

Forty-Sixth Annual Meeting of The Royal Bank of Canada

SIR HERBERT S. HOLT, PRESIDENT, DRAWS ATTENTION TO MANNER IN WHICH CANADA HAS MET CONDITIONS CAUSED BY EUROPEAN WAR.

Mr. E. L. Pease, Vice-President and General Manager, in a Complete Report, Shows What Canada Has Been Able to Achieve in the Way of Progress and Development During the Last Twelve Years.

THE MEETING MARKED THE CLOSE OF A SATISFACTORY YEAR.

The Forty-Sixth Annual Meeting of the Shareholders was held, pursuant to notice, at the Head Office of the Bank in Montreal on Thursday, January 14, 1915, at 11 o'clock a.m. On motion of Mr. J. H. Macdonald, seconded by Mr. E. F. B. Johnston, K.C., Sir Herbert Holt took the chair.

The Chairman requested Mr. W. B. Torrance, Superintendent of Branches, to act as Secretary of the meeting, and Messrs. C. R. Hosmer and A. H. Sims to act as scrutineers.

The minutes of the last Annual General Meeting were confirmed, and the Annual Statement was taken as read. The Secretary was then called upon to read the Directors' Report, as follows:

Directors' Report

The Directors have pleasure in submitting to the shareholders the Forty-Fifth Annual Report, for the year ending November 30, 1914, accompanied by the Statement of Assets and Liabilities.

Profit and Loss Account

Balance of Profit and Loss Account, November 30, 1913.....\$1,015,119.55

Profits for the year, after deducting Charges of Management and all other Expenses, Accrued Interest on Deposits, Full Provision for all Bad and Doubtful Debts and Rebate of Interest on Unmatured Bills.....\$2,901,262.25

Appropriated as follows:

Dividends Nos. 106, 107, 108 and 109, at 12 p.c. per annum.....\$1,387,200.00

Transferred to Officers' Pension Fund.....100,000.00

Written off Bank Premises, Account.....250,000.00

Contribution to Patriotic Funds.....50,000.00

Depreciation in Investments.....500,000.00

Balance of Profit and Loss carried forward.....\$1,462,262.25

The assets of the Bank have recently been subjected to the usual careful revaluation.

Branches have been opened during the year as follows:

In British Columbia—Fort Fraser; Hazelton; Prince George.

In Alberta—Calgary, 3rd St. West; Calgary, Peace River Crossing; and West Side, East; Morewood; St. Thomas; Toronto, Collesse and Bathurst.

In Quebec—Coteau; Longueuil; Montreal—Amherst and Ontario Sts.; Beaumont St.; Cote des Neiges; St. Catherine and Bleury Sts.; St. Denis and St. Catherine; and St. Louis.

In Prince Edward Island—Tyne Valley.

In Newfoundland—St. John's, West End.

In British Guiana—Georgetown, New Amsterdam.

Sub-branches have been established at Cowponton, Ont.; Kintore, Ont.; and West Side, Peace River Crossing, Alta.

The following branches have been closed:

In British Columbia—Princeton; Salmon; Sapperton; Vancouver, Campbell Ave.

In Alberta—Calgary, 1st Street West.

In Ontario—Callander, Sault Ste. Marie, Queen and Bruce Sts.; Trenton; Wroxeter.

In Quebec—East Sherbrooke.

Also the sub-branch at Nottville in British Columbia.

The Head Office and all the branches of the Bank have been inspected, as usual, during the year.

Your Directors desire to express their appreciation of the efficient manner in which the officers of the Bank continue to perform their respective duties.

All of which is respectfully submitted.

PRESIDENT'S ADDRESS.

Sir Herbert S. Holt, the President, in moving the adoption of the report said: I now have the pleasure to move that the report and balance sheet be adopted. Considering the very exceptional circumstances under which we meet this year, your Directors are specially gratified in being able to present such satisfactory results. In point of liquid assets, the financial statement is the strongest we have ever submitted. Profits have fallen off somewhat, compared with the previous year, but in these unprecedented times your Directors deemed it wise to consider strength before profits.

The usual facilities to clients have been continued, and the results, as indicated by the slight change in the amount of our commercial loans, the thing of paramount importance which attests us all today, is the lamentable fact that Great Britain is at war. Needless to say, Canada intends to aid the Mother Country to the utmost of her ability, and will accept the consequent sacrifice of profits. In the high spirit which the cause demands, as a result of the liquidation which has taken place since the commencement of the boom two years ago, the country is now in a better position to bear its share of the Empire's burden.

