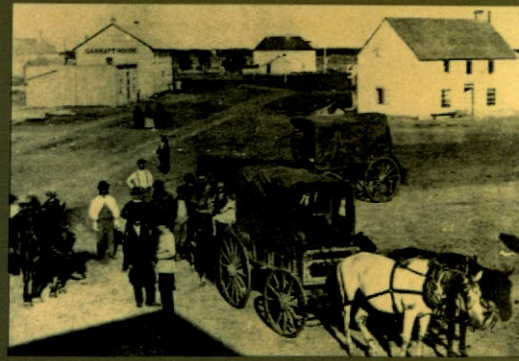


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**Credit Foncier**  
**104<sup>th</sup> Annual Report**

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**1884 Winnipeg 1984**



## Financial Highlights

Year ended October 31

Results for the year	1984	1983
Net operating income	\$ 7 530 000	\$ 9 433 000
Other income	2 002 000	1 222 000
Net earnings for the year	\$ 9 532 000	\$ 10 655 000

### Balance sheet

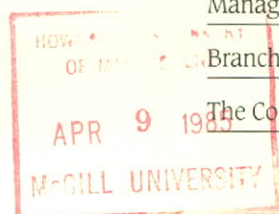
Total assets	\$ 2 953 678 000	\$ 2 741 988 000
Deposits and securities	763 015 000	563 989 000
Mortgages	1 985 018 000	2 018 079 000
Short-term certificates	513 242 000	526 747 000
Medium-term certificates	2 233 159 000	2 036 077 000
Shareholders' equity	130 214 000	124 668 000

### Per share

Net operating income	\$ 8.01	\$ 10.03
Other income	2.13	1.30
Net earnings for the year	\$ 10.14	\$ 11.33
Shareholders' equity	\$ 138.50	\$ 132.60

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Claude Castonguay, C.C. ▲ ■  
Chairman of the Board

President and Chief Executive Officer  
The Laurentian Group Corporation

Michel M. Lessard ▲  
President and Chief Executive Officer

Jacques Barbeau  
Partner  
Barbeau, McKercher, Collingwood & Hanna  
Vancouver

Dr. Claude Bertrand ●  
Emeritus Professor of Neurosurgery  
University of Montreal

The Honourable Jean-Pierre Côté, P.C.  
Company Director

Réjean Gagné ▲ ■  
Chairman and Chief Executive Officer  
Alfred Lambert Inc.

Pierre Goyette ▲  
President and Chief Executive Officer  
The Montreal City and District Savings Bank

J. Louis Lebel  
President and Director  
Dome Canada Limited

Paul H. Leman ▲ ■  
Company Director

Pierre H. Lessard ▲ ●  
President and Chief Operating Officer  
Provigo Inc.

Herb C. Pinder, Jr.  
Chairman of the Board  
Saskatchewan Oil & Gas Corporation

Jean-Marie Poitras ▲  
Chairman of the Board  
The Laurentian Group Corporation

Philippe Roberge ●  
Partner  
Tees, Watson, Poitevin, Javet & Roberge

- ▲ Member, Executive Committee
- Member, Audit Committee
- Member, Remuneration Committee

## Board of Directors

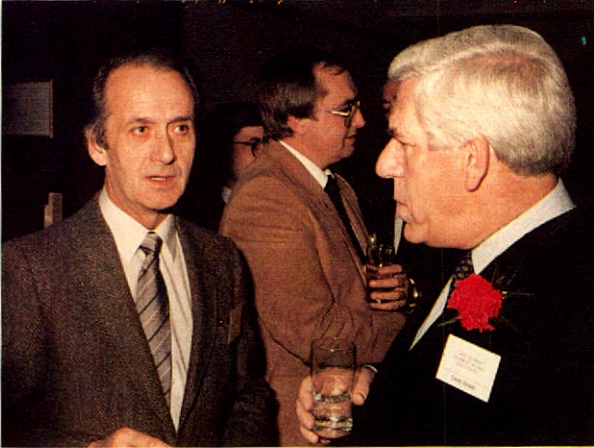


From left to right: Mr. Claude Castonguay, C.C.; the Honourable Pearl McGonigal, Lieutenant-Governor of the Province of Manitoba; the Hon. Jean-Pierre Côté, P.C.

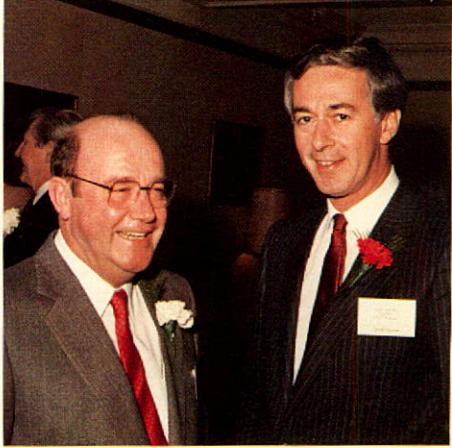
To celebrate Credit Foncier's Manitoba centenary marking 100 years on the Prairies, the Board of Directors held a special meeting in Winnipeg, 100 years plus a day after the granting of our Manitoba licence on November 16th, 1884. The trip was highlighted by several receptions in Winnipeg and in Regina where we welcomed Herb C. Pinder Jr. of Saskatoon to the Board of Directors. The photographs on these pages were taken at several of these receptions.



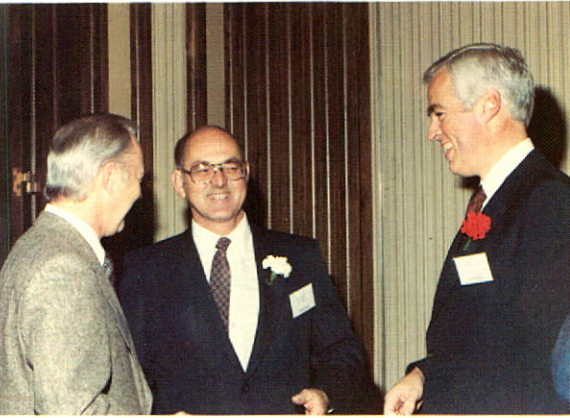
Philippe Roberge



Claude Castonguay



Pierre H. Lessard



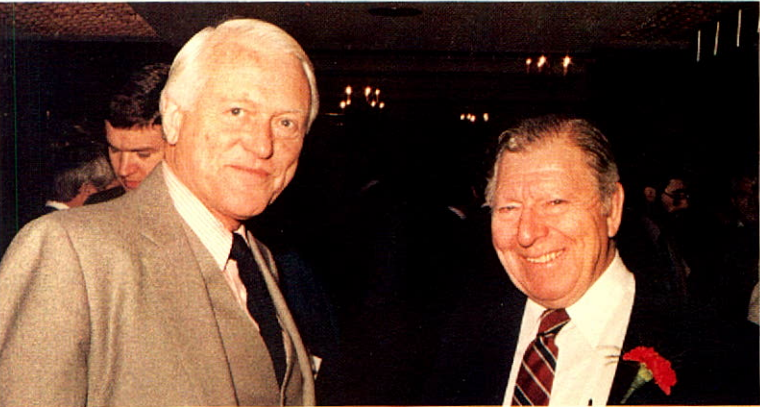
Michel M. Lessard



Réjean Gagné



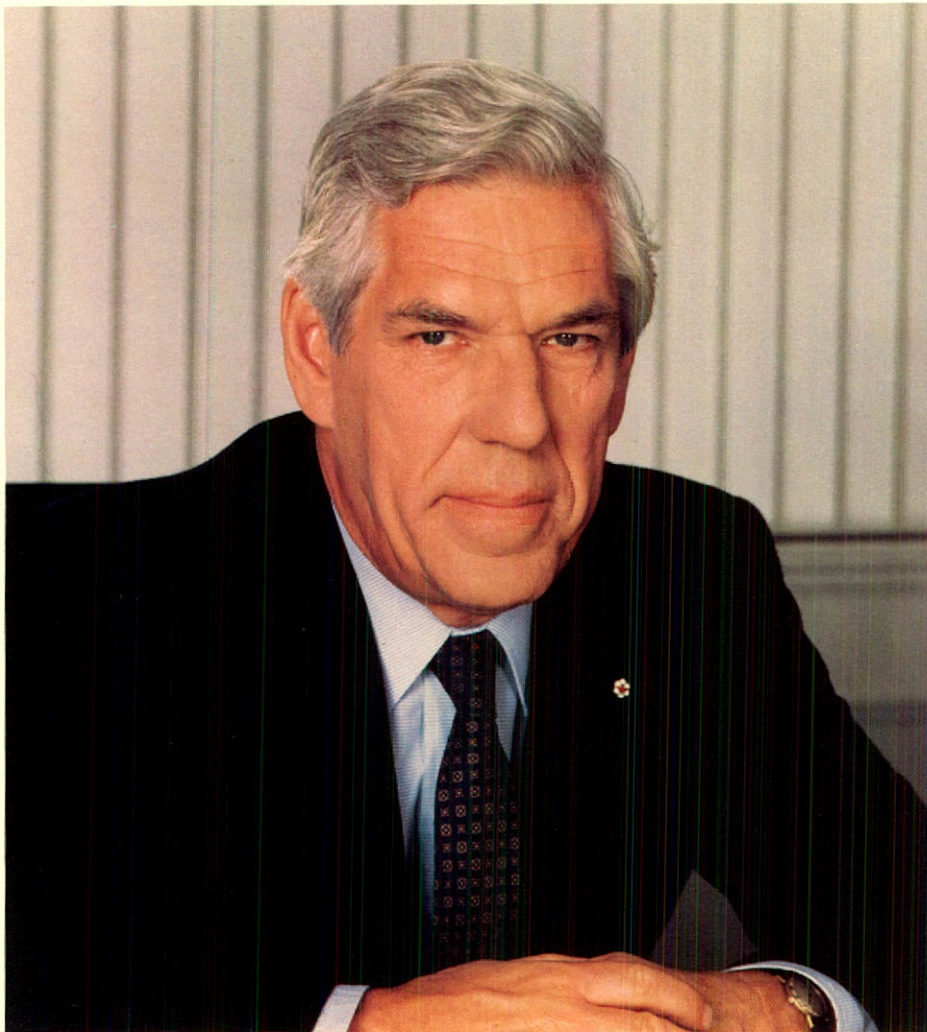
Herb C. Pinder, Jr.



