

ANNUAL REPORT TO SHAREHOLDERS THIRTY YEARS SERVICE 1952-1982

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Securing Your Tomorrows

*Guaranteed Investment
Certificates*

*Registered Retirement Savings
Plans*

*Registered Home Ownership
Savings Plans*

Mortgages

** Estate Planning*

** Estate and Trust
Administration*

Pension Plan Administration

*Trustee for Bond and
Debenture Issues*



 CO-OPERATIVE TRUST
COMPANY OF CANADA 

This annual report marks the 30th anniversary of Co-operative Trust Company of Canada. We are proudly celebrating 30 years of service to Canadians through the co-operative/credit union system. Throughout this report we reflect on our history and mark the steps which helped us to achieve our stature as a national trust company.

**Not available in all regions.*

BOARD OF DIRECTORS' REPORT



Vic Keep
Saskatchewan



Ben Plemel
Saskatchewan



Don Calver
Saskatchewan



Bob Cowan
Saskatchewan



Jack Hughes
Saskatchewan



John Vinek
Saskatchewan



Frank de Lint
Provincial & Regional Co-operatives



Barry Forbes
British Columbia



Brian Downey
Alberta



Elliott Horner
Manitoba



Rheel Telfaine
Caisse Centrale



John Feron
Ontario



Lloyd Coombs
Atlantic



Harvey Wessner
Provincial & Regional Co-operatives

1982 marked Co-operative Trust's 30th year of service to the co-operative/credit union system, and we are pleased to report that it was a relatively good year for your trust company. The last several years have been difficult, but during this time Board and management have resolved many of the problems and are continuing to aggressively pursue the few that remain.

We appreciate the assistance and co-operation received from various provincial centrals, credit unions and co-operatives in 1982. We also wish to thank our many shareholders for their patience and support during the time we have been unable to pay dividends. However, recovery is underway and we have every confidence for the future of your trust company.

BILL

No. 05 of 1952.

An Act to incorporate Co-operative Trust Company Limited.

[Assented to **MAR 24** 1952.]

WHEREAS the persons hereinafter named have by their petition prayed that it be enacted as herein-after set forth and it is expedient to grant the prayer of the said petition:

Therefore Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows:

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Co-operative Trust Company incorporated

CCCS/CT STUDY

In March, 1982 your Board recommended to the Board of Directors of the Canadian Co-operative Credit Society (CCCS) that a joint meeting of the Executive Committee of each organization be held to consider the advantages and feasibility of an integration of operations and other alternatives in order to further strengthen the operations of both organizations for their mutual benefit and for the benefit of their shareholders and employees. The joint meeting was held in April and resulted in the establishment of a six person Steering Committee, later reduced to three members and currently comprised of Mr. Norm Bromberger, Chief Executive Officer of the Credit Union Central of Saskatchewan, Mr. George May, Chief Executive Officer of the Canadian Co-operative Credit Society, and Mr. Allan Wagar, Chief Executive Officer of Co-operative Trust.

The joint Steering Committee explored a number of possible alternatives and at a further Joint Executive meeting held in August, 1982, the following major objectives were identified:

1. To improve earnings and return on equity;
2. To reduce overall equity required at the national level;
3. To meet the requirements of the Federal Superintendent of Insurance;
4. To retain trust services and co-operative credit services;
5. To meet system liquidity requirements in a structure that permits taxation of these funds as if held and used by credit unions themselves;
6. Where possible, to deliver services to members through provincial credit union centrals and credit unions.

Further exploration by the Steering Committee included detailed discussions with provincial centrals, CCCS, Co-operative Trust, and

financial consultants.

Concurrent with the development of its recommendations regarding redistribution of CCCS equity, the Steering Committee also explored the possible functional and operational integration of CCCS, Co-operative Trust and various central organizations. The Committee's report to the August Joint Executive Committee meeting recommended that the current separate operating entities be maintained. The functional integration of some services by the two organizations and some centrals is still being considered and will be implemented wherever possible.

The Steering Committee presented a further report to a CCCS Board meeting in November, and a Co-operative Trust Board meeting in December of 1982. As a result of the recommendations of the committee pertaining to Co-operative Trust, your Board passed a resolution that the company forgive \$3 million in advances to Cotrusco Realty Limited from 1982 operations and amortize the balance of the losses over future years. As indicated in the 1980 Annual Report, Cotrusco Realty Limited (the property development company that was a subsidiary of Co-operative Trust) suffered substantial losses in its operations and was sold to the Credit Union Central of Saskatchewan. Cotrusco Realty had been financed by advances (loans) from your trust company. To the extent of the losses, these advances will be uncollectable and will be absorbed by your trust company as forgiveness of debt. We anticipate that it will be possible to absorb the shortfall by 1984.

We plan to continue our efforts to achieve the objectives of the Steering Committee including the delivery of services to members through provincial credit union centrals and credit unions.

BOARD ACTIVITIES

The company's new control structure became effective January 1, 1982. The thirteen voting shareholders (provincial credit union centrals, a Caisse Centrale, and several regional and provincial co-operatives namely, Co-op Atlantic, United Co-operatives of Ontario, Federated Co-operatives Ltd., and the Saskatchewan Wheat Pool) appointed a total of thirty delegates, twenty-six of whom attended the annual meeting held in Toronto on June 2nd. The delegates elected a fourteen member Board of Directors, although a maximum of fifteen is allowed under the new bylaws.

