

BANK OF MONTREAL

Proceedings at the Eighty-Eighth Annual Meeting of Shareholders.

VERY SATISFACTORY REPORT.

Lord Strathcona's Retirement from Presidency Announced by Sir George Drummond.

The eighty-eighth annual general meeting of the shareholders of the Bank of Montreal was held in the Board Room of the institution at noon on Monday, December 4.

There were present: Hon. Sir George Drummond, K.C.M.G., Vice-President; Hon. Robert Mackay, Messrs. R. B. Angus, E. B. Greenshields, A. T. Paterson, R. G. Reid,

Hon. J. K. Ward, Dr. W. Gardner, Messrs. G. F. C. Smith, F. S. Lyman, K.C., Angus Hooper, George Burnford, Richard White, A. Piddington, Henry Dobell, John Turnbull, B. A. Boss, C. R. Black, Henry Morton, G. A. Greene, L. Sutherland, W. H. Evans, M. S. Foley, W. Stanway, M. O'Shaughnessy, W. D. Gillett, D. Morrice, A. G. Watson, G. H. Matthews, P. F. McCaffrey, J. Scott, W. B. Blackader, James Tasker, Percy R. Gault, and John Morrison.

On the motion of Mr. R. G. Reid, Sir George Drummond, Vice-President, was unanimously voted to the chair, in the absence of the President, the Right Hon. Lord Strathcona and Mount Royal.

On motion of Mr. A. Piddington, seconded by Mr. Henry Dobell, it was voted: "That the following gentlemen be appointed to act as scrutineers: Messrs. F. S. Lyman, K.C., and G. F. C. Smith; and that Mr. James Aird be secretary of the meeting."

THE DIRECTORS' REPORT.

The report of the Directors to the Shareholders at their eighty-eighth annual general meeting was then read by Mr. E. S. Clouston, General Manager, as follows:

The Directors have pleasure in presenting the Report, showing the result of the Bank's business for the year ended 31st October, 1905: Balance of Profit and Loss Account, 31st October, 1904... \$ 583,196 01 Profits for the year ended 31st October, 1905, after deducting charges of management, and making full provision for all bad and doubtful debts...

Dividend, 5 per cent., paid 1st June, 1905 ..	\$700,000 00
Dividend 5 p. c., payable 1st December, 1905..	720,000 00
	1,420,000 00

Balance of Profit and Loss carried forward \$ 801,855 41 Since the last annual meeting of the Shareholders, the Bank has acquired the Assets and business of the People's Bank of Halifax, with twenty-six branches. The Bank has also established since the last Annual Meeting, Sub-Agencies at the following points, viz.: Albion, Oakville and Logan Avenue (Winnipeg), in Manitoba; Enderby and Nicola in British Columbia, and Hochelaga, (Montreal) and is about to establish Sub-Agencies at Fort Rouge (Winnipeg), and Ste Anne de Bellevue.

The headquarters building on St. James street is now completed and in occupation.

In response to the desire expressed by a number of our Shareholders, the Directors propose that the dividend should be paid quarterly instead of half-yearly, viz.: on the first day of March, June, September and December.

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

STRATHCONA AND MOUNT ROYAL, President.

THE GENERAL STATEMENT.

The General Statement at 31st October, 1905, is as follows: LIABILITIES.

Capital Stock	\$ 14,400,000 00
Reserve	10,000,000 00
Balance of Profits carried forward ..	801,855 41
	\$10,801,855 41
Unclaimed Dividends	701 57
Half-yearly Dividends, payable 1st December, 1905 ..	720,000 00
	11,522,556 98
	\$25,922,556 98

Notes of the Bank in circulation \$12,996,181 00 Deposits not bearing interest 31,438,001 32 Deposits bearing interest 87,725,211 07 Balances due to other banks in Canada .. 150,459 14

132,309,852 53 \$158,232,409 51

ASSETS.

Gold and Silver coin current	\$ 5,089,152 36
Government demand notes	7,221,980 75
Deposit with Dominion Government required by act of Parliament for security of general bank note circulation ..	507,000 00
Due by agencies of this bank and other banks in Great Britain	\$ 3,745,653 32
Due by agencies of this bank and other banks in Foreign countries ..	2,293,384 18
Call and short Loans in Great Britain and United States	37,961,908 00
	44,000,945 56
Dominion and Provincial Government securities	432,244 56
Railway and other Bonds, debentures and stocks	7,849,207 04
Notes and cheques of other banks ..	3,582,500 82
	\$68,632,030 53
Bank Premises at Montreal and Branches Current loans and discounts in Canada and elsewhere (rebate interest received) and other assets	\$88,591,793 90
Debts secured by mortgage or otherwise ..	239,340 03
Overdue debts not specially secured (loss provided for)	118,245 05
	88,999,378 98
	\$158,232,409 51

E. S. CLOUSTON, General Manager.

THE GENERAL MANAGER.

