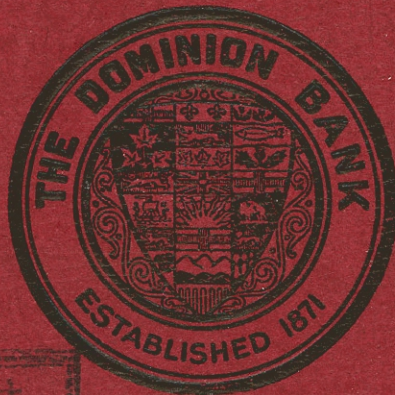


THE
DOMINION
BANK

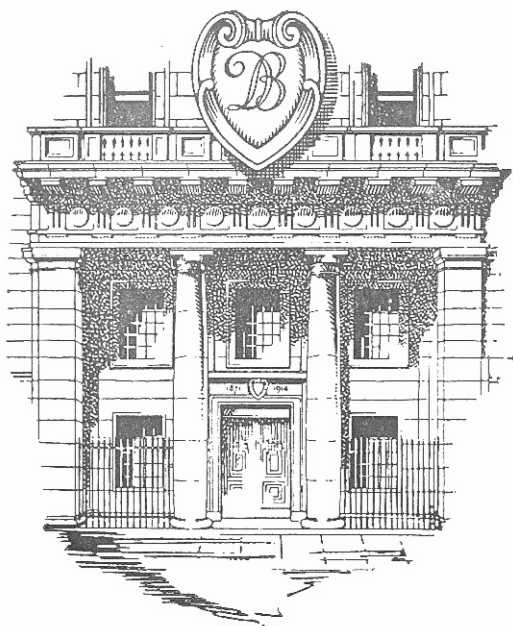


**SEVENTIETH
ANNUAL REPORT
31ST OCTOBER 1940**

SEVENTIETH ANNUAL REPORT

1871

1940



THE DOMINION BANK

31st OCTOBER, 1940

THE DOMINION BANK

ESTABLISHED 1871

HEAD OFFICE - TORONTO

CAPITAL PAID UP	- - -	\$7,000,000
RESERVE FUND	- - - -	\$7,000,000
UNDIVIDED PROFITS	- -	\$ 861,188

31ST OCTOBER, 1940

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.), LL.D., M.P. TORONTO. { President, Federal Fire Insurance Company.
Vice-President, The Trusts & Guarantee Co., Ltd.
Director, The National Life Assurance Company
of Canada.
" Wellington Fire Insurance Company.

R. Y. EATON, TORONTO. { President, The T. Eaton Co. 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

COL. THE HON. E. W. HAMBER, LL.D.,	VICTORIA.	<ul style="list-style-type: none"> President, Hastings Sawmill Company, Limited. On Advisory Board, The Toronto General Trusts Corporation. Director, Canadian Pacific Railway Company. “ The National Life Assurance Company of Canada. “ Vancouver Engineering Works, Ltd.
MAJ.-GEN. D. M. HOGARTH, C.M.G., D.S.O.,	TORONTO.	<ul style="list-style-type: none"> Director, Central Porcupine Mines Ltd. “ Little Long Lac Gold Mines, Limited. “ MacLeod-Cockshutt Gold Mines, Ltd. “ Madsen Red Lake Gold Mines, Limited. “ Manikuru Goldfields, Limited. “ Montclerg Mines Limited. “ Nipissing Mines Company, Limited. “ Pioneer Gold Mines of B.C., Limited. “ Sherritt Gordon Mines, Limited. “ Steep Rock Iron Mines, Limited. “ Sudbury Basin Mines, Limited. “ Transcontinental Resources Limited. “ The Transcontinental Timber Co. Ltd.
J. M. MACKIE,	MONTREAL.	<ul style="list-style-type: none"> President, Brinton-Peterboro Carpet Co., Limited. “ Paton Manufacturing Company, Ltd. “ Canadian Converters' Company, Ltd. Vice-President, Belding-Corticelli, Limited.
A. C. MATTHEWS,	TORONTO.	<ul style="list-style-type: none"> President, Canada Malting Company, Limited. Director, Confederation Life Association. “ The Toronto General Trusts Corp'n.
F. GORDON OSLER,	TORONTO.	<ul style="list-style-type: none"> Partner, Osler & Hammond. President, Canada Permanent Mortgage Corporation. “ Canada Permanent Trust Company. Vice-President, The Manufacturers Life Insurance Company. Director, 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.	<ul style="list-style-type: none"> President, Pigott Construction Company, Limited. “ Pigott Realty Company, Limited. Director, Consolidated Fire & Casualty Company. “ Landed Banking & Loan Company.
J. ALLAN ROSS,	TORONTO.	<ul style="list-style-type: none"> President, Wm. Wrigley Jr. Company, Limited. Director, Wm. Wrigley Jr. Company, Chicago.
H. H. WILLIAMS,	TORONTO.	<ul style="list-style-type: none"> 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>
A. A. ATKINSON	-	-	-	<i>Supervisor</i>
J. B. O'NEILL	-	-	-	<i>Supervisor</i>
C. A. PACK	-	-	-	<i>Chief Inspector</i>
W. B. TANNAHILL	-	-	-	<i>Secretary</i>
JOHN MILLER	-	-	-	<i>Chief Accountant</i>
W. O. ARCHDEKIN	-	-	-	<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. E. Wootton	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	W. W. Heaney	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
LEAMINGTON	A. Ritchie	Manager
LINDSAY	M. E. Grant	Manager
LONDON	H. F. Smith	Manager
Rectory Street Branch	E. K. McL. Jones	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	J. Walton	Manager
OTTAWA	C. O. Fellowes	Manager
PETERBOROUGH	T. T. Rodger	Manager

