

JANUARY 14, 1910

evidences the industrial and commercial expansion that is now well under way throughout the Dominion.

The growth of the Bank of Commerce during the past ten years affords one of the most convincing indications of the country's financial and commercial development. At a glance, it has been as follows:

Year.	Paid-up Capital.	Res.	Assets.	Rate p.c. earnings on Cap.	Prop. p.c. rest to cap.	Year-end price of Stock
1899.	\$ 6,000,000	\$1,000,000	\$ 39,682,786	9.05	16.66	144
1904.	8,700,000	3,500,000	91,055,798	12.97	40.23	166
1909.	10,000,000	6,000,000	148,998,482	16.12	60.00	196

In view of the solid up-building accomplished, and the present outlook, the general manager announced to the shareholders at Tuesday's annual meeting that the directors purpose recommending during the coming year an increase of dividend from 8 per cent. to 9 per cent. per annum, with the expectation of a further increase in the not distant future. In speaking of the bank's increasing prosperity, Mr. Laird paid a hearty tribute to the services rendered the bank by its entire staff.

In older as well as in newer centres the bank's growing business has necessitated considerable building activity. During the past year its St. James St. banking-house in Montreal was completed, and Mr. H. B. Walker now directs the bank's increasing metropolitan business from a building as conveniently equipped as it is architecturally perfect.

Referring to the bank's policy in the matter of its Premises Account, the general manager stated that investments valued at \$4,824,000 are conservatively shown in the balance sheet at only \$2,000,000.

BANK OF NOVA SCOTIA.

Continuance of steady growth in strength and resources marked the course of the Bank of Nova Scotia during the twelvemonth ending December 31st, 1909. And, at the same time, the bank's profits for the year somewhat exceeded those of 1908, despite the monetary ease that ruled during the greater part of 1909. Net profits for the year, after provision for bad debts, etc., amounted to \$604,123—the balance carried forward into 1910, after allocation, being \$44,865.

As compared with a year ago, the bank's total assets of \$48,359,366 show an increase of over \$3,500,000. This practically corresponds to the gain in the item of "notes and bills discounted and current," which now stands at \$17,808,529—indicating that the Bank of Nova Scotia has played its part in the general business expansion experienced by Canada during recent months. And such is the present strength in liquid assets, that accommodation to growing commercial needs as they arise can be extended very materially by this institution. Readily available assets total \$26,121,236—or well into 70 per cent. of liabilities to the public.

The rest fund was further increased by \$100,000 during the year, and amounts now to \$5,500,000, the paid-up capital still remaining at \$3,000,000. Upon the latter sum the year's profits were 20 per cent.,

amply justifying the dividend rate of 12 per cent. which the bank pays.

In Montreal, the bank's business grows steadily in importance under the local management of Mr. W. P. Hunt. While the activities of the Bank of Nova Scotia are being gradually extended throughout Canada, they cover a foreign field as well, through organized branch systems in Newfoundland and the West Indies.

As in the preceding two years, the bank's balance sheet bears the certificate of two chartered accountants of Edinburgh; and, as last year, it may be remarked in passing that their signatures will be considered by many as superfluous, when appended to a statement signed by so competent and conservative a general manager as Mr. H. C. McLeod has proved himself to be.

EXTERNAL EXAMINATION OF BANKS.

In this our reply to Mr. McLeod's third letter, which appears on another page of to-day's CHRONICLE, we would draw attention again to the list of eleven banks that have gone out of existence in the past seven years. Six of these banks were merged, four suspended payment, and one went into liquidation. Now for the sake of argument, let us allow that the Sovereign's case was one of failure, and let us go back a little further and take the list of failures for thirteen years. There are six in the list—Ville-Marie, Yarmouth, Ontario, Sovereign, St. Jean, and Ste. Hyacinthe. An examination of these names discloses the fact that two-thirds of the failures in this period represented the passing of a type of bank which is not suited to Canadian conditions and which cannot now be created.

Mr. McLeod knows very well that small local banks of this kind find it difficult to compete with the large branch concerns. He knows, too, that the pressure of this competition has been driving them into mergers and that it has played its part in bringing them to suspension. These banks are not representative Canadian banks. They are rather a foreign type; and we scarcely think it a fair argument to cite the numbers of them that have fallen, as a criticism of Canadian banking institutions as they stand to-day or as they will be five or ten years hence. Of the 22 banks that have failed since Confederation some 15 belonged to this type. We think this fact destroys the force of the comparison which Mr. McLeod institutes between Canada and the States. We think the question as to how many of them would have failed had there been external audit of the kind suggested, one on which great variety of opinion might exist. The reference in The Gazette, of Montreal, on the 7th inst., to the case of the Law Guarantee & Trust Society of England, a concern which had a paid-up capital of £1,200,000, and the shares of which were quoted at a premium of 100 per cent., and which has now confessed to the loss of its entire capital and £200,000 besides, looks at this distance like a bad blow to the cause of external audit of banks in Canada. For the company's balance sheets were regularly audited by auditors of undoubted standing. The trouble