

CANADIAN BANKING PROFITS.

On the 7th September THE CHRONICLE published a statement showing the earnings of the Canadian banks for 1905-6, and how those earnings were disposed of. Thirty banks were included, being all the banks that had then completed a full year's existence except two, the Banque de St. Jean and the St. Stephens Bank. The annual reports of these two institutions do not appear in the leading newspapers, and a reference to Houston's Annual Financial Review discloses this legend in the case of both "This bank refuses to furnish a copy of its annual report." Though they are small concerns, the smallest in the list given below, in point of total assets, the absence of their figures would prevent a complete record of our banking results. Therefore it was decided to estimate their profits and include them with the others. Thanks to the monthly Government return this can be done with some measure of satisfaction. The method adopted runs as follows: Taking the Banque de St. Jean, the total assets as shown in the Government return at the end of its fiscal year 30th November, 1905, were \$810,660; the total liabilities were \$476,395. The difference between the two \$334,265, represented the book value of the stockholders' interest. Of that amount \$309,270 represented capital and rest. The balance \$24,995 must have been composed of undivided profits or balance of profit and loss. Figuring the same way, this balance of profit and loss is seen to be on the 30th November, 1906, the end of the next fiscal year, \$19,598. But the government statement also shows that for the first half-year the dividend paid was at the rate of 6 p.c. per annum, and for the second half-year, at 4 p.c. Applying these rates to the average capital for the respective half-years, the amount of the years dividend comes out at \$15,136. If that sum is deducted from the balance of profits at the beginning of the year, \$24,995, and the remainder deducted from the balance of profits at the end of the year, \$19,598, the result obtained \$9,739, should represent approximately the net profits of the year. Of course, it is impossible to credit the banks with any appropriations they may have made for depreciation, etc. The profits shown are the results *after* any appropriations that may have been made.

With the St. Stephens Bank the same line of calculation was taken. The Government return gives the "rate of last dividend declared" as 5 p.c. That rate was taken as paid during the fiscal year from 30th April, 1905, to 30th April, 1906. (By the way, the heading of that column in the Government return should be altered. As it stands a bank might have discontinued its dividends for several years and still show each month the rate of the last dividend it had paid. We are convinced that that is not what the Bank Act intended.)

Neither of the two banks concerned can properly complain of this method of computation. The object of the statement is to give a complete record of bank earnings for 1906. To do this all the available material has been used. If the figures set down opposite their names do not fully illustrate the results they achieved it would be better for them to follow the example of the other banks and publish full particulars.

In the table that follows, the earnings are the latest published. All banks are included that have been going a full year. Since the article of 7th September was published no less than 19 new results have come out, among them being the most of the important banks. In a subsequent article the totals of the figures here shown will be compared with previous years.

**BRITISH EXTENSION OF CASUALTY BUSINESS.**

The notable tendency of British insurance companies to extend their operations along casualty and liability lines was referred to last week. Some of the most important of the specific changes made are summarized as follows:

The Atlas of London has decided to undertake employers' liability, workmen's compensation, personal accident, burglary and fidelity guarantee. The Sun, in addition to the business of fire insurance, has now decided to establish a department for dealing with various classes of contingency business, such as workmen's compensation and employers' liability, personal accident, fidelity guarantee, sickness and disease, and burglary insurance. The State Fire of Liverpool is opening a general accident department, and among other classes of business will transact fidelity guarantee and plate glass insurance. The British Law Fire Insurance Company has decided to undertake burglary insurance, also insurance against employers' liability under the Workmen's Compensation Act, 1906, so far as concerns domestic servants, shop and warehouse assistants and clerks. The Phoenix has decided to extend its business from fire insurance to employers' liability, including domestic servants as well as burglary and personal accident business. The directors of the Northern Assurance Company have decided to put into operation the powers granted to the company by its Act of Parliament of 1809, to undertake insurance against accidents, liabilities and contingencies of all descriptions. The Royal of Liverpool has deposited a bill for introduction into Parliament next session, under which it is proposed to substitute for the existing deed of settlement a memorandum and articles of association, which will allow it to transact accident and liability insurance. The Law Guarantee & Trust Society has decided to extend the scope of its transactions to the following classes of insurance; employers' liability, third party risks of all kinds, motor car insurance, personal accident and sickness, plate glass, burglary, house-breaking and larceny and registered post insurance.