

The President:—The report is now before you, gentlemen. We shall be glad to answer any enquiries you may make.

Mr. B. M. Britton, Q.C., (Kingston): Is the large balance shown in the statement as due by agents in the United States a normal state of things, or exceptional for this year?

The General Manager:—Not very abnormal. We have large business interests in New York, Chicago, and New Orleans. The bank makes large loans in the United States at all times.

Mr. Britton:—The amount then represents investments there?

The General Manager:—It represents money invested by our own agents chiefly in call and short time loans. I might say in this connection, as I think it will be of interest to our shareholders, that in 1893 we were able in consequence of the large resources which we had in the United States to bring in some \$3,000,000 to use in our Canadian business. I think I am right in saying that the Bank of Montreal and ourselves together brought back to Canada, from May to September, about eight million dollars. This was the result of having money invested in the United States that could be readily available in time of trouble, and is of course one of the chief reasons for our keeping moneys invested outside of Canada.

The President then delivered his annual address, as follows:—

PRESIDENT'S ADDRESS.

A year ago I had occasion to remark upon two very prominent features in the statement of the bank then laid before you. These were the rapid increase of our resources, and the difficulty we were experiencing in employing them profitably. Although the outlook is now changing for the better, at the close of our year our position was even more pronounced than the year previous. Our deposits have now reached \$23,000,000, an increase over last year of almost \$4,000,000, and there is no special feature to note regarding this large increase. It is almost entirely due to the ordinary deposits of the many thousands who deal with the bank. It will be seen that as against this growth in deposits we have increased our investments in bonds over \$3,000,000, our total holding of Government and municipal securities and other bonds being now nearly \$7,500,000. It will also be remembered that out of total assets of \$34,000,000, about \$17,000,000, or one-half, are either immediately or nearly available. These are much larger figures than we have been accustomed to, and exhibit in a most forcible manner the strength of the bank, and the high estimation in which it is held. But while this is a matter for congratulation, the difficulty of caring for this large amount of money, and of earning a profit over and above the interest paid on deposits, and the cost of administration, is very great indeed. We, however, fully expect that the revival which has set in will make the demand for ordinary commercial loans much larger than it has been for the past few years.

During the year an issue of Dominion Government bonds was placed upon the market at a price yielding to the investor only about $2\frac{3}{4}$ per cent. per annum, and over one-half of the issue was taken by Canadian banks. These bonds will, no doubt, move steadily towards par, or a yield to the investor of only $2\frac{1}{2}$ per cent. per annum. In view of the fact that the administration of the post-office and other Government savings banks cost about one-quarter of one per cent. per annum, there was clearly no excuse for continuing to pay for such deposits 3 per cent. per annum, and we have to compliment the Finance Minister upon giving notice that after the 1st of October the rate will be reduced to $2\frac{1}{2}$ per cent. Politicians have tried to show that this is a step specially favored by the banks,

as opposed to the rest of the people. But this has been a very fruitless effort, not calculated to deceive any who have given the matter serious consideration. In a new country the majority are borrowers, and the real interest is in lower rates, and not higher. If the Government rate is kept the least fraction above the true value of the depositor's money, the business community must suffer by the artificial rate thus maintained.

We are very glad to learn that there is some prospect of a settlement of the various questions at issue between the United States and Canada. The commercial importance of good relations between the two countries, of a reasonable tariff, and as little friction as possible in the routine connected with the international exchange of commodities, is not only very great to Canada, but also to the United States. It is evident, from the space devoted to the subject in prominent journals, that during the past year or two the people of the United States have become more intelligent than heretofore, as to the value of trade with Canada. We should not, and need not, make any material concessions to the United States, which are not fairly an exchange for concessions made to us. To know that we can prosper whether they are friendly or not is the best basis for a satisfactory adjustment. Nevertheless, we can afford to frankly admit that the present measure of our prosperity would be enhanced by greater freedom in our trade relations with them.

