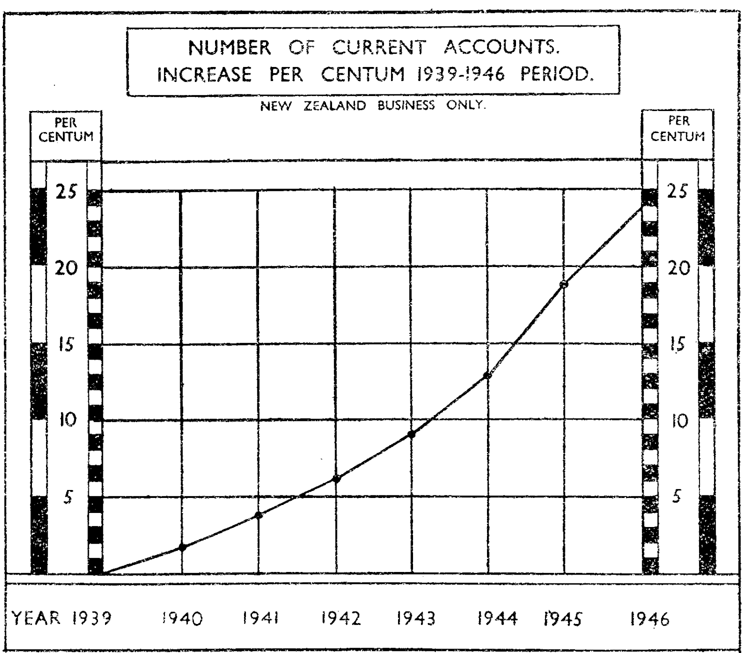
Shareholding

Under the Bank of New Zealand Act, 1945, all the ordinary and D long-term mortgage shares in the capital of the Bank registered in the share register kept in Wellington were deemed to be vested in His Majesty the King as from 1st November, 1945. The Act also empowered the Minister of Finance to buy, on behalf of His Majesty, any ordinary or D long-term mortgage shares registered in any of the branch registers kept by the Bank in London, Sydney, or Melbourne, at such price and upon such terms as may be agreed upon by the Minister and the vendor.

The position now is that all the ordinary and D long-term mortgage shares previously held in New Zealand have become the property of the Crown, and the remaining shareholders on the overseas registers have been reduced to a very small proportion by sale of their shares to the Crown.

Under the Act, all shareholders' rights are exercisable by the Minister of Finance, and the remaining overseas shareholders have therefore no rights beyond the receipt of dividends.

In view of the considerable opposition throughout the country to the passing of this legislation it was inevitable that the Bank would be faced with the loss of a certain amount of business. This has taken place, and we regret that some of our old and valued mercantile and farming customers have seen fit to close their accounts. Notwithstanding this, and due to the efforts made by all members of the staff, the business of the Bank continues to show steady progress. This is indicated in the accompanying graph, which shows the percentage of increase in accounts during the past seven years.



Board of Directors

Section 11 of the Bank of New Zealand Act, 1945, provides that the Board of Directors of the Bank shall consist of not less than five and not more than seven persons to be appointed by the Minister of Finance. Subsection (6) provided that the Directors in office on the commencement of the Act, whether appointed by the Governor-General in Council or elected by the proprietors, should be deemed to be appointed for the terms for which they were respectively appointed or elected. At the date mentioned, the