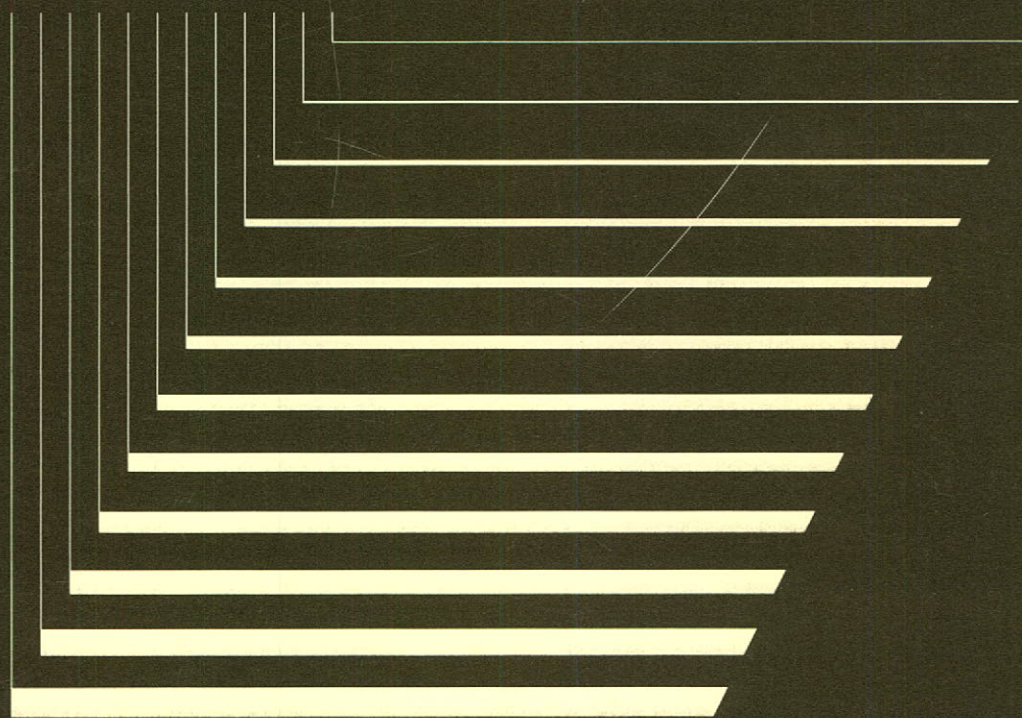
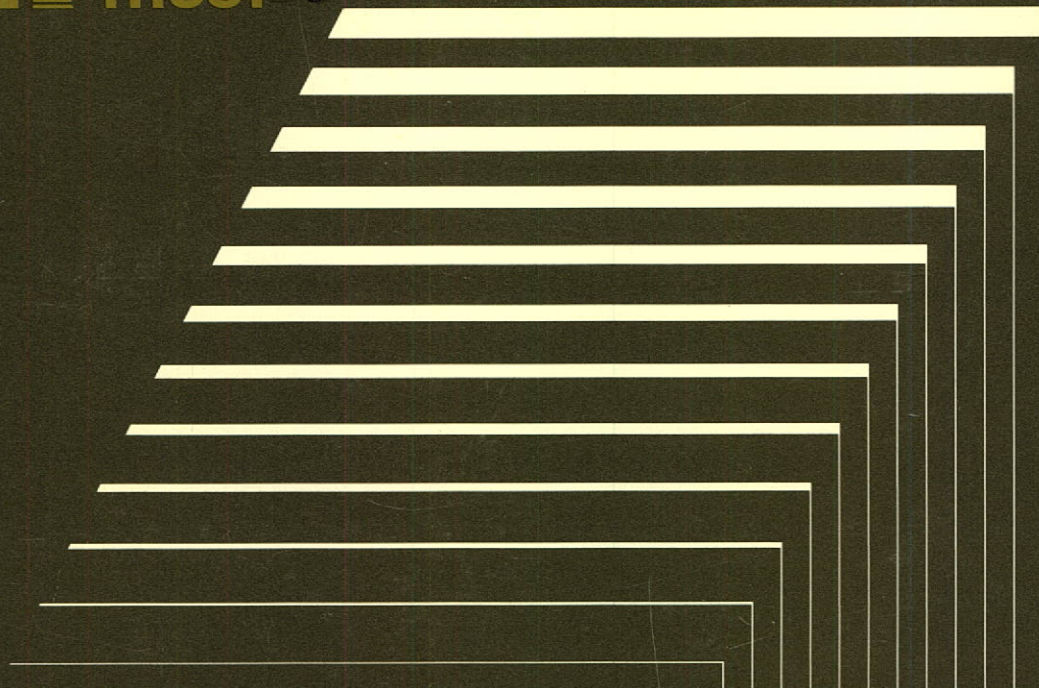


Annual Report 1984

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Company Profile

Royal Trust has been serving generations of Canadians since its inception in 1899. Success in meeting a variety of financial needs of individuals and institutions is the base of our growth and continued profitability.

Today, Royal Trust is Canada's leading trust company. Royal Trustco Limited is the holding entity of a group of companies operating in financial services in Canada, the United Kingdom and Europe, and in association with companies in the Bahamas, Cayman Islands, Bermuda and elsewhere.

Major operating subsidiaries in Canada are Royal Trust Corporation of Canada and The Royal Trust Company, which provide financial and trust services from coast-to-coast; and Royal LePage Limited, offering residential and commercial real estate brokerage services with 321 offices across Canada, the U.S., the United Kingdom and Europe.

Through our 26 full service branches and 82 financial service offices, Royal Trustco provides a full line of financial products and services including chequing and savings accounts, investment management, mortgages and loans, corporate and pension trust, corporate lending, and international investment services for foreign clients through our International Services group in Toronto.

Royal Trust Property Investment Services acquires and manages commercial and industrial properties in Canada on behalf of foreign institutional clients. Royal Trust Energy Corporation, located in Calgary, develops investment portfolios in the energy industry, primarily for Canadian pension funds.

European operations of Royal Trustco offer banking, financial and trust services in London, the Channel Islands and the Isle of Man. Trust services are also available in Liechtenstein.

Royal Trustco and its subsidiaries employ in excess of 12,000 people and have approximately 9,000 common and preferred shareholders, 97 percent registered in Canada.

Royal Trustco is affiliated with London Life Insurance Company, Wellington Insurance Company and Trilon Financial Corporation.

Contents

Chairman's Message	2
President's Message	4
Royal Trust...	
A World of Client Service	6
Corporate Philosophy	8
Personal Services	9
Financial Services	10
Trust and Advisory	12
Mortgages and Loans	14
Real Estate	16
Focusing on the Future:	
Personal Financial	
Services	18
Corporate Services	19
Corporate and Pension	
Trust	20
Corporate Investments	22
Corporate Lending and	
Treasury	24
International	26
Focusing on the Future:	
Corporate Financial	
Services	28
Financial Information	29
Royal Trust Group	
Directors, Officers	
and Locations	45
Principal Subsidiaries	52

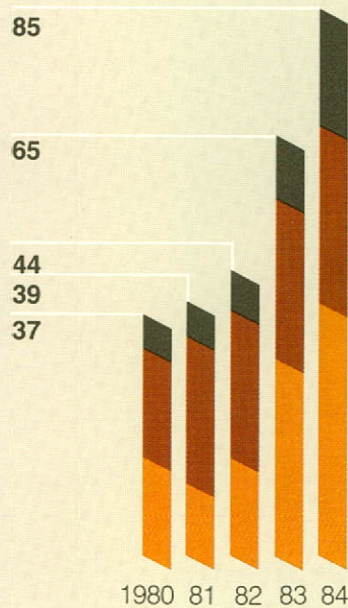
Highlights

	1984	1983	% Change
Total revenue	1,467	1,317	11
Net income	85	65	31
Net income per share – basic	1.67	1.48	13
– fully diluted	1.60	1.37	17
Assets	11,157	9,634	16
Estimated market value of estates, trusts and agency accounts under administration	37,643	32,347	16
Total assets under administration	48,800	41,981	16
Return on common equity – fully diluted	18.7%	17.6%	6
Return on assets	0.82%	0.71%	15
Number of offices	433	244	77
Number of employees	12,585	7,521	67

(\$ millions except per share amounts)

Net Income
(\$ millions)

Total

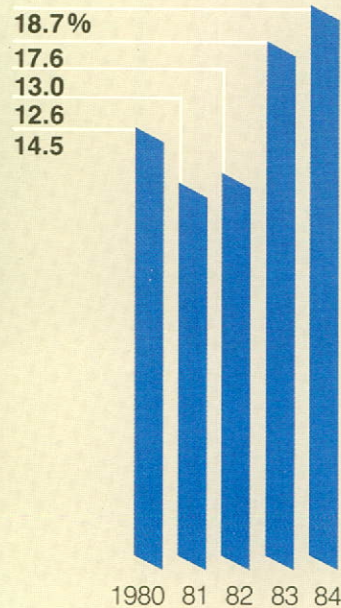


Non-convertible
Preferred Dividends

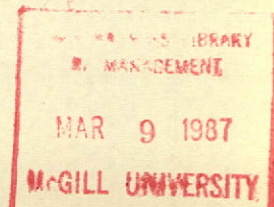
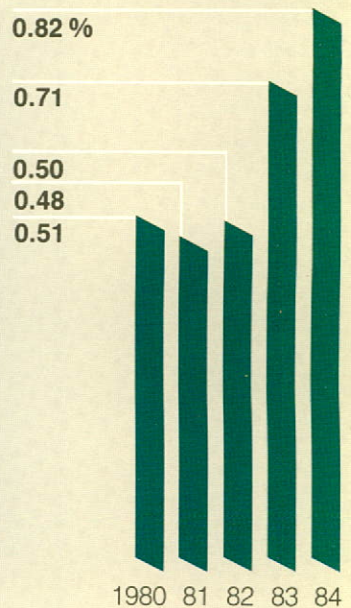
Common and Convertible
Preferred Dividends

Net Income retained

**Return on
Common Equity**
-diluted

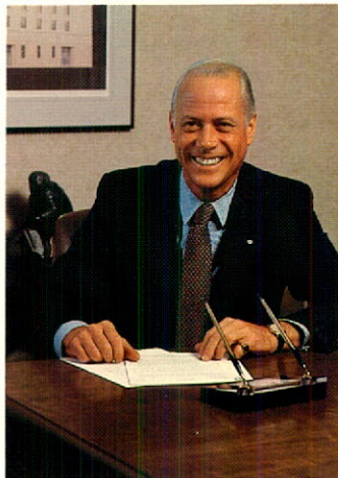


Return on Assets



Chairman's Message

Hartland M. MacDougall, C.M.
Chairman of the Board



In October of 1984, I had the honour of succeeding Mr. J. Trevor Eyton, Q.C., as Chairman of Royal Trust. I accepted this responsibility happily because I am convinced that our Company is uniquely positioned to assume leadership in the provision of financial products and services to Canadians.

I take pride in the fact that my forebears participated in the founding of Royal Trust. Eighty-five years ago, this institution was built on a foundation of trust. Its mandate then was to meet the financial needs of its founders, their families and their friends in the administration of estates and trusts on their behalf.

Today, the marketplace in which we operate is changing as Canadians demand greater responsiveness and flexibility from financial service companies. While moving to meet the challenge of that change, our fundamental goal is to maintain that same close and responsive relationship that existed between Royal Trust and its first customers at the turn of the century.

We will continue to be excellent managers of money, as we have been throughout our history. But we must also make it clear that Royal Trust has an overriding concern for people. We are striving to build lasting and mutually beneficial business relationships with individuals, as direct personal clients and as senior officers of corporate clients.

We have an unrivalled capacity to achieve such relationships, based on our established position in the marketplace, the quality of our products and services, the talents and dedication of our people, and on the strength and capabilities we enjoy through Trilon Financial Corporation – ties with London Life, Wellington Insurance Company, and Royal LePage. Our link with these companies will be of immeasurable importance in our efforts to respond more comprehensively and cost-effectively to our customers' needs.

Our approach to the marketplace is reflected in a conceptual rendering of our organizational structure. In that view of our structure, the customers – both corporate and individual – are positioned at the top. Below them are our branches, with our national office and support groups at the bottom. The needs of our clients, individuals and organizations, have clear priority over all of our internal structures and requirements.

That orientation will be reflected in the positions that those speaking for Royal Trust will take on major political or economic issues, and in the role we will play in the community. We intend to take an active part in the consultative process that the federal government has launched on the Canadian economy. In these discussions, Royal Trust will represent the interest of our customers as well as our shareholders. In the long term, these interests are the same.

We will continue to be active in the voluntary sector. During the past year, our financial contributions to cultural and social projects and organizations totalled more than one-half million dollars. We have pledged continued support to education, the arts, health services, medical research, and other causes – both through corporate donations and through the active personal involvement of our people.

This commitment to the community is reflected particularly in the efforts and contributions that Royal Trust people have made to United Way campaigns across Canada over the past year. I want to acknowledge the role played by our President, Michael Cornelissen, as General Campaign Chairman of Metro Toronto's \$27 million 1984 campaign. Royal Trust has an important social responsibility, which we will continue to meet.

Becoming more responsive to our customers' needs, participating thoughtfully in public dialogue on political and economic questions, and increasing our involvement in service to the community are all sound and prudent elements of an overall business strategy. That strategy will permit us to provide leadership within our industry, and to compete more effectively in the marketplace. In our efforts, we are fortunate to have a Board of Directors of outstanding individual experience, breadth of knowledge and diligence. During 1984, the Business Conduct Review Committee of the Board was activated. This committee, made up entirely of Directors who are independent of our major shareholders, is charged with the responsibility of preparing and monitoring an updated Code of Business Conduct. This includes auditing business ethics within the Company and resolving all potential or possible conflict-of-interest situations relating to employees, Directors, or major shareholders. This new committee complements the work of the Investment Committee. Established in 1983 with a majority of independent Directors, it has functioned effectively throughout 1984, reviewing investment decisions and policy for both corporate and client funds.

We are pleased with the appointment of four new Directors from the Province of Quebec. In addition to representing a general strengthening of the Board, the appointments of Jean A. Béliveau, O.C., Thomas R. Bell, Jean Fournier, C.D. and Pierre Taschereau will provide invaluable insights into Quebec, reflecting our commitment to developing the significant opportunities for future growth in that province.

We also take pleasure in announcing two other additions to the Board: Gordon R. Cunningham and Nigel J. Robson. Mr. Cunningham brings to Royal Trust a wealth of experience in law and corporate business. Mr. Robson, recently named Chairman of The Royal Trust Company of Canada, our London-based

subsidiary bank, will be proposed for membership on the Board at our forthcoming Annual General Meeting. Mr. Robson is a Fellow of the Institute of Bankers and was formerly Chairman of Grindlay's Bank in London, England.

We gratefully acknowledge the significant contribution made by Sir Francis Sandilands, who retired after serving for 10 years as Chairman of our London-based bank. Sir Francis played a leading role in obtaining our full banking licence in London.


We also express our appreciation to Senator Reginald Robert Jeune, O.B.E., who helped establish the foundations of our Jersey operations in 1962. After 23 years of distinguished service with Royal Trust, Senator Jeune will retire as Chairman of the Royal Trust Bank (Jersey) Limited and The Royal Trust Company of Canada (C.I.) Limited.

After 10 years of service as a Director, John D. Allan, President of Stelco, has resigned from the Board. We thank him for his dedication and service.

It is with deep regret that I note the passing of Henri Renaud, Vice-President and Manager, Vancouver. He will be missed by clients and staff who had the privilege of working with him and benefiting from his extensive knowledge of the industry.

Finally, I should like to acknowledge the contribution of J. Trevor Eyton, Q.C. who served as Chairman from 1983 until October of 1984. Mr. Eyton was responsible for the restructuring of our Board of Directors, particularly its committees, to assist the company in meeting the future challenges of the industry. We are grateful that he has agreed to continue to function as Deputy Chairman.

1984 was a year of achievement and change for Royal Trust. We enter 1985 with a Board of Directors and management group of the highest order. We have clear plans and priorities for the future, based on the importance of people – customers, employees, shareholders – and their needs. We will be responsible to these needs, and in doing so will achieve our fundamental aim to be the premier financial services company in Canada.



Hartland M. MacDougall, C.M.

President's Message

Michael A. Cornelissen
*President and
Chief Executive Officer*



1984 was a successful year for Royal Trust. Faced with strong competition in all our businesses, we exceeded our profit objectives through a clear focus on our client needs, aggressive marketing of our products, tight cost control, and superior efforts from our managers and staff.

Net income for the year ended December 31, 1984 increased to a record \$85 million, an increase of over 30 percent from 1983 earnings of \$65 million. Earnings per common share, fully diluted, increased by 16.8 percent to \$1.60 per share, from \$1.37 per share in 1983. Dividends paid to common shareholders increased by 15.7 percent to 70 cents per share, from 60.5 cents per share in 1983. The return on common shareholders equity on a fully diluted basis increased to 18.7 percent from 17.6 percent in 1983.

Net interest and investment income increased by 10 percent from \$202 million to \$222 million reflecting strong growth in assets and liabilities at reasonable spreads. Non interest expenses were tightly controlled and increased by less than 3 percent overall despite a significant increase in business volumes and major expenditures on computer systems development and marketing.

During 1984, we focussed our attention on five important initiatives which contributed not only to our record financial results for 1984, but which will generate continuing and major returns in 1985 and thereafter. These initiatives comprised:

- our Commitment to Quality program;
- reversing market share erosion in major product lines;
- the commitment to major catch-up expenditures on computer systems development and marketing;
- an important new five year business planning process;
- the major restructuring of our debt and equity base.

Our Commitment to Quality program referred to in our 1983 Annual Report was underscored by the adoption of our new corporate style and signature which is becoming more widely recognized each day. Our Commitment to Quality recognized the need to set higher standards for ourselves in all our dealings with our clients at a time when users of financial services increas-

ingly demand more and better services, are better informed and are more willing to change traditional allegiances. Training programs, incentive and recognition programs, and ongoing visual and other communication techniques were developed. Our objective was to reinforce our commitment to meet our customer expectations with quality products, efficient service and professional staff, with the backing of our long standing reputation for honesty and integrity in all our business practices. Our staff have responded to these new challenges with enthusiasm and excellent progress has been made in this important and long term program.

Our second initiative was to arrest and reverse the erosion in market share we were suffering in certain major product lines. A new product development process was instituted which placed us ahead of most, and in certain instances all, of our competitors. Notable achievements were the introduction of the Double-Up Mortgage, which today remains the most attractive residential mortgage product available in the market. Our Daily Interest Chequing Account also resulted in significant increases in deposit balances and expansion of our customer base. Our market research and product development disciplines have stood us in good stead and will be refined and further developed in the future.

Our third initiative was to make the major catch-up expenditures necessary in computer systems development and marketing. We have committed staff and financial resources to each of these and instituted planning, measurement and control procedures to ensure the resources are effectively used. Even our computer systems development is client driven, as our systems development staff seek input and reporting requirements from our major clients during the development process. While these expenditures are large in relation to previous years, we foresee them remaining at a high level as we remain abreast of technological advances and the needs and requirements of our clients.

Our fourth initiative consisted of a new business planning process, which set objectives over a five year time frame, relating Royal Trust's strategic directions to the current and future needs of our clients. It became immediately obvious that to achieve these objectives, our organizational and management structure needed to change. This process was substantially completed in December 1984 with the achievement of the following principal objectives:

- separation of the Company's operations into Personal Financial Services and Corporate Financial Services to ensure a consistent focus on the needs of our two major client segments;
- a significant departure from the traditional product line organization;
- a "close to the customer" orientation at all levels of management by reducing the layers of management – this resulted in a reduction of up to five and an average of three layers throughout the Company;
- clearly defined accountability and responsibility for each individual;
- key positions held by individuals of above range ability.

We have experienced immediate benefits from the improved effectiveness of the closer and more direct lines of communication. More importantly, we believe the benefits are already felt by our clients. We have appointed a senior and experienced Vice-President Client Services who is responsible directly to me for monitoring and dealing with all matters relating the quality of our services to clients. We have designed an innovative and unique employee compensation plan to ensure that deserving employees are well rewarded for superior performance against the high expectations and standards we have set for ourselves. This will be implemented during 1985.

Our fifth initiative was to establish Royal Trust as the most conservatively capitalized major financial institution in Canada. This was achieved by issuing, through public and private placement in Canada and abroad, a prudent mixture of equity and long term fixed and floating rate debt, in excess of \$500 million. These funds were obtained on very attractive terms and conditions, reflecting the Company's already strong credit rating, and have been reinvested on a matched basis at positive spreads. Royal Trust credit ratings currently stand at very near the ratings of the major Canadian Chartered Banks. The sale of our Florida operations reported last year was closed in February 1984, generating cash proceeds of \$139 million and an after-tax profit of \$19 million. Concurrently, we wrote off \$10 million goodwill from our balance sheet, and created reserves and provisions of \$8 million for possible diminution in the value of certain assets. Royal Trust's low debt to equity ratio resulting from these transactions would enable the Company to double its balance sheet assets without resorting to the issue of common equity. This will allow Royal Trust to comfortably achieve its five year business objectives without diluting the interests of common shareholders. A one for one stock dividend was declared in 1984 to further enhance marketability and liquidity of Royal Trust common shares.

In addition to these five major initiatives, good progress was made during 1984 on identifying some 75 different opportunities for joint activities with our affiliated company, London Life Insurance Company. We look forward to further improving the range of services we can offer our clients through our Trilon affiliations including our recently acquired 50.5 percent ownership of Royal LePage Ltd.

This merger of our Royal Trust residential real estate brokerage operations with the Canadian and United States residential and commercial brokerage operations of A.E. LePage Ltd. was consummated in December 1984. The combined resources of Royal LePage Ltd., include over 8,600 employees, 321 office locations and \$350 million in gross revenues, forming the largest real estate organization in the country and the second largest on the continent. The merged company offers significant advantages to both clients and shareholders as the close association with Royal Trust and other Trilon group companies will result in significant economies of scale and improved product distribution capability.

Changes sweeping through financial services in Canada in the 1980s have resulted in major regulatory reviews on the

financial services industries at both the provincial and federal levels. 1985 will be a critical year for laying the necessary legislative foundations of the financial community including the chartered banks, insurance firms, investment brokers and trust companies. It is vital that new policies be put in place to structure the competitive environment and the consequent relationship among institutions, while at the same time protecting the public interest. Incorporated as a multi-product company, Royal Trust is subject to an extensive range of federal and provincial legislation and regulation. The current review and open consultation present a unique opportunity for Royal Trust and we will continue to support government initiatives through the appropriate legislative processes.

During the year and in early 1985, a number of individuals joined Royal Trust in important senior positions: William C. Harker – Executive Vice-President, Personal Financial Services; E. Courtney Pratt – Senior Vice-President, Human Resources; D. Murray Wallace – Senior Vice-President, Corporate Financial Services; Stephen J. Donihee – Vice-President Group Company Development; William J. Inwood – Vice-President, General Counsel and Secretary; and John R. Dorken – Vice-President Administration.

Three important internal promotions were made as a result of our reorganization process: Charles F. Macfarlane to Senior Vice-President, Personal Financial Services, Marketing and Policy; David R. Cooper to Senior Vice-President, Information Systems and Personal Financial Services Administration; and Denis H. Nixon to Vice-President Marketing and Planning.

We now have in place a strong and experienced senior management team with a wide range of backgrounds and diverse skills which we believe are necessary to drive our Company through the challenge of the years ahead.

It is with extreme pride that I thank all employees of Royal Trust for their untiring efforts and commitment to quality which have rewarded us all with the record results of 1984. This success, combined with our investments in technology and systems, our emphasis on total customer satisfaction, and the quality and commitment of our people, provide a firm foundation for 1985 and the balance of the decade.



Michael A. Cornelissen



Full service branch

Royal LePage residential real estate office

Multiple Royal LePage residential real estate offices

● Financial services office

● Multiple financial services offices

Property investment

● Multiple property investments

Hydrocarbon investment

● Royal LePage operates a total of 42 commercial real estate offices throughout Canada, the United States (through its 80 percent ownership of Fuller Commercial) the United Kingdom and Europe.

Canada

Branches and Offices:	Full Service	Financial Service	Residential Real Estate
Newfoundland	1	1	1
New Brunswick	1	2	2
Nova Scotia	1	1	7
Prince Edward Island	1	—	—
Québec	4	20	45
Ontario	9	43	129
Manitoba	1	1	11
Saskatchewan	2	—	7
Alberta	3	8	44
British Columbia	3	6	33
Total	26	82	279

Europe

Banks and Trust Operations in:
 England
 Jersey, C.I.
 Isle of Man

Other Subsidiaries in:
 Bahamas
 Liechtenstein

Associated Companies in:
 Anguilla, Bahamas, Bermuda,
 British Virgin Islands, Cayman
 Islands, Cyprus, Gibraltar,
 2 Netherlands Antilles,
 1 Switzerland, The Netherlands,
 1 Turks and Caicos Islands and
 represented in Barbados,
 Hong Kong, Liberia, Nauru
 and Panama.



Corporate Philosophy: A Commitment to Quality

The Royal Trust corporate Commitment to Quality is a dedication to the highest quality in people, products and services.

We have responsibilities to our clients, shareholders, employees and the communities within which we operate, across Canada and overseas. Over the last 85 years, Royal Trust has earned a reputation for honesty, integrity and fair dealing. We enter the mid-eighties with a new vitality of purpose and pride. Excellence of product, superior service and courteous staff will be the hallmark of this organization, as reflected in the Mission Statement which we have developed:

“Royal Trust will be the acclaimed provider of personal, lifetime financial services for Canadians.

Royal Trust will be the premier provider of financial services to organizations operating in Canada and to all their constituents including employees past and present, shareholders, investors, members and users.

Royal Trust will provide these services at a level of excellence measurably superior to that of its competitors. This will be readily evident from the professionally helpful attitude of the staff, the outstanding quality of the product or service, and an uncompromising stance in maintaining absolute integrity in the conduct of its own and clients' affairs.

Royal Trust expects a superior performance and work ethic from all its staff who are, in particular, expected to deal with clients and their affairs in an unfailingly professional, obliging, courteous and pleasant manner. In return the Company will undertake to provide a satisfying workplace with opportunities for career development and job enhancement, with rewards commensurate with performance, commitment and loyalty.

Royal Trust supports the right of its shareholders to earn an above-average return on their investment in terms of dividends and growth in underlying values. The Company recognizes the responsibility to operate profitably and to enhance investment values annually. This will not only benefit its shareholders, but will also enhance Royal Trust's own equity values, thereby facilitating future financing requirements.”

Personal Financial Services . . .

understanding and meeting the requirements of our retail clients

Vice-President
Client Services

Consumer

Manager

Regional Vice-President

Executive Vice-President

President

At Royal Trust we carefully plan and develop solutions to meet the standard of product performance our clients expect.

Personal Financial Services

Savings
Daily interest chequing
U.S. dollar accounts
Interbranch Select[®] Service
Automated teller machines
Royal Trust '60' service
Guaranteed investment certificates
Investment funds
Consumer loans
Personal line of credit
American Express Gold Card

Personal Tax-Sheltered Services

Registered retirement savings plans
Self-directed registered retirement savings plan
Investment management registered retirement savings plan
Registered home ownership savings plans
Fixed term annuities
Registered retirement income funds
Personal mortgage registered retirement savings plan

Personal Trust and Advisory Services

Estate and will planning
Executor and trustee services
Agent for executors or heirs
Estate advisory service
Investment management service
Investment advisory service
Investment administration service
Personal holding companies
Income tax services
Trustee for lifetime trusts and donations
Trustee for self-directed RRSP
Trustee for self-directed RRIF
Trustee and manager for investment management RRSP
Administrator for indexed securities investment plan
Administrator for Quebec stock savings plan
Common equity fund for small trusts
Personal financial planning and advice
Income splitting trusts

Mortgages and Loans

Residential mortgage loans
Installment loans
Personal lines of credit
Secured demand loans
Tax shelter loans

Real Estate Services

Residential
Residential property purchases and sales including:
Condominium properties
Land sales
Recreational properties
Executive homes
Carriage trade homes
Appraisals and evaluations
First time buyers' program
Relocation services for corporations and individuals
Value rated properties program
Royal LePage Survey of Canadian House Prices

Commercial

Appraisals:
Cost projections
Equipment valuation
Property valuation
Tax management
Asset management
Commercial sales and leasing
Commercial development
Industrial sales and leasing
Investment:
Analyses
Capital properties fund
Investment brokerage system
Pension fund services
Real estate-related securities
Sales
Syndications
Underwriting
Land assembly
Office leasing
Property portfolio management
Property management
Real estate management
Research and analysis
Retail

Financial Services

The personal financial services industry is subject to increasing customer demand for banking flexibility and convenience. Price competition and substantial advertising outlays are commonplace. The different segments of the financial community are searching for opportunities to expand products and services. Technology is redefining product and service delivery to create new sources of revenue, improve the economics of distribution and enhance time and location convenience to the customer.

In 1984, Royal Trust responded to the evolving challenges, introducing innovative products which met with positive response. Forty percent of the new Daily Interest Chequing Accounts set up following their introduction in May were opened by clients new to Royal Trust. The combined chequing and savings account provides: a multi-level feature, where higher balances trigger higher interest rates on total balances; monthly return of cheques with statement; and free chequing privileges with a \$1,000 average balance.

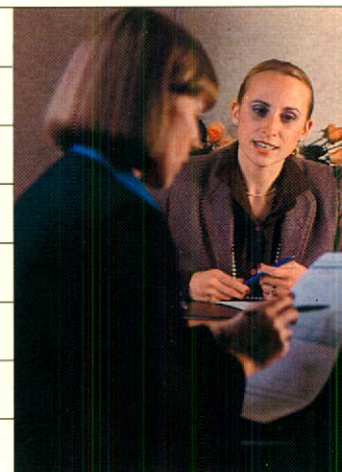
Twenty-seven on-line Automated Teller Machines (ATMs) were installed from Quebec to British Columbia. Royal Trust's ATMs permit easy access to five accounts for transactions such as cash withdrawal, deposits, transfers and balance enquiries. An important element is the client-selected access code. Royal Trust will continue to exploit every opportunity to meet the reality of computerized banking. Our plans call for the installation of another 48 ATMs during 1985.

New product development will continue to receive emphasis. For example, Royal Trust will soon make available a Japanese Growth Fund. Backed by the expertise of a leading Japanese investment counsel, Royal Trust will offer a portfolio of various investment options focusing primarily on Japanese equities and those of other Pacific Rim countries. This mutual fund responds to the increasing sophistication of Canadian investors looking to diversify assets and reduce risk on a geographic basis.

Enhancement of existing products is also a critical part of our growth strategy. During 1984 we expanded the broad range of investment choices already available to our Registered Retirement Savings Plan (RRSP) holders by introducing short term (30 to 364-day) deposit options. We also made 30-day to five-year term deposits available to RHOSP clients.

Our group RRSP, an important element of personal financial services, was marketed actively to employer groups. The number of individuals registered under all RRSP plans grew by 30,000 during the year. Balances in the one to five-year compound term deposits increased two and a half times over those of 1983. Sales of term deposits, guaranteed for up to 15 years, also attracted many new customers.

The combination of new product development, the enhancement of existing products and increasing usage of technology which have characterized 1984 will continue to be key in 1985.



A Royal Trust RRSP offers greater flexibility than most banks, so customers can always make the right investment decision for the economic conditions.

Will we have enough money
when the children grow up and
leave home?



A Royal Trust RRSP can help
make life more enjoyable now
by giving peace of mind over
the future.

Trust and Advisory

In 1984, estate and trust assets under administration achieved a 25 percent gain over 1983, agency income increased by 11 percent, and the number of Self-Directed Registered Retirement Savings Plans (SDRRSP) for which Royal Trust is trustee also rose by 19 percent.

Generally, increased volumes of new fee income and will appointments marked a strong year in existing markets. Planning and development of new products underscored our commitment to meeting client needs.

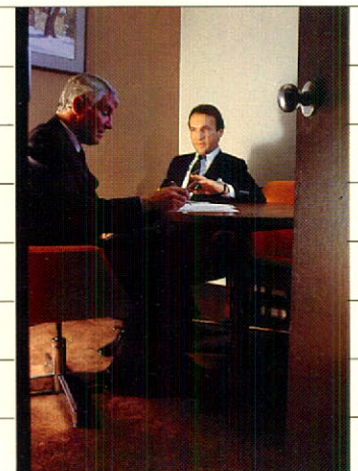
Breaking ground for the industry, Royal Trust led the competition in offering customers the option of funding personal mortgages through their own SDRRSP.

In response to increasing demand for retirement investments, major product and service improvements to existing products have met with favourable client response in several key areas. In the SDRRSP market fees were reduced to a flat \$100 per annum, irrespective of the size of the account. Similarly, fees were cut to \$50 per annum for the Registered Retirement Investment Fund plan which takes advantage of Royal Trust investment vehicles.