BRANCHES - ONTARIO—Continued

PORCUPINE.....	N. L. Smith.....	Manager
ROSSEAU.....	C. J. Forrest.....	Manager
ST. CATHARINES.....	S. T. Organ.....	Manager
ST. THOMAS.....	H. G. Henderson.....	Manager
SARNIA.....	W. B. Macdonald.....	Manager
SEAFORTH.....	E. C. Boswell.....	Manager
SUDBURY.....	R. M. Bolton.....	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.....	A. M. Cowie.....	Manager
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
Leaside Branch (584 Bayview Ave.).....	Wm. Davidson.....	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.).....	A. N. Kidd.....	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.).....	N. J. O'Flynn.....	Manager
St. Clair Ave. and Dufferin St.....	F. A. Boulden.....	Manager
St. Clair Ave. and Vaughan Rd.....	C. A. R. Hunter.....	Manager

BRANCHES—Continued

TORONTO—Continued

Spadina Ave. and Adelaide St.	Joseph Johnson	Manager
Spadina Ave. and College St.	W. S. Pate	Manager
West Toronto Branch	F. E. Havill	Manager
Yonge St. and Eglinton Ave.	F. W. Slatter	Manager
Yonge and Gerrard Sts.	W. D. Kelly	Manager
Yonge and Hayden Sts.	J. M. R. Torrie	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
UXBRIDGE	D. D. Dunsire	Manager
WELLAND	D. S. Hunter	Manager
WHITBY	G. Heath Ross	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.	E. E. Baldwin	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.	I. H. Gordon	Manager
St. Jean Baptiste Market	A. S. Jamieson	Manager
St. Lawrence Blvd. Branch (St. Lawrence Blvd. and Prince Arthur St.)	P. C. Marsh	Manager
	W. H. Hodgkin	Asst. Manager
ROUYN	I. D. Simmons	Manager

MANITOBA

BOISSEVAIN	A. Morton	Manager
BRANDON	J. Addison	Manager
DELOIRINE	J. Morrison	Manager
St. BONIFACE (Union Stock Yards Branch)	R. G. Pinkerton	Manager
SELKIRK	R. A. Glendinning	Manager
THE PAS	L. W. Saul	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.	G. Watson	Manager
Portage Ave. and Kennedy St.	C. O. Bell	Manager
Portage Ave. and Sherbrook St.	J. G. Foggo	Manager

BRANCHES—Continued

SASKATCHEWAN

GRENFELL.....	C. H. Johnston.....	Manager
MOOSE JAW.....	A. Tomkins.....	Manager
REGINA.....	W. A. Radcliff.....	Manager
SASKATOON.....	L. C. Brown.....	Manager

ALBERTA

CALGARY.....	B. E. Hull.....	Manager
EDMONTON.....	M. C. Fraser.....	Manager
MEDICINE HAT.....	W. S. Ashley.....	Manager

