



One hundred and seventeenth

Annual report

THE BANK OF NOVA SCOTIA

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**The
Bank of Nova Scotia**

Incorporated 1832

**ONE HUNDRED AND SEVENTEENTH
ANNUAL REPORT**

30th October, 1948

The Bank of Nova Scotia

Incorporated 1832

CAPITAL AUTHORIZED	- - - - -	\$15,000,000.00
CAPITAL PAID-UP	- - - - -	\$12,000,000.00
RESERVE FUND	- - - - -	\$24,000,000.00

Head Office - - - Halifax, N.S.

BOARD of DIRECTORS

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General Manager's Office, Toronto

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H. L. ENMAN, *Vice-President and General Manager*

•

Assistant General Managers

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E. S. CRAWFORD

C. S. FROST

G. F. HINCHCLIFFE

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F. J. FINLAY

Secretary to the Board

R. A. S. ELLIOT (*Halifax, N.S.*)

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J. A. FIOTT, *Chief Supervisor*

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District Supervisors

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E. L. PEQUEGNAT

W. S. BOX

A. T. BROOME (*Havana, Cuba*)

F. BELL

E. BARKER

H. F. CUNNINGHAM (*Saint John, N.B.*)

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W. G. HENDERSON (*Winnipeg, Man.*)

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E. M. ROBINSON

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C. N. S. SEDGEWICK, *Supervisor of
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W. C. MEEK, *Chief Accountant*

A. McD. McBAIN, *Supervisor,
Foreign Department*

G. T. MURDOCH, *Chief Inspector*

P. B. COOMBS, *Manager, Business
Development Department*

IAN ROSS, *Manager, Foreign Exchange
Department*

G. P. SPEIRS, *Manager, Bank
Premises Department*

J. D. GIBSON, *Supervisor, Statistical
Department*

H. C. STEWART, *Supervisor of
Properties*

R. C. FRISE, *Manager, Publicity
Department*

J. R. PINDER, *General Office Auditor*

DIRECTORS' REPORT

Your Directors beg to submit herewith the One Hundred and Seventeenth Annual Report of the Bank covering its operations for the fiscal year ended 30th October, 1948, with a statement showing the Assets and Liabilities at that date.

The profits for the fiscal year ended 30th October, 1948, after making appropriations to Contingency Reserves, out of which accounts full provision for Bad and Doubtful Debts has been made, amounted to.....

\$3,870,376.44

Provision was made out of this for the following:

Depreciation on Bank Premises.....\$ 472,029.68

Dominion and Provincial Government Taxes..... 1,391,000.00 1,863,029.68

Leaving the total available for distribution..... \$2,007,346.76

This has been appropriated as follows:

Quarterly Dividends of 30c per share.....\$1,440,000.00

Extra Distribution of 20c per share, payable 3rd January, 1949..... 240,000.00 1,680,000.00

Leaving a balance to be carried forward..... \$ 327,346.76

To which is added the balance brought forward last year.. \$2,010,367.06

Making the balance in Profit and Loss Account, 30th October, 1948..... \$2,337,713.82

The Assets of the Bank have been carefully and conservatively valued, and the correctness of the statement is certified by the Auditors appointed by you under Section 55 of The Bank Act. During the year the Branches have been inspected by experienced officers specially appointed for that purpose.

There were 312 Branches of the Bank in operation at the beginning of the fiscal year; during the year 13 Branches were opened and none closed, so that there were 325 Branches of the Bank in operation as at 30th October, 1948. Of these 286 are in Canada, 15 in Newfoundland, 22 in the West Indies, 1 in the United States and 1 in London, England. There are also 12 Sub-branches of the Bank in operation.

Since last report Mr. W. K. Whiteford was elected to the Board.

It is with sincere regret that your Directors record the death on the 7th November last of their esteemed colleague, Mr. J. A. Kilpatrick, who became a member of the Board on the 3rd February, 1943.

Your Directors wish to record their sincere appreciation of the loyalty and efficiency with which the Officers of the Bank have discharged their duties in the past year.

On behalf of the Board,

H. D. BURNS,

President.

Halifax, N.S., 1st December, 1948.

General Statement as at 30th October, 1948

LIABILITIES

Capital paid up.....	\$ 12,000,000.00	
Rest or reserve fund.....	24,000,000.00	
Dividends declared and unpaid.....	363,411.52	
Extra distribution declared and unpaid.....	240,000.00	
Balance of profits, as per profit and loss account.....	2,337,713.82	
		\$ 38,941,125.34
Notes in circulation.....	\$ 1,464,942.44	
Deposits by and balances due to Dominion Government.....	\$ 22,214,564.21	
Deposits by and balances due to provincial governments.....	1,803,206.87	
Deposits by the public not bearing interest.....	259,085,042.88	
Deposits by the public bearing interest, including interest accrued to date of statement...	385,295,574.63	
	668,398,388.59	
	\$669,863,331.03	
Deposits by and balances due to other chartered banks in Canada.....	5,077,985.66	
Deposits by and balances due to banks and banking correspondents elsewhere than in Canada.....	6,653,168.07	
		\$681,594,484.76
Acceptances and letters of credit outstanding.....		28,221,004.29
Liabilities to the public not included under the foregoing heads.....		859,232.01

H. D. BURNS, President

\$749,615,846.40

Auditors' Report to the Shareholders of The Bank of Nova Scotia:

We have examined the above General Statement of Liabilities and Assets as at 30th October, 1948 Bank's investments and cash on hand at the Chief Office and at the Toronto, Montreal and Havana information and explanations that we have required, and in our opinion the transactions of the Bank

We report that in our opinion the above statement discloses the true condition of the Bank and is as

TORONTO, CANADA, 18th November, 1948

REPORT OF THE BANK OF NOVA SCOTIA

General Statement as at 30th October, 1948

ASSETS

Gold and subsidiary coin held in Canada.....	\$ 706,132.67
Gold and subsidiary coin held elsewhere.....	1,073,132.80
Notes of Bank of Canada.....	15,698,845.00
Deposits with Bank of Canada.....	41,103,334.23
Notes of and cheques on other banks.....	25,114,650.27
Government and bank notes other than Canadian.....	21,817,169.78
	<u>\$105,513,264.75</u>
Due by banks and banking correspondents elsewhere than in Canada.....	14,052,440.13
	<u>\$119,565,704.88</u>
Dominion government direct and guaranteed securities maturing within two years, not exceeding market value.....	75,014,563.95
Other Dominion government direct and guaranteed securities, not exceeding market value.....	159,949,063.13
Provincial government direct and guaranteed securities maturing within two years, not exceeding market value.....	6,169,783.87
Other provincial government direct and guaranteed securities, not exceeding market value.....	13,475,592.42
Canadian municipal securities, not exceeding market value...	7,384,989.44
Public securities other than Canadian, not exceeding market value.....	12,900,837.83
Other bonds, debentures and stocks, not exceeding market value	23,034,307.88
Call and short (not exceeding thirty days) loans in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover.....	17,169,364.38
Call and short (not exceeding thirty days) loans elsewhere than in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover.....	6,765,042.00
	<u>\$441,429,249.78</u>
Current loans and discounts in Canada, not otherwise included, estimated loss provided for.....	\$200,549,386.64
Current loans and discounts elsewhere than in Canada, not otherwise included, estimated loss provided for.....	43,726,420.90
Loans to provincial governments.....	12,778,896.35
Loans to cities, towns, municipalities and school districts....	12,361,549.54
Non-current loans, estimated loss provided for.....	63,309.31
	<u>\$269,479,562.74</u>
Liabilities of customers under acceptances and letters of credit as <i>per contra</i>	28,221,004.29
Mortgages on real estate sold by the bank.....	8,317.30
Bank premises at not more than cost, less amounts written off..	7,207,393.20
Deposit with the Minister of Finance for the security of note circulation.....	86,560.16
Shares of and loans to controlled companies.....	2,311,768.20
Other assets not included under the foregoing heads (including refundable portion of Dominion Government taxes amounting to \$615,673.51).....	871,990.73
	<u>\$308,186,596.62</u>
	<u>\$749,615,846.40</u>

H. L. ENMAN, General Manager

and compared it with the books at the Chief Office and with the certified returns from the Branches. The Branches were confirmed by us at the close of business on 30th October, 1948. We have obtained all the which have come under our notice have been within the powers of the Bank.

