CORPORATE PARTICIPANTS

John Ferren
Vice President, Investor Relations

Sonia Baxendale
Senior Executive Vice President and President of CIBC Retail Markets

Bijal Patel
Senior Vice President and Chief Financial Officer

Christina Kramer
Executive Vice President, Distribution Services

Stephen Forbes
Executive Vice President, Marketing, Strategy, Communications and President's Choice Financial

Cheryl Longo
Executive Vice President, Card Products and National Collections

Todd Lawrence
Senior Vice President, Deposit Products

Colette Delaney
Senior Vice President, Mortgages and Lending

Victor Dodig
Executive Vice President, Retail Distribution and Wealth Management

Jon Hountalas
Executive Vice President, Business Banking

CONFERENCE CALL PARTICIPANTS

Michael Goldberg
Desjardins Securities

Mario Mendonca
Canaccord Genuity

Darko Mihelic
Cormark Securities

Steve Theriault
Bank of America/Merrill Lynch

John Reucassel
BMO Capital Markets

Sumit Malhotra
Macquarie Capital Markets

Jason Bilodeau
TD Securities

André Hardy
RBC Capital Markets

Peter Routledge
National Bank Financial

Adrian Mitchell
Healthcare of Ontario Pension

George Trapkov
Acuity Investment Management

Gabriel Dechaine
Credit Suisse

Rob Sedran
CIBC

Yassen Dimitrov
Dynamic Funds

PRESENTATION

Operator

All participants please stand by; your meeting is about to begin. Good afternoon, ladies and gentlemen. Welcome to the CIBC Retail Markets Investor Forum. Please be advised this call is being recorded. To reduce the audio interference within the board room and over the conference call line, please turn your Blackberry off for the duration of the meeting. I would now like to turn the meeting over to Mr. John Ferren, Vice President, Investor Relations. Please go ahead, Mr. Ferren.

John Ferren, Vice President, Investor Relations

Thank you very much. Good afternoon and welcome, everyone. It's a pleasure to see a large room of you show up today. The purpose of the meeting, of course, is to provide an update on performance, progress and the strategic priorities of CIBC's domestic retail business. The agenda today will include formal remarks from Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets, as well as members of

Sonia's senior leadership team. Sonia will begin the presentations in a moment and will introduce her team at the conclusion of her remarks.

In addition to the large group we have here in the room today, we are joined by many CIBC employees and investors on the phone and over the Internet.

Before we begin, let me cover just a few administrative items. For anyone attending today's meeting by phone or Internet, the presentation slides are available in the Investor Relations section of CIBC's website. If you click on the About CIBC tab of the main CIBC landing page and look for the Investor Relations section down the left hand side, you will find the material under the link to Executive Presentations and Webcasts.

Following each of the presentations this afternoon, there will be an opportunity to ask a couple of questions. We will take questions from both within the room and on the phone. If we don't get to all of your questions at this time, you will have another opportunity at the conclusion of the presentations for a general Q&A session at the end. For those of you in the room and in front of microphones, please push the button in front of you to ensure your question is audible to those listening in remotely. There are also a couple of designated microphones across from me for people at the back of the room to come forward and ask a question. As the webcast is being transcribed, could I please ask that those in the room introduce yourself by name and firm before asking your question And for those listening in on the phone, you may queue with the Operator if you have a question; you will also be identified by name and by firm and we will try to get to as many of you as we can. Please be patient while we are taking questions from inside the room. If anyone has Blackberries in the room, could you please turn them off as they do interfere with the sound quality on the phones. We'll have a short break halfway through the presentation for you to check messages and, of course, do all your CIBC mobile banking as well.

Lastly, I would ask each of you to please take note of the forward-looking statement in your presentation packages, which indicates that some of our comments today may include forward-looking statements that are subject to a variety of risks and uncertainties. Our actual results may defer from the conclusions, forecasts or projections within these forward-looking statements.

With that, I'll now turn the meeting over to Sonia Baxendale.

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Thank you, John, and good afternoon, everyone. Thank you very much for joining us today, both in person and over the phone. So our plan today is for me to provide you an update on our Retail Markets overall progress and plans, covering each of our Canadian Personal Banking, Business Banking and Wealth Management. Following my remarks, my senior executive team will provide further details on our performance, progress and key priorities.

So let me start with an overview of CIBC Retail Markets. This is the largest business in the Bank, representing about 80 percent of CIBC's overall revenue. It comprises Personal and Business Banking and Wealth Management in Canada, as well as our FirstCaribbean International Bank subsidiary. We offer a full range of financial products to almost 11 million clients. Our strategic objective is to build our client relationships, consolidate their business and become their primary financial advisor. Year-to-date these businesses have contributed over $7 billion in revenue, with Personal Banking comprising 66 percent of that, Business Banking and Wealth Management each comprising 14 percent and FCIB 6 percent. Our remarks today will focus on our Canadian franchise.

Overall, Retail Markets is having a good year. Core revenue to date is up 9 percent from last year, driven by volume growth in Personal and Business Banking, higher commercial banking revenue and growth in assets under administration in Wealth Management. Margins have been stable, with higher credit spreads offset by lower deposit spreads. Earnings growth has also been strong. Net income of $1.5 billion year-to-date is up 16 percent from last year, supported by higher revenue and improvements in credit quality, particularly in our credit card portfolio and personal lending. Revenue growth, combined with expense discipline, have contributed to positive operating leverage of 2 percent. I should note that the year-to-date numbers that I refer to are as at the end of Q3.

Each of our segments has performed well in 2010. In Personal Banking, revenue was up 9 percent, driven by wider spreads and volume growth in most of our products. Funds managed are up 6 percent year-over-year, led by growth in our deposit base of 18 percent and mortgages of 7 percent. A number of initiatives have supported this growth, including expansion of our branch network and the launch of new products and services such as the Renaissance High Interest Savings Account, eAdvantage Savings Account and continued growth of our Tax-Free Savings account. In addition, our marketing activities, including the Switch campaign, have been successful in supporting the growth of new client business.

In Business Banking, revenue was up 6 percent due to spreads and solid volume growth. Our Q3 revenue was the highest quarterly revenue in two years. Our results reflect good momentum, driven by our refocused strategy under an enhanced leadership team and increased focus on new clients and improved share of wallet with existing clients.

In Wealth Management, revenue was up 9 percent, as is assets under administration, and we are enjoying our best mutual fund long-term net sales year since 2004 due to strong managed money sales and new product innovations.

We have new leadership in our full service brokerage division, CIBC Wood Gundy, where Monique Gravel, who has been with the organization for more than 30 years, has recently taken over as leader. Monique is focused on advisor quality and overall client experience.

In the area of credit; loan quality is performing very well. Loan losses have now declined for four consecutive quarters. In cards, our loss rate declined from 5… to 5.2 percent from a peak level of over 7 percent, as write-offs and delinquencies continued to improve throughout the economic recovery of the past year. In personal loans, Q3 losses were at the lowest level in six quarters. And in Business Banking, loan losses are also on an improving trend.

Year-to-date expenses are up 4 percent as we have increased strategic investments that are supporting revenue growth. Our NIX ratio has improved 220 basis points, which ranks at the top end among our Canadian bank peer group.

We've had a strong year of investments to grow our retail businesses. Of note was the recent acquisition of Citigroup's $2 billion Canadian MasterCard portfolio, which reinforced our leadership in credit cards and made CIBC the largest dual issuer of Visa and MasterCard in Canada. In addition, we acquired 100 percent of CIT Business Credit Canada in April, which has enhanced our position in asset-based lending.

We continue to invest in our branch network, along with CIBC's mobile online ABM and telephone banking capabilities on behalf of our clients. In July, we completed our five-year strategic branch investment program to build, relocate or expand 70 branches more than a year ahead of schedule. We've launched innovative new products, like the mobile banking app for the iPhone, the first bank in Canada to offer our clients this capability. And we've been named Canada's Best Consumer Internet Bank for three straight years.

In addition, we have been investing in our brand. Our most recent activity was our sponsorship of the 2010 FIFA World Cup and our national advertising campaign featuring 55 of our employees.

In Retail Markets, we're well positioned in most of our core businesses. In cards, we are the market leader in Canada and have strengthened that leadership with the acquisition of the Citi Canada portfolio. In mortgages, we have held a strong number two position for several years and have both a solid CIBC brand and broker business. In personal and business deposits and mutual funds, we are number three and have improved our share over the last number of years.

The two businesses where we are not number one, two or three are personal lending and business lending. In each of these areas, our objective is to improve our position to at least number three over the next three to five years. In personal lending, we have been and will continue to invest in our processes and technology and new products which will position us with a solid foundation for risk controlled growth, particularly in unsecured lending. In business banking, our refocused strategy and enhanced leadership team has led to solid progress in reducing the gap to third.

Our goal is to build our Retail business towards the $3 billion level over the next three years. This is based on our view of our organic growth opportunities across our businesses, combined with our expectations of the economic environment. In Personal Banking, we plan to maintain our leadership position in credit cards, deliver more competitive growth in personal lending and continue to grow our deposit balances. We will also build on our strength in distribution and access, including further innovation in mobile and Internet banking. In Business, we are already seeing good progress and will continue momentum in lending while investing in technology and process improvements to enhance our client offer. In Wealth Management, the key assumption is gradual improvement in the equity markets. Overall, to achieve these results, we have assumed a better credit environment will contribute to earnings growth but have assumed no change to current margins. Economic conditions will clearly play an important role and we have allowed for a gradual recovery period in our overall assumptions. This level of growth is aligned to our strategic imperative of consistent and sustainable earnings while managing within our stated risk appetite.

Over the past few years, our focus was in ensuring we developed an optimal risk posture while investing in our platform. In the most recent quarters, we have demonstrated that our performance is now more in line with peers and should continue to remain so. We believe CIBC's overall position in the domestic market will strengthen from where it is today.

With that, I would be happy to take a few questions before introducing my leadership team.

QUESTION AND ANSWER SESSION

John Ferren, Vice President, Investor Relations

So start with some questions in the room. Michael Goldberg, go ahead.

Michael Goldberg, Desjardins Securities

Thank you. Michael Goldberg, Desjardins Securities. Sonia, you said in looking at this $3 billion objective by 2013 that you're assuming a better credit environment. How much of the improvement over that period is due to the assumption of a better credit environment?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Well, the credit environment certainly will contribute to it but it is not, it is not anywhere near the largest portion. The greatest portion is continued growth in our core businesses, growth in outstanding.

Michael Goldberg, Desjardins Securities

Could you give us a rough idea of what you're building in?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

So, I don't think we're… We're not going to give specific numbers that make up each part of it, but as I say, we're not assuming an enormous turnaround; we're assuming, based on, you know, modest improvement in unemployment rates.

Mario Mendonca, Canaccord Genuity

Mario Mendonca, Canaccord Genuity. Sonia, you referred to credit improving NIM being no change in margins, essentially, so most of this coming from the improvement in loan growth. The improvement here is about… works out to a CAGR of about 9 percent, give or take…

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

A little bit higher than that.

Mario Mendonca, Canaccord Genuity

A littler higher than that but not quite 10; is that fair, or…

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

No, it's over 10.

Mario Mendonca, Canaccord Genuity

Oh it's over 10, okay. I… The math is off then. The… So, what sort of loan growth are you baking into that? Would assume, if credit's a portion, that the loan growth you're assuming is about mid-single digits?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

We're assuming… lending growth, we're assuming to be basically at market and it's in the low to mid-single digits.

Mario Mendonca, Canaccord Genuity

And I… This is where the real question comes in. Do you assume that that kicks in in the sort of back… the out years, or do you assume that's fairly gradual? Just… the reason I'm asking is there's been some concern that loan growth would slow pretty significantly in the near term so how do you think of it from a timing perspective?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

We are assuming that loan growth will slow… has already started to slow and will slow in 2011. Colette will get into some specific numbers in terms of what we are anticipating but this builds in and assumes that we are growing at those kinds of industry loan rates.

Mario Mendonca, Canaccord Genuity

So slower up front and then it's like… then improving later?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

No, it's slower throughout the three years.

Mario Mendonca, Canaccord Genuity

Okay.

John Ferren, Vice President, Investor Relations

Darko?

Darko Mihelic, Cormark Securities

Hi, it's Darko Mihelic from Cormark Securities. Just maybe to follow up on those questions as well, you're mentioning that the growth in outstandings will be more or less at market. Can you help remind me maybe what the gap is in personal lending and business lending and… it doesn't seem to coincide with you improving to number three if you're growing at market.

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

No.

Darko Mihelic, Cormark Securities

So can you maybe reconcile that for me?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Yes. So in business, I was specifically referring to personal.

Darko Mihelic, Cormark Securities

Okay.

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

In business, we do expect to grow above market in all three years; throughout this period we do have above market growth. In personal lending in the… in 2011, we think we will be at market. As we improve our position in terms of our operational processes and new changes that we're making and become comfortable at the risk… within our risk appetite, we would look for gradual improvement there in lending.

