THE PERMANENT / ANNUAL REPORT 1984

The Permanent

Savings and Loans Mortgages Trust Real Estate

Corporate Profile

The Permanent provides financial services to corporations and individuals in Canada and the United Kingdom and carries on mortgage banking and servicing in the United States. With corporate assets of $7.6 billion, The Permanent is the fourth largest trust and loan company and the eleventh largest deposit-taking institution in Canada.

Canada Permanent Mortgage Corporation was established in 1855 as the Canada Permanent Building and Savings Society, one of the first mortgage corporations in Canada. Canada Permanent Trust Company, its subsidiary, traces its history to one of the first trust companies in Canada. "The Permanent" serves as the operating name of these fully-integrated companies.

The Permanent provides a wide range of retail and commercial services in four principal areas of market specialization:

1. FINANCIAL INTERMEDIARY SERVICES—investing funds deposited by the public in a variety of loans and securities.
2. TRUST SERVICES—assisting individuals and companies in the management of their financial affairs by providing personal, pension and corporate trust services.
3. REAL ESTATE BROKERAGE SERVICES—acting as brokers for the purchase and sale of residential and commercial properties across Canada.
4. U.S. MORTGAGE SERVICING—packaging, selling and servicing pools of first and second mortgages.

The Permanent is a member of the Genstar family of companies. Genstar Corporation is engaged in a variety of financial and industrial services and the manufacture of building materials, and is active in land and real estate development.

Contents

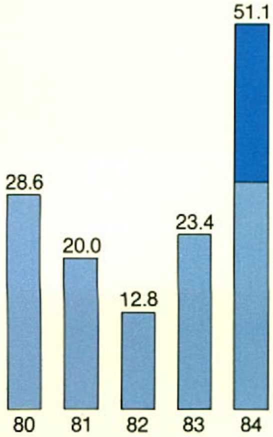
A Genstar Financial Services Company

Highlights

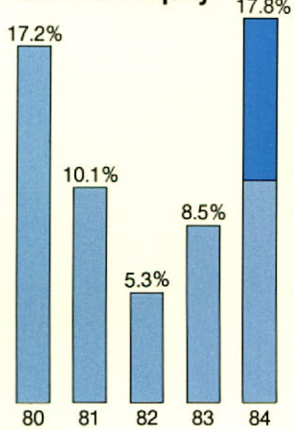
	December 31 1984	1983	Increase (Decrease)
	(thousands of dollars)		
Assets			
Corporate assets	**$ 7,638,823**	$ 7,036,001	8.6%
Assets under administration			
—Canada	**7,753,006**	5,874,229	32.0%
—U.S. mortgage servicing	**2,096,216**	2,731,425	(23.3%)
Total	**$17,488,045**	$15,641,655	11.8%
Customers' deposits	**$ 6,916,719**	$ 6,354,673	8.8%
Shareholders' equity	**$ 322,781**	$ 285,078	13.2%
Operating Results			
Net income	**$ 51,145**	$ 23,420	118.4%
Net income excluding after-tax gain on sale of Head Office property	**$ 30,095**	$ 23,420	28.5%
Employees			
Full-time employees			
Canadian Operations	**2,812**	2,856	
Subsidiaries	**417**	438	
Real estate sales agents	**2,442**	2,336	
Locations*			
Canadian Financial Intermediary Branches			
—Retail	**100**	101	
—Commercial	**3**	3	
Trust Services Branches	**20**	18	
Residential Real Estate Brokerage Offices			
—Company-managed	**102**	101	
—Franchised	**38**	32	
Commercial Real Estate Brokerage Offices	**5**	4	
Subsidiary Offices	**5**	8	

*most recent information

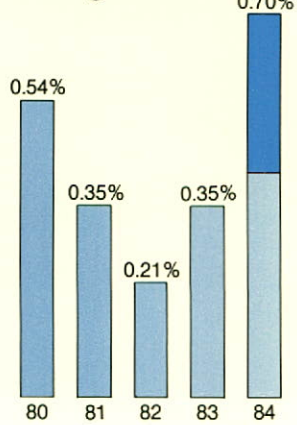
Net Income ($ millions)



Return on Average Common Equity



Return on Average Assets



Effect of gain on sale of Head Office property

JOHN A. C. HILLIKER
Chairman, President and Chief Executive Officer

This past year has unquestionably been a period of significant progress for The Permanent. Solid profitability was firmly re-established. Our corporate restructuring was completed and focused our resources on the implementation of a newly developed strategic plan designed to enhance The Permanent's position as one of Canada's premier financial services companies.

This report details the measure of our success in establishing and realizing this new vitality.

Net income totalled $51.1 million for the year including an after-tax net gain of $21.0 million from the sale of our Head Office property. Income, excluding the gain on the sale of the building, increased 28.5% over the prior year to $30.1 million. A higher-quality loan portfolio required lower levels of loss provisions in 1984. Our real estate brokerage operations continued to be profitable, but fell behind the record results of 1983 due to a somewhat depressed market, particularly in Alberta. However, both the Trust and Financial Intermediary Divisions recorded improved profitability. This overall progress was reflected in an upgrading of our corporate debt and equity ratings during the year.

External Environment

In the Canadian economy, trends were mixed during 1984. General economic recovery continued but at a slower pace than in 1983, and unevenly across the country. Interest rates were volatile during the year but remained consistently high in real terms, contributing to unacceptably high unemployment as well as suppressing corporate investment. Inflation remained low but fears associated with large North American government deficits dampened any wide-spread consumer or corporate optimism.

Other external issues were also important during the year, most notably governmental reviews of the trust industry and its relevant regulatory legislation. Current uncertainty in this area should be allayed when federal legislation is introduced, but it is increasingly doubtful that this will occur in 1985.

While the current lively debate on the direction and future of the financial services industry is an important and necessary step in business evolution, we believe it is more indicative of the internal concerns of the players than it is reflective of real consumer demands and needs. For our part, The Permanent, through strategic business planning activities, is concentrating on identifying and providing those products and services which best fill our customers' needs.

Financial Restructuring

A major corporate objective during 1984 was the financial restructuring of the Company to achieve a higher capital base for borrowing purposes and to provide for the expansion of our financial intermediary operations. To facilitate this, we took three important steps, the first of which was the sale and leaseback of our Head Office property at 320 Bay Street, Toronto. In so doing, we have converted the previously unrealized equity in this property into substantial capital. Under the terms of the sale, the Company exercised the option of remaining as principal tenant, an option which is available well into the future.

Secondly, in December 1984 we announced an offering of Series C preference shares.

This issue was brought successfully to market in February 1985, raising $48.5 million in new equity.

Finally, a strategic decision was made to sell our commercial real estate development subsidiary, Sutter Hill Developments Limited, to Genstar Financial Corporation. The resulting redeployment of equity should provide a more consistent earnings potential for The Permanent. The Company realized a small after-tax profit on the sale, which was recorded on October 1, 1984.

Corporate Restructuring

The organization of The Permanent was progressively restructured during 1984 to channel all retail and all commerical activities into separate divisions. This is consistent with our conviction that effective internal coordination and cross-selling are necessary to achieve the maximum benefits available from the synergy that should exist within a major trust company. This is particularly true of The Permanent, with its tripartite excellence in financial intermediary, personal trust and real estate brokerage services.

Strategic Planning

During 1984, The Permanent's senior executive group carried out an extensive review of key issues facing the Company. This included an assessment of internal strengths and weaknesses, and an identification of those external opportunities and challenges that we should expect to face during the next three to five years. Particular consideration was given to factors such as economic changes, shifting demographics, competitive forces, and technological and legislative developments. Following this examination, corporate task forces were established to evaluate high-priority issues and to bring forward recommendations for action. Several of these recommendations are now being implemented.

We will continue to provide a wide and improving range of high-quality core products to our broad customer base. We also intend to focus on providing more specialized services to specifically identified groups of individual and commercial customers such as the affluent and higher-income market segment on the retail side, and medium-sized corporations in the commercial service area. We view these groups as significant and growing market opportunities for the Company.

Looking Ahead

While our industry faces many and varied challenges in the future, we see that future as one of considerable opportunity for The Permanent. We believe that we are now well positioned to respond quickly and decisively to changes in the external environment.

Operationally, we expect to achieve a significant improvement in return on equity in 1985. We are also dedicated to providing the highest quality products, services and delivery systems to satisfy the specific needs of the various customer groups we serve. To achieve these objectives, we are striving to create an environment for our employees in which they take both pride in their Company and a proprietary interest and responsibility in the achievement of corporate goals and strategies.

SENIOR MANAGEMENT GROUP
Seated (L) Colin Currie, Executive Vice-President, Retail; W. Thomas Hodgson, Executive Vice-President, Commercial. Standing (L) Ronald M. Dragan, Senior Vice-President & General Manager, Corporate Relations; James E. Donahoe, Senior Vice-President & General Manager, Administration; John B. Erickson, Vice-President, Real Estate.

The Company and management are indebted to the Board of Directors for their wise counsel and support. During the year, we were pleased to welcome Mr. Donovan Miller of Vancouver to the Board.

I wish to take this opportunity to convey to all of our employees and agents our appreciation of their contribution to The Permanent's steadily improving results. 1984 was indeed a year of achievement and with the continuing, dedicated and loyal support of our personnel, we look ahead to 1985 with great optimism.

John A. C. Hilliker
Chairman, President and
Chief Executive Officer

Performance Summary

Net income for the year ended December 31, 1984 was $51.1 million, an increase of 118.4% over 1983. Excluding after-tax income of $21.0 million from the sale of The Permanent's Head Office property, net income was $30.1 million, representing a 28.5% increase. Return on average common equity excluding this sale increased to 10.3% from 8.5% in 1983. Similarly, return on average corporate assets was .41%, up from .35% in the prior year. Non-interest expense ratios have improved, and now represent $2.70 for every $100 of average assets, down from $2.72 in 1983.

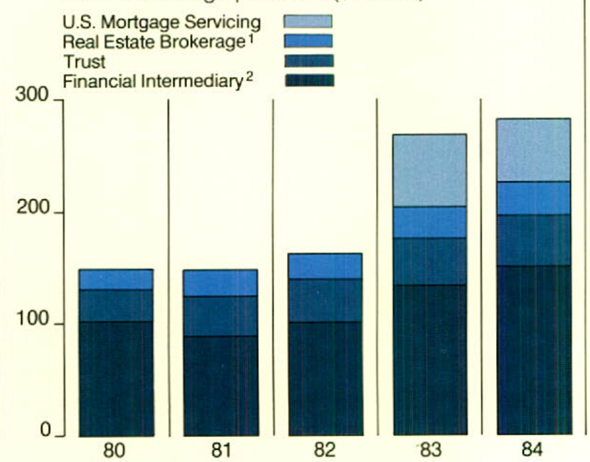
Total corporate assets rose 8.6% to $7.6 billion. Financial Intermediary Division assets increased by 11.7%. Increased profitability in this division was accounted for in part by the improved quality of the Company's loan portfolio, as loan loss provisions declined to $13.5 million from $32.9 million a year ago. Net interest margin rose to 2.01%, the highest level recorded since 1979. Net investment income from Canadian operations amounted to $143.1 million on a tax-equivalent basis, an increase of 15.3% over 1983. United Kingdom operations contributed to divisional results, with improved profitability during 1984.

Total trust revenues grew 9.6% during 1984. After-tax income in the Company's Trust Division improved 15.1% over 1983, reflecting increased operating efficiencies. Trust assets under administration grew 32%, primarily due to new pension and corporate trust accounts acquired in the year.

Despite unstable and uneven economic conditions, the Real Estate Brokerage Division registered a $1 million increase in net revenue over 1983. However, divisional profits were reduced from record 1983 levels as overhead expenses in Western Canada were not matched by revenues in those provinces.

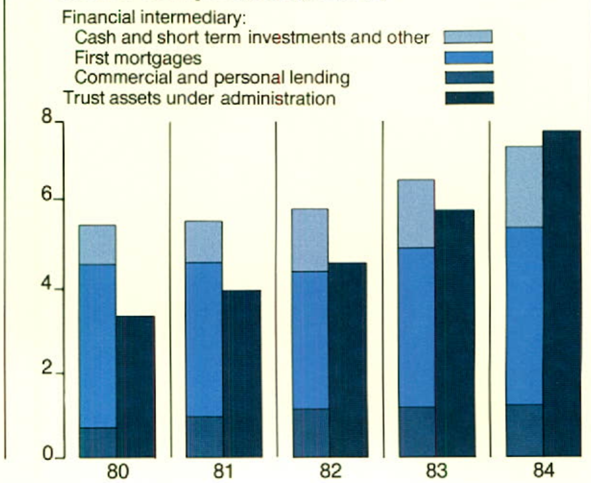
Genstar Mortgage Corporation, the U.S. mortgage servicing subsidiary, generated $30.3 million in loan servicing fees and other revenues net of interest expenses, compared with $30.8 million in 1983. This was achieved, however, with a smaller portfolio of loans than in 1983. During 1984, the Corporation sold the servicing rights to a $1.2 billion mortgage portfolio. The gain on this sale, net of a provision for losses, was offset by a further loss provision for a portfolio of loans sold in 1983.

