FIRST CITY FINANCIAL CORPORATION LTD.

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Annual Meeting

Shareholders are invited to attend the Annual General Meeting, to be held at 10:00 a.m. on Friday, May 18, 1990 in the Four Seasons Hotel, 791 West Georgia Street, Vancouver, British Columbia, Canada.

Financial Highlights

(in millions of dollars – except per share figures)	1989	1988	% Change
For the year ended December 31			
Gross revenue	$ 970.4	$ 842.6	15
Income from operations	69.5	37.6	85
Net income	184.7	39.1	373
Earnings per share*			
Before extraordinary item	1.13	0.70	61
After extraordinary item	3.42	0.70	389
At year end			
Total assets	$6,019.2	$5,217.6	15
Shareholders' equity	465.1	327.5	42
Book value per share*	8.80	5.94	48

*Per share amounts reflect a 3-for-1 stock split in 1989.

Corporate Profile

A diversified investment and holding company, First City Financial Corporation Ltd. has operations in financial services, real estate development and merchant banking, and is active in securities investment and trading. The Company also has interests in several industrial companies.

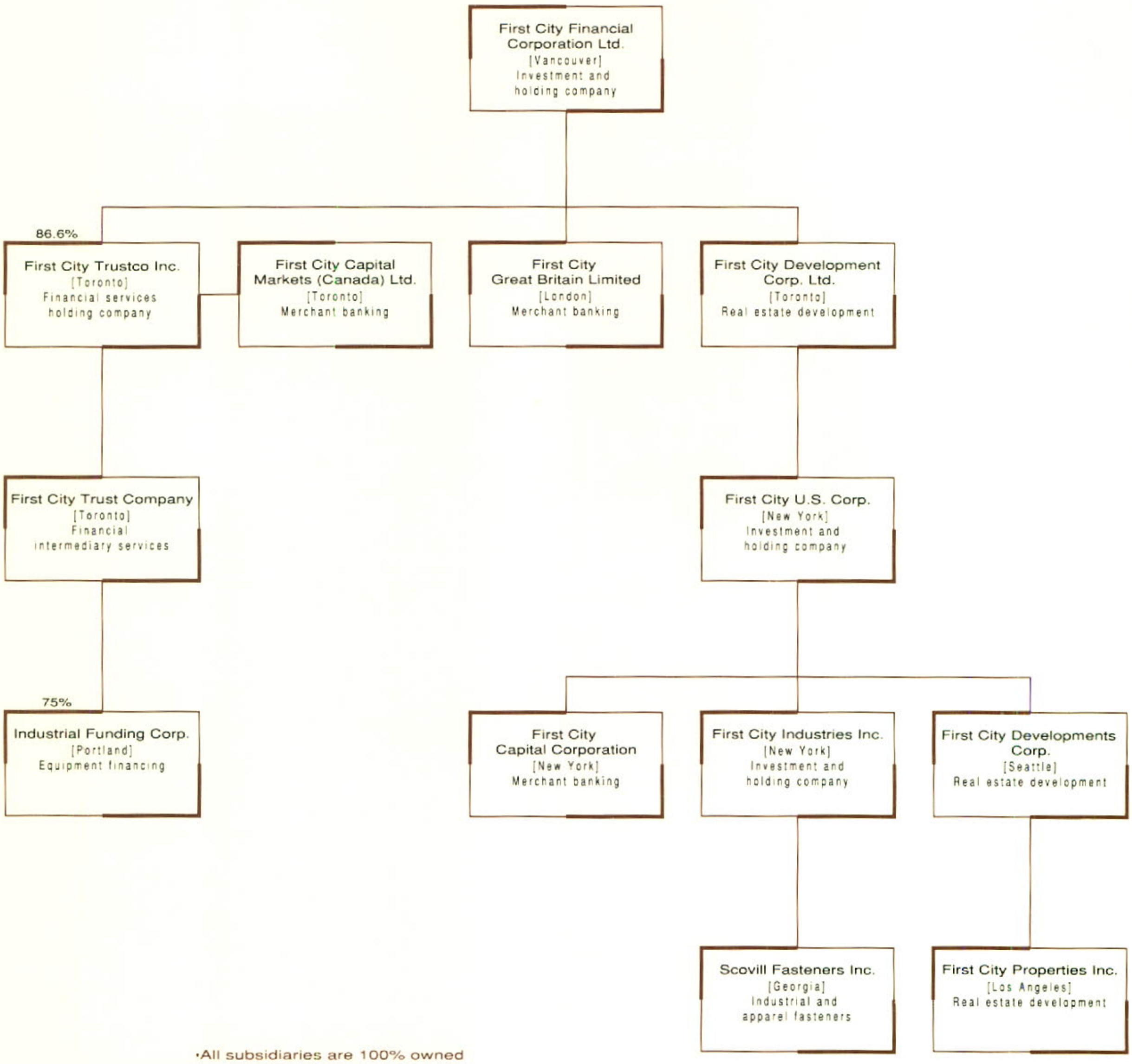
Financial services are provided through First City Trustco Inc., a financial services holding company. First City Trustco's two main operating subsidiaries—First City Trust Company and First City Capital Markets (Canada) Ltd.—provide a range of services that include real estate and equipment financing, commercial lending, personal financial services, and merchant banking.

Through three real estate development subsidiaries based in strategic locations in Canada and the United States, First City invests in, finances, and develops real estate throughout North America.

First City Capital Corporation in New York is the Company's merchant banking and investment management subsidiary.

With headquarters in London, First City Great Britain Limited provides the Company with investment and merchant banking opportunities in Europe.

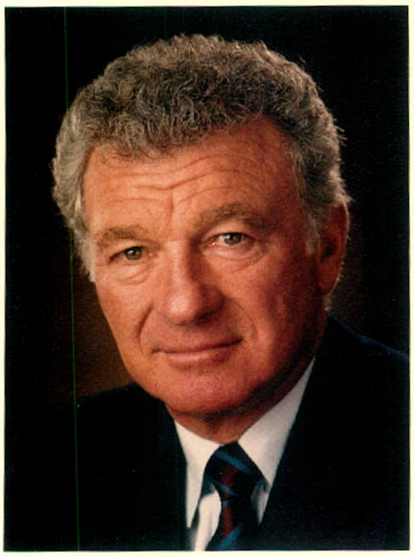
First City Group Principal Operating Subsidiaries



•All subsidiaries are 100% owned except where indicated.

•Place names indicate location of executive offices.

Letter to Shareholders



Samuel Belzberg

This report marks the end of First City Financial's second decade in business. As a Company, we have seen 20 years of increasing success, capped in 1989 by our most successful year ever. First City enters the 1990s on a high note, with earnings last year of $185 million and shareholders' equity of $465 million.

For the past 10 years, First City's performance has led to solid returns for our shareholders. Throughout the 1980s, we held to our objective of building the Company's capital base. Total shareholders' equity of $465 million at the end of 1989, compared to $36 million ten years ago, represents an annual compound growth rate of 29%. The ratio of common equity to total assets was 7.7% at the end of 1989, compared to 3% ten years earlier.

Book value per common share, which is another measure of shareholder value, has grown from $1.06 per share at the end of 1979 to $8.80 per share at the end of 1989, an annual compound growth rate of more than 23.5%.

Shareholders who 10 years ago bought $100 of First City stock have seen the value of their investment climb to $1,116 by the end of 1989. The compound annual return on that investment is 27.3%, excluding dividend reinvestment.

1989 — A Record Year

By almost any measurement, First City Financial's twentieth year in business was its most outstanding. Although details of the Company's financial performance are provided further on in this report, several are worth highlighting:

• Shareholders' equity increased 42% during the year. Growth in operating earnings and the gain from the sale of First City's interest in Cantel Inc. were the major contributors.

• Book value per common share rose to $8.80, an increase of 48% for the year.

• Income from operations of $69.5 million in 1989 was up 85% over the previous year, and at $184.7 million, net income for the year was nearly four times higher than in 1988.

• Market price of the Company's common shares at December 31, 1989 was $11 5/8 — a 50 per cent rise during the year. In November, the Company's stock was split three-for-one, and the annual dividend was increased from 10¢ per share to 14¢ per share.

These results clearly demonstrate our success in achieving a main objective: the creation of value for our shareholders. Although building shareholder value is a primary focus for management, the additional ability to realize this value in tangible form is also important.

Another objective is to broaden the geographic and industrial range of the Company's businesses. We have separated our activities into five main business groups — financial intermediary services, real estate development, securities investment and trading, merchant banking, and manufacturing operations. Each of these business groups has its own management team, and each has a clearly defined business focus and set of financial objectives. Following are highlights of each group's performance last year.

Financial Intermediary Services

First City's financial intermediary services are conducted by First City Trust Company. A year ago, we reported that First City Trust had set out a new growth strategy based on enhanced customer service both to depositors and to borrowers.

Along with the new strategy, the trust company had developed a business plan that concentrated on well-defined market niches within a new business unit structure. In 1989, administrative, credit and other support functions were decentralized to give each business unit greater control of its profitability. As part of this reorganization, marginally profitable products and business activities were discontinued and new, more market-driven products were introduced.

First City Trust's streamlined organization has helped to produce excellent results. Pre-tax earnings from the core financial services business in 1989 were $24.3 million, almost two times higher than the year before. Compared to the previous year, assets at the end of 1989 increased by more than $300 million for a total of $3.9 billion. The trust company's 1990 business plan continues to focus on the delivery of market-sensitive products and services while the financial plan emphasizes income growth from each of its core financial service businesses.

Real Estate Development

Most of First City's real estate activities are conducted by First City Development Corp. Ltd. and its two main U.S. subsidiaries, First City Developments Corp. and First City Properties Inc. In 1989, this group again made a strong contribution to the Company's earnings and, at the same time, added substantial new properties to the group's asset base.

Our real estate development business is a full-service merchant builder involved in all phases of real estate development — land assembly, property development and management, and real estate financing. We continue to develop a wide variety of projects, which are well dispersed geographically, including income properties in Canada and the United States, and land assembly, development and sale, especially on the west coast of both countries.

In one major transaction, the Company, together with a partner, acquired almost 2,000 acres of waterfront property in the San Francisco Bay area. The project includes a mixture of single-family residential lots, multiple-family residential sites, commercial and retail property, and unzoned land. The Company has begun an active sales program for several of the zoned parcels.

We recently grouped all of our U.S. real estate operations under one corporate umbrella, bringing together the real estate assets and management teams of First City Developments Corp. and First City Properties Inc. This combination provides a broader base of assets and financial strength for the U.S. real estate group, and greater focus on our southern California activities.

