



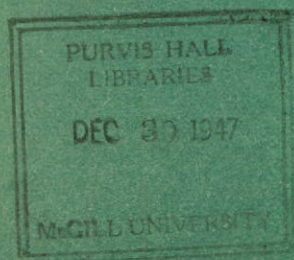
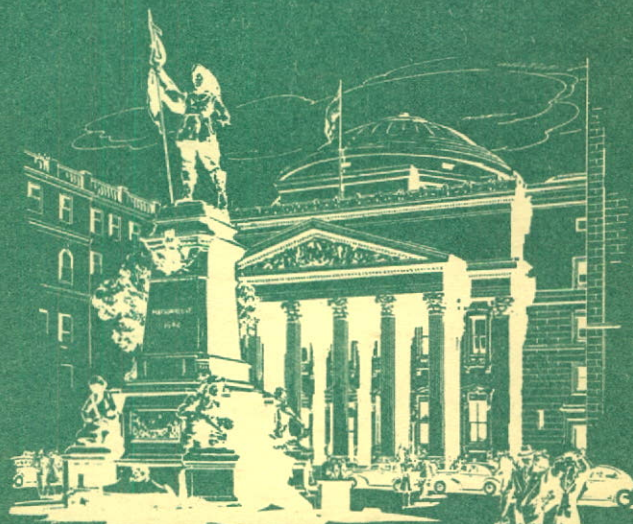
130TH ANNUAL REPORT

of the

BANK OF MONTREAL

ANNUAL GENERAL MEETING

December 1st, 1947





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BANK OF MONTREAL

FOUNDED IN 1817

HEAD OFFICE

MONTREAL

BOARD OF DIRECTORS

H. R. DRUMMOND, *Honorary President*

GEORGE W. SPINNEY, C.M.G., *President*

B. C. GARDNER, M.C., *Executive Vice-President*

MAJ.-GEN. THE HON. S. C. MEWBURN, C.M.G.
Vice-President

CHARLES F. SISE
Vice-President

ROSS H. McMASTER

NORMAN J. DAWES

W. SANFORD EVANS

W. G. MURRIN

LOUIS L. LANG

L. J. BELNAP

G. BLAIR GORDON

H. W. MOLSON

THE HON. CHARLES A. DUNNING, P.C.

ROBERT A. LAIDLAW

R. G. IVEY, K.C.

J. V. R. PORTEOUS

JOHN A. MACAULAY, K.C.

GORDON C. LEITCH, C.B.E.

C. G. HEWARD, K.C.

D'ALTON C. COLEMAN, C.M.G.

G. E. BARBOUR

THE HON. LUCIEN MORAUD, K.C.

J. A. HUMBIRD

R. C. BERKINSHAW, C.B.E.

HENRY G. BIRKS

CHARLES J. BURCHELL, K.C.

R. E. STAVERT

•

General Manager
GORDON R. BALL

•

CAPITAL, \$36,000,000 REST & UNDIVIDED PROFITS, \$45,080,000
RESOURCES EXCEED \$1,800,000,000

ANNUAL GENERAL MEETING

THE 130th Annual General Meeting of the Shareholders of the Bank of Montreal was held on 1st December, 1947, in the Board Room at the Bank's headquarters.

Among those present were: G. R. Ball, George E. Barbour, Arthur Barry, F. G. Belcher, L. J. Belnap, R. C. Berkinshaw, C.B.E., Henry G. Birks, Kenneth G. Blackader, W. B. Blackader, J. S. Bolton, T. C. Bowen, F. W. M. Brown, Arthur Browning, W. W. Bruce, N. P. Bryant, Claude W. Buchanan, Charles J. Burchell, K.C., George A. Campbell, K.C., W. H. Campbell, C.A., T. Carlisle, J. H. Carson, F. D. Chapman, Ross Clarkson, D. M. Cleland, D'Alton C. Coleman, C.M.G., W. H. Collie, F. W. Collins, A. T. Corner, J. S. Costigan, G. Leon Cote, Norman J. Dawes, T. Dickson, O.B.E., H. R. Drummond, The Hon. Chas. A. Dunning, P.C., C. G. Dunning, W. R. Eakin, E. G. Elliott, W. Sanford Evans, J. A. Fisher, A. J. N. Foss, J. W. Fox, A. E. Francis, B. C. Gardner, M.C., Brig. A. Hamilton Gault, D.S.O., M. H. Gault, P. R. Gault, G. Blair Gordon, G. H. Greening, R. W. Guess, W.T.G. Hackett, A.C.L. Harshaw, G. A. R. Hart, A. J. L. Haskell, G. W. S. Henderson, F. Hendricks, C. G. Heward, K.C., G. J. T. Hickey, J. A. Hobson, George Hogg, F. H. Hopkins, P. H. Howarth, C. Stanley Hulme, J. A. Humbird, Joseph Hurtubise, T. M. Hutchison, R. G. Ivey, K.C., R. P. Jellett, A. C. Jensen, F. C. Johnston, C. G. A. Kirshaw, Robert A. Laidlaw, J. N. Laing, J. E. Lalonde, Louis L. Lang, E. B. Lavelle, Gordon C. Leitch, C.B.E., Mostyn Lewis, S. B. Lindsay, J. A. MacAulay, K.C., H. C. MacDougall, W. T. A. MacFadyen, A. Macpherson, M.S.M., J. MacRae, I. A. McCarthy, George C. McDonald, C.A., R. C. McDowell, C. O. McGirr, Ross H. McMaster, T. E. Merrett, Maj.-Gen. The Hon. S. C. Mewburn, C.M.G., H. W. Molson, The Hon. Lucien Moraud, K.C., Victor Morin, W. G. Murrin, Frank W. Nelles, C. A. Neville, A. St. C. Nichol, Lt.-Col. W. P. O'Brien, H. S. Oliver, John Paterson, C.A., G. F. Pearson, The Hon. J. E. Perrault, K.C., Edward Pope, J. V. R. Porteous, V. R. Purser, Gordon McT. Pyke, W. H. Raikes, Adelard Raymond, J. E. Riggs, A. A. Guy Ross, D. W. Ross, J. L. D. H. Roy, E. E. Rutherford, O. R. Sharp, G. Ross H. Sims, Charles F. Sise, A. Smith, George W. Spinney, C.M.G., R. E. Stavert, R. C. Steven, J. T. Stevens, E. J. T. Stewart, D.D.S., W. Stewart, H. F. C. Stikeman, Henry J. Tellier, L. W. Townsend, O.B.E., M.C., R. H. Turley, J. H. F. Turner, O.B.E., J. F. Wilkes, K. C. Winans.

On the motion of Mr. H. R. Drummond, Mr. G. W. Spinney was requested to take the chair.

Mr. Ross H. McMaster moved, seconded by Mr. L. J. Belnap, that Mr. Mostyn Lewis and Mr. H. F. C. Stikeman be appointed to act as scrutineers, and that Mr. J. R. Graham be Secretary of the Meeting. This was carried unanimously.

The Chairman then called upon Mr. B. C. Gardner, General Manager, to read the Annual Report of the Directors to the Shareholders, to present the Annual Statement, and to read the Auditors' Report.

THE ANNUAL REPORT

The Directors have pleasure in presenting the Report showing the result of the Bank's business for the year ended 31st October, 1947.

PROFIT AND LOSS ACCOUNT

Profits for the year ended 31st October, 1947, after making an appropriation to Contingent Reserves, out of which full provision for Bad and Doubtful Debts has been made.	\$10,163,417.91
Provision for Depreciation of Bank Premises, Furniture and Equipment.	584,132.62
	<u>\$ 9,579,285.29</u>
Provision for Dominion Income and Excess Profits Taxes and Provincial Taxes.	4,156,000.00
	<u>\$ 5,423,285.29</u>
Quarterly Dividend 2 per cent. paid 1st March, 1947.	\$720,000.00
Quarterly Dividend 2 per cent. paid 2nd June, 1947.	720,000.00
Quarterly Dividend 2 per cent. paid 2nd September, 1947.	720,000.00
Quarterly Dividend 2 per cent. payable 1st December, 1947.	720,000.00
Provision for Extra Distribution 2 per cent. payable 2nd January, 1948.	720,000.00
	<u>3,600,000.00</u>
Amount carried forward.	\$ 1,823,285.29
Balance of Profit and Loss Account 31st October, 1946.	1,256,285.81
	<u>\$ 3,079,571.10</u>
Transferred to Rest Account.	2,000,000.00
Balance of Profit and Loss Account 31st October, 1947.	<u>\$ 1,079,571.10</u>

(Signed) GEORGE W. SPINNEY,
President.

(Signed) B. C. GARDNER,
General Manager.

During the financial year, twenty-seven offices were opened in the Dominion of Canada and one in Newfoundland. One office was closed in the Dominion of Canada.

The Directors have to record with deep regret the death of Sir Hardman Lever, Bart. K.C.B., a member of the London Committee since 1923.

All the offices of the Bank, including the Head Office, have been inspected during the year.

(Signed) GEORGE W. SPINNEY,
President.

Bank of Montreal, 1st December, 1947.

GENERAL

The General Statement of the position of the Bank

ASSETS

Gold and subsidiary coin held in Canada	\$	2,041,650.64	
Gold and subsidiary coin held elsewhere		41,134.54	
Notes of Bank of Canada		32,138,935.75	
Deposits with Bank of Canada		167,846,471.66	
Notes of and cheques on other banks	\$103,721,668.70		
Government and bank notes other than Canadian	1,628,645.10		
Due by banks and banking correspondents elsewhere than in Canada	33,046,576.95		
Dominion government direct and guaranteed securities maturing within two years, not exceeding market value	100,410,620.32		
Other Dominion government direct and guaranteed securities, not exceeding market value	598,433,409.52		
Provincial government direct and guaranteed securities maturing within two years, not exceeding market value	45,768,431.62		
Other provincial government direct and guaranteed securities, not exceeding market value	110,937,649.69		
Canadian municipal securities, not exceeding market value	35,312,821.43		
Public securities other than Canadian, not exceeding market value	67,025,894.23		
Other bonds, debentures and stocks, not exceeding market value	96,866,538.42		
Call and short (not exceeding thirty days) loans in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover	10,597,487.19		
Call and short (not exceeding thirty days) loans elsewhere than in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover	26,209,722.52		
		1,229,959,465.69	
			\$1,432,027,658.28
Current loans and discounts in Canada, not otherwise included, estimated loss provided for	\$	382,070,332.43	
Current loans and discounts elsewhere than in Canada not otherwise included, estimated loss provided for ..		25,687,131.33	
Loans to provincial governments		4,757,981.97	
Loans to cities, towns, municipalities and school districts ..		8,768,164.17	
Non-current loans, estimated loss provided for		420,453.56	
			421,704,063.46
Liabilities of customers under acceptances and letters of credit as per contra ..			27,290,956.97
Real estate other than bank premises			271,804.95
Mortgages on real estate sold by the bank			194,073.16
Bank premises at not more than cost, less amounts written off			13,276,623.00
Deposit with the Minister of Finance for the security of note circulation ..			272,138.47
Shares of and loans to controlled companies			1,489,552.54
Other assets not included under the foregoing heads (but including refundable portion of Dominion Government taxes \$1,262,708.67)			1,878,434.36
			<u>\$1,898,405,305.19</u>

STATEMENT

on 31st October, 1947, was submitted as follows:

LIABILITIES

Capital paid up.....		\$ 36,000,000.00
Rest or reserve fund.....	\$ 44,000,000.00	
Dividends declared and unpaid.....	740,436.76	
Provision for extra distribution.....	720,000.00	
Balance of profits, as per profit and loss account.....	1,079,571.10	
		<u>46,540,007.86</u>
		\$ 82,540,007.86
Notes in circulation.....	\$ 4,783,548.00	
Deposits by and balances due to Dominion Government.....	60,001,946.91	
Deposits by and balances due to provincial governments.....	40,498,781.81	
Deposits by the public not bearing interest.....	597,882,202.84	
Deposits by the public bearing interest, including interest accrued to date of statement.....	1,041,538,759.34	
Deposits by and balances due to other chartered banks in Canada.....	3,135,945.95	
Deposits by and balances due to banks and banking correspondents elsewhere than in Canada.....	40,384,010.46	
		<u>1,788,225,195.31</u>
Acceptances and letters of credit outstanding.....		27,290,956.97
Liabilities to the public not included under the foregoing heads.....		<u>349,145.05</u>

Note— The business of the Bank in San Francisco, U.S.A., is carried on under the name of a locally incorporated company and the figures are incorporated in the above General Statement.

