

THE DOMINION BANK



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**SIXTY-EIGHTH
ANNUAL REPORT
31ST DECEMBER 1938**

SIXTY-EIGHTH ANNUAL REPORT

1871

1938



THE DOMINION BANK

31st DECEMBER, 1938

THE DOMINION BANK

ESTABLISHED 1871

HEAD OFFICE - TORONTO

CAPITAL PAID UP	- - -	\$7,000,000
RESERVE FUND	- - - -	\$7,000,000
UNDIVIDED PROFITS	- -	\$ 805,937

31ST DECEMBER, 1938

THE DOMINION BANK

BOARD OF DIRECTORS

PRESIDENT

C. H. CARLISLE, TORONTO. { Chairman of the Finance Committee and Director, The Goodyear Tire & Rubber Company of Canada, Limited.
President, Canada Bread Company, Limited.
Director, Canadian General Investments, Limited.
" Dominion Bridge Company, Limited.
" Montreal Trust Company.

CHAIRMAN OF THE BOARD

C. A. BOGERT, TORONTO. { Director, The Canada Life Assurance Company.

VICE-PRESIDENT

R. S. McLAUGHLIN, OSHAWA. { President, General Motors of Canada, Limited.
Vice-President, General Motors Corporation.
Director, Canadian General Electric Co., Limited.
" Canadian Pacific Railway Company.
" The Consolidated Mining & Smelting Company of Canada, Limited.
" The International Nickel Company of Canada, Limited.
" McIntyre-Porcupine Mines, Limited.
" The Royal Trust Company.

DIRECTORS

COL. THE HON. HERBERT A. BRUCE, M.D., F.R.C.S. (ENG.) TORONTO. { President, Federal Fire Insurance Company.
Director, The National Life Assurance Company of Canada.
" Wellington Fire Insurance Company.

R. Y. EATON, TORONTO. { President, The T. Eaton Company, Limited.
Director, National Trust Company, Limited.

R. J. GOURLEY, WINNIPEG. { General Manager and Director, Beaver Lumber Company, Limited.
Member, Canadian Committee, Hudson's Bay Company.
Director, The Home Investment & Savings Ass'n.
" Manitoba Bridge & Iron Works, Limited.
" The Monarch Life Assurance Company.
" The Northern Trusts Company.
" Western Steel Products Corp'n., Ltd.

DIRECTORS—Continued

THE HON. E. W. HAMBER,	VICTORIA.	{	President, Hastings Sawmill Company, Limited. On Advisory Board, The Toronto General Trusts Corporation. Director, B.C. Mills Tug & Barge Company, Ltd. “ Canada Creosoting Company, Limited. “ The National Life Assurance Company of Canada.
MAJ.-GEN. D. M. HOGARTH, C.M.G., D.S.O.,	TORONTO.	{	Director, Little Long Lac Gold Mines, Limited. “ MacLeod-Cockshutt Gold Mines, Ltd. “ Madsen Red Lake Gold Mines, Limited. “ Nipissing Mines Company, Limited. “ Pioneer Gold Mines of B.C., Limited. “ Sherritt Gordon Mines, Limited. “ Sudbury Basin Mines, Limited. “ Texas-Canadian Oil Corporation, Ltd. “ Ventures, Limited.
J. M. MACKIE,	MONTREAL.	{	President, Brinton-Peterboro Carpet Co., Limited. “ Paton Manufacturing Company, Ltd. “ Canadian Converters' Company, Ltd. Director, Belding-Corticelli, Limited.
A. C. MATTHEWS,	TORONTO.	{	President, Canada Malting Company, Limited. Director, Confederation Life Association. “ The Toronto General Trusts Corp'n.
F. GORDON OSLER,	TORONTO.	{	Partner, Osler & Hammond. President, Canada Permanent Mortgage Corporation. “ Canada Permanent Trust Company. Vice-President, The Manufacturers Life Insurance Company. Director, Calgary & Edmonton Corporation, Ltd. “ Consolidated Bakeries of Canada, Ltd. “ The Consolidated Mining & Smelting Company of Canada, Limited. “ Consumers' Gas Company of Toronto. “ The Steel Company of Canada, Limited.
JOSEPH M. PIGOTT,	HAMILTON.	{	President, Pigott Construction Company, Limited. President, Pigott Realty Company, Limited. Director, Consolidated Fire & Casualty Company. “ Landed Banking & Loan Company. “ United Fuel Investments, Limited.
J. ALLAN ROSS,	TORONTO.	{	President, Wm. Wrigley Jr. Company, Limited. Director, Wm. Wrigley Jr. Company, Chicago.
H. H. WILLIAMS,	TORONTO.	{	Director, The Imperial Life Assurance Company. “ The Toronto General Trusts Corp'n.

THE DOMINION BANK

HEAD OFFICE: TORONTO

OFFICIALS

ROBERT RAE	-	-	-	<i>General Manager</i>
T. WILDING	-	-	-	<i>Assistant General Manager</i>
S. C. COOK	-	-	-	<i>Assistant General Manager</i>
C. S. HOWARD	-	-	-	<i>Chief Supervisor</i>
A. H. BAILLIE	-	-	-	<i>Eastern Supervisor</i>
C. A. PACK	-	-	-	<i>Chief Inspector</i>
W. C. MACAGY	-	-	-	<i>Supervisor</i>
W. B. TANNAHILL	-	-	-	<i>Secretary</i>
JOHN MILLER	-	-	-	<i>Chief Accountant</i>
W. H. LEROY	-	-	-	<i>Staff Superintendent</i>
JAMES GRANT	-	-	-	<i>Superintendent of Bank Premises</i>

