



Frequently Asked Questions – Q1 2009

1. Can you explain the large movements in your securities portfolio in Q1 2009? In particular, why are Trading securities down by \$21 billion and Available-for-Sale (AFS) securities up \$23 billion?

The majority of the movement in both portfolios is a result of re-investing the proceeds of maturing trading securities into similar securities classified as AFS. Specifically, as approximately \$14 billion of high quality, short duration liquid securities classified as Trading (comprised primarily of U.S. government debt, U.S. government agencies and bank paper) matured in the quarter, the proceeds were invested in like securities with similar term but were classified as AFS. At October 31, 2008, a substantial majority of trading securities with residual term to maturity of less than one year (disclosed on page 113 of the 2008 Annual Accountability Report) had a remaining term of less than three months.

When this portfolio was originally established a number of years ago there was more active management of the portfolio. Today it is effectively a buy-and-hold portfolio. The conversion to AFS provides a better alignment with current business practices. In addition, classifying these balances as AFS will reduce daily revenue volatility caused by interest rate movements. The move to AFS has no material impact on capital requirements or CIBC's first quarter earnings.

The remainder of the increase in AFS securities (approximately \$9 billion) is predominantly explained by the increased use of bonds for interest rate hedging purposes.

The remainder of the decline in Trading securities (approximately \$7 billion) is explained by reductions in both World Markets and Treasury. Under the current market conditions, our World Markets business has been reducing trading room balance sheet usage as CIBC exits proprietary trading strategies that are not aligned with the core CIBC World Markets business strategy. Treasury has also reduced balance sheet usage for discretionary trading positions.

2. Can you explain the change in CIBC's net interest margin this quarter?

Slide 42 of the Q1 2009 Investor Presentation summarizes CIBC's net interest margin for Q1 2009, Q4 2008 and Q1 2008. The decline from 2.23% in Q4 2008 to 1.91% in Q1 2009 is attributable to lower Treasury net interest income allocated to CIBC Retail Markets as a result of less favourable positioning and higher funding costs, and a lower interest rate environment which impacted the deposits business.



3. Why were Treasury revenues so high this quarter? What was the nature of the securities gains? Is this level sustainable?

Treasury revenues were higher primarily due to gains from the sale of available-for-sale securities offset by lower results from interest rate related positioning. Compared to average quarterly net revenues in 2008 from Treasury trading activities, Q1 2009 was higher by approximately \$60 million.

The expectation is for more modest revenues in Treasury as funding costs remain elevated and CIBC continues to manage the risk deployed within Treasury in these unstable markets.

4. Can you provide more details on the credit quality of the CLO positions in your structured credit run-off portfolio?

The credit quality of this portfolio is good. The positions continue to perform satisfactorily with minimal defaults in the underlying collateral. Subordination levels are generally high and our senior position in the debt structure gives us first payment on defaults. The portfolio is well diversified in terms of the number of loans and counterparties, as well as industry exposures and geographic concentration (refer to page 14 of the Q1 2009 Report to Shareholders for further detail).

Approximately 99% of the total notional amount of the CLO positions of US\$13.0 billion at January 31, 2009 continues to be rated AAA with the remainder rated AA. The majority of the underlying collateral continues to be rated between B- and B+.

As disclosed on page 14 of the Q1 2009 Report to Shareholders, the average subordination for the CLO positions is 31%. Subordination levels range from 6 to 67%. It is important to note that the 31% average is a weighted average and reflects a significant concentration of subordination levels between 25% and 35%. Approximately 70% of the total notional value of the CLO positions of US\$13.0 billion at January 31, 2009 falls within this range. Positions that have relatively lower levels of subordination typically have a lower weighted average remaining life and/or higher quality underlying collateral. Positions with subordination levels of less than 10% represent less than 1% of the total notional value of the CLO positions.

We have stress tested these positions using extreme and unprecedented conditions. For example, if default rates are assumed to be 25% for each of the next three years and losses given default are assumed to be 50%, our models indicate that losses in the CLO portfolio would be minimal. This gives us confidence in the current valuation of these positions.



5. Do you expect further structured credit write-downs through the rest of 2009?

As market conditions remain volatile and uncertain, the potential for further significant losses exists. However, contingent risk in our run-off portfolio has been significantly reduced.

