The First Canadian Bank
Bank of Montreal

Annual Report 1974

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Cover: Banking with Innovation. The scope of services offered by the Bank continues to widen. Our objective is to offer our customers the most complete range of services ever made available by a Canadian financial institution. Beginning on page 19 we review a selected group of these services and tell about how our Bank tries to stay first in its field through a marriage of planning and innovation.

Legal deposit, 4th quarter (1974)
Bibliothèque nationale du Québec

(On peut obtenir sur demande
un exemplaire français)

Annual Report

Financial Highlights	1974	1973
Total assets	**$17,650,974,468**	$14,409,287,596
Securities	**2,242,447,733**	1,967,764,349
Loans	**10,625,900,345**	8,701,829,281
Deposits	**16,088,761,601**	13,290,934,906
Debentures	**190,000,000**	140,000,000
Balance of revenue for the year	**108,992,880**	131,568,882
Balance of revenue per share	**$3.19**	$3.85
Balance of profits for the year	**44,992,880**	56,942,672
Balance of profits for the year per share	**$1.32**	$1.67
Dividends	**32,805,000**	30,754,688
Dividends per share	**96¢**	90¢
Total provision for income taxes	**50,609,546**	57,229,876
Total provision for income taxes per share	**$1.48**	$1.67
Shareholders' equity	**402,885,072**	390,667,192
Number of shares issued	**34,171,875**	34,171,875

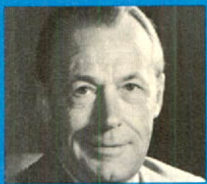
157th Annual General Meeting
Head Office Montreal
December 9, 1974

For the information of shareholders, the valuation day value of the Bank's capital stock for capital gains tax purposes as published by the Department of National Revenue, Taxation, is $18.50.

Board of Directors

as at January 1, 1975

G. Arnold Hart
Chairman of the Board

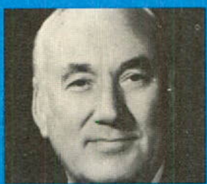


Fred H. McNeil
Deputy Chairman and
Chief Executive Officer

William D. Mulholland
President

Vice-Chairmen

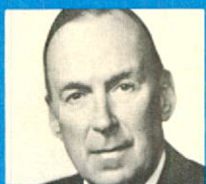
A. John Ellis
Vice-Chairman,
Resident in Vancouver



David Kinnear
Vice-Chairman,
Resident in Toronto

Vice-Presidents

W. A. Arbuckle
Montreal, Chairman
of the Canadian Board,
The Standard Life
Assurance Company

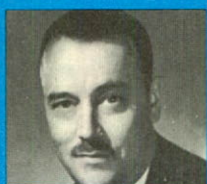


A. Searle Leach, O.C.
Winnipeg
Chairman,
Federal Industries Ltd.

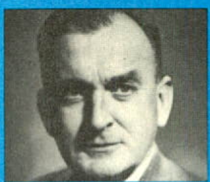
Roger Létourneau, Q.C.
Quebec, Partner,
Messrs. Létourneau,
Stein, Marseille,
Delisle & LaRue

The Hon. Hartland deM. Molson, O.B.E., *Montreal*
Honorary Chairman,
The Molson
Companies Limited

Budd H. Rieger, *Toronto*
Vice-President,
Canadian Corporate
Management Company
Limited

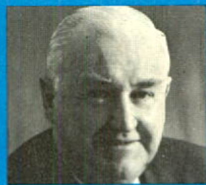


Lucien G. Rolland
Montreal
President and General
Manager, Rolland Paper
Company, Limited



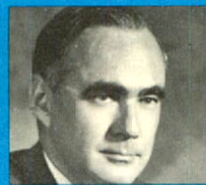
The Hon. James Sinclair, P.C.
Vancouver
Chairman,
Lafarge Canada Ltd.

Directors

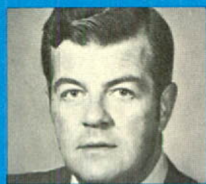


Sir Peter Allen
London, England
Industrialist

W. M. Vacy Ash, O.C., M.A., *Toronto*
Company Director

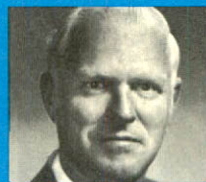


S. Robert Blair, *Calgary*
President and Chief
Executive Officer,
The Alberta Gas Trunk
Line Company Limited

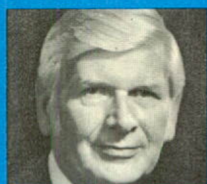


Andrew C. Crosbie
St. John's, Nfld.
President,
Crosbie Group of
Companies

Nathanael V. Davis
Montreal
Chairman and Chief
Executive Officer, Alcan
Aluminium Limited



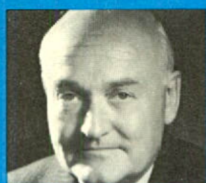
Graham R. Dawson
Vancouver
President, Dawson
Construction Limited



Leonard Hynes, *Picton*
Chairman of the Board,
Canadian Industries
Limited

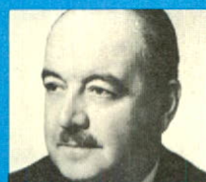
R. M. Ivey, Q.C.
London, Ontario
Partner,
Messrs. Ivey & Dowler

J. H. Mowbray Jones
Montreal
Industrialist



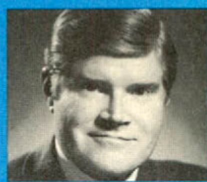
J. Bartlett Morgan
Montreal
Chairman of the Board,
The Morgan Trust
Company

David L. Nicolson
London, England
Chairman,
British Airways Board



The Hon. Victor deB. Oland, *Halifax*
Chairman, Lindwood
Holdings Limited

George C. Solomon
Regina
President,
Western Tractor Ltd.



James C. Thackray
Montreal
Executive
Vice-President,
Bell Canada

Lorne C. Webster
Montreal
President,
Prenor Group Ltd.

Charles R. Bronfman
Montreal
President, The House of Seagram Ltd.

The Hon. Sidney L. Buckwold, *Saskatoon*
Vice-President and General Manager, Buckwold's Ltd.

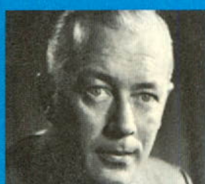
F. S. Burbidge
Montreal
President, Canadian Pacific Limited

E. R. Erskine Carter
Toronto, President and Chief Executive Officer, Hambro Canada Limited

Pierre Côté, *Quebec*
President, Laiterie Laval Limitée

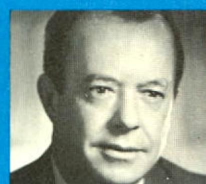
H. Roy Crabtree
Montreal
Chairman and President, Wabasso Limited

Louis A. Desrochers, Q.C., *Edmonton*
Partner, Messrs. McCuaig Desrochers

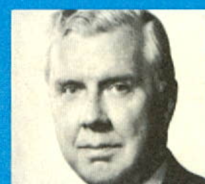


John H. Devlin
Toronto
Chairman, Rothmans of Pall Mall Canada Limited

Thomas M. Galt
Montreal
President, Sun Life Assurance Company of Canada



J. P. Gordon, *Toronto*
President and Chief Executive Officer, The Steel Company of Canada, Limited

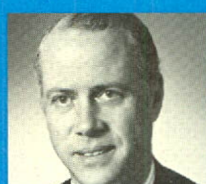


L. Edward Grubb
Toronto, Chairman and Chief Officer, The International Nickel Company of Canada, Limited

Donald S. Harvie
Calgary
Senior Vice-President, Petrofina Canada Ltd.

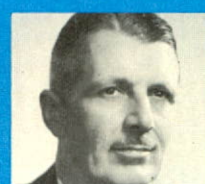
Joseph A. Likely
Saint John, N.B.
President, Jos. A. Likely, Limited

J. Blair MacAulay
Winnipeg
Partner, Messrs. Aikins, MacAulay and Thorvaldson



H. M. MacDougall
Montreal, Exec. V.-P. and General Manager, Central Operations, Bank of Montreal

Charles S. MacNaughton
Toronto
Chairman of the Board, Fry Mills Spence Limited

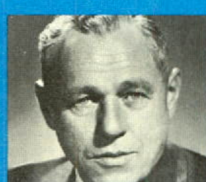


Donald A. McIntosh, Q.C., *Toronto*
Partner, Messrs. Fraser & Beatty

D. R. McMaster, Q.C.
Montreal, Partner, Messrs. McMaster, Meighen, Minnion, Patch, Cordeau, Hyndman & Legge

H. J. S. Pearson
Edmonton
President, Century Sales & Service Ltd.

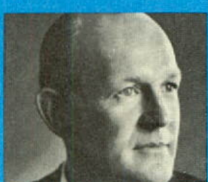
John G. Prentice
Vancouver
Chairman of the Board, Canadian Forest Products Ltd.



Forrest Rogers
Vancouver
Chairman of the Board, B. C. Sugar Refinery, Limited

George H. Sellers
Winnipeg
Industrialist

William M. Sobey
Stellarton, N.S.
Chairman and Chief Executive Officer, Sobeys Stores Limited



H. Richard Whittall
Vancouver
Deputy Managing Partner, Richardson Securities of Canada

Committees of the Board

Executive Committee:

G. Arnold Hart,
Chairman

W. A. Arbuckle
W. M. Vacy Ash, O.C., M.A.
The Hon. Sidney L. Buckwold
H. Roy Crabtree
Nathanael V. Davis
Roger Létourneau, Q.C.
D. R. McMaster, Q.C.
Fred H. McNeil
The Hon. Hartland deM. Molson, O.B.E.
William D. Mulholland
John G. Prentice
Budd H. Rieger
Lucien G. Rolland

Audit Committee:

W. A. Arbuckle,
Chairman

Charles R. Bronfman
Pierre Côté
H. Roy Crabtree
G. Arnold Hart
Lorne C. Webster

Pension Committee:

William D. Mulholland
Chairman

W. A. Arbuckle
Thomas M. Galt
D. R. McMaster, Q.C.

Management Resources Committee:

G. Arnold Hart,
Chairman

J. P. Gordon
Fred H. McNeil
William D. Mulholland
James C. Thackray

As at January 1, 1975

Divisional Committees of the Board of Directors

Atlantic Provinces

J. H. Mowbray Jones
Chairman

William M. Sobey,
Alternate Chairman

Andrew C. Crosbie
Joseph A. Likely
The Hon. Victor deB. Oland,
Ex-officio, J. R. Ellis,
Vice-President,
Atlantic Provinces Division

Quebec

Lucien G. Rolland,
Chairman

W. A. Arbuckle,
Alternate Chairman

Charles R. Bronfman
F. S. Burbidge
Pierre Côté
H. Roy Crabtree
Nathanael V. Davis
Thomas M. Galt
G. Arnold Hart
Roger Létourneau, Q.C.
Hartland M. MacDougall
D. R. McMaster, Q.C.
Fred H. McNeil
The Hon. Hartland deM. Molson, O.B.E.
J. Bartlett Morgan
William D. Mulholland
James C. Thackray
Lorne C. Webster

Ex-officio:
J. D. C. de Jocas,
Executive Vice-President and General Manager,
Eastern Operations

C. G. Stratton,
Senior Vice-President, Operations,
Quebec Division

Ontario

David Kinnear,
Chairman

Donald A. McIntosh, Q.C.,
Alternate Chairman

W. M. Vacy Ash, O.C., M.A.
E. R. Erskine Carter
John H. Devlin
J. P. Gordon
L. Edward Grubb
Leonard Hynes
R. M. Ivey, Q.C.
Charles S. MacNaughton
Budd H. Rieger

Ex-officio, J. B. Lesslie,
Senior Vice-President,
Ontario Division

Manitoba / Saskatchewan

A. Searle Leach, O.C.
Chairman

George C. Solomon,
Alternate Chairman

The Hon. Sidney L. Buckwold
J. Blair MacAulay
George H. Sellers

Ex-officio, R. W. Mackie,
Senior Vice-President,
Man./Sask. Division

Alberta

H. J. S. Pearson,
Chairman

S. Robert Blair,
Alternate Chairman

Louis A. Desrochers, Q.C.
Donald S. Harvie

Ex-officio, R. R. Curtis,
Senior Vice-President,
Alberta Division

British Columbia

The Hon. James Sinclair, P.C.,
Chairman

Forrest Rogers,
Alternate Chairman

Graham R. Dawson
A. John Ellis
John G. Prentice
H. Richard Whittall

Ex-officio, R. J. Kayser,
Senior Vice-President,
British Columbia Division

London, England Committee

Sir Peter Allen
David L. Nicolson

Address of the Chairman of the Board

G. Arnold Hart

It is with deep regret that I record the untimely passing of Bernard M. Lechartier in November last. This distinguished gentleman had served on your Board of Directors since 1961 and was elected a Vice-President three years ago. We have suffered a great loss as he took a keen interest in the affairs of your Bank and his contribution was invaluable.