W. L. L. McDONALD, F.C.A.,
of Price, Waterhouse & Co.
T. A. M. HUTCHISON, F.C.A.,
of Peat, Marwick, Mitchell & Co. } Auditors

Controlled Company

Empire Realty Company, Limited

Balance Sheet, 30th October, 1948

ASSETS

LAND, AT COST.....	\$2,542,075.00
BUILDING:	
Construction in Progress.....	1,183,319.87
	<u>\$3,725,394.87</u>

LIABILITIES

ACCOUNTS PAYABLE.....	\$ 88,626.67
ADVANCES FROM THE BANK OF NOVA SCOTIA	636,768.20
CAPITAL STOCK:	
Authorized: 50,000 shares of par value \$100.00 each..	\$5,000,000.00
Issued, fully paid — 30,000 shares	(1) 3,000,000.00
	<u>\$3,725,394.87</u>

NOTES:

- (1) *The Capital Stock issued by the above Company is wholly owned by The Bank of Nova Scotia and is included in its Statement of Liabilities and Assets at the amount of \$1,675,000.00.*
- (2) *As at 30th October, 1948 the Company had certain contractual obligations with respect to the erection of a building on its property at King and Bay Streets, Toronto.*

To the Shareholders of Empire Realty Company, Limited:

We have examined the books and accounts of Empire Realty Company, Limited for the year ended 30th October, 1948 and report that in our opinion the above balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at that date according to the best of our information and the explanations given to us and as shown by the books of the Company. All our requirements as auditors have been complied with.

W. L. L. McDONALD, F.C.A., of Price, Waterhouse & Co.	} Auditors
T. A. M. HUTCHISON, F.C.A., of Peat, Marwick, Mitchell & Co.	

TORONTO, CANADA, 18th November, 1948.

**Minutes of the One Hundred and Seventeenth Annual
General Meeting of the Shareholders of The
Bank of Nova Scotia, held at the Head Office
of the Bank in the City of Halifax, N.S.,
on Wednesday, December 1st, 1948**

The following were present:

Mr. H. D. Burns, Hon. F. B. McCurdy, P.C., Mr. James Y. Murdoch, O.B.E., K.C., LL.D., Colonel J. D. Fraser, Dr. J. G. MacDougall, Mr. W. A. Winfield, Mr. W. C. Harris, Mr. W. J. Hastie, Mr. Hugh Mackay, Mr. W. A. Murphy, Mr. P. R. Gardiner, Mr. W. Norman McLeod, Mr. Fred C. Manning, Mr. W. K. Whiteford, Miss S. W. A. Almon, Mr. Norman T. Avar, Dr. Jane L. Bell, Mr. H. F. Bethel, Mr. Percy L. Black, Mr. M. R. Chappell, Mrs. W. G. Evans, Miss Georgene L. Faulkner, Mr. Gordon A. Gladwin, Mr. J. W. Godfrey, K.C., Mr. Eric McN. Grant, Mr. C. E. Hand, Mr. Gilbert S. Hart, Colonel F. H. M. Jones, Colonel K. C. Laurie, Miss Jane A. Malcolm, Mr. R. A. Mingie, Mr. Harry I. Mathers, Mr. N. Cyril Mitchell, Miss Mary Mackay, Mrs. H. P. MacKeen, Mr. Allan McDonald, Mr. Donald McInnes, K.C., Mr. F. A. Nightingale, C.A., Mrs. Janet G. Oxley, Mr. L. D. Payzant, Mr. W. L. Payzant, K.C., Mr. Robert Pettigrew, Mr. Benjamin Rogers, Mr. E. L. Rowan-Legg, Captain Peter M. Seeley, Mr. Austin A. Scales, Mr. W. H. Silver, Mr. L. V. Smith, Mr. Charles J. A. Wambolt, Miss M. Grace Wambolt, Mr. H. McArthur Wood, Mr. A. B. Wiswell, Mr. C. B. Simmons, Mr. S. J. Dunsford, Mr. R. B. W. Ward, Mr. H. M. Carty, Mr. A. G. Macdonald, Mr. A. S. MacKenzie, Mr. W. E. Starrak, Mr. H. J. Johnson, Mr. J. F. Palfrey, Mr. A. G. Baird, Mr. J. H. Rector, Mr. H. P. Desborough, Mr. T. W. Mitton, Mr. J. F. Gill, Mr. G. M. Schurman, Mr. T. F. Mitchell, Mr. F. R. Nauss, Mr. W. Hayward, Mr. W. R. Monteith, Mr. J. B. Tarlton, Mr. H. A. Fillmore, Mr. W. A. Clark, Mr. M. A. Girvan, Mr. G. K. Laing, Mr. C. L. Bowlby, Mr. R. V. Hickson, Mr. J. W. Hahn, Mr. R. E. Tower, Mr. H. N. Hubley, Mr. R. C. Calpin, Mr. F. W. Nicks, Mr. J. M. Hayman, Mr. H. F. Gordon, Mr. R. Furneaux, Mr. A. L. Ormiston, Mr. J. Douglas Gibson, O.B.E., Mr. F. J. Finlay, Mr. R. A. S. Elliot, and Mr. H. L. Enman, General Manager.

On motion of Mr. J. Y. Murdoch, O.B.E., K.C., seconded by Mr. W. J. Hastie, Mr. H. D. Burns was appointed Chairman of the meeting.

On motion of Colonel J. D. Fraser, seconded by Mr. P. R. Gardiner, Mr. F. J. Finlay was appointed Secretary of the meeting.

At the request of the Chairman, the notice convening the meeting was read by the Secretary.

On motion of Mr. H. McArthur Wood, seconded by Mr. A. B. Wiswell, Mr. Harry I. Mathers and Mr. Eric McN. Grant were appointed Scrutineers for the meeting.

The Minutes of the last Annual Meeting, having been printed and distributed to the Shareholders, were taken as read, and on motion of Mr. L. V. Smith, seconded by Miss Georgene L. Faulkner, were confirmed.

At the request of the Chairman, the Secretary read the Report of the Directors for the past fiscal year and the Auditors' Report to the Shareholders of the Bank. The General Statement of Liabilities and Assets as at October 30th, 1948, and the Statement of Profit and Loss Account for the fiscal year ended that date, together with the Statement of the Empire Realty Company, Limited, as at October 30th, 1948, having been placed in the hands of the Shareholders, were considered as read.

THE CHAIRMAN THEN ADDRESSED THE MEETING AS FOLLOWS:

Sustained High Activity

The year now closing has been another year of great activity. Production has been even larger than in 1947. Industrial output has been running about 3% over last year's levels and the crops this year were considerably better than in the preceding season. Employment has been higher than ever before, breaking through the five million mark in the summer. The number of unemployed at the date of the latest official survey early in September reached the lowest point on record, representing only a little over 1% of the total working force—surely a striking testimony to the extraordinary rate at which our economy has been operating.

During much of the year, and in many parts of the business structure, demands continued to outrun supplies, with the result that prices and costs rose further. The official cost-of-living index is now about 60% over the pre-war level and the wholesale price

index is about double pre-war. The Canadian price level has largely adjusted itself to the prices prevailing in external markets and particularly in the United States. Today the general average of wholesale prices in Canada is at about the same level as in the United States, taking 1935-39 as the basis for comparison, while a year ago the United States wholesale price level was considerably higher than ours. The cost-of-living index in Canada has also been moving closer to the level prevailing in the United States, though, for a number of reasons, it is still relatively lower than across the international boundary.

Of the various demands on our production during the year the strongest have been those for capital expansion and for housing. In 1948, investment expenditures, including those for housing, are officially estimated in round figures at the remarkable total of \$3,000 millions. Last year, such expenditures amounted to about \$2,400 millions. Though prices have been higher, there can be little doubt that the capital expansion program, in physical terms, has been even larger than in 1947—the former peak year.

Export demands have also been heavy, particularly for basic foodstuffs and forest and mineral products. In dollar value, our exports were somewhat higher in the first nine months of this year than in the corresponding period of 1947, though their physical quantity was probably not up to last year's levels. There has been a pronounced and most welcome increase in the value of Canadian exports to the United States. On the other hand, there have been serious reductions in our sales to overseas countries resulting from their drastic exchange and import restrictions.

Consumer demand, supported by wage increases and higher farm income, has remained large. Canadians have spent considerably more dollars this year than last, but because of higher prices, the quantity of goods which they have obtained for their money has probably been less than in 1947, though of course far larger than at any time prior to the war.

