

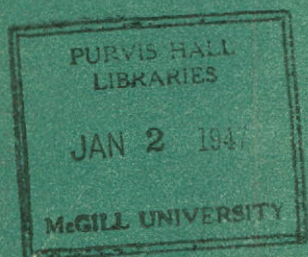
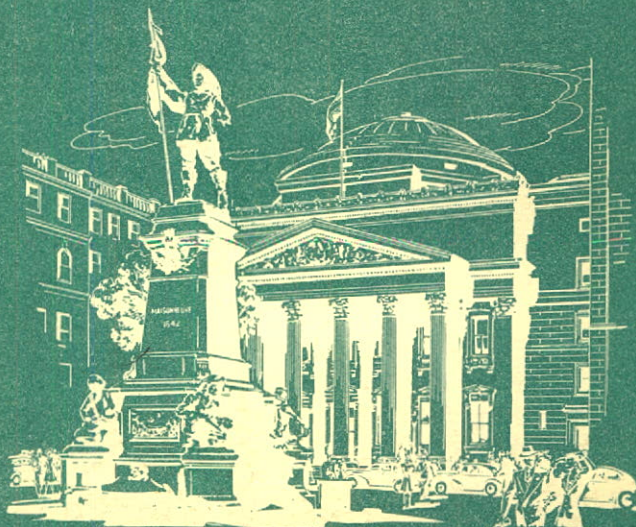
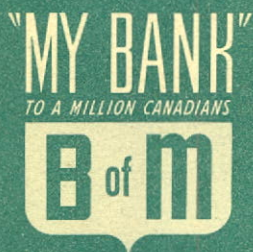
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129TH ANNUAL REPORT
of the
BANK OF MONTREAL

ANNUAL GENERAL MEETING

December 2nd, 1946





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BANK OF MONTREAL

FOUNDED IN 1817

HEAD OFFICE

MONTREAL

BOARD OF DIRECTORS

Honorary President

H. R. DRUMMOND

President

GEORGE W. SPINNEY, C.M.G.

Vice-Presidents

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

CHARLES F. SISE

B. C. GARDNER

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.

•

General Manager

B. C. GARDNER

•

LONDON COMMITTEE

SIR HARDMAN LEVER, BART., K.C.B.

•

CAPITAL, \$36,000,000 REST & UNDIVIDED PROFITS, \$43,256,000
RESOURCES EXCEED \$1,800,000,000

ANNUAL GENERAL MEETING

THE 129th Annual General Meeting of the Shareholders of the Bank of Montreal was held on 2nd December, 1946, in the Board Room at the Bank's headquarters.

Among those present were: W. H. D. Anderson, G. R. Ball, George E. Barbour, J. U. Barlow, Arthur Barry, F. G. Belcher, L. J. Belnap, R. C. Berkinshaw, Henry G. Birks, Kenneth G. Blackader, W. B. Blackader, G. T. Bogert, J. S. Bolton, F. M. Brady, H. Brooks, F. W. M. Brown, Arthur Browning, W. W. Bruce, Claude W. Buchanan, Charles J. Burchell, K.C., C. H. S. Butterworth, George A. Campbell, K.C., W. H. Campbell, Col. E. G. M. Cape, J. Clarke, Ross Clarkson, D. M. Cleland, D'Alton C. Coleman, F. W. Collins, A. T. Corner, H. L. S. Cotter, Norman J. Dawes, H. R. Drummond, The Hon. Chas. A. Dunning, P.C., C. G. Dunning, W. R. Eakin, Mrs. Ruth H. Earle, W. Sanford Evans, A. J. N. Foss, A. B. Foster, N. Fowler, A. E. Francis, B. C. Gardner, M. H. Gault, S. E. Goodwin, G. Blair Gordon, G. H. Greening, R. W. Guess, W. T. G. Hackett, A. L. Harshaw, G. A. R. Hart, A. J. L. Haskell, G. W. S. Henderson, A. W. Heron, G. E. Hervey, C. G. Heward, K.C., J. A. Hobson, George Hogg, G. R. Holland, F. H. Hopkins, P. H. Howarth, J. A. Humbird, M. Hunter, W. L. Hurst, Joseph Hurtubise, T. M. Hutchison, R. G. Ivey, K.C., R. P. Jellett, A. C. Jensen, R. E. Knight, Robert A. Laidlaw, J. N. Laing, Louis L. Lang, X. A. A. Leblanc, Gordon C. Leitch, Mostyn Lewis, S. B. Lindsay, J. A. MacAulay, K.C., W. T. A. MacFadyen, D. MacGregor, A. Macpherson, J. MacRae, I. A. McCarthy, George C. McDonald, C.A., C. O. McGirr, Ross H. McMaster, K. A. McNeil, T. E. Merrett, Maj.-Gen. The Hon. S. C. Mewburn, C.M.G., H. W. Molson, The Hon. Lucien Moraud, K.C., Mrs. Henry Morgan, W. G. Murrin, Frank W. Nelles, S. C. Norsworthy, Lt.-Col. W. P. O'Brien, Lt.-Col. Gavin L. Ogilvie, H. S. Oliver, Elzear Orchard, J. H. Ottmann, R. Panet-Raymond, John Paterson, C.A., Dr. J. Edgar Perreault, L. H. Pinsonnault, Edward Pope, V. R. Purser, Gordon McT. Pyke, H. Radcliffe, W. H. Raikes, J. E. N. Rioux, J. H. H. Robertson, K.C., E. E. Rutherford, O. R. Sharp, G. Ross H. Sims, Charles F. Sise, G. B. Snell, George W. Spinney, C.M.G., J. T. Stevens, H. F. C. Stikeman, Mrs. Garnet Strong, Arthur Terroux, L. W. Townsend, R. H. Turley, J. H. F. Turner, J. F. Walsh, C. M. Watters, J. F. Wilkes, R. J. Williams, D. L. Willson, K. C. Winans.

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

The Hon. Charles A. Dunning, P.C., moved, seconded by Mr. Charles F. Sise, that Lt.-Col. Gavin L. Ogilvie and Mr. H. F. C. Stikeman be appointed to act as scrutineers, and that Mr. John 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, 1946.

PROFIT AND LOSS ACCOUNT

Profits for the year ended 31st October, 1946, after making an appropriation to Contingent Reserves, out of which full provision for Bad and Doubtful Debts has been made.....	\$10,799,684.99
Adjustment of United Kingdom Income Taxes 1938 to 1946..	39,441.17
	<u>\$10,839,126.16</u>
Provision for Depreciation of Bank Premises, Furniture and Equipment.....	575,343.25
	<u>\$10,263,782.91</u>
Provision for Income and Excess Profits Taxes (of which \$195,038.74 would be refundable).....	5,776,000.00
	<u>\$ 4,487,782.91</u>
Quarterly Dividend 2 per cent. paid 1st March, 1946.....	\$720,000.00
Quarterly Dividend 2 per cent. paid 1st June, 1946.....	720,000.00
Quarterly Dividend 2 per cent. paid 3rd September, 1946....	720,000.00
Quarterly Dividend 2 per cent. payable 2nd December, 1946..	720,000.00
Provision for Extra Distribution 1½ per cent. payable 2nd January, 1947.....	540,000.00
	<u>3,420,000.00</u>
Amount carried forward.....	\$ 1,067,782.91
Balance of Profit and Loss Account 31st October, 1945.....	3,188,502.90
	<u>\$ 4,256,285.81</u>
Transferred to Rest Account.....	3,000,000.00
	<u>\$ 1,256,285.81</u>
Balance of Profit and Loss Account 31st October, 1946.....	<u><u>\$ 1,256,285.81</u></u>
(Signed) GEORGE W. SPINNEY, <i>President.</i>	(Signed) B. C. GARDNER, <i>General Manager.</i>

During the financial year, twenty offices were opened and four offices were closed in the Dominion of Canada.

Mr. Charles J. Burchell, K.C., was appointed a Director on the 2nd April, 1946.

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

(Signed) GEORGE W. SPINNEY,
President.

Bank of Montreal, 2nd December, 1946.

GENERAL

The General Statement of the position of the Bank

ASSETS

Gold and subsidiary coin held in Canada.....	\$	2,447,343.49	
Gold and subsidiary coin held elsewhere.....		25,310.15	
Notes of Bank of Canada.....		34,334,893.50	
Deposits with Bank of Canada.....		154,858,788.28	
Notes of and cheques on other banks... \$68,650,013.82			
Government and bank notes other than Canadian.....		1,020,817.86	
Due by banks and banking correspondents elsewhere than in Canada.....		29,708,217.42	
Dominion government direct and guaranteed securities maturing within two years, not exceeding market value....		412,238,370.92	
Other Dominion government direct and guaranteed securities, not exceeding market value.....		478,764,600.51	
Provincial government direct and guaranteed securities maturing within two years, not exceeding market value....		45,312,966.40	
Other provincial government direct and guaranteed securities, not exceeding market value.....		66,935,859.27	
Canadian municipal securities, not exceeding market value.....		35,224,157.70	
Public securities other than Canadian, not exceeding market value.....		61,252,477.37	
Other bonds, debentures and stocks, not exceeding market value.....		56,022,926.42	
Call and short (not exceeding thirty days) loans in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover.....		17,739,747.20	
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.....		41,651,810.93	
		<u>1,314,521,965.82</u>	\$1,506,188,301.24
Current loans and discounts in Canada, not otherwise included, estimated loss provided for.....	\$	277,095,744.68	
Current loans and discounts elsewhere than in Canada not otherwise included, estimated loss provided for..		12,681,830.83	
Loans to provincial governments.....		4,663,088.38	
Loans to cities, towns, municipalities and school districts		6,900,450.25	
Non-current loans, estimated loss provided for.....		318,860.30	
		<u>301,659,974.44</u>	
Liabilities of customers under acceptances and letters of credit as per contra		21,538,615.59	
Real estate other than bank premises.....		285,021.24	
Mortgages on real estate sold by the bank.....		220,989.68	
Bank premises at not more than cost, less amounts written off.....		10,575,688.13	
Deposit with the Minister of Finance for the security of note circulation..		323,631.62	
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 \$1,282,274.72).....		1,703,812.92	
		<u>\$1,843,985,587.40</u>	

STATEMENT

on 31st October, 1946, was submitted as follows:

LIABILITIES

Capital paid up.....		\$ 36,000,000.00
Rest or reserve fund.....	\$ 42,000,000.00	
Dividends declared and unpaid.....	735,664.34	
Provision for extra distribution.....	540,000.00	
Balance of profits, as per profit and loss account.....	1,256,285.81	
		<u>44,531,950.15</u>
		\$ 80,531,950.15
Notes in circulation.....	\$ 5,512,707.50	
Deposits by and balances due to Dominion Government.....	88,433,818.84	
Deposits by and balances due to provincial governments.....	29,224,548.81	
Deposits by the public not bearing interest.....	628,253,309.68	
Deposits by the public bearing interest, including interest accrued to date of statement.....	947,032,313.66	
Deposits by and balances due to other chartered banks in Canada.....	4,422,848.30	
Deposits by and balances due to banks and banking correspondents elsewhere than in Canada.....	38,845,869.06	
		<u>1,741,725,415.85</u>
Acceptances and letters of credit outstanding.....		21,538,615.59
Liabilities to the public not included under the foregoing heads.....		<u>189,605.81</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.
W. D. GLENDINNING, C.A.,
of the firm of Campbell, Glendinning, Dever &
Camelford.
MONTREAL, 16th November, 1946.

