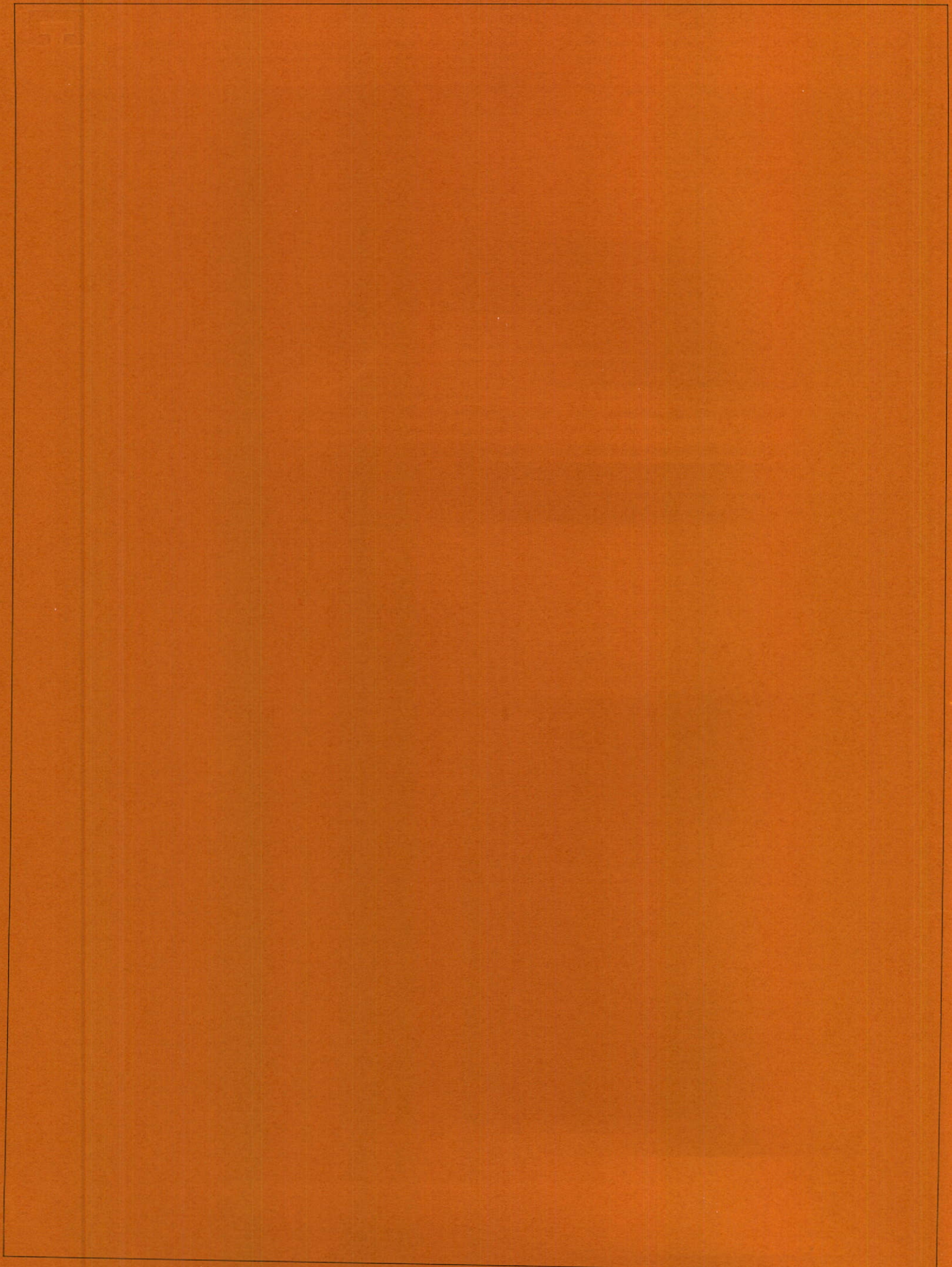


Canada Trustco Mortgage Company

CANADA TRUSTCO ANNUAL REPORT 1979



HOWARD ROSS LIBRARY
OF MANAGEMENT
FEB 8 1980
MCGILL UNIVERSITY



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FOCUS ON ACHIEVEMENT

The contribution of every Canada Trust employee cannot be over-emphasized. They in large measure are responsible for what the Company is today and will be tomorrow.

This year's Report to Shareholders highlights several significant corporate achievements – photographs of some of those who helped make things happen appear throughout the Report. It's important to note though, that these are but representative of the many employees whose combined efforts made possible the accomplishments of 1979.



Annual and Special General Shareholders' Meeting
11 a.m. Tuesday, February 19, 1980
Holiday Inn, City Centre Tower
London, Ontario

Preference shares series B convertible and common shares are listed on Toronto, Montreal and Alberta Stock Exchanges.

V-Day valuation of common shares as at December 22, 1971 is \$25.00.

Head Office: Canada Trust Tower
275 Dundas Street
London, Ontario, Canada N6B 3L1

Executive Office: Canada Trust Building
110 Yonge Street
Toronto, Ontario, Canada M5C 1T4

Member of The Trust Companies Association of Canada.

Additional information on the Company is available by writing or phoning E. Donald L. Miller, Vice-President, Corporate Affairs, Canada Trust Tower, 275 Dundas Street, London, Ontario, Canada N6B 3L1 (519) 673-6293.

All those listed are Directors of Canada Trust.

*Canada Trustco Directors

*A.E. BARRON, Toronto
Chairman
Canadian Tire Corporation Limited

*WALTER A. BEAN, Waterloo
Chairman, Economical Mutual
Insurance Company

WALTER J. BLACKBURN, London
Chairman & Publisher, London Free
Press Printing Company Limited

RUDOLPH P. BRATTY, Toronto
Barrister and Solicitor

C.W. BRAZIER, Vancouver
Barrister and Solicitor

HUGH CAMPBELL, Ottawa
Corporate Director

*C.R. CLARKE, London
Vice-President - General Counsel
and Secretary, Canada Trustco

*JOHN B. CRONYN, London
Corporate Director and Consultant

*FREDERICK W. DAKIN, Hamilton
President and Chief Executive Officer
The G.W. Robinson Company Limited

G.H. DOBBIE, Cambridge
Corporate Director

T. EDMONDSON, St. Catharines
Honorary Chairman
Ferranti Packard Limited

ERIC F. FINDLAY, Toronto
Chairman and President
Silverwood Industries Limited

REFORD GARDHOUSE, Milton
Corporate Director

*J.D. HARRISON, London
Barrister and Solicitor

W. HOWARD HEMPHILL, Stratford
Chairman, Krug Furniture Inc.

ELMORE HOUSER, Toronto
Barrister and Solicitor

*A.H. JEFFERY, London
President
London Life Insurance Company

*M.L. LAHN, London
President and Chief Executive Officer
Canada Trustco

*TOM LAWSON, London
Vice-President, Canada Trustco
Chairman and President
Lawson & Jones Limited

K.R. MacGREGOR, Waterloo
Chairman, The Mutual Life Assurance
Company of Canada

DUNCAN McINTOSH, Cambridge
Retired Executive

*M.C.G. MEIGHEN, Toronto
Vice-President, Canada Trustco
Chairman, Canadian General
Investments Limited

*ARTHUR H. MINGAY, Toronto
Chairman of the Board and the
Executive Committee, Canada Trustco

KENNETH G. MURRAY, Kitchener
President and Vice-Chairman of the
Board, J.M. Schneider Inc.

CARL O. NICKLE, Calgary
President, Conventures Limited

*JOHN H. PANABAKER, Waterloo
President and Chief Executive Officer
The Mutual Life Assurance Company
of Canada

*LOUIS RASMINSKY, Ottawa
Corporate Director

KENNETH A. ROBERTS, Toronto
Chairman
Goldale Investments Limited

E.G. SCHAFER, Kitchener
Corporate Director

G.E. SHARPE, Winnipeg
President, Sharpe's Limited

W.H. SPRAGUE, Edmonton
Chairman, Sprague Drug Limited

W.J. STENASON, Montreal
President, Canadian Pacific
Investments Limited

R.W. STEVENS, Toronto
Barrister and Solicitor

J.D. STEVENSON, Toronto
Barrister and Solicitor

J.J. STUART, Windsor
Corporate Director

*J. ALLYN TAYLOR, London
Honorary Chairman, Canada Trustco

NOAH TORNO, Toronto
Chairman
Cygnus Corporation Limited

RAYMOND A. WHEELER
London, England
Executive Director
The General Electric Company

PETER N.T. WIDDRINGTON, London
President and Chief Executive Officer
John Labatt Limited

*J.D. WILSON, Vancouver
Corporate Director

R.B. WILSON, Victoria
President
The B. Wilson Company Limited

HONORARY DIRECTORS

Honorary Directors neither attend meetings of the Board, nor receive remuneration.

W.J. BEATTY
HENRY BORDEN
J.V. CLYNE
W.W. FOOT
COLIN S. GLASSCO
HAROLD H. LEATHER
O.E. MANNING
C.A. MARTIN
H.S. MATTHEWS
HUGH L. McCULLOCH
G.E. ROBERTSON
JOHN W. SCOTT
J. GORDON THOMPSON
ALFRED S. UPTON
A. ERNEST WALFORD
CLARENCE WALLACE
G.E.G. WHITAKER

EXECUTIVE COMMITTEE

A.H. Mingay, Chairman
A.E. Barron
W.A. Bean
J.B. Cronyn
F.W. Dakin
J.D. Harrison
A.H. Jeffery
M.L. Lahn
T. Lawson
J.H. Panabaker
J.A. Taylor

COMPENSATION AND HUMAN RESOURCES SUBCOMMITTEE

W.A. Bean, Chairman
A.E. Barron
F.W. Dakin
E.F. Findlay
J.H. Panabaker
P.N.T. Widdrington

AUDIT SUBCOMMITTEE

J.D. Harrison, Chairman
J.B. Cronyn
A.H. Jeffery
T. Lawson
J.D. Stevenson
J.J. Stuart
J.A. Taylor

NOMINATING COMMITTEE

A.H. Jeffery, Chairman
A.E. Barron
J.B. Cronyn
F.W. Dakin
J.D. Harrison
T. Lawson
M.C.G. Meighen
J.H. Panabaker
L. Rasminsky

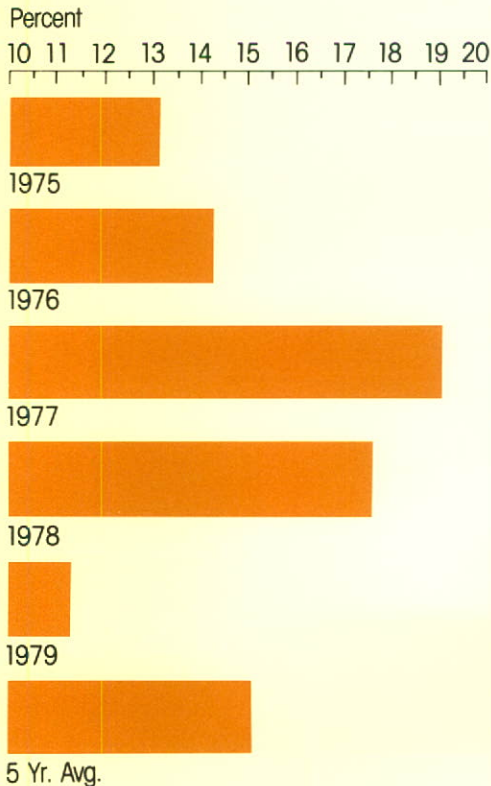
Substantial progress was made in 1979 toward achieving several key objectives. Following is a comparison of performance against each of these objectives.

OBJECTIVE 1

Achieve a 15% return on common shareholders' average equity fully diluted over the last five year running period.

Performance: Return on equity was 11% in 1979 and averaged 15% over the 1975 to 1979 period.

RETURN ON COMMON SHAREHOLDERS
AVERAGE EQUITY FULLY DILUTED

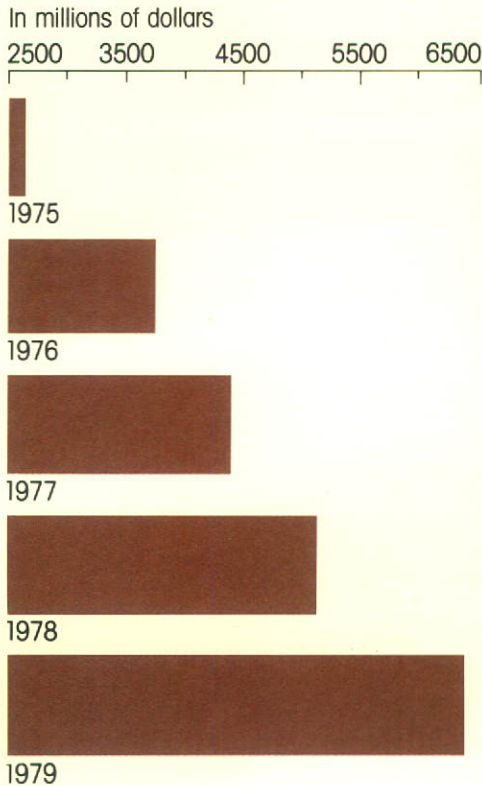


OBJECTIVE 2

Increase corporate assets by 18%, thus maintaining our 25 year compounded growth rate.

Performance: Corporate assets increased 24%.

CORPORATE ASSET GROWTH



OBJECTIVE 3

Be the first non-bank deposit taking institution to launch a financial credit card. Obtain 30,000 Master Charge accounts during the introductory campaign.

Performance: Both objectives were achieved with over 52,000 accounts obtained in the three months ended December 31, 1979.

CREDIT CARD INTRODUCTION



OBJECTIVE 4

Reduce the ratio of salary and benefit costs per \$1,000 of assets and other non-interest expenses per \$1,000 of assets.

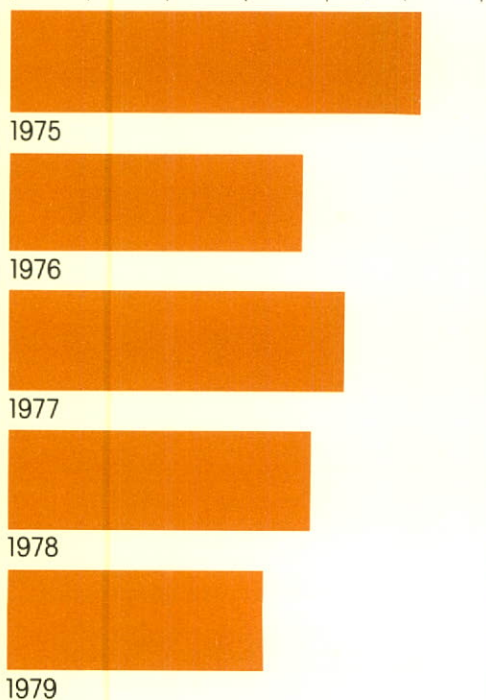
Performance: Improved employee productivity resulted in a reduction in salary and benefit expenses from \$8.83 per \$1,000 of assets in 1978 to \$8.24 in 1979.

Cost control in other areas resulted in a reduction in non-interest expense, other than salaries and benefits, from \$7.34 per \$1,000 of assets in 1978 to \$6.24 in 1979.