Your Directors have elected Mr. Lucien G. Rolland a Vice-President. Mr. Rolland, who is President and General Manager of Rolland Paper Company, Limited, and has served as a Director since 1960, will continue as Chairman of the Quebec Committee of the Board of Directors.

At the organizational meeting of the newly-elected Directors which immediately follows this meeting, it is the intention to ratify the action already announced whereby, effective January 1st next, Mr. Fred H. McNeil will become Deputy Chairman and Chief Executive Officer and will be succeeded in the office of President by Mr. William D. Mulholland, who has served as a Director since 1970. Mr. Mulholland will bring to his new responsibilities broad experience in industry and finance. It is also intended that I continue to serve as Chairman of the Board.

In keeping with the age policy adopted by your Directors, Mr. Robert D. Mulholland, who has been Vice-Chairman of the Board since 1968, will not be standing for re-election at this Annual Meeting. Since joining the Bank in 1923, Mr. Mulholland gained wide experience in many important offices in Canada and abroad, subsequently rising through the senior executive ranks to become President, from which office he retired in 1968, while continuing to serve in his present capacity, as well as being a member of the Executive Committee of your Board. Throughout his more than fifty-one years of duty with your Bank, Mr. Mulholland has served with great distinction and with great credit to himself. I am sure you would wish to join me in extending to him sincere appreciation and warmest wishes for the future.

Mr. Robert D. Musgjerd has asked that his name not be included among the slate of Directors to be submitted for your approval inasmuch as his transfer out of Canada and his present heavy responsibilities have made it increasingly difficult for him to attend meetings during the past year. We shall miss this contact with Mr. Musgjerd and wish him well for the future.

You will be asked today to elect Mr. Hartland M. MacDougall to your Board. Mr. MacDougall was appointed a Director on November 26th last, at which time he was assigned the increased responsibility of Executive Vice-President and General Manager in charge of central operations of the Bank with headquarters in Toronto, where he will return during the coming year following completion of his duties as Assistant to the President.

In June last Mr. John A. Whitney was appointed Executive Vice-President and Chief General Manager succeeding Mr. George N. Scott, who, as Senior Executive Vice-President, assumed responsibility for Corporate Affairs.

Banking in an inflationary world

In looking back over the past year it is hard to escape the conclusion that the only important economic variable that has behaved in a completely predictable way is the passage of time. Nearly every one of those 365 days has been unusually full of developments and announcements of importance to banking, on either the domestic or the international front, and these, by and large, have tended to be unsettling rather than reassuring. We have seen escalating inflation everywhere, rising unemployment in most countries, widespread work stoppages, supply shortages of one kind or another, record high interest rates, instability in foreign exchange markets, liquidity problems, bank failures and so on, to say nothing of political instability in many countries outside our borders.

An atmosphere of uncertainty

The cumulative effect of these developments has been to create an atmosphere of uncertainty perhaps unparalleled since the Second World War. And this atmosphere of uncertainty has from time to time been heavy with waves of speculation that the financial system, worldwide, and the economy itself, were in imminent danger of a collapse comparable to that which took place in the early 1930's.

Whether one subscribes to this view of imminent danger or not — and I for one do not — it would surely be foolhardy to dismiss out of hand the possibility of serious trouble arising out of the strains and stresses to which the international financial system as a whole has been subjected in the past year or so. It is to these strains and stresses, and to the nature of the response that may be appropriate in the circumstances, that I propose to address my remarks this morning.

Energy not the basic problem

It is difficult to assign primacy of place among the various influences that have been exerting pressure on the system. There is a natural human tendency to give priority attention to the most visible source of strain and there can be no doubt that, in recent months, this has been the energy price problem and the worldwide realignment of economic forces it is engendering. However, I believe it would be a serious mistake to attempt to deal with this problem as if it were the source of our troubles in any fundamental sense, since our current difficulties were already well in the making long before the energy crisis burst upon us in recognizable form a year or so ago. The many-fold increase in energy prices only gave another turn to the screw and solutions to the problems this causes will have to be found within the framework of an international economic environment already determined by the other forces at work.

First among these forces is still, unquestionably in my mind, inflation, which seems likely to be around to plague us for some time yet, requiring meanwhile great constancy of purpose to bring it under control. The oil price rise, coming on top of the rapid price rise of many other basic commodities, certainly did not create the problem. It has only made it much more difficult to solve.

At the same time, the cyclical slowdown of real economic activity we are experiencing now would surely have taken place even if there had been no dramatic change in the relative prices of energy and other goods and services. Such cyclical adjustments always take place (with or without official intervention) after a period of rapid growth, and the current correction was only exacerbated, not caused, by the inhibiting effects of the energy crisis on the growth of industrial output.

The First Bank Building in Kamloops, B.C., sketched above, is an example of the architectural skill that goes into developing the Bank premises in Canada's smaller centres. The nine-storey poured concrete structure, housing the main Kamloops branch, is scheduled for completion in spring 1975. It is designed to exhibit a strong architectural character in sympathy with the rugged mountains surrounding Kamloops. The branch will be one of 164 Bank of Montreal branches in B.C.

On another tack, the stress put on the international monetary system by the dramatic balance of payments effects of the oil price rise is not the cause of the failure of the international community to work out a new regime for the international payments mechanism. It is just an additional, albeit very important and troublesome, factor that has to be taken into account in working out a new formal mechanism to replace the one that had broken down long before we heard of the problem of recycling petrodollars.

Banking put to the test

Meanwhile the worldwide commercial banking network has been put to the test to a degree that is without precedent in the modern era. In my mind, the wondrous thing about this is not that the system has shown signs of strain — and even failure in some of its components — but rather that it has stood the test so well.

Some measure of the success the commercial banking system around the world has had in discharging its role of international financial intermediation may be adduced from the sheer volume of transactions involved. While financial flow figures that would adequately reflect the increase in volume of funds moved are not available, some other figures are at least indicative of the growth. Take, for example, the expansion of the Eurocurrency market. It is estimated that ten years ago the size of that market was of the order of \$20 billion in gross terms, that is, including interbank lending. Five years later it was \$85 billion and by the end of last year, just before the petrodollar recycling problem became a factor in the market, it was almost \$300 billion. Rapid growth continued in the ensuing months but there are indications that the rate of growth slackened considerably about mid-year as banks everywhere became concerned about their exposure.

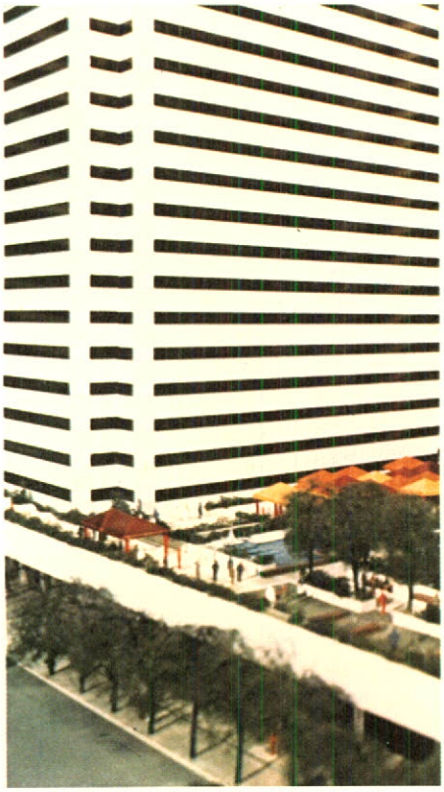
Unprecedented growth of transactions

Or take another indicator, the growth of international trade. Whereas the dollar value of world exports of goods and services increased by little more than 50% in the five years between 1964 and 1969, there was a 100% increase in the next four years. By the middle of this year, having risen by 50% in the preceding 12 months, such exports were running at an annual rate of well in excess of a thousand billion dollars. And, of course, this figure, large as it is, by no means represents the sum of all payments effected across international boundaries, since it does not, for instance, include the ebb and flow of funds during the course of the year in response to changes in market conditions and attitudes.

Foreign exchange losses in perspective

Seen in this perspective, the much publicized foreign exchange losses incurred by some banks in other countries during the past year seem small, important though they most certainly were to the institutions involved. Relative to the number of participants in the market, the number of institutions reporting losses has also been very small; this number has not, of course, included any of the Canadian banks.

This fact is no doubt attributable to the approach that is taken by the Canadian chartered banks towards this highly specialized and very sophisticated market. This approach is well described in the Report of the Royal Commission on Banking and Finance which states "The banks as a matter of policy do not speculate on the exchange rate in the majority of their dealings, preferring to forego the potential profits of successful speculation in order to avoid the possibility of equally large losses



The First Bank Tower in Toronto is well on its way to occupancy in mid-1975. Accommodating an "office-population" of 20,000 including the Bank's Ontario Division headquarters, the complex will contain more than 50,000 square feet of indoor streets, malls and retail outlets. It will be connected by indoor walkways to other enclosed malls and service facilities in the area, rounding out Toronto's downtown "underground city". The project is being developed by Olympia & York Developments Ltd. in cooperation with the Bank.

on uncovered foreign exchange positions." These words were written in the early 1960's, when the Canadian banks had just had more than a decade of experience with a floating exchange rate for their national currency, an experience then unique in the industrialized world. Nothing that has happened in the interval, including the more than four years since the Canadian dollar was once again set free, leads me to believe that there has been any change in the basic attitudes of Canadian banks concerning participation in foreign markets. Certainly there has been no change in the policy of this Bank. We are not speculators.

The revolution in banking . . .

To say that Canadian banks behave prudently is not by any means to say that they have not participated fully in the process of rapid evolutionary change that has been taking place in banking around the world in the past decade. Indeed, the pace of change has been so rapid that a word like revolution would come closer to describing it. On the one hand, this revolution provides evidence of the adaptability that has made it possible for the banking system, worldwide, to perform a financial task of the magnitude I mentioned earlier. On the other hand, this very adaptability and resultant growth — which has had its counterpart in purely domestic business as well — has given rise to some searching analysis of the implications of continued expansion at such an unprecedented pace.

It is beyond the scope of this address to detail the changes that have been taking place in banking, which really are of two different kinds, one relating to what banks do — that is, the nature of their business — and the other relating to how they do it — that is, the techniques and instruments used. Some examples will have to suffice.

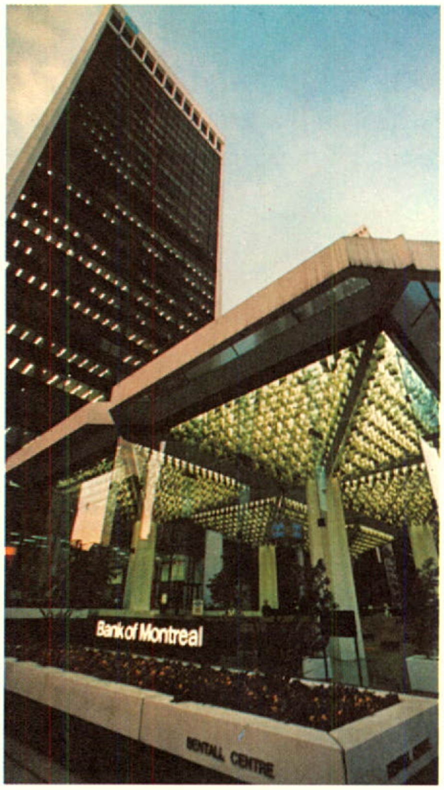
. . . affects what banks do . . .

