

THE CANADIAN BANK OF COMMERCE

HEAD OFFICE - TORONTO, ONTARIO

| | | | | | | | |
|-----------------|---|---|---|---|---|---|-------------|
| CAPITAL PAID-UP | - | - | - | - | - | - | \$6,000,000 |
| REST | - | - | - | - | - | - | \$700,000 |

DIRECTORS:

| | | |
|-------------------------|---|------------------------|
| HENRY W. DARLING, ESQ., | - | PRESIDENT. |
| GEO. A. COX, ESQ., | - | VICE-PRESIDENT. |
| GEORGE TAYLOR, ESQ. | | WM. GOODERHAM, ESQ. |
| JAS. CRATHERN, ESQ. | | JOHN I. DAVIDSON, ESQ. |
| W. B. HAMILTON, ESQ. | | MATTHEW LEGGAT, ESQ. |

B. E. WALKER, General Manager.
J. H. PLUMMER, Asst. General Manager.
A. H. IRELAND, Inspector. G. de C. O'GRADY, Asst. Inspector.

BRANCHES

QUEBEC—

MONTREAL A. M. CROMBIE.....Manager.

ONTARIO—

AYR JOHN WYLLIEAgent.
 BARRIE H. H. MORRIS.....Manager.
 BELLEVILLE..... C. M. STORK "
 BERLIN D. B. DEWAR "
 BLENHEIM..... R. C. MACPHERSON..... "
 BRANTFORD..... JEFFERY HALE..... "
 CHATHAM J. E. THOMAS..... "
 COLLINGWOOD..... JAS. BRYDON..... "
 DUNDAS..... C. E. PANGMAN..... "
 DUNNVILLE F. C. MINTY..... "
 GALT W. THOMPSON..... "
 GODERICH R. S. WILLIAMS..... "
 GUELPH..... B. R. MCCONKEY "
 HAMILTON WM. ROBERTS "
 JARVIS..... H. J. GRASSET..... "
 LONDON..... H. A. NICHOLSON..... "
 ORANGEVILLE B. SHEPHERD..... "
 OTTAWA ROBT. GILL..... "
 PARIS R. C. JENNINGS "
 PARKHILL..... J. M. DUFF "
 PETERBORO WM. MANSON..... "
 ST. CATHARINES..... F. O. CROSS "
 SARNIA T. W. NISBET "
 SAULT STE. MARIE..... D. MCGREGOR Act. Mgr.
 SEAFORTH..... JOHN AIRD Manager.
 SIMCOE E. COWDRY "
 STRATFORD W. MAYNARD, JR. "
 STRATHROY L. H. DAMPIER..... "
 THOROLD..... W. J. ROBERTSON "
 TORONTO..... J. C. KEMP..... "
 " L. BOLSTER..... Sub Mgr.

BRANCHES—Continued.

| | | |
|--------------------|-----------------------|----------|
| EAST TORONTO | A. BRADLEY | Manager. |
| NORTH TORONTO..... | R. J. MONTGOMERY..... | “ |
| N.W. TORONTO..... | R. C. MCHARRIE | “ |
| WALKERTON | G. W. MCKEE..... | “ |
| WINDSOR | H. B. WALKER | “ |
| WOODSTOCK | D. H. CHARLES | “ |

UNITED STATES—

| | | |
|----------------|---------------------|----------|
| NEW YORK | { ALEX. LAIRD | } Agents |
| | { WM. GRAY | |

BANKERS AND CORRESPONDENTS.

GREAT BRITAIN—

The Bank of Scotland (Incorporated 1695).

INDIA, CHINA AND JAPAN—

The Chartered Bank of India, Australia and China.

PARIS, FRANCE—

Lazard Frères & Cie.

BRUSSELS, BELGIUM—

J. Matthieu & Fils.

NEW YORK—

The American Exchange National Bank of New York.

SAN FRANCISCO—

The Bank of British Columbia.

CHICAGO—

The American Exchange National Bank of Chicago.

BRITISH COLUMBIA—

The Bank of British Columbia.

GENERAL STATEMENT

31ST MAY, 1889.