J. Louis Lebel



Pierre Goyette



## Report of the Chairman of the Board

The Canadian economy continued to recover throughout 1984 at a somewhat more robust pace than in 1983 with the consumer sector providing much needed strength. We also continued to be the beneficiaries of U.S. economic recovery and our bilateral trade with the United States was a major source of Canadian output growth. Not all sectors were as strong as these ones. The housing industry experienced a slump after a government-stimulated recovery in 1983 ran its course and was followed by a rise in interest rates through to late summer.

Canadian monetary policy like that of other western countries continues to be highly influenced by U.S. policy. Interest rates moved up from mid-1983 to mid-1984 but with an American election and signs of a decelerating economy, U.S. monetary policy eased and rates headed down again towards mid-1983 levels. The brightest indicator has been the continued lowering in the rates of inflation to below 4% towards the end of 1984, with the Canadian rate slipping below the U.S. rate for the first time in this cycle.

The outlook for 1985 is not as favourable as one could wish given expected weaknesses in both economies in the fourth quarter of 1984 and the considerable dangers inherent in dealing with huge government deficits. As well, upward pressures on interest rates in the U.S. arising from strong government financing needs and continued private sector credit demand are a major worry. Nevertheless, the consensus among forecasters is for continued growth in 1985, albeit at a slower rate than in 1984 with higher interest and inflation rates building up later in the year.

Canadian financial institutions are continuing to have to plan within a scenario of little growth and continued monetary uncertainty.

1984 was an active year for the Board of Directors of Credit Foncier with a number of changes taking place. In June, one of our longest serving Directors, the Right Honourable John N. Turner, P.C., resigned to seek the leadership of the Liberal party and then serve as Prime Minister. Mr. Turner had joined the Board in 1976 and his wise counsel will be missed.

Subsequently, we welcomed to the Board, in July, the Honourable Jean-Pierre Côté, P.C. Mr. Côté has had a long and distinguished career in public life as Member of Parliament, Cabinet Minister, Senator and as Lieutenant-Governor of the Province of Quebec for six years until March 1984. He is also a director of a number of corporations including the Laurentian Mutual Insurance.

In July, Mr. Raymond Garneau resigned as Chairman and Chief Executive Officer of Credit Foncier as well as of the Montreal City and District Savings Bank in order to successfully seek election to Parliament in the federal election. Mr. Garneau had joined the Board of Directors of Credit Foncier as its Vice-Chairman in 1980 and assumed the double responsibilities of Chairman and Chief Executive Officer in 1981. His dynamic leadership at a key juncture in the Company's history will be long remembered.

The Board appointed the Company's President and Chief Operating Officer, Mr. Michel M. Lessard, to succeed Mr. Garneau as Chief Executive Officer. Mr. Lessard has been with the Company since 1970. He became Executive Vice-President in 1980, joined the Board and the Executive Committee in

March 1981 and became President and Chief Operating Officer later in that same year. At the same time, the Board appointed me as its Chairman and as Chairman of its Executive Committee.

Subsequently, Mr. Herb C. Pinder Jr. of Saskatoon was appointed a Director. After receiving a B.A. from the University of Saskatchewan, he obtained a law degree from the University of Manitoba and an M.B.A. from the Harvard Business School in 1975. He is Chairman of the Board of Saskatchewan Oil & Gas Corporation and is a Director of the Saskatchewan Economic Development Corporation, the Crown Management Board, the Saskatchewan Chamber of Commerce as well as a number of corporations and community organizations.

In mid-November 1984, we celebrated the 100th anniversary of Credit Foncier's presence in the Prairie provinces. It is quite a testimony to the vision and spirit of the Company's founders that Credit Foncier opened a branch in Winnipeg in 1884, only four years after the Company's founding in 1880. It is all the more remarkable when you realize that the population of Winnipeg at the time was barely 8,000.

To mark this occasion, the Board of Directors travelled west to Regina and then to Winnipeg where we held a special meeting on November 15th, 100 years and a day after the granting of our Manitoba licence. We also hosted receptions in Regina and Winnipeg for the business, financial and government communities. We were pleased by the warmth and sincerity of our welcome which contrasted vividly with the temperatures outside.

For Credit Foncier the 1984 financial year evolved in a difficult environment highlighted by intense competition, wide fluctuations in interest rates, and, above all, important changes within the Corporation. Also, the first phase of the three-year plan was successfully completed. All things considered, results were satisfactory. Net earnings amounted to \$9,537,000, or 10.5% less than in 1983, while assets grew by 7.7% to reach \$2,953,700,000 at year-end. Michel M. Lessard will be commenting on the years' results a little later.

In closing, I wish to express my thanks to the Directors and to the Officers of Credit Foncier for their co-operation, loyalty and dedication during the year. I am confident of their ability to meet the challenges to be faced by financial institutions in the coming years.



Claude Castonguay



## Report of the President and Chief Executive Officer

On the whole, 1984 was a demanding year for financial institutions and notably for those which are active, as we are, in the mortgage loan and term financing sector. On the one hand, it was characterized by intensified competition between institutions, while the traditional barriers between different sectors were quickly eroding and in some cases even vanishing. The headlines were full of the public debate regarding the powers

of each sector, while the regulators continued to study and reflect, thereby indirectly favouring those sectors enjoying more up-to-date legislation better suited to today's environment. On the other hand, the economic situation remained difficult owing to the uneven geographical distribution of the recovery, coupled with sizeable interest rate fluctuations during the year.

In this 104th financial year, Credit Foncier celebrated 100 years in Manitoba. The year was also highlighted by a number of important changes in the Board of Directors and management which Claude Castonguay has already referred to. As well, we completed the first phase of our three-year organizational development plan and brought about significant changes and advances that I will comment on later.



## Financial results

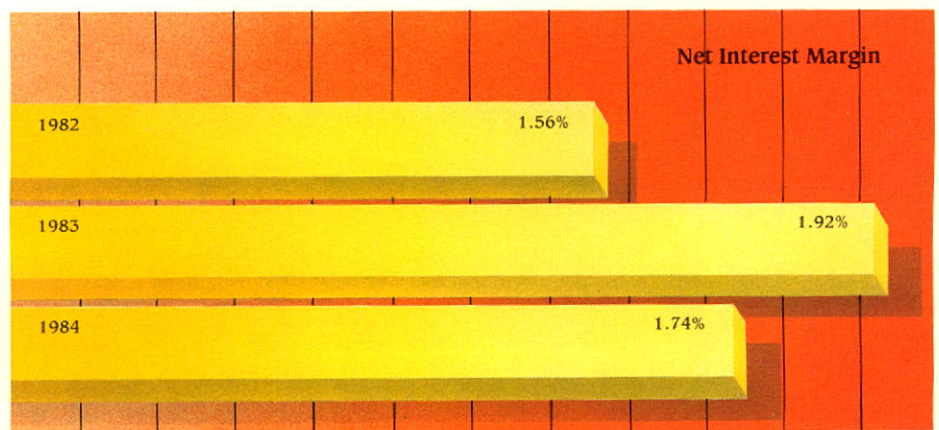
As at October 31, 1984, consolidated assets stood at \$2,953,700,000 which is \$211,700,000 or 7.7% higher than at the end of the preceding year. The assets mainly consisted of mortgage loans amounting to \$1,985,000,000 or 67.2% of the total and securities aggregating \$763,000,000 or 25.8% of the total. The latter included investments in preferred shares of \$101,967,000 and bonds of \$458,700,000.

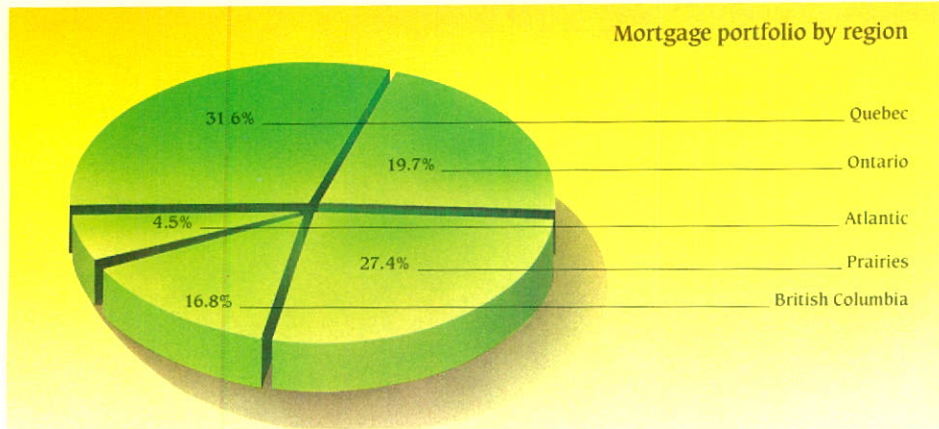
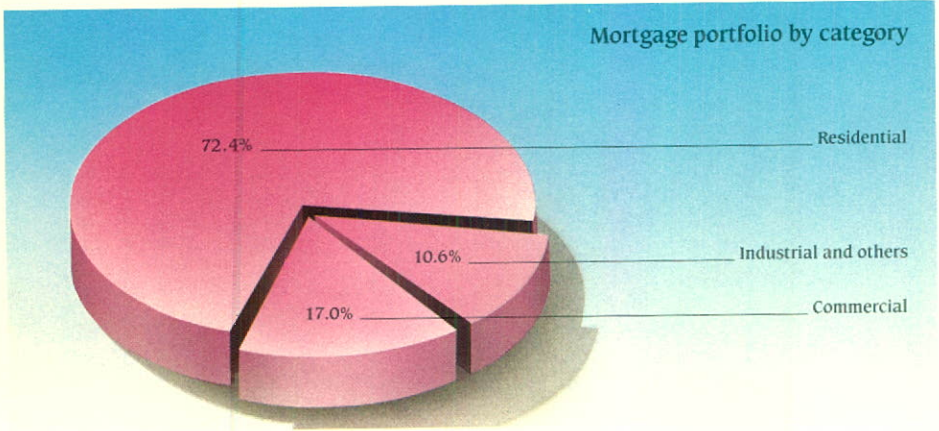
The year's net earnings totalled \$9,532,000 or \$10.14 per share, 10.5% lower than the \$10,655,000 or \$11.33 per share earned in 1983. These results included gains on disposal of shares and real estate properties held as long-term investments totalling, after deduction of related taxes, \$2,002,000 for 1984 versus \$1,222,000 in the previous year; of this \$1,735,000 compared with \$1,655,000 arises from real estate investments.

