

The Canadian Bank of Commerce.

REPORT OF THE PROCEEDINGS

OF

THE ANNUAL MEETING OF SHAREHOLDERS,

TUESDAY, 14th JANUARY, 1908.

The forty-first annual meeting of the shareholders of the Canadian Bank of Commerce was held in the banking house on Tuesday, 14th January, 1908, at twelve o'clock.

The President, Mr. B. E. Walker, having taken the chair, Mr. A. St. L. Triggs was appointed to act as secretary, and Messrs. C. S. Gzowski and A. J. Glazebrook were appointed 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 forty-first annual report, covering the year ending 30th November, 1907, together with the usual statement of assets and liabilities:

The balance at credit of Profit and Loss Account brought forward from last year was \$ 108,562.43
Net profits for the year ending 30th November, after providing for all bad and doubtful debts, amounted to 1,752,349.67

\$1,855,912.10

Which has been appropriated as follows:

Dividends Nos. 80, 81, 82, and 83, at 8 per cent. per annum \$ 800,000.00
Written off Bank Premises 350,000.00
Transferred to Pension Fund (annual contribution) 30,000.00
Balance carried forward... 675,912.10

\$1,855,912.10

All the assets of the bank have been as usual carefully revalued and all bad and doubtful debts amply provided for.

Your directors have the pleasure of reporting the most satisfactory earnings in the history of the bank, amounting to \$1,752,349.67. After providing for four quarterly dividends at the rate of eight per cent. per annum, and for the annual contribution to the Pension Fund, we have been able to write \$350,000 off Bank Premises Account, and have carried forward at the credit of Profit and Loss Account the sum of \$675,912.10.

During the year the bank has opened new branches at the following points: In British Columbia, at Creston, Mission City and Prince Rupert; in Alberta, at Hardisty; in Saskatchewan, at Drinkwater, Lanigan and Nokomis; in Manitoba, at Durban and Kenville. The branch at Atlin, B.C., has been closed. In accordance with our customary practice, the branches and agencies of the bank in Canada, the United States and Great Britain, and the various departments of the head office, have all been thoroughly inspected during the year.

The directors have again pleasure in recording their appreciation of the efficiency and zeal with which the officers of the bank have performed their respective duties.

B. E. WALKER,
President.

Toronto, 14th January, 1908.

GENERAL STATEMENT.

30th November, 1907.

LIABILITIES.

Notes of the bank in circulation \$9,235,769.68
Deposits not bearing interest \$20,951,271.35

Deposits bearing interest, including interest accrued to date 66,089,786.15

87,041,057.50

Balances due to other banks in Canada 155,499.78

Balances due to other banks in foreign countries 1,373,791.12

Dividends unpaid 1,508.44

Dividend No. 83, payable 1st December 200,000.00

Capital paid up \$10,000,000.00

Rest 5,000,000.00

Balance of Profit and Loss Account carried forward 675,912.10

15,675,912.10

\$113,683,538.62

ASSETS.

Coin and bullion \$5,663,047.48

Dominion notes 5,390,372.25

\$11,053,419.73

Deposit with Dominion Government for security of note circulation 450,000.00

Notes of and checks on other banks 3,730,479.42

Balances due by other banks in Canada 9,362.52

Balances due by agents of the bank in the United Kingdom 51,121.88

Balances due by agents of the bank and other banks in foreign countries 2,378,820.77

Government bonds, municipal and other securities 4,374,681.86

Call and short loans 12,695,557.30

\$35,743,443.48

Other Current Loans and Discounts 76,073,271.90

Overdue debts (loss fully provided for) 109,867.32

Real estate (other than bank premises) 64,082.58

Mortgages 34,248.58

Bank premises 1,412,935.26

Other assets 245,689.50

\$113,683,538.62

ALEX. LAIRD,

General Manager.

The General Manager then spoke as follows:

GENERAL MANAGER'S ADDRESS.

We have come to the close of a year unprecedented in the history of financial stringency, and as it was world-wide in effect we in Canada have not escaped from the results of our own great expansion in trade, and the inevitable contraction of credit which comes as a check in the midst of prosperity throughout the country. Notwithstanding the unfavorable events of the year, the statements of the bank which we have pleasure in submitting are the best in its history. It is needless to say that with the present outlook we must again repeat the warning to you not to expect a repetition of such large profits. The check upon the volume of business has been later in coming than some of us expected, but it has now actually come, and with a disposition on the part of the public towards the liquidation rather than the creation of debt, the volume of banking business must decline and profits be correspondingly affected.

The net profits for the year amount to over 17½ per cent. on the capital of the bank, and exceed those of last year by \$11,224. We have during the year paid four quarterly dividends of 2 per cent., or at the rate of 8 per cent. per

annum, and after devoting the large sum of \$350,000 to expenditures on bank premises and making the usual provision for the Pension Fund, we have carried forward a balance of \$675,912.10 at credit of Profit and Loss Account. Now that the Rest of the Bank equals the sum of fifty per cent. of the paid-up capital, our recommendation will be that transfers to that account be made in even millions and that in the meantime the unappropriated profits should be carried forward at the credit of Profit and Loss Account.

