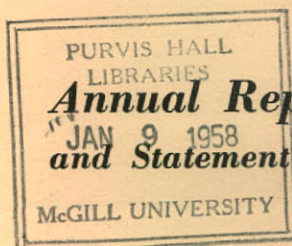
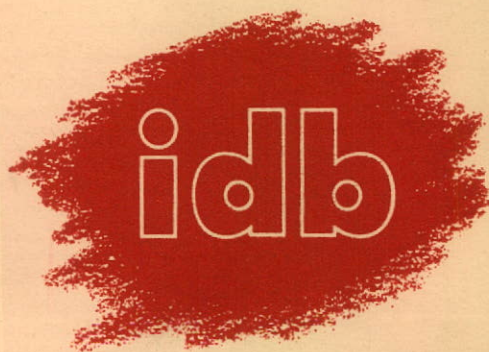


C  
slack

(Library file)

# Industrial Development Bank

*fiscal year* **1957**



***Annual Report to the Minister of Finance  
and Statement of Accounts***



# Industrial Development Bank

"Whereas it is desirable to establish an industrial development bank 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 . . ."

—Preamble of the Industrial  
Development Bank Act



# Industrial Development Bank

---

Ottawa, December 9th, 1957

The Hon. Donald M. Fleming, Q.C.,  
Minister of Finance,  
Ottawa, Ontario

Dear Sir,

In accordance with the provisions of the Industrial Development Bank Act, I am transmitting herewith my report for the fiscal year ending September 30th, 1957, and a statement of the Bank's accounts for this period which is signed and certified in the prescribed manner.

Yours very truly,

J. E. Coyne,  
President.



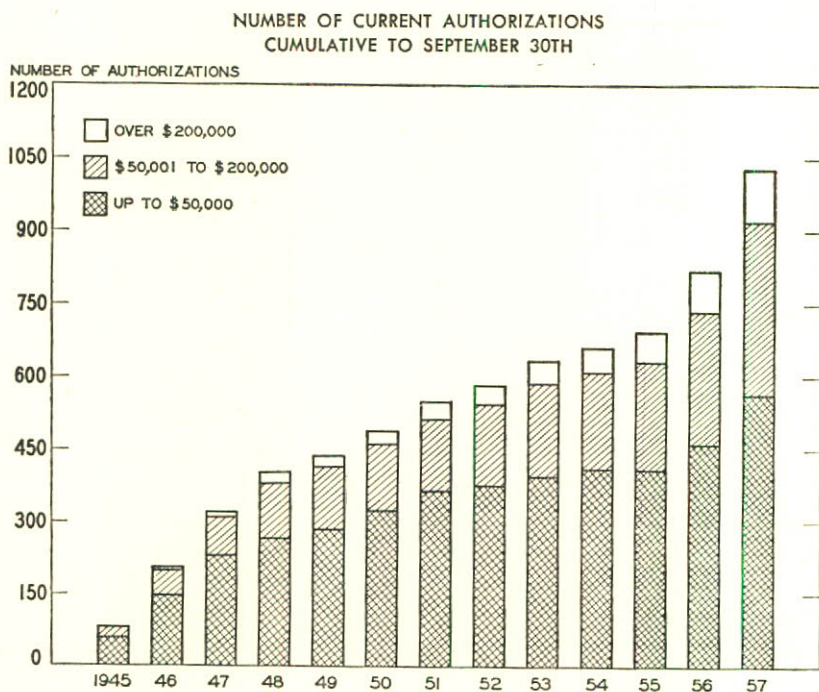
## Report of the President 1957

---

During the fiscal year ended September 30th, 1957, there were increased demands on the credit facilities of the Industrial Development Bank. Although chartered banks' total loans to industrial and commercial borrowers and investment in business enterprises by life insurance companies and other investors continued to rise during this period, the demand for credit from all sources increased even more rapidly. A total of 391 new loans were approved by the Industrial Development Bank compared with 340 in 1956. The number of new borrowers rose from 233 to 312, an increase of 34%. Loans of \$200,000 or less increased from 307 to 361, while the number of new loans in excess of \$200,000 declined slightly from 33 to 30. The average size of new loans was \$62,000. Almost the whole of the increase in new loans in 1957 was in loans to borrowers in the Atlantic region and Western Canada. New loans in Ontario and Quebec were slightly greater in number and amounted to 56% of the national total in 1957, as compared with 62% in 1956.

