

1918

BANK OF MONTREAL

ANNUAL GENERAL MEETING

HELD 2ND DECEMBER, 1918

(From THE GAZETTE, December 3rd, 1918.)

The 101st Annual General Meeting of the Shareholders of the Bank of Montreal was held yesterday in the Board Room at the Bank's Headquarters.

Amongst those present were: D. Forbes Angus, R. B. Angus, H. W. Beauclerk, D. R. Clarke, F. J. Cockburn, Colonel Henry Cockshutt, A. J. Dawes, H. R. Drummond, C. J. Fleet, K.C.; G. B. Fraser, Dr. W. Gardner, Sir Charles Gordon, G.B.E.; C. R. Hosmer, Lieut.-Colonel G. R. Hooper, Harold Kennedy, H. B. Mackenzie, Wm. McMaster, Sir Vincent Meredith, Bart.; W. R. Miller, John Patterson, Rt. Hon. Lord Shaughnessy, K.C.V.O.; Dr. F. J. Shepherd, L. J. Skaife, A. E. Warren, R. Campbell Nelles.

On motion of Mr. R. B. Angus, Sir Vincent Meredith was requested to take the chair.

Mr. C. J. Fleet, K.C., moved, seconded by Mr. H. W. Beauclerk, that Lieut.-Colonel George R. Hooper and Mr. W. R. Miller be appointed to act as Scrutineers, and that Mr. C. H. Cronyn be the Secretary of the meeting. This was carried unanimously.

The Chairman then called upon the General Manager, Sir Frederick Williams-Taylor, to read the Annual Report of the Directors to the Shareholders at their 101st Annual General Meeting, held Monday, December 2nd, 1918.

THE ANNUAL REPORT.

The Directors have pleasure in presenting the Report showing the result of the Bank's business for the year ended 31st October, 1918.

Balance of Profit and Loss Account, 31st October, 1917.....	\$1,664,893.08
Profits for the year ended 31st October, 1918, after deducting charges of management, and making full provision for all bad and doubtful debts.....	2,562,720.14
	\$4,227,613.22
Quarterly Dividend $2\frac{1}{2}\%$, paid 1st March, 1918.....	\$400,000.00
Quarterly Dividend $2\frac{1}{2}\%$, paid 1st June, 1918.....	400,000.00
Bonus 1% , paid 1st June, 1918.....	160,000.00
Quarterly Dividend $2\frac{1}{2}\%$, paid 1st September, 1918.....	400,000.00
Quarterly Dividend $2\frac{1}{2}\%$, payable 1st December, 1918.....	400,000.00
Bonus 1% , payable 1st December, 1918.....	160,000.00
	\$1,920,000.00
War Tax on Bank Note Circulation to 31st October, 1918.....	160,000.00
Subscriptions to Patriotic Funds.....	46,000.00
Reservation for Bank Premises.....	200,000.00
	\$2,326,000.00
Balance of Profit and Loss carried forward.....	\$1,901,613.22

Since the last Annual Meeting, Branches were opened at Trafalgar Square, London, England, and Sherbrooke Street West (Montreal).

Also temporary Offices were opened for the convenience of the Troops while in Camp, as follows:—

In Ontario—Exhibition Camp, Toronto.

Niagara Camp.

Petawawa Camp.

In Quebec—Valcartier Camp.

These were later closed as the Troops went into winter quarters, with the exception of the Branch at the Exhibition Camp in Toronto.

The name of Graham, Ont., Branch has been changed to Sioux Lookout.

On the 12th October, 1918, we acquired and took over the Bank of British North America, and every Branch was inspected by a representative of the Bank of Montreal.

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

(Signed) VINCENT MEREDITH,
President.

Bank of Montreal, 2nd December, 1918.

THE PRESIDENT'S ADDRESS

Sir Vincent Meredith, in moving the adoption of the Report of the Directors to the Shareholders, said:—

At a Special Meeting of the Shareholders of this Bank, held on 10th September, your permission was obtained to purchase the assets and assume the liabilities of the Bank of British North America. At that time the nature of the transaction and the terms of purchase were explained; these, I believe, are equitable as well as advantageous to both Banks.

The amalgamation was completed on 12th October, 1918, but the combined balance sheet showing the new capital and rest and undivided profits cannot be prepared until after the expiration of four months from the date of taking over, as the agreement stipulated the shareholders of the Bank of British North America should have that period in which to elect whether they would accept cash or our shares in exchange for their holdings.

Another matter that has engaged the attention of your Directors has been the distribution of profits. It was thought the term "bonus" was out of harmony with existing conditions. After giving the matter careful consideration, and having in view the fact that the earnings of the Bank for some years past have warranted the payment of the usual 10 per cent. dividend with an additional 2 per cent., it has been decided that the stock should be placed on a 12 per cent. basis, effective at the next dividend period.

A sum of \$46,000 was donated to Patriotic and Red Cross Funds, and I know the action of your Directors in this connection has your approval.

The business of the Bank has been well maintained during the year. In view of possible Government financing and the somewhat uncertain outlook at home and abroad, we have consistently set our faces against over-expansion, which is to be deprecated under existing conditions. While giving our customers all reasonable accommodation required, and taking up many new desirable accounts, we have maintained a strong liquid position, continuing a well-considered policy of the Bank; a policy which, in the past as now, has added materially to the stability as well as the credit of the Bank at home and abroad and of Canadian finance generally.