To ensure quick and efficient reporting to clients, we upgraded the delivery and quality of trust statements through the use of high technology laser printing techniques. Significant capital was invested during the year to upgrade our trust system.

Currently, Royal Trust's product planning is focused on three new areas. First, an income-splitting trust arrangement using Royal Trust investment vehicles will be made available in 1985. Second, our financial planning group is being strengthened to meet a growing awareness by Canadians of the need to map out their future well-being in uncertain economic times. Our staff of experienced personal financial planners provides financial advice to individuals either in one-on-one sessions or through seminars. It is Royal Trust's intention to expand its capacity in this area to meet the needs of middle-aged Canadians for retirement counselling and those of younger professional people seeking financial planning assistance. Our third area of emphasis is our Canadian Common Equity Fund which was established to hold equity portions of small to medium sized estates under our administration. Through this vehicle, Royal Trust allows these estates to benefit from proper diversification as well as equity participation.

While traditional products have performed well, the emphasis on new product development to meet the increasing needs of our clients will be key to our success in 1985 and beyond.



Royal Trust helped administer over 40,000 wills in 1984, providing continuity of wealth from one generation to the next.

How can I make sure he gets
what I have planned for him?



Trust and Advisory Services from
Royal Trust are designed to
ensure a smooth transfer of
wealth.

Mortgages and Loans

A decelerating inflation rate, high interest rates for much of the year and high unemployment resulted in a modest increase in real consumer spending and credit demand over the previous year. The lending market was typified by intense competitive pressures among the major Canadian money lenders and reduced borrowing due to the withdrawal of tax shelter vehicles and consumers' efforts to reduce debt. Most of the strength in private short-term credit demand came from mortgages.

For Royal Trust, in this area, 1984 marked a major milestone. In May 1984, coincident with a revitalized marketing strategy, the Double-Up Mortgage was introduced. This resulted in a doubling of new bookings during the initial launch. Sales statistics and industry comment support our contention that this new Royal Trust product is the best offered on the market. This unique plan allows the borrower to double-up the principal and interest portion of the standard monthly payment to reduce the principal. After the "doubling" is made, the payment reverts to its regular level the next month. The service is provided free of administrative fees and permits payment of an additional 10 percent of the principal on the anniversary date. It is also portable, allowing the borrower to transfer the mortgage to a new home.

The Early Renewal Option, introduced shortly after Double-Up, allows the borrower to renew and extend a mortgage at any time, with no penalty other than the interest rate differential.

During 1984, total mortgage approvals for Royal Trust rose by 11 percent. At the same time, the total market is estimated to have dropped by 16 percent, resulting in our market share rising by almost one third. We currently administer a mortgage portfolio of over \$7 billion.

In 1985, we intend to provide unexcelled mortgage and loans service to homebuyers and homeowners through Royal LePage real estate sales representatives. We have initiated an important program to realize benefits accruing from joint efforts with Royal LePage Limited.

We will continue our product enhancement through research designed to identify client needs. Increased advertising will support marketing efforts directed towards consumers, builders and brokers. For the first time, a significant portion of our expenditure has been directed to television, in addition to our customary print campaigns. Results of market studies demonstrate increasing client interest and recognition of Royal Trust as a result of our promotion and advertising.

The Personal Line of Credit service registered a healthy 58 percent growth in outstanding balances during 1984. To a large extent, we attribute this progress to extensive direct mail campaigns to current non-user and low-user clients.

At the end of 1984, Royal Trust offered the best mortgage product available as evidenced by increased market share. We will continue our product development in this area to maintain our position as industry leader.



Whether redecorating one room or buying a house, dreams can become reality with a mortgage or loan that offers convenient and flexible repayment terms.

Why do all the bills arrive before I
have the money, not after?



Wise use of a Royal Trust
Personal Line of Credit and
other loans improves the quality
of life.

Real Estate

In 1984, residential unit sales for the industry registered an increase of 6 percent, as prices remained relatively stable. Interest rates were the prime factor influencing volume. Early in the year, mortgage rates ranged between 10 and 12 percent. In July, they nudged upwards to peak at about 15 percent for five-year terms. However, rates began a steady descent in the fall and the outlook for the 1985 residential real estate market in Canada appears favourable. Despite the volatility registered in the marketplace, fees and commissions totalled \$159 million.

The major event of the year for Real Estate services was the merger agreement finalized in December with A.E. LePage Limited. The new company, Royal LePage Limited, includes Royal Trust's real estate brokerage business, A.E. LePage's commercial and residential real estate operations and its 80 percent interest in the U.S.-based Fuller Commercial Brokerage Company. The merger combines two powerful organizations, producing the largest and strongest real estate brokerage operation in the country and the second largest in North America.

Royal LePage will offer customers the advantage of a vast network of over 8,600 professional sales representatives and other employees working out of 321 offices across Canada and the U.S. and operating with \$350 million in gross revenues. The new national sales network will achieve the highest standards of customer service because of a broadened scope of services, enhanced geographical coverage of Canada, and increased economies of scale.

The Real Estate Computer Link system is currently operating in 41 offices throughout Ontario and has achieved widespread public enthusiasm. An invaluable client service, the system provides instant information within a given market on detailed current listings, past and present asking prices, actual selling prices, and mortgage options to facilitate the home-purchase decisions. Royal LePage will install an additional 60 terminals this year and continue to extend the system to other Canadian markets from coast-to-coast.

1985 represents a year of new opportunity and challenge for real estate services within the Royal Trust family.



It is tough buying a home. Royal Trust real estate sales representatives helped 33,000 families buy homes in 1984.

Are we inviting the real estate sales representative to our housewarming?



At Royal Trust, we know that a good Royal LePage sales representative can make all the difference.

Focusing on the Future: Personal Financial Services

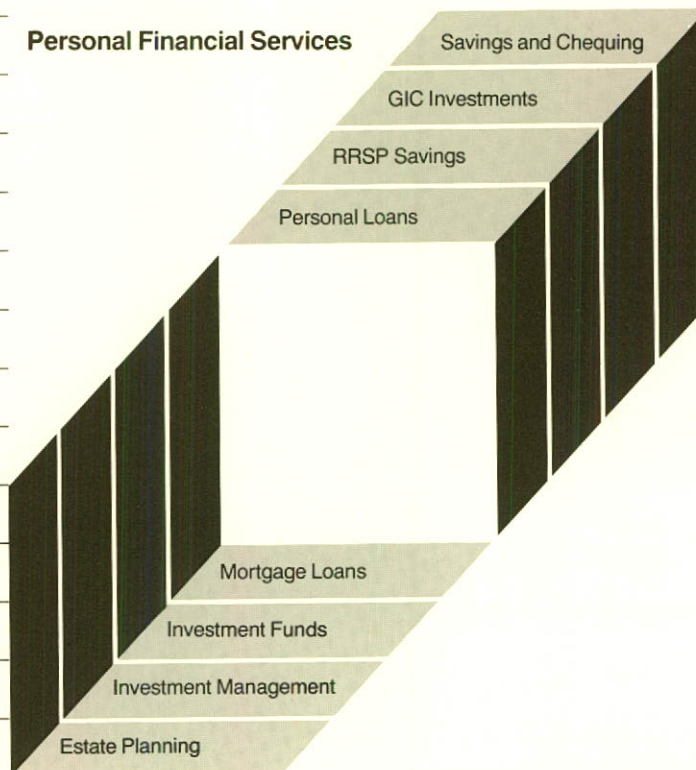
The foundation of our future growth and profitability lies in our skilled, professional staff, backed by innovative technology, providing a full range of life-time financial services to meet the varied needs of our customers in each market segment.

Financial Services future efforts will be characterized by two major thrusts: segmented marketing and convenience. We will continue to develop savings incentives for the young; all-purpose chequing and savings for the modern family; and guaranteed investments for the middle-aged and retired. We will ensure convenience by establishing more branches with hours to suit the client, and complementing our services by Automated Teller Machines and home-banking capabilities.

Trust and Advisory strategies will be based first and foremost on our trust responsibilities. We will improve products and services to meet the changing investment management needs of clients and retain our commitment to on-going professional training to ensure our officers provide the highest quality advice.

Through Royal LePage, we will offer the home buyer and seller a wider range of products and services to match their needs at critical times. We will improve sales efficiency through increased dedication to new technology.

Mortgage and loan services will expand the relationship established with the home buyer by offering related financial services. We will reduce the administrative cost of the mortgage by simplifying procedure and formality and utilizing automation support. We will continue to enhance mortgage flexibility to the consumer by facilitating early payment and permitting the equity built up in the home to meet consumer credit obligations.



Corporate Financial Services ...

understanding and meeting the requirements of our corporate clients

Vice-President
Client Services

Corporation

Manager

Vice-President, Function

Senior Vice-President

President

At Royal Trust we meet client needs with carefully designed products and services of the highest quality.

Corporate Trust Services

Transfer agent and registrar for shares
Trustee and registrar for bond and debenture issues
Disbursing agent for dividends and interest
Subscription and rights agent
Depository
Escrow agent
Dividend reinvestment and stock dividend services
Record keeping for mutual funds

Pension Trust Services

Trusteeship
Master trust services
Custodian services for pension assets
Administrative and investment management services for employee benefit plans:
Pension plans
Deferred profit sharing plans
Employee stock purchase plans
Employee savings plans
Group registered retirement savings plans
International investment management, global custody and reporting services for offshore investors
Depository and investment services for resident and non-resident insurance company assets
Endowment funds
Trusteeship and investment management services
Pooled investment trusts
Performance measurement services

Investment Management Services

Classified investment trusts:
Canadian equity
International equity
Fixed income
Energy
Real estate
Mortgages
Custom equity index funds
Bond immunization/dedication
Portfolio management for institutional and individual clients
Investment research services

Property Investment Services

Property acquisitions for pension and corporate clients
Property portfolio management
Real estate counselling
Property portfolio analysis

Royal Trust Energy Corporation

An extensive range of energy related advisory and management services are available through Royal Trust Energy Corporation including:
Technical and financial analysis of acquisitions
Management of oil and gas properties
Development and management of investment vehicles
Advisory services to the classified energy trust for pension funds

Corporate Lending

Corporate short term borrowing facilities
Corporate term loans
Corporate real estate financing
Corporate equipment lease financing
Corporate money market and term investments
Corporate money market and term deposits

Corporate Financial Services

Business chequing accounts
Financial agent for overseas employees

International Services

Short and medium term deposits in sterling and major world currencies
Savings accounts with cheque facilities
Foreign exchange arrangements
Collateral loans
Mortgage loans
Guarantees
Receiving bankers for share/bond issues

Corporate and Pension Trust

As Canada's leading provider of corporate and pension trust services, Royal Trust continues to make significant progress through a successful combination of professional, courteous people and state-of-the-art technology. Despite severe price competition and unsettled markets, 1984 was an outstanding year for major new appointments.

Despite reduced stock market activity and lower certificate handling in Corporate Trust, fee income increased through the acquisition of several major accounts, including the British Telecom appointment. These added more than \$1 million of new fee income. At the start of the year we successfully handled the largest rights issue ever by a major Canadian chartered bank. Corporate Trust services disbursed in excess of \$1.5 billion in interest and dividends on behalf of its debt trusteeship and transfer agency accounts during the year.

Similarly, in Pension Trust, significant new appointments throughout the year reflected the successful upgrading of our systems to a leadership position. This, together with the introduction of new products resulted in a number of major appointments which will generate approximately \$1 million per annum in new fees. In particular, our global custody assets, administered by our worldwide network of custodians, more than doubled, to \$400 million, in 1984. Total assets of the Classified Investment Trusts for pension funds reached \$1.2 billion, including over \$100 million in the Classified Energy Trust. R.T. Europac, offering pension funds investment opportunities in Europe and the Pacific Rim, grew by \$11 million.

Throughout 1984 we continued to commit substantial resources to the development of new computer systems for implementation in 1985 and 1986. This undertaking reflects our commitment to provide superior Corporate and Pension Trust services to corporations across Canada and abroad. Electronic funds transfer and global custodial facilities are examples of our attention to meeting the rapidly evolving needs of our clients. Increasing awareness by corporations of new approaches to benefit programs, arising out of the on-going discussion of pension reform, provides us with the opportunity to offer our enhanced recordkeeping capabilities.

Concurrently, we are continuing to upgrade existing products, including Global Custody, Pooled Fund Administration and Performance Measurement (Perf4). The latter is a comprehensive fund monitoring and reporting tool introduced in 1984 that has generated wide interest among investment managers and fund sponsors.

The client confidence already demonstrated through new appointments in 1984 will be enhanced during 1985 and beyond, particularly as a result of our major systems development.



In today's fast-paced economy, pension funds must have the most efficient management available. Royal Trust Pension Administrators managed over \$14 billion in assets in 1984, including those of Southam Press.

Who will help us take proper care of pension funds for our employees?



Royal Trust's pension administrators guard the retirement happiness of thousands of Canadians.

Corporate Investments

Corporate Investment Services faced a challenging year characterized by volatile markets. Traditionally, the year leading up to a U.S. Presidential election is one of buoyant capital markets. Last year proved to be an exception. The Canadian equity market declined over the year while bonds and mortgages generated high real rates of return.

Economic and capital market uncertainty prompted Royal Trust's decision to maintain a highly diversified asset mix on behalf of its clients' investment portfolios worth over \$4 billion. In addition to the traditional asset groups such as Canadian equities, bonds, and mortgages, we employed real estate, direct energy and international offshore equities to reduce volatility and enhance overall portfolio returns. As interest rates were peaking at mid-year, we substantially increased bond holdings in discretionary portfolios and achieved profitable returns for our clients.

In addition to higher levels of fixed income securities, including mortgages, further returns on discretionary portfolios were realized through investment in the Royal Trust Classified Energy and Real Estate Trusts. In balanced pension portfolios, where Royal Trust has discretion, the amount invested in these two trusts was increased to 15 percent of the total portfolio value. These increased weights were achieved largely through the reduction of our clients' Canadian equity exposure and cash reserves.

Meeting market demand, Corporate Investment Services established a custom-tailored Indexed Equity Fund and an Indexed Bond Fund. In addition, for corporate sponsors looking to bond immunization and dedication as a means of matching their own pension plan liabilities more closely, we developed an in-house immunization and bond dedication package.

Royal Trust's Property Investment Services provides real estate investment opportunities for pension fund clients. In 1984, property worth \$85 million was purchased, including a 50 percent interest in a prestigious mid-town Toronto office building and an interest in a portfolio of regional shopping centres in Edmonton, Calgary, and Red Deer, along with retail, commercial and industrial property in British Columbia and Saskatchewan.

Royal Trust Energy Corporation (RTEC) manages oil and gas properties in Western Canada on behalf of pension fund and other institutional clients. The asset base value reached \$185 million in 1984. This growth reflects vigorous activity spurred by new interest by pension and other institutional funds in direct energy investment. RTEC also negotiates energy-related secured loans on clients' behalf.



As corporate investment funds continue to increase dramatically, portfolio managers require expert counsel in worldwide markets. We handled a \$4½ billion portfolio in 1984, servicing such clients as IBM.

How can we ensure maximum returns on our substantial discretionary portfolio?



Royal Trust's Corporate Investment Services assess risk and return from all portfolio components.

Corporate Lending and Treasury

Corporate assets exclusive of commercial mortgages in the Guaranteed Account increased by approximately \$330 million during 1984. This increase is the result of expanded Corporate Lending activity, which produced the greatest share of the growth, together with increased leasing business and investments in corporate securities.

Our Corporate Lending business grew in the face of strong competition from other lenders and relatively weak demand from business borrowers. Our success is due to concentrating our expertise on real estate and energy related lending, and to the flexibility we have been able to demonstrate in tailoring our products to our customers' needs.

We have also continued to be successful in equipment leasing, with major transactions during 1984 completed with Potash Corporation of Saskatchewan, B.C. Transit and British Columbia Forest Products Limited.

Despite regulatory constraints which curb our opportunities for loan and investment relative to our major competitors, we expect continued growth, particularly if a more resilient economic climate leads to a stronger demand for capital.

We are also giving new emphasis to commercial mortgage lending. The client base for these services is being developed in conjunction with other corporate financial service areas within Royal Trust, and through opportunities arising from our relationship with other companies in the Trilon group.

Despite the expansion in corporate and personal financial assets, we have carefully controlled our funding exposure. This conservative position permitted spreads to be maintained at satisfactory levels throughout the year, with minimal deterioration when interest rates rose earlier in the year and some earnings enhancement during the last few months when rates fell.



Royal Trust, Canada's largest trust company, offers attractive alternatives in corporate lending to realize new growth potential.

Where will we find the necessary money to finance our multi-million dollar project?



TransCanada PipeLines and other Canadian and foreign companies have benefited from our corporate loans program.

International

Royal Trust, through its International Services division, is positioned to respond to increased foreign investor demands for Canadian investment vehicles. In association with specialist functions, Royal Trust provides its overseas clients with investment and related banking services; safe custodian facilities, Canadian real estate advice and offshore private banking.

We anticipate profitable growth in this area on the strength of our leadership in the Canadian financial services industry and diversity of product and service capability, available in Canada and the United Kingdom, as well as through our wholly-owned subsidiaries in Jersey (Channel Islands), the Isle of Man, and our Caribbean and European affiliates.

The overseas operations made a positive contribution to earnings in virtually all areas of business. Financial targets were exceeded despite intense competition in the British banking industry and a volatile financial climate.

Through prudent policy and conservative management, Royal Trust has remained immune to the widespread difficulties experienced within the international banking community from loan losses to developing nations and has managed to establish for itself an important niche in the European marketplace.

Profits after tax (before extraordinary items and prior year adjustments) for the European Region increased to £5.4 million, up 29 percent over 1983.

The London Bank achieved pretax profits of £5 million and an increase in total assets to £717 from £493 million. Its capital base was augmented substantially by new share capital of £8 million and subordinated debt of £9 million to meet the strong demand for loans and mortgages. Toward year-end, a small insurance broking company was acquired in the United Kingdom; a positive contribution is planned in 1985.

Jersey operations reflected continued growth. Banking assets increased by 18 percent to £264 million, of which the commercial loans and mortgages component grew by 51 percent over 1983. Earnings from the money market and foreign exchange operations continue to grow satisfactorily.

The Royal Trust Bank (Isle of Man) provides a wide range of banking services to both domestic and international clients. In 1984, profit after tax rose significantly, in spite of demanding trading conditions. Client demand is growing in this area, and we are optimistic that our momentum will continue.



The Heron Group and other major corporations in various industries overseas select Royal Trust to establish lines of credit.

Royal Trust a British bank, you
say?



Royal Trust has a solid reputation
in England for providing financial
services including mortgages
and loans.

Focusing on the Future: Corporate Financial Services

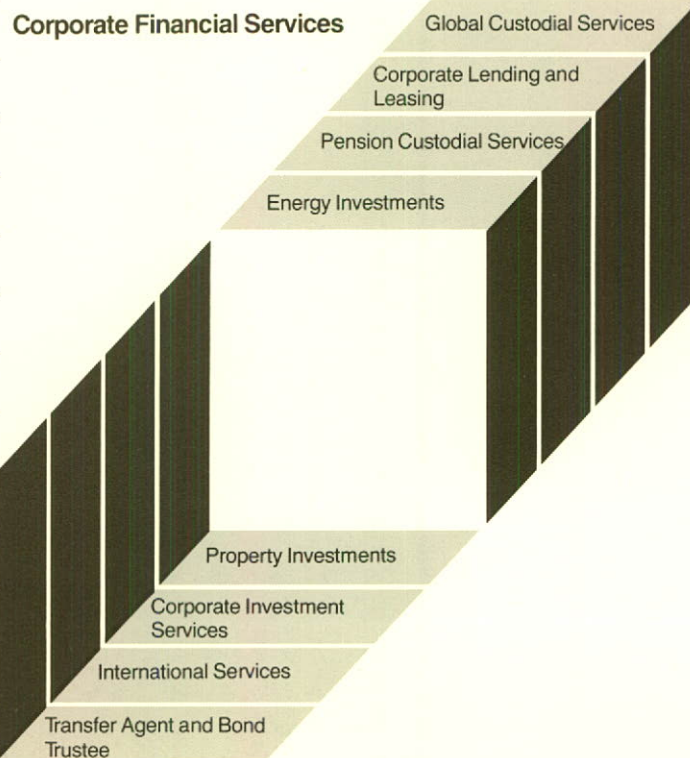
Looking to the second half of this decade, we plan for substantial growth. We recognize that the strong portfolio of services we currently provide to Canadian corporations and organizations can be enhanced, increased and diversified. Underlying this recognition is the role that technology will play in driving and shaping future services and service levels.

Extensive product and systems development will be carried out in meeting changing client needs. We intend to work with our clients in identifying and meeting those requirements that are evident through client discussions.

We have identified a number of factors which will have an impact on our future client services:

- aggressive expansion of corporate lending, leasing and commercial mortgage financing
- major expansion in international investments and global custodial services
- increasing electronic transfer of both funds and securities communications to clients
- demand for additional specialized investment vehicles such as those administered by Royal Trust Energy Corporation and our Corporate and Property Investment Services
- greater need for flexible, sophisticated recordkeeping flowing from an ever increasing volume of pension and other retirement assets.

As the demand from corporations for total financial services increases, we will be strongly positioned to provide expert counsel and a comprehensive range of services. By doing so, we will become the premier provider of financial services to organizations operating in Canada.



Management's Responsibility for Financial Reporting

All information and the consolidated financial statements in the Annual Report of Royal Trustco Limited are the responsibility of management and have been approved by the Directors. Financial information presented throughout this Report is consistent with the data presented in the financial statements which are prepared in accordance with accounting principles generally accepted in Canada.

The Board of Directors carries out its responsibilities for the financial statements primarily through its Audit Committee which comprises seven Directors of whom the majority are not associated with major shareholders and none are members of management. The Audit Committee meets regularly with management, internal auditors and the independent auditor all of whom have full and free access to the Committee.

The independent auditor is responsible for auditing the financial statements and giving an opinion thereon.

Financial Information	
Contents	
Share trading	30
Five year review	31
1984 financial review	32
Balance Sheet	36
Income Statement	37
Retained Income	38
Source and Use of Funds	38
Notes to financial statements	39
Auditors' Report	44

Share trading

Common	RYL - A	1984	1983	1982	1981	1980
	RYL - B					
Number of shareholders as at December 31		6,497	6,512	7,009	7,420	6,652
Average number of shares outstanding		38,450,000	35,028,000	34,798,000	34,176,000	32,684,000
Number of shares traded		8,058,000	7,978,000	1,266,000	6,826,000	25,358,000
Price range - high		\$18¹/₂	\$14 ³ / ₄	\$10 ¹ / ₄	\$11 ¹ / ₄	\$10 ⁷ / ₈
- low		\$11⁷/₈	\$ 9 ¹ / ₂	\$ 5 ⁷ / ₈	\$ 6 ⁷ / ₈	\$ 6
- close		\$18	\$14 ³ / ₄	\$ 9 ⁷ / ₈	\$ 7 ³ / ₈	\$ 9 ³ / ₈
Net income per common share		\$1.67	\$1.48	\$0.98	\$0.91	\$0.95
Dividends per common share		\$0.70	\$0.60 ¹ / ₂	\$0.56	\$0.56	\$0.48 ¹ / ₂

Note 1: Numbers of shares and per share figures are restated where appropriate to reflect the one for one stock dividend paid in December 1984.

Note 2: "V-Day" valuation price of common shares for Canadian capital gains tax purposes established as at December 22, 1971 is \$7.03.

Note 3: Under Ontario Securities Commission Policy 1.3, common shares of Royal Trustco Limited referred to in this Report are Restricted Voting Shares.

Cumulative Redeemable Convertible Preferred	Series A & B	1984	1983	1982	1981	1980
	RYL Pfd C RYL Pfd D					
Number of shareholders as at December 31		544	927	1,149	1,204	1,413
Average number of shares outstanding		994,000	1,860,000	1,914,000	1,932,000	2,096,000
Number of shares traded		159,000	184,000	152,000	346,000	1,498,000
Price range - high		\$52	\$41 ¹ / ₂	\$29	\$31 ³ / ₈	\$31 ¹ / ₄
- low		\$33	\$26 ³ / ₄	\$16 ³ / ₄	\$19 ³ / ₄	\$25 ³ / ₄
- close		\$52	\$40 ¹ / ₄	\$27 ⁷ / ₈	\$20 ³ / ₈	\$26 ¹ / ₄
Number of shares converted to common		1,632,472	99,198	8,520	36,061	445,519

Cumulative Redeemable Preferred	Series C	1983	1982	Series D	1983	1982
	RYL Pfd E			RYL Pfd U		
Number of shareholders as at December 31		1,794	1,814	983	982	881
Average number of shares outstanding		1,000,000	1,000,000	800,000	800,000	800,000
Number of shares traded		138,000	229,000	184,000	216,000	75,000
Price range - high		\$31¹/₄	\$31 ¹ / ₂	U.S. \$30	U.S. \$30 ¹ / ₄	U.S. \$29
- low		\$27¹/₄	\$26	U.S. \$26¹/₄	U.S. \$26	U.S. \$25 ³ / ₈
- close		\$28¹/₂	\$30	U.S. \$28¹/₂	U.S. \$28 ³ / ₄	U.S. \$25 ⁵ / ₈

Floating Rate Cumulative Redeemable Retractable Preferred Shares	Series F
	RYL Pfd F
	1984
Number of shareholders as at December 31	105
Average number of shares outstanding	150,000

Five Year Review

At December 31

Royal Trustco Limited

(\$ millions)	1984	1983	1982	1981	1980
Assets					
Cash and short term deposits	2,070	2,107	1,994	1,363	1,234
Securities	1,621	1,016	977	1,105	811
Mortgage loans	5,641	5,170	4,757	5,088	4,931
Other loans and investments	1,637	1,174	1,007	952	769
Premises and equipment	58	18	17	19	20
Other assets	130	149	148	91	91
	<u>11,157</u>	<u>9,634</u>	<u>8,900</u>	<u>8,618</u>	<u>7,856</u>
Liabilities					
Demand deposits	1,735	1,672	1,685	1,454	1,305
Term deposits and borrowings	8,398	7,376	6,693	6,716	6,125
Other liabilities	160	76	43	35	24
Deferred income taxes	66	73	72	69	77
Minority interest	21	5	6	6	6
	<u>10,380</u>	<u>9,202</u>	<u>8,499</u>	<u>8,280</u>	<u>7,537</u>
Shareholders' Equity	<u>777</u>	<u>432</u>	<u>401</u>	<u>338</u>	<u>319</u>
	<u>11,157</u>	<u>9,634</u>	<u>8,900</u>	<u>8,618</u>	<u>7,856</u>
Year ended December 31					
Income					
Financial services	1,204	1,065	1,159	1,107	840
- taxable equivalent adjustment*	69	38	34	32	18
	<u>1,273</u>	<u>1,103</u>	<u>1,193</u>	<u>1,139</u>	<u>858</u>
Fees and commissions:					
Trust services	103	95	90	92	77
Real estate sales and services	160	157	129	167	151
	<u>263</u>	<u>252</u>	<u>219</u>	<u>259</u>	<u>228</u>
Total income	<u>1,536</u>	<u>1,355</u>	<u>1,412</u>	<u>1,398</u>	<u>1,086</u>
Expense					
Interest paid	987	866	1,011	1,013	737
Salaries and benefits	130	118	110	104	93
Other operating expense	134	135	116	105	92
Real estate commissions	102	101	84	111	99
Provision for loan losses	16	18	12	2	2
Total expense	<u>1,369</u>	<u>1,238</u>	<u>1,333</u>	<u>1,335</u>	<u>1,023</u>
Income before income taxes	167	117	79	63	63
Income taxes*	83	56	39	27	31
Net income before non-recurring items	84	61	40	36	32
Non-recurring items	1	4	4	3	5
Net income	<u>85</u>	<u>65</u>	<u>44</u>	<u>39</u>	<u>37</u>
Net income to common shareholders	<u>64</u>	<u>52</u>	<u>34</u>	<u>31</u>	<u>31</u>
Earnings per share					
- basic	1.67	1.48	0.98	0.91	0.95
- fully diluted	1.60	1.37	0.94	0.87	0.94

*Certain investment income is received by the Company net of income tax with the proportion varying from year to year. The gross up of this income to a taxable equivalent basis permits a uniform measurement and comparison of net income.

Financial Review

Financial Objectives

Three principal financial objectives were established in 1983. Royal Trust's performance against them is described below:

- To achieve a sustainable return of 15 to 20 per cent on common shareholders' equity.
In 1984 the return on common shareholders' equity on a fully diluted basis improved to 18.7% from 17.6%
- To achieve a 15 per cent annual growth rate in after tax net income per common share over time.
In 1984 net income after tax per common share on a fully diluted basis increased 17%.
- To emphasize stable earnings growth and maintain risk levels which are compatible with a high credit rating.
The improvement in our credit rating in 1984, attributable to our strong Balance Sheet and level of profitability, provides evidence that we are achieving this goal.

Financial Policies

Important financial policies were established in 1983. Major actions taken in terms of these policies are described below:

- We value our common equity base and will avoid its unnecessary dilution. We will use our common equity base to support the issuance of preferred shares to support future growth.
In 1984 we issued \$150 million perpetual preferred shares yielding 7⁰/₈% of prime, and \$150 million short term preferred shares yielding 63% of prime. In addition, 2,972,972 five year warrants to purchase common shares at \$18.50 were issued in connection with the merger of our real estate brokerage operations with those of A.E. LePage Limited.
- We will maintain conservative debt leverage ratios.
In addition to the increases in preferred share equity, we issued \$150 million 99 year debt yielding prime minus 7⁷/₈%, and £30 million 5 year debt yielding 12³/₄%. These were placed without adverse effect on our conservative debt leverage ratio which is about 15 versus the allowed 25 times multiple in Canada.
- We support a stable, consistent dividend policy and will increase dividends over time as earnings increase.
The quarterly dividend paid on common shares was raised to 18³/₄ cents from 16¹/₄ cents in the third quarter of 1984, an increase

of 15.4%. These rates are after giving effect to the one for one stock dividend paid in December 1984. This improved the liquidity and marketability of the common shares.

- We will invest both client and corporate funds in high quality investments within parameters approved by the Investment Committee of the Board of Directors.
This policy was adhered to in 1984.
- We will endeavour to match fixed rate term assets with similar term fixed rate liabilities. Unmatched positions will be managed within strict parameters approved by the Board of Directors.
Our unmatched position changed from a \$158 million excess of interest sensitive assets at December 31, 1983, to a \$311 million excess of interest sensitive liabilities at December 31, 1984.
- We will grow by internal growth and by the acquisition of companies in the financial services and complementary industries in Canada and abroad which meet strict investment criteria.
Our internal growth in 1984 has been in accordance with our objectives. The merger of our residential real estate operations with A.E. LePage, and the acquisition of a small insurance broking company by The Royal Trust Company of Canada in London, England, both constitute excellent growth investments in complementary industries.
- We will endeavour to match foreign currency positions and will manage investments with foreign exchange exposures within narrow limits.
The £30 million Euro sterling issue in July 1984, kept the net investment in the U.K. operations fully hedged and protected Royal Trust from loss on the decline in sterling against the Canadian dollar in the last half of 1984.
- We will constantly review expense items to ensure their continued relevance and necessity to achieve the Company's objectives, and that full value is received.
Operating expenses other than salaries declined from \$135 million to \$134 million in 1984. Non-interest expenses in total increased less than 3% in 1984.

Financial Position

Total assets increased \$1.5 billion or 16% to a total of \$11.2 billion. This growth was evenly distributed among holdings of mortgages, other loans and investments, and securities.

The growth in Canada was funded primarily by demand and term deposits together with \$502 million in public and private issues of preferred shares and debt.

The debt issues comprised £30 million of five year 12¼% debentures and \$150 million of 99 year floating rate redeemable debentures. The sterling issue was floated in the public European bond market where the Royal Trust name is well respected. The Canadian dollar issue was a private placement in Canada. The proceeds have been reinvested in similar term investments at positive spreads.

Two \$150 million issues of floating rate preferred shares were successfully completed in Canada. The June private placement of perpetual preferred shares replaced, in advance of 1988 and 1990 maturities, \$110 million of existing term preferred shares. The December public issue of short term preferred shares was done to assist with the development of short term after-tax financing in Canada and not to raise permanent capital. The proceeds have been reinvested in similar term investments at positive spreads.

Royal Trust availed itself of the prompt offering facilities permitted by securities commissions in Canada on the 99 year debenture and short-term preferred share issues. These facilities are

available to permit well established companies meeting strict quality criteria to move quickly in the financial market place as opportunities arise.

The strong growth in the corporate and consumer loan portfolios reported in 1983 continued to accelerate in 1984. Strong leadership in new product and in rate setting contributed to excellent growth in the mortgage portfolio despite considerable competitive pressures.

