

posits is arrived at. It might amount to 2 per cent. or $2\frac{1}{2}$ per cent. It would vary in the cases of different banks according to the proportion of free balances carried. Then a certain proportion of all the expenses of operating—salaries, rent, fuel, stationery, etc.—applies to the deposit business. Although a large proportion of the annual expense belongs to the deposits no man could name the exact proportion that should be so considered. And here lies one of the difficulties in arriving at a satisfactory estimate of the profit on the deposits.

Then turning to the income accounts, suppose a bank has an average of \$10,000,000 of deposits on which the annual interest cost is \$220,000. It is desired to find the profit thereon. A difficulty is at once experienced in apportioning the amount of cash reserve and liquid assets pertaining to the deposits and the proportion pertaining to the note circulation. In a rough way it might however be assumed that against the deposits \$1,000,000 of cash—specie, legals and notes of other banks—were carried. This gives no income. Then say another million in bank balances in New York and London. Part of this might give nothing and part might give 2 p.c. or $1\frac{1}{2}$ —say a revenue of \$8,000 per year. Next \$1,500,000 of call loans in New York and Canada. The revenue from the New York loans would fluctuate. During 1910 it would be perhaps $2\frac{1}{2}$ p.c. Those in Canada might average 5 p.c. From the two combined the revenue might be \$50,000. Next there are the current loans and discounts. Some large accounts would be at 5 per cent., some $5\frac{1}{2}$, a large number of accounts, 6 per cent. Then a considerable number of small accounts at 7 p.c. and a smaller number of the same at 8 p.c. It is not likely that the average would be more than 6 p.c., and it is questionable if it would be as much as 6 p.c. Taking \$6,500,000 at 6 p.c. the result is \$390,000. Thus the total revenue is in the neighbourhood of \$448,000, the interest paid \$220,000; the difference between the two \$228,000. From this amount of \$228,000 is to be deducted the expenses of operation referred to above. They are, however, an undiscoverable quantity. But anybody who has had any actual experience with the charges book at a bank's head office will know quite well that the expenses applicable to, or chargeable against the surplus here given would be easily large enough to bring the real profit on deposits down to the figures mentioned by Mr. Wilkie.

THE BANK OF NOVA SCOTIA.

The seventy-ninth annual report of the Bank of Nova Scotia for the calendar year, 1910, is of the substantial character consistently presented by this Bank. There was during 1910, a natural advance in the Bank's business and resources, and an increase also in profits, which reached \$662,301 or

22.08 per cent. upon the paid-up capital of \$3,000,000 against \$604,123 or 20.14 per cent in 1909. A balance of \$44,865 was brought forward on this account so that the total amount available is \$707,166. Of this amount the dividend at the rate of 12 p.c. per annum absorbs but a little over 50 p.c., viz., \$360,000, an allocation of \$150,000 is made to the reserve fund, making that fund \$5,650,000 or a ratio to the present paid-up capital of no less than 188.33 p.c.; \$125,000 is again written off the Bank Premises account; \$25,000 is contributed to the Officers' Pension Fund and a donation of \$5,000 to the Campbellton relief fund makes the balance forward to the current year, \$42,166.

The subjoined table shows the leading figures of the Bank's balance sheet in comparison with those of 1909:—

	1909.	1910.
Paid-up Capital	\$ 3,000,000	\$ 3,000,000
Reserve Fund	5,500,000	5,650,000
Profits	604,123	662,301
Deposits by public	34,881,949	39,832,199
Circulation	2,842,476	2,745,453
Specie	2,169,766	3,101,817
Dominion Notes	2,830,794	2,952,910
Call Loans	9,701,021	11,376,152
Current Loans	20,428,887	22,901,308
Total Assets	48,359,366	53,506,980
Quick Assets	26,121,236	28,455,734

From this summary, it is apparent that the management of the Bank of Nova Scotia continues to be carried on upon very conservative lines. During 1910, deposits by the public increased by nearly \$5,000,000 from \$34,881,949 to \$39,832,199. On the other hand, there was an increase of about \$2,500,000 in current loans and of nearly \$1,700,000 in call loans, while the Bank's holding of specie was increased by \$1,000,000. The total assets show an advance of \$5,150,000 to \$53,506,980 and of these \$28,455,734 or nearly 64 per cent. of the liabilities to the public are quick assets. The annual statement, which is printed in full on another page, it will be observed, is again accompanied by an auditors' report made on this occasion by Messrs. Price, Waterhouse & Co., the form of whose report is interesting.

Last September the shareholders of the Bank of Nova Scotia assented to the increase of the authorized capital from \$3,000,000 to \$5,000,000, and an issue of \$1,000,000 of new stock is to be made to shareholders at the price of \$268 per share. This is payable in ten calls of 10 p.c. or \$26.80 per share commencing on August 1 next and thereafter every thirty days until the shares are paid in full. It is satisfactory that the Bank of Nova Scotia has thus put itself in line with several other banks, and by the increase of its paid-up capital is increasing its facilities for the accommodation of the public. In view of the very high ratio of the reserve to the Bank's relatively small existing paid-up capital, it is in a particularly favorable posi-