SALARY AND BENEFIT EXPENSE PER \$1,000 ASSETS

Dollars per thousand

5 6 7 8 9 10 11



OBJECTIVE 5

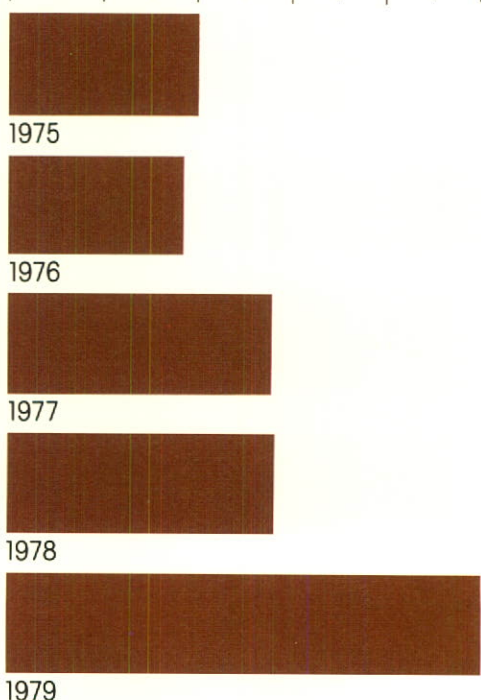
Be the first national deposit taking institution in Canada to offer a computerized on-line savings system at all branches.

Performance: All remaining manual branches were converted to the on-line system as of October 29th. Customers can now transact demand savings business at any branch regardless of their home branch. The complete conversion to on-line also made savings accounts with interest calculated on the daily balance available at all branches.

BRANCHES ON-LINE

Percent

50 60 70 80 90 100



OBJECTIVE 6

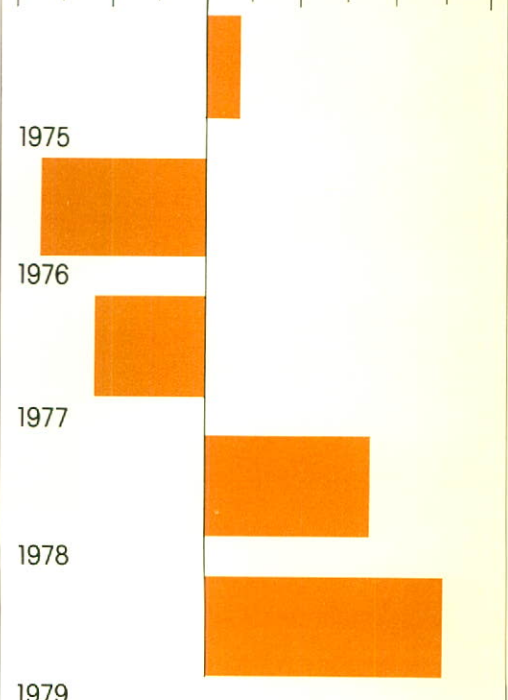
Achieve \$1 million pre-tax earnings from the real estate sales operation.

Performance: Pre-tax earnings were \$499,000.

REAL ESTATE SALES PRE-TAX EARNINGS (LOSS)

Dollars in thousands

-400 -200 0 200 400 600



OBJECTIVE 7

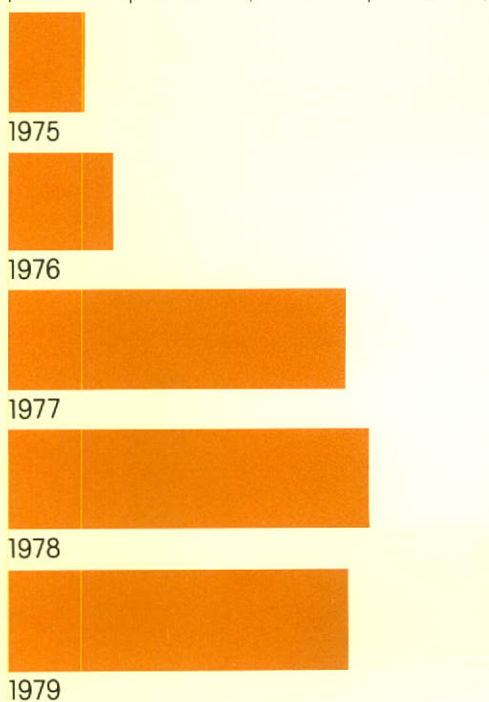
Open at least ten new branches with 80% in the top priority markets of Toronto, Hamilton, Calgary, Edmonton and Vancouver.

Performance: Fourteen new branches were opened with nine or 64% being in top priority markets.

BRANCH OPENINGS

Number of branches

0 5 10 15 20

**OBJECTIVE 8**

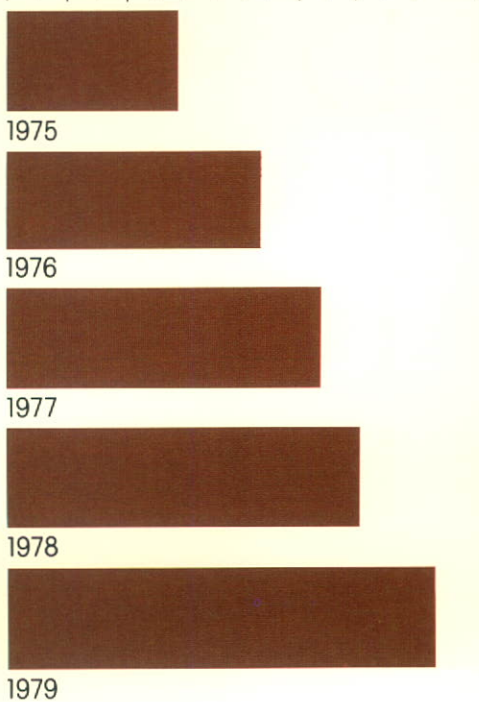
Continue to diversify lending activities outside the mortgage market by introducing three new products: commercial loans, sales finance and Master Charge.

Performance: All products were introduced.

NON-MORTGAGE INVESTMENTS AS % OF TOTAL ASSETS

Percent

16 18 20 22 24 26 28 30 32

**OBJECTIVE 9**

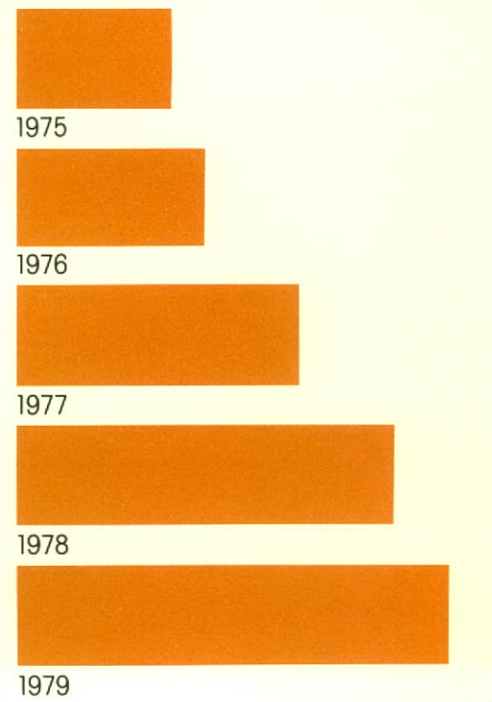
Maintain branch pre-tax earnings for personal trust at at least 25% of gross fee revenue.

Performance: Branch pre-tax earnings were 32% of gross fee revenue.

PERSONAL TRUST PRE-TAX EARNINGS AS % OF GROSS FEE REVENUE

Percent

0 5 10 15 20 25 30 35



	1979	1978	1977
For the year (in thousands)			
Income			
Investment	\$ 588,533	\$ 466,325	\$ 396,591
Fees and commissions	40,560	36,132	32,770
Other	11,668	8,770	7,613
	<u>640,761</u>	<u>511,227</u>	<u>436,974</u>
Expense			
Interest on deposits	511,345	372,683	307,312
Salaries, employee benefits and commissions	66,002	57,149	51,273
Other	39,957	37,793	32,239
	<u>617,304</u>	<u>467,625</u>	<u>390,824</u>
Earnings before income taxes	23,457	43,602	46,150
Income taxes	(965)	11,718	16,164
Net earnings	<u>\$ 24,422</u>	<u>\$ 31,884</u>	<u>\$ 29,986</u>
At year-end (in thousands)			
Assets under administration	\$11,840,000	\$9,484,000	\$7,860,000
Personal, pension and pooled trust funds	5,438,000	4,333,000	3,460,000
Deposits	6,103,000	4,884,000	4,163,000
Loans	5,072,000	4,022,000	3,393,000
Shareholders' equity	247,000	222,000	189,000
Return on common shareholders' average equity fully diluted	11.3%	17.6%	19.1%
Per common share			
Net earnings			
Basic	\$ 2.64	\$ 3.88	\$ 3.76
Fully diluted	2.54	3.61	3.50
Dividends paid	1.52	1.34	1.30
Shareholders' equity	21.75	20.66	18.15
Market price			
High	27½	29¾	29
Low	21¾	22½	20¾
December 31	22½	23¾	29
Price-fully diluted earnings multiple, December 31	8.9	6.6	8.3
Price-equity multiple, December 31	1.0	1.1	1.6
Statistical data at year-end			
Number of shares outstanding			
Preference series A	312,059	312,059	312,059
series B	1,478,955	1,500,000	1,500,000
series C	53,014	56,377	56,437
series D	1,250,000	1,250,000	1,250,000
series E	750,000	750,000	
Common	7,829,611	6,988,971	6,988,763
Percentage of shares held in Canada	99	99	99
Number of shareholders	7,263	7,241	7,252
Volume of shares traded during the year			
Preference series B and C	305,000	347,000	450,000
Common	1,352,000	696,000	582,000
Number of branches and mortgage offices	165	154	138
Number of full-time employees	3,145	2,857	2,667
Number of regular part-time employees	500	396	304
Number of real estate offices	63	53	58
Number of real estate sales representatives	623	531	594

1976	1975	1974	1973	1972	1971	1970
\$ 292,724	\$ 219,984	\$ 181,346	\$ 149,793	\$ 129,796	\$ 114,946	\$ 101,691
27,867	26,004	21,257	17,747	14,492	11,678	10,283
5,976	5,102	4,592	2,620	2,134	2,343	2,015
<u>326,567</u>	<u>251,090</u>	<u>207,195</u>	<u>170,160</u>	<u>146,422</u>	<u>128,967</u>	<u>113,989</u>
236,345	175,005	148,038	110,055	92,779	84,573	80,660
40,786	34,362	27,816	22,002	17,635	14,625	12,736
23,224	18,284	14,743	13,007	11,648	9,560	8,979
<u>300,355</u>	<u>227,651</u>	<u>190,597</u>	<u>145,064</u>	<u>122,062</u>	<u>108,758</u>	<u>102,375</u>
26,212	23,439	16,598	25,096	24,360	20,209	11,614
8,509	9,360	7,569	12,194	11,178	9,952	5,666
<u>\$ 17,703</u>	<u>\$ 14,079</u>	<u>\$ 9,029</u>	<u>\$ 12,902</u>	<u>\$ 13,182</u>	<u>\$ 10,257</u>	<u>\$ 5,948</u>
\$6,891,000	\$5,563,000	\$4,771,000	\$4,167,000	\$3,704,000	\$3,228,000	\$2,852,000
3,189,000	2,937,000	2,547,000	2,259,000	2,039,000	1,753,000	1,527,000
3,524,000	2,483,000	2,111,000	1,808,000	1,577,000	1,398,000	1,255,000
2,974,000	2,151,000	1,868,000	1,610,000	1,410,000	1,251,000	1,112,000
147,000	121,000	89,000	78,000	72,000	64,000	57,000
14.2%	13.1%	11.2%	17.2%	19.3%	16.8%	11.8%
\$ 2.57	\$ 2.17	\$ 1.61	\$ 2.34	\$ 2.39	\$ 1.86	\$ 1.17
2.47	2.14					
1.20	1.20	1.20	1.15	.93	.59	.53
15.71	15.06	14.54	14.15	13.06	11.66	10.41
26½	27	31¼	34¼	35	26¼	20½
18¾	22	16½	26½	24½	19¼	14¼
21	24½	23½	31¾	34	24½	20½
8.5	11.4	14.6	13.6	14.2	13.2	17.2
1.3	1.6	1.6	2.2	2.6	2.1	1.9
325,000	380,280	425,000				
1,500,000	1,500,000					
56,437						
6,988,663	5,521,088	5,521,088	5,521,088	5,521,088	5,521,088	5,521,088
99	99	99	98	98	98	98
7,401	6,309	4,612	4,654	4,617	4,558	4,678
215,000	263,000					
402,000	443,000	321,000	480,000	423,000	459,000	560,000
125	96	93	87	82	81	82
2,451	2,224	2,226	2,105	1,986	1,889	1,868
257	179	188	128	25	47	41
56	48	46	42	36	23	18
578	460	368	320	245	151	116

DIRECTORATE

At the annual shareholders' meeting on February 20, 1979 John H. Panabaker, Kitchener, President of The Mutual Life Assurance Company of Canada was elected a Director of Canada Trustco and Canada Trust and a member of the Executive Committee.

During the year we recorded with deep regret the deaths of three Honorary Directors, Gordon Farrell of Vancouver, Walter J. McGibbon and J. E. Frowde Seagram, both of Waterloo. These three gentlemen had each made significant contribution to the Company's affairs over many years.

EXECUTIVE MANAGEMENT

In December, 1979 Mervyn L. Lahn was appointed President and Chief Executive Officer. Mr. Lahn, formerly President and Chief Operating Officer, continues to direct day-to-day operations.

Arthur H. Mingay, formerly Chairman of the Board and Chief Executive Officer, continues as Chairman of the Board and the Executive Committee.

SUPPLEMENT TO ANNUAL REPORT

The structure and role of the Boards of Directors of Canada Trustco and Canada Trust are described in detail in a

supplement which accompanies this annual report. This supplement was written by J. Allyn Taylor, Honorary Chairman.

LEGISLATION

The Bill introduced during the year to revise the Bank Act and establish the Canadian Payments Association unfortunately was not enacted before Parliament dissolved.

How much further delay will now ensue is impossible to predict. Until Bank Act revisions are settled proposed revisions to Trust and Loan Companies Acts (Canada), under which the Companies operate, will not be introduced. It remains our hope that when the time for those revisions comes the Minister of Finance will consider a new Savings Bank Act with appropriate and broadened powers which would enable the Company, should it be deemed advisable to convert Canada Trustco to a Savings Bank, to meet more effectively an increasingly competitive environment. The Savings Bank concept would only be considered if it were permissible to continue Canada Trust as a wholly-owned subsidiary.

ACKNOWLEDGMENT

Our staff has shown commendable flexi-

bility and resourcefulness in adapting to many demands made on its skills during a year of rapidly changing environment. Directors, on behalf of shareholders, extend sincere thanks to all employees for their continuous support and significant contribution.

EARNINGS

1979 presented the Company with extremely difficult operating conditions – among the most challenging in its 116 year history.

In the intermediary or savings and loan segment of the business five increases in the non-chequable savings rate during the year – from 9% to 12% – severely compressed interest rate spread. Average cost of deposits rose more rapidly than average return on investments since the latter remain longer in average term than deposits, as illustrated by tables of interest sensitivity on page 27 and of maturities on page 28.

Interest rate spread on a taxable equivalent basis declined to 1.54% in 1979 from 2.12% in 1978. A new statistical table entitled net interest differential on page 26 dramatically portrays the impact of rising interest rates.