To the Shareholders of the Bank of Montreal

We have compared the above Statement with the Books and Accounts of the Bank of Montreal at the Head Office, and with the certified Branch Returns. We have checked the cash and have verified the investments and securities at the Head Office, and at several of the principal Branches of the Bank at the end of the financial year. We have likewise, at various dates throughout the year, checked the cash and verified the securities at several important Branches.

We have to report that: (a) we have obtained all the information and explanations which we have required; (b) in our opinion the transactions of the Bank which have come under our notice have been within the powers of the Bank, and (c) in our opinion the above Statement discloses the true condition of the Bank and is as shown by the Books of the Bank.

GEORGE C. McDONALD, C.A.,
of the firm of McDonald, Currie & Co.
WM. H. CAMPBELL, C.A.,
of the firm of Campbell, Glendinning & Dever.
MONTREAL, 18th November, 1947.

Auditors.

\$1,898,405,305.19

GEORGE W. SPINNEY, *President*

B. C. GARDNER, *General Manager*

BANK OF MONTREAL TRUST COMPANY (New York)

Balance Sheet as at 31st October, 1947

ASSETS		U.S. Currency
Due from Banks:		
Approved Reserve Depositories	\$ 200,280.42	
Other Banks and Bankers (Foreign)	12,686.75	
		\$ 212,967.17
Investments:		
*United States Government Securities	\$1,662,089.30	
Accrued Interest	9,856.12	
		1,671,945.42
(Quoted Market Value, 31st October, 1947—\$1,694,044.37)		
*These include \$100,000 United States of America Treasury Bonds which, in accordance with New York State Banking Law, are deposited with and registered in the name of the Superintendent of Banks of the State of New York.		
Other Assets		13,831.28
		<u>\$1,898,743.87</u>
LIABILITIES		U.S. Currency
Deposits:		
Trust Funds	\$ 1,456.99	
Demand	118,939.06	
Time	33,390.95	
Due to Banks, Bankers and Trust Companies	1,392.20	
		\$ 155,179.20
Reserve for Taxes		6,857.47
Other Liabilities		1,834.39
Capital and Surplus:		
Capital Stock—		
Authorized, Issued and Fully Paid—10,000 Shares of \$100.00 each	\$1,000,000.00	
Surplus	650,000.00	
Undivided Profits	84,872.81	
		1,734,872.81
		<u>\$1,898,743.87</u>

NOTE:—

The Charter was acquired in March, 1937, for the purpose of more satisfactorily performing certain functions in New York on behalf of the Bank's clients. The Capital Stock, with the exception of the Directors' qualifying shares, is entirely owned by the Bank.

Auditors' Report to the Shareholders

We have made an examination of the books and accounts of Bank of Montreal Trust Company as at 31st October, 1947, and we have obtained all the information and explanations which we have required.

We report that, in our opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Trust Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Trust Company.

GEORGE C. McDONALD, C.A.,
WM. H. CAMPBELL, C.A.,

MONTREAL, 18th November, 1947.

Auditors.

HOCHELAGA REALTY AND DEVELOPMENT COMPANY

Balance Sheet as at 31st October, 1947

ASSETS		U.S. Currency
Real Estate, Buildings and Equipment (64-68 Wall Street, New York), less Reserves for Depreciation		\$1,096,035.20
Prepaid Taxes, Insurance, etc.		21,813.79
Investments:		
United States Government Securities	\$ 30,000.00	
Accrued Interest	253.12	
		30,253.12
(Quoted Market Value, 31st October, 1947—\$30,000.00)		
Cash		85,398.46
		\$1,233,500.57
Deficit		49,909.27
		<u>\$1,283,409.84</u>

	LIABILITIES	U.S. Currency
Capital Stock:		
Authorized, Issued and Fully Paid—100 Shares of \$100.00 each.....		\$ 10,000.00
Twenty-Year Four Per Cent. Gold Debentures—Due 1st March, 1950...	\$1,000,000.00	
Twelve-Year Four Per Cent. Debenture Bonds—Due 1st March, 1950...	250,000.00	
		<u>1,250,000.00</u>
(Interest on the Debentures was reduced to three per cent. on 1st March, 1939, and payment of the coupons due on 1st March, 1947 and 1st September, 1947 was waived entirely)		
Accrued Debenture Interest.....		6,250.00
Reserve for Taxes.....		14,660.34
Accounts Payable.....		2,499.50
		<u>\$1,283,409.84</u>

NOTE:—

The Company was granted corporate existence by the State of New York on 27th May, 1909. The object of its formation was to enable the Bank to hold title to real estate in New York City. The Capital Stock and Debentures are entirely owned by the Bank.

Auditors' Report to the Shareholders

We have made an examination of the books and accounts of Hochelaga Realty and Development Company as at 31st October, 1947, and we have obtained all the information and explanations which we have required.

We report that, in our opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.

GEORGE C. McDONALD, C.A.,

WM. H. CAMPBELL, C.A.,

Auditors.

MONTREAL, 18th November, 1947.

THE ST. JAMES LAND COMPANY LIMITED

Balance Sheet as at 31st October, 1947

ASSETS

*The rights of the Company in an emplacement conveyed to Insurance Exchange Corporation Limited, by a 99-year lease (emphyteutic lease) and in the building thereon constructed by Insurance Exchange Corporation Limited, as at 23rd January, 1923.....	\$200,000.00	
Expended on the building to date.....	117,205.14	
	<u>\$317,205.14</u>	
Less Reserve for Depreciation.....	117,204.14	
		<u>\$200,001.00</u>
		<u>\$200,001.00</u>

LIABILITIES

Capital Stock:		
Authorized, Issued and Fully Paid—200 Shares of \$100.00 each.....	\$ 20,000.00	
Capital Surplus.....	180,001.00	
		<u>\$200,001.00</u>

***NOTE:—**

These rights have been hypothecated by The St. James Land Company Limited to the extent of \$284,363.62 to secure bonds and mortgage of Insurance Exchange Corporation Limited, for the payment of which amount The St. James Land Company Limited is not personally liable. The Capital Stock is entirely owned by the Bank.

J. R. GRAHAM, Director.

I. A. MCCARTHY, Director.

Auditors' Report to the Shareholders

We have made an examination of the books and accounts of The St. James Land Company Limited as at 31st October, 1947, and we have obtained all the information and explanations which we have required.

We report that, in our opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.

GEORGE C. McDONALD, C.A.,

WM. H. CAMPBELL, C.A.,

Auditors.

MONTREAL, 18th November, 1947.

BANK OF

Comparison of Balance Sheet Figures—

(Condensed and rearranged from the Annual

ASSETS

	<u>31st October 1947</u>		<u>31st October 1946</u>	
CASH, CLEARINGS AND DUE FROM BANKS				
Notes of and Deposits with Bank of Canada.....	\$199,985,408		\$189,193,682	
Gold and Subsidiary Coin.....	2,082,785		2,472,654	
Notes of and Cheques on Other Banks.....	103,721,669		68,650,014	
Government and Bank Notes other than Canadian.....	1,628,645		1,020,818	
Deposits with and balances due by other Banks.....	33,046,577	\$ 340,465,084	29,708,217	\$ 291,045,385
INVESTMENTS (not exceeding market value)				
Dominion Government Securities.....	\$698,844,030		\$891,002,971	
Provincial Government Securities.....	156,706,081		112,248,826	
Canadian Municipal Securities....	35,312,821		35,224,158	
Public Securities other than Canadian.....	67,025,894		61,252,477	
Other Bonds, Debentures and Stocks.....	96,866,538		56,022,926	
		1,054,755,364		1,155,751,358
CALL LOANS (against marketable securities)				
In Canada.....	\$ 10,597,487		\$ 17,739,747	
Elsewhere.....	26,209,723		41,651,811	
		36,807,210		59,391,558
CURRENT LOANS (estimated loss provided for)				
Current loans and discounts in Canada.....	\$382,070,333		\$277,095,745	
Current loans and discounts elsewhere.....	25,687,131		12,681,831	
Loans to Provincial Governments.....	4,757,982		4,663,088	
Loans to cities, towns, municipalities and school districts.....	8,768,164		6,900,450	
		421,283,610		301,341,114
NON-CURRENT LOANS (estimated loss provided for).....		420,454		318,860
LIABILITIES OF CUSTOMERS UNDER ACCEPTANCES AND LETTERS OF CREDIT as per contra.....		27,290,957		21,538,616
BANK PREMISES.....		13,276,623		10,575,688
OTHER ASSETS.....		4,106,003		4,023,008
		<u>\$1,898,405,305</u>		<u>\$1,843,985,587</u>

31st October, 1947 and 31st October, 1946
Statements as certified by the Auditors)

	31st October 1947	31st October 1946
NOTES IN CIRCULATION.....	\$ 4,783,548	\$ 5,512,707
DEPOSITS		
By Dominion and Provincial Governments.....	\$100,500,729	\$117,658,368
By Public payable on demand in Canada.....	576,607,627	608,784,523
By Public payable after notice in Canada.....	904,458,041	814,277,967
Deposits in Canada in currencies other than Canadian.....	11,626,738	7,666,740
Deposits elsewhere than in Canada.....	146,728,556	144,556,393
Deposits by and balances due to other Banks.....	43,519,956	43,268,717
	1,783,441,647	1,736,212,708
ACCEPTANCES AND LETTERS OF CREDIT OUTSTANDING.....	27,290,957	21,538,616
OTHER LIABILITIES TO THE PUBLIC..	349,145	189,606
DIVIDENDS DECLARED AND UNPAID including provision for Extra Distribution.....	1,460,437	1,275,664
CAPITAL PAID UP.....	\$ 36,000,000	\$ 36,000,000
REST OR RESERVE FUND.....	44,000,000	42,000,000
BALANCE OF PROFITS, as per Profit and Loss Account.....	1,079,571	1,256,286
	81,079,571	79,256,286

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THE PRESIDENT'S ADDRESS

GENTLEMEN:—Your Directors trust that the results of the year's operations, as disclosed in the report just read and by the Balance Sheet of the Bank now before you, will be deemed satisfactory.

Profit and Loss Statement

From our Profit and Loss Statement you will observe that after making an appropriation to Contingent Reserves, out of which full provision for Bad and Doubtful Debts has been made, our profits for the year were \$10,163,000. The corresponding figure for the year ended 31st October, 1946, was \$10,799,000, but as I pointed out at the last annual meeting the profits for the twelve months then under review contained certain quite substantial revenues of an abnormal and non-recurring nature. One should, therefore, give weight to this factor in comparing the results for the year recently ended, and I am able to state that despite heavier operating charges the real earning power of the Bank has been well maintained. It will be noted that after providing \$584,000 for depreciation of Bank Premises and \$4,156,000 for Dominion Income and Excess Profits Taxes and Provincial Taxes, the profits for the year aggregated \$5,423,000. Of this sum \$3,600,000, i.e., \$1.00 per share, has been allotted to dividends, leaving \$1,823,000 to be carried into Profit and Loss Account.

As deposits by the public with this Bank have increased sharply over the past few years your Directors consider it desirable when possible to strengthen the Balance Sheet by additions to Rest Account, thus improving the ratio of shareholders' money to public liabilities. With this policy in mind we have, therefore, transferred an additional \$2,000,000 from Profit and Loss to Rest Account, which now stands at \$44,000,000 in relation to a Paid-up Capital of \$36,000,000.

A Special Tribute

I should like to pay tribute to the loyal and unremitting attention which has been given to the affairs of this institution by the General Manager, Assistant General Managers, Superintendents, Managers and staff over the past year. During last summer I travelled through Western Canada and the United States where I had an opportunity to visit many of our offices and to talk with our Managers and staff. I doubt if ever in our long history we have had a more interested and efficient organization and at this time and place it is fitting that I should express my admiration

for the men and women, now numbering more than 8,000, who from day to day keep our widespread organization in motion.

It is appropriate, too, that I should make reference to the fact that November 3rd of this year marked the Bank's One Hundred and Thirtieth Anniversary. I do so with considerable pride as a Canadian citizen, although I admit that this pride is in no way diminished by the fact that for the past forty-two years I have been privileged, as an employee of this institution, to have had some part in advancing its interests and affairs. I think it is not too much to say that we have had an honourable history as well as a long one, and I think, too, that as shareholders we may well derive satisfaction from the knowledge that after 130 years of service in this new country the Bank of Montreal is strong and virile and is still playing a leading part in our commercial life. There is nothing accidental in this long record. Surely we must be in agreement that the men who laid the foundations of the Bank, and those who have moulded its policy over the intervening years, must have possessed a high degree of character and acumen and it is well that we should be reminded of the contribution which, in their day and generation, they made to the welfare of the Bank.

