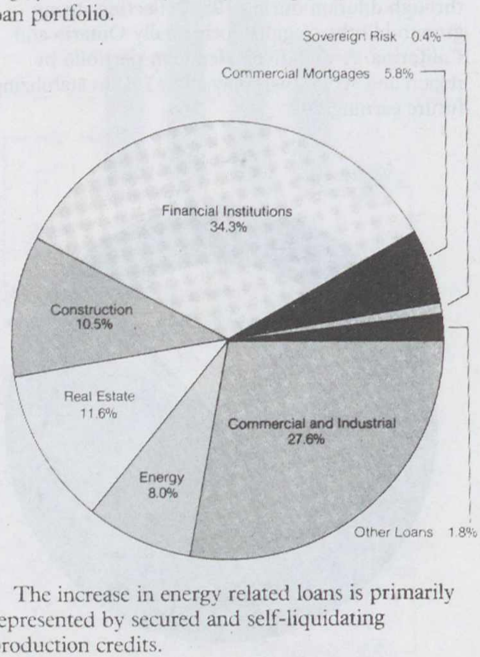
Financial Review

The moratorium imposed five years ago in international lending continues and, accordingly, off-shore loans currently only represent 0.4% of total authorized loan portfolio. CCB's earnings will not be significantly impacted by the mandatory provision for loan losses stipulated by regulatory authorities on certain international credits.

Distribution of Loans by Sector

The Bank continues to specialize in providing banking services to the North American commercial middle market. The acquisition of Westlands, whose portfolio was heavily centered in real estate loans, has caused a temporary concentration in the real estate sector. This concentration will be diluted in the near future as Westlands' portfolio is replaced with assets more consistent with the Bank's commercial and industrial thrust. During the year, the Bank substantially increased its level of commitments to financial institutions, a strategy largely aimed at improving the liquidity of CCB's loan portfolio.

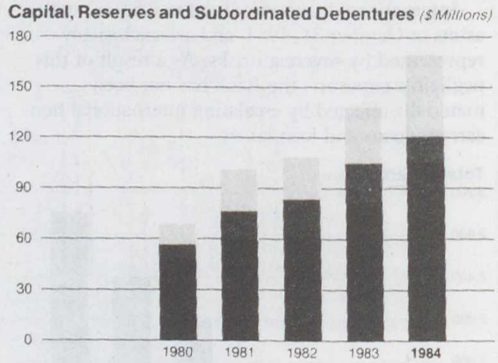


The increase in energy related loans is primarily represented by secured and self-liquidating production credits.

Capital, Reserves and Subordinated Debentures

During 1984, the Bank augmented capital funds by $48.0 million from the issue of 1.2 million Class A convertible preferred shares and the private placement of a syndicated $18.0 million subordinated seven year debenture. Retirement of a $2.8 million subordinated debenture at maturity, payment of preferred and common share dividends aggregating $4.1 million and the loss experience on loans exceeding the provision for loan losses by $10.4 million were the primary factors limiting the net increase in capital funds during the year to $31.3 million or 22.5%.

Capital, Reserves and Subordinated Debentures *($ Millions)*



	1980	1981	1982	1983	**1984**
■ Shareholders' Equity	$ 46.3	$ 57.4	$ 61.2	$ 81.4	**$104.9**
■ Appropriations For Contingencies	$ 9.4	$ 18.1	$ 22.4	$ 24.0	**$ 16.6**
Subtotal	$ 55.7	$ 75.5	$ 83.6	$105.4	**$121.5**
■ Subordinated Debentures	$ 12.7	$ 25.3	$ 25.3	$ 33.8	**$ 49.0**
Total	$ 68.4	$100.8	$108.9	$139.2	**$170.5**
Increase Over Previous Year	126%	47%	8%	28%	**23%**
Book Value Per Common Share	$15.99	$20.25	$21.68	$21.63	**$18.62**

The primary capital leverage ratio increased to 25.9 times at year end from 24.5 times one year ago as a result of the 28.8% growth in total assets. The adjusted total or secondary capital leverage ratio