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THE ROYAL BANK OF CANADA.

Two interesting developments are announced in connection with the Royal Bank of Canada. Mr. Edson L. Pease, who has been the Bank's general manager since 1900 and also for some years vice-president, has been appointed to the newly-created office of managing director and chief executive officer of the Bank, Mr. C. E. Neill succeeding as general manager. The effect of this change is that Mr. Pease is freed from duties of routine and detail inseparable from the office of general manager, and can give his whole time, experience and judgement to questions of policy. The period of occupancy by Mr. Pease of the general manager's chair of the Royal Bank covers a remarkable development in that institution. When Mr. Pease took office in 1900, the Bank was a soundly-established, but small provincial institution. On Mr. Pease now leaving the general manager's chair to become managing director, the Royal Bank is the third bank of the Dominion with a paid-up capital of $11,560,000, deposits of $154,976,328, and total assets of $198,299,123. Mr. Pease's successor as general manager, Mr. C. E. Neill, is highly esteemed by the banking fraternity, and general confidence is felt regarding his administration.

The second announcement of interest is the rounding-out of the capital account to an even $12 millions by the issue of $440,000 stock to existing shareholders at par. This is equivalent to a bonus of about 4½ per cent. Owing to the Bank Act forbidding allotments of fractions of shares, holders of less than 27 shares of stock will not receive allotments but the shares comprising unallotted fractions will be offered to public subscription and the premiums derived from their sale distributed rateably among the shareholders from whose shares the fractions arose.

NECESSITY OF STRONG FINANCIAL POSITION.

At the annual meeting of shareholders, held last week, interesting addresses were made by Sir Herbert Holt (president), and Mr. Pease. Sir Herbert Holt pointed out that while Canadian manufacturers are at the present time exceedingly busy on war supplies, at the end of the war it is to be expected that a violent dislocation in industry will take place, and that under the circumstances the proper present course is to conserve unusual profits and accumulate working capital, the lack of which is so prevalent and so detrimental to the general interests of the manufacturer. This view was also supported by Mr. E. F. B. Johnston, K.C., speaking especially as representing the Ontario shareholders of the Bank. Mr. Pease, in his able review of the Canadian financial situation, suggested that as under the stress of necessity we have now turned from a debtor to a creditor nation, we should strive to make the turning permanent. The question is one of maintaining and increasing exports by increasing production and curtailing imports by economy in consumption.

"Our defeat in the past," said Mr. Pease, "has been the spending of borrowed capital too freely in unproductive works. It would be interesting to know how much of our foreign debt is so represented, and how much by capitalized interest. The exigencies of war may render it difficult to renew our maturing obligations in England. Now that the country's equipment for production and distribution is excellent, we should refrain from railway and other large construction work until we can make the present investment profitable. After three years of liquidation and readjustment, our economic condition is basically sound, and we should try to keep it so."

THE BANK'S YEAR.

As previously noted, the Royal Bank furnishes an exception to the general run of recent bank statements in reporting increased profits for the year ended November 30th, the extensive connections of the Bank in the West Indies having been a contributory factor towards this result. The profits totalled $1,905,576 (equal to 7.9 per cent. on the capital and rest combined), compared with $1,886,142 in 1914. With a balance brought forward from 1914 of $614,062, the total available on profit and loss account is $2,519,639. The 12 per cent. dividend absorbs $1,387,200; $100,000 is transferred to the officers' pension fund; $250,000 written off bank premises; $105,967 absorbed by the war tax on note circulation and the increased balance of $676,472 is carried forward.

The following figures show the leading items of the Bank's present balance sheet compared with 1914 and 1913:—

	1915. $	1914. $	1913. $
Capital Paid up	11,560,000	11,560,000	11,560,000
Reserve	12,560,000	12,560,000	12,560,000
Profit and Loss Balance	676,472	614,062	1,015,120
Circulation	14,224,866	13,505,255	13,176,635
Deposits (not bearing interest	37,456,997	31,224,130	35,276,872
Deposits (bearing interest)	117,519,331	104,827,079	101,900,791
Total Liabilities to Public	173,148,928	154,319,273	154,761,440
Specie	15,946,290	12,995,484	7,802,068
Dominion Notes	12,977,391	12,688,371	11,664,142
Central Gold Reserve	3,000,000	2,000,000	2,000,000
Bank Balances Abroad	5,235,607	3,144,502	3,603,452
Call Loans in Canada	9,136,510	8,574,058	9,002,193
Call Loans Abroad	9,815,950	6,080,847	10,817,497
Total of Quick Assets	84,894,462	71,244,678	72,385,792
Current Loans and Discounts	106,552,635	99,588,461	102,540,985
Total Assets	198,299,123	179,404,054	180,246,786

While total deposits show a gain of nearly $19 millions during 1915, eight millions of this increase having been registered in Canada and the remainder elsewhere, the liquidity of the Bank's assets has been considerably enhanced during the year. Holdings of specie are reported as $15,946,290 against $12,995,484 in 1914. Additionally, the Bank has enlarged its deposit in the Central