Net operating income, excluding other income, amounted to \$7,530,000 compared with \$9,433,000 in 1983. Although this 20.2% decrease in net operating income partly reflected faster growth in operating expenses than in assets, it mainly resulted from the reduction in the year's net financial margin. The latter went from \$1.918 per hundred dollars of assets in 1983 to \$1.735 in 1984 owing to three factors: the squeezing of margins on loans negotiated, the behaviour of interest rates during the year and the economic situation in British Columbia and Alberta.

Competition between financial institutions to increase, or at least maintain, their share of the single-family residential mortgage loan market has been intense. Consequently, it should not be surprising to see theoretical financial margins sacrificed when rate schedules are determined by each participant, either in the hope of obtaining a short-term competitive edge, or else simply remaining in the pack. This tightening of margins throughout the year was duplicated almost immediately in the pricing of mortgage loans on income properties. It was even further intensified owing to weak demand for new project financing and by an increase in the availability of medium-term funds as a result of a soft corporate sector.

In recent years, there has been a significant increase in the general public's knowledge and understanding regarding financial matters, both as depositors and borrowers. In fact, they are generally very successful in anticipating interest rate changes, some would say even more so than the experts. Consequently, they delay or accelerate their transactions according to their perception of trends. This situation heightens the risks inherent in interest rate movements for the financial intermediary active in fixed-rate term financing. There were two major movements in interest rates in 1984. While we were favourably positioned for the drop in interest rates in the autumn, we had underestimated the upward movement in the spring and thus have to suffer the consequences.





The preference of both depositors and borrowers for relatively short terms over the past few years has significantly raised the proportion of assets and liabilities subject to annual renegotiation. In the current context, this situation is tending to accentuate the volatility of net financial margins likely to be recorded over subsequent years.

The economic situation of the last few years in Alberta and British Columbia has resulted in a high lev-

el of arrears and consequently of foreclosures for ourselves, as well as for other financial institutions active in these regions. In our case, the problem lies almost exclusively in the loans granted on single-family housing units. In general, we have chosen to hold on to foreclosed properties to help stabilize local real estate markets while awaiting an economic upturn. This situation is reflected in the increase in "real estate" on the balance sheet. This item went from

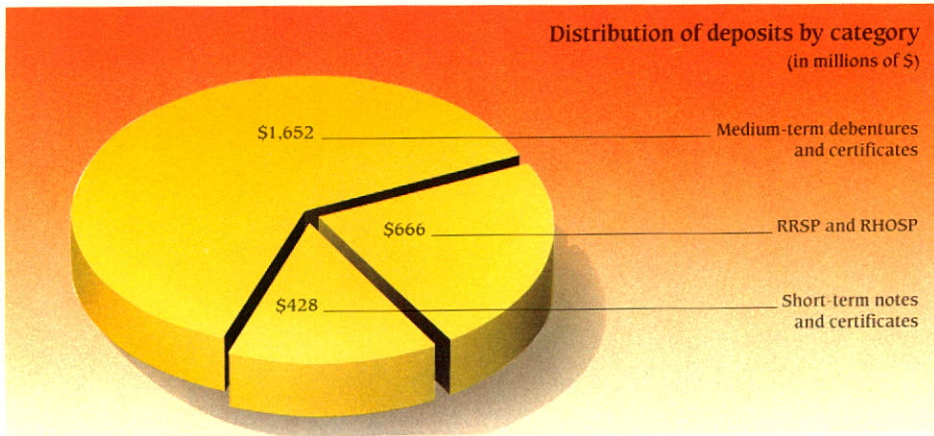
\$143.2 million at the end of 1983 to \$176.5 million; it weighs heavily on the financial margin since these properties only offer a very low profitability when rented. Even though these positive discounted signs have been slow to manifest themselves, some recent developments allow us to be optimistic and even more so as our situation in other regions is healthy and our arrears levels are as favourable as we could wish.

The losses realized or provided for in 1984 totalled \$3,004,600 versus \$2,411,000 in the previous year. These losses are charged to a provision for loan losses funded directly from appropriations made annually against the year's operating results. These reflect the experience of the past five years and management's review of the current situation. Appropriations reached \$2,800,000 in 1984 compared with \$2,630,000 in 1983.

## Deposits

The results obtained relating to deposits, in particular medium-term, have exceeded our expectations. In this respect, I would like to point out that, for a second consecutive year, the Prairies region recorded the strongest growth in its deposit base, closely followed by Ontario.

As at October 31, 1984, deposits stood at \$2,746,000,000. Over 85% of this amount comes from our retail clientele of over 175,000 investors, individuals and small businesses from across the country, holding one or several deposits each.



Medium-term deposits remained our main funding source. During 1984, the balances held by our retail clientele increased by \$283 million, or 16.6%, reaching approximately \$2.1 billion as at October 31. This excellent growth allowed us, first, to reduce the level of institutional deposits which required a yield we considered too high for the reinvestment opportunities available. Second, it allowed us to retire some large public issue maturities. Thus we maintained an overall growth in medium-term deposits of 9.7%, or \$197,100,000, reaching \$2,233,200,000 at year-end.

Short-term deposits totalled \$513,200,000 at the same date. They represent our main source of institutional deposits. Nevertheless, over 55% of these balances arise

from our retail clientele in the form of term deposits and registered savings plans.

### The Trustees

The Montreal City and District Trustees Limited has been a wholly-owned subsidiary of Credit Foncier since November 1979. This trust company offers its clientele in the Montreal region a wide range of financial and trustee services. It is managed autonomously and is not integrated with Credit Foncier. However, its financial results are consolidated with those of the parent company.

As at October 31, 1984, the Trustees' assets amounted to \$329,968,000 compared with \$320,180,000 one year earlier. The

value of total managed assets reached \$489,877,000 versus \$466,943,000 in 1983.

Net income before dividends on preferred shares was \$650,000 or 17.6% below the level of \$789,000 reached in the previous year. The preferred shares are held by the Credit Foncier group; \$353,000 was paid in dividends in 1984 versus \$214,000 in 1983. These results reflect the tightening of net financial margins recorded in 1984 as well as a faster growth of operating expenses than assets. The year-end matching reflected a good equilibrium and management's projections allow us to expect considerable progress.

### Organizational development

Earlier on, I mentioned our three-year organizational development plan, which I also briefly referred to at the end of my comments on the 1983 financial year. This plan covers 1984, 1985 and 1986. It is intended to group and orient our resources in such a way as to accelerate our development and to derive maximum benefit from the major changes which the financial services industry is facing.

The trend towards deregulation is too widespread, too far advanced in several sectors in Canada and even more so in other countries, for us to believe that it will soon be snuffed out. The same is true for decompartmentalization. As each sector continues to break through its traditional barriers, the effective boundaries of protected

sectors will keep moving back. This evolution will eventually have to be recognized at the regulatory level. This, we hope, will come quickly enough to permit progressive and controlled evolution in the best interest of both purveyors and consumers of financial services, since no sector is of the same size or has the same resources, let alone even-ly comparable regulation. In this environment of intense competi-

tion, changes and even innovations, we believe that the new technologies and their application to integrated management systems will be a determining factor of success.

Thus, our first three-year organizational development plan has one objective in view — serving the client. It provides for the establish-

ment of points of excellence within the four following priorities:

- 1) the orientation of each organizational unit and subunit towards a clientele or a market, both at the operations level and at the support and corporate level;
- 2) bringing our resources closer to the client interface to the greatest extent possible and focusing our energies on communicating with clients;
- 3) the delegation of decision making power as close as possible to the client interface;
- 4) the implementation of the technology, tools, resources and integrated management systems required to position us among the "First division" technologically and to keep us there.

The steps undertaken in 1984 will probably prove to be the ones which have touched the most employees at the same time. On the technological level, we have made strong progress in terms of human resources, tools, technology and management systems. Also, at year-end our new interactive real estate management system was in operation at a first location. Earlier on we had completed the conversion of all of our branches to our new mortgage management system.

This last accomplishment has allowed us, on the one hand, to complete the decentralization of product administration and client service to the level of each branch and, on the other hand, to accomplish a large-scale reassignment of human resources between and within each unit, while substantially increasing the resources assigned to client contact. These efforts were



Loan on multiple residential highrise apartments - Quebec City, Quebec

preceded by the creation of a new organizational unit under Operations management. This unit is directed by Ms. Claire Bellemare, who was promoted to Assistant Vice-President, Client Services.

At the beginning of the year, we were fortunate enough to have Mr. Rony Kattan join us as Vice-President, Real Estate Investments – Eastern Region and, a little later, Mr. Pierre Bruneau as Vice-President, Quebec and Atlantic. In October, we proceeded with a restructuring of our management. Mr. Louis-Alexandre Rail was appointed Corporate Secretary and Mr. Christopher D. Hyde, Vice-President, Corporate Affairs. In this new position, Mr. Hyde will be responsible for our community, industry and government relations as well as matters concerning our corporate development.



Loan on office building - Montreal, Quebec



Loan on office building development - Dartmouth, Nova Scotia

At the same time, Mr. Michel Guay was promoted to Senior Vice-President, Administration, thus grouping together the various departments concerned with the organizational support and structure of our corporate activities. He is responsible for our development on the technological level, for management systems, for communication of and adherence to corporate policies and practices as well as for certain common support services.

A new Operations Division was also created under the direction of Mr. Robert Panet-Raymond who became Executive Vice-President. He now has complete responsibility for all activities related to development, promotion, distribution and service concerning the products and financial services offered through our network. As for Mr. Jean C. Pinard, he was promoted to Senior Vice-President, Mortgage Investments and took over additional responsibilities, notably in terms of the expansion of our services.