Darko Mihelic, Cormark Securities

And can you just remind me what the gap is between you and number three in personal lending? I can't remember the numbers off the top of my head.

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

What's the… Colette, do you have the exact numbers handy? We'll get you those in a sec, the exact numbers.

Darko Mihelic, Cormark Securities

Thank you.

John Ferren, Vice President, Investor Relations

Go ahead.

Steve Theriault, Bank of America/Merrill Lynch

Thanks, John. Steve Theriault, Bank of America/Merrill Lynch. I guess one of the other pieces is expenses and we've… you've gone from an efficiency ratio of sort of in the, I guess the low 60s to the mid 50s. What type of cost efficiencies are assumed in the $3 billion target?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

I think we have… Let me… Remind me, Bijal, I think we're at about 2 percent on average?

Bijal Patel, Senior Vice President and Chief Financial Officer

In terms of?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Expense.

Steve Theriault, Bank of America/Merrill Lynch

Two percent growth?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Yes.

Bijal Patel, Senior Vice President and Chief Financial Officer

Yes.

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Two percent growth per annum.

John Ferren, Vice President, Investor Relations

Any other questions? We'll take one more before we move on, if there is one. Go ahead, John.

John Reucassel, BMO Capital Markets

John Reucassel, BMO Capital Markets. Just moving down the income statement then, there is planned reductions in income taxes in Canada. Is that also in this forecast, or what are you doing with your income tax rate?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Bijal, do you want to cover the tax rate?

Bijal Patel, Senior Vice President and Chief Financial Officer

Sure. We've put in a little bit of a benefit for income taxes coming down over the three-year period but it's not material.

John Reucassel, BMO Capital Markets

It's not the full planned impact that's for…

Bijal Patel, Senior Vice President and Chief Financial Officer

We've put in marginal improvement. It's not the biggest driver in getting to the $3 billion again.

John Reucassel, BMO Capital Markets

Okay. Thank you.

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

So thank you. Now, I'd like to just introduce my leadership team and we'll go through them one by one. First you're going to hear from Christina Kramer. Christina will update you on our Integrated Channel strategy and some of the innovative steps we're taking with our clients in the increased access and choice. Christina has been with the Bank for 24 years in various leadership roles.

Then Cheryl Longo will cover our Credit Cards business. Cheryl's been with the Bank for 20 years, much of that time in Credit Cards, although a few stints in other parts of the Bank. Prior to that, Cheryl has a strong background in packaged goods.

You'll then hear from Todd Lawrence on our Deposit business. Deposit business is clearly an area of the Bank that is foundational to our long-term client relationship. Todd joined the Bank in 1998. Prior to that, he held a number of roles in product management, risk management, treasury and finance in the utilities industry.

Colette Delaney, to my left, will walk you through our plans in Mortgages and Lending. She's also been with CIBC for 24 years and held roles in risk, commercial banking and worked in both our… in all of our Toronto, London and US offices.

Victor Dodig is going to update you on our Wealth initiatives. Victor's been with the Bank for six years. Prior to joining CIBC, Victor worked with UBS, Merrill and Mackenzie and has worked in Toronto, London and New York.

Jon Hountalas, who is the newest member of our team, will cover Business Banking. Jon joined CIBC earlier this year following 25 years at HSBC.

And finally, Stephen Forbes will talk about our investments in our brand and in sponsorship. Stephen's been with CIBC for the past 10 years and prior to that had a number of senior communications and marketing roles in other industries.

We also have Bijal Patel, who you've already heard from, who is the CFO for Retail Markets, and Bijal joined CIBC in 2000.

So with that, I will turn it over to Christina Kramer.

Christina Kramer, Executive Vice President, Distribution Services

Thank you, Sonia. Key to attracting and retaining clients is a strong integrated distribution network, one that offers great access and choice. CIBC has a leading position in the Canadian marketplace. We have a very strong footprint, with almost 1,100 branches and over 3,800 ABMs. We have great hours of business; over 40 percent of our branches are open on Saturdays, and we have seven-day-a-week banking at almost 50 locations.

We have leading capabilities in our non-branch channels, including the number one ranked online banking site for the third consecutive year. And we were first to innovate with a mobile banking application in Canada. We have and will continue to invest in our clients' evolving needs and it's critical to our strategy of growth.

Clients want choice in how, when and where to bank and that's why it's been important that we continue to invest in our branch network, in locations where there is growing demand, in offering extended and weekend hours to meet evolving client needs and in introducing Sunday banking. Our plan is to invest in our branch network in strategic, high growth markets to consolidate more business with our existing clients and to attract new ones. As Sonia mentioned, in 2007 we announced a five-year investment plan to build, relocate and expand 70 branches across our network, and in July we achieved that goal a year ahead of schedule, over a year ahead of schedule, and we're very pleased with our progress. We added 1,200 more branch operating hours, 440 more full-time positions, 180 more ABMs and 500,000 new and renovated square footage to our branch footprint. We will continue to focus on ensuring that we have a strong distribution footprint coast to coast, and by the end of this fiscal, we will have completed 84 locations. Last week we opened two newly-relocated locations, one in Kelowna, BC and one is St. John's, Newfoundland. And over the next month, we will open six more, two in Quebec, one major expansion in Yellowknife and four in Ontario. These investments are key to our strategy of growth. So going forward, we will continue to invest in our branch network to meet client needs, but branches are just part of the story.

To better serve our clients and consolidate more business with them, clients demand an excellent experience across all of our channels, our extensive ABM network, which we continue to upgrade and replace with faster machines; our leading telephone channel, where we proactively call two million clients annually to ensure that we are meeting their financial needs; our award-winning online channel and our leading mobile banking offer. The majority of our clients choose to bank with us using multiple channels and we're focused on leveraging our capabilities to create a much more integrated experience; in other words, tailoring how we connect with our clients based on how they prefer to bank. For example, for clients who like to bank remotely, we offer a full suite of advice, products and service recommendations via the Internet. We will continue to invest in our capabilities in growing areas of demand by enabling new and more ways to bank, and I'll touch on this shortly. These investments are part of an integrated channel experience that make it easier and more convenient for our clients to bank with us any time and from anywhere.

The strong response from clients to our early investment in mobile banking demonstrates the value clients see in banking on the go. In February, we were the first to introduce the mobile banking application in Canada, and we see it as a strategic and important part of our overall integrated channel strategy. It offers clients even greater access and choice and we believe, by being first in the market, it provides our clients with more value in their banking relationship. Client uptake, as you can see from the chart, has exceeded our expectations. Within the first week, CIBC's mobile banking application became a leading financial app in Canada and by week five, over 100,000 clients had downloaded the application and were performing hundreds of thousands of transactions. To date, our clients have logged in over 14 million mobile transactions and that number is growing by the minute.

Having a leadership position in mobile banking is an important advantage and further strengthens our day-to-day banking offer. We will continue to invest in this space to retain our position.

Important to our long-term growth is that we continue to invest in our distribution strength, whether that's in new branches, extended hours, weekend banking or through innovations in growing and new ways to bank. We're pleased with our current position and investments to date. Going forward, our priorities are focused in three areas, maintaining our strong position in access and choice; growing business through an integrated channel experience; and continuing to innovate in mobile capabilities. Clients tell us that these priorities and investments are making a difference in their day-to-day lives and that's what's important to us.

And thank you. I'll stop here for any questions.

John Ferren, Vice President, Investor Relations

Questions for Christina?

Michael Goldberg, Desjardins Securities

Michael Goldberg, Desjardins Securities. So, notwithstanding the initiatives that you've undertaken, surveys of service quality don't seem to rank CIBC as highly as other providers. Is that inaccurate or, if not, why not?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

So, Stephen will speak to the overall client satisfaction later but we're going to pass it over to you, Stephen. I know that we're making progress on this front and when… we have a leading online mobile IBR, extensive ABM network and a very strong branch footprint, but I'll pass it over to Stephen.

Stephen Forbes, Executive Vice President, Marketing, Strategy, Communications and President's Choice Financial

Thank you. So, Michael, I think… you know, you're absolutely right that we, you know, we're not where we want to be today. But I think if you look at us over the last five quarters, we've made improvements every quarter in client satisfaction. It's the first time we've actually seen five quarters of improvement in that period of time. If you look at the last year, we've outpaced the marketplace in terms of gains versus our competitors in terms of overall quality of satisfaction, so we believe we're turning in the right direction. We believe the investments we're making in both our channels and our processes will sustain that momentum going forward. So while we're not there today, we think we are going in the right direction.

John Ferren, Vice President, Investor Relations

Darko?

Darko Mihelic, Cormark Securities

Hi, it's Darko again from Cormark. I'm going to ask an off-the-wall question. You built a brand a new branch, like right around the corner from where I live and it's beautiful, with a huge… probably too big for the area. And I decided to go in there one day to do my banking, but I was in a bit of a hurry and I wanted to hurry up and do my banking real quick, and so I drove around it about twice and there was no drive-through banking, and you don't mention it anywhere in your… So I'm just curious, does that matter? Do you guys care about drive-through banking and… or… and are you consciously avoiding it because I notice one of your competitors and they're like every single branch that I go through has a drive-through banking? So I'm just curious (unintelligible).

Christina Kramer, Executive Vice President, Distribution Services

You know, it's not environmentally friendly (unintelligible).

Darko Mihelic, Cormark Securities

I thought about that. Well, I thought about that and is that actually your position on it? Or is it just a fluke that this one branch doesn't have it despite its massive size?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

We do have branches that offer drive-through banking…

Darko Mihelic, Cormark Securities

Yeah.

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

So we're not consciously avoiding it. But we… every location, we take a look at what the demand is in the local environment and also the opportunity in terms of size and space and ability to get around with parking. So I'll have to chat with you specifically about your location but it is definitely something that we looked at and we do install branches, implement branches with drive-through.

Darko Mihelic, Cormark Securities

But it's not key to your overall strategy.

Christina Kramer, Executive Vice President, Distribution Services

It is part of our overall integrated channel strategy.

Darko Mihelic, Cormark Securities

Okay.

Christina Kramer, Executive Vice President, Distribution Services

It's absolutely a part of it.

Darko Mihelic, Cormark Securities

Great. Thanks.

John Ferren, Vice President, Investor Relations

Any other questions? Do we have any questions on the phone line?

Operator

There are no questions registered.

John Ferren, Vice President, Investor Relations

Okay, so thank you, Christina. We'll move on to Cheryl Longo, who heads up our Credit Card business.

Cheryl Longo, Executive Vice President, Card Products and National Collections

CIBC is the number one ranked credit card issuer in Canada, with a strong history of innovation, deep experience in loyalty and reward cards, a broad line-up of value added products including our nearly two decade old relationship with Aeroplan. Our market share of our Visa portfolio is 16.6 percent, with just under $14 billion in total outstandings. And CIBC is the market leader in the premium card segment, with just over a 20 percent market share in this segment, and this has been driven by our CIBC Aerogold card, the leading travel reward card in the industry. Now, we continue to see recovery in discretionary spending on our credit cards recently, which is helping drive up purchase volume year-over-year, mostly on our premium cards.

CIBC took early prudent risk containment actions and consciously scaled back our growth in our outstandings, starting in the late 2008 timeframe, and this was a result of the deteriorating macroeconomic conditions that have plagued the market. We continue now to see profitable growth and improved credit quality in our overall portfolio. Our net credit losses are down over $66 million year-over-year and our net credit loss rate has declined for four consecutive quarters. And our 30-day delinquency rate has decreased year-over-year since January of this year.

To build on our market leadership and further strengthen our card franchise, we successfully purchased a portion of the Canadian MasterCard portfolio from Citibank and that deal closed on September 1st, making CIBC the largest dual issuer of both Visa and MasterCard cards in Canada. Now, this is an important addition to our client base in a business where we have a leading presence in the Canadian marketplace. The MasterCard portfolio strengthened CIBC's card market share within the mass market segment and it positions us for stronger growth as we go forward in future years. We acquired just about $2 billion in outstandings within… from the Citi portfolio, and we expect to increase our credit card market share to about 18.7 percent in Q4 of this year. Along with that came about 570,000 active cardholders from Citi and we purchased quality accounts; that is cards above a certain credit quality in terms of bureau score and cards with delinquencies less than 30 days. The acquisition consolidates our credit card leadership and we estimate that it will double the expected market share gap between us and the number two player.

So there are two key elements to the MasterCard purchase. First, we know all these customers in terms of their credit quality and their spend behaviour and potential and so, therefore, this is an effective means of growth versus organic customer acquisition. And second, it extends our reach, as I said, into a broader customer base with rewards cards that have no annual fees, and this broadens our overall customer appeal with both now choice in the premium card segment and choice in the mass market segment in terms of cash back and gas savings rewards, and so we can meet customers' needs all through their life stages. The MasterCard portfolio will have an immediate positive impact in terms of earnings.

