



Annual Report  
1977

HOWARD ROSS LIBRARY  
OF MANAGEMENT  
AUG 3 1979  
MCGILL UNIVERSITY

Guaranty  
Trust



**Head Office**

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Toronto, Ontario  
M5H 2W5

Telephone: (416) 863-5000

**Stock Exchange Listings**

Toronto Stock Exchange  
Montreal Stock Exchange  
Vancouver Stock Exchange

**Annual and Special General Meeting**

The Annual and Special General Meeting of Shareholders will be held at 3:00 p.m. on Thursday, February 23, 1978 in the Confederation Room of the Royal York Hotel, 100 Front Street West, Toronto, Ontario

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**Front Cover:**

A main feature of the decor in our Head Office Branch is glass-fronted cabinets displaying a collection of antique china. The blue and white china includes both European and Oriental pieces from the mid-eighteenth to the early nineteenth century.

## Financial Highlights

(\$000's omitted)	1977	1976	% change
Investment Income	\$ 118,448	\$ 102,066	16.1
Fees and Commissions	\$ 13,047	\$ 12,676	2.9
Total Revenue	\$ 131,495	\$ 114,742	14.6
Profit from Operations	\$ 4,357	\$ 1,887	130.9
Net Profit for the Year	\$ 4,354	\$ 1,963	121.8
Earnings per Share	\$ 0.65	\$ 0.32	103.1
Dividends per Share	\$ 0.16	\$ 0.16	-
Assets under Administration:			
Company and Guaranteed Funds	\$1,414,803	\$1,228,308	15.2
Estate, Trust and Agency Assets	\$ 920,898	\$ 822,443	12.0
Total Assets Under Administration	\$2,335,701	\$2,050,751	13.9

## To Shareholders:

1977 was a good year for the Company. Total assets increased by 15% to \$1.4 billion, assets under administration grew by 12% to \$921 million, revenue totalled \$131 million, an increase of 15%, and net profit more than doubled, reaching \$4.4 million. Earnings are expected to continue to grow in 1978 assuming there is no significant increase in interest rates.

### Operating Highlights

Gross revenue reached \$131 million, an increase of 15%. Of this amount, income from investments and loans accounted for \$118 million, an increase of 16%, and interest costs went up by 10%, resulting in a significantly improved investment spread. This spread should continue to improve as the adverse impact of the lower yielding (5% - 6<sup>3</sup>/<sub>4</sub>%) long term mortgages acquired by the Company prior to 1967 continues to be reduced through principal repayments and is offset by the increased mortgage and loan portfolios at higher lending rates. The percentage of total assets represented by these lower yielding mortgages has declined from 24% at December 31, 1972 to 9% at December 31, 1977.

Fees and commissions amounted to \$13 million, an increase of 3%. Contributors to the net increase were pension trust fees, up \$121,000, retirement savings plan fees which increased \$215,000 and real estate commissions which were up by \$516,000.

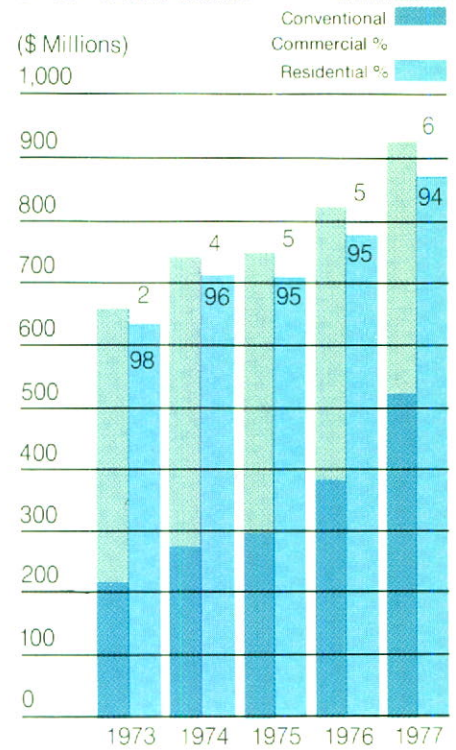
Total expenses, excluding interest, increased by 14% over 1976. Personnel costs went up by 10% with the major increases in other expenses resulting from higher marketing, communications and data processing costs. Much of the total increase is attributable to the implementation of the Company's on-line stock transfer system (F.A.S.T.) in Montreal, Toronto, Calgary and Vancouver and the conversion of trust and portfolio accounting to Trust-Aid II, an on-line computer system which was introduced in the 10 major trust locations across the country. Both conversions were completed by year-end 1977 but some of the savings in personnel will not be fully realized until later in 1978. The total number of employees at December 31, 1977 was 1,098, an increase of 22, of which 12 represented additions to the mortgage organization.