I should think that the most fundamental change in what banks do is to be found in the tendency to become multi-purpose intermediaries. On the business side of their affairs, banks in North America have moved progressively and rapidly from essentially short-term commercial lending — still the bulk of their non-personal business — into longer range capital financing, an area which, while more common abroad, had not heretofore been customary on this continent. Term loans, project financing and mortgage financing have become important parts of the business of commercial banks. Furthermore, where the legal framework and the regulatory climate permit, banks in some countries are now engaged, often through affiliates, in leasing of capital equipment and in factoring as well.

The result of these changes has been, fairly generally, a lengthening of the maturity structure of the asset mix. On the liability side, with inflation an increasingly troublesome problem, the pressures have been in the opposite direction. The effects of inflationary expectations on interest rates and on the availability of long-term funds have increased the tendency for funds to be gathered at the short end of the market.

. . . and how they do it.

Another change that is taking place increasingly, as a result of the uncertainty about the future of interest rates that is inevitable in an inflationary environment, is a discernible tendency to adopt variable rates both in borrowing and in lending. Here I am talking not about indexing rates directly to inflation but rather about the phenomenon of linking



The First Bank Tower in Vancouver's Bentall Centre was opened last May. The Bank's British Columbia Division occupies eight of the building's 33 floors, two of them containing its main Vancouver Branch. The personal banking pavilion pictured above is another distinctive break from the austere tradition in bank premises — a light, airy, elegant structure blending with its landscaped surroundings. It is connected by escalator with the banking hall for commercial banking on the lower floor of the tower.

rates in one sector of the market to some other rate or composite of rates.

During this period of rapid growth, the banking system throughout the world has been severely strained by a mounting volume of routine work, which has led to many innovative changes in techniques. However, while improvements in mechanical means for handling pieces of paper, as well as the introduction of electronic means for processing items and transferring funds, have helped to alleviate the situation, the pressures on the system remain intense. The President will have something to say about our continuing response in this area.

The growth of bank assets . . .

Among the more dramatic of the changes in banking generally in the last ten years has been the move of banks outside their own borders to participate directly in foreign markets. One of the consequences of this move is that many banks have on their balance sheets an increasing proportion of items for which there is no clearly identified national lender of last resort. In this connection, it is reassuring to note that an understanding in principle appears to have been reached among central banks to the effect that each should support domestic banks within its own jurisdiction that run into trouble as a result of their international operations. However, it should be noted that the intention, as I understand it, is to provide a mechanism for dealing with liquidity problems that arise out of rapid shifts of funds in a volatile market, and not to provide a mechanism for bailing out banks that get into trouble through mismanagement or fraud.

Some of the liquidity problems that arise from time to time, and may arise more frequently in the future, are attributable to the very large volume of funds originating in the foreign currency surpluses of oil exporting countries. Commercial banks have done yeoman service as intermediaries for the recycling of these funds but it has become increasingly clear that the volume may be beyond their capacity to handle in the short run. Recent proposals for official institutions to deal with the balance of payments distortions that arise out of these massive flows are therefore welcome. The only caveat I would enter at this stage is that care will obviously have to be taken to ensure that the arrangements put in place will not be so accommodating as to give rise to unwarranted growth of international liquidity.

. . . has exceeded growth in bank capital.

I have barely scratched the surface of the ways in which the banking system, by a great variety of devices and adaptations, has found means to meet demands for financial services, both domestically and internationally, on an unprecedented scale. One of the consequences of this adaptability, especially in a time when inflation itself makes all the numbers bigger, is that assets generally have grown disproportionately in relation to capital. The growth has been disproportionate because the inflationary environment which contributes to the expansion of the balance sheet also inhibits the raising of equity capital on acceptable terms.

The sheer arithmetic of this circumstance is that capital ratios are no longer what they were. This is a worldwide phenomenon, the implications of which are being carefully considered by the financial community in many countries. All that I wish to say at this time is that I am pleased to note evidence in many parts of the world that there is increasing recognition of the need, in the circumstances, for lenders everywhere to exercise caution and restraint, especially during the period ahead when inflation will still be exacting its toll.

The real danger is not recession . . .

Earlier in my remarks I made reference to the fact that there has been considerable speculation about the possibility of a serious financial and economic breakdown around the world. For my part, while fully recognizing the dangers inherent in the present situation, I believe that, given the very substantial differences in institutional arrangements, domestically and internationally, as compared with those that existed in the early 30's, and given the lessons that have been learned about economic and financial management in the interval, history is not likely to repeat itself.

. . . but inflation and its consequences.

If anything brings our economic system down around our ears at some time in the future it will be inflation that will do it. Thus, inflation is still public enemy No. 1, nationally as well as internationally. Now that inflation has been given its head, there is no single or simple way of bringing the beast to heel in the short run without wreaking havoc on the system as a whole, and it would be ingenuous to suggest that there is. However, of this much I am convinced, moderate restraint is a continuing requirement for the success of any plan of action and this applies to the banking fraternity everywhere, as well as to all other groups in society.

Address of the President

Fred H. McNeil

The Chairman has outlined the general economic and financial atmosphere of the past year and some of the effects on banking throughout the world. These developments, which the Chairman discussed in broad perspective, had their counterpart in the Canadian environment, and both had their influence on the direction of your Bank's operations during the past year. They are thus reflected in the Bank's 157th annual statement, which I present to you today.

During the year the growth in total assets exceeded $3 billion for the second year in a row and the Bank's balance sheet rose to $17.6 billion. The main components of this growth were increases of more than $600 million in Cash Resources, almost $300 million in Securities and $1.9 billion in Loans.

Notwithstanding these substantial increases, balance of revenue declined by $22.6 million to $109 million. I will have more to say about this matter later in my remarks.

After providing for income taxes and a transfer of $11.5 million to the Accumulated Appropriations account, balance of profits fell by $12 million to a total of $45 million. Of this amount, $33 million was paid out in dividends, at 96 cents a share in comparison with 90 cents in 1973. Finally, $12 million was transferred to Rest Account, augmenting our capital by this amount.

Capital was also increased by the sale of an additional $50 million in subordinated debentures, bringing the total issued and outstanding to $190 million. Total Capital Funds now stand at $593 million, an increase of $62 million over the previous year.

In looking at our Statement of Accumulated Appropriations for Losses, you will note that within the statement there is a charge of almost $28 million against the account, under the heading of profits and losses on securities. This charge represents for the most part an adjustment required to reduce the valuation of certain securities, that is, securities other than those of the governments of Canada and the provinces, to values not exceeding market. Adjustments of this nature are largely a reflection of the effects of changing interest rates on the market price of securities held.

I would like to draw your attention to the provision in the budget recently introduced by the Minister of Finance calling for a reduction in the level of non-taxed contingency reserves of large financial institutions from 1½% to 1% on eligible assets of over $2 billion. Since the change is to be retroactive, it affects the fiscal year now concluded.

The retroactive aspect of the legislation is itself unsatisfactory and we believe the timing to be particularly unfortunate. The change will add seriously to the difficulties of the Canadian banking system in achieving the increase in reserves that is appropriate in relation to the dramatic increases in assets taking place. Considering as well the uncertainties of the times, we seriously question the wisdom of the decision to proceed with the legislation.

Net Interest Earnings

I now return to discuss in some detail the various influences on our balance of revenue that led to the decline registered for the year as a whole. While very large increases in non-interest expenses, which I will outline in a moment, played a large part in this result, it is also true that a very significant part of the decline in balance of revenue can be accounted for by the fact that we did not achieve satisfactory growth in our net interest earnings. In fact, while average funds employed during the year increased by 29.5% over the previous fiscal year, net interest earnings increased by only 14.4%.

How did this come about? Obviously, we did not maintain a satisfactory differential between the cost of funds and the interest earned from their employment. While interest rate spreads were reasonably well maintained during the first two quarters of the fiscal year, they narrowed significantly as we moved into the period of rapidly escalating interest rates that occurred through the spring and early summer.

But this is just to state the results, as they turned out. Behind these results is the fact that assessments were made concerning interest rate movements in this period that proved to be rather wide of the mark. Decisions were made affecting the term structure of our liabilities that proved, in the circumstances as they developed, to be inappropriate. As a result, we had to fund our rapidly expanding asset portfolio by rolling over short-term deposits at rising rates in the market. The consequences for our net interest earnings in the second half of the year were certainly adverse.

As it happened, these adverse consequences were reinforced by the effects of decisions taken — wisely in my view — to protect our liquidity position at a time when there was increasing uneasiness and uncertainty throughout the world about the possibility of an international financial crisis. In the circumstances, and with sizeable losses being encountered by some major financial institutions abroad, we considered the climate of the time required an emphasis on liquidity.

Accordingly, although the demand for loans was strong, we decided not to acquire the funds for this purpose by reducing our large portfolio of Government of Canada bonds. We also safeguarded our liquidity position abroad by maintaining our substantial holdings of very high quality securities protected by the covenant of the Government of the United States, and, indeed, by adding to them. But since such assets are relatively low yielding because of their very liquid nature, they also created downward pressure on our interest rate spread. However, we considered this the prudent course to follow in unsettled times, even at the cost of some yield.

The rapid increase in interest rates that took place earlier this year was a worldwide phenomenon and was felt more severely, in relative terms, in our international than in our domestic business, although both were affected. Fortunately, the sharp narrowing in spread experienced in our international operations was not of a long-term nature, and more normal spreads were being experienced as the fourth quarter progressed.

In our domestic operations, loan demand was very strong throughout the year, and it was clear from the outset that it would not be possible to satisfy all legitimate demands to the full. Whether we tried too hard to satisfy the needs of our customers is, in retrospect, an open question. We did, however, exercise restraint, directed mainly towards larger corporate customers. It was our view that we should endeavour, as far as possible, to meet the needs of the smaller entrepreneur or businessman and those of individuals. Our reasoning was, and

In its first full year of operation, the Master Charge Division far outran its goals. The number of participating merchants was double the original market projection. The number of cardholders, at more than one million, exceeded the forecast for the first five years. The spread of Master Charge has been stimulated by an intensive advertising and public relations program. Shown being interviewed is Patricia Burns, Home Money Management Consultant for our Master Charge Division, who is appearing on radio and television stations across the country with advice on the benefits of charge cards in household budgeting.

is, that the larger borrower is much more flexible in his ability to find funds than the smaller borrower who necessarily depends more heavily on his bank. Loan demand, which had been heavy in the first two quarters, surged up in the early spring and by the third quarter the major increases were taking place in the personal sector, including mortgage loans to individuals. We chose to endeavour to satisfy this demand and I have no doubt our customers were pleased that we were able to assist them in their particular requirements. Our approvals of residential mortgage loans during the year accounted for nearly 30% of the total recorded for the chartered banks.

However, it is a fact that interest rates on loan categories such as personal loans and mortgages do not, for the most part, respond as quickly to changes in the market as do rates on commercial loans. Hence, this emphasis on fixed interest loans created some marginal extra pressure on average interest rate spreads during the second half of the year.

Other Operating Revenue

Other operating revenue — that is, non-interest revenue — increased by $12 million, or 15% over the previous year. I have no special observations in connection with this item beyond stating that the Bank did not encounter foreign exchange losses and that foreign exchange revenues, which are included in this category, increased to a new record high.

Non-interest Expenses

On the expense side, the largest single item other than interest expenses is personnel costs, and these increased by $46 million, a rise of 26%. Average salaries were up sharply, partly as a result of the upward adjustments given over the past two years arising out of the rapid inflation that has taken place. In addition, the number of employees increased by 2,400, mainly as a result of the higher volume of business, but also because of the introduction of Master Charge and the on-going requirements of the mechanization program.

Property expenses rose almost $20 million. This reflects in part the expanding cost of doing business in our more than 1,200 branches. It also reflects the costs associated with opening 40 new branches in Canada. In addition, during the year we moved our British Columbia divisional office into the First Bank Tower of the new Bentall Centre, which also houses our very attractive new main Vancouver branch office. Considerable expansion of the international area premises also took place. Branches were opened in Singapore and Amsterdam — both cities emerging as important financial centres — and a major subsidiary was established in Hong Kong. New representative offices were opened in New Delhi, Beirut and Madrid and we have expanded our international units not only in Montreal but also in Toronto and Vancouver.

