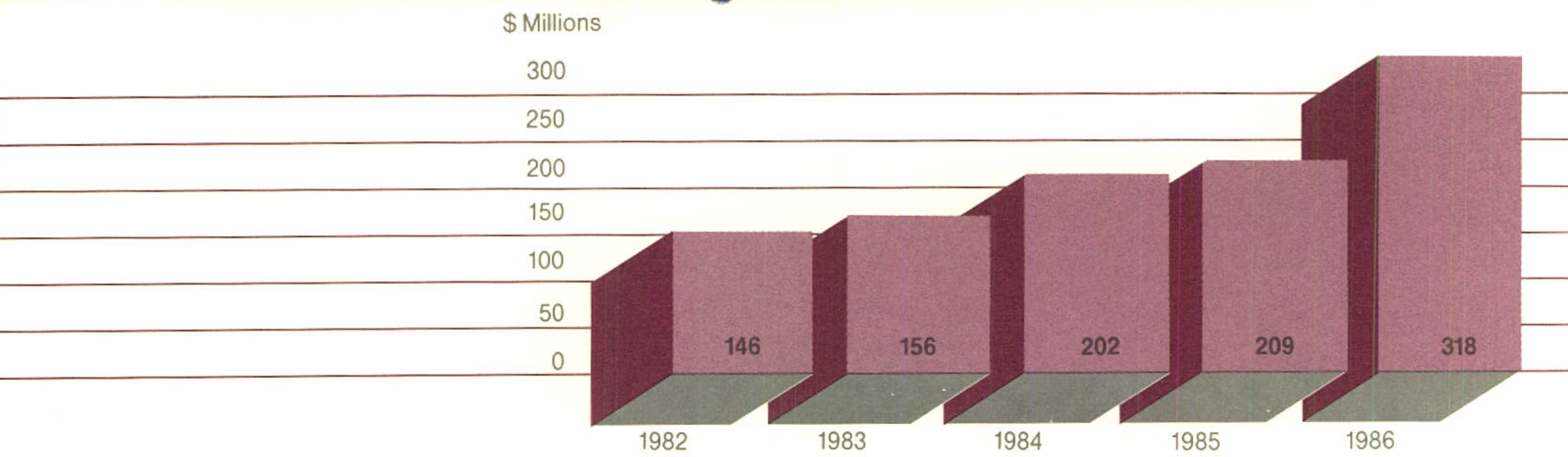
1986 Annual Report

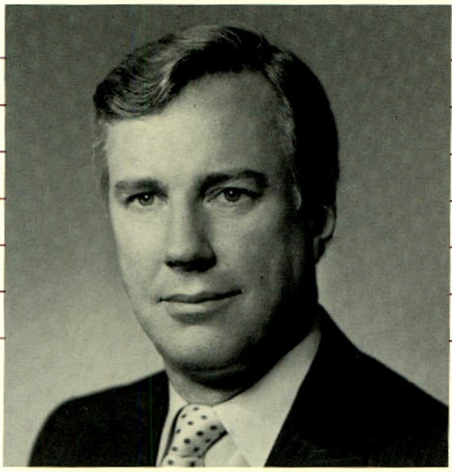
RoyNat



RoyNat was successful in writing $318 million of new business in 1986, up over 50% from the 1985 level of $209 million. This was due in part to improved demand in most areas of the country but also reflects the results of RoyNat's decision to redefine its market and to place greater emphasis on marketing and product development.

RoyNat Inc. is Canada's leading private term lender specializing in the small and medium size business sector.

The company has 23 offices located in major business and industrial centres across Canada. Speed, expertise and consistency are the cornerstones of RoyNat's service, which has been meeting the needs of small and medium size business since 1962.



President's Report

RoyNat's overall performance improved significantly in fiscal 1986, reflecting stronger overall demand, particularly in Eastern Canada. Implementation of new strategies and a redefinition of our traditional market niche also had a major impact on the company's performance. Our volume of new business was $318 million, an increase of over 50%. Net profit more than doubled, reaching $5.7 million and non-performing loans declined by almost 30%.

While non-performing loans continued to have a negative effect on our profitability, loan losses and carrying costs decreased substantially from last year.

