.

IN GREAT BRITAIN:

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

COMMITTEE:

THOMAS SKINNER, Esq.
 ALEXANDER LANG, *Manager.*

IN THE UNITED STATES:

NEW YORK, WALTER WATSON and R. Y. HEBDEN, *Agents*.....59 Wall Street.
 CHICAGO, BANK OF MONTREAL - - W. MUNRO, *Manager.*

BANKERS IN GREAT BRITAIN:

LONDON, THE BANK OF ENGLAND. | LIVERPOOL, THE BANK OF LIVERPOOL, (Limited).
 " THE UNION BANK OF LONDON. | SCOTLAND, { THE BRITISH LINEN COMPANY BANK
 " THE LONDON AND WESTMINSTER BANK. | AND BRANCHES.

BANKERS IN THE UNITED STATES:

NEW YORK, THE BANK OF NEW YORK, N. B. A. | BUFFALO, BANK OF COMMERCE IN BUFFALO.
 ' THE THIRD NATIONAL BANK. | SAN FRANCISCO, THE BANK OF BRITISH COLUMBIA.
 BOSTON, THE MERCHANTS NATIONAL BANK. | Do THE ANGLO-CALIFORNIAN BANK.
 " J. B. MOORS & Co. | PORTLAND, OREGON, THE BANK OF BRITISH COLUMBIA.

MONTREAL, JUNE 1894.

GENERAL STATEMENT.

31st October, 1894.

LIABILITIES.

Capital Stock		\$ 12,000,000.00
Rest	\$ 6,000,000.00	
Balance of Profits carried forward.....	809,577.43	
	\$ 6,809,577.43	
Unclaimed Dividends.....	2,950.69	
Half-yearly Dividend, payable 1st December, 1894.	600,000.00	
	7,412,528.12	
		\$ 19,412,528.12
Notes of the Bank in circulation.....	\$ 4,767,907.00	
Deposits not bearing interest	7,631,419.03	
Deposits bearing interest	23,938,571.92	
	36,337,927.95	
		\$ 55,750,456.07

ASSETS.

Gold and Silver Coin Current.....		\$ 2,688,241.96
Government Demand Notes	2,890,381.50	
Deposit with Dominion Government required by Act of Parliament for security of general bank note circulation,	265,000.00	
Balances due by other Banks in Canada.....	\$ 7,587.44	
Due by Agencies of this Bank and other Banks in Foreign Countries	11,754,176.75	
Due by Agencies of this Bank and other Banks in Great Britain	2,820,473.76	
	14,582,237.95	
Government Bonds, India Stock, &c.	1,186,000.00	
United States Railway Bonds	2,045,000.00	
Notes and Cheques of other Banks	1,195,266.54	
		\$ 24,852,127.95
Bank Premises at Montreal and Branches.....		600,000.00
Current Loans and Discounts, (rebate interest reserved) and other Securities and Assets	30,052,172.90	
Debts Secured by mortgage or otherwise	154,934.50	
Overdue debts not specially secured (loss provided for)	91,220.72	
	30,298,328.12	
		\$ 55,750,456.07

BANK OF MONTREAL. }

MONTREAL, 31st October, 1894. }

E. S. CLOUSTON,

General Manager.