BRITISH COLUMBIA

VANCOUVER.....	C. W. Jones.....	Manager
Pender and Howe Sts.....	J. R. Gulloch.....	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. 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	- -	Bank of New South Wales. Commercial Bank of Australia, Limited. National Bank of Australasia, Limited.
CHINA	- - - - -	Chartered Bank of India, Australia and China. Chase Bank. Hong Kong and Shanghai Banking Corporation. National City Bank of New York.
FINLAND	- - - - -	Kansallis-Osake-Pankki.
JAPAN	- - - - -	Mitsubishi Bank, Limited. Mitsui Bank Limited. National City Bank of New York. Yokohama Specie Bank, Limited.
SOUTH AMERICA	-	Bank of London and South America, Limited. National City Bank of New York.
SWEDEN	- - - - -	Svenska Handelsbanken.
SWITZERLAND	- -	Banque Federale. Banque Populaire Suisse.
WEST INDIES	- -	Barclays Bank (Dominion, Colonial and Overseas). National City Bank of New York.

CHIEF CORRESPONDENTS—Continued

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.
- CINCINNATI, O. - - First National Bank.
- 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.
Guaranty Trust Company of New York.
Irving Trust Company.
- PHILADELPHIA, PA. - Central-Penn National Bank of Philadelphia.
First National Bank.
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

Subsidiary coin held in Canada.....	\$ 327,095.33	
Subsidiary coin held elsewhere.....	383.41	
		\$ 327,478.74
Notes of Bank of Canada.....	\$ 3,156,988.75	
Deposits with Bank of Canada.....	11,478,788.67	
		14,635,777.42
Notes of other Chartered Banks.....		238,865.00
Government and Bank notes other than Canadian..		107,824.80
Cheques on other Banks.....		8,780,207.77
Due by Banks and Banking Correspondents else- where than in Canada.....		4,865,236.62
		\$28,955,390.35
Dominion and Provincial Government direct and guaranteed Securities, maturing within two years, not exceeding market value.....		21,217,931.13
Other Dominion and Provincial Government direct and guaranteed Securities, not exceeding market value.....		12,700,624.12
Canadian Municipal Securities, not exceeding market value.....		2,256,805.07
Public Securities other than Canadian, not exceeding market value.....		222,265.34
Other Bonds, Debentures and Stocks, not exceeding market value.....		2,032,134.64
Call and Short (not exceeding thirty days) Loans in Canada on Stocks, Debentures, Bonds and other Securities, of a sufficient marketable value to cover.....		2,269,722.47
Call and Short (not exceeding thirty days) Loans else- where than in Canada on Stocks, Debentures, Bonds and other Securities, of a sufficient marketable value to cover.....		1,547,893.52
Deposit with the Minister of Finance for the security of note circulation.....		261,950.00
		\$ 71,524,716.64
Current Loans and Discounts in Canada, not other- wise included, estimated loss provided for.....	\$74,157,387.35	
Loans to Cities, Towns, Municipalities and School Districts.....		1,247,842.89
Current Loans and Discounts elsewhere than in Canada, not otherwise included, estimated loss provided for.....		1,242,844.93
Non-current Loans, estimated loss provided for.....		180,948.40
Bank Premises, at not more than cost, less amounts written off.....		5,487,572.54
Real Estate other than Bank Premises.....		29,175.88
Mortgages on Real Estate sold by the Bank.....		48,802.49
Other Assets not included under the foregoing heads		199,713.98
		82,594,288.46
Liabilities of Customers under Acceptances and Letters of Credit, as per contra.....		4,333,305.11
		<u>\$158,452,310.21</u>

ENDED 31st OCTOBER, 1940

LIABILITIES

Capital paid up		\$	7,000,000.00
Reserve Fund	\$	7,000,000.00	
Balance of profits as per Profit and Loss Account...		861,188.76	
Dividend No. 232, payable 1st November, 1940		175,000.00	
Former Dividends unclaimed		1,551.37	
			8,037,740.13
Total Liabilities to the Shareholders		\$	15,037,740.13
Notes of the Bank in circulation	\$	4,761,084.00	
Deposits by and balances due to Dominion Government	\$	7,082,305.85	
Deposits by and balances due to Provincial Governments		1,631,051.53	
Deposits by the public not bearing interest		41,075,839.55	
Deposits by the public bearing interest, including interest accrued to date of statement		80,622,320.48	
			130,411,517.41
Deposits by and balances due to other Chartered Banks in Canada		1,510,560.16	
Deposits by and balances due to Banks and Banking Correspondents in the United Kingdom and foreign countries		1,759,982.28	
Liabilities to the public not included under the foregoing heads		638,121.12	
			139,081,264.97
Acceptances and Letters of Credit outstanding			4,333,305.11
			<u>\$158,452,310.21</u>

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 31st October, 1940, 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 31st October, 1940, 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.

