U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40 – F

[Check One]

o REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

OR

þ ANNUAL REPORT PURSUANT TO SECTION 13(a) or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the fiscal year ended October 31, 2004 Commission File Number: 1 - 14678

CANADIAN IMPERIAL BANK OF COMMERCE

(Exact name of registrant as specified in its charter)

Canada	**6029**	**Not Applicable**
(province or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

Commerce Court
Toronto, Ontario
Canada, M5L 1A2
(416) 980-2211

(Address and telephone number of registrant's principal executive offices)

Michael G. Capatides
Executive Vice-President and General Counsel
245 Park Avenue — 42nd Floor
New York, New York, 10167
(917) 332-4108

(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Common Shares	New York Stock Exchange
Index-Linked Notes due January 30, 2009 (Linked to the Dow Jones Industrial Average sm)	American Stock Exchange
Index-Linked Notes due March 31, 2009 (Linked to the S&P 500® Index)	American Stock Exchange
Principal Protected CIBC Optimizer Notes due January 30, 2009 Linked to a Basket of Ten U.S. Stocks	American Stock Exchange
Principal Protected CIBC Optimizer Notes due April 30, 2009 Linked to a Basket of Ten U.S. Stocks	American Stock Exchange
Principal Protected CIBC Optimizer Notes due June 30, 2009 Linked to a Basket of Ten U.S. Stocks	American Stock Exchange
Principal Protected CIBC Optimizer Notes due March 5, 2009 Linked to a Basket of Ten U.S. Stocks	American Stock Exchange
Principal Protected CIBC Optimizer Notes due March 31, 2009 Linked to a Basket of Ten U.S. Stocks	American Stock Exchange
Index-Linked Notes due August 1, 2011 (Linked to the NASDAQ 100 Index®)	American Stock Exchange
Index-Linked Notes due August 31, 2011 (Linked to the Dow Jones Industrial Average sm)	American Stock Exchange
S&P 500® Index-Linked Callable Notes due July 30, 2010	American Stock Exchange
Index-Linked Notes due June 30, 2011 (Linked to the S&P 500® Index)	American Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Not Applicable

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Debt Securities

(Title of Class)

For annual reports, indicate by check mark the information filed with this Form:

þ Annual Information Form

þ Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Common Shares	347,488,472
Class A Preferred Shares:	
Series 18	12,000,000
Series 19	8,000,000
Series 20	4,000,000
Series 21	8,000,000
Series 22	4,000,000
Series 23	16,000,000
Series 24	16,000,000
Series 25	16,000,000
Series 26	10,000,000
Series 27	12,000,000
Series 28	13,250,000

Indicate by check mark whether the Registrant by filing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the “Exchange Act”). If “Yes” is marked, indicate the file number assigned to the Registrant in connection with such Rule.

Yes o No þ

Indicate by each mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Exchange Act during the preceding 12 months (or for such period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes þ No o

UNDERTAKING

Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to the securities in relation to which the obligation to file an annual report on Form 40-F arises.

SIGNATURE

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F, and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

Date: December 13, 2004

CANADIAN IMPERIAL BANK OF COMMERCE

By: /s/ John S. Hunkin
John S. Hunkin
Chief Executive Officer

By: /s/ Tom D. Woods
Tom D. Woods
Senior Executive Vice President and
Chief Financial Officer

EXHIBITS

(Information to be filed on this Form pursuant to General Instruction (references are to paragraphs to General Instructions)

Exhibit	Description of Exhibit
B.3(a)	Annual Information Form
B.3(b)	Audited annual financial statements for the year ended October 31, 2004 excerpted from page 101 and 103-155 of CIBC's 2004 Annual Accountability Report, Auditors' Report with respect to annual financial statements as of October 31, 2004 and 2003 and for the years then ended and internal controls as of October 31, 2004, under Standards of the Public Company Accounting Oversight Board (United States) and Auditors' Report with respect to annual financial statements for the year ended October 31, 2002
B.3(c)	Management's discussion and analysis excerpted from pages 42-99 of CIBC's 2004 Annual Accountability Report
B.3(d)	Other Pages of Annual Report incorporated in Annual Information Form
B.6(a)(1)	Certifications required by Rule 13a-14(a)
B.6(a)(2)	Certifications required by Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code
B.6(b)	Conclusions Regarding the Effectiveness of the Registrant's Disclosure Controls and Procedures (contained in Exhibit B.3(c))
B.6(c)	Management's annual report on internal control over financial reporting (contained in Exhibit B.3(c))
B.6(d)	Report of the registered public accounting firm(contained in Exhibit B.3(b))
B.6(e)	Changes in internal control over financial reporting (contained in Exhibit B.3(c))
B.7	Not required
B.8	Disclosure regarding audit committee financial expert
B.9	Disclosure regarding code of ethics
B.10	Principal Accountant Fees and Services (contained in Exhibit B.3(a))
B.11	Disclosure regarding off-balance sheet arrangements (contained in Exhibit B.3(c))
B.12	Tabular disclosure of contractual obligations (contained in Exhibit B.3(c))
B.14	Identification of the Audit Committee (contained in Exhibit B.3(d))
D.9(a)	Consent of Independent Registered Public Accounting Firm
D.9(b)	Consent of Independent Registered Public Accounting Firms

Exhibit B.3(a): Annual Information Form



Canadian Imperial Bank of Commerce

ANNUAL

INFORMATION

FORM

December 2, 2004

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A NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Annual Information Form contains forward-looking statements which are made pursuant to the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about the operations, business lines, financial condition, risk management, priorities, targets, ongoing objectives, strategies and outlook of CIBC for 2004 and subsequent periods. Forward-looking statements are typically identified by the words "believe," "expect," "anticipate," "intend," "estimate" and other similar expressions or future or conditional verbs such as "will," "should," "would" and "could." A forward-looking statement is subject to inherent risks and uncertainties that may be general or specific. A variety of factors, many of which are beyond CIBC's control, affect the operations, performance and results of CIBC and its business lines, and could cause actual results to differ materially from the expectations expressed in any of CIBC's forward-looking statements. These factors include: current, pending and proposed legislative or regulatory developments in the jurisdictions where CIBC operates, including pending developments in Canadian laws regulating financial institutions and U.S. regulatory changes affecting foreign companies listed on a U.S. exchange, as well as amendments to, and interpretations of, risk-based capital guidelines and reporting instructions; the resolution of legal proceedings and related matters; the effect of applying future accounting changes; changes in tax laws; political conditions and developments; the possible effect on CIBC's business of international conflicts and the war on terror; the accuracy and completeness of information provided to CIBC by clients and counterparties; intensifying competition from established competitors and new entrants in the financial services industry; technological change; global capital market activity; interest rate fluctuations; currency value fluctuations; general economic conditions worldwide, as well as in Canada, the U.S. and other countries where CIBC has operations; changes in market rates and prices which may adversely affect the value of financial products; CIBC's success in developing and introducing new products and services, expanding existing distribution channels, developing new distribution channels and realizing increased revenue from these channels, including electronic commerce-based efforts. This list is not exhaustive of the factors that may affect any of CIBC's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on CIBC's forward-looking statements. CIBC does not undertake to update any forward-looking statement that is contained in this Annual Information Form.

INFORMATION INCORPORATED BY REFERENCE

Certain disclosure in this annual information form ("AIF") is derived and incorporated by reference from CIBC's 2004 Annual Accountability Report for the year ended October 31, 2004 (the "2004 AAR"). The table below identifies pages from the 2004 AAR which are incorporated by reference into this AIF.

AIF Item	2004 AAR — Page Reference
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Unless otherwise specified, this AIF presents information as at October 31, 2004.

CORPORATE STRUCTURE

Name and Incorporation

Canadian Imperial Bank of Commerce ("CIBC") is a diversified financial institution governed by the *Bank Act* (Canada) (the "Bank Act"). CIBC was formed through the amalgamation of The Canadian Bank of Commerce and Imperial Bank of Canada in 1961. The Canadian Bank of Commerce was originally incorporated as Bank of Canada by special act of the legislature of the Province of Canada in 1858. Subsequently, the name was changed to The Canadian Bank of Commerce and it opened for business under that name in 1867. Imperial Bank of Canada was incorporated in 1875 by special act of the Parliament of Canada and commenced operations in that year. The address of the registered and head office of CIBC is Commerce Court, Toronto, Ontario, Canada, M5L 1A2.

Intercorporate Relationships

Information about the intercorporate relationships among CIBC and its principal subsidiaries is provided on page 156 of the 2004 AAR.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

In 2002, CIBC set the goal of consistently delivering superior shareholder returns by investing in businesses that generate sustainable growth and by prudently managing its risk levels. To achieve this goal, CIBC set four clear strategies: to reduce risk; shift the business mix; improve productivity; and grow core businesses that will generate solid sustainable earnings growth.

Reducing risk:

In order to reduce risk, CIBC introduced a number of risk mitigation initiatives, including:

(i) In 2002, CIBC established an objective to reduce the carrying value of the merchant banking portfolio by one-third. By the end of 2004 this portfolio was reduced by 39%, a full year in advance of its target date of the end of 2005.

(ii) In 2003, $2.1 billion of business and government loans were identified and transferred to loans held for sale, the disposition of which is now substantially complete. Through this and other initiatives, the credit risk capital associated with large corporate loans was reduced by 69% from the second quarter of 2002. In addition, market risk has been kept at historical lows.

(iii) In 2003, CIBC divested all of its U.S. consumer electronic banking operations.

(iv) In 2003, CIBC completed the sale of the U.S. Private Client and Asset Management Divisions of CIBC Oppenheimer to Fahnestock Viner Holdings Inc.

