

# Guaranty Trust



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## Comptes de l'exercice

Si vous désirez recevoir un exemplaire en français des comptes de l'exercice de Guaranty Trust, veuillez vous adresser au services des finances, Compagnie Guaranty Trust du Canada, 366, rue Bay, Toronto (Ontario) M5H 2W5.



Member of the  
Trust Companies  
Association  
of Canada

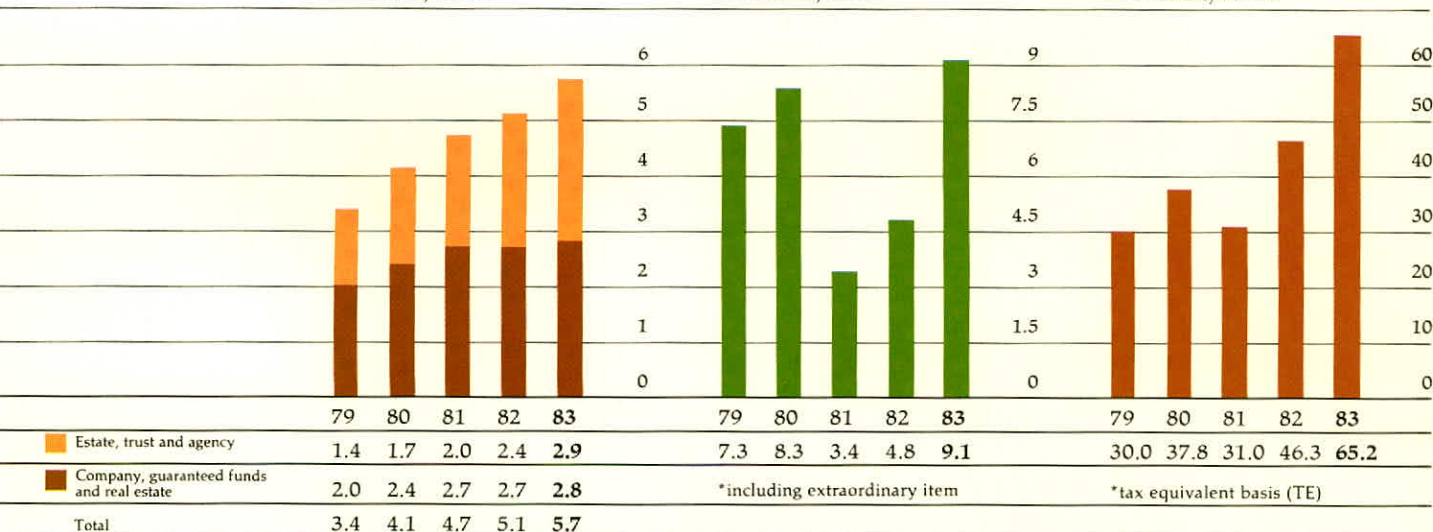
# CONSOLIDATED HIGHLIGHTS

	1983	1982	% Increase (Decrease)
Gross income	\$ 371,615,000	\$ 403,394,000	(8)
Gross expenses	\$ 356,926,000	\$ 395,519,000	(10)
Income before income taxes and extraordinary item	\$ 14,689,000	\$ 7,875,000	87
Net income before extraordinary item	\$ 7,579,000	\$ 4,796,000	58
Net income for the year	\$ 9,079,000	\$ 4,796,000	89
Earnings per common share			
Before extraordinary item	\$ 0.56	\$ 0.33	70
After extraordinary item	\$ 0.69	\$ 0.33	109
Dividends per common share	\$ 0.16	\$ 0.16	—
Assets under administration			
Company, guaranteed funds and real estate	\$2,836,320,000	\$2,696,913,000	5
Estate, trust and agency	2,881,340,000	2,385,385,000	21
Total assets under administration	\$5,717,660,000	\$5,082,298,000	13

**Total assets**  
In billions of dollars

**Net income\***  
In millions of dollars

**Dollar interest spread\***  
In millions of dollars



## CHAIRMAN'S REPORT TO SHAREHOLDERS

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At the beginning of last year, the Canadian economy was still struggling to shake off the severe 1981-82 recession. In that cautious environment, Guaranty Trust adopted a corporate strategy focused on enhancing the quality of assets under our administration, rather than simply seeking asset growth. This strategy involved improvements in asset/liability management and interest rate spreads on new loans and renewals, as well as strict credit controls to reduce existing and new loan risk exposure. The strategy was most successful.

The return of real growth in the Canadian economy created a positive climate for us to regain our pre-recession level of profitability. Western Canada remained a weak spot, with the resource-based economies of British Columbia and Alberta aggravated by reduced consumer and business spending, continued loan losses, and a decline in residential mortgage demand. This was more than offset, however, by strong growth in Central Canada.

Our fiduciary business produced increased fees and commissions on a 21% growth in assets under administration, which reached \$2.9 billion.

Our financial intermediary business made substantial profit gains on improved interest spreads through adept matching of liabilities and assets. This proved once again that lower and more stable interest rates can benefit both financial intermediaries and consumers. Loan losses and provisions remained high, specifically because we provided for the \$4 million balance of our original \$5 million loan to Turbo Resources. We intend, however, to pursue the recovery of this loan aggressively. Overall, our credit loss ratio compared most favourably with the chartered banks and other trust companies.

Our real estate business, carried out by Guaranty Properties Limited, maintained its profitability, recording net income of \$1.1 million. Interest expense on properties remained high. Although some markets where this Company operates have improved, we see no substantial improvement in profitability in the near term. Our longer term strategy is to reduce exposure to land development while expanding our portfolio of income producing properties.

Our 1983 accomplishments resulted in consolidated net income for Guaranty Trust of \$9.1 million, an increase of 89% over the \$4.8 million earned in 1982. Earnings per common share increased from 33 cents in 1982 to 69 cents, including an extraordinary item, in 1983.

The Canadian marketplace for financial services is undergoing major changes. All financial intermediaries are competing more intensively for a share of each other's traditional markets. Trust companies are no exception. There is an urgent need for new federal legislation that will broaden the range of assets in which we are permitted to invest. The trust industry, one of the genuinely Canadian-owned industries, has been waiting since 1976 for a contemporary Act that will enable us to respond to the financial environment that now exists. A draft bill, thoroughly revising our legislation, was tabled in Parliament nearly two years ago. Unfortunately, it has been announced that the bill will not be introduced until after the next election. This could mean a further two year delay. Consequently, we find ourselves marking time, while our competitors in other financial sectors race ahead to expand their spectrum of services.

In the aftermath of the Greymac, Seaway and Crown Trust affair, the Ontario government plans to introduce new provincial loan and trust companies legislation. The Trust Companies Association of Canada strongly supported Ontario's actions in trying to protect the interest of all depositors in these companies. Ontario has examined the basic issues underlying federal legislative proposals and concluded in a White Paper that "provision should be made to broaden and extend investment and lending powers as capital base, borrowing multiples and financial and other resources are expanded; and to give maximum investment powers to trust corporations with proven resources, management and experience".

Significantly, Ontario also concluded that limitations on the share ownership of trust companies would accomplish little. What is required is clarity and strength in conflict-of-interest rules. To ensure conformity, the powers of the regulators need strengthening. The Trust Companies Association will continue to offer its assistance to the government in formulating appropriate legislation.

Guaranty Trust has long recognized that public confidence in the trust industry requires us to adhere to the highest ethical standards. Three years ago, senior management prepared a mission statement that codifies for employees the attitudes and aims of our Company. In the wake of the Ontario trust companies affair, and in the context of legislative change, it is appropriate to restate the values that have shaped the corporate culture at Guaranty Trust.

The overriding theme we stress is one of quality in our products and services. This entails timely, accurate, consistent, courteous and personalized service to our customers. We emphasize a theme of stewardship to ensure the security of the customer's assets, and confidentiality of information with respect to the customer's affairs. To reinforce these attitudes, we promote an organizational style that focuses on individual responsibility, encourages innovation, and links individual success with corporate success. We want our employees to identify with their Company and its values, and to take participatory pride in its achievements for the financial benefit of the shareholders and the service and product benefits of our customers.

Finally, we anticipate that the Canadian economy will continue to grow in 1984, and that interest rates will remain relatively stable. Our goal is to reduce both the level of non-productive loans and credit losses. Our estate, trust and agency business should continue to expand, while the projected increase in housing starts should benefit Guaranty Properties. Overall, 1984 should be another year of good profit growth for your Company.

May I thank our directors, shareholders, employees and customers for their confidence in, and valued support of, Guaranty Trust during the past year.

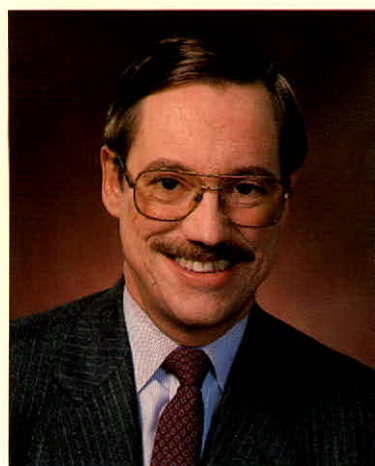


Alan R. Marchment  
*Chairman of the Board,  
President and Chief Executive Officer*

# REVIEW OF OPERATIONS

## OVERVIEW

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M. A. Hasley,  
Executive  
Vice-President

In a year generally characterized by continued high credit losses and depressed loan demand, Guaranty Trust's intermediary assets grew by 6%; estate, trust and agency assets under administration increased by 21%; and net income available for common shareholders from these two activities more than doubled from \$2.7 million to \$7 million.

Investment spread increased from 1.06% to 1.80% on a tax equivalent basis. Combined with asset growth of 6%, the spread in dollar terms grew from \$46 million to \$65 million, an increase of 41%.

Fee income, excluding real estate brokerage, rose from \$21 million to \$23 million. This modest increase masked two divergent trends, in Corporate Trust and Personal Trust Services.

Corporate Trust Services had a dramatic increase, with Transfer Services recording a 30% growth, to \$9 million, and Pension Services fees increasing 37%

to \$3.3 million. Personal Trust Services, including Investment Funds Services, were expected to decrease (a) as a result of a major chartered bank taking its RSP accounts in-house in the second half of 1982 and (b) as the trend continued to more broker RSP plans replacing self-directed plans with Guaranty Trust.

Non-interest expenses, excluding credit losses and real estate brokerage, increased 19%. Although the Company adhered to the 6 & 5 salary administration guidelines suggested by the Federal Government, salaries increased 15% because of additional personnel in the two corporate service growth areas mentioned above, as well as increments to the Consumer Lending area to handle the new and renewal loan volume of over \$800 million during the year, approximately double that of 1982. Additional investments for future growth occurred in training and development, marketing, and data processing.

Credit losses remained virtually unchanged from a year ago. However, the components of this number differed significantly in 1983. \$4 million was added to our reserve for Turbo Resources Limited, thereby fully reserving our \$5 million loan balance. We intend to pursue the recovery of this loan aggressively but have adopted a conservative approach due to the prospect of lengthy litigation against Turbo's principal banker. Additions to specific reserves for other loans decreased substantially from a year ago, as did the general level of delinquency. In particular, total arrears in the Company's largest portfolio, residential first mortgages, declined to less than one percent.

Non-productive loans have shown a significant decrease from a peak of \$36 million earlier in the year, and now total \$23 million, net of specific reserves. Progress is being made in clearing the legal backlog which, combined with few new problem accounts and gradually improving markets, should result in major reductions in non-productive assets in 1984.

### Consumer Lending

Total loans at the end of 1983 amounted to \$1.2 billion. Residential mortgages increased 15%, to \$824 million, while consumer loans declined marginally to \$369 million. The VISA operation had a most successful year, increasing the number of customers to over 30,000. Because of our 'no fee' policy, plus a very competitive interest rate for credit cards, we anticipate strong and profitable growth in this area.

### Corporate Lending

Loan demand was very light during the year, reflecting the economic conditions and mirroring the experience of the banking system. Our efforts were concentrated on our non-productive loans, reducing delinquency, and a considerable effort in training field personnel. Total portfolios approached the \$1 billion level, with the main increases being in Dealer Services (automobile wholesale inventory financing), and the transfer (in March, 1983) from Traders of the remaining equipment financing portfolio of \$35 million. We are anticipating the economic recovery to spur plant and equipment expenditure in 1984, but at fairly modest rates.



