

1919 BANK OF MONTREAL

ANNUAL GENERAL MEETING

HELD 1ST DECEMBER, 1919

(From THE GAZETTE, December 2nd, 1919.)

The 102nd 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, S. M. Baylis, E. W. Beatty, K.C.; H. W. Beauclerk, D. R. Clarke, Colonel Henry Cockshutt, Huntly Drummond, Edward Fiske, J. Jeffrey Fiske, C. J. Fleet, K.C.; Hon. Geo. G. Foster, K.C.; G. B. Fraser, Dr. Wm. Gardner, Sir Charles Gordon, G.B.E.; J. Maxtone Graham, C.A.; Lt.-Col. G. R. Hooper, C. R. Hosmer, L. Julien, Harold Kennedy, T. Marion, Chas. Meredith, Sir Vincent Meredith, Bart.; W. R. Miller, Lt.-Col. Herbert Molson, M.C.; S. Geo. McElwaine, Wm. McMaster, Campbell Nelles, Hugh Paton, John Patterson, Alfred Piddington, Henry E. Rawlings, James Rodger, A. G. Ross, Rt. Hon. Lord Shaughnessy, K.C.V.O.; E. P. Winslow.

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.-Col. 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 102nd Annual General Meeting, held Monday, December 1st, 1919.

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, 1919.

Balance of Profit and Loss Account, 31st October, 1918.....	\$1,901,613.22
Profits for the year ended 31st October, 1919, after deducting charges of management, and making full provision for all bad and doubtful debts.....	3,314,227.38
Premiums on New Stock.....	3,500,000.00
	\$8,715,840.60
Quarterly Dividend 3 per cent. paid 1st March, 1919.....	\$572,250.00
Quarterly Dividend 3 per cent. paid 1st June, 1919.....	600,000.00
Quarterly Dividend 3 per cent. paid 1st Sept., 1919.....	600,000.00
Quarterly Dividend 3 per cent. payable 1st Dec., 1919.....	600,000.00
	\$2,372,250.00
Amount credited to Rest Account.....	4,000,000.00
War Tax on Bank Note Circulation to 31st October, 1919.....	190,986.17
Subscriptions to Patriotic Funds.....	39,750.00
Reservation for Bank Premises.....	300,000.00
	6,902,986.17
Balance of Profit and Loss carried forward.....	\$1,812,854.43

Since the last Annual Meeting, Branches were opened at forty-three points throughout the Provinces of the Dominion, and five in Newfoundland, as well as an office in Paris, France.

Four temporary offices were closed, including that at Trafalgar Square, London, England, which was opened for the convenience of the troops.

Following the absorption of the Bank of British North America, the business of the two Institutions has been merged at twenty-two points.

We have taken out a California State charter in the name of the British American Bank, in which we own a controlling stock interest, and this, in conjunction with our license for operating a branch of the Bank of Montreal, provides us with complete facilities for conducting our increasing business in San Francisco.

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

(Signed) VINCENT MEREDITH,
President.

Bank of Montreal, 1st December, 1919.

THE GENERAL STATEMENT

The General Statement of the position of the Bank on 31st October, 1919, was read as follows:—

LIABILITIES

Capital Stock		\$20,000,000.00
Rest	\$20,000,000.00	
Balance of Profits carried forward	1,812,854.43	
	\$21,812,854.43	
Unclaimed Dividends	8,621.49	
Quarterly Dividend, payable 1st Dec., 1919	600,000.00	
	22,421,475.92	
		\$42,421,475.92
Notes of the Bank in circulation	\$43,922,844.00	
Deposits not bearing interest	129,946,641.02	
Deposits bearing interest, including interest accrued to date of statement	312,655,964.44	
Deposits made by and Balances due to other Banks in Canada	2,110,833.25	
Balances due to Banks and Banking Correspondents elsewhere than in Canada	4,122,490.91	
Bills Payable	4,334,342.79	
	497,093,116.41	
Acceptances under Letters of Credit	4,895,505.49	
Liabilities not included in the foregoing	894,711.67	
		\$545,304,809.49

ASSETS

Gold and Silver coin current	\$24,742,654.64	
Dominion notes	49,865,151.50	
Deposit in the Central Gold Reserves	25,200,000.00	
Balances due by Banks and Banking Correspondents elsewhere than in Canada	\$13,856,808.36	
Call and Short (not exceeding thirty days) Loans in Canada, on Bonds, Debentures and Stocks	2,583,910.00	
Call and Short (not exceeding thirty days) Loans in Great Britain and United States	78,255,625.37	
	94,696,343.73	
Dominion and Provincial Government Securities not exceeding market value	63,984,255.10	
Railway and other Bonds, Debentures and Stocks not exceeding market value	8,517,835.56	
Canadian Municipal Securities, and British, Foreign and Colonial Public Securities other than Canadian	47,041,359.70	
Notes of other Banks	2,744,153.99	
Cheques on other Banks	21,189,104.58	
	\$337,980,858.80	
Current Loans and Discounts in Canada (less rebate of interest)	164,182,581.03	
Loans to Cities, Towns, Municipalities and School Districts	15,092,718.13	
Current Loans and Discounts elsewhere than in Canada (less rebate of interest)	15,903,424.98	
Overdue debts, estimated loss provided for	549,133.12	
	195,727,857.26	
Bank Premises at not more than cost (less amounts written off)	5,500,000.00	
Liabilities of Customers under Letters of Credit (as per Contra)	4,895,505.49	
Deposit with the Minister for the purposes of the Circulation Fund	1,038,166.60	
Other Assets not included in the foregoing	162,421.34	
		\$545,304,809.49

VINCENT MEREDITH,
President.