W. D. GLENDINNING, F.C.A.,
of Glendinning, Gray & Roberts.

Toronto, 19th November, 1940.



HEAD OFFICE - TORONTO

THE DOMINION BANK

PROCEEDINGS of the Seventieth Annual General Meeting of the Shareholders

THE SEVENTIETH Annual General Meeting of the Shareholders of The Dominion Bank was held at the Banking House of the Institution, Toronto, on Wednesday, 11th December, 1940, at 2.30 p.m.

Among those present were:

A. C. Ashforth, A. A. Atkinson, R. K. Beairsto (Winnipeg), Evan A. Begg, A. M. Bethune, C. A. Bogert, Merritt A. Brown, Col. The Hon. Herbert A. Bruce, M.D., F.R.C.S. (Eng.), LL.D., M.P., E. R. Cameron (Winnipeg), Colin Campbell, C. H. Carlisle, R. C. H. Cassels, K.C., Egmont L. Frankel, Charles D. Gordon, R. J. Gourley (Winnipeg), Frank A. Harrison, Maj.-Gen. D. M. Hogarth, C.M.G., D.S.O., C. S. Howard, Arthur H. Lake, J. M. Lalor, W. H. LeRoy, John M. Lyle, John M. Mackie (Montreal), A. C. Matthews, T. Frank Matthews, Gordon R. Medland, W. B. Milliken, K.C., R. S. McLaughlin (Oshawa), James Nicholson, F. Gordon Osler, John P. Patterson, Joseph M. Pigott (Hamilton), A. W. Rice (New York), J. Allan Ross, Dr. D. King Smith, W. Walker, J. W. B. Walsh, J. S. Whicher (Caledonia), H. H. Williams.

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 J. W. B. Walsh as Scrutineers.

At the request of the Chairman, the notice calling the Meeting was read by the Secretary.

On motion of Mr. James Nicholson, seconded by Mr. Frank A. Harrison, the Minutes of the last 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 October, 1940, and a General Statement of the Assets and Liabilities as of that date:

Balance of Profit and Loss Account, 31st October, 1939	\$ 837,400.71
The Profits for the year ended 31st October, 1940, 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 \$370,165.53, amounted to.....	958,788.05
	<hr/> \$1,796,188.76
Dividends (Quarterly) at ten per cent. per annum.....	\$700,000.00
Contribution to Officers' Pension Fund	85,000.00
Written off Bank Premises.....	150,000.00
	<hr/> 935,000.00
Balance of Profit and Loss Account carried forward...	<hr/> <u>\$ 861,188.76</u>

C. H. CARLISLE,
President.

ROBERT RAE,
General Manager.

During the year a Branch was opened at 584 Bayview Avenue, Toronto, in the Leaside District; the Office at Monkland and Old Orchard Aves., Montreal, was closed.

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

The Auditors appointed by the Shareholders, Mr. A. B. Shepherd, F.C.A., and Mr. W. D. Glendinning, F.C.A., made their examination of the Bank's affairs, and their report accompanies the General Statement.

C. H. CARLISLE,
President.

28th November, 1940.

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

The Secretary of the Meeting has just read to you a statement showing the amount of the Bank's profits and the disposition made of them. After paying the Dividend, making a contribution of \$85,000 to the Officers' Pension Fund, writing \$150,000 off Bank Premises, providing \$370,165 for Dominion and Provincial Government taxation, an increase of more than \$105,000 over the amount for the previous fiscal period, the Profit and Loss Account was increased by \$23,788 and now stands at \$861,188.

Referring to the Statement of Assets and Liabilities, which you have before you—Notes of the Bank in Circulation are \$4,761,084, a decrease of \$561,087, reflecting the reduction of 5% called for under the Bank Act.

DEPOSITS BY THE PUBLIC

Deposits by the Public not bearing interest, \$41,075,839, show an increase of \$3,097,156. Deposits by the Public bearing interest stand at \$80,622,320, a decrease of \$4,713,610. These two items total \$121,698,160, compared with \$123,314,613 a year ago, a relatively small decrease of \$1,616,453, which we consider a favourable showing in view of the fact that during the past twelve months approximately \$22,000,000 was withdrawn by our customers for subscriptions to the First and Second Dominion of Canada War Loans. Dominion and Provincial Government deposits total \$8,713,357, a decrease of \$4,874,026 from 31st October, 1939.

