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THE
BANK OF TORONTO,
TORONTO

THE ROYAL BANK OF CANADA
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SEVENTY SEVENTH
ANNUAL REPORT
NOV. 30 1932

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THE
BANK OF TORONTO
TORONTO



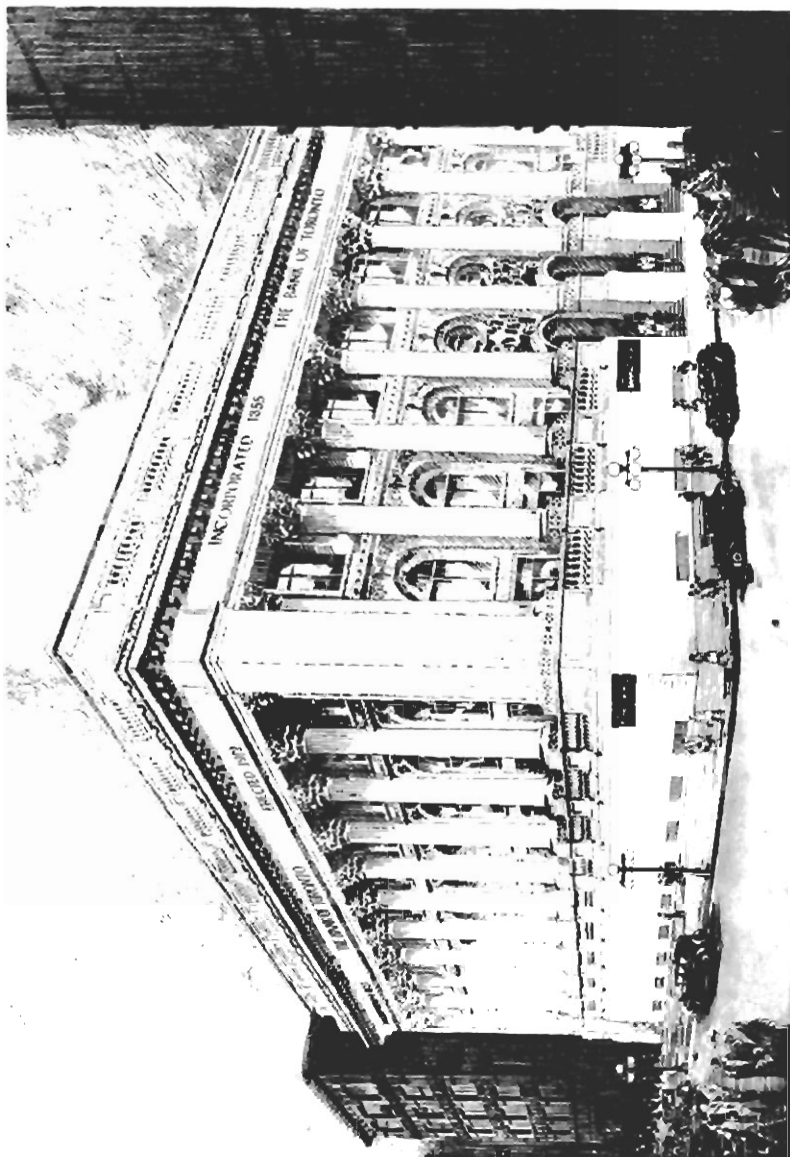
SEVENTY-SEVENTH
ANNUAL REPORT
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ANNUAL REPORT

NOVEMBER 30TH, 1932

INCORPORATED 1855

CAPITAL AUTHORIZED, -	\$10,000,000.00
CAPITAL SUBSCRIBED, - - -	- 6,000,000.00
CAPITAL PAID-UP, - - - -	- 3,000,000.00
REST, - - - - -	- 9,000,000.00
PROFIT and LOSS ACCOUNT, -	- 496,301.47



THE BANK OF TORONTO, TORONTO

THE BANK OF TORONTO

PRESIDENT

W. G. GOODERHAM, { President Canada Permanent Mortgage Corporation.
TORONTO. { " Manufacturers Life Insurance Co.
" Canada Permanent Trust Company.

VICE-PRESIDENT

JOHN R. LAMB, { General Manager
TORONTO. { The Bank of Toronto 1922 to 1928.

DIRECTORS

WILLIAM STONE, { Director Manufacturers Life Insurance Co.
TORONTO. { " Canada Permanent Mortgage Corporation.
" Canada Permanent Trust Co.

Col. A. E. GOODERHAM, { President Dominion of Canada General Insurance
TORONTO. { Company.
" Casualty Company of Canada.
Director Canada Permanent Mortgage Corporation.

BRIG.-GEN. F. S. MEIGHEN, { President & Managing Director Lake of the Woods
MONTREAL. { Milling Company, Ltd.
" New Brunswick Railway Company.
" Inter-City Baking Company, Ltd.
" Inter-City Western Bakeries Limited.
Director Canadian Pacific Railway Co.
" Canada North West Land Company, Ltd.

COL. WILLIAM I. GEAR, { President Crown Trust Co.
MONTREAL. { Vice-President Keewatin Flour Mills Co., Limited.
Director Wabasso Cotton Co., Limited.
Chairman, Board of Directors, Cassidy's Limited.

PAUL J. MYLER, { President Canadian Westinghouse Company, Ltd.
HAMILTON. { Vice-President Landed Banking & Loan Co.
Director The Toronto General Trusts Corporation.

ARCHIBALD H. CAMPBELL, { Director Consumers Gas Company.
TORONTO. { " The Toronto General Trusts Corporation.

JOHN I. MCFARLAND, { President Imperial Motors, Ltd.
CALGARY. { Director Metals, Limited.
" Burns & Co., Limited.
" Manitoba Bridge and Iron Works.

THE BANK OF TORONTO

DIRECTORS—CONTINUED

HON. JAMES D. CHAPLIN, { President Welland Vale Manufacturing Company,
M.P., ST. CATHARINES. { Limited, St. Catharines.
Director Hayes Wheels and Forgings Limited,
Chatham.

THOS. F. HOW, TORONTO. { Retired.

FREDERICK K. MORROW, { Director, Canadian National Railways.
TORONTO. { " The Ogilvie Flour Mills Co., Limited.
" Massey-Harris Co., Limited.
" Wilsil Limited.
" Toronto Elevators Limited.
" Christie, Brown & Co., Limited.
" Consolidated Bakeries of Canada, Limited.
" Gold Dust Corporation.

HARVEY B. HENWOOD, { General Manager
TORONTO. { The Bank of Toronto.

J. DOUGLAS WOODS, { President, Zimmerknight Company, Limited.
TORONTO. { Vice-President and Managing Director,
York Knitting Mills Limited.

GEORGE KIDD, { Director British Columbia Electric Railway Co., Ltd.
VANCOUVER. { " British Columbia Pulp & Paper Co., Ltd.
" British Columbia Packers Ltd.