Securities Investment and Trading

For many years, First City has invested in marketable securities which have been prudently traded as opportunities dictated. In 1989, our securities and investment gains totalled $46 million, compared to $37.3 million a year ago.

The volatility of the world's equity markets resulted in trading losses in the last quarter and it was necessary for the Company to make additional provisions for declines in the value of some securities in its portfolio.

At the end of the year the Company's securities portfolio had a total carrying value of $1,623 million, of which $407 million was held by our financial intermediary operations and $1,216 million by investment subsidiaries and partnerships. The market value of the portfolio at year end was $1,605 million.

Merchant Banking

First City's merchant banking business is conducted by or with the advice of three main subsidiaries: New York-based First City Capital Corporation, Toronto-based First City Capital Markets (Canada) Ltd., and London-based First City Great Britain Limited.

These subsidiaries act as catalysts in realizing value in undervalued situations, whether owned or for acquisition. Over time, they are expected to provide First City with a consistent earnings stream through fee and investment income and ownership of income-producing assets.

Our merchant banks provide a comprehensive range of investment, underwriting, credit, debt and equity placement and advisory services to clients as well as to groups within First City. They offer bridge and subordinated financing to expanding companies and sponsor buyouts and privatizations, usually in partnership with operating management.

In Canada, First City Capital Markets underwrote more than $215 million in commitments during the year. Among this group's major accomplishments in 1989 was the restructuring of Core-Mark International Inc. which produced a substantial investment gain for the Company and for Core-Mark shareholders. An important new investment was made in Marsulex Inc., a company formed by an investor group to continue the activities of C-I-L Ltd.'s sulphur products division. More recently, Capital Markets led a syndicate which provided Westar Group Ltd. with a standby commitment for a successful $95 million rights issue.

Manufacturing

The Company acquired Scovill Inc. in 1985 to diversify First City's range of industrial operations. Since the acquisition, many of Scovill's operating businesses have been sold. Today, the remaining division, Scovill Fasteners Inc., manufactures and markets a wide assortment of fasteners for consumer, industrial, marine and medical applications. Scovill is, in fact, the largest manufacturer of apparel fasteners in the United States. An ongoing capital investment program will help Scovill to consolidate its leadership in apparel fasteners and to build on its reputation as a high-quality supplier to garment manufacturers.

Other Investing Activities

Seven years ago, First City saw the potential for cellular telephone communications in Canada, despite the infancy of the new technology. With other investors, the Company formed the Cantel partnership which obtained licences to develop Canada's only national cellular telephone network. For five years, First City was deeply involved in all aspects of Cantel's operations, helping the fledgling operation to become a major communications force. Early in 1989, the Company completed the sale of its interest in Cantel Inc. to the then major shareholder for a total of $226 million in cash and secured notes. In 1989, the Company reported an extraordinary gain of $123.7 million on this sale.

At year end, the Company had two especially significant investment positions. These investments are a 10.7% holding in Armstrong World Industries, Inc. and a 5.6% interest in Asda Group PLC.

Armstrong is a Pennsylvania-based company that manufactures and distributes floor coverings of vinyl and tile, building products, furniture and industrial products. For the year ended December 31, 1989, Armstrong reported sales of US$2.5 billion, net income of US$188 million, total assets of US$2 billion and total shareholders' equity of US$977 million.

The second significant investment position is in Asda Group PLC, a food and merchandise retail organization based in Britain. Asda was the originator in Britain of the "superstore" concept, and it recently developed a full range of "own label" products. In its latest report for the 28 weeks ended November 11, 1989, Asda reported sales of £1.6 billion, net income of £57 million, total assets of £2.3 billion and total shareholders' equity of £1.1 bilion.

First City has retained advisors to assist it with respect to its investments in Armstrong and Asda. The Company may determine to purchase, in the open market, in privately negotiated transactions or otherwise, additional shares of Armstrong and Asda, depending on price and availability of shares, future developments at both companies, other investment and business opportunities available to First City, and general economic conditions. Depending on the factors described above, First City may also decide to sell all or part of its investments in Armstrong and Asda.

The Year Ahead

As 1989 drew to a close, the North American economy was showing a slower rate of real growth. Winds of economic and political change are sweeping Europe and its neighbours. Concerns for inflation and government deficits in many parts of the world have manifest themselves in high interest rates and in volatile currency and securities markets.

This economic climate continues to have a major influence on the Company's strategic goals. As in the past, we are managing each of our businesses in ways that respond to this unsettled environment. We continue to hold to a consistent set of business objectives and values. Careful attention to asset quality, risk assessment, adequacy of capital, liquidity and business and geographic diversification have been fundamental to First City's achievements in its first 20 years. Our performance has shown this to be a good formula, and we will stay with it.

Samuel Belzberg
Chairman and Chief Executive Officer
Vancouver, British Columbia
March 16, 1990

Financial Intermediary Services

The Company's financial intermediary services are conducted by First City Trust Company and its subsidiaries. First City ranks in the top 10 trust companies in Canada. The company focuses on four main areas of bus ness—real estate financing, equipment financing, commercial lending and individual financial services. Industrial Funding Corp., which is 75% owned by First City Trust, provides equipment financing to mid-sized businesses across the United States.

First City Trust takes a niche approach to its business. Focusing on mid-market commercial clients, it provides a wide range of lending and investment services. First City's mixture of responsive lending and knowledgeable advice has helped form lasting relationships with mid-sized industrial, service and real estate clients. The company specializes in providing a wide range of savings and investment services to individual Canadians interested in maximizing their retirement savings.

First City Trust's real estate financing group continued to focus on construction loans and term mortgages on commercial and multi-unit residential properties in large urban centres. Total new commitments in 1989 were $717 million, 60% of which were fixed rate mortgages on income properties. Fundings for the year were $628 million which, after payouts, led to an increase of over $170 million in the portfolio, or 12% more than last year.

Financial Intermediary Services

(in thousands of dollars)	1989	1988
Revenue	$ 562,440	$ 486,219
Pre-tax operating income	$ 24,324	$ 8,223
Total assets	$3,926,436	$3,597,029
Employees	980	948

In Canada, the equipment financing group underwrote over $400 million of new leases during the year. The group expanded its syndication activity with more than $36 million of equipment financings originated and sold without recourse to other institutions. In the United States, Industrial Funding Corp. achieved record levels of new fundings of US$160 million for the year. Industrial Funding almost doubled its staff to nearly 200 and is now represented in 25 American cities compared to nine the year before. Industrial Funding completed a successful initial public offering of US$23 million during the last quarter, with First City retaining a 75% percent equity interest in the company.

The core of First City Trust's deposit base continued to be retirement savings. During the year, the individual financial services group completed a thorough review of its operations,

First City's careful attention to asset management, risk assessment, and diversification has led to excellent returns for shareholders.


First City Trust
MARSULEX
FIRST CITY CAPITAL MARKETS
FirstCity

including individual products and branch profitability. As a result, three branches were combined into one and one branch was closed. In addition, the management structure of the branch and agent network was changed to make it more efficient and responsive to clients' needs. Despite the reorganization, there was a substantial increase last year in the number of customers and a 10% growth in total deposits.

In the fall of 1989, the company launched a commercial lending group to provide long-term financing to small and medium sized businesses. The group's clients will be established companies whose operations include substantial fixed assets, sales of $5 million to $50 million and several years of profitable operations. It is expected that loans will generally be less than $25 million.

Real Estate Development

The real estate group contributes to growth in shareholder value through the development process, asset sales and refinancings. Exposure is minimized through the use of purchase options and interest rate hedges and, where appropriate, by sharing risk with partners.

The group is organized into three regions: Pacific Northwest Division, including San Francisco, Seattle, Vancouver and Victoria; the Pacific Southwest Division, including Los Angeles, San Diego, Phoenix, and Dallas; and the Eastern Division, including Toronto, Montreal, Chicago, New York, and Florida. The First City Shopping Centre Group operates coast to coast in Canada and in selected Florida markets.

Real Estate Development

(in thousands of dollars)	1989	1988
Revenue	$204,272	$191,058
Pre-tax operating income	$ 42,066	$ 17,237
Total assets	$579,234	$499,529
Employees	308	280

Land Development

In 1989, the Company's main land activity was concentrated in two major acquisitions: Redwood Shores/Island Park and Hunter's Ridge.

Redwood Shores/Island Park, just south of San Francisco, is a joint venture with Kumagai Gumi of Japan. First City expects to service and sell land to be used in the development of at least two million square feet of commercial property and 2,400 residential units. Although the Company expects to build several properties for its own account, the main objective of the project is to service the land for resale to local residential and commercial developers.

Hunter's Ridge in Fontana, California, is a 570-acre parcel of land to be serviced and sold to residential builders for the construction of 2,100 units.

Financial services offered through First City Trust Company focus on lending to mid-market commercial clients and providing savings products to individual Canadians.


RRIFs
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SELF DIRECTED RRSP · RRIF
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FirstCity RealFund
Toronto, Ontario
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Dear Mr. Johnson
FirstCity Trust

First City also was successful in gaining conceptual approval for up to 1,900 units on its Rancho San Miguel property in San Diego County, California, and sales continued in Oak Park in Ventura County, California.

Despite a general real estate slowdown in North America, First City expects its land sales in 1990 to exceed $100 million.

Multi-Unit Residential Properties
At the end of 1989, the Company owned more than 4,400 apartment units which included 1,800 units under development. Seattle, Los Angeles and Tampa are First City's primary multi-family rental markets.

During the year, the Company acquired a 50% interest in a 2,100 apartment unit portfolio in Texas and also completed the rezoning of its 37-acre Harbor at Hastings project from industrial land to mixed use residential and commercial. This waterfront project, close to Manhattan, will include some 500 condominium units and 100,000 square feet of office and retail space.

Office Buildings

Construction and leasing of the 62-storey Gateway Tower in Seattle proceeded on schedule in 1989. The first occupants are expected to be in the building by June 1990.

During the year, First City entered into a joint venture to build a 34-storey office building in downtown Chicago. The site has been rezoned, the building designed and high quality project financing arranged. Construction has begun and the building is 30% preleased for occupancy in mid-1992.

A partnership controlled by First City won a competition in 1989 to build and operate a new cargo facility at Dorval Airport in Montreal. Included in the project will be 700,000 square feet of cargo and office facilities.

Shopping Centres

The First City Shopping Centre Group is the premier strip and neighborhood shopping centre developer in Canada. First City sells some shopping centres through syndication and also retains a portfolio of properties for long-term capital appreciation and as a source of stable cash flow. First City currently owns or manages more than five million square feet of retail space.

In the year ahead, the real estate development group expects markets to soften and will therefore proceed cautiously to implement its plans. First City will build its liquidity to prepare for good acquisition opportunities in 1991. Relationships with major financial

Real estate development has long been a cornerstone of First City's diversified operations. A wide variety of real estate projects are directed from three main offices in North America.