During 1977, two more branches were brought "on-line" in their banking operations, bringing the total number of locations offering these computerized services to 15. It is planned that an additional 24 branches will be converted in 1978 and the remaining 8 branches in 1979.

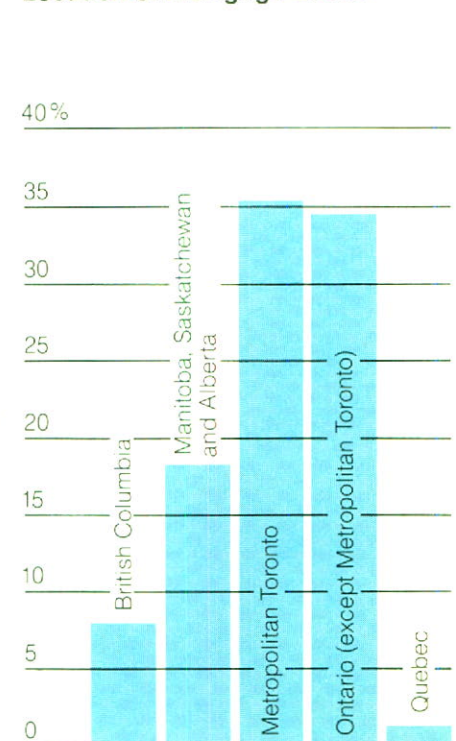
No other major systems changes are planned for 1978 although a new, comprehensive mortgage computer program is being developed for implementation in 1979. In addition, the Company is participating with four other companies in the design of a new computerized banking system which will increase the number of on-line services which can be provided to its customers. These two major systems for banking and mortgages, will, together with the trust accounting and stock transfer operations outlined above, place the Company in a position of having one of the most up-to-date computer systems in the industry, with the ability to provide improved service at competitive costs.

### Mortgages

5 Year Portfolio Growth



### Location of Mortgage Loans





### Mortgages

Mortgage advances, matched against G.I.C.'s of similar terms exceeded \$200 million, approximately three times the 1975 level and a 50% increase over 1976. This growth reflects the regional mortgage organization which was introduced in 1976 and which was significantly expanded in 1977. After mortgage repayments and the sale of mortgages to the Company's trust clients, the mortgage portfolio at year-end amounted to \$923 million, a 13% increase over the 1976 year-end. Of this amount \$644 million was insured; \$407 million under the National Housing Act and \$237 million by an authorized mortgage insurance company.

### Consumer Loans

During 1977, \$59 million of consumer loans were advanced, resulting in the portfolio growing to \$99 million, an increase of 12%. This rate of growth did not match that of 1976, reflecting the fact that the second mortgage market was not as buoyant. First mortgage money was plentiful at lower interest rates and, accordingly, there was less demand for second mortgage funds.

Although 1977 was a difficult year from the point of view of the economy, the consumer loan portfolio ended the year with acceptable delinquency ratios, below the national industry average. The portfolio's weighted yield for the year ended December 31, 1977 was 13%. Because this portfolio has an average turnover of less than 18 months it, together with the corporate loan assets and the securities portfolios, represent an appropriate match against the Company's short term G.I.C.'s and savings deposits.

### Corporate Loans

Advances during the year totalled \$10 million and the portfolio grew to \$31 million, an increase of 16%. Commitments made in 1977 amounted to a record \$13 million of which \$5 million remains to be funded in 1978. The portfolio had its first significant maturities and prepayments in 1977 which contributed to the reduced rate of growth.

Notwithstanding the economic weakness in 1977, the portfolio quality remained excellent with no delinquent accounts at year-end. Most corporate loans are made on a floating interest rate basis related to bank prime and for the year ended December 31, 1977, the weighted average yield was 11%.

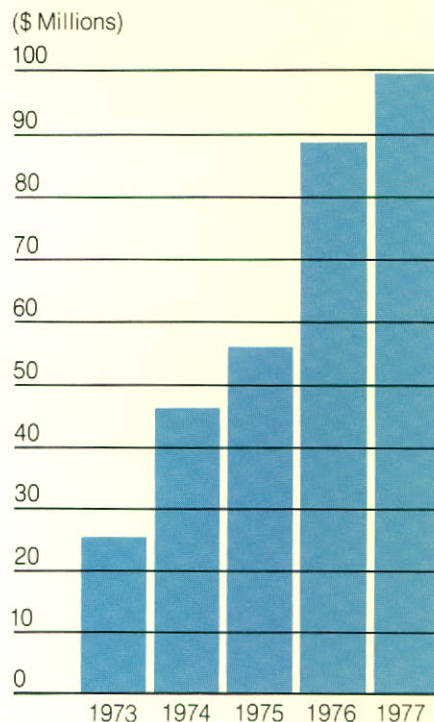
### Securities and Money Market

The Company became significantly more liquid during 1977, with cash and short term securities, primarily bank deposit receipts, increasing to \$200 million. Of this amount \$66 million was matched against the \$66 million of time deposits. This matched "money market" operation produced an increased spread during 1977 and the portfolio will continue to grow as long as it can provide a positive return and the Company has excess borrowing capacity.