The Complexities of World Recovery

During the year now closing we have all become increasingly conscious of bewildering cross-currents and complexities of world economic and political developments. Certain unpalatable facts confront us. High hopes of international co-operation based on the concept of "one world" are already having to be revised in the light of political realities. With few exceptions solid progress toward reconstruction of war-torn economies has been disappointingly slow, and the processes of world trade still reflect grave dislocations. But the picture is not wholly a gloomy one. Over the past year there has been a tremendous amount of sincere co-operative effort on the part of nations of goodwill to lay foundations of enduring recovery. The widespread tariff agreements negotiated at Geneva, involving pacts between 23 nations and embracing about half the world's trade, represent a most encouraging step forward toward the ultimate objectives of a freer and truly multilateral basis of exchange. Meanwhile, however, conditions of emergency persist requiring special measures and constituting a challenge to the courage, imagination and foresight of men and nations responsible for crucial decisions yet to be made.

The problems of rehabilitation are more than physical and financial. Even within and between nations claiming common adherence to the democratic ideal, progress is impeded in many respects by a wide divergence

of viewpoints and economic philosophies. Here on this side of the water, for example, it has been all too easy to view conditions in England and Europe with something akin to a detached superiority. Already we are in danger of forgetting the extent to which the present distresses of our wartime Allies are the result of devastations that purely by grace of geography left the productive facilities of this continent not only unimpaired but actually expanded. It is now clearly apparent that the commitments required from the United Kingdom as a condition of the post-war loans from the United States and Canada were, to say the least, premature. It must be admitted also that price increases in North America have reduced materially the real value of this and other monetary aid. It is difficult for us in this comfortable country to realize the weariness and the frustration that are the legacies of ever-deepening austerity. It is necessary I think to remind ourselves that economic isolation is no more possible than its political counterpart. In short, all of us on this continent may well pray at this juncture for deliverance both from blindness of vision and from blindness of heart.

At the same time it must I think be recognized that, in some measure at least, the processes of recovery have been seriously retarded by the practical consequences of popular fallacies. The doctrine that, by some magical formulae of monetary manipulation and state control, a community may indefinitely consume more than it is able or willing to produce is certainly not the exclusive property of any one nation or area. But once such a belief is allowed to become a dominant influence in a people's life and thought, the result is a form of economic and social anaemia which leaves its mark even after creative energies may have been restimulated by the shock of crisis.

The Canadian Scene

Against such a confusing background, what of this country's position and prospects? Here, too, the picture is complex. As the General Manager will presently indicate more specifically, the year has seen production and employment at high levels. Anything more unlike the widely feared post-war period of deflation and unemployment could hardly be imagined. Indeed, many of our immediate and pressing problems are of an entirely different nature, arising as they have out of instabilities characteristic of a boom. The implications of these subtle dangers from within are by no means diminished by all too obvious complications in respect of our external trade.

Problems of the Price Trend

The most apparent manifestation of boom conditions is, of course, the accelerated upward pressure of prices. When trends are seen in perspective their pattern often comes as something of a shock. And the fact that in 1947 thus far the recorded increase in Canadian wholesale prices has been at a more rapid rate than in any other equivalent period of time since 1920 should certainly give us cause for thought. To look at the matter in another way, the general level of wholesale prices in Canada is now approximately 85% higher than at the beginning of the war. About one-third of this increase has taken place since the end of hostilities, with something like a quarter of the entire 85% advance concentrated in the last twelve months. The rise in living costs, at least to the extent that it is mirrored in the official index, appears to have been less extreme, being of the order of 40% since the beginning of the war, but it has followed generally the same time pattern as the wholesale index with respect to rate of advance.

This upthrust of prices and costs is now everybody's concern. It affects the housewife, ruefully contemplating the family budget. It enormously complicates the problem of providing urgently needed housing at prices that people can afford to pay. It reduces the real value of all accumulated savings in monetary form, eating away at the hard-won rewards of foresight and thrift. For industry it raises the problem of adequacy of replacement and other reserves accumulated on the basis of a lower price level than now exists. And in many other ways it introduces additional elements of uncertainty and risk into the background of business conditions. In summary, while we in Canada have been spared the hardships of violent inflation, we have experienced enough of the consequences of a gradual depreciation of the internal purchasing power of our dollar to yearn for the advantages of a dependable standard of value in terms of a stable level of prices.

The problem of price stability is, for Canada, peculiarly complicated by outside influences and in particular by our close commercial and psychological contacts with the United States. Moreover, some of the more recent price advances are the direct result of removal of subsidies and of inescapable adjustments following the lifting of controls. The fact also that between 1939 and 1946, the latest period for which we have data available, hourly wage rates in Canada increased by 54%, is certainly an influence that cannot be disregarded in an appraisal of forces responsible for price advances. In addition, over the past eight years there have been highly significant changes in the relationship between money and goods.

Group Responsibility for Collective Welfare

But my purpose is not to hold a post-mortem on the price trend. The important point is its significance for the future, and in this respect recent developments emphasize for all influential groups in the community the urgent need of a sharpened sense of responsibility for the implications of their own policies in relation to the behaviour of prices and living costs. At a time like the present, self-imposed restraint from charging what the traffic will bear, either for goods or the skill required to produce them, is as necessary, as practical and as prudent as fire insurance on a highly inflammable structure. It is a safeguard that no group, representative of labour or industry and responsible for shaping policies that bear on prices and costs, can afford to ignore in the interests of their own continued well-being, apart entirely from broader and no less important considerations of the collective welfare of the entire community.

The Role of Fiscal and Monetary Policies

This is by no means the whole story. A national effort aimed at stabilization of prices and avoidance of the cycle of boom and collapse requires more than the co-operation of prudent and far-sighted groups. Broader forces must also be brought to bear. And under conditions as they now exist, the role of fiscal and monetary policies in relation to the price level takes on a renewed and vital importance.

It should not be necessary to labour the point that in this regard such policies as are now required are the direct opposite of various measures involving deficit financing designed to increase the money supply and to stimulate spending as a remedy for deflation and unemployment. This point takes on greater force when it is recognized that the Dominion's commitments for export credits to the United Kingdom and Europe partake of the nature of a peculiarly inflationary form of "public works programme" as far as their economic effects on this country are concerned. Here is a project that cannot be held in reserve. If it is to fulfil its purpose it must proceed now. But in its very nature, the programme is one that generates employment and income in Canada, as a result of production of goods that leave the country and do not at present bring back any goods in return.

There have been times in the not too distant past when a suggestion that governmental outlays might well be reduced rather branded one as a hopeless reactionary, quite out of touch with more popular and exciting economic doctrines. At the present time, however, even the most ardent

proponent of compensatory public spending would, I think, agree that we have arrived at one of those points in the economic cycle where old-fashioned virtues of frugality are thoroughly consistent with the dictates of the most advanced economic theory. A surplus of cash receipts over disbursements should now be the objective of fiscal policy—a surplus neither dependent on non-recurring revenue nor achieved by a tax burden that by its very severity is a drag on production. The course now indicated is the difficult and more courageous route of remorseless elimination of luxuries of governmental expenditure, which represent an unnecessary demand on the taxpayer and on our productive resources.

A corollary to the foregoing is that so long as inflationary pressures persist, such governmental borrowing as is unavoidably necessary should, in my opinion, be done outside the banking system. In our own institution we have regarded the substantial additions to our portfolios of government securities that have accrued since 1939 as something arising directly out of the demands of war finance. It was the recognized task of the banking system to finance the residue of war-inflated expenditure that could not be met by taxation and borrowing from non-banking sources. This involved not only acquisition of securities directly from the government but also considerable open-market purchases from the public between Victory Loans. The need for such expansionary financing is now past and we were glad to see our government bond portfolios reach a position of relative stability in 1946 and to witness an absolute reduction of our holdings in 1947. It goes without saying that our views in this respect cannot in any way be interpreted as a reflection on the quality of government obligations, which are the prime security of the country and which constitute the largest single asset in our Balance Sheet. But we welcome this evidence of a definite reversal of the wartime trend as a development that has this year placed additional funds at our disposal for the fulfilment of our primary function as lenders to industry and to individuals.

Bank Credit in a Time of Expansion

The increase in bank credit outstanding in the form of commercial loans has been a notable feature of the year's banking operations. Our own current loans and discounts in Canada, outstanding at October 31st, were 38% greater in dollar amount than at October 31st, 1946, and 91% greater than at the end of the war. Consolidated results for the chartered banks as a whole show a broadly similar pattern. In part, this advance reflects higher commodity prices. It is to be noted also that,

for obvious reasons not at all peculiar to Canada, the economic expansion of the war years was accomplished with relatively little in the way of additional bank credit. What we have been witnessing latterly, therefore, is much in the nature of a readjustment in which the banks have been resuming their normal and necessary role as sources of credit in a peacetime economy. It may be said also, I think, that this trend has been hastened, and the processes of reconversion facilitated, by a good deal of deliberate adaptation designed to broaden the scope and usefulness of banking services.

Taking these factors into consideration, therefore, I do not regard the currently outstanding total of Canadian bank loans as unduly high. But on the other hand, the rate at which requirements for new or additional accommodation have been increasing in the past year presents some very real day-to-day problems for your executive with respect to individual situations, and at the same time is conducive to an attitude of healthy caution for the future.

I am satisfied that this Bank has been, and is now, actively pursuing a liberal and constructive credit policy in the broadest and best sense of these terms. But as I endeavoured to emphasize last year, it is certainly not a part of such a policy to encourage a business or an individual to get into debt for ill-considered expansion or for any other purpose in conflict with sound and reasonable practice. Only by a continuing concern to avoid extension of credit for such purposes can our responsibilities be fulfilled—not only to borrowers, depositors and shareholders, but I should add, with special emphasis, to the community as a whole.

In parenthesis, I might also add that it is at a time like the present that the practical value of the highly personal relationship between banker and customer becomes most fully apparent. One speaks of "extension of credit" in abstract terms, but banking can never be conducted impersonally with a rule book and on a production-line basis. Every situation has its individual aspects, and in meeting each one intangible factors of character and personal knowledge arising out of long experience are given due weight. I know of no business less fitted to the routine techniques of bureaucracy than banking.

Canada's Trade Pattern and Some of Its Implications

A major and obvious element of abnormality and strain in Canada's present situation is, of course, the unbalance in this country's international accounts. With an exaggerated creditor relationship vis-à-vis the United

Kingdom and Europe and a mounting debit balance in our transactions with the United States, we have a dual problem of peculiar and pressing intensity. The combination of measures by which this problem is being met is now a matter of wide public knowledge. My comments will, therefore, be confined to only two or three aspects of the situation, which I think deserve special emphasis.

In the first place, the emergency restrictions to which we are now subject constitute, in my opinion, a challenge to the good sense of the Canadian people. Restrictions are always inconvenient and unpleasant. But in comparison with what many other nations are now suffering, the temporary readjustment in living standards, which we must accept as part of a programme to restore balance in our international accounts, can hardly be dignified by the title of austerity.

Secondly, it is encouraging to learn of the possibility that U.S. dollars made available by the United States for European aid may be used in some part to purchase supplies in Canada. Such a development could be very similar in effect to the wartime Hyde Park Agreement which did much to remedy our shortage of U.S. dollars at that time. This is an approach which in my view is particularly appropriate to the close relationship existing between the two countries directly concerned.

I do not think it is any exaggeration to say that through circumstances of geography, tradition, economic and social philosophy and development, Canada and the United States together occupy a unique place in the world to-day. Each is the other's best customer. Each at the present time is in a very real sense a proving-ground for the vigour and adaptability of the system of free enterprise and its capacity to apply the qualities of initiative and resourcefulness to the resolution of difficult situations. Each, therefore, has an interest in the other's prosperity for more than merely material reasons. Each enjoys a high standard of living—exceedingly high in comparison with that of many other parts of the world. Each has much to gain from the reduction of barriers to international commerce. I suggest, therefore, that such a singular similarity of interest invites consideration of an imaginative and even unconventional approach to Canada's immediate difficulties in respect of U.S. dollar exchange.