We will extend the benefit of our market leadership enjoyed by our current Visa customers to our new MasterCard cardholders. They will benefit from improved card features, multi-channel servicing access, convenient and security when we convert them to a CIBC-branded card in about a year's time. Now, CIBC… as CIBC cardholders, they will experience new features and service benefits such as CHIP and contactless card capability, high levels of service that we provide, best in class fraud protection, access to one of the largest branch and ABM networks you just heard about, strong Bank brand franchise and recognition with community event involvement and financial strength. And there is a significant opportunity for CIBC to cross-sell this franchise into our client base and meet their broader needs in terms of creditor insurance, deposits and mortgage products as well.

And now as an issuer with relationships with both payment networks, we will leverage both the Visa and MasterCard networks and their respected innovation strength to provide maximum value and choice for our customers. The net… This network competition benefits us as a large-scale issuer and, in turn, will benefit our cardholders with continual feature evolution, such as Visa, who was an early developer of PIN and CHIP technology, and so now 100 percent of our CIBC Visa cardholders benefit from the added security of having these CHIP feature and PIN on their credit cards. And MasterCard is an innovator known in the contactless card capability space and we will bring our customers the tap-and-go convenience at point of sale through MasterCard. So these technology innovations layer on top of the strong CIBC product proposition that we have developed over the years and that our customers already enjoy.

Our leading travel loyalty reward cards of both Aerogold and Aventura offer travel choice and value to our customers, and Aerogold was recently named the top airline travel reward card for the second year in a row by Rewards Canada, a Canadian frequent flyer authority. CIBC was also the bank innovator in terms of cash back reward cards, developing and introducing our Dividend card almost 12 years ago into the marketplace, and we are an early innovator in terms of the addition of our CIBC CreditSmart features, which are security and budget management tools for our customers that are all at no-added fee. CIBC's leading customer offers, history of innovation, deep experience in travel and savings rewards have and will continue to lead to a highly engaged and loyal customer franchise.

Thank you and I'll take some questions.

John Ferren, Vice President, Investor Relations

Questions for Cheryl? We'll start over here, Sumit?

Sumit Malhotra, Macquarie Capital Markets

Thanks. Sumit Malhotra, Macquarie Capital Markets. I'd like to get a little bit more detail on the credit loss experience of the portfolio you purchased. On the… From the conduit data, it looks like the loss rate is about 10 percent, a lot higher than what the Bank has on its own portfolio. You've said that you've been able to select certain scores. So what is the loss rate on the $2 million book that you purchased?

Cheryl Longo, Executive Vice President, Card Products and National Collections

So you've hit it exactly. So, on the purchase portion, with credit overlays that we did based off of that we will have a significant reduction versus the data that you will see through the securitization vehicle publicly and will be significantly reduced. And though it is slightly higher than our core franchise, on a combined basis, we will be in line with the market going forward.

Sumit Malhotra, Macquarie Capital Markets

So, when you say "slightly higher", we're talking 100 basis points, 200?

Cheryl Longo, Executive Vice President, Card Products and National Collections

I would say you're closer on the first answer.

Sumit Malhotra, Macquarie Capital Markets

Okay. Thanks.

Jason Bilodeau, TD Securities

Yeah, Jason Bilodeau of TD Securities. The team touched on, and I think on the conference calls, but the regulatory reform around credit cards; I think it's now hopefully implemented. Can you touch on what you think the one or two issues are in that reform that matter and your comment on your ability to sort of mitigate all that on a go-forward basis?

Cheryl Longo, Executive Vice President, Card Products and National Collections

Certainly. The credit card reform affects the industry overall and will affect some issuers more than others, depending on their business model in terms of, I think it will affect some issuers that relied heavily on balance transfers. And, though it affects everybody in the industry, the impact in F'10 is only just happening and one… they will be minimal with one month impact. And I would say that on the whole, we expect that with our large scale and our breadth in product offer that we have, more than most other players, that we will nicely meet all the needs of our customers and will mitigate impact of that going forward.

Jason Bilodeau, TD Securities

It… Sorry, but does it require you to sort of re-price or reposition any of your products to make the economics work better for you on any clients, or you just think it's not, at the end of the day, a big impact?

Cheryl Longo, Executive Vice President, Card Products and National Collections

So, it has impact in terms of largely balance transfer offers on one of the components of it and I would say, to the degree in your business model that you play on that, that will have impact. I would say that we are not one of the larger players in that front.

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

So, if I could just add to that, we've talked… as you mentioned, we've talked about this a couple of times on the calls. There is real financial and economic impact to all card issuers and so what we have looked to do is mitigate that through enhancements and programs and offsetting that revenue loss through other means of adding value to clients that would allow us to compensate for that. And so we… So absolutely, it has an impact and we have looked to mitigate that, and in 2011, we think we will be able to offset most of that through other enhancements and features and things that we're doing in our card base, through innovation primarily.

John Ferren, Vice President, Investor Relations

Back of the room.

Steve Theriault, Bank of America/Merrill Lynch

Steve Theriault, Bank of America/Merrill Lynch. Couple of questions. Of the half a million or so active accounts, how many of those customers would have either a CIBC credit card or be a CIBC customer otherwise? And second question, what is the criteria to be considered an active account?

Cheryl Longo, Executive Vice President, Card Products and National Collections

You're talking about the MasterCard franchise that (inaudible).

Steve Theriault, Bank of America/Merrill Lynch

That's right.

Cheryl Longo, Executive Vice President, Card Products and National Collections

Purchased. So the first part of your question would be, we have about our market share that you would expect in terms of overlap in that base, in terms of that is already an existing CIBC customer. And the second part of it, Steve, sorry, can you repeat that?

Steve Theriault, Bank of America/Merrill Lynch

So that would… So that in the 15 to 20 percent range?

Cheryl Longo, Executive Vice President, Card Products and National Collections

Yes.

Steve Theriault, Bank of America/Merrill Lynch

Probably? Okay. And so what do you need… How active do you need to be to be considered an active account, so to speak, on the card side?

Cheryl Longo, Executive Vice President, Card Products and National Collections

Active in the last two months.

Steve Theriault, Bank of America/Merrill Lynch

Do you have a sense at all… Of the Citi MasterCards, do you have a sense on how many of those active accounts are primary cards versus secondary or lesser used cards?

Cheryl Longo, Executive Vice President, Card Products and National Collections

No, I don't. In terms of if you're asking about the share of wallet, that's something that we don't have… with the recency of it, we don't have good (unintelligible).

Steve Theriault, Bank of America/Merrill Lynch

Thanks.

John Ferren, Vice President, Investor Relations

Take one at the back of the room. Do you want to just step up to a microphone, please?

André Hardy, RBC Capital Markets

It's André Hardy, RBC Capital Markets. I just want to clarify your answer on loan losses. How long does it take for loan losses to get to that level, because my understanding was initially they were going to be zero?

Cheryl Longo, Executive Vice President, Card Products and National Collections

Because of our overlays that I mentioned, in terms of not taking anything with… anything more than a 30-day delinquency, they will ramp up, and in Q4 they will be very low initially.

André Hardy, RBC Capital Markets

But so… a year would be a fair assumption or…?

Cheryl Longo, Executive Vice President, Card Products and National Collections

A year to get to the comments that I said around where they are around… relative to our base business? Yes.

André Hardy, RBC Capital Markets

Sure. Okay. And then the other question is around (inaudible)…

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Sorry, Andre, the other thing to keep in mind in any portfolio, while it will be very small numbers, it won't be zero because there are bank, you know, bankruptcies and other things come into play in one of these portfolios and, you know, there's always some activity in there.

André Hardy, RBC Capital Markets

Sure. Sorry, I should have said (unintelligible)…

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

And there will be general provision and all the normal things that we would put in place as Tom puts the risk evaluations on them.

André Hardy, RBC Capital Markets

Thank you. And on costs, because this is a MasterCard portfolio as opposed to Visa, how much fixed cost do you need to take on, if any? Or can you just overlay everything on your existing platform?

Cheryl Longo, Executive Vice President, Card Products and National Collections

We will overlay everything on our existing platform and our scale will come into play.

André Hardy, RBC Capital Markets

So when we think of the costs that come with this, it's just the variable costs that are inherent in the business?

Cheryl Longo, Executive Vice President, Card Products and National Collections

There will be some project costs in terms of the cost of initial conversion over of the customer base and mapping the data but that would be… You have the essence of it, yes.

André Hardy, RBC Capital Markets

Okay. Thank you.

John Ferren, Vice President, Investor Relations

Michael?

Michael Goldberg, Desjardins Securities

Thanks. Michael Goldberg, Desjardins Securities. You've long had a large market share in cards and, in particular, in premium cards. Can you talk to us about your track record, actually, of cross-selling given that many of these clients might not have CIBC as their everyday bank partner?

Cheryl Longo, Executive Vice President, Card Products and National Collections

Certainly, Michael. We've had successes in the past recently with cross-selling our deposit account products into our credit card-only holder base, and we have seen very successful lists in terms of the amount of balances that they hold versus control groups. So we have seen recent successes in linked products, deposits, lines of credit, things like that that go with the… that are hooked around the Aeroplan program as well, with offers on… bundled offers. So our chequing account product had an offer with it on Aeroplan and we saw really great success with that.

Unidentified Male Speaker

(Unintelligible).

Cheryl Longo, Executive Vice President, Card Products and National Collections

Not at this point in time, it wouldn't, no.

John Ferren, Vice President, Investor Relations

Okay. We'll move on to Todd, please.

Todd Lawrence, Senior Vice President, Deposit Products

Good afternoon. I will talk about our focus on the Deposit business and the strong results that we have been having in this area.

In a competitive and a high growth area, we have moved from number four to number three in combined deposit market share during 2009 and have grown our share by 70 basis points over the past year. We have accomplished this through strategic investments in two key areas which I will touch on during my discussion, the first being strategic investments in product innovation. We brought to market a number of savings account innovations in 2009 and 2010 which were well timed in terms of capturing the significant growth that had been experienced in the savings category. And secondly, we have continued to focus on core chequing account acquisition, which is foundational to our relationship with our clients. We have remained focused and competitive in terms of the features and benefits of our chequing products, as well as continuing to expand and enhance our distribution capabilities.

Turning now to some of the key initiatives which we have implemented to drive our growth, recognizing that the rate environment in recent years would lead to a significant shift in client demand towards liquid savings vehicles, we strategically positioned CIBC products to acquire new deposit balances across multiple channels. In November of last year, we launched the eAdvantage Savings Account. This new account provided our clients with e-friendly features, as well as the benefit of a full service offer, and it continues to ensure that we remain competitive in the high interest savings category. This new account has allowed us to retain at-risk balances and acquire new balances from competitors. We also recognized the significant opportunity in the third party broker market and to capitalize us on this opportunity, in the… we launched the Renaissance High Interest Savings Account, allowing us to differentiate our offer as well as to tap into this new channel of distribution.

For many clients, the rate and market environment over the past few years has been unprecedented, increasing the need for advice on what to do with their savings, particularly as GIC rates declined and market volatility increased, and introducing these new savings products in multiple channels gave clients another reason to seek advice from CIBC, and it provided our front line advisors with tools to meet a growing demand. In effect, clients were confronted with market conditions they had not seen before and CIBC had solutions available to address their immediate need for safety and liquidity as part of a broader client relationship. This allowed us to capture new funds from our competitors.

In terms of GICs, as our traditional GIC market has contracted over the past year or so, we have continued to invest in alternative products that provide the security of a GIC with the opportunity for higher return. We introduced a monthly series of Equity Linked GICs tied to a basket of stocks in both Canadian and US currency, and we have just recently launched an Equity Linked GIC tied to our flagship Monthly Income Fund. This allowed us to meet our clients' needs for mutual fund exposure while giving them the benefit of principal protection.

Finally, we have had strong focus on chequing account acquisition. Our chequing account opens are up 24 percent year-to-date versus prior year, which is a very positive outcome on a product that is foundational to client relationships. We accomplished this by ensuring that our products and their features remain competitive and that we had a strong focus and sales focus on chequing acquisition and channel expansion. We have also increased our value proposition and marketing to growing segments such as newcomers and students.

As we look forward to 2011, we have a number of initiatives planned to drive momentum across the Deposit business and to sustain our growth. Every new client who comes to CIBC and opens a core chequing account presents a great opportunity for us to form a long-term client relationship, a relationship that will allow us to meet their full financial needs over time. To further support this opportunity, our investment and our chequing line-up will continue with an emphasis on targeted offers for key market segments that offer good long-term clients prospects. As an example, we just launched our EverydayPlus Chequing Account and this new account rewards clients with an anniversary reward for consolidating and maintaining a chequing account, as well as a savings account and a credit card with CIBC, and that offer truly reflects our focus on deepening client relationship and cross-selling other products.

