

THE CANADIAN BANK OF COMMERCE

HEAD OFFICE - TORONTO, ONTARIO

CAPITAL AUTHORIZED	-	-	-	-	\$6,000,000
CAPITAL PAID-UP	-	-	-	-	\$6,000,000
REST	-	-	-	-	\$1,600,000

DIRECTORS:

HENRY W. DARLING, ESQ.,	-	PRESIDENT.
WM. ELLIOT, ESQ.,	-	VICE-PRESIDENT.
HON. WM. McMASTER	JOHN I. DAVIDSON, ESQ.	
T. S. STAYNER, ESQ.	HON. S. C. WOOD	
GEORGE TAYLOR, ESQ.	JAMES CRATHERN, ESQ.	
GEO. A. COX, ESQ.	W. B. HAMILTON, ESQ.	

W. N. ANDERSON, General Manager.

J. C. KEMP, Asst. General Manager.

ALEX. LAIRD, Inspector.

GENERAL STATEMENT

26TH JUNE, 1886.

LIABILITIES

To the Public.

Notes of the Bank in circulation	\$2,308,963 00
Deposits not bearing interest	2,094,891 78
Deposits bearing interest	8,856,434 09
Interest accrued on Deposit Receipts and Savings Bank Accounts.....	61,373 33
Balances due other Banks in Canada.....	67,610 00
Balances due Agents in Great Britain.....	406,819 70
	\$13,796,091 90

To the Shareholders.

Capital paid-up	\$6,000,000 00
Rest	1,600,000 00
Contingent Fund.....	150,000 00
Reserve for rebate of interest on Current Dis- counts	150,000 00
Unclaimed Dividends.....	2,165 32
Dividend No. 38 payable 2nd July	210,000 00
Balance of Profit and Loss Account carried forward to next half year.....	21,829 04
	8,133,994 36
	\$21,930,086 26

ASSETS

Specie	\$	598,677	78
Dominion Notes		1,345,212	25
Notes of and Cheques on other Banks.....		422,579	63
Balances due by other Banks in Canada		149,039	11
Balances due by Agents of the Bank in the United States.....		1,666,198	82
British Consols, Dominion of Canada Stock, and United States Bonds		941,574	31
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		\$5,123,281	90
Loans, Discounts, and Advances on Current Account.....		16,200,027	70
Bills Discounted Overdue, and not specially Secured		57,114	36
Overdue Debts, secured by Mortgage or other Deed on Real Estate, or by Deposit of or Lien on Stock, or by other Securities		156,093	28
Real Estate, the property of the Bank (other than Bank Premises), and Mortgages on Real Estate sold by the Bank		103,436	88
Bank Premises and Furniture.....		290,132	14
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		\$21,930,086	26

(Signed) W. N. ANDERSON, General Manager.

THE CANADIAN BANK OF COMMERCE,
Toronto, 26th June, 1886.

BRANCHES

QUEBEC—

MONTREAL ROBERT GILL Manager.

ONTARIO—

AYR JOHN WYLLIE Agent.
 BARRIE W. GRAY Manager.
 BELLEVILLE R. THOMSON "
 BERLIN D. B. DEWAR "
 BRANTFORD W. ROBERTS "
 CHATHAM J. E. THOMAS "
 COLLINGWOOD E. PANGMAN "
 DUNDAS W. SMITH "
 DUNNVILLE F. C. MINTY "
 GALT W. THOMPSON "
 GODERICH R. S. WILLIAMS "
 GUELPH B. R. MCCONKEY "
 HAMILTON E. MITCHELL "
 JARVIS H. J. GRASSETT Agent.
 LONDON H. A. NICHOLSON Manager.
 NORWICH W. A. SAMPSON "
 ORANGEVILLE B. SHEPHERD "
 OTTAWA JEFFERY HALE "
 PARIS R. C. JENNINGS "
 PARKHILL J. M. DUFF "
 PETERBORO WM. MANSON "
 ST. CATHARINES F. O. CROSS "
 SARNIA T. W. NISBET "
 SEAFORTH A. H. IRELAND "
 SIMCOE E. COWDRY "
 STRATFORD W. MAYNARD, JR. "
 STRATHROY J. S. SMALL "
 THOROLD W. J. ROBERTSON "
 TORONTO J. C. KEMP "
 " L. BOLSTER Sub Mgr.
 WALKERTON J. R. CLARKE Manager.
 WINDSOR C. M. STORK "
 WOODSTOCK D. H. CHARLES "

UNITED STATES—

NEW YORK { J. H. GOADBY } Agents.
 { B. E. WALKER }

BANKERS:

NEW YORK - THE AMERICAN EXCHANGE NATIONAL BANK.
 LONDON, ENGLAND THE BANK OF SCOTLAND.