FREDERICK WILLIAMS-TAYLOR,
General Manager.

TO THE SHAREHOLDERS OF THE BANK OF MONTREAL.

We have checked the Cash and verified the Securities of the Bank at the Chief Office on the 31st October, 1919, and also at another time as required by the Bank Act, and we have found them to be in accord with the books of the Bank. We have also checked the Cash and verified the Securities at several of the Principal Branches of the Bank at various times during the year. We have obtained all information and explanations required, and all transactions that have come under our notice have been, in our opinion, within the powers of the Bank. We have compared the above Balance Sheet with the books and Accounts at the Chief Office of the Bank, and with the certified Returns received from its Branches, and we certify that in our opinion it exhibits a true and correct view of the state of the Bank's affairs according to the best of our information, the explanations given to us, and as shown by the books of the Bank.

MONTREAL, 18th November, 1919.

J. MAXTONE GRAHAM, }
JAMES HUTCHISON, } Auditors.
GEORGE CREAK, }
Chartered Accountants.

THE PRESIDENT'S ADDRESS

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

General trade in practically all branches has been active and profitable during the year and the Bank has participated in the general prosperity. The balance sheet shows profits in moderate proportion to the resources employed and yet, I trust, not unsatisfactory to the Shareholders. That reaction from the feverish activities and high prices produced by the vast conflict which so many apprehended has not occurred, nor can it be said to be impending. The feeling as to the future is less optimistic than it has been, but the great pressure on our agricultural and manufactured resources caused by home and foreign demand shows no sign of abatement.

Though marked by a high degree of prosperity, the year has also been one of world-wide labour unrest, with demands for increased wages and shorter working hours, culminating in strikes and disorder, with resultant decreased efficiency, lessened production and greater cost of output. This unrest may in a measure be attributable to unsatisfactory pre-war conditions, but probably in a greater degree is the result of unsettlement due to the abnormal nervous strain of the great war.

In one important respect, normality has come again—the mercantile sea-going tonnage of the world has been restored to pre-war dimensions and is rapidly being increased, an accomplishment that should soon permit of regularity in the carriage of overseas trade and in a reduction in freight rates and cheapened cost of commodities.

The high cost of living, about which so much is being said and for the relief of which so many remedies are suggested, is a world-wide, not a local, condition. It is due in part to the large volume of currency now in circulation, which to a considerable extent must be regarded as credit expansion largely the result of Government borrowings and the disbursement of the proceeds thereof, together with post-war activity.

The deprivations of the past five years have induced an orgy of self-indulgent expenditure by the general public, to which has been added lavish outlay by many people who amassed fortunes during the war. All these are contributing factors, but they affect to only a limited extent the high costs, which are without doubt the direct result of the pressing demands of European countries for commodities of every nature at abnormally high prices. We cannot, therefore, expect any considerable amelioration in living conditions until the world's demands are satisfied and Europe once more returns to an exporting basis. Every effort is being made to this end, but it must of necessity come gradually. Food and prices will without doubt be the soonest overcome, and I think we may look forward confidently to a reduction in the cost of all commodities both at home and abroad after another harvest, to be followed in natural sequence by a reduction to some extent in the scale of wages; but the process promises to be gradual, and marked and rapid decline in the near future do not seem probable.

The foreign trade of the Dominion has been well maintained, and the outlook gives no cause for apprehension of an early recession. The latest available figures, those of the seven months ending October 31st, show imports to have been \$543,670,000 and exports \$688,890,000. As compared with the corresponding period last year, there was a decline of \$16,400,000 in imports and of \$31,200,000 in exports, a relatively insignificant decrease, while the favourable balance of trade has this year been \$145,200,000. The price index of commodities not having materially varied during the periods under review, the deduction may be made that the volume of our foreign commerce has not greatly changed, although the figures of particular products have fluctuated considerably. Thus, the export of foodstuffs was larger in value by \$114,200,000 this year than last, in the seven months, and the export of wood and wood products, including

paper, \$25,800,000 larger. On the other hand, miscellaneous exports, which include munitions, show a decrease of \$141,600,000.

With the exception of the United States, the gold holdings of all the belligerent countries have been depleted during the war to meet adverse trade balances, and their economic condition has been greatly weakened, the value of the pound sterling, in terms of the American dollar, being reduced to £4.00, the mark to 2½c., the franc to 10c., and our own currency by 4% to 5%.

The depreciation of currency, however, is not wholly an unmixed evil, as it acts as a corrective to adverse trade balances by checking imports and stimulating exports.

In the absence of gold, large issues of paper money have been made necessary in all countries to meet the demand for a circulating medium in consequence of abnormal business activity, coupled with war expenditures. The effect has been the demoralization of all exchanges.