We will also continue to capitalize on the opportunities that result from our strong growth in Deposits. As the rate in equity markets normalize, we'll have the opportunity to talk to these clients about their changing financial needs. This positions us well to solidify our gains in the deposit market through longer term investment in other products. In addition to enhancing our product offering, we will also continue to make significant investments to provide our clients with easy access, robust transaction capability and innovative tools, making it easier for our clients to do business with us.

In summary, we have had strong performance in our Deposit business. We continue to be competitive with our product line-up and coupled with our strong focus on growing our distribution capabilities, this will ensure that we continue to grow our Deposit business.

Thank you and I would now be glad to take questions.

Peter Routledge, National Bank Financial

Hi. Peter Routledge, National Bank Financial. Two questions. One, how does the branch investment program make your life easier or harder in gathering these cost beneficial chequing products? Two, looking at the next five years as opposed to the last five years, are deposit spreads likely to be lower; i.e. are they going to be less profitable because more players are going after the Canadian deposit marketplace?

Todd Lawrence, Senior Vice President, Deposit Products

On the first question, absolutely, the investment in the branch (inaudible) distribution channel, as well as our, all of our distribution channels critical to our success on the products business, specifically chequing. So when we look at our product line-up, chequing is a product that is very much driven by new client acquisition and that's highly correlated with the expansion of (unintelligible).

Peter Routledge, National Bank Financial

So you get your new chequing accounts through branches primarily, not other channels?

Todd Lawrence, Senior Vice President, Deposit Products

The dominant acquisition channel, correct, is through branch. We do acquire also through telephone banking channels (unintelligible). In terms of spreads, we foresee fairly stable spreads on this business. There has been and always will be competitors coming. It is a competitive marketplace but we see, through innovation and through bringing product and services to our clients, being able to maintain our spreads.

Peter Routledge, National Bank Financial

So you don't see it as more competitive than the last cycle?

Todd Lawrence, Senior Vice President, Deposit Products

The market continues to evolve in terms of offering services and value add to our clients and we will continue to focus there in terms of product innovation, but we don't see it as a game of spread compression; we see it as a game of offering value and services to our clients.

John Ferren, Vice President, Investor Relations

Questions for Todd?

Adrian Mitchell, Healthcare of Ontario Pension

Avery Mitchell, Healthcare of Ontario Pension. The… Can you just clarify that chequing account opening increase of about 25 percent year-over-year, are those largely or entirely new households, or is there some change in whether you already had a relationship with those households?

Todd Lawrence, Senior Vice President, Deposit Products

Absolutely. They come from a mix of both. When we look at chequing, the number one area that we do acquire from is from new households to CIBC, but we also acquire accounts from existing deposit accountholders, for example, and credit card, as Cheryl has mentioned. But the dominant (unintelligible).

Adrian Mitchell, Healthcare of Ontario Pension

So has the mix of new changed between those two bars?

Todd Lawrence, Senior Vice President, Deposit Products

New has been increasing with our focus on acquisition, with our Switch campaign and our emphasis around that (unintelligible).

Adrian Mitchell, Healthcare of Ontario Pension

Okay. And, of course, you know, you open new accounts and you also lose some so can you talk, or I don't know if you're planning to talk later on about, you know, your sort of… your total churn rate and whether that has changed in the past year?

Todd Lawrence, Senior Vice President, Deposit Products

We are certainly in net acquisition on the chequing side and are overall, you know, delta in terms of incremental total has been on the increase.

Adrian Mitchell, Healthcare of Ontario Pension

Okay. So the churn rate is declining, then?

Todd Lawrence, Senior Vice President, Deposit Products

The number of clients that we are acquiring has increased significantly, as I have indicated. The number of clients who have been leaving has been relatively steady so we are adding net positive.

Avery Mitchell, Healthcare of Ontario Pension

Thank you.

John Ferren, Vice President, Investor Relations

Any other questions? John, go ahead.

John Reucassel, BMO Capital Markets

John Reucassel, BMO Capital Markets. Just, the increase in market share in the last 12 months, could you… Is that from your other four big bank competitors or are there… is it the smaller banks or smaller institutions? Could you comment on that? And, you know, you have… you've talked about these three products here, the eAdvantage, the broker channel and the Equity Linked GICs. Is there one that's been contributing more to the rest? I don't know, when you open a new branch, is it just the standard chequing account or maybe talk a bit about which products are…

Todd Lawrence, Senior Vice President, Deposit Products

Sure.

John Reucassel, BMO Capital Markets

(Unintelligible).

Todd Lawrence, Senior Vice President, Deposit Products

Absolutely. The market share figures that I've put up and the increase (unintelligible) but against the total industry.

John Reucassel, BMO Capital Markets

So when you have an account transfer, are you seeing more from one of the big five, big four banks or more from other…

Todd Lawrence, Senior Vice President, Deposit Products

What I'm saying is are growth has been in the context of the overall market, not just against the other four major players. In terms of where we see significant growth over the past two years, certainly we've seen a very strong growth in our Renaissance. We open up a whole new channel of distribution, which is quite a strong growth, but we have also been seeing growth in our branch-based eAdvantage Savings Account as well as our GICs.

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

The majority would come from the larger players, to answer the first part of your question.

John Reucassel, BMO Capital Markets

Okay. And can you quantify the lower deposit margins you've experienced so far this year, like what is the magnitude?

Todd Lawrence, Senior Vice President, Deposit Products

I don't think we (unintelligible).

John Reucassel, BMO Capital Markets

You had mentioned in your opening statement, Sonia, what is… Is there… Has it been just a few basis points that… on the deposit margins?

Todd Lawrence, Senior Vice President, Deposit Products

Yeah, I don't… Yeah, certainly, of course, in a falling rate environment, naturally, deposit spreads are compressed. I don't have the specific (inaudible) with me here today in terms of the delta that we've seen but certainly over the past 18 to 12 months, deposit margin has compressed. And, again when you look at product categories, a lot of that is on the chequing side; clearly, there's no rate of activity from the clients so you've seen the largest impact coming from chequing as opposed to competitiveness (unintelligible).

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

And, John, look, I think if I'm… to zero in on your question, I would say in the last six to 12 months, they've stabilized; they had been relatively flat just prior to that period so up until then, they had come down.

John Reucassel, BMO Capital Markets

Okay. Thank you.

John Ferren, Vice President, Investor Relations

Just at the back. André, go ahead.

André Hardy, RBC Capital Markets

André Hardy again. The $107 billion of deposits, how much of that would be in chequing accounts? And then you've talked about margin, past margin compressions on those accounts but based on where five-year rates are today, I'd expect a lot more margin compression on those accounts if rates don't move than you'd see in the past. Is that a fair assertion? But in… I know your view's not that rates will stay but…

Todd Lawrence, Senior Vice President, Deposit Products

Yeah. Our biggest categories are actually GICs and savings so chequing would be third in that order. In terms of the rate environment going forward, again, I don't see too much rate downside from – and you may debate this point – I don't see too much rate downside from this perspective. So when we look at our forecast going forward, we don't… we see relatively flat NIM on the overall deposit portfolio (unintelligible).

André Hardy, RBC Capital Markets

Aren't your chequing accounts invested in, you know, three, four, five-year assets, which would suggest you've only begun to see margin compression?

Todd Lawrence, Senior Vice President, Deposit Products

Absolutely, but…

André Hardy, RBC Capital Markets

Again, if rates don't move, and I know you're…

Todd Lawrence, Senior Vice President, Deposit Products

Yeah, no, no. Agreed on the chequing portfolio but when we look at our entire deposit portfolio, our forecast going forward or our estimate going forward is relatively stable NIM across the deposit portfolio so certainly chequing will be down a bit. We believe there's upside room as rates move up on some of the other products.

John Ferren, Vice President, Investor Relations

Further questions for Todd? Okay, we'll move on to Colette Delaney, who runs the Personal Lending and Mortgage business.

Colette Delaney, Senior Vice President, Mortgages and Lending

Good afternoon, everybody. Pleased to have the opportunity to talk to you today about our mortgage and lending portfolio, where we have a solid foundation as a result of high credit quality.

(Unintelligible). So our residential mortgage portfolio has grown 7 percent over the last year, representing good progress in a highly competitive market, particularly during the spring of this year, when mortgage application volumes reach record levels. One of the drivers of this increased activity in the early part of the year was the potential for increasing interest rates, which led many prospective home buyers and current mortgage holders to seek advice about their mortgage and home ownership plans this spring. I'm pleased to say that our market share increased during this period, a strong indication that the advisory conversations we had with clients during this time were impactful and demonstrated the value of our mortgage line-up in meeting our clients' needs. This growth further strengthens the solid foundation that we have in our mortgage portfolio, where 78 percent of our mortgage balances are insured by third party insurers, primarily CMHC. The overall portfolio continues to experience minimal loan losses and we've conducted stress testing on the portfolio, including significant increases in interest rates, a decline in property values or a combination of these factors and the results confirm that the foundation of our portfolio is solid, positioning us for continued growth relative to the market going forward.

In lending, our focus on credit quality in recent years has made a measurable positive impact on our lending portfolio. In our most recent quarter, losses reached their lowest point since Q4 fiscal '08. However, we have seen reduced sales activity levels in recent years as a result of this approach. And with a firm foundation established here, we have the opportunity to drive volumes going forward, even in the context of a slowing environment. On that note, the economy plays a significant role in the housing market and in consumer demand for borrowing, and economic forecasts are calling for slower growth in both the mortgage and lending markets in fiscal '11. As you can see, the industry growth in mortgage balances is projected at 5.7 percent this year.

As I touched on earlier, fiscal '10 saw a very busy first half in the mortgage industry and a number of factors contributed to this, driving consumers to move up their home purchase plans to the first half of the year, and some of these were the introduction of HST in some provinces and the view that mortgage rates could be increasing moving forward. As a result, some of the business that might have occurred later in the year was effectively moved ahead to the first two quarters. Industry-related (phon) Q3 and Q4 activity has been slower than the same periods last year and we expect that this trend will continue across the industry and continue into fiscal '11, where current economic forecasts are calling for growth of less than 4 percent.

Despite the slower market, we have continued to perform well relative to the competition. Our distribution strength across retail and broker channels gives us access to all areas of the mortgage market. This fiscal, we rebalanced our approach to the mortgage market by shifting over 400 mortgage advisors from our homelands Canada proprietary broker business to our retail channel. This has strengthened our ability to acquire new clients to CIBC through a mortgage transaction and, in addition, these mortgages are closed in one of our retail branches where we have a structured cross-sell program in place to broaden our relationships with these new clients. We continue to have a strong presence in the broker market through our first line brand and our focus here remains on driving profitable growth through high quality deals. Our strength in this channel gives us access to a segment of the market that prefers to deal with an independent broker for their mortgage needs.

The personal lending market is also projected to see reduced growth rates in fiscal '11. In total, the industry is forecast to see growth of just over 5 percent next year. Given our strategic approach in recent years which yielded benefits in terms of credit quality, we now have an opportunity to drive measured growth going forward in the context of a slower market. In the near term, we have an opportunity to increase volumes without taking on incremental risk, and we've recently furthered our assets to grow the business through an increase in campaigns and leads targeted at existing clients, which will generate increased lending activity across our front line and engage more clients in conversations about their borrowing needs.

We have both immediate and longer term initiatives underway to keep up our momentum in mortgages and to grow our lending portfolio. In mortgages, we will leverage our strong distribution network to support a continued solid performance relative to market conditions, emphasizing quality new business across retail and broker channels. The offers we have entrenched in the market, such as our mortgage Switch offer, rely on an advisory conversation in a branch or with a mortgage advisor, not on housing market activity, so we expect continued good results here, and we'll further leverage our continued cross-sell opportunity in our branches to entrench new mortgage clients into a broader CIBC relationship.

I mentioned earlier that the productive conversations we have with our clients regarding their mortgage needs have made a positive impact on our results in this portfolio and our go-forward focus in lending is to equip our front line advisors with tools and resources to make our lending conversations just as effective. In the short term, we're focused on increasing the number of lending conversations we're having across our branches through an investment and sales leads and targeted campaigns amongst existing clients. Given our targeted approach to lending in the last few years, we have a continued opportunity to meet more of our existing clients' lending needs. Longer term, we're working towards an enhanced client experience through ongoing technology and process enhancements to take a more integrated view of our clients' borrowing needs. This will allow our front line advisors to better advise clients on how best to address their long-term borrowing needs. Our objective is long-term measured growth in lending and a consistent performance from our mortgage business relative to the market opportunity, with a continued emphasis on credit quality across both portfolios.

Thank you and I'd be pleased to take any questions. Actually, John, before we hand over, maybe I should address Darko's question from earlier. You asked about our gapped third (phon) in terms of our lending share and it's $8 billion.

John Ferren, Vice President, Investor Relations

Back? George?

