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HEAD OFFICE - TORONTO.

THE DOMINION BANK

PROCEEDINGS

of the

Fifty-Ninth Annual General Meeting

of the

Shareholders

THE FIFTY-NINTH Annual General Meeting of the Shareholders of The Dominion Bank was held at the Banking House of the Institution, Toronto, on Wednesday, January 29th, 1930, at noon.

Among those present were:

Edward Burns, J. J. Cook, H. C. Scholfield, M.P.P., Gordon T. Cassels, R. A. Whitney (Ottawa), Mrs. M. W. Warfield, Sigmund Samuel, T. W. Duggan (Brampton), A. W. Austin, Charles E. Lee, Dr. R. M. Bateman, C. A. Bogert, Major G. L. P. Grant-Suttie, C. W. Band, Mrs. Isabella Cornwall, Robert Ross, W. A. Medland, Col. Baptist Johnston, W. K. Pearce, C. S. Blackwell, M. S. Bogert (Montreal), Rev. T. W. Paterson, A. H. Black, Alexander B. Ross, A. H. Allin (Whitby), C. S. Band, R. B. Duggan, Jesse Ashbridge, George McDonald, S. R. Parsons, W. W. Near, F. L. Fowke (Oshawa), R. K. Beairsto (Winnipeg), C. A. Ross, A. E. Dymont, H. J. Bethune, E. B. LeRoy, C. H. Carlisle, Joseph Ingleby (Hamilton), W. C. Crowther, W. Wallace Jones, A. W. Laver, P. B. R. Tucker (Winnipeg), Walter Wily, R. D. Boughner (Kitchener), William Ross, J. H. Carberry (Mono Road), E. W. Hamber (Vancouver), G. C. Heward, C. A. Withers, M. A. Brown, R. Y. Eaton, William Logan, A. E. Ferrie, F. Gordon Osler, Dudley Dawson, William Kinnear, R. D. Richardson, John Scott (Orillia), J. W. Gillbard, William Walker, Major E. A. Hethrington, Allan McPherson (Orillia), E. L. Frankel, J. M. Mackie (Montreal), W. T. H. Selby, B. B. Manning

(London), J. L. Love, Dr. A. J. Harrington, A. C. Matthews, A. C. Ashforth, Robert Smith, Robert Rae, R. S. McLaughlin (Oshawa), W. E. Glenney (Huntsville), W. Cecil Lee, Charles Walker, Frank McCarthy, Frank Hunnisett, J. W. Spragge (Cobourg), W. L. Matthews, W. M. Douglas, J. J. Gibbons, A. C. Paull, J. Allan Ross, Norman Evans (Hamilton), J. D. Warde, E. H. Baines, James Matthews, W. S. Pate (Fort William), W. A. Holliday, W. S. Gray, Dr. W. C. Shier (Uxbridge), W. E. Scott (Orillia), D. G. Hagarty, C. S. Howard, Fred Hatch (Whitby), A. E. Gibson (Oakville), Dr. Wm. K. Ross (Penetanguishene), H. F. Dawes, H. E. Stark (Welland), H. S. Langley, R. W. H. Brough.

After the Meeting was called to order it was moved by Mr. F. Gordon Osler, seconded by Mr. W. W. Near, and resolved, that Mr. A. W. Austin take the chair and Mr. W. K. Pearce act as Secretary of the Meeting.

The latter then read the notice calling the Meeting and the Minutes of the last Annual General Meeting were taken as read.

On motion of Messrs. E. A. Hethrington and W. C. Crowther, Scrutineers were appointed in Messrs. E. H. Baines and Walter Wily.

The Chairman called upon the Secretary of the Meeting to read the Directors' Report to the Shareholders and submit the Annual Statement for the year 1929 bearing the Certificate of the Shareholders' Auditors.

DIRECTORS' REPORT TO THE SHAREHOLDERS:

The Directors beg to present the Fifty-ninth Annual Statement showing the result of the business of the Bank for the year ended 31st December, 1929:

Balance of Profit and Loss Account, 31st December, 1928.....	\$272,286.72
Profits for the year, after deducting charges of management, interest accrued on deposits and making full provision for all doubtful assets.....	1,522,808.60
Premiums received on new Stock issue.....	996,030.00
	\$2,791,125.32

Which amount has been disposed of as follows:

Dividends (quarterly) at Twelve per cent. per annum.....	\$815,321.89	
Bonus, One per cent.....	69,943.90	
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Total distribution to Shareholders of Thirteen per cent. for the year.....		\$885,265.79
Contribution to Officers' Pension Fund..	\$50,000.00	
Dominion and Provincial Government Taxation.....	185,285.57	
Written off Bank Premises.....	300,000.00	
		535,285.57
Transferred to Reserve Fund—Premiums on new Stock issue.....		996,030.00
Balance of Profit and Loss Account carried forward...		374,543.96
		<hr/>
		\$2,791,125.32
		<hr/>

The allotment of an additional \$1,000,000 Capital Stock of the Bank made to Shareholders of record of the 31st December, 1928, referred to at the last Annual Meeting, was duly taken up and by the end of 1929 the new shares were practically paid for in full, although the last instalment did not become due until the 3rd January of this year.