E. W. Flanagan, Vice-Chairman, and M. A. Hasley, Executive Vice-President, in our relocated Edmonton Branch.

### Branch Operations

Deposit growth of 5% was satisfactory in a year of extreme liquidity within the financial system, during which most institutions were having greater difficulty investing their funds than they were in attracting them. The Company opened a new branch on Toronto's Bloor Street (near our executive offices), and major renovations were accomplished in four branches across the country. As part of our continued emphasis on improving our physical facilities, major renovations, relocations and new branches have totalled 31 in the past five years. Upgrading will continue in 1984.

### Trust and Investment Services

Guaranty Trust is now transfer agent for more publicly-traded companies on Canadian stock exchanges than any other trust company. This is the result of our FAST system which, with our experienced personnel and service, has enabled us to obtain a rapidly increasing market share.

Our pension service business grew by 75% in 1983—a combination of more investment management accounts and a dramatic increase in our Master Trust activity. In the latter field, superior computer systems again combined with a dedication to complete, professional service to attract major new clients.

In both Transfer and Pension services, the new business attracted in 1983 will only be fully reflected in 1984 fee results. Accordingly, with the momentum in terms of new client acquisition continuing, we are looking to significant growth in the coming year.



### Asset/Liability Management

An important contributor to the Company's profitability is the degree to which assets and liabilities are adequately matched at a positive spread. As the table on page 35 indicates, dramatic improvement in matching was made in 1983.

### Credit losses and allowances\*

December 31

<i>In thousands of dollars</i>	1983	1982
Credit loss expense:		
Net losses	\$ 4,556	\$ 2,854
Change in allowance	4,177	5,530
	\$ 8,733	\$ 8,384
Allowance for credit losses	\$14,956	\$10,237

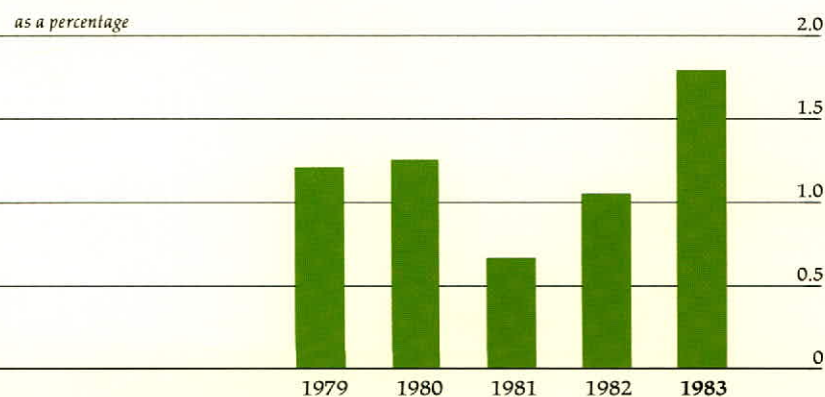
\*Detailed analysis on page 33.

### Net interest income and spread

<i>In thousands of dollars</i>	1983	1982	Variance	
			Positive (Negative) Amount	%
Interest income	\$311,899	\$346,555	\$(34,656)	(10)
Interest expense	249,324	300,279	50,955	17
Net interest income	62,575	46,276	16,299	35
Taxable equivalent adjustment	2,602	—	2,602	—
Net interest income (TE)	\$ 65,177	\$ 46,276	\$ 18,901	41
Interest rate spread (TE)	1.80%	1.06%	0.74%	70
<b>Analysis of variance</b>	Volume	Rate	Total	
Interest income	\$13,092	\$(47,748)	\$(34,656)	
Interest expense	(9,963)	60,918	50,955	
Net increase	\$ 3,129	\$ 13,170	\$ 16,299	

### Interest rate spread\*

as a percentage



\*Taxable equivalent

Assets which are rate-sensitive, or which mature within one year now account for 66% of the total (up from 63%); and the mismatch in this category is now \$11 million excess assets versus \$218 million excess liabilities a year ago.

To a very large degree, the Company is now insulated against swings in interest rates, although we are still not obtaining an adequate return on our long-term government bonds and NHA mortgages. These long-term assets, with an initial term of greater than 5 years, totalled \$213 million at year end, and reduced our earnings by approximately \$5 million after tax. However, \$73 million of these assets will mature within the next five years and prepayment or opportunities to dispose of them may accelerate this progress.

### Liquidity and Capital Adequacy

As the table on page 36 indicates, the Company has additional liquid assets of \$112 million in excess of those required by statute. In terms of capital adequacy, the Company is in a strong position. Our ratio of assets to capital and general reserves stands at 19.2:1, although we are permitted under our legislation to go as high as 25:1. Thus, we have the capacity to take on \$788 million of additional deposits, which will permit considerable profit growth without dilution to shareholders through the need for additional capital.

### Outlook

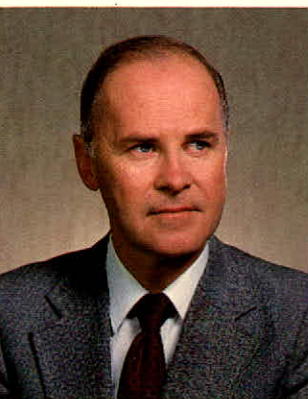
Increased profit from fee-for-service business, lower credit losses, and the reduction of non-productive loans and low-yielding assets mentioned above, all should augur well for 1984. While we shall continue to invest some of these improved results in training and development, data processing and marketing, we expect that we will again show marked profit improvement.

*"Throughout Guaranty Trust there is a strong commitment to provide superior products and services to satisfy our customers' needs."*



Customer service representatives help a customer decide upon the most suitable Guaranteed Investment Certificate rate and term option.

## BRANCH OPERATIONS



W. J. Perkins,  
Senior Vice-President,  
Branch Operations

Guaranty Trust has been serving Canadian business and the public since 1926. Our nearly 60 years of experience in meeting their banking needs has been characterized by the introduction of innovative and competitive deposit and loan plans. For example, we were the first financial institution to offer daily interest savings accounts and the first trust company to offer a comprehensive personal loan program. Currently we are market testing a floating rate investment certificate.

Each branch of Guaranty Trust is an outlet for the Company's full range of customer services, which include a variety of deposit, loan, trust and ancillary products. These are priced to provide value—combining maximum rate of return and safety of investment to our depositors and the lowest possible interest rates to our high quality loan customers.

The Company's prudent lending policies, combined with the substantial shareholders' equity it has built over the years, ensure the complete safety of those deposits our customers entrust to us.

Nationwide, the Company's services have been designed to make day-to-day banking more accessible and convenient for customers. Extended hours of operation and peak period staffing are just part of our ongoing commitment to serve our customers quickly and efficiently.

This year, we propose to enhance the capability of our fully computerized branch network through the introduction of automated teller machines.

Internally, the Company continues to work toward improving customer service by automating routine functions. The objective here is to provide error-free service and to allow more of our employees' time to be spent on customers' individual needs.

We continue to upgrade our present branches and to seek opportunities to open new ones. Our fifty-third branch opened in Toronto in October 1983. Located in the mid-town retail/fashion area, this beautiful new retail facility has been designed to meet the needs of its particular market.

Guaranty Trust places a very high priority on maintaining personal service to its customers. Ours is a people business and we strongly encourage our branches to create a friendly, courteous environment. Coupled with this customer orientation is confidentiality. Confidentiality is a key aspect of Guaranty Trust's relationship with its customers. Information relating to our customers is treated in the strictest of privacy, and all staff members make it their personal responsibility to see that this is maintained.

One of the gratifying results of Guaranty Trust's continuing service efforts is the feedback we receive:

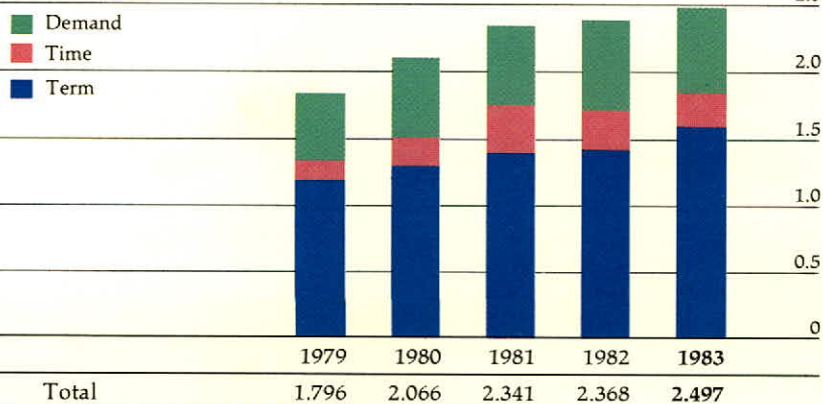
"I will be retiring soon," writes one customer, "and it is comforting to know that one's life savings and income are being competently and professionally administered."

Writes another, "Your branch offers a blend of friendliness and attention which is pretty hard to beat."

At Guaranty Trust we believe strongly in our responsibility to provide the highest levels of professional and personal services to all our customers. It is satisfying to know that both business and the public appreciate the personal and professional performance of Guaranty Trust.

### Deposit mix—term, time and demand

In billions of dollars



*"Guaranty Trust's reputation is a valued asset, and we will conduct all phases of our business with the highest standards of morality, ethics and integrity."*



Training programmes teach our Consumer Lending Officers to work with each client in a professional, responsive and responsible manner.

## CONSUMER LENDING SERVICES



R. W. Crecelius,  
Senior Vice-President,  
Consumer Lending

During the year, the Division (whose services include mortgages, personal loans and the VISA credit card) showed good growth results with an increase in profit contribution. This growth has been achieved principally through both the decentralization of residential mortgage activities and the introduction of an extensive personnel training program, each of which has resulted in improved customer service.

Decentralization of residential mortgage underwriting to each branch enables us to respond to customers according to specific economic conditions and realities in each locality, and to the individual needs of each customer, particularly in cases of hardship.

The primary objective of our on-going Company-wide training program is to teach our personnel to work with each client in a professional, responsive and responsible manner; by understanding each individual's needs, and by helping him or her to obtain a satisfactory level of financial support without over-extending the person's ability to repay. For example, well in advance of each loan's renewal the borrower is now directed to his or her local Guaranty Trust branch. Together, the customer and the Company lending officer discuss and evaluate the customer's total borrowing needs. If a mortgage renewal is the

objective, then a restructuring of the mortgage, or another type of loan, might be considered to accommodate the client's additional financial requirements.

As a result of both the training seminars and a more direct relationship with each client, renewal retentions have increased dramatically. Also, additional new specialized training programs are being developed.

*Mortgages:* Guaranty Trust is one of Canada's largest mortgage lenders, with a full range of residential first and second mortgages at competitive rates. Terms are custom tailored to each client's needs, offering both fixed and variable rates. Life insurance for both partners is available at very low rates, and includes full permanent disability insurance.

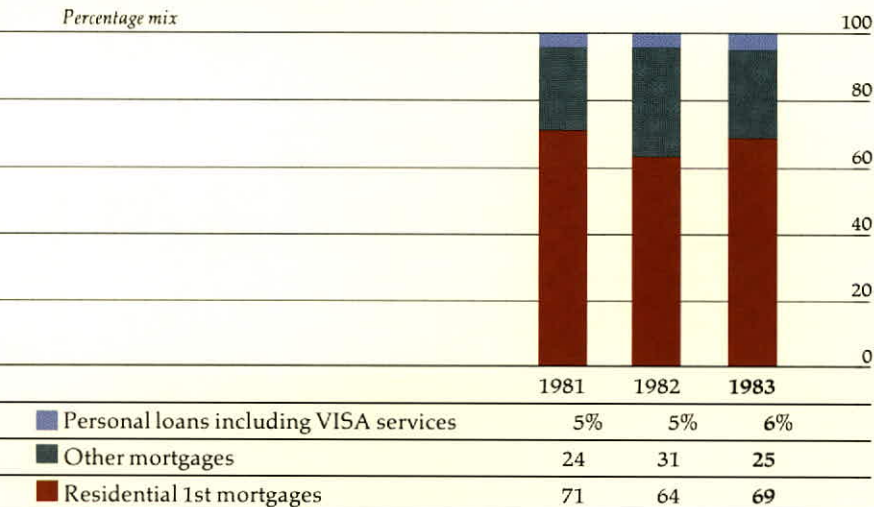
*Personal Loans:* Personal loans are available for house renovations, a new car, boat or recreation vehicle, pool, home furnishings, consolidations—in short, for any worthwhile purpose.