George Trapkov, Acuity Investment Management

George (unintelligible) Investment Management. Can you talk about mortgage growth and lending growth in personal lending, unsecured and secured, into the next year? You mentioned transaction has slowed down double digits in terms of on the lending… on the mortgage (inaudible) side. How do you see growth going to 4… in the 4ish percent range when you have slashed prices and double digit decline in transaction? And the second question is, what type of (inaudible) of credit standards do you get in order to pick up share in the personal lending side?

Colette Delaney, Senior Vice President, Mortgages and Lending

So, I think, you know, you saw our projections in terms of mortgage balances, which is just below 4 percent next year. Not all of our mortgage balance growth is dependent on new housing starts but from natural refinance activity that goes on and natural churn in the market, etc. but we're pretty comfortable with opposition there. And if you look at what's going on in…as a commentary in the market, it is for a slowdown as opposed to, you know, a radical slowdown so we think we're pretty comfortable with the lower (inaudible) numbers.

George Trapkov, Acuity Investment Management

And on the personal lending side in terms of you were taking about getting bigger market share on unsecured credit. How do… Mortgages and everything else, how much do you have to relax your standards given that everybody else is fairly aggressive on (unintelligible)?

Colette Delaney, Senior Vice President, Mortgages and Lending

So we're talking about measured growth, I think we have made some improvement (unintelligible) realignments this year within our risk (inaudible), but we are… we will continue to put on good quality business from the books so our growth will be measured. And Sonia talked about the improvement in that, our share over the three to five term and that will be the time horizon that we're looking for so it will be long-term measured growth as opposed to (unintelligible).

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

So, just to be clear on that, we do not plan to relax our standards on the risk front at all. Any of the growth here will be within our existing risk appetite and within our existing parameters, which is why, when I was asked the earlier question about closing the gap, it's going to take… in this space, it's going to take us a while to close the gap because we're not prepared to change our standards. So our current goal is simply to get to market levels of growth because we have not been at market levels of growth, so that's goal number one, at least for the next 12 months; likely longer than 12 months. So we're probably closer to five years in this space; I gave to three to five in terms of getting to third. And we won't get to third if we can't do so within our risk appetite and staying within those standards and maintaining. We've spent a lot of time getting to a high quality portfolio. We will stay there so we will not relax that at all.

One of the things that I think will make a big difference is actually being out in the market more frequently, being more active with our own clients because, frankly, for an extended period of time, we haven't been there. So if you're not asking for business, if you're not looking for business, you don't attract it. So we believe that we should be able to get to at least market levels of growth, where we are participants, because there are parts of the lending business that we are not participants in today, but where we participate, we will… the goal is to, over the next 12 months, be at competitive levels within our current risk appetite.

George Trapkov, Acuity Investment Management

Thank you.

Gabriel Dechaine, Credit Suisse

Gabriel Dechaine, Credit Suisse. (Unintelligible) volume growth?

Colette Delaney, Senior Vice President, Mortgages and Lending

We have actually done a little bit of a stress test around that, and we don't believe that that would have a material impact on our volume growth. So we think it… there would be some impact but it would not be material.

Gabriel Dechaine, Credit Suisse

So the 4 percent wouldn't change?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

So it wouldn't have a material effect change on those numbers if you look at the criteria by which we approve mortgage applicants. Where it will have an effect is consumer behaviour. So if that then changes the appetite and changes the overall behaviour, that could push the entire market lower than this number, certainly, but in terms of… If the question is, if he changed both parameters, how many of our client… what proportion of what we approve is within those parameters? Very little so, therefore, it would have little effect on us. The overall industry? I think that kind of positioning in the market will have an effect on consumer perception and behaviour and would, therefore, drop the entire market down. Exactly what he changes, if he changes anything and how he changes it, hard to speculate so it's hard to say what it would do to the numbers. And consumer behaviour's hard to judge.

Gabriel Dechaine, Credit Suisse

Right now, what would be the percentage of applications… or applicants with only 5 percent down?

Colette Delaney, Senior Vice President, Mortgages and Lending

So, everybody has to put at least 5 percent down.

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Yes.

Gabriel Dechaine, Credit Suisse

No, no, but in order for…

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Between 5 and 10, he's asking.

Colette Delaney, Senior Vice President, Mortgages and Lending

Be (inaudible), sorry, between 5 and 10.

Gabriel Dechaine, Credit Suisse

Yeah.

Colette Delaney, Senior Vice President, Mortgages and Lending

So a high ratio so it's probably about 25 percent between 5 and 10.

Gabriel Dechaine, Credit Suisse

Okay. And was the bias more in the first line?

Colette Delaney, Senior Vice President, Mortgages and Lending

No, actually, there's no significant difference between (unintelligible).

Gabriel Dechaine, Credit Suisse

Okay. Okay, thanks.

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Colette, just to be clear, that's 25 percent of a high ratio…

Colette Delaney, Senior Vice President, Mortgages and Lending

Correct.

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Which is a very… just to be… it's not 25 percent of mortgages.

Gabriel Dechaine, Credit Suisse

Oh.

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Just…

Gabriel Dechaine, Credit Suisse

Okay.

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

It's 25 percent of high ratio mortgages and high ratio is less than… very small amount.

Colette Delaney, Senior Vice President, Mortgages and Lending

They're probably about 40 percent.

Gabriel Dechaine, Credit Suisse

Sorry, okay, can we…

Colette Delaney, Senior Vice President, Mortgages and Lending

(Unintelligible) 40 percent.

Gabriel Dechaine, Credit Suisse

Twenty-five percent of 40 percent, okay. Thanks.

Sumit Malhotra, Macquarie Capital Markets

Sumit Malhotra of Macquarie Capital Markets. If I look at your balance sheet, you have $34 billion of what you call personal loans; two ballpark number questions for that. How much of that $34 billion today is secured, how much is unsecured percentage-wise? And secondly, how much of that $34 billion is residential real estate-related that you would call home equity lines or home equity loans?

Colette Delaney, Senior Vice President, Mortgages and Lending

So same answer actually for both questions; we don't (unintelligible) it's roughly about two thirds.

Sumit Malhotra, Macquarie Capital Markets

So two thirds secured?

Colette Delaney, Senior Vice President, Mortgages and Lending

Yes.

Sumit Malhotra, Macquarie Capital Markets

And two thirds real, Canadian real estate related. Thank you.

John Ferren, Vice President, Investor Relations

Okay.

Mario Mendonca, Canaccord Genuity

Mario Mendonca, Canaccord Genuity. You referred to stress testing, the variables being higher rates and lower housing prices and I think, in referring to stress testing, you describe that CIBC could hold their relative position in terms of growth. What do you figure happens on the credit side? And I'm not referring specifically to mortgages here, because I understand that 78 percent are insured; I'm referring to the sort of secondary or the knock-on effects of a declining housing market and the rest of the book, credit cards particularly.

Colette Delaney, Senior Vice President, Mortgages and Lending

I'll leave the comment on credit cards; maybe Cheryl would like to talk to that. But we looked (inaudible) across our portfolio and stress tested mortgages – that is unsecured versus secured – and we… the portfolio was actually very strong. We had a look at total debt (inaudible) ratios to the client across the three books and they remain… we're very comfortable with where they remain.

Cheryl Longo, Executive Vice President, Card Products and National Collections

But so… so to add to that, on customers that overlap both of those, which are the ones that you're referring to, of course, clearly credit cards is the first place you see and so you will see losses; you will see that early on in the process. We saw that the first… you know, in the early days. Credit cards are always the leading indicator in terms of those kinds of loss rates so, absolutely, in that… in the… you know, in a stressed market situation, you will see increased losses in credit card portfolios. And I think you have a good indication already of what credit card losses generally… how they perform.

Mario Mendonca, Canaccord Genuity

So then when the reference was made to everything seemed to be okay on the stress tests, that was only with respect to the growth in the book, nothing to do with credit because on the credit side, things would still be rough?

Cheryl Longo, Executive Vice President, Card Products and National Collections

It's in relation to what you would expect to see in terms of the performance of your mortgage portfolio.

Mario Mendonca, Canaccord Genuity

Credit or growth?

Cheryl Longo, Executive Vice President, Card Products and National Collections

Credit as well in your mortgage portfolio (unintelligible).

Mario Mendonca, Canaccord Genuity

But no comment on the rest of the book necessarily when you…

Cheryl Longo, Executive Vice President, Card Products and National Collections

Well that's a specific comment from Colette about what happens in your mortgage and your lending portfolio, which is, you know, primarily secured so it's… a large portion of that also is secured against real estate and how that performs in those conditions is very different than how an unsecured portfolio performs, which you see impacted much differently and much more aggressively.

Mario Mendonca, Canaccord Genuity

And then just a final question on that, what sort of stress… how… what are the parameters in terms of housing price declines, what do you look at, 10 percent?

Cheryl Longo, Executive Vice President, Card Products and National Collections

We looked at it across a very broad spectrum and very wide, so I don't think we want to get into the detailed specifics. But in a meaningful environment, you would not… what we see from our numbers is you would not see an enormous impact on those mortgage portfolios. Absolutely you're going to see an impact in unsecured credit; we already know that. We don't… You don't have to do a whole lot of testing to know that that's going to be the outcome.

Rob Sedran, CIBC

Rob Sedran, CIBC. So we hear a lot about how indebted the Canadian consumer is and then we see growth rates projected for the industry at above GDP levels. Is there… I mean, how long can we grow credit outstanding at faster than GDP levels? And is there… should there be a relationship between those two and what is it?

Colette Delaney, Senior Vice President, Mortgages and Lending

So, you know, we (inaudible) adjudicate each client based… and, in fact, they… it's a conversation around credit parameters so we adjudicate each client individually based on their total debt service ratio. So we are pretty comfortable when clients come in with their ability to service their debt. We… You know, the economists are viewing that growth will slow but there'll nevertheless continue to be activity in the market. But we're pretty comfortable with the way that our clients' behaviour will be able to perform over the (unintelligible).

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Yeah, I think you also have to look at it pretty broadly because, I mean look at how the deposit bases are growing as well, you know? So notwithstanding that the ability to pay and to manage through it, at least at this stage, appears to be reasonable. I don't… I think we're forecasting and what we're seeing is a pretty significant slowdown already and we may see more as we move forward but certainly for 2011, I think those are pretty meaningful drops in lending activity.

Rob Sedran, CIBC

So it stays an issue of serviceability then rather than the actual amount of credit. It's more a question of where interest rates are sitting. Is that a fair comment?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

I think that is a fair comment.

John Ferren, Vice President, Investor Relations

We'll take one more and then we'll have a short break and there will be time later for questions. Go ahead, Michael.

Michael Goldberg, Desjardins Securities

Michael Goldberg, Desjardins Securities. Is it reasonable to still consider residential mortgages as the foundation product for personal banking?

Colette Delaney, Senior Vice President, Mortgages and Lending

Oh, I think so and my colleagues would have a debate with that. I think, you know, the personal chequing account is probably what we would regard as the foundational product; in terms of where we build the relationship from, it's probably the primary product when a client comes into the branch, and then we build from there.

Michael Goldberg, Desjardins Securities

But in terms of what you can cross-sell off of?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

The number one product that you can cross-sell off of is chequing accounts.

Michael Goldberg, Desjardins Securities

Okay.

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

In the deposit side. When mortgages are still good because you have a big… When you have a mortgage, you have a big relationship with a client so you have the opportunity to build off of that but, typically, when you ask a client… when you ask an individual, what's your primary bank? What they will repeat to you as their primary bank is typically where they have that chequing relationship. So that's how they perceive it. You can build a relationship off of any of them but that really is the foundational place.

Michael Goldberg, Desjardins Securities

Okay. The reason that I ask is that, at the growth rates that you show here for both mortgages and personal lending products – and I presume that you've got faster growth in HELOCs than just the personal lending overall – you clearly are losing market share in those products and you've said that it's going to take some time before you're even expecting that you can get back to industry levels. Doesn't this indicate overall that, over the medium term, you're going to continue to lose customers on an aggregate basis looking at it in this way?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Yeah, I don't think that's accurate. When we talked about the growth in our deposit area, which has been significant, and we've been net acquiring new customers in addition… and net growth. And what I said in… on the lending is that we were looking to be at competitive growth levels in 2011.

Michael Goldberg, Desjardins Securities

So are you… you know, you've got growth in new originations and also on renewals. Is your growth in renewals running at the same rate as the overall growth, you know, which… where the overall growth is well below the industry average so are you losing share, both in total and also on renewals?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

So… What products are you talking about? Because in mortgages…

Michael Goldberg, Desjardins Securities

Mortgages.

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

We're not running below the industry.

Michael Goldberg, Desjardins Securities

Well, I mean from what I've seen, the industry is running around 10 percent in balanced growth.

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Mortgages, we are… If you look at the market share numbers, we're not losing share in mortgages. I think the number… I think the 10 percent that you're talking about is quite dated and is the early part of the year.

Michael Goldberg, Desjardins Securities

No, it's…

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

I don't think anybody's currently growing mortgages at 10 percent, right.

Michael Goldberg, Desjardins Securities

I'm going on Bank of Canada data.