To restore the reserves of metal and provide an effective gold standard correcting the over-issue of paper money will take time, and can only be brought about by economy and increased exports. The stabilizing or pegging of exchange I believe to be inadvisable, owing to its prohibitive cost. In any event, it would be futile to attempt to do so until there is a cessation of Government borrowings.

The relation of gold reserve to note circulation is a question on which divergent views are held, one school of economics demanding the restoration and maintenance of an effective gold standard and the other contending that goods and services, combined with gold, form an adequate and more elastic reserve.

I am not sure that it is not the part of wisdom to depart from old notions of the rigidity of the gold reserve, and recognize that we are justified in enlarging our note-issuing powers to respond to all legitimate business demands in periods of great trade activity or emergency, provided such expansion is based on self-liquidating securities. If used to cover discrepancies in revenue, it is then a form of inflation wholly unjustifiable, bringing with it, as it does, the well-known evil effects of a depreciated currency at home, besides greatly damaging our credit in the eyes of the financial world.

There are three indispensable factors to the upbuilding of Canada—immigration, production and exports. Immigration during the last five years has been negligible owing to the war. In the first seven months of the current fiscal year, new arrivals numbered 82,893, of whom 42,377 came from Great Britain and 35,949 from the United States. While these figures do not represent a large movement as compared with several pre-war periods, they show a gain of 51,734 immigrants, or about 166 per cent. over the corresponding months last year. After-the-war emigration of foreign-born has taken place in fairly large volume, the exact figures of which are not obtainable.

In my judgment, it is of vital importance that our unoccupied areas be settled and made productive with as much rapidity as possible, the future prosperity of the country and ability to meet our debts largely depending on increased production. It is believed that nations will not war again in this generation, and the objection to the incoming of alien people is in consequence mitigated. The coming should not, therefore, be made too fine. The economic gain of a large immigration to develop our basic industries cannot be overestimated, particularly at a time when war has left many nations impoverished in food and denuded of commodities which Canada is capable of supplying.

There is reason to believe that the policy of the energetic Minister of Immigration will be broad-based, and that its fruits will be manifested in an increasing influx of settlers upon the land of domestic servants and of artisans and labourers. Indications are already given of a large movement in the spring from the United States into our Western Provinces, attracted by the

superior productivity of our soil and its comparative cheapness, and I think we may reasonably hope for a considerable immigration from the countries of our late Allies and from the Scandinavian kingdoms.

The state of the national finances deserves a wider and more profound consideration than the subject appears to receive. The net debt, which before the war was \$331,000,000, had on October 31st last reached the vast sum, having regard to population, of \$1,785,000,000, an increase of more than five-fold in as many years. That debt is still mounting, and by the close of the current fiscal year, that is to say on March 31st next, will not be less than two thousand million dollars and probably more. The situation is a serious one, though mitigated by the fact that our debt is largely internal. We cannot go on borrowing indefinitely, and it is a certainty that we shall have to bear a much heavier burden of taxation than formerly for many years to come. To repeat the formula that has been heard so frequently but to which, unfortunately, sufficient attention has not been paid, relief is to be found in immigration, harder work, greater efficiency, increased production and thrift. To these agencies must be conjoined rigid economy in all private and public expenditure.

There arises in this connection the question of methods of taxation, which may require readjustment to meet post-war conditions. Trade is being hampered by a somewhat penalizing excess business profit tax, and unless this impost is speedily reduced, or abandoned altogether, we cannot meet unencumbered competition on equal terms. Furthermore, enterprise and expansion are stifled and foreign establishments deterred from entering the Canadian industrial field. Taxation should be so distributed that it will not have the effect of making this country too dear to live in and thereby divert intending residents to other countries.

Doing away with many exemptions and imposing taxation on all classes of the community who have the ability to pay, and placing a high tariff upon imported luxuries would, I believe, cause little hardship and considerably ease a strained financial situation, besides giving all persons in Canada a more immediate interest in the economical administration of our public affairs.

Canada can and will meet all her obligations, and of her ability to do so no more conclusive evidence need be given than the immense subscription to the recent Victory Loan.

With regard to the subject of foreign trade, it is only a matter of time before increased production will overtake domestic demands, and, unless preparations are made in advance for finding markets overseas for our exportable surplus of raw materials and manufactured goods, our uninterrupted prosperity may be checked. The needs of foreign countries are great and pressing, and profitable business awaits the Canadian exporter, but it cannot be acquired unless long-term credits are provided.

Our Government has been far-sighted in giving assistance in this direction and, no doubt, is prepared to extend further aid, provided exporters, who reap the benefit, will assume a proportion of the risk.

Self-interest alone would seem to dictate that credit facilities be extended to those countries who can demonstrate their ability to pay if given reasonable time, and we would thus avoid the possibility of abrupt changes in industrial conditions and bring about a gradual return of international trade equilibrium.

I cannot close without voicing what, I am sure, is the feeling of every Canadian—that the recent visit to Canada of His Royal Highness the Prince of Wales not only gave abiding pleasure to every class of our population, but rendered a great and memorable service to the Empire in strengthening the Throne in the affection and confidence of the people, and by drawing still closer the ties which bind the commonwealth of nations over which he is destined to reign.