Each of Guaranty Trust's personal lending vehicles has many special flexible features. All are completely open, with no prepayment penalties. Interest rates can fluctuate with the market, or they may be fixed. Loans with a fluctuating interest rate can be converted to a fixed rate without penalty at any time.

*Guaranty Trust VISA Card:* The Guaranty Trust Visa Card gives a unique combination of no user fees and a competitive low interest rate on outstanding balances. It offers overdraft protection, cash advance privileges and cheque-cashing facility at any Guaranty Trust branch. Another reason our Visa card has become popular is because only Guaranty Trust automatically insures payment of its Visa cardholders' balances in the event of accidental death, and at no cost to the cardholder.

## Consumer loan portfolio

Percentage mix



*"As a growth oriented company, we strive to manage our business with professionalism and consistency, recognizing that these characteristics will return to our customers, our employees and our shareholders those benefits to which they are entitled."*



Financing was supplied for a nursing home which provides health care and recreation programmes for residents.

## CORPORATE LENDING SERVICES



W. L. Cochrane,  
Senior Vice-President,  
Corporate Lending

Guaranty Trust's Corporate Lending Division offers commercial mortgages, corporate term loans, fixed asset financing, and inventory financing. The Company recognizes that our product is not money, but a combination of professional expertise, quality service and timeliness.

Our management approach is characterized by individual service in tandem with a team approach to credit approvals. Our philosophy is not to make the client fit the formula, but to work together to tailor the formula to the client.

Automotive inventory financing is provided to franchised dealers and has been a rapid growth portfolio in a highly competitive market.

The traditional financing of revenue producing real estate continues to be important. Funds are available for apartments, shopping centres and plazas, industrial buildings, and multi-tenant malls. Commercial mortgages range from \$100 thousand to \$10 million, with terms of from one to five years. Amortization periods of up to twenty-five years are available, with advances up to 75% of the appraised value.

Guaranty Trust term lending services help finance the purchase of land, buildings and equipment; improvements in working capital; refinancing of existing loans; and acquisitions and takeovers.

Single fixed asset financing is available in amounts up to \$500,000, with terms of from one to five years, or longer amortization where practical. Security is limited to the equipment being acquired, with between 75% and 80% of the acquisition cost of the equipment being financed. Rates are calculated on a floating base over prime, and are competitive with conventional bank borrowings.

Recognizing that the corporate borrowing needs of many clients may require two or more such services at any one time, the Company has now completed the integration of the Corporate Lending Division, so that each account officer is fully trained in all areas of corporate lending.

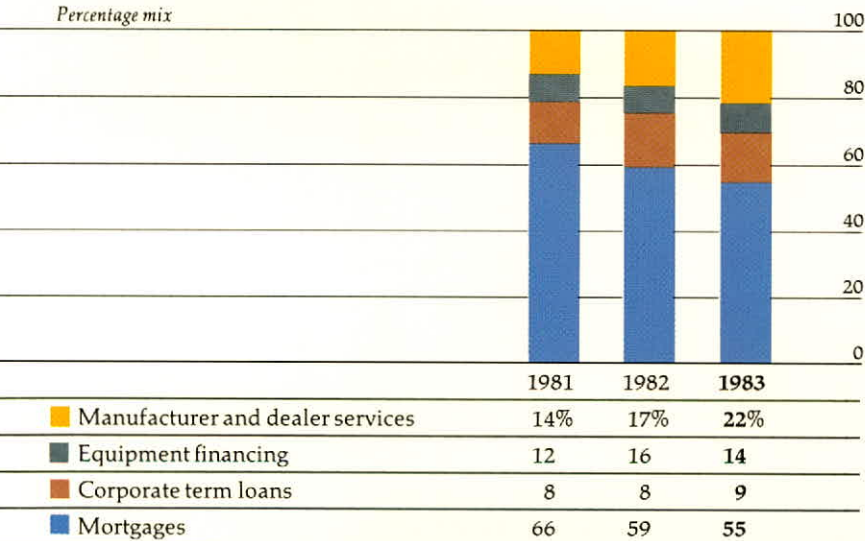
During 1983, in order to increase our level of service to clients, every member of the Corporate Lending Division completed a special course on the latest developments in credit underwriting. Clients now secure all their corporate borrowing needs—mortgage, term loans, financing, and advice—while working with a single account officer.

The Division funds a number of independent corporations in specialized industries such as the increasingly important health care and nursing home industry, hotels, motels, and the expanding mini-storage warehouse business.

We believe that within our field of expertise we offer our clients the highest level of service in the most cost-efficient manner. Our objective is a satisfied client who values our relationship, and recommends Guaranty Trust highly to his or her business associates. Ours is not an impersonal business, but a people business.

## Commercial loan portfolio

Percentage mix



*"When our products and services are complemented by a high level of personal and professional performance by our employees, the result will be truly satisfied customers who will establish long and productive relations with Guaranty Trust."*



Guaranty Trust personnel, Terry Martinuik, William Brolly, John Bowron and Peter Hebb, board an aircraft in Vancouver for an out-of-town client presentation.



## TRUST AND INVESTMENT SERVICES



E. A. Fricker,  
Senior Vice-President,  
Trust and Investment  
Services

Guaranty Trust's Trust and Investment Division includes corporate trust, personal trust, and investment management services, all of which rank well above average in comparison with similar services among the country's trust companies. In 1983 these rankings were consolidated and improved in many areas.

Corporate trust activities include pension services, stock and bond transfer services, corporate trust services and C.I.R. Communications, a shareholder relations consulting subsidiary.

During the past year, the Company's pension services were ranked highest among major financial institutions in terms of quality of customer services by an independent survey organization. The Company also ranked in the top 10 of all major pension investment managers in Canada, on rate of return, client communications, range of products and overall service.

The results from this commitment to professionalism were an increase in pension assets under administration of 75% in 1983.

Guaranty Trust's stock and bond transfer operation provides the most complete range of services within the

trust industry. This operation was rated highest in quality against other major trust companies in an independent market survey. This reputation has resulted in a growth in revenues of nearly 175% over the past five years.

The corporate trust department functions primarily as trustee for the holders of bonds and debentures, and also acts as escrow agent, depository, or trustee for various commercial transactions.

Guaranty Trust's philosophy in personal trust services is to provide its clients with exceptional management of estates and trusts and retirement savings planning (including management of investments), as well as to develop trust services to meet the needs of individuals at the different stages of their life cycle.

Estate and trust management is now consolidated in five major centres across Canada, from which our experienced, professional staff can reach every client quickly and effectively.

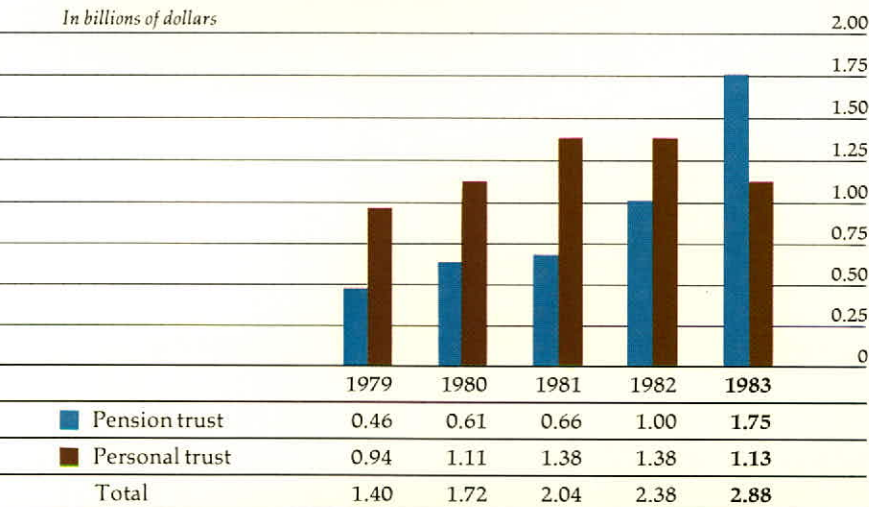
The Company's trust system is state-of-the-art, fully integrated and automated to custom program for specific client needs. 1983 saw the introduction of a computerized system of accounting for oil and gas trust clients which provides them with a quick and exact disposition of revenues and taxes on each transaction.

In 1983, the Company was the first to enter, on a retail basis, the highly successful marketing of government stripped bonds (Cougars) whose low cost, guaranteed interest and great flexibility make them so attractive to investors. Also introduced were Family Trusts which provide a convenient method for individuals to save for specific future needs of children while at the same time possibly obtaining tax advantages.

The Trust and Investment Division recognizes that its ability to gain further profitable market share depends on satisfied clients. In this connection, we were pleased when a major Canadian corporate client advised us: "What continues to impress us are the good people you attract to your team. The first impression Guaranty Trust made on us is lasting."

### Estate, trust and agency assets under administration

In billions of dollars



*"At all times we will ensure the security of a customer's assets and the confidentiality of information."*



Inside our data control centre in Toronto, highly trained personnel handle a continuous flow of customer-sensitive enquiries from our retail branches across Canada. Considerable effort is expended to ensure account accuracy and safeguard information confidentiality.

## FINANCE AND ADMINISTRATION



Edwin W. Austin,  
Senior Vice-President,  
Finance and  
Administration

In addition to the general financial management of the Company's affairs, the mission of the various Finance and Administration Departments involves two core functions: financial control and legislative compliance assurance; information technology—development and operations.

As a responsible company, Guaranty Trust places great emphasis on ensuring compliance with both the letter and spirit of the legislation governing its operations as a trust company, as well as on its stewardship responsibility to its customers in terms of safeguarding the security of a customer's assets and the confidentiality of information with respect to a customer's affairs. Hence, considerable corporate resources and efforts are directed toward internal control mechanisms and compliance checking and testing.

The Company is well staffed with highly trained and qualified personnel from the fields of accounting, auditing, law, and computer systems. Our Internal Audit Department uses the most modern computer-assisted auditing techniques, as well as traditional on-location surprise audits. In 1983, some 36,000 hours of internal and external audit staff time were devoted to evaluating internal controls and testing compliance with legislation governing our various operations as well as adherence to company policies and procedure.

The Department cooperates and consults extensively with our external auditors, Price Waterhouse, to ensure the integrity of client and company assets. In addition, through extensive and intensive analysis and scrutiny of transactions, as well as analysis of operating results compared with budgets, our Controller's Department provides additional assistance in fulfilling the "stewardship" mandate.

Considerable effort is also expended to protect information confidentiality. Our systems development methodology requires a sign-off prior to start-up operations, in terms of the adequacy of computer controls, from Internal Audit and the Controller's Department. In

addition, this year we set up a specialized systems security management function, and will be adding additional resources to this in 1984.

A large part of the service we provide is information—on customer and company assets, and account activities with respect to those assets. Thus, a significant part of our mandate concerns the development of computerized information technology to enable us to compete in the marketplace in a controlled, consistent, timely and cost-effective manner. That technology must be applied also to providing management with information that enables it to make timely decisions on the basis of reliable facts.

Technology alone, however, will not suffice to ensure maximum utilization and optimization of computer resources. Increasingly, our attention and effort is being applied to planning and preparing an effective interface with systems. The best software and hardware in the world will not work effectively without a carefully thought-out administrative interface, operating through well trained individuals capable of using the system in a creative manner.

It is this perspective that, in our view, prompts and promotes an imaginative utilization of modern technology for the benefit of our clients; and we believe that this approach has been of major benefit in assisting us in marketing our services to our clients. We will continue to focus our efforts on upgrading our information technology, and creating a people interface and environment that maximizes the utilization of this tool.

Finally, it bears restating that we believe as a company that corporate culture has much to do with how effectively we fulfill our Corporate mission. The efforts expended in compliance and control, and the development and operation of effective information technology, are made the more effective because of our emphasis on cultivating among our employees a pride in stewardship and a commitment to quality and consistency of service.

