

bank's position as possible. We were, of course, very conscious, that we would be judged in the future by the progress made from the date of the present statement; but, while jealously guarding our own interests, we have not been disloyal to the interests of the shareholders. Every account in the bank has been submitted to the closest scrutiny, not once but several times, during the seven or eight months at our disposal. In examining the bank's risks we have required from all borrowers of any moment precise statements of their affairs, and these statements have been subjected to a severe analysis made by an actual re-statement of what the customers' position would be if forced to liquidate. In this manner all the business of the bank has undergone examination, the executive classing as satisfactory only business of a high order. The amount of assets admitted to this class, but which may be said to be locked up for terms longer than the ordinary currency of banking transactions, is very small, and in every case the security is ample and the loan is earning interest. In a few cases, where assets are locked up in the manner referred to and the security is ample but the interest has, by arrangement, been waived, or cannot be collected, we have reduced the asset to its present cash value. For a score or so of accounts, in which no one could venture to assert that loss will occur, but which are sufficiently unsatisfactory to warrant their being classed as accounts which we would refuse if now offered to the bank, we have set aside a sufficient general contingent fund. Regarding assets which do not come up to the standard already indicated, and in which the doubtful element is quite evident, we have made provision on clearly defined principles, writing off or making contingent appropriations against each particular asset or account. Where the bank has claims, the obligants on which are not discharged, but are, at the moment, in such a shape financially that the claims cannot be made, we have written the debts down to a mere nominal figure, leaving a small balance, in order to keep them under such periodical review as will prevent opportunities of recovery being overlooked, should obligants again become in a position to pay.

Where our source of recovery depends on the disposal of property we had, of course, the greatest difficulty. Immediately after taking charge valuations of such properties were obtained from the various managers. These properties then became the subject of the most exhaustive correspondence, independent valuations being obtained wherever possible. After a period of several months, during which a great mass of information had been brought together, the managers were required to prepare new statements, great stress being laid upon the necessity of placing the lowest warrantable values on all such assets in order to avoid the possibility of any further appropriations being required. This resulted in many cases in a most marked shrinkage from previous estimates, and, of course the final values set by us were in no case higher, and in most cases very considerably lower, than the lowest estimate made by the managers. Nothing was more persistently present in our minds than the determination not to attempt to conjecture regarding the surplus that would be left. The executive simply concluded its labors by adding up the results and presenting them to the board, and it should not be necessary to say that our course would have been the same if the result had shown that the Rest fund was entirely absorbed on the one hand, or was left at a much higher figure than half a million of dollars on the other.

Mr. Wardrop—I would like to ask if there will be any difficulty in keeping up the 7 per cent. dividends. The reason I ask that question is that there will be a good deal of speculation on the subject, and I know it has been the outside talk that it would likely be put down to 6 per cent. Now, it would be as well for us to know if the 7 per cent. dividend, with which we have commenced, is likely to be maintained, as that knowledge would save a good deal of speculation.

Mr. Walker—I may say that in declaring a 7 per cent. dividend for the first half of the year we simply followed the course of our predecessors, but before declaring a dividend for the second half of the year we were quite sufficiently—I may say almost fully—aware of the exact position of the bank; and, as I have stated in my report, the earnings for the current year, after providing for the losses of the current year, were in excess of ten per

cent. Now, I do not know that I could say anything more to show that if such a state of things continues we will be able to pay 7 per cent.

Mr. Wardrop—I may say that my reason for asking the question is to save speculation on the subject, as it has been going abroad that the dividends would be cut down to six per cent., and the influence of this would be to depreciate the stock.

Mr. Walker—We presumed that our declaration of the last dividend of seven per cent. was the most emphatic way in which we could stop talk of that kind, and we feel sure that in Montreal and elsewhere it has had that effect.

The resolution to adopt the report was then put and carried.

THE NEW BUILDING.

Mr. Edward Martin moved, "That having regard to the requirements of the bank's business in Toronto, and the inadequate accommodation afforded by the present premises, the shareholders approve of the action of the directors in acquiring a site on the corner of King and Jordan streets, and in arranging for the erection thereon of suitable premises for the use of the head office and the Toronto branch." He said—I think the premises in which we are holding this meeting speak very eloquently as to the necessity of adopting this resolution; and I am glad that the gentlemen who have been connected with the bank for twenty years have made up their minds to conduct the business of the Bank of Commerce in a building constructed for that purpose.

Mr. J. Y. Reid seconded the motion.

Some questions having been raised as to the advisability of expending money on a new building at present.

The Chairman.—The question is whether we should acquire a new property at all or not; if we should, there is no doubt that if we delay for a few years property may enormously increase in value, and possibly we may not be able to get the site we want. I think it is perfectly clear, if you admit the necessity, that the time is opportune.

