

BANKING PROFITS IN CANADA.

THE CHRONICLE to-day presents the first article of its customary series analyzing the banking results for the past year. Last year the absorption of the Quebec Bank by the Royal caused a reduction of one in the list of banks whose profits were analyzed. On the present occasion there are but eighteen banks included, as one institution, the Bank of Hamilton, is said to have changed the date of its fiscal year, and the report covering 1917 operations will not be available for some weeks. Also the Bank of British North America and the Weyburn Security Bank have not yet issued their 1917 statements.

INCREASE IN NET PROFITS.

There is a substantial increase in net profits which was to be expected, in view of the fact that the banks had at their disposal throughout 1917 average resources roundly \$270,000,000 greater than in 1916. The total of net profits shown by the eighteen banks—\$17,189,248—is \$623,297 greater than the amount earned by the whole number of twenty-one banks in 1916; and, if the 1917 earnings of the three banks not yet reported are estimated to be exactly equal to their 1916 profits, the grand total of all banks for 1917 would be \$18,260,268, which figure exceeds the 1916 total by \$1,696,317. It is also higher than the net profits of any year since 1913, and it is only about \$125,000 less than 1913.

WAR TAX ON CIRCULATION.

However, in comparing the results for 1915, 1916 and 1917 with preceding years, allowance should be made for the war tax on circulation. This amounted

to \$1,026,552 (eighteen banks) in 1917, \$1,060,846 in 1916 and \$807,067 in 1915. Thus, to compare the 1917 earnings fairly with 1913, the circulation tax at say \$1,060,000 must first be deducted. When this is done, the net results for 1917 (all banks) would come out at about \$17,200,000 as compared with \$18,382,000 in 1913—the decrease for the past year being \$1,182,000, notwithstanding the fact that the banks had \$2,045,000,000 average resources to work with in 1917, as against \$1,512,000,000 in 1913. In other words, when operating with \$933,000,000 additional funds throughout the whole year 1917 the banks made \$1,182,000 less money than in 1913.

AVERAGE EARNINGS ON RESOURCES.

Taking the eighteen banks, so far reported, their net earnings for 1917 represented 16.69 per cent. on average capital, as against 14.99 per cent. in 1916, and 14.01 per cent. in 1915. The ratio on average capital and rest (showing the real rate of return on proprietors' invested funds) also is better—8.20 per cent. in 1917, as against 7.45 per cent. in 1916, and 7.02 per cent. in 1915. Ratio of earnings to average total resources, however, continues to decline—the record being .89 per cent. in 1917; .93 per cent. in 1916; and 1.01 per cent. in 1915. This ratio has gone down steadily since 1911. If the banks had made as high a percentage on their resources in 1917 as obtained in 1911, their net earnings in the past year would have been in excess of \$26,000,000. Expenses have greatly increased, taxes have risen and much business is done for the Government and for the customers at very small rates of remuneration. The detailed statement is appended.

Banking Profits in Canada: A Comparison of 1917 and 1916.
(Compiled exclusively for The Chronicle.)

NAME	Year Ending	1917						1916					
		Profits	Per cent. on Average Capital	Per cent. on Average Capital and Rest	Per cent. on Average Resources	Dividend Paid in Fiscal Year		Profits	Per cent. on Average Capital	Per cent. on Average Capital and Rest	Per cent. on Average Total Resources	Dividend Paid in Fiscal Year	
						p.c.							p.c.
Montreal.....	Oct.	\$ 2,477,970	15.48	7.74	.63	12		\$ 2,200,471	13.75	6.88	.63	12	12
Nova Scotia.....	Dec.	1,295,316	19.93	7.00	1.06	14		1,252,039	19.26	6.77	1.13	14	14
(b) British.....	Nov.							546,346	11.23	6.93	.80	6	6
Toronto.....	Nov.	802,920	16.05	7.29	1.07	11		730,954	14.62	6.64	1.07	11	11
Molsons.....	Sept.	615,515	15.39	6.99	.99	11		582,356	14.56	6.62	1.04	11	11
Nationale.....	Apr.	417,622	20.88	10.71	1.27	8		341,003	17.05	8.98	1.22	8	8
Merchants.....	Apr.	1,120,309	16.00	8.00	1.04	10		950,714	13.58	6.79	1.05	10	10
(a) Provinciale.....	Dec.	207,483	20.75	12.20	1.09	7		187,483	18.75	11.36	1.19	7	7
Union.....	Nov.	763,464	15.27	9.09	.66	9		651,184	13.02	7.75	.69	9	9
Commerce.....	Nov.	2,637,555	17.58	9.25	.86	12		2,439,415	16.26	8.50	.95	12	12
Royal.....	Nov.	2,327,979	18.14	8.86	.78	12		2,111,307	17.86	8.60	.92	12	12
(a) Dominion.....	Dec.	1,065,062	17.71	8.19	1.07	12		947,615	15.79	7.29	1.05	12	12
(b) Hamilton.....	Nov.							442,525	14.75	7.02	.86	12	12
Standard.....	Jan.	580,230	18.86	8.11	1.03	13		563,401	18.78	8.05	1.11	13	13
Hochelaga.....	Nov.	565,433	14.14	7.34	1.04	9		546,011	13.65	7.09	1.45	9	9
Ottawa.....	Nov.	616,239	15.41	7.04	1.06	12		591,205	14.78	6.76	1.06	12	12
(a) Imperial.....	Apr.	1,117,818	15.97	7.98	1.29	12		998,960	14.26	7.14	1.26	12	12
Northern Crown	Nov.	217,059	11.15	9.63	1.16	5		128,761	7.21	5.46	.69	Nil	Nil
Home.....	May	208,608	14.59	9.73	.86	5		133,406	6.86	5.69	.89	5	5
(a) Sterling.....	Apr.	152,666	12.62	10.11	1.28	6		136,646	11.35	9.08	1.39	6	6
(b) Weyburn.....	Dec.							82,149	23.80	17.21	3.20	5+9.1	5+9.1
		\$17,189,248	16.69	8.20	.89			\$16,563,951	14.99	7.45	.93		

(a) Provinciale profits 1916, Dominion Bank profits 1917 and 1916, and Sterling Bank profits 1917 and 1916—
all less provincial taxes; and Imperial Bank profits 1917 and 1916, less auditors' fees.
(b) Bank of British North America, Bank of Hamilton and Weyburn Security Bank annual reports 1917 not published at date of writing. We understand that Bank of Hamilton has changed the date of fiscal year. Weyburn Security Bank in 1916 declared a stock bonus of 5 per cent. on subscribed capital (equal to 9.1 per cent. on paid capital) in addition to the regular 5 per cent.