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 balance sheet to the 30th October last, which I now submit for your approval, covers a round period of twelve months following the armistice.

The economic and financial difficulties that confronted the country during the war have since changed in nature, but have not disappeared by any means. There is an aftermath of problems which Canada must face and in which bankers are vitally concerned. At present there is great trade activity; yet our national debt grows apace, with attendant ills. Therefore, even with a full measure of faith in our country, I find the near future difficult to visualize. We derive a measure of consolation in comparing our lot with that of countries worse off than our own, but contiguity and ambition direct our eyes towards that country to the south which has benefited so vastly by the war.

It is no reassuring reflection that the United States has already reduced its war debt by some \$800,000,000, while we confront an increase of \$600,000,000 for the current year. It seems obvious, however, that though fate has treated the two countries differently, any prosperity experienced in the United States must be reflected in Canada. Our true comfort, as well as our pride, is that the Dominion did its duty in the great war as a part of the British Empire. No Canadian would have it otherwise, and therefore we face the cost with stout hearts and the future with watchful serenity.

Turning to the special features in our balance sheet and the points of interest arising therefrom, I might say, first, that the absorption of the Bank of British North America has been so smooth and so complete that no ripple appears upon the surface of our affairs. We believe its friends and officers alike feel at home in the Bank of Montreal.

Since presenting the last balance sheet there has been an increase in our capital stock of \$4,000,000, with a corresponding increase in Rest Account. Both items now stand at \$20,000,000. The increases are primarily in connection with the acquisition of the Bank of British North America.

Shareholders of that Bank were accorded the option of taking cash or exchanging their holdings into Bank of Montreal shares on a determined basis. After the allotments had been made under this arrangement, our own shareholders accepted the opportunity of subscribing for the limited remainder of capital shares to bring the whole up to \$20,000,000. Our authorized capital is \$28,075,000.

Many of our banking transactions during the post-bellum year under review were unusual in character and of special interest. They need not be described in a report of this nature. It will suffice to say that they have added to the strength and prestige of the Bank.

Our profits for the year have been satisfactory, enabling us to provide the usual return of 12% on capital and make adequate provision for doubtful debts.

It seems to me of sufficient importance to bear repeating that there has been no profiteering whatever by the banks of Canada, for the price of money has not been raised. Alone of all commodities, the cost to the borrower of loanable funds of the banking institutions of this country remains unchanged. Not only is this the case, but, speaking for ourselves, it seems only proper for the shareholders to know that in handling business entrusted to us by the several Governments during the war and since, our policy has been to charge only the narrowest of commissions and minimum interest rates. In many instances, where the services were of a war character, we have acted free of charge.

The Bank's earnings have been maintained through fuller employment of our reserves, the ratio of our liquid assets to liabilities being 67% as compared with 71% a year ago. There

has been no restriction of credit to our commercial borrowers. All legitimate applications of this nature have been granted. Also we have loaned freely to subscribers against the security of the various war loans, and to Municipal, Provincial and Federal Governments as required.

It is pertinent to mention that, in the ordinary trade of the country, money has been made so easily and with so little risk since 1914 as compared with ordinary times that our Banks, in turn, have operated with unusual freedom from losses. As a measure of prudence, however, we provide for contingencies, a policy with which we feel sure you will be in accord.

The practical evidence of Canada's fortunate trade conditions lies in the fact that commercial failures for the twelve months ended 31st October were 766, as compared with 904 for the previous corresponding period and with 1669 in our bank year 1912-1913.

That outstanding subject, the high cost of living, has been dealt with by your President, but I might add that the inevitable decline in prices is at least nearer, and it is to be hoped that the delay is not lulling dealers into the erroneous belief that the standards of these last few years will continue indefinitely. Misconception on this point would constitute a menace alike to borrower and banker. It seems certain that food prices will drop presently and that all commodities must decline in price; therefore great care and scrutiny of credits on the part of bankers and other business men are imperative.

Our savings deposits continue to grow satisfactorily both in volume and in number. The fact that we are custodians of deposits of a special nature inevitably causes our total figures to fluctuate heavily. Our total deposits are \$442,000,000, being \$27,000,000 less than a year ago. Our deposits ten years ago were \$173,000,000.

The total deposits of all Canadian Banks are now \$2,360,000,000, as compared with \$2,085,000,000 a year ago and \$832,000,000 ten years ago.

Our current loans in Canada also vary largely in volume. The total is now \$164,000,000, as compared with \$146,000,000 at the corresponding date last year.

Our provincial and municipal borrowers continue to exercise caution in the matter of capital expenditure. Loans in this class aggregate \$15,000,000.

The Bank's premises account has been reduced by \$560,000 through the sale of certain banking properties not required.

Among our assets, the item Dominion and Provincial Government securities, including loans to the former, now stands at \$64,000,000. A year ago the total was \$46,800,000. The total holdings of all the banks, as indicated by the Government return of October 31st, was \$351,230,000.

The premium on New York funds, the increase in our national debt and in our Canadian currency circulation, are matters of deep interest and should be studied by all.