After some further discussion the motion was carried.

A CHANGE IN THE BY-LAWS.

The chairman announced that it had been found desirable to make new by-laws for the bank, under the powers conferred by the Banking Act, to take the place of the existing by-laws. The most important change proposed is that the annual meeting be held on the third Tuesday in June in each year, instead of the second Tuesday in July, the earlier date being more convenient. This would necessitate the payment of dividends on the 1st December and 1st June in each year, and the dividend to be declared on 1st December next must be made to cover a broken period of five months.

The proposed by-laws having been read, it was moved by Hon. S. C. Wood, seconded by Mr. W. B. Hamilton, and carried: That by-laws Numbers 1 to 9, as read, be and are hereby adopted as the by-laws of the Canadian Bank of Commerce.

THANKS TO THE BOARD.

Mr. F. MacKelcan moved—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. In moving the resolution he said—I think I can confidently speak for the shareholders of the bank when I say that they are under deep obligations to the president and directors for the bold and straightforward policy they have adopted in dealing with the affairs of the bank. They have made a most incisive and careful examination into the assets of the bank, and they now present to us a fearless, full and true explanation of its actual position. The shareholders feel confident that they now know the whole truth with regard to the position of the Bank, and the confidence which is thus inspired in the minds of the shareholders will extend from them to the public. Believing as I do, and as I think the shareholders generally do, that the bank has now entered upon an era of prosperity, and that it will soon reclaim the ground it has lost, I have great pleasure in submitting this resolution to the shareholders here present.

Mr. H. S. Northrop.—I have great pleasure in seconding the resolution.

Hon. Wm. McMaster.—Before this motion is put I would like to say a few words. I do not wonder that the large amount written off

the Rest is disappointing to the shareholders. But it should be remembered that moneyed institutions, when aiming to build up a large business are, in their early days, exposed to losses, even under the most favorable circumstances. This has been peculiarly the case during seasons of great depression such as have been frequently experienced since the Bank of Commerce was established. It should also be borne in mind that the bank has paid an average dividend of 8 per cent. since the day it opened. In view of these facts, together with its present position and future prospects, I venture to hope that on reflection the shareholders will see that they have no great reason to complain. After the most rigid investigation, and after the application of the knife with no sparing hand, it is found that the capital is unimpaired and its Rest not by any means exhausted. It would have been most unwise in the directors to interfere with Mr. Walker in the exercise of his judgment in dealing with the assets. His report on the condition of the bank, made not hastily, but after months of patient investigation, cannot be otherwise than satisfactory to the shareholders. So much for the past. As to the future, whether I look to the capital of the bank, which is sound beyond all question, or to its extensive and valuable connection and known earning power, I confidently anticipate that its future, under the present management will be all that the shareholders could desire. I have been for years a pretty large shareholder, and have not parted with a dollar of my stock, which, allow me to say, I regard as being amongst my safest and best investments. (Cheers.)

The resolution was thereupon carried.

THANKS TO THE OFFICERS.

Mr. Walter S. Lee.—The resolution which I beg to propose is one thanking the executive officers—the general manager, the assistant general manager and the other officers—for their services in connection with the management of the bank's affairs. We have had very important meetings in this room in the past, but I think none have been more important than the one which has been held here to-day, at which the general manager has given a very explicit statement of the state of our finances. We are told by that officer that he has very carefully gone over our assets, and has applied the pruning knife to every one of them so as to bring them to an interest-bearing basis. I have no hesitation as a financier in saying that any person holding stock resting on those assets is in a far better position than a person taking stocks in all sorts of assets which have not been so tested. The general manager, who has had nothing to do with making the investments, has come here to-day and he has done exactly what we wished him to do—he has told us frankly what the state of the bank is. Knowing that this is the case, I think it is the duty of the shareholders to give the manager and his assistant and the staff generally their confidence; I therefore move "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. E. B. Osler.—In seconding the resolution which has been moved, I can only say that, after listening to the statement which has been made here to-day, I believe these officers deserve the thanks of the shareholders.

Mr. Roach (Hamilton) expressed the hope that the board would act liberally with the staff, with regard to the remuneration for their services during the current year.

The motion was carried.

Mr. Thomas Long (Collingwood) moved, seconded by Dr. Ogden, 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 as directors for the ensuing year:—Henry W. Darling, Hon. Wm. McMaster, Geo. Taylor, Hon. S. C. Wood, W. B. Hamilton, Jas. Crathern, Geo. A. Cox, John I. Davidson, Wm. Gooderham, Matthew Leggat.

At a meeting of the newly elected board of directors, held subsequently, Henry W. Darling, Esq., was re-elected president, and Geo. A. Cox, Esq., elected vice-president.

B. E. WALKER,
General Manager.