A comparison of the number of loans approved by the Bank during the last three fiscal year is given below and on the following page.

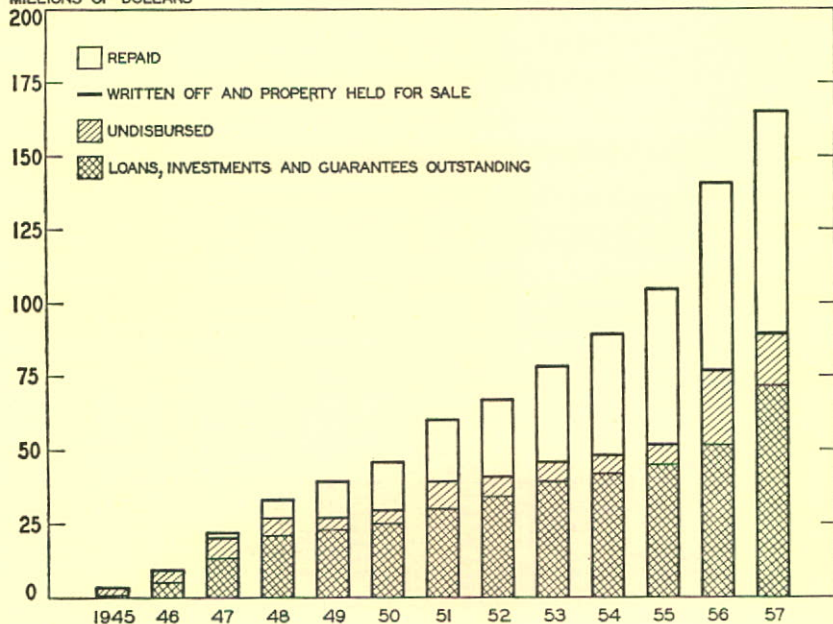
	New loans approved during the fiscal year ending Sept. 30th		
	1955	1956	1957
Number of New Borrowers.....	145	233	312
Number of New Loans to Existing Borrowers.....	69	107	79
Total New Loans Approved.....	214	340	391
Average Size (thousands of dollars).....	71	108	62



	New loans approved during the fiscal year ending Sept. 30th		
	1955	1956	1957
<b>By Size</b>			
Loans up to \$200,000.....	196	307	361
Loans exceeding \$200,000.....	18	33	30
Total.....	214	340	391
<b>By Geographical Area</b>			
Atlantic Provinces.....	11	21	38
Ontario - Quebec.....	128	209	219
Western Canada.....	75	110	134
Total.....	214	340	391

**ANALYSIS OF LOANS, INVESTMENTS AND GUARANTEES AUTHORIZED  
AS AT SEPTEMBER 30TH**

MILLIONS OF DOLLARS



Other important features of the Bank's operations during the year under review as compared with the previous year are given in the following tabulation:

	<u>1956</u>	<u>1957</u>
Number of loans, investments and guarantees outstanding at September 30th...	821	1,028
Net authorizations current at September 30th.....	\$76,949,539	\$88,559,917
Disbursements during the year.....	20,192,801	32,362,043
Repayments during the year.....	12,091,268	12,618,279
Loans and investments outstanding plus liability under guarantees at September 30th.....	52,297,358	71,930,529
Amounts undisbursed at September 30th....	24,652,181	16,629,388

The distribution of Industrial Development Bank financing by industrial groups is indicated graphically and in detail in the two following pages.