While on the subject of bank premises, I would like to mention how proud we are to be associated with Olympia & York Developments Limited in First Canadian Place in Toronto, where our main Toronto office as well as the Ontario divisional headquarters will be located. This truly magnificent building, with its enclosed malls, boutiques, restaurants, stores and outside garden, will, we feel, contribute greatly to the vitality and interest of this area of the City of Toronto and the dynamic region of which it is the centre.

Computer rentals and depreciation charges are also included in the property expense category. The equipment, mainly terminals, which has been acquired in connection with the mechanization project increased our depreciation costs by $4.5 million in 1974.

The Bank's international expansion continued apace in the year under review. Branches were opened in Singapore and Amsterdam while representative offices were established in Madrid, New Delhi and Beirut. A subsidiary, First Canadian Financial Corp. Ltd., was incorporated in Hong Kong to strengthen the Bank of Montreal's presence in the important Asian market. Shown above are F. W. van der Sleesen, (right) Vice-President Benelux and John Kelderman, (left) Operations Manager of the new branch in Amsterdam. The Bank now has 20 branches and offices outside of Canada.

Other operating expenses, which include such items as communications, stationery and travel, were up just over $20 million. To an important extent these increased costs also reflect the impact of inflation and the increased volume of business, as well as the special expenses associated with Master Charge and mechanization. This category also includes our provision for loss on loans, the amount of which is related to the total of eligible loans and our five-year average loss experience. Our ratio of loss experience in comparison with the average for the five years, declined. In fact, it was at its lowest percentage for many years.

On-line Banking

There has been a great deal of speculative comment about our mechanization program in relation to our profit performance, so I am going to take more time than usual to deal in some detail with this subject.

A year ago I informed you that we hoped by the beginning of 1975, give or take a month or so, to have the majority of our branches on line, approximately within the schedule adopted five years earlier. We are all very much disappointed that this has not turned out to be so. In fact, our present estimate is that it will be well into 1975 before be begin activating the program in our branches. This, in turn, will delay the start of the pay-back period.

In fairness to the people who have worked so hard on this project, I must also say that there is no doubt that the delays from the schedule adopted five years ago were caused in some degree by the diversion of effort to build a nation-wide computerized authorization and processing network in connection with our Master Charge activity, which is highly automated.

At this time last year we were testing the system in operation on a pilot basis in certain branches. These tests disclosed deficiencies, many of a minor nature, but others of more significance. We are, of course, addressing ourselves actively to the resolution of these problems, and are still working closely with I.B.M., who have been deeply involved with us in this project from the beginning. This company has recently concluded one of its periodic technical audits, conducted at our request, to assist us in identifying and correcting technical problems. Their specialists have again assured us that the system is sound and workable and that the problems identified can be remedied.

There is the temptation, in large-scale systems, to release them for operation before they are ready and before they are tested "hands on" by the people who will use them. There have been many examples of the dangers of that course. We are determined to be as thorough as humanly possible in satisfying ourselves and the shareholders' auditors that the system can and will be operated efficiently and with the minimum disruption to customers and personnel before it is released for operating use.

The major part of the capital expenditure has already been made. Of our 1,200 domestic branches, 1,100 have been physically prepared to receive terminals, and 3,200 terminals are installed and connected in 850 branches. Depreciation charges on terminals and other equipment amounted to $6.1 million in the past year.

While the mechanization program represents a very heavy present investment for future benefit, the soundness of the broad decision to embark on the project, which was taken by top management and the Directors five years ago, has become steadily more manifest.

Last year I pointed out that when the Bank embarked on its mechanization program, a number of major assumptions were made. These were, first, that the volume of paper handled, of account entries, and of calculations, would grow enormously; second, that the cost of doing these things manually, or semi-manually, would accelerate rapidly, while the unit cost of doing them by computer would decline; and third, that as educational standards rose, our people would be less inclined to find job satisfaction in doing what they considered dull, repetitive work that could be done much faster and more accurately by modern technology. I went on to say, and I quote, "Not only have the original assumptions proved valid, but the projections of the growth of transactions and the cost of handling them manually have already been exceeded by a considerable margin."

Everything that has happened in the past year reinforces that statement.

In order to put the costs of this program in perspective in relation to potential benefits, let me give you an example. As already mentioned, the total increase in personnel costs during the past year alone was $46 million, and increases of this order of magnitude, in percentage terms, were fairly typical in our industry. By comparison, the cumulative effect of the mechanization program on balance of revenue since its inception five years ago has been somewhat less than this one-year escalation of personnel costs. More than half the costs of this program were incurred in the past year and these costs were within budget. Indeed, total costs to date are within budget. While there will be additional costs compared to initial estimates because of the stretch-out in the program, the potential cost savings have accelerated far beyond our expectations.

The banking system has continued to grow phenomenally. Branch networks dependent on manual systems are overloaded and service to the public is suffering. We really do not have the option of running the Bank manually, nor is that option open to any other large Canadian bank. So the question is not whether or not we should have decided to mechanize, but only how and when. In this respect we are well in the van and will be well in the van in benefiting from the cost savings potential of this program.

Master Charge

One of the most encouraging developments in our affairs during the year has been the progress made with Master Charge. The degree of public acceptance that has been achieved, with vigorous and dedicated effort by personnel throughout the system, has far exceeded our plans, even though those plans were based on quite optimistic expectations.

We now have more cardholders, at the end of one year, than we were expecting at the end of the fifth year. We now have about as many merchant outlets, including major oil companies and a very broad and representative range of national accounts, as we thought we would have at the end of the third year. And in terms of sales we have reached a volume substantially above what we expected to have by the end of the second year. This is a phenomenal record.

Here again, the decision to enter Master Charge was a sound one. To date, the program has had a negative impact on balance of revenue of $18 million, $12 million of it in the past year, the year of actual launch. Whereas the cost of joining Master Charge was nominal, the cost of merely joining the Chargex group would have been $12.5 million, and this would have left us, in addition, with nearly all the costs we have encountered, with the exception of some modest saving in advertising and promotion expense. We would also have been seriously limited in access to cardholders and merchants. Taking the route we did, we now have more than the total number of cardholders, and several times the number of merchant customers, than would have been available to us in the next decade had we taken the Chargex alternative. This is an important consideration, since ultimate profitability of charge cards is a function of numbers of merchants and cardholders.

The rapid progress we made this past year did, of course, add substantially to expenses. However, the acceleration in the pace of advance towards targets will have the effect of bringing us to the break-even point earlier than planned and sooner than has been characteristic with the introduction of charge cards elsewhere in the industry. We are thus very pleased with the outcome overall.

New Services

In addition to Master Charge, we have been involved in providing other new services as well. These will be dealt with in a special article appearing in the Annual Report (page 19).

Personnel

Finally, I come to activities in the personnel area. One of the major problems we have been facing here has been to fill the many new management positions that have opened up as a result of the rapid growth of the Bank. We have, of course, filled as many of these positions as possible by drawing upon our own pool of highly trained manpower, that is, by promotion from within. Our training programs have been operating at capacity, and during 1974 some 5,000 employees participated in credit, marketing and supervisory seminars. In addition, 2,500 individuals pursued evening studies in universities, the cost of which was covered by the Bank's Tuition Refund Plan.

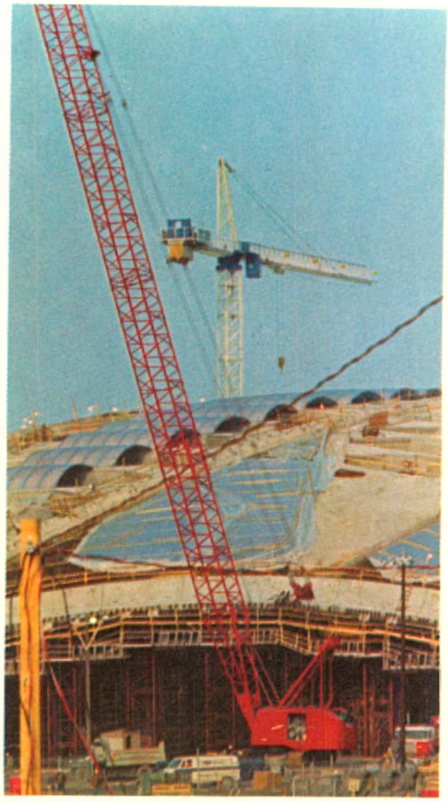
I am pleased to report that an important contribution to the resolution of the on-going problem of meeting the need for skilled management personnel has been made by better utilization of the female members of the Bank's staff. About 19% of the management positions in the Bank are now capably filled by women, up from about 11% two years ago and less than 6% five years ago. Thus, there is an expanding pool of women who are acquiring the training and skills necessary for advancement in growing numbers into more senior levels of management.

More generally, I should like to pay tribute to the personnel of this Bank in all areas and at all levels. They have given strong support to our efforts throughout a difficult year and I cannot speak too highly of their dedication and hard work.

Looking Ahead

Looking to the year ahead, there is little doubt that it will not be an easy one for business as a whole. Economic and financial conditions are not likely to be favourable to profit growth generally. If we are to improve our overall performance, a great deal of extra effort will be required. You may be assured that this extra effort is being made and I am confident that we have the wholehearted support of personnel at all levels.

In closing, I must say how much I look forward to the closer association with Mr. William Mulholland that his election as President of the Bank will make possible. I consider the Bank very fortunate to be able to attract a man of such high qualifications and proven ability. It is good to know that I will have his support and counsel.



The Bank has lent its full support to the 1976 Olympic Games in Montreal, where the Velodrome and Olympic Stadium complex (above) is rapidly taking shape. Bank of Montreal was the first Canadian corporation to sign on as a sponsor of the CTV Network's Olympic programming package, lasting from January to August of the Olympic year and encompassing ten "specials" on amateur athletics plus actual coverage of the Innsbruck winter and Montreal summer games. The Bank is also sponsoring a study by McGill University evaluating the economic impact of the Olympics and is establishing the "First Canadian Gallery of Athletes" to stimulate interest in amateur sport. This photographic display will tour the country before the Olympics and will be exhibited at the site while the games are in progress. It will then become a feature of Ottawa's National Sports and Recreation Centre Hall of Fame.

Other Business of the Meeting

Directors' Report

The directors take pleasure in submitting to the shareholders the 157th Annual Report on the result of the Bank's operations for the year ended October 31st, 1974. (See page 26 for Statement of Revenue, Expenses and Undivided Profits).

We record with deep regret the sudden passing in mid-November of your director, Bernard M. Lechartier. The late M. Lechartier was a Vice-President of the Bank, a member of the Executive Committee and a member of the Management Resources Committee of the Board of Directors. Mr. Hartland M. MacDougall, Executive Vice-President and Assistant to the President was appointed a director November 26th last.

In the financial year 40 branches and sub-agencies were opened in Canada and four were closed. As at October 31st, 1974, there were 1,263 offices of the Bank in operation including 42 located outside Canada.

During the year, branches of the Bank were opened in Singapore and Amsterdam. Representatives' offices were established in Beirut, New Delhi and Madrid, with those in Rio de Janeiro and Melbourne being relocated in Sao Paulo and Sydney respectively.

The directors deemed it advisable to undertake a further debenture issue of \$50,000,000 in August, making total debentures issued and outstanding \$190,000,000.

From the year's operations, transfers of \$11,500,000 were made to Tax Paid Accumulated Appropriations for Losses Account which are not deductible in the determination of taxable income. Out of Accumulated Appropriations for Losses, amounts not otherwise provided have been drawn down for the diminution in the value of loans and investments which, in the opinion of management, are required after a careful evaluation of these assets. The sum of \$12,000,000 has been transferred from Undivided Profits to Rest Account.

The directors are cognizant of the special problems with which banking in general has been faced during this past year and wish to acknowledge the dedication of our personnel to the Bank's interests in Canada and abroad.

Resolutions

It was moved by the Chairman, seconded by Mr. H. Roy Crabtree,

"That the Report of the Directors, as read, the Statement of Assets and Liabilities as at October 31st, the Statement of Revenue, Expenses and Undivided Profits and the Statement of Accumulated Appropriations for Losses, both for the financial year ended in October, be approved and adopted."