There are never any easy years and 1984 was no exception. On the contrary, it was necessary to invest considerable energy, sacrifice numerous opportunities and obtain our personnel's full commitment in order to meet our priorities and reach our objectives. I would therefore like to express my sincere appreciation and thanks not only to our Directors and my principal associates, but also to all of our personnel for their understanding, their support and their contribution.



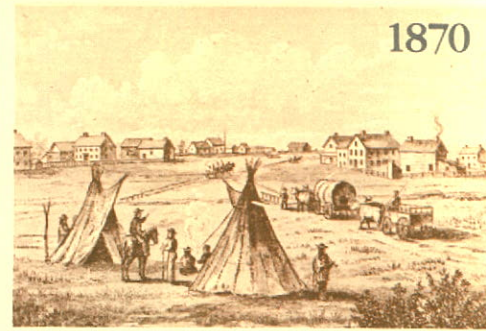
Michel M. Lessard



Loan on office building complex - Ottawa, Ontario

# Credit Foncier

A CENTURY IN MANITOBA  
1884 Winnipeg 1984



As the 19th century drew to a close, a new company, modelled after European mortgage companies, entered Canada's financial circles. Credit Foncier Franco-Canadien was founded in Montreal in 1880 by local businessmen with financial backing from several European financial institutions. The fledgling enterprise started in 1880 in Quebec, but within a few years had expanded, first to Montreal and Toronto in 1881, and then west to Winnipeg in 1884.

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## PROLOGUE

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*Ox-drawn carts supplemented train travel in 19th-century Winnipeg.*



# Chapter 1

Winnipeg was truly the wild frontier when Credit Foncier arrived in 1884. The turbulent boom town had grown from just 241 inhabitants in 1870, the year Manitoba joined Confederation, to more than 8,000.

Immigrants flooded in from Europe to fill what was one of North America's emptiest spaces. The 1870 census showed just 12,000 non-Indian residents in the entire province. Of these, about 5,000 were of French and Indian ancestry and another 5,000, English and Indian ancestry. A population of only 2,000 Europeans had grown six-fold in a decade.

Only a generation earlier, the employees of the Hudson's Bay Company had fought a bloody battle with those of the North West Company at Seven Oaks, killing several innocent settlers.

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## THE WILD FRONTIER

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*Joseph Royal (Manitoba Archives)*

It was into a raucous, sometimes unstable community that the newly founded Credit Foncier came to lend money to new settlers starting farms and building homes. A real estate boom had just passed and it seemed a logical time to enter the community during what must have been viewed as a slight downturn to be followed by renewed prosperity.

The Winnipeg operation was set up at the urging of a colorful and energetic local politician, 47 year-old Joseph Royal. The sitting Member for the Federal riding of Provencher and former Provincial Attorney-General, Royal painted a glowing picture of the opportunities in post-boom Winnipeg. Property values had hit bottom, he argued, and the result was a wide open field "as large as it is fertile."

# Chapter 1

The Honourable James Cox Atkins, Lieutenant-Governor of Manitoba, granted to Credit Foncier Franco-Canadien (shortened to just Credit Foncier in 1980) on November 14, 1884, four years after its founding, a licence "for the purpose of lending and investing monies and transacting any loaning business of any description whatever. . . within the Province of Manitoba." On that date, the new branch was born. Royal was the first agent and solicitor and E. Richards, the former Sheriff for the North West, was hired as the Company's evaluator.

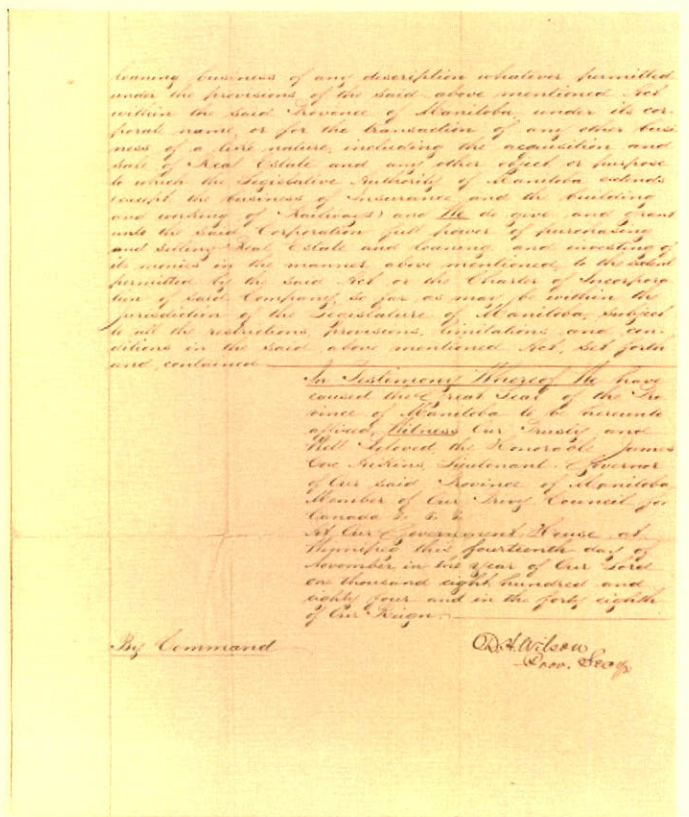
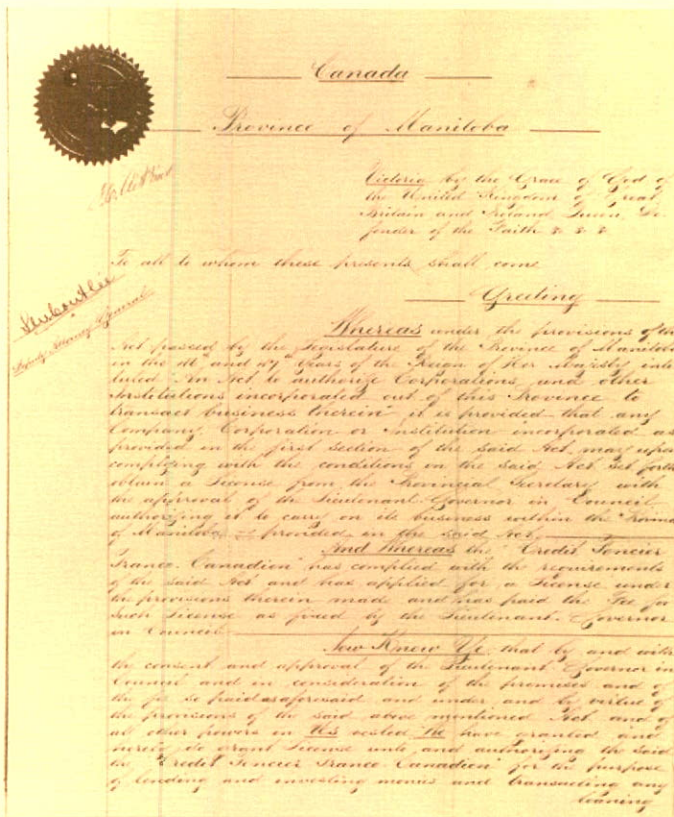
The first loans were cautious ones. Of the first dozen, 11 were in Royal's riding. One went to the wife of the Speaker of the Legislative Assembly. All of the loans were for small amounts and were for relatively long terms, normally 20 years.

One year after opening, Royal informed head office that sub agencies were being opened in Brandon, Carberry, Mirtle, Manitou and Dominion City. At least part of this initial success may have been due to the fact that Credit Foncier was one of the few companies in the region at the time charging no more than the legal maximum of eight per

cent on loans. The bulk of mortgages ignored this limit and carried interest of 10 to 12 per cent, with the higher rates in the countryside.

During the first two years of operation, the Manitoba branch accounted for 14 per cent of the Company's new business. However, Credit Foncier had started its Manitoba business in what proved to be the first of five years of poor harvests. This was prior to the development of strains of wheat that were suitable to the short growing season and poor harvests were more often the rule than the exception. Thus the new branch found itself with a number of defaulting loans. This situation ran against the Company's conservative philosophy of lower risks and well secured loans and led to a suspension of lending activity and the resignation of Royal.

Nevertheless, Credit Foncier was now firmly established in the province as one of the largest of the province's 15 lenders, with between 10 and 15 per cent of the dollar value of mortgage loans outstanding in the province in 1890. During this period, the Company continued its western expansion and opened a west coast branch in Vancouver in 1893.



# Chapter 2

Meanwhile in Europe, the years just before the turn of the century brought political turmoil and poor harvests. In Canada, what little political unrest there had been was over and the harvests were the best on record. Furthermore, most of the good arable land in the more clement climate of the United States had been taken by the rush to settle the great plains. Therefore land-hungry farmers from Europe had to turn north.

For Winnipeg, the global economic expansion combined with the drive to settle available arable land meant a population explosion. When Credit Foncier appeared on the scene in 1884, it was a small town of about 8,000 souls. By 1901, it was a bustling metropolis of 42,340.

As Manitoba struggled out of recession, Credit Foncier maintained an office in Winnipeg. No new commitments were made but those in force were carefully administered. Twice, the Company's chief executive came out to inspect the situation, once in 1887 and once in 1890. He recommended the re-opening of the Winnipeg office for new business. In 1893, after a detailed study of the business of other financial companies active in

company in Manitoba, Peters commented, "I found the buildings thereon of the full value of the money loaned, with three exceptions and these exceptions are well covered by the value of the land on which the buildings are situated."

Perhaps the greatest interest provided by the Peters report lies in its description of the city of Winnipeg, where the Company was concentrating its activities:— "Not having visited Winnipeg (except for a few hours in November 1892) since 1887," observed Peters, "I was much surprised to see the progress made in building up a substantial and well built city, streets well laid out and lighted and good drainings. The houses are mostly built of wood or veneered with brick and were originally built on piles or blocks, but this year (with a few exceptions) the owners have put in stone foundations and excavated good cellars. The city has extended 3/4 of a mile north of the CPR track and 1 1/2 miles west of Main Street."