The purchasing power of the Canadian dollar in the United States has decreased, as reflected in the premium on New York funds. A year ago it cost two dollars to send one hundred dollars to the United States of America; to-day the cost is four dollars and seventy-five cents.

Exchange is now a subject which, as an English authority states, "insists on bringing itself to the attention of all kinds of people who hitherto regarded it as a sort of mysterious cryptogram with which they had no practical connection." In elementary terms, more money continues to flow out of Canada than comes in, thus creating a net balance against us after taking all transactions into account. New York being our natural clearing house for transactions with Great Britain and the rest of the world it is clear that the present extraordinary cost of sending money to the United States would not exist but for the fact that we cannot spare the gold with which to pay the net balance in question against this country, while, in common with all countries, our legal tenders are naturally not current abroad.

We should have precisely the same conditions between our own Provinces, were it not that our legal tenders and bank notes are current throughout the Dominion.

It is true the balance of trade was in favour of Canada to the extent of \$340,000,000 for the year ended 31st October last, but whereas we paid for all our purchases abroad, we have, in the same period, shipped goods on credit to England and Continental countries to the extent of many millions not easy to estimate, besides sending out of Canada annually about \$200,000,000 interest on our recorded indebtedness abroad, mainly to Great Britain and the United States. These factors alone would not create an adverse exchange to the extent that exists, but, in addition, there are the invisible earnings in the Dominion of foreign business corporations, chiefly American, seeking return to proprietors abroad. The disadvantage Canada is under in respect to the premium on New York funds will last until the ebb and flow of such funds are equal. Repayment to Canada of the moneys, aggregating \$420,000,000, owed us by Great Britain and the Allies would quickly cause the premium in question to disappear. We naturally shall be repaid in the fullness of time, but it is well to bear in mind that an alleviation of the penalty can as surely be found by diminution of imported luxuries as it is certain that the penalty, in part, is caused by such importations. Also, the situation could be relieved by borrowing in the United States, but this course is to be deprecated and would not be a cure, but merely postponement of payments. As indicated by your President, the true remedy lies in increased production and the economy that would be reflected in resumption of those personal sacrifices of pleasure made during the war. It is here in place to remark that in the eyes of Europeans the people of North America are extravagant and wasteful.

Since the outbreak of war, Canada has created fresh domestic credit instruments in the form of bonds of \$2,100,000,000. The increase of circulation and of bank deposits followed as a natural sequence.

Our Bank and Government note circulation is now \$52,000,000, as compared with \$235,000,000 in 1913, an increase of \$295,000,000. In the same period the total gold held in Canada has increased \$60,000,000.

Canadian provincial government, municipal and industrial public loan flotations, during the twelve months under review, were \$117,500,000, of which, in round figures, \$90,000,000 was placed in the United States. The discount on the Canadian dollar attracted material American buying of such securities, especially of those domiciled in New York.

In Great Britain, the dollar exchange situation is the cause of much anxious thought. Meanwhile, the present low value of the pound sterling in America encourages special operations such as the purchase in London of Canadian and American securities. These operations help to correct the abnormal conditions and, granted a reasonable attitude on the part of labour, there is ground to justify confidence regarding future financial and industrial conditions.

Considering the time, money continues plentiful in England at moderate rates, and there is no thought on the part of London of surrendering an historic position as the financial centre of the world.

As in the previous years of war, our London office has been cut off from the important business of issuing loans for Canadian borrowers, but, on the other hand, it has increased greatly in importance and utility as an administrative centre for our foreign business, and is steadily growing in value to our branches on this side of the water.

The Dominion Government, in July of this year, borrowed \$75,000,000 in New York for refunding purposes. The terms paid by the Government were onerous yet unavoidable. Evidence that the price of issue was in keeping with American market conditions lies in the fact that there has since been no

rise in the quoted price. Incidentally it may be mentioned that Canada secured as good terms as in the case of the recent British loan of \$250,000,000 in the same market.

A sign of the times is the buying power for first-class securities created throughout the Dominion. This is a healthy and desirable condition induced by Government war loans and war savings certificates. It is vital that Canadians should recognize the virtue of saving. As between production and thrift, though they should go hand in hand, the latter is fundamental and leads naturally to the former.

We have opened 49 branches during the year. We will open more as and when circumstances justify.

Our Paris office is well established in attractive premises, and has already proved its value locally and as a link between our extensive European connections and London, New York, Chicago, San Francisco and Canada.

Our branch in Trafalgar Square, London, which was opened to provide extra facilities for Canadian soldiers, has been closed and the business merged in our Waterloo Place office. It is our hope that our many friends who were familiar visitors in uniform at the latter will continue to make full use of our facilities when they revisit London, whether in a military or civilian capacity.

It will interest you to know that on my recent trip to the Pacific Coast, when I travelled nine thousand miles in visiting various branches of the Bank, I met some 110 of our Managers, and returned more than ever satisfied with the personnel, the intelligent loyalty and devotion of our ever-increasing staff of officers.

Such meetings are advantageous to the Bank and an inducement also to close relations between the Bank and its friends at distant points.

