

PRESENTATION

Operator

Good morning ladies and gentlemen and welcome to the CIBC Investor Forum conference call. Please be advised that this call is being recorded. To reduce the audio interference within the boardroom and over the conference call line, please turn off your Blackberry's for the duration of the meeting.

I would now like to turn the meeting over to Mr. John Ferren, Vice President Investor Relations. Please go ahead Mr. Ferren.

John Ferren, Vice President, Investor Relations

Thank you, good morning everyone. I just want your attention for a few minutes so I can cover off a few administration items before we begin the formal meeting this morning.

First of all welcome everybody and thank you for joining us today, I know it probably feels like more a Tuesday or Wednesday for a lot of us in the room given the events over the course of the weekend.

In addition to the large group we have here in the room we're also joined by others listening over the phone and on the internet today as well. And I ask for those of you, or just remind those of you joining us remotely that you can find the agenda for this morning's presentations as well as the slides posted in the investor relations area of CIBC's website.

Our agenda for today does include prepared remarks from five executives of CIBC's senior management team. There will also be opportunities throughout the morning to ask questions and we will take questions from both within the room and over the phone.

For the question and answer periods, those of you sitting around the table will need to push the button in front of you to ensure the people on the phone can hear you. And for the people at the back of the room we do have a couple of designated areas here for you to come forward and ask questions as well.

As this webcast is being transcribed, could the people in the room also please introduce yourself prior to asking

your question, and could I also ask that you please turn off your Blackberry's as they do interfere with the sound quality for those listening on the phone.

We will take a short break following the first question and answer period, so I do ask that you could wait until that time to check for messages.

Finally I would ask you to please take note of the forward looking statement in your presentation packages which indicates that some of our comments today may include forward looking statements that are subject to a variety of risks and uncertainties.

CIBC's actual results may differ from the conclusions, forecasts or projections within these forward looking statements. With that let me now turn the meeting over to CIBC's President and Chief Executive Officer, Gerry McCaughey. Gerry.

Gerry McCaughey, President & CEO

Thank you John and welcome everyone this morning. Before I begin, I'll repeat again the forward looking statements. My remarks may include forward looking information and the results could differ materially from what is discussed here today.

This morning as it is our investor day, we're going to update you on CIBC's key priorities and the direction of the business looking forward.

Before I get to my prepared remarks let me comment briefly on industry developments that occurred over the weekend.

As you know the world today is much different then it was when we held our last investor forum two years ago. The credit cycle has had an impact on financial performance of many financial institutions around the world.

Industry developments in the United States over the weekend are another reminder of the challenging market environment particularly in the US.

In the face of these cyclical challenges, the Canadian banks continue to be strong and well positioned. At CIBC we've taken significant steps over the past year to position for this environment by shifting the focus of our operating businesses.

In world markets we have reduced our exposure to the US through the sale of our US investment banking business. We exited our leveraged finance business in London as well as in New York.

In addition, our structured credit business has been placed in run off mode to provide additional focus to our efforts to reduce positions and manage contingent risks in this position.

At the same time we've renewed our focus in world markets into four key businesses, global equities, fixed income and currencies, investment and corporate and merchant banking as well as our real estate finance business.

Each of these businesses has a strong history of performance, depth of client relationships, market expertise and consistent levels of profitability.

Later this morning Richard Nesbitt will lead you through a discussion of our CIBC world markets strategy with a particular focus on these four businesses.

Also Richard will provide some comment on industry developments overnight, specifically Lehman Brothers. Lehman Brothers in position to CIBC was a collateral posting counterparty and we do not have large exposures. Richard will comment and give you some details in his remarks.

But first following my remarks our head of retail, Sonia Baxendale will provide an update on our retail market strategy.

Retail Markets is CIBC's largest business providing 75% of our core earnings. You'll hear from Sonia that the fundamentals of our retail business are solid, we're investing in core areas including our strong distribution platform as well as our advisory and product capabilities. This investment provides Retail Markets with clear opportunities for future growth.

In the area of capital we have emphasized balance sheet strength as our number one priority for 2008 throughout the year. In January we raised \$2.8 billion of common equity to provide a capital cushion. This action along with our ongoing business discipline has enabled us to maintain our tier one ratio well above our target of 8.5%.

Giving effect to the \$225 million preferred share issue we announced at the end of August as well as the full exercise of the underwriters option for another \$75 million, our July 31st pro forma tier one capital ratio was 10.1%.

Our current capital position is strong and provides a foundation for future growth for CIBC.

In addition to our priorities of business and capital strength, CIBC has achieved progress to improve productivity. Our target for 2008 was to hold expenses flat to Q4 2006 levels, excluding FirstCaribbean and our restructuring activities. Through the first three quarters of 2008 we have exceeded this target.

Looking forward we expect further opportunities to maintain expense discipline and continued benefits from reducing trailing infrastructure expenses due to business exits. However at the same time we are placing equal emphasis in the area of productivity through achieving higher revenue levels.

In summary, the past year has been a period of change for the financial services industry. As you will hear this morning we have responded quickly to assure the strength of our balance sheet and the ongoing performance of our core businesses as well as positioning our business for the change that has taken place and the opportunities of the future.

I'm confident that the actions we will review with you this morning will enable CIBC to deliver on our mandate of consistent and sustainable performance.

With that let me now turn the meeting over to Sonia Baxendale who will update you on our Retail Markets strategy. Sonia.

Sonia Baxendale, SEVP, CIBC Retail Markets

Thank you Gerry. My comments may also include forward looking statements and actual results could differ materially.

As Gerry indicated, this morning I'm going to provide an update on our CIBC Retail Markets business. There are two things that I'd like to take away from today. First, that Retail Markets is a solid, well performing business. And second, that there are clear opportunities for future growth.

I'll review the specifics of our various businesses within retail and then talk about what we are doing to ensure future growth.

So let me start with an overview of Retail Markets. We provide products and services and financial advice to nearly 11 million personal, business and wealth clients. As you can see from this slide, retail represents approximately 80% of the total revenue of the Bank.

Personal banking which includes our deposits, GIC's, lending, credit cards, President's Choice financial and insurance businesses is about 67% of total revenue. Next, wealth management which included Wood Gundy, mutual funds, online brokerage and our global asset management business is 18% and our business banking, both commercial and small business is about 15% of our total revenue.

Over the last three years we've maintained focus on our retail market strategy and we're making good progress. As a reminder, our focus is on being the primary financial institution for more of our clients.

That is focusing on initiatives that promote and consolidation of more business with CIBC amongst our existing clients.

We're achieving this by focusing on three key areas. First, providing clients with strong advisory solutions. Second, delivering a consistent client experience and offering competitive product.

Our clients want and need personalized advice and we have more than 3,300 highly trained and accredited advisors across the country.

We have one of the largest distribution networks in Canada with 1,050 branches, close to 3,800 ABM's and 24/7 access to online banking and telephone banking. And clients want flexible financial solutions that fit their needs and we have and continue to develop the right competitive product and services which is critical for consolidation going forward.

So let me turn to some of the specifics starting with the investment we continue to make in our distribution channels.

Two years ago we announced our strategic plan to invest \$280 million to build, relocate and expand over 70 new branches across the country by 2011.

To date six of those branches have opened with two additional openings planned by the fiscal year end, and in 2009 we will open 40 new branches.

These new full service banking centers are located in high traffic, high growth areas. They offer clients a full range of financial products and advisory solutions,

extended hours and service in multiple languages to better serve our diverse client base.

At the same time we continue to increase our investment in maintenance and upgrades to our existing branches across Canada.

In 2007 we increased the investment in maintenance and ongoing upgrades by 70% and we have maintained that level of investment and will continue to do so.

And as part of our commitment to give our clients more access to banking services, we've expanded our operating hours with targeted branch openings on Saturdays. By the end of fiscal '08 we will have opened an additional 48 branches on Saturdays bringing the total CIBC branches with Saturday hours to more than 340.

The other area of branch investment is Sunday hours. CIBC has been the market leader of Sunday branch openings in Canada.

Last December as part of the pilot we opened six branches in Toronto and Vancouver. We've since opened an additional six branches on Sunday all in the greater Toronto and Vancouver areas. Client response to Sunday hours has been exceptional. So beginning this fall we will increase the number of branches open on Sundays to 45, offering even more clients the convenience of banking and advisory services seven days a week.

Our branch network has long been an area of strength for CIBC. The investments we are making in new branches, expansion, upgrades and extended hours will ensure its continued strength and long term growth.

At the same time we're continuing to invest in our other distribution channels. Our ABM network is the second largest in Canada and it's integral to our footprint across the country.

CIBC ABM's have always operated in both official languages and this past year we added Chinese language to all of our 3,800 ABM's. This is in addition to the Chinese language capabilities already available to our clients on the internet, over the phone and in many of our branches across the country.

Also this year we completed an across the board upgrade of our ABM network to enable chips technology and we have a multiyear strategic renewal program underway that will ensure CIBC clients continue to have access to state of the art ABM technology including the most advanced security features.

Online banking, this is a key channel for both servicing and selling to our clients. With a 40% surge in online banking use by CIBC clients in the last four years, the online experience is increasingly important.

As a result of our strong investment in this channel, cbc.com was ranked for the second year in a row as the strongest overall site in an independent assessment of the websites of Canada's largest banks and credit unions by Forester Research.

And telephone banking, in July we completed an expansion of our Montreal telephone banking center, increasing our capacity to make an additional one million outbound sales calls to our clients in English and French. That nearly doubles our outbound capability.

These investments we're making in our branches, our ABM's, online banking and telephone banking capabilities are key to providing clients with more access and consolidating more of their business.

Wood Gundy and Imperial Service, they have long been a strength and a differentiator for CIBC. Wood Gundy holds a strong number two position in the full service brokerage segment with assets in excess of \$110 billion.

Imperial Service is the largest, fully licensed and accredited branch based advisory network in the industry and we have recently introduced key features of our Imperial Service offer to 200,000 additional high value clients in high growth rural markets.

We're going to continue to invest in both Wood Gundy and Imperial Service. Specifically, to extend our client capabilities in the areas of tax, estate, trust and succession planning as well as portfolio management and financial planning. And in those areas in particular we've made a number of key hires over the past six months.

We are also continuing to invest in technology so that our advisors have the tools they need to better serve our clients needs.

Our core clients, I mentioned earlier that part of our strategy is to consolidate more of our clients business. No where is that more evident then in the work we are doing with our core clients.

We've been leveraging our advisory strength with core clients through the Financial Healthcheck. This is a tool that has enabled us to bring advice to the mass market.

With 1.5 million clients having completed the health check, we see significant increases in funds managed,

number of products and services and loyalty amongst those clients.

And in business banking, the recent integration of commercial banking within Retail Markets will enable us to leverage the synergies and advisory expertise across business banking, small business and commercial to grow this portfolio.

In the long term we're going to further invest in our business banking capabilities so that we can continue to develop and grow this business.

Last week CIBC economist Benjamin Tal released a report on the tax free savings accounts, forecasting that within 5 years the TFSA market will grow to over \$100 billion, generating cumulative tax savings for Canadians of close to \$2 billion.

We believe that this is the single most important savings opportunity for the average Canadian retail client since the RRSP. The launch of the tax free savings account in January 2009 will be a natural fit for CIBC, given our history and expertise in the area of advice.

Underpinning our distribution strengths and the expertise of our advisors, our strong and highly competitive products, in the area of credit cards we have the most successful franchise in Canada.

Our strong growth has resulted from continuous investment to enhance the value we provide our clients and bringing new products to market.

Last year we introduced the Aerogold mileage multiplier to help clients receive 1.5 miles for every purchase at gas, grocery and drug stores. And we recently introduced to the CIBC Aerogold Visa Infinite and the Aventura Visa Infinite cards which offer our highest spending clients additional benefits.

Our investment in technology, tools and security features will continue as we migrate clients to chip cards, a process that will begin this fall actively.

CIBC's credit smart tool has prevented fraud and helped clients manage their budget. Given our leading market position and our ongoing investment, our credit card business remains a key differentiator and an area of growth for CIBC.

As you know we've had a long history of success in the loyalty area through our Aeroplan relationship specifically. We have extended this relationship to new product areas in order to cross sell and consolidate even more of our clients business.

For example, we recently introduced Aeroplan miles on CIBC's premium chequing account. Client response has been excellent with a lift of nearly 25% in the number of accounts opened in the first two months of this product offer compared to the same period last year.

Loyalty programs are an important part of our product strategy and we will continue to expand these programs across the franchise. We know from significant research and experience that loyalty programs can be a key differentiator. We're leaders in this space in Canada and we see that as a growth area for us.

In the area of deposits and GIC's we continue to show solid growth. Our recent bonus savings promotional offer was effective in increasing balances and we are retaining these balances through migration into GIC's.

And in mutual funds, although the mutual fund business continues to be impacted by volatility in global equity and fixed income markets, we are showing improvements.

