



Canada Deposit
Insurance Corporation

Société d'assurance-dépôts
du Canada

Annual Report

Year Ended December 31, 1981

Canada



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Insurance Corporation

1808-112 Kent Street
P.O. Box 2340, Stn. D
Ottawa, Ontario
K1P 5W5

(613) 996-2081

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March 26, 1982

The Honourable Allan MacEachen, P.C., M.P.,
Minister of Finance,
House of Commons,
Ottawa, Ontario.

Dear Mr. MacEachen:

I have the honour to submit to you the Annual Report of the
Canada Deposit Insurance Corporation for the fiscal year ended
December 31, 1981.

Yours very truly,

John F. Close,
Chairman.

Canada

ANNUAL REPORT

Year Ended December 31, 1981

The Canada Deposit Insurance Corporation was established in 1967 by the Canada Deposit Insurance Corporation Act (Chapter 3 of the Revised Statutes of Canada, 1970, as amended). The main object of the Corporation, is to provide, for the benefit of persons having deposits with member institutions, insurance against the loss of part or all of such deposits.

The Act provides that the Corporation may, with the approval of Governor in Council, make by-laws relating to the administration of the affairs of the Corporation and the Canada Deposit Insurance Corporation General By-law (Chapter 383 of the Consolidated Regulations of Canada, as amended) was made pursuant to that authority. Office consolidations of the Act and General By-law are available from the Corporation upon request.

For the year ended December 31, 1981, the Corporation's excess of income over expenditures, before taxes, was \$25,589,456 as shown in the financial statements. A net amount of \$13,224,313, after providing for income tax, was credited to the Accumulated Net Earnings.

The deposits with member institutions insured by the Corporation totalled \$109 billion as at December 31, 1981, which comprised \$99 billion in federal institutions and \$10 billion in provincial institutions. Premiums payable by member institutions for the year totalled \$19.8 million. The Deposit Insurance Fund totalled \$167.3 million at year end.

The Deposit Insurance Fund, including the Accumulated Net Earnings, less a \$3,200,000 provision for loss on claims relative to the liquidation of Astra Trust, as described below, totalled \$225,669,450 representing an increase over the previous year of \$29,792,482.

Subsequent to the year end, the Board of Directors, following the practice of previous years, authorized a reduction for the forthcoming premium year, in the

premium payable by member institutions to the minimum provided for in Section 19 of the Act.

The Astra Trust Company was placed in liquidation effective July 1980 and the Corporation thereupon took immediate steps to discharge its obligations to the insured depositors by arranging with the Liquidator to make the payments of all the insured deposits. By such action, the Corporation is subrogated to the rights and interests of the depositors against the Astra Trust Company. Payments made or to be made, for which the Corporation now has claims against the Company, total \$21,532,457. At the year end 1981, a provision for loss of \$3.2 million on these claims has been made (Note 8). The balance of \$18,332,457 is in the hands of the Liquidator and is believed to be collectible. Prior to July 1980, the Corporation had provided funds to the Astra Trust Company in the form of loans; totalling \$8.4 million fully secured by mortgages and bonds, to enable the Company to meet its commitments to depositors. During the year 1981, the Corporation realized on the security to repay the loan by the acquisition of the mortgages and the sale of the bonds with the surplus in excess of the loan amount being paid to the Liquidator (Note 4).

During the year, pursuant to an agreement with the Quebec Deposit Insurance Board, the Corporation advanced \$55 million to the Board to meet short term requirements for liquid funds. By the year end \$25 million had been repaid as indicated in the financial statements (Note 5).

Under the terms of the Act and on behalf of the Corporation, the Superintendent of Insurance examined the affairs of the federally incorporated Trust Companies and Loan Companies, numbering 62, and the Inspector General of Banks examined the affairs of the Banks, numbering 29. Provincial institutions, numbering 54, were examined, on behalf of the Corporation, by persons designated by the Corporation for that purpose.