*"We believe strongly in our responsibility to make a positive contribution to the quality of life in the communities in which we are represented."*



Discussing progress on site at Deer Run Mall, Mississauga, Ontario are R. Steeves, Guaranty Properties; D. Fowles, leasing agent; L. Sedun, architect; R. Nickle, Guaranty Properties; and J. McCloy, principal contractor.

## GUARANTY PROPERTIES



E. Bodnar,  
President and Chief  
Executive Officer,  
Guaranty Properties  
Limited

Guaranty Properties' major interests are land development, income properties, realtor sales, and property management. During the year, land development activities were somewhat stronger than expected, with increased sales; and realtor sales showed a modest profit.

In the past, Guaranty Properties acquired considerable land in Ontario, Western Canada and Florida. The majority of the Company's assets are presently in land holdings, and the remainder in income producing properties. The Company's new policy is to modify this balance over a period of time so as to emphasize income producing properties in high productivity major metropolitan markets.

Guaranty Properties is currently engaged in a number of activities:

### Land Development

Clients are merchant residential builders, industrial builders, and commercial and industrial end users. Guaranty Properties' philosophy is that its lands must be developed in a manner that is acceptable to the community in which we are located.

*Mississauga, Ontario - Joint Venture.* The Company is jointly developing 2100 acres of excellent industrial/residential land; and site development and sales are already under way.

*Orlando, Florida.* This 1800-acre joint development will be primarily residential, with some commercial land. Nearly 7000 residential sites have been approved, with the development projected over six to seven years.

*Ottawa, Ontario.* The Company is currently developing Greenboro, a residential subdivision. Serviced land has been sold, and homes are being constructed.

*Metro Toronto East, Ontario.* A residential and industrial joint venture in Markham and another joint venture in Pickering are both developing well.

*Edmonton, Alberta.* As the economy improves, the Company's suburban development of Clareview should accommodate a major mall. Meanwhile, residential lands are being marketed.

### Income Property

*Deer Run Shopping Centre, Mississauga, Ontario.* This community-sized facility has a Safeway store as its principal tenant; and several tenants opened late in 1983. Guaranty Properties held a long dialogue with both the community and local government, to help ensure that Deer Run's architectural design was harmonious with its neighbours; that existing mature trees were maintained; that traffic patterns were acceptable; and that an optimum balance of business and community interest was achieved.

### Guaranty Trust Realtor

This Division, which enjoyed a profitable year, deals in all facets of real estate sales. There are 12 Guaranty Trust Realtor branches, all in Ontario; and Relocation Service Centres in Toronto and Calgary.

### Property Management Division

This Division manages retail/commercial, office, industrial, residential, and other investment properties for owners on a contract-fee basis. It also manages the Company's corporate, commercial and residential properties.

## 1983 FINANCIAL STATEMENTS

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**Head Office**

366 Bay Street  
Toronto, Ontario  
M5H 2W5  
Telephone (416) 863-5000

**Stock Exchange Listing**

Toronto Stock Exchange

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# MANAGEMENT'S AND AUDITORS' REPORTS

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## Management's Report

### To the Shareholders of Guaranty Trust Company of Canada:

Management is responsible for the preparation and presentation of financial information contained in this report. The financial statements and accompanying notes are considered by management to present fairly the Company's consolidated financial position and results of operations.

Management maintains the necessary system of internal controls to provide assurance that transactions are authorized, assets are safeguarded and proper records maintained. The controls are monitored by the Company's internal auditors.

The Board of Directors appoints an Audit Committee. Acting on behalf of the Board, the Committee reviews the Company's financial statements and accounting policies and periodically reviews principal internal controls to ensure their adequacy. The Executive Committee of the Board approves credit authorization policies.

The Department of Insurance conducts an annual examination and enquiry into the Company's affairs as it feels appropriate and

necessary to satisfy the provisions of the federal Trust Companies Act, under which the Company is licensed. These examinations ensure that the provisions are being duly observed and that the Company is in sound financial condition.

Price Waterhouse, the independent auditors appointed by the shareholders of the Company, have examined our financial statements in accordance with generally accepted auditing standards and their report follows. Price Waterhouse have free and independent access to the Audit Committee and meet with the Committee to consider matters relating to financial statement presentations, internal controls and audit procedures.

A. R. MARCHMENT  
Chairman of the Board, President and  
Chief Executive Officer

E. W. AUSTIN  
Senior Vice-President  
Finance and Administration

Toronto, January 25, 1984

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## Auditors' Report

### To the Shareholders of Guaranty Trust Company of Canada:

We have examined the consolidated balance sheet of Guaranty Trust Company of Canada as at December 31, 1983 and the consolidated statements of income, retained earnings, contributed surplus and changes in financial position for the year then ended and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the Company, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE WATERHOUSE  
Chartered Accountants

Toronto, January 25, 1984

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# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF INCOME

Year ended December 31	1983	1982
<b>Gross income</b>		
Consumer loan income		
Mortgages	\$ 93,438,000	\$ 96,921,000
Personal loans	58,370,000	62,218,000
	<u>151,808,000</u>	<u>159,139,000</u>
Commercial loan income		
Mortgages	57,151,000	62,904,000
Corporate term loans	16,864,000	18,817,000
Equipment financing	11,508,000	14,265,000
Manufacturer and dealer services	21,989,000	23,884,000
	<u>107,512,000</u>	<u>119,870,000</u>
Estate, trust and agency fees	23,391,000	21,409,000
Interest and dividends from securities and bank deposit receipts	52,579,000	67,546,000
Property sales and other income	28,020,000	28,463,000
Real estate brokerage	8,305,000	6,967,000
	<u>371,615,000</u>	<u>403,394,000</u>
<b>Expenses</b>		
Interest —on deposits	249,324,000	300,279,000
—other	5,098,000	4,888,000
Cost of property sales and write-down of inventory	16,144,000	16,745,000
Credit losses	8,733,000	8,384,000
Real estate brokerage	5,870,000	5,030,000
Salaries and staff benefits	36,737,000	32,096,000
Premises	8,754,000	8,080,000
Data processing, communications, marketing and other	26,266,000	20,017,000
	<u>356,926,000</u>	<u>395,519,000</u>
Income before income taxes and extraordinary item	14,689,000	7,875,000
Income taxes—current	—	4,662,000
—deferred (Note 5)	6,885,000	(1,539,000)
	<u>6,885,000</u>	<u>3,123,000</u>
<b>Net operating income</b>	<u>7,804,000</u>	<u>4,752,000</u>
Net gain (loss) on investments and other assets	(225,000)	44,000
<b>Net income before extraordinary item</b>	<u>7,579,000</u>	<u>4,796,000</u>
Reduction of income taxes arising from application of losses carried forward	1,500,000	—
<b>Net income for the year</b>	<u>\$ 9,079,000</u>	<u>\$ 4,796,000</u>
<b>Available for</b>		
Preference shares	\$ 1,034,000	\$ 1,064,000
Common shares	8,045,000	3,732,000
	<u>\$ 9,079,000</u>	<u>\$ 4,796,000</u>
<b>Earnings per common share</b>		
Net operating income	\$ 0.58	\$ 0.33
Net income before extraordinary item	\$ 0.56	\$ 0.33
Net income after extraordinary item	<u>\$ 0.69</u>	<u>\$ 0.33</u>
Weighted average number of common shares outstanding	<u>11,629,514</u>	<u>11,350,455</u>



## CONSOLIDATED BALANCE SHEET

December 31	1983	1982
<b>Assets</b>		
Cash and securities		
Cash and bank deposit receipts	\$ 370,685,000	\$ 366,570,000
Securities and loan income due and accrued	22,717,000	24,983,000
Securities (Note 3)	70,542,000	90,118,000
	<u>463,944,000</u>	<u>481,671,000</u>
<b>Loans</b>		
Consumer		
Mortgages	824,470,000	715,265,000
Personal loans	368,680,000	398,866,000
	<u>1,193,150,000</u>	<u>1,114,131,000</u>
Commercial		
Mortgages	530,950,000	527,235,000
Corporate term loans	136,774,000	141,531,000
Equipment financing	89,087,000	77,248,000
Manufacturer and dealer services	210,523,000	151,310,000
Guaranty Properties, mortgages	21,580,000	16,796,000
	<u>988,914,000</u>	<u>914,120,000</u>
	<u>2,182,064,000</u>	<u>2,028,251,000</u>
Real estate	152,186,000	146,658,000
Other assets		
Fixed	6,621,000	6,712,000
Miscellaneous	31,505,000	33,621,000
	<u>\$2,836,320,000</u>	<u>\$2,696,913,000</u>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Deposits		
Savings and chequing accounts	\$ 662,089,000	\$ 657,847,000
Time deposits	272,543,000	275,151,000
Guaranteed investment certificates	1,562,020,000	1,435,161,000
	<u>2,496,652,000</u>	<u>2,368,159,000</u>
Other liabilities		
Bank loans and mortgages payable	61,267,000	71,942,000
Interest accrued	70,571,000	70,667,000
Accounts payable	37,730,000	36,915,000
Completion costs of real estate under development	7,466,000	7,660,000
Unearned finance charges	3,524,000	9,077,000
Advances from associated corporation	—	700,000
	<u>180,558,000</u>	<u>196,961,000</u>
Deferred income taxes (Note 5)	24,694,000	12,101,000
<b>Shareholders' Equity</b>		
Capital stock (Note 4)	36,841,000	35,872,000
Contributed surplus	48,867,000	41,378,000
Retained earnings	48,708,000	42,442,000
	<u>134,416,000</u>	<u>119,692,000</u>
	<u>\$2,836,320,000</u>	<u>\$2,696,913,000</u>

We hereby certify that to the best of our knowledge and belief the consolidated balance sheet as at December 31, 1983 and the consolidated statements of income, retained earnings, contributed

surplus and changes in financial position for the year then ended are correct and show truly the consolidated financial condition of the Company's affairs and the results of its operations.

A. R. MARCHMENT, Chairman of the Board, President and Chief Executive Officer

I. R. GERSTEIN, Director and Chairman of the Audit Committee

J. P. BASSEL, Director

### CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended December 31	1983	1982
<b>Balance at beginning of year</b>	\$ 42,442,000	\$ 40,380,000
Net income for the year	9,079,000	4,796,000
Discount on preference shares purchased for cancellation (Note 4)	97,000	146,000
	<b>51,618,000</b>	<b>45,322,000</b>
Less dividends—preference shares	1,034,000	1,064,000
—common shares (1983 and 1982—\$0.16 per share)	1,876,000	1,816,000
<b>Balance at end of year</b>	<b>\$ 48,708,000</b>	<b>\$ 42,442,000</b>

### CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS

Year ended December 31	1983	1982
<b>Balance at beginning of year</b>	\$ 41,378,000	\$ 41,378,000
Consideration in excess of par value of common shares issued (Note 4)	7,489,000	—
<b>Balance at end of year</b>	<b>\$ 48,867,000</b>	<b>\$ 41,378,000</b>

### CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31	1983	1982
<b>Funds provided by</b>		
Operations		
Net income before extraordinary item	\$ 7,579,000	\$ 4,796,000
Add non cash items		
Depreciation	863,000	744,000
Deferred income taxes	6,885,000	(1,539,000)
	<b>15,327,000</b>	<b>4,001,000</b>
Issue of common shares (Note 4)	8,987,000	—
Net proceeds on property sale	7,270,000	—
Sale of fixed assets	243,000	65,000
Net increase (decrease) in		
Savings and chequing accounts	4,242,000	34,847,000
Time deposits	(2,608,000)	(41,459,000)
Guaranteed investment certificates	126,859,000	34,067,000
Bank loans and mortgages payable	(10,675,000)	(30,479,000)
Interest accrued and accounts payable	719,000	16,404,000
Completion costs of real estate under development	(194,000)	(2,343,000)
Unearned finance charges	(5,553,000)	1,676,000
Advances from associated corporations	(700,000)	(5,825,000)
	<b>\$143,917,000</b>	<b>\$ 10,954,000</b>
<b>Funds applied to</b>		
Net increase (decrease) in		
Cash and bank deposit receipts	\$ 4,115,000	\$ (21,560,000)
Securities	(19,576,000)	(22,742,000)
Loans	153,813,000	24,501,000
Real estate	5,528,000	24,525,000
Other	(3,306,000)	3,103,000
Dividends	2,910,000	2,880,000
Purchase for cancellation of preference shares, Series A (Note 4)	433,000	247,000
	<b>\$143,917,000</b>	<b>\$ 10,954,000</b>