"The new Hospital built some 12 years since was located on the prairie west of the City, the management choosing a location sufficiently west for sanitary purposes, the dwellings now extend up

Around the world, events were taking place which would make the remote frontier towns of Canada hum again. These events would have profound effects on Winnipeg in particular.

The first event was the discovery of vast "reefs" of gold in South Africa, half a world away. Gold flowed into the European markets, making possible increased gold backing for currencies, government bonds, railway certificates — and mortgages.

It would be 1897 before huge gold strikes would turn much of the Yukon into a boom town to be immortalized by frontier poet Robert Service. But a decade before that, the South African finds were already having an effect on world financial markets.

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## THE WEST RE-AWAKENS

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the province, the Company sent out R. McInnis, its agent in Charlottetown, P.E.I., to restructure its Winnipeg operation.

McInnis' style was considerably different from the flamboyance of Royal. Credit Foncier became a lender to homeowners rather than farmers or businesses. In October of 1897, the Company sent out to Winnipeg its Toronto evaluator, Henry G. Peters, to do a full inspection of the Company's business. Peters was impressed by McInnis. "I have much pleasure in speaking favorably of the painstaking and methodical agent in Winnipeg, Mr. McInnis, and would suggest that the principle of small loans and many of them is infinitely better than large loans and few in number." With regard to the security of the loans made by the Com-

pany to the hospital and beyond — half a mile. Many of the main streets are macadamized and boulevarded, trees planted — Carlton, Edmonton & Kennedy streets are as well built up as Westmount, Broadway is lined with private residences, detached, each surrounded by well laid out and well kept grounds, shade trees etc. Some of these residences have cost from \$20,000 to \$35,000."

Painstaking and methodical perhaps, but certainly not aggressive. Under the management of McInnis from 1893 to his death in 1902, the branch never placed as much business in a single year as had Royal in each of his two full years on the job. In only three years — 1894, 1900 and 1901 — did the branch place close to 10 per cent of the Company's total new business.

# Chapter 3

Both Winnipeg and the Manitoba branch of Credit Foncier came of age in the first two decades of the century. Winnipeg experienced the highest growth rates in its history and by 1911, it emerged as one of the leading industrial centers of the Dominion, fourth after Montreal, Toronto and Hamilton. With the large rail yards of both the CPR and Grand Trunk Pacific/Canadian Northern (which became the Canadian National in 1917) as the backbone of the city's economy, Winnipeg was the leading industrial and wholesale center on the Prairies.

During that period, the Company continued its expansion in Western Canada and when Saskatchewan and Alberta became provinces in 1905, Credit Foncier opened a branch in Edmonton and then one in Regina in 1907.

From 1900 to 1913, under the leadership of J.H. Bourgouin, the Winnipeg branch consistently did 10 per cent of the Company's new business — not a bad record for an area which a generation before had been wilderness. During this period, the Company moved into new quarters at 216 Portage Ave. and stayed there until 1910, when it moved to Main Street.

When war broke out in 1914, the situation changed. In the first week of the war, the Company suspended all new business across the country and bought war bonds. Although business was carried out on a greatly reduced scale elsewhere in the country from the end of 1915 onwards, no new business was conducted by the Winnipeg branch until the granting of the occasional mortgage in 1920. This does not mean that the branch did not grow during these years. Effective January 1, 1920, Credit Foncier purchased all the business of the Canadian Mortgage Association (the Caisse Hypothécaire Canadienne S.A.) with assets of \$8.5 million versus Credit Foncier's assets of \$45 million prior to the acquisition.

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## BOOMTIME & WARTIME

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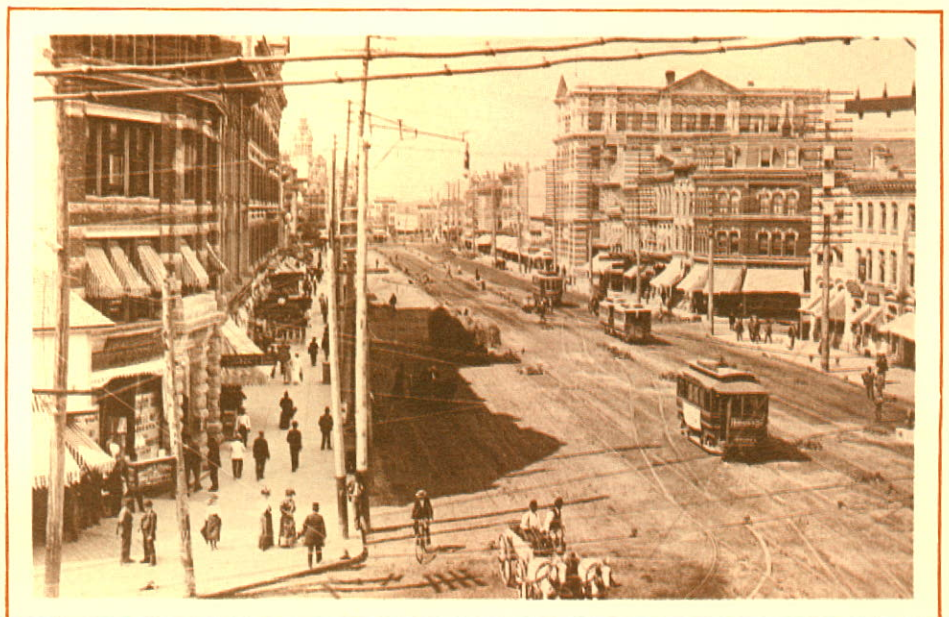
The Canadian Mortgage Association (C.M.A.) was a mortgage company controlled by the Société Centrale des Banques de Province in France. Formed in January 1910, the company was similar to Credit Foncier. Both firms raised their funds by issuing long-term low-interest bonds on the European money markets and concentrated on lending on the security of real estate in Canada, where the bulk of the loans were short term and carried at least twice the interest rates of the borrowed funds. Both firms also had strong Canadian representation on their boards that drew from the business and political communities in which their companies operated.

The C.M.A., unlike Credit Foncier, concentrated all of its activities in Western Canada and its Canadian board members were Winnipeg based. The Canadian directors were:

Sir Daniel MacMillan, former Lieutenant-Governor of Manitoba; William Rae Allan, member of the banking, shipping and textile family and a large Winnipeg land owner; George Montagu Wilmot Black, of the house of Robinson & Black and the grandfather of Montagu and Conrad Black; and William Sanford Evans, the Mayor of Winnipeg when the Company was formed.

In 1922, Comte d'Anvers, the President of Credit Foncier and of its Paris Committee, toured Canada. His remarks on the Manitoba operation indicate just how far the branch had come since the days when the first manager had complained of Head Office not understanding the particularities of a recently settled province.

For d'Anvers, the Manitoba operation was essentially the same as the eastern provinces. He divided the Company's operations into two parts: Quebec, Ontario and Manitoba which were "the longest settled and those where the economy is on the most solid basis" and Saskatchewan, Alberta and British Columbia which were "in different degrees, new lands."



*Winnipeg boomed at the turn of the century (Manitoba Archives)*

# Chapter 4

Because of its caution during the 1920s, boom years for most financial institutions, Credit Foncier was in an ideal position to weather the storms of the Great Depression.

While other companies were expanding fast during the years before the dust bowl, Credit Foncier tightened its belt on the Prairies and expanded elsewhere. From 1922 to 1927, total business in force in the province declined by 29.2 per cent, while the business in force for the whole company grew by 10 per cent.

In 1929, Credit Foncier acquired a majority interest in

Holland-Canada Mortgage Co., a competing firm on the Prairies, with assets of \$7.3 million. As its name implies, this firm was a Dutch-controlled mortgage company with a Winnipeg head office that operated in a similar manner to the previously acquired C.M.A. From 1930 until 1950, Holland-Canada was operated as a distinct subsidiary of Credit Foncier. In 1950, the remaining outstanding stock was purchased and the firm was incorporated into Credit Foncier. Holland-Canada, unlike Credit Foncier, had a substantial interest in both rural and urban loans on the Prairies, with close to three times as many farm loans in Manitoba.

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## SURVIVING THE DUST BOWL

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*Depression and drought bit hard at Manitoba's farms (Manitoba Archives)*

While the depression years were hard on all residents of the prairie provinces, it was a little less severe for Credit Foncier employees. Some who started work in that era remember breaking ice on water pails to get a drink and hauling water from community wells, but those were minor and shared hardships.

The salaries of \$60 and \$70 a month were augmented by such added incentives as an extra month's pay at Christmas, a practice the Company was to maintain until after World War Two. In 1933, Mr. Sidney Grimble was appointed Branch Manager, a position he would hold until 1956. During most of this period, from 1936 to 1952, the firm occupied quarters in the Confederation Life Building.



*Confederation Life Building*

The depression was aggravated in Manitoba by the growing agricultural crisis on the Prairies. Repeated poor harvests combined with the soil depletion resulting from the mining of the soil during the push to provide Europe with wheat during the war years were setting the scene for the “dirty thirties.”

Credit Foncier weathered the depression better than most companies with a concentration of their business in the Prairies. It had managed its affairs in a very conservative way. Its debt was less than its equity — unheard of today for a financial institution. The Company was able to carry farmers for some time, without blanket foreclosures and very often allowed them to stay on the farm after foreclosure and eventually to buy it back.

However, problems which affected the whole economy could not be avoided by any single company, no matter how cautious the management. Loan and mortgage companies had substantial problems with defaulting borrowers throughout the '30s on the Prairies. In Manitoba, where the overwhelming majority of loans were urban, the percentage of loan payments made on time for the June semi-annual payment was as low as 45 per cent in 1937 and it had climbed to only 58 per cent by 1940.



*The dry years of the 1930s provided a challenge for Manitoba (Manitoba Archives)*

# Chapter 5

These grim problems were replaced by other challenges as Canada entered the Second World War. The Allies had to be fed and Canada's breadbasket had to do its part.