Revenue by Business Segment
from continuing operations ($ millions)



[1]Commissions earned net of commissions paid.
[2]Net investment income (tax-equivalent basis) + fee income.

Asset Composition ($ billions)



Asset and Liability Management

The Company continues to pursue a conservative program of asset and liability management to ensure adequate net interest margins and controlled portfolio mismatches.

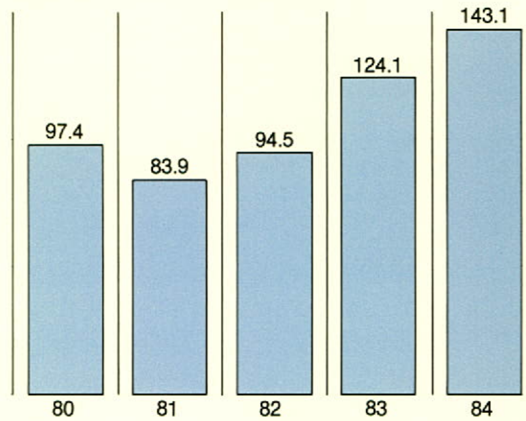
The interest-sensitive mismatch is defined as the total dollar amount by which liabilities with interest rates subject to change within twelve months, such as savings deposits and deposit receipts, exceed or are exceeded by assets which are similarly sensitive to changes in short-term interest rates, such as treasury bills and variable-rate loans. A change in interest rates will cause the spread earned on this mismatched portion to vary. This mismatch is managed not only with a view to containing any possible exposure to interest rate volatility but also to take advantage of short-term financing opportunities as they arise, including trading in money market securities, stocks and bonds.

The maturity mismatch is defined as the total dollar amount by which fixed interest rate assets, such as mortgages maturing during any twelve-month period, exceed or are exceeded by fixed interest rate liabilities, such as debentures and guaranteed investment certificates maturing during the same twelve-month period.

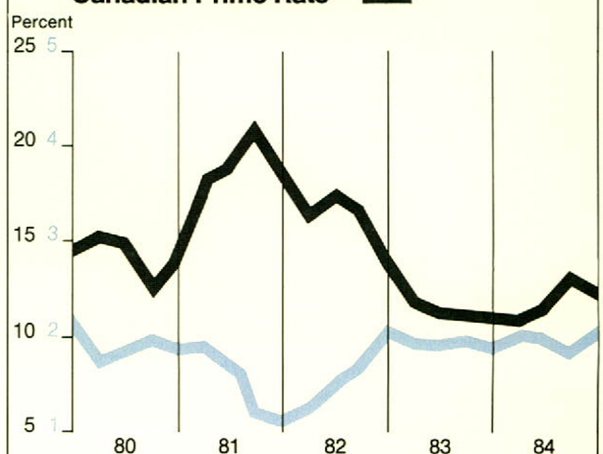
These mismatches have impaired The Permanent's earnings in previous years. As can be seen from the bottom chart at right, at December 31, 1980 the interest-sensitive mismatch was $1.2 billion, or 21.8% of Canadian interest-earning assets, and in addition there were significant mismatches in the fixed-rate portfolios at that time.

The excess of interest-sensitive liabilities adversely affected The Permanent's net interest margin, and hence its net investment income, as interest rates rose. While net interest margin is affected by a variety of market forces, the charts indicate

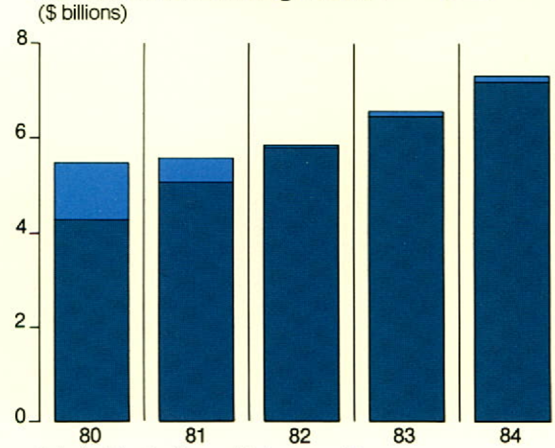
Net Investment Income on a Tax-Equivalent Basis
($ millions)



Net Interest Margin vs. Canadian Prime Rate



Interest Sensitive Mismatch and Matched Net Earning Assets
($ billions)



Data for this chart is provided on page 35 how the mismatches at the end of 1980, together with rising interest rates during 1981, were the principal causes of the reduced net interest margins in 1981 and 1982. Commencing in 1982, strategies were implemented to reduce this mismatch, such as securities trading, new product introductions, improved product pricing, and interest rate hedging. As The Permanent corrected these mismatches, net interest margins improved. These strategies have continued and the interest-sensitive mismatch was reduced to an acceptable level of $137.0 million at December 31, 1984, or 1.87% of Canadian interest-earning assets.

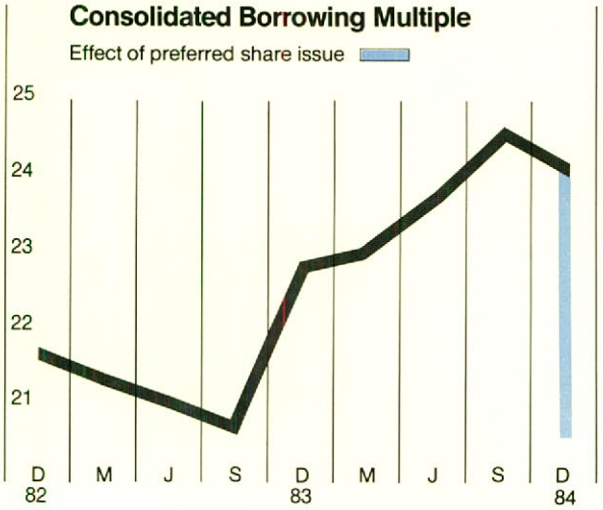
The Permanent is now generally well-matched in each year of maturity within its fixed-rate portfolios, as can be seen from the table on page 35 of this report. Through control of these mismatches the Company anticipates being well-positioned for future volatility in interest rates.

During 1984, while financial institutions generally were subjected to significant competitive pressure on spreads, The Permanent maintained a policy of competing only for high-quality assets. Emphasis has been on ensuring that adequate spreads are obtained on all new business written, as opposed to pursuing portfolio growth for its own sake, often at sub-optimal spreads.

Liquidity and Capital Management

It is Company policy to maintain appropriate levels of balance sheet liquidity thus ensuring sufficient funds for operations, as well as assisting in achieving profitability objectives and satisfying liquidity requirements under federal and provincial legislation. In addition, asset quality is monitored for compliance with corporate and statutory requirements. The Permanent complies with all these requirements and at December 31, 1984 held assets with liquidity and quality in excess of that required.

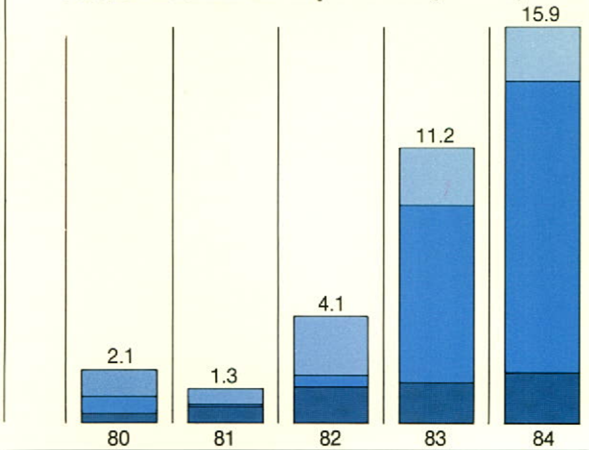
The degree of financial leverage of trust and loan companies is regulated such that The Permanent's deposits are limited to 25 times its capital base. The chart below indicates that the Company was approaching this limit due to rapid asset growth since 1982. During 1984, steps were taken to strengthen the Company's capital base. These steps included the sale of The Permanent's Head Office property and a preferred share issue which was brought to market in early 1985. These actions together reduce the Company's borrowing multiple to approximately 20.6 times, allowing for the continuing expansion of financial intermediary operations.



Credit Policies and Loan Loss Provisions

The establishment of appropriate credit policies and the provision for probable credit losses are important elements in the administration of The Permanent's lending activities. A credit committee meets frequently to develop policies and to review proposals for the corporate portfolios. The Permanent undertook a thorough review of these policies during 1984 and as a result, exposure to potential losses has been further controlled by limiting the Company's investment in any single corporate borrower to a maximum of 10% of The Permanent's shareholders' equity. Although three companies are currently in excess of this limit, in management's opinion there are no significant risks attached to these loans at present. Higher limits apply to the securities of certain banks and Canadian government bodies.

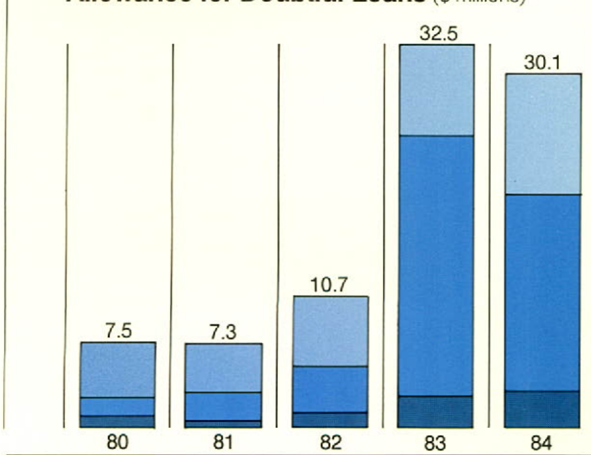
Actual Loan Loss Experience ($ millions)



(in thousands of dollars)

	80	81	82	83	84
First Mortgages	$ 995	$ 616	$2,283	$ 2,801	$ 2,695
Commercial Lending	657	31	400	6,810	10,768
Personal Lending	404	664	1,440	1,540	2,476

Allowance for Doubtful Loans ($ millions)



(in thousands of dollars)

	80	81	82	83	84
First Mortgages	$5,017	$4,200	$ 5,594	$ 7,731	$10,391
Commercial Lending	1,506	2,673	3,917	22,045	16,355
Personal Lending	969	442	1,218	2,693	3,323

The Company recorded loan loss provisions of $13.5 million in 1984, compared with $32.9 million in 1983. These provisions are made for probable losses on mortgage, commercial and personal loans based on payment arrears information, prior loss experience and management's assessment of current economic conditions. The top chart at left indicates that actual loan losses increased during 1984, representing to a large extent the write-off of loans for which provisions were made in 1983.

Approximately $6 million of the current year's loan loss provision related to mortgage and personal loans in Alberta and British Columbia. The Company owns properties acquired under foreclosure in these provinces amounting to $52 million, up from $25 million in 1983. Due to unsatisfactory real estate market conditions in Western Canada, management has decided that these properties will be held to earn rental income, rather than being sold at this time.

Excluding properties acquired under foreclosure and after provision for losses, $87.3 million or 1.67% of the Company's net Canadian loan portfolio is currently in arrears, the same percentage as in 1983. Arrears are defined as loans with payments overdue 60 days, or 90 days in the case of personal loans. Management believes that the allowances for doubtful loans shown in the bottom chart at left are sufficient to provide for all known loss situations.


RETIREMENT SAVINGS PLAN
COMPOUND INTEREST
ASSUMPTIONS-
ANNUAL CONTRIBUTION
PLAN
VALUE

Financial Intermediary Services

A significant business role of The Permanent is that of a financial intermediary, whereby funds deposited by the public are invested in a variety of loans and securities. Through an integrated network of 100 retail branches across the country, The Permanent accepts deposits in a number of forms for use in its lending activities.

The Company offers chequing and savings accounts to suit the varied preferences of depositors. An ever-increasing number of depositors have been attracted to the "Permanent Plus" daily interest chequing account, resulting in its rapid growth as shown in the table at right. The Permanent also issues short-term deposit receipts, debentures and guaranteed investment certificates, and offers a variety of investment options for registered home ownership and retirement savings plans, including funds managed by the Company's Investment Management group.

The Permanent employs state-of-the-art computer technology, providing on-line access to customer records at all branches across the country, and 24-hour on-line, real-time service through the Company's expanding network of automated teller machines. This system is designed such that an individual customer's deposit and personal loan accounts are accessed through a single account number, facilitating the effective cross-selling of services at the branch level.