The General Manager then spoke as follows:

I purpose confining my few remarks to the balance sheet submitted to you, and to one or two matters more closely connected with banking, leaving the general condition of business in the country to be dealt with by the Vice-President.

The principal feature in the balance sheet is the increase

of \$2,000,000 in our circulation, an indication of the universal activity in business, and of \$7,750,000 in deposits not bearing interest but of this latter a considerable proportion was a temporary deposit made at the end of our fiscal year, and since withdrawn. Our deposits bearing interest show a satisfactory increase of \$18,000,000. Our immediately available funds stand at \$68,000,000, a very comfortable margin, but in view of the

rather uncertain future of Continental finance, owing to the state of affairs in Russia and the somewhat boom condition in this continent, it is well to be strong, and in any case we are in a good position to take advantage of any desirable business offering. Our loans and discounts have increased \$7,000,000, accounted for partly by the increased demands of the commercial community, and partly by the absorption of the People's Bank of Halifax.

The low rate ruling for call money in England and the United States during our fiscal year affected our profits adversely, as we are obliged to carry a large portion of our reserve in those markets; but of late there has been a decided improvement which may be maintained during the winter.

Owing to the magnificent crop and the general activity in business, an unusual strain was placed on the circulation, but at the highest point attained by all the banks, about \$79,000,000, there was still a margin of \$4,500,000; and with the addition of new banking capital and the increase of branches, it seems as if, for some time to come, the circulation provided will be sufficient for the needs of the country. The advantage of the Canadian system has been amply demonstrated during the late pressure for money. Notwithstanding the heavy demands to move the largest crop in our history, the interest rate to our people has remained normal. We have only to glance at the condition of affairs across the line to see what fluctuations in rates for money the public are subjected to under the system there in vogue.

In March last, the Bank of Yarmouth failed under circumstances reflecting much discredit upon those responsible for its condition, and, for the first time since the incorporation of the Canadian Bankers' Association, that body had to exercise the power conferred upon it by Parliament in 1900, of assuming supervision of the affairs of a suspended bank.

The curator chosen by the Canadian Bankers' Association was subsequently appointed by the court sole liquidator. The results have been highly satisfactory, particularly when viewed in the light of what has followed former failures of Canadian banks. The winding up of the defunct bank has been conducted with remarkable expedition and economy, and the rights and interests of the creditors so well protected that the liquidator has been able, in nine months, to pay all of their claims, with interest added thereto. That no loss to the depositors and other creditors of the Bank of Yarmouth has resulted from this failure is, it must be admitted, largely due to the prompt and creditable recognition by its unfortunate shareholders of their liability for the utter insufficiency of assets to pay the debts of the bank in question.

An interesting event in financial circles was the offering here of a portion of the Japanese loan, the first time in the history of Canada of any foreign loan being issued locally, and, considering the short time at our disposal, the success was surprising.

In conclusion, I may say that the one word written large in the records of Canada this year is "Prosperity." Railways, manufacturing industries, merchants, farmers, all are prosperous. Immigration grows steadily; labor has full employment, and is well remunerated. Probably never before have we had a twelvemonth of such universal prosperity, and it is during a year like this that everyone should set his house in order. Collections should be pressed, and manufacturers should husband their resources and strengthen themselves in every way; for they are to a great extent prosperous by the grace of their neighbors, and when adversity comes to other countries, the American bargain counter will be opened in Canada, and our manufacturers and their employees will surely suffer.

VICE-PRESIDENT'S REMARKS.

The Vice-President, in moving the adoption of the Directors' report, said:

The position of the Bank is fully exhibited in the statements laid before you and the remarks of the General Manager. Following, however, the practice of many years' standing, I venture to offer a few observations. The remark has been made before, and is now repeated, that the profits of banking, and consequently the cost to the public of the use of money, are steadily decreasing. This is due mainly, I think, to the accumulation of wealth in the country, the consequent increase of the number of banking companies and of their capital, and the resulting keenness of competition. Proof of this is to be found in the following figures:

1st. As to the accumulation of wealth. The deposits to all the chartered banks in the Dominion in 1904, were 49 millions of dollars; in 1905, figures, omitting fractions of a million: in 1880, were 85 millions; in 1890, were 136 millions; in 1900, were 305 millions; in 1904, were 470 millions.

