

THE CANADIAN BANK OF COMMERCE

HEAD OFFICE - TORONTO, ONTARIO

CAPITAL PAID-UP	-	-	-	-	-	\$6,000,000
REST	-	-	-	-	-	\$ 900,000

DIRECTORS:

GEORGE A. COX, ESQ.,	-	-	PRESIDENT.
JOHN I. DAVIDSON, ESQ.,	-	-	VICE-PRESIDENT.
JAMES CRATHERN, ESQ.		WM. B. HAMILTON, ESQ.	
GEORGE TAYLOR, ESQ.		MATTHEW LEGGAT, ESQ.	
JOHN HOSKIN, ESQ., Q.C., LL.D.		ROBERT KILGOUR, ESQ.	

B. E. WALKER, General Manager.

J. H. PLUMMER, Asst. General Manager.

A. H. IRELAND, Inspector.

G. de C. O'GRADY, Asst. Inspector.

BRANCHES AND AGENCIES—Continued.

WALKERTON	G. W. MCKEE.....	Manager.
WALKERVILLE.....	{ H. B. WALKER.....	“
	{ F. C. G. MINTY.....	Sub-Mgr.
WATERLOO.....	H. J. GRASSETT	Manager.
WINDSOR.....	H. B. WALKER.....	“
WOODSTOCK	D. H. CHARLES	“
<i>UNITED STATES—</i>		
NEW YORK	{ ALEX. LAIRD.....	} Agents.
	{ WM. GRAY.....	

BANKERS AND CORRESPONDENTS.

GREAT BRITAIN—

The Bank of Scotland.

INDIA, CHINA AND JAPAN—

The Chartered Bank of India, Australia and China.

AUSTRALIA AND NEW ZEALAND—

The Union Bank of Australia, Limited.

PARIS, FRANCE—

Messrs. Lazard Frères & Cie.

BRUSSELS, BELGIUM—

Messrs. 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.

HAMILTON, BERMUDA—

The Bank of Bermuda.

KINGSTON, JAMAICA—

The Bank of Nova Scotia.

GENERAL STATEMENT

30TH MAY, 1891.

LIABILITIES

Notes of the Bank in circulation.....	\$ 2,525,065 00
Deposits not bearing interest.....	\$ 2,851,451 16
Deposits bearing interest, including interest accrued to date	12,319,977 96
	15,171,429 12
Balances due to other Banks in Canada.....	4,177 70
Balances due to Foreign Correspondents.....	12,582 09
Balances due to Agents in Great Britain.....	514,685 22
Unclaimed Dividends	331 94
Dividend No. 48, payable 1st June	210,000 00
	\$18,438,271 07
Capital paid up.....	\$6,000,000 00
Rest.....	900,000 00
Balance of Profit and Loss Account carried forward	22,406 54
	6,922,406 54
	\$25,360,677 61

ASSETS

Specie	\$ 413,305 38
Dominion Notes	718,305 65
	\$ 1,131,611 03
Notes of and Cheques on other Banks.....	703,768 53
Balances due by other Banks in Canada	128,742 91
Balances due by Agents of the Bank in the United States..	834,478 54
British and Canadian Government Securities, Municipal and other Stocks and Bonds	1,371,157 04
Call and Short Loans on Stocks and Bonds.....	1,294,962 48
	\$5,464,720 53
Time Loans on Stocks and Bonds	1,336,487 30
Other Current Loans and Discounts.....	17,508,511 77
Bills Discounted Overdue, not specially secured (loss fully provided for)	59,395 69
Overdue Debts, secured.....	54,851 00
Real Estate (other than Bank Premises)	12,561 12
Mortgages.....	221,961 63
Bank Premises and Furniture.....	641,843 25
Other Assets.....	60,345 32
	\$25,360,677 61
	\$25,360,677 61

THE CANADIAN BANK OF COMMERCE

REPORT OF THE PROCEEDINGS

OF

THE ANNUAL MEETING OF SHAREHOLDERS

TUESDAY, 16TH JUNE, 1891.