# Industrial Classification of Loans, Investments and Guarantees

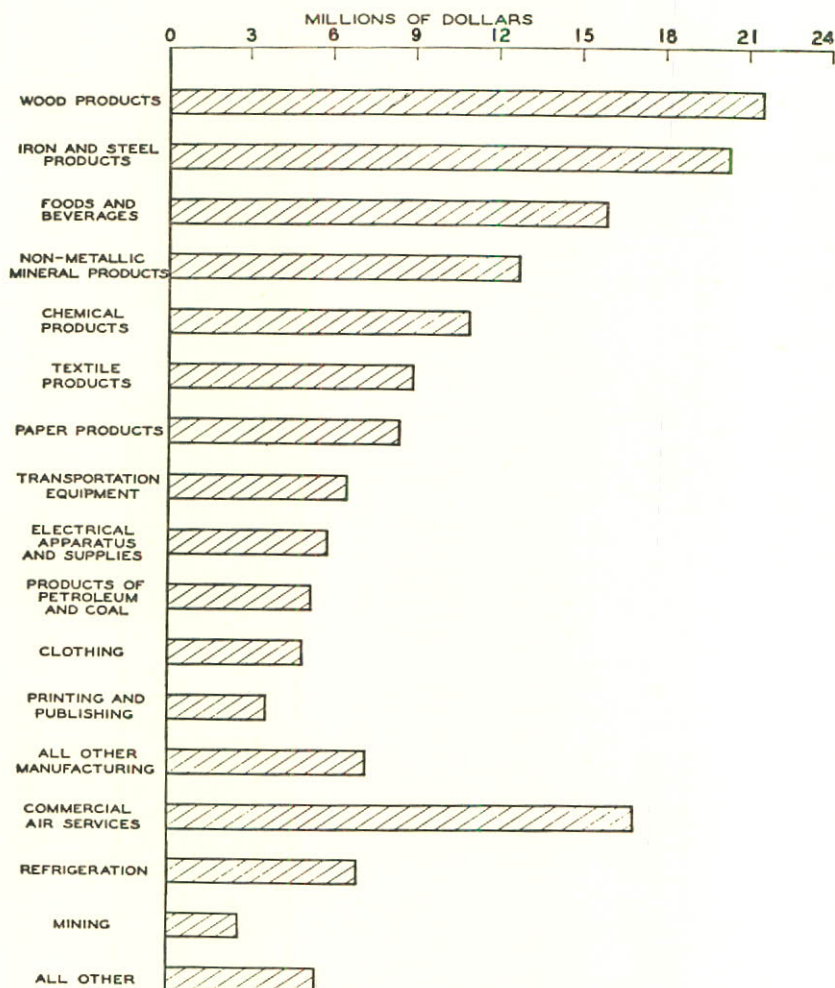
(Thousands of Dollars)

By Industrial Enterprises	Gross Auth. to Sept. 30/57 (less can- cellations & reductions)	Gross Auth. during fiscal year 1957	Current Auth. at Sept. 30 1957	Amount Outstanding at Sept. 30 1957
1. Foods and Beverages.....	\$ 15,953	\$ 2,428	\$ 9,504	\$ 5,565
2. Tobacco and Tobacco Products.....	—	—	—	—
3. Rubber Products.....	280	25	245	167
4. Leather Products.....	1,139	10	368	221
5. Textile Products (except clothing).....	8,928	895	4,829	3,250
6. Clothing (Textiles and Fur).....	4,890	438	3,233	2,189
7. Wood Products.....	21,595	4,194	13,944	9,155
8. Paper Products (including Pulp).....	8,388	580	6,416	5,407
9. Printing, Publishing and Allied Industries.....	3,642	386	2,345	1,400
10. Iron and Steel Products (including Machinery and Equipment).....	20,337	3,684	12,440	7,370
11. Transportation Equipment.....	6,513	354	3,946	2,814
12. Non-Ferrous Metal Products.....	2,577	2,982	2,062	1,380
13. Electrical Apparatus & Supplies.....	5,808	772	4,991	3,456
14. Non-Metallic Mineral Products.....	12,695	2,058	8,661	5,801
15. Products of Petroleum & Coal.....	5,237	19	1,483	1,185
16. Chemical Products.....	10,923	569	6,163	4,003
17. Miscellaneous Manufacturing Industries .....	3,244	601	2,141	1,277
18. Transportation and Storage				
(a) Commercial Air Services.....	16,778	3,764	14,441	7,151
(b) Refrigeration .....	6,949	886	5,316	3,385
(c) Other .....	1,907	1,426	1,905	1,333
19. Generating & Distributing of Electricity	290	80	80	68
20. Mining .....	2,626	525	2,626	2,521
21. Construction .....	1,189	905	1,197	949
22. Industrial Buildings.....	2,251	2,007	2,264	1,360
23. Industrial and Technical Services.....	922	614	922	524
24. Forestry .....	—	—	—	—
	<u>\$165,061</u>	<u>\$30,202</u>	<u>\$111,522</u>	<u>\$71,931</u>