We wish to acknowledge the valuable contributions made to your trust company by Mr. Ralph Miner who retired as Director and President in March for health reasons, as well as the following Directors who retired from the Board at the annual meeting in June: Mr. Vernon Buck, Mr. Arthur Fuller, Mr. Kenneth Kelly, Mr. Allan Nessel, and Mr. Peter Podovnikoff. These Directors were honoured at a special Board dinner following the annual meeting.

Your Board of Directors was very active in 1982. In addition to the four regular Board meetings, a one and a half day Board/Management planning session was held in September. The Executive Committee held nine meetings, three of which were joint meetings with the Executive Committee of CCCS. The Audit Committee met four times during 1982. The Investment Policy Committee, which was created in 1981, held three meetings in conjunction with regular Board meetings to review the company's policies regarding its investments. The Board Training and Development Committee was instrumental in arranging several half day training seminars which were held in conjunction with the regular Board meetings. These will continue in 1983.

In order to reduce expenses, your Board decided at the June meeting to hold all Board meetings in Saskatoon for the remainder of 1982 and all of 1983. The usual practice of holding the September Board meeting outside of Saskatchewan will be given further consideration for 1984. The Board also decided that it would be prudent to hold the 1983 annual meeting in Saskatoon on June 13th immediately prior to the regular June Board meeting. This is a departure from our recent practice of holding the annual meeting in conjunction with the annual meetings of other national co-operative organizations. We hope that in future this practice can be resumed.

The planning session held in conjunction with the September Board meeting included a half day training seminar on planning with several people from the Co-operative College of Canada acting as resource persons. This was followed by the one and a half day planning session with the major focus on 1983. Various topics were discussed in some detail including the economic environment, the CCCS/CT Steering Committee report presented by Mr. Norm Bromberger, as well as a review of the various services offered by the company, and present and future operations. A number of general concepts were adopted and several guidelines were agreed upon. These were of assistance to management in setting a direction to be followed by the company in 1983, and in the preparation of the 1983 budget. The objectives established as a result of this planning session are included as part of this annual report.

Your Board of Directors at its December meeting approved the 1983 budget presented by management and received a four year plan for the company, a summary of which was sent to all shareholders as part of the December issue of "CT

News". The Board also passed a resolution permitting management to increase the ratio of farm mortgage loans to up to 10% of the company's total mortgage portfolio, which is double the previous maximum.

The Board accepted the resignation of our Chief Executive Officer, Mr. Allan W. Wagar, at the December Board meeting, to be effective May 31st, 1983. Mr. Wagar originally made a commitment to remain for approximately three years and indicated in his letter of resignation that he now wished to return to retirement.

The members of the Board of Directors would like to express their sincere appreciation to Mr. Wagar for his three valuable years of service to your trust company. Mr. Wagar was called upon to assume the position of Chief Executive Officer at a critical point in the company's history. When he took over in June, 1980, there were many difficult problems facing the company, some of which required immediate and decisive action. Under Mr. Wagar's guidance, the company's borrowing ratio problems were corrected, the real estate operation that had been experiencing heavy losses was sold, the property development operation, Cotrusco Realty, was brought under control and a reorganization of the company's internal structure was undertaken. Mr. Wagar is leaving us with a company which now has a much brighter outlook for the future.

SHAREHOLDER AND EMPLOYEE COMMUNICATIONS

In 1982 arrangements were made with most provincial credit union centrals to have time on the agenda of their annual meeting for a representative of Co-operative Trust to report to their members. In some cases, it was necessary to hold a separate meeting, but in conjunction

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H.A. Wagner, first full-time Gen. Mgr.



with the central's meeting. We also presented a report on Co-operative Trust at the fall regional meetings of the Credit Union Central of Saskatchewan. The general feedback on this method of communication has been positive and we are therefore making similar arrangements for 1983.

Although we have not developed a system of communications specifically directed to our delegates, the former "President's Letter" has been expanded and renamed "CT News". As recommended by a task force in 1981, this publication now provides information from management as well as the Board of Directors. It is published quarterly following each regular Board meeting and is distributed to all shareholders, as well as delegates.

Internally, we have "Today" which is a staff newspaper that is distributed bi-monthly. We have now added to this a "Management Newsletter" that is distributed to employees on alternate months to the publication of "Today". It is designed to provide employees with information from senior management about the overall operations of the company and its progress towards achieving its objectives. Feedback regarding these publications has been very positive.

TRUST OPERATIONS

In 1980 your Board decided that the future role of your trust company would be to direct its efforts to offering what are known as traditional trust company services. This was the direction that was followed in 1982. The company's major activities were: the offering of personal and corporate trust services, the trusteeship and administration of registered plans, mortgage lending, and accepting deposits by way of

guaranteed funds. We were especially active in our capacity as lead lender for Co-operative Housing loans where approvals in 1982 amounted to \$112,400,000. Co-operative Trust retained \$60,200,000 for its own account with the remainder taken up by various co-operative and credit union organizations and pension plans.

