

REPORT OF BANK OF NOVA SCOTIA.

The 60th annual official Report of the Bank of Nova Scotia repeats the record of other successful years. Indeed, since the bank was founded, in 1832, it has gone on steadily advancing in the extent of its business, in financial strength, and profit-earning capacity. In 1899 we drew attention to the exceptionally favourable position in which the Bank of Nova Scotia stood, as regards its doubtful notes and bills; those, that is, classified as overdue. In the 1898 report, these were stated to be \$4,780; in the report for 1900, they stand as \$1,825. The reduction of \$2,955 out of \$4,789 in two years speaks highly for the tact, good management and perseverance by which so large a proportion of these unsatisfactory assets have been collected or wiped out. They now stand as only a small fraction of one-half per cent. of the bills under discount. During the past year, the paid-up capital has been increased from \$1,700,000 to \$1,860,000. The net profits for 1900 amounted to \$315,928, as compared with \$301,032 in previous year; the increase of earnings being \$14,896. It is not, however, possible from the data before us to ascertain what percentage the net profits bear to the capital actually paid-up, as it was not all available for the entire year, nor from any date given in the statement.

The net profits were 17 per cent. on the enlarged capital for the whole year. The earning power of the Bank of Nova Scotia is exceptionally great, owing, in a large measure, to its reserve fund being larger than the paid-up capital. The bank, in fact, is in a similar position to that of a successful trader, who has laid up a fortune sufficient for his comfortable maintenance when retired from business. Were the bank to earn nothing beyond enough to pay expenses of management it could pay a five per cent. annual dividend out of the returns from its Reserve Fund. It is evident from the bank having laid aside profits to the extent of 130 per cent. of the paid-up capital, that the shares are held by an unusually well-to-do body of stockholders, who prefer their investment to be annually increased in value, rather than to have their annual incomes increased by all the net profits being distributed.

As compared with last year, the bank has increased its deposits, payable after notice, from \$9,213,963 to \$10,523,959; and those at call from \$4,336,390 to \$5,282,675, a gross increase of \$2,206,281. The larger part of this sum was utilized for discounts. The whole statement is such an exhibit as is rarely seen in connection with banking, and reflects not only the highest credit upon the management, but upon the Province in which the Bank of Nova Scotia has so long flourished. The branch in this city, under Mr. Pitblado's management, has acquired a considerable business.

UNDERWRITING STOCKS IN BRICK BUILDINGS.

When any general condition exists, the courses of which are obscure, a condition which is not rationally attributable to one cause, it becomes necessary for those who are anxious to have the phenomenon explained to enter upon a close investigation of all the circumstances out of the combination of which such a general condition may have arisen. Generalizing is, in many cases, very unsatisfactory; the Scotch saying, "Condescend to particulars," is often the solvent of puzzling problems. The underwriting of fire risks, has, for some time past, been generally in an unsatisfactory condition. To attribute this to some general cause is impossible to be done with any satisfaction. It is something analogous to a high death rate prevailing in a city. It is mere waste of words to speak of this as caused by unsanitary conditions, which is tautological, it is as sensible as saying a thing is wet because it is soaked with water. What is wanted in such a case is the exact defect exposing, its locality, pointing out, these being known practical remedies can be applied.

The New York "Bulletin" reports the views of the manager of a prominent fire insurance company which seem to follow the line we regard as necessary to discover to what causes must be attributed the generally unsatisfactory condition of fire insurance business. He has traced one element of mischief to its source. Others must be also tracked, and, one by one, the remedy for each must be found. The manager in question says:—"Even those who question the practical value of classification of fire insurance risks are agreed that the larger the class, the more nearly accurate the conclusions derivable from a classification table. Therefore, if we have a very large class of risks, which, over a considerable period has shown no profit, or absolute loss, to a large number of prominent companies, it is a fair inference that rates on that class are inadequate, and, that it is one which should receive the attention of those who wish to improve the condition of the business. A class which has shown the unsatisfactory results described is stocks and merchandise in brick buildings. In all probability this class constitutes from 15 to 25 per cent. of the total business of all companies, and, it is safe to say, that during the past five years (some of them good ones), the company which has made money on its United States business by insuring stocks in brick buildings is a rare exception. The classification tables of almost all the companies will show that they have not only lost, but have lost heavily on this important class. If stocks of merchandise in brick buildings could be placed upon a profitable basis that one improvement alone would, in view of the size of the mercantile stock class, go very far to change the complexion of the business of the country. The chance of improvement is an inviting one to companies, whether they choose to operate through