

THE CANADIAN BANK OF COMMERCE

Report of the Proceedings
of
The Annual Meeting of Shareholders
Tuesday, 13th January, 1914.

The forty-seventh Annual Meeting of the Shareholders of The Canadian Bank of Commerce was held in the banking house at Toronto, on Tuesday, 13th January, 1914, at 12 o'clock.

The President, Sir Edmund Walker, having taken the chair, Mr. A. St. L. Triggs was appointed to act as Secretary, and Messrs. Amelius Jarvis and Edward Cronyn were appointed scrutineers.

The President called upon the Secretary to read the Annual Report of the Directors, as follows:

REPORTS

The Directors met to present to the Shareholders the forty-seventh Annual Report, covering the year ending 31st December, 1913, together with the usual statement of Assets and Liabilities:

The balance at credit of Profit and Loss Account, brought forward from last year, was \$711,578.58.

The net profits for the year ending 31st December, after providing for all bad and doubtful debts, amounted to \$2,992,951.10.

This has been appropriated as follows:

Dividends Nos. 104, 105, 106 and 107, at ten per cent. per annum	\$1,500,000.00
Bonus of one per cent. payable 1st June	150,000.00
Bonus of one per cent. payable 1st December	150,000.00
Written off Bank Premises	500,000.00
Transferred to Pension Fund (annual contribution)	80,000.00
Transferred to Rest Account	1,000,000.00
Balance carried forward	384,529.98
	\$3,764,529.98

In accordance with our usual practice the assets of the Bank have again been carefully revalued and ample provision made for all bad and doubtful debts.

The following branches were opened during the year: In British Columbia: Comox, Courtenay, Pandora and Cook (Victoria), and Parksville; in Alberta: Highland, Monitor, Peace River Crossing and Retlaw; in Saskatchewan: Kincaid, Redfern, Shaunavon and Wileston; in Manitoba: Kelvin Street (Winnipeg), in Ontario, Oshawa and Port McNicoll; in Quebec: Upper Town (Quebec), and in New Brunswick: Campbellton, Moncton and West St. John.

The sub-agencies mentioned below have been made independent branches: Abolton, Chamby, Clarenceville, Dunham, Itherville, Lacelle, Roston Falls, Stanbridge East and Upper Town (Sherbrooke), all in the Province of Quebec.

The branches at Stewart, B. C., Black Lake, Que., and St. Elizabeth, Que., have been closed and the business of the branch at 357 Main Street South, Winnipeg, has been transferred to the main office in Winnipeg. The business of the sub-agencies at Naramata, B. C., Beloit Station, Henryville, Lawrenceville, St. Philippe de La Prairie, St. Sebastian, Sweetburg and Upton, all in the Province of Quebec, has been transferred to their respective parent branches. Since the close of the year branches have been opened at St. Denis and Duluth (Montreal), Bath, N. B., and Bristol, N. B.

Due notice has been received of the intention to nominate Mr. T. Harry Webb, of Messrs. Webb, Read, Hegan, Callingham & Co., Montreal and Winnipeg, and Mr. James Marwick, C. A., of Messrs. Marwick, Mitchell, Peat & Co., Montreal, as auditors of this Bank under the provisions of sub-section 10 of section 66 of the Bank Act.

The branches and agencies of the Bank of Canada, the United States, Great Britain, Newfoundland and Mexico and the departments of the head office have undergone the usual thorough inspection during the year.

The directors wish again to express their appreciation of the efficiency and zeal shown by the officers of the bank in the performance of their duties.

ALEXANDER LAIRD, B. E. WALKER, president.
Toronto, 13th January, 1914. Z. A. LASH, vice-president.

GENERAL STATEMENT

29th November, 1913.

LIABILITIES	
Notes of the bank in circulation	\$ 15,642,923.18
Deposits not bearing interest	\$ 52,786,205.84
Deposits bearing interest, including interest accrued to date	140,015,509.40

Balance due to other banks in Canada	192,812,715.24
Balance due to banks and banking correspondents elsewhere than in Canada	633,337.12
Where then in Canada	10,071,316.73
Bills payable	9,615,787.65
Acceptances under letter of credit	1,941,544.19

Dividends unpaid	\$230,618,524.11
Dividend No. 107 and bonus, payable 1st December	2,666.48
Capital paid up	535,000.00
Reserve	18,000,000.00
Rest	12,500,000.00
Balance of profit and loss account carried forward	384,529.98
	28,884,529.98

