

Tuesday, February 29, 2000

CIBC's Enhanced Revenue Sub-Segment Disclosure and Restated Financial Statements

CIBC's 2000 financial reporting is based on the new organizational structure announced on June 3, 1999. This structure has four major business lines – Electronic Commerce Technology & Operations (Electronic Commerce), Retail and Small Business Banking; Wealth Management; and CIBC World Markets. These business lines are supported by four functional groups – Treasury and Balance Sheet Management; Risk Management; Administration; and Corporate Development.

Comparative figures, previously reported based on two strategic business units; Personal & Commercial Bank and CIBC World Markets, have been restated based on the new management reporting structure. *In addition we are providing substantively enhanced revenue subsegment disclosure.*

In order to provide you with an opportunity to adapt your financial models to the new basis, we are attaching restated financial statements for the last 8 quarters – Our first quarter results will be reported (on the new basis) on March 2nd.

CIBC's segmented information is produced from our internal financial reporting systems which include funds transfer pricing, expense allocation, and capital attribution models. Revenues, expenses and balance sheet items of the four functional groups are also allocated to the four business lines, using these models.

It is important to note that CIBC has moved to a Manufacturer/Customer/Distributor management model for the retail businesses.

This leading edge approach will allow us to understand clearly the economics of our customer segments, our products and our delivery channels. Increased transparency will allow us to benchmark performance against competitors, to make better decisions about our delivery network and to ensure stronger accountability. In addition, we will be providing revenues for an increased number of subsegments (19), thus providing greater clarity and transparency in our results.

The components of this model are defined as follows:

Manufacturer

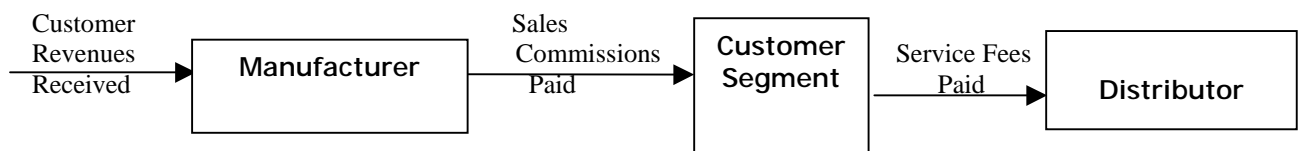
- ◆ Develops product and is responsible for pricing and end-to-end process management
- ◆ Reports customer revenues received net of “sales commissions” paid to customer segment owners.

Customer Segment

- ◆ Receives “sales commissions” from manufacturers for products sold to their customers. Retail customer segments include retail banking services, small business banking services, and Imperial Service.
- ◆ Revenues and payments relating to certain activities (such as payments business managed by electronic commerce) are fully allocated to customer segments.

Distributor

- ◆ Charges customer segments the cost of transactions (service fees) that pass through its distribution channels. Distribution channels include branches and electronic channels such as ABMs, telephone banking, debit card, and Internet banking.



Revenues and expenses for each of CIBC’s major business lines reflect a combination of their multiple roles as manufacturer, customer segment owner and/or distributor.

Subsegment revenues within our 4 strategic business lines will be reported this way....

Electronic Commerce – subsegment revenues

Mortgages – manufacturer

Revenues are received from the sale of residential and commercial mortgages and are reported net of commissions paid to the customer segments and specialized distribution channels (eg, brokers)

Cards– manufacturer

Revenues are received from the sale and usage of debit and credit card products and are reported net of commissions paid to the customer segment.

Insurance- manufacturer

Revenues are received from the sale of creditor and property & casualty insurance products, and investment management income, and are reported net of claims and commissions paid to customer segments for selling products.

Other – includes electronic and self-service banking, TBM allocations and Intra third party technology services. It also includes strategic alliances revenue (eg PCF) as well as revenues from the processing of third party operations business and usage of CIBC ABMs by customers of other financial institutions.

In addition, as a **distributor**, Electronic Commerce:

- manages CIBC's electronic channels (ABMs, PCs, telephone banking) where revenues and expenses are allocated to the customer segments through service fees and allocation models.
- manages CIBC's operations and technology function, the costs of which are allocated to the four business lines.
- Manages the payments business (chequing, saving and current accounts) where the revenues and expenses are fully allocated to the customer segments

Retail and Small Business Banking (RSBB) – subsegment revenues

Retail Banking Services – customer segment

Provides full service banking services to convenience customers. Revenues/commissions are received from the product manufacturers for the sale of retail banking products and services. Includes allocation of revenues and balances for deposits.

Small Business Banking Services – customer segment

Provides full service banking services for small owner operated businesses. Revenues/commissions are received from the product manufacturers for the sale of products and services. Includes allocation of revenues and balances for deposits.

West Indies – stand alone entity derives revenues from full service banking operations – no internal transfer pricing.

Lending Products – manufacturer

Responsible for personal, small business and agricultural lending products. Revenues are comprised of both net interest income and service fees and are reported net of commissions paid to the appropriate customer segment.

Other – almost all of “other” revenue reflects allocations from Treasury and Balance Sheet management.

As a **distributor**, RSBB manages the branch network and receives service fees from customer segment owners.

Wealth Management – subsegment revenues

Wealth Products – manufacturer

Responsible for wealth management products such as mutual funds, discount brokerage GICs and Professional Investment Management Services. Revenues comprise: fees, net interest income and commissions from external customers. Revenues are reported net of commissions paid to the appropriate customer segment.

Imperial Service – customer segment

Provides full service banking to Imperial Service customers. Revenues/commissions are received from the product manufacturers (including wealth products) for the sale of banking products and services. Includes allocation of revenues and balances for deposits.

Private Client Investments and Asset Management - Stand alone entity. Receives revenues from client trading commissions, mutual fund trailer fees, management fees, interest and fees from balances and accounts.

Global Private Banking and Trust – Stand alone entity. Revenues are generated from providing product sales and advisory services to private banking and trust customers.

Other – almost all of “other” revenue reflects allocations from Treasury and Balance Sheet management.

World Markets – subsegment revenues

World Markets operations are least affected by the new reporting process.

Capital Markets – operates trading, sales and research businesses, serving institutional, corporate and government clients globally.

Investment Banking and Credit Products – advisory services and underwriting of debt, credit and equity for corporate and government clients across North America and around the world.

Merchant Banking – makes strategic investments to create, grow and re-capitalize companies across a variety of industries.

Commercial Banking – originates financial solutions centred around credit products to medium sized businesses in Canada.

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