Canadian and world public equity and debt markets, although fluctuating during the year, ended 1984 at levels close to those at the start of the year. The Company's holdings of securities increased substantially and their market value exceeded book value by \$36 million at December 31, 1984, compared to \$31 million a year earlier. The investment mix is managed closely and opportunities have been taken during the year to take profits on fully and over valued situations and to realize losses when the recovery potential was low.

The Balance Sheet continues to strengthen with good liquidity, with cash and short term deposits representing 19% of total assets. Fifty-eight percent of assets mature within two years. Details of our liquidity are shown in the following table:

Maturity of assets

(\$ millions)	December 31			1984	1983
	Cash and Securities	Mortgages & other loans	Other Assets	Total	Total
Within 2 years	2,213	4,200	106	6,519	6,225
2 to 5 years	418	2,256	—	2,674	2,153
Beyond 5 years and no term	1,060	822	82	1,964	1,256
	<u>3,691</u>	<u>7,278</u>	<u>188</u>	<u>11,157</u>	<u>9,634</u>

Term of liabilities and shareholders' equity

(\$ millions)	December 31			1984	1983
	Demand Deposits	Term Borrowings	Other Liabilities & Equity	Total	Total
Within 2 years	1,735	5,900	144	7,779	6,956
2 to 5 years	—	2,175	—	2,175	1,971
Beyond 5 years and no term	—	323	880	1,203	707
	<u>1,735</u>	<u>8,398</u>	<u>1,024</u>	<u>11,157</u>	<u>9,634</u>

Operating Results

Net income for the year was \$85 million in 1984 compared to \$65 million in 1983. Earnings per common share were \$1.67 in 1984 compared to \$1.48 in the previous year. On a fully diluted basis, earnings per share were \$1.60 in 1984 and \$1.37 in 1983, an increase of 17%. These per share figures are restated where appropriate to reflect the one for one stock dividend paid in December 1984.

The substantial increase in net income has resulted from several factors:

Financial Services net income before taxes increased to \$83 million from \$58 million in 1983

as a result of mortgage, corporate and consumer loan and security growth at attractive, positive spreads. The surplus of fixed rate term assets funded through much of 1983 with floating rate liabilities at attractive spreads was minimal through most of 1984. Careful matching throughout 1984 permitted the maintenance of satisfactory spreads throughout the year, with an increase in spreads in the latter months of 1984.

The following table of average rates of return and cost of funds (adjusted to a taxable equivalent basis) shows the overall changes in investment margin over the most recent three years:

Investment yields

	1984	1983	1982
Cash and short term deposits	11.97%	10.74%	17.59%
Securities	13.52	13.41	16.10
Mortgage loans	12.07	12.65	12.35
Other loans and investments	10.35	10.33	16.24
Total investment yield	12.24	11.90	14.30
Deposit and borrowing costs	10.14	9.86	12.42
Investment margin	2.10%	2.04%	1.88%

Asset growth was \$1.5 billion in 1984 after adjusting the 1983 balance to exclude the assets related to the disposal of banking operations in Florida. This represents a growth rate of 16% which has been attained in a highly competitive environment.

Loan losses continued at a high level with the 1984 provision of \$16 million moderately lower than the \$18 million recorded in 1983. Provisions continue to be made for all known contingencies. The number of defaulting loans has decreased generally throughout the year although defaults in Alberta continue at a high rate.

The profitability of the real estate brokerage operations declined in 1984 as sales revenue did not cover increases in various expenses. Advertising expense in particular was increased substantially in 1984 to maintain market share in a very competitive environment.

Trust service fees increased 6% in 1984 which was insufficient to offset the continued significant outlays on the development of major computer systems.

Expenses continue to be tightly controlled and administrative activities scrutinized closely to include only the minimum necessary for the provision of efficient service to clients.

Interest Rate Sensitivity

On December 31, 1984, the excess of interest sensitive liabilities amounted to \$311 million compared to \$158 million of excess of interest sensitive assets at December 31, 1983. The change from net interest sensitive assets to liabilities was managed and reflected our expectation that interest rates would decline in late 1984 and early 1985.

Royal Trust's investments, deposits and borrowings and non-convertible preferred

shares are grouped by interest rate sensitivity as follows:

(\$ millions)

As at December 31, 1984

	Floating Rate	Fixed Rate Under 1 year	Total Under 1 year	Fixed Rate Over 1 year	Total
Investments					
Cash and marketable securities	323	2,276	2,599	982	3,581
Other loans and investments	1,073	2,851	3,924	3,313	7,237
Accrued dividends and interest	—	151	151	—	151
	<u>1,396</u>	<u>5,278</u>	<u>6,674</u>	<u>4,295</u>	<u>10,969</u>
Deposits and Borrowings					
Demand deposits	1,617	83	1,700	—	1,700
Term borrowings	344	4,369	4,713	3,448	8,161
Accrued interest	—	272	272	—	272
	<u>1,961</u>	<u>4,724</u>	<u>6,685</u>	<u>3,448</u>	<u>10,133</u>
Non-convertible preferred shares	300	—	300	110	410
	<u>2,261</u>	<u>4,724</u>	<u>6,985</u>	<u>3,558</u>	<u>10,543</u>

(\$ millions)

As at December 31, 1983

	Floating Rate	Fixed Rate Under 1 year	Total Under 1 year	Fixed Rate Over 1 year	Total
Investments					
Cash and marketable securities	217	2,338	2,555	553	3,108
Other loans and investments	809	2,660	3,469	2,784	6,253
Accrued dividends and interest	—	105	105	—	105
	<u>1,026</u>	<u>5,103</u>	<u>6,129</u>	<u>3,337</u>	<u>9,466</u>
Deposits and Borrowings					
Demand deposits	1,473	176	1,649	—	1,649
Term borrowings	253	3,859	4,112	3,077	7,189
Accrued interest	—	210	210	—	210
	<u>1,726</u>	<u>4,245</u>	<u>5,971</u>	<u>3,077</u>	<u>9,048</u>
Non-convertible preferred shares	—	—	—	109	109
	<u>1,726</u>	<u>4,245</u>	<u>5,971</u>	<u>3,186</u>	<u>9,157</u>

Sale of Florida Operations

The sale of the banking operations in Florida was completed in February 1984, resulting in cash proceeds of \$139 million and a gain of \$19 million, net of taxes of \$7 million. These proceeds were invested in high quality liquid investments at yields in excess of those earned on the Florida investment.

Merger with A.E. LePage

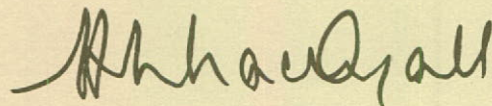
Royal Trust completed the merger of its real estate brokerage business with the commercial and residential real estate brokerage and fee business of A.E. LePage Limited on December 21, 1984. Royal Trust owns 50.5% of the combined operations which have been consolidated in these financial statements.

Consolidated Balance Sheet

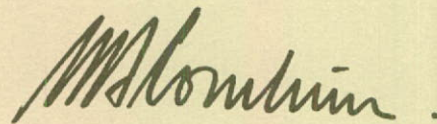
as at December 31,

	(\$ millions)	note ref.	1984	1983
Royal Trustco Limited				
	Assets	10		
	Cash and short term deposits		2,070	2,107
	Securities	11	1,621	1,016
	Mortgage loans		5,641	5,170
	Other loans and investments		1,637	1,174
	Premises and equipment		58	18
	Other assets		130	149
			11,157	9,634
	Liabilities			
	Demand deposits		1,735	1,672
	Term deposits and borrowings		8,398	7,376
	Other liabilities		160	76
	Deferred income taxes		66	73
	Minority interest	9	21	5
			10,380	9,202
	Shareholders' Equity			
	Capital stock	6	585	272
	Retained income		192	160
			777	432
			11,157	9,634

Approved by the Board:



Hartland M. MacDougall, C.M.
Director



Michael A. Cornelissen
Director

Consolidated Statement of Income

for the year ended December 31,

(\$ millions)	note ref.	1984	1983
Revenue	10		
Investment income	11	1,204	1,065
Fees and commissions:			
Trust services		103	95
Real estate sales and services		160	157
		263	252
Total revenue		1,467	1,317
Expense			
Interest		987	866
Salaries and benefits		130	118
Other operating expense		134	135
Real estate commissions		102	101
Provision for loan losses		16	18
Total expense		1,369	1,238
Income before income taxes and non-recurring items		98	79
Income taxes	12	14	18
Income before non-recurring items		84	61
Non-recurring items net of income taxes	10	1	4
Net income		85	65
Earnings per share – basic	7	1.67	1.48
– fully diluted	7	1.60	1.37

Consolidated Statement of Retained Income

for the year ended December 31,

Royal Trustco Limited

(\$ millions)	note ref.	1984	1983
Net income		85	65
Dividends:			
– Preferred		21	13
– Common		30	23
Preferred share issue expenses		1	—
Deferred foreign exchange	3	1	—
		32	29
Retained income at beginning of year		160	131
Retained income at end of year		192	160

Consolidated Statement of Source and Use of Funds

for the year ended December 31,

(\$ millions)	note ref.	1984	1983
Source of funds	10		
Net income		85	65
Add non cash items		27	40
		112	105
Proceeds from sale of Florida banking operations		139	—
Preferred shares		299	—
Deposits and borrowings		1,065	670
Cash and short term deposits		7	(113)
		1,622	662
Use of funds			
Securities		605	46
Mortgage loans		477	421
Other loans and investments		451	170
Investment in Royal LePage	9	5	—
Cash dividends		44	34
Other		40	(9)
		1,622	662

Notes to the Consolidated Financial Statements

1. Corporate organization

Royal Trustco Limited, incorporated under the Canada Business Corporations Act, is the parent of the Royal Trust group of companies, which includes the following subsidiaries:

Canada:

Royal Trust Corporation of Canada
The Royal Trust Company
The Royal Trust Company Mortgage Corporation
Royal LePage Limited

Overseas:

The Royal Trust Company of Canada (U.K.)
Royal Trust Bank (Jersey) Limited
The Royal Trust Company of Canada (C.I.) Ltd. (Jersey)
Royal Trust Bank (Isle of Man)

2. Accounting policies

(a) Principles of consolidation

All subsidiary companies are included in the consolidated financial statements.

(b) Translation of foreign currencies

Assets and liabilities of foreign operations, all of which are operationally self-sustaining, are translated into Canadian dollars at the rate of exchange prevailing at year end. Revenue and expense are translated at average monthly rates. Gains or losses resulting from translation are deferred and included in Shareholders' Equity until realized (refer note 3(a)).

Foreign currency borrowings constitute a hedge against the net investment in foreign operations and are also translated at the year end rate.

(c) Depreciation policies

Premises and equipment, including leasehold improvements, and real estate investments are recorded at cost and depreciated over their estimated useful lives, as follows:

On the straight-line method:

Premises and real estate investments – up to 75 years.

Leasehold improvements – over 5 years.

On the declining balance method:

Equipment and other assets – over approximately 10 years.

(d) Recognition of revenue and expenses

Estate administration fees and commissions are taken into income when collected. Real Estate commission revenues are recognized at the time a firm agreement of purchase and sale or lease is signed (refer note 3(b)). Other fees are accrued as work is completed. Income from dividends and interest is accrued on a daily basis except dividends on common shares which are accrued when declared.

(e) Mortgages and other loans

Mortgages and other loans are recorded at cost including applicable accrued interest, less provision for losses.

(f) Securities

Securities are recorded at cost or amortized cost including applicable accrued interest and dividends.

With the exception of certain government securities, gains and losses on securities are recorded only upon sale of such securities. When there is a permanent decline in value a provision to cover estimated losses is recorded. Gains and losses on government securities with a maturity date at the time of purchase of less than one year are amortized to maturity to avoid income distortions. All such gains and losses are included in investment income.

(g) Leasing transactions

The Company's leasing operations consist principally of the leasing of aircraft, railway locomotives and rolling stock, manufacturing and mining equipment and ships. The leases expire over a period of 6 to 20 years. The equipment leasing transactions are recorded as loans receivable and are included in other loans and investments. Rental payments are treated as blended payments of principal and interest to amortize such loans over the period of the lease.

Any gains resulting from the residual values of leased assets are reflected in income when realized.

(h) Trust funds

Trust assets under administration are maintained separately from the Company's assets and are excluded from the Consolidated Balance Sheet.

3. Changes in accounting principles

(a) In 1984 the Company changed its method of accounting for translation of foreign currencies to that described in note 2(b) to comply with the principles recently recommended by the Canadian Institute of Chartered Accountants. In prior years, operating results of foreign operations were translated at year end rates and all exchange gains and losses were included in income. This change has been applied prospectively from January 1, 1984.

(b) As a consequence of the merger of the Company's real estate operations with those of A.E. LePage Limited referred to in note 9, the Company changed its method of accounting for real estate commission revenues and related expenses from the cash to the accrual basis. The change to the accrual basis has been applied prospectively from January 1, 1984. The change in 1984 increased real estate sales and services revenue by \$10 million and net income by \$1.4 million which was offset by a provision for costs associated with the merger.

4. Segmented information

The directors of the Company have determined that the major classes of business comprise personal and corporate financial, trust and real estate activities.

Financial activities include deposit and borrowing operations with related investment and lending activities. Fees and commissions from related services are also included.

Trust activities include estate, personal, pension and corporate fiduciary services, including custodial, trustee and management capacities.

Real estate activities include the selling of residential and commercial real estate together with property management, appraisal and real estate investment services.

(\$ millions)	1984		1983	
	Revenue	Income before taxes	Revenue	Income before taxes
Activities				
Financial	1,204	83	1,065	58
Trust	103	14	95	15
Real estate	160	1	157	6
	<u>1,467</u>	<u>98</u>	<u>1,317</u>	<u>79</u>
Geographical distribution:				
Canada	1,310	84	1,186	68
Europe and elsewhere	157	14	131	11
	<u>1,467</u>	<u>98</u>	<u>1,317</u>	<u>79</u>

Note: National office and administration expenses have been fully allocated.

	Assets employed	Assets employed
Geographical distribution:		
Canada	9,687	8,363
Europe and elsewhere	1,470	1,271
	<u>11,157</u>	<u>9,634</u>

5. Commitments and contingencies

(a) Outstanding commitments as at December 31, 1984 for future advances to be secured by mortgage loans were \$211 million of which \$15 million is on behalf of trust clients whose accounts are administered by the Company.

(b) Operating lease obligations are \$112 million of which \$88 million is due within 5 years.

(c) The Company manages a number of unit funds. Under the terms of one of these funds, the Company has guaranteed the sale of specific assets under certain circumstances at a price not less than 95% of their value. Assets subject to this guarantee were valued at \$449 million at December 31, 1984.

6. Capital stock

	note ref.	Number	Authorized \$ millions	Number	Issued \$ millions
Class A & B Common					
- shares	(a)	unlimited	unlimited	40,771,112	171
- warrants	(b)	2,972,972	—	2,972,972	—
Senior preferred	(c)	890,429	89	590,429	59
Preferred					
- Series A	(d)	2,400,000	60	174,878	4
- Series B				3,352	—
- Series C	(e)	1,000,000	25	1,000,000	25
- Series D	(e)	800,000	US 20	800,000	26
- Series E	(f)	150,000	100	150,000	150
- Series F	(g)	150,000	100	150,000	150
Balance December 31, 1984					585

(a) Class A and Class B common shares are interconvertible at the holder's option. Each class has identical rights, privileges and conditions except that dividends on Class B common shares are stock dividends of Class B common shares in amounts substantially equivalent in value to cash dividends on Class A shares. During 1984, 71,098 Class B common shares were issued as stock dividends on Series B preferred shares and Class B common shares for a value of \$970,000.

On December 20, 1984 a stock dividend of one additional Class A or Class B common share for each Class A or Class B common share was paid to shareholders of record November 29, 1984. This action doubled the number of

common shares then outstanding without change to the stated capital account. All references herein to numbers of shares outstanding give retroactive effect to this stock dividend.

On December 13, 1983 a total of 1,700,000 Class A common shares were reserved for issue to management under share purchase and option plans. Options to acquire 1,102,500 shares under these plans have been issued at prices of \$10.91 to \$13.78 per share. In 1984, 844,800 shares were issued for a value of \$11 million and options to acquire 257,700 shares, which expire March 8, 1989, were outstanding at December 31, 1984.

The statutory common share stated capital account is \$241 million.

The Articles of the Company provide that the number of common shares that may be voted by any one registered shareholder and persons associated with such shareholder at any meeting of shareholders is limited to 10% of the outstanding common shares. The common shares are Restricted Voting Shares within the meaning of Ontario Securities Commission Policy 1.3.

Common shareholders will consider removal of this voting restriction at the Annual and Special Meeting of Shareholders on March 7, 1985.

(b) On December 21, 1984 warrants were issued to purchase 2,972,972 Class A common shares of the Company as described in note 9. The warrants are transferrable and until expiry on December 21, 1989, permit the holders to purchase one Class A common share by tendering one warrant and \$18.50 cash.

(c) \$8 no par value Senior preferred shares are cumulative and redeemable at \$100 on August 1, 1990.

(d) Series A and Series B \$25 par value \$1.875 cumulative redeemable convertible preferred shares are interchangeable except in the case of non-resident shareholders and are convertible into Class A and Class B common shares, respectively, at 2.85 common shares for each preferred share. In 1984, 1,632,472 preferred shares were converted into 4,652,464 common shares.

Series A and Series B preferred shares have identical rights, privileges and conditions except that dividends paid on Series B preferred shares are stock dividends substantially equivalent in value to cash dividends on Series A shares.

Except under certain circumstances, the shares are not redeemable prior to August 14, 1985 at which time the redemption price of each share will be \$26.25. The redemption price reduces by \$0.25 annually until August 14, 1990 when the price will be \$25.

(e) Series C \$25 par value \$2.9375 and Series D U.S. \$25 par value U.S. \$2.6875 cumulative redeemable preferred shares are retractable on January 3, 1989 at par. The shares are redeemable after January 3, 1988 at \$26 per share reducing by \$0.20 annually until January 4, 1993 when the redemption price will be \$25. These amounts are in Canadian dollars and U.S. dollars for the Series C and Series D preferred shares, respectively.

The Company is required to make reasonable efforts to purchase for cancellation 2% per annum of the originally issued Series C and Series D preferred shares at a price not exceeding the issue price up to and including 1988 and thereafter 4% per annum of the shares outstanding at the close of business January 4, 1989. This obligation is non-cumulative. No purchases were made in 1984. Currently, Series D shareholders may elect to receive dividends in the Canadian dollar equivalent.

(f) Series E \$100 par value floating rate cumulative redeemable preferred shares were issued June 14, 1984 and are redeemable at the option of the Company after August 14, 1989 at \$104 per share reducing by \$1.00 annually until August 15, 1993 when the redemption price will be \$100. Dividends are payable quarterly at an annual rate equal to 70% of the average bank prime rate for the previous quarter.

(g) Series F \$100 par value floating rate cumulative, redeemable, retractable preferred shares were issued December 10, 1984 and are redeemable and retractable at the option of the holder on July 1, 1986 and quarterly thereafter at par. Dividends are payable monthly at an annual rate equal to 63% of the average bank prime rate for the previous month.

7. Net income per common share

(thousands)	1984	1983
Basic weighted monthly average number of shares outstanding	38,450	35,028
Additional shares issuable on:		
– Conversion of preferred shares	2,630	5,306
– Exercise of options and warrants	343	—
Fully diluted Class A and Class B common shares	41,423	40,334

Basic and fully diluted net income is calculated as follows:
(\$ millions)

	1984	1983
Net income	85	65
Dividends on non-convertible preferred shares	19	10
Fully diluted net income	66	55
Dividends on Series A and B convertible preferred shares	2	3
Basic net income	64	52

For purposes of calculating fully diluted income per common share, net income has been increased by imputed income net of income taxes, on cash which would have been received on the exercise of options and warrants. Imputed in-

come applicable to 1984 is \$462,000 (nil for 1983), and is calculated on the proceeds from the exercise of options and warrants at the average yield earned on investments during the year, less provision for applicable income taxes.

8. Related party transactions

Transactions with related parties are on terms that are equivalent to those with unrelated par-

ties. The effect on net income and financial position of these transactions is not significant.

9. Real Estate operations merger

On December 21, 1984, the Company and A.E. LePage Limited merged their real estate brokerage operations under the name Royal LePage Limited. The Company acquired 50.5% of the combined operations in exchange for its real estate brokerage assets of \$9 million, \$5 million cash and 2,972,972 warrants to purchase Class A common shares of the Company. No value was ascribed to these warrants.

This transaction was recorded on the purchase basis of accounting as follows:

(\$ millions)	
Assets	143
Liabilities	111
Net tangible assets	32
Minority interest	(16)
Purchase difference applied on consolidation	(2)
Total consideration	14

10. Non-recurring items and comparative figures

(a) On February 29, 1984 the Company sold its Florida banking operations for cash proceeds of \$139 million. The net gain of \$19 million from the sale, after deferred income taxes of \$7 million, and net income of the discontinued operations are included in the Consolidated Statement of Income in non-recurring items. The 1983 comparative figures have been restated to include the net assets in the Consolidated Balance Sheet in other assets and to include net income

of \$4 million for that year in the Consolidated Statement of Income in non-recurring items.

In 1984 non-recurring items includes the write off of all remaining goodwill, \$10 million, and a provision of \$8 million for diminution in value of investments.

(b) Certain other comparative figures for 1983 have been reclassified to conform to the presentation of the current year.

11. Other information

(a) Depreciation of real estate investments, premises and equipment and amortization of leasehold improvements charged to operations amounted to \$7 million in 1984 (\$6 million in 1983).

(b) Income taxes provided on income not currently payable and credited to deferred income taxes amount to \$6 million in 1984 and \$4 million in 1983.

(c) Debt obligations of other parties assumed by the Company in connection with equipment leases amounted to \$62 million as at December 31, 1984 (\$67 million in 1983) and are included in term deposits and borrowings.

(d) The excess of market value over cost of securities at December 31, 1984 was \$36 million (1983: \$31 million).

12. Income taxes

	1984	1983
	%	%
Income before income taxes	100.0	100.0
Statutory federal and provincial tax rates	48.5	48.7
Tax exempt investment income	(36.0)	(26.6)
Other	1.4	0.2
	<u>13.9</u>	<u>22.3</u>

Auditors' Report

To the Shareholders of Royal Trustco Limited:
We have examined the consolidated balance sheet of Royal Trustco Limited as at December 31, 1984 and the consolidated statements of income, retained income and source and use of funds 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 company as at December 31, 1984 and the results of its operations and the source and use of funds for the year then ended in accordance with generally accepted accounting principles and, except for the changes in accounting methods described in note 3, with which we concur, applied on a basis consistent with that of the preceding year.

Chartered Accountants

Toronto, Canada,
January 30, 1985

Royal Trustco Limited

Board of Directors

Hartland M. MacDougall, 1,3,6
C.M.
Chairman of the Board

J. Trevor Eyton, Q.C., 1,5,6,★
Deputy Chairman of the Board; and President and Chief Executive Officer
Brascan Limited
Toronto

Michael A. Cornelissen, 1,3
President and Chief Executive Officer

The Hon. R. James Balfour, 4
Q.C.
Senator
Partner
Balfour, Moss, Milliken,
Laschuk & Kyle
Regina

Jean A. Béliveau, O.C., 6
Senior Vice-President and Director Corporate Relations
Club de Hockey Canadien Inc.
Montréal

Thomas R. Bell, 2
President and Chief Executive Officer
Dominion Textile Inc.
Montréal

Robert G. Bentall, 6
President and Chief Executive Officer
The Bentall Group Ltd.
Vancouver

G. Drummond Birks, 5
President and Chief Executive Officer
Henry Birks & Sons Ltd.
Montréal

Donald N. Byers, Q.C., 4,★
Senior Partner
Byers Casgrain
Montréal

James M. Cameron, 2,★
Executive Vice-President, Corporate
TransCanada PipeLines Ltd.
Toronto

Keith Campbell, 5
Former Managing Director
International Air Transport Association
Montréal

Charles J. Clark, Q.C., 5
Senior Partner
McTague, Clark
Windsor, Ontario

George F.S. Clarke, 3
President
George F.S. Clarke & Associates
Toronto

Henry Collingwood, 6
Chairman
Baine, Johnston & Co. Ltd.
St. John's

Gordon R. Cunningham,
Executive Vice-President and Chief Operating Officer
Trilon Financial Corporation
Toronto

Fraser M. Fell, Q.C., 1,2,6
Chairman and Chief Executive Officer
Dome Mines Limited
Toronto

Jean Fournier, C.D., 5
Former Foreign Service Officer
Montréal

Conrad F. Harrington, C.D., 1,4
Former Chairman
The Royal Trust Company
Montréal

Melvin M. Hawkrigg, 1,★,3,5
President and Chief Executive Officer
Trilon Financial Corporation
Toronto

Frederick W.P. Jones, 4
Financial Consultant
London, Ontario

Egerton W. King, 3
Former President and Chief Executive Officer
Canadian Utilities Limited
Edmonton

Allen T. Lambert, O.C., 1,3,★
Chairman of the Boards
Trilon Financial Corporation and London Life Insurance Company
Toronto

Gilbert I. Newman, 2,5
Executive Vice-President
Olympia & York Developments Limited
Toronto

Earl H. Orser, 1,2
President and Chief Executive Officer
London Life Insurance Company
London, Ontario

Albert Reichmann, 1
President
Olympia & York Developments Limited
Toronto

The Hon. Maurice Riel, 4
P.C., Q.C.
Senator
Counsel and Partner
Stikeman, Elliott
Montréal

Pierre Taschereau, Q.C., 4
Former Chairman
Air Canada
Montréal

James M. Tory, Q.C., 3,6
Partner
Tory, Tory, DesLauriers & Binnington
Toronto

David G. Waldon, 1,3
Former Chairman and Chief Executive Officer
Interprovincial Pipe Line Limited
Toronto

Allan Waters, 1
President
CHUM Limited
Toronto

Marshall M. Williams, 2,3
Chairman, President and Chief Executive Officer
TransAlta Utilities Corporation
Calgary

William G. Wilson, 2
President
Cominco Ltd.
Vancouver

Honorary Directors

Alistair M. Campbell
Thomas W. Eadie
Charles P. Fell
Harold Husband
Jean Martineau, C.C., Q.C.
John F. McDougall
Kenneth A. White, C.D.

Member of Executive Committee 1
Member of Audit Committee 2
Member of Investment Committee 3
Member of Business Conduct Review Committee 4
Member of Human Resources and Compensation Committee 5
Member of Directors Nominating Committee 6

Chairman of Committee ★

Royal Trust Officers

			Michael A. Cornelissen <i>President and Chief Executive Officer</i>
Group Company Development Stephen J. Donihee <i>Vice-President</i>	Personal Financial Services William C. Harker <i>Executive Vice-President</i>	Chief Financial Officer Ian M. Young <i>Senior Vice-President</i>	General Counsel and Secretary William J. Inwood <i>Vice-President</i>
Personal Financial Services Marketing and Policy Charles F. Macfarlane <i>Senior Vice-President</i>	Information Systems and Personal Financial Services Administration David R. Cooper <i>Senior Vice-President</i>	Corporate Finance David M. Macdonald <i>Vice-President</i>	Government Relations H. Dennis Madden <i>Vice-President</i>
Financial Services W. John Pritchard <i>Vice-President</i>	Information Systems Andrew M. Wyszowski <i>Vice-President</i>	Audit H. Richard Gourlay <i>Vice-President</i>	
Personal Lending Services Philip A. Armstrong <i>Vice-President</i>	User Services Jack H. England <i>Vice-President</i>	Corporate Accounting James A.C. Ferenbach <i>Vice-President</i>	
Personal Trust and Advisory Frank J. Boers <i>Vice-President</i>	Loans Administration Jacques G. Lebeuf <i>Vice-President</i>	Administration John R. Dorken <i>Vice-President</i>	
Training and Documentation Robert D. McConachie <i>Vice-President</i>	Personal Financial Services Sales John A. Burleton <i>Vice-President</i>		
	Direct Response Marketing Samuel G. Cukierman <i>Vice-President</i>		
Atlantic Region Murray H. Dittburner <i>Vice-President</i>	Eastern Ontario Region John E. Harley <i>Vice-President</i>	Western Ontario Region Ian D. Sneddon <i>Vice-President</i>	Alberta Region Neil W. Murphy <i>Vice-President</i>
Québec Region André Monette <i>Vice-President</i>	Central Ontario Region William D. Gordon <i>Vice-President</i>	Mid-Western Region D. Donald Ross <i>Vice-President</i>	Pacific Region Nicholas R.D. Dennys <i>Vice-President</i>

Human Resources

E. Courtney Pratt
Senior Vice-President

Marketing

Denis H. Nixon
Vice-President

Human Resources

F. Sandy Milligan
Vice-President

Customer Relations

Robert S. Traquair
Vice-President

Corporate Financial Services

D. Murray Wallace
Senior Vice-President

Corporate Financial Services

G. Roger Otley
Senior Vice-President

Corporate Trust Services

William J. Noble
Vice-President

Pension and Custodial Services

M. Fraser Blakely
Vice-President

Corporate Trust Relations

George Wiebe
Vice-President

Corporate Sales and Marketing

James A. Gordon
Vice-President

Corporate Investment Services

B. Lee Bentley
Vice-President

Eastern Region

Philip E. Johnston
Vice-President

The Royal Trust Company of Canada

London, England

Anthony A. Best
Managing Director

Western Region

David S. Mellor
Vice-President

Royal Trust Bank (Jersey) Limited
The Royal Trust Company of Canada (C.I.) Limited
St. Helier, Jersey

Ivor E.R. Mills
Managing Director

Property Investments

T. Thomas Tucker
Vice-President

Treasury and Corporate Lending

Ian A.C. McCallum
Senior Vice-President

International Services

Malcolm G. Gates
Vice-President

Treasury

Richard P. Vaillancourt
Vice-President

International Services

Harry E. Trenholme
Vice-President

Royal Trust Energy Corporation

Marcel Tremblay
President

Corporate Lending

D.F. (Ted) Milner
Vice-President

Regional Management and Advisory Boards

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Nova Scotia
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(902) 429-2700
*Vice-President,
Atlantic Region and
Manager, Halifax Branch*

Murray H. Dittburner

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Advisory Board:
Leonard A. Kitz, Q.C.
George F. Publicover
John W. Snook
Joseph Zatzman
Sherman F.H. Zwicker

Charlottetown

Prince Edward Island
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Robert E. Anderson

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New Brunswick
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(506) 657-1890
Manager

David Rourke

New Brunswick
Advisory Board:
Paul L. Bourque
Harold C. Gunter
E. Neil McKelvey, Q.C.
Philip W. Oland, O.C.
Winston A. Steeves
Joseph V. Streeter
John R. Willett
Keith M. Wilson

St. John's

Newfoundland
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Glen S. Scollon

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C. Randolph Bell
Henry Collingwood
Harold L. Lake
The Hon. William W. Marshall,
M.H.A., Q.C.
John J. Murphy
James W. Parker
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André Monette

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Thomas R. Bell
G. Drummond Birks
Keith Campbell
Jean Fournier, C.D.
Conrad F. Harrington, C.D.
Philip E. Johnston (Chairman)
The Hon. Maurice Riel, Q.C.
Pierre Taschereau, Q.C.

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B. Gen. Jean P. Gautier,
D.S.O., C.D.
Raymond Martin
A. Jackson Noble
Mortimer M. Vineberg

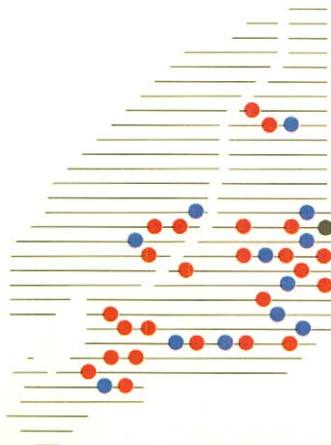
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Gilles Vaillancourt

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David A. Golden, O.C.
Gordon F. Henderson,
O.C., Q.C.
M. Gen. Harry F.G. Letson,
C.B., C.B.E., M.C.,
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Manager

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C.D., Q.C.

