



## Frequently Asked Questions – Q4 2009

### **1. How are we to measure your earnings per share (EPS) growth against your medium-term objective of 5-10%?**

As stated in CIBC's balanced scorecard on page 8 of the 2009 Annual Accountability Report, our EPS growth target continues to be 5% to 10% per annum, on average, over the next 3 to 5 years. At the end of fiscal year 2007, we lowered our target from 10% growth per annum to 5% to 10% growth in view of more challenging economic conditions.

Over the medium term, we expect that improvements in industry conditions can support a return to the core earnings level we achieved in 2007, adjusting for the dilution impact from the January 2008 common equity share issue and abnormally high merchant banking gains.

### **2. What are CIBC's capital deployment priorities?**

With a Tier 1 ratio of 12.1% as at October 31, 2009, CIBC's capital strength is a clear strategic advantage and has provided us with the opportunity to shift our focus to a more balanced view of risk and growth as market conditions have improved. We will maintain prudent levels of capital for uncertainty around the regulatory environment and the sustainability of the economic recovery.

With that caveat in mind, our first priority is to invest in opportunities within our core retail and wholesale businesses in Canada.

Over time, we believe we need to diversify our earnings base by considering opportunities for investment outside of Canada that meet very defined criteria.

### **3. What impact do you expect some of the regulatory changes being considered, such as higher tangible common equity requirements and greater leverage constraints, will have on CIBC and the Canadian banking industry?**

We believe the Canadian banks should be relatively well positioned to meet any of the changes being considered by the Group of Twenty (G-20) Finance Ministers and Central Bank Governors and other governing bodies. The Canadian banking sector is as strongly capitalized today as it has ever been, and continues to have higher regulatory capital ratios than global peer groups.

Our regulator in Canada, the Office of the Superintendent of Financial Institutions, has been well connected with discussions that have taken place in international forums and is recognized globally for its success in sustaining a strong domestic banking system in Canada.



#### **4. What areas of your retail business provide the greatest opportunities for revenue growth in 2010?**

While managing the balance between growth and risk during a difficult economic environment, we made significant investments in 2009 that have positioned our retail businesses well for future growth.

We are expecting to grow most products at market rates or better in 2010. In Cards, our growth may be slightly lower than market rates given our lower risk posture.

We are focused on the following key areas of opportunity for revenue growth in 2010:

##### Business banking

We have renewed our focus on business banking as an area where we look to increase our competitive advantage through expanding our advisory activities with existing clients and establishing new client relationships.

##### Chequing and deposit accounts

Chequing accounts play a foundational role in client relationships and represent a critical step for CIBC towards succeeding against our vision to be the leader in client relationships. Chequing clients have a significantly higher average funds managed and have a higher likelihood of acquiring additional products. We have many initiatives underway to grow our market share in chequing and deposit accounts.

##### Wealth management

In mutual funds, our objective is to build on the progress we made in 2009 by further improving the product quality of our funds and strengthening relationships within our distribution network.

We also remain focused on delivering high quality investment advice through our full service brokerage business, CIBC Wood Gundy. We are investing in technology for our advisors, introducing innovative products and strengthening our advisory team.

#### **5. What areas of your wholesale business provide the greatest opportunities for revenue growth in 2010?**

We are focused on new business opportunities that will position us for growth into the future. These include:

- Corporate lending as offered by our expanded Corporate Credit Products group;
- A strategic and profitable approach to securitization that helps meet the needs of clients and is appropriately priced for risk;
- Revenue growth opportunities in our Foreign Exchange Trading and Sales activities; and
- Expanding the sale of capital markets products to retail clients.



**6. Are there plans to allocate more capital to Wholesale Banking given the early success of your renewed strategy?**

In terms of capital allocation, CIBC has maintained its medium-term business mix objective of allocating at least 75% of our economic capital to support our retail businesses.

The extent to which Wholesale Banking's capital allocation approaches its 25% medium-term limit will be determined by its ability to identify business opportunities that are risk controlled, a good fit with its client-focused strategy, and can produce results that are consistent and sustainable over the long term.

At October 31, 2009, 31% of our economic capital was allocated to Wholesale Banking, which included a significant allocation to our run-off businesses. Therefore, CIBC does have capacity to redeploy capital already allocated to Wholesale Banking today to our core and continuing wholesale banking businesses as we continue to manage down our run-off activities.

**7. What is your outlook for loan losses in 2010?**

Our current outlook for loan losses in 2010 is for better performance in our wholesale and personal lending portfolios. In our cards portfolio, we expect stable performance for the 2010 year as a whole, but lower losses than the elevated levels of the third and fourth quarters of 2009.

**8. Do you classify commercial real estate exposure in industry groups other than "Real Estate and Construction" on Page 18 of the Q4 2009 Supplementary Financial Information?**

CIBC has three categories of commercial real estate exposure:

Exposures in the form of mortgages would be classified as "Non-residential mortgages" on Page 18 of the Q4 2009 Supplementary Financial Information (Q4 SFI). We have approximately \$6.3 billion of loans in this category at October 31, 2009, the substantial majority of which relates to our Canadian commercial lending business, with the remainder being loans originated by FirstCaribbean International Bank Limited, a consolidated subsidiary of CIBC. We have no U.S. exposure in this category.

Exposures in the form of loans for real estate construction projects would be classified as "Real estate and construction" on Page 18 of the Q4 SFI. We have approximately \$5.7 billion in this category at October 31, 2009. This category includes the majority of our U.S. real estate loan portfolio and other construction lending. For example, a construction loan to a condo developer or a loan to a Canadian small business client for real estate purposes would be included here.

To the extent we are exposed to real estate where it is security or collateral for a general purpose loan, the loan would be classified based on the industry of the underlying business. We have a small number of loans in the U.S. that in aggregate total less than \$80 million, as well as small business loans in Canada, that would both fit this category.



**9. Why did you change the way you calculate and report credit card write-offs and provisions? What was the impact on Q4 2009 earnings as a result of the change to the interest accrual?**

As credit card loans are not specifically identified as impaired, we reclassified the specific allowance related to credit card loans to the general allowance. This approach is more consistent with industry practice.

Beginning this quarter, interest income on credit card loans is only accrued where there is an expectation of receipt. Previously, interest income was accrued until the credit card loans were written off after 180 days or when notified of customer bankruptcy. This change resulted in a decrease in interest income and a decrease in provision for credit losses of approximately \$14 million and \$18 million, respectively.

**10. What was the earnings impact of the accounting change for loans that were previously classified as held-to-maturity securities?**

In July 2009, amendments made to CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement, require Held-to-maturity (HTM) securities with fixed or determinable payments that are not quoted in an active market at November 1, 2008 to be reclassified to loans and receivables category.

The impact of adoption of these provisions was to reclassify HTM securities with carrying value of \$6,764 million at November 1, 2008, to loans. In addition, during the year we acquired HTM securities with a purchase price of \$298 million that were also reclassified to loans as a result of the issuance of the amendments made to section 3855.

This reclassification had no impact on our opening retained earnings or accumulated other comprehensive income. None of the securities reclassified were impaired at the time of transfer.



## 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 2010 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; 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; changes in monetary and economic policy; 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.

### Investor Relations contacts:

Valentina Wong, Director	(416) 980-8306
Jason Patchett, Director	(416) 980-8691
Investor Relations Fax Number	(416) 980-5028
Visit the Investor Relations section at <a href="http://www.cibc.com">www.cibc.com</a>	