

The Bank may accept any form of collateral security against its advances, including real property. It 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. Its lending takes the form of fixed-term capital loans rather than current operating loans. The Bank is specifically prohibited from engaging in the business of deposit banking. It has offices in the following cities: Halifax, Saint John, Quebec, Montreal, Ottawa, Toronto, London, Sudbury, Winnipeg, Regina, Calgary and Vancouver.

## 2.—Assets and Liabilities of the Industrial Development Bank, as at Sept. 30, 1956-59

Item	1956	1957	1958	1959
	\$'000,000	\$'000,000	\$'000,000	\$'000,000
<b>Assets—</b>				
Loans outstanding <sup>1</sup> .....	52.2	71.9	88.8	96.9
Other assets.....	0.9	1.9	1.6	1.8
<b>Totals, Assets.....</b>	<b>53.1</b>	<b>73.8</b>	<b>90.4</b>	<b>98.7</b>
<b>Liabilities—</b>				
Capital and reserves.....	34.6	36.1	37.9	39.4
Bonds and debentures outstanding.....	17.7	35.5	51.0	57.7
Other liabilities.....	0.8	2.2	1.5	1.6
<b>Totals, Liabilities.....</b>	<b>53.1</b>	<b>73.8</b>	<b>90.4</b>	<b>98.7</b>
<b>Loan Transactions—</b>				
Disbursements.....	20.1	32.6	31.2	29.3
Repayments.....	12.0	12.9	14.2	20.5
Loans outstanding plus undistributed authorizations.....	76.9	88.3	104.3	109.3
	No.	No.	No.	No.
Customers on Books.....	820	1,022	1,322	1,609

<sup>1</sup> Includes investments; the change in loans outstanding does not equal the difference between disbursements and repayments because of year-end accounting adjustments.

## Section 2.—Currency

### Subsection 1.—Notes and Coinage

**Note Circulation.**—The development by which bank notes became the chief circulating medium in Canada prior to 1935 is described in the 1938 Year Book, pp. 900-905. Those features of the development which then became permanent are outlined in the 1941 Year Book, pp. 809-810.

When the Bank of Canada commenced operations in 1935 it assumed liability for Dominion notes outstanding. These were replaced in public circulation and partly replaced in cash reserves by the Bank's legal tender notes in denominations of \$1, \$2, \$5, \$10, \$20, \$50 and \$100. Deposits of chartered banks at the Bank of Canada completed the replacement of the old Dominion notes of \$1,000 to \$50,000 denomination that had previously been used as cash reserves.

The chartered banks were required under the Bank Act of 1934 to reduce gradually the issue of their own bank notes during the years 1935-45 to an amount not in excess of 25 p.c. of their paid-up capital on Mar. 11, 1935. Bank of Canada notes thus replaced chartered bank notes as the issue of the latter was reduced. Further restrictions introduced by the 1944 revision of the Bank Act cancelled the right of chartered banks to issue or re-issue notes after Jan. 1, 1945, and in January 1950 the chartered banks' liability for such of their notes issued for circulation in Canada as then remained outstanding was transferred to the Bank of Canada in return for payment of a like sum to the Bank of Canada.