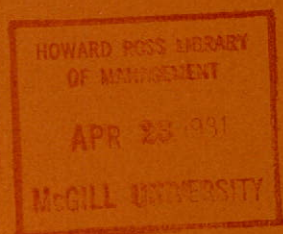




**Canada's Western Bank
Bank of British Columbia**

Annual Report 1980



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Annual Statement Highlights

(Non-Consolidated)

	1980	1979	% INCREASE
TOTAL ASSETS	\$2,338,545,170	\$1,999,549,035	17.0
TOTAL DEPOSITS	2,130,723,909	1,862,896,098	14.4
LOANS	1,641,949,106	1,410,901,708	16.4
SECURITIES	217,520,071	206,087,763	5.5
BALANCE OF REVENUE	9,020,781	8,655,450	4.2
BALANCE OF REVENUE (after provision for income taxes)	7,650,781	6,675,450	14.6
PER SHARE*	5.00	4.41	13.4
DIVIDENDS PAID	1,715,463	1,514,689	13.3
PER SHARE	1.12	1.00	12.0
CAPITAL FUNDS (including accumulated appropriations for losses of \$14,207,578 1979 — \$12,658,808)	85,806,667	78,992,579	8.6
NUMBER OF SHARES ISSUED	1,531,663	1,531,663	—

*The after tax balance of revenue per share has been calculated on the weighted monthly average of fully paid shares. These were 1,531,663 shares and 1,514,718 shares for the respective years.

For tax purposes Bank of British Columbia stock was quoted on Valuation Day, December 22, 1971, at \$22.25 per share.

*Hopes and dreams and promises
of what the west could be.
We've watched it grow along with you
We're proud to share the dream.
We understand the Western way
We love it just like you
We try to show how much we care
in everything we do.*

*Building a future...
Sharing in the dream
Growing together
With the Bank of B.C.*

*Yes, we're Canada's Western Bank
From our prairies to our shores
Canada's Western Bank
Bank of B.C.
And we're all yours.*

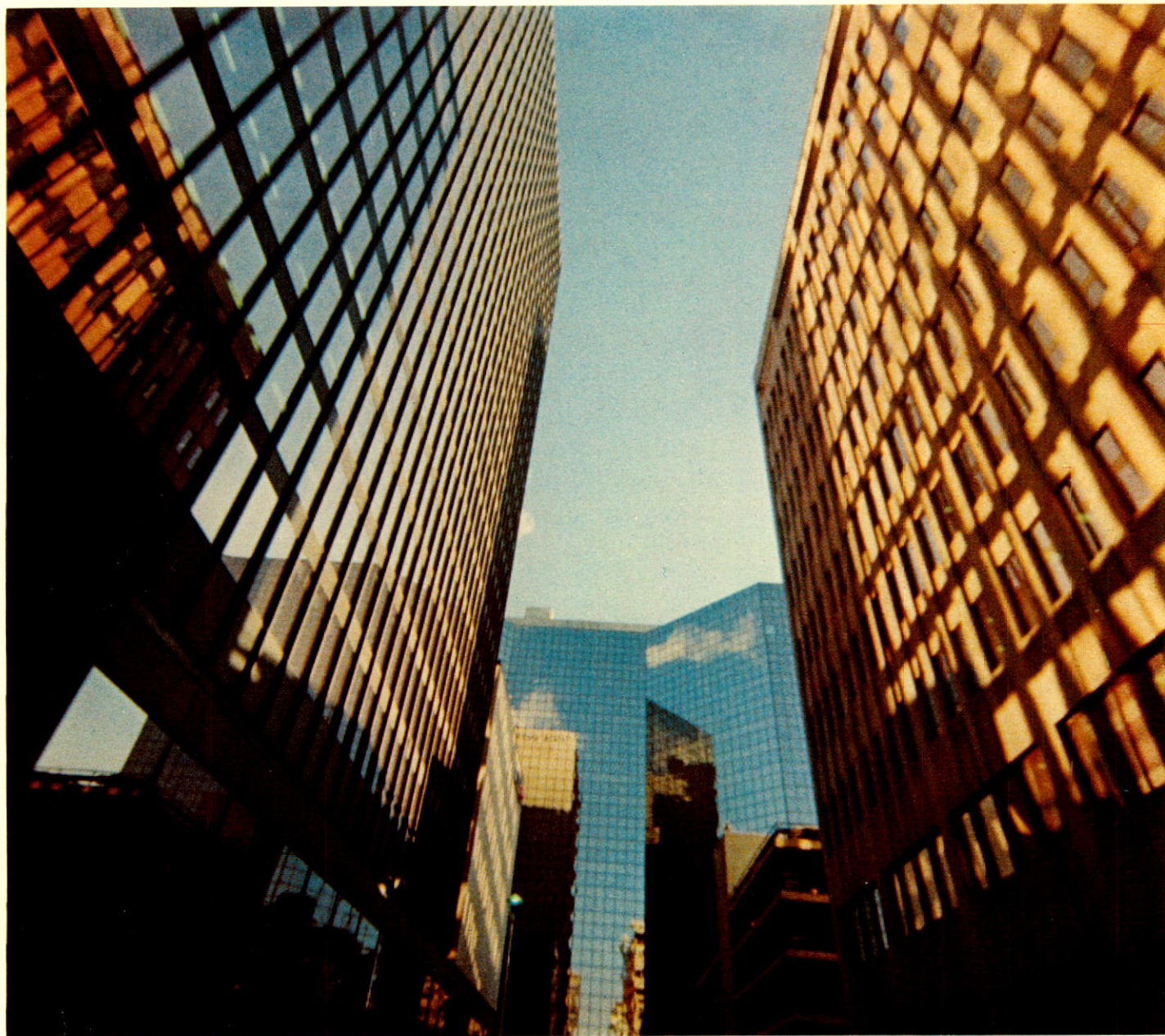
This Annual Report takes its theme from our award-winning television and radio commercials. Produced in 1980, the lyrics and images are probably familiar to you, because they are still receiving substantial broadcast exposure.

Canada's Western Bank



Bank of British Columbia

Annual Report 1980



Address by the Chairman

The first year of the new decade is behind us. Whatever optimism we may have had a year ago has been dampened by the continued deterioration in the world's economic and political climate.

Political tensions between East and West have increased. Two members of OPEC are at war. The world economy is suffering from chronic inflation and unemployment is at a wholly unacceptable level in many countries, including our own.

There are many problems which demand our attention, and on which I might comment. However, there are two topics which I believe are in the forefront of our minds — inflation and energy.

The problem of inflation, both at home and abroad, is one of the major difficulties facing us. Its components are varied and some of them are beyond our immediate control. However, if these factors can be

Trevor W. Pilley, Chairman and Chief Executive Officer



identified, a time-table for dealing with them can be established.

Some of the components of inflation are external, such as world energy prices. Our shortfall in domestic production cannot be rectified overnight. Therefore a time-table for self-sufficiency has been set. However, even if constitutional, regulatory and technological problems are solved on schedule, we shall still have to live with some portion of imported inflation from this source for the balance of the eighties.

We are largely at the mercy of the interest rate policies of the United States. Our heavy dependence on imports causes us to walk a monetary tight-rope. If domestic interest rates are insufficiently high to encourage an inflow of foreign exchange, the Canadian dollar will weaken.

We are then facing a trade-off between the resultant imported inflation and the inflationary effect of higher domestic interest rates. This problem has been accentuated in 1980 because of the increasing volatility of U.S. and Euro-currency interest rates.

The foregoing are examples of external inflationary factors which are not capable of rapid solution. But what about internally generated inflation? For some years we have been guilty of complacency. It took two forms.

Firstly, the impression was gained that we were in some way isolated from the rest of the world's economic problems. We were rich in resources, had a high standard of living, were politically stable, and when constitutional problems arose, we solved them on the basis of reason and negotiation.

Secondly, our inflation rate was modest, particularly in comparison with other industrialized countries. In fact, the 1980 rate of approximately 10% does not look particularly bad on this basis. This somewhat casual acceptance of inflation as a fact of life has been institutionalized.

The psychology which accompanies this institutionalization tends to make inflationary expectations self-

fulfilling. More time is spent in seeking hedges against inflation, instead of attacking the root of the problem. A cynic might say that many individuals and institutions have a vested interest in continued high rates of inflation. Soaring real-estate values and the exorbitant prices paid for collectibles of no particular artistic merit are a symptom. The flight to gold, silver and commodities are further examples.

It is apparent that the inflationary psychology is now deeply rooted and that it has been combined with another phenomenon — that of constantly rising expectations. Together they make a formidable obstacle. As the situation deteriorates, a "beggar my neighbour" attitude develops, each sector of the community blaming the others, and no-one willing to make any sacrifices.

The victims of this vicious circle are those on fixed incomes and the disadvantaged members of society. Their plight causes growing deficits in the funding of social programs, leading to higher taxation and the erosion of savings and retained earnings which are badly needed for capital investment.

In 1980 we have seen a further deterioration of the world economy, heightened political tension, and a growing imbalance in the distribution of wealth. As mentioned earlier, this has caused uncertainty and volatility in money and exchange markets. The interest rate cycles have grown shorter and the movement of rates wider and more rapid.

The malaise caused by both external and internal factors has had a disturbing effect on our efforts to solve our economic problems. Emotion has replaced reason and confrontation has replaced negotiation. The results of a prolonged Federal-Provincial dispute will not only be harmful to the fabric of our country, but will cause dangerous delays in implementing economic programs aimed at reducing inflation.

The time has come for us to reach an accommodation, which may require individual, corporate,

regional and federal sacrifices. The amount of time consumed by each sector in shifting the blame for our problems on to someone else could better be spent on more productive matters.

Various drastic solutions have been suggested. However, they are not likely to be applied, at least in a democracy such as ours. Our economic problems have developed gradually, and they are not entirely of our own making. The export of goods and services is a key factor of our economy and we rely on buoyant world markets to sustain us. The current outlook in this connection is not optimistic.

We should, therefore, plan for a gradual improvement in the inflation rate and each sector must play a positive role. Our ability to steer a new course requires an essential public policy shift from consumption to investment. In Canada, for example, capital formation is a vital ingredient of our long run economic and social health.

Investment is by no means an isolated business phenomenon. As income recipients in our society, we all save, and hence provide funds for capital spending in plant, machinery and equipment. We must, therefore, turn our attention to policies that make investment more attractive financially. For the longer term, governments must pay more attention to the supply side implications of their actions.

In return, industry, commerce and labour must concentrate on achieving higher productivity in return for higher earnings and wages. This will require substantial commitments to research and development and the further training of a highly skilled labour force.

The individual, no matter to which sector of the economy he or she belongs, will have to realize that a constantly rising standard of living must be earned. At present it is only being sustained by absorbing an ever-increasing burden of inflation and external debt.

The end result of such a process will be economic chaos and an involuntary deflation, which will create hardships far in excess of any which might be imposed by government policies.

The other major factor which has contributed to both political and economic instability is energy. It is a major component of the chronic inflation affecting the economies of both the industrialized and developing countries.

In the last year we have seen further signs of strain in the major oil-producing countries of OPEC, culminating in the outbreak of war between Iran and Iraq. The resultant interruption of supply and damage to facilities indicates that there will be no relief from continued price increases.

As well as economic dislocation, we can look forward to a further deterioration in the political climate within OPEC as the moderates endeavour to persuade the radicals to maintain a united pricing policy.

The other burden which the energy problem imposes is again a mixture of economic and political factors. Each increase in oil prices adds to the massive surpluses of the oil-producing countries. These surpluses have to be re-cycled through the intermediary of the world's financial institutions in both the public and private sector.

Up to now, most of these operations have been handled by the international banking system. However, there is a limit to what can be done in this respect. The volume of petrodollars is growing and the number of creditworthy borrowers is shrinking. At the same time, the borrowing needs of the latter are growing, largely due to the cost of imported energy. The solution to the political and economic fall-out of these factors is a global priority and it can only be achieved by more whole-hearted international co-operation than has been shown up to now.

The other obvious solution to dealing with cartel imposed prices is to lessen one's dependence on the

cartel's products. In the case of oil, this can be achieved by import substitution, if domestic oil can be produced, or by developing alternate types of energy.

The first major increases in oil prices six years ago sent shock waves around the world. Trade surpluses of industrial countries began to shrink. The increased prices gave an impetus to new exploration and production. Countries like the United Kingdom and Mexico firstly became self-sufficient and then net exporters.

For other leading industrial countries, the problems were different. They did not have domestic oil and gas at any price and therefore had to use up valuable foreign exchange reserves, while trying to develop alternate types of energy and to encourage conservation. This situation was particularly true of Japan and West Germany who, in their different ways, both adjusted rapidly and flexibly to the new energy reality.

