

THE SUPERINTENDENT OF FINANCIAL INSTITUTIONS (CANADA)
OTTAWA, ONTARIO

THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

by
THE FEDERAL RESERVE BANK OF NEW YORK
NEW YORK, NEW YORK

Agreement by and among)
)
CANADIAN IMPERIAL BANK OF COMMERCE)
Toronto, Ontario)
)
THE SUPERINTENDENT OF FINANCIAL INSTITUTIONS)
Ottawa, Ontario)
)
and)
)
FEDERAL RESERVE BANK OF NEW YORK)
New York, New York)
)

WHEREAS, Canadian Imperial Bank of Commerce, Toronto, Ontario (“CIBC”), is an organization that engages in banking operations and other financial activities and conducts business through various subsidiaries, branches, agencies, and other banking offices in the United States;

WHEREAS, the Superintendent of Financial Institutions (Canada), Ottawa, Ontario (the “Superintendent”), is the home country supervisor of CIBC and in that capacity is the primary supervisor of the global operations of CIBC, including but not limited to supervising the risk management and corporate governance policies and procedures of CIBC on a consolidated basis;

WHEREAS, the Board of Governors of the Federal Reserve System (the “Board of Governors”) through the Federal Reserve Bank of New York (the “Reserve Bank”) is the host country supervisor of CIBC’s U.S. banking offices that engage in banking operations in the United States;

WHEREAS, the Superintendent and the Reserve Bank routinely consult and coordinate with one another in the discharge of their respective banking supervision responsibilities to the extent that they pertain to CIBC’s banking operations in the United States;

WHEREAS, CIBC and some of its subsidiaries and banking offices entered into certain complex structured finance transactions involving special purpose entities with the Enron

Corporation, Houston, Texas, and the company's affiliates and related interests (collectively, "Enron"), which transactions took place during the period June, 1998 to October, 2001;

WHEREAS, the Superintendent and the Reserve Bank are concerned that the manner in which CIBC and some of its subsidiaries and banking offices participated in complex structured finance transactions with Enron exposed them to significant risks and that CIBC and some of its subsidiaries and banking offices may not have adequately assessed the goals, purposes, and results of those transactions and their potential risks;

WHEREAS CIBC entered into an agreement (the "DOJ Agreement") on December 22, 2003 with the United States Department of Justice (the "DOJ");

WHEREAS, the Superintendent and the Reserve Bank by this Agreement are addressing the particular activities engaged in, by and between, CIBC and Enron in the United States that are the subject of the DOJ Agreement and are thus requiring CIBC to adopt and implement the specific new policies and procedures relating to the integrity of client and counterparty financial statements and quarter-end and year-end transactions described in the Appendix to this Agreement (the "Policies and Procedures");

WHEREAS, CIBC agrees to adopt and implement by February 27, 2004 the Policies and Procedures; and

WHEREAS, on December 17, 2003, the board of directors of CIBC, at a duly constituted meeting, adopted a resolution authorizing and directing the proper officers to enter into this Agreement.

NOW, THEREFORE, CIBC, the Superintendent, and the Reserve Bank agree as follows:

Policies and Procedures

1. CIBC agrees to adopt and implement by February 27, 2004 the Policies and Procedures. CIBC shall not amend or change the Policies and Procedures without the approval of the Superintendent and the Reserve Bank.
2. CIBC agrees that for a period of three years, it will retain, at its expense, an independent firm (the "Auditor") who shall be acceptable to the Superintendent and the Reserve Bank and who shall,
 - (a) assist the Superintendent and the Reserve Bank in monitoring CIBC's compliance with, and the effectiveness of, the Policies and Procedures and any enhancements or revisions thereto; and
 - (b) report in writing on at least a semi-annual basis to the board of directors of CIBC as to CIBC's compliance with the Policies and Procedures.

3. Within thirty (30) days of this Agreement, CIBC shall require the Auditor to submit to the Superintendent and the Reserve Bank, for review and, after consultation with the Reserve Bank, approval by the Superintendent, a written plan detailing how the Auditor intends to monitor CIBC's compliance with, and the effectiveness of, the Policies and Procedures. CIBC shall require the Auditor to adopt the approved plan and to implement and comply with it. The approved plan shall not be amended or rescinded without the prior written approval of the Superintendent, which approval shall be given only after consultation with the Reserve Bank.