The outbreak of war was followed by convulsive denunciations of international exchange and general trade. Stock exchanges were closed, in many countries a moratorium was proclaimed, and a financial catastrophe of world-wide proportions was only averted by the wise and timely action of the British Government in providing through the Bank of England powerful machinery for sustaining and protecting credit during the war, and for twelve months after peace is concluded. Much credit is due to the Canadian Minister of Finance, for the emergency measures so promptly introduced to protect the situation in Canada. The efficacy of these is demonstrated by the fact that the business of the country has pursued its ordinary course, and we enjoy the distinction of requiring no recourse to a general moratorium. A limited moratorium applying to real estate payments is in force in the provinces of Manitoba, Saskatchewan and Alberta.

GENERAL MANAGER'S ADDRESS.

Mr. E. L. Pease, Vice-President and General Manager, in seconding the adoption of the Report, said:

Our President has referred to the policy adopted by your Directors on the sudden announcement of the Great European War, namely, to further strengthen the ready resources of the Bank. The financial statement submitted today reflects this policy. Cash reserves, which stand at \$39,688,000—equal to 25.72 p.c. of our total liabilities to the public—show an increase of approximately \$5,000,000. This was accomplished without hardship to our borrowing clients, by the curtailment of international operations. Our liquid assets amount to 46.17 p.c. of our total liabilities to the public. Profits, which decreased from 18.5 p.c. to 16.3 p.c., permitted the payment of the usual dividend of 12 p.c. on the writing down of Bank Premises by the sum of \$250,000, the transferring of \$100,000 to the Officers' Pension Fund, and the contribution of \$50,000 to the Canadian Patriotic Fund. Deposits show a decrease of \$2,136,000, but in reality we have gained approximately \$5,000,000 in commercial deposits, inasmuch as we repaid during the year the deposit of the Alberta & Great Western Railway, amounting to \$7,000,000. Commercial loans decreased \$2,500,000. Bank Premises stand at \$5,861,000. Conditions have been unfavorable for the sale of the Traders Bank Building in Toronto, on the disposal of which

the account will show a large reduction. The sum of \$500,000 has been appropriated from Profit and Loss to write down the value of investments, which now stand at less than the market values of July 30th last. All classes of investments have been affected by the general decline. We may hope for a rapid recovery when general conditions improve.

The trend of Canadian commerce for the past year is revealed by the following statistics:

	1913	1914	Increase
Field Crops (Dec. 31) .. \$	563,000,000	639,000,000	\$ 76,000,000
Railroad Earnings (June 30) ..	256,700,000	241,300,000	Decrease 15,400,000
Bank Clearings (Dec. 31) ..	9,260,163,000	8,073,461,000	Decrease 1,186,702,000
Note Circulation (Nov. 30) ..	119,479,000	114,767,000	Decrease 4,712,000
Public Deposits in Chartered Banks, Post Office Savings Bank, etc. (Nov. 30) ..	1,205,430,000	1,212,289,000	Increase 6,859,000
Chartered Banks—Current Loans (Nov. 30) ..	921,700,000	881,941,000	Decrease 39,759,000
Total Assets (Dec. 31) ..	474,413,000	454,006,000	Decrease 20,407,000
Total Imports (Dec. 31) ..	673,240,000	612,729,000	Decrease 60,511,000
Customs Receipts (Dec. 31) ..	113,881,000	76,819,000	Decrease 37,062,000

It will be observed that decreases were general, whereas during the five preceding years increases were the rule. The latter were years of rapid and much artificial development, attended as always by speculation, inflation and extravagance. It is providential that the inevitable reaction set in a considerable time before the outbreak of hostilities. If the war had caught us in the throes of a boom, it would have been a day for Canada. As a result of the drastic liquidation which has taken place, a spirit of caution and conservatism now prevails, and our economic condition is infinitely sounder than it has been for many years. Fortunately so, because we were confronted in August last by an unprecedented situation, being suddenly thrown upon our own resources by the stoppage of the flow of foreign capital. Until this time we had been able to rely on the inflow of capital from abroad. The problem is, can we do it? I think it is possible. Some revision of preconceived plans will be unavoidable. Our progress may be less rapid and retrenchment will be necessary, but the manner in which the country has faced the situation during the first five months of the war is a fair augury for the future. Imports in this period decreased \$2,247,000, compared with the same months of the previous year, but exports decreased only \$2,847,000, leaving a balance of \$49,358,000 in our favor. This achievement is remarkable considering that our imports have invariably exceeded our exports for many years past, the adverse balance for the fiscal year 1910 being \$1,003,000; for 1911, \$1,617,000; for 1912, \$213,732,000; for 1913, \$282,932,000; and for the first seven months of 1914, \$36,215,000. The statement shows how quickly we have adjusted ourselves to the new conditions.