OFFICERS

HARVEY B. HENWOOD *General Manager.*
F. H. MARSH . . . *Assistant General Manager.*
H. HOPKINS . . . *Chief Inspector.*
R. PASHBY . . . *Secretary.*
W. A. RUTHERFORD . . . *Chief Accountant.*

WESTERN OFFICIALS

J. A. WOODS . . . *Western Superintendent.*
E. W. LAMPREY . . . { *Superintendent of*
 British Columbia Branches.

AUDITORS 1933

D. McK. McCLELLAND, F.C.A. W. D. GLENDINNING, C.A.
of Price, Waterhouse & Co. of Riddell, Stead, Graham & Hutchison
London, Eng. Toronto, Ont.

THE BANK OF TORONTO

PROCEEDINGS OF THE

SEVENTY-SEVENTH ANNUAL GENERAL MEETING

HELD ON

WEDNESDAY, 18TH JANUARY, 1933

The Annual General Meeting of the Stockholders of The Bank (being the Seventy-Seventh since the commencement of business) was held, pursuant to the terms of the Charter, at the Banking House of the Institution, corner King and Bay Streets, Toronto, on Wednesday, 18th January, 1933.

Moved by Col. WILLIAM I. GEAR, seconded by Mr. WILLIAM STONE, and

Resolved—That Mr. John R. Lamb be appointed Chairman of this Meeting and that Mr. F. H. Marsh be requested to act as Secretary.

Carried

Moved by Col. A. E. GOODERHAM, seconded by Mr. A. H. CAMPBELL, and

Resolved—That the Minutes of the proceedings of the last Annual Meeting be taken as read and approved.

Carried

Moved by Gen. F. S. MEIGHEN, seconded by Mr. J. DOUGLAS WOODS, and

Resolved—That Mr. Duncan Coulson and Mr. Harold B. Scandrett, be appointed Scrutineers, and that after the ballot they report to the Chairman.

Carried

The Secretary then read the Annual Report as follows:

The Directors of The Bank of Toronto beg to present their Report for the year ending 30th November, 1932, together with the Statement of the Bank's affairs and the results of the operations for the year.



THE BANK OF TORONTO, MONTREAL

THE BANK OF TORONTO

PROFIT AND LOSS ACCOUNT

The Balance at credit of Profit and Loss, on 30th November, 1931, was.....	\$ 431,928 14
The Net Profits for the year, after making full provision for all bad and doubtful debts, and deducting expenses, interest accrued on deposits and rebate on current discounts, amounted to the sum of.....	1,044,393 33
	<u>\$1,476,301 47</u>

This sum has been appropriated as follows:—

Dividend No. 202, 3% paid 1st March, 1932	\$180,000 00
Dividend No. 203, 3% paid 1st June, 1932.....	180,000 00
Dividend No. 204, 2½% paid 1st Sept., 1932.....	150,000 00
Dividend No. 205, 2½% payable 1st Dec., 1932....	150,000 00
	<u>\$660,000 00</u>
Tax on Circulation	\$60,000 00
Reserve for Accrued Taxes.....	100,000 00
Transferred to Officers' Pension Fund.....	60,000 00
Written off Bank Premises	100,000 00
	<u>320,000 00</u>
Carried forward to next year	496,301 47
	<u>\$1,476,301 47</u>

W. G. GOODERHAM,
President

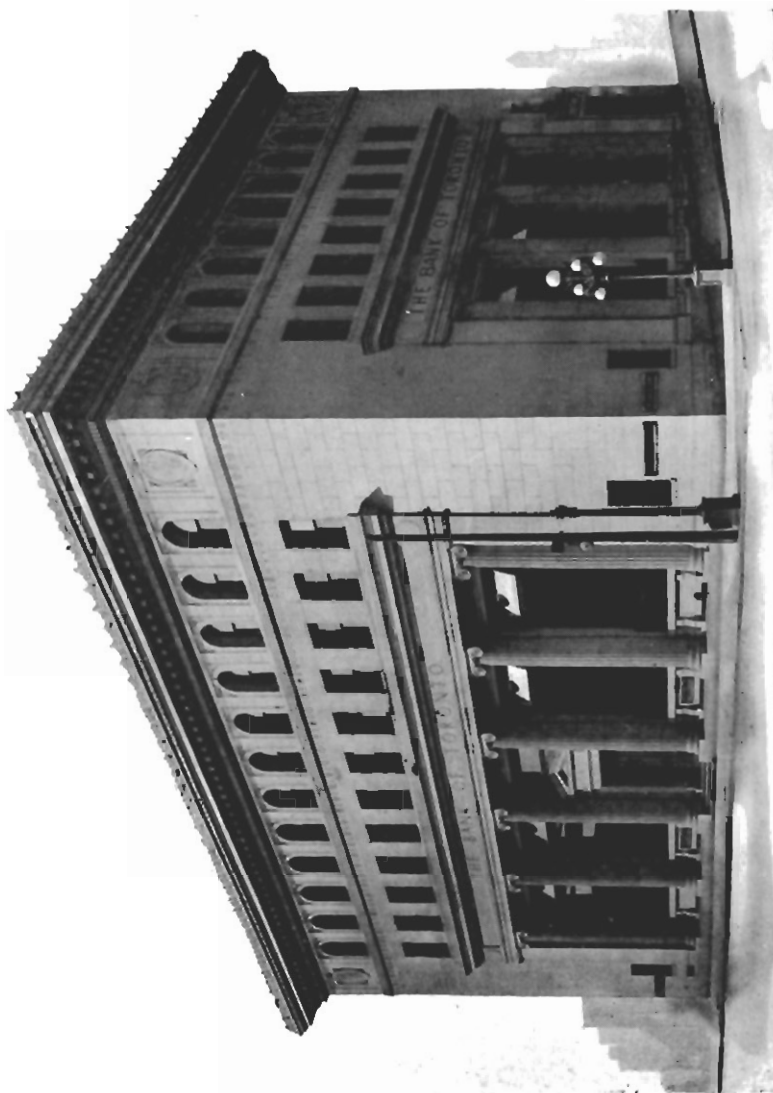
HARVEY B. HENWOOD,
General Manager

The Head Office and all Branches have been regularly inspected by the Bank's Inspection Staff, and at the Head Office the usual verification of cash and securities has been made.

The Auditors appointed by the Shareholders, Mr. D. McK. McClelland, F.C.A., and Mr. W. D. Glendinning, C.A. made their examination of our Head Office and principal Branches, and their report accompanies the General Statement herewith.

