all, that you are not to have the bonus, but I am sure that all of you who are business mon, and who are capable of looking ahead as well as any of us, will consider that it is really best that we should content ourselves with the ordinary ten per cent. at this moment.

During the present year the bank, to strengthen itself in England, has made purchases to a very considerable extent of Imperial securities. that is, securities such as the Bank of England will unhesitatingly accept at any time, and which are convertible at any moment, so that with these in our possession we are always in a position to borrow money as it may be required. You will see in the report that some \$50,000 has been set aside for bank premises in Calgary and Vancouver. This your directors considered essential; that is, that the bank should be in possession of such premises and accommodation as would enable it to do its business in the best way in what may be called great centres of the North-West and Pacific Coast—small comparatively at the present moment, but growing so fast that we may expect in a very short time that they will be very considerable factors towards enabling the bank to increase its profits. Calgary is the centre of the ranching country. Vancouver, only three years old and now a city of some 10,000 inhabitants, being the terminus of the Canadian system of railways on the Pacific coast, cannot fail to become a place of very considerable importance in the immediate future. and we wish to be ready for whatever may offer itself to the bank in both

THE PROGRESS OF THE BANK

and of Montreal you will see also that the directors have thought proper to establish a branch in the west end of the city, that is, St. Catharine Street. This is for the accommodation of customers in that part of the town; for we all recognize that the great portion of the retail business is led in that direction, and it will be a great convenience for depositors and others having business transactions with the bank there.

The question of rebate on bills discounted is one which has been under consideration by your directors from time to time for many years back. The system which now prevails is that commenced by the bank at its inception, and it has gone on ever since. The bank year, as you are aware, closes on the 30th April, and it has not been the practice hitherto to deduct the unearned interest from that date until maturity of the bills discounted. It is thought by the directors that it is better an allowance should be made for this. That will require \$200,000. You may say that the directors might well have done this of themselves this year or the year before. But they thought that it was only right and proper, before they changed the system of accounts that had prevailed for over seventy years, to come before you and inform you of their opinion on the subject, and ask your advice with regard to it.

NEW RAILWAY CONNECTIONS.

At the annual meeting last year I think reference was made to the opening up of certain roads into Montreal which must necessarily bring an accession of business to Canada, and to Montreal especially. Then the direct railways from here to the North-Western States, via Sault Ste. Marie, were under construction Now, I am happy to say, they are an accomplished fact; and I could wish very much that all of you had been with me on a very pleasant trip we made over those roads within the last ten or twelve days. You would have seen for yourselves the great capabilities of that intervening country and of the North-West, marking out what we may well expect to come to Montreal from that source And to-day we have for the first time, speeding over the road called the Short Line to St. John, N.B., a new service, by a route which takes off 270 miles of distance to that part of the Maritime Provinces, and reduces the time to, I think, at present, eighteen hours, which I understand will very shortly be further curtailed by two hours. This cannot possibly fail to beneat us here in Montreal; and it appears to me that if we are true to ourselves, if we bend ourselves sturdily to the work before us, what with all these facilities, and with Montreal as it is to be, a free port, with such accommodation for traffic both by sea and land as you, gentlemen, who are connected with the trade and commerce of the country will insist on having, surely we may look forward for even a greater and much brighter condition of things throughout the country and Montreal than we have had in the past. (Hear, hear.) This in its train will bring with it additional accumulated wealth, and that, in turn, will give to the Bank of Montreal and to other banks increased deposits, of which I hope that, as in the past, the Bank of Montreal will have its good share at a low average rate of interest, so that notwithstanding the steadily decreasing rate of interest obtainable for money for the last eight or ten years, the bank, by a largely increased business by reason of these de osits, will, like the great banks in London, be in a position to continue the distribution of satisfactory profits. You will, notwithstanding that the rate of interest from your customers is much lower, be still able, with that good management which has characterized your bank, to look forward, I firmly believe, to having the 10 per cent. dividend. As to bonus, that must be just as the condition of affairs may permit. At any rate, your directors in the future, as in the past, will, no doubt, do their utmost to keep up the standard of the bank, and give you all the profit and all the advantage it may be possible for them to afford. I now move, seconded by Mr. Drummond, the vice-president,

That the report of the directors, now road, be adopted and printed for distribution among the shareholders.

Hon. Senator Drummond-I have much pleasure in seconding the motion.

The President--I will now ask the general manager to make a few remarks.