Branches of the Bank were opened as follows:

Sudbury, Ont., Woodstock, Ont., New Westminster, B.C., Robson and Hornby Streets, Vancouver, B.C., North Broad Street, Regina; in Toronto—at the corner of Yonge St. and Lawrence Ave., at the corner of Mount Pleasant Road and Soudan Ave., at the corner of Bloor St. and Avenue Road.

No Branches were closed.

The Head Office and all Branches of the Bank have been inspected during the year.

The Auditors appointed by the Shareholders, Messrs. A. B. Shepherd and Alfred W. Cole, have completed their usual annual examination of the Bank's affairs and their report is attached to the Balance Sheet.

Under the provisions of the Bank Act, Mr. Alfred W. Cole's term of office as Auditor has expired and you will be asked to appoint another in his place. The name of Mr. D. McK. McClelland of the firm of Price, Waterhouse & Company, will be submitted for your approval.

29th January, 1930.

A. W. AUSTIN, President.

ADDRESS BY MR. A. W. AUSTIN, PRESIDENT

You have heard the Directors' Report and have in your hands the Balance Sheet and Profit and Loss Statement for 1929, which reflects another year of progress. It will doubtless be gratifying to the Shareholders to know that great activity in all branches of the Bank's affairs prevailed throughout the year, and the earnings were the largest in its history.

With respect to the issue of \$1,000,000 new Stock, I may say that the few remaining instalments have come in since the books were closed and our Paid Up Capital is now at the even figure of \$7,000,000, with Reserve Fund of \$9,000,000.

There was a substantial increase in the number of Shareholders during the year and they now total 2,113, well distributed throughout Canada, Great Britain, the United States and elsewhere. It seems timely to observe that good opportunities are now offering for investment in Canadian Bank stocks, as the great liquidation of securities in 1929 naturally affected Bank shares and brought prices to levels which yield an excellent return on the money invested, combined with security of the highest class.

Some comments from me are usual before moving the adoption of the Report, but many reviews of conditions have already been published, and I need only touch upon a few of the main points.

The year 1929 was a fairly satisfactory one for this country, notwithstanding the lessened activity apparent in some lines. Agricultural production for the whole of Canada is estimated at about 13% below the previous year. Marked gains were made in the Maritime Provinces, Ontario was unchanged, but the Western grain crop was scarcely more than 50% of the 1928 yield, due to drought. The general quality, however, was particularly good, ideal harvesting weather prevailed, farmers' costs were low, and as prices have been higher than for two years past, the returns to those growers who have disposed of their crop have been favourable. It is a matter for pride that an Alberta farmer with an entry of the new "Reward" early maturing wheat, of which I spoke at the last Meeting, won the Premier Grain

Contest at the Chicago International Show last Fall, this making the second such championship for Canada in four years, and the fifteenth in nineteen years. Improved machinery has become an important factor in garnering the grain, and for the first time in many years it was not necessary to bring in a special quota of farm labourers. Some districts, of course, have fared better than others, and there are, unfortunately, cases of individual hard luck in the grain belt, but if present prices are maintained until marketing is completed, on which there are many opinions, it is possible that the total sales' value will not be very far short of the results of 1928. In the meantime a most unusual situation exists in the absence of normal foreign buying of North American wheat, owing principally to the large 1928-1929 carry-over of Argentine wheat, which is selling at prices materially below what Canadian and United States holders are asking. It must be admitted that general business is feeling the effects of the slow grain movement, and the outcome will be awaited with nation-wide interest.

The Prairie Provinces, however, enjoyed until last year a succession of excellent harvests around which a reserve has been built and the great strides made in mixed farming, mining and manufacturing leave them not so dependent upon grain as once was the case. As an evidence of this, I may say, the value of industrial income in Manitoba now exceeds that of agriculture.

Mining showed a 10% gain in output, nearly every item on the list sharing in the growth. Slightly lower prices now quoted for some of the metals signify accumulating stocks, and until industry is fully recovered a period of temporarily arrested expansion would not be surprising. The recent announcement by the Ontario Government of coal deposits at James Bay suggests the interesting possibility of a domestic fuel supply for this Province at some future time. The development of Alberta's oil resources has gone forward during the year with a good deal of drilling done and new exploration work undertaken. There are now forty-one proven wells in the Turner Valley, which is the principal field, and the total value of the product for the first eleven months of the year was about \$3,000,000. Important oil interests are on the ground, and the industry, although yet in its infancy, is growing, but as in the case of mining, there are

many unworthy oil enterprises as well as worthy ones, and speculation in shares has developed much faster than actual production. Presumably, however, the public are aware of the chances they take; certainly, ample warning is furnished.

The lumber industry showed some improvement for the first half of the year, but the midsummer decline in building construction in the United States brought a slackening in export demand, while crop conditions affected building in the Western Provinces also, resulting in dropping prices and curtailed lumber operations.

