1922 BANK OF MONTREAL

Annual General Meeting Held Dec. 4th, 1922.

The 105th Annual General Meeting of the Shareholders of the Bank of Montreal was held on December 4th, in the Board Rooms at the Bank's Headquarters.

On motion of Lord Shaugnessy, Sir Vincent Meredith, Bart., was requested to take the chair.

The Chairman called upon the General Manager, Sir Frederick Williams-Taylor, to read the Annual Report of the Directors to the Shareholders at their 105th Annual General Meeting, held on Monday, December 4th, 1922.

ANNUAL REPORT.

The Directors have pleasure in presenting the Report showing the result of the Bank's business for the year ended 31st October, 1922.

Balance of Profit and Loss Account, 31st October, 1921		$1,501,646.61
Profits for the year ended 31st October, 1922, after deducting charges of management, and making full provision for all bad and doubtful debts		4,756,668.30
		$6,258,314.91
Quarterly Dividend 3% paid 1st March, 1922	$660,000.00	
Quarterly Dividend 3% paid 1st June, 1922	817,500.00	
Quarterly Dividend 3% paid 1st Sept., 1922	817,500.00	
Quarterly Dividend 3% payable 1st Dec., 1922	817,500.00	
Bonus 2% payable 1st Dec., 1922	545,000.00	
	$3,657,500.00	
Provision for Taxes Dominion Government	491,999.66	
Reservation for Bank Premises	500,000.00	
		4,649,499.66
		$1,608,815.25
Capital Stock of The Merchant's Bank of Canada in excess of the value at par of the Capital Stock of the Bank of Montreal issued and Cash paid therefor	$4,300,000.00	
Transferred to Rest Account	4,300,000.00	
Amount transferred from Profit & Loss Acct. to Rest Acct.		1,050,000.00
Balance of Profit and Loss carried forward		$558,815.25

THE GENERAL STATEMENT.

The General Statement of the position of the Bank on 31st October, 1922, was read as follows:—

LIABILITIES.

Capital Stock		$27,250,000.00
Rest	$27,250,000.00	
Balance of Profits carried forward	558,815.25	
	$27,808,815.25	
Unclaimed Dividends	10,765.23	
Quarterly Dividend, payable 1st December, 1922	817,500.00	
Bonus of 2% payable 1st December, 1922	545,000.00	
		29,182,080.48
		$56,432,080.48
Notes of the Bank in circulation	$41,552,582.00	
Deposits not bearing interest	154,747,019.37	
Deposits bearing interest, including interest accrued to date of statement	440,270,730.28	
Deposits made by and Balances due to other Banks in Canada	3,258,461.27	
Balances due to Banks and Banking Correspondents elsewhere than in Canada	571,276.64	
Bills Payable	916,004.69	
		651,916,394.25
Acceptances under Letters of Credit		4,032,963.98
Liabilities not included in the foregoing		1,188,127.97
		$713,569,566.68

ASSETS.

Gold and Silver Coin current	$47,244,865.24	
Dominion Notes	77,293,325.25	
Deposit in the Central Gold Reserves	16,000,000.00	
Balances due by Banks and Banking Correspondents elsewhere than Canada	$54,490,252.96	
Call and Short (not exceeding thirty days) Loans in Canada, on Bonds, Debentures and Stocks	7,470,419.10	
Call and Short (not exceeding thirty days) Loans in Great Britain and United States	137,221,435.82	
	159,182,247.88	
Dominion and Provincial Government Securities not exceeding market value	33,484,231.50	
Railway and other Bonds, Debentures and Stocks not exceeding market value	3,019,781.65	
Canadian Municipal Securities, and British, Foreign and Colonial Public Securities other than Canadian	21,714,461.62	
Notes of other Banks	3,831,397.16	
Cheques on other Banks	26,049,183.71	
		$417,819,493.01
Current Loans and Discounts in Canada (less rebate of interest)	244,374,580.96	
Loans to Cities, Towns, Municipalities and School Districts	18,258,419.36	
Current Loans and Discounts elsewhere than in Canada (less rebate of interest)	11,870,299.54	
Overdue debts, estimated loss provided for	1,038,711.50	
		275,542,411.66
Bank Premises at not more than cost (less amounts written off)		10,600,000.00
Real Estate other than Bank Premises		457,450.73
Mortgages on Real Estate sold by Bank		2,050,779.58
Liabilities of Customers under Letters of Credit (as per Contra)		4,032,963.98
Deposit with the Minister for the purposes of the Circulation Fund		1,620,000.00
Other Assets not included in the foregoing		*1,446,467.72
		$713,569,566.68