LIABILITIES

To the Public.

| | |
|---|-----------------|
| Notes of the Bank in circulation | \$ 2,406,618 00 |
| Deposits not bearing interest | 2,768,164 66 |
| Deposits bearing interest, including interest accrued to date | 9,321,709 03 |
| Balances due other Banks in Canada | 10,068 16 |
| Balances due Agents in Great Britain | 1,587,012 61 |
| Unclaimed Dividends | 956 53 |
| Dividend No. 44, payable 1st June | 210,000 00 |
| | \$16,304,528 99 |

To the Shareholders.

| | |
|--|-----------------|
| Capital paid-up | \$6,000,000 00 |
| Rest | 700,000 00 |
| Balance of Profit and Loss Account carried forward | 33,912 28 |
| | 6,733,912 28 |
| | \$23,038,441 27 |

ASSETS

| | |
|--|-----------------|
| Specie | \$ 515,136 23 |
| Dominion Notes | 700,402 00 |
| Notes of and Cheques on other Banks | 501,572 16 |
| Balances due by other Banks in Canada | 97,058 06 |
| Balances due by Agents of the Bank in the United States, British, Canadian, and U.S. Government Securities, Municipal and other Stocks and Bonds | 1,034,140 56 |
| Call and Short Loans on Stocks and Bonds | 816,772 89 |
| | \$ 4,713,913 74 |
| Time Loans on Stocks and Bonds | 1,486,592 92 |
| Other Current Loans and Discounts | 15,987,973 74 |
| Bills Discounted Overdue, not specially secured (loss fully provided for) | 76,022 14 |
| Overdue Debts, secured | 45,900 18 |
| Real Estate (other than Bank Premises) and Mortgages ... | 244,886 49 |
| Bank Premises and Furniture | 483,152 06 |
| | \$23,038,441 27 |

B. E. WALKER, General Manager.

THE CANADIAN BANK OF COMMERCE,
Toronto, 31st May, 1889.

THE CANADIAN BANK OF COMMERCE

PROCEEDINGS

OF THE

TWENTY-SECOND ANNUAL GENERAL MEETING OF SHAREHOLDERS

HELD AT THE BANKING HOUSE, TORONTO,
ON TUESDAY, 18TH JUNE, 1889.

The Annual Meeting of the Shareholders of The Canadian Bank of Commerce was held in the Banking House, Toronto, on Tuesday, 18th June, 1889, at twelve o'clock noon. Among those present were Messrs. Henry W. Darling, George A. Cox, John I. Davidson, Matthew Leggat, Hamilton; Wm. Gooderham, W. B. Hamilton, George Taylor, Hugh Ryan, John M. Bond, Guelph; T. D. McConkey, Barrie; John Scott, Rev. J. H. Starr, Alex. Nairn, Walter S. Lee, Philip Browne, R. H. Temple, Thos. Walmsley, David McGee, Edward Mitchell, Hamilton; George Robinson, Summerhill; B. M. Britton, Kingston; P. M. Morrison, agent of the Presbyterian Church in Canada; and Rev. R. H. Warden, Montreal.

On motion the President, Mr. Henry W. Darling, took the chair, and Mr. J. H. Plummer, the Assistant General Manager, was appointed Secretary to the meeting.

It was moved by Mr. W. B. Hamilton, seconded by Mr. Wm. Gooderham, that Messrs. Philip Browne, R. H. Temple, and Henry M. Pellatt act as scrutineers.

The President then read the Annual Report of the Directors, as follows:

REPORT.

The Directors beg to present to the Shareholders the twenty-second Annual Report, covering the year ending 31st May, 1889, together with the usual Statement of Assets and Liabilities of the Bank.

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|--|---------------------|
| The balance at credit of Profit and Loss Account | |
| brought forward from last year is | \$ 15,799 11 |
| The net profits for the year ending 31st May, | |
| after providing for all bad and doubtful | |
| debts, amounted to | 538,113 17 |
| | <u>\$553,912 28</u> |

Which has been appropriated as follows :

| | |
|--|---------------------|
| Dividends Nos. 43 and 44, at seven per cent. | |
| per annum | \$420,000 00 |
| Transferred to Rest Account | 100,000 00 |
| Balance carried forward | 33,912 28 |
| | <u>\$553,912 28</u> |

The past year has not been unfavourable to banking, having regard to the risks of the business. Our profits, however, are not as large as in former years. Rates for money for the main part of the year have ruled exceptionally low, and the customary profits from exchange operations have been seriously diminished by competition, small exports, and the condition of the money markets in London and New York.