All of which is respectfully submitted,

W. G. GOODERHAM,
President



THE BANK OF TORONTO, VANCOUVER

THE BANK OF TORONTO

GENERAL NOVEMBER 30TH

LIABILITIES

Notes of the Bank in Circulation	\$5,764,689 00
Deposits bearing interest, including interest accrued to date of statement.....	\$71,013,683 84
Deposits not bearing interest.....	16,995,656 60
	<u>88,009,340 44</u>
Advances under the Finance Act	1,500,000 00
Balances due to other Banks in Canada (daily exchanges)	1,076,895 38
Balances due to Banks and Banking corres- pondents in the United Kingdom and Foreign Countries.....	1,180,362 35
	<u>2,257,257 73</u>
Bills Payable.....	253,800 00
Letters of Credit outstanding	846,435 75
Liabilities not included in the foregoing	218,049 38
	<u>\$ 98,849,572 30</u>
Quarterly Dividend, payable 1st Dec., 1932.	150,000 00
Dividends unpaid.....	1,875 50
	<u>151,875 50</u>
Capital paid up.....	\$6,000,000 00
Reserve	9,000,000 00
Balance of Profit and Loss Account carried forward.....	496,301 47
	<u>15,496,301 47</u>
	<u>\$114,497,749 27</u>

THE BANK OF TORONTO

STATEMENT 1932

ASSETS

Current Gold and Silver coin.....	\$ 385,572 19
Dominion Notes.....	9,661,892 00
Deposit in the Central Gold Reserves.....	630,866 66
Notes of other Banks.....	379,425 00
United States and other foreign currencies..	12,946 26
Cheques on other Banks.....	6,405,271 26
Balances due by Banks and banking corres- pondents elsewhere than in Canada....	2,355,121 59
	<u>\$19,831,094 96</u>
Dominion and Provincial Government Securi- ties, not exceeding market value.....	28,188,203 50
Canadian Municipal Securities and British, foreign and colonial public Securities other than Canadian not exceeding market value.....	7,569,014 53
Railway and other Bonds, Debentures and Stocks, not exceeding market value....	1,517,840 25
	<u>37,275,058 28</u>
Call and Short (not exceeding thirty days) Loans in Canada, on Bonds, Debentures and Stocks and other securities of a suf- ficient marketable value to cover.....	4,196,087 47
	<u>41,471,145 75</u>
	<u>\$61,307,240 71</u>
Other Current Loans and Discounts in Canada (less rebate of interest) after making full provision for all bad and doubtful Debts	48,013,531 05
Non Current Loans (estimated loss provided for).....	238,158 21
	<u>48,251,689 26</u>
Deposit with the Minister for the purposes of the Circulation Fund.....	306,603 47
Mortgages on Real Estate Sold.....	63,070 02
Liabilities of Customers under Letters of Credit, as per contra	846,435 75
Bank Premises, at not more than cost, less amounts written off.....	3,727,710 06
	<u>\$114,497,749 27</u>

W. G. GOODERHAM,

President.

HARVEY B. HENWOOD,

General Manager.

AUDITORS' REPORT TO THE SHAREHOLDERS

To the Shareholders of The Bank of Toronto:

We have examined the books and accounts of The Bank of Toronto at its Head Office and have been furnished with certified returns from the Branches, and report that the above statement of liabilities and assets as at the 30th November, 1932, is in accordance therewith and in our opinion discloses the true condition of the Bank. We have verified the cash and the securities representing the Bank's investments held at the Head Office at the close of the Bank's fiscal year, and during the year we counted the cash and examined the securities at certain of the important Branches. We have received all the information and explanations we have required, and all transactions of the Bank which have come under our notice have, in our opinion, been within the powers of the Bank.

D. McK. McCLELLAND, F.C.A.
of Price, Waterhouse & Co.
W. D. GLENDINNING, C.A.
of Riddell, Strad, Graham & Hutchison

TORONTO, 22nd December, 1932

THE BANK OF TORONTO

PRESIDENT'S ADDRESS

GENTLEMEN:

You have before you statements showing the position of your Bank as on the 30th of November last and reporting the results of operations for the twelve months ending on that date. Like other banking institutions, we have experienced a considerable reduction in our deposits, due chiefly to withdrawals for investment in public securities. This drain is not, in these times, being offset by new money from surplus earnings and profits. Commercial advances are also lower, as a result of the slowing up of business activity and lower prices.

These conditions are naturally reflected in our profits, which are less than a year ago, but nevertheless sufficient to take care of our reduced dividend after providing for the usual appropriations. The General Manager will refer to these matters in more detail.

There is little profit in a lengthy discussion of the depression at this time. Volumes have been written, and the subject has been thoroughly canvassed from every angle, in the press and elsewhere. I intend, therefore, to make only brief references to this subject upon which you are already well informed.

As you all know, the past year has been one of difficulties and disappointments. Instead of definitely "turning the corner" there has been further serious shrinkage in volume of trade, both domestic and foreign, as well as in prices, many commodities falling to low points not previously experienced in many years. In the case of wheat we have to go back almost to pre-historic times for comparative levels. The severe drop in prices of the commodities which are our principal exports has particularly affected Canada. The unavoidable result is that the buying power of our people has been greatly reduced and unemployment has increased. At the same time, public debts and taxes are higher than ever before, and Governments and Municipalities are finding it difficult to balance their budgets.

DEBTS:

The decline in world prices of commodities has thrown into sharp relief the whole question of international and domestic debts. The tremendous volume of these debts would have caused trouble even had trade activity and prices remained normal, and it is scarcely a matter for surprise that on present price levels many defaults should have occurred. The record of this country, and in fact all British countries in this respect, is one in which we may all take satisfaction and pride.

There is not much that this country can do to assist in the solution of the international debt problem. We can only wait on action by the leading nations of the world, especially the United States, which, as chief creditor, holds the key position; but we can and do look hopefully to the World Economic Conference which is to be held in the near future, and although world conferences have not always attained results in the past, I feel that some definite action will be taken at this gathering which, though not surmounting all difficulties, will at least tend to restore confidence and cause capital to again flow across international boundaries. We may expect that out of the very gravity of the present crisis, and to some extent because of it, there will arise a new spirit of international accommodation and co-operation which is necessary if the disordered state of world economics is to be

THE BANK OF TORONTO

corrected. This country is, of course, vitally interested in the result because access to world markets is essential to our prosperity.

In the meantime our contribution to the betterment of world conditions consists chiefly in putting our own house in order. This in itself is no easy task. No entirely satisfactory solution of our National Railway situation with its ruinous losses has yet been reached. This question, however, is now being squarely faced for the first time since our unfortunate venture into Government ownership. We can expect important and early decisions. What these will be we of course do not know, but we shall be greatly disappointed if they fall short of stopping the drain upon the public treasury; if not at once, at least within a year or two at the most. In other departments progress has been made. Extravagant expenditures and excessive public borrowings are no longer popular. Waste is being eliminated, first by individuals, next by corporations, and last, but more slowly, by public bodies. Although in the year just ended Governments and Municipalities have added to the total of outstanding debts, it now seems possible that this trend will shortly be reversed. Until this can be accomplished we cannot say that we have fairly mastered our domestic debt situation.

