ATTRACTIONS OF BANK STOCKS

Some Strong Counteracting Influences to Double Liability Feature

The difficulties in organizing and establishing new banks have fortified the position of the older banks. Prices of bank stocks have been kept down by the frequent issues of new capital, which the necessities of the country's and the bank's business required. Messrs. Jaffray, Cassels and Biggar, Toronto, in a circular, state their belief that there will be a decrease of this supply and an increase in earnings shown.

Under the former law, the circulation of a bank's notes was limited to its paid-up capital, and a heavy fine was imposed for exceeding that amount of circulation, subject to permission for emergency circulation during the crop-moving period, at a cost to the bank. Under the new law, banks are permitted to issue notes against the amount deposited by them in a central reserve.

Removes the Necessity.

This new provision removes the necessity for new issues, so far as circulation is a factor. The present rates for money and the expectation that slower trade will keep rates down, are reasons for thinking that the banks will not care to increase their capital if new funds cannot earn more than money costs. As an evidence of how rapidly new capital issues have been made by the banks, the case of the Dominion Bank is of interest. Its paid-up capital in 1900 was $1,500,000, to-day it is $6,000,000. So much for the expectation that new issues will not be forced on the market.

Increased Distribution from Profits.

If, then, there is to be a decrease in the supply of bank stocks, that factor alone would tend to appreciation, but further, it has been the policy of the banks to hold back from the earnings large amounts which have been placed to the reserve fund. Now most reserve funds are at least 100 per cent. of the paid-up capital, and the policy of further additions to them is not likely to be followed. Again, many of the leading banks have built large head offices. The heavy expenditures on premises account can be said to be largely completed. To these two accounts, reserve funds and premises, large amounts of earnings have in the past been diverted. The future does not seem to call for such a diversion of profits. The shareholder should therefore look forward to an increased distribution from profits.

In this connection, the following table is of interest:—

	Last year's profits.	Rate on capital.	Price March 16th 1914.	Dividend.	Yield to holder.
Commerce	$2,992,951	19.95	$210	10+2	5.71
Montreal	2,648,402	16.56	246	10+2	4.87
Royal	2,142,100	18.53	225	12	5.33
Merchants (*) .	533,653	18.55	190	10	5.26
Imperial	1,125,971	16.58	214	12	5.6
Dominion	950,402	17.75	231½	12+2	6.
Nova Scotia ...	1,210,774	20.80	261	14	5.36
Union	750,095	15.00	144	8+1	6.25
Toronto	850,693	17.00	211	11+1	5.68
Ottawa	706,740	18.00	205	12	5.85
Hamilton	498,273	16.61	203¼	12	5.9
Standard	555,095	21.16	222½	13	5.84

*Five months.

TO RESTRICT GROUP INSURANCE.

Bills to restrict the writing of group insurance have been introduced in the New York and Maryland legislatures. The New York bill is to prohibit stock life companies from insuring any fraternal body, lodge, or mutual life association on the group plan. The bill is not likely to be opposed, as the stock companies are not looking for this class of business, which is not very attractive, and so the bill appears certain of enactment.

The Maryland bill is similar but, in addition, prohibits the issue of insurance, except industrial, to persons who have not been medically examined.

BANK OF HAMILTON

HEAD OFFICE, HAMILTON

Capital Paid up $3.000,000
Reserve and Undivided Profits 3,750,000

DIRECTORS

HON. WM. GIBSON, President.
LT.-COL. THE HON. J. S. HENDRIE, C.V.O., Vice-President.
C. A. Birge — C. C. Dalton — C. H. Newton
George Rutherford — J. Turnbull — W. A. Wood
and J. P. BELL, General Manager.

BRANCHES

ONTARIO

Ancaster	Gorrie	Moorfield	Selkirk
Atwood	Grimsby	Neustadt	Simcoe
Beamsville	Hagersville	New Hamburg	Southampton
Berlin	Hamilton	Niagara Falls	Teeswater
Blyth	" Barton St.	Niagara Falls, S.	Toronto
Brantford	" Deering	Oakville	" Queen & Spadina
" East End	" East End	Orangeville	" College & Ossington
Burlington	" North End	Owen Sound	" Yonge & Gould
Chesley	" West End	Palmerston	" Bathurst & Arthur
Delhi	Jarvis	Paris	West Toronto
Dundalk	Listowel	Port Arthur	Wingham
Dundas	Lucknow	Port Elgin	Wroxeter
Dunnville	Midland	Port Rowan	
Fordwich	Milton	Princeton	
Ft. William	Milverton	Ripley	
Georgetown	Mitchell		

MANITOBA

Bradwardine	Gladstone	Miami	Stonewall
Brandon	Hamiota	Minnedosa	Swan Lake
Carberry	Kenton	Morden	Treherne
Carman	Killarney	Pilot Mound	Winkler
Dunrea	Manitou	Roland	Winnipeg
Elm Creek	Mather	Rosebank	" Norwood
Foxwarren		Snowflake	" Princess St.

SASKATCHEWAN

Aberdeen	Caron	Loreburn	Redvers
Abernethy	Dundurn	Marquis	Rouleau
Battleford	Estevan	Melfort	Saskatoon
Belle Plaine	Francis	Moose Jaw	Tuxford
Brownlee	Grenfell	Mortlach	Tyvan
Carievale	Heward		

ALBERTA

Cayley, Champion, Granum, Nanton, Stavely, Taber, Vulcan

BRITISH COLUMBIA

Armstrong, Kamloops, Milner, Penticton, Port Hammond, Salmon Arm, Vancouver, Vancouver E., N. Vancouver, S. Vancouver (Cedar Cottage P.O.)

THE STERLING BANK OF CANADA

The success of a firm largely depends on its

BANKING SERVICE

The system of this Bank is adapted to give its customers the best service.

Head Office:

King and Bay Streets, Toronto

Toronto Branches:

Adelaide and Simcoe Streets — Broadview and Wilton Avenues
Queen St. and Jameson Ave. — Dundas and Keele Streets
College and Grace Streets — Wilton Ave. and Parliament St.
Yonge and Carlton Sts. — Church St. and Wilton Ave.