

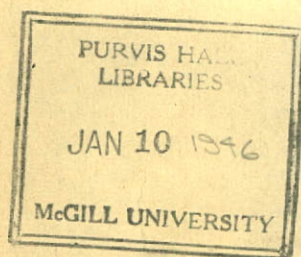
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BANK OF MONTREAL

1945

Annual General Meeting

Held 3rd December, 1945



BANK OF MONTREAL

(ESTABLISHED OVER 125 YEARS)

INCORPORATED BY ACT OF PARLIAMENT

HEAD OFFICE—MONTREAL

BOARD OF DIRECTORS

H. R. DRUMMOND, *Chairman of the Board*

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

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

C. F. SISE, *Vice-President*

B. C. GARDNER, *Vice-President*

ROSS H. McMASTER
W. G. MURRIN
G. BLAIR GORDON
ROBERT A. LAIDLAW
JOHN A. MACAULAY, K.C.
D'ALTON C. COLEMAN
J. A. HUMBIRD

NORMAN J. DAWES
LOUIS L. LANG
H. W. MOLSON
R. G. IVEY, K.C.
GORDON C. LEITCH
G. E. BARBOUR
R. C. BERKINSHAW

W. SANFORD EVANS
L. J. BELNAP
THE HON. CHARLES A. DUNNING, P.C.
J. V. R. PORTEOUS
C. G. HEWARD, K.C.
THE HON. LUCIEN MORAUD, K.C.
HENRY G. BIRKS

B. C. GARDNER, *General Manager*

LONDON COMMITTEE

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

CAPITAL, <i>paid up</i>	- - - - -	\$	36,000,000.00
REST AND UNDIVIDED PROFITS	- - - - -	\$	42,188,502.90
TOTAL ASSETS	- - - - -	\$	1,715,934,320.49

THE 128th Annual General Meeting of the Shareholders of the Bank of Montreal was held on the 3rd December, 1945, in the Board Room at the Bank's headquarters.

Among those present were: A. D. Anderson, R. Audet, G. R. Ball, George E. Barbour, Arthur Barry, H. N. Becker, F. G. Belcher, L. J. Belnap, G. F. Benson, Jr., W. D. Benson, R. C. Berkinshaw, Henry G. Birks, W. B. Blackader, J. S. Bolton, F. W. M. Brown, W. W. Bruce, N. P. Bryant, George A. Campbell, K.C., R. V. Campbell, W. H. Campbell, F. D. Chapman, Ross Clarkson, D. M. Cleland, D'Alton C. Coleman, F. W. Collins, A. T. Corner, W. R. Creighton, C. S. Cummer, Norman J. Dawes, H. R. Drummond, The Hon. Charles A. Dunning, P.C., C. G. Dunning, W. R. Eakin, G. T. Eaton, R. E. English, W. Sanford Evans, Col. R. L. H. Ewing, W. Fairbairn, A. J. N. Foss, A. E. Francis, B. C. Gardner, Brig. A. Hamilton Gault, D.S.O., M. H. Gault, G. Blair Gordon, G. H. Greening, W. T. G. Hackett, H. J. Hague, K.C., A. J. L. Haskell, C. Henderson, G. W. S. Henderson, G. E. Hervey, C. G. Heward, K.C., George Hogg, F. H. Hopkins, G. B. Howard, J. A. Humbird, Joseph Hurtubise, T. M. Hutchison, The Hon. G. Gordon Hyde, K.C., R. G. Ivey, K.C., A. C. Jensen, M. A. Johns, R. E. Knight, Robert A. Laidlaw, J. N. Laing, Louis L. Lang, Gordon C. Leitch, Mostyn Lewis, J. S. Lightcap, J. A. MacAulay, K.C., W. T. A. MacFadyen, A. Macpherson, J. MacRae, H. P. McCabe, George C. McDonald, C.A., C. O. McGirr, Ross H. McMaster, T. E. Merrett, Maj.-Gen. The Hon. S. C. Mewburn, C.M.G., J. O. R. Methot, J. W. Michel, H. W. Molson, The Hon. Lucien Moraud, K.C., W. G. Murrin, Frank W. Nelles, Lt.-Col. Gavin L. Ogilvie, H. S. Oliver, Mrs. Ida Ornstein, Elzear Orchard, Col. A. T. Paterson, D.S.O., O.B.E., E.D., John Paterson, C.A., Eugene Payette, G. F. Pearson, L. H. Pinsonnault, J. V. R. Porteous, V. R. Purser, F. W. Quane, H. M. Rawlings, E. E. Rutherford, J. M. Sanders, O. R. Sharp, G. Ross, H. Sims, C. F. Sise, L. L. Sinclair, L. W. Smith, George W. Spinney, C.M.G., D. A. Stewart, E. H. Stewart, E. deB. Strathy, H. Percy Thornhill, L. W. Townsend, R. H. Turley, J. H. F. Turner, R. J. Williams.

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

Mr. Ross H. McMaster moved, seconded by Mr. L. J. Belnap, that Col. Royal L. H. Ewing and Mr. Mostyn Lewis be appointed to act as Scrutineers, and that Mr. C. H. Cronyn be Secretary of the Meeting. This was carried unanimously.

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

THE ANNUAL REPORT

The Directors have pleasure in presenting the Report showing the result of the Bank's business for the year ended 31st October, 1945

PROFIT AND LOSS ACCOUNT

Profits for the year ended 31st October, 1945, after making appropriations to Contingent Reserve Fund, out of which full provision for Bad and Doubtful Debts has been made, and after making provision of \$579,840.48 for depreciation of Bank Premises, Furniture and Equipment.....	\$5,719,681.58
Estimated Income and Excess Profits Taxes (of which \$174,455.23 would be refundable under the provisions of the Excess Profits Tax Act).....	2,785,000.00
	<hr/> \$2,934,681.58
Quarterly Dividend 1½ per cent. paid 1st March, 1945.....	\$540,000.00
Quarterly Dividend 1½ per cent. paid 1st June, 1945.....	540,000.00
Quarterly Dividend 1½ per cent. paid 1st September, 1945.....	540,000.00
Quarterly Dividend 1½ per cent. payable 1st December, 1945.....	540,000.00
	<hr/> 2,160,000.00
Amount carried forward.....	\$ 774,681.58
Balance Profit and Loss Account 31st October, 1944.....	2,413,821.32
	<hr/> \$3,188,502.90
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(Signed) GEORGE W. SPINNEY,
President.

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

During the financial year, six offices were opened in the Dominion of Canada.

The Directors have to record with deep regret the death of their late valued colleagues, Sir Frederick Williams-Taylor, LL.D., and Mr. S. G. Blaylock, B.Sc., LL.D.; the former a member of the Board since 1929, a Vice-President from 1929 to 1932, and a member of the London Advisory Committee since 1932, and the latter elected a Director in 1942, and of Mr. F. R. S. Balfour, C.V.O., who was appointed to the London Advisory Committee in 1918.

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

(Signed) GEORGE W. SPINNEY, *President.*

Bank of Montreal, 3rd December, 1945.

THE GENERAL STATEMENT

The General Statement of the position of the Bank on 31st October, 1945, was submitted as follows:

LIABILITIES

1. Capital paid up.....	\$ 36,000,000.00
2. Rest or reserve fund.....	\$ 39,000,000.00
3. Dividends declared and unpaid.....	553,431.54
4. Balance of profits, as per profit and loss account.....	3,188,502.90
	<u>42,741,934.44</u>
	\$ 78,741,934.44
5. Notes in circulation.....	\$ 6,619,026.50
6. Deposits by and balances due to Dominion Government.....	49,689,762.40
7. Deposits by and balances due to provincial governments.....	28,809,939.04
9. Deposits by the public not bearing interest.....	640,493,806.16
10. Deposits by the public bearing interest, including interest accrued to date of statement.....	857,265,624.47
11. Deposits by and balances due to other chartered banks in Canada.....	3,355,790.28
12. Deposits by and balances due to banks and banking correspondents elsewhere than in Canada.....	33,813,783.21
	<u>1,620,047,732.06</u>
13. Acceptances and letters of credit outstanding.....	16,895,827.58
14. Liabilities to the public not included under the foregoing heads.....	248,826.41
	<u>\$1,715,934,320.49</u>