The decrease of \$13 million in the bond portfolio reflects normal bond maturities as well as the Company's continuing efforts to reduce the long term component of this portfolio. The increase of \$7 million in the stock component represents primarily the investment of some of the anticipated proceeds of the Company's \$15 million preferred share issue described later under "Capital".

### Consumer Loans

5 Year Growth Record



## Deposits

Total deposits grew by 15%, to \$1.3 billion. Of the \$175 million increase, savings and chequing deposits accounted for \$44 million, a 16% increase, registered savings plans grew by \$25 million, or 42% and G.I.C.'s increased by \$102 million, or 14%.

At December 31, 1977, the Company's capacity to take on additional deposits without raising additional capital amounted to over \$330 million. After the \$15 million preferred share issue and repayment of the subordinated shareholder loans, this capacity for further growth was increased to over \$460 million. Accordingly, the Company is well equipped to take advantage of opportunities offered by its closer relationship with Traders Group Limited and through its own expansion.

## Corporate Services

Successful implementation of the F.A.S.T. (fully automated stock transfer) system was a major accomplishment in 1977. It is one of the most advanced systems in North America, offering features and a quality of service unavailable elsewhere in addition to cost savings for Guaranty Trust clients.

The pension service area also had a very successful year. Assets under administration grew by 36% to \$175 million of which \$38 million is invested through the Pooled Pension Fund which increased by 71% during the year. The Company has continued to add qualified personnel to this expanding service which, together with the excellent investment performance, should make this an increasing contributor to the Company's profitability.

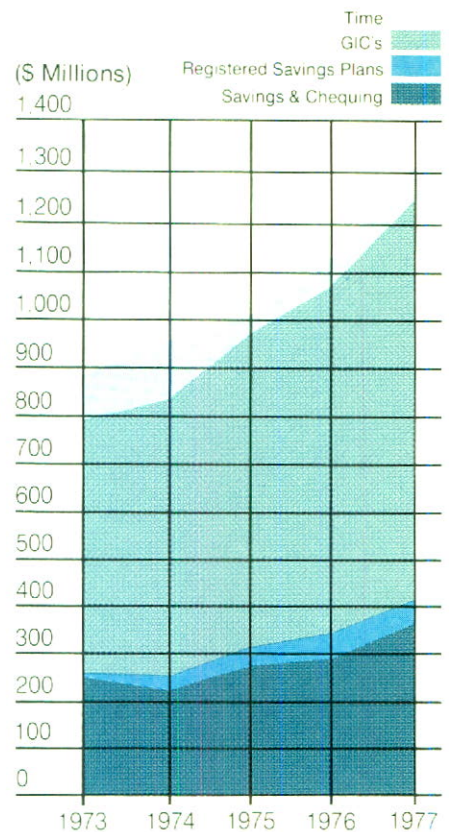
## Personal Financial Services

Retirement savings plans continue to be an extremely important segment of the Company's trust services, amounting to over \$300 million under administration. Of the 46,000 registered savings plan accounts, 16,000 represent holders of Special or self-administered plans. These planholders in particular should experience significant improvement in service levels through the Company's conversion to the Trust Aid II computer system described earlier. All Special plans in 10 major branches are now computerized, providing on-line access to the status of each account.

Deposit-based registered savings plans have been increasingly popular in recent years and in 1977 these plans grew from \$60 million to \$85 million, a 42% increase. The Mortgage Fund continues to provide an attractive yield and net assets increased 98% to \$5 million.

The focus on the rest of the Company's estate, trust and agency business has been on improving service and achieving cost efficiencies. This has resulted in a reorganization and consolidation of trust services into 10 strategically located branches across the country. Together with the many advantages of Trust-Aid II (the on-line computer system), this regionalization of trust services should result in improved service at reduced costs.

## Deposits





### Real Estate

Gross commissions increased by 14% to \$4 million, while net commissions amounted to \$1 million, a growth of 22%. Although a number of small, marginal branches were closed, the remaining locations were more productive and the real estate operation realized a profit for the first time in the Company's history. Having established a solid profit base, it is planned that the real estate arm of the Company will be expanded to cover other regions of the country where Guaranty Trust is represented.

### Organization

During the year, Mr. T. Allan W. Duncan joined the Company as Vice-President, Personal Trust Services and Mr. Robert K. Weller as Assistant Vice-President, Pension Services. Mr. Robert W. Chisholm was appointed Regional Vice-President, Ontario West; Mr. William M. Simms, Regional Vice-President, Western Canada; Mr. Walter G. Schmida, Regional Vice-President, Metropolitan Toronto and Mr. William A. Baker, Regional Vice-President, Toronto Main Branch.