Our services are being offered by a total staff complement of 229 as of December 31, 1982. This compares to 361 in 1979 when total assets were only slightly higher than in 1982. Our employees have worked hard to provide the best service possible and at a reasonable cost. Staff meetings are held regularly in various departments to give employees a better understanding of the various services being offered by the company and what the company is trying to achieve. Various employee committees are formed from time to time to identify concerns and to improve upon and develop new and better procedures. A number of policy and procedure manuals are being prepared with input from staff generally. An in-house program on selling and cross-selling was introduced in late 1982 which is a modified version of the ACES (Around Credit Unions Everybody Sells) program being used extensively by Saskatchewan credit unions. We expect over 100 employees will be involved in the program in early 1983. Your Board wishes to thank all employees for their fine efforts and the results they have achieved in a difficult year.

Some changes were made in our branches in 1982 in order to increase efficiency and at the same time reduce expenses. Several services such as mortgage lending have been consolidated in the Calgary Branch from Edmonton, thus permitting the Edmonton Branch to concentrate its efforts in the deposit services area (RRSP's, etc.).

Our Halifax Branch office has been relocated in the Nova Scotia Central building. Five of our branch offices are now located in the facilities of provincial credit union centrals. This will change slightly in 1983 when our Regina Branch will be relocated in the Sherwood Credit Union building because Saskatchewan Credit Union Central requires our present space for their own use.

A task force was established in Ontario to study the feasibility of providing personal trust services in Ontario. Although there was a good deal of interest expressed by a number of credit unions, it was decided not to proceed with providing the service at this time. Start up costs under present economic conditions would be prohibitive and it would take approximately five years to reach a break even position. Management will again review the situation when economic conditions improve.

We are very much aware of the desire of many credit unions to have retirement savings plans as part of their present on-line computer system. We have therefore been involved in discussions with credit union centrals, The Co-operators, and CUDATA Ontario to determine how this can best be accomplished. In late 1982, a committee was established with its major responsibility to identify the technical and human resources required to develop, implement, operate, and manage a CUDATA/RRSP plan. Co-operative Trust employees will co-ordinate the activities of this committee which consists of representatives from the credit union centrals of Saskatchewan, Alberta, Manitoba, and Ontario; CUDATA Ontario; the Co-operators, and Credit Union Electronic Transaction Services (CUETS). Each organization, by participating in this committee, is committed to the concept of a CUDATA/RRSP program.

FINANCIAL

The twelve month period reported upon in the financial statements saw more and wider interest rate fluctuations than have occurred in our economy in many years. High interest rates are detrimental to the trust company's earnings and borrowing power. During the first six months of the year, we experienced increasing rates; however, the steadily declining rates in the last half of 1982 have provided positive results for the year.

Total net income before tax was \$1,035,000 compared with a loss of \$82,000 recorded in 1981. This improvement resulted from lower interest rates and a marginal increase in total assets. Forgiveness of debt in the amount of \$3 million in connection with Cotrusco Realty Limited advances was effected in the year. This unusual item provided deficit year end final results in the amount of \$582,000 compared with a net earning of \$446,000 in 1981.

The Guaranteed Account increased by \$15 million; from \$548 million to \$563 million. This compares with a net decrease of \$13 million in 1981.

Gross income totalled \$77.4 million compared with \$73.8 in 1981. Larger volumes and generally higher interest rates for the year contributed to the increase. The fee for service income which is not directly interest rate sensitive increased from \$6.5 million to \$7 million due to higher volumes.

Total expenses were \$76.4 million in 1982, and \$73.8 million last year; an increase of \$2.6 million. Included in these expenses is interest paid on money deposited with the company. This interest totalled \$64.9 million compared with \$62.8 in the previous year. Higher volumes and interest rates contributed to this result. Operating expenses were constrained to an increase of 4%. These expenses were \$11.5 million in 1982 as compared with \$11 million in 1981. The

total number of full time employee positions as at December 31st, 1982 was 229 as compared with 272 a year ago.

MANAGEMENT AGREEMENT

The management agreement initiated in 1980 with the Saskatchewan Credit Union Central continues in effect. Senior management of Co-operative Trust Company continue to provide full reports and have ongoing communication with the Chief Executive Officer of the Saskatchewan Central.

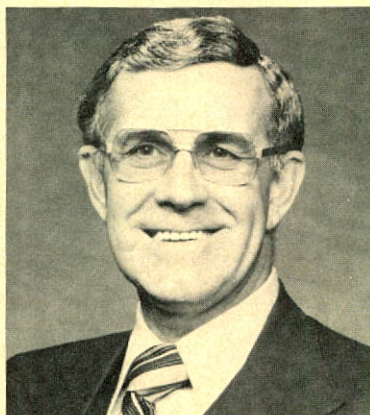
OUR SOCIAL COMMITMENT

Co-operative and credit union organizations are the shareholders of Co-operative Trust which exists to serve people, i.e. members of credit unions and co-operatives, as well as the general public. We have a responsibility to be economically viable but we also have a social commitment to those we serve and to our employees.

Our total grants and donations in dollars was restricted in 1982 due to financial constraints and was directed towards the support of our sister co-operatives and the United Way. However, this modest budget was substantially augmented by our employee involvement in various projects.