Our deposits during the year show a small decrease, namely, 111,000. The decrease is altogether in deposits not bearing interest which are composed of the fluctuating balances of various business communities, and are, therefore, in the nature of things subject to rapid changes. A year ago we pointed out that some of the deposits then held were of a temporary character, and we deem it proper to say that at the close of this year also a considerable amount came under this category. In common with other banking institutions, a real shrinkage of deposits will probably result through withdrawals of money which but for the present emergencies of trade would remain with us. On the other hand, our deposits bearing interest, being those of a more stable character, have increased during the year \$1,564,000.

The administration of the affairs of the bank during the past year was fraught with unusual difficulties, but we look forward with confident expectation that with our organization we shall be able to conserve and maintain a high standard of efficiency in the management of the great interests committed to our care.

In moving the adoption of the report, the President said, in part:

PRESIDENT'S ADDRESS.

The end of a very eventful year in the financial world it cannot be truthfully said that any business man in Canada was without warning, even if he found himself quite unprepared for the new conditions he was called upon to face. Nor can it be truthfully said that the banks as a whole have failed to do as much for the borrowing public as the latter had a right to expect. Indeed, when we consider the rash and ignorant criticism of the banks heard in communities where the stringency in money has been most keenly felt, it seems almost as if it were useless to offer a signal of danger to the borrowing public so long as prosperity is in full force. A year ago this bank did its part in offering a warning which events have shown to be justified, but this warning was actually regarded as an evidence of total inability to understand the true business conditions in the West. Canada was doing more business than was justified by the money at our command at home or that could be secured abroad by the sale of the securities the country was creating, although it was not producing even sufficient merchandise to meet the demand or building to any degree in advance of immediate requirements.

We were, however, importing far in excess of our exports, and generally we were mortgaging our future, not, as a rule, in the case of each individual, municipality, industrial company, or railway, beyond what could be plainly justified if money were easy, but beyond what was wise, having regard to the world-wide condition of the money market which has been so marked in recent years. Now that the check upon our expansion, which we would not make of our own accord, has, in a measure, been forced upon us, we shall doubtless rapidly adjust our affairs to the new conditions, and I shall be surprised if we do not eventually conclude that as a borrowing country we have escaped the more serious troubles of our neighbors, have not failed to sustain the high credit Canada enjoys in Great Britain and elsewhere in Europe and that the banks, even if no more free from blame than other members of the business community, have really done all that could fairly be demanded.

While Canadians have taken a natural pride in the great growth of their foreign trade, which has increased from \$257,168,000 in 1897 to \$617,944,000 in 1907, some remark has seemed neces-

sary each year upon the large excess in our imports. For the year ending midsummer, 1906, the two had so approximated that the excess of imports was only \$37,680,000 in a foreign trade of \$550,854,000, but for the year ending midsummer, 1907, we have an excess in imports of \$101,001,000, our exports being but little larger than for the previous year, while our imports are about \$65,000,000 more. The first three months following midsummer, 1907, showed no tendency towards improvement. We cannot build a third transcontinental railroad, in addition to providing for the large growth of older railroad systems; we cannot take care of an enormous and unprecedented inflow of immigrants; and we cannot build up new towns and cities by the hundred, without largely increasing our purchases as compared with what we have to sell. This is what we mean by mortgaging our future. After we make allowance for the wealth brought in by the immigrants themselves and by the many men with capital who come, mainly, from the United States, to establish industries or to become merchants or important farmers, the total of which must be very large indeed, the greater part of the sum required to liquidate this excess of imports must be obtained from the sale of our securities abroad. The railroad corporations provide their share and generally in advance of its expenditure, but our towns and cities have of late years sold their bonds so readily that they have not hesitated to spend money in very large sums on improvements, the bonds for which can not as a rule be legally issued until the work is completed. At the same time many industrial companies have been spending money and depending on foreign markets for the sale of securities with which to replace the capital required for such expenditures. In ordinary times such a course would not seriously inconvenience Canadian finances, but coming in a year when the balance against us was so large, our crops below the normal, and the money markets of the world in the worst possible condition for all borrowing countries, it would have been strange if we had not experienced considerable discomfort. We can, however, congratulate ourselves on the soundness of our business conditions apart from the lack of capital, and this has enabled Canadian enterprises to obtain money in European markets on easier terms than many other countries. The course we should follow in the immediate future seems plain. In all cases where important expenditure for public or private works is contemplated we must be assured as to securing the capital before undertaking the work, and this doubtless means that we must go more slowly for a few years. Whether we like the discipline or not, the results will certainly be good for Canada in many ways.

The scarcity of money arises from various causes. Roughly speaking if one man wishes to borrow, another man must have saved in a shape ready for investment. If the world is in a debt-paying and therefore also a saving mood, it will set aside annually more savings than are needed; and if the world's trade is expanding and profitable, and extravagance is therefore general, the reverse will be the case. One great French economist has endeavored to state the conditions of the world as they existed in 1906. He estimates the capital needed that year for new commitments as \$3,250,000,000, and the world's savings available for investment at not more than \$2,400,000,000 to \$2,800,000,000. There was therefore an enormous deficiency, and however near this may be to the actual facts, it illustrates in a forcible way what the world is trying to do, and why interest rates have risen and the prices of all securities, no matter how excellent, have fallen. When we look at ordinary commercial banking operations connected with the production and movement of commodities, we must realize that as against an increased gold supply, and the increased credit made possible thereby, there have been two factors tending to increase the load of credit to be carried, and, second, a great increase in the price of almost all articles. Clearly the

world has a mood of gloom, and which persons of the space of the and trade lessen. The panied by regrettable, crally, altho the gold ower of c tions may l large and p

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