The twenty-fourth Annual Meeting of the Shareholders of The Canadian Bank of Commerce was held at the Head Office of the Bank on Tuesday, 16th June, 1891, at 12 o'clock. There was a fair attendance of Shareholders, amongst those present being: Messrs. Geo. A. Cox, John I. Davidson, Matthew Leggat, Hamilton; W. B. Hamilton, George Taylor, Robt. Kilgour, A. G. Ramsay, Hamilton; James Crathern, Montreal; Walter S. Lee, Henry Beatty, Hon. A. M. Ross, Edward Martin, Q.C., Hamilton; A. V. Delaporte, Samuel Nordheimer, Hugh Scott, John Scott, Joseph Keterson, Edward Mitchell, Hamilton; J. B. Folingsby, George Robinson, D. E. Miller, Thorold; John Nicol, J. K. Niven, F. C. Taylor, Lindsay; W. Walmsley, James Campbell, Robert McCleary, Henry Pellatt, James Browne, George T. Alexander.

On motion, the President, Mr. Geo. A. Cox, was elected Chairman of the meeting, and Mr. J. H. Plummer, the Assistant General Manager, was appointed to act as Secretary.

It was moved by Mr. W. B. Hamilton, seconded by Mr. John I. Davidson, that Messrs. Philip Browne, Henry Pellatt, and George T. Alexander act as scrutineers.

The President called upon the Secretary to read the Annual Report of the Directors as follows:—

REPORT.

The Directors beg to present to the Shareholders the twenty-fourth Annual Report, covering the year ending 30th May, 1891, together with the usual Statement of Assets and Liabilities.

The balance at credit of Profit and Loss Account, brought forward from last year is.....	\$ 37,974 68
The net profits for the year ending 30th May, after providing for all bad and doubtful debts, amounted to.....	514,431 86
	<u>\$552,406 54</u>

Which has been appropriated as follows:

Dividends Nos. 47 and 48 at Seven per cent. per annum	\$420,000 00
Vote of Shareholders to retiring President, 17th June, 1890.	10,000 00
Transferred to Rest Account.....	100,000 00
Balance carried forward.....	22,406 54
	<u>\$552,406 54</u>

It will be observed that the net earnings for the year, together with the balance carried forward from last year, amount to \$552,406.54, out of which, after making the usual full provision for all bad and doubtful debts and assets, we have paid the customary dividend of 7 per cent., and the amount voted to the retiring President by the Shareholders at the last Annual Meeting, and have transferred to Rest Account \$100,000, carrying forward at credit of Profit and Loss Account \$22,406.54. It is hoped that these results will be satisfactory to the Shareholders.

Your Directors have pleasure in stating that they have succeeded in converting the perpetual lease of the ground

occupied by the Head Office premises into a rent charge limited to a term of years. The ground was acquired by the Bank under a lease renewable at a valuation every twenty-one years, and under the new arrangement, by payment of an increased annual sum of moderate amount, the Bank will become the absolute owner of the property at the expiration of the first term of our original lease, that is in a little more than sixteen years from this date.

The usual thorough revaluation of the entire assets of the Bank, and the fullest provision for every item about which there is an element of doubt, have been made. All the branches, agencies, and departments of the Bank have been inspected during the year.

A branch of the Bank has been opened during the year at Walkerville, Ontario. In Toronto, branches have been opened in Queen Street West and Parliament Street.

It gives the Directors pleasure again to express their satisfaction regarding the fidelity and efficiency with which the officers of the Bank have performed their respective duties.

GEO. A. COX,
President.