## SUMMARIZED FINANCIAL INFORMATION

STATEMENT OF INCOME  
(unconsolidated)

Year ended December 31	1983	1982
<b>Gross income</b>		
Consumer loan income		
Mortgages	\$ 93,438,000	\$ 96,921,000
Personal loans	58,370,000	62,218,000
	<b>151,808,000</b>	<b>159,139,000</b>
Commercial loan income		
Mortgages	57,151,000	62,904,000
Corporate term loans	16,864,000	18,817,000
Equipment financing	11,508,000	14,265,000
Manufacturer and dealer services	21,989,000	23,884,000
	<b>107,512,000</b>	<b>119,870,000</b>
Estate, trust and agency fees	23,391,000	21,409,000
Interest and dividends from securities and bank deposit receipts	52,579,000	67,546,000
Real estate brokerage	8,305,000	6,967,000
	<b>343,595,000</b>	<b>374,931,000</b>
<b>Expenses</b>		
Interest on deposits	249,324,000	300,279,000
Credit losses	8,733,000	8,384,000
Real estate brokerage	5,870,000	5,030,000
Salaries and staff benefits	34,982,000	30,412,000
Premises	8,528,000	7,870,000
Data processing, communications, marketing and other	24,786,000	19,206,000
	<b>332,223,000</b>	<b>371,181,000</b>
Income before income taxes and extraordinary item	11,372,000	3,750,000
Income taxes—deferred	4,640,000	—
<b>Net operating income</b>	<b>6,732,000</b>	<b>3,750,000</b>
Net gain (loss) on investments and other assets	(225,000)	44,000
Equity share of net income of Guaranty Properties Limited	1,072,000	1,002,000
<b>Net income before extraordinary item</b>	<b>7,579,000</b>	<b>4,796,000</b>
Reduction of income taxes arising from application of losses carried forward	1,500,000	—
<b>Net income for the year</b>	<b>\$ 9,079,000</b>	<b>\$ 4,796,000</b>

## GUARANTY TRUST

### BALANCE SHEET (unconsolidated)

December 31	1983	1982
<b>Assets</b>		
Cash and securities		
Cash and bank deposit receipts	\$ 368,880,000	\$ 364,599,000
Securities and loan income due and accrued	22,717,000	24,983,000
Securities	70,542,000	90,118,000
	<b>462,139,000</b>	<b>479,700,000</b>
Loans		
Consumer		
Mortgages	824,470,000	715,265,000
Personal loans	368,680,000	398,866,000
	<b>1,193,150,000</b>	<b>1,114,131,000</b>
Commercial		
Mortgages	530,950,000	527,235,000
Corporate term loans	136,774,000	141,531,000
Equipment financing	89,087,000	77,248,000
Manufacturer and dealer services	210,523,000	151,310,000
	<b>967,334,000</b>	<b>897,324,000</b>
	<b>2,160,484,000</b>	<b>2,011,455,000</b>
Other assets		
Investment in and advances to Guaranty Properties Limited	85,628,000	75,569,000
Fixed	6,009,000	6,295,000
Miscellaneous	28,335,000	24,693,000
	<b>\$2,742,595,000</b>	<b>\$2,597,712,000</b>
<b>Liabilities</b>		
Deposits		
Savings and chequing accounts	\$ 662,089,000	\$ 657,847,000
Time deposits	272,543,000	275,151,000
Guaranteed investment certificates	1,562,020,000	1,435,161,000
	<b>2,496,652,000</b>	<b>2,368,159,000</b>
Other		
Interest accrued	70,571,000	70,667,000
Accounts payable	34,454,000	30,117,000
Unearned finance charges	3,524,000	9,077,000
Deferred income taxes	2,978,000	—
<b>Shareholders' Equity</b>	<b>134,416,000</b>	<b>119,692,000</b>
	<b>\$2,742,595,000</b>	<b>\$2,597,712,000</b>

# GUARANTY PROPERTIES\*

## STATEMENT OF INCOME

Year ended December 31	1983	1982
<b>Gross income</b>		
Sales	\$ 22,478,000	\$ 24,004,000
Mortgage interest and other	5,542,000	4,459,000
	<u>28,020,000</u>	<u>28,463,000</u>
<b>Expenses</b>		
Cost of sales	13,400,000	16,032,000
Write-down of inventory	2,744,000	713,000
Interest expense	5,098,000	4,888,000
Salaries and staff benefits	1,755,000	1,684,000
Premises	226,000	210,000
Data processing, communications, marketing and other	1,480,000	811,000
	<u>24,703,000</u>	<u>24,338,000</u>
Income before income taxes	3,317,000	4,125,000
Income taxes—current	—	4,662,000
—deferred	2,245,000	(1,539,000)
	<u>2,245,000</u>	<u>3,123,000</u>
<b>Net contribution to Guaranty Trust</b>	<u>\$ 1,072,000</u>	<u>\$ 1,002,000</u>

## BALANCE SHEET

December 31	1983	1982
<b>Assets</b>		
Cash	\$ 1,805,000	\$ 1,971,000
Mortgages and other secured receivables	21,580,000	16,796,000
Real estate inventory	134,933,000	134,183,000
Income producing property	17,253,000	12,475,000
	<u>152,186,000</u>	<u>146,658,000</u>
Other assets		
Fixed	612,000	417,000
Miscellaneous	3,170,000	8,928,000
	<u>\$179,353,000</u>	<u>\$174,770,000</u>
<b>Liabilities</b>		
Debt**		
Bank loans	\$ 53,102,000	\$ 62,337,000
Mortgages payable	8,165,000	9,605,000
	<u>61,267,000</u>	<u>71,942,000</u>
Other		
Accounts payable and accrued expenses	3,276,000	6,798,000
Advances from associated corporation	—	700,000
Completion costs of real estate under development	7,466,000	7,660,000
Deferred income taxes	21,716,000	12,101,000
Guaranty Trust equity investment and advances	85,628,000	75,569,000
	<u>\$179,353,000</u>	<u>\$174,770,000</u>

\*Consists of Guaranty Properties Limited and the following subsidiaries and joint ventures:

Albion Road Estates Limited	Huckleberry Inc.
Apple Creek Business Park	Paracon Guaranty Inc.
Deer Run Shopping Centre Ltd.	Traders Associates
Guaranty Pension Realty Limited	360 Bloor Street East
Guaranty Properties (Florida) Inc.	488857 Ontario Inc.
Guaranty Properties (U.S.) Inc.	

\*\*Bears interest from 5% to 14% and matures from 1984 to 1987.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1983

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**1. Summary of Accounting Policies**

These consolidated financial statements comply with all disclosure requirements of the Trust Companies Act (Canada). The summary of accounting policies presented on page 30 is an integral part of the financial statements.

**2. Guaranteed Trust Account**

Included in the consolidated balance sheet are assets and liabilities of the guaranteed trust account of \$2,602,096,000 (1982—\$2,473,240,000).

**3. Securities**

	1983	1982
Government of Canada and Provinces of Canada	\$34,389,000	\$34,781,000
Other securities		
Municipal	275,000	449,000
Corporation bonds and debentures	5,570,000	5,642,000
Stocks	30,308,000	49,246,000
(Market value 1983—\$33,139,000; 1982—\$49,891,000)	36,153,000	55,337,000
	<u>\$70,542,000</u>	<u>\$90,118,000</u>

**4. Capital Stock**

	1983	1982
Authorized—		
1,132,100 Preference shares of \$20.00 par value issuable in series (1982—1,158,575)		
25,000,000 Common shares of \$2.00 par value		
Issued and outstanding—		
632,100 8% Cumulative redeemable preference shares, Series A (1982—658,575)	\$12,642,000	\$13,171,000
12,099,399 Common shares (1982—11,350,455)	24,199,000	22,701,000
	<u>\$36,841,000</u>	<u>\$35,872,000</u>

On August 18, 1983 the Company issued 748,944 common shares valued at \$8,987,000 of which \$1,498,000 was added to common shares outstanding and the balance of \$7,489,000 was added to contributed surplus. The shares were issued in connection with the acquisition at fair value of the parent company's, Traders Group Limited, equity interest in an income producing property. This property was then sold for cash to a third party at no net gain or loss to the Company after applicable deferred income taxes of \$7,270,000.

During the year 26,475 preference shares for a total consideration of \$433,000 were purchased at various market rates and cancelled, thus meeting the Company's purchase obligation.

Preference shares are redeemable at the Company's option at \$20.80 per share in 1984, reducing by \$0.20 per share per year until December 31, 1987 and at \$20.00 per share thereafter.

**5. Income Taxes**

The Company receives tax-exempt dividend and debenture income. Also certain items of income and expense are recognized in time periods different for financial reporting than for income tax purposes. These amounts may be used to offset taxable income in subsequent tax years. As long as it is virtually certain that the benefit will be used, accounting recognition is given to these amounts.

The summarized amounts of income taxes are as follows:

**(i) Guaranty Trust**

Deferred income tax liabilities, arising mainly from mortgage reserves claimed for tax purposes, have been reflected in the financial statements in the amount of \$3,461,000. Losses carried forward on a filing basis and recognized in the financial statements amount to \$483,000.

The Company also has available certain elective deductions amounting to \$10,400,000 which may be used in future years to reduce taxable income.

**(ii) Guaranty Properties**

Deferred income tax liabilities, arising principally from carrying costs of real estate claimed for tax purposes, have been reflected in the financial statements in the amount of \$27,605,000. Losses carried forward on a filing basis and recognized in the financial statements amount to \$5,889,000.

## 6. Segmented Information

The major categories of business activity are as follows:

- (i) Financial intermediary—investment of depositor and shareholder funds in mortgages, securities, personal and corporate loans;
- (ii) Estate, trust and agency—as executor, trustee, custodian, agent and/or manager, through the provision of personal, pension and corporate trust services, as well as stock transfer services;
- (iii) Property sales and other—land development, property management and investment in income producing property;
- (iv) Real estate—real estate brokerage and relocation services.

	1983	
	Gross income	Income before income tax
Financial intermediary	\$311,899,000	\$ 4,016,000
Estate, trust and agency	23,391,000	7,304,000
Property sales and other	28,020,000	3,317,000
Real estate	8,305,000	52,000
	<u>\$371,615,000</u>	14,689,000
Income taxes		6,885,000
Net operating income		<u>\$ 7,804,000</u>

Expenses common to all areas of activity are allocated to the segments based on cost analysis with reference to such factors as time, average funds in use, headcount and other.

Comparative figures are not provided because the financial data for 1982 is not readily available.

## 7. Related Party Transactions

In addition to the transaction referred to in Note 4 the Company, during the year:

- (i) acquired \$27,110,000 of consumer mortgages and \$34,913,000 of equipment financing receivables at fair market value from the parent company;
- (ii) recovered certain general and administrative expenses at cost relating to personnel and services provided on behalf of the parent and its subsidiaries.

## 8. Pension Plans

The Company has two pension plans which cover substantially all employees. The most recent independent actuarial valuations of the plans were made at January 1, 1982 and showed a surplus which is available to offset future pension costs.

## 9. Commitments and Contingencies

The Company leases premises for various periods up to 15 years. The aggregate amount of rentals incurred in the year ended December 31, 1983 was \$3,724,000 (1982—\$3,769,000) and the aggregate minimum rental expense under these leases for the five years subsequent to December 31, 1983 is approximately \$13,411,000 (1982—\$14,510,000).

Outstanding loan and mortgage commitments for future advances are \$180,625,000 at December 31, 1983 (1982—\$141,176,000).

In 1981 legal proceedings against Guaranty Trust, the Bank of Montreal, Thorne Riddell Inc., and others, were commenced in British Columbia and in Alberta, alleging, among other things, that Guaranty Trust as trustee under a trust indenture acted improperly in appointing a receiver and manager of the assets of Abacus Cities Ltd., now in bankruptcy. Damages claimed against all defendants in Alberta total approximately \$300,000,000, while the action in British Columbia is now for an unspecified amount (formerly all claims against all parties totalled \$1,700,000,000). Guaranty Trust is defending these actions and, in the opinion of its legal counsel, Guaranty Trust has a good defence.