ELECT.
ROOM
STAIR No.2
STAIR No.1
UP DN.
FEMALE

partners and pension funds are being solidified to provide capital for joint ventures with First City, and we expect to establish facilities of between $100 million and $200 million this year.

Securities Investment and Trading

For many years, First City has been active in the investing in and trading of a portfolio of marketable securities. The management of the Company's securities portfolio is based on two separate and distinct objectives.

Securities Investment and Trading

(in thousands of dollars)	1989	1988
Revenue	$ 92,575	$ 69,713
Pre-tax operating income	$ 83,836	$ 50,330
Total assets	$1,321,494	$886,177
Employees	16	10

The first objective is to make conventional investments in a diversified portfolio of bonds, debt instruments and preferred and common shares held for income and capital appreciation. This portfolio is owned by the Company's financial intermediary services group and is managed by their treasury function.

At December 31, 1989, the financial intermediary services portfolio had a carrying value of $407 million and a market value of $395 million. At the end of the year, this portfolio consisted of approximately one-third bonds and debentures and two-thirds common and preferred shares.

The second objective is to invest and trade in a diversified portfolio of equities in companies whose stock is undervalued or undiscovered in the marketplace. First City employs a team of securities analysts who are particularly good at identifying this kind of opportunity. To further diversify this activity, the Company has invested in several arbitrage and investment partnerships that are managed by outside professionals.

At the end of the year, this portfolio had a carrying value of $1,216 million and a market value of $1,210 million. At December 31, 1989, approximately 60% of the portfolio was invested in common shares, preferred shares and partnership funds, with the remainder invested in a diverse range of public and private corporate bonds.

As in past years, this portfolio is heavily weighted toward U.S. securities. For the first time, however, it also includes a significant European component generated by First City's merchant bank in London. For these European securities positions, the Company has employed various currency management techniques to minimize its exposure to currency risk.

First City maintains a securities portfolio which at the end of 1989 had a market value of $1,605 million.


New York
Vancouver
London

These techniques include the use of foreign exchange forward contracts and borrowings in the same currency as the investment.

Although the Company will at times take positions in a broad range of companies and industries, for the past several years First City has made a practice of investing larger amounts in a specific industry or corporate sector with a view to potentially adding a new range of business activities to the group. Two such investments, Armstrong World Industries, Inc. and Asda Group PLC, are included in the above portfolio and are discussed in the Chairman's Letter to Shareholders.

Merchant Banking

Historically, First City has employed its entrepreneurial skills and capital to engage in various non-traditional investment activities. In 1979, these activities were formalized with the establishment of a New York-based merchant banking subsidiary, First City Capital Corporation. In 1987, merchant banking was extended with the formation of First City Capital Markets (Canada) Ltd. In 1988, First City Great Britain Limited was established in London in readiness for economic changes occurring in Europe.

The range of services provided by this group of companies is diverse. It includes activities such as mergers and acquisitions, bridge and other forms of acquisition financing, capital asset financing and investment management. Although each entity draws on the professional skills and resources of First City's corporate offices, every operation has a strong management or advisory team in place and each is assessed as a separate operating unit.

Merchant Banking

(in thousands of dollars)	1989	1988
Revenue	$ 53,268	$22,019
Pre-tax operating income	$ 4,253	$ 4,406
Total assets	$102,936	$75,718
Employees	35	22

Where appropriate, fees are charged to, or direct equity investments, options, warrants or other forms of participation are obtained in the companies to which financial services are provided. In addition to fee income, the right to participate in the client's future increase in value has provided and is expected to continue to provide an important source of income. Two examples of this group's recent activities are discussed below.

Marsulex Inc.

In June 1989, First City Capital Markets (Canada) Ltd., together with a U.S. partner and the managers of a new company, Marsulex Inc., purchased the sulphur products business

The merchant banking activities of First City have been growing steadily, and the Company now has operations in New York, London, and Toronto.


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YYZ
Air Canada
SEQUENCE No.
SEQUENCE
TORONTO
Panasonic
PWR
STO
SND
CHK
CLR
MUTE
RCL
END
YVR
Air Canada
SEQUENCE No.
SEQUENCE
YVR
VANCOUVER
Butler Metal Products
$28,000,000
Increasing Rate Bridge Notes
FIRST CITY CAPITAL MARKETS
FirstCity
$7,500,000 Equity Loan Commitment
$6,900,000 Second Mortgage Financing
First City Capital Markets provided the Equity Loan Commitment and arranged the Second Mortgage Financing
FIRST CITY CAPITAL MARKETS
TORONTO • MONTREAL
FirstCity
Multi Fittings Inc.
(a new company formed by management)
MARSULEX
FIRST CITY CAPITAL MARKETS
FirstCity
MARSULEX
SHARP IQ-7000
MEMORY SAFE GUARD / AUTO POWER OFF
CALENDAR
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of C-I-L Ltd. Marsulex is North America's largest supplier of waste removal services to base metal smelters. Reclaimed sulphur by-products are processed for sale. First City has a 47% equity position in Marsulex.

For the seven months since its formation, Marsulex has reported net income of $1.3 million on sales of $95 million. At December 31, 1989, the company reported total assets of $114 million.

Given current environmental concerns and acid rain legislation, the company's removal services are well positioned to meet increasing demand. First City and Marsulex management are seeking acquisition opportunities to broaden the company's markets and build on its expertise.

Marine Transport Lines, Inc.
In November 1989, Intrepid Acquisition Corp., 25% owned by First City, purchased Marine Transport Lines, Inc. for US$140 million, including the assumption of debt. Marine Transport Lines has a fleet of 57 ships and is the oldest and the third largest independent bulk shipping company based in the United States. At the time of the acquisition, Marine Transport Lines was a public company. For its most recent fiscal year, it reported revenues of US$122 million.

First City Capital Corporation assisted Marine Transport Lines' new management to make its bid for the company and to find additional equity investors and mezzanine financing for the acquisition. First City Capital Corporation also provided long-term financing for the purchase.

Marine Transport Lines has an exceptionally diverse fleet and strong technical management. Through its long-term industrial relationships and joint ventures, it has access to many growth opportunities in the United States and in Europe.

Manufacturing

Scovill Fasteners Inc.
This company manufactures and markets a wide range of fasteners for consumer, industrial, marine and medical applications. It is the leading manufacturer and marketer of apparel fasteners in the United States. The bulk of Scovill's products are sold by the company's own sales force directly to apparel manufacturers for inclusion in finished garments. Additionally, the company leases automated equipment to the manufacturers to attach fasteners to the garments.

Since its acquisition in 1985 Scovill has concentrated on its domestic business, improved operating margins

Among First City's industrial interests are the manufacturing of apparel fasteners and building products, as well as an equity interest in an oil and gas company.


ESPRIT JEANS
STORM RIDER
Lee

and consolidated its U.S. operations into one facility in Georgia, while divesting itself of foreign joint ventures. Through an ongoing capital investment and acquisition program, Scovill intends to consolidate its leadership in apparel fasteners and build on its reputation as a high-quality supplier to garment manufacturers.

Scovill Fasteners Inc.

(in thousands of dollars)	1989	1988
Revenue	$71,585	$ 85,261
Pre-tax operating income	$ 7,134	$ 9,099
Total assets	$90,405	$101,328
Employees	553	498

Operating profits from domestic operations have shown continual improvement since Scovill was acquired, especially in 1988 and 1989 after the plant consolidation. Revenue from domestic sources in 1990 is projected to be US$50 million with corresponding operating profits of US$7 million.

H.H. Robertson Company
First City holds a 24.9% interest in H.H. Robertson, a Pittsburgh-based company, listed on the New York Stock Exchange. Robertson serves commercial, institutional and industrial building markets worldwide in the manufacture and sale of steel roof and floor decks, roofing, siding and exterior wall panels, curtainwalls and windows and pre-engineered buildings. Robertson markets its products through its own international sales force supported by a worldwide network of independent agents and dealers.

For the past several years, Robertson's management has been involved in a major restructuring of the company's various businesses. By getting out of businesses not directly related to the fundamental Robertson building products activities and adding those that extend the scope of existing profitable businesses, Robertson has now positioned itself with three solid operating divisions. The company continues to seek out new opportunities to expand.

For the year ended December 31, 1989, Robertson reported net income from continuing operations of US$4.3 million compared to a loss the previous year of US$33.3 million on total revenue for the year of US$541 million compared to US$414 million a year ago. At year end, Robertson's assets totalled US$308 million compared to US$296 million last year.

Financial Review

Quarterly Financial Information

1989 – For the three months ended

(In thousands of dollars except per share figures – unaudited)	March 31	June 30	Sept. 30	Dec. 31
Revenue				
Interest and dividend income	$117,926	$149,605	$153,760	$151,591
Real estate	69,258	25,906	33,173	85,185
Securities and investment gains	26,578	3,549	27,568	(11,717)
Manufacturing sales	13,648	16,470	18,137	19,801
Fees and other income	13,682	19,573	14,384	22,275
	241,092	215,103	247,022	267,135
Expenses				
Interest on customer deposits	75,618	82,561	82,041	91,966
Bank, term debt and other interest	19,024	28,803	34,120	40,118
Cost of real estate sold and property rental expenses	61,427	17,697	26,983	68,982
Cost of manufacturing sales	9,886	11,842	12,980	16,257
Salaries and employee benefits	16,865	18,314	22,406	20,900
Operating and administrative	22,464	22,120	20,518	26,352
Provision for losses	2,664	4,064	7,024	7,506
Depreciation and amortization	2,983	3,044	3,344	4,361
	210,931	188,445	209,416	276,442
Income (loss) from operations before income taxes	30,161	26,658	37,606	(9,307)
Provision for (recovery of) income taxes	(3,076)	(2,981)	11,731	9,925
Income (loss) from operations	33,237	29,639	25,875	(19,232)
Share of affiliates' operating income and minority interest	(1,545)	(2,425)	(3,069)	(1,449)
Income (loss) before extraordinary item	31,692	27,214	22,806	(20,681)
Extraordinary item	123,662	–	–	–
Net income (loss) for the quarter	$155,354	$ 27,214	$ 22,806	$(20,681)
Per common share (1)				
Before extraordinary item	$ 0.58	$ 0.50	$ 0.46	$ (0.36)
After extraordinary item	$ 2.82	$ 0.50	$ 0.46	$ (0.36)
Weighted average number of common shares outstanding (1,3)	55,097	54,916	54,366	53,989
Common share price (1,2)				
High	$ 8.33	$ 10.29	$ 16.67	$ 14.25
Low	$ 7.50	$ 9.17	$ 13.21	$ 11.50

(1) After giving effect to the three-for-one split in the fourth quarter.
(2) Based on trading on the Toronto Stock Exchange.
(3) Year to date and in thousands of shares.