A Closer Balance in the Business Picture

While 1948 has been another year of record-breaking activity, there has been growing evidence of a closer balance between demand and supply. There is no doubt that higher prices have checked consumer demand. Moreover, the accumulated requirements for

such things as household appliances and furnishings have been reduced by the large production and sales of the last few years with the result that demand is now less urgent and more discriminating. Higher-priced merchandise sold less readily as the year progressed, price reductions became apparent in some fields, bargain sales more frequent, and some industries encountered growing difficulty in disposing of their output at the prices which they had anticipated.

The seemingly insatiable demands for our exports have also proven to have their limitations. As production has increased overseas—and there has been an encouraging improvement in this regard in Britain and western continental Europe—the needs of the countries concerned for Canadian goods have become less acute. Even the demand for food, great though it still remains, has become less urgent with the harvesting of better crops the world over, and the open-market prices of grains have declined from the extraordinary levels reached last winter. These are natural and healthy developments, the direct result of the gradual recovery of production in the war-ravaged countries of Europe and Asia. If this kind of natural readjustment were the only change in the export picture, there would be little reason for concern. Unfortunately, however, the problems of payment remain and, even with the vital assistance of the European Recovery Program, most overseas countries continue to be extremely short of dollars and are restricting their dollar expenditures accordingly. This has already had a serious impact on Canada's trade. Britain, for example, has ceased to buy our apples and our canned salmon and has severely curtailed her purchases of our lumber. The British Dominions and Colonies have drastically restricted their purchases of Canadian manufactured goods and we have lost and are losing many traditional markets.

High demand from the United States and a strong domestic demand for goods going into capital expansion and housing have thus far eased the effect of these unfavourable developments. There has certainly been no general reduction in business activity. At the same time, the days of excessive demands on our production and of rapidly rising prices have—at least until recently—appeared to be numbered.

Effect of Defence Preparations

Meanwhile, however, the needs of defence have increasingly influenced the economic picture, giving renewed support to the waning

forces of expansion. No one can tell how much defence outlays may be increased in the United States or in this country. But until Russia is ready to cease her present course of world-wide aggression, there is little doubt that defence outlays will be substantial. They have already been increased to some extent in the United States, and this fact has had a significant influence on business conditions. Whether increased defence outlays will push the economy of the United States into a new inflationary upswing is difficult to say, for there are significant factors working in the other direction. It is clear, however, that they will help to sustain the national expenditure at a high level.

Thus, defence preparations, through their influence on business in the United States as well as through their direct impact on business in Canada, are likely to be an important sustaining factor in the Canadian picture. They will undoubtedly stimulate activity in parts of our business structure, though they will also create difficulties in the form of aggravated shortages of metals and many metal goods. Nevertheless, it should not be assumed that such developments will sustain demand for all of our production or obviate the necessity of price reductions in some fields. It is not likely, for example, that enlarged defence outlays will do anything to improve overseas demand for some of our peacetime products. Nor does it follow that such expenditures will be sufficient to strengthen the demand for some of the civilian goods which have been encountering buyer resistance in the domestic market.

In other words, the business outlook is a mixed one—in some directions one of growing shortages, and in others, one of marketing problems overseas and at home. Were it not for defence considerations, one might express the view, with some degree of confidence, that we were close to the peak of the post-war inflationary movement. As matters stand, I believe we shall be well advised to maintain a questioning attitude in regard to the economic outlook, remembering that our business structure is now more vulnerable to any reaction that might occur in the United States, and that we face difficult and perhaps increasing problems in overseas export markets.

An Improved Foreign Exchange Position

At this time last year, Canadians were concerned with our decidedly unfavourable exchange position, brought home by the announce-

ment of the exchange-saving program. In the interval there has been a welcome and substantial improvement in the official reserves of gold and U.S. dollars—from less than \$500 millions late last year to \$742 millions on June 23rd, the latest figure announced. Moreover, if the trade figures are any guide, the current amount may be considerably higher than the last published figure. This improvement results in part from the restrictions on our imports from the United States. In the first nine months of the year, such imports were \$145 millions less than in the corresponding period of 1947, despite the continuance of very active business conditions and a further rise in the prices of imports. An even more important factor has been the remarkable increase in the value of our exports to the United States—an advance of over \$300 millions in the first nine months of 1948. Higher prices for such products as pulp, newsprint and base metals account for much of the rise. But the volume of exports to that country has also been higher, the most striking development being the heavy shipments of beef cattle and beef following the removal of the embargo last August—shipments in September being valued at \$23 millions. Thus, our deficit in commodity trade with the United States has been steadily decreasing, and in September the trade returns actually showed a surplus. Though too much significance should not be attached to the returns for a single month, the trend has been decidedly encouraging and our commodity deficit with the United States has been averaging slightly less than \$30 millions a month this year, as against a deficit of \$80 millions a month in the corresponding period of 1947.

The other major factor which accounts for the improvement in our exchange position is the advent of the European Recovery Program with its provisions for off-shore purchases. Without the European Recovery Program our overseas customers would have been faced with almost impossible problems of payment. Indeed, it is difficult to imagine the chaotic and disastrous consequences which would have ensued had the United States not performed this unprecedented act of statesmanship and goodwill.

Other developments have also contributed toward easing our U.S. dollar problem. Britain and other overseas countries have succeeded in increasing very considerably their sales to Canada, and this has reduced our need for certain imports from the United States. An active tourist trade during the past season has been

another helpful influence. Nor should it be overlooked that the Dominion Government has borrowed to the extent of \$150 millions in the United States. In addition, a considerable amount of U.S. dollar exchange or its equivalent in needed imports is being obtained through certain capital transactions connected with oil exploration and development work in Alberta. There has been no general inflow of U.S. capital during the year, but the improved exchange position and the great opportunities of resource development are factors working toward a revival of American interest in Canadian investment opportunities.

Trading Problem Not Solved

Encouraging as the improvement in our exchange position may be, it would be short-sighted to assume that our U.S. dollar problem is approaching solution. It is well to remember that we have improved our position, in part, by almost ceasing to sell on credit to Britain and other overseas customers whose ability to pay us is, in turn, heavily dependent on E.R.P. aid. There remains \$235 millions in the original credit to Britain which we have not been in a position to permit the British to use for some time, though we have continued to ship wheat and other foodstuffs to Britain at prices which have been considerably lower than those prevailing in world markets. In the interests of maintaining our exports as well as of contributing further toward European recovery, due consideration should be given to providing for some additional sales on credit when our exchange position has improved sufficiently to justify such a course. It would be unwise to rely too heavily on off-shore expenditures of E.R.P. funds, particularly as supply conditions in the United States improve. Already we are finding it difficult to sell grain to most European countries, apart from Britain, largely because the grain supplies of the United States—the country which is providing the funds for the European Recovery Program—are bountiful.

Our trading problem is not simply a question of balancing our receipts and outlays of U.S. dollars. Fundamentally, it is one of keeping overseas markets for export produce for which we cannot expect to find adequate or lasting markets on this continent. Grain, part of our lumber, fish, and some manufactured goods—to mention a few examples—need overseas outlets if our productive capacity

is to be used to advantage, and if we are to maintain a high level of activity. Despite our recent success in expanding our exports to the United States, we can scarcely help being increasingly concerned as to the implications of the severe restrictions which overseas countries are applying to their dollar purchases, nor can we fail to observe that their purchases would be further reduced were they able to obtain alternative supplies from countries with which they have less difficulty in settling their accounts.

European Recovery Still the Primary Task

I have no intention of presenting an alarming picture of the outlook for our overseas trade. Even in an upset world we shall continue to export some commodities to overseas countries on a large scale. Britain and certain other European countries have made substantial progress in restoring their production and trade, and they have recently increased their shipments to Canada and to the United States. The European Recovery Program is providing the essential time to press ahead on its individual and joint plans of recovery. There is real hope of rebuilding a functioning system of world trade. But, at the same time, it should be recognized that there is still a long way to go before most overseas countries reach a position in which they are likely to ease their import and exchange restrictions and implement the code of trade behaviour worked out at Geneva and Havana.

It is perhaps difficult for us in Canada to appreciate the size of the task of reconstruction faced by most countries of Europe and Asia. The loss of capital has been staggering. Britain, for example, used up much of her foreign investments as a result of the war and she has to make good the loss of this income by producing more and by diverting a much larger share of her production for export. Moreover, the disturbed state of affairs in south-east Asia has gravely retarded recovery of earnings from trade which countries like Britain and Holland formerly enjoyed. Most important of all has been loss of physical capital resulting from the war. In part, this loss is the direct result of wartime destruction by bombing and by invading armies. To an even greater degree, perhaps, it reflects the depreciation and wear and tear on physical capital throughout the entire war period. Worn-out, inadequate and obsolete plant is western Europe's greatest economic handicap and

accounts for much of the low productivity which is so frequently discussed. While the immediate post-war task of repair work is largely completed in the Allied countries, the much greater job of modernizing and adding to physical capital has only begun. It is a process which is bound to be gradual, for, though there has been a considerable increase in the production of most of the countries of western Europe, the demands on that production for export, domestic consumption and defence are large and urgent, and severely limit the supply of men and materials which can be devoted to capital reconstruction.