Deposits by and Balances due to other Chartered Banks in Canada and Banks and Banking Correspondents elsewhere than in Canada (principally in England and the United States) total \$3,270,542, an increase of \$231,441.

Acceptances and Letters of Credit outstanding total \$4,333,305, and are up \$1,477,177 from last year, due to increased foreign business of our customers, chiefly for war purposes.

A SOUND LIQUID POSITION

The Cash Assets of the Bank total \$28,955,390 and are equivalent to 20.82% of the liabilities to the public. Readily realizable assets, which include Government, Municipal and other bonds, as well as Call and Short Loans, amount to \$71,524,716, or 51.43% of the liabilities to the public—a sound liquid position.

The Bank's total investments amount to \$38,489,761, compared with \$60,649,317 on the 31st October, 1939, and are entered on our Statement at less than market prices. Our holdings decreased \$22,159,556 during the year through our disposing of securities to meet the increased demand for loans. The portfolio consists largely of Dominion and Provincial Government issues, of which \$21,217,931 mature within the next two years.

Call and Short Loans in Canada total \$2,269,722, a decrease of \$1,090,707, which reflects the lessened demand for this form of financing. As collateral to these loans, readily marketable stocks and bonds are held and provide adequate margin.

Call and Short Loans elsewhere than in Canada total \$1,547,893, a decrease of \$851,054. These are day-to-day loans at our New York Agency and London, England, Branch, and are fully secured by first-class securities.

COMMERCIAL LOANS AT HIGH LEVEL

Turning to the Commercial Loans, I am glad to report to you that these show a substantial increase of \$15,760,974, and now stand at \$74,157,387. This is largely due to the greater amount of money required towards the end of the year to finance the grain crop and the many Government war contracts undertaken by our customers at numerous points throughout the Dominion.

Loans to Cities, Municipalities, etc., stand at \$1,247,842, compared with \$1,635,966 a year ago, an unimportant fluctuation.

Non-Current Loans total \$180,948, down \$10,803 from a year ago, which is a very nominal amount in relation to our total loans. Full provision has been made for all possible losses.

THE BANK'S PREMISES

You will observe from the Profit and Loss Account that \$150,000 has been written off Bank Premises, the total of which now stands at \$5,487,572, a decrease of \$81,428. No new buildings were erected during the year, nor was any land purchased. Alterations were made to several of our offices, including Bloor & Bathurst Streets, Toronto. In Hamilton, the ground floor of the building at the north-west corner of James & Main Streets, in the heart of the financial district, has been leased for a new main office; extensive alterations are now in progress and, when completed, the office will be one of the most modern in that City and a credit to your Bank.

During the year a Branch was opened in the Leaside district, Toronto, and our Office on Monkland Avenue, Montreal, was closed.

A MOST VALUABLE ASSET

I again wish to express my deep appreciation of the loyal support received from the 1,350 men and women who make up our Staff; they are one of the Bank's most valuable assets. Up to 31st October last ninety members of our Staff had been granted leave of absence for the duration of the war to serve their country and since that date fourteen more have been given leave for military service. I should like also to pay tribute to the members of our Staff in London, England; their devotion to duty under exceptionally trying conditions is most commendable.

While the Empire is engaged in a devastating war, it is a satisfaction to be able to again assure you that your Bank continues in a sound position and is well equipped to provide the industrial, commercial and farming interests of this country with banking facilities of every nature required for the successful prosecution of the war, which must be the primary objective of each and every one of us.

ADDRESS BY MR. C. H. CARLISLE,
PRESIDENT

As Shareholders you are primarily interested in the status of your Bank and in its operations. Your Annual Meeting likely would serve you best if the proceedings of the Meeting were limited to a fuller discussion of the year's operation, the policies of the Bank and the offering of criticism and suggestions which should accrue to its benefit. However, it is the custom in Canada to give rather extensive publicity to these annual meetings and to discuss other and larger subjects that are not directly connected with the Bank's operation. These customs rise to the rank of compulsion—and one wonders what topics are now left of sufficient consequence to warrant a demand on your time and attention.

Referring first to the Bank's operations: the information contained in the Balance Sheet submitted, and the comments on same by your General Manager, indicate its strong position. We might further add that your Bank has provided reserves, in addition to the reserves customarily made, in sufficient amounts to meet any emergency that may likely occur in post-war conditions.