Traditionally, the Winnipeg operation represented about 10 per cent of the total company business. By the end of the war, that proportion had more than doubled to service a booming farm economy. The nature of the business changed as well. Encouraged by a business climate it knew would stay healthy, Credit Foncier started to emphasize larger loans. Loans of more than \$10,000 had rarely represented more than a small percentage of the firm's business. During the depression, the Winnipeg branch went five consecutive years without making a single such loan. But by 1944, more than two-thirds of the business of the Company was in transactions that size or larger.

With a small slowdown in the 1950s and again in the late 1970s, the Manitoba economy continued to grow, although at a slower rate than in the last years of the war. And, of

course, the firm grew with it. During the period 1956 to 1979, the branch manager was William C. Burnett. In 1963, the firm moved into new offices, the ones it currently occupies at 281 Smith St. Premier Duff Roblin officiated at the opening on a day which also saw the Board of Directors of Credit Foncier hold its first meeting in a Canadian city other than Montreal.

Through the ups and downs of the business cycle, the Company had succeeded in carving out an important piece of the urban mortgage market. Credit Foncier would remain a significant player in the retail, modest cost housing market and maintain its new-found commercial business among small and medium-sized businesses in Winnipeg and Brandon.

In 1968, the Company commenced offering term savings and investment instruments to the Canadian public. This approach, started on the Prairies, has brought Credit Foncier into contact with thousands of Manitobans in communities throughout the province as well as in Winnipeg.

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## THROUGH WARTIME TO PROSPERITY

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*During the depression, Credit Foncier acquired the Holland-Canada Mortgage Company*



The company is virtually unrecognizable after its first 100 years. The most remarkable feat was merely surviving through depression and war, drought and civil disturbances. But it had also matured from its earlier days as a European owned mortgage loan company raising its financing through occasional public issues in Europe to an institution owned and financed in Canada by Canadians. With a large clientele of retail, investor and institutional clients numbering 185,000, with over 11,000 in Winnipeg alone, Credit Foncier and its wholly-owned subsidiary, Credit Foncier Trust, remain as they were a century ago, a vital part of Winnipeg's financial community.

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## EPILOGUE

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*Crisp and clean, the lines of Manitoba's Parliament dominate the modern-day city of Winnipeg.*

REAR COVER  
The original licence to operate in Manitoba was granted to Credit Foncier Nov. 14, 1884.

(Manitoba Archives)

FRONT COVER FROM TOP TO BOTTOM  
In 1870, the corner of Portage and Main was the open Prairie. In 1872, a few buildings had started to appear and by 1884, the year Credit Foncier appeared on the scene, neat streets criss-crossed the town, much as they do a century later around the Parliament buildings. The transition was a slow one from the chaos of horse-drawn traffic at the turn of the century to the flourishing of automobile traffic which came with the second World War.

Recorded this 18<sup>th</sup> day  
of November A.D. 1884,  
in the A. J. 290  
Western Canadian  
Policy Journal, Secretary

Dated the 14<sup>th</sup> day of  
November A.D. 1884.

License  
to the  
Credit Foncier,  
Agence Canadienne

## Consolidated statement of earnings

for the year ended October 31	1984	1983
<b>Revenue</b>		
Interest	\$ 329 796 000	\$ 321 083 000
Dividends	10 368 000	10 500 000
Real estate operations	24 788 000	22 599 000
Fees and other	5 285 000	4 577 000
	370 237 000	358 759 000
<b>Expenditure</b>		
Interest	305 198 000	296 371 000
Real estate operations (Note 3)	20 716 000	17 660 000
Salaries and staff benefits	18 300 000	17 415 000
Other operating expenses	20 906 000	18 669 000
	365 120 000	350 115 000
<b>Income before income taxes</b>	5 117 000	8 644 000
Income taxes (Note 6)	(2 413 000)	(789 000)
<b>Net operating income</b>	7 530 000	9 433 000
Other income (Note 7)	2 002 000	1 222 000
<b>Net earnings for the year</b>	\$ 9 532 000	\$ 10 655 000
<b>Earnings per share</b>		
Net operating income	\$ 8.01	\$ 10.03
Other income	2.13	1.30
Net earnings for the year	\$ 10.14	\$ 11.33

## Consolidated statement of retained earnings

for the year ended October 31	1984	1983
<b>Balance – beginning of the year</b>	\$ 103 740 000	\$ 97 070 000
Net earnings for the year	9 532 000	10 655 000
	113 272 000	107 725 000
Dividends	3 986 000	3 985 000
<b>Balance – end of the year</b>	\$ 109 286 000	\$ 103 740 000

# Consolidated balance sheet

as at October 31	1984	1983
<b>Assets</b>		
Deposits and short-term notes (Note 2)	\$ 181 410 000	\$ 167 184 000
Bonds (Note 2)	458 726 000	266 970 000
Stocks (Note 2)	122 879 000	129 835 000
Mortgages	1 985 018 000	2 018 079 000
Real estate (Note 3)	176 517 000	143 113 000
Other	29 128 000	16 807 000
	<b>\$ 2 953 678 000</b>	<b>\$ 2 741 988 000</b>
<b>Liabilities</b>		
Short-term certificates	\$ 513 242 000	\$ 526 747 000
Medium-term certificates	2 233 159 000	2 036 077 000
Mortgages payable	5 347 000	8 120 000
Other	41 716 000	16 376 000
	<b>2 793 464 000</b>	<b>2 587 320 000</b>
<b>Subordinated notes</b> (Note 4)	<b>30 000 000</b>	<b>30 000 000</b>
<b>Shareholders' equity</b>		
Capital stock (Note 5)	20 928 000	20 928 000
Retained earnings	109 286 000	103 740 000
	<b>130 214 000</b>	<b>124 668 000</b>
	<b>\$ 2 953 678 000</b>	<b>\$ 2 741 988 000</b>

On behalf of the Board: Claude Castonguay, Director  
Michel M. Lessard, Director

## Auditors' Report to the Shareholders of Credit Foncier

We have examined the consolidated balance sheet of Credit Foncier as at October 31, 1984 and the consolidated statements of earnings and retained earnings for the year then ended and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, these consolidated financial statements are properly drawn up so as to exhibit

a true and correct view of the state of the affairs of the company as at October 31, 1984 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Poissant Richard  
Chartered Accountants

Clarkson Gordon  
Chartered Accountants

Montreal, Canada, December 10, 1984

# Notes

to consolidated financial statements  
as at October 31, 1984

## 1. Accounting Policies

### a) Consolidation

The consolidated financial statements include the accounts of all subsidiaries of Credit Foncier, the most important being: Credit Foncier Trust Company, Francana Real Estate Limited, Francana Development Corporation Ltd. and Montreal City and District Trustees Limited.

### b) Guaranteed and trust funds

As required by legislation, guaranteed investment certificates issued by the company's trust subsidiaries are treated as guaranteed trust funds and, accordingly, these liabilities and their related assets are accounted for separately from those subsidiaries' own funds. However, for purposes of financial reporting, these assets and liabilities are recorded in the company's consolidated balance sheet.

Assets managed under a trust agreement by the company's trust subsidiaries are not accounted for with those subsidiaries' own funds and are not included in the consolidated balance sheet.

### c) Securities

Bonds are stated at their amortized cost plus accrued interest. Stocks are stated at their cost plus earned dividends.

### d) Mortgages

Mortgages are carried at cost plus accrued interest less repayments, unamortized discounts and provision for losses. Discounts are amortized over the term of the loan.

A provision for eventual losses is funded through annual charges against earnings. These charges reflect the average net losses realized over the last five years, including the current year, and the review of the arrears by management. Net realized losses are charged against the provision.

### e) Real estate

Real estate is carried on the balance sheet at cost less accumulated depreciation, except that no depreciation is taken on properties held for resale.

The depreciation of real estate acquired since 1973 is calculated using the sinking fund method to amortize the cost over 40 years at the rate of 5% per annum. Properties acquired before 1973 are depreciated on a straight-line basis at the rate of 2½% per annum.

### f) Income taxes

The company follows the tax allocation method of accounting for income taxes. The company accounts for income taxes recoverable against future years' taxes in the year the loss for income tax purposes occurs. Management is virtually certain that this benefit will be realized.

### g) Translation of foreign currencies

Foreign exchange accounts are converted to Canadian dollars at the rate prevailing as at the date of the balance sheet or as determined by forward exchange contracts.

### h) Earnings per share

Earnings per share are calculated on the average daily number of shares outstanding during the year.

### i) Transactions between affiliated companies

Operations between affiliated companies are made at conditions equivalent to those made between non-affiliates.

## 2. Deposits and securities

The market value of deposits, short-term notes, bonds and stocks was \$784 490 000 as at October 31, 1984 and \$586 087 000 as at October 31, 1983.

## 3. Real estate

Expenses from real estate operations include depreciation of \$1 301 000 in 1984 against \$1 224 000 in 1983, bringing total accumulated depreciation to \$13 174 000 in 1984 compared to \$12 905 000 in 1983.

## 4. Subordinated notes

The subordinated notes bear interest at the rate of 17½% per annum, payable annually, and mature April 30, 1989. These subordinated notes may be included in the capital base for purposes of determining the maximum amount of debt that the company may have outstanding.

## 5. Capital stock

Authorized:

1 272 000 common shares without par value

Issued and fully paid:	1984	1983
940 203 common shares	\$ 20 928 000	\$ 20 928 000

## 6. Income taxes

This item in the consolidated statement of earnings is comprised of the following:

	1984	1983
Current income taxes	\$ 51 000	\$ 90 000
Deferred income taxes	( 845 000)	( 563 000)
Recoverable from future years' taxes	(1 619 000)	( 316 000)
	\$ (2 413 000)	\$ ( 789 000)

Taxes recoverable of \$5 048 000 are carried on the balance sheet as "Other assets". Of this total, \$4 795 000 originates from operations, of which \$1 354 000 is recoverable up to October 31, 1987, \$1 579 000 up to October 31, 1990 and the remaining \$1 862 000 up to October 31, 1991. The \$253 000 balance in this account results from capital losses on disposal of certain assets and does not carry any time limits as to its recovery.

The difference between statutory income tax rates and effective rates applied to income before income taxes and other income, results primarily from income derived from certain securities of Canadian corporation not subject to tax in the hands of Credit Foncier or its subsidiaries.

