

Report to Shareholders

Canadian Commercial Bank

- Control of non-interest expenses through zero base budgeting, cost reduction programs, and ongoing automation,
- Growth in non-interest sensitive income, primarily through the sale of Westlands' proprietary software, and
- Capitalization on the full benefits of the Westlands acquisition including deposit diversification and improved operating efficiencies.

Capital

During 1984, capital funds expanded from \$139 million to \$171 million, an increase of 22.5%. This increase resulted primarily from the issue of 1.2 million Class A Convertible Preferred Shares for an aggregate consideration of \$30 million and the private placement of \$18 million in seven year subordinated debentures. Growth in assets, largely linked to the acquisition of Westlands, increased the primary capital ratio to 25.9 times at October 31, 1984 from 24.5 times at October 31, 1983.

Similarly, the adjusted total or secondary capital ratio increased from 20.2 times to 20.8 times during 1984.

The Bank is currently exploring various capital alternatives to ensure adequate capital is available to pursue future growth and profitability.

Conclusion

Fiscal 1984 presented difficult challenges as the Bank managed a high cost portfolio of non-earning loans and engineered the acquisition and turnaround of the troubled Westlands Bank. The resultant pressure on profitability was of particular concern in a period when financial markets were characterized by turbulence and volatility.

During this unsettling year the Bank continued to build firm foundations for future profitable growth. Important momentum has been gained in diversifying the Bank's deposits by source and location.

CCB has not been deterred from its objective of developing important productivity gains through automation and motivation of its management and staff. We wish to acknowledge the unique and unwavering dedication of CCB's talented team of people. Their professional abilities and commitment to servicing our customers will ensure steady and uninterrupted progress toward our financial goal of returning CCB to the top quartile of Canadian banking.

CCB wishes to welcome the following Directors who have joined the Board during the year:
 Professeur Jean Guertin, The Honourable Sterling R. Lyon, P.C., Q.C., Anthony J. Ormsby, Marcel R. Savard and L. Allan Williams, Q.C.

Paul Britton Paine, Q.C.
 Chairman

Gerald W. C. McLaughlan
 President and Chief Executive Officer

Edmonton, Alberta
 December 14, 1984