THE GENERAL MANAGER'S ADDRESS

Mr. Buchanan, the general manager, then said:-As having a very important bearing on the results of the bank's operations during the past year, I wish to take the liberty, as I did at our last meeting, of draw ing your attention to the course of the money market in Great Britain and the United States. In London the rates for money ruled low until September, when, in order to stop the drain of gold, chiefly to the Argentine Republic, on whose account large loans had been put out, the Bank of England raised the rate to 4, and three weeks later, to 5 per cent. Notwithstanding this, and the fact that that bank borrowed largely from the other great banks, with a view of reducing the supply of loanable funds, the open market rate for money responded to the advance in the bank rate for only a very limited period, and the following anomalous condition of affairs existed: the Bank of England rate was 5 per cent the other banks, according to London custom, were allowing 12 per cent. below, that is 3½ per cent to depositors, while they were only able to lend on the market at 2 to 21 per cent., a very unprofitable business for them. Before long arrangements were made with the great issuing houses to stop the export of gold to the Argentine Republic; gold was brought in from Russia and elsewhere, and the year 1888 closed on a comparatively quiet money market. By the end of January the bank rate had been brought down to 3 per cent., and on 18th April it was further reduced to 2½, where it now stands, with discounts in the open market at 18 per cent. It must be apparent, therefore, that London has been a poor field, throughout our year, for the profitable employment of any of our surplus moneys. It may be interesting to note that during the stringency the stock of bullion in the Bank of England sank to £18,300,000, the lowest point it has reached since 1866, the year of the Overend-Gurney

In New York, with the exception of a slight squeeze towards the end of December, money has been superabundant, and has not averaged for the year over two per cent, for call loans. Time money has been correspondingly low, and in Chicago we have been obliged to content ourselves with a reduced rate. This condition of things was largely produced by the extensive bond purchases made by the United States Government. From the 23rd of April, 1888, when the first purchase was made, until now, the enormous sum of \$195,000,000 has been put out in that way. The

surplus, however, now held by the treasurer has been reduced to \$56,000,000, and unless he advances the price he has so far been willing to pay for the bonds, there is not much likelihood of its being disbursed to any great extent, in which case, if the harvest equals general expectations, we look pretty confidently for much better values for money in the United States this autumn.

United States this autumn.

The rates in Canada have been about normal, with a tendency to a lower level, owing to keen competition; profits on collections from the same cause have been greatly reduced, while Foreign Exchange is dealt in at a price altogether out of proportion to the risks incident to the business. But this has been, I fear, about the case with most kinds of business for the past few years—greatly diminished profits on all sides. It is evident to every one that capital is yielding less year by year—for instance, between now and December, 1900, there are maturing in the United States something like \$650,000,000 of railway bonds, now bearing not less than 6 per cent., and some as high 10 per cent.; to-day these could be refunded at from 4 to 4½ per cent. Bringing this home to the case of this bank, it seems to me that only by a great expansion in our lending capacity in this country, which, I think, however, we may very fairly calculate on, as riches and population increase, can we look to a maintenance of our profits at about the present figure for many years longer, and that, therefore, a distribution of all a bank's earnings would be a measure of questionable prudence.

Business generally during the past year in Canada has been rather disappointing, and, unless in exceptional cases, I am under the impression that a majority of merchants, who have had the courage to value their assets in a proper manner, have had to contemplate a shrinkage of their capital account. The crops were only fairly good in Ontario, and were disappointing in Manitoba. Payments were consequently light, and the banks have had to carry a heavier load than usual. This, with the holding over of a good deal of lumber and logs, will pretty well account for the increase of \$19,000,000 during the year in loans, and does not altogether indicate a healthy expansion of business. The deposits represents the savings of the community, a large part is composed of proceeds of loans in other countries, and, consequently, increased indebtedness of the Dominion. One feature about these deposits in banks is not very satisfactory. Leaving out the Bank of Montreal from the Government statement, it will be seen that while circulation and deposits representing the liabilities to the public have increased, the reserves, which should have augmented proportionately, have diminished. The figures are:

Circulation and deposits of all kinds, 30th April, 1888 Circulation and deposits of all kinds, 30th April, 1889	\$121,333,000 182,544,000
Increase	\$11,211,000
Reserves,	
Gold, 30th April, 1888 Gold, 30th April, 1889	\$4,458,000 4,620,000
Increase	\$164,000
Dominion notes, 30th April, 1888	\$8,565,000 7,370,000
Decrease	\$1,196,000
Due by (less due to) banks 30th April, 1888	\$2,454,000 2,196,000
Decrease	\$258,000
Due by foreign agents (less due to) 30th April, 1888 Due by foreign agents (less due to) 30th April, 1889	\$4,468,000 1,014,000
Decrease	\$3,454,000

Showing a reduction in reserves of all kinds of about four and three-quarter millions, and an increase of liabilities of close on \$11,250,000. We leave practical financial men to draw their own conclusions.