*This amount includes $922,000.00 Bonds of the Merchants Realty Corporation held by the Bank that were not issued to the public.

NOTE.—Bonds of the Merchants Realty Corporation to the extent of $2,337,000.00, secured on premises leased to the Bank, are in the hands of the public. These Bonds do not appear in the above Statement as the Bank is not directly liable therefor.

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, 1922, 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 of 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.

J. MAXTONE GRAHAM, C.A., JAMES HUTCHISON, C.A.,
Auditors of the firm of Ridell, Stead, Graham & Hutchison.

MONTREAL, 20th November, 1922.

PRESIDENT'S ADDRESS.

Sir Vincent Meredith said in part as follows:—

The banking year just closed has required constant vigilance, and I am glad to be in a position to inform you that while our profits on the basis of capital employed have not been as large as those of the immediately preceding years, as was to be expected with lessened activity in business generally, coupled with increased taxation, we have been fortunate in escaping serious losses, and the liquid position and great strength of the Bank remain unimpaired.

Since your last annual meeting the Merchants' Bank has been absorbed by the Bank of Montreal. To the incidents connected with this transaction it is not necessary to refer, nor to the criticism it evoked, further than to say that, in my judgment, the prompt action of your directors, subsequently ratified by you, averted a situation that might otherwise have proven serious to the country at large, and secured the shareholders of that institution from losses greater than were suffered.

It will interest you to know that the work of co-ordinating the staffs with a view to economies is proceeding with all possible celerity, and that the acquisition of the Merchants Bank is reasonably realizing the expectation of your Board. Under our own organization, and with the economies that have been effected, the future gives promise of increased earnings.

GENERAL CONDITIONS.

The condition of business in Canada is, upon the whole, more satisfactory than a year ago. The opinion I then ventured to express, that trade would not yet enter a period of pronounced expansion, although a spurt might be made in some departments, has been borne out by events. Price recessions seem to have been checked somewhat generally, the cost of living indices compiled by many statisticians not having been materially reduced within the year, while some important commodities move more freely at higher prices. Lumber, pulp and paper manufactures, sugar, all show improvement. The textile industry has been well employed and the boot and shoe industry is apparently emerging from the slough. The building trade has been decidedly better the country over, to the gain of artisans as well as of dealers in builders' supplies.

For several months past, the army of the unemployed has been diminished until it can almost be said that unemployment is not greatly in excess of the normal. On the other hand, farmers have had to contend with a further fall in prices, which have practically receded to pre-war figures. Dollar wheat gives the grower a slim margin of profit.

Agricultural products have been deflated in price, as respects the producer, to a greater degree than other commodities, and the former relation of foodstuff prices to other articles has still to be restored.

Fortunately, farmers have reaped a bountiful harvest, more bountiful as a whole than in any year since the phenomenal crop of 1915, so that the excess in quantity will in some measure compensate the drop in prices. Transportation interests, moreover, will benefit materially from the increased traffic arising from the splendid harvest, and the transportation interests are probably the largest employers of labour in Canada.

The livestock trade has been hard hit by the high tariff of the United States, particularly in the case of cattle breeders in the West. Whether the removal of the British embargo will realize all the expectations of Canadian breeders may be a moot question, but it is very satisfactory to learn that this long-imposed embargo is at last to be lifted, and the hope may be indulged that an impetus to Canadian exports of cattle to Great Britain will be given thereby.

THE EUROPEAN SITUATION.