Shifting the business mix:

Another key priority for CIBC was to shift the business mix in favour of consumer businesses (which comprises CIBC Retail Markets, CIBC Wealth Management and commercial banking). By the end of 2004, 72%[1] of CIBC's economic capital supported these businesses, an increase from 64%[1] at the end of 2003, exceeding the 70% [1] target set in 2002.

Improving productivity:

CIBC set the objective of achieving a sustained reduction in expenses, without compromising investments in clients, employees and governance initiatives. Improving productivity requires revenue growth initiatives and containment of CIBC's cost base. Examples of expense initiatives implemented include: improving procurement practices, negotiating better supplier contracts, introducing online tools to reduce paper usage and implementing other general process efficiencies. As a result of these efforts, CIBC's efficiency ratio decreased from 82.7% in 2002 to 70.2% in 2003 and this improvement is maintained in 2004 with a modest decrease to 69.5%.

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1 For additional information, see non-GAAP measures found on Page 52 of the 2004 AAR.

Growing core businesses:

CIBC Retail Markets' goal is to put clients first and improve productivity. CIBC Retail Markets has continued to upgrade the distribution network with renovations and remerchandising and the opening of 14 flagship branches over the last two years. These flagship branches feature leading-edge technology and modern designs, which improve both service and efficiency for clients and employees. CIBC Retail Markets has also continued to invest in training and technology for employees, while improving processes to free up administrative hours in branches. CIBC continues to have particular strengths in the mortgages and cards businesses. Market share in residential mortgages has increased 158 basis points over the past three years and CIBC continues to be #1 in Canada in market share for credit card purchase volumes and outstanding balances.

In CIBC Wealth Management, the strategy is to achieve leadership in advice-based distribution, complemented by strength in product development and packaging, as well as building scale to maximize share and achieve cost efficiencies. The foundation of the strategy is distribution and the focus is on advice-based distribution as reflected in the growth of the advisory sales force to more than 2,600 fully licensed, accredited advisors. The diverse needs of clients are met through four distribution businesses: branch based offer, CIBC Imperial Service; CIBC Wood Gundy, providing full service brokerage; CIBC Private Wealth Management, for high net worth clients; and, online brokerage, CIBC Investor's Edge. CIBC Wealth Management provides advice on a wide range of financial products and services both proprietary and non-proprietary products including mutual funds, managed solutions and fixed term. CIBC has the largest separately managed wrap program and #1 mutual fund wrap, and CIBC is the third largest mutual fund provider in Canada.

In CIBC World Markets, the operating strategy over the past three years has been re-focused successfully to a more disciplined capital allocation process. CIBC is committed to growing businesses where there are sustainable competitive advantages and the opportunities to generate high returns on capital. Since 2003, CIBC World Markets has maintained the leadership position in equity underwriting, income trusts, and mergers and acquisitions in Canada.

In 2002, CIBC completed the combination of its Caribbean retail, corporate and international banking operations with those of Barclays Bank PLC to form FirstCaribbean International Bank Limited.

Capital and Dividends:

CIBC continued to meet its targets for capital strength throughout 2004. The Tier 1 ratio at 10.5% as at October 31, 2004 is down slightly from 10.8% in October 31, 2003. Since the beginning of fiscal 2002, CIBC has repurchased 24 million common shares for an aggregate consideration of $1.5 billion and increased quarterly common share dividends from 37 cents a share to 65 cents a share including the declaration of a 5 cents per share increase for the first quarter dividend of 2005.

Further details on the general development of CIBC's business are provided throughout CIBC's 2004 annual Management's Discussion and Analysis on pages 42 to 99 of the 2004 AAR.

Trends

Information about the trends, commitments, events and uncertainties presently known to CIBC's management and reasonably expected to have a material effect on CIBC's business is provided throughout Management's Discussion and Analysis on pages 42 to 94 of the 2004 AAR.

DESCRIPTION OF THE BUSINESS

The CIBC Organization

CIBC's three business lines are CIBC Retail Markets, CIBC Wealth Management and CIBC World Markets. These business units are supported by five functional groups: Administration; Corporate Development; Finance; Technology and Operations and Treasury, Balance Sheet and Risk Management. Information about CIBC's business lines and functional groups is provided on pages 42 to 94 of the 2004 AAR.

Services Provided

CIBC is a diversified financial institution, offering an extensive range of financial products and services to clients in Canada. In the United States and in certain other countries, CIBC offers a limited range of products to certain clients. A more complete description of services provided can be found in the 2004 AAR on pages 63 (CIBC Retail Markets), 66 (CIBC Wealth Management) and 69 (CIBC World Markets).

Competitive Conditions

Competition in the domestic and global financial services businesses in which CIBC operates continues to intensify and CIBC expects to see even greater competition in future years. In this competitive environment, CIBC is one of the leading financial service providers, and continues to focus on reducing risk and growing core businesses. Particular strength is found in credit cards, mortgages, mutual funds and brokerage offerings. On the wholesale side, CIBC remains a leading Canadian investment bank with particular strength in new issues, research and trading.

Competition is reflected not only in the products and services offered and pricing but also in the distribution strategies and technology employed to gain competitive advantage. Increased competition is also evident in the drive for operating efficiencies that may be enhanced through acquisitions and divestitures.

Consolidation is underway in the financial services industry in North America. It is anticipated that this consolidation could significantly change the competitive landscape in the years ahead.

Employees

At October 31, 2004, CIBC had a regular workforce headcount of 37,281.

Social and Environmental Policies

A description of CIBC's social and environmental policies, along with the steps taken to implement them, is provided on pages 21 to 41 of the 2004 AAR.

Risk Factors

A description of risk factors related to CIBC and its business, and the steps taken to manage those risks, is provided on pages 76 to 94 of the 2004 AAR.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

Annual Information (Canadian GAAP)

Selected consolidated financial information for the three most recently completed financial years of CIBC is provided on pages 157 to 166 of the 2004 AAR and is incorporated by reference.

DIVIDENDS

The cash dividends declared and paid per share for each class of CIBC shares can be found on page 125 of the 2004 AAR and is incorporated by reference.

CIBC is prohibited by the Bank Act from declaring or paying any dividends on its preferred shares or common shares if there are reasonable grounds for believing that CIBC is, or the payment would cause CIBC to be, in contravention of any capital adequacy and liquidity regulation or any direction to CIBC made by the Office of the Superintendent of Financial Institutions ("OSFI") regarding CIBC's capital or liquidity. In addition, CIBC is prohibited from declaring or paying a dividend in any financial year without the approval of OSFI if, on the day the dividend is declared, the total of all dividends declared by CIBC in that year would exceed the aggregate of CIBC's net income up to that day in that year and of its retained net income for the preceding two financial years.

CIBC's ability to pay common share dividends is also restricted by the terms of the outstanding preferred shares which provide that CIBC may not pay dividends on its common shares at any time without the approval of holders of the outstanding preferred shares unless all dividends which preferred shareholders are then entitled have been declared and paid or set apart for payment.

CIBC has a common share dividend policy of maintaining a balance between the distribution of profits to shareholders and the need to retain earnings consistent with capital strength and supporting growth in its businesses. In the context of this overall policy, CIBC seeks to create a pattern of stable growth in dividends per common share and has established a new long term average payout ratio of earnings attributable to common shareholders of 40-50%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of CIBC for the fiscal year ended October 31, 2004 is provided on pages 42 to 99 of the 2004 AAR.

CAPITAL STRUCTURE

A description of CIBC's capital structure is provided on pages 123 to 126 of the 2004 AAR.

Ratings

The table below provides the ratings for CIBC's Class A Preferred shares and debt securities:

	DBRS	MOODY'S	STANDARD & POOR'S	FITCH
PREFERRED SHARES	Pfd-1 (low)n		P-1 (low)	
			A–	
SENIOR DEBT	AA (low)	Aa3	A+	AA–
SUBORDINATED DEBT	A (high)	A1	A	—
SHORT-TERM DEBT	R-1 (mid)	P-1	A-1	F1+

The ratings should not be construed as a recommendation to buy, sell, or hold CIBC securities. Ratings may be revised or withdrawn at any time by the rating agencies.

A definition of the categories of each rating as at October 31, 2004 has been obtained from the respective rating organization's website and is outlined in Appendix A.

MARKET FOR SECURITIES[1]

CIBC maintains a listing of its common shares on the Toronto Stock Exchange and the New York Stock Exchange. CIBC maintains a listing of its preferred shares on the Toronto Stock Exchange.

The following subordinated debt securities issued by CIBC are listed on the London Stock Exchange, but did not trade on that exchange, during the year ended October 31, 2004:

- US Dollar Floating Rate Debentures due July 2084 with interest at 6-month US$ LIBOR plus 0.25%;
- US Dollar Floating Rate Subordinated Capital Debentures due August 2085 with interest at 6-month US$ LIBOR plus 0.125%.

The following subordinated debt security issued by CIBC World Markets plc (a wholly-owned subsidiary of CIBC) is listed on the Luxembourg Stock Exchange but did not trade on that exchange, during the year ended October 31, 2004:

- US Dollar Floating Rate Subordinated Notes due August 14, 2012 with interest at 3-month US$ LIBOR plus 0.35% until August 14, 2007, and 3-month US$ LIBOR plus 1.35% thereafter.

1 From time to time securities of CIBC may be listed on other stock exchanges or quotation systems by investors, brokers or others without the consent or involvement of CIBC. This section does not include debt instruments that are considered deposits.