The Report having been read, the President said :—

The statement of assets and liabilities submitted shows you clearly and concisely the position of your property as at the 30th ultimo, and the profit and loss account the result of the operations for the year ending on that date. It is not necessary, therefore, that I should detain you with any lengthened remarks. In asking for your approval and adoption of the Report, I need not tell you that the year under review, like other years, supplied its full quota of business reverses ; nor need I add that this Bank, like other institutions, had to bear its fair share of these losses. I am glad, however, to be able to assure you that the profits arising from the business of the year have been so satisfactory as to enable your Directors, after fully and effectually providing for these

losses, and paying the usual dividend, to still further strengthen by \$100,000 the protecting wall that they are slowly, but securely, building up around your capital.

If I should venture to offer any predictions as to the probable results of the year upon which we are just entering, I should no doubt see in the adverse legislation of our American neighbours, the somewhat disappointing outlook for the coming harvest, long credits, or some other cause, sufficient to warrant me in joining with many others to raise the signal of caution. I do not wish to under-estimate the value of such advice as will lead at all times to the utmost precaution in giving or accepting credit, and to the utmost care and economy in every department of business ; but there is another side to the picture, and I do not think it will do us any harm to look for a few minutes at that side.

If we go back for the brief period of fifteen years in the history of our country, and look at the financial articles and the reports of financial institutions of that date, we would see the same admonitions of caution and the same evidence of alarm and anxiety that we see to-day, and that makes the following comparative figures for that date and the present interesting at this time.

There has been an increase in the value of property covered by fire insurance in the 15 years from \$364,000,000 to \$707,000,000. In the same time the deposits of our people in chartered and savings banks, loan companies, and Government savings banks, have grown from less than \$85,000,000 to over \$200,000,000. The amount of premiums received by the life insurance companies doing business in Canada in 1875 was \$2,800,000 ; last year it was \$8,100,000. The total amount received for premiums from 1875 to 1890 was \$69,000,000, and the amount of the policies in force increased during that period from \$85,000,000 to \$248,000,000. Our railroads have more than doubled in mileage, traffic, and capital in the same time. The population of this city has grown in 15 years from 70,000 to 200,000, and the assessment from less than \$50,000,000 to nearly \$150,000,000.

These are unmistakeable evidences of prosperity which any one can understand, and there can be no reasonable doubt that in the next 15 years we shall experience a much greater increase. The study of these figures should give us increased confidence in the resources of our country, and enable us to take a more hopeful view of the future ; they will not, I trust, make us less cautious in dealing with the immediate present, or less on the alert for the dangers ever present in the innumerable business ventures represented by the loans of a bank.

I have now to move, seconded by Mr. Davidson, the Vice-President, that the Report of the Directors as read, be adopted and printed for the information of the Shareholders. Before putting the resolution, I will ask the General Manager to address you, after which he will, I am sure, be very pleased to answer any questions that you may desire to ask him.

The General Manager then spoke as follows :—

GENERAL MANAGER'S ADDRESS.

The Directors have again presented to you a Report exhibiting a steady prosperity, and although the profits resulting from the year's business are moderate, they will, we have no doubt, be satisfactory to the Shareholders. We have pleasure in again drawing attention to the increase in our deposits, which have now reached the handsome figure of fifteen millions. A part of the increase is doubtless temporary, but the gain in deposits of a permanent character during the last five years is in the neighbourhood of five million dollars. *This has been accomplished without the offer at any time of higher rates than those paid by other banks in the first grade of credit.* That the average cost of interest-bearing deposits in Canada is at present too high, owing to the excessive competition, is unfortunately true, and we can but hope that before long there will be some improvement. Money is cheaper to the borrower here than elsewhere in the British Empire, except Great Britain, and cheaper than in the United States, except in the large cities