} Auditors.

\$1,843,985,587.40

GEORGE W. SPINNEY, *President*

B. C. GARDNER, *General Manager*

BANK OF MONTREAL TRUST COMPANY (New York)

Balance Sheet as at 31st October, 1946

	ASSETS	U.S. Currency
Due from Banks:		
Approved Reserve Depositories.....	\$ 187,257.46	
Other Banks and Bankers (Foreign).....	12,381.86	
		\$ 199,639.32
Investments:		
*United States Government Securities.....	\$1,613,508.51	
Accrued Interest.....	9,723.43	
		1,623,231.94
(Quoted Market Value, 31st October, 1946—\$1,652,874.99)		
*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.....		16,877.82
		<u>\$1,839,749.08</u>
	LIABILITIES	U.S. Currency
Deposits:		
Trust Funds.....	\$ 1,972.52	
Demand.....	76,966.72	
Time.....	34,821.60	
Due to Banks, Bankers and Trust Companies.....	1,392.20	
		\$ 115,153.04
Reserve for Taxes.....		8,021.66
Other Liabilities.....		1,684.62
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.....	64,889.76	
		1,714,889.76
		<u>\$1,839,749.08</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, 1946, 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.,

W. D. GLENDINNING, C.A.,

MONTREAL, 16th November, 1946.

Auditors.

HOCHELAGA REALTY AND DEVELOPMENT COMPANY

Balance Sheet as at 31st October, 1946

	ASSETS	U.S. Currency
Real Estate, Buildings and Equipment (64-68 Wall Street, New York), less Reserves for		
Depreciation.....		\$1,103,703.67
Prepaid Taxes, Insurance, etc.....		18,971.71
Investments:		
United States Government Securities.....	\$ 30,000.00	
Accrued Interest.....	253.12	
		30,253.12
(Quoted Market Value, 31st October, 1946—\$30,000.00)		
Cash.....		52,644.29
		<u>\$1,205,572.79</u>
Deficit.....		77,268.76
		<u>\$1,282,841.55</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	
		1,250,000.00
(Interest on the Debentures was reduced to three per cent. on 1st March, 1939, and payment of the coupons due on 1st March, 1946 and 1st September, 1946 was waived entirely)		
Accrued Debenture Interest		6,250.00
Reserve for Taxes		14,000.00
Accounts Payable		2,591.55
		<u>\$1,282,841.55</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, 1946, 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.,
W. D. GLENDINNING, C.A.,

MONTREAL, 16th November, 1946.

Auditors.

THE ST. JAMES LAND COMPANY LIMITED

Balance Sheet as at 31st October, 1946

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	
		\$ 200,001.00
		<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 \$164,441.96 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, 1946, 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.,
W. D. GLENDINNING, C.A.,

MONTREAL, 16th November, 1946.

Auditors.

BANK OF

Comparison of Balance Sheet Figures —

(Condensed and rearranged from the Annual

ASSETS

	<i>31st October 1946</i>	<i>31st October 1945</i>
CASH, CLEARINGS AND DUE FROM BANKS		
Notes of and Deposits with Bank of Canada.....	\$189,193,682	\$158,706,260
Gold and Subsidiary Coin.....	2,472,654	2,290,198
Notes of and Cheques on Other Banks.....	68,650,014	62,756,781
Government and Bank Notes other than Canadian.....	1,020,818	911,433
Deposits with and balances due by other Banks.....	29,708,217	61,306,470
	\$ 291,045,385	\$ 285,971,142
INVESTMENTS (not exceeding market value)		
Dominion Government Securities.....	\$891,002,971	\$888,684,386
Provincial Government Securities.....	112,248,826	105,165,027
Canadian Municipal Securities.....	35,224,158	21,615,015
Public Securities other than Canadian.....	61,252,477	72,866,875
Other Bonds, Debentures and Stocks.....	56,022,926	29,606,693
	1,155,751,358	1,117,937,996
CALL LOANS (against marketable securities)		
In Canada.....	\$ 17,739,747	\$ 17,968,799
Elsewhere.....	41,651,811	42,448,307
	59,391,558	60,417,106
CURRENT LOANS (estimated loss provided for)		
Current loans and discounts in Canada.....	\$277,095,745	\$201,744,079
Current loans and discounts elsewhere.....	12,681,831	11,339,686
Loans to Provincial Governments..	4,663,088	2,095,036
Loans to cities, towns, municipalities and school districts.....	6,900,450	4,751,521
	301,341,114	219,930,322
NON-CURRENT LOANS (estimated loss provided for).....	318,860	334,019
LIABILITIES OF CUSTOMERS UNDER ACCEPTANCES AND LETTERS OF CREDIT as per contra.....	21,538,616	16,895,827
BANK PREMISES.....	10,575,688	10,571,610
OTHER ASSETS.....	4,023,008	3,876,298
	<u>\$1,843,985,587</u>	<u>\$1,715,934,320</u>

31st October, 1946 and 31st October, 1945
Statements as certified by the Auditors)

	31st October 1946	31st October 1945
NOTES IN CIRCULATION.....	\$ 5,512,707	\$ 6,619,026
DEPOSITS		
By Dominion and Provincial Governments.....	\$117,658,368	\$ 78,499,701
By Public payable on demand in Canada.....	608,784,523	588,046,851
By Public payable after notice in Canada.....	814,277,967	717,327,052
Deposits in Canada in currencies other than Canadian.....	7,666,740	8,745,380
Deposits elsewhere than in Canada.....	144,556,393	183,640,148
Deposits by and balances due to other Banks.....	43,268,717	37,169,574
	1,736,212,708	1,613,428,706
ACCEPTANCES AND LETTERS OF CREDIT OUTSTANDING.....	21,538,616	16,895,827
OTHER LIABILITIES TO THE PUBLIC..	189,606	248,826
DIVIDENDS DECLARED AND UNPAID, including provision for Extra Distribution.....	1,275,664	553,432
CAPITAL PAID UP.....	\$ 36,000,000	\$ 36,000,000
REST OR RESERVE FUND.....	42,000,000	39,000,000
BALANCE OF PROFITS, as per Profit and Loss Account.....	1,256,286	3,188,503
	79,256,286	78,188,503
	<u>\$1,843,985,587</u>	<u>\$1,715,934,320</u>

THE PRESIDENT'S ADDRESS

LADIES and GENTLEMEN:—Since our last Annual Meeting one new member has been appointed to our Board, Mr. C. J. Burchell, K.C., and at our meeting to-day you will be asked to confirm his election. Mr. Burchell is a leading member of the legal profession in the Province of Nova Scotia. Before joining our Board he rendered distinguished service as Canada's High Commissioner in Australia, in Newfoundland, and in the Union of South Africa. He has thus acquired a broad acquaintanceship throughout the Empire, and I think you will agree that we are fortunate in having him as a Director of this Bank.

Profit and Loss Statement

The General Manager will as usual deal with important Balance Sheet changes so I shall refer only to the Profit and Loss Statement.

After making an appropriation to Contingent Reserves, and after providing \$575,000 for depreciation of Bank Premises, and \$5,776,000 for estimated Income and Excess Profits Taxes, the profits for the year aggregated \$4,487,000, of which \$3,420,000 has been allocated to dividends, and \$1,067,000 added to the balance of Profit and Loss Account.

Prior to closing this year's accounts the last addition to Rest Account was made in 1936, when it was brought up to \$39,000,000. Having regard to the very heavy increase in the Bank's liabilities to the public during the intervening ten years, your Directors were of the opinion that the time had come to strengthen the Balance Sheet by a further addition to Rest Account. We have therefore, as you will observe, transferred the sum of \$3,000,000 from Profit and Loss Account to Rest, which now stands at \$42,000,000 in relation to Paid-up Capital of \$36,000,000.

The year's gross operating profits at \$10,799,000, that is before deductions for depreciation of Bank Premises and for Income and Excess Profits Taxes, are \$4,500,000 higher than in 1945. There are two important factors which have a bearing on these results to which I wish to draw special attention.

The first is that in our banking year now closed we had certain substantial revenues of an abnormal nature, so that it cannot be said that this betterment indicates an improved earning position which may reasonably be expected to continue.

The second factor arises out of the question of appropriations to Contingent Reserves from which provision is made for Bad and Doubtful Debts. The chartered banks like other corporations are subject to the

provisions of the Income War Tax Act. This Act provides that in computing the amount of profits to be assessed, amounts transferred to reserve or contingent accounts are not deductible except for such provision for bad and doubtful debts as the Minister of National Revenue may allow. The Bank Act, as amended in 1944, provides that where amounts set aside or reserved for contingencies out of income are in the opinion of the Minister of Finance in excess of reasonable requirements, he shall bring this to the attention of the Minister of National Revenue. Our position at this time is that our Contingent Reserves are at such a level as to debar us from making further appropriations for contingencies out of income except such appropriations as are subject to taxation. Thus, part of the apparent increase in this year's taxable profits is not wholly comparable with the experience of previous years.