New retail deposit products and services introduced during 1984 include a U.S. funds daily interest chequing account,

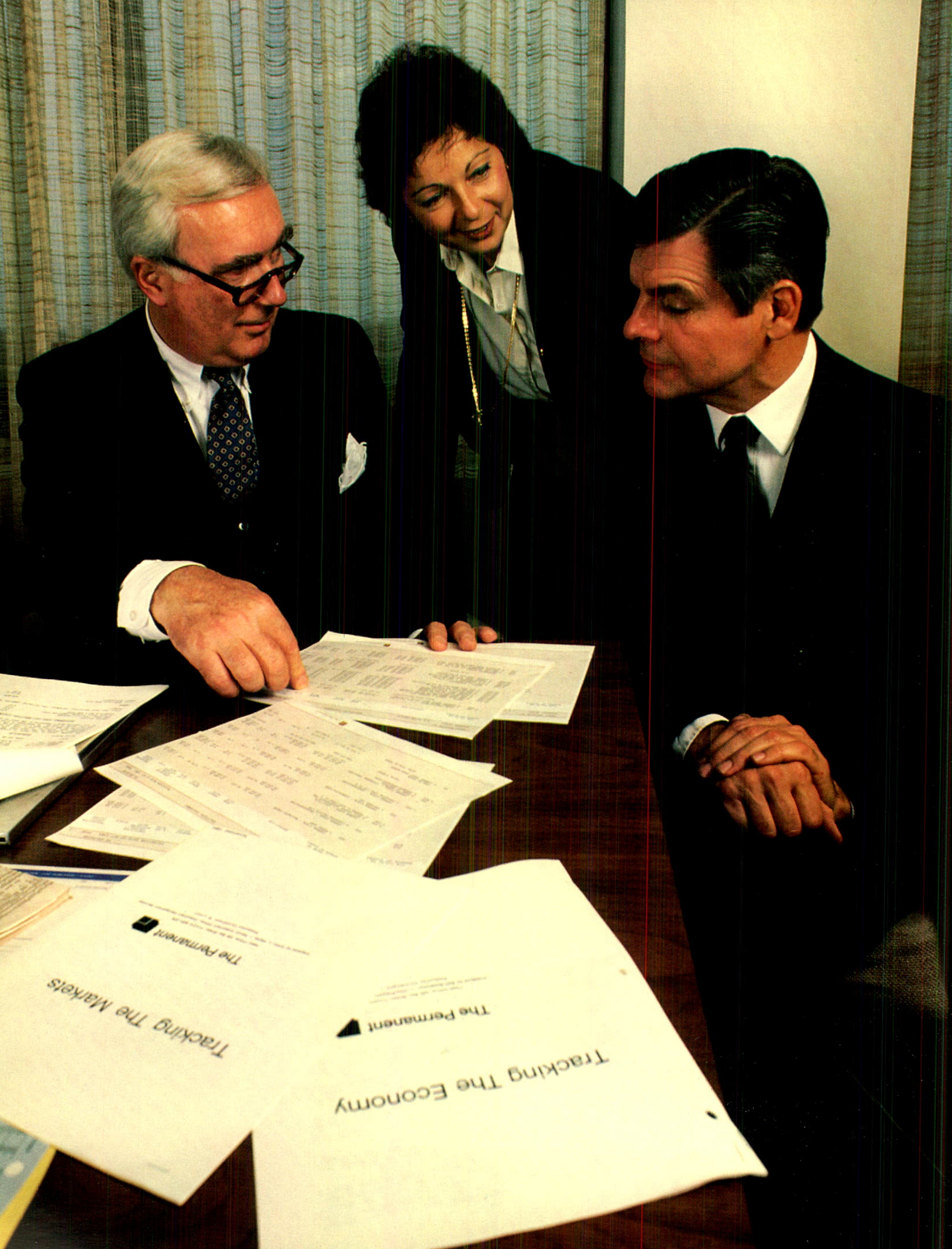
Deposit Base Composition ($ millions)

as at December 31	1984	1983	1982
Daily interest chequing accounts	$ 417.1	$ 216.5	$ 57.8
Other chequing accounts	69.8	84.0	89.4
Savings accounts	457.3	551.3	635.9
Other savings vehicles	125.2	124.9	90.6
Total demand deposits	1,069.4	976.7	873.7
Short term deposit receipts	724.5	656.3	612.8
RSP and RHOSP	1,719.8	1,495.7	1,274.6
Debentures and GIC's	3,403.0	3,226.0	2,895.8
Total customers' deposits	$6,916.7	$6,354.7	$5,656.9

"Coverdraft" service for overdraft protection, and enhancement of our services for senior citizens. Most Ontario branches are now open from 8 a.m. to 8 p.m. on weekdays and from 8 a.m. to 4 p.m. on Saturdays. These extended hours, combined with Any-Branch Service and the Permateller ATM network, are designed to provide greater convenience for our customers. The Permanent will also be introducing VISA credit cards and a personal line of credit for customers during 1985.

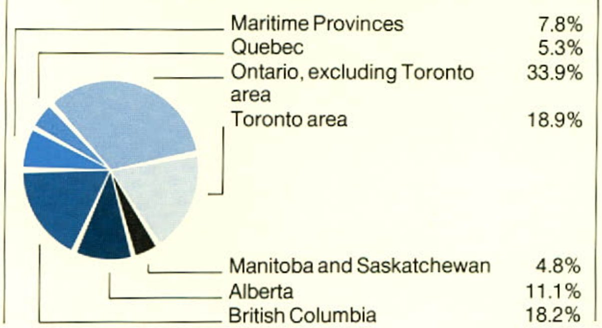
Over 44% of the Company's financial intermediary assets are residential first mortgages. This portfolio of approximately 81,000 loans is composed of "conventional" mortgages in which the loan amount is no more than 75% of the appraised value of the property, and high-ratio loans where at least the amount in excess of 75% is guaranteed or insured by a government agency or private insurer. At December 31, 1984, 61% of the first mortgage portfolio was of the

SAVINGS AND LOANS—*(L) Aileen Henry, Branch Manager, 50 Bloor Street West, Toronto, describes The Permanent's five investment options to a Retirement Savings Plan client.*


The Permanent
Tracking The Markets
The Permanent
Tracking The Economy

conventional type. The Permanent's mortgage portfolio is diversified across the country, as illustrated in the following chart.

Geographic Distribution of Canadian First Mortgages



The "Mortgage Eliminator" was introduced in 1984 with the no-charge options of an annual 15% prepayment of principal, an annual 15% increase in the scheduled amount of each payment, and biweekly or monthly payments. A weekly payment option was introduced in early 1985, as was a low-cost mortgage life insurance plan. A unique feature of this plan is that customers may elect to pay either a one-time premium or monthly premiums. These developments represent the continuing evolution of high-quality mortgage products to serve the varied needs of The Permanent's customers.

A significant portion of new residential mortgage loans advanced in the past year was generated through The Permanent's Real Estate Brokerage Division, an example of the growing integration of activities within the Company.

INVESTMENT SERVICES—*(L) Peter Elcombe, National Sales and Marketing Manager and Sarah Leyshon-Hughes, Account Executive, review a personal trust client's investment portfolio.*

Personal Trust Services

The provision of Investment Services to individuals represents a growing market opportunity for the Company, as families accumulate wealth and seek assistance in the administration of their financial affairs. The Personal Trust group has increasingly emphasized the provision of professional management services for individual investment portfolios, as well as securities handling, custodial and record-keeping services. In addition, The Permanent's trust officers administer and/or manage living trusts, retirement income funds and self-directed retirement savings plans.

The Permanent is a leader in providing these services, which are collectively referred to as "agency" services. An effective sales force markets personal trust services in major Canadian centres, and the top chart on page 15 indicates the successful growth of new agency business.

Investors have become increasingly active in directing the management of their retirement funds and accordingly, The Permanent expanded its offerings of self-directed retirement savings plans. Among the options now available, investors wishing to hold coupon-stripped bonds or Canada Savings Bonds exclusively in their self-directed RSP may do so for a special low fee.

The core business of the Personal Trust group has always been and remains the provision of estate settlement services, whereby, as executor or as advisor to an executor, trust officers settle estates and manage trusts under wills for the benefit of individuals. As well, this group provides will-planning services. Fee revenues from these sources contribute significantly to Company profit and continue to grow as demonstrated in the bottom chart on page 15.


The Permanent
Canada Permanent Trust Company / Realtor
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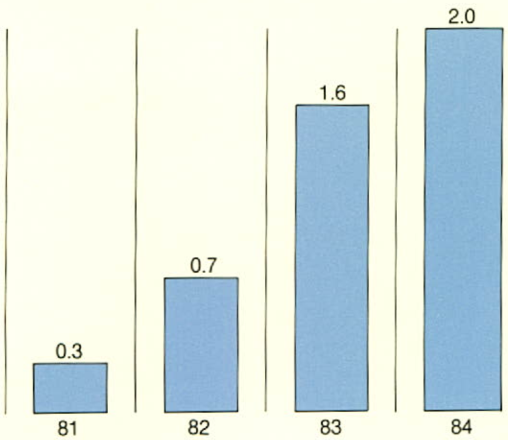
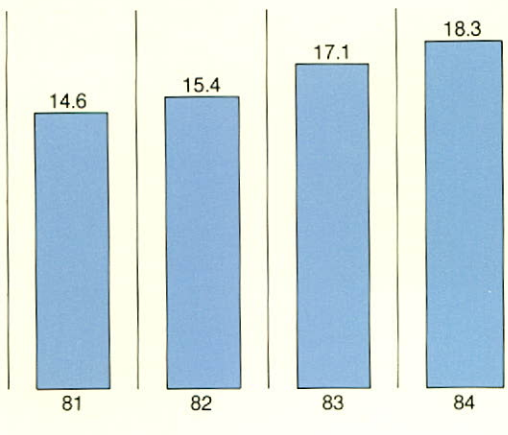
MLS
For Sale

New Agency Business
First year annualized fees ($ millions)



Estates and Trusts Revenues ($ millions)



Real Estate Brokerage Services

The Permanent ranks as the second largest real estate brokerage firm in Canada, and provides a comprehensive range of related services to retail and commercial customers.

The Permanent enlarged its real estate brokerage operations in 1984 through the acquisition from Guaranty Trust of seven real estate offices in Ottawa and Metro Toronto, rounding out the Company's presence in these locations.

The Permanent has also been increasing its franchised real estate network with the objective of establishing independently-owned offices under The Permanent banner in areas where the extension of company-managed locations is not currently planned or considered feasible. There are now thirty-eight such franchised offices across Canada augmenting The Permanent's own 102 residential real estate brokerage offices. These offices and their sales agents provide significant exposure and public awareness of The Permanent in all provinces.

This division has been successful in developing programs aimed at specific market segments. An example is the Distinctive Homes service, introduced in 1984 to increase The Permanent's share of sales of higher-priced residential properties. By providing a unique package of services to buyers and sellers of these properties, this program has enabled the Company to penetrate this market effectively.

The Permanent also serves the real estate needs of corporate clients. Employee relocations for approximately 90 companies are handled through offices in Montreal, Toronto, Calgary and Vancouver. The Company also operates an Industrial, Commercial and Investment real estate group with branches in Montreal, Ottawa, Toronto, Edmonton and Vancouver.

RESIDENTIAL REAL ESTATE—*A successful showing of one of The Permanent's selection of "Distinctive Homes" by Toronto sales agent Margaret Hutchison (R).*


PENSION TRUST SERVICES
CLIENT REPORTING PROJECT
- TIMELINESS
- MULTIPLE FREQUENCY
- DOWNLOAD CAPABILITY
FLEXIBILITY

Pension Trust Services

The Permanent's Pension Trust group provides custodial and Master Trust services, including safekeeping, trade processing and record-keeping, for approximately 200 pension funds, foreign insurance trusts and employee benefit plans. These include portfolios for which investment management services are provided by The Permanent, as well as those for which only custodial services are provided.

Pension trust assets under administration increased by $1.2 billion during the year, representing a 35% increase over 1983. This growth was principally due to the popularity of INFOVEST, a computerized investment accounting and reporting system which gives clients the capability of authorizing transactions on a remote, real-time basis.

A new institutional custodial product, SPAC SERVICES, was introduced in 1984. This unique custom-designed computer system provides dial-up trade reporting and confirmation facilities for clients located virtually anywhere in the world. In addition, SPAC responded to an opportunity in the Canadian marketplace and has captured a significant share of the market for servicing the trading in coupons stripped from Canadian bond issues.

