

It is proposed that I will make some opening remarks concerning our application and that Mr. Coyne will conclude our remarks today. As mentioned by Mr. Blair, both Mr. Coyne and myself will then be available to answer any questions you may care to put to us.

In considering the question of incorporating a new bank in Canada, you may feel it helpful to consider this matter under four headings: (1) Is there room for more banks in Canada; (2) What is the procedure for forming a new bank in Canada; (3) What steps have been taken to form the Bank of Western Canada; (4) How will the proposed Bank of Western Canada function should a charter be granted.

● (9: 50 a.m.)

Mr. Coyne and myself will touch on these points during our presentations to you today. It is now over two years since our group announced their intention to apply to parliament for the incorporation of the Bank of Western Canada. Advertising with respect to our application commenced in the *Canada Gazette* on December 18, 1963.

Prior to making our application for the proposed bank we reviewed conditions in Canada with respect to banking. Based on this view we felt there was room for such a bank and, in our opinion, since 1963 this view has been confirmed. Let me summarize the activity and expansion of our existing 8 chartered banks over the last two years.

Since we announced our intention to apply for a charter in December, 1963, existing Canadian chartered banks have opened 277 further branches in this country. Ninety-one of these new branches are in the four western provinces and the Northwest Territories.

Total assets of the banks—and, in this connection, I am referring to the existing 8—have risen from approximately \$22.1 billion in 1963 to approximately \$25.9 billion in 1965, which is a gain of over \$3.8 billion.

This increase is like adding a new Toronto-Dominion Bank, Mercantile Bank of Canada and Provincial Bank of Canada to the system in just two years.

Bank of Canada statistical summaries show that net current operating earnings for the 8 banks have risen, in the aggregate, from \$206.5 million in 1963 to \$258.1 million in 1965. This is a 25 per cent increase in two years.

We refer to net current operating earnings rather than net after-tax earnings as the former would appear to give a better indication of the banks' increased profits due to the fact the banks have more than tripled their inner reserve and provision for loss allocations in 1965 compared with 1963. The inner reserve provision made in 1963 was \$24.3 million; in 1964, \$58.7 million was set aside before tax and in 1965, this figure reached \$75.7 million.

It can be seen that the post war expansion of our banks is continuing at a rapid rate. However, the relative position of our banks is not changing. Our three largest banks, which has some 70 per cent of the Canadian business over 40 years ago, still have approximately that percentage.

In my remarks today we have referred to the expansion in bank branches, expansion in their assets and in their profits, not in criticism of our existing banks, which are fine institutions, but to underline our contention that there is room for more banks in Canada. Our banking system is growing and it need not remain so concentrated as it has been.