

BANKING PROFITS IN CANADA.

The Chronicle presents today the first of its customary series of statistical analyses of the Canadian Banking results of the year. A decline of the number of banks included in the tabulation is once more to be noted, the Bank of Ottawa having been merged with the Bank of Nova Scotia in 1919. The 1919 reports of two other of the banks, the Hamilton and the Weyburn, are not available at the date of writing. However, it is believed that the necessary omission of those banks from the 1919 statement would not greatly affect the general results exhibited.

It will be noted that a very considerable increase in the amount of profits reported by the banks is shown, a fact which was to be expected in view of the very large increase in their resources over the year preceding. In this connection, however, it should be observed that 1919 profits are to some extent increased, and 1918 profits correspondingly depressed by the inclusion in the 1919 period of 18 months profits of the Provinciale. In regard to earnings on average total resources, the results shown are practically the same as in 1918. This figure has declined steadily and very markedly during recent years. For instance in 1908, it was as high as 1.41, and the decline in 1919 over 1918 is the smallest of the annual declines which have been registered since 1911. Whether a minimum

has been reached in this connection for the time being remains to be seen, though the known facts in regard to the banks expenses are not strongly in favour of such a conclusion. On the one hand, the banks may be now relieved of the transaction of a vast amount of the Dominion and allied Government war business, which it is well-known they have been doing for a minimum remuneration. On the other hand, expenses have greatly increased during recent years, and at present show no obvious signs of decline, taxation resulting from the war is likely to continue at a high level for some years, and the keenness of competition between the banks does not decline with their decrease in number.

It may therefore be concluded that the increases in banking dividends, which have been made during the last twelve months, are not a result of an increased earning power on total resources, but of the enormous increase in those resources, while the banks' capitals have only been enlarged to a very moderate extent. In other words, the proportion of the banks' capitals to total resources is now much less than formerly, and increased remuneration to shareholders has come about merely through the growth in bulk, so to speak, of banking business, and not through its having become more remunerative.

Further articles and statistical tables on this will appear in "The Chronicle's" three following issues.

Banking Profits in Canada: A Comparison of 1919 and 1918

(Compiled exclusively for The Chronicle.)

NAME	Year ending	1919					1918				
		Profits	Per cent. on average Capital	Per cent. on average Capital and Rest	Per cent. on average Total 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
Montreal	Oct.	\$3,314,217	17.43	8.75	.63	p.c.	\$2,562,720	16.01	8.00	.58	p.c.
Nova Scotia	Dec.	1,925,478	22.30	7.82	.93	16	1,411,925	21.72	7.63	.90	14
Toronto	Nov.	1,011,350	20.23	9.19	1.08	12	844,402	16.89	7.62	1.05	11
Molson's	Sept.	818,802	20.47	9.32	.99	11½	712,485	17.81	8.09	1.01	11
Nationale	Apr.	533,450	26.67	13.01	1.19	9	435,283	21.67	10.86	1.12	8
Merchants	Apr.	1,383,569	19.76	9.88	.88	10½	1,236,681	17.67	8.84	.96	10
Provinciale (c)	June	434,594	26.56	15.62	1.28	7 (d)	.....	.....	.....	.....	.....
Union	Nov.	932,256	16.86	10.76	.66	10	824,175	16.48	9.79	.63	9
Commerce	Nov.	3,074,893	20.49	10.25	.75	12	2,850,818	19.00	9.96	.82	12
Royal	Nov.	3,423,264	22.24	10.96	.76	12½	2,800,846	21.02	10.18	.77	12
Dominion	Dec.	1,256,054	20.92	9.66	.96	12½	1,066,498	18.11	8.36	.95	12
Hamilton (b)	Feb.	.....	.....	.....	.....	.....	571,226	19.04	9.06	.82	12
Standard	Jan.	776,310	22.18	9.76	.91	13	697,444	20.00	8.74	.88	13
Hochelaga	Nov.	611,105	15.28	7.83	1.00	9	585,188	14.88	7.72	1.13	9
Ottawa (a)	Nov.	.....	.....	.....	.....	.....	645,438	16.44	7.38	.99	12
Imperial	Apr.	1,247,516	17.82	8.91	1.17	12	1,185,067	16.93	8.46	1.25	12
Home	May	238,753	11.74	10.62	.92	5	228,963	11.76	10.11	1.09	5
Sterling	Apr.	213,632	17.53	13.08	1.27	6	186,130	15.32	12.25	1.30	6
Weyburn (b)	Dec.	.....	.....	.....	.....	.....	74,343	18.29	12.78	1.81	6
		21,195,252	19.93	9.68	0.88	..	18,958,122	18.04	8.86	.84	..

(a) Bank of Ottawa merged with Bank of Nova Scotia.

(b) Bank of Hamilton and Weyburn Security Bank, reports not available at date of writing.

(c) Banque Provinciale profits for 18 months.

(d) Dividend was raised to 8 per cent. for quarter ending June 2, 1919