THE CANADIAN BANK OF COMMERCE

PROCEEDINGS

OF THE

NINETEENTH ANNUAL MEETING OF THE SHAREHOLDERS

HELD AT THE BANKING HOUSE, TORONTO,
AT NOON ON TUESDAY, 13TH JULY, 1886.

The President, Hon. Wm. McMaster, having been called to the chair, it was moved by Hon. S. C. Wood, seconded by W. B. Hamilton, Esq., that the General Manager be appointed Secretary, and that Messrs. Henry Pellatt, R. S. Cassels and James Browne do act as Scrutineers.

The Secretary then read the following

REPORT.

The Directors beg to present to the Shareholders the 19th Annual Report, accompanied by the usual Statement of the Assets and Liabilities of the Bank, at the close of the financial year :—

Balance at credit of Profit and Loss Account, carried forward from June, 1885.....	\$ 24,192 07
The net profits of the year ended 26th June, 1886, after deducting charges of management and making appropriations to cover all bad and doubtful debts sustained during the year, amount to	557,636 97
	<u>\$581,829 04</u>

Deduct—	
Dividend No. 37, paid January, 1886.	\$210,000 00
Dividend No. 38, payable July, 1886.	210,000 00
	<u>420,000 00</u>
	\$161,829 04
Transferred from Rest Account	500,000 00
	<u>\$661,829 04</u>
Appropriated for bad and doubtful debts.	\$490,000 00
Placed at credit of Contingent Fund.	150,000 00
	<u>640,000 00</u>
Balance remaining at credit of Profit and Loss Account	\$ 21,829 04

Notwithstanding the absence of any material improvement in the condition of business generally, and the low and declining rates obtainable upon loans, the profits of the twelve months ending in June, have been fairly satisfactory; so much so, that under ordinary circumstances they would have been amply sufficient for the continuance of our usual 8 per cent. dividend. Your Directors, however, in view of the serious shrinkage resulting from the liquidation of securities acquired from several estates of considerable magnitude, determined, although with much reluctance, to reduce the rate of dividend from 8 to 7 per cent. for the time being; and in order fully to cover the losses sustained in this connection, together with probable losses, and all shrinkages in values of securities held by the Head Office and Branches, have taken from the Rest Account the sum of \$350,000.

The disturbing effects which such appropriations are apt to create in the minds of Shareholders render it very desirable that provision should be made, apart from the Rest Account, for any contingency that may arise. It is also important that the fear of affecting the Rest may not deter the management from dealing promptly with any risks that may assume an unsatisfactory character. The Directors have

therefore transferred from that fund to Contingent Account the further sum of \$150,000, thus leaving the Rest \$1,600,000, or 26 $\frac{2}{3}$ per cent. on the capital of the Bank.

The Directors are pleased to be in a position to assure the Shareholders, with the utmost confidence, that the business of the Bank is thoroughly sound, legitimate and active; and its ample financial resources are such as will enable their successors to take advantage of any improvement that may take place in the trade of the country.

Having regard to the marked change in the value of money in Chicago, and the fact that the profits could not be made to bear any reasonable proportion to the expenses connected with the Agency, unless a much larger amount of the Bank's capital were assigned to the Agents than the Directors thought it prudent to place there, they felt that it would be in the interest of the Shareholders to withdraw from Chicago, which was readily accomplished, as the securities held for the Bank's advances were such as to admit of the Agency being wound up on short notice.

The branches of the Bank have been inspected during the year as usual; and the Directors are pleased to state that its officers generally have discharged their respective duties in a satisfactory manner.

(Signed), WM. MCMASTER,

President.

Toronto, 2nd July, 1886.

The following resolutions were then put and carried unanimously:—

Moved by the President, seconded by the Vice-President:

That the report of the Directors now read be adopted and printed for the information of the Shareholders.

In moving this resolution the President spoke as follows:

The information with reference to the position of the Bank, which it is the duty of the Directors to lay before the Shareholders on the occasion of the Annual Meeting, has been so fully set forth in the Report and accompanying

Financial Statement, that I have but little to add. You may, however, desire further particulars with reference to the considerations that influenced the Directors in deciding to reduce the dividend to seven per cent., which shall be readily given.