Turning to British finance, two outstanding features during the year were: First, the success of the system of continuous borrowing by means of the 5 per cent. National War Bonds, which were made available to investors at all times on application. This plan yielded the huge sum of £1,200,000,000 from daily subscriptions and avoided the unsettling of the money market which invariably attended the placing of great War Loans. Notwithstanding this remarkable response of the investing public, deposits held by the banks in England are actually larger than a year ago.

The second feature is the amalgamation of some of the more important banks in Great Britain, resulting in a closer co-operation between the Imperial Treasury and the banks in meeting and solving the financial problems with which the country was faced.

The methods adopted by the United States Government in connection with war finance are so well known that it is unnecessary for me to make reference to them here, or to dwell upon the success which has attended the loans of that country.

SUCCESS OF VICTORY LOAN.

The overwhelming success of Canada's Victory Loan, 1918, again evidences the loyal and patriotic spirit of our people and enables the Minister of Finance to extend material assistance, should it be required, to the Imperial or Allied Governments, in the interests of Canada's trade. The oversubscription of the

Loan is an index of the sound financial condition of the country and of the ability of the people to cope with whatever situation may occur.

During the year under review the foreign trade of Canada has been on a descending scale. That trade amounted to \$2,082,494,000 in the ten calendar months of last year to October 31st, while this year the value is, for the same period, \$1,762,785,000. The decrease has occurred principally in the value of agricultural products and manufactures exported; in the case of the former, because of a less bountiful harvest, and of the latter, because of the completion of munition orders. The figures, however, reflect a trade immensely greater in value than in the pre-war period and indicate the source of the commercial prosperity the country has had. Taking the ten months' period, there was in 1917 an excess of exports over imports of \$341,000,000, and in the corresponding period this year the excess is \$242,360,000, a decline of a hundred million dollars, but the balance remained large, and while the export of munitions will shortly cease, that of agricultural products should be at least maintained and probably increased in the future. In the ten months' period, imports were \$870,789,000 and exports \$1,211,702,000 in 1917, as against imports of \$760,212,000 and exports of \$1,002,572,000 in the corresponding period this year.

Business generally has been active and profitable, as banking accounts abundantly attest, note circulation, deposits and loans being unprecedentedly large. As an adequate supply of raw materials again becomes available, it is reasonable to expect an extension of manufacturing operations, and in the necessarily small stocks in merchants' hands there is assurance of a good demand for mill products, even though the expectation of a recession in prices may prompt caution in purchasing.

WILL ESTABLISH AGENCY IN PARIS.

The question of opening branches in foreign countries to participate in the business that may arise in connection with reconstruction requirements abroad is one that has received considerable attention from your Directors. Following the policy of many English banks, we have deemed it prudent to refrain from establishing branches at points far afield where Canadian capital would be required in local and possibly competitive industries, preferring rather to strengthen and extend our relations with foreign banking houses and to retain their good-will, thereby conserving our resources for the assistance and encouragement of home trade. In this connection, it may be well to mention that we propose presently to establish an Agency of the Bank in Paris, not for the purpose of loaning Canadian funds, but to supply necessary banking facilities to Canadians travelling abroad and to further the interests of Canada generally in France.

The harvest in Canada, while not as bountiful as we have reaped in past years, has on the whole been satisfactory. Estimates from authoritative sources place the yield of wheat from the three prairie provinces at 160,000,000 bushels, and from the whole of Canada at approximately 200,000,000 bushels, a large proportion of which is high grade. Saskatchewan, and more particularly Alberta, suffered somewhat through damage by drought and frost, but in Manitoba a full average has been reaped, with an exceptionally good barley crop.

Immigration, upon which the future prosperity of this country so largely depends, has been of a somewhat negligible quantity since the outbreak of the war, although a number of experienced farmers, with cash capital, have come into the West from the United States.

The total number of immigrants from foreign countries of necessity has not been large. The immigrants entering Canada during 1916-17 numbered 87,000, of whom 78,000 came from the United States. In 1917-18 the total immigration was 55,000,

of whom 46,000 came from the United States. The reduction in 1917-18 is no doubt in a large measure due to the entry of the United States into the war and the subsequent draft regulations.

It is confidently expected that we shall receive a large influx from that country to our Western Provinces with the return of peace conditions, as the superior fertility of these lands is becoming more widely recognized; but I am not so sanguine in regard to settlers from Great Britain and foreign countries, where the difficulties of transportation will be an adverse factor, although probably less serious than anticipated. There is also the possibility that some restraint may be placed on intending emigrants by their home Governments for some time to come. Notwithstanding this, however, I feel Canada will attract and receive a very considerable immigration in the not distant future.

The debt of Canada after the war is likely to reach a total of possibly \$1,800,000,000 and, with other capital obligations, may exceed that amount. How the interest on this vast sum is to be met is one of the most important of the many and complex after-the-war problems we shall have to solve. Increased production will relieve us of a portion of our burden, and this, with strict economy and growing population, will in time adjust our difficulties.

POLICY OF TAXATION.