In Eastern Canada, non-performing loans are now below historic norms. In Western Canada, the drop in crude oil prices is expected to have major financial consequences in the oil service industry, but RoyNat's exposure is limited. Similarly, the lumber situation in British Columbia is obviously of concern since it impacts on many service industries. Non-performing loans in Alberta and British Columbia remain above historic norms, even though they continue to decline. Provisions for losses in these two provinces are considered to be sufficient.

Last year we redefined our market niche to concentrate our efforts on businesses with term financing requirements in excess of $250,000. We also reorganized and reallocated our human resources on a functional basis, to provide a stronger business development thrust. These changes have been well accepted in the marketplace and were a significant factor in achieving our higher volume of new business. This increase in new business volume was not reflected in asset growth because of the maturing of our SBDB portfolio, but undisbursed commitments at year end were $88 million, an increase of $28 million.

Traditionally we have been quite active in financing acquisitions, but generally limited ourselves to secured debt positions and over the years have developed considerable expertise in this area. This year, as an extension of our term financing services in the same market segment, we began promoting merchant banking and, more specifically, the financing of leveraged management buyouts.

RoyNat has been very active in promoting the Federal government's new Atlantic Enterprise Program. We feel that it is one of the most creative government programs in some time and should be a major incentive for expansion in the Atlantic Region.

We are very optimistic about the coming year. There are many opportunities for new business, especially in Eastern Canada, as companies competing on a global basis strive to become more efficient. While we do not envisage asset growth in Western Canada, given the current economic outlook, we expect to maintain our asset base.

Our profit next year will show further significant improvement, with asset growth in Eastern Canada and the continuing decline in both loan losses and the cost of carrying non-performing accounts.

Our staff have performed admirably during these difficult years, and are most enthusiastic about our future prospects. I also wish to express my appreciation to our directors for their valuable support and advice. During the year two additional directors joined our board, — Mr. M. J. Regan, Senior Executive Vice-President of the Royal Bank of Canada, and Mr. Roland Robichaud, Executive Vice-President of National Bank of Canada. Subsequent to year-end, Mr. Peter Maurice, Senior Executive Vice-President of The Canada Trust Company succeeded Mr. Len Stoll, Vice-President of The Canada Trust Company, as a director. We welcome these new directors and thank Mr. Stoll for his valuable counsel during the past eight years.

John D. Thompson

Term Financing

Our mandate has always been to provide term financing services to small and medium size companies. This is our mission and the heart of our business.

Since inception in 1962 we have provided financing of almost $3 billion to small and medium size businesses in all parts of Canada. RoyNat serves this market exclusively and has led innovation and product development by introducing flexibility in interest rates, terms and conditions, and legal documentation. We have also emphasized quality and speed of service. Client confidence continues to be reflected in the level of repeat business, — most clients return within three to five years for additional financing.

RoyNat term financing is flexible and comprehensive, designed to support and facilitate a broad range of business programs. For example:
- construction, expansion and modernization of manufacturing and processing facilities
- purchase of new machinery, equipment and vehicles
- additional working capital
- refinancing and restructuring of debt
- business start-ups
- mergers, acquisitions and management buy-outs

Our term loans are generally for periods of three to ten years, on a fixed or floating rate basis. The amortization period can be as long as twenty-five years. RoyNat lends on the going concern value of the business and is not limited by the appraised value of the fixed assets.

Merchant Banking

Historically, RoyNat has developed considerable expertise in the financing of acquisitions, primarily through senior debt. We have now extended this service to include subordinated debt and equity financing.

Today, to a much greater extent, management are using their own business experience along with sophisticated leverage financing techniques to acquire ownership of companies. They are in a position to do this because their expertise and knowledge of the business is recognized as a valuable asset by financial institutions. RoyNat participated in a number of MBO transactions during the past year and we are acknowledged as a major source of financing for mergers, acquisitions and leveraged transactions. Our written commitment to the acquiring group provides evidence that financing is in place, thus facilitating the transaction.

The trend to MBOs is fuelled by several factors. Many corporations are now looking at the compatability of their various business interests and, as a result, are more frequently divesting businesses that no longer suit their corporate strategies and acquiring new ones that do. In fact, almost half of all businesses sold today are divestitures from corporate parents. Similarly, more owner-managers wishing to sell their businesses are turning them over to people they trust, usually long-time managers or management teams, rather than selling them outright to unknown parties.

In a typical MBO transaction there is a requirement, among other things, for both senior term financing and subordinated debt. RoyNat provides either or both of these components in the MBO financing package, depending on the borrower's requirements. It is not unusual to see an MBO transaction in which the executive group acquires a controlling interest by contributing as little as 5% — 10% of the purchase price.

Subordinated debt is sometimes referred to as "mezzanine financing" and was adopted by RoyNat to facilitate the management buy-out of successful companies. Subordinated debt is usually unsecured, represents a form of quasi-equity and generally involves compensation based on the performance of the company.

There are certain transactions in which additional financing in the form of preferred or common shares is required, and RoyNat is prepared to participate in selected situations.

During the year RoyNat initiated and participated in a number of financing syndications with other lenders where the amount of funds required exceeded our $10 million limit. To do this, we utilized our extensive contacts with other financial institutions in Canada. We continue to enjoy an excellent reputation in the financial community for our credit skills and, as a result, our proposals and counsel are well-received. Through syndications we have established RoyNat as an active direct participant in the financing of larger size transactions.

On a similar basis we now offer "warehousing", a new financial service whereby the client receives our commitment for the full amount of financing required up to $25 million to complete an acquisition or a major expansion program. The "warehousing" package may include a line of operating credit, the senior debt, the subordinated debt and the equity financing.

Once the financing commitment is in place, RoyNat arranges for other sources of financing to participate in the transaction.

This comprehensive package has been most effective in acquisition situations where timing is crucial. RoyNat eliminates the need for the acquiring group to approach several different sources of funding, a time-consuming exercise. The acquiring group can then focus its attention where it is most needed, — on negotiating the best terms and conditions of the purchase and contacting customers and suppliers.

Five-Year Highlights

	1986	1985	1984	1983	1982
Balance Sheet					
Total Assets	**$910,039,000**	$909,419,000	$945,843,000	$978,717,000	$997,049,000
Average Finance Assets	**896,478,000**	913,131,000	945,393,000	968,790,000	945,930,000
Provision for Losses	**20,796,000**	21,228,000	19,856,000	20,024,000	12,787,000
Short Term Borrowings	**92,378,000**	69,026,000	76,857,000	64,529,000	66,964,000
Long Term Debt	**722,333,000**	747,289,000	774,661,000	819,073,000	836,111,000
Capital — Preferred Shares	**18,500,000**	18,500,000	18,500,000	18,500,000	18,500,000
— Common Shares	**38,200,000**	30,680,000	26,000,000	26,000,000	11,000,000
Retained Earnings	**30,006,000**	34,237,000	38,670,000	35,502,000	35,161,000
Operations					
Gross Revenue — Taxable	**110,904,000**	110,734,000	107,995,000	122,236,000	137,830,000
— Non-Taxable	**3,989,000**	7,359,000	8,132,000	12,293,000	16,137,000
Total Gross Revenue	**114,893,000**	118,093,000	116,127,000	134,529,000	153,967,000
Cost of Funds Borrowed	**88,696,000**	98,325,000	93,239,000	118,234,000	141,782,000
Staff Costs	**6,557,000**	7,052,000	6,978,000	6,914,000	6,831,000
Other Operating Costs	**5,661,000**	5,664,000	4,882,000	5,238,000	5,306,000
Provision for Losses	**6,700,000**	9,486,000	9,665,000	12,378,000	4,881,000
Taxes on Income (Recovery)	**1,563,000**	(5,132,000)	(3,695,000)	(10,312,000)	(10,574,000)
Net Earnings	**5,716,000**	2,698,000	5,058,000	2,077,000	5,741,000
Dividends — Preferred Shares	**1,358,000**	1,412,000	1,370,000	1,515,000	1,670,000
— Common Shares	**1,072,000**	1,040,000	520,000	220,000	2,365,000
— Common Shares Special Dividend	**7,517,000**	4,680,000			
Business Volume					
New Business Written	**318,099,000**	208,977,000	201,653,000	155,787,000	146,155,000
Disbursements	**289,371,000**	203,384,000	200,716,000	158,901,000	206,515,000
Commitments at End of Year	**88,306,000**	59,578,000	53,985,000	53,048,000	56,162,000
Number of Clients	**2,034**	2,502	2,860	3,121	3,246
Average New Acceptance During the Year	**698,000**	523,000	391,000	300,000	371,000

Financial Review

	1986	1985	1984	1983	1982
New Business ($ Millions)	**318**	209	202	156	146

RoyNat wrote $318 million of new business in 1986, up over 50% from the 1985 level of $209 million. This was due in part to improved demand in most areas of the country and also reflects the results of RoyNat's decision to redefine its market niche and to place greater emphasis on marketing and product development.

Assets ($ Millions)	1986	1985	1984	1983	1982
Term Loans	**861**	785	797	792	784
Small Business Development Bonds	**15**	82	98	118	132
Lease Contracts	**10**	15	22	33	46
Other	**24**	27	29	36	35
Total Assets	**910**	909	946	979	997

The strong level of new business volume allowed RoyNat to maintain its assets at the $910 million level, despite heavy maturities in the Small Business Development Bond portfolio which has now run its five year course. More importantly, RoyNat achieved a 10% growth in term loans which is the company's core business activity. These assets now represent 95% of the company's total assets compared to 79% in 1982.

Operations (as a % of Average Finance Assets)	1986	1985	1984	1983	1982
Net Margin*	**3.31**	2.87	3.17	2.76	2.74
Administration and Operating Expenses	**1.36**	1.39	1.25	1.25	1.28
Provision for Losses	**.75**	1.04	1.02	1.28	.52
Net Earnings	**.64**	.30	.54	.21	.61

*Tax equivalent basis

RoyNat's profitability improved substantially in 1986 with net earnings increasing from $2.7 million in 1985 to $5.7 million in 1986.

The key contributors to the improved performance were an increase in the net margin from 2.87% in 1985 to 3.31% in 1986, and a reduction in the provision for losses from 1.04% in 1985 to .75% in 1986.

The improved net margin was due to a reduction in the cost of carrying non-producing accounts and an increase in other revenues.

Administration and operating costs declined as a percentage of average finance assets and were 1.30% in 1986 compared to 1.35% in 1985 when reorganization-related costs are excluded.

Loan Losses

Actual loan losses decreased from $8.5 million in 1985 to $6.7 million in 1986 and the level of non-producing accounts declined and are approaching RoyNat's historic norms.

Dividends

During the year RoyNat paid a special dividend on common shares totalling $7,517,000 which was reinvested by the shareholders in Class B Non-Voting Common Shares.

Balance Sheet

April 30, 1986 with comparative figures for 1985

Assets

	1986	1985
Financing extended to Canadian corporations at cost (note 1)	**$886,768,000**	881,049,000
Receivable under lease contracts less unearned income of $4,280,000 (1985 — $5,511,000) (note 2)	**9,710,000**	14,556,000
Estimated residual value of assets under lease and assets held for realization	**438,000**	540,000
Accrued interest	**7,514,000**	8,511,000
	904,430,000	904,656,000
Provision for losses	**20,796,000**	21,228,000
Net finance assets	**883,634,000**	883,428,000
Cash and short term deposits	**12,280,000**	10,421,000
Fixed assets, at cost less depreciation of $2,732,000 (1985 — $2,599,000)	**1,726,000**	1,485,000
Unamortized debt discount and expense	**677,000**	1,030,000
Deferred income taxes	**2,623,000**	4,082,000
Other	**9,099,000**	8,973,000
	$910,039,000	909,419,000

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

.... Director

.... Director

Liabilities and Shareholders' Equity

	1986	1985
Short term notes (note 3)	**$ 92,378,000**	69,026,000
Accounts payable and accrued liabilities	**613,000**	680,000
Accrued interest payable	**8,009,000**	9,007,000
Secured notes and non-cancellable term credits (note 3)	**684,165,000**	693,395,000
Debentures (note 4)	**38,168,000**	53,894,000
Capital stock:		
Series A $8 cumulative redeemable preferred shares, issued 110,000 shares	**11,000,000**	11,000,000
Series B floating rate cumulative redeemable preferred shares, issued 75,000 shares	**7,500,000**	7,500,000
Class A common shares, issued 110,000 shares	**11,000,000**	11,000,000
Class B non-voting common shares, issued 272,000 shares (1985 — 196,800 shares)	**27,200,000**	19,680,000
Retained earnings	**30,006,000**	34,237,000
	$910,039,000	909,419,000

Auditors' Report to the Shareholders

We have examined the balance sheet of RoyNat Inc. as at April 30, 1986 and the statement of earnings, retained earnings and changes in net finance assets for the year ended April 30, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at April 30, 1986 and the results of its operations and the changes in its net finance assets for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Cie

Chartered Accountants
Montreal, Canada,
May 30, 1986

Statement of Earnings

Year ended April 30, 1986 with comparative figures for 1985

	1986	1985
Gross revenue from operations	**$114,893,000**	118,093,000
Expenses:		
Interest	**88,074,000**	97,650,000
Discounts, expenses and other debt related costs	**622,000**	675,000
Salaries, pension contributions and staff benefits	**6,557,000**	7,052,000
Premises expenses	**1,437,000**	1,723,000
Other operating expenses	**4,224,000**	3,941,000
Provision for losses, less recoveries	**6,700,000**	9,486,000
	107,614,000	120,527,000
Earnings (losses) before income taxes	**7,279,000**	(2,434,000)
Income tax provision (recovery) (note 5)	**1,563,000**	(5,132,000)
Net earnings for the year	**$ 5,716,000**	2,698,000

The accompanying notes are an integral part of these financial statements.

Statement of Retained Earnings

Year ended April 30, 1986 with comparative figures for 1985

	1986	1985
Retained earnings at beginning of year	**$ 34,237,000**	38,670,000
Net earnings for the year	**5,716,000**	2,698,000
	39,953,000	41,368,000
Dividends paid:		
Preferred shares	**1,358,000**	1,411,000
Common shares	**8,589,000**	5,720,000
	9,947,000	7,131,000
Retained earnings at end of year	**$ 30,006,000**	34,237,000

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Finance Assets

Year ended April 30, 1986 with comparative figures for 1985

	1986	1985
Increase (decrease) in net finance assets resulting from:		
Operations:		
Net earnings	$ 5,716,000	2,698,000
Items charged (credited) to earnings not affecting finance assets:		
Amortization of debt discount and expenses	483,000	521,000
Depreciation	382,000	405,000
Deferred income taxes	1,459,000	(4,899,000)
	8,040,000	(1,275,000)
Increase (decrease) in debt:		
Short term borrowings including those classified as long term debt	23,352,000	(7,831,000)
Secured notes	(29,230,000)	(27,057,000)
Debentures	(15,726,000)	(315,000)
Net proceeds from sale of secured notes	19,870,000	—
	(1,734,000)	(35,203,000)
Other:		
Cash received on issue of common shares	7,520,000	4,680,000
Dividends paid	(9,947,000)	(7,131,000)
Decrease (increase) in cash and short term deposits	(1,859,000)	2,551,000
Other items — net	(1,814,000)	(1,576,000)
	(6,100,000)	(1,476,000)
Increase (decrease) in net finance assets during the year	206,000	(37,954,000)
Net finance assets, beginning of year	883,428,000	921,382,000
Net finance assets, end of year	$883,634,000	883,428,000

The accompanying notes are integral part of these financial statements.

Notes to Financial Statements

April 30, 1986

RoyNat Inc., (''RoyNat'') is incorporated under the Canada Business Corporations Act and is in the business of providing term financing to Canadian businesses. The most significant of the accounting policies followed by RoyNat are described below:

Basis of presentation:

The accompanying financial statements are prepared in accordance with generally accepted accounting principles in Canada and conform in all material respects to International Accounting Standards.

Consolidated financial statements have not been prepared as RoyNat's subsidiary company is inactive. The investment in the subsidiary company is accounted for by the equity method and is included in ''Other'' assets. Comparative figures for 1985 are presented on a consolidated basis, however the difference between the two methods of presentations is insignificant.

