

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.

GENERAL STATEMENT.—26TH JUNE, 1886.

<i>Liabilities.</i>	
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 ag'ts in Great Britain.	406,819 70
	\$13,796,091 90
Capital paid up ..	\$ 6,000,000 00
Reserve.....	1,600,000 00
Contingent fund..	150,000 00
Reserve for rebate of interest on current discounts .....	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
<i>Assets.</i>	
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
	\$ 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 the bank premises), and mortgages on real estate sold by the bank .....	103,436 88
Bank premises and furniture .....	290,132 14
	\$21,930,086 26
(Signed) W. N. ANDERSON, General Manager.	
Canadian Bank of Commerce, Toronto, 26th June, 1886.	

The following resolutions were then put and carried unanimously:—

Moved by the president, seconded by the vice-president, That the report of the di-

rectors, 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 consideration 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 & 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 actions of the directors in reducing the dividend and making provisions 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 the 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 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 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 propose 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 favorable 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