Fiduciary and real estate segments of

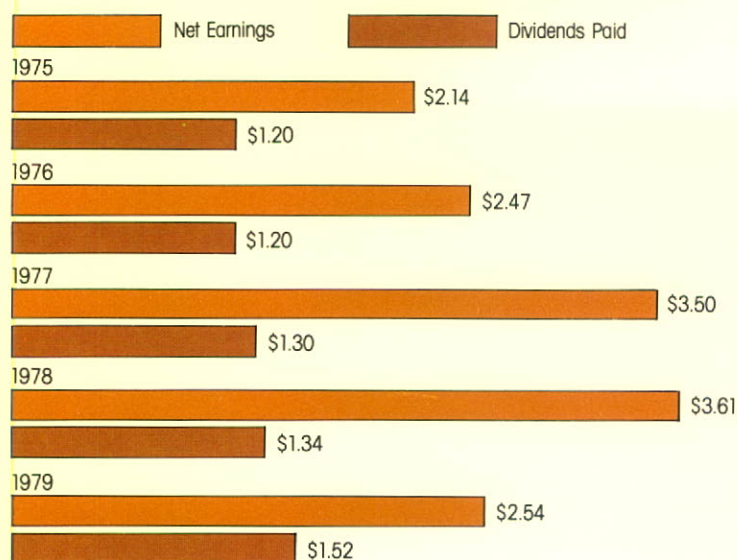


Four new products further diversified lending activities outside the mortgage market. Pictured from left: Raymond Brackstone, Commercial Loans; John Steep, Sales Finance; Sean McNamara, Master Charge; Bob Overholt, Investment Loans (extension of collateral loans product line).

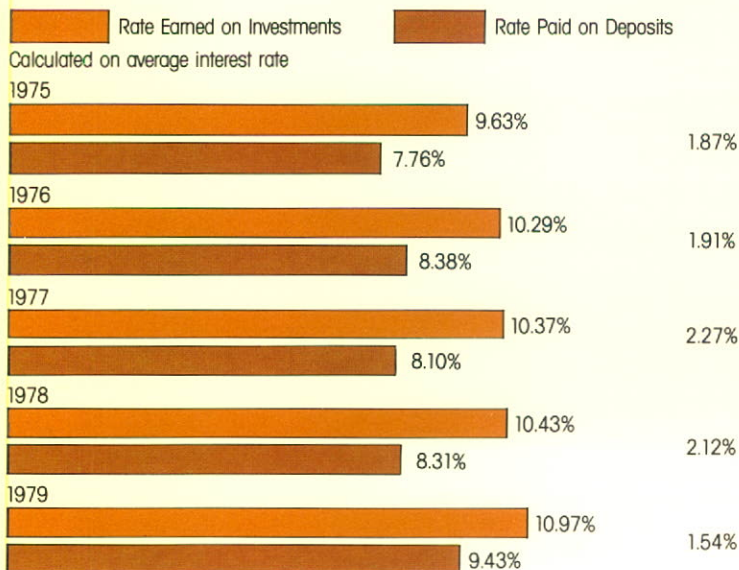


The fourth annual Halloween Party was enjoyed by over 50,000 visitors at branches offering "8 to 8" service. A tremendous staff effort was responsible for decorating and costume-making. Pictured are part of the cast at London University's "underwater Halloween".

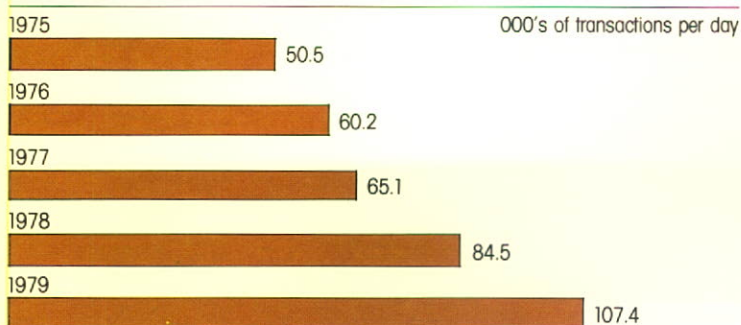
NET EARNINGS – FULLY DILUTED AND DIVIDENDS PAID PER COMMON SHARE



INTEREST RATE SPREAD – TAXABLE EQUIVALENT BASIS



GROWTH IN ON-LINE SAVINGS TRANSACTIONS



operations showed increased contribution to earnings – the former \$7.4 million in 1979 against \$5.4 million in 1978 and the latter \$499,000 in 1979 against \$343,000 in 1978.

On page 30 contribution to earnings by each Company segment is shown for the first time. We believe this segmented accounting information will be of interest to many readers.

In summary, net earnings for 1979 of \$24.4 million declined 23% from \$31.9 million in 1978. After dividends on preference shares, net earnings per common share – basic were \$2.64 compared with \$3.88 in 1978, computed on the weighted average number of common shares outstanding.

On a weighted average and fully diluted basis, which assumes conversion of all outstanding convertible preference shares to common shares, net earnings per common share were \$2.54, down 30% from \$3.61 in 1978.

The Company experienced a negative rate of income taxes in 1979 compared with an effective rate of 27% in 1978. This arose principally because dividends received or receivable from preference and common shares of taxable Canadian corporations, which are non-taxable when paid to a Canadian corporate holder, were in an amount greater than net taxable income for 1979. This situation is not expected to continue throughout entire 1980.

Notwithstanding stringent control, non-interest operating expenses at \$106 million were up \$11 million or 12% from \$95 million in 1978 reflecting both inflationary environment and substantially higher volumes of business administered. Continued expansion of the branch system and introduction of new services, Master Charge in particular, also added to operating costs.

ASSETS UNDER ADMINISTRATION

Growth in business volumes was excellent. Assets under administration at year-end 1979 were \$11.8 billion, an increase of 25% from December 31, 1978 and a 315% increase in the past decade. Corporate assets increased by \$1.3 billion or 24% to \$6.4 billion. Personal, pension and pooled trust funds under administration increased by \$1.1 billion or 26% to \$5.4 billion.

Capital stock and contributed surplus increased \$18 million by virtue of issuance of 835,814 additional common shares through a successful rights offering in the fourth quarter. Retained earnings reinvested in operations increased by \$8 million to \$86 million. Thus shareholders' equity increased by \$25 million from one year prior to \$247 million at year-end.

FINANCE

Corporate Investments – Dramatic increases in interest rates during the last twelve months again demonstrated that the Company's performance is heavily dependent upon shifts in relative cost of credit.

The Company has responded to the challenge of maintaining adequate profitability in the face of such conditions by developing a corporate investment strategy aimed at better matching,

on an interest rate-sensitivity basis, offsetting categories of assets and liabilities. In future cycles this approach should significantly reduce volatility in earnings.

The primary task in 1979 was to acquire floating rate investments to help stabilize earnings against rising interest rates paid savings depositors. Changes in the Income Tax Act made it undesirable to continue to acquire floating rate preference shares and income debentures for this purpose and in 1979 we concentrated on purchasing floating rate debentures of major Canadian corporations and financial institutions. This form of investment will continue to command attention in the years ahead as traditional outlets for funds become even more competitive. The recently introduced commercial loans service constitutes another thrust in this direction.

Growth in money market operations continued and at December 31, 1979 \$690 million of cashable term deposits were outstanding. The ability to acquire significant amounts of short-term funds has been an essential part of cash management during a year in which cash flow into mortgages was dramatically out of step with traditional deposit flows. Throughout the year the average term of the corporate fixed income portfolio was gradually shortened. In the latter part of the year, approximately 25% at market value of the corporate common

stock portfolio was sold including all shares held in Oxford Development Group Ltd. under an offer to be followed by a take-over bid to all shareholders. Resultant gains, net of income taxes, are credited to the substantially increased Allowance for Investment Losses and are reflected in the Statement of Earnings only to the extent of their effect on the annual provision charged to other expense.

Trust Investments – The economic background in 1979 was dominated by three major features. The world price of energy approximately doubled while sources of oil became more insecure as the year progressed and unsettling political events were experienced in the Middle East. Secondly, major sectors of the economy both in Canada and the United States adjusted their economic activity to double-digit rates of inflation. Having clearly perceived that the process of gradualism was unlikely to have dramatic effect in reducing rates of inflation, economic participants began to base their decisions on continuing growth in both money supply and availability of credit. Even relatively stringent action taken by the United States Federal Reserve Board in early October did not seem to seriously impact the public's decision-making process in this regard. Thirdly, consumers maintained a high degree of spending and kept the economy from dipping into a cyclical slowdown widely predicted for early 1979. In fact it is clear that only now is the cyclical peak in economic activity being passed, having extended the recent cycle by nearly twelve months through high levels of spending and inflation.

With this economic background, the investment climate throughout 1979 faced extreme conditions. Interest rates rose to historically high levels. Bond prices, anxiously awaiting a peak in interest rates, were forced much lower by underlying economic strength and a rising inflation rate. Equity markets on the other hand broke into new ground with the TSE 300 Index, which began 1979 at 1310, rising to over 1800.

During the year account cash reserve positions were increased as profits in selected Canadian stocks were realized and average term to maturity of fixed income portfolios was shortened substantially. Given continuing unrest in the Middle East, a high rate of inflation and a weakening United States economy, our investment strategy remains conservative.

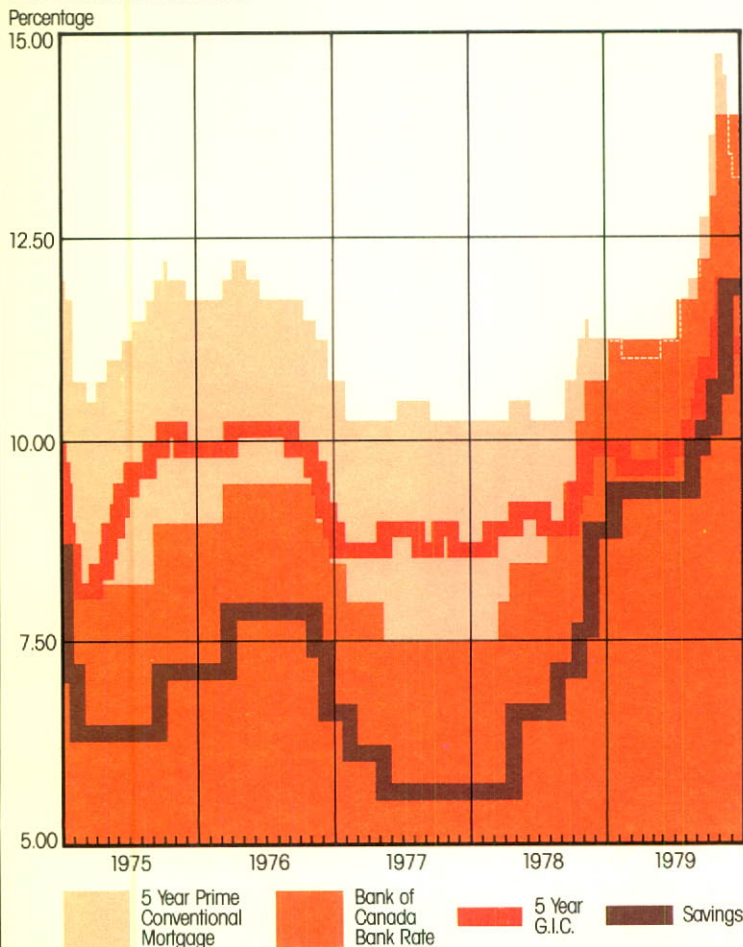
In pursuit of providing additional avenues of equity investments for segregated pension fund clients, the Supplemental Equity Fund was introduced. This fund consists mainly of common shares of a diversified group of junior industrial Canadian companies giving clients an opportunity to participate in unusual gains sometimes available in smaller companies.

SAVINGS SERVICES

Demand Savings – During 1979 total deposits increased \$1.2 billion, including \$633 million in demand deposits.

Replacement of the previous computerized on-line savings system with a more advanced one was completed early in 1979. During the year the new system was extended to all branches representing a first for a national deposit taking institution in Canada.

COMPARATIVE INTEREST RATES



"Eight to eight, six days straight" extended hours service is available at 74 branches, compared to 58 branches in 1978. Customer acceptance is reflected in increased transaction volumes with over 34 million items processed in 1979 – an increase of 26% over 1978.

A United States dollar demand deposit account, with interest calculated on a daily basis, was introduced in December. Initial customer acceptance indicates that it will become an important addition to demand savings services.

Term Savings and Registered Retirement Savings Plans – Term deposit portfolio growth was 19% in 1979 – the same as in 1978. Cashable term deposits posted a 125% gain compared to a 20% increase in 1978.

R.R.S.P.'s continued to experience sound growth. The Company received \$203 million in cash flow and added 31,000 new plan holders, acting as trustee for 152,000 participants with their collective investment exceeding \$1.1 billion at December 31, 1979.

Registered Home Ownership Savings Plans experienced modest growth. Deposits of 26,000 participants now total \$71 million.

Credit Card Services – On September 24 Canada Trust Master Charge was launched with a strong marketing program. Customer acceptance has exceeded all expectations.

A centralized division based in London is now in place with fully trained personnel to manage all facets of the operation including credit functions, systems processing and customer service. At December 31 we had 52,000 card holders and a balance of receivables of \$5.8 million.

Residential Mortgage Services – A separate product area formed in 1979 brought focus to the largest component of mortgage lending. This move responded to an already competitive market which is facing difficult and changing times due in part to near zero population growth, reduced government stimulus and relatively high builder inventories.

During first half 1979 an abundant supply of mortgage funds kept mortgage interest rates artificially low. However, interest rates rose dramatically during the second half causing a decline in demand for new loans.

Despite these market conditions,

accepted residential mortgage applications totalled \$861 million, surpassing \$722 million in 1978. During 1979, 49% of residential mortgage dollars went into existing housing compared to 45% in 1978.

Market acceptance for under five year term mortgages continued with 33% of new loans and 68% of renewals in this category.

LOANS AND REAL ESTATE SERVICES

Mortgage Services – I.C.I. – Throughout the year, in particular the second half, the mortgage industry reacted to a series of substantial rate increases. In such unsettled conditions the borrower could not plan effectively, with the result that many projects were cancelled. Notwithstanding the Company committed \$198 million in commercial and industrial mortgages.

At the end of 1976 the commercial and industrial portfolio stood at \$209 million. During the ensuing three years it has been built to \$600 million.

