

that some of the principal banks in Great Britain have it in contemplation. Up to this time the Directors had to accept the responsibility of allowances to those retiring from the Bank. The arrangements were arbitrary and gave rise to question as to amount or scale, and the funds were all provided by the Bank. This being the case, the Bank officers were unable to make any calculation as to what they would have in the event of ill-health or old age. Now what is proposed is that in the future the Directors shall be relieved of unnecessary responsibility and question as to the rate of allowances. The scheme now proposed establishes the scale, and a large fund will be provided through the transfer to the bank of the officers' interest in the existing annuity associations, capital, upwards of \$200,000, on which only a small annual allowance is now chargeable, and the officers of the Bank will contribute at the start annually about sufficient to cover the allowance to the present pensioners and annuitants. I should say that this fund is at present administered by certain officers of the Bank, but is simply a widows' and orphans' fund, and does not provide in any way for a retiring allowance for officers when unfit either through ill-health or old age for further service. It is believed that this scheme will only involve an additional charge on the Bank of \$15,000 a year, and there is every prospect of there being a considerable reduction of the amount required after the first five years, as the fund set aside will have then in all human probability grown to be a large one. It will, as you will all see, be a very great satisfaction to the officers to find that they will be able to calculate exactly what they will be entitled to when eligible for the pension, and they will have something to depend upon as a certainty, and it will be a greater incentive to them, if that were possible, to do their utmost in the interests of the bank—not that such further inducement is necessary, for I believe that you have a staff of officers not only most faithful, but most efficient and most capable to conduct the affairs of the Bank. The Directors in considering this, have felt that it would be in every way in the interests of the Bank that such a scheme should be carried out, and they now leave it to you to pronounce on it, and I have no doubt that you will feel in doing so, that it will be a mutual benefit both to the shareholders and to the officers that such a scheme should be approved of.

Just a few words more before sitting down. We see that after sixty-six years of work (the first meeting of the Bank was held in 1818) and by careful management the Bank now finds itself with a "Rest" of \$6,000,000 just referred to, and, as I have said already, seeing that it has not been gathered up in a very short time, but that it has been by careful management throughout these long years this has been accomplished, you will feel that in the future there will be an assurance of at least a steady dividend, and we trust also from time to time a bonus, as there will not be the same necessity as in the past of taking from the earnings to strengthen the Bank. We have so far as can be judged now, a prospect of a good harvest; and looking to the great resources of the country from one end to the other, seeing that in this portion of it, it has been developed to a very large extent, and that so much is being done away in the great Northwest, that within a couple of years more we may expect to have a railway opened from the Atlantic to the Pacific for the purposes of our trade and commerce, and that there is every expectation of a large influx of the very best class of immigrants into the country, I think we may look forward with very great hope to the future. Certainly we may confidently expect that in Montreal, which has, during the sixty-six years to which I have referred, risen from what was little more than a village to what it is at the present day, there will be at least proportionate progress in the future, and that the Bank of Montreal will have its full share in this increased prosperity.

Mr. Alex. Murray—I have great pleasure, Mr. Chairman, in seconding the motion. After the full explanations you have made it is needless for me to say anything further. It is quite true that the profits of the past year have not been equal to those of some preceding years, yet on the whole I think the shareholders have good reason to be fairly satisfied. We have paid the usual dividends and got the rest up to the desired \$6,000,000; and we have done this after the most liberal allowances, not only for bad debts but also for doubtful ones. Of course the Bank profits for the last year have not been as large as for the two previous years, chiefly because

the opportunity for the large and safe employment of money has not been so good; but we are looking forward to better times in the future, and the good harvest to which the Chairman alluded will have the effect of giving opportunities for safe and more active employment of bank funds, which this bank is well able to take advantage of, and it is to be hoped that at the future meetings of the Bank the shareholders will have greater reason to congratulate themselves that they are shareholders of the Bank of Montreal. I have much pleasure in seconding the adoption of the report.

Mr. John Morrison then asked several questions, which were satisfactorily answered by the General Manager.

The Chairman—If no other gentleman desires to address the meeting, I will call upon the General Manager to make a few observations with regard to the affairs of the Bank, a matter with which he is more immediately cognizant.

The General Manager, Mr. W. J. Buchanan, then said:—The Vice-President, in the much to be regretted absence of the President, has, I fancy, said pretty much all that you will care to hear concerning the affairs of the Bank, both retrospective and prospective, but, as it is usual for the general manager also to make some remarks, I may say that I also consider that we have no reason to be ashamed of the outcome of the past year's business. We set out with a condition of things which was not altogether satisfactory; over-production in our manufactures, and rather an excess in our importations; our harvest did not turn out favourably. Well, manufacturers very shortly after ascertained that no matter to what degree they could diversify, the country could not absorb the output of their mills, and it looked at one time as if several would have to shut down altogether. But notwithstanding all these untoward circumstances the bank has been able to make about 12 per cent on its huge capital, after making what has been considered ample provision for bad and doubtful debts.