Income from leasing operations:

Unearned lease income representing the excess of the gross amount receivable on lease contracts over the cost of the assets leased, net of estimated residual value, is recorded when a lease is executed and taken into income in monthly amounts directly related to the declining balance of the unrecovered investment in the leased assets.

Provision for losses:

Financing and leasing accounts are reviewed by management on a regular basis. Various factors are considered during these reviews, including the viability of the borrowers' operations, payments in arrears and the adequacy of the security supporting the loan. Where a risk of loss is identified, a provision is made, by a charge to expenses, sufficient to reflect the account at management's estimate of realizable value. Upon final liquidation of accounts, the amount receivable is written off against the provision.

Fixed assets and depreciation:

Leasehold improvements to office premises rented by RoyNat are amortized by a charge against earnings on a straight-line basis over the terms of the leases. Depreciation of office furnishings and equipment at a rate of 20% and of automobiles at 30% is provided using the diminishing balance method.

Debt discount and expense:

Discounts and expenses incurred in connection with the issue of long term debt are amortized by a charge against earnings over the terms to maturity of the issues on a straight-line basis. Where debt is subject to an early maturity option, the related discount and expenses are amortized over the period to the earlier maturity date. The unamortized discounts and expenses applicable to debt retired pursuant to purchase fund requirements is charged against earnings in the period in which the debt is purchased.

(1) Term financing:

Indebtedness of borrowers is generally evidenced by bonds, debentures or loan agreements secured by specific and/or floating charges and/or guarantees. The bonds and debentures are not considered to be readily marketable and generally mature over periods up to ten years. Approximately $217,700,000 of term financing matures during the next twelve months.

RoyNat holds preferred and common shares costing $3,900,000 (1985 — $4,000,000), including marketable shares with a cost of $3,000,000 (1985 — $2,900,000) having a market value of approximately $19,600,000 (1985 — $2,600,000).

At April 30, 1986, RoyNat was under contract to provide further financing totalling $88,300,000 and in addition has authorized, subject to acceptance by the applicants, a further $7,400,000.

(2) Leasing:

Of the gross amount receivable under lease contracts totalling $13,990,000 approximately $3,437,000 is receivable in the next twelve months.

(3) Secured notes and non-cancellable term credits:

Secured notes:

1986	July 29	17.00%	$ 26,000,000
	September 15	10.50%	8,762,000
	September 15	11.00%	2,424,000
	December 15	17.25%	40,000,000
1987	January 15	12.25%	10,000,000
	April 15	9.25%	5,000,000
	November 15	9.50%	12,979,000
	December 1	13.00%	20,000,000
1988	February 15	12.50%	24,000,000
	April 13	14.50%	25,000,000
1989	April 16	8.693%*	25,000,000
1990	April 16	10.852%*	25,000,000
1991	March 27	10.50%	20,000,000
Total secured notes			244,165,000
Short term notes and bankers' acceptances			440,000,000
			$684,165,000

**The holder of the secured note is a shareholder of RoyNat. The interest rates on the 1989 and 1990 secured notes are adjusted periodically based on certain prescribed rates.*

(3) Secured notes and non-cancellable term credits, cont'd:

Short term notes and bankers' acceptances, with maturities within one year, are classified as long term debt to the extent of non-cancellable term credits arranged with RoyNat's bankers. At April 30, 1986 these credits are detailed below:

	Expiry Date	Amount
1986	July 3	$ 15,000,000
	August 1	75,000,000
	September 30	50,000,000
1987	March 3	15,000,000
1988	May 1	75,000,000
	July 30	10,000,000
	October 19	20,000,000
1989	March 15	20,000,000
1990	September 30	160,000,000
		$440,000,000

The non-cancellable credits are supported by secured notes pledged as collateral security for any amounts which might be outstanding under these arrangements.