Out of the net earnings for the year, amounting to \$538,113.17, the customary dividends at the rate of seven per cent. per annum have been paid, and the sum of \$100,000 transferred to the Rest Account, the undivided profits carried forward being \$33,912.28.

The entire assets have been subjected to the usual annual re-valuation, and the fullest provision has been made for every debt, current or in default, in which there is an element of doubt. The branches of the Bank and the Head Office Department have been inspected during the year.

A branch of the Bank was opened in April last at Sault Ste. Marie, Ontario, and the business already done has exceeded the expectations on which our decision to open at that point was based.

It has been found necessary to replace the circulation of the Bank with a new issue of notes, and owing to the ability of counterfeiters to reproduce ordinary bank note engraving, much attention has been devoted to the subject. The Directors believe that the new notes afford the most complete safeguard against counterfeiting known at the present time.

Considerable repairs and improvements to the Bank's various establishments have been found necessary, including new vaults, safes, etc., and the cost of these and of the new bank notes referred to has materially increased our expenses.

We are looking forward to the occupancy of the premises now being built for the head offices of the Bank, next autumn. An advantageous sale of our present premises has already been arranged.

The Directors have pleasure in again bearing testimony to the zeal and efficiency with which the officers of the Bank, of every grade, have fulfilled their duties throughout the year.

HENRY W. DARLING,

President.

Toronto, 12th June, 1889.

In moving the adoption of the Report Mr. Darling spoke as follows :

THE PRESIDENT'S ADDRESS.

The duty which now devolves upon me is a pleasing one, as the Report presented is a record of progress and prosperity. This is demonstrated by the figures themselves ; but the emphasis after all must be laid upon the care with which the assets of the Bank have been valued, and the due provision which has been made for bad debts and contingencies. The language of the Report admits of no misapprehension or qualification upon this point ; and in the further facts that

the Shareholders have received what must be regarded as a large dividend in these days, that the handsome sum of \$100,000 has been added to the Rest, and a balance of \$33,912 undivided profits carried forward, we should find cause for satisfaction and encouragement. It may be further stated that in almost every respect we have gained ground during the year. As you will notice, our circulation and deposits both show substantial increase.

The assets of the Bank generally, through the liquidation of old matters, have been greatly improved. The three new city branches opened last year have proved quite successful, and the new one opened a few months ago at the Sault is already taking its place with the others. The new issue of notes, as they pass from hand to hand convey the impression to the public, as they ought to do, of our strength and standing; and we are sanguine they will prove durable and difficult to counterfeit.

At the various branches we have sought to give further evidence of every needed precaution being taken to secure the Bank's property, while affording to the public those facilities and conveniences in the transaction of their business which are necessary, and conducive at the same time to the health of the Bank's officers. It may be mentioned that we have still some further work to do in this line, which we hope to overtake at an early date. The appearance of our new head office building, even in its present unfinished condition, is highly creditable to the architect, and its generous proportions seem to commend themselves to competent judges of street architecture as at once chaste and dignified. We hope that at the next Annual Meeting the Shareholders will find us in the occupation of the much-needed premises, with a substantial rent roll from the numerous offices to be let. We are fortunate in having disposed of our present building in good season; and the Shareholders will be gratified to know that the total expenditure upon our new building so far has not exceeded our original estimate.

The rapid increase in the value of real estate in the city of Toronto for the past few years has given the Board cause for satisfaction that so eligible a site for the headquarters of the Bank was secured in good time. We rejoice in the evidence of the prosperity and growth of Toronto, so abundant all around us ; the more that we are persuaded it is largely of a substantial and lasting character.

It is not the less true, however, that rash speculation is being indulged in in suburban properties, which are being sold to parties in various parts of the country who are probably ignorant of their real geographical position, at prices far in excess of their productive value for many years to come, even under the most favourable circumstances ; and I think it proper these outside speculators should know that those who are the most competent to judge of such matters, in the city, are holding aloof from such investments, and predict for the victims of the army of real estate brokers and commercial travellers, who are now pushing the sales of these outside properties, a sorry harvest, which will surely be reaped.