WESTERN OFFICIALS—WINNIPEG

R. K. BEAIRSTO	-	-	-	<i>Assistant General Manager</i>
E. R. CAMERON	-	-	-	<i>Western Supervisor</i>

BRANCHES OF THE DOMINION BANK

ONTARIO

BADEN	J. B. Runstedtler	Manager
BELLEVILLE	B. C. Sisler	Manager
BRACEBRIDGE	W. W. Creswick	Manager
BRAMPTON	W. E. Glenney	Manager
BRANTFORD	John McMillan	Manager
BROOKLIN	P. A. Journeaux	Manager
CHATHAM	W. Watts	Manager
COBOURG	J. W. Maize	Manager
DRESDEN	E. W. Slaght	Manager
FAIRBANK	S. Blues	Manager
FORT FRANCES	W. T. Russell	Manager
FORT WILLIAM	R. F. J. Ford	Manager
GERALDTON	T. B. Connochie	Manager
GRAVENHURST	T. A. Smith	Manager
GUELPH	A. H. Bazett	Manager
HAMILTON	Norman Evans	Manager
East End Branch (King and Wentworth Sts.)	J. S. Dean	Manager
Gage Ave. Branch (Gage Ave. and Barton St.)	J. W. L. Addleton	Manager
Kenilworth Ave. and Barton St.	J. D. Ketchum	Manager
HESPELER	S. T. Organ	Manager
HUNTSVILLE	J. G. Fraser	Manager
KENILWORTH	W. Coupar	Manager
KENORA	L. S. Nicolson	Manager
KIRKLAND LAKE	C. S. Blenkinship	Manager
KITCHENER	H. S. Lancefield	Manager
West End Branch (King and Wilmot Sts.)	T. Long	Manager
LARDER LAKE	J. Walton	Manager
LEAMINGTON	A. Ritchie	Manager
LINDSAY	M. E. Grant	Manager
LONDON	H. F. Smith	Manager
Rectory Street Branch	G. K. Bryson	Manager
LONG BRANCH	W. H. Seabrook	Manager
MADOC	G. C. Gammage	Manager
MARMORA	J. C. Taylor	Manager
MOUNT ALBERT	J. A. Tilley	Manager
MOUNT FOREST	W. Coupar	Manager
NAPANEE	R. Humphrey	Manager
NEW TORONTO	W. V. Dedrick	Manager
NIAGARA FALLS	J. B. Rooney	Manager
ORILLIA	C. S. Pim	Manager
OSHAWA	Hugh Hall	Manager
South Oshawa Branch	A. N. Kidd	Manager
OTTAWA	C. O. Fellowes	Manager
PETERBOROUGH	R. T. E. Hicks-Lyne	Manager

BRANCHES - ONTARIO—Continued

ROSSEAU.....	E. K. McL. Jones.....	Manager
ST. CATHARINES.....	J. M. R. Torrie.....	Manager
ST. THOMAS.....	H. G. Henderson.....	Manager
SARNIA.....	W. B. Macdonald.....	Manager
SEAFORTH.....	E. C. Boswell.....	Manager
SUDEBURY.....	G. Heath Ross.....	Manager
TIMMINS.....	F. A. Burt.....	Manager
TORONTO:		
Cor. King and Yonge Sts.....	A. C. Ashforth.....	Manager
	T. F. R. Elliott.....	Asst. Manager
	J. D. N. Waugh.....	Asst. Manager
	E. S. Swallow.....	Asst. Manager
Avenue and Davenport Rds.....	P. J. Jones.....	Manager
Bay and St. Albans Sts.....	Wm. E. Lepper.....	Manager
Bloor and Bathurst Sts.....	F. R. Cochran.....	Manager
Bloor St. and Dovercourt Rd.....		
Bloor St. and Runnymede Rd.....	C. A. Thorpe.....	Manager
City Hall Branch.....	W. Walker.....	Manager
Danforth and Leyton Aves. (3334 Danforth Ave.).....	W. I. Hargreaves.....	Manager
Danforth and Logan Aves.....	J. J. Irwin.....	Manager
Davenport and Dovercourt Rds.....	R. A. Jennings.....	Manager
Davenport Rd. and Laughton Ave.....	A. J. Essery.....	Manager
Dufferin St. and Lappin Ave.....	D. W. Dean.....	Manager
Dundas and McCaul Sts.....	A. P. Duck.....	Manager
Dundas St. and Runnymede Rd.....	T. W. Rhind.....	Manager
Dupont and Christie Sts.....	R. W. M. Thomson.....	Manager
Gerrard St. and Coxwell Ave.....	R. S. Gray.....	Manager
Lawrence Park (cor. Yonge St. and Lawrence Ave.).....	D. A. Burns.....	Manager
Market Branch (King and Jarvis Sts.).....	W. W. Duncan.....	Manager
Mount Pleasant Rd. and Hillsdale Ave.....	H. Eves.....	Manager
Parkdale (Queen St. and Jameson Ave.).....	R. M. Bolton.....	Manager
Queen St. and Augusta Ave.....	G. M. Chesney.....	Manager
Queen St. and Broadview Ave.....	A. H. Black.....	Manager
Queen and John Sts.....	R. R. Buchanan.....	Manager
Queen St. and Lee Ave.....	G. R. Cook.....	Manager
Queen St. and Ossington Ave.....	M. E. Roberts.....	Manager
Queen and Sherbourne Sts.....	T. C. Glenn.....	Manager
Queen and Victoria Sts.....	M. S. Burger.....	Manager
Roncesvalles and Howard Park Aves.....	C. W. McMichael.....	Manager
Rosedale (Sherbourne and Bloor Sts.).....	J. T. Lownsbrough.....	Manager
St. Clair Ave. and Dufferin St.....	F. A. Boulden.....	Manager
St. Clair Ave. and Vaughan Rd.....	C. A. R. Hunter.....	Manager
Spadina Ave. and Adelaide St.....	Joseph Johnson.....	Manager
Spadina Ave. and College St.....	W. S. Pate.....	Manager
West Toronto Branch.....	F. E. Havill.....	Manager

BRANCHES—Continued

TORONTO—Continued

Yonge St. and Eglinton Ave.	F. W. Slatter.	Manager
Yonge and Gerrard Sts.	J. B. O'Neill.	Manager
Yonge and Hayden Sts.	N. J. O'Flynn.	Manager
Yonge St. and Marlborough Ave.	E. E. Abbott.	Manager
Yonge St. and St. Clair Ave.	T. W. Joyce.	Manager
Yonge St. and Teddington Park Ave.	G. J. Vicars.	Manager
York and Adelaide Sts.	R. B. Hunter.	Manager
UNBRIDGE	D. D. Dunsire	Manager
WELLAND	D. S. Hunter	Manager
WHITBY	J. H. Perry	Manager
WINDSOR	W. E. Scott	Manager
WINGHAM	J. R. M. Spittal	Manager
WOODSTOCK	C. R. Hanna	Manager

