

FIFTIETH ANNUAL MEETING OF THE ROYAL BANK OF CANADA

The Fiftieth Annual General Meeting of the Shareholders was held at the Head Office of the Bank in Montreal, on Thursday, January 9th, at 11 o'clock a.m., Sir Herbert S. Holt in the chair.

Mr. S. D. Boak 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.

DIRECTORS' REPORT

The Directors have pleasure in submitting to the Shareholders the Fiftieth Annual Report, for the year ending November 30, 1918, accompanied by the Statement of Assets and Liabilities.

PROFIT AND LOSS ACCOUNT

Balance of Profit and Loss Account, November, 30, 1917.....	564,264.53
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 Re- bate of Interest on Unmatured Bills.....	\$2,809,846.24
	\$3,374,110.77
Appropriated as follows:—	
Dividends Nos. 122, 123, 124 and 125, at 12 per cent. per annum....	\$1,614,702.00
Transferred to Officers' Pension Fund	100,000.00
Written off Bank Premises Account	400,000.00
War Tax on Bank Note Circulation	133,651.58
Contribution to Patriotic Funds...	40,000.00
Contribution to Halifax Relief Fund	50,000.00
Transferred to Reserve Fund.....	500,000.00
Balance of Profit and Loss crd. fwd	535,757.19
	\$3,374,110.77

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

On March 15th last we concluded an agreement with the Directors of the Northern Crown Bank to purchase the assets of that bank for a consideration of 10,883 shares of this bank and \$76,970 in cash. The agreement was approved by the shareholders of the Northern Crown Bank on May 7th, the sanction of the Governor-in-Council was obtained in due course, and the assets were transferred on July 2nd. By this purchase we have greatly extended our connection in Western Canada.

In addition to 96 branches and 2 sub branches acquired through the purchase of the Northern Crown Bank, offices have been opened during the year as follows:

In ALBERTA—Lavoey, Meeting Creek, Mirror and Round Hill; in MANITOBA—Balmoral (Sub Branch), Lundar, Shoal Lake, and Sargent Ave., Winnipeg; in ONTARIO—Chatham; in PRINCE EDWARD ISLAND—Wellington; in SASKATCHEWAN—Biggar, Cupar, Grayson, Leask, Leipzig, Plunkett (Sub Branch), Storthoaks, Success and Yorkton; in CUBA—Banes and Jatibonico; in SPAIN—Barcelona.

The following branches were closed: in BRITISH COLUMBIA—Alberni; in ONTARIO—Avon (Sub Branch) and Newcastle; in QUEBEC—Cote des Neiges and Sherbrooke and Addington, Montreal; in COSTA RICA—Limon.

The sub branch at Mallorytown, Ont., was made an independent branch.

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

The Directors record with regret the death in June last of Mr. G. G. Stuart, K.C., of the City of Quebec, who became a Director of this bank in January, 1917. Mr. W. H. McWilliams of Winnipeg was elected to fill the vacancy on the Board.

Your Directors 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.

H. S. HOLT, President
E. L. PEASE, Vice-President

THE GENERAL MANAGER

The General Manager, Mr. C. E. Neill, then referred to the Annual Statement, as follows:

The statement before you today is the best that has been submitted to the shareholders of this bank.

Total assets are \$427,512,982.91 as against \$335,574,186.52 last year. A portion of the increase—\$27,819,291.82—arises from the purchase of the Northern Crown Bank.

Total deposits are \$332,591,717.92, the growth for the year being approximately \$80,000,000. The relatively large increase in free deposits as compared with interest bearing deposits is due to the transfer of funds to the Dominion Government during the month of November on account of payments on the last Victory Loan. There were heavy withdrawals from the Savings Department in connection with previous Victory Loan issues, but the decrease in interest bearing deposits was temporary, and it may be expected that the withdrawals in connection with the present loan will be made up in due course.

It is interesting to note that subscriptions to the last Victory Loan made through this bank aggregated \$104,507,400, of which amount \$14,774,564 was due to conversions, the number of our subscribers was no less than 127,085.

The expansion in our circulation continues, the increase for the year being over \$11,000,000. The excess is covered by the deposit in the Central Gold Reserve—\$26,000,000.

Current loans show a substantial expansion, indicating that we are doing our share in taking care of the commercial requirements of the country.

The liquid position of the bank is more favourable than it was last year, the percentage of liquid assets to liabilities to the public having increased from 53.9% to 56.59%.

From the standpoint of cash reserves we are also stronger, the percentage of cash to liabilities to the public being 17.13% as against 16.36% the previous year.

Our additional investments are chiefly in securities of the Imperial Government and Canadian Government issued for war purposes.

The substantial growth in the bank's assets has resulted in a pronounced increase in earnings. Net profits for the year were \$2,809,846.24 being 10.19% on the combined capital and reserve as compared with \$2,327,979.51, 8.82% on capital and reserve the previous year. The marked growth in the bank's general business is due to the activities in all branches of trade and increased value of agricultural production.

We must now grapple with the problems of a period of deflation and reconstruction, and we do so with the strong conviction that no serious difficulty will be encountered in surmounting them.

PRESIDENT'S ADDRESS

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

I am sure I am giving expression to the thoughts of all present in saying that uppermost in our minds at this time are feelings of relief and thankfulness for the end of the terrible war with which the world has been afflicted for four and a quarter years—an ending of triumphant success to the Allies, without which any relief or thankfulness would be inconceivable. With the relatives of those who have given their lives in our cause, we deeply sympathize. The valour and achievements of Canada's soldiers on the battlefield fill us with pride, and gratitude for their heroic service should be shown in tangible form. The country is their debtor. Satisfactory employment should be found for every returning soldier who is fit to work, and relief extended to the maimed and crippled. In this Bank, unless there is some good reason to the contrary, every officer who enlisted and who applies for reinstatement within a reasonable time after his return will be re-engaged on the salary to which he would have been entitled had he continued in the service, subject to reasonable adjustments, where necessary.

The sudden collapse of Germany and her allies has brought us face to face with the grave economic problems which had been foreseen. Not only must several hundred thousand fighting men be re-absorbed into civil life, but an industrial army must be transferred from the manufacture of war materials to other lines of production. Moreover, before the war financing is completed, it is estimated that our national debt will exceed \$1,800,000,000, and in addition we must provide for an annual pension load of approximately \$30,000,000.

Such an outlook would have been viewed four years ago with wide-spread pessimism. Today it is met with confidence, well founded upon abundant natural resources, demonstration of ability to adapt ourselves to unusual conditions, and wonders performed during the times of war through organization and skillful leadership. In spite of the drain on our man power, industrial efficiency is higher than in 1914, and capacity for production has increased; while many enterprises which were then feeling the stress of hard times are now firmly established. Our exports since 1914 have enabled us to regain the balance of trade which for many years previous had been against us. Our general prosperity is evidenced by the striking increase in bank deposits, and by the success of the Victory Loans, particularly the most recent. In that case the subscription per capita was

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