4. CIBC shall require the Auditor to report in writing to the Superintendent and the Reserve Bank any non-compliance by CIBC with the Policies and Procedures as soon as practicable after the Auditor becomes aware of the non-compliance.

5. As soon as practicable after it is advised by the Auditor of the non-compliance referred to in paragraph 4, CIBC shall report in writing to the Superintendent and the Reserve Bank the reason for the non-compliance and the corrective action to be taken by CIBC.

6. CIBC shall provide copies of the reports referred to in paragraph 2 to the Superintendent and the Reserve Bank as soon as practicable after their completion.

7. The Superintendent and the Reserve Bank may provide a copy of the reports provided to them under paragraphs 4, 5, and 6 to the DOJ.

8. CIBC agrees that the Superintendent, the Reserve Bank, and the monitor referred to in paragraph 10 of the DOJ Agreement shall be permitted access to the Auditor referred to in paragraph 2 of this Agreement, to reports prepared by the Auditor and drafts of those reports, and to persons involved in the preparation of the Auditor's reports to discuss the Auditor's reports, the Auditor's methodology and the basis for the Auditor's conclusions for the purpose of enabling the monitor to discharge the responsibilities imposed on the monitor under the DOJ Agreement.

Notices

9. All communications regarding this Agreement shall be sent to:

(a) Mr. Nicholas Le Pan
Superintendent of Financial Institutions (Canada)
255 Albert Street
Ottawa, Ontario
K1A 0H2

(b) Mr. William L. Rutledge
Executive Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

(c) Mr. Ron Lalonde
Canadian Imperial Bank of Commerce
Commerce Court West
199 Bay St.
Toronto, Ontario
M5L 1A2

Miscellaneous

10. The provisions of this Agreement shall be binding on CIBC and its subsidiaries, branches, agencies, and other banking offices in the United States.

11. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated or suspended in writing by the Superintendent and the Reserve Bank, acting together.

12. Notwithstanding any provision of this Agreement, the Superintendent and the Reserve Bank, acting together, may, in their sole discretion, grant written extensions of time to CIBC to comply with any provision of this Agreement.

13. The provisions of this Agreement shall not bar, estop or otherwise prevent the Superintendent, any Canadian federal or provincial agency or department, the Board of Governors, the Reserve Bank, or any U.S. federal or state agency or department, from taking any further action affecting CIBC, any of its current or former officers or directors or institution-affiliated parties, as defined in sections 3(u) and 8(b)(4) of the Federal Deposit Insurance Act, as amended (the "FDI Act")(12 U.S.C. 1813(u) and 1818(b)(4)), CIBC's successors or assigns, or any of CIBC's subsidiaries, branches, agencies, and other offices in the United States.

14. (a) This Agreement is a "prudential agreement" for the purposes of section 644.1, and is enforceable under section 646, of the *Bank Act* (Canada).

(b) This Agreement is a "written agreement" for the purposes of, and is enforceable by the Board of Governors as an order issued under, section 8 of the FDI Act (12 U.S.C. 1818).

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of this 22nd day of December, 2003

CANADIAN IMPERIAL
BANK OF COMMERCE

SUPERINTENDENT OF
FINANCIAL INSTITUTIONS

By: _____

By: _____

Name and Title

Name and Title

FEDERAL RESERVE BANK
OF NEW YORK

By: _____

William L. Rutledge,
Executive Vice President

Name and Title

APPENDIX

CIBC POLICIES AND PROCEDURES ON THE INTEGRITY OF CLIENT AND COUNTER-PARTY FINANCIAL STATEMENTS AND QUARTER-END AND YEAR-END TRANSACTIONS

The following sets forth CIBC's plan for addressing the integrity of "Client", "Counterparty" and "Third Party" transactions and "Quarter-End" and "Year-End" transactions. All employees must comply with these policies and procedures and violations of these policies and procedures may lead to disciplinary action, including termination.