The extent and value of our resources are shown by the following statistics, covering twelve years (1901, a decennial census year, to 1913), which will be found of special interest in this period in the production of cereals, in manufacturing and in lumbering, indicate conclusively the probability of continued development in the future—especially in agriculture—in view of the fact that the fertile lands of the western provinces are now accessible by canal and conservation railways. In fact when one considers the amazing progress the Dominion has made, there is strong reason for confidence regarding the manner in which the country will emerge from the present trying conditions.

	1901	1913	Increase
Area under Field Crops .. Acres	19,763,000	35,375,000	79 p.c.
Farm Product .. Value	\$364,907,000	\$729,037,000	98 p.c.
Land .. Value	1,787,102,000	\$4,712,214,000	163 p.c.
Buildings, Implements and Live Stock .. Value	12,018,011	15,099,188	25 p.c.
Live Stock alone (Horses, Cattle, Sheep and Swine) .. Number	2,268,651,000	\$69,308,000	145 p.c.
Food Animals (Cattle, including Milch Cows, Sheep and Swine) .. Number	10,440,000	12,235,000	17 p.c.
Cows, Sheep and Swine .. Value	\$150,371,607	\$329,288,572	59 p.c.
Horses .. Value	1,577,493	2,866,008	81 p.c.
*Production of Principal Grains—			
Wheat .. Bushels	75,000,000	231,717,000	209 p.c.
Oats .. Bushels	175,000,000	404,669,000	131 p.c.
Barley .. Bushels	25,000,000	48,319,000	93 p.c.
Foodstuffs .. Value	5,371,000	7,758,000	44 p.c.
Occupiers of Farm Holdings ..	544,683	740,000	35 p.c.
Wheat .. Bushels	161,280,000	231,717,000	
Oats .. Bushels	313,078,000	404,669,000	
Barley .. Bushels	36,201,000	48,319,000	
Total Field Crops .. Value	\$62,845,000	\$118,279,419	

MANUFACTURES BY PROVINCES (ESTIMATED 1901 & 1913)

	1901	1913	Value of Products
Alberta & Sask ..	124	3,255,675	1,992
British Columbia ..	130	6,125,582	3,654,585
Manitoba ..	339	11,535,212	6,242
New Brunswick ..	861	21,751,475	21,612
Nova Scotia ..	1,132	42,686,969	23,474
Ontario ..	6,333	261,474,761	167,279
P. E. I. ..	32	2,530,000	3,924
Quebec ..	4,869	165,018,638	112,065
Prince Edward Island ..	14,787	\$526,650,211	\$50,204
1913—			
Alberta ..	334	34,166,900	8,079
British Columbia ..	748	142,404,000	38,558
Manitoba ..	505	55,491,000	20,053
New Brunswick ..	1,329	41,814,700	28,654
Nova Scotia ..	1,702	92,137,800	33,336
Ontario ..	9,201	689,168,540	376,420
P. E. I. ..	508	2,530,000	3,924
Quebec ..	7,592	278,441,000	183,124
Saskatchewan ..	199	8,125,000	3,761
22,118	\$1,444,078,940	\$96,349	\$278,963,800

The figures show that the increase in the production of wheat during the period mentioned has been approximately 200 per cent., of oats, 130 per cent., and barley 90 per cent. On the other hand, animal products have not kept pace with the increase in the population. Food producing animals have increased only 17 per cent., swine showing the greatest increase, 59 per cent., and sheep and cattle a poor showing in respect to their per capita of cattle, swine and sheep compared with other countries in its class.

It is unfortunate that the farmers of the North-west do not more generally adopt diversified methods of farming and practice the theories which the Departments of Agriculture have endeavored to inculcate through the established schools of agriculture and demonstration farms. It would be a splendid national investment as well as an act of humanity if the Federal Government were to offer special inducements to Belgian farmers, now in sore straits, to settle in Canada. These people are famous for their agricultural skill and distribute throughout the North-west, would be a source of inspiration to many of the present settlers.

The percentages of grain and other food products exported in 1913 are as follows:

Edible Grains 56 p.c. of total product
Meat products 10 p.c. " "
Dairy products 10 p.c. " "
Flax products 48 p.c. " "

Altogether we produced 23 per cent. of food stuffs more than we consumed.

If the production of animal and dairy products could be brought up to the level of the production of cereals, we might almost aspire to become before long a self-sustaining nation.