Taxation cannot easily be lessened and may be increased. A levy on capital, advocated in some quarters, must only result in the stifling of individual incentive and enterprise, and the penalizing of industry, self-denial and thrift. Taxing capital to the point of unemployment in industrial enterprise would involve unemployment of labour and produce serious consequences. If placed principally on consumption, the burden of taxation is distributed. In this connection, it may be pointed out that comparison, frequently made, of our taxation with that of Great Britain ignores the incidence of customs duties, restricted in Great Britain but supplying a large part of the public revenue of Canada.

The war which has convulsed the world for over four years has now happily ended in a glorious victory for Great Britain and her Allies. During that long period of conflict, we have experienced anxieties, but we are now assured of a peace such as we have so confidently anticipated and for which our gallant men have so valorously and successfully striven.

With the cessation of hostilities, the cancellation of munitions contracts has begun and the adaptation of war industries to peace conditions will doubtless bring about a check, with possible dislocation of business and displacement of labour, but these adverse factors, I believe, will prove transitory.

Manufacturers who have conserved their resources during war-time prosperity and have taken advantage of this prosperity to become efficiently equipped, should be in a position promptly to adapt their organizations to peace requirements, and to take advantage of an onrush of business during the reconstruction period.

PREPARING FOR POST-BELLUM PERIOD.

Already much preparatory work of practical value to meet post-bellum requirements has been undertaken by other countries, and with wise foresight, the organization of strong central bodies, equipped with large powers, has been encouraged, to link up the great manufacturing industries, the promotion of scientific and industrial research and the employment of a competent Intelligence Staff to seek out new markets abroad.

We in Canada have embarked on a shipbuilding programme of considerable magnitude, a first important step in preparedness.

If operated on business lines, as I feel sure it will be, the capital expenditure will be amply justified. The action taken by our Government in appointing a Trade Commission to provide employment for the increased tonnage that will soon be available, and to secure for Canada a full share of the large and urgent demands of the devastated countries for reconstruction and replacement purposes as well as for food stuffs, is a further step in preparedness, and is to be commended.

Owing to the financial straits of these countries in consequence of war's devastation, requisite credits to meet the unusual demands, estimated for France alone at Fcs. 50,000,000,000, must be provided. If Canada is to share in the business opportunities, and in order that our present prosperity may be continued, the banks must stand ready to arrange liberal and probably long-term lines of credit, providing the necessary funds from their own resources, or availing themselves of the privilege of rediscount with the Dominion Government.

Should these facilities prove unequal to the demands which may be made upon them, I feel sure the Minister of Finance, with the sound judgment he has displayed in financial affairs, to the advantage of the country during the war, will not hesitate to supply adequate financial assistance, in the same manner in which Imperial Government credits for purchasing in this country were established during the war. In doing so, he will be fully justified.

As the war ends, all signs point to a great demand for capital for reconstruction, refunding and replacement purposes, and interest rates, in consequence, will in all probability rule high for some time to come. A temporary shortage of all kinds of merchandise, owing to labour having been diverted from domestic to war purposes, also seems probable.

But sooner or later we in this country will, without doubt, have to meet foreign trade competition of cheap and skilled labour, together with advantageous transportation facilities, to a more pronounced extent than Canada has yet experienced. If this competition is to be effectively coped with, the increased efficiency, co-operation and co-ordination to which I have referred are essential. Our best energies must be directed to greatly increased production of our basic, agricultural and other great natural resources. In this way, and by strict economy in Government, Municipal and personal expenditures, a solution can be found of our difficulties of exchanges, the maintenance of our favourable trade balance and the payment of our war debt. Otherwise, we must look for a shrinkage in business, to be followed by a readjustment of the scale of wages for labour and of the prices of all commodities.

We shall undoubtedly for some years have to pay in relatively high taxation the price of our devotion and patriotism, but I am confident this will be done uncomplainingly, in the belief that all present and prospective difficulties can and will be overcome.

THE GENERAL MANAGER'S ADDRESS.

Sir Frederick Williams-Taylor, the General Manager of the Bank, then made his annual address, as follows:

Mr. Chairman and Gentlemen:—The annual balance sheet presented to-day for your approval is the fifth issued during war conditions and the first in the second century of this Bank's history.

The increase in our resources, and also our responsibilities, through the purchase of the Bank of British North America, referred to by the President, is reflected in our statement. The number of our branches has been increased by seventy-nine. Also we have taken over excellent material in a staff that will serve us as loyally and efficiently as they did the fine old institution whose honourable career of more than eighty years is now ended.

As we all know, bankers throughout the world have had to cope with abnormal conditions since the outbreak of war. This statement applies fully to Canada. During the year under review Canadian banks have encountered their share of problems. We have become accustomed to problems. In consequence, we have faced difficulties of unusual character with increasing equanimity. It is well to have reached this stage; otherwise the strain would have been unsettling.

CANADA'S ADEQUATE BANKING SYSTEM.

The ease with which financial Canada has met the stress of war conditions has been favourably commented upon abroad. At home one hears no expression of surprise at the stable financial conditions in the Dominion.

The real basis of that stability is a banking system that has proved most efficient in peace times and, with the facilities accorded by the Minister of Finance, has withstood the severe test of war times. The system as it stands is without doubt adequate to meet any possible demands arising during the reconstruction period and for years thereafter.

