

but at nearly all of the smaller branches there are accounts that are importantly affected by the unusual circumstances.

The banker cannot for a moment allow himself to forget that the current prices of commodities on which his loans are based, have been ruling at dangerously high levels, and that the special war orders have placed hundreds of industrial establishments on a basis of prosperity that cannot be indefinitely maintained. It is because Head Office is so keenly aware of the dangers resulting therefrom that the instructions from the executive centre have insisted so strongly on unusually large margins of security and on keeping individual loans down to reasonable figures.

At country branches the financial position of farmer-customers has been improved by recent developments. As a general rule the rise in prices of nearly everything which the farmers produce has favorably affected their deposit accounts. Thanks to the large cheques and cash payments received by them for grain, roots, vegetables, fruit, butter, cheese, eggs, live stock, etc., thousands of farmer-depositors, during 1916, have been enabled to add to their savings accounts sums much in excess of the additions made in former years. The cumulative effect is seen in the rise of the notice deposits of the banks. The increase of deposits brought about in this way has been in evidence at Western branches as well as in the East. As, however, the Western agriculturist borrows more heavily than does his Eastern confrere, the improvement in his financial position takes, in larger measure than in the East, the form of reduced obligations, not only to banks, but also to mortgage companies, implement dealers, retailers and other creditors.

Notwithstanding the repayments, the country managers have been required, as in other years, to deal with numerous applications from farmers for credits or loans; and in granting such credits there may be danger of losses unless full allowances are made for the abnormal state of affairs. It is to be remembered first of all that the banks are under obligation to render all possible support to the Dominion Government in connection with war financing, and to the Imperial Government in connection with its purchases in the Dominion. There are also other imperative calls, from large customers engaged in vitally important war work, which must be met. So the country manager has it impressed upon him that loans in such critical times should not be made for unnecessary purposes. For example it is not in the public interest to have the funds of the banks tied up now in loans