They are no friends of the city who say or do anything to encourage a continuance of this suburban real estate boom, and speculative builders would do well to call a halt in their operations until the present provision for the prospective increase of Toronto's population has been absorbed, both by occupation and investment ; for it must be evident to every observer that much of this speculation is on slim margins, which will disappear on slight relaxations of values.

Properties in the business part of the city, and on the better residential streets, are still well within interest-producing figures, and are held by solid investors. To these, and to the individuals and corporations who, like ourselves, have a large stake in city property, the administration of our municipal affairs is becoming a matter of serious import. As applied to cities, our municipal government, despite the faithful and arduous labour of a public-spirited alderman here and there, must be regarded as a failure.

The revenue of this city is rapidly increasing, and will soon exceed that of the rich province of Ontario. A broad, comprehensive, far-seeing policy of efficient administration, consistently and honestly carried out, must be substituted for the shifting schemes, the creation of designing aldermen, who are here in the plenitude of power to-day and away in the irresponsible realm of private life to-morrow; and the business men of this city cannot too soon address themselves to the subject of better municipal administration. Why should not Toronto attract the services of a few honest, earnest men, like his Worship Mayor Clarke, competent to fill the leading administrative positions in civic affairs, who would give their whole time to the work, and be paid accordingly?

We venture to remark that the decision of the City Council recently arrived at to carry on the work of the erection of the new Municipal Buildings by one of their own committees, in place of entrusting the duties to commissioners, to which in unmistakable terms they pledged themselves when asking the consent of the citizens to a large increase of money for the work, constitutes a breach of faith unparalleled, perhaps, in the history of municipal government on this continent.

In banking it would be termed, in plain language, obtaining money under false pretences.

As the General Manager has something to say to you in review of the business of the year, I shall close by formally moving the adoption of the Report.

The resolution was briefly seconded by Mr. Geo. A. Cox, the Vice-President.

The President having called on the General Manager to address the meeting, Mr. Walker made the following remarks :

THE GENERAL MANAGER'S ADDRESS.

Immediately before the beginning of our banking year in June last the money market experienced a sharp change from a condition of considerable stringency to one of ease.

The stringency which was relaxing in a natural manner by liquidation following the many failures of the preceding winter and spring, was entirely removed by large sums of money forced upon the market through the floating abroad of Dominion Government and other loans, the deposits in banks increasing in one month as much as \$7,000,000. In the effort to put out this money the rates for ordinary mercantile risks were brought to a point which is usually regarded as the minimum, while rates obtainable for the unusually large surplus of funds which could not be loaned for mercantile purposes shrunk to a much more serious extent. In London for nearly six months in the year the discount rate averaged $1\frac{1}{4}$ per cent. per annum higher than the rates for call money in New York. Under these conditions, added to a decline in exports from America, our sterling exchange business has been much less profitable than usual, and the rates obtainable in New York for our surplus funds altogether unremunerative. For the entire year the rate for call money in New York has averaged only $2\frac{1}{8}$ per cent.

But while the condition of banking as far as making profits is concerned has been unfavourable, the risks incident to the business have not been above the average in most lines. It is true that it has not been a year in which enterprise has yielded a reasonable profit; and many failures have taken place—due in most cases to the troubles of previous seasons—the losses from which, however, must be borne by the creditors out of the meagre profits of the current year.

PROSPECTS FOR THE YEAR.

Nevertheless, on the whole, we close the banking year with a distinctly more hopeful feeling, both in view of the improvement in the conditions of business from the weeding out of weak traders, and the sounder methods which naturally follow when the evils of expansion have been felt; and in view of the excellent crop prospects.

