Frequently Asked Questions – Q1 2005

1. CIBC's Return on Equity continues to be strong and significantly exceeds your target range of 14-18%. Should you not increase your target?

ROE for the first quarter was 25.7%, compared with 21.0% for the same period a year earlier. Excluding the gains on the sale of Juniper Financial Corp. and the sale of shares of Republic Bank Limited and ACE Aviation Holdings Inc., ROE was 19.2%.

Our medium term objective remains at 14-18%. This is in line with other Canadian banks and compares favourably with other large cap Canadian companies. Although we have exceeded our target for each of the last two years, it is unlikely that such high ROEs are sustainable over a medium term of 3 to 5 years.

2. How many shares did you repurchase in the Li Ka Shing block sale? Are there restrictions against how many shares you can repurchase in a given period? Are you back in the market now?

We repurchased 7.2 million shares during the quarter pursuant to our current Normal Course Issuer Bid which allows us to repurchase up to 17 million shares (4.9% of our public float of common shares on December 10, 2004) between December 24, 2004 and December 23, 2005. The majority of the shares we repurchased during the quarter were from our participation in the Li Ka Shing block sale on January 13.

We can repurchase up to 2% of our outstanding shares over a 30-day period.

Our current intention is to continue to buy back shares through the remainder of 2005.

3. What is your guidance for specific loan losses for 2005? Why is the loss rate on your retail portfolio so high relative to your peers? When can we expect to see some improvement?

Our guidance is for specific loan loss provisions as a percentage of total net loans and acceptances, excluding reverse repos, to be between 0.50% and 0.65% (50 and 65 basis points).

The primary reason our loss rate on the retail portfolio is higher than our peers is our different product mix. We have the largest credit card portfolio of all the Canadian banks, and cards typically have higher loss ratios than other retail product groups. About 50-60%[1] of our total bank loan losses in 2004 originated from credit cards. As a percentage of underlying managed loans, the card loss ratio has held steady at around 4%.

There is room for improvement with respect to losses in our unsecured personal loan portfolio. We have tightened the origination criteria and installed some features to help us manage this risk, examples of which include bankruptcy predictive scores and collection strategies. We continue to expect these actions will lead to lower and more stable loss rates over time, but expect 2005 to continue to reflect above average loss rates for this portfolio.

4. Your market share in balances outstandings and purchase volumes for the Cards business continues to fall and assets have declined quarter over quarter. How will you reverse these trends?

Card loans administered, which includes both on-balance sheet and off-balance sheet (securitized) card loans, has increased quarter over quarter from 10.3 million to 10.4 million and has increased six of the last seven quarters.

Although competition in the travel rewards segment continues to be intense, CIBC is has responded by successfully launching new cards and revitalizing the Aero brand through new partnership deals. Although we have lost a few basis points of market share, we continue to hold the #1 position in both balances outstanding and purchase volumes.

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[1] See page 80 of the CIBC Annual Accountability Report 2004 for breakdown of loan losses. CIBC's 2004 provision for credit losses, net of recoveries, was $628 million. This amount is also net of 2004 reversals of $75 million to the general allowance for credit losses and $37 million to the specific provision for credit losses in the student loans portfolio.

5. What impact has AcG13 had on your results? Where does it show up in your financial statements?

Accounting Guideline 13 (AcG-13) is a new CICA Guideline that became effective for CIBC November 1, 2003. The Guideline establishes certain conditions for when hedge accounting may be applied. The key implication of not qualifying for hedge accounting is that there may be a timing mismatch between when gains, losses, revenues, and expenses on the hedged item and the hedging item get recorded in earnings. More details on the impact of AcG-13 on CIBC's financial statements are disclosed in the notes to the statements.

The impact of AcG-13 has not been material to CIBC's financial results for any individual quarter. The mark to market impact of ineffective hedges shows up in two line items under non-interest income in our consolidated statement of income. If the risk being hedged is foreign exchange, then the gain or loss on the derivative is recorded in the "Foreign exchange other than trading" line of the income statement. Alternatively, if it is interest rate or credit risk that is being hedged, the gain or loss is recorded in the "Other" line in non-interest income. The following schedule shows the AcG-13 balances included in these reporting lines *(italicized)*.