It is impressive and satisfying to view the Dominion's greatest quick asset, the rich wheat areas of our three Western Provinces, at harvest time. While this year the yield was not up to the mark, the Western farmers had much to be thankful for.

In British Columbia, one is struck by the confidence of the people in the future of their rich and beautiful Province, with its wonderful climate. It is a healthy sign that the men of affairs in the West hold such sane views concerning the outlook locally and for the Dominion at large.

I hope that time may presently permit me to visit other divisions, as I did British Columbia and the North West.

In concluding, I have no hesitation in expressing the belief that the affairs of the Bank have never been in a healthier state. Our domestic business is expanding satisfactorily, our foreign branches and connections have been adequately extended to meet the development of the country's trade, and, what is most important, we are well equipped in point of staff. Altogether, I feel that we are well prepared to meet any conditions and contingencies that may arise.

Our Superintendents have reported on Provincial Conditions as follows:

QUEBEC

The cut of lumber during the past season was not as large as usual. Practically all stocks have been sold and shipped out. Prices were high. Labour conditions show improvement and a larger cut is looked for this winter.

The demand for pulpwood from the United States was uneven, but stocks have been well disposed of and high prices are expected to be maintained.

The paper mills of the Province continue working to capacity, the demand for newsprint and better qualities of print papers exceeding the supply.

Manufacturing in nearly all lines has been generally satisfactory, although production is still limited by scarcity of skilled labour and raw materials.

Hay and cereal crops were average. Root crops were large, but potatoes suffered from rot. Pasturage was good, and dairy products will show an increase.

With the exception of asbestos, there is little mining done in the Province. Asbestos prices are good and shipments are well maintained.

The fur business has been good, and boot and shoe manufacturers find difficulty in supplying the demand.

Shipbuilding continues active, a number of large steel vessels having been launched from different yards during the year.

The wholesale and retail trade was most satisfactory; collections were good and failures show a decrease.

There have been no exceptional expenditures during the year by the Dominion or Provincial Government, and municipalities have limited disbursements to necessary works. Practically no railroad construction was undertaken.

There is very little speculation in real estate; values and rentals are both high.

General conditions, both in cities and rural districts, are good, with no apparent slackening in trade since the termination of the war. The housing problem is everywhere acute, and those dependent on a fixed income are seriously affected by the abnormal cost of all necessaries.

ONTARIO

Manufacturing in Ontario has been limited only by shortage of supplies and disturbances in labour. Government credits for goods sold to Europe have stimulated manufacturing, and domestic demands have been insistent. New industries have been started, and a number of successful manufacturing concerns in the United States have been making enquiries with the intention of locating in Ontario.

Ontario farmers have been steadily bettering their position in recent years, installing modern equipment and improving their modes of living. The past year has been one of fair crops and high prices. A wet spring was followed by an exceptionally dry summer, and grain crops, with the exception of fall wheat, fell below the average. Root crops were good; corn and tomatoes were a record yield; the season was poor for all fruit except grapes. Cheese production showed a falling off. There is a shortage of hogs; sheep raising is on the increase. The cattle situation is somewhat unsettled, owing to the limited amount of feed available for carrying through the winter.

The production of lumber has been seriously reduced owing to shortage of labour. 1919 has been an excellent marketing year, with heavy sales to Great Britain and the United States, and a steady domestic demand for all classes of lumber. Prices have been unusually high, there is no accumulation of stocks on hand, and notwithstanding the scarcity of labour and increased costs of operating, the year has been a successful one. Pulp and paper have been in large and increasing demand, with soaring prices for the latter.

Mining production during the year has been curtailed. The demand for nickel fell off after the Armistice; strikes lessened the silver output. Both these situations are improving and larger production has taken place at the gold mines.

Both wholesalers and retailers report it easy to sell goods. Credits are shortened and bad debts negligible.

Larger expenditures were generally made by municipalities this year in an effort to overtake works postponed during the war.

Population shows a general increase, with a tendency to drift to urban and manufacturing centres.

Values in real estate are steadily increasing. So little building took place during the war that there is now a general shortage, particularly in dwelling houses, and in consequence there is much

activity in real estate and an improvement in the building trades.

There has been a continued extension in hydro-electric power during the past year, and works at Nipigon and Chippewa, as well as at other places less important, will within the next two years add very largely to the available power for manufacturing and other purposes throughout Ontario.

Generally speaking, the year has been one of great activity throughout the Province.

MARITIME PROVINCES

The past fishing season has been successful, the catch being almost a record one. Prices are lower, however, and ocean transportation is still restricted. The American, West Indian and Southern Brazil markets will probably take most of the available supply.

The output of coal was below last year's figures, owing to a slackened demand, a shorter working day and labour unrest. Steel plants show a decreased output. The construction of the new plate mill at Sydney nears completion, and when in operation will be a factor of great importance commercially to the whole Dominion.

The lumber cut was above that of last year and has been largely sold to the British and French Governments at high prices. The demand is good from the United States, but sales have been curtailed owing to transportation difficulties. Labour is more plentiful and, notwithstanding high wages and the excessive cost of provisions, indications point to an average cut this coming winter.

The crop of hay and cereals was above the average. Root crops were again large, but potatoes were slightly damaged by rot. Fruit harvested in good condition was almost a record crop.