BOARD OF DIRECTORS

The terms of the Act provide that the Board shall consist of five (5) directors, one of whom is Chairman. The Chairman is appointed by Governor in Council and the four (4) members are to be the persons holding the respective offices of the Governor of the Bank of Canada, the Deputy Minister of Finance, the Superintendent of Insurance and the Inspector General of Banks. However, a director may, with the approval of the Minister, designate in writing, an alternate to attend in his absence any meeting of the Board.

Members of the Board as at December 31, 1981:

| | |
|------------------------|-----------------------------------|
| Messrs. John F. Close, | Chairman |
| G.K. Bouey, | Governor of the Bank of Canada |
| I.A. Stewart, | Deputy Minister of Finance |
| R. Humphrys, | Superintendent of Insurance |
| W.A. Kennett, | Inspector General of Banks |

Mr. T.J. Davis is the Secretary-Treasurer of the Corporation.



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

AUDITOR'S REPORT

The Honourable Allan J. MacEachen, P.C., M.P.
Minister of Finance

I have examined the balance sheet of the Canada Deposit Insurance Corporation as at December 31, 1981 and the statements of income and accumulated net earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of the Corporation as at December 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

Auditor General of Canada

Ottawa, Ontario
February 12, 1982

CANADA DEPOSIT INSURANCE CORPORATION
(Established by the Canada Deposit Insurance Corporation Act)

Balance Sheet
as at December 31, 1981

| <u>ASSETS</u> | | <u>LIABILITIES</u> | | | |
|--|-----------------------|-----------------------|--------------------------------|----------------------|-----------------------|
| | <u>1981</u> | <u>1980</u> | | <u>1981</u> | <u>1980</u> |
| Cash and cash equivalents (Note 3) | \$ 82,715,048 | \$ 66,907,964 | Accounts payable | \$ 490,694 | \$ 981,556 |
| Premiums and other accounts receivable | 4,924,515 | 5,762,918 | Current income taxes | 4,011,094 | 627,477 |
| Secured loans - Astra Trust Company (Note 4) | - | 8,400,000 | Deferred income taxes | 2,380,810 | 2,666,761 |
| Guaranteed loans - Quebec Deposit Insurance Board (Note 5) | 30,000,000 | - | | 6,882,598 | 4,275,794 |
| Accrued interest | 6,985,718 | 3,274,685 | | | |
| Investments - Canada bonds (Note 6) | 82,124,624 | 91,935,973 | <u>DEPOSIT INSURANCE FUND</u> | | |
| Assets acquired from member institutions in liquidation (Note 7) | 7,427,866 | 2,037,543 | Premiums | | |
| Claims re insured deposits | | | Balance, beginning of the year | 147,550,245 | 125,672,278 |
| - Commonwealth Trust Company (Note 8(a)) | 1 | 1 | Premiums for the year | 19,768,169 | 21,877,967 |
| - Astra Trust Company (Note 8(b)) | 18,332,457 | 21,791,946 | Balance, end of the year | 167,318,414 | 147,550,245 |
| Fixed assets | | | Accumulated net earnings | 58,351,036 | 48,326,723 |
| Furniture, equipment and leasehold improvements | 76,336 | 61,264 | | 225,669,450 | 195,876,968 |
| Less: accumulated depreciation and amortization | (34,517) | (19,532) | | | |
| | <u>\$ 232,552,048</u> | <u>\$ 200,152,762</u> | | <u>\$232,552,048</u> | <u>\$ 200,152,762</u> |

Certified correct:


Secretary-Treasurer

Approved by the Board:


Chairman


Director

CANADA DEPOSIT INSURANCE CORPORATION

Statement of Income and Accumulated Net Earnings **for the year ended December 31, 1981**

| | <u>1981</u> | <u>1980</u> |
|---|----------------------|----------------------|
| Income (Note 11) | <u>\$ 26,320,171</u> | <u>\$ 18,398,738</u> |
| Expenses | | |
| Inspection and other fees | 406,006 | 565,056 |
| Salaries and employee benefits | 155,031 | 134,964 |
| General, administrative and other | <u>169,678</u> | <u>116,343</u> |
| | <u>730,715</u> | <u>816,363</u> |
| Income before income taxes | <u>25,589,456</u> | <u>17,582,375</u> |
| Income taxes | | |
| Current | 12,651,094 | 8,227,477 |
| Deferred | <u>(285,951)</u> | <u>379,824</u> |
| | <u>12,365,143</u> | <u>8,607,301</u> |
| Net income for the year | 13,224,313 | 8,975,074 |
| Accumulated net earnings, beginning of the year as restated (Note 12) | 48,326,723 | 39,297,418 |
| Recovery of claims - Commonwealth Trust Company (Note 8(a)) | - | 54,231 |
| Provision for loss - Astra Trust Company (Note 8(b)) | <u>(3,200,000)</u> | <u>-</u> |
| Accumulated net earnings, end of the year | <u>\$ 58,351,036</u> | <u>\$ 48,326,723</u> |

CANADA DEPOSIT INSURANCE CORPORATION

Statement of Changes in Financial Position for the year ended December 31, 1981

| | <u>1981</u> | <u>1980</u> |
|--|----------------------|----------------------|
| Funds provided | | |
| Operations | | |
| Net income for the year | \$ 13,224,313 | \$ 8,975,074 |
| Items not requiring funds: | | |
| Deferred income taxes | (285,951) | 379,824 |
| Net amortization of premiums and discounts on bonds and debentures | (189,545) | (176,817) |
| Depreciation and amortization | <u>14,985</u> | <u>9,355</u> |
| | 12,763,802 | 9,187,436 |
| Premiums for the year | 19,768,169 | 21,877,967 |
| Decrease in investments - Canada bonds | 10,000,000 | 61,000 |
| Realization of assets acquired from member institutions in liquidation | 335,956 | 123,731 |
| Increase in current income taxes payable | 3,383,617 | 28,443 |
| Increase in accounts payable | - | 873,810 |
| Recovery of secured loans - Astra Trust Company | 8,400,000 | - |
| Recovery of claims - Commonwealth Trust Company | - | 54,231 |
| Decrease in premiums and other accounts receivable | 838,403 | - |
| Decrease in claims re insured deposits - Astra Trust Company | <u>259,489</u> | <u>-</u> |
| | <u>55,749,436</u> | <u>32,206,618</u> |
| Funds applied | | |
| Guaranteed loans - Quebec Deposit Insurance Board | 30,000,000 | - |
| Secured loans - Astra Trust Company | - | 8,400,000 |
| Mortgages acquired from Astra Trust Company | 5,725,385 | - |
| Increase in accrued interest | 3,711,033 | 527,183 |
| Increase in premiums and other accounts receivable | - | 984,442 |
| Purchase of fixed assets | 15,072 | 10,380 |
| Increase in claims re insured deposits - Astra Trust Company | - | 21,791,946 |
| Decrease in accounts payable | <u>490,862</u> | <u>-</u> |
| | <u>39,942,352</u> | <u>31,713,951</u> |
| Increase in cash and cash equivalents | 15,807,084 | 492,667 |
| Cash and cash equivalents, beginning of the year | <u>66,907,964</u> | <u>66,415,297</u> |
| Cash and cash equivalents, end of the year | \$ <u>82,715,048</u> | \$ <u>66,907,964</u> |

CANADA DEPOSIT INSURANCE CORPORATION

Notes to Financial Statements December 31, 1981

1. Authority and objective

The Canada Deposit Insurance Corporation was established in 1967 by the Canada Deposit Insurance Corporation Act ("the Act") (C3, R.S. 1970 as amended). The Corporation is, for all purposes of this Act, an agent of Her Majesty and all property acquired by the Corporation is the property of Her Majesty.

The Corporation's principal objective is to provide insurance on deposits with federal institutions (banks, trust and loan companies) and approved provincial institutions (trust and loan companies) up to \$20,000 per depositor per institution.