ASSETS

1. Gold and subsidiary coin held in Canada.....	\$ 2,270,828.28
2. Gold and subsidiary coin held elsewhere.....	19,369.72
3. Notes of Bank of Canada.....	37,728,395.50
4. Deposits with Bank of Canada.....	120,977,865.05
5. Notes of and cheques on other banks.....	\$ 62,756,780.86
6. Government and bank notes other than Canadian.....	911,432.87
7. Deposits with and balances due by other chartered banks in Canada.....	46.88
8. Due by banks and banking correspondents elsewhere than in Canada.....	61,306,422.68
9. Dominion government direct and guaranteed securities maturing within two years, not exceeding market value.....	519,646,693.72
10. Other Dominion government direct and guaranteed securities, not exceeding market value.....	369,037,692.57
11. Provincial government direct and guaranteed securities maturing within two years, not exceeding market value.....	41,903,114.63
12. Other provincial government direct and guaranteed securities, not exceeding market value.....	63,261,912.56
13. Canadian municipal securities, not exceeding market value.....	21,615,015.54
14. Public securities other than Canadian, not exceeding market value.....	72,866,874.88
15. Other bonds, debentures and stocks, not exceeding market value.....	29,606,692.65
16. Call and short (not exceeding thirty days) loans in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover.....	17,968,798.99
17. Call and short (not exceeding thirty days) loans elsewhere than in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover.....	42,448,306.52
	<u>1,303,329,785.35</u>
	1,464,326,243.90
18. Current loans and discounts in Canada, not otherwise included, estimated loss provided for.....	\$ 201,744,079.24
19. Current loans and discounts elsewhere than in Canada not otherwise included, estimated loss provided for.....	11,339,686.04
20. Loans to provincial governments.....	2,095,035.70
21. Loans to cities, towns, municipalities and school districts.....	4,751,521.21
22. Non-current loans, estimated loss provided for.....	334,018.96
	<u>220,264,341.15</u>
23. Liabilities of customers under acceptances and letters of credit as per contra.....	16,895,827.58
24. Real estate other than bank premises.....	592,029.88
25. Mortgages on real estate sold by the bank.....	268,104.28
26. Bank premises at not more than cost, less amounts, if any, written off.....	10,571,610.18
27. Deposit with the Minister of Finance for the security of note circulation.....	409,076.58
28. Shares of and loans to controlled companies.....	1,489,552.54
29. Other assets not included under the foregoing heads (but including refundable portion of Dominion Government Taxes \$1,054,611.19).....	1,117,534.40
	<u>\$1,715,934,320.49</u>

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

GEORGE W. SPINNEY,
President.

B. C. GARDNER,
General Manager.

TO THE SHAREHOLDERS OF THE BANK OF MONTREAL

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

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

GEORGE C. McDONALD, C.A.,
of the firm of McDonald, Currie & Co.
JOHN PATERSON, C.A.,
of the firm of Riddell, Stead, Graham & Hutchison

Auditors.

MONTREAL, 19th NOVEMBER, 1945

BANK OF MONTREAL TRUST COMPANY
(New York)

Balance Sheet as at 31st October, 1945

ASSETS	U.S. Currency	LIABILITIES	U.S. Currency
Due from Banks:		Deposits:	
Approved Reserve Depositories.....	\$ 161,549.34	Trust Funds.....	\$ 2,867.72
Other Banks and Bankers (Foreign).....	12,381.86	Demand.....	74,213.67
	\$ 173,931.20	Time.....	36,855.05
Investments:		Due to Banks, Bankers and Trust Com-	
*United States Government Securities....	\$1,616,143.08	panies.....	1,392.20
Accrued Interest.....	9,723.42		\$ 115,328.64
	1,625,866.50	Reserve for Taxes.....	8,117.61
(Quoted Market Value, 31st October, 1945—\$1,664,796.89)		Other Liabilities.....	1,787.61
*These include \$100,000 United States of America Treasury Bonds which, in accordance with New York State Banking Law, are deposited with and registered in the name of the Superintendent of Banks of the State of New York.		Capital and Surplus:	
		Capital Stock—	
		Authorized, Issued and Fully Paid—	
		10,000 Shares of \$100.00 each.....	\$1,000,000.00
		Surplus.....	554,000.00
		Undivided Profits.....	137,477.05
			1,691,477.05
Other Assets.....	16,913.24		
	<u>\$1,816,710.94</u>		<u>\$1,816,710.94</u>

NOTE:—

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

Auditors' Report to the Shareholders

We have made an examination of the books and accounts of Bank of Montreal Trust Company as at 31st October, 1945, and we have obtained all the information and explanations which we have required.

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

GEORGE C. McDONALD, C.A.,
JOHN PATERSON, C.A.,
Auditors.

MONTREAL, 19th November, 1945.

HOCHELAGA REALTY AND DEVELOPMENT COMPANY

Balance Sheet as at 31st October, 1945

ASSETS	U.S. Currency	LIABILITIES	U.S. Currency
Real Estate, Buildings and Equipment (64-68 Wall Street, New York), less Reserves for Depreciation.....	\$1,107,802.08	Capital Stock:	
Prepaid Taxes, Insurance, etc.....	19,168.80	Authorized, Issued and Fully Paid—	
Investments:		100 Shares of \$100.00 each.....	\$ 10,000.00
United States Government Securities....	\$20,000.00	Twenty-Year Four Per Cent. Gold Debentures—	
Accrued Interest.....	150.00	Due 1st March, 1950.....	\$1,000,000.00
	20,150.00	Twelve-Year Four Per Cent. Debenture Bonds—	
(Quoted Market Value, 31st October, 1945—\$20,700.00)		Due 1st March, 1950.....	250,000.00
Cash.....	23,475.24		1,250,000.00
	\$1,170,596.12	(Interest on the Debentures for the period 1st March, 1945, to 1st March, 1946, was reduced to three per cent.)	
Deficit.....	105,467.10	Accrued Debenture Interest.....	6,250.00
	<u>\$1,276,063.22</u>	Reserve for Taxes.....	6,200.00
		Accounts Payable.....	3,613.22
			<u>\$1,276,063.22</u>

NOTE:—

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

Auditors' Report to the Shareholders

We have made an examination of the books and accounts of Hochelaga Realty and Development Company as at 31st October, 1945, and we have obtained all the information and explanations which we have required.

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

GEORGE C. McDONALD, C.A.,
JOHN PATERSON, C.A.,
Auditors.

MONTREAL, 19th November, 1945.

THE ST. JAMES LAND COMPANY LIMITED

Balance Sheet as at 31st October, 1945

ASSETS

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

\$200,001.00

\$200,001.00

LIABILITIES

Capital Stock:

Authorized, Issued and Fully Paid—

200 Shares of \$100.00 each..... \$ 20,000.00

Capital Surplus..... 180,001.00

\$200,001.00

*NOTE:—

The St. James Land Company's rights in the above described emplacement and building have been hypothecated by The St. James Land Company Limited to the extent of \$247,449.67 to secure bonds and mortgage of Insurance Exchange Corporation Limited, for the payment of which amount The St. James Land Company Limited is not personally liable. The Capital Stock is entirely owned by the Bank.

C. H. CRONYN, Director.

J. T. STEVENS, Director.

Auditors' Report to the Shareholders

We have made an examination of the books and accounts of The St. James Land Company Limited as at 31st October, 1945, and we have obtained all the information and explanations which we have required.

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

GEORGE C. McDONALD, C.A.,

JOHN PATERSON, C.A.,

Auditors.

MONTREAL, 19th November, 1945.

The President's Address

GENTLEMEN:—It is with a deep sense of loss that I have to record the death since our last meeting of two of our Directors, Sir Frederick Williams-Taylor and Mr. S. G. Blaylock. Sir Frederick had been associated with the Bank in many capacities for a period of over sixty-seven years. He attained eminence in the banking world as Manager of our London Office from 1905 to 1913, and subsequently as General Manager for a period of sixteen years until his retirement from active service in 1929. As I had been closely associated with Sir Frederick for many years in the Head Office, I refer to his passing with a special sense of regret. Mr. Blaylock, whose death took place only a fortnight ago, was a most valued member of our Board. He had great human qualities which endeared him alike to his associates in business and to the employees of the great Company of which he was President for so many years. He will be sadly missed by his colleagues on the Board of this Bank. I also mention with regret the death of Colonel F. R. S. Balfour who had been a valued member of our London Committee since 1918.

You will be asked to-day to approve the election to our Board of Mr. Henry G. Birks, a leading merchant of the City of Montreal. Also, in view of the importance of Toronto as a financial and business centre, we think it desirable now to increase our Board representation in that City. With this end in view the name of Mr. R. C. Berkinshaw, a well-known Toronto business man, will be put forward for election later on in this meeting.

Profit and Loss Statement

The General Manager will as usual deal with important Balance Sheet changes, so I shall refer only to the Profit and Loss Statement. After making provision for contingencies and after providing \$2,785,000 for estimated Income and Excess Profits taxes, the profits for the year aggregated \$2,934,000, of which \$2,160,000 has been paid out in dividends and \$774,000 added to the balance of Profit and Loss carried forward.