PENSION TRUST—*Quarterly meetings update clients on new developments in The Permanent's INFOVEST system and how they affect the pension field. (L) Robert J. Reid, Assistant Secretary, Hiram Walker Resources Ltd., Sally Kinnear, Accounts Manager, The Permanent; Arnold Russell, Manager, Administration, CIL Pension Trust Fund; Eldon R. Elgie, Director, Compensation Services, Dominion Stores Limited.*

Investment Management

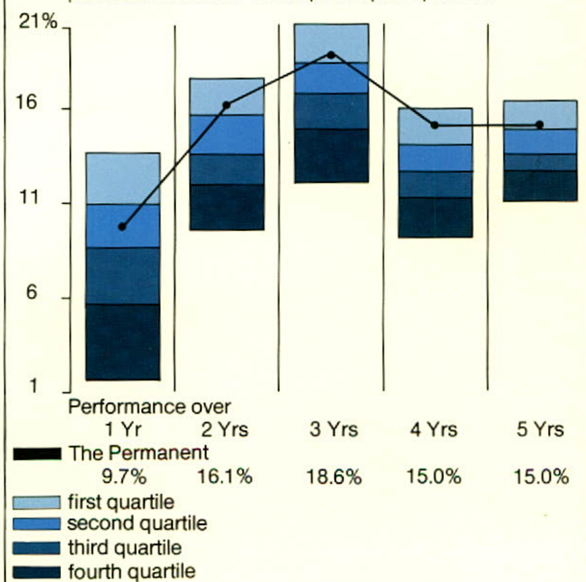
Investment management services are provided to outside clients and to other internal divisions of The Permanent by the Company's Investment Management group. A disciplined team approach is followed to obtain a proper portfolio mix for high investment returns consistent with specified levels of risk. The Permanent's "total fund" performance during the two to five-year periods ending December 31, 1984 was within the first quartile of all Canadian pension fund managers surveyed by independent agencies, as shown in the chart below.

The Permanent is responding to changing conditions in capital markets and is developing new investment funds in anticipation of shifting market demands, particularly with respect to changes in pension legislation.

Investment Management

Annualized returns to December 31, 1984

This chart compares The Permanent's performance over the one to five-year periods ended December 31, 1984 on its "total fund" (a representative, balanced pension fund of average risk profile with full management discretion) with a survey of fund managers' performance over the same periods on behalf of 416 corporate plan sponsors.



Courtesy Pension Finance Associates

Corporate Trust Services

The Corporate Trust group provides both stock transfer and bond trustee services, and maintains shareholder and bondholder records for approximately 1,000 individual stock and bond issues.

The Permanent obtained over 150 new appointments in 1984, and now services over 600 corporate clients nationally. The Permanent was the first company to act as agent for the administration of coupon-stripped bonds when they were commercially introduced in 1984, and is currently the exclusive Canadian transfer agent for a major issuer of these securities. An integral part of the Company's program is a policy of close and regular consultation with clients to identify needs and to suggest innovative ways to service those needs.

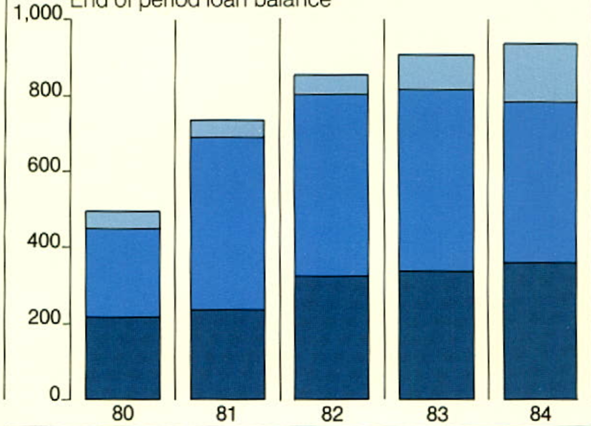
Commercial Lending

Commercial lending by The Permanent consists of loans to major corporations and Canadian government bodies, fixed and variable-rate commercial term loans to medium-sized corporations, and commercial leases to medium and large-sized corporations. These loans have become an important source of fixed and variable-rate assets and at December 31, 1984 totalled $935 million. This has allowed the Company to broaden its asset base from an historically heavy concentration in residential first mortgages.

STOCK TRANSFER AND LEASING—*Cross-selling plays an important role in the Trust Division. Shown here are Dave Langford (bottom right), Assistant Vice-President, Commercial Leasing, with James B. McLaughlin, Vice-President, Hayes-Dana (which leases computer equipment through The Permanent), and Greg Eby (top left), National Manager, Stock Transfer, discussing Corporate Trust Services with Hayes-Dana Vice-President, Donald Johnson.*

The chart below illustrates the growth and continuing diversification of the commercial lending portfolio in recent years and in particular, the significant growth of commercial leasing activities. As a result of the strategic planning process, The Permanent is selectively expanding lending activities by focusing on medium-sized corporations, with an emphasis on particular industries and specialized financing arrangements.

Commercial Lending ($ millions)
End of period loan balance



	80	81	82	83	84
Commercial Leases	$ 43.8	$ 43.4	$ 50.0	$ 92.0	$154.3
Corporate Loans	233.9	455.4	480.0	477.8	424.3
Commercial Loans	214.8	233.1	321.6	334.5	356.4
	$492.5	$731.9	$851.6	$904.3	$935.0

ICI Mortgages

The Permanent has complemented its commercial lending operations by providing first mortgage loans secured by high-quality commercial properties. A portfolio of $920 million was outstanding at year-end, representing a 21.6% increase over the prior year. These mortgages have the advantage of being large in size individually, thereby reducing administrative costs. The Company has been aggressive in promoting these mortgages, which now account for 22.7% of all first mortgages, up from 20.3% a year ago.


another project
financed by:
The Permanent
Savings and Loans · Mortgages · Trust · Real Estate

International Operations

Through its subsidiary, Genstar Mortgage Corporation, The Permanent carries on mortgage banking activities in the United States. This involves the origination of residential mortgages, the pooling of these mortgages and the subsequent sale of these pools to outside investors. Genstar Mortgage receives a fee for servicing these loans, which involves collecting, accounting for and distributing monthly mortgage payments. During 1984, this subsidiary originated and pooled approximately $890 million in first mortgages and at December 31, 1984 administered mortgages totalling $2.1 billion.

Sales of servicing contracts have been a significant factor in the profits of Genstar Mortgage. Pre-tax profits of $10.2 million were realized in 1983 when this subsidiary sold servicing contracts covering mortgages of $2.2 billion. A similar sale of servicing contracts covering $1.2 billion in mortgages under administration was completed in 1984. The net gain on the 1984 sale was offset, however, by a current-year provision for losses arising in relation to a warranty provided on the 1983 sale.

During 1984, Genstar Mortgage embarked on a new enterprise which should increase loan servicing income in future years. It sponsored an investor-owned mortgage fund, Strategic Mortgage Investments, Inc. (SMI) which, through a public issue of shares, raised over $130 million in capital to invest in mortgage loans. Genstar Mortgage receives fees for managing SMI and for servicing the mortgage loans, and may retain servicing rights to the mortgages after they are sold by SMI to investors.

The Permanent offers banking services, commercial mortgages and lease financing services to small and medium-sized corporations in the United Kingdom. These operations have focused increasingly on residential first and second mortgage lending, including the pooling, selling and servicing of certain of those mortgages for other investors. This was facilitated by the integration during 1984 of American Funding (UK) Limited, a former mortgage servicing subsidiary of Genstar Mortgage, with Canada Permanent Trust Company (UK) Limited. Mortgage servicing is gaining increasing acceptance and is expected to add further to profits as this form of investment matures. The Company has recently leased a new office building in London to replace the two former United Kingdom head office locations, allowing for continued expansion with increased operating efficiencies.

Assets of this subsidiary at December 31, 1984 were $39.1 million. For reporting purposes, its financial position and operating results are included with those of the Financial Intermediary Division.

Commercial Real Estate Development

The Permanent, through its former subsidiary Sutter Hill Developments Limited, was until recently involved in the acquisition, development, management and sale of income-producing real estate properties. This subsidiary was sold to Genstar Financial Corporation effective October 1, 1984.

Income earned by Sutter Hill prior to this sale has been treated as income from discontinued operations, which, including the after-tax gain of $0.5 million on disposal of the shares, amounted to $3.4 million in 1984.

INDUSTRIAL, COMMERCIAL AND INVESTMENT MORTGAGES—*Larry Collis, Regional Retail Credit Manager (Centre), with I.C.I. mortgage clients (L) Ben Piorczynski, Vice-President and Ted Piorczynski, President, Everlast Construction.*

Consolidated Statement of Income

Year Ended December 31, 1984
(in thousands of dollars with comparative figures for 1983)

Income:	1984	1983
Investment income from—		
Short-term investments	$104,998	$ 92,139
Securities	68,688	57,417
Mortgages	515,457	481,007
Personal loans	35,583	34,340
Commercial loans	115,882	106,783
	840,608	771,686
Fees and commissions from—		
Real estate brokerage	76,199	75,068
Estates, trusts and agencies	25,129	22,930
Stock transfer and bond trustee services	7,234	8,717
Pension trust and investment management	4,095	4,362
Mortgage administration	5,640	6,217
Loan servicing fees	12,408	15,978
Other income	28,146	25,335
	158,851	158,607
	999,459	930,293
Expenses:		
Interest	722,515	664,628
Real estate agents' commissions and benefits	46,526	46,393
Staff remuneration and benefits	91,375	84,921
Premises (note 9)	23,990	22,813
Marketing	15,244	12,777
Computer and office	17,785	15,824
Communications and stationery	12,933	11,803
Business taxes, capital taxes and licences	7,687	5,943
Other expense	28,597	28,048
	197,611	182,129
Total expenses	966,652	893,150
Income before gains and losses on investments and loans	32,807	37,143
Gains on disposal of securities and premises (note 9)	33,370	4,765
Gains on sales of U.S. mortgage servicing contracts (note 10)	68	10,241
Provision for loan losses	(13,539)	(32,891)
Income from continuing operations before income taxes	52,706	19,258
Deferred income taxes (recovery) (note 11)	4,919	(199)
Net income from continuing operations	47,787	19,457
Net income of and gain on disposal of subsidiary (note 8)	3,358	3,963
Net income for the year	$ 51,145	$ 23,420

(See accompanying notes)

Consolidated Statements of Contributed Surplus and Retained Earnings

Year Ended December 31, 1984
(in thousands of dollars with comparative figures for 1983)

Contributed Surplus	**1984**	1983
Contributed surplus, beginning of year	**$ 97,546**	$ 97,397
Amounts arising on issuance of common shares (note 7)	**10,114**	
Amounts arising on conversion and purchase for cancellation of preference shares (note 7)	**7,970**	149
Contributed surplus, end of year	**$115,630**	$ 97,546

Retained Earnings		
Retained earnings, beginning of year	**$144,501**	$128,095
Net income for the year	**51,145**	23,420
	195,646	151,515
Deduct:		
Dividends—series A preference shares	**582**	582
—series B preference shares	**1,321**	1,376
—common shares	**21,462**	5,056
	23,365	7,014
Retained earnings, end of year	**$172,281**	$144,501

(See accompanying notes)

Consolidated Balance Sheet

December 31, 1984
(in thousands of dollars with comparative figures at December 31, 1983)

Assets	1984	1983
Cash and short-term investments	$ 993,778	$ 957,533
Securities (note 3)	932,155	611,042
Loans:		
Mortgages	4,310,743	3,989,308
Personal	292,206	282,694
Commercial	942,340	912,342
	5,545,289	5,184,344
Premises and equipment (note 4)	32,128	39,030
Acquisition cost of loan servicing contracts	18,006	28,846
Investment properties		145,121
Other assets (note 8)	117,467	70,085
	$7,638,823	$7,036,001

(See accompanying notes)

On behalf of the Board:

J. A. C. Hilliker, Director

J. F. Perrett, Director

Liabilities and Shareholders' Equity	1984	1983
Demand deposits	**$1,069,337**	$ 976,773
Short-term deposit receipts	**724,547**	656,286
Registered savings plans deposits	**1,719,811**	1,495,659
Debentures and guaranteed investment certificates	**3,403,024**	3,225,955
	6,916,719	6,354,673
Other liabilities:		
Accounts payable and other liabilities (notes 8 and 9)	**188,818**	144,516
Notes payable (note 5)	**178,072**	211,764
	366,890	356,280
Deferred income taxes	**32,433**	39,970
Shareholders' equity:		
Capital stock (notes 7 and 14)	**35,833**	44,116
Contributed surplus	**115,630**	97,546
Retained earnings	**172,281**	144,501
Unrealized foreign exchange loss on translation	**(963)**	(1,085)
	322,781	285,078
	$7,638,823	$7,036,001

(See accompanying notes)

Auditors' Report
To the Shareholders

We have examined the consolidated balance sheet of Canada Permanent Mortgage Corporation as at December 31, 1984 and the consolidated statements of income, contributed surplus and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1984 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.

Toronto, Canada,
February 6, 1985.

