

We have had exceptional years, but we must not expect that this will be repeated indefinitely. As said before, we are beginning a period where prudence is imperative. The banks must expect to have difficulty in maintaining their profits. The sources from which the banks derive their profits are the same, they come principally from the difference between the rate which they pay on deposits received and the interest received from their advances. These rates are the same as before the war; they have not changed; but the expenses have enormously increased and the principal item, salaries, has been increased on a large scale.

La Banque Nationale, every year, revises the salaries of its employees and gives increases. The last two years, to the increases, was added a reasonable bonus. This year, no bonus was given, but the increases were much more important, on the basis of 40%, 30%, 25% and 20%, the highest percentages given to the smaller salaries, with the result of a greater expense of about \$140,000, which means 7% on the capital. Under these conditions, even without any other cause, the profits cannot be the same. We will maintain our profits only by an increase in our transactions, deposits, loans, exchanges and commissions.

This question of salaries which causes so much unrest in all the world, specially in industry, has also preoccupied the banks. Unions have been organized amongst bank clerks. It is always easy to enroll members in Associations of this nature by the temptation of still higher salaries, but, up to now, no success has been theirs. These organizations have been affiliated to the Councils of Trade and Labor. We are asking ourselves if those large associations of labor have considered if it was advantageous for them and if it was in their interest that associations of this nature be formed, with the intention, more or less avowed, of controlling the administration of the banks.

Their wishes are to protect labor against the possible injustices of capital, but is it just to pretend, as often said, that the banks represent capital? Undoubtedly, they manage large sums of money, which are the proceeds of savings. Let us ask ourselves from what sources come the capital and deposits of banks. What is the capital of a bank formed of? From money subscribed and paid by shareholders. These shareholders what do they represent? Capitalists, millionaires and other very wealthy people? No, just the opposite; these gentlemen have not a great deal of their money so invested. The shareholders are more of the middle class. If you take your bank as an example; with a capital of \$2,000,000, 20,000 shares owned by 1,084 shareholders, an average of \$1,840 each. The deposits in the banks, by whom are they made? by what we call capitalists, millionaires and rich people? No. They have have proportionately very little of their money in the banks. The deposits are made by the middle class, by the farmers and by the workers, the labor. We cannot believe that the labor associations will, in full knowledge of this, embarrass the institutions where their savings are invested and manage to put them under a control whose principal action is the strike, which would endanger their savings, and this to prevent supposed wrongs, and certainly cause calamities.

A strike of bank employees would be an attack against the credit which is at the basis of the economical organization of this country. A strike which would close the banks, even for a short period, would stop trade, disorganize industry, and labor without work would kill itself.

The bank is the public utility, the most necessary and the most delicate that exists, and the labor organizations, in their interest as in the general interest, should not embarrass it. The wrongs they want to prevent, there may be some, but the remedy which would be used would be a disaster.

We express the preceding ideas so that the workers knowing the situation, will not be led to regrettable acts under the pretext of redressing wrongs which, if they exist, are very limited.

We have opened, during the year, nine branches and thirty-four sub-agencies. We have in operation ninety-two branches and two hundred and ten sub-agencies.

The inspection of all our branches and sub-agencies have been made with care and we are thankful to our employees for the zeal and labor which they gave for the success of the institution.

N. LAVOIE,  
Geeral Manager.

R. AUDETTE,  
President.

## GENERAL STATEMENT

APRIL 30th, 1920

### LIABILITIES.

|  |                 |                        |
|--|-----------------|------------------------|
| Notes of the Bank in circulation .....                                       | \$ 5,609,060.12 |                        |
| Balances due to Canadian Government.....                                     | 9,470,449.93    |                        |
| Deposits payable after notice..  | \$35,023,110.77 |                        |
| Deposits payable on demand..   | 8,211,230.44    |                        |
| Deposits elsewhere than in Canada, payable after notice..                    | 5,225,816.91    | \$48,460,158.12        |
| Unclaimed dividends .....  | \$ 1,349.90     |                        |
| Dividend payable 1st May ....  | 50,000.00       | 51,349.90              |
| Balances due to other banks in Canada .....                                  | \$ 7,068.64     |                        |
| Balances due to banks and banking correspondents in the United Kingdom ..... | 31,441.68       |                        |
| Balances due to banks and banking correspondents in foreign countries .....  | 63,599.99       |                        |
| Bills payable .....  | 549,500.00      |                        |
| Other liabilities .....  | 58,518.41       | 710,128.72             |
| Total Liabilities to the public .....  |                 | \$64,301,146.13        |
| Capital paid-up .....  | \$ 2,000,000.00 |                        |
| Reserve Fund .....   | 2,300,000.00    |                        |
| Profit and Loss account .....  | 74,219.97       | \$ 4,374,219.97        |
|  |                 | <u>\$68,675,366.10</u> |

### ASSETS.

|   |                 |                        |
|---|-----------------|------------------------|
| Current coins .....   | \$ 346,791.06   |                        |
| Dominion notes .....  | 3,929,974.00    |                        |
| Deposit in the central gold reserve .....                                   | 3,300,000.00    | \$ 7,576,765.06        |
| Notes of other banks .....  | \$ 678,475.00   |                        |
| Cheques on other banks .....  | 2,911,087.45    |                        |
| Balances due by other banks in Canada .....                                 | 2,515.80        |                        |
| Balances due by banks and banking correspondents in foreign countries ..... | 1,087,060.49    | \$ 4,679,138.74        |
| Deposit with the Dominion Government to secure bank note circulation .....  | \$ 100,000.00   |                        |
| Imperial and Dominion Government securities .....                           | 5,674,480.00    |                        |
| Canadian municipal, foreign and other public securities ...                 | 5,032,507.71    |                        |
| Railway and other bonds, debentures and stocks .....                        | 938,277.68      |                        |
| Call loans on bonds, debentures and stocks .....                            | 5,309,849.12    | \$17,055,114.51        |
| Current loans and discounts in Canada (less rebate and interest) .....      | \$36,967,916.09 |                        |
| Overdue debts (estimated loss provided for) .....                           | 29,384.62       |                        |
| Real estate (other than Bank premises) .....                                | 354,147.31      |                        |
| Mortgages on real estate sold by the Bank .....                             | 308,913.13      | \$37,660,361.15        |
| Bank premises and fixtures (less amounts written off) ....                  | \$ 1,553,511.14 |                        |
| Other assets .....  | 150,475.50      | \$ 1,703,986.64        |
|   |                 | <u>\$68,675,366.10</u> |

N. LAVOIE,  
General Manager.

R. AUDETTE,  
President.