The public, long accustomed to banking stability, now accept it as a matter of course. The strong liquid position of your own bank has been an important factor in the situation.

It is quite possible that the economic and financial problems of the next few years will be more difficult to surmount than those we have faced of late.

The anticipated disturbance in bank deposits resulting from domestic Government war loans has subsided, as was to be expected. Seeing that the proceeds of such loans remain in the country, the money, of necessity, finds its ultimate way back to the banks through one channel or another; and therefore the loanable capital of the banks is, in the long run, undiminished. On the other hand, the strength of a banker's position lies largely in his command of numerous small deposits. The volume of deposits has increased by many millions, but the number has not grown proportionately. Our own deposits are now \$469,727,811.96 as compared with \$330,795,390.72 a year ago. This sum includes \$58,950,000 Bank of British North America money. As usual, we have certain large deposits of special character. The increase in our savings deposits is reasonably satisfactory.

As regards profits, an impression exists that these war years have been unusually fruitful for the banks. The reply is that when adequate provision has been made for unknown future rates of taxation in Canada and elsewhere, for the increased cost of administration, for heavy depreciation in even the most gilt-edged securities, it may be stated without reservation that the net results are none too ample for safety. I would emphasize another point, viz., that while the cost of everything else has risen, the public have paid no higher rate of interest for banking accommodation than before the war.

So far as this Bank is concerned, the dividend has been comfortably earned, and, as usual, we have made proper allowance for depreciation and for business hazards.

Now that the war is won, the foremost thought in every serious Canadian mind to-day is directed towards the future. Every business in the country, large and small, from our great railways to the small shops, is concerned and involved. As the business of our banks is with the whole community, we are especially and vitally interested. War prices have brought great prosperity to land and water transportation companies, to merchants, to manufacturers, to farmers, and to the labouring class. Only the salaried class and those whose incomes are fixed have suffered. Not only are prices of all commodities unprecedentedly high with a liberal margin of profit, but the demand for the staples of life and many luxuries is unlimited.

PROVISION FOR PERIOD OF READJUSTMENT.

Two contingencies in which we are vitally concerned are the respective rates of speed with which prices and demand will decline. It is not for me to assume the rôle of a prophet, but I can at least go the length of stating that the policy of this Bank has been and is to conduct its business on the probability that both may decline rapidly, that values are certain to fall away presently, and that there may at the same time be a diminution in demand. Either of these conditions would be serious. A combination of the two would be disastrous to unprepared merchants and manufacturers carrying heavy stocks. Our great industrial companies are practically all in an immensely stronger financial position than before the war. In some cases the improvement seems almost magical. In general terms, my belief is that the trading and manufacturing community of Canada is prepared for the slump as it comes. Meanwhile, public pronouncements are made by those who have given the subject special study that food prices, particularly for meat, will remain extremely high for many months to come.

After passing through the inevitable period of economic confusion which all countries must endure, that country of boundless wealth and virility, the United States, the only great power, by the way, to emerge from the war better off financially, may probably enter upon an era of unprecedented expansion and development. Canada must share in such prosperity independently of the part we hope to take in supplying Europe's reconstruction and regular demands. Meanwhile, there never was a time when our country was more in need of sound economic thinking and sane financial policy.

The Bank's current loans in Canada are now \$146,028,861.28, an increase of \$48,421,456.30 during the year. Bank of British North America business accounts for \$30,900,000 of the increase.

Our loans to municipalities are \$15,598,069.21 as compared with \$11,415,383.61 a year ago. Practically the whole of this is advanced against taxes and none on capital account.

With the appropriations set aside for possible losses, we believe at present these current loans worth par. From long experience we also know that the ability to collect eventually one hundred per cent of this great mass of commercial paper depends on the economic course of events in Canada. That is another reason why banks should make reasonable provision for undisclosed losses, losses that will accrue in the future as surely as they have in the past.

During the war, this Bank has done its full share in financing the Dominion Government, also Imperial Government purchases of wheat, flour, etc., in Canada.

The banks of Canada as a whole have out on loan to the merchants, manufacturers and private individuals of this country, secured and unsecured, on business paper and by way of accommodation \$1,003,593,000. This great sum represents the extent to which the banks may be described as financing Canada's domestic and foreign trade. The amount is apart from \$73,685,136 loaned by the banks on call to brokers.

HELPING EXPANSION OF CANADA.

With the acquisition of the Bank of British North America we are now the custodians of \$558,413,546.12, of which \$34,468,283.72 belongs to you as shareholders and \$523,945,262.40 is entrusted to our care by the public. It is worthy of note that this Bank's total assets are now as great as were the combined total assets of all the Canadian Chartered Banks seventeen years ago. Thirty-four banks were in operation then as compared with nineteen at this date. You may be confident that we have a proper appreciation of the responsibility involved in using this great sum of money. We keep ever before us our duty to our depositors and to the shareholders. At the same

time the Bank has a further duty, national in nature, in financing established business and in fostering the young industries of the Dominion; in loaning capital for all legitimate enterprise from the small farmer and live-stock breeder to the great packing and milling industries; from the small trader to the great merchant and manufacturer. Governments, cities, railways and public bodies look to us for temporary financial aid. For these various purposes our power is greater than ever before, and the Bank has never been in a stronger, more elastic position.