QUEBEC

MONTREAL	W. A. Fisher	Manager
	P. E. J. Netterfield.	Asst. Manager
Beaubien and Christophe Colomb Sts.	A. S. Jamieson	Manager
Bleury and St. Catherine Sts.	J. K. Muir	Manager
	Frank F. Hull	Asst. Manager
Dominion Square Branch, (Peel and St. Catherine Sts.)	W. J. Dundas	Manager
Guy and St. Catherine Sts.	R. J. Nichols	Manager
Monkland and Old Orchard Aves.		
St. Jean Baptiste Market	I. H. Gordon	Manager
St. Lawrence Blvd. Branch (St. Lawrence Blvd. and Prince Arthur St.)	P. C. Marsh	Manager
ROUYN	I. D. Simmons	Manager

MANITOBA

BOISSEVAIN	A. Morton	Manager
BRANDON	T. T. Rodger	Manager
DELORALINE	R. A. Glendinning	Manager
St. BONIFACE (Union Stock Yards Branch)	J. G. Foggo	Manager
SELKIRK	A. Tomkins	Manager
THE PAS	Alex Stewart	Manager
WINNIPEG	R. K. Beairsto	Manager
	E. D. White	Asst. Manager
Main St. and Redwood Ave.	W. D. Cockerill	Manager
North End (Main St.)	B. E. Elmore	Manager
Notre Dame Ave. and Sherbrook St.	P. M. Wass	Manager
Portage Ave. and Kennedy St.	C. O. Bell	Manager
Portage Ave. and Sherbrook St.	W. M. Hamilton	Manager

BRANCHES—Continued

SASKATCHEWAN

GRENFELL.....	C. H. Johnston.....	Manager
MOOSE JAW.....	B. E. Hull.....	Manager
REGINA.....	W. A. Radcliff.....	Manager
SASKATOON.....	L. C. Brown.....	Manager

ALBERTA

CALGARY.....	C. W. Jones.....	Manager
EDMONTON.....	M. C. Fraser.....	Manager
MEDICINE HAT.....	W. S. Ashley.....	Manager

BRITISH COLUMBIA

VANCOUVER.....	A. A. Atkinson.....	Manager
Pender and Howe Sts.....	W. D. Kelly.....	Manager
Robson and Hornby Sts.....	C. B. Pearson.....	Manager
VICTORIA.....	D. McMillan.....	Manager

NEW BRUNSWICK

SAINT JOHN.....	R. W. Thurston.....	Manager
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LONDON, ENGLAND

3 KING WILLIAM ST., E.C.4.....	Percival Huffman.....	Manager
	E. W. Booth.....	Asst. Manager

NEW YORK AGENCY, U.S.A.

49 WALL ST.....	A. W. Rice.....	Agent
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CHIEF CORRESPONDENTS

GREAT BRITAIN	- Bank of England. Bank of London and South America, Limited. Barclays Bank Limited. British Overseas Bank, Limited. Lloyds Bank Limited. National Bank of Scotland, Limited. Union Bank of Scotland, Limited.
AFRICA	- - - - - Barclays Bank (Dominion, Colonial and Overseas).
AUSTRALASIA	- - Commercial Bank of Australia, Limited. National Bank of Australasia, Limited. Union Bank of Australia, Limited. Bank of New Zealand.
BELGIUM	- - - - - Banque d'Anvers. Banque de Bruxelles.
CHINA	- - - - - Chartered Bank of India, Australia and China. Chase Bank. Hong Kong and Shanghai Banking Corporation. National City Bank of New York.
CZECHO-SLOVAKIA	Anglo-Czechoslovak and Prague Credit Bank.
FINLAND	- - - - - Kansallis-Osake-Pankki.
FRANCE	- - - - - Banque Transatlantique. Barclays Bank (France), Limited. Chase Bank. Comptoir National d'Escompte de Paris.
GERMANY	- - - - - Deutsche Bank.
HOLLAND	- - - - - Amsterdamsche Bank. Rotterdamsche Bankvereniging.
ITALY	- - - - - Banca Commerciale Italiana. Credito Italiano.
JAPAN	- - - - - Mitsubishi Bank, Limited. Mitsui Bank Limited. National City Bank of New York. Yokohama Specie Bank, Limited.
POLAND	- - - - - Bank Handlowy W. Warszawie.
SOUTH AMERICA	- Bank of London and South America, Limited. National City Bank of New York.
SWEDEN	- - - - - Svenska Handelsbanken.
SWITZERLAND	- - Banque Federale. Banque Populaire Suisse.

CHIEF CORRESPONDENTS—Continued

- WEST INDIES - - Barclays Bank (Dominion, Colonial and Overseas).
National City Bank of New York.
- UNITED STATES
- BOSTON, MASS. - - First National Bank of Boston.
National Shawmut Bank of Boston.
- BUFFALO, N.Y. - - Liberty Bank of Buffalo.
Marine Trust Company of Buffalo.
- CHICAGO, ILL. - - Continental Illinois National Bank and Trust Company of Chicago.
- CLEVELAND, O. - - National City Bank of Cleveland.
- DETROIT, MICH. - - Commonwealth Bank.
National Bank of Detroit.
The Detroit Bank.
- DULUTH, MINN. - - First and American National Bank.
- LOS ANGELES, CAL. - Bank of America National Trust and Savings Association.
- MINNEAPOLIS, MINN. First National Bank and Trust Company of Minneapolis.
Northwestern National Bank and Trust Company of Minneapolis.
- NEW YORK, N.Y. - National City Bank of New York.
Central Hanover Bank and Trust Company.
Chase National Bank of the City of New York.
Continental Bank and Trust Company of New York.
Corn Exchange Bank Trust Company.
Irving Trust Company.
- PHILADELPHIA, PA. - Central-Penn National Bank of Philadelphia.
Philadelphia National Bank.
- PITTSBURGH, PA. - First National Bank at Pittsburgh.
Peoples-Pittsburgh Trust Company.
- ST. LOUIS, MO. - - Mercantile-Commerce Bank and Trust Company.
- ST. PAUL, MINN. - - First National Bank of St. Paul.
- SAN FRANCISCO, CAL. Bank of California, N.A.
Bank of America National Trust and Savings Association.
- SEATTLE, WASH - - Bank of California, N.A.
National Bank of Commerce of Seattle.
- WASHINGTON, D.C. - Riggs National Bank of Washington.

