



Frequently Asked Questions – Q3 2009

1. Can you comment on the higher loan losses and new impaired loan formations in the corporate loan portfolio?

Overall, our corporate loan portfolio continues to perform well, reflecting its smaller size, good industry diversification and Canadian focus.

The increase in the provision for credit losses this quarter primarily related to our European leveraged finance (ELF) business that CIBC exited in 2007 and to a lesser extent our U.S. real estate finance business.

We had anticipated the potential of having some losses in our ELF run-off portfolio if market conditions did not improve. The provision this quarter of \$65 million related to two failed syndications from 2007 that are classified as impaired at July 31, 2009.

We had also stated previously that we could have losses in our U.S. commercial real estate portfolio if conditions in the market continued to deteriorate. We recorded a provision of \$42 million this quarter related primarily to three borrowers.

2. Can you provide more details on the loans within your ELF and U.S. real estate finance portfolios? What are the key factors that could result in further losses and deterioration in credit quality within these portfolios?

The ELF run-off portfolio had drawn loans of \$907 million and unfunded letters of credits and commitments of \$155 million as at July 31, 2009. Loan exposures by industry are described on page 17 of the Q3 2009 Report to Shareholders. As noted on that page, \$466 million of loans were added to the watch list this quarter. These loans are being monitored closely to avoid further deterioration, but migration could result in future losses.

The U.S. real estate finance portfolio had funded loans of US\$2,158 million and unfunded commitments of US\$268 million as at July 31, 2009. This business originates loans to mid-market clients under a construction program for properties under construction, and an interim program, for properties that are not yet fully leased or with construction not yet complete.

The majority of properties are located along the U.S. Eastern seaboard. The portfolio includes over 100 loans and diversified property types.

While CIBC has strong relationships with the real estate sponsors, declines in occupancy, rents, or loan-to-value ratios could result in future losses.



3. Are you beginning to see improvements in the credit quality of the cards portfolio from actions taken over the past several quarters? When do you expect card losses to peak? What is your growth outlook for this business?

Several quarters ago, in anticipation of a difficult economic environment and higher unemployment rates, we took management discretionary actions (which slowed portfolio growth relative to the industry) in our Cards portfolio. These actions have now resulted in a stabilized and improving delinquency trend. Personal bankruptcies, which are up significantly across the industry this year are also a driver of overall net credit losses. Overall, however, the portfolio is performing in line with the market reality of higher unemployment levels.

Managed balances were \$13.8 billion at July 31, 2009, comparable with the prior quarter and down slightly from a year ago. Our market share in May was also comparable with the prior quarter.

We expect to manage growth rates within the low to mid-single digit range to ensure the ongoing credit quality of our cards portfolio.

4. Will you be revisiting Wholesale Banking's annual earnings target of \$300 to \$500 million given the strong year-to-date performance? Are there plans to allocate more capital to this business?

The \$300 to \$500 million annual net income after tax remains as a medium-term, through the cycle objective, consistent with CIBC's strategic imperative of consistent and sustainable earnings.

Market conditions and the effective execution on our strategy so far in 2009 have enabled Wholesale Banking to earn through the high end of the range. This solid performance has come from areas where CIBC has been traditionally strong – e.g. equity underwriting, government bonds, and other capital markets activities. We have been able to capitalize on opportunities in the marketplace and have executed well.

We have also made significant strategic decisions that position Wholesale Banking well for future growth. One example of this was the separation of corporate lending from investment banking, which has broadened our corporate lending opportunity.



5. This was the first quarter you reported a recovery from the structured credit run-off business. Are market conditions for these assets improving? Do you expect more recoveries in the future?

We reported a \$95 million gain from our structured credit run-off portfolio that for many quarters has created losses for CIBC. This positive outcome came primarily from having reduced our positions through risk-reducing activities and settlements with our financial guarantor counterparties.

Each quarter we have managed to complete transactions that have reduced the portfolio and capacity for future losses. We are continuing to proactively manage this portfolio and reduce positions. To the extent the market for these assets improves, we will have further capacity and optionality.

6. What percentage of the collateral within the CLO portfolio that is hedged by financial guarantors is rated below investment grade?

As at July 31, 2009 the underlying collateral in this portfolio was rated approximately as follows:

- BBB- or higher: 2% (Apr 30: 2%)
- between BB- and BB+: 15% (Apr 30: 12%)
- between B- and B+: 57% (Apr 30: 55%)
- CCC+ or below: 15% (Apr 30: 19%)
- Not rated: 11% (Apr 30: 12%)

7. How did treasury results in the third quarter compare to a year ago and the prior quarter?

Compared to a year ago, overall treasury revenues were lower primarily due to higher funding costs. While funding costs in the market place have been declining over the recent period, we are seeing the impact of actions taken over the past two years to strengthen our balance sheet. While these actions have been very positive for our balance sheet quality overall, they have a lag effect in terms of the cost of these initiatives adversely impacting our earnings.

Compared to the prior quarter, treasury revenues were lower mainly due to lower gains on available-for-sale securities.

8. What is your view of the likely outcome of Canada Revenue Agency's reassessment of your tax filing related to the 2005 Enron settlements?

As disclosed in Note 10 of our interim consolidated financial statements, we believe we will be successful in sustaining at least the amount of the accounting tax benefit recognized to date.



**9. What opportunities are you exploring to deploy your excess capital?
Can you confirm if you are considering a minority stake in Allied Irish
Bank?**

In the current environment, we have focused on capital strength while taking a cautious approach to risk. With a Tier 1 ratio of 12%, CIBC's capital strength is a clear strategic advantage and provides us the opportunity to shift our focus to a more balanced view of risk and growth as market conditions improve.

Our priorities are to strengthen our core businesses, continue to reduce our structured credit exposures and sustain the strength of our balance sheet. We made further progress in all these areas during the third quarter.



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 presentation, 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 about our operations, business lines, financial condition, risk management, priorities, targets, ongoing objectives, strategies and outlook for 2009 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 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; changes to our credit ratings; 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 business and 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; our ability to attract and retain key employees and executives; 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 presentation or in other communications except as required by law.

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