I wish to make it clear that the limitation to which I have referred relates to the determination of income for taxation purposes only. It does not restrict or modify the discretion of the Directors of the Bank in setting up such reserves as in their judgment are considered desirable, provided however that due provision is made for any taxes which may be exigible with respect to such transfers. In keeping with our traditional practice of maintaining a strong position your Directors and Management are of the opinion that our Contingent Reserves should be further strengthened. As indicated in the Profit and Loss Statement, an additional appropriation to such reserves has been made out of the year's income and we have provided in the year's accounts for all taxes exigible thereon.

I should like the shareholders to be fully aware of the fact that our costs of operating have been steadily mounting. Since 1939 our deposits have nearly doubled. Hence, not only interest payments to depositors, but the cost of servicing all the varied counter transactions involved in the provision of modern banking facilities have risen substantially. Increased volume of business requires increased staff and our costs under this heading too have mounted sharply. The General Manager will presently give you figures on the subject of our staff complement, and I only want to add in this connection that we have constantly endeavoured to improve the lot of our employees whose loyalty and faithful application to duty have been unwavering, and whose interests and position cannot be allowed to suffer by comparison with people in other occupations. We have a large staff and any over-all increase in emoluments adds heavily to our operating charges. But I am sure the shareholders will agree that the personal welfare of our employees is of the greatest importance in the safe and efficient conduct of the Bank's affairs. I might conclude this reference to cost by mentioning

that banking is one of the few essential services for which the cost to the consumer has not increased in recent years; in fact the trend has been in the other direction.

An Economic Background of Light and Shade

I suppose there are few who could claim that the course of Canadian economic developments over the past twelve months has been at all points in line with their expectations. On the one hand, any gloomy forecasts of a sharp decline in national income and employment upon cessation of hostilities have been wide of the mark. Underlying forces of demand making for a high level of business activity have been very strong. Consumer buying has been maintained at a remarkably high level. Exports, while down from war-inflated peaks, are still reasonably satisfactory. Industry has made important progress towards complete reconversion and many expansion and modernization projects are under way. Nature has been kind, and this year's crops have been of abundant proportions. All this is to the good and, if these were the only elements in the situation, one might well conclude that the initial difficulties of transition had been surmounted with remarkable ease.

But, unfortunately, the picture has its darker aspects. Production has been hampered by persistent shortages and by dislocation of cost-price relationships. Taxation is still sufficiently burdensome to exert a depressing effect on individual and corporate incentives. The cost of living is a major problem in the mind of every citizen. And for part of the year our economy has been under the shadow of labour unrest with its resultant ill will, strikes, hardship and cumulative hindrance to production.

A Problem in Parallels

There is a remarkable parallel between what must be said of conditions to-day and what was said twenty-seven years ago by the President of this Bank in his Annual Address to the shareholders in December, 1919. I find in that address reference to "demands for increased wages and shorter working hours culminating in strikes and disorder, with a resultant decreased efficiency, lessened production and greater cost of output." I find it noted that "reaction from the feverish activities and high prices produced by the vast conflict which so many apprehended has not occurred." There are references to the high cost of living, and to the increase in the supply of money arising out of credit expansion that was largely the result of government borrowing. While the two pictures are not altogether identical they are strikingly similar in their general composition.

In considering this similarity one might perhaps be inclined to take some comfort in the thought that the difficulties of the present day are inherent in a period of transition and that, as in the past, they will again disappear. It should be remembered however that after the boom conditions of 1919 came the deflation and unemployment of 1920, a situation which none of us would like to see repeated. Obviously, by reason of our great dependence on export markets, the course of business developments in Canada cannot be insulated from conditions elsewhere. But the fact that we are not entirely masters of our economic destiny only emphasizes the need for wisdom and foresight in those decisions that do lie within our power. And surely the sequence of events a quarter of a century ago is a warning and a challenge to all responsible elements in this Dominion to see to it that present attitudes, policies and actions are directed to the avoidance of the cycle of boom and slump.

Present Factors and Philosophies

In many respects Canada is much better equipped to-day to combat such a cycle of events than it was after the First World War. Our economy is much more satisfactorily balanced as between industry and agriculture. We have a population more highly skilled in productive techniques. We have a larger and more sophisticated consumer market within our own borders. In our export trade we have the advantage of broader diversification both as to products and countries of destination. It is true also that business men and government officials have at their disposal a mass of factual information which was not available two or three decades ago. And along with this factual data has come an imposing array of new theories as to the cause and control of business cycles. But the question in my mind is whether over the years there has been a corresponding growth in the wisdom necessary to apply to practical use the knowledge which we have, and to distinguish between the gold and the dross. I make no claim to familiarity with all the subtleties of economic theory. But no banker can be ignorant of broad trends of social and economic thought. He is apt to have them thrust upon him. And it seems to me that a number of popular beliefs that have taken hold of public imagination in recent years, far from being a help, are now an absolute hindrance to a clear-sighted appreciation of the fundamentals of progress and welfare.

The Real Basis of Purchasing Power

One example, which to my mind is of very practical significance, is the still prevalent idea that purchasing power rather than production is the

mainspring of employment, income and material well-being. Admittedly there have been times when purchasing power in the aggregate has been deficient, and when its expansion was wholly desirable. Then too, under the stress of wartime conditions an expansion of purchasing power could hardly be avoided. But it should surely be clearly evident that under present conditions, where the supply of money in the form of circulating media and bank deposits is about two and a half times what it was at the beginning of the war, purchasing power is a problem of excess rather than scarcity. Money is, after all, a claim on the productive resources of the community. And one of the immediate and urgent tasks confronting this nation is to put a sound foundation of production under the purchasing power already in existence.

A National Loss

Records for the twelve months ended September 1946 indicate that time lost in the Dominion through strikes amounted to 5,000,000 man-working days, and this figure takes no account of time or production losses induced in other industries by reason of resulting material shortages. This time loss compares with a total of 1,800,000 man-working days from like causes for the five full calendar years 1935 to 1939. Significantly enough, to find anything comparable we have to go back to 1919, when in the whole year 3,400,000 man-working days were lost. Such a loss of time is irretrievable; labour whether of hand or brain is the most perishable of all commodities; labour not used to-day can never be stored for use tomorrow.

Work, Wages and Income

There is a tendency these days to speak in terms which obscure underlying human values. Thus it is customary to speak of "labour" as a "force," a "factor," or a "cost element." I prefer to think of Canadian labour as the same people who were so largely responsible for this Dominion's spectacular wartime production records and who made their contribution, too, in the front line. These are citizens who want a better life for themselves and their children. They want to look to a future free from fear of unemployment. They do not want another war. In all these things they are no different from their fellow Canadians. Not only are their interests similar, they are inter-dependent. No one sector of this complex unity called Canada can suffer without all other elements feeling the pinch. We have a vested interest in each other's well-being.

I am well aware that there are dark pages of labour exploitation in the record of history. But I am convinced that progressive management to-day

is fully alive to the vital necessity of good labour relations founded on mutual recognition of rights and responsibilities. One cannot but question however whether there is an equivalent recognition that high wage rates are not necessarily synonymous with high annual income and high purchasing power in terms of what the pay cheque will really buy. It is of course quite possible for any group, strategically placed and highly organized, to use its position to obtain wage increases bearing little or no relationship to productivity. But the almost inevitable result of such a process is that people ultimately find they have priced themselves out of a job; they have set so high a value on their services that fewer and fewer consumers can afford to buy the resultant product. While this fact has become obscured against the background of a sellers' market, evidence of increasing consumer resistance to high prices is now emerging. The warning to all concerned demands the greater attention because of the nature and extent of this country's dependence on export outlets. Our prosperity largely depends on our ability to compete in these markets, and if we are to do so costs must be kept within reasonable bounds. In summary, we cannot as a people become wealthier simply by obtaining more money for producing the same or less. All we can accomplish by this means is to send prices, costs and incomes on a grim little game of leap-frog along the road to disaster.

Tax Policy and the Taxpayer

In my remarks last year I had something to say concerning the limits of government spending under peacetime conditions. I do not propose to repeat myself now, but rather to mention certain related aspects of widely accepted theories of monetary management that can have a most practical bearing on the course of events in this country.

It has become almost an axiom of public finance that fiscal policy should no longer aim at a balanced budget year by year but that, on the contrary, governmental expenditures should serve as a balance wheel. In other words, when business is active and prices buoyant, government spending should be reduced, revenues increased and debt retired; while conversely in periods of recession governmental deficits should be deliberately incurred in order to take up the slack in the private sector of the economy. This is an attractive theory, but it begs a number of questions in the light of practical conditions of the present time. One question which arises is whether, human nature being what it is, any government having lowered taxation in a depression would have the political courage to raise taxes deliberately when business is once more on the upswing. One also has some

mental reservations as to the possibility of forecasting at budget time the conditions of business for the ensuing twelve months, and of being sure that the tax policy so established will be correctly timed from the standpoint of its effect on business. Moreover, I suggest that the concept of high taxation as an anti-inflationary measure in peacetime may be far from valid. Such taxation was accepted during the war as an essential contribution to victory, and in the knowledge that, because of war demands, individual living standards had to be reduced. As such, wartime taxation was an important weapon in the fight against inflation. But have we not already more than a little evidence that high taxation in peacetime is likely to have an entirely opposite effect? To the extent that it penalizes incentives and leads to additional wage demands to maintain take-home pay, onerous taxation becomes a potent inflationary and disruptive force. And in my opinion the level of taxation still in existence in Canada to-day comes well within this category.

