

dividends and return of the stock's par value in a liquidation. Preferred stock does not have any voting rights attached to them.

PRICE-EARNING RATIO

The market price per share divided by the earnings per share. It must be evaluated in relation to the P/E ratio of other companies in the same industry. A higher than normal P/E ratio indicates either the stock is over-valued by the market or the earnings of the company are expected to rise sharply over the near future or the management, and other factors, are superior.

QUICK ASSETS RATIO

Ratio of current assets less inventories to current liabilities. It shows for every dollar of current liability, the amount of assets that can be used as working capital.

**RETURN ON ASSETS
(ROA)**

Balance of revenue after taxes related to average total assets expressed as a percentage. Along with return on equity (ROE), it is one of the two standard measures of profitability and efficiency for the banking industry. It can be used as a basis for intra-industry performance comparison.

**RETURN ON EQUITY
(ROE)**

Balance of revenue after taxes related to shareholders' equity expressed as a percentage. Along with return on assets (ROA), it is one of the two standard measures of profitability and efficiency for the banking industry. It can be used as a basis for inter-industry performance comparison.

**SHAREHOLDERS'
EQUITY**

Ownership interest of common and preferred stockholders in a company. On the balance sheet, it is the difference between the assets and liabilities of a bank.

SOVEREIGN RISK LOAN

Loans to a sovereign state. Historically, defaults on such loans are virtually unknown.

SPREAD

The difference between two types of interest rates. Typically, it refers to the difference between the cost of funds to the banks (i.e. deposit rate) and the price of loans to the borrower (i.e. loan rate).

STATUTORY TAX RATE

The current federal statutory tax rate applied to chartered banks is 48.3 per cent. Incorporating provincial statutory tax rates which vary from province to province, the overall statutory tax rate applied to banks ranges from 48.3 per cent to 51.0 per cent.