1979 Mortgage Statistics – Residential and I.C.I. – During 1979 mortgage applications approved totalled \$1.1 billion, including \$68 million for pension and other clients, and at December 31 a total

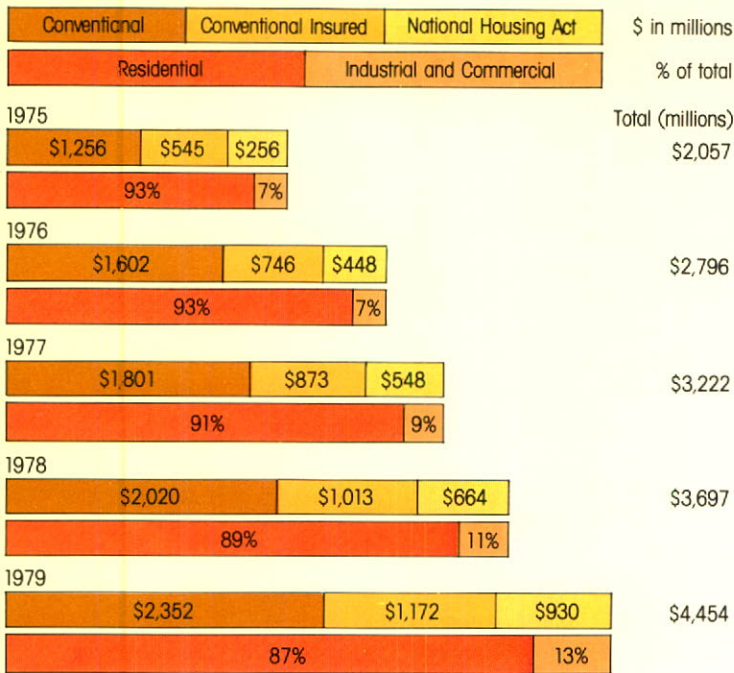


Pension assets experienced outstanding growth from both high retention and new business. Significant contribution was made by the Toronto sales and service team, from left: Garry Rubacha, Investments; Debbie Hardy, George Pace and John Trace, Pension Services; Andy McGee, Business Development.

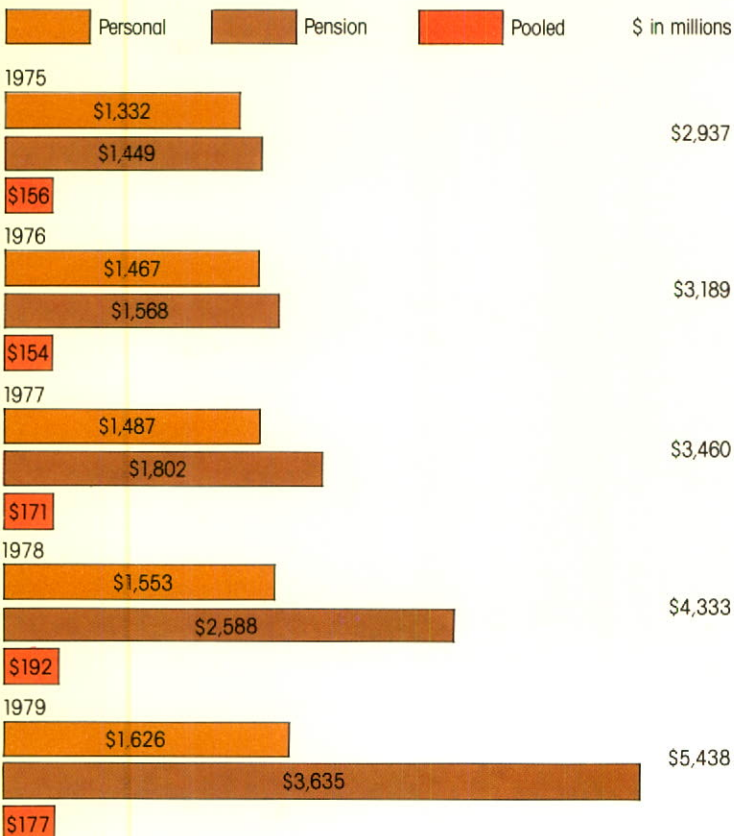


Pacific Region staff performed exceedingly well during British Columbia's campaign to issue and sell shares in the B.C. Resources Investment Corporation. Pictured from left: Fred Sze, Vancouver Chinatown; Bob Terichow, Richmond Brighthouse; Jim Dodd, Vancouver Oakridge.

MORTGAGE LOANS



PERSONAL, PENSION AND POOLED TRUST FUNDS



portfolio of \$5.0 billion was administered. The year's volume achievement was marginally better than 1978.

Notwithstanding the unsettled economic climate, payment arrears did not increase over prior years. At year-end accounts in arrears 90 days or more were 0.38% of the portfolio compared to 0.45% at December 31, 1978. By dollar amount 0.02% of the portfolio was in arrears 90 days or more at year-end compared with 0.04% one year earlier.

During 1978, the Company acquired 387 properties with a claim value of \$16.2 million in settlement of loans. In 1979 this grew to \$22.1 million in 717 properties. Actual real estate on hand at December 31, 1979, after disposal during the year of 404 properties totalling \$15.6 million, amounted to \$14.4 million. Of these loans 87% are insured under National Housing Act and 9% with private insurers and as such will be settled without loss. Disposition of foreclosed properties during 1979 resulted in a net loss of \$759,000.

Loans Services – Two products were introduced during the year. In June we began processing small business loans as an authorized lender under the Small Business Loans Act. During the third quarter a sales finance pilot project was introduced. Both products have been well received.

During the year 61,000 loans representing volumes of \$309 million were granted. The portfolio now stands at \$337 million comprised of 70,000 loan accounts. In the latter part of the year some reduction in volume was experienced and this situation will likely continue until lending rates decline generally.

Delinquency statistics rose slightly with the 30-day arrears ratio at 1.04% of total loans compared to 0.91% as at December 31, 1978. Losses in 1979 amounted to \$668,000 or 0.26% of portfolio compared with \$220,000 or 0.11% in 1978.

Branches and Premises – Fourteen financial services branches were opened – Surrey 152nd Street and 104th, Langley and Kelowna in British Columbia; Calgary 17th Ave. S. W. and 11th, Calgary Memorial Square, Calgary 3rd Street S.W. and 5th and Lethbridge Park Meadow Mall in Alberta; Kitchener Country Hills Plaza, Windsor Tecumseh and Annie, Toronto Royal York Road north of Eglinton, Toronto Finch and Birchmount, Toronto Lawrence and Scarborough Golf Club Road, Hamilton Upper James and Mohawk and Kingston Bath and Gardiners Road in Ontario. The Calgary regional office relocated to the new 18 storey Canada Trust Building and Cornwall branch relocated to a major new downtown mall.

Six real estate offices opened, one closed and three were relocated in 1979. In addition six satellite offices were opened and one closed.

A listing of financial services branches and real estate offices and satellites as of December 31, 1979 is shown on pages 33 through 36.

A major renovation took place at Victoria Main branch. Kitchener Forest Hill branch was redesigned and expanded and substantial progress was made on a major renovation and expansion of Kitchener Belmont branch.

Vacant land was purchased contiguous to our new branch site in Dundas as well as property adjacent to London Wortley and Elmwood branch, both for expanded parking facilities. In addition, the site of Oshawa branch was purchased. Properties housing former branches at Toronto Lakeshore and Toronto Queen were sold at modest gain.

Thirteen financial services branches are presently committed for opening in 1980 – Surrey Semiahmoo Shopping Centre, Richmond Francis and No. 1 Road and Victoria Quadra and MacKenzie in British Columbia; Calgary Centre Street and 12th Ave. N., Calgary Temple Ave. and 52nd Street N.E. and Red Deer Bower Plaza in Alberta; Regina Albert and Gordon in Saskatchewan; and Toronto Lawrence and Pharmacy, Hamilton Upper Ottawa and Fennell, Brantford King George Road and Charing Cross, Burlington Guelph Line and Upper Middle Road, Ancaster and Ottawa Richmond and Carling in Ontario. Relocations are planned for Calgary Market Mall, Chatham Main, Dundas and Regina Main.

Six real estate offices are planned to open in 1980 – Kitchener East, Kitchener

West, Waterloo West, London East, London Norton Estates and London Byron.

Real Estate Investments – During 1979, Truscan Realty Limited, a wholly-owned real estate subsidiary, pursued a plan of continued growth in a portfolio of high quality real estate properties. At year-end, Truscan had a portfolio of \$40 million compared with \$24 million as at December 31, 1978. Due to good quality developed real estate being in great demand Truscan has acquired, alone or with other companies of stature, a number of undeveloped land parcels which will provide for future office, shopping centre or residential developments. The eventual return on investment promises to be greater than that available from developed properties.

Land was purchased during 1979 for an office building in Owen Sound, in which a financial services branch will be housed, with construction planned for 1981 completion. New multi-tenant developments are also in the planning stage for downtown Guelph, Windsor Wyandotte and Ouellette and Huron and Highbury in London.

During the year, construction com-

menced on the 35 storey Canada Trust Tower in the Bentall Centre, Vancouver. Our participation in ownership is 25% and completion is projected for 1981.

Real Estate Services – Sales activity showed moderate but satisfactory growth. This was accomplished in a period of difficult and uncertain market conditions. Residential real estate prices increased, but at a slower rate than experienced in the previous two years.

Gross commissions totalled \$19.1 million, an increase of 13% over 1978. Once again Ontario regions had excellent success and produced the bulk of revenue. Operational earnings of \$499,000 pretax continued to improve, in part reflecting results of the ongoing program of expense control.

Efforts to consolidate and streamline our real estate office network continued throughout the year. Six new offices were opened and three offices were relocated to improve market penetration. Real estate services are now offered in 63 locations of which 34 are separate from financial services branch premises.

Active programs both to recruit new sales people and upgrade the existing sales force continued. The sales force at year-



A two-year Personal Trust program to increase productivity has dramatically improved profitability. Instrumental in implementation were, from left: Jim McDougall, Product Management; Fred Yake, Toronto Main; Wilf Park, Kitchener Main.



Fourteen new branches were opened with outstanding success in each instance. The opening team for Hamilton Upper James included, from left: Don Luton, Branch Manager; Dave Mitchell, Purchasing; Harry Swallowell, Premises; George McCabe, Marketing Services; Ron Clayton, Hamilton/Niagara Regional Office.

end was 623, up from 531 at the end of 1978.

TRUST AND CORPORATE SERVICES

Personal Trust Services – Trust administration fees are regulated in each province by either legislation or court practice. For many years fees have not kept pace with increasing costs. The Company is working closely with The Trust Companies Association endeavouring to have various provincial authorities adopt a fee stance more appropriate to the inflationary environment.

Recognizing the impact of increased cost pressures personal trust operations have been analyzed with a view to improving productivity and controlling costs. This undertaking has provided significant benefits.

To maintain a high level of service and administrative capability while making a responsible contribution to corporate earnings, major enhancements are being made to the computer system as it affects personal trust. These enhancements, when implemented, will allow for meeting individual client needs while maintaining and improving productivity gains achieved over the past year.

Pension Trust Services – Results from pension trust operations were highly satisfactory, with revenue up 26% to \$5.9 million. New business for the year reached an all-time high, producing annual first year fees of \$400,000.

1979 also marked the second consecutive year of exceptional growth in pension trust assets under administration. The book value of these assets has doubled within two years and now amounts to \$3.6 billion. Marketing efforts have made an important contribution to this growth, although results in large measure are due to low turnover in accounts reflecting the high calibre of portfolio management and pension services administration.

A firm belief in the importance of communications has been key in client retention. The Company has pursued a strategy over the years of facilitating client contact by decentralizing administration where warranted by business volumes. In October a pension department was opened in Calgary to serve clients in the Prairie region.

Corporate Trust Services – A buoyant stock market resulted in stock transfer activity reaching a level not seen since the

1960's. More than 500,000 share certificates were issued. Drilling funds, take-over bids and rights offerings, in addition to equity financings, also contributed to a very active year.

Sharp increase in activity has been accompanied by continued effort to improve productivity while maintaining quality service. Computer terminals with printers have been installed in Vancouver and Calgary.

Computer Services – Revenue was 15% higher in 1979 with fees of \$540,000 compared to \$469,000 in 1978. The competitive environment has been intensified by many mergers and acquisitions in the data service industry.

DATA RESOURCES

A major project has been conversion of all branches to the new on-line savings system. On October 29 final conversion took place, approximately one month ahead of schedule.

Completion of the on-line savings system has established a branch communication network which will be the basis for expanding on-line capabilities to other systems. 1980 will see a start made in this direction with introduction of expanded



Canada Trust became the first national deposit taking institution in Canada to offer computerized on-line savings at all branches. Instrumental in implementation were, from left: John Sheffield, Training and Development; Candy Tisdale, Central Ontario Regional Office; Keith Barnett, Data Processing; Bob Panabaker, Systems.



Loans continued an exceptional growth pattern, with the Prairie Region making significant contribution. Pictured from left: Larry Honcoop and Don Coad, Calgary Main; Bob Stone, Edmonton Main.

financial information and control systems and enhancements to the personal and pension trust systems.

Growth of business and future use of terminals for additional applications will necessitate increased computer capacity, particularly in prime shift time. Twice the present capacity will be installed by 1981.

Specifications have been completed for construction of a single storey computer complex on property owned in London. Construction will commence in 1980 with completion scheduled for the first quarter of 1981.

MARKETING SERVICES

The 1979 competitive and economic environment gave ample test to the Company's marketing flexibility and innovativeness. Successful generation of significant new dollar volumes and numbers of customers augurs well for future earnings.

Planning, strategy setting and execution of marketing effort is a completely integrated process with product management, regional management and marketing services working in concert.

Positive market reaction to initiatives was evident in business produced as a result

of merchandising campaigns for new branches, Master Charge, "8 to 8", RSP's, RHOSP's, loans, CSB's and BCRIC shares. Several sales support projects enhanced marketing of mortgages, residential real estate, term deposits, pension administrative services, dividend reinvestment plans and real estate investments.

Besides Master Charge three other new products were launched: commercial loans, sales finance and a United States dollar demand deposit account.

PLANNING

1980 plans are designed to achieve two major objectives – stabilize interest rate spread and maximize earnings within that spread.

Comprehensive plans cover all products and marketing, systems, training, branch expansion and additions to staff.

PERSONNEL SERVICES

Advancement in technology and marketing of new services demand continued efforts to train specialists in design and implementation of performance-based training systems. Major programs developed included an instructional package to support Master Charge.

Redesigned teller training programs were introduced to provide individual training on effective utilization of terminals and related systems. Development commenced on a comprehensive branch administration training program to support branch reorganization, branch and "8 to 8" expansion, all of which place increased emphasis on the importance of sound administration in providing effective customer service. Other important training programs were initiated in mortgage administration and pension trust services.

Support for opening of new branches and provision of orderly succession for promotions and attrition of staff required 85 trainees to be located in training locations across Canada.

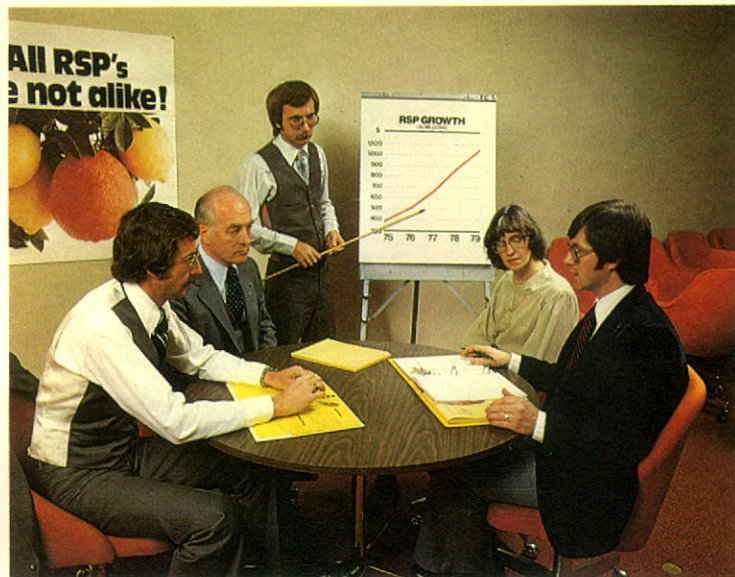
After a detailed analysis of tenders submitted, changes were made in insurance carriers of group life, survivor income and health-dental insurance plans to improve cost effectiveness.