Effective January 1, 1978, we announced the promotion of Mr. David Foster as Assistant Vice-President and Controller; Mr. Micheal J. Veaudry as Assistant Vice-President, Information Services; Mr. Thomas R. Merrick as Assistant Vice-President, National Real Estate Division, and Mr. David K. Bogert as Regional Vice-President, Ottawa. All these men have made significant contributions to the Company's progress.

### Capital

During 1977, Traders Group Limited, by a share exchange offer and the purchase of a 10% interest from the National Bank of Detroit, increased its ownership of the Company to 98.2% of the outstanding common shares.

On January 5, 1978, the Company entered into an underwriting agreement to sell 750,000 8% Cumulative Redeemable Preference Shares, Series A, of the par value of \$20 per share. The net proceeds obtained by the Company on January 31, 1978 from the sale of these shares, amounting to \$14,493,750 were applied to the repayment of the subordinated shareholder loans from Traders Group Limited in the amount of \$3 million and from the National Bank of Detroit in the amount of (U.S.) \$5 million. The balance was added to the Company's capital and will, after deducting expenses of issue, enable the Company to increase the amount it may accept as deposits from the public.

### Board of Directors

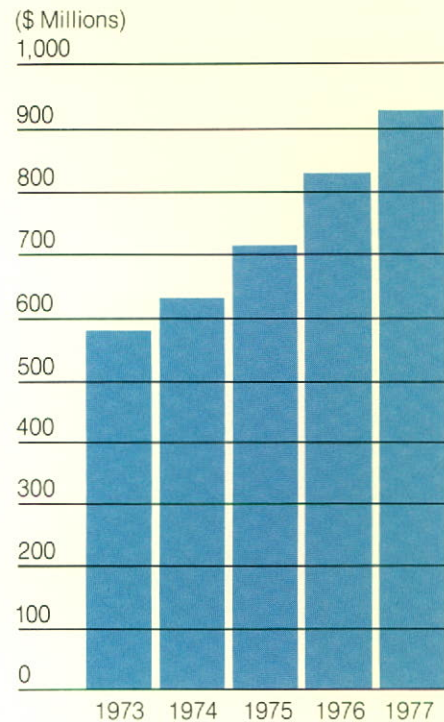
The Board of Directors accepted with regret the resignations of Mr. W. A. Major and Mr. S. A. Milner for personal reasons. In addition, Mr. R. R. Belanger, a Vice-President of the Company, is not eligible to stand for re-election because of age. These men have served the Company well and have made a significant contribution.

### Advisory Boards

Several new appointments were made to Advisory Boards across the country during the course of the year. We welcome these men and women to the Company and thank them for their contribution to its progress. We wish to thank those members who retired this year from our Advisory Boards; certainly their valuable counsel during their years of service played an important role in the development of the Company.

### Estate, Trust and Agency

Assets Under Administration



### 1978 Outlook

Canada experienced a difficult year in 1977 and, although there are some signs that 1978 will show modest improvement, the combination of unsatisfactory levels of inflation and unemployment is likely to remain. The Federal Government continues to incur disproportionately large deficits which, with the possibility of a federal election, are unlikely to be reduced. These unsettling conditions do not create an environment which inspires the confidence of either the businessman or the consumer.

We have taken steps in both organization and asset/liability management to ensure effective response to these challenging circumstances. However, because the Company's profit performance is linked to the interest rate structure, the magnitude of profit improvement in 1978 will depend to a large degree on the direction and variability of rates during the year.

### Our Staff

The need to continually improve upon the level of professional service, the rapid extension of sophisticated computer support services and the desire to provide career development opportunities for employees have resulted in an increasing allocation of resources to training and development activities. The Company has enthusiastically endorsed the Trust Companies Institute of Canada programs and all employees are being encouraged to seek accreditation by the Institute. At year-end, 182 employees, or 17%, had succeeded in achieving Associate, Member or Fellow designations. During 1977, a training department was established in order to more effectively co-ordinate Institute courses with in-house training and development.

This year saw the completion of the implementation of the new stock transfer F.A.S.T. system as well as the conversion of trust accounts to the new, on-line Trust-Aid II system. To the many employees who worked so hard to make these conversions a success and to the other staff across Canada who were also responsible for the Company's significantly improved performance we offer our deepest appreciation.