Our interest in European recovery is not simply a matter of keeping markets, important as that is. It is a much broader interest than that, involving our hopes of peace and of the building of a workable international system. Weakness and internal dissension in western Europe invite Russian aggression. That is one of the main reasons why Russia is so actively combatting the European Recovery Program. Until the countries of western Europe, working together and aided by this continent, succeed in establishing satisfactory and orderly economic conditions and a greater degree of political unity, there is little prospect that the Russian pressure will subside.

In these circumstances, it is particularly important that we on this continent endeavour to keep our affairs in good order so that we may play our full part in world recovery and in defence of the way of living which emphasizes the rights and worth of the individual. Preparations for defence in Canada, as in the United States, will naturally tend to prolong inflationary pressures at least in some directions. More money will be needed and, though taxes remain high, no great relief in the burden of taxation should be expected. It is a fact that we cannot enjoy the full fruits of peacetime prosperity in an unsettled world. There are, however, a number of ways in which Canadians can contribute toward more stable economic conditions. One of them I should like to emphasize—that is the practice of the old-fashioned virtue of thrift, in which virtue our forbears so earnestly believed. In point of fact, it was highly necessary in earlier days and, in my opinion, still is. Our standard of living is high by any past comparison, and there are many citizens who are in a position to increase their savings. From a national point of view, increased saving would be most helpful at this time, and from an individual point of view, it provides

protection for the rainy day that is bound to come, and is an excellent personal discipline. The man or woman who saves something out of his or her current wages or salary develops a growing interest in the future of the country and is usually a better citizen for the restraint and self-discipline which saving requires.

Increased saving and individual restraint generally would reduce the pressures on our economy and the need for government controls. It is earnestly to be hoped that new controls can be avoided and that the present controls on our purchases from the United States can be gradually relaxed. Canadians do not like government control and regimentation. At the same time, I believe it should be recognized that we have not had controls for controls' sake. Wartime controls have been largely removed, and the reasons for the import controls established a year ago were strong ones. I believe it is also fair to say that the administration of the controls which still remain, irritating as some of them are, has been fair and efficient in comparison with that of other countries. A good deal of credit is due to the senior men in permanent government service, whose abilities are a great aid in the administration of policy and whose knowledge in their respective fields qualifies them to offer advice to their responsible Ministers who, after all, must make the decisions.

If there are many problems and uncertainties in the outlook, we can be thankful for the favourable position which Canada enjoys—I believe more favourable than any other country with the exception of the United States. We produce, efficiently and in large volume, goods which the world needs. Food, wood and minerals—there are no commodities more basic than these. In a world where population is increasing and natural resources are limited, we are well endowed, and the discoveries of new oil fields in Alberta and of iron and other metals in Quebec clearly indicate that our resources are still far from fully developed. Moreover, we have modernized and extended our productive equipment in the last few years, as well as converted wartime plants to peacetime needs. We have more machinery per worker and more fuel and power to work it than any other country except our southern neighbour. This is the basis of high production and high living standards. Added to these advantages, we live beside the richest and largest market in the world and enjoy excellent relations with the two great democracies of Britain and the United States. Canada is well equipped to face the future.

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We are a country of great resources and potentialities. Booms and recessions come and go, and they may hasten or retard our development for the time being. But Canada is a growing country with enormous opportunities for further development. We must guard against the attitude of mind which seeks merely to protect the gains of the past—an attitude frequently to be found in more mature countries. We need more people and further expansion of our physical capital. The path of growth and expansion may not be an entirely smooth one, but it is the only path which is in keeping with the temperament of Canadians, which leads to greater opportunity, and which offers the promise of higher and better standards of living.

It was moved by Mr. H. D. Burns, seconded by Hon. F. B. McCurdy, P.C., that the Report of the Directors be adopted, that the appropriations therein be confirmed and that the Report, together with the Statement of Liabilities and Assets and Profit and Loss Account, be printed and distributed to the Shareholders.

Before putting the motion to adopt the Report to the meeting, the Chairman asked Mr. H. L. Enman, the General Manager, to address the meeting.

MR. ENMAN SPOKE AS FOLLOWS:

My remarks will be mainly concerned with the banking and financial picture. The high rate of business activity, which the President has discussed, is clearly reflected in our Statement. Our Deposits and Assets have again increased considerably and our Total Assets are now \$750 millions in round figures, which is, of course, the highest in the Bank's long history. Loans are higher, but the increase was at a less rapid rate than in the preceding year. Investments, which had decreased quite sharply in the year ended October 31, 1947, stopped declining and rose slightly.

Bank Deposits Rising Again

As the Statement shows, our Deposits have increased by about \$40 millions and at our year-end stood at \$668 millions. This is a larger increase than that which occurred in the preceding fiscal year and is indicative of the strength of the expansive influences which have been apparent in the business structure. It follows the pattern of total bank deposits in Canada which, after levelling off

in 1947, have shown a renewed upward movement of considerable proportions this year. Rising bank deposits are, of course, usually regarded as a symptom of prosperity—and so they are, up to a point. Nevertheless, it should be recognized that the increase this year is related to the further rise in the price level, to which Mr. Burns has referred, and should therefore be viewed with some reserve. The fact is that the total demand for funds has continued to be excessive and has led to some further expansion in credit. Bank loans have not increased nearly as much as in the preceding year, but the demand for long-term funds for capital expansion and housing has been so great as to absorb all the money made available by the Dominion Government's retirement of debt and to reverse the decline in the banks' holdings of Government obligations which was so notable a feature in 1947.

A Less Rapid Increase in Current Loans

Our loans rose again during the year by nearly \$36 millions to a total of \$293 millions. The rise, however, was considerably less marked than that of the previous year. Loans to provincial and municipal governments increased quite notably, and Call Loans in Canada also showed a material advance. But the major category of lending, our Current Loans in Canada, increased only moderately, from \$192 millions to \$201 millions. In view of the further rise in prices and the high state of business activity, this moderate increase, which is not greatly different from the experience of the banking system as a whole, may occasion some surprise. There are a number of explanations. In many businesses, inventories had been replenished during 1946 and 1947 to satisfactory working levels, and in some cases reductions occurred during the year, in part as a matter of caution, and otherwise because desired supplies were not available in sufficient quantities.

Probably the most significant explanation, however, is that the banks and the business community in general have been increasingly careful to guard against the dangers of an over-extended credit position. In times like these, this is a healthy sign, for there can be no doubt that some prices are unduly high and many businesses vulnerable to readjustment in their markets. The policy of our Bank in regard to lending has not changed. We are ready and anxious to make well-conceived loans for all reasonable purposes.

But we must and we do exercise care in the interests of our depositors, and we also believe that this is the best kind of lending policy in the interests of our borrowing customers. It is no favour to a borrower to encourage him in a course that may readily lose him his own investment as well as result in a bad loan for the Bank. We have always endeavoured to be a reasonable and reliable lender, watching for excesses in boom conditions and trying to avoid an unduly restrictive policy when times are more difficult.

A Slight Increase in Bank Investments

Our total Investments are \$298 millions, representing a rise of \$8 millions as compared with a year ago. In our case, it is entirely the result of a moderate increase in holdings of Dominion Government securities, and the banking system as a whole has increased its holdings of such obligations. This is not a large change and would occasion little comment under more stable circumstances. However, it is in marked contrast to developments in 1947 when the banks' holdings of such securities were sharply reduced. As I pointed out at the Annual Meeting last December, the Dominion Government's budgetary surplus in 1947, though very substantial, was no more than enough to finance the credits which were being extended to Britain and other overseas countries. But large amounts of Canadian funds were coming into its hands from the sale of the official holdings of U.S. dollars and these funds were being used in part to retire bank-held debt.

This year, the budgetary surplus has remained large and the use of credits by overseas countries has been much reduced. On the other hand, our exchange reserves have been increasing and funds have been required to pay for the larger holdings of U.S. dollars, even though part of the increase has been financed by a Dominion loan of \$150 millions in the United States. On balance, however, there have been additional funds available for debt retirement and the Dominion has further reduced its net obligations to the public. The reason that this continued repayment of debt has led to no further reduction in the holdings of government securities in the banking system is to be found in the very heavy demand for capital funds.

