# Meetings.

## CANADIAN BANK OF COMMERCE.

The annual meeting of the shareholders of this bank was held at the head office in Toronto, on Tuesday, July 12th, 1887. Among those present were Messrs. Henry W. Darling, Hon. Wm. McMaster, Senator; Hon. S. C. Wood, Henry Pellatt, John Battle (Thorold), C. S. Gzowski, Frank MacKelcan (Hamilton), George Taylor, Geo. A. Cox, Edward Martin (Hamilton), W. B. Hamilton, John I. Davidson, Dr. Uzziel Ogden, Hugh Moore (Dundas), W. T. Boyd, H. L. Hime, John Wardrop, E. S. Cox, John Y. Reid, Philip Browne, F. J. Stewart, H. S. Northrop, Thomas Long (Collingwood), Walter S. Lee, E. B. Osler, George Roach (Hamilton), John Scott, Matthew Leggat (Hamilton), S. G. Wood, Z. Burnham (Whitby), George Boyd and Captain Andros (St. Catharines).

On motion the president, Mr. Henry W. Darling, took the chair.

The chairman requested Mr. Plummer, assistant general manager, to act as secretary of the meeting.

Mr. Geo. A. Cox moved, seconded by Mr. John I. Davidson, that Messrs. Philip Browne, Henry Pellatt and H. C. Hammond act as scrutineers.—Carried.

The president requested the general manager, Mr. Walker, to read the directors' report and statement, which are as follows:

REPORT.

The directors beg to present to the shareholders the 20th annual report, together with the usual statement of the assets and liabilities of the bank, as on 25th June, 1887:—

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| The balance at credit of Profit Loss account brought forward from last year is | | $ 21,829 04 |
| The net profits for the year, after deducting charges of management, and providing for losses sustained during the year, amount to | | 606,715 94 |
| | | $628,544 98 |
| Out of this have been paid dividends Nos. 39 and 40, at 7% per annum | | 420,000 00 |
| Leaving a balance for the year of | | $ 208,544 98 |
| To this have been added: | | |
| Balance transferred from "Reserve for Rebate of Interest on Current Discounts," | | 150,000 00 |
| Amount transferred from Rest account | | 1,100,000 00 |
| | | $1,458,544 98 |
| And the following amounts have been charged thereto: | | |
| Appropriation for bad and doubtful debts | $930,543 87 | |
| Transferred to Contingent account: | | |
| Estimated loss on accounts in liquidation | 164,990 00 | |
| Reserved for doubtful debts still current | 290,500 00 | |
| Written off b'nk premises account | 21,883 14 | |
| Written off bank furniture account | 43,467 16 | |
| | | $1,451,384 17 |
| Leaving at credit of Profit and Loss account | | $ 7,160 81 |

Since our last annual meeting Mr. W. N. Anderson has resigned his position as general manager, and Mr. B. E. Walker, late joint agent of the bank in New York, has been appointed in his stead. This change in the general management took place on the 20th of October last.

On the 12th of November following Mr. J. H. Plummer, then assistant general manager of the Merchants' Bank of Canada, was appointed assistant general manager of this bank, the duties of that position having previously been performed by the Toronto manager, Mr. J. C. Kemp, whose entire attention is now required for the important affairs of that branch.

This change in the executive necessarily involved a revaluation of the entire assets of the bank, the results of which are given in the report of the general manager to the board, a copy of which is appended hereto.

It will be seen from this report that the general manager recommends that the sum of $930,543.87 be written off for debts considered bad, and $455,490 appropriated as a Contingent Fund against debts considered doubtful, and that for this purpose the sum of $1,100,000 be taken from the Rest, leaving the balance of that fund at $500,000. The directors greatly regret that this result, arrived at after a most rigorous examination of the assets of the bank, differs from that indicated in their last annual report, but after a careful revision of the work of the executive, they deemed it their duty to give effect to the recommendation of the general manager.

The profits for the current year, after providing for all bad and doubtful debts appertaining to the year, amount to $606,715.94, being slightly in excess of 10 per cent. on the capital of the bank. The earnings over and above the dividend paid amount to $186,715.94.

The general business of the bank is increasing in volume, and while there has been a considerable falling off in deposits at interest, the aggregate of those bearing a rate not exceeding three per cent. has increased. The bank, seeking as it does, only business of a first-class character, cannot at present find profitable employment for deposits bearing a higher rate of interest than three per cent.

It will be observed that we have transferred the balance at credit of "Reserve for Rebate on Current Discounts," to Profit and Loss account; and also that the "Contingent Account," which now amounts to $455,490.00 is not shown among liabilities to shareholders.

As to the first, the board is of opinion that the bank's statement will be more clear and concise if fewer accounts are kept for the purpose of showing its surplus earnings. The Contingent account has been dropped from the balance sheet, to remove the idea, present in the minds of some shareholders, that this account is really part of the bank's surplus. It must be regarded as a provision for doubtful debts, which in all probability will be required for that purpose.