The Peacetime Role of Interest Rates

As we move away from a wartime background of public saving and government finance, the question of the peacetime role of interest rates becomes once more a matter of practical significance. A superficial examination of wartime financial experience might suggest that it is now possible for central banks so to regulate the supply of money that interest rates may be forced down to almost any desired level. Thus in Canada long-term Dominion bonds now yield about 2.55% as compared with 3.50% just before the war. When the incidence of taxation and the increase in living costs are taken into consideration, the return to the investor has been reduced by even more than the difference in gross yield. Over the war years the patriotic urge brought forward a great deal of public saving with little regard to the interest rate as such. More important, to the extent that taxation revenues and public response to war loan appeals were insufficient to finance the government's requirements, the difference was obtained by the sale of short-term securities to the banking system. While the result was of course expansionary from the standpoint of the country's money supply, I do not think the use of this device under wartime conditions could be criticized. The money had to be found and there was nothing else to do. But it would be a bad bargain for the country if a continued attempt were to be made to keep interest rates at an artificially low level, at the cost of further and otherwise unnecessary additions to the amount of money in existence. Such a technique, particularly under existing conditions, would be fraught with inflationary danger. Moreover, it must

be recognized that artificially low interest rates involve other costs to the community. Such rates are in effect a tax on all individuals who directly or indirectly, through their saving, are exercising qualities of thrift and foresight.

The Social Significance of Saving

Now I know that there are theorists who will argue that saving is something of a social menace. But I am old-fashioned enough to believe that the urge to save encourages individual responsibility and reinforces one of man's highest motives—the desire to provide for the future of himself and his family. It is good to stand on one's own feet—good for the individual and good for the national fibre. Nor do I think it is saying too much to suggest that it will sap the vitality of the nation if new generations are nurtured in the idea that some benevolent government will remove the necessity for prudent management of individual affairs. I accept the principle that certain social security measures have their place in our way of life, but if they are to supplant the personal integrity that goes hand in hand with rounding out one's welfare in providing for the future, then I believe we will tend to become soft, and that both the incentive to enterprise and the capacity for effort will in the course of a generation or two become seriously undermined.

A Policy for Ordered Progress

I come back now to the subject of the Bank itself. A year ago I said in my Annual Address that risk-free banking is hardly banking at all, and that if we are to maintain a progressive outlook we must meet new situations with courage and confidence. Over the past twelve months this Bank has indeed met many new situations and, I am convinced, has pursued a progressive policy throughout. We will endeavour to continue so to play our part in the year of further adjustment that lies ahead. In saying these things I am well aware that liberal credit policies are to-day fashionable, politically popular and widely acclaimed as socially desirable. I should perhaps go on to add therefore that it is no part of this Bank's policy to build up an impressive total of loans by encouraging individuals or corporations to incur an unnecessary or an unwieldy burden of indebtedness. I stress this point because it seems to me that a great many businesses and industries, whatever their difficulties in other directions, have been operating for some years under well-nigh riskless conditions as far as credit factors are concerned. Prices have been rising steadily and demand has been in effect guaranteed. Wisely planned expansion, based on an optimistic—yet

not unrealistic—appraisal of future possibilities, is one thing; a commitment recklessly undertaken on the assumption that prices will never decline, and that the treacherous benefits of a sellers' market will be forever present, is quite another matter. Thus it is no negation of a truly liberal and constructive credit policy, but rather a part of it, that the Bank must on occasion say a clear word of warning and restraint.

A Basis for Confidence

These are days when old traditions and standards are often held in light regard—when new and untried methods of government business, finance and international economic and political organization have an irresistible appeal. All this is profoundly significant of a deep yearning for tangible progress towards that better way of life for which so many have planned, striven, fought and died. My remarks to-day have been necessarily specific and limited in their application. But if they have an underlying theme it is that in an age of flux there are some economic realities and basic values that do not, and cannot, change. No device or formula can produce wealth and well-being without work, enterprise and the assurance of reward. No mere document replete with cleverly devised sections, subsections and exceptions can ensure fruitful co-operation between individuals or between nations lacking the confidence that can grow only from fair and honourable dealing.

While I believe that such fundamentals demand re-emphasis at the present time, I do not stress them in a spirit of gloomy foreboding. All of us will I think confess to a sense of disappointment that the new order of international amity has not materialized overnight, and that some of the devices of power politics are still all too evident. There is however enough sincere striving for international co-operation and, more important, enough deep desire for peace abroad in the world to-day to give grounds for hope that in such a soil goodwill among nations may gradually take root, grow and flourish. As far as this country is concerned, our response to the challenge of war has given us a new sense of destiny. We are now a "middle power" with the reputation and responsibility that such a position implies. Perhaps we may at times find it a little difficult to live up to our new status. But I have a deep and abiding faith in this country. That faith is founded not only on an appreciation of Canada's economic accomplishments and potentialities; it rests also on confidence in assets which are of no less value and which are the peculiar legacy of our pioneer forefathers—character, resourcefulness, enterprise and sound common sense.

THE GENERAL MANAGER'S ADDRESS

MR. CHAIRMAN, LADIES AND GENTLEMEN:—

I have the honour to present to you the 129th Balance Sheet of the Bank.

To assist in following my remarks on the General Statement, we have placed before you, in addition to the usual statement of liabilities and assets in the form prescribed by The Bank Act, a comparative statement of balance sheet figures as at October 31st, 1946 and October 31st, 1945 with some re-arrangement of headings to facilitate comparison. This comparative statement will also appear in the printed record of these proceedings.

General Statement

The figures now presented cover the first full year of operations under peacetime conditions since the fiscal year which ended on October 31st, 1938. Total assets at \$1,844 millions show an increase of \$128 millions over the previous year. The expansion in balance sheet figures which was a feature of the war years and in many respects an inevitable consequence of wartime finance has been less pronounced in the period under review.

The balance sheet continues to show a highly liquid position. Deposits with the Bank of Canada, plus our holdings of Bank of Canada notes, are equivalent to 12.25% of all deposit liabilities in Canadian dollars. Cash assets, including balances due by, and notes of, and cheques, on other banks aggregate \$291 millions, equivalent to 16.7% of all liabilities to the public. Quick assets in the form of cash, investments and call loans aggregate \$1,506 millions, equivalent to 85.4% 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

Deposits under all headings reached a new year-end high at \$1,736 millions, an increase of \$123 millions over the previous year. Dominion and Provincial Government Deposits increased by \$39 millions. Demand deposits by the public in Canada at \$609 millions increased by \$21 millions. Notice deposits in Canada at \$814 millions increased by \$97 millions. Interest-bearing deposits by the public in Canada and abroad increased from \$857 millions to \$947 millions.

Demand deposits have shown a tendency to stabilize after the steady growth of the war years. The continued rise in notice deposits, which are

mainly Savings deposits, has been accompanied by a further substantial growth in the number of depositors, over 100,000 new Savings accounts having been opened during the year. This is a tribute to the thrift and common sense of our people and is a strong bulwark against the inflationary potential of an increased money supply. We are deeply conscious of our responsibility to the great number of citizens in all walks of life whose savings are entrusted to our care. The facilities and services provided to Savings depositors in Canada are I believe unequalled in any other country and have influenced not only bank deposits but other forms of saving, notably the wartime distribution of government securities. I should add that with increasing costs of operations many of our services related to Savings deposits are provided at a very narrow margin of profit. I shall refer later to certain developments during the year bearing on the relationship between Savings deposits and our holdings of government securities.

Our deposits abroad are in somewhat lower figures, reflecting the withdrawal of certain special deposits of a temporary nature carried on our books at the end of the previous year.

Investments

Investments (not exceeding market value) carried at \$1,156 millions compare with \$1,118 millions at the end of the previous year. Our total investments in Dominion of Canada securities are practically unchanged in the year-end comparisons. In February last by agreement with the Minister of Finance the rate of interest on Certificates of Deposit, the special wartime instruments issued to the banks to provide flexible short-term financing for the Dominion Government, was reduced from $\frac{3}{4}$ of 1% to $\frac{5}{8}$ of 1%. The Minister announced, at the same time, that by arrangement between the chartered banks and the Dominion Government it was voluntarily agreed that chartered bank holdings of Dominion of Canada domestic securities other than Treasury Bills, Certificates of Deposit and certain other short-term, low-interest-bearing obligations would be limited to an amount equivalent to 90% of Canadian Savings deposits, i.e., notice deposits other than balances of corporations. It was also agreed that earnings on such Dominion bonds held for investment should not exceed by more than a moderate amount the banks' operating costs in the form of interest payments and other expenses of servicing such deposits. In making this announcement the Minister paid tribute to the co-operative spirit with which the chartered banks approached the problems involved.

In view of the limited period during which this agreement has operated

it is difficult to estimate the effect on our future earnings, although I may say that in our own case no adjustment in the investment portfolio was necessary at the time the arrangement became operative. I might add that the great increase in our holdings of government securities in recent years was for the most part an unavoidable consequence of wartime finance, and it is to be hoped that with the return of more normal conditions deficit financing resulting in expansion in bank holdings of government securities will be kept to a minimum.

Our investments in Provincial Government securities are in slightly higher figures. Our holdings of Municipal securities increased by \$14 millions. "Other Bonds, Debentures and Stocks" increased from \$30 millions to \$56 millions. This reflects to some extent the extension of credit to borrowers for purposes of reconversion from wartime to peacetime production and for expansion of productive facilities in established fields. The debentures or other obligations so acquired are repayable over a somewhat longer term than current advances for operating purposes which are carried under the heading of "Current Loans and Discounts." This type of business is subject to the closest scrutiny and our experience so far indicates that it is a form of banking service that can safely be extended within proper limitations to fit the specialized needs of responsible borrowers.

Loans

Call and Short Loans against marketable securities are practically unchanged from the previous year. Current Loans and Discounts in Canada at \$277 millions compare with \$202 millions at October 31st, 1945. This represents a general and diversified increase in advances to manufacturers, merchants, builders, farmers and primary producers. Advances to the grain trade are lower, in spite of the larger wheat crop and reflect the reduction in stocks of grain in storage and lower financing requirements of the Canadian Wheat Board and the grain trade generally.

