

earned, and has, in addition, a reserve fund of at least ten per cent. on its average discounts, prudence certainly demands that a dividend shall not exceed eight per cent.

2. The example of an increased dividend was set by the Bank of Commerce, which, under the presidency of the Hon. W. McMaster, in spite of frequent changes of its executive officer, has rapidly developed into one of the large institutions of the Dominion. Its capital has been increased several times, and now amounts to \$6,000,000, with a prospect of a further increase, the policy of which, in view of the plentifulness of money in the United States and Canada, and the opening of new institutions is open to question. The bank has a branch in New York, and, it is understood, has very large operations in bills of exchange both there and at all points in the Southern States from whence cotton and other products are shipped to Europe. The branches in Canada are not too numerous to admit of thorough supervision from the head office in Toronto.

3. The Ontario Bank, whose meeting has been held for the last time in Bowmanville, has decided, after long and protracted discussion, on removing its headquarters to Toronto. This is undoubtedly a wise step, considering how very largely the business of the bank has outgrown the original intention, which was, we believe, to confine operations to serving the wants of the district of which Bowmanville is the centre. With this idea the bank started some eighteen years ago, but being compelled to accept a charter with a larger capital than was intended, other outlets for business had to be looked for, first in Montreal and afterwards in Toronto, Ottawa, and other places. The bank for many years, then, has been in the position (always a most undesirable one) of having its largest operations carried on away from the head office, and of having commercial accounts in the leading cities of the Dominion supervised and controlled from one of its smaller towns. As time brought extension of business it was evident that a change must come at some period or other, the question has been whether to remove the head office to Toronto or Montreal, and finally the interest of the former has prevailed. That this is a wise step there cannot be a question for a moment. The direction and management of the bank will be brought into contact with the active monetary community, and will thus be able to exercise an intelligent control, which was simply impossible from such a centre as the bank has had. It is probable also that the

inspection department of the bank may be strengthened by this course. There has, we believe, long been an opinion that the bank was weak in this particular, doing things in the old fashioned way which was customary twenty years ago. We have ourselves seen newspaper paragraphs announcing the arrival of the President for the purpose of inspecting a branch, and stating that from thence he would proceed to another place, and naming it. Strange to say, the President *went there as announced*. It would have been a marvel indeed had he not found "all right" when the manager had notice of his coming. There is, we fancy, a remnant of this very simple style of doing business in the phrase "semi-annual" inspections employed in this year's report. If inspections are at regular periods, they can be calculated on and prepared for. Under these circumstances it is obvious that they are useless.

4. The meeting of the Royal Canadian Bank was held under circumstances that were anything but pleasant to the directors and stockholders. This bank, after commencing operations under the management of an unsuccessful servant of another institution, had a very chequered existence for about three years, and finally closed its doors in the heavy run that ensued on the publication of a most quarrelsome correspondence between its Directors. An investigation being then made by an officer of the Bank of Montreal, a large amount of bad debts was revealed, and a reduction of capital seen to be absolutely necessary should it be attempted to resuscitate the Bank. After a great deal of negotiation this was at last effected. The capital was reduced to eighty per cent. of its former amount. A new President was elected, who, though a lawyer, had had a very wide commercial experience. The Board was re-constituted, and a new Cashier appointed. A course of pruning and revision was at once entered on, and several branches closed. New arrangements were made for the foreign business of the Bank, and the stockholders, who are very numerous, rallied round the institution with heartiness and vigor. This is about three years ago. Since then, according to the published returns and statements at annual meetings, the Bank has made steady and even rapid progress. When the business of the Ontario Government, with its immense deposits, was removed from the Bank of Montreal, the Royal was one of those which was selected to have a share of the accounts. This at once gave it a prestige, and since then its deposits, circulation, and general business have constantly increased.

But for some time back it has been noticed that the Bank was a creditor in not a few of those failures that have occurred in the mercantile world, and rumors of losses at this point and the other of its branches, and at the Head Office also, disturbed the minds of stockholders and investors. The failure of one or two of its own Directors added to the uneasiness, and the general feeling was reflected in the low price of the stock.

The appointment of the President to the office of Lieutenant-Governor necessitated another appointment, and the Hon. Mr. Campbell has signalized his advent to office by very stringent measures of pruning and writing off of bad and doubtful debts. There is always, when such matters are very extended and complicated, when estates are in process of winding up, properties in course of realization, &c., a certain margin of opinion as to the ultimate result. One person who is sanguine will estimate a loss at a certain figure; another will take a more gloomy view, and make it far more. Nothing but time and the progress of events can demonstrate which is right. In the present instance it is claimed that losses will not turn out to be as much as written off. The President, doubtless, has every possible interest in writing off sufficient in order that his own administration may begin on a solid foundation.

Time will show. Meantime the stockholders may console themselves that the capital is represented to be perfectly intact, and that a small reserved fund is left to form the nucleus of a rest. But having said this, we must observe that, under any circumstances, prudence demands that a very cautious policy be pursued in future. The Bank cannot afford to be bold and to run great risks. Nothing but very sound and careful banking, both at the head office and the branches, can possibly bring about satisfactory results in future. Grasping at great profits, and ambitious reaching-out after new business, should be carefully avoided. The Bank has a large connection and a very numerous body of customers, and if the business is carefully watched and losses avoided, a good result of net profit must undoubtedly follow. We shall have to refer to other banks next week.

WESTERN ASSURANCE COMPANY.—Reserved capital stock to the amount of \$200,000, the issue of which was authorized at a meeting of shareholders held in 1872, is offered to the shareholders at par. A bonus of 5 per cent on the present capital of \$600,000 has also been announced, which will be placed to the credit