The financial condition of Europe still gives cause for uneasiness. No progress has been made towards stabilizing the currencies or balancing the budgets of such countries as France, Germany, Italy and Austria, although in the case of Austria the League of Nations has evolved a plan which may stay the downward course of the crown. The German mark has dropped to the vanishing point and seriously affects the international relations of that country. Great Britain alone in Europe has retained its credit and protected its currency by courageously imposing taxation in face of domestic difficulties.

Financial conferences have met, deliberated and concluded nothing. Debt cancellations, sometimes proposed, are delayed by the unwillingness of creditor nations to be the first to begin and a natural reluctance to extinguish credits while retaining debts. The United States offers time, but refuses to accept less than a hundred cents to the dollar, and so the financial distress of Europe remains unrelieved.

The present situation cannot continue indefinitely, since prolific though the printing press be in production of paper tokens, the day will come when these will have no greater purchasing power at home than they now have abroad. It may be, indeed, that we are unduly impatient of delay, realizing perhaps inadequately that the destruction wrought by four years of devastating war can only be repaired by long and laborious work and thrift.

This much is certain, unless new principles of economics are set up, the European nations staggering under heavy burdens of debt and taxation can reach solvency only by steadily increasing their production and creating credits by sales abroad; even loans and extensions will merely alleviate, not remove, their difficulties.

CONCLUDING REMARKS.

In conclusion, the crisis of 1920-1 has passed into history. The fact makes it highly improbable that the return to normal will be other than slow.

We have experienced a more sudden and acute depression of trade than our generation has ever known, and though conditions, including the agricultural results, are undoubtedly more favourable, prudent business men will not build up an unduly speculative position after the lessons of 1920.

The outlook as I see it, is for reasonably profitable operations in most lines of business, though there can be no great trade boom without a further important expansion of foreign commerce, and this, unfortunately, is not yet in sight.

THE GENERAL MANAGER'S ADDRESS.

Sir Frederick Williams-Taylor said in part as follows:—

Mr. Chairman and Gentlemen:—

The one hundred and fifth annual balance sheet of the Bank, which I have pleasure in presenting for your approval, shows many changes as compared with a year ago.

These changes are the result in part of incidental variations in what might be termed our national position and, in a larger measure of the absorption of the Merchants Bank of Canada, which, I am gratified to say, has been effected with scarcely a ripple on the surface of our affairs.

Speaking in general terms, the increase in our liabilities to our shareholders and depositors is balanced by a corresponding increase in our assets, while our liquid position remains as strong as ever and the status of the Bank is enhanced through the acquisition of many branches, as well as in other ways, from all of which we shall presently derive the benefit in increased earning power.

It is true, yet undeniable, to remark that in Canada, as elsewhere, trade generally has not been good. Bankers, more distinctly than others, perceive the detailed results of this condition, which in large measure is brought home to them through losses and diminished profits.

In the case of our own Bank, if losses are moderate, as they have been, it must of necessity be the result of prudence in granting credits and of accurate perception of the inexorable working of economic laws, for there is little that can be sacrificed to luck in such matters.

Criticism of bankers is never lacking in Canada, but I trust it is recognized that the best interests of our shareholders and of that much larger section of the community, our depositors, continue to be fully protected, while we have at the same time met the proper requirements of all borrowing customers.

Naturally, we have less control over our profits; yet you will observe that we have earned our dividend for the past year and are fortunately able to pay a two per cent. bonus as well. We enter upon a new year with confidence born of strength and experience.

Before going into a detailed explanations of the various items in our balance sheet and the factors that affect our well-being, it is customary for your General Manager to touch upon the general trade and financial situation and outlook.

Your President has covered the matter amply. My views can be expressed in a very few words indeed.

Canada's economic position is not satisfactory. How could it be satisfactory, with the whole financial world out of joint? As everyone is aware, our troubles are partly the result of this universal condition; partly to result of the war. It is well, however, to bear in mind that our problems are largely of our own creation.

Readjustment will come in time, for this is a country of virility and manifold resources; yet one thing stands out signally, in my opinion, namely, that Canada cannot go ahead again as she should while taxation and the cost of living are higher in this country than they are in the United States of America.