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Central Ontario Region

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Western Ontario Region

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Ian D. Sneddon

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D. Donald C. McGeachy
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Advisory Board:
Stuart R. Goudie
Hartman H.L. Krug
Dr. H. John Lackner
Theodore A. Witzel
John A. Young

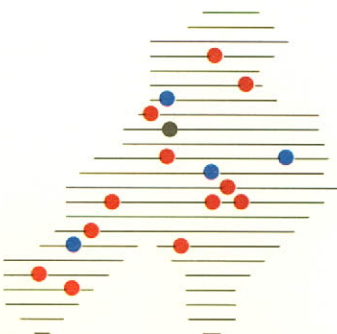
St. Catharines

4 Queen Street
L2R 5G3
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Manager

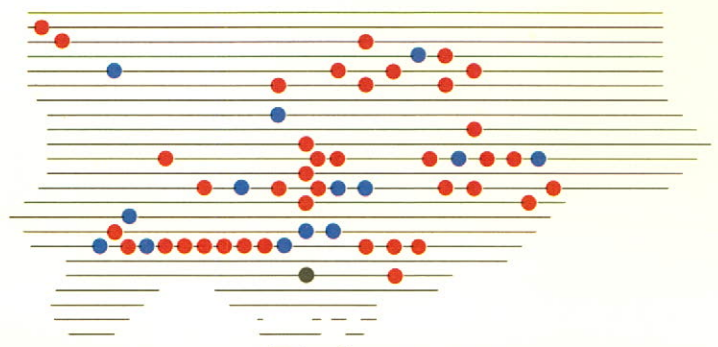
Uel R. Van Sickle

Advisory Board:
James B. Brown
David A. Macfarlane
Alan S. Notman

Ottawa



Toronto



Sarnia

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C. Howard Huctwith
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George W. Parker
Stanley Wilk

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Lawrence W. Pastorius

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Stewart A. Searle, Jr.
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Laurier A. Carrière

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Q.C.

The Hon. Dr. E. William

Barootes

Jack J. Sharp

Gordon W. Staseson

Saskatoon

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Warren C. Champ

Robert H. McKercher, Q.C.

G. Blair Nelson

Alberta Region

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(403) 237-1700

Vice-President,

*Alberta Region and
Manager, Calgary Branch*

Neil W. Murphy

Advisory Board:

Robert G. Black, Q.C.

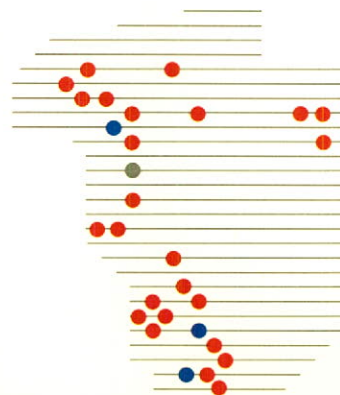
Donald A.J. Cross

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Alastair H. Ross

Marshall M. Williams

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Egerton W. King

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William S. McGregor

G. Richard A. Rice, C.M.

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Manager

R. Perry Lund

Advisory Board:

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Dale A. Martin

Hugh H. Michael

Walter R. Ross, C.M.

Ralph A. Thrall, Jr.

Pacific Region**Vancouver**

Royal Trust Tower

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Vice-President,

Pacific Region and

Manager, Vancouver Branch

Nicholas R.D. Dennys

Advisory Board:

Robert G. Bentall

David Devine

A. John Ellis, O.C.

Ian F. Greenwood

Mark H. Gunther

The Hon. John L. Nichol, O.C.

William G. Wilson

Kelowna

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V1Y 6N3

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Manager

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Advisory Board:

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John D. Hindle

J. Bruce Smith

Richard J. Stewart

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(604) 388-4311

Manager

Alan G. Aldous

Advisory Board:

David Angus

S. Joseph Cunliffe, C.M.

Harold Husband

Hector C. Stone

European Region**The Royal Trust Company of Canada**

Royal Trust House

48/50 Cannon Street

London EC4N 6LD

Telephone (01) 236-6044

Board of Directors

Chairman

Nigel J. Robson

Managing Director

Anthony A. Best

Michael A. Cornelissen

David L. Donne

H. Roy Gamble

Sir Marcus (R.) Kimball

W. Geoffrey Kneale

Allen T. Lambert, O.C.

Hartland M. MacDougall, C.M.

Colin S.R. Stroyan, T.D., W.S.

Stanley H. Wright

Royal Trust Bank (Jersey) Limited

P.O. Box 194

Royal Trust House

Colomberie

St. Helier, Jersey

Channel Islands

Telephone (St. Helier) 27441

Board of Directors

Chairman

Senator Reginald R. Jeune,

O.B.E.

Managing Director

Ivor E.R. Mills

Anthony A. Best

Douglas J.E. Clothier

Michael A. Cornelissen

Henri L. Dubras

Geoffrey Hamon

W. Geoffrey Kneale

Hartland M. MacDougall, C.M.

Sir Robert Le Masurier, D.S.C.

Francis Perrée

The Royal Trust Company of Canada (C.I.) Limited

P.O. Box 194

Royal Trust House

Colomberie

St. Helier, Jersey

Channel Islands

Telephone (St. Helier) 27441

Board of Directors

Chairman

Senator Reginald R. Jeune,

O.B.E.

Managing Director

Ivor E.R. Mills

Douglas J.E. Clothier

Michael A. Cornelissen

Henri L. Dubras

Geoffrey Hamon

Hartland M. MacDougall, C.M.

Sir Robert Le Masurier, D.S.C.

Francis Perrée

Royal Trust Bank (Isle of Man)

Royal Trust House

60/62 Athol Street

Douglas, Isle of Man

Telephone (Douglas) 29521

Board of Directors

Chairman

Edward R. M. Gawne

Eric S. Behn

Anthony A. Best

Michael A. Cornelissen

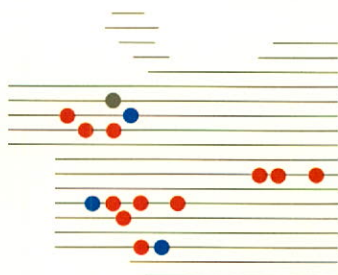
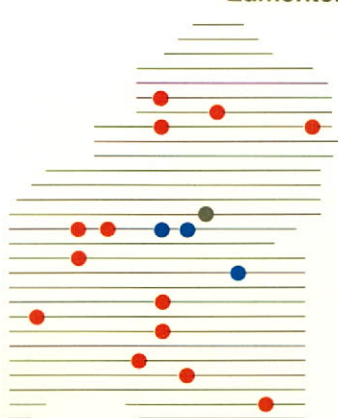
Roy K. Eason

Hartland M. MacDougall, C.M.

Gerrard Smith

Edmonton

Vancouver



*Wholly-owned by
Royal Trustco Limited
unless otherwise indicated.

*Principal Subsidiaries and Associated Companies

Royal Trust Corporation of Canada

Executive Office:
Toronto Dominion Bank Tower
Toronto-Dominion Centre
Toronto, Ontario
M5W 1P9
(416) 867-2000

Board of Directors

Chairman of the Board
Hartland M. MacDougall,
C.M.
*President and
Chief Executive Officer*
Michael A. Cornelissen
J. Trevor Eyton, Q.C.
Fraser M. Fell, Q.C.
Conrad F. Harrington, C.D.
Melvin M. Hawkrigg
Allen T. Lambert, O.C.
Gilbert I. Newman
Earl H. Orser
David G. Waldon
Allan Waters

The Royal Trust Company

Executive Office:
630 Dorchester Boulevard West
Montréal, Québec
H3B 1S6
(514) 867-2525

Board of Directors

Chairman of the Board
Hartland M. MacDougall,
C.M.
*President and
Chief Executive Officer*
Michael A. Cornelissen
Jean A. Béliveau, O.C.
Thomas R. Bell
G. Drummond Birks
Donald N. Byers, Q.C.
Keith Campbell
J. Trevor Eyton, Q.C.
Fraser M. Fell, Q.C.
André Forest
Jean Fournier, C.D.
Conrad F. Harrington, C.D.
Melvin M. Hawkrigg
Philip E. Johnston
Allen T. Lambert, O.C.
The Hon. Maurice Riel, Q.C.
Pierre Taschereau, Q.C.
Harry E. Trenholme

The Royal Trust Company Mortgage Corporation

Executive Office:
Royal Trust Tower
Toronto-Dominion Centre
Toronto, Ontario
M5W 1P9
(416) 867-2000

Board of Directors

Chairman of the Board
Hartland M. MacDougall,
C.M.
President
Michael A. Cornelissen
Thomas R. Bell
Donald N. Byers, Q.C.
Jean Fournier, C.D.
Conrad F. Harrington, C.D.
Melvin M. Hawkrigg
The Hon. Maurice Riel, Q.C.

Royal LePage Limited

(50.5%)
Corporate Head Office:
33 Yonge Street
Suite 1000
Toronto, Ontario
M5E 1S9
(416) 862-0611

Board of Directors

Chairman of the Board
Gordon C. Gray
*President and
Chief Executive Officer*
William A. Dimma
Colum Bastable
George J. Cormack
Michael A. Cornelissen
David C. Crawford
Gordon R. Cunningham, Q.C.
J. Chris Davis
Christopher J. Dingle
Harold G. Dundas
William C. Harker
Melvin M. Hawkrigg
David Kinnear
Allen T. Lambert, O.C.
Hartland M. MacDougall, C.M.
Samuel T. Paton
Donald F. Philips
David S. Colville-Reeves
Donald L. Shoemaker
Bertram E. Willoughby

Royal Trust Energy Corporation

Registered and Head Office:
Suite 2700, Scotia Centre
700-2nd Street S.W.
Calgary, Alberta
T2P 2W2
(403) 262-6545

Chairman of the Board
Hartland M. MacDougall,
C.M.
President
Marcel Tremblay

Independent Consulting Group

Chairman
Marshall M. Williams
Deputy Chairman
John S. Burns
Ross R. Curtis
Douglas W. Miller
Alastair H. Ross

Associated Companies

Canada Systems Group Limited (25%)

2599 Speakman Drive
Mississauga, Ontario
L5K 1B1

International Trust Company of

Bermuda Limited (10%)
Barclays International Building
Church Street
P.O. Box 1255
Hamilton 5, Bermuda

I.T.G. (Holdings) Limited

(22.7%)
P.O. Box N-7768
Bank Lane
Nassau, Bahamas

Royal Trustco Limited
Annual Information Form
1984

TABLE OF CONTENTS

	<u>Page</u>
Royal Trust	1
Business of Royal Trust	1
Canadian Operations	1
Financial Services	1
Mortgages	2
Other Investments	3
Trust and Other Fiduciary Services	3
Real Estate Sales Brokerage Services	4
Computer Associate	4
International Operations	4
Maturity of Assets and Term of Liabilities and Shareholders' Equity	5
Interest Rate Sensitivity	5
Principal Properties	6
Government Regulation	6
Summary of Financial Information	7
Five Year Results	7
Quarterly Results	7
Analysis of Financial Position and Results of Operations	7
Overview	7
Nine Months of 1984 Compared with Nine Months of 1983	8
1983 Compared with 1982	8
1982 Compared with 1981	8
1984 Cash Requirements	9
Market for Securities	9
Dividends	9
Corporate Structure	10
Directors and Officers	11
Business Conduct Review and Investment Committees	14
Remuneration and Benefits to Directors and Officers	14
Option and Share Purchase Plans	14
Indebtedness of Directors and Officers	15
Principal Holder of Securities	16
Pending Legal Proceedings	16
Additional Information	17
Certificate	17

ROYAL TRUST

Royal Trustco Limited ("Royal Trustco"), a corporation formed in 1978 under the Canada Business Corporations Act by articles of amalgamation, is the parent holding company for the Royal Trust group of companies, one of which commenced operations in 1899. Royal Trustco provides overall supervision and direction to its operating companies.

Reference herein to "Royal Trust" includes Royal Trustco and its subsidiaries collectively, or one or more of its subsidiaries. Reference is made to "Corporate Structure" on page 10. Royal Trustco has its executive and registered office at the 44th floor, Toronto Dominion Bank Tower, Toronto-Dominion Centre, Toronto.

The sale of Royal Trust Bank Corp. was completed in February, 1984. All figures in this document have been restated to reflect the investment in Royal Trust Bank Corp. on the equity basis.

BUSINESS OF ROYAL TRUST

Royal Trust provides a broad range of financial, trust and real estate brokerage services. These services include chequing and savings accounts, personal, corporate and mortgage loans, investment management for individual and institutional accounts, investment products including mutual funds, trust services for personal, corporate and pension clients and real estate brokerage services through 26 full service branches, 81 financial service offices and 132 residential real estate offices in Canada and four offices overseas. As at September 30, 1984, Royal Trust had corporate assets of \$10.6 billion and total assets under administration of \$42 billion. In 1983, Royal Trust had revenues of \$1.3 billion, net income of \$65 million and paid dividends on its common shares aggregating \$21 million. The following table shows the sources of revenues and the percentage of total revenues for the years indicated:

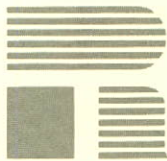
	Year ended December 31									
	1983		1982		1981		1980		1979	
	(\$ millions)									
Financial	1,065	81%	1,159	84%	1,107	81%	840	79%	648	78%
Trust	95	7	90	7	92	7	77	7	62	7
Real estate	157	12	129	9	167	12	151	14	127	15
	<u>1,317</u>	<u>100%</u>	<u>1,378</u>	<u>100%</u>	<u>1,366</u>	<u>100%</u>	<u>1,068</u>	<u>100%</u>	<u>837</u>	<u>100%</u>

At December 31, 1983 Royal Trust's total staff exceeded 7,400 persons including commissioned real estate sales staff.

Canadian Operations

Financial Services

Royal Trust provides deposit-taking services at 107 offices through the facilities of Royal Trust Corporation of Canada, which operates in all provinces except Quebec, and The Royal Trust Company in Quebec. These companies are authorized to accept deposits which are required by legislation to be treated as trust funds with the related assets being segregated from Royal Trust's own capital and assets. Deposits are administered in "Guaranteed Accounts" and consist of savings and chequing accounts and guaranteed investment certificates (term deposits).



The following table discloses Royal Trust's Canadian deposit-taking balances on the dates indicated:

	September 30		December 31			
	1984	1983	1982	1981	1980	1979
	(\$ millions)					
Demand deposits	1,714	1,672	1,685	1,454	1,305	935
Term deposits	6,481	5,817	5,282	5,420	4,903	4,505
Total	8,195	7,489	6,967	6,874	6,208	5,440

Funds obtained from these deposits are invested in a variety of assets which by categories at September 30, 1984 were as follows: cash and short term deposits 15%, marketable securities 5%, mortgage loans 64% and other loans and investments 16%.

The Royal Trust Company Mortgage Corporation and Builders Financial Co. Limited also engage in financial operations. These companies from time to time raise funds through the sale of debentures and short-term notes in the money market and invest the proceeds primarily in first mortgages. The combined borrowings of these companies at September 30, 1984 were \$154 million.

Royal Trust accepts contributions by individuals to tax benefit plans governed by the provisions of the Income Tax Act (Canada) and stock savings plans governed by the Taxation Act (Quebec). As at September 30, 1984 accumulated contributions amounted to \$2.6 billion, comprising \$2.1 billion recorded as deposits in Royal Trust's consolidated balance sheet and \$0.5 billion in trust assets under administration.

Mortgages

As at September 30, 1984 Royal Trust administered over \$6.8 billion of mortgages on approximately 130,000 individual properties in Canada. Approximately 23% of these mortgages were held and managed on behalf of clients and 77% were investments of Royal Trust. The general policy of Royal Trust is to make first mortgage loans for terms of up to five years. A significant number of such loans are renewed by mutual agreement for subsequent periods. Repayments of loans are calculated on amortization periods generally ranging from 20 to 30 years.

At September 30, 1984, these mortgages were distributed geographically as follows:

	Total Mortgages Administered			Mortgages Owned by Royal Trust		
	Number of Properties	Principal Amount \$ millions	%	Number of Properties	Principal Amount \$ millions	%
Atlantic provinces	10,230	435	6	7,836	347	6
Quebec	25,454	1,368	20	19,023	838	16
Ontario	51,849	2,508	37	39,343	1,940	37
Manitoba and Saskatchewan	8,862	489	7	7,224	424	8
Alberta	17,987	1,084	16	15,403	943	18
British Columbia	16,102	945	14	13,021	785	15
Total	130,484	6,829	100	101,850	5,277	100

At the same date, the type of collateral was classified as follows:

	Total Mortgages Administered			Mortgages Owned by Royal Trust		
	Number of Properties	Principal Amount \$ millions	%	Number of Properties	Principal Amount \$ millions	%
House loans	112,448	4,536	66	87,104	3,391	64
Other residential	12,605	1,189	17	10,111	970	18
Commercial	4,477	925	14	3,824	768	15
Industrial	954	179	3	811	148	3
Total	130,484	6,829	100	101,850	5,277	100

Applicable legislation generally restricts investment by trust companies in a conventional mortgage to 75% of the appraised value of the mortgaged property. Such mortgages may exceed 75% of the appraised value if the excess is insured by a recognized insurer.

Mortgages are considered by Royal Trust to be delinquent when payment of principal or interest is in arrears for 60 days at which time collection proceedings usually are commenced. Delinquencies are reviewed monthly and, when appropriate, Royal Trust records a provision in its accounts for estimated losses on its investments. Losses, including provisions for estimated losses, on mortgages in Canada held as investments by Royal Trust for the last five years were as follows:

Year	Principal Amount at Period End (\$ millions)	Losses Recorded (\$ millions)	Losses as a Percentage of Principal Outstanding
1979	4,633	2.5	.054%
1980	4,838	2.3	.048
1981	4,976	1.9	.038
1982	4,649	10.2	.220
1983	5,025	13.7	.274
1984 (to September 30)	5,277	8.6	.216 (1)

(1) Annualized

Other Investments

In addition to its investment in mortgages, Royal Trust's Canadian operations also invest in securities including government bonds and preferred and common shares. The values of these securities as at September 30, 1984 were as follows:

	Cost	Market
	(\$ millions)	
Government bonds	207	209
Preferred shares	831	818
Common shares	106	113
Total	1,144	1,140

These investments are an important source of revenue and increasing emphasis has been placed in recent years on investment in dividend paying convertible and term preferred and common shares. The existing tax treatment afforded dividends received from taxable Canadian corporations results in an attractive after-tax yield to Royal Trust.

Royal Trust also lends funds to corporations and individuals and has acquired assets such as aircraft, railway locomotives and rolling stock, manufacturing and mining equipment and ships for lease to governments and corporations. As at September 30, 1984, investment in such loans and leased equipment amounted to \$1.4 billion.

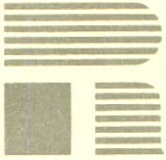
Trust and Other Fiduciary Services

Royal Trust offers a complete range of trust services to individual and corporate clients.

Services to individuals include acting as executor, trustee, custodian and investment manager, and providing income tax and estate planning services. Royal Trust also sells to individuals units in Royal Trust Managed Funds which are pooled trust funds consisting of: A Fund for foreign equity securities, B Fund for Canadian bonds, C Fund for Canadian equity securities, E Fund for energy related investments and M Fund for mortgages. Royal Trust manages these funds on a fee basis. At September 30, 1984 there were approximately 71,000 participants in these funds, many on a monthly subscription plan. Net assets of the funds at September 30, 1984 aggregated \$668 million.

For corporations, Royal Trust provides various services including acting as trustee and investment manager for employee pension funds, as registrar, stock transfer and dividend disbursing agent and as trustee for corporate debt issues .

At September 30, 1984 Royal Trust had under administration approximately \$7 billion for estates and trusts, \$2 billion for investment management and safekeeping clients including Royal Trust Managed Funds and \$22 billion for pension and insurance trusts. Gross fees in 1983 from these operations were \$88 million, compared with \$58 million five years previously.



Real Estate Sales Brokerage Services

Royal Trust, with a commissioned sales staff of about 3,200 persons operating from 132 offices from coast to coast as at September 30, 1984, provides a residential real estate brokerage service in Canada. Royal Trust also provides property management, property appraisal, and relocation services. In addition, the Real Estate Financing and Investment Division purchases and manages properties on behalf of clients.

On October 22, 1984 Royal Trustco and A.E. LePage Limited ("A.E. LePage") jointly announced an agreement to merge the commercial and residential real estate brokerage and fee business of A.E. LePage with Royal Trust's residential real estate brokerage business.

The merged business will operate as a separate company with a 50.5% shareholding owned by Royal Trustco and 49.5% by present A.E. LePage shareholders. Based on current information, it is anticipated that the merged business will have 9,000 employees, 350 offices and approximately \$350 million in annual gross revenues. A mutually acceptable name incorporating the identities of both companies will be established in the near future.

Royal Trustco has agreed to issue to A.E. LePage shareholders, at the time of the merger, warrants to purchase 1,486,486 Class A Common Shares of Royal Trustco for cash at \$37 per share exercisable up to five years from the date of the merger.

It is expected that the merger will be completed shortly after all necessary regulatory approvals have been obtained.

Computer Associate

Royal Trustco, The T. Eaton Company Limited, Gulf Canada Limited and Stelco Inc. each own one-quarter of the Canada Systems Group of companies which provides computer-based information systems services to its owners and other customers. It is the largest such company in Canada. The head office and main computing facility of the Canada Systems Group of companies is located in the Sheridan Park Research Community at Mississauga, Ontario. Gross revenue of Canada Systems Group for the year 1983 was \$140 million and its total assets as at December 31, 1983 were \$75 million.

International Operations

Royal Trust commenced its overseas operations with the establishment of a branch to provide trust services in London, England in 1929. Royal Trust currently operates trust and banking services in Great Britain through The Royal Trust Company of Canada, which is located in the City of London and which has been granted the fully accredited status of a recognized bank by the Bank of England with authority to handle all types of domestic and international banking transactions.

Funds are derived from borrowings in the wholesale markets to finance activities which consist primarily of money market, foreign exchange, mortgage and corporate lending operations and the provision of financial services to corporate and government clients.

Overseas operations consist of banking, trust and other specialized facilities in Jersey, the Channel Islands and the Isle of Man and a representative office in Liechtenstein. Trust and other financial services are also provided through associated companies located in Anguilla, Bahamas, Bermuda, British Virgin Islands, Cayman Islands, Cyprus, Gibraltar, Netherlands Antilles, The Netherlands, Switzerland and Turks and Caicos Islands.

At September 30, 1984 total assets of the overseas subsidiaries were approximately \$1.3 billion. In 1983, total revenues were \$131 million and net income was \$7 million.

Until recently, Royal Trust conducted a full service banking operation in the State of Florida through Royal Trust Bank Corp., a United States bank holding company. In February 1984, the sale of the banking operations in Florida was completed, resulting in cash proceeds of \$139 million and a net gain after taxes of \$19 million. Total assets in Florida at December 31, 1983 were \$1.1 billion.

Maturity of Assets and Term of Liabilities and Shareholders' Equity

The following tables set out the maturity of assets and the term of liabilities and shareholders' equity for Royal Trust's consolidated operations as at the dates indicated:

	As at December 31				
	1983	1982	1981	1980	1979
	(\$ millions)				
Maturity of Assets					
Due within 2 years	6,225	5,653	5,125	4,150	2,539
2 to 5 years	2,153	2,149	2,421	2,801	3,411
Beyond 5 years and no maturity . .	1,256	1,098	1,072	905	766
	<u>9,634</u>	<u>8,900</u>	<u>8,618</u>	<u>7,856</u>	<u>6,716</u>
Term of Liabilities and Shareholders' Equity					
Due within 2 years	6,956	6,582	6,101	4,898	4,017
2 to 5 years	1,971	1,633	1,853	2,303	2,161
Beyond 5 years and no maturity . .	707	685	664	655	538
	<u>9,634</u>	<u>8,900</u>	<u>8,618</u>	<u>7,856</u>	<u>6,716</u>

Interest Rate Sensitivity

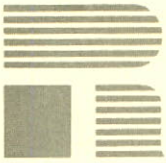
Net investment income is the difference between revenue earned on investments and interest paid on deposits and borrowed funds. Interest sensitive investments and deposits and borrowings are defined as those bearing interest at floating rates and those which mature within one year.

Royal Trust's investments, deposits and borrowings and non-convertible preferred shares are grouped by interest rate sensitivity as follows:

	As at September 30, 1984				As at December 31, 1983			
	Floating Rate	Under 1 Year	Over 1 Year	Total	Floating Rate	Under 1 Year	Over 1 Year	Total
	(\$ millions)							
Investments								
Cash and marketable securities . . .	351	2,198	804	3,353	217	2,338	553	3,108
Other loans and investments	1,011	2,749	3,193	6,953	809	2,660	2,784	6,253
Accrued dividends and interest	—	190	—	190	—	105	—	105
	<u>1,362</u>	<u>5,137</u>	<u>3,997</u>	<u>10,496</u>	<u>1,026</u>	<u>5,103</u>	<u>3,337</u>	<u>9,466</u>
Deposits and Borrowings								
Demand deposits	1,566	68	—	1,634	1,473	176	—	1,649
Term borrowings	200	4,155	3,497	7,852	253	3,859	3,077	7,189
Accrued interest	—	282	—	282	—	210	—	210
	<u>1,766</u>	<u>4,505</u>	<u>3,497</u>	<u>9,768</u>	<u>1,726</u>	<u>4,245</u>	<u>3,077</u>	<u>9,048</u>
Non-convertible preferred shares	<u>150</u>	<u>—</u>	<u>110</u>	<u>260</u>	<u>—</u>	<u>—</u>	<u>109</u>	<u>109</u>
	<u>1,916</u>	<u>4,505</u>	<u>3,607</u>	<u>10,028</u>	<u>1,726</u>	<u>4,245</u>	<u>3,186</u>	<u>9,157</u>

Active management of the excess of interest sensitive liabilities over interest sensitive assets has proved advantageous since interest rates declined from the high levels prevailing in 1982. Unmatched funds have declined from an excess of interest sensitive assets of \$158 million at December 31, 1983 to \$78 million at September 30, 1984.

The difference between interest sensitive investments and deposits and borrowings is managed within strict parameters approved by the Board of Directors. This policy is in effect to ensure that net investment income does not fluctuate widely during periods of rapid and wide interest rate changes.



Principal Properties

Royal Trust owns Maison Trust Royal, its principal office in Montreal at 630 Dorchester Boulevard West, comprising 860,000 square feet of space part of which is occupied by Royal Trust. Royal Trust also owns nine of its office premises in various cities in Canada and one in Jersey, Channel Islands comprising in the aggregate 73,900 square feet of space.

GOVERNMENT REGULATION

The deposit taking and borrowing subsidiaries of Royal Trustco are regulated in their various jurisdictions of operation. The relevant legislation specifies the powers of these subsidiaries and imposes investment restraints. Most significantly, such legislation generally provides the regulatory authorities with the right to determine the capital adequacy of deposit taking and borrowing institutions.

In Canada, Royal Trust's deposit taking and borrowing operations are regulated by various federal and provincial laws. The Trust Companies Act (Canada) and the Loan Companies Act (Canada) have the effect of prescribing a maximum ratio of deposits (savings and chequing accounts and guaranteed investment certificates) and other borrowings to capital and reserves. For Royal Trustco's federally incorporated trust company subsidiary, Royal Trust Corporation of Canada, such ratio is presently an authorized multiple of 25 times. The base for this ratio is affected by a number of factors, including the contribution of additional capital, earnings, dividends paid and changes in the market value of investments. Some of the provincial legislation imposes similar requirements. Such federal and certain provincial legislation imposes liquidity requirements, specifies the types of assets in which funds must generally be invested and limits the amount which may be invested in certain categories of assets such as real estate, common shares and securities of a single issuer.

The Federal Government and the Government of the Province of Ontario have each issued discussion papers and related documents in respect of the legislation governing trust companies and are continuing to review in various forums the existing legislation and proposals for revisions thereto. Royal Trust is involved in the process of providing comments and suggestions on the proposals. At this time, however, it is impossible to predict what form final legislation will take and, therefore, the effect thereof on the business and operations of Royal Trust.

In Great Britain, ratios are not specified by legislation, but the authorities have the discretion to establish capital adequacy. The current policy of regulatory authorities with respect to Royal Trust's banking operations in Great Britain limits assets to approximately eighteen times capital and reserves. Royal Trust's banking operation in Great Britain as at September 30, 1984 was within these limits.

SUMMARY OF FINANCIAL INFORMATION

Five Year Results

	Year ended December 31				
	1983	1982	1981	1980	1979
	(\$ millions except per share amounts)				
Total revenue (1)	1,317	1,378	1,366	1,068	837
Total revenue (tax adjusted) (1) (2)	1,355	1,412	1,398	1,086	850
Net income	65	44	39	37	29
— per common share (basic)	2.95	1.97	1.82	1.91	1.70
— per common share (fully diluted)	2.74	1.88	1.75	1.88	1.70
Total assets (1)	9,634	8,900	8,618	7,856	6,716
Total long term debt	177	163	114	87	65
Total redeemable preferred shares	154	157	107	108	59
Dividends per common share	1.21	1.12	1.12	0.97	0.92

Quarterly Results

	Total Revenue (1)	Total Revenue (Tax Adjusted) (1)(2)	Net Income	Earnings Per Share	
				Basic	Fully Diluted
	(\$ millions except per share amounts)				
1984 — 3rd quarter	381	401	24	0.89	0.86
— 2nd quarter	360	372	23	0.99	0.94
— 1st quarter	323	337	17	0.79	0.73
1983 — 4th quarter	330	340	14	0.63	0.60
— 3rd quarter	343	352	17	0.79	0.73
— 2nd quarter	329	339	19	0.87	0.80
— 1st quarter	315	324	15	0.66	0.61
1982 — 4th quarter	348	355	19	0.91	0.83

(1) Restated to reflect Royal Trust's investment in Royal Trust Bank Corp. on the equity basis.

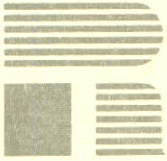
(2) While Royal Trustco and its Canadian subsidiaries are taxable Canadian corporations under the Income Tax Act (Canada), certain investment revenue such as dividends from other taxable Canadian corporations is not subject to tax in the hands of Royal Trust. Since the proportion of investment revenue that is not subject to taxes in the hands of Royal Trust has varied significantly in certain years, such revenue has been adjusted to a taxable equivalent basis and income taxes have been adjusted by the same amount to permit uniform measurement and comparison of net income.

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

Overview

Royal Trust competes with chartered banks and loan and trust companies in Canada in the areas of financial and fiduciary services and competes with numerous real estate brokers and some loan and trust companies in the real estate brokerage business.

Financial results of Royal Trust are affected primarily by general economic conditions and by rapidly changing interest rates. General economic conditions affect the earnings from fee income and commissions, particularly as these conditions affect the volume of activity in the real estate and capital markets, and also affect the activity levels of corporate and personal mortgages and loans. Rapidly changing interest rates can affect the spread, or margin, between the interest paid for deposits and borrowings and the interest earned on investments. Royal Trust's current matching strategy, within Board of Director approved parameters, is designed to minimize the negative effect on spreads of rapidly changing interest rates.



Nine Months of 1984 Compared with Nine Months of 1983

Net income for the first nine months of 1984 was \$64 million compared to \$51 million in 1983. Asset growth since January 1, 1984 was 9.6%.

Investment income from an increased asset base continued to be the major contributor to growth in income. Revenues from trust services increased over the levels of a year ago although this has been offset by reduced revenues from real estate. Non-interest expenses continue to be tightly controlled and have decreased from the levels of the previous year.

1983 Compared with 1982

Net income for 1983 was \$65 million up 48% from earnings of \$44 million in 1982. Assets increased 8% during 1983.

Financial services income increased as a result of growth in mortgage, corporate and consumer loan assets at attractive spreads. In Canada, a large surplus of fixed rate term assets funded by floating rate liabilities at positive spreads also had a beneficial impact on earnings. This was a reversal of the situation which prevailed for most of 1982, when the mismatch was funded at negative spreads. This mismatch was eliminated during the year as interest rates stabilized at lower levels.

The provision for loan losses increased to \$18 million in 1983 from \$12 million in 1982. All loan contingencies were provided on a conservative basis. During the latter part of 1983, the percentages of overdue loans declined steadily from the peak levels which were reached early in the year.

Residential real estate brokerage activities returned to profitability in 1983 from the major loss which was recorded in 1982. The 1983 results reflected the improvement in the Canadian residential real estate markets and the substantially lower breakeven point for real estate operations due to the major rationalization which occurred during the latter part of 1982.

Fees from trust services increased 12% in 1983 reflecting both higher market values of investments and higher activity levels, on which fees are based. However, the profitability decreased significantly due to major computer systems development costs which were incurred to upgrade computer technology and procedures. Royal Trust expenses all computer development costs in the year in which they are incurred.

1982 Compared with 1981

Net income for 1982 was \$44 million, up 10.9% from earnings of \$39 million in 1981. Assets increased 3.3% during 1982.

Investment income improved as maturing mortgages were renewed or replaced at current interest rates, and the difference between interest paid on deposits and funds borrowed by Royal Trust and interest earned on investments returned to more normal levels.

Income from trust and other fiduciary services dropped 2% from 1981, due largely to a decrease in the asset values upon which many fees are based.

Real estate sales brokerage and services income (net of commissions paid) was down approximately 22% due to the sharp decline in activity levels in the real estate resale market.