HIGHLY EFFICIENT SERVICE

For a period of more than fifty years the result of the operations of Canadian banks has been commendable. They have given, and are giving, an excellent service. Their loans are made on liquid securities. The Bank Inspection by the Government's Inspector-General of Banks, the Shareholders' Auditors and the Bank's own inspectors is highly efficient. Therein lies a factor of great safety in Canadian banking. For some years following 1929 general business and the volume of business were at a low ebb; there was little demand for money, the then current rates of interest were much below the previous average. To employ the Bank's surplus capital it was necessary to invest in securities. At the present time there is a much greater demand for money at better rates; therefore, compared with a year ago, your Bank has reduced its portfolio, or its investments, by twenty-two millions of dollars, and has increased its loans by fifteen millions of dollars. This change

accrues to the improvement of the Bank's position. During the last few years losses on loans have been unusually low, and each year there has been an increase in the number and value of customers' accounts.

There has been a revision in the Bank's system of operations which has materially simplified the work, made it more current and more efficient, and has also given a greater freedom of action and placed a greater responsibility on our branch and department managers. This is as it should be.

CANADA—A SOUND INVESTMENT

Investors may hesitate, and some have hesitated, in making investments in Canada due to our being at war. They are cognizant of the great toll exacted of us in resources, money and men. But there is another picture of Canada. Her crops are abundant; her granaries are full to overflowing; her mines are producing large quantities of various metals; her factories are at maximum production and many more factories are in process of construction; her forest products are at a high peak of production; her banks are sound and are providing for the requirements of expanding business; her per capita natural wealth is likely greater than that of any other country; her laws are equitable; her courts are of high standing; her laws are enforced; her people are of a creditable level of intelligence, law abiding, resourceful, and meet with courage from day to day the problems that confront them. All of these things are essential to a sound and prosperous nation, where safe investments may be made.

WASTEFULNESS CREATES UNNECESSARY DEBT

While this country has achieved remarkable progress in most things attempted, she cannot boast of a high degree of efficiency in her political machinery and governmental administration. With all of her opportunities she found herself, prior to the outbreak of the present war, with a municipal, provincial and national debt of slightly less than eight billions of dollars. With governmental efficiency equal to that in the average business should she not have had a surplus rather than a deficit? For years prior to this war she was increasing year by year her debt instead of decreasing it. Some of the causes contributing to our utterly unnes-

sary debt are: the establishment of ten separate Governments to govern eleven millions of quite intelligent and law abiding people; the constructing of luxurious and expensive public buildings and the maintenance of same to house an unwarranted number of officials and a retinue of staff; the payment of large sums of money for projects that were not essential to the people's interest although, no doubt, of political value. We trust that these practices are in the past. We cannot longer endure them. We have an opportunity now to correct them and we should see to it that they are corrected. From coast to coast our people must have taken on a new courage when Prime Minister Mackenzie King issued an invitation to all the Provincial Premiers to meet him in Ottawa to assist in creating a new order, a better condition. It must be kept in mind though, that the remedy does not consist merely in the shifting of debt from one geographical area to another, but in the elimination of duplication and waste.

SHOULD MODERNIZE BRITISH NORTH AMERICA ACT

There can be no doubt that Britain would readily and gladly give her consent to any and all changes requested, that make for economy and betterment. The elimination of duplication and multiplication of work, reducing to one-half the number of people now in government, should save millions of dollars to the taxpayers of this country and give them more efficient administration. In such saving no Province should fear discrimination or loss, as every Province has in our governmental institutions a representation proportionate to its population. As citizens and regardless of political affiliation we should lend every aid to both the Dominion and the Provincial Governments to revise the British North America Act, to bring it in keeping with our current requirements, to simplify to the nth degree the operations of government, to reduce costs not only within our ability to sustain but within our ability to liquidate.

There is little information that could be added to what you already know as to the serious conditions in Canada and the British Commonwealth, brought upon us by the present war. Canada is setting about to measure up to her responsibilities. The cost is tremendous. She will carry on as long as her manpower and her resources permit.

CHURCHILL LEADS HEROIC PEOPLE

The Battle of Britain has already won its honourable and pre-eminent place in history. History indeed may never record a greater courage, greater hardships and suffering more heroically endured than the British people have shown in this now famous battle. The biography of Prime Minister Churchill will be outstanding among those of statesmen, and will ever reflect a high intelligence, a penetrating analysis of the things to be done, a courage undaunted, a decisiveness of action, and a just and kindly consideration for all.