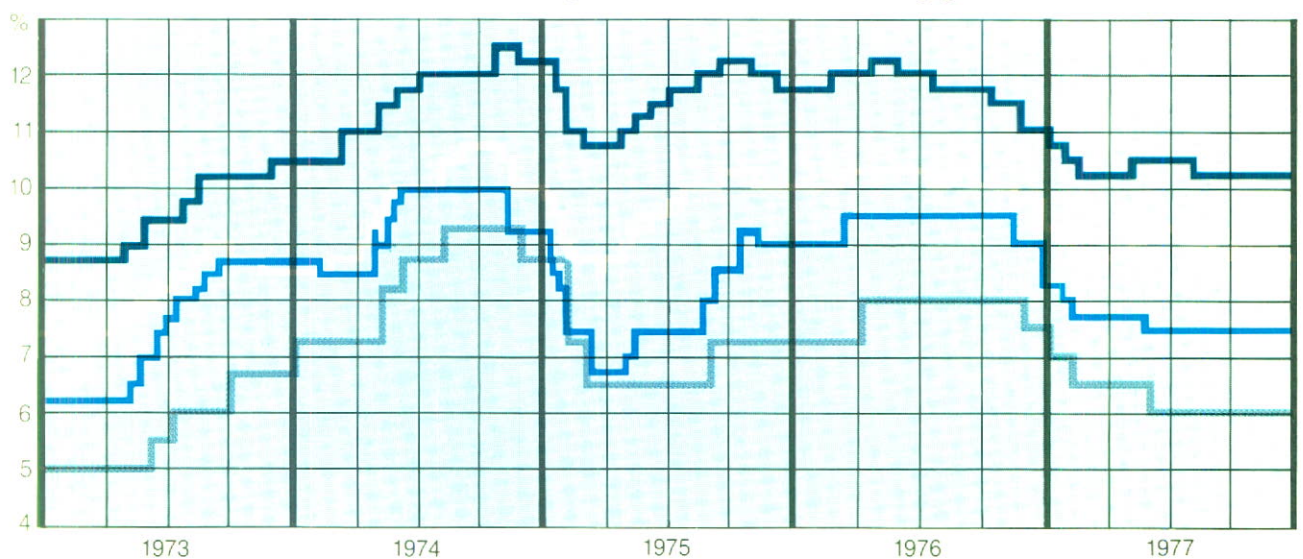
H.E. Dynes,  
Chairman of the Board



Alan R. Marchment  
President and Chief Executive Officer

### Comparative Interest Rates

5 Year GIC Rate  1 Year GIC Rate  Savings Interest Rate  Prime Mortgage Rate





## Statement of Revenue and Expense

For the Year Ended December 31

	1977	1976
<b>Revenue</b>		
Interest from mortgages and other loans	\$ 98,182,000	\$ 83,210,000
Interest and dividends from securities and bank deposit receipts	20,266,000	18,856,000
Real estate fees and commissions	4,147,000	3,631,000
Other fees and commissions	8,900,000	9,045,000
	<b>131,495,000</b>	114,742,000
<b>Expense</b>		
Interest on deposits and subordinated shareholder loans	97,112,000	87,952,000
Salaries and staff benefits	13,892,000	12,675,000
Premises including depreciation and amortization of \$582,000 (1976 - \$469,000)	2,868,000	2,563,000
Real estate commissions paid	3,022,000	2,710,000
Other operating expenses	7,889,000	6,411,000
	<b>124,783,000</b>	112,311,000
Operating profit before taxes	6,712,000	2,431,000
Deferred income tax provision	2,355,000	544,000
<b>Net operating profit</b>	<b>4,357,000</b>	1,887,000
Net gain (loss) on investments less applicable income taxes	(3,000)	76,000
<b>Net profit for the year</b>	<b>\$ 4,354,000</b>	\$ 1,963,000
<b>Earnings per share*</b>		
Net operating profit	\$ 0.65	\$ 0.31
Net gain on investments	\$ -	\$ 0.01
Net profit for the year	\$ 0.65	\$ 0.32
*Based on weighted average shares outstanding	<b>6,666,600</b>	6,111,050

## Summary of Accounting Policies

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

### A) Investments:

Securities are stated at amortized cost except for corporate notes and stocks which are stated at cost. Loans are stated at cost less any provision for losses which management considers necessary in the circumstances. Other investments are stated at cost.

Income is recorded on an accrual basis. 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.

Realized gains or losses on investments are included in the statement of revenue and expense.

### B) Revenue from Fees and Commissions:

The Company follows accrual accounting for all corporate services it provides including the stock transfer agency business. Accrual accounting is also followed for most fees arising from the estate, trust and agency business.

### C) Depreciation and Amortization:

The reducing balance basis is used to compute depreciation on buildings at 5% and equipment at 20%. Amortization of leasehold improvements is computed using the straight-line method over the life of the lease plus the first renewal option period.

### D) Income Tax:

Income taxes are provided on the tax allocation basis which relates income taxes to the accounting income for the year. The Company's income tax provisions are lower than the prevailing corporate tax rate because of the amount of tax-free dividend income it receives.