As a matter of interest I may say that from 1939 to 1945 inclusive we have provided \$19,532,000 for Dominion and Provincial Government taxation, as compared with \$17,820,000 paid in dividends to shareholders and \$2,229,000 transferred to Profit and Loss Account.

We welcome the recently proposed reduction in the Excess Profits tax to take effect from the beginning of the next calendar year. It is encour-

aging to note the recognition in the recent budget speech that this tax, while justifiable as an instrument of war finance, weakens the stimulus towards the investment of capital and the efficient operation of business enterprises, and we welcome the assurance that the tax will not be retained indefinitely.

While our operating income has been well maintained the cost of doing business shows an upward trend under a number of headings, to which I shall refer briefly.

Over the past two years our Deposits Payable After Notice, generally referred to as Savings Deposits, have increased by upwards of \$200,000,000. The interest charges on these new deposits amount to a very considerable sum. As an offset there has been a large increase in our security holdings, from which however the interest yields are decidedly on the low side.

Our staff expenses too have sharply increased because the heavy volume of routine has compelled us to increase the number of our personnel.

Another point I should emphasize is that Government restrictions have not allowed us over the war years to undertake capital expenditures for completion of new buildings and renovation of old ones, so that we have now reached a point where substantial sums must be spent under these headings to enable us to keep pace with an expanding volume of business. When these capital expenditures have been made they will, of course, increase our maintenance charges to some degree. The public are coming to us in greater numbers and we must be in a position to give a high standard of service.

I might add that in spite of higher operating costs and substantially higher taxation during the war years, our charges for banking services to the public have not been increased and in some cases, particularly in connection with lending rates, the charges have been reduced. Banking services therefore, in contrast to most other services, have not in any way contributed to higher production costs, higher living costs or higher prices.

The Background of Reconstruction

On these occasions it is customary for your President to say something of the broad background of developments against which we all have to shape our affairs. I confess that I find this a particularly difficult assignment this year, since we stand—sooner than most of us had dared to hope—at one of the crucial turning points of history. For six long years the efforts of most of mankind have in one way or another been diverted to the purposes of

destruction. The enemies of our way of life have at last been brought to defeat. But no thinking person can fail to be awed by the magnitude of the task of reconstruction now before us.

By sheer accident of geography, we in Canada have been spared war's direct ravages and horrors within our own borders, although we have shared in its sorrow and heartache. But in pointing to the sacrifices we have been spared I do not attempt for a minute to belittle what has actually been accomplished by this country. The valorous achievements of our fighting forces deserve our homage and undying gratitude. We may be more than a little proud of the way in which this country's productive and transport facilities were mobilized for war; and I think too that at least something may be said of the part played by those many Canadians whose own wartime tasks may have been neither stimulating nor spectacular, but who have done their work with dogged determination, who have accepted cheerfully the financial burdens of war, and who have been in the vanguard of every worthwhile community and national effort. I do not think that people such as these need apologize for feeling just a little tired and a little impatient for a return to something approaching a normal way of living.

But although many may feel war weary, the problems of reconstruction will not bide our time. That "post-war era" about which so much has been written and said, is no longer a theoretical abstraction. The post-war is here and now; and with it comes the realization that, in its own way, peace will make its demands no less than war.

Some of the objectives of reconstruction have been outlined for the Canadian people in very precise terms. Statements by Government have indicated that a high level of employment under immediate post-war conditions means about a million more jobs in peacetime production than were in existence before the war. Similarly, we have been told that in relation to desired levels of employment and income, our post-war export trade target must be approximately one and three quarter billion dollars for merchandise and gold. This figure is about 60% greater than the pre-war level in dollar value, although only about 15% higher than pre-war in terms of actual volume of goods shipped abroad. Fortunately there has been some hard thinking done concerning the fundamental importance of our post-war export trade position, with due emphasis on the role which we must assume as a creditor nation on current international account. We have become acutely conscious that our power to export will be deter-

mined not only by the cost of our own goods, which must compete with others, but also by our capacity and willingness to import; and to the extent that the gap between our exports and our imports is not bridged, flexible credit arrangements will be necessary. Consideration of the realities of our probable post-war trade relationships has also underlined the extent of this country's vital concern with the speedy restoration of a world trading system free from the restrictions of bilateral devices. These are all matters of utmost importance but they have been much in the forefront of public discussion lately and I do not propose to do more than mention them on this occasion.

Not only have the broad objectives of reconstruction been stated, but in addition we have on the statute books a number of important new legislative devices, each designed in its particular way to assist business and industry in the achievement of the goal of a high level of income and employment.

Our Favoured Position

Moreover while Canada, like some other countries, has gone a good way with what might be termed the "paper work" of reconstruction, I think it a fair statement that few countries can step from the realm of planning to performance under such favourable conditions as Canada enjoys. We have a population which is intelligent, adaptable and not undermined physically by the strain of war. Our productive equipment has not been reduced to twisted wreckage. While our material resources have to some extent been taxed by abnormal wartime demands, by any reasonable standard of comparison we are richly endowed. We have a long tradition of stable government within the framework of democracy. Our monetary system is sound and we have been spared the hardships and injustices of uncontrolled inflation. We live on the best of terms with our neighbours. Some of these blessings, which we are prone to accept as the natural order of things, are all too rare in the world as it is to-day. And when we look at the Continent of Europe and see such widespread destruction and dislocation—not only of productive facilities but of commercial relationships and confidence between man and man—when we consider the nature and extent of the physical and financial impact of the war upon the United Kingdom, can we avoid the conclusion that here on this North American Continent we Canadians live in a favoured land? I do not seek to minimize the difficulties of our transitional period, but I do

suggest that our problems and responsibilities are in the main those of a "have" nation, in sharp contrast to the well-nigh appalling tasks which confront many of the "have-nots".

The Challenge of Readjustment

Of all the readjustments which we in Canada must now make, by no means least important is the changeover in our mental attitudes. This transition is the more difficult because in some respects there will still be need for wartime thinking for many months to come. To illustrate, it is quite evident that inflationary pressures are now, if anything, more intense and more fraught with potential danger than at any time during the years of actual conflict. In consequence, the need for continuance of the wartime pattern of voluntary restraint, and for intelligent acceptance of appropriate stabilization controls, still remains as a challenge to the good sense of the Canadian people. The manner in which we meet that challenge will determine whether we tackle the tasks of reconstruction against a background of stable monetary conditions or in the turbulent atmosphere of inflationary boom and subsequent collapse.

But there are other respects in which I cannot but feel that wartime thinking needs clear-sighted revision. One of the statements we hear so often to-day is, "What we can do in war we can do in peace," the inference being of course that the full employment and high level of national income which characterized the war economy can be easily duplicated now that the war is over. To my mind such reasoning is dangerously oversimplified. To meet the insatiable demand for armaments is one thing; to build up and maintain consumer markets in a peacetime world is quite another, and the changeover cannot be effected by formula. War of necessity creates a wasteful process of borrowing, taxing and spending, for goods which are quickly destroyed and for services which take some of our finest young lives. The whole purpose of the vast mobilization of human and material resources has been the defeat of our enemies and the survival of our way of life. In the accomplishment of this task the normal objectives of economic and social organization have had to be pushed far into the background. The individual has had to accept a multitude of restrictions upon his liberty of action. Now that the war is over, we are, I profoundly hope, through with prodigious waste of resources. We must now produce for useful consumption and, where we produce more than we can use ourselves, we must strive to exchange the surplus for the

products of other nations. Moreover, I do not think any of us would care to accept wartime restrictions and wartime financial burdens as a permanent addition to a peacetime way of life.

Government Spending in a Post-War Economy

While we are all acutely conscious of the weight of the existing burden of taxation, it is clearly evident that in one way or another the Canadian people will continue to expect more in the way of governmental facilities and assistance than before 1939. I believe there is a place for such measures in our post-war economy if they are soundly conceived and wisely administered. But the danger is that we may be so fascinated by the framework of reconstruction and social security legislation, present and proposed, that we fail to appreciate the inherent limitations of all such devices.

The demand for social security through government action, clearly apparent before the war, was greatly increased during the years of the conflict itself; and it is not surprising that a generation which has experienced two world wars and a major depression should to-day aim at nothing less than the elimination of the hazards of want, unemployment, sickness and penurious old age, as part of the better life which it seeks. Nothing could be further from my intent than to argue that social security measures are without value to the community. But we deceive ourselves and others if we accept and promulgate the idea that security can emanate effortlessly from government, acting in the role of benevolent and bountiful provider.