A. General Prohibitions and Rules

1. **Structured Finance**. For a period of three years, commencing on December 22, 2003, CIBC will not engage in "certain structured finance transactions" on behalf of any Third Party. "Certain structured finance transactions" is defined as: (a) the structuring or arranging of, or investment in, the equity component necessary to achieve FAS 125 and/or 140 off-balance sheet treatment; (b) the structuring or arranging of, or investment in, tax-structured lease financings for Third Parties; and (c) the sponsoring and administration of United States, United Kingdom, and Australia based receivables conduit vehicles (provided that such conduits may be wound down or sold in an orderly fashion in the normal course of business).

2. **Misleading Third Party Activities**. CIBC may not engage in any transaction where CIBC knows or believes that an objective of the Third Party is to achieve a misleading earnings, revenue or balance sheet effect.

(a) **Undocumented Agreements**. CIBC will not engage in any transaction in which any term of the transaction related to risk transfer (whether or not legally enforceable) is not reflected in the written contractual documentation for the transaction.

(b) **Transactions with Agreed-Upon Early Termination**. CIBC will not engage in any transaction in which there is an agreement between the parties (whether or not legally enforceable) to unwind such transaction prior to its stated maturity at an agreed-upon price unless CIBC accurately reflects the agreed-upon unwind on its books and records and provides a written summary of such transaction and unwind directly to the independent auditor of the Third Party.

3. **Individual Accountability**. Each employee responsible for proposing or approving that CIBC enter into any transaction covered by these policies shall satisfy himself or herself that he or she is fully knowledgeable about all terms and agreements related to such transactions and that all applicable provisions of these policies and procedures and other CIBC policies and procedures have been fulfilled prior to execution.

B. Special Restrictions Applicable to Quarter-End and Year-End Transactions

4. In light of the heightened danger of abuse in connection with “Quarter-End and Year-End Transactions,” the following policies and procedures apply specifically to such transactions:

- (a) Transactions Motivated by Accounting and Balance Sheet Considerations. CIBC will not engage in any Quarter-End or Year-End Transaction where CIBC knows or believes that the Third Party’s primary motivation is to achieve accounting (including off-balance sheet treatment) objectives, unless such transaction is specifically approved by the Financial Transaction Oversight Committee (“FTOC”) described below.

C. New Committee and New Committee Approval Process

- 5. (a) CIBC will create a new committee and new approval process by creating the FTOC.
- (b) The FTOC will review the Quarter-End and Year-End Transactions referred to above.
- (c) The FTOC will also review all complex structured finance transactions effected by a Third Party with CIBC. A “Complex Structured Finance Transaction” means any structured transaction where:
 - (i) a known or believed material objective of such transaction is to achieve a particular accounting or tax treatment, including the objective of transferring assets off-balance sheet;
 - (ii) there is material uncertainty with regard to the legal or regulatory treatment of such transaction; or
 - (iii) the transaction provides the Third Party with the economic equivalent of a financing which, if characterized as a financing, would require committee approval.
- (d) The FTOC will also review all early unwinds of any Complex Structured Finance Transaction and any “Quarter-End” or “Year-End” Transaction and any termination of such transaction prior to its written originally contemplated maturity.
- (e) The FTOC also will review any transaction which any member of the FTOC determines is appropriate for FTOC review.
- (f) CIBC will not engage in any transaction within the purview of the FTOC without the transaction receiving the approval of the FTOC.
- (g) The FTOC will be composed of senior representatives (Head of group or experienced designee) of the various disciplines of CIBC including, but not limited

to, those principally responsible for risk management, legal, compliance, accounting, finance, tax and credit. No transaction will be deemed approved by the FTOC without the approval of all of the Heads of group (or experienced designee) as well as the senior business head(s) proposing the transaction. The Committee will record each decision made in connection with any transaction and keep a record of the participants in any such meetings. All records of the FTOC will be preserved for seven years.¹