IMPERIAL ECONOMIC CONFERENCE:

The Empire Conference held in Ottawa last summer was one of the most encouraging events of the year. Measures were agreed upon at that gathering which I believe will be productive of great good to this country and to other parts of the Empire. Perhaps the most important accomplishment was the creation of what appears to be a new sentiment in favor of intra-Empire trade. We have sometimes noted what appeared to be indifference on the part of the Mother Country to the commercial aspirations of the overseas Dominions. We felt that in matters of trade she would just as soon deal with a foreign country such as Russia, Germany or the United States as with her own Dominions. I believe that all this has been changed and there now appears to be a very definite movement in England in favor of trade within the Empire, and she has gone farther in the matter of preferences than I for one expected. These mutual preferences will, I am sure, show increasingly good results in this country as business improves and we work into more balanced markets. Free trade within the Empire is doubtless an impossible ideal, but we may approach it through the policy of reciprocal preferences which has now been actually established.

INFLATION:

I take this opportunity of saying a brief word on the subject of currency inflation, about which we hear a good deal in these times, not only from plausible radicals but also from generally sound thinking people. There is nothing new about inflation. It looks easy, and largely because of this fact has been tried over and over again, but I believe never successfully on any large scale, the aftermath more than wiping out the temporary benefits, if any. Theoretically, a restricted and temporary measure of currency inflation is tempting, but one dose almost invariably calls for another, and who is to say where the line should be drawn. In any event, inflation is not the remedy for depressed prices. If the world is over-producing certain commodities even for normal times, and I think this is the situation, price recovery can be brought about only through better regulation of production to world needs. Inflation in whatever degree would not add a penny to the price of our wheat in Liverpool, and I am afraid any apparent advantage in converting the pound into depreciated dollars would prove quite illusory. On the other hand, the mere threat of a departure from sound money would seriously damage the credit of the country, both abroad and at home and cause a flight from the Canadian dollar, the harmful consequences of which

THE BANK OF TORONTO

it is not difficult to foresee. The placing of an embargo on the free shipment of gold is quite another thing and is a sound measure at this time.

We also hear some criticism of the Banks. It is almost assumed, even in quarters which should know better, that something must be wrong with our banking system; first, because the banks continue to make profits and to pay dividends, and second because they are said to be inactive in measures and policies to lift the depression, although what the Banks might do that is not being done is never clearly expressed. The real facts in regard to profits are simple. Canadian Banks are extremely well financed. No water has been pumped into their stocks, nor have they split their shares as became very popular, even in the best commercial circles, a few years ago. They have conserved their profits in good times, steadily putting by not large amounts but something nearly every year over a long period—77 years in our own case. This has enabled them to write their assets down to conservative values and to build up reserves against the losses which fall to their share in bad times. But for constant adherence to this policy in past years, for which we should be commended rather than criticized, banks would not be earning much, if anything, today. Our own disbursements to shareholders are less than 4% on the book value of our shares, which is surely modest enough, and we may perhaps again call to the attention of people who think that banking is a very profitable business, the fact that rest accounts represent not only earned profits but also premiums paid in by shareholders for new stock.

It is suggested too that in addition to inflation of the currency and the "reforming" of the banking system, the organization of a Central Bank would make credit more plentiful. There has not in many years been any lack either of banking credit or of currency supply, nor is there at the present time. Banks in Canada are holding in their vaults over \$700,000,000. in securities, not as a matter of policy but because, for the time being, there is no other safe employment for these funds. Our own Bank would be very glad to liquidate a substantial portion of its security investments, but there is comparatively little demand from industry, commerce or agriculture, bearing in mind always that we must safeguard our depositors' money and confine advances to reasonably safe business.

A word in regard to our mining industry, which is one of the bright spots in our situation, may not be out of place. This country is fortunate in containing one of the largest gold producing areas of the world. We are now in second place, our production in the whole Dominion amounting to over Sixty-three millions last year, seventy-five per cent. of which was produced in the Province of Ontario, the Ontario production alone being responsible for the payment of over Sixteen and a quarter million Dollars in dividends during 1932. In a recent statement the Honourable Charles McCrear, Minister of Mines for Ontario, remarks that for the period April 1st, 1929, to the end of September, 1932, Canada produced One hundred and seventy-six millions in gold, some Eight millions in excess of our adverse balance of trade for the same period. Of this total, no less than One hundred and forty millions were contributed by the Province of Ontario.

Gold is one commodity, and probably the only important one, which is not suffering from the depression, and against which no tariff barriers or import embargoes exist. The market is unlimited, and there can be no over-production. Besides adding very substantially to our purchasing power, the availability of over Five millions in new gold each month is of the greatest importance in the regulation of our foreign exchanges; in fact, it is saving the day for us in this respect. With the greatly improved methods of extraction as well as mining which has been developed during recent years, it is reasonable to expect that our gold areas will, during the

THE BANK OF TORONTO

years immediately ahead, be responsible for the employment of additional thousands of our population, and the new wealth thus created will become an increasingly important factor in meeting our obligations abroad.

The encouragement which our Governments are giving to this industry is fully justified and will assist in attracting many millions of new capital to the exploration of our extensive mineral fields.

TAXES:

I find myself at every Annual Meeting saying something to you on the subject of taxes. This is partly for your information as shareholders, but also in the faint hope that authorities who spend public money and impose the taxes will note the extent of their impositions and do some serious thinking about it. I confess that we have never observed any good result from this publicity, as the amount paid to the tax-gatherers annually continues to rise, amounting in our case during the past year to \$8.40 per share, or an increase of 37% in ten years.

1933 OUTLOOK:

Following my usual practice, I refrain from predictions in regard to the near-term outlook for business. We know, however, that depressions set in motion forces which work automatically to restore equilibrium, and I have confidence that during the past year, although we appear to have gone from bad to worse, progress has been made under the surface in world as well as in domestic affairs.

The intangible factors making for correction can, of course, be helped by intelligent action, and there is evidence that such action is in the making. The Lausanne agreements were strongly in the right direction, and there are now definite indications in the American press and in the statements of her economists, and in the recent pronouncements of some of her prominent public men that United States will soon review her position on the question of war debts and possibly of tariffs. The loss of two-thirds of her foreign trade and an unemployment total reported at over eleven millions should be convincing arguments. The logic of events must demonstrate to creditor and debtor nations alike, that past policies require reconsideration and revision. Economists know it; business men and labor leaders know it, and the people generally are beginning to realize the meaning of the word "trade" and the true significance of unproductive debt, but because all these questions depend for their solution upon political action we must exercise patience. After all, it is too much to expect that the waste of the War plus the losses of the subsequent period of extravagance and over-expansion, to which can now be added the depression losses of the past three years, can be recovered quickly, but we may have faith that history will again repeat itself and that this worst of all depressions will follow the course of other previous experiences of the kind and make way in due time for another period of prosperity.