The above classification follows the lines of the accepted international standard of classification.

# Industrial Composition of Gross Authorizations

(Less Cancellations and Reductions)  
at September 30, 1957



An analysis by Provinces and Territories of the Bank's loans, investments and guarantees is given on the following page:

# Geographical Classification of Loans, Investments and Guarantees

(Thousands of Dollars)

By Provinces and Territories	Gross Auth. to Sept. 30/57 (less can- cellations & reductions)	Gross Auth. during fiscal year 1957	Current Auth. at Sept. 30 1957	Amount Outstanding at Sept. 30/57
Newfoundland .....	\$ 475	\$ 255	\$ 433	\$ 315
Prince Edward Island .....	5,620	10	5,549	1,308
Nova Scotia .....	2,751	1,060	1,722	1,040
New Brunswick .....	3,819	1,237	1,947	1,083
Quebec .....	56,516	7,235	36,747	23,222
Ontario .....	46,366	8,995	33,916	23,752
Manitoba .....	7,306	1,185	5,090	3,793
Saskatchewan .....	4,928	858	1,616	562
Alberta .....	10,496	1,633	5,658	3,642
British Columbia .....	26,052	7,147	18,265	12,959
Yukon and North-West Territories .....	<u>732</u>	<u>587</u>	<u>579</u>	<u>255</u>
	<u>\$165,061</u>	<u>\$30,202</u>	<u>\$111,522</u>	<u>\$71,931</u>

## Size Classification of Current Authorizations

(Loans, Investments and Guarantees)

	Current Authorizations at Sept. 30/57	
	Number of Credits	Amount Authorized Thousands of Dollars
\$ 5,000 and under.....	10	\$ 44
5,001 to \$25,000.....	307	5,178
25,001 to 50,000.....	250	9,723
50,001 to 100,000.....	231	17,445
100,001 to 200,000.....	124	18,948
Over \$200,000.....	106	60,184
	<u>1,028</u>	<u>\$111,522</u>



## Size Classification of New Loan Approvals

New Loans Approved during the fiscal year ending Sept. 30th					
	No.	1956 Amount	No.	1957 Amount	
5,000 and under.....	5	\$ 20,475	6	\$ 24,750	
5,001 to \$25,000.....	116	1,911,305	143	2,370,400	
25,001 to 50,000.....	82	3,097,785	90	3,524,500	
50,001 to 100,000.....	73	5,524,508	87	6,477,548	
100,001 to 200,000.....	31	4,646,950	35	5,377,500	
Over \$200,000.....	33	23,848,000	30	12,230,500	
Adjustments.....	—	70,480	—	196,846	
	<u>340</u>	<u>\$39,119,503</u>	<u>391</u>	<u>\$30,202,044</u>	

Authorizations for amounts of \$200,000 or less constituted over 90% by number of the undertakings in effect at the year end. Accounts which exceeded \$200,000 or which might exceed that sum upon full disbursement of arranged credits aggregated \$45,908,033; the statutory limitation in this respect is \$75,000,000.