A number of our employees were involved in the United Way campaigns across the country. At home office our Chief Executive Officer, Al Wagar was the Chairperson of the co-operative division in Saskatoon. John Wall, our Vice-President, Corporate Services, was the Vice-Chairperson (and will be the Chairperson in 1983) and Myrna Bentley, our Mortgage Department Manager in Saskatoon Branch, the Chairperson of the United Way's payroll division. Our employees not only gave of their time, but responded magnificently by their

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contributions to the campaign. Our Winnipeg and Regina Branches received awards for their employees' contributions to the United Way. Home office and the Saskatoon branch were also honoured by winning the President's trophy which a former president of the United Way, Dr. Kris Rao, offered as an award when the co-operative division was created by the United Way for its 1982 campaign. The award is based on employee contributions only. Under the leadership of Mr. Wagar as Chairperson, an aggressive campaign was launched within the co-operative division. The result was the substantial contributions made by our employees as well as an overall increase of 73% in contributions from employees of co-operatives and credit unions in Saskatoon.

We continued to be heavily involved in co-operative housing in 1982 and again contributed financially as lead lender to the Co-operative Housing Foundation of Canada for the promotion of co-operative housing. Our home office and branch staff continue to work closely with the co-operative housing groups in all regions including the Co-operative Housing Association of Saskatchewan which was founded in 1981.

The company's lending policy and recruitment policy specifically provides that the

company will not discriminate with respect to mortgage applicants and job applicants because of race, creed, colour, age, sex, marital status, nationality, physical disability or ancestry. These policies are not just words in a manual but are applied by Co-operative Trust in practice.

We also encourage our employees to be active in other co-operatives and in charitable and service organizations. We have employees who are Directors of other co-operatives, who are members of Boards of Trade and organizations such as the Saskatchewan Council for Crippled Children and Adults.

Our trust staff continue to be active in providing their expertise to organizations requiring resource persons for estate planning and retirement planning seminars. Articles are also written by our staff for external publications.

Respectfully submitted on behalf of the Board of Directors

L. John Vinek —
President/Chairman of the Board

IN MEMORIAM

The members of the Board of Directors, management and staff of Co-operative Trust were saddened by the death of Paul Rivière on December 27, 1982. Mr. Rivière was first elected to the Board of Directors of Co-operative Trust in 1966. He served as Vice-President from 1969 to 1975 when he was elected President/Chairman of the Board. He resigned from the Board in 1981 for health reasons.

Mr. Rivière will be remembered for his valuable contribution to the co-operative/credit union system. He was guided throughout his lifetime by his strong faith in the democratic process and belief in the fundamental principals of the co-operative movement.

We wish to express our most sincere condolences to Mr. Rivière's widow, Andrea, and his children, Jeanette, Marcelle, Maurice, Roger, and Raymond.

OBJECTIVES & OUTLOOK FOR 1983

Priorities and objectives as established by the Board of Directors and management, September, 1982:

1. As recommended by the Steering Committee established by Co-operative Trust and CCCS, Co-operative Trust is to continue as a separate organization with its own Board of Directors and management.
2. To continue to pursue the following:
Improvement in earnings; redistribution of equity; and emphasis on the delivery of services through individual credit unions.
3. Part of the remaining advances to Cotrusco Realty Limited are to be absorbed by Co-operative Trust in 1983 as forgiveness of debt.
4. Some functional integration of second and third tier operations to be pursued.
5. Personal Trust services are to be promoted and expanded in branches where there is the best possibility of success.
6. Registered plans are to be designed to better meet the needs of credit unions.
7. Registered plans are to continue to be sold with deposits directly to Co-operative Trust from individuals with the majority of the funds coming through agency credit unions.
8. Emphasis is to be placed on wholesaling services through credit unions although some retail business is desirable and necessary. Marketing of all services is to be by direct personal contact with credit unions and through them to their members.
9. There will be continued emphasis on productivity, efficiency, staff training, and cost control.
10. All general expenses to be justified on a cost/benefit comparison. Particular emphasis to be directed to "controllable" expenses such as long distance

telephone, travel, postage, printing and overtime. Conversely, some expenses are essential and reduction below a certain level could be counterproductive and result in reduction of income.

11. RRIF and Fixed Term Annuity services are to be explored and developed if considered to be economically feasible and of value to credit union members.
12. Co-operative Trust Company of Canada is to continue and to grow, but be prepared to change to meet the needs of the co-operatives and credit unions it serves.

Our budget also calls for \$120 million in either new money or renewals in the form of guaranteed investment certificates and registered plans. Attaining this volume and our prediction for interest rates will be the key to achieving our goals in 1983.

Unemployment is of course the major concern facing Canadians in 1983, but despite this we feel that a gradual turn around in the economy will begin.

Our employees are prepared for the challenges of 1983 and believe that our goals are realistic and achievable. We support their optimism and enthusiasm.



Outlook for 1983

Your Board and management look forward with confidence to 1983. Our budget calls for income before forgiveness of debt amounting to \$3,384,000 and we project even higher income in future years. We believe that these projections can be achieved assuming a slow recovery in the economy in 1983, more or less stable or a slight decline in interest rates and the realization of the economic forecasts of reduced inflation.

L. John Vinek
President/Chairman of the Board

Allan Wagar
Chief Executive Officer

LOOKING BACK

In the early decades of the 1900's, various types of co-operatives struggled to obtain a meaningful position in Canadian society. However, a void in co-operative services became apparent to co-operative leaders by 1950. They saw a need for trust services, including personal estate and trust administration for individual co-operators, and long term mortgage services.

