

# The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881.

PUBLISHED EVERY FRIDAY.

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Annual Subscription, \$3.00. Single Copy, 10 cents.

MONTREAL, FRIDAY, FEBRUARY 16, 1917

## BANKING PROFITS IN CANADA (II).

The table published to-day, on page 173 showing the disposition of banking profits in 1916, on the whole carries the same characteristics as the 1915 exhibit. It was noted a year ago that owing to the stationary attitude of the banks' capital accounts, the premiums on new stock issues had dwindled to small figure: \$140,314 being the total as against \$1,900,000 in 1914; \$5,100,000 in 1913; and \$12,200,000 in 1912. In 1916 the item faded away to \$333, this being accounted for by an adjustment made by the Home Bank of Canada. Some improvement is promised for 1917, as the Standard Bank has issued \$500,000 new stock at 200, the premium on a considerable part of which will be dealt with in the 1917 report. With reference to the Royal Bank's issue of \$440,000 in 1916, no premium was received—the stockholders getting the new shares at par. In connection with the Royal's issue of \$911,700 to take up Quebec Bank stock, there was a substantial premium, which will be accounted for in the 1917 report.

### THE REST ACCOUNTS.

As regards the rest accounts, the 1915 table showed a net amount of \$535,561 deducted from rests—three banks transferring substantial amounts to profit and loss account and subsequently to contingent or depreciation account. In 1916 only one bank (among those so far reported) transferred money from rest; and as two others made additions to their rests, there is a net balance to the good of \$50,000. The aggregate amount written off premises and furniture is about the same as in 1915; and a very substantial improvement is seen in connection with the appropriations for depreciation. In 1915 these appropriations amounted to \$3,283,277, and in 1916 they were \$920,000—the reduction being, roundly, \$2,360,000. This permitted the banks to strengthen the balances carried forward by \$1,100,000.

### INCREASE IN CONTRIBUTIONS AND WAR TAXES.

On the other hand, there is a considerable increase in the amount of contributions to pension funds, patriotic funds, etc. This total in 1916 was \$730,877, as against \$449,766 in the preceding year. Also there is an increase shown for war tax on note circulation which in 1916 amounted to \$1,008,773, as compared with \$767,671 in 1915. This tax went

into effect on January 1st, 1915; and consequently most of the banks reporting in that year were required to pay it for only a part of the year. In 1916, the tax applied to the full year; and, also, practically all of the banks were up to or above, the normal circulation limit throughout the whole period. It should be remembered, too, that the bill-tax of 2 cents, and the additional one cent postage on letters have served to increase the expenses of the banks. This increase of expense would, however, be deducted from profits before the declaration.

### FINAL PAYMENT ON THE WAR LOAN.

On December 15 last the payments on Canada's second domestic war loan were completed. It is estimated, says the Journal of the Canadian Bankers' Association, that bonds amounting to approximately \$17,000,000 were paid up in full on October 16th, such prepayments being entitled to discount at 4 per cent. Allowing for this, the 30 per cent installment due November 15th would call for roundly \$25,000,000, and the 27½ per cent installment, due December 15th, would call for about \$23,000,000. Both of these payments were financed without involving the home money markets in stringency or disturbance.

The second loan was presumably distributed more widely than the first one. As the banks are understood to have taken none of the second loan, as against \$22,000,000 of the first loan, the presumption is that other classes of investors in the Dominion on the second occasion took that much more. American investors are credited with having taken about \$10,000,000 worth of each loan. So on that basis Canadian investors other than the chartered banks apparently took \$90,000,000 of the second loan, as compared with \$68,000,000 of the first loan. These figures point unmistakably to wider distribution. Life insurance companies, trust companies, industrial and other corporations, took large amounts, and certain of the more important municipalities invested in the war bonds considerable sums belonging to their sinking funds. Individuals everywhere—in the West as well as in the East—took lively interest in the subscriptions, and gave hearty support.

### LONDON OR NEW YORK.

(Continued from front page.)

tariff, all with a due regard to the comity of nations; sound permanent banking and currency systems, removed from legislative tinkering, must also be established, and, finally, foreign banks should be encouraged to establish branches in New York and other centres without unnecessary restrictions as to the business they may undertake.

While denying to New York any possibility of financial domination, if only for geographical and national reasons, Mr. Patterson, however, considers that after the war London and New York will find it more and more necessary to co-operate in the performance of their several functions. In this view, the Canadian banker is in agreement with English financial critics. It is a notable fact that for some months past the London financial observers have been calling attention to the necessity for close co-operation between London and New York financiers after the war, if the best results are to be achieved in reconstruction. So that possibly, in the future, it will be a case of London and New York instead of London or New York.