ORGANIZATION

A number of senior management appointments in 1979 resulted from planned rotation of key individuals through a number of positions in order to



Real estate profitability continued to improve, with Southwestern Ontario Region leading the way. Pictured from left: Gene Baillargeon, Regional Real Estate Office; Ann Pascoe, London White Oaks; Don Mason, London Westmount.



Retirement Savings Plan assets surpassed \$1 billion. Contributing to success over the past several years were, from left: Midwestern Ontario Region representatives Gary Ford, Kitchener Belmont and Bill Knight, Cambridge Main; Peter Campbell, Product Management; Janet Mitchell, Data Processing; Don Park, Marketing Services.

provide better understanding of the various segments of the Company's business. This process fulfills the Company's determination to promote from within whenever possible and the stated philosophy of providing "career opportunities comparable to those provided by other leading organizations in Canada".

Senior management appointments in 1979 including a number of planned job rotations were:

Group Vice-President

Peter C. Maurice – Finance

Vice-Presidents

B. Eric Minns – Loans and Real Estate Services

A. James Scafe – Southwestern Ontario Region

Gwyn E. Williams – Savings Services

Assistant Vice-Presidents

Raymond H. Brackstone – Commercial Lending

Warren C. Elliott – Hamilton/Niagara Region

Robert B. Hamilton – Hamilton Main
 Robert B. James – London Main
 D. Eric MacMillan – Term and RSP Savings Services
 Kenneth J. McCubbin – Pacific Region
 Stephen C. Merrill – Prairie Region
 Robert M. Overholt – Loans Services
 John F. Schucht – I.C.I. Mortgages and Real Estate Investments
 William C. Thomhill – Residential Mortgage Services
 O. Evan Whitehead – Windsor Main

THE YEAR AHEAD

1980 promises to present more than its fair share of challenges for staff at all levels. Record high interest rates may well persist for some months, economic activity shows signs of slowing, unemployment will remain high and international events continue to be extremely unsettling.

With over 83% of contribution to earnings coming from the intermediary

segment, interest rate levels in 1980 will continue to be the largest single factor affecting net earnings. There is a growing consensus that rates are at or close to their peak and that short-term rates will trend significantly lower during 1980. This scenario, if accurate, augurs well for earnings improvement.

Fiduciary segment earnings should show continued growth although current high interest rates do not bode well for any material increase in earnings from the real estate sales segment.

Overall there is valid reason for optimism that results in 1980 will show significant improvement over those of 1979. The energies and abilities of all personnel are clearly focused on that objective.

London, Ontario, January 22, 1980



Each year the Chairman issues four special staff challenges. Northern Ontario/Quebec/Atlantic Region won the challenge to improve cash flow efficiency. Pictured from left: Betty Benoit, Sudbury; Stan Martin, Regional Office; Wendy Winch, Ottawa Main; Don Murray, Comptroller's Division.



Canada Trust became the first non-bank deposit taking institution to offer a credit card. Significant in the successful launch were, from left: Bob Bidner, Programming; Vic Clive, Systems; John Christensen, Marketing Services; Peter Smith and Aloysius Cheng, Credit Card Services.

CANADA TRUSTCO MORTGAGE COMPANY
CONSOLIDATED STATEMENT OF EARNINGS, year ended December 31

	1979	1978	% Increase (Decrease)
Income			
Investment			
Short term notes	\$ 41,005,000	\$ 42,745,000	(4)
Bonds and debentures	29,630,000	18,133,000	63
Stocks	24,201,000	17,607,000	37
Mortgages	427,061,000	355,951,000	20
Consumer and personal loans	31,798,000	18,863,000	69
Commercial loans	20,675,000	3,451,000	499
Collateral loans	11,927,000	7,585,000	57
Equipment leases	2,236,000	1,990,000	12
	<u>588,533,000</u>	<u>466,325,000</u>	26
Fees and commissions			
Personal trust	10,633,000	10,397,000	2
Pension and pooled trust funds	7,893,000	6,527,000	21
Corporate trust	2,936,000	2,321,000	26
Real estate sales	19,098,000	16,887,000	13
	<u>40,560,000</u>	<u>36,132,000</u>	12
Other	11,668,000	8,770,000	33
	<u>640,761,000</u>	<u>511,227,000</u>	25
Expense			
Interest on deposits			
Chequable	14,230,000	9,737,000	46
Savings	117,256,000	72,924,000	61
Cashable term	51,573,000	23,983,000	115
Term	328,286,000	266,039,000	23
	<u>511,345,000</u>	<u>372,683,000</u>	37
Salaries	49,918,000	41,884,000	19
Pension and other employee benefits	2,837,000	3,603,000	(21)
Real estate commissions	13,247,000	11,662,000	14
Net occupancy and equipment	17,290,000	15,444,000	12
Advertising	4,148,000	3,802,000	9
Other	18,519,000	18,547,000	
	<u>617,304,000</u>	<u>467,625,000</u>	32
Earnings before income taxes	23,457,000	43,602,000	(46)
Income taxes	(965,000)	11,718,000	(108)
Net earnings	<u>\$ 24,422,000</u>	<u>\$ 31,884,000</u>	(23)
Attributed to			
Preference shares non-convertible	\$ 3,419,000	\$ 2,487,000	37
Preference shares convertible	2,252,000	2,262,000	
Common shares	18,751,000	27,135,000	(31)
	<u>\$ 24,422,000</u>	<u>\$ 31,884,000</u>	(23)
Net earnings per common share – basic	\$ 2.64	\$ 3.88	(32)
Net earnings per common share – fully diluted	\$ 2.54	\$ 3.61	(30)

See notes to consolidated financial statements commencing on page 22.

CONSOLIDATED STATEMENT OF CONDITION, December 31

	1979	1978	% Increase (Decrease)
ASSETS			
Investments			
Cash	\$ 9,292,000	\$ 55,614,000	(83)
Short term notes	485,716,000	376,871,000	29
	<u>495,008,000</u>	<u>432,485,000</u>	14
Securities			
Bonds and debentures			
Canada	325,754,000	176,202,000	85
Provincial	9,509,000	11,094,000	(14)
Corporate	66,474,000	80,942,000	(18)
	<u>401,737,000</u>	<u>268,238,000</u>	50
Stocks			
Preference	285,500,000	289,482,000	(1)
Common	38,923,000	55,022,000	(29)
	<u>324,423,000</u>	<u>344,504,000</u>	(6)
	<u>726,160,000</u>	<u>612,742,000</u>	19
Loans			
Mortgages			
Conventional	2,351,599,000	2,020,504,000	16
Conventional insured	1,171,644,000	1,012,939,000	16
National Housing Act	930,487,000	663,716,000	40
	<u>4,453,730,000</u>	<u>3,697,159,000</u>	20
Consumer and personal	265,145,000	209,289,000	27
Commercial	236,885,000	41,509,000	471
Collateral	116,238,000	73,955,000	57
	<u>5,071,998,000</u>	<u>4,021,912,000</u>	26
Real estate acquired in settlement of loans	14,357,000	8,024,000	79
Real estate investment properties	39,908,000	24,378,000	64
Receivables under equipment leases	31,981,000	31,507,000	2
Total investments	<u>6,379,412,000</u>	<u>5,131,048,000</u>	24
Income taxes recoverable		34,000	(100)
Land, premises and equipment	<u>22,263,000</u>	<u>19,748,000</u>	13
	<u>\$6,401,675,000</u>	<u>\$5,150,830,000</u>	24

Approved on behalf of the Board

ARTHUR H. MINGAY, Director

J.D. HARRISON, Director

See notes to consolidated financial statements commencing on page 22.

	1979	1978	% Increase (Decrease)
LIABILITIES			
Deposits			
Chequable	\$ 327,339,000	\$ 319,522,000	2
Savings	1,348,371,000	1,105,761,000	22
Cashable term	689,540,000	306,829,000	125
Term	<u>3,737,506,000</u>	<u>3,151,815,000</u>	19
	<u>6,102,756,000</u>	<u>4,883,927,000</u>	25
Current income taxes	889,000		
Mortgages	8,859,000	6,401,000	38
Dividends	3,891,000	3,480,000	12
	<u>13,639,000</u>	<u>9,881,000</u>	38
Future income taxes	38,144,000	35,276,000	8
	<u>6,154,539,000</u>	<u>4,929,084,000</u>	25
SHAREHOLDERS' EQUITY			
Capital stock			
Preference shares	76,881,000	77,369,000	(1)
Common shares	15,659,000	13,978,000	12
	<u>92,540,000</u>	<u>91,347,000</u>	1
Contributed surplus	68,115,000	51,681,000	32
Retained earnings	86,481,000	78,718,000	10
	<u>247,136,000</u>	<u>221,746,000</u>	11
	<u>\$6,401,675,000</u>	<u>\$5,150,830,000</u>	24

CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS

year ended December 31

	1979	1978
Balance at beginning of year	\$51,681,000	\$51,677,000
Premium on issue of common shares	16,414,000	4,000
Discount on preference shares series B purchased for cancellation	<u>20,000</u>	<u> </u>
Balance at end of year	<u>\$68,115,000</u>	<u>\$51,681,000</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

year ended December 31

	1979	1978
Balance at beginning of year	\$78,718,000	\$61,214,000
Net earnings	<u>24,422,000</u>	<u>31,884,000</u>
	103,140,000	93,098,000
Dividends on		
Preference shares series A	546,000	546,000
Preference shares series B	2,167,000	2,175,000
Preference shares series C	85,000	87,000
Preference shares series D	1,796,000	1,417,000
Preference shares series E	1,077,000	524,000
Common shares	<u>10,902,000</u>	<u>9,575,000</u>
	16,573,000	14,324,000
Expenses, net of income taxes, incurred on issue of shares	86,000	56,000
	<u>16,659,000</u>	<u>14,380,000</u>
Balance at end of year	<u>\$86,481,000</u>	<u>\$78,718,000</u>

See notes to consolidated financial statements commencing on page 22.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL CONDITION

year ended December 31

	1979	1978
CASH DERIVED FROM		
Increase in deposits		
Chequable and savings	\$ 250,427,000	\$174,196,000
Cashable term	382,711,000	50,902,000
Term	585,691,000	495,348,000
	<u>1,218,829,000</u>	<u>720,446,000</u>
Operations		
Net earnings	24,422,000	31,884,000
Future income taxes	2,868,000	4,346,000
Depreciation	3,304,000	3,376,000
Provision for investment losses		2,807,000
	<u>30,594,000</u>	<u>42,413,000</u>
Other		
Issue of shares	17,970,000	15,000,000
Net gain on sale of investments, net of income taxes	17,009,000	1,195,000
	<u>1,284,402,000</u>	<u>779,054,000</u>
CASH APPLIED TO		
Increase (decrease) in investments		
Short term notes	108,845,000	(50,813,000)
Bonds and debentures	133,615,000	40,355,000
Stocks	(20,465,000)	139,547,000
Mortgages	774,198,000	478,380,000
Consumer and personal loans	55,496,000	91,705,000
Commercial loans	195,376,000	15,000,000
Collateral loans	42,283,000	20,016,000
Real estate investment properties	13,683,000	2,882,000
Receivables under equipment leases	474,000	2,670,000
	<u>1,303,505,000</u>	<u>739,742,000</u>
Dividends paid on		
Preference shares	5,538,000	4,480,000
Common shares	10,624,000	9,365,000
	<u>16,162,000</u>	<u>13,845,000</u>
Other		
Purchase for cancellation of preference shares series B	343,000	
Additions to land, premises and equipment	5,118,000	4,142,000
Expenses, net of income taxes, incurred on issue of shares	86,000	56,000
Other	5,510,000	10,885,000
	<u>11,057,000</u>	<u>15,083,000</u>
	<u>1,330,724,000</u>	<u>768,670,000</u>
INCREASE (DECREASE) IN CASH	<u>\$ (46,322,000)</u>	<u>\$ 10,384,000</u>

See notes to consolidated financial statements commencing on page 22.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

year ended December 31, 1979

1. Summary of significant accounting policies

(a) Consolidation

The financial statements include the accounts of Canada Trustco Mortgage Company and its subsidiary companies, The Canada Trust Company and Truscan Realty Limited.

(b) Investments

Investments, reduced by an allowance for investment losses where applicable, (see note 4), and investment income are stated as follows:

(i) Securities

Bonds and debentures are stated at amortized cost plus accrued interest and stocks are stated at cost plus accrued dividends.

(ii) Loans

Mortgages are stated at cost, which includes amounts advanced, interest capitalized and accrued, taxes and other charges, less repayments and unamortized prepayments of mortgage interest. Interest income is accrued on a daily basis, except for any prepayments of mortgage interest which are amortized over the remaining term of the loan using the sum-of-digits method.

Consumer, personal, commercial and collateral loans are stated at cost which includes amounts advanced and accrued interest on a daily basis, less repayments.

(iii) Real estate acquired in settlement of loans is stated at a value which does not exceed market.

(iv) Real estate investment properties held for development and resale are stated at the lower of cost or estimated net realizable value. Properties held as investments are stated at cost less accumulated depreciation.

Depreciation is provided on the straight-line basis at an annual rate of 2½% on buildings.

(v) Receivables under equipment leases are stated at gross rentals receivable net of unearned income. Any gains resulting from the residual values of leased equipment are reflected in earnings only when realized.

An allowance for investment losses is deducted from the applicable investment on the consolidated statement of condition. This allowance recognizes the historical trend of investment losses and existing economic conditions. Provision for investment losses is included in other expense and is based on both the historical five year (including the current year) moving average ratio of losses to average investments and other factors which in management's judgement deserve recognition. Net gains or losses realized on disposal of investments are recorded in this allowance and are reflected in the statement of earnings only to the extent of their effect on the annual provision charged to other expense.

(c) Land, premises and equipment

Land is stated at cost and premises and equipment are stated at cost less accumulated depreciation. Depreciation is provided on the straight-line basis over the estimated useful life of

each asset at annual rates of 5% on buildings and 10% to 33% on leasehold improvements and equipment. Some branches are in buildings classified as "investment properties" (see iv above) when the main purpose of ownership is investment, rather than branch location.

(d) Fees and commissions

Fees and commissions are recorded as income when received.

(e) Pension plan

A contributory pension plan is available to substantially all employees after six months of continuous service. The cost of funding current service pension benefits is expensed as incurred. Unfunded liabilities, or experience deficiencies which may occur are funded in accordance with actuarial recommendations and the required additional contributions are expensed as incurred.

(f) Net earnings per common share

Net earnings per common share-basic are calculated using the weighted average number of common shares outstanding, and the net earnings attributable to common shares.

Net earnings per common share-fully diluted are calculated on the assumption that all preference shares series B and C outstanding at the end of the year were converted to common shares at the beginning of the year and the amount of net earnings attributable to these preference shares is included in the amount available to common shares. Warrants, if exercised, would have no material effect on earnings per common share-fully diluted.

(g) Comparative figures

The comparative figures for 1978 have been reclassified to conform with the financial statement presentation adopted for 1979.