Coopers & Lybrand
Chartered Accountants

Consolidated Statement of Changes in Financial Position

Year Ended December 31, 1984
(in thousands of dollars with comparative figures for 1983)

	1984	1983
Funds were provided by:		
Net income before deferred income taxes, depreciation and other non-cash items of $23,382 ($51,272 in 1983)	$ 74,527	$ 74,692
Demand deposits less withdrawals	92,564	103,080
Short-term deposit receipts issued less redemptions	68,261	43,483
Registered savings plans deposits less withdrawals	224,152	221,084
Debentures and guaranteed investment certificates issued	1,573,032	1,761,951
Securities sold or redeemed	344,968	305,238
Mortgage repayments	535,162	656,246
Proceeds on sale of subsidiary (note 8)	49,975	
Loan servicing contracts sold less acquisitions	8,539	15,704
Issuance of common shares	10,727	
Other	10,358	
Total funds provided	2,992,265	3,181,478
Funds were applied to:		
Investment in securities	641,681	421,717
Mortgage advances	870,507	1,110,140
Personal loans less repayments	12,618	43,268
Commercial loans less repayments	9,499	85,669
Purchase of investment properties net of disposals		27,987
Investment in premises and equipment net of disposals	2,067	5,436
Debentures and guaranteed investment certificates redeemed	1,395,963	1,431,815
Repayment of notes payable net of issues	299	791
Dividends	23,386	7,042
Other		38,275
Total funds applied	2,956,020	3,172,140
Increase in cash and short-term investments during the year	36,245	9,338
Cash and short-term investments, beginning of year	957,533	948,195
Cash and short-term investments, end of year	$ 993,778	$ 957,533

(See accompanying notes)

Notes to Consolidated Financial Statements

December 31, 1984

1. Summary of significant accounting policies

The following is a summary of significant accounting policies followed in the preparation of these consolidated financial statements:

(a) Consolidation—

These consolidated financial statements include the accounts of Canada Permanent Mortgage Corporation and all its subsidiary companies. Significant subsidiaries, all of which were wholly-owned at December 31, 1984 unless otherwise noted, are:

Canada Permanent Trust Company

Canada Permanent Trust Company (U.K.) Limited

Canada Permanent Trust Company B.V.

Genstar Securities Corporation and its significant subsidiaries

Genstar Mortgage Corporation

American Funding Limited (a limited partnership) (87.5%)

The minority interest in American Funding Limited of $3.2 million at December 31, 1984 (1983—$1.6 million) is included in accounts payable and other liabilities in the consolidated balance sheet.

(b) Securities and loans—

Bonds and debentures are carried at amortized cost and stocks generally at cost, together with accrued interest and dividends receivable. Mortgages, personal loans and commercial loans are carried at cost plus accrued interest, less repayments and provisions for losses.

Provisions are made for possible losses on uninsured mortgages and other loans based upon payment arrears information, prior loss experience and current economic conditions. Losses are charged against the provisions as realized. Securities gains and losses are included in net income as realized; however, provisions for losses are made in advance of realization in instances where declines in values of particular securities are considered to be other than temporary.

Included with commercial loans in the consolidated balance sheet are receivables under equipment rental contracts (direct financing leases) with a carrying value at December 31, 1984, net of unearned income, of $43.3 million (1983—$44.2 million). Income on the leases is recognized over the terms thereof in decreasing amounts as the amounts receivable are reduced through rental payments.

(c) Premises and equipment—

Premises and equipment are stated at cost less accumulated depreciation and amortization. Rates of depreciation and amortization applied on a straight-line basis to amortize the cost of these assets over their estimated economic lives are as follows:

Buildings	—	2½%
Major building alterations	—	10%
Equipment	—	15%—20%
Leasehold improvements	—	over the terms of the leases

Gains and losses on disposals of premises and equipment are included in net income as realized.

(d) Acquisition cost of loan servicing contracts—

Acquisition costs of loan servicing contracts are capitalized and reduced by amortization on a declining-balance method which relates the amortization of these costs to the estimated net loan servicing income. This amortization is augmented by reductions in income taxes due to the utilization of pre-acquisition losses for tax purposes and other tax benefits.

(e) Deferred income taxes—

The Corporation follows the tax allocation basis of accounting. Accordingly deferred income taxes are provided in order to reflect the income tax effects of timing differences between accounting income and income for tax purposes (such differences being principally attributable to depreciation provisions, security and loss allowances).

(f) Foreign currency translation—

Assets and liabilities are translated from foreign currencies into Canadian dollars at year-end rates of exchange. Income and expenses are translated at average rates of exchange for the year.

Exchange gains and losses arising on the translation of assets and liabilities of foreign operations, and related notes payable that hedge these net foreign assets, are excluded in determining net income and shown as a separate component of shareholders' equity. All other exchange gains and losses are included in determining net income.

(g) Income and expenses—

Estate, trust and agency fees and commissions from real estate brokerage are included in income as received.

The discounted present value of future interest income in excess of the yield to the investor and of prepayment penalties on second trust deeds sold on a fixed yield basis to maturity are included in income at the time of sale.

All other income and expenses are recorded on an accrual basis.

2. Segmented information

The Corporation is engaged in several lines of business activity, the more significant of which are as follows:

Financial intermediary services—

Investing shareholder funds and funds provided from deposits and the issue of debentures and guaranteed investment certificates in securities, mortgages and personal and commercial loans.

Trust services—

Providing estate, personal, corporate and pension trust services as well as investment management and related services.

Real estate brokerage services—

Acting as agent in the purchase and sale of residential, industrial and commercial real estate.

U.S. mortgage servicing—

Packaging, selling and servicing of mortgage portfolios based predominantly in the United States.

The Corporation was also engaged in commercial real estate development through its subsidiary, Sutter Hill Developments Limited, prior to the sale of this subsidiary effective October 1, 1984.

The following table summarizes certain financial information for these business segments:

	1984			1983		
Statement of income	**Gross Income**	**Segment Income**	**Net Income**	Gross Income	Segment Income	Net Income
			(in thousands of dollars)			
Financial intermediary services	**$821,415**	**$ 43,579**	**$ 42,303**	$749,419	$ (1,997)	$ 5,355
Trust services	**45,592**	**7,103**	**3,551**	41,587	6,169	3,084
Real estate brokerage services	**76,181**	**1,686**	**843**	75,056	2,894	1,447
U.S. mortgage servicing	**56,271**	**338**	**1,090**	64,231	12,192	9,571
	$999,459	**$ 52,706**	**47,787**	$930,293	$ 19,258	19,457
Net income of and gain on sale of subsidiary			**3,358**			3,963
Net income			**$ 51,145**			$ 23,420

Financial intermediary services segment income includes net gains on disposal of securities and premises of $33.4 million in 1984 and $4.8 million in 1983. U.S. mortgage servicing segment income includes net gains on disposal of servicing contracts of $0.1 million in 1984 and $10.2 million in 1983.

Assets	1984 Capital expenditures in year	1984 Carrying value of assets at year-end	1983 Capital expenditures in year	1983 Carrying value of assets at year-end
		(in thousands of dollars)		
Financial intermediary services	$5,478	$7,382,227	$ 4,115	$6,606,919
Trust services	968	4,479	886	6,269
Real estate brokerage services	1,169	2,034	598	2,320
U.S. mortgage servicing	342	250,083	310	266,616
	7,957	7,638,823	5,909	6,882,124
Commercial real estate development			104,787	153,877
	$7,957	$7,638,823	$110,696	$7,036,001

Depreciation and amortization in year	1984	1983
Financial intermediary services	$ 6,253	$ 5,911
Trust services	963	770
Real estate brokerage services	1,151	1,083
U.S. mortgage servicing	503	473
	$ 8,870	$ 8,237

3. Securities

Securities consist of:

	1984 Carrying value	1984 Market value	1983 Carrying value	1983 Market value
		(in thousands of dollars)		
Bonds and debentures—				
Bonds of or guaranteed by—				
Government of Canada	$ 77,293	$ 75,703	$ 51,795	$ 49,496
Provinces of Canada	34,825	32,708	12,884	10,143
Corporate and other	414,499	413,297	304,433	305,124
	526,617	521,708	369,112	364,763
Stocks—				
Preferred	353,203	348,384	215,475	212,914
Common	52,335	54,411	26,455	33,151
	405,538	402,795	241,930	246,065
Total securities	$932,155	$924,503	$611,042	$610,828

4. Premises and equipment

Premises and equipment consist of:

	1984	1983
	(in thousands of dollars)	
Land	$ 3,340	$ 4,697
Buildings, equipment and leasehold improvements	92,894	90,135
	96,234	94,832
Less: accumulated depreciation and amortization	64,106	55,802
	$ 32,128	$ 39,030

Depreciation and amortization included in premises and computer and office expenses totalled $8.9 million in 1984 (1983—$8.3 million).

5. Notes payable

	1984	1983
	(in thousands of dollars)	
Canada Permanent Mortgage Corporation		
11% notes repayable quarterly in equal blended instalments of principal and interest to 1990. Assets carried in the balance sheet at December 31, 1984 at $18.1 million (1983—$20.4 million) have been pledged as security for the notes.	$ 12,097	$ 13,460

5. **Notes payable** (continued)

	1984	1983
	(in thousands of dollars)	
Canadian prime to maximum of 13⅜% repayable in 1987.	**25,000**	
13¼% effective rate fully-hedged Swiss Franc notes repayable in 1990.	**18,023**	18,023
U.S. prime plus ¼ of 1% (or similar rates) repayable in U.S. dollars in instalments of U.S. $4,375, U.S. $4,375 and U.S. $26,250 in 1986, 1987 and 1988 respectively. The Corporation has pledged that it will not dispose of the shares of Genstar Securities Corporation while the note remains outstanding.	**46,259**	43,568
U.S. prime (or similar rates) repayable in U.S. dollars in 1985.	**7,739**	7,286
Genstar Securities Corporation and its subsidiaries		
U.S. commercial paper supported by a bank letter of credit and maturing within 45 days at interest rates which approximate or are below U.S. prime rate. Mortgages carried in the balance sheet at December 31, 1983 at $35.7 million secure the bank letter of credit.		35,696
U.S. prime revolving loan repayable in U.S. dollars. Mortgages carried in the balance sheet at December 31, 1984 at $45.4 million secure the notes payable.	**39,182**	
U.S. prime plus ½% (or similar rates) repayable in U.S. dollars as related mortgage payments are received subject to minimum repayment requirements. Mortgages carried in the balance sheet at December 31, 1984 at $24.7 million (1983—$51.3 million) secure the notes payable.	**11,509**	39,585
Other notes generally with variable rates based on U.S. prime and repayable in U.S. dollars on demand or to 1987.	**18,263**	20,753
Sutter Hill Developments Limited		
9% to 13% mortgages payable on investment properties due to 1996.		33,393
	$178,072	$211,764

6. **Guaranteed trust account**

Total assets include assets held for the guaranteed trust account as follows:

	1984	1983
	(in thousands of dollars)	
Assets—		
Cash and short-term investments	**$ 393,041**	$ 325,518
Securities	**267,670**	296,329
Loans:		
Mortgages	**2,932,355**	2,665,889
Personal	**137,271**	127,940
Commercial	**344,820**	371,491
	3,414,446	3,165,320
Total assets	**4,075,157**	3,787,167
Excess of assets over guaranteed trust liabilities	**23,998**	75,989
	$4,051,159	$3,711,178
Guaranteed trust liabilities—		
Demand deposits	**$ 478,259**	$ 427,541
Short-term deposit receipts	**196,145**	164,721
Registered savings plans deposits	**1,719,811**	1,495,659
Guaranteed investment certificates	**1,656,944**	1,623,257
	$4,051,159	$3,711,178

7. Capital stock

The authorized and issued share capital of the Corporation was as follows:

Authorized at December 31, 1984—

3,787,200 preference shares of the par value of $25 each, issuable in series

400,000 common shares of the par value of $100 each

Issued and fully paid—	1984	1983
	(in thousands of dollars)	
Nil tax deferred cumulative redeemable convertible preference shares series A (344,687 shares in 1983)		$ 8,617
628,341 8% cumulative redeemable preference shares series B (670,841 shares in 1983)	$15,709	16,771
201,241 common shares (187,278 shares in 1983)	20,124	18,728
	$35,833	$44,116

During 1984, the common shares were consolidated on the basis of 1 common share of the par value of $100 each for 50 common shares of the par value of $2 each. As a result, authorized common shares were reduced from 20,000,000 to 400,000 and issued and fully paid common shares were reduced from 9,363,900 to 187,278. Subsequent to this common share consolidation, 6,130 common shares were issued to Genstar Financial Corporation for cash consideration of $1,750 per share of which $1,650 per share was credited to contributed surplus. On December 31, 1984, 344,687 series A 6¾% preference shares were converted into 7,833 common shares at $1,100 per common share of which $1,000 per share was credited to contributed surplus.