We have moved up in our overall industry position on net sales and we have increased our market share 11 basis points as of July year to date.

Moving forward we are continuing to focus on our sales activities, our product offer and our broad distribution capability.

Turning to mortgages, we have traditionally held a strong position in residential mortgages and we continue to be number two in market share.

Our mortgage business is performing at industry growth rates with balanced growth of close to 12% year over year.

The mortgage market is forecast to grow in 2009, although more slowly than in recent years.

In lending, our asset growth continues to show solid momentum and personal balances are up 10% year over year which is the strongest growth in three years.

Our unsecured balances have grown over the past two quarters and new balances continue to exhibit good credit quality.

Overall we've significantly improved both our risk and our operational capabilities and we continue to invest in technological and process improvements.

We do however continue to be cautious in this space given the market environment.

To support our advisory platform we're also investing in a new marketing campaign launching this fall. We are making continued investments in marketing to support our advisory strategy, with television, print and online media ads that are strongly positioning CIBC's advisory capabilities.

Our campaign, It's Worth A Talk, is based on research that underscores the importance of advice to all client segments.

At the beginning of this presentation I told you that I wanted you to take away two key messages, first, that Retail Markets is a solid, well performing business. And two, that there are clear opportunities for future growth.

As we head into 2009 we believe we are well positioned for sustained growth and our focus will be to continue to invest in our distribution strength, branch expansion, Saturday and Sunday hours, enhancing our online, telephone and ABM capabilities.

Second, extending our market leadership in loyalty rewards to new products. And third, further investing in our advisory expertise. Thank you, I'll stop there and happy to take questions.

QUESTION AND ANSWER SESSION

John Ferren, Vice President, Investor Relations

So perhaps we'll start with any questions in the room before we go to the phone lines. So again I'd just ask that you identify yourself prior to asking the question and just make it clear who the question is for. Thank you.

Darko Mihelic, CIBC World Markets

Hi, good morning, it's Darko Mihelic with CIBC World Markets. My questions are for Sonia. A couple of things, first with the roll out of the branches, the 40 branches that you're looking for next year, I wonder if you can give us a rough idea of the impact on expenses that you will incur and when you expect, or how you expect the revenue pick up?

Second to that I think and perhaps more interestingly, if I look at CIBC two years ago your branch count was 1057. Today it's 1,050. And over the same time period Royal Bank, TD and Scotia have all increased their branch networks from between 5 to 7%, implying perhaps that CIBC is late in the game for branch openings. Are you getting sort of the second pick of areas, are you late in basically opening? I wonder if you can respond to that and give us an idea, you've given us a geographic breakdown but really are you really getting into the sort of the strip mall, the third or fourth sort of choice location?

And then finally it seems as though every summer there's a promotional campaign at CIBC which generates some sort of deposit lift and then thereafter there's no real follow up, I wonder if you can tell us, the 25% increase in account openings, what kind of accounts are being opened and what is your expectation in terms of follow up and perhaps market sharing back.

Sonia Baxendale, SEVP, CIBC Retail Markets

Okay, so there's a few questions there and I'll take them one at time. On the expense side of things given our branch increase, our overall retail market expense base in 2009 is expected to flat or slightly up. But so we are funding our branch expansion through other, changing the mix in our spend as we've been doing throughout.

So you should not expect to see significant overall, of course that part of our expense base will be increasing but you would not expect to see Retail Markets, any significant increases in our overall expense base.

And in terms of our branch increases, over the last few years we've had a combination in terms of our branch network of relocating branches, so moving out of the not ideal locations into better locations either in the same market or out of certain markets entirely.

We've had expansions, so in some cases so number of branches isn't always the only, the only measure. In some cases we've closed small branches and we've opened other branches in those markets that are, that are significantly larger because we find that in some cases in really good markets we just can't handle the, we can't handle the capacity, we can't handle the opportunity. So we've been doing that.

And part of it is in moving into new markets entirely, new growth markets that we've been talking about. I think if

you look at the overall number of branches, CIBC is pretty well positioned in terms of our number of branches, we're at the higher end in terms of total branches across the country. So we started in a better position than maybe some.

So we've had a combination of both adding which as I mentioned you'll see a significant number of those come on in 2009. We will be net up in total branches, although some of those, some of those branches will be replacements or expansions, so that's, so that's our plan on that front.

In terms of choice locations I would say that the market generally, it's hard work to get good locations. We have, we have taken our time and not been willing to open branches just because we need to open more branches and settle for less than ideal locations.

So where we can't get an ideal location, where we can't get what we're looking for, we won't, we won't open or we won't move. So we're very vigilant at making sure that we can get, get the positioning that we want and so we've just, we've just stuck to that plan.

Promotional deposit campaigns, there's, I think there's two things that happened. I referred to two campaigns in my comments.

One was a savings account program that we did earlier this year where we had some premium interest rates. The way that we are retaining many of those clients is many of them are moving into our GIC, some of them are staying with deposit accounts and many of them are moving into our GIC products. So that's part of our strategy on the savings accounts when we track them to look at opportunities with our GIC business and those two, savings and GIC's work very closely together.

The list that I just referred to, the 25% that you mentioned Darko is a premium chequing account. So that's on a chequing account program and that's where we've introduced the loyalty equation into our program.

So there's not just up front points or Aeroplan miles when you open the account, there are monthly miles. So that's one of the ways that we are, that we expect to retain that business.

And also a lot of that business is coming through clients that have other relationships with us. So there's a significant portion of it that is cross sell where we did not have the chequing account but we had other business, credit cards, mortgages, that kind of business. And Darko does that cover, did I cover it all?

Darko Mihelic, CIBC World Markets

The revenue business (Inaudible).

Sonia Baxendale, SEVP, CIBC Retail Markets

Oh, revenue lift. You know it's, we certainly, the reason we're investing in our distribution capability and the reason we're investing in our loyalty capabilities is that we believe that that will allow us to continue to consolidate clients business and grow revenue. That's the goal.

Darko Mihelic, CIBC World Markets

(Inaudible) with respect to 40 branches equals X revenue, nothing like that?

Sonia Baxendale, SEVP, CIBC Retail Markets

No.

John Ferren, Vice President, Investor Relations

Jim.

Jim Bantis, Credit Suisse

Credit Suisse, Jim Bantis. You know we talked about investing in footprint and you've already got number two in branches and IA's and ABM's, but there seems to be something missing that's tying it all together in terms of

the revenue lift. Like if you think of since the last investor day is there, tying it together in terms of performance management at the branch level in terms of staffing, branch managers, regional managers, where's the accountability from that perspective, performance management, cause that, it seems like you've got the footprint, you've got the product. But it's just not delivering in that context, so maybe these people are not trained properly to sell.

Sonia Baxendale, SEVP, CIBC Retail Markets

Well I think let me, let me comment on two things, I'll comment, one, one, one on what we do specifically in branches in terms of their trained to sell. But I would also add when you break down the parts, remember we, we had the, the slow down in unsecured credit and that covered both our business and small business, personal and small business clients I should say. So that's certainly had an impact in terms of revenue. We're seeing that slowing coming back on side. So that's been a big factor.

The other, the other factor is in our overall results some of the more volatile businesses that have been impacted such as our full service brokerage also impact those. So when you net that out I think the revenues, the revenue picture is a little bit, is a little bit different.

Specifically on our branch staff we are, we are very focussed on best practices sales approaches and service approaches, so we work with the entire team in terms of here's what's working in our various regions with our various leaders, taking those, you know those strengths and distributing that across our, across our system.

We think that our, our team is very well skilled. We wouldn't, we don't feel in any way that we have a team that's not as good as there is available in Canada. We have continued to invest in that.

In the past year I would say if we thought that there was any gap that we would, that we felt that we hadn't been necessarily putting enough training and emphasis on our regional management team in terms of their ability to coach and support their teams.

So in the last 18 months we've significantly increased the training and support to them.

So I think we have, I think we have the parts working really well, there's always room for improvement and we continue to focus on that.

But we feel quite confident in the team and the tools we've been providing them and the sales support that they get.

Jim Bantis, Credit Suisse

Sonia, Bank of Montreal has focused on this net promoter score as a way of kind of accelerating referrals and motivation in the network. How do you rank on that score, is that something that's important to you?

Sonia Baxendale, SEVP, CIBC Retail Markets

Net promoter score is not a score that we use. We have other, we have other similar measures that we use internally. We use branch experience measures, we use other productivity measures and we you know have comparisons across the various regions and those kinds of things that would have a similar effect.

Jim Bantis, Credit Suisse

How do you rank in that regard presently and versus 2006 since the last investor day?

Sonia Baxendale, SEVP, CIBC Retail Markets

In terms of...?

Jim Bantis, Credit Suisse

The customer experience.

Sonia Baxendale, SEVP, CIBC Retail Markets

The customer experience, well there's a whole host of measures in terms of customer experience. Some of them were flat, some of them we've increased. In terms of our, you know if you look at our market share we've been flat or up in most categories. If you look at our outstandings growth it's been pretty strong in many areas.

In terms of our advisory support we've been increasing our capabilities there and getting good strong response to that, particularly I mentioned where we have financial health check, our client survey results would show that we're increasing loyalty, increasing product usage and cross sell in those areas.

As I mentioned online and telephone experience, those are areas that we have been strong in fairly consistently and we continue to be strong in those areas.

And they're, they're increasingly important to the overall mix. You know our view in terms of the platform is that you really have to be pretty solid in all of them as you saw from the chart, you know big increases in the number of clients that use the multiple channels. There aren't a lot of clients today that simply use one.

So having a good experience across all of them is very important. And so it's something that we continue to invest in.

Question

Thank you.

John Ferren, Vice President, Investor Relations

Michael.

Michael Goldberg, Desjardins Securities

Michael Goldberg, Desjardins Securities. I have a couple of questions for you Sonia. In your relationship with Aeroplan what insurance do you have and how do you control the devaluation of their points especially with other travel reward programs emerging with no blackouts? And secondly, how do you expect concerns about merchant costs to play out?

Sonia Baxendale, SEVP, CIBC Retail Markets

Okay, so the first is on the Aeroplan front, we still continue to see and expect to continue to see strong consumer usage and very positive response to the Aeroplan program.

Having said that you know we have multiple programs and multiple cards in the marketplace. So we have our Aventura cards, we have another card that gives customers access to all airlines, to other airlines and to other, other incentives.

So our strategy is to be well diversified in this space and to offer multiple versions to clients. But I will say that Aeroplan is by far the area of strongest demand and clients can continue to gravitate there and even on other programs, Air Canada. You know it's hard to, if you're interested in airline points it really is the key opportunity.

In terms of merchants, I think you're probably referring to interchange. That's something that the banks, none of the banks have any involvement in and that's really a Visa and a MasterCard role. And so you know they manage those relationships and that, and their strategies in terms of pricing to merchants. So it's not something we have any, we have any ability to influence or control.

Michael Goldberg, Desjardins Securities

(Inaudible) how do you expect this thing to expect to play out?

Sonia Baxendale, SEVP, CIBC Retail Markets

How do I expect what is going to play out specifically?

Michael Goldberg, Desjardins Securities

This concern that's arisen about the rates charged to merchants.

Sonia Baxendale, SEVP, CIBC Retail Markets

Well I think in, it depends on the specifics. I think that Visa and MasterCard are both, they both price differently and it's their responsibility to respond to merchants and address that in terms of user acceptance.

John Ferren, Vice President, Investor Relations

Ian.

Ian de Verteuil, BMO Capital Markets

Sonia the extended hours and Sunday openings are an interesting one. In the beginning I think you said you have 340 branches with Saturday hours. How, can you talk us through how you establish the economics that these, these actually make sense? You know I think about a branch being run with you know a skeleton staff of you know I don't know, five or six people, it would probably cost you a thousand dollars or maybe I don't know, a couple of thousand dollars to open a branch. I mean do you really get benefits from that in terms of like do you talk to, on a branch that's opened on a Saturday, we open ten new accounts or is it in nebulous, you know

issue of you know the customer perceives benefit in terms of access?

Sonia Baxendale, SEVP, CIBC Retail Markets

Well I think there's a little bit of both, so which is why we've been very selective about where we open branches, extended hours. Whether that's evenings, opening early, Saturday, Sunday, it's very much driven by traffic patterns, where we see an opportunity to generate more traffic in the branch and more activity and more appointments, those kinds of things.

Certainly a part of it is a convenience factor, it's not all new business, it's the client that is coming on Saturday instead of Friday. So part of it is a service element. The other part of it is true net increases to our business, more consolidation, you know retention of clients because of those hours.

But we are very, I mean we do have economic models that we run around these branches and we only open where we think that there is incremental business opportunity for us.

Ian de Verteuil, BMO Capital Markets

Can you sort of give us for instance like how much does it cost to open a branch on a Saturday? Is it, the place is heated anyway and you just have to turn on some lights and some... how do you think it?