Though the mechanical processes behind these developments are rather involved, it is easy enough to understand the essentials of

what has been happening. There has been an enormous demand for funds in the private economy, largely to finance expansion and improvement of our physical capital. To help meet this demand, substantial amounts of government securities have been sold. The funds which the Dominion has been returning to the market through debt retirement have not been quite sufficient to absorb these sales and the banks have enlarged their holdings of government securities in taking up the slack.

It is true, of course, that the monetary authorities could have chosen another course and permitted interest rates to rise further in the hope that higher rates would reduce the great demand for capital. The difficulties of such a course are apparent, for it is highly questionable if a moderate further increase in the long-term rate on Dominion bonds, together with corresponding increases in other rates, would have had a deterring effect sufficient to balance demand and supply in the capital market, while a sharp increase would have been seriously disturbing in its general effects. Moreover, with the evidence of a closer balance between the supply of and demand for goods, which Mr. Burns has discussed at length, and bearing in mind the fact that a large part of the expansion and modernization program in the manufacturing industries is completed or nearing completion, it is natural that the monetary authorities should have been cautious in permitting further adjustments in the rate of interest. I would not suggest, of course, that further increases can be ruled out. Much will depend on the extent of inflationary pressures, and even more on developments in the United States. We cannot easily contemplate holding our structure of interest rates down if the trend in the United States is upward, and official policy has, in fact, largely followed the United States pattern, notably in the adjustments made around the turn of the year.

Banking Machinery Well Regulated in the Public Interest

I doubt if it is as widely recognized as it should be that the business of banking is carefully regulated in the public interest. The ten chartered banks are the principal, though by no means the only institutions providing banking service to the public. The sphere in which they operate, the kind of business they do and may *not* do, the maximum rates which they may charge, as well as many other rules concerning their activities, are laid down for them in

The Bank Act. Moreover, these rules of banking conduct are carefully reviewed and may be revised and changed by Parliament when the bank charters automatically come up for renewal approximately once every ten years. There have been many devices worked out in various countries for the regulation of banking, but it is doubtful if there is any system that has worked so well over the years as that in Canada, which assures continuity and provides for adaptation and improvement.

In addition to this carefully considered book of rules—and it is a small book—the banks are continuously affected by the policies of the government-owned central bank—the Bank of Canada. The Bank of Canada is in a position to vary the amount of the cash reserves of the banking system and, through this means, to influence and control the total volume of bank credit. As I said earlier, the banks made some additional purchases of government securities during the present year. There is no question that they did so willingly, but the decision was not primarily theirs. The fact is that their ability to make these purchases depended on their cash position, which is subject to the control of the Bank of Canada and was controlled with this purpose in mind. The central bank's influence extends beyond the mechanical means of controlling the volume of credit which, in times of high and expanding demand, may be difficult to use for restrictive purposes because of the effects on interest rates and for other reasons. The Bank of Canada enjoys great prestige, as well as power, and its suggestions and advice to the chartered banks are taken seriously. There is a very important degree of informal, as well as formal, control of the Canadian banking system by the monetary authorities. More than that, the system of control works smoothly and effectively, for the chartered banks are equally concerned to serve the public interest, as they have demonstrated on many occasions in recent years. These are facts which the advocates of nationalization in this country frequently fail to recognize.

The Subject of Nationalization

I make no apologies in referring to this subject of nationalizing the chartered banks, since it has recently been incorporated into the platform of a political party in this country. As a citizen and a banker, I naturally have views on this topic and these I believe

I should express. In my opinion, the question is simply this: would the public interest be better served by a nationalized banking system than by the present type of system? Nationalization is surely not an end in itself. The whole idea makes no sense unless it can be shown that it will better serve the public interest.

As I have noted, the banking system is carefully regulated by the provisions of The Bank Act and subject to basic controls by the Bank of Canada. This method of regulation and control works well and can be adapted to changing circumstances and extended if necessary. Nationalization is not required to accomplish these purposes.

It may, however, be claimed that nationalization would result in greater efficiency and better service to the public. I certainly would not claim that the chartered banks have achieved the ultimate in this respect, though I think their record compares well with that of banks in other countries. Our Bank is constantly endeavouring to improve its efficiency and to better serve the public. That is our business. We have to be alert or some other bank will take our accounts away, or our expenses will get out of line with our revenues. Government ownership of the banks would replace the present competitive system with a monopoly—government-owned to be sure, but still a monopoly. Monopolies are usually less responsive to the public interest because there is no one ready to take their business away from them if they do not function efficiently. We have yet to find a stronger incentive to efficiency than the spur of competition. And there is little to suggest in past experience that government monopolies are not subject to the same weaknesses as all other monopolies. Indeed, government monopolies are frequently inclined to be less responsive to the public need, since they are not subject to the threat of government intervention and control. For these reasons, it is difficult to believe that a government-owned banking system would be as efficient or as responsive to the needs of the public as the present private competing system.

To the businessman or the individual depositor and borrower, government ownership of the banking business would mean that there would be no alternative in the event that he did not like the service or the attitude of the bank with which he dealt. Though I do not like to admit it, we sometimes lose customers because they think they can get larger loans or better service from another bank, and the same thing applies to all the chartered banks. The risk of

losing customers is always present and helps to keep us on our toes. But under a government monopoly of banking, the customer would simply have to take what service or treatment was forthcoming and like it. He might complain but he would have no alternative.

So far, I have not mentioned the political implications of government ownership of the banking system. It is the political danger, however, which overshadows all others. There is no doubt that government ownership of the banks would place tremendous power at the disposal of the political party which happened to be in office. The party in office might well be led by thoroughly honest and high-principled men who would be disinclined to abuse it. But the fact of enormous power would be there—power to withhold credit, power to interfere with the privacy of personal affairs, power to bring political opponents into line or even to ruin them, power enough, indeed, to undermine the democratic system and to perpetuate the political control of the party in power. The temptation to use such power would be great and ever present. Sooner or later it would be used, perhaps within limitations at first, but used none the less. It is an old and true saying that power corrupts and that absolute power corrupts absolutely.

I mention these points because I believe that there has been a good deal of half-baked propaganda concerning nationalization of banking in this country, and even more abroad. The political party at present in power in Australia has pushed ahead with a program of nationalizing the banks in the face of widespread public opposition and it is now appealing to the Privy Council the decision of the High Court of Australia declaring unconstitutional the Act for nationalization. It already had thorough-going and remarkably detailed control over the banking system. Yet it has pushed ahead with its plan in the face of a hostile public opinion.

It is surely up to the advocates of nationalization here and elsewhere to explain just how it is proposed to use such a great concentration of power and, most important of all, how the rights of citizens would be protected in its use and from its abuse. This latter point takes a lot of explaining, for there is nothing in history nor in common sense to suggest that it can be done.

Immigration and Canada's Growth

With the President, I should like to emphasize the great importance of building up and expanding our country. It is true that

there are unbalanced elements in the economic picture at present and that we should exercise care and restraint with a view to avoiding excesses which would create future problems of readjustment. But while exercising restraint and guarding against excesses, let us maintain that attitude of confidence and vision which has characterized our growth in the past, in the knowledge that Providence has been generous to us and that it is our responsibility to make the best and fullest use of this heritage. No solution to our economic problems is to be found in policies arising out of fear of the future, nor in a fallacious security gained at the sacrifice of opportunity. Our efforts must be centred on the growth and further development of our country, and backed by the qualities of imagination, courage, and intelligence of which we as a people have our full share.

At the two preceding Annual Meetings, I have emphasized the importance of enlarging the human base of our economic structure through immigration. It is encouraging to observe that this year the flow of immigration has substantially increased. It is expected that well over 100,000 potential new citizens will enter Canada, as compared with the 64,000 who came in last year. The newcomers have been a significant factor already in helping to meet the pressing need for more workers in such vital occupations as agriculture, forestry and mining and, to some extent, in highly skilled trades also. Business continues active and new opportunities for growth are continually arising, such as those in Alberta and north of the St. Lawrence, and it is earnestly to be hoped that immigration will continue on a large scale.

Business in the Caribbean Area

Returning to the Bank's activities, a further substantial increase took place in our Current Loans abroad, which rose from about \$35 millions a year ago to nearly \$44 millions as shown in the present Statement. Business conditions in the Caribbean area have generally continued active, though here as elsewhere, there has been some lessening in the intensity of the demand for primary exports. In some respects Canadian trade with this area has developed favourably. For example, our exports to Cuba, a dollar country, have increased substantially. Another healthy development has been the increase in our imports from Jamaica and most of the other British colonies. However, despite this increase in imports, the British West Indies

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as part of the sterling area has rigorously controlled its purchases from Canada and, in a number of cases, has ceased to buy Canadian goods because of the payments problem.