The higher level of commercial loans reflects the increased requirements of customers in the transition from wartime to peacetime production and merchandising, as well as the higher inventories of business concerns. Strikes and shortages have contributed to some congestion of goods in process of manufacture with deliveries of finished goods frequently being held up for lack of one or more essential parts. The question of whether inventories are too high or too low is not susceptible of a ready and conclusive answer but I suggest that a conservative inventory policy is advisable under present conditions, particularly in types of goods in which

production can be greatly expanded and where change in quality or design may adversely affect inventory values.

The volume of personal loans has shown considerable expansion reflecting the increased availability of civilian goods and the resumption of normal occupations and family living. This includes a substantial number of loans to veterans to assist in their plans for rehabilitation. As I mentioned in my remarks last year it is not our policy to encourage individuals to incur unnecessary debt but our personal loan facilities are a necessary and useful part of our services to the public. Many loans of this type are, of course, on a secured basis and temporary advances against Victory Bonds enable borrowers to retain ownership of their investment in Government securities. In our advertising we have stressed the fact that our Personal Loan services are not inconsistent with a programme of saving for useful purposes and for conservation of the individual's resources.

Loans to farmers, including advances under the Farm Improvement Loans Act, are in higher figures, although the continued improvement in farm incomes has enabled many farmers to reduce their over-all indebtedness.

Advances to municipalities and school districts show an upward tendency but are substantially lower than the pre-war figures reflecting to some extent the deferment of municipal projects because of shortages of labour and materials.

Bank Premises

Bank Premises carried at \$10,576,000 show little change from the previous year's figures. You will note from the Profit and Loss Statement that \$575,000 was written off during the year for depreciation of premises, furniture and equipment but this was offset by capital expenditures on new and existing properties including our new Toronto building, work on which was resumed in March last. Construction of this building is progressing as well as can be expected under prevailing conditions. The Bank has certain commitments in connection with contracts for the Toronto building and other projects of less importance. As progress payments are made, the amount shown in our Balance Sheet under Bank Premises will be increased accordingly.

During the year a substantial number of improvements and alterations to our offices across the country have been carried out in order to expand our facilities and services. The capacity of a number of our branches is taxed to the limit and to relieve such situations we have also had to under-

take a number of building extensions but the major portion of these enlargements have had to be deferred due to shortages of labour and materials. Admittedly the situation in this respect is not satisfactory but until the supply of housing accommodation, especially for war veterans, more nearly meets the demand, we feel that our use of scarce materials and labour should be kept at a minimum. When conditions in the building trades become easier, the programme we have planned will contribute to employment in the construction and allied trades for some years to come.

Bank Services

The demand for banking services reached unprecedented levels during the year under review. The number of Savings and Deposit accounts in Canada increased substantially and we are now servicing more than 1,500,000 of such accounts—an increase of nearly 40% since 1939. The number of borrowing accounts has also expanded, particularly in the "Personal Loans" category, to which I have already referred. The demand for our safekeeping facilities has continued to increase. The volume of Government cheques and other Government routine has reached new high figures.

In addition to the foregoing, our branches, as in the past, performed many services that are difficult to classify formally. The modern age is so full of financial and other complexities that an increasing number of people are turning to their bankers for advice and guidance and our staff are encouraged to render helpful and friendly service in this respect. The increased counter work has made it necessary to simplify routine and increase the use of mechanical equipment. We have plans actively in hand for improving and expanding our facilities in this respect as quickly as the supply situation permits. I again pay tribute to our customers and to the general public for their understanding and uncomplaining acceptance of overcrowded conditions at some of our branches. We assure them that we are making every effort to maintain our services at the highest level of efficiency.

In October last Dominion of Canada Savings Bonds were placed on sale and our special efforts were directed to promoting the wide distribution of this new type of Government security among our depositors and the general public.

During the year we opened twenty new branches and sub-agencies and closed four. We have under consideration further plans for branch extension at certain points where the need for banking service is evident and there are reasonable prospects for successful operation.

Public Relations

During the past two years we have enlarged the scope of the Bank's advertising and publicity efforts with, we believe, satisfactory results. We have received much favourable comment from the public on this score and we believe the result has been broadly beneficial both to our business and to our public relations. I may add that our advertising recently received the highest rating in an independent appraisal of bank advertising in North America during the past year.

The Business Background

Buoyant domestic demand for consumer goods of all kinds has been a dominant influence throughout the year. Dollar volume of retail sales reached record levels. Demand from external sources has also been vigorous and merchandise exports, although down from war-inflated peaks, have been running, in point of value, at a figure over two and one-half times the annual average of the five years 1935-39. Imports have shown no post-war recession. On the contrary, their dollar value is now at a record high. In considering our external trade picture in its entirety it should be borne in mind that a part of our export business is still abnormal in nature in that it is the direct result of the Canadian loan to the United Kingdom and of loans to other countries under the Export Credits Insurance Act. Another major positive influence has been an abundant wheat harvest which, on the basis of the latest estimate of about 418 million bushels, is 37% greater than last year's crop and 13% greater than the average yield over the past ten years. Other field and fruit crops have been generally satisfactory but dairy production has been lower than last year.

Reconversion of manufacturing facilities from wartime to peacetime use has been progressing very satisfactorily and the transition has been accomplished with a minimum of involuntary unemployment. But the flow of production to meet domestic and export demand has been markedly uneven. While some industries have been able to achieve record or near record performance, others have seen operations seriously impeded or at times halted altogether by the direct and indirect effects of prolonged strikes originating within our own borders and beyond them. Repercussions have been serious not only on production of consumer goods but also upon plant expansion programmes and urgently needed residential construction. Happily, most of the major labour disputes in this country seem now to have been resolved, although some time must elapse before a normal movement of raw materials and finished products will be restored.

The recession of stock market prices during recent months from the peaks to which they had steadily advanced over four years reflects a more conservative appraisal of corporate earning prospects and the business outlook.

An important development during the year was the increase in the official exchange value of the Canadian dollar to parity with the United States dollar and the enactment of the Foreign Exchange Control Act. This Act as originally introduced sought authority to establish the Foreign Exchange Control Board and most of its wartime powers on a permanent basis. Certain important amendments were made in the Senate and accepted by the Government, notably that there be a time limit placed upon the duration of the Act to make it expire sixty days after the opening of the first session of Parliament in 1949.

Newfoundland

Conditions in Newfoundland have been generally good throughout the year. All branches of the fisheries have shown satisfactory results, with export prices yielding good returns to producers and exporters. The paper and mining industries have been fully employed. Factories producing for local consumption have been busy and there has been little unemployment and that chiefly of a seasonal character.

With large scale expansion of the paper industry under way and indications that mining operations will be fully maintained, prospects for the immediate future are considered promising, although increasing competition from other producing countries introduces an element of uncertainty into the outlook for the fisheries.

Government revenues have continued buoyant and while expenditures are higher than last year, due in part to the rehabilitation programme for ex-servicemen, a surplus for the year is indicated.

At the present time, an elected National Convention is conducting an intensive investigation into all aspects of the country's administration and economy for the purpose of making recommendations to the Government of the United Kingdom as to the possible form of future government to be submitted to the people of Newfoundland at a national referendum.

United States

Throughout the past year there has been a considerable diversity of trend among the various sectors of the economy. The production of non-durable manufactured goods has been maintained at a high rate not far

from wartime levels. The output of durable manufactured goods has shown wider fluctuations due to the technical problems of reconversion, industrial disputes, and acute shortages of certain raw materials and intermediate products. During the late summer and early autumn, however, a marked improvement in this sector materialized. Agricultural crops in 1946, with the exception of cotton and rye, will exceed any previous year's output.

Inventories and forward commitments of both manufacturers and distributors have been rising in recent months and now stand at an all-time high point. Distribution of merchandise continues at a high level, however, despite a slight downward trend in the sales of non-durable goods. But with merchandise becoming generally more plentiful, evidences of more discriminate buying begin to appear.

With the recent lifting of all price controls except those on rents, sugar and rice, the commodity price situation is at present confused. The trend of industrial costs relative to selling prices is disturbing and wage demands and labour productivity will perhaps be the most important influences on future price trends.

In the field of foreign trade, the dollar value of exports, while considerably below the wartime peak, has been running at about double the 1941 level. Commercial shipments constitute the largest item and the demand from abroad for United States products is supported by substantial amounts of United States Government credit. United States imports have registered a much smaller increase over pre-war levels than exports, although the volume is now larger than a year ago.

Early this year total loans and investments and total deposits of banks in the United States began to decline, reversing the trend of war years. These decreases have reflected almost wholly the Treasury's retirement of close to \$20 billions of the Federal debt by drawing on Government deposits in banks, thereby placing some pressure on bank reserves. Bank loans to business have been rising sharply in recent months but the total indebtedness of industry and commerce to the banks is still moderate. There has been a slight hardening in short-term commercial interest rates during the year.

A sharp decline in stock prices occurred in the early autumn from which only a minor recovery has taken place. The price of high-grade bonds reached new high levels in April. Over the succeeding four months a price decline of considerable proportions took place, amounting to as much as three to five points on the longer term government issues. Since then the bond market has shown some recovery.

United Kingdom

Although notable progress has been made in the United Kingdom toward industrial reconversion and the restoration of a satisfactory level of export trade, living standards still reflect continuance of wartime austerity, with breadstuffs now added to the list of rationed commodities.

Official index numbers of the volume of industrial production have not yet been resumed, but a rough assessment indicates that in the course of this year, output of civilian goods has been increasing three or four times as rapidly as in the corresponding months of last year. The gain in exports to date has been more substantial than was originally anticipated. Whereas in 1945, exports in point of volume were only 45% of the 1938 level, the corresponding percentages for the first three quarters of 1946, as compared with like periods of 1938, were 84%, 98% and 104%. It should be remembered, however, that this progress has been in large part dependent upon drastic restriction of supplies available to the home market and that the results thus far achieved are still a long way from the officially announced export target of 175% of 1938 volume.

As part of the Labour Government's programme, the Bank of England has become nationalized but with no visible change in the functioning of this institution. A second completed piece of major legislation has been the nationalization of the coal industry. The problems of the industry remain, however, in the forms of reduced output, absenteeism and the inability to attract more workers, with the result that coal shortage promises to be acute this winter. A Bill to nationalize Cable and Wireless Limited now awaits Royal assent, and the Government has expressed its intention to take over the gas, electric power and transport industries. It appears that the original intention to nationalize unnamed sections of the steel industry has been withdrawn in favour of a scheme of control without acquisition.