Trading Price and Volume

	Nov 03	Dec 03	Jan 04	Feb 04	Mar 04	Apr 04	May 04	Jun 04	Jul 04	Aug 04	Sep 04	Oct 04
Common Shares												
High	$ 64.50	$ 64.57	$ 69.84	$ 69.00	$ 70.30	$ 71.83	$ 70.00	$ 67.48	$ 66.85	$ 67.01	$ 69.24	$ 73.95
Low	$ 58.85	$ 60.65	$ 64.16	$ 64.25	$ 67.42	$ 66.17	$ 64.10	$ 64.56	$ 61.10	$ 64.05	$ 65.67	$ 67.71
Vol (‘000)	24,580	20,092	26,817	27,149	33,523	21,870	21,987	20,426	20,498	15,321	22,128	18,441
Pref. Series 18												
High	$ 26.34	$ 26.70	$ 26.94	$ 27.48	$ 27.40	$ 27.17	$ 25.25	$ 25.58	$ 25.75	$ 26.59	$ 26.38	$ 26.56
Low	$ 25.86	$ 25.82	$ 26.11	$ 26.61	$ 26.65	$ 24.56	$ 24.07	$ 24.97	$ 25.13	$ 25.60	$ 25.60	$ 25.75
Vol (‘000)	109	94	175	107	119	198	345	404	143	113	124	182
Pref. Series 19												
High	$ 27.25	$ 27.39	$ 27.25	$ 27.75	$ 28.20	$ 27.75	$ 27.18	$ 26.80	$ 27.00	$ 27.40	$ 27.35	$ 27.60
Low	$ 26.85	$ 26.70	$ 26.85	$ 27.02	$ 27.60	$ 26.51	$ 26.57	$ 26.26	$ 26.41	$ 26.75	$ 27.00	$ 27.01
Vol (‘000)	38	651	52	175	814	65	183	770	72	53	751	68
Pref. Series 20												
High	$ 26.74	$ 27.15	$ 26.90	$ 27.00	$ 26.98	$ 26.65	$ 26.50	$ 26.98	$ 26.90	$ 26.89	$ 26.80	$ 26.09
Low	$ 26.15	$ 26.26	$ 26.10	$ 26.26	$ 26.51	$ 25.80	$ 25.51	$ 26.15	$ 26.20	$ 26.00	$ 25.75	$ 25.62
Vol (‘000)	44	344	81	28	358	53	48	348	181	149	348	59
Pref. Series 21												
High	$ 28.22	$ 28.65	$ 28.37	$ 28.30	$ 28.33	$ 27.75	$ 27.33	$ 27.55	$ 27.70	$ 27.39	$ 27.47	$ 26.85
Low	$ 27.87	$ 27.82	$ 27.75	$ 27.99	$ 27.42	$ 26.70	$ 26.30	$ 26.51	$ 26.82	$ 27.00	$ 26.06	$ 26.32
Vol (‘000)	118	449	575	1,399	1,305	299	177	1,542	295	21	524	24
Pref. Series 22												
High	$ 27.75	$ 27.85	$ 27.58	$ 28.25	$ 28.45	$ 28.25	$ 28.45	$ 28.20	$ 27.98	$ 27.25	$ 27.20	$ 26.89
Low	$ 26.81	$ 27.00	$ 26.80	$ 27.26	$ 26.86	$ 26.60	$ 26.75	$ 26.70	$ 26.69	$ 26.70	$ 26.35	$ 26.30
Vol (‘000)	44	61	68	387	452	165	323	76	245	32	26	65
Pref. Series 23												
High	$ 27.69	$ 27.69	$ 27.99	$ 28.20	$ 28.25	$ 27.79	$ 27.17	$ 27.24	$ 27.53	$ 27.69	$ 27.80	$ 28.14
Low	$ 27.33	$ 26.96	$ 27.25	$ 27.63	$ 27.70	$ 26.50	$ 26.50	$ 26.65	$ 26.78	$ 27.31	$ 27.25	$ 27.61
Vol (‘000)	102	99	153	69	189	63	128	198	424	164	221	108
Pref. Series 24												
High	$ 26.80	$ 27.10	$ 27.39	$ 27.30	$ 28.15	$ 27.55	$ 26.14	$ 26.59	$ 26.67	$ 26.88	$ 26.98	$ 26.85
Low	$ 26.25	$ 26.56	$ 26.63	$ 26.75	$ 27.18	$ 25.60	$ 25.11	$ 25.80	$ 26.00	$ 26.47	$ 26.45	$ 26.31
Vol (‘000)	234	211	182	163	137	346	377	595	337	171	196	268
Pref. Series 25												
High	$ 26.85	$ 27.10	$ 27.22	$ 27.44	$ 28.24	$ 27.65	$ 26.35	$ 26.44	$ 26.50	$ 26.85	$ 26.93	$ 26.85
Low	$ 26.20	$ 26.56	$ 26.62	$ 26.80	$ 27.16	$ 25.50	$ 25.06	$ 25.82	$ 26.00	$ 26.33	$ 26.39	$ 26.21
Vol (‘000)	243	437	642	190	220	562	687	1,038	272	180	247	278
Pref. Series 26												
High	$ 26.60	$ 27.18	$ 27.45	$ 27.00	$ 27.80	$ 27.35	$ 25.80	$ 25.80	$ 25.99	$ 26.75	$ 26.75	$ 26.55
Low	$ 25.99	$ 26.30	$ 26.50	$ 26.45	$ 26.85	$ 24.95	$ 24.75	$ 25.25	$ 25.55	$ 25.90	$ 26.21	$ 26.12
Vol (‘000)	279	120	150	160	154	423	354	262	218	253	101	111
Pref. Series 27												
High	$ 26.49	$ 27.00	$ 27.00	$ 27.10	$ 27.15	$ 26.95	$ 25.75	$ 25.74	$ 26.10	$ 26.65	$ 26.34	$ 26.74
Low	$ 25.75	$ 26.10	$ 26.30	$ 26.33	$ 26.45	$ 24.90	$ 24.70	$ 25.20	$ 25.27	$ 25.85	$ 25.81	$ 26.01
Vol (‘000)	372	638	253	154	154	363	388	201	212	219	201	224
Pref. Series 28												
High									$ 9.95	$ 10.00	$ 11.00	$ 11.00
Low									$ 9.35	$ 9.75	$ 9.79	$ 9.86
Vol (‘000)									470	756	2,333	1,051

Prior Sales

CIBC issued two series of debt securities during the year ended October 31, 2004 that are not listed or quoted on a marketplace:

- $750 million 4.25% Debentures due June 1, 2014 were issued on May 6, 2004
- $500 million 4.50% Debentures due October 15, 2014 were issued on September 14, 2004

DIRECTORS AND OFFICERS

Directors and Board Committees

Information concerning the directors and board committees of CIBC is found on pages 168 to 171 of the 2004 AAR and is incorporated by reference.

All of the directors have held their business affiliations indicated on page 169 of the 2004 AAR for the past five years with the exception of the following:

(i) G. Colter who was Vice-Chairman, KPMG Canada from 2001 to 2002 and Managing Partner, Global Financial Advisory Services, KPMG International from 1998 to 2000;

(ii) M. Franssen who was formerly President and Partner, The Body Shop Canada from 1980 to 2004;

(iii) Hon. G.D. Giffin who was formerly the United States Ambassador to Canada; and

(iv) J.S. Lacey who was formerly the Chairman of the Board of Directors of Loewen Group from 1999 to 2004.

All the directors stand for re-election on an annual basis.

Executive Officers

The following are CIBC's executive officers, their titles and their municipalities of residence, as at December 2, 2004:

Name	Position	Municipality of Residence
J.S. Hunkin	Chief Executive Officer	Toronto
G.T. McCaughey	President and Chief Operating Officer	Toronto
S. Baxendale	Senior Executive Vice-President, CIBC Wealth Management	Toronto
G.H. Denham	Vice-Chair, CIBC Retail Markets	Toronto
W.C. Fox	Vice-Chair and Chief Risk Officer, Treasury, Balance Sheet and Risk Management	Oakville
R.A. Lalonde	Senior Executive Vice-President and Chief Administrative Officer	Toronto
S.R. McGirr	President, CIBC World Markets	Toronto
B.G. Shaw	Chairman and Chief Executive Officer, CIBC World Markets	Toronto
R.E. Venn	Senior Executive Vice-President, Corporate Development	Toronto
M.D. Woeller	Vice Chair and Chief Information Officer, Technology and Operations	London, Ontario
T.D. Woods	Senior Executive Vice-President and Chief Financial Officer	Toronto

All of the executive officers have held their present business affiliations for more than five years except M.D. Woeller who was formerly Executive Vice-President, Planning and Integration, The Toronto-Dominion Bank, Toronto, Ontario.

Shareholdings of Directors and Executive Officers

To the knowledge of CIBC, as at October 31, 2004, the directors and executive officers of CIBC as a group, beneficially owned, directly or indirectly, or exercised control or direction over less than 2% of the outstanding common shares of CIBC and no director or executive officer of CIBC beneficially owned or controlled voting securities of any subsidiaries of CIBC.