2. Significant accounting policies

(a) Premiums

Premiums are assessed against member institutions based on insurable deposits held by those institutions on April 30 of each year. Premiums are credited directly to the Deposit Insurance Fund in accordance with section 18 of the Act. Premium rebates, representing a refund of premiums previously paid, are charged directly to the Deposit Insurance Fund.

(b) Accumulated net earnings

In accordance with section 20(2) of the Act, the Corporation's accumulated net earnings are reported as a separate item on the balance sheet, and shown as an addition to the Deposit Insurance Fund.

(c) Recognition of losses

Provisions for losses arising from actions taken to secure the subrogation of depositors' rights and interests are recorded in the year these actions are taken or as soon as possible thereafter when the eventual losses can be reasonably estimated. Such provisions are recorded as a direct charge against accumulated net earnings.

(d) Income taxes

Income taxes are accounted for on the tax allocation basis, which relates the provision for income taxes to the reported accounting income for the period. Timing differences between the income reported for accounting and for tax purposes are recorded as deferred income taxes and arise from the exclusion of qualifiable accrued interest from income for tax purposes and from claiming an investment reserve for tax purposes.

(e) Fixed assets

Fixed assets are recorded at cost. Depreciation on furniture and equipment is calculated at 20%, per annum, on the declining balance method and leasehold improvements are amortized on a straight line basis over the remaining terms of the leases up to a maximum of five years.

(f) Investments

Investments in treasury bills, bonds, debentures and mortgages are recorded at cost. The cost of bonds and debentures is adjusted for the amortization of premiums and discounts.

3. Cash and cash equivalents

| | 1981 | 1980 |
|--------------------|----------------------|----------------------|
| Cash | \$ 691,571 | \$ 48,309 |
| Short-term deposit | 400,000 | 800,000 |
| Treasury bills | <u>81,623,477</u> | <u>66,059,655</u> |
| | <u>\$ 82,715,048</u> | <u>\$ 66,907,964</u> |

4. Secured loans - Astra Trust Company

These represented fully secured loans made to the company prior to its liquidation. The loans were fully recovered during 1981.

5. Guaranteed loans - Quebec Deposit Insurance Board

During the year 1981, the Corporation entered into an agreement with the Quebec Deposit Insurance Board whereby the Board requested loans from the Corporation to meet short-term requirements for liquid funds. The Corporation approved a line of credit of \$100,000,000 to the Board. As at December 31, 1981, the Corporation had advanced to the Board \$55,000,000 of which \$25,000,000 had been repaid, leaving an outstanding loan balance of \$30,000,000. The Corporation advanced a further \$25,000,000 on January 8, 1982. All funds advanced to the Quebec Deposit Insurance Board are guaranteed by the Province of Quebec and are repayable in full with interest on or before June 11, 1982.

6. Investments - Canada bonds

| Year of Maturity | Par Value | Amortized Cost | Market Value |
|-------------------|----------------------|----------------------|----------------------|
| 1982 | \$ 30,000,000 | \$ 29,991,938 | \$ 29,740,000 |
| 1983 | 32,350,000 | 32,182,950 | 30,057,350 |
| 1984 | <u>20,000,000</u> | <u>19,949,736</u> | <u>18,220,000</u> |
| December 31, 1981 | <u>\$ 82,350,000</u> | <u>\$ 82,124,624</u> | <u>\$ 78,017,350</u> |
| December 31, 1980 | <u>\$ 92,350,000</u> | <u>\$ 91,935,973</u> | <u>\$ 87,394,850</u> |

7. Assets acquired from member institutions in liquidation

| | <u>1981</u> | <u>1980</u> |
|---|---------------------|---------------------|
| Canada bonds and other bonds and debentures | \$ 1,164,865 | \$ 1,267,972 |
| (Market value | | |
| December 31, 1981: \$635,955 | | |
| December 31, 1980: \$821,088) | | |
| Mortgages | <u>6,263,001</u> | <u>769,571</u> |
| | <u>\$ 7,427,866</u> | <u>\$ 2,037,543</u> |

The Corporation acquired these assets either as a result of subrogation, to the Corporation, of the rights and interests of the depositors in respect of whom the Corporation paid claims for insured deposits, or in settlement of secured loans owed by a member institution to the Corporation.

