

THE BANK OF MONTREAL—Continued.

whose statements it would be hard to justify, and in relation to schemes where the advantages to buyers are not quite apparent. It might be well to consider that, while money seeking investment is much more abundant in some countries than it is with us, there is seldom much lack of capital here for participation in enterprises that are unquestionably sound. Our friends abroad might reflect that a home market, especially in the case of industrial securities, will generally furnish some indication of values.

"In the earnings of the railways, the output of factories and the large volume of commercial transactions there is evidence on every hand of widespread and almost universal prosperity throughout the land. The statement of the Bank's affairs now submitted shows that this institution has participated to a considerable extent in these advantages; the net profits have been fair, about the same as last year, and would have been more ample had not the bank met an unfortunate complication through the error of an agent and the failure of a foreign Bank. The earlier rumours concerning this matter were much exaggerated and to the best of our knowledge the ultimate loss has been fully provided for.

"I leave the General Manager to comment upon the Annual Exhibit and the more technical aspects of the situation, but may here state that the accounts, cash and securities of the bank have been examined and verified by the Inspecting Officers and by Committees of the Board. The organization of the Bank is believed to be in excellent condition, and, as is customary in this institution, the reserves have been maintained at a very high standard of safety.

"In reference to a question that has exercised the minds of some of our friends, who marvel that the Bank premises account remains at the comparatively modest figure of \$600,000, while the known expenditures under that head have of late years been unusually large, the fact is as stated, the explanation being that the directors have been indisposed to burden their assets with any large item that could not be promptly converted into cash; and they have consequently charged directly against revenue the entire expenditure connected with the building extension and maintenance of the Bank's premises; these amounts have been considerable, owing to the necessity of opening branch offices in new settlements and enlarging facilities at important centres where business has outgrown the existing accommodation.

"The Directors are, however, of opinion that the call for extraordinary outlays of this nature has almost passed and that such charges will hereafter cease or greatly diminish.

"It is unnecessary that I should attempt to give a specific account of the various industries of the country, but in reference to the more important natural products it may be noted that the lumber business has been fairly good in the east, and unusually active on the Pacific Coast. Exports to the United Kingdom have not been as large as in former years, but have been offset by the greater home demand.

"The wood pulp mills have found a good market for their product, notwithstanding adverse duties in the United States.

"There has been a wholesale falling off in the exports of produce from this port during the past season of navigation, owing partly to decreased production, and also largely to increased home consumption.

"A marked decline in the exports of live stock, which was observable during the last few years, and was probably to be accounted for by the requirements of new and expanding settlements and the home consumption of a growing population, seems now to be checked. It was natural to suppose that in view of our unequalled facilities for cattle raising the condition would only be temporary, and it is gratifying to find a change for the better has set in—the shipments, especially from the West, having largely increased.

"A true index to the rapidly increasing trade of the country may be found in the combined imports and exports of the past fiscal year, which amounted to the big total of \$693,211,221, as compared with \$571,268,767, showing an increase of \$121,945,454 over the previous year.

"It is to be noted, however, that the excess of imports over exports is increasing; the Government revenues are buoyant, but Canada's borrowings from Europe are very large, and will doubtless continue so, while expenditures for railway building, the improvement of navigation and for the legitimate needs of growing municipalities are maintained on the present extensive scale.

"With regard to trade, the wholesale dry goods houses report that business during the past year has been exceedingly good, and payments have shown a fair average, while failures have been rare. The same remark applies to groceries, iron and hardware trade, leather, boots and shoes, and other branches.

"I am aware these are but running comments, and to give any adequate description of the season's results would call for a review from the Atlantic to the Pacific. With our partial shortage of crop in the Western Provinces, we have one reassuring view exemplified this season, namely, that with the newly developed territories, the field is now so extensive that what affects one part of the country adversely or otherwise, is unlikely to induce similar conditions elsewhere. Even the visitation of the drought was by no means uniform. The weather was so capricious that the injury from that source occurred in widely separated spots, and the result of the harvest, although less than anticipated, was yet immense, considering the small population which has to share its benefits.

"We are, therefore, safe in saying that the country as a whole has undoubtedly experienced a fair degree of prosperity throughout the year, and no doubt need be entertained as to its continued and rapid growth in wealth and population; if, however, we are to realise our best expectations, we must carefully avoid undue inflation. In some districts there has been excessive speculation in town and village properties, but the movement already shows signs of languishing, while farm and fruit lands maintain their value or steadily appreciate.

"Money has been very abundant throughout the year, and from a lender's point of view the rates of interest, except for a brief period, have been abnormally low, thus rendering it difficult to employ our surplus funds to advantage in London or New York, where short or call loans are readily available. But this department of the subject will be left to the General Manager, Sir Edward Clouston, who seconds the adoption of the report."

The conclusion of the President's address was greeted with applause by the meeting.

(CONTINUED ON NEXT PAGE.)