An economic question of vital concern to the country is that of immigration. For the first seven months of 1913 British immigrants entering Canada numbered 121,731, those from the United States 79,251, and from other countries 118,228—total, 319,205.

The corresponding period of 1914 the numbers were 46,617, 51,520 and 47,413 respectively, making a total of 139,499.

During the four months following the outbreak of war in August last, we received from Britain 8,476, from the United States 14,689, and from other

countries 2,671—a total of 25,874.

Of the large number of reservists who have left the country in the last few months we have no particulars.

Emigration from the United States to Canada will, undoubtedly, continue on a very large scale, but will be completely cut off from Europe during the war and probably for some time after.

As a result of the war, the labor in Europe will result from the consequent devastation.

In Mr. E. R. Wood's review of the bond market in Canada in 1914, the total assets of bond issues are placed at \$25,086,000, compared with \$341,000,000 in 1913. Of this amount government issues represented \$85,415,000, municipal issues \$183,498,000, railway issues \$44,406,000 and public utility issues \$4,686,000 and miscellaneous \$16,281,000. Great Britain absorbed 68.98 per cent., Canada 19.84 per cent., and the United States 11.38 per cent.

The following is a brief statement of general conditions in the various districts in which the bank is operating.

British Columbia.

For about ten years previous to 1914 British Columbia experienced a continuous prosperity, escaping even the acute depression which affected the rest of Canada in 1907. Speculation became general, and real estate values were carried to unreasonable heights, but the money stringency of 1913 caused a reaction, followed by a general depression, which has since been carried to unreasonable heights.

Crops in general were good last year and prices satisfactory, but the fruit crop, although unprecedently heavy, brought disappointing returns.

The lumber business in Montreal and Quebec was seriously disorganized by the war, many of the largest and most modern steamers having been requisitioned for the transport of troops and supplies, or as merchant-cruisers. Up to the outbreak of the war, east-bound passenger traffic was normal, but westbound traffic had fallen off considerably.

Westbound freight had increased 50 per cent., as compared with last year, while eastbound freight was tied up by the lack of steamers and the high rates asked for the limited tonnage available.

Maritime Provinces.

Business throughout the Maritime Provinces continued about normal except in the steel and coal industries, in which operations were necessarily curtailed on the outbreak of the war.

Latterly, however, the British government has placed orders for steel products which will have a stimulating effect upon business in general.

Lumber brought better prices in the British market during the year, but poorer in the United States, South America and the West Indies. On the whole, the outlook for the coming season is bright, provided sufficient shipping facilities are available.

With respect to fisheries the catch is reported to be smaller than for several years. Prices declined severely on the declaration of war owing to the difficulty of financing shipments to South America, which was at that time the only market available outside of the West Indies. The small catch should be offset by present high prices. The lobster season, which promised to be particularly satisfactory, has suffered through the closing of continental markets, much of the output being still held in storage.

Middle West Provinces.

The retrenchment and curtailment necessitated in the Middle West Provinces by the world wide monetary stringency of last year was accentuated, of course, by the war and the reduction in the demand for agricultural products. The full effect of conditions prevailing during the past twelve months, but indications are that these provinces will probably emerge from the cold period more successfully and with much less strain than could have been hoped for a year or two ago.

The dry summer caused considerable loss of crops in certain districts, the yield of wheat, oats, barley and flax being only 289,000 bushels as compared with 405,000 bushels in 1913. In this respect in this respect as in the same regard in this respect as in 1913, while increases are reported for all the other provinces, Newfoundland holds the same enviable record as Nova Scotia.

Newfoundland.

Reports from Newfoundland indicate favorable conditions in that colony. Although the fish catch was small, and the war has interfered with the exporting of lobsters (Germany having previously afforded the principal market), the total exports have somewhat increased during the year. Imports show a small decrease. As in the case of the outlook for the probability that the present high prices for fish and oil will continue, and the fact that exportation of pulpwood and pit props is now permitted by the government.

As stated above, Newfoundland enjoys with the Province of Nova Scotia the distinction of showing a decrease in the number of cases of insolvency during the year.

Cuba.

The sugar crop of 1913-14 was the largest in the history of the island, viz., 2,597,000 tons. It is estimated that the crop now being harvested will be somewhat greater. At present prices (fully 1c. per lb. higher than the average price obtained last year), the prospects of the planters must be considered most encouraging in spite of recent unfavorable weather and advances freight rates.

Tobacco planters are less fortunate, owing chiefly to a serious falling off in the European demand. Exports for the 11 months ending November 30th last were some \$7,000,000 less than in the previous year. In view of the large stocks of tobacco on hand, credit for cultivation of new plantings has been restricted, and it is estimated that the next crop may amount to less than 50 per cent. of the past one.