At this time last year the promise of the crop was at best indifferent, but in Ontario it turned out better than our hopes, and had our farmers and dealers accepted the high prices which obtained for a time we should have had no cause for complaint. Notwithstanding the repeated warnings of the past, the idea that America had nothing to export and that the world had not wheat enough to last over until next crop, took possession of both farmers and dealers, and, as a consequence, considerable wheat held over by them cannot now be marketed except at a loss of 25 to 30 cents a bushel. It is to be feared, however, that the situation is more serious than this alone would indicate. Last fall, when dealers were carried away by speculation, prices were pushed up in the United States and Canada, until about the first of November wheat was quoted in Toronto at \$1.25 per bushel, against \$1.15 at Chicago, and \$1.11 at New York. In Liverpool the price was equal to about \$1.17 per bushel, so that allowing for freight our Canadian wheat was 23c. per bushel above the prices at which it could be exported. This state of things could only be justified by Canada having no surplus to export, and by the inability of the United States millers to sell flour in Canada and pay the duty of 50 cents per barrel. We now find that neither of these conditions exists. In the United States prices adjust themselves to surrounding facts more quickly than in Canada, and the United States millers are now supplying our customers in the Maritime Provinces with flour, readily paying the duty, while wheat in New York has fallen to an export basis. In Manitoba large stocks of high priced wheat are held. In Ontario our farmers and dealers have a larger stock of wheat than usual, and our millers a very large stock of flour, both articles being almost unsaleable. On the 1st of June the relative prices were 78c. in Chicago, 81c. in New York, and 93c. in Toronto, our price being still about 14c. above an export basis. With this state of facts it seems clear that unless the duty on United States flour is advanced to \$1 per barrel (I am not advocating such a mea-

sure, but merely stating facts), or unless our crop prospects suddenly turn dark and disappointing, the surplus of wheat and flour must fall to the export price. In any event the dealers have had a bad year, losing a large amount of money, and the millers, who six or eight months ago, were doing well, have a most gloomy outlook ahead of them.

CROPS.

Apart from the heavy rains our present crop prospects in Ontario are very good indeed. The acreage of fall wheat, which was largely reduced last year, appears to have increased this year, and reports from all points as to its condition are of the most promising kind. Spring wheat, oats, pease, and barley are practically unhurt by the late frosts and promise a very large yield, the acreage of barley being somewhat reduced owing to the collapse in the price this spring. The damage by frost to fruit is very great—a serious matter in some localities where fruit-growing is the main industry. The hay crop promises to be large, and it is fully expected that more cheese will be made even than last year. The official statements of the shipments of cheese from Canada and the United States, for the year ending 31st March, show that our export amounted to 88,000,000 lbs., while that of the United States was about 84,000,000 lbs.; the value of our shipments being about \$8,500,000 against \$7,000,000 for the previous year. The quality of our cheese is now thoroughly recognized, and if we have special geographical and other advantages for its manufacture, there seems no reason why the present large figures, which have grown out of nothing in twenty-five or thirty years, should not be indefinitely increased.

A great deal has been said of late as to the wisdom of encouraging the making of creamery butter. That it is desirable to make butter of first quality to the extent that it will find a market at home, there can be no doubt, but making it for export is quite another thing. It is not probable that we can manufacture butter which, after transportation to Great Britain or the continent of Europe, will have been made at

such a price and will arrive in such perfect condition as to compete successfully with that of Denmark and Sweden. As we have found a market thus far for our cheese, an article which does not suffer by long carriage, it is worth considering whether we can make butter on a large scale as profitably.

THE LUMBER TRADE.

The condition of the great lumber interests of Canada is on the whole satisfactory. The winter operations were conducted under favourable circumstances, the lack of snow in the early winter permitting extensive cutting, while sufficient snow fell later in the season in Canada, although not in Michigan, to enable the logs to be readily drawn to water. Some fear existed in the early spring as to the sufficiency of water in the streams, but the recent rains have dispelled all doubt, and we are assured that in all lumber districts in Ontario there will be a plentiful supply of logs, the cost of labour expended on which will not exceed that in previous seasons.

The cut of logs in the Ottawa district is nearly twenty-five per cent. less than last year, but more square timber has been manufactured than in any season since 1882-83. The sawing season began early, and the actual manufacture apart from square timber will probably be greater than last year. Large sales of timber and deals have been made for the English market at an advance in prices, and this branch of the trade is in a distinctly good position.

Large contracts have also been made for lumber of medium and low grades for the United States and South American markets at a slight advance in prices, but this condition is hardly likely to be maintained.