I see no reason to believe that there can ever evolve an economic system so ingeniously contrived that everyone will have a high living standard and social security waiting for him as a matter of right, whether he works hard for it or not. It might be very nice if we could all live on Government cheques, but life on this planet being as it is, someone has to plough and reap, to plan and build, to exercise qualities of initiative, foresight and daring; and only this totality of productive effort can provide a real and enduring basis for material welfare and economic security.

If, as we plan for the future, we attempt to ensure national prosperity by accepting lightheartedly each proposed new item of public expenditure, in the belief that benefits will return like dew upon the thirsty earth, we shall suffer a rude awakening. Government can distribute no benefits that individuals, through their labour, do not provide. In time of war it has been possible to divert to the

State a fantastically large proportion of the product of the effort of the individual citizen. The public in wartime have been ready and willing to make the sacrifice in living standards which high taxation involves, because of overwhelming acceptance of the necessity of a supreme effort for survival. The peacetime background will be different. The various items of expenditure will not by any means command the same degree of unanimous approval, and once consumer goods are again available in adequate quantities it will be difficult for the individual to comprehend why, through the impact of heavy taxation, his own buying power should be reduced. Under such conditions the limits within which the product of individual effort may be redistributed by legislative action, no matter for what praiseworthy purpose, become very much narrower than in wartime. If we ignore this fact the result cannot fail to be diminished incentives, dislocation and discontent, and a strong upward pressure on costs of production—matters of considerable moment in relation to our post-war objectives of a high level of production and employment at home, and an expanding external trade.

The Rebirth of Competitive Effort

I come now to another point. I suppose the greatest single economic change wrought by the war in all countries has been the virtual disappearance of the free market and its replacement by a network of controls touching every phase of commercial and industrial activity. During the war, industry has operated under a regime of pegged prices, pegged production schedules and pegged profits. Many controls have already disappeared but a good many still remain. As I have already said, I am convinced that the necessity for price controls and certain other restrictions has not yet passed. But I do feel that every remaining control measure should henceforward be subject to closest scrutiny and none maintained beyond the period in which the need is definite and clear.

Let us not lose sight of the fact that just as expanded productive activity is the ultimate basis of material welfare, so is it also the ultimate safeguard against inflation. And I know of no better stimulus to production than healthy competitive effort, free from unnecessary restrictions, seeking to fulfil the myriad desires of consumers, both at home and abroad. Such creative effort is the peculiar genius of private enterprise and from it must come the impulse upon which Canadian income and employment depend. As never before,

Canadian business and industry in the years immediately ahead will need men with new ideas and with the capacity to put these ideas into effect.

A Creative Banking Policy

I would be the first to admit that what I have said with respect to the need for a flexible and imaginative approach to post-war tasks on the part of business and industry applies with fully equal force to financial institutions, and I want to assure you that this is something we are keeping before us in the day-to-day conduct of this Bank.

It is of course an axiom of sound banking that protection of depositors' funds must always remain of the first importance; but a bank, if it is to fulfil its function, must not only provide ample and undoubted protection to depositors but must, within its appropriate sphere, serve the credit needs of the community. To this end our policy is to see that our lending facilities and other services are made as broadly available as they can possibly be; and as part of this policy new methods and adaptation of old ones to meet new conditions are constantly being studied. In my remarks to shareholders at our last meeting, I suggested that real and enduring economic security can only be achieved through risk. To relate this to our own affairs, I might add that in my view, risk-free banking is hardly banking at all; and if we are to maintain a progressive outlook we must meet new conditions with courage and confidence.

For such an institution as ours, a time like the present is one requiring some self-examination. It is no time to rest on laurels of a great tradition and great strength. These qualities are of greatest value when they contribute to progress, and it will be our constant endeavour to keep this Bank in the vanguard of constructive and useful development in the service of the Canadian community.

The Responsibilities of Power

At the beginning of these remarks I referred to Canada as one of the "have" nations of the world. I think one can go further to suggest that through the war years this Dominion has attained many of the attributes of power—not in the sense of capacity for aggression or aggrandizement but in those qualities which can contribute to the restoration of a sane world order. Our resources, our productive potential, and the position we occupy as the member of the British Commonwealth in closest geographical and cultural proximity to the United States, combine to give us a position of

influence in world affairs far out of proportion to our size in point of population. That great statesman of the last century, William Ewart Gladstone, once said:

"The true test of a man, the true test of a class, the true test of a people—is power. It is when power comes into their hands that the real trial comes."

This then is a time of "real trial" for Canada. Let us hope that we may meet its challenge not only in the confidence born of a sense of power and influence but also with a broader and deeper sense of the responsibilities of good citizenship which will be fully manifest in our approach to national affairs and in our influence for good among the community of nations.

The General Manager's Address

MR. CHAIRMAN AND GENTLEMEN:—

I have the honour to present to you the 128th Balance Sheet of the Bank.

Since our last meeting the shadow of war has lifted, but our business for most of the year was conducted under war conditions and to a large extent these conditions are still reflected in our accounts and operations. We are so close to recent great events that it is difficult to appraise their true significance. During the long years of war this Bank through its policies, its services and its personnel has supported the war effort as a first consideration under all conditions and circumstances. While the war has left a legacy of unresolved difficulties, many of them international in character, I trust we may look forward to a long period in which our meetings can be held under more normal conditions.

The General Statement

The Balance Sheet figures reflect generally the same features of wartime expansion that have characterized our operations over the past six years. Important changes during the year have been as follows:—

Total assets now aggregate \$1,715,934,000, an increase of \$189,200,000 over the total of \$1,526,734,000 at the end of the previous year. Quick assets aggregate \$1,464,326,000 or 89.4% of all liabilities to the public. In valuing our assets

provision has been made for bad and doubtful debts and depreciation of securities.

Our deposits with the Bank of Canada, plus our holdings of Bank of Canada notes, aggregate \$158,706,000 or 11.50% of all deposit liabilities in Canadian dollars. Adequate cash reserves are held against our foreign liabilities.

Investments, not exceeding market value, carried at \$1,117,937,000 increased during the year by \$162,018,000. Dominion Government securities increased by \$116,954,000, reflecting a further increase in the special issues of Dominion of Canada six-month Deposit Certificates sold direct to the banks, and open market purchases of other Dominion issues. Our holdings of Provincial Government securities increased by \$24,314,000, while other investments increased by \$20,749,000. I shall refer later to the wartime increase in our investments, which are now the largest section of our assets.

Call and Short Loans abroad at \$42,448,000 are in slightly lower figures and continue to reflect the employment of special funds arising from deposits of a temporary nature. Call and Short Loans in Canada increased by \$11,337,000, principally as a result of increased activity in the securities markets.

Current Loans and Discounts at \$219,930,000 compare with \$214,451,000 at the end of the previous year. A smaller crop, combined with the accelerated movement of grain due to urgent foreign demand, has substantially reduced advances to the grain trade. Loans in other categories have shown some increase, but business concerns continue to maintain strong working capital positions and in some cases the sale of securities acquired during the war as a temporary measure has reduced demand for seasonal advances.

I mentioned in my address last year that I felt the post-war period would bring in its train some demand for loans repayable over a somewhat longer term for the purpose of plant conversion and other capital expenditures. While applications for term loans are necessarily subject to closer scrutiny on account of the added risk involved, we believe this business is on the whole definitely constructive and in the national interest. It is our policy to examine all such requests with the utmost care so that wherever possible a programme of repayment may be arrived at which will be not only within the ability of the borrower to maintain but also satisfactory to the Bank, having regard to the nature of our liabilities. We have undertaken some financing and commitments in this field and believe it is a type of banking service that can

safely be developed within proper limitations to fit the specialized needs of customers, particularly in the transitional period.

Loans to farmers and fishermen under the special legislation introduced last year are developing satisfactorily, although the wartime improvement in farm income and restricted supplies of equipment and building materials have thus far limited the demand for advances under this heading. We have had a welcome increase in Personal Loans, that is, loans to individuals for various purposes. It is not our policy to encourage people to incur unnecessary debt but we believe that our personal loan facilities may play a useful part in a well-ordered financial programme and may be used by borrowers in a manner fully consistent with the principles of thrifty and sensible management of their affairs. We have stressed these facilities in our advertising in order that our services may be available to the public on the broadest possible basis.

Loans against Victory Bonds have enabled an increasing number of customers to finance temporarily without selling their holdings, thus helping to maintain a wide public distribution of these issues.