## SUMMARY OF ACCOUNTING POLICIES

The Company follows accounting policies common to trust companies. The significant policies are as follows:

### **Consolidation**

The consolidated financial statements include the assets, liabilities and results of operation of the Company and its wholly owned subsidiary Guaranty Properties Limited.

### **Securities and Loans**

Securities are stated at amortized cost except for corporate notes and stocks which are stated at cost. Loans are stated at cost less provision for losses.

Discounts or premiums on the purchase of government bonds are amortized on a yield to maturity basis. Discounts or premiums on other bonds and loans are amortized on a straight-line basis over the term to maturity.

Unearned income on instalment contracts is computed by the sum of the digits method.

Realized gains or losses on investments are included in the statement of income.

### **Estate, Trust and Agency Fees**

The Company follows accrual accounting for all estate, trust and agency business.

### **Depreciation**

The declining balance basis is used to compute depreciation on buildings at 5%. Computer equipment and related software is depreciated on the straight-line basis at the rate of 20%.

### **Guaranty Properties Accounting**

The proportionate share of the assets, liabilities, income and expenses of all incorporated and unincorporated joint ventures and partnerships are included in the consolidated financial statements.

Sales are recorded after all material conditions have been fulfilled and a minimum of 15% of the sale price has been received in cash.

Inventory is carried at the lower of cost, including direct carrying charges (primarily interest and realty taxes) and development costs, and estimated net realizable value at the time of sale.

Assets and liabilities in foreign currencies are translated into Canadian dollars at the rate prevailing on the balance sheet date; revenue and expenses are translated at the average annual exchange rate for the year.



## FINANCIAL ANALYSIS

## CONSOLIDATED FIVE YEAR REVIEW

December 31	1983	1982	1981	1980	1979
<b>Gross income</b>					
Consumer loan income	\$ 151,808,000	\$ 159,139,000	\$ 245,365,000	\$ 189,493,000	\$ 141,047,000
Commercial loan income	107,512,000	119,870,000			
Estate, trust and agency fees	23,391,000	21,409,000	21,480,000	15,357,000	11,784,000
Interest and dividends from securities and bank deposit receipts	52,579,000	67,546,000	59,624,000	38,241,000	36,231,000
Property sales and other income	28,020,000	28,463,000	20,628,000	17,494,000	21,997,000
Real estate brokerage	8,305,000	6,967,000	8,668,000	6,913,000	5,456,000
	<b>\$ 371,615,000</b>	<b>\$ 403,394,000</b>	<b>\$ 355,765,000</b>	<b>\$ 267,498,000</b>	<b>\$ 216,515,000</b>
<b>Expenses</b>					
Interest—on deposits	\$ 249,324,000	\$ 300,279,000	\$ 275,800,000	\$ 196,637,000	\$ 152,838,000
—other	5,098,000	4,888,000	3,111,000	2,197,000	1,778,000
Cost of property sales	16,144,000	16,745,000	12,311,000	6,423,000	12,309,000
Credit losses	8,733,000	8,384,000	2,831,000	1,291,000	833,000
Real estate brokerage	5,870,000	5,030,000	6,365,000	5,028,000	3,921,000
Salaries and staff benefits	36,737,000	32,096,000	29,111,000	24,677,000	19,183,000
Premises	8,754,000	8,080,000	7,607,000	6,209,000	4,848,000
Data processing, communications, marketing and other	26,266,000	20,017,000	15,575,000	15,105,000	12,308,000
	<b>\$ 356,926,000</b>	<b>\$ 395,519,000</b>	<b>\$ 352,711,000</b>	<b>\$ 257,567,000</b>	<b>\$ 208,018,000</b>
<b>Net income for the year</b>	<b>\$ 9,069,000</b>	<b>\$ 4,796,000</b>	<b>\$ 3,390,000</b>	<b>\$ 8,343,000</b>	<b>\$ 7,269,000</b>
<b>Per common share</b>					
Net income for the year*	\$ 0.69	\$0.33	\$0.23	\$0.76	\$0.73
Dividends (Guaranty Trust only)	\$ 0.16	\$0.16	\$0.16	\$0.16	\$0.16
Shareholders' equity**	\$10.06	\$9.38	\$9.20	\$9.33	\$8.95
Weighted average number of common shares outstanding	11,629,514	11,350,455	10,035,387	9,475,455	8,329,855
<b>Assets</b>					
Cash and securities	\$ 463,944,000	\$ 481,671,000	\$ 528,188,000	\$ 393,815,000	\$ 354,278,000
Mortgages—consumer	824,470,000	715,265,000	779,130,000	1,386,186,000	1,285,791,000
—commercial	530,950,000	527,235,000	596,701,000		
Other loans—consumer	368,680,000	398,866,000	322,534,000	266,945,000	162,855,000
—commercial	457,964,000	386,885,000	308,187,000	183,071,000	145,470,000
Real estate	152,186,000	146,658,000	122,133,000	94,833,000	70,783,000
Other assets	38,126,000	40,333,000	29,278,000	25,747,000	22,646,000
	<b>\$2,836,320,000</b>	<b>\$2,696,913,000</b>	<b>\$2,686,151,000</b>	<b>\$2,350,597,000</b>	<b>\$2,041,823,000</b>
<b>Liabilities and shareholders' equity</b>					
Savings and chequing accounts	\$ 662,089,000	\$ 657,847,000	\$ 623,000,000	\$ 570,553,000	\$ 473,215,000
Time deposits	272,543,000	275,151,000	316,610,000	186,589,000	137,681,000
Guaranteed investment certificates	1,562,020,000	1,435,161,000	1,401,094,000	1,308,777,000	1,185,086,000
Total deposits	2,496,652,000	2,368,159,000	2,340,704,000	2,065,919,000	1,795,982,000
Other liabilities	205,252,000	209,062,000	227,424,000	182,268,000	146,585,000
Shareholders' equity	134,416,000	119,692,000	118,023,000	102,410,000	99,256,000
Total of company, guaranteed funds and real estate assets	<b>\$2,836,320,000</b>	<b>\$2,696,913,000</b>	<b>\$2,686,151,000</b>	<b>\$2,350,597,000</b>	<b>\$2,041,823,000</b>
Total estate, trust and agency assets	<b>\$2,881,340,000</b>	<b>\$2,385,385,000</b>	<b>\$2,037,081,000</b>	<b>\$1,721,397,000</b>	<b>\$1,392,847,000</b>
Total assets under administration	<b>\$5,717,660,000</b>	<b>\$5,082,298,000</b>	<b>\$4,723,232,000</b>	<b>\$4,071,994,000</b>	<b>\$3,434,670,000</b>

\*Based on weighted average number of common shares outstanding

\*\*Based on shares outstanding at year-end

# ASSET QUALITY MANAGEMENT

## PORTFOLIO POLICIES

In order to ensure that the Company's assets are of the highest quality, the lending activities are subject to comprehensive policy and procedural guidelines. The more significant of these are summarized below.

### Lending Policies

Loan applications are subject to prudent credit policies. Maximum credit limits for the various levels of management are recommended by the Credit Committee and ratified by the Executive Committee of the Board of Directors.

Credit levels for management are recommended by the next level of authority and approval is granted by the level above the recommending level. Specific credit granting authority is assigned to specific employees in each division according to the employee's experience, credit record, portfolio knowledge and overall credit assessment capability.

All loans of \$5 million and over are approved by the Executive Committee, with the exception of the corporate term loan portfolio where loans of \$4 million and over require such approval.

All loans of \$1 million and above are reported monthly to the Executive Committee.

### Delinquencies

Account delinquency is determined on a contractual basis. An account is contractually delinquent when the current month's instalment remains unpaid for more than one month.

### Accrual of Interest

Interest is normally accrued for all loans receivable. However, further accrual of interest on accounts over 90 days in arrears (non-productive loans) is stopped unless continued accrual is approved by the Credit Committee, or the loan is credit insured, in which case interest will be accrued in accordance with the terms of the insurance policy. Any interest previously accrued in the current year is reversed.

### Non-Productive Loans

In addition to its regular weekly review of loan applications, the Credit Committee meets monthly to review the status of non-productive loans and the adequacy of the allowance for doubtful accounts. The Credit Department, which reports directly to the Chief Executive Officer, provides independent review of arrears and non-productive loans and ensures that the allowance for credit losses is maintained at an adequate level. There is also periodic review of this allowance by our internal and external auditors as well as by the Department of Insurance in their routine annual review.

### Allowance for Credit Losses

An allowance for credit losses is established as a result of regular detailed analyses of individual delinquent accounts. In addition to specific allowances, a general allowance is provided based upon a percentage of outstanding loans which percentage is determined with reference to characteristics of the particular class of loans, write-off experience and other related considerations. The Credit Committee approves these allowances, which are subsequently reviewed by the Company's auditors.

### Loan Write-offs

Losses are written off against the allowance for credit losses either upon realization of the related security or when approved by the authorized management level.

**Credit Loss and Allowance Statistics***In thousands of dollars*

	Credit loss expense						Allowance for credit losses	
	1983			1982			1983	1982
	Net write-offs	Change in allowance	Total	Net write-offs	Change in allowance	Total		
Consumer loans								
Mortgages	\$ 890	\$ (70)	\$ 820	\$ 523	\$ 842	\$1,365	\$ 993	\$ 1,063
Personal loans	1,355	(165)	1,190	1,740	937	2,677	3,044	3,142
	2,245	(235)	2,010	2,263	1,779	4,042	4,037	4,205
Commercial loans								
Mortgages	1,422	92	1,514	(103)	1,471	1,368	981	850
Corporate term loans	45	3,832	3,877	365	1,527	1,892	6,723	2,891
Equipment financing	419	407	826	81	422	503	1,762	919
Manufacturer and dealer services	425	81	506	248	331	579	1,453	1,372
	2,311	4,412	6,723	591	3,751	4,342	10,919	6,032
	\$4,556	\$4,177	\$8,733	\$2,854	\$5,530	\$8,384	\$14,956*	\$10,237

\*Includes allowances of \$542,000 from Bulk Purchase

**Credit Losses and Allowances (as a percentage of loans)**

	Loans outstanding (gross) December 31		Credit loss expense as a % of average loans outstanding		Allowance as a % of loans outstanding December 31	
	1983	1982	1983	1982	1983	1982
	Consumer loans					
Mortgages	\$ 825,463	\$ 716,328	0.11%	0.18%	0.12%	0.15%
Personal loans	371,724	402,008	0.31	0.74	0.82	0.78
	1,197,187	1,118,336	0.17	0.36	0.34	0.38
Commercial loans						
Mortgages	531,931	528,085	0.29	0.25	0.18	0.16
Corporate term loans	143,497	144,422	2.69	1.47	4.69	2.00
Equipment financing	90,849	78,167	0.98	0.67	1.94	1.18
Manufacturer and dealer services	211,976	152,682	0.28	0.42	0.69	0.90
	978,253	903,356	0.71	0.48	1.12	0.67
	\$2,175,440	\$2,021,692	0.42%	0.42%	0.69%	0.51%

## ASSET AND LIABILITY MANAGEMENT

The Company's Asset and Liability Management Committee, which has been operational for several years, is charged with the responsibility of ensuring that operating decisions are consistent with the Company's policy of operating its financial intermediary division on a matched basis. The Committee meets weekly to review the matching position and projected cash flows, by term. It then sets deposit and loan rates consistent with our objectives.

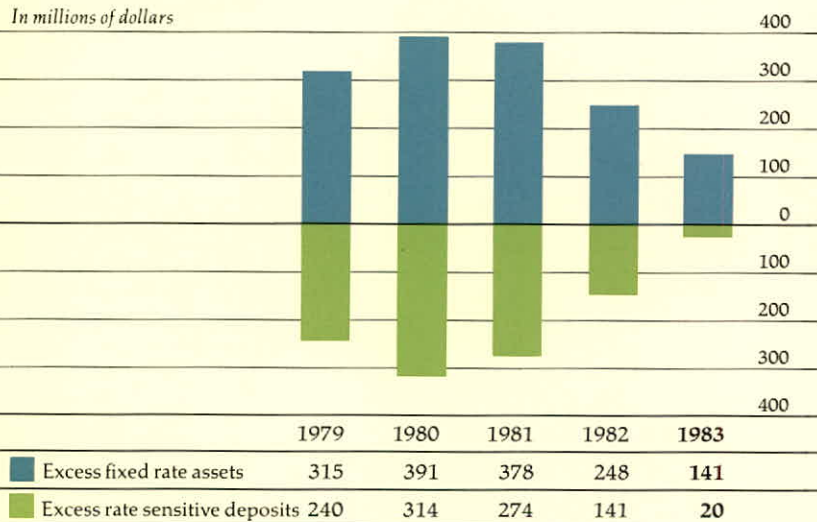
### Asset and Liability Maturity and Mix

The recession in 1983 continued to limit the Company's opportunities for lending on a basis of acceptable risk. During the year depositors continued to prefer deposits maturing in one year or less in view of the general uncertainty of the direction of interest rates. In response to this preference, management continued to emphasize lending on a short-term or floating rate basis. As a result the Company has increased the portion of portfolios maturing in one year or on an interest sensitive basis from 63 percent in the prior year to 66 percent at December 31, 1983.

