Frequently Asked Questions – Q1 2006

1. Were there any unusual or one-time items in your Q1 results?

No. Q1 was a good quarter, helped by lower than expected loan losses and expenses, but hurt by lower merchant banking revenue.

As we do every quarter, we have provided further commentary in our Q1 Report to Shareholders and First Quarter Investor Presentation about the items that helped and hurt our results.

2. a) Can you provide more detail on why the Q1 losses are so low?

Our Q1 loan loss ratio (provision for credit losses as a percent of loans and bankers' acceptances, net of reverse repurchase agreements) was 45 basis points.

Q1 consumer loan losses were down in the quarter primarily due to elevated Q4 levels that resulted from the $23 million net adjustment to retail loan losses that we disclosed last quarter.

Q1 was also helped by higher reversals in corporate and agricultural lending.

2. b) The confirmation of your guidance for no improvement in consumer loan loss levels for 2006 would suggest that you aren't seeing much progress in the unsecured personal loans portfolio. Does this continue to be a timing issue or are you continuing to take additional actions?

We are continuing our focus on reducing risk levels in the unsecured portfolio.

We have taken a number of targeted actions, including:

- Continuing to optimize credit adjudication criteria
- Putting in place new procedures to target the highest risk segments of the portfolio
- Targeting product offerings and mix

This is an iterative process – we are constantly monitoring and will take additional action as required.

During the quarter, about two-thirds of new originations were secured, up from about one quarter a year ago.

At the end of Q1, our ratio of secured to unsecured in our personal loans portfolio is 49/51. This is an improvement from a 45/55 ratio at the end of Q3/05 and 47/53 at the end of Q4/05.

2. c) What is your full year objective for loan losses?

Our medium-term objective with respect to our loan loss ratio continues to be between 50 and 65 basis points through the business cycle.

For fiscal 2006, we expect this ratio to be in the lower half of the 50 to 65 basis point range, with approximately 80% of provisions from the consumer profile and the balance from business and government loans.

3. Q1 expenses of $1,868 million are well down from the $2,057 million reported for Q4/05, and lower than your Q4/06 target of $1,892 million per quarter on a run rate basis. Does this mean you may well exceed your objective to achieve annual expense reductions of $250 million by the end of 2006?

Q4/05 expenses included abnormally high severance of $100 million, a U.K. payroll tax settlement of $23 million, and sublease losses from our New York premises of $19 million.

Apart from these items of note, Q1 expenses were down $47 million from Q4/05, partly helped by seasonally low advertising expenses and some delayed project spending, but also because of the steps we have taken to become more efficient and competitive in this area.

We are making progress on our productivity initiative and we remain confident that we will achieve our 2006 expense reduction target.

4. With only $12 million of merchant banking revenue this quarter, is your guidance of $100-$175 million for the year at risk?

This particular line of business is difficult to predict due to the cyclicality of the private equity market and the fact that the timing of distributions from the sponsors portfolios is not within our control.

The $26 million in write-downs is higher than what we'd expect to see in subsequent quarters. As we have said before, revenue will naturally vary in this business from one quarter to the next.

As we have also said before, we will continue to reduce the size of this portfolio over time.

We still feel the $100-$175 million range is reasonable for the full year.

5. Can you give us an apples-to-apples analysis of the retail revenue lines, adjusted for the transfer pricing changes?

We have reduced significantly the commissions transferred to the marketing groups for lending products to better align with the change in performance evaluation of these groups where we are now placing less emphasis on sales of new loans and more emphasis on the broader client relationship.

The following table illustrates revenue for the lines of business within CIBC Retail Markets affected by the change. The numbers in parenthesis indicate what revenue what would have been had we not changed the transfer pricing in Q1.

$MM	**Q1/06**	**Q4/05**
Personal & Small Business Banking	510 *(587)*	618
Imperial Service	229 *(237)*	236
Mortgages and Personal Lending	413 *(328)*	286

6. Net interest margins continue to decline. To what extent is this attributable to mix, volume changes, interest rates and competitive pricing pressures? What is your outlook for the rest of 2006?

Bank wide, NIM on average interest-earning assets, on a taxable equivalent basis, was down 7 bps from the prior quarter, due to unfavourable changes in product mix, partially offset by the positive effects of higher volumes and higher short term interest rates.

As disclosed in the First Quarter Investor Presentation, NIM excluding the effect of fixed and trading assets and unusual items, and inclusive of the effect of securitizations, was down 3 bps in the quarter.

On an asset line basis, NIMs were higher for mortgages, and loans (both personal and business & government) and lower for cards, while on a liability line basis, NIMs were higher (unfavourable) on personal, business & government and bank deposits.

Competitive pressures will likely continue to compress net interest margins.

7. **What was cards revenue, adjusted for the effects of securitization? Do you continue to be comfortable giving up share for the tradeoff of lower loss rates and lower exposure to a consumer recession? At what level would you start to be concerned?**

Cards revenue, adjusted for loan losses on securitized balances and one-time securitization gains, was $384 million, up 2% sequentially, and 6% year over year, excluding the gain reported from the sale of ACE shares in Q1/05. Balances continue to rise at an annual rate of about 5%.

We are focused on our market share - it is important to us. We continue to be ranked number one in market share for purchase volumes and outstandings.

We continue to manage the business to optimize profitability, market share and containment of loan losses.

8. **What caused the $41 million quarter-over-quarter increase in "other" trading revenue on page 9 of the Q1 Supplementary Financial Information?**

The "other" trading revenue line includes credit derivatives and secondary loan trading and sales. This includes U.S. Real Estate financing deals. In Q1, the $63 million includes $33 million of revenue from a U.S. real estate securitization deal.

This same real estate securitization deal accounts for most of the trading revenue on November 29, 2005, as shown in the "Trading Revenue (TEB) vs. Risk" chart on slide 66 of our First Quarter Investor Presentation.