Corporate Cease Trade Orders or Bankruptcies

To the knowledge of CIBC, in the last ten years, no director or executive officer of CIBC is or has been a director or executive officer of an issuer that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order, or an order that denied the issuer access to any exemptions under securities legislation, for a period of more than 30 consecutive days, (b) was the subject of an event that resulted, after that person ceased to be a director or executive officer, in the issuer being the subject of a cease trade order or similar order or an order that denied the issuer access to an exemption under securities legislation, for a period of more than 30 consecutive days or (c) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets except for the following:

(i) Mr. Albert E.P. Hickman, a director of CIBC, who was acting as a director of Hickman Equipment 1985 Ltd. when it was petitioned into bankruptcy in March, 2002;

(ii) Mr. Charles Sirois, a director of CIBC, who was acting as chairman of the board of directors of Microcell Telecommunications Inc. when it elected, and was granted protection, to restructure its capital under the Companies' Creditors Arrangement Act (the "CCAA") in January 2003. In May 2003, Microcell successfully emerged from the CCAA proceedings and was restructured pursuant to a plan of reorganization and of compromise and arrangement filed in February 2003, adopted by its affected creditors and judicially sanctioned. Mr. Sirois ceased to be a director of Microcell in 2004; and

(iii) Mr. J.S. Lacey, a director of CIBC, was asked by a group of shareholders to lead a restructuring of The Loewen Group Inc. ("Loewen") and was acting as Chairman of the Board of Loewen when it filed a petition for creditor protection under Chapter 11 of the U.S. Bankruptcy Code and the CCAA in June 1999. In January 2002, Loewen successfully emerged from Chapter 11 and CCAA proceedings as Alderwoods Group Inc. where Mr. Lacey remains as Chairman of the board.

Penalties or Sanctions

To the knowledge of CIBC, no director or executive officer of CIBC, (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

To the knowledge of CIBC, in the last ten years, no director or executive officer has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

Conflicts of Interest

To the knowledge of CIBC, no director or executive officer of CIBC has an existing or potential material conflict of interest with CIBC or any of its subsidiaries.

LEGAL PROCEEDINGS

A description of legal proceedings to which CIBC is a party is provided under the headings heading “Contingent liabilities” on pages 59 and 144 to 145 of the 2004 AAR.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of CIBC, no director or executive officer of CIBC, or any of their associates has any material interest, directly or indirectly, in any transaction within the three most recently completed financial year that has materially affected or will materially affect CIBC.

TRANSFER AGENT AND REGISTRAR

The addresses for CIBC’s transfer agent and registrar are provided on page 197 of the 2004 AAR.

EXPERTS

Ernst & Young LLP is the external auditor who prepared the Auditors’ Reports to Shareholders — Report on financial statements under Canadian generally accepted auditing standards and Report on financial statements and internal control under the Standards of the Public Company Accounting Oversight Board (United States).

AUDIT COMMITTEE

The Audit Committee Mandate as approved by the Board is included in Appendix B. The members of the Audit Committee are listed below.

Education and Experience

This section describes the education and experience of CIBC’s Audit Committee members that is relevant to the performance of their responsibilities in that role.

The Chair of the Audit Committee, Mr. Gary Colter, is a financial expert with prior experience as a long time member of the senior management team of KPMG Canada. Each member of the Audit Committee currently is, or has previously been, in charge of, or a consultant to, a significant business operation, often as president or chief executive officer of a large public company. In this position, they would have actively supervised people engaged in preparing,

auditing, analyzing or evaluating financial statements. Given the breadth and complexity of a financial institution's accounting issues, the Audit Committee members participate from time to time in internal or external sessions related to accounting matters or developments. This year, the Chair of the Audit Committee instituted a voluntary self-directed learning program which identifies a number of North American director development courses with a focus on audit committee responsibilities and finance, audit and accounting essentials for directors. Travel and attendance costs are paid by CIBC. Further detail on the education and experience of each Audit Committee member is set out below.

Douglas G. Bassett O.C., O.Ont., LL.D., D.Litt.

Mr. Bassett is Chairman of Windward Investments, a personal investment holding company. He served as Vice Chairman of CTV Inc. from 1994 to 2000 and as President and Chief Executive Officer of Baton Broadcasting Incorporated from 1980 to 1996. Mr. Bassett is a director of a number of Canadian corporations including Rothmans Inc. and Mercedes-Benz Canada Inc.

Gary F. Colter, F.C.A.

Mr. Colter is President of CRS Inc., a corporate restructuring and strategy management consulting company. Prior to establishing CRS Inc., Mr. Colter was a long-time member of the senior management team of KPMG Canada. He served as Vice Chairman of KPMG Canada from January 2001 to August 31, 2002, was Managing Partner of Global Financial Advisory Services, KPMG International from 1998 to 2000, and from 1989 to 1998 was Vice Chairman of Financial Advisory Services, KPMG Canada. Mr. Colter is a director of Owens-Illinois Inc., the Saskatchewan Wheat Pool and Core-Mark Holding Company, Inc. Mr. Colter received an Honours Bachelor of Arts degree in Business Administration from the Ivey Business School at University of Western Ontario and is a Fellow Chartered Accountant.

Pat M. Delbridge

Ms. Delbridge is President of PDA Inc., an issues management and environmental strategic planning company working with Fortune 500 companies in North America, Europe and Asia. Ms. Delbridge is a faculty member of the Cambridge University Program for Industry, teaching Sustainable Development to corporations in Europe and North America. She was a founding member of the National Round Table on the Environment and the Economy and is past Chair of the Environmental Choice Program.

William L. Duke

Mr. Duke is President of Annandale Farms Inc. He operates a 3,500 acre mixed grain farm in south-east Saskatchewan. In 1996, he was appointed by the federal Minister of Agriculture to a task force on the marketing of Canadian grain and is a former member of the 1990 Canadian Wheat Board Review Panel, of the Sectoral Advisory Group, International Trade (SAGIT), Agriculture, Food and Beverages and of the Western Grain Stabilization Advisory Committee. Mr. Duke is a past President of the Western Canadian Wheat Growers Association and was a member of the Auditor General of Canada's Special Advisory Committee. He was employed by E.J.C. Dudley & Co., Chartered Accountants from 1968 to 1975. From 1975 to 1985 he operated his own farm management and tax consulting business.

Ivan E.H. Duvar, B.E., P.Eng., LL.D.(Hon.)

Mr. Duvar, past Chair of CIBC's Audit Committee, is President and Chief Executive Officer of MIJAC Inc., a private investment company. He served as Chairman of Maritime Tel & Tel Limited from 1995 to 2000 and as President and Chief Executive Officer of Maritime Telegraph and Telephone Company from 1985 to 1995. Mr. Duvar is a director of several other Canadian corporations including Wajax Limited, ING Insurance Company of Canada, Corpratel Inc. and FS

Industries. He is a member of the Advisory Board of Oxford Frozen Foods Limited, Chair or past Chair of the audit committee of certain private companies, a member of Professional Engineers of Nova Scotia and a fellow of the Canadian Academy of Engineering. Mr. Duvar has also received a Certificate in Industrial Management from Canadian Institute of Management.

Pre-Approval Policies and Procedures

The Audit Committee has adopted a policy for the engagement of the shareholders' auditors. The text of the policy is included in Appendix C.

Fees for Services provided by External Auditors

The aggregate fees billed for professional services rendered by Ernst & Young LLP ("E&Y"), CIBC's principal auditor for the year ended October 31, 2004, and for the year ended October 31, 2003, are set out below. Fees for the year ended October 31, 2002 but billed and paid in 2003 from PricewaterhouseCoopers LLP ("PwC") and Deloitte & Touche LLP ("D&T"), principal auditors for CIBC in 2002, are also listed.

	Fiscal 2004 fees billed by E&Y	Fiscal 2003 fees billed by E&Y	Fiscal 2002 fees billed by PwC and D&T in 2003
Audit Fees[(1)]	$ 15,667,000	$ 7,331,700	$ 684,000
Audit Related Fees[(2)]	$ 1,575,000	$ 2,273,000	$ 235,000
Tax Fees[(3)]	$ 175,000	$ 115,000	$ 0
All Other Fees[(4)]	$ 3,821,000	$ 0	$ 0

Notes:

(1) For the audit of CIBC's annual financial statements and services normally provided by the principal auditor in connection with CIBC's statutory and regulatory filings. Audit fees in 2004 include the audit of internal control over financial reporting under the Standards of the Public Company Accounting Oversight Board (United States).

(2) For assurance and related services that are reasonably related to the performance of the audit or review of CIBC's financial statements and are not reported in (1), including accounting consultations, various agreed upon procedures and translation of financial reports.

(3) For tax compliance services.

(4) For products and services other than the fees reported in (1) to (3), including fees paid for a Board of Directors' reporting project.

ADDITIONAL INFORMATION

CIBC shall provide to any person or company upon request to the Corporate Secretary of CIBC at Commerce Court, Toronto, Canada, M5L 1A2, the following:

(i) a copy of this annual information form, together with a copy of any documents incorporated by reference;

(ii) a copy of the comparative consolidated financial statements of CIBC for the year ended October 31, 2004 together with the accompanying reports of the auditors and a copy of the most recent interim consolidated financial statements of CIBC that have been filed, if any, for any period after October 31, 2004;

(iii) a copy of the management proxy circular of CIBC in respect of its most recent annual meeting of shareholders that involved the election of directors;

(iv) a copy of any other documents that are incorporated by reference into a preliminary short form prospectus or short form prospectus and are not required to be provided under clauses (i), (ii) or (iii) above, and

(v) at any other time, a copy of any documents referred to in clauses (i), (ii) or (iii) above, provided that CIBC may require the payment of a reasonable charge if the request is made by a person or company who is not a security holder of CIBC.

Additional information with respect to CIBC, including directors' and officers' remuneration and indebtedness, principal holders of CIBC's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in CIBC's management proxy circular for its most recent annual meeting of shareholders that involved the election of directors. Additional financial information is provided in CIBC's comparative financial statements for its most recently completed financial year. The above information and additional information relating to CIBC are available on SEDAR at www.sedar.com.

