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BANKING PROFITS IN CANADA (III.)

To-day's table gives a broad, comprehensive view of the banking operations during the past eleven years. In previous articles it has been explained that in some years there were special items such as "recoveries" included in the net profits as shown in the lower table but not taken into the upper table. Again, absorptions and failures have affected the totals of profit and loss balances brought forward from one year into the next. The statement shows that net profits in 1915 were about \$2,500,000 less than in 1914, but the actual decrease was less than this amount—the 1915 figures of net profits do not include the results of the Bank of British North America and of the Weyburn Security Bank, which had not reported at date of writing the article. However, the averages of these two banks—capital, capital and rest, and total assets—were calculated from the monthly bank returns and are included in the totals shown for 1915. The percentages in regard to 1915 were calculated with all figures relating to these two banks excluded. But when their figures are taken in, the percentages will not be materially affected one way or the other.

SERIOUS FALLING-OFF IN NET PROFITS.

It is remarkable that notwithstanding the increase in average total resources, the falling off in net profits should be so serious. However, the reasons for the declining earnings were given in the preceding articles and it is not necessary to repeat them here. With reference to the total resources, it is to be remarked that if the average were taken for the calendar year 1915 in case of all banks, it would be somewhat higher than the amount shown in the table. Again, there ensued in the last five months of the calendar year a phenomenal increase in the assets of the banks. The aggregate rose from \$1,558,000,000 to about \$1,738,000,000 between July and December 31st. In other words, the banks are in another period of rising resources; and when that is the case the aver-

ages are considerably below the amount shown at the end of the period. This has significance in that it points to a considerable increase in the average resources controlled during the respective fiscal years for which results will be published in 1916. At the same time it looks as if by means of purchases of Government and municipal bonds, and special loans, etc., there would be, this year, somewhat better opportunities of employing the resources.

DECREASES IN RATIOS.

Even when allowance is made for the earnings of the two banks not included, it will be seen that the ordinary earnings of the banks in 1915 were smaller than in any year since 1910. Also, in the matter of percentage to average capital, average capital and rest, and average total resources, it is necessary to go back a considerable number of years to find figures so small as in 1915. Since the banks have continually added to their rests and undivided profits there should be a steady increase in the ratio of profits to average capital—this without any increase in the actual ratio of earnings on the capital invested by the proprietors. The ratio of profits to average capital and rest and to average total resources give the true reflection of the earning power of capital invested in banking. In both of these instances last year's figures were less than those of any other year appearing in the table.

A glance at the comparative amounts written off for depreciation, etc., shows how heavily the banks have cut into their profits for the purpose of bringing the book values down to a sound basis. The amount written off in 1915 exceeds the aggregate appropriations of the seven years 1906 to 1912 inclusive.

MR. DUNCAN COULSON.

The death of Mr. Duncan Coulson, president of the Bank of Toronto, on February 19th, removes not only a banker of prominence but one who constituted a most interesting link with the early days of the institution with which he was so long identified and with the upbuilding of which he had so much to do. It was so long ago as 1857—two years after its establishment—that Mr. Coulson first joined the Bank of Toronto's staff as a junior clerk. In the space of twenty years—a considerable part of which time was spent in Montreal as branch manager—Mr. Coulson had climbed to the general managership, and occupied that position for no less than 34 years, retiring only in 1911, at the age of 74, to become president.

Sir Edmund Walker, who knew Mr. Coulson nearly thirty years, describes him as probably one of the most industrious bankers we have ever had. A worthy monument of his industry, ability and fidelity is seen in the institution to which his whole business life was devoted.

The Bank of England continues its official rate of discount at 5 per cent.