In connection with our outlet for lumber in South America, we must bear in mind that shipments of magnificent lumber are being made from Puget Sound to Buenos Ayres, and strong competition for the ultimate possession of that market will be sure to take place. The southern pine, now thoroughly introduced into the Eastern United States markets,

is brought into competition with our pine, to an extent which may sooner or later prove quite serious. For outside work it is not of much use, but for cheap interior building it is being used more and more every year. There is no fear that it can displace the finer northern pine except to a limited extent; but the great power of lumber production in the Northern and Southern States, added to our own, makes the danger of over-production greater and greater every year. It would probably be much in the interests of our lumbermen if they could be induced for a few years to limit their output, with a view to reducing the large and increasing stocks held in the various lumber markets.

It is to be hoped that the recent increase in the export duty on logs will be removed, even if we may not also hope for the entire removal of this duty.

The profits of manufacturers based on limits bought some years ago are still doubtless large, but this is not the case with limits bought at the recent high prices. It is, in fact, quite clear that the operations of some firms on limits recently acquired have been very disappointing.

AGRICULTURAL IMPLEMENTS.

The manufacture of harvesting machinery has been so largely and successfully developed in Ontario that in any review of our business it commands a prominent place. The output during the present season will be probably ten to fifteen per cent. in excess of last year, and while the profits have been curtailed by competition the large and perfectly equipped establishments are making as much money as could be expected in view of the quantity now manufactured. The collections—the great point with a banker—have been quite up to the level of former years, the experience of the largest companies being that of the enormous amount of farmers' paper maturing in October, November, December, and January last, not more than five or six per cent. remained unpaid by the first of May; any renewals granted being counted in

the unpaid percentage. The length of the credit to the farmer has been lessened considerably, and every year sales are being more carefully made. But, while the great manufacturing companies are doing well the case is different with the smaller ones. The selling prices during the last four years have fallen say twenty per cent., and although the perfectly equipped manufacturers have been able to bring about nearly an equivalent saving in labour and material, the small ones have been unable to effect this saving. As a consequence, of some twenty-two makers of harvesting machinery existing four years ago, only fifteen, I believe, are now left, and of these, four manufacture three-fourths of the entire product. Whether this is a good or a bad state of affairs, it is the natural course of manufacturing in a country where the growth of the market does not keep pace with the enterprise of the manufacturers. The three largest companies, all customers of this Bank, could, I presume, supply the wants of the whole of Canada unless the wants of the North-West grow very rapidly, as I sincerely hope they may. With this great power of producing cheaply, some of our friends are successfully finding a foreign market for their product, and should they be able to compete with the exporting manufacturers in the United States there may yet be a greater development of this industry than we have supposed possible. In order to compete successfully, however, the circumstances under which our machines are made must be as favourable, having regard to capital, cost of labour, cost of material, and means of transportation, as the conditions elsewhere.

OTHER MANUFACTURES.

In addition to reapers and binders the manufacture of the less important farm implements and of wagons is steadily increasing. The wholesale manufacture of wagons is now becoming an assured success here. The furniture business, the development of which to its present proportions has all been accomplished in fifteen or twenty years, is capable of unlimited enlargement provided a foreign market can be

secured. All of these and many kindred industries are at present in a satisfactory condition. Depending as they do on our own raw materials, especially our hardwoods, of which we have an inexhaustible supply—destined to be of incalculable value to us—these are the natural manufactures of a country which for a long time yet must be mainly an agricultural country; and everything which the enterprise of our people or the wisdom of our legislators can do to make these industries successful, and enable us to use this raw material, should be regarded as of greater importance than the well-earned success attending our manufacturers whose raw materials have to be imported.

DISTRIBUTING BUSINESS.

