THE BANK OF MONTREAL ANNUAL MEETING.

General interest always attaches to the annual meeting of the Bank of Montreal. Especially is such the case this year, when Canada is sharing in the effects of worldwide monetary stress, and listening to the echoes of its neighbours' financial debacle. The position and policy of Canada's premier bank are rightly taken as being largely representative of the country's banking situation in general. How satisfactorily the position has been maintained in anticipation of recent needs was shown by the bank's preliminary annual statement, upon which THE CHRONICLE commented three weeks ago.

It will be remembered that while total assets decreased from $168,001,173 to $165,234,768 during the year ending 31st October, 1907, the liabilities to the public showed a more than corresponding reduction—from $142,079,113 to $138,772,900. A more particular instance of the bank's careful preparation for all contingencies was noted in the increase of cash holdings, the showing being as follows:

	1906	1907
Gold & Silver Coin	$6,232,607	$7,729,735
Dominion Notes	5,374,510	4,320,385
	$11,607,117	$12,050,120

As already mentioned, this addition of $450,000 in cash was made concurrently with a decrease in the total of liabilities to the public. It is notable that these results should have been effected during a year of especial demands upon banking resources—as witness the bank's increase of current loans and discounts, from $101,814,453 in October, 1906, to $105,107,113 in 1907.

A full report of the proceedings of the ninetieth annual meeting of the Bank of Montreal will be found elsewhere in this issue. The addresses of the president and vice-president are compact with valuable and interesting information upon the banking and general business conditions of the country. Their remarks possess, too, the admirable quality of frankly taking shareholders and public into the bank's confidence regarding the general policy which has been followed by the management during the past critical year. Early in the year—as Mr. E. S. Clouston, the vice-president and general manager explained at Monday's meeting—the bank slightly increased its rates of discount, not so much with a desire to increase profits, but rather for the purpose of giving a practical indication to its customers of the anticipated trend of financial affairs, and of impressing upon them that in the conduct of their business they must govern themselves in accordance with the conditions impending. Recent events have assuredly justified the foresight and conservatism of the Bank of Montreal and its sister institutions. Canada can now, to quote Mr. Clouston, "stand any temporary reverse without serious consequences." To which he added: "I do not look for a reaction on anything like the scale which we experienced in previous similar epochs."

Referring to the lateness of this year's crop in the West, and the unfortunate fact of much of the grain being low grade, the general manager said that a fear had been expressed in some quarters that sufficient funds would not be forthcoming to satisfy the abnormal pressure to move the crop promptly. "To meet this," it was explained, "the Government had asked the banks to co-operate with them in assisting the export of wheat as rapidly as possible. The joint action has had the desired effect; the crop is now being forwarded in a normal way, and there are buyers for all grades of wheat in the market."

In reply to the criticism sometimes levelled against the banks regarding their foreign loans, Mr. Clouston pointed out that even a year ago, when loans abroad aggregated $96,000,000, the banks had deposits made with their foreign branches amounting to $55,000,000. So that the actual net amount of foreign loans was only some $41,000,000.

"Every dollar of this," he said, "is loaned on call or at short date, upon the most ample security. It constitutes a part of the reserves of Canadian banks. If to-morrow we were to call in the whole of our loans of this class, which are at all times immediately available, the mercantile public of Canada would derive absolutely no benefit from the action. Being a portion of our reserves, the choice given the bank is between retaining the money unproductive in its vaults, or lending it at call upon interest in foreign financial centres. We adopt the latter alternative, as being in the interest not alone of the shareholders, but of the commercial community of Canada."

Further, it was pointed out that while a year ago the banks had $96,000,000 loaned abroad, to-day these loans amount to $73,200,000; a reduction of $23,000,000. In the same period current loans in Canada have been enlarged by $48,000,000, and the cash reserves have been increased upwards of $5,000,000; that is to say, as occasion warranted, the banks have drawn upon their reserves abroad to meet requirements at home, and have carried on the process with as much facility as if the reserves had been stored in their own vaults.

The address of the President, Sir George Drummond, K.C.M.G., contained a clear review of conditions that have led up to the United States crises. As to the outlook for that country, he believed that the state of disturbance might be expected to pass away and that normal and saner views in financial matters would once more rule—leaving the resources of the nation practically undiminished and its powers of recuperation unimpaired.