The mortgages include mortgages valued at \$5,725,385 acquired from Astra Trust Company, in partial settlement of secured loans.

8. Claims re insured deposits

(a) Commonwealth Trust Company

In 1970, under the provisions of section 13 of the Act, the Corporation, by paying \$5,432,971, acquired all the rights and interests of the depositors against the member institution which was in receivership. Recoveries to December 31, 1981 totalled \$ 4,992,971, leaving a balance of \$440,000 outstanding. The Corporation has recorded this claim at \$1 since 1976; subsequent recoveries are credited directly to accumulated net earnings. No recoveries were received during the current year.

(b) Astra Trust Company

In 1980, Astra Trust Company, a member institution, was placed in liquidation. The Corporation met its obligations by making payments for claims in respect of the insured deposits. The Corporation's claims against the Astra Trust Company, comprise the total payments made by the Corporation for insured deposits of \$21,532,457 less the provision for loss of \$3,200,000.

Certain claims were filed in 1980 against the Corporation with respect to non-member institutions which are alleged to be related to the operations of the Astra Trust Company. The Corporation is still of the opinion that it is not liable in this connection.

9. Reduced premiums

As provided in section 19(8) of the Act and as approved by the Board of Directors, member institutions were assessed reduced premiums for the year. Reduced premiums have been assessed in every year since 1972.

10. Guarantee Agreement

Under section 11(a) of the Act, the Corporation is empowered to guarantee deposits with a member institution for the purpose of reducing or averting a threatened loss to the Corporation. During the current year, the Corporation entered into a \$10,000,000 guarantee agreement with one of its member institutions for the purpose of guaranteeing a deposit with another member. As at December 31, 1981, an amount of \$1,500,000 was on deposit under the terms of this guarantee agreement.

11. Income

| | <u>1981</u> | <u>1980</u> |
|---|----------------------|----------------------|
| Interest | | |
| Treasury bills | \$ 13,615,311 | \$ 8,583,510 |
| Canada bonds | 8,410,333 | 8,515,127 |
| Loans | 2,771,500 | 830,883 |
| Mortgages | 854,482 | 62,253 |
| Cash, short-term deposit and other bonds and debentures | <u>378,793</u> | <u>230,193</u> |
| | 26,030,419 | 18,221,966 |
| Net Amortization of premiums and discounts on bonds and debentures and sundry | <u>289,752</u> | <u>176,772</u> |
| | <u>\$ 26,320,171</u> | <u>\$ 18,398,738</u> |

12. Prior year's adjustment

As a result of a change in the Income Tax Act in 1981, the Corporation was assessed an additional \$518,828 for income tax for the year 1980. The net income for the year 1980 and the accumulated net earnings at January 1, 1981 have been reduced accordingly. The comparative figures for 1980 have been restated to give effect to this adjustment.

13. Insured deposits

Deposits insured by the Corporation, on the basis of returns received from member institutions, totalled \$109 billion as at April 30, 1981 (1980: \$96 billion), comprising deposits of \$99 billion in federal institutions and \$10 billion in provincial institutions.

MEMBER INSTITUTIONS — FEDERAL

The deposits with federal institutions that were carrying on business at the time the Act came into force on April 17th, 1967 were insured from that date. Deposits made with federal institutions that are licensed under the Banks & Banking Law Revision Act, the Quebec Savings Banks Act, the Trust Companies Act and the Loan Companies Act after April 17th, 1967 are insured from the date the institutions commenced business.

As at December 31, 1980, sixty-nine (69) federal institutions were members of the Corporation.

During the year 1981:

- (a) The following institutions commenced business and therefore became member institutions.