A longer range view of the problems and dilemmas inherent in our unbalanced trading relationships certainly does not justify facile optimism. But history does not lack examples of the stimulus of pressure in accelerating readjustments that might otherwise have come much more slowly, if at all. And it seems to me that there is much in our present situation that can be turned to good account, if its immediate difficulties forcibly

direct attention to ways and means of shaping a more balanced economy and so lessening our dependence on, and vulnerability to, influences beyond our own control. In saying this I realize full well that Canada is ill-suited to the policies and philosophies of economic nationalism. But surely the fact that we are and shall continue to be a great exporting and importing nation does not rule out the possibility and desirability of a more intensive development of industry within our own borders and of a more highly industrialized and therefore more valuable export structure.

Immigration and Industrial Development

Merely to mention such an objective immediately raises the closely related question of the adequacy of our resources of population. However great our advantages in other directions, in terms of manpower we are a small country. And I doubt whether our national overhead can be shouldered or our potentialities adequately developed by twelve or fifteen million people.

No thinking person can avoid the conclusion that the logic of world events is rapidly forcing a further shift of economic and political centres of gravity from Europe to the New World. Whether we like it or not, destiny has inexorably cast this country in a larger role. And at the present time, to countless people across the water, Canada with its unique combination of resources, living space and its traditions of freedom and democracy, must appear a veritable land of golden opportunity. To put the matter bluntly, Canadians are at this moment helping to support, at a low level of existence, many of these people who could be and should be carving out a fuller life for themselves in this country in which there are far too many empty spaces. If ever there was a time when Canada should press forward with an immigration programme that time is now. Such a policy must be vigorous, imaginative and, it goes without saying, highly selective from the standpoint of occupation and fitness for citizenship. An influx of new skills will be of immeasurable aid in bringing about the further development of our industrial capacity, both extensively and intensively, and thus helping to overcome some of the instabilities that are the inevitable consequence of our present relatively small home market and our over-dependence on external trade.

The Challenge of Readjustment

In many respects this country faces readjustments that are more difficult than those arising out of the challenge of war. In war the essential

issues are clear cut, and the area and scope of individual decisions are to some extent narrowed by regimentation in economic affairs. But to-day we are in a more complex period which demands a great deal from the Canadian people in terms of capacity for courageous and intelligent adaptation to changing circumstances. It is a time when from institutions in positions of influence and leadership in all sectors of the community much is required. Within this category this Bank, with its record of 130 years of progressive development, must certainly be included. And I hope and believe that the Bank of Montreal will bring to the tasks that lie ahead not only those attributes of strength, sound practice and fair dealing, which are the treasured legacies of long tradition, but also the vital element of creative imagination, which is the guarantee of further progress and achievement.

THE GENERAL MANAGER'S ADDRESS

MR. CHAIRMAN AND GENTLEMEN:—

I have the honour to present to you the 130th Balance Sheet of the Bank.

To assist you in following my comments on the year's changes, we are continuing the procedure adopted last year of placing before you a comparative statement of this year's and last year's balance sheet figures condensed and rearranged to facilitate comparison.

General Statement

Total assets at the year end amounted to \$1,898 millions compared with \$1,844 millions at the end of the previous year. The levelling off in these figures in contrast to the expanding trends of recent years is in my view a healthy development having regard to the background of economic events.

Although our resources have been more actively employed we continue to show a highly liquid position. Cash on hand in the form of deposits with and notes of the Bank of Canada aggregate \$200 millions, equivalent to 12.48% of our Canadian deposit liabilities. Cash assets including balances due by and notes of and cheques on other banks aggregate \$340 millions, equivalent to 19% of all public liabilities. Quick assets including cash assets, investments and call loans aggregate \$1,432 millions, equivalent to 78.8% of all liabilities to the public.

In valuing our assets full provision has been made for bad and doubtful debts and for depreciation of securities and premises.

Deposits

Total deposits at \$1,783 millions compare with \$1,736 millions at the end of the previous year. Government deposits at \$101 millions show a reduction of \$17 millions. Demand deposits by the public in Canada at \$577 millions are lower by \$32 millions. Broadly speaking, the forces responsible for the reduction in the general level of chartered bank demand deposits lie principally within the field of the Dominion Government's financial operations. On balance, it would appear that over the past year the business community has been paying more to the Government and its agencies by way of taxes and for net requirements of foreign exchange than has been coming back through the various channels of governmental outlay with much of the cash surplus going to retire short-term govern-

mental debt originally issued to the banking system. To the extent that such has been the case, the results have been of an anti-inflationary nature, quite appropriate to a situation wherein inflationary influences in other directions are still present.

Notice deposits at \$904 millions, compare with \$814 millions at the end of the previous year. The increase in savings is reflected not only in the amount of our notice deposits but also in the number of depositors and I am glad to say that these depositors are making wider use of our facilities for a great variety of banking services.

Deposits abroad at \$147 millions are slightly higher than the figures for the previous year.

Investments

Investments (not exceeding market value) carried at \$1,055 millions are lower by \$101 millions. Dominion Government securities at \$699 millions show a reduction of \$192 millions from last year's figures, largely the result of the retirement of our remaining holdings of Dominion of Canada Certificates of Deposit. These special wartime instruments provided flexible short-term financing for the Dominion Government during the war and the succeeding period and the total amount held by all the banks at one point reached a high of \$1,340 millions. Our holdings of other Dominion of Canada issues show little change from the previous year-end figures.

Provincial government securities at \$157 millions show an increase of \$44 millions. Municipal securities at \$35 millions are practically unchanged. Public securities other than Canadian at \$67 millions are in somewhat higher figures.

"Other Bonds, Debentures and Stocks" at \$97 millions compare with \$56 millions in last year's balance sheet. This reflects in part the purchase of publicly offered industrial and public utility issues and in part the purchase of obligations of customers, representing short-term capital financing for purposes of conversion, extension and replacement of plant. It is assumed that with the completion of post-war capital programmes this type of financing will be in lower figures. It has, I believe, served a very useful purpose in assisting responsible borrowers to finance temporarily on somewhat different terms from those normally applicable to commercial loans.

Mention of increased borrowing for capital purposes leads me to a closely related point, namely the importance of maintaining, in corporate

structures, a reasonable relationship between equity capital and borrowed money. This applies particularly to concerns that have been expanding rapidly and whose equity investment has become proportionately small in relation to higher turnover and increased fixed assets. One of the necessary conditions of a vigorous and healthy flow of equity funds into industry is a taxation policy which makes investment of risk capital both possible and worthwhile. In this connection, it may be said that the high taxation of recent years, in addition to discouraging new equity investment, has encouraged a substitution of borrowed money for shareholders' funds in existing capitalizations, principally because of the fact that interest is deductible as a prior charge before arriving at taxable income. While this is an understandable development from a taxation standpoint, it has in many instances had the effect of introducing an undesirable element of rigidity in corporate financial structures.

Loans

Call and short loans (against marketable securities) in Canada and abroad at \$37 millions show a reduction of \$23 millions from the previous year. This reflects to some extent a lower level of marginal trading as reflected in brokers' loans and the absence of Dominion of Canada bond financing during the year. A substantial amount of current loans are also protected by pledge of marketable securities.

Current loans and discounts in Canada at \$382 millions have increased substantially over last year's figure of \$277 millions. The President has already referred to this notable feature of the year's operations. The increased loan requirements of almost all types of business reflect the more normal use of bank credit for the manufacture of goods and the movement of raw materials as well as the higher level of prices. While the general level of inventories does not appear to be out of relation to the volume of sales, there are signs that a careful scrutiny of commitments is essential in many lines.

I also feel there may be some danger that under present conditions some concerns are attempting to do a larger volume of business than is warranted by their capital resources. Business concerns generally emerged from the war in a highly liquid position but the building up of inventories and receivables associated with higher turnover and prices, together with increased expenditures for fixed assets tend to reduce cash resources and increase the need for equity capital, to which I have already referred. While I do not suggest that this development has reached alarming proportions, I do feel that where the physical volume of business is substan-

tially larger and prices are higher the need for adequate working capital should be kept actively in mind. This is particularly true as long as the high level of taxation limits the amount of profits that can be retained in the business. It should also be kept in mind that replacement and expansion of plant under present conditions require a far larger expenditure in dollars than was formerly the case. In many instances provisions for depreciation and amortization based on older values are not adequate to replace assets at present higher costs.

The volume of small loans in the personal loan category has been somewhat higher throughout the year although it would appear that the increase has not followed the sharp upward trend indicated by such information as is available in respect of consumer financing generally.

Loans to municipalities show an upward tendency but are still substantially lower than pre-war figures. The increase in municipal revenues during the war and succeeding years and the reduced expenditures for municipal works and relief have enabled most municipal units to retire indebtedness, while the lower level of interest rates has facilitated refunding operations and reduced the burden of existing debt. Plans for capital expenditures, deferred because of shortages of labour and materials, are now in many cases being proceeded with at a substantial increase in cost over pre-war figures. While there is undoubtedly much necessary work to be done, I feel that with so many shortages still present, public works should be carefully scrutinized with a view to placing some at least in the deferred category so as to provide a backlog of employment in the event of a change in general conditions.

It is also important, particularly for smaller municipal bodies that plans for bond financing be made well in advance and that the timing of new issues be carefully studied in order to avoid market congestion and possible increase in borrowing costs.

Bank Premises

After writing off \$584,000 to cover annual depreciation on our buildings, furniture and equipment, Bank Premises are carried at \$13,276,000 compared with \$10,575,000 at October 31st, 1946. This increase reflects capital expenditure on new and existing properties, including progress payments on construction of our new building in Toronto.

Work on the new Toronto building, which was commenced prior to the war but later suspended, was resumed in 1946 and construction is steadily advancing. I am hopeful that this building which will provide greatly needed facilities for our Toronto business will be substantially

completed next year. Certain other projects commenced in 1946 have been completed and in addition we have had to undertake a number of alterations, improvements and extensions that were urgently needed to maintain our services. In line with our policy of deferring all but the most urgent undertakings so as to avoid competing with existing abnormal demand for materials and labour, we have deferred a number of projects but this has involved in some cases expenditures of a temporary nature to provide much needed facilities for our customers. We regret that crowded conditions still exist at a number of our branches but we are doing our utmost to relieve the situation.

The Bank has certain commitments and obligations in connection with contracts for construction of the Toronto building and other properties of less importance which will be reflected in the balance sheet as progress payments are made.

Bank Services

The volume of banking transactions continued at a high level throughout the year. There has been a substantial increase in the number of current and savings accounts and we have now more than 1,600,000 deposit accounts in our Canadian branches. More than 45,000,000 debits were made to current accounts alone during the past year and items cleared to other banks exceeded 93,000,000. The volume of counter transactions surpassed all previous records. The elimination of Ration Coupon Banking has relieved branch routine to some extent. I might mention that during the rationing period more than 1,200,000,000 ration coupons were handled at our branches and we are proud of the facilities we were able to afford in this important phase of war and post-war activity.

With the return to more normal production and trading, the number of lending transactions and other transactions both domestic and foreign related to the movement of goods has substantially increased the work and supervision not only at branches but at Head Office and divisional points.

During the year we opened 28 branches and sub-agencies. One sub-agency was closed. We have continued our policy of opening branches only after careful study and at points where there is need for banking facilities with reasonable prospects for successful operation. Careful consideration is given to such factors as the movement of population, the congestion at existing branches and the protection of existing business. Our branch system is, we believe, well located to supply representative and efficient banking service.

Public Relations

In our public relations activities, we have continued to bring the services of the Bank to the attention of an ever-increasing proportion of the population, through our advertising in the daily and weekly press and other advertising media. While dealing with all of the Bank's manifold services, we have placed special emphasis during the year on the importance of saving and thrift. Particular attention was also given to the facilities available under the Veterans' Business and Professional Loans Act, and specially prepared literature on this subject received a wide distribution through our branches to returned service men and women.

We continue to receive much favourable comment from our customers and the public on our advertising and publicity programme.

The Business Background

The volume of business has continued at a high level throughout the year and, for the most part, manufacturing and distributive facilities have been pressed to near the limits of their capacity. New construction, representing commercial and industrial expansion has been substantial and an important contributor to business activity, but the building of urgently needed residential accommodation has been retarded by rising costs. Somewhat disappointing crops have resulted from unfavourable weather conditions, but farm incomes have been sustained by generally good agricultural prices.