## Statement of Profit and Loss

A summary of the Profit and Loss statements for the year ending September 30th, 1957, and for the previous fiscal year is provided below:

	Year ending September 30th 1957	1956	Change over the year
<b>Income</b> .....	<u>\$3,601,471</u>	<u>\$2,703,197</u>	<u>+ \$898,274</u>
<b>Less:</b>			
Operating expenses.....	1,093,827	859,745	+ 234,082
Interest on debentures (including amortization of discount and premium).....	919,972	321,009	+ 598,963
Provision for bad and doubtful debts.....	<u>253,517</u>	<u>200,233</u>	<u>+ 53,284</u>
	<u>\$2,267,316</u>	<u>\$1,380,987</u>	<u>+ \$886,329</u>
<b>Profits transferred to Reserve Fund</b> .....	<u>\$1,334,155</u>	<u>\$1,322,210</u>	<u>+ \$ 11,945</u>

The increase of income amounting to \$898,274 as compared with 1956, was entirely due to the increase in the Bank's average volume of loans and investments. The increase in operating expenses of \$234,082 is attributable in considerable measure to the impact for the first full fiscal year of additional staff and other expenses incurred in respect of the Calgary and Halifax offices opened late in

the 1956 fiscal year. Interest on debentures increased substantially both because of the increase in the amount of debentures outstanding and the rise in interest costs during a period of rising market rates of interest. Since the end of the Bank's fiscal year there has been a substantial decline in yields on Government of Canada securities and other market rates of interest and the Bank has reduced its normal lending rate from 6½% to 6% effective November 18th.

Profit before provision for bad and doubtful debts was \$1,587,672 as compared with \$1,522,443 during fiscal 1956. Bad debts aggregating \$53,517 in excess of recoveries were written off during the year and \$200,000 was transferred to the Reserve for Losses raising it to \$1,100,000. The balance of the profits, \$1,334,155, was transferred to the Reserve Fund which now stands at \$10,040,624. Net profits in 1957 were at the rate of 3.8% of the average amount of capital and reserves outstanding as compared with 3.9% in 1956.

Funds to provide for an increase during the year of \$19,690,200 in loans and investments outstanding were obtained principally from the sale of debentures, and to a smaller extent from net earnings during the year, and from amounts left temporarily on deposit with the Bank by borrowers. At September 30th, 1957, the face amount of debentures outstanding was \$35,450,000 representing an increase of \$17,750,000 during the fiscal year.

**Industrial Dev**  
**STATEMENT OF ASSE**  
**AS AT SEPT**  
(with comparative figures)

**ASSETS:**

	1957	1956
Cash on hand and deposits with other banks .....	\$ 349,635	\$ 26,406
Loans and investments ..... \$71,874,499		
Accrued interest ..... <u>473,299</u>	72,347,798	52,535,135
Property held for sale (including agreements for sale) .....	169,944	169,897
Guarantees and underwriting agreements (as per contra) .....	56,031	113,060
Other assets (including unamortized debenture discount 1957 — \$817,517; 1956 — \$189,075) .....	<u>862,869</u>	<u>218,288</u>
	<u><u>\$73,786,277</u></u>	<u><u>\$53,062,786</u></u>

J. E. COYNE

President

**AUDITORS' REPORT**

We have made an examination of the statement of assets and liabilities of the Industrial Development Bank as at September 30, 1957 and have received all the information and

G. A. ADAMSON, F.C.A.  
of Clarkson, Gordon & Co.  
Ottawa, November 1, 1957



**elopment Bank**  
**TS AND LIABILITIES**  
**MBER 30, 1957**  
**at September 30, 1956)**

**LIABILITIES:**

	1957	1956
Capital—		
Authorized, issued and paid up 250,000 shares par value \$100 each ....	\$25,000,000	\$25,000,000
Reserve fund .....	10,040,624	8,706,469
Reserve for losses .....	1,100,000	900,000
Bonds and debentures outstanding ..... \$35,450,000		
Accrued interest ..... 582,500	36,032,500	17,913,312
Liabilities under guarantees and underwriting agreements .....	56,031	113,060
Other liabilities (including insurance proceeds awaiting disposition 1957— \$1,144,668; 1956 — \$50,378 .....	1,557,122	429,945
	<u>\$73,786,277</u>	<u>\$53,062,786</u>

**E. FRICKER**

Chief Accountant

explanations we have required. We report that in our opinion it correctly sets forth the position of the Bank at September 30, 1957, according to the best of our information and as shown by the books of the Bank.