where uninvested capital accumulates. Our profits are therefore curtailed at both ends. During the past year at least two United States journals have commented on the practice among Canadian banks of paying interest on deposits, the impression apparently being that ordinary deposits of business firms are sometimes obtained in this manner. I need not say that no bank in good credit will pay interest on the fluctuating deposits of a merchant. Our interest-bearing deposits come from deposit receipts and our savings bank departments, and represent capital from petty savings upwards, invested with us either directly for the income afforded by the interest, or in order to earn some interest until by mortgages or otherwise a larger income can be obtained. Sound banking, as we understand it and as it is understood in Great Britain, is inseparable from the accumulation, as far as possible, of every dollar of the savings and capital of the community not otherwise invested. Individual banks in great cities may obtain all the deposits they desire without paying interest to any extent. We would astonish the Shareholders with our profits if we could do the same, but we are, in the main, country bankers, and it is a large part of our business to enable the depositor living near any of our country branches to put the money he may get for the farm products he has sold, or for his labour, into a bank for savings, so that he may earn interest and his capital may be utilized.

THE FINANCIAL SITUATION.

You all know that during the past year we have witnessed events more momentous than any in the history of banking heretofore. It is not my purpose to dwell upon the errors culminating in the fall of a banking house which in the early part of this century was classed by a witty statesman along with the five leading nations as the sixth great power in the world. The wealth of the world and the power to do business have been so enormously increased by steam, electricity and credit, that the operations of nations run as easily now into

hundreds of millions as they did a century ago into tens. The failure of Baring Brothers was the result of unduly straining one of these great forces, and we have more occasion to consider this lesson than to regret that their error brought its natural punishment. After all, they as bankers, and the Argentine as manufacturers of securities, were only the chief among many sinners. Other bankers, and other countries than the South American republics, have been transgressing. The interdependence of the various countries of the world is now so great that we in Canada have heard with grave doubts as to the effect upon ourselves of Russia's attempts to create a gold stock, and the consequent struggle for gold among the leading nations, not yet ended; of the financial collapse of Portugal; of municipal extravagance at Rome; of the dangers so eagerly courted by the silver advocates in the United States, and many other foreign matters which are a menace to our financial ease.

Whether we contribute to the strain on the money markets of the world or not, we may be made to suffer by what others do; but I quite agree with the General Manager of the Bank of Montreal, that we have already done, and are still doing, our little part towards that overloading of the London market which may yet bring about consequences worse than anything we have ever imagined. During the past year we have advised more than one municipality to curtail its issues, and to bear in mind that ample assets and ability to pay are not the only measures of credit—we must also have the desire and ability of the investing world to purchase securities. Common sense points to the wisdom of avoiding all extensive public improvements for a year or two; and in the matter of frontage improvements, which are so largely adding to the already heavy debts of some of our cities, we should follow the practice of many rapidly growing cities in the Western States, and levy the cost of such improvements in two or three assessments, the warrants or debentures for which would be readily carried at home.

THE BANK'S FOREIGN BUSINESS.

Our Shareholders, however, are mainly interested in the bearing of the financial situation upon our foreign business, and I am glad to say that, so far, we have at least not suffered from it. Our business at New York, now second in importance to that of no Canadian bank having an agency there, has been conducted without loss, direct or indirect, arising from the panic, although we are not vain enough to suppose that, should matters assume a more serious aspect, we can hope to continue with such a record. Our high position among bill-drawers and issuers of commercial credits, has brought us most welcome accessions of business, and the volume of our transactions is now, in many directions, only limited by our very great caution in extending lines of credit. Never in the history of our foreign business has greater care been necessary. Having no branch in London, England, our bills are drawn upon an independent bank; a bank, as it happens, not only in the first rank, but established at the same time as the Bank of England. In our commercial credit business we have been careful to have as correspondents only banks whose contracts are regarded as absolutely undoubted in the particular countries where drafts under our credits are drawn. When it is considered that in addition to our own high credit, we thus offer the second name of banks of such standing, it is perhaps not surprising that our New York agents were able, in the excitement of a panic, intensified by the timidity of the London discount market, not only to conduct our ordinary affairs without interruption or friction, but to secure valuable business which had hitherto gone in other channels.

TRADE AND CROPS.