The series B preference shares are redeemable after December 31, 1984 at $26.20 per share reducing $0.15 per annum to December 31, 1992 after which date the shares are redeemable at par value. In each calendar year, and subject to certain conditions, the Corporation is required to endeavour to purchase in the open market for cancellation an aggregate of 42,500 series B preference shares at not more than par value. Under this provision, 42,500 shares were purchased and cancelled in each of 1984 and 1983 with the aggregate difference of $0.1 million in 1984 ($0.1 million in 1983) between the purchase price and the par value recorded in contributed surplus.

8. Related party transactions

During 1984, the Corporation sold the common shares of its subsidiary Sutter Hill Developments Limited to its direct parent, Genstar Financial Corporation. The Corporation received $50.0 million in cash from redemption of preferred shares, proceeds of sale of common shares and accrued dividends. The sale price was based on the market value of the net assets of Sutter Hill Developments Limited at the effective sale date of October 1, 1984. The $0.5 million after-tax gain on the sale of the common shares combined with net income after-tax for the nine months to September 30, 1984 of $2.9 million is shown separately in the statement of income as "Net income of and gain on disposal of subsidiary".

At December 31, 1984, the Corporation continues to hold $28.4 million in second preference shares of Sutter Hill Developments Limited and has loans of $36.4 million to the company. The preference shares are to be redeemed in equal instalments from 1990 to 1994 and bear basic cumulative dividends, at a rate equal to one-half of bank prime, plus participating dividends. The loans mature during 1985 to 1989 inclusive and bear interest at 11¾% to 13¾%. The preference shares and loans are included in securities and commercial loans, respectively, in the balance sheet at December 31, 1984.

Also during 1984, the Corporation and its subsidiaries purchased, in the normal course of business, investment properties and loans totalling $20.6 million (1983—$11.2 million) from Genstar Corporation and its affiliates. The Corporation and its subsidiaries also rendered certain property rental, trust and real estate brokerage services to Genstar Corporation and its affiliates during 1984 from which gross income amounted to $1.3 million (1983—$0.7 million).

Included in other assets at December 31, 1984 is $10.9 million (1983—$13.7 million) owed to Genstar Securities Corporation and its subsidiaries by affiliates of Genstar Corporation. Included in accounts payable and other liabilities at December 31, 1984 is $14.0 million (1983—$15.7 million) due to Genstar Corporation and its affiliates.

9. Gains on disposal of securities and premises

Included in gains on disposal of securities and premises in 1984 is $28.3 million relating to the sale and lease-back of the Corporation's head office property. An additional $15.1 million, representing the present value of rental payments under the initial five-year operating leaseback, was deferred and is being amortized as a reduction of premises expense in proportion to these rental payments. Such amortization reduced premises expense by $0.5 million in 1984. At December 31, 1984, deferred income of $14.6 million is included in accounts payable and other liabilities.

10. Gains on sales of U.S. mortgage servicing contracts

During 1984, the Corporation recognized a gain, net of a provision for losses, of $8.5 million before income taxes from the sale of U.S. mortgage servicing contracts. The Corporation also recognized an additional provision for losses arising in 1984 of $8.4 million related to a warranty provided on the 1983 sale of U.S. mortgage servicing contracts.

11. Income taxes

Reconciliation of statutory and effective rates of income tax:

	1984		1983	
	Amount (in thousands of dollars)	Rate	Amount (in thousands of dollars)	Rate
Income from continuing operations before income taxes	$52,706		$19,258	
Income taxes at statutory federal and provincial rates	$26,353	50.0%	$ 9,629	50.0%
Increase (decrease) from statutory rates				
Tax-exempt securities income	(11,292)	(21.4)	(8,121)	(42.1)
Inter-company interest taxed at reduced rates	(3,402)	(6.5)	(133)	(0.7)
Non-taxable/deductible portion of capital (gains)/losses	(8,007)	(15.2)	1,101	5.7
Other items	1,267	2.4	(2,675)	(13.9)
Income taxes reported	$ 4,919	9.3%	$ (199)	(1.0)%

12. Commitments and contingency

(a) At December 31, 1984, outstanding commitments for mortgage advances amounted to $193.5 million.

Contractual obligations at December 31, 1984 in respect of lease rentals were as follows:

	Payable in the period (in thousands of dollars)		Payable in the period (in thousands of dollars)
1985	$19,291	1988	$14,393
1986	17,844	1989	11,819
1987	15,996	Thereafter	19,983

(b) The Corporation has agreed to partially indemnify one of the defendants in certain actions in which specified damages of substantial amounts are claimed. Management of the Corporation is of the opinion that these actions will not succeed and accordingly no provision has been made in the accompanying financial statements for such liability, if any, as may arise therefrom.

13. Comparative figures

Certain 1983 comparative figures have been reclassified from those previously reported to correspond with the presentation adopted in 1984.

14. Subsequent events

On January 25, 1985 the Corporation entered into an agreement for the sale of 1,940,000 series C preference shares to certain underwriters for total proceeds of $48.5 million before deducting estimated aggregate expenses of $0.2 million and a maximum underwriters' fee of $1.5 million.

Five Year Summary (in millions of dollars)

YEAR-END POSITION	1984	1983	1982	1981	1980
Assets					
Cash and short-term investments	$ 993.8	$ 957.5	$ 948.2	$ 331.4	$ 165.6
Securities	932.2	611.0	494.6	587.2	731.2
Loans—					
Mortgages	4,310.8	3,989.3	3,540.4	3,673.4	3,888.4
Personal	292.2	282.7	242.4	262.7	207.7
Commercial	942.3	912.4	851.6	731.9	492.5
	5,545.3	5,184.4	4,634.4	4,668.0	4,588.6
Other assets	167.5	283.1	321.7	98.2	77.0
Total corporate assets	$ 7,638.8	$ 7,036.0	$ 6,398.9	$ 5,684.8	$ 5,562.4
Assets under administration (book value)—					
Canada	$ 7,753.0	$ 5,874.2	$ 4,614.9	$ 3,974.6	$ 3,382.9
U.S. mortgage servicing	2,096.2	2,731.4	4,400.0		
Total assets under administration	$ 9,849.2	$ 8,605.6	$ 9,014.9	$ 3,974.6	$ 3,382.9
Total	$17,488.0	$15,641.6	$15,413.8	$ 9,659.4	$ 8,945.3
Liabilities					
Customers' deposits	$ 6,916.7	$ 6,354.7	$ 5,656.9	$ 5,355.2	$ 5,239.9
Other liabilities	366.9	356.2	438.6	74.4	67.5
Deferred income taxes	32.4	40.0	32.7	38.1	47.9
Total liabilities	$ 7,316.0	$ 6,750.9	$ 6,128.2	$ 5,467.7	$ 5,355.3
Shareholders' equity	$ 322.8	$ 285.1	$ 270.7	$ 217.1	$ 207.1

STATEMENT OF RESULTS	1984	1983	1982	1981	1980
Income					
Net investment income	$ 118.1	$ 107.1	$ 80.9	$ 66.8	$ 79.4
Fees and other income	82.6	83.4	44.8	40.9	33.3
Commissions from real estate sales (net of commissions paid)	29.7	28.7	23.1	24.9	18.5
Total income	$ 230.4	$ 219.2	$ 148.8	$ 132.6	$ 131.2
Expenses					
Staff remuneration and benefits	$ 91.4	$ 84.9	$ 72.4	$ 69.9	$ 59.1
Premises	24.0	22.8	19.8	17.0	14.1
Other	82.2	74.4	53.0	51.4	41.4
Total expenses	$ 197.6	$ 182.1	$ 145.2	$ 138.3	$ 114.6
Income before gains and losses on investments and loans	$ 32.8	$ 37.1	$ 3.6	$ (5.7)	$ 16.6
Gains on disposal of securities and premises	33.3	4.8	5.8	15.5[1]	9.9
Gains on sale of U.S. mortgage servicing contracts	0.1	10.2			
Provision for loan losses	(13.5)	(32.9)	(7.5)	(1.1)	(2.8)
Income from continuing operations before income taxes	52.7	19.2	1.9	8.7	23.7
Deferred income taxes (recovery)	4.9	(0.2)	(8.5)	(10.6)	(4.2)
Net income from continuing operations	47.8	19.4	10.4	19.3	27.9
Net income of and gain on disposal of subsidiary	3.3	4.0	2.4	0.7	0.7
Net income for the year	$ 51.1	$ 23.4	$ 12.8	$ 20.0	$ 28.6
Return on average common shareholders' equity—					
Basic	17.8%	8.5%	5.3%	10.1%	17.2%
Fully diluted	17.6%	8.5%	5.4%	9.7%	15.4%
Return on average assets	.70%	.35%	.21%	.35%	.54%
Number of full-time employees—					
Canadian	2,812	2,856	2,875	3,027	3,216
Subsidiaries	417	438	434	26	21
Number of part-time employees—	921	754	704	816	757
Number of real estate commissioned sales agents	2,442	2,336	2,049	1,984	1,858

[1] After deducting non-recurring corporate expenses of $2.5 million.

INTEREST RATE SENSITIVITY PROFILE OF ASSETS AND LIABILITIES (millions of dollars)

	December 31, 1984					December 31, 1983				
	Under 1 year					Under 1 year				
	Floating	Fixed	Total	Over 1 year	Total	Floating	Fixed	Total	Over 1 year	Total
Assets										
Cash and Short-term	$ 971.5		$ 971.5		$ 971.5	$ 945.4		$ 945.4		$ 945.4
Securities	388.5	$ 220.3	608.8	$ 301.0	909.8	145.5	$ 66.0	211.5	$ 382.7	594.2
Loans	671.7	2,096.4	2,768.1	2,555.2	5,323.3	757.4	1,827.0	2,584.4	2,349.5	4,933.9
Accrued Interest		103.0	103.0		103.0		82.8	82.8		82.8
	2,031.7	2,419.7	4,451.4	2,856.2	7,307.6	1,848.3	1,975.8	3,824.1	2,732.2	6,556.3
Other Assets					195.2					262.8
Total Assets	$2,031.7	$2,419.7	$4,451.4	$2,856.2	$7,502.8	$1,848.3	$1,975.8	$3,824.1	$2,732.2	$6,819.1
Deposits and Borrowings										
Demand Deposits	$ 964.0	$ 69.4	$1,033.4		$1,033.4	$ 745.3	$ 193.5	$ 938.8		$ 938.8
Short-term deposit receipts	718.8		718.8		718.8	651.7		651.7		651.7
Registered Savings Plan Deposits	509.3	673.3	1,182.6	$ 457.2	1,639.8	522.0	400.5	922.5	$ 507.8	1,430.3
Debentures and Guaranteed Investment Certificates		1,410.9	1,410.9	1,820.8	3,231.7	0.1	1,241.2	1,241.3	1,820.1	3,061.4
Notes Payable	32.7	1.5	34.2	28.7	62.9	7.3	1.4	8.7	30.1	38.8
Accrued Interest		208.5	208.5	54.5	263.0		183.4	183.4	59.2	242.6
	2,224.8	2,363.6	4,588.4	2,361.2	6,949.6	1,926.4	2,020.0	3,946.4	2,417.2	6,363.6
Non-Convertible Preference Shares				15.5	15.5				16.8	16.8
	2,224.8	2,363.6	4,588.4	2,376.7	6,965.1	$1,926.4	2,020.0	3,946.4	2,434.0	6,380.4
Other Liabilities and Equity					537.7					438.7
Total Liabilities and Equity	$2,224.8	$2,363.6	$4,588.4	$2,376.7	$7,502.8	$1,926.4	$2,020.0	$3,946.4	$2,434.0	$6,819.1
Surplus/(Deficiency) of Rate Sensitive Instruments	$ (193.1)	$ 56.1	$ (137.0)	$ 479.5	$ 342.5	$ (78.1)	$ (44.2)	$ (122.3)	$ 298.2	$ 175.9

INTEREST MARGIN

for the year ended December 31	1984	1983	1982	1981	1980
Assets					
Cash and Short-term Investments	11.14%	9.71%	14.34%	17.85%	14.46%
Securities	12.74	13.01	13.08	13.70	12.11
Loans	12.34	12.55	13.62	12.73	11.24
Income earned as a % of total assets	11.84	11.75	13.31	12.94	11.41
Deposits and Borrowings					
Demand Deposits	6.92	5.72	8.86	10.96	8.60
Short-term Deposit Receipts	9.30	8.14	13.34	16.54	9.75
Registered Savings Plans Deposits	10.86	11.19	13.62	13.26	10.87
Debentures and Guaranteed Investment Certificates	11.50	11.96	12.57	11.21	10.33
Notes Payable	12.23	11.26	12.71	14.66	11.14
Interest paid as a % of total assets	9.83	9.81	11.70	11.47	9.54
Interest margin as a % of total assets	2.01%	1.94%	1.61%	1.47%	1.87%

Interest Rate Sensitivity Profile—summarizes the matching of corporate assets and liabilities by period in which interest rates may change, to manage exposure to interest rate fluctuations.

Historical Summary of Interest Sensitivity—summarizes interest sensitivity by year in which interest rates may change and indicates that since 1982, the Company has been generally well-matched.