The consolidated financial statements of the Company begin on page 30 of this report. The following provides further details about the Company's operating results and its financial condition.

Results of Operations

In 1989, income before extraordinary items increased to $61 million, up 56% from $39.1 million in 1988. Income in 1988 was approximately two and one-half times the $15.9 million income of 1987.

Net income before extraordinary items was $1.13 per share, compared to 70¢ per share in 1988 and 28¢ per share in 1987. The improvement in earnings for the past two years is due to the performance of the Company's securities portfolio and real estate operations, improved fee income and increases in spread income in the Company's financial intermediary services business.

The Company sold its interest in Cantel Inc. in 1989, and the gain is shown as an extraordinary item of $123.7 million. This brings net income for the year to $184.7 million, or $3.42 per share. There were no extraordinary items in 1988.

In 1987, a total of $102.5 million, or $1.81 per share, was recorded as extraordinary items. These extraordinary gains were from the sale of two manufacturing subsidiaries in the United States, the use of a subsidiary's tax loss, and a gain from a public issue of shares of First City Trustco Inc.

First City Financial divides its operations into five principal businesses – financial intermediary services, real estate development, securities investment and trading, merchant banking, and manufacturing.

The following table and commentary review the operating results for each of these five businesses and the Company's general corporate interest and overhead expenses over the past three years.

Changes in general corporate interest expense are due mainly to the way in which subsidiaries' activities are financed. Higher interest expense in a given year is the result of borrowings to support

Years ended December 31 (in millions of dollars)	1989	1988	1987
Revenue			
Financial intermediary services	$562.4	$486.2	$447.6
Real estate development	204.3	191.1	265.7
Securities investment and trading	92.6	69.7	20.2
Merchant banking	53.3	22.0	9.7
Manufacturing	71.6	85.3	122.7
Intersegment	(13.8)	(11.7)	(7.0)
	$970.4	$842.6	$858.9
Operating income (loss)			
Financial intermediary services	$ 24.3	$ 8.2	$ 3.3
Real estate development	42.1	17.3	19.6
Securities investment and trading	83.8	50.3	11.9
Merchant banking	4.3	4.4	2.0
Manufacturing	7.1	9.1	(10.1)
Intersegment	(3.8)	(5.6)	6.3
	157.8	83.7	33.0
Unallocated expenses			
General corporate interest	$ 57.8	$ 50.8	$ 66.9
Corporate overhead	14.9	15.3	12.3
	72.7	66.1	79.2
Income (loss) before income taxes	$ 85.1	$ 17.6	$(46.2)
Net income before extraordinary items	$ 61.0	$ 39.1	$ 15.9

larger equity investments in subsidiaries. Lower interest expense reflects reduced capital invested when the subsidiaries have obtained third party financing.

General corporate overhead has increased only slightly over the three-year period, and has declined in 1989, both in absolute terms and as a percentage of revenue. This reflects our continued emphasis on having the individual business segments managed as stand-alone profit centres. This policy, in turn, reduces the necessity for a large corporate staff and cost structure.

Net income before extraordinary items includes tax expense of $15.6 million in 1989, and tax recoveries in 1988 and 1987 of $20 million and $54.5 million respectively. The shift from earlier tax recoveries to a tax expense in 1989 is primarily due to the tax rates in the country in which the income was earned and, to a lesser degree, the generation of a smaller proportion of tax exempt income in our financial intermediary services business.

Revenue Analysis

Diversification is one of the Company's primary techniques for the reduction of business and investment risk. The somewhat more cyclical revenues generated from the real estate development and securities and investment trading operations are balanced by the more stable revenues generated by the financial intermediary services and manufacturing businesses.

Over the past three years, the two latter operations have generated approximately two-thirds of the Company's gross revenue. Revenue from manufacturing operations has declined each year as foreign operations have been sold.

Real estate operations have provided from 21% to 31% of gross revenue over the last three years. The larger real estate component in 1987 was the result of a major land sale in California. A continued focus on the development and retention of income-producing properties should provide a more stable base of real estate revenue in the future.

The Company plans to maintain its emphasis on fee-generating activities in the real estate development and merchant banking businesses and continues to expand its income property holdings. This approach is expected to further reduce the Company's dependence on the more cyclical revenue components of its businesses.

Over the three-year period, Canadian sources have contributed slightly more than half of total revenue, with revenue from sources in the United States making up, for the most part, the balance each year.

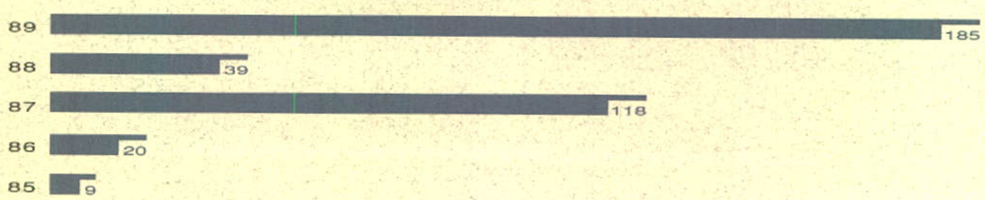
Operating Income Analysis

Financial Intermediary Services

First City's financial intermediary services are conducted by First City Trust Company and its subsidiaries. This group's financial performance in 1989 was stronger than the year before with pre-tax operating income reaching $24.3

Revenue (in millions of dollars)

Net Income (in millions of dollars)



million, almost three times the $8.2 million reported in 1988. The improvement in 1989 is due to a lower dependance on tax-exempt sources of income and an overall improvement in net yields and fees and other income, partially offset by higher operating expenses.

Financial intermediary earnings in 1987 were adversely affected by losses of $5.5 million incurred in the company's real estate operations, which are being wound down. Earnings in 1988 and 1987 were reduced by foreign exchange losses of $11.1 million and $8.5 million, respectively, on U.S. securities portfolios. There were no similar losses in 1989.

Operating expenses in 1989 totalled $92.6 million, an increase of $8.8 million during the year. The largest contributors to this increase were employee costs of $6.6 million and occupancy costs of $2.1 million. A major part of this increase was the cost associated with the growth of the company's U.S. leasing subsidiary, Industrial Funding Corp. During the year, this company increased total staff from 99 to 186, and extended its leasing branches from nine to 25.

The acquisition of the U.S. leasing operation contributed to an increase in operating expenses from $65.5 million in 1987 to $83.8 million in 1988. Costs associated with a major expansion of the company's Toronto operations also contributed to the increase.

Provisions for losses on mortgage and lease loans has grown in each of the past three years, from $8.5 million in 1987 to $11.6 million in 1988 and $13.9 million in 1989. These increases reflect significant growth in the portfolios each year.

Real Estate Development

First City's real estate group invests in and develops real estate in Canada and the United States. This business includes three major areas of operation: acquisition and servicing of land for development or sale, development and management of income properties and building of housing for sale.

This group's contribution to operating income in 1989 was $42.1 million, compared to $17.3 million in 1988 and $19.6 million in 1987. The substantial increase in the current year is due partly to a much larger base of income properties, many of which were owned for the full year in 1989. Also, increased sales activity and prices in the Seattle, Toronto and California markets early in the year contributed to the group's improved performance. In addition, fees earned from joint ventures and from the syndication of shopping malls and multi-unit residential properties increased substantially over those of a year ago.

The slightly higher income in 1987 compared to 1988 resulted from the previously mentioned sale in 1987 of a large phase of the Oak Park project, the Company's land development project near Los Angeles.

Securities Investment and Trading

The operating income for this group comes from investment in, trading and management of the Company's portfolio of marketable securities. The securities portfolio owned and managed by the financial intermediary business is not included in this segment but is included in that group's earnings. Interest expense incurred on bank and other borrowings related to the acquisition of the Company's securities portfolio is deducted in determining this segment's revenue and operating income.

This group's investment in securities has risen dramatically over the past three years, from a post-1987 crash level of $396 million, to $543 million at the end of 1988 and $1.2 billion at the end of 1989. At the

Net Operating Income (in millions of dollars)

same time, there has been a corresponding increase in revenue each year, from $20.2 million in 1987 to $69.7 million in 1988 and $92.6 million in 1989. Similarly, operating income has risen over the past three years.

The current year's operating income of $83.8 million increased by $33.5 million from a year ago as a result of several factors. The sale of the Company's investment in Cantel generated $226 million in cash and interest-bearing notes. Much of the cash was used to purchase securities, and interest earned on the notes is included in this segment's income. In addition, during the year, this group sold an investment in Scovill Japan for a pre-tax gain of $46.9 million.

During the year, however, the Company made significant investments in Armstrong World Industries, Inc. and Asda Group PLC, both of which are discussed elsewhere in this report. The interest cost of carrying these investments, net of dividends received, is deducted from revenue and income.

The volatility of the world's stock markets in the last half of 1989 also had an affect on the group's investment portfolio. In both the third and fourth quarters, the Company reviewed its securities portfolio in detail and made significant provisions for losses for estimated declines in the value of individual holdings.

The increase in income in 1988 over 1987 reflects, in part, a significantly higher level of investment. In addition, the 1987 results were adversely affected by trading losses and provisions for declines in value arising from the October 1987 stock market crash.

Merchant Banking

From a modest beginning in 1979 in New York, the Company has continued to expand this facet of its business. Nineteen eighty-eight was the first year of full operation of our Toronto operation, and 1989 was the first full year of operation for London. This group's long-term mandate is to provide First City with a consistent earnings stream through fee and investment income and ownership of income-producing assets.

The increasing revenue generated by this segment over the past three years has not been reflected in a significant increase in operating income for the following reasons: the cost of starting up in Toronto and London has been fully absorbed in these results; interest expense related to an increasing portfolio of assets has been charged to operating results; and the potential increase in the value of investments will not be recognized until the investment is sold to third parties.

Manufacturing

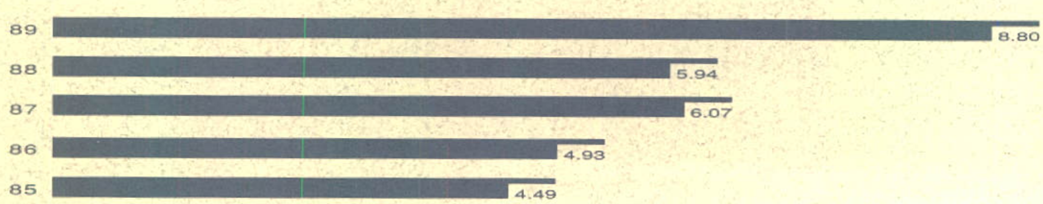
This business segment now consists of the fasteners operations acquired in the 1985 purchase of Scovill Inc. Over the past four years, several of the operating divisions and foreign joint ventures of Scovill have been sold, and the sales of these operations account for the three-year decline in manufacturing revenue.

