

CIBC WEST INDIES HOLDINGS LIMITED

CHAIRMAN'S REPORT

I am pleased to report that in fiscal 1995, CIBC WEST INDIES HOLDINGS LIMITED achieved an after tax profit of BDS\$20.7 million. This performance represents an increase over 1994 of 46.8%. However, it should be noted that the 1994 figures included only 6 months profits of our Jamaica subsidiary, CIBC Jamaica Ltd. The company's return on equity in 1995 was 11.0% which compares with 9.5% achieved in 1994 and earnings per share also increased to 12 cents per share from 9 cents in the prior year. Dividends paid to shareholders for the year ended 31 October, 1995 totalled 4 cents per common share. Shareholders equity of BDS\$187.9 million at the end of fiscal 1995 reflected an increase of BDS\$11.6 million over 1994.

OVERVIEW

During 1995, we continued our reorganisation project started in 1993, to restructure our business units in the region into a financial organisation better equipped to deal with the realities of our emerging regional markets. I am therefore pleased to report that we have successfully concluded negotiations with Canadian Imperial Bank of Commerce, for the acquisition of their business and operations in the Bahamas. 2 January, 1996, we acquired a 100% interest in CIBC Bahamas Limited, a Bahamian banking corporation with 12 branches in the Commonwealth of the Bahamas and total assets equivalent to BDS\$1.5 billion. With this acquisition, consolidated assets of CIBC West Indies Holdings Ltd. will be more than doubled to approximately BDS\$3.0 billion.

During the year, our Barbados subsidiary CIBC Caribbean Limited acquired a 25% interest in Caribbean Caricard Services Inc. ("CARICARD"). Caricard is a

Barbados Corporation involved in credit card processing and switch settlement services between banks and retailers. Caricard's operations currently include Barbados and some states in the OECS and it is planned that Caricard's services will be expanded to include the entire CIBC group of companies in the West Indies.

Our Jamaica subsidiary CIBC Jamaica Ltd. incorporated a new wholly owned subsidiary, CIBC Building Society. The principal activities of this subsidiary will be in the areas of retail deposits and mortgage lending. The company was capitalised at JAD\$20 million and is expected to make important contributions to the profitability of our Jamaica operations.

The acquisition of CIBC Bahamas Ltd. effectively completes the first phase of our reorganisation plan i.e. the corporate restructuring of our operations across the region. We now have an organisation with a wide regional network, a strong capital base, first class human and technology resources and an established share of the market.

The challenge ahead of us is to utilise the advantages of our regional structure to expand and grow our various businesses. An integral part of our reengineering has been to create key alliances which bring significant synergies to the group. These include links with the regional networks of Republic Bank Ltd. In Trinidad and Tobago, Life of Barbados, Caricard and Dyoll Insurance in Jamaica. Over the next year and beyond, we will be actively developing these alliances both to satisfy the needs of our customers and to increase shareholder value. Along with these initiatives we will, during 1996, implement plans to introduce capital markets services, and merchant banking and investment banking services. We also plan to put in place a strong capability to compete in the offshore services sector in Barbados.

REGIONAL ENVIRONMENT

1995 has been a difficult year across the region. The economies and physical well-being of a number of Caribbean countries have been severely threatened by hurricanes, floods and volcanic eruptions. Small countries are particularly vulnerable to such natural disasters and a number of Eastern Caribbean states will be grappling with the aftermath of these disasters well into 1996. At the same time a number of our regional economies that depend upon market protection

arrangements for primary products are facing extremely tight deadlines for transforming their economics. Viable solutions will require the involvement of both governments and the private sector working together with a sense of urgency, in order to effect the changes that are required if future stability is to be achieved.

In the case of Barbados, the 1996 outlook continues to be encouraging, particularly in those sectors that are the main contributors of foreign currency earnings. Major capital investments were made in the tourism sector over the last year and these together with the efforts of a revitalised Tourism Authority, are expected to result in increased earnings from this segment of the economy in the medium term. The Offshore Financial Services sector continues to grow at a rapid pace and once the legislative infrastructure is fully implemented, we expect that the established financial institutions will utilise their international marketing networks, management expertise and their technology capabilities to grow their businesses in this area. The manufacturing and agriculture sectors are not expected to show significant growth, however, the economic recovery in Barbados is expected to be better than last year. A sustained economic recovery in Barbados is unlikely unless the level of external debt is reduced more quickly and ongoing changes in the supply side of the economy are completed.