- (h) The FTOC will be responsible for the effective management of all risks associated with transactions within its purview. As a result, the FTOC will ensure that an assessment of legal and reputational risk is undertaken with respect to each transaction. In this regard, the FTOC will review a variety of factors, including, without limitation, an assessment of whether financial, accounting, rating agency disclosure or other issues associated with a transaction are likely to create legal or reputational risks.
- (i) To the extent the FTOC determines that any legal or reputational concern is present, it will review the overall customer relationship with the Third Party and shall use its best efforts to obtain as a condition precedent to further review and approval, complete and accurate information about the Third Party's proposed accounting treatment of the contemplated transaction and the effect of the transaction on the Third Party's financial disclosure. To the extent the information provided is insufficient or unsatisfactory, as determined by the FTOC, the transaction will not be approved by the FTOC or executed by CIBC. If the FTOC determines that the proposed transaction is suspicious, it will refer the matter to the DOJ monitor.
- (j) For each transaction considered, the FTOC will require the transaction sponsor to represent that such person is providing complete and accurate information regarding the transaction and the Third Party's purpose(s) for such transaction.
- (k) In addition, a full description of each transaction approved by the FTOC will be communicated in writing by the FTOC directly to the independent auditor of the applicable Third Party, regardless of whether the auditor has made a request for information from CIBC.

D. Referrals to the FTOC

6. CIBC shall communicate to its employees the substance of the following:

To ensure that all transactions that require approval of the FTOC are referred to the FTOC, these policies and procedures call for a broad category of transactions to be referred to the FTOC so that it can make the determination whether the transactions require FTOC approval. Accordingly, CIBC employees shall refer to the FTOC all transactions that:

¹ Any CIBC employee who had any role in any FAS 125/140 transaction with Enron will not serve on the FTOC.

- (a) An employee knows or believes may be motivated in whole or in part by the Third Party's desire to achieve a misleading earnings, revenue or balance sheet effect. Such referrals may be made anonymously, using the CIBC hotline (discussed below), or by other means.
- (b) An employee knows or believes may involve a contemplated agreement or understanding between the parties (whether or not legally enforceable) to unwind such transaction prior to its stated maturity at an agreed-upon or determinable price.
- (c) Are Quarter-End or Year-End Transactions as to which the employee knows or believes that one of the Third Party's motivations is to achieve an accounting (including off-balance sheet treatment) or tax objective.

7. Employees shall err on the side of referral to the FTOC if they have any question as to whether a transaction falls within the FTOC purview. Failure to refer transactions to the FTOC will be grounds for discipline, including dismissal.

8. The formation and mandate of the FTOC, as well as the policies and procedures set forth herein, shall be communicated to all employees involved in the origination, review and/or approval of structured transactions. Supervisors of such employees shall be responsible for ensuring that all applicable transactions are referred to the FTOC for review.

E. Training Program

9. CIBC will review and modify its existing training program to ensure compliance with the policies and procedures set forth above. The modified training will explain the new policies and procedures and highlight issues/factors which, if present in a transaction, would warrant additional scrutiny. Other issues/factors which may warrant additional scrutiny of the transaction and which will be included in the training program include but are not limited to the following:

- (a) Transactions where there is significant uncertainty with regard to the legal or regulatory treatment of the proposed transaction.
- (b) Transactions with pre-agreed profit/loss sharing or return on equity/return on investment arrangements with the Third Party.
- (c) Transactions known to be effected as a result of or in connection with changes to accounting principles or standards.
- (d) Transactions with back-to-back (circular) cash flows between CIBC and the Third Party or a special purpose entity.

F. Website, Employee Concerns, Ethics Hotline, Confidential Reporting

10. CIBC will develop an internal Policy and Approval Process Website that will articulate CIBC's applicable policies and the required approval process for the types of transactions described herein. The website will be available to all employees.

11. The website will provide opportunities for employees to communicate with the members of the FTOC concerning any questions or reservations any such employee may have with any transaction or approval process related thereto.

12. CIBC shall establish an Ethics Hotline as a mechanism to report inappropriate behavior and/or any failure to properly abide by these policies. Such reports may be made on a confidential and anonymous basis. CIBC shall not tolerate retaliation against those reporting any suspected violation in good faith. Those found to have retaliated will be subject to immediate dismissal.

G. Definitions

“Year-End Transaction” means any transaction effected within twenty-one (21) days of the Third Party's fiscal year-end period where there are continuing obligations between the parties subsequent to the year-end period.

“Quarter-End Transaction” means any transaction effected within twenty-one (21) days of the Third Party's fiscal quarter-end period where there are continuing obligations between the parties subsequent to the quarter-end period.

“Third Party,” “Client” and “Counterparty” means any United States corporation that is registered under the Securities Exchange Act of 1934, any domestic or foreign affiliate of such corporation, any entity directly or indirectly controlled by such corporation, and any special purpose entity set up by such corporation.