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

It may be dated. I'm not sure what data you're looking at, Michael, but if you look at market share, we're not losing market share.

John Ferren, Vice President, Investor Relations

We're going to take a 15-minute break so let's reconvene at 10 to four. Thanks.

BREAK

John Ferren, Vice President, Investor Relations

Okay, so we'll pick up the presentations. We have Victor Dodig who manages our Wealth Management business, and then following him, we'll have Jon Hountalas speak about Business Banking and, finally, Stephen Forbes. And, as I said earlier, we'll take a few questions at the end of the presentation period as well. Over to you, Victor.

Victor Dodig, Executive Vice President, Retail Distribution and Wealth Management

Thank you, John, and good afternoon. I'm pleased to be with you today to provide you with an overview of our Wealth Management business, which is an important contributor to our Retail Markets franchise. For today's discussion, I will focus my remarks on our two largest Wealth Management areas, our mutual fund business and our full service brokerage business.

CIBC has a well positioned Wealth Management platform with significant opportunities for growth. With CIBC asset management, we have a leading mutual fund organization that is experiencing a long-term net sales growth, supported by solid investment performance. And we have a significant distribution platform in CIBC Wood Gundy, which is a leader in providing expert wealth management advice to our high net worth clients. Having wealth management as an integrated business line within Retail Markets allows us to reach out to clients across our platform, including our important business banking clients in a seamless fashion. I'd now like to provide some additional detail around these businesses, starting with mutual funds.

Our mutual fund platform has over $47 billion in assets under management and is well positioned in the Canadian market. We have a strong and experienced management team in place and have also invested significantly in our wholesaling team. In terms of market position, we are third amongst the banks and fifth overall in the industry. We have also maintained our leadership position in managed solutions, also known as Fund wrap programs, one of the faster growing segments of the industry. On a year-over-year basis, our total market share is trending positively in a very competitive environment and, as is the case across the industry, we have seen declines in money market assets given the low interest rate environment; however, we have been able to more than offset this decline in money market assets with growth and market share gains in the profitable, long-term mutual fund segment of the business.

So here are the numbers on our long-term net sales. As I said, we've seen a significant increase and one of our best years; in fact, our best year since 2004, where we did $2.3 billion in net sales. Our growth is being driven by a number of key business activities, continued growth in our managed solutions platform; continued improvement in penetration of broker/planner channels, where our Renaissance fund family is seeing ongoing net sales improvements; and the successful introduction of several income oriented funds which investors and advisors continue to seek out. Over the past year, we have seen almost $1 billion in net flows in three key funds focused on corporate bonds, global infrastructure and diversified income. We also believe there is continued opportunity to improve our net sales, particularly in our core retail banking channel, where a smaller percentage of our clients hold mutual funds with us. And as the chart on the bottom right hand side illustrates, our investment management teams are delivering strong investment management performance in both equities and in fixed income. We are continuing to strengthen our in-house capabilities by hiring talented professionals from our competitors, and we most recently hired in the area of Canadian equities, both portfolio construction and research. Our performance strength and breadth is also enhanced by our market-leading commitment to open architecture, with over $15 billion of assets placed with leading money managers from around the world.

I'd now like to turn to our full service brokerage business. CIBC Wood Gundy is our full service brokerage business and an integral element of our overall advisory offer. We are the number two firm in Canada, as measured by both assets and revenue. We have seen this asset base grow by 10 percent over the past year. With over 1,000 investment advisors operating out of 70 branches across Canada, CIBC Wood Gundy is well placed to meet the current and emerging needs of high net worth Canadian investors. As Sonia mentioned, last year we appointed a new leader to our Wood Gundy franchise. Monique Gravel, a 32-year veteran of our firm, has heightened our focus on the quality of our advice and delivering an excellent service experience to our clients.

From a market share perspective, we continue to maintain a stable share at over 20 percent. Our market share also tends to increase in an active new issue market, where we can capture from 25 to 35 percent in new revenue business. As you know, the active… the new issue market has been relatively flat. And we have also seen robust growth in our fee-based business.

I mentioned that the quality of the advice that we provide our clients is a key priority for us. Here, we are well positioned with one of the most seasoned sales forces in the country, with over 70 percent of our advisors having more than 10 years of service with our firm. To drive, to further drive growth, we have focused on providing our clients with an integrated approach to our advisory capabilities by leveraging some very specialized services in key areas. Let me share with you what these may be—what these are. In tax and estate planning, we have one of Canada's leading experts in Jamie Golombek, who joined us over two years ago. In business transition planning, we have Sean Forin (phon), who joined us from a competitive wealth manager over a year ago. Sean works with our advisors and their business clients to efficiently generate liquidity and invest in opportunities for our clients and for our firm. And we also have a wealth advisory services team which consists of a highly accredited group of planners to assist our advisors whose clients require a higher level of planning and structuring advice. And from the chart on the right, you can see that our strategy is working, with growth in higher net worth households, those households with more than $1 million in assets growing at over 18 percent on a year-over-year basis.

I wanted to give you a sense of this integrated key-based advisory approach and share with you an example of a business banking client that recently extended their wealth management relationship with CIBC. One of our clients was considering the sale of their small energy business and our business banking advisor in the branch recognized this as a wealth management opportunity with some particularly complex planning issues. They reached out to Jamie Golombek and Sean Forin, who immediately visited with the client and identified for them some solutions to provide liquidity and worked with their accountants in a very efficient manner. We worked really closely with the client and their accountants and we worked really closely as a team. We now have a long-time business banking client that transitioned over $20 million of their investment assets to a team of CIBC investment advisors. This is one example of the growth of referral activity we are seeing across CIBC, activity that is resulting in strengthened client relationships and meaningful asset growth in our Wealth Management business, as well as in our Personal Banking and Business Banking segments.

By way of concluding, I wanted to reemphasize that we have a strong wealth management platform in place and that we have opportunities for continued growth within our platform. First, within the mutual fund business, we have the opportunity to continue to generate solid net sales. This is the case within our core retail banking franchise, where we are enhancing our systems and sales training to build confidence with our front line staff and within the broker and planner channels, where we will continue to develop new relationships with third party advisors who are encouraged by the offerings available through our Renaissance Fund platform. Second, we will continue to leverage our specialized advisory services to give our clients the full range of advice they need and ultimately enhance their experience with CIBC. And finally, we will continue to partner across our Bank to ensure that clients consolidate more of their business with CIBC.

Thank you and now I'd like to take some questions.

John Ferren, Vice President, Investor Relations

Questions for Victor? Darko, go ahead.

Darko Mihelic, Cormark Securities

Hi, it's Darko Mihelic from Cormark Securities. Victor, your area is expected to put in $100 million in growth to get to the $3 billion target in earnings. Can you size that for us? What does that mean? What do you have to achieve in the next three years to add that to the platform? I'm guessing Wealth is probably earning about $200 million now in earnings; that's just a guess. Maybe you can help me out with that.

Victor Dodig, Executive Vice President, Retail Distribution and Wealth Management

We don't disclose our Wealth (inaudible) separately. Bijal, did you want to just comment on some of the figures? As Sonia mentioned earlier, much of the list is coming from lists in the equity markets though some of it will also come from consolidation of client assets and new client acquisitions.

Darko Mihelic, Cormark Securities

So, AUM growth of…? Like, what's in there for AUM growth, I guess is the question.

Bijal Patel, Senior Vice President and Chief Financial Officer

We've linked it off the index so we're assuming for the TSX something around 14,000 by 2013.

Darko Mihelic, Cormark Securities

And no help on the number, I guess? (Unintelligible).

Victor Dodig, Executive Vice President, Retail Distribution and Wealth Management

We don't, no we don't disclose…

Darko Mihelic, Cormark Securities

It looks like it's been… it looks like it was 30 percent increase in earnings. I mean, it looks aggressive.

Victor Dodig, Executive Vice President, Retail Distribution and Wealth Management

Again, we don't disclose the wealth (inaudible).

Darko Mihelic, Cormark Securities

Okay.

John Ferren, Vice President, Investor Relations

Peter.

Peter Routledge, National Bank Financial

Just keying off Darko's question, the fifth of your six peers are now just breaking out their wealth management segments separately. Will you consider that going forward and why or why not?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Well I think at this stage we do give a significant portion of detail around each of our current segments, Personal, Business and Wealth, in our quarterly numbers, so I think the only thing… you know, we don't give the… we don't give the NIAT numbers but we give revenue numbers and we give significant high level numbers. I think the structure of our business and our focus on Canada in wealth management is a little different than some of the competitors that have changed their reporting to be more geographically based than business units.

Peter Routledge, National Bank Financial

Okay.

John Ferren, Vice President, Investor Relations

Rob?

Rob Sedran, CIBC

Hi. Just wondering, in addition to that 14,000 by 2013, or 2014, is there any impact assumed from higher interest rates on client cash balances, or is that just assuming sort of flat on that one?

Victor Dodig, Executive Vice President, Retail Distribution and Wealth Management

The assumptions we would have assumed there – and I'll pass it on to Bijal – would have been consistent across all (inaudible).

Bijal Patel, Senior Vice President and Chief Financial Officer

Yeah, we haven't made any changes to the margins. We've assumed that they stay consistent with year-to-date results.

Rob Sedran, CIBC

So then it is largely the equity market appreciation driving that $100 million?

Bijal Patel, Senior Vice President and Chief Financial Officer

Yes.

Rob Sedran, CIBC

Okay.

Unidentified Male Speaker

What impact do you see ETFs having on your mutual fund business? And as part of the integrated advisory offer, what are you doing now on the insurance front and what do you foresee doing in the future?

Victor Dodig, Executive Vice President, Retail Distribution and Wealth Management

Two parts to that question, thank you. With the first part, it was regarding ETFs. Our core fundamental strategy is focused on full service advice and adding value to clients in terms of the advice we provide them. So we have two components to our Wealth Management business, the advisory component, which as I outlined today is primarily CIBC Wood Gundy. CIBC Wood Gundy advisors would use ETFs in building client portfolios, but it would also use active management in building client portfolios. So ETFs play an important role in the advisory service that Wood Gundy advisors provide. Our investment management arm also uses ETFs where appropriate in our funds, either to get asset class exposure or through transition in certain portfolios and that would be where we use them as well. Our focus continues to be on active management and advice where we believe we can add the most amount of value to both our clients and our shareholders.

In terms of insurance, like the other banks, we have an insurance franchise; we are number two in insurance through our full service brokerage business. We have over 25 estate planning specialists that service our Wood Gundy investment advisors and our strategy is to make insurance part of the overall financial planning process. So as I mentioned to you, we have specialists like Jamie Golombek and Sean Forin who work with wealth advisors and estate planning specialists to make sure that the insurance offer is a component of our overall advisory offer. We don't look at it as a separate business but as to how we can provide our clients with better advice.

John Ferren, Vice President, Investor Relations

Sumit?

Sumit Malhotra, Macquarie Capital Markets

I think it's been about three years since CIBC sold the capital markets franchise in the US, and I think it's fair to say in that time the Bank has significantly repositioned its capital markets franchise here in Canada. Can you talk about the impact that's had on your full service brokerage in terms of perhaps product offerings or research capabilities you had previously that you don't have today? How has that hurt you on the recruiting side? How has that helped the revenue figures in your full service brokerage business?

Victor Dodig, Executive Vice President, Retail Distribution and Wealth Management

Certainly. Our strengths in wholesale banking, our leading strengths that have continued to be leading strengths in (unintelligible) offer, we have research from CIBC's Wholesale Banking group that is considered high quality research by our advisors and our clients. We also have access to Bank of America/Merrill Lynch research for our advisors so that we can have global access to those type of securities that they wish to put into client portfolios. So we have not suffered at all in terms of access to information, in terms of research. We have a very strong new issue desk, and we have a very strong heritage in new issues in CIBC Wood Gundy, a leading heritage in that regard and when the new issue market does pick up, we always get more than our fair market share in that regard as well.

Sumit Malhotra, Macquarie Capital Markets

You have a line in your supplement; you call it Commissions on Securities Transactions. I've always thought that's predominantly full service and discount brokerage; correct me if I'm wrong. Versus '08, after that business has been sold, it looks like this year you'll be down about $100 million. Is that more reflective of perhaps a somewhat jaded retail investor, perhaps lack of new issue business than it is the impact of repositioning world markets?

Victor Dodig, Executive Vice President, Retail Distribution and Wealth Management

It's partly driven by the new issue activity and it's also advisors are migrating more and more of their business to fee-based, which is why our strategy is to add resources around our advisors so they can add value to clients going forward on more than just their investments, on their overall wealth management situation.

Sumit Malhotra, Macquarie Capital Markets

Thanks.

John Ferren, Vice President, Investor Relations

Okay, if there's no further questions, we'll move on to Jon Hountalas. Thanks, Victor.