Sonia Baxendale, SEVP, CIBC Retail Markets

It's very variable because it depends, branches are different sizes, depends on the market. It depends on what the mix of your staff is today, whether you have staff that you already have, in some branches you might already have, you know you've got everything, most of your costs are covered and you have staff that are not, don't have full hours as it is. So it's very, it's very nominal

increases in some cases. In other cases you have to hire new people to bring in.

Some cases there are large branches and we have a, you know of course you have a big staff that you have to fill in those branches. So there's very wide variability in terms of the added cost to that.

But definitely part of it is a service as opposed to pure, you know pure you know incremental dollars that becomes necessary in certain urban markets. Primarily, it's primarily major markets as well. But we have 340 out of 1,050 and that's because we evaluate all the time which are the branches that we actually think there's opportunity in, many of them there is not.

John Ferren, Vice President, Investor Relations

We'll take one more in the room before we go to the phone. Rob.

Rob Sedran, National Bank Financial

Sonia just a follow up, Rob Sedran, National Bank Financial. Just a follow up on some of these investment initiatives. I mean is this a question of if the revenue environment doesn't turn out to be what you think it's going to be in '09 you can slow some of them down or is this a longer term, the branches are opening, the hours are lengthening, we're going to be a service bank and regardless of what the '09 environment are looking like, these are planned.

And then the second question, unrelated I guess is on the wealth management side, an area that we haven't really talked a lot about today, just in terms of the size, I guess it gets to a business mix question. You know how large of a contribution would you like this to be? And are you sort of where you want to be and can you speak perhaps both at distribution and manufacturing?

Sonia Baxendale, SEVP, CIBC Retail Markets

Sure. So first of all in terms of our branch builds, we have set 61 of the 70 that are in progress in some form, we've signed the lease, we've dug a hole, we've got you know something is happening in those branches. So there are 61 of the 70 that are happening.

Our investments in our other channels, you know I think you know clearly we want the environment will impact overall how we choose to spend our dollars. But I would say there is very little that I've described in terms of our distribution capability that we would change because we do believe that they're important strategic initiatives moving forward.

I think the, the real question is if the environment is good enough, how much more might we do. You know what other additional opportunities are there going forward.

On the wealth management side of things, in mutual funds in particular we've been investing in our product capability and in our wholesaling capability, so we certainly see more opportunity in that business.

In our full service brokerage business, our number one focus is in terms of quality, continuing to move up market and focusing on high net worth clients and hence the increase in our you know estate and tax and advisory capability for our high value customers.

So we do intend to continue to expand you know the business with that segment of our client base.

John Ferren, Vice President, Investor Relations

Does that answer the question Rob?

Rob Sedran, National Bank Financial

It was more in terms of the business mix and the size of it.

Sonia Baxendale, SEVP, CIBC Retail Markets

The business mix of...?

Rob Sedran, National Bank Financial

The contribution to earnings of the business as much as you know sort of the initiatives to grow, are you satisfied with the (Inaudible)?

Sonia Baxendale, SEVP, CIBC Retail Markets

The mix, the mix of the three groups?

Rob Sedran, National Bank Financial

Well are you satisfied with wealth management earnings compared to what you're getting from your core P&C business?

Sonia Baxendale, SEVP, CIBC Retail Markets

I think the mix is relatively in line with where we would expect it to be. Sure, I think you know the wealth piece has a little more volatility to it, so in certain markets it will, it would be a little bit more but in terms of the overall size of that business and contribution I would say that yes, it's, it's definitely in line.

John Ferren, Vice President, Investor Relations

Let's go to the phone lines and see if there's any questions there.

Operator

Thank you. We will now take questions from the phone lines. If you are using a speaker phone please lift your handset before making your selection. Please press *1 at this time if you have a question. There will be a brief pause while participants register. We have no questions registered at this time.

John Ferren, Vice President, Investor Relations

Okay, any further questions in the room for Sonia? Okay, great, so we're going to take a short break of 15 minutes and we'll come back and cover World Markets.

(Break)

Okay, so we'll continue on with our agenda this morning. I just wanted to let everyone know before we do continue that there will be a lunch served following the presentation in the north gallery, so everyone is welcome to stay around for that. And could I just please remind everyone to turn off their Blackberry's. So with that I'll pass the floor over to Richard Nesbitt, Chairman and CEO of CIBC World Markets. Richard.

Richard Nesbitt, Chairman & CEO, CIBC World Markets

Thanks John. Before I begin let me remind you that my remarks today may include forward looking information and actual results could differ materially from what is discussed here today.

It's a pleasure to be here and have the opportunity to talk to you about the work that's underway to reposition World Markets.

After my presentation I will hope you will take away a number of key messages about our business. First, and while this is not intended to be guidance, our goal moving forward is to reduce the earnings volatility from World Markets and consistently generate earnings of \$300 million to \$500 million through the cycle on our continuing World Market activities and that would be utilizing \$1.5 billion in economic capital.

When we will accomplish this by first of all returning to our roots to focus on our strengths, implementing an operating discipline that emphasizes effective management, a strong client focus, a risk controlled philosophy and very importantly, a focus on profitability, and creating additional value to enhance our strongest client relationships.

Secondly we believe that as the industry environment improves there will be a number of exciting opportunities. My experience with the TSX as well as from listening to our clients tells me that they want greater access to electronic trading capabilities.

So we are going to invest in it, in technology in these businesses so that our clients will have access to faster, better electronic capabilities. The good news is that the investment required to make this capability is not that large. However like any technology initiative it takes time to deliver, so building this capability is an immediate focus for us.

Today I'll provide you with an update on the strategy we've developed to deliver on these objectives. This will include a review of the mission and priorities we have set for the firm for the next three years, an update on the implementation efforts that are underway and a look at the opportunities for driving growth across our four primary businesses.

The current global credit crisis will have a long term impact on the shape and makeup of the investment banking industry. We have been reshaping our businesses to position World Markets for what we believe the industry will look like three to five years out.

We believe a fundamental transformation is in store. For example we see a retreat by many wholesale banks away from global markets to focus on their home markets.

We see a transition away from complex products in non traditional areas towards traditional wholesale banking activities.

We see wholesale banks being a smaller component of the commercial banks that owns it. And the sale of capital markets products to bank lineage will be an increasingly important role that we play in the future.

And as this transformation occurs there will be winners and losers. The positive side of this for CIBC World Markets is that we excel in the traditional businesses and activities that will be valued more and more by our clients in the future.

And our plans will obviously be affected by market and industry conditions that continue to be difficult and volatile. Within this environment it's important we also have a sense of where we believe the industry is heading for the long term so we can begin to position ourselves appropriately in the marketplace.

Within this market context here's what you can expect World Markets to deliver moving forward. Our financial objective is to stabilize the franchise to position World Markets for earnings consistency.

As I mentioned we'll generate annual earnings for our full business cycle of between \$300 to \$500 million and this is based on using \$1.5 billion in economic capital for World Markets continuing operating businesses. And of course that means we should exceed the CIBC's target return of 20%.

In Q3 if you exclude the structured credit losses our net income after tax was \$58 million, so in a very challenging quarter for the industry we were \$17 million from the bottom end of our \$300 million annualized target.

So how do we accomplish the consistency which is at the core of our strategy? In short we need to return to the roots as a high, to our roots as a highly accessible best in class client focussed wholesale bank.

Our mission is to bring Canadian capital markets products to Canada and the rest of the world, and also to bring the world to Canada.

We will focus, we will accomplish this by focussing on our businesses, businesses that have performed well over many years by organizing to deliver outstanding service and value to our key clients. We already have a solid track record in these businesses and we will get even better.

The end result will be delivering of an intensified client focus that does create that earnings stability for world markets. And this is aligned with CIBC's objectives of delivering consistent, sustainable performance over the long term.

Now I want to turn to implementation. Our work moving forward has to be disciplined around four fundamentals which are at the bottom of this chart. Risk control, profitability, effective management and client focus.

Business initiatives that do not pass this acid test on any one of these factors will not be approved and will not move forward.

We look at implementation of our strategy occurring in two phases, so for 2008 we're well advanced in completing the fundamental rebuild of our businesses.

As you know this has included the (Inaudible) sale of businesses that were underperforming or did not fit our risk profile. This also included a full review of our continuing activities.

As a result of these changes that began early this year our staffing levels have declined 40% since the beginning of this fiscal year, and we're down 14% in what we call the continuing businesses.

We're repositioning our infrastructure to reflect the new scale and direction of our businesses. We're upgrading our technology capabilities. We've created a new risk team within World Markets to compliment our corporate risk management group run by Tom Woods.

And we're strengthening our client relationships by selectively hiring more analysts, sales professionals and traders.

So from 2009 to 2011 we've got a plan that will see us intensify our client focus to build earnings stability through the business cycle. These efforts are going to be driven by new or enhanced approaches to our most profitable client relationships. And let me provide more detail now on how our businesses will look and operate in the future.

Our business model moving forward focuses on a wide range of clients that we serve around the world, corporate and investment banking clients, institutional clients on the buy side, our government clients and of course our retail clients and the retail clients are increasingly important part of our business mix.

To meet their needs we offer our products and services through four primary delivery channels, investment, corporate and merchant banking, equities, real estate finance and fixed income and currencies.

So our team has developed a plan for the future that's focussed on adding value to our best and most profitable clients. And these are some of the best companies in Canada of course and in some cases the best companies in the world.

These are high quality relationships that we've built over decades that will get even stronger as we add management focus and resources to create new opportunities. We have three approaches driving this focus.

First, we need to strengthen client relationships with enhanced covering model that targets our best accounts. This will involve business line personnel from across the firm from front line employees to the senior leaders in World Markets and across CIBC.

Second, coordinated activities across our primary businesses so we're able to customize the best possible mix in products, products and services for these clients. We want to increase our penetration by clients across all of our business and product offerings.

We're deploying a client relationship management tool in the trading room to help us identify these opportunities.

And finally growing with CIBC. We want to build additional synergies and distribution advantages by working closely with the full CIBC network.

For example we're exploring opportunities to sell more capital markets products to First Caribbean clients, and to CIBC's retail customers.

So let's turn to how we build on this client focussed approach to access key growth opportunities for each of the four primary businesses.

First, investment, corporate and merchant banking which includes our M&A and our large corporate lending activities. This is one of our true flagship businesses which has a strong risk profile and is consistently ranked as a leader in the industry.

In our investment banking activities we ranked as the top M&A advisor in Canada last year and we're the advisor on the fourth and the sixth largest North American transactions in 2007.

Across the investment, corporate and merchant bank industry we've got 295 employees, most based in Canada, but also with coverage in the United States, Europe and Asia.

I think three significant industry trends will have an affect on these activities moving forward. First, Canada's becoming an increasingly important part of North America and of the world particularly in energy and other commodities, but also in technology and infrastructure.

Second, the cost of funding has increased across the industry. And third, the cost of credit has also risen. CIBC World Markets is uniquely positioned to support our Canadian clients. We have world leading expertise in a number of key Canadian industries including mining and energy markets and we're positioned around the world.

Like many wholesale banks we use lending primarily as a service to support our investment banking clients. Now with increased pricing on these loans, there is a real opportunity to create a profitable lending business I believe with a decent rate of return.

This business, our business participates in risk controlled lending transactions for successful corporations that we know well. Traditionally CIBC has been a lending bank, not just an advising bank.

We need to explore how to strengthen these roots and this may require a new approach.

Our merchant banking activities have had a long history of profitability and we're going to continue to operate a moderate sized Canadian merchant bank that supports our investment banking clients.

We will reduce the overall size of our legacy positions as market conditions permit.

Second, equities, including the cash equities business and the equity commodities and structured, equity and commodity structured products. We'll be pursuing two distinct strategies under the new leadership of our equities vision.

In cash equities we have a team of 200 professionals, we have research coverage on 250 companies and we have strong distribution channels for our sales and trading teams to institutional investors in Canada, the United States, Europe and parts of Asia.

This is a successful business. In Canada we've been the top equity underwriter for six of the last seven years.

While we're currently a strong player in this business, we need to get even stronger. To do that, we're enhancing our research sales and trading capabilities.

This will be profitable in its own right, but it will also provide our investment bankers support in the sales to their clients.

Electronic trading will continue to grow and as I mentioned earlier we intend to be at the leading edge of these developments and we will actively invest to strengthen our technology rated delivery capabilities.

On equity and commodity structured products these activities are materially being, being materially affected by industry trends.

In the future we intend to only participate in activities that are consistent with our mission which I talked about earlier, and that meet our risk return requirements.

ECSP will continue to be a positive contributor going forward, but will be smaller due to reduced resources than in the recent past.

Third, fixed income and currencies, so this includes our fixed income franchise of course, money market trading and sales and trading of our foreign exchange products.

We have 280 employees in this business. We have a very successful foreign exchange business that ranks very highly amongst our Canadian competitors. It represents some of the best advantages that we have of working with our partners in CIBC retail.

