Frequently Asked Questions – Q1 2008

1. Has the subprime issue changed CIBC's strategy?

CIBC's strategic imperative has been consistent sustainable performance over the long-term supported by our three priorities: core business strength, capital management and productivity. That strategy is sound and delivered strong results and shareholder value until we experienced this issue.

Retail Markets has continued to perform well. In World Markets, the losses that have occurred took place in a relatively small part of that business. Most other areas of World Markets have reported solid performances and we are committed to continuing to support them.

In summary, our strategy is on track. Our core businesses are performing well and we intend to continue to invest in them. In response to our subprime exposure, we have made a number of changes that position the bank well to deliver more consistent and sustainable results in the future.

2. Who are the counterparties for hedged credit derivative exposures outside of U.S. subprime residential real estate? What are the underlying assets and how much have they deteriorated in value?

Besides ACA, which is a unique circumstance, we have not disclosed counterparty names, as many of our contracts with them are subject to confidentiality restrictions.

The reference assets for purchased credit protection outside of the area of U.S. residential real estate are generally AAA-rated senior Collateralized Loan Obligation (CLO) and Collateralized Debt Obligation (CDO) tranches, with the underlying assets comprising North American and European leveraged loans, investment grade corporate securities, and various other underlyings, including Commercial Mortgage-Backed Securities (CMBS) and bank trust preferred securities.

Our hedge counterparties are investment grade or higher-rated financial institutions, and include 10 financial guarantors. As at January 31, 2008, the aggregate fair value of financial guarantor hedges where the reference assets were not related to the U.S. residential mortgage market was US$885 million, with the largest single exposure having a fair value of US$219 million. The aggregate fair value of US$885 million implies an average discount across the portfolio of 3-4%. This discount may appear less than some indices are imputing and the main reason for this is the relatively high subordination of the CLO/CDO underlyings.

3. What reserves have you taken against your hedged financial guarantor exposures? How do you determine when a write-down is necessary?

In Q1 2008, we recorded a charge of US$624 million against our exposure to financial guarantors other than ACA. Of this amount, approximately US$516 million related to our exposure to the U.S. residential mortgage market. The first quarter charge of US$624 million increases our cumulative valuation adjustments against financial guarantors other than ACA to US$648 million as at January 31, 2008.

Our credit risk valuation adjustments for derivative contracts are calculated based on a mathematical model and are a function of internally assigned risk ratings and the current mark to market of the derivatives. Therefore each time the risk rating is changed for a counterparty, the valuation adjustment would be re-calculated and adjusted up or down depending on whether the risk rating had improved or deteriorated. The risk rating is determined based on a number of established parameters that are both quantitative and qualitative in nature.

In Q1 2008, we changed our valuation adjustment process for financial guarantors by considering market observed credit spreads. This new methodology produced a higher Q1, 2008 charge than would have the previous methodology, which relied more on historic default and loss rates by credit rating.

4. During the quarter, you had $4.8 billion of assets underlying total return swaps "put" back to you? Why? What types of assets are they? What was the impact on earnings and capital of terminating these derivative contracts?

CIBC had entered into total return swap transactions with two third-party structured vehicles, and then hedged the underlying risk in the total return swaps by purchasing CDS protection from various other counterparties. During the quarter, we decided to bring these assets on to our balance sheet.

The third-party vehicles had the option to "put" the underlying assets to CIBC in consideration for the termination of the related total return swaps. Similarly, CIBC had the option to acquire the assets and terminate the total return swaps. The purchase of the underlying assets would not result in any new risk to CIBC, as the risk inherent in the total return swaps is basically the same as the risk in the underlying assets.

CIBC has hedged the credit risk in these transactions through credit default swaps. It is important to note that any subprime exposure in the underlying assets has been included in our previous disclosure of hedged subprime CDO/RMBS exposure.

The only real difference is on-balance sheet versus off-balance sheet financing. The $4.8 billion of underlying assets purchased now appear on CIBC's balance sheet as trading securities.

There is minimal financial implication as a consequence of taking these assets on to our balance sheet. Also, there is minimal capital implication as the risk-weighted assets are similar for the off-balance sheet and on-balance hedged underlyings.

5. What is your exposure to the commercial real estate market in the U.S. and Canada?

CIBC's U.S. commercial real estate portfolio is in support of the Real Estate Finance business where we have developed an expertise and a presence.

The U.S. Real Estate Finance portfolio is approximately $2.3 billion in authorizations, of which $1.9 billion was outstanding at January 31, 2008. The outstandings include:

(i) $1.3 billion of floating rate loans with an average loan-to-value (LTV) of 62% and average internal risk rating equivalent to BB+
(ii) $0.6 billion of fixed rate loans with an average maturity of 9 years and an average LTV of 72%.
(iii) No CMBS holdings

The U.S. portfolio is well diversified by both property type and region.

In Canada, all lending is below an LTV of 75%. The portfolio has an average LTV of 72%, with 97% adjudicated to be investment grade ('BBB-') or better. In Canada, commercial real estate fundamentals remain stronger than the U.S.

6. What is your exposure to Asset-Backed Commercial Paper (ABCP), both in aggregate and to assets that are part of the Montreal Accord restructuring? Are your global style liquidity lines being drawn?

CIBC had par value holdings of $358 million of non-bank ABCP at January 31, 2008 (unchanged from October 31, 2007).