From 1988 to 1989, operating income dropped as the result of the sale of t company's Mexican fastener division. This operation was a significant contributor to Scovill's operating earnings, but at the same time subjected the company to severe currency risks. The 1987 loss from operations was due primarily to costs associated with the restructuring and relocation of Scovill's fasteners business.

Balance Sheet Analysis

First City's total assets rose 15% from $5.2 billion in 1988 to $6 billion in 1989.

Book Value Per Share (in dollars)



Financial intermediary assets rose 9%, from $3.6 billion to $3.9 billion. A $318 million growth in the group's lease and mortgage portfolio accounted for the increase. A decline of $97 million in this segment's securities portfolio was offset by a corresponding increase in liquidity in the form of cash and short-term notes. The majority of the year's asset growth was financed by $303 million of additional customer deposits.

Real estate assets grew by $80 million during the year to $579 million. A $49 million net investment was made in income-producing properties, in particular office towers in Vancouver and Seattle and a series of small shopping centres in Eastern Canada. The acquisition of assets was financed by general bank and specific project debt.

The securities investment and trading assets increased from $886 million in 1988 to $1,321 million in 1989. A substantial part of this increase results from the investments in Armstrong World Industries, Inc. and Asda Group PLC. In addition, notes of $113 million received on the sale of the investment in Cantel Inc. are included in this portfolio. The increase in this portfolio was financed from existing cash resources and those generated by earnings, cash received from the Cantel sale and a combination of bank and broker margin facilities.

Liquidity and Capital Resources

Funds from operations for the year totalled $124 million, compared to cash of $7 million used for operations a year ago. The increase in cash from operations is due primarily to improved earnings in the Company's larger business segments, especially those in which tax liabilities have been deferred to future years. This tax deferral has increased cash from operations by $57 million compared to 1988.

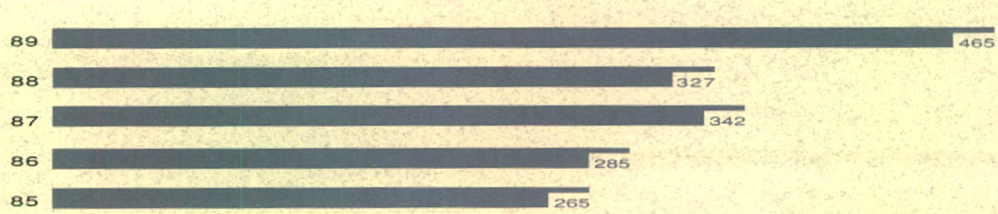
The Company maintains a substantial portion of its assets in cash, cash equivalents and marketable securities. At December 31, 1989, the Company had cash and cash equivalents of $513 million, a portfolio of marketable securities of more than $1.6 billion and authorized credit facilities of $950 million. The latter category includes commercial paper facilities of $230 million, and unsecured bank lines of credit of $390 million. In addition, marketable securities can be pledged to other financial institutions, generally on the basis of a 50% margin.

First City actively manages its liability profile, taking into account the financial nature of a substantial portion of its assets. To avoid excessive reliance on any single source of funding, the Company diversifies its credit sources by term and country of origin. The Company acquires assets domiciled in currencies other than those generated by operations, which are primarily Canadian and U.S. dollars. In this case, the Company will generally borrow in the same currency as the asset or use appropriate financial instruments to reduce its exposure to currency risk.

The Company's equity base increased to $465 million during the year, a net increase of $138 million or 42%. Offsetting

Total Assets (in millions of dollars)

Shareholders' Equity (in millions of dollars)



the $179 million in earnings retained in the business, the Company continued during the year to purchase its stock under its normal course issuer bid. In 1989, the Company purchased 2.33 million of its shares at a total cost of $24.5 million.

First City's principal financial commitments are for interest and principal repayments on its short-term and long-term debt obligations. At the end of the year, amounts due to banks totalled $441 million, of which $179 million was secured by specific assets and the remainder consisted of unsecured bank lines and commercial paper. As the Company continues to maintain significant investment positions, there will be a continued high level of interest expense related to the investments, net of any dividends received.

First City has paid discretionary cash dividends on its common shares at a rate of no greater than $7.4 million per year, based on presently outstanding shares. There are no capital expenditure programs of any significance in the Company. Outstanding lease and mortgage financing commitments in the financial intermediary services segment are funded in the ordinary course of business by increased customer deposits.

At December 31, 1989, term debt totalled $1,186 million. Of this amount, $304 million related to securities and finance receivables and will be retired from cash provided from the collection of the related receivables or from the sale of the investment. Term debt of $203 million related to real estate projects will be retired from the sales proceeds of the related assets, assigned to the purchaser or refinanced, as appropriate.

A large portion of the Company's term debt related to securities and real estate is non-recourse, a fact that provides additional confirmation to management of the carrying value of the Company's assets.

Business Environment and Outlook

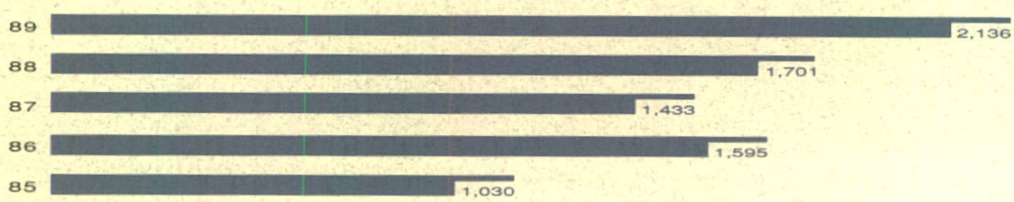
First City's main businesses are each affected by different economic factors, including financial market conditions, the level and volatility of interest rates, currencies and investment valuations. However, First City's asset portfolio is diversified both by business segment and geographic area. Historically, the Company has been committed to this strategy of diversification which has helped to mitigate the effects of business and economic cycles.

As with any company that has a substantial investment in financial assets, real estate and investment securities, a key to success is the ability to recognize and underwrite investments based on real value. First City has a policy of investing in assets and businesses which generally provide three fundamentals: hard assets, cash flow and management.

In recent years, inflation has not had a material affect on the Company's operations, other than to improve certain asset values, particularly in the case of real estate owned or real estate underlying the Company's mortgage portfolio. The potential impact of inflation on the Company can be quite pronounced in the financial intermediary sector. In the past, major changes in the inflation rate have led to material changes in the borrowing and savings preferences of customers. First City attempts to control the potential effects of these changes by closely monitoring and managing its asset-liability maturities and interest rate risk.

The Company's financial intermediary business is regulated and subject to periodic review by various government bodies. Although there is a great deal of legislation either newly introduced or pending, First City is not aware of any existing or proposed changes that will adversely affect its current business activities and the ability to expand its operations.

Cash and Marketable Securities (in millions of dollars)



Management's Responsibility for Financial Reporting

These consolidated financial statements, including the financial and other operating information in this annual report, have been prepared by management. Management is responsible for the integrity, objectivity and reliability of such information, including the use of estimates and judgements consistent with the application of generally accepted accounting principles in Canada.

Management maintains accounting procedures and systems of internal control designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and that the financial records are reliable for preparing the financial statements.

The Board of Directors, through the Audit Committee of independent directors, reviews financial statements and monitors management's responsibility for financial information and internal control systems. The Audit Committee meets independently on a regular basis with management and the auditors of the Company.

The Company's principal financial intermediary subsidiary, First City Trust Company, is subject to periodic review by the Superintendent of Financial Institutions, the Canada Deposit Insurance Corporation, the Director of Trust Companies of Alberta, and provincial regulators in the provinces in which it carries on business.

Deloitte & Touche, the independent auditors of the Company, have examined the consolidated financial statements of the Company in accordance with generally accepted auditing standards and their opinion is presented below. The auditors have full and free access to management and the Audit Committee with respect to their findings concerning the fairness of financial reporting and the adequacy of internal controls.

Sam Belzberg

Samuel Belzberg
Chairman and
Chief Executive Officer

G. Lancaster

W. Gordon Lancaster
Executive Vice President
and Chief Financial Officer

Auditors' Report

To the Shareholders of
First City Financial Corporation Ltd.:

We have examined the consolidated balance sheets of First City Financial Corporation Ltd. as at December 31, 1989 and 1988, and the consolidated statements of income, retained earnings and changes in financial position for the years then ended. Our examinations were 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 position of the company as at December 31, 1989 and 1988, and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the changes in accounting policies as described in Note 1 to the consolidated financial statements, on a consistent basis.

Deloitte & Touche

Chartered Accountants
February 26, 1990
Vancouver, Canada

Consolidated Balance Sheets

December 31, 1989 and 1988 (in thousands of dollars)	Note	1989	1988 (restated)
Assets			
Cash and short term investments		$ 512,689	$ 653,190
Securities	3	1,623,134	1,047,687
Finance receivables and other loans		1,326,601	1,197,740
Mortgages		1,660,636	1,488,236
Real estate	4	611,476	541,864
Accounts receivable		94,798	94,866
Investment in affiliated companies	5	23,389	23,519
Other assets	6	166,476	170,484
		$6,019,199	$5,217,586
Liabilities			
Customer deposits		$3,283,190	$2,980,520
Bank indebtedness and commercial paper	7	440,712	474,812
Accounts payable and other		457,898	279,397
Due to related parties	8	34,656	35,038
Term debt	9	1,186,109	1,012,510
Deferred income taxes		89,348	23,430
Minority interest	10	62,138	84,407
		5,554,051	4,890,114
Contingencies	20		
Shareholders' Equity			
Capital stock	11	75,593	75,320
Contributed surplus		17,402	17,402
Retained earnings		484,358	305,531
Unrealized foreign currency translation	12	(61,778)	(44,816)
		515,575	353,437
Less cost of common shares held in treasury	11	50,427	25,965
		465,148	327,472
		$6,019,199	$5,217,586

Approved by the Board:

Sam Belzberg

Samuel Belzberg
Director

F. D. Jones

Frank D. Jones
Director

Consolidated Statements Of Retained Earnings

Years ended December 31, 1989 and 1988 (in thousands of dollars)	Note	1989	1988
Balance, Beginning of Year, as Restated	1	$305,531	$272,134
Net Income for the Year		184,693	39,060
		490,224	311,194
Share Issue Costs of Subsidiary Company		–	83
Common Share Dividends		5,866	5,580
Balance, End of Year		$484,358	$305,531