There have been fewer commercial failures in Canada than for many years. The number in 1918 was 905, as compared with 1172 in 1917 and 1669 in 1913.

Our note circulation has risen to the great height of \$42,082,209.08, or \$12,774,123 more than last year. Present figures naturally include Bank of British North America circulation. The total bank circulation in Canada for the same periods were \$227,597,808 and \$189,852,907 respectively. We look for a rapid post bellum reduction from the abnormal heights caused by high prices and business activity largely of a war nature.

Our New York and London offices have been invaluable channels for international transactions during the war.

In London, the important banking events of the year have been a series of bank amalgamations regarded by those competent to judge as wise preparation for foreign trade competition after the war.

The final judgment favourable to your Bank in the Banbury Case, given by the House of Lords in London last June, was a source of gratification to us and to banks generally, as the principle of good faith involved has been vindicated.

The price of money and rate of discount in London have both been under control during the year, the former at $3\frac{1}{4}\%$ and the latter at about $3\frac{3}{8}\%$.

The volume of Canadian loans representing fresh money floated in either London or New York during the last twelve months has been relatively small. Certain maturing loans have, however, been refunded successfully at both centres. The excellent reception which such loans have met in London is significant. With one minor exception, all interest payments on Canadian public loans domiciled in London and New York have been met at maturity.

In New York, the value of call money in 1918 averaged 5.11% as compared with 3.24% the previous year.

We learn with pleasure that our Waterloo Place and Trafalgar Square offices in London have proved increasingly useful to Canadian soldiers, their relatives and friends.

PROBLEM OF EXCHANGE.

The Dominion has been penalized during the past year by a heavy premium on New York funds. This new condition is a matter of widespread interest. All Allied countries have been at a similar disadvantage in their dealings with the United States during war conditions. Our dollar is worth at present only ninety-eight and a half cents in the United States. In other words, it costs one dollar and fifty cents to send one hundred dollars across the line. The one and a half per cent in question is lost to us. Canada receives no counter-value. In simple language, the obvious explanation is that more money is going out of than coming into the Dominion. The prime factors are our imports, our exports, and our interest payments. Our exports in fact exceed our imports, but Great Britain, by arrangement, has not been paying in cash for munitions manufactured here on Imperial Government account. On the other hand, it is pertinent to mention that Canada is not paying in cash the cost of maintaining our overseas forces.

In theory, there are four ways in which this onerous penalty can be removed; by increased exports; by reduced imports; by paying in gold; or, by borrowing in outside markets. None of these remedies is at hand, but with the return of peace Canada should at least be able to float public loans in New York. Then also we can hope for better things so far as imports and exports are concerned. Also there is on balance a large amount owing our Government by the Imperial Government and \$200,000,000 is owing the Banks of Canada by the Imperial Government, representing wheat and munition purchases. In due course these combined amounts will aid the exchange situation. The premium in question should, therefore, diminish sooner or later to a point that will be immaterial. Meantime it discourages the importation of non-essentials from the United States, and the investment of Canadian funds in American and foreign securities.

In conclusion, it will bear repeating that Canada possesses all the attributes of a great nation, excepting population. The crying necessity of the hour is for increased production. This cannot be fully achieved without immigration. We have room and opportunity for many millions of farmers and for a good class of labour to develop our mineral wealth and our fisheries and to convert our great forests into lumber and into pulp and paper. One sure way of attracting such immigration is to make living in Canada cheap. To attain this object there must be an end to the public and private extravagance of the past.

Our Superintendents have reported on Provincial Conditions as follows:

QUEBEC.

Hay and root crops were fairly good, potatoes being again damaged by rot. Cereals were about average, pasturage was good.

The cut of lumber during the past season was smaller than usual. Scarcity of tonnage has restricted shipments to the English markets and a large part of the cut will have to be wintered in Canada.

The American lumber market has been dull, but the demand for pulpwood from the United States continued steady throughout the year with very high prices and good shipments considering the transportation difficulties.

The paper mills of the Province have been working to capacity throughout the year, and the demand for newsprint and the better qualities of print papers continues strong, the chief obstacle to business being the ever increasing freight rates and the difficulty in obtaining cargo space.

With the exception of asbestos, there is little mining done in the Province. Asbestos prices are good, and sales and shipments about the same as last year's figures.

Manufacturers report another successful year in so far as output is concerned, although they have been handicapped by scarcity of skilled labour, high cost of materials and difficulties in transportation.

The fur business has been good. Boot and shoe sales are expected to about equal last year's figures in value and quantity.

Shipbuilding has been actively engaged in, nearly 125,000 ocean and inland tonnage having been launched during the year.

Collections were never better, and failures show a reduction.

During the year the Dominion Government spent a certain amount on the drydock at Levis, on the completion of the Quebec Bridge and on the Quebec and Saguenay Railway; while the Provincial Government has expended a moderate sum on roads. Municipal expenditure has been kept within bounds.

Speculation in real estate has been practically eliminated. Values are fairly well maintained. Rentals are high.

General conditions, both in cities and rural districts, are good, although the high cost of commodities seriously affects those who are dependent on a fixed income.