At the annual meeting of the Co-operative Union of Saskatchewan in June, 1951, a committee was established to investigate the possibility of creating a co-operative loan and trust company. The committee recommended that such an organization be created with control vested in credit union and co-operative organizations, and that initially incorporation should be in the province of Saskatchewan.

An Act to incorporate Co-operative Trust Company Limited was passed by the Saskatchewan Legislature on March 24, 1952, with its basic structure as co-operative as the trust business would allow.

For five years, progress was very modest. In 1957, a full-time manager was appointed in the person of H.A. "Buck" Wagner, a long-time co-operator. Both interest and activity in the fledgling company developed rapidly. The first independent office opened in Saskatoon in the basement of a building on 22nd Street in January of 1959 and in 1960 an office was located in Regina.

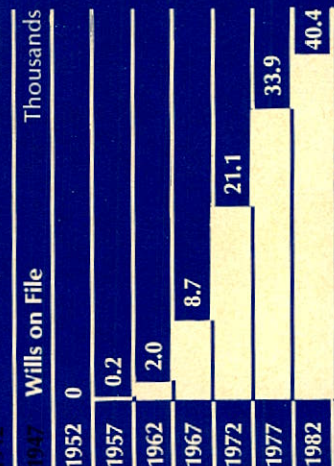
An important ingredient in the company's growth, was its appointment in 1959 as administrator of the Saskatchewan Family Farm Credit Act. This work involved loaning funds to families who wished to pass farmland on to their sons. Not only did this business generate revenue but gave the trust company valuable exposure in the community.

By 1965, there were 280 shareholders with equity totalling \$1.3 million. Assets under administration had reached \$25.6 million, and long term investment in the Company had grown to \$18.7 million.

During this period of time, requests were received from co-operatives, credit unions, and individuals in other provinces to extend the trust company's services to their areas. As a result, at the 1965 annual meeting, the shareholders authorized the Board of Directors to take the necessary steps to incorporate the company as a federal trust company. After much effort, federal incorporation became a reality with the passing of a special act of Parliament on December 21, 1967.

By 1968, there were four offices in Saskatchewan. Expansion outside Saskatchewan began with the opening of a regional office in Vancouver in 1968, followed by other offices in Winnipeg (1971), Calgary (1972), Toronto (1974), Halifax (1975), Ottawa (1976), and Edmonton (1976).

While this physical growth was taking place, the company also expanded its services to include the trusteeship of debenture issues, and the management of pension or retirement funds for co-operatives and other companies. The introduction, by Co-operative Trust, of registered retirement savings



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Family Farm Credit Act Appointment
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1967 Company receives national expansion mandate



Co-operative ways accepted federal act for Co-op Trust

of the unique characteris-
co-operatives have been
by lawmakers at Ottawa
ing federal incorporation
erative Trust Company

providing federal status
o Trust has been passed
House of Commons. Al-
the bill originated in the
and was approved by
y, it was subsequently
and required Senate
again.

trust, with head office at
was incorporated in

holders of the trust company they
serve, but in the case of Co-op
Trust no shares are held by in-
dividuals.

—Transfer of shares at par
between the company and its
members, rather than at a fluctu-
ating market price.

—Acceptance of the concept of
a member not being able to re-
quire the company to redeem
shares if such redemption would
reduce total shares outstanding
below what they were at the end
of the previous fiscal year. This
provision prevents a run on com-
pany shares.

to \$1,473,000
main function
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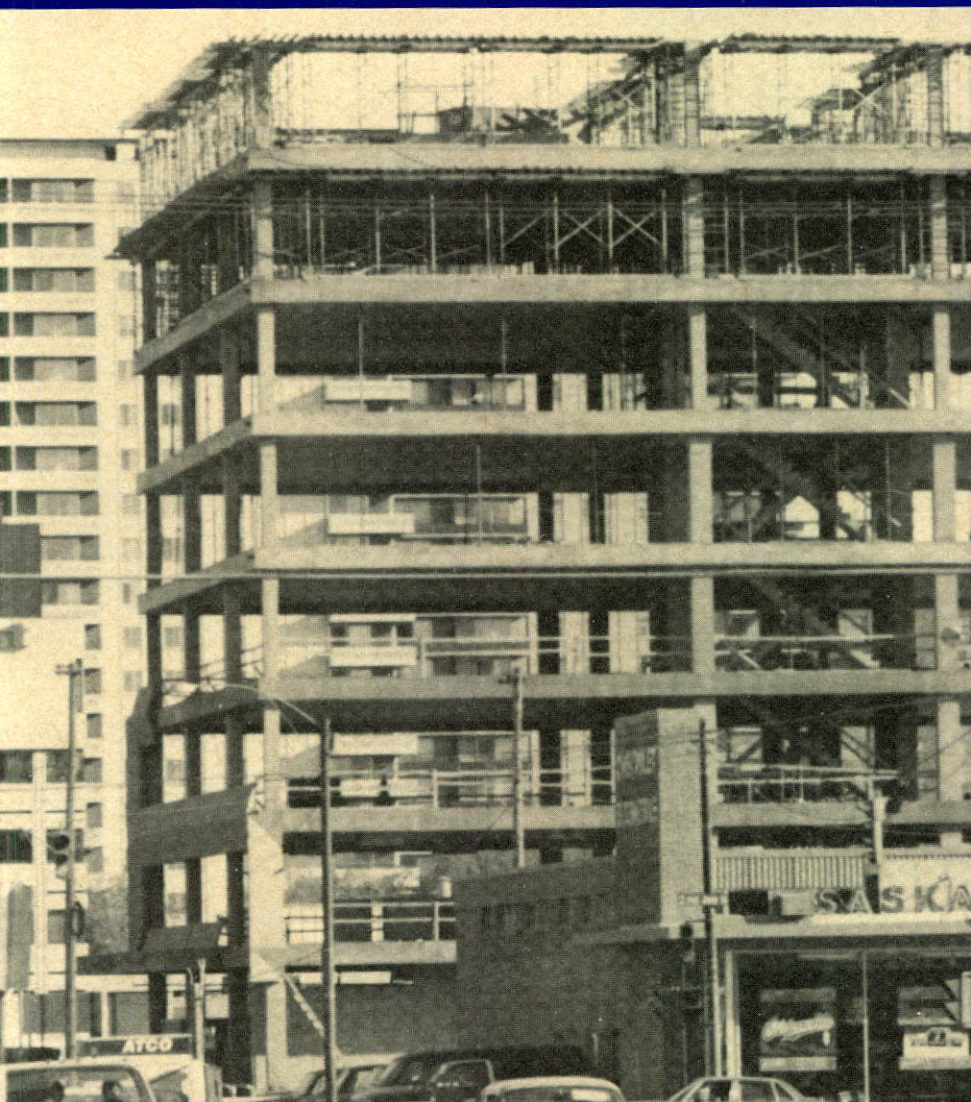
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Present H.O. building under construction