Turning to Canada, and especially Ontario, if we were to repeat the opinion of farmers and business men, we would have to report another unsatisfactory harvest, and another year of trade in which the profits were quite too small and the bad debts excessive. There is unfortunately no doubt that

the bad debts arising from the failure of shopkeepers and wholesale merchants have been excessive, but do we not commit a grave error in repeatedly deploring the condition of trade and farming, and in waiting for years of plenty, and the return of old fashioned profits? While we wait do we apply the remedies of economy in expenditure and rigid scrutiny in granting credits? Is it not better to conclude that the present is the normal condition of things, that the harvests are not likely to improve on the average, and profits not likely to be larger? If we faced this condition to-day we would simply live within the conditions and so prosper. I do not address this advice to those prudent people who always live within safe limits, or to the many who are making quite as large profits as they could wish. I offer the advice to those who argue that the poor harvests and lean profits are reasons which alone justify shrinkage in their balance sheets. We can all prosper even though the harvests are no better than those of the last three or four years, if mercantile business is not so persistently overdone, long credit and credit without adequate security so persistently given, and expenses maintained on a level no longer warranted by the condition of things. I am sure that if the superfluous shopkeepers and shopkeepers' assistants could be turned into farmers, there would be nothing whatever the matter with Ontario, providing, of course, they became industrious and intelligent farmers. Every year the pressure of competition is greater, more people wish to obtain a share of the profits of the community in some other manner than by wages, and consequently success is more difficult. But under the severest conditions those succeed who exercise the most intelligence, industry, economy, and command of capital, and with these qualifications, as much can be done by farmers and business men here as anywhere.

During the past year the Ontario farmers paid their implement notes and interest and mortgage instalments quite as promptly as in former years, in many districts much better

than for several seasons. They bought less at the stores, and there are many indications that they find it necessary to economize and are economizing, but a few years of economy throughout the province, in town or country, would be almost equal to an extra crop. The output of cheese was the largest in the history of this great industry, the export for the year ending 31st March being 108,150,000 pounds, valued at \$9,700,000, a gain of nearly half a million dollars on the previous year. The export from the United States during this period fell off to a greater extent than the gain made by Canada. We have already suffered from want of rain to such an extent that it is hardly possible for us to maintain as high figures this season. The trade in both distillery and grass-fed cattle has been very satisfactory, and winter-fed cattle are now being shipped in fine condition. Regarding eggs, whether we eventually, as I think we will, establish a satisfactory market in England or not, down to date no one has suffered by the McKinley Bill but the consumer of eggs in the Eastern States. Our trade in low-priced horses has suffered, but with the probable early conversion of horse cars to electricity in view, our farmers must in any event endeavour to raise high class animals hereafter. For these the demand is as great as ever. When we come to wheat and barley the record is not so encouraging. That we can grow barley fine enough and of such varieties as will command a market either in the United States or in Great Britain, there is no doubt, but in reaching the high standard there may be years of disappointment and loss.

THE LUMBER TRADE.

The trade in square timber, in which, as I said a year ago, we have little or no interest, is not yet in a healthy condition. There is still in sight more timber than the total product of any year since 1881, although the amount made in the past year is only about one-fifth of that for 1889-90. It is therefore to be hoped that next winter the quantity manufactured will be as nearly nothing as may be possible.

The work in the woods has been done under favourable circumstances and the output is correspondingly cheaper than in recent years; part of the reduction in cost, however, is unfortunately the result of lower wages. Since the maximum cut of sawlogs in the Ottawa district, in 1887-8, the stock on hand has been steadily falling, we are glad to notice, and is now lower than in any but two of the last ten years. The demand in the United States is satisfactory, at prices higher than a year ago, but the South American market is still wanting. As we have said in past years, a diminished production is all that is necessary to give the lumber business a quite satisfactory tone, and at the moment the Ottawa manufacturers have fair profits in prospect. The output in the North Shore District is also smaller, but the general conditions of the business are not as favourable as could be desired. The home market, on which they largely depend, is very limited, owing to the collapse in real estate speculation and the general shrinkage in business.

