Frequently Asked Questions – Q4 2006

1. Why didn't you increase your dividend?

In 2006, we increased our dividend for the ninth time in the past ten years.

Our reported dividend payout ratio (common share dividends paid as a percentage of net income after preferred share dividends and premiums) was 36.8% for 2006, below our medium term target payout ratio of 40-50%.

This past year, our focus has been on building our capital in anticipation of our FirstCaribbean acquisition, which is anticipated to close by the end of the year.

Once we have completed our FirstCaribbean acquisition, we will be discussing dividend increases with our Board early in 2007.

2. Can you comment on market share trends and revenue performance from your retail business?

Overall, our retail business remains well-positioned in the marketplace.

Our major priority in CIBC Retail Markets this past year was to improve the quality of our credit portfolio.

We have made progress in this area.

Our retail loan losses were $132 million this quarter, down $92 million from the fourth quarter of 2005, and we continue to see a shift to higher quality in newly acquired accounts.

While our actions to manage risk have had a short-term impact on revenue, they are consistent with our strategy to reduce volatility and position CIBC for consistent and sustainable performance over the long-term.

Our market share overall is stable, and we have had increases in the fourth quarter in key areas such as deposits and GICs.

With our risk profile now closer to where it needs to be, we anticipate our revenue growth will begin to converge to industry levels as we progress through 2007.

3. Is CIBC World Markets' Q406 performance sustainable?

In 2006, CIBC World Markets had revenue of $2.7 billion and net income of $646 million. Return on equity was 33.3%.

CIBC World Markets delivered solid performance in 2006, reflecting the focus of our wholesale business.

This performance is in line with our stated objective of delivering relatively consistent earnings in an industry where conditions are variable, accompanied by a moderate and controllable risk posture.

Although market conditions are difficult to predict, our outlook for 2007 is reasonably positive. We expect to benefit from steady M&A activity, but with a less active mining market and the potential for a moderation in energy prices.

Our plan is to continue to leverage the strength of our core client franchise that is the source of our leading market position in Canada.

We believe there will be opportunities in 2007 to invest incremental financial resources to targeted areas of our wholesale business where there are opportunities for growth and where we may not currently be operating at full capacity.

4. What are your financial objectives for 2007?

CIBC's Balanced Scorecard is disclosed on pages 6 and 7 of our 2006 Annual Accountability Report, which is now available on our website.

In our scorecard, we have several medium-term objectives, one of which is to generate diluted Earnings Per Share (EPS) growth of 10% per annum, on average, over the next 3-5 years.

Moving forward, we have increased our objective for Return on Equity (ROE) from 17% to 20% through the cycle to at least 20% through the cycle.

We have also lowered our target for the carrying value of our merchant banking portfolio from $1.5 billion to less than $1.4 billion.

5. Loan losses in 2006 were well below your target range. Why have you not lowered your guidance?

Our objective of a provision for credit losses between 50 and 65 basis points of net loans and acceptances is a medium-term, through the cycle, objective.

This range factors both the difficulty in predicting the credit cycle and uncertainty regarding the timing of sustained improvement in our loss levels from the unsecured portfolio.

We are encouraged by signs of progress in the unsecured retail portfolio, as we are seeing a shift to higher quality in newly acquired accounts. The wholesale portfolio continues to perform well in a relatively favourable credit environment. Credit cards and residential mortgages have continued their strong performance.

However, at this time we are not changing our medium-term guidance based on short-term performance.

We are pleased with the positive momentum we saw in the retail portfolio this past fiscal year, and we are encouraged by the prospects for 2007. However, it is realistic to expect that improvement will moderate through 2007.

With respect to the wholesale portfolio, we do not plan for continued net recoveries.

Therefore on a total bank basis, we reiterate our 50 to 65 basis points outlook for 2007, with an expectation that our annual loan losses will be close to the bottom end of that target range.

6. What is the next phase of your productivity plan?

In 2006, we made solid progress in this area.

First, we exceeded our objective to generate $250 million of expense reductions by the end of 2006. Our actual reductions were $272 million.

While this progress in encouraging, further steps are necessary to reach our strategic objective of the industry median.

In 2007, excluding the incremental expenses from the consolidation of FirstCaribbean International Bank, we plan to hold our expenses flat compared with Q406 levels and absorb the impact of inflation on CIBC's cost base through continued productivity improvements.

We believe that the productivity impact of improved revenue and flat expenses is the most balanced way to pursue our productivity target and that successful execution of this phase of our productivity plans should allow us to exceed our productivity target over the long term.

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 press release, 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 CIBC makes about the operations, business lines, financial condition, risk management, priorities, targets, ongoing objectives, strategies and outlook of CIBC for 2007 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 CIBC 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 include: the possibility that the proposed FirstCaribbean transaction does not close when expected or at all, or that CIBC and Barclays may be required to modify aspects of the proposed transaction to achieve regulatory approval; legislative or regulatory developments in the jurisdictions where CIBC operates; amendments to, and interpretations of, risk-based capital guidelines and reporting instructions; the resolution of legal proceedings and related matters; the effect of applying future accounting changes; changes in CIBC’s estimates of reserves and allowances; changes in tax laws; that CIBC’s estimate of its sustainable effective tax rate will not be achieved; political conditions and developments; the possible effect on CIBC’s business of international conflicts and the war on terror; natural disasters, public health emergencies and other catastrophic events; reliance on third parties to provide components of CIBC’s business infrastructure; the accuracy and completeness of information provided to CIBC by clients and counterparties; 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 economic conditions worldwide, as well as in Canada, the U.S. and other countries where CIBC has operations; changes in market rates and prices which may adversely affect the value of financial products; CIBC’s 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; and CIBC’s ability to anticipate and manage the risks associated with these factors. This list is not exhaustive of the factors that may affect any of CIBC’s forward-looking statements. These and other factors should be considered carefully and 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 press release or in other communications.