

# The Chronicle

## Banking, Insurance and Finance

ESTABLISHED 1881. PUBLISHED EVERY FRIDAY.

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 GUARDIAN BUILDING, MONTREAL.

Annual Subscription, \$2.00. Single Copy, 10 cents.

MONTREAL, FRIDAY, JUNE 21, 1907.

### SAN FRANCISCO'S BANKS.

In view of the wide-spread attention now being given to the financial affairs of San Francisco it will be worth while to review some of the interesting changes which recent reports of the Comptroller of the Currency show as having taken place in the condition of the city's national banks.

Going first into the matter of earnings, the Comptroller's last report covers the two half years, Sept 1, 1905—March 1, 1906; and March 1—Sept 1, 1906. As the first period covers the six months immediately preceding the earthquake, and as the second covers approximately the six months following that event, a comparison of the results should give a fairly accurate idea of how the operations of the banks were affected.

SAN FRANCISCO NATIONAL BANKS.		
	Half-year to 1st March, '06.	Half-year to 1st Sept., '06.
Number of Banks.	10	10
Capital stock	\$12,000,000	\$12,500,000
Surplus	6,926,000	7,042,072
Capital and surplus	18,926,000	19,542,072
Gross earnings	1,444,810	1,526,751
Losses and premiums	155,117	249,276
Expenses and taxes	457,833	496,150
Net earnings	831,859	781,324
Dividends	250,000	435,000
% Net earnings to cap. & surp.	4.40	4.00
% Dividends " " "	1.32	2.23
% " " to capital	2.08	3.48

The first noteworthy feature is the increase in the second half, of a little over eighty thousand dollars in the gross earnings. Several circumstances probably contributed to this result. In the period from March to September, a number of the Pacific Coast industries have their most active season, and banking profits naturally are increased thereby. Then, though a diminution was to be expected in the borrowings of many of their customers whose places of business were destroyed, the banks would, of course, be called on to lend as usual to a great many others. And the conditions resulting from the catastrophe would give rise to numerous special transactions carrying good profits. Many special loans would be wanted, and transfers of funds and operations in exchange would be more plentiful.

For the increase of not far from \$100,000 in "losses and premiums" an explanation readily offers itself. A number of the borrowing customers must have been pushed into insolvency by the losses they suffered. It is easy to understand, also, how that there should have been an increase in expenses because of the necessity for extra guards and of replacing stationery and equipment. The decrease of \$50,000 in net has more significance when it is remembered that besides the \$600,000 increase in capital and surplus, the banks had at their disposal a large addition to their deposits in the shape of the insurance payments.

The singular increase of 40 per cent. in the amount of dividends paid is probably owing to special action by one or two banks.

The current news coming from the coast indicates that San Francisco is passing through something of a financial crisis. The crisis is said to be chiefly due to the exhaustion of the fire insurance balances. Most of them have been drawn from the banks and used, either for re-construction or for current expenses. The course of this crisis can be fairly well traced by comparing the position of the San Francisco national banks as at 12th November, 1906, and 22nd March, 1907. The figures show that the withdrawal of deposits forced the banks to curtail their loans and discounts at the very time when an expansion was urgently needed. Only the chief items and those showing important changes are given.

	12 Nov., 1906.	22 Mar., 1907.
Number of banks	10	11
Assets.		
Loans and discounts	\$66,847,150	\$63,081,199
U. S. bonds for circulation	11,550,000	12,400,000
U. S. bonds for deposits	5,510,000	6,050,000
Other bonds for U. S. deposits	230,409	503,551
U. S. bonds on hand	301,100	1,301,100
Securities, judgments, etc.	6,860,953	6,795,086
Other R. E. and mortgages owned	Nil	746,919
Due from other national banks	4,507,897	4,514,252
Due from State and private banks	9,171,819	6,964,665
Due from approved res. agents	8,388,080	6,649,365
Checks and cash items	338,948	182,826
Exchange for clearings	2,647,841	1,649,801
Specie	10,584,782	10,020,366
Total Assets	129,436,333	123,672,555
Liabilities.		
Capital	\$12,500,000	12,800,000
Surplus	7,042,072	7,227,072
National bank notes out	11,468,807	12,324,145
Due to other national banks	12,143,031	11,750,693
Due to State and private banks	14,206,698	12,881,729
Due to Trust Co's and sav. banks	7,809,421	6,793,393
Individual deposits	55,101,795	48,984,636
U. S. deposits	5,768,551	6,522,927
Other liabilities		650,190

The loss of bank and trust company deposits amounted to \$2,700,000; of individual deposits over \$6,100,000. Partly offsetting this drain, were the increases of \$500,000 in stockholders' funds, of \$800,000 in note circulation of \$1,000,000 in U. S. deposits and of \$650,000 in other liabilities.

Turning to the assets, the appearance in the later return of \$746,919 "real estate and mortgages," is due evidently to bad debts following the earthquake.