In concluding my remarks, permit me to say that during the coming year, while there can be no certainty as to crops or trade, there is no reasonable doubt as to our wisest course. The harvest prospects in the North-West are good, I understand, but the want of rain has done so much damage in Ontario and Quebec, that we have at least no excuse for anything but caution. Clearly we should import as lightly as possible, manufacture well within the limits of previous years, cut down expenses, and extend credit with regard only to the buyer's ability to pay under adverse conditions of business. If we do this we will doubtless be able to endure the result a year from now whatever it may be.

The motion for the adoption of the Report was then put and carried.

Mr. Lee :—After hearing the remarks of yourself and Mr. Walker on the Report, and having these excellent figures before us, I think I may say that the resolution I am about to propose will be received and passed unanimously. I have

much pleasure in moving 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.

The resolution was seconded by Mr. Geo. Robinson, and on being put to the meeting was carried.

Mr. Cox, in returning thanks for the Directors and himself, spoke as follows:—On behalf of my colleagues and myself I can assure you that this resolution is much appreciated. I can also assure you that your Directors have the interests of the institution at heart, and are giving it their unceasing and best attention. Supported as we are by the executive, we feel that everything that can be done is being done to further the interests of the Bank. We are gratified to know that this is appreciated, and thank you for the resolution.

Moved by Mr. A. V. Delaporte, seconded by Mr. John Scott, that the thanks of the 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.

Mr. Cox:—Before submitting the resolution I wish to say that I think the Shareholders are singularly fortunate in having the services of the gentlemen now occupying the positions of General Manager and Assistant General Manager. Their watchful solicitude, untiring energy and marked ability in the management of the Bank is the explanation of the successful and prosperous position which it occupies to-day. The loyal and efficient staff has also contributed in a wonderful degree to the success that we are now congratulating ourselves upon. I have very much pleasure in submitting this resolution, and I know that my colleagues on the Board will endorse every word I say as to the efficiency of the executive and the loyalty of the staff generally. The resolution was then put to the meeting and carried unanimously.

Mr. Walker :—I have to thank the Shareholders on behalf of myself and the staff, for this expression of confidence. The business of banking is as difficult to carry on successfully in Canada as any other branch of trade. Our officers, one and all, know that their advancement depends upon rigid performance of duty and untiring energy, and I think I can say that as fine a spirit of zeal for the Bank exists as the Shareholders could desire. We have to-day a staff of 321 officers, and with 44 branches to overlook, the Shareholders will readily understand that the cares of the executive do not grow less from year to year.

Mr. Plummer :—As one of those named in the resolution I also desire to return my thanks therefor. The times, as Mr. Walker has said, are not propitious for making much money, but we are doing our best, and I hope the Shareholders will always be able to feel that we are entitled to their cordial thanks. We very much appreciate, and I am sure the staff as a whole will also much appreciate, the President's remarks in putting the resolution. The Board are the best judges whether or not we deserve thanks, and his kind words therefore add to the value of the Shareholders' vote.

Moved by Mr. Robert Kilgour, seconded by Mr. M. Leggat, and carried, that the meeting do now proceed to elect Directors for the coming year, and that for this purpose the ballot box be now opened and remain open until three o'clock this day, the poll to be closed, however, whenever five minutes shall have elapsed without a vote being tendered; the result of the election to be reported by the scrutineers to the General Manager. The meeting then adjourned.

The scrutineers subsequently reported the following gentlemen to be elected as Directors for the ensuing year : Messrs. Geo. A. Cox, James Crathern, John I. Davidson, William B. Hamilton, John Hoskin, Q.C., LL.D., Robert Kilgour, Matthew Leggat and George Taylor.

At a meeting of the newly elected Board of Directors held subsequently, Geo. A. Cox, Esq., was re-elected President, and John I. Davidson, Esq., Vice-President.