Fixed income is a difficult business right now across the industry given current market conditions. We are reducing activities that do not meet our risk return requirements.

We are reducing activities that do not meet our risk return requirements. However we intend to strengthen our client facing activities.

CIBC is a leading supplier of new financing for corporate and government clients. We distribute our products through offices in Canada, New York, London, Tokyo and Singapore.

We intend to continue to provide those customers with interest rate derivative products that they need. However we will not be involved in complex products in non traditional areas.

Like in equities, electronic distribution will represent significant opportunity in the new direction for CIBC in both the short and medium term. We intend to become a leader, Canadian leader in electronic interface with our clients for foreign exchange, money market and bond products.

Increasingly this is the way our customers want to execute the flow with us. It should also have the benefit of reducing costs of straight through processing for us and often we see that it increases the volume of activities.

And finally we have a successful real estate finance business in the United States and it has performed very well through this current cycle.

This business originates commercial mortgages for resale into the commercial mortgage backed securities market and through the Bank's syndication market.

It has a good market niche with mid market clients throughout the United States. Through the past year we have intentionally reduced new origination volumes so we are able to assess the impact of market conditions. We're watching this closely with the goal obviously of increasing our activities in the CMBS market when the time is right.

We have a very strong team of 70 professionals and very good client relationships. The margin on this business creates good earnings potential for us.

And I also wanted to mention that we also continue to work with Ron Lalonde and his team to manage our runoff businesses. These are the legacy positions from the business, from the businesses that we have sold or exited. This product is well underway.

So to summarize, we've completed a lot of work in 2008 to reposition our World Market businesses, but there's a lot more to be done.

We will complete the rebuilding efforts started earlier this year. This is going to allow us then to shift our time to client facing initiatives including those approaches that I outlined for enhancing the value of our clients across our different lines of businesses. And by focussing on these primary businesses we are really returning to the roots at the premier client focussed and Canadian based wholesale bank.

We will continue to explore opportunities to align our activities with other CIBC growth initiatives. Moving forward World Market will be an important component of the CIBC value proposition.

And finally we'll selectively look at business opportunities that will help us stabilize earnings while keeping our eye on the fundamentals, risk control, effective management, profitability and of course the client.

These opportunities will emerge as the transformation of this industry continues and unfolds. And I think we're in a very good position to take advantage of this.

The result will be earnings sustainability in good times and in bad. We are committed to meeting the target I mentioned earlier, annual earnings of between \$300 and \$500 million over a full business cycle. And I look forward to sharing those results with you.

And before I close I just wanted to say a few words about Lehman. As of Friday, last Friday, September 12th, CIBC had approximate mark to market exposure in the \$25 million range with Lehman Brothers.

This arises from various market positions including derivatives where Lehman is a counterparty or obligor of, to CIBC. This mark to market is net of collateral which Lehman had pledged to CIBC.

These market positions, market risk positions of Lehman as a counterparty are being rehedged of course. And then in one other area, the area of securities lending transactions, Lehman has posted collateral in excess of their borrowings, the collateral for these activities is generally in the form of government securities.

So with that I'll wrap up and happy to take any of your questions. Thank you.

John Ferren, Vice President, Investor Relations

Any questions in the room for Richard? Rob.

Rob Sedran, National Bank Financial

Hi, Rob Sedran, National Bank Financial. Richard just curious, when you see the ramp, or the range between three hundred to five hundred, you know you've got, you mentioned core staffing levels down 14%, how much of the move to three hundred to five hundred and it's just more normal or greater market activity then what we're seeing and how much of it is a little bit of the loosening of the risk appetite of CIBC World Markets?

Richard Nesbitt, Chairman & CEO, CIBC World Markets

Clearly this is not a time to loosen the risk appetite and we had been very, very I believe controlled in terms of how we dealt with the market very recently.

I think that as you, as I said in the third quarter we are about \$58 million net income after tax. In order to get to

my \$300 to \$500 million on an annualized basis I have to get it up a little bit.

I do attribute that to somewhat slightly improved market conditions, plus finishing off a number of the things that have been started earlier this year.

For example the complete transition of our US equities business off to Oppenheimer, fundamentally complete now, but there's been a lot of work over the last few months to do that.

Plus of course working with Ron and his team in structured credit, one day we won't have to do that I hope in terms of having liquidated those positions.

So we've got a few distractions. So I think it's a combination of slightly better market conditions and by putting these other things behind us, opens us up I think to do, to do quite well.

Rob Sedran, National Bank Financial

You mentioned the \$58 million a couple of times, can we assume that \$58 million is more or less what a core earnings, the businesses you want to be in, there's no legacy earnings coming from some of the older businesses in there?

Richard Nesbitt, Chairman & CEO, CIBC World Markets

When I was at TSX any finance question I would shift over to David, to the CFO. But I would say, so how would I say that, I would say that a number of our businesses whether it be real estate finance which is down 50 to 60% in revenue terms, merchant banking which is down from a very large number last year to a, perhaps a de minimis number this year.

We are not getting anything from some of the key drivers that we would have seen say in 2007. I just gave you two examples.

So I think it's not really a legacy issue, I think it really, a legacy, returning legacy promise. I think it is truly market conditions.

John Ferren, Vice President, Investor Relations

Michael.

Michael Goldberg, Desjardins Securities

Michael Goldberg, Desjardins Securities. Richard, in view of the fall out from the all the turbulence that we've seen, how do you expect that funding for wholesale banks is going to evolve? And regulation of, how do you expect that regulation of capital is going to change? And can you comment on what you're charged internally for funds in your business by the rest of the bank? And does it have to stand the test of operating as if you didn't have the ability to fall back on the covenant of the parent bank?

And actually one other question, in terms of trading revenue, you know obviously it's been impacted by structured credit. But it also seems like it's, it's declined significantly from historic levels. Do you think that going beyond the structured credit mark downs that trading revenue going forward is going to remain well below historic levels?

Richard Nesbitt, Chairman & CEO, CIBC World Markets

Okay. Let me just take what do we charge. Essentially a practice which I think is very important is the businesses are charged the real costs. So essentially from a funding perspective it's very important that our businesses are charged the real costs and they are charged the real cost to fund in order that they make the right business decisions.

As a result of that and I would say that this is just, this isn't CIBC, there are a number of activities that won't make sense for banks to do anymore. The profit margin is not going to be there unless the pricing goes up or the funding costs come down, and this is across the whole industry. This is not just in Canada either, it's even worse in the United States and the UK.

So I think you're going to see dramatic change in investment banks around the world to be smaller, I said this in my speech, they're going to be smaller, parts of the commercial banks. And I think other banks here in Canada have said the same thing.

In terms of regulation I don't really have a comment on that, maybe I'll leave that for Tom to talk about in terms of regulation.

It's pretty clear, well we're regulated as a bank and therefore we have substantial regulation today in our participation as a part of CIBC.

The trading revenue clearly structured credit was a very significant event at CIBC. There's an, and as I say there's a number of our key personnel are involved in a number of activities that I think going forward that they won't be involved in, like, and pretty much those are, those are, those are, we're winding those kinds of things down, like the close down of the US equities business, etcetera.

We really need to get refocused, the plan has been to go into the new fiscal year very focussed on delivery results for World Markets in our four core businesses.

Trading revenue is down for a couple of different reasons. I would say that just a couple of different macro trends. A number of businesses don't meet our risk return - that have not met our risk return requirements, we've taken away resources. I mentioned the ECSP business, the equity commodities structured product.

We will use less resources in that business. We will, we will be generating lower revenues going forward, it's going to be a smaller business.

I do think most of it is the tenor of the times and the environment that we're operating in and the decision by management to operate with significantly reduced risk.

John Ferren, Vice President, Investor Relations

Ian.

Ian de Verteuil, BMO Capital Markets

Richard as I think back over the last couple of decades of CIBC World Markets, you know it's been an entity that has lived through a lot of turmoil and a lot of change.

Yet what's been amazing has been, not amazing, it's impressive is the right term, you know its ability to continue to lead you know the standings in a whole variety of things. I mean that statistic you mentioned that you needed the World Markets have led underwriting in six of the last seven years is pretty amazing.

I mean what you would put down to that, how does an organization with this much turmoil somehow continue to be able to lead those things? Maybe you could talk to it, your coming at it, what do you think the strength is?

Richard Nesbitt, Chairman & CEO, CIBC World Markets

What's most impressive about this organization is the number of strengths they have versus the number of weaknesses. There is a lot of strengths.

I would say the investment - the investment banking activities are as strong as they've ever been. Not, has not missed a beat because of anything that's, else that's happened, is affected quite dramatically by the market conditions. So we're not seeing a lot of equity, equity issues, but we are seeing a tremendous amount of M&A activity.

So that's one business that's very strong, but also say our foreign exchange business continues on, continues on very strong, unaffected even though it was part of DCM, debt capital markets which, where structured credit was, unaffected by that.

The, as I have said before I have approximately 1,100 people that had nothing to do with the structured credit losses. And while we're all responsible and you know World Markets is responsible for managing our business and responsible for those losses, most people have got, have had their heads down just doing their work.

So I think and we haven't had very much turnover. Since I've been here six, seven months now very low turnover. People are committed, we have a lot of long service employees who are as good as or better than anybody in the industry.

And then more recently we've had some extremely good people join us. So I'm very optimistic about going

forward. I think we can take on the competition in our new, in our new positioning. And I think that that's what the competition is worried about.

Ian de Verteuil, BMO Capital Markets

I know in the last six months there hasn't been a lot of change but there's been a lot of change in the year or two before that. I mean how, I hear what you're saying on, on people putting their heads down and working but I mean at, isn't, is there any push at all on your part to try to work on in accepting the fact that they probably have to, now is a good time to bring in and sort of refresh some of the people that have left over the last couple of years?

Richard Nesbitt, Chairman & CEO, CIBC World Markets

Well one of the things I've said is that we are not pulling back on any of our university improvement programs. So we are going out full steam the same as we have in past years, we're not pulling back at all. Even though we cut 14% of our continuing staff through a major, a major layoff round back in May, we're doing this, we're going to make sure we bring in those new fresh people who have fresh ideas. That's one.

Two, we are selectively going to be adding some new people, as I said sales, trading and research. We've, you know I'm very happy with our senior additions that we've made in equities and fixed income. But there's some more work to be done in bringing in some more bench strength, you're right.

CIBC is seen as an attractive place to come to work. We have no problem having the phone ring with people that want to come and work for us. And so you know it's just a matter of you've got to put one foot ahead of the other, there's so much to do.

I had to, I had to line up my senior team, the senior team is lined up. Now we work on all of the open positions that are below that. So I don't think we'll have any trouble adding to our bench stream, but you're right, we do need to add to our bench stream. It was fundamentally, it was substantially depleted by a couple of the rounds of departures that we've seen over the last few years. And

we don't have the, we don't have substantial bench strength.

So I think we can do better, but I think where we're going to do better and I probably said it 15 times in my speech is we're going to do better in client facing activities as opposed to proprietary activities.

John Ferren, Vice President, Investor Relations

Any other questions in the room? Any questions on the phone?

Operator

Thank you. We'll now take questions from the telephone lines. If you are using a speaker phone please lift your handset before making your selection. Please press *1 at this time. There will be a brief pause while participants register. There are no questions registered at this time.

John Ferren, Vice President, Investor Relations

Sorry Ian, one more question?

Ian de Verteuil, BMO Capital Markets

Relative to finance, if I'm correct, you've got the \$3 billion of CMBS securities, you've got a fair amount of loans outstanding and I think a very small amount of uncommitted lines. I mean when you think about environment with you know Lehman where we could get a flood of CMBS on the market and I mean how do you think about managing that business in this, in this environment?

Richard Nesbitt, Chairman & CEO, CIBC World Markets

Sure, well in fact and we're talking here about our US base real estate finance commercial real estate finance business, yes, we've got about, we have \$2.4 billion in commitments of which \$1.9 billion is funded, okay, so those are the numbers. We have very few CMBS in our inventories.

Ian de Verteuil, BMO Capital Markets

Very few what, sorry?

Richard Nesbitt, Chairman & CEO, CIBC World Markets

Very few commercial mortgage backed securities in that \$1.9 billion. Under \$100 million would be commercial mortgage backed securities.

What we do have are construction loans, about \$920 million and interim loans, about \$1.3 billion. The other \$200 million is permanent, permanent or fixed rate loans which are being prepared for sale essentially.

Ian de Verteuil, BMO Capital Markets

So after then the \$2.4 billion, sorry...

Richard Nesbitt, Chairman & CEO, CIBC World Markets

\$2.4, \$900 million in construction loans, \$1.3 in interim loans and then \$200 million in permanent or fixed rate loans, okay.

So this business is well performing. We have done many, many reviews of it this past, this past year. It's performing very well. 75% of the portfolio has been originated in the

last 12 months. Which of course is post all of the sub prime issues that have been, we've talked about many times.