Hitler and Mussolini, each of them devoid of all those qualities which make for the just governance of nations and the betterment of human beings, gloating in self pride and cruelly selfish ambition—it is to free ourselves and others from these men and their inordinate and brutal demands that we fight and sacrifice.

MUST FACE POST-WAR TASKS

When the war ends, as it will, our work will not end. A great task will confront us—likely greater than any heretofore imposed upon mankind. No one now can accurately visualize or evaluate post-war conditions, but we must face them and solve them. It is to these conditions we must now give some heed. We cannot enter this period unprepared and achieve success. We were wholly unprepared for this war when it came and you know the price we are paying, and the dangers we are facing. It is equally the responsibility of the individual and of governments to join in a common effort to see, in so far as we can at this time and chiefly by the resolute elimination of waste, that all our essential activities meet post-war conditions well equipped and adequately financed. The individual must not be crushed by the burden of taxes, the absence of profit, unemployment and the embarrassment of the dole until all hope is gone. This can be averted if taken in time. The remedy, as I have said, lies largely in a drastic economy—both individual and national—a greater production, a greater foreign trade.

LARGER TRADE WITH SOUTH AMERICA

We can no longer enshroud ourselves in the cloak of nationalism. Our hope lies in internationalism. We can no longer wait for trade to come to us. We must develop it.

Much of the wealth of the world is contained on this continent—a great part of it undeveloped. This is especially true of Latin-America. What has Canada done to share in the trade or the development of new trade in these countries? Practically nothing. Of the one and one-half billion dollars of their yearly exportable goods, we have purchased an infinitesimal amount. We supply but few of their imports. Before the war Brazil's monthly imports averaged twenty-one millions; Chile, one of the less important states of the group, imported monthly five millions, and these imports were all of the necessity class. This is the story of all other Latin-American countries. In the last few days we learn that Canada is to send to Latin-America diplomatic representatives; these, if their mission is to assist trade and thus add to our exports, should be helpful. If such be the purpose, this action is constructive. But, if there is to be any stability to our trade with South America, we must buy as well as sell. South America produces much that we can use and should purchase. She is capable of developing a much greater variety of goods than she now produces. At this time Brazil has on hand certain commodities in larger quantities than the market will absorb—for instance, coffee and corn. That country is burning corn for fuel and out of this year's crop has already burnt ten million bags of coffee and in addition has a surplus of about ten million bags. We likely could take more of this coffee and more of this corn, and Brazil could direct her labour into other productive channels and grow less corn and coffee. Her valuable timber areas could be developed. Her rare hardwoods should find a market in the United States and Canada.

CANADA'S NEGLECTED OPPORTUNITIES

Brazil is the home of the Hevea or rubber tree. Rubber growing could have been a real industry there, even if it required the importation for a time of some skilled Dutch East Indian labour. Had this been done, Canada and the United States would be now buying from her annually one and one-half billion pounds of rubber at a present value of three hundred and thirty millions of dollars, and these amounts would be ever increasing. Our supply would then be dependable—our trade relations would be better. All the great rubber plantations of the Far East owe their origin to Brazil. Multi-millions of Western money have been

and are invested in Far Eastern plantations. This investment is now in jeopardy and our supply of rubber requirements is in doubt. Without going further into this matter, Latin-America affords a great opportunity to the United States and Canada for trade and mutual industrial helpfulness. We have neglected this opportunity. Some European countries have not. The people of South America travel in Europe, educate their children in Europe and are seldom seen in Canada or the United States. If this continent is to be unified under the Monroe Doctrine, and avail itself of its own climatic and geographical advantages, we must do a better job than we have done in the past. We must get acquainted.

Thinking people throughout the world are appalled at the destruction of this war. What we have accumulated for ourselves and our families and others who are dependent upon us is now being liquidated. Several generations following us will labour under the burden of debt now being accumulated. Art, buildings centuries old and many other things we hold dear have been and are being destroyed in pitiless succession.

UNSOOUND ECONOMICS AND WAR

The world has not forgotten, nor could it forget, the devastation of the last war. It brought no permanent peace—it solved no problems, national or international. Should not these wars and the history of other wars be sufficient for us to ascertain the causes that produced them, and then deal with those causes? The astonishing progress made in medicine and surgery lies largely in the discovery of the cause of the disease and in destroying it rather than treating its effects. Unsound economics, inadequate distribution, inequality of trade—wherever they exist—cause unrest and discontent among the people, and thereby create fertile ground wherein the shrewd, heartless and ambitious agitator gains destructive power and domination. If there be a major cause of war, this seems to be the cause.

