

PART II.—MISCELLANEOUS COMMERCIAL FINANCE

Section 1.—Loan and Trust Companies*

An outline of the development of loan and trust companies in Canada from 1844 to 1913 is given in the 1934-35 Year Book, p. 993. The laws relating to loan and trust companies were revised by the Loan and Trust Companies Acts of 1914 (R.S.C. 1952, cc. 170 and 272), with the result that the statistics of provincially incorporated loan and trust companies ceased to be collected. However, summary information has been supplied by provincial companies since 1922 and figures for the years 1955 and 1956 are included in Table 1 in order to complete the statistics for loan and trust companies throughout Canada. It is estimated that more than 95 p.c. of the business of provincial companies is represented in the figures, so that they may be accepted as fairly inclusive and representative of the volume of business transacted as compared with the federally licensed companies.

The statistics of Tables 2 and 3 refer to those companies incorporated both by the Government of Canada and by the provinces. Included in the statistics of federal companies are data of loan and trust companies incorporated by the Province of Nova Scotia and brought by the laws of that Province under the examination of the federal Department of Insurance, as well as data for trust companies in New Brunswick and Manitoba.

The progress of the aggregate of loan company business in Canada is indicated by the increase in the book value of the assets of all loan companies from \$188,186,072 in 1923 to \$437,169,171 in 1956. The assets of trust companies (not including estates, trust and agency funds, which cannot be regarded as assets in the same sense as company and guaranteed funds) increased from \$154,202,165 in 1928 to \$745,038,679 in 1956. In the former year the total of estates, trust and agency funds administered amounted to \$1,077,953,643 and in 1956 to \$5,133,928,228.

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 1955 and 1956 amounted to \$410,593,640 and \$437,169,171, respectively, which amounts include mortgage loans of \$296,466,101 and \$331,433,425, respectively; thus, the resulting percentages of mortgages to total assets for those years were approximately 72 p.c. and 76 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, as transfer agents and registrars for stocks and bond issues, as trustees for bond issues, 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.

* Revised under the direction of K. R. MacGregor, Superintendent of Insurance, Department of Insurance, Ottawa.