It is evident that we have entered upon an era of railroad building, and of great increase in our ocean carrying trade. After the building of the Intercolonial and the Canadian Pacific railways, it was but natural that a young country like Canada should pause, a little exhausted by its effort; and there were those who therefore thought that we had ended our day of railroad building on a large scale; whereas we have but commenced. Many things have happened lately which should cause us to take stock of our country afresh, and estimate from a wider point of view its future possibilities and its immediate wants. In Manitoba the branch roads and local systems feeding the main lines are prospering, and new communities of settlers are being created, the people are awakening to the great value of new districts which were not discussed a few years ago, and the feeling that the railroad must be the pioneer—must go in advance of settlement, is greatly strengthened by the success of some recent efforts in railroad building of that kind. Gradually we are making it possible for pioneers in farming to get into that more northerly country in the North-West, which so attracted the early travellers that they called it the "fertile belt," at a time when the prairie country west of the Red River valley was accounted worthless. Further west, along the foothills, it is clear that railroads must be built northward, and when built we will wonder at the possibilities of cattle ranching thus opened to the world. In British Columbia the need of railroads is even more evident to the most careless observer. In the southern part, where mining is being developed, much has been done, and much remains to do. But, looking northward, everything is yet to do. We have all been discussing freely the needs of the Yukon district, partly because it has become a political question, and partly because it has been so suddenly thrust upon our attention. But the Cassiar and the Cariboo districts require aid also, and there can be little doubt that before long a railroad system will serve all these, touching at some Canadian port on the Pacific, and eventually reaching down to the main line of the Canadian Pacific. On the Pacific a great ocean traffic is being created, and while much of it is merely coast-wise, and carried on mainly by United States vessels, when the first rush

of the mining excitement is over we feel sure that of the steady trade that remains we shall have a considerable share. In the traffic with Asia there is a great increase, of which we get a fair share. On the Atlantic our traffic is rapidly increasing, and whether the proposed fast line service is carried out by the present projectors or not, the need of it is more evident than ever before.

During the year the bank has made a somewhat important venture in opening a branch at Dawson City, in the Yukon district. We had been urged to establish an agency in that country before Dawson City existed, but we were naturally deterred from doing so by the absence of sufficient police protection, and the fact that there was no mail service, and no immediate prospect of railway or telegraph services. Since then, the conditions have changed considerably, and the bank having been appointed agent for the Dominion Government for the collection of the royalty imposed on gold mined in the Yukon Territory, and bankers for the ordinary business of the Government, we decided to send an expedition into that country to open a branch of the bank. The main body of the staff of the new branch, with an outfit sufficient to commence business, went through the White Pass some weeks ago, and is now doubtless doing business at Dawson City. The bank controls an office and safe there until our own offices and vaults are built. The remainder of the staff, with safes and other permanent supplies, left Seattle on the 13th June, and will arrive in Dawson City some time in July. They, of course, go all the way by water, leaving the ocean steamer in the Behring Sea, at the mouth of the Yukon River, and travelling from that point, St. Michael's, up the Yukon in a river steamer to Dawson City. The establishment of a bank in such a remote part of the country, and the necessary arrangements for the shipment thence of gold dust, have been attended with innumerable difficulties of detail and great expense, and we naturally hope that the venture may be a source of considerable profit to the bank. This of course time alone can determine.

I have now pleasure in moving the adoption of the report, which will be seconded by the vice-president, but before submitting it for your approval, I will ask the general manager to address you.

The Vice-President:—In seconding the adoption of the report, I would like especially to call the attention of the shareholders to the remark in the report that ample provision has been made for all bad and doubtful debts, and to express the opinion of the board that this statement is most fully justified. I am glad also to express the appreciation felt by the board of the ability and prudence with which the affairs of the bank have been administered during the past few years of financial depression, and I think I can say of the very conservative policy which has been followed. I think this is fully shown in the statement of the assets presented to you to-day.

There are good prospects of the return of prosperity, and you may rely on the management of the bank being ready, as they are fully provided with the means, to take every advantage of the increase in business and to exercise the same care with regard to the investments of the future.

The General Manager then spoke as follows:—

GENERAL MANAGER'S ADDRESS.

In addressing you a year ago, the belief was expressed with some confidence that we were nearing the end of a long period of depression. Such hopes have been entertained before only to be deferred, but this time the turn in the tide of business was so decided that even the most