2. Capital stock

(a) Authorized, issued and fully paid

	Number of Shares		Amount (in thousands of dollars)	
	1979	1978	1979	1978
Cumulative redeemable preference shares, of \$20 par value each, issuable in series Authorized	4,862,591	4,886,999	\$97,252	\$97,740
Issued and fully paid				
Series A - 8¾%	312,059	312,059	\$ 6,241	\$ 6,241
Series B - 7¼% convertible	1,478,955	1,500,000	29,579	30,000
Series C - 7¾% convertible	53,014	56,377	1,061	1,128
Series D - floating % retractable	1,250,000	1,250,000	25,000	25,000
Series E - floating % retractable	750,000	750,000	15,000	15,000
	<u>3,844,028</u>	<u>3,868,436</u>	<u>\$76,881</u>	<u>\$77,369</u>
Common shares of \$2 par value each Authorized	20,000,000	20,000,000	\$40,000	\$40,000
Issued and fully paid	<u>7,829,611</u>	<u>6,988,971</u>	<u>\$15,659</u>	<u>\$13,978</u>

(b) Terms of issue

(i) Preference shares

Each series of preference shares outstanding is subject to separate terms and conditions respecting redemption, retraction and purchase for cancellation, all of which require the prior consent of the Superintendent of Insurance (Canada). These terms and conditions, including conversion privileges, if any, together with dividend rates are summarized as follows:

Dividends

The dividend rates on series A, B and C are 8¾%, 7¼% and 7¼% respectively. The dividend rate on series D and E is adjusted quarterly and, expressed on a per annum basis, is equal to the sum of (i) one half of the average bank prime rate and (ii) 1.25%.

Redemption

Series A

September 15, 1979 at \$21.40 reducing tri-annually by \$.20 to \$20.40 at September 15, 1994 and thereafter.

Series B

June 1, 1979 at \$20.87 reducing annually by \$.145 to \$20.00 at June 1, 1985 and thereafter.

Series C

December 15, 1979 at \$21.05 reducing annually by \$.15 to \$20.00 at December 15, 1986 and thereafter.

Series D

May 1, 1980 at \$20.60 reducing annually by \$.15 to \$20.00 at May 1, 1984 and thereafter.

Series E

May 1, 1981 and thereafter at \$20.00.

Redemptions are applicable if the average market value of common shares exceeds \$33.75 between May 31, 1978 and June 1, 1980 in the case of series B, and \$31.25 between December 16, 1979 and December 15, 1981 in the case of series C. The total redemption price will include dividends accrued to the date of redemption.

Conversion

Series B

Convertible into common shares at the option of the holder at a conversion price of \$26.51 per common share at any time on or prior to May 31, 1985 or at any time prior to ten days before the date specified for redemption of such shares, whichever is earlier.

Series C

Convertible into common shares at the option of the holder at a conversion price of \$24.55 per common share at any time on or prior to December 15, 1981 and thereafter to December 15, 1986 at \$27.00 per common share or any time prior to ten days before the date specified for redemption of such shares, whichever is earlier.

Retraction

Series D

Retractable at the option of the holder at \$20.00 on April 1, 1987.

Series E

Retractable at the option of the holder at \$20.00 on April 1, 1988.

Purchase for cancellation

Series A

The company, annually to 1984, is obligated to offer to purchase for cancellation at a price equal to par value plus accrued dividends, the lesser of 50,000 shares or the number of shares which can be purchased by 10% of the consolidated net earnings of the prior year. Thereafter this obligation is reduced to the lesser of 5% of the number of shares outstanding at the beginning of the year or the number of shares which can be purchased by 10% of the consolidated net earnings of the prior year.

Series B

A purchase fund shall be established in 1981 and subsequent years. The amount thereof will not exceed \$900,000 in 1981 and \$1,800,000 in subsequent years, which funds shall be applied by the company to purchase shares for cancellation in the open market if available, at a price not exceeding the par value thereof plus the costs of purchase.

Series C

A purchase fund shall be established in 1982 and subsequent years. The amount thereof will not exceed \$34,000 in 1982 and \$68,000 in subsequent years, which funds shall be applied by the company to purchase shares for cancellation in the open market if available, at a price not exceeding the par value thereof plus the costs of purchase.

Series D

The company, annually during the years 1980 to 1987, may offer to purchase shares for cancellation in the market or by invitation for tenders at a price not exceeding \$20.60 per share prior to May 1, 1980 or at the redemption price thereafter, together with accrued dividends.

Series E

The company may at any time or times, purchase for cancellation in the market or by invitation for tenders at the lowest price at which shares are available in the opinion of the directors or the duly authorized officer or officers of the company.

(ii) Common shares

The maximum number of common shares that may be issued is 20,000,000 shares, of which 1,199,035 shares have been reserved for conversion rights attached to preference shares series B and C and for warrants outstanding to purchase common shares. Until March 28, 1979 there were two classes of common shares outstand-

ing, namely Class A and Class B. These shares were freely convertible, one into the other at anytime, the only difference being the Class B common shares received 'tax deferred' dividends. The right to pay this type of dividend expired on December 31, 1978 and as a result supplementary letters patent were sought and granted which reclassified at that date all outstanding Class A and Class B common shares into one class of common shares. The company is a constrained share company and as such the total number of shares that can be registered and voted by any one shareholder is limited.

(c) Warrants

At December 31, 1979 warrants were outstanding to purchase 40,075 common shares exercisable at \$21.26 per share until December 15, 1983 (1978 - 40,075 warrants).

(d) Changes in capitalization

In November 1979, the company issued 835,814 common shares at \$21.50 per share pursuant to a rights offering to all common shareholders.

During the year 18,170 preference shares series B were purchased for cancellation at an average price of \$18.88 per share.

During the year 2,875 preference shares series B were converted into 2,136 common shares at \$27.00 per share.

During the year 3,363 preference shares series C were converted into 2,690 common shares at \$25.00 per share (1978 - 60 shares).

During the year no common share purchase warrants were exercised (1978 - 160 shares).

3. Securities

	1979		1978	
	Stated value	Market value	Stated value	Market value
	(in thousands of dollars)			
Bonds and debentures				
Canada	\$325,754	\$313,272	\$176,202	\$170,143
Provincial	9,509	7,463	11,094	9,500
Corporate	66,474	60,825	80,942	78,604
	<u>401,737</u>	<u>381,560</u>	<u>268,238</u>	<u>258,247</u>
Stocks				
Preference	285,500	285,255	289,482	291,523
Common	38,923	58,902	55,022	82,120
	<u>324,423</u>	<u>344,157</u>	<u>344,504</u>	<u>373,643</u>
	<u>\$726,160</u>	<u>\$725,717</u>	<u>\$612,742</u>	<u>\$631,890</u>

4. Allowance for investment losses

	1979	1978
	(in thousands of dollars)	
Balance at beginning of year	\$ 9,096	\$ 5,094
Provision charged to other expense		2,807
Investment gains (losses)		
Securities, net of income taxes of \$5,292 (1978 - \$75)	18,436	1,406
Loans, net of recoveries	(668)	(220)
Real estate acquired in settlement of loans	(759)	9
Balance at end of year	<u>\$26,105</u>	<u>\$ 9,096</u>

The allowance for investment losses has been applied to selected investments on the consolidated statement of condition as follows:

	1979	1978
	(in thousands of dollars)	
Corporate bonds and debentures	\$ 615	\$ 499
Preference stocks	1,037	1,421
Conventional mortgages	22,751	5,124
Consumer and personal loans	1,440	1,800
Real estate acquired in settlement of loans	262	252
	<u>\$26,105</u>	<u>\$ 9,096</u>

5. Real estate investment properties

	1979		1978	
	Cost	Accumulated depreciation	Net	Net
	(in thousands of dollars)			
Land held for development and resale	\$ 5,084	\$	\$ 5,084	\$ 2,837
Properties held as investments	43,826	9,002	34,824	21,541
	<u>\$48,910</u>	<u>\$ 9,002</u>	<u>\$39,908</u>	<u>\$24,378</u>

6. Land, premises and equipment

(a) Cost and net depreciated values:

	1979		1978	
	Cost	Accumulated depreciation	Net	Net
	(in thousands of dollars)			
Land	\$ 3,406	\$	\$ 3,406	\$ 3,485
Buildings	11,298	4,964	6,334	6,095
Leasehold improvements	9,146	3,315	5,831	4,563
Furniture and equipment	16,912	10,527	6,385	5,453
Automobiles	457	150	307	152
	<u>\$41,219</u>	<u>\$18,956</u>	<u>\$22,263</u>	<u>\$19,748</u>

(b) Net occupancy and equipment expense:

	1979	1978
	(in thousands of dollars)	
Occupancy		
Rent	\$ 4,286	\$ 3,800
Maintenance	8,299	7,097
Depreciation	2,032	2,277
	<u>14,617</u>	<u>13,174</u>
Rental income	4,001	3,632
	<u>10,616</u>	<u>9,542</u>
Furniture and equipment		
Rent	4,846	4,310
Maintenance	556	493
Depreciation	1,272	1,099
	<u>6,674</u>	<u>5,902</u>
	<u>\$17,290</u>	<u>\$15,444</u>

(c) The aggregate minimum rentals payable under premises and equipment leases in effect at December 31, 1979 are as follows for each of the periods shown:

	Premises	Equipment	Total
	(in thousands of dollars)		
1980-1984	\$25,723	\$ 6,383	\$32,106
1985-1989	18,750		18,750
1990-1994	7,040		7,040
thereafter	5,870		5,870

7. Income taxes

A portion of the company's income is tax-exempt income debenture and dividend income; accordingly income taxes as provided in the consolidated statement of earnings are less than the amount obtained by applying statutory tax rates to earnings before income taxes.

Certain items of income and expense are recognized in time periods different for financial reporting than for income tax purposes. Full provision for income taxes is made in the consolidated statement of earnings using the tax allocation method and income taxes related to the following items are recorded in future income taxes in the consolidated statement of condition.

	<u>1979</u>	<u>1978</u>
	(in thousands of dollars)	
Taxes applicable to:		
Special reserve allowed under Section 33 of the Income Tax Act (Canada)	\$27,433	\$23,400
Allowance for investment losses	(3,155)	(3,863)
Excess of capital cost allowances over amounts provided in the accounts	12,988	12,113
Other items - net	878	3,626
	<u>\$38,144</u>	<u>\$35,276</u>

8. Other income

	<u>1979</u>	<u>1978</u>
	(in thousands of dollars)	
Mortgage services fees	\$ 3,760	\$ 3,436
Service charges on chequing accounts	2,360	1,592
Commissions and other service fees	2,685	2,802
Foreign exchange and miscellaneous	2,863	940
	<u>\$11,668</u>	<u>\$ 8,770</u>

9. Other expense

	<u>1979</u>	<u>1978</u>
	(in thousands of dollars)	
Stationery, telephone, postage and travelling	\$ 6,987	\$ 5,384
Insurance, commissions and fees	5,587	4,170
Provision for investment losses		2,807
Provincial taxes on capital	1,228	1,333
Employee training and development	1,613	1,618
Miscellaneous	3,104	3,235
	<u>\$18,519</u>	<u>\$18,547</u>

10. Mortgage commitments

Outstanding commitments for future advances on mortgages are \$327,737,000 at December 31, 1979 and were \$469,462,000 at December 31, 1978.

11. Deposits

Consolidated net assets held to secure guaranteed trust deposits of the companies are \$3,500,637,000 at December 31, 1979 and were \$2,856,462,000 at December 31, 1978.

Chequable, savings and cashable term deposits are payable after notice.

12. Collateral loans

Advances to estates, trusts and agencies included in collateral loans amounted to \$13,938,000 at December 31, 1979 and were \$8,179,000 at December 31, 1978.

Call loans to investment dealers amounted to nil at December 31, 1979 and were \$6,000,000 at December 31, 1978.

13. Pension plan

The actuarial valuation as of December 31, 1978 indicates no unfunded liability exists. The plan had assets of \$44,580,000 as of December 31, 1979 and \$38,297,000 as of December 31, 1978.

Total contributions by the company in 1979 were \$1,233,000 (1978 - \$1,720,000). Contributions are included in pension and other employee benefits.

14. Remuneration of directors and senior officers

Senior officers serving as directors do not receive directors' fees. The aggregate direct remuneration, including the cost of all pension benefits, paid or payable to directors and senior officers of the company was as follows:

	<u>1979</u>		<u>1978</u>	
	Number	Amount	Number	Amount
Directors	44	\$ 201,000	46	\$ 164,000
Senior officers	26	1,828,000	26	1,548,000
	<u>70</u>	<u>\$2,029,000</u>	<u>72</u>	<u>\$1,712,000</u>

AUDITORS' REPORT

TO THE SHAREHOLDERS OF CANADA TRUSTCO MORTGAGE COMPANY

We have examined the consolidated statement of condition of Canada Trustco Mortgage Company as at December 31, 1979 and the consolidated statements of earnings, retained earnings, contributed surplus and changes in financial condition for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial condition of the company as at December 31, 1979 and the results of its operations and changes in its financial condition for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

January 22, 1980
London, Canada

Thome Riddell & Co.
Chartered Accountants

QUARTERLY ANALYSIS OF NET EARNINGS

(in thousands of dollars except interest rate spread and earnings per share)

Quarter	*Interest rate spread-taxable equivalent basis	Investment income less interest on deposits	Fees and commissions	Non interest expenses	Net earnings	Net earnings per common share - fully diluted
1st	1.57%	\$ 8,762	\$ 6,121	\$11,731	\$ 2,391	\$.40
2nd	2.03	11,851	6,179	12,914	3,680	.57
3rd	1.86	11,885	6,971	13,436	3,750	.55
4th	2.00	12,481	6,733	14,565	4,258	.62
1975	1.87	44,979	26,004	52,646	14,079	2.14
1st	1.83	12,854	7,451	15,030	4,112	.60
2nd	1.95	13,330	6,344	15,379	4,103	.59
3rd	1.78	14,120	7,377	16,494	4,197	.57
4th	2.05	16,075	6,695	17,107	5,291	.71
1976	1.91	56,379	27,867	64,010	17,703	2.47
1st	2.01	19,007	8,378	19,012	6,299	.76
2nd	2.22	21,404	7,926	20,472	7,078	.82
3rd	2.44	24,226	8,686	22,088	8,224	.95
4th	2.39	24,642	7,780	21,940	8,385	.97
1977	2.27	89,279	32,770	83,512	29,986	3.50
1st	2.24	23,932	9,324	22,219	8,165	.95
2nd	2.24	23,942	8,778	23,234	8,228	.94
3rd	2.09	23,808	9,451	24,776	7,653	.85
4th	1.93	21,960	8,579	24,713	7,838	.87
1978	2.12	93,642	36,132	94,942	31,884	3.61
1st	1.53	17,927	9,769	24,733	5,404	.56
2nd	1.76	20,654	9,280	26,499	6,327	.68
3rd	1.63	20,925	11,700	28,530	6,485	.69
4th	1.27	17,682	9,811	26,197	6,206	.61
1979	1.54	77,188	40,560	105,959	24,422	2.54

*Restated to give effect to capitalization of compound deposit interest on average volumes.