Bank Premises

During the year we have made a complete review of our Bank Premises Account and, as a result of adjustments arising from the application of depreciation reserves set up in prior years and of normal depreciation for the current year, as well as from the transfer to Real Estate other than Bank Premises of properties formerly used and occupied for banking purposes but no longer so used, Bank Premises are now carried at \$10,572,000 and Real Estate other than Bank Premises at \$592,000. These figures also reflect the sale of certain properties during the year. In future the valuation for Balance Sheet purposes will fluctuate as the Bank sells old premises or acquires new ones and as normal depreciation is deducted. Our properties are shown at what we consider a very conservative valuation.

The increased volume of business has resulted in crowded conditions in many offices and our programme for necessary repairs, alterations and enlargements, necessarily deferred during the war, will entail increased expenditures over the next few years. Our post-war programme also provides for new premises at some points, including the completion of our Toronto building. Our activities are still limited by labour and material priorities but

we intend to proceed with some of the more pressing projects as soon as the necessary permits are granted. It will also be necessary to increase purchases and replacements of mechanical equipment, when available. These expenditures under the headings of both premises and equipment will be mainly of a capital nature.

Deposits

Turning now to our liabilities, total deposits in Canada and abroad now aggregate \$1,613,429,000, an increase of \$192,618,000 over the previous year. Interest-bearing deposits again show a larger increase than deposits in other categories. Notice and demand deposits, including Government deposits, continued to show wide fluctuations reflecting heavy transfers for Victory Loan purchases and Governmental expenditures for war purposes. I am pleased to add that the number of depositors has also increased substantially. We have now more than 1,400,000 deposit accounts on our books, an increase during the year of more than 100,000 accounts.

Bank Services

The volume of banking transactions exceeded all previous records. Thus far there has been no appreciable reduction in the heavy routine arising from special wartime services. During the year the establishment of monthly payments for Family Allowances has substantially increased the routine handling of Government transactions. I have already referred to the increase in the number of Current and Savings accounts. The number of borrowing accounts also shows an encouraging expansion. Our safekeeping facilities are being used by Victory Bond purchasers to a progressively greater extent and the number of safekeeping accounts has increased almost tenfold since the war began.

We welcome all opportunities within our power to extend our services to the public. This Bank does not deal in money alone. In our day-to-day dealings our managers and staff are concerned with the many human relationships arising out of the financial problems of our customers, both of large and small means but particularly the latter, who seek assistance from a reliable and trustworthy source. The problems of returning war veterans are receiving our special and sympathetic consideration.

We realize that the greatly increased volume of transactions has resulted in some delays and

inconvenience to customers. The return of staff from the Armed Forces and the greater availability of equipment, as well as facilities for enlarging premises, will, we hope, soon improve conditions in this respect. Meanwhile, we are making every effort to maintain our services at the highest possible level of efficiency.

During the year we opened six branches and sub-agencies. No branches were closed in this period. In accordance with wartime policies relating to the conservation of manpower, a number of branches were closed in the early war period. The growth of industry, employment and commercial transactions in some of the territories which we serve may now require some extension of our branch system to meet the public needs and this is receiving our careful study.

Balance Sheet Changes In Wartime

At this first Annual Meeting to follow the end of the war, it may be opportune to review briefly the effect of the war upon our General Statement. The following figures compare the important Balance Sheet items on October 31st, 1938, the year-end prior to the outbreak of war, with the figures now before you.

	(Millions of dollars)	
	Oct. 31st	
	1938	1945
Deposits:		
Demand Deposits in Canada (including Government Deposits)	235	678
Notice Deposits in Canada.....	450	718
Deposits Abroad.....	78	217
Total Deposits.....	763	1,613
Investments:		
Dominion and Provincial Government Securities.....	362	994
Other Investments.....	79	124
Total Investments.....	441	1,118
Current Loans and Discounts....	226	220
Call Loans.....	26	60
Deposits with and Notes of the Bank of Canada.....	87	159
Total Assets.....	874	1,716

At the close of our fiscal year ended October 31st, 1938, our holdings of Canadian Government securities (Dominion and Provincial) represented 41.4% of our total assets. Our holdings in the Balance Sheet now before you represent 57.9%. This increase is, of course, a direct reflection of one

of our wartime functions. In so far as it has not been possible for government's total wartime financial requirements to be raised by taxation and borrowing from the public, the greater part of the resultant gap has been financed by the chartered banks in the form of short-term, low interest-bearing obligations, purchased direct from the Government. We have also, but to a much smaller extent and in the absence of an adequate demand for commercial loans, made purchases of securities in the open market. These purchases have fulfilled an important function in helping to maintain a ready and liquid market for Victory Bonds and other Government securities in the hands of the public. But the point I want particularly to make is that our function as a purchaser of Government securities, both during the war and its aftermath, has arisen from circumstances largely beyond our control. The wartime expansion of industry has been accomplished largely without the aid of bank credit in the form of loans. Inasmuch as a great deal of this expansion was financed through direct Government assistance, it has found reflection in our Balance Sheet in an increase in holdings of Government securities rather than loans. We are hopeful that as industry resumes a more normal pattern, and as civilian business replaces Government contracts, the lending function of the bank will take on increasing importance and scope.

While in the early war years the increase in our deposits by the public was entirely in the demand category, in the past two years notice deposits have increased at a much faster rate. The servicing of these enlarged deposits has, of course, added to our operating costs, both for interest and other charges.

From this brief review of wartime changes in our Balance Sheet, it is evident that our business, like that of many other Canadian institutions, has changed in many respects during the past six years. The war has shown once again the great adaptability of our banking system to changing conditions and changing needs. Our services in facilitating Governmental wartime functions and controls, in the active encouragement of war savings and distribution of Government securities, in financing and facilitating war production and in handling the great volume of banking transactions arising from war activity have been kept fully adjusted to the needs of our customers and in a broader sense to the national needs. We have emerged from the war in a strong position to meet the financial requirements of our customers in the reconstruction period and to supply a sound and progressive banking service to all sections of the community in the years ahead.

The Business Background

The pattern of general business activity is to an increasing degree becoming influenced by the processes and problems of reconversion. Since mid-year, indices of production and employment have been showing a declining trend. While this is to be expected it is a matter of note that on the basis of such information as is available to date, the contraction in economic activity has been of a very moderate nature. Broadly speaking, it may be said that industrial production, while down from the high plateau of 1943 and 1944, is still about 25% above the level of 1941, which, in comparison with pre-war conditions, was a year of very high activity and employment.

Recorded unemployment is beginning to show an increase, but here again the percentage of unemployed in relation to the working force is still less than the normal degree of unemployment resulting from people being temporarily out of work while moving from one occupation to another.

While further contraction of economic activity must be expected before the reconversion process is complete, the immediate outlook has its reassuring aspects. Retail trade continues at very high levels. Accumulated demands for consumers' durable goods and for housing are potent influences tending to cushion the shocks of the adjustment period. It is noteworthy also that, according to Government data, there had been a considerable transfer of workers from wartime to civilian occupations well before the end of the war itself.

One of the great problems of reconstruction, both in Canada and elsewhere, is the re-establishment of a working relationship between prices and costs. While prices are still of necessity subject to regulation, many items entering into industrial costs are now proving difficult to control, with resultant frictions that tend to retard the reconversion process.

The latest estimate by the Dominion Bureau of Statistics places the Canadian wheat crop for 1945 at 309,000,000 bushels, which compares with 436,000,000 for the previous year. The production of other field crops was also in lower figures. It is probable, therefore, that cash income from the sale of farm products this year will be moderately below the record year 1944, but farmers' incomes generally will continue substantially above pre-war figures. A floor price of \$1.00 per bushel for wheat has been established for the five-year period ending July 31st, 1950. An export price has been established for an unspecified period on the

basis of \$1.55 per bushel for Number 1 Manitoba Northern at Fort William and Port Arthur or Vancouver.

In the very important field of export trade the outlook is complicated. Monthly export figures have recently begun to reflect the cessation of munition shipments. There is at present no lack of export demand for those peacetime products that Canada can supply. But it is quite apparent that for some time to come much of our export trade will have to be financed by credit arrangements between the Dominion Government and other Governments concerned. This emphasizes the urgency of re-establishing conditions in which the processes of trade may be restored to a real and mutually advantageous exchange of goods between Canada and other nations.

Newfoundland

The export demand for fishery, forest and mining products has continued strong throughout the year and employment has continued at high levels. The codfishery has been generally good, the total catch being about the same as last year. A feature of the industry has been a further expansion in the production of frozen fish which is expected to reach 30,000,000 pounds this year. The production of salted fish will be somewhat lower. Substantial contracts for relief purposes have provided good markets for the herring fishery. Lobster fishermen have also done well.