Many other countries undertook massive medium and long-term projects to lessen their dependence on imported oil. The major alternatives were coal, hydro-electric, thermal and nuclear power, as well as alcohol derivatives from agricultural products. The break-through in solar energy on a commercial and industrial basis has not yet been achieved, but research and development in this field is far advanced in those industrial countries with the most pressing energy needs.

Most of the world's conventional energy sources are available and exploitable in Canada. Oil, natural gas, coal, hydro-electric and nuclear power can be produced and generated in massive quantities. Substantial exploration has resulted in significant new discoveries of oil and gas in widely dispersed regions of Canada. Much of these new finds will be expensive to bring into production, as regulators and entrepreneurs seek to overcome the economic and environmental

problems of delivery and distribution.

The technical and environmental problems which face Canada are only one aspect of the energy question. Financing, pricing, revenue-sharing, foreign ownership and politics are actual or potential stumbling blocks. Every one of these factors has contributed to the deterioration in Federal-Provincial relations.

In Canada we have devoted much of 1980 to the Constitutional Debate. We have spent rather less time in planning for self-sufficiency in energy. In fact, energy has been more frequently used as a bargaining tool to secure trade-offs in the Constitutional Debate.

Chronic inflation and unemployment remain the biggest economic problem in Canada. Unless our dependence on imported energy decreases substantially, we shall continue to import more inflation and increase our balance of payments deficit.

World prices for oil may well be unrealistic. However, world prices are what Canada will pay for any energy shortfall, whether the imports come from OPEC or other suppliers.

We face the same problems in getting our domestic energy products to market as our manufacturers, importers and exporters. The lines of communication and delivery are extended, and there are in many parts of Canada relatively small local markets to service. However, with such alternatives to oil and gas as hydro-electric and nuclear power, as well as thermal coal, we obviously have more options than many of our trading partners.

It is essential that Canada capitalizes on her energy resources as rapidly as possible. We have the ability to attack inflation, unemployment and the balance of payments deficit simultaneously. This ought to be sufficient incentive to the public and private sectors, both Provincial and Federal, to reach a satisfactory compromise for the benefit of the country as a whole.

The twin problems of inflation and the high cost of energy are closely related. They are global problems which affect the industrial and lesser developed countries alike.

For a long time we believed that our resource-rich country was insulated from such problems. This is no longer the case and we must act accordingly.

In spite of the major problems caused by these inter-related phenomena — inflation and energy

— we in this country have the resources, both human and physical, to solve them.

We shall not achieve our goal overnight. The issues are too complex and some of the factors are beyond our immediate control. Furthermore, we shall not begin to solve these problems until we devise a plan of attack which has the support of the majority.

This means that every faction, every special interest group, and

every region must be prepared to sacrifice a portion of its own self-interest for the national good.

We in Western Canada can count ourselves as particularly fortunate in these difficult and challenging times. We must, however, realize that this good fortune imposes on us a major responsibility towards the rest of the country. A climate of whole-hearted co-operation is vital if Canada is to realize her full potential by the end of the century.



Address by the President

Our operations in 1980 were conducted in an environment characterized by volatile interest rates rising to record levels, a nervous Canadian dollar on foreign exchange markets and lacklustre economic performance at the national level. The Western Provinces, British Columbia and Alberta in particular, maintained a significantly stronger pace of growth than the nation as a whole. The Bank of Canada remained firmly com-

mitted to its policy of gradual reduction in the rate of monetary expansion to assist in bringing about a moderation in Canada's rate of inflation. As well, a close watch was kept on the exchange value of the Canadian dollar. The Bank of Canada was often called upon to balance conflicting goals of moderating the movements of interest rates while attempting to avoid undesirable, heavy pressure on the dollar.

D. Edwin McGeachan, President and Chief Operating Officer



In March, 1980, the Bank of Canada made a change in its method of establishing its bank rate. Commencing March 13, 1980, the bank rate was set weekly at $\frac{1}{4}$ of one percentage point higher than the average 91 day Treasury Bill rate at the Thursday auction. This new approach allowed the Bank of Canada flexibility in determining short term interest rates appropriate to the containment of domestic inflation in a manner as independent as possible from U.S. monetary policy. Although the Bank of Canada rate could and did change on a weekly basis, Canada's chartered banks continued to move their prime rate in increments of 25 basis points or multiples thereof. The prime rates of the chartered banks changed 21 times during 1980, moving from 15% on January 1, 1980 to 17.5% in early April, then backing down to the 12% to 13% range for a period in August before moving up again to close the year at 18 $\frac{1}{4}$ %.

The Canadian dollar traded in a relatively narrow $\frac{1}{4}$ cents range throughout the year averaging 85.74 cents U.S. An improving current account position, aided by a very strong surplus of merchandise trade, left the dollar somewhat less vulnerable on this front than in past years but other factors, including uncertainty in the energy sector, two quarters of negative economic growth and increasing interest rates in the U.S., put downward pressure on our currency until it reached a 47 year low of 82.49 cents U.S. on December 16, 1980.

Operating Highlights

Notwithstanding this difficult environment, your Bank enjoyed a generally successful year in 1980. Our balance of revenue after taxes increased 14.6% over 1979 to reach \$7.65 million or \$5.00 per share.

To give our shareholders a better understanding of the full scope of the Bank's operations, we also set out our earnings on a fully consolidated basis. The previous Bank Act required that we exclude the earnings of any wholly-owned, non-banking subsidiary from the published figures of the Bank. Our two most important subsidiaries from an earning's point of view are BBC Mortgage Ltd. and British Columbia Financial Corp. (H.K.) Limited. While these subsidiaries technically are not in the business of banking, their activities and results during the year were impressive and important to our total operations.

Accordingly, on a fully consolidated basis, our earnings in 1980 increased to \$8 million or \$5.23 per share, up 22% over 1979. On December 1, 1980, a new Bank Act was passed into law under which we will be required to consolidate our subsidiaries. The fully consolidated figures mentioned will therefore form the basis for future comparisons.

During the year, your Bank declared and paid dividends amounting to \$1.12 per share representing a 12% increase over 1979. Our return on average assets employed dropped in 1980 to 36 cents per \$100 of average assets employed from 37 cents a year ago. Here again it is important to recognize the effect of excluding our wholly-owned subsidiaries. On a consolidated basis we achieved 38 cents per \$100 of average assets employed, a nominal improvement over 1979 but halting the trend experienced by our Bank and the industry in recent years.

Our net interest margin, or our spread, which is simply the difference between what we earn on our

loans and securities and what we pay on our deposits and debentures, improved marginally in 1980 to 3.12% from 3.06% in 1979. Because of this materiality, our income from tax exempt Canadian securities has been grossed up to a taxable equivalent basis in this spread calculation. Similarly, our effective income tax rate of 15.2% for the year is affected by our receipt of income from such securities. Grossing such income up to a taxable equivalent would show our marginal tax rate approximating 51.7% for the year.

We are continuing in our emphasis on expense management which resulted in our non-interest expenses reducing marginally to 3% of average assets employed during the year.

The total assets of the Bank grew by 16.9% in 1980 to \$2,338 million. This relative flattening in our growth line compared to recent years was our planned reaction to the uncertainties anticipated in our market area in 1980 and also recognizes that our base for calculation has been growing quickly — our assets have approximately doubled in the past three years.

This comparatively lower asset growth also allowed us to alter the mix of our funding, moving significantly away from wholesale or money market deposits to increased lower cost personal notice deposits. This shift resulted in a major milestone for your Bank when personal notice deposits recently reached the \$1 billion level. We are pleased with our growth in personal notice deposits and the diversification and stability which they provide to your Bank. On a total industry basis personal notice deposits average approximately \$10 million per branch bank and, for the Bank of British Columbia, the average is in excess of \$22 million per branch.

Capitalization

During the year, the Bank's wholly-owned subsidiary, BBC Mortgage Ltd., issued \$20 million of preferred shares to the public with a dividend yield of 9.12%. At the time of the offering, it was indicated that these shares would be converted to preference shares of the Bank if, as and when the Bank Act was changed to permit this conversion. With the passing of the new Bank Act following our fiscal year end and as noted in the proxy solicitation material, we are now requesting shareholders to approve By-Law No. 2 which will permit the creation of the required preference shares in the Bank.

Additionally, on October 7, 1980, your Bank announced its sixth Rights offering of 255,277 additional common shares of the capital stock of the Bank at \$32.50 per share on the basis of one new share for every six then held. The issue was most successful and was subscribed to the extent of over 95%, with the residual of approximately 12,000 shares being sold by the underwriting group at a price of \$41.98 per share.

At October 31, 1980, our total capital funds on a consolidated basis, including accumulated appropriations for losses, debentures and preference shares outstanding, exceeded \$105 million for a ratio of total capital funds to total assets of a strong 4.48%. With the closing of our Rights issue subsequent to our year end and the consequent addition of a further \$8 million to our capital base, your Bank is in an excellent position to handle our further planned business expansion.

International Banking

All units of the International Division contributed to a successful year's operation. Market conditions were similar to those of 1979 — volatile interest rates and narrowing spreads dominating a highly liquid Euro-currency loan market. A further deterioration in world economic and political conditions had little effect on the continuing ability of prime borrowers to obtain their requirements on very favorable terms. There was, however, a tendency towards shorter maturities and the overall volume of loan opportunities was down as weaker borrowers remained out of the market. In spite of these unfavorable factors, our International Division performed well with net revenue increasing by 42% on an average asset increase of 13%.

These results were achieved in part by continuing our strategy of concentrating more on sovereign risk and corporate lending and to a lesser extent on inter-bank money market placements. Other operating revenue, including foreign exchange, loan fees and commissions, also contributed strongly to the Division's overall performance.

The major growth in our international assets took place in the Asia-Pacific area followed by Latin America and Western Europe. Comparatively few new commitments were made in Eastern Europe, the Middle East and Africa.

The Bank's Hong Kong subsidiary, European Representative Office and San Francisco Agency each contributed significantly to the expansion of our international business in both the public and private sectors.

During the year, a branch of the Bank was opened in Grand Cayman to provide additional offshore facilities for our clients.

The geographical distribution of the International Division's assets at year end was similar to that of 1979 — North America 31%; Asia-Pacific 27%; Western Europe 23%; Latin America and Caribbean 18%; with Eastern Europe, Middle East and Africa approximating 1%.

Organization

During the year, we completed a significant move to decentralize responsibilities and authority within our domestic operations. Following the successful establishment early in the year of our Alberta Division, with offices in Edmonton to support our branches in Alberta and the B.C. Interior, we grouped our remaining domestic branches in the Lower Mainland and Vancouver Island into our Pacific Division, with executive and administrative offices in Vancouver.

One of the strengths of our Bank has been the comparatively short line of communication which exists between our branches and senior executive. We intend to ensure that our move to divisionalization does not lengthen that communication line but rather that it will work toward keeping a high degree of authority and administrative support close to the branch level. Our branch management and clients must continue to be served with quick response support of their varying requirements.

A further development this year will be the formation of a Corporate Banking Division. This group will be charged with developing our share of business in the corporate middle market of Western Canada and the United States, including the resource industries. In addition to our markets of British Columbia and Alberta, we are looking south to the Western United States and abroad in our 1981 plans to increase our domestic and international commercial exposure.

WestBank Leasing Limited

As indicated to you last year, WestBank Leasing Limited was incorporated as a wholly-owned subsidiary of the Bank to conduct a financial leasing business. With the unsettled interest rate climate during the year, it was not appropriate to develop large scale fixed rate financing and a cautious approach was adopted. At October 31, 1980, the company had funded a total of \$5.5 million in leases; at December 31,

1980, the company's investment in leases had increased to approximately \$10 million.

