

The Bank may accept any form of collateral security against its advances, including realty and chattel mortgages which constitute the usual kind of security taken. The Bank is intended to supplement the activities of other lending agencies, not to compete with them, and the Act of Incorporation provides that it should extend credit only when, in the Bank's opinion, credit or other financial resources would not otherwise be available 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 branch offices in the following cities: St. John's, Halifax, Saint John, Moncton, Rimouski, Quebec, Trois Rivières, Montreal, Ottawa, Toronto, Hamilton, Waterloo, London, Windsor, Sudbury, Port Arthur, Winnipeg, Regina, Saskatoon, Calgary, Edmonton, Kelowna, Vancouver and Victoria.

2.—Assets and Liabilities of the Industrial Development Bank, as at Sept. 30, 1959-63

Item	1959	1960	1961	1962	1963
	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000
Assets—					
Loans outstanding ¹	96.9	103.1	123.3	164.9	200.9
Other assets.....	1.8	3.7	1.7	2.2	3.7
Totals, Assets.....	98.7	106.8	125.0	167.1	204.6
Liabilities—					
Capital and reserves.....	39.4	41.8	44.2	49.0	53.3
Bonds and debentures outstanding.....	57.7	63.6	78.9	115.3	147.6
Other liabilities.....	1.6	1.4	1.9	2.8	3.7
Totals, Liabilities.....	98.7	106.8	125.0	167.1	204.6
Loan Transactions—					
Disbursements.....	29.3	29.7	47.5	74.3	74.0
Repayments.....	20.4	23.4	27.1	32.6	38.2
Loans outstanding plus undistributed authorizations.....	109.1	119.8	154.2	203.6	232.6
	No.	No.	No.	No.	No.
Customers on books.....	1,609	1,966	2,768	4,083	5,105

¹ 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

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