Canada is one of the best countries in the world to live in, to work in, to play in—in point of stability, security and comfort it is an earthly paradise as compared with Europe—but we must not stand still, and in order to progress the cost of living and taxation must be diminished; otherwise, we will fail to attract immigration; and improved conditions are largely dependent upon increased population.

As to ways and means, they are obvious to all who reflect, and the necessity thereof is now being brought home to the heedless by that pitiless but unerring teacher, necessity.

NEWFOUNDLAND.

While it is early to estimate the results of the present fishing season, prospects are that the catch of cod will be somewhat under average. The usual foreign markets, especially those of Southern Europe, are still impaired by adverse exchange conditions. Prices are low, and on account of the high cost of supplies, little profit accrues to the fishermen.

The take of seals numbered 126,000 as against 104,000 last year and 34,000 in 1920.

There has been little development in the mining industry during the year, but a considerable quantity of iron ore has been exported from Bell Island.

The lumber business has been dull throughout the year, although a considerable quantity of pit props have been exported to England and pulpwood to the United States.

The paper mills of the Anglo-Newfoundland Company, Limited, at Grand Falls, are working to capacity.

Manufacturing, which is carried on moderately in ordinary times, slackened during the year, owing to the difficulty in disposing of the output.

Wholesale and retail trade has been poor.

The funded debt of the Colony now amounts to about $55,000,000. This is inclusive of an issue of $6,000,000 twenty-year 5½% bonds sold in New York, in the spring of this year at 100.50 per cent., proceeds of the loan being used mainly for the general purposes of the Colony and to meet deficits on railway operations.

Newfoundland is still suffering from the business depression of last year and from the heavy burden of taxation caused by the War and railway deficits. On account of the prospects of poor prices from abroad for the catch of fish, the general situation is not altogether satisfactory.

THANKS TO OFFICERS.

At the conclusion of the meeting Senator G. G. Foster moved, seconded by Mr. W. R. Miller, that the thanks of the meeting are hereby tendered to the President, the Vice-President and Directors for their attention to the interests of the Bank.

In speaking to this resolution Senator Foster said:—

"I am quite certain that every shareholder of the Bank of Montreal, who has read the splendid statement presented to them, will concur in a resolution expressing their appreciation of the services rendered by its Directors.

"There are people who imagine that when they pay one or two hundred dollars a share for Bank Stock, that their money goes into a till somewhere and earns for them twice or three times as much as they could make it earn for themselves, but those of us who know the eternal vigilance that is necessary in order that a Bank may be successful, can easily appreciate the anxiety and labour which has come to the Directors of this Bank during the trying year of 1922. The conditions which have faced Canada for the last eight years have required broad vision and hard work on the part of all men who sought to conserve the assets which they had, or to make a success of their business, and no Corporation has required greater care and greater skill than that which fell to the lot of the Directors of every Bank, not only on this Continent but throughout the world.

"And so, Sir, I desire to express to your Board, to your President and your General Manager, a kindly word of appreciation from your shareholders, and at the same time a word of congratulation from all citizens of our country who, while not directly connected with the Bank, either as shareholders or officials, appreciate the great bulwark which your institution furnishes in assisting in the maintenance of national credit for this Dominion.

"There are those who look with a jealous eye upon prosperity which comes to others, whether it is from Banks, other Corporations, or from their more successful neighbours, but there is no man in Canada interested in the future who is not unwise if he utters one word or does any act which tends to render more difficult the burden which will fall upon Banks and their management during years of development such as the years which I hope lie before us in Canada.

"We are approaching a year when the law of the land demands, wisely or otherwise, that the provisions which govern Banks shall be submitted to the scrutiny of Parliament, and while certain changes may be made, and may be desirable in the interests of everybody; it behoves those who are interested in Banks to be reasonable and prudent in their demands just as it is the duty of those who criticize to remember that every unfair blow that is struck at the stability and strength of any Bank, is a blow aimed at the very existence of all financial affairs in our country.