We are presenting to you today for election as a Director the name of Mr. George Kidd, of Vancouver, B.C. Mr. Kidd was born in England where he was trained as a public accountant and is a member of the Institute of Chartered Accountants in England. Since coming to this country and taking up his residence in Vancouver, he has become identified with a number of business enterprises at the Coast and we anticipate that he will give valuable assistance to the Bank, particularly in connection with British Columbia business. We are pleased to have him associated with us, and commend his name to your favorable consideration.

THE BANK OF TORONTO

GENERAL MANAGER'S ADDRESS

MR. CHAIRMAN AND GENTLEMEN:

I have the honour to present to you today the 77th annual balance sheet of the Bank for the year ending November 30th last.

NET EARNINGS:

The net earnings for the year, after having made full provision for all bad and doubtful debts, amount to the sum of \$1,044,393.33, which is \$124,521.80 less than the earnings reported for the year ending November 30th 1931. After providing \$660,000. to cover our dividends, \$160,000. reserve for accrued taxes, \$60,000. covering the Bank's annual contribution to the officers' pension fund, and writing down our Bank premises \$100,000., we carry forward the sum of \$64,393.33 in profit and loss, bringing the balance in this account up to the sum of \$496,301.47.

It was to be expected that our earning power would be adversely affected by the unfavourable business conditions throughout the year, but in other respects I am well satisfied with our statement and hope it will meet with the approval of the shareholders of the Bank. We have strong reserves and ample cash and funds available with which to do our share in assisting the business interests of Canada when the next forward move occurs.

Our surplus, consisting of Capital, Reserves and Undivided Profits, amounting to \$15,496,301. is 15.67 % of our entire liabilities to the public. You will see therefore, that we have a very safe margin of protection for the funds of our depositors and our bank notes in circulation. This surplus also represents 32.11 % of the sum of \$48,251,689. shown under the heading of Loans and Discounts, which constitutes the most vulnerable asset in a bank's statement, especially in these times of depression when business is carried on under extreme difficulty.

DIVIDENDS:

In view of the protracted depression and the indefinite prospect of a revival in commercial affairs, we have made liberal provisions against possible losses and unsatisfactory business, especially in the prairie provinces, where the continued low prices for their production has made it exceedingly difficult for our agriculturists to carry on and meet taxes and bare living expenses. In the meantime until more prosperous days return, it was deemed to be in the ultimate interests of our shareholders that the annual rate of our dividend should be reduced from 12% to 10%.

TOTAL ASSETS:

Of our Total Assets, \$114,497,749., we hold in Cash and Securities, Call and Short Loans fully secured \$61,302,240., equivalent to 62% of all liabilities to the public. This percentage indicates a very strong liquid position, which is perhaps not objectionable under present conditions. We however, regard it as excessive for our own requirements.

LOANS AND DISCOUNTS:

\$48,251,689., are down \$10,713,352. from last year. We would prefer to have our funds more actively employed in commercial channels, but if there is any virtue in the liquidity of a bank's loans we can take comfort from the fact that our loans, from their peak figures of 1929 have liquidated in a very satisfactory manner, well in keeping with the decline in business activity.

THE BANK OF TORONTO

SECURITIES:

At \$37,275,058. show an increase for the year of \$1,805,200. Over 90% of our securities consist of Dominion, Provincial and other high-grade Municipal bonds, mainly of short-date maturities, and are set down in our statement at somewhat under present market prices.

In times of depression, as commercial borrowings are paid off, the investment of bank funds in securities usually increases until the corresponding improvement in business returns. Our own security investments are higher than we like. When a general improvement sets in we shall be very glad to reduce holdings as funds are required for commercial purposes.

BANK PREMISES:

\$3,727,710. Following our usual practice of several years, these are set down in our statement at less than 50% of their cost.

CIRCULATION:

Notes of the Bank in the hands of the public as at the end of November last were \$5,764,689., against \$6,691,889. a year ago, and \$7,539,424. two years ago. Banknote circulation is the pocket money of the people. When business is good it expands with the improved buying power, but when the corresponding periods of depression and weakened buying power set in, it very quickly contracts and finds its way back to the banks.

DEPOSITS:

At \$88,009,340. A year ago, against a decline of 2.95 per cent in the total deposits of all Canadian banks, we were able to show a slight increase over our figures of the previous year. In the year just closed, however, through heavy withdrawals for investment in Dominion of Canada and other Government Loans offered to the public, and the loss of deposits through the closing of 12 of our branches and no doubt withdrawals of many of our depositors to meet living expenses, our deposits have suffered along with those of other banks, and I am afraid we cannot hope for much improvement until general conditions are better and earning power increases.

INSPECTIONS:

Following our usual practice I have to report that every branch of the Bank was thoroughly audited during the year by our own inspection staff, and at Head Office and several of our larger branches our shareholders' auditors have made a complete inspection of our cash, securities and loans.

IMPERIAL ECONOMIC CONFERENCE:

One of the most significant and outstanding events during the past year was the Imperial Economic Conference at Ottawa, which was attended by representatives of the various parts of the British Empire. It is too early to fully appraise the results of the deliberations of this conference, but of one thing we can be certain and it is that the personal contacts made between the various representatives over a period of several weeks have been of immense benefit. It is too much to expect that we shall at once see a great development of Empire trade, and it is certain that there must necessarily be adjustments to such agreements as have been arrived at, but the framework of a better and more sympathetic understanding has been built, and I believe that over a period of years we will find it increasingly valuable in the development of a much greater volume of trade within the Empire without seriously interfering with our trade with other countries throughout the world.

THE BANK OF TORONTO

BANKING LEGISLATION:

It is a matter of some disappointment to us that there has been a postponement of the revision of the Bank Act, which was due for consideration at this time, until next year. There has been far too much criticism of the banks, especially from the three prairie provinces, much of which does no good to the general credit of Canada as a whole. It seems very important that as early as possible a full and frank discussion of the banks and the legislation under which they operate should be had before the Banking and Commerce Committee of the Government, when it is to be hoped that those who have any criticism to offer as to the operation of the present banking system, which in our judgment has well stood the test of good times and had times over a long period of years, will be able to put forward some constructive measures of improvement.

I would like to say in passing that I believe the vast majority of people in this country are well satisfied with our banking system as it now stands; indeed I find a good many people who openly express their pride in the way the Canadian banks have weathered the storms of recent years.

