Frequently Asked Questions – Q2 2007

1. Can you comment on the performance of CIBC Retail Markets during the quarter?

Our retail businesses continue to perform well overall. CIBC Retail Markets reported net income for the second quarter of $583 million, up 35% from the same period last year.

Volume growth, taxes and our acquisition of a controlling interest in FirstCaribbean International Bank (FirstCaribbean) contributed to this result.

Revenue for the second quarter was $2,189 million, up 10.8% from the same period last year.

During the second quarter, we had increases in market share in key areas such as deposits, GICs and mortgages.

Our credit card business is the market leader in Canada and continues to grow in line with our expectations. Credit card loans in Canada were up 3.2% from the first quarter of 2007 and 10.6% from the second quarter of 2006.

CIBC Wood Gundy's assets under administration surpassed $120 billion in the quarter. Mutual funds and managed accounts assets under management grew to $61.1 billion in the quarter, up 9.7% from a year ago.

In the area of personal lending, our focus on credit quality has improved loan loss performance over the past year, but resulted in lower revenue growth than the market.

We expect that as the actions we have taken to improve our risk profile run their course, we will see revenue growth in our personal lending business converging on industry levels.

2. How much did FirstCaribbean contribute to your second quarter earnings?

FirstCaribbean disclosed its second quarter results on May 31, 2007, reporting net income of US$60 million. FirstCaribbean's second quarter results are available on its website at www.firstcaribbeanbank.com.

FirstCaribbean's results are included within the CIBC Retail Markets business segment results disclosed on page 6 of the Q2 2007 Supplementary Financial Information.

From November 1, 2006 through December 22, 2006, we continued to account for our 43.7% interest in FirstCaribbean using the equity method of accounting. CIBC's proportionate share of FirstCaribbean's net income during this period is included in Retail Markets, "Other" revenue.

On December 22, 2006, CIBC obtained control of FirstCaribbean by acquiring 90% of Barclay's Bank PLC's interest in FirstCaribbean which represents a further 39.3% interest.

On February 2, 2007, we acquired an additional 8.5% interest in FirstCaribbean, bringing our total ownership to 91.5%.

As a result of these transactions, we have consolidated FirstCaribbean's second quarter results based on our 91.5% ownership interest. 100% of FirstCaribbean's revenue is included in Retail Markets' revenue; 100% of FirstCaribbean's non-interest expenses, provision for credit losses, and income tax expense are included in each of those respective lines; and 8.5% of FirstCaribbean's net income is included in the "Non-controlling interests" line.

In addition, the net assets acquired include a core deposit intangible of $248 million, which will be amortized at 12% per annum using the declining balance method. This amortization expense is included in non-interest expenses.

3. Can you comment on the performance of CIBC World Markets during the quarter and your outlook for the rest of 2007?

In CIBC World Markets, our priorities are:

1) Invest in our core Canadian businesses to build franchise value.
2) Position the U.S. region for sustained profitability.
3) Target emerging client groups and structured transactions for growth.

During the quarter, we made progress against these priorities.

In Canada, we saw strong volumes in Canadian Equity New Issues. We participated in 85 offerings, including key leads on large offerings for Fortis, Enbridge and Enerplus, and also advised Shell Canada on the minority buy-in by its parent, Royal Dutch Shell.

The U.S. region was profitable in the quarter and has made progress during the past year. We had particularly strong results from our Real Estate Finance and Merchant Banking businesses. In Real Estate Finance, we acted as the co-lead manager with JP Morgan on a $3.9 billion CMBS offering.

Internationally, we continue to leverage our North American platform to support our European, Asian and Israeli businesses. In China we are focused on investment banking opportunities in four sectors – health care, alternative energy, education and business services. Year-to-date we have participated in 13 equity underwriting transactions for Chinese corporations issuing in North America, including 8 in the second quarter.

Our economic outlook for the rest of 2007 continues to point to moderate growth. While investment banking activities and capital markets are by definition difficult to predict, liquidity and M&A activity should continue to be robust. We expect the record level of equity new issue activity in the second quarter will not likely continue into the third or fourth quarters. The credit cycle should remain generally favourable in the near term, but the current low level of corporate default rates is likely not sustainable over the longer term, particularly given increased leveraged buyout activity globally.

4. Why were specific provisions in CIBC Retail Markets so high this quarter? Is this a recurrence of the problems you were experiencing in your unsecured loan portfolios? What can we expect going forward?