The paper mills have continued to operate at capacity and woods labour, which has been a serious problem in recent years, is now more readily available. After a brief period of curtailed production the iron mines at Bell Island have been working full time producing in part for the English market. The base metal mine at Buchans has operated at full time throughout the year.

Government revenues showed some decline for the first six months of the fiscal year with somewhat higher expenditures but it is probable that a surplus will be realized for the full fiscal year, although it is not likely to reach the high figures of recent years.

I would like to take this opportunity to mention the distinguished services rendered by Newfoundlanders in the Armed Forces and in other fields of war endeavour. The return to peace will bring special problems of reconversion and marketing but the changes brought about by the war should prove of lasting benefit in many respects to the development and future of Newfoundland and Labrador.

United Kingdom

Conditions in the United Kingdom still reflect the nature and extent of that country's vast contribution to the successful outcome of the war. Due to the physical difficulties of reconversion at home, and the shortage of external purchasing power resulting from dislocation of export markets, most of the austerities of the wartime economy still remain. The Government, to check inflation, is maintaining restrictions on civilian spending and stressing the necessity of continued saving. The banking background has been characterized by further expansion of deposits. Among the noteworthy developments of the year has been the introduction of legislation providing for nationalization of the Bank of England, a move which, while indicative of the trend of Governmental thought, is not expected to alter to any significant degree the real nature of that Bank's important function in the financial structure. Another recent development has been the initiation by the Government of measures designed to bring about even cheaper money rates than have existed hitherto. As part of this programme the rate of interest paid the banks on Treasury Deposit Receipts has been reduced thus causing a lowering of the Treasury Bill rate. In consequence the London Clearing Banks have given notice that all interest on current accounts is eliminated and that the maximum rate on other deposits will be reduced from 1% to $\frac{1}{2}$ %.

Both our main London branch and our Waterloo Place office came through the long and trying bombing period without loss of life to the staff and without material damage to premises. I cannot speak too highly of the services of our staff in London during the entire war period. In spite of the difficult and, at times, dangerous conditions of operating, our services have been kept at a high standard, as evidenced by the many tributes from our customers, particularly members of the Overseas Forces. Our London connections are well established and our offices well equipped to provide facilities for development of export and import trade and to continue the special services we have long supplied to Canadian governments, business concerns and individuals in their United Kingdom and European operations.

United States

The trend of industrial activity in the United States since the end of the war has been generally similar to the course of developments in this coun-

try; that is to say there has been a marked reduction from wartime peaks but latest available data indicate that production is still above 1941 levels. Crops have been good and are expected to equal the record harvests of 1942 and 1944. Expansion of bank deposits and money in circulation continued in 1945 as in previous war years. In the securities market there has been a decided upturn in prices and the volume of stock market transactions has been substantially higher in spite of increased margin requirements. Corporate flotations of security issues for new money and refunding operations increased substantially. Bank loans to business for non-war purposes have increased slightly.

During the year the Canadian dollar in the free market ranged from a high of 9% discount to a low of 11% discount.

Throughout the war period our United States offices have continued, in spite of wartime restrictions, to be a valuable adjunct to our Canadian business. These offices are well equipped to facilitate business and financial relationships between the United States and Canada, particularly under more normal trading conditions.

Foreign Business

In view of the importance of foreign trade in the post-war economy, we have recently undertaken an extensive survey of our foreign banking arrangements with a view to facilitating the trading operations of our customers. Two of our officers have recently completed an extensive tour of Latin America and the West Indies and we are considering similar surveys in other areas, particularly in the Far East and the Antipodes. Having regard to the tendency of many countries to develop their own domestic institutions, we believe that our facilities can best be served by enlarging our relations with domestic banks rather than by direct branch representation. Our survey of foreign trade and economic conditions will, we believe, be helpful to our customers in their planning for development of foreign markets.

Staff

I wish at this time after six difficult and trying years to pay a special tribute to the members of the Bank's staff who have so loyally and efficiently carried out their allotted tasks. With so many of our experienced young men in the Armed Forces, the ever increasing volume of routine, in part related to the unavoidable wartime growth of

Government regulations and Government services, has presented many problems to our managers and other senior officers who have worked long hours willingly and cheerfully to maintain a high standard of service to the public.

Our women employees have given a particularly good account of themselves. Those who were in our service before the war have been called upon to assume heavier responsibilities and they have discharged them well. Many of our managers have spoken to me of the high quality of the services of the women of our staff and their record is one of which they have every reason to be proud. I should also mention the excellent services given by a large number of temporary women employees and younger girls who came into the Bank during the war years with little or no previous experience but responded quickly to training and very soon proved their worth.

With the cessation of hostilities numbers of our younger men are returning from the Armed Services. We are justifiably proud of the record they have made in the service of their country and we hope the day will not be far distant when those who are still in uniform will be able to join those who have already returned to the Bank. We need their help and confidently expect them to give an excellent account of themselves when they resume their civilian duties. Our experience to date, confirmed by the record of those who served in the previous world war, clearly shows that the men who have been out of touch with active banking during their period of service in the Forces have gained qualities of character and leadership that will serve them well in the years ahead.

We mourn those who will not return. No less than eighty-three of our gallant men laid down their lives for King and Country. We shall remember them with lasting affection and with thankfulness for their great sacrifice.

Report Adopted

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

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

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

Mr. H. Percy Thornhill moved, seconded by Lt.-Col. Gavin L. Ogilvie:

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

In speaking to the motion, Mr. Thornhill said:

"Individuals of great age usually develop ailments. I understand that this is the 128th year in the life of the Bank. Exactly the opposite is true in the long life of a well-managed and progressive institution, for in the natural course of events a continual stream of new life enters its service, vitalizing and invigorating its organization. The Bank in its long and honourable history has accumulated a vast store of knowledge and experience; but the address of its able President and the address of the General Manager, given to this meeting to-day, clearly indicate that it is not only in touch with the needs of to-day but it is constantly reviewing the future.

"Carved into the stonework of the Archives Building in the City of Washington are the following words: 'What is past is prologue.' The builders of that shrine of the political history of the United States not only honoured the past in the erection of the building but they visualized the future.

"The war has been won. Victory has crowned the efforts of the Allied Nations. But it is quite possible that, in attempting to maintain a world at peace in the years that lie ahead, we may meet problems which will rival the problems of the war years.

"The Shareholders of the Bank are deeply grateful to the President and Directors for their untiring efforts on our behalf. During the war and in the depression years preceding the war the Bank stood like a rock in a troubled world. It is a great national asset. We are confident that it will play its part with distinction in the years that lie ahead."

In seconding the motion, Lt.-Col. Gavin L. Ogilvie said:

"I have had word from friends across Canada of their very high regard for the conduct of this Bank's affairs during these terrific times, not only in reference to the Directors, but also in regard to Mr. Spinney's assistance to the Government in connection with the war loans.

"While I am on my feet, may I refer to another faithful servant of this Bank, who has followed so well in his distinguished father's footsteps. I refer, as you will readily guess, to the Chairman of the Board of Directors, that conscientious, generous and well-loved gentleman, Mr. Huntly Drummond."

The motion was carried with applause.

The Chairman: "Mr. Thornhill and Colonel Ogilvie, on behalf of the whole Board, myself included, I wish to thank you most sincerely for your kind and complimentary references to our services. I should like to thank the shareholders assembled here to-day for the warmth of their reception of this motion."

Mr. R. G. Ivey, K.C., moved, seconded by Mr. G. E. Barbour:

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

In presenting the motion, Mr. Ivey said:

"I deem it a great privilege to present the resolution which I have just had the honour to move. I do so with some knowledge of the many additional responsibilities and burdens which have been placed on our energetic, hardworking General Manager, the senior executive officers, and all other members of the staff, by reason of the many and various wartime regulations, controls and other restrictions that were necessary during the war years.

"Having heard the results of the operations for the financial year just closed, it is a pleasure to express to the General Manager and to each and every one of his loyal staff, our thanks and appreciation of their untiring efforts on behalf of this great and historic banking institution.

"We, as shareholders, are responsible for the election of the directors. They in turn decide the principles and policies under which the Bank shall be operated. But from that point on it is our General Manager and his staff, consisting of more than 7,000 people, who form the medium or instrumentality through which the high and worthy traditions established by the founders of this Bank many years ago must be carried out.

"I am sure you would also wish me to acknowledge, on your behalf, satisfaction at the splendid manner in which the General Manager and his entire staff, including especially the women, have fulfilled their obligations during the trying times

through which we have just passed. Since the commencement of the Second World War, each succeeding year, each succeeding month has brought with it new problems and added responsibilities to our already overburdened executives and their staff—responsibilities which have been cheerfully accepted and efficiently carried out.

