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*Check against delivery*

Good afternoon.

Thank you Rob for the invitation to speak today.

It's always a pleasure to be back in Montreal.

With that, let me now turn to our focus.

Our objective is to position CIBC for consistent and sustainable performance over the long term.

To achieve that, we established three priorities.

They are:

- Maintaining and enhancing our current business strength;
- Balance sheet strength and capital usage;
- As well as improving our productivity.

Today, I will provide an update on each of these priorities, beginning with Business Strength, first in our retail and wholesale businesses, and second in relation to our FirstCaribbean opportunity.

In retail, let me start first with our cards business.

Today, CIBC has the #1 market share in this business.

In recent years, we have grown our cards business consistently at a pace of approximately \$400 million of outstandings per year.

However, this nominal growth rate of 4% to 5% has not kept pace with double digit industry growth rates.

The reasons for this are two-fold.

First, our Aerogold franchise, while stable, has matured.

And second, we have been balancing growth and our loan loss rate.

Our loan loss rate is now below the 4% range after having peaked at higher levels.

Our Mortgage business has a #2 position.

This business has benefited from strong industry growth, accentuated by product innovation, such as our Better-than-Prime mortgage, and distribution strength.

In our Deposit business, average consumer deposits have grown steadily over the past four years, from approximately \$24 billion to \$34 billion.

Our market share has remained steady during this period -- in the 19%-plus range.

Imperial Service provides personalized advice to the top 15% of branch banking clients.

Today, we have over 1,000 licensed advisors.

The strength of our sales force has driven growth in both revenue per advisor and funds managed per advisor.

Funds managed per advisor are up almost 50% since the end of 2001.

Our mutual fund business has enjoyed strong growth in balances over the past five years.

Balances are up over 60% during this period.

Recently, our market share has declined, partially due to money market redemptions.

However, we continue to see solid flows in our long-term funds, and particularly in our wrap programs, the segment of the industry with the highest growth rate.

Moving forward, we will build our net sales by leveraging our strong advice-based distribution channels within CIBC and through our third party relationships.

On the brokerage side, Wood Gundy is the #1 full service brokerage in Canada, as measured by number of advisors.

In the most important measure, which is assets, Wood Gundy is #2 – with more than \$109 billion of client funds under management.

The increase in assets has been driven by the acquisition of Merrill Lynch's Private Client business, as well as organic growth.

Growth in advisor productivity has been strong and consistent.

Since 2002, revenue per advisor has grown at an average of 13%, annually.

Let me now turn to the area of credit. As we have said previously, consumer loan losses remain higher than we would like.

We are continuing to take action to address this issue.

We have refined the credit process on underperforming products.

We are also increasing emphasis on secured lending to bring our proportion of secured loans in line with the industry.

During the first quarter of 2006, 66% of new originations were secured, up from 28% a year ago.

We expect the actions we have taken will reflect in lower losses over time.

However, as I have stated previously, we DO NOT expect to see improvement in 2006.

We have taken steps to further strengthen and grow our Retail business.

For example, we brought Imperial Service into Retail Markets to better utilize the expertise of our financial advisors.

Second, we combined our Deposit and GIC product groups in order to better coordinate our suite of deposit and savings products for our clients.

Third, we integrated management of our credit card business into retail.

These are three examples of changes that are foundational.

- They reflect the steps we are taking to make our organization more effective.
- They are bringing increased focus and value to our clients.
- And, they set the stage for continued growth and strength in our Retail business

## **Summary**

So in summary, our Retail businesses, by and large, share common characteristics.

They are mature. They have proven track records... and they have solid market positions – in many cases #1 or #2 in the marketplace.

Let me now turn to World Markets.

We have made progress over the past three years repositioning our World Markets business.

We have reduced economic capital by over 50%.

In large corporate credit, we have reduced by over 70%.

Moving forward, we expect to increase capital in the area of Large Corporate Credit, in support of our core client franchise.

We will be prudent about this and the increases are not expected to be large.

But the focus is no longer on reducing capital in our loan book.

In Merchant Banking, we set a goal in 2002 to reduce our book value by 1/3 to \$2.0 billion.

Once we achieved that goal, we then set a subsequent target of \$1.5 billion.

Today our book value is \$1.4 billion.

Another area we have reduced is unfunded commitments.

In this area, we have made even greater progress.

Unfunded commitments are now only \$400 million, down from a high of over \$2 billion in 2002.

Our unfunded and funded commitments currently total \$1.8 billion, down over 63% from a high of almost \$5 billion.