A condition of practically full employment at rising rates of earnings has increased aggregate personal incomes to all-time records, and reductions in taxation at mid-year have further enhanced the amount of income at the disposal of the individual. This situation has been reflected in a high level of consumer buying in the face of the sharp rise in prices to which the President has already referred. But in recent months greater selectivity and caution in retail buying is noticeable and, allowing for seasonal influences, there has been some contraction in the physical volume of goods turning over at retail. It is significant also that instalment buying is on the increase and while it does not appear to have reached unduly high proportions, the financing of current consumption in this way, involving the present use of future purchasing power, constitutes an element of potential instability in the event of any decline in business activity.

The gradual movement away from a sellers' market and the return of more normal business conditions with their attendant risks are reflected

in statistics of commercial failures which, while still well below the average experience of the years immediately preceding the war, are now on the up trend.

Canadian trade abroad has this year reached dimensions unprecedented in peacetime. The immediate outlook, however, is complicated by widespread conditions of international unbalance. Canada, in addition to being herself faced with exchange disequilibrium necessitating emergency measures, has also felt to some extent the effect of quantitative trade restrictions imposed by other countries. It is encouraging to note, however, that tariff agreements designed to facilitate expansion of world commerce have lately been entered into by 23 principal trading nations with Canada participating in no fewer than 17 such international arrangements. While from Canada's viewpoint the full benefits of these agreements are temporarily limited by the import restrictions recently imposed, it is reasonable to hope that the new trade pacts will help restore the solid basis of exchange of goods for goods upon which Canada's well-being so heavily depends.

Newfoundland

Conditions in Newfoundland have been generally good throughout the year, with full employment in the paper and mining industries. The salmon fishery was poor, as was the Labrador codfishery, but the shore and bank fisheries were good and total production of salt codfish is expected to be somewhat in excess of last year, reflecting in part a reduction in the scale of cold storage operations for fish and fish products. Action by the Government making dollars available to exporters of dried codfish to certain European markets against deposits of blocked sterling to its credit in London, averted a serious situation and prospects of disposing of the total catch at prices approximately the same as last year are reasonably good, provided no further exchange difficulties are encountered.

Government revenue is at record levels and although expenditure is higher, a surplus for the year is indicated.

Some recession in the volume of business from a year ago is evident and the outlook for the future is obscured by present difficulties in the way of foreign trade, on which the country is so greatly dependent.

The deliberations of the National Convention appointed to recommend the possible form of future government are being followed with special interest by all friends of Newfoundland who are hopeful of wise decisions that will further the development and prosperity of the country.

United Kingdom

In the United Kingdom the past year has seen a deteriorating position on balance of international account culminating in a condition of crisis. The broad approach to solution of the grave problems now confronting the nation involves strenuous efforts to increase exports and substantial cuts in imports particularly from dollar areas. Related measures include deliberate reduction of the armed forces, direction of manpower to approved export industries and plans for the increase of domestic agricultural output. A consequence of this programme is that supplies for the home market, already insufficient, are being still further reduced and restrictions and rationing are now generally more severe than at any time during the war years.

Export trade which received a major setback during the fuel crisis early in the year has since shown some progress but at a slower rate than had been hoped. Insufficient coal output is still a major deterrent to productive activity. Nationalization of the mines, inauguration of the five-day week and increased pay have not brought entire peace to the industry, and strikes, described as unofficial, have been prevalent but fortunately not of wide scope.

Over the twelve months ended September, 1947, clearing banks' deposits increased by £313 millions as compared with £404 millions during the previous comparable period. Since the beginning of the calendar year, however, deposits have been at relatively stable levels. For the second successive year there has been a decline in clearing banks' holdings of treasury deposit receipts and a rise in bills discounted. Investment holdings have increased moderately while at the end of September advances at £1,149 millions were £228 millions higher than at the end of September, 1946. Gilt-edged security prices reached their highest point early in the year and from there on followed a declining trend with a subsequent moderate partial recovery from the low points reached in mid-September.

In the spring, I visited England and Scotland and met many friends and customers of the Bank. From these meetings it was abundantly evident that the Bank continues to be held in the highest regard in financial and business circles. To anyone knowing pre-war England a recent visit is bound to be a sad one in some respects. That all possible assistance should be rendered the United Kingdom in her task of rehabilitation is, I am sure, the opinion of the vast majority of Canadians. Apart from sentiment such a viewpoint arises out of two main considerations, namely, a realization of the enormous sacrifices of men and materials made, during

the war, by that country for the common good of all the Allies, and recognition that recovery of the United Kingdom is a primary condition of a satisfactory level of world trade and a matter of particular importance to this country which over the years has been heavily dependent on the British market as a source of demand for our exports.

United States

Economic conditions in the United States continue to be characterized by very high levels of employment and income. Production trends as between various industries have been rather mixed throughout the year with the net result being that the aggregate level of output has been relatively stable in contrast to a marked upward trend in 1946. A substantial programme of expenditures on new capital equipment and some further accumulation of inventories may be included among the factors contributing to a high level of activity. Consumer spending, in terms of dollar value, has moved into new high ground, gaining support from rising wage rates which are now at peak levels. Allowing for the effect of price changes, however, there are signs of some contraction in the physical volume of retail trade. Corporate earnings are satisfactory with large volume being a sustaining factor in this regard. Despite a decline in the corn and oat crops it is estimated that gross income of farmers in 1947 will be some 18% higher than in 1946. To meet greater food needs abroad, the President has asked for a reduced domestic consumption of foodstuffs.

Delayed recovery of European productive facilities is reflected in a continued heavy overseas demand for goods from the United States albeit at somewhat lower levels in recent months as the result of shortage of U.S. dollars. Internally, much thought is being given to proposed measures of further assistance to war-torn nations and to other aspects of the problem of financing and narrowing the gap between exports and imports.

Under the combined pressure of foreign and domestic demand, prices of basic raw materials and foodstuffs have advanced steadily throughout the year and the cost of living is much in the forefront of public discussion.

Within the year there have been definite indications that the U.S. monetary authorities are moving in the direction of a more flexible interest rate policy, and there have been significant increases in short-term money rates. In the banking field a new high record has been set for loans for commercial, industrial and agricultural purposes but revenues from bank investment portfolios have declined, principally as a result of reduction in holdings of government debt. Operating costs have risen and net earnings of commercial banks have shown some decline.

In the bond market prices of long-term government issues have eased slightly while there has been a gradual widening of the spread between the yields on government and corporate issues. The stock market has displayed an indeterminate trend for most of the year.

Foreign Business

Canada's participation in international trade, to which I have referred elsewhere in this address, has meant a substantial growth in our foreign business. Importers and exporters have made increasing use of our facilities, while the demand for travel funds and for foreign remittances has also been in higher figures.

Our relationships with our banking correspondents in practically all countries of the world are constantly expanding and we have found by experience that in utilizing the services of banks which have been long established in their respective countries, we are able to provide our customers with unexcelled facilities for conducting their import and export trade. Up-to-date information and reports on conditions and regulations abroad are fully at the disposal of our customers and are being increasingly availed of to facilitate their foreign operations.

As mentioned elsewhere in my remarks, I visited England and Scotland during the year and had the pleasure of meeting many of our banking friends in these countries. Officers of our Foreign and Business Development Departments have travelled extensively in the United States, Mexico, Central and South America, Australia and New Zealand. In the previous year visits were made to a number of countries in Continental Europe and it is our intention to repeat these trips periodically and to survey other areas as soon as this is feasible. We have been happy to welcome as visitors to Canada representatives of many of our banking correspondents and other friends from abroad. These reciprocal visits furnish us with first-hand information regarding developments in other lands which is of great value in our day-to-day operations.

Our two London, England, branches and our offices in New York, Chicago and San Francisco continue to afford excellent facilities not only for transactions of our Canadian customers with the United Kingdom and the United States but also for business originating in these and other countries.

While on the subject of foreign business, I should like to pay tribute to Canadian Government representatives stationed abroad. Their facilities have been made freely available to our own travelling officers who, on their return, have spoken in most complimentary terms of the efficient

manner in which our country is represented in lands where we have diplomatic or trade emissaries. Our close contacts with Department of Trade and Commerce officials at Ottawa are, we believe, mutually beneficial in the maintenance and development of this important phase of Canada's business life.

Staff

In concluding my review of the year's work I would like once again to pay tribute to the outstanding services of the men and women of our staff at our branches in Canada and abroad as well as at Head Office and divisional points. As already mentioned, the work at our branches has been heavy and the increase in the demand for loans and advice to customers in domestic and foreign transactions has meant increased problems and responsibility for Head Office and divisional executives, as well as for our managers and other senior members of the staff.

The number of our personnel in Canada and abroad now comprises some 8,900 persons, as compared with about 8,400 last year. We are continuing to carry out further mechanization in connection with routine transactions and are adopting new and revised working methods to expedite business. We have a group of special routine organization officers who visit branches periodically and assist the managers and staff in improving routine methods. As an additional aid to staff training, we have recently established a school for male and female entrants at Head Office and we hope to extend this form of instruction.

I am pleased to say that our returned veterans have settled down well and many are already occupying important posts. Of the new entrants engaged since the end of the war, a substantial number are war veterans and are doing well. Our women employees who comprise some 56% of our total staff are rendering excellent service and their competent handling of responsible duties which was an outstanding feature in the difficult days of the war is being continued in the succeeding period.

The organization and arrangements relating to the development, the progress and the welfare of our staff are under continuous and careful study and I know of no feature of our business that has required more care and consideration over the past year.

In closing I wish once again to express my sincere thanks to my immediate associates at Head Office and indeed to the entire staff for their loyalty and devotion and for their efforts in maintaining and improving the services which we render to our customers and to the community at large.

REPORT ADOPTED

The Chairman then moved, seconded by Maj.-Gen. The Hon. S. C. Mewburn, C.M.G., that the Report of the Directors, now read, be adopted and printed for distribution among the Shareholders. The Report was unanimously adopted.

Mr. Charles F. Sise moved, seconded by Mr. Norman J. Dawes, that Messrs. George C. McDonald, C.A., and John Paterson, C.A., be appointed Auditors for the Bank for the ensuing year, and that the ballot for the Auditors be taken at the same time as the ballot for the Directors is taken. The motion was carried.

On the motion of Mr. Louis L. Lang, seconded by Mr. G. Blair Gordon, the resolutions appointing the necessary proxies for the Bank at meetings of controlled companies were unanimously adopted.

The Chairman then said:

"The next item on the agenda that is now before us, concerns the Shareholders' By-laws. As you may know, each chartered bank is required by The Bank Act to forward in 1948 to all shareholders a copy of the by-laws as enacted by the shareholders under Section 18 of the Act. It is advisable in our view to revise the by-laws with a view to improving the arrangement, clarifying the wording, and eliminating certain parts which have become obsolete. A revision for these purposes has been prepared, and each of you attending this meeting has been handed a pamphlet containing the revised by-laws to which we now seek your approval. The proposed revisions contain no changes of substance. You have also been handed a copy in booklet form of our present By-laws, in order that if desired you may compare the proposed revised By-laws with those now in existence. I will now ask the Secretary to read to the meeting the proposed revised By-laws."

The Secretary then read to the meeting the revised By-laws as follows:

BY-LAWS OF THE BANK OF MONTREAL

Enacted by the Shareholders

Other than By-laws Increasing the Capital Stock

I. The Annual General Meeting of the Shareholders of the Bank, for the election of Directors and for the transaction of such other business as may properly be brought before the meeting, shall be held at the Chief Office of the Bank, in the City of Montreal, on the first Monday in the month of December, in each and every year, at such hour as the Directors may fix in the public notice of such meeting.

II. If the day appointed for the Annual General Meeting, or for any Special General Meeting of the Shareholders, shall fall on a Legal Holiday, the meeting shall be held on the next following day, which is not a Legal Holiday, at the hour fixed in the public notice of the meeting.

III. In case of a failure to elect Directors at the Annual General Meeting of Shareholders, such election may take place at any subsequent Special General Meeting of Shareholders duly called for that purpose; and the retiring Directors shall continue in office until their successors are elected.