NET INTEREST DIFFERENTIAL

(in thousands of dollars)

Interest rate spread on a taxable equivalent basis declined from an average of 2.12% in 1978 to 1.54% in 1979, as the average cost of deposits rose more rapidly than the average yield on investments. These average rates and the change in our net interest differential are shown below:

	1979	1978	Increase (Decrease)
Investment income	\$588,533	\$466,325	\$122,208
Taxable equivalent adjustment	25,314	19,267	6,047
	<u>613,847</u>	<u>485,592</u>	<u>128,255</u>
Deposit interest expense	511,345	372,683	138,662
Differential	<u>\$102,502</u>	<u>\$112,909</u>	<u>\$ (10,407)</u>
Differential allocated to:	Volume	Rate	Net
Investments	\$ 81,201	\$ 47,054	\$128,255
Deposits	(80,988)	(57,674)	(138,662)
Differential	<u>\$ 213</u>	<u>\$ (10,620)</u>	<u>\$ (10,407)</u>
Interest rate differential (taxable equivalent basis)	1979	1978	Increase (Decrease)
Average investment yield	10.97 %	10.43 %	.54 %
Average deposit cost	9.43	8.31	1.12
Differential	<u>1.54 %</u>	<u>2.12 %</u>	<u>(.58)%</u>

INTEREST RATE SENSITIVITY

(in thousands of dollars)

Net interest differential is the most significant factor in determining earnings. Rate sensitivity, or the mix of the floating and fixed rate portions of investments and deposits, determines how quickly this differential responds to changing rates.

Net interest will change immediately on the net difference between those balances which float with the level of prime interest rates and then gradually on fixed term balances which mature within one year. Investments and deposits which mature beyond one year have no effect on the current year's net interest.

In periods when rates are rising, an excess of floating rate liabilities over floating rate assets, has an immediate deleterious effect on earnings. Conversely, when rates fall an immediate and positive effect on earnings results. Ideally, an intermediary should have surplus floating rate assets in periods of rising rates and surplus floating rate liabilities in periods of falling rates but this is almost impossible and to attempt to so manage can be risky. Consequently, we are striving to balance the equation so a reasonably constant spread can be earned, thus avoiding the vagaries of interest rate cycles.

The table below shows year-end distribution of interest sensitive and non-sensitive balances adjusted to exclude accrued income. Non-convertible preference shares are shown as deposits because dividends are deducted in determining fully diluted net earnings attributable to common shares.

	1979			1978			
	Floating rates	Fixed rate		Floating rates	Fixed rate		Total
		Under 1 yr.	Over 1 yr.		Under 1 yr.	Over 1 yr.	
Investments							
Cash and short term investments	\$ 9,292	\$ 477,067	\$	\$ 486,359	\$ 55,614	\$ 371,132	\$ 426,746
Securities	166,000	169,778	379,564	715,342	166,000	79,330	604,233
Loans	411,190	1,244,909	3,373,704	5,029,803	178,101	953,660	3,989,298
Receivables under equipment leases		1,600	29,947	31,547		1,401	31,051
	<u>586,482</u>	<u>1,893,354</u>	<u>3,783,215</u>	<u>6,263,051</u>	<u>399,715</u>	<u>1,405,523</u>	<u>5,051,328</u>
Deposits							
Chequable and savings	1,465,388	183,972		1,649,360	1,195,392	212,839	1,408,231
Cashable term and term		1,766,852	2,552,517	4,319,369		979,805	3,380,489
	<u>1,465,388</u>	<u>1,950,824</u>	<u>2,552,517</u>	<u>5,968,729</u>	<u>1,195,392</u>	<u>1,192,644</u>	<u>4,788,720</u>
Non-convertible preference shares	40,000		6,241	46,241	40,000	6,241	46,241
	<u>1,505,388</u>	<u>1,950,824</u>	<u>2,558,758</u>	<u>6,014,970</u>	<u>1,235,392</u>	<u>1,192,644</u>	<u>4,834,961</u>
Surplus (deficiency)							
rate sensitive investments	<u>\$ (918,906)</u>	<u>\$ (57,470)</u>			<u>\$ (835,677)</u>	<u>\$ 212,879</u>	

MATURITIES (in thousands of dollars)

Investments

Maturity dates	Cash and equivalent	Securities (1)	Mortgages (2)	Other loans and investments	December 31, 1979		December 31, 1978	
					Total	%	Total	%
On demand and within one year	\$ 486,359	\$169,163	\$1,157,166	\$235,713	\$2,048,401	32.1	\$1,550,976	30.2
1 - 2 years		57,753	885,048	79,383	1,022,184	16.0	868,478	16.9
2 - 3 years		24,627	970,515	47,552	1,042,694	16.3	758,024	14.8
3 - 4 years		77,860	610,754	28,956	717,570	11.3	700,606	13.7
4 - 5 years		80,688	575,637	19,076	675,401	10.6	604,047	11.8
after 5 years		214,981	219,978	285,837	720,796	11.3	491,988	9.6
stocks (non-retractable)		90,270			90,270	1.4	109,611	2.1
accrued interest	8,649	10,818	34,632	7,997	62,096	1.0	47,318	0.9
	<u>\$ 495,008</u>	<u>\$726,160</u>	<u>\$4,453,730</u>	<u>\$704,514</u>	<u>\$6,379,412</u>	<u>100.0</u>	<u>\$5,131,048</u>	<u>100.0</u>

Deposits

Maturity dates	Chequable and savings	Cashable term	Term (2)	December 31, 1979		December 31, 1978	
				Total	%	Total	%
Payable after notice and within one year	\$1,649,360	\$676,067	\$1,090,785	\$3,416,212	56.0	\$2,383,301	48.8
1 - 2 years			780,429	780,429	12.8	507,134	10.4
2 - 3 years			607,374	607,374	10.0	673,064	13.8
3 - 4 years			572,433	572,433	9.4	512,761	10.5
4 - 5 years			434,061	434,061	7.1	543,810	11.1
after 5 years			158,220	158,220	2.6	168,650	3.5
accrued interest	26,350	13,473	94,204	134,027	2.1	95,207	1.9
	<u>\$1,675,710</u>	<u>\$689,540</u>	<u>\$3,737,506</u>	<u>\$6,102,756</u>	<u>100.0</u>	<u>\$4,883,927</u>	<u>100.0</u>

(1) Securities include various types of bonds, debentures and preference and common stocks, all reflected at stated cost. Preference stocks which have a specific redemption feature at the option of the holder are reflected in the year when the option may first be exercised.

(2) Historically, approximately 65% of term deposits are renewed at maturity. Of mortgages not fully paid on maturity, approximately 68% are extended by renewal agreement usually on the same amortization schedule adjusted for any variation in interest rates.

(3) The maturities have been arranged to reflect anticipated principal repayments on mortgages, other loans, equipment leases and income averaging contracts in the years they are due.

LIQUIDITY MANAGEMENT

Liquidity management is the continuing ability to meet deposit withdrawals, deposit maturities and fund loans and other contractual commitments. Liquidity represents the total value of assets which can be converted quickly into cash to meet requirements. Two liquidity requirements have been defined. The first is by statute, the second and more stringent is financial standards as defined by the Department of Insurance (Canada). Liquidity management practices followed are more conservative than the requirements. Both short and long term requirements are monitored daily and asset and liability management strategies are adapted in concert therewith.

Consolidated Liquidity, December 31, 1979 (in thousands of dollars)

	Approved for statutory liquidity at book value	Approved for financial standards test at market value
Liquidity reserve		
Cash	\$ 9,292	\$ 9,292
Canada and provincial securities	335,263	320,735
Eligible short term notes (original term under 1 year)	441,219	476,219
	<u>785,774</u>	<u>806,246</u>
Less:		
Statutory liquidity requirement, 20% of cashable and demand deposits and term deposits maturing within 100 days	517,201	
Financial standards test liquidity requirement		639,041
Surplus liquidity	<u>\$268,573</u>	<u>\$167,205</u>

FIVE YEAR FINANCIAL ANALYSIS, year ended December 31

	<u>1979</u>	<u>1978</u>	<u>1977</u>	<u>1976</u>	<u>1975</u>
EARNINGS (as % of income)					
Income					
Investment	91.9%	91.2%	90.8%	89.6%	87.6%
Fees and commissions	6.3	7.1	7.5	8.6	10.4
Other	1.8	1.7	1.7	1.8	2.0
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Expense					
Interest on deposits	79.8	72.9	70.3	72.4	69.7
Salaries, employee benefits and commissions	10.3	11.2	11.7	12.5	13.7
Other	6.2	7.4	7.4	7.1	7.3
	<u>96.3</u>	<u>91.5</u>	<u>89.4</u>	<u>92.0</u>	<u>90.7</u>
Earnings before income taxes	3.7	8.5	10.6	8.0	9.3
Income taxes	(.1)	2.3	3.7	2.6	3.7
Net earnings	<u>3.8%</u>	<u>6.2%</u>	<u>6.9%</u>	<u>5.4%</u>	<u>5.6%</u>
NET EARNINGS RATIOS					
To average					
Assets	.42%	.67%	.74%	.60%	.58%
Convertible preference and common shareholders' equity	11.3 %	17.6 %	19.1 %	14.2 %	13.1 %
ASSETS, LIABILITIES AND EQUITY (as % of total assets)					
Assets					
Cash and short term notes	7.7%	8.4%	10.7%	9.8%	7.0%
Securities	11.3	11.9	10.5	8.3	9.4
Loans	79.2	78.1	77.1	80.3	81.9
Other investments	1.4	1.2	.9	.7	.6
Land, premises and equipment	.4	.4	.8	.9	1.1
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Liabilities					
Deposits payable after notice	36.9%	33.6%	34.2%	33.6%	28.6%
Term deposits	58.4	61.2	60.4	61.6	66.0
Total deposits	<u>95.3</u>	<u>94.8</u>	<u>94.6</u>	<u>95.2</u>	<u>94.6</u>
Other liabilities	.2	.2	.4	.1	.1
Future income taxes	.6	.7	.7	.7	.7
	<u>96.1</u>	<u>95.7</u>	<u>95.7</u>	<u>96.0</u>	<u>95.4</u>
Shareholders' equity	3.9	4.3	4.3	4.0	4.6
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
RATIOS					
Loans					
To total deposits	83.1%	82.3%	81.5%	84.4%	86.6%
Shareholders' equity					
To loans	4.9%	5.5%	5.6%	5.0%	5.6%
Deposit multiple	19.64x	18.64x	18.48x	19.90x	18.05x
Preference share portion of shareholders' equity	31.1%	34.9%	33.0%	25.5%	31.2%
Dividends paid per common share as a percentage of attributable net earnings	56.7%	34.5%	33.5%	45.4%	55.4%

TABLE OF AVERAGE HOLDINGS (in millions of dollars)

	<u>1979</u>	<u>1978</u>	<u>1977</u>	<u>1976</u>	<u>1975</u>
Investments					
Cash, short term notes and securities	\$1,039	\$ 991	\$ 797	\$ 532	\$ 381
Mortgages	4,004	3,370	2,936	2,327	1,851
Loans, real estate and receivables under equipment leases	554	297	198	144	108
Average investments	<u>\$5,597</u>	<u>\$4,658</u>	<u>\$3,931</u>	<u>\$3,003</u>	<u>\$2,340</u>
Deposits					
Chequable	\$ 369	\$ 331	\$ 272	\$ 232	\$ 187
Savings	1,209	1,028	873	681	706
Cashable term	470	300	214	136	59
Term	3,376	2,827	2,434	1,847	1,302
Average deposits	<u>\$5,424</u>	<u>\$4,486</u>	<u>\$3,793</u>	<u>\$2,896</u>	<u>\$2,254</u>

Computed principally on average weekly balances

SEGMENTED INFORMATION (in thousands of dollars)

	1979		1978	
	Income	Contribution to earnings	Income	Contribution to earnings
Statement of earnings				
Intermediary	\$600,201	\$ 39,741	\$475,095	\$ 59,464
Fiduciary	21,462	7,372	19,245	5,436
Real estate sales	19,098	499	16,887	343
	<u>\$640,761</u>	<u>47,612</u>	<u>\$511,227</u>	<u>65,243</u>
Unallocated expense		(24,155)		(21,641)
Income taxes		965		(11,718)
Net earnings		<u>\$ 24,422</u>		<u>\$ 31,884</u>
Segment assets	Capital expenditures	Assets	Capital expenditures	Assets
Intermediary	\$ 3,322	\$6,396,493	\$ 2,421	\$5,145,477
Fiduciary	555	1,620	434	1,369
Real estate sales	804	2,285	759	2,293
Unallocated	437	1,277	528	1,691
	<u>\$ 5,118</u>	<u>\$6,401,675</u>	<u>\$ 4,142</u>	<u>\$5,150,830</u>
Depreciation				
Intermediary		\$ 2,475		\$ 2,495
Fiduciary		270		236
Real estate sales		346		338
Unallocated		213		307
		<u>\$ 3,304</u>		<u>\$ 3,376</u>

Notes:

- (1) Operations consist of the following segments:
 - (a) Intermediary: investment of depositors' and shareholders' funds in income producing assets together with other revenue from a variety of financial services.
 - (b) Fiduciary: administration of personal and pension trust assets as well as acting as stock transfer agent and bond trustee for corporate clients.
 - (c) Real estate sales: listing and selling of residential, commercial and industrial real estate.
- (2) Contribution to earnings represents segment income less direct and allocated expenses based on cost allocation methods believed to be reasonable. However, other cost allocation methods are possible. The company's policy is to price inter-segment transactions below market value. These are insignificant in amount and are applied to reduce segment expense.
- (3) Owned building operations have been included in the intermediary segment and rents have been charged to remaining segments for their share of operating costs. Leasehold and equipment costs have been allocated to segments based on their proportionate use.

FOURTH QUARTER CONSOLIDATED STATEMENT OF EARNINGS

three months ended December 31
(unaudited)

	1979	1978	% Increase (Decrease)
Income			
Investment			
Short term notes and securities	\$ 16,519,000	\$ 22,060,000	(25)
Loans and other	150,410,000	103,571,000	45
	<u>166,929,000</u>	<u>125,631,000</u>	33
Fees and commissions			
Personal trust	2,818,000	2,819,000	
Pension and pooled trust funds	792,000	668,000	19
Corporate trust	929,000	684,000	36
Real estate sales	5,272,000	4,408,000	20
	<u>9,811,000</u>	<u>8,579,000</u>	14
Other	4,849,000	3,690,000	31
	<u>181,589,000</u>	<u>137,900,000</u>	32
Expenses			
Interest on deposits	149,247,000	103,671,000	44
Salaries, pension and other employee benefits	13,512,000	11,662,000	16
Real estate commissions	3,726,000	3,347,000	11
Net occupancy and equipment	4,118,000	3,729,000	10
Advertising	880,000	768,000	15
Other	3,961,000	5,207,000	(24)
	<u>175,444,000</u>	<u>128,384,000</u>	37
Earnings before income taxes	6,145,000	9,516,000	(35)
Income taxes	(61,000)	1,678,000	(104)
Net earnings	<u>\$ 6,206,000</u>	<u>\$ 7,838,000</u>	(21)
Attributed to			
Preference shares non-convertible	\$ 886,000	\$ 745,000	19
Preference shares convertible	557,000	565,000	(1)
Common shares	4,763,000	6,528,000	(27)
	<u>\$ 6,206,000</u>	<u>\$ 7,838,000</u>	(21)
Net earnings per common share – basic	\$.64	\$.93	(31)
Net earnings per common share – fully diluted	.61	.87	(30)
Dividends paid per common share	.33	.33	

One of our greatest assets is the strength of management. After each name, age and number of years service are shown. Average age is 44.2 years and average service is 16.2 years.