Our losses on current business during the last and previous twelve months were comparatively small, and the earnings of the year that closed in June were sufficient for an eight per cent. dividend, which, under the circumstances, might have been paid.

In order to a correct understanding as to how our position became somewhat changed, it is necessary to refer specially to certain liabilities which turned out very differently from what we had reason to expect.

When alluding in last year's report to the transfer of \$75,000 to Contingent Account, increasing that fund to \$150,000, we intimated that this was done for the purpose of covering the loss on the British Canadian Timber and Lumber Company's account, and some other matters of former years still in process of liquidation.

At that time the principal security held for the Timber and Lumber account consisted of 765 miles of timber limits in the Province of Quebec, which were represented by the Company as being worth \$700,000; together with stores of various kinds estimated at \$190,000. Some time after, these assets passed into the hands of Trustees appointed to manage the business, and if necessary to wind it up. They estimated the value of the limits, including some stores, at \$250,000. These limits were subsequently sold by public auction in Ottawa, where the audience was large and the bidding spirited, at a price that netted \$158,650. One portion of this was claimed by another bank and one by the holders of debentures in Scotland. The result was that instead of there being a considerable amount of the Contingent Fund available for other purposes, it fell short of covering the debt of the Timber and Lumber Company alone.

Another liability to which allusion has been made arose with certain accounts which had for years been conducted in a satisfactory manner. The parties were uniformly reported to be highly respectable, and to be possessed of large means, and were in fact perfectly responsible for such facilities as the Bank at any time afforded them, provided these had been employed in the legitimate channels of their ordinary business. It was, however, discovered that during the period of wild speculation in the North-west, they had become parties to large ventures in Winnipeg property and North-west land and land securities, and had used the Bank's means for these purposes. Upon the demand of the Bank the debtors furnished security principally on real estate in Manitoba and Ontario, which to all appearance at the time afforded reasonable margin over and above the Bank's claim. But the utter collapse of values in the North-west, and the depreciation that ensued in the price of property in the western part of Ontario, especially in towns, rendered the process of liquidation tedious and very disappointing, and the ultimate result was that a considerable loss has been sustained.

We took credit to ourselves at a former meeting for declining to respond to many urgent applications to open branches in Winnipeg and other places in Manitoba, which we did, believing that until the North-west became more of an exporting country there was no legitimate business for the number of banks that had already opened there. But while our policy saved the Bank from direct losses in Manitoba, we have not entirely escaped the unfortunate results that overtook the parties who, regardless of the consequences to others, speculated largely in that country.

Now, gentlemen, looking to this loss, looking also to the fact that the Contingent Fund was entirely absorbed by the Timber and Lumber Company's account, leaving the accounts referred to in last year's Report as being in liquidation unprovided for, looking also to the reduction in the rate of interest and the downward tendency of money generally, I

cannot help thinking that on reflection you will regard the action of the Directors in reducing the dividend and making provision for bad and doubtful debts as being judicious and wise under the circumstances.

In dealing with the appropriations, two classes of debts, *bad* and *doubtful*, had to be considered. From the former little if anything can be expected. From the latter considerable may be secured, as the Directors in their determination to make the most ample provision for losses, have probably estimated some of the items below their value.

With reference to the \$150,000 placed at the credit of Contingent Account, this I regard as being a very desirable appropriation, as, in the absence of such a fund, the natural tendency of the management is to delay dealing with doubtful accounts, hoping that they may improve. In most cases, however, the reverse is the result.

A word with reference to our business in Chicago. When we first opened there, the rate of interest ruled at from 8 to 9 per cent., but Chicago having become to a great extent the centre of financial operations for the Western States, money is almost as cheap there as in New York; and if the Government tax be added to the ordinary expenses, it will be found, as stated in the Report, that unless a much larger amount of the Bank's capital were assigned to the Agents in Chicago than the Directors deemed it prudent to place there, the profits could not be made to bear any reasonable proportion to the expenses.

Having referred to the different subjects of importance embraced in the Report, I desire to make an announcement bearing upon my future individual relations to the Bank.

Admonished by my advancing years and the state of my health of the necessity of comparative rest, I have decided to withdraw from the Presidency of the Bank. I do so with the less hesitation, inasmuch as the position of the Bank's affairs will, I feel assured, satisfy all reasonable anticipations on the part of the Shareholders, who may look forward to its future with every confidence.

