

ROYAL BANK OF CANADA—Continued.

In addition, the Government floated in the United States in August last a loan of \$100,000,000 payable in two years.

The Canadian banks made temporary advances to the Government during the year in anticipation of the omission of these loans, and also a loan of \$75,000,000 in November last, having two years to run. They also granted to Great Britain in November a credit of \$100,000,000 payable in two years, to assist her in the purchase of our cereals. When this latter credit is fully availed of, the obligations of Great Britain will amount to \$200,000,000, of which \$100,000,000 matures during the current year. These advances were made by the banks on a basis *pro rata* to paid up capital.

BANKS IN STRONG POSITION.

While the Canadian banks have played a prominent part in financing the war, it is gratifying to find that the extent to which Canada and Great Britain are publicly indebted to them at the present represents only 20% of their deposits, and will shortly be reduced to 15%; also that despite the outstanding Government loans to these Governments aggregating \$325,000,000, and the domestic loans floated by the Dominion Government since the beginning of the war, which aggregate \$350,000,000 (not including the last loan of \$100,000,000), practically all of which came out of the banks, the Canadian deposits of these banks on the 30th of November last were \$654,000,000 greater than in July, 1914.

The total deposits of the banks on the 30th of November last were \$1,815,000,000, the increase for the year being \$292,000,000, of which \$172,000,000 represented savings deposits. The total current loans amounted to \$1,010,000,000, being an increase of \$82,000,000. Circulation increased \$48,000,000.

The liquidity of the banks has been kept unimpaired in spite of the huge Government loans effected. This is due to the expenditure of the proceeds within the country.

Speaking for the Royal Bank, there never was a time when we were freer from doubtful debts than at present. Recoveries have been made to a remarkable extent in connection with advances of which ultimate repayment was regarded as doubtful three years ago. This is probably the experience not only of all the banks, but of merchants and manufacturers generally.

Liquidation has been very thorough, except in connection with advances depending upon the security of real estate; but with the improved financial condition of the farmers, and the engagement of Provincial Governments in Western Canada in the loaning business, interest and principal payments under farm mortgages all over the West have been well taken care of, and in a great many cases maturing loans have been paid in full. Generally speaking, the country districts are prosperous, and farm lands are in good demand. The situation in the cities has improved, as evidenced by the greater demand for and increased rentals of residences. City vacant lots show no improvement.

The British Government recently appointed a committee, with the following terms of reference:

"To consider, and report whether the normal arrangements for the provision of the financial facilities of trade, by means of existing banking and other financial institutions will be adequate to meet the needs of British industry, during the period immediately following the termination of the war, and, if not, by what emergency arrangement they should be supplemented, regard being had in particular to the special assistance which may be necessary:—

- "(a) To facilitate the conversion of works and factories, now engaged upon war work to normal production.
- "(b) To meet the exceptional demands for raw materials, arising from the depletion of stocks."

As conditions in Canada are somewhat parallel, and serious difficulties will confront us at the close of the war, it is our duty to endeavor to devise safeguards against them. The conversion of factories will involve increased capital outlay, and a period of unproductiveness must intervene. Present values of raw material will probably not decrease, in view

of the world demand, and the necessity for re-stocking, will add to the financial strain. Many men will be thrown out of employment, and discharged soldiers will be returning. In addition, there will probably be a large immigration to this country.

We cannot foresee all the difficulties of finance that are likely to beset us. In my opinion, the question of providing supplementary banking facilities in this country is very important, and should receive the consideration of the Government and the banks. If we had a bank of rediscount patterned somewhat after the Federal Reserve Bank in the United States, it would render legitimately available millions of assets in the form of high grade commercial paper, now lying dormant in the portfolios of the banks, and thereby greatly increase our financial resources. I think the Government should appoint a committee of experts to investigate the suggestion.

I cannot close without a tribute of praise to Sir Thomas White, the Minister of Finance. The prosperity we are enjoying is due, in great measure, to his discovery and exploitation of the latent resources of the country, as exemplified by his repeated and increasingly successful offers of Government securities, culminating in the last huge domestic loan, and the profitable employment of these resources in the prosecution of the war.

I have pleasure in seconding the motion for the adoption of the Directors' Report.

OFFICERS PENSION FUND

A resolution was adopted, authorizing the Directors to contribute to the Pension Fund, out of the profits of the Bank, a sum not exceeding \$100,000 per annum, for a period of five years.

AUDITORS.

Mr. J. Marwick, Mr. S. R. Mitchell and Mr. John W. Ross, were appointed Auditors for the ensuing year.

THE STAFF.

A vote of thanks was passed to the President, Vice-President and Directors, also to the General Manager and staff. In replying to the latter, Mr. C. E. Neill, General Manager, said:

On behalf of the officials of the bank, and the staff in general, I thank you for this expression of confidence. While it is customary to extend the courtesy of such a vote each year, it never comes to us as a mere formality, since there seem to be new circumstances on every occasion to impart special significance to the familiar idea. In this instance, our thoughts have been much occupied of late with the retiring Superintendent of Branches, Mr. W. B. Torrance. There is no need for me to recall to you the main facts of his long banking career, which are widely known, or the very high esteem in which he is generally held, but I wish to take this opportunity of expressing our appreciation of his sterling qualities, and our regret that he is no longer one of us.

The success of the bank is dependent upon the rank and file of the staff to a much greater extent than the shareholders probably realize. We have a particularly loyal and efficient staff, and I can assure you that the thanks of the shareholders are deeply appreciated.

BOARD OF DIRECTORS.

The following were elected Directors for the ensuing year:

Sir Herbert S. Holt, K.B.,	W. J. Sheppard,
E. L. Pease,	C. S. Wilcox,
E. F. B. Johnston, K.C.	A. E. Dymont,
Jas. Redmond,	C. E. Neill,
G. R. Crowe,	Sir Mortimer B. Davis, K.B.,
D. K. Elliott,	G. H. Duggan,
Hon. W. H. Thorne,	C. C. Blackadar,
Hugh Paton,	J. T. Ross,
Wm. Robertson,	R. MacD. Paterson,
A. J. Brown, K.C.	G. G. Stuart, K.C.

At a subsequent meeting of the Directors, Sir Herbert S. Holt was unanimously re-elected President, Mr. E. L. Pease, Vice-President and Managing Director, and Mr. E. F. B. Johnston, K.C., Second Vice-President.

A man who unselfishly insures his life for the protection of his dependents is, I believe, other things being equal, a better citizen than the man who does not.—Supt. Finlayson.

The agent who absorbs every bit of life insurance knowledge that he can imbibe, who is full of his subject, never has any trouble in making himself interesting.