The portfolio has an average loan to value of 62%. Most of the loans, very high percent, in the 90% have personal guarantees back to the sponsors.

So this is not, this is not a portfolio like you would see in an investment bank or an investment dealer. This is a, what I would call a bank lending portfolio, very much in the fundamentals of the credit.

We have slowed the process down very dramatically this year. In other words, so that we did not make any mistakes. But we believe that this portfolio has, well this portfolio has continued to perform very well if it's averaging 62% loan to value, we do think there will be 20, 15 to 20% pull back in commercial mortgage building values. But with the loan to value plus the personal guarantees we're well positioned to withstand that.

Ian de Verteuil, BMO Capital Markets

And I think as well you also have a \$3.3 billion inventory in CMBS?

Richard Nesbitt, Chairman & CEO, CIBC World Markets

Yes we do, very small inventory.

Ian de Verteuil, BMO Capital Markets

How, you know it's interesting, you talked a lot about sustainability and visibility on your earnings, I mean how do you run an investment bank with I don't know, 65% of the asset side of the balance sheet being mark to market, and have confidence in stability?

Richard Nesbitt, Chairman & CEO, CIBC World Markets

Can you say that again? Ask the question again?

Ian de Verteuil, BMO Capital Markets

I'm just thinking of you know the \$3.3 billion in the CMBS and you, you know you'd say well that's not a big position and I accept that relative to the size of the balance sheet.

Richard Nesbitt, Chairman & CEO, CIBC World Markets

Sorry, \$3.3...

Ian de Verteuil, BMO Capital Markets

Billion of CMBS inventory as of July...

Richard Nesbitt, Chairman & CEO, CIBC World Markets

No, sorry, it's not billion.

Ian de Verteuil, BMO Capital Markets

\$3.3 million, I'm sorry, that's a slight difference.

Richard Nesbitt, Chairman & CEO, CIBC World Markets

\$3.3 million.

Ian de Verteuil, BMO Capital Markets

That makes my point less powerful. (Laughter).

Richard Nesbitt, Chairman & CEO, CIBC World Markets

And by the way that position would be hedged as well.

Ian de Verteuil, BMO Capital Markets

But how do you run an investment bank with a huge mark to market balance sheet and feel confident in earnings stability? I mean isn't that one of the big challenges that we've seen across the industry?

Richard Nesbitt, Chairman & CEO, CIBC World Markets

I would agree with you. It has been one of the big challenges. Our balance sheet is dramatically smaller today than it was the beginning of this fiscal year. And I think that it's, the other thing you have to ensure that you have very strong middle office who independently verifies the mark to market, you have to have independent verification of mark to market.

And then you have to have a very strong risk management, independent risk management group that is overseeing everything that we're doing. And that's in my interest as I see it, both of those things, independent mark to market and independent review of risk both before the risk is put on as well as monitoring the risk as it's put on.

So I think you're right, I think as a general industry this has been a very difficult problem and you noticed in my comments I said we will not, we will be doing customer business in interest rate derivatives. But we will not be doing exotic complex derivatives in non-traditional areas for that very reason. Difficult to price, difficult to manage.

Businesses that we are staying in on a continuing business are the ones that I believe are feasible to manage and to have transparency and amongst all our various partners here within CIBC.

John Ferren, Vice President, Investor Relations

Michael.

Michael Goldberg, Desjardins Securities

I just want to follow up to your response about your funding charge. You said that you're charged the real cost of funds, so what is that? Is that the average cost of funds to CIBC as a whole or is it the cost of funds that CIBC World Markets would have to pay on a stand alone basis on it's own covenant, or what? That's my first question.

The second thing is and you know this obviously goes back before your tenure, you described CIBC as a lending bank and yet if we look back over time to, you know from the period since Enron, it wasn't a lending bank. There was no growth in business lending in comparison to other banks.

Yet there was the, the significant growth in structured credit. So what I'm trying to clarify in my own mind, was that growth in structured credit the alternative to growing lending that otherwise would have shown more clearly on the balance sheet, shown more clearly as part of risk weighted assets?

Richard Nesbitt, Chairman & CEO, CIBC World Markets

Okay, well David can you help, what have we talked about before in terms of hedging costs, can you help me out there?

David Williamson, CFO

Yes, on the funding cost, this is a very specific question. The proxy we use for transfer price in the World Markets is approximately for the bank costs. As opposed to the cost that World Markets might incur if it was a stand alone independent.

Richard Nesbitt, Chairman & CEO, CIBC World Markets

On the second question, I wasn't actually here during the growth of the structured credit. So I would just be surmising things. All I know is we are not doing that anymore and under Ron's team is in the process of removing those positions as market conditions warrant.

What I did say in my remarks was that the pricing on loans is moving up and I believe is going to continue to move up. That's going to create an opportunity for us to create a nice profitable business in lending.

The approach we've been taking more recently has been to continue to support our existing core customer base. And to, we haven't taken a lot of new customers. We have been moving the prices up on our existing core customers as their loans come up for renewal. And we also want to be in a position to support customers where they have specific needs, for example Tech Cominco buying Fording.

So we've been reserving some of our fire power to continue to support our existing core customer base. Now we do have a large Canadian loan book already, so we're already a significant, we're in significant number of the Canadian corporations across Canada. And so that's been our approach on that.

And that will remain our approach as long as we're in this market environment I believe.

Michael Goldberg, Desjardins Securities

Maybe there's somebody else then that can help me just in clarify this point, because as I've said, you described CIBC as a lending bank, and yet it hasn't been lending since Enron because it didn't have the capital.

Richard Nesbitt, Chairman & CEO, CIBC World Markets

I think my perspective would go back quite a bit further then the 2000 era. Remember I was here back in '86 through '97 and we did have a strong culture as a lending bank in the corporate area as well.

Michael Goldberg, Desjardins Securities

At that time it did but given capital constraints I guess in the past few years there wasn't traditional lending taking place to the same degree. But there was an explosion of structured credit that took place and I'm speaking specifically about the, what you call the non US RMM structured credit you know which amounted to about \$25 billion of non mortgage lending in the United States.

And what I'm trying to clarify in my mind was the growth in that business, an alternative to growing a more traditional lending business you know which the bank didn't do.

Gerry McCaughey, President & CEO

Well Michael as we've kind of demonstrated in our presentations in the past going back to 2002, CIBC's objective was to reduce the risk within World Markets. And what our primary benchmark that we put out in terms of how we were going to do that was reduction of economic capital, as a risk measurement.

And we significantly reduced the economic capital in the business and it was something that was one of our primary goals, we tracked it and presented it regularly

and it's been something that has been highly featured in both our annual report scorecard as well as in all of our presentations.

So the economic capital is the basis for risk reduction within World Markets. It was something that was, that strategy was launched in 2002 and I think was clearly enunciated.

At the same time we were coming out of the period of '99 to, well probably a little earlier than that, all the way through to 2001 where there were some of the banks, and I remember the charts you'd see in the newspaper who was overexposed and who wasn't, tech and telecom, CIBC had been overexposed to tech and telecom lending primarily in the United States.

So as a part of the reduction in our economic capital, the reduction in that book in terms of those loans was a very important feature. So the lending was curtailed in those areas and as I say I think it would have had more of an impact on our US business which we subsequently exited then it would have on our Canadian business.

In our Canadian business what we did in lending in order to control economic capital is we engaged in a much larger hedging program. So you were still making, you know Richard's comments about operating as a lending institution, you were still making the loans but they were being more aggressively hedged down in terms of the overall exposures that were there.

So it is, it is not, it's not a paradox that you have less exposure but you're still a lending bank.

In terms of the structured credit, it follows from the economic capital allocation discussion that I just got into, structured credit, and again it's something that we've said before, but when you have triple A securities hedged by triple A counterparties it is a very small economic, amount of economic capital that is assigned to those activities.

So that activity would not have been highly featured in the way our lending activities were. There's many checkpoints in terms of lending activities because of the perception of risk, particularly when we were in a leveraged finance business, we actually have not had to date a bad experience in terms of the run off of the leveraged finance business. We still have some legacy positions, but so far so good.

And that's because there's a large amount of economic capital that is assigned to those types of assets. And so the answer to your question is you know the same one that we've given in the past, in allocation of economic

capital within the World Markets business, particularly debt capital markets, the capital that they had available to them was sufficient to foot these, the growth in the structured credit business without their being a requirement to reallocate from our lending business, lending business you could keep the notionals down through hedging.

John Ferren, Vice President, Investor Relations

Darko.

Darko Mihelic, CIBC World Markets

Hi Richard, I was just hoping for a little bit of clarification here on one of your remarks, and if you could help me that would be great. You mentioned that as of Friday you had a \$25 million mark to market impact of being, with Lehman sorry, so to clarify is that a \$25 million mark to market loss on positions you have with Lehman, is that something that today can balloon out?

The second part of that question I suppose is, you mentioned net of collateral, similarly there could that balloon out and go beyond the collateral that's been posted?

I suppose thirdly you mentioned you're in the process of re-hedging, presumably that would mean you're naked on some positions, can you talk to me about the possibility of not being able to re-hedge, any form of clarification and I appreciate it's early days and this has just happened. So if you don't have a comment it is what it is, but I'd just be curious if you can help flush that out a little bit more.

Richard Nesbitt, Chairman & CEO, CIBC World Markets

Yes, I would say that the vast majority of our positions are easily re-hedgable if we choose to do it. And it's in the normal context of our overall risk management that we would do every single day.

There is a cost of re-hedging, there could be a cost of re-hedging, lets put it that way, it could work for us, it could work against us. So ultimately by the time we finished our re-hedging program which will, which it will carry on today but could carry on you know through the week and even into next week, we'll be able to quantify the overall result.

But we feel that the, that the positions, the positions that we're be re-hedging are fairly liquid positions. And we should be able to get re-hedged without too much difficulty.

On the collateral, the collateral tends to be, well the collateral is in the form of highly liquid government securities or cash, so I wouldn't have a concern about the collateral. And no concern, I don't have any concern about the collateral.

Darko Mihelic, CIBC World Markets

Well I wasn't concerned about the collateral, I was concerned about the position actually exceeding the level of collateral. Well if they posted say a hundred million dollars of collateral on some trade, I don't think that they can post anymore subsequent chapter 11, so if you have to trade with these, what I'm getting at essentially.

Richard Nesbitt, Chairman & CEO, CIBC World Markets

Yes, so that gets into the re-hedging, what price we have to re-hedge, that could work for us, that could work against us. It's a dynamic situation that we hedge. But it's just part of our dynamic book now that we'll re-hedge and that process was being evaluated since late last week and being executed since very early this morning.

Darko Mihelic, CIBC World Markets

And just clarity finally, that's \$25 million mark to market loss, is that (Inaudible)?

Richard Nesbitt, Chairman & CEO, CIBC World Markets

In that range.

Darko Mihelic, CIBC World Markets

In that range.

Richard Nesbitt, Chairman & CEO, CIBC World Markets

You should take that as in that range.

Darko Mihelic, CIBC World Markets

Okay, fair enough.

Richard Nesbitt, Chairman & CEO, CIBC World Markets

Approximate, it's an approximate number.

Tom Woods, CRO

I might just, the way to think of this is and we have a mark to market where Lehman's owes us about \$25 million, I'm simplifying here. And the legals of this are still being worked out right across the full industry. Tom Woods speaking by the way for those of you on the phone.

Mechanically what happens is we will have a right to claim to the extent that we cannot effectively hedge further market risk. We've got to assume Lehman has not (Inaudible, off microphone). That's what Richard is talking about in terms of the hedge.

But to the extent it takes us some time to actually implement those hedges through the week, because although they're liquid there's lots of (Inaudible, off microphone) we will have a claim we believe to Lehman for any loss.

But that, the extent we don't get 100 cents on the dollar for the claim, to the extent there's basis risk in terms of the delay (Inaudible, off microphone) hedging there may be (Inaudible, off microphone) \$25 million or a little more than that. My instinct would be less. But that's sort of the ballpark.

John Ferren, Vice President, Investor Relations

We'll take one more question for Richard if there is one, then we'll move on. The back of the room, Brian. Do you want to come forward to a microphone.

Bryan Pilsworth, Foyston, Gordon & Payne Inc.

Richard I just wanted to ask a little bit about the (Inaudible, off microphone). Sorry about that. Just wanted to ask a little bit about the US and the role the US plays in World Markets. You've talked about trying to bring international clients to Canada and sort of exporting Canada, CIBC's retrenched from the US and you know it's, from other areas. And you know yet we've got the US real estate finance. So I'm trying to understand how important is the US \$300 to \$500 million? Is it based on teams located outside of Canada? Can you just give a bit of colour on how important is the US going forward?

Richard Nesbitt, Chairman & CEO, CIBC World Markets

The US is very important but I would, if you would ask me the same thing about London I would say it's very important as well, because if you're going to be the premier Canadian based wholesale bank you need to have a presence in the major financial capitals of the world. We believe we need to be in Asia as well. We are.