Manufacturers generally have experienced good business and earned satisfactory profits for 1929. Public participation in industrial security issues during the past few years has placed manufacturing in a strong position financially. Stock holdings have been widely distributed and funded debts reduced. The growth of hydraulic power continues hand in hand with mining, paper, etc., and the electric equipment industry is prosperous. Conditions in newsprint are improving somewhat; export demand is greater, and before this year is over it is hoped that the mills will be running more nearly to capacity.

Business failures, while 12% higher in number compared to the previous year, were 13% lower in total liabilities involved—a very good showing.

Canada's total foreign trade for the twelve months ended November was about \$2,500,000,000—only slightly lower than the preceding like period. Imports, however, were about \$58,000,000 greater than exports—a most exceptional circumstance, wholly explained by smaller grain and flour shipments, which were \$190,000,000 less; the eventual sale of surplus holdings will more than wipe out the debit trade balance, and no doubt also correct the discount on the Canadian dollar.

In this connection it is interesting to note that in volume of ocean tonnage Vancouver is fast becoming the first port on the Pacific Coast, reflecting increased traffic to Europe through the Panama Canal and the growth of Canada's trade with the Orient. For example, during the crop year 95,000,000 bushels of wheat, equivalent to 65% of Alberta's

1928 harvest, passed through the Port, and low-grade flour to China accounted for the equivalent of 10,000,000 bushels additional; although not a leading factor this season, owing to cheaper offerings by other countries having a surplus of the lower grades, this market may be of first-rank importance to Canada in the future. The use of flour among the Chinese is increasing, and, price being equal, it is said to compete favourably with their great domestic staple, rice.

Trade within the Empire is a much discussed question at this time, in the mother country and Canada, and beneficial results are expected from the recent Economic Conference.

In reviewing thus briefly some of the events of 1929 I have ignored stock market happenings, both because they will be dealt with by the General Manager, and because, in my opinion, their significance has been misunderstood. The state of business after all is largely a condition of the public mind, and will be good or bad as we ourselves make it. The resources and opportunities of this country remain what they have always been—the finest in the world—and if business men will concentrate on their own affairs in 1930, their collective efforts will ensure another prosperous year for Canada.

I am sure the Shareholders will be pleased when I inform them that at the last meeting of your Directors, Mr. F. L. Patton, Assistant General Manager of the Bank, with headquarters at Winnipeg, was elected to fill a vacancy on the Board. Mr. Patton commenced his banking career in 1880, and after seventeen years' experience with other institutions, joined The Dominion Bank in 1897, since which time he has very successfully supervised the Bank's affairs in Western Canada and is largely responsible for the growth of the Bank's business in that district.

Again I have much pleasure in commending to you the Head Office Executives, Managers and other Staff for their zealous attention to the Bank's interests.

I now beg to move the adoption of the Report.

ADDRESS BY MR. C. A. BOGERT,
VICE-PRESIDENT AND GENERAL MANAGER

The Secretary of the Meeting has read to you the result of the Bank's operations for the year 1929, and a detailed statement of its position on the 31st ultimo is before you. The President has already made some reference to the Report, but before seconding its adoption, I will, as is customary, comment on the most important features.

Some unusual complications arose during the year, but they had no relation to the Bank's earning power, and the net profits—\$1,522,808.60—after making ample provision for all contingencies, and allowing for depreciation in value of every kind of asset the Bank possesses, were the highest yet reported to the Shareholders—22.42% of the average Paid-Up Capital for the year; this is an increase of \$114,720 over the profits for the year 1928.

After distributing to the Shareholders \$885,265.79, contributing \$50,000 to the Officers' Pension Fund and providing \$185,285.57 for Dominion and Provincial Government taxation, \$300,000 was written off Bank Premises Account—\$50,000 more than the amount appropriated for this purpose in 1928—to which I shall make more complete reference later on. The remaining profits—\$102,257.24—were added to the Profit and Loss Account, giving a balance to be carried forward of \$374,543.96.

The total taxes paid by this Bank, in Canada alone—Dominion, Provincial and Municipal—amounted to \$470,000, or nearly 31% of the profits for the twelve months.

Included in the Profit and Loss Account is an amount of \$996,000, premiums on the new Stock issue, which has in turn been transferred to the Reserve Fund. Of the \$1,000,000 new Capital Stock issued to the Shareholders in December, 1928, the whole amount had been paid up at the end of the year excepting \$3,970, with the final instalment not due until the 3rd of January instant. Since that date the balance has been received. You will be interested to know that of the 10,000 shares issued, only 49 allotted shares were not taken up by the stockholders, and these 49, together

with 629 shares, representing fractional amounts not allotted under the provisions of the Bank Act, were subsequently disposed of, at satisfactory prices, in the manner prescribed, and the proceeds, over the issue price, distributed to the interested Shareholders.

At the end of the year the Shareholders' investment in the Bank was in this position: Capital Paid Up, \$6,996,000; Reserve Fund, \$8,996,000. It will be noted that the Reserve Fund is nearly 129% of the Capital—\$2,000,000 more. Of the \$9,000,000 in the Reserve Fund, \$3,117,190 is made up of profits transferred from Profit and Loss Account from time to time, and \$5,882,810 has been provided by the Shareholders from premiums on new stock issues. Including Profit and Loss balance, \$374,543.96, the Shareholders' financial interests amount to \$16,366,603.96, quite apart from any substantial equities which may exist in the various assets set forth in the Balance Sheet.

