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BANK MEETINGS.

We have this week to chronicle the annual meetings of four more banks, two in Toronto, one in Montreal and another in Quebec.

First in importance comes that of the Bank of Commerce, now and for some time back the largest bank in Ontario, and occupying a leading position amongst the institutions of the Dominion. The capital of the bank is $6,000,000, and its Rest was increased last year to the sum of $1,900,000. The dividend at that time had also been increased to ten per cent., and an intimation was given by the directors in 1874 that there was every probability of the dividend being maintained. It is to be presumed from this that the directors considered either that the Rest was sufficient, or that the business of the bank was in such an assured position that after keeping up the dividend, additions to the Rest would still be made from time to time. Events, however, have shown that arrangements based on a continuance of a high state of prosperity are peculiarly liable to be disturbed.

The profits of last year were probably not much reduced, but after making provision for losses the net result, showed a heavy falling off from the results of previous years. In this contingency, the board very wisely reduced the dividend to eight per cent. After paying this dividend, there still remained the sum of $138,000 at the credit of Profit and Loss. A considerable portion of this, the directors observed might, in ordinary times, have been transferred to Rest, but in view of the exceptional state of trade, it was deemed advisable to allow the amount to remain at credit of Profit and Loss. This, no doubt, is the prudent course. Business has by no means settled down to a safe position yet, and it is quite possible, judging from the record so far, that the number of failures may be as great this year as last.

Though the proceedings of bank meetings are not reported here as they are in Montreal, it has transpired that very considerable fault was found by a stockholder with the reduction of the dividend. The ground of objection, we believe, was that the stockholders were led to believe when the dividend was raised that it could be maintained. On this assurance, it was contended, many had paid a high price for the stock and were now heavy losers. There was certainly force in this, though we have always believed the reduction was wise and prudent. It shows, however, the importance of not advancing a dividend on the strength of a few years' exceptional prosperity. Until the Rest of a bank is large enough to enable the dividend to be kept steady under all circumstances it is better to maintain the dividend at a moderate amount. Certainly eight per cent is a very respectable return for money, and apart from the reason for dissatisfation just referred to, we think the stockholders of the Bank of Commerce have reason to be satisfied, in these times, when a dividend of eight per cent is declared, the Rest kept intact, and a sum of $130,000 held over for contingencies.

The Union Bank, Quebec, has passed through a very trying period, and its effects are very plainly visible in the report presented to the stockholders. In order to meet the exceptionally heavy losses of the year and pay the dividend of seven per cent, the large sum of $150,000 was taken from the Rest. Even this, however, was not sufficient, for the sum of $54,000 in addition had to be taken from the current profits of the year to make the provision complete. This amount of $204,000 is more than ten per cent of the entire capital, and the fact that losses to such an amount have been incurred will give an idea of the risks incident to the business of banking. Many people seem to imagine that there are only two classes of transactions offered to a bank, viz., good and bad, and that these are so clearly defined that the exercise of ordinary common sense will enable managers to choose the one and reject the other. But the fact is that the risks of banking transactions are of a most diversified character, ranging by imperceptible gradations all the way from clearly bad and undesirable to absolutely undoubted. Of the latter it is probable that not more than twenty per cent are to be got by any banker. All the rest have more or less of risk attaching to them, and the skill of the professional banker finds its scope in the selection from the masses of risks, of all shades and varieties, of such as will come out with the least average of loss. It is to be borne in mind, too, that banking risks are continually changing in quality. Every bank has thousands of people indebted to it, and the circumstances of these are never the same from one month to another. The most incessant and careful watchfulness is required to note who amongst these have failed, are being sued, or are falling into difficulty, and to keep the total as free as possible from elements of irregularity. In this matter lies the point of large or small losses, the difference between one management and another, and the ultimate result of prosperity or failure. We noticed last week how very easily pleased stockholders sometimes are, and we have a fresh instance of it in the case of the meeting of the Union Bank. The local paper which reports the meeting at which this exhibit of losses was made, and the heavy reduction of the Rest, speaks of it as "a remarkably favourable one," and that the shareholders have expressed themselves "as much surprised as pleased with it." In view of the dissatisfaction expressed at the meeting of the Bank of Commerce, the directors of the Union Bank may perhaps be congratulated on having such a complaisant body of stockholders to deal with. It is not well for the public, however, when stockholders are so very good natured.

The report of the Exchange Bank, of Montreal, presented the same features as most of the others. A good year's business was done, and a net profit of 12 per cent. earned. But the losses of the year were far heavier than usual, amounting to nearly $50,000, reducing the net earnings to seven and a half per cent., not ten, as was stated by the President. Under these circumstances, we think it was injudicious, in a high degree, to increase the dividend for the second half year, especially when such a small Rest as $75,000 had been accumulated, and we should scarcely have expected it from such a body of gentlemen as compose the Board of the bank. It takes a very long course of prosperous business to build up a proper Rest, and every opportunity should be taken of adding to it. No