

BANK MEETINGS, &C.

A comparison of the capital and the circulation of our banking institutions will be found of interest at the present time. In 1872 the banking capital of the Dominion was \$39,255,000; it is now \$58,127,000, or about nineteen millions greater. At the same time the circulation of the banks is but \$16,122,000 where in 1872 it was \$22,261,000, a decrease of about six millions. The aggregate discounts of the banks, which in 1875 were \$145,083,000, are now \$121,660,000, which is about \$30,000,000 more than they were in 1872. Deposits are now about the same as they were in the year 1874, viz., \$63,385,000.

Since the year 1875 there has been written off from the Rests of fifteen Canadian banks an aggregate of \$4,800,000; contingent funds and profit and loss accounts have added to this \$950,000, while the capital of six banks has been reduced by an aggregate of \$6,400,000, making the total reduction of capitals and reserves of banks since 1875 no less than \$12,150,000.

Having in view the low prices for Canadian bank stocks which have been quoted these many months past, betokening, as has been already remarked, a distrust of the adequacy of the sums hitherto allotted to cover bad debts, it is not to be wondered at that the annual reports of these institutions, now being submitted to the public, are looked into with more than ordinary care. The volume of banking business is necessarily on the decrease, as was shown by a reduction in the statement of all the banks during April in the amount of discounts to the extent of \$1,670,000. When it is remembered that a large proportion of the money loaned yields as low a rate of profit as six per cent. per annum, it will be conceded that a payment of from three to five per cent. to depositors for keeping their money, paying their cheques, and making them a present of stationery into the bargain, carries absurdity on the face of it. Where, in former years, ten per cent. was made on a transaction, six or seven per cent. would now be thought an ample charge. The earning powers of our banking corporations are still further reduced by the contraction of their circulation. We believe that a number of our leading bankers have repeatedly expressed their desire for a discontinuance of the system referred to, but the eagerness for business and for popularity exhibited by competitors has kept them from decisive action. Now that there is less of this boiling-over spirit of bidding for business, with but small chance of its reviving, we would urge that an agreement between bankers should be consummated whereby interest will in

future be allowed on Deposit Receipts only.

The authorities of the Bank of Toronto, after having long refused to touch the Rest of that institution for dividend-paying purposes, have now taken half of it to apply in meeting bad and doubtful debts. The appropriation for these is \$273,376, besides which \$250,000 is placed at credit of a contingent fund, which, the directors say, "makes liberal provision for accounts presenting elements of doubt or uncertainty;" the report conveying the assurance that every bad debt has been written off. The earnings of the bank have been a little larger than last year. A vigorous but unsustained attack upon the policy of the directors was made by a Toronto shareholder, who desired to know where the money had gone, why the bank had done business with silversmiths, with booksellers, with tailors, and with other trades-people who had failed. He also wanted a detailed statement of the discounts of the bank, such were his ideas of business, and dwelt upon the need of young blood in the directorate of such institutions. Upon the last point most people will agree that it is well to have young and active men upon bank boards, in addition to the retired and experienced men of affairs whose minds are more apt to dwell upon the retrospective and the theoretical. For the rest, if it be required that any particular bank shall eschew discounting for particular trades, because there are failures in those trades, the scope of its business in Canada would be wondrously reduced. The vacancy in the directorate, caused by the death of Mr. Applebe, was filled by the appointment of Mr. Covert.

After paying six per cent. dividend, management expenses, and providing for accrued interest, the Ontario Bank carried to the credit of profit and loss \$50,807, making, with last year's balance, \$72,507 to carry forward. The profits were this year about \$59,000 less than last, and \$67,000 less than those of 1877, being equal to 74 per cent. upon the capital; but the Board state that there were no such heavy sums written off for losses this year as formerly. It was possible for the directors to make the agreeable announcement that the Bank was not directly interested in any of the large failures that occurred during the year, although of course it had suffered indirectly, and might suffer still further by bad debts as well as limitations of the profits. The Rest now stands at \$100,000; circulation shows a decline of 23 per cent. as compared with a year ago, and discounts are restricted by \$600,000; overdue debts secured, which in 1878 amounted to \$72,000, are now \$169,000; and unsecured \$128,000 now, against \$89,000. Sir W. P. Howland was

re-elected President and Lieut. Col. Gzowski Vice-President.

The Federal Bank has maintained its usual dividend—seven per cent,—and after appropriating \$21,000 for bad and doubtful debts, has added \$35,000 to its Rest, which has attained the creditable figure of \$165,000. The report shows very little diminution in its circulation or deposits, and shows an increase of \$100,000 in discounts. The directors appear to look for changes in the insolvency law next session at Ottawa, which will induce further failures during the present year. They do not perceive much occasion to look for improvement in the trade of the country for some years to come. Messrs. Benj. Cronyn and Jno. Kerr were chosen directors to replace Mr. Benj. Lyman deceased, and Mr. W. Alexander, retired from the Board.

In the opinion of the authorities of the Bank of Hamilton, the business outlook is brighter, but the brightness that is dawning must, to be full or permanent, be accompanied by "shortened credit and punctuality in payment, while extravagance and overtrading," which have resulted in injury to every interest, require to be repressed. The report of this bank shows increased earnings during the year. Rest account has been increased to \$70,000, and the usual dividend paid; deposits are reduced and circulation somewhat lessened. Current discounts are smaller than last year's, but the overdue paper shows an increase. Mr. Donald McInnes and Mr. John Stuart were re-elected President and Vice-President respectively.

The action of certain stockholders of the Stadacona Bank in desiring its directors to consider the propriety of winding up its affairs is likely to bring about a special meeting of the shareholders to discuss the question. The particular reasons for winding up alleged in the petition were not given to the public, but we may presume that amongst them was that of the too great number of similar institutions and the excessive competition which exists among them. With regard to the position of the bank itself, while its specie and Dominion notes reserves are reduced from \$105,000 a year ago to \$46,000 now, it yet holds Government stock, according to the report, \$50,000, has loaned less on bank stocks and securities, and has reduced discounts some \$24,000. Its overdue bills secured appear to be \$22,000 less than last year, and those unsecured are but \$7,784 instead of \$25,613. The appropriation for bad debts is this year \$22,612, which helps to account for the reduction of the dividend; but in 1877 the same bank wrote off \$26,835 for bad and doubtful debts.