Maximum purchase fund requirements and maturities of secured notes and non-cancellable term credits over the next five years are detailed below:

	Maximum Purchase Fund Requirements	Maturities	Total
Year ending April 30, 1987	$ 25,000	272,186,000	272,211,000
Year ending April 30, 1988	—	56,954,000	56,954,000
Year ending April 30, 1989	—	150,000,000	150,000,000
Year ending April 30, 1990	—	25,000,000	25,000,000
Year ending April 30, 1991	—	180,000,000	180,000,000

The short term notes and bankers' acceptances described above are included in the year in which the non-cancellable term credits expire. The April 13, 1988 secured note which is subject to early maturity has been included in the maturities for the year ending April 30, 1987. Substantially all the assets of RoyNat are pledged as security for secured notes.

Interest expense on the above instruments amounted to $75,328,000 (1985 — $82,913,000).

(4) Debentures:

1996 April 15	10.75%	$ 6,794,000
1997 September 1	9.625% (September 1, 1987)*	12,983,000
1999 September 14	10.75% (September 14, 1989)*	18,391,000
		$38,168,000

**The holder may elect that his debenture matures on this date.*

Maximum purchase fund requirements and maturities of debentures over the next five years are detailed below:

	Maximum Purchase Fund Requirements	Maturities	Total
Year ending April 30, 1987	$892,000	—	892,000
Year ending April 30, 1988	592,000	12,683,000	13,275,000
Year ending April 30, 1989	592,000	—	592,000
Year ending April 30, 1990	192,000	17,191,000	17,383,000
Year ending April 30, 1991	192,000	—	192,000

In those cases where debentures may, upon election by the holders, mature prior to their due dates, the maturities of such debentures are included on the basis of the earlier maturity date.

Interest expense on debentures amounted to $5,553,000 (1985 — $5,659,000).

(5) Income taxes:

Income tax provision (recovery) is made up as follows:

	1986	1985
Provision for income taxes (recovery) based on a combined basic federal and provincial income tax rate of 49% (48.5% in 1985)	**$3,567,000**	(1,180,000)
Increase (decrease) in taxes resulting from:		
Non-taxable revenue from Small Business Development Bonds	**(1,812,000)**	(3,422,000)
Non-taxable dividends	**(122,000)**	(162,000)
Reversal of prior years' estimates	—	(400,000)
Miscellaneous	**(70,000)**	32,000
Income tax provision (recovery)	**$1,563,000**	(5,132,000)

(6) Related party transactions:

RoyNat is owned by five prominent Canadian financial institutions. In the ordinary course of business, RoyNat enters into contractual arrangements with shareholders regarding short term and long term borrowings, lines of credit and the provision of services as trustee under instruments securing financing assets and as transfer agent and registrar for outstanding long term debt. Management believes that these transactions are at terms and rates no more nor less favourable than with unrelated parties.

The particulars of these transactions are as follows:

	1986	1985
Interest on secured notes	**$4,611,000**	5,822,000
Standby fees	**944,000**	842,000
Trustee, transfer agent and registrar fees	**138,000**	151,000
Other interest and charges	**344,000**	39,000

Term Financing and Leasing

As at April 30, 1986

Classification by Industry

	Number	%	Amount $('000)	%
Agriculture	39	1.89	22,356	2.27
Construction:				
General	33	1.60	16,091	1.63
Heavy	32	1.55	20,514	2.08
Special Trades	40	1.94	9,071	.92
Manufacturing:				
Concrete Products	26	1.26	14,240	1.45
Drugs & Chemicals	17	.82	10,598	1.08
Food & Beverages	61	2.96	30,298	3.08
Metal	192	9.30	90,550	9.19
Printing & Publishing	47	2.28	28,373	2.88
Textiles & Clothing	16	.78	10,331	1.05
Wood Industries:				
Furniture & Fixtures	22	1.07	13,583	1.38
Forest Products	37	1.79	25,680	2.61
Mill Works	28	1.36	11,529	1.17
Paper	11	.53	7,642	.78
Miscellaneous	99	4.80	48,929	4.97
Natural Resources:				
Forestry, Fishing	25	1.21	11,753	1.19
Mines, Quarries, Petroleum	47	2.28	44,218	4.49
Trade:				
Retail	308	14.92	104,034	10.56
Wholesale	104	5.04	48,914	4.96