In keeping with the Government's cheap money policy, an issue of £429 millions 3% Local Loans Stock has recently been called for redemption and the Treasury has launched a new 2½% tap loan callable in 1975 or after, for which the issue price is par.

Over the year Clearing Bank deposits continued their rise but at a slower pace than during 1945. At the end of September deposits at £5,302 millions were up £404 millions in the twelve months' comparison as against an increase of £647 millions in the preceding twelve months.

Foreign Business

Keeping pace with the development of international trade and to ensure that our customers interested in foreign markets may have at their com-

mand the necessary banking services and facilities, we have been conducting an extensive survey of foreign banking relationships, renewing those of long standing and developing new ones. Officers of our Foreign Department have recently completed tours of a large section of Continental Europe, of Mexico and Central America, and similar surveys of other areas, not visited since before the war, will be undertaken progressively as circumstances and conditions permit.

It is our policy to develop our foreign business by expanding relations with banks already established in foreign countries, rather than by way of direct branch representation, and our surveys to date confirm that the facilities thus available meet the requirements of our customers transacting business abroad.

Our London, England, branches and our offices in New York, Chicago and San Francisco continue to afford our clients wide facilities for the transaction of business in Great Britain and the United States and indirectly in other countries.

Staff

The past year with its heavy volume of business and special problems of transition and re-adjustment has been a busy and trying period for the staff and I express our sincere appreciation of their loyal and efficient services. We have now more than 8,000 employees, an increase of nearly 40% over our pre-war complement. The volume of routine, to which I have already referred, has increased in even greater proportion and although the number of temporary and inexperienced employees is relatively higher, we are actually handling more transactions per employee than in pre-war days. Mechanization and simplification of routine have of course aided this development, but the teamwork and cheerful co-operation of the men and women of our staff—experienced and inexperienced, young and old—have been an important contributing factor.

During the past year we have had the pleasure of welcoming back many members of our staff who were absent on military service. The arrangements made for the reception and reinstatement of veterans are working out very satisfactorily. I am glad to say a number have already been appointed to positions of responsibility. In addition to absorbing former officers of the Bank, we have engaged some 110 young men from the Armed Services not previously in our employ and in setting their initial salaries the years spent in the Forces have been credited as banking service.

A high percentage of our men who served in the Military Forces during the war have now returned to us and an additional number have been granted extended leave to take courses at Canadian Universities under Government sponsored plans. Most of the men loaned to various Government departments and agencies have now returned to the Bank. We have received many letters from government officials commending in the highest terms the work done by these men which is of course very gratifying to us. The record of our employees in all types of national service during the war is an impressive one and I should like once again to express our pride in their accomplishments.

It is our constant aim and endeavour to ensure that our employees are compensated fully as well as those in comparable positions in industry and commerce. While in recent years our policies have been subject to the limitations of wartime controls, the salaries of individual members of the staff are reviewed and increased periodically in recognition of efficient service and advancing responsibilities. In addition, under a carefully studied system of War Allowances, Territorial Allowances and Bonuses, we have endeavoured, as far as Government regulations have allowed, to compensate employees for increased living costs, both generally and in recognition of the relatively higher costs in large cities and special localities. I may say that the housing shortage has involved special difficulties under our long-established system of transferring men from branch to branch to broaden their experience and to promote them to higher responsibilities.

In addition to direct remuneration we contribute to various plans and arrangements for the benefit of our employees. To some of these the staff are also contributors. Our Pension Fund is one of the oldest in Canada and its coverage includes provision for widows and children of male employees. Group Plans for life, sickness and accident insurance afford protection to most of our staff. Annual vacations and sick leave with pay are long-established practices. All arrangements of this nature are kept under constant review and I mention them here to indicate the importance we attach to the well-being of the staff.

Throughout the war years the staff have borne a heavy burden and we are fully conscious of their problems in the transitional period through which we are passing. As we move further away from a wartime background, the problems of personal living should become less acute, and it is my hope that we may all look forward to a period of fruitful development in an atmosphere of enduring peace.

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. Ross H. McMaster moved, seconded by Mr. J. A. Humbird, that Messrs. George C. McDonald, C.A., and W. H. Campbell, 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 The Hon. Lucien Moraud, K. C., seconded by Mr. G. E. Barbour, the resolutions appointing the necessary proxies for the Bank at meetings of controlled companies were unanimously adopted.

The Chairman then said:

"At the present time the number of our Directors stands at 27 and it is proposed to submit to you the present Board for election at this meeting. The full number permitted under our Shareholders' By-law No. 4 shall not be more than 28, as the By-law presently stands. In order that the Board of Directors may have power, as was previously the case, to add to their number during the year, should this be found advisable, we are placing before you a change of By-law No. 4 which will give the Board power to increase their number, should they, during the year, deem this advisable, by not more than 2 additional, making a possible total in all of 30."

On the motion of Mr. R. G. Ivey, K.C., seconded by Mr. J. A. MacAulay, K.C., By-law No. 4 of the By-laws enacted by the Shareholders was then repealed and a revised By-law adopted as follows:

"4. 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 27;

"(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. 6

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."

Mr. George A. Campbell, K.C., moved, seconded by Mr. A. E. Francis:

"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, Mr. Campbell said:

"I have noted, Sir, that the movers of all previous resolutions have been content to read their motions and sit down without further comment, confident that their resolutions would be adopted. I have no doubt that the resolution which I have read would have exactly the same acceptance from this meeting if I should follow their laudable example. Tradition, however, should at least suggest that I should say a few words in support of the resolution. We do not wish that you, Sir, and the members of the Board, should consider the resolution as purely perfunctory. We are genuinely grateful and we have good cause for thankfulness.

"Canada has just come through seven years of danger and difficulty, not only without disaster but with distinction. History records that the ancient patriarch Jacob served seven years to achieve domestic happiness. May we venture to hope that the Canadian people, having served seven years of national effort of a high degree, may achieve a similar reward.

"The chartered banks of Canada have rendered notable public service to the country during those years, for which the people of Canada ought to be grateful, though we are apt to accept such service as a matter of course. This Bank has played an outstanding part, second to none, in this great public service, thanks to you, Mr. Chairman, and to the other members of the Board.

"The statement just submitted is an admirable one, showing notable increases in earnings and assets and substantial additions to reserves. The shareholders have participated in this prosperity. Not only was the ordinary dividend increased from 6% to 8%, reckoned on the par value of the shares, but we are particularly grateful for the recent generous gesture by way of proposed additional distribution—a timely Christmas, or more accurately, New Year's present. It is perhaps a pity that Christmas comes but once a year. We might venture to suggest to the Board that there are other anniversaries, like Easter or Dominion Day, which might be similarly celebrated.

"Some years ago in moving a resolution corresponding to this, I suggested that the Tax Gatherer ought also to be here to express his thanks, as he got a substantially larger share of the net profits arising from the Bank's

operations than did the Shareholders. That is still true. He gets twice as much on the fiscal year basis as do the Shareholders. Nor is that all. After appropriating a very large block of all earned profits, he chisels on the chips that he leaves the Shareholders till we have only the slimmest of shavings left.

"Canadian Shareholders as a body have been called a 'supine lot,' not the equivalent of their robust English prototype, so effectively portrayed by Galsworthy in his Forsyte Saga. No doubt, however, if there were occasions even we might become critical.

"If it be true as has been said, that 'happy is the people whose annals are short,' so also are shareholders fortunate whose meetings are tranquil and their minutes brief.

"If we do not criticize our President and Directors, it is because we are content and we have every reason so to be. We are sincerely thankful and we are glad of an opportunity of saying so."

In seconding the motion, Mr. A. E. Francis said:

"Mr. Chairman, ladies and gentlemen, I have much pleasure in seconding the resolution as proposed by Mr. Campbell; and in doing so I might add that we ought to thank him for his lucid explanation of the situation. I feel confident that every shareholder, depositor, client and employee of this great institution will concur in the well-deserved compliments conveyed in the resolution."

The motion was carried with applause.

The Chairman: "Mr. Campbell and Mr. Francis, on behalf of my co-directors and myself I should like to thank you very sincerely for your kindly references to our services, and for your restraint of criticism, and I should like also to thank the shareholders here today for their gracious acceptance of the motion."

Mr. Henry G. Birks moved, seconded by Mr. L. J. Belnap:

"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. Birks said:

"This resolution, Mr. President, seeks to express—and in its formal wording can do so but inadequately—the sincere and usually inarticulate appreciation of the Shareholders for the faithful and untiring efforts of all ranks of the staff, both men and women—some in England, some in Newfoundland, some in the United States—but the large majority of whom are spread across this wide Dominion in large groups and small.

"This is our one opportunity of the year to tell them of our recognition of their loyal and intelligent service to this fine, old progressive institution. To our customers they represent the Bank. They have carried on with integrity and despatch while handling an ever-increasing mass of work and detail.

"Some of us have had the opportunity during the past year of visiting a number of branches, and of observing the industry and courtesy with which they have performed their duties. Among them it has been gratifying to note many Service Buttons. I am sure I express the hope of this meeting that our veterans have all felt the warmth of their welcome home, both from colleagues and customers.

"It is well-known that the General Manager is most anxious that none of them will have in any way suffered, but rather that they will individually have in the long run benefitted through their service in the Armed Forces.

"The Assistant General Managers, the Superintendents, and other officers in senior positions have well maintained the traditions of the Bank and have borne heavy burdens of responsibility under our genial General Manager—that competent and far-seeing, yet none the less human administrator. I am sure I but express the unanimous thought of the meeting, the deep and pardonable pride of all of us in 'The Staff'."

The motion was carried with applause.

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

"It is my very pleasant duty, on behalf of the entire staff as well as on my own behalf, to express my sincere thanks for this motion and for the way in which you have received it. I have already referred in my previous remarks to the faithful services of the staff over the past year, but I would like once again to pay my tribute to their loyalty, zeal and efficiency in the difficult period through which we have been passing.

