

Senator HAIG: \$42 million. How much has the bank loaned to the end of the year 1957?

Mr. FRIESEN: I haven't that with me; but I have the total loans at May 31.

Senator HAIG: Give us that.

Mr. FRIESEN: You mean mortgage loans or all loans?

Senator HAIG: All the loans.

Mr. FRIESEN: Our commercial loans were \$390 million; our mortgage loans \$36 million, making a total of \$426 million. Then of course we had the usual day to day loans, brokers loans \$37 million and loans to municipalities as well as other assets.

Senator HAIG: And that money which you had loaned out was made up in part by people who had deposits in your bank?

Mr. FRIESEN: Yes, everything above our capital reserve, and so on, and we have a substantial amount of first quality investments.

Senator HAIG: Why should you lend long term mortgages of \$42 million, or whatever it is you lend, and only have \$36 million in capital? You cannot get that money back to cover my deposit in sixty years?

Mr. FRIESEN: We couldn't if we had all our money on long term investments. We have a fair amount of money available on a call basis, of course. As a matter of fact, if you wish to put it that way, we still have, taking out the capital reserves, and so on, assuming this was all invested in mortgage loans, sufficient cash assets to fully take care of deposits.

Senator HAIG: But even then you have not got enough to pay depositors back if you keep on lending on housing. I do not deposit my money with your bank for sixty years, that is a cinch.

Mr. FRIESEN: These are of course twenty-five year loans. However the record of the Canadian Banking System with respect to safety speaks for itself.

Senator WHITE: Would it be correct to say that at the time the amendment was made to the Bank Act for the first time in Canada as to loans on mortgage, there was no request or desire by banks to enter into the field?

Mr. FRIESEN: I think that was fully covered at the time of the revision. I know it was.

Senator WHITE: Was it not also a fact that the great difference between our system here and that in the States prior to the amendment being made, which put our banks in a much better position, was the fact that the banks are now permitted by law to lend on mortgages?

Mr. FRIESEN: We do know historically that the American banks did lend on mortgages and the Canadian banks didn't.

Senator HAIG: You did not close your doors, and they did.

Senator WHITE: On page 7 of your brief you speak about the small losses of only a fraction of one per cent. Does the Central Mortgage and Housing Corporation pay all the loss or does the bank suffer any loss?

Mr. FRIESEN: The bank suffers loss only if the amount guaranteed was exceeded.

Senator WHITE: And the banks have suffered no loss?

Mr. FRIESEN: That is right.

Senator HAIG: And all guaranteed loans, are they by the Government?

Mr. FRIESEN: That is right, to the extent of five per cent.

Senator WHITE: You mean five per cent of total loans?

Mr. FRIESEN: Total loans, that is right, sir.