## 7. Other income

This item is comprised of net gains realized on disposal of certain assets outside the normal course of business, as follows:

	1984	1983
Securities	\$ 280 000	\$ ( 580 000)
Real estate	2 365 000	1 066 000
	2 645 000	486 000
Income taxes on above	643 000	( 736 000)
	\$ 2 002 000	\$ 1 222 000

## 8. Comparative figures

Certain 1983 accounts have been reclassified to conform with the financial statement presentation for 1984.

# Ten-Year Financial Summary

twelve months ended on October 31

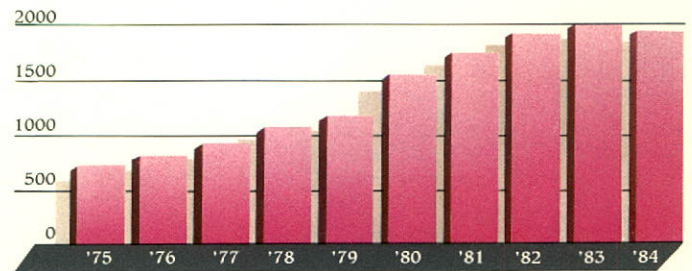
	1984	1983	1982	1981	1980
<b>PRINCIPAL BALANCE SHEET ITEMS (\$'000)</b>					
Total assets	2 953 678	2 741 988	2 539 299	2 344 176	1 960 308
Mortgages	1 985 018	2 018 079	1 926 002	1 745 762	1 515 470
Deposits and securities	763 015	563 989	458 260	445 563	285 923
Real estate	176 517	143 113	143 082	107 050	147 276
Short-and medium-term certificates	2 746 401	2 562 824	2 360 958	2 195 810	1 803 366
Shareholders' equity	130 214	124 668	117 998	114 355	110 408
<b>RESULTS FOR THE YEAR (\$'000)</b>					
<b>Revenue</b>					
Interest	329 796	321 083	315 949	251 506	185 027
Dividends	10 368	10 500	10 782	8 083	5 040
Real estate operations	24 788	22 599	18 454	16 741	18 203
Fees and other	5 285	4 577	3 632	3 531	3 574
	370 237	358 759	348 817	279 861	211 844
<b>Expenditure</b>					
Interest	305 198	296 371	304 611	235 785	167 569
Real estate operations	20 716	17 660	15 519	13 887	15 993
Salaries and staff benefits	18 300	17 415	15 541	13 019	11 080
Other operating expenses	20 906	18 669	16 701	13 846	11 527
	365 120	350 115	352 372	276 537	206 169
Income (loss) before income taxes	5 117	8 644	( 3 555)	3 324	5 675
Income taxes	( 2 413)	( 789)	( 8 423)	( 4 432)	( 2 033)
<b>Net operating income</b>	<b>7 530</b>	<b>9 433</b>	<b>4 868</b>	<b>7 756</b>	<b>7 708</b>
Other income	2 002	1 222	3 475	4 890	5 277
<b>Net earnings for the year</b>	<b>9 532</b>	<b>10 655</b>	<b>8 343</b>	<b>12 646</b>	<b>12 985</b>
<b>PER SHARE INFORMATION</b>					
Net operating income	\$ 8.01	10.03	5.27	8.39	8.34
Net earnings for the year	\$ 10.14	11.33	9.03	13.68	14.05
Dividend	\$ 4.24	4.24	7.25	9.41	7.25
Shareholders' equity	\$ 138.50	132.60	125.50	123.76	119.49
Number of shares outstanding	940 203	940 203	940 203	923 983	923 983
<b>RETURN ON SHAREHOLDERS' EQUITY</b>					
Net operating income	% 5.91	7.77	4.19	6.90	7.45
Net earnings for the year	% 7.48	8.78	7.18	11.25	12.55

\*Note: This period comprises the ten months ended October 31, 1979.

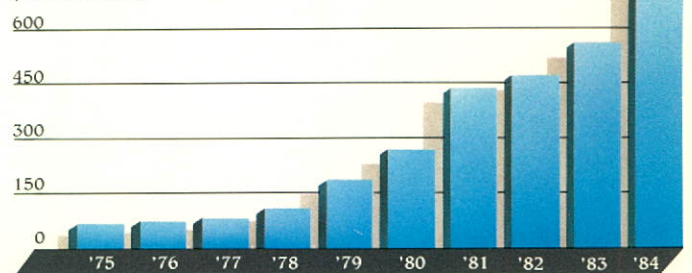
twelve months ended on December 31

1979*	1978	1977	1976	1975
1 514 017	1 294 731	1 113 432	969 651	811 942
1 184 348	1 044 982	931 128	805 618	693 009
190 133	119 756	68 615	57 519	45 910
128 336	123 299	108 097	101 078	69 232
1 373 535	1 151 203	982 122	859 676	710 366
96 551	94 772	87 426	81 085	75 581
107 282	113 007	98 003	80 270	65 741
2 720	2 618	1 629	1 096	1 114
13 155	12 583	10 908	10 374	8 553
566	709	728	530	431
123 723	128 917	111 268	92 270	75 839
92 388	92 648	77 261	62 263	51 413
12 031	12 233	9 543	7 397	4 240
5 985	6 218	4 788	3 865	2 999
6 765	6 749	6 224	5 048	4 973
117 169	117 848	97 816	78 573	63 625
6 554	11 069	13 452	13 697	12 214
684	3 159	5 078	5 645	5 446
5 870	7 910	8 374	8 052	6 768
2 547	3 422	1 916	1 013	9 377
8 417	11 332	10 290	9 065	16 145
6.75	9.09	9.67	9.30	7.83
9.68	13.03	11.88	10.47	18.69
7.25	4.57	4.57	4.32	4.00
110.99	108.94	100.96	93.68	87.49
869 909	869 909	865 960	865 549	863 876
6.13	8.68	9.94	10.28	9.77
8.80	12.44	12.21	11.57	23.30

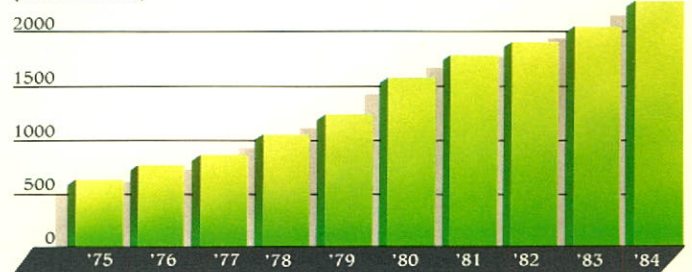
### Mortgages (in millions of \$)



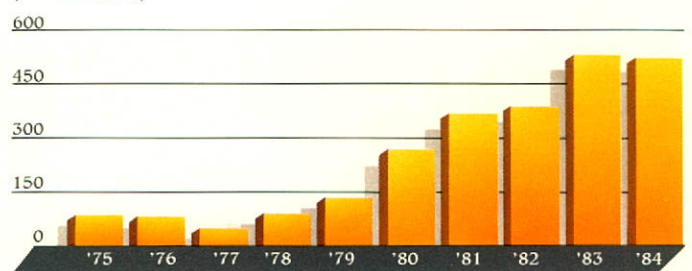
### Deposits and securities (in millions of \$)



### Medium-term certificates (in millions of \$)



### Short-term certificates (in millions of \$)



## Winner of the 1984 Credit Foncier Award

### Maison Alcan

Montreal, Quebec

Architect: ARCOP Associates

Developer: Alcan Aluminum Ltd.



From left to right: Jacques Dalibard (Executive Director, Heritage Canada Foundation); Claude Castonguay; David Culver (President & Chief Executive Officer, Alcan Aluminium Limited); Ray Affleck (Architect, ARCOP Associates); Michel M. Lessard.



The 1984 prize was awarded for Maison Alcan in Montreal. Maison Alcan involved the restoration of three 19th century greystone houses and a 1928 apartment hotel and their incorporation into the creation of Alcan Aluminium Limited's world headquarters.

The whole project was beautifully executed and thoroughly researched. The buildings are in an area once known as the Square Mile, a section of downtown Montreal where the people who founded much of Canada's industry and commerce lived a century ago. With a few exceptions, most of these buildings have been torn down, destroyed by the march of progress.

The recipients of the Award decided to use the prize money to found an architectural scholarship in the field of restoration and infill projects to be given in alternate years to a student at McGill University and the University of Montreal.

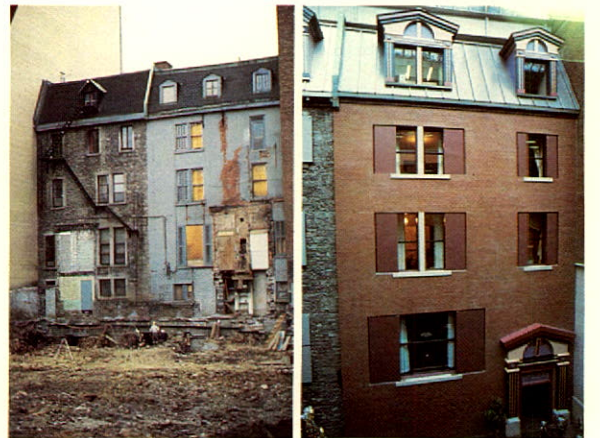
## 1984 Credit Foncier Award

The Credit Foncier Award for Building Preservation Projects is a public encouragement of private enterprise and carries with it cash incentives in the form of a \$20,000 prize for the winner and \$2,000 for each honourable mention. The prizes are divided 50/50 between architect and developer. The awards program is national in scope and recognizes the most significant project involving the preservation of a building or a group of buildings of some architectural importance in Canada.

The award is sponsored by Credit Foncier but administered by Heritage Canada. The jury is an independent one and was composed this year of Martin Weaver of Heritage Canada, Professor Abraham Rogatnick of the University of British Columbia, Barry Padolsky of Ericson, Padolsky, Architects, in Ottawa and Pierre Girardin, Credit Foncier's Office Services Department Manager, also an architect.

This is the fourth consecutive year that the award has been presented. Over this time, sixteen projects have been recognized as winners or runners-up. Two projects are in Atlantic Canada, five in Quebec, five in Ontario and four in Western Canada. Canadians, it appears, are interested in their architectural heritage and are increasingly willing to strive to preserve what is left of it.