Banks

ABN Bank Canada
Bank of America Canada
Barclays Bank of Canada
Citibank Canada
Banca Commerciale Italiana of Canada
Continental Illinois Bank (Canada)
Deutsche Bank (Canada)
Dresdner Bank Canada
Hongkong Bank of Canada
Korea Exchange Bank of Canada
Midland Bank Canada
Morgan Bank of Canada
National Bank of Detroit, Canada
Banque Nationale de Paris (Canada)
Swiss Bank Corporation (Canada)
The Bank of Tokyo Canada
Union Bank of Switzerland (Canada)

Loan Companies

Bank of British Columbia Mortgage Corporation
Bank of Montreal Mortgage Corporation
Continental Bank Mortgage Corporation
M.B.C. Mortgage Corporation

Trust Companies

The Evangeline Trust Company
Nova Scotia Savings & Trust Company
Peace Hills Trust Company

- (b) The name of the Canadian Commercial and Industrial Bank was changed to the Canadian Commercial Bank.

- (c) (The) Central and Eastern Trust Company and the Federal Trust Company amalgamated; the continuing company being the Central Trust Company.

- (d) (The) fidelity Trust Company and the Fort Garry Trust Company amalgamated; the continuing company being The Fidelity Trust Company.
- (e) (The) BNS Mortgage Corporation and the Scotia Covenants Mortgage Corporation amalgamated; the continuing company being the Scotia Mortgage Corporation.
- (f) (The) Atlantic Trust Company, incorporated in the Province of Nova Scotia, became federally incorporated; the continuing company being the Atlantic Trust Company of Canada.

The ninety-one (91) federal member institutions at December 31, 1981, of which twenty-nine (29) are Banks and sixty-two (62) are Trust or Loan Companies, are:

BANKS

Chartered Banks

ABN Bank Canada
Bank of America Canada
Barclays Bank of Canada
Bank of British Columbia
Canadian Commercial Bank
Canadian Imperial Bank of Commerce
Citibank Canada
Banca Commerciale Italiana of Canada
Continental Bank of Canada
Continental Illinois Bank (Canada)
Deutsche Bank (Canada)
Dresdner Bank Canada
Hongkong Bank of Canada
Korea Exchange Bank of Canada
The Mercantile Bank of Canada
Midland Bank Canada
Bank of Montreal
Morgan Bank of Canada
National Bank of Canada
National Bank of Detroit, Canada
Banque Nationale de Paris (Canada)
Northland Bank
The Bank of Nova Scotia
The Royal Bank of Canada
Swiss Bank Corporation (Canada)
The Bank of Tokyo Canada
The Toronto Dominion Bank
Union Bank of Switzerland (Canada)

Savings Bank

The Montreal City & District Savings Bank

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FEDERAL - Trust and Loan Companies

AMIC Mortgage Investment Corporation
Atlantic Trust Company of Canada
Bank of British Columbia Mortgage Corporation
Bank of Montreal Mortgage Corporation
Bayshore Trust Company
Canada Permanent Mortgage Corporation
Canada Permanent Trust Company
The Canada Trust Company
Canada Trustco Mortgage Company
CCB Mortgage Investment Corporation
Central and Eastern Mortgage Corporation
Central Trust Company
Citizens Trust Company
Continental Bank Mortgage Corporation
Continental Trust Company
Co-Operative Trust Company of Canada
Eaton Bay Mortgage Corporation
Eaton/Bay Trust Company
The Equitable Trust Company
Equitrust Mortgage and Savings Company
Evangeline Savings and Mortgage Company
Evangeline Trust Company
Fedco Mortgage Investment Company
The Fidelity Trust Company
Fidmor Mortgage Investors Corporation
First City Mortgage Company
Granville Savings and Mortgage Corporation
Greymac Mortgage Corporation
Guaranty Trust Company of Canada
Income Trust Company -
The International Trust Company

