



# News Release

## CIBC ANNOUNCES SECOND QUARTER 2005 EARNINGS

(Toronto, ON – May 25, 2005) – CIBC announced net income of \$440 million for the second quarter ended April 30, 2005 compared with \$507 million a year ago. Diluted EPS were \$1.20, compared with \$1.33 a year ago. ROE was 16.2%, compared with 18.4% for the same period a year earlier.

The second quarter included a provision of \$75 million (\$75 million after-tax, or \$0.21 per share) related to matters involving CIBC's dealings with certain hedge funds in the U.S. that engaged in the market timing of mutual funds.

CIBC's net income and diluted EPS for the second quarter of 2005 were down from \$707 million and \$1.94, respectively, for the prior quarter, which included gains on asset sales of \$234 million (\$171 million after-tax, or \$0.49 per share).

During the quarter, CIBC repurchased and cancelled approximately 2.8 million common shares under its normal course issuer bid. Tier 1 capital ratio remained strong at 10.7%.

### **Sustainable returns to shareholders**

"CIBC's second quarter results reflect the commitment to our key priorities of delivering what matters to our clients, enhancing productivity and prudently managing our risk profile," said John S. Hunkin, Chief Executive Officer.

### ***Putting clients first***

Enhancing client relationships is key to CIBC's long-term growth. CIBC Retail Markets continues to leverage its extensive distribution network and understanding of clients' needs to deepen its relationships. The CIBC Wealth Management strategy is built on leadership in relationship-based advice and the continued investment in the accreditation and training of the advisor team. CIBC World Markets sustained its position as the leading Canadian equity underwriter in the first half of 2005.

During the quarter Gerry McCaughey, President and Chief Operating Officer, announced a new organizational structure designed to enhance CIBC's retail banking offer and to deliver product benefits for clients. CIBC announced the merger of its Retail Markets division with parts of its Wealth Management division. Sonia Baxendale, previously Senior Executive Vice-President, Wealth Management, was named Senior Executive Vice-President, Retail Markets.

Going forward, CIBC's Wealth Management division will be comprised of CIBC Wood Gundy's Private Client and Online Brokerage businesses, as well as TAL Global Asset Management and CIBC's mutual fund businesses. Victor Dodig was appointed as Executive Vice-President, Wealth Management.

### ***Improving productivity***

CIBC's objective is to be competitive with its peer group in the area of productivity by having an efficiency ratio no worse than the median of the major Canadian banks. CIBC is supporting growth in core businesses through targeted investments, while eliminating duplication and streamlining processes.

### ***Managing risk***

CIBC has been successful in reducing large corporate credit risk and merchant banking investment risk over the past three to five years. CIBC is currently focused on reducing the loss levels in its consumer credit portfolio. In addition, CIBC continues to invest in managing reputation and legal risk through integrated governance and control initiatives across the organization.

CIBC is committed to maintaining a prudent risk profile over the long-term.

### ***Financial highlights***

CIBC Retail Markets and CIBC Wealth Management delivered good results, despite fewer days in the quarter. Continued low and stable interest rates encouraged lending and deposit growth and higher trading activity helped drive strong results in CIBC's Imperial Service and retail brokerage businesses.

CIBC World Markets benefited from a strong Canadian equity new issue market and higher merchant banking revenues, but experienced slowdowns in other markets.

### **Other highlights**

#### ***CIBC Retail Markets***

- *#2 in online banking penetration:* CIBC's online banking client penetration ranked #2 among Canadian banks, with 24% of all of CIBC clients now banking online, according to the latest Forrester Research Online Financial Services Benchmark Report.
- *Strong CIBC Bonus Savings Account performance:* Less than two years after launch, the CIBC Bonus Savings Account exceeded \$5 billion in balances in the second quarter.
- *Continued growth in President's Choice Financial (PCF):* PCF surpassed \$11 billion in funds managed and now has close to 1.6 million clients.

## **CIBC Wealth Management**

- *CIBC Wood Gundy celebrates 100 years:* CIBC Wood Gundy, one of Canada's leading names in advisory services, marked its 100<sup>th</sup> anniversary on February 1, 2005.
- *New GIC feature:* A new monthly pay feature, launched on CIBC's non-registered 5-year Bonus Rate GIC, allows clients to invest for the long-term while receiving interest income payments on a more regular basis.
- *New equity-linked notes:* Supported by Imperial Service's unique IDA-licensed advisors, the combined equity-linked note offering of the CIBC Income Generation Deposit Notes and CIBC Diversified Growth Guaranteed Return Deposit Notes was CIBC's largest to date.