Relating to the Public Liabilities, Outstanding Note Circulation—\$7,690,312—was slightly below the total at the end of 1928, wholly explained by the grain congestion in Western Canada. The amount of Canadian Bank notes required for the purchase of grain in the Prairie Provinces has, naturally, been much smaller in volume than for some years past.

Deposits not bearing interest—which fluctuate from month to month—\$25,248,748.45—were lower by \$629,132 than a year ago. Deposits bearing interest—\$88,102,835.58—decreased \$1,359,870.83, which your Directors consider very moderate under the conditions existing during the past three or four months. At the end of November the total interest-bearing deposits of all Canadian Banks had decreased by about \$70,000,000 compared with the same date in 1928. Although the figures are not yet available, it can be fairly assumed that this decrease would be larger by the end of December—the showing made by The Dominion Bank is, therefore, relatively good. We have made a careful analysis of deposits at every Branch of the Bank and have received identical reports that very large sums were used by depositors to provide for known losses in stock market operations and for shrinkages in values of securities which took place during the last three months of the year. Furthermore,

considerable sums were withdrawn for investment purposes to take advantage of the better interest returns available. I think we may conclude, however, that people have learned that it is the wiser course to have a reasonable proportion of their savings at all times immediately available in responsible institutions rather than employ them for speculative purposes.

Notwithstanding these features, it is gratifying to report that the total number of the Bank's depositors showed a large increase during the past twelve months, and we still occupy second place amongst the Canadian Banks in respect to the average deposits per branch—a position we have held for many years.

Advances under the Finance Act—\$6,500,000—were \$4,000,000 more, wholly due to the large expansion in the Bank's commercial loans, particularly those to grain dealers in Western Canada. It is for the same reason that the total borrowings of all Canadian Banks under this Act on the 30th November last amounted to \$111,400,000—record figures.

Letters of Credit Outstanding—\$5,041,068—which concern the Bank's foreign business, show little change from the previous year.

On the 31st December Cash Assets, which include Gold and Silver Coin, Dominion of Canada Notes, Deposits in the Central Gold Reserves, Notes and Cheques of other Banks and amounts on deposit with Banks and Banking Correspondents in Foreign Countries, amounted to \$26,852,785.03, or 20.27% of public liabilities.

Investments in Dominion and Provincial Government securities—\$14,365,735.47—showed a decrease of \$2,389,305. Canadian Municipal securities — \$3,153,991.47 — were \$689,967.51 less; Other Bonds, Debentures and Stocks—\$2,321,457.16—were slightly higher.

The next heading is one of particular interest just at this time, and perhaps requires a word or two of special comment. On the 31st of December this Bank's Call and Short Loans in Canada on Stocks, Debentures, Bonds and Other Securities, amounted to slightly over \$14,000,000—almost

the same figures as were submitted to you at the last Meeting. Because of the shrinkage in the values of securities, already referred to, the Officials of the Bank have paid more than ordinary attention to such loans during recent months, and before the Bank's books were closed they were again given unusual scrutiny. I have no hesitation in saying that, as far as it is possible to accurately estimate, there is no loan in the whole \$14,000,000 not amply covered by securities of an excellent class and that could not be collected at short notice.

Call and Short Loans Elsewhere than in Canada, that is, advances at our New York Agency and London, Eng., Branch, were \$7,004,038.66 at the end of the year—a moderate amount, little more than sufficient to protect the Bank's foreign liabilities—an evidence that we are not employing a large amount of funds abroad to the detriment of business at home.

Quick Assets at the end of the year were \$67,774,377.30—51.15% of Public Liabilities.

We now arrive at what is, perhaps, the most important total in the Balance Sheet—Other Current Loans and Discounts in Canada, which, on the 31st of December, amounted to \$73,693,206.49—an expansion of \$11,025,391.28 over the previous figure reported to the Shareholders. It is probably unnecessary for me to tell you that this asset in the Balance Sheet of any Bank is the “back-bone” of its earning power, and fairly shows the part it is taking in the development of the country and the encouragement of legitimate business. It is true that an increase of 17.59% in twelve months is out of the ordinary, but this is, in a large measure, accounted for by the wheat situation, already alluded to. Apart from this, however, our advances to commercial borrowers have shown a very gratifying development at practically every branch of the Bank. When the unsold portion of the 1928 crop is disposed of and the balance of the exportable 1929 crop sold, the relative funds will be released and corresponding decreases will take place in the total current loans of the Canadian Banks, but there will be no difficulty in using the money in other ways. The Dominion Bank has a large amount of its funds employed in advances to dealers in the country's products and after an experience of many years, your

Directors and Officials are satisfied that no safer, more useful or more profitable disposition could be made of a reasonable proportion of its resources.