Appendix A
Rating Definitions

Dominion Bond Rating Service ("DBRS")

Preferred Shares — Rating: Pfd-1(low)n

Superior credit quality. Securities are supported by entities with strong earnings and balance sheet characteristics. A Pfd-1 rating by DBRS is the highest granted by DBRS for preferred shares and the "n" designation is attached to all ratings for securities that are non-cumulative.

Senior Debt — Rating: AA(low)

Superior credit quality. Protection of interest and principal is considered high. In many cases, they differ from bonds rated AAA only to a small degree. Given the stringent requirements DBRS has established for the AAA category (which few companies are able to achieve), entities rated AA are also considered to be strong credits which typically exemplify above-average strength in key areas of consideration and are unlikely to be significantly affected by reasonably foreseeable events.

Subordinated Debt — Rating: A (high)

Satisfactory credit quality. Protection of interest and principal is still substantial, but the degree of strength is less than with AA rated entities. While a respectable rating, entities in the "A" category are considered to be more susceptible to adverse economic conditions and have greater cyclical tendencies than higher rated companies.

Short-Term Debt — Rating: R-1 (mid)

Superior credit quality and, in most cases, ratings in this category differ from R-1 (high) credits by only a small degree. Given the stringent requirements DBRS has established for the R-1 (high) category, entities rated R-1 (middle) are also considered strong credits, and typically exemplify above average strength in key areas of consideration for the timely repayment of short-term liabilities.

Moody's

Senior Debt — Rating: Aa3

Debts judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high-grade debts. They are rated lower than the best debts because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risk appear somewhat larger than the Aaa securities.

Subordinated Debt — Rating: A1

Banks rated A possess exceptional intrinsic financial strength. Typically, they will be major institutions with highly valuable and defensible business franchises, strong financial fundamentals, and a very attractive and stable operating environment.

Short-Term Debt — Rating: P-1

Prime-1 Issuers rated Prime-1 (or supporting institutions) have a superior ability for repayment of senior short-term debt obligations. Prime-1 repayment ability will often be evidenced by many of the following characteristics:

- Leading market positions in well-established industries.
- High rates of return on funds employed.
- Conservative capitalization structure with moderate reliance on debt and ample asset protection.
- Broad margins in earnings coverage of fixed financial charges and high internal cash generation.
- Well-established access to a range of financial markets and assured sources of alternate liquidity.

Standard & Poor's ("S&P")

Preferred Shares — Canadian Rating: P-1(low); Global Rating: A–

The P-1 and A ratings are the highest of the five categories used by S&P in its respective Canadian and Global preferred share rating scales. "High" and "Low" and "+" and "–" grades may be used to indicate the relative standing of a credit within a particular rating category.

Senior Debt — Rating: A+
Subordinated Debt — Rating: A

Obligations rated 'A' are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

Short-Term Debt — Rating: A–

A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong.

Fitch

Senior Debt — Rating: AA–

High credit quality. 'AA(ind)' ratings indicate a low expectation of credit risk. They indicate strong capacity for timely payment of financial commitments. This capacity may vary slightly from time to time because of economic conditions.

Short-Term Debt — Rating: F1+

Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments.

(Within a band of rating symbols, the signs "+" (plus) or "–" (minus) denote relative position within the rating category.)

Appendix B

Canadian Imperial Bank of Commerce
Audit Committee Mandate

1. PURPOSE

(1) The primary functions of the Audit Committee are to fulfill its responsibilities in relation to reviewing the integrity of CIBC's financial statements, financial disclosures and internal controls over financial reporting; monitoring the system of internal control; monitoring CIBC's compliance with legal and regulatory requirements; selecting the external auditors for shareholder approval; reviewing the qualifications, independence and performance of the external auditors; reviewing the qualifications, independence and performance of CIBC's internal auditors; and acting as the Audit Committee for certain federally regulated subsidiaries.

2. MEMBERSHIP AND ORGANIZATION

(1) **Composition —** The Audit Committee shall consist of not less than three or more than eight independent members of the Board. At the invitation of the Audit Committee, members of CIBC's management and others may attend Audit Committee meetings as the Audit Committee considers necessary or desirable.

(2) **Appointment and Removal of Audit Committee Members —** Each member of the Audit Committee shall be appointed by the Board on an annual basis and shall serve at the pleasure of the Board, or until the earlier of (a) the close of the next annual meeting of shareholders of CIBC at which the member's term of office expires, (b) the death of the member or (c) the resignation, disqualification or removal of the member from the Audit Committee or from the Board. The Board may fill a vacancy in the membership of the Audit Committee.

(3) **Chair —** At the time of the annual appointment of the members of the Audit Committee, the Board shall appoint a Chair of the Audit Committee. The Chair shall: be a member of the Audit Committee, preside over all Audit Committee meetings, coordinate the Audit Committee's compliance with this mandate, work with management to develop the Audit Committee's annual work-plan and provide reports of the Audit Committee to the Board. The Chair may vote on any matter requiring a vote and shall provide a second vote in the case of a tie vote.

(4) **Independence —** Each member of the Audit Committee shall meet the independence standards established by the Board and the additional requirements listed in Exhibit A to this mandate.

(5) **Financial Literacy —** Members of the Audit Committee shall be financially literate or agree to become financially literate within a reasonable period of time following the member's appointment. An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by CIBC's financial statements.

(6) **Service on Multiple Audit Committees —** No member of the Audit Committee may serve on the audit committees of more than two other public companies, unless the Board determines that this simultaneous service would not impair the ability of the member to effectively serve on the Audit Committee.

3. MEETINGS

(1) **Meetings —** The members of the Audit Committee shall hold meetings as are required to carry out this mandate, and in any case no less than four meetings annually. The external auditors are entitled to attend and be heard at each Audit Committee meeting. The Chair, any member of the Audit Committee, the external auditors, the Chairman of the Board or the President and Chief Executive Officer may call a meeting of the Audit Committee by notifying the Corporate Secretary of CIBC who

will notify the members of the Audit Committee. The Chair shall chair all Audit Committee meetings that he or she attends, and in the absence of the Chair, the members of the Audit Committee present may appoint a Chair from their number for a meeting.

(2) **Notices of Meetings —** Notices of Audit Committee meetings may be provided by: prepaid mail, personal delivery, facsimile, electronic-mail or telephone, provided that the method of notification chosen shall be capable of being received by members of the Audit Committee and the external auditors at least 24 hours before an Audit Committee meeting at the member's contact information last recorded with the Corporate Secretary. Any member of the Audit Committee may in any manner waive notice of an Audit Committee meeting and attendance at an Audit Committee meeting is waiver of notice of the meeting, except where a member attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not properly called.

(3) **Secretary and Minutes —** The Corporate Secretary, his or her designate or any other person the Audit Committee requests, shall act as secretary at Audit Committee meetings. Minutes of Audit Committee meetings shall be recorded and maintained by the Corporate Secretary and subsequently presented to the Audit Committee for approval.

(4) **Quorum —** A majority of the members of the Audit Committee shall constitute a quorum. If a quorum cannot be obtained for an Audit Committee meeting, members of the Board who would qualify as members of the Audit Committee may, at the request of the Chair or the Chairman of the Board, serve as members of the Audit Committee for that meeting.

(5) **Resident Canadian Majority —** The Audit Committee shall not transact business at an Audit Committee meeting unless a majority of the members present are "resident Canadians" under the *Bank Act* (Canada).

(6) **Access to Management and Outside Advisors —** The Audit Committee shall have unrestricted access to management and employees of CIBC, and, from time to time may hold unscheduled or regularly scheduled meetings or portions of regularly scheduled meetings with the Chief Auditor, the external auditor, the Chief Financial Officer or the President and Chief Executive Officer. The Audit Committee shall have the authority to retain and terminate external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective compensation for these advisors without consulting or obtaining the approval of the Board or any officer of CIBC. CIBC shall provide appropriate funding, as determined by the Audit Committee, for the services of these advisors.

(7) **Meetings Without Management —** The Audit Committee shall hold unscheduled or regularly scheduled meetings, or portions of regularly scheduled meetings, at which management is not present.

4. FUNCTIONS AND RESPONSIBILITIES

The Audit Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Audit Committee by the Board. In addition to these functions and responsibilities, the Audit Committee shall perform the duties required of an audit committee by the *Bank Act* (Canada); the *Canada Deposit Insurance Corporation Act*; binding requirements of the stock exchanges on which the securities of CIBC are listed; and all other applicable laws.

(1) **Financial Reports**

(a) General — The Audit Committee is responsible for reviewing the integrity of CIBC's financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of CIBC's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by CIBC. The external auditors are responsible for auditing CIBC's annual consolidated financial statements and for reviewing CIBC's unaudited interim financial statements.

(b) Review of Annual Financial Reports — The Audit Committee shall review the annual consolidated audited financial statements of CIBC, the external auditors' report thereon and the related management's discussion and analysis of CIBC's financial condition and results of operation to determine whether they present fairly, in all material respects in accordance with Canadian generally accepted accounting principles, or any other generally accepted accounting principles in which the financial statements of CIBC are prepared from time to time, the financial condition, results of operations and cash flows of CIBC. After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the annual financial statements and the related MD&A.

(c) Review of Interim Financial Reports — The Audit Committee shall review the interim consolidated financial statements of CIBC, the external auditors review report thereon and the related MD&A to determine whether they present fairly, in all material respects in accordance with GAAP, the financial condition, results of operations and cash flows of CIBC. After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the interim financial statements and the related MD&A.