	\$260,030,720.57
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ASSETS

Current coin and bullion	\$ 9,579,473.66
Dominion notes	20,886,182.50

Balance due by banks and banking correspondents elsewhere than in Canada	6,884,652.32
Balance due by other banks in Canada	3,106,230.00
Notes of other banks	3,106,230.00
Cheques on other banks	6,418,425.14

Call and short loans in Canada on bonds, debentures and stocks	16,431,430.44
Call and short loans elsewhere than in Canada	9,610,550.08
Dominion and provincial government securities	16,154,360.65
British, foreign and colonial public securities and Canadian municipal securities	3,434,605.06

Railway and other bonds, debentures and stocks	2,431,989.71
Deposit with the minister for the purposes of the circulation fund	18,091,224.04
	738,500.00

	\$ 97,308,316.14
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Other current loans and discounts in Canada (less rebate of interest)	136,474,874.82
Other current loans and discounts elsewhere than in Canada (less rebate of interest)	18,102,015.15
Overdue debts (estimated loss provided for)	487,554.73
Real estate (including the unpaid balance of former premises of the Eastern Townships Bank)	979,915.61
Mortgages on real estate sold by the bank	433,607.32
Bank premises	4,281,481.60
Other assets	21,411.02
Liabilities of customers under letters of credit, as per contra	1,941,544.19

	\$260,030,720.57
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B. E. WALKER, president.
Z. A. LASH, vice-president.

Before moving the adoption of the Report, the President called upon the General Manager to address the shareholders.

General Manager's Address.

We have closed our accounts for the past year and have great pleasure and satisfaction in presenting you with statement of the results of the Bank's business, which you will realize is the best record in its history, and should be a source of gratification to the shareholders and those actively engaged in its administration.

There was enough difficulty and perplexity in the general financial situation at the close of 1913 to make us apprehensive at the beginning of the past year. Canadians had some reason to hope for an early return to normal conditions, but were doomed to disappointment, and the consequences of the unfavorable influences then evident, and the aggravation of some of their worst features, have made the history of 1913 memorable in the annals of international trade. While the year has been full of anxiety and much actual grief, there is cause for congratulation that, notwithstanding the long-deferred arrival of peace in continental Europe, the uncertainty as to how the adjustment of immense war

valuation of our assets, making liberal allowance for depreciation in securities and providing for all bad and doubtful debts, you will be pleased to know that the Directors remembered the staff, of whose faithful and zealous efforts our success is largely due. Before closing the books a substantial sum was set aside out of the year's earnings and distributed as a bonus, leaving the declared net profit of \$2,992,951.10, being 10.88 per cent on the Capital and Rest combined.

The permanent funds, totaling \$1,500,000, including the usual dividend at the rate of 10 per cent per annum, and extra bonus dividend of 2 per cent for the year, and we have reason to hope that we shall maintain this rate until the Rest equals the Capital, and thereafter make the permanent funds 10 per cent with whatever advantage may come with extra good fortune.

In our last report the urgent necessity for providing for depreciation of the Head Office and Toronto Branch premises was referred to; and arrangements have since had to be made for the reconstruction of the Bank outside the present building. We are now pleased to say that we have purchased a new building, adjoining, and will proceed to consider plans, although we do not expect to make much progress towards erecting or reconstructing the building for three or four years. We have acquired property in Windsor, Ont., where a suitable office building will be erected during the course of the year. We are also engaged in planning the erection of an adequate building in the City of Quebec. In both these places it was absolutely necessary to provide for our growing business. Bank Premises now stand at \$4,281,481.60, and in this connection we would direct your attention to the statement under Real Estate. This includes the acquisition of the Eastern Townships Bank, which will be disposed of in due course of considerably more than the book value. With this sale and the sum from time to time written off Bank Premises we should be able to keep this account with in reasonable bounds and still show our approximately 50 per cent of their value.

The enrolled members of the staff now number 3,540, an addition of 54; during the year. In accordance with our usual practice the Pension Fund, which includes provision for the widows, orphans and other dependents of deceased employees, we have had \$429,923 circulation in the Pension Fund. It will interest you to know that the Pension Fund now stands at the magnificent sum of over \$2,000,000. This of course, includes the contributions of the members of the staff themselves. This large amount has been placed in the hands of a Board of Trustees, and the administration for the benefit of those who have given long and faithful service to the Bank. We are pleased to record the fact that the Pension Fund is earning at the rate of about 6.14 per cent per annum. The importance of making every reasonable effort to create a loyal and efficient staff cannot be too strongly emphasized, and your generous aid in the direction of strengthening the ties which bind its members, persons of high character and service, is creditable to our institution. The fund has been actually examined from time to time and we believe that it is on a sound basis. We hope in the near future, with the accretions from well-invested funds, to increase the maximum pension to \$1,941,544.19.