It was moved by Mr. William D. Mulholland, seconded by Mr. Pierre Côté,

"That Messrs. Lionel P. Kent, C.A. and John W. Beech, F.C.A. be appointed auditors of the Bank for the ensuing year.

In addition, several resolutions were unanimously adopted, as follows: amendment to Shareholders' By-law IV, reducing the number of directors to 51; amendment of By-law VIII to include reference to Deputy Chairman; appointment of persons to vote in the name of the Bank at meetings of our controlled corporations. The full text of these appears in the "Minutes of the 157th Annual General Meeting of the Shareholders", which has been mailed concurrently to all shareholders.

Mr. A. Blaikie Purvis then nominated the respective persons whose names had been read by the Assistant Secretary for election as directors of the Bank for the ensuing year.

It was moved by Mr. Roger Létourneau, Q.C., seconded by Mr. Charles S. MacNaughton,

"That the thanks of the Meeting are hereby tendered to the Executive Vice-Presidents, the Senior Vice-Presidents, the Vice-Presidents and all other officers and employees for their services during the past year."

Speaking to the motion Mr. Létourneau said:

Monsieur le Président du Conseil.

Cette réunion est normalement la seule opportunité au cours de l'année pour les actionnaires de la première banque canadienne, la nôtre, de se faire entendre.

Je suis donc heureux et honoré de me faire le porte-parole de ce groupe de près de 50,000 personnes et d'exprimer leurs sentiments de gratitude et d'estime envers les officiers et le personnel de notre banque.

Une institution comme la nôtre ne peut réussir et progresser que grâce à l'initiative et au dévouement de ceux qui sont à son service. Les aptitudes et la compétence de nos cadres et de notre personnel, une bien grande famille d'environ 25,000 femmes et hommes, leur loyauté et leur esprit de solidarité sont bien connus et hautement appréciés de nos actionnaires. En fait, l'ensemble des officiers et du personnel de notre banque sont son principal actif, dont la valeur inestimable n'est malheureusement pas comptabilisée à ses états financiers.

Mr. MacNaughton said:

Mr. Chairman, Ladies and Gentlemen.

It is my pleasure to second the motion of Mr. Roger Létourneau in which he so eloquently expressed the thanks of us all to the officers and employees of our Bank.

The year just ended has been a difficult one for banks around the world. I believe that in such a trying time, we must not only be appreciative of the ability and diligence of our officers and employees, but, more importantly, we must be grateful for their loyalty and their dedication to the traditions of quality service that our customers have grown to expect from the First Canadian Bank. I am pleased to salute the men and women of the Bank of Montreal by seconding this motion.

Mr. John A. Whitney responded:

On behalf of the women and men comprising the Bank of Montreal family in Canada and throughout the world, as well as on my own behalf, it is my very pleasant duty to thank M. Létourneau and Mr. MacNaughton for their kind remarks and to express appreciation to the shareholders present for their warm reception of the motion.

As Mr. MacNaughton has recognized, the past year has been a difficult one for banks worldwide, but the manner in which each member of the Bank's family has responded to the challenges has been most gratifying. As we prepare for the tasks which lie ahead, I know that our personnel, both in the branches which most visibly serve day-to-day banking needs and in the many other support areas will be encouraged by this expression of confidence from our shareholders and directors.

Banking with Innovation

There's the Monthly Income Plan, the Investment Loan Plan and the First Canadian Retirement Savings Plan. There's Instabank — the little bank that's always open. There's Automatic Cash Transfer, Treasury Account and Money Desk, helping corporations get more for their money. And there's First Canadian Leasing, representing a major new departure for a Canadian bank.

These are but a few of the many services developed by the Bank of Montreal to provide the most comprehensive possible banking system. The banking industry has changed vastly in the last two decades, and the Bank of Montreal has been in the lead in anticipating and making changes to meet emerging needs. In its own innovative way the Bank is progressing towards its objective of building the fullest range of services ever offered to the customers of a Canadian financial institution. At the same time the technical capability to continually broaden the scale of service is being developed through the on-line computerization program which will eventually make it the world's most fully-automated bank.

Taking the lead

The Bank's new services are the result of a marriage of planning and initiative. An example is *the Small Business Base Rate.* In 1973, when interest rates were rising quickly and sharply, we introduced a preferred rate of interest for small businessmen, farmers and fishermen whose credit requirements were less than $200,000. This policy recognized that such customers had limited access to alternate sources of funds compared with larger corporate borrowers. It has since become general in the Canadian banking industry.

Another example of the Bank's flair for innovation is the *Investment Loan Plan,* which allows customers

to borrow in order to save. Life-insured loans of from $1,500 to $10,000 are available to buy shares in Canadian companies. The loans, repayable over a ten-year period, cover the full cost of the shares purchased, which become the security for the loan.

New Ways to Save

Our planning seeks out fresh approaches to traditional activities. In the past few years, for instance, our people have concentrated on finding new ways to meet our customers' changing savings needs. The goal is to offer a wider range of options suited to modern-day conditions. Among the results:

Monthly Income Plan, which provides savers with a regular monthly return on term deposits of over $5,000 for terms of from 60 days to six years. The guaranteed pay-back to the saver is near the top of the current interest rate scale.

The plan is designed to appeal to a wide range of personal and corporate Bank customers, from people who want a steady monthly income from their savings without reducing their principal to companies with capital earmarked for future projects who want an income in the meantime to maintain their cash flow.

Monthly Income Deposit Receipts may be cashed at any time according to a special formula. In short, MIP is a flexible plan devised to combine the higher yield advantages of medium and long-term investments with the convenience of short-term income.

First Canadian Mortgage Fund, a trust managed by the Bank which deploys money from individual investors to buy first mortgages on properties situated anywhere in Canada. As little as $200 will buy units in the Fund. It costs nothing to join and — except in special

circumstances — nothing to terminate participation. Unlike other earlier funds of its kind First Canadian Mortgage Fund provides for purchase and redemption anytime, rather than once a month. The Fund holds advantages for the small investor and the general public. By splitting mortgage holdings into small units of a large nationwide portfolio, it lets the small investor into the mortgage market for the first time and diversifies his risks. By opening the mortgage market to a broader group of investors it helps to further expand the nation's housing stock.

Firstbank Special Retirement Account, a special bank deposit earning interest at the Bank of Montreal Five Year Term Deposit Receipt rate. Available only through First Canadian Retirement Savings Plan, this Account offers a way to defer current taxes and to earn interest in the upper scale of the bank deposit rate structure.

First Canadian Retirement Savings Plan offers three options to enable people to save for their retirement and simultaneously reduce their current tax payments through the Registered Retirement Savings Plan provisions of the Income Tax Act. Like other new bank-affiliated services, its chief feature is its versatility.

By participating in a Registered Retirement Savings Plan, Canadians may reduce their current annual taxable incomes by up to $4,000 if they have no other private pension plan, or up to $2,500 if they are a member of an employee plan. First Canadian Retirement Savings Plan is a composite vehicle which draws the maximum advantage for the saver from current taxation law.

Participating investments may be registered through either the First Canadian Mortgage Fund or a Firstbank Special Retirement Account, — or both, depending

on the individual's savings objectives. As economic conditions change, one option may become more appropriate than the other. Savers may then switch without penalty or charge.

Charges are among the lowest in the RRSP field: no sales commission, no charge for opening a plan and usually no redemption penalty, minimal management fees. The Bank can arrange a regular monthly automatic transfer from existing accounts to customers' retirement plans.

First Canadian Retirement Savings Plan is both comprehensive and versatile — like the Bank itself.

Instabank . . . The Little Bank That's Always Open

Instabank is an unmanned banking station which does almost everything a full branch can do. To be introduced on a trial basis at selected branches in the forthcoming year, it can perform up to 98% of all basic banking transactions at any time of the day or night.

Using a simple keyboard activated by a special magnetically-encoded Bank of Montreal Master Charge card, a customer may withdraw cash through a Master Cash advance or from chequing or savings accounts; make deposits; transfer funds between chequing or savings accounts or from Master Charge to chequing accounts; make payments (i.e. for utility bills) from accounts or by cash; and request any one of a number of services. For instance, a Bank customer may ask that his savings account passbook be updated, or that a bank officer call him with regard to a loan.

While other Canadian financial institutions have introduced cash dispensers and other outdoor banking

services, none is nearly as comprehensive and versatile as Instabank. The Bank of Montreal system is the only one to be operated by an all-purpose payments card, Master Charge, as opposed to a special card that can only be used to activate an automatic banking station. It is the only Canadian system to record a range of specific service requests which will bring a response by telephone or mail by the Bank.

Instabanks will be put into service in the coming year in the Toronto, Vancouver and Calgary areas. There is no additional charge for using Instabank, nor for Instabank-encoded Master Charge cards.

Service for Business

We call it *Cash Management* — a simple name for a widespread and complex family of banking services. Its purpose: to give Canadian companies optimum use of the cash available to them anywhere in the country on any given day.

Hence *Automated Cash Transfer*, a service whereby deposits made by a company at any Bank of Montreal branch in Canada are fed immediately to a central account. The funds are then available for instant employment. To carry the convenience and profitability of this arrangement a stage further, the Bank can combine it with its *Pre-Authorized Payments* service, through which consumers authorize regular payments out of their bank accounts. Apart from considerable routine savings in mailings and bookkeeping, the pairing of Pre-Authorized Payments and Automated Cash Transfer means a speedy flow of funds.

If funds are surplus to a company's operating needs, then the Bank's *Treasury Account* system takes over. Surplus funds automatically transferred to a Treasury

Account immediately start earning interest at current rates.

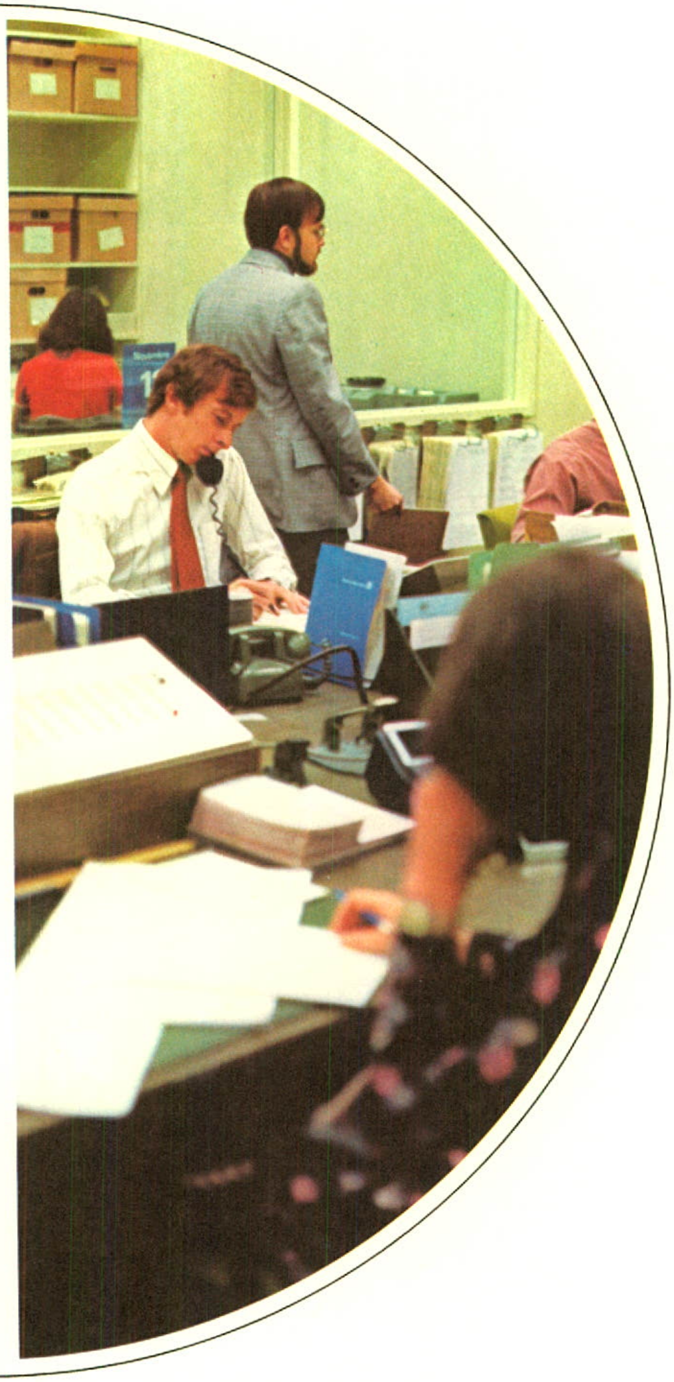
For the corporate treasurer it all means freedom from time-consuming or snap investment decisions and the handling of the routine documentation while, at the same time, knowing that an equitable, market-sensitive yield is being achieved. Under a related service, the Bank, through its *Money Desk*, will apply its resources and expertise to assist the corporate officer in carrying out his other investment decisions.