**MAURICE SAMSON, O.B.E., C.A.**  
of Chartré, Samson, Beauvais, Bélair & Cie.

# Statement of Profit and Loss

FOR THE YEAR ENDED SEPTEMBER 30, 1957  
(with comparative figures for the year ended September 30, 1956)

	Year ended September 30	
	1957	1956
<b>INCOME:</b>		
On loans, investments and guarantees .....	\$3,488,451	\$ 2,570,004
Sundry .....	113,020	133,193
	<u>\$3,601,471</u>	<u>\$ 2,703,197</u>
<b>EXPENSES:</b>		
Salaries .....	\$ 717,898	\$ 569,716
Pension fund, unemployment insurance and group insurance .....	93,431	81,052
Investigation and supervision expenses .....	23,224	16,592
Travelling expenses .....	31,562	27,375
Rental and other costs — leased premises .....	108,544	73,911
Depreciation on equipment .....	11,571	8,756
Telephones and telegrams .....	20,220	16,001
Office supplies and expenses .....	23,079	15,490
Auditors' fees and expenses .....	6,050	5,150
Directors' fees .....	11,515	9,000
All other operating expenses .....	46,733	36,702
Total operating expenses .....	<u>\$1,093,827</u>	<u>\$ 859,745</u>
Interest on debentures (including amortization of discount and premium) .....	919,972	321,009
Provision for bad and doubtful debts .....	253,517	200,233
	<u>\$2,267,316</u>	<u>\$ 1,380,987</u>
Profits transferred to reserve fund .....	<u>\$1,334,155</u>	<u>\$ 1,322,210</u>

## RESERVE FOR LOSSES

Balance, September 30, 1956 .....		\$ 900,000
Add:		
Recovery of debts previously written off .....	\$ 362	
Provision for bad and doubtful debts for the year ended September 30, 1957 .....	253,517	253,879
		<u>\$ 1,153,879</u>
Less bad debts written off .....		53,879
Balance, September 30, 1957 .....		<u>\$ 1,100,000</u>

## RESERVE FUND

Balance, September 30, 1956 .....	\$ 8,706,469
Profits for year ended September 30, 1957 .....	1,334,155
Balance, September 30, 1957 .....	<u>\$10,040,624</u>

# Summary Statement of Profit and Loss

(Comparative and Cumulative)

	Fiscal year ending Sept. 30th		Cumulative Total
	1957	1956	since Nov. 1st, 1944
Income on loans, investments and guarantees .....	\$3,488,451	\$2,570,004	\$18,388,081
Interest on Government of Canada securities .....	—	1,327	1,471,989
Profit on sales of Government of Canada securities .....	—	—	— 159,540
Profit on sales of other securities .....	—	—	804,933
All other income .....	113,020	131,866	414,872
Total income .....	\$3,601,471	\$2,703,197	\$20,920,335
Less operating expenses .....	1,093,827	859,745	7,181,709
Interest on I.D.B. debentures <sup>(1)</sup> .....	919,972	321,009	2,189,151
Provision for bad and doubtful debts .....	253,517	200,233	1,508,851
Profits transferred to the Reserve Fund .....	\$1,334,155	\$1,322,210	\$10,040,624

## Write-offs

Bad debts written off (net) <sup>(2)</sup> .....	\$ 53,517	\$ 233	\$ 408,851
Reserve for losses at end of period .....	\$1,100,000	\$ 900,000	\$ 1,100,000

(1) After amortization of premium or discount on sale of debentures.

(2) Bad debts written off, less recovery of bad debts written off previously. The net write-off is debited to the reserve for losses account.