I am a large holder of the Bank's shares, but apart from this consideration, in view of my long connection with the institution, I will always feel a lively interest in its success, and if my experience is regarded of any value to the Shareholders, they can have my services as a Director so long as my health permits. But I shall refer to this subject more fully at a further stage of the proceedings, when I purpose to move an amendment to one of our by-laws, with a view to the strengthening of the Board.

Moved by the President, and seconded by the Vice-President, that the following by-law be passed, namely :—

BY-LAW NO. 29.

The Shareholders of the Canadian Bank of Commerce enact as follows :—

1. The number of Directors of the Bank to be elected annually by the Shareholders shall be ten, of whom three shall constitute a quorum.

2. Section 4 of the by-laws of the Bank, passed on the 12th day of July, 1881, is hereby repealed, and section 7 is hereby amended by the insertion of the words "ten Directors," in lieu of the words "eight Directors," where the same occur.

3. The by-laws of the said Bank passed on the 12th day of July, 1881, as hereby amended, are hereby re-enacted and confirmed.

In moving the adoption of this resolution the President remarked that he had taken occasion lately, in view of the condition of his own health, and the increasing age of several of his co-Directors, to impress upon them the necessity for strengthening the Board by the introduction of new men, and he was pleased to be able to submit for their approval the name of Mr. Henry W. Darling, the President of the Board of Trade, as one having a large and varied experience of mercantile matters, well known to this community as a man of high character and financial ability, and who, he felt

assured, would render good service to the Bank. Also the name of Mr. George A. Cox, of Peterboro, who had given abundant evidence of mercantile skill, the architect of his own fortune, and who, in many ways, would be a great acquisition to the Directorate, and he had every confidence in commending these to the favourable consideration of the Shareholders as coadjutors.

Moved by Edward Martin, Esq., Q.C., Hamilton, seconded by George Roach, Esq., Hamilton :

That the thanks of the meeting are due, and are hereby tendered to the President, Vice-President, and other Directors for their careful attention to the interests of the Bank during the past year.

Mr. Edward Martin, Q.C., of Hamilton, in moving the resolution, commended the President and Directors for their courage and prudence in frankly admitting the losses that had unfortunately been made, and in making provision for them. The Shareholders were under a deep debt of gratitude to the President for the attention he had given to the affairs of the Bank since its incorporation, which had been of the most assiduous, unselfish and devoted character. While no one would grudge him his well-earned rest, which the state of his health demanded, it was gratifying to know the Bank would still have the benefit of his experience and counsel as a Director. The President was to be congratulated upon the choice he had made of new Directors. He had known Mr. Darling intimately since he began his business career in Hamilton. He had been a success there, and a still greater success in Toronto, and he felt satisfied no more desirable man could be found for the position. The reputation and business ability of Mr. Cox was also well known throughout the Province, and such an addition to the Directorate could not fail to be advantageous to the Bank.

Moved by Wm. Hendrie, Esq., Hamilton, seconded by F. Mackelcan, Esq., Q.C., Hamilton :

That the thanks of the meeting be also tendered to the General Manager, Assistant General Manager, and other officials of the Bank for the satisfactory discharge of their respective duties during the past year.

Moved by George A. Cox, Esq., Peterboro, seconded by Hon. S. C. Wood, that the ballot-box be now opened and remain open until 2 o'clock this day for the receipt of ballot tickets for the election of Directors, the poll to be closed, however, whenever five minutes shall have elapsed without a vote being tendered.

The scrutineers then presented the following Report :

THE CANADIAN BANK OF COMMERCE,
Toronto, July 13th, 1886.

W. N. ANDERSON, ESQ., General Manager :

We, the undersigned scrutineers, appointed at the general meeting of the Shareholders of The Canadian Bank of Commerce, held this day, hereby declare the following gentlemen duly elected Directors for the ensuing year, namely :—

HON. WM. MCMASTER

WM. ELLIOT, ESQ.

HON. S. C. WOOD

W. B. HAMILTON, ESQ.

GEO. TAYLOR, ESQ.

JAMES CRATHERN, ESQ.

HENRY W. DARLING, ESQ.

GEO. A. COX, ESQ.

T. S. STAYNER, ESQ.

JOHN I. DAVIDSON, ESQ.

Your obedient servants,

HENRY PELLATT,

R. S. CASSELS.

JAS. BROWNE,

} Scrutineers.

At a meeting of the newly elected Board of Directors held subsequently, Henry W. Darling, Esq., and Wm. Elliot, Esq., were elected President and Vice-President respectively by a unanimous vote.

W. N. ANDERSON,

General Manager.

Toronto, 13th July, 1886.