The Leasing Way

Only 25 years ago, the idea of leasing equipment would have struck most businessmen as a radical — and perhaps even dangerous — departure from accepted business practice. Yet the value of equipment under lease in North America alone is approaching $100 billion today.

A pioneer in equipment leasing was United States Leasing International, which in 1952 became the first company to be organized exclusively to deal in this new form of finance. In 1959 USLI established Canadian-Dominion Leasing Corporation Limited, which was to grow into one of Canada's largest lessors of general equipment. In 1973 the Bank of Montreal purchased a substantial interest in Canadian-Dominion Leasing and joined with that firm to launch *First Canadian Leasing* and to provide leasing services through branches of the Bank.

Bank of Montreal became the first Canadian bank to take leasing applications in its branches, as opposed to referring prospective lessees to outside leasing companies. Thus it moved into a whole new field of financing — one eminently suited to modern business needs.



Leasing expands the scope of the Bank's ability to serve since a lease is an independent source of financing distinct from established credit lines. For business and professional men (such as retailers, hairdressers, lawyers, architects, physicians and dentists) it means just that much more service from the Bank of Montreal.

It also means something very important in a business situation which requires maximum working capital. We call it "capital conservation". Leasing provides 100% financing with no deposit, down payment or installation and transportation costs; payments can be extended over a period of time, leaving more capital free; and a lease enables companies to pay for equipment out of pre-tax income rather than profits.

Other advantages: leasing makes it easier to replace equipment whenever wear or obsolescence start cutting into profits. It enables the equipment to pay for itself through productivity. And in times of tight budgets it provides equipment that the lessee might not otherwise be able to afford. There can be many other favourable aspects to leasing, depending on the customer's requirements. In fact, its flexibility is one of the principal reasons why it appeals to the Bank of Montreal as a special customer service.

The ability to tailor services to the special needs of all kinds of customers — flexibility — is the keynote in the Bank's efforts to extend the range of its activities. By developing ever more serviceable, convenient and profitable ways of using money, we intend to stay first among Canadian banks.

Statement of Revenue Expenses and Undivided Profits

For the year ended October 31	1974	1973
Revenue		
Income from loans	$1,342,211,430	$789,845,123
Income from securities	147,670,012	117,183,568
Other operating revenue	92,983,435	80,729,469
Total revenue	1,582,864,877	987,758,160
Expenses		
Interest on deposits and bank debentures	1,080,961,021	549,429,246
Salaries, pension contributions and other staff benefits	221,859,119	175,895,977
Property expenses, including depreciation	71,735,236	52,121,112
Other operating expenses, including provision for losses on loans based on five-year average loss experience	99,316,621	78,742,943
Total expenses	1,473,871,997	856,189,278
Balance of revenue	108,992,880	131,568,882
Provision for income taxes relating thereto (Note 4)	52,500,000	63,067,210
Balance of revenue after provision for income taxes	56,492,880	68,501,672
Appropriation for losses	11,500,000	11,559,000
Balance of profits for the year	44,992,880	56,942,672
Dividends at 96¢ (1974) and 90¢ (1973) per share	32,805,000	30,754,688
Undivided Profits		
Amount carried forward	12,187,880	26,187,984
Undivided profits at beginning of year	323,442	135,458
	12,511,322	26,323,442
Transferred to rest account	12,000,000	26,000,000
Undivided profits at end of year	$ 511,322	$ 323,442

Statement of Accumulated Appropriations for Losses

For the year ended October 31	1974	1973
Accumulated appropriations at beginning of year		
General	$ 93,367,418	$ 85,363,911
Tax-paid	23,665,209	17,982,021
Total	117,032,627	103,345,932
Additions (deductions) during year:		
Appropriation from current year's operations	11,500,000	11,559,000
Loss experience on loans for the year, less provision for losses on loans based on five-year average loss experience included in other operating expenses	1,901,759	1,134,822
Profits and losses on securities, including provisions to reduce securities other than those of Canada and provinces to values not exceeding market	(27,718,506)	(5,825,497)
Other profits, losses and non-recurring items, net	1,096,424	981,036
Provision for income taxes, including credit of $ nil (1973 – $5,886,000) relating to appropriation from current year's operations (Note 4)	1,890,454	5,837,334
Accumulated appropriations at end of year	$105,702,758	$117,032,627
Accumulated appropriations at end of year		
General	69,582,629	93,367,418
Tax-paid	36,120,129	23,665,209
Total	$105,702,758	$117,032,627

Statement of Rest Account

For the year ended October 31	1974	1973
Balance at beginning of year	$322,000,000	$296,000,000
Transferred from undivided profits	12,000,000	26,000,000
Balance at end of year	$334,000,000	$322,000,000

Statement of Assets and Liabilities

October 31, 1974

Assets	1974	1973
Cash Resources		
Cash and due from banks (Note 2)	**$ 3,447,022,088**	$ 3,025,542,446
Cheques and other items in transit, net	**339,365,552**	143,663,634
	3,786,387,640	3,169,206,080
Securities		
Securities issued or guaranteed by Canada, at amortized value	**1,651,595,856**	1,478,972,976
Securities issued or guaranteed by provinces, at amortized value	**100,900,948**	101,080,182
Other securities, not exceeding market value	**489,950,929**	387,711,191
	2,242,447,733	1,967,764,349
Loans		
Day, call and short loans to investment dealers and brokers, secured	**218,389,416**	266,943,021
Other loans including mortgages, less provision for losses	**10,407,510,929**	8,434,886,260
	10,625,900,345	8,701,829,281
Sundry Assets		
Bank premises at cost, less amounts written off	**149,583,332**	112,571,707
Securities of and loans to corporations controlled by the bank (Note 6)	**8,439,551**	8,439,551
Customers' liability under acceptances, guarantees and letters of credit, as per contra	**816,881,268**	434,062,855
Other assets	**21,334,599**	15,413,773
	996,238,750	570,487,886
	$17,650,974,468	$14,409,287,596

Fred H. McNeil,
President and Chief Operating Officer

John A. Whitney,
Executive Vice-President and Chief General Manager

Liabilities	1974	1973
Deposits		
By Canada	$ 252,449,261	$ 355,204,732
By provinces	258,414,083	190,252,193
By banks	3,055,260,709	2,564,466,967
Personal savings payable after notice, in Canada, in Canadian currency	6,340,348,900	4,828,629,190
Other	6,182,288,648	5,352,381,824
	16,088,761,601	13,290,934,906
Sundry Liabilities		
Acceptances, guarantees and letters of credit	816,881,268	434,062,855
Other liabilities	46,773,769	36,590,016
	863,655,037	470,652,871
Accumulated appropriations for losses	105,702,758	117,032,627
Capital Funds		
Debentures issued and outstanding (Note 3)	190,000,000	140,000,000
Shareholders' Equity		
Capital stock – Authorized – 50,000,000 shares of $2 each Issued and fully paid – 34,171,875 shares	68,343,750	68,343,750
Rest account	334,000,000	322,000,000
Undivided profits	511,322	323,442
Total Shareholders' Equity	402,855,072	390,667,192
Total Capital Funds	592,855,072	530,667,192
	$17,650,974,468	$14,409,287,596

Auditors' Report to the Shareholders of the Bank of Montreal

We have examined the Statement of Assets and Liabilities of the Bank of Montreal as at October 31, 1974 and the Statement of Revenue, Expenses and Undivided Profits and the Statement of Accumulated Appropriations for Losses for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Bank as at October 31, 1974 and its revenue, expenses and undivided profits and accumulated appropriations for losses for the year then ended.

Lionel P. Kent, C.A.,
of the firm of
Thorne Riddell & Co.

John W. Beech, F.C.A.,
of the firm of
Touche Ross & Co.

Auditors

Montreal, November 25, 1974.

Controlled Corporations

Bank of Montreal Trust Company (Incorporated under the laws of the State of New York)

Statement of Assets and Liabilities (U.S. Currency)	**Sept. 30 1974**	Sept. 30 1973
Assets		
Due from banks	**$ 697,392**	$4,175,597
United States government securities (Note 5)	**1,295,563**	1,695,563
Other securities (Note 5)	**762,229**	910,875
Loans and advances	**4,787,340**	1,041,431
Other assets	**227,292**	185,434
	$7,769,816	$8,008,900
Liabilities		
Demand deposits	**$4,502,683**	$5,088,539
Income taxes	**37,632**	16,833
Other liabilities	**47,756**	26,518
	4,588,071	5,131,890
Shareholders' Equity		
Capital stock –		
Authorized, issued and fully paid – 10,000 shares of $100 each	**1,000,000**	1,000,000
Surplus	**1,000,000**	1,000,000
Undivided profits	**1,181,745**	877,010
	3,181,745	2,877,010
	$7,769,816	$8,008,900

Bankmont Realty Company Limited (Incorporated under the laws of Canada)
And its wholly-owned subsidiary company

Condensed Consolidated Statement of Assets and Liabilities	**Oct. 31 1974**	Oct. 31 1973
Assets		
Cash	**$1,152,307**	$1,110,184
Accounts receivable	**31,906**	23,444
Other assets	**121,414**	148,038
Real estate and buildings – at cost less accumulated depreciation	**7,493,007**	7,511,555
	$8,798,634	$8,793,221
Liabilities		
Accounts payable	**$ 81,206**	$ 58,210
Mortgage payable	**1,738,555**	1,765,460
	1,819,761	1,823,670
Shareholders' Equity		
Capital stock –		
Authorized – 30,000 5% non-cumulative preferred shares of the par value of $100 each (redeemable at par) 100,000 common shares without nominal or par value		
Issued and fully paid – 19,500 preferred shares	**1,950,000**	1,950,000
100,000 common shares	**5,000,000**	5,000,000
	6,950,000	6,950,000
Retained earnings	**28,873**	19,551
	6,978,873	6,969,551
	$8,798,634	$8,793,221

Auditors' Report to the Shareholders of the Bank of Montreal

We have examined the statements of assets and liabilities of the controlled corporations as at the dates indicated. Our examinations included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying statements of assets and liabilities present fairly the financial position of the corporations as at the dates indicated.

Lionel P. Kent, C.A.,
of the firm of Thorne Riddell & Co.
John W. Beech, F.C.A.,
of the firm of Touche Ross & Co.
Auditors

Montreal, November 25, 1974.

Notes to Financial Statements

Bank of Montreal

1. Wholly-owned Consolidated Subsidiaries

The financial statements of the Bank include the assets and liabilities and results of operations of the following wholly-owned subsidiaries:

Bank of Montreal (Bahamas & Caribbean) Limited
Bank of Montreal (California)
Bank of Montreal Jamaica Ltd.
Bank of Montreal Trust Corporation Cayman Limited
First Canadian Assessoria e Serviços Limitada
First Canadian Financial Corporation B.V. and subsidiaries
First Canadian Financial Services (U.K.) Limited

2. Cash and Due from Banks

	1974	1973
Included in Cash and Due from Banks are term deposits at interest	**$2,662,146,166**	$2,279,122,605

3. Debentures

The debentures are direct unsecured obligations of the Bank and are subordinated in right of payment to the claims of depositors and certain other creditors of the Bank.

