



Tom Woods

Senior Executive Vice-President and
Chief Financial Officer
Annual General Meeting Speech
March 2, 2006 – Québec City, Québec

Check against delivery

Thank you Bill and good morning everyone. Today, I will discuss the highlights of CIBC's financial performance for 2005 and then briefly report on the first quarter of 2006.

Let me start with our annual results. Clearly, 2005 was a difficult year for CIBC.

Our 2005 financial year can be summarized as follows:

- The disappointment of a \$2.8 billion Enron-related litigation provision, and continuing high retail loan losses.
- And, on the positive side, although very much overshadowed, strong performance in several of our businesses.

As a result, we recorded a loss of \$32 million. As well, our Tier 1 capital ratio fell to 7.5%, at its low point at the end of the third quarter.

As we will discuss today, CIBC has taken a number of steps to improve our financial performance and capital strength, including steps related to our costs, our retail credit processes and our balance sheet.

Since the third quarter of 2005, our capital ratios and our share price have improved.

We are confident that we are on the right track to achieve the objectives listed in our Annual Accountability Report, which I will review in a moment.

I want to stress, however, that while improvements have been made, we plan to go further.

Revenue in 2005 was \$12.5 billion, up 5.9% from 2004, which was slightly below the industry average. Revenue was offset in part by loan losses of \$706 million, up from \$628 million in 2004.

Expenses were up considerably, due to the Enron provision shown here by the black bar. We also had an Enron provision in 2004, in an amount of \$300 million.

Taxes were higher in 2005 because we were not able to fully provide for tax deductions on the Enron provision and minority interest was higher because the accounting rules changed relating to off-balance sheet vehicles.

As a result, CIBC recorded a loss of \$32 million, compared with a profit in excess of \$2 billion in 2004.

Turning to our business line performance, we have two main divisions, CIBC Retail Markets and CIBC World Markets. CIBC Retail Markets, which includes our wealth management activities, accounts for most of our revenue.

Within Retail Markets there are six main businesses. The three largest are shown here, along with their revenue growth in 2005.

Personal and small business banking is shown on the left. Our credit card business, which is the largest in Canada in purchase volumes and outstandings, is in the centre. And our retail brokerage business, including CIBC Wood Gundy is on the right.

Here you can see the revenue from the next three businesses. Imperial Service, shown in the centre bottom, is the business that provides personal banking and wealth management services to the higher net worth market segment.

Within CIBC World Markets, our largest two businesses are shown here.

Revenue was lower in capital markets, largely due to reduced activity in some of our debt businesses. Revenue was lower in investment banking mainly because of higher gains on corporate loans sold in 2004.

In merchant banking, revenue was up considerably, as we took steps to reduce our exposure and recognize embedded gains. Commercial banking revenue was flat, in an environment that remains very competitive.

When looking at World Markets revenue performance in 2005 and going forward, it is important to recognize that capital allocated to this business has declined substantially. Average economic capital was 18% lower in 2005 versus 2004.

Expenses increased significantly in 2005, although excluding the Enron provision, were flat at \$8 billion.

We have taken several steps to reduce costs in 2006 and, as we have previously reported, by the fourth quarter our goal is to have our costs running at a \$7.6 billion annual rate.

This is approximately \$400 million below the 2005 costs excluding the Enron provision, or \$250 million lower than the second quarter 2005 run rate when we established the target.

Our 2005 loss on a per share basis was 46 cents.

This slide shows how significantly the Enron provisions affected earnings per share. Here you can see how our shares, together with reinvested dividends, have performed.

Our shares suffered a significant drop following the Enron announcement on August 2, 2005. This was the second substantial decline in the past four years.

In each case, however, the share price improved, reflecting the strength of our franchise in both Retail and World Markets.

We must, however, deliver consistent results and avoid surprises to ensure that we maintain investor confidence over the longer term.

We have eight medium-term financial objectives set out in our Annual Accountability Report.

We want shares to outperform the bank index. We didn't achieve this last year, but did so in the first Quarter.

Having recorded a loss in 2005, we didn't meet our return on equity or our earnings per share objectives.

By the end of the year, our capital ratios had returned to above our minimum targets.

The amount of capital allocated to retail banking was within our guideline.

And, we met our risk management targets, despite the fact that retail loan losses continue to be too high.

As I indicated earlier, we have a specific cost reduction objective to achieve by the end of the year and our ultimate goal is to have our efficiency (or NIX) ratio be at the median – or better – of our industry peer group.

And finally, our intent is to pay common share dividends between 40 and 50% of earnings.

With regards to dividends, today we declared a 68-cent per share dividend in respect of the second quarter, which represents a 42% payout of our first quarter earnings.

Dividend increases will be driven both by our reported earnings as well as the earnings outlook, consistent with our 40-50% payout objective, and will be considered by our Board on a quarterly basis.

We have invested a significant amount of money and employee time in our control systems. CIBC was the first North American bank and the first Canadian company to certify under Sarbanes Oxley, section 404, two years ahead of the deadline applicable to Canadian companies.

Turning now to our first quarter results that we released this morning.

It was a good quarter, exceeding the expectations of investors

and analysts. Revenue was \$2.85 billion.

Netted against this were loan losses of \$166 million. Expenses were \$1.87 billion, leaving a profit of \$580 million after tax.

This compares with a profit of \$707 million in our first quarter a year ago, which was particularly strong because of gains on the sale of investments.

Earnings per share were \$1.62, well above the analysts' average expectation of \$1.50. Return on equity was very strong. Our efficiency ratio is improving, although not yet where it needs to be. And our Tier 1 capital ratio is well above our 8.5% minimum objective.

So, to summarize, we have taken steps to address the three main challenges we faced at the end of 2005 – costs, retail credit and our balance sheet.

Since then, our capital ratios are up, our share price has improved, and our first quarter results provide some comfort that we are on track to meet our objectives.

But we need to maintain this momentum.

Thank you.

A NOTE ABOUT FORWARD-LOOKING STATEMENTS

From time to time, CIBC makes written or oral forward-looking statements within the meaning of certain securities laws, including in this presentation, in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission and in other communications. These statements include, but are not limited to, statements about the operations, business lines, financial condition, risk management, priorities, targets, ongoing objectives, strategies and outlook of CIBC for 2006 and subsequent periods. Forward-looking statements are typically identified by the words "believe," "expect," "anticipate," "intend," "estimate" and other similar expressions or future or conditional verbs such as "will," "should," "would" and "could." By their nature, these statements require us to make assumptions and are subject to inherent risks and uncertainties that may be general or specific. A variety of factors, many of which are beyond CIBC's control, affect the operations, performance and results of CIBC and its business lines, and could cause actual results to differ materially from the expectations expressed in any of CIBC's forward-looking statements. These factors are described in our 2005 Annual Accountability Report and should be considered carefully. Readers should not place undue reliance on CIBC's forward-looking statements. CIBC does not undertake to update any forward-looking statement that is contained in this presentation or other communications.