"I would also like to take this opportunity to acknowledge the never-failing interest of the Board of Directors in all matters related to the staff and to their well-being. Your words of commendation will, I feel sure, be appreciated by all our employees in all ranks, throughout the service and will be a great encouragement to them in their future efforts." (Applause)

The Chairman then said:

"The remaining business before the meeting is the ballot for the appointment of Auditors and the election of Directors for the ensuing year.

"At this stage of the proceedings I wish to make reference to the fact that Mr. Huntly R. Drummond has informed his colleagues of his desire to retire from the office of Chairman of the Board. Mr. Drummond was elected to the Board of Directors of this Bank in 1912. In 1927 Mr. Drummond

became Vice-President of the Bank. In 1939 he assumed the Presidency and in 1942 he became Chairman of the Board. I am very glad to say that Mr. Drummond has agreed to continue as a Director of the Bank, if re-elected, and his name consequently appears on the ballot.

"In view of the distinguished services which Mr. Drummond has rendered to this institution over so many years, our Board of Directors desire me now to record their sentiments towards him by reading the following Resolution, which was unanimously passed at the regular Board Meeting of the Bank on Tuesday last:

"That his fellow Directors attest their grateful appreciation of the services which, with devotion and ability, Mr. Huntly R. Drummond has rendered to this institution. Quite apart from the wise judgment he has brought to the deliberations of the Board for so many years, Mr. Drummond, by his character and leadership, has been a source of inspiration to the Executive officers, and the Head Office staff, and to branch Managers throughout the service. At all times he has maintained our highest standards and enriched our traditions. Through unfailing kindness he has endeared himself to his colleagues and stimulated them by his example. The Directors wish by this Resolution to express their deep indebtedness to Mr. Drummond and the warmth of their affection for him'."

"The ballot for Directors and Auditors is now open."

The ballot for the appointment of Auditors and the election of Directors was then proceeded with.

The scrutineers appointed for the purpose reported that Messrs. George C. McDonald, C.A., and W. H. Campbell, C.A., were duly appointed Auditors and that the following gentlemen were elected Directors:

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, 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., J. A. MacAulay, K.C., Ross H. McMaster, Maj.-Gen. The Hon. S. C. Mewburn, C.M.G., H. W. Molson, The Hon. Lucien Moraud, K.C., W. G. Murrin, J. V. R. Porteous, Charles F. Sise, George W. Spinney, C.M.G.

The meeting then terminated.

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

BANK OF MONTREAL

FOUNDED IN 1817

EXECUTIVE OFFICERS

PRESIDENT

GEORGE W. SPINNEY, C.M.G.

GENERAL MANAGER

B. C. GARDNER

ASSISTANT GENERAL MANAGERS

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

F. G. BELCHER	R. J. WILLIAMS	L. W. TOWNSEND, O.B.E.	A. J. L. HASKELL
	J. S. BOLTON	EDWARD POPE	

SUPERINTENDENTS

ALBERTA DISTRICT.....	C. G. DUNNING, <i>Calgary</i>
BRITISH COLUMBIA DISTRICT.....	J. MACRAE, <i>Vancouver</i>
MANITOBA AND SASKATCHEWAN DISTRICTS.....	A. MACPHERSON, <i>Winnipeg</i>
MARITIME PROVINCES DISTRICT.....	T. R. GILBERT, <i>Halifax</i>
MONTREAL DISTRICT.....	A. T. CORNER, <i>Montreal</i>
ONTARIO DIVISION.....	P. H. HOWARTH, <i>Toronto</i>
QUEBEC AND NEWFOUNDLAND DISTRICT.....	E. E. RUTHERFORD, <i>Montreal</i>
FOREIGN DEPARTMENT.....	R. E. KNIGHT, <i>Montreal</i>
HEAD OFFICE.....	A. C. JENSEN, <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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<i>Secretary</i>	<i>Chief Accountant</i>	<i>Chief Inspector</i>
J. R. GRAHAM	I. A. MCCARTHY	G. H. GREENING
<i>Assistant to the General Manager</i>	<i>Economic Adviser</i>	<i>Manager Staff Department</i>
W. H. RAIKES	W. T. G. HACKETT	V. R. PURSER
<i>Manager Bank Premises Department</i>	<i>Manager Public Relations Department</i>	<i>Manager Foreign Exchange Department</i>
H. S. OLIVER	MUNRO BROWN	F. W. LINDOP
		<i>Manager Securities Department</i>
		A. C. L. HARSHAW

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LONDON, ENG.—47 THREADNEEDLE STREET.....	A. D. HARPER, <i>Manager</i>
“ “ —WATERLOO PLACE BRANCH.....	T. E. ROBERTS, <i>Manager</i>
NEW YORK AGENCY—64 WALL STREET.....	G. R. BALL, <i>First 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 497 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	ALBERTA (Continued)	BRITISH COLUMBIA (Continued)
ACME	MYRNAM	MERRITT
ALLIANCE—Sub to Forestburg	OLDS	NANAIMO
BANFF (Tourist season only)	PARADISE VALLEY—Sub to Edgerton	NELSON
BAWLFF—Sub to Daysland	RAYMOND	NEW DENVER—Sub to Nelson
BENTLEY	RED DEER	NEW WESTMINSTER (Main Office, 511 Columbia Street)
BOW ISLAND—Sub to Medicine Hat	RIMBEY	" West End
CALGARY (Main Office, 140 Eighth Avenue West)	SEDGEWICK	NORTH VANCOUVER
" Elbow Park	STROME—Sub to Daysland	OAK BAY
" North Hill	TABER	OSOYOOS
" Stock Yards	THORSBY	PENTICTON
CAMROSE	TOFIELD	PORT ALBERNI
CARBON	TROCHU	POWELL RIVER
CARSTAIRS	TWO HILLS—Sub to Myrnam	PREMIER—Sub to Stewart
CASTOR	VEGREVILLE	PRINCE GEORGE
CHAUVIN—Sub to Edgerton	VIKING	PRINCE RUPERT
COALDALE	WAINWRIGHT	ROSSLAND
DAYSLAND	WESTLOCK	SIDNEY—Sub to Government Street, Victoria
DELBURNE	WETASKIWIN	SOOKE—Sub to Victoria
DRUMHELLER		STEWART
EDGERTON	BRITISH COLUMBIA	TRAIL
EDMONTON (Main Office, 10089 Jasper Avenue)	AGASSIZ—Sub to Chilliwack	VANCOUVER (Main Office, 500-520 Granville Street)
" 118th Avenue	ALBERNI	" Broadway & Granville Street
FALHER	ASHCROFT	" Broadway & Main Street
FORESTBURG	BRALORNE	" Carrall & Hastings Streets
GRANDE PRAIRIE	CASTLEGAR—Sub to Trail	" Fourth Avenue & Alma Road
HUGHENDEN	CHILLIWACK	" Granville & Davie Streets
IRMA—Sub to Wainwright	CLINTON—Sub to Ashcroft	" Homer & Hastings Streets
LACOMBE	CLOVERDALE	" Hotel Vancouver
LAKE LOUISE (Chateau Lake Louise Branch—Tourist season only)	DUNCAN	" Kerrisdale
LEDUC	ENDERBY	" Main & Hastings Streets
LETHBRIDGE	ESQUIMALT	" Marine Building
LOUGHEED—Sub to Sedgewick	GANGES—Sub to Victoria	" Pender & Columbia Streets
MAGRATH	HANEY	" West Point Grey
MEDICINE HAT	KAMLOOPS	VERNON
MORRIN	KASLO—Sub to Nelson	VICTORIA (Main Office, 1225 Douglas Street)
	KELOWNA	" Government Street
	KIMBERLEY	

BRANCHES IN CANADA

BRITISH COLUMBIA (Continued)	NOVA SCOTIA	ONTARIO (Continued)
WEST SUMMERLAND	BRIDGEWATER	DOUGLAS
WHITE ROCK	CANSO	DRUMBO
WILLIAMS LAKE	GLACE BAY	EGANVILLE
	HALIFAX (Main Office, Cor. Hollis & George Streets)	ELGIN—Sub to Westport
	" North End	ELORA
	" Quinpool Road & Kline St	EXETER
MANITOBA	LUNENBURG	FENELON FALLS
BELMONT	MAHONE BAY	FINCH
BISSETT	RIVERPORT	FORMOSA—Sub to Teeswater
BRANDON	SYDNEY	FORT ERIE
CARBERRY	WOLFVILLE	FORT ERIE NORTH
DAUPHIN	YARMOUTH	FORT WILLIAM
GLADSTONE		FRANKFORD
HARTNEY	ONTARIO	GALT
MacGREGOR	ACTON	GANANOQUE
MORRIS	ALLISTON	GLENCOE
NEEPAWA	ALMONT	GODERICH
OAK RIVER	ALVINSTON	GORE BAY
PORTAGE LA PRAIRIE	AMHERSTBURG	GUELPH
RESTON	ATHENS	HALIBURTON
SELKIRK	AULTSVILLE—Sub to Wales	HAMILTON (Main Office, Cor. Main & James Streets)
SOURIS	AURORA	" Barton St. & Victoria Ave.
WINNIPEG (Main Office, Cor. Portage Ave. & Main St.)	AYLMER	" Central Market
" Bannerman Ave. & Main St.	BARRY'S BAY	" Gage Avenue & Barton Street
" Fort Rouge	BEACHVILLE—Sub to Ingersoll	" Holton Avenue
" Higgins Ave. & Main St.	BELLEVILLE	" James & Barton Streets
" Logan Avenue	BLENHEIM	" Westinghouse Avenue
" McGregor St. & Selkirk Ave.	BOBCAYGEON	HANOVER
" Morley Ave. & Osborne St.	BOTHWELL	HENSALL
" Portage Avenue	BOWMANVILLE	HESPELER
" Portage Ave. & Goulding St.	BRAMPTON	HIGHGATE
" Portage Ave. & Vaughan St.	BRANTFORD	HOLSTEIN—Sub to Mount Forest
	BROCKVILLE	INGERSOLL
NEW BRUNSWICK	BRUCEFIELD—Sub to Hensall	IROQUOIS
BATHURST	CAMPBELLFORD	KINCARDINE
CHATHAM	CHALK RIVER—Sub to Deep River	KINGSTON
FREDERICTON	CHATHAM	KINGSVILLE
GRAND FALLS	CHATSWORTH	KITCHENER
HARTLAND	CLINTON	KOMOKA—Sub to Market Square London
MONCTON	COLLINGWOOD	LANCASTER
PERTH	CORNWALL (Main Office, 159 Pitt Street)	LANDSLOWNE
SAINT JOHN (Main Office, 2 King Street)	" McConnell Ave. & Montreal Road	LEAMINGTON
" Haymarket Square		LINDSAY
" Union Street	DEEP RIVER	LITTLE CURRENT
ST. STEPHEN	DELHI	LONDESBOROUGH—Sub to Clinton
SHEDIAC		
WOODSTOCK		