(d) Review Considerations — In conducting its review of the annual financial statements or the interim financial statements, the Audit Committee shall:

(i) meet with management and the external auditors to discuss the financial statements and MD&A;

(ii) review the disclosures in the financial statements;

(iii) review the audit report or review report prepared by the external auditors;

(iv) discuss with management, the external auditors and internal legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the financial statements;

(v) review critical accounting and other significant estimates and judgements underlying the financial statements as presented by management;

(vi) review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management;

(vii) review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;

(viii) review management's report on the effectiveness of internal controls over financial reporting;

(ix) review results of CIBC's whistleblowing program; and

(x) review any other matters, related to the financial statements, that are brought forward by the internal auditors, external auditors, management or which are required to be communicated to the Audit Committee under accounting policies, auditing standards or applicable law.

(e) Approval of Other Financial Disclosures — The Audit Committee shall review and, if advisable, approve and recommend for Board approval financial disclosure in a prospectus or other securities offering document of CIBC, press releases disclosing financial results of CIBC and any other material financial disclosure, including earnings guidance provided to analysts and rating agencies.

(2) **External Auditors**

(a) General — The Audit Committee shall be responsible for oversight of the work of the external auditors in auditing and reviewing CIBC's financial statements and internal controls over financial reporting.

(b) Appointment and Compensation — The Audit Committee shall review and, if advisable, select and recommend (i) for shareholder approval, the appointment of the external auditors and (ii) for shareholder or Board approval, as applicable, the compensation of the external auditors.

(c) Annual Review Report — At least annually, the Audit Committee shall obtain and review a report by the external auditors describing: (i) their internal quality-control procedures and (ii) any material issues raised by their most recent internal quality-control review, peer review or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the external auditors and any steps taken to deal with any of these issues.

(d) Audit Plan — At least annually, the Audit Committee shall review a summary of the external auditors' annual audit plan. The Audit Committee shall consider and review with the external auditors any material changes to the scope of the plan.

(e) Quarterly Review Report — The Audit Committee shall review a quarterly review report prepared by the external auditors in respect of each of the interim financial statements of CIBC.

(f) Independence of External Auditors — At least annually, and before the external auditors issue their report on the annual financial statements, the Audit Committee shall: obtain from the external auditors a formal written statement describing all relationships between the external auditors and CIBC; discuss with the external auditors any disclosed relationships or services that may affect the objectivity and independence of the external auditors; and obtain written confirmation from the external auditors that they are objective and independent within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which it belongs.

(g) Evaluation and Rotation of Lead Partner — At least annually, the Audit Committee shall review the qualifications and performance of the lead partners of the external auditors. The Audit Committee shall obtain a report from the external auditors annually verifying that the lead partner of the external auditors has served in that capacity for no more than five fiscal years of CIBC and that the engagement team collectively possesses the experience and competence to perform an appropriate audit.

(h) Pre-Approval of Non-Audit Services — The Audit Committee shall pre-approve any retainer of the external auditors for any non-audit service to CIBC in accordance with applicable law and Board approved policies and procedures. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.

(i) Hiring Practices — The Audit Committee shall review and approve guidelines regarding the hiring of employees or former employees of the external auditors.

(3) **Internal Audit Function**

(a) General — The internal auditors shall be responsible for auditing and reviewing, as applicable, CIBC's financial statements and internal controls over financial reporting. The Audit Committee shall review the independence of the internal auditors from management having regard to the scope of the internal audit function, the budget, planned activities and organization structure of the internal audit function.

(b) Chief Auditor — The Audit Committee shall review and, if advisable, approve the appointment of CIBC's Chief Auditor. At least annually, the Audit Committee shall evaluate the performance of the Chief Auditor and shall meet with the Chief Auditor to discuss the execution of matters under this mandate.

(c) Review — At least annually, the Audit Committee shall consider and review with management and the Chief Auditor:

(i) any difficulties encountered by the Chief Auditor in the course of internal audits, including any restrictions on the scope of internal audit work or access to required information; and

(ii) the compliance of internal audit with professional standards promulgated by the Institute of Internal Auditors.

(d) Audit Plans — The Audit Committee shall review a summary of the internal auditors' annual audit plan. The Audit Committee shall consider and review with the internal auditors any material changes to the scope of the plan and communicate any significant changes to management.

(4) **Internal Controls**

(a) General — The Audit Committee shall monitor the system of internal control.

(b) Establishment, Review and Approval — The Audit Committee shall require management to implement and maintain appropriate systems of internal control in accordance with applicable laws, regulations and guidance, including internal control over financial reporting and disclosure and to review, evaluate and approve these procedures. At least annually, the Audit Committee shall consider and review with management, the external auditors and the Chief Auditor:

(i) the effectiveness of, or weaknesses or deficiencies in: the design or operation of CIBC's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions.

(ii) any significant changes in internal control over financial reporting that are disclosed, or considered for disclosure, including those in CIBC's periodic regulatory filings;

(iii) any material issues raised by any inquiry or investigation by CIBC's regulators;

(iv) CIBC's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose CIBC to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and

(v) any related significant issues and recommendations of the external auditors and internal auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.

(5) **Certain Federally Regulated Subsidiaries —** The Audit Committee shall be the audit committee for certain federally regulated subsidiaries of CIBC, as determined by the Audit Committee from time to time, that require an audit committee under applicable law. In meeting its Audit Committee responsibilities with respect to these subsidiaries, the Audit Committee shall:

(a) review the annual financial statements of the subsidiary prior to approval by its board of directors;

(b) review regulatory returns of the subsidiary as required under applicable law;

(c) require management of the subsidiary to implement and maintain appropriate internal controls over financial reporting and financial disclosure controls and procedures and approve, review and evaluate these procedures;

(d) review the effectiveness of the subsidiary's internal controls over financial reporting and financial disclosure, including computerized information system controls and security, the overall control environment and accounting and financial controls (including, without limitation, controls over financial reporting), and the impact of any identified weaknesses in internal controls over financial

reporting on management's conclusions with respect to their effectiveness;

(e) review any related significant issues and recommendations of the external and internal auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls;

(f) review investments and transactions that could adversely affect the well being of the subsidiary; and

(g) meet with the external auditors of the subsidiary to discuss the annual financial statements and the returns and transactions of such subsidiary, if applicable.

(6) **Regulatory Reports and Returns —** The Audit Committee shall provide or review, as applicable, all reports and returns required of the Audit Committee under applicable law.

(7) **Compliance with Legal and Regulatory Requirements —** The Audit Committee shall receive and review regular reports from CIBC's General Counsel, the Chief Auditor and other management members on: legal or compliance matters that may have a material impact on CIBC; the effectiveness of CIBC's compliance policies; and any material reports received from regulators. The Audit Committee shall review management's evaluation of and representations relating to compliance with specific regulatory requirements, and management's plans to remediate any deficiencies identified.

(8) **Whistleblowing Procedures —** The Audit Committee shall review and approve the establishment by management of procedures for the receipt, retention and treatment of complaints received by CIBC from employees or others, regarding accounting, internal accounting controls, or auditing matters.

(9) **Succession Planning —** In consultation with the Management Resources and Compensation Committee of the Board, the Audit Committee shall review succession plans for the Chief Financial Officer the Chief Auditor, the Chief Accountant and the Controller of CIBC.

(10) **Adverse Investments and Transactions —** The Audit Committee shall review any investments and transactions that could adversely affect the well-being of CIBC.

(11) **Audit Committee Disclosure —** The Audit Committee shall review and approve any audit committee disclosures required by securities regulators in CIBC's disclosure documents.

(12) **Assessment of Regulatory Compliance —** The Audit Committee shall review management's assessment of compliance with laws and regulations as they pertain to responsibilities under this mandate, report its findings to the Board and recommend changes it considers appropriate.

(13) **Delegation —** The Audit Committee may designate a sub-committee to review any matter within this mandate as the Audit Committee deems appropriate.

5. REPORTING TO THE BOARD

(1) The Chair shall report to the Board, as required by applicable law or as deemed necessary by the Audit Committee or as requested by the Board, on matters arising at Audit Committee meetings and, where applicable, shall present the Audit Committee's recommendation to the Board for its approval.

6. COMMITTEE MEMBER DEVELOPMENT AND PERFORMANCE REVIEW

(1) The Chair shall co-ordinate orientation and continuing director development programs relating to this mandate for Audit Committee members.

(2) At least annually, the Audit Committee shall evaluate and review the performance of the Audit Committee and each of its members and the adequacy of this mandate. This review will be undertaken in consultation with the Corporate Governance Committee of the Board.

7. CURRENCY OF THE AUDIT COMMITTEE MANDATE

(1) This mandate was last revised and approved by the Board on June 3, 2004.

Exhibit "A"

U.S. Securities and Exchange Commission Standards Implementing the Sarbanes Oxley Act of 2002 (the "SOX Standards")

- A member of the Audit Committee ("Member") must be "independent" under the SOX Standards. In order to be considered independent, a Member may not, other than in his or her capacity as a member of the Audit Committee, the Board of Directors, or any other Board committee:

(a) accept directly or indirectly any consulting, advisory or other compensatory fees from CIBC or any subsidiary thereof, excluding fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with CIBC (provided such compensation is not contingent in anyway on continued service); or

(b) be an "affiliated" person of CIBC or a subsidiary of CIBC.

The following words used above have the following meanings:

- A Member is "affiliated" with CIBC or a subsidiary if he or she directly, or indirectly through one or more intermediaries, controls, or is controlled by or is under common control with, CIBC or a subsidiary.

- A person is not deemed to be in control of a specified person if the person:

(a) is not the beneficial owner, directly or indirectly, of more than 10% of any class of voting equity securities; and

(b) is not an "executive officer" of the specified person.

- A Member is also affiliated if he or she is:

(a) an executive officer of an affiliate of CIBC;

(b) an employee of an affiliate of CIBC;

(c) a general partner of an affiliate of CIBC; or

(d) a managing member of an affiliate of CIBC.

- "Executive officer" means the President (or Chief Executive Officer), any Vice President in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy making function, or any other person who performs similar policy making functions for the entity. Executive officers of subsidiaries may be deemed executive officers of an entity if they perform such policy making functions for the entity.

- "Indirect" acceptance of any consulting, advisory or other compensatory fee, includes acceptance by a spouse, minor child or minor stepchild, child or stepchild sharing a home with the Member, or by an entity in which such Member is a partner, member, an officer such as a managing director occupying a comparable position or an executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to CIBC or any subsidiary of CIBC.

Appendix C

Policy on the Scope of Services of the Shareholders' Auditors

This policy is effective from the date of Audit Committee approval, February 26, 2004 and applies to all subsequent engagements.

A. Purpose — The purpose of this policy is to set parameters for the engagement of the shareholders' auditor by CIBC consistent with CIBC corporate governance expectations and applicable law, including the U.S. Sarbanes-Oxley Act.

B. Scope — This Policy covers all work that might be performed by the shareholders' auditor through engagements with CIBC or its subsidiaries.

C. Definition of Shareholders' Auditor as used in this Policy — The term shareholders' auditor refers to the firm of accountants that is appointed to perform the audit of the consolidated financial statements of CIBC and its subsidiaries. The current shareholders' auditors are Ernst & Young LLP, including any Ernst & Young International, Ltd. or Ernst & Young Global Limited member or affiliated firm of Ernst & Young.

D. Accountability for Management of the Policy — The Chief Auditor is accountable for the management of this Policy and providing interpretations on its application.

E. Statement of Policy

Scope of work and authorization standards:

1. All work performed by the shareholders' auditor for CIBC or its subsidiaries will be pre-approved by the Audit Committee. The Audit Committee may delegate authority to pre-approve such work to subcommittees consisting of one or more of its members, provided that any work so pre-approved must be ratified by the full Audit Committee at the next meeting of the Audit Committee. The Audit Committee may also establish pre-approval policies and procedures that are specific to a particular service. In order to meet this responsibility, for each fiscal quarter a pre-approved spending limit by category of allowable work is established and displayed in Table A below. The Chief Auditor will monitor and report to the Audit Committee the quarterly cumulative use of the pre-approved limits.

2. In the event that a non-audit service is provided by the shareholders' auditor that was not recognized at the time of the engagement to be a non-audit service, such service must be brought to the attention of the Audit Committee or its delegate for approval.

3. The shareholders' auditor will only perform audit, audit-related and tax work. Definitions of "audit", "audit-related" and "tax work", along with examples, are included in Table A below.

4. The shareholders' auditor will be prohibited from performing corporate recovery work for a CIBC corporate credit customer when CIBC is in a position to direct the choice of the financial advisors or consultants.

5. The Audit Committee may approve exceptions to (3) and (4) above when it determines that such an exception is in the overriding best interests of CIBC and it is determined that such an exception does not impair the independence of the shareholders' auditor. However, certain non-audit activities are generally prohibited and generally will not be considered for exception from this policy. These non-audit activities are listed in Table A below.

Ongoing relationship standards:

1. The lead and concurring partners on the engagement will serve for a maximum of five years and then be subject to a five-year time out from serving on CIBC audits.

2. Other than the lead and the concurring partners, audit partners who have responsibility for decision-making on significant auditing, accounting and reporting matters will serve for a maximum of seven years and then be subject to a two-year time out from serving on CIBC audits, unless the audit partner performs less than 10 hours of audit, review or attest services.

3. CIBC will not employ, in a financial reporting oversight role, a member of the shareholders' auditor engagement team within 12 months of the final closure of the audit in which that individual last participated.

F. Measurement and Reporting Processes

1. On a quarterly basis, the Chief Auditor will prepare and present to the Audit Committee a summary report of all engagements of the shareholders' auditor that are currently underway or have been completed since the prior quarter's report, including engagements entered into pursuant to pre-approved quarterly limits. The summary report will describe the nature of each engagement, confirm that each engagement is in compliance with this policy and state the fees received by the shareholders' auditor for each engagement.

2. Business management will make either oral or written presentations to the Audit Committee or its designee seeking pre-approvals for engagements of the shareholders' auditor.

3. On a quarterly basis, the shareholders' auditor will certify to the Audit Committee that all engagements with CIBC have been in compliance with this policy and will confirm that the shareholders' auditor continues to be "independent" under applicable laws, rules and guidelines. As well, quarterly the shareholders' auditor will table at the Audit Committee a classification and continuity schedule of all partners and staff that must be tracked in order to ensure adherence to the Ongoing Relationship Standards.

4. The Chief Auditor will be a signatory on all contracts of engagement with the shareholders' auditors.

Table A

Categories of Work	Examples of Services	Pre-approval Limit per Quarter[1]
Audit Services	Statutory audits or financial audits for CIBC and its subsidiaries or affiliates.	$1 million
	Services associated with Canadian and U.S. registration statements, periodic reports and other documents filed with the regulators or other documents issued in connection with securities offerings (e.g., comfort letters, consents), and assistance in responding to comment letters	
	Attestation of management reports on internal controls	
Audit Related Services	Employee benefit plan audits and other employee investment entity audits.	$.5 million
	Agreed upon procedures reports or statutory compliance, regulatory or government program procedures required to comply with financial, accounting or regulatory reporting matters	
	Discussion and review of proposed accounting for disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by the CICA, FASB, SEC, or other regulatory or standard setting bodies.	
	Due diligence services with respect to acquisitions or mergers of CIBC. The allowable services will be limited to the review of financial and tax information of the target and providing advice with respect to the likely impact on the reported financial statements and disclosures of CIBC.	
	Attest services not required by statute or regulation	
	Closing balance sheet audits pertaining to dispositions	
	General assistance with implementation of the requirements of SEC rules or listing standards promulgated pursuant to the Sarbanes-Oxley Act	
Tax Work		$.5 million
	Review of the financial statement implications of Canadian, provincial and local tax consequences of business transactions	
	Review of the financial statement implications of U.S. federal, and state tax consequences of business transactions	
	Review of the financial statement implications of international tax consequences of business transactions	
	Canadian tax compliance — CIBC consolidated and subsidiaries including the preparation of tax returns	
	International tax compliance — CIBC and subsidiaries including the preparation of tax returns	
	U.S. federal, state and local tax compliance including the preparation of tax returns	

1 The amount up to which the Chief Auditor can approve for engagements within the quarter. Any amounts exceeding the limits must be approved by the Audit Committee. The pre-approval amount includes administration fees and GST where applicable.

Categories of Work	Examples of Services	Pre-approval Limit per Quarter[1]
	Assistance with tax audits and appeals before CCRA, and similar provincial, local and other foreign agencies	
	Tax advice and assistance regarding statutory, regulatory or administrative developments	
Prohibited Non-Audit Activities	The shareholders' auditor is prohibited from providing any of the following services: • Bookkeeping or other services related to the accounting records or financial statements of CIBC, • Financial information systems design and implementation, • Appraisal or valuation services, fairness opinions, or contributions-in-kind reports, • Actuarial services, • Internal audit outsourcing services, • Management functions or human resources, • Broker or dealer, investment advisor, or investment banking services, • Legal services, • Corporate recovery services[2] paid directly by CIBC or for a corporate credit customer of CIBC where CIBC is able to direct the choice of the financial advisors or consultants by virtue of its credit position with the client. Nothing in this section is intended to limit CIBC borrowers from freely choosing their own advisors. • Expert services unrelated to the audit and • Any other services that the Public Accounting Oversight Board in the US determines, by regulation, is impermissible.	

2 Corporate recovery services are defined as financial services provided to companies, lenders, creditors and other parties-in-interest in troubled or potentially troubled credit situations.

Exhibit B.3(b): Audited annual financial statements for the year ended October 31, 2004 excerpted from page 101 and 103-155 of CIBC's 2004 Annual Accountability Report, Auditors' Report with respect to annual financial statements as of October 31, 2004 and 2003 and for the years then ended and internal controls as of October 31, 2004, under Standards of the Public Company Accounting Oversight Board (United States) and 2002 Auditors' Report with respect to annual financial statements for the year ended October 31, 2002

Consolidated Financial Statements

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FINANCIAL REPORTING RESPONSIBILITY

The management of Canadian Imperial Bank of Commerce (CIBC) is responsible for the preparation of the Annual Accountability Report, which includes the consolidated financial statements, management's discussion and analysis (MD&A) and other information, and for the timeliness and reliability of the information disclosed. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The MD&A has been prepared in accordance with the requirements of securities regulators including National Instrument 51-102 of the Canadian Securities Administrators, as well as Item 303 of Regulation S-K of the U.S. Securities Exchange Act.

The consolidated financial statements and MD&A, of necessity, contain items that reflect the best estimates and judgments of the expected effects of current events and transactions with appropriate consideration to materiality. All financial information appearing throughout the Annual Accountability Report is consistent with that in the consolidated financial statements.