"We recall with admiration the magnificent response of the younger members of the staff to the call of their country, and the determination of those who remained to carry on during their absence. We are glad to see that the positions once vacated are again being filled by our returning men. They come to us as seasoned veterans, ready, willing and anxious to accept the responsibilities which will be passed along to them. I feel I am expressing the wishes of the shareholders when on their behalf I say that we must be everlastingly grateful for the part which these young men have played, along with all other Canadian and Allied soldiers, in bringing us a glorious and never-to-be-forgotten victory over the aggressors of our day. Many of our staff—young, heroic, brilliant men who would have left a mark on their country's life—have made the supreme sacrifice. Their deeds will not be forgotten. Their memory will remain with us forever."

In seconding the motion, Mr. G. E. Barbour said:

"I am very glad indeed to have the opportunity to second this resolution. The words in the formal text are brief and do not carry with them our profound admiration and appreciation of services which words alone can never express.

"The President in his address has referred to the fact that Canadian business and industry in the years immediately ahead will need men with new ideas and with the capacity to put those ideas into effect. I believe that the abilities of the members of the Bank's staff, and in this I particularly mention those who have served with the Armed Forces, will prove an invaluable pool to be drawn on in the difficult days ahead. I am sure that the spirit of the Bank, built up in the 128 years of its long existence, is the finest evidence of the perpetuation of its heritage. I believe that the shareholders and the public can look toward the future with great satisfaction."

The motion was carried with applause.

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

"It is a pleasant duty to thank you for this expression of your appreciation and confidence, on

my own behalf and on behalf of the Assistant General Managers, Superintendents, Managers and Staff.

"The abnormal operating conditions of the past six years have thrown upon the staff, both in the field and at Head Office, a heavy load of work and responsibility. Vacations have had to be curtailed or postponed and housing problems have been difficult. Our freedom of action in dealing with staff remuneration has been limited by salary and wage control regulations but I am glad to say that our applications for adjustments in individual cases are now being dealt with more promptly and while some inequalities still exist, the adjustments we have been permitted to make during the past year or so have been helpful.

"I would like to mention once again the never-failing interest of our Board of Directors in the welfare of the staff and all measures for improving their health and well-being." (Applause)

The Chairman then said:

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

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

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

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

The meeting then terminated.

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

BANK OF MONTREAL

ESTABLISHED 1817

EXECUTIVE OFFICERS

PRESIDENT

GEORGE W. SPINNEY, C.M.G.

GENERAL MANAGER

B. C. GARDNER

ASSISTANT GENERAL MANAGERS

S. C. NORSWORTHY

O. R. SHARP

W. T. A. MACFADYEN
(Resident Toronto)

F. G. BELCHER

R. J. WILLIAMS

L. W. TOWNSEND

A. J. L. HASKELL

J. S. BOLTON

EDWARD POPE

SUPERINTENDENTS

ALBERTA DISTRICT.....	C. G. DUNNING, <i>Calgary</i>
BRITISH COLUMBIA DISTRICT.....	W. McDONNELL, <i>Vancouver</i>
MANITOBA AND SASKATCHEWAN DISTRICTS.....	A. MACPHERSON, <i>Winnipeg</i>
MARITIME PROVINCES DISTRICT.....	G. B. HOWARD, <i>Halifax</i>
MONTREAL DISTRICT.....	J. T. STEVENS, <i>Montreal</i>
QUEBEC AND NEWFOUNDLAND DISTRICT.....	D. M. CLELAND, <i>Montreal</i>
FOREIGN DEPARTMENT.....	R. E. KNIGHT, <i>Montreal</i>
HEAD OFFICE.....	A. C. JENSEN, <i>Montreal</i>
BUSINESS DEVELOPMENT DEPARTMENT.....	C. O. MCGIRR, <i>Montreal</i>

Secretary

C. H. CRONYN

Chief Accountant

I. A. MCCARTHY

Chief Inspector

G. H. GREENING

Assistant to the President

A. T. CORNER

Economic Adviser

W. T. G. HACKETT

Manager Staff Department

V. R. PURSER

Manager Foreign Exchange Department

F. W. LINDOP

Manager Bank Premises Department

H. S. OLIVER

Manager Public Relations Department

F. W. M. BROWN

LONDON, ENG.—47 THREADNEEDLE STREET, E.C.2.....	A. D. HARPER, <i>Manager</i>
“ “ —WATERLOO PLACE BRANCH.....	T. E. ROBERTS, <i>Manager</i>
NEW YORK AGENCY—64 WALL STREET.....	G. R. BALL, <i>First Agent</i>
CHICAGO—27 SOUTH LA SALLE STREET.....	J. H. OTTMANN, <i>Manager</i>
BANK OF MONTREAL (SAN FRANCISCO)—333 CALIFORNIA STREET.....	G. T. EATON, <i>President</i>

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The Bank has 475 offices in Canada, Newfoundland, United States and at London, England, with correspondents in all countries, offering exceptional facilities in all departments of General and Foreign Banking

BRANCHES IN CANADA

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BAWL—Sub to Daysland
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" Stock Yards
CAMROSE
CARBON
CARSTAIRS
CASTOR
CHAUVIN—Sub to Edgerton
DAYSLAND
DELBURNE
DRUMHELLER
EDGERTON
EDMONTON
FORESTBURG
GRANDE PRAIRIE
HUGHENDEN
IRMA—Sub to Wainwright
LACOMBE
LEDUC
LETHBRIDGE
LOUGHEED—Sub to Sedgewick
MAGRATH
MEDICINE HAT
MORRIN
MYRNAM
OLDS
PARADISE VALLEY—Sub to Edgerton
RAYMOND
RED DEER
RIMBEY
SEDGEWICK
STROME—Sub to Daysland
THORSBY
TOFIELD
TROCHU
TWO HILLS—Sub to Myrnam
VEGREVILLE
VIKING
WAINWRIGHT
WESTLOCK
WETASKIWIN

BRITISH COLUMBIA

ALBERNI—Sub to Port Alberni
ASHCROFT
BRALORNE
CHILLIWACK
CLOVERDALE
DUNCAN
ENDERBY

BRITISH COLUMBIA

(Continued)

ESQUIMALT
HANEY
KAMLOOPS
KASLO—Sub to Nelson
KELOWNA
KIMBERLEY
MERRITT
NANAIMO
NELSON
NEW DENVER—Sub to Nelson
NEW WESTMINSTER
NORTH VANCOUVER
OAK BAY
OSOYOOS
PENTICTON
PORT ALBERNI
POWELL RIVER
PREMIER—Sub to Stewart
PRINCE GEORGE
PRINCE RUPERT
ROSSLAND
STEWART
TRAIL
VANCOUVER (Main Office,
500-520 Granville Street)
" Broadway & Granville Street
" Broadway & Main Street
" Carrall & Hastings Streets
" Fourth Avenue & Alma Road
" Granville & Davie Streets
" Homer & Hastings Streets
" Hotel Vancouver
" Kerrisdale
" Main & Hastings Streets
" Marine Building
" Pender & Columbia Streets
" West Point Grey
VERNON
VICTORIA (Main Office,
1225 Douglas Street)
" Government Street
WEST SUMMERLAND
WHITE ROCK—Sub to Cloverdale
WILLIAMS LAKE

MANITOBA

BELMONT
BISSETT
BRANDON
CARBERRY
DAUPHIN
GLADSTONE
HARTNEY
MacGREGOR
MORRIS
NEEPAWA

MANITOBA

(Continued)

OAK RIVER
PORTAGE LA PRAIRIE
RESTON
SELKIRK
SOURIS
WINNIPEG (Main Office,
Cor. Portage Avenue & Main Street)
" Bannerman Avenue & Main Street
" Fort Rouge
" Higgins Avenue & Main Street
" Logan Avenue
" McGregor Street & Selkirk Avenue
" Morley Avenue & Osborne Street
" Portage Avenue
" Portage Avenue & Goulding Street
" Portage Avenue & Vaughan Street

NEW BRUNSWICK

BATHURST
CHATHAM
FREDERICTON
GRAND FALLS
HARTLAND
MONCTON
PERTH
SAINT JOHN (Main Office,
2 King Street)
Haymarket Square
Union Street
ST. STEPHEN
SHEDIAC
WOODSTOCK

NOVA SCOTIA

BRIDGEWATER
CANNO
CORNWALLIS (Naval Training
Establishment)
GLACE BAY
HALIFAX (Main Office,
205-207 Hollis Street)
" North End
LUNenburg
MAHON BAY
RIVERPORT
SYDNEY
WOLFVILLE
YARMOUTH

