

memorial is not yet decided, but it will probably take shape when we come to erect a new building on our site here, an undertaking which cannot long be delayed if the natural development of the business of the Bank is not to be hindered by cramped and unsuitable quarters. After doing all this we have been able to transfer \$1,500,000 to Rest Account, which thus becomes equal to the paid-up capital, a goal which we have aimed to reach for many a day, but which has called for long years of tireless striving, before we could consider it as fairly won. We might perhaps have made a better showing on the surface and have seemed to reach our goal in a shorter period of time, but our wish has been to build surely and carefully upon a firm foundation, and in the meantime to provide beyond peradventure for every weak spot in our loans and securities. We carry forward into the new financial year an undivided balance of profits amounting to \$1,444,842, or \$112,000 more than a year ago.

Note Circulation.

Turning now to the General Statement, the first item of our liabilities is notes in circulation. These amount to the very large sum of \$31,583,000, or \$7,588,000 more than a year ago. This increase is not far from double the large increase reported last year, but we think that the reasons advanced for it then still hold good, although it is possible that in addition there may be a certain amount of hoarding by a class of munition-workers who adhere to old habits, and hide their savings rather than entrust them to the care of a bank. If so, this cause should soon cease to operate and we shall watch with much interest the course of the note circulation during the next few months, in which the greatest amount of contraction always takes place each year.

Increased Deposits.

The increase in our total deposits is \$76,733,000, or 27.7 per cent., and the greater part of this is under the heading of deposits not bearing interest, which account for \$64,552,000. Deposits bearing interest show an increase of \$12,181,000, an amount which would have been much greater had it not been for the Victory Loan of 1918. If we turn to the monthly statements of the Government we shall find that deposits payable after notice dropped \$18,853,000 during November, which is solely due to the Victory Loan. On the other hand, it must be remembered that under the arrangements made by the Government for the deposit of the proceeds of the Victory Loan with the banks from which the money was withdrawn, a large part of this money is still at the credit of the Dominion Government, subject to its requirements.

How to Save.

Once again the Minister of Finance and the organization which controlled the Victory Loan campaigns have won an outstanding success. The Victory Loan of 1918 was over-subscribed many times, and without the use of any compulsion save the mere breath of public opinion, the Government has been provided with more than the sum which it required. Yet, as I pointed out last year, the lesson in how to save, so strongly impressed upon the community by these campaigns is their great

result from the national point of view. Who may venture to predict what the knowledge thus acquired of how to invest savings wisely may mean to Canada in the years to come? Except for the increase in the productive capacity of the country, this is perhaps the greatest material benefit derived from the war. Alongside it the loss of a few millions of deposits to individual banks, is a very small matter, which, if the lesson is thoroughly learnt, will require only a short period of time to remedy itself.

Bank Helped Loan.

Our efforts to assist the Minister of Finance in obtaining subscriptions to the Loan have resulted in our securing through this Bank the large sum of \$104,543,000, represented by 150,773 individual subscriptions. This amount includes \$100,000,000 of new money and represents 15 per cent. of the total. It is gratifying to know that we have far exceeded the proportion which might be reasonably expected from us. This result has not been obtained without very strenuous efforts on the part of our staff, and also the expenditure of a large amount of money by the Bank. Unfortunately, the heavy task came upon our staff just at the moment when their ranks were depleted by the ravages of influenza. In connection with this, as well as previous loans, we shall also be required to perform for the Government special services, such as the payment of coupons and interest during the term of the loans, the last of which does not mature until the year 1937. The Canadian banks were also called upon during the year to assist in the Dominion Government financing to a large amount, and we assumed our full share of these advances. In addition, we participated in a loan of \$100,000,000 to the Imperial Government against Treasury bills and renewed the advances made against similar security to the Imperial Munitions Board.

Finance Food Supplies.

Acceptances under Letters of Credit, offset in our balance sheets by the corresponding liability of our customers which appears among the assets, show a large increase, represented by advances in Canada and the United States, secured in nearly every case by food supplies purchased for account of the Allies. Cash on hand, consisting of gold and silver coin and Dominion notes, amounts to \$61,971,000, as compared with \$54,652,000 a year ago, an increase of \$7,319,000. Of this we had \$17,500,000 in the Central Gold Reserves, to provide cover for our excess note circulation. Our total holdings of gold and silver coin—principally gold, but including the necessary silver for the tills of the branches—are slightly lower than a year ago. We hold, however, a much larger amount in Canada in the carrying out of the views I expressed last year in referring to this subject.

Maintain Gold Standard.

This was not accomplished without difficulty, owing to the embargo placed on exports of gold by the United States Government and to the demands of that Government; and the effort to increase our holdings has been further hampered by the decline in the output of the Canadian mines caused by the present high cost of production. It is gratifying to find a substantial agreement with our views on this subject in the report of the Imperial "Committee on Currency and Foreign Exchanges after the War," of which Lord Cunliffe, Governor of the Bank of England, was Chairman. In its first interim report this commit-