"No man who knows the history of this Bank can fail to experience a sense of sorrow and regret at the absence to-day of that distinguished member of your Board whose loss has been lamented by every class in this community, and as one of those who for a quarter of a century have received consideration and encouragement from that great citizen, it is not out of place for me, while not seeking to add to the eulogies which have been spoken and written concerning him, to note the fact that your shareholders sincerely and thoroughly regret the loss we have suffered in the death of that simple, kindly, distinguished gentleman, Mr. R. B. Angus."

The President:—"Senator Foster and Gentlemen, on behalf of my colleagues and myself, I am deeply touched by the kind words uttered and this proof of your confidence in us and the administration of the Bank over which we have the honor to preside."

The resolution was unanimously adopted.

General Sir Arthur Currie, G.C.M.G., K.C.B., LL.D., then moved, seconded by Mr. G. B. Fraser, that the thanks of the Meeting be tendered to the General Manager, the Assistant General Manager, the Superintendents, the Managers and other officers of the Bank for their services during the past year.

In speaking to this resolution, General Sir Arthur Currie said:—

"This resolution, perhaps, needs no further comment of mine. But may I be permitted to say that seldom, if indeed ever, has there been a period in the history of Canada, or the world for that matter, when steadiness, caution and goodwill were so much required in our commercial and industrial life. And in providing these requirements in a transient period of unrest our financial institutions have a most difficult undertaking as well as a great responsibility. The Bank of Montreal is proud of its long and unbroken record of distinguished service. That record is based on the loyalty of its staffs from managers to messengers. The resolution I have moved seeks to express in some small degree our deep gratitude to our officers for their sincerity, their judgment, their fair-dealing, their courtesy and their prudence—these qualities which have given to the Bank of Montreal its remarkable position and its honourable name." (Applause.)

GENERAL MANAGER'S REPLY.

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

"I have to thank you, Sir Arthur Currie, and Mr. Fraser, on behalf of my colleagues and the officials of the Bank generally for the appreciative terms in which you have referred to our work during the past year.

"The responsibilities are great and steadily increasing. The taking over of the Merchants Bank necessitated and received the loyal co-operation of the entire staffs of both institutions. Of the effort of these dual staffs, now happily united, I can in justice speak in terms of highest praise.

"We have a highly efficient aggregation of men and women, deeply interested in their work, filled with a staunch devotion to one institution, and your resolution to-day and your remarks will prove a fresh and splendid incentive." (Applause.)

The resolution was then unanimously adopted with applause.

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 Hutchinson, C.A., and J. Maxtone Graham, C.A., were duly appointed Auditors, and the following gentlemen duly elected Directors:—D. Forbes Angus, J. H. Ashdown, E. W. Beatty, K.C.; H. W. Beauclerk, his Honour Henry Cockshutt, General Sir Arthur Currie, G.C.M.G., K.C.B., LL.D.; H. R. Drummond, G. B. Fraser, Sir Charles Gordon, G.B.E., Sir Lomer Gouin, K.C.M.G.; C. R. Hosmer, Harold Kennedy, William McMaster, Sir Vincent Meredith, Bart.; Lieut.-Col. Herbert Molson, C.M.G., M.C.; The Right Hon. Lord Shaughnessy, K.C.V.O.; James Stewart.

The meeting then terminated.

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

THE TALKING DEALER.

WALT MASON

I went to Higg the hatter, to buy a Sunday lid; he bored me with his chatter, as merchants seldom did. He talked about the weather, about the crop of rye, and roundly asked me whether I voted wet or dry. He talked about the kaiser who now in exile dwells, and thought he'd have been wiser to cut out wedding bells. He talked about the grace of females he could name, and spoke about the races which are Tiajuana's game. I said, "Oh, Higg the hatter, you send a pain through me, for your remarks are flatter than any spiel should be. I've walked through weary valleys, down roads where autos skid, through dusty streets and alleys, to buy myself a lid. I toiled along the highway, and up the woodland aisle, and through the reeking byway, to get myself a tile. You should be calm and quiet, and place within my reach, a hat that is a riot, a kelly that's a peach. No idle themes should enter the eloquence you throw, but all your talk should center upon that grand chapeau. Then you might persuade me to blow five bones or four, but, as it is, you've made me resolve to leave your store."