Real Estate Investment Trust

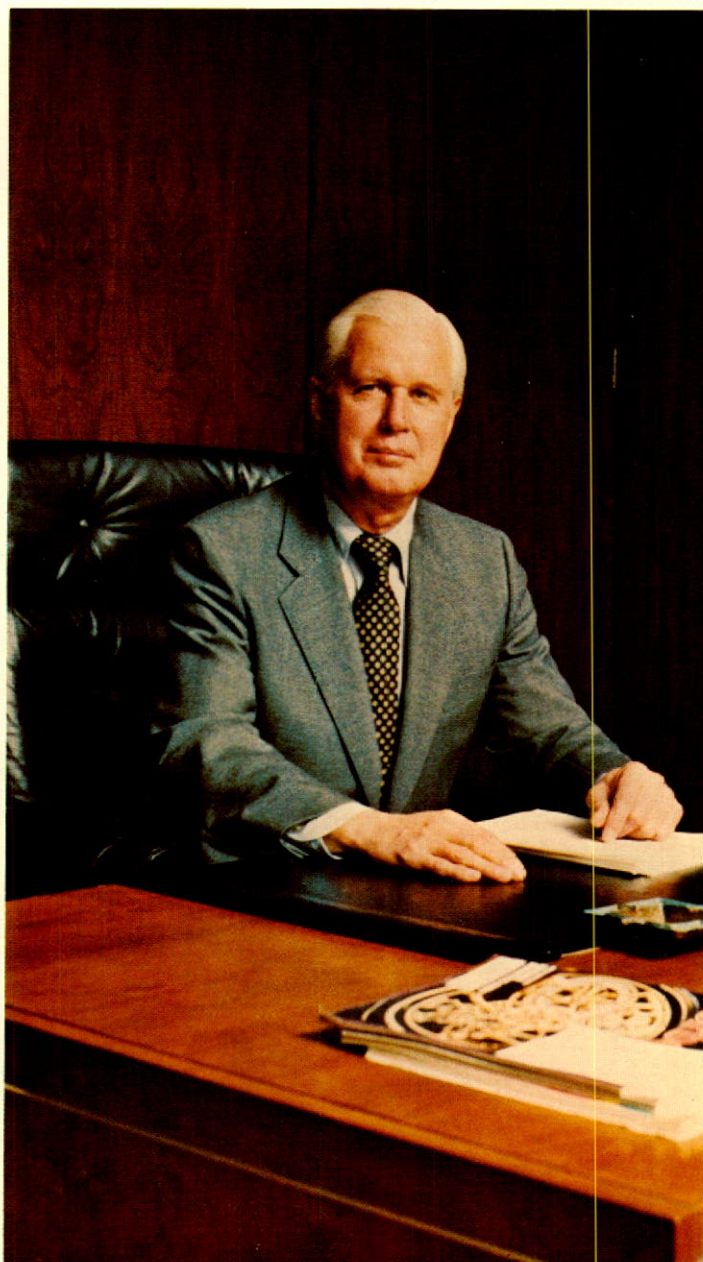
BBC Realty Investors, the real estate investment trust sponsored by your Bank in 1972, continues to be a top performer in the industry. Asset growth which began from a \$10 million base early in 1973 has grown to its current level of \$160 million.

The return on Unitholders' equity has grown steadily since inception to a current level of about 17%. We are proud of our affiliation and advisory relationship with the Trust which stands visibly in the market place while making a responsible contribution to the Bank's earnings.

Victor Dobb, Executive Vice President



F. Peter Darling, Executive Vice President, International



Data Processing

Since installation of our first computer in 1974, we have converted virtually all of our labor intensive branch functions from manual operations to automated computer systems. This has been a key factor in permitting the expansion of our branch network and the significant growth in our business volumes while allowing us to introduce new and improved services to our clients.

All branches of the Bank are serviced by computer. Applications provided include automated clearing of cheques, demand deposit accounting, personal savings accounting, installment loan accounting, certificates of deposit, general ledger/profit plan and an electronic funds transfer system for direct deposit of funds to accounts by

magnetic computer media in substitution for paper transactions.

To provide more effective and efficient service to our Alberta branches and to complement the Alberta Division structure recently put in place, we are establishing a Data Centre in Calgary. We plan to have this facility fully operational early in 1981.

Mortgage accounting will be converted from a service bureau to our computer in early 1981. The commercial loan portfolio is the only major application not yet automated at branch level. Development of a system for this application is in an advanced stage and we expect to begin conversion of branches to the system later this year.

We are presently reviewing additional computer programmes

which will provide us with improved management information and automation of selected activities of our Head and Divisional Offices. On-line banking, a bank card and automated teller machines are currently under study, together with a number of other capabilities designed to provide for the needs of our customers in the 1980's and beyond.

Branch Development

New branches were opened during 1980 at 118th Avenue and 82nd Street in Edmonton and at Lethbridge, Alberta. In addition, the Bank's West Vancouver and Vancouver Main branches were relocated to larger premises and major expansions were completed in Vernon, White Rock, 97th Street and 130th Avenue in Edmonton and at

Seated — Donald C. Wollstein, Senior Vice President, Alberta Division. Standing Left to Right — Einar N. Myrholm, Vice President, Credit, Alberta Division; Earl V. Andrusiak, Assistant Vice President, Alberta Division; Stephen D. Adams, Vice President and Manager, Edmonton Main Branch; J. E. Gerald Young, Vice President and Manager, Calgary Main Branch.



Fraser Street and 48th Avenue in Vancouver. Four new branches are planned to open in 1981 in important centres which are well positioned to benefit from Western Canada's continued growth.

As announced earlier, your Bank has applied to the City of Vancouver for permission to develop our corporate Head Office building on the North East corner of Hornby and West Georgia Streets. The complex will consist of approximately 16,500 square feet of retail and 415,000 square feet of office and bank space. The new Bank of British Columbia tower will further enhance our identification in the western business community.

Human Resources

During 1980, the Bank's personnel complement increased by 117 full-

time and 69 part-time employees to a total of 2,196 personnel.

Our compensation and benefits programmes, along with the rapid growth we continue to experience in all phases of our operations, have enabled us to continue to attract quality bankers. These factors, together with our internal development programmes, have enabled us to meet the Bank's personnel requirements during the past year. It is worthy of mention that over 30% of the Bank's management level positions are now staffed by female officers.

Our Bank has now reached the size where we must place even more emphasis on developing and promoting our present manpower resources from within to ensure a proper blend of career and new

bankers is available to meet our future requirements. Career path counselling and training are priority programmes within the Bank to result in offering our personnel, both female and male, challenging assignments as part of a longer term career.

On your behalf, I would like to express thanks to all of our personnel for the contribution they have made to our successful year.

The Year Ahead

We enter the New Year under conditions little better than a year ago. However, our concentration in the British Columbia and Alberta domestic markets, together with the facilities we now have in place internationally, has enabled us to plan for a further year of good growth for your Bank.

Left to Right — Gordon R. Wallace, Senior Vice President, Pacific Division; Norman S. Elliot, Vice President and Manager, 999 West Hastings; Paul E. Villeneuve, Assistant Vice President, Credit, Pacific Division.



Board of Directors

TREVOR W. PILLEY
*Chairman and
Chief Executive Officer*

D. EDWIN McGEACHAN
*President and
Chief Operating Officer*

ARTHUR FOUKS, Q.C.
*Vice President
Senior Partner
Bonner & Fouks
Vancouver, B.C.*

DONALD M. CLARK, Q.C.
*Secretary
Senior Partner
Clark, Wilson & Company
Vancouver, B.C.*

RUSSELL J. BENNETT
*Kelowna, B.C.
President
M.W. Stores Ltd.*

ARTHUR J. BLOCK
*Vancouver, B.C.
President
Block Bros. Industries Ltd.*

HARRY BOOTH
*Calgary, Alberta
President and Chief Executive Officer
Alberta and Southern Gas Co. Ltd.
Alberta Natural Gas Company Ltd*

W. THOMAS BROWN
*Vancouver, B.C.
Chairman
Odlum Brown & T.B. Read Ltd.*

THOMAS A. BUELL
*Vancouver, B.C.
Chairman, President
and Chief Executive Officer
Weldwood of Canada Ltd.*

THE HONOURABLE
THOMAS A. DOHM, Q.C.
*Vancouver, B.C.
Senior Partner
Dohm, Jaffer & Company*

A. WILLIAM EVERETT
*Vancouver, B.C.
President
Dominion Vancouver Motors Limited*

ALBERT E. HALL
*Vancouver, B.C.
Adviser
Bank of British Columbia*

BEVERLEY K. LECKY
*Vancouver, B.C.
President
Hosmer Holdings Ltd.*

G. BUCHAN McINTOSH
*Vancouver, B.C.
Senior Partner
Lawson, Lundell, Lawson & McIntosh*

J. WALLACE MADILL
*Calgary, Alberta
General Manager
Alberta Wheat Pool*

WILLIAM C. MEARNS
*Victoria, B.C.
President
Rockcliffe Estates Ltd.*

A. HOADLEY MITCHELL
*Edmonton, Alberta
President
Mitchell & Associates Ltd.*

DANIEL U. PEKARSKY
*Vancouver, B.C.
Executive Vice President
Bel-Fran Investments Ltd.*

BRYAN J. REYNOLDS
*Vancouver, B.C.
President and Chief Executive Officer
Bethlehem Copper Corporation*

PETER PAUL SAUNDERS
*Vancouver, B.C.
Chairman and President
Versatile Cornat Corporation*

JOHN L. SCHLOSSER
*Edmonton, Alberta
President
Tri-Jay Investments Ltd.*

J. BRUCE SMITH
*Kelowna, B.C.
President
Okanagan Holdings Ltd.*

Officers of the Bank

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*Chairman and
Chief Executive Officer*

D. EDWIN McGEACHAN
*President and
Chief Operating Officer*

VICTOR DOBB
Executive Vice President

F. PETER DARLING
Executive Vice President, International Division

Senior Vice Presidents

HENRY J. BOW

GORDON R. WALLACE

ROBERT J. FRUIN

DONALD C. WOLLSTEIN

ARNOLD E. MILES-PICKUP

Vice Presidents

STEPHEN D. ADAMS

EINAR N. MYRHOLM

HUGH DALGLEISH

MICHAEL S. ROGERS

NORMAN S. ELLIOT

JOHN A. THOMAS

LESLIE J. FOWLER

O. GRANT WEST

P. NEIL McEACHERN

J.E. GERALD YOUNG

Assistant Vice Presidents

EARL V. ANDRUSIAK

DAVID W. MULLER

JAMES M.A. BRIDEN

GERARD M. O'KEEFE

BRIAN D. CARTER

JAMES D. STODDART

ANDREW K.C. EE

CYRIL TODD

W. ALAN FRANKLIN

PAUL E. VILLENEUVE

Corporate Departments and Divisions

Pacific Division

Senior Vice President

G. R. Wallace

Assistant Vice President

P. E. Villeneuve, Credit

Assistant Vice President

D. W. Muller

Senior Managers

F. E. Chambers, Commercial Credit

I. A. Follis, Commercial Credit

J. V. McKay, Commercial Credit

Managers

J. S. Bower, Commercial Credit

E. D. Houston, Commercial Credit

P. A. O'Connor, Human Resources

K. B. G. Statham, Branch Operations

L. E. Swaykoski, Consumer Credit

B. F. Troniak, Dealer Credit

W. R. Wright, Division Services

Human Resources

Vice President

O. G. West

Managers

R. D. Earthy, Training

A. B. Jenkins, Human Resources

R. H. Muth, Employee Relations

J. S. Young, Compensation Planning

Marketing & Consumer Services

Vice President

M. S. Rogers

Assistant Vice President

C. Todd, Consumer Credit

Manager, Marketing

G. T. Fearnley

Branch Development & Premises

Assistant Vice President

G. M. O'Keefe

Superintendent, Premises

R. B. Stewart

International Division

Senior Vice President

H. J. Bow

Assistant Vice President

and Chief Dealer

A. K. C. Ee

Corporate Credit

Senior Vice President

R. J. Fruin

Assistant Vice President

J. M. A. Briden

Senior Manager

C. J. Nordstrom, Credit Administration

Economics

Assistant Vice President

and Chief Economist

B. D. Carter

Inspection

Vice President and

Chief Inspector

H. Dalglish

Managers

J. R. Ancrum, Branch Inspection

D. J. McLean, Development and
Corporate Audit

G. D. Mulligan, EDP Audit

Data Processing

Assistant Vice President

W. A. Franklin

Managers

L. C. Benzley, Computer Systems
& Programming

J. D. Lyon, Vancouver Data Centre

P. W. Wishloff, Calgary Data Centre

Alberta Division

Senior Vice President

D. C. Wollstein

Vice President

E. N. Myrholm, Credit

Assistant Vice President

E. V. Andrusiak

Senior Manager

J. D. Wiggins, Commercial Credit

Managers

J. B. Carlson, Human Resources

J. E. Haller, Consumer Credit

J. A. Mills, Branch Operations

Investments

Senior Vice President

A. E. Miles-Pickup

Assistant Vice President

J. D. Stoddart, Leasing

Manager and Chief Trader

R. B. Hawkesworth

Manager

R. F. Jerome, Investments

Systems and Administration

Vice President

P. N. McEachern

Managers

G. J. Erber, Systems Development
and Documentation

G. E. Stephenson, Organization
and Planning

Controller's Department

Vice President

J. A. Thomas

Chief Accountant

M. J. Humjan

Managers

W. D. Alexander, Financial
Planning

R. B. Sykes, Taxation and Insurance

Branches

British Columbia

VANCOUVER & LOWER MAINLAND
999 West Hastings Street
 N. S. Elliot
Vice President and Manager
 B. R. Hewson
Senior Account Manager
 G. F. Ledwith
Senior Account Manager