Earnings

As the Profit and Loss Statement shows, our profits before taxes were somewhat lower than in the preceding year. However, largely because of the reduction in the Dominion taxes on corporate income, net profits after taxation were almost the same—\$2,007,000 as against \$1,992,000 in the year ended October 31, 1947. The distribution of profits to shareholders is the same as in the previous year—\$1,680,000—leaving a balance of \$327,000 which is carried forward.

In viewing the decrease in the Bank's profits before taxes, account should be taken of the fact that there was a special element in our profits in 1947. The unusual level in that year, in addition to reflecting the marked expansion in our lending business, included certain reversals of appropriations made in prior years. These reversals, made necessary by the requirements of the Income War Tax Act, had to be brought back into income in 1947 and taxed at the current rate. When account is taken of this factor, the decline in our profits before taxes is small, notwithstanding a considerable increase in our operating expenses.

Personnel

Our staff has increased again, to a total of 4208 men and women—an advance of 205 over the banking year. The male staff numbers 2561, and the female 1647 or slightly under 40% of the total. The volume of work has again increased during the year and a number of new branches—13 to be exact—have been opened in Canada and Newfoundland.

I repeat what I said last year—the staff, men and women, have been doing a first-rate job. In villages, towns and cities from coast to coast in this country, in Newfoundland, in the Caribbean area, and in New York and London are men and women working, and working well, in varied environments, for The Bank of Nova Scotia. They are carrying on in the honourable traditions of fair-dealing and public service for which our Bank stands. Its good name, its strength, and its efficiency are the result of their combined efforts.

The motion to adopt the Report of the Directors was then put to the meeting by the Chairman and passed unanimously.

It was moved by Miss M. Grace Wambolt, seconded by Mr. W. L. Payzant, K.C., and carried:

That Mr. William Leslie Lachlan McDonald, F.C.A., of the firm of Price, Waterhouse & Company, and Mr. Thomas Arbuthnot McCombie Hutchison, F.C.A., of the firm of Peat, Marwick, Mitchell & Company, be appointed auditors for the ensuing year under Section 55 of The Bank Act, that an appropriation not to exceed \$20,000 be hereby authorized for their remuneration, to be divided between them in such manner as the Directors shall consider just and reasonable, and that one ballot be cast.

The ballot having been taken and the Scrutineers having reported it in favour of the foregoing resolution, the Chairman declared the gentlemen named duly appointed as Auditors, and the appropriation for their remuneration authorized as stated.

It was moved by Mr. Norman T. Avard, seconded by Mr. Gordon A. Gladwin, and carried:

That the following be, and they are hereby nominated as Directors for the ensuing year, that a vote be taken for their election, and that one ballot be cast:

H. D. Burns, Esq., Toronto, Ont.; Hon. F. B. McCurdy, P.C., Halifax, N.S.; James Y. Murdoch, Esq., O.B.E., K.C., LL.D., Toronto, Ont.; H. L. Enman, Esq., Toronto, Ont.; W. W. White, Esq., M.D., Saint John, N.B.; Russell Blackburn, Esq., Ottawa, Ont.; F. P. Starr, Esq., Saint John, N.B.; Hon. Leighton McCarthy, P.C., K.C., LL.D., Toronto, Ont.; W. M. Birks, Esq., C.B.E., LL.D., Montreal, Que.; A. L. Ellsworth, Esq., Toronto, Ont.; Colonel J. D. Fraser, Ottawa, Ont.; Christopher Spencer, Esq., C.B.E., Vancouver, B.C.; Brig.-General C. H. Maclaren, C.M.G., D.S.O., Ottawa, Ont.; J. G. MacDougall, Esq., M.D., C.M., Halifax, N.S.; W. A. Winfield, Esq., Halifax, N.S.; W. C. Harris, Esq., Toronto, Ont.; W. J. Hastie, Esq., Toronto, Ont.; Hugh Mackay, Esq., Rothesay, N.B.; W. A. Murphy, Esq., Winnipeg, Man.; P. R. Gardiner, Esq., Toronto, Ont.; W. Norman McLeod, Esq., Toronto, Ont.; Fred C. Manning, Esq., Halifax, N.S.; W. K. Whiteford, Esq., Toronto, Ont.

The ballot having been taken and the Scrutineers having reported

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it in favour of the foregoing resolution, the Chairman declared the gentlemen named duly elected Directors for the ensuing year.

In moving the foregoing resolution, Mr. Avard said it was one hundred and seventeen years ago that The Bank of Nova Scotia was born in the City of Halifax and, nurtured by the financial life of the province, it has grown rapidly until it has now become one of the larger financial institutions in the country with branches throughout the Dominion, in Newfoundland, the West Indies, New York and London, England. While the Bank's success, he added, has in large measure been due to the loyal and efficient service of the staff working under the direction of the senior officials, the foundation of that success has been the judicious policies laid down by the Board of Directors which, since the Bank's inception, has been composed of men of outstanding business ability and integrity.

In concluding, Mr. Avard voiced on behalf of the shareholders their appreciation of the splendid service rendered by the Directors, their commendation for the continued success of the Bank, and thanks for the consideration shown to the interests of the shareholders; he therefore had much pleasure in nominating the gentlemen named as Directors of the Bank for the ensuing year.

It was moved by Mr. W. A. Winfield, seconded by Mr. W. C. Harris, and carried:

That in accordance with Section 53, Sub-section 5, of The Bank Act, Mr. Herbert D. Burns, or failing him, Mr. Horace L. Enman, be appointed to act as proxy for the Bank at any and all Shareholders' meetings of the Empire Realty Company, Limited, and that one ballot be cast.

The ballot having been taken, and the Scrutineers having reported it in favour of the foregoing resolution, the Chairman declared the gentlemen named duly appointed to act as proxy for the Bank at any and all shareholders' meetings of the Empire Realty Company, Limited, in accordance with Section 53, Sub-section 5, of The Bank Act.

It was moved by Mr. Donald McInnes, K.C., and seconded by Mr. F. A. Nightingale, C.A., that the thanks of the shareholders be tendered to the General Manager, the executive officers and staff for their efficient and loyal service during the past year.

In moving the foregoing resolution, Mr. McInnes said he wished to offer to the staff the sincere thanks of the shareholders for their services during the past year. The balance sheet which the shareholders have before them, he said, bears better testimony to the efficiency of the staff than any words he could express or any praise he could offer. Through its large network of branches, he added, the Bank exerts a widespread influence in which the personal efforts of the staff play a predominant part.

In conclusion, Mr. McInnes said that it gave him a great deal of pleasure to move the resolution of thanks to the General Manager, executive officers and staff for their loyal and efficient service during the past year.

In seconding the resolution, Mr. Nightingale said he would like to endorse all that Mr. McInnes had said and to add that he felt sure that one of the intangible assets of the Bank was the very pleasant relations which the members of the staff maintained with the public.

The motion was carried unanimously.

In replying to this resolution, Mr. C. L. Bowlby, Supervisor of Eastern Branches, said that it was a pleasure for him to respond on behalf of the staff to the resolution conveying the thanks of the shareholders to the General Manager, executive officers and staff. During his visits to Branches in Western Canada and latterly in the Maritimes, he said that he had been much impressed by the splendid spirit of co-operation displayed by the members of the staff and by their whole-hearted endeavour to maintain a high standard of service to the public. He felt sure that the efforts of the staff would continue unabated to maintain the good record of their predecessors, and on behalf of the General Manager, executive officers and every member of the staff, he wished to thank the shareholders most sincerely for their resolution.

The proceedings then terminated.

At a meeting of the newly elected Directors held at the conclusion of the Annual Meeting of Shareholders, Mr. H. D. Burns was elected President, and Hon. F. B. McCurdy, P.C., Mr. James Y. Murdoch, O.B.E., K.C., LL.D., and Mr. H. L. Enman, were elected Vice-Presidents.