Manufacturing along conservative lines shows steady progress.

Owing to continued excellent prices received for farm products, fish and lumber, and the high wage scale, both wholesale and retail trades have been good, with few and unimportant failures.

The Dominion Government expenditures have been largely confined to work on ocean terminals at Halifax and to the dry dock and breakwater at Courtenay Bay, St. John.

Provincial and municipal expenditures have been limited to necessary works.

A steel shipbuilding plant is being built at Halifax, and four steamers are already in course of construction. Small wooden vessels continue to be built in Nova Scotia and New Brunswick, although the demand is not so good as a year ago.

Business in the Maritime Provinces has been little affected by the change from war conditions to those of peace, and trade activity continues.

PRAIRIE PROVINCES

During part of the past season extensive areas in Saskatchewan and Alberta experienced, in common with the North-Western States, severe drought and loss of crops, but owing to good yields in other areas and to high prices the value of grains raised exceeded that of the year 1915, when the largest crop in the history of the West was produced.

Failure of pasture and hay in certain districts caused anxiety to ranchers, and while autumn rains brought relief, the scarcity and high price of feed for winter use forced the sale of some unfinished cattle at prices adversely affected by worse conditions in the United States. The high value of wool has encouraged sheep ranchers to pay prevailing prices for winter feed and carry over flocks. Heavy and profitable yields from irrigated lands are giving a new impetus to irrigation, which already stabilizes the live stock industry in Southern Alberta.

Saw mills were in active operation during the past season and found a ready market at profitable prices.

Coal, a most important natural asset of Alberta and Saskatchewan, especially of the former, has not been produced in quantity to equal demand, strikes and labour shortage having reduced the output.

There has been renewed activity in the search for oil in Alberta. In Northern Manitoba, gold and copper prospects are receiving increased attention and attracting capital.

Results from the summer fishery in the West were satisfactory. The principal source of supply at present is Lake Winnipeg, from which whitefish alone to the limit of three million pounds was taken. Other important fisheries are at Lesser Slave Lake and Lac la Biche.

Some progress has been made in carrying out an extensive plan to develop new power at the Winnipeg River, Manitoba.

There are many evidences of increase in the population. Immigration desirable in character, although not yet large, shows a substantial increase over last year (1918), while the figures are small compared to pre-war years.

Central city real estate has been firmer in price, and small dwellings are in great demand. Farm lands have sold freely at new high prices.

Trade, wholesale and retail, has been good. Manufacturers have operated their plants to capacity or limit of labour, and have found a ready market.

The past season witnessed fresh activity in constructing branch railway lines, although all plans could not be carried out owing to shortage of labour.

The West on the whole has had a prosperous year, exceptions being the districts in which crops were lost through drought.

The two visits of H.R.H. the Prince of Wales were the happiest and most important events in many years.

BRITISH COLUMBIA

In the opening months of the year the lumber trade was dull, but in the spring a heavy demand arose in the United States and accumulated stocks were disposed of at rising prices. Great activity prevailed during the summer and autumn. The demand for cedar shingles has been good, and prices have reached unprecedentedly high figures. The outlook for the coming year is exceptionally good, both in domestic and foreign markets. The pulp and paper mills have been busy, and their product is on the increase. Shipments are largely to the Orient and to the Antipodes.

The total salmon pack, while not quite so large as last year, brought high prices, and the result proved satisfactory. The halibut fishery is decreasing, due to over-fishing of the banks. All things considered, the fishermen have had a profitable year.

Mining development throughout the Province has been retarded by unsettled labour conditions and the high cost of supplies, and the total output for the year is not expected to be as high as that of 1918. Mining is being carried on in a practical, businesslike manner, and there is no speculation in mining stocks.

Grain crops were affected by drought and were below the average. Fruit and vegetables have been good crops with prices ruling high. More attention is being given to agriculture, and farmers and growers generally have had a profitable season.

The shipbuilding programme in British Columbia is about finished and new contracts have not yet been made, although negotiations are in progress with that object in view. The industry has been valuable to the coast cities in British Columbia during the past three years. The Government is building a graving dock at Esquimalt and negotiations are being conducted with the Government for construction of a drydock at Vancouver, a necessity for the port.

Wholesale trade has been good and retail trade active.

Railway construction has been carried on during the year in extending the Pacific Great Eastern, connecting up the Canadian National Railway between Kamloops and Kelowna, and in extending the local railway on Vancouver Island.

Municipal outlays have been restricted to ordinary expenditures. The Dominion Government have in contemplation a considerable expenditure for extension and improvements to Vancouver harbour.

The real estate situation has improved during the year; properties have been turning over at fair prices, but without speculative values. Rents have increased, and there is a scarcity of dwelling houses in all parts of the Province.

The population has increased, and further immigration is expected during the coming year.

Conditions throughout the Province on the whole are better than they have been for some years, and prospects appear good for continued business activity into the new year.

NEWFOUNDLAND

The estimated catch of cod will be substantially the same as last year, with purchasing prices about 25% less. The comparative export figures to 30th June, 1919, are:

		QUINTALS	VALUE
Dried Cod	1919.....	1,618,770	\$24,316,830
	1918.....	1,821,206	\$18,829,560
Pickled "	1919.....	212,253	\$ 1,543,282
	1918.....	195,218	\$ 1,023,426

The frozen fish industry is being developed.

