

Other Current Loans and Discounts in Canada (less rebate of interest).....	130,893,064 62
Other Current Loans and Discounts elsewhere than in Canada (less rebate of interest) ..	10,027,802 39
Liabilities of Customers under Letters of Credit, as per contra	1,458,398 64
Overdue Debts (estimated loss provided for) ..	508,515 56
Real Estate other than Bank Premises (including the unsold balance of former premises of the Eastern Townships Bank)	\$1,264,083 21
Less mortgage assumed ..	100,000 00
	1,164,083 21
Mortgages on Real Estate sold by the Bank	389,534 21
Bank Premises at cost, less amounts written off	\$5,039,623 55
Less mortgage assumed on property purchased	300,000 00
	4,739,623 55
Other Assets not included in the foregoing ..	67,459 90
	<u>\$250,421,840 02</u>

B. E. WALKER,
President.

JOHN AIRD,
General Manager.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF THE CANADIAN BANK OF COMMERCE.

In accordance with the provisions of sub-sections 19 and 20 of Section 56 of the Bank Act, 1913, we report as follows:—

We have audited the above Balance Sheet and compared it with the books and vouchers at Head Office and with the certified returns from the branches. We have obtained all the information and explanations that we have required, and are of the opinion that the transactions of the Bank which have come under our notice have been within the powers of the Bank.

We have checked the cash and verified the securities representing the investments of the Bank at its chief office and principal branches at a date other than and in addition to the verification at 30th November, 1915, and found that they were in agreement with the entries in the books of the Bank relating thereto.

In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Bank according to the best of our information and the explanations given to us and as shown by the books of the Bank.

T. HARRY WEBB, C.A.,
of Webb, Read, Hegan, Callingham & Co. } Auditors.
JAMES MARWICK, C.A.,
of Marwick, Mitchell, Peat & Co. }

Toronto, 17th December, 1915.

Before moving the adoption of the report the President asked the General Manager to address the shareholders.

General Manager's Address.

The statement presented to you to-day is a striking illustration of our policy during the year. The net profits amounted to \$2,352,035, or 8.25 per cent., upon the moneys which belong to the shareholders of the Bank, that is, upon the total of the paid-up Capital and Rest. This is a decrease of \$316,197 from the figures of the preceding financial year, but under the conditions which have prevailed since we last met, we trust that you will consider the result satisfactory, especially as we have been able to continue the payment of the usual dividend of 10 per cent. per annum and of two semi-annual bonuses of 1 per cent. each, a total of 12 per cent. We have, as usual, appropriated \$80,000 for the Officers' Pension Fund, and after paying the war tax of 1 per cent. upon our note circulation, amounting to \$122,906, subscribing \$5,000 to the British Red Cross Fund, and reserving as a special appropriation the sum of \$1,000,000 against possible further depreciation in the values of the stocks, bonds, and similar securities owned by the Bank, we have been able to carry forward \$461,892 at the credit of Profit and Loss Account.

An Additional Precaution.

It is the time-honored custom and wise precaution of every general manager of a Canadian bank upon first assuming the responsibilities of his position to assure himself that each individual asset of his bank represents the value assigned to it in its books and published statements. Upon undertaking this important duty, I found that the conditions brought into being by the war, and particularly the restrictions placed upon the leading security markets of the world, had made the task one of unusual difficulty. The hazards of war have not only seriously lowered the prices of all securities, but they have introduced an element of doubt into existing values which it is difficult to allow for in dollars and cents. As a matter of additional precaution, therefore, we have taken the step of reserving out of Profit and Loss Account, as a special provision against these contingencies, the sum of \$1,000,000. After the war has been successfully prosecuted to a close, it is probable that some, if not all, of this amount will come back sooner or later into profits.

No Unnecessary Expenditures.

Our Bank Premises Account, as well as the accounts of Real Estate owned and Mortgages held, remain practically stationary, the generally unsettled condition of affairs not having warranted our undertaking any expenditure on new premises which did not appear to be absolutely necessary. The small increase of \$52,631 shown in Premises Account represents purchases of promising locations for new branches and of permanent sites for long-established branches, such as Belleville and Parkhill, and for others, the business of which will eventually warrant the erection of a permanent building. We dealt with this matter fully in our report of last year, and for the reason therein set out we feel that no further appropriation is necessary, the figures shown in our balance sheet being well below the limit of 50 per cent. of the actual value, as has been our policy with respect to this particular asset.

The note circulation stands in the balance sheet at \$16,397,907, an increase of \$1,455,350 as compared with the figures of a year ago and only a few thousand dollars short of the record figures of 1912. This is due to the demands made upon us for moving the large grain crops of the country. The issue of notes in excess of the paid-up capital of the Bank under the emergency provision of the Bank Act began on October 16th, and the movement reached its height for the time being on November 20th, at which date the circulation stood at \$17,084,598. The lowest level recorded during the year was reached in the month of April. The deposits of the Bank show a satisfactory increase, distributed under every heading, the total increase being slightly over \$13,000,000. Bills Payable again show a considerable decrease, the figures being \$1,501,442 as against \$3,924,151 a year ago, or a decrease of \$2,422,708, due largely to the effect of the war upon our foreign exchange business and to the unsatisfactory conditions which have prevailed in the exchange markets during the year.

Strong Cash Reserves.

In view of the general situation we have thought it prudent to keep strong in cash reserves, particularly in gold, the medium for the settlement of international obligations, and that it might be the more readily available for such purposes we have carried an unusually large proportion of our holdings at points outside of Canada. Our total holdings of coin and legal tender are \$39,901,993. If to this amount we add the balances due us by other banks and correspondents, our holdings of government and municipal bonds and stocks, and call and short loans, our liquid assets amount to \$101,173,357, or 47.62 per cent. of our liabilities to the public.

Current Loans Increase.

Total Current Loans show an increase of \$2,037,254, more than accounted for by an increase of \$3,704,464 in Call and Short Loans due to the policy of keeping our assets in the most liquid shape possible during the unstable conditions which are the outcome of the war. The fact that our loans show an increase despite the shrinkage which has taken place in general business, bears witness to our earnest efforts to assist the business community to the utmost of our ability consistent with prudence, and should be sufficient answer to those persons who assert in the press and on the public platform that the banks have failed to provide the necessary financial assistance for the commerce of the country. There are some who go further, and by quoting the figures of Canadian bank deposits without setting alongside these figures