We have now every reason to believe that manufacturers are working on sound principles. Those of them who are borrowers from this bank assure us that they are simply filling orders and confidently anticipate that in a very few months all surplus stock will have gone into consumers' hands. Importations, as the Customs' returns demonstrate, have been largely reduced. If this policy is adhered to, and no other will knowingly be facilitated by the bank, a healthier condition of trade must ensue. This curtailment means a smaller area in this country for the employment of your capital, but we are happily not limited to Canada for the employment of our surplus means. Although New York has until lately not been a very profitable field, at the same time we have always done very fairly both there and in Chicago. With a good crop, of which there is at least a fair prospect, fresh heart will be put into our people. The lumber trade is also moderately good. There is, therefore, no occasion to feel despondent as to the future.

The bank has undeniably had a successful career in the past, taking one year with another, and there is no special reason now to think that it will not continue to prosper. We have at last attained the position for which we have for some years been striving—that is, to get the rest up to \$6,000,000, or 50 per cent, of our paid-up capital, and while doing this we have been forced to withhold each year some portion of our profits from you. That necessity exists no longer; we shall only hope as well as labour to have more to divide amongst you in the future. I shall be happy to answer to the best of my ability any questions which any shareholder may desire to put to me, but before I sit down I may state that the numbers of shares on what is termed "the street," that is, which are not held by investors, is gradually diminishing; as nearly as we estimate they are about 4,600 against 7,000 twelve months ago.

Mr. Morrison—Would it not be better to leave the superannuation fund to the insurance companies?

Mr. Buchanan—I think that means purchasing an annuity, which involves a considerable amount of money. Bank officers, as a rule, are not capitalists, and it requires a good deal of capital to purchase an annuity. You must bear in mind that there is about \$200,000 to be handed over by the annuity fund. The directors have heretofore granted pensions, and it has been a recognized principle that when a man has spent his life in the service and cannot work any longer he can not be turned out without any provision. As stated in the report the officers will contribute

and the charge to the bank will only be \$15,000 in addition to what we now pay out in pensions. The contributions by the officers will about cover the existing pensions, and with the interest on the \$200,000 capital in the course of five years such a large fund will be accumulated that we hope the necessity for contributions by the bank will diminish if not cease altogether, and the interest on the fund will be sufficient for the future.

In reply to Mr. Morrison, Mr. Buchanan stated that the bank would take charge of the fund itself. It is a matter of arrangement whether they will put the amount into government securities or make use of it in its ordinary business and allow a certain interest on it.

Mr. John Crawford, ventured the opinion that the directors might properly take the shareholders into their confidence with respect to the gross as well as the net income and expenditure. At the same he did not wish to advocate a parsimonious policy on the part of the bank. With reference to the rest of 50 per cent., he desired to know what is to be the policy as to the distribution of the future profits. His impression was that while a rest of 50 per cent. was gratifying, that that rest was ample, and its further increase would neither add to the prestige nor credit of the bank, and would only be calculated to encourage large and speculative transactions. "I believe," said Mr. Crawford, "that the gratifying position we occupy to-day is owing in a great measure, to the stand and to the position taken by our able executive officer, and to the integrity of the directors and the executive officers of the bank in the past. The capital and rest altogether is now \$18,000,000, and I believe that this sum is equivalent not only to legal tender but to gold in the vault. That capital, if my memory serves me rightly, is the largest of any bank in the world, with the exception of the Bank of England. The citizens of Montreal have reason to feel just pride in the Bank of Montreal which has fairly earned this distinction which it enjoys of being a national as well as a provincial bank. The government deposit policy which has heretofore obtained is capable of a very advantageous revision. Looming dangers are inseparably connected with the present policy; wisdom, not politics, should be the maxim governing that administration. With reference to there being no losses, he wished to ask what security have the banks here against a recurrence of the financial disasters that have startled New York and other American cities? We have had frequent warnings that we must not rely too much upon professional integrity. My own impression is, having given this subject some attention, that the chief antidote is eternal vigilance on the part of those who undertake important trusts.

The Chairman—As to the distribution of profits in future, it will be, I have no doubt, all that can safely be given without encroaching in any way on the capital of the bank, always keeping that intact, and then dividing every sixpence that can reasonably be expected. Your directors, whoever they may be in future, will see first the future of the bank well provided for, and that its capital is held intact, and then, as in the past, will give all they can to the shareholders. It is only by constant vigilance and caution in the management of its affairs that the bank and the shareholders may be secured against any such calamity as unfortunately we have seen quite recently on the other side of the line.

A Shareholder—I would like to ask whether there is in the by-laws of this bank any provision against a director of this bank being a director or office-holder of any railway corporation.

The Chairman—I am not aware of any.

The motion to adopt the report was then carried unanimously.

Mr. E. H. King, of London, Eng. then said:—Mr. Chairman, I have the pleasure of moving That the thanks of the meeting be presented to the President, Vice-President and Directors for their attention to the interests of the bank.

Before doing this I think I am right in offering a word of congratulation to the Directors of this bank for having taken this occasion, when they have reached what may be called the promised land, to do a graceful act in proposing to the shareholders the advisability of making the provision which they now contemplate for the superannuation of their officers. I think the occasion was well chosen, and I am sure that the shareholders of this bank as a body will willingly give their assent to this, and from my own experience of the officers of the bank, I know they are deserving of this consideration. With regard to the vote of thanks, you are of course familiar with the composition of your Board. All of