## **CIBC World Markets**

- *Market Leadership in Canada:* CIBC World Markets continues to be #1 in Canadian equity underwriting through the first half of 2005, having led 86 issues valued at close to \$8.7 billion. CIBC acted as co-lead manager and joint bookrunner for the \$1.4 billion offering of Yellow Pages Income Trust Units; and joint bookrunner for ACE Aviation Holdings Inc. on its common share issuance valued at \$462 million and co-manager for ACE Aviation's convertible senior notes issuance valued at \$330 million.
- *Continued success in U.S. Real Estate Finance:* CIBC World Markets completed its second large commercial mortgage-backed securities offering this year valued at US\$1.8 billion as joint lead arranger with JPMorgan Chase & Co.
- *European Success:* Key second quarter deals for CIBC's European Leveraged Finance included acting as joint lead arranger on the credit facility for CVC Capital Partners' (CVC) acquisition of CSM's Sugar Confectionery Division valued at €640 million, and acting as joint lead arranger and bookrunner on the credit facility for CVC in its acquisition of Spain's Mivisa Envases, SAU, valued at €465 million.

## **Accountability to stakeholders**

As part of CIBC's commitment to protect the environment, CIBC and its employees participated in activities marking the 35<sup>th</sup> anniversary of Earth Day. In addition, CIBC is encouraging its employees to step up and take the Government of Canada's One-Tonne Challenge to reduce waste and energy use.

Creating a supportive workplace where people can excel is fundamental to CIBC's vision of becoming recognized as the leader in client relationships. To this end, CIBC announced that it will be expanding its backup child care program for employees in urban centres across Canada.

## **Outlook**

North America is expected to continue on the moderate economic growth path seen since the start of the year. In Canada, the strong Canadian dollar and a slower global growth environment are expected to continue to dampen exports, but low interest rates should support the performance of domestic industries and drive moderate growth in consumer and capital spending. In the U.S., the moderation in economic growth should contain inflation and limit the extent of further interest rate increases.

Lending and deposit volumes should continue to grow given the outlook for low and stable interest rates. Capital markets volumes have declined somewhat from earlier in the year and the current outlook is for these lower volumes to continue through the third quarter.

"At CIBC, we remain firmly focused on strengthening client relationships while carefully managing costs and risk," said John Hunkin. "We are confident that by working to achieve these objectives, as well as continuing to act with the interests of all our stakeholders in mind, we will be successful in delivering attractive and sustainable shareholder returns."

## **A NOTE ABOUT FORWARD-LOOKING STATEMENTS**

*This report contains forward-looking statements which are made pursuant to the 'safe harbor' provisions of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about the operations, business lines, financial condition, risk management, priorities, targets, ongoing objectives, strategies and outlook of CIBC for 2005 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". A forward-looking statement is subject to inherent risks and uncertainties that may be general or specific. A variety of factors, many of which are beyond CIBC's control, affect the operations, performance and results of CIBC and its business lines, and could cause actual results to differ materially from the expectations expressed in any of CIBC's forward-looking statements. These factors include: current, pending and proposed legislative or regulatory developments in the jurisdictions where CIBC operates, including pending developments in Canadian laws regulating financial institutions and U.S. regulatory changes affecting foreign companies listed on a U.S. exchange, as well as amendments to, and interpretations of, risk-based capital guidelines and reporting instructions; legal and regulatory proceedings and related matters; the effect of applying future accounting changes; change in tax laws; political conditions and developments; the possible effect on CIBC's business of international conflicts and the war on terror; the accuracy and completeness of information provided to CIBC by clients and counterparties; intensifying competition from established competitors and new entrants in the financial services industry; technological change; global capital market activity; interest rate fluctuation; currency value fluctuation; general economic conditions worldwide, as well as in Canada, the United States and other countries where CIBC has operations; changes in market rates and prices which may adversely affect the value of financial products; CIBC's success in developing and introducing new products and services, expanding existing distribution channels, developing new distribution channels and realizing increased revenue from these channels, including electronic commerce-based efforts. This list is not exhaustive of the factors that may affect any of CIBC's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on CIBC's forward-looking statements. CIBC does not undertake to update any forward-looking statement that is contained in this report.*