plans in 1967 greatly increased
the assets under administration
as credit unions actively
marketed these plans to their
members. The appointment as
an approved lender for Canada
Mortgage and Housing
Corporation and the Mortgage
Insurance Company of Canada
the following year enabled the
Company to expand its
mortgage services.

Although the company
continued to grow in the late
seventies, it did experience its
own share of growing pains.
Several changes were made to
the internal structure of the
company, and a review of the
control structure was
undertaken. Effective January 1,
1982, the new control structure
was implemented making
Co-operative Trust a truly third
tier organization within the
co-operative/credit union
system.

Co-operative Trust now
serves credit unions, co-
operatives, their members, and
the general public in all
provinces except Québec,
where another co-operative
trust company, Fiducie du
Québec, operates. The growth
achieved has been possible
due to the support and
co-operation the Company
has received from its
shareholder organizations.

The importance of the
Company's history lies not so
much in the dates and growth
figures over the past thirty
years, but rather in the
challenge passed to us by an
earlier generation of visionary
co-operative leaders, including
names such as Barney Johnson
and Harry Fowler. In accepting
this challenge on our thirtieth
anniversary, Co-operative Trust
Company of Canada is firmly
committed to meeting the
changing needs of credit
unions, co-operatives and their
members throughout Canada.

1983

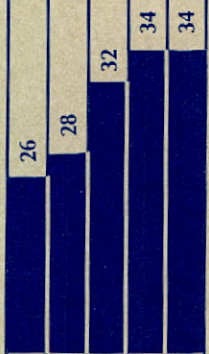
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Shareholders' Equity
Millions of Dollars



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FINANCIAL STATEMENTS

BALANCE SHEET AS AT DECEMBER 31, 1982

(Thousands of Dollars)

ASSETS	1982	1981
Cash and deposit receipts	\$ 9,797	\$ 5,446
Securities (Note 2)	91,828	91,077
Mortgage loans	485,191	477,174
Accounts receivable	4,519	3,620
Premises and equipment	7,567	7,922
Advances to Cotrusco Realty Limited (Note 8(a))	10,413	19,054
Other assets	4,237	3,327
	<u>\$613,552</u>	<u>\$607,620</u>

LIABILITIES	1982	1981
Guaranteed account		
Guaranteed savings accounts	\$ 572	\$ 1,585
Guaranteed investment certificates and deposits	562,895	546,614
	<u>563,467</u>	<u>548,199</u>
Other liabilities		
Loans and notes payable (Note 3)	6,122	17,375
Accounts payable	6,807	2,984
	<u>12,929</u>	<u>20,359</u>
Deferred income taxes	142	1,509
Subordinated shareholders' loans (Note 4)	3,147	3,179
	<u>579,685</u>	<u>573,246</u>

SHAREHOLDERS' EQUITY

Share capital (Note 6)	32,280	32,205
Retained earnings	1,587	2,169
	<u>\$613,552</u>	<u>\$607,620</u>

STATEMENT OF RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1982

(Thousands of Dollars)

	1982	1981
Retained earnings, at beginning of year	\$ 2,169	\$ 1,723
Net income (loss) for the year	(582)	446
Retained earnings, at end of year	<u>\$ 1,587</u>	<u>\$ 2,169</u>

STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1982

(Thousands of Dollars)

	1982	1981
Income		
Interest from loans and advances	\$ 60,488	\$ 57,627
Interest and dividends from securities	9,979	9,581
Fees, commissions and other	6,965	6,542
	<u>77,432</u>	<u>73,750</u>

