

CIBC Jamaica Limited 1998

Chairman's Report

Although the financial results for the year 1997-1998 do not appear to be as good as those of the previous year, I have been encouraged by the fact that certain prudent measures which have been taken and are still being taken by our Bank during the year under review will enable your Bank to meet and overcome in the coming year the challenges of a shrinking economy with negative growth. A costly computerized programme is being installed and will in the near future enable your bank to employ the most advanced technology.

In view of the prevailing economic climate the Bank has cautiously approached the matter of making provision for loans and has provided a better percentage cover for non-performing loans. Whereas the previous year the loan provision totalled \$82,295,000, for the year under review the total provision amounted to \$109,831,000. The Bank has met with some degree of success in reducing non-performing loans but the prudent decision has nevertheless been taken to increase the percentage cover, although this resulted in reduced profits.

Your Bank's performance during the year has been a commendable one despite the fact that our gross revenues were hardly an improvement on last year's revenues and our net interest margin was down from 8.9% to 8.5 % while our non-interest expenses were up by 16.6%. However, our non-interest income increased by some 24.3%. In the circumstances we have been able to end up with a net profit of \$124,771,000.

Your Bank fully realizes a great deal of work has yet to be done to return to the position which is held in the recent past of being the most profitable bank in Jamaica. This is the target which it has set

for itself and which it intends to achieve. In this endeavour your Bank is receiving maximum support, assistance and encouragement from CIBC West Indies Holdings in Barbados. Certain cost cutting measures will have to be taken but we assure you that whatever is done will be done in the best interests of your Bank and its employees who after all are its most important assets.

I regret to report that Mr. Al Webb, our Managing Director, has resigned after some 33 years with the Bank. Mr. Webb has served the Bank with diligence and with integrity and I am sorry to see him go. On behalf of the Bank I thank him for all those years of dedicated service and wish for him all the very best in the future.

At this juncture let me pay tribute to the hardworking management and staff of our Bank. I should also mention the commendable performance of the Bank's subsidiaries, CIBC Trust and Merchant Bank and CIBC Building Society. They performed well in a difficult environment.

I would also like to thank my fellow directors for their careful attention to detail and their painstaking support during the year under review. It would be remiss of me if I did not say a special word of thanks to our customers for their valued business throughout the year under review.

Emil C. George, Q.C.
Chairman