ONTARIO.

The farmers enjoyed a very satisfactory year, crops were abundant and prices obtained exceptionally high. Fall wheat was winter-killed, but all other crops gave good results.

Owing largely to shortage of labour, lumber production was less than in the two preceding years. Stocks carried over will be small and lumbermen generally are optimistic as a strong demand for all classes of lumber is anticipated for next year. Wood operations this winter will be curtailed through lack of necessary labour. The pulp situation is generally satisfactory with much higher prices prevailing for the sulphite output. Paper production was about equal to last year.

Mining has been active; nickel production greater than ever; silver falling off in quantity, but realizing high prices; low grade gold mines produced at about last year's level.

Manufacturing activities have been limited only by scarcity of labour and of raw materials.

Both wholesalers and retailers report it easy to sell goods, but difficult to purchase.

All Government and Municipal expenditures have been kept within the limit of absolute necessities.

Population still shows a tendency to drift to cities and manufacturing centres.

Real estate values have shown no marked improvement. Rentals have been increased in cities and in larger towns.

Prosperity is general throughout the Province. Business people, anticipating peace conditions, have been proceeding with caution and are materially and mentally prepared for the readjustment period.

MARITIME PROVINCES.

There was an average crop of hay and cereals. Root crops were large, potatoes being one-third greater than last year's returns. Fruit was light but of good quality.

The lumber cut was less than last year. About the only markets open here have been the United States and South America, and stocks will have to be wintered to a considerable extent, the English market being practically closed. Wages and cost of provisions are high and labour is scarce, all of which will probably result in lumbering operations generally being curtailed.

The output of coal was below last year's figures, owing to scarcity of labour. Steel plants have been working to capacity. The new plate mill now under construction at Sydney will be an acquisition of great importance commercially to the whole Dominion.

The past fishing season has been good despite certain losses to the fleet through submarines. A shortage in the catch was offset by an active demand and higher prices. Ocean transportation was procured with difficulty, but the American and West Indian markets have taken increased quantities.

Owing to the excellent prices received for farm products and fish, and the high wage scale, both wholesale and retail trade have been good.

Dominion Government work on Ocean Terminals at Halifax proceeds, but both Provincial and Municipal expenditures have been small. A large amount is being expended in rebuilding Halifax.

Owing to the great demand for shipping, a good many small wooden vessels have been built in Nova Scotia and New Brunswick during the year and the future of this old industry is most promising.

A steel shipbuilding plant is being constructed at Halifax.

To sum up, the crops were average, prices were good; and this, together with the high figures obtained for fish, lumber and pulpwood, has resulted in continued prosperous conditions throughout the Maritime Provinces.

PRAIRIE PROVINCES.

The yield of wheat, while substantial, has fallen somewhat short of expectations founded on the increase in acreage under crop. Fortunately, a large proportion is high grade, making up in no small measure for the deficiency in quantity.

Manitoba has done well on the whole; the barley crop is exceptionally large. In Saskatchewan fairly good results have been obtained. In Alberta the damage from drought and frost has been relatively more severe than in the other two provinces. A conservative valuation of the grain produced places the total for the year at \$500,000,000.

The live stock industry has prospered under increased demand. Sheep raisers continue to benefit through the maintained high price for wool.

Mixed farming, encouraged by the Government with the assistance of the Banks, is becoming more general.

Mineral development is confined almost entirely to coal, and production has been much stimulated by the reduced import of anthracite. It is estimated there are 4,000,000 tons of anthracite, 44,500,000,000 tons of bituminous and 60,000,000,000 tons of lignite coal in Alberta alone. Western coals are now more widely used but there is as yet little development.

Both wholesale and retail trade have been active and good. Failures show a steady downward tendency in number and the amounts involved. Manufacturers have made progress in the face of great and unusual difficulties. Flour mills and other food-producing plants have been continuously employed.

There has been practically no railroad construction during the past year, and Dominion, Provincial and Municipal authorities, as well as private individuals, have wisely refrained from capital account expenditures.

Immigration, while not large, has been valuable. Experienced farmers, with capital, have come into the West from the United States.

Transactions in urban realty continue unimportant, but housing accommodation is scarce and rentals continue high. Speculative buying has disappeared. Farm lands are in demand; sales have been numerous and large, at increased prices.

The rapid growth of the financial power of the central provinces is strikingly illustrated by the large per capita subscription to the Victory Loan of last year and this. The post bellum period of adjustment will present many difficulties, but peoples of the Prairie Provinces, who depend largely on the production of food stuffs, should be in a position to withstand the effects of possible commercial reaction.

BRITISH COLUMBIA.

There is general prosperity throughout British Columbia with pronounced activity in shipbuilding, lumbering, mining and fishing.

Field crops were harvested in good condition and growers are well satisfied both as to yield and prices. The fruit crop was somewhat lighter, but well sold. Stock raisers had an exceptionally good year.

Lumber production has reached a new high record. Spruce for aeroplanes and heavy timbers for shipbuilding created an additional outlet. Prairie markets have been quiet and export trade still continues dormant owing to lack of tonnage. The pulp and paper industry still expands.