	1974	1973
7% Series A redeemable in 1978, at holder's option, 7½% thereafter, maturing in 1992	**$ 50,000,000**	$ 50,000,000
7½% Series B redeemable in 1977, at holder's option, 7¾% thereafter, maturing in 1982	**40,000,000**	40,000,000
7¼% Series C redeemable in 1979, at holder's option, maturing in 1987	**50,000,000**	50,000,000
10¼% Series D, maturing in 1980	**50,000,000**	–
	$ 190,000,000	$ 140,000,000

4. Provision for Income Taxes

Under revised rules issued in 1974 by the Minister of Finance, transfers to accumulated appropriations for losses are not deductible in the current year in the determination of taxable income. The provision for income taxes in the Statement of Revenue, Expenses and Undivided Profits is computed by reference to the balance of revenue. In 1973 a reduction of $5,886,000 in income taxes was recorded in the Statement of Accumulated Appropriations for Losses which arose from $12,300,000 of appropriation for losses being deductible in the determination of taxable income. The total provision for income taxes for 1974 amounts to $50,609,546 (1973 – $57,229,876).

Controlled Corporations

5. Securities

Securities of the Bank of Montreal Trust Company are carried at cost which approximates market value.

6. Interest of Bank of Montreal in Controlled Corporations

	1974	1973
Investment in shares – at cost		
Bank of Montreal Trust Company	**$ 1,489,551**	$ 1,489,551
Bankmont Realty Company Limited	**6,950,000**	6,950,000
	$ 8,439,551	$ 8,439,551

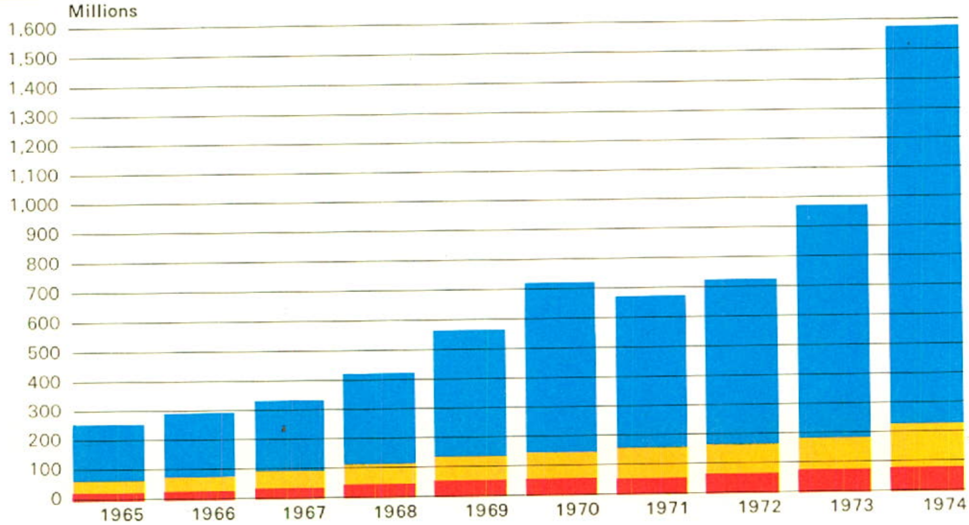
Ten Years of Growth

Highlights

	Thousands	Thousands
	1965	**1974**
Total Earning Assets	$4,997,145	**$17,650,974**
Total Revenue	$265,700	**$1,582,900**
Total Expenses	$223,400	**$1,473,900**
Balance of Revenue	$42,364	**$108,993**

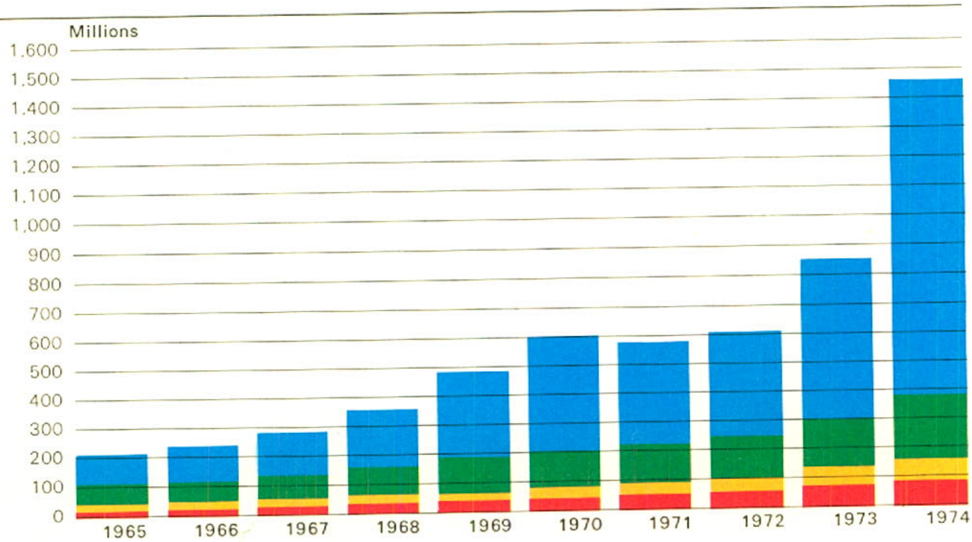
Balance of Revenue Per Share	$1.40	**$3.19**
Balance of Profits Per Share	$0.62	**$1.32**
Dividends Per Share	$0.455	**$0.96**
Income Tax Per Share	$0.64	**$1.48**
Number of Employees	14,966	**24,776**
Number of Branches	959	**1,221**

Total Revenue



Fiscal years	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
Income from Loans	$187.4	$215.1	$238.1	$305.8	$433.4	$543.7	$516.9	$557.4	$789.9	$1,342.2
Income from Securities	46.9	49.5	55.9	71.7	84.0	93.7	101.3	106.5	117.2	147.7
Other Operating Revenue	31.4	35.6	48.1	53.5	60.3	64.7	63.9	71.0	80.7	93.0
Total Revenue	$265.7	$300.2	$342.1	$431.0	$577.7	$702.1	$682.2	$734.9	$987.8	$1,582.9

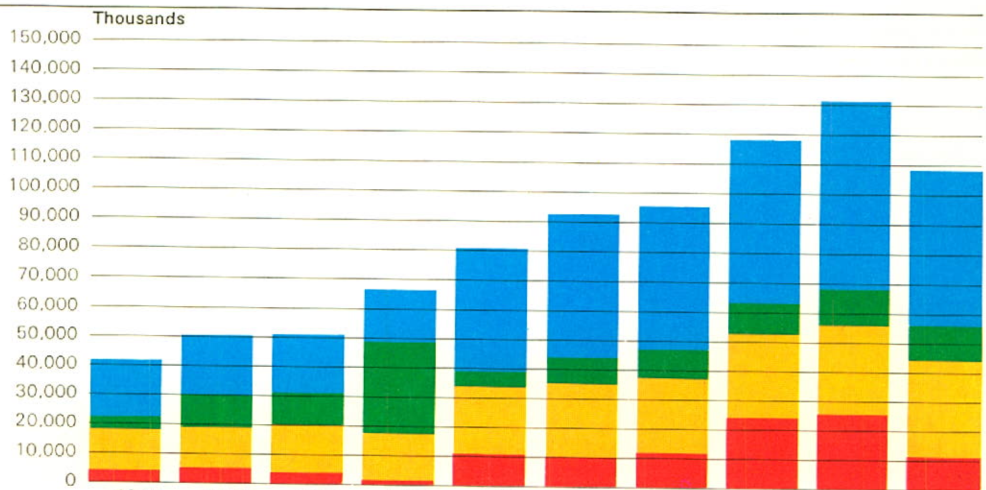
Total Expenses



Fiscal years	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
Interest on Deposits and Debentures	$108.0	$123.9	$148.3	$199.4	$300.0	$401.7	$361.7	$366.7	$549.4	$1,081.0
Salaries and Other Staff Benefits	68.8	75.4	86.7	100.8	127.2	125.1	133.7	146.5	175.9	221.9
Property Expenses	19.0	20.9	23.4	26.3	29.0	35.8	39.4	40.6	52.1	71.7
Other Operating Expenses	27.6	28.7	31.7	36.8	40.4	46.2	51.3	62.5	78.8	99.3
Total Expenses	$223.4	$248.9	$290.1	$363.3	$496.6	$608.8	$586.1	$616.3	$856.2	$1,473.9

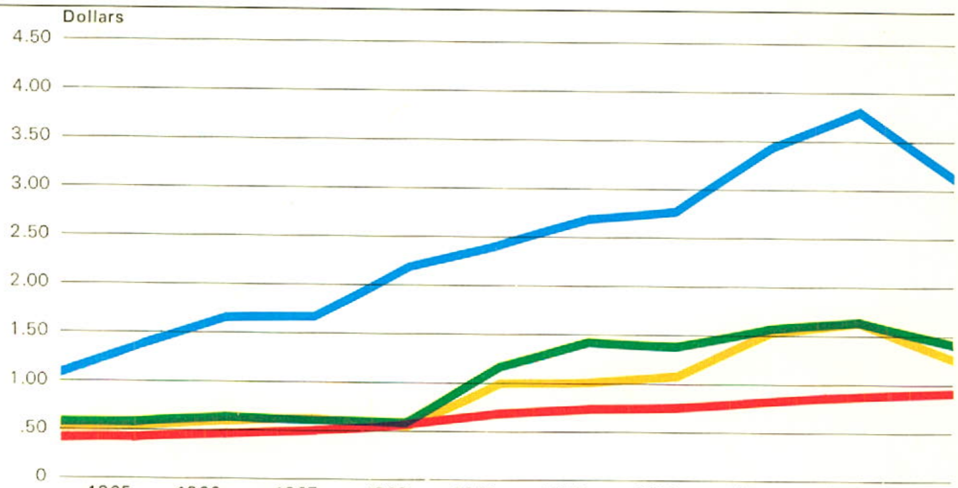
Distribution of Balance of Revenue

*Note: The purpose of transfers to the Accumulated Appropriation for Losses account is to build up a reserve to serve as a cushion for possible future losses. Therefore amounts transferred in any one year do not reflect losses incurred in that year.



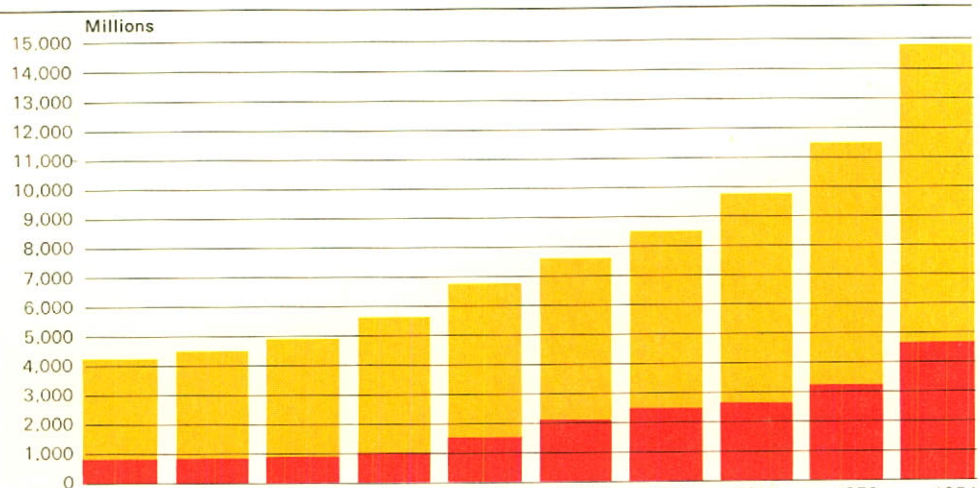
Fiscal years	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
Balance of Revenue	$42,364	$51,297	$51,939	$67,699	$81,133	$93,325	$96,066	$118,657	$131,569	$108,993
Provision for Income Taxes relating thereto	19,410	20,989	20,459	18,131	41,548	48,763	48,420	55,132	63,067	52,500
Balance of Revenue after Provision for Income Taxes	22,954	30,308	31,480	49,568	39,585	44,562	47,646	63,525	68,502	56,493
Transfer to Appropriation for Losses*	4,224	10,403	10,760	31,507	5,322	8,666	9,280	10,368	11,559	11,500
Balance of Profits for the year	18,730	19,905	20,720	18,061	34,263	35,896	38,366	53,157	56,943	44,993
Dividends	13,820	14,428	15,795	17,618	23,184	25,629	26,312	28,704	30,755	32,805
Transferred to Rest and Undivided Profits	4,910	5,477	4,925	443	11,079	10,267	12,054	24,453	26,188	12,188

