**Table 3.9**

Stock Price Statistics—Chartered Banks

| Bank | Book Value[1] Per Share Oct. 31/81 | Market Value per Share Oct. 31/81 | Market Value per Share June 30/82 | Premium or (Discount) to Book Value Oct. 31/81 | Premium or (Discount) to Book Value June 30/82 |
|---|---|---|---|---|---|
| Royal Bank of Canada | $28.93 | $25.25 | $19.25 | (13%) | (33%) |
| Commerce Canadian Imperial Bank | 43.58 | 27.50 | 18.00 | (37%) | (59%) |
| Bank of Montreal | 31.53 | 23.50 | 17.50 | (25%) | (44%) |
| Bank of Nova Scotia | 32.32 | 24.75 | 20.38 | (23%) | (37%) |
| Toronto-Dominion Bank | 36.07 | 29.38 | 22.50 | (19%) | (38%) |
| National Bank of Canada | 17.36 | 6.25 | 4.75 | (64%) | (72%) |
| Mercantile Bank | 18.48 | 15.13 | 9.50 | (18%) | (49%) |
| Bank of British Columbia | 23.35 | 23.00 | 11.87 | ( 1%) | (49%) |
| Continental Bank | 15.71 | 7.50 | 6.75 | (52%) | (57%) |
| Canadian Commercial and Industrial Bank | 19.53 | N/A | N/A | N/A | N/A |
| Northland Bank | 16.98 | 14.25 | 9.12 | (16%) | (46%) |

[1] Shareholders' equity attributable to common shareholders, plus the full amount of accumulated appropriations for losses, divided by the number of equivalent fully paid shares outstanding at fiscal year-end.

Source: Brief Submitted by Canadian Bankers' Association, updated.

N/A: Not applicable.

In the brief submitted by Burns, Fry Limited, it was stated that: "The average bank share generated an average annual total rate of return of only 11 per cent over the last 10 years, which is slightly less than the rate of return achieved by the average Toronto Stock Exchange stock. Bank shares generated a real rate of return of 2 per cent pre-tax and a moderately negative return after-tax." As outlined in Table 3.8, this analysis is based on the banks' capital appreciation over the 10 year period, plus its dividend yield, for a total annual rate of return less the average inflation rate, to give a pre-tax real return for the common shareholder. The Burns, Fry report also states, as a matter of interest, that, during this period, a short-term, low risk, liquid bank certificate of deposit generated an 9.8 per cent annual rate of return.

In concluding on this issue, Wood Gundy states that: "We do not believe it would be prudent to assume the banking industry can continue to raise large amounts of capital year after year." However, the Committee feels that the banks should take advantage of capital markets as they improve and are receptive to new issues.

## 3.9 DEPOSIT INSURANCE

The Canada Deposit Insurance Corporation (CDIC) was established in 1967 to protect the safety of the public's deposits held by chartered banks. The coverage per individual depositor[1] per financial institution is kept to a maximum of $20,000. All demand deposits, and deposits with a maturity of five years and under, qualify as insurable deposits. The premium cost is 1/30 per cent of all insured deposits and is borne by the insured institutions. The premium can be reduced modestly, based on a five year deposit growth experience.