

Functions of Loan Companies.—The principal function of loan companies is the lending of funds on first-mortgage security, the money thus made available for development purposes being secured mainly by the sale of debentures to the investing public and by savings department deposits. The extent of investments in mortgages by federal and provincial loan companies may be gauged by the following figures; total assets of such companies for the years 1953 and 1954 amounted to \$323,591,214 and \$373,383,125 respectively, which amounts include mortgage loans of \$237,620,270 and \$266,261,246 respectively; thus, the resulting percentages of mortgages to total assets for those years were approximately 73 p.c. and 71 p.c. respectively.

Functions of Trust Companies.—Trust companies act as executors, trustees and administrators under wills or by appointment, as trustees under marriage or other settlements, as agents or attorneys in the management of the estates of the living, as guardians of minor or incapable persons, as financial agents for municipalities and companies and, where so appointed, as authorized trustees in bankruptcy. Such companies receive deposits for investment but the investing and lending of such deposits and of actual trust funds are restricted by law.

Statistics of Loan and Trust Companies.—A summary of operations of provincial and federal loan and trust companies is given in Table 1. As a result of the nature of the operations of the latter companies, which are intimately connected with the matter of probate, the larger trust companies usually choose to operate under provincial charters and the provincial figures represent much larger amounts than those of the federal companies.

The figures for federal loan companies include companies chartered by the Government of Nova Scotia which, by arrangement, come under inspection by the Federal Department of Insurance. The data for federal trust companies cover companies chartered by the Governments of Nova Scotia, New Brunswick and Manitoba for the same reason.

1.—Operations of Provincial and Federal Loan and Trust Companies as at Dec. 31, 1953 and 1954

Item	1953			1954		
	Provincial Companies ¹	Federal Companies	Total	Provincial Companies ¹	Federal Companies	Total
	\$	\$	\$	\$	\$	\$
Loan Companies—						
Assets (book values).....	106,571,244	217,019,970	323,591,214	117,936,572	255,446,553	373,383,125
Liabilities to the public.....	78,117,467	184,448,041	262,565,508	88,083,833	221,612,649	309,696,482
Capital Stock—						
Authorized.....	22,688,625	51,250,000	73,938,625	22,025,150	51,250,000	73,275,150
Subscribed.....	13,724,930	19,048,700	32,773,630	14,066,131	19,048,700	33,114,831
Paid-up.....	10,134,967	16,042,383	26,177,350	9,808,065	16,080,222	25,888,287
Reserve and contingency funds.....	13,985,035	15,100,186	29,085,221	15,090,685	16,604,475	31,695,160
Other liabilities to shareholders.....	4,333,775	1,211,787	5,545,562	4,953,989	919,482	5,873,471
Total liabilities to shareholders.....	28,453,777	32,354,356	60,808,133	29,852,739	33,604,179	63,456,918
Net profits realized during year ² ..	2,196,694	3,318,327	5,515,021	2,149,117	4,040,928	6,190,045
Trust Companies—						
Assets (book values)—						
Company funds.....	81,569,089	29,629,779	111,198,868	83,140,092	29,451,872	112,591,964
Guaranteed funds.....	268,175,625	110,366,037	378,541,662	383,697,760	140,601,795	524,299,555
Totals, Assets.....	349,744,714	139,995,816	489,740,530	466,837,852	170,053,667	636,891,519
Estates, trust, and agency funds..	5,470,781,614	681,231,540	4,102,013,154	5,734,874,516	663,520,366	4,398,395,472
Capital Stock—						
Authorized.....	54,575,000	33,150,000	87,725,000	59,605,000	32,000,000	91,605,000
Subscribed.....	29,789,910	15,324,030	45,113,940	30,267,490	15,015,680	45,283,170
Paid-up.....	29,414,810	15,097,718	44,512,528	29,870,940	14,653,624	44,524,564
Reserve and contingency funds....	20,591,322	9,491,256	39,082,578	31,674,933	10,852,267	42,497,200
Unappropriated surpluses.....	6,139,831	1,892,405	8,032,236	6,121,239	1,522,318	7,643,557
Net profits realized during year ² ..	6,251,772	2,442,471	8,694,243	7,034,032	3,243,727	10,277,759

¹ Excludes one loan company incorporated under the laws of Quebec, the capital stock and debentures of which have been issued largely outside Canada. ² Net profits are before income taxes.