

PART II.—MISCELLANEOUS COMMERCIAL FINANCE

Section 1.—Loan and Trust Companies*

Canadian loan and trust companies, registered with either the federal or provincial governments, operate under the Loan and Trust Companies Acts (RSC 1952, cc. 170 and 272) and corresponding provincial legislation.† Although statistics of provincially registered companies are not collected in detail, it is estimated that more than 95 p.c. of the business of such companies is represented in the figures of this Section, so that they may be accepted as fairly inclusive and representative of the volume of business transacted.

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 1958 and 1959 amounted to \$605,373,501 and \$671,508,632, respectively, which amounts include mortgage loans of \$456,689,853 and \$509,669,369, respectively; thus, the resulting percentages of mortgages to total assets for those years were approximately 75 p.c.

Trust companies act as executors, trustees and administrators under wills or by appointment, as trustees under marriage or other settlements, as agents 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. 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 \$1,079,254,305 in 1959. In the former year the total of estates, trust and agency funds administered amounted to \$1,077,953,643 and in 1959 to \$6,902,512,833.

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. The statistics of Tables 2, 3 and 4 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 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.

* Revised under the direction of the Superintendent of Insurance for Canada, Ottawa.

† 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 federal laws relating to their operation were revised in 1914.

1.—Operations of Provincial and Federal Loan and Trust Companies, as at Dec. 31, 1958 and 1959

Item	1958			1959		
	Provincial Companies	Federal Companies	Total	Provincial Companies	Federal Companies	Total
	\$	\$	\$	\$	\$	\$
Loan Companies—						
Assets (book values).....	246,637,900	358,735,601	605,373,501	262,715,544	408,793,088	671,508,632
Liabilities to the public.....	178,348,999	314,971,124	493,320,123	192,440,925	363,686,767	556,127,692
Capital paid up.....	20,085,710	18,726,524	38,812,234	20,902,070	18,675,472	39,577,542
Reserve and contingency funds....	39,933,681	24,020,837	63,954,518	41,683,880	25,605,974	67,289,854
Surplus.....	8,269,610	1,017,116	9,286,726	7,688,668	824,875	8,513,544
Total liabilities to shareholders....	68,288,901	43,764,477	112,053,378	70,274,619	45,106,321	115,380,940
Gross profits realized during year..	5,314,364	5,895,086	11,209,450	5,667,238	6,430,605	12,097,843

¹ Profits before income taxes.