The Dominion Government Savings Bank held in the same year (1904), nearly 62 millions, making bank and Government deposits 532 millions.

2nd. As regards banking facilities. Five new banks have gone into operation since 1900, with an authorized capital of \$9,000,000. Five have been absorbed into other banks, but their capital presumably remains, under other control, and one bank, referred to by the General Manager, with a capital of \$300,000, has failed. It may also be mentioned that charters have been obtained from Parliament during the last three years of eleven new banks, with a capital of \$19,000,000.

As regards our own Bank, it has been the care of the Directors to advance with the times, and I give you a few figures to show the progress which it has made.

In 1863 the capital was \$6,000,000; assets, \$15,252,000.

In 1873, the capital was \$11,296,831; assets, \$34,252,000.

In 1879 the capital was \$11,999,000; assets, \$36,221,000.

In 1887 the capital was \$212,000,000; assets, \$42,000,000.

In 1890 the capital was \$12,000,000; assets, \$46,168,000.

In 1905 the capital was \$14,400,000; assets, \$158,470,000.

Our branches, which in 1863 numbered 29, are now 100.

GENERAL TRADE OF THE COUNTRY.

A review in detail of the various trade and manufacturing industries may be summed up in the general report of almost unbroken prosperity. Probably never in Canada and the United States have crops of all kinds been better in quantity and quality.

In regard to one of our staple industries, the lumber trade, I am tempted to express the conviction that we are using up our resources in a most reckless fashion, certain to end disastrously, unless we take prompt steps to treat it as other crops, and replant on an adequate scale.

The increase of manufactures, thereby creating a home market for produce of every kind, is most marked. In this city and neighborhood a great number of large factories are springing up, and whatever may be said of our tariff, it unquestionably has had the effect of inducing the manufacture in this country of goods previously imported, with all the advantages of increased employment and circulation of money in this country. A number of these manufacturing branches or offshoots, of industrial organizations in the United States.

The value of the home market is not sufficiently appreciated, if the statistics published by a recent writer be true, that "Western Canada produced two and a half times as much wheat, twenty-five times as much oats, and thirty-five times as much barley as Canada exported."

The feature of the year, however, is erably smaller this year than last, being: 1904, \$11,189,223; 1905, \$9,511,472.

The feature of the year, however, is the splendid crop which has just been harvested in the Northwest Provinces and in Ontario. As regards the former, the most sanguine anticipations have been realized, and it seems beyond doubt that the following estimates of this season's crop in Manitoba and the Northwestern Provinces are conservative.

Wheat, 90 million bushels, worth on the spot, say, 65cts.; oats, 65 million bushels, worth on the spot, say, 25cts.; barley, 13 million bushels, worth on the spot, say 30cts.; flax, 4 million bushels, worth on the spot, say 80cts.; rye, 1-3 million bushels, worth on the spot, say, 35cts. In all 169 million bushels of grain.

Of course, a proportion of these crops will be consumed by the farmer as no doubt will all the root crops, of which potatoes alone are estimated at 8,000,000 bushels—as well as hay, but of these I take no account. At the prices set down it is not difficult to reach an approximate sum of 75 millions of dollars, or 15 million pounds sterling, to be distributed among a comparatively small population, and won from a soil which was considered barren and surrendered to the wilderness only a few years ago.

In addition to the foregoing, and not included in the above estimate, 70,000 cattle were disposed of during the year in the Northwest.

Incidentally, I may mention that I am informed by expert millers that this year's wheat is so good in quality that 7 per cent. less of it is required to produce a given quantity of flour than an average.

from the most accurate information obtainable, much exceed 5 per cent. and certainly will be well under 10 per cent. of the area available, and waiting for occupants.

In this connection I may quote here a sentence from an able and well qualified government officer, who has just completed a wide survey of the Territories. He says:

"The immense wealth so long stored in the virgin soil of the great western country will be gradually developed, and the fact that Canada is destined to rapidly become one of the greatest food producing nations in the world will soon become apparent to all, in the volume of her exports."

The great extensions of the railway systems operating in this country, must not be passed over. The Canadian Pacific Company is spending vast sums in improvements and extensions. The Canadian Northern is pushing westward, while the Grand Trunk Pacific is preparing for an extension to the Pacific, and the Government of Canada has the necessary powers to duplicate the railway connection between Quebec and Winnipeg, and is now surveying the line.

With general political events we have nothing to do, except as regards their effect on our financial institutions. A note of thankfulness was heard when an end was put to the mighty war in the Farther East.