IV. The number of the Directors and the quorum thereof shall be regulated as follows, namely:

(a) The number of the Directors shall be not less than 20 and not more than 30;

(b) Until and subject to the extent to which the provisions of clause (c) hereof shall become effective, the number of Directors shall be 28;

(c) From time to time, upon the passing of a resolution of the Board of Directors declaring that it is expedient that this clause (c) should take effect to the extent of so many additional Directors as the resolution may specify, the number of the Board shall be and it is hereby increased by the number so specified, and the vacancy or vacancies in the Board thereby created may be filled in accordance with the provisions of By-law No. V of the By-laws enacted by the Shareholders, provided that in no event shall the total number of the Directors exceed 30;

(d) Three of the Directors shall constitute a quorum.

V. Any vacancy in the Board of Directors, whenever the same occurs during each year, may be filled by a qualified appointee of the continuing Directors; and such appointee shall hold office until the next Annual General Meeting of the Shareholders, or thereafter until his successor is duly elected.

VI. No Shareholder shall be eligible as Director unless on the day of his election or appointment he is, and in the case of election has been for not less than thirty days prior to such election, the registered holder and the absolute and sole owner in his own individual right, and not as trustee or in the right of another, of capital stock of the Bank on which not less than Five thousand dollars (\$5,000.00) have been paid up. No Director shall act as Private Banker, nor as Director, Manager or Officer of any other Bank or Banking Company, either public or private; and no bankrupt or insolvent shall be eligible or hold office as a Director. In case any Director shall cease to be the registered holder and the absolute and sole owner in his own individual right, and not as trustee or in the right of another, of

capital stock of the Bank on which not less than Five thousand dollars (\$5,000.00) have been paid up, or in case any Director shall act as Private Banker, or as Director, Manager or Officer of any Bank or Banking Company, either public or private, or in case any Director shall become bankrupt, or insolvent, or shall make an assignment for the benefit of his creditors, his office of Director shall *ipso facto* be vacated.

VII. In each year any sum of money not exceeding Ninety-five thousand dollars may be taken by the Board of Directors from the funds of the Bank as remuneration for the services performed as Directors by the President, Vice-Presidents and other members of the Board; and the Directors may annually apportion the same among themselves in such manner as they shall think fit. The Directors may also further provide for the payment to the members of the Executive Committee of the Board of Directors such additional remuneration as the Directors think fit, but not exceeding in all a sum equal to Five thousand dollars (\$5,000.) each year for each member of the Executive Committee, and the sum provided for the remuneration of the Executive Committee shall be apportioned among the members of that Committee as that Committee may deem appropriate.

VIII. The Directors shall cause a record to be kept at the Chief Office of the Bank of all appointments of proxies to vote at any meeting of the Shareholders of the Bank, showing the name of the Shareholder appointing such proxy, the name of the Shareholder so appointed, and the date of the appointment; and the holder of any such appointment of proxy shall not be entitled to vote thereon at any meeting of the Shareholders unless the instrument making such appointment of proxy and the power of attorney or other authority, if any, under which it has been signed, or a notarially certified copy thereof, executed and attested, in conformity with such By-laws, if any, as may from time to time be enacted by the Directors, has been produced and recorded at the Chief Office of the Bank at least seven clear days prior to the time of the holding of the meeting at which the person named in such instrument purposes to vote.

IX. The Directors are hereby authorized to establish and maintain Guarantee and Pension Funds for the Officers and Employees of the Bank and their families, and to contribute thereto annually out of the funds of the Bank such sums as they may by resolution of the Board appropriate for that purpose.

X. Save as to By-laws increasing the capital stock of the Bank, all By-laws enacted by the Shareholders prior to the first day of December,

1947, and all amendments thereto are hereby repealed, but such repeal shall not affect any act done or any right acquired, accrued or accruing under such repealed By-laws or amendments or any of them.

Mr. C. G. Heward, K.C., then moved, seconded by The Hon. Charles A' Dunning, P.C., the following resolution:

"That the revised By-laws of the Bank of Montreal as read to this meeting by the Secretary be and they are hereby enacted by the Shareholders; and I further move that a ballot on this motion be taken at the same time as that for the election of Directors." This motion was carried.

Brig. A. Hamilton Gault, D.S.O., moved, seconded by The Hon. J. E. Perrault, K.C.:

"That the thanks of the Meeting are hereby tendered to the President and Directors for their attention to the interests of the Bank."

In speaking to the motion, Brig. Gault said:

"In submitting the resolution which stands in the names of my honourable friend and my own, may I take a moment of time to enlarge upon the bare words of the motion. In our President we are most fortunate in having one who comes from the sea-girt Maritimes, which claim to be the birthplace of the original Canadian and which have produced so many wise and far-seeing statesmen both before and since the Founders of Confederation had their way.

"In his presidential address of a year ago he pointed his finger at the vital factor of production as the best means by which the cost of living could be brought down. To-day he has drawn attention to the character of those other far-sighted men who have contributed to its development in times gone by. This recalls to my mind Field Marshal Lord Allenby's famous dictum, that of all the military virtues character comes before either brains or experience, and this can be as easily applied to civil life as to military duty.

"Certain it is that the Bank reflects the character of the past just as it does of the present and will do so in the future.

"In his work our President is supported by a strong and able Board of Directors, upon whose judgment of ever-changing world conditions the future well-being of our Bank depends. They have brought us through this past disastrous war with flying colours. They still have the perilous shoals surrounding a very sick world through which to steer our financial ship to the calmer seas we hope lie beyond.

"It is claimed that only stability can provide the continuity in which true material progress can be made, and while I cannot lay claim to being

a monetary expert, I feel that currencies capable of manipulation are dangerous instruments to leave in the hands of centralized control, which may be too easily influenced by popular clamours for more money. I say this because the business man cannot possibly make long-term contracts without security of currency and the man on the street will be the first to suffer if deterioration of currency sets in, for it is he who, in the last analysis, has to foot the bill of an inflationary policy.

"The figures supplied to us to-day tell their own story and indicate the colossal strides made by the Bank in public service during its long and honourable career. Quite frankly, as a fairly old shareholder of the Bank, I am amazed by the results. I regard it as a privilege to be able to tender to you, sir, and to your directors, the very grateful appreciation of the shareholders, who not only carry the burden of ownership upon their shoulders, but in days of adversity when dividends fall, do not complain over-loudly and can always be relied upon to accept any improvement in fortune without a murmur of dissent." (*Applause*)

In seconding the motion, The Hon. J. E. Perrault, K.C., said:

"The statement just submitted to this meeting indicates that the Bank of Montreal has continued to be an outstanding factor in the commercial and industrial life of our country, taking a leading part in the readjustment of the national economy in peacetime.

"We are going through the most difficult times, with unsettled conditions all over the world, conditions which put a very heavy burden upon those who have the responsibility of the administration of the affairs of this great national institution, the Bank of Montreal, and which require work, courage and vision.

"As Canadians and shareholders we are grateful to you, Mr. Chairman, and to the other members of the Board, for the wise, progressive and successful policy you have carried on, maintaining the highest traditions of the Bank, its unshaken soundness and stability, and unfailing services to our country, thus contributing to the maintenance of the country's economy and the high level of industrial and business activity.

"The Bank of Montreal was founded 130 years ago, and through all the changes that occurred during the last century the Bank kept pace with the country's development and its requirements. Strong minds were always at work and nothing was permitted to run unguided and uncontrolled.

"The nine founders of the Bank of Montreal proved their faith in our country. Their dream of a great Canada has become true."

The motion was carried with applause.

The Chairman: "On my own behalf, and on behalf of my co-directors, I wish very sincerely to thank Brigadier Gault and The Honourable Mr. Perrault for their very gracious references to our services."

Mr. R. C. Berkinshaw, C.B.E., moved, seconded by Mr. H. W. Molson:

"That the thanks of the Meeting are hereby tendered to the General Manager, the Assistant General Managers, the Superintendents, the Managers and other officers of the Bank, for their services during the past year."

In presenting the motion, Mr. Berkinshaw said:

"It is, indeed, a great honour and pleasure for me to present this motion, which is designed to put formally on record, each year, an expression of the shareholders' appreciation of the work done by the loyal and efficient staff of this great and time-honoured institution which, this year, is celebrating its 130th anniversary.

"The results for the last financial year, as presented to us to-day, are sufficient evidence of the efficiency, the skill and the care with which the interests of the Bank, its shareholders and its more than 1,600,000 depositors have been guarded and maintained by the loyal, faithful and well-trained officers and personnel of our staff under the leadership and direction of our capable General Manager.

"We can be, and are indeed proud of the fact that we have in our General Manager, a man of such outstanding ability. The skill and distinction with which he manages the multitudinous affairs of the Bank and performs the arduous duties of his office, reflect the character of the Bank, its staff and the service which it renders.

"I think that as shareholders we would like to closely associate ourselves and express our complete accord with the special tribute which you, sir, have paid to the staff in the clear, thoughtful and statesmanlike address to which we have just had the privilege of listening. We recognize the fact that, as has been stated, the President and the Directors shoulder the responsibility for the owners. Yet we are fully cognizant of the fact that our General Manager and those others who were mentioned in proposing this motion — the entire staff of the Bank, consisting of more than 8,000 in the Head Office and in our 500 branches scattered throughout the Dominion and in Newfoundland, the United Kingdom and the United States — are the media through which the policies of the Bank are fulfilled and the high and worthy traditions of the Bank are maintained and fostered.

"We can well be confident that the fine spirit which so manifestly exists amongst the personnel of the staff will serve to perpetuate the heritage in

which we take a justifiable pride, so that the Bank will continue to play a leading part in the progress of this Dominion, as it has done in the past, and make a great and fitting contribution to the strength of the Canadian economy."

The motion was carried with applause.

Mr. B. C. Gardner, responding, said:

"Mr. Chairman and gentlemen, on behalf of my colleagues, as well as on my own behalf, I wish to thank Mr. Berkinshaw most sincerely for the generous terms in which he has proposed this resolution, and Mr. Molson for having seconded it. I must also thank the shareholders here to-day for the spontaneous and hearty way in which you have shown your approval.

"The year that has been brought to a close has been a year of hard work; and it is most encouraging to me, as I know it will be to all my colleagues, to know that their efforts have been recognized and appreciated by the shareholders." (*Applause*)

The Chairman then said:

"The remaining business before the meeting is the ballot for the appointment of Auditors, the election of Directors for the ensuing year, and the revision of the By-laws enacted by the Shareholders.

"During the year, no changes have occurred in our Board but you will observe when the names are read out by the Secretary that we are putting forward one new name at this meeting, Mr. R. Ewart Stavert, President of The Consolidated Mining & Smelting Company of Canada, Limited, a gentleman who is well known in Canadian business, particularly in the mining and metallurgical field, and who, we believe, will bring an experienced and well-balanced judgment to the manifold subjects which are presented weekly for the advice and direction of the Board.

"The ballot is now open for the purposes mentioned, and I will ask the Secretary to read the names of those proposed for election as Directors."

The Secretary then read to the meeting the list of proposed Directors, as follows:

G. E. Barbour, L. J. Belnap, R. C. Berkinshaw, C.B.E., Henry G. Birks, Charles J. Burchell, K.C., D'Alton C. Coleman, C.M.G., Norman J. Dawes, H. R. Drummond, The Hon. Charles A. Dunning, P.C., W. Sanford Evans, B. C. Gardner, M.C., G. Blair Gordon, C. G. Heward, K.C., J. A. Humbird, R. G. Ivey, K.C., Robert A. Laidlaw, Louis L. Lang, Gordon C. Leitch, C.B.E., John A. MacAulay, K.C., Ross H. McMaster, Maj.-Gen. The Hon. S. C. Mewburn, C.M.G., H. W. Molson, The Hon. Lucien

Morand, K.C., W. G. Murrin, J. V. R. Porteous, Charles F. Sise, George W. Spinney, C.M.G., R. E. Stavert.

Lt.-Col. W. P. O'Brien: "I have pleasure in nominating the respective persons whose names have been read by the Secretary for election as Directors of the Bank for the ensuing year."

The ballot for the appointment of Auditors, the election of Directors and the revision of the By-laws was then proceeded with.

The scrutineers appointed for the purpose reported that Messrs. George C. McDonald, C.A., and John Paterson, C.A., were duly appointed Auditors; that the gentlemen named in the list read by the Secretary and nominated by Lt.-Col. W. P. O'Brien had been elected Directors; and that the resolution to revise the By-laws enacted by the Shareholders, as read to the meeting by the Secretary, had been adopted.

The meeting then terminated.