GENERAL STATEMENT, YEAR

ASSETS	
Gold held in Canada.....	\$ 664.01
Subsidiary coin held in Canada.....	266,294.17
Gold held elsewhere.....	107.75
Subsidiary coin held elsewhere.....	168.76
	\$ 267,234.69
Notes of Bank of Canada.....	\$ 2,924,781.25
Deposits with Bank of Canada.....	14,176,377.37
	17,101,158.62
Notes of other Chartered Banks.....	492,440.00
Government and Bank notes other than Canadian..	82,390.25
Cheques on other Banks.....	6,216,539.51
Due by Banks and Banking Correspondents else- where than in Canada.....	1,651,297.83
	\$ 25,811,060.90
Dominion and Provincial Government direct and guaranteed Securities, maturing within two years, not exceeding market value.....	9,886,914.08
Other Dominion and Provincial Government direct and guaranteed Securities, not exceeding market value.....	37,939,040.79
Canadian Municipal Securities, not exceeding market value.....	4,250,221.66
Other Bonds, Debentures and Stocks, not exceeding market value.....	3,347,895.57
Call and Short (not exceeding thirty days) Loans in Canada on Stocks, Debentures, Bonds and other Securities, of a sufficient marketable value to cover.....	5,284,505.75
Call and Short (not exceeding thirty days) Loans elsewhere than in Canada on Stocks, Deben- tures, Bonds and other Securities, of a sufficient marketable value to cover.....	2,489,733.63
Deposit with the Minister of Finance for the security of note circulation.....	304,500.00
	\$ 89,313,872.38
Current Loans and Discounts in Canada, not other- wise included, estimated loss provided for.....	\$ 47,119,795.97
Loans to Cities, Towns, Municipalities and School Districts.....	1,736,314.00
Current Loans and Discounts elsewhere than in Canada, not otherwise included, estimated loss provided for.....	997,386.46
Non-current Loans, estimated loss provided for.....	261,793.56
Bank Premises, at not more than cost, less amounts written off.....	5,667,000.00
Real Estate other than Bank Premises.....	76,044.47
Mortgages on Real Estate sold by the Bank.....	34,141.31
Other Assets not included under the foregoing heads	198,131.83
	\$ 56,090,607.60
Liabilities of Customers under Acceptances and Letters of Credit, as per contra.....	2,975,524.44
	\$148,380,004.42

ENDED 31st DECEMBER, 1938

LIABILITIES

Capital paid up.....	\$ 7,000,000.00
Reserve Fund.....	\$ 7,000,000.00
Balance of profits as per Profit and Loss Account.....	805,937.24
Dividend No. 225, payable 3rd January, 1939.....	175,000.00
Former Dividends unclaimed.....	387.41
	7,981,324.65
Total Liabilities to the Shareholders.....	\$ 14,981,324.65
Notes of the Bank in circulation.....	\$ 5,260,489.00
Deposits by and balances due to	
Dominion Government.....	\$ 720,797.61
Deposits by and balances due to	
Provincial Governments.....	912,276.13
Deposits by the public not bearing	
interest.....	38,053,214.08
Deposits by the public bearing	
interest, including interest ac-	
crued to date of statement.....	82,649,949.27
	122,336,237.09
Deposits by and balances due to other Chartered	
Banks in Canada.....	1,542,934.08
Deposits by and balances due to Banks and Banking	
Correspondents in the United Kingdom and	
foreign countries.....	818,078.00
Liabilities to the public not included under the fore-	
going heads.....	465,417.16
	130,423,155.33
Acceptances and Letters of Credit outstanding.....	2,975,524.44
	\$148,380,004.42

C. H. CARLISLE,
President.

ROBERT RAE,
General Manager.

AUDITORS' REPORT TO SHAREHOLDERS

WE REPORT TO THE SHAREHOLDERS OF THE DOMINION BANK:—

That we have examined the above Balance Sheet as at December 31st, 1938, and compared it with the books at Head Office and with the certified returns from the Branches. We have examined the cash, and the securities representing the Bank's investments, held at the Head Office and certain of the larger branches as at December 31st, 1938, and in addition we examined the cash and the securities held at certain of the important branches during the year. We have obtained all the information and explanations that we have required, and in our opinion the transactions of the Bank which have come under our notice have been within the powers of the Bank.

In our opinion the Balance Sheet discloses the true condition of the Bank and is as shown by the books of the Bank.

A. B. SHEPHERD, F.C.A.,
of Peat, Marwick, Mitchell & Co.

D. McK. McCLELLAND, F.C.A.
of Price, Waterhouse & Co.

Toronto, January 17th, 1939.



HEAD OFFICE - TORONTO

THE DOMINION BANK

PROCEEDINGS

of the

Sixty-Eighth Annual General Meeting

of the

Shareholders

THE SIXTY-EIGHTH Annual General Meeting of the Shareholders of The Dominion Bank was held at the Banking House of the Institution, Toronto, on Wednesday, January 25th, 1939, at 2.30 p.m.

Among those present were:

William J. Aitchison (Hamilton), George W. Allan, K.C. (Winnipeg), A. C. Ashforth, C. S. Band, R. M. Bateman, M.D., R. K. Beairsto (Winnipeg), Evan A. Begg, A. M. Bethune, Ray T. Birks, K.C., A. H. Black, C. A. Bogert, F. A. Boulden, Merritt A. Brown, Col. The Hon. Herbert A. Bruce, M.D., F.R.C.S. (Eng.), C. H. Carlisle, Gordon T. Cassels, Charles W. Conway (Huntsville), S. C. Cook, Dudley B. Dawson, William E. Glenney (Brampton), R. J. Gourley (Winnipeg), A. Monro Grier, K.C., Frank A. Harrison, Maj.-Gen. D. M. Hogarth, C. M. G., D.S.O., C.S. Howard, Gordon Ince, Lieut-Col. Baptist L. Johnston, Arthur H. Lake, Charles E. Lee, W. H. LeRoy, John M. Lyle, Arthur Macdonald, A. MacFadyen, John M. Mackie (Montreal), Gordon R. Medland, R. B. Morley, Allan McPherson (Orillia), James Nicholson, F. Gordon Osler,

John P. Patterson, Joseph M. Pigott (Hamilton), C. S. Pim (Orillia), Robert Rae, G. F. R. Richardson, M.D., J. Allan Ross, Walter E. Scott (Windsor), W. T. H. Selby, D. King Smith, M.D., Hugh F. Smith (London), J. W. B. Walsh, J. D. Warde, John Watt, James S. Whicher (Caledonia), Walter Wily.