THE OUTLOOK FOR THE FUTURE

is at present bright. Lumber prospects were never better. Crops all over the Dominion give great promise. The cotton mills appear to be working in harmony, and consequently on more profitable lines, and many accurities which were a short time ago unrealizable are now getting a market value. If our hopes are realized we should have an active business in the early autumn; but if, on the contrary, the crops should turn out badly, and the lumber business, which is a very important factor, not meet expectations, the results cannot fail to be correspondingly disappointing. We look on this as rather a crucial year, and until the outcome of it is seen, our distribution of profits was, I think, wisely confined to what has been considered for some few years back the minimum, viz. 10 per cent. Let us hope that merchants also will not discount the future, which is always full of uncertainties, by increasing their importations, at least until we are treading on firmer ground than is possible so long before harvest time. I have already taken up too much of your time, and shall now only add that I shall be pleased to answer any questions which any of the shareholders desire to put to me.

The President—If there is any other gentleman who would like to make some observations on the report, we shall be happy to hear him.

Mr. John Morrison reviewed the business of the bank for the past year, adding that the Directors had acted with commendable prudence in adding to the Reserve Fund, while had a bonus been declared a gross error would have been committed. He would have liked to see the current expenses and losses every year given in the annual statement. The statement, however, as far as it went for the present year, was unexceptionally.

error would have been committed. He would have liked to see the current exponses and losses every year given in the annual statement. The statement, however, as far as it went for the present year, was unexceptionable.

Mr. John Crawford premised that there was not much disposition either to ask or answer any questions, and said that Mr. Morrison had done that respect to the resolution for the adoption of the reports which it deserved. He complimented the chairman on his remarks rebonus, the board upon their generally conservative plans, and the general manager upon his interesting statistics. He reminded the meeting of the discovery, after the event, that it would have been better to pay one per cent. bonus in 1887 than two per cent, and said.—"Now, sir, neither can we ignore our present situation. Competition between banks is vastly on the increase, money is phenomenally cheap, and the expenditure is still maintained at its maximum rate. It seems to me, though, that the country, narrow as it is, is capable of absorbing all its unemployed capital, and I think that these reasons will lead us to the conclusion that the policy of the bank is deserving of credit." Concluding, the speaker again brought up the subject of quarterly instead of half-yearly dividends, and the president replied to him that that subject had not been lost sight of.

The report was unanimously adopted.

Mr. Crawford then moved that the thanks of the meeting be presented to the President, the Vice-President, and Directors for their attention to the interests of the bank. He said the Board had been described as a canny, formidable Scotch clan, who get the credit of a bump of caution, and they will not have any transaction of a speculative character, and said he wished to emphasize this that what shareholders had most to apprehend is not the withholding of bonuses, but the natural tendency of directors to be too generous.

Mr. Hector Mackenzie seconded the motion, which was carried unanimously.

Mr. Hector Mackenzie seconded the motion, which was carried unani-

Mr. Hector Mackenzie seconded the motion, which was carried unanimously.

The president, in replying for his colleagues and himself, thanked the meeting warmly for the manner in which they had been referred to. "We are conscious, at any rate," he said, "of having done with regard to your affairs just as each of us would have done were we looking after our own individual matters. While speaking of this I would add this one word. We all of us deeply regret the loss of our colleague, the late Mr. Alexander Murray, a gentleman upon whose mature judgment we always relied, and whose sound advice we found to be most valuable in all cases of emergency. He was always ready to do his part in the best possible way for the interests of the shareholders, whose trustee he was."

Hon. J. J. C. Abbott said: While I feel gratified at the approbation which the shareholders have been pleased to accord to our labours for the board have contributed in their respective departments to the success of the operations of the bank, and I think they should have their due amount of approval also. I therefore beg to move:

That the thanks of the 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.

Mr. R. B. Angus expressed the pleasure he felt in seconding the motion.

of the bank, for their services during the past year.

Mr. B. Angus expressed the pleasure he felt in seconding the motion.

The General Manager, in replying, said: I beg to thank the mover and seconder of the resolution for the manner in which they have spoken of myself and the other officers of the bank, and for your cordial reception of the motion. I can say with confidence that from the highest to the lowest in rank there is the atmost loyalty and zeal, and that the managers in Canada, from Halifax to Vancouver, as well as those in London, New York and Chicago, to whom especially great responsibilities are entrusted, have a full appreciation of the magnitude and importance of the interests committed to their charge.