## Balance Sheet

as at December 31

<b>Assets</b>	<b>1977</b>	<b>1976</b>
<b>Investments</b>		
Cash and bank deposit receipts	\$ 178,243,000	\$ 98,246,000
Securities and loan income due and accrued	12,853,000	11,742,000
Collateral loans to investment dealers	7,920,000	8,910,000
Securities (Note 2)	144,380,000	158,847,000
Loans:		
Consumer	98,893,000	88,301,000
Corporate	30,799,000	26,483,000
Mortgages	923,084,000	817,832,000
	1,052,776,000	932,616,000
Other investments	4,087,000	4,312,000
	1,400,259,000	1,214,673,000
<b>Other Assets</b>		
Premises, leasehold improvements and equipment, at cost less accumulated depreciation and amortization of \$5,767,000 (1976 - \$5,190,000)	6,646,000	6,370,000
Accounts receivable and other assets	7,898,000	7,265,000
	\$1,414,803,000	\$1,228,308,000

We hereby certify that to the best of our knowledge and belief the balance sheet as at December 31, 1977 and the statements of revenue and expense, retained earnings, general reserve and the statement of changes in financial position for the year then ended are correct and show truly and clearly the financial condition of the Company's affairs and the results of its operations.

H. E. DYNES, *Chairman of the Board*  
A. R. MARCHMENT, *President and Chief Executive Officer*  
J. P. BASSEL, *Director and Chairman of the Audit Committee*



<b>Liabilities and Shareholders' Equity</b>	<b>1977</b>	1976
<b>Liabilities</b>		<i>Reclassified (Note 9)</i>
Guaranteed Trust Account (Note 3):		
Savings and chequing accounts	<b>\$ 327,326,000</b>	\$ 282,915,000
Registered savings plan deposits	<b>84,833,000</b>	59,895,000
Guaranteed investment certificates	<b>831,385,000</b>	729,571,000
Time deposits	<b>65,756,000</b>	61,812,000
Interest accrued and other payables	<b>30,112,000</b>	24,693,000
	<b>1,339,412,000</b>	1,158,886,000
Other liabilities	<b>1,494,000</b>	1,218,000
Deferred income taxes	<b>4,546,000</b>	2,591,000
Subordinated shareholder loans (Note 4)	<b>8,500,000</b>	8,050,000
<b>Shareholders' Equity</b>		
Capital stock:		
Authorized:		
- 1,250,000 Preference Shares of \$20 par value		
- 10,000,000 Common Shares of \$2 par value		
Issued and fully paid - 6,666,600 Common Shares	<b>13,333,000</b>	13,333,000
General reserve	<b>39,618,000</b>	39,618,000
Retained earnings	<b>7,900,000</b>	4,612,000
	<b>60,851,000</b>	57,563,000
	<b>\$1,414,803,000</b>	\$1,228,308,000

## Auditors' Report

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

We have examined the balance sheet of Guaranty Trust Company of Canada as at December 31, 1977 and the statements of revenue and expense, retained earnings, general reserve 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 financial statements present fairly the financial position of the Company as at December 31, 1977 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 & CO.  
Chartered Accountants  
Toronto, January 20, 1978



## Statement of Changes in Financial Position

For the Year Ended December 31

	1977	1976
<b>Source of Funds</b>		
Operations:		
Net profit	\$ 4,354,000	\$ 1,963,000
Add non cash items:		
Depreciation and amortization	582,000	469,000
Deferred income taxes	2,355,000	544,000
	<b>7,291,000</b>	<b>2,976,000</b>
Net increase in:		
Savings and chequing accounts	44,411,000	11,761,000
Registered savings plan deposits	24,938,000	22,301,000
Guaranteed investment certificates	101,814,000	77,682,000
Time deposits	3,944,000	19,424,000
Other liabilities and accrued interest	5,295,000	3,853,000
Subordinated shareholder loans	450,000	100,000
Net proceeds from issue of common shares	-	5,479,000
	<b>\$188,143,000</b>	<b>\$143,576,000</b>
<b>Application of Funds</b>		
Net increase (decrease) in:		
Cash, bank deposit receipts and collateral loans to investment dealers	\$ 79,007,000	\$ 23,242,000
Securities	(14,467,000)	6,911,000
Consumer and corporate loans	14,908,000	38,039,000
Mortgages	105,252,000	69,700,000
Other	2,377,000	4,706,000
Dividends	1,066,000	978,000
	<b>\$188,143,000</b>	<b>\$143,576,000</b>

## Statement of Retained Earnings

For the Year Ended December 31

	1977	1976
Balance at beginning of the year	\$ 4,612,000	\$ 3,627,000
Net profit for the year	4,354,000	1,963,000
	<b>8,966,000</b>	<b>5,590,000</b>
Deduct -		
Dividends (1977 - 16 cents per share; 1976 - 16 cents per share)	1,066,000	978,000
Balance at end of the year	<b>\$ 7,900,000</b>	<b>\$ 4,612,000</b>



## Statement of General Reserve

For the Year Ended December 31

	1977	1976
Balance at beginning of the year	\$ 39,618,000	\$ 36,361,000
Net proceeds in excess of par value of common shares issued	-	3,257,000
Balance at end of the year, including contributed surplus of \$25,741,000	\$ 39,618,000	\$ 39,618,000

## Notes to Financial Statements

December 31, 1977

### 1. Summary of Accounting Policies:

These financial statements comply with all disclosure requirements of the Trust Companies Act (Canada). The significant accounting policies are in the "Summary of Accounting Policies" which is an integral part of these financial statements.