The President, Mr. C. H. Carlisle, having taken the chair, Mr. C. S. Howard was appointed to act as Secretary of the Meeting, and Messrs. Evan A. Begg and Walter Wily as Scrutineers.

At the request of the Chairman the notice calling the Meeting was read by the Secretary. The Minutes of the last Annual General Meeting were taken as read and were confirmed.

The Chairman then called upon the Secretary to read the Directors' and the Auditors' Reports.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present the following Statement of the result of the business of the Bank for the year ended 31st December, 1938, and a General Statement of the Assets and Liabilities as of that date.

Balance of Profit and Loss Account, 31st December, 1937.....		\$ 770,815.93
The Profits for the year ended 31st December, 1938, after making appropriations to contingency accounts, out of which accounts full provision for bad and doubtful debts has been made, and after deducting Dominion and Provincial Government Taxes of \$259,526.51 amounted to.....		960,121.31
		<u>\$1,730,937.24</u>
Dividends (quarterly) at Ten per cent. per annum.....	\$700,000.00	
Contribution to Officers' Pension Fund.....	75,000.00	
Written off Bank Premises.....	150,000.00	
		<u>925,000.00</u>
Balance of Profit and Loss Account carried forward.....		<u><u>\$ 805,937.24</u></u>

C. H. CARLISLE,
President.

ROBERT RAE,
General Manager.

No Branches were opened or closed during 1938.

Head Office and all Branches were inspected by officers of the Bank during the year.

The Shareholders' Auditors, Mr. A. B. Shepherd, F.C.A., and Mr. D.McK. McClelland, F.C.A., have made their annual examination of the Bank's affairs and their report is appended to the Balance Sheet.

C. H. CARLISLE,

20th January, 1939.

President.

A telegram from the Honourable E. W. Hamber, Victoria, B.C., was read, expressing regret at his inability to be present at the Meeting and conveying his best wishes to the Directors, Shareholders and Staff.

The Chairman then asked the General Manager to make his comments on the year's operations.

ANALYSIS OF THE PROFIT AND LOSS ACCOUNT
AND BALANCE SHEET BY MR. ROBERT RAE,
GENERAL MANAGER

You have just been given a statement of the Bank's profits and the disposition made of them. After providing for the dividends at the rate of 10 per cent per annum, making the usual contribution to the Officers' Pension Fund, \$75,000, paying Dominion and Provincial Government taxes totalling \$259,526, an appropriation of \$150,000 was made to Bank Premises Account. The balance remaining at credit of Profit and Loss Account was increased by \$35,122 and now stands at \$805,937.

I will now refer to the principal items in the Balance Sheet, a copy of which is before you:

Notes of the Bank in circulation were \$5,260,489, a decrease of \$268,252.

DEPOSITS INCREASE

Total Deposits were \$122,336,237, consisting of Deposits by the public bearing interest, \$82,649,949, those not bearing interest, \$38,053,214, and Dominion and Provincial Government Deposits, \$1,633,074, as compared with a total of \$117,782,320 a year ago, an increase of \$4,553,917.

Acceptances and Letters of Credit outstanding were \$2,975,524, an increase of \$908,829, reflecting larger exports and imports of foreign goods and commodities by the customers of the Bank towards the end of the year.

LIQUID POSITION STRONG

Cash Assets, \$25,811,060, are equivalent to 19.79 per cent of the public liabilities, and readily realizable assets, including Government, Municipal and other bonds, and Call and Short Loans, amounted to \$89,313,872, or 68.48 per cent of the liabilities to the public, indicating a sound liquid position.

Investments in securities, which consist largely of Dominion, Provincial and Municipal Government issues, totalled \$55,424,072, compared with \$54,048,741 a year ago. These are entered on the Statement at less than market prices.

Call and Short Loans in Canada were \$5,284,505, compared with \$6,162,069 a year ago, a decrease of approxi-

mately \$877,564, due to a general lessening in the demand for such financing. Against these loans readily marketable stocks and bonds, with adequate margin, were held.

Call and Short Loans elsewhere than in Canada totalled \$2,489,733. These are advances made at our New York Agency and London, England, Branch, against first-class securities—they fluctuate from day to day and are repayable on demand.

CURRENT LOANS AND DISCOUNTS

We are pleased to report that Current Loans and Discounts in Canada now stand at \$47,119,795, an increase of \$5,603,541 over those of a year ago.

It has always been the policy of this Bank to develop a sound commercial loaning business and it is a matter of gratification that we have obtained a satisfactory share of this business during the past year. We welcome applications for sound loans, no matter how small they may be.

Loans to Cities, Towns, Municipalities and School Districts show a slight decrease from those of a year ago and on the 31st December stood at \$1,736,314.

Non-Current Loans, \$261,793, are less than a year ago when they totalled \$332,605. Full provision has been made for all probable losses.

IMPROVEMENTS IN BANK PREMISES

Bank Premises Account totalled \$5,667,000. Last year we reported that contracts had been let for the erection of a modern two-storey banking building at Victoria, B.C. This was completed and I personally attended the opening of the office in October last; I can assure you that it is a credit to your Bank.

Several branch offices were remodelled during the year, including that at Ottawa. It is our policy to improve our premises from time to time as conditions warrant.

BANK IN STRONG POSITION

Our branches number 133, the same as a year ago. You may be interested to know that during the past year I interviewed the Manager of almost every branch of the Bank. In the autumn I visited the Prairie Provinces and

British Columbia and held conferences at the principal cities en route, with the local Managers and those from near-by points. I also had the pleasure of meeting many of the Bank's customers in Western Canada.