Consolidated Statements Of Income

Years ended December 31, 1989 and 1988 (in thousands of dollars)	Note	1989	1988 (restated)
Revenue			
Interest and dividend income		$572,882	$453,413
Real estate		213,522	226,789
Securities and investment gains		45,978	37,261
Manufacturing sales		68,056	82,084
Fees and other income		69,914	43,073
		970,352	842,620
Expenses			
Interest on customer deposits		332,186	285,796
Bank, term debt and other interest	13	122,065	101,688
Cost of real estate sold and property rental expenses		175,089	188,659
Cost of manufacturing sales		50,965	54,393
Salaries and employee benefits		78,485	67,933
Operating and administrative		91,454	89,901
Provision for losses		21,258	23,435
Depreciation and amortization		13,732	13,208
		885,234	825,013
Income From Operations Before Income Taxes		85,118	17,607
Income Taxes (Recovery)	14	15,599	(19,955)
Income From Operations		69,519	37,562
Share of Operating (Loss) Income of Affiliated Companies	5	(696)	1,374
Income Before Minority Interest and Extraordinary Item		68,823	38,936
Minority Interest		(7,792)	124
Income Before Extraordinary Item		61,031	39,060
Extraordinary Item	15	123,662	–
Net Income For the Year		$184,693	$ 39,060
Earnings per Common Share	16		
Before extraordinary item		$ 1.13	$ 0.70
After extraordinary item		$ 3.42	$ 0.70

Consolidated Statements Of Changes In Financial Position

Years ended December 31, 1989 and 1988 (in thousands of dollars)	Note	1989	1988 (restated)
Operating Activities			
Increase in customer deposits		$302,670	$190,562
(Increase) in investments			
Securities		(604,585)	(305,690)
Finance receivables and other loans		(139,438)	(171,444)
Mortgages		(183,045)	(82,402)
Real estate		(71,265)	(28,097)
Investment in affiliated companies		(566)	(2,736)
		(998,899)	(590,369)
Income before extraordinary item adjusted for non-cash items and dividends paid	17	124,215	(6,704)
Other			
Bank indebtedness and commercial paper		(34,100)	(39,659)
Term debt – secured		216,113	44,081
Accounts payable, accounts receivable and other		164,571	475,723
		346,584	480,145
Total cash (used in) provided by operating activities		(225,430)	73,634
Financing Activities			
Issue of common shares by subsidiaries		27,109	3,811
Term debt – unsecured		(41,125)	(93,860)
Redemption of preferred shares by a subsidiary		(55)	(534)
Purchase of treasury shares	11	(24,462)	(6,818)
Purchase of common shares by a subsidiary for cancellation		(8,502)	(7,320)
		(47,035)	(104,721)
Investing Activities			
Investment in additional shares of subsidiaries		(42,557)	–
Disposal of investment in Cantel Inc.	15	198,465	–
Other assets		(23,944)	(20,305)
		131,964	(20,305)
Decrease in Cash and Short Term Investments		140,501	51,392
Cash and Short Term Investments, Beginning of Year		653,190	704,582
Cash and Short Term Investments, End of Year		$512,689	$653,190

December 31, 1989 and 1988 (All tabular figures are expressed in thousands of dollars)

Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and reflect the following policies:

Basis of consolidation and presentation
The consolidated financial statements include the accounts of the company and all of its subsidiaries. The company accounts for its investment in affiliated companies, partnerships and joint ventures using the equity method. Under this method, the company's share of earnings and losses of these entities is included in income and the company's investment therein adjusted by a like amount. Dividends received from affiliated companies and drawings from joint ventures and partnerships reduce the investment accounts.

Securities
Bonds and debentures are carried at amortized cost and shares are carried at cost less provisions for permanent declines in value. The company has invested in various discretionary investment partnerships which under generally accepted accounting principles report the results of their activities on a current market value basis. The company accounts for its investment in these partnerships using the equity method.

Loans and finance receivables
Mortgages and other loans are carried at the principal amount plus accrued interest, less repayments, deferred fees and reserves. Income is recorded on an accrual basis.

Finance receivables are carried at the gross rental receivable amount less repayments, unearned income and reserves. Unearned income on finance receivables is amortized to income over the lease term so as to yield a constant rate of return on the declining balance of the finance receivable.

Real estate
Income properties are carried at cost. Where the income properties are developed by the company, all costs incurred are capitalized until the property has been completed. A property is deemed completed when approximately 70% rental occupancy is achieved, subject to a reasonable maximum time period.

Housing is carried at the lower of cost and estimated net realizable value. Land held for sale and foreclosed property are carried at the lower of cost and estimated net realizable value. Land held for income property development is carried at cost.

The company capitalizes direct carrying costs related to real estate projects including specific interest, property taxes, legal fees, and general and administrative expenses that are clearly identified with those projects. In addition, a portion of non-specific interest is allocated to projects. Net rental income from any project that is under development is capitalized until such time as that project is completed or sold. Capitalization ceases when a project has reached its net realizable value.

Revenue from the sale of housing units is recognized when construction is completed, the unit is accepted by the purchaser, the purchaser has assumed all existing debt obligations related to the unit and an appropriate down payment has been received.

Revenue from the sale of land and income properties is recognized when all material requirements of the sale agreement have been met, the risks of ownership have passed to the purchaser and an appropriate down payment has been received.

Manufacturing inventory

Manufacturing inventory is recorded at the lower of cost and net realizable value. Manufacturing inventory cost is determined substantially under the last-in, first-out method.

Foreign currency translation

Foreign currency assets and liabilities are translated at the rate of exchange prevailing at the balance sheet date. Revenue and expenses are translated at the average monthly exchange rate. Gains or losses from exchange translations are included in income except for gains or losses resulting from the company's net investment in self-sustaining foreign subsidiaries and gains or losses from the translation of long term foreign currency debt. Gains or losses arising from investments in self-sustaining foreign subsidiaries are deferred in the shareholders' equity section of the balance sheet while gains or losses arising from long term foreign currency debt are deferred and amortized over the remaining term of the debt.

Interest rate swaps and future rate agreements

Interest rate swaps, future rate agreements and other hedging strategies are used to reduce the risk of interest rate movements. Gains or losses arising from the hedge transactions relating to interest rate risk are deferred and amortized over the period of interest rate risk exposure. Interest rate swaps, future rate agreements and other off balance sheet transactions are also undertaken to establish trading positions. Such positions are valued at prevailing market rates with gains or losses recorded in income.

Fee income

The portion of loan fees received that relates to expenses incurred or underwriting or other services performed is recognized as income upon receipt. Fees associated with lending activities are recognized as revenue over the expected term of the loan.

Fee income from real estate financing receivables is recorded at the time of making a firm commitment to fund a loan. Participation income is recognized as earned and reported according to the stipulations in the loan agreement.

Depreciation and amortization

Operating income properties in Canada are depreciated principally on a 40 year sinking fund basis, and in the United States on a 40 year straight-line basis. The sinking fund depreciation charge, which increases annually, consists of a fixed annual sum together with an amount equivalent to interest compounded at the rate of 4% per annum so as to fully depreciate the operating income properties over their estimated useful lives.

Fixed assets are depreciated on a straight-line basis over their estimated useful lives, ranging from 3 to 40 years; leasehold improvements are amortized on a straight-line basis over the terms of the related leases.

Finance costs connected with debt offerings are amortized on a straight-line basis over the term of the related debt.

Goodwill is amortized using the straight-line method over 40 years.

December 31, 1989 and 1988 (All tabular figures are expressed in thousands of dollars)

1. Changes in Accounting Policies

Commencing this year, to more properly reflect the full range of the company's business activities, the financial statements of the company's wholly owned manufacturing subsidiary, Scovill Inc., have been consolidated with those of the rest of the group. This subsidiary was previously accounted for by the equity method. This change has been applied retroactively with the effect that total assets and total liabilities at December 31, 1988 have both increased by $254 million, and revenue and expenses for the year ended December 31, 1988 have increased by $110.5 million and $114.5 million respectively. There is no effect on previously reported net income or retained earnings as a result of this change.

In 1989, a subsidiary company changed its method of accounting for fees associated with lending activities to conform to the new accounting guideline of The Canadian Institute of Chartered Accountants. Certain fees, previously recorded as income at the inception of a loan, are now deferred and recognized as income over the term of the loan. This change has been applied retroactively, with the effect that retained earnings at the beginning of 1989 and 1988 have been reduced by $3,302,000, and $2,086,000 respectively. As at December 31, 1988 amounts previously reported for mortgages, deferred income taxes and minority interest have been decreased by $7,861,000, $3,912,000 and $647,000 respectively. This change has decreased net income in the current year and 1988 by $256,000 and $1,216,000 respectively.

2. Acquisitions

On November 9, 1988 First City Acquisition Corp. ("Acquisition"), a wholly owned subsidiary, commenced an offer to purchase for cash all of the outstanding shares of common stock of First City Industries Inc. ("Industries"), a 75.4% owned subsidiary, at a cash price of U.S. $13.10 per share. On January 4, 1989, Acquisition accepted for payment all shares properly tendered pursuant to the offer. These shares represented more than 99% of the outstanding common shares of Industries. On January 30, 1989 Acquisition merged with and into Industries. In the merger each share of Industries not owned by Acquisition was converted into the right to receive U.S. $13.10 per share in cash.

3. Securities

	1989		1988	
	Carrying Value	Market Value	Carrying Value	Market Value
Government and corporate bonds	$ 582,370	$ 558,509	$ 205,946	$ 191,623
Common shares	838,410	842,433	563,110	573,584
Preferred shares	139,075	140,822	216,365	212,274
Partnership funds	63,279	63,279	62,266	62,266
	$1,623,134	$1,605,043	$1,047,687	$1,039,747

4. Real Estate

	1989	1988
Income properties		
Under development	$160,385	$107,422
Operating – net of accumulated depreciation of $6,274,000 (1988 – $6,793,000)	120,381	124,371
Housing	43,303	74,415
Land	137,702	121,184
Investment in and advances to joint ventures and partnerships	112,241	99,971
Real estate financing receivables	3,248	9,054
Foreclosed property	34,216	5,447
	$611,476	$541,864

Depreciation on income properties charged to income for the year amounted to $2,112,000 (1988 – $2,689,000).

Subsidiary companies' share of real estate joint venture and partnership assets, liabilities, revenues and expenses is as follows:

	1989	1988
Assets	$517,010	$262,306
Liabilities	404,769	162,335
Revenues	66,146	102,452
Expenses	58,928	79,401

Included in real estate revenue in the consolidated statement of income for the year ended December 31, 1989 is the company's share of income from joint ventures and partnerships in the amount of $7,218,000 (1988 – $23,051,000).

