Frequently Asked Questions – Q3 2007

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

CIBC Retail Markets reported net income for the third quarter of $555 million, up 14% from the same period last year. Volume growth from our Canadian businesses and our acquisition of a controlling interest in FirstCaribbean International Bank (FirstCaribbean) contributed to this result.

Our retail businesses continue to perform well overall. During the quarter, we had market share increases in most of our core businesses including, cards, mortgages, deposits and GICs.

Our credit card business maintained its solid growth performance with outstandings increasing 10.6% versus the third quarter of 2006. Market share improved over last quarter as a result of strong acquisition and continued retention.

In the highly competitive mortgages market, we experienced the highest quarterly growth in the last several years as a result of our marketing investment, continued support of alternate mortgage distribution channels and the strength of our branch networks.

Mutual fund net sales improved substantially in the third quarter due to strong fund performance and sales support.

GIC market share was up 80 basis points year-over-year and flat quarter over quarter as a result of strong product support.

In the area of personal lending, the actions we have taken to reduce our risk profile have improved our loan loss performance. Over the past two years, the size of our unsecured portfolio has been shrinking significantly. With the portfolio now stabilizing, our focus is on growing from a stronger base. Over time, the expected result is a growth rate for our personal lending business that converges on industry levels.

2. What caused the decrease in CIBC Retail Markets' specific loan loss provision this quarter? What is your outlook for fourth quarter loan losses?

CIBC Retail Markets specific loan loss expense was $172 million in the quarter, down $14 million from the second quarter.

Credit card loan losses decreased $12 million in the quarter largely due to lower delinquencies. Also the second quarter included a $5 million increase in the provisions related to an enhancement in our methodology, which as expected did not repeat this quarter.

Small Business provisions decreased $11 million in the quarter. The improvement occurred across several of our Small Business portfolios due to a combination of lower delinquent and impaired balances and lower classifications.

The improvement in the Cards and Small Business portfolios was partially offset by higher loan losses in the Personal loan portfolio. Personal loan losses were up $12 million due to a lower quarter-over-quarter reduction in specific allowance reserve requirements.

Overall, we expect specific provisions for the fourth quarter to be near third quarter levels. Beyond the next quarter, we expect specific provisions to trend up toward the bottom end of our 50 to 65 bps target range.

3. Can you comment on the performance of CIBC World Markets during the quarter and your outlook for the rest of 2007?

CIBC World Markets reported net income of $261 million, up 37% from the third quarter of 2006. This result includes the previously announced $290 million ($190 million after-tax) mark-to-market write-down in our structured credit business. Outside of this area, CIBC World Markets had a solid quarter.

In Canada, investment banking revenues were strong due largely to solid M&A momentum. Major deals in the quarter included acting as adviser to Fortis on the acquisition of Teresan and adviser to Van Houtte on the sale of the company. We also acted as adviser to BCE on its pending acquisition by a consortium led by the Ontario Teachers' Pension Plan.

In the United States, we had a strong quarter driven by revenue growth in investment banking and merchant banking. We acted as sole adviser to TALX Corp on its sale to Equifax, financial adviser to William Scotsman on its acquisition by Algeco and as adviser to Steel Technologies on its sale to Mitsui.

Internationally, M&A activity increased in Europe during the quarter with completed transactions including Scandic Hotels. We also announced our role as one of two principal advisors on Rio Tinto's pending acquisition of Alcan. Our IPO pipeline for China-based companies listing in the United States continues to be strong. We participated in eight equity deals and one M&A transaction originating in the Asia-Pacific region during the quarter.

Overall, our business remains strongly positioned for the future. Intense M&A activity through the first three quarters leaves us with a solid revenue pipeline for the remainder of the year. Much of this activity will settle in the fourth quarter or perhaps the first quarter of 2008, and this should partially offset the uncertainty in trading room results due to current market volatility.

Under the current market and industry conditions, our fourth quarter results are not likely to match the strength we have seen over the past year, which has been a particularly robust and vibrant period.

4. CIBC's key objective is to deliver consistent and sustainable earnings over the long term. How did CIBC decide to get involved in the US sub-prime residential mortgage market?