And so we have essentially three activities in the United States today. We have, we have the real estate finance which we've talked about, it's about 70 people. We have an existing loan book down there that has to be managed, that will be managed, we're not making new loans because of the sale of the US equities business.

We don't intend to make, go out and seek new loans. But there is a portfolio that has to be managed, so there's people involved with that.

And then finally there are regular, in the trading realm about 70 people still in our trading room at 300 Madison which are involved with our global strategies, whether that be the fixed income currencies or the institutional cash equities business, distributing stocks or the ECSP. And we also have of course our treasury funding activities down in the trading room there as well.

So it's going to be very important from a number of perspectives because you don't do business in Canada without doing business in the United States. And to do business in the United States you often have to be in the United States.

So but in terms of the core \$300 to \$500, you know I would say that today you know I'll go back to the third quarter, generated \$58 million with only a very, very tiny contribution for real estate finance, we're down you know literally 50 to 60% on the revenue line which translates to more on the net income line.

So we're not relying upon that but we do see the real estate finance as a good business, well run, effectively risk managed and has the potential for the future to carry on in that way. So I think it's really the potential that we're really looking at.

So I would say that it will continue to be an important part of our strategy. We have a total of about 200 front office staff down there. And that's, that's the way it will be for the foreseeable future.

We do, we have recently put I think four investment bankers who are related to our Canadian global team upon the sale of our US equities business over to Oppenheimer. We had no investment bankers in New York. Well we can't do business in Canada and have the position we have in this marketplace with having nobody in the United States. So we have put a small team of those people down there. That's really the only change we've seen in the last little while.

Bryan Pilsworth, Foyston, Gordon & Payne Inc.

Okay, thank you.

Richard Nesbitt, Chairman & CEO, CIBC World Markets

Thank you very much.

John Ferren, Vice President, Investor Relations

So the last part of the morning will be a risk update from Tom Woods and a financial update from David Williamson and we'll provide one last opportunity for a Q&A session following David's presentation. So Tom.

Tom Woods, CRO

Thanks John, good morning everybody. My comments as well may include forward looking statements and actual results may vary significantly.

In the eight months that I've been chief risk officer I think we've made a lot of progress in rebuilding the way we oversee and manage risk at CIBC.

This has been assisted by the knowledge that I've gained as CFO for seven years before taking on this role, and the discussions I've had with several other CROs globally, many of whom are also engaged in similar efforts.

I want to start by saying that risk management doesn't start and stop with a risk management department. One respect with a risk management department is absolutely critical however is in providing robust and clear information.

But risk management really starts with the judgements and decisions the broader management team makes on the major policy issues relating to risk appetite and resource allocation, and the decisions taken on a daily

basis in response to or in anticipation of changing market conditions.

After this, the management of risk is in the hands of front line staff in our various retail and World Markets business groups who while they have guidelines that limits operate within, often have to make minute by minute decisions on risk reward.

The effectiveness of how our front line people perform in these roles is dependent to a very large degree on how aligned we are right through the organization on the type of risk we want to take.

One of the first things we did is we began to revisit the way we oversee risk was to make more explicit our risk appetite and objectives. We wanted to have a statement of fundamental principles that senior management and the board had a hand in developing that would guide us as we made major strategic decisions down the road.

The risk appetite statement we conducted, we concluded on was one that said we wanted CIBC to be a financial institution that had high quality earnings and a lower than average risk profile.

This is consistent with our fundamental business strategy of being a predominantly Canadian based organization with international operations linked to Canada or having a distinct competitive advantage. And one that is focussed on client relationships with the objective of generating consistent, sustainable earnings.

We believe this is the best way to obtain and then maintain a premium valuation in the market for our securities.

We'll be measuring our performance on a number of metrics to ensure we operate within the balance of our risk appetite statement. For example the volatility of our share price and earnings relative to our peers as well as credit spreads and bond ratings.

Measures that we can control in contrast to the backward looking methods, metrics I've just referred to include the mix of capital allocated between our Retail Markets and World Markets businesses, our capital ratios including the buffer we have between tangible common equity and economic capital. And maximum stress losses that we're prepared to accept.

The risk appetite statement sets the foundation for the individual risk limits we establish with our business groups and individual sub businesses such as the various trading desks.

At different organizations have different philosophies towards risk limits. For example in the trading businesses some organizations set limits relatively high and view them as sacrosanct.

Others set them lower and when excesses occur they discuss the situations and sometimes grant exceptions. We've traditionally generated, we've traditionally operated somewhere in the middle although probably closer to the first approach, that's with high limits.

We're moving to an approach where limits are set a little lower and traders for example will be expected to forewarn their managers and risk management, if they think markets are likely to move to put them in excess, in effect asking for approval to exceed a limit before rather than after it happens.

Until we start to see evidence of more stable markets and economic conditions we're going to continue to be very cautious in the allocation of risk resources.

Now what we have (Inaudible) risk management group is structured, the way a bank's risk management group is structured is a very important factor on how well the management of risk is aligned.

My observation is that financial institutions generally have excellent teams of people who understand the technical aspects of today's financial products and trading strategies. I'm referring to the people who create them, market them or look over the shoulders of the people who market them.

But there are far fewer people dedicated to pulling all of this information together across the entire firm, factoring in differences for example between real and illusory correlations, being disciplined enough to ensure the right exposures are properly netted, and then being able to clearly articulate what it means in a way that is conducive to discussion and debate.

Our newly formed capital markets risk group consist of our former market risk group and the group that assesses the credit worthiness of our financial institution trading counterparties. This latter group was formerly in the corporate credit group, but we moved it because the issues being dealt with are typically more tied in a financial market conditions and broader economic issues.

It also concentrates accountability which has been a common recommendation of the many industry reports coming out of the financial turmoil of the last 12 months. This group will also have an enhanced operational risk capability.

Our corporate and commercial credit adjudication group approves loans to our corporate, commercial and the upper end of our small business customers and include oversight of our merchant banking investments and special loans which is responsible for working out loans in default or believed to be close to default.

Third, our retail credit adjudication group oversees credit for all of our retail products including mortgages, secured and unsecured loans and credit lines, credit cards in the lower end, small business loans.

Because of the high number of largely homogenous loans within a particular category this group spends a lot of time developing and revising financial models that drive our lending limits and other policies.

They also work closely with the business and new product development, fraud and collections.

Fourth, our balance sheet management group covers several different risk management areas and works closely with finance. Included here is the newly formed strategic risk analytics group which I will speak more about in a moment.

It also independently approves the financial models used in our retail lending and in our trading businesses. And fifth, our credit portfolio management group looks at the portfolio as a whole, performed analytics at the portfolio level and provides different cuts of bank wide reporting. It's also responsible for our internal credit rating system and our credit policies bank wide.

Two of our five risk management groups are headed by people that I recruited externally, Milo Rado and Andrew Kriegler, each of whom have extensive trading and risk management or related experience with both Canadian and international firms.

We have just completed a significant reorganization promoting several high performers and we're recruiting internally and externally to fill other roles. We're also expanding our training and development programs and will be embarking on a program to encourage more movement of staff back and forth between risk management and the business.

The strategic risk analytics group I referred to earlier takes a bank wide view of all of our risks, synthesizing the results of the risk analyses done by the individual credit and market risk teams, and by that I mean putting them in a form that's most conducive for discussion and debate.

An important part of this work is selecting what we call realistic worst case stress tests, another scenario analysis to carry out so that we can understand our tail risk disclosure.

I know many of you are familiar with one of the staples of the market risk profession called VAR analysis. If a firm has VAR, or value at risk of say \$10 million, that means 99 days out of 100 based on history the trading positions being referred to should not lose more than \$10 million.

What it doesn't help on of course is how much might be lost on that 100th day or what happens if history doesn't repeat itself.

We spent a lot of time in the last few months improving the way we do stress testing, not so much in the area of enhancing the technical aspects of our modelling capability, that we already have, but rather in debating the underlying assumptions in the various cases we run.

Another area of focus is our risk governance structure, we broadened the membership of our senior management risk committee, increased the number of meetings and amount of staff resources supplying material on our existing risk positions as well as on proposals for new product lines or trading strategies.

We're devoting much more time at senior management and board levels to discuss not only areas of particularly high current risk, but also areas that could become high risk. Our capital and risk committee that I chair is 25 senior business and risk people from across the bank and meet monthly for several hours. It supplements our weekly asset liability committee meeting where more tactical decisions are made.

As Richard said, we've enhanced the effectiveness of our risk management oversight in World Markets with the creation of a small risk group reporting directly to Richard. This group compliments the risk oversight provided by more corporate risk management teams, and while this new group cannot override the limits and guidelines set out by the corporate risk group, it serves to enhance dialogue on risk issues and strengthen the accountability towards risk oversight within the World Market's businesses.

Over the past years several organizations such as the Institute of International Finance, the financial stability forum and the counterparty risk management policy group have released publications talking about best practices and risk management.

The major focus of these recommendations can be summarized as follows, first, the establishment of a

robust and pervasive risk culture. Second, strengthening prudent oversight on capital and liquidity. Third, enhancing disclosure transparency, and fourth, managing the valuation process, especially in illiquid or rapidly shifting markets.

CIBC is well advanced in aligning ourselves with the emerging best practices discussed in these reports. This includes developing and maintaining a risk management culture that's aligned with our broader strategic objectives.

Aligning our risk management philosophy across the entire organization, recognizing that we have take risk to achieve our financial objectives, but that taking the right kinds of risks will be the differentiator between over and under performing firms.

And finally, recognizing that risk management doesn't start and stop with the risk management department, but rather needs to be a joint undertaking between risk and our business partners. That concludes my comments, I'll hand it over to CFO, Dave Williamson.

David Williamson, CFO

Thank you Tom, good morning everyone. My presentation today will outline CIBC's performance against our financial objectives that we disclosed in our annual report scorecard.

And before I begin let me remind you that my remarks may include forward looking statements and actual results in the future could differ materially.

This slide summarizes our performance so far in 2008 against the eleven financial measures in our balanced scorecard. It's important to note that these are medium term objectives. We believe that looking at our performance over a three to five year period is the best way to measure our progress against our strategic objective of consistent and sustainable performance.

Let me make a few general comments on our performance before discussing each target in more detail.

Obviously our structured credit write downs will prevent us from achieving some of our objectives in 2008 including our targets for earnings per share growth, return on equity and total shareholder return.

However, in the areas of capital strength, productivity and credit quality we are achieving good results.

As Gerry stated, CIBC's most important priority in 2008 is capital strength. In this area we are exceeding our targets of an 8.5% tier one ratio and an 11.5% total capital ratio.

Another key priority for CIBC is to improve productivity. In this area we are exceeding our 2008 expense target but have further work to do to achieve our strategic target of a median mixed ratio amongst the major Canadian banks.

In the area of credit quality, the primary measure of our performance is our bank wide loan loss ratio which remains below our target range of 50 to 65 basis points through the cycle.

I will now discuss our targets individually beginning with earnings per share.

Our earnings per share target is to achieve 5 to 10% growth on an annual basis measured over a three to five year period. Having achieved our previous target of 10% annual growth in both 2006 and 2007, we lowered our target to 5 to 10% at the end of 2007 to reflect our view of more challenging conditions in the next three to five years than we had experienced over the previous cycle.

In 2008 we report a loss for the year as a result of our structured credit write downs. Adjusting for write downs, earnings per share year to date is \$5.38, well down from 2007 reflecting more challenging market conditions, restructuring of our World Market's business as well as the effect of our common equity raise in January.

The 2007 earnings per share of \$10.75 on the slide also includes a gain on the Visa IPO of \$1.13.

While we are maintaining our medium term target of 5 to 10% growth, we are likely to be at or below the low of this range in 2009 should the current challenging market conditions continue through the next year.

Our return on equity target is at least 20% through the cycle. On a reported basis we will not meet this objective in 2008, however excluding our structured credit write downs we are achieving the return on equity target for the year to date.

Our return on equity adjusted for write downs of 23%, this ranks CIBC second amongst the major Canadian banks.

This slide shows our tier one ratio and total capital ratios relative to our target of 8.5% and 11.5% respectively.

At the end of 2007 we highlighted capital strength as an area of emphasis for CIBC in 2008 given the potential for deteriorating market conditions.

In January of this year we raised \$2.9 billion of common equity to strengthen our balance sheet. Our capital raise combined with business discipline has enabled us to maintain a tier one ratio well above our target of 8.1, 8.5%.

Giving effect to our \$300 million preferred share issue, our tier one improves from 9.8% to 10.1% on a pro forma basis as at July 31st.

As we outlined on our Q3 conference call, this tier one ratio also includes substantial risk weighted assets against our financial guarantor receivables. This risk weighted assets would be released if further write downs were required mitigating the impact on our tier one ratio.

