

Banking Profits in Canada: A Comparison of 1918 and 1917

(Compiled exclusively for The Chronicle.)

NAME	Year Ending	1918					1917				
		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.	\$2,562,720	16.01	8.00	.58	p.c. 12	\$2,477,970	15.48	7.74	.63	p.c. 12
Nova Scotia	Dec.	1,411,925	21.72	7.63	.99	14	1,295,316	19.93	7.00	1.06	14
*British.	Nov.										
Toronto	Nov.	844,402	16.89	7.62	1.05	11	802,920	16.05	7.29	1.07	11
Molson's	Sept.	712,485	17.81	8.09	1.01	11	615,515	15.39	6.99	.99	11
Nationale	Apr.	435,283	21.67	10.86	1.12	8	417,622	20.88	10.71	1.27	8
Merchants	Apr.	1,236,681	17.67	8.84	.96	10	1,120,309	16.00	8.00	1.04	10
†Provinciale	Dec.					7	207,483	20.75	12.20	1.09	7
Union.	Nov.	824,175	16.48	9.79	.63	9	763,464	15.27	9.09	.66	9
Commerce	Nov.	2,850,318	19.00	9.96	.82	12	2,637,555	17.58	9.25	.86	12
Royal	Nov.	2,809,846	21.02	10.18	.77	12	2,327,979	18.14	8.86	.78	12
Dominion	Dec.	1,086,498	18.11	8.36	.95	12	1,065,062	17.71	8.19	1.07	12
aHamilton	Feb.										
Standard	Jan.	697,444	20.00	8.74	.88	13	580,230	18.86	8.11	1.03	13
Hochelaga	Nov.	595,188	14.88	7.72	1.13	9	565,433	14.14	7.34	1.04	9
Ottawa	Nov.	645,438	16.14	7.38	.99	12	616,239	15.41	7.04	1.06	12
Imperial	Apr.	1,185,067	16.93	8.46	1.25	12	1,117,818	15.97	7.98	1.29	12
xNorthern Crown	Nov.						217,059	11.15	9.63	1.16	5
Home.	May	228,963	11.76	10.11	1.09	5	208,608	14.59	9.73	.85	5
Sterling	Apr.	186,120	15.32	12.25	1.30	6	152,666	12.62	10.11	1.28	6
aWeyburn.	Dec.										
		18,312,553	18.04	8.86	.84		17,180,248	16.60	8.20	.89	

*Merged with Bank of Montreal.

†Provinciale Bank has changed date of meeting to April next.

aReports not issued at date of writing.

xMerged with Royal Bank.

BANKING PROFITS IN CANADA.

In presenting to-day, the first article of its customary statistical series, analyzing the Canadian banking results of the year, The Chronicle has again to note a decrease in the number of banks reporting. This year, the Bank of British North America, now merged in the Bank of Montreal, and the Northern Crown, which was absorbed by the Royal, drop out. The Provinciale has changed the date of its annual meeting to April, and its next report will cover a period of eighteen months. The Hamilton and Weyburn reports are not available at the time of writing.

The substantial increase in the total net profits reported by the banks for 1918 over those of 1917 were to be expected in view of the immensely large increases in their resources as a result of Government expenditures and borrowings. It will be noted, however, that the average earning power of the banks' total reserves, the decline of which earning power has been so marked a feature of Canadian banking history during recent years, continues on the decrease. Several causes contribute to this decline. It is well known that the banks' services to the public have been extended in many directions during recent years, while for much of the war service to the Government, and quasi-war service rendered in the last year or two, they have received only a very moderate remuneration. Furthermore, the war tax on circulation, which has been in force since 1915, has

made serious inroads on profits, general expenses have very largely increased, and the lessening of the number of banks has not increased the intensity of the competition for business between them. In fact, competition in this connection is probably keener at the present time than at any preceding period. When these factors are borne in mind, it will be found not surprising that the net profits of all the banks last year are not greatly in excess of what they were in 1913, although the banks' resources in 1918 were, of course, vastly larger than those of five years ago.

Thus it appears that the recent increases in banking dividends, have been due less to increase in earning power, on a given amount of assets, than to the large increase in resources while banking capitals have remained more or less stationary for several years. While, in the last two or three years, the banks' earnings upon their capitals only and capitals and rests combined show considerable increase, it is to be expected that any marked movement for the increase of the banks' capitals, and such a movement appears to be now under way, would result in a restriction of this increase in earning power on capital and capital and rest. Like the rest of the community, the banks are at present considerably exercised in regard to the outlook for taxation. They, with the insurance, and trust and loan companies, had to pay up direct special war taxation considerably earlier than any

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