Jon Hountalas, Executive Vice President, Business Banking

Good afternoon. We have been increasing our focus in Business Banking since mid-2009 and now we… and we are now seeing strong signs of progress and better results. We have made some changes to our business and these have all been about improving our relationship focus and making it easier for our colleagues to serve our clients. Highlights thus far include changes to our executive leadership team. In addition to my arrival in January, we have added other external executives and promoted high potential talent from within. We are asking this leadership team to be very involved with clients. By this, we mean, amongst other things, visiting company premises regularly; knowing the owners and CFOs personally; understanding the history, depth and breadth of their relationship with the Bank; and advocating on behalf of the clients within CIBC. We know that clients want to be connected to the Bank at more than their relationship with the Bank level and it is our responsibility to make this happen. Based on my 25 years of experience in retail business banking, I believe that our team is strong and has the needed client relationship focus to drive above average market growth, as we have seen in the most recent quarters.

We have streamlined many processes, which is leading to quicker decisions and providing our colleagues with more time to be out of the office building new business. In April, we acquired 50 percent of the asset-based lending joint venture that we did not own. The acquisition of the… The acquisition is an important component of our overall strategy because we believe that owning the complete client experience is a critical part of being a leader in relationship banking. I've always been a fan of the asset-based lending business model and am very optimistic about our future growth prospects here. I know it's early days – we closed the deal in late April – but progress in this business has exceeded our expectations. Since closing the deal, we have authorized many new and increased relationships and our pipeline's in great shape. Interestingly, over two thirds of our pipeline has been generated through referrals from our commercial bankers via their normal calling program. It is clear to me that if we're involved in our communities and out calling and meeting new people, then good things will happen and new opportunities will surface for many different parts of CIBC.

Overall, we have grown loans above market this year and expect to continue to do so. Deposit growth fluctuates materially quarter-on-quarter but we expect to grow at roughly market rates.

We plan to grow in all areas of the country across small business and mid-market. The turmoil of 2009, which saw many financial players exit, cut back credit or materially increase price, has changed the market in a fundamental way in our view. Clients are looking for true relationships from financial partners who are committed to this country and to business banking as a core segment. We are well positioned to capitalize. Our loan book is of high quality, meaning that our relationship managers are not tied to their desks managing difficult situations. We are staffed to grow and our focus is centered around relationship building with clients, prospects and third party referral sources. We're taking a disciplined approach to sales management. I know we've been more visible in the market in the last 12 months than we have in the past. Expect this trend to continue. Our new business pipeline going into 2011 is in good shape. I have received many calls from professional firms and other referral sources from across the country telling me how CIBC has been more visible. I am consistently being told that our story of relationship and growth resonates, but I also know that we will need to execute consistently to fulfill our objectives. We will do this one relationship and one file at a time.

We have been celebrating many new examples of wins this year and these wins come in many different ways. We had a paving company that we had been chasing for three years. We had a food manufacturer that we did in about three weeks because a good referral source sent it to us. We did a deal in the agricultural sector because a Wood Gundy advisor called us; that took even less than three weeks because the guy really liked us. And we've done business with a chemical distributor because our mid-market investment bank helped them out with the shareholders. So as you can see, the reasons for winning business are varied but there are common themes and the themes are having an open-for-business mindset, being visible, building and leveraging relationships and executing flawlessly. I think we've been doing more of all of these recently and we intend to step it up.

I said earlier that we plan to grow in both small business and mid-market. More specifically, however, a strong area of focus and perhaps where we have not spent enough time and effort historically will be the owner-operated $1 to $25 million credit space. This is an area where risk adjusted returns are sound, where relationship banking is a key differentiator and where there's a strong opportunity to cross-sell personal banking and wealth management services to the owners and employees of our business clients if we get the relationship piece right. We believe we can reach our growth objectives without changing our risk profile. We intend to maintain a competitive risk profile and focus on relationships with a bias to speed, flexibility and straightforwardness in everything we do. The acquisition of 50 percent of the ABL is a big win, asset-based lending will be a growing part of Canadian financing and we are well positioned in this space.

Finally, we are completing plans for an important investment in our cash management platform in 2011. We are fully committed to investing as required in order to drive loan and deposit non-interest revenue and customer growth. Thank you for your time today and I'd be happy to take questions.

John Reucassel, BMO Capital Markets

John Reucassel from BMO Capital Markets. Jon, could you tell, the growth in this business, I think even the best of times – and please correct me – that is not… there's not a lot of growth in the small business lending in Canada. Could you, even prior to the recession, and then could you talk about growth in the industry going forward?

Jon Hountalas, Executive Vice President, Business Banking

And so, I'd say up until… there's been huge deleveraging in the last year or so, mostly the high end. The… under… in the retail banking space, it's been flat, flattish over the last two years and before then, there was growth. But there's lots of players that… you know, that's typically, you know, the results, that's looking at the Bank. But, historically, lots of players were here where the results weren't that public. American banks, European banks, foreign banks, you know, private lenders; a lot of that money dried up in the last few years so that pool of capital is available and if that's available, I think people are questioning the full overall relationship. So do I think the… I think we'll outgrow the market. I think the market will grow, but I think we'll grow faster than the market.

John Reucassel, BMO Capital Markets

And the growth in the… we have a negative year-over-year loan growth, I think by the industry stats and, you know, are companies… You said they're deleveraging. Are you seeing companies more interested in re-leveraging and when should we look at year over… starting to see some, in the industry, year-over-year loan growth notwithstanding you're going to take market share?

Jon Hountalas, Executive Vice President, Business Banking

Yeah, I think the deleveraging is much more at the higher end, if you look at the CBA data.

John Reucassel, BMO Capital Markets

Okay.

Jon Hountalas, Executive Vice President, Business Banking

If you look at the stuff under $5 million, there hasn't been a lot of it. If you look at the results of the banks, again, somewhat flat. We are starting to see clients average utilization rates, which had been coming down for the last 12 months or so, we're starting to see them spike up. We're starting also to see a little more optimism. So I think you'll see… I don't think you'll see the huge growth we saw in '04, '05, '06, '07, but I think you'll see better growth in the next few years than we've had in the last (inaudible).

Michael Goldberg, Desjardins Securities

Michael Goldberg, Desjardins Securities. What percent of your business now is secured by hard assets? And where would you like that to be?

Jon Hountalas, Executive Vice President, Business Banking

So most of our business… I don't know the stats on hard assets. Most of our business is secured by… in the middle market, it's mostly secured by receivables, inventory and fixed assets. We are not a large player in the unsecured lending space in retail business banking.

Michael Goldberg, Desjardins Securities

Yeah, but I'm talking about (unintelligible).

Jon Hountalas, Executive Vice President, Business Banking

That's principally in the under 2… That's principally in the very low end of the space. Again, that's not a big part of our overall loan book and our focus is not to grow that by kind of personal assets. We will lend against businesses, many of them with personal guarantees of owners perhaps, but we principally lend on the cash flow and assets of a business.

Michael Goldberg, Desjardins Securities

So in (unintelligible) backing that…

Jon Hountalas, Executive Vice President, Business Banking

So that industry's all backed by hard receivables and inventory that are monitored kind of very regularly. It's a business that's…

Michael Goldberg, Desjardins Securities

Okay.

Jon Hountalas, Executive Vice President, Business Banking

Monitored much more closely than a regularly bank loan.

Michael Goldberg, Desjardins Securities

Thank you.

Yassen Dimitrov, Dynamic Funds

Yassen Dimitrov, Dynamic Funds. Since you came to CIBC, what are the weakest spots that you have identified in business banking and what are the main initiatives that you have taken to improve the operation and to gain the market share that you are talking about?

Jon Hountalas, Executive Vice President, Business Banking

And so I'd say I, you know, I think it's fair to say that it wasn't a core business, a core segment, an area of focus so my role, as it stands today, didn't exist. So I think the talent within the Bank has been, you know, a pleasant surprise, better than I thought, which is very good. I think it's a question of focus, it's a question of scorecard alignment so that everybody is kind of moving in the same direction. We have the products. We have the platform. We have the branch system. We have the people. I think it's focus. I think we could do the relationship piece better. I think we're better in the last nine months than we were in the last three years but we'll continue to improve.

Yassen Dimitrov, Dynamic Funds

Can you be more specific than that?

Jon Hountalas, Executive Vice President, Business Banking

In terms of? I don't think…

Yassen Dimitrov, Dynamic Funds

Could you give any examples or just…

Jon Hountalas, Executive Vice President, Business Banking

So I don't think it's product and I think it's… I think we have the people. So I think it's disciplined sales management and to properly align the objectives with the goal. Focus (phon).

Yassen Dimitrov, Dynamic Funds

Was speed to market a problem?

Jon Hountalas, Executive Vice President, Business Banking

Pardon me?

Yassen Dimitrov, Dynamic Funds

Was speed to market in improving loans a problem?

Jon Hountalas, Executive Vice President, Business Banking

I would say our relationship focus could be better and part of relationship focus, in my view, is speed, speed, simplicity, straightforwardness, meeting people, from the time you meet them to getting the deal done. I think today we're much faster than we were a year ago.

Yassen Dimitrov, Dynamic Funds

Thanks.

Unidentified Male Speaker

Just a housekeeping item. How would you… What is the actual segmentation you use between commercial, let's say, and the wholesale business, in terms of the size of the loans?

Jon Hountalas, Executive Vice President, Business Banking

There's no… You know, I work very closely with the wholesale bank. It's hard to come up… You know, we've tried to turn this into a science. The reality is it's really not a science. There's kind of broad parameters, public, private; you know, we talk about $100 million over/under, but at the end of the day, we look at kind of complexity of accounts, access to capital markets. So, I mean lots of dialogue between Laura Dottori and myself and we'll do at the end of the day what's right for the clients.

Mario Mendonca, Canaccord Genuity

So there's no hard and fast criteria but is there a, sort of a line you would draw, maybe a loose line between what would fall into wholesale and what would fall into retail?

Jon Hountalas, Executive Vice President, Business Banking

We would look at frequency of access to capital markets. We would look at $100 million number. Those would be two things and a lot of dialogue when it's, you know, within 20 percent of either side of (inaudible).

Mario Mendonca, Canaccord Genuity

Okay, and calling it less than $100 million, then, within that category, I would imagine there are a few sort of groups that you… segments you would create? Is that fair?

Jon Hountalas, Executive Vice President, Business Banking

Our commercial bank does… Again, if you wanted a hard number, our commercial bank (unintelligible) generally over $5 million. Our small business franchise, under $5 million.

Mario Mendonca, Canaccord Genuity

I think at slide 42 you say here that you've grown your loan book in commercial and small business 5.4 percent in the first nine months of the year. Colette was pretty specific in her slides; 3.8 percent for mortgages, 5.1 for personal. What are you thinking for your book in 2011?

Jon Hountalas, Executive Vice President, Business Banking

Mid-high single digits.

Mario Mendonca, Canaccord Genuity

Mid-high single digits, okay. And while we're here, on this subject, Cheryl, what do you think of cards?

Cheryl Longo, Executive Vice President, Card Products and National Collections

A little lower than that.

Mario Mendonca, Canaccord Genuity

Thanks.

Cheryl Longo, Executive Vice President, Card Products and National Collections

Sorry, did you hear me on that? I forgot the (unintelligible).

Mario Mendonca, Canaccord Genuity

Yeah, a little lower than…

Cheryl Longo, Executive Vice President, Card Products and National Collections

Yeah.

Mario Mendonca, Canaccord Genuity

High single digits.

Cheryl Longo, Executive Vice President, Card Products and National Collections

Low single digits.

Mario Mendonca, Canaccord Genuity

Okay. Thank you.

Cheryl Longo, Executive Vice President, Card Products and National Collections

And likely lower than Colette's numbers.

Mario Mendonca, Canaccord Genuity

Thank you.

John Ferren, Vice President, Investor Relations

Okay. Thanks, Jon.

Jon Hountalas, Executive Vice President, Business Banking

Thank you.

John Ferren, Vice President, Investor Relations

Stephen?

Stephen Forbes, Executive Vice President, Marketing, Strategy, Communications and President's Choice Financial

Thank you and good afternoon. Throughout 2010, CIBC has focused on investing in its brand as a way to further build pride amongst our employee base and engage directly with our clients and support our business objectives. Our focus has been threefold. First, we launched a national brand campaign last year to raise awareness of our brand; second, we've increased our presence in the area of sponsorships; and third, we've increased our focus in mass marketing, particularly within areas of innovation and leadership in core business areas to both our clients and to our employees. I'm going to talk about our efforts in all three areas, beginning with our brand.

Last year, we launched a national brand campaign that you may have seen. The campaign featured 55 CIBC employees who demonstrated what they do every day in support of our clients. We wanted to use and showcase real CIBC employees in the campaign to bring to life how our employees across the country help our clients achieve their financial goals every day. What was unique about the campaign was that it expanded right across CIBC and involved employees from every business, including Retail Banking, Wood Gundy, Business Banking and Wholesale Banking. We wanted to demonstrate the power of one CIBC to our clients and (inaudible) that we could provide right across the whole spectrum of the organization. The campaign has clearly resonated with our clients. Brand research shows very strong recall and connectivity to the campaign amongst our client base and, internally, the campaign has been incredibly well received by our employees and has been a real source of motivation and pride. The campaign was multi-faceted, both appearing on TV and print as well as in our branch network, and I just want to show you a couple of our TV commercials.