For U.S. Residential Mortgage Market securities hedged by financial guarantors, CIBC's remaining exposure is approximately US\$600 million. Against this exposure, CIBC has assigned approximately \$2.4 billion of risk-weighted assets that are included in CIBC's January 31, 2009 Tier 1 capital ratio of 9.8%. Therefore, even in a scenario where the value of all positions fell to zero and we had a recovery level of roughly 10% from the remaining financial guarantors, there would be no further impacts on CIBC's Tier 1 capital ratio. Our two most recent financial guarantor settlements were at recoveries of 17% and 20%.

For non-U.S. Residential Mortgage Market securities hedged by financial guarantors, volatility has been reduced through accounting changes and the termination of \$1.8 billion of underlying corporate debt securities during the first quarter. However, a large part of this portfolio continues to be valued using broker quotes, which have the potential to become more stressed if liquidity and credit in this area of the market place deteriorates further. CIBC has assigned approximately \$6.7 billion of risk-weighted assets against this portfolio that are included in CIBC's January 31, 2009 Tier 1 ratio of 9.8%. If CIBC had to write off the net receivable from the financial guarantors of US\$1.4 billion at January 31, 2009, the impact on CIBC's Tier 1 capital ratio would be approximately 30 basis points assuming a 15% recovery.

6. What were CIBC's Q1 2009 capital ratios and risk-weighted assets under Basel I?

Under Basel I, CIBC's Tier Ratio at January 31, 2009 was 9.0% and risk-weighted assets were \$137.7 billion. CIBC has posted the Q1 2009 Basel I calculations on its website.

7. Why did you do such a large issue of innovative Tier 1 capital notes?

CIBC's Tier 1 capital ratio at January 31, 2009 was 9.8%. Giving effect to the \$325 million Series 35 preferred share issue that closed on February 4, 2009, the \$200 million Series 37 preferred share issue that closed on March 6, 2009, and the \$1.6 billion Tier 1 Notes issue announced on March 5, 2009, CIBC's pro-forma Tier 1 capital ratio at January 31, 2009 would be approximately 11.5%¹.

Capital strength has been a key priority for CIBC for several years and even more so since 2007 when market conditions became more uncertain.

CIBC had the capacity to do an Innovative Tier 1 capital note issue and was the only major Canadian bank who had not issued these securities. CIBC believes the issuance reflects prudent capital management for both current market conditions and growth opportunities.



A Note About Forward-Looking Statements

From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including in this 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 our operations, business lines, financial condition, risk management, priorities, targets, ongoing objectives, strategies and outlook for 2009 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 our control, affect our operations, performance and results and could cause actual results to differ materially from the expectations expressed in any of our forward-looking statements. These factors include credit, market, liquidity, strategic, operational, reputation and legal, regulatory and environmental risk; legislative or regulatory developments in the jurisdictions where we operate; amendments to, and interpretations of, risk-based capital guidelines and reporting instructions; the resolution of legal proceedings and related matters; the effect of changes to accounting standards, rules and interpretations; changes in our estimates of reserves and allowances; changes in tax laws; changes to our credit ratings; that our estimate of sustainable effective tax rate will not be achieved; political conditions and developments; the possible effect on our business of international conflicts and the war on terror; natural disasters, public health emergencies, disruptions to public infrastructure and other catastrophic events; reliance on third parties to provide components of our business infrastructure; the accuracy and completeness of information provided to us by clients and counterparties; the failure of third parties to comply with their obligations to us and our affiliates; intensifying competition from established competitors and new entrants in the financial services industry; technological change; global capital market activity; interest rate and currency value fluctuations; general business and economic conditions worldwide, as well as in Canada, the U.S. and other countries where we have operations; changes in market rates and prices which may adversely affect the value of financial products; our success in developing and introducing new products and services, expanding existing distribution channels, developing new distribution channels and realizing increased revenue from these channels; changes in client spending and saving habits; our ability to attract and retain key employees and executives; and our ability to anticipate and manage the risks associated with these factors. This list is not exhaustive of the factors that may affect any of our forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on our forward-looking statements. We do not undertake to update any forward-looking statement that is contained in this presentation or in other communications except as required by law.

Investor Relations contacts:

Valentina Wong, Director	(416) 980-8306
Jason Patchett, Director	(416) 980-8691
Investor Relations Fax Number	(416) 980-5028
Visit the Investor Relations section at www.cibc.com	

¹ Non-GAAP financial measure. Management believes the pro-forma Tier 1 ratio provides additional information reflecting the impact of significant capital transactions on the capital structure at January 31, 2009. The impact of each transaction is the following: Series 35 preferred shares (0.26%); Series 37 preferred shares (0.16%); Tier 1 Notes (1.31%).