LIST OF BRANCHES

NOVA SCOTIA

<i>Branch</i>	<i>Manager</i>
AMHERST	C. B. Simmons
ANNAPOLIS ROYAL	J. L. Jelly
ANTIGONISH	J. S. Taylor
AYLESFORD	J. G. Black
BEDFORD	R. E. Tower
BRIDGETOWN	H. R. Flewelling
CALEDONIA (Queen's Co.)	D. I. Chetwynd
CANNING	S. J. Dunsford
CHESTER	E. L. Piggott
DARTMOUTH	H. N. Hubley
DIGBY	R. B. W. Ward
FREEMPORT	M. H. Gilmore
GLACE BAY	H. M. Carty
HALIFAX	{ F. W. Nicks J. M. Hayman, <i>Asst.</i> H. F. Gordon, <i>Asst.</i>
Coburg and Robie	J. W. Hahn
North and Agricola	R. V. Hickson
North West Arm	R. C. Calpin
KENNETCOOK	J. H. Wiles
KENTVILLE	A. G. Macdonald
LIVERPOOL	M. D. McDonald
MIDDLETON	A. S. MacKenzie
NEW GLASGOW	W. E. Starrak
NEW WATERFORD	F. T. McLellan
NORTH SYDNEY	H. J. Johnson
OXFORD	J. T. Holder
PICTOU	J. F. Palfrey
PUGWASH	H. O. Connell
RIVER HEBERT	W. E. Benson
RIVER JOHN	J. E. Langille
SHEET HARBOUR	A. G. Baird
STELLARTON	H. B. MacKean
SYDNEY	J. H. Rector
SYDNEY MINES	W. S. Shields
TATAMAGOUCHE	E. G. Mosher
TRENTON	H. P. Desborough, <i>Acting</i>
TRURO	T. W. Mitton
WESTVILLE	A. Lyons
WINDSOR	J. F. Gill
YARMOUTH	G. M. Schurman

NEW BRUNSWICK

ALBERT	W. S. Bent
BATH	J. G. Wicks
BLACK'S HARBOUR	C. A. Beacom
CAMPBELLTON	W. R. Monteith
CHATHAM	J. O. Walsh
CHIPMAN	C. G. Bennett
DOAKTOWN	K. L. Crowley

NEW BRUNSWICK—Continued

<i>Branch</i>	<i>Manager</i>
EAST FLORENCEVILLE	J. C. Butt
FAIRVILLE	S. H. Crockett
FREDERICTON	{ J. B. Tarlton C. L. Mahan, <i>Asst.</i>
GAGETOWN	J. W. Barrigar
GRAND MANAN	G. H. Wilcox
HAMPTON	C. L. Flemming
HILLSBOROUGH	A. T. Jost
JACQUET RIVER	L. J. Hoyt, <i>Acting</i>
MCADAM	P. E. Gallie
MINTO	E. H. Acteson
MONCTON	H. A. Fillmore
St. George Street	F. W. Chenhall
NEWCASTLE	E. J. Lutz
PETITCODIAC	G. A. Mowat
PORT ELGIN	C. L. Drew
ST. ANDREWS	A. E. Wilson
ST. GEORGE	W. C. Hawker
SAINT JOHN	{ W. A. Clark G. J. Touchie, <i>Asst.</i>
Charlotte Street	M. A. Girvan
Haymarket Square	G. H. Beresford, <i>Asst.</i>
Mill and Paradise Row	T. H. Miller
North End	H. M. Sherwood
West Saint John	H. H. Burton
ST. STEPHEN	C. B. Clarkson
SACKVILLE	W. M. Bruce
SHIPPEGAN	J. R. Curry
SUSSEX	J. A. Seale
WOODSTOCK	W. A. McLaggan
	R. H. Dewar

PRINCE EDWARD ISLAND

ALBANY	A. A. Niles
CHARLOTTETOWN	{ T. F. Mitchell M. L. Humphrey, <i>Asst.</i>
KENSINGTON	F. R. Nauss
MONTAGUE	D. Samson
MORELL	G. F. Bonnell, <i>Acting</i>
O'LEARY	J. A. Field
SUMMERSIDE	W. Hayward
VICTORIA	D. E. Hart

QUEBEC

BROWNSBURG	L. R. Monderie
BUCKINGHAM	W. Redpath
CAMPBELL'S BAY	A. W. Pequegnat
FORT COULONCE	A. M. Gervais

QUEBEC—Continued

GRENVILLE.....	J. R. Monty
HULL.....	A. Bourgon
LACHUTE.....	W. M. Steeves
MANIWAKI.....	F. A. Duhamel
MONTREAL.....	A. E. Griffin G. W. Hartwick, <i>Asst.</i> D. B. McGee, <i>Asst.</i> J. A. Hamilton, <i>Asst.</i>
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St. Catherine and Peel.....	R. P. Webb H. E. Boyles, <i>Asst.</i>
St. Catherine and St. Alexander.....	J. G. H. Sutherland C. R. Tibert, <i>Asst.</i>
St. Lawrence (Crown Industrial).....	W. E. Boyne
St. Lawrence and Jean Talon.....	J. L. Dudgeon
Sherbrooke and Harvard.....	A. T. Bell
Sherbrooke and Greene.....	C. H. Cameron
(Westmount)	
NEW CARLISLE.....	L. G. Baiden
NEW RICHMOND.....	V. F. Sedgewick
PORT DANIEL STATION.....	A. R. O'Flaherty
QUEBEC.....	C. A. Kelly
ST. ANDREWS EAST.....	J. L. Duchastel
SHERBROOKE.....	H. I. Langille
TROIS RIVIERES.....	D. Menard

ONTARIO

ACTON.....	A. W. Haydon
AGINCOURT.....	B. B. Walters
ALEXANDRIA.....	J. O. Bridge
ARNPRIOR.....	C. P. Jones
AVONMORE.....	M. Cress
BANCROFT.....	G. E. Calbeck
BARRIE.....	E. R. McClafferty
BEACHBURG.....	H. G. Maclellan
BEARDMORE.....	W. E. Frier
BELLEVILLE.....	J. A. Thornbury
BELMONT.....	F. W. Hill
BRACEBRIDGE.....	I. Y. Murphy
BRANTFORD.....	W. F. Smith
BRIGDEN.....	F. C. Marshall
BROCKVILLE.....	W. E. MacDonald
CAMPBELLVILLE.....	F. E. Quinlan
CARLETON PLACE.....	W. C. Cross
CARP.....	A. E. Smith
CHATHAM.....	R. J. Millichamp
CHESTERTON.....	A. A. Acheson
COBEN.....	F. A. McCallum
COBOURG.....	W. P. Blakeston
COCHRANE.....	E. E. King
CONSECON.....	G. H. Eager
CORNWALL.....	C. A. New
FORT WILLIAM.....	M. K. Pugsley
GUELPH.....	G. W. G. Williamson

ONTARIO—Continued

HAILEYBURY.....	H. Brown
HAMILTON.....	F. D. Dunn S. E. Burwash, <i>Asst.</i>
King and Sherman.....	C. B. Guest
HAWKESBURY.....	L. J. Hayes, <i>Pro.</i>
KEMPTVILLE.....	R. D. Leavitt
KENORA.....	W. L. Watson
KINGSTON.....	W. D. Stewart
KITCHENER.....	J. Macdonald
LANARK.....	G. A. Blackie
LEASIDE.....	C. Roberts
LINWOOD.....	G. N. Thompson
LONDON.....	D. R. Platt
MALTON.....	G. C. Springer
MARKHAM.....	G. A. Stewart
MARTINTOWN.....	R. A. Thompson
MATTAWA.....	E. S. Dibb
MAXVILLE.....	T. J. Bourke
MERRITTON.....	E. G. Rankin
MILTON.....	H. C. Morris
MILVERTON.....	C. G. Matthews
MOUNT DENNIS.....	D. G. Rowntree
NEW LISKEARD.....	A. S. Meisner
NEW TORONTO.....	P. V. Coulton
NORTH AUGUSTA.....	R. J. Sherman, <i>Acting</i>
NORTH BAY.....	L. E. Shatford
OTTAWA.....	C. F. Lindsay H. L. Cumming, <i>Asst.</i>
Bank and Fourth.....	H. K. Stevens
Bank and Gladstone.....	M. W. Bruton
Bank and Gloucester.....	S. Macdonald
Elgin and Frank.....	J. F. Thompson
Hintonburgh.....	G. S. Jourdan
Ottawa East.....	E. Edmunds
Ottawa South.....	D. A. Wood
Rideau and William.....	A. A. Armstrong
Somerses and Bronson.....	H. J. Clarke
PARRY SOUND.....	G. R. Underwood
PEMBROKE.....	W. D. McArthur
PERTH.....	J. W. B. Thompson
PETERBOROUGH.....	R. E. Macdonald
PETROLIA.....	F. M. Wilmot
PICTON.....	K. I. Mitchell
PORT ARTHUR.....	B. Howard
PORT CARLING.....	C. A. Shannon
PORT HOPE.....	H. A. Hancock
POWASSAN.....	F. L. Galvin
RED LAKE.....	H. A. Dewolfe
RENFREW.....	S. Rowsell
RICHMOND.....	C. B. Lewis
RUSSELL.....	F. G. McKimm
St. CATHARINES.....	W. H. Harris
St. ISIDORE DE PRESCOTT.....	A. E. Cyr
St. JACOBS.....	R. T. Adam
SARNIA.....	W. C. McKinnon
SMITHS FALLS.....	A. T. F. Cobb
SOUTH MOUNTAIN.....	H. A. McInnes