*Located at Executive Offices
Canada Trust Building
Yonge and Adelaide, Toronto

*Arthur H. Mingay (60-41)
Chairman of the Board and
the Executive Committee

Mervyn L. Lahn (46-25)
President and
Chief Executive Officer

REGIONAL

PACIFIC REGION

Regional Office
West Pender and Hornby, Vancouver

Archie H. Kerr (55-19)
Senior Vice-President

Kenneth J. McCubbin (41-9)
Assistant Vice-President

Kenneth W. Meston (44-23)
Assistant Vice-President-Manager
Vancouver Main Branch

PRAIRIE REGION

Regional Office
3rd Street S.W. and 5th, Calgary

Derek J. Warren (48-20)
Senior Vice-President

Stephen C. Merrill (33-8)
Assistant Vice-President

Larry J. Honcoop (36-19)
Assistant Vice-President-Manager
Calgary Main Branch

SOUTHWESTERN ONTARIO REGION

Regional Office
Dundas and Clarence, London

A. James Scafe (47-24)
Vice-President

Robert P. Morneau (41-11)
Assistant Vice-President

Robert B. James (50-15)
Assistant Vice-President-Manager
London Main Branch

O. Evan Whitehead (46-26)
Assistant Vice-President-Manager
Windsor Main Branch

MIDWESTERN ONTARIO REGION

Regional Office
King and Water, Kitchener

J. Terence Osbourne (50-23)
Vice-President

W. Lindsay Somerville (37-10)
Assistant Vice-President

Wilfred W. Park (52-32)
Assistant Vice-President-Manager
Kitchener Main Branch

CENTRAL ONTARIO REGION

Regional Office
Yonge and Adelaide, Toronto

Melvin M. Hawkrigg (49-8)
Senior Vice-President

Liam S. O'Brian (51-12)
Vice-President
Corporate Business Development

George W. Stoyles (43-12)
Vice-President-Manager
Toronto Main Branch

Fred S. Collier (48-12)
Assistant Vice-President

HAMILTON/NIAGARA REGION

Regional Office
King and Hughson, Hamilton

Leo P. Sauve (48-15)
Vice-President

Warren C. Elliott (40-18)
Assistant Vice-President

Robert B. Hamilton (32-6)
Assistant Vice-President-Manager
Hamilton Main Branch

NORTHERN ONTARIO/QUEBEC/ ATLANTIC REGION

Regional Office
Laurier and Metcalfe, Ottawa

Leonard W. Stoll (45-26)
Vice-President

Stan A. Martin (33-12)
Assistant Vice-President

James R. Wilken (43-18)
Assistant Vice-President-Manager
Ottawa Main Branch

HEAD OFFICE

Canada Trust Tower
Dundas and Wellington, London

CLIENT SERVICES

Jack H. Speake (51-29)
Group Vice-President

Philip A. Heiland (49-8)
Vice-President
Trust and Corporate Services

*Donald A. MacDonald (52-34)
Assistant Vice-President
Corporate Trust Services

James T. McDougall (37-12)
Assistant Vice-President
Personal Trust Services

Douglas E. Wannamaker (43-22)
Assistant Vice-President
Pension Trust Services

Norman White (52-20)
Assistant Vice-President
Computer Services

B. Eric Minns (50-15)
Vice-President
Loans and Real Estate Services

Douglas R. Dolman (41-8)
Assistant Vice-President-Premises

Robert M. Overholt (40-9)
Assistant Vice-President
Loans Services

G. Douglas Peaker (51-3)
Assistant Vice-President
Real Estate Sales

John F. Schucht (34-13)
Assistant Vice-President
Investment, Commercial and
Industrial Mortgages and
Real Estate Investment Services

Charles C. Parsons (50-17)
Vice-President-Data Resources

J. Brent Kelman (37-2)
Assistant Vice-President
Development and Technical
Services

Frank W. Pratt (38-12)
Vice-President-Marketing Services

John D. Richardson (41-7)
Vice-President
Comptroller and Tax Services

Gwyn E. Williams (42-21)
Vice-President-Savings Services

John L. Doran (43-16)
Assistant Vice-President
Demand Savings Services

D. Eric MacMillan (45-25)
Assistant Vice-President
Term and RSP Savings Services

Sean J. McNamara (37-12)
Assistant Vice-President
Credit Card Services

William C. Thornhill (32-8)
Assistant Vice-President
Residential Mortgage Services

Eric W. Daly (31-8)
Assistant Vice-President-Planning

FINANCE

*Peter C. Maurice (42-7)
Group Vice-President

*Duncan Baillie (38-7)
Vice-President-Treasurer

*W. James Blowers (46-26)
Vice-President-Investments

*Raymond H. Brackstone (40-1)
Assistant Vice-President
Commercial Lending

PERSONNEL SERVICES

James T. Lindores (47-11)
Vice-President

Duncan F. Tilly (37-7)
Assistant Vice-President
Personnel Resources

GENERAL COUNSEL AND SECRETARY

C. Robert Clarke (59-30)
Vice-President

CORPORATE AFFAIRS

E. Donald L. Miller (61-33)
Vice-President

AUDIT SERVICES

Robert E. Redgwell (46-21)
Vice-President

*Company Owned Premises
 **Company Has Ownership Interest

PACIFIC REGION

BURNABY
 5000 Kingsway Plaza

CLEARBROOK
 **Meadow Fair Plaza

KELOWNA
 Spall Plaza

LANGLEY
 Willowbrook Mall

NANAIMO
 Terminal Park Plaza

NEW WESTMINSTER
 6th Street and 7th

PRINCE GEORGE
 *Victoria and 5th

RICHMOND
 Brighthouse Centre
 Broadmoor Mall
 Lansdowne Park Mall

SURREY
 152nd Street and 104th

VANCOUVER

*West Pender and Hornby
 Cambie and 41st
 Denman and Comox
 Main and Pender
 Park Royal Shopping Centre
 West 41st and Yew

VICTORIA

*View and Broad

PRAIRIE REGION

BRANDON
 *636 Rosser

CALGARY
 3rd Street S.W. and 5th
 8th Ave. S.W. and 2nd
 17th Ave. S.W. and 11th
 Market Mall
 Memorial Square,
 52nd and Memorial
 Richmond Square,
 Richmond and Sarcee
 Southcentre Mall

EDMONTON

*100th Street and 101A
 Castle Downs Town Square
 Millbourne Mall
 Thomcliffe Plaza, 8246 - 175th Street

LETHBRIDGE

*3rd Ave. and 7th
 Park Meadow Mall

MEDICINE HAT

*3rd Street and 5th

MOOSE JAW

*318 Main

RED DEER

*4928 Ross

REGINA

*1921 Scarth and Victoria Pk.

SASKATOON

2nd Ave. N. and 22nd

WINNIPEG

*Portage and Fort
 Unicity Mall

SOUTHWESTERN ONTARIO REGION

CHATHAM

*King and Market Square
 Chatham Place

LEAMINGTON

Talbot and Erie

LONDON

**City Centre
 Adelaide and Cheapside
 Boler and Commissioners
 *4 Covent Market Place
 *Dundas and Clarence
 Dundas and English
 Ernest and Bradley
 Huron and Highbury
 *Hutton Rd. and Sherwood
 *Oxford near Hyde Park
 *Oxford W. and Platt's Lane
 *Richmond and University
 Wonderland at Westmount Mall
 *Wortley and Elmwood



152nd Street and 104th
 Surrey, British Columbia



Brighthouse Centre
 Richmond, British Columbia

SARNIA
 *Christina and London Rd.
 Lochiel near Christina
 London Rd., across from
 Lambton Mall

STRATHROY
 Caradoc and Ontario

ST. THOMAS
 *Talbot and Elgin
 Elgin Mall

WINDSOR
 University W. and Victoria
 Devonshire Mall
 *Ouellette and Wyandotte
 Tecumseh and Annie

MIDWESTERN ONTARIO REGION

CAMBRIDGE
 *44 Main
 John Galt Centre
 *King and Westminster
 South Cambridge Plaza,
 Hwy. 8 and 97

ELMIRA
 *57 Arthur

FERGUS
 *St. Andrews and Tower

GUELPH
 *Wyndham and Cork
 Edinburgh and Municipal
 Willow West Mall
 Woolwich and Speedvale

KITCHENER
 *King and Water
 *Belmont and Claremont
 Forest Hill Plaza, Greenbrook Dr.
 Fairview Mall
 *King and Ontario
 Market Square
 Stanley Park Mall
 Pioneer Park Plaza, Pioneer Park Dr.
 Country Hills Plaza, Strasburg Rd.

LISTOWEL
 Listowel Plaza, Highway 23 N.

STRATFORD
 *Downie and Albert

WATERLOO
 *Erb and King
 Conestoga Mall
 *Weber and Lincoln
 Westmount Place

HAMILTON/NIAGARA REGION

BURLINGTON
 Appleby Line and New
 *Brant and Caroline
 Burlington Mall
 Burlington Mall (in Robinson's)

DELHI
 Church and Queen

DUNDAS
 King and Sydenham

DUNNVILLE
 *Lock and Queen

FORT ERIE
 *70 Jarvis

GRIMSBY
 Main and Christie

HAMILTON
 *King and Hughson
 Eastgate Square
 Fennell and Upper Wentworth
 Greater Hamilton Shopping Centre
 Jackson Square
 Upper James and Mohawk

NIAGARA FALLS
 *Queen and St. Clair
 Niagara Square
 Town & Country Plaza,
 3645 Portage Rd.

PORT COLBORNE
 Clarence and Elm

SIMCOE
 *Norfolk and Young
 Simcoe Mall

ST. CATHARINES
 *James and King
 Pen Centre
 Grantham Plaza, Scott and Vine

STONEY CREEK
 Hwy. 8, east of Centennial Pkwy.



17th Ave. S.W. and 11th
 Calgary, Alberta



Oxford W. and Platt's Lane
 London, Ontario

THOROLD
*Front and Albert

WELLAND
*Main and Cross

CENTRAL ONTARIO REGION

BARRIE
Dunlop and Memorial Square

BRAMPTON
*Main and Queen
Bramalea City Centre
Shoppers' World

HALTON HILLS
*Main and James

MILTON
*Main and Charles

MISSISSAUGA
*Highway 10 south of 5
Meadowdale Town Centre
Square One

OAKVILLE
*Lakeshore and Trafalgar

ORANGEVILLE
Highland Mall

OSHAWA
*Simcoe and Bond

RICHMOND HILL
Hillcrest Mall

TORONTO CENTRAL
*Yonge and Adelaide
Bloor and Bathurst
*Eglinton and Bathurst
*Eglinton W. and Castle Knock
*St. Clair and Yonge
Yonge and Erskine

TORONTO EAST
Shoppers' World
Lawrence and Scarborough
Golf Club Rd.

TORONTO NORTH
Finch and Birchmount
Finch between Bayview and Leslie
Fairview Mall

Sheppard, just east of Warden
St. Andrews Plaza, 29 The Links Rd.

TORONTO WEST
Bloor near Royal York
Markland Wood Plaza
Eglinton between Islington
and Kipling
Royal York Rd., north of Eglinton

NORTHERN ONTARIO/QUEBEC/ ATLANTIC REGION

CORNWALL
Cornwall Square

HALIFAX
Quinpool and Monastery

KAPUSKASING
Model City Mall

KINGSTON
*Princess and Wellington
Bath and Gardiners

KIRKLAND LAKE
*51 Government Rd. W.

MONTREAL
800 Dorchester Blvd. W.

NEW LISKEARD
Timiskaming Square

NORTH BAY
Fraser and McIntyre
North Bay Mall

OTTAWA
Laurier and Metcalfe
Westgate Plaza, Carling and Merivale

SUDBURY
Cedar near Lisgar

TIMMINS
Third and Cedar



King and Westminster
Cambridge (Preston), Ontario



Meadowdale Town Centre
Mississauga, Ontario

*Company Owned Premises

Gerry T. O'Connor
Regional Real Estate Manager
Pacific and Prairie Regions

PACIFIC REGION

BURNABY
Kingsway near Royal Oak

NANAIMO
94 Commercial

PRINCE GEORGE
*Victoria and 5th

RICHMOND
Brighouse Centre

SURREY
152nd Street and 104th

VANCOUVER
Lonsdale and East 18th
Main and Pender
Park Royal Shopping Centre
W. Broadway and Granville (I.C.I.)
West 41st and Yew

VICTORIA
2252 Oak Bay

PRAIRIE REGION

BRANDON
*636 Rosser

CALGARY
Centre Street N.E. and 13th
Centre Street S. and Glenmore Trail
Trans-Canada Plaza,
52nd Street N.E. and Madigan

EDMONTON
71st Street and 98th

LETHBRIDGE
*3rd Ave. and 7th

MEDICINE HAT
*3rd Street and 5th

RED DEER
*4928 Ross

REGINA
Albert and 3rd Ave. N.

SASKATOON
2nd Ave. N. and 22nd
Plaza 22, Confederation Dr.

WINNIPEG
Pembina Highway and Hector

Gene L. Baillargeon
Regional Real Estate Manager
Southwestern and Midwestern
Ontario Regions

SOUTHWESTERN ONTARIO REGION

LONDON
*Huron and Highbury
371 King St. (I.C.I.)
Pall Mall near Richmond
Sherwood Forest Mall
Wellington Rd. S. and Bradley
Wonderland at Westmount Mall

SARNIA
London Rd., across from
Lambton Mall

STRATHROY
Caradoc and Ontario

ST. THOMAS
*Talbot and Elgin

MIDWESTERN ONTARIO REGION

CAMBRIDGE
415 Hespeler Rd.

ELMIRA
*53 Arthur

FERGUS
*St. Andrews and Tower

GUELPH
*Wyndham and Cork

KITCHENER
*King and Water

STRATFORD
*Downie and Albert

WATERLOO
Weber and University

Nat Green
Regional Real Estate Manager
Hamilton/Niagara, Central Ontario
and Northern Ontario/Quebec/
Atlantic Regions

HAMILTON/NIAGARA REGION

BURLINGTON
Eastway Plaza,
New and Walkers Line

CALEDONIA
14 Caithness

DUNDAS
King and Sydenham

HAMILTON
Upper James and Bruceedale

NIAGARA FALLS
*Queen and St. Clair

ST. CATHARINES
Midtown Plaza, Welland and Clark

WELLAND
*Main and Cross

CENTRAL ONTARIO REGION

BARRIE
Dunlop and Memorial Square

BRAMPTON
Bramalea Rd. and Steeles
*Main and Queen

HALTON HILLS
*Main and James

MISSISSAUGA
*Highway 10 south of 5

OAKVILLE
*Trafalgar and Lakeshore

OSHAWA
*Simcoe and Bond

RICHMOND HILL
Hillcrest Mall

TORONTO EAST
Shoppers' World
Eglinton and Kennedy

TORONTO NORTH
Yonge and Sheppard

TORONTO WEST
Bloor near Royal York
Markland Wood Plaza
Eglinton W. and Castle Knock
Rexdale near Islington (I.C.I.)

NORTHERN ONTARIO/QUEBEC/ ATLANTIC REGION

KINGSTON
Bath and Gardiners

OTTAWA
Westgate Plaza, Carling and Merivale

MORTGAGE OFFICES

KAMLOOPS
190 - 546 St. Paul

OWEN SOUND
830 - 3rd Ave. E.

TORONTO
Bloor and Jarvis





Canada Trust