## The Brewery and Keith Hall Honourable Mention

Halifax, Nova Scotia

Architect: John Preston and Associates

Developer: Clarence Investment Corporation Ltd.

This \$12 million project saved a significant group of heritage buildings associated with Halifax's industrial past. It is a southern anchor for the Halifax waterfront and complements another heritage project in the north, The Historic Properties, which was undertaken by the same developers.

The Brewery project consisted of a group of 15 brick and stone brewery buildings, the earliest of which



dated back to the late 18th century. The developers and architects turned this into 200,000 square feet of interconnected retail and business space, creating a major all-weather mall in a once derelict area.



A resident of St-Henri gave up two years of his life and much of his family's savings to buy and rebuild a small wooden house built in 1870. By so doing, he conserved one of the few remaining 19th century houses in the district with flared-eaves. In addition to the financial and physical difficulties, Mr. Serge Deschamps also had to fight urban renewal pressures, resolve permit problems and struggle with local officials to accomplish his objective. Although the project did not fit all the criteria, the jury felt it should be recognized and for the first time, awarded a \$2,000 "special mention prize" to Mr. Deschamps.

# The Ranchmen's Club

## Honourable Mention

Calgary, Alberta  
Architect: The IBI Group  
Developer: The Ranchmen's Club



The members of the Ranchmen's Club, faced with the danger of their club falling down due to structural failures, made the excellent but courageous decision to preserve it rather than to tear it down. The ingenious solution to their predicament was to have the interior parts dismantled and numbered, prop up the outside walls, demolish the interior structure and reassemble the club around a totally new substructure. The club is as it was; even the risers of the main staircase were saved and reinstalled to help give the place the same feel and atmosphere.



# La Maison John Clermont

## Special Mention

Saint-Henri, Montreal, Quebec  
Designer and Owner: Serge Deschamps



# Corporate Management

## Chairman of the Board

Claude Castonguay, C.C.

## President and Chief Executive Officer

Michel M. Lessard

## Executive Vice-President

Robert Panet-Raymond

## Senior Vice-Presidents

Michel Guay  
Administration

Jean C. Pinard  
Mortgage Investments

## Vice-Presidents

Louis H. Cousineau  
Human Resources

Jacques David  
Treasurer

Pierre de Feydeau  
Real Estate

C. Ross Gledhill  
Investments

Christopher D. Hyde  
Corporate Affairs

Robert Limoges  
Control

## Assistant Vice-Presidents

Claire Bellemare  
Client Services

André Dambrine  
Economist

## Department Managers

Claude Bolduc  
Data Processing and Systems

Raymond F. Colligan  
Pay and Compensation

Laurent Gingras  
Internal Audit

Pierre Girardin  
Office Services

Yvon Grant  
Marketing Planning and Development

Louis-Alexandre Rail  
Legal and Secretary

Claude Richard  
Real Estate Accounting

G rard Rose  
Tax

Michel St-Louis  
Staffing and Development

Robert Widdicombe  
Mortgage Investments

# Management - Real Estate Development

Rony N. Kattan  
Vice-President, Real Estate Investments

Romain Gauthier  
Manager, Quebec City

John B. Sides  
Manager, Montreal

# Branch Management

Marcel G. Bergevin  
Vice-President, British Columbia

Pierre Bruneau  
Vice-President, Quebec and Atlantic

Ernest J. Castelane  
Vice-President, Prairies

Arvid W. Fonkalsrud  
Vice-President, Ontario

## British Columbia Region

### Vancouver

Gerard V. McKenna

### Victoria

Alan E. Swan

### Vernon

William L. Hanrahan

### Prince George

John Grant

### White Rock

Dale Steinsvoll

## Ontario Region

### Toronto Mortgage Branch

Anders J. Anderssen

### Toronto Savings Branch

Robert McMillan

### Ottawa

Gary R. Graham

### London

Stephen Cafik

### Kitchener

David Langill

## Prairies Region

### Calgary

Barry McCorkindale

### Edmonton

Albert C. Bond

### Regina

Elmer L. Hart

### Saskatoon

Douglas W. Banzet

### Winnipeg

John R. McDougall

## Quebec and Atlantic Region

### Montreal Mortgage Branch

Kenneth A.W. Gordon

### Montreal Savings Branch

Richard Fabre

### Quebec City

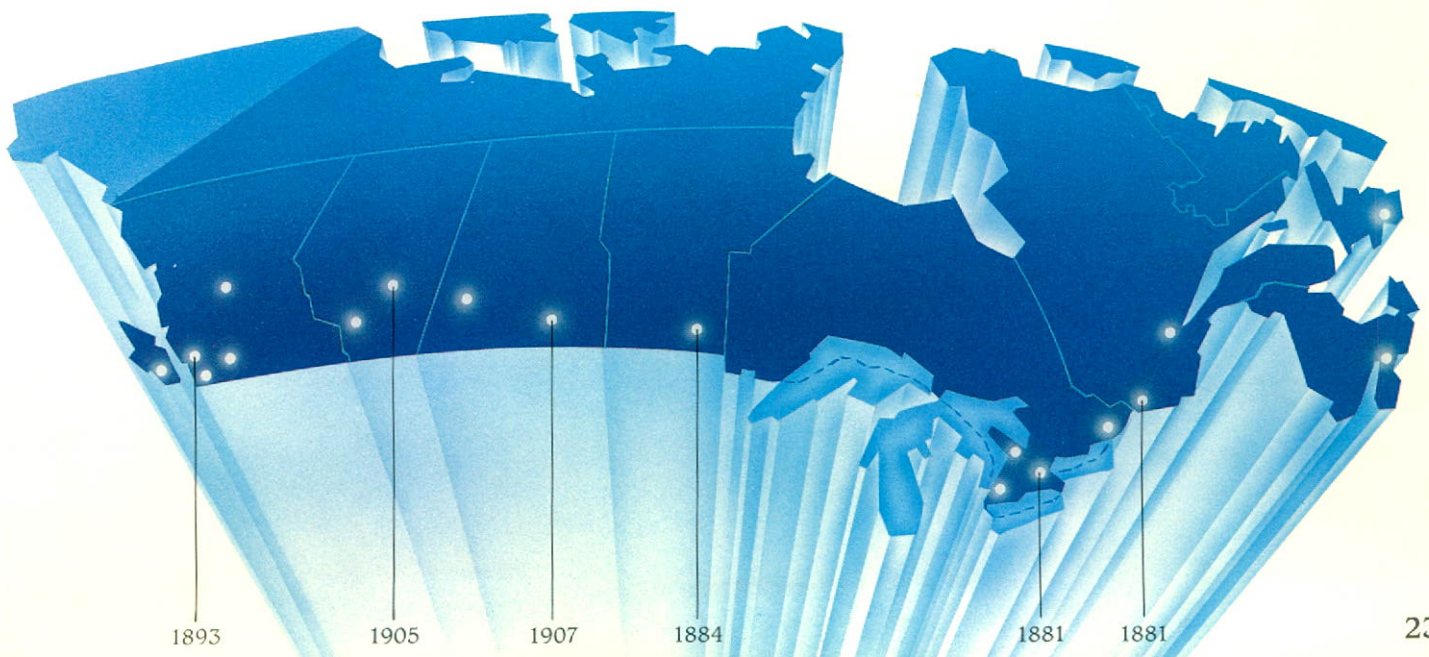
Jean-Pierre Paradis

### Halifax

Kris Markusson

### St. John's, Nfld.

Raymond F. Fisher



Credit Foncier is one of Canada's leading financial institutions. Founded in 1880, the Corporation has an unbroken dividend record extending back to 1882. Since its early beginnings, Credit Foncier has operated across Canada, establishing branches in Ontario in 1881, Manitoba in 1884, British Columbia in 1893, Alberta in 1905 and Saskatchewan in 1907. Our branches are found in 18 cities from St. John's in the east to Victoria in the west.

Our principal business is granting term financing on the security of properties and fixed assets, as well as marketing competitive savings and investment products to retail, investor and institutional clients.

### **Corporate Structure**

The Corporation conducts business either directly or through subsidiaries. The activities of certain subsidiaries such as the wholly-owned Credit Foncier Trust

### **Mortgage Lending**

Credit Foncier plays an important role in the financing of Canada's real estate development and has become one of the country's leading mortgage lenders, with a mortgage portfolio of \$2 billion. These loans are generally granted for terms of five years or less at a rate fixed according to the market or to the cost of funds at the time of disbursement. They are secured by first mortgages on residential, commercial and industrial properties across Canada.

In the residential sector, we provide mortgage financing to homeowners and builders and are particularly active in subdivision and condominium projects. We also lend on light industrial and commercial properties, office buildings and shopping centres. We are proud of our reputation for taking an innovative and flexible approach to mortgage lending.

also an active issuer of commercial paper and debentures marketed to institutional investors.

### **Securities Investments**

The Corporation works toward diversifying its investments prudently. In addition to its activities as a mortgage lender, it also invests in securities that include short-term marketable investments, bonds, debentures, term loans as well as preferred and common shares. These portfolios account for over 25% of total assets.

### **Real Estate Investments**

Credit Foncier also has substantial investments in real estate. These long-term investments include apartment buildings, industrial, commercial and office buildings as well as land holdings. The latter comprise farms under cultivation, rented land and land held for future development.

## **The Corporation**

and Francana Development Corporation are completely integrated with Credit Foncier, the first performing a trust function and the second maintaining an investment portfolio.

Montreal City and District Trustees, incorporated in 1938, became a wholly-owned subsidiary of Credit Foncier in November 1979. This trust company operates solely in the Montreal Metropolitan Region. The Company offers mortgages and guaranteed investments as well as fiduciary services including estate planning and management.

### **Savings Products**

Credit Foncier offers a full range of term deposits including short-term notes, debentures and guaranteed investment certificates as well as registered retirement and home ownership savings plans. These financial services are marketed through the Corporation's own branch network as well as through investment dealers and over two thousands agents. Credit Foncier's savings clientele now comprises over 175,000 depositors. We are