Earnings, Dividends and Income Taxes per Share



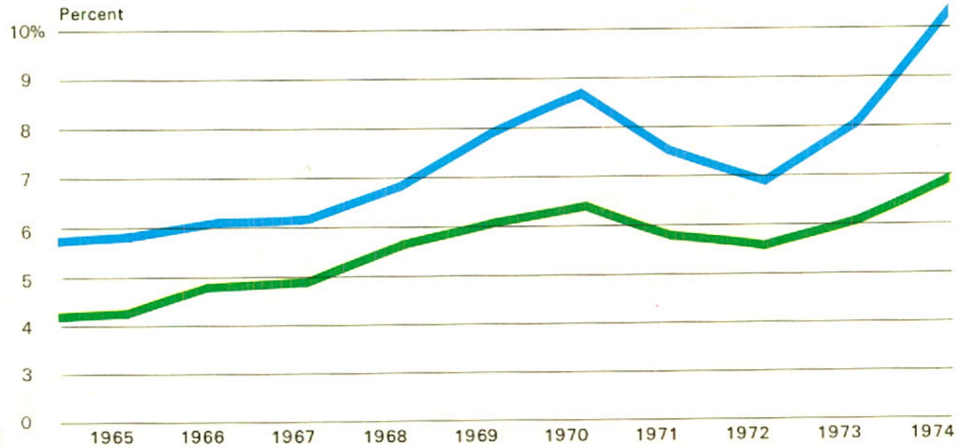
Fiscal years	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
Balance of Revenue Per Share	$1.40	$1.69	$1.71	$2.23	$2.44	$2.73	$2.81	$3.47	$3.85	$3.19
Income Tax Per Share	$0.64	$0.69	$0.67	$0.60	$1.22	$1.49	$1.42	$1.62	$1.67	$1.48
Balance of Profits Per Share	$0.62	$0.66	$0.68	$0.59	$1.03	$1.05	$1.12	$1.56	$1.67	$1.32
Dividends Per Share	$0.455	$0.475	$0.52	$0.58	$0.70	$0.75	$0.77	$0.84	$0.90	$0.96

Principal Earning Assets



Fiscal years (average of month-end figures)	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
Canadian										
Loans	$2,411	$2,645	$2,933	$3,390	$3,863	$4,062	$4,272	$5,226	$ 6,423	$ 8,080
Deposits with other banks	3	5	4	6	23	45	112	51	35	30
Securities	966	949	1,068	1,198	1,284	1,374	1,696	1,848	1,853	1,988
Total Canadian	$3,380	$3,599	$4,005	$4,594	$5,170	$5,481	$6,080	$7,125	$ 8,311	$10,098
Foreign										
Loans	$ 522	$ 527	$ 532	$ 542	$ 577	$ 824	$1,016	$1,283	$ 1,394	$ 1,667
Deposits with other banks	230	313	358	446	957	1,273	1,445	1,420	1,858	2,998
Securities	118	68	58	69	88	71	47	39	49	122
Total Foreign	$ 870	$ 908	$ 948	$1,057	$1,622	$2,168	$2,508	$2,742	$ 3,301	$ 4,787
Total Earning Assets	$4,250	$4,507	$4,953	$5,651	$6,792	$7,649	$8,588	$9,867	$11,612	$14,885

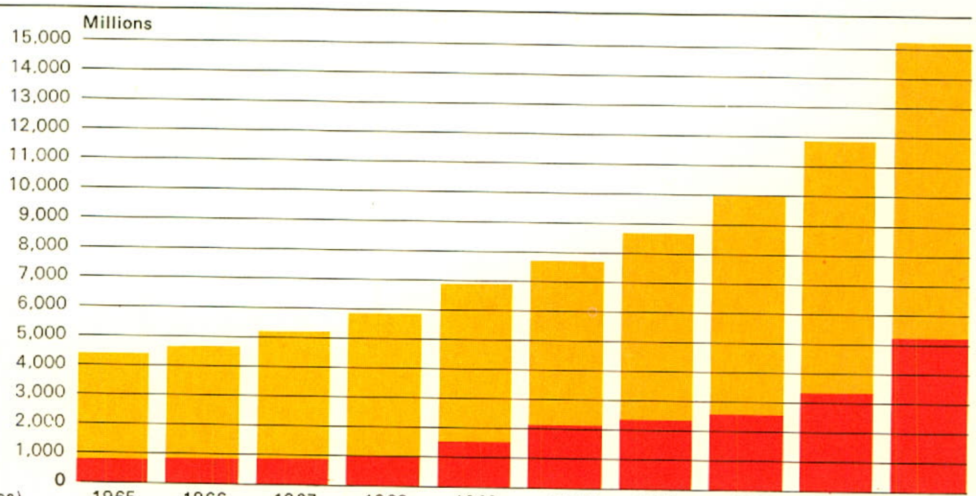
Average Rate Earned on Earning Assets



Fiscal years (Average of month-end figures)	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
Canadian and Foreign Loans* ($ Millions)	$3,166	$3,490	$3,828	$4,384	$5,421	$6,205	$6,845	$7,980	$9,710	$12,775
Income from Loans ($ Millions)	187	215	238	306	433	544	517	558	790	1,342
Estimated Average Rate Earned	5.92%	6.16%	6.22%	6.98%	8.00%	8.76%	7.55%	6.99%	8.14%	10.50%
Canadian and Foreign Securities ($ Millions)	$1,084	$1,017	$1,125	$1,267	$1,372	$1,445	$1,743	$1,887	$1,902	$ 2,110
Income from Securities ($ Millions)	47	49	56	72	84	94	101	107	117	148
Estimated Average Rate Earned	4.33%	4.87%	4.96%	5.66%	6.12%	6.48%	5.81%	5.64%	6.15%	7.01%

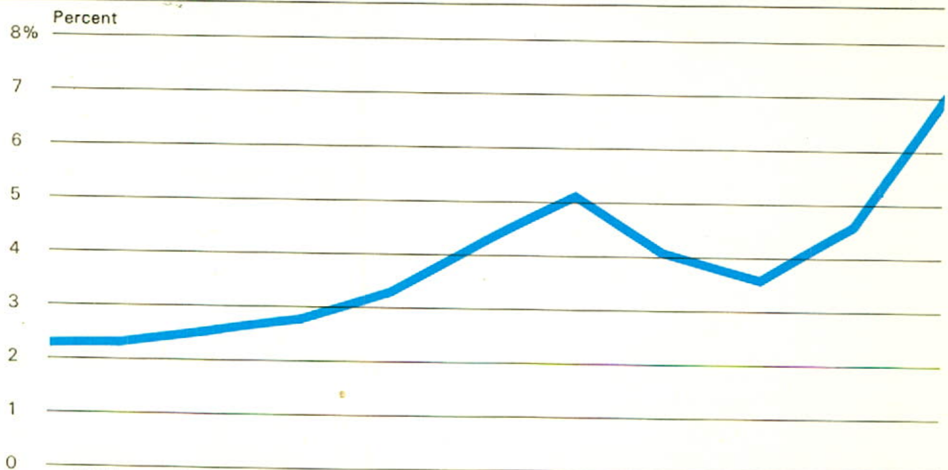
*Includes deposits with other banks.

Deposits and Debentures



Fiscal years (average of month-end figures)	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
Canadian										
Deposits by other banks	$ 47	$ 49	$ 52	$ 52	$ 59	$ 78	$ 66	$ 88	$ 102	$ 131
Other Deposits and Debentures	3,595	3,837	4,313	4,836	5,322	5,530	6,290	7,320	8,401	9,868
Total Canadian	$3,642	$3,886	$4,365	$4,888	$5,381	$5,608	$6,356	$ 7,408	$ 8,503	$ 9,999
Foreign										
Deposits by other banks	$ 199	$ 219	$ 249	$ 266	$ 454	$ 719	$1,062	$ 1,361	$ 1,968	$ 2,911
Other Deposits	656	664	639	738	1,109	1,449	1,289	1,234	1,400	2,354
Total Foreign	$ 855	$ 883	$ 888	$1,004	$1,563	$2,168	$2,351	$ 2,595	$ 3,368	$ 5,265
Total Deposits and Debentures	$4,497	$4,769	$5,253	$5,892	$6,944	$7,776	$8,707	$10,003	$11,871	$15,264

Average Rate Paid on Total Deposits and Debentures



Fiscal years (Average of month-end figures)	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
Total Deposits and Debentures ($ Millions)	$4,497	$4,769	$5,253	$5,892	$6,944	$7,776	$8,707	$10,003	$11,871	$15,264
Interest on Deposits and Debentures ($ Millions)	108.0	123.9	148.3	199.4	300.0	401.7	361.7	366.7	549.4	1,081.0
Average Rate Paid on Total Deposits and Debentures	2.40%	2.60%	2.82%	3.38%	4.32%	5.17%	4.15%	3.67%	4.63%	7.08%

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G. Arnold Hart

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Chief Executive Officer
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Vice-President,
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and Chief General Manager
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and General Manager,
Credit and Investments
S. M. Davison

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and General Manager,
Eastern Operations
J. D. C. de Jocas

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and General Manager,
Central Operations
H. M. MacDougall

Executive Vice-President
M. A. Massé

Executive Vice-President
and General Manager
International Banking
J. D. van Oenen

As at January 1, 1975

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Senior Vice-President
United States, Caribbean
and Latin America
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Vice-President and
Senior Manager, Credit
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Vice-President
and Secretary
Robert Muir

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Administration
International Banking
E. C. O'Brien

Vice-President and
Senior Manager, Credit
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Vice-President
and Comptroller
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Vice-President
Advanced System Design
and Development
A. S. Rathnau

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Vice-President
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Vice-President
Western Quebec Region
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Vice-President,
Special Duties
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As at January 1, 1975

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Derek Whittle

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V. C. Vijaya Raghavan

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Representative for
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R. L. Legge

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Indonesia

Representative,
P. R. Perrin

As at December 9, 1974

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New York, New York 10005

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D. R. McCallum

Bank of Montreal (California)
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Chairman,
Nathaniel Paschall

President,
Matthew P. Murphy

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San Francisco,
California 94104

Los Angeles Branch,
508 South Spring Street,
Los Angeles 90013

Sacramento Branch,
455 Capital Mall,
Sacramento 95814

San Diego Branch,
257 C. Street,
San Diego 92101

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D. E. Mundell
M. P. Murphy

Resident in Los Angeles:
J. G. Braun
N. Paschall
D. P. Renda

Resident in Montreal:
B. C. Marshall
F. H. McNeil
J. D. van Oenen

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Chairman,
Hon. K. G. L. Isaacs, C.B.E., Q.C.

Managing Director
R. E. W. Bryan

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Nassau, Bahamas

Nassau Branch,
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Nassau, Bahamas

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Freeport, Bahamas

Directors

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Sir Guy W. Henderson, Q.C.
Hon. K. G. L. Isaacs, C.B.E., Q.C.

Resident in Montreal:
F. H. McNeil
F. M. Thomson

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Cayman Islands, B.W.I.

Managing Director,
C. W. Harris

Manager,
B. Patrick Randall

Jamaica

Bank of Montreal Jamaica Limited
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P.O. Box 261,
Kingston, Jamaica

General Manager,
S. Blair Lindsay

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111/115 Harbour Street,
P.O. Box 261,
Kingston, Jamaica

Half Way Tree Branch,
13½ Constant Spring Road,
P.O. Box 121,
Kingston 10, Jamaica

New Kingston Branch,
73 Knutsford Blvd.,
Kingston 5, Jamaica

Mandeville Branch,
Mandeville Plaza,
Mandeville, Jamaica

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F. W. van der Sleesen

Manager,
J. Kelderman

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Managing Director,
C. van Dongen

As at December 9, 1974

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BM-RT Ltd.
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