Weather conditions have been favorable for the fruit crops. Exports are increasing annually.

The state of the cattle industry continues to be satisfactory, both supply and demand showing substantial gains.

The total exports of Cuba last year were valued at \$170,000,000 (an increase of some \$5,000,000), while imports were about the same—\$135,000,000.

There has been absolutely no trouble of a political nature and the Government apparently continues to hold the confidence of the people.

Porto Rico.

Exports for the year 1914 were \$43,000,000, as compared with \$45,000,000 in 1913. The principal items being as follows:

Sugar ..	\$20,250,000
Tobacco ..	8,375,000
Coffee ..	3,250,000
Fruit ..	3,400,000

Imports were \$36,300,000, showing a trade balance of \$6,700,000 in favor of the island.

The full reduction in exports is accounted for by the falling off in the sugar crop from 398,000 to 346,000 tons.

Prospects for the coming crop are considerably improved by the increased price of sugar, but the influence of the loss of protection in the United States is a disquieting influence for the future. The Government's completion of an extensive irrigation system on the south coast has greatly benefited that section of the island where the best cane plant is raised, but which previously suffered through drought.

The tobacco crop was fairly satisfactory. The total output went to the United States, and the price realized was fair.

Satisfactory returns were received from the coffee crop, the bulk of this product having been disposed of before the outbreak of hostilities. The result of this year's operations will be unfavorably affected by the war.

There has been no appreciable change in the fruit business. Conditions are satisfactory.

British West Indies.

In the British West Indies, generally, the outlook is fairly satisfactory. The effect of the war on the different colonies will be determined largely by the nature of their products and the demand for them.

Trade in general throughout Jamaica is in a depressed condition, partially due to the war, but principally to long continued drought. Recent rains, however, have brought about a substantial increase in value. Shipments of asphalt have fallen off owing to the general depression in the United States and the stoppage of shipments to Europe. The production of oil is increasing, this industry having now passed the speculative stage.

Practically the total exports of Barbados are sugar and rum. The weather has been very favorable, and the island will benefit greatly from the advance in the price of this commodity.

Rum is the principal product of Grenada, and conditions are therefore likely to be somewhat depressed, although nothing serious is anticipated. In the Bahamas the production of sponges will be greatly reduced during the coming year, owing to the cutting off of several markets. It is thought, however, that the stagnation in this industry will be of a temporary nature.

In British Honduras conditions are satisfactory, although the export of mahogany has been somewhat restricted owing to the general depression.

British Guiana.

Our two branches in this colony were established February 1, 1914, for the purpose of purchasing the British Guiana Bank.

Exports for the year 1913 amounted to \$10,527,000, showing an increase of approximately \$2,000,000 over the preceding year. \$3,150,000 of the amount went to the United Kingdom and \$3,825,000 to Canada. Imports amounted to \$18,132,000 of which \$4,428,000 came from the United Kingdom and \$697,000 from Canada. The principal items of exports were as follows:

Rum and Sugar products ..	\$5,430,000
Sugar ..	980,000
Rice ..	1,350,000
Bacon ..	780,000
Belts ..	510,000
Timber and Lumber ..	250,000

Sugar and its by-products have made the heavy demand for this product, and since 1903 the bulk of this sugar has come to Canada. At prevailing prices, good profits will be realized from this product.

The production of gold for 1913 showed an increase of \$400,000 over the preceding year. It is expected that 1914 will show about the same result.

Conditions in the banana industry have not been favorable. The outbreak of hostilities greatly restricted the demand for this product, and exports for the year will show a large falling off in both quantity and value.

The rice industry has made considerable strides within the last few years, the local demand being fully supplied and exports increasing annually. The high prices occasioned by the war should further stimulate the industry.

The present year will show a marked falling off in the timber and lumber business on account of the difficulty of arranging freights and the lack of capital from Europe.

All things considered, the business outlook appears very satisfactory. The colony is capable of great development, which will be hastened by the prosperity resulting from improved prospects in the sugar and rice business.

War Loan.

I may say, in conclusion, that we applied for and were allotted £100,000 of the recent British War Loan.

Staff.

One hundred and ten members of the Bank's staff are now on active military service, and 121 are members of the Montreal Home Guard, in addition to those who have volunteered to have joined Home Guards in other cities.

I have pleasure in seconding the motion for the adoption of the Directors' Report.

Mr. Johnston's Address.

Mr. E. F. B. Johnston, K.C., spoke in part as follows: