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Company Profile at 100 Years

FOR 100 YEARS Central Trust Company, through its predecessor companies, has been serving Canadians. As Canada has prospered so has Central Trust.

The Company is the result of a series of amalgamations of several companies which individually had long histories of providing Maritime fishermen, Toronto businessmen, prairie farmers, and many others, professional and dedicated service.

IN 1887, THE OLDEST COMPANY, Eastern Canada Savings and Loan Company was incorporated. At that time the telephone was still a novelty, Halifax was lit by gas and oil lamps and Queen Victoria had reigned over the Empire for fifty years. The new savings and loan company was founded by some of Halifax's leading citizens of the day including merchants, shipping barons, politicians, investment brokers and doctors.

The young company quickly prospered through a combination of conservative management policies, innovative marketing techniques and products. In 1905, Eastern Canada Savings and Loan attracted small Maritime depositors, including children, with a promotion that would be remembered by Nova Scotians for generations. Customers were offered sturdy little metal savings banks. Only the staff of Eastern Canada Savings and

Loan would have the keys.

Clients would take the bank home and contribute what they could to the little bank. When the metal box became full, the

clients, many of whom were children, would return to the Eastern Canada Savings and Loan branch, have the bank opened and the contents deposited to their account.

Often when there was enough money in the account, some bought debentures. In many cases, this created a loyalty to the Company that followed through families for several generations. Their growing deposits were used to finance mortgage loans to many of the same families.

In 1917, two ships collided in Halifax Harbour. The Halifax Explosion killed more than 1600 people, injured 9000, and caused enormous damage to property. While the company's borrowers were spared personal financial loss by the Halifax Relief Commission, the management of Eastern Canada Savings and Loan shared the tragedy directly. Company President Brookfield reported, "We are thankful that as far as known none of our shareholders suffered fatal injuries, but regret to state that nine of our borrowers lost their lives."

By the late Forties, assets had grown to \$14 million and by 1975 had reached \$412 million. In 1976, a major change took place when Eastern Canada Savings and Loan Company joined with Central and Nova Scotia Trust Company to form Central and Eastern Trust Company with assets of over \$1 billion.

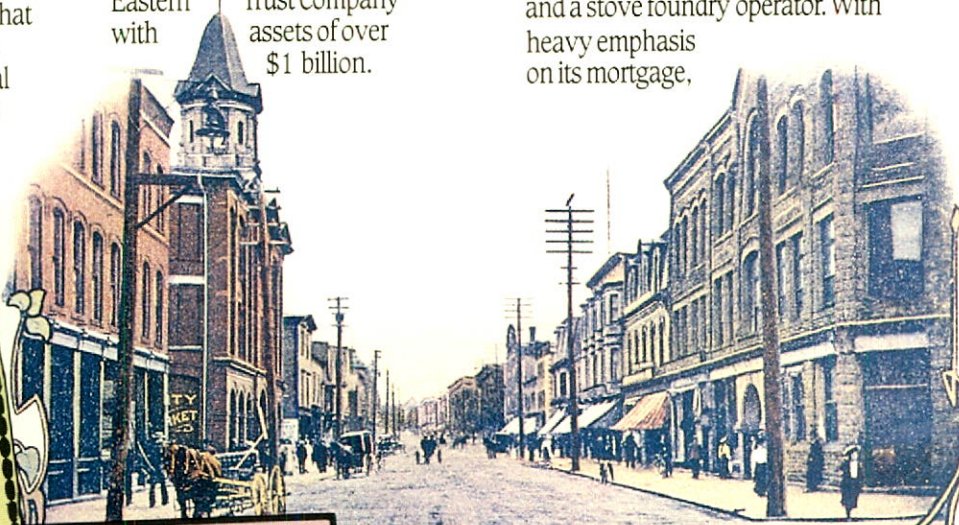
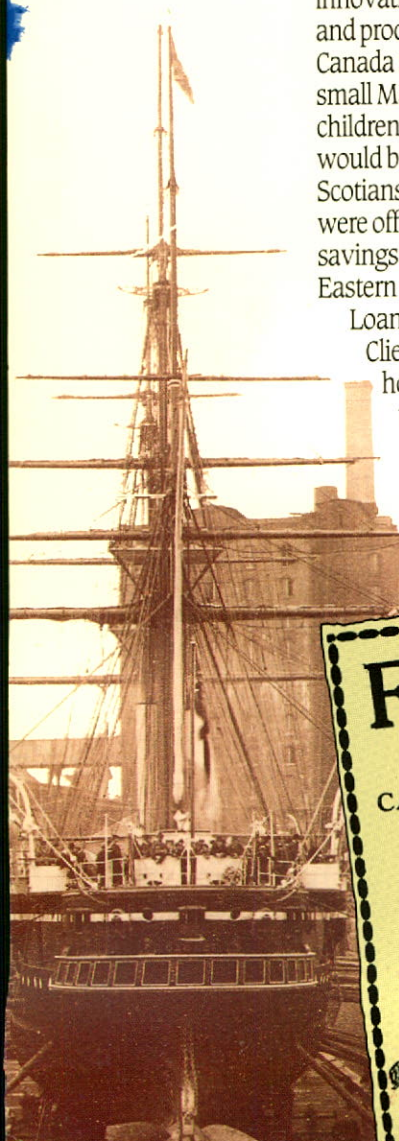
CENTRAL AND NOVA SCOTIA Trust Company was the product of two Maritime parents — The Nova Scotia Trust Company and the Central Trust Company of Canada. Nova Scotia Trust Company was incorporated on May 3, 1912 only 18 days after the Titanic sank off Newfoundland. The Company was the dream of one man, R.W. Elliott. He had become bored with his life as a bank manager in North Sydney, N.S. and saw the opportunity in starting a new trust company. With his prospectus under his arm (which he had typed himself), Elliott went about soliciting support. Within his first week, he had raised over \$30,000 in subscriptions and had spent only \$50.00 in travelling expenses.

Good fortune followed the young company through the trials of World War I, the Halifax Explosion, the Depression and World War II. By 1944, the Company had more than \$14 million in

assets and by 1970, this had jumped to \$50 million.

Ironically, the success of the Nova Scotia Trust Company made it a very attractive takeover candidate.

CENTRAL TRUST COMPANY OF Canada had been incorporated in 1920 and opened for business in Moncton's first brick building. The founders of this company were a hardy lot including a cabinet minister, merchants, lumbermen, and a stove foundry operator. With heavy emphasis on its mortgage,



FIRE!
the destroyer
CANNOT ENTER
HERE

Precious trinkets . . .
and letters . . . and heir-
looms . . . and papers
. . . are yours forever
. . . when entrusted to
our massive fire-proof,
theft-proof vault. Prices
are low.

Safety Deposit Boxes
\$3 per year

**Central Trust Company
of Canada**

Main and Church Streets

... and When They Got There
the Cupboard Was Bare

a nursery rhyme to you, but it was just bad news to
to ransacked the home of a friend of ours while she
down recently. The cupboard was bare because our
be foresight to empty it into her safe deposit box
by, bonds, mortgages and all. So the cupboard was
bare . . . proving that our friend, a sharp-witted
was no Mother Goose!

Boxes \$3 a Year and Up.

MAIN STREET MONCTON, N.B.

The Central Trust Com

MARCH 1934

real estate and personal trust business, the company prospered even through the difficult days of the Depression. During this period, the mortgages were often higher than the value of the mortgaged homes as property values plummeted. As the Depression continued, to increase personal trust business, the company sent a folksy monthly newsletter to clients outlining the benefits of trust services.

This innovation and other marketing efforts proved beneficial. By 1970, the assets of Central Trust Company of Canada amounted to \$96 million and to continue its expansion, it acquired control of Nova Scotia Trust. In 1974, the two companies merged to form Central and Nova Scotia Trust Company, with assets of over \$300 million and 23 branches in the four Atlantic Provinces.

Following the merger of Central and Nova Scotia Trust with Eastern Canada Savings and Loan in 1976 the new company, Central and Eastern Trust Company, was anxious to "go national." In 1979, the company looked at Alberta for expansion with a Calgary regional office and a full service branch in Lethbridge. By the end of 1982, five branches had sprung up in Alberta and British Columbia. During the same time frame, the company eyed the prosperous Ontario market and in May 1980, moved into Ontario for the first time with the acquisition of Federal Trust. The Company had 11 branches in Ontario, many of them serving Canadians of Italian,

Greek, Chinese and Portuguese origin. In 1981, the merger of Federal Trust and Central and Eastern Trust produced Central Trust Company.

In 1983, Central Trust was appointed by the Ontario government to manage the estate, trust and agency business of Crown Trust Company. With this appointment, Central Trust acquired the Crown Trust retail branches including those in Western Canada, Ontario and Quebec; Central Trust was now truly national.

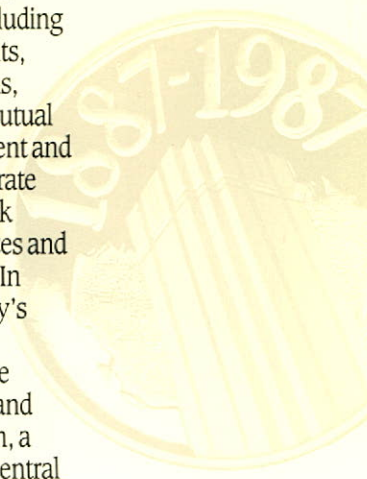
THE CONTINUOUS EMPHASIS on growth which has marked the Company from its first days, is following it into the second century. 1986 witnessed the creation of a new parent company, Central Capital Corporation, which offers a wide range of financial services through several affiliated companies.

Currently, with assets of more than \$3.4 billion and over 60 branches from St. John's, Nfld. to Victoria, British Columbia, Central Trust is one of Canada's major trust companies. The Company's Head Office is located in Halifax, with regional offices in Moncton, Toronto and Calgary.

As the Company has grown over the years, the emphasis

has remained on providing the highest level of personal service and innovative products. Today through its national network of branches, Central Trust offers clients a full range of financial services including savings and chequing accounts, term deposits, retirement plans, mortgages, personal loans, mutual funds, investment management and personal trust services. Corporate financial services include stock transfer, corporate trust services and pension fund administration. In Atlantic Canada, the Company's dominant position is further enhanced by a large real estate brokerage operation. Central and Eastern Mortgage Corporation, a wholly owned subsidiary of Central Trust, offers debentures and retirement savings plans to investors across the country.

1987 will see the introduction of automated teller machines, new products and the opening of several new branches. It will also be the year to celebrate a proud 100 years of service to Canadians and a future of new opportunities and further expansion.



THE GLOBE AND MAIL, THURS., MARCH 4, 1971 B13
COMPANIES IN THE NEWS
Central Trust plans to own Halifax firm
 Central Trust Co. of Canada, Moncton, is making a bid to obtain complete ownership of Nova Scotia Trust Co., Halifax. Central, which now owns 67.8 per cent of Nova Scotia Trust's equity, is offering \$25 million to acquire the firm.

From Halifax, trust merger looks westward
 In Atlantic Canada, the merger of Central and Nova Scotia Trust Co. and Eastern Canada Savings & Loan Co. is expected to be the first of a series of mergers in the province of Canada's financial community. The Halifax merger will certainly come to a head in the next few weeks. With combined assets of more than \$300 million as of the end of 1970, and a growth rate of 10 per cent a year, the new company, Central and Eastern Trust Co., will be Canada's largest trust company.

Merger of two old trust companies Atlantic firm rival to giants
 Toronto (CP) — A new trust company is set to spring into life in the Atlantic provinces, one that will rival in size a firm in the south of the province. The new firm, Central and Eastern Trust Co., will be formed through the merger of two old trust companies, Central and Eastern Trust Co. of Canada and Nova Scotia Trust Co. of Canada. The merger was negotiated through a strategic exchange of shares and assets to be completed by the end of the year. Both companies are about the same size. Central and Nova Scotia had net income of \$3.3 million last year, while Eastern had \$2.5 million.

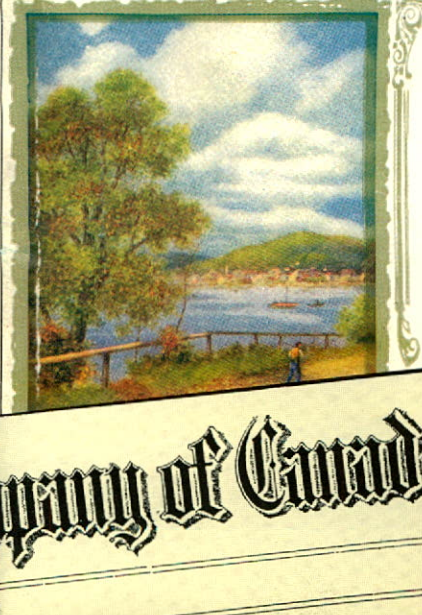
Central Trust takes aim at Ontario
 HALIFAX-BASED Central Trust Co. is making a bid to acquire the largest trust company in Ontario, Federal Trust Co. of Canada. The move is expected to be completed by the end of the year. Central Trust, which has assets of over \$300 million, is looking to expand its national network of branches. Federal Trust, which has assets of over \$100 million, is a major player in the Ontario market.

Central Trust moves boldly to expand
 Another landmark move for Central Trust Co. is the acquisition of Federal Trust Co. of Canada. The move is expected to be completed by the end of the year. Central Trust, which has assets of over \$300 million, is looking to expand its national network of branches. Federal Trust, which has assets of over \$100 million, is a major player in the Ontario market. The merger will create a new trust company with assets of over \$400 million.



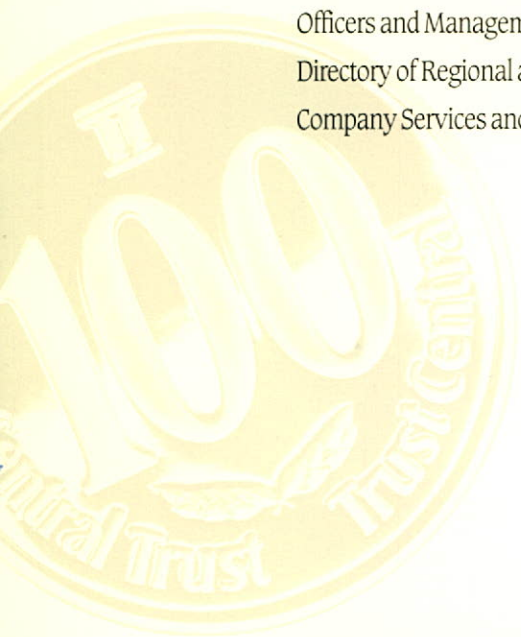
DAVID S. HARRIS
 CHAIRMAN AND CEO
 CENTRAL TRUST COMPANY OF CANADA
 MAY 3 1987
 MCGILL UNIVERSITY

The CENTRAL TRUST COMPANY OF CANADA
 1-800-387-0000



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Cover:

In 1987, Central Trust celebrates its Centennial, one hundred years of service to Canadians. To mark this achievement, the Company has minted its own coin. The design denotes a history of constant growth and a future of new opportunities and further expansion.



Financial Highlights of 1986 Our 99th Year

(Dollars in thousands except per common share amounts)

For the Year	1986	1985	1984	1986/85 Percentage Change	1985/84
Total Income	\$ 368,640	\$ 345,437	\$ 319,960	7	8
Total Expenses	349,878	328,685	305,095	6	8
Net Income Before Extraordinary Items	16,249	10,803	10,005	50	8
Net Income	16,249	11,973	4,107	36	192
Earnings per Common Share:					
Net Income Before Extraordinary Items	1.59	.96	.87	66	10
Net Income	1.59	1.10	.13	45	746
Return on Common Shareholders' Equity	18.42%	14.15%	1.64%		
Return on Assets	.52%	.43%	.16%		

At Year End

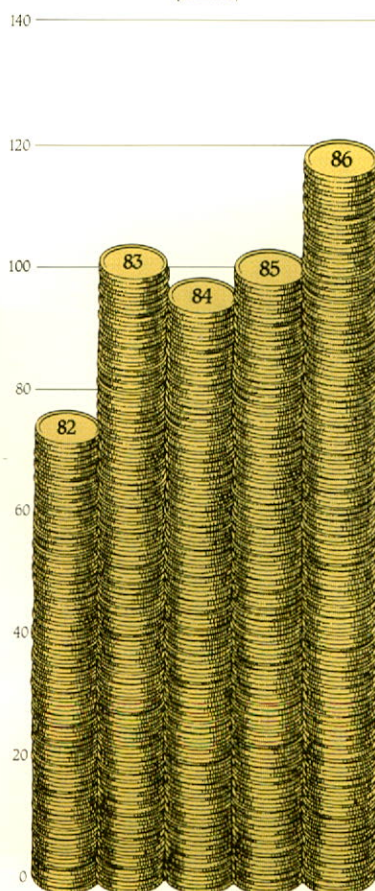
	1986	1985	1984	1986/85 Percentage Change	1985/84
Corporate Assets	\$3,409,791	\$2,945,258	\$2,627,299	16	12
Estate, Trust & Agency Assets	1,490,366	1,118,862	1,170,361	33	(4)
Marketable Securities	724,745	558,136	363,095	30	54
Mortgages and Other Loans	2,641,175	2,344,723	2,209,956	13	6
Deposits	3,235,704	2,819,607	2,506,843	15	13
Shareholders' Equity	120,874	102,767	98,397	18	4
Book Value per Common Share	9.59	8.03	7.67	19	5
Market Price per Common Share	20.75	14.38	10.50	44	37

Corporate Assets
(\$ Millions)



Company and guaranteed account assets increased by \$465 million or 16% and amounted to \$3.41 billion at year end.

Shareholders' Equity
(\$ Millions)



Shareholders' equity increased by \$18 million or 18%; \$6.7 million through retained earnings and \$11.3 million through issue of shares net of redemptions.

Net Income Before Extraordinary Items
(\$ Millions)



Net income before extraordinary items increased by \$5.4 million or 50% over 1985 and amounted to \$16.2 million for the year.

Report of the Board of Directors

NINETEEN EIGHTY-SIX was a record year for Central Trust by all counts. Some of the highlights were:

- Net income reached an all-time high of \$16,249,000 or \$1.59 per Common Share, compared to \$11,973,000 or \$1.10 per Common Share in 1985.
- Assets at year end were \$3,410,000,000, an increase of \$465,000,000 or 15.8% during the year.
- Return on common shareholders' equity for the year was 18.4% as against 14.2% the previous year.
- Return on average assets was 52 cents for each \$100 of assets compared to 43 cents in 1985.

Corporate Structure

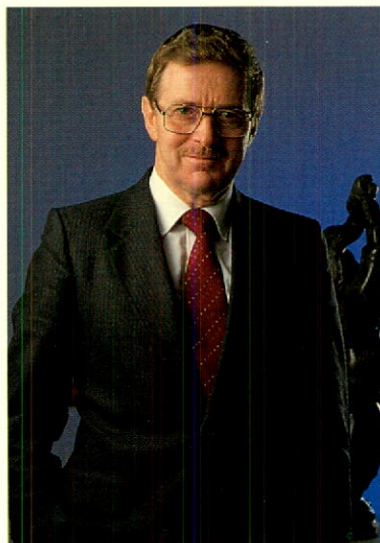
A new corporate structure for the Company was completed in June, 1986, when Central Capital Corporation was formed by the exchange of its Common Shares for the common shares of Central Trust Company on a basis of three Central Capital Common Shares for each two Central Trust shares. As a result, Central Capital Corporation is the parent company of Central Trust owning 96% of the Company's Common Shares.

MICC Investments Limited

As part of the reorganization of the Company, Central Trust Company agreed to sell to Central Capital Corporation its holdings in MICC Investments Limited comprised of 2,227,968 Common Shares, 273,500 8% Second Preferred Shares Series A and 416,926 partially paid Variable Rate Exchangeable Preference Shares of The Mortgage Insurance Company of Canada on or before March 31, 1987. In this connection, in November, 1986, the sale of the MICC Common Shares and 8% Second Preferred Shares was finalized.

Shareholders' Funds

At year end, shareholders' funds stood at \$140.9 million, represented by \$120.9 million shareholders' equity and a \$20 million subordinated note, an increase of \$38 million during the year. The increase is largely accounted for by proceeds



Struan Robertson,
President and Chief Executive Officer

from the issue of 508,500 Common Shares to Central Capital Corporation on December 31, 1986 for \$10.5 million, an increase in retained earnings of \$6.7 million, and an issue of a \$20 million Subordinated Convertible Shareholders' Note due December 31, 2085 to Central Capital Corporation.

Organization

Changes were made to senior executive responsibilities since the 1986 Annual Meeting of Shareholders. W. Thomas Hodgson was appointed Senior Executive Vice-President and Chief Operating Officer, and James P. McClocklin was appointed Senior Vice-President, Trust Services.

Directors

C.W. Cole, Chairman and Chief Executive Officer of Central Capital Management Inc. and W. Thomas Hodgson, President and Chief Operating Officer of Central Capital Management Inc. were elected to the Board at the Company's Annual Meeting in March, 1986.

Due to the age provisions in the Company's bylaws, Glendon F. Eddy and George B. Robertson will not be re-offering for election to the Board of Directors at the Annual Meeting of Shareholders in April. Mr. Eddy was first elected to the Board of Directors of The Central Trust Company of Canada, a predecessor company, in 1970, and Mr. Robertson was elected to the Board of a predecessor company, Nova Scotia Trust, in 1961.

We record with sorrow the death of Richard J. Logue on December 17, 1986, at age 93. Dr. Logue was first elected a Director of a predecessor company, Nova Scotia Trust, in 1954 and served as Honorary Chairman of The Board of Central Trust Company from 1972 until his death.

Employees

During the year, the Company's employees responded to many challenges while providing high quality personal service, for which Central Trust is known. The Company's current success and its commitment to personal service is only possible because of the knowledge and dedication of our staff.

Centennial

In 1987, the Company is celebrating its 100th Anniversary, a significant milestone in any Company's history and development. To mark the occasion, an extensive marketing and public relations program has been developed to increase the public's awareness of the Company's financial integrity, stability and its commitment to the future.

Outlook For 1987

In December, 1986, the Federal and Ontario governments both announced proposals which would result in sweeping changes to legislation governing financial institutions. The proposed new rules, if implemented, would result in the most dramatic changes in decades in the regulations that govern the financial services industry in Canada. The proposals would bring about intensified competition and new opportunities. We feel confident that our financial strength and association with other companies in the Central Capital group will permit us to address these opportunities successfully. We expect 1987, our Centennial Year, to be another year of record performance for Central Trust.

A handwritten signature in dark ink that reads "Struan Robertson".

Halifax, Nova Scotia
February 18, 1987

Struan Robertson
President and
Chief Executive Officer

1986 Results vs. Key Objectives

In a year which was characterized by wide swings in interest rates in the first half of the year and intense competition for deposits and loans, the Company met most of and, in many cases, exceeded its key objectives:

Actual Results	Objective
<input type="checkbox"/> Demand deposits were up by \$159 million	<input type="checkbox"/> objective \$140 million
<input type="checkbox"/> Total deposits grew by \$416 million	<input type="checkbox"/> objective \$380 million
<input type="checkbox"/> Interest rate spread averaged 2.23%	<input type="checkbox"/> objective 2.00%
<input type="checkbox"/> Fee income amounted to \$21.6 million	<input type="checkbox"/> objective \$18 million
<input type="checkbox"/> Assets increased by 15.8% and expenses by 18.5%	<input type="checkbox"/> objective was to increase assets faster than expenses
<input type="checkbox"/> 12 branches were added to the on-line network	<input type="checkbox"/> objective was 10 branches
<input type="checkbox"/> 4 new products were developed	<input type="checkbox"/> objective was 4
<input type="checkbox"/> ATM service will commence in 1987	<input type="checkbox"/> objective was to have operational in 1986
<input type="checkbox"/> Return on equity was 18.4%	<input type="checkbox"/> objective 14%
<input type="checkbox"/> Return on average assets was .52%	<input type="checkbox"/> objective was .40%

In the next few pages is set forth a review of the many activities of the Company during its 99th year.

Deposit Services

The Company conducted three major deposit raising campaigns in 1986 and achieved overall record results. The net increase in deposits of \$416 million compares favourably with \$313 million in 1985.

The year began slowly with the RRSP Campaign. The weakening Canadian dollar forced interest rates up to unsustainable levels, especially towards the end of the campaign. The Company made a strategic decision not to actively compete for these costly funds, and, as a result, the net increase in the Tax Deferred portfolio of \$75 million was lower than in 1984 and 1985.

The movement to greater liquidity greatly assisted the growth in demand deposits. The Company introduced its new *Investors T-BILL Account*, replacing the *Investors Daily Interest Account*. The rate on this account is adjusted weekly in relation to the Government of Canada 91-day Treasury Bills. Interest is calculated on the daily balance and is credited monthly. The *Central Choice* tiered

rate' *Account* continued to attract new deposits and rose 30% during the year. An exciting and innovative spring Demand Deposit Campaign was launched in April for a nine week period. The result was an increase of \$100 million during the campaign and an annual growth of \$159 million.

The third campaign in the fall featured term deposits. Bonuses and prizes have become a way of life for trust companies and banks, and the Company led the way. Bonus interest was paid to clients purchasing investments with automatic deposit of interest to chequing or savings accounts, and in conjunction with Canadian Pacific Air Lines, four prizes of a trip for two to anywhere CP Air flies were awarded to four lucky customers, one in each of the Company's regions. This program was well received and net new deposits of \$150 million lifted the annual growth of GICs and debentures to \$160 million. As a result, net overall deposit growth of \$416 million exceeded budget by \$34 million and

the 1985 level of \$313 million by \$103 million or 33%.

System changes continue to dominate the world of financial institutions. In February, 1986, a new system for tax reporting of interest earned on savings and chequing accounts and on GICs and debentures was introduced. Computerization of the branches also continued apace and all branches should be converted by early 1987. A computerized RRSP branch services system was implemented in all branches to allow staff to process entries and obtain information on customers' plans through a computer terminal.

All these changes were designed to improve productivity in the administration of deposit products and improve service to our clients.

To reduce costs and ensure accurate communication with the branches, an electronic mail system was installed in 1986. We are planning to install printers in the branches in 1987 to provide hard copy for the branch personnel.

Communication of new products and services and other financial data to our customers is highlighted in a new format entitled *Speaking of Money*. Regular bulletins providing updated financial information to clients is becoming more important as competition increases for the public's financial business.

The government moved to improve an individual's ability to provide for retirement years in 1986. RRSP contributions will be increased for individuals who do not belong to a Registered Pension Plan. Contributions will be increased to \$7,500 in 1986 and 1987, and additional increases will be phased in beginning in 1988.

Legislation was also implemented late in 1986 to provide greater flexibility in planning for retirement. More than one Registered Retirement Income Fund can now be maintained and the maximum limit on withdrawals from a RRIF has been removed. This new flexibility will undoubtedly make this type of plan increasingly popular, and the Company has formulated an attractive package to allow customers to take full advantage of these plans.

Mortgage Portfolio

The mortgage portfolio grew by \$238 million to \$2.048 billion in 1986, with emphasis being placed on the more profitable floating rate construction loans. The fixed rate portfolio grew by \$163 million or 10% and the floating rate by \$75 million or 94%.

Mortgages underwritten continued to expand to \$790 million compared to \$613 million in 1985 and \$405 million in 1984. Business was obtained from all markets across Canada, but the major thrust came in Ontario where the real estate markets were very strong.

The quality of the portfolio continued to be of major importance in 1986. Mortgages in arrears three months or more declined from 2% at December 31, 1984, to 0.47% at December 31, 1985, but increased slightly to 0.50% at the end of 1986. A higher percentage of loans was secured by commercial properties and consequently, the residential component of the portfolio declined from 81% to 78%. While still very conservative, the change improved the overall yield of the portfolio.

Consumer and Commercial Loans

The loans portfolio grew by \$58 million or 11% from \$535 million at December 31, 1985 to \$593 million at December 31, 1986. The majority of the new loans originated from investment loans for purchasers of mutual funds, and the purchase of fixed and floating rate commercial loans from the Commercial Lending Department of Central Capital Management Inc.

Loan delinquencies of 0.13% continue to be most acceptable. The projected expansion of the loan portfolios may result in higher incidence of delinquency and we are increasing reserves for loan losses to ensure the Company is adequately protected for the future.

In 1987, we are planning to introduce a new line of credit. The on-line system, which has improved our control over the loan portfolio, is being modified and adapted to accept this new product.

Corporate Investments

The Company's cash and short term investment portfolio at year end was \$332 million or 10% of assets, virtually the same as a year earlier.

The Company's portfolio of short term bonds was reduced to \$57 million from \$154 million as emphasis was placed on investment in shares. The common and preferred share portfolios increased to \$336 million from \$76 million, as greater emphasis was placed on dividend income to improve the tax equivalent net interest spread. Net gains on sales of investments was \$4.5 million compared to \$1.3 million in 1985.

Personal Trust Services

Gross fee income was \$8.4 million compared to \$7.3 million in 1985. Trust assets under administration amounted to \$1.5 billion, a 33% increase in 1986. New business from all Personal Trust products continued at a good pace. In 1986, 713 new Will appointments were accepted. Continued emphasis was placed on the marketing of our Personal Trust Services through our Will and Estate

Geographic Breakdown Mortgages and Other Loans

(Dollars in Thousands)	1986		1985		1984	
	\$	%	\$	%	\$	%
Nova Scotia/Newfoundland	812,212	31	680,463	29	626,583	28
New Brunswick/PEI/Quebec	439,569	16	460,574	20	414,247	19
Ontario	1,052,167	40	885,472	38	857,491	39
Western Canada	337,227	13	318,214	13	311,635	14
	<u>2,641,175</u>	<u>100</u>	<u>2,344,723</u>	<u>100</u>	<u>2,209,956</u>	<u>100</u>

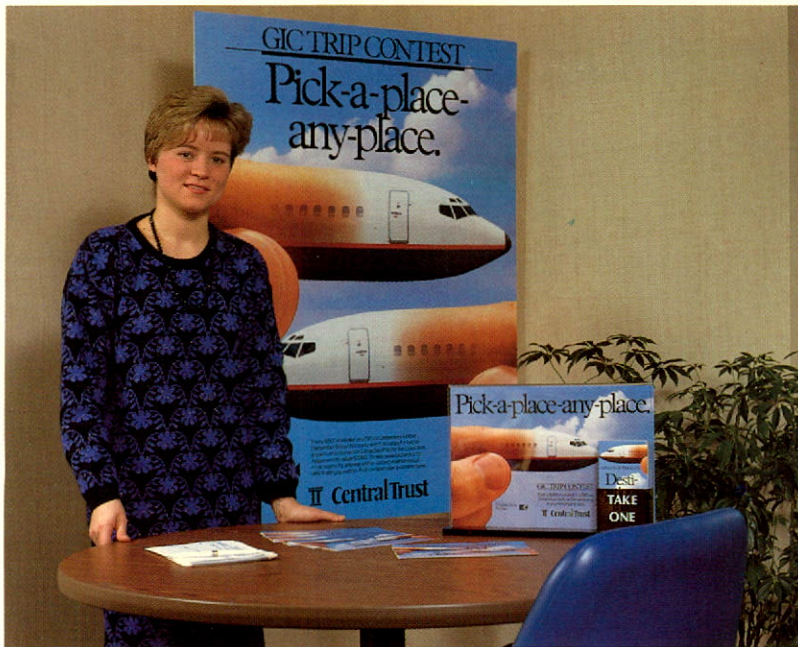
Non-Performing Investments

The emphasis on liquidating non-performing loans continued through 1986. An additional \$15.5 million of properties were acquired by foreclosure during the year, while \$17.8 million were sold. The remaining real estate acquired by foreclosure of \$10.4 million is

secured by ten properties and one of these, the Emerson Centre, an office building in Calgary, Alberta, represents half of the outstanding balance. Taking into account the very low incidence of loan arrears, the Company expects to complete the liquidation of non-productive assets in 1987.

Non-Performing Investments

(Dollars in Thousands)	1986	1985	1984
Conventional Mortgages	\$ 5,293	\$ 7,487	\$ 5,256
Other Loans	664	1,428	—
Real Estate Acquired by Foreclosure	10,448	12,764	30,678
	<u>16,405</u>	<u>21,679</u>	<u>35,934</u>
Allowance for Loan Losses	3,972	5,952	8,012
Estimated Realizable Value	<u>\$12,433</u>	<u>\$15,727</u>	<u>\$27,922</u>



Susan MacIntosh, Assistant Term Deposit Officer. Central Trust offers a variety of term deposit products to its clients. In 1986, the Company experienced an outstanding GIC campaign more than doubling its original objective.

Planning seminars. In 1986, the Trust Division conducted numerous such seminars across Canada.

Our experienced investment professionals continue to provide strong portfolio management for our Investment Management accounts. Growth in this area continues to expand.

In 1987, the Personal Trust Division will launch a strong business development thrust in the major business centres across Canada. This thrust, coupled with our seasoned administrative staff and supported by our branch network, will enable us to achieve greater market share in Personal Trust during 1987.

Corporate Trust Services

Nineteen eighty-six was a year of achievement. Conversion to our new on-line stock transfer system was completed in October, 1986 and now our offices in Halifax, Montreal, Toronto, Calgary and Vancouver are on-line and have the capability to produce all services on-site. Toward the latter part of 1987, we will be testing an enhanced version of our system for installation in 1988.

Fee income increased from \$2.8 million in 1985 to \$3.2 million in 1986, an increase of 14%. Our objective for 1987 is an increase of 20%. The Company's expertise in

corporate financing has resulted in recent appointments as trustee/ registrar of several large debt issues.

Our mission continues to be "quality service at a competitive price" and we have the people and systems to accomplish our mandate.

Real Estate Sales

The Company's Real Estate Sales Division is a fully integrated service in Atlantic Canada.

In 1986, the real estate sales industry remained buoyant for most of the year, and despite increased competition, the Division was

successful in marshalling an expanded sales force to achieve record commissions and record sales volume.

The sales force was increased to 208, 13%, in the year and gross commissions reached \$6.6 million, a year over year increase of 17%. Sales volume increased 19.8% and reached a level of \$160.7 million.

During the year, the Company strengthened its sales management team and despite increased expenses resulting from an expansion and upgrading of operations, generally profits for the year were marginally ahead of 1985 figures. In fact, the increase in the size of the sales force came on late in the year and the full benefit of this increase is expected in 1987. Additional upgrading and expansion of premises will permit the Company to further expand in 1987 resulting in improvement in overall performance.

Marketing and Promotion

The Company unveiled its new image in 1986 with major deposit promotions — the February RRSP Campaign, the Spring Campaign designed to attract new savings and chequing accounts and the Fall Campaign which focused on Term Deposits. New innovative programs were developed for these campaigns which resulted in attracting consumers in record numbers across the country.

During the summer months a



Robert March, Assistant Vice-President, Trust Investments and Mary MacDonald, Senior Secretary. The trust investment function is an important part of the personal trust department.



From left to right: Bob MacInnis, Systems Analyst; Maureen Tate (seated) Coordinator, Term Deposits; Patti Bayard, Supervisor, Term Deposits; Judy Astephen, Term Deposit Officer. In 1986, the Company completed its RRSP conversion project. This new program will allow branches to automatically "key in" and "call up" information regarding clients' RRSP portfolios.

Mortgage Promotion took over the spotlight as we introduced our new Pre-approved Mortgage Service. At the same time, in Atlantic Canada, our Real Estate Division participated in the launch of its newest product — a pre-approved property mortgaging program.

For those in the new car market during the last quarter of 1986, Central offered an attractive loan package that included a significant rate reduction.

The introduction of new and improved services in 1986 created an opportunity for several special promotions: Longer hours, bonus interest on GICs of 1/4% more for Automatic Interest Deposit and a two year open Mortgage product.

Branches and Premises

Company policy is to continuously upgrade premises of existing branches. In November, 1986, the New Glasgow branch was relocated in a modern building designed to adequately house our deposit, lending and real estate sales operations.

Major renovations were undertaken at branches in Brantford, Dartmouth, 1850 Eglinton Avenue in Toronto, Ottawa and Bayers Road Branch in Halifax.

In January, 1987, two new branches were opened in Toronto at Queen Street East and Don Mills. Three additional new branches will open in the first quarter of 1987.

Personnel

The Employee Share Purchase Plan was introduced on January 1, 1986, for purchase of shares of Central Trust with participation by 37% of staff members. During the year, the plan was changed in order to permit purchases of Central Capital shares. By January, 1987, participation had increased to 50% of Central Trust employees.

During 1986, a Suggestion Program was introduced in support of productivity improvement. The Suggestion Program garnered 139 entries during its three month run and saw 17 awards distributed at three levels of contribution.

A video program orienting new employees to the Company, its past, present and future has been produced as part of a planned

approach to coordinating employee expectations with corporate goals. Nineteen eighty-six saw the extension of branch service hours and a large growth in the part-time workforce. In recognition of the needs and contributions of this sector, a benefit package for part-time employees was designed and implemented.

The most significant achievements for the future are the re-introduction of the Training and Development function to the Company and the introduction of a comprehensive Manpower Planning Program. These measures, a review of compensation factors and a new focus on managing performance, see Personnel well positioned to take an integrated approach to supporting strategic initiatives during 1987.

Key Corporate Objectives for 1987

Nineteen eighty-seven is Central Trust's 100th year and will be marked by extensive marketing programs. In concert with these promotions, aggressive performance objectives have been established. The objectives are:

- | | |
|---|--|
| <input type="checkbox"/> Deposit Growth | Increase demand deposits by \$225 million and total deposits by \$640 million. |
| <input type="checkbox"/> Asset Growth—Corporate | Increase total assets by \$670 million to exceed \$4 billion.
Increase floating rate commercial mortgage, and other loans by \$290 million and fixed rate mortgages by \$275 million. |
| <input type="checkbox"/> Asset Growth—Trust Division | Increase trust assets by \$500 million. |
| <input type="checkbox"/> Interest Rate Spread | Achieve a minimum tax equivalent interest rate spread between deposits and investments of 2.5%. |
| <input type="checkbox"/> Fee Income | Increase fee income from personal trust, corporate trust and guaranteed fund by \$2.5 million. |
| <input type="checkbox"/> Customer Service | Improve customer service by:
a) extending the on-line network to all branches, b) offering ATM services by year end in 15 to 20 branches, c) opening eight new branches, and d) introducing five new products and services. |
| <input type="checkbox"/> Return on Equity | Achieve an after-tax return on common shareholders' equity of at least 19%. |
| <input type="checkbox"/> Return on Assets | Achieve an after-tax return of at least 55¢ per \$100 of average corporate assets. |

Consolidated Statement of Income

For the Year Ended December 31, 1986 (Dollars in Thousands)

	1986	1985	1984
Income			
Interest from mortgages and loans	\$ 280,658	\$ 269,945	\$ 266,746
Interest and dividends from investments	51,303	47,678	26,898
Net gains on sale of investments	4,546	1,283	728
	<u>336,507</u>	<u>318,906</u>	<u>294,372</u>
Interest on deposits and certificates	278,718	265,458	245,291
	<u>57,789</u>	<u>53,448</u>	<u>49,081</u>
Provision for mortgage and loan losses	3,900	6,527	7,650
	<u>53,889</u>	<u>46,921</u>	<u>41,431</u>
Net investment income	21,646	17,745	16,961
Fees and commissions	3,935	3,163	4,209
Other income	<u>79,470</u>	<u>67,829</u>	<u>62,601</u>
Real estate sales commissions	6,552	5,623	4,418
Commissions paid to sales agents	3,746	3,092	2,347
	<u>2,806</u>	<u>2,531</u>	<u>2,071</u>
	<u>82,276</u>	<u>70,360</u>	<u>64,672</u>
Operating Expenses			
Salaries and staff benefits	27,974	25,637	24,290
Premises and equipment	15,129	13,730	13,183
Communications and stationery	4,161	3,881	3,456
Marketing	3,193	2,117	1,678
Other	13,057	8,243	7,200
	<u>63,514</u>	<u>53,608</u>	<u>49,807</u>
Operating Income	18,762	16,752	14,865
Income taxes (Note 8)	2,513	5,949	4,860
Net Income Before Extraordinary Items	16,249	10,803	10,005
Non-recurring income	—	1,170	—
Reduction in carrying value of investment in MICC Investments Limited	—	—	5,898
Net Income	<u>\$ 16,249</u>	<u>\$ 11,973</u>	<u>\$ 4,107</u>
Earnings per common share after provision for dividends on preference shares			
Net income before extraordinary items	\$ 1.59	\$.96	\$.87
Net income	1.59	1.10	.13
Common shares outstanding (weighted average)	8,445,215	8,210,085	7,936,233



Consolidated Balance Sheet

December 31, 1986 (Dollars in Thousands)	1986	1985	1984
Assets			
Cash and short term investments	\$ 331,843	\$ 328,303	\$ 218,049
Securities (Note 2)			
Bonds	56,801	153,576	69,815
Stocks	336,101	76,257	75,231
	<u>392,902</u>	<u>229,833</u>	<u>145,046</u>
Mortgages	2,047,822	1,809,612	1,688,687
Loans and advances	593,353	535,111	521,269
Other assets (Note 3)	43,871	42,399	54,248
	<u>\$3,409,791</u>	<u>\$2,945,258</u>	<u>\$2,627,299</u>

Consolidated Statement of Retained Earnings

For the Year Ended December 31, 1986 (Dollars in Thousands)	1986	1985	1984
Balance at beginning of year	\$ 12,139	\$ 9,675	\$ 14,988
Net income for the year	16,249	11,973	4,107
	28,388	21,648	19,095
Dividends to preference shareholders	2,779	2,927	3,068
Dividends to common shareholders	6,767	6,582	6,352
Balance at end of year	<u>\$ 18,842</u>	<u>\$ 12,139</u>	<u>\$ 9,675</u>

Consolidated Balance Sheet

DECEMBER 31, 1986 (Dollars in Thousands)

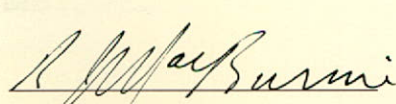
	1986	1985	1984
Liabilities and Shareholders' Equity			
Deposits (Note 4)			
Savings and other demand	\$ 891,393	\$ 731,902	\$ 643,271
Short term	89,868	112,198	116,310
Term	<u>2,254,443</u>	<u>1,975,507</u>	<u>1,747,262</u>
	3,235,704	2,819,607	2,506,843
Other liabilities (Note 5)	18,935	20,256	17,059
Deferred income taxes	14,278	2,628	—
Shareholders' subordinated note (Note 6)	<u>20,000</u>	<u>—</u>	<u>5,000</u>
	53,213	22,884	22,059
	<u>3,288,917</u>	<u>2,842,491</u>	<u>2,528,902</u>
Shareholders' equity			
Capital stock (Note 7)	70,610	69,243	69,157
Contributed surplus	31,422	21,385	19,565
Retained earnings	<u>18,842</u>	<u>12,139</u>	<u>9,675</u>
	120,874	102,767	98,397
	<u>\$3,409,791</u>	<u>\$2,945,258</u>	<u>\$2,627,299</u>

Consolidated Statement of Contributed Surplus

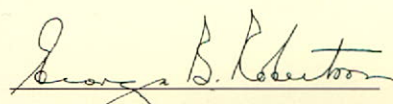
For the Year Ended December 31, 1986 (Dollars in Thousands)

	1986	1985	1984
Balance at beginning of year	\$ 21,385	\$ 19,565	\$ 19,276
Excess of net proceeds from issue of common shares over par value	10,037	1,820	289
Balance at end of year	<u>\$ 31,422</u>	<u>\$ 21,385</u>	<u>\$ 19,565</u>

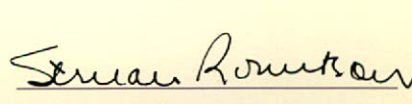
We hereby certify that to the best of our knowledge and belief the Consolidated Balance Sheet and Consolidated Statements of Income, Retained Earnings, Contributed Surplus and Changes in Financial Position of Central Trust Company are correct and show truly and clearly the financial condition of the Company's affairs.



Royden J. MacBurnie
Director



George B. Robertson
Director



Struan Robertson
Director

Consolidated Statement of Changes in Financial Position

For the Year Ended December 31, 1986 (Dollars in Thousands)	1986	1985	1984
Funds Provided From			
Deposits			
Demand	\$159,491	\$ 88,631	\$ 84,676
Short term	(22,330)	(4,112)	(50,461)
Term	278,936	228,245	205,654
	<u>416,097</u>	<u>312,764</u>	<u>239,869</u>
Operations			
Net income	16,249	11,973	4,107
Depreciation, deferred income taxes and other non-cash items charged/ credited to net income	14,094	2,005	12,814
	<u>30,343</u>	<u>13,978</u>	<u>16,921</u>
Shareholders' subordinated note	20,000	(5,000)	5,000
Common shares issued	12,730	3,231	560
	<u>479,170</u>	<u>324,973</u>	<u>262,350</u>
Less:			
Additions to premises and equipment, net	3,246	2,536	2,085
Redemption of preference shares	1,325	1,325	1,325
Dividends paid—preference shares	2,779	2,927	3,068
— common shares	6,767	6,582	6,352
Net increase (decrease) in other assets over other liabilities	4,779	(2,439)	2,076
	<u>18,896</u>	<u>10,931</u>	<u>14,906</u>
Net Funds Provided for Investment	<u>\$460,274</u>	<u>\$314,042</u>	<u>\$247,444</u>
Net Funds Invested			
Cash and short term	\$ 3,540	\$110,254	\$120,450
Bonds	(96,775)	83,761	27,374
Stocks	259,844	1,026	(5,820)
Mortgages	240,681	119,802	83,861
Loans and advances	58,258	13,455	22,184
Real estate held for sale and non-productive loans	(5,274)	(14,256)	(605)
Total Funds Invested	<u>\$460,274</u>	<u>\$314,042</u>	<u>\$247,444</u>

Auditors' Report to the Shareholders

To the Shareholders of Central Trust Company

We have examined the consolidated balance sheet of Central Trust Company as at December 31, 1986 and the consolidated statements of income, retained earnings, contributed surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1986 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.

Halifax, Nova Scotia
February 4, 1987

Doane Raymond
Doane Raymond
Chartered Accountants

Notes to Consolidated Financial Statements

December 31, 1986

1. Summary of Significant Accounting Policies:

a) Consolidation

The financial statements reflect the consolidated financial position at December 31, 1986 and the consolidated results of operations for the year ended on that date of Central Trust Company and its wholly-owned subsidiary companies: Central and Eastern Mortgage Corporation, Novatrust Properties Ltd., Federal Trustco Properties Limited and Yarmouth Building and Loan Society.

b) Securities

Bonds are stated at amortized cost plus accrued interest and stocks at cost plus dividends receivable. Gains and losses on securities are reflected in net income as realized.

c) Office Premises and Equipment

Land is stated at cost, and office premises and equipment are stated at cost less accumulated depreciation and amortization. Rates of depreciation and amortization applied against the cost of these assets are as follows:

Buildings	— 2½% straight-line
Equipment	— 20% declining balance
Leasehold improvements	— Straight-line over the terms of the leases, but not less than 10% per annum

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

d) Deferred Costs

Costs relating to the development of major computer systems and the deposit commissions paid in accordance with the Agreement referred to in Note 10 are amortized on a straight-line basis over a maximum term of five years from the completion date and the payment date respectively.

e) Mortgage Rate Reductions

From time to time, the Company makes mortgage loans at rates of interest below current market rates in consideration of a payment by the mortgagors. A portion of such payments is amortized into income over the terms of the mortgages.

f) Income Taxes

The Company follows the tax allocation basis of accounting whereby income taxes are deferred to future years as a result of the deduction of amounts allowable in computing income for tax purposes which are greater or less than the amounts provided for in the accounts, with respect to investment reserve, depreciation and other items.

g) Non-Performing Loans

Mortgages and loans of \$100,000 or greater, in arrears more than four payments and where collectibility is considered doubtful, are classified as non-performing and cease to accrue further interest.

h) Comparative Information

Financial information for previous years has been reclassified, where necessary, for comparative purposes.

2. Securities

	1986		1985		1984	
	Stated Value	Market Value	Stated Value	Market Value	Stated Value	Market Value
(Dollars in Thousands)						
Bonds						
Government of Canada	\$ 19,699	\$ 19,969	\$117,559	\$120,318	\$ 47,414	\$ 48,083
Provinces of Canada	13,737	12,576	28,651	26,835	19,295	15,829
Other	23,365	22,214	7,366	7,505	3,106	2,781
	<u>56,801</u>	<u>54,759</u>	<u>153,576</u>	<u>154,658</u>	<u>69,815</u>	<u>66,693</u>
Stocks						
Preferred	281,222	291,017	59,435	59,918	57,199	51,103
Common	54,879	51,170	16,822	19,861	18,032	16,502
	<u>336,101</u>	<u>342,187</u>	<u>76,257</u>	<u>79,779</u>	<u>75,231</u>	<u>67,605</u>
	<u>\$392,902</u>	<u>\$396,946</u>	<u>\$229,833</u>	<u>\$234,437</u>	<u>\$145,046</u>	<u>\$134,298</u>

3. Other Assets

	1986	1985	1984
	(Dollars in Thousands)		
Real estate held for sale and non-performing mortgages and loans, at estimated realizable value	\$12,433	\$15,727	\$27,922
Office premises and equipment, at cost less accumulated depreciation \$13,266,000 (1985-\$11,627,000, 1984-\$9,989,000)	13,611	13,142	12,243
Real estate investment properties, at cost less accumulated depreciation \$602,000 (1985-\$510,000, 1984-\$417,000)	5,067	5,159	5,252
Other	12,760	8,371	8,831
	<u>\$43,871</u>	<u>\$42,399</u>	<u>\$54,248</u>

4. Guaranteed Investment Account

Total assets shown on the balance sheet include assets held for Guaranteed Investment Account of \$3,235,704,000 (1985-\$2,819,607,000, 1984-\$2,506,843,000) securing guaranteed investment liabilities of like amount.

5. Other Liabilities

	1986	1985	1984
	(Dollars in Thousands)		
Notes, mortgages and capital leases	\$ 7,830	\$ 8,705	\$ 8,323
Other	11,105	11,551	8,736
	<u>\$18,935</u>	<u>\$20,256</u>	<u>\$17,059</u>

The notes, mortgages and capital leases are secured by a first charge on specific assets having a net book value of \$11,199,000 (1985-\$12,408,000, 1984-\$12,373,000).

The minimum payments required on these liabilities for the next five years total \$4,327,000.

6. Shareholders' Subordinated Note

The Company has issued a note payable to Central Capital Corporation which bears interest at Central Trust prime lending rate and matures on December 31, 2085. The note is convertible into common shares of the Company at a price equal to the greater of \$20.625 and the average price at which such shares traded during the ten days immediately preceding the date of conversion.

7. Capital Stock

	Note Reference	Par Value	Authorized	Issued	1986	1985	1984
					(Dollars in Thousands)		
Cumulative redeemable Preference Shares (the '1981 Class Preference Shares')	(i)	\$25.00	7,780,000				
Series A				360,000	\$ 9,000	\$ 9,600	\$10,200
Series B				150,000	3,750	4,000	4,250
Series C				150,000	3,750	4,000	4,250
Preference Shares (the '1983 Class Preference Shares')	(ii)	\$25.00	8,000,000	600,000	15,000	15,000	15,000
7½% cumulative redeemable non-voting Preference Shares (the '7½% Preference Shares')	(iii)	\$10.00	315,000	315,000	3,150	3,375	3,600
Common Shares	(iv)	\$ 4.00	30,000,000	8,990,000	35,960	33,268	31,857
					<u>\$70,610</u>	<u>\$69,243</u>	<u>\$69,157</u>

In summary, the terms and conditions attached to the various issues of Preference Shares are set forth below. The consent of the Superintendent of Insurance (Canada) must be obtained prior to shares of any series being redeemed, purchased, reduced or otherwise paid off by the Company.

(i) 1981 Class Preference Shares

The 1981 Class Preference Shares may be issued in one or more series. Each series will rank on a parity with every other series of 1981 Class Preference Shares, with the 1983 Class Preference Shares and with the 7½% Preference Shares. The Company is required to redeem in each calendar year 5% of any such issued and fully paid Preference Shares at a price of \$25 per share plus the amount of all dividends accrued and unpaid thereon up to the date fixed for redemption. The Company has issued three series (Series A, Series B and Series C) of 1981 Class Preference Shares. Pursuant to the above redemption provisions, the Company redeemed 24,000 Series A shares, 10,000 Series B shares and 10,000 Series C shares for cash in 1986.

Series A, B and C shares are entitled to a quarterly dividend. Series A shares at a rate, expressed on a per annum basis, equal to the sum of 1¾% and ½ the mean prime rate of five Canadian chartered banks, to a maximum of 9¾% per year. Series B shares at a rate, adjusted quarterly and expressed on a per annum basis, equal to the sum of ½ the prime rate of two Canadian chartered banks and 1¾%. Series C shares at a rate, adjusted quarterly and expressed on a per annum basis, equal to the sum of ½ the prime rate of two Canadian chartered banks and 1⅙%. The dividend rate for Series A and C shares may be increased by the Company upon the occurrence of certain events resulting from changes in tax legislation.

The Series A, B and C Preference Shares may be redeemed, or purchased for cancellation, at the option of the Company in whole or in part, at any time, subject to certain conditions. The shares of all three series are retractable at the option of the respective holders thereof on March 31, 1991, at par plus accrued and unpaid dividends. The Company has the right to adjust the basis for determining the dividend rate and to establish additional retraction privileges applicable to each series at that time. These shares are non-voting unless two quarterly dividends of any series of 1981 Class Preference Shares issued are in arrears or the Company fails to redeem any shares as required and such failure continues for a period of six months. Any voting rights so acquired terminate when such situations are rectified.

(ii) 1983 Class Preference Shares

The 1983 Class Preference Shares may be issued in one or more series. Each series will rank on a parity with every other series of 1983 Class Preference Shares, with the 1981 Class Preference Shares and with the 7½% Preference Shares. These shares are non-voting unless eight quarterly dividends on any series of 1983 Class Preference Shares are in arrears, in which case, any voting rights so acquired terminate when such dividends have been paid. The Company has issued one series ('Series 1') of 1983 Class Preference Shares consisting of 600,000 cumulative, redeemable, retractable Preference Shares.

The Series 1 shares are entitled to a fixed cumulative dividend of \$2.3125 per share per annum, payable quarterly on the first day of January, April, July and October in each year. They are retractable at the option of the respective holders thereof on July 1, 1993, at a price of \$25.00 per share plus accrued and unpaid dividends. The Company has the right once at any time before the Retraction Date to increase the dividend rate on those shares effective as of a dividend date following July 1, 1993. The Series 1 Preference Shares may be redeemed, at the option of the Company, in whole or in part, at any time after July 1, 1991, subject to certain conditions.

The Series 1 Preference Shares may be purchased for cancellation, at the option of the Company, in whole or in part, at any time, subject to certain conditions. The Company shall make all reasonable efforts to purchase for cancellation during each calendar quarter commencing July 1, 1988 and thereafter, a prescribed number of Series 1 Preference Shares at a price of \$25.00 per share, plus accrued and unpaid dividends and costs of purchase.

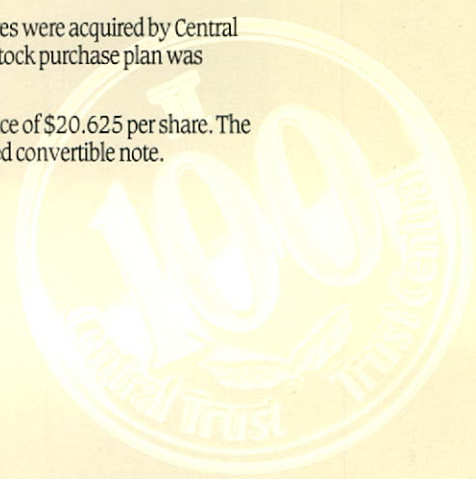
(iii) 7½% Preference Shares

The 7½% Preference Shares are entitled to a quarterly dividend at the rate of 7½% per annum. The Company is required to purchase 22,500 of these shares for cancellation in each year at par plus accrued and unpaid dividends thereon to the date fixed for such purchase. 22,500 of these shares were purchased for cash by the Company in 1986. All 7½% Preference Shares outstanding on May 16, 1990, are to be redeemed by the Company at that time at par plus accrued and unpaid dividends. The Company may, at its option, redeem all or any part of these shares prior to 1990, subject to certain conditions.

(iv) Common Shares

Pursuant to a share exchange offer which expired June 19, 1986, 95.5% of the outstanding Common Shares were acquired by Central Capital Corporation. In accordance with the terms of the offer, the Company's dividend reinvestment and stock purchase plan was terminated. At December 31, 1986, all options granted were either exercised or relinquished.

In December, the Company issued 508,500 Common Shares for cash to Central Capital Corporation at a price of \$20.625 per share. The Company has set aside up to 1,000,000 Common Shares under the terms of the shareholders' subordinated convertible note.



8. Income Taxes

The effective rate of corporate income taxes varies from statutory rates due to certain investment income not being subject to tax.

9. Commitments

Leases

The commitments made under long term leases for premises and equipment for the next five years are as follows:

1987	1988	1989	1990	1991
\$5,234,000	\$4,477,000	\$3,393,000	\$2,394,000	\$1,761,000

Mortgage and Loan Advances

Outstanding commitments for mortgage and loan advances at December 31, 1986, amounted to \$315,300,000 (1985—\$251,972,000; 1984—\$141,384,000).

10. Contractual Obligation—Agency and Operating Agreement relating to Crown Trust Company

On February 7, 1985, the Company entered into an Agency and Operating Agreement with Crown Trust Company, the Registrar under the Loan and Trust Corporations Act (Ontario) and Canada Deposit Insurance Corporation, whereby Central Trust Company was appointed agent of Crown Trust Company to conduct, manage, operate and administer substantially all of the business, affairs, undertaking, operations, assets, liabilities and obligations of Crown Trust Company until February 7, 1988.

The Company is to pay to Crown Trust Company during the term of the Agreement (1) commissions to a maximum of \$7,000,000 based on the deposit liabilities reflected in the records of the former Crown branches and (2) commissions in respect of the revenue earned on the estates, trusts and agencies formerly administered by Crown Trust Company.

The Company receives a fee for its services to Crown Trust Company.

11. Contingencies

Famous Players Development Corporation Limited and Bedford House Corporation, Toronto-based real estate developers, have included Central Trust Company in an action commenced in the Supreme Court of Ontario on October 29, 1986, against Central Capital Corporation and certain of its subsidiaries for damages in excess of \$50 million which they allege they have incurred in connection with a proposed financing. Based upon the advice of counsel, the Company believes such claim is not meritorious and is defending the claim vigorously.

12. Related Party Transactions

During the year, the Company sold its holdings of Common Shares and 8% Second Preferred Shares, Series A of MICC Investments Limited to Central Capital Corporation at the market value at the date of the Agreement.



Earnings

During 1986, Central Trust continued its steady growth pattern, reporting an increase in earnings for the fifth consecutive year with earnings for the year at an all-time record. Net income increased to \$16.2 million, an increase of 36% over 1985. Net income per share rose to \$1.59, also a record high and an increase of 45% over the previous year.

Return On Shareholders' Equity/Return On Assets

These two key ratios also reflect improved results, with return on common shareholders' equity of 18.4% compared to 14.2% in 1985 and return on assets of .52% compared to .43%.

Asset Growth

The Company's assets increased by 16% to \$3.4 billion, an increase of \$465 million in the year. In the past five years, assets have increased by \$1.5 billion, a 79% increase.

In the year, the securities portfolio increased by \$163 million, mortgages by \$238 million and other loans by \$58 million.

Source of Funds

Retail deposits are the principal source of funds used to finance the Company's assets. During the year, deposits increased by \$416 million to \$3.2 billion. This increase is made up of increased term deposits of \$279 million and savings, short term and other deposits of \$137 million.

Liquidity

Under the Trust Companies Act, the Company is required to maintain specified liquid assets of at least 20% of its demand deposits and term deposits maturing within 100 days. At December 31, 1986, the Company's liquidity ratio stood at 49.5%, well in excess of the 20% statutory requirement.

Capital Ratio

The Company's capital base grew dramatically during 1986 as a result of (a) a retained earnings increase of \$6.7 million, (b) the sale of \$10.5 million of Common Shares to Central Capital Corporation, and (c) the issuance of a \$20 million subordinated convertible 99-year note to Central Capital Corporation.

Shareholders' funds at December 31, 1986, totalled \$140.9 million compared to \$102.8 million at December 31, 1985. The Superintendent of Insurance permits the Company's ratio of deposits and borrowings to be 25 times its adjusted capital base. At December 31, 1986, the ratio of deposits and borrowings to shareholders' funds (unadjusted) stood at 23.10 times.

Net Interest Spread

The net interest spread (the difference between the yield on assets and cost of deposits) for the year on a tax equivalent basis averaged 2.23% as compared with 2.04% in 1985. Net interest income on a grossed-up basis was \$69.6 million, an increase of \$12.5 million or 22%. Increased volume accounted for \$6.9 million of the improvement and improved spread for \$5.6 million.

Net Interest Income

(Dollars in Thousands)

	1986	%	1985	%
Investment income	\$331,961	10.62	\$317,623	11.32
Tax equivalent gross-up	16,383	.52	4,990	.18
	<u>348,344</u>	<u>11.14</u>	<u>322,613</u>	<u>11.50</u>
Interest on loans and deposits	278,718	8.91	265,458	9.46
Net interest	<u>\$ 69,626</u>	<u>2.23</u>	<u>\$ 57,155</u>	<u>2.04</u>

Asset/Liability Management

Interest Rate Sensitivity

Interest rate sensitivity relates to assets and liabilities on which the interest rate is subject to change as a result of changes in market interest rates. For example, loans tied to prime and demand and other short term deposits are interest rate sensitive. The purpose of rate sensitivity management is to avoid undue risk during periods of fluctuating interest rates. The table below shows the interest sensitivity gap as of the last day of the year, representing the difference between interest sensitive assets and liabilities. At December 31, 1986, the Company had \$194 million more deposits than assets which were interest sensitive within one year compared to \$105 million a year earlier.

Investments and Deposits by Interest Rate Sensitivity

December 31, 1986

(Dollars in Thousands)

	Within 30 days	Within 31-90 days	Within 91 days-1 year	Totals Within 1 year
Investments				
Cash and Short Term Investments	\$ 165,000	\$ 152,000	\$ 18,000	\$ 335,000
Mortgages and Loans and Other Assets	650,000	225,000	429,000	1,304,000
Preferred Shares	105,000	—	10,000	115,000
	<u>\$ 920,000</u>	<u>377,000</u>	<u>457,000</u>	<u>1,754,000</u>
Deposits and Capital				
Term Deposits	240,000	256,000	615,000	1,111,000
Demand Deposits	801,000	—	—	801,000
Capital and Other Items	36,000	—	—	36,000
	<u>\$1,077,000</u>	<u>\$ 256,000</u>	<u>\$ 615,000</u>	<u>\$1,948,000</u>
Interest Sensitive Gap	<u>(\$ 157,000)</u>	<u>\$ 121,000</u>	<u>(\$ 158,000)</u>	<u>(\$ 194,000)</u>

Matching Assets and Liabilities

To avoid wide fluctuations in interest income in periods of volatile interest rates, it is Company policy to match within reasonable tolerances maturity assets by year with deposits maturing in the same year. The table below sets forth the Company's matching position as of December 31 of each year.

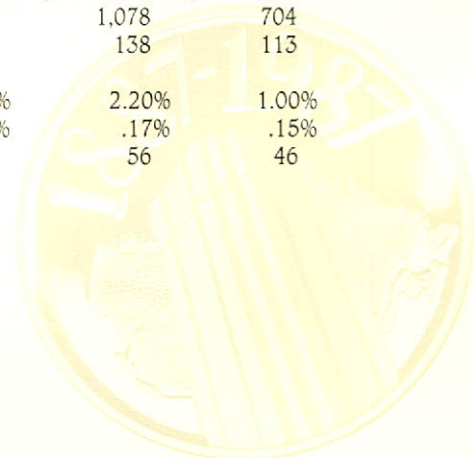
Schedule of Maturities December 31

(Dollars in Millions)

	1986			1985		
	Mortgages and Investments	Deposits and Other	Mismatch	Mortgages and Investments	Deposits and Other	Mismatch
Demand and within 1 year	\$1,754	\$1,948	(\$194)	\$1,667	\$1,772	(\$105)
1-2 years	414	462	(48)	348	325	23
2-3 years	415	361	54	375	338	37
3-4 years	262	233	29	215	197	18
4-5 years	361	278	83	237	214	23
Over 5 years	204	128	76	103	99	4
	<u>\$3,410</u>	<u>\$3,410</u>	<u>—</u>	<u>\$2,945</u>	<u>\$2,945</u>	<u>—</u>

Comparative Five Year Record

For the Year Ended (Dollars in Thousands)	1986	1985	1984	1983	1982
Income					
Interest and dividends	\$ 331,961	\$ 317,623	\$ 293,644	\$ 256,367	\$ 244,913
Interest on deposits	278,718	265,458	245,291	217,459	223,136
	53,243	52,165	48,353	38,908	21,777
Net gains on investments	4,546	1,283	728	1,776	114
Provision for loan losses	(3,900)	(6,527)	(7,650)	(8,192)	(3,261)
Net investment income	53,889	46,921	41,431	32,492	18,630
Fees and commissions	24,452	20,276	19,032	23,018	7,394
Other operating income	3,935	3,163	4,209	2,674	2,852
	82,276	70,360	64,672	58,184	28,876
Expenses					
Salaries and staff benefits	27,974	25,637	24,290	23,355	14,762
Other operating expenses	35,540	27,971	25,517	22,191	12,899
	63,514	53,608	49,807	45,546	27,661
Operating income	18,762	16,752	14,865	12,638	1,215
Income taxes (recovery)	2,513	5,949	4,860	3,038	(3,377)
Net Income Before Extraordinary Items	16,249	10,803	10,005	9,600	4,592
Insurance proceeds and other non-recurring income	—	1,170	—	—	—
Reduction in carrying value of investment in MICC Investments Limited	—	—	5,898	5,857	—
Income (loss) from equity investment	—	—	—	—	(1,674)
Net Income	\$ 16,249	\$ 11,973	\$ 4,107	\$ 3,743	\$ 2,918
Earnings Per Common Share After Providing For Dividends on Preference Shares					
Net income before extraordinary items	\$ 1.59	\$.96	\$.87	\$ 1.01	\$.35
Net income	1.59	1.10	.13	.18	.08
Dividends paid on Common Shares	.80	.80	.80	.80	.80
At December 31 (Dollars in Thousands)					
Assets under administration	\$4,900,000	\$4,064,000	\$3,797,000	\$3,622,000	\$2,388,000
Company and guaranteed assets	3,410,000	2,945,000	2,627,000	2,389,000	1,936,000
Estates, trusts and agency accounts	1,490,000	1,119,000	1,170,000	1,233,000	452,000
Marketable securities	725,000	558,000	363,000	230,000	271,000
Mortgage loans	2,048,000	1,810,000	1,689,000	1,605,000	1,412,000
Other loans and advances	593,000	535,000	521,000	499,000	201,000
Demand deposits	891,000	732,000	643,000	559,000	432,000
Term deposits	2,344,000	2,088,000	1,864,000	1,708,000	1,402,000
Shareholders' subordinated note	20,000	—	—	—	—
Shareholders' equity	121,000	103,000	98,000	104,000	76,000
Statistical Data					
Average number of Common Shares outstanding	8,445,215	8,210,085	7,936,233	7,076,543	6,238,975
Price range of Common Shares—High	\$ 22.88	\$ 16.00	\$ 14.00	\$ 14.00	\$ 9.50
—Low	\$ 13.00	\$ 9.75	\$ 9.25	\$ 8.50	\$ 5.50
Number of full-time employees at year end	1,018	1,015	1,026	1,078	704
Number of real estate sales representatives	208	180	160	138	113
Return on average common shareholders' equity	18.42%	14.15%	1.64%	2.20%	1.00%
Return on average assets	.52%	.43%	.16%	.17%	.15%
Number of full service branch offices	57	57	57	56	46



Board of Directors and Committees of the Board of Directors

H. Reuben Cohen

Moncton, N.B.
Barrister & Solicitor

C.W. (Peter) Cole

Toronto, Ont.
Chairman and Chief Executive Officer,
Central Capital Management Inc.

Arthur M. Dechman

Bridgewater, N.S.
President and General Manager,
Acadia Construction Limited

Glendon F. Eddy

Bathurst, N.B.
Corporate Director

Leonard Ellen

Westmount, Que.
Chairman, Leonard Ellen Canada Inc.

Hume M. Ellis

Moncton, N.B.
Corporate Director

Edwin A. Goodman

Toronto, Ont.
Senior Partner, Goodman & Goodman
(Barristers & Solicitors)

Douglas J. Hamm

Sackville, N.B.
Chairman, Atlantic Wholesalers Limited

W. Thomas Hodgson

Toronto, Ont.
President and Chief Operating Officer,
Central Capital Management Inc.

Royden J. MacBurnie

Dartmouth, N.S.
Executive Vice-President,
Finance and Planning
Central Trust Company

Horace R. MacFarlane

Summerside, P.E.I.
President,
Prince Edward Island Bag Co. Ltd.

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Halifax, N.S.
Senior Partner, MacInnes Wilson
Flinn Wickwire
(Barristers & Solicitors)

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Chairman of the Board,
Schenley Canada Inc.

Ralph M. Medjuck

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Chairman and Chief Executive Officer,
The Centennial Group of Companies Limited

Derek Oland

Halifax, N.S.
President and Chief Operating Officer,
Moosehead Breweries Limited

Angela Peters

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Corporate Director

R. Wendell Phinney

Kentville, N.S.
President, Phinney Holdings Limited

George B. Robertson

Halifax, N.S.
Senior Partner, McInnes, Cooper
& Robertson
(Barristers & Solicitors)

Struan Robertson

Halifax, N.S.
President and Chief Executive Officer,
Central Trust Company

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Dieppe, N.B.
Counsel, Yeoman, Savoie, LeBlanc
& Associates
(Barristers & Solicitors)

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President, Schwartz Holdings Ltd.

Donald M. Smith

London, England
Agent General, Province of Nova Scotia

John E.C. Winslow

Woodstock, N.B.
President, Winslow & Winslow Limited

Executive Committee

Chairman: Struan Robertson
H. Reuben Cohen
C.W. (Peter) Cole
Leonard Ellen
Edwin A. Goodman
Douglas J. Hamm
W. Thomas Hodgson
Royden J. MacBurnie
W. John MacInnes
George B. Robertson

Lending Committee

Chairman: Struan Robertson
H. Reuben Cohen
Arthur M. Dechman
Derek Oland
Royden J. MacBurnie
W. John MacInnes
Ralph M. Medjuck
William E. Schwartz

Trust Committee

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Glendon F. Eddy
Edwin A. Goodman
Royden J. MacBurnie
Harold T. Martin

Investment Committee

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H. Reuben Cohen
Douglas J. Hamm
Royden J. MacBurnie
Struan Robertson

Audit Committee

Chairman: Hume M. Ellis
Royden J. MacBurnie
W. John MacInnes
Angela Peters
George B. Robertson

Pension Committee

Chairman: George B. Robertson
Robert B. Blight
Donald L. Copeland
Elizabeth A. MacDonald
Angela Peters
R. Wendell Phinney

Human Resources Committee

Chairman: Douglas J. Hamm
Donald W. McNaughton
Struan Robertson



Officers

Struan Robertson B. Comm., L.L.B., D. Eng.
President and Chief Executive Officer

H. Reuben Cohen, O.C., Q.C.
Deputy Chairman of the Board

W. Thomas Hodgson, M.B.A.
Senior Executive Vice-President
and Chief Operating Officer

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Finance and Planning

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Senior Vice-President, Branch Operations

Harold T. Martin, LL.B.
Senior Vice-President,
Administration, Ontario

James P. McClocklin, B.Sc.
Senior Vice-President, Trust Services

Donald W. Saunders, B.B.A.
Senior Vice-President, Corporate Services

C.W. (Peter) Cole
Vice-President

Donald M. Smith
Vice-President

Suzan M. MacLean, B.A., M.C.A., LL.B.
Vice-President, General Counsel
and Secretary

Management

F. Roland Avis, M.T.I.
Vice-President, Data Processing

Patricia A. Bewers, B.Sc. (Hons.), F.L.M.I.
Assistant Vice-President,
Systems Development

Pamela J. Zwicker
Manager, Computer Services

Earl D. Bederman, M.B.A.
Vice-President & Chief Economist

Joseph E. Brinton, C.A.
Vice-President, Accounting Services

Marilyn J. Swan, C.G.A.
Comptroller

Brenda P. Murray, C.M.A., M.T.C.I.
Manager, Financial Planning

J. Jeffrey Coates
Vice-President, Mortgages

Greg H. Eby, Bus. Comm.,
Vice-President,
Corporate Trust Services

G. Wilfred Fern, M.T.C.I.
Vice-President,
Corporate Trust Development

John G. Mroz, Q.C.
Vice-President, Real Estate Sales

Russel J. Robertson, M.B.A.
Vice-President

Gerald N. Slaunwhite, M.T.C.I.
Vice-President, Administration

Llewellyn C. Chase, A.I.C.B.
Manager, Administration Services

Norman S. Duncan
Manager, Premises Projects

Elizabeth A. MacDonald, B.A.
Assistant Vice-President, Personnel

L.J. (Bud) Stoner, M.T.C.I.
Manager, Training & Development

James E. Oliver, B.A., M.P.A.
Manager, Manpower Planning

Barbara P. Calvin, B.Comm.
Assistant Vice-President, Retail Products

Jane Corkum, B.Sc.
Manager, Lending Services

Brent W. Everett, M.T.I.
Manager, Deposit Services

Barry M. Martin, B.B.A., C.I.A.
Assistant Vice-President, Audit Services

Mary E. Moulton
Assistant Vice-President,
Marketing Services



Members of the Company's management team as shown, sitting from left to right: Struan Robertson, W. Thomas Hodgson. Back row left to right: Christopher J. Cann, Kenneth R. Eddy, James P. McClocklin, Harold T. Martin, Donald W. Saunders, Royden J. MacBurnie.

Atlantic Region

Regional Office

5415 Spring Garden Road
Halifax, Nova Scotia
B3J 3J1
Telephone (902) 422-1331
Ernest K. Davison, M.T.C.I.
Vice-President, Trust Services
Robert B. Blight, B.Comm., M.T.C.I.
Assistant Vice-President
Trust Investments
Steven R. Fowler, B.Comm. M.T.C.I.
Regional Manager, Trust Services
1801 Hollis St.
(902) 420-2000
Elliott L. Hayes, M.T.C.I.
Vice-President, Branch Operations

Branches, Branch Managers and Advisory Boards

Bedford, Nova Scotia

Bedford Office Tower
John S. Davies, Branch Manager
David L. Potter, Manager
Real Estate Sales
Advisory Board:
Arthur J. Hustins, Jr., Chairman
David F. English, LL.B.
G. Royce Hefler
John W. Payzant



Kathie Cummings, Mortgage Secretary; Struan Robertson, President and Chief Executive Officer; Jack MacLean, Mayor, Town of New Glasgow; Jim Bailey, Manager; Susan MacLeod, Senior Teller. In 1986, Central Trust relocated its New Glasgow, Nova Scotia branch. This growth will follow into 1987 as eight new branches are scheduled to open.

Bridgewater, Nova Scotia

557 King Street
William E. McInnis, Branch Manager
Advisory Board:
Arthur M. Dechman, P.Eng.,
Chairman
Robert C. Hebb
Miriam E. Penney
Cecil S. Smith, C.A.
J. David F. Theakston, Q.C.

Dartmouth, Nova Scotia

97 Portland Street
Darrell C. Kennie, Branch Manager
S. Brian Kempton, Manager
Real Estate Sales
Advisory Board:
C. Arnold Patterson, Chairman
Douglas H. Cochrane
Kirk E. MacCulloch
Hector H. Newport
Wylie F. Verge, M.D.

Halifax, Nova Scotia

5415 Spring Garden Road
Harold Kempster, M.T.C.I.
Branch Manager
1801 Hollis Street
Winston P. Bradley, M.T.C.I.
Vice-President & Branch Manager
Bayers Road Shopping Centre
Larry M. Martin, M.T.C.I.
Branch Manager
Francis A. MacDonald, Manager
Real Estate Sales,
Metro Halifax-Dartmouth

Kentville, Nova Scotia

42 Webster Street
D. Keith MacDonald, M.T.C.I.
Branch Manager
Charles H. Neary, Manager
Real Estate Sales
Advisory Board:
R. Wendell Phinney, Chairman
R. Owen DeWolfe
K. Leroy Taylor, Q.C.
Graham K. Thompson
William F. Wade

New Glasgow, Nova Scotia

156 Riverside Parkway
James A. Bailey, Branch Manager
Jean H. Dickie, Manager
Real Estate Sales
Sub-Real Estate Office
195 Main Street
Antigonish, Nova Scotia
Advisory Board:
Chesley D. Fraser, Chairman
Merritt G. Crawford

Port Hawkesbury, Nova Scotia

Reeves Street
J. Nelson Gaudet, Branch Manager
Advisory Board:
Larry K. Evans, LL.B., Chairman
James M. Graham

Sydney, Nova Scotia

225 Charlotte Street
H.A. Wellington McCoubrey
Branch Manager
C.E. (Ted) Tracey
Manager, Real Estate Sales
Advisory Board:
Harvey L. Webber, Q.C., Chairman
Wayne Beaton
Stuart M. Hickey
Irving Schwartz

Truro, Nova Scotia

16 Inglis Place
Stephen C. Tufts, Branch Manager
Advisory Board:
Walter T. Purdy, Chairman
Donald H. Goodspeed
Garry Pye
Clifton H. Sproule

Yarmouth, Nova Scotia

360 Main Street
James Crosby, B.Comm.,
Branch Manager
Advisory Board:
Harold W. MacConnell, Chairman
B. William Bishop, F.C.A.
Irving C. Pink, Q.C.
Victor H. Rodney
Walter W. Wilson

Corner Brook, Newfoundland

Valley Mall,
1 Mount Bernard Avenue
Lois E. Burton, Branch Manager
Advisory Board:
Arthur R. Lundrigan, Chairman
Leonard A. Martin, Q.C.
David L. Tizzard
Eugene O. Vivian

Gander, Newfoundland

320 Elizabeth Drive
J. Paul Parsons, Branch Manager
Advisory Board:
Wayne W. Tucker, Chairman
Bryan K. MacLaggan
David E. Power

St. John's, Newfoundland

95 Bonaventure Avenue
Deborah M. Gagnon,
Branch Manager
198 Water Street
Terrence H. MacDonald
Branch Manager
Keith O'Brien
Manager, Real Estate Sales
Advisory Board:
John J. O'Neill, Chairman
Andrew C. Crosbie
Albert E. Hickman
Noel C. Hutton

Eastern Region

Regional Office

860 Main Street
Moncton, New Brunswick E1C 8M1
Telephone (506) 853-4370

John L. Gertridge
Vice-President, Branch Operations
Ronald C. Morse, M.T.C.I.
Manager, Trust Services

Branches, Branch Managers and Advisory Boards

Amherst, Nova Scotia

136 Victoria Street
William D. Flemming, B.Sc.
Branch Manager

Advisory Board:
Douglas J. Hamm, Chairman
Douglas R. Bragg
E. Clair Hicks, Q.C.
Russell O. Hunter
Donald W. Tingley

Bathurst, New Brunswick

191 Main Street
William A. Peters, Branch Manager

Advisory Board:
Glendon F. Eddy, Chairman
W. Blair Orser, M.D.
Armand E. Roy, C.A.

Campbellton, New Brunswick

123 Water Street
Jean Paul Melanson, B.B.A.,
Branch Manager

Advisory Board:
Robert L. Melville, Chairman
J. Ludger Bernard, Q.C.
Allan H. Miller

Edmundston, New Brunswick

14 Court Street
J.R. Maurice Pelletier
Branch Manager

Advisory Board:
Lawrence B. Coburn, Chairman
Henri P. Clavette
Raymond Corbin, M.D.
Knut Grotterod
Louis P. Pichette, M.D.

Fredericton, New Brunswick

494 Queen Street
Wayne V. Dauphinee, M.T.C.I.
Branch Manager

Marc Champagne
Manager, Real Estate Sales

Advisory Board:
W. Hedley Wilson, Chairman
D. Frederick Campbell
John W. Morrison
J. Gordon Neill
D. Chester Campbell

Moncton, New Brunswick

860 Main Street
Robert A. Glennie, Branch Manager

1199 Main Street
Georges E. Gaudet, B.Comm.
Branch Manager

Constance R. MacCallum, F.R.I.
Manager, Real Estate Sales

Sub-Real Estate Office
Centreville Mall, Shediac

Advisory Board:
Hume M. Ellis, Chairman
R. Douglas Bannon
Sumner M. Fraser
M. Adelard Savoie, O.C., Q.C.
George T. Urquhart
J.E. Murphy

Newcastle, New Brunswick

117 Henry Street
David A. Tracy, M.T.C.I.
Branch Manager

Advisory Board:
Jack F. Esson, Chairman
Leon C. Bremner
Jack B. Estey
John L. McAllister

Saint John, New Brunswick

Coburg and Union Streets
Douglas M. Gordon, Branch Manager

Harold L. Coughlan, F.R.I.
Manager, Real Estate Sales

Sub-Real Estate Office
220 Main Street, Hampton,
New Brunswick

Advisory Board:
Arthur J. Flood, Chairman
Donald M. Gillis
Paul D. Hatty
John D. Kidd

St. Stephen, New Brunswick

126 Milltown Boulevard
Clyde C. Walls, M.T.C.I.
Branch Manager

Advisory Board:
G. Fred Nicholson, Chairman
J. William Garcelon
Thomas A.W. Taylor, D.D.S.

Sussex, New Brunswick

614 Main Street
Charles Wanamaker
Branch Manager

Advisory Board:
H. Russell Bryant, M.D., Chairman
Earl J. Cunningham
Lawrence A. Donovan, D.V.M.
Donald E. Drury, M.Sc.

Woodstock, New Brunswick

655 Main Street
John S. London, B.Comm.
Branch Manager

Advisory Board:
John E.C. Winslow, Chairman
Frederick H. Hatfield
Vardell C. Johnson
Carl B. Ash
Peter E. Crocco

Charlottetown, Prince Edward Island

118 Kent Street
Randall L. Smith, Branch Manager

John DeBoer
Manager, Real Estate Sales

Advisory Board:
J. Andrew Likely, Chairman
J. Norman MacLeod
Michael A. Farmer, Q.C.

Summerside, Prince Edward Island

277 Water Street
Terry H. Donnelly, Branch Manager

Advisory Board:
Horace R. MacFarlane, Chairman
William C. Callbeck
George A. Key, Jr.

Montreal, Quebec

1130 Sherbrooke Street West
Laurier M. Levac, Branch Manager

Westmount, Quebec

4825 Sherbrooke Street West
Helen M. Corrigan, Branch Manager

Advisory Board:
Donald W. McNaughton, Chairman
Gordon B. Taylor, Vice-Chairman
Pierre DesMarais II
Leonard Ellen
Philip F. Vineberg, O.C., Q.C.

Central Region

Regional Offices

1 First Canadian Place

38th Floor
Toronto, Ontario M5X 1G4
Telephone (416) 364-4400

Anthony M. Kay, M.T.C.I.
Vice-President, Personal Trust
Services

Donald L. Copeland, C.A., M.T.C.I.
Assistant Vice-President
Robert H. March, B.Comm., M.T.C.I.
Assistant Vice-President
Trust Investments



415 Yonge St.

Toronto, Ontario M5B 2E7
Telephone (416) 597-2116

Charles T. Evans
Vice-President, Branch Operations

Charles F.W. McIlravey
F.R.J., C.R.F., C.L.P.
Vice-President, Lending

Branches, Branch Managers and Advisory Boards**Brampton, Ontario**

9 Queen Street East
Harold R. Smith, Branch Manager

Brantford, Ontario

112 Dalhousie Street
Glen L. Breen, M.T.C.I.
Branch Manager

London, Ontario

200 Queens Avenue
Alexander J. Robertson, M.T.C.I.
Branch Manager

***Mississauga, Ontario**

70 Burnhamthorpe Road
Ian Kelso
Branch Manager

Ottawa, Ontario

270 Albert Street
Ann E. Koppel, B.A.
Branch Manager

Advisory Board:
Peter MacKenzie, Chairman
Dennis M. Coolican

Toronto, Ontario

1 First Canadian Place
Donald B. Irvine, M.T.C.I.
Branch Manager

2136 Queen Street East
Cheryl Arab
Branch Administrative Officer

***4950 Yonge Street
North York**

49 The Donway West
Don Mills
Joanne Bass
Branch Administrative Officer

343 College Street
Giuseppe (Joe) M. Totino
Branch Manager

654 Danforth Avenue
Sarantis (Sam) Castrinos
Branch Manager

2070 Danforth Avenue
Joseph P. Amenta
Branch Manager

1850 Eglinton Avenue
Agostino (Tino) Simonetta
Branch Manager

948 St. Clair Avenue West
Giuseppe (Joe) Ianni, B.A.
Branch Manager

1224 St. Clair Avenue West
Vincent Crudele, Branch Manager

343 Wilson Avenue
Michael W. Bushell, Branch Manager

415 Yonge Street
Anthony J. Lee, Branch Manager

Advisory Board:
John H. Coleman, Chairman
Frederick A. Beck, Q.C.
Maurice J. Closs

C.W. (Peter) Cole
Edwin A. Goodman, Q.C.

W. Thomas Hodgson
George C. MacDonald
Joseph F. Piccininni
Ainslie St. C. Shuve

Welland, Ontario

Seaway Mall
800 Niagara Street North
Joseph A. Giampaolo, B.A., M.T.C.I.
Branch Manager

Windsor, Ontario

100 University Avenue West
David W. Thrasher, Branch Manager

***Woodbridge, Ontario**

4500 Highway No. 7

Western Region**Regional Office**

401-8th Avenue S.W.
Calgary, Alberta T2P 1E4
Telephone (403) 262-5511

Orest Dizop, M.T.C.I.
Vice-President, Branch Operations

Branches, Branch Managers and Advisory Boards**Calgary, Alberta**

401-8th Avenue S.W.
P. Michael French, Branch Manager

Edmonton, Alberta

9892 Jasper Avenue
Barry B. Runnalls, Branch Manager

Grande Prairie, Alberta

9824-100th Avenue
Brian P. Hornung, B.Sc., F.,
Branch Manager

Advisory Board:
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Michael J. Frey, C.A.
Terry T. Lock, LL.B.
Leslie C. Longmate

Lethbridge, Alberta

506-4th Avenue South
Robert G. Thompson
Branch Manager

Advisory Board:
J. Campbell Barnes, Chairman
Reed C. Ellison
John Gogo, M.L.A.
Thomas G. McNab, C.A.

Medicine Hat, Alberta

3292 Dunmore Road, S.E.
John E. Dempsey, Branch Manager

Advisory Board:
Jack H. Snedden, D.D.S., Chairman
Reinhold Lehr
James M. Pritchard, Q.C.
Thomas A. Sissons

Red Deer, Alberta

5013-49th Avenue
Cindy R. Oxman, Branch Manager

Advisory Board:
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Jack C. Donald
F. William Moore
Dennis G. Scott

Kamloops, British Columbia

244 Victoria Street
François J. Egan, B.B.A.
Branch Manager

Advisory Board:
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Angus M. Currie, C.A.
John W. Davis
Ray J. Fuoco

Vancouver, British Columbia

750 West Pender Street
Sydney Mentipty, F.T.C.I.
Branch Manager

Advisory Board:
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William L. McEwen
Richard Nelson

Victoria, British Columbia

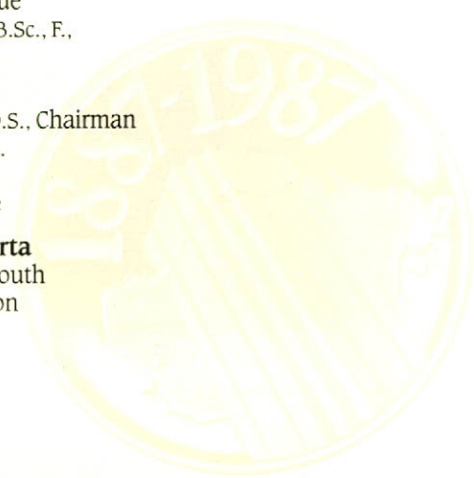
1306 Douglas Street
John C. Furlong, Branch Manager

Winnipeg, Manitoba

211 Portage Avenue
David N. Willcock, Branch Manager

Advisory Board:
John T. McJannet, Q.C., Chairman
Thomas R. Denton
Dr. Louis Melosky

*Opening in early 1987.



Deposit Services

Investors T-BILL Accounts
Central Choice Daily Interest
Savings/Chequing Accounts
VIP Savings/Chequing Accounts
Regular Savings Accounts
Current Accounts
Lawyers General Trust Accounts
Guaranteed Investment Certificates
Debentures
Registered Retirement Savings Plans
Registered Retirement Income Fund

Investment Services

Investment Management
Safe Custody
Pension Fund Management
Investment Funds
Mortgage Fund
Self-Directed Registered Retirement
Savings Plans
Self-Directed Registered Retirement
Income Funds
Deferred Profit Sharing Plans
Mortgage Banking

Lending Services

Mortgage Loans (Residential
and Commercial)
Home Equity Loan Plans
Installment Loans
Demand Loans
Collateral Loans
Visa

Personal Trust Services

Estate Planning and Administration
Executors
Agent for Executors
Trustees

Corporate Trust Services

Trustee for Bond Issues
Transfer Agent
Registrar
Dividend Paying Agent

Real Estate Services

Real Estate Sales
Real Estate Management
Appraisals

Other Services

Safety Deposit Boxes
Travellers' Cheques
Personal Money Orders
Canada Savings Bond Sales Agent

Stock Exchanges

The Company's common shares and 1983 Class Preference Shares, Series 1 are traded on The Toronto Stock Exchange and Montreal Exchange.

Stock Symbols

Common Shares

CETT Toronto Stock Exchange
CETM Montreal Exchange
The CUSIP number for the common shares on Canadian stock exchanges is 155587 108.

1983 Class Preference Shares, Series 1

CET.PR.A Toronto Stock Exchange
CET.PR.A Montreal Exchange
The CUSIP number for the 1983 Class Preference Shares, Series 1 on Canadian stock exchanges is 155587 207.

Valuation Day Price

The Central Trust Company of Canada's common stock was quoted at \$13.75 per share on Valuation Day, December 22, 1971, for Canadian income tax purposes.

The Eastern Canada Savings and Loan Company's common stock was quoted at \$12.50 per share on Valuation Day, December 22, 1971, for Canadian income tax purposes.

Transfer Agent

The transfer agent for the common shares and for the 1983 Class Preference Shares, Series 1 is Central Trust Company in Halifax, Moncton, Montreal, Toronto, Winnipeg, Calgary and Vancouver.

Head Office

Central Trust Tower
1801 Hollis Street
Halifax, Nova Scotia
Telephone: (902) 420-2000
Telex: 019-22578
Telecopier: (902) 425-8299

Auditors

Doane Raymond
Chartered Accountants
Halifax, Nova Scotia

Member

Canada Deposit Insurance Corporation
Trust Companies Association of
Canada
The Trust Companies Institute
Canadian Real Estate Association

Additional Information

To obtain further information on your Company, please contact:
Public Relations Co-ordinator
Head Office
Central Trust Company
P.O. Box 2343
Halifax, Nova Scotia
B3J 3C8
Telephone: (902) 420-2000