It was then moved by Mr. James O'Brien, seconded by Mr. John Dunlop, that a ballot be now taken for members of the board.

A formal adjournment then took place.

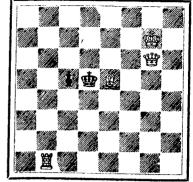
The scrutineers reported the following gentlemen as duly elected directors: Hon. J. J. C. Abbott, Hon. George A. Drummond, E. B. Greenshields, Hugh McLennan, W. C. McDonald, A. T. Paterson, Sir Donald A. Smith, K.C.M.G., Gilbert Scott, Charles S. Watson.

At a meeting of the newly elected board, held on the 4th inst., Sir Donald A. Smith, M.P., was elected president, and Hon. George A. Drummond vice-president.

CHESS.

PROBLEM No. 367.

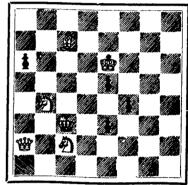
From the British Whig.



White to play and mate in two moves.

PROBLEM No. 368.

By E. P. MATHCOFF.



White to play and mate in three moves.

SOLUTIONS TO PROBLEMS.

No. 361.		No. 362.		
White.	Black.	White.	Black.	
1. P-Q Kt 5 2. Q-K 8 +	KK 2	1. Q B 2	KK 4	
2. Q—K 8 +	K-Q 5	2. QQ 1	moves	
3. Q-K 5 mate	75 /5 /	3. Q-R 5 mate		
it i	. K-Q4		1. P-B 4	
2. Q-B7	2. KQ 5	·2. QQ1+	2. KB3	
2. Q-B 7 3. Q-K 5 mate		3. Q-Q 7 mate		
With other variations.		With other	variations.	

ANSWERS TO CORRESPONDENTS.

W. L. S.—C 362, 363 and 364. -Correct solutions received to problems 359, 360, 361.

GAME PLAYED IN THE AMERICAN CHESS CONGRESS BETWEEN TSCHIGORIN AND BURN.

KING'S GAMBIT.

White.	Black.	White.	Black.
TSCHIGORIN.	Burn.	TSCHIGORIN.	BURN.
1. P-K 4	PK 4	15, B-R 3	QB 3
2. P-KB4	$P \times P$	16. Q RB 1	P-K R 4
3. KtK B 3 4. BB 4	PK.Kt 4	17. Q-R 4	PKt 3
5. P-Q 4	BKt 2	18. Q-R 6	Kt -Q 1
6. P-Q B 3	P-Q 3 P-K R 3	19. Q RK 1 20. KtB 6	Q-K3
7. Castles	$Q = K \frac{1}{2}$	21. Kt x Kt (K 6)	KtK 6 P x Kt
8. KtQR 3	Kt-Q B 3	22. R x B	PK 7
9. P-Q Kt 4	Kt-K B 3	23. R—B 2	QB 5
10. P-Q Kt 5 11. P-K 5	Kt-Q 1	24. Q R x P +	Kt-K3
12. Kt x P	P x P BK 3	25. Q—Kt 7 26. R x P	PK B 4
13. B x B	Kt x B	27. Q x B P and I	R-Q 1
14. Q Kt B 4	KtQ 4		Jack Tesigns

MANITORA AND NORTH-WESTERN EXCURSIONS.—The last of the C. P. Ry. Special Colonist Excursions will leave Toronto at 11 p.m. on Tuesday next, the 18th inst., for Deloraine, Moosomin, Glenboro, Saltcoats, Moosejaw and Calgary, to return on the 28th July next. As party is rapidly filling up early application should be made to nearest ticket agent for berths in Free Colonist Sleepers.

THE CANADIAN GAZETTE,

EVERY THURSDAY.

A WEEKLY JOURNAL OF INFORMATION AND COMMENT UPON MATTERS OF USE AND INTEREST TO THOSE CONCERNED IN CANADA, CANADIAN EMIGRATION AND CANADIAN INVESTMENTS.

EDITED BY THOMAS SKINNER, Compiler and Editor of "The Stock Exchange Year Book," "The Directory of Directors," "The London Banks," etc.

SUBSCRIPTION 18s, PER ANNUM .-

LONDON, ENGLAND: 1 ROYAL EXCHANG . BUILDINGS, E.C.

OR MESSRS. DAWSON BROTHERS, MONTREAL.