Expenses for the year increased 13% over 1981 (not including interest paid or real estate commissions, both of which declined). This included a \$5 million increase in contingency provisions. Provision for loan losses was up \$9.3 million from the previous year. In addition, salaries increased 5% while premises and other expenses (excluding contingencies) were up 7%.

1984 Cash Requirements

During 1983 and the first nine months of 1984, Royal Trustco raised approximately \$393 million through: \$50 million of 12⁵/₈% 5 year debentures issued November, 1983; receipt of \$139 million proceeds from the sale of banking operations in Florida, in February, 1984; \$150 million of Series E floating rate cumulative redeemable preferred shares issued June, 1984; and £30 million of 12¹/₄% bonds due July, 1989 issued July, 1984.

During the same period Royal Trustco repaid approximately \$100 million of earlier borrowings.

Cash and marketable securities held at September 30, 1984 amounted to \$3.4 billion, an increase from \$3.1 billion at December 31, 1983. Royal Trustco has sufficient capacity to obtain from internal resources the funds needed to fulfill its obligations during the balance of the current financial year.

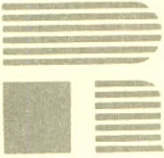
MARKET FOR SECURITIES

The Class A and Class B common shares and Series A, Series B, Series C and Series D preferred shares of Royal Trustco are listed on The Toronto Stock Exchange, The Montreal Exchange, the Vancouver Stock Exchange and the Alberta Stock Exchange. Under Ontario Securities Commission Policy 1.3, the Class A and Class B common shares of Royal Trustco Limited are "Restricted Voting Shares". The 14% debentures due March 1, 1986, 12⁵/₈% debentures due November 15, 1988 and 12¹/₄% bonds due July 15, 1989 are listed on The Stock Exchange of the United Kingdom and the Republic of Ireland. Royal Trustco's senior preferred shares and Series E floating rate preferred shares are not listed on any exchange.

DIVIDENDS

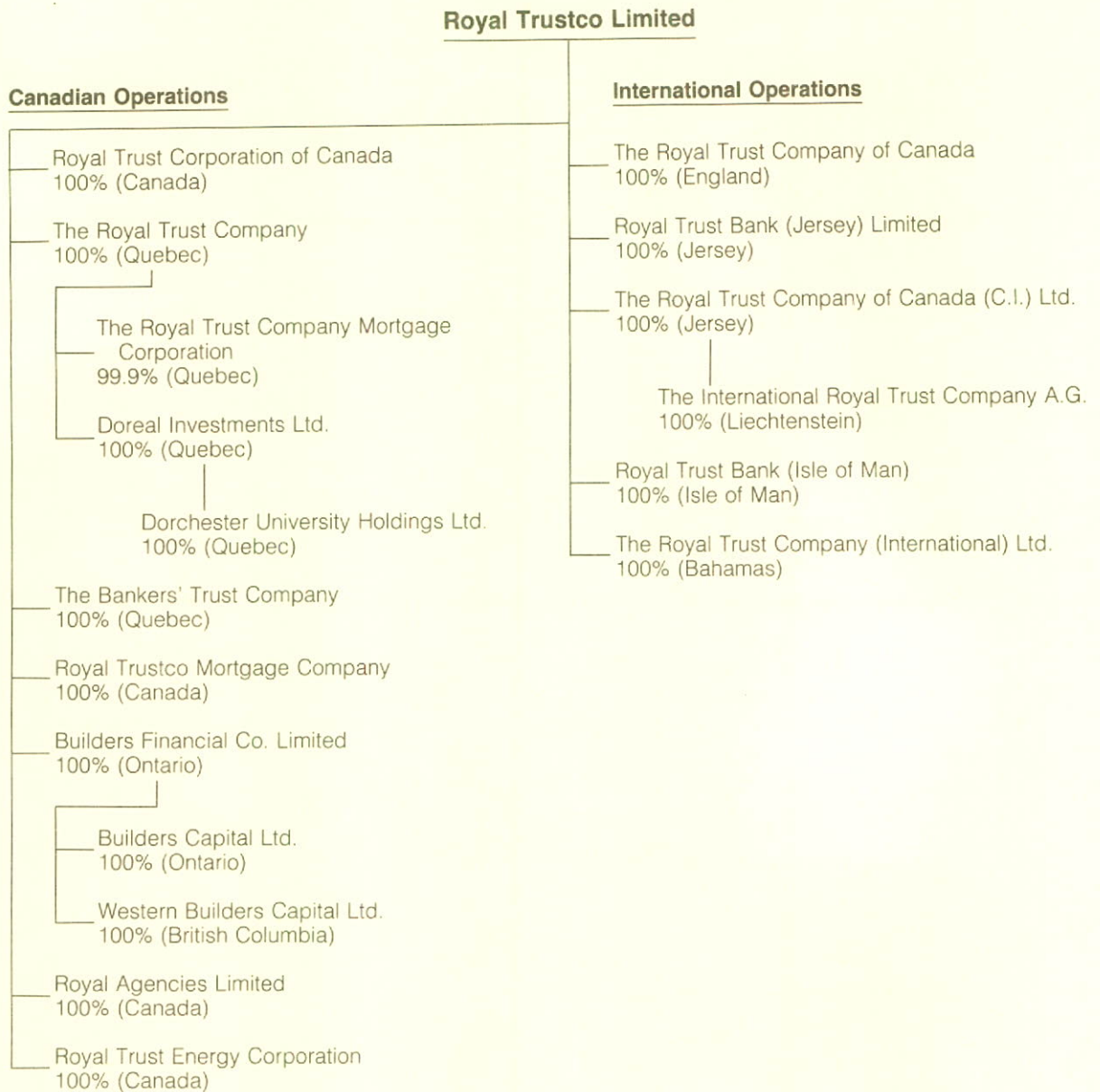
Quarterly dividends of \$0.28 per share were paid in 1982 and the first two quarters of 1983 on the Class A common shares. In each of the last two quarters of 1983 and the first two quarters of 1984, a dividend of \$0.325 per share was paid on the Class A common shares. On August 14, 1984, Royal Trustco paid a quarterly dividend of \$0.375 on the Class A common shares. Equivalent value Class B stock dividends were paid in the same periods on Class B common shares. Common share dividends are declared at the discretion of the Board of Directors.

All required dividends have been paid on all of the issued and outstanding preferred shares pursuant to their terms and conditions.



CORPORATE STRUCTURE

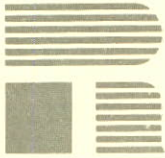
The chart below details Royal Trust's corporate structure as at September 30, 1984 including all significant subsidiaries, their percentage of ownership or control by their immediate parent, and jurisdiction of incorporation.



DIRECTORS AND OFFICERS

The names, municipalities of residence, and principal occupations of the directors and officers of Royal Trustco are shown below. With the exception of Mr. MacDougall, who became a director in October 1984, each director was elected at the last annual meeting of shareholders to serve until the next annual meeting or until his successor is elected or appointed. As at September 30, 1984, all Directors and Senior Officers of Royal Trustco as a group owned beneficially, directly or indirectly, 1.6% of the common shares of Royal Trustco.

Name and Municipality of Residence	Principal Occupation (1)	Date First Elected or Appointed a Director of Royal Trustco or Predecessor (2)
*HARTLAND MOLSON MACDOUGALL, C.M. Belfountain, Ontario	Chairman of the Board, Royal Trustco (effective October 1, 1984)	1984
*JOHN TREVOR EYTON, Q.C. Caledon, Ontario	Deputy Chairman of the Board, Royal Trustco (effective October 1, 1984); and President and Chief Executive Officer, Brascan Limited (investment management company)	1983
*MICHAEL ADRIAAN CORNELISSEN Oakville, Ontario	President and Chief Executive Officer, Royal Trustco	1981
JOHN DYKES ALLAN Mississauga, Ontario	President and Chief Executive Officer, Stelco Inc. (steel manufacturer)	1974
THE HON. REGINALD JAMES BALFOUR, Senator, Q.C. Ottawa, Ontario	Member of the Senate of Canada; and Partner, Balfour, Moss, Milliken Laschuk & Kyle (barristers and solicitors)	1969
JEAN ARTHUR BELIVEAU, O.C. Longueuil, Quebec	Senior Vice-President, Club de Hockey Canadien Inc. (professional hockey club)	1984
†THOMAS REID BELL St. Lambert, Quebec	President and Chief Executive Officer, Dominion Textile Inc. (textile manufacturer)	1984
ROBERT GILMOUR BENTALL West Vancouver, British Columbia	President and Chief Executive Officer, The Bentall Group Ltd. (real estate/construction company)	1977
GEORGE DRUMMOND HENRY BIRKS Montreal, Quebec	President and Chief Executive Officer Henry Birks & Sons Ltd. (jeweller)	1968
DONALD NEWTON BYERS, Q.C. Ottawa, Ontario	Partner, Byers Casgrain (barristers and solicitors)	1968
†JAMES MCINTYRE CAMERON Thornhill, Ontario	Executive Vice-President, Corporate, TransCanada PipeLines Ltd. (natural gas transmission company)	1977
KEITH CAMPBELL Montreal, Quebec	Retired	1972
CHARLES JOSEPH CLARK, Q.C. Windsor, Ontario	Senior Partner, McTague, Clark (barristers and solicitors)	1977
GEORGE FRANKLIN SMITH CLARKE Toronto, Ontario	President, George F.S. Clarke & Associates (consulting company)	1981
HENRY COLLINGWOOD St. John's, Newfoundland	Chairman, Baine, Johnston & Co. Ltd. (food wholesaler)	1968



Name and Municipality of Residence	Principal Occupation (1)	Date First Elected or Appointed a Director of Royal Trustco or Predecessor (2)
†*FRASER MATTHEWS FELL, Q.C. North York, Ontario	Chairman and Chief Executive Officer, Dome Mines Limited (mining company)	1969
JEAN FOURNIER Westmount, Quebec	Retired	1984
*CONRAD FETHERSTONHAUGH HARRINGTON Westmount, Quebec	Company Director	1960
*MELVIN MICHAEL HAWKRIGG Waterdown, Ontario	President and Chief Executive Officer, Trilon Financial Corporation (financial services company)	1982
FREDERICK WILLIAM PRYCE JONES London, Ontario	Financial Consultant	1968
EGERTON WARREN KING Edmonton, Alberta	Corporate Director	1978
*ALLEN THOMAS LAMBERT, O.C. Toronto, Ontario	Chairman of the Boards, Trilon Financial Corporation and London Life Insurance Company (life insurance company)	1983
†GILBERT IRVING NEWMAN Toronto, Ontario	Executive Vice-President, Olympia & York Developments Limited (real estate and investment holding company)	1981
*†EARL HERBERT ORSER London, Ontario	President and Chief Executive Officer, London Life Insurance Company	1982
*ALBERT REICHMANN Toronto, Ontario	President, Olympia & York Developments Limited	1981
THE HON. MAURICE RIEL, Senator, Q.C. Westmount, Quebec	Member of the Senate of Canada; and Counsel and Partner, Stikeman, Elliot (barristers and solicitors)	1971
PIERRE TASCHEREAU, Q.C. Montreal, Quebec	Retired	1984
JAMES MARSHALL TORY, Q.C. Toronto, Ontario	Partner, Tory, Tory, DesLauriers & Binnington (barristers and solicitors)	1981
*DAVID GEORGE WALDON Toronto, Ontario	Retired	1974
*ALLAN WATERS Toronto, Ontario	President, CHUM Limited (radio and television broadcasting company)	1977
†MARSHALL MACKENZIE WILLIAMS Calgary, Alberta	Chairman, President and Chief Executive Officer, TransAlta Utilities Corporation (electric utility company)	1975
†WILLIAM GEORGE WILSON West Vancouver, British Columbia	President, Cominco Ltd. (mining, refining, chemical, fertilizer and holding company)	1982
ROLAND BERNARD BRETON Toronto, Ontario	Senior Vice-President Regional Operations of Royal Trustco	—
EDWARD PATRICK CANNON North York, Ontario	Senior Vice-President, Corporate Development of Royal Trustco	—
GERALD ROGER OTLEY Oakville, Ontario	Senior Vice-President, Trust and Investments of Royal Trustco	—

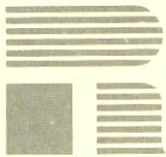
Name and Municipality of Residence	Principal Occupation (1)	Date First Elected or Appointed a Director of Royal Trustco or Predecessor (2)
EDWARD COURTNEY PRATT Oakville, Ontario	Senior Vice-President, Human Resources of Royal Trustco	—
IAN MUSGRAVE YOUNG North York, Ontario	Senior Vice-President, Finance and Administration and Chief Financial Officer of Royal Trustco	—
DAVID RICHARD COOPER Scarborough, Ontario	Vice-President, Finance and Systems of Royal Trustco	—
STEPHEN JAMES DONIHEE Scarborough, Ontario	Vice-President, Real Estate Operations of Royal Trustco	—
JOHN ROY DORKEN Etobicoke, Ontario	Vice-President, Administration of Royal Trustco	—
JAMES ANDREW CAMPBELL FERENBACH Mississauga, Ontario	Vice-President and Comptroller of Royal Trustco	—
HUGH RICHARD GOURLAY Etobicoke, Ontario	Vice-President, Internal Audit of Royal Trustco	—
HARRY DENNIS MADDEN Toronto, Ontario	Vice-President, Government and Corporate Affairs of Royal Trustco	—
CHARLES TERRILL MANNING, Q.C. Oakville, Ontario	Vice-President and Secretary of Royal Trustco	—
F. SANDY MILLIGAN Oakville, Ontario	Vice-President, Human Resources of Royal Trustco	—
DAVID MORRIS MACDONALD Scarborough, Ontario	Assistant Vice-President and Assistant Treasurer of Royal Trustco	—
NICOLAS WILLIAM RUSSELL BURBIDGE Oakville, Ontario	Assistant Secretary of Royal Trustco	—

* Member of the Executive Committee.

† Member of the Audit Committee.

Notes:

- (1) Each of the foregoing has been associated with or employed by the company or firm set forth opposite his name for the past five years, except Mr. MacDougall, who prior to joining Royal Trustco in October, 1984 was Vice-Chairman of a Canadian Chartered Bank; Mr. Cornelissen, who prior to April, 1983 was Executive Vice-President and Chief Operating Officer of Trizec Corporation Limited; Mr. Campbell, who prior to June 1980 was Vice-President, Canadian Pacific Limited and prior to December, 1983 was Managing Director of International Air Transport Association; Mr. G.F.S. Clarke, who prior to January, 1984 was President, Sun Life Assurance Company of Canada; Mr. Fell, whose principal occupation prior to June, 1983, was a partner of Fasken & Calvin; Mr. Harrington, who prior to April, 1980, was Chairman of the Executive Committee of The Royal Trust Company; Mr. Hawkrigg, who prior to October, 1981 was Vice-Chairman, Central Ontario Region of Canada Trust Company and prior to October, 1983 was a Senior Vice-President of Brascan; Mr. King, who prior to June, 1984 was President and Chief Executive Officer of Canadian Utilities Ltd.; Mr. Lambert who prior to joining Trilon Financial Corporation in November, 1982 was the Chairman of a Canadian chartered bank; Mr. Newman, who prior to June, 1981 was a practicing chartered accountant and partner with Perlmutter, Orenstein, Giddens, Newman & Co.; Mr. Taschereau, who prior to November, 1981 was Chairman of the Board, Air Canada; Mr. Pratt, who prior to joining Royal Trustco in July, 1984 was a partner of Touche Ross & Partners; Mr. Young, who prior to joining Royal Trustco in January, 1982 held various senior financial positions with George Weston Limited and Loblaw Companies Limited; Mr. Madden, who prior to joining Royal Trustco in January, 1980 was Director of Planning, International Division of a Canadian chartered bank; Mr. Macdonald, who prior to joining Royal Trustco in September, 1982 was Corporate Tax Manager, Warner-Lambert Canada Inc.; Mr. Donihee, who prior to joining Royal Trustco in July, 1984 was Director of Financial Services, Ernest W. Hahn Inc.; and Mr. Dorken, who prior to joining Royal Trustco in August, 1984 was Assistant Vice-President, Premises and Administrative Services, Canada Permanent Mortgage Corporation.
- (2) A date of 1978 or earlier indicates that the director was first elected as a director of The Royal Trust Company (the former parent). On November 3, 1978 the then directors of The Royal Trust Company were elected as directors of Royal Trustco. Dates of 1979 or later indicate dates of first election or appointment as a director of Royal Trustco.



Business Conduct Review and Investment Committees

Royal Trustco has a Business Conduct Review Committee consisting of directors unaffiliated with major shareholders of Royal Trustco. The Committee is charged with reviewing business ethics and resolving conflicts of interests applicable to employees, directors and major shareholders of Royal Trust. Royal Trustco has an Investment Committee of directors which reviews investment decisions and policy for both client and corporate funds of Royal Trust. A majority of the members of this committee are unaffiliated with major shareholders of Royal Trustco.

Remuneration and Benefits to Directors and Officers

The following information is given with respect to the remuneration of the directors and officers of Royal Trustco by Royal Trustco and its subsidiaries for the financial year ended December 31, 1983:

	Nature of Remuneration Earned			
	Director Fees	Salaries	Other (1)	Total
Directors (total number 29)				
Royal Trustco	\$ 439,350	\$ —	\$ —	\$ 439,350
Royal Trust Coporation of Canada	51,042	—	—	51,042
The Royal Trust Company	53,750	—	—	53,750
The Royal Trust Company Mortgage Corporation	12,700	—	—	12,700
Royal Trust Bank Corp.	11,507	—	—	11,507
	<u>\$ 568,349</u>	<u>—</u>	<u>—</u>	<u>\$ 568,349</u>
Five Senior Officers (2)	—	\$ 788,488	\$ 66,147	\$ 854,635
Officers receiving over \$40,000 (total number 18 including the five senior officers) (2)				
Royal Trustco	—	\$1,891,890	\$ 188,758	\$2,080,648

(1) "Other" comprises various benefits taxable in the hands of the recipient.

(2) Includes one officer who is a director of Royal Trustco; the officer's director fees are included in "Directors".

The estimated aggregate cost to Royal Trustco and its subsidiaries in the last completed financial year of all benefits proposed to be paid under any pension or retirement plan upon retirement at normal retirement age to the directors and officers of Royal Trustco was \$57,671.

Option and Share Purchase Plans

On December 13, 1983 Royal Trustco established the 1983 Management Share Purchase Plan (the "Purchase Plan") and on March 8, 1984, the 1984 Management Share Option Plan (the "Option Plan") (collectively the "Plans") which were designed to ensure senior management commitment to the long term strategic goals and objectives of Royal Trustco in a manner consistent with shareholder interests. A total of 850,000 Class A common shares have been reserved for issuance under the Plans.

The Purchase Plan is administered by J. Trevor Eyton, Q.C., Michael A. Cornelissen, Melvin M. Hawkrigg, and Charles J. Clark, Q.C. as Trustees, all of whom are directors of Royal Trustco and a majority of whom are not participants in the Plans.

Under the Purchase Plan, designated participants are entitled to receive loans from Royal Trustco to finance the purchase of Class A common shares. Shares held by the Trustees will be released to participants at the maximum rate of 20% per year on a cumulative basis, subject to repayment of an equivalent portion of the loan. As at September 30, 1984, rights to purchase 352,000 shares under the Purchase Plan had been granted to 34 members of senior management of Royal Trust.

Under the Option Plan, participants are required to pay cash for Class A common shares in respect of which options are exercised, and may only exercise 20% of each option per year on a cumulative basis. As at September 30, 1984, options in respect of 131,750 Class A common shares having an exercise price of \$26.50 per share had been granted to 76 members of management of Royal Trust.

Indebtedness of Directors and Officers

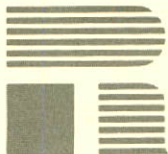
Royal Trustco has made loans to its officers and employees, and those of its principal subsidiaries, to permit them to purchase Class A common shares of Royal Trustco pursuant to stock option plans which expired in 1981 and earlier. The total aggregate amount of such loans outstanding as at September 30, 1984 was \$1,665,516. All such loans are interest-free, repayable monthly and are amortized over 10 to 20 years, depending on the age of the borrower.

Royal Trustco and/or its principal subsidiaries have made loans to officers and employees secured by mortgages on their residences. Six officers of Royal Trustco were, as at September 30, 1984, indebted to Royal Trustco or a principal subsidiary in respect of mortgage loans in excess of their annual salary.

Royal Trustco has made loans to a director of Royal Trustco and to officers of Royal Trust pursuant to the 1983 Management Share Purchase Plan. Such loans are repayable on demand but not later than five years after the date of the loan, and bear an interest rate equal to the cash dividends (if any) paid from time to time on the shares and received by the participants. As at September 30, 1984, twelve officers of Royal Trustco and a director of Royal Trustco were indebted to Royal Trustco in the aggregate amount of \$4,743,690 in respect of such loans.

The following table summarizes loans made to directors and officers of Royal Trustco for the purposes outlined above:

Name and Municipality of Residence	1981 or Earlier Stock Option Loans		Mortgage Loans (1)			1983 Management Share Purchase Plan Loans (2)
	Maximum Indebtedness in 1983	Amount Outstanding September 30, 1984	Maximum Indebtedness in 1983	Amount Outstanding September 30, 1984	Interest Rate	Amount Outstanding September 30, 1984
ROLAND B. BRETON Toronto, Ontario	\$ 64,734		\$ 72,546 98,944	\$ 70,388 97,250	8.0 % —	\$524,400
NICOLAS W. R. BURBIDGE Oakville, Ontario	3,217	\$ 231	35,367 1,095 31,916	34,013 1,064 29,221	9.125 10.0 —	
EDWARD P. CANNON North York, Ontario	51,528	49,241				393,300
DAVID R. COOPER Scarborough, Ontario	30,584	28,910				327,750
MICHAEL A. CORNELISSEN Oakville, Ontario						1,048,800
STEPHEN J. DONIHEE Scarborough, Ontario				143,924	12.375	168,750
JAMES A. C. FERENBACH Mississauga, Ontario	2,901	2,459				131,100
H. RICHARD GOURLAY Etobicoke, Ontario	2,440	2,207				196,650
DAVID M. MACDONALD Scarborough, Ontario						131,100
HARTLAND M. MACDOUGALL (3) Belfountain, Ontario						
H. DENNIS MADDEN Toronto, Ontario	14,830	14,352	77,535 73,650	75,168 71,620	8.0 —	131,100
C. TERRILL, MANNING, Q.C. Oakville, Ontario	31,457	28,921				



Name and Municipality of Residence	1981 or Earlier Stock Option Loans		Mortgage Loans (1)			1983 Management Share Purchase Plan Loans (2)
	Maximum Indebtedness in 1983	Amount Outstanding September 30, 1984	Maximum Indebtedness in 1983	Amount Outstanding September 30, 1984	Interest Rate	Amount Outstanding September 30, 1984
F. SANDY MILLIGAN Oakville, Ontario	\$ 56,410	\$ 52,892	\$ 77,325 72,500	\$ 73,452 71,000	8.5 % —	\$262,200
G. ROGER OTLEY Oakville, Ontario	70,657	66,171	71,197 80,203	68,743 77,680	9.125 —	524,400
E. COURTNEY PRATT Oakville, Ontario						327,300
IAN M. YOUNG North York, Ontario						576,840

- (1) The mortgage loans shown are those where the current indebtedness exceeds the current salary of the individual officer.
- (2) All 1983 Management Share Purchase Plan loans carry an annual interest rate equivalent to the annual cash dividends paid on the shares.
- (3) A loan with a floating market rate of interest was granted to Mr. MacDougall in 1979 prior to his joining the Board of Directors of Royal Trustco and \$69,171 is outstanding.

PRINCIPAL HOLDER OF SECURITIES

Trilon Financial Corporation ("Trilon") has advised Royal Trustco that, as of September 30, 1984, it held 9,231,229 Class A common shares of Royal Trustco directly and 1,034,992 Class A common shares of Royal Trustco indirectly through Arteco Holdings Limited. These holdings represented in the aggregate approximately 51.3% of the 19,995,985 common shares of Royal Trustco issued and outstanding as at September 30, 1984.

To the knowledge of the directors and officers of Royal Trustco, no other person holds or exercises control over Class A and Class B common shares carrying more than 10% of the votes attached to such common shares of Royal Trustco.

The Articles (Charter) of Royal Trustco stipulate that when more than 10% of the outstanding common shares of Royal Trustco are associated with each other (as defined), none of such associated shares in excess of 10% of the outstanding common shares may be voted at any meeting of the shareholders of Royal Trustco.

PENDING LEGAL PROCEEDINGS

In August, 1980, Campeau Corporation made a cash take-over bid (the "take-over bid") for control of Royal Trustco. The Board of Directors and management of Royal Trustco publicly opposed the take-over bid and in October, 1980, Campeau Corporation abandoned the take-over bid and returned all Royal Trustco shares deposited pursuant to the offer. In May, 1982, the Director appointed to administer the Canada Business Corporations Act (the "Act") commenced proceedings in the Supreme Court of Ontario pursuant to Section 234 of the Act against Royal Trustco and those individuals who were directors of Royal Trustco at the time of the take-over bid (the "defendants"). The proceedings sought a declaration that the alleged failure by the defendants to disclose to the shareholders of Royal Trustco certain information relating to the take-over bid alleged to have been known to the defendants was oppressive or unfairly prejudicial to or unfairly disregarded the interests of certain shareholders of Royal Trustco and constituted a failure to comply with certain provisions of

the Act. The Director also sought an order declaring that any shareholder of Royal Trustco aggrieved by such alleged omission is entitled to be compensated by the defendants for loss, if any, suffered thereby. Royal Trustco and such directors are defending these proceedings.

ADDITIONAL INFORMATION

Additional financial information is provided in Royal Trustco's audited consolidated financial statements for the year ended December 31, 1983 on pages 30 through 37 in Royal Trustco's Annual Report to Shareholders for the year ended December 31, 1983 and the unaudited consolidated financial statements in the interim reports for the three months, six months and nine months ended March 31, June 30, September 30, 1984, respectively. Copies of these documents may be obtained upon request from the Vice-President and Secretary, Royal Trustco Limited, Toronto Dominion Bank Tower, Toronto-Dominion Centre, Toronto, Ontario, M5W 1P9.

CERTIFICATE

Dated: October 29, 1984

The foregoing, together with any information incorporated by reference, contains no untrue statement of a material fact that is required to be stated herein in accordance with the requirements for this annual information form or that is necessary to make a statement contained herein not misleading in light of the circumstances in which it was made.

M. A. CORNELISSEN
President and Chief Executive Officer

I. M. YOUNG
Senior Vice-President,
Finance and Administration
and Chief Financial Officer

On behalf of the Board of Directors

H. M. MACDOUGALL
Director

M. M. HAWKRIGG
Director

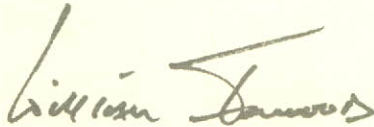
Notice of Annual and Special Meeting of Shareholders

Notice is hereby given that the Annual and Special Meeting of Shareholders of Royal Trustco Limited ("Royal Trustco") will be held in the Constitution Ballroom, Metro Toronto Convention Centre, 255 Front Street West, Toronto, Ontario, on Thursday, 7 March 1985 at 10.30 a.m. (Eastern Standard Time) for the following purposes:

1. To consider, and if thought fit, adopt the Consolidated Financial Statements and the Report of the Auditor thereon for the year ended 31 December 1984, contained in the 1984 Annual Report accompanying this Notice;
2. To elect Directors;
3. To appoint an Auditor and authorize the Directors to fix the remuneration of the Auditor;
4. To consider, and if thought fit, pass Special Resolution No. 1 amending the Articles in respect of the proposed removal of the voting restriction from the terms of the Common shares of Royal Trustco;
5. To consider, and if thought fit, confirm By-Law No. 2, being a By-Law providing for the establishment of a Business Conduct Review Committee of the Board of Directors; and
6. To transact any other business which may properly come before the meeting.

The texts of Special Resolution No. 1 and By-Law No. 2 are contained in Appendix A to the Management Proxy Circular.

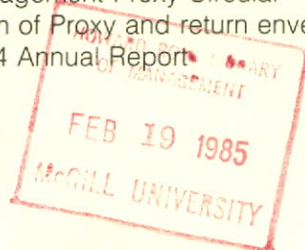
By order of the Board,



W. J. Inwood
Vice-President, General Counsel and Secretary

Dated this 13th day of
February, 1985

Attached: Management Proxy Circular
Enclosed: Form of Proxy and return envelope
1984 Annual Report



Management Proxy Circular

Contents	Page
Introduction	1
Solicitation of Proxies	1
Persons Making Solicitation and Methods Thereof	1
Appointment of Proxy	1
Right of Revocation	1
Discretionary Authority	2
Beneficial Owner of Shares and Voting Restriction	2
Shares Entitled to be Voted	2
Approval of Matters at Meeting	2
Matters for Consideration at Meeting	3
1984 Consolidated Financial Statements	3
Election of Directors	3
Appointment of Auditor	6
Amendment to Articles — Special Resolution to Remove Voting Restriction from Common Shares	6
Confirmation of By-Law No. 2 — Establishment of Business Conduct Review Committee of the Board of Directors	7
Recommendation	7
General Information	7
Remuneration and Benefits to Directors and Officers of Royal Trustco	7
Indebtedness of Directors and Officers of Royal Trustco	8
Stock Options	9
Directors' and Officers' Liability Insurance	10
Pending Legal Proceedings	10
Approval by Board of Directors	10
Appendix A — Special Resolution No. 1 and By-Law No. 2	11
Appendix B — Summary of Procedure to Exercise Shareholders' Dissent Rights	13

Note: In compliance with Ontario Securities Commission Policy 1.3, the Class A and Class B Common shares of Royal Trustco Limited are "Restricted Voting Shares", and a statement of the restriction is contained on page 2 of the Circular.

Management Proxy Circular

Introduction

This Management Proxy Circular ("Circular"), which accompanies the Notice of Annual and Special Meeting of Shareholders ("meeting") of Royal Trustco Limited ("Royal Trustco") called for 7 March 1985, is furnished in connection with the solicitation of proxies for use at that meeting and any adjournment thereof, and is being mailed to all registered holders of Common shares as at the close of business on 25 January, 1985. The information given in this Circular, unless otherwise stated, is as at 31 January 1985. In this Circular, where the context requires it, words denoting the masculine gender shall also denote the feminine gender.

Solicitation of Proxies

Persons Making Solicitation and Methods Thereof

The enclosed proxy is solicited by the management of Royal Trustco. Solicitation of proxies by Royal Trustco will be primarily by mail or by other means of delivery or personally by regular employees of Royal Trustco or of its subsidiaries. The cost of such solicitation will be borne by Royal Trustco.

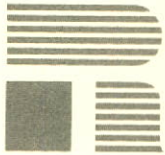
Appointment of Proxy

The persons named in the enclosed form of proxy are Directors of Royal Trustco. A shareholder desiring to appoint some other person (who need not be a shareholder or a Director) to represent him at the meeting may do so by inserting such person's name in the blank space provided in the form of proxy. The shareholder may direct that his shares be voted for, or against, or be withheld from voting, by marking the form of proxy as appropriate.

To be effective, a proxy must be executed legibly by a registered shareholder, as registered. A proxy executed by a registered shareholder which is a corporation must be properly executed and the corporate seal affixed. Evidence of authority to sign, satisfactory to Royal Trustco, may be filed with such proxy and may be requested by Royal Trustco or by its transfer agent, Royal Trust Corporation of Canada, prior to accepting such proxy for use at the meeting. Properly executed forms of proxy must be deposited no later than the close of business on the last business day preceding the meeting or an adjournment thereof, with Royal Trust Corporation of Canada, P.O. Box 7500, Station A, Toronto, Ontario M5W 9Z9, or, if delivered, to Corporate Trust Division, Royal Trust Corporation of Canada, Royal Trust Tower, Toronto-Dominion Centre, Toronto, Ontario.

Right of Revocation

A shareholder giving a proxy may revoke the proxy under Section 142(4) of the Canada Business Corporations Act (the "Act") by instrument in writing properly executed by such shareholder or by his attorney duly authorized in writing or, if the shareholder is a corporation, under its corporate seal, and deposited at the registered office of Royal Trustco, 44th Floor, Toronto Dominion Bank Tower, Toronto-Dominion Centre, Toronto, Ontario, at any time up to and including the last business day preceding the day of the meeting or an adjournment thereof at which the proxy is to be used, or with the Chairman of the meeting on the day of the meeting or any adjournment thereof, or in any other manner permitted by law.



Discretionary Authority

Proxies in favour of management confer discretionary authority with respect to amendments to matters identified in the Notice of Annual and Special Meeting of Shareholders or other matters that may properly come before the meeting and will be voted in accordance with the best judgment of the person voting the proxy. Management knows of no such amendments or other matters to come before the meeting.