At the end of the year Bank Premises Account amounted to \$5,809,840.50—an expansion of \$167,103.18. Some expenditures of importance were incurred, but only after the usual careful investigation and consideration by the Directors and Officials. Most important was the purchase of a property at the corner of Yonge and Gerrard Sts., Toronto—advisable owing to the great development that is taking place in that district. The erection of a suitable building on that site is now under way and it should be completed by the end of the present year. We acquired the property which we had occupied for some years at the corner of Douglas and Yates Sts., Victoria, B.C. This is considered the most desirable banking site in that City. In addition, properties were purchased in the following localities: St. Clair Ave. West, and on North Yonge St. (in the Lawrence Park district), Toronto; at Long Branch, Ont. New buildings were erected on properties previously acquired at—

Davenport and Dovecourt Roads, Toronto.
Danforth Ave. East, Toronto.
Yonge St. and Marlborough Ave., Toronto.
Homeside Branch, Hamilton.
North Broad St., Regina.

To take care of increasing business, extensive alterations and additions were made at Calgary, Chatham and St. Lawrence Blvd., Montreal.

Your Directors have always proceeded cautiously in the matter of expenditures on land and buildings and they are only made after judging them from every viewpoint. This year, as has been reported, \$300,000 was written off Bank Premises Account—we have only once before made as high an appropriation.

The value of a Bank's holdings in real estate is always problematical and subject to change. In many cases buildings erected are not wholly adaptable to other purposes, and it is with this in mind that appropriations are made from Profit and Loss Account from year to year—in 1929 further justified by increased earnings.

It will be of interest to the Shareholders to know that, to keep pace with the Institution's development, this Bank during the past ten years has expended on land and buildings at various points in Canada, just over \$3,000,000 and during the same period has written off from profits \$2,370,000.

Including some properties that were disposed of, the net result is—that although we have purchased real estate at thirty-five places, and erected substantial and suitable buildings at twenty-nine, the total increase in the Bank Premises Account in the ten years in question only amounts to \$402,000.

Canadian Banks opened about 90 new branches in Canada last year, and it is worthy of note that 77 of them were located in nine Cities and 55 of the 77 in Toronto, Montreal and Vancouver, indicating that there has been no unusual development in any particular region, except in a few of the larger Cities, where branch extension is overdone. New districts, of course, demand banking service, and branches are often established to retain the business of valued customers who have moved from the neighborhood of the older offices; but, unfortunately, each institution seems to pursue its own policy in increasing such facilities, resulting in a great deal of unnecessary duplication, with large amounts locked up in land and buildings. As an example, in one part of Toronto there are nine branches within the radius of one-eighth of a mile. The Dominion Bank is particularly interested in this subject because we were the pioneers in City Branch banking, establishing the first subsidiary office, on Queen St. West, Toronto—nearly sixty years ago.

The Dominion Bank has never employed another corporation to finance investments in land or buildings, and all transactions of that nature pass through the Bank Premises Account.

Two items in the Balance Sheet which we do not usually refer to, viz., "Real Estate Other than Bank Premises" and "Mortgages on Real Estate Sold," at the end of the year amounted to the very small total of \$19,314.08. These headings, as a general rule, represent properties acquired during the liquidation of doubtful accounts, and the sum shown by The Dominion Bank is, perhaps, relatively, the smallest reported by any leading financial institution in Canada.

At the end of the year the Bank's total assets—\$154,181,303.28—were the highest in its history.

The unique grain situation and stock market developments were the outstanding features of the year 1929.

With respect to the first, the present position is that a very large portion—estimated at 200,000,000 bushels—of the exportable surplus of the 1928 and 1929 wheat crops remains unsold in the hands of the farmers and grain dealers, which means that a corresponding volume of new money is kept out of the country, and funds which at this time should be flowing through the usual channels of trade, are tied-up. The effects of this are: slower liquidation of debts, flagging business; unemployment; new enterprises deferred, and lower deposits. Surely this condition furnishes another strong argument in favour of more diversified agricultural pursuits in Western Canada. The tremendous advance in wheat exports has been a leading factor in this country's expansion since the War, but it should be remembered that Russia's disappearance as an exporter left a vacuum for Canada's increased surplus. Such opportunities in the future are not probable; Russia's return to the field is more likely, but in any event there may be a limit to profitable wheat raising. Average individual consumption being more or less constant, the world's requirements will grow only as population increases, and we must always keep in mind the increasing competition from cheaper foods. The Oriental market just referred to by the President is important, but does not yet offer a permanent outlet, and while any country's surplus may vary, a poor crop in one part of the globe is usually balanced by a good harvest elsewhere. More acreage is brought under cultivation every year, particularly in this country, and the tendency is towards constantly greater production. Altogether, present conditions bear out what those who should know have many times urged, mixed farming for Canada is the only sound policy.

Everybody recognizes that one of the most severe breaks in security prices in the history of finance has taken place, but perhaps too much attention has been paid to it. The shrinkage of values undoubtedly meant serious permanent losses to some people, but to a considerable extent represented only the disappearance of paper profits, affecting but

a comparatively small percentage of the public—the large majority of wage earners had little interest, if any, in the stock market. But whatever the results may have been, it is time for everybody to forget about “crashes,” “crises,” etc., and settle down to work. Canadian bankers have been closely in touch with what was going on during recent weeks, and, as a matter of fact, there were no “crises” in Canada, while the only “crashes” were in the prices of securities, most of which were far too high in any case. It is idle at this juncture for anybody to adopt an “I-told-you-so” attitude—we had much better try to profit by the lessons of the past few months. It has been demonstrated over and over again during the last two centuries at least, that with rare exceptions, wealth is not accumulated by speculation, but by saving and judicious investment, and if, realizing this, every man will now devote himself to his own legitimate business exclusively, he will find plenty to do, and the experience of 1929 may prove invaluable in the years to come.