### 2. Securities:

	1977	1976
Government of Canada and Provinces of Canada	\$ 64,086,000	\$ 70,421,000
Corporate notes	22,159,000	30,619,000
Other securities:		
Municipal	2,570,000	3,009,000
Corporation bonds and debentures	23,418,000	29,981,000
Stocks	32,147,000	24,817,000
(Market value 1977 - \$56,600,000; 1976 - \$53,286,000)	58,135,000	57,807,000
	\$ 144,380,000	\$ 158,847,000

### 3. Assets held for Guaranteed Trust Account:

Cash and bank deposit receipts	\$ 158,416,000	\$ 80,052,000
Securities	105,176,000	124,216,000
Mortgages	923,084,000	817,832,000
Other loans	137,612,000	121,714,000
Accrued interest and other	15,124,000	15,072,000
	\$1,339,412,000	\$1,158,886,000

### 4. Subordinated Shareholder Loans:

- A loan of \$5,500,000 (U.S. \$5,000,000) is payable to National Bank of Detroit, parent company of International Bank of Detroit, a former major shareholder. The loan is interest bearing and repayable as to U.S. \$2,000,000 on January 1, 1981 and January 1, 1982 and as to U.S. \$1,000,000 on January 1, 1983 and the proceeds of the loan are held in a U.S. dollar bank deposit receipt.
- A loan of \$3,000,000 is payable to Traders Group Limited, the parent company. The loan is interest bearing and repayable on or before December 30, 1980.
- The Company proposes to repay the subordinated shareholder loans outstanding upon receipt of the net proceeds from the issue of the 8% Cumulative Redeemable Preference Shares, Series A (Note 8).

### 5. Long Term Leases:

The Company leases premises for various periods up to 12 years. The aggregate amount of rentals incurred in the year ended December 31, 1977 was \$1,133,000 (1976 - \$995,000) and the aggregate minimum rental expense under these leases for the five years subsequent to December 31, 1977 is approximately \$3,820,000 (1976 - \$4,400,000).

### 6. Remuneration of Directors and Senior Officers:

The amount of the aggregate direct remuneration paid or payable by the Company to the directors and senior officers of the Company for the year ended December 31, 1977 was \$762,000 (1976 - \$732,000).



**7. Anti-Inflation Act:**

The Company is subject to, and believes it has complied with, controls on profit margins, compensation and dividends under the anti-inflation program.

**8. Subsequent Event:**

Underwriting agreement –

Under an agreement dated January 5, 1978 between the Company and McLeod Young Weir Limited and Midland Doherty Limited, as underwriters, the Company has agreed to sell and the underwriters have agreed to purchase on January 31, 1978 or on such other date, not later than February 16, 1978, as may be agreed, 750,000 8% Cumulative Redeemable Preference Shares, Series

A of the par value of \$20 each at \$20 per share. After payment of the underwriters' fee of \$506,250 and legal and other expenses of the issue estimated at \$100,000, the Company will receive estimated proceeds of \$14,393,750. The underwriters' fee and the legal and other expenses of the issue, less applicable income tax reductions, will be charged to retained earnings. The outstanding shareholder loans will be repaid from the proceeds.

**9. Changes in Account Classification:**

The 1976 comparative figures have been reclassified to reflect the account classification adopted in 1977.

**Maturities****Loans:**

The estimated principal repayments on mortgage, consumer and corporate loans outstanding at December 31, 1977 are as follows:

Repayments during year ending December 31	Principal Amount (\$ millions)	Percentage
1978	187	17.8
1979	163	15.5
1980	127	12.1
1981	157	14.9
1982	229	21.7
1983	54	5.1
After 1983	136	12.9
	1,053	100%

## Note 1:

The above estimates include an allowance for prepayment of loans which normally occurs in the daily conduct of the Company's business. Based on past experience it has been found that a large number of maturing mortgages and loans are renewed or refinanced but this has not been reflected in the estimates.