You will notice that after paying dividends, making appropriation for Bank Premises and Pension Fund, we transferred to the Rest Account the \$384,529.98 and carried forward a balance of \$384,529.98 to profit and loss account. We reported \$16,422,884 note circulation in November, 1913, and reached a maximum of 16,548,225 in November, 1913. The lowest point, \$12,822,000, occurred in May last. The steady movement of the crops relieved the pressure, but we took advantage of the emergency provisions of the Bank Act, and at the date of our statement we had \$429,923 circulation outstanding in excess of our paid-up capital. Our deposits show a decrease of \$4,803,746, but this is accounted for by the adjustment of several large amounts which were held in special accounts, and the withdrawal of Provincial Government funds. The ordinary deposits show an increase. Current Loans and Discounts were \$154,576,889 and Call and Short Loans \$25,764,910, compared with \$163,753,559 and \$21,735,049 in our last report. The total Current Loans were \$180,341,800, a decrease of \$1,194,808 for the year. We show an increase of \$9,595,701 in Government and other securities and \$2,680,690 in Cash.

We think it advisable to give you an assurance that in the midst of the trouble and distress that have enveloped the world, and the extraordinary exertions exercised in handling a difficult problem. Our Manager enjoys our full confidence and he has shown unusual ability and judgment under these trying circumstances. We deemed it prudent to restrict the opening of new accounts, and carrying out in some measure of a programme we had planned early in the year; and we consequently confined ourselves to districts where we had no representation, except in some cases where we opened for the protection of other branches. The geographical distribution of branches and agencies as at 30th November, 1913 was as follows:

Alberta 54
British Columbia 23
Manitoba 25
New Brunswick 13
Nova Scotia 13
Ontario 82
Prince Edward Island 8
Quebec 57
Saskatchewan 57
Yukon 2

Total in Canada 366

Newfoundland 1
London, England 1
United States 1
Mexico 1

Total number of branches . . . 373

The number of the Bank's shareholders is now 6,026 as against 5,658 a year ago, an increase of 370. The following table indicates how widely our shareholders are scattered not only in Canada but abroad.

Number of share- holders. Amount held.

Ontario 1,468 3,047,350
Quebec 1,162 3,041,900
Maritime Provinces. 758 1,571,500

as compared with \$95,804, the revised figures for 1912. The total for 1913 is made up as follows: British, 155,873, United States, 115,905, all other countries 145,921. These figures are again eloquent in explaining the conditions of our foreign trade, the total of which for the year ending March, 1913, passed the billion mark for the first time, being \$1,085,175,000. The imports were valued at \$691,943,000, and the exports at \$393,232,000, showing the largest excess of imports we have ever had, namely \$298,711,000. In the six months of the current fiscal year ending September, the complete figures for which have been published in Canada, we could have lessened the deficit represented by the securities we have sold to pay for the difference between imports and exports, we have burdened ourselves for a long time to come. Of course while workmen are busily engaged in other things, as they have been in Canada, it may be said that they are not available for work in iron and steel, but as soon as railroad and other building lessens in volume, not in the aggregate but in proportion to other industries, we may hope that we shall be able to make in Canada the larger part of the iron and steel goods now imported. The increased output of our coal and iron mines, of our blast furnaces, and of our manufacturing, which would result, would be of inestimable value to the country as a whole.

It was evident to any student of the situation a year ago that Canada, and other borrowing countries, would be put to a severe test during 1913. What we were not prepared for was that this country should be singled out as the chief borrower, chief among the sinners of this kind. It is well, however, to remember that when money becomes scarce in the great world, it is the world, the chief borrower is always told that he has obtained too large a share and that he must stop borrowing for the time being.

Scarcely a day has passed since Canada has become the chief borrower, or practically so, and somewhat resented being held responsible for a situation created by the squandering of the requirements of all the active mercantile nations of the world. However, we have had our warning and shall doubtless be wiser in the future.

The fact remains that under all this pressure England has taken more of our securities this year than ever before. She has patiently remembered that we are obliged to finish the many public and important enterprises, public, semi-public and private, which had been undertaken before the financial clouds began to gather over the world. The investor in preference to loans for the rehabilitation of foreign countries (devastated by war, or in process of reconstruction) has turned to new ventures we need not doubt, and out of the vast sum available each year in the markets of Europe for new investments, Canada has been able to obtain a generous share. We shall have to face a keener analysis of the nature of the security offered and the necessity of paying higher rates to the investor, and we shall do well to abstain during the next year or so from seeking to market any unnecessary securities, in order that we may do what we can to restore the balance between the investment resources of the world and the securities offered for sale. It is pleasing, in this connection, to note that the higher rates of interest offered have opened the markets of the United States to our securities to an extent quite unusual in the past.