## Summary of Operations, 1957, 1956 and Cumulative

	Fiscal year ending September 30th 1957	1956	Cumulative Total since Nov. 1, 1944
Gross authorizations of loans, investments and guar- antees .....	\$30,202,044	\$39,119,503	\$193,046,150
Net increase in authorizations to protect Property Held for Sale .....	3,641	6,059	40,329
Gross authorizations .....	\$30,205,685	\$39,125,562	\$193,086,479
Less cancellations and reductions .....	5,863,464	2,576,084	27,985,281
Net increase in authorizations .....	\$24,342,221	\$36,549,478	\$165,101,198
Less repayments, retirements of guarantees, write-offs and change in property held for sale .....	12,731,843	12,163,338	76,541,281
Increase in loans, investments and guarantees plus undisbursed .....	\$11,610,378	\$24,386,140	\$ 88,559,917
Disbursements* .....	\$32,362,043	\$20,192,801	\$147,671,279
Less repayments* .....	12,618,279	12,091,268	75,217,986
Less write-offs .....	53,517	233	408,851
Less changes in property held for sale account .....	+ 47	- 33,163	+ 169,944
Increase in outstanding loans and investments .....	\$19,690,200	\$ 8,134,463	\$ 71,874,498
Change in liability under guarantees .....	- 57,029	- 1,207,834	+ 56,031
Increase in outstanding loans, investments and liability under guarantees .....	\$19,633,171	\$ 6,926,629	\$ 71,930,529
Increase in undisbursed portion of loans & investments ..	- 8,022,793	+ 17,459,511	16,629,388
Increase in combined total outstanding plus undis- bursed .....	\$11,610,378	\$24,386,140	\$ 88,559,917

\*Exclusive of guarantees.



## Board of Directors

---

J. E. COYNE, President, Ottawa, Ont.

J. R. BEATTIE, Ottawa, Ont.  
Member of the Executive Committee

J. M. BUCHANAN, Vancouver, B.C.

E. G. BURTON, C.B.E., Toronto, Ont.

J. L. CAVANAGH, New Glasgow, N.S.

N. A. HESLER, Sackville, N.B.

W. A. JOHNSTON, Q.C., Winnipeg, Man.

R. H. MILLIKEN, Q.C., Regina, Sask.

H. O. PATRIQUIN, Edmonton, Alta.

A. C. PICARD, Quebec, Que.  
Member of the Executive Committee

H. A. RUSSELL, St. John's, Nfld.

A. SAMOISSETTE, O.B.E., Montreal, Que.

A. A. SCALES, Charlottetown, P.E.I.

K. W. TAYLOR, C.B.E., Ottawa, Ont.  
Member of the Executive Committee

## Officers

---

J. E. COYNE, President

D. G. MARBLE, C.B.E., General Manager

A. N. H. JAMES, Assistant General Manager

N. C. TOMPKINS, Assistant General Manager — British Columbia

L. F. MUNDY, Secretary

P. D. SMITH, Deputy Secretary

A. M. SWAN, Administrative Assistant

H. M. SCOTT, Chief, Legal Department

W. L. MUNDY, Chief, Insurance Department

G. R. ELLIOTT, Chief, Branch Credits Department

C. I. STUART, Deputy Secretary

L. VIAU, Deputy Secretary

E. FRICKER, Chief Accountant

GENERAL MANAGER'S OFFICE, 901 Victoria Square, Montreal, Que.

### ATLANTIC PROVINCES

H. R. STOKER, Supervisor, 65 Spring Garden Road, Halifax, N.S.

### ONTARIO

W. C. STUART, Supervisor, 85 Richmond St. W., Toronto, Ont.

### MANITOBA & SASKATCHEWAN

E. R. CLARK, Supervisor, 195 Portage Ave. E., Winnipeg, Man.

### ALBERTA, YUKON & NORTHWEST TERRITORIES

F. M. AYKROYD, Supervisor, 513 Eighth Ave. W., Calgary, Alta.

### BRITISH COLUMBIA

N. C. TOMPKINS, Assistant General Manager,  
1030 West Georgia St., Vancouver, B.C.