Broadway & Willow —
 800 West Broadway
 P. D. Peake, *Manager*

Burnaby — 5210 Kingsway
 A. H. L. Parsons, *Manager*

Burnaby —
 9952 Lougheed Highway
 R. A. Pain, *Manager*

Burnaby —
 4106 East Hastings Street
 B. W. O'Keefe, *Manager*

Chinatown — 601 Main Street
 H. Fetigan, *Manager*
 K. Y. Kwan,
Senior Account Manager

1047 Denman Street —
 C. W. Kroeker, *Manager*

Fraser & 48th —
 6373 Fraser Street
 W. K. Adrian, *Manager*

937 West Georgia Street —
 C. J. Sherwood, *Manager*

Granville & 12th —
 2735 Granville Street
 E. A. Dalgarno, *Manager*

Hastings & Penticton —
 2590 East Hastings Street
 P. A. Pepin, *Manager*
 R. B. Lindsay
Senior Account Manager

Kerrisdale —
 2164 West 41st Avenue
 R. W. Drevant, *Manager*

Kingsway & Senlac —
 3398 Kingsway
 F. E. Evaniuk, *Manager*

New Westminster —
 731 Columbia Street, W.
 L. G. Steele, *Manager*

New Westminster —
 504-6th Street
 M. C. Wedgewood, *Manager*

North Vancouver —
 1457 Lonsdale Avenue
 C. G. Pickavance, *Manager*

Richmond — 6800 No. 3 Road
 P. L. Booth, *Manager*
 K. O. Rehill
Senior Account Manager

Surrey —
 10241 King George Highway
 T. T. McColl, *Manager*

10th & Sasamat —
 4480 West 10th Avenue
 D. Duke, *Manager*

West Vancouver —
 1578 Marine Drive
 W. R. Harrop, *Manager*

White Rock —
 1493 Johnston Road
 R. Straker, *Manager*

FRASER VALLEY
Abbotsford —
 33700 Essendene Avenue
 G. D. Huston, *Manager*

Chilliwack — 1 Main Street
 T. A. Hockin, *Manager*
 C. H. Gumbert
Senior Account Manager
 J. G. Smith
Senior Account Manager, Agriculture

Haney — 11955-224th Street
 E. A. Zizzy, *Manager*

Langley —
 20437 Fraser Highway
 E. A. Posliff, *Manager*

INTERIOR/NORTHERN B.C.
Cranbrook — 1001 Baker Street
 A. C. Kennedy, *Manager*

Kamloops — 380 Victoria Street
 L. C. Earle, *Manager*

Kelowna — 384 Bernard Avenue
 V. E. Broeder, *Manager*

Penticton — 294 Main Street
 A. Richmond, *Manager*

Vernon — 3321 Barnard Avenue
 J. C. Dowle, *Manager*

Prince George —
 1533-2nd Avenue
 G. C. Weinand, *Manager*

VANCOUVER ISLAND
Victoria
Main — 752 Fort Street
 H. J. Steele, *Manager*
 D. I. Osmond
Senior Account Manager

Douglas & Hillside —
 2640 Douglas Street
 G. J. Sprung, *Manager*

Douglas & Johnson —
 1327 Douglas Street
 G. P. Williams, *Manager*

Nanaimo —
 70 Commercial Street
 R. J. Buchanan, *Manager*

Alberta
Calgary
Main — 444-5th Avenue S.W.
 J. E. G. Young
Vice President and Manager
 I. K. Hamilton
Senior Account Manager
 B. P. Millard
Senior Account Manager

Alberta Place — 1530-4th Street S.W.
 D. Tunnicliffe, *Manager*

15th & Centre Street —
 1511 Centre Street N.W.
 F. B. Kirschenhofer, *Manager*

Forest Lawn —
 3620-17th Avenue S.E.
 J. A. Cowan, *Manager*

74th & Macleod Trail —
 7403 Macleod Trail S.W.
 M. D. Krause, *Manager*

Edmonton
Main — 10065 Jasper Avenue
 S. D. Adams
Vice President and Manager
 M. R. Feist
Senior Account Manager

106th & Jasper —
 10561 Jasper Avenue
 R. S. Anthony, *Manager*

82nd & 104th — 8139-104th Street
 Y. H. Carle, *Manager*

97th & 130th — 13043-97th Street
 R. N. Evaniuk, *Manager*

Jasper Place — 15103 Stony Plain Road
 M. T. Mulcahy, *Manager*

118th & 82nd — 8204-118th Avenue
 J. D. Bourgeois, *Manager*

Lethbridge —
 326-5th Street South
 G. J. Syrota, *Manager*

International Banking

International Agency
San Francisco, California
 300 Montgomery Street, Suite 735
 C. Bettles
Agent

European Representative Office
London, England
 27-32 Old Jewry
 H. L. Suderman
European Representative

British Columbia Financial Corp. (H.K.) Limited
 3409 Gloucester Tower
 The Landmark
 11 Pedder Street
 Hong Kong
 J. S. K. Yu
Managing Director

Cayman Islands Branch
 P.O. Box 1040 West Wind Building
 Grand Cayman
 Cayman Islands
 British West Indies

Minutes of the Thirteenth Annual General Meeting of the Shareholders

The 13th Annual General Meeting of the Shareholders of Bank of British Columbia was held on Tuesday, January 13, 1981 at 11:00 o'clock in the forenoon in The British Room, Hotel Vancouver, 900 West Georgia Street, Vancouver, B.C.

Mr. T.W. Pilley requested the approval of the Meeting to the appointment of himself as Chairman and Mr. D.M. Clark as Secretary of the Meeting, and the appointment of Mrs. Lana Man and Mr. Murray McDonald as Scrutineers to compute the votes of any ballots taken at the Meeting and to report thereon to the Chairman.

UPON MOTION by Mr. A. Hoadley Mitchell, seconded by Mr. J. Wallace Madill, it was resolved that the foregoing appointments be approved.

The Notice of Meeting was read by the Secretary. Mr. Pilley advised the Meeting that he had received satisfactory proof from the Secretary of the Bank that the Notice calling the Meeting had been duly publicized in accordance with the Bank Act and had been sent to each shareholder of the Bank and, as a quorum was present, he declared the Meeting duly constituted.

Mr. Pilley then addressed the Meeting as follows:

"It is with a sense of great pleasure that I welcome our shareholders and guests here today on this the occasion of our Thirteenth Annual Meeting. The excellent attendance here indicates your continued interest in the affairs of our Bank and is further evidence of your support throughout the year, all of which is very encouraging to your Board of Directors and to us in management. The Statements for the fiscal year ended October 31, 1980, which have been mailed to shareholders, show that the Bank has had another successful year. It serves to recognize the contribution to growth and development of our Bank not only by our shareholders and Board of Directors but also by our personnel whose dedicated service we gratefully acknowledge and appreciate.

I am pleased to inform you that during the course of the year, two additional Directors were elected to your Board. On January 29, Mr. Daniel U. Pekarsky of Vancouver, Executive Vice President of Bel-Fran Investments Ltd., and on May 6, Mr. Arthur J. Block of Vancouver, President of Block Bros. Industries Ltd., became Directors. I regret to advise that Mr. Coleman Ernest Hall retired from the Board of Directors on October 31, 1980. Mr. Hall was one of the founding Directors of the Bank and has served the Bank well since 1967 in his capacity as a Director, a Vice President and member of the Executive Committee. His significant and commendable contributions over this lengthy period are deeply appreciated and we know that Mr. Hall will always maintain an abiding interest in the affairs of the Bank.

Mr. Pilley stated that Minutes of the Twelfth Annual General Meeting had been published and circulated to all of the shareholders and Mrs. I. O'Reilly moved: "That the Minutes of the Twelfth Annual General Meeting of the shareholders of the Bank held on December 11, 1979, copies of which have been mailed to the shareholders, be taken as if read, and approved and adopted."

The motion was seconded by Mr. Arthur Fouks.

Mr. Pilley then stated:

"With the introduction of the new Bank Act, there has been a change in the voting procedures governing our Meeting. It is no longer necessary to vote by ballot but votes may be taken by a show of hands, which I propose to do. However, in order to do this, the Act requires me to declare that if a ballot is conducted, less than 5% of all votes attached to shares represented by proxy will be required to be voted against what to my knowledge will be the decision of the Meeting, on matters to be brought before it. In fact, very few negative proxy votes have been received and therefore voting on all Resolutions at

this Meeting will be carried out by a show of hands unless a poll or ballot is demanded by a shareholder or a proxyholder."

Mr. Pilley then advised the Meeting: "Copies of the Statement of Assets and Liabilities of the Bank and of the Statements of the Rest Account, Revenue, Expenses and Undivided Profits, and Accumulated Appropriations for Losses have been forwarded to every shareholder in advance of this Meeting, and as you have copies of these Statements before you, we will forego, with your approval, the actual reading of these Statements, except for the Auditors' Report appended to the Bank's financial statement and the Directors' Report. We will be hearing shortly from Mr. McGeachan, President and Chief Operating Officer, on the operations of the Bank for the fiscal year just ended. Following his comments, and my own, there will be a full opportunity for shareholders to ask questions."

The Chairman then called upon the Secretary to read the Directors' and Auditors' Reports:

DIRECTORS' REPORT

"The Directors have pleasure in submitting to the shareholders their Thirteenth Annual Report, which is accompanied by the Annual Statement for the financial year ended October 31, 1980. This includes the Statement of Assets and Liabilities of the Bank, the Statements of Revenue, Expenses and Undivided Profits, of Rest Account, and of Accumulated Appropriations for Losses, the Statements of Assets and Liabilities of Controlled Corporations and the Auditors' Reports with respect to these Statements.

During the year two new domestic branches and one foreign branch were opened, for a total of 48 branches, of which one is outside Canada. In addition, we have our subsidiary in Hong Kong, an Agency in San Francisco and a Representative Office in London, England.

The Directors acknowledge with appreciation the capable manner in which the Bank's personnel have carried out their duties, and for their contribution to the success of the Bank during the last year.

T.W. Pilley,
Chairman."

The Auditors' Report appears with the financial statements of the Bank.

It was then moved by Mr. Pilley, seconded by Mr. Bryan J. Reynolds

that the Annual Statements for the fiscal year ended October 31, 1980 and the Directors' and Auditors' Reports thereon be adopted.

Mr. Pilley stated:

"Under the provisions of the Bank Act, the shareholders are required to appoint Auditors for the ensuing year. Peat, Marwick, Mitchell & Co. and Thorne Riddell have provided valuable service to the shareholders during the past year and it is proposed to recommend these firms as

the Auditors of the Bank for the coming year."

It was then moved by Mr. Thomas A. Buell, seconded by Mr. Harry Booth:

"that Peat, Marwick, Mitchell & Co. and Thorne Riddell be appointed Auditors of the Bank to hold office until the next Annual General Meeting and that their remuneration for the ensuing year be fixed at \$120,000.00, said amount to be divided between them."



Mr. Pilley stated: "The Meeting is now open for the nomination of Directors for the ensuing year, 22 to be elected, and I will now ask the Secretary to read the list of proposed Directors who are eligible for election."

The Secretary then read the following names:

Russell J. Bennett
Harry Booth
Arthur J. Block
W. Thomas Brown
Thomas A. Buell
Donald M. Clark
Thomas A. Dohm
A. William Everett
Arthur Fouks
Albert E. Hall
Beverley Kathleen Lecky
J. Wallace Madill
William C. Mearns
A. Hoadley Mitchell
D. Edwin McGeachan
G. Buchan McIntosh
Daniel U. Pekarsky
Trevor W. Pilley
Bryan J. Reynolds
Peter Paul Saunders
John L. Schlosser
J. Bruce Smith.

Mr. J.D. Wilson addressed the Meeting:

"Mr. Chairman:

I take great pleasure in nominating each of the persons whose names have been read by the Secretary as a Director of the Bank for the ensuing year.

I would like to congratulate you and our Directors on the record of the past year, which has been brought out so vividly in the Annual Statement highlights.

Since the Bank opened its first branch in July, 1968, the progress has been a great success story, one in which you and all your associates can be justifiably proud.

