

1.—Assets and Liabilities of the Bank of Canada, as at Dec. 31, 1956-58—concluded

Item	1956	1957	1958
	\$'000,000	\$'000,000	\$'000,000
Liabilities			
Capital paid up.....	5.0	5.0	5.0
Reserve Fund.....	25.0	25.0	25.0
Notes in Circulation—			
Held by chartered banks.....	370.9	348.6	338.2
All other.....	1,497.8	1,555.1	1,659.9
Deposits—			
Government of Canada.....	38.8	35.4	34.9
Chartered banks.....	511.5	517.6	662.7
Other.....	31.2	31.2	25.0
Foreign currency liabilities.....	62.2	70.0	83.9
All other liabilities.....	5.4	70.8	109.9
Totals, Liabilities.....	2,547.7	2,658.7	2,944.4

The Industrial Development Bank.—The Industrial Development Bank, a subsidiary of the Bank of Canada, was incorporated by Act of Parliament during 1944 and its banking operations commenced on Nov. 1, 1944. Its functions are described in the preamble to the Act as follows:—

“To promote the economic welfare of Canada by increasing the effectiveness of monetary action through ensuring the availability of credit to industrial enterprises which may reasonably be expected to prove successful if a high level of national income and employment is maintained, by supplementing the activities of other lenders and by providing capital assistance to industry with particular consideration to the financing problems of small enterprises.”

The President of the Industrial Development Bank is the Governor of the Bank of Canada and the Directors are the Directors of the Bank of Canada. The \$25,000,000 capital stock of the Bank (completely paid up) was subscribed by the Bank of Canada. The Industrial Development Bank may also raise funds by the issue of bonds and debentures provided that its total direct liabilities and contingent liabilities in the form of guarantees and underwriting agreements do not exceed three times the aggregate of the Bank's paid-up capital and Reserve Fund.

The lending powers of the Bank may be extended only to industrial enterprises in Canada with respect to which it is empowered to:—

- (1) lend money or guarantee loans;
- (2) enter into underwriting agreements with regard to any issue of stock, bonds or debentures;
- (3) acquire stock, bonds or debentures from the issuing corporation or any person with whom the Bank has entered into an underwriting agreement.

Industrial enterprises as defined by the Act (amended in 1956) include: (1) manufacturing, processing, assembling, installing, overhauling, reconditioning, altering, repairing, cleaning, packaging, transporting or warehousing of goods; (2) logging, operating a mine or quarry, drilling, construction, engineering, technical surveys or scientific research; (3) generating or distributing electricity or operating a commercial air service, or the transportation of persons, or (4) supplying premises, machinery or equipment for any business mentioned in (1), (2) or (3) under a lease, contract or other arrangement whereby title to the premises, machinery or equipment is retained by the supplier.

The Bank may accept any form of collateral security against its advances, including real property.

The Industrial Development Bank is intended to supplement the activities of other lending agencies, not to compete with them, and the Act of incorporation requires that it should extend credit only when the Board of Directors is of the opinion that similar credit would not be available elsewhere on reasonable terms and conditions. The Bank is specifically prohibited from engaging in the business of deposit banking.