	Number	%	Amount $('000)	%
Transportation, Storage:				
Air & Water	22	1.07	22,614	2.29
Rail, Truck, Storage	110	5.33	45,922	4.66
Communications	25	1.21	25,610	2.60
Community, Business & Personal Services:				
Accommodation	217	10.51	152,736	15.50
Food Services	148	7.17	38,965	3.95
Health & Recreation	94	4.55	47,136	4.78
Other Services	264	12.78	83,535	8.48
Totals*	2064	100.00	985,222	100.00

Geographical Distribution:

	Number	%	Amount $('000)	%
Atlantic Provinces	257	12.45	104,624	10.62
Quebec	473	22.92	250,432	25.42
Ontario	679	32.90	314,123	31.88
Prairie Provinces	318	15.41	169,044	17.16
British Columbia, Yukon, N.W.T.	337	16.32	146,999	14.92
Totals*	2064	100.00	985,222	100.00

**Includes Outstandings and Commitments*

Directors

*Norman Cunningham
*René Fortier
Maurice Jodoin
Gilles Mercure
*J. C. McMillan
M. J. Regan
R. Robichaud
*L. W. Stoll
**J. D. Thompson
R. A. Utting

*Members of the Executive Committee
**Chairman of the Executive Committee

Officers

J. D. Thompson
President and Chief Executive Officer

M. Boudreau
Executive Vice-President

L. G. Legrove
Executive Vice-President

W. H. Rimstad, C.A.
Secretary-Treasurer and Chief Financial Officer

L. V. Boileau
Vice-President

J. R. Dick
Vice-President

P. Goulet
Vice-President

N. L. Henri
Vice-President

J. C. Joseph
Vice-President

K. C. Moorse
Vice-President

D. K. Murray
Vice-President

G. Potvin
Vice-President

C. Proulx
Vice-President

E. Sauvé
Vice-President

D. R. Swaine
Vice-President

P. W. Walton
Vice-President

Head Office Departments

Operations

M. Boudreau
Executive Vice-President – Credit

*L. G. Legrove
Executive Vice-President – Marketing

*E. Sauvé
Vice-President – Marketing & Product Planning

D. J. McRae
Assistant Vice-President – Insurance

Finance & Accounting

W. H. Rimstad, C.A.
Secretary-Treasurer and Chief Financial Officer

B. Aucoin
Controller

J. Carusone
Manager – Information Systems

K. Soo Hon Wah
Manager – Accounting

G. Ménard
Assistant Treasurer

Corporate Services

N. L. Henri
Vice-President

Head Office

620 Dorchester Blvd. West
Montreal, Quebec H3B 1P2

*1 First Canadian Place
Toronto, Ontario M5X 1B1

Regions

Atlantic Region
J. R. Dick/Vice-President

Quebec Region
P. Goulet/Vice-President - Marketing
C. Proulx/Vice-President — Credit
L. Charron/Assistant Vice-President

Ontario Region
P. W. Walton/Vice-President - Marketing
D. K. Murray/Vice-President - Credit
K. C. Moorse/Vice-President - Administration
E. M. H. Lande/Assistant Vice-President
L. Scott/Manager - Equipment Financing

Western Region
D. R. Swaine/Vice-President - Marketing
L. V. Boileau/Vice-President - Credit
J. C. Joseph/Vice-President - Administration
B. Taylor/Assistant Vice-President

District Offices

Halifax	J. Webster
Moncton	D. A. Atkinson
St. John's	P. A. Saunders
Brossard	R. J. C. Delisle
Drummondville	J. Tessier
Laval	Y. Pilon
Montréal Island	G. Potvin
Québec	R. Bernier
Hamilton	P. F. Smith
Kitchener	M. J. Labine
London	P. M. Henrich
Mississauga	B. Hunter
Ottawa	H. Pelletier
Sudbury	N. C. Meunier
Toronto	E. A. Lawson
Windsor	R. N. Fields
Calgary	P. K. Gaudet
Edmonton	D. J. McLauchlin
Prince George	K. Billingsley
Saskatoon	J. K. Lacroix
Vancouver	B. M. McGuire
Victoria	M. B. Gleig
Winnipeg	G. W. Proke