Beneficial Owner of Shares and Voting Restriction

Trilon Financial Corporation ("Trilon") has advised Royal Trustco that, as of 31 January 1985, it owned 18,462,458 Class A Common shares of Royal Trustco directly and 2,069,984 Class A Common shares of Royal Trustco indirectly through Arteco Holdings Limited. These holdings represented in the aggregate approximately 50.3% of the 40,823,947 Common shares of Royal Trustco issued and outstanding. To the knowledge of the directors and officers of Royal Trustco no other person beneficially owns or exercises control or direction over Class A and Class B Common shares carrying more than 10% of the votes attached to such Common shares of Royal Trustco.

The Articles of Royal Trustco stipulate that when more than 10% of the outstanding Common shares of Royal Trustco are associated with each other (as defined), none of such associated shares in excess of 10% of the outstanding Common shares may be voted at any meeting of the shareholders of Royal Trustco. Reference is made to "Amendment to Articles — Special Resolution to Remove Voting Restriction from Common Shares" on page 6.

Shares Entitled to be Voted

Royal Trustco had outstanding 40,810,495 Class A and Class B Common shares as at 25 January 1985. Subject to the aforementioned voting restriction, holders of the outstanding Common shares of Royal Trustco at the close of business on 25 January 1985 will be entitled to one vote for each Common share held by them.

Royal Trust Corporation of Canada, as holder of certain Class B Common shares issued as stock dividends, will issue proxies in accordance with properly executed and deposited proxies received from registered holders of Class B Common shares who are also beneficial owners of the Class B Common shares held by Royal Trust Corporation of Canada. Proxies in favour of management received from registered holders of Class B Common shares and like proxies filed by Royal Trust Corporation of Canada in respect of Class B Common shares beneficially owned by such holders of Class B Common shares will be voted in accordance with the instructions contained therein.

Approval of Matters at Meeting

The Chairman of the meeting may conduct the vote on any matter by show of hands of those shareholders and proxyholders present at the meeting and entitled to vote thereat unless a ballot is demanded by a shareholder present at the meeting or by a proxyholder entitled to vote at the meeting or unless proxies representing not less than 5% of the shares entitled to be voted at the meeting would be voted against what would otherwise be the decision of the meeting on such matter.

Proxies in favour of management will be voted on any ballot that may be called for and where instructions are given with respect to a particular matter to be acted upon such proxies will be voted in accordance with such instructions. If no instructions are given with respect to the particular matters to be acted upon, such proxies will be voted as indicated on the proxy.

A simple majority of the votes cast either in person or by proxy on any matter voted upon at the meeting is sufficient to carry such matter, except proposed Special Resolution No. 1 to amend Articles (page 6 and Appendix A) which must be passed by a majority of not less than $\frac{2}{3}$ of the votes cast by holders of Common shares present in person or by proxy.

Matters for Consideration at Meeting

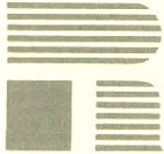
1984 Consolidated Financial Statements

The Consolidated Financial Statements and the Report of the Auditor thereon for the year ended 31 December 1984 are contained in the 1984 Annual Report, which is being mailed to all registered shareholders of record as at the close of business on 25 January 1985.

Election of Directors

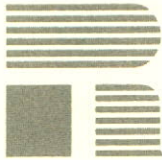
The following are the duly qualified nominees proposed by management for election as Directors of Royal Trustco. Directors will hold office until the next succeeding annual meeting of shareholders of Royal Trustco or until their successors are elected or appointed. By-Law No. 2 of Royal Trustco has the effect of requiring that a minimum of 5 Directors shall be independent (as defined); see Note 5 below.

Name and Municipality of Residence	Principal Occupation	Date first elected or appointed a Director of Royal Trustco or Predecessor (Note 2)	Number and Class of Shares of Royal Trustco owned, or over which control or direction is exercised, as at 31 January 1985
*HARTLAND MOLSON MACDOUGALL, C.M. Belfountain, Ontario (note 1)	Chairman of the Board, Royal Trustco;	1984	87,650 Class A Common (Note 6)
*MICHAEL ADRIAAN CORNELISSEN Oakville, Ontario	President and Chief Executive Officer, Royal Trustco	1981	80,000 Class A Common (Notes 4 and 6)
THE HON. REGINALD JAMES BALFOUR, Q.C. Senator Ottawa, Ontario	Member of the Senate of Canada; and Partner, Balfour, Moss, Milliken, Laschuk & Kyle (barristers & solicitors)	1969	8,024 Class A Common
JEAN ARTHUR BÉLIVEAU, O.C. Longueuil, Quebec	Senior Vice-President, Club de Hockey Canadien Inc. (professional hockey club)	1984	400 Class A Common
†THOMAS REID BELL St. Lambert, Quebec	President and Chief Executive Officer, Dominion Textile Inc. (textile manufacturer)	1984	200 Class A Common
ROBERT GILMOUR BENTALL West Vancouver, British Columbia	President and Chief Executive Officer, The Bentall Group Ltd. (real estate/construction company)	1977	866 Class A Common
GEORGE DRUMMOND BIRKS Montreal, Quebec	President and Chief Executive Officer, Henry Birks & Sons Ltd. (jeweller)	1968	532 Class A Common
DONALD NEWTON BYERS, Q.C. Ottawa, Ontario	Partner, Byers Casgrain (barristers & solicitors)	1968	5,120 Class A Common (Note 3)
†JAMES MCINTYRE CAMERON Thornhill, Ontario	Executive Vice-President, Corporate, TransCanada PipeLines Ltd. (natural gas transmission company)	1977	1,560 Class B Common



Name and Municipality of Residence	Principal Occupation	Date first elected or appointed a Director of Royal Trustco or Predecessor (Note 2)	Number and Class of Shares of Royal Trustco owned, or over which control or direction is exercised, as at 31 January 1985
KEITH CAMPBELL Montreal, Quebec	Corporate Director; formerly Managing Director, International Air Transport Association (international airline association)	1972	532 Class A Common
CHARLES JOSEPH CLARK, Q.C. Windsor, Ontario	Senior Partner, McTague, Clark (barristers & solicitors)	1977	3,000 Class A Common (Note 4)
GEORGE FRANKLIN SMITH CLARKE Toronto, Ontario	President, George F. S. Clarke and Associates (Consulting company)	1981	200 Class A Common
HENRY COLLINGWOOD St. John's, Newfoundland	Chairman, Baine, Johnston & Co. Ltd. (food wholesaler)	1968	8,000 Class A Common
GORDON ROSS CUNNINGHAM Toronto, Ontario (note 1)	Executive Vice-President and Chief Operating Officer, Trilon Financial Corporation (financial services company)	1984	2,000 Class A Common
*JOHN TREVOR EYTON, Q.C. Caledon, Ontario	President and Chief Executive Officer, Brascan Limited (natural resources, consumer products and financial services company); and Deputy Chairman of the Board, Royal Trustco	1983	6,000 Class A Common (Note 4)
†*FRASER MATTHEWS FELL, Q.C. North York, Ontario	Chairman and Chief Executive Officer, Dome Mines Limited (mining company)	1969	966 Class A Common
JEAN FOURNIER, C.D. Westmount, Quebec	Corporate Director; formerly Foreign Service Officer, Government of Canada	1984	330 Class A Common
*CONRAD FETHERSTONHAUGH HARRINGTON, C.D. Westmount, Quebec	Corporate Director; formerly Chairman of the Board, Royal Trust	1960	30,004 Class A Common (Note 3)
*MELVIN MICHAEL HAWKRIGG Waterdown, Ontario	President and Chief Executive Officer, Trilon Financial Corporation	1982	114,142 Class A Common (Note 4)
FREDERICK WILLIAM PRYCE JONES London, Ontario	Financial Consultant	1968	10,664 Class A Common

Name and Municipality of Residence	Principal Occupation	Date first elected or appointed a Director of Royal Trustco or Predecessor (Note 2)	Number and Class of Shares of Royal Trustco owned, or over which control or direction is exercised, as at 31 January 1985
EGERTON WARREN KING Edmonton, Alberta	Corporate Director; formerly President and Chief Executive Officer, Canadian Utilities Limited (holding company)	1978	266 Class A Common
*ALLEN THOMAS LAMBERT, O.C. Toronto, Ontario	Chairman of the Boards, Trilon Financial Corporation and London Life Insurance Company (life insurance company)	1983	40,000 Class A Common and 10,766 Class B Common
†GILBERT IRVING NEWMAN Toronto, Ontario	Executive Vice-President, Olympia & York Developments Limited (real estate and investment holding company)	1981	None
†*EARL HERBERT ORSER London, Ontario	President and Chief Executive Officer, London Life Insurance Company	1982	None
*ALBERT REICHMANN Toronto, Ontario	President, Olympia & York Developments Limited	1981	None
The HON. MAURICE RIEL, P.C., Q.C. Senator Westmount, Quebec	Member of the Senate of Canada; and Counsel and Partner, Stikeman, Elliott (barristers & solicitors)	1971	4,866 Class A Common
NIGEL JOHN ROBSON Godalming, England (note 1)	Chairman of the Board, Alexander Howden Underwriting Limited (Members Agency and Managing Agency, Lloyd's of London)	—	None
PIERRE TASCHEREAU, Q.C. Montreal, Quebec	Corporate Director; formerly Chairman of the Board, Air Canada (air transportation corporation)	1984	None
JAMES MARSHALL TORY, Q.C. Toronto, Ontario	Partner, Tory, Tory, DesLauriers & Binnington (barristers & solicitors)	1981	530 Class A Common
*DAVID GEORGE WALDON Toronto, Ontario	Corporate Director; formerly Chairman and Chief Executive Officer, Interprovincial Pipe Line Ltd.	1974	5,000 Class A Common and 500 Series D Preferred
*ALLAN WATERS Toronto, Ontario	President, CHUM Limited (radio and television broadcasting company)	1977	266 Class A Common



Name and Municipality of Residence	Principal Occupation	Date first elected or appointed a Director of Royal Trustco or Predecessor (Note 2)	Number and Class of Shares of Royal Trustco owned, or over which control or direction is exercised, as at 31 January 1985
†MARSHALL MACKENZIE WILLIAMS Calgary, Alberta	Chairman of the Board, President and Chief Executive Officer, TransAlta Utilities Corporation (electric utility company)	1975	466 Class A Common
†WILLIAM GEORGE WILSON West Vancouver, British Columbia	President, Cominco Ltd. (mining, refining, chemical, fertilizer and holding company)	1982	None

*Member of the Executive Committee

†Member of the Audit Committee

Notes:

1. Mr. MacDougall was Vice-Chairman and a Director of a Canadian chartered bank prior to joining Royal Trustco in October 1984.

Mr. Cunningham's principal occupation was Vice-President of Brascan Limited prior to joining Trilon Financial Corporation in January, 1985 and was a partner, Tory, Tory, DesLauriers & Binnington (barristers & solicitors) prior to joining Brascan Limited in March 1984.

Prior to January 1984 Mr. Robson was a Director and Chairman of Grindlay's Bank plc, London, England.

2. A date of 1978 or earlier indicates that the nominee was first elected as a Director of The Royal Trust Company (the former parent). On 3 November 1978 the then Directors of The Royal Trust Company were elected as Directors of Royal Trustco. Dates shown in 1979 or later indicate the date of first election as a Director of Royal Trustco.
3. In addition, Messrs. Byers and Harrington are trustees of an estate which is the owner of 16,550 Class A Common shares.
4. Messrs. Eyton, Cornelissen, Clark and Hawkrigg, as Trustees under the 1983 Management Share Purchase Plan, hold 781,000 Class A Common shares pursuant to the terms of the said Plan.
5. Messrs. MacDougall, Cornelissen, Cunningham, Eyton, Hawkrigg, Lambert, Newman, Orser, Reichmann and Robson are not independent within the meaning of By-Law No. 2.
6. Messrs. MacDougall and Cornelissen own 10,000 and 20,000 warrants to purchase Class A Common shares, respectively.

Messrs. MacDougall, Cornelissen, Eyton, Harrington and Hawkrigg are also Directors of Royal Trust Corporation of Canada, The Royal Trust Company and The Royal Trust Company Mortgage Corporation; Messrs. Fell and Lambert are also Directors of Royal Trust Corporation of Canada and The Royal Trust Company; Messrs. Newman, Orser, Waldon and Waters are also Directors of Royal Trust Corporation of Canada; Messrs. Bell, Byers, Fournier and Senator Riel are also Directors of The Royal Trust Company and The Royal Trust Company Mortgage Corporation; and Messrs. Béliveau, Bell, Birks, Campbell and Taschereau are also Directors of The Royal Trust Company.

Appointment of Auditor

Management proposes that Clarkson Gordon, Chartered Accountants, Toronto-Dominion Centre, Toronto, Ontario be re-appointed as Auditor of Royal Trustco, and that the directors be authorized to fix the remuneration of the Auditor.

Amendment to Articles — Special Resolution to Remove Voting Restriction from Common Shares.

It is proposed that the shareholders pass special Resolution No. 1 to remove the voting restriction on Common shares from the Articles of Royal Trustco. The voting restriction stipulates that when more than 10% of the outstanding Common shares of Royal Trustco are associated with each other (as defined), none of such associated shares in excess of 10% of the outstanding Common shares may be voted at any meeting of the shareholders of Royal Trustco.

The Directors and management believe that any conflicts of interest arising from a shareholder holding in excess of 10% of the outstanding Common shares can be more appropriately dealt with by the creation of specific guidelines covering such eventualities, and the inclusion within the By-Laws of Royal Trustco of provisions relating to the Business Conduct Review Committee.

The text of special Resolution No. 1 is contained in Appendix A to this Circular.

By the provisions of section 184 of the Act, a shareholder of Royal Trustco is entitled to send to Royal Trustco written objection (a "Notice of Dissent") to the special resolution. In addition to any other right a Royal Trustco shareholder may have, when the Articles of Amendment become effective, a shareholder who complies with the dissent procedure of section 184 (the "Dissenting Shareholder") is entitled to be paid by Royal Trustco the fair value of the shares held by him in respect of which he dissents, determined as at the close of business on the day before the special resolution was passed. The dissent procedure to be followed is summarized in Appendix B to this Circular (which utilizes defined terms herein), and shareholders who may wish to dissent are referred to such Appendix, as failure by a Dissenting Shareholder to adhere strictly to the requirements of section 184 may result in the loss of such shareholder's dissenters' rights.

Confirmation of By-Law No. 2 — Establishment of Business Conduct Review Committee of the Board of Directors.

By-Law No. 2, being a by-law to provide for the establishment of a Business Conduct Review Committee (the "Committee") of the Board of Directors, was enacted by the Directors on 11 December 1984 and will be submitted to the shareholders for confirmation by ordinary resolution at the meeting.

The By-Law provides that the Committee shall be composed of independent Directors (as defined). The Committee will formulate a Code of Business Conduct, review business ethics and conflicts of interest and establish guidelines to determine whether investments or loans are subject to conflict of interest rules. The Committee's recommendations to the Board of Directors are subject to review or amendment by the Board, providing that Directors who are not independent may not participate in or vote on any such recommendation. The By-Law provides that an amendment or repeal of the By-Law must be confirmed by at least $\frac{2}{3}$ of the votes cast at a meeting of shareholders.

The text of By-Law No. 2 is contained in Appendix A to this Circular.

Recommendation

The Board of Directors recommends that shareholders vote in favour of Special Resolution No. 1, and in favour of the confirmation of By-Law No. 2.

General Information

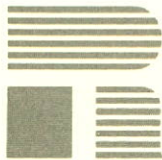
Remuneration and Benefits to Directors and Officers of Royal Trustco

The following information is given with respect to the remuneration of the Directors and officers of Royal Trustco by Royal Trustco and its subsidiaries for the financial year ended 31 December 1984.

	Nature of Remuneration Earned (dollars)					Total
	Director fees	Salaries	Bonuses	Non-Accountable expense allocation	Other (Note 1)	
(i) Directors (total number 32):						
Royal Trustco	\$447,742	—	—	—	—	\$ 447,742
Royal Trust Corporation of Canada	16,208	—	—	—	—	16,208
The Royal Trust Company	39,183	—	—	—	—	39,183
The Royal Trust Company Mortgage Corporation	9,533	—	—	—	—	9,533
Total (i)	512,666	—	—	—	—	512,666
(ii) Five Senior Officers (Note 2)	—	\$ 832,723	—	—	\$ 51,014	\$ 883,737
(iii) Officers receiving over \$40,000 (total number 16 including the Five Senior Officers) (Note 3)						
Royal Trustco	—	1,638,811	—	—	120,892	1,759,703
Total (iii)	—	1,638,811	—	—	120,892	1,759,703
Total (i) & (iii)	\$512,666	\$1,638,811	—	—	\$120,892	\$2,272,369

Notes:

1. "Other" comprises various benefits taxable in the hands of the recipient.
2. Includes 1 officer who is a Director of Royal Trustco.
3. Includes 2 officers who are Directors of Royal Trustco.
4. No officer of Royal Trustco received remuneration aggregating less than \$40,000 per annum in 1984.



The estimated aggregate cost to Royal Trustco and its subsidiaries in the last completed financial year of all benefits proposed to be paid under any pension or retirement plan upon retirement at normal retirement age to the Directors and officers of Royal Trustco was \$56,528.

Indebtedness of Directors and Officers of Royal Trustco

Royal Trustco has made loans to officers and employees and those of its principal subsidiaries to permit them to purchase Class A Common shares of Royal Trustco pursuant to stock option plans which expired in 1981 and earlier. The total aggregate amount of such loans outstanding as at 31 January 1985 was \$1,418,223. All such loans are interest-free, repayable monthly and are amortized over 10 or 20 years, depending on the age of the borrower. Seven officers of Royal Trustco have been indebted to Royal Trustco during the period since 1 January 1984 in respect of such financial assistance as indicated in the table below.

Royal Trustco and/or its principal subsidiaries have made loans to officers and employees secured by mortgages on their residences. Six officers of Royal Trustco have been indebted to Royal Trustco or a principal subsidiary during the period since 1 January 1984 in respect of mortgage loans in excess of annual salary, as indicated in the table below.

Royal Trustco has made loans to certain Directors and officers of Royal Trustco and certain subsidiaries pursuant to the 1983 Management Share Purchase Plan. Sixteen officers (including 2 Directors) of Royal Trustco have been indebted to Royal Trustco in respect of such loans as indicated in the table below.

The following table summarizes loans made to Directors and officers of Royal Trustco for the purposes outlined above.

Name and Municipality of Residence	1981 or Earlier Stock Option Loans		Mortgage Loans (Note 1)			1983 Management Share Purchase Plan Loans (Note 2)
	Maximum indebtedness since 1 January 1984	Amount Outstanding 31 January 1985	Maximum indebtedness since 1 January 1984	Amount Outstanding 31 January 1985	Interest Rate	Amount
NICOLAS W. R. BURBIDGE Oakville, Ontario	\$ 2,844	186	34,595 1,079 30,428	33,802 1,055 28,542	9.125% 10% NIL	—
DAVID R. COOPER Scarborough, Ontario	29,692	28,597	—	—	—	327,750
MICHAEL A. CORNELISSEN Oakville, Ontario	—	—	—	—	—	1,048,800
STEPHEN J. DONIHEE Scarborough, Ontario	—	—	144,000	143,692	12.375%	168,750
JOHN R. DORKEN Etobicoke, Ontario	—	—	—	—	—	239,625
JAMES A. C. FERENBACH Mississauga, Ontario	2,652	2,373	—	—	—	131,100
H. RICHARD GOURLAY Etobicoke, Ontario	2,308	2,161	—	—	—	196,650
WILLIAM C. HARKER Toronto, Ontario	—	—	—	—	—	826,800
WILLIAM J. INWOOD Toronto, Ontario	—	—	—	—	—	319,500
DAVID M. MACDONALD Scarborough, Ontario	—	—	100,000	99,840	9.875%	290,850
HARTLAND M. MACDOUGALL Belfountain, Ontario (Note 3)	—	—	—	—	—	1,044,000

Name and Municipality of Residence	1981 or Earlier Stock Option Loans		Mortgage Loans (Note 1)		Interest Rate	1983 Management Share Purchase Plan Loans (Note 2)
			Amount			Amount
	Maximum indebtedness since 1 January 1984	Amount Outstanding 31 January 1985	Maximum indebtedness since 1 January 1984	Amount Outstanding 31 January 1985		
H. DENNIS MADDEN Toronto, Ontario	14,580	14,228	76,222 72,600	74,679 71,125	8% NIL	131,100
F. SANDY MILLIGAN Oakville, Ontario	54,477	52,149	75,048 71,800	72,709 —	8.5% NIL	262,200
DENIS H. NIXON Toronto, Ontario	—	—	—	—	—	239,625
G. ROGER OTLEY Oakville, Ontario	68,180	65,236	69,877 78,799	68,096 77,080	9.125% NIL	524,400
E. COURTNEY PRATT Oakville, Ontario	—	—	—	—	—	487,050
IAN M. YOUNG North York, Ontario	—	—	—	—	—	576,840

Notes:

1. The Mortgage Loans shown are those where the aggregate amount outstanding exceeded the annual salary of the individual during the period since 1 January, 1984.
2. All 1983 Management Share Purchase Plan Loans carry an annual interest rate equivalent to the annual cash dividends paid on the shares. Notes and documentation evidencing 1983 Management Share Purchase Plan Awards made 31 January, 1985 are in preparation.
3. In addition, a loan with a floating rate of interest was granted to Mr. MacDougall in 1979 prior to his joining the Board of Directors of Royal Trustco and \$66,151 is outstanding.

Stock Options

Since 1 January 1984, rights and options to purchase Class A Common Shares of Royal Trustco under the 1983 Management Share Purchase Plan and the 1984 Management Share Option Plan, respectively, were granted to and exercised by certain officers of Royal Trustco, as follows:

Rights and Options Granted

Date	No. of Class A Common Shares	Price per Share	Price Range of Class A Common Shares in 30-day period prior to Date	
			High	Low
March 8, 1984	13,000	\$13.25	\$14.250	\$13.125
July 19, 1984	30,000	10.91	12.625	12.000
July 30, 1984	15,000	11.25	12.812	12.000
August 28, 1984	80,000	13.05	14.750	12.750
October 17, 1984	60,000	13.78	15.812	14.687
January 31, 1985	70,000	15.97	18.250	16.750

Rights and Options Exercised

Date	No. of Class A Common Shares	Price per Share	Price Range of Class A Common Shares in 30-day period prior to Date	
			High	Low
January 6, 1984	659,000	\$13.11	\$14.625	\$13.687
July 30, 1984	15,000	11.25	12.812	12.000
July 30, 1984	30,000	10.91	12.812	12.000
October 25, 1984	80,000	13.05	16.875	14.687
October 25, 1984	60,000	13.78	16.875	14.687
January 2, 1985	8,000	13.25	18.500	17.000
January 31, 1985	70,000	15.97	18.250	16.750

Note:

The above numbers of shares and prices have been adjusted to reflect the effect of a dividend payable on 20 December 1984 which consisted of 1 Class A or Class B Common Share for each Class A or Class B Common Share held.

Directors' and Officers' Liability Insurance

A policy is in effect providing Directors' and Officers' liability insurance for Directors and officers, the policy limit being \$20,000,000 per policy year subject to a retention of 5% of the amount of each insured loss (up to \$1,000,000). The coverage applies to the Directors and officers of Royal Trustco and all subsidiaries.

When under the by-laws of Royal Trustco Directors and officers are entitled to indemnification by Royal Trustco for an insurable loss there is a retention of \$200,000 per loss.

In those instances where the Directors and officers are not entitled to indemnification by Royal Trustco for an insurable loss there is a retention of \$5,000 per Director or officer, subject to a maximum of \$50,000 per loss.

The policy pays 95% of insured losses above the applicable retention.

The premium applicable to the 1984 financial year was \$50,000 of which \$5,000 was paid personally by the Directors of Royal Trustco and the remaining \$45,000 by Royal Trustco.

Pending Legal Proceedings

In August, 1980, Campeau Corporation made a cash take-over bid (the "take-over bid") for control of Royal Trustco. The Board of Directors and management of Royal Trustco publicly opposed the take-over bid and in October, 1980, Campeau Corporation abandoned the take-over bid and returned all Royal Trustco shares deposited pursuant to the offer. In May, 1982, the Director appointed to administer the Act commenced proceedings in the Supreme Court of Ontario pursuant to Section 234 of the Act against Royal Trustco and those individuals who were Directors of Royal Trustco at the time of the take-over bid (the "defendants"). The proceedings sought a declaration that the alleged failure by the defendants to disclose to the shareholders of Royal Trustco certain information relating to the take-over bid alleged to have been known to the defendants was oppressive or unfairly prejudicial to or unfairly disregarded the interests of certain shareholders of Royal Trustco and constituted a failure to comply with certain provisions of the Act. The Director also sought an order declaring that any shareholder of Royal Trustco aggrieved by such alleged omission is entitled to be compensated by the defendants for loss, if any, suffered thereby. Royal Trustco and such Directors are defending these proceedings.

Approval by Board of Directors

The Board of Directors of Royal Trustco has approved the contents and the sending of this Management Proxy Circular to the shareholders.



W. J. INWOOD
Vice-President, General Counsel
and Secretary

31 January 1985

Appendix A

Proposed Special Resolution to amend Articles

Special Resolution No. 1:

WHEREAS it is desirable for Royal Trustco to amend its Articles as provided in this Special Resolution;
NOW THEREFORE BE IT RESOLVED and it is hereby resolved as a Special Resolution that

- (1) Schedule "B" of the Articles of the Corporation is deleted
- (2) Clause 3 of the Articles of the Corporation is amended by deleting the following words and comma in the last sentence thereof:
" , other than the voting restriction which is annexed hereto as Schedule "B" to form part hereof"
- (3) Clause 7 of Schedule "A" of the Articles of the Corporation is amended by deleting the following words and comma in the last sentence thereof:
"Subject to the voting restrictions set forth in Schedule "B" annexed hereto,"
and by making uppercase the initial letter of the first word of the remaining words in the sentence.

By-Law No. 2

Being a By-Law providing for the establishment of a Business Conduct Review Committee of the Board of Directors.

(a) Establishment

There shall be a committee of the Board of Directors of the Corporation known as the Business Conduct Review Committee. The Business Conduct Review Committee (the "Committee") shall consist of not less than five directors, a majority of whom shall be resident Canadians. All members of the Committee shall be independent.

(b) Code of Business Conduct

The Committee shall prepare or cause to be prepared under its direction for the approval of the Board of Directors of the Corporation and, once approved, shall monitor compliance with a code of business conduct for the Corporation. The Committee may from time to time propose amendments to the code of business conduct for the approval of the Board of Directors of the Corporation.

(c) Ethics; Conflicts of Interest; Guidelines

The Committee shall review business ethics and conflicts of interest applicable to employees, directors and shareholders.

All proposed significant investments or loans or other significant business activities of the Corporation or any of its subsidiaries without substantial minority interests which may involve a material conflict of interest shall be approved by the Committee.

The Committee shall establish guidelines, which may be amended by the Committee from time to time, for determining whether a proposed investment or loan or other business activity is significant and whether a conflict of interest relating thereto which is material may be involved. Any guidelines so established as to when such an investment, loan or other business activity is significant and as to when a material conflict of interest relating thereto is involved shall be binding for all purposes hereunder.

(d) Review by Board of Directors

All decisions or determinations and guidelines made or established by the Committee pursuant to clause (c) hereof are subject to review and amendment by the Board of Directors of the Corporation provided that no director of the Corporation who would not then be qualified to be a member of the Committee by reason of the independence criteria established for membership on the Committee shall participate in any decision relating to any such review or amendment. Any member of the Board of Directors who is not qualified to so participate shall withdraw from the meeting of the Board of Directors of the Corporation while any such matter is under consideration.

member of the Board of Directors who is not qualified to so participate shall withdraw from the meeting of the Board of Directors of the Corporation while any such matter is under consideration.

(e) **Election**

The members of the Committee shall be elected by the Board of Directors of the Corporation at its meeting immediately following each Annual Meeting of Shareholders and from time to time as the Board of Directors of the Corporation may see fit.

(f) **Report**

The Committee shall make regular reports to the Board of Directors of the Corporation.

(g) **Chairman and Secretary of the Committee**

The Chairman of the Committee shall be appointed by the Board of Directors of the Corporation. In the absence of the Chairman, the members present at the meeting shall appoint one of their number to act as Chairman of the meeting. The Committee shall appoint a Secretary who shall keep the minutes of all meetings of the Committee and perform such other duties as the Committee or its Chairman may assign to him from time to time.

(h) **Meetings**

Regular meetings of the Committee shall be held at least once a year at such time and place as shall be determined from time to time by the Committee. The Committee shall also meet at any time on the call of the Chairman, or, in his absence, the call of any two members of the Committee.

(i) **Majority Vote**

Matters decided by the Committee shall be determined by a majority vote.

(j) **Quorum**

A majority of the members of the Committee shall constitute a quorum and notwithstanding any vacancy among the Committee a quorum of the Committee may exercise all the powers of the Committee.

(k) **Procedures for Directors Interested in Investments and Loans**

A member of the Committee shall disclose to the Committee his interest and thereafter withdraw from a meeting of the Committee during the discussion of any proposal involving a situation where such member has or may have a significant conflict of interest including any proposal involving the investment or loaning of funds to or other business or investment activity with (i) such member, or to or with any individual associate of such member, or (ii) to or with a corporation (or to or with an affiliate of such corporation or a corporation which is an associate of or in an associate relationship with such corporation or any affiliate of any such associate or corporation in such associate relationship) in which such member or individual associate is a substantial shareholder or a director (other than of subsidiaries or associates of the Corporation) or officer, provided that should any such withdrawal mean the loss of quorum at the meeting the member or members concerned may remain at the meeting but shall refrain from comment or voting with respect to the proposed investment or loan.

(l) **Notice of Meeting**

Notice of meeting may be given by letter, telex, telegram or telephone not less than 12 hours before the time fixed for the meeting. Notice of regular meetings need state only the date of the week or the month, the place and the hour at which such meetings will be held and need not be given for each meeting. Members may waive notice of any meeting.

(m) **Removals and Resignations**

The Board of Directors of the Corporation may at any time remove any member of the Committee at its discretion and may accept the resignation of any member of the Committee.

(n) **Meaning of Independent**

The word "independent" as used herein means a person who (a) is not in an associate relationship with the Corporation, (b) is not, and does not have any associate who is, an officer or employee of the Corporation or any of its subsidiaries or associates, and (c) is not, and does not have any associate who is, a director, officer or employee of (i) any corporation in an associate relationship with the Corporation, (ii) any other corporation in an associate relationship with such first mentioned corporation, or (iii) any affiliate (other than the Corporation and its subsidiaries and associates) of any of the foregoing. In this by-law, the words "affiliate" and "associate" are used herein as used in the Securities Act (Ontario) and a person or corporation is in an associate relationship with another corporation if such other corporation is its associate.

(o) **Application of By-Law**

This by-law is for the purpose of assisting in the administration of the internal affairs of the Corporation and its subsidiaries and the failure in any way to comply with this by-law shall not render any action, which is otherwise valid or binding on or enforceable against the Corporation, invalid or voidable.

(p) **Amendment**

No amendment or repeal of this by-law shall be effective until, in addition to any other approvals required by law, such amendment or repeal, as the case may be, has been confirmed by at least $\frac{2}{3}$ of the votes cast at a meeting of shareholders.

Appendix B

Summary of Procedure to Exercise Shareholders' Dissent Rights

A Dissenting Shareholder may only claim under section 184 of the Act with respect to all the shares held by him on behalf of any one beneficial owner and registered in his name. A shareholder who wishes to invoke the provisions of section 184 must send to Royal Trustco a Notice of Dissent to the special resolution at or before the time fixed for the shareholders' meeting. The filing of a Notice of Dissent does not deprive a shareholder of his right to vote on the special resolution. A vote against the special resolution does not constitute a Notice of Dissent. A vote in favour of the special resolution will deprive the Dissenting Shareholder of further rights under this section.

Within ten days after the adoption of the special resolution by the shareholder, Royal Trustco is required to notify in writing each shareholder who has filed a Notice of Dissent and has not voted for the resolution or withdrawn his objection that the special resolution has been adopted. A Dissenting Shareholder shall, within 20 days after he receives notice of adoption of the special resolution, or, if he does not receive such notice, within 20 days after he learns that the resolution has been adopted, send to Royal Trustco a written notice (the "Demand for Payment") containing his name and address, the number of shares in respect of which he dissents and a demand for payment of the fair value of such share. Within 30 days of the sending of his Demand for Payment, the Dissenting Shareholder shall send the certificates representing the shares in respect of which he dissents to Royal Trustco or its transfer agent. If a Dissenting Shareholder fails to send his certificates he has no right to make a claim under section 184. Royal Trustco, or its transfer agent, shall endorse thereon notice that the holder thereof is a Dissenting Shareholder and forthwith return the share certificates to the Dissenting Shareholder.

