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written off and net changes in provisions. This amount is charged to the Consolidated Statement of Appropriations for Contingencies.

The provision for loan losses is based on a formula designed to average the loss experience on loans over a five year period as prescribed by the Minister of Finance. This provision is included in the Consolidated Statement of Income and that amount is carried to the Consolidated Statement of Appropriations for Contingencies.

Loan income is recorded on the accrual basis. Accrued but uncollected loan income is generally reversed whenever loans are placed on a non-accrual basis. The accrual of loan interest income is discontinued where interest or principal is contractually past due 90 days unless senior credit management determines that there is no reasonable doubt as to the ultimate collectibility of principal and interest. Interest payments received in respect of non-accrual loans are first applied to the recovery of specific provisions, if any, and secondly, to income.

e) Appropriations for Contingencies

In addition to provisions against specific loans, the Bank maintains appropriations for contingencies to provide for unforeseen future losses in respect of loans.

The appropriations for contingencies consists of two portions, tax-allowable and tax-paid. The tax-allowable portion includes the net loss experience on loans and the provision for loan losses charged to the Consolidated Statement of Income in respect of the Bank itself, together with tax-allowable transfers from retained earnings, which are subject to a cumulative limit prescribed by the Minister of Finance.

The tax-paid portion includes the net loss experience on loans net of related income taxes, if any, and the provision for loan losses charged to the Consolidated Statement of Income in respect of subsidiaries of the Bank, together with transfers from retained earnings in excess of the prescribed limit.

f) Land, Buildings and Equipment

Land, buildings and equipment are recorded at original cost and depreciated over their estimated useful lives, using primarily the straight-line method of depreciation. Gains and losses on disposals are included in "Other income".

g) Provision for Income Taxes

The Bank follows the tax allocation method of providing for income taxes. The cumulative difference between tax calculated on such basis and that currently payable is essentially a timing difference and results in deferred income taxes included in "Other assets" or "Other liabilities".

2. Securities

	Maturity					1984		1983	
	Within 1 year	1 to 3 years	3 to 5 years	5 to 10 years	Over 10 years	**Carrying Value**	**Estimated Market Value (1)**	Carrying Value	Estimated Market Value (1)
Securities Issued or Guaranteed by Canada	$ 66,197	$ —	$ —	$ —	$ —	**$ 66,197**	**$ 66,197**	$ 107,447	$ 108,639
Other Securities									
Debt securities:									
Floating rate income debentures	—	—	73,400	—	—	**73,400**	**73,400**	53,500	53,500
Floating rate small business development bonds	—	—	23,281	—	—	**23,281**	**23,281**	21,447	21,447
Other	61,496	500	99	2,765	18,806	**83,666**	**83,666**	3,697	3,605
Equity securities:									
Floating rate term preferred shares	—	—	—	—	14,475 (2)	**14,475**	**14,751**	1,933	1,808
Associated corporations	—	—	—	—	—	**—**	**—**	4,753	4,160
Other	203	1,502	1,502	3,569	4,287 (2)	**11,063**	**10,481**	3,471	3,087
Total Securities	$ 127,896	$ 2,002	$ 98,282	$ 6,334	$ 37,568	**$ 272,082**	**$ 271,776**	$ 196,248	$ 196,246

(1) Where a market value is not available the Bank has made its own estimate of market value.
(2) These securities have no stated maturity.