We're going to launch a third phase later this fall, with new TV creatives (phon) that's going to appear at the end of October.

Building off of our brand campaign was our sponsorship in the summer of the 2010 FIFA World Cup. This allowed us to engage employees and clients around what is the most watched sport in the world. The World Cup appeals to the multi-cultures of Canada and we were able to leverage the diversity of our… both our clients and our employees in celebrating our sponsorship. World Cup gave us high visibility and broad reach to 28.5 million viewers in Canada, and it gave us an opportunity to showcase our brand and we were very active with a series of TV spots and other marketing support in support of the World Cup. I'm just going to give you a couple of samples of what we showed our, both our employees and the market during the World Cup.

This fall, we've also put increased marketing support behind our sponsorship of the CIBC Run for the Cure. The Run is the single largest fundraising day involving more than 170,000 Canadians, including more than 10,000 CIBC employees. The Run is a considerable source of pride and passion for our employees and our clients tell us that they identify with CIBC because of our support for our communities and in particular, the Run. So we view our sponsorship as not only good for our brand in this space but also in supporting a cause that matters so much to both our clients and to our employees. And if I could do a small commercial plug, if you don't know, this year's Run's happening this weekend on Sunday across Canada, including in Toronto at a new location which is King's College, part of the University of Toronto. So if you're free, please come on out.

In terms of future sponsorships, I'm also pleased to announce that this week we announced our… or we signed a new sponsorship to be the sponsor of the World Cup in Brazil in 2014. We're going to leverage our sponsorship leading up to the Games over the next four years with our clients, employees and communities, which is a real opportunity for us to get engaged and drive some promotional activity right across our entire network.

We've also increased our marketing focus in areas where we have market leadership and innovation. For example, we launched a marketing campaign in the first part of the year to showcase our leadership position as the first bank in Canada to offer our clients mobile banking. We also marketed our industry-leading expertise and award-winning capabilities in online banking, and we launched the Switch campaign, which was focused on consolidating business with our clients with both new clients as well as existing clients of CIBC. Here are some examples of both our mobile and our Switch campaigns.

The marketing campaigns have created a buzz and energy amongst our front line sales force. They feel the campaigns are helping them elevate the CIBC brand and giving them multiple topics that they can actually go and engage with our clients, whether it be, you know, what team our clients are cheering for in the World Cup, right through to why they should switch more of their business to CIBC.

The impacts of our brand sponsorship marketing efforts are being seen in some of the key metrics that we've been monitoring in this area. With employees, for example, our overall employee commitment is up for the fifth consecutive year and is at an all-time high. Employee pride is also at its all-time high for CIBC. With clients, we're also seeing a positive impact. Our share of voice year-to-date in 2010 is number two amongst the banks in Canada and brand consideration amongst Canadians is also number two. Client satisfaction is also up significantly year-over-year and we are seeing steady progress in this area. We believe that the focus we're putting on our brand is important and supports our overall growth objectives. As we head into 2011, (inaudible) of supporting our brand will be a key focus as we continue to look for ways to engage with our employees, connect with our clients and grow our business.

Thank you. I'll now take some questions.

John Ferren, Vice President, Investor Relations

Some questions for Stephen. Operator, are there any questions on the phone lines?

Operator

There are no questions registered at this time.

John Ferren, Vice President, Investor Relations

Any questions for Stephen or, just broadly, anyone on the retail management team? Jason, go ahead.

Jason Bilodeau, TD Securities

Yeah, I guess for Sonia. I know competition's nothing new; you've been facing the same players forever and a day now. But can you maybe characterize what the competitive environment is like, a little bit better, a little bit worse than it's been historically? And what sort of things you expect to happen as volumes slow across your products you think people are going to react…?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Well, I think the first thing is that all of the major Canadian banks are very focused on their retail franchises so with everyone focused on their retail franchise, number one priority, competition is about as tough as it's ever been. As the available business is… that growth is slowing, I think competition will increase and continue to remain very, very tough in the Canadian market. And so, you know, that's why our view is we've got to invest in the brand, invest in our overall platform across the country because that's going to be increasingly important and deliver increasing value to customers in all of our segments. So that's the goal. You've heard us talk today about, you know, building relationships across our various segments. Both Jon and Victor have talked about the importance to leverage the strength in one segment of our business to other areas and we think all of those things are increasingly important in the Canadian market, one if we want to retain our existing clients and increase our share of wallets with them; but two, to attract new business to the Bank. So it's a tough environment. I think it's going to remain that way and we're going to have to just keep working harder to attract our share of the business.

Jason Bilodeau, TD Securities

Have you seen anything, even, you know, small anecdotal evidence that any of your peers are starting to lose their way in terms of price discipline and…

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Well, I think always in competitive markets there are… you know, there's one-off situations where, for particular reasons, to gain share or to reposition oneself in the market, we see what we would consider signs of irrational behaviour. I think over the past 12 months we've seen that in the odd place and that's how we would interpret it, but frankly, we're not inside the organization so we don't always know what's motivating those behaviours. But I would say, when you see this kind of competition, we do occasionally see that on, in one-off situations.

John Ferren, Vice President, Investor Relations

Mario?

Mario Mendonca, Canaccord Genuity

Is there any truth to the notion that, in an environment that becomes competitive, particularly on price, the smaller banks – and I would characterize CIBC as a smaller bank relative to, say TD and Royal – the smaller banks will necessarily be at a structural disadvantage if, in fact, price becomes the main source, the main avenue of competition?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Well, I don't think that price is going to become the main… I think that the key for us is to demonstrate value beyond price. Clearly, if it's a price game, scale wins and so you've got to be able to attract business beyond just price. You've got to be competitive but the reality is, I think Canadian consumer is far more sophisticated than that; they're looking for value, they're looking for advice, they're looking for relationships, they're looking for long-term… You know, we've seen on the business side – Jon alluded to this – having a long-term banking relationship where your banker's going to stick with you through difficult markets, going to look for ways to help you grow that business; those things in tough markets become increasingly valuable and allow you to differentiate yourself. It's true in the wealth management business as well. So I think that there are lots of ways in a tough market for us to look to opportunities where, as long as we're competitive on price, we can win the business because of the greater value and the greater attributes that we can add to that relationship.

John Ferren, Vice President, Investor Relations

Sumit?

Sumit Malhotra, Macquarie Capital Markets

Two numbers questions related to the credit card business. Bijal, you might have to get involved here. Firstly, it's been referenced I think on the last call and then again today; what kind of… on a basis points… from a basis points perspective, what kind of general allowance do you need to establish for a credit card portfolio if you have a new one coming on? And then, secondly, what is the net interest margin on your existing credit card book?

Bijal Patel, Senior Vice President and Chief Financial Officer

Well starting with the net interest margin, that's not a number that we would disclose separately. You get some information from some of the public filings, which may give you some indication of what the number looks like. On the general allowance, that's run by risk management and they've got a long process where they review the market environment and what's going on from a forward-looking and backward-looking perspective. It's not a fixed ratio that they do. They really consider the environment and consider the size of it.

Sumit Malhotra, Macquarie Capital Markets

So there was a release by the Bank last quarter and I think it was referenced that it was predominantly due to improvements in the cards book so you'll have to bring something back, I guess, for this new portfolio that you're adding. Is that correct?

Bijal Patel, Senior Vice President and Chief Financial Officer

Yes, it is.

Sumit Malhotra, Macquarie Capital Markets

Okay.

John Ferren, Vice President, Investor Relations

Rob?

Rob Sedran, CIBC

Sonia, can you just talk about how the front office staff is incentivized and how they're compensated? Is it on customer service? Is it on referrals? Is it on branch volume? Give us an idea of how you structure their comp and why.

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Sure. Why don't I let Victor handle that because Victor's directly accountable for staff scorecards from a… from the specifics. But, in general, for the large share of our front office branch staff, it is discretionary; it is a combination of actual business performance relative to others, and it is… and it includes customer satisfaction for management staff; it includes employee satisfaction, all those kinds of measures, as well as their growth in business.

So, Victor, do you want to talk about, in a little more detail, how it works?

Victor Dodig, Executive Vice President, Retail Distribution and Wealth Management

Sure. Well, at a leadership level, it's absolutely as Sonia outlined. There's the employee experience and our employees contributing and feeling like they can contribute to growth in our organization. Our client satisfaction scores our overall quality of service and our likelihood to recommend improving and that's something that we're working very closely with Stephen and his team on to make sure that that continues to get engrained in the culture of the branch network and obviously on business results, and business results would be overall productivity and volume growth. Business results would be on their ability to maintain margin. Business results would also focus on their ability to consolidate client relationships, and business results would also be focused on their ability to grow market share. So those are the things that we really focus on and it's a highly sort of quantitative system with a very big qualitative overlay on the client and employee.

Rob Sedran, CIBC

And do any of your Wood Gundy IAs get any benefit through referring customers to the Bank?

Victor Dodig, Executive Vice President, Retail Distribution and Wealth Management

Yes. In fact, we have put in referral fees from clients that get referred from Wood Gundy to the Bank and from clients from the Bank that get referred to Wood Gundy. And the referral activity has increased dramatically, not just because of the compensation, but because of the culture and the organizational structure that we've created. As I mentioned during my presentation, Wealth Management has become part of Retail Markets, very much working with the personal bank and with the business bank to make sure our clients are well served across segments, and we have put a referral mechanism in place and it's something that we reward leaders on, as well as individual advisors.

John Ferren, Vice President, Investor Relations

Gabriel?

Gabriel Dechaine, Credit Suisse

Hi. Just (unintelligible) alignment and so on and so forth, how much costs are committed in 2011 to these sort of initiatives? And, you know, what needs to happen in the macro environment for you to dial it back, or are you truly committed to this additional expense because of, you know, your longer term vision and these are costs you have to undertake?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Well, a lot of them are costs we're currently undertaking so branch builds, Christina walked through that very significant investment over the last number of years. The brand things that Stephen's been talking about, those are all costs that are currently in our expense base. Our forecast going forward, as I mentioned, our expectation is to be, you know, growing that expense base by about 2 percent annually and, you know, based on our current projections of where we see revenue going, we think we can maintain that expense base. And if we don't see revenue in line with where we expect it to be, then we would look to, you know, what are the main priorities, what do we have to continue, what is… you know, what's key for us from a brand and a position point of view over the long run? But we look at the two at… you know, concurrently and say, how do we need to change the mix and what are the priorities at that time? But you should expect, you know, gradual increases in our expense in order to continue with the kinds of investments that we've been talking about.

Gabriel Dechaine, Credit Suisse

And, just by memory here, you are above the, what's it, Q4 '06 is the reference point for where your expenses should be? So you're above that now, right?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

I don't think we are if you normalize for things that are in and out, which was the measure that Gerry had provided at the time. I think we're well under that.

Gabriel Dechaine, Credit Suisse

Okay. Thanks.

John Ferren, Vice President, Investor Relations

Any further questions? Michael?

Michael Goldberg, Desjardins Securities

This is, I guess, sort of a general question but in a post-Basel III type environment, you're a prolific generator of internal capital. What sort of things would you be looking for in terms of deployment of that capital within your sector of the Bank?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Well, I think there's a number of things, one, reinvesting into the growth of our core businesses that we have today; we'll keep doing that. And we will… you know, there are no acquisitions built into this plan but, clearly, where there are opportunities that make sense within the Retail franchise, both in Canada, we've talked about, it was in our focus for today, but in the Caribbean so we would look to what are the acquisition or joint venture opportunities for us to grow and those are always opportunities we're looking at, and we would continue to do so. We did two this year and we would… you know, if there are good opportunities that come along in the years to come, we would be very active in that space.

Michael Goldberg, Desjardins Securities

With limited growth in volumes, though, that probably means that, just for the balance sheet, there isn't going to be significant need for additional capital to support business. What about otherwise, just for, as you said, organic expansion, you know, uses of capital that, you know, that you could support?

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Well, I think, again, if there are… if we see opportunities, particularly in the payment space, in some of the alternate channels and new ways of doing business, those would be areas that, again, we would look to put, you know, disproportionate investment in for future opportunity and they are areas that we look at today.

Michael Goldberg, Desjardins Securities

Thank you.

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Okay.

John Ferren, Vice President, Investor Relations

Okay, so if there's no further questions, once again, thank you, everyone, for joining us today. We find these sessions very valuable ourselves as well and hopefully you walked away with a better understanding of our Retail business. So thank you very much.

Sonia Baxendale, Senior Executive Vice President and President of CIBC Retail Markets

Thank you.
