The Directors have been able to add $100,000 to the Reserve Fund, making its present total $2,150,000 and have carried forward $31,506.47, to the credit of Profit and Loss Account.

The Bank acquired during the past summer premises in Jacques Cartier Square in this city, where a branch has been opened, known as the Market and Harbor branch, offering all the usual banking facilities to the public.

As the growth of business at Valleyfield, Que., did not meet the expectations of the Board, the branch there has been closed.

All the branches of the Bank have been inspected during the year, and your Directors have pleasure in once again bearing testimony to the zeal and efficiency with which the work of the Bank is performed by the officials generally.

On behalf of the Directors.

W. MOLSON MACPHERSON,

President.

Montreal, 21st October, 1901.

THE DISCUSSION.

The President then said:

In submitting to you the result of the year's work, I do so with the greatest satisfaction, knowing that you will receive it with feelings of approval. The annual meeting of the Molson's Bank occurs when all predictions respecting our harvest have become an established fact. Our country for years depended upon its wheat crop, and prosperity or depression throughout the country was largely governed by it, but now our older provinces have become firmly established as dairy and farm producing provinces. Our cheese, butter, cattle and hay continue to find ready markets in Great Britain, our hay and oats are being shipped in large quantities to South Africa, and our Canadian horses are being largely used as remounts for the British troops in South Africa. Consequently our trade returns for the year are of a most satisfactory character.

The water powers of Canada and our valuable spruce lands have attracted British and foreign capital, resulting in the very large manufacture of pulp and paper, and in addition to this, our pulpwood manufactured for the United States has become a considerable article of export, and has given employment to labour, and the carrying trade of the country has derived great benefit therefrom.

The employment of labour through all our manufacturing sections, as well as through our farming districts, has been very satisfactory, the labour market being strained to its fullest extent; consequently, our country offers great inducements to settlers.

The increased deposits in banks and financial institutions show how fully labour and capital have been employed and remunerated, the total amount now being over $400,000,000.

The province of Manitoba and the Northwest Territories have been bountifully blessed with the finest harvest that our country has ever enjoyed, greatly benefiting the business of the whole Dominion.

As a result of such prosperity, our Bank has derived its full advantages, as our branches extend from Quebec to Vancouver, covering the whole country, and I am, therefore, enabled to place before you the handsome statement which shows 14 15 return on our capital.

We are continually strenghthening ourselves, and have added this year $100,000 to the Rest, which now stands at $2,150,000, or 86 per cent. of our capital; and have also increased our reserves by investing in bonds and securities, which now stand at $2,311,447.

Feeling so sanguine of the continued good earnings of the Bank, the Directors have decided to recommend that the dividend be paid 4½ per cent. semi annually, that is 9 per cent. annually, instead of 8 per cent., with a bonus of 1 per cent., as formerly. I am sure that such a change will meet with general approval.

The capital of the Bank has been employed to its fullest capacity, and the circulation has been kept to its fullest limit.

The Shareholders of the Bank have increased from 655 in 1900, to 747 in 1901, thus increasing the friends and supporters of the Bank.

The general manager, inspectors, managers, and in fact, the whole staff of the bank, have been most zealous and efficient, and the pleasing statement now submitted is the outcome of their exertions.

I don't know that I have anything further to add. The year has been a most prosperous one. The country, from one end to the other, seems to be blessed with abundance; but we must safeguard against what must come sooner or later, for we cannot have good times always, and we feel it our duty to protect the shareholders all we can. Any questions the shareholders wish to ask I will be pleased to answer.

In reply to an enquiry by Mr. James Wilson, Mr. Elliot general manager, said that a fund had been set aside for a Pension Fund, but we found that it required more than we had expected. We shall have to make an assessment on the officers, but it won't be much, probably 3 per cent. of their salaries, and if one of them leaves before he is entitled to a pension he will get back the whole, or nearly the whole, of what he has been paid in, if he has behaved properly.