In certain joint ventures and partnerships the subsidiary companies are contingently liable for the remaining portion of liabilities. The amount of this contingent liability at December 31, 1989 is approximately $378 million against which the subsidiary companies would have claims on the related assets which, in total, are sufficient to meet these obligations.

5. Investment in Affiliated Companies

The company's investment in American Eagle Petroleums Ltd. (43% owned) at December 31, 1989 is $23,389,000 (1988 – $23,519,000).

The following summary information has been taken from the audited financial statements of American Eagle Petroleums Ltd.:

	1989	1988
Total assets	$114,279	$118,017
Shareholders' equity	56,559	63,168
Revenue	16,012	9,967
Company share of loss from operations	696	–

December 31, 1989 and 1988 (All tabular figures are expressed in thousands of dollars)

6. Other Assets

	1989	1988
Fixed assets		
Cost – Manufacturing	$ 58,094	$ 50,963
– Other	52,480	50,150
	110,574	101,113
Accumulated depreciation	(38,930)	(36,726)
	71,644	64,387
Other assets		
Unamortized debt financing costs	17,259	19,238
Manufacturing inventory	16,139	16,688
Goodwill	23,705	18,815
Prepaid expenses	11,487	6,320
Assets held for sale	1,984	20,373
Other	24,258	24,663
	94,832	106,097
	$166,476	$170,484

Depreciation and amortization of fixed assets charged to income for the year amounted to $10,808,000 (1988 – $10,422,000).

Amortization of debt financing costs charged to income for the year amounted to $4,510,000 (1988 – $4,144,000).

7. Bank Indebtedness and Commercial Paper

	1989	1988
Bank indebtedness		
Secured by:		
Securities	$ 59,779	$117,832
Real estate	54,167	123,183
Finance receivables	13,256	95,702
	127,202	336,717
Unsecured		
General	172,143	99,670
Commercial paper		
Secured by finance receivables	51,499	–
Unsecured	89,868	38,425
	$440,712	$474,812

The majority of the bank indebtedness bears interest at rates which vary with bank prime rate. The weighted average rate of interest at December 31, 1989 was 12.0% (1988 – 10.4%).

The bank indebtedness on real estate is secured by a demand debenture providing a first floating charge over all the assets of two real estate subsidiaries, First City Development Corp. Ltd. and First City Realty Investment (1987) Ltd.

Commercial paper bears interest at fixed rates of which the weighted average rate at December 31, 1989 was 9.5% (1988 – 9.3%).

8. Due to Related Parties

The amounts due to corporate controlling shareholders of the company have no specific terms of repayment and bear interest at a weighted average rate of 11.4% (1988 – 11.5%). Total interest for 1989 was $4,412,000 (1988 – $3,461,000).

9. Term Debt

	1989	1988
Secured by:		
Securities	$ 110,058	$ –
Finance receivables	172,888	91,805
Mortgages	21,517	31,087
Income properties	166,243	126,028
Housing	8,583	15,701
Land	28,549	27,104
	507,838	291,725
Unsecured		
Senior		
8.25% Bonds – due 1992	–	39,715
8.75% Dual currency bonds – due 1992 or 1994	67,622	67,609
11.75% Senior notes – due 1993	28,700	28,700
7.75% Dual currency bonds – due 1993 or 1995	68,959	68,940
6% Bonds – due 1994	60,088	63,544
5.25% Bonds – due 1995	56,332	59,572
Other	–	562
	281,701	328,642
Subordinated		
9.42% Senior subordinated notes – due 1991	112,607	115,032
11.375% Subordinated notes – due 1994	25,000	–
11.8% Subordinated notes – due 1994	32,588	36,685
14.5% Senior subordinated notes – due 1995	81,973	83,606
6% Subordinated notes – due 1996	55,071	60,784
16% Subordinated debentures – due 1999	62,548	76,663
Other	3,210	2,909
	372,997	375,679
Unamortized foreign exchange gain	23,573	16,464
	$1,186,109	$1,012,510

9. Term Debt (continued)

Secured term debt bears interest at a weighted average rate of 10.6% (1988 – 10.0%).

The 8.75% dual currency bonds totalling $67,622,000 (US $58,370,000) are payable as to principal in US dollars and as to interest in Swiss francs. At the date of issue, the bonds had a face value of 110,000,000 Swiss francs. The bonds are repayable in February 1992, which date may be extended to February 1994 at the bondholders' option.

The 11.75% senior notes totalling $28,700,000 were issued by a subsidiary, First City Trustco Inc., and are repayable in 1993.

The 7.75% dual currency bonds totalling $68,959,000 (US $59,524,000) are payable as to principal in US dollars and as to interest in Swiss francs. At the date of issue, the bonds had a face value of 130,000,000 Swiss francs. The bonds are redeemable in August 1993 at either the bondholders' or the company's option and otherwise are repayable in August 1995.

The 6% bonds totalling $60,088,000 are payable as to principal and interest in Swiss francs. At the date of issue, the bonds had a face value of 80,000,000 Swiss francs. The bonds are redeemable after December 8, 1991 at the option of the company at par plus a decreasing premium.

The 5.25% bonds totalling $56,332,000 are payable as to principal and interest in Swiss francs. At the date of issue, the bonds had a face value of 75,000,000 Swiss francs.

The 9.42% senior subordinated notes totalling $112,607,000 (US $97,000,000) were issued by a subsidiary, First City Industries Inc. The 9.42% senior subordinated notes are redeemable after May 15, 1989 at the option of the subsidiary company at par and otherwise are repayable on May 15, 1991.

The 11.375% subordinated notes totalling $25,000,000 were issued by a subsidiary, First City Trust Company, and are repayable in 1994.

The 11.8% subordinated notes totalling $32,588,000 (US $28,071,000) were issued by a subsidiary, First City Industries Inc. ("Industries"). The subordinated notes are redeemable at the option of the subsidiary company at par. Through the operation of a sinking fund, Industries must redeem US $571,000 from January 15, 1992 to January 15, 1993. The subordinated notes are otherwise repayable on January 15, 1994.

The 14.5% senior subordinated notes totalling $81,973,000 (US $70,500,000) were issued by a subsidiary, Scovill Inc. The 14.5% senior subordinated notes are redeemable, at par plus a declining premium ranging from 104.14 in 1990 to 100 in 1992, at the subsidiary company's option. Through the operation of a sinking fund, Scovill Inc. must redeem US $8,000,000 from August 15, 1993 to August 15, 1994. The 14.5% senior subordinated notes are otherwise repayable on August 15, 1995.

The 6% subordinated notes totalling $55,071,000 were issued by a subsidiary, First City Trust Company, and are payable as to principal and interest in Swiss francs. At the date of issue, the notes had a face value of 75,000,000 Swiss francs. The 6% subordinated notes are repayable in May 1996 . During the year foreign exchange contracts were entered into which established an effective interest rate of 12.28% in Canadian dollars.

The 16% subordinated debentures totalling $62,548,000 (US $53,835,000) were issued by a subsidiary, Scovill Inc. The 16% subordinated debentures are redeemable, at par plus a declining premium ranging from 108.73 in 1990 to 100 in 1996, at the subsidiary company's option. Scovill Inc. must redeem US $16,335,000 from August 15, 1997 to August 15, 1998. The 16% subordinated debentures are otherwise repayable on August 15, 1999.

Term debt related to real estate projects will be retired from the sales proceeds of the related assets, assigned to the purchaser or refinanced, as appropriate. Term debt related to securities and finance receivables will be retired from cash provided from collection of the related receivables.

Approximate repayments on all term debt are as follows:

	Securities and Finance Receivables	Real Estate	Other	Total
1990	$ 41,412	$131,778	$ 3,210	$ 176,400
1991	171,025	50,042	112,607	333,674
1992	38,393	1,593	72,676	112,662
1993	25,799	8,733	106,814	141,346
1994	27,740	3,990	130,385	162,115
1995 and thereafter	94	7,239	252,579	259,912
	$304,463	$203,375	$678,271	$1,186,109

10. Minority Interest

	1989	1988
Minority interest in subsidiary companies		
Common shareholders	$42,127	$64,341
Preferred shareholders	20,011	20,066
	$62,138	$84,407

11. Capital Stock

Preferred shares

The company is authorized to issue 25,000,000 First Preferred Shares without par value issuable in series and 25,000,000 Second Preferred Shares without par value issuable in series. The company's directors have designated 12,500,000 shares as $0.6125 First Preferred Shares, Series A with an issue price of $5.00 each and 12,500,000 shares as $1.75 Convertible Second Preferred Shares, Series 1 with an issue price of $20.00 each.

No preferred shares are outstanding.

Common shares

The company is authorized to issue 150,000,000 Class A common shares without par value. On November 9, 1989, the Class A common shares were subdivided on a three for one basis.

December 31, 1989 and 1988 (All tabular figures are expressed in thousands of dollars)

11. Capital Stock (continued)

	Number of Class A Common shares	Paid-up Value
Issued, December 31, 1987	20,193,715	$75,047
Issued on exercise of stock options	20,000	273
Issued, December 31, 1988	20,213,715	75,320
Issued on exercise of stock options	20,000	273
	20,233,715	75,593
Subdivison of shares on a three for one basis	40,467,430	–
Issued, December 31, 1989	60,701,145	$75,593

The company is also authorized to issue 150,000,000 Class B non-voting shares without par value. There are no Class B non-voting shares outstanding.

Common shares in treasury

The company has purchased 7,834,710 of its Class A common shares pursuant to previous Normal Course Issuer Bids under the Securities Act of Ontario, which commenced December 10, 1984 and terminated December 9, 1989. Under its present Normal Course Issuer Bid which commenced December 30, 1989 and which will terminate December 29, 1990 the company has the right to purchase up to 2,643,366 shares.

Stock options

At December 31, 1989, 45,000 Class A common shares are reserved for issuance in respect of options to purchase Class A common shares at a price of $4.54 per share. These options may be exercised at any time until May 2, 1990.

12. Unrealized Foreign Currency Translation

	1989	1988
Balance, beginning of year	$(44,816)	$ (3,872)
Effect of changes in exchange rates on investment in subsidiaries	(11,601)	(41,631)
(Reduction) increase due to the disposal of foreign subsidiaries	(5,361)	687
Balance, end of year	$(61,778)	$(44,816)

13. Interest Expense

In respect of real estate development operations of subsidiaries, interest for the year totalled $83,282,000 (1988 – $71,387,000) of which $51,213,000 (1988 – $47,930,000) was charged to operations with the remaining amount being capitalized.