It was specially grateful to this community when a friendly understanding was reached between England and France, and we trust that the portentous cloud overhanging Russia may be dissipated by wise and liberal measures. Meanwhile, it remains an ominous factor, exciting the liveliest apprehensions among Russia's creditors, and the deepest interest in the whole civilized world.

I can only, in conclusion, echo the General Manager's advice that the abounding prosperity of our country should be prudently accepted and used.

I move: "That the report of the Directors, now read, be adopted and printed for distribution among the Shareholders."

The motion was seconded by Mr. A. T. Paterson and after some appreciative remarks by Mr. John Morrison, it was unanimously adopted.

AMENDMENTS TO BY-LAWS.

The Vice-President then remarked: I have now to ask you to consider amendments to the by-laws, which the Directors deem advisable. The first is an amendment to by-law No. 3, the alteration being to make the number of Directors ten instead of nine, as at present. Perhaps you are aware that, up to the last session of Parliament, the General Banking Act only permitted the election of nine directors to any bank. There were not to be fewer than a certain number, and not more than nine. That has now been changed, and practically the number of directors is unlimited, if the Shareholders so desire. The proposal of the Directors now going out, is that the number be made ten, instead of nine; and the reason will appear a little later in the proceedings. I would, therefore, move:

"That, whereas it is advisable to increase the present board of nine directors to ten, by-law No. 3 is hereby amended by striking out the word 'nine,' as appearing in said by-law, and inserting in its place the word 'ten.'"

This was seconded by Mr. A. T. Paterson and was unanimously agreed to.

The Vice-President—The next alteration is:

"Whereas it is advisable that power be given to the Shareholders to elect an honorary president, by-law No. 6 is hereby amended by adding to it the following words:

"The Directors may also at their said first meeting, elect by ballot one of their number to be honorary president."

It is due to you to say that this has special reference to Lord Strathcona. He has occupied the post of President for eighteen years, and last year he expressed a desire to be relieved of it. The Directors were unwilling to have his name severed from the Bank which he had so long and usefully served. The creation of an honorary presidency was authorized in the amendment of the Banking Act; and under that authority this can now be done. I will, therefore, move that the resolution which I have just read be adopted.

This was seconded by Mr. A. T. Paterson, and was concurred in unanimously.

The Vice-President—It seems proper at this stage that the long and valued services of Lord Strathcona, in connection with this Bank, should be acknowledged by the Shareholders, and I have the honor and pleasure of moving, seconded by Mr. E. B. Greenshields, that a cordial recognition, in suitable terms, be sent to Lord Strathcona, expressing the appreciation

tion in which the Shareholders, and they include the Directors—hold him and his services to the Bank.

Mr. E. B. Greenshields—I have very much pleasure in seconding the resolution just proposed. We all feel that the Bank has been honored in the past by having Lord Strathcona as its president. When he first went to London as Canadian Commissioner he hoped to be frequently on this side of the Atlantic and at our meetings; and it was with much regret that he found himself unable to be here as often as he had expected. Not only should his great services to the Bank be noted; but we also wish to put on record as shareholders of the Bank and as citizens of Montreal and the Dominion of Canada, our very high opinion of him as a man. We feel proud of having had him as president of this Bank, and it is with very great regret that we hear that the connection is to be to a certain extent severed. But we are all pleased that he is to remain with us as the Honorary President of the Bank, and that his name will still be associated with this institution. I know, I express the feeling of every Shareholder when I say that we all have the greatest admiration for him in his public capacity as High Commissioner for Canada, and appreciate all he has done for this country, but besides this we would like to assure him that we have a very warm feeling of personal regard for himself.

Mr. John Morrison—I give my cordial assent to the motion, for a more deserving gentleman it would be hard to find.

The motion was unanimously and cordially adopted.

THANKS ARE TENDERED.

Mr. B. A. Boss then moved:

"That the thanks of the meeting be presented to the President, Vice-President and Directors for their attention to the interests of the Bank."

This was seconded by Mr. W. Stanway, and was carried unanimously.

Mr. E. B. Greenshields moved:

"That the thanks of this meeting be given to the General Manager, the Assistant General Manager, the Inspector, the Managers and other Officers of the Bank, for their services during the past year."

In making the motion Mr. Greenshields remarked:

I wish to say that the opinion of the Directors is unanimous that in the General Manager, the Assistant General Manager and Inspectors, the Managers and the other officers of the Bank we have a thoroughly efficient and reliable staff to carry on the work. I had the pleasure last year of meeting a number of the Managers from Winnipeg to Victoria, and I also know many of those nearer Montreal. I am very much pleased always to see among them a fine "esprit de corps," that inspires the feeling that the Bank of Montreal is the institution to