Mr. Crawford regarded the statement as satisfactory, but expressed regret at the remarks of the President, that the Directors recommended dividend of 4½ per cent. semi-annually, instead of 4 per cent., and a bonus, equal to 9 per cent. in the year. He had hoped that there would have been no difficulty in initiating, next October, a 10 per cent. dividend. Speaking of deposits bearing interest, and amounting to over $12,000,000, he wished to know what profit the Bank made on them. He assumed that the maximum interest allowed by the Bank was 3 per cent.

The General Manager—"We have to keep a large amount of cash on hand, idle, at all the thirty-eight branches. There are $1,500,000 of that cash lying in the vaults here, and in those of the different branches. We make a profit, but it is difficult to say how much; we pay 3 per cent. and lend at 6, but we cannot lend all we have."

Mr. Crawford—"There are $500,000 and odd with foreign agents I presume it is in New York?"

The General Manager—"New York, Germany, France, etc."

In reply to further questions, the General Manager said that the municipal, railway, public and other securities were principally railway bonds and British consols, of which latter the Bank had £40,000. There were very few municipal Canadian bonds, except first class ones. Our bonds, amounting to about $2,400,000, were of such a class that on them money could be borrowed tomorrow either in London or New York.

The President—"We are pleased to hear Mr. Crawford's remarks in reference to the statement, and I cannot say we are astonished to hear him in reference to the dividend, as I have known what his ideas were. Our intention has always been to make the Rest equal to the Capital, and the Directors have steadily gone on in that direction; it gives greater security to the Shareholders. I think Mr. Crawford would be the last one to advise us to do anything which would weaken the security of the Shareholders. As things look at present, it does not seem as if it would be long before we shall be able to pay 10 per cent. dividend. If we could see three or four years ahead, and if the years were like some we have had in the past, the matter would be easy. But we cannot, and I think we must go on making the Rest equal to the Capital, and protect the Shareholders. I beg to move the adoption of the annual report."

The motion was seconded by Mr. S. H. Ewing, Vice President, and was carried unanimously.

Mr. Crawford then moved: "That the thanks of the Shareholders are due and are hereby tendered to the President, Vice-President and Directors for their valuable services to the Bank during the past year." He spoke of the infinite pleasure it afforded him to make the motion, and of the great confidence he felt in the Bank. The statement which had that day been submitted to the Shareholders showed how diligently and faithfully the Directors had applied themselves to the interests of the Bank. With the motion he also coupled the General Manager, Inspectors, Manager and Officers.

The motion was seconded by Hon. James O'Brien, who expressed the opinion that the financial statement was a most satisfactory one.

The motion having been unanimously concurred in, the President returned thanks, and said that, of course, the Directors and the officials should be linked together in the resolution. The Directors would be a very inefficient body without the Managers of the Bank. It was to them the bank was indebted for the handsome statement which had been placed before the Shareholders, and which had been so approved by them.

Mr. S. H. Ewing also said a few words of thanks. He remarked that he felt it a great honour to be a Director of that Bank. He had been there for quite a number of years now, and he thought that he was safe in saying that the whole Board did all it possibly could for the Bank. As to beginning to pay a 10 per cent. dividend at present, The Molsons Bank had always progressed, never gone back, had always increased its dividend, never decreased it, and he thought that if it kept on paying 4½ per cent. semi-annually, until the Rest amounted to $2,500,000, it could then safely go on paying a 10 per cent. dividend. He spoke of the diligence and close attention which the General Manager, Mr. Elliot, gave to the affairs of the bank. Mr. Elliot had been with the bank 42 years, and he seemed part and parcel of the institution. To Mr. Elliot, to Mr. Durnford, the chief inspector, and to the whole staff the Bank was very much indebted. The staff was a splendid one.

The President in reply to a shareholder said:—The bank had 38 branches and there were four inspectors. Mr. Durnford, the chief inspector, usually remained in Montreal. It was explained that electrical protection was installed wherever it could be obtained.

The meeting then proceeded to the election of officers, and the scrutineers soon reported that the retiring Board had been re-elected, viz.:—Messrs. James P. Cleghorn, S. H. Ewing, Samuel Finley, F. C. Henshaw, H. Markland Molson, W. Molson Macpherson, W. M. Ramsay.

At a subsequent meeting of the Directors, Mr. W. M. Macpherson was re-elected President, and Mr. S. H. Ewing, Vice-President.