**Guaranteed Investment Certificates:**

The following is the scheduled maturities of the fixed term Guaranteed Investment Certificates:

Maturing during year ending December 31	Principal Amount (\$ millions)	Percentage
1978	194	25.5
1979	125	16.5
1980	121	15.9
1981	144	19.0
1982	175	23.1
	759	100%

## Note 2:

The Company also has \$72 million in Guaranty Option 5 Certificates (GO 5's) which may be redeemed at the depositor's option on the anniversary dates of the certificates.



## Five Year Review

FOR THE YEAR (\$000 omitted)	1977	1976*	1975*	1974*	1973*
<b>Revenue</b>					
Mortgages and other loans	\$ 98,182	\$ 83,210	\$ 74,100	\$ 66,720	\$ 49,347
Securities	20,266	18,856	14,706	16,053	17,677
Real estate fees and commissions	4,147	3,631	2,661	2,212	1,822
Other fees and commissions	8,900	9,045	8,430	8,085	6,415
	\$ 131,495	\$ 114,742	\$ 99,897	\$ 93,070	\$ 75,261
<b>Expense</b>					
Interest	\$ 97,112	\$ 87,952	\$ 76,660	\$ 75,263	\$ 53,734
Personnel	13,892	12,675	11,190	9,815	8,279
Premises	2,868	2,563	2,083	1,822	1,438
Real estate commissions	3,022	2,710	2,000	1,612	1,218
Other	7,889	6,411	5,544	5,322	4,472
	\$ 124,783	\$ 112,311	\$ 97,477	\$ 93,834	\$ 69,141
NET PROFIT FOR THE YEAR	\$ 4,354	\$ 1,963	\$ 1,863	\$ 140	\$ 3,515
<b>Per Share</b>					
Net profit for the year**	\$ 0.65	\$ 0.32	\$ 0.34	\$ 0.03	\$ 0.79
Dividends	\$ 0.16	\$ 0.16	\$ 0.08	\$ 0.28	\$ 0.56
Shareholders' Equity***	\$ 9.12	\$ 8.63	\$ 9.20	\$ 9.02	\$ 10.17
Weighted average number of shares outstanding	6,666,600	6,111,050	5,490,721	4,444,450	4,444,450
<b>Year-End Position</b>					
<b>Assets</b>					
Cash and securities	\$ 322,623	\$ 257,093	\$ 224,970	\$ 198,570	\$ 239,127
Mortgages	923,084	817,832	748,132	742,193	651,770
Consumer and personal loans	98,893	88,301	57,439	46,713	25,075
Corporate loans	30,799	26,483	19,306	17,266	6,852
Other	39,404	38,599	36,332	29,980	30,364
TOTAL	\$1,414,803	\$1,228,308	\$1,086,179	\$1,034,722	\$ 953,188
<b>Liabilities and Shareholders' Equity</b>					
Savings and chequing accounts	\$ 327,326	\$ 282,915	\$ 271,154	\$ 217,252	\$ 238,554
Registered savings plan deposits	84,833	59,895	37,629	16,318	5,337
Guaranteed investment certificates	831,385	729,571	651,854	582,311	546,244
Time deposits	65,756	61,812	42,388	136,610	95,716
TOTAL DEPOSITS	1,309,300	1,134,193	1,003,025	952,491	885,851
Other liabilities	44,652	36,552	32,055	33,134	22,136
Shareholders' equity	60,851	57,563	51,099	49,097	45,201
TOTAL OF COMPANY AND GUARANTEED FUNDS	\$1,414,803	\$1,228,308	\$1,086,179	\$1,034,722	\$ 953,188
TOTAL ESTATE, TRUST AND AGENCY ASSETS	\$ 920,898	\$ 822,443	\$ 712,677	\$ 629,000	\$ 579,595
TOTAL ASSETS UNDER ADMINISTRATION	\$2,335,701	\$2,050,751	\$1,798,856	\$1,663,722	\$1,532,783

\* Reclassified to reflect the account classification adopted in 1977.

\*\* Based on weighted average number of shares outstanding.

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



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\* *Member of the Executive Committee*  
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† *Officer*



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*Investment Fund Services*

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*Personal Trust Services*

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D. Arthur  
*Facilities*

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*Personnel*

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*Internal Audit*

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Ontario Central

W. A. Stone, M.T.C.I.  
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L. V. Pinkoski, M.T.C.I.  
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Assistant Vice-President  
Real Estate

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Ste. No. 1, Kenson Building  
(613) 238-1347  
J. Marsala, Real Estate Manager

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Manager

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*Peterborough Examiner Company Limited*

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*Golumbia, Smith, Aykroyd & Stow*

J. A. Swanston, B.A.  
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*Maxwell Review Limited*

\*J. G. Wharry  
*Retired Executive*

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*H. M. Brooks (Oshawa) Limited*

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*Manager, I.C.R.I.*  
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*Pal-O-Pak Manufacturing Company Limited*

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*Grafton Group Limited*

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*Manley, Grant & Camisso*

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*Chief Executive Officer*  
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