BANKING PROFITS IN CANADA (1).

THE CHRONICLE presents in this issue the first of its customary annual series of articles reviewing the banking results for 1914. The table is complete, except that the figures for the Weyburn Security Bank are not included. This annual report usually comes to hand in March or April, but it has been deemed advisable not to delay the statement on that account.

There are 21 banks in the list, the Metropolitan and the Vancouver having been dropped. The first named was absorbed by the Bank of Nova Scotia; and the second suspended payment. Taking the twenty-one banks here mentioned the aggregate net profits show as $17,975,820, which amount is only about $400,000 less than the total for 1913. But it is to be noted that in the 1913 figures the Merchants Bank of Canada profits appear as $533,653, these being the results for five months only. Allowing for this circumstance the falling off in profits of all the banks in 1914 is a little more than $1,000,000, or between 5 and 6 per cent. Considering the circumstances that have prevailed this is not a very extensive drop. Probably the movement of reaction will be more in evidence when the 1915 reports are available.

RATIOS OF EARNINGS.

Last year's statements showed a marked drop in the ratios of earnings to capital, capital and rest, and to total resources. This year there is shown a further fall in every one of these items. Ratios of profits to average capital dropped from 16.45 p.c. to 15.96 p.c.; ratio of profits to average capital and rest dropped from 8.39 p.c. to 8.04 p.c.; and ratio of profits to average total resources, from 1.22 p.c. to 1.17 p.c. The course of the ratio of profits to average capital and rest is particularly interesting. This shows the earning power of the capital invested by the proprietors. In 1912 it was 8.72 p.c.; last year it was just a shade over 8 p.c. That is quite a heavy fall, and the parties in Parliament and outside of it who think the banks are making too much money would do well to compare the figures with the profits earned by capital invested in other lines of activity.

Of course conditions have been decidedly unfavorable for profit making in the past year. Commercial failures have been very numerous, and the trade depression has caused extensive liquidation of commercial loans and discounts. At the same time the foreign exchange situation has been very difficult to gauge—rates fluctuating wildly from one extreme to the other. The banks have looked after the legitimate needs of their customers as well as could be expected, and rates of discount were not raised beyond the level prevailing in the past year or two.

Banking Profits in Canada: A Comparison of 1914 with 1913.

(Compiled exclusively for The Chronicle.)

NAME	1914. Year ending	1914. Profits	1914. Per cent. on Average Capital	1914. Per cent. on Average Capital and Rest	1914. Per cent. on Average Total Resources	1914. Dividend Paid in Fiscal Year	1913 Profits	1913 Per cent. on Average Capital	1913 Per cent. on Average Capital and Rest	1913 Per cent. on Average Total Resources	1913 Dividend Paid in Fiscal Year
						p.c.					p.c.
Montreal	Oct.	$2,496,452	15.60	7.80	.99	12	$2,648,403	16.55	8.28	1.10	12
(a) Quebec	Oct.	275,761	10.09	6.83	1.32	7	288,889	11.85	8.06	1.48	7
Nova Scotia	Dec.	1,196,116	19.66	6.93	1.44	14	1,210,774	20.63	7.35	1.54	14
British	May	685,691	14.09	8.77	1.08	8	747,485	15.36	9.74	1.14	8
Toronto	Nov.	829,538	16.59	7.54	1.38	12	850,694	17.01	7.73	1.45	12
(a) Molsons	Sept.	608,196	15.24	6.91	1.22	11	669,373	16.73	7.69	1.33	11
Nationale	Apr.	319,903	11.00	9.00	1.28	8	302,305	15.11	8.89	1.29	8
(b) Merchants	Apr.	1,218,694	17.72	9.09	1.49	10	533,653	18.96	9.73	1.57	10
(a) Provinciale	Dec.	187,866	18.78	11.56	1.46	7	180,780	18.08	11.48	1.45	6
Union	Nov.	712,440	14.25	8.48	.87	9	750,096	15.00	9.04	1.02	9
Commerce	Nov.	2,668,234	17.78	9.36	1.07	12	2,992,951	19.95	10.88	1.24	12
Royal	Nov.	1,886,143	16.32	7.82	1.03	12	2,142,100	18.53	8.88	1.19	12
Dominion	Dec.	925,364	15.50	7.15	1.19	14	950,402	17.45	7.99	1.19	14
Hamilton	Nov.	485,265	16.18	7.35	1.09	12	498,273	16.61	7.66	1.09	12
Standard	Jan.	555,095	21.05	9.10	1.27	13	462,080	21.04	9.24	1.18	13
Hochelaga	Nov.	566,614	14.17	7.43	1.70	9	534,700	15.06	8.16	1.68	9
Ottawa	Nov.	620,691	15.51	7.09	1.17	12	706,740	17.98	8.43	1.36	12
Imperial	Apr.	1,236,985	17.80	8.87	1.54	12	1,125,971	17.28	8.63	1.45	12
(c) Metropolitan							165,659	16.57	7.36	1.28	10
Northern Crown	Nov.	201,288	7.09	6.31	1.09	6	281,167	10.17	9.17	1.44	6
Home	May	192,442	9.91	7.42	1.39	7	167,126	11.91	8.94	1.31	7
(a) Sterling	Apr.	107,042	9.28	7.37	1.16	6	113,400	10.88	8.45	1.34	5
(d) Vancouver	Nov.						5,993	.61	.61	.20	Nil
(e) Weyburn	Dec.						53,969	17.09	14.17	3.62	5
		$17,975,820	15.96	8.04	1.17	..	$18,382,983	16.45	8.39	1.22	..

(a) Quebec Bank and Banque Provinciale, profits less taxes in 1914 and 1913; Molsons Bank, 1913, less taxes; Sterling Bank, 1914, less taxes.
(b) Merchants Bank of Canada profits, 1913, for five months only.
(c) Metropolitan Bank, absorbed by Bank of Nova Scotia.
(d) Bank of Vancouver, suspended payment.
(e) Weyburn Security Bank, annual report not published at date of writing.

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