This slide shows the percentage of capital allocated to our Retail Markets and World Markets businesses. At July 31st World Markets capital on a reported basis was 33%. However, excluding capital allocated to our structured credit run off business, World Markets capital is 21% which is within our target, target range of less than 25%.

As Richard stated in his remarks we expect our core World Markets business will generate a return that meets our bank wide target of at least 20% through the cycle on a current capital of approximately \$1.5 billion.

Our loan loss target is to maintain our loan loss ratio within the range of 50 to 65 basis points. Year to date our loan loss ratio is 42 basis points, up from 2007 but still below our target range.

Overall our retail and World Markets loan portfolios continue to perform well. We do not see any major areas of concern.

Our actions to shift from secure, unsecured to secured lending in retail and to reduce our World Markets portfolio over the past several years, that leaves CIBC well positioned should market conditions continue to deteriorate.

While actual results will be highly dependent on market conditions, our current expectation is for moderately higher loss rates in 2009, but still within our target range.

Our second risk related target is to maintain our merchant banking portfolio below \$1.2 billion. At the end of July we are achieving this target with a portfolio of \$1.1 billion.

Merchant banking revenue in 2008 is well down from 2007 reflecting lower levels of activity in private equity markets. As Richard noted in his remarks merchant banking will be part of core World Markets business moving forward but on a much more focussed basis.

Our portfolio is unrealized gains that should be realized over time as market conditions improve.

In the area of productivity our 2008 target is to maintain our expenses flat to the fourth quarter of 2006 which we set as our base line expense levels at the beginning of 2007.

This requires us to offset normal inflationary pressures on our cost base with savings in other areas. Through the year to date we are achieving this target.

To measure our progress on a comparable basis we have excluded the consolidated expenses of the FirstCaribbean and businesses we have exited or sold.

We also have a strategic productivity target which is to achieve a median mix ratio among the major Canadian banks.

Adjusting for write downs our year to date mix ratio is 61.9% which places us above the median. Looking forward our emphasis is on accommodation of continued expense discipline and improving revenue to achieve our strategic target.

Regarding dividends, our target is to pay out between 40 and 50% of our earnings in common share dividends. Adjusting for write downs our payout ratio for the year to date is 48.8% at the high end of our target range.

One of the key measures of consistent and sustainable performance is total shareholder return. For the past, or sorry, for six of the past eight years CIBC has led the major Canadian banks on this important metric. Obviously our share price in 2008 has been affected by write downs in our structured credit business.

As a result we are not currently meeting our target of outperforming the bank index on a rolling 5 year period.

By executing the priorities we have discussed with you today we are confident we will improve CIBC's valuation and close the gap with our industry peers.

In summary CIBC's financial results in 2008 have been significantly affected by our structured credit write downs. As a result we will not achieve some of our financial targets. However very importantly the bank is very well

positioned from the point of view of both our capital and core business strength.

While we do have remaining exposure to manage in our structured credit run off businesses, the issue is now well defined and our exposures are significantly reduced.

Our focus for the rest of 2008 and 2009 is on continuing to make progress against our key priorities, the business strength, productivity and capital strength. This progress will enable CIBC to deliver on our mandate of consistent and sustainable performance over the longer term.

That concludes my remarks and concludes our formal presentations for this morning, so at this point I'll turn the meeting back over to John Ferren.

John Ferren, Vice President, Investor Relations

Thanks David. So excuse me, we'll take questions for Dave or Tom or for that matter any other of our senior executive members in the room. I'll go across the table here first.

Steve McMillan, Fidelity

Steve McMillan from Fidelity Investments. This question is from Gerry. This is really a question you could ask any of the Canadian banks, (Inaudible) kind of goes back about 20 years. Today is there any benefit to a retail bank in a wholesale capital markets bank being part of the same organization? If you were to consider a situation where you, the investor held two shares, one of CIBC Retail and one of CIBC World Markets would they have been better off over the last five years if World Markets was allowed to have gone the way of Bear Sterns and Lehman Brothers and still had a retail share at 52 week highs? So just kind of curious on your thoughts there. And that's not a reflection of my views on whether or now World Markets is going to be a good bank (Inaudible).

Gerry McCaughey, President & CEO

Okay, I understand. I think that I would touch on Richard Nesbitt's remarks and I'll turn it over to him to make further comments, in terms of he talked about the fact that there is a portion of World Markets business that comes as a result of the association with the balance of what we call the Retail Markets area.

There is a lot of slow business that would exist within for instance the brokerage network which is in Retail Markets. There is a large amount of foreign exchange business that comes from our commercial banking, corporate banking clients that in the case of commercial banking is more traditionally attached to the retail markets area.

So the first thing is is that there is today a certain amount of synergy that occurs because you would have to do that business away otherwise, or there's some margin that you would, you would be giving away if you didn't, if you didn't engage in that business.

The second thing is there is potential there and I think the potential is what Richard was trying to touch on and I'll turn it back to him for just one second because that's one of his key areas of redirecting World Markets or a portion of it is to take advantage of our, of the natural terrain that exists within.

And I think you know that cut to the answer to your question is I think that the high value adds for our shareholder is World Markets focussing on that natural terrain as opposed to some of the activities that were following the basically the Wall Street trends which ended up costing us money. This is natural terrain and it's good risk reward relationship. Richard.

Richard Nesbitt, Chairman & CEO, CIBC World Markets

I would say that my view is the only place for invest (Inaudible, off microphone) as part of (Inaudible, off microphone) that's been dealers. I don't think they'll exist unless they're part of a bank.

And I think there's one of their main purposes (Inaudible, off microphone) to the customer base (Inaudible, off microphone) we have now have I guess (Inaudible, off microphone) less independent investment (Inaudible, off microphone). This is only two left, two big ones left.

And I don't think around the world there's any place for large investment (Inaudible, off microphone) lesser part

of a commercial bank and (Inaudible, off microphone). I think, I would turn the question around and say (Inaudible, off microphone) it's a natural evolution of this business.

There have been a lot of activities carried on within investment banks that have ultimately turned out to be tragic and that can't be allowed to happen again.

John Ferren, Vice President, Investor Relations

Michael.

Michael Goldberg, Desjardins Securities

A number of the comments made about structured credit talk about it as if it's in the past. And my concern is that there's still significant exposure that CIBC has. In particular if we look back at the third quarter, \$768 million of the marks that you took were against the non-USRMM and your net exposure, and that's notional remains \$23.3 billion.

You know yet you've eaten through a lot of the subordination that existed. So what comfort can you give us that in the event of a continuing or more severe US downturn that there isn't further significant mark downs that now have to be taken against that non US RMM?

And secondly, you know that a particular hobby horse of mine has been looking at the capital that you acquired to support parts of value assets. How do you think that that concern is going to play out from a regulatory perspective? Because my understanding is that it is an issue that bank supervisory authorities are looking closely at. Do you think that there is going to be more capital that is going to have to be put up against these types of assets?

David Williamson, CFO

Okay Michael, a couple of questions there, good questions. So going back to Q3 to address what you're talking about with the provision that we took with respect

to the, what we call the non-USRMM book, I guess the first observation would be that the vast majority, I think 85% of that provision you refer to was in relation to the mark moving on the monolines. They're called the credit quality, the monolines changing here in the course of the quarter as opposed to movements in the underlying assets.

So what effectively happened in the USRMM positions those, the receivables we have from the monolines, put it that way, were in that space marked at about 50% provision. This is back in Q2, right. As far as the CLO book was at about 25%, 27% actually.

What happened in Q3 is those monolines went up to the same level in both spaces. So by the end of Q3 the CVA was running at about 50% still in the USRMM but in the non-USRMM they also matched, they came up and, cause they're different, slightly different monolines in both books so they came up to 50% as well.

So the big move in Q3 wasn't so much the underlying as the credit quality of the monoline, an observation.

The other point that we spoke of also in Q3 is that the fundamentals for that book are strong and they continue to be strong, subordination and how they perform. In fact we've had continued amortization of that book, call it good amortization, just pay down of maturity.

However it's being valued based on market prices and market prices are determined based on supply and demand. So that is the driver for the mark that we would take on that, on that book. And there's no doubt, nothing has changed in the couple of weeks since we were together on the quarter, that continues to be driven by market- market supply and demand for those positions.

That will continue to affect the value of those as we go forward. But in Q3 the big move was to get parity if you will on the level of monoline provisions against the receivables.

Gerry McCaughey, President & CEO

Michael, Tom Woods will make a comment on - you had talked about subordination on the non-US real estate, I think Tom would like to also respond to that in conjunction with what David said. Tom.

Tom Woods, CRO

Well, I mean as you know we've had lots of discussions on this Michael already, but the subordination that we disclose on page 14, when you say burn through it, I don't quite know what you mean.

If, I mean for example with CLO's having an average of about 32% subordination, I mean, if your point that the CLO's that we've marked and we're transparent on this as well, we've marked at a 10% discount, if what you're saying is well there's 32% and even with that they're not trading at par, they're trading at a 10% discount, okay.

I mean they are trading at a discount, it's very transparent in the market. But as David said, I mean, this is a situation, the kind of market we're in that despite the, by any analyst's perspective the very strong fundamentals here with these kinds of levels of subordination, I mean none of those loans as of at least the webcast, I must admit I haven't kept up to date are not, they're all performing. 75% of the loans in the corporate debt are investment grade.

So we have a situation which is very transparent, you can look and see where those CLO's and where the corporate debts are trading.

If you believe the supply demand in that market is going to continue to deteriorate then you can make your own assumptions. David's point is even if you go from a 10/3 discount or a 6% discount in the corporate debt to a market that is further distressed from a supply demand and look at what that does to our tier one ratio, I mean we have a very large cushion.

If you then say how long will this last until fundamentals start and reason starts to prevail I think there's added comfort there. But the point I just want to make is there's very large levels of subordination. Notwithstanding that, they are trading at a discount.

Gerry McCaughey, President & CEO

And Ron Lalonde is actually running the run-off book where all of these positions are. So he would have the, you've had the finance and risk viewpoint, Ron would be if you will the business viewpoint. He winces every time I say that he's the business leader of this area. But life is sometimes like that.

But I think, I think what Ron, Ron wants to touch on is the mark to market does not connect with the subordination. They're, as Tom mentioned there is not as yet sign of burning through the subordination. They are two very different items.

David pointed out that mark to market is supply and demand and it's a, and Ron will get to the subordination and what he sees within the portfolio cause he's looking at it day to day.

But when David talks about supply demand these positions you need to remember were originated at LIBOR plus 25.

And the reality is is that a triple A position that's still triple A at LIBOR plus 25, you're not in a LIBOR plus 25 world anymore. No one is accessing funds at that price.

So you do not, in order to have a discount on these securities it does not require credit impairment. You could have a, you, if one did have on the buyers side you know total confidence and certainty if they had that in their view around the triple A nature, they would still pay a discount just because of what is available elsewhere in the marketplace.

So the fact that these are down in terms of the market does not make any, well it obviously means the world is requiring more from the viewpoint of yield because of funding and liquidity. But it isn't necessarily a direct connection to subordination which actually so far we're in pretty good shape on. Ron.

Ron Lalonde, SEVP Technology & Operations

Yes, that was the point I was going to make as well. I think this is more a reflection of the changing cost of money and return expectations then it is credit deterioration. And if you look at the fundamentals underneath the CLO structures, they are not burning through any subordination, you know the underlying assets are actually performing fine at this point and we're not seeing any significant losses in the portfolio.

So I think that the, there does not appear to be a credit issue at this point. I think there's a return of expectation issue.

Gerry McCaughey, President & CEO

So interestingly enough from a viewpoint of crossing all three areas in terms of our risk, our finance and our business leader, one of the elements that's interesting here is that the follow on question would be well can these positions continue to go down if the market environment drive yields up. And the answer is they have, they did last quarter a little bit and they could continue to do that.

I think that one of the areas that we don't talk about a lot and it's something that I would, I'll make a forward looking station, excuse me the forward looking statement admonition here, you know the future could turn out quite differently then what I'm about to outline.

But there is a case for what I'm about to outline that we believe is significant. Of greater interest over the long term, and I know that you know every quarter these positions are marked down because of widening of spreads, it's still eating away at P&L, but when we discuss this portfolio internally we do distinguish it from our sub prime portfolio because with the evidence that we have in place today there is a significant reason to believe that it should pull to par, or something close to that level.

For precisely the reasons that Ron talked about in that the credit element of it is not showing impairment. If you factor that in in terms of the length and the lifetime of this portfolio the revaluing of this portfolio will either occur as a result of market conditions easing, spreads easing and the competitive securities that they're priced against easing, or the portfolio will amortize and gradually come to a conclusion.

And the evidence today is that it would pull in the direction of par as that happens. And the amortization has picked up in terms of the amount that we're getting back in reducing the positions in the last little while.

So very distinct category difference between this portfolio and how we see it today with the full you know 14 months or 15 months of credit crunch experience. We still when we look at it believe that the performance, especially over time to maturity should reflect the expectations around the credit quality that the ratings would lead you to expect.