BRANCHES IN CANADA

ONTARIO

ACTON
 ALLISTON
 ALMONTE
 ALVINSTON
 AMHERSTBURG
 ATHENS
 AULTSVILLE—Sub to Wales
 AURORA
 ATYMER
 BARRY'S BAY
 BEACHVILLE—Sub to Ingersoll
 BELLEVILLE
 BLENHEIM
 BOBCAYGEON
 BOTHWELL
 BOWMANVILLE
 BRAMPTON
 BRANTFORD
 BROCKVILLE
 BRUCEFIELD—Sub to Hensall
 CAMPBELLFORD
 CHALK RIVER—Sub to Deep River
 CHATHAM
 CHATSWORTH
 CLINTON
 COLLINGWOOD
 CORNWALL (Main Office,
 159 Pitt Street)
 " McConnell Avenue & Montreal Road
 DEEP RIVER
 DELHI
 DOUGLAS
 DRUMBO
 EGANVILLE
 ELGIN—Sub to Westport
 ELORA
 EXETER
 FENELON FALLS
 FINCH
 FORMOSA—Sub to Teeswater
 FORT ERIE
 FORT ERIE NORTH
 FORT WILLIAM
 FRANKFORD
 GALT
 GANANOQUE
 GLENCOE
 GODERICH
 GORE BAY
 GUELPH
 HALIBURTON
 HAMILTON (Main Office,
 Cor. Main & James Streets)
 " Barton Street & Victoria Avenue
 " Central Market
 " Gage Avenue & Barton Street
 " Holton Avenue
 " James & Barton Streets
 " Westinghouse Avenue
 HANOVER

ONTARIO

(Continued)

HENSALL
 HESPELER
 HIGHGATE
 HOLSTEIN—Sub to Mount Forest
 INGERSOLL
 IROQUOIS
 KINCARDINE
 KINGSTON
 KINGSVILLE
 KITCHENER
 KOMOKA—Sub to Market Square, London
 LANCASTER
 LANSLOWNE
 LEAMINGTON
 LINDSAY
 LITTLE CURRENT
 LONDESBOROUGH—Sub to Clinton
 LONDON (Main Office,
 446 Richmond Street)
 " City Hall
 " East
 " Market Square
 LUCAN
 LUCKNOW
 MANITOWANING
 MARKDALE
 MEAFORD
 MERLIN
 MIDLAND
 MILDMAY
 MIMICO
 MINDEMOYA
 MONKLAND—Sub to Finch
 MORRISBURG
 MOUNT FOREST
 NAPANEE
 NEWINGTON—Sub to Finch
 NEWMARKET
 NEW TORONTO
 NIAGARA FALLS
 NORWICH
 OAKVILLE
 ORILLIA
 OSHAWA
 OTTAWA (Main Office,
 Cor. Sparks & O'Connor Streets)
 " Bank Street
 " Rideau Street
 OWEN SOUND
 PARIS
 PEMBROKE
 PERTH
 PETAWAWA MILITARY CAMP
 PETERBOROUGH

ONTARIO

(Continued)

PICTON
 PORT ARTHUR
 PRESCOTT
 PRESTON
 RENFREW
 ST. CATHARINES
 ST. EUGENE
 ST. GEORGE—Sub to Brantford
 ST. MARYS
 ST. THOMAS (Main Office,
 408 Talbot Street)
 " East End
 SARNIA
 SAULT STE. MARIE
 SCHREIBER
 SIMCOE
 SMITHS FALLS
 STIRLING
 STRATFORD
 SUDBURY
 TARA
 TEESWATER
 THAMESVILLE
 THORNDALE—Sub to Market Square, London
 TICHBORNE—Sub to Yarker
 TILBURY
 TILLSONBURG
 TIMMINS
 TORONTO (Main Office,
 30 Yonge Street)
 " Bathurst & King Streets
 " Bay Street
 " Bloor & Bay Streets
 " Bloor Street & Lansdowne Avenue
 " Bloor Street & Windermere Avenue
 " College Street
 " Danforth & Logan Avenues
 " Dundas Street & Roncesvalles Avenue
 " Dupont Street
 " Earlscourt
 " Hounslow Heath Road & St. Clair Avenue
 " King & Dufferin Streets
 " King & Yonge Streets
 " Queen Street East & Beech Avenue
 " Queen Street & Broadview Avenue
 " Queen Street & O'Hara Avenue
 " Queen & Portland Streets
 " Queen's Park
 " Roselawn Avenue & Yonge Street
 " Royal York Hotel
 " Royce Avenue
 " St. George & Bloor Streets
 " St. Lawrence Market
 " Spadina Avenue & Adelaide Street
 West Toronto
 " Yonge & Queen Streets
 " Yonge Street & St. Clair Avenue

BRANCHES IN CANADA

ONTARIO (Continued)

TRENTON
TWEED
VERONA—Sub to Yarker
WALES
WALKERTON
WALKERVILLE (Main Office,
1799 Wyandotte Street East)
" Walker Road
WALLACEBURG
WATERFORD
WATERLOO
WATFORD
WELLAND
WEST LORNE
WESTON
WESTPORT
WILLIAMSBURG—Sub to Morrisburg
WILLIAMSTOWN—Sub to Lancaster
WINDSOR (Main Office,
200 Ouellette Avenue)
" London Street
WOODSTOCK
YARKER
ZURICH

PRINCE EDWARD ISLAND

CHARLOTTETOWN

QUEBEC

AMQUI
ARUNDEL
ARVIDA
BEDFORD
BREAKEYVILLE
BUCKINGHAM
BURY
CHICOUTIMI
COOKSHIRE
COWANSVILLE
DRUMMONDVILLE
GATINEAU
GRANBY
GRAND MERE
HULL
HUNTINGDON
KNOWLTON
LACHINE
LACHUTE
LEVIS
LONGUEUIL
MAGOG
MATANE
MEGANTIC
MONT JOLI

QUEBEC (Continued)

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

MONTREAL WEST

NAPIERVILLE

OUTREMONT

QUEBEC (Main Office,
116 St. Peter Street)
" Chateau Frontenac
" St. John's Gate
" St. Roch
" St. Sauveur
" Upper Town

QUYON

RICHMOND

RIVIERE DU LOUP

STE. AGATHE DES MONTS

STE. ANNE DE BELLEVUE

ST. CESAIRE

ST. GEORGES DE BEAUCE

ST. HYACINTHE

ST. JEAN

ST. JEROME

ST. JOSEPH D'ALMA

ST. JOVITE

ST. LAMBERT

STE. THERESE

SAWYERVILLE

QUEBEC (Continued)

SHAWVILLE
SHERBROOKE (Main Office,
59 Wellington Street
" Belvidere & King Streets
SOREL
TEMISKAMING
TROIS-RIVIERES
VALCARTIER
VALLEYFIELD
VERDUN (Main Office,
4026 Wellington Street)
" Beatty & Verdun Avenues
" Fourth Avenue & Wellington Street
VICTORIAVILLE
WATERLOO
WESTMOUNT (Main Office,
1299 Greene Avenue)
" Claremont Avenue & Sherbrooke Street

SASKATCHEWAN

BATTLEFORD
CARNDUFF
DAVIDSON
DOMREMY
DUCK LAKE
EASTEND
ESTEVAN
KAMSACK
KELLIHER
LAKE LENORE
LIMERICK
MAPLE CREEK
MELVILLE
MOOSE JAW
NIPAWIN
NORTH BATTLEFORD
OUTLOOK
PRINCE ALBERT
PUNNICHY
REGINA (Main Office,
1800 Scarth Street)
" Victoria Avenue & Albert Street
ROSE VALLEY
SALTCOATS
SASKATOON
SEMANS
SWIFT CURRENT
TISDALE
UNITY
WAKAW
WHITEWOOD
WYNYARD
YORKTON

YUKON

DAWSON

OFFICES ELSEWHERE THAN IN CANADA

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BOTWOOD BUCHANS—Sub to Grand Falls CORNER BROOK CURLING
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STEPHENVILLE CROSSING—Sub to St. George's

IN GREAT BRITAIN

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

IN THE UNITED STATES

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CHICAGO, ILL.—BANK OF MONTREAL—27 SOUTH LA SALLE STREET, CHICAGO 3
SAN FRANCISCO, CALIF.—BANK OF MONTREAL (SAN FRANCISCO)—333 CALIFORNIA STREET, SAN FRANCISCO 4

FOREIGN DEPARTMENT - - - - - - - - HEAD OFFICE, MONTREAL