The Jamaican economy continues to be heavily dependent upon capital inflows, tourism, bauxite, alumina, sugar and other agricultural exports. At the present time, the economy is in a minimal growth situation, due largely to continued high interest rates, (although reduced from 1994 levels) the short term attitude to returns by investors and general economic uncertainties. Also, there is continuing uncertainty about the future stability of the exchange rate and this has not helped an already difficult situation. However, on the positive side, inflation rates have decreased significantly from 1993/94 levels and the incomes policy introduced by the government in 1994 is being strictly enforced. In the medium to long term, it is expected that capital inflows will support a modest investment led economic recovery.

From an overall regional perspective, a greater sense of urgency is needed in the restructuring of regional economies to facilitate development of an internationally competitive environment. As a region, we continue to be far too import oriented, without the foreign exchange resources to pay for such

imports. While there have been a number of initiatives to harmonise our regional business environment, the change process has been far too slow. There needs to be a conscious commitment by governments and the private sectors to the creation of an economic environment where "critical mass" is achievable. Simultaneously, it is imperative that we have acceptance at all levels within the region that international competitiveness is crucial to our survival.

Without these fundamental changes, the potential benefits of the Association of Caribbean States and ultimately of NAFTA, will not be achieved.

FUTURE OUTLOOK

The strategies and initiatives we have identified for 1996 and beyond are expected to result in significant growth in our businesses, good profit opportunities and a strong balance sheet. The acquisition of CIBC Bahamas Ltd. will provide wider geographic distribution of our assets and additional diversification of our revenue streams. As well, our foreign currency earnings capability is expected to be significantly enhanced by our offshore financial services initiative in Barbados.

The financial services sector throughout the region is expected to become increasingly competitive during 1996 and in addition to strategies for increasing our revenues and market share, our focus will, of necessity, include strong cost control initiatives and the delivery of quality service to our customers. We are satisfied that we have the human and technological resources required to meet the challenges ahead of us and we look forward to the continued support of our shareholders.

Finally, I should like to take this opportunity to thank the board of directors for their support over the last year and to offer my congratulations to the management and staff of our group of companies for their excellent performance in 1995.

Sir John Stanley Goddard
Chairman

DIRECTORS ' REPORT

DIRECTORS

During the year Mr. Garry I. McGregor resigned as a Director of the company. Mr. Albert W. Webb, Managing Director of CIBC Jamaica Limited has been proposed for election to the board. The following Directors whose term of office expires at the close of this meeting, being eligible, offer themselves for re-election:-

1. Mr. Robert N. Sallis
2. Mr. Kyffin D. Simpson
3. Mr. John Jardim
4. Mr. Ronald F. deC Harford

DIRECTORS' INTEREST

As at 31 October, 1995 particulars of Directors' shareholdings in the issued capital of the company are as follows:

COMMON SHARES OF NO PAR VALUE

	Beneficial Interest	Non-Beneficial Interest
Sir John Stanley Goddard	1,000	Nil
Shastrie Ablack	44,367	Nil
Christopher Blackman Q.C.	1,000	Nil
Ormiston Boyea	1,000	Nil
Ronald F. deC. Harford	1,000	Nil
John Jardim	1,000	Nil
Holger Kluge	Nil	1,000

Joseph Krukowski	76,000	Nil
John Lowry	Nil	1,000
Garry I. McGregor	31,578	Nil
Robert N. Sallis	96,578	Nil
Kyffin Simpson	1,000	Nil

FINANCIAL RESULTS AND DIVIDENDS

The Directors report that the company's consolidated profit after taxation for the year ended 31 October, 1995 amounted to Bds \$20.7 million. All statutory requirements for the year ended 31 October, 1995 have been fulfilled.

The company has declared a final dividend of two cents (2) per common share for the year ended 31 October, 1995. An interim dividend of two cents (2) per share was also paid in fiscal 1995.

SHARE CAPITAL

Substantial Interests At 31 October, 1995

Common Shares of No Par Value

Canadian Imperial Bank of Commerce	101,350,762	(57.16%)
Republic Bank Limited	35,461,917	(20.00%)
Life of Barbados	8,852,048	(5.00%)

(Substantial interest means a holding of 5% or more of the company's issued share capital)

AUDITORS

The Auditors, Price Waterhouse have indicated their willingness to be re-appointed and a resolution to that effect will be proposed at the Annual General Meeting of the company.

BY ORDER OF THE BOARD

Natalie S. Holder
Secretary
31 January, 1996