Unlike the sub prime where you know some of these are marked down very significantly and we've, effectively we have not held forth that we think that they're going to pull to par or any such thing because in many cases we have made it clear that we do view it as in the sub prime portfolio permanent impairment and that's why we've

marked it down so significantly. Does that add a little bit Michael? I know you've got, you've got a trifecta here but...

Michael Goldberg, Desjardins Securities

(Inaudible) the amount of capital required to back hard to value assets and liabilities.

Gerry McCaughey, President & CEO

Well it's interesting, and I'll, I'm going to turn it over to Tom in a second and then David if he has a follow on. First of all in terms of our assets and how they're valued, Tom will make a comment on it.

But you know I think what he'll express to you is that we have a good process around valuing the assets and it's one we described to you in the past.

The interesting thing that takes place today that would not have taken place pre Basel II is the reserves in capital that are being built up against our mono line receivables for instance.

And we touched on that and it's in our Frequently Asked Questions on our website. Because of the large multiple that is assigned to our receivables from the monolines, as we increase our credit valuation reserves, a large amount of regulatory capital is released simultaneously.

And the example that we've put into the website that any of you can access, you don't have to take notes, is what happens on \$100 million that was at our average or approximately at our average of 400% allocation that we have used in terms of our mono line receivables because of how we rated them internally.

So that, the new Basel II regime does in terms of certain elements of lower quality assets make a higher capital allocation. I don't believe that there's a distinct separate allocation made because of the view of how difficult something is to value.

But I think I'll turn it over to Tom now to comment on that because I think we have a very good process around the

asset valuation and a fair bit of confidence and David will touch on it from a financial point, Tom.

Tom Woods, CRO

Yes, this is the same question I guess we discussed after the webcast and nothing has changed from our point of view. And the question Michael is asking is you know notwithstanding the fact that regulators around the world and banks around the world have invested literally hundreds of millions of dollars in Basel II capital reform, I guess that the US banks are about to embark on, Canadian banks have been doing it for a couple of years.

You know is there a chance that regulators might revisit it soon and layer in additional capital charges for harder to value or less liquid securities.

My own view is you've got to make that judgement. From CIBC's point of view there's been no evidence or indication from our regulators that that's going to be the case. Could it happen? Perhaps. Would Canadian regulators do something that other international regulators would not do and make our capital ratios more punitive? You wouldn't think so.

Would other international regulators do it at a time when many banks capital ratios are pre-challenged already and make further haircuts to those ratios? Who knows.

So while I think it's possible, and it's inevitable that regulators and this is the truism, will continue to refine the process. The energies that have been put into Basel II, I would find it a little surprising if lets say next year more changes are layered in, but that's always a possibility.

David Williamson, CFO

Just to build slightly on Tom's comments, where Tom was speaking about the potential for regulatory change, already what's in place now is the, and I think it was slide 11 of the Q3 presentation that I made, we've already under the current regime, Basel II built up quite a bit in the way of risk weighted assets in relation to our exposure to financial guarantors, to the mono lines.

So at the end of Q3 it was \$2.9 billion in total exposure to mono lines which we had over \$12 billion in risk weighted assets set aside you know against that exposure.

So subject to any change in regulatory process which Tom spoke to, even just the current Basel II requirements already causes us to post very substantive levels of risk weighted assets against that exposure.

So and that's the bit which just building on Gerry's comments he referred to in the frequently asked questions where we give a sense of just because of that build of risk weighted assets that exists under the current regime, if there was a need for additional write downs it, you know it resulted in the release of those risk weighted assets which effectively buffers the effect. Or to put it another way, we've already taken some of the potential effect already in our tier one ratio.

John Ferren, Vice President, Investor Relations

Any other questions? Darko?

Darko Mihelic, CIBC World Markets

Actually David I just wanted to follow up on that with another question and (Inaudible, off microphone) happened in Q3 was you changed your internal risk ratings and voila, we had an increase in risk weighted assets. What is the risk you have to do that again? In other words maybe you can numerically help me out with this but if, is it possible that you have another quarter where you have to ramp up your risk ratings across other mono lines and thereby have more risk weighted assets blown into the calculation. And I suppose what's the worst case scenario? What if you took every single one of those mono lines to worse risk weighing internally?

And I suppose secondly, second on to that is I mean the regulator is staring over your shoulder, how does the risk rating get awarded to some of these mono lines, maybe you can help me out with the methodology as well. Is there a potential here that by sort of year end you are actually, or the regulators suppose looks at those risk ratings and says they have to be ramped up.

David Williamson, CFO

Let me speak to that and then I'll flip to the business leader of the business unit if you'd like to add to any of my comments or Tom as well.

So already the levels that we've got, so there's two things going on, the actual credit valuation adjustments being driven off the market based factors, right. So we've spoken to the transparency of that model.

The risk weighted assets you mentioned Darko, they're coming off of our internal rating. Now those ratings are draconian enough now that that's resulted in the 400% multiplier on the exposure. So that's very substantive levels.

It could go to a higher level but there's an interesting phenomenon that if, take the case of one of our counterparties, the one that we have released the name on, ACA. When it went to a non viable counterparty, it actually results in the release of risk weighted assets and a shift to another methodology which is the specific recovery methodology which is applicable in that situation where we could get a good sense of what we were likely to recover.

And that move actually resulted in the release of risk weighted assets. So it's - there are some moving pieces here, but I guess the comment I'd make is that the internal ratings are we think pretty conservative at this juncture which is I think indicative by that \$12 billion that we're putting against \$2.9 billion exposure. Tom some additional comments?

Tom Woods, CRO

Well I'd just say from a, you alluded to the regulator and yes, they're, no, and that's a fair question. Every bank, I don't know whether it's annually, Brian O'Donnell is here but certainly if not annually, very close to annually comes in and sits down and looks at our risk rating methodology and looks at many individual cases and you know comes to their own conclusion whether our methodology in the specific ratings seem reasonable in the context of fundamentals, and also in the context of mapping to external ratings.

So I can tell you I am very confident in our process. Brian is that annual or... annually. Yes, so you know and occasionally there's one or two where they say you know

it looks high or it looks low compared with you know your competitors.

Now some of these would be the only one that would have an exposure to. But I can tell you I'm very comfortable with the integrity of that methodology.

Darko Mihelic, CIBC World Markets

Can I just ask a follow up to that then. Getting back to the non sub prime book, I appreciate the commentary with respect to there's no credit events and you know it's the values dropped. But perhaps maybe you can help me out here, I mean we spoke about Lehman earlier where the positions were relatively liquid and you rehedged. Is there any possibility that you can mitigate this today, re hedge this book with counterparties that wouldn't create this sort of situation and realize perhaps an immediate gain, is that even, is that even a remote possibility here on these positions?

And perhaps you can talk finally on other mitigation techniques or commutation of contracts with some of these mono lines?

Gerry McCaughey, President & CEO

Ron did you want to comment on that?

Ron Lalonde, SEVP, Technology & Operations

Well you hit right into the range of the types of options that one would look at to try and wind down the portfolio. Obviously these are very illiquid markets that we're dealing with right now and there's limited capacity for doing the kinds of trades you're talking about.

But yet those are the types of things that one would look at to try and reduce exposure in that area.

What you'd have to mitigate I guess or evaluate is the cost of those types of programs versus what your view of the underlying value is. And if you're underlying, if your view on the underlying credit value of these instruments

is that you know the credit value is strong, then you know there's potentially significant cost associated with rehedging some of that exposure.

So it's a value analysis that you need to make, it's a risk reward type of analysis that you need to make in a market that's pretty illiquid.

John Ferren, Vice President, Investor Relations

Okay, maybe one more last question if anybody has one before we break. Ian.

Ian de Verteuil, BMO Capital Markets

I think the, you know one of the things we're concerned about is a slow down in Canada possibly affecting loan losses generally. We saw in the third quarter Tom an uptick in loss rates on the card book. When you think across you know the risk profile of the bank would you agree that the card should sort of lead us you know into, or we'll see the spike on loan losses in the card business. And can you talk to other metrics you look at that make you confident that the Canadian you know loan book isn't deteriorating?

Tom Woods, CRO

(Inaudible) we're not going to give you an intra quarter update, but just to reiterate what I said at the end of Q3, and I'd agree with your comment that the credit card business, I mean historically obviously has had larger loan losses in, from a percentage point of view then all of our other books. So naturally that is the area.

Now it has obviously very high returns. So the spreads are very attractive, even factoring that in. And we've been running that under 4%.

So the metrics that we use from a macro point of view are ones that you know would make sense to you. You know unemployment levels and other indices of economic indicators, but generally unemployment levels.

We then look at our delinquency roll rates from bucket to bucket. We've got five or six buckets and we can affect that by the extent to which we, both in terms of the new account, really new account acceptance is the key and then managing accounts, and finally in collections.

I said at the end of Q3 we had tightened up our adjudication criteria on all three fronts. We tightened it up both at the acceptance, at the account management and on collections.

So there are, there are levers that we can pull. You know if unemployment and other economic indicators soften that will be a book that will increase, notwithstanding some of the efforts that we make.

But we have taken pretty considerable steps towards the middle and end of Q3 in that book.

In terms of other books, you know obviously we've had four years of loan loss reversals and recoveries in the corporate space. We've got a Canadian dollar now that's a little weaker but I guess if it strengthens notwithstanding the levels it's tested, I think you know the middle Canadian sector of manufacturing has proven pretty resilient. That's always an issue out there.

I don't think there's any particular set of two or three industries, you know people often ask what industries are most exposed, I think it's a case by case situation of you know the strength of the individual companies.

And you know we feel reasonably comfortable there. But clearly if the Canadian economy has a knock on from the US economy and the consumer in particular softens there's going to be upticks. David's comment about '09, the best indication we have today is that although it will uptick from the 42%, 42 basis point average for the first nine points or 46 in Q3, it will go higher than that, it you know it will not be outside on the upside, the range that we've stated as our objective.

So you know while I obviously can't give you complete comfort because that would you know imply a call on the Canadian economy, we're taking a pretty risk averse stance on the metrics and levers we've got in our cards business and right across the risk space.

Sonia Baxendale, SEVP, CIBC Retail Markets

I would just add a couple of quick comments. First of all I think we feel quite confident that we have a good quality portfolio across the board, cards and more broadly than cards.

Having said that you know the environment is clearly a concern and so we need to be fairly cautious. To think in terms of leading indicators Tom, Tom has hit on some of the key ones. But particularly in the retail and the card space, industry wide bankruptcies are a very important indicator.

I think as an industry in Canada we are seeing bankruptcies start to pick up a little bit. In the CIBC's portfolio in particular that's (Inaudible) very look level, in our cards book we've actually seen lower than normal bankruptcies and now we're seeing that move up to slightly more normal levels where that, you know following bankruptcies I think is a good and important indicator.

In our case we are you know really looking at actions both on the acquisition and account management portfolios side of the business in all of our, in all of our portfolios and we'll continue to do so as we monitor the environment.

John Ferren, Vice President, Investor Relations

Okay, I think we're going to wrap things up there and I'm going to turn it over to Gerry to make a few closing remarks. But first of all I do want to thank everyone for joining us both in the room and on the phone today. And we look forward to future conversations. But I'll turn it over to Gerry to make a few last remarks.

Gerry McCaughey, President & CEO

Yes, thank you John. Well thank you for joining us here today. Today you've heard from my management team on CIBC's progress and our direction for the future. Retail will build momentum through continued and increased investment in our areas of strength such as cards, advice and our network.

World Markets first objective is to return to its normalized run rate. There's been a lot of restructuring in the business that puts it in a better position. That has created

some distraction in terms of the ongoing business activities.

I think Richard has made it very clear that the first objective is to get the business back to hitting on all eight cylinders. And that by building on the key client areas that he talked about that then the momentum should pick up somewhat and he's given you some fairly clear through the cycle objectives that he has for the four businesses in World Markets and the emphasis there.

Where that's going to put us over the course of the next several years is as a reasonably unique proposition we believe because we will be a very heavy, we will have, be a bank with a very heavy representation in Canada in relation to our market cap and size of the business. And we believe that that will prove to be an asset both in terms of steadiness of earnings as well as future opportunity.

And we do believe that with competitive growth rates returning in retail and first normalized and then competitive growth in World Markets, that it will allow us to again grow the value of CIBC the way we did in 2006 and 2007.

So we're looking forward to the future, we believe the business is here today of late for the case for getting back to the growth pace and pattern that we had in '06, '07. It's going to be a continued combination of risk disciplines, productivity discipline as well as measured growth the way that we've laid it out. So thank you for coming today and hearing our message. There is a lunch that's out in the north gallery and my management team will be staying to chat with any of you who have individual questions. So again thank you very much.

Operator

Thank you. The conference has now ended. Please disconnect your lines at this time. We thank you for your participation.