At a subsequent meeting of the Board of Directors, George W. Spinney, C.M.G., was re-elected President, Maj.-Gen. The Hon. S. C. Mewburn, C.M.G., Charles F. Sise and B. C. Gardner, M.C., were re-elected Vice-Presidents, and B. C. Gardner, M.C., was appointed Executive Vice-President. Huntly R. Drummond was re-elected Honorary President. At the same meeting, Gordon R. Ball was appointed General Manager of the Bank.

BANK OF MONTREAL

FOUNDED IN 1817

EXECUTIVE OFFICERS

PRESIDENT

GEORGE W. SPINNEY, C.M.G.

EXECUTIVE VICE-PRESIDENT

B. C. GARDNER, M.C.

GENERAL MANAGER

GORDON R. BALL

ASSISTANT GENERAL MANAGERS

W. T. A. MACFADYEN (*Resident Toronto*)

F. G. BELCHER

L. W. TOWNSEND, O.B.E., M.C.

A. J. L. HASKELL

J. S. BOLTON

EDWARD POPE

A. C. JENSEN

SUPERINTENDENTS

ALBERTA DISTRICT.....	C. G. DUNNING, <i>Calgary</i>
BRITISH COLUMBIA DISTRICT.....	J. MACRAE, <i>Vancouver</i>
MANITOBA AND SASKATCHEWAN DISTRICTS.....	A. MACPHERSON, M.S.M., <i>Winnipeg</i>
MARITIME PROVINCES DISTRICT.....	W. STEWART, <i>Halifax</i>
MONTREAL DISTRICT.....	A. T. CORNER, <i>Montreal</i>
ONTARIO DIVISION.....	P. H. HOWARTH, <i>Toronto</i>
QUEBEC AND NEWFOUNDLAND DISTRICT.....	T. C. BOWEN, <i>Montreal</i>
FOREIGN DEPARTMENT.....	J. H. F. TURNER, O.B.E., <i>Montreal</i>
HEAD OFFICE—WESTERN DIVISION.....	N. G. RUNIANS, <i>Montreal</i>
BUSINESS DEVELOPMENT DEPARTMENT.....	C. O. MCGIRR, <i>Montreal</i>

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Secretary
J. R. GRAHAM

Chief Accountant
I. A. MCCARTHY

Chief Inspector
G. H. GREENING

*Assistant to the
General Manager*
W. H. RAIKES

*Economic
Adviser*
W. T. G. HACKETT

*Manager
Staff Department*
V. R. PURSER

*Manager
Securities Department*
A. C. L. HARSHAW

*Manager
Foreign Exchange Department*
F. W. LINDOP

*Manager
Bank Premises Department*
H. S. OLIVER

*Manager
Public Relations Department*
MUNRO BROWN

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LONDON, ENG.—47 THREADNEEDLE STREET.....	A. D. HARPER, M.C., <i>Manager</i>
" " —WATERLOO PLACE BRANCH.....	T. E. ROBERTS, <i>Manager</i>
NEW YORK AGENCY—64 WALL STREET.....	C. T. AULPH, <i>Agent</i>
CHICAGO—27 SOUTH LA SALLE STREET.....	A. ST. C. NICHOL, <i>Manager</i>
BANK OF MONTREAL (SAN FRANCISCO)—333 CALIFORNIA STREET.....	G. T. EATON, <i>President</i>

BRANCHES

The Bank has 521 offices in Canada, Newfoundland, United States and at London, England, with correspondents in all countries, offering exceptional facilities in all departments of general and foreign banking.

BRANCHES IN CANADA

Alberta

BRANCH	MANAGER	BRANCH	MANAGER
ACME	A. S. Ferguson	IRMA: Sub to Wainwright	
ALLIANCE: Sub to Forestburg		KILLAM	G. O. Vandervoort
BANFF (Tourist season only)		LACOMBE	D. McDonald
BAWLF: Sub to Daysland		LAKE LOUISE (Chateau Lake Louise	
BENTLEY	F. J. E. Downey	Branch—Tourist	
BOW ISLAND: Sub to Medicine Hat		season only)	
CALGARY (Main Office,	R. L. Bailey	LEDUC	M. W. Bond
140 Eighth Avenue West)	A. M. Tracey,	LETHBRIDGE	J. C. Downing
	Assistant	LOUGHEED: Sub to Sedgewick	
" Elbow Park	R. T. Baxter	MAGRATH	J. F. Grant
" North Hill	G. K. Hislop	MEDICINE HAT	C. K. Bell
" Stock Yards	A. E. Gardiner	MORRIN	H. Skjeie
CALMAR: Sub to Leduc		MYRNAM	R. H. Faulkner
CAMROSE	H. C. Miller	OLDS	R. G. Fullarton
CARBON	D. E. Rusler	PARADISE VALLEY: Sub to Edgerton	
CARSTAIRS	D. V. Gilmour	RAYMOND	A. C. King
CASTOR	T. W. H. Thompson	RED DEER	J. Cuthbertson
CHAUVIN: Sub to Edgerton		RIMBEY	R. G. Coupland
COALDALE	A. G. Clandfield	SEDGEWICK	W. G. Townsend
DAYS LAND	D. R. Mackay	STROME: Sub to Daysland	
DELBURNE	V. J. Harney	SUNDRE: Sub to Olds	
DRUMHELLER	W. H. D. Anderson	TABER	F. Pamerter
EAST COULEE: Sub to Drumheller		THORSBY	E. A. Bowring
EDGERTON	F. Roberts	TOFIELD	E. O. Pedersen
EDMONTON (Main Office,	T. Dickson	TROCHU	J. D. Wallbridge
10089 Jasper Avenue)	L. E. Tritschler,	TWO HILLS: Sub to Myrnam	
	Assistant	VEGREVILLE	W. H. Beacom
" 118th Avenue	D. W. Iverach	VIKING	C. R. Smith
FALHER	H. B. Mercereau	WAINWRIGHT	L. W. Smith
FORESTBURG	H. L. M. Leitch	WESTLOCK	R. S. Boddy
GRANDE PRAIRIE	H. B. George	WETASKIWIN	T. H. J. Grierson
HUGHENDEN	C. H. Smith		

British Columbia

AGASSIZ: Sub to Chilliwack		GIBSON'S LANDING: Sub to Vancouver	
ALBERNI	H. B. Twiss	HANEY	W. B. Piers
ASHCROFT	H. V. Littler	HOPE: Sub to Chilliwack	
BRALORNE	G. T. German	KAMLOOPS	G. W. Beveridge
CASTLEGAR	J. R. Elliott	KASLO: Sub to Nelson	
CHILLIWACK	E. A. Rolsted	KELOWNA	W. A. Hotson
CLINTON: Sub to Ashcroft			E. Paulding,
CLOVERDALE	O. J. Simons		Assistant
DUNCAN	H. D. Williams	KIMBERLEY	J. B. M. Barnum
ENDERBY	I. H. Solly	MERRITT	D. H. I. Shildrick
ESQUIMALT	R. D. Salmon	NANAIMO	J. D. Burnyeat
GANGES: Sub to Victoria		NELSON	H. A. Doak

BRANCHES IN CANADA

British Columbia

(Continued)

BRANCH	MANAGER	BRANCH	MANAGER
NEW DENVER: Sub to Nelson		VANCOUVER (Continued)	
NEW WESTMINSTER		" Broadway &	
(Main Office, 511 Columbia Street)	J. E. Leslie	Granville Street . . .	F. R. Wilgess
" Market	G. H. Molyneux, Assistant	" Broadway & Main Street	H. J. Oldaker
" West End	W. H. G. Lambert, Accountant-in-charge	" Carrall & Hastings Streets	J. R. Pudney
NORTH VANCOUVER . . .	E. L. Hodson		E. A. Royce, Assistant
OAK BAY	N. T. Brown	" Fourth Avenue & Alma Road	R. E. Haack
OSOYOOS	E. F. Barnes	" Granville & Davie Streets	C. C. Watson
PEACHLAND: Sub to Kelowna	A. B. Robertson	" Homer & Hastings Streets	N. J. H. Brown
PENTICTON	W. Wright	" Hotel Vancouver	A. B. Moore
PORT ALBERNI	A. H. Wylie	" Kerrisdale	C. P. W. Ryan
POWELL RIVER	A. W. Jack	" Main & Hastings Streets	F. Hendricks
PREMIER: Sub to Stewart			C. W. Hadfield, Assistant
PRINCE GEORGE	A. T. Cross	" Marine Building . . .	O. G. Bibbs
PRINCE RUPERT	G. R. S. Blackaby		F. R. Southey, Assistant
ROSSLAND	W. A. Hutchings	" Pender & Columbia Streets	H. Mackay
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SIDNEY: Sub to Government Street, Victoria		VERNON	R. C. McDowell
SOOKE: Sub to Victoria		VICTORIA (Main Office, 1225 Douglas Street)	J. N. Taylor
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TRAIL	H. Radcliffe	" Government Street	O. Matson
VANCOUVER (Main Office, 500-520 Granville Street)	M. Hunter	WEST SUMMERLAND . . .	J. Muirhead
	D. A. Stewart, Assistant	WESTBANK: Sub to Kelowna	J. Murray
	C. G. Pritchard, Assistant	WHITE ROCK	A. R. W. Wilson
	R. D. Mulholland, Assistant	WILLIAMS LAKE	

Manitoba

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HARTNEY	N. F. Ready	" Higgins Avenue & Main Street	J. Scott
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MORRIS	P. H. Armstrong	" McGregor Street & Selkirk Avenue . . .	C. H. Shields
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OAK RIVER	S. H. Barlow	" Portage Avenue	G. R. Holland
PORTAGE LA PRAIRIE . .	F. A. Pain	" Portage Avenue & Goulding Street . . .	W. F. W. VanBuskirk
RESTON	R. W. Thorne	" Portage Avenue & Vaughan Street . . .	W. Fairbairn
SELKIRK	C. G. A. Kirshaw		
SOURIS	W. C. Anderson		

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GRAND FALLS	D. M. Hay	SHEDIAC	H. R. Thayer
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CANSO	K. D. McDonald	MAHONe BAY	W. W. Baker
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" North End	C. Lonsdale	WOLFVILLE	B. L. Messias
" Quinpool Road & Kline Street	J. L. McGerrigle	YARMOUTH	R. G. Eldridge

Ontario

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ALLISTON	G. W. Thompson	DELHI	C. M. Wattens
ALLMONTE	E. C. Gourlay	DES JOACHIMS DAM: Sub to Deep River	
ALVINSTON	D. Wilson	DOUGLAS	C. W. Scott
AMHERSTBURG	H. L. E. Aldrich	DRUMBO	J. F. Fink
ATHENS	C. L. Smith	EGANVILLE	F. J. Buhlman
AULTSVILLE: Sub to Wales		ELGIN: Sub to Westport	
AURORA	A. C. Welk	ELORA	W. J. H. Blair
AYLMER	T. H. Bryson	EXETER	J. L. Hendry
BARRY'S BAY	B. M. Macfarlane	FENELON FALLS	W. B. M. Armstrong
BEACHVILLE: Sub to Ingersoll		FINCH	W. R. Wells
BELLEVILLE	H. N. Becker	FORMOSA: Sub to Teeswater	
BLENHEIM	W. H. Moise	FORT ERIE	G. G. Sewell
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BOTHWELL	L. J. C. Langa	FORT WILLIAM	T. W. Tod
BOWMANVILLE	G. E. Moody	FRANKFORD	R. D. McDonald
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BRANTFORD	D. L. Willson H. E. Bucknam, Assistant	GANANOQUE	M. H. Hay
BROCKVILLE	H. R. Allan	GLENCOE	H. M. Harper
BRUCEFIELD: Sub to Hensall		GODERICH	H. D. Helstrop
CAMPBELLFORD	J. D. Mills	GORE BAY	S. B. Otton
CHALK RIVER: Sub to Deep River		GUELPH	K. A. McNeil
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CHATSWORTH	E. T. Wilson	HAMILTON (Main Office, Cor. Main & James Streets)	G. B. Howard G. C. Hibbert, Assistant
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" McConnell Avenue & Montreal Road	J. E. N. Rioux	" Holton Avenue	W. L. Aiken

BRANCHES IN CANADA

Ontario

(Continued)