Moving forward, we will continue to reduce our merchant banking book value.

Over the long-term, our current exposure remains too large for a bank of our size.

Currently, our investments are maturing, especially in the area of private equity funds.

And our intention is to let our portfolio naturally reduce, as investments mature and are sold.

While reducing risk, we have maintained our standing in Canada.

In 2005, we again had strong performances in key industry areas such as Equity Underwriting, Mergers & Acquisitions, Retail Structured Products and Income Trusts.

2005 was the fifth consecutive year CIBC World Markets has led the Canadian market in equity underwriting.

These achievements reflect the depth of our team and the strength of our franchise.

In the United States, we are focused on the mid-market.

We are targeting niche areas where we have expertise and the strongest potential for profitability, such as Real Estate Finance and Healthcare.

In Investment Banking and Cash Equities, competitive conditions across the industry remain difficult.

Improvements are required to hit our economic hurdles in those businesses.

Moving forward, we will maintain our clear focus in the U.S. and be very targeted in everything we do.

In our Annual Report scorecard, we have an objective to maintain a business mix, as measured by economic capital, of 25-35% wholesale.

Our current usage is 26%, down significantly from 51% at the end of 2001.

Moving forward, we will support future growth in our wholesale franchise within the parameters of our target business mix.

This means continuing to invest in our core franchise, particularly in the areas of talent, credit, product innovation and financial resources.

This investment will:

- Support growth in our core franchise in Canada;
- Keep our activities in the U.S. focused;
- And position World Markets for lower earnings volatility.

Now, let me turn to our FirstCaribbean opportunity.

As we announced, we have signed a non-binding letter of intent with Barclay's for the acquisition of its investment in FirstCaribbean International Bank.

This would increase CIBC's ownership in FirstCaribbean to more than 87%.

The transaction is anticipated to take place at a share price of \$1.62 U.S.

This is 14.5 times the mid-point of FirstCaribbean's earnings guidance for this year and at a discount to the current market price.

The closing of the transaction is subject to the completion of due diligence and the negotiation of a definitive agreement.

The transaction close is also conditional upon regulatory approval.

This opportunity is a good fit for CIBC.

We have a long history in the region and we know the current management team well.

FirstCaribbean's businesses are well established and align with CIBC's core priorities.

At the same time, this transaction would increase the diversification of our earnings base.

Key for CIBC is the flexibility we have in terms of payment.

First, we have the option to close this transaction as late as December 31.

Second, although we currently intend to pay for the transaction through cash, we have the option of paying for some or all of the transaction with shares, if needed.

The final determination of payment will be balanced against our Tier 1 capital target of 8.5%.

With that, let me now discuss our second business priority, which is balance sheet strength and capital usage.

Our first level of priority here is to maintain a target Tier 1 capital ratio of 8.5%.

Our next priority in the area of capital usage is to invest in our current businesses.

This investment is necessary to make sure that all of our internal opportunities for capital investments are being fully explored, and that our core businesses are operating at capacity.

In retail and wealth, the domestic market is mature, and the opportunities for reinvestment in these businesses in Canada are expected to be somewhat limited.

As I mentioned previously, in World Markets we will support opportunities for further growth in our core franchise.

After funding our internal needs, we will balance other capital deployment opportunities.

Currently, we will build our capital to fund our FirstCaribbean opportunity.

As I stated on our March 13th web cast, this means we will not be buying back shares during the course of 2006.

But, our dividend review policy for 2006 is unchanged.

We have a stated objective to pay out between 40 and 50% of our earnings in dividends.

Our payout ratio of 41.6% for the first quarter of 2006 was within our target range, although approaching the lower end.

In 2007, what we do in terms of share repurchases, will be subject to our normal process of looking at the conditions at the time, and management making a recommendation to the Board.

Our third priority is to improve our productivity.

We set a strategic target following the second quarter of 2005 to achieve a median or better NIX ratio among the major Canadian Banks.

To put more definition on that, we set a target to achieve \$250 million of cost reductions by the end of 2006.

This means lowering our quarterly expenses by \$65 million, on a run rate basis, by the fourth quarter of 2006.

As we reported in our first quarter results, we continue to make steady progress and remain confident that we will achieve our cost reduction target.

In conclusion, let me reiterate what I said at the outset.

We are focused on our priorities to:

- Maintain and enhance our current business strength
- Maintain the strength of our balance sheet by balancing our capital usage
- While improving our productivity

By focusing on these priorities, we remain confident that we are taking steps to achieve our goal of generating consistent sustainable performance over the long term.

Thank you.

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