After sending a Demand for Payment, a Dissenting Shareholder ceases to have any rights as a shareholder except the right to be paid the fair value of the shares of Royal Trustco held by him, unless (i) the Dissenting Shareholder withdraws his Demand for Payment before Royal Trustco makes an offer to pay (the "Offer to Pay") or (ii) Royal Trustco fails to send a timely Offer to Pay to the Dissenting Shareholder.

Not later than seven days after the later of the effective date of the Articles of Amendment and the day Royal Trustco receives a Demand for Payment, Royal Trustco shall send to each Dissenting Shareholder who has sent a Demand for Payment, an Offer to Pay for the shares of the Dissenting Shareholder in an amount considered by the directors to be the fair value thereof accompanied by a statement showing how the fair value was determined. Every Offer to Pay for shares held by Dissenting Shareholders shall be on the same terms. The amount specified in an Offer to Pay accepted by a Dissenting Shareholder shall be paid by Royal Trustco within ten days of the acceptance but an Offer to Pay lapses if Royal Trustco has not received an acceptance thereof within 30 days of the making of the Offer to Pay.

If an Offer to Pay is not made by Royal Trustco or if a Dissenting Shareholder fails to accept an Offer to Pay, Royal Trustco may, within 50 days after the effective date of the Articles of Amendment or within such further period as a court may allow, apply to the court to fix a fair value for the shares of any Dissenting Shareholder. If Royal Trustco fails to so apply to a court, a Dissenting Shareholder may apply to a court for the same purpose within a further period of 20 days or within such further period as a court may allow. Any such application shall be made to the Supreme Court of Ontario, being the court which has jurisdiction in the place where the registered office of Royal Trustco is located.

A Dissenting Shareholder is not required to give security for costs in any application to a court and all Dissenting Shareholders whose shares have not been purchased by Royal Trustco shall be joined as parties and bound by the decision of the court. Royal Trustco shall notify each affected Dissenting Shareholder of the date, place and consequences of an application and of the right of a Dissenting Shareholder to appear and be heard in person or by counsel.

The court shall fix a fair value for the shares of all Dissenting Shareholders and may, in its discretion, allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder from the effective date of the Articles of Amendment, as the case may be, until the date of payment of the amount ordered by the court. The cost of any application to a court by Royal Trustco or a Dissenting Shareholder will be in the discretion of the court.

The above is only a summary of the dissenting shareholder provisions of the Act, which are technical and complex. It is suggested that any holder of shares of Royal Trustco wishing to avail himself of his right of dissent seek his own legal advice, as failure to comply strictly with the provisions of the statute may prejudice his right of dissent.

Trustco Royal Limitée

Dossier d'information annuel

1984

TABLE DES MATIÈRES

	<u>Page</u>
Trust Royal	1
Activités du Trust Royal	1
Activités au Canada	1
Services financiers	1
Prêts hypothécaires	2
Autres placements	3
Fiducie et autres services fiduciaires	4
Services de courtage immobilier	4
Services informatiques	4
Activités internationales	5
Échéances des éléments d'actif, des éléments de passif et de l'avoir des actionnaires	5
Sensibilité aux taux d'intérêt	6
Principaux biens immobiliers	6
Législation et réglementation	7
Revue financière	8
Rétrospective quinquennale	8
Résultats trimestriels	8
Analyse de la situation financière et des résultats d'exploitation	9
Analyse générale	9
Neuf premiers mois de 1984 et neuf premiers mois de 1983	9
Exercice 1983 et exercice 1982	9
Exercice 1982 et exercice 1981	10
Situation des liquidités en 1984	10
Marché pour la négociation des titres	10
Dividendes	11
Structure du Trust Royal	11
Dirigeants	12
Comité responsable du code de déontologie et Comité d'étude des placements	15
Rémunération et avantages versés aux dirigeants de Trustco Royal	15
Régime d'actionariat et Régime d'achat d'actions	15
Prêts aux dirigeants	16
Principaux actionnaires	18
Litiges en cours	18
Informations supplémentaires	18
Attestation	19

TRUST ROYAL

Trustco Royal Limitée («Trustco Royal»), société constituée en 1978 par statuts de fusion en vertu de la Loi sur les sociétés commerciales canadiennes, est la société mère du groupe de sociétés Trust Royal, dont l'une a commencé ses activités en 1899. Trustco Royal assure la supervision et la direction générales de ses filiales.

Dans le présent dossier d'information annuel, l'expression «Trust Royal» s'applique collectivement à Trustco Royal et à l'ensemble de ses filiales, ou encore à une ou plusieurs de ses filiales. La structure du Trust Royal est présentée à la page 11. Les bureaux de la Haute direction et le Siège social de Trustco Royal sont situés au 44^e étage, Tour Toronto Dominion Bank, Toronto-Dominion Centre, Toronto (Ontario).

Royal Trust Bank Corp. a été vendue en février 1984. Tous les chiffres présentés dans les présentes ont été rajustés pour tenir compte de la comptabilisation du placement dans Royal Trust Bank Corp. à la valeur de consolidation.

ACTIVITÉS DU TRUST ROYAL

Le Trust Royal offre une gamme complète de services financiers, fiduciaires et immobiliers, soit comptes de chèques et comptes d'épargne, prêts à la consommation et aux entreprises et prêts hypothécaires, gestion de portefeuille pour le compte de particuliers et d'entreprises de même que des instruments de placement, y compris les fonds communs, des services fiduciaires aux particuliers, aux sociétés et aux caisses de retraite ainsi que des services de courtage immobilier. Il dispose d'un réseau de 26 succursales à services complets, 81 succursales à services financiers et 132 succursales immobilières au Canada et 4 bureaux outre-mer. Au 30 septembre 1984, le Trust Royal possédait en propre un actif de 10,6 milliards de dollars et administrait un actif total de 42 milliards de dollars. En 1983, ses revenus étaient de 1,3 milliard de dollars et son bénéfice net de 65 millions de dollars. Au cours du même exercice, il a versé des dividendes sur ses actions ordinaires pour un montant total de 21 millions de dollars. Le tableau suivant indique la provenance des revenus, en chiffres absolus et en pourcentage, pour les exercices indiqués.

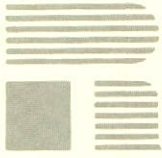
	Exercice terminé le 31 décembre									
	1983		1982		1981		1980		1979	
	(en millions de dollars)									
Services financiers	1 065	81 %	1 159	84 %	1 107	81 %	840	79 %	648	78 %
Services fiduciaires	95	7	90	7	92	7	77	7	62	7
Services immobiliers . . .	157	12	129	9	167	12	151	14	127	15
	<u>1 317</u>	<u>100 %</u>	<u>1 378</u>	<u>100 %</u>	<u>1 366</u>	<u>100 %</u>	<u>1 068</u>	<u>100 %</u>	<u>837</u>	<u>100 %</u>

Au 31 décembre 1983, le Trust Royal employait plus de 7 400 personnes, y compris des agents immobiliers travaillant à commission.

Activités au Canada

Services financiers

Le Trust Royal offre un service de dépôt dans les 107 succursales de Royal Trust Corporation of Canada, qui exerce ses activités dans toutes les provinces à l'exception du Québec, et de la Compagnie Trust Royal au Québec. Ces sociétés sont autorisées à recevoir des dépôts qui, aux termes de la législation, doivent être traités comme des fonds en fiducie, l'actif correspondant étant séparé du capital et de l'actif propres du Trust Royal. Les dépôts sont administrés dans des «comptes garantis» de trois types : comptes d'épargne, comptes de chèques et certificats de placement garanti (dépôts à terme).



Le tableau suivant indique le montant des sommes déposées auprès des succursales canadiennes du Trust Royal, aux dates indiquées :

	Au 30 septembre		Au 31 décembre			
	1984	1983	1982	1981	1980	1979
	(en millions de dollars)					
Dépôts à vue.....	1 714	1 672	1 685	1 454	1 305	935
Dépôts à terme.....	6 481	5 817	5 282	5 420	4 903	4 505
Total	8 195	7 489	6 967	6 874	6 208	5 440

Les fonds provenant de ces dépôts sont placés. La répartition de ces placements au 30 septembre 1984 était la suivante : encaisse et dépôts à court terme : 15 %; titres négociables : 5 %; prêts hypothécaires : 64 %; autres prêts et placements : 16 %.

La Société d'Hypothèques de la Compagnie Trust Royal et Builders Financial Co. Limited font également des opérations financières. Ces sociétés réunissent de temps à autre des capitaux par la vente de débentures et de billets à court terme sur le marché monétaire et placent le produit de ces emprunts essentiellement en premières hypothèques. Leurs emprunts totalisaient 154 millions de dollars au 30 septembre 1984.

Le Trust Royal accepte les cotisations des particuliers aux régimes d'allégement fiscal prévus par la Loi de l'impôt sur le revenu (Canada) et aux régimes d'épargne-actions prévus par la Loi sur les impôts (Québec). Au 30 septembre 1984, le total cumulatif de ces cotisations s'élevait à 2,6 milliards de dollars, dont 2,1 milliards en dépôts figurant dans le bilan consolidé du Trust Royal et 0,5 milliard en fonds gérés en fiducie.

Prêts hypothécaires

Au 30 septembre 1984, le Trust Royal administrait plus de 6,8 milliards de dollars d'hypothèques portant sur environ 130 000 propriétés au Canada. Environ 23 % de ces hypothèques étaient détenues et administrées au nom de clients et 77 % étaient des placements du Trust Royal. La politique générale du Trust Royal consiste à accorder des prêts hypothécaires de premier rang pour une durée maximale de 5 ans. Un nombre appréciable de ces prêts sont ensuite renouvelés par consentement mutuel. Le remboursement des prêts est calculé pour des périodes d'amortissement qui vont généralement de 20 à 30 ans.

Au 30 septembre 1984, la répartition géographique de ces prêts hypothécaires était la suivante :

	Total des prêts hypothécaires administrés			Prêts hypothécaires Capitaux propres du Trust Royal		
	Nombre de propriétés	Capital		Nombre de propriétés	Capital	
Millions \$		%	Millions \$		%	
Provinces de l'Atlantique	10 230	435	6	7 836	347	6
Québec.....	25 454	1 368	20	19 023	838	16
Ontario	51 849	2 508	37	39 343	1 940	37
Manitoba et Saskatchewan	8 862	489	7	7 224	424	8
Alberta	17 987	1 084	16	15 403	943	18
Colombie-Britannique	16 102	945	14	13 021	785	15
Total.....	130 484	6 829	100	101 850	5 277	100

À la même date, ces prêts se répartissaient comme suit, selon la nature de la garantie :

	Total des prêts hypothécaires administrés			Prêts hypothécaires Capitaux propres du Trust Royal		
	Nombre de propriétés	Capital		Nombre de propriétés	Capital	
		Millions \$	%		Millions \$	%
Prêts domiciliaires	112 448	4 536	66	87 104	3 391	64
Autres prêts résidentiels	12 605	1 189	17	10 111	970	18
Prêts commerciaux	4 477	925	14	3 824	768	15
Prêts industriels.....	954	179	3	811	148	3
Total.....	130 484	6 829	100	101 850	5 277	100

La législation limite généralement les placements des sociétés de fiducie dans un prêt hypothécaire ordinaire à 75 % de la valeur d'évaluation de la propriété hypothéquée. Ils peuvent cependant dépasser 75 % de l'évaluation si la différence est garantie par un assureur reconnu.

Le Trust Royal considère qu'un prêt hypothécaire est en défaut lorsque les versements de capital ou d'intérêt sont en retard depuis 60 jours, délai après lequel des procédures de recouvrement sont habituellement entreprises. Les comptes en défaut font l'objet d'un examen mensuel et, le cas échéant, le Trust Royal constitue une provision pour le montant estimatif de ses pertes de placements. Les pertes, y compris les provisions correspondantes, enregistrées sur des prêts hypothécaires consentis au Canada à titre de placements du Trust Royal au cours des 5 dernières années sont les suivantes :

Année	Capital à la fin de l'exercice (en millions de dollars)	Pertes enregistrées (en millions de dollars)	Pertes en pourcentage du capital non remboursé
1979	4 633	2,5	0,054 %
1980	4 838	2,3	0,048
1981	4 976	1,9	0,038
1982	4 649	10,2	0,220
1983	5 025	13,7	0,274
1984 (au 30 septembre) .	5 277	8,6	0,216(1)

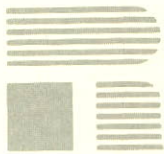
(1) Sur une base annuelle

Autres placements

En plus de ses placements hypothécaires, le Trust Royal fait également des placements en titres divers : obligations de gouvernements, actions privilégiées et actions ordinaires. La valeur de ces titres au 30 septembre 1984 était la suivante :

	Coût	Valeur marchande
	(en millions de dollars)	
Obligations de gouvernements	207	209
Actions privilégiées	831	818
Actions ordinaires.....	106	113
Total.....	1 144	1 140

Ces placements constituent une source importante de revenus. Depuis quelques années, le Trust Royal met davantage l'accent sur les placements en actions privilégiées avec dividendes, convertibles et à échéance prédéterminée, et en actions ordinaires. Le traitement fiscal actuel des dividendes



versés par les corporations canadiennes imposables permet au Trust Royal d'obtenir un rendement après impôt intéressant.

Le Trust Royal prête également des capitaux aux sociétés et aux particuliers. Il s'est porté acquéreur de biens d'équipement qu'il loue aux gouvernements et aux sociétés : avions, locomotives et matériel roulant ferroviaire, machines, matériel d'exploitation minière et navires. Au 30 septembre 1984, les capitaux ainsi placés en prêts et en équipement donné en location s'élevaient à 1,4 milliard de dollars.

Fiducie et autres services fiduciaires

Le Trust Royal offre une gamme complète de services fiduciaires aux particuliers et aux sociétés.

Les services offerts aux particuliers sont les suivants : exécuteur testamentaire fiduciaire, garde et gestion de portefeuille, et service fiscal et de planification successorale. Le Trust Royal vend également des parts dans les Fonds sous gestion du Trust Royal. Ces fonds communs sont au nombre de cinq : Fonds A pour les titres de participation étrangers; Fonds B pour les obligations canadiennes; Fonds C pour les titres de participation canadiens; Fonds E pour les placements dans le secteur de l'énergie et Fonds M pour les prêts hypothécaires. Le Trust Royal administre ces fonds moyennant le paiement d'honoraires. Au 30 septembre 1984, ces fonds réunissaient environ 71 000 participants dont un grand nombre y cotisait mensuellement. L'actif net des fonds au 30 septembre 1984 totalisait 668 millions de dollars.

Le Trust Royal offre divers services aux sociétés : fiduciaire et gestionnaire de caisses de retraite des employés, agent comptable des registres et des transferts, agent payeur de dividendes et fiduciaire pour les émissions de titres d'emprunt des sociétés.

Au 30 septembre 1984, le Trust Royal administrait environ 7 milliards de dollars pour des successions et des fiducies, 2 milliards de dollars pour des services de gestion de portefeuille et de garde de titres, y compris les Fonds sous gestion du Trust Royal, et 22 milliards de dollars pour des caisses de retraite et fiducies d'assurance. En 1983, les honoraires bruts provenant de ces activités étaient de 88 millions de dollars, contre 58 millions de dollars cinq ans plus tôt.

Services de courtage immobilier

Le Trust Royal, dont le personnel travaille à commission groupe environ 3 200 personnes dans 132 succursales d'un océan à l'autre au 30 septembre 1984, offre un service de courtage immobilier résidentiel au Canada. Il se charge également de gestion d'immeubles et d'évaluation de propriétés, et a un service de relogement. De plus, la division Placements et financement immobiliers achète et gère des biens immobiliers pour le compte de ses clients.

Trustco Royal et A.E. LePage Limitée («A.E. LePage») ont annoncé conjointement le 22 octobre 1984 leur décision de fusionner les activités de courtage immobilier résidentiel et commercial et les services contre honoraires de A.E. LePage aux activités de courtage immobilier résidentiel du Trust Royal.

L'entreprise fusionnée formera une société distincte dont les actions seront détenues à 50,5 % par Trustco Royal et à 49,5 % par les actionnaires actuels de A.E. LePage. Selon les dernières informations, la société devrait avoir 9 000 employés, 350 succursales et des revenus bruts annuels de 350 millions de dollars. Une dénomination sociale sera bientôt créée qui tiendra compte des raisons sociales actuelles des deux sociétés.

Trustco Royal a accepté d'émettre à l'intention des actionnaires de A.E. LePage, au moment de la fusion, des bons de souscription leur permettant d'acquérir au comptant 1 486 486 actions ordinaires de catégorie A de Trustco Royal à 37 \$ l'action; les droits attachés à ces bons pourront être exercés au cours des cinq années qui suivront la fusion.

La fusion devrait être conclue aussitôt que toutes les approbations réglementaires auront été obtenues.

Services informatiques

Trustco Royal, la Compagnie T. Eaton Limitée, Gulf Canada Limitée et Stelco Inc. possèdent chacun un quart du groupe Services CSG qui offre des services informatisés à ses propriétaires et à d'autres clients. Cette société est la plus importante du genre au Canada. Le siège social et le centre de calcul

principal de Services CSG se trouvent à Sheridan Park Research Community, Mississauga (Ontario). Les revenus bruts de Services CSG étaient de 140 millions de dollars en 1983 et son actif totalisait 75 millions de dollars au 31 décembre 1983.

Activités internationales

Le Trust Royal a commencé à exercer ses activités à l'étranger dès 1929, avec la fondation à Londres d'une succursale qui offrait des services fiduciaires. Le Trust Royal offre actuellement des services fiduciaires et bancaires en Grande-Bretagne, par l'intermédiaire de The Royal Trust Company of Canada qui est établie à Londres et qui s'est vue accorder par la Bank of England le statut de banque à part entière, l'autorisant ainsi à s'occuper de toutes les opérations bancaires nationales et internationales.

La filiale anglaise emprunte des capitaux sur les marchés de gros pour financer diverses activités dont les principales sont les suivantes : opérations sur le marché monétaire, change, prêts hypothécaires, prêts aux sociétés et services financiers aux sociétés et aux gouvernements.

Les activités à l'étranger comprennent des services bancaires, fiduciaires et autres services spécialisés à Jersey, dans les Îles Anglo-Normandes, dans l'Île de Man et un représentant au Liechtenstein. Des services fiduciaires et autres services financiers sont offerts par des sociétés associées à Anguilla, aux Bahamas, aux Bermudes, dans les Îles Vierges britanniques, aux Îles Caïmans, à Chypre, à Gibraltar, dans les Antilles néerlandaises, aux Pays-Bas, en Suisse et dans les Îles Turks et Caïcos.

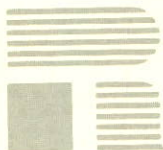
Au 30 septembre 1984, l'actif total des filiales étrangères était d'environ 1,3 milliard de dollars. En 1983, leurs revenus totaux étaient de 131 millions de dollars et leur bénéfice net de 7 millions de dollars.

Jusqu'à une date récente, le Trust Royal offrait un service bancaire complet dans l'État de Floride, par l'intermédiaire de Royal Trust Bank Corp., société de portefeuille bancaire américaine. En février 1984, cette société a été vendue pour la somme de 139 millions de dollars, soit un bénéfice net après impôt de 19 millions de dollars. Au 31 décembre 1983, l'actif total de la société en Floride était de 1,1 milliard de dollars.

Échéances des éléments d'actif, des éléments de passif et de l'avoir des actionnaires

Les tableaux suivants indiquent les échéances des éléments d'actif, des éléments de passif et de l'avoir des actionnaires des activités consolidées du Trust Royal, aux dates indiquées :

	Au 31 décembre				
	1983	1982	1981	1980	1979
	(en millions de dollars)				
Échéances des éléments d'actif					
D'ici 2 ans.....	6 225	5 653	5 125	4 150	2 539
Dans 2 à 5 ans	2 153	2 149	2 421	2 801	3 411
Dans plus de 5 ans et sans échéance	1 256	1 098	1 072	905	766
	<u>9 634</u>	<u>8 900</u>	<u>8 618</u>	<u>7 856</u>	<u>6 716</u>
Échéances des éléments de passif et de l'avoir des actionnaires					
D'ici 2 ans.....	6 956	6 582	6 101	4 898	4 017
Dans 2 à 5 ans	1 971	1 633	1 853	2 303	2 161
Dans plus de 5 ans sans échéance	707	685	664	655	538
	<u>9 634</u>	<u>8 900</u>	<u>8 618</u>	<u>7 856</u>	<u>6 716</u>



Sensibilité aux taux d'intérêt

Le revenu net de placement est la différence entre le revenu des placements et l'intérêt payé sur les dépôts et les capitaux empruntés. Les placements, les dépôts et les emprunts sensibles aux taux d'intérêt sont ceux dont le taux d'intérêt est flottant et ceux dont l'échéance est à moins d'un an.

Les placements, les dépôts et emprunts ainsi que les actions privilégiées non convertibles du Trust Royal sont répartis comme suit :

	Au 30 septembre 1984				Au 31 décembre 1983			
	Taux flottant	Échéance à moins d'un an	Échéance à plus d'un an	Total	Taux flottant	Échéance à moins d'un an	Échéance à plus d'un an	Total
	(en millions de dollars)							
Placements								
Encaisse et titres négociables	351	2 198	804	3 353	217	2 338	553	3 108
Autres prêts et placements	1 011	2 749	3 193	6 953	809	2 660	2 784	6 253
Dividendes et intérêts courus	—	190	—	190	—	105	—	105
	<u>1 362</u>	<u>5 137</u>	<u>3 997</u>	<u>10 496</u>	<u>1 026</u>	<u>5 103</u>	<u>3 337</u>	<u>9 466</u>
Dépôts et emprunts								
Dépôts à vue	1 566	68	—	1 634	1 473	176	—	1 649
Emprunts à terme	200	4 155	3 497	7 852	253	3 859	3 077	7 189
Intérêts courus	—	282	—	282	—	210	—	210
	<u>1 766</u>	<u>4 505</u>	<u>3 497</u>	<u>9 768</u>	<u>1 726</u>	<u>4 245</u>	<u>3 077</u>	<u>9 048</u>
Actions privilégiées non convertibles	<u>150</u>	<u>—</u>	<u>110</u>	<u>260</u>	<u>—</u>	<u>—</u>	<u>109</u>	<u>109</u>
	<u>1 916</u>	<u>4 505</u>	<u>3 607</u>	<u>10 028</u>	<u>1 726</u>	<u>4 245</u>	<u>3 186</u>	<u>9 157</u>

La gestion active de l'excédent du passif sensible aux taux d'intérêt sur l'actif sensible aux taux d'intérêt s'est avérée avantageuse depuis que les taux d'intérêt ont baissé par rapport aux niveaux élevés qui avaient cours en 1982. Les fonds non appariés sont passés d'un excès d'actif sensible aux taux d'intérêt de 158 millions de dollars au 31 décembre 1983 à 78 millions de dollars au 30 septembre 1984.

La différence entre les placements sensibles aux taux d'intérêt d'une part et les dépôts et emprunts sensibles aux taux d'intérêt d'autre part est gérée selon des paramètres rigoureux approuvés par le Conseil d'administration. Cette politique a pour objectif d'éviter les importantes fluctuations du revenu net de placement lorsque les taux d'intérêt connaissent des variations rapides et brutales.

Principaux biens immobiliers

Le Trust Royal est propriétaire de la Maison Trust Royal où est établie sa principale succursale de Montréal, au 630, boulevard Dorchester Ouest; le local compte 860 000 pieds carrés dont une partie est occupée par le Trust Royal. Celui-ci est également propriétaire des locaux de neuf succursales dans diverses villes du Canada et d'une succursale à Jersey (Îles Anglo-Normandes), qui totalisent 73 900 pieds carrés.

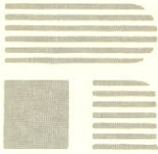
LÉGISLATION ET RÉGLEMENTATION

Les activités de dépôt et de prêt des filiales de Trustco Royal sont régies par différentes lois. Celles-ci définissent les pouvoirs de ces filiales et leur imposent des restrictions quant à leurs placements. L'aspect le plus important de ces lois est qu'elles donnent aux autorités compétentes le pouvoir de fixer le capital des institutions qui acceptent des dépôts et consentent des prêts.

Au Canada, les activités de dépôt et de prêt du Trust Royal sont réglementées par diverses lois fédérales et provinciales. La Loi sur les compagnies fiduciaires (Canada) et la Loi sur les compagnies de prêt (Canada) ont pour effet de prescrire le rapport maximal entre les dépôts (comptes d'épargne, comptes de chèques et certificats de placement garanti) et les autres emprunts, d'une part, et le capital et les réserves, d'autre part. Pour sa filiale de services fiduciaires constituée en vertu des lois fédérales, Royal Trust Corporation of Canada, ce rapport est actuellement fixé à 25 fois. Cette base dépend d'un certain nombre de facteurs, notamment les nouveaux apports de capitaux, les bénéfices, les dividendes versés et les fluctuations de la valeur marchande des placements. Certaines législations provinciales imposent des conditions semblables. Les dispositions des lois fédérales et de certaines lois provinciales imposent des exigences de liquidité, spécifient la nature des placements dans lesquels les fonds peuvent être généralement investis et limitent le montant des capitaux qui peuvent être placés dans certaines catégories d'actif, par exemple biens immobiliers, actions ordinaires et titres d'un même émetteur.

Le gouvernement fédéral et le gouvernement de la province de l'Ontario ont publié des documents de discussion et d'autres documents apparentés au sujet de la législation régissant les sociétés de fiducie. Ils continuent d'étudier au cours de débats ouverts la législation actuelle et les modifications qu'il est proposé d'y apporter. Le Trust Royal participe à cette étude en communiquant ses observations et suggestions au sujet des propositions. À l'heure actuelle, il est cependant impossible de prévoir la forme que les textes législatifs prendront en définitive et donc leurs effets sur les activités du Trust Royal.

En Grande-Bretagne, la législation n'impose pas de rapport fixe, mais les autorités compétentes ont le pouvoir de décider si le capital est suffisant. Pour les activités bancaires du Trust Royal en Grande-Bretagne, la politique actuelle des autorités compétentes limite l'actif à environ 18 fois le capital et les réserves. Au 30 septembre 1984, les activités bancaires du Trust Royal en Grande-Bretagne étaient conformes à ces limites.



Rétrospective quinquennale

	Exercice terminé le 31 décembre				
	1983	1982	1981	1980	1979
	(en millions de dollars, à l'exception des résultats par action)				
Total des revenus (1)	1 317	1 378	1 366	1 068	837
Total des revenus (après rajustement en fonction des impôts) (1) (2)	1 355	1 412	1 398	1 086	850
Bénéfice net	65	44	39	37	29
— par action ordinaire (non dilué)	2,95	1,97	1,82	1,91	1,70
— par action ordinaire (dilué)	2,74	1,88	1,75	1,88	1,70
Total de l'actif (1)	9 634	8 900	8 618	7 856	6 716
Total de la dette à long terme	177	163	114	87	65
Total des actions privilégiées rachetables	154	157	107	108	59
Dividendes par action ordinaire	1,21	1,12	1,12	0,97	0,92

Résultats trimestriels

	Total des revenus (1)	Total des revenus (après rajustement en fonction des impôts)(1)(2)	Bénéfice net	Bénéfice par action	
				Non dilué	Dilué
	(en millions de dollars, à l'exception du bénéfice par action)				
1984 — 3 ^e trimestre	381	401	24	0,89	0,86
— 2 ^e trimestre	360	372	23	0,99	0,94
— 1 ^{er} trimestre	323	337	17	0,79	0,73
1983 — 4 ^e trimestre	330	340	14	0,63	0,60
— 3 ^e trimestre	343	352	17	0,79	0,73
— 2 ^e trimestre	329	339	19	0,87	0,80
— 1 ^{er} trimestre	315	324	15	0,66	0,61
1982 — 4 ^e trimestre	348	355	19	0,91	0,83

(1) Redressé pour tenir compte de la comptabilisation du placement du Trust Royal dans Royal Trust Bank Corp. à la valeur de consolidation.

(2) Trustco Royal et ses filiales canadiennes sont des corporations canadiennes imposables en vertu de la Loi de l'impôt sur le revenu (Canada); en revanche, certains revenus de placement, par exemple les dividendes versés par d'autres corporations canadiennes imposables, ne sont pas imposés entre les mains du Trust Royal. Étant donné que la proportion des revenus de placement qui n'est pas imposée entre les mains du Trust Royal a connu des variations importantes au cours de certaines années, ces revenus ont été rajustés pour en donner l'équivalent imposable et les impôts sur le revenu ont été redressés du même montant pour permettre de comparer le bénéfice net d'une manière uniforme.

Analyse générale

Au Canada, le Trust Royal est en concurrence avec les banques à charte ainsi qu'avec les établissements de prêt et les sociétés de fiducie pour ses services financiers et fiduciaires. Il est aussi en concurrence avec de nombreuses maisons de courtage immobilier et avec certains établissements de prêt et sociétés de fiducie pour ses services immobiliers.

Les résultats financiers du Trust Royal dépendent essentiellement de la conjoncture économique générale et des fluctuations rapides des taux d'intérêt. La conjoncture économique générale a une influence sur les revenus provenant des honoraires et des commissions, essentiellement du fait qu'elle a une incidence sur l'activité du marché immobilier et du marché des capitaux; elle influe également sur les niveaux d'activité dans le secteur des prêts hypothécaires et dans celui des prêts aux sociétés et aux particuliers. Les fluctuations rapides des taux d'intérêt peuvent avoir une incidence sur la marge entre l'intérêt versé sur les dépôts et les emprunts d'une part, et sur l'intérêt que produisent les placements d'autre part. La politique actuelle du Trust Royal, qui consiste à appairer ces deux éléments dans le cadre de paramètres approuvés par le Conseil d'administration, a pour objectif de réduire l'effet négatif des fluctuations rapides des taux d'intérêt sur les marges.

Neuf premiers mois de 1984 et neuf premiers mois de 1983

Pour les neuf premiers mois de 1984, le bénéfice net a été de 64 millions de dollars, contre 51 millions de dollars au cours de la même période en 1983. Depuis le 1^{er} janvier 1984, la croissance de l'actif a été de 9,6 %.

Les revenus de placements provenant d'une base d'actif élargie ont continué à contribuer fortement à cette croissance du bénéfice. Les revenus des services fiduciaires ont augmenté par rapport à ceux de l'an dernier, mais cette augmentation a été compensée par une réduction des revenus du secteur immobilier. Les charges autres que les frais d'intérêt ont continué à faire l'objet d'un contrôle très rigoureux et elles ont baissé par rapport à l'année précédente.

Exercice 1983 et exercice 1982

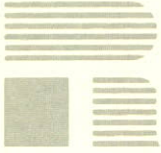
En 1983, le bénéfice net était de 65 millions de dollars, contre 44 millions en 1982, soit une augmentation de 48 %. En 1983, l'actif a augmenté de 8 %.

Le revenu des services financiers a augmenté par suite de l'accroissement des prêts hypothécaires, des prêts aux sociétés et des prêts à la consommation, avec des marges intéressantes. Au Canada, un surplus important d'éléments d'actif à terme et à taux fixes financé par un passif à taux flottant, avec des marges positives, a également eu un effet positif sur les bénéfices, par contraste avec la situation qui a prévalu pendant la plus grande partie de 1982, alors que le déséquilibre était financé avec des marges négatives. Le déséquilibre a été éliminé au cours de l'année, à mesure que les taux d'intérêt se stabilisaient à des niveaux moins élevés.

La provision pour pertes sur prêts est passée de 12 millions de dollars en 1982 à 18 millions en 1983. Toutes les éventualités étaient ainsi couvertes, suivant le principe de prudence. Au cours de la dernière partie de l'année 1983, le pourcentage des prêts en souffrance a baissé régulièrement par rapport au niveau record qu'il avait atteint au début de l'année.

Les activités de courtage immobilier dans le secteur résidentiel sont redevenues rentables en 1983, après l'important recul enregistré en 1982. Les résultats de 1983 reflètent l'amélioration du marché immobilier résidentiel au Canada et l'abaissement substantiel du seuil de rentabilité des activités immobilières qui a résulté de l'importante réorganisation intervenue au cours de la dernière partie de 1982.

Les honoraires provenant des services fiduciaires ont augmenté de 12 % en 1983, ce qui reflète à la fois une plus haute valeur marchande des placements et une activité plus intense, deux facteurs dont dépendent le niveau des honoraires. Cependant, la rentabilité a sensiblement baissé par suite d'investissements importants dans des systèmes informatiques en vue d'améliorer la qualité de nos services. Le Trust Royal impute à l'exercice tous les frais de mise en place de ces systèmes au cours de l'année durant laquelle ils ont été engagés.



Exercice 1982 et exercice 1981

En 1982, le bénéfice net était de 44 millions de dollars, contre 39 millions en 1981, soit une augmentation de 10,9 %. L'actif a augmenté de 3,3 % en 1982.

