

president took the chair, and the general manager was requested to act as secretary.

The chairman then asked the secretary to read the report of the directors.

REPORT.

The balance at the credit of Profit and Loss account, on 30th Nov., 1897, was 45,772 96
 Net profits for the year ending 30th Nov., 1898, after deducting expenses of management, reduction in bank premises, and making necessary provision for interest due to depositors, unearned interest on current discounts, and for all bad and doubtful debts 185,284 10
\$231,057 06

Appropriated as follows:
 Dividend No. 44 .. \$60,000 00
 Dividend No. 45 .. 60,000 00
 Bonus of one per cent. 15,000 00
 Appropriation authorized for Officers' Pension Fund 5,000 00
 Carried to Rest account 45,000 00
185,000 00
 Leaving a balance to be carried forward at the credit of Profit and Loss account of 46,057 06

And making the Rest acct. .. \$1,170,000 00

In view of the continued growth of the general business of the bank, and of the constantly increasing importance of Montreal as a commercial and financial centre, your directors deemed it to be in the interest of the bank that a branch should be established in that city. Desirable premises were secured, and an office opened in October last. Branches have also been opened during the year at Alexandria, and Bracebridge, Ontario, and at Dauphin, Manitoba. Your directors are pleased to be able to report that the progress made by each of these new offices has been satisfactory.

Money has continued in abundant supply during the year, and your directors have not found it necessary to avail themselves of the authority given them at the last annual meeting of the shareholders, to issue five thousand shares new stock.

The usual careful inspections of all the offices of the bank have been made during the year.

The officers of the bank continue to perform their respective duties to the satisfaction of the directors.

All of which is respectfully submitted.

CHARLES MAGEE,
 President.

LIABILITIES AND ASSETS, AS ON 30TH NOVEMBER, 1898.

Liabilities.

Notes in circulation \$ 1,428,055 00
 Deposits bearing interest... 5,472,202 44
 Deposits not bearing interest 1,077,618 87
 Deposits made by other banks in Canada 499 85
\$ 7,979,306 07

Capital (fully paid up) \$1,500,000 00
 Rest 1,170,000 00
 Dividend and bonus 75,000 00
 Reserved for interest and exchange 15,792 50
 Rebate on current discounts 34,257 00

Balance of Profit and Loss account carried forward . 46,057 06
2,841,106 56
\$10,820,462 63

Assets.

Specie \$168,102 99
 Dominion Notes. 458,604 50
 Notes of and cheques on other banks in Canada 212,599 53
 Deposits in other Canadian banks. 241,758 11
 Balances due from banks in foreign countries.. 166,227 83
 Balances due from banks in United Kingdom .. 402,122 94
 Dominion Government debentures or stock .. 394,702 77
 Deposited with Dominion Government for security of note circulation 65,000 00
 Canadian Municipal debentures 357,605 16
 Provincial bonds. 69,920 00
2,559,643 88
 Call loans on stocks and bonds 972,476 21
 Loans and bills discounted. 7,109,656 47
 Overdue debts (estimated loss provided for) 26,514 73
 Real estate, the property of the bank, other than bank premises 11,675 64
 Mortgages on real estate sold by the bank 11,695 75
 Bank premises 128,800 00
\$10,820,462 63

GEO. BURN, General Mgr.

The president, Mr. Charles Magee, then said:

Following the example of some of the other banks, we have this year printed the figures of last year's general statement, in parallel columns with those of this year, which will render it unnecessary for me to do more than refer in general terms to the differences, as the shareholders can make the comparison for themselves.

You will, of course, notice that there is a decrease in the net earnings for the year of about \$16,000. This is accounted for partly by the competition in rates for the better class of commercial business, and the lessened demands of the same class of borrowers, and in addition to these two causes the slow and gradual movement of the crops in Manitoba is responsible for a considerable reduction in our earnings in that province. The increase in deposits is nearly \$600,000. Loans and discounts are less by \$441,000. Call loans on stocks and bonds have increased \$723,000, making a net increase on all classes of loans of only \$281,000. Investments in provincial bonds and municipal debentures have increased by about \$300,000, and the amount due from banks in Great Britain is \$378,000 greater than last year. The meaning of this is, we are suffering from a plethora of money, through the deposits from the public increasing faster than we can find safe and profitable employment for the money, and the bank has been obliged to lend more on call at lower rates and invest in municipal and other bonds which yield only a low rate of interest. The bank is, however, in consequence of this state of things, in a strong position, having a reserve of about 33 per cent. of its liability to the public in assets readily available without including loans on call, besides being in a position to entertain new business of a desirable kind, when it offers.

The opening of four new offices within the year shows we are endeavoring to meet the legitimate wants of the people in the newer districts, and within what might be considered our sphere of influence, and to provide for representation of the bank at the larger centres of commerce.

With regard to the lumber trade, which has in the past and still continues, to give employment to a large proportion of our resources, I am glad to know that recently a distinct improvement is noticeable in the demand for the grades usually sold to the American market, with quite a perceptible hardening in prices, while indications are not wanting that Great Britain's requirements will be as large as for several years past, and that values will be fully maintained. We must, however, recognize that in so far as the manufacture of sawn lumber at the city of Ottawa and vicinity is concerned, it is a diminishing industry. There is, however, every reason to believe that the water power at the Chaudiere Falls can and will be profitably employed in other branches of manufactures, doubtless, with increased outlay for skilled labor, which will have a tendency to advance the growth and increase the prosperity of the city.

The utilization of pulp made from spruce and other woods hitherto considered of but little value, in the manufacture of paper and other products, has added immensely to the value of our forests, and many limits in the Ottawa and other lumber districts, denuded of the merchantable timber, but having a large quantity of young spruce trees on them, may be considered valuable properties, and possibly a more valuable asset than a gold claim in the Klondyke.

Two years ago I referred to the opening of the Parry Sound Railway, and I am pleased to learn that I did not overrate the importance of this new line, connecting the Great Lakes with the Atlantic seaboard, and while benefiting Ottawa, it is benefiting Montreal to a much greater extent. The export of grain from Montreal during the season of 1898 increased by about 11,750,000 bushels over the season of 1897, and of this increase the Canada Atlantic and Parry Sound railways carried over nine million bushels, besides over 40,000 tons of flour, meats, and other products, and almost all of this was new business to the port of Montreal, and did not affect the other two great railway systems. It was business diverted from Buffalo and New York to Parry Sound and Montreal, and from American to Canadian railways and steamships. This new business has been done under great difficulties, owing to the inadequate warehouse and other accommodation at Montreal. Montreal harbor may be called a Dominion harbor. Situated as it is at the head of ocean navigation in summer, it is the entrepot for Ontario and the Western provinces. It is governed by a local Harbor Board, the chairman and several members of which are appointed by the Dominion Government. I allude to this matter to-day because Ottawa interests are liable to suffer. We are not interested in the question of the location of the dry dock in Montreal, nor in the contest between land-owners in the east end, and vested interests in the West end of that city, but we are interested in having there additional wharfage, warehouses, elevators, and the most modern port facilities for the prompt handling, storing and shipping of grain and other products of the great West. Montreal should not, when making harbor improvements, lose sight of the fact that the deepening of the St. Lawrence canals will be completed in a year, and that the construction of the Ottawa and Georgian Bay canal is now looked upon as one of the next great public works necessary for the