CENTRAL BANK:

The question of the advisability of the establishment in this country of a central bank is one which will also deserve the most serious consideration. Insofar as the Bank of Toronto is concerned I can say that, while we do not see any particular disadvantage to ourselves if such a bank is established, we are well satisfied with the present simple and effective machinery by which we are able to borrow under the Finance Act for our needs during the peak periods of business, by putting up ample security with our Government. I can see no advantage whatever in the formation of a central bank at the present stage of this country's development. On the other hand I am satisfied that if this additional frill to our present banking system were added, it would mean a heavy increase in expense with little or no offsetting benefits to the banking facilities of the country—and goodness knows this is no time to indulge in any extravagances when our overhead of taxation and other expenses all along the line are our most serious problems.

GENERAL CONDITIONS:

I believe the year 1932 will pass into history as one of the most difficult years through which Canadian business and finance have passed. There has been a further decline in the volume of business and commodity prices. Our whole trade situation is much involved with difficult world problems still unsolved, and until many of these are settled we cannot hope for much improvement in our own affairs. There is certainly no short cut to better conditions. A hypodermic of inflation, which at best is only a temporary expedient, is not the cure for the present depression, but I have full confidence that in due course, with the exercise of common sense and the application of sound principles to our problems, Canada will be one of the first countries in the world to emerge from the present unsatisfactory conditions.

STAFF:

In closing may I say a few words with regard to our staff. In this Bank we have never had much to complain of regarding the service of our staff. We require a fair standard of efficiency and they rise to it, but the real test comes in such periods as we are passing through, and I have nothing but the greatest praise for the loyal support and devotion to the interests of the Bank and its clients that we have received from the senior executives and every member of the staff throughout the service during the difficult years through which we have passed, and for which I desire to express my warmest appreciation.

THE BANK OF TORONTO

Moved by Mr. JOHN R. LAMB, seconded by Mr. PAUL J. MYLER, and

Resolved—That the Report of the Directors and Statement which has now been presented be adopted, and printed copies thereof be distributed to the Stockholders of the Bank.

Carried

Moved by Mr. THOMAS BRADSHAW, seconded by Mr. W. B. MACLEAN, and

Resolved—That Mr. D. MCK. McCLELLAND, F.C.A. of Price, Waterhouse & Company, and Mr. W. D. GLENDINNING, C.A., of Riddell, Stead, Graham & Hutchison, be and they are hereby appointed Auditors of this Bank for the ensuing year and that their remuneration shall not exceed the sum of \$10,000.

Carried

Moved by SIR HENRY L. DRAYTON, seconded by Mr. SIGMUND SAMUEL, and

Resolved—That the thanks of the Stockholders be tendered to the President, Vice-President and Directors for their careful management of the Bank's affairs and to the General Manager, Assistant General Manager and other officers of the Bank for their efficient and loyal service during the year closed.

Carried

Moved by Mr. J. J. GIBSON, seconded by Mr. C. S. MACDONALD, and

Resolved—That the Scrutineers cast one ballot for the election of Directors of The Bank of Toronto:

Carried

REPORT OF THE SCRUTINEERS

We, the undersigned Scrutineers, hereby declare that the following named gentlemen were to-day elected as Directors of The Bank of Toronto:—

WILLIAM G. GOODERHAM	JOHN I. MCFARLAND
JOHN R. LAMB	HON. JAMES D. CHAPLIN, M.P.
WILLIAM STONE	THOS. F. HOW
COL. ALBERT E. GOODERHAM	FREDERICK K. MORROW
BRIG.-GEN. FRANK S. MEIGHEN	HARVEY B. HENWOOD
COL. WILLIAM I. GEAR	J. DOUGLAS WOODS
PAUL J. MYLER	GEORGE KIDD
ARCHIBALD H. CAMPBELL	

DUNCAN COULSON }
HAROLD B. SCANDRETT } *Scrutineers*

TORONTO, 18th January, 1933.

At a subsequent meeting of the new Board, Mr. W. G. GOODERHAM was elected President, and Mr. JOHN R. LAMB, Vice-President.

By order of the Board,

HARVEY B. HENWOOD,
General Manager

THE BANK OF TORONTO

...BRANCHES...

ONTARIO

Toronto, King St. W., cor. Bay St.	R. H. Cardy,	Manager.
(Main Office)	R. J. Burtis,	Asst. Mgr.
" Bloor & Bay	M. G. Davey,	Manager.
" Bloor & Brunswick Ave.	J. B. Sandy,	"
" Bloor & Jane Sts.	R. C. Cameron,	"
" Church & Wellington Sts.	A. S. Towers,	"
" College and Dovercourt	S. E. Scarlett,	"
" Danforth & Dewhurst	G. W. Harrington,	"
" Dundas & Keele	T. W. Harper,	"
" Dundas St., cor. Ossington Ave.	G. M. Kennedy,	"
" Dundas St., cor. Roncesvalles Ave.	W. A. McEvoy,	"
" Eglinton & Avenue Rd.	A. B. Clarke,	"
" Elm St., cor. Elizabeth St.	M. D. Johnston,	"
" King St. W., cor. Bathurst St.	S. G. Leonard,	"
" Mt. Pleasant Rd. cor. Belsize Drive	W. B. Young	"
" Queen & Kenilworth Ave.	J. H. Fenton,	"
" Queen E. & Logan Ave.	L. S. Barr,	"
" Queen St. E., cor. Parliament St.	G. B. McKay,	"
" Queen St. W. cor. Spadina Ave.	Jas. Stewart,	"
" St. Clair Ave. and Christie St.	J. H. Brown,	"
" Yonge St., No. 205, opp. Albert St.	L. R. Atkinson,	"
" Yonge St. & Bedford Park Ave.	K. S. Herald,	"
" Yonge St. & Belsize Drive	F. C. Whetter,	"
" Yonge & St. Clair	R. C. Waram,	"
Allandale	H. N. Modeland,	"
Alliston	G. E. Armstrong,	"
Barrie	H. A. Sims,	"
Bethany	F. Stevenson,	"
Bradford	C. P. Roper,	"
Brantford	D. McLennan,	"
Brockville	B. F. A. Lewis,	"
Burford	R. J. Sim,	"
Cardinal	S. J. W. Clarke,	"
Clarksburg	R. H. F. McBride,	"
Cobourg	A. C. Hodgetts,	"
Colborne	V. R. Tufford,	"
Coldwater	R. P. Bellamy,	"
Collingwood	O. G. Bernhardt,	"
Copper Cliff	R. Gray,	"
Creemore	B. T. Ferguson,	"
Dorchester	R. H. Hutchings,	"
Dunnville	H. E. Lambert,	"
Elmvale	T. B. Chester,	"
Feversham	H. C. Francis,	"
Fort William	C. C. Eddy,	"
Freelton	F. W. W. Small,	"
Galt	P. J. Wright,	"
Gananoque	G. Hay,	"
Hamilton, 37 James St. S. (Main)	J. Stephen,	"