The long term mortgage and bond portfolio was reduced from \$242 million during 1983 to \$213 million at year-end of which \$73 million matures within five years.

### Interest rate sensitivity (excluding common equity)

In millions of dollars



### Interest Rate Sensitivity

It is a primary objective of management to ensure that deposits are matched by investments of similar maturity and interest type. Achievement of this objective results in satisfactory and stable net interest income levels while minimizing exposure to unanticipated and uncontrollable interest rate fluctuations. The Company has achieved considerable success in 1983 in reducing the disparity between rate sensitive assets and deposits, and fixed rate assets and deposits.

### Asset and Liability Maturity and Mix

In millions of dollars

	Rate sensitive and within one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	After 5 years	Other	December 31, 1983		December 31, 1982	
								Total	%	Total	%
<b>Assets</b>											
Cash and bank deposit receipts	\$ 369	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 369	13	\$ 365	14
Securities and other investments	8	11	17	38	4	31	24	133	5	152	6
Consumer loans	774	148	145	16	100	10	—	1,193	44	1,114	43
Commercial loans	644	82	39	23	80	99	—	967	35	897	35
Other assets	23	—	—	—	—	—	58	81	3	70	2
	\$1,818	\$241	\$201	\$77	\$184	\$140	\$ 82	\$2,743	100	\$2,598	100
%—1983	66	9	7	3	7	5	3	100			
%—1982	63	17	8	2	2	6	2				100
<b>Liabilities and Equity</b>											
Demand	\$ 662	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 662	24	\$ 658	25
Time	273	—	—	—	—	—	—	273	10	275	11
Term	799	287	215	71	190	—	—	1,562	57	1,435	55
Other liabilities and equity	73	—	—	—	—	—	173	246	9	230	9
	\$1,807	\$287	\$215	\$71	\$190	\$ —	\$ 173	\$2,743	100	\$2,598	100
%—1983	66	10	8	3	7	—	6	100			
%—1982	71	11	8	2	2	—	6				100
<b>Asset Surplus (Deficiency)</b>											
at December 31, 1983	\$ 11	\$(46)	\$(14)	\$ 6	\$ (6)	\$140	\$( 91)				
at December 31, 1982	\$(218)	\$151	\$( 5)	\$ 2	\$( 4)	\$153	\$( 79)				

### Interest Rate Sensitivity

In millions of dollars

	1983				1982			
	Rate sensitive	Fixed Rate		Total	Rate sensitive	Fixed Rate		Total
		Under 1 yr.	Over 1 yr.			Under 1 yr.	Over 1 yr.	
<b>Assets</b>								
Cash and bank deposit receipts	\$ 350	\$ 19	\$ —	\$ 369	\$ 365	\$ —	\$ —	\$ 365
Securities and other investments	6	2	125	133	18	20	114	152
Consumer loans	186	588	419	1,193	113	536	465	1,114
Commercial loans	431	213	323	967	354	198	345	897
Other assets	23	—	58	81	28	—	42	70
	\$ 996	\$822	\$925	\$2,743	\$ 878	\$754	\$966	\$2,598
	36%	30%	34%	100%	34%	29%	37%	100%
<b>Deposits</b>								
Demand	\$ 662	\$ —	\$ —	\$ 662	\$ 658	\$ —	\$ —	\$ 658
Time	273	—	—	273	275	—	—	275
Term	8	791	763	1,562	—	831	604	1,435
	943	791	763	2,497	933	831	604	2,368
Other liabilities	73	—	39	112	86	—	24	110
Preference shares	—	—	13	13	—	—	13	13
	\$1,016	\$791	\$815	\$2,622	\$1,019	\$831	\$641	\$2,491
	39%	30%	31%	100%	41%	33%	26%	100%
<b>Asset Surplus (Deficiency)</b>								
at December 31	\$ (20)	\$ 31	\$110	\$ 121*	\$(141)	\$(77)	\$325	\$ 107*

\*Represents common equity

### Liquidity Management

<i>In thousands of dollars</i>	1983	1982
Liquid assets at book value		
Cash	\$ 12,868	\$ 10,658
Bank deposit receipts	306,272	281,009
Canada and provincial securities	36,904	36,049
	<b>356,044</b>	<b>327,716</b>
Statutory liquidity required: 20% of demand deposits and deposits due within 100 days	244,237	235,631
Surplus liquidity	\$111,807	\$ 92,085

The Company is required by statute to maintain liquid assets at a minimum level of 20% of its demand deposits and deposits due within 100 days. In addition, management must determine the appropriate level of liquidity to provide funds to meet anticipated cash flows from ongoing operations and intermediary activities. As noted, the Company has excess liquidity of \$111,807,000 available to meet its statutory obligations and management objectives.

### Borrowing Capacity

<i>In thousands of dollars</i>	1983	1982
Borrowing base	\$ 135,394	\$ 116,741
Borrowing base × 25	3,384,850	2,918,525
Less:		
Total deposits	2,496,652	2,368,159
Accrued interest and other liabilities	100,245	98,274
	<b>2,596,897</b>	<b>2,466,433</b>
Borrowing capacity surplus	\$ 787,953	\$ 452,092

Borrowing capacity represents the Company's ability to support deposit and investment activity. At the present time the Company is permitted by statute to maintain a level of deposits twenty-five times in excess of shareholder equity as defined by statute. As noted, the Company has a borrowing capacity surplus of \$787,953,000 available for additional deposits. Due to this excess capacity, the Company's multiple currently stands at 19.2.

## COMPARATIVE FINANCIAL DATA

## Selected Financial Data and Ratios\*

Earnings	1983	1982	1981	1980	1979
Net interest and other operating income	\$ 94,271,000	\$ 74,652,000	\$ 59,337,000	\$ 53,367,000	\$ 41,680,000
Net operating income	\$ 6,732,000	\$ 3,750,000	\$ 46,000	\$ 4,604,000	\$ 3,772,000
Net income	\$ 7,579,000	\$ 4,796,000	\$ 3,390,000	\$ 8,343,000	\$ 7,269,000
<b>Per share data</b>					
Net income	\$0.56	\$0.33	\$0.23	\$0.76	\$0.73
Cash dividend paid	\$0.16	\$0.16	\$0.16	\$0.16	\$0.16
<b>Financial position</b>					
Total company assets	\$2,742,595,000	\$2,597,712,000	\$2,549,983,000	\$2,240,427,000	\$1,960,088,000
Deposits	\$2,496,652,000	\$2,368,159,000	\$2,340,704,000	\$2,065,919,000	\$1,795,982,000
Shareholders' equity	\$ 134,416,000	\$ 119,692,000	\$ 118,023,000	\$ 102,410,000	\$ 99,256,000
<b>Financial ratios</b>					
Return on total assets	0.25%	0.14%	0.10%	0.34%	0.33%
Total assets to equity	22.52	24.39	24.41	25.34	23.12
Return on common equity	5.73%	3.54%	2.37%	8.33%	7.70%
Common dividend payout	28.66%	48.66%	59.85%	17.56%	17.54%

\*All items exclude any extraordinary gains or losses

## Quarterly Analysis of Rate Spread and Net Earnings by Source

In thousands of dollars, where applicable

Quarter	Net Rate Spread <sup>1</sup>	Net Earnings <sup>2</sup>				
		Trust	Property	Total	Per Share	
1979	Q1	1.12%	\$ 806	\$ 308	\$1,114	\$0.10
	Q2	1.24	1,196	(140)	1,056	0.09
	Q3	1.31	1,154	132	1,286	0.12
	Q4	1.14	642	3,171	3,813	0.40
		1.20	3,798	3,471	7,269	0.73 <sup>3</sup>
1980	Q1	1.19	670	223	893	0.06
	Q2	1.24	1,486	23	1,509	0.13
	Q3	1.28	1,530	475	2,005	0.18
	Q4	1.34	1,050	2,886	3,936	0.39
		1.26	4,736	3,607	8,343	0.76
1981	Q1	1.12	743	887	1,630	0.14
	Q2	0.85	148	393	541	0.13
	Q3	0.29	(3,838)	(32)	(3,870)	(0.43)
	Q4	0.62	4,705	384	5,089	0.44
		0.71	1,758	1,632	3,390	0.23 <sup>3</sup>
1982	Q1	0.77	273	732	1,005	0.06
	Q2	0.96	10	1,161	1,171	0.08
	Q3	1.09	1,115	107	1,222	0.09
	Q4	1.39	2,396	(998)	1,398	0.10
		1.06	3,794	1,002	4,796	0.33
1983	Q1	1.68	1,318	(701)	617	0.03
	Q2	1.74	1,516	1,923	3,439	0.28
	Q3	1.93	1,704	(163)	1,541	0.11
	Q4	1.82	1,969	13	1,982	0.14
		1.80%	\$6,507	\$1,072	\$7,579	\$0.56 <sup>3</sup>

1 Rate earned on investments (excluding fee income) less rate paid on deposits. Taxable equivalent basis for all periods except for the last three quarters of 1981, and all quarters of 1982 wherein income tax credits were not available.

2 Excludes extraordinary items.

3 The Company issued common shares on the following dates:

1,250,000 on November 26, 1979

1,250,000 on August 6, 1981

625,000 on December 1, 1981

1,558,855 on December 31, 1981

748,944 on August 18, 1983

The earnings per share are based on the weighted average outstanding common shares.

## CORPORATE INFORMATION

## BOARD OF DIRECTORS

## ‡JOHN P. BASSEL, Q.C.

Partner  
Bassel, Sullivan & Leake  
Barristers & Solicitors  
Toronto, Ontario

## †W. JOHN A. BULMAN

President  
The Bulman Group Limited  
Winnipeg, Manitoba

## \*E. WALLACE FLANAGAN

Vice-Chairman of the Board  
Guaranty Trust Company of Canada  
Calgary, Alberta

## BRIG. GEN. J. GUY GAUVREAU

Vice-Chairman  
Concordia Estates Group Limited  
Montreal, Quebec

## ‡IRVING R. GERSTEIN

Chairman of the Audit Committee  
President  
Peoples Jewellers Limited  
Toronto, Ontario

## ‡ROBERT G. GRAHAM

President and Chief Executive Officer  
Inter-City Gas Corporation  
Winnipeg, Manitoba

## WILLIAM A. HEASLIP

Chairman, President and Chief Executive Officer  
Grafton Group Limited  
Toronto, Ontario

## CYRIL O. HURLY

Corporate Director  
Windsor, Ontario

## †\*ALAN R. MARCHMENT, F.C.A.

Chairman, President and Chief Executive Officer  
Guaranty Trust Company of Canada  
Toronto, Ontario

‡Member of the Executive Committee

†Member of the Audit Committee

\*Officer

## ‡FREDERIC Y. McCUTCHEON

President  
Arachnae Management Limited  
Toronto, Ontario

## ‡JAMES W. MCCUTCHEON, Q.C.

Chairman of the Executive Committee  
Partner  
Shibley, Righton & McCutcheon  
Barristers and Solicitors  
Toronto, Ontario