CIBC
AcG-13 gains (losses) in Non-interest income
(CAD MMs, before tax)

	2005	2004			
	Q1	Q4	Q3	Q2	Q1
Foreign exchange other than trading (FXOTT)				-	
AcG13 gains (losses) from Ineffective hedges [1][2]	*2*	*6*	*(6)*	*(22)*	*8*
Other foreign exchange revenue	54	82	58	71	83
Total FX OTT (per Page 3 of Q4 Supplementary Financial Information)	**56**	**88**	**52**	**49**	**91**
Other non-interest income					
AcG13 gains (losses) from ineffective hedges - excluding SAR hedge [1][2][3]	*(2)*	*(13)*	*43*	*11*	*(42)*
Other non-trading derivatives gains (losses) - excluding SAR hedge	16	(3)	37	9	(29)
Non-derivative related other income	284	174	180	196	215
Total other non-interest income (per Slide 57 of Q1 Investor Presentation)	**298**	**158**	**260**	**216**	**144**

[1] Per Slide 58 of the Q1 Investor Presentation

[2] Derivatives that hedge interest rate and foreign exchange risk that are ineffective under AcG-13 previously were accounted for on an accrual basis in another income statement line (usually net interest income) where the income of the underlying hedged items is also recorded. Hence, the hedge gains (losses) in these lines are partially offset by gains (losses) on the underlying hedged items over a period of time.

[3] The SAR hedge is reported as a separate component of Other non-interest income on Slide 57 of the Q1 Investor Presentation. The SAR hedge gains (losses) reported on Slide 57 are effectively offset by the underlying SAR expense which is included in the Incentive bonuses line of Employee compensation and benefits on page 4 of the Q1 Supplementary Financial Information.

6. Can you summarize the gains you have realized on the sale of your loans from the held for sale portfolio and how those gains compare with write downs you took when the loans were identified as held for sale?

CIBC transferred business and government loans amounting to $2.1 billion, and total authorizations of $2.9 billion, into a held for sale portfolio as part of a key business strategy to reduce risk.

The following schedule summarizes the accounting for this transaction at the transfer date and for the sale of loans from the portfolio through January 31, 2005.

CIBC
Summary of accounting related to held for sale loan portfolio
(CAD MM)

	Loan loss provision on transfer[1]	Losses on transfer[2]	Gains (Losses) on Sales[3]	Net income before tax
Q3 03	(135)	(16)	-	(151)
Q4 03	(93)	(7)	22	(78)
Q1 04	-	-	22	22
Q2 04	-	-	62	62
Q3 04	-	-	30	30
Q4 04	-	-	28	28
Q1 05	-	-	(6)	(6)
To date:	(228)	(23)	158	(93)

[1] On the transfer date, all loans with a market value of less than 95% of book value were written down to market value with the writedown booked as a loan loss provision.
[2] On the transfer date, all loans with a market value of less than 100% but greater than 95% were written down to market value with the writedown booked as a loss in other non-interest income.
[3] Represents the difference between selling price and net book value after writedowns on transfer date. These gains are recorded in other non-interest income.

7. Can you summarize the history of Juniper? How will the sale impact your P&L going forward?

CIBC's initial investment in Juniper Financial Corp. took place in 2001. At the time, the investment was recorded under our Merchant Banking business. Owning Juniper provided CIBC an opportunity to increase our presence in the U.S., in addition to our then-exiting Amicus investment.

In November 2002, we announced the closing of our U.S. electronic banking operations. Over the course of that year, we had increased our investment in Juniper from 51% to 91%. At the time of closing Amicus U.S., Juniper was considered a stand-alone business without significant ties to our remaining major business groups. It was at that time we decided to classify Juniper under our Corporate & Other business unit.

During the past quarter, we completed an agreement to sell Juniper Financial Corp. to Barclays Bank for approximately $383 million. At the time of sale, our ownership was 98%. We realized an after-tax gain of $64 million.

As the sale was completed on December 1, 2004, our Q1 results include one month of Juniper operations. The sale will not have a significant impact on our ongoing results of operations.

8. Can you be more specific about your goals for productivity improvement? When will you get there and what progress are you making?

We have reduced our NIX ratio for two consecutive years and again in the first quarter of 2005. When you adjust our reported NIX for the items we noted in our first and fourth quarter press releases, our NIX ratio improved from 67.1%[2] to 65.9%[2], as calculated below.

Our first objective is to be competitive with our peers. This requires a balanced position between costs and growth. We will support growth through targeted and selected investments in our existing businesses. We will reduce costs by eliminating duplication of effort and streamlining processes.

We would still like to reduce our NIX ratio down to the low 60s. The key is growing our revenue at a faster rate than our expenses over the medium term of 3 to 5 years, which is one of our formal targets and was met in 2004.