THE BANK OF TORONTO

Hamilton Market Branch	C. J. Davey,	Manager.
Hastings	A. U. Bailey,	"
Havelock	L. A. Gould,	"
Keene	D. D. Brown,	"
Kerwood	E. J. Mitchell,	"
Kingston	A. C. Edward,	"
Kitchener	J. C. Wolfrain,	"
" North Ward Branch	J. R. Clark,	"
Lansdowne	W. F. Hyde,	"
London (Main Office)	C. R. Latimer,	"
" City Hall Branch	T. F. Walker,	"
" East End Branch	T. C. Margrett,	"
" Market Branch	H. R. Nettleton,	"
" North End Branch	E. J. Fitzgerald,	"
" West End Branch	H. R. Nettleton,	"
Lyndhurst	J. S. McMillan,	"
MacTier	M. Weller,	"
Markdale	A. E. Hunt,	"
Meaford	F. A. Maples,	"
Millbrook	H. A. Kerr,	"
Milton	H. F. McNichol,	"
Mount Dennis	G. A. Langstaff,	"
Newmarket	F. A. M. Lister,	"
Oakville	J. B. L. Grout,	"
Oil Springs	A. H. Johnston,	"
Omeme	G. D. Gowans,	"
Orangeville	G. T. Sullivan,	"
Ottawa, 106 Sparks St. (Main)	Geo. C. Gardner,	"
" Ottawa South	J. H. Smith,	"
" Union Station Branch		"
" West End, 1258 Wellington	W. M. Weylie,	"
Owen Sound	F. W. B. Fitzgerald,	"
Paris	W. E. Sharpe,	"
Parry Sound	F. N. Hurst,	"
Penetanguishene	J. A. Eplett,	"
Peterboro	C. P. Borland,	"
Petrolia	E. G. Britton,	"
Port Hope	G. L. McHattie,	"
Preston	J. L. Thompson,	"
St. Catharines	E. J. H. Vanston,	"
St. Mary's	A. C. Lord,	"
Sarnia	J. W. Simpson,	"
Shelburne	H. A. Livingstone,	"
South Porcupine	W. S. McDowell,	"
Stayner	S. R. Way,	"
Stratford	J. H. Mills,	"
Sudbury	W. E. Van Norman,	"
" North End	S. G. Page,	"

THE BANK OF TORONTO

Thornbury	M. S. Hargreaves, Manager.
Trenton	H. R. Warren, "
Walkerville	L. N. Hicks, "
Wallaceburg	R. L. Daniel, "
Waterloo	S. J. Adams, "
Welland	J. E. Curry, "
Windsor	W. H. Hiscock, "
Wyoming	C. H. Smith, "

QUEBEC

Montreal, Main Office	J. L. Carson, Manager.
(St. James St., cor. McGill)	L. G. Gillett, Asst. Mgr.
" Atwater Ave., cor. St. Antoine	C. J. Cracknell, Manager.
" Board of Trade	I. J. Hutton, "
" Maisonneuve	E. F. McNicholl, "
" Montclair & Sherbrooke Sts.	R. W. Hutchison, "
" Park & Bernard Ave.	J. Heroux, "
" Peel St., No. 1232	B. M. Currie, "
" St. Catherine St., cor. Guy	A. H. Walsh, "
" St. Catherine St. E., No. 1400	P. E. Leveille, "
" St. Hubert St., No. 8920	J. E. Long, "
" St. Lawrence Blvd. & Ontario St.	H. L. Lennon, "
" Van Horne Ave., No. 1540	B. C. Case, "
Westmount, Sherbrooke & Claremont	A. W. Roper, "
Gaspé	W. W. Annett, "
St. Lambert	A. A. Belyea, "

MANITOBA

Winnipeg, 454 Main St. (Main)	W. B. McCrick, Manager.
" Academy Rd. & Niagara St.	A. Stephenson, "
" Portage & Edmonton	T. E. Fletcher, "
" Sherbrooke & Westminster	W. W. Wright, "
Benito	F. O. Johnston, "
Cartwright	A. B. Fee, "
Inglis	T. S. Norcross, "
Pilot Mound	J. Hayward, "
Rosburn	C. R. Dawson, "
St. Boniface, (Union Stock Yds.)	H. S. Chambers, "
Swan River	W. R. Lawrie, "
Transcona	H. R. Chapin, "

ALBERTA

Barrhead	S. D. Markham, Manager.
Calgary, 114-8th Ave. (Main)	S. B. Chamberlain, "
Clandonald	G. F. Stonehouse, "
Compeer	J. B. Simpson, "
Coronation	H. J. Carmichael, "
Derwent	C. S. Harrylock, "
Edmonton	W. A. Stewart, "
Marwayne	J. C. Thom, "

THE BANK OF TORONTO

Oyen	V. E. French, Manager.
Stettler	L. Gemmill, "
Sunnynook	I. G. Weylie, "
Veteran	H. L. Staples, "
Youngstown	T. R. Menzies, "

SASKATCHEWAN

Assiniboia	M. L. Magee, Manager.
Bredenbury	C. F. Drager, "
Chaplin	J. S. Armstrong, "
Colonsay	F. F. Osborn, "
Coronach	H. W. Thompson, "
Fairlight	Geo. Kay, "
Glenavon	P. R. Fleming, "
Gravelbourg	H. L. Knight, "
Hodgeville	F. J. Goldsmith, "
Kennedy	W. N. Bradley, "
Kipling	Jas. Milmine, "
Kyle	B. Collins, "
Lafleche	M. C. Manhard, "
Langenburg	N. Toland, "
Madison	M. E. Kerr, "
Mazenod	J. E. Conn, "
Meyronne	R. H. Wilson, "
Montmartre	E. B. Little, "
Neilburg	C. L. Thompson, "
Preeceville	B. F. Joyce, "
Regina	F. C. Burnett, "
Rosetown	G. A. Hetherington, "
Smiley	A. J. Maheu, "
Vanguard	F. C. Millard, "
Welwyn	G. R. Tucker, "
Wolseley	W. H. Hambly, "
Yorkton	W. J. Miller, "

BRITISH COLUMBIA

New Westminster	C. D. McMillan, Manager.
Vancouver, (Main Office)	E. W. Lamprey, "
Hastings & Seymour Sts	I. J. Hammond, Act Asst. Mgr.
" Burrard & Robson Sts	A. Logan, Manager.
" 723 Georgia St.	H. A. Daykin, "
" Kerrisdale Branch	J. McKendrick, "
" 10th Ave. & Alma Rd	W. Dickie, "
" 12th Ave. & Granville	S. H. Abrams, "
Victoria (Main Office) Yates & Broad Sts.	C. W. Pangman, "
" Douglas St.	A. B. Christopher, "