The output of the Bell Island iron mines was again smaller than the previous year, being 709,300 tons as compared with 751,000 tons in 1918.

About the usual amount of lumbering was done. Paper manufacturers are now running their plants at full capacity. Tonnage is available, and stocks have been marketed at high prices. The pulp industry is dull.

The take of seals was the smallest on record, probably owing to the limited number of vessels engaged.

Manufacturers of clothing, boots, shoes, ironwear, cordage, and so forth, are all making money.

Wholesale and retail trades continue good with payments well met.

With the high prices obtained for fish and oils, the financial position of the community is generally good. Interest-bearing deposits in banks show an increase of nearly \$2,000,000 over last year.

MEXICO

The Mexico oil-fields during the past few years have experienced a remarkable development. The total production of crude petroleum, which in 1907 was barely one million barrels, had risen to sixty-four million barrels in 1918, and is steadily increasing.

Mexico has benefited materially by the high price of silver, and the development of silver mining is again attracting foreign capital.

The Government of Great Britain has not yet extended formal recognition to the Government of Mexico, and we have consequently felt that prudence called for the continuation of a conservative policy in regard to our operations in that field.

The Chairman then moved, seconded by Lord Shaughnessy 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. William McMaster, that Messrs. James Hutchison, C.A., J. Maxtone Graham, C.A., and George Creak, C.A., be appointed Auditors of 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. Carried.

THANKS TO OFFICERS

Mr. James Rodger 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 motion, Mr. Rodger said: "I have not the slightest doubt that during the long period this Bank has been carrying on business the Shareholders of 50 or 75 years ago felt that they had the best possible friends as their Directors. The position the Bank has since assumed among the financial institutions of the world is evidence that they had good and capable men as Directors in those years. I am just as satisfied, more if possible, that the Shareholders of to-day have just as good representatives as Directors as those of past years. They are up-to-date, practical men, who are not satisfied to sit back and wait for the business that comes to them, but actively searching for business for the Bank. I feel that the interests of the Shareholders, and, more, the interests of the public of Canada, so far as this Bank is concerned, are safe in the hands of our Directors."

The motion was carried with applause.

The President: "On behalf of the Vice-President, the Directors and myself, I thank you for your continued expression of confidence and for the kind manner in which this motion has been presented and accepted by the meeting."

Mr. E. W. Beatty moved, seconded by Sir Charles Gordon, 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.

The motion was adopted unanimously, with applause.

GENERAL MANAGER'S REPLY

In replying to this the General Manager, Sir Frederick Williams-Taylor, said:

"Mr. Beatty, Sir Charles Gordon, please accept my hearty thanks and the thanks of the Assistants General Manager and staff at large for your courteous commendation of our services during the past year.

"I am glad to say our staff is now recovering from the overwork and lack of holidays to which they were necessarily subjected and to which they willingly consented during the war.

"As for our men who served with the Colours and survived, 1182 in number, 653 have already been reinstated at the advanced salary they would have received had they not been absent on leave. A few have sought other employment, while some are yet to be heard from. Of the total who joined the Colours it is my sad duty to now record the fact that 223, or 16%, gave their lives for their country. No words of tongue or pen can fully express our pride in, or our admiration for, these gallant young crusaders. It must suffice to say that their names are not merely written in the records of this Bank and in the history of the Empire they served so well, but 'live on far away woven into the fabric of other men's lives. Such dead are honoured with unchallenged admiration.'"

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, E. W. Beatty, K.C., H. W. Beauclerk,

Colonel Henry Cockshutt, H. R. Drummond, G. B. Fraser, Sir Charles Gordon, G.B.E., C. R. Hosmer, Harold Kennedy, William McMaster, Sir Vincent Meredith, Bart., Lieut.-Col. Herbert Molson, M.C., Rt. Hon. 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.

H. R. DRUMMOND, ESQ.

LT.-COL. HERBERT MOLSON, M.C.

G. B. FRASER, ESQ.

LORD SHAUGHNESSY, K.C.V.O.

D. FORBES ANGUS, ESQ.

HAROLD KENNEDY, ESQ.

COL. HENRY COCKSHUTT

E. W. BEATTY, ESQ., K.C.

C. R. HOSMER, ESQ.

WM. MCMASTER, ESQ.

H. W. BEAUCLERK, ESQ.

J. H. ASHDOWN, ESQ.

SIR FREDERICK WILLIAMS-TAYLOR, *General Manager.*

F. J. COCKBURN, *Assistant General Manager and Superintendent
Quebec, Maritime, Newfoundland and Mexico 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>paid up</i>	- - - - -	\$20,000,000.00
REST AND UNDIVIDED PROFITS,	- - -	21,812,854.43
TOTAL ASSETS	- - - - -	545,304,809.49

The Bank has 305 Offices in Canada, Newfoundland, United States, Mexico; at London, England, and at Paris, France, with Correspondents in all Countries, offering exceptional facilities in all departments of General and Foreign Banking business.