The business of our wholesale dealers in dry goods, groceries, hardware, etc., is experiencing the same change as that which I have referred to in speaking of manufactures. The margin of profits is growing smaller, the expenses of conducting business greater, and as a consequence the tendency is in the direction of the large firms whose proportion of expenses to sales can be kept within reasonable limits gradually absorbing the trade. The weakest point in the distributing business, however, is of course the granting of credits; and as I have undertaken to make one comparison between the manufacturers and the importers, I will venture on another. The bad debts contracted by our wholesale merchants are mainly due to the failure of country storekeepers. The greater number of these storekeepers depend on their trade with farmers. It is a fact that notes of Ontario farmers for millions of dollars given to implement manufacturers are annually paid without appreciable loss. While this is the case, our country storekeepers carry the book debts of farmers year after year, and numbers of these storekeepers fail, owing alone to inability to make collections. I am aware that it is not anything like as easy for a storekeeper to collect his debts as it is for the farmer's other creditors, but this is surely to a great extent the fault of the storekeeper, in not

making the farmer regard his contracts with him in the same rigid manner as when a farmer gives a note for a binder or a wagon.

GOVERNMENT SAVINGS BANKS.

A year ago we were all hoping, apparently with good reason, that the Government would reduce the rate of interest in the Government savings banks. We were even allowed to suppose that several millions of money had actually been borrowed abroad to fortify the Finance Department in case the lowering of the rate caused considerable withdrawals. Nothing, however, has been done, and as the supply of money in the hands of the banks happens to be plentiful, the matter has dropped out of the public mind for the moment. The Government began to pay the present rate of four per cent. at a time when some banks were paying as high as five per cent. Since that time the rate of interest all over the world has moved downward, under the influence of natural laws, but the Canadian Government Savings Banks alone have failed to respond to this movement. Everywhere progressive nations, states, provinces, municipalities, and business corporations, which are carrying debts represented by long term bonds, are considering how to lighten their burdens by schemes of conversion, or by renewals at a saving of interest. The city of Montreal is trying to get upon a three per cent. basis, the city of Toronto upon a three and a half per cent. basis; New York is issuing bonds at two and a half per cent., and our smaller cities are floating their issues at four per cent., obtaining nearly par therefor. Our Dominion Government, however, still seeks, by distributing printed advertisements, and by paying its postmasters a commission, to borrow money at a rate which, when expenses are taken into account, averages 4 1-10th per cent.

The ease with which every business venture, as well as every nation, carries its debt is mainly in proportion to the burden of interest it has to pay. It is of as great importance to every borrowing manufacturer, or merchant, or agriculturist

that he be relieved of his interest burden on his borrowings from bankers, as it is to great corporations or governments. Hundreds of business ventures in Canada have failed because of the burden of an extra one per cent. interest spread over many years. If bankers find that their deposits grow rapidly from year to year they have no occasion to dread the lowering tendency of money, but if these deposits are to be largely absorbed by the Government, and if all deposits are to be competed for by the Government at a rate of interest which it is impossible for banks to pay, the result must be that interest rates to the borrower are kept above the natural level, and every borrowing manufacturer, merchant, and agriculturist should feel that the Government is thus imposing an additional burden upon him.

LOAN COMPANIES.

Many of the mortgage companies doing business in Ontario have power to borrow by deposits repayable on short notice, although their loans are made for terms of years. We are glad to notice that this power is being used by the strong and well-managed companies to a less extent than in the past. They have doubtless found by experience that as they lend on long terms they must also borrow on long terms. The ordinary deposits of these companies, instead of showing a large increase, have decreased about a million and a quarter during the past year, while the long term debentures payable in Canada have increased half a million, and those payable abroad three and a half millions.

BANK LIQUIDATIONS.

In my remarks at the last Annual Meeting I referred to the affairs of the Central Bank and the Federal Bank, the troubles of these two institutions at that time occupying public attention very much. It is a pleasure to be able to state that the liquidators of the Central Bank have already paid dividends amounting to 86 per cent., and expect eventually to pay the creditors in full. The liquidation of the Federal

Bank with open doors has been successfully and most rapidly accomplished so far as the creditors are concerned, and dividends to the Shareholders may shortly be expected. It is also a pleasure to state that the notes of the Maritime Bank have now been paid in full. This removes the only real stain which has thus far rested on the present banking system of Canada as far as the bank note issues are concerned.