Interest Margin—indicates the tax-equivalent spread earned through financial intermediary operations. The reduction of the above mismatches has been directly responsible for the improvement in the interest margin.

Schedule of Maturities—sets out the assets and liabilities by year to maturity, and is used to assist in the management of corporate liquidity.

Canadian Financial Intermediary Services

HISTORICAL SUMMARY OF INTEREST SENSITIVITY (millions of dollars)

as at December 31	1984	1983	1982	1981	1980
Sensitive to changes to interest rates within one year	**$ (137.0)**	$ (122.3)	$ 60.6	$ (515.7)	$ (1,192.7)
Fixed rate portfolios					
1 to 2 years	**$ 132.2**	$ 170.0	$ 478.8	$ 388.5	$ 650.3
2 to 3 years	**78.5**	10.0	(276.5)	494.0	441.4
3 to 4 years	**66.4**	78.1	(62.6)	(237.9)	333.8
5 years	**58.1**	(49.0)	(107.0)	(14.7)	(254.1)
Over 5 years	**144.3**	89.1	93.0	76.8	225.5
Total of mismatches in fixed rate portfolios	**479.5**	298.2	125.7	706.7	1,396.9
Total mismatches[1]	**$ 342.5**	$ 175.9	$ 186.3	$ 191.0	$ 204.2
Net earning assets	**$7,307.6**	$6,556.3	$5,845.2	$5,570.7	$ 5,461.6
Percentages of Earning Assets:					
Interest sensitive mismatch	**1.87%**	1.86%	1.04%	9.26%	21.84%
Mismatches in fixed rate portfolios	**6.56%**	4.55%	2.15%	12.69%	25.58%
Total mismatches[1]	**4.69%**	2.68%	3.19%	3.43%	3.74%

[1]Indicates that portion of assets which is funded by equity and other liabilities net of other assets.

SCHEDULE OF MATURITIES OF ASSETS AND LIABILITIES (millions of dollars)

	December 31, 1984					December 31, 1983		December 31, 1982	
Maturity Dates	Cash and Short-term	Securities	Loans	Total	%	Total	%	Total	%
Assets									
Due or callable within 1 year	**$971.5**	**$332.2**	**$2,411.2**	**$3,714.9**	**49.5**	$3,079.1	45.1	$3,076.8	50.9
1 to 2 years		**23.3**	**1,029.2**	**1,052.5**	**14.0**	1,336.3	19.6	1,107.8	18.3
2 to 3 years		**21.3**	**751.5**	**772.8**	**10.3**	706.0	10.4	743.7	12.3
3 to 4 years		**35.2**	**592.8**	**628.0**	**8.4**	495.7	7.3	224.4	3.7
4 to 5 years		**107.4**	**387.5**	**494.9**	**6.6**	471.8	6.9	222.1	3.7
After 5 years		**71.8**	**151.1**	**222.9**	**3.0**	226.0	3.3	286.4	4.7
Non-retractable shares		**318.6**		**318.6**	**4.2**	158.6	2.3	99.2	1.6
Accrued interest	**18.5**	**20.9**	**63.6**	**103.0**	**1.4**	82.8	1.2	84.8	1.4
	$990.0	**$930.7**	**$5,386.9**	**$7,307.6**	**97.4**	$6,556.3	96.1	$5,845.2	96.6
Other assets				**195.2**	**2.6**	262.8	3.9	205.1	3.4
Total assets				**$7,502.8**	**100.0%**	$6,819.1	100.0%	$6,050.3	100.0%

Maturity Dates	Demand Deposits	Registered Savings Plans Deposits	Debentures and Guaranteed Investment Certificates[1]	Notes Payable	Total	%	Total	%	Total	%
Deposits and Borrowings										
Due or callable within 1 year	**$1,033.4**	**$1,182.6**	**$2,129.7**	**$ 9.3**	**$4,355.0**	**58.0**	$3,763.0	55.2	$3,564.9	58.9
1 to 2 years		**177.7**	**645.4**	**1.7**	**824.8**	**11.0**	1,025.6	15.0	578.9	9.5
2 to 3 years		**118.6**	**418.9**	**26.9**	**564.4**	**7.5**	580.7	8.5	835.1	13.8
3 to 4 years		**76.4**	**428.2**	**2.1**	**506.7**	**6.8**	242.7	3.6	233.9	3.8
4 to 5 years		**84.5**	**328.2**	**2.3**	**415.0**	**5.5**	480.9	7.1	160.5	2.7
After 5 years			**0.1**	**20.6**	**20.7**	**0.3**	28.1	0.4	15.9	0.3
Accrued interest	**5.3**	**80.0**	**177.1**	**0.6**	**263.0**	**3.5**	242.6	3.5	251.8	4.2
	$1,038.7	**$1,719.8**	**$4,127.6**	**$63.5**	**6,949.6**	**92.6**	6,363.6	93.3	5,641.0	93.2
Other liabilities and shareholders' equity					**553.2**	**7.4**	455.5	6.7	409.3	6.8
Total liabilities and shareholders' equity					**$7,502.8**	**100.0%**	$6,819.1	100.0%	$6,050.3	100.0%

[1]Includes short-term deposit receipts.

John A. C. Hilliker, Chairman, President and Chief Executive Officer

Harry J. Riva, Vice-President, General Counsel and Corporate Secretary

Retail Operations

Colin Currie
Executive Vice-President, Retail

Regional Operations

John E. Brodie
Assistant Vice-President, Atlantic

Andy Shcherban
Assistant Vice-President, Quebec

Douglas E. Scott
Vice-President, Ontario

Larry J. Dunsdon
Vice-President, Administration

Carol V. Cotton
Assistant Vice-President, Ontario East

Ronald A. Cawfield
Assistant Vice-President, Ontario West

Joseph M. Morabito
Vice-President, Western Canada

A. Keith Forsyth
Assistant Vice-President and Branch Manager, Winnipeg

Branch Support Services

Desmond P. R. Bethell
Vice-President, Special Projects

John M. Clarke
Vice-President, ICI Mortgages

Frank McNeill
Assistant Vice-President, ICI Mortgages

Susan F. Dabarno
Vice-President, Retail Credit and Deposit Services

H. Keith Minns
Assistant Vice-President, Term, Retirement Savings and Fund Services

Personal Trust

G. Burton Clapperton
Vice-President

Lionel Tokrud
Assistant Vice-President, Personal Trust

Albert W. Nicolle
Vice-President, Personal Trust, Eastern Canada

Hamish A. Manson
Assistant Vice-President and Branch Manager, Personal Trust, Montreal

Christopher J. Stringer
Vice-President, Personal Trust, Ontario

Carson J. Taylor
Assistant Vice-President, Personal Trust, Ontario North and East

J. Emmett Duff
Assistant Vice-President and Branch Manager, Personal Trust, Ottawa

Martin A. Henry
Assistant Vice-President, Personal Trust, B.C. and Alberta

Real Estate Brokerage

John B. Erickson
Vice-President

Arthur G. Wesley
Regional Manager, Atlantic

Paul Legault
General Manager, Quebec

Michael J. McMurray
General Manager, Ontario

John C. Poole
Regional Manager, Western Canada

Kevin Bigelow
National Manager, Administration Services

George S. Demeter
General Manager, Corporate Relocation

James L. Johnston
National Manager, Marketing, Real Estate Services

Stephen A. Knight
National Manager, I.C.I.

Commercial Operations

W. Thomas Hodgson
Executive Vice-President, Commercial

Treasury

Sidney A. Lindsay
Vice-President, Finance

Erich H. Plaga
President, Genstar Mortgage Corporation

Terrence G. Squires
Managing Director, Canada Permanent Trust Company (UK) Limited

Russ J. Robertson
Assistant Vice-President, Corporate Investments

Glenn H. Temple
Assistant Vice-President, Commercial Finance and Control

Commercial Lending

John F. Hartos
Vice-President, Commercial Leasing

David S. Langford
Assistant Vice-President, Commercial Leasing

Walter E. Montgomery
Vice-President

S. Robert Rudd
Vice-President, Commercial Credit

Clarke G. Hopkins
Assistant Vice-President, Commercial Lending

Arnold L. Kuchinsky
Assistant Vice-President, Administration

Operations Support

Corporate and Pension Trust

James P. McClocklin
Vice-President, Corporate Trust

Raymond W. LaForce
Vice-President, Pension Trust

James B. Ells
Assistant Vice-President,
Pension Trust, Atlantic

Robert S. Robson
Vice-President,
Corporate Trust, Ontario

Investment Management

Earl D. Bederman
Vice-President and Chief Economist

John A. Boyd
Assistant Vice-President,
Investment Management

Alan C. Leach
Assistant Vice-President,
Pension Investments

Corporate Relations

Ronald M. Dragan
Senior Vice-President and General Manager

Information Services

Dorothea D. Penman
Vice-President

John P. Pistilli
Vice-President,
Automated Banking Systems

Arthur M. Hounsell
Assistant Vice-President,
Systems Development

Roger R. Mahabir
Assistant Vice-President,
Systems Planning

Ronald J. Siddaway
Assistant Vice-President,
Systems Operations

Communications and Public Relations

Raymond B. Jones
Assistant Vice-President,
Corporate Communications

M. Denman Sinclair
Assistant Vice-President, Public Relations

Administration

James E. Donahoe
Senior Vice-President and General Manager

David A. W. Walker
Vice-President and Controller

A. Graham Dalrymple
Assistant Vice-President,
Premises and Administration

A. Graham Gardner
Manager, Audit Services

Human Resources

Gerrit T. Bakker
Vice-President

John D. Paré
Assistant Vice-President, Administration

A. Duncan Truscott
Assistant Vice-President, Operations

Marketing

Gary M. Comerford
Vice-President

Gordon E. Galbraith
Assistant Vice-President,
Market Segmentation

Judy A. Gregg
Assistant Vice-President,
Financial Intermediary Marketing

BOARD OF DIRECTORS

Robert D. Armstrong, F.C.A.
Toronto
Chairman, Canron Inc.

Roger L. Beaulieu, Q.C.
Montreal
Partner, Martineau Walker

Eric J. Brown, Q.C.
Toronto
Former Chairman, The Permanent

A. Lorne Campbell, Q.C., LL.D.
Winnipeg
Partner, Aikins, MacAulay & Thorvaldson

John H. C. Clarry, Q.C.
Toronto
Partner, McCarthy & McCarthy

Edward F. Crease
Halifax
Chairman, Alfred J. Bell & Grant Limited

Robert C. Dowsett
Toronto
Vice-Chairman,
William M. Mercer Limited

John A. C. Hilliker
Toronto
Chairman, President & Chief Executive Officer, The Permanent

The Hon. P. Derek Lewis, Q.C.
St. John's
Member of The Senate of Canada

Angus A. MacNaughton, C.A.
San Francisco
President & Chief Executive Officer,
Genstar Corporation

Donovan F. Miller, O.C.
Vancouver
Former Chairman,
The Canadian Fishing Company Limited

John F. Perrett, Q.C.
Toronto
Partner, Robertson, Perrett

William P. Pigott
Hamilton
Chairman, Pigott Construction Limited

Robert Stollery
Edmonton
Chairman & President,
PCL Construction Ltd.

Ross J. Turner
San Francisco
Chairman & Chief Executive Officer,
Genstar Corporation

Roger D. Wilson, Q.C.
Toronto
Partner, Fasken & Calvin

Executive Committee

John A. C. Hilliker, Chairman

Robert D. Armstrong

Roger L. Beaulieu

Eric J. Brown

John H. C. Clarry

Angus A. MacNaughton

Ross J. Turner

Roger D. Wilson

The Executive Committee may exercise all or any of the powers, authorities, and discretions vested in or exercisable by the directors, except those required by law to be exercised by the Board of Directors.

Audit Committee

John F. Perrett, Chairman

A. Lorne Campbell

Edward F. Crease

Robert C. Dowsett

P. Derek Lewis

The Audit Committee examines and considers all matters relating to the accounts of the company and the internal and external audit of such accounts. The Committee may further review any of the company's business affairs with the view to ensuring that they are in compliance with applicable legislation and are in the best interests of the company, its depositors, and the beneficial owners of funds entrusted to the company's care and administration.

Compensation and Benefits Committee

Robert D. Armstrong, Chairman

Angus A. MacNaughton

William P. Pigott

Robert Stollery

Ross J. Turner

The Compensation and Benefits Committee makes recommendations to the Board of Directors regarding employee remuneration, including pension matters and benefit programs.