CIBC
Normalized Efficiency Ratio for 2004 and Q1, 2005
(CAD MM)

	Revenue	Non-interest Expenses	Efficiency Ratio
Q1			
As reported:	3,120	1,901	60.9%
Gain on sale of shares of Juniper Financial Corp.	(115)		
Gain on sale of shares of Republic Bank Limited	(85)		
Gain on sale of shares of ACE Aviation Holdings Inc.	(34)		
After notable items:	2,886	1,901	65.9%
2004			
As reported:	11,883	8,251	69.4%
Recovery on the sale of proven claims relating to Air Canada contract		49	
Provision in respect of Enron-related litigation matters		(300)	
NY premises sublease losses		(28)	
After notable items:	11,883	7,972	67.1%

[2] The NIX ratio after notable items is a non-GAAP measure. It is shown here in addition to the GAAP NIX ratio, as it provides a more meaningful representation of true operational efficiency for the periods indicated.

9. With a business mix now heavily weighted towards the retail banking, do you expect a more stable earnings stream going forward? Is your target business mix still 70% retail?

A higher retail[3]-weighted business mix should help provide more stable earnings, although there will continue to be some quarters where earnings volatility will occur above or below a trend line. We tend to look at a year as a more appropriate analytical time period.

In 2004, we achieved the 70/30 retail/wholesale business mix target we set two years ago. Our mix this quarter was 72/28. Going forward, we will manage our business mix within a range of 65-75% retail. We believe there are opportunities in our wholesale business to use more capital within our established risk profile. The 65-75% range will give us the flexibility to reallocate capital, while continuing with our strategy to focus on retail banking/wealth management as the core of our business.

10. Retail Markets revenue growth has been weak, basically flat on a sequential quarter and annual basis. What are your plans to grow this business?

Retail Markets revenue has increased in six of the last seven quarters. Despite a highly competitive market in Canada, we are well positioned to grow our revenues in this business.

Our goal in Retail Markets is to become Canada's best retail bank as measured by relative earnings growth and client satisfaction. Our number one priority is our client relationships.

Our focus is on:

- Maintaining our leadership position in cards and mortgages
- Building share in personal and small business deposits and loans
    - We expect loan balance growth across the industry to be higher than deposit growth, though not the double-digit rate we saw in 2004
- Continuing to invest in our brand and technology; and
- Improving productivity

[3] Retail = Retail markets, wealth management and commercial banking. See page 52 of the CIBC Annual Accountability Report 2004 for description of this non-GAAP measure.

11. How do you anticipate growing EPS by 10% per annum in the medium term when the economic growth forecast for Canada this year is only approximately 3%?

Revenue growth will come from a number of different areas. For example, our consumer portfolio continues to expand and our current estimate is that it will grow at an annual rate of 8-10% over the medium term on an absolute level. In addition, although we already have strong residential mortgage market share (14.7%), we feel there is still room to grow this portfolio. There is also room for improvement in our costs, specifically by eliminating duplication of effort in certain areas and streamlining processes throughout the company. Technology expenses are a particular area in which we can improve this year.

The other piece of EPS growth is number of outstanding shares. We've already repurchased 7.2 million shares this quarter, and our Normal Course Issuer Bid allows us to repurchase up to 17 million shares.

12. What is your outlook for the risk profile of CIBC over the next few years?

Two years ago, we set our sights on materially reducing CIBC's risk. We set specific goals and have made progress.

We have succeeded in reducing the amount of economic capital[4] invested in our large corporate credit portfolio by over 69%, far exceeding our targeted reduction of one-third. We have also achieved our goal of reducing our merchant banking portfolio by one-third a year ahead of schedule. We have reduced impaired loans, reduced concentration risk and improved diversification in our credit portfolios.

We have also actively managed strategic risks. We have implemented one of the most comprehensive reputation and legal risk programs in North America to protect CIBC in the future from the risks and costs associated with situations like Enron. Over 37,000 CIBC employees have completed mandatory risk training programs.

In order to maintain a risk focus, we have introduced two new medium term targets. The first is to maintain provision for credit losses as a percentage of loans and bankers' acceptances, net of reverse repos, to between 50 and 65 basis points through the business cycle. Secondly, we want to further reduce the carrying value of our merchant banking portfolio to $1.5 billion by 2007.

[4] See page 52 of the CIBC Annual Accountability Report 2004 for description of this non-GAAP measure.