As shareholders, we are indeed fortunate in having such an outstanding Board of Directors, individuals who give of their valuable time to the affairs of the Bank and I am certain with their many talents are a great support to the management."

Mr. Pilley asked if there were any other nominations and, there being none, he declared the nominations closed and the Directors nominated duly elected. He also stated that they had without exception provided valuable counsel to management.

Mr. Pilley stated to the Meeting: "As you were advised in the Information Circular, all of the Shareholders' and Directors' By-laws cease to be effective at the conclusion of this Meeting. By-law No. 1 was forwarded to you with the Notice of Meeting and it contains a consolidation of the present By-laws plus a few minor amendments and additions required by the Act. It also contains two items of special business to which I will refer.

The first concerns remuneration of the Directors. This was fixed at \$150,000.00 per annum in the present By-laws and under By-law No. 1, it is proposed to increase this to a maximum of \$200,000.00 per annum. Over the years, the scope of the responsibility of the Directors has increased significantly as the size and the complexity of the Bank operations have also increased. There are more committees of Directors resulting in the Directors being required to devote a considerable amount of time to the affairs of the Bank. With the expansion of the Bank next year, we could exceed the amount presently approved for payment to Directors.

The second item of special business concerns the deletion of the pre-emptive rights on the issue of shares provided for in the Bank Act. The new Bank Act makes provision for a number of new opportunities for the Bank to raise additional capital. In order to give the Bank flexibility in the raising of capital, it is necessary that the pre-emptive rights of shareholders be deleted as provided in Section 5.01 of By-law No. 1."

Mr. G. Buchan McIntosh then moved as a Special Resolution, seconded by Mr. Schlosser:

"that By-law No. 1, a copy of which has been mailed to the shareholders, be confirmed."

The motion was carried unanimously.

Mr. Pilley then stated:

"You will recall that the Information Circular made reference to the sale of 800,000 cumulative redeemable preference shares by the Bank's wholly-owned subsidiary, BBC Mortgage Ltd., at a price of \$25.00 per share. These shares are exchangeable by way of redemption into similar shares of the Bank but these shares could not be created until the enactment of the new Bank Act.

In order to provide shares for allotment to the holders of the preference shares of the subsidiary and to provide shares for future issues, it is necessary to create a new class of preferred shares. Preferred shares have become an increasingly important source of capital for publicly financed companies. It is therefore prudent for the Bank to create a reserve of preferred shares in addition to those required for allotment as I stated earlier."

Mr. Thomas Dohm moved as a Special Resolution:

"that subject to the approval of the Minister of Finance, the authorized capital of the Bank be increased by the creation of 3,000,000 preferred shares without nominal or par value and that the aggregate consideration for which all preferred shares may be issued shall not exceed \$75,000,000. The preferred shares shall carry the preferences, rights, conditions, restrictions, limitations, and prohibitions set out in By-law No. 2."

Mr. Albert E. Hall seconded the motion and it was carried unanimously.

Mr. Pilley stated that in order to provide general rights and restrictions to be attached to the preferred shares which will be created as a result of the Special Resolution just passed, that a Special Resolution is required to confirm By-law No. 2.

Mr. Arthur J. Block moved as a Special Resolution:

"that By-law No. 2, a copy of which has been mailed to the shareholders, be confirmed."

The motion was seconded by Mr. Daniel U. Pekarsky and passed unanimously.

Mr. Pilley called upon Mr. D.E. McGeachan, President and Chief Operating Officer, to give his report on the operations of the Bank during the past year. (Mr. McGeachan's report appears on page 6.)

Mr. Pilley then addressed the Meeting. (Mr. Pilley's address appears on page 2.)

Mr. Pilley then advised the Meeting as follows:

"We have received some enquiries from shareholders and analysts regarding the Bank's intention of subdividing its shares. These shares have only recently reached a level that management thinks is appropriate for a share split. Due consideration will be given at the next Annual General Meeting or a special meeting, if one is called, for



the subdivision of the Bank's shares."

Upon a question by a shareholder, Mr. Pilley stated that shareholders' resolutions would be required for subdivision of shares.

A shareholder asked if due consideration could be given to crediting dividends to shareholders' bank accounts. Mr. Pilley stated he would look into the matter.

A shareholder asked if the Bank's share price compared favourably with other banks and Mr. Pilley replied that it compared most favourably and gave figures.

Mrs. O'Reilly moved a hearty vote of thanks to the Directors and management of the Bank.

Mr. Pilley then stated that as there was no further business the Meeting was terminated.

At the Meeting of the Board of Directors held subsequent to the Annual General Meeting of Shareholders, the following officers were elected:

Trevor W. Pilley, Chairman and Chief Executive Officer

D. Edwin McGeachan, President and Chief Operating Officer

Arthur Fouks, Q.C., Vice President

Donald M. Clark, Q.C., Secretary

Miss Denise McDermott, Assistant Secretary



1980

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Canada's Western Bank



Bank of British Columbia

Financial Statements

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Fully Consolidated Reporting

All of the financial information which follows is provided on a statutory (bank only) basis. However, the Bank of British Columbia's earnings are 23 cents per share higher on a fully consolidated basis. Under the regulations of the Bank Act in force prior to December 1, 1980 banks were required to include in their consolidated financial statements only wholly-owned subsidiaries engaged in banking (as specifically defined in the Bank Act). The Bank of British Columbia has no such subsidiaries. In order to provide a better understanding of the complete scope of the Bank's operations, we have included on the opposite page the highlights of the Bank of British Columbia's fully consolidated balance sheet and income statement. Under the terms of the Bank Act passed into law on December 1, 1980 banks will consolidate the results of those corporations which they control through ownership of more than 50% of the voting stock. The consolidated figures shown on the opposite page will therefore become the basis for future comparisons. The consolidated figures include the financial results of the Bank and the following subsidiary companies: British Columbia Financial Corp. (H.K.) Limited, BBC Mortgage Ltd., BBC Realty Ltd., Westbank Leasing Limited, and BBC Investments Ltd.

The major changes which arise as a result of reporting on a fully consolidated basis as opposed to the statutory basis are: total loans increase by \$66.1 million or 4.0% to \$1,708.1 million as at October 31, 1980, total assets are \$27.3 million or 1.2% higher at \$2,365.9 million, and balance of revenue after tax increases by \$364 thousand or 4.8% to \$8,015 thousand which represents a 23¢ per share increase to earnings of \$5.23 per share.

The total capital of the Bank, equity, debentures, and accumulated appropriations at October 31, 1980 on a fully consolidated basis was \$106.1 million, \$20.3 million or 23.6% higher than on the statutory basis. As a result the Bank's capital to asset ratio as at October 31, 1980 increases from 3.67% on a statutory basis to 4.48% on a fully consolidated basis.

Highlights of Consolidated Results

(in thousands)

Assets and Liabilities as at	October 31, 1980		October 31, 1979	
	Fully Consolidated	Statutory	Fully Consolidated	Statutory
Total Loans	\$1,708,088	\$1,641,949	\$1,427,742	\$1,410,902
Total Assets	\$2,365,878	\$2,338,545	\$1,999,770	\$1,999,549
Total Deposits	\$2,171,333	\$2,130,724	\$1,874,905	\$1,862,896
Sundry Liabilities	88,481	122,014	45,800	57,660
Accumulated Appropriations for Losses	14,344	14,208	12,795	12,659
Capital Funds:				
Debentures	19,420	19,420	19,440	19,440
Shareholders' Equity	72,300	52,179	46,830	46,894
Total Capital Funds	91,720	71,599	66,270	66,334
Total Liabilities and Capital	\$2,365,878	\$2,338,545	\$1,999,770	\$1,999,549
Revenue and Expenses				
Income from Loans and Securities	\$ 280,723	\$ 274,719	\$ 207,064	\$ 206,093
Interest paid on Deposits and Debentures	220,129	215,105	157,085	156,214
Net Interest Earnings	60,594	59,614	49,979	49,879
Non-Interest Revenue	13,550	13,478	13,034	13,051
Non-Interest Expense	64,561	64,071	54,398	54,275
Balance of Revenue	\$ 9,583	\$ 9,021	\$ 8,615	\$ 8,655
Provision for Income Taxes	1,568	1,370	2,037	1,980
Balance of Revenue after Taxes	8,015	7,651	6,578	6,675
Minority Interest (Note 1)	—	—	11	—
Balance of Revenue after Taxes and Minority Interest	\$ 8,015	\$ 7,651	\$ 6,567	\$ 6,675
— Per Share	\$ 5.23	\$ 5.00	\$ 4.34	\$ 4.41

Note:

1. Minority share of earnings of BBC Mortgage Ltd. for 1979 up to August 14, 1979.

Annual Statement Highlights

(Non-Consolidated)

	1980	1979	% INCREASE
TOTAL ASSETS	\$2,338,545,170	\$1,999,549,035	17.0
TOTAL DEPOSITS	2,130,723,909	1,862,896,098	14.4
LOANS	1,641,949,106	1,410,901,708	16.4
SECURITIES	217,520,071	206,087,763	5.5
BALANCE OF REVENUE	9,020,781	8,655,450	4.2
BALANCE OF REVENUE (after provision for income taxes)	7,650,781	6,675,450	14.6
PER SHARE*	5.00	4.41	13.4
DIVIDENDS PAID	1,715,463	1,514,689	13.3
PER SHARE	1.12	1.00	12.0
CAPITAL FUNDS (including accumulated appropriations for losses of \$14,207,578 1979 — \$12,658,808)	85,806,667	78,992,579	8.6
NUMBER OF SHARES ISSUED	1,531,663	1,531,663	—

*The after tax balance of revenue per share has been calculated on the weighted monthly average of fully paid shares. These were 1,531,663 shares and 1,514,718 shares for the respective years.

For tax purposes Bank of British Columbia stock was quoted on Valuation Day, December 22, 1971, at \$22.25 per share.

Statement of Revenue, Expenses and Undivided Profits

Year ended October 31, 1980 (with comparative figures for 1979)

	1980	1979
Revenue:		
Income from loans	\$254,961,744	\$191,888,774
Income from securities	19,757,092	14,204,427
Other operating revenue	13,477,675	13,050,903
Total revenue	288,196,511	219,144,104
Expenses:		
Interest on deposits and bank debentures	215,105,195	156,213,525
Salaries, pension contributions and other staff benefits	34,740,747	28,901,626
Property expenses, including depreciation	6,417,071	5,555,499
Other operating expenses, including provision of \$7,199,859 (1979 — \$6,035,051) for losses on loans based on five-year average loss experience	22,912,717	19,818,004
Total expenses	279,175,730	210,488,654
Balance of revenue	9,020,781	8,655,450
Provision for income taxes relating thereto (Note 3)	1,370,000	1,980,000
Balance of revenue after provision for income taxes	7,650,781	6,675,450
Appropriation for losses	4,600,000	4,000,000
Balance of profits for the year	3,050,781	2,675,450
Dividends	1,715,463	1,514,689
Amount carried forward	1,335,318	1,160,761
Undivided profits at beginning of year	77,141	67,378
Transfer from accumulated appropriations for losses	3,950,000	2,050,000
	5,362,459	3,278,139
Transfer to rest account	5,275,000	3,200,998
Undivided profits at end of year	\$ 87,459	\$ 77,141

Statement of Assets and Liabilities as at October 31, 1980

(with comparative figures for 1979)

	1980	1979
Assets		
Cash Resources:		
Cash and due from banks	\$ 279,884,407	\$ 211,158,749
Cheques and other items in transit, net	6,265,815	73,109,547
	286,150,222	284,268,296
Securities:		
Securities issued or guaranteed by Canada, at amortized value	131,360,915	106,700,935
Securities issued or guaranteed by provinces, at amortized value	906,540	634,511
Other securities, not exceeding market value	85,252,616	98,752,317
	217,520,071	206,087,763
Loans:		
Day, call and short loans to investment dealers and brokers, secured	28,316,215	6,374,658
Other loans, including mortgages, less provision for losses	1,613,632,891	1,404,527,050
	1,641,949,106	1,410,901,708
Bank premises, at cost less amounts written off	15,368,890	11,472,871
Securities of and loans to corporations controlled by the Bank	55,485,808	26,689,584
Customers' liability under acceptances, guarantees and letters of credit, as per contra	116,527,409	53,207,481
Other assets	5,543,664	6,921,332
	\$2,338,545,170	\$1,999,549,035

TREVOR W. PILLEY,
Chairman and Chief Executive Officer

D. EDWIN McGEACHAN,
President and Chief Operating Officer

Statement of Assets and Liabilities as at October 31, 1980

(with comparative figures for 1979)

Liabilities

	1980	1979
Deposits:		
Deposits by Canada	\$ 35,964,334	\$ 22,661,129
Deposits by provinces	27,659,768	8,297,782
Deposits by banks	183,623,445	147,217,634
Personal savings deposits payable after notice, in Canada, in Canadian currency	1,075,595,698	803,600,761
Other deposits	807,880,664	881,118,792
	2,130,723,909	1,862,896,098
Acceptances, guarantees and letters of credit	116,527,409	53,207,481
Other liabilities	5,487,185	4,452,877
Accumulated appropriations for losses	14,207,578	12,658,808
 Capital Funds:		
Debentures issued and outstanding (Note 2)	19,420,000	19,440,000
Capital stock:		
Authorized		
2,500,000 shares, par value \$10 each		
Issued 1,531,663 shares	15,316,630	15,316,630
Rest account	36,775,000	31,500,000
Undivided profits	87,459	77,141
	71,599,089	66,333,771
	\$2,338,545,170	\$1,999,549,035

Auditors' Report to the Shareholders of Bank of British Columbia

We have examined the statement of assets and liabilities of Bank of British Columbia as at October 31, 1980 and the statements of revenue, expenses and undivided profits, accumulated appropriations for losses and rest account 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 financial statements present fairly the financial position of the Bank as at October 31, 1980 and its revenue, expenses and undivided profits, accumulated appropriations for losses and transactions in the rest account for the year then ended.