I might here observe that Life Insurance figures furnish instructive data regarding the naturally thrifty habits of the Canadian people as a whole. New policies in 1929 exceeded \$1,000,000,000, bringing the total amount in force to more than \$6,000,000,000, which is likely to continue as more people turn to slower but surer methods of accumulation.

It seems timely to point out the serious responsibility resting upon dealers in securities, which, unfortunately, is not always exercised; unquestionably the more representative houses observe their full duty in this regard, but there are some who, perhaps through inexperience, recommend doubtful issues to their clients—with others, their own interests appear to be the chief consideration. The brokerage field is one calling for the highest principles of business morality, and the public should have protection from unscrupulous exploitation.

Any disposition to look for dull business as a result of the fall in security values, to some extent confuses cause and effect. In the earlier months of 1929 slackening trade had been indicated by such signs as easing prices for the base metals; lower figures of building contracts and a decrease in automobile production. It is said that the upward movement of this Continent's prosperity goes hand-in-hand

with the phenomenal rise of the automobile industry, and that their peaks will be reached simultaneously. If it turns out that we have arrived at that point and a period of decreasing activity in all lines is to ensue, such a readjustment is only normal. It is certain that we cannot expect new records in every kind of business to continue year after year.

The enormous growth of instalment buying during the past five years has been striking, and many volumes have been written in favour of and against "Consumer Credit," which seems to have gained a permanent place in business, and so far has operated successfully. The supreme test, however, of the stability of the instalment system, of chain stores, and other new features, is very likely to take place in 1930.

Since the deflation period of 1920-21 "low inventories" have been the general rule and there has been no great over-production in manufactured goods in any country. There are indications of it now in some branches of agriculture, and in certain raw materials; consumption is not keeping pace with output. During the War, and since, the volume of outstanding credit increased enormously, gold production only nominally, and the fact appears to be that the world is short of gold. Every country is trying to obtain it, and to pay International obligations, including war debts, with larger exports; the result is a slightly downward tendency in commodity prices. Some people suggest that another period of gradual deflation is in sight, bringing with it further business depression, but this seems an extreme view.

A comparison of the total Notice Deposits with the total Commercial Loans of all the Canadian Banks, with special reference to the surplus of the former over the latter, provides a good index to money conditions. On December 31st, 1928, Notice Deposits stood at \$1,520,000,000, Commercial Loans at \$1,230,000,000—a favourable margin of \$290,000,000; on November 30th, 1929—later figures are not available—Notice Deposits were \$1,453,000,000, a reduction of \$67,000,000, while Commercial Loans were \$1,443,000,000, an expansion of \$213,000,000, almost wiping out the usual excess of Deposits over Loans. This is not a sound position, but it will be rectified to a great extent when we sell our wheat. Of course there have been times in the past when

Commercial Loans were much higher than Notice Deposits; for instance, during the War, when everybody was subscribing to the great Bond issues, while at the same time the Banks were called upon to finance the manufacture of munitions and other War material. In recent years Notice Deposits have averaged from \$300,000,000 to \$400,000,000 more than Commercial Loans. Tight money conditions now prevailing are very largely caused, as I have said, by the grain situation, but not altogether. Funds were in strong demand for all business purposes, and loans to Municipalities made an additional load upon the Banks, as the public expected high interest rates in the Bond market. Our cities and towns are now finding it easier to dispose of their issues, but even so, there will be no cheaper banking funds in Canada until the crop is liquidated at least, and probably not for another year.

Canadian exchange ruled at a discount throughout 1929, averaging nearly one per cent., and reached a peak of over three per cent. in October. The unfavourable exchange rate, the swollen condition of Bank loans, and the lower trend of deposits indicate that Canada's present position is very similar to that of a successful merchant trying to do too much business for his capital.

It is true that British and United States investments in Canada are increasing every year and now total more than \$6,000,000,000, but the need and opportunities are unlimited. On the reverse side, for various reasons, capital leaves this country far too freely; our imports of finished goods are excessive to the point of extravagance and Canadian investments abroad, including repurchases of foreign-held Canadian issues, makes up too large a sum each year; the estimate for 1929 is \$150,000,000 to \$175,000,000; furthermore, it is well known that a substantial volume of the Canadian people's savings vanishes every year in foreign speculation, and this was never more evident than in 1929. While on this question, let me say once more that it is not the case, as many think, that the Banks aggravate the shortage of Canadian capital by sending funds to New York to take advantage of high interest rates. The fact is, deposits outside of Canada increased very greatly, loans only slightly, the result being that foreign deposits were brought

to Canada to assist Canadian industry—the very opposite of the general public idea on this subject.