Shipbuilding is now a very important industry on the Canadian Pacific Coast. Steel and wooden ships built in British Columbia are actively engaged in moving the world's commerce, new ships are being built, shipyards have contracts ahead for some time to come. A large body of men is continuously employed, and the large amount of cash put into circulation has a stimulating effect upon every class of business.

Metalliferous mining has been vigorously prosecuted with generally satisfactory results. Properties idle for years have changed hands and are now being worked on a business and paying basis. Coal mining, although hampered by labour difficulties, will show an increased output over last year.

The total fish production in British Columbia will be the largest recorded. The salmon pack will be equal to the record pack of last year. The Government commandeered practically all of the better grades and placed an embargo on shipments. Prices have not yet been finally fixed, but a reasonably profitable season is assured. The halibut fishery has been profitable to both fisherman and shipper. Notwithstanding the increased fishery, the demand for export outruns the supply.

The wholesale trade is good; retail trade active. Cash is abundant.

Municipal affairs continue to be economically administered, and Government and Municipal expenditures are kept within the limit of actual necessities.

The Coast cities have been attracting population from the interior, and people have been coming in from outside the Province to participate in the high wages paid in shipbuilding and allied industries.

There is an improved tone in regard to real estate, but little property changing hands.

NEWFOUNDLAND.

The estimated catch of cod will be about 500,000 quintals less than last year. The comparative export figures are:—

Dried Cod	1918	1,821,206 quintals	\$18,829,560
	1917	1,568,020 "	12,876,847
Pickled Cod	1918	195,218 "	1,023,426
	1917	210,514 "	813,895

The frozen fish industry is being developed. The difficulty of procuring the necessary tonnage to carry fish to market has been satisfactorily met so far by the ocean-going sailing vessels owned here, and one or two steamers chartered abroad.

The output of the Bell Island Iron Mines was somewhat smaller than the previous year, being 751,000 tons as compared with 905,000 tons last year.

Little lumbering was done owing to the high wages and scarcity of labour. The pulp and paper industry has been dull, large stocks of manufactured goods being held, owing to difficulty in procuring ocean transportation.

The take of seals this spring was smaller than last year, probably owing to the smaller number of steamers prosecuting the fishery, but the money value of the yield was greater.

Manufacturers of clothing, boots, shoes, ironware, cordage, et cetera, have had a good year. Both wholesale and retail trade have been exceptionally good.

With the high prices obtained for fish and oils, the people generally are prosperous. Interest-bearing deposits in banks show an increase of \$2,400,000 over last year notwithstanding a domestic war loan floated in June last which met with good response. The issue was in the shape of ten year 6½% bonds at par. A portion of the same loan was sold in Canada on favourable terms.

MEXICO.

Although general conditions in Mexico are still far from normal, there is an improvement as compared with a year ago. Business in Mexico City is being conducted with less difficulty.

A better state of economic and general affairs should follow the final settlement of peace in Europe.

The Chairman then moved, seconded by Sir Charles Gordon, that the Report of the Directors, now read, be adopted and printed for distribution among the Shareholders. The Report was unanimously adopted.

Mr. C. R. Hosmer moved, seconded by Mr. Wm. McMaster, that Messrs. James Hutchison, C.A., J. Maxtone Graham, C.A., and George Creak, C.A., be appointed Auditors for the Bank for the ensuing year, and that the ballot for the Auditors be taken at the same time as the ballot for the Directors is taken. This was unanimously adopted.

The President then said: "Before the next motion is put before the Meeting, I should explain that a quinquennial submission of the By-laws to the Shareholders is called for under Section 18, Sub-section 2 of the Bank Act, and we have taken advantage of this opportunity to have our By-laws carefully revised to conform with the amended Bank Act of 1913.

"A number of minor changes were necessary to meet the requirements of the Act, but the only alteration of importance is the authorization to increase the number of the Directors from 14 to 16, with the usual corresponding increase in emolument.

"Copies of the revised By-laws are on the table and, if approved, will be mailed to each Shareholder after the meeting."

Moved by Lord Shaughnessy, seconded by Colonel Henry Cockshutt: That it is hereby resolved that By-laws as laid before the meeting, numbered 1 to 10, both inclusive, are hereby enacted by the Shareholders of the Bank of Montreal. This was unanimously adopted.

Dr. F. J. Shepherd then moved, seconded by Mr. John Patterson, that the thanks of the meeting be presented to the President, the Vice-President and Directors, for their attention to the interests of the Bank.

In presenting this resolution, Dr. Shepherd said: "I take great pleasure in presenting this vote of thanks. At the same time I wish to congratulate the President and other Directors on the absorption of the Bank of British North America on such equitable terms. We Shareholders owe a debt of gratitude to the President and Directors for the conservative and careful manner in which they have managed the affairs of the Bank during this terrible war period. I am sure with the record they have made during the past four years we can rely upon them to carry on the affairs of the Bank as satisfactorily as in the past. We are thoroughly satisfied with the report presented to us to-day, and I know that we all feel confident that with such careful, far-sighted management, in the troublous times ahead, our financial ship will be guided into a safe harbour, and will navigate safely through the dangers of the reconstruction period."