BRANCH	MANAGER	BRANCH	MANAGER
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" James & Barton Streets	T. G. Tilly	Cor. Sparks &	F. M. Brady,
" Westinghouse Avenue	D. T. McGuire	O'Connor Streets)	Assistant
HANOVER	J. W. A. Jordan		K. M. Tudman,
HENSALL	W. B. A. Cross		Assistant
HESPELER	J. Bell	" Bank Street	T. G. Morrissey
HIGHGATE	R. J. Gilroy	" Rideau Street	B. J. Currie
HOLSTEIN: Sub to Mount Forest		" Wellington Street &	
INGERSOLL	C. E. Shaw	Holland Avenue	F. L. Steeves
IROQUOIS	W. H. Fowler	OWEN SOUND	A. H. Briden
KINCARDINE	J. G. Davis	PARIS	S. L. Pepler
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297 King Street East)	F. R. G. Farrell,	PERTH	J. McDonald
	Assistant	PETERBOROUGH	C. S. Cummer
" Princess & Barrie Streets	J. D. Hickey		J. H. Willey,
KINGSVILLE	C. L. Oberle		Assistant
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KOMOKA: Sub to Market Square, London		PORT ARTHUR	W. C. Morley
LANCASTER	W. C. Millar	PRESCOTT	G. M. Lyons
LANDSLOWNE	S. I. Puttenham	PRESTON	R. C. McIntyre
LEAMINGTON	J. S. Davidson	RENFREW	J. A. Fisher
LINDSAY	A. H. Trueman	ST. CATHARINES	H. P. McCabe
LITTLE CURRENT	A. C. Royce	ST. EUGENE	J. A. Lambert
LONDON (Main Office,	W. James	ST. GEORGE: Sub to Brantford	
Cor. Richmond Street	C. W. Rotchell,	ST. MARYS	C. S. Hall
& Queens Avenue)	Assistant	ST. THOMAS (Main Office,	W. J. Floyd
" City Hall	M. W. Reive	408 Talbot Street)	
	A. R. Keller,	" East End	W. M. Nisbet
	Assistant	SARNIA	J. H. Matson
" East	W. Dow	SAULT STE. MARIE	H. M. Monteith
" Market Square	W. C. Mitchell	SCHREIBER	I. B. Jurgens
	F. W. Bolus,	SIMCOE	I. Kersell
	Assistant		G. M. Couse,
LUCAN	J. H. Cantelon		Assistant
LUCKNOW	J. A. Thompson	SMITHS FALLS	L. R. Coles
MANITOWANING	G. L. Krauter	STIRLING	A. V. Greenley
MARKDALE	W. E. Cramp	STRATFORD	H. B. Macpherson
MEAFORD	W. J. Buffam	SUDBURY	J. M. Sanders
MERLIN	J. M. R. Strange	TARA	E. A. Powell
MIDLAND	F. H. Woolley	TEESWATER	E. M. Dagg
MILDMAY	J. H. Moore	THAMESVILLE	A. P. Rey
MIMICO	G. H. Owen	THORNDAL: Sub to Market Square, London	
MINDEMOYA	J. H. Burt	TILBURY	G. J. T. Hickey
MONKLAND: Sub to Finch		TILLSONBURG	H. I. G. Fraser
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NAPANEE	G. Nicol	30 Yonge Street)	L. L. Sinclair,
NEW TORONTO	W. A. Herriot		Assistant
NEWINGTON: Sub to Finch			C. Henderson,
NEWMARKET	R. D. Brown		Assistant
NIAGARA FALLS	M. M. Smith		R. B. Macfarlane,
NORWICH	W. M. Colchester		Assistant
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OSHAWA	R. Argo	" Bloor & Bay Streets	S. G. Hazell
		" Bloor Street &	
		Lansdowne Avenue	A. M. Doty

BRANCHES IN CANADA

Ontario (Continued)

BRANCH	MANAGER	BRANCH	MANAGER
TORONTO (Continued)		TORONTO (Continued)	
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" College Street	H. P. Ferrier	" West Toronto	N. J. Peddell
" Danforth & Logan Avenues	A. S. J. Galloway	" Yonge & Queen Streets	J. J. M. Stewart R. M. Allan, Assistant
" Dundas Street & Roncesvalles Avenue	O. W. Graybiel	" Yonge Street & St. Clair Avenue	F. W. Troop
" Dupont Street	K. R. Montizambert	TRENTON	A. S. Oliver
" Earlscourt	R. G. Ross	TWEED	G. L. Johnstone
" Eglinton Avenue & Hilltop Road	J. G. Lewie	VERONA: Sub to Yarker	
" Fairbank	K. A. Miles	WALES	R. S. V. Davison
" Hounslow Heath Road & St. Clair Avenue	R. S. Tolmie	WALKERTON	D. A. Evans
" King & Dufferin Streets	A. F. E. Jarrett	WALKERVILLE (Main Office, 1799 Wyandotte Street East)	C. C. Welford
" King & Yonge Streets	C. A. B. Neville J. C. Brown Assistant	" Walker Road	J. F. Gilmour
" Kingsway	R. E. Holland	WALLACEBURG	W. G. Grothier
" Leaside	C. F. O. Percy	WATERFORD	A. W. Murat
" Queen Street East & Beech Avenue	C. Ferriman	WATERLOO	E. B. Lavelle
" Queen Street & Broadview Avenue	C. M. Pennington	WATFORD	W. E. E. Chamberlain
" Queen Street & O'Hara Avenue	G. C. Chubb	WELLAND	J. R. Smith
" Queen & Portland Streets	W. H. Kalbfleisch	WEST LORNE	W. H. Bell
" Queen's Park	J. Burdock	WESTON	W. T. Douglas
" Roselawn Avenue & Yonge Street	T. A. Rainie	WESTPORT	W. W. L. Morlok
" Royal York Hotel	W. H. Collie	WILLIAMSBURG: Sub to Morrisburg	
" Royce Avenue	J. M. Conway	WILLIAMSTOWN: Sub to Lancaster	
" St. George & Bloor Streets	J. R. A. Grant	WINDSOR (Main Office, 200 Ouellette Avenue)	D. M. Carmichael C. R. M. Allan, Assistant
" St. Lawrence Market	C. O. Moon	" London Street	H. L. Kerr
		WOODSTOCK	R. H. Magwood
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		ZURICH	C. C. McEachern

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CHARLOTTETOWN N. L. Ford, Manager

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ARVIDA	J. G. R. Lavoie	GRAND MERE	J. E. Lalonde
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BREAKEYVILLE	A. E. Bolger	HUNTINGDON	W. K. Pope
BUCKINGHAM	C. E. Nash	KNOWLTON	S. C. Robson
BURY	E. T. Noall	LACHINE	D. M. McGoun
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CHICOUTIMI	J. W. Michel	LEVIS	J. A. Dandurand
COOKSHIRE	H. C. Barter	LONGUEUIL	C. E. Thessereault
COWANSVILLE	C. F. T. Basham	MAGOG	O. T. Webster

BRANCHES IN CANADA

Quebec (Continued)

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MONT JOLI	J. A. E. Drouin	" St. Clement & St. Catherine Streets	G. L. Gregoire
MONT LAURIER	J. L. O. Picard	" St. Henri	D. A. McClure
MONTREAL (Main Office, 119 St. James Street West)	E. E. Rutherford W. E. Stewart, Assistant	" St. Jean Baptiste Market	McK. Young
	M. Scott, Assistant	" St. Lawrence Boulevard & Jean Talon Street	F. M. Allan
	G. A. Rheume, Assistant	" St. Peter & St. James Streets	H. Brooks D. B. MacKenzie, Assistant
" Beaver Hall	L. F. Hawitt	" St. Zotique & St. Denis Streets	A. D. de Grandpre
" Bleury & St. Catherine Streets	E. W. Alexander	" Seigneurs & Notre Dame Streets	H. M. Morrison
" Bordeaux Street & Mount Royal Avenue	A. J. Hamel	" Sherbrooke & Drummond Streets	G. Henshaw
" Charlevoix & Centre Streets	J. S. Hughes	" Snowdon-Hampstead	R. L. Murdoch
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" City Hall Avenue & St. Catherine Street	H. Cowie	" University & St. Catherine Streets	W. H. S. Burritt N. Kjeldsen, Assistant
" Darling & Ontario Streets	A. E. Bleau	" West End	W. K. Newcomb C. W. McMartin, Assistant
" Darlington & Soissons Avenues	M. J. F. Jobin	MONTREAL WEST	E. P. Pilon
" De Lorimier Avenue & Rosemount Boulevard	J. A. T. A. Allard	NAPIERVILLE	L. R. Morin
" Drummond & St. Catherine Streets	J. L. Cains M. S. Adam, Assistant	NAUDVILLE	J. V. W. Lalonde, Accountant-in-charge
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" Guy & Sherbrooke Streets	W. S. Beattie	QUEBEC (Main Office, 116 St. Peter Street)	J. H. Ottmann J. E. V. L. Gelly, Assistant
" Jean Talon Street & Querbes Avenue	C. T. B. Cumming		J. C. D. Rochette, Assistant
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" Marci Avenue & Sherbrooke Street	C. A. Young	" St. Roch	J. O. R. Methot G. H. Belanger, Assistant
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		STE. ANNE DE BELLEVUE	J. D. R. Morissette
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		ST. GEORGES DE BEAUCE	J. A. Lemieux
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		ST. JOVITE	J. D. S. Daigle
		ST. LAMBERT	R. A. B. Darley
		ST. LAURENT	J. M. W. Daneau

BRANCHES IN CANADA

Quebec (Continued)

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SHAWVILLE	G. A. McDougall	" Fourth Avenue & Wellington Street	C. M. Roche
SHERBROOKE (Main Office, 59 Wellington Street)	R. L. Curphey	VICTORIAVILLE	J. G. Fortier
" Belvidere & King Streets	L. A. Laberge	WATERLOO	R. B. Moysey
SOREL	X. A. A. Leblanc	WESTMOUNT (Main Office, 1299 Greene Avenue)	W. M. Jackson
TEMISKAMING	J. M. Shannette	" Claremont Avenue & Sherbrooke Street	E. L. Hollyer
TOWN OF MOUNT ROYAL .	K. A. McL. Corran		
TROIS-RIVIERES	J. A. Beaulieu		
VALLEYFIELD	J. F. P. E. Barbeau		

Saskatchewan

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BATTLEFORD	J. Houston	PUNNICHY	V. T. Olsen
BIENFAIT	N. W. Martin	REGINA (Main Office, 1800 Scarth Street)	R. V. Campbell H. L. McKay, Assistant
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DOMREMY	E. C. Pourbaix	SALTCOATS	H. J. Parmiter, Acting
DUCK LAKE	F. E. Bedford	SASKATOON	R. J. Cock
EASTEND	R. Wells	SEMANS	A. Smith
ESTEVAN	W. L. Hurst	SWIFT CURRENT	C. L. MacGregor
HERBERT	R. Farrell	TISDALE	A. J. Folkersen
KAMSACK	J. G. Simpson	UNITY	E. A. Leifer
KELLIHER	R. F. Gray	WAKAW	R. Simonsen
LAKE LENORE	J. Gillanders	WHITE FOX: Sub to Nipawin	E. A. Hay
LAMPMAN: Sub to Estevan		WHITEWOOD	R. M. Mills
LIMERICK	R. E. H. Armstrong	WYNYARD	P. A. S. Irwin
MAPLE CREEK	L. P. Roach	YORKTON	C. W. McBride
MELVILLE	J. L. King	ZENON PARK: Sub to Arborfield	
MOOSE JAW	M. S. Feist		
NIPAWIN	R. R. Wright		
NORTH BATTLEFORD . . .	E. G. Elliott		
OUTLOOK	A. MacKenzie		

Yukon

DAWSON D. E. Gilliland, Manager

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BOTWOOD	C. H. Droppo, Accountant-in-charge	ST. GEORGE'S	R. H. MacLeod
BUCHANS: Sub to Grand Falls		ST. JOHN'S	D. MacGregor
CORNER BROOK	C. R. McKay		D. O. Atkinson, Assistant
CURLING	W. Venters	STEPHENVILLE CROSSING: Sub to St. George's	

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LONDON—47 Threadneedle Street, London, E.C.2	A. D. Harper, Manager D. H. Mansfield, Assistant R. L. Sheard, Assistant
" 9 Waterloo Place, London, S.W.1	T. E. Roberts, Manager

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CHICAGO, ILL. Bank of Montreal, 27 South La Salle Street, Chicago 3	A. St. C. Nichol, Manager E. J. MacKell, Assistant H. K. Munro, Assistant
SAN FRANCISCO, CALIF. Bank of Montreal (San Francisco), 333 California Street, San Francisco 4	G. T. Eaton, President A. E. Jolly, Vice-President

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