

Mr. COYNE: I am sorry, I do not know. I do know banks are allowed to own companies to do certain things, such as own bank premises. It can set up a separate company and own all the stock in that company. But I do not know whether it also can make a loan to that company. This would be determined by the Bank Act.

Mr. LEBOE: Anyway, it is a good question. To what extent will deposit liabilities enable your bank to loan money? I think you have partly answered the question but what is the procedure that is followed in this connection? In other words, you have now opened up your doors and you have a deposit with the Bank of Canada. You are ready for business and people come in and deposit X number of dollars. In percentage, to what extent do you consider that this will enable you to make loans to someone else?

Mr. COYNE: Well, if we followed the same proportions as the other banks are presently doing I do not think that about 70 per cent of the total deposits are in loans and in corporation securities. They have 8 per cent cash with the Bank of Canada, about another 8 per cent in short term government securities such as treasury bills and, say, another 15 per cent in other government bonds. That leaves about 70 per cent, which is rather a high percentage in risk assets.

Mr. LEBOE: I have two more short questions. I notice in your statement reference is made to the advantages of the bank over trust companies and credit unions. You did not mention credit unions but I assume you are referring to any 100 per cent reserve accounts. In that connection do you see any real reason for raising the bank interest rate over 6 per cent when you do get the advantage that we just spoke of, namely of expanding the credit and getting interest on moneys that you actually have not had by virtue of your charter. I know that is a difficult question but I would like an answer.

Mr. LEWIS: Mr. Chairman, perhaps that can be discussed later on.

Mr. COYNE: That is what I was going to say. As far as we are concerned, we are not advocating such a change; we do not have any particular standing to do so. We will live with the Bank Act as it is or we will live with it as it is revised by parliament. If our views are desired at some future stage we will be pleased to advance those views. But, I do not know that it is directly concerned with our present application.

Mr. LEBOE: Mr. Coyne, in respect of the Bank of British Columbia have you any joys or fears in connection with the incorporation of that bank?

Mr. COYNE: No, not really. Of course, we were the first in the field; we announced our project in early December, 1963, at which time we had a number of supporters in Vancouver and British Columbia as well as elsewhere in western Canada. We were a bit surprised to hear later that two other bank charter applications came forward, one of which I understand, has been dropped. However, the Bank of British Columbia is still alive and we certainly have no opposition whatsoever to it. It means perhaps that they will have a considerable advantage over us in British Columbia, but we would hope to operate in British Columbia in competition with them and the other banks.

The CHAIRMAN: Have you a question, Mr. Grégoire.

Mr. GRÉGOIRE: Yes, Mr. Chairman, I have several questions. I would like to direct my first question to Mr. Stevens. Among the shareholders, are there some from outside of Canada now?