1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
	5 Year Gross Income and Gross Expenses								
	Millions of Dollars								
		52.3							
			Gross Expenses						
		53.1							
			Gross Income						
		62.1							
		64.9							
		69.9							
		73.3							
		73.8							
		73.8							
		76.4							
		77.4							

Statement of Income (continued)

Expenses		
Salaries and employment costs	6,227	5,914
Commissions, taxes, licences and insurance	389	465
Occupancy and equipment costs	2,258	2,290
Communications and member relations	481	497
Other	2,120	1,836
	<u>11,475</u>	<u>11,002</u>
Interest	64,922	62,830
	<u>76,397</u>	<u>73,832</u>
Income (loss) before income taxes and unusual item	1,035	(82)
Reduction of deferred income taxes	84	528
Income before unusual item	1,119	446
Unusual item		
Forgiveness of Cotrusco Realty Limited advances (Note 8(a))	(1,701)	—
Net income (loss) for the year	<u>\$(582)</u>	<u>\$ 446</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1982

	(Thousands of Dollars)	
	1982	1981
Funds provided by		
Operations		
Net income (loss)	\$(582)	\$ 446
Adjust for depreciation, deferred income taxes and other non-cash items	(887)	(47)
	<u>(1,469)</u>	<u>399</u>
Decrease in advances to Cotrusco Realty Limited	8,641	2,022
Increase (decrease) in guaranteed liabilities	15,268	(29,937)
Increase in share capital	75	1,569
	<u>\$ 22,515</u>	<u>\$(25,947)</u>
Funds applied to		
Increase (decrease) in cash and deposit receipts	\$ 4,351	\$(31,482)
Increase in securities	751	1,211
Mortgage loans	8,017	15,477
Decrease in subordinated shareholders' loans	32	5
Decrease (increase) in other liabilities	7,430	(12,975)
Increase in premises and equipment, accounts receivable and other assets	1,934	1,817
	<u>\$ 22,515</u>	<u>\$(25,947)</u>

AUDITORS' REPORT

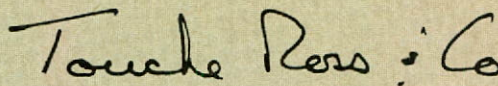
The Shareholders
Co-operative Trust Company of Canada

We have examined the balance sheet of Co-operative Trust Company of Canada as at December 31, 1982 and the statements of income, retained earnings and changes in the financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

As explained in note 8(a), the company has not made provision for the estimated uncollectible portion of the advances to Cotrusco Realty Limited.

In our opinion, except for the lack of this provision, these financial statements present fairly the financial position of the company as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

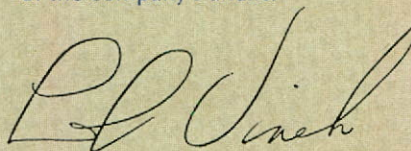
Saskatoon, Saskatchewan



Chartered Accountants
February 17, 1983

CERTIFICATION

We hereby certify that to the best of our knowledge and belief the balance sheet and accompanying statements of income, retained earnings, changes in financial position and accompanying notes are correct and show truly and clearly the financial condition of the company's affairs.



Director



Director



Vice-President of Finance
and Treasurer

1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
			Mortgages on Co-operative Housing							
			Millions of Dollars							
				5.4	19.7	26.9	58.7	111.8	112.4	
				Co-operative Trust Investment	Total Approved					

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 1982

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Securities and Loans

Bonds and debentures are stated at amortized cost and shares are stated at cost, all together with accrued interest and dividends receivable. Mortgages and other loans are stated at cost plus accrued interest.

(b) Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation of \$1,028,000 (1981 — \$554,000).

The premises are depreciated on the straight-line method over the estimated useful life at a rate of 2½% and on the declining balance method for

equipment and leaseholds at a rate of 20%.

(c) Recognition of Revenue and Expenses

Revenue and expenses are recorded on an accrual basis except for fees subject to awards by courts or negotiation and mortgage fees which are recorded on a cash received basis.

Gains and losses on securities, based on average cost, are recognized on sale of such securities. Gains and losses on loans are recognized on sale of property pledged as security.

(d) Assets under Administration

Assets held for Guaranteed Trust accounts are kept separate from the company's own assets. Assets held under estates, trusts and agencies are not reflected on the balance sheet.

2. SECURITIES

Carrying and market values are as follows:

	1982		1981	
	Carrying Value (Thousands)	Market Value (Thousands)	Carrying Value (Thousands)	Market Value (Thousands)
Government and municipal bonds	\$ 60,281	\$ 50,807	\$ 59,148	\$ 44,885
Corporate bonds	10,765	8,205	11,625	8,390
Shares	18,816	16,389	18,322	15,340
	89,862	75,401	89,095	68,615
Accrued interest	1,966	1,966	1,982	1,982
	<u>\$ 91,828</u>	<u>\$ 77,367</u>	<u>\$ 91,077</u>	<u>\$ 70,597</u>

Government of Canada bonds in the amount of \$1,000,000 are hypothecated to the Bank of Canada as collateral for consignment shipments of Canada Savings bonds. Other securities pledged are described in note 3.

3. LOANS AND NOTES PAYABLE

The company maintains a line of credit with the Saskatchewan Co-operative Credit Society in the amount of \$5,000,000. An additional line of credit in the amount of \$9,000,000 has also been authorized on a temporary basis. The expiry date of this temporary line of credit is

March 15, 1983.