## LESLIE R. PETERSON, Q.C.

Senior Partner  
Boughton & Company  
Vancouver, British Columbia

## D. MAX RITCHIE

President  
Medway Investments Corporation Ltd.  
Edmonton, Alberta

## ARCHIBALD F. SHEPPARD, Q.C.

Partner  
Martin, Sheppard  
Barristers and Solicitors  
Niagara Falls, Ontario

## E. LLEWELLYN G. SMITH

Chairman  
E. D. Smith & Sons, Limited  
Winona, Ontario

## DONALD I. WEBB, F.C.A.

Financial Consultant  
Toronto, Ontario

## DAVID B. WELDON

Chairman  
Midland Doherty Limited  
Toronto, Ontario

## Directors Emeriti

R. R. BELANGER  
Montreal, Quebec

J. G. BENNETT  
Vancouver, British Columbia

C. A. CADIEUX  
Toronto, Ontario

H. E. DYNES  
Toronto, Ontario

C. S. LEE  
Calgary, Alberta

D. B. MANSUR  
Toronto, Ontario

G. H. NELMS  
Ottawa, Ontario

H. J. O'CONNELL  
Montreal, Quebec

W. S. ROW  
Toronto, Ontario

W. F. SPRY  
Toronto, Ontario

R. F. WILSON, Q.C.  
Toronto, Ontario



## OFFICERS

**Chairman, President and  
Chief Executive Officer**  
ALAN R. MARCHMENT, F.C.A.

**Vice-Chairman of the Board**  
E. WALLACE FLANAGAN

**Executive Vice-President**  
MICHAEL A. HASLEY

### Senior Vice-Presidents

EDWIN W. AUSTIN, C.A.  
Finance and Administration

REIN W. CRECELIUS  
Consumer Lending

WILLIAM J. PERKINS  
Branch Operations

WILLIAM L. COCHRANE  
Corporate Lending

E. AUSTIN FRICKER, C.A.  
Trust and Investment Services

### Vice-Presidents

S. DOUGLAS ARNOTT  
Corporate Lending

JOHN F. ELLIS  
Secretary

GERALD A. MORIN  
Corporate Trust Services

WILLIAM C. ATTEWELL  
Corporate Planning

THOMAS R. HIXSON  
Corporate Credit

DAVID J. SKENE  
Personnel

ROBERT W. CHISHOLM, C.A.  
Controller

RONALD C. HODGES  
Consumer Lending

PETER A. SPARK  
Investments

HOWARD C. DICKSON  
Information Services

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Marketing and Public Relations

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THOMAS R. MERRICK  
Real Estate

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Quebec Region  
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Toronto Main Region  
P. H. HEBB  
British Columbia and  
Alberta Region  
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Ontario Central Region  
E. D. SKUCE  
Ontario North, Manitoba  
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Corporate Lending  
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Management Accounting  
L. L. CLINESMITH  
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Assistant Vice-President  
Eastern Region

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Assistant Vice-President  
Western Region

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Assistant Vice-President  
Administration

R. S. B. Barlow  
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VISA

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National Manager  
Mortgage Administration

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Assistant Vice-President

L. L. Clinesmith  
Assistant Vice-President

D. J. Davison  
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A. B. Duff  
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W. J. Ferguson  
Assistant Vice-President

J. F. Johnston  
Assistant Vice-President

E. Nutter  
Assistant Vice-President

J. S. Ridout  
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Vice-President

W. E. Brolly  
Assistant Vice-President  
Transfer Services

P. E. Evenden  
Assistant Vice-President  
Pension Services

P. D. Thomas  
Assistant Vice-President  
Pension Services

M. MacGirr  
National Manager  
Corporate Trust

C.I.R. Communications Inc.  
D. R. Warren, President

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Vice-President

K. Drabble  
Assistant Vice-President  
Personal Trust Services

D. J. Sutton  
Assistant Vice-President  
Personal Trust Services

W. Drummond  
National Manager  
Investment Fund Services

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Vice-President

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LIMITED**  
(subsidiary)

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Toronto, Ontario

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Shopping Centre

550 Clareview Drive  
Edmonton, Alberta

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Toronto, Ontario

R. A. Steeves  
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Toronto, Ontario

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Vice-President and  
National Manager

G. McWilliams  
Manager  
Relocation Services

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1427 Ogilvie Road  
G. DaCosta, Manager

235 Stafford Road  
Nepean  
S. Milne, Manager

**MISSISSAUGA**  
110 Lakeshore Road East  
J. Hillis, Manager

Mississauga I.C.I.  
110 Lakeshore Road East,  
2nd Floor  
G. Fowles, Manager

**TORONTO**  
504 Oriole Parkway  
M. Elsley, Manager

4917 Dundas Street West  
Etobicoke  
A. Miller, Manager

2625 Eglinton Avenue East  
Scarborough  
R. Gordon, Manager

**FORT ERIE**  
200 Garrison Road  
I. Gray, Manager

**NIAGARA FALLS**  
7555 Montrose Road  
I. Gray, Manager

**SAULT STE. MARIE**  
498 Queen Street  
E. Anstice, Manager

**SUDBURY**  
560 Notre Dame  
L. LaSorsa, Manager

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 Toronto, Ontario  
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 Senior Vice-President

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 Toronto, Ontario  
**M. J. BROADBENT**  
 Regional Vice-President

#### Toronto

Main Branch  
 366 Bay Street  
 121 Bloor Street East  
 E. Brewda, Manager

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 199 Front Street  
 R. E. Lee, Manager

#### Cornwall

250 Pitt Street  
 M. R. Lavoie, Manager

#### Hull

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 M. Couture, Manager

#### Montreal

2000, rue Mansfield

#### Ottawa

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 Senior Manager

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 2269 Riverside Drive  
 D. G. Tait, Manager

Pinecrest Shopping Mall  
 2685 Iris Street  
 T. Olver, Manager

St. Laurent Shopping Centre  
 1182 St. Laurent Blvd.  
 G. Leroux, Manager

#### Pembroke

131 Pembroke Street West  
 L. Loevenmark, Manager

#### Peterborough

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 W. J. Chapman, Manager

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 Toronto, Ontario

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 4141 Dixie Road  
 R. W. Sills, Manager

#### Oshawa

32 King Street East  
 E. D. MacKay, Manager

#### Richmond Hill

10132 Yonge Street  
 W. N. Girard, Manager

#### Stouffville

81 Main Street West  
 J. B. Gribbon, Manager

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 D. Fava, Manager

2425 Bloor Street West  
 G. Smith, Manager

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 939 Lawrence Avenue East  
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875 Eglinton Avenue West  
 R. Glass, Manager

2555 Victoria Park Avenue  
 G. Dow, Manager

2376 Yonge Street  
 R. C. Hildenbrand, Manager

3204 Yonge Street  
 K. Armes, Manager

4841 Yonge Street  
 D. A. DiTosto, Manager

Morningside Mall  
 255 Morningside Avenue  
 D. G. Jones, Manager

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Windsor, Ontario

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**Leamington**

25 Talbot Street East  
J. C. Barrett, Manager

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146 Dundas Street  
J. A. Plant, Manager

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5799 Main Street  
K. H. Lindsay, Manager

4424 Queen Street  
D. R. Cook, Manager

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110 King Street  
T. M. Roberts, Manager

**Simcoe**

2 Norfolk Street South  
W. M. Campbell, Manager

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Waterloo Square  
75 King Street South  
K. Graham, Manager

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144 East Main Street  
K. J. P. Moser, Manager

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MANITOBA AND  
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R. A. Waruk, Manager

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1555 Regent Avenue West  
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Trans Canada Credit Corp.

**Newfoundland and Labrador**

Royal Trust Building  
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St. John's, Nfld.  
P. J. B. Kennedy  
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Niagara Falls

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Association of Universities  
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Wishart, Noble

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Algoma Central Railway

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Port Manager  
Lakehead Harbour  
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Chief Executive Officer  
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Limited

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Windsor Allergy Associates

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**Winnipeg**

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Baker, Zivot, Radcliffe,  
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President  
The Bulman Group Ltd.

R. F. Gill  
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James E. Coughlin  
& Associates Ltd.

\*R. G. Graham  
President and Chief Executive  
Officer  
Inter-City Gas Corporation

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President  
S. S. Stevenson & Co.  
(1972) Ltd.

†Chairman  
\*Director

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**Regina**

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The Roberts Group

L. C. Ell  
President and General Manager  
Western Surety Company

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Senior Partner  
Gerrand, McLellan & Mulatz

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President and General Manager  
Regina Cartage & Storage  
Co. Ltd.

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Drs. MacKenzie, Huber &  
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Manager  
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Vice-President and Secretary  
R. Angus Alberta Ltd.

†\*D. M. Ritchie  
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Medway Investments  
Corp. Ltd.

C. M. Trigg

President  
Trigg, Woollett Consulting Ltd.

L. E. Wilson  
President and Managing  
Director  
Futurity Oils Ltd.

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**Vancouver**

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President and Chief Executive  
Officer  
Graymont Limited

J. M. McConville  
Vice-President, Corporate  
Affairs and General Counsel  
Placer Development Limited

W. S. McQuaid  
President  
Wm. S. McQuaid & Associates  
Ltd.

†\*L. R. Peterson, Q.C., LL.B., LL.D.,  
Ed.D., F.R.S.A.  
Senior Partner  
Boughton & Company

R. L. Richards, B.Comm., C.A.  
President  
MacKenzie Management Ltd.

L. Wosk, B.Comm., M.B.A.  
Executive Vice-President  
Wosk's Limited



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Calgary, Alberta

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Regina, Saskatchewan

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Thunder Bay, Ontario

J. Bechard  
Regina, Saskatchewan

R. R. Belanger  
Montreal, Quebec

J. G. Bennett  
Vancouver, British Columbia

M. Boychuk  
Saskatoon, Saskatchewan

A. Y. Broughton  
Sault Ste. Marie, Ontario

J. N. Cayouette  
Montreal, Quebec

Sen. G. Charbonneau  
Montreal, Quebec

F. E. Conlin  
Oshawa, Ontario

R. H. Cooper  
London, Ontario

Dr. J. H. Davidson  
Niagara Falls, Ontario

Hon. P. M. Dewan  
Toronto, Ontario

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Moose Jaw, Saskatchewan

H. L. Gay  
Oshawa, Ontario

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Ottawa, Ontario

K. Graber, C.A.  
North Bay, Ontario

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Winnipeg, Manitoba

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Windsor, Ontario

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Moose Jaw, Saskatchewan

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Hamilton, Ontario

D. W. Lathrop  
Welland, Ontario

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Montreal, Quebec

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Calgary, Alberta

E. G. Marsh  
Welland, Ontario

W. C. Mulvihill  
Vancouver,  
British Columbia

G. H. Nelms  
Ottawa, Ontario

H. J. O'Connell  
Montreal, Quebec

J. M. Parrott  
Belleville, Ontario

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Sault Ste. Marie, Ontario

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North Bay, Ontario

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St. Catharines, Ontario

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Ottawa, Ontario

Dr. F. H. Wigmore  
Moose Jaw, Saskatchewan

T. L. Wilson  
Oshawa, Ontario

## SERVICES

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Savings and Chequing Accounts  
Daily Interest Savings  
GT60 Savings  
U.S. Dollar Daily Interest Savings  
Time Deposits  
Guaranteed Investment Certificates  
Guaranty Option Certificates  
Guaranty Service  
GT60 Service  
Safety Deposit Boxes  
Travellers Cheques  
First and Second Residential Mortgages  
Consumer Loans, including Investment Loans  
VISA  
Registered Home Ownership Savings Plan  
Registered Retirement Savings Plans  
Registered Retirement Income Funds  
Investment Funds  
Investment Management and Custody  
Estate and Trust Administration  
Estate Planning  
Personal Financial Planning  
Oil and Gas Royalty Trusts  
Family Trusts  
Cougars

**Guaranty Properties Limited**

Land Development  
Investment Properties  
Property Management  
Real Estate Sales

**Corporate**

Builder Loans and Take-out Mortgages  
Corporate Term Loans  
Fixed Asset Financing  
Manufacturer Floor Plans  
Commercial Mortgages  
Automobile Inventory and Lease Financing  
Pension Investment Management  
Master Trust and Custodial Services  
Employee Benefit Administration  
Corporate Trust Services  
Stock and Bond Transfer Agent and Registrar

**C.I.R. Communications Inc.**

Shareholder and Investor Relations

**Real Estate**

Real Estate Sales  
Industrial, Commercial and Investment  
Home Relocation Services  
Appraisals





Guaranty Trust Company of Canada  
625 Church Street,  
Toronto, Ontario M4Y 2G1