We have a long record of involvement in the business of structuring credits, largely on behalf our clients. As soon as the market deteriorated significantly for securities related to the US real estate market, we took a number of steps. Firstly, we halted taking on additional business in this area and divested some of these investments. We also mitigated our exposure through index hedges and took a mark-to-market write-down as at July 31.

In light of the current volatility and market uncertainty, the environment for valuing these investments has proved to be challenging.

The securities we own were, and continue to be, highly rated securities. However, the high ratings have been no guarantee against valuation declines in these conditions.

As a result, we are continuing to examine the underlying characteristics of the various securities in this area and whether they are in line with our business objective.

5. How exposed is CIBC to a further worsening of the US sub-prime market? Could there be further write-downs in the future?

CIBC's exposure to the US sub-prime residential mortgage market before the previously announced mark-to-market write-down was approximately US$1.7 billion, excluding exposure directly hedged with other counterparties.

We estimate that less than 60% of this exposure relates to underlying sub-prime mortgages, while the remainder is mid-prime and higher grade assets. The exposure has been mitigated by sub-prime index hedges of approximately US$300 million.

CIBC believes that the positioning of this portfolio is reasonable given the current liquidity conditions. Although not directly comparable, there are indices that allow some assumptions about movements in these markets to be made. The indices have declined further in August, but the rate of decline has not been as severe as what we saw in July, particularly in the last half of July.

As stated in the August 30, 2007 press release, we expect additional write-downs for August of approximately $90 million ($60 million after-tax).

However, we are optimistic that as indices have recovered from their lows, valuations on these securities will stabilize and possibly improve.

6. What is CIBC's exposure as a liquidity provider to ABCP conduits? How much third party ABCP does CIBC hold?

As at July 31, 2007, the total backstop liquidity facilities committed by CIBC to ABCP conduits was approximately $20 billion. Of these committed facilities, approximately 85% of the amount was for the benefit of CIBC sponsored Canadian ABCP conduits. Our third party ABCP conduit liquidity lines make up the remaining 15% and these lines are well diversified among Canadian and US conduits.

Our direct holdings of third-party ABCP are not significant and, as we announced on August 20, 2007, none of CIBC's Money Market Funds, including those operating under the brand names Talvest and Renaissance, have any exposure to non-bank sponsored ABCP.

CIBC supports efforts underway in the market place to improve liquidity conditions.

7. The notional amount of your trading credit derivatives has increased significantly over the last two years. Can you talk about the risk in that business?

The growth of derivatives notionals is not inherently an indicator of risk, since much of our credit derivative portfolio is hedged.

With that being said, we would expect recent growth in notional amounts to moderate, consistent with our goal of maintaining sustainable scale in this business.

We have strict policies and limits on contingent counterparty credit exposure. These limits are consistent with our goal of delivering consistent and sustainable performance over the long-term.

Our credit exposure is managed within these limits.

8. Can you provide an update on the progress of your productivity plan?

CIBC's strategic objective is to have a median efficiency ratio (NIX) or better among the major Canadian Banks. In the third quarter, our NIX ratio was at the median with our cash efficiency ratio improving to 59.4% from 65.0% in the same period a year ago.

Each year we have also set a nominal expense reduction target.

Our target in 2007 is to hold expenses flat to fourth quarter 2006 levels, excluding the FirstCaribbean acquisition.

We are on track to exceed our 2007 productivity target.

Expenses for the third quarter were $1,819 million. Excluding the litigation expense reversal of $75 million and FirstCaribbean expenses of $100 million, third quarter results were $1,794 million, compared with fourth quarter 2006 expenses of $1,892 million.

In 2008, we expect to once again hold expenses flat to fourth quarter 2006 levels, excluding FirstCaribbean.

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 we make in the “Highlights,” “Update on business priorities,” “Outlook” and “Review of consolidated statement of operations - 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 2007 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 “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: continued volatility in the U.S. residential mortgage markets; 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 applying future accounting changes; changes in our estimates of reserves and allowances; changes in tax laws; that our estimate of our 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 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; 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 other communications.

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