Donald C. Selman, F.C.A.
of Peat, Marwick, Mitchell & Co.

Denham J. Kelsey, F.C.A.
of Thorne Riddell

Vancouver, British Columbia
November 17, 1980

Statement of Accumulated Appropriations for Losses

Year ended October 31, 1980 (with comparative figures for 1979)

	1980	1979
Accumulated Appropriations at Beginning of Year:		
General	\$12,248,032	\$ 9,085,252
Tax-paid	410,776	280,728
Total	12,658,808	9,365,980
Additions (Deductions) During Year:		
Appropriation from current year's operations	4,600,000	4,000,000
Loss experience on loans for the year less provision included in other operating expenses	533,293	(175,252)
Profits (losses) on securities, including provisions to reduce securities other than those of Canada and provinces to values not exceeding market	(105,120)	(312,816)
Other profits, losses and non-recurring items, net	(56,528)	—
Income tax credit relating to appropriation from current year's operations (Note 3)	527,125	1,830,896
Transfer to undivided profits	(3,950,000)	(2,050,000)
	1,548,770	3,292,828
Accumulated Appropriations at End of Year:		
General	13,634,889	12,248,032
Tax-paid	572,689	410,776
Total	\$14,207,578	\$12,658,808

Statement of Rest Account

Year ended October 31, 1980 (with comparative figures for 1979)

	1980	1979
Balance at beginning of year	\$31,500,000	\$27,241,875
Premium on issue of capital stock	—	1,057,808
Expense of issue, net of income taxes	—	(681)
Transfer from undivided profits	5,275,000	3,200,998
Balance at end of year	\$36,775,000	\$31,500,000

Notes to Financial Statements

October 31, 1980

1. Significant accounting policies:

- (a) The Bank Act and related regulations issued by the Minister of Finance stipulate the form of the Bank's financial statements.
- (b) Securities issued or guaranteed by the Government of Canada or the provinces are recorded at amortized cost. Investment account and trading account securities are recorded at the lower of cost or market. Realized gains and losses and adjustments to the lower of cost or market of investment account securities are reflected in the Statement of Accumulated Appropriations for Losses. The corresponding items related to trading securities are reflected in the Statement of Revenue and Expenses.
- (c) Loans plus applicable accrued interest are recorded net of unearned income and specific provision for anticipated losses.
- (d) Bank premises and equipment are written off on the straight line basis over the estimated useful life of the asset.
- (e) Accumulated appropriations for losses are set aside out of revenue to provide for possible future losses, principally in respect of securities and loans. The accumulated appropriations consist of two elements — general and tax-paid. The general portion, which is not subject to income tax, is limited to 1½% of eligible assets and is reduced by specific provisions for losses on those assets. The tax-paid portion is an additional amount accumulated out of revenue on which tax has been paid.
- (f) Foreign currency assets, liabilities, revenue and expenses are translated into Canadian Dollars at the prevailing year-end rates. Gains and losses resulting from the Bank's trading account are included in the Statement of Revenue and Expenses recorded at the actual rate of conversion.

2. Debentures issued and outstanding:

	1980	1979
7½% sinking fund debentures, maturing 1991	\$ 420,000	\$ 440,000
9% debentures, maturing 1984	6,000,000	6,000,000
9¼% debentures, maturing 1985	3,000,000	3,000,000
10¼% debentures, redeemable at Bank's option in 1984, maturing 1989	10,000,000	10,000,000
	\$19,420,000	\$19,440,000

3. Income taxes:

The income tax provision for the year is included in the financial statements as follows:

	1980	1979
Statement of revenue, expenses and undivided profits	\$1,370,000	\$1,980,000
Statement of accumulated appropriations for losses	(527,125)	(1,830,896)
Statement of rest account	—	(551)
	\$ 842,875	\$ 148,553

The recovery of income taxes shown in the Statement of Accumulated Appropriations for Losses results from a deduction from taxable income of \$1,020,373 (1979 — \$3,650,840) in respect of current appropriations for possible future losses. As a portion of the Bank's income is from tax-exempt investments, the provision for income taxes of \$1,370,000 (\$1,980,000 in 1979) shown in the Statement of Revenue, Expenses and Undivided Profits is less than that obtained by applying statutory tax rates to the Balance of Revenue.

4. BBC Mortgage Ltd.:

BBC Mortgage Ltd., a wholly-owned subsidiary, issued \$20 Million \$2.28 Cumulative Redeemable Series A Preference Shares in February 1980. Under the terms of the issue the Bank has agreed, subject to appropriate revisions to the Bank Act, to effect the exchange of all the outstanding Series A Preference Shares for the same number of its own Preferred Shares. At October 31, 1980 BBC Mortgage Ltd. had \$19,867,500 of these shares outstanding.

5. Capital stock:

On October 7, 1980 the Board of Directors approved an offering of 255,277 shares of the unissued capital stock of the Bank to shareholders of record at the close of business on October 31, 1980 at \$32.50 per share, on the basis of one share for each six shares held on the record date. The offer will expire on December 4, 1980 and will add approximately \$8.0 Million to the Bank's capital base.

Canada's Western Bank



Bank of British Columbia

Statements of Assets and Liabilities of the Wholly-owned Subsidiaries of Bank of British Columbia

Contents

BBC Mortgage Ltd.	12
British Columbia Financial Corp. (H.K.) Limited	13
WestBank Leasing Limited	14
BBC Investments Ltd.	15
BBC Realty Ltd.	16

Statement of Assets and Liabilities as at October 31, 1980

(with comparative figures for 1979)

	1980	1979
Assets:		
Mortgages, at cost plus accrued interest	\$36,384,193	\$13,416,596
Securities, at cost (market value \$18,659,000)	19,461,599	—
Other assets	391,345	20,154
	\$56,237,137	\$13,436,750
Liabilities:		
Bank of British Columbia	\$ 184,592	\$ 354,021
Term promissory notes	35,346,644	12,287,000
Other liabilities	290,176	202,103
	35,821,412	12,843,124
Shareholders' Equity:		
Capital stock:		
Preference shares	19,867,500	—
Common shares	600,000	600,000
	20,467,500	600,000
Deficit	(51,775)	(6,374)
	20,415,725	593,626
	\$56,237,137	\$13,436,750

Notes:

1. The Bank of British Columbia owns the entire common stock of BBC Mortgage Ltd. which is carried on the books of the Bank at \$600,000.
2. During the year the Company issued 800,000 \$2.28 Cumulative Redeemable Preference Shares Series A for an aggregate consideration of \$20,000,000. As at October 31, 1980, 5,300 of these shares had been purchased for cancellation.

Statement of Assets and Liabilities as at September 30, 1980

(with comparative figures for 1979)
(expressed in United States Dollars)

	1980	1979
Assets:		
Cash and due from banks	\$ 3,108,465	\$ 2,002,642
Loans	19,953,981	—
Premises, at cost less amounts written off	36,493	10,876
Other assets	56,090	54,726
	\$23,155,029	\$ 2,068,244
Liabilities:		
Deposits	\$ 4,339,040	\$ —
Bank of British Columbia	15,547,939	78,439
Other liabilities	949,817	2,906
	20,836,796	81,345
Shareholder's Equity:		
Capital stock	2,000,000	2,000,000
Retained earnings (deficit)	318,233	(13,101)
	2,318,233	1,986,899
	\$23,155,029	\$ 2,068,244

Note:

The Bank of British Columbia owns the entire capital stock of British Columbia Financial Corp. (H.K.) Limited which is carried on the books of the Bank at \$2,340,800 (Canadian).

Statement of Assets and Liabilities as at October 31, 1980

Assets:	
Cash	\$ 9,856
Investment in leases:	
Less unearned income of \$3,149,185	5,438,401
Other assets	22,642
	<hr/> \$5,470,899
Liabilities:	
Bank of British Columbia	\$ 22,071
Other liabilities	30,044
	<hr/> 52,115
Shareholder's Equity:	
Capital stock:	
Preference shares	5,400,000
Common shares	10
Retained earnings	18,774
	<hr/> 5,418,784
	<hr/> \$5,470,899

Note:

The Bank of British Columbia owns the entire capital stock of WestBank Leasing Limited which is carried on the books of the Bank at \$5,400,010.

Statement of Assets and Liabilities as at October 31, 1980

(with comparative figures for 1979)

	1980	1979
Assets:		
Cash and term deposits	\$7,065,128	\$ 51,213
Other assets	18,844	—
	\$7,083,972	\$ 51,213
Liabilities:		
Due to co-owners of a building project	\$7,027,311	\$ —
Other liabilities	5,377	625
Capital stock	50,000	50,000
Retained earnings	1,284	588
	\$7,083,972	\$ 51,213

Notes:

1. The Bank of British Columbia owns the entire capital stock of BBC Investments Ltd. which is carried on the books of the Bank at \$50,000.
2. The Company is acting under the terms of an agreement as the manager for the co-owners of a building development.

Statement of Assets and Liabilities as at October 31, 1980

(with comparative figures for 1979)

	1980	1979
Assets:		
Cash	\$ 70,132	\$ 972
Houses held subject to agreements for sale to employees of Bank of British Columbia	24,867,109	19,151,623
Agreements for sale, other	634,895	388,713
Land and buildings, at cost less accumulated depreciation	740,059	632,799
Other assets	1,047	5,579
	\$26,313,242	\$20,179,686
Liabilities:		
Bank of British Columbia	\$26,176,928	\$20,043,041
Other liabilities	126,314	126,645
Capital stock	10,000	10,000
	\$26,313,242	\$20,179,686

Note:

The Bank of British Columbia owns the entire capital stock of BBC Realty Ltd. which is carried on the books of the Bank at \$10,000.

Auditors' Report to the Shareholders of Bank of British Columbia

We have examined the statements of assets and liabilities of the foregoing controlled corporations as at the dates indicated. 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, the accompanying statements of assets and liabilities present fairly the financial position of the corporations as at the dates indicated.

