Frequently Asked Questions – Q2 2008

1. Can you comment on the performance of CIBC Retail Markets this quarter?

CIBC Retail Markets' results this quarter were supported by strong volume growth in cards and mortgages, expense discipline and good loan loss performance. These factors were offset by higher funding costs, lower treasury-related revenue and the adverse impact of the market environment on certain businesses such as retail brokerage.

Credit card balances outstanding were up 13% from the prior year primarily due to premium card volume growth. We also continued to experience strong new account growth, as a result of effective in-branch cross-selling to existing banking clients and new client acquisition through direct sales activities. Our overall portfolio credit quality continues to perform well. Despite strong volume growth, our loan loss rate has declined over the prior year.

Our mortgage business performed at industry growth rates with balances increasing almost 13% over the past year. We have seen progress in both originations and mortgage retention rates.

In personal lending, we experienced modest improvements as a result of initiatives to improve acquisition and account management. Our total personal lending balances were up by 7.3% over the past year. We improved sales activities in our unsecured portfolio, while maintaining a strong focus on credit quality.

Deposit and GIC balances also continued to experience solid growth, increasing 9.3% and 5.7%, respectively, over the past year.

Mutual fund net sales for the second quarter were C$613 million. Investors continued to be cautious and mutual fund flows were primarily into short term funds.

In retail brokerage, revenues were down 10% from the second quarter of 2007 due to continued volatility in the capital markets and a significant decline in new issue activity.

Across Retail Markets, the fundamentals of our business are tracking well, particularly with respect to balanced growth and new sales. Our focus on leveraging our core strengths to deliver strong advisory solutions to our clients continues to generate business growth through consolidation and attraction of new clients. This focus, combined with prudent risk management strategies and a continued disciplined approach to cost management, provide CIBC Retail Markets with a solid business foundation.

2. CIBC's retail revenue growth is lagging your peers. Where do you see opportunities for improvement?

In several of our businesses, such as cards, mortgages and secured lending we have had solid performance and are growing at market rates while maintaining credit quality.

While over the past two years the size of our unsecured lending portfolio has been shrinking because of our risk posture, our focus now is on growing our portfolio from a smaller, higher quality foundational base of loans. We are making progress. We are seeing moderate improvements as a result of initiatives to improve acquisition and account management. Our unsecured lending has improved with 2008 market share flat after 13 consecutive quarters of decline.

Business banking is an area of opportunity and we are taking appropriate actions to improve our growth.

Continued volatility in the equities market will impact the rate of future growth in our mutual funds and brokerage businesses.

3. Is your target of 5-10% earnings per share (EPS) growth over the next three years realistic now?

Our strategic imperative continues to be consistent and sustainable performance over the long-term.

Our EPS growth rate of 5-10% is one of our publicly stated objectives in CIBC's Annual Accountability Report scorecard. It is one that is very important to our shareholders and very much aligned with our strategy of sustainable performance.

At the end of 2007, we lowered our target from 10% to 5-10% to reflect our view of more challenging conditions in the next 3-5 years than were seen in the previous 3-5 years.

We are confident with the steps we have taken this year that we can achieve our medium-term EPS target.

4. You noted that your results were hurt by higher funding costs. Can you elaborate?

Market conditions are challenging for financial institutions in general. As a result, credit spreads have widened for the industry.

The higher market credit spreads are reflected out to all of our businesses through our funds transfer pricing framework.

5. Can you comment on CIBC World Markets' priorities and its earning capacity going forward?

Over the past few months, we have taken a number of steps to refocus CIBC World Markets. We have exited non-core businesses that do not have a history of risk controlled earnings growth (sold U.S. businesses to Oppenheimer and exited UK leverage finance), created a separate team to manage run-off of the structured credit business, and created a risk function within World Markets to complement the existing risk management group in CIBC.

Under Richard Nesbitt's leadership, we have reviewed our entire World Markets organization. Our objective is to ensure that plans for our core and profitable World Markets business are aligned with our clients' needs and CIBC's strategy of consistent and sustainable earnings. As part of the overall refocusing of World Markets and our stated priority to improve CIBC's productivity, we announced in May plans to eliminate 100 positions in CIBC World Markets.

Our strategy is to focus on our most profitable and competitive businesses, with an emphasis on our Canadian capabilities. We have four primary lines of business – Investment, Corporate and Merchant Banking; Global Equities; Fixed Income and Currencies; and Real Estate Finance. By focusing on these primary businesses, we intend to reduce the variability of World Markets' net income after tax and generate a more consistent return on capital over a full business cycle that exceeds CIBC's published bank-wide target of 20%.

The percentage of economic capital available to our wholesale business will be less than 25% through the cycle, in line with the target business mix we have established for CIBC and disclosed in our Annual Report..

6. Can you update us on the progress of your risk management enhancements?

We have launched a number of initiatives and made several changes to the way we oversee risk. The overarching objective we have is to build a risk culture that is aligned right across the business, not just in the risk management department and that it is sustainable in good times and bad.

We have formalized our risk appetite statement which provides the basis for establishment of individual business line risk limits and guidelines. Our risk appetite is consistent with our overall business strategy, which is to focus on our core franchise and deliver consistent, sustainable earnings. We use a number of metrics to measure our progress, including backward-looking metrics such as earnings and share price volatility versus our competitors and several forward-looking metrics such as Tier 1 ratio, earnings per share growth, the loan loss ratio and our retail/wholesale business mix.

In the area of risk governance, we have made important changes to the senior management committees that oversee see our risk positions and approve new product launches and significant new trading strategies. We have expanded membership on these committees and are providing enhanced discussion material, including more extensive scenario analysis and stress testing.

Organizationally, we have made several important changes including: consolidating all of our Corporate Credit Risk staff under one person, combining Market Risk Management with Counterparty Credit Risk and Traded Credit Risk under a newly created position staffed by a senior person recruited externally. Overall, we have a substantially new and very experienced risk management leadership team. In addition, the newly formed group within CIBC World Markets will provide supplemental risk management oversight within the business. This group will not have override rights relative to the central risk management group but will further enhance the alignment and accountability in our wholesale business for risk management.

Risk reporting and transparency is the underpinning of sound risk management governance. Although, our reporting from the front lines and from our analytical groups is very good in most respects, we will synthesize it better for decision making by senior management and discussion with the Board.

7. What further write-downs do you expect?

As you will recall, in January we raised $2.9 billion of common equity to provide a capital cushion against a potential decline in market conditions.

This action has enabled us to maintain a Tier 1 capital ratio of 10.5%, well above our target of 8.5% and highest amount the major Canadian and U.S. money centre banks, despite the write-downs we have taken on our structured credit positions.

Trying to predict further write-downs is difficult, as it is dependent on market conditions.

Through our ongoing earnings and capital initiatives, we are comfortable we can maintain a strong Tier 1 ratio, even if significant future write-downs are required.

As an illustrative example and staying roughly aligned with the scenarios we provided in the first quarter, if we took further losses of $2 billion, we would expect our Tier 1 ratio to remain close to 9.5% at the end of the third quarter.

8. Can you provide more details on the transactions during the quarter to unwind some of your credit derivative exposures? How do you seek opportunities to reduce positions?

We have a separate team managing the run-off of our structured credit business where our U.S. mortgage exposures were originated. We are committed to exiting this business and managing down our exposures as quickly as we can.

During the second quarter, we made good progress in this area. We reduced our correlation and flow trading books by approximately C$30 billion and unwound related hedges of approximately the same amount. The positions we sold were relatively low risk and liquid and therefore, we were able to exit them at a price that was close to their carried value. In doing so, we decreased the potential for tail risk in this overall portfolio.

We also sold several of our U.S. mortgage exposures that were hedged by ACA, reduced other credit derivative positions and brought $1.8 billion of other written credit derivatives back on balance sheet with no impact on our results.

Together these activities reduced credit derivative notionals in our trading book from C$152 billion to C$84 billion this quarter.

9. It seems likely you will achieve your expense target for this year. Will you set a new target?

As you know, CIBC's strategic objective is to have a median efficiency ratio among the major Canadian banks.

We have a stated 2008 target to hold expenses flat to fourth quarter of 2006, excluding FirstCaribbean and our restructuring activities. We have already undertaken significant restructuring in World Markets (U.S. sale, ELF, structured credit, infrastructure) to right-size our business footprint for anticipated future business levels.

These and other activities during the rest of the year mean our expenses in 2008 will be significantly below the target we established at the end of 2007.

While we have made progress against our productivity targets over the last three years, we have not yet achieved a median efficiency ratio and will continue to work towards this objective.

CIBC Expense Objective

(CAD $MM)	Q4/06	Q2/08
Non-interest expenses - Reported	**1,892**	**1,788**
Less: Items of Note	-	(98)
Less: FirstCaribbean	-	(94)
Less: Exited/Sold Businesses	(116)	(19)
Non-interest expenses - "Adjusted"	**1,776**	**1,577**

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 report, 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 made in the "Update on business priorities", "Overview – Significant events", "Overview - Outlook", "Run-off businesses", "Other selected activities" and "Financial performance review – Income taxes" sections, of this report and other statements 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, including the economic assumptions set out in the "Overview - Outlook" section of this report, 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: 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 report or in other communications except as required by law.

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