REPORT OF THE BANK OF NOVA SCOTIA

ONTARIO—Continued

STRATFORD	L. S. Nicks
STREETSVILLE	F. M. Pidgeon
SUDBURY	M. G. Trainor
SUTTON WEST	J. W. Nicolson
TIMAGAMI	R. N. Eagleson
TIMMINS	W. Long
TORONTO	Reid J. Smith
	R. B. Hall, <i>Asst.</i>
	J. A. Robertson, <i>Asst.</i>
	N. B. Moore, <i>Asst.</i>
Avenue Road and St. Clair	J. F. Lynch
Bloor and St. Clarendon	R. C. Clark
Bloor and Spadina	J. S. Clinch
Broadview and Gerrard	W. W. Mitchell
College and Bathurst	F. L. Fields
Danforth and	
Greenwood	N. W. R. Hamilton
Danforth and Pape	I. C. Cooper
Dundas and Brock	W. T. Thompson
Forest Hill Village	O. MacNaughton
Gerrard and Woodbine	I. Galt
King and Victoria	W. S. Jamieson
	W. H. Farrell, <i>Asst.</i>
Kingston Rd. and Bingham	D. H. MacLeod
Kingsway	H. E. Wales
Oakwood and St. Clair	C. R. Dickie
Pape and Gowan	C. R. MacLaggan
Queen and Church	H. M. Dagg
	W. A. Woodburn, <i>Asst.</i>
Queen and Lansdowne	G. W. Poole
Queen and McCaul	G. F. Gardner
	A. A. McIntosh, <i>Asst.</i>
	H. C. Morton, <i>Asst.</i>
Queen and Pape	H. B. Nelson
Queen and River	J. W. Wylie
Spadina and Dundas	W. A. Meyer
Spadina and Dupont	R. C. Sillers
Union Station	L. B. Kerr
VANKLEEK HILL	C. F. Hibbard
VIRGINIATOWN	J. R. Ruel, <i>Acting</i>
WALKERVILLE	A. Johnston
WELLAND	W. L. Pomeroy
WELLINGTON	J. H. Mace
WESTBORO	H. A. Ballard
WESTON	A. T. Stenhouse
WINDSOR	G. N. Roberts

MANITOBA

DAUPHIN	H. H. Hill
EMERSON	B. A. Oakden
PORTAGE LA PRAIRIE	C. Williams
ST. JAMES	R. Skinner
WINNIPEG	K. S. Russell
	J. D. Hubbert, <i>Asst.</i>
Main and Rupert	F. E. Lawson
WINNIPEGOSIS	J. Liddell

SASKATCHEWAN

AVONLEA	E. S. Ross
AYLSHAM	J. P. Crow
BEECHY	J. Mair
CARROT RIVER	W. J. Buckley
CODETTE	J. A. Chevalier
GLASLYN	J. Paxton
HUDSON BAY	A. MacDonald
KINISTINO	J. Edmond
MOOSE JAW	J. A. Cranstoun
NIPAWIN	R. H. Urquhart
PRINCE ALBERT	S. K. Crawford
REGINA	C. M. Killam
	E. J. S. Dudley, <i>Asst.</i>
SASKATOON	C. J. Ash
West Side	J. A. Kyle
SHELLBROOK	J. R. Stewart
SPIRITWOOD	B. A. Evans
STAR CITY	N. B. Johnston
SWIFT CURRENT	V. F. Steeves
TISDALE	J. N. Adams

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ARROWWOOD	J. H. Ingram
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CADOMIN	A. D. MacLeod
CALGARY	W. H. Byers
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North Hill	E. Wheeler
West End	A. R. Rendell
DERWENT	C. J. Borm
EDMONTON	N. R. Campbell
	W. H. Payzant, <i>Asst.</i>
Jasper and 114th Street	W. Baldock
South Edmonton	L. B. McPhee
LEGAL	F. G. McCann
LETHBRIDGE	R. C. Stoddard
LLOYDMINSTER	W. A. Sparks
MILO	H. A. Johnson
PICTURE BUTTE	W. A. McMullen

BRITISH COLUMBIA

CHILLIWACK	J. H. Cathro
KELOWNA	P. H. Meek
LUMBY	H. D. Millar
MAILLARDVILLE	G. F. Merrick
MISSION CITY	H. W. Davis
NANAIMO	F. W. Robinson
NEW WESTMINSTER	W. J. Peers
PORT ALICE	W. Barclay
PRINCE GEORGE	W. R. McLure
SOUTH WESTMINSTER	J. B. Pawson
SQUAMISH	T. G. Dunn

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BRITISH COLUMBIA—Continued

VANCOUVER.....	J. G. Penney
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	H. F. Summers, <i>Asst.</i>
	J. F. Wilson, <i>Asst.</i>
	E. C. Bower, <i>Asst.</i>

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Commercial Drive.....	J. H. MacDonald
Davie and Granville.....	W. J. V. Routliffe
Dunbar and 41st Avenue.....	W. E. Pixley
Hastings and Columbia.....	E. D. Blair
Kingsway and Victoria.....	H. L. Smith
12th Ave. and Granville.....	M. C. Chisholm
41st Ave. and Granville.....	R. J. Dunn
49th Ave. and Fraser.....	H. H. Bartlett
North Vancouver.....	L. A. Hannah
Vancouver Heights.....	G. M. Hamilton
VICTORIA.....	J. A. Baxter

NEWFOUNDLAND

BAY ROBERTS.....	E. V. Hall
BELL ISLAND.....	C. B. Shaw
BONAVISTA.....	W. F. Noel
BURIN.....	W. J. Brien
CARBONEAR.....	F. Davis
CATALINA.....	L. L. Russell
CHANNEL.....	N. W. Lebans
CLARENVILLE.....	H. M. Diamond, <i>Acting</i>
CORNER BROOK.....	F. D. Barrett
FOGO.....	R. H. A. Coppin
GRAND BANK.....	S. T. Jones
HARBOR GRACE.....	N. D. Bishop
LEWISPORTE.....	D. Templeman
St. John's.....	H. G. Dustan
	W. S. Buffam, <i>Asst.</i>
TWILLINGATE.....	A. M. Stoodley

JAMAICA

BLACK RIVER.....	E. P. Warneford
CHRISTIANA.....	E. V. Parke
CROSS ROADS.....	J. K. Eaton
KINGSTON.....	D. C. Lounsbury
	P. M. Dakin, <i>Asst.</i>
	E. B. Brown, <i>Asst.</i>
Princess Street.....	E. E. Condell

JAMAICA—Continued

MANDEVILLE.....	D. S. M. Clark
MAY PEN.....	D. Lawrence
MONTEGO BAY.....	V. Wilson-Smith, <i>Pro.</i>
PORT ANTONIO.....	N. H. Airth
PORT MARIA.....	P. R. Miller
ST. ANN'S BAY.....	C. B. Cooper
SAVANNA-LA-MAR.....	W. S. Wood
SPANISH TOWN.....	J. S. Hall

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CIENFUEGOS.....	F. Montane
	E. Marabotto, <i>Asst.</i>
	M. J. Betancourt
HAVANA.....	H. E. Curran, <i>Asst.</i>
	C. E. Tanner, <i>Asst.</i>
	J. H. Nesta, <i>Asst.</i>
Avenida de Italia.....	A. de Moya
Padre Varela.....	F. O. Perez
	J. A. Gonzalez, <i>Asst.</i>
MANZANILLO.....	G. Ferrer
	H. A. Murcell, <i>Asst.</i>
SANTIAGO DE CUBA.....	I. Baille
	G. A. Griffiths, <i>Asst.</i>

PUERTO RICO

FAJARDO.....	R. Martin
SAN JUAN.....	E. G. MacIntyre, <i>Agent</i>
	A. R. Phillips, <i>Asst.</i>

DOMINICAN REPUBLIC

CIUDAD TRUJILLO.....	T. W. Evans
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