Vancouver, British Columbia
November 17, 1980

Donald C. Selman, F.C.A.
of Peat, Marwick, Mitchell & Co.
Denham J. Kelsey, F.C.A.
of Thorne Riddell

Canada's Western Bank

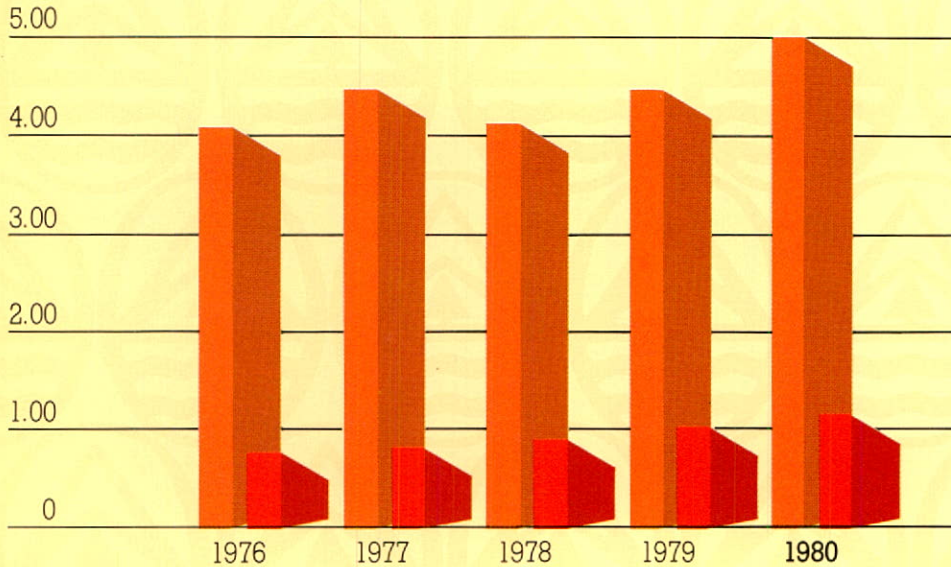


Bank of British Columbia

Financial Review (Non-Consolidated)

Per Share Statistics

(Dollars)

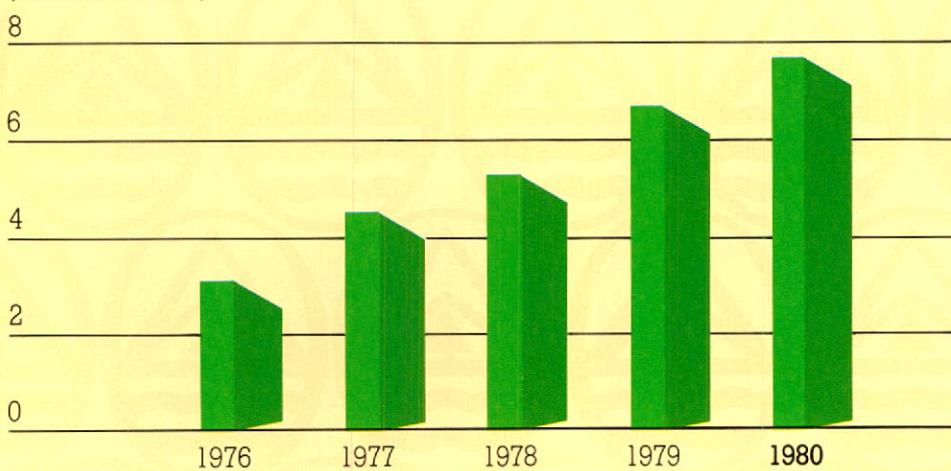


Balance of Revenue Per Share After Provision for Income Taxes	4.05	4.42	4.08	4.41	5.00
Dividends Per Share	0.75	0.80	0.88	1.00	1.12

Earnings per share in 1980 reached \$5.00 a 13.4% increase over the \$4.41 recorded in 1979. The earnings per share figures are calculated on the weighted monthly average of fully paid shares; these were 1,514,718 shares for 1979 and 1,531,663 shares for 1980. The average for 1979 is lower than the year end figure as a result of the carryover of the 1978 rights issue into 1979. Dividends per share increased by 12% to \$1.12 in 1980. The first quarter 1981 dividend was raised 2 cents to 31 cents per share.

Balance of Revenue After Provision for Income Taxes

(Millions of Dollars)

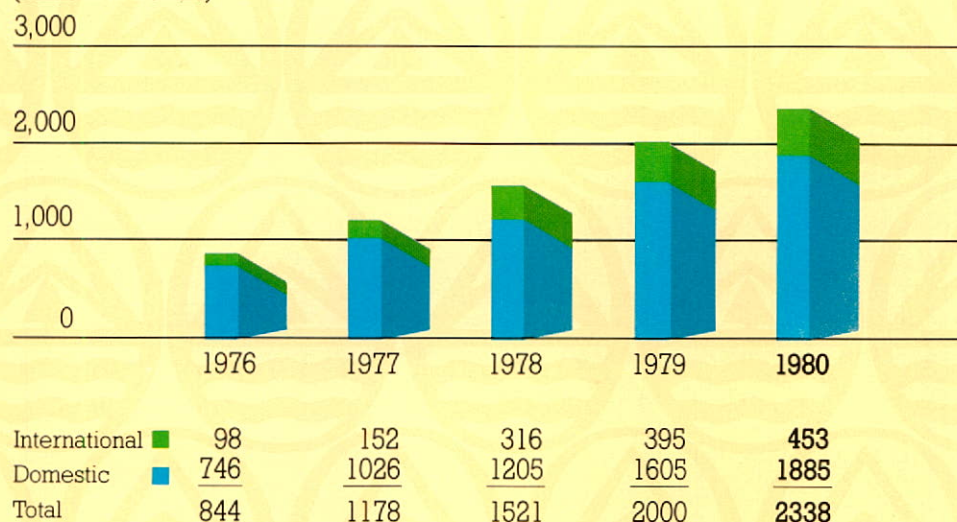


Balance of Revenue After Provision for Income Taxes	3.1	4.4	5.3	6.7	7.7
---	-----	-----	-----	-----	-----

Balance of Revenue after tax for 1980 rose to \$7.7 million, an increase of \$1.0 million or 14.9% over 1979. The major factors responsible for the year over year increase were a 19.1% increase in average assets, an improvement in both domestic and international spreads and continued expense control.

Total Asset Growth

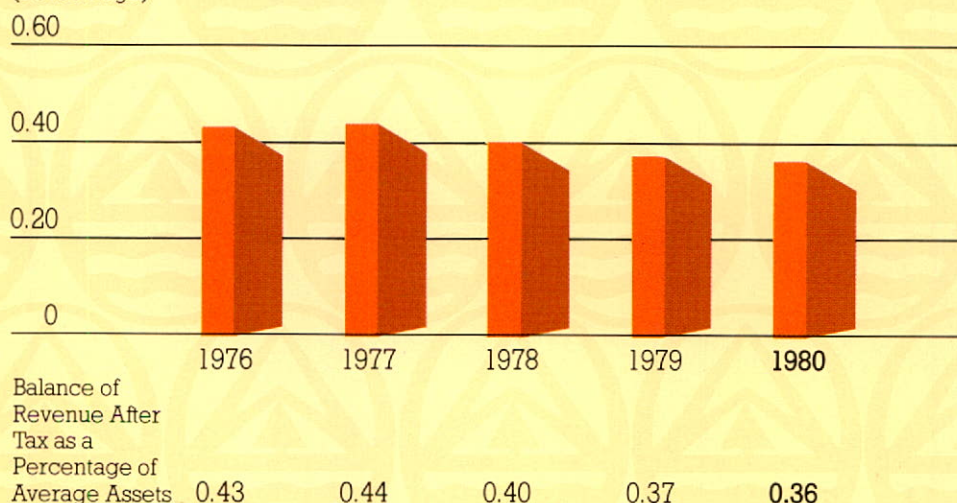
(Millions of Dollars)



Total assets at October 31, 1980 reached \$2,338 million, a \$338 million or 16.9% increase from October 31, 1979. Foreign currency assets grew by 14.7% or \$58 million to \$453 million at year end. Canadian dollar assets increased by \$280 million or 17.4% to \$1,885 million at October 31, 1980.

Return on Average Assets

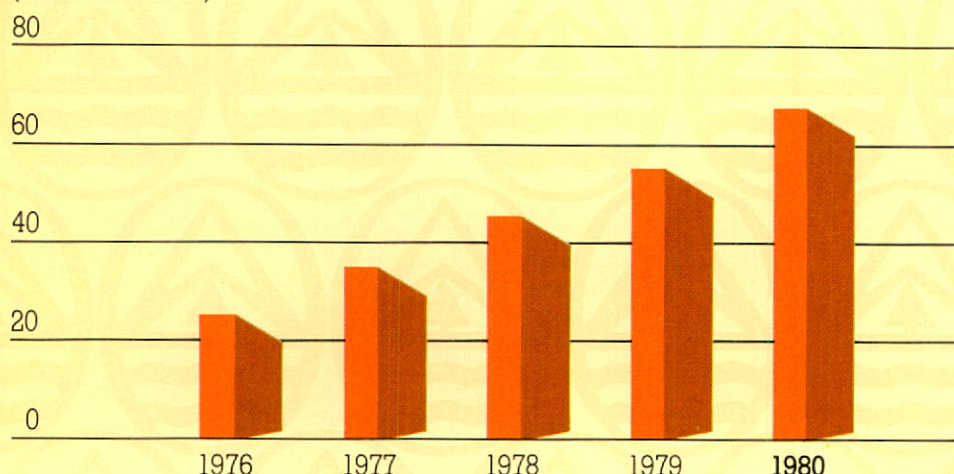
(Percentage)



In 1980 Balance of Revenue after tax as a percentage of average assets was 0.36% as compared to 0.37% in 1979. During 1980 some of the growth which would previously have accrued to the Bank took place in two unconsolidated subsidiaries; BBC Mortgage Ltd. and British Columbia Financial Corp. (H.K.) Limited. On a fully consolidated basis return on average assets increased from 0.37% in 1979 to 0.38% in 1980.

Net Interest Earnings

(Millions of Dollars)

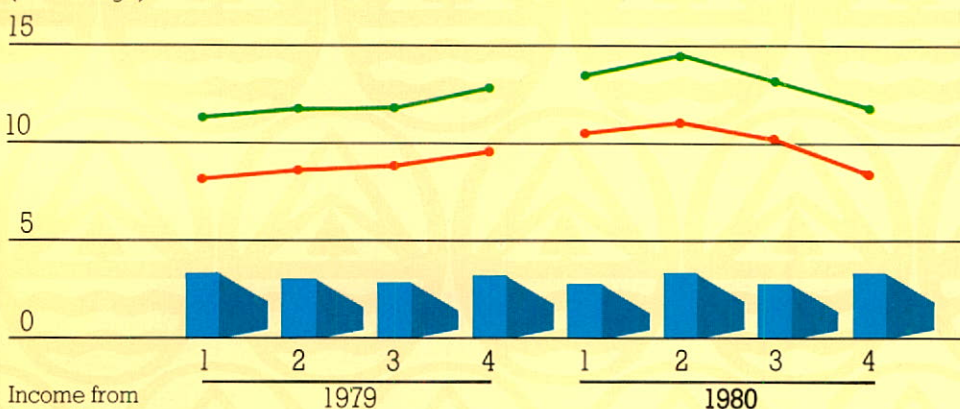


Net interest earnings is the difference between the interest and dividend revenue earned on loans and securities and the interest expense incurred on deposits and debentures. Because of its materiality, non-taxable income from Canadian domiciled corporate securities has been grossed-up to a taxable equivalent basis to provide meaningful comparisons. On this basis the Bank's net interest earnings increased by \$11.8 million or 21.5% to \$66.6 million in 1980.

Net Interest Earnings as Reported	24.3	33.3	43.1	49.9	59.6
Net Interest Earnings — Taxable Equivalent	24.7	34.5	44.9	54.8	66.6

Interest Rate Spread — Taxable Equivalent

(Percentage)

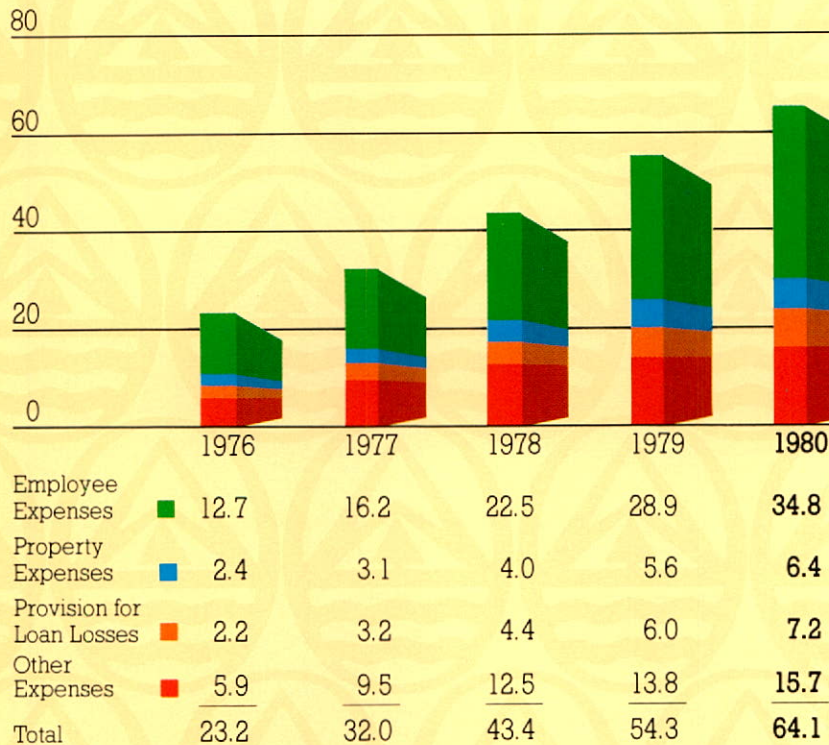


As a percentage of annual average assets net interest earnings increased from 3.06% in 1979 to 3.12% in 1980. This reflects the result of continued improvement in the Bank's personal notice deposit portfolio mix. In addition the declining rates in the latter half of fiscal 1980 resulted in an increased contribution from the Bank's fixed rate asset portfolio.