Dealing as I am merely with the trade of Ontario, it may seem strange that I should ask you to listen to details and opinions about branches of business with which many of you are better acquainted than I am. But I do so because I am in fact speaking to a much larger audience than that assembled here. We have taken the trouble to add to our printed list of Shareholders an analysis showing the distribution of the stock of the Bank, and I will read this analysis to you in order that you may know how large an audience we address in our annual reports:

DISTRIBUTION OF STOCK.

| Held in | No. of Shareholders. | No. of Shares. |
|--------------------------|----------------------|----------------|
| Province of Ontario..... | 867 | 58,367 |
| “ Quebec..... | 430 | 36,749 |
| “ Nova Scotia | 207 | 13,913 |
| Other provinces | 31 | 1,658 |
| Other countries..... | 105 | 9,313 |
| | <u>1,640</u> | <u>120,000</u> |

The number of Shareholders is larger at present than it has ever been before. For ten years past it has averaged between 1,300 and 1,500, the exact average being 1,460.

VOTES OF THANKS.

It was then moved by Mr. Hugh Ryan: “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. Ryan said :—“ I am sure that you are all equally satisfied with me that the gentlemen named in this resolution have given due attention to their work during the past year. I do not think there is any better criterion of the work done by the Directors than is to be found in the increased estimation in which the stock is held. I have therefore much pleasure in moving the resolution.”

The motion was seconded by Sheriff McConkey, of Barrie, and carried unanimously.

Mr. Darling—I may say for myself and the other Directors that we deeply appreciate these resolutions of thanks. I can assure you the Directors do not lightly feel the responsibility devolving upon them in the important position to which you elect them from year to year. I can testify to the zeal and earnest attention given to the duties devolving on the Directors during the past year. They have been in their places steadily and regularly, and with all the ability at their command they have sought to sustain the hands of the General Manager and Assistant General Manager in the management of your affairs. If their efforts have been attended with success, it is not less gratifying to them than it is to you, and we thank you very cordially for your vote of thanks.

It was moved by Mr. Walter S. Lee “ that the thanks of this meeting be tendered to the General Manager, Assistant General Manager, and other officers of the Bank for the satisfactory discharge of their respective duties during the past year.”

In moving this resolution Mr. Lee spoke as follows : “ I regret very much that this resolution has not fallen into better hands, but it is one that will give me a great deal of pleasure to move, and will, I am sure, give the Shareholders equal pleasure to adopt. Some two years ago, you will remember, we started out on a new era, and at that date we had gone over our assets and ascertained our true position, with the assistance of your present officers. Now, these officers have brought the institution to a position no one could have

expected it to reach at the present time. This resolution is no idle one under these circumstances. There is no doubt the Shareholders are under many obligations to yourself, Mr. President, and feel that your energies have accomplished a great deal, but what could you have done without able lieutenants at your side?

I have very great pleasure, therefore, in moving this vote of thanks to the officers of the Bank."

Rev. Herbert Starr—"Allow me to say in a very informal manner, as a representative of the Shareholders in the Eastern Provinces, that I have listened with very great satisfaction and pleasure to your remarks, Mr. President, and those of the General Manager. At the time when the stock stood at 107, some of us who were interested felt it might go still lower. The information I gathered satisfied me, however, that the affairs of the Bank were on a very solid basis, and the progress since made has borne out that assurance. I am very much pleased and gratified at the statements made to-day."

The resolution having been seconded by Mr. John M. Bond, of Guelph, was carried unanimously.

Mr. Walker briefly returned thanks for the staff, and added: "We have, it is true, made some progress during the past year, and I think we are continuing to do so. With reference to the figures shown in the statement, I can only say it is my aim, and that of the Assistant General Manager and of the Directors also, always to make sure they are a little better than they look."

Mr. Plummer also briefly responded.

Moved by Mr. Alexander Nairn, seconded by Mr. John Scott, and carried: "That the ballot box be now opened, and remain open until three o'clock this day, for the receipt of ballots for the election of Directors, the poll to be closed, however, whenever five minutes shall have elapsed without a vote being tendered."

The meeting then adjourned.

The scrutineers subsequently reported the following gentlemen to be elected Directors for the ensuing year : Henry W. Darling, George A. Cox, George Taylor, W. B. Hamilton, James Crathern, John I. Davidson, William Gooderham, Matthew Leggat.

At a meeting of the newly-elected board of Directors held subsequently, Henry W. Darling, Esq., was re-elected President, and George A. Cox, Esq., re-elected Vice-President.

B. E. WALKER,
General Manager.