In Q1 2008, we recognized losses of $8 million (Q4 2007: $18 million) through earnings and $75 million (Q4 2007: $43 million) through other comprehensive income on the balance sheet, related to our non-bank ABCP holdings.

As of January 31, 2008, CIBC’s total commitment to ABCP conduits through backstop liquidity facilities was $14.8 billion (October 31, 2007: $17.3 billion). Of this amount, approximately 94% (October 31, 2007: 92%) was for the benefit of our sponsored Canadian ABCP conduits.

CIBC’s direct holdings of ABCP issued by our sponsored conduits were $1.0 billion at January 31, 2008, down from $3.1 billion on October 31, 2007.

We have experienced negligible draws (less than $5 million) on global-style liquidity lines.

7. What caused the increase in loan losses this quarter?

In Q1 2008, World Markets experienced much lower levels of recoveries and reversals in the business and government portfolios. The World Markets provision is largely due to a single credit. The portfolio continues to be reasonably diversified from an industry perspective and is supplemented by our credit protection activities.

In Retail Markets, provisions in the small business and commercial portfolios were higher this quarter largely due to lower recovery and reversal levels. Also, provisions were higher in the cards portfolio due to volume growth.

8. How are you performing against your productivity target of holding expenses flat to Q4 2006 levels?

CIBC's target is to hold non-interest expenses flat to Q4 2006, adjusting for the consolidated expenses of FirstCaribbean International Bank (FirstCaribbean) and the impact of our U.S. restructuring.

On a reported basis, our Q1 2008 non-interest expenses were $1.76 billion, compared with $1.89 billion in Q4 2006.

After adjusting for FirstCaribbean and the impact of our U.S. restructuring, as well as the items noted in our Q1 2008 press release, Q1 2008 non-interest expenses were $1.60 billion[1], compared with $1.80 billion[1] in Q4 2006.

(CAD $B)	Q1 2008	Q4 2006
Non-interest expenses[(1)]	1.761	1.892
FirstCaribbean expenses[(2)]	(0.082)	-
Expenses attributable to U.S. businesses sold[(3)]	(0.040)	(0.097)
Items of note[(4)]	(0.038)	
Adjusted non-interest expenses	1.601	1.795

[(1)]As reported on page 4 of the Q1 Supplemental Financial Information (available on www.cibc.com)

[(2)]As reported in CIBC's consolidated financial statements.

[(3)]Expenses related to U.S. businesses sold to Oppenheimer Holdings Inc. (Oppenheimer) in Q1 2008.

[(4)]Included in $108 million combined loss on the sale of some of CIBC's U.S. businesses to Oppenheimer, management changes and the exit and restructuring of certain other businesses, as reported on page 1 of CIBC's Report to Shareholders for the First Quarter, 2008 (available on www.cibc.com). The remaining $70 million ($108 million - $38 million) was reported as negative revenue in CIBC's Q1 2008 results.

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[1] Adjusted Q1 2008 and Q4 2006 non-interest expenses are "Non-GAAP measures". CIBC believes these non-GAAP measures are useful in analyzing CIBC's performance.

A Note About Forward-Looking Statements

From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including in this press release, in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission and in other communications. These statements include, but are not limited to, statements we make about the possibility that we will incur a large charge in our financial results for the First Quarter ending January 31, 2008 and the potential amount of that charge, as well as statements we make about our operations, business lines, financial condition, risk management, priorities, targets, ongoing objectives, strategies and outlook for 2008 and subsequent periods. Forward-looking statements are typically identified by the words "believe", "expect", "anticipate", "intend", "estimate" and other similar expressions or future or conditional verbs such as "will", "should", "would" and "could". By their nature, these statements require us to make assumptions and are subject to inherent risks and uncertainties that may be general or specific. A variety of factors, many of which are beyond our control, affect our operations, performance and results, and could cause actual results to differ materially from the expectations expressed in any of our forward-looking statements. These factors include: the creditworthiness and continued viability of our counterparties; the continued volatility in the U.S. residential mortgage market; credit, market, liquidity, strategic, operational, reputation and legal, regulatory and environmental risk; legislative or regulatory developments in the jurisdictions where we operate; amendments to, and interpretations of, risk-based capital guidelines and reporting instructions; the resolution of legal proceedings and related matters; the effect of changes to accounting standards, rules and interpretations; changes in our estimates of reserves and allowances; changes in tax laws; that our estimate of sustainable effective tax rate will not be achieved; political conditions and developments; the possible effect on our business of international conflicts and the war on terror; natural disasters, public health emergencies, disruptions to public infrastructure and other catastrophic events; reliance on third parties to provide components of our business infrastructure; the accuracy and completeness of information provided to us by clients and counterparties; the failure of third parties to comply with their obligations to us and our affiliates; intensifying competition from established competitors and new entrants in the financial services industry; technological change; global capital market activity; interest rate and currency value fluctuations; general economic conditions worldwide, as well as in Canada, the U.S. and other countries where we have operations; changes in market rates and prices which may adversely affect the value of financial products; our success in developing and introducing new products and services, expanding existing distribution channels, developing new distribution channels and realizing increased revenue from these channels; changes in client spending and saving habits; and our ability to anticipate and manage the risks associated with these factors. This list is not exhaustive of the factors that may affect any of our forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on our forward-looking statements. We do not undertake to update any forward-looking statement that is contained in this press release or in other communications except as required by law.

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