Now that we have come to a slight pause in the growth of North America, it is well to bear in mind some of the more important things accomplished during this period of expansion. In Canada, in addition to growth in many other directions, we have in sight the completion of two new transcontinental railways, and while the system has successfully established its claim to rank as one of the foremost railway systems of the world, the Panama Canal is practically finished; a tariff adjustment, the mere thought of which would have caused a few years ago, has been taken place, leaving the outlook in this respect a certainty instead of an uncertainty; a currency and banking bill, for which the country has been waiting for twenty years, has been passed, and a more reasonable attitude has been adopted towards the question of railroad rate adjustment. These are all events of the greatest importance which must profoundly affect the future of the countries and so far as Canada is concerned we may surely feel that we are now entering upon a new and more important phase of industrial life for which our equipment is more adequate than ever before. No more positive evidence of the need and value of such equipment could be offered than the ease with which this year's crop was harvested, moved and warehoused. This has been done in a manner which would have seemed impossible only a few years ago, and the value of the smoothness and rapidity with which the work was handled can scarcely be estimated.

In connection with the opening of the Panama Canal, there will be held at San Francisco in 1915 the Panama-Pacific International Exposition, for the purpose of impressing upon the world the vast change in its commerce likely to accrue from this new waterway. It is peculiarly gratifying to know that in this exposition Canada will take a very prominent place. It is proposed to erect a building covering 55,000 square feet, considerably larger than the Canadian building in any previous exposition, and in this space the natural products of our country in agriculture, horticulture, minerals, forestry, fish, game, etc., will be quickly displayed. We understand that it is the intention of the government to make this one of the best exhibitions that has ever been placed

before the public in the interests of this country.

We turn to the Clearing House returns with unusual interest at such a time as the present. There are now twenty-two Clearing Houses in Canada, but leaving out two with records for part of the year only, we compare the figures of the twenty in operation a year ago, we find that there have been ten increases and ten decreases during the year, as compared with increases in every Clearing House the previous year. The increase in the total is 1.37 per cent, as against 23.74 per cent a year ago. Increases appear in the figures of seven eastern and three western cities and decreases in those of eight western and two eastern cities. After the phenomenal increases in 1912 we may be glad that we have held our own in 1913. Montreal, Toronto and Winnipeg, three cities which account for 72 per cent of the total, all show increases.

The building permits of the four chief cities were as follows:

Montreal—1911, 1912, 1913	\$14,580,000, 1912, 1913, 1914
Toronto—1911, 1912, 1913	\$27,032,000, 1912, 1913, 1914
Winnipeg—1911, 1912, 1913	\$27,401,000, 1912, 1913, 1914
Vancouver—1911, 1912, 1913	\$27,401,000, 1912, 1913, 1914
Winnipeg—1911, 1912, 1913	\$27,401,000, 1912, 1913, 1914
Vancouver—1911, 1912, 1913	\$27,401,000, 1912, 1913, 1914

We have made the comparisons for three years in view of the contraction which has begun in some cities. Toronto has just kept even and the decline in Winnipeg is trifling. The marked contraction is in Vancouver, and this, no doubt, represents conditions in many other western cities. In Montreal, however, there is a marked increase in value, although the number of permits is practically the same. The figures for Montreal alone exclude large suburbs, the building in which last year is said to approximate \$10,000,000 in value.

The comments of our Canadian, United States and English officers upon the trade and financial situation are so clearly set forth that I hesitate to repeat in any form their remarks. It is well, however, at such a difficult time to sum up the case as concisely as possible. The world has two problems before it: (1) How to render available a supply of money sufficient for the carrying out of such physical betterments as must be financed by the sale of securities? (2) How to enlarge the credit facilities of the world for those shorter term transactions which consist of the manufacturing and distributing of finished goods? The first problem can only be comfortably solved if there is sufficient money saved—that is, profits withdrawn from active use in business, or income not expended by the owners, etc.—to provide for the necessary borrowings of those who are expending money on permanent improvements. For some years the world has been more extravagant than in any period known to history since Rome's times, and this extravagance has been accompanied by a rise in prices which has made it very hard for those who are not extravagant, and who are the most regular in saving money to ordinary times to put the usual margin against life's contingencies. When securities cannot readily be sold because of a shortage in these savings, the money necessary for the short term transactions above referred to is not so abundant, but the strain produced by this cannot continue indefinitely, and such permanent improvements must lessen in volume until savings catch up and the equilibrium has been restored. The situation during the past year, however, has been aggravated by many other factors in such a manner that notably in Canada, where large sums are being expended on permanent improvements, there is a relatively small number of those who have savings to lend, and the wants of all the borrowers in all such countries have exerted upon the lending countries of the world a combined

pressure greater than ever before known.