FINANCIAL INTERMEDIARY AND TRUST SERVICES BRANCHES

Total Branches: 100 Trust Services Branches: 20

ATLANTIC REGION (10)

Newfoundland
St. John's
240 Water Street†*

Nova Scotia
Dartmouth
63 Tacoma Drive

Halifax
1646 Barrington Street†*

Lunenburg
36 King Street†

New Glasgow
141 Provost Street

Sydney
199 Charlotte Street†

Prince Edward Island
Charlottetown
129 Kent Street*

New Brunswick
Fredericton
426 Queen Street†

Moncton
814 Main Street

Saint John
53 King Street†*

QUEBEC REGION (5)

Montreal
600 Dorchester Blvd. West*
5222 Queen Mary Road

Pointe Claire
183 Hymus Blvd. East

St. Laurent
Place Vertu Shopping Centre

Westmount
1326 Greene Avenue

ONTARIO EAST (24)

Brockville
20 King Street West

Newmarket
104 Davis Drive,
Newmarket Plaza

Oshawa
22 King Street West†

Ottawa
30 Metcalfe Street*†
1642 Merivale Road,
Merivale Mall

Peterborough
138 Simcoe Street

Port Hope
113 Walton Street†

Thornhill
8055 Yonge Street
2900 Steeles Avenue East,
Markham Place

Toronto
320 Bay Street
2518 Bayview Avenue,
York Mills Plaza
50 Bloor Street W.
2901 Danforth Avenue
20 Eglinton Avenue West*
8 Eglinton Square
Shopping Centre
85 Ellesmere Road,
Parkway Plaza
2326 Kennedy Road,
Agincourt Mall
633 Markham Road,
Cedar Heights
10 St. Clair Avenue West,
Deer Park
1571 Sandhurst Circle,
Woodside Square Mall
1901 Yonge Street, Davisville
3335 Yonge Street, Snowdon
4841 Yonge Street,
Sheppard Centre

Unionville
4681 Highway #7

ONTARIO WEST (33)

Brampton
370 Main Street N.,
Unit 20,
Kingspoint Shopping Centre

Brantford
70 Market Street*†
300 King George Road,
Brantford Mall

Burlington
500 Guelph Line†
2201 Brant Street

Cambridge
27 Water Street North†

Guelph
9 Wyndham Street North

Hamilton
39 James Street South†*
1053 King Street West,
Westdale†
665 Upper James Street
626 Mohawk Road West,
Westcliffe Mall

Kitchener
67 King Street East*†

London
361 Richmond Street*†

Oakville
260 Lakeshore Road East

Sarnia
150 North Christina Street,
Sarnia Eaton Centre

Sault Ste. Marie
44 Great Northern Road,
Cambrian Mall

Stoney Creek
686 Queenston Road,
Queenston Mall
102 Highway #8,
Fiesta Mall

St. Catharines
63 Church Street

Sudbury
120 Durham Street South†

Thunder Bay
215 River Road

Tillsonburg
200 Broadway

Toronto
3114 Bathurst Street,
Lawrence Plaza
2972 Bloor Street West,
Kingsway†
666 Burnhamthorpe Road
1585 Mississauga Valley
Boulevard,
Iona Square
925 Rathburn Road,
Tomken Centre
1881 Steeles Avenue West,
Downsview
1943 Weston Road
3421 Weston Road,
Finch West Mall
148 Yorkdale Shopping Centre

Windsor
545 Ouellette Avenue*†

Woodstock
539 Dundas Street*†

WESTERN CANADA (28)

Manitoba
Winnipeg
433 Portage Avenue†*
St. Vital Shopping Centre

Saskatchewan
Regina
1778 Scarth Street†*

Saskatoon
170 Second Avenue South†*

Alberta
Calgary
311–6th Avenue S.W.*
Beddington Heights Mall
Brentwood Village Mall
Marlborough Mall
Sunridge Mall
Willow Park Village Mall

Edmonton
Heritage Mall
10038 Jasper Avenue†*
Meadowlark Park Shopping
Centre

British Columbia
Chilliwack
1 Wellington Avenue

Kamloops
191 Victoria Street

Kelowna
1475 Ellis Street

Penticton
262 Main Street

Prince George
299 Victoria Street

Vancouver
2699 Granville Street
Lansdowne Park Mall
(Richmond)
1604 Lonsdale Avenue
(North Vancouver)
Pacific Centre*
Park Royal Shopping Centre
(West Vancouver)
Scott "72" Shopping Centre
(Delta)
2154 West 41st Avenue
2991 Lougheed Hwy.
(Coquitlam)

Victoria
Cedar Hill Mall
1125 Douglas Street†*

*Branches offering Trust Services
†Premises owned by The Permanent
( ) Number of branches per region

REAL ESTATE BROKERAGE OFFICES

Residential Offices—Company-managed: 102, Franchised: 38 Commercial offices—I.C.I.: 5, Relocation: 4

NEWFOUNDLAND
4 Franchised Offices

PRINCE EDWARD ISLAND
2 Franchised Offices

NOVA SCOTIA (3)
plus 3 Franchised Offices

Dartmouth
21 Micmac Blvd.

Halifax
7001 Mumford Road

Sackville
800 Sackville Drive

NEW BRUNSWICK (2)
plus 2 Franchised Offices

Moncton
987 Main Street

Saint John
551 Westmorland Place

QUEBEC (33)

South District

Boucherville
1001 boul. Montraville

Beloeil
524 boul. Sir Wilfred Laurier

Brossard Taschereau
7400 boul. Taschereau

Brossard Lapiniere
3200 boul. Lapiniere

Chateauguay
115 boul. d'Anjou

Longueuil
1999 Roland Therrien

St. Hubert
5950 boul. Cousineau

St. Jean
423 rue St. Jacques

St. Bruno
1317 rue Roberval

North District

Chomedey
1600 boul. Le Corbusier

Duvernay
3100 boul. de la Concorde

Repentigny
100 boul. Brien

St. Jerome
#9, 400 boul. des Laurentides

St. Leonard
7373 boul. Langelier

Ste. Therese
300 boul. Sicard
St. Eustache*
140 St. Eustache

Terrebonne
561 Des Seigneurs

Montreal West and Lakeshore

Dollard des Ormeaux
4230 boul. St. Jean

LaSalle
8182 boul. Champlain

Montreal
4964 rue Queen Mary

Pointe Claire
183-E boul. Hymus

St. Laurent
1740 Cote Vertu

Dorion
89 boul. Don Quichotte

Valleyfield
9 Champlain Street

Beaconsfield
40 C boul. St. Charles

Central and Eastern Quebec

Charlesbourg
805, 47e rue Est

Quebec City
5500 boul. des Gradins

Ste. Foy
2925 Chemin Ste. Foy

Rimouski
143 West St. Germain

Sept-Isles
848 boul. Laure

Sherbrooke
2273 King Ouest

Trois Rivieres
1100 Des Recollets

Shawinigan
3950, 12e Ave.

ONTARIO (39)
plus 4 Franchised Offices

Metro Toronto
2968 Bloor Street W.
899 Eglinton Avenue W.
1901 Yonge Street
Towne & Countrye Square
3107 Sheppard Avenue E.
1560 Bayview Avenue
109 Ravel Road, Willowdale
255 Morningside Avenue
2751 Eglinton Avenue E.
1940 Eglinton Avenue E.
504 Oriole Parkway
4917 Dundas Street W.

Thornhill
8064 Yonge Street

Richmond Hill
10165-B Yonge Street

Mississauga
90 Dundas Street West
925 Rathburn Road E.
4040 Creditview Road

Brampton
499 Main Street S.

Oakville
351 Church Street

Oshawa
500 Rossland Road W.

Peterborough
727 Lansdowne Street W.

Southwestern Ontario

Brantford
484 West Street

Burlington
3235 Fairview Street

Hamilton
1012 Upper James Street
1309 Main Street W., #7

London
585 Richmond Street
1775 Ernest Avenue
Woodstock*
539 Dundas Street
Kitchener*
67 King Street E.
Guelph*
9 Wyndham Street N.

Sarnia
270 Christina Street North

St. Catharines
318 Ontario Street

Windsor
5960 Tecumseh Road E.

Ottawa District

Ottawa
2315 Riverside Drive
2339 Ogilvie Road
2685 Iris Street
229 Metcalfe Street
1427 Ogilvie Road
101-235 Stafford Road

MANITOBA (4)
plus 4 Franchised Offices

Winnipeg
3900 Grant Avenue
1910 Pembina Highway
2305 McPhillips Street
1360-360 Main Street

SASKATCHEWAN (2)
plus 4 Franchised Offices

Regina
2727 Parliament

Saskatoon
1209-22nd Street W.

ALBERTA (8)
plus 4 Franchised Offices

Calgary
530, 3630 Morley Trail N.W.
180-94th Avenue S.E.
3109 Palliser Drive S.W.
11-6624 Centre Street S.E.
Turner Valley
101 Sunset Boulevard*

Edmonton
39 Centennial Shopping Centre
318, 8925-51 Avenue
2012 Tudor Glen Shopping Centre

BRITISH COLUMBIA (11)
plus 11 Franchised Offices

Burnaby
150-5665 Kingsway

Chilliwack
46294 Yale Road E.

Langley
20269 Fraser Highway

Richmond
6740 No. 3 Road

Surrey
10558 King George Highway

Vancouver
2629 Kingsway
1991 Lonsdale Avenue, N. Van.
5455 West Boulevard
107 Park Royal South, W. Van.

Saanich/Victoria
270-1555 McKenzie Avenue

Victoria
702 Fort Street

I.C.I. OFFICES

Montreal Commercial
110 boul. Crémazie Ouest

Ottawa Commercial
30 Metcalfe Street

Toronto Commercial
145 Front Street E.

Edmonton Commercial
10036 Jasper Avenue, Ste. 600

Vancouver Commercial
701 West Georgia Street

CORPORATE RELOCATION OFFICES

Montreal
110 boul. Crémazie Ouest

Toronto
145 Front Street E.

Calgary
311-6th Avenue S.W., 12th Floor

Vancouver
701 West Georgia Street

*Sub-offices
( ) number of offices per region

CHEQUING SERVICES

Daily Interest Chequing Accounts
(Canadian & U.S. Funds)
Statement Chequing Accounts
Passbook Chequing Accounts

SAVINGS SERVICES

Daily Interest Savings Accounts
Monthly Interest Savings Accounts

CONVENIENCE SERVICES

Any Branch Service
Safe Deposit Boxes
Permateller (Automated Teller Machines)
Direct Deposit Service
Money Orders
Travellers' Cheques
Utility Bill Payments
Sixty and Over Service
Permaservice
Coverdraft Service
Visa Credit Card*
Mortgage Life Insurance*
Personal Line of Credit*

INVESTMENT SERVICES

Long Term Deposits:
Guaranteed Investment Certificates
Debentures
Short Term Deposits
Canada Permanent Investment Fund

REGISTERED FUNDS SERVICES

Retirement Savings Plans:
Retirement Term Deposits
Retirement Savings Deposits
Fixed Income Fund
Equities Fund
Self-Directed RSP
Home Ownership Savings Plans

MORTGAGES

Fixed Rate First Mortgages
Variable Rate First Mortgages
6 Month First Mortgages
Fixed Rate Second Mortgages
Variable Rate Second Mortgages
Industrial, Commercial and Investment Mortgages (I.C.I.)
Interim Financing

*Commencing in 1985

LOANS

Demand Loans
Fixed Rate Personal Loans
Variable Rate Personal Loans
Commercial Loans
Corporate Loans

PERSONAL TRUST SERVICES

Investment Services
Estate and Will Planning
Estate and Trust Administration
Tax Services
Retirement Income Fund
Self-Directed RSP

CORPORATE TRUST SERVICES

Stock Transfer
Bond Trustee
Payment of Dividends and Interest
Administration of Dividend Reinvestment

PENSION TRUST SERVICES

Custodial Services
Investment Management
Employee Benefit Plans
Securities, Processing and Control Services
Foreign Insurance Trusts

REAL ESTATE SERVICES

Residential Real Estate Services
Industrial, Commercial and Investment Real Estate Services
Corporate Relocation Services

CAPITAL EQUIPMENT LEASING

Leasing
Equipment Financing
Lease Discounting
Sale and Leaseback Financing

U.S. MORTGAGE SERVICING

HEAD OFFICE

Canada Permanent Mortgage Corporation
Canada Permanent Trust Company
320 Bay Street,
Toronto, Ontario
M5H 2P6
Telephone (416) 361-8000

SUBSIDIARIES

Genstar Mortgage Corporation
Erich H. Plaga, President
700 North Central Avenue,
Glendale, California 91203

Canada Permanent Trust Company (UK) Limited
Terrence G. Squires,
Managing Director
4/5 Park Place,
London, England SW1

STOCK INFORMATION

The Company's Series "B" Preference shares are traded on the Montreal, Toronto and Vancouver Stock Exchanges.

The Company's Series "C" Preference shares are traded on the Toronto Stock Exchange.

The common and preference shares of the Company's ultimate parent, Genstar Corporation, are traded on major stock exchanges in North America and Europe.

Member of the
Trust Companies Association of Canada

Members, Canada Deposit Insurance Corporation

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