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. We stated on our first quarter webcast on March 1, that our expectation was for loan losses to trend up towards the bottom end of that target range over the coming quarters as reversals and recoveries would not persist at current levels. Our experience this quarter is in line with that expectation.

Retail loan losses were $182 million in the second quarter, up from $153 million in the first quarter.

The increase in retail loan losses this quarter was primarily driven by the following:

- Credit card loan losses increased due to a combination of portfolio growth and a one-time methodology change. The impact of the methodology change was $5 million.

- Similar to our unsecured loan portfolio, there are certain vintages of our small business portfolio where we have experienced loss volatility. This volatility, combined with seasonality, drove higher provisions in the second quarter. We expect delinquencies in this portfolio to improve over the balance of the year.

- The unsecured personal lending portfolio continued its more stable performance this quarter. This improvement continued to result in reduced specific allowance reserve requirements this quarter; however, the reduction was lower than the prior quarter.

- The FirstCaribbean portfolio was consolidated for all three months of the second quarter, as opposed to one month in the first quarter.

For the balance of 2007, we would expect CIBC Retail Markets loan losses to remain at, or slightly below, the second quarter level.

5. Why did you reduce your General Allowance by $24 million this quarter?

The General Allowance is a model driven reserve aimed at covering troubled loans in our portfolio not yet identified as impaired.

The degree of such unexpected losses in our portfolio continue to reduce, as our corporate, commercial, mortgage and cards portfolios continue to display stable trends and portfolios that had been more pressured, like the unsecured personal loan portfolio, mature and become more stable.

We regularly review the level of General Allowance and methodology with our auditors and regulators and expect the Allowance to move in line with the size and quality of our portfolios.

6. Why was your effective tax rate so low?

CIBC's reported effective tax rate for the second quarter was 10.0%. CIBC's adjusted effective tax rate[1] (calculated by adjusting tax expenses for significant tax recoveries and other tax adjustments) was 15.1%.

CIBC's adjusted effective tax rate (TEB)[1] (calculated by grossing up income and income taxes with the tax exempt income to an equivalent before-tax basis) was 24.5%, after adjustments for the items noted on page 47 of our Second Quarter Investor Presentation.

CIBC's effective tax rate depends on a number of different items, including geographic business mix, changing views of future audit results, and changes to statutory tax rates.

While rates will vary from quarter to quarter, our current estimate is that the adjusted sustainable effective tax rate will be in the 20-23% range and the adjusted sustainable TEB tax rate will be in the 24-27% range. These rates are determined based on the estimated earnings in various jurisdictions over the near term and the expected enacted tax rates in these jurisdictions. The impact of one time items is excluded.

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[1] See Non-GAAP measures section, pages 18 and 19, of CIBC's Report to Shareholders for the Second Quarter, 2007.

7. Why haven't you split your stock?

Our priorities with respect to capital and our balance sheet are to first invest in our core businesses and then balance other deployment opportunities (dividend increases, share buybacks and other external investment opportunities).

In February, we acquired an additional 8.5% in stake in FirstCaribbean International Bank, bringing our total ownership to 91.5%.

In March, we announced a 10% increase to our dividend, as well as our intention to continue to review dividend increases throughout the year. Our payout ratio (common share dividends paid as a percentage of net income after preferred share dividends and premiums) for the second quarter was 33.7%, up from 32.9% in the prior quarter, but still below our medium term target payout ratio of 40-50%.

In April, we announced our intention to repurchase for cancellation, from time to time until October 31, 2007, up to an aggregate of 10 million common shares, representing approximately 3% of CIBC's public float. As of May 31, 2007 we have repurchased approximately 1.3 million shares.

A stock split does not have a capital deployment implication and therefore is less of a focus than the priorities stated above. If CIBC decides to split its stock, the announcement will be made public by way of a press release.

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 report, 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 we make in the “Update on business priorities,” “Outlook” and “Review of consolidated statement of operations - Income taxes” sections of this report and other statements about our operations, business lines, financial condition, risk management, priorities, targets, ongoing objectives, strategies and outlook 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 us to make assumptions including the economic assumptions set out in the “Outlook” section of this report, 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: 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 applying future accounting changes; changes in our estimates of reserves and allowances; changes in tax laws; that our estimate of our 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 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; 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 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; 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 report or other communications.

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