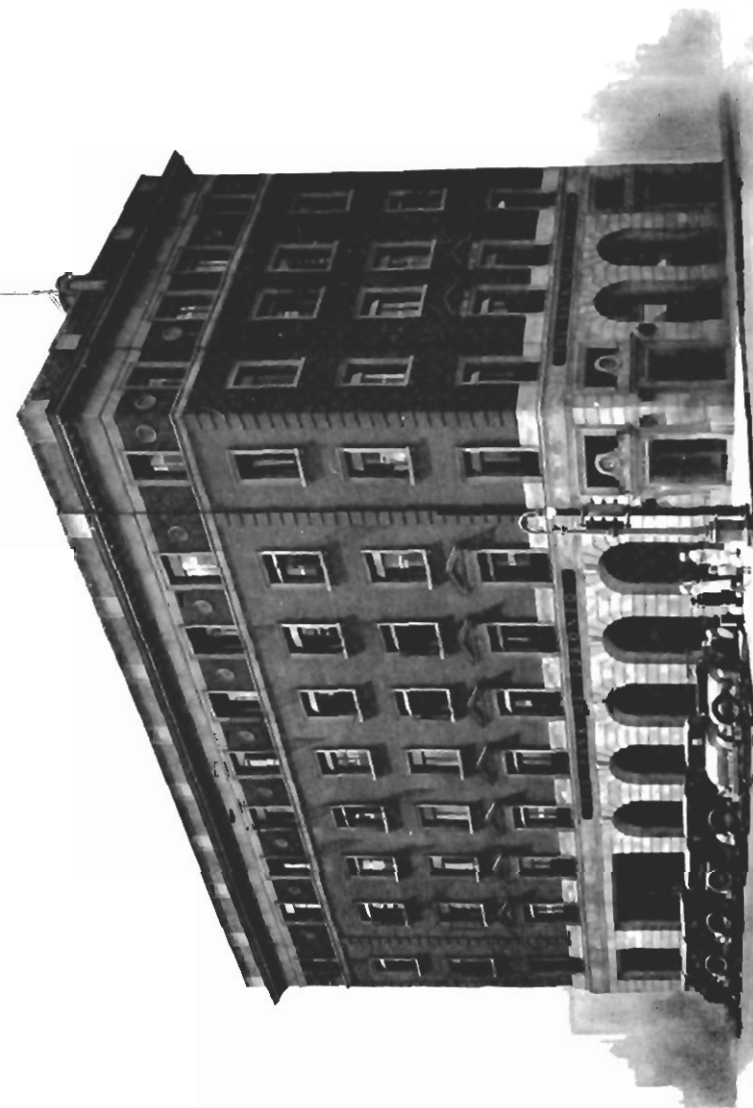
THE BANK OF TORONTO

AGENTS BRITISH AND FOREIGN

GREAT BRITAIN and IRELAND	Midland Bank, Limited.
AFRICA	Barclays Bank (Dom. Col. and Overseas)
AUSTRALIA	Bank of Australasia.
BELGIUM	Guaranty Trust Co. of New York.
CHINA	National City Bank of New York.
CZECHO-SLOVAKIA	Zivnostenska Banka.
DENMARK	Kjobenhavns Handelsbank.
FINLAND	Nordiska Foreningsbanken.
FRANCE	Bankers Trust Company.
do.	Credit Commercial de France.
GERMANY	Commerz-und Privat-Bank.
GREECE	Ionian Bank, Limited.
HOLLAND	Nederlandsche Handel Maatschappij.
INDIA	National City Bank of New York.
ITALY	Banca Commerciale Italiana.
JAPAN	National City Bank of New York.
JUGO-SLAVIA	Prva Hrvatska Stedionica.
NEW ZEALAND	National Bank of New Zealand.
NORWAY	Den Norske Creditbank.
POLAND	Warsaw Discount Bank.
SWEDEN	Goteborgs Handelsbank.
SWITZERLAND	Banque Populaire Suisse.
do.	Union Bank of Switzerland.

UNITED STATES

NEW YORK, N.Y.	Bankers Trust Company.
do.	Chase National Bank of New York.
do.	Empire Trust Company.
do.	First National Bank.
do.	Guaranty Trust Company of New York.
do.	Irving Trust Company.
do.	National City Bank of New York.
ALBANY, N.Y.	National Commercial Bank & Trust Company.
BALTIMORE, MD.	Maryland Trust Company.
BOSTON, MASS.	First National Bank of Boston.
do.	National Shawmut Bank.
BUFFALO, N.Y.	Manufacturers & Traders Trust Company.
do.	Marine Trust Company of Buffalo.
CHICAGO, ILL.	Continental Illinois National Bank & Trust Co.
do.	First National Bank of Chicago.
CINCINNATI, OHIO	Fifth, Third Union Trust Company.
do.	First National Bank of Cincinnati.
CLEVELAND, OHIO	Central United National Bank.
do.	Union Trust Company.
DETROIT, MICH.	First National Bank.
LOS ANGELES, CAL.	Bank of America Nat'l Trust & Savings Ass'n
do.	California Bank.
MINNEAPOLIS, MINN.	First National Bank of Minneapolis.
NEWARK, N.J.	Merchants & Newark Trust Co.



THE BANK OF TORONTO, CITY HALL BRANCH, LONDON

THE BANK OF TORONTO

AGENTS—UNITED STATES—Continued

PHILADELPHIA, PENN.	Corn Exchange National Bank & Trust Co.
do.	Integrity Trust Co.
do.	Market St. National Bank.
do.	Philadelphia National Bank.
PITTSBURG, PENN.	Keystone National Bank of Pittsburg.
do.	Union National Bank of Pittsburg.
ST. LOUIS, MO.	First National Bank in St. Louis.
SAN FRANCISCO, CAL.	American Trust Company.
do.	Bank of America National Trust & Savings Ass'n.
do.	Pacific National Bank.
SEATTLE, WASH.	First National Bank of Seattle (Metropolitan Br.)
do.	People's Bank & Trust Co.

The following comparative figures taken from the Annual Statements show the growth of the Bank since its Incorporation

Year	Capital and Reserves.	Deposits.	Loans and Investments.	Assets.
1857	\$ 439,148	\$ 263,100	\$ 1,103,078	\$ 1,268,413
1862	893,048	474,722	1,395,472	1,960,939
1872	2,253,421	2,803,479	5,524,075	6,578,289
1882	3,007,188	3,730,470	7,158,661	8,393,375
1892	3,838,983	7,817,429	11,008,794	13,523,641
1902	5,193,128	15,119,753	19,181,925	23,424,935
1912	11,176,578	41,622,345	48,126, 11	59,226,548
1922	12,061,241	73,678,757	71,830,546	94,456,242
1932	15,496,301	88,009,340	89,722,835	114,497,749

Paid-up Capital	-	-	\$8,000,000.00
Rest Account	-	-	9,000,000.00
Profit and Loss Account			4 301.47
			<u>\$15,496,301.47</u>



THE BANK OF TORONTO, DOUGLAS ST., VICTORIA