Total Immigration to the end of October, not including large numbers of returning Canadians, was about 150,000, approximately the same as in 1928. Western homestead entries totalling 14,447 were registered. Experience shows that it is useless and wrong to bring immigrants here who cannot be absorbed; also, that a desirable type cannot be attracted unless work is definitely in sight. Another important feature is that the day of trunk railroad building is over, for the present at least, and less immigrant labour is necessary.

Tourist traffic, however (a form of immigration in a sense), is growing steadily. I ventured to remark on this subject at our last Meeting, but its importance warrants further comment. The money spent in Canada by visitors last year is estimated at \$300,000,000—more than equal to the whole annual spending power of a city larger than Vancouver. This vast sum is not evident in our foreign trade account, and yet it is the greatest single item on the credit side. The amount is likely to increase in 1930, as many people in the United States, accustomed to spending holidays in Europe, may, after their recent experiences, decide upon cheaper trips, and our chief cities from Coast to Coast are more frequently than ever chosen as the meeting-places for important Conventions.

An illustration of how important travel from abroad can be to a country is seen in the case of Italy, who does not grow enough food for her own people and has to import heavily. She has no native gold with which to effect payments and little in the way of exportable products; the result is an unfavourable trade balance every year, which she makes up by tourist traffic attracted by her climate, scenery and historic interest.

Canada is alive to her opportunity; every Province is interested, and a Dominion Association has been formed, devoted to the welfare of the travel industry.

Expressed in a sentence, I would say that the year 1929, which began with good prospects of continued prosperity for Canada, fulfilled expectations in the main, but the close was

somewhat disappointing in certain respects, and the outlook for 1930 is not wholly clear. Balancing the favourable features against the unfavourable, we find in the first category: an exceptionally strong and liquid banking position; a reduction in security prices to a sound yield basis; a \$60,000,000 decrease in Canada's debt; ability of merchants and manufacturers to cope with decreased earnings after a succession of profitable years. On the other side we have: the grain congestion and uncertain export market; a tendency towards over-building, with too much money going into fixed assets; a national shortage of capital; an excess of undigested securities, although this condition is improving—and too great a volume of instalment obligations.

Canada, however, has only hesitated in her forward movement, and with the united efforts of all elements and strict attention to business, her former momentum will be regained. The future is just as promising as at any time in her history.

May I remind the Shareholders that when we meet in January, 1931, it will be the Bank's Sixtieth Anniversary.

I beg to second the adoption of the Report.

The motion was put to the Meeting and the Report adopted.

Mr. Wm. Ross—I move that Mr. A. B. Shepherd, C.A., of Peat, Marwick, Mitchell & Co., and Mr. D. McK. McClelland, F.C.A., of Price, Waterhouse & Co., be appointed Auditors to hold office until the next Annual General Meeting, and that their remuneration be fixed at a sum not to exceed \$10,000. Also, that the thanks of the Shareholders be recorded to Mr. Alfred W. Cole, C.A., the retiring Auditor, for his efficient services during the past two years.

Mr. George C. Heward—I second the motion. (Carried.)

Mr. A. E. Dyment—Mr. Chairman, Ladies and Gentlemen: Some months ago I concluded that among the best investments now available are Canadian Bank Stocks, and I also decided that The Dominion Bank was one of the finest in Canada for me to invest in. I bought shares because I have faith in the management of this good old Institution, and a great belief in the integrity and ability of its Directorate. Although I am a Director of another Canadian Bank, I am

free to say that there is no Bank in Canada with an abler body of men than the members of your Board—they are all leaders in their own particular line of business; they all take a keen interest in the welfare of the community in which they live, and altogether, they are a valuable asset to The Dominion Bank. Sometimes we think that Directors are more or less figureheads, but this is a wrong idea. They can do a great deal for the Bank, particularly such men as represent you on this Board. With their connections in the country they can bring business and more especially the goodwill of the public to your Institution, and in this I am glad to say the members of The Dominion Bank Board are pre-eminent.

I want to congratulate the Board of Directors on the splendid statement which has been presented here—the finest in the history of the Bank. It is a credit to the management and Directors and I am sure they deserve the sincere thanks of the Shareholders of the Bank; I would therefore move that the thanks of this Meeting be given to the President, Vice-President and Directors for their services during the year.

Mr. A. W. Laver—Mr. Chairman: After listening to the Reports read here to-day, and reading the splendid statement of the year's business, I think I can say for the Meeting that Mr. Dymont has fully expressed our opinion of the Board of Directors. Looking back over the Bank's past history—some fifty-nine years—we see as Directors the names of a great many prominent business men of their day and generation; I think I can correctly say that at no time were the affairs of the Shareholders in better hands than at the present time. I have, therefore, very great pleasure in seconding the motion. (Carried.)

Mr. C. S. Blackwell—Mr. Chairman, Ladies and Gentlemen: We are very pleased to note the presence of lady Shareholders at this Meeting, indicating their keen interest in the affairs of the Bank. We welcome them, and trust to see more lady representatives next year.