Les revenus de placements se sont améliorés à mesure que les prêts hypothécaires arrivant à échéance étaient renouvelés ou remplacés aux taux d'intérêt en cours et que la différence entre l'intérêt payé sur les dépôts et les fonds empruntés par le Trust Royal d'une part et l'intérêt produit par les placements d'autre part revenait à des niveaux plus normaux.

Le revenu des services fiduciaires a baissé de 2 % en 1981, essentiellement par suite d'une diminution de la valeur de l'actif sur laquelle sont calculés de nombreux honoraires.

Les revenus de courtage des services immobiliers (déduction faite des commissions) ont baissé d'environ 22 %, par suite d'un déclin brutal des activités du marché immobilier de la revente.

Les dépenses de l'exercice ont augmenté de 13 % par rapport à 1981 (à l'exclusion des intérêts payés et des commissions immobilières qui ont tous deux diminué). Cette progression a résulté notamment d'une augmentation de 5 millions de dollars dans les réserves pour éventualités. La provision pour pertes sur prêts a augmenté de 9,3 millions de dollars par rapport à l'exercice précédent. De plus, les salaires ont augmenté de 5 % alors que les dépenses de locaux et autres dépenses diverses (à l'exclusion des imprévus) augmentaient de 7 %.

Situation des liquidités en 1984

Au cours de 1983 et des neuf premiers mois de 1984, Trustco Royal a réuni environ 393 millions de dollars : en novembre 1983, émission de 50 millions de dollars de débetures à 5 ans portant intérêt à 12 $\frac{5}{8}$ %; en février 1984, apport de 139 millions de dollars provenant de la vente des opérations bancaires de Floride; en juin 1984, émission de 150 millions de dollars d'actions privilégiées rachetables de série E, à dividende cumulatif à taux flottant; en juillet 1984, émission de 30 millions de livres sterling d'obligations à 12 $\frac{1}{4}$ % venant à échéance en juillet 1989.

Au cours de la même période, Trustco Royal a remboursé environ 100 millions de dollars d'emprunts contractés précédemment.

Au 30 septembre 1984, l'encaisse et les titres négociables totalisaient 3,4 milliards de dollars, ce qui représente une hausse par rapport aux 3,1 milliards de dollars enregistrés au 31 décembre 1983. Trustco Royal est en mesure de se procurer, à même ses ressources internes, les fonds lui permettant de faire face à ses obligations d'ici la fin du présent exercice financier.

MARCHÉ POUR LA NÉGOCIATION DES TITRES

Les actions ordinaires de catégorie A et de catégorie B et les actions privilégiées de série A, de série B, de série C et de série D de Trustco Royal sont inscrites aux Bourses de Toronto, de Montréal, de Vancouver et de l'Alberta. Les actions ordinaires de catégorie A et de catégorie B de Trustco Royal constituent des «Restricted Voting Shares» («actions avec droit de vote subalterne») au sens de l'instruction générale n° 1.3 de la Commission des valeurs mobilières de l'Ontario. Les débetures à 14 % échéant le 1^{er} mars 1986, les débetures à 12 $\frac{5}{8}$ % échéant le 15 novembre 1988 et les obligations à 12 $\frac{1}{4}$ % échéant le 15 juillet 1989 sont inscrites à la Bourse du Royaume-Uni et de la République d'Irlande. Les actions privilégiées de premier rang et les actions privilégiées de série E à taux flottant de Trustco Royal ne sont inscrites à aucune bourse.

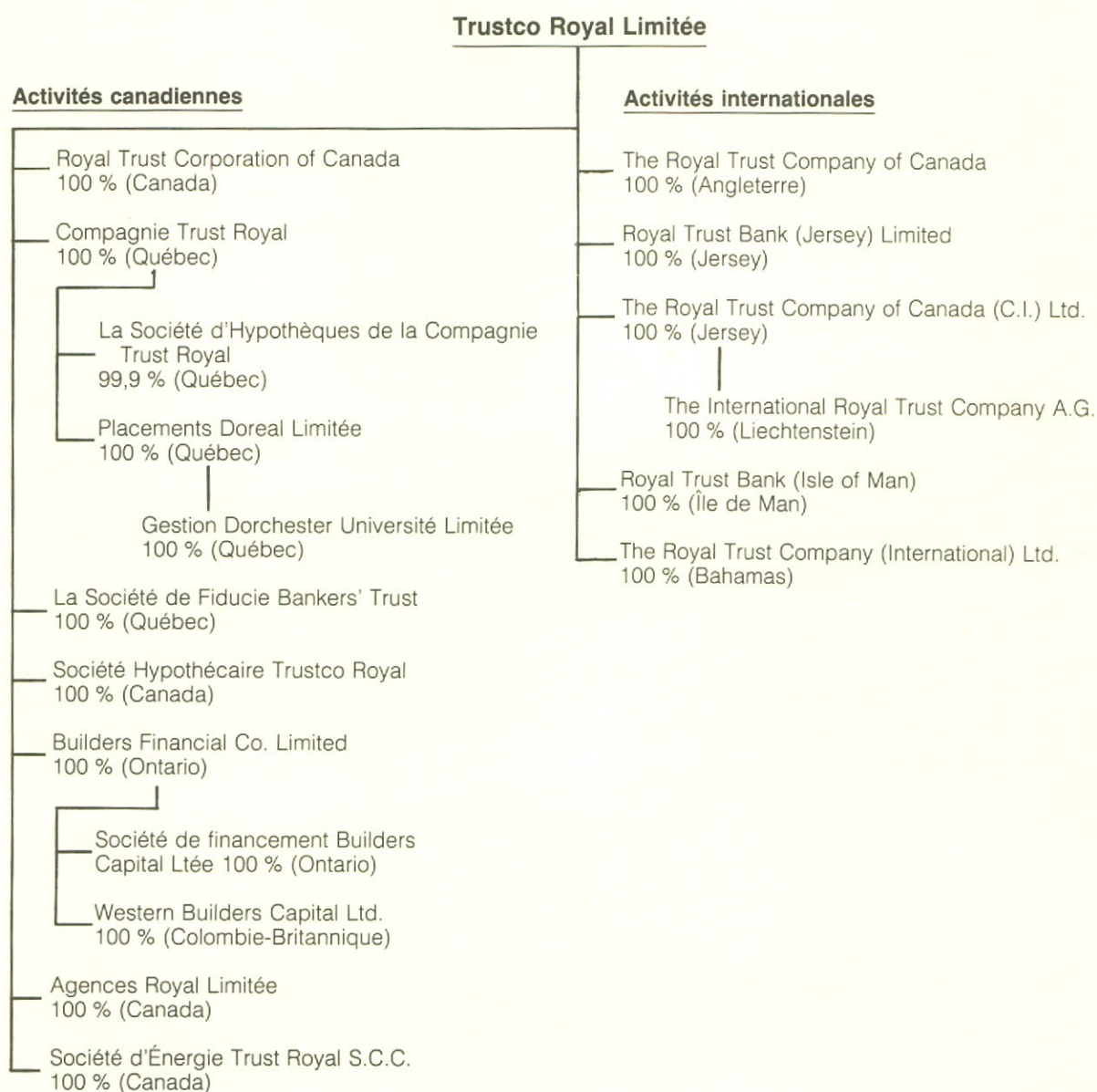
DIVIDENDES

Un dividende trimestriel de 0,28 \$ par action a été payé sur les actions ordinaires de catégorie A au cours de 1982 et des deux premiers trimestres de 1983. Un dividende de 0,325 \$ par action a été payé sur les actions ordinaires de catégorie A au cours des deux derniers trimestres de 1983 et des deux premiers trimestres de 1984. Le 14 août 1984, Trustco Royal a versé un dividende trimestriel de 0,375 \$ par action ordinaire de catégorie A. Un dividende d'une valeur équivalente en actions ordinaires de catégorie B a été payé au cours des mêmes périodes sur les actions ordinaires de catégorie B. Les dividendes sur les actions ordinaires sont déclarés à la discrétion du Conseil d'administration.

Tous les dividendes prescrits sur les actions privilégiées émises et en circulation ont été payés conformément aux dispositions propres à ces actions.

STRUCTURE DU TRUST ROYAL

L'organigramme suivant du Trust Royal présente, au 30 septembre 1984, toutes ses filiales importantes, la participation de leur société mère et leur lieu de constitution.

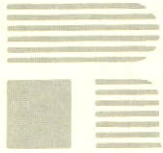


DIRIGEANTS

Le tableau suivant indique le nom, les municipalités de résidence et les fonctions principales des dirigeants de Trustco Royal. À l'exception de M. MacDougall qui est devenu administrateur en octobre 1984, tous les administrateurs ont été élus à la dernière assemblée annuelle des actionnaires pour un mandat qui prendra fin à la prochaine assemblée annuelle, ou encore à l'élection ou à la nomination de leur successeur. Au 30 septembre 1984, les dirigeants de Trustco Royal possédaient collectivement, directement ou indirectement, 1,6 % des actions ordinaires de Trustco Royal.

Nom et municipalité de résidence	Fonction principale (1)	Date d'élection ou de nomination à titre d'administrateur de Trustco Royal ou de son prédécesseur (2)
*HARTLAND MOLSON MACDOUGALL, C.M. Belfountain (Ontario)	Président du Conseil d'administration, Trustco Royal (depuis le 1 ^{er} octobre 1984)	1984
*JOHN TREVOR EYTON, C.R. Caledon (Ontario)	Vice-président du Conseil d'administration, Trustco Royal (depuis le 1 ^{er} octobre 1984); président et chef de la Direction, Brascan Limited (société de gestion de portefeuille)	1983
*MICHAEL ADRIAAN CORNELISSEN Oakville (Ontario)	Président et chef de la Direction, Trustco Royal	1981
JOHN DYKES ALLAN Mississauga (Ontario)	Président et chef de la Direction, Stelco Inc. (aciérie)	1974
L'HON. RÉGINALD JAMES BALFOUR, sénateur, C.R. Ottawa (Ontario)	Membre du Sénat du Canada; associé, M ^{es} Balfour, Moss, Milliken, Laschuk & Kyle (avocats)	1969
JEAN ARTHUR BÉLIVEAU, O.C. Longueuil (Québec)	Vice-président sénior, Club de Hockey Canadien Inc. (club de hockey professionnel)	1984
†THOMAS REID BELL Saint-Lambert (Québec)	Président et chef de la Direction, Dominion Textile Inc. (fabricant de textiles)	1984
ROBERT GILMOUR BENTALL West Vancouver (Colombie-Britannique)	Président et chef de la Direction, The Bentall Group Ltd. (société immobilière et entrepreneurs généraux)	1977
GEORGE DRUMMOND HENRY BIRKS Montréal (Québec)	Président et chef de la Direction, Henry Birks et Fils Limitée (joailliers)	1968
DONALD NEWTON BYERS, C.R. Ottawa (Ontario)	Associé, M ^{es} Byers Casgrain (avocats)	1968
†JAMES MCINTYRE CAMERON Thornhill (Ontario)	Vice-président directeur, Régie interne, TransCanada PipeLines Ltd. (distributeur de gaz naturel)	1977
KEITH CAMPBELL Montréal (Québec)	Retraité	1972
CHARLES JOSEPH CLARK, C.R. Windsor (Ontario)	Associé principal, M ^{es} McTague, Clark (avocats)	1977
GEORGE FRANKLIN SMITH CLARKE Toronto (Ontario)	Président, George F.S. Clarke & Associates (cabinet conseil)	1981
HENRY COLLINGWOOD Saint-Jean (Terre-Neuve)	Président du Conseil, Baine, Johnston & Co. Ltd. (grossiste en alimentation)	1968

Nom et municipalité de résidence	Fonction principale (1)	Date d'élection ou de nomination à titre d'administrateur de Trustco Royal ou de son prédécesseur (2)
†*FRASER MATTHEWS FELL, C.R. North York (Ontario)	Président du Conseil et chef de la Direction, Dome Mines Limited (société minière)	1969
JEAN FOURNIER Westmount (Québec)	Retraité	1984
*CONRAD FETHERSTONHAUGH HARRINGTON Westmount (Québec)	Administrateur de sociétés	1960
*MELVIN MICHAEL HAWKRIGG Waterdown (Ontario)	Président et chef de la Direction, Corporation financière Trilon (services financiers)	1982
FREDERICK WILLIAM PRYCE JONES London (Ontario)	Conseiller financier	1968
EGERTON WARREN KING Edmonton (Alberta)	Administrateur de sociétés	1978
*ALLEN THOMAS LAMBERT, O.C. Toronto (Ontario)	Président du Conseil, Corporation financière Trilon et London Life — Compagnie d'Assurance-vie (assurance-vie)	1983
†GILBERT IRVING NEWMAN Toronto (Ontario)	Vice-président directeur, Olympia & York Developments Limited (société immobilière et de placement)	1981
*†EARL HERBERT ORSER London (Ontario)	Président et chef de la Direction, London Life — Compagnie d'Assurance-vie	1982
*ALBERT REICHMANN Toronto (Ontario)	Président, Olympia & York Developments Limited	1981
L'HON. MAURICE RIEL, sénateur, C.R. Westmount (Québec)	Membre du Sénat du Canada; conseil et associé, M ^{es} Stikeman, Elliott (avocats)	1971
PIERRE TASCHEREAU, C.R. Montréal (Québec)	Retraité	1984
JAMES MARSHALL TORY, C.R. Toronto (Ontario)	Associé, M ^{es} Tory, Tory, Deslauriers & Binnington (avocats)	1981
*DAVID GEORGE WALDON Toronto (Ontario)	Retraité	1974
*ALLAN WATERS Toronto (Ontario)	Président, CHUM Limited (société de radiotélévision)	1977
†MARSHALL MACKENZIE WILLIAMS Calgary (Alberta)	Président du Conseil, président et chef de la Direction, TransAlta Utilities Corporation (énergie électrique)	1975
†WILLIAM GEORGE WILSON West Vancouver (Colombie-Britannique)	Président, Cominco Ltée (mines, affinage, produits chimiques, engrais et société de portefeuille)	1982
ROLAND BERNARD BRETON Toronto (Ontario)	Premier vice-président, Exploitation régionale, Trustco Royal	—



Nom et municipalité de résidence	Fonction principale (1)	Date d'élection ou de nomination à titre d'administrateur de Trustco Royal ou de son prédécesseur (2)
EDWARD PATRICK CANNON North York (Ontario)	Premier vice-président, Expansion, Trustco Royal	—
GERALD ROGER OTLEY Oakville (Ontario)	Premier vice-président, Fiducie et Placements, Trustco Royal	—
EDWARD COURTNEY PRATT Oakville (Ontario)	Premier vice-président, Ressources humaines, Trustco Royal	—
IAN MUSGRAVE YOUNG North York (Ontario)	Premier vice-président, Finances, Administration et chef de l'Administration financière, Trustco Royal	—
DAVID RICHARD COOPER Scarborough (Ontario)	Vice-président, Finances et Systèmes informatiques, Trustco Royal	—
STEPHEN JAMES DONIHEE Scarborough (Ontario)	Vice-président, Exploitation, Services immobiliers, Trustco Royal	—
JOHN ROY DORKEN Etobicoke (Ontario)	Vice-président, Administration, Trustco Royal	—
JAMES ANDREW CAMPBELL FERENBACH Mississauga (Ontario)	Vice-président et contrôleur financier, Trustco Royal	—
HUGH RICHARD GOURLAY Etobicoke (Ontario)	Vice-président, Vérification interne, Trustco Royal	—
HARRIS DENNIS MADDEN Toronto (Ontario)	Vice-président, Relations avec les secteurs public et privé, Trustco Royal	—
CHARLES TERRILL MANNING, C.R. Oakville (Ontario)	Vice-président et secrétaire, Trustco Royal	—
F. SANDY MILLIGAN Oakville (Ontario)	Vice-président, Ressources humaines, Trustco Royal	—
DAVID MORRIS MACDONALD Scarborough (Ontario)	Vice-président adjoint et trésorier adjoint, Trustco Royal	—
NICOLAS WILLIAM RUSSELL BURBIDGE Oakville (Ontario)	Secrétaire adjoint, Trustco Royal	—

*Membre du Conseil de direction.

†Membre du Comité de vérification.

Notes :

- (1) Chacun des dirigeants précités a été au service de la société ou de l'entreprise indiquée en regard de son nom au cours des cinq dernières années, à l'exception de M. MacDougall qui, avant de se joindre à Trustco Royal en octobre 1984, était vice-président du Conseil d'administration d'une banque à charte canadienne; M. Cornelissen qui, avant avril 1983, était vice-président directeur et chef de l'Exploitation de la Corporation Trizec Limitée; M. Campbell qui, avant juin 1980, était vice-président, Canadien Pacifique Limitée et qui, avant décembre 1983, était administrateur délégué, Association du transport aérien international; M. G.F.S. Clarke qui, avant janvier 1984, était président de la Sun Life du Canada, compagnie d'assurance-vie; M. Fell dont l'occupation principale, avant juin 1983, était celle d'associé chez M^{rs} Fasken & Calvin; M. Harrington qui, avant avril 1980, était président du Conseil de direction de la Compagnie Trust Royal; M. Hawkrigg qui, avant octobre 1981, était vice-président du Conseil, région centrale de l'Ontario, La Société Canada Trust et qui, avant octobre 1983, était premier vice-président de Brascan; M. King qui, avant juin 1984, était président et chef de la Direction de Canadian Utilities Ltd.; M. Lambert qui, avant de se joindre à la Corporation financière Trilon en novembre 1982, était président du Conseil d'administration d'une banque à charte canadienne; M. Newman qui, avant juin 1981, était comptable agréé et associé chez Perlmutter, Orenstein, Giddens, Newman & Co.; M. Taschereau qui, avant novembre 1981, était président du Conseil d'Air Canada; M. Pratt qui, avant de se joindre à Trustco Royal en juillet 1984, était associé chez Touche Ross & Partners; M. Young qui, avant de se joindre à Trustco Royal en janvier 1982, avait occupé différents postes

cadres dans le domaine financier chez George Weston Limitée et les Compagnies Loblaw Limitée; M. Madden qui, avant de se joindre à Trustco Royal en janvier 1980, était directeur de la Planification, Secteur international d'une banque à charte canadienne; M. Macdonald qui, avant de se joindre à Trustco Royal en septembre 1982, était directeur du Service fiscal, Warner-Lambert Canada Inc.; M. Donihee qui, avant de se joindre à Trustco Royal en juillet 1984, était directeur, Services financiers, Ernest W. Hahn Inc.; et M. Dorken qui, avant de se joindre à Trustco Royal en août 1984, était vice-président adjoint, Services intérieurs et locaux, La Compagnie d'hypothèques Canada Permanent.

- (2) Toute date en 1978 ou avant 1978 indique que l'administrateur a été élu pour la première fois au Conseil d'administration de la Compagnie Trust Royal (l'ancienne société mère). Les administrateurs en fonction de la Compagnie Trust Royal ont été élus au Conseil d'administration de Trustco Royal le 3 novembre 1978. Toute date en 1979 ou après 1979 est celle de la première élection ou nomination du candidat au Conseil d'administration de Trustco Royal.

Comité responsable du code de déontologie et Comité d'étude des placements

Trustco Royal a un Comité responsable du code de déontologie qui se compose d'administrateurs qui n'ont aucun lien avec les actionnaires principaux de Trustco Royal. Le Comité est chargé d'examiner les pratiques commerciales de la société et de régler tout conflit d'intérêts touchant les employés, les administrateurs et les actionnaires principaux du Trust Royal. Trustco Royal a également un Comité d'étude des placements composé d'administrateurs qui revoient la politique et les décisions de placement relativement aux capitaux des clients et du Trust Royal. La majorité des membres de ce Comité n'ont aucun lien avec les actionnaires principaux de Trustco Royal.

Rémunération et avantages versés aux dirigeants de Trustco Royal

Les renseignements qui suivent portent sur la rémunération versée par Trustco Royal et ses filiales aux administrateurs et aux dirigeants de Trustco Royal pour l'exercice terminé le 31 décembre 1983.

	Nature de la rémunération gagnée			Total
	Jetons de présence des administrateurs	Salaires	Autres (1)	
Administrateurs (29 au total)				
Trustco Royal	439 350 \$	— \$	— \$	439 350 \$
Royal Trust Corporation of Canada	51 042	—	—	51 042
Compagnie Trust Royal	53 750	—	—	53 750
La Société d'Hypothèques de la Compagnie Trust Royal	12 700	—	—	12 700
Royal Trust Bank Corp.	11 507	—	—	11 507
	<u>568 349 \$</u>	—	—	<u>568 349 \$</u>
Cinq cadres supérieurs (2).....	—	788 488 \$	66 147 \$	854 635 \$
Dirigeants recevant plus de 40 000 \$ (18 au total y compris les cinq cadres supérieurs) (2)				
Trustco Royal	—	1 891 890 \$	188 758 \$	2 080 648 \$

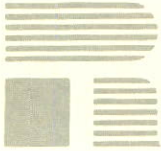
(1) «Autres» comprend divers avantages imposables entre les mains du bénéficiaire.

(2) Comprend un dirigeant qui est administrateur de Trustco Royal; les jetons de présence de ce dirigeant sont compris dans le poste «Administrateurs».

À la clôture du dernier exercice, le coût global estimatif des prestations que Trustco Royal et ses filiales se proposaient de verser, en vertu des régimes de pension ou de retraite, aux administrateurs et aux dirigeants de Trustco Royal advenant leur retraite à l'âge normal, s'établissait à 57 671 \$.

Régime d'actionariat et Régime d'achat d'actions

Le 13 décembre 1983, Trustco Royal a établi le Régime d'achat d'actions 1983 des membres de la Direction («Régime d'achat d'actions») et le 8 mars 1984 le Régime d'actionariat privilégié 1984 des membres de la Direction («Régime d'actionariat») (collectivement, les «Régimes») qui ont pour objet de s'assurer que les membres de la Haute direction s'intéressent aux objectifs stratégiques à long terme de Trustco Royal et s'y consacrent à l'avantage des actionnaires. Un total de 850 000 actions ordinaires de catégorie A ont été réservées aux fins d'émission en vertu des Régimes.



Le Régime d'achat d'actions est administré par MM. J. Trevor Eyton, C.R., Michael A. Cornelissen, Melvin M. Hawkrigg et Charles J. Clark, C.R., en qualité de fiduciaires. Ils sont tous administrateurs de Trustco Royal mais la plupart ne sont pas participants aux Régimes.

Aux termes du Régime d'achat d'actions, les participants désignés ont le droit de recevoir des prêts de Trustco Royal pour financer l'achat de leurs actions ordinaires de catégorie A. Les actions détenues par les fiduciaires seront remises aux participants à raison d'un maximum de 20 % en nombre par année, de manière cumulative, sous réserve du remboursement d'une partie équivalente du prêt. Le 30 septembre 1984, des droits visant l'achat de 352 000 actions en vertu du Régime d'achat d'actions, ont été accordés à 34 membres de la Haute direction du Trust Royal.

En vertu du Régime d'actionariat, les participants doivent payer au comptant les actions ordinaires de catégorie A qu'ils achètent au moyen des options qu'ils lèvent, ces options ne pouvant être levées que jusqu'à concurrence de 20 % en nombre par année, de manière cumulative. Le 30 septembre 1984, des options visant l'achat de 131 750 actions ordinaires de catégorie A à un prix de levée d'option de 26,50 \$ l'action, ont été accordées à 76 membres de la Direction du Trust Royal.

Prêts aux dirigeants

Trustco Royal a prêté des fonds à certains de ses dirigeants et employés et à ceux de ses filiales principales afin de leur permettre d'acheter des actions ordinaires de catégorie A de Trustco Royal aux termes de régimes d'actionariat qui ont pris fin en 1981 ou au cours des années antérieures. Le montant total combiné de ces prêts en cours au 30 septembre 1984 s'établissait à 1 665 516 \$. Tous ces prêts, qui sont accordés sans intérêt, sont remboursables chaque mois et sont amortis sur une période de 10 à 20 ans, selon l'âge de l'emprunteur.

Trustco Royal ou ses filiales principales ou les deux ont prêté des fonds à certains de leurs dirigeants et employés, garantis par affectation hypothécaire de leurs résidences. Au 30 septembre 1984, six dirigeants de Trustco Royal étaient endettés envers Trustco Royal ou l'une de ses filiales principales au titre de prêts hypothécaires pour des sommes dépassant leur salaire annuel.

Trustco Royal a consenti des prêts à un administrateur de Trustco Royal et à des membres de la Direction du Trust Royal, dans le cadre du Régime d'achat d'actions 1983 des membres de la Direction. Ces prêts sont remboursables à vue et au plus tard cinq ans après la date à laquelle ils ont été consentis; ils portent intérêt à un taux égal aux dividendes éventuellement versés en espèces sur ces actions et reçus par les participants. Au 30 septembre 1984, 12 membres de la Direction de Trustco Royal et un administrateur de Trustco Royal devaient à Trustco Royal une somme totale de 4 743 690 \$ au titre de ces prêts.

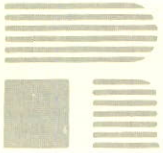
Le tableau suivant constitue un relevé des prêts accordés aux administrateurs et aux dirigeants de Trustco Royal aux fins mentionnées ci-dessus :

Nom et municipalité de résidence	Prêts du Régime d'actionariat 1981 ou avant		Prêts hypothécaires (1)			Prêts du Régime d'achat d'actions 1983 des membres de la Direction (2)
	Dette maximale en 1983	Dette en cours le 30 sept. 1984	Dette maximale en 1983	Dette en cours le 30 sept. 1984	Taux d'intérêt	Dette en cours le 30 sept. 1984
ROLAND B. BRETON Toronto (Ontario)	64 734 \$		72 546 \$ 98 944	70 388 \$ 97 250	8,0 % —	524 400 \$
NICOLAS W. R. BURBIDGE Oakville (Ontario)	3 217	231	35 367 1 095 31 916	34 013 1 064 29 221	9,125 10,0 —	
EDWARD P. CANNON North York (Ontario)	51 528	49 241				393 300
DAVID R. COOPER Scarborough (Ontario)	30 584	28 910				327 750
MICHAEL A. CORNELISSEN Oakville (Ontario)						1 048 800
STEPHEN J. DONIHEE Scarborough (Ontario)				143 924	12,375	168 750
JAMES A. C. FERENBACH Mississauga (Ontario)	2 901	2 459				131 100
H. RICHARD GOURLAY Etobicoke (Ontario)	2 440	2 207				196 650
DAVID M. MACDONALD Scarborough (Ontario)						131 100
HARTLAND M. MACDOUGALL (3) . Belfountain (Ontario)						
H. DENNIS MADDEN Toronto (Ontario)	14 830	14 352	77 535 73 650	75 168 71 620	8,0 —	131 100
C. TERRILL MANNING, C.R. Oakville (Ontario)	31 457	28 921				
F. SANDY MILLIGAN Oakville (Ontario)	56 410	52 892	77 325 72 500	73 452 71 000	8,5 —	262 200
G. ROGER OTLEY Oakville (Ontario)	70 657	66 171	71 197 80 203	68 743 77 680	9,125 —	524 400
E. COURTNEY PRATT Oakville (Ontario)						327 300
IAN M. YOUNG North York (Ontario)						576 840

(1) Les prêts hypothécaires indiqués sont ceux dont le solde dépasse le salaire actuel de l'intéressé.

(2) Tous les prêts du Régime d'achat d'actions 1983 des membres de la Direction portent intérêt à un taux annuel égal au montant des dividendes en espèces versés chaque année sur les actions.

(3) Un prêt à taux flottant (taux courant du marché) a été consenti en 1979 à M. MacDougall, avant qu'il ne devienne membre du Conseil d'administration de Trustco Royal; le solde de ce prêt est de 69 171 \$.



PRINCIPAUX ACTIONNAIRES

La Corporation financière Trilon («Trilon») a informé Trustco Royal que, en date du 30 septembre 1984, elle détenait directement 9 231 229 actions ordinaires de catégorie A et indirectement, par l'intermédiaire d'Arteco Holdings Limited, 1 034 992 actions ordinaires de catégorie A de Trustco Royal. Au total, ces actions représentaient environ 51,3 % des 19 995 985 actions ordinaires de Trustco Royal émises et en circulation au 30 septembre 1984.

À la connaissance des administrateurs et des dirigeants de Trustco Royal, aucune autre personne ne possède des actions ordinaires de catégorie A et de catégorie B conférant plus de 10 % des droits de vote attachés à l'ensemble des actions ordinaires de Trustco Royal ni n'exerce un contrôle sur ces actions.

Les statuts constitutifs de Trustco Royal stipulent que, lorsque plus de 10 % des actions ordinaires en circulation de Trustco Royal sont liées les unes aux autres (selon la définition qui en est donnée), les droits de vote attachés aux actions liées représentant plus de 10 % des actions ordinaires en circulation ne peuvent être exercés aux assemblées d'actionnaires de Trustco Royal.

LITIGES EN COURS

En août 1980, Campeau Corporation procédait à une offre d'achat au comptant («offre d'achat») visant le contrôle de Trustco Royal. Le Conseil d'administration et la Direction de Trustco Royal s'opposèrent publiquement à cette dernière et, en octobre 1980, Campeau Corporation abandonnait son offre et retournait toutes les actions de Trustco Royal déposées. En mai 1982, le directeur chargé de la mise en application de la Loi sur les sociétés commerciales canadiennes («Loi») instituait des poursuites en Cour suprême de l'Ontario en vertu de l'article 234 de la Loi contre Trustco Royal et les particuliers qui agissaient en qualité d'administrateurs de Trustco Royal à l'époque concernée («défendeurs»). Ces poursuites recherchent un jugement à l'effet que le défaut allégué des défendeurs de faire part aux actionnaires de Trustco Royal de certains faits pertinents à l'offre d'achat et connus des défendeurs, toujours selon les prétentions du demandeur, a constitué un abus des droits de certains actionnaires de Trustco Royal ou a porté atteinte à leurs intérêts ou n'en a pas tenu compte, en plus de contrevenir à certaines dispositions de la Loi. Le directeur recherche en outre un jugement reconnaissant à tout actionnaire de Trustco Royal lésé par le défaut précité le droit de se faire compenser par les défendeurs pour la perte subie, le cas échéant, à ce titre. Trustco Royal et les administrateurs en cause contestent la poursuite.

INFORMATIONS SUPPLÉMENTAIRES

Des informations supplémentaires d'ordre financier sont présentées dans les états financiers consolidés vérifiés de Trustco Royal pour l'exercice terminé le 31 décembre 1983 qui figurent aux pages 30 à 37 du Rapport annuel 1983 de Trustco Royal pour l'exercice terminé le 31 décembre 1983, ainsi que dans les états financiers consolidés non vérifiés qui figurent dans les Rapports provisoires pour les périodes de trois mois, six mois et neuf mois terminées respectivement le 31 mars, le 30 juin et le 30 septembre 1984. On peut se procurer des exemplaires de ces documents en s'adressant au vice-président et secrétaire, Trustco Royal Limitée, Tour Toronto Dominion Bank, Toronto-Dominion Centre, Toronto (Ontario) M5W 1P9.

ATTESTATION

Datée du 29 octobre 1984

Le présent dossier d'information annuel et les informations qui y sont intégrées par renvoi ne comportent aucune fausse déclaration au sujet des faits importants qui y sont présentés conformément aux exigences relatives à un tel dossier ou qu'il a été nécessaire de présenter pour qu'une déclaration contenue dans les présentes ne soit pas trompeuse compte tenu des circonstances où elle a été faite.

(signé) M. A. CORNELISSEN
Président et chef de la Direction

(signé) I. M. YOUNG
Premier vice-président,
Finances, Administration et
chef de l'Administration financière

Au nom du Conseil d'administration

(signé) H. M. MACDOUGALL
Administrateur

(signé) M. M. HAWKRIGG
Administrateur

Corporate Information

Executive and Registered Office:

Toronto Dominion Bank Tower
Suite 4400
Toronto-Dominion Centre
Toronto, Ontario M5W 1P9
(416) 867-2000

Member, Trust Companies
Association of Canada

Stock Exchange Share Listings:

The Toronto, Alberta and
Vancouver Stock Exchanges,
and the Montreal Exchange

Transfer Agents and Registrars:

Royal Trust Corporation of
Canada
Halifax, Toronto, Winnipeg,
Regina, Calgary and
Vancouver

The Royal Trust Company,
Montreal

*85th Annual Report of Royal
Trust for the year ended
December 31, 1984
(Consolidated Operations of
Royal Trustco Limited)*

*Annual and Special Meeting
Thursday, March 7, 1985
10:30 a.m.
Metro Toronto Convention
Centre
Toronto*

*Version française:
Le vice-président conseil
général et secrétaire se fera
un plaisir de faire parvenir un
exemplaire de ce rapport en
français aux personnes qui en
feront la demande.*