In seconding the resolution Mr. John Patterson said that the Shareholders owed a vote of thanks to the President and Directors for their devotion to duty and far-sighted policy. He remarked: "When it comes to the successful handling of such a sum as \$558,000,000 of the people's money, and doing it with such conspicuous success, the work of those who have achieved this demands not merely our thanks, but our admiration."

The motion was unanimously adopted, with applause.

The President: "On behalf of the Vice-President, the Directors and myself, I thank you for your kind expression of continued confidence in our ability to carry on the business of the Bank."

Mr. H. R. Drummond moved, seconded by Mr. H. Kennedy, that the thanks of the meeting be tendered the General Manager, the Assistants General Manager, the Superintendents, the Managers, and other Officers of the Bank, for their services during the past year.

In presenting this motion, Mr. Drummond said: "I would like the General Manager and his assisting officers and the whole staff of this Bank to feel that this resolution is no mere perfunctory resolution by the Shareholders. The President and Directors, of course, direct the affairs of the Bank, but the actual work of the Bank is that of the General Manager and his assisting staffs. The wonderful results achieved during the past year show that they have all accomplished that work in a thoroughly efficient manner. (Hear, hear.)"

"This Bank is such an enormous institution that the responsibilities of conducting its affairs are constantly increasing, and when we are drawing our dividends and bonuses the Shareholders should make their thanks reach right down to the staffs and clerks to whose devotion to duty we owe these results." (Applause.)

Mr. W. R. Miller: "May I say something about the amalgamation of the Bank of British North America. The General Manager has referred to the anxieties of the past year in conducting the affairs of a great Bank. The Staff of the Bank of British North America, it having gone out of existence, I take it, will receive no expression of thanks. May I suggest that it would be a graceful act to link up these officials and staffs with those of the Bank of Montreal in this resolution."

The General Manager: "I am greatly indebted to Mr. Drummond for the terms in which he referred to my services and those of the Assistants General Manager, the Superintendents,

Managers, Inspectors and the General Staff during the past year, and to Mr. Kennedy for the manner in which he supported the motion.

"On behalf of Mr. Mackenzie, the former General Manager of the Bank of British North America, and his staff, I would thank Mr. Miller for his well-deserved commendation. It would be difficult to measure with any ordinary adjectives of praise the attitude of this Bank and its staff during this war period. I am not referring alone to the men with the colours. They are beyond praise. Nor do I refer to the dead. They are honoured with our unchallenged admiration. I refer now to the officers, the men and women clerks at home, who, with long hours and few holidays, have done their share, inconspicuously but splendidly, toward the winning of a glorious victory for the Empire." (Applause.)

ELECTION OF DIRECTORS.

The ballot for the appointment of Auditors and the election of Directors for the ensuing year was then proceeded with. The Scrutineers appointed for the purpose reported that Messrs. James Hutchison, C.A., J. Maxtone Graham, C.A., and George Creak, C.A., were duly appointed Auditors, and the following gentlemen duly elected Directors:—D. Forbes Angus, R. B. Angus, J. H. Ashdown, H. W. Beauclerk, Colonel Henry Cockshutt, H. R. Drummond, G. B. Fraser, Sir Charles Gordon, G.B.E., C. R. Hosmer, Harold Kennedy, Wm. McMaster, Sir Vincent Meredith, Bart., Major Herbert Molson, M.C., Lord Shaughnessy, K.C.V.O.

The meeting then terminated.

At a subsequent meeting of the Directors, Sir Vincent Meredith, Bart., was re-elected President, and Sir Charles Gordon, G.B.E., was re-elected Vice-President.

BANK OF MONTREAL.

(ESTABLISHED OVER 100 YEARS)

INCORPORATED BY ACT OF PARLIAMENT.

HEAD OFFICE—MONTREAL.

BOARD OF DIRECTORS

SIR VINCENT MEREDITH, BART., *President.*

SIR CHARLES GORDON, G.B.E., *Vice-President.*

R. B. ANGUS, ESQ.

LORD SHAUGHNESSY, K.C.V.O.

C. R. HOSMER, ESQ.

H. R. DRUMMOND, ESQ.

D. FORBES ANGUS, ESQ.

WM. MCMASTER, ESQ.

MAJOR HERBERT MOLSON, M.C.

HAROLD KENNEDY, ESQ.

H. W. BEAUCLERK, ESQ.

G. B. FRASER, ESQ.

COL. HENRY COCKSHUTT.

J. H. ASHDOWN, ESQ.

SIR FREDERICK WILLIAMS-TAYLOR, *General Manager.*

F. J. COCKBURN, *Assistant General Manager and Superintendent
Quebec Maritime & Newfoundland Branches.*

H. B. MACKENZIE,
*Assistant General Manager
and Superintendent Bank of
British North America Branches.*

G. C. CASSELS,
*Assistant General Manager
and Manager London
Branches.*

D. R. CLARKE,
*Assistant General Manager
and Superintendent Ontario
Branches.*

E. P. WINSLOW,
Superintendent Western Branches.

CAPITAL <i>authorized</i>	-	-	-	-	-	-	\$29,000,000.00
CAPITAL <i>paid up</i>	-	-	-	-	-	-	16,000,000.00
REST AND UNDIVIDED PROFITS,	-	-	-	-	-	-	17,901,613.22
TOTAL ASSETS	-	-	-	-	-	-	558,413,546.12