Mr. Bogert has given a very thorough report of the Bank's affairs and it is not necessary for me to say anything regarding them except that they are in excellent condition and the Directors are pleased with the year's business. A little over

a year ago we added three new members to the Board; I believe Mr. Bogert is going to call on one of them to say a few words to you to-day. He is the youngest in point of service with us, but he is rich in experience and a valuable acquisition. Let me thank you on behalf of the Board, most sincerely, for your very kind resolution; I assure you that it is appreciated.

Mr. J. M. Mackie—Mr. Chairman, Ladies and Gentlemen: I would like to say that I was very pleased to be asked to join this Board. As Mr. Dymont has said, this Directorate is not composed of figureheads—its members are active and zealous, and their interests are identical with those of the Shareholders and the depositors of the Bank. I appreciate my association with this Institution, and thank Mr. Dymont for what he said in regard to the Board.

Mr. J. J. Gibbons—Mr. Chairman: I would like to move that the thanks of this Meeting be given to the General Manager and other officers of the Bank for the efficient performance of their respective duties.

Mr. T. W. Duggan—Mr. Chairman, Ladies and Gentlemen: I quite approve of that resolution. I have had a very pleasant and profitable experience with the Bank for more than forty years, and an intimate association with a succession of Managers who have helped me to make our business the largest of its kind in the world. I have great pleasure in seconding the motion. (Carried.)

Mr. Bogert—Mr. Chairman, Ladies and Gentlemen: I share with every member of the staff in appreciation of the resolution just passed, and the kind words of Messrs. Gibbons and Duggan—the mover and seconder.

You will gather from the various remarks made to-day that 1929 was an unusually active year for the Bank, necessitating constant attention by all members to their respective duties, which, I am very proud to tell you, were uniformly well performed in all departments.

It is always the aim of your Directors and Officials to treat all members of the staff with consideration and fairness, and in the matter of remuneration, to deal with them as liberally

as possible. The total remuneration of the staff runs into very large figures, and yet I can assure you that none of them is overpaid. In addition to the regular salaries, bonuses are periodically given, when justified by the earnings, and a distribution of this nature was made in December last.

Furthermore, we have, I am pleased to say, a very valuable Pension Fund connected with the Institution—started many years ago—and this provides reasonable allowances to its members when they reach the retiring age, as well as provision for widows and orphans under certain conditions. The staff are, of course, greatly indebted to the Shareholders of the Bank for their yearly contributions to this Fund.

Mr. Evan A. Begg, who is well known to many of you, voluntarily relinquished his responsible position at the Head Office a short time ago to enjoy a few years of rest, well justified after forty-five years of good service. The Dominion Bank has never had a more faithful, loyal or efficient official than Mr. Begg and his resignation was received with regret by Directors and Officials alike.

The President has made reference to the recent election to your Directorate of Mr. F. L. Patton, of Winnipeg—a wholly well deserved appointment, which will be received with universal gratification throughout the service.

I will ask two of the members of the staff to join with me in expressing our appreciation to the Shareholders for the resolution to which I am speaking—Mr. R. K. Beirsto, Manager of our Winnipeg Branch, and Mr. W. E. Scott, Manager of our Orillia Office.

Mr. R. K. Beirsto—Mr. Chairman, Ladies and Gentlemen: I am very pleased on behalf of the staff to respond to the resolution you have just passed. The Bank's fine position, as shown by the statement to-day, is particularly gratifying to us. I have come in contact with many members of the staff in the Western branches and I have no hesitation in assuring you of their loyal and faithful service; every officer is proud of his association with The Dominion Bank, and on their behalf I desire to thank you very sincerely for this resolution.

Mr. W. E. Scott—Mr. Chairman, Ladies and Gentlemen: It is a pleasure to me to help convey to this meeting the thanks of the staff for the motion which has just been passed. We have listened with a great deal of satisfaction and pride to the report which has been presented to you, and the knowledge that it has met with your approval is most gratifying.

Mr. Edward Burns—Mr. Chairman: I have a motion to make: that the poll be now opened for the election of fifteen Directors, and that the same be closed at two o'clock in the afternoon, or so soon before that hour as five minutes shall elapse without any vote being polled, and that the Scrutineers, on the close of the poll, do hand to the Chairman a certificate of the result of the poll.

Mr. Wallace Jones—I beg to second the resolution just read. (Carried.)

After the ballot was taken the Scrutineers reported that the following had been elected Directors: Messrs. A. W. Austin, C. S. Blackwell, C. A. Bogert, C. H. Carlisle, R. Y. Eaton, E. W. Hamber, J. M. Mackie, Wilmot L. Matthews, R. S. McLaughlin, W. W. Near, F. Gordon Osler, F. L. Patton, J. Allan Ross, C. O. Stillman and H. H. Williams.

The Chairman then adjourned the Meeting.

At a subsequent Meeting of the Directors, Mr. Austin was elected President, Mr. Bogert, Vice-President, and Mr. Blackwell, Chairman of the Board, for the ensuing year.

The Annual Statement with copy of the Profit and Loss Account and of the Minutes of the Annual Meeting are sent to the Shareholders in accordance with the provisions of Section 54 of the Bank Act.