BRANCHES IN CANADA

ONTARIO (Continued)	ONTARIO (Continued)	ONTARIO (Continued)
<p>LONDON (Main Office, 446 Richmond Street) " City Hall " East " Market Square</p> <p>LUCAN</p> <p>LUCKNOW</p> <p>MANITOWANING</p> <p>MARKDALE</p> <p>MEAFORD</p> <p>MERLIN</p> <p>MIDLAND</p> <p>MILDMAY</p> <p>MIMICO</p> <p>MINDEMOYA</p> <p>MONKLAND—Sub to Finch</p> <p>MORRISBURG</p> <p>MOUNT FOREST</p> <p>NAPANEE</p> <p>NEWINGTON—Sub to Finch</p> <p>NEWMARKET</p> <p>NEW TORONTO</p> <p>NIAGARA FALLS</p> <p>NORWICH</p> <p>OAKVILLE</p> <p>ORILLIA</p> <p>OSHAWA</p> <p>OTTAWA (Main Office, Cor. Sparks & O'Connor Streets) " Bank Street " Government Temporary Building No. 8—Sub to Ottawa " Rideau Street</p> <p>OWEN SOUND</p> <p>PARIS</p> <p>PEMBROKE</p> <p>PERTH</p> <p>PETERBOROUGH</p> <p>PICTON</p> <p>PORT ARTHUR</p> <p>PRESCOTT</p> <p>PRESTON</p> <p>RENFREW</p> <p>ST. CATHARINES</p> <p>ST. EUGENE</p> <p>ST. GEORGE—Sub to Brantford</p> <p>ST. MARYS</p> <p>ST. THOMAS (Main Office, 408 Talbot Street) " East End</p>	<p>SARNIA</p> <p>SAULT STE. MARIE</p> <p>SCHREIBER</p> <p>SIMCOE</p> <p>SMITHS FALLS</p> <p>STIRLING</p> <p>STRATFORD</p> <p>SUDBURY</p> <p>TARA</p> <p>TEESWATER</p> <p>THAMESVILLE</p> <p>THORNDALE—Sub to Market Square, London</p> <p>TILBURY</p> <p>TILLSONBURG</p> <p>TIMMINS</p> <p>TORONTO (Main Office, 30 Yonge Street) " Bathurst & King Streets " Bay Street " Bloor & Bay Streets " Bloor St. & Lansdowne Ave. " Bloor St. & Windermere Ave. " College Street " Danforth & Logan Avenues " Dundas Street & Roncesvalles Avenue " Dupont Street " Earlscourt " Hounslow Heath Road & St. Clair Avenue " King & Dufferin Streets " King & Yonge Streets " Leaside " Queen St. East & Beech Ave. " Queen St. & Broadview Ave. " Queen St. & O'Hara Ave. " Queen & Portland Streets " Queen's Park " Roselawn Ave. & Yonge St. " Royal York Hotel " Royce Avenue " St. George & Bloor Streets " St. Lawrence Market " Spadina Ave. & Adelaide St. " West Toronto " Yonge & Queen Streets " Yonge St. & St. Clair Ave.</p>	<p>TRENTON</p> <p>TWEED</p> <p>VERONA—Sub to Yarker</p> <p>WALES</p> <p>WALKERTON</p> <p>WALKERVILLE (Main Office, 1799 Wyandotte Street East) " Walker Road</p> <p>WALLACEBURG</p> <p>WATERFORD</p> <p>WATERLOO</p> <p>WATFORD</p> <p>WELLAND</p> <p>WEST LORNE</p> <p>WESTON</p> <p>WESTPORT</p> <p>WILLIAMSBURG—Sub to Morrisburg</p> <p>WILLIAMSTOWN—Sub to Lancaster</p> <p>WINDSOR (Main Office, 200 Ouellette Avenue) " London Street</p> <p>WOODSTOCK</p> <p>YARKER</p> <p>ZURICH</p> <p>PRINCE EDWARD ISLAND</p> <p>CHARLOTTETOWN</p> <p>QUEBEC</p> <p>AMQUI</p> <p>ARUNDEL</p> <p>ARVIDA</p> <p>BEDFORD</p> <p>BREAKEYVILLE</p> <p>BUCKINGHAM</p> <p>BURY</p> <p>CAP DE LA MADELEINE</p> <p>CHICOUTIMI</p> <p>COOKSHIRE</p> <p>COWANSVILLE</p> <p>DRUMMONDVILLE</p> <p>GATINEAU</p> <p>GRANBY</p> <p>GRAND MERE</p> <p>HULL</p> <p>HUNTINGDON</p>

BRANCHES IN CANADA

QUEBEC (Continued)

KNOWLTON
LACHINE
LACHUTE
LEVIS
LONGUEUIL
MAGOG
MATANE
MEGANTIC
MONT JOLI
MONTREAL (Main Office, 119 St. James Street West)
" Beaver Hall
" Bleury & St. Catherine Sts.
" Bordeaux Street & Mount Royal Avenue
" Charlevoix & Centre Streets
" Christopher Columbus Street & Mount Royal Avenue
" City Hall Avenue & St. Catherine Street
" Darling & Ontario Streets
" De Lorimier Avenue & Rosemount Boulevard
" Drummond & St. Catherine Streets
" Girouard & Monkland Aves.
" Guy & Sherbrooke Streets
" Jean Talon St. & Querbes Ave.
" La Salle Ave. & Ontario St.
" Laurier Ave. & St. Lawrence Boulevard
" Marcell Ave. & Sherbrooke St.
" Masson Street & Fifth Avenue
" McGill & St. Paul Streets
" Ontario Street & St. Lawrence Boulevard
" Papineau Avenue & St. Catherine Street
" Park & Bernard Avenues
" Peel Street
" St. Antoine & Windsor Sts.
" St. Clement & St. Catherine Streets
" St. Henri
" St. Jean Baptiste Market
" St. Peter & St. James Streets
" St. Zotique & St. Denis Streets
" Seigneurs & Notre Dame Sts.
" Sherbrooke & Drummond Sts.
" Snowdon-Hampstead
" Sun Life Building

QUEBEC (Continued)

MONTREAL
" University & St. Catherine Sts.
" West End
MONTREAL WEST
NAPIERVILLE
OUTREMONT
QUEBEC (Main Office, 116 St. Peter Street)
" Chateau Frontenac
" St. John's Gate
" St. Roch
" St. Sauveur
" Upper Town
QUYON
RICHMOND
RIVIERE DU LOUP
STE. AGATHE DES MONTS
STE. ANNE DE BELLEVUE
ST. CESAIRE
ST. GEORGES DE BEAUCE
ST. HYACINTHE
ST. JEAN
ST. JEROME
ST. JOSEPH D'ALMA
ST. JOVITE
ST. LAMBERT
ST. LAURENT
STE. THERESE
SAWYERVILLE
SHAWVILLE
SHERBROOKE (Main Office, 59 Wellington Street)
" Belvidere & King Streets
SOREL
TEMISKAMING
TOWN OF MOUNT ROYAL
TROIS-RIVIERES
VALLEYFIELD
VERDUN (Main Office, 4026 Wellington Street)
" Beatty & Verdun Avenues
" Fourth Ave. & Wellington St.
VICTORIAVILLE
WATERLOO

QUEBEC (Continued)

WESTMOUNT (Main Office, 1299 Greene Avenue)
" Claremont Avenue & Sherbrooke Street
SASKATCHEWAN
ARBORFIELD—Sub to Tisdale
BATTLEFORD
BIENFAIT
CARNDUFF
DAVIDSON
DOMREMY
DUCK LAKE
EASTEND
ESTEVAN
HERBERT
KAMSACK
KELLIHER
LAKE LENORE
LIMERICK
MAPLE CREEK
MELVILLE
MOOSE JAW
NIPAWIN
NORTH BATTLEFORD
OUTLOOK
PRINCE ALBERT
PUNNICHY
REGINA (Main Office, 1800 Scarth Street)
" Victoria Ave. & Albert St.
ROSE VALLEY
SALT COATS
SASKATOON
SEMANS
SWIFT CURRENT
TISDALE
UNITY
WAKAW
WHITE FOX—Sub to Nipawin
WHITEWOOD
WYNYARD
YORKTON
YUKON
DAWSON

OFFICES ELSEWHERE THAN IN CANADA

IN NEWFOUNDLAND

BOTWOOD BUCHANS—Sub to Grand Falls CORNER BROOK CURLING
GRAND FALLS ST. GEORGE'S ST. JOHN'S
STEPHENVILLE CROSSING—Sub to St. George's

IN GREAT BRITAIN

LONDON, ENG.—47 THREADNEEDLE STREET, E.C. 2
“ 9 WATERLOO PLACE, S.W.1

IN THE UNITED STATES

NEW YORK, N.Y.—AGENCY—BANK OF MONTREAL—64 WALL STREET, NEW YORK 5
CHICAGO, ILL.—BANK OF MONTREAL—27 SOUTH LA SALLE STREET, CHICAGO 3
SAN FRANCISCO, CALIF.—BANK OF MONTREAL (SAN FRANCISCO)—333 CALIFORNIA
STREET, SAN FRANCISCO 4

FOREIGN DEPARTMENT.....HEAD OFFICE, MONTREAL