Kinross Mortgage Corporation
League Savings & Mortgage Company
M.B.C. Mortgage Corporation
The Merchant Trust Company
Montreal Trust Company of Canada
Morgan Trust Company of Canada
Morguard Home Mortgage Investment Corporation
Morguard Mortgage Investment Company of Canada
Morguard Trust Company
North Canadian Trust Company
Northguard Mortgage Corporation
Nova Scotia Savings & Loan Company
Nova Scotia Savings and Trust Company
Pacific Savings and Mortgage Corporation
Peace Hills Trust Company
Pioneer Trust Company
The Premier Trust Company
Procan Mortgage Corporation
The Regional Trust Company
Royal Trust Corporation of Canada
Royal Trustco Mortgage Company
RoyMor Mortgage Corporation
Scotia Mortgage Corporation
Seel Mortgage Investment Corporation
Settlers Savings and Mortgage Corporation
Standard Loan Company
Standard Trust Company
Stanmor Mortgage Corporation
Sterling Trust Corporation
Victoria and Grey Mortgage Corporation
Western Capital Trust Company

MEMBER INSTITUTIONS — PROVINCIAL

A provincial institution may become a member of the Corporation if it is authorized by the province of its incorporation to apply for deposit insurance and if it agrees not to exercise powers substantially different from the powers exercisable by a federal trust or loan company as the case may be.

Prior to coming into force of the Canada Deposit Insurance Corporation Act, the Province of Ontario had instituted a deposit insurance plan of its own covering all the Loan Companies and Trust Companies in the province. This plan, which came into effect on February 10, 1967, was similar to the plan instituted by the Canada Deposit Insurance Corporation Act. After the Canada Deposit Insurance Corporation Act came into effect, the Ontario plan was suspended and all the Ontario companies concerned were subsequently accepted as members of the Corporation effective April 29, 1967.

During 1967, the Province of Quebec adopted legislation to establish a plan of deposit insurance applicable to all institutions that accept deposits in that province. The plan guarantees not only deposits within the province, but also provides for the guarantee of deposits accepted outside Quebec by institutions incorporated in Quebec. In order to avoid duplication of insurance and to meet the desires of provinces where such deposits are located, an agreement was reached between the Corporation and the Quebec Deposit Insurance Board, with the approval of the respective governments, providing as follows:

1. For Quebec institutions that become members, the Canada Deposit Insurance Corporation will insure deposits outside Quebec accepted by such institutions.
2. The Quebec Deposit Insurance Board will guarantee deposits in Quebec accepted by institutions incorporated in Quebec or in other provinces. Where the Canada Deposit Insurance Corporation was insuring

deposits accepted in Quebec by institutions incorporated in other provinces, it agreed to terminate its insurance on those deposits on application by the institution with the concurrence of the province of incorporation.

3. The Canada Deposit Insurance Corporation will continue to insure deposits accepted by federally incorporated institutions, whether accepted in Quebec or elsewhere in Canada, and Quebec will refrain from levying any charge for deposit insurance on such institutions.
4. The Canada Deposit Insurance Corporation is empowered to make short term secured loans to the Quebec Deposit Insurance Board to enable it to meet emergency liquidity needs in connection with its insurance operations (Note 5).

In order to implement the above understanding the required amendments to the Canada Deposit Insurance Corporation Act came into effect on March 27, 1968, and on January 22, 1969 an Agreement between the Corporation and the Quebec Deposit Insurance Board was executed.

The Corporation is insuring the deposits located outside the Province of Quebec accepted by the following institutions incorporated in that province:

Citicorp Trust Company
Credit Foncier
Credit Foncier Trust Company
General Trust of Canada
Guardian Trust Company
Montreal Trust Company
The Morgan Trust Company
North America Trust
The Royal Trust Company
The Royal Trust Company Mortgage Corporation
Savings and Investment Trust Company

The Quebec Deposit Insurance Board is providing the guarantee for the deposits located in Quebec accepted by companies incorporated in:

- (a) **Alberta**
Eaton Bay Trust Company (Alberta)
- (b) **British Columbia**
First City Trust Company
- (c) **Ontario**
Crown Trust Company
National Trust Company Limited
Tordom Corporation
Victoria and Grey Trust Company

All these companies are members of the Canada Deposit Insurance Corporation which insures their deposits outside Quebec.