Income from Loans & Securities as a Percentage of Average Assets (Taxable Equivalent)	11.38	11.70	11.74	12.89	13.40	14.55	13.15	11.87
Interest on Deposits & Debentures as a Percentage of Average Assets	8.11	8.68	8.81	9.67	10.54	11.16	10.26	8.54
Spread (Taxable Equivalent)	3.27	3.02	2.93	3.22	2.86	3.39	2.89	3.33

Non-Interest Expenses

(Millions of Dollars)

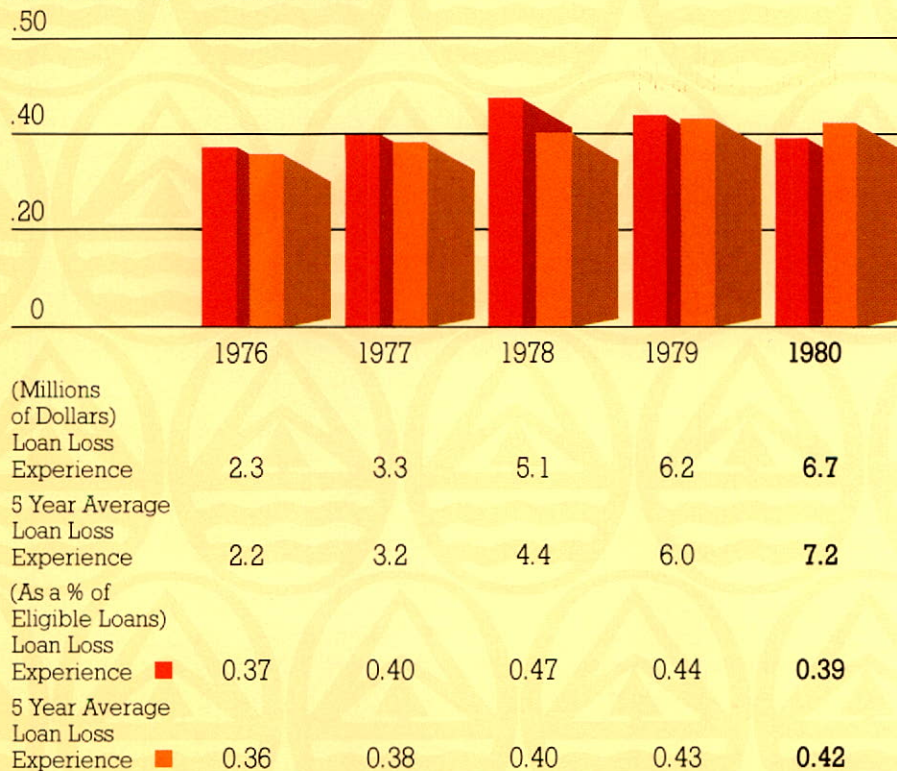


Non-Interest Expenses increased by \$9.8 million or 18.0%, to \$64.1 million in 1980. As in 1979 this rate of increase was less than the rate of growth in average total assets, which was 19.1%.

Employee expenses, which grew by 20.4% or \$5.9 million accounted for the major portion of the increase in non-interest expenses. This increase resulted from general salary adjustments, merit and promotional increases plus the increase in staffing levels required by an expanding organization.

Actual and Five Year Average Loan Loss Experience

(As a Percentage of Eligible Loans)



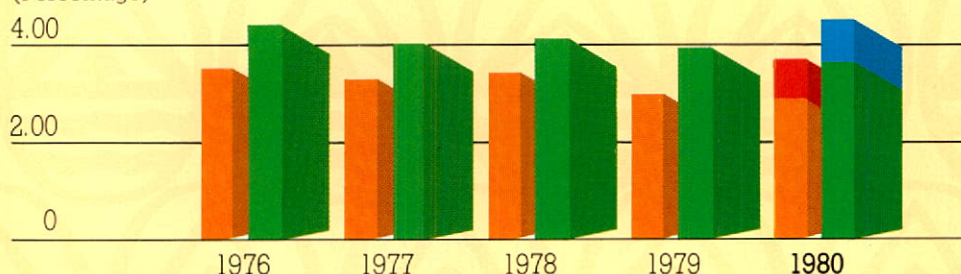
Actual loan loss experience expressed as a % of eligible loans declined to 0.39% in 1980 from 0.44% in 1979. This represented the second consecutive year that this ratio has declined. For income statement purposes the actual loan loss experience in any year is averaged by a five year formula in accordance with regulations of the Minister of Finance. The ratio of the five year average loss experience to eligible loans declined from 0.43% in 1979 to 0.42% in 1980.

Provision for Income Taxes

	1976	1977	1978	1979	1980
Income Tax Provision As Per the Statement of Revenue & Expense					
As a Percentage of Pre-Tax Balance of Revenue	46.8	42.2	40.4	22.9	15.2
As a Percentage of Income Subject to Tax	50.3	50.4	50.3	50.2	51.7

The Bank's effective tax rate (provision for income taxes in the statement of Revenue and Expense as a percentage of Balance of Revenue) declined to 15.2% in 1980 from 22.9% in 1979. Higher average holdings of tax-exempt securities in conjunction with the higher interest rates which prevailed throughout much of 1980 resulted in an increased proportion of the Bank's overall earnings being generated from these sources.

Capital to Assets Ratio at October 31. (Percentage)



Note: 1980 is the only year in which full consolidation would make a material difference to the ratios. This difference results from the issue of \$20 million of BBC Mortgage Ltd. preference shares during 1980.

(Millions of Dollars)

Shareholders Equity	23.6	31.5	42.1	46.9	52.2
Accumulated Appropriations for Losses	5.4	7.5	9.4	12.7	14.2
Total Equity and Accumulated Appropriations	29.0	39.0	51.5	59.6	66.4
Debentures Issued and Outstanding	8.0	8.0	9.5	19.4	19.4
Total Capital Funds	37.0	47.0	61.0	79.0	85.8
Ratio of Total Equity and Accumulated Appropriations To Total Assets (%)	3.43	3.31	3.39	2.98	2.84
— Fully Consolidated	N/A	N/A	N/A	N/A	3.66
Ratio of Total Capital Funds To Total Assets (%)	4.38	3.99	4.01	3.95	3.67
— Fully Consolidated	N/A	N/A	N/A	N/A	4.48

Canada's Western Bank



Bank of British Columbia

Ten Year Statistical Review

Ten Year Statistical Review

(in thousands of dollars)

Assets and Liabilities

Assets:	1980	1979	1978
Cash resources	\$ 286,150	\$ 284,268	\$ 245,113
Securities	217,520	206,088	106,198
Loans	1,641,949	1,410,902	1,101,747
Bank premises (net)	15,369	11,473	9,851
Other assets	177,557	86,818	58,076
Total	\$2,338,545	\$1,999,549	\$1,520,985
Liabilities:			
Deposits	\$2,130,724	\$1,862,896	\$1,417,838
Other liabilities	122,014	57,660	42,233
Accumulated appropriations for losses	14,208	12,659	9,366
Capital funds:			
Debentures	19,420	19,440	9,451
Capital stock	15,317	15,317	14,788
Rest account	36,775	31,500	27,242
Undivided profits	87	77	67
Total	\$2,338,545	\$1,999,549	\$1,520,985

Accumulated Appropriations for Losses

Accumulated Appropriations at beginning of year	\$ 12,659	\$ 9,366	\$ 7,487
Additions (deductions) during year:			
Appropriations from current year's operations	4,600	4,000	3,150
Loss experience on loans less provision included			
in other operating expenses	533	(175)	(738)
Profits and losses on securities, etc.	(105)	(312)	(17)
Other profits, losses & non-recurring items (net)	(56)	—	—
Credit for income taxes	527	1,830	1,284
Transferred to undivided profits	(3,950)	(2,050)	(1,800)
	1,549	3,293	1,879
Accumulated Appropriations at end of year:			
General	13,635	12,248	9,085
Tax-paid	573	411	281
Total	\$ 14,208	\$ 12,659	\$ 9,366

Rest Account

Balance at beginning of year	\$ 31,500	\$ 27,242	\$ 19,473
Premium on issue of capital stock	—	1,057	5,019
Transfer from undivided profits	5,275	3,201	2,750
Balance at end of year	\$ 36,775	\$ 31,500	\$ 27,242

[illegible]

Ten Year Statistical Review

(in thousands of dollars)

Revenue, Expenses and Undivided Profits

	1980	1979	1978
Revenue:			
Income from loans	\$ 254,962	\$ 191,889	\$ 119,336
Income from securities	19,757	14,204	7,665
Other operating revenue	13,478	13,051	9,177
Total revenue	\$ 288,197	\$ 219,144	\$ 136,178
Expenses:			
Interest on deposits and bank debentures	\$ 215,105	\$ 156,214	\$ 83,941
Salaries, pension contributions and other staff benefits	34,741	28,902	22,539
Property expenses, including depreciation	6,417	5,555	4,026
Other operating expenses	22,913	19,818	16,844
Total expenses	\$ 279,176	\$ 210,489	\$ 127,350
Balance of Revenue	9,021	8,655	8,828
Provision for income taxes relating thereto	1,370	1,980	3,570
Balance of revenue after provision for income taxes	7,651	6,675	5,258
Appropriations for losses	4,600	4,000	3,150
Balance of profits	3,051	2,675	2,108
Dividends	1,716	1,514	1,157
Amount carried forward	1,335	1,161	951
Undivided profits at beginning of year	77	67	66
Transfer from accumulated appropriations for losses	3,950	2,050	1,800
	5,362	3,278	2,817
Transfer to rest account	5,275	3,201	2,750
Undivided Profits at End of Year	\$ 87	\$ 77	\$ 67

Other Information:

Balance of revenue per share after provision for income taxes	\$5.00	\$4.41	\$4.08
Dividends per share	1.12	1.00	.88
Book value per share*	43.34	38.88	35.10
Number of branches	47	45	43
Valuation day value — December 22, 1971: \$22.25			

*Shareholders' Equity plus accumulated appropriations for losses divided by the number of fully paid shares outstanding at fiscal year end.

	1977	1976	1975	1974	1973	1972	1971
	\$ 88,388	\$ 67,421	\$ 48,628	\$ 39,014	\$ 18,518	\$ 11,480	\$ 7,360
	6,518	4,456	3,394	2,142	1,263	1,360	2,505
	6,357	4,778	3,792	2,392	1,434	815	518
	\$ 101,263	\$ 76,655	\$ 55,814	\$ 43,548	\$ 21,215	\$ 13,655	\$ 10,383
	\$ 61,571	\$ 47,611	\$ 33,077	\$ 29,095	\$ 11,957	\$ 7,766	\$ 5,496
	16,237	12,650	9,085	7,129	4,256	2,713	1,984
	3,088	2,438	1,891	1,519	1,012	817	639
	12,655	8,077	5,937	3,962	2,676	1,555	1,340
	93,551	70,776	49,990	41,705	19,901	12,851	9,459
	7,712	5,879	5,824	1,843	1,314	804	924
	3,255	2,750	3,000	969	650	370	440
	4,457	3,129	2,824	874	664	434	484
	2,675	1,875	1,750	549	250	130	283
	1,782	1,254	1,074	325	414	304	201
	810	575	416	255	255	102	51
	972	679	658	70	159	202	150
	69	65	69	49	40	38	38
	1,675	1,150	1,225	—	—	—	—
	2,716	1,894	1,952	119	199	240	188
	2,650	1,825	1,887	50	150	200	150
	\$ 66	\$ 69	\$ 65	\$ 69	\$ 49	\$ 40	\$ 38
	\$4.42	\$4.05	\$4.08	\$1.71	\$1.30	\$.85	\$.95
	.80	.75	.65	.50	.50	.20	.10
	32.96	30.91	29.83	31.43	28.96	28.16	26.99
	35	33	30	28	23	20	18

Note:

For purposes of the Statistical Review, the amounts for the years preceding 1973 have been restated where necessary to conform to 1973 and subsequent years' presentation.

For presentation purposes, certain statutory headings have been abbreviated.



Bank of British Columbia

Head Office: 1725 Two Bentall Centre, Vancouver, British Columbia