The world not so long ago was very large. We then knew but little and cared but little about such countries as China, Japan, Australia, or even the South American States. Communications and rapid transportation now make all these our next door neighbours. They know what we have and how we live.

FREE OF PARTY SHACKLES

Our manner of living makes it difficult for us to evaluate these changed conditions. We have been raised under the aegis of democracy. We enjoyed it, we idealized it—but truly a different aegis exists today. Democracies have changed from a government of the people, by the people and for the people, to a government by a political party for the benefit of a political party. They are entangled in a procedure that makes them inefficient and uneconomic. It seems quite clear that perhaps Great Britain, and certainly Canada, France and the United States of America, failed to understand the new and adverse forces that were rising throughout the world, and failed to co-operate to prevent them from attacking the democratic system of economic, social and political freedom. Democracies became less efficient, less economic, more harmfully dominated by political parties. They adopted methods and misconstrued principles, to the undermining of the entire system. Totalitarian states are, at least visibly, efficient and efficiency appeals to most people. We do not want totalitarianism. Can democracies continue to exist on their recent past or their present performances? We think not. Can they be so operated to give a greater freedom, a greater efficiency, a greater effectiveness in world affairs? We think they can. How can we bring about this better state of affairs?—by liberating our statesmen from the shackles of party bondage, so they may unrestrictedly serve the people best; by reducing the number of governments and lightening the awful load of government machinery; by re-organizing the franchise so the unfit and unworthy do not have equal rights with those who work and produce and pay. In this respect Australia has made at least a commencement.

LIBERTY, NOT LICENSE, WANTED

We believe in the liberty of press, of speech, of thought, but there is a line between liberty and license. If liberty is to continue, license in speech and license to agitate cannot be permitted to destroy liberty itself.

It is hoped these distressing and perilous times will make all conscious of the necessity of change, so that the fundamental institutions of democracy may still be our inheritance.

I move the adoption of the Report.

Mr. C. A. Bogert—You have listened to the General Manager's comments on the Bank's Seventieth Statement which is a creditable one, indicating stability, liquidity and increased earning power. You have also heard Mr. Carlisle's interesting and useful address; therefore, in seconding the adoption of the Report, my remarks will be very brief.

We hear a great deal these troublous days about free speech, the liberty of the individual, the power of the press and the maintenance of democracy. I say it with hesitation and regret, but perhaps you may agree that many bewildered Canadian people—an unusually intelligent race—have only a vague idea of the meaning of some of these subjects and to them, even democracy is just a word that appears constantly in the press, in the speeches of public men, of well-meaning citizens and, unfortunately, the usual type of notoriety-seeking individuals.

Your President, in his remarks, has made apt and sensible allusion to certain of these important topics. Anyone who scans the various Canadian editorial pages—reads the numberless and very often useless letters written to and published by the press, will probably consider with amazement and concern some of the public utterances of irresponsible and ill-advised persons.

The right of free speech is conceded—no one is attacking it—but too many forget that the golden privilege of silence is also ours. Let us exercise it oftener, ever bearing in mind one of the wisest dictums ever spoken, for never in the world's history did it more truly apply than the present day to all groups in this country and every individual.

This is a time for "deeds—not words."

I now beg to second the adoption of the Report.

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

It was moved by Mr. W. B. Milliken, K.C. and seconded by Mr. J. M. Lalor:

THAT Mr. A. B. Shepherd, F.C.A. of Peat, Marwick, Mitchell and Company, and Mr. W. D. Glendinning, F.C.A., of Glendinning, Gray and Roberts, 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. (Motion carried.)

The Chairman—The next business is the election of Directors.

It was moved by Mr. R. C. H. Cassels, K.C. and seconded by Mr. G. R. Medland:

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.), LL.D., M.P., C. H. Carlisle, R. Y. Eaton, R. J. Gourley, Col. The Hon. E. W. Hamber, LL.D., 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 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. (Motion carried.)

The ballots having been taken, the Scrutineers reported to the Chairman that Messrs. A. B. Shepherd, F.C.A. and W. D. Glendinning, F.C.A. had been appointed Auditors and the appropriation for their remuneration authorized, and that the gentlemen nominated as Directors had been duly elected Directors for the ensuing year.

The Chairman thanked the Shareholders for their attendance and the Meeting then terminated.

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.

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.