During the year 1981:

- (a) Policies of Deposit Insurance were issued to the Executive Trust Company and the Savings and Investment Trust Company.

- (b) The name of the Pacific Western Trust Corporation was changed to the Pacific & Western Trust Corporation.

- (c) Atlantic Trust Company, incorporated in the Province of Nova Scotia, became federally incorporated; the continuing company being the Atlantic Trust Company of Canada.

- (d) Federal Trust Company, incorporated in the Province of Ontario, amalgamated with the Central and Eastern Trust Company; the continuing company being the Central Trust Company, a federally incorporated company.

At December 31, 1980 fifty-four (54) provincially incorporated Loan Companies and Trust Companies were members of the Corporation. Although two additional companies were accepted as members of the Corporation during 1981, the total number of provincial institutions at year end remained at fifty-four (54).

The provincially incorporated member institutions at December 31, 1981, are:

PROVINCIAL - Trust and Loan Companies

Cabot Trust Company
The Canborough Corporation
Citicorp Trust Company Q
Columbia Trust Company B.L.
Community Trust Company Ltd.
Continental Estates Corporation Ltd.
Counsel Trust Company
Credit Foncier Q
Credit Foncier Trust Company Q
Crown Trust Company
District Trust Company
The Dominion Trust Company
Eaton Bay Trust Company (Alberta) A
The Effort Trust Company
Executive Trust Company
Family Trust Corporation
Financial Trust Company
First City Trust Company A
First Western Trust Company A
General Trust of Canada Q
Guardian Trust Company Q
Heritage Savings & Trust Company A
HFC Trust Limited P.E.I.
Home Savings & Loan Corporation
Huron Trust Company
Inland Trust and Savings Corporation Ltd. M
Investors Group Trust Co. Ltd. M

Landmark Savings and Loan Association
London Loan Limited
Macdonald-Cartier Trust Company
Monarch Trust Company
Montreal Trust Company Q
The Morgan Trust Company Q
The Municipal Savings & Loan Corporation
The Municipal Trust Company
National Trust Company Limited
Nipissing Mortgage Corporation
Norfolk Trust S
North America Trust Q
North West Trust Company A
Pacific & Western Trust Corporation S
Principal Savings and Trust Company A
The Royal Trust Company Q
The Royal Trust Company Mortgage Corporation Q
Saskatchewan Trust Company S
Savings and Investment Trust Company Q
Seaway Trust Company
Security Trust Company
Shoppers Mortgage and Loan Corporation
Termguard Savings & Loan Company
Tordom Corporation
Vanguard Trust of Canada Limited
Victoria and Grey Trust Company
Yorkshire Trust Company N.S.

OTHER LEGISLATION

Under the provision of the Investment Companies Act, the Corporation is empowered to make short term loans, as a lender of last resort, to Canadian controlled Sales Finance Companies. Also, under the provisions of the Cooperative Credit Association Act, the Corporation is empowered to make short term loans, for liquidity purposes, to cooperative credit societies and to provincially created corporations that provide, or administer, stabilization or liquidity funds for the benefit of Credit Unions and their members. The aforementioned functions are entirely separate from those performed by the Corporation under its Act of incorporation. The Corporation is not insuring the debt instruments of the sales finance companies or the deposits and debt instruments of the cooperative credit societies. The loans may be made only for the purpose of meeting short term requirements for liquid funds and the source of funds for the Corporation to make these loans would be borrowing from the Consolidated Revenue Fund.

The Corporation has entered into agreements, to make short term loans for liquidity purposes, with the Credit Union Stabilization Corporation (Alberta), B.C. Credit Union Reserve Board and The Saskatchewan Credit Union Mutual Aid Board.

No funds have been advanced under either Act.