Bonds and shares in the amount of \$7,194,600 are pledged as collateral for the \$5,000,000 line of credit. The security for the temporary increase is a general assignment of book debts of the company fund. No book debts held by the company in its capacity as a trustee are assigned under the general assignment agreement.

7. RELATED PARTY TRANSACTIONS

The Saskatchewan Co-operative Credit Society is a significant shareholder of the company and holds \$6,066,700 of the company's share capital and subordinated shareholders' loans. In addition, the Credit Society has a management agreement with the company whereby they agree to provide full management services.

8. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Cotrusco Realty Limited

Saskatchewan Co-operative Credit Society purchased Cotrusco Realty Limited from the Trust Company on November 1, 1980. At the time of the purchase, the Trust Company provided an indemnity to the Credit Society in respect to certain losses that may occur as a result of winding down the operations of Cotrusco. The Trust Company has lodged a \$1.2 million deposit with the Credit Society as security relative to the performance of its obligations in connection with the sale of Cotrusco. The Credit Society has acknowledged its intent to ensure that Co-operative Trust can continue to provide trust services and has agreed to take into consideration the effect of any demand under the indemnity on the borrowing ratio and operations of the Trust Company. As at December 31, 1982, no demands have been made by the Credit Society.

The Trust Company has advances including accrued interest to Cotrusco Realty Limited which at December 31, 1982, amounted to \$10,413,000 (1981 — \$19,054,000). Interest income of \$2,055,000 (1981 — \$2,229,000) at the rate of 12% has been paid on these advances by Cotrusco.

Cotrusco has disposed of the majority of its properties and as the potential for substantial future gains from

this source is limited, the collectibility of the total advances from the sale of the remaining properties is in doubt. As at December 31, 1982 the estimated uncollectible portion of the advance is \$6,000,000 which would have an approximate after tax cost of \$3,000,000. According to generally accepted accounting principles, this estimated uncollectible portion should be provided for in the current year but it is the Trust Company's intention to continue, as in past years, to recognize this deficiency out of future earnings. During the year 1982, the Trust Company forgave \$3 million of the advances to Cotrusco Realty Limited which resulted in an after tax cost to the Trust Company of \$1,701,000.

(b) Mortgage Commitments

Outstanding commitments for mortgages were \$50,561,000 at December 31, 1982 (1981 — \$22,846,000).

(c) Long-term Leases

The company has lease commitments covering premises, equipment and leasehold improvements for annual rentals of \$819,000 (1981 — \$814,000). These agreements cover periods up to 1986 and certain of these agreements are subject to escalation clauses.

(d) Other

The company is involved in legal actions concerning the alleged wrongful dismissal of former employees and certain real estate and mortgage transactions. No amounts have been accrued in these financial statements, as the amount of the liability, if any, is indeterminable at this time.

9. COMPARATIVE FIGURES

Certain of the 1981 figures provided for the purpose of comparison have been reclassified to conform to the classifications used in the current year.

1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
	Mortgage Balances Total	Millions of Dollars	Estates and Trusts	Total Number	RRSP's Total	Thousands of Accounts			
	399		1,598		200				
	479		2,139		267				
	455		3,114		293				
	472		3,221		301				
	479		2,584		326				

RRSPs By Regions

Total Accounts	1978	1979	1980	1981	1982
British Columbia	17,370	20,314	21,925	20,902	21,869
Alberta	32,213	42,885	50,966	53,291	55,111
Saskatchewan	42,469	49,408	54,501	56,501	61,090
Manitoba	29,634	36,003	40,464	40,122	42,057
Ontario	72,097	109,312	116,043	120,528	134,548
Atlantic	5,783	8,799	9,392	10,071	10,986
Total	199,566	266,721	293,291	301,415	325,661

Estates and Trusts By Regions

Total Number	1978	1979	1980	1981	1982
British Columbia	515	702	993	945	689
Alberta	291	509	798	770	560
Saskatchewan	692	691	843	865	794
Manitoba	67	153	317	454	421
Ontario	33	84	163	187	120
Total	1,598	2,139	3,114	3,221	*2,584

*Self directed RRSP's are administered by our Personal Trust Department and are included in the total Estates and Trusts. We experienced a reduction of 625 SD/RRSP plans in 1982.

Mortgage Balances By Regions

Thousands of Dollars	1978	1979	1980	1981	1982
British Columbia	76,388	87,682	66,325	67,033	60,897
Alberta	110,303	126,711	114,980	112,637	104,351
Saskatchewan	155,959	182,749	182,018	176,125	175,405
Manitoba	26,317	34,491	29,269	30,882	28,080
Ontario	27,131	33,886	43,978	62,051	81,963
Atlantic	3,320	13,449	18,446	23,202	28,633
Total	399,418	478,968	455,016	471,930	479,329

The Canadian Co-operative Vision

“Canadian co-operators share a vision of people working together to achieve their potential, to enhance their social and economic well-being, and to produce and consume what they need through democratic institutions that root social and economic power in local and community organizations.

We recognize the interdependence of people, and of organizations; and the need for effective, responsive linkages.

We pursue our vision through our co-operatives — organizations based on equity, equality, and mutual self-help.”

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