14. Income Taxes

Income taxes (recovered) on operating income have been provided as follows:

	1989	1988
Current	$ 9,737	$ 31,083
Deferred	5,862	(51,038)
	$ 15,599	$(19,955)

The provision for income taxes does not reflect the statutory income tax rates for the following reasons:

	1989	1988
Income taxes on income from operations based on Canadian statutory rates	$ 35,750	$ 8,099
Increase (decrease) from statutory rates		
Tax exempt investment income	(14,224)	(7,910)
Lower tax rates on income earned in foreign jurisdictions	(18,952)	(35,104)
Other	13,025	14,960
Income taxes (recovery)	$ 15,599	$(19,955)

15. Extraordinary Item

	1989	1988
Gain on sale of investment in Cantel Inc. (net of income taxes of $48,048,000)	$123,662	$ –

16. Earnings Per Common Share

Earnings per common share have been calculated using the weighted average number of shares issued during each year, net of treasury shares. The dilutive effect of any contingent issuances of the company's shares is not material.

17. Statement of Changes in Financial Position

	1989	1988
Income before extraordinary item adjusted for non-cash items and dividends paid		
Income before extraordinary item	$ 61,031	$ 39,060
Provision for losses	21,258	23,435
Provision for losses on real estate	6,958	14,390
Depreciation and amortization	17,746	17,475
Share of income from affiliated companies and joint ventures	(6,522)	(24,425)
Deferred income taxes	5,862	(51,038)
Minority interest	7,792	(124)
Other non-cash items	18,994	(16,747)
Dividends	(5,866)	(5,580)
Dividends paid to minority shareholders	(3,038)	(3,150)
	$124,215	$ (6,704)

18. Pension Obligations

A subsidiary company sponsors non-contributory defined benefit pension plans. The actuarial present value of accrued benefits for services rendered to December 31, 1989 amounts to $85,182,000 (1988 – $89,043,000). At December 31, 1989 the fair value of pension fund assets is $61,647,000 (1988 – $63,558,000). Included in accounts payable and other at December 31, 1989 is an amount of $23,383,000 (1988 – $19,487,000) representing accrued pension costs.

A subsidiary company has a defined contribution plan which covers substantially all of its employees. Current service costs expensed in the year amounted to $651,000 (1988 – $816,000). No unfunded liabilities exist at December 31, 1989.

19. Commitments

The company's premises and certain equipment are held under long term leases; the aggregate amount of rentals paid during the year was $11,562,000 (1988 – $9,227,000). The aggregate rentals payable under all leases currently in force during the next five years is approximately $47 million.

Subsidiary companies involved in real estate development have lodged letters of credit aggregating $45,798,000 with municipalities and utilities as collateral for the fulfilment of various business obligations.

20. Contingencies

Certain subsidiaries of the company are defendants in an action brought in November 1988 with respect to the sale by one of these subsidiaries of the shares of Hamilton Beach, Inc., seeking rescission and/or damages. The company has filed a motion to have this action dismissed, however pleadings have not yet been completed. The company believes that it has substantive defences on the merits, is vigorously defending the action and believes that the outcome will not result in any liability being assessed.

The company and certain subsidiaries are defendants in certain actions arising in the ordinary course of business. These actions are being contested and in certain cases, counterclaims have been made. The company believes that their ultimate outcome will not result in a significant liability being assessed.

21. Business Segment Information

	1989	1988
Industry Segments		
Revenue		
Financial intermediary	$ 562,440	$ 486,219
Real estate	204,272	191,058
Securities investment and trading	92,575	69,713
Merchant banking	53,268	22,019
Manufacturing	71,585	85,261
Eliminations	(13,788)	(11,650)
	$ 970,352	$ 842,620
Income From Operations Before Income Taxes		
Financial intermediary	$ 24,324	$ 8,223
Real estate	42,066	17,237
Securities investment and trading	83,836	50,330
Merchant banking	4,253	4,406
Manufacturing	7,134	9,099
Eliminations	(3,786)	(5,611)
	157,827	83,684
General corporate interest expense	(57,808)	(50,766)
Corporate overhead	(14,901)	(15,311)
	$ 85,118	$ 17,607
Identifiable Assets		
Financial intermediary	$3,926,436	$3,597,029
Real estate	579,234	499,529
Securities investment and trading	1,321,494	886,177
Merchant banking	102,936	75,718
Manufacturing	90,405	101,328
Eliminations	(33,693)	(6,403)
	5,986,812	5,153,378
Corporate assets	32,387	64,208
	$6,019,199	$5,217,586
Geographic Segments		
Revenue		
Canada	$ 543,775	$ 475,089
United States and other	463,531	407,933
Eliminations	(36,954)	(40,402)
	$ 970,352	$ 842,620
Income From Operations Before Income Taxes		
Canada	$ (22,291)	$ (45,042)
United States and other	108,006	63,862
Eliminations	(597)	(1,213)
	$ 85,118	$ 17,607
Identifiable Assets		
Canada	$3,771,967	$3,456,149
United States and other	2,504,758	1,798,292
Eliminations	(257,526)	(36,855)
	$6,019,199	$5,217,586

(In thousands of dollars except per share figures)	1989	1988	1987	1986
Balance Sheet				
Assets				
Cash and short term investments	$ 512,689	$ 653,190	$ 704,582	$ 524,296
Securities	1,623,134	1,047,687	728,101	1,070,714
Finance receivables and other loans	1,326,601	1,197,740	1,032,334	654,961
Mortgages	1,660,636	1,488,236	1,428,446	1,301,992
Real estate	611,476	541,864	493,398	560,739
Other assets (A)	284,663	288,869	826,975	813,945
	$6,019,199	$5,217,586	$5,213,836	$4,926,647
Liabilities and Equity				
Deposits	$3,283,190	$2,980,520	$2,789,958	$2,677,625
Other liabilities	933,266	789,247	827,825	843,857
Term debt	1,186,109	1,012,510	1,062,076	985,956
	5,402,565	4,782,277	4,679,859	4,507,438
Deferred income taxes	89,348	23,430	89,693	69,901
Minority interest	62,138	84,407	102,719	64,123
Shareholders' equity	465,148	327,472	341,565	285,185
	$6,019,199	$5,217,586	$5,213,836	$4,926,647
Income Statement				
Revenue				
Mortgage, lease and loan interest and dividends	$ 572,882	$ 453,413	$ 397,950	$ 364,141
Real estate	213,522	226,789	334,513	149,788
Securities and investment gains	45,978	37,261	(20,958)	47,390
Manufacturing	68,056	82,084	116,235	126,311
Fees and other income (B)	69,218	44,447	57,377	50,982
	969,656	843,994	885,117	738,612
Expenses				
Interest	454,251	387,484	361,428	356,270
Salaries	78,485	67,933	54,215	47,484
Real estate	175,089	188,659	303,358	152,548
Manufacturing	50,965	54,393	91,596	88,818
Other (C)	134,236	126,420	113,115	75,761
	893,026	824,889	923,712	720,881
Income Taxes (Recovery)	15,599	(19,955)	(54,540)	(2,080)
Income Before Extraordinary Items	$ 61,031	$ 39,060	$ 15,945	$ 19,811
Per Common Share (D)				
Earnings before extraordinary items	$ 1.13	$ 0.70	$ 0.28	$ 0.34
Dividends	$ 0.1083	$ 0.10	$ 0.10	$ 0.10
Book value	$ 8.80	$ 5.94	$ 6.07	$ 4.93

(A) Includes assets of discontinued manufacturing operations held for sale.

(B) Includes share of income from affiliated companies and discontinued manufacturing operations.

(C) Includes minority interest.

(D) After reflecting 2:1 stock split in 1984 and 3:1 stock split in 1989.

1985	1984	1983	1982	1981	1980
$ 388,663	$ 512,445	$ 194,181	$ 97,748	$ 116,946	$ 63,529
641,491	574,559	421,435	289,669	240,596	255,696
520,783	393,809	344,401	316,266	269,577	142,382
1,325,444	1,341,783	1,269,458	1,139,197	958,783	727,593
505,949	492,805	402,138	452,569	460,554	343,891
1,062,131	121,439	96,207	66,777	96,626	81,217
$4,444,461	$3,436,840	$2,727,820	$2,362,226	$2,143,082	$1,614,308
$2,343,853	$2,182,580	$1,864,003	$1,561,268	$1,446,703	$1,075,975
847,738	387,674	222,561	338,446	270,242	299,196
862,250	519,686	344,549	244,211	257,861	128,155
4,053,841	3,089,940	2,431,113	2,143,925	1,974,806	1,503,326
54,750	31,887	23,024	16,930	15,904	22,949
71,284	68,721	60,769	59,088	36,085	21,051
264,586	246,292	212,914	142,283	116,287	66,982
$4,444,461	$3,436,840	$2,727,820	$2,362,226	$2,143,082	$1,614,308
$ 368,168	$ 331,103	$ 277,691	$ 267,701	$ 223,952	$ 129,021
271,076	202,604	305,179	254,604	189,543	103,072
55,142	96,386	36,914	7,530	45,245	6,331
131,561	–	–	–	–	–
39,339	20,522	13,431	19,006	25,181	18,842
865,286	650,615	633,215	548,841	483,921	257,266
366,293	267,454	227,231	247,832	224,301	118,891
44,578	32,478	24,346	22,599	20,573	13,482
257,906	188,900	275,908	223,165	165,587	84,406
93,304	–	–	–	–	–
83,938	83,816	56,145	38,945	31,124	21,414
846,019	572,648	583,630	532,541	441,585	238,193
7,427	42,940	21,842	5,497	2,031	8,120
$ 11,840	$ 35,027	$ 27,743	$ 10,803	$ 40,305	$ 10,953
$ 0.20	$ 0.58	$ 0.49	$ 0.23	$ 0.80	$ 0.32
$ 0.10	$ 0.0958	$ 0.0542	$ 0.05	$ 0.0333	$ 0.03
$ 4.49	$ 4.07	$ 3.52	$ 2.93	$ 2.58	$ 1.53

First City Financial Corporation Ltd.

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Stock Exchange Listings

First City Financial (FCY)

Toronto Stock Exchange
Vancouver Stock Exchange

First City Trustco (FIR)

Toronto Stock Exchange
Montreal Stock Exchange
Vancouver Stock Exchange

Industrial Funding Corp. (IFDCA)

NASDAQ

First City Trust (FCT)

Toronto Stock Exchange

First City Financial's common stock is listed on the Toronto Stock Exchange (symbol FCY). On December 30, 1989, the Company renewed its normal course issuer bid with the TSE and other authorities to permit it to purchase over the period of a year up to 5% of its outstanding common shares through the exchange. A copy of the notice is available from Tim D. Hammill, Secretary, First City Financial Corporation Ltd., 20 Adelaide Street East, Toronto, Ontario M5C 2T6.

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