Forty-Eighth Annual Meeting

—OF—

THE ROYAL BANK OF CANADA

The Forty-Eighth Annual General Meeting of the Shareholders was held at the Head Office of the Bank in Montreal on Thursday, January 11th, at 11 o'clock a.m., Sir Herbert S. Holt in the chair.

Mr. W. B. Torrance acted as secretary of the meeting, and Messrs. A. Haig Sims and Alex. Paterson as scrutineers.

The Directors' Report was read by the General Manager, Mr. C. E. Neill.

Mr. Neill then referred to the Annual Statement as follows:

The Balance Sheet before you is the best ever submitted to the shareholders, and shows striking progress in all departments of the Bank's business during the past year.

Total deposits now exceed $200,000,000, the increase for the year being no less than $45,000,000. 42 per cent. of the advance was in the Savings Departments. It is a satisfactory feature that these figures include no large or unusual deposits of a temporary nature.

Our note circulation is approximately $4,000,000 higher, and exceeds the paid-up capital of the bank by over $6,000,000. The excess is covered by a deposit in the Central Gold Reserve.

Current loans show a moderate expansion. In Canada the increase is $4,931,759, due chiefly to the acquisition of new accounts, and temporary loans to customers producing munitions of war. Commercial loans abroad are higher, on account of the active demand in the West Indies in connection with the production of sugar and other staple commodities. These loans will decrease substantially during the next two or three months.

The liquid position of the Bank has been well maintained, liquid assets being 53.24 per cent. of liabilities to the public, as compared with 49.03 per cent. last year.

The increase in investments represents subscriptions to British Government loans, the proceeds of which were to a great extent expended in this country.

Net profits for the year were 17.87 per cent. on the capital, as compared with 16.48 per cent. last year; or 8.66 per cent. on combined capital and reserve, as compared with 7.90 per cent. last year.

The year's remarkable results are attributed to four causes—prosperous conditions in Canada and the West Indies, the advantageous location of our branches, co-operation on the part of the Directors, and a loyal and efficient staff.

PRESIDENT'S ADDRESS.

In moving the adoption of the Directors' Report, Sir Herbert S. Holt, President, said:

In view of the comparative uncertainty with which Canada necessarily looked forward to the year just passed, it is specially gratifying to be able to present so excellent a statement as that before you to-day. It undoubtedly excels any previous exhibit. Our total assets have increased during the year fifty-five million dollars. Seven years ago they were sixty-seven millions; to-day they are two hundred and fifty-three millions.

In keeping with the fixed policy of the Bank, the ratio of liquid assets to liabilities to the public has been maintained at a high percentage. The rate at the close of the year was 53.24 per cent. against 49.03 per cent. at the end of the previous year. No matter how rapid the Bank's extension, we have not in the past departed from this cardinal principle, and we do not intend to in the future.

We are not singular, however, in respect of the year's growth. The wonderful prosperity of the country was reflected in the assets of Canadian banks in general, the total increase amounting to two hundred and fifty-five millions. This prosperity is not confined to those engaged directly or indirectly in the supplying of war materials. It is widely diffused, as may be seen by the record Bank clearings, the congestion of railway traffic, the general activity in every department of wholesale and retail trade, and the great volume of exports. Labor is scarce and never commanded higher wages. Commodity prices have attained a level comparable only with Civil War times in the United States. The following is a statement of some present prices compared with those of twelve months ago:

	1915.	1916.
Wheat, per bushel	$1.00-$1.10	$1.70 (average)
Copper Ingots, per lb.	.20½	.31-32
Pig Iron, per ton	25.00	41.00
Steel Billets, per ton	42.60	50.20
Steel Rails, per gross ton	28.00	38.00
Structural Steel, per ton—bars	54.60	76.20
Structural Steel, per ton—plates	56.00	99.00
Structural Steel, per ton—shapes	48.40	77.60
Staple Cotton, per lb.	.12	.17
Wool, per lb.—Lincoln Clothing	.38	.55-60
Wool, per lb.—South Downs	.46	.75
Wool, per lb.—Merino	.70	1.25
Sole Leather, per lb.	.41	.63
Print Paper, per ton	40.00	60.00
Wood Pulp, per ton	15.00	40.00
Sulphite, per ton	38.00	100.00

The list might be extended indefinitely. Abnormally high prices are enriching the producer and manufacturer, but profits are not so large as might appear on account of material increases in the cost of production.

POST-WAR CONDITIONS.

Meanwhile, the liabilities of manufacturers and others to their bankers have been greatly reduced—in many cases wiped out—and large credit balances created. This is a very satisfactory situation, as working capital now accumulated will be of great utility on the return of peace. We should bear in mind that there is no permanence in war prosperity; that it is war business which has so accelerated the wheels of industry; and the termination of this must react on industrial activities with far reaching results. Factories employed exclusively in this connection will close down. Kindred industries stimulated by high prices will

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