I would like to pay tribute to the co-operation we have received from every member of our Staff—which now numbers 1,254—and to their loyalty and devotion to the interests of the Bank.

In conclusion, I wish to assure you that the Bank is in a strong position, and is ready to take care of any legitimate business which may be offered.

ADDRESS BY MR. C. H. CARLISLE,
PRESIDENT

You have heard the Statement read and the comments made on same by your General Manager and, from the reception accorded same, I take it the Bank's operations for the fiscal year meet with your approval. My observations thereon will be brief.

It is encouraging to note the increase in total assets, the higher percentage of loans to assets, the net earnings continuing satisfactorily—notwithstanding unprecedentedly low rates of interest prevailing in the security markets. During the year many valuable new accounts have been opened. No major credit losses have been sustained. Improvements directed to higher efficiency have been and are being made in the Bank's operations. The Bank Staff has given a good account of itself; its co-operation is appreciated by your Board of Directors as well as by the Management.

EXECUTIVE APPOINTMENTS

Within the year two Assistant General Managers were appointed—Mr. T. Wilding and Mr. S. C. Cook. Mr. Wilding has had twenty-three years' experience in the Bank, during which time he filled important posts in Toronto and Montreal, and was Manager of our London, England, Branch. Mr. Cook has had twenty-seven years' experience in branch work, bank inspection, loan and general supervision.

In introducing new management there is always concern as to its success. During the one and one-half years Mr. Rae has served you as General Manager, he has proven his ability. He has earned, and enjoys, the confidence of every member of your Board. You may be assured of his continued success.

BANKING AND THE PUBLIC

Over a period of time there has been heard criticism of Canadian Chartered Banks. I presume a thorough understanding, on the part of the public, of national finance and of a monetary system is more, perhaps, than one can hope

for, and a measure of criticism is to be expected and is not wholly to be deplored. It is important, however, that those desiring a fair and reasonable appreciation of the facts should have such facts presented, and I am going to take this opportunity of endeavouring to lay before you, in as clear and simple a manner as I can, certain fundamental truths and relevant considerations which it seems to me the public should keep in mind. I do this because of the vital importance of a realization, on behalf of the people generally, of the soundness, and, as well, of the fairness of this country's financial system. It is, indeed, dangerous if the public get the view that there is something basically unjust or unsound in such system, and, consequently, should seek to substitute revolutionary and untried theories for practices which have stood the test of experience and have accounted in no small measure for the advance, which, over long years and against real obstacles, our people as a whole have achieved.

MISUNDERSTANDINGS ABOUT THE BANKS

The main criticisms may be enumerated as follows:—that banks hold Governments in debt slavery; that they do not loan money to help business; that they give service only to the few; that they manufacture money and credit at will, costing them nothing; that when business declines banks are responsible; that the small taxpayer is maintaining the banks which are making high profits and paying their shareholders excessive dividends; that the banks enjoy a monopoly, both as to receiving money on deposit and as to lending powers. After indulging in these criticisms, many come to the conclusion that there is some magical cure for all economic ills. It is true, and, indeed, quite obvious, that those who assail our Banking system, and, as well, our industries, are usually those who are seeking public office and who are well aware that there is no easier way to gain support than by exciting prejudice against those who appear to be successful. This is a well-known device in every democratic country and has brought about the failure of democracy in more lands than one. Nevertheless, people who desire to think carefully are misled, and are entitled to a fair exposition of basic facts.

FOUR MILLION DEPOSITORS

The first important truth is that Canadian Banks have served this Dominion well as guardians of the people's savings. This, in point of fact, is the primary function of banks, and if they fail in this function, nothing can atone for such failure. The indispensability of this service was recognized by even the great Socialist Chancellor, Philip Snowden, when, in 1935, he wrote of banks doing similar service in *Great Britain*: "Even if the Banks were nationalized, they would have to be managed as they are now, if their solvency was to be maintained." It would be difficult to find any country in which guardianship of the people's savings has been more faithfully discharged than in Canada. Not for fifty-eight years has any bank note passing as currency been dishonoured. At the present time savings accounts are at the highest peak in Canadian history. They are, indeed, 200 millions of dollars higher than in 1929. More than four million depositors have confidence in our Banks and leave their savings with them. It is surely fitting that reckless assailants and so-called monetary reformers should remember that their activities adversely affect the interests of more than four millions of people who have money deposited in Canadian Banks. Incidentally, this is something which the depositors themselves should not forget. Chartered Banks safeguard these savings. They do so by maintaining a substantial proportion of them in cash or other liquid form—a proportion invariably much higher than the legal requirements. Such savings are in turn used to render an essential service to the Canadian people—a service from which the whole Dominion benefits.

THE DEBT SITUATION

That Governments in this country are heavily in debt is conceded, but Banks have not created and are not responsible for such debt. Debt consists merely of the use by one person or institution of the savings of another. There is no way of getting out of debt except by payment—any other attempt is to defraud or to despoil the lender of his savings. Canada, however, is not bankrupt, nor are we a bankrupt people. Our debt can be paid if we will only correct the conditions which have raised it to abnormal dimensions and are continuing to add thereto.

INFLATIONARY "REFORM" HURTS LOW INCOMES

We hear in these times of all sorts of monetary reform movements. Each group has its own pet theory, but there is one thing common to the whole of them—they all lead to inflation. There are those who cheerfully accept the thought of inflation. The fact is, though, that inflation is nothing more nor less than a drastic and irrational increase in prices, involving at the same time the despoiling or defrauding of the lender of his savings. The increase in prices is irregular, spasmodic and unjust. Wages under such circumstances never increase and never can increase at the same time as other prices rise. People of low incomes are always the chief losers. There never was a time in the world's history, whether in the sphere of Government or of the individual, when honesty was not the best policy and when dishonesty was not a catastrophe as well as a crime. If any change be necessary in our monetary system the Bank of Canada has all the powers required to make that change. The officers of that Bank are experienced bankers, understanding the banking systems of the principal countries, and doing business with banks throughout the world. Our people would likely prefer to leave this matter with them than to entrust it to the layman or the politician.

BANKS ANXIOUS TO LEND

It is alleged that banks do not lend freely enough to farmers and to business men. The answer is, they are most anxious to do so because this is their chief source of income. They use the mobilized savings of the people to finance—within reasonably safe limits—requirements of business; to enable Canadians to produce real wealth from farms and mines, from forests and waters; to market crops and products in such a manner that the purchaser gets his money and gets good money without delay. Wages, in a considerable degree, depend upon bank advances, and, indeed, the whole mechanism of business rests upon the soundness of the principles used by our Banks in determining their advances. Canada's development as the fourth great exporting nation of the world has been facilitated—indeed, largely brought about—through sensible use of her banking credit.

COMMERCIAL LOANS

One sometimes hears another complaint, enumerated above, namely, that banks are niggardly in their advances to business and primary producers and are using their money to become holders of Government bonds. There are times, it is true, when the amount of such bonds held by banks is larger than at other times, but this necessarily is because the legitimate demand for funds by business and primary producers is stagnant. By "legitimate demand" is meant such demand as the prospects and reasonable requirements of the borrower justify. It is generally conceded that commercial loans, as distinguished from investments, reflect business activity. The Banks, naturally, prefer commercial loans because such constitute the more profitable end of their business. Commercial loans made by Canadian Banks, as contrasted with such loans made by United States Banks, show that in Canada in 1938, as compared with 1929—a year admittedly of excessive lending—our commercial loans were 61 per cent of what they were in that year, whereas in the United States the proportion was only 50 per cent. Canadian commercial loans in 1938 were 88 per cent of what they were in 1926, a year of average lending. The corresponding proportion in the United States was only 58 per cent. It is, therefore, established that, relatively speaking, Canadian business and Canadian producers have been much better supplied with credit in difficult years than have been their competitors in the United States. Commercial loans increased in this country in 1938 by 100 millions of dollars or more, while loans to the Government increased by only something over 26 millions of dollars.

The Banks, as a matter of fact, hold but a fraction of the *outstanding securities of the Dominion and Provincial Governments*. As of November 30th last, these aggregated 6,322 millions of dollars, both direct and guaranteed. Of this total the Chartered Banks held only 1,129 millions, or 17.86 per cent.

COMPARATIVE INTEREST RATES

It is said the rate of interest paid on deposits is low. In the United States, with which country comparisons are fairer than with any other, the rate paid on deposits is much

lower still, and no interest whatever is paid on demand deposits. Dividends to shareholders are sometimes criticized, but here again there are considerations wholly left out of account. The par value of Bank stock is fixed by law at one hundred dollars. The consolidated figures of all Banks, however, show that the actual price at which these shares were issued and sold was, on the average, one hundred and sixty-five dollars. A further fact also must be kept in mind, and it is this:—shareholders have left with the Banks undistributed profits to the average extent of thirty-four dollars per share. It follows that each shareholder has an investment of one hundred and ninety-nine dollars per share and not merely the one hundred dollars par value. Thus, for example, when an eight per cent dividend is paid, it really amounts to practically four per cent on the shareholder's investment.

BANKING SERVICES PROVIDED ON NARROW MARGIN OF PROFIT

The Banks' margin of profit is much lower than that of any other successful business. Net earnings of Canadian Banks for the year 1938 have been approximately one-half of one per cent on total assets.

Canadian banking is not a monopoly. There are numbers of monetary institutions which receive deposits; many others which both receive deposits and lend money. Reference is made to the Provincial Savings Office, to the very excellent Savings Banks in Montreal and Quebec City which are not Chartered Banks at all; to the Caisses Populaires operating throughout the Province of Quebec; to Insurance companies; to Mortgage Loan companies; to Trust companies; to Acceptance corporations; to Credit unions; and, in the matter of deposits, to the Post Office. Some of these are lenders of funds in very large amounts.

GOVERNMENT CONTROL

On the other hand there is no institution in our country so carefully supervised by Government for the protection of the public as is the Chartered Bank. It is subject to the most rigid inspection and to Parliamentary scrutiny of the

most persistent kind. Regular reports to the Minister of Finance and to the Bank of Canada—reports which are laid before Parliament—are year by year demanded. There is continuous inspection by the Inspector-General of Banks, an officer appointed by the Dominion Government, and in the case of every Bank regular auditing by two auditors who are appointed by the shareholders. In addition, the Bank Act itself is revised every ten years. Banks are required by law to lodge, without remuneration to themselves, a certain percentage of their deposits with the Bank of Canada, and they actually keep on deposit with the Bank of Canada more than the law requires. Banks pay into a fund held by the Minister of Finance a yearly sum proportionate to their circulation, and the funds so subscribed can be used to redeem the notes of any Bank, if trouble develops, and to the full extent of the circulation of the Bank in which trouble so develops. Thus all Banks, as well as all shareholders, are made to contribute to protect the public against the failure of an erring or ill-managed Bank. It is important that the public recognize the restraints under which these institutions operate, and, consequently, the care with which their management must be conducted.

WORLD-WIDE REPUTATION

“A prophet is not without honour save in his own country,” and it must be admitted the reputation of Canadian Banks is much freer from attack in other countries than in our own. The Canadian system stood the holocaust of war and its aftermath, and, as well, survived without fatality the greatest business depression of all time. In 1933, some 4,000 Banks in the United States with assets of 3,569 millions of dollars were forced to suspend, and as late as January 1, 1937, 2,787 of these Banks with deposits aggregating 2,880 millions of dollars had failed to re-open. Throughout all this period Canadian institutions stood firm. No depositor had reason for an hour to fear for the safety of a single dollar. It is difficult to exaggerate, and, without experience to the contrary, very hard to realize, the importance of this banking integrity to the whole Dominion. A well-regulated system and a high sense of responsibility to depositors and to the country constitute the foundation stones of Canadian banking stability, and Canadian banking stability was the rock upon which business recovery was built.

PROSPERITY CAN RESULT ONLY FROM PRODUCTION:
EFFICIENT PRODUCTION ALWAYS GETS CREDIT IN
CANADA

It is, I think, an axiom of history that in all calamities the poor and the unfortunate suffer the most. If the ideas of certain self-styled monetary reformers were to be given practical application, we would then know in truth what a calamity really is. There is no *legerdemain* to be performed with gold or without gold that can make people more prosperous, or that can relieve a load of debt. Prosperity can only result from production and, indeed, production efficiently conducted can always obtain credit under any sound banking system. It always gets credit in Canada. Something for nothing inevitably and inescapably means robbery of thrifty people and puts a premium on inefficiency and idleness. Disaster is its only end, and from such disaster may Canada continue to be free.

I am pleased to move the adoption of the Report.

Mr. C. A. Bogert—Mr. Chairman and Gentlemen: You have just listened to interesting addresses by the President and the General Manager and there is little that I can add. Mr. Rae has dealt fully with the Bank's Annual Report, which can be justly described as a good one, showing, as it does, a very satisfactory Profit and Loss Account, an expansion in practically every department of the Bank's activities, and a particularly gratifying increase in its earning power by reason of larger current loans—at the same time, the liquidity of the Bank's assets has been exceptionally well maintained.

I am sure we are all grateful to Mr. Carlisle for his instructive and constructive comments on the perplexing and disturbing conditions which exist, not only in Canada, but in nearly every corner of the globe. The pity of it is that in this wonderful country of ours many of our difficulties were avoidable and, up to this time, no reasonable solutions are in evidence. I will mention only one striking instance—our political leaders utter a good many platitudes about democracy, but they all back away from the railway situation.

May I ask you to excuse me if I say a word or two, which I think justified and opportune, about your Board of Directors. We sometimes hear of Directors who do not direct, but in the case of your Board I do not know of any

body of men more sincerely interested in the affairs of the institution which you own and which your Directors represent. Without exception, they keep themselves informed of the Bank's activities and do everything in their power to increase its prestige and business. Your President consults the members of the Board on all matters of importance and is daily in touch with the chief officials of the Bank. He has had a very busy year and is leaving shortly for a well-merited vacation. I am sure you will all join with me in wishing Mr. Carlisle a very pleasant and beneficial holiday, with the hope that he will return better than ever qualified to resume the duties which he so capably and conscientiously discharges.

I have pleasure in seconding the adoption of the Report.

The motion to adopt the Report was then presented to the Meeting by the Chairman and was carried unanimously.

Mr. W. J. Aitchison—I move that Mr. A. B. Shepherd, F.C.A., of Peat, Marwick, Mitchell & Company, and Mr. D. McK. McClelland, F.C.A., of Pricc, Waterhouse & Company, 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.

Mr. Frank A. Harrison—I take pleasure in seconding the motion. (Motion carried.)

The Chairman informed the Meeting that the Board had discussed the question of changing the date of the Annual Meeting, and had decided to recommend to the Shareholders that it be held on the second Wednesday in December in each year in place of in January as at present. He stated that the practice of having the Annual Meeting follow so closely the closing of the books on December 31st did not allow much time for the amount of work involved in checking and recording returns from the Branches, New York Agency and London Office, the making of the audit and the printing of the reports. In addition, having the Annual Balance at the close of the calendar year necessitated the staff working overtime during the holiday season when it was felt they should have the evenings free.

If the suggestion met with the approval of the Shareholders, they would be asked for authority to amend By-law No. 1

in order to carry their wishes into effect. Supplementing this, the Directors proposed to change the end of the Bank's fiscal year from December 31st to the end of October in each year. This would involve a change in the dates on which dividends were payable and it was proposed to pay the next dividend, covering a period of four months, on May 1st; thereafter the dividend dates would be the first day of August, November, February and May.

Mr. Ray T. Birks, K.C.—I move that the following be enacted as By-law No. 13 of the Shareholders' By-laws:

THAT By-law No. 1 of the Shareholders' By-laws of The Dominion Bank be amended by striking out therein the word "last" and substituting in lieu thereof the word "second," and by striking out therein the word "January" and inserting in lieu thereof the word "December."

Mr. Gordon Ince—It gives me much pleasure to second the motion. (Motion carried.)

Mr. C. S. Band—I move that the Board of Directors for the ensuing year be: C. A. Bogert, Col. The Hon. Herbert A. Bruce, M.D., F.R.C.S. (Eng.), C. H. Carlisle, R. Y. Eaton, R. J. Gourley, The Hon. E. W. Hamber, Maj.-Gen. D. M. Hogarth, C.M.G., D.S.O., J. M. Mackie, A. C. Matthews, R. S. McLaughlin, F. Gordon Osler, Joseph M. Pigott, J. Allan Ross and H. H. Williams, and,

That a ballot box be now opened for the receipt of ballot papers for the appointment of Auditors, for the enactment of By-law No. 13 and for the election of Directors, and that the poll be closed at four o'clock in the afternoon or so soon before that hour as five minutes shall have elapsed without any further vote being cast, and that the Scrutineers do certify the result of the poll to the Chairman of the Meeting.

Mr. A. MacFadyen—I have much pleasure in seconding the motion. (Motion carried.)

Mr. George W. Allan, K.C., expressed his pleasure at being present at the Meeting and mentioned that his association with the Bank had lasted since the establishment of the first branch west of the Great Lakes. He made some interesting remarks on conditions in the West and said he

had a sustaining pride in the spirit and courage of the people of the Prairie Provinces, many of whom had suffered great hardships during the past nine years. He felt that under reasonably good conditions the people of Western Canada would rehabilitate themselves.

The ballots having been taken, the Scrutineers reported to the Chairman that Messrs. A. B. Shepherd, F.C.A., and D. McK. McClelland, F.C.A., had been appointed Auditors and the appropriation for their remuneration authorized, that By-law No. 13 had been enacted, and that the gentlemen nominated as Directors had been duly elected Directors for the ensuing year.

Mr. Carlisle expressed his appreciation of the remarks made by Mr. Bogert, the Chairman of the Board, and thanked the Shareholders for their interest—evidenced by their attendance at the Meeting—in the affairs of the Bank.

The Meeting then adjourned.

At a subsequent meeting of the Board of Directors, Mr. C. H. Carlisle was elected President, Mr. C. A. Bogert, Chairman of the Board, and Mr. R. S. McLaughlin, Vice-President for the ensuing year.

At the same meeting the change in the close of the Bank's fiscal year from December 31st to the end of October in each year was approved by the Directors.

The Annual Statement with copy of the Profit and Loss Account, and the Minutes of the Annual Meeting are sent to the Shareholders in accordance with the provisions of Section 53 of the Bank Act.

