

CIBC WEST INDIES HOLDINGS LIMITED 1999

CHAIRMAN'S REVIEW

FOR THE SIX MONTHS ENDED APRIL 30, 1999

Net income of the Group for the six months ended April 30, 1999 totalled \$42.5 million, compared to \$36.5 million recorded in the first half of fiscal 1998. The increase in net income is due primarily to the acquisition of the retail banking operations of CIBC in the Cayman Islands which was effected February 1, 1999, through the purchase of a 51% interest in CIBC Bank and Trust Company (Cayman) Limited. In addition, the Group increased its ownership of CIBC Jamaica Limited by 25% in March 1999, thereby increasing its equity interest to 82%.

These acquisitions are significant in realizing the strategic objective of reorganizing the retail banking operations of CIBC in the Caribbean under the direction of a single regional entity, CIBC West Indies Holdings Limited. The operations of the Cayman Islands banking business will add significantly to the diversification of our operations and is a major strength of the Group. This acquisition was effected by an exchange of shares, in which CIBC West Indies Holdings Limited issued 171.5 million shares as consideration.

The Group achieved a return on equity of 22.6%, compared to the prior year's return of 19.6%, due mainly to the acquisition of the Cayman Islands business.

Excluding the results of the recently acquired Cayman Islands' retail banking operations, Group profit for the first half of 1999 was comparable to that of the prior year, despite the increase in loan loss expenses mentioned in my previous review covering the first quarter's results.

I am pleased to report that conversion to the new Integrated Banking System has now been completed with CIBC Jamaica and CIBC Bahamas having been converted on March 22 and May 10 respectively. This is a major achievement which has been realized through the dedication and hard work of our project team and staff. I would like to take this opportunity to express our appreciation for their efforts and to congratulate them on a job well done.

Based upon our results to date, we expect that 1999 will be another successful year for the Group.

The Directors have declared an interim dividend of 4.0 cents (1998 - 3.5 cents) per share, payable on July 16, 1999 to shareholder's whose names are registered in the books of the Company at the close of business on June 21, 1999.

CONSOLIDATED INCOME STATEMENT (HIGHLIGHTS)

(Bds \$'000)

	Unaudited 6 months to Apr 30, 1999	Unaudited 6 months to Apr 30, 1998	Audited 12 months to Oct 31, 1998
Income before extraordinary items, taxation and minority Taxation	66,497 5,179	48,095 7,474	95,686 12,980
Income before extraordinary items and minority interest	<u>61,318</u>	<u>40,621</u>	<u>82,706</u>
Minority Interest	(18,860)	(4,090)	(7,690)
Net Income	<u>42,458</u>	<u>36,531</u>	<u>75,016</u>
Earnings per share	\$0.081	\$0.083	\$0.170
Return on assets	2.55%	2.36%	2.28%
Return on equity	22.6%	19.6%	19.5%
Dividend - cents	4.0	3.5	8.0
Dividend payout ratio	<u>41.5%</u>	<u>42.2%</u>	<u>47.0%</u>

CONSOLIDATED BALANCE SHEET (HIGHLIGHTS)

(Bds \$'000)

	Unaudited as at Apr 30, 1999	Unaudited as at Apr 30, 1998	Audited as at Oct 31, 1998
Total assets	6,848,384	3,642,301	3,898,129
Total liabilities	6,214,422	3,223,639	3,460,610
Shareholders' equity	463,455	379,405	397,690
Minority interest	170,507	39,257	39,829