On the other hand, the extravagance of individuals represented by motor cars, palatial houses, yachts, etc., beyond the capacity of their incomes, have been added colossal expenditures in war and on armaments for many purposes which are useless from the industrial point of view. Armaments are necessary as part of the police system of the world, but the money sunk in their creation is none the less a sad burden to the industrial world. We have thus come to a time when, coinciding, as they do, with the hoarding of money by timid owners consequent upon the Balkan and Mexican troubles, the unusual requirements coming from an almost world-wide prosperity cannot be fully met. All business activities, therefore, regulating the number of directors of the bank were passed, and Mr. T. Harry Webb, C. A., of Messrs. Webb, Read, Hegan & Callingham, Montreal and Winnipeg, and Mr. James Marwick, C. A., of Messrs. Marwick, Mitchell, Peat & Co., Montreal, were appointed auditors of the bank, their remuneration not to exceed the sum of \$15,000 for the year. The usual resolutions expressing the thanks of the shareholders to the Board of Directors and also to the staff of the bank were unanimously carried. Upon motion the meeting proceeded to elect directors for the coming year and then adjourned.

The scrutineers subsequently announced the following gentlemen to be elected as Directors for the coming year: Sir Edmund Walker, C. V. O., LL. D., D. C. L., Hon. George A. Cox, John Harkin, K. C., LL. D., W. F. L. L., D. A. Kingman, Hon. Sir Lyman Melvin Jones, Hon. W. C. Edwards, Z. A. Lash, K. C., LL. D., E. R. Woods, Sir John M. Gibson, K. C. M. R. C., LL. D., D. C. L., Hon. George W. Allan, J. Fuller, F. P. Jones.

At a meeting of the newly elected Board of Directors held subsequently, Sir Edmund Walker, C. V. O., LL. D., D. C. L., was elected President, and Mr. Z. A. Lash, K. C., LL. D., Vice President.

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At a meeting of the newly elected Board of Directors held subsequently, Sir Edmund Walker, C. V. O., LL. D., D. C. L., was elected President, and Mr. Z. A. Lash, K. C., LL. D., Vice President.

The first problem can only be comfortably solved if there is sufficient money saved—that is, profits withdrawn from active use in business, or income not expended by the owners, etc.—to provide for the necessary borrowings of those who are expending money on permanent improvements. For some years the world has been more extravagant than in any period known to history since Rome's times, and this extravagance has been accompanied by a rise in prices which has made it very hard for those who are not extravagant, and who are the most regular in saving money to ordinary times to put the usual margin against life's contingencies. When securities cannot readily be sold because of a shortage in these savings, the money necessary for the short term transactions above referred to is not so abundant, but the strain produced by this cannot continue indefinitely, and such permanent improvements must lessen in volume until savings catch up and the equilibrium has been restored. The situation during the past year, however, has been aggravated by many other factors in such a manner that notably in Canada, where large sums are being expended on permanent improvements, there is a relatively small number of those who have savings to lend, and the wants of all the borrowers in all such countries have exerted upon the lending countries of the world a combined

pressure greater than ever before known.

On the other hand, the extravagance of individuals represented by motor cars, palatial houses, yachts, etc., beyond the capacity of their incomes, have been added colossal expenditures in war and on armaments for many purposes which are useless from the industrial point of view. Armaments are necessary as part of the police system of the world, but the money sunk in their creation is none the less a sad burden to the industrial world. We have thus come to a time when, coinciding, as they do, with the hoarding of money by timid owners consequent upon the Balkan and Mexican troubles, the unusual requirements coming from an almost world-wide prosperity cannot be fully met. All business activities, therefore, regulating the number of directors of the bank were passed, and Mr. T. Harry Webb, C. A., of Messrs. Webb, Read, Hegan & Callingham, Montreal and Winnipeg, and Mr. James Marwick, C. A., of Messrs. Marwick, Mitchell, Peat & Co., Montreal, were appointed auditors of the bank, their remuneration not to exceed the sum of \$15,000 for the year. The usual resolutions expressing the thanks of the shareholders to the Board of Directors and also to the staff of the bank were unanimously carried. Upon motion