The sum of $65,350.30 has been written off the bank premises and furniture accounts, as the result of a careful inventory, and the various properties now stand upon our books at figures below their actual cash value.

The premises at present occupied by the bank in Toronto having long been inadequate to the business needs of the head office and the Toronto branch, a site on the corner of King and Jordan streets has been acquired, and it is proposed, with the approval of the shareholders, to erect a more suitable building thereon, for which plans have been prepared and conditional contracts entered into.

Several important changes in the staff, apart from those already referred to, have been made during the year, resulting in increased efficiency in the management of the bank generally, and the directors have pleasure in stating that the officers as a whole have discharged their duties satisfactorily.

HENRY W. DARLING,
President.

REPORT OF THE GENERAL MANAGER.

I beg herewith to submit a statement of the bank's position as at the 25th June. It will be seen from it that in order to put the assets of the bank in an absolutely sound condition it is necessary to provide for bad and doubtful debts to the extent of $1,386,033.87, and that this involves a reduction of the bank's Rest from its present figure of $1,600,000 to $500,000.

In October last, on the resignation of Mr. W. N. Anderson, I assumed, at your request, the position of general manager of this bank. Among the many serious duties which thereby devolved upon me none is more serious than the task of valuing the assets committed to my charge, in order that the directors may present to the shareholders a statement of the bank's affairs, which will be at once a clear and trustworthy showing of the position of their property, and, as far as possible, a guarantee of its value. I have fortunately been able to divide the labors incident to my position with the assistant general manager, Mr. Plummer, without whose aid the thorough scrutiny to which the bank's assets have been subjected could not have been accomplished in so short a time.

In this revaluation of the bank's assets is involved an examination, with the most rigid regard for the dangers always present in trade, of the thousands of business ventures represented by the loans of the bank. The examination just concluded has been made with as scrupulous care and in as judicial a frame of mind as possible and it is scarcely necessary for me to add that in succeeding years our statements will be based upon similar examinations, made with similar care and precision.

But the present task has been rendered more than usually difficult by the fact that our opinion of some of the bank's assets differs very materially from that of my predecessor. Whenever the element of doubt fully enters into an asset, the basis for valuing the asset should be one which leaves out of sight all sources of recovery which are merely conjectural, and this, I think, applies with the same force to an account which is current and on which interest is collected, as to debts already in default, if the source of recovery of the whole debt cannot be seen. Between such a method of valuing the property of the bank, and a more hopeful view under which appropriations are not made until losses are positively ascertained, there is, unfortunately, room for very wide difference, especially when the assets under examination amount to as much as sixteen millions of dollars. The fact that it is found necessary to take from the Rest such a large amount must be a matter of deep regret to all of us, the executive as well as the board and the shareholders, yet nothing but mischief could result from taking too hopeful a view of assets of the description referred to. If we err in judging their value we should be careful that the margin of error in our calculations is on the safe side.

The result of our examination into the affairs of the bank, apart from the necessary adjustment of these bad and doubtful assets, is much more satisfactory than we had supposed it would be before assuming charge. The loaning business of the bank is active and healthy; and although we have the largest line of deposits in the Dominion, apart from the Bank of Montreal, and are only seeking business of the very first quality, we have enough to do to take up all the good accounts which are offered. As a natural consequence the earning power of the bank is quite satisfactory. Doubtless there are some ways in which it may be improved, and certainly we shall do our best looking to that end, but the average earnings of the past have been sufficiently handsome, and, in our opinion, it has not been from any lack of power in that respect that the bank has failed to build up a substantial surplus.

The business organization of the bank is excellent. The administration of its routine work is as nearly perfect as may be. The junior members of the staff, with but few exceptions, have been trained in our own system; and this is also true of the majority of our senior officers. In the administration of the bank this is of the very first importance. It is quite natural that in building up a large institution we should have had bitter experiences, but we have now a large body of men who have grown up with the bank, and to whom these experiences belong almost as much as to the institution itself; and it is out of this condition of things that we are to look in the future for that strength in the management which comes from a keen appreciation of the sources of profit, combined with a matured experience of the dangers incident to our business.

Feeling as I do regarding the organization and the earning power of the bank, it is hardly necessary for me to add that I entertain no fears regarding our future. Losses we must have, of course, and nothing but untiring vigilance will keep our losses in satisfactorily small proportion to our profits, but this is in the nature of banking, and I see no reason, looking to our equipment for business and our accumulated experience, why the losses of the past should occur again.

Respectfully submitted,

B. E. WALKER,
General Manager.

GENERAL STATEMENT, 25TH JUNE, 1887.

*Liabilities.*

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| Notes of the bank in circulation. | | $ 2,390,732 00 |
| Deposits not bearing interest | $ 2,088,845 77 | |
| Deposits bearing interest, including interest accrued to date | 7,896,194 41 | |
| Balances due other banks in Canada | 208,544 05 | |