Management has developed and maintains effective systems, controls and procedures to ensure that information used internally and disclosed externally is reliable and timely. During the past year, we have directed efforts to improve and document the design and operating effectiveness of internal control over external financial reporting. The results of this work have been subjected to audit by the shareholders' auditors. As at year-end, we have reported that internal control over financial reporting is effective and CIBC has achieved U.S. Sarbanes-Oxley Act (SOX) 404 compliance one year in advance of requirements. In compliance with SOX 302, CIBC's Chief Executive Officer and Chief Financial Officer will provide to the Securities and Exchange Commission a certification related to CIBC's annual disclosure document in the U.S. (Form 40-F). The same certification will be provided to the Canadian Securities Administrators.

The Chief Auditor and his staff review and report on CIBC's internal controls, including computerized information system controls and security, the overall control environment, and accounting and financial controls. Systems and procedures to promote employee compliance with conflict of interest rules and with securities legislation are monitored by members of the various business units and of the Compliance Department. The Chief Auditor and the Chief Compliance Officer have full and independent access to the Audit Committee.

The Audit Committee of the Board of Directors is composed of directors who are not officers or employees of CIBC. CIBC's interim and annual consolidated financial statements and MD&A are discussed and reviewed by the Audit Committee with management and the shareholders' auditors before such information is approved by the Board and submitted to securities commissions or other regulatory authorities.

In addition, the Audit Committee has the duty to review investments and transactions that could adversely affect the well-being of CIBC; to review critical accounting policies and significant estimates and judgments underlying the consolidated financial statements as presented by management; and to approve the fees of the shareholders' auditors.

Ernst & Young LLP, the shareholders' auditors, obtain an understanding of CIBC's internal controls and procedures for financial reporting to plan and conduct such tests and other audit procedures as they consider necessary in the circumstances to express their opinions in the reports that follow. The shareholders' auditors have full and independent access to the Audit Committee to discuss their audit and related matters.

J.S. Hunkin
Chief Executive Officer

T.D. Woods
Chief Financial Officer

December 1, 2004

REPORT ON FINANCIAL STATEMENTS AND INTERNAL CONTROLS UNDER STANDARDS OF THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD (UNITED STATES)

We have audited the consolidated balance sheets of Canadian Imperial Bank of Commerce (CIBC) as at October 31, 2004 and 2003 and the consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. We have also audited management's assessment included on page 46 of this Annual Accountability Report, that CIBC maintained effective internal control over financial reporting as at October 31, 2004, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. CIBC's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on these financial statements, an opinion on management's assessment, and an opinion on the effectiveness of CIBC's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenses of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of CIBC as at October 31, 2004 and 2003, and the consolidated results of its operations and its cash flows for each of the years in the two year period ended October 31, 2004 in conformity with Canadian generally accepted accounting principles. Also, in our opinion, management's assessment that CIBC maintained effective internal control over financial reporting as of October 31, 2004, is fairly stated, in all material respects, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Furthermore, in our opinion, CIBC maintained, in all material respects, effective internal control over financial reporting as of October 31, 2004 based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

As explained in Note 1 to the consolidated financial statements, CIBC changed its methods of accounting for hedges, equity-linked deposit contracts, mortgage commitments and certain investments and clearing accounts in 2004.

The consolidated statements of income, changes in shareholders' equity and cash flows and the accompanying notes for the year ended October 31, 2002, prior to the modifications to the presentation in the consolidated statement of changes in shareholders' equity, the accounting policy for mortgage commitments disclosed in Note 1, disclosures in Note 17 and presentation of segmented information in Note 26, were audited, in accordance with Canadian generally accepted auditing standards, by other auditors whose report, dated November 27, 2002, expressed an unqualified opinion on those financial statements. We have audited these modifications to the 2002 financial statements and, in our opinion, such modifications, in all material respects, are appropriate and have been properly applied.

Ernst & Young LLP
Chartered Accountants
Toronto, Canada
December 1, 2004

CONSOLIDATED BALANCE SHEETS

$ millions, as at October 31	2004	2003
ASSETS		
Cash and non-interest-bearing deposits with banks	**$ 1,374**	$ 1,593
Interest-bearing deposits with banks	**10,829**	8,861
Securities (Note 3)		
Investment	**15,517**	17,319
Trading	**51,799**	52,282
Loan substitute	**—**	27
	67,316	69,628
Securities borrowed or purchased under resale agreements	**18,165**	19,829
Loans (Note 4)		
Residential mortgages	**72,592**	70,014
Personal	**26,311**	23,390
Credit card	**8,689**	9,305
Business and government	**31,737**	33,177
Allowance for credit losses	**(1,825)**	(1,952)
	137,504	133,934
Other		
Derivative instruments market valuation (Note 23)	**23,710**	22,796
Customers' liability under acceptances	**4,778**	5,139
Loans held for sale (Note 5)	**—**	1,321
Land, buildings and equipment (Note 7)	**2,107**	2,093
Goodwill (Note 8)	**1,055**	1,045
Other intangible assets (Note 8)	**244**	255
Other assets (Note 9)	**11,682**	10,653
	43,576	43,302
	$278,764	$277,147
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits (Note 10)		
Personal	**$ 72,049**	$ 69,202
Business and government	**106,705**	106,768
Bank	**11,823**	12,160
	190,577	188,130
Other		
Derivative instruments market valuation (Note 23)	**23,990**	21,945
Acceptances	**4,778**	5,147
Obligations related to securities sold short	**12,220**	11,659
Obligations related to securities lent or sold under repurchase agreements	**16,790**	19,293
Other liabilities (Note 11)	**13,297**	13,998
	71,075	72,042
Subordinated indebtedness (Note 12)	**3,889**	3,197
Shareholders' equity		
Preferred shares (Note 13)	**2,826**	3,357
Common shares (Note 13)	**2,969**	2,950
Contributed surplus	**59**	50
Foreign currency translation adjustments	**(376)**	(180)
Retained earnings	**7,745**	7,601
	13,223	13,778
	$278,764	$277,147

The accompanying notes are an integral part of these consolidated financial statements.

J.S. Hunkin
Chief Executive Officer

Gary F. Colter
Director

CONSOLIDATED STATEMENTS OF INCOME

$ millions, for the years ended October 31	2004	2003	2002
Interest income			
Loans	**$ 7,551**	$ 8,138	$ 7,865
Securities borrowed or purchased under resale agreements	**524**	528	687
Securities	**1,961**	2,375	2,740
Deposits with banks	**152**	135	222
	10,188	11,176	11,514
Interest expense			
Deposits	**3,391**	3,776	4,647
Other liabilities	**1,219**	1,567	1,147
Subordinated indebtedness	**212**	203	220
	4,822	5,546	6,014
Net interest income (Note 15)	**5,366**	5,630	5,500
Provision for credit losses (Note 4)	**628**	1,143	1,500
	4,738	4,487	4,000
Non-interest income			
Underwriting and advisory fees	**797**	870	840
Deposit and payment fees	**760**	713	665
Credit fees	**314**	386	410
Card fees	**407**	359	331
Investment management and custodial fees	**353**	340	486
Mutual fund fees	**615**	536	561
Insurance fees	**176**	168	148
Commissions on securities transactions	**892**	884	1,203
Trading activities (Note 15)	**618**	627	273
Investment securities gains (losses), net (Note 3)	**236**	(107)	(168)
Income from securitized assets	**191**	216	200
Foreign exchange other than trading	**280**	273	218
Other	**878**	681	374
	6,517	5,946	5,541
	11,255	10,433	9,541
Non-interest expenses			
Employee compensation and benefits	**4,399**	4,417	4,882
Occupancy costs	**634**	605	715
Computer and office equipment	**1,138**	1,143	985
Communications	**331**	360	418
Advertising and business development	**279**	289	334
Professional fees	**326**	241	297
Business and capital taxes	**138**	133	114
Restructuring (reversal) charge (Note 18)	**(18)**	(31)	514
Other	**1,024**	971	870
	8,251	8,128	9,129
Income before income taxes and non-controlling interests	**3,004**	2,305	412
Income tax expense (benefit) (Note 19)	**790**	239	(279)
	2,214	2,066	691
Non-controlling interests in net income of subsidiaries	**15**	3	38
Net income	**$ 2,199**	$ 2,063	$ 653
Earnings per share (in dollars) (Note 20) — Basic	**$ 5.60**	$ 5.21	$ 1.37
— Diluted	**$ 5.53**	$ 5.18	$ 1.35
Dividends per common share (in dollars) (Note 13)	**$ 2.20**	$ 1.64	$ 1.60

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

$ millions, for the years ended October 31	2004	2003	2002
Preferred shares (Note 13)			
Balance at beginning of year	**$ 3,357**	$ 3,088	$ 2,299
Issue of preferred shares	**133**	550	800
Redemption of preferred shares	**(630)**	(200)	—
Translation adjustment on foreign currency preferred shares	**(34)**	(81)	(11)
Balance at end of year	**$ 2,826**	$ 3,357	$ 3,088
Common shares (Note 13)			
Balance at beginning of year	**$ 2,950**	$ 2,842	$ 2,827
Issue of common shares	**162**	108	59
Purchase of common shares for cancellation	**(154)**	—	(44)
Treasury shares	**11**(1)	—	—
Balance at end of year	**$ 2,969**	$ 2,950	$ 2,842
Contributed surplus			
Balance at beginning of year	**$ 50**	$ 26	$ —
Stock option expense	**9**	24	26
Stock options exercised	**(6)**	—	—
Net premium on treasury shares	**6**(1)	—	—
Balance at end of year	**$ 59**	$ 50	$ 26
Foreign currency translation adjustments (4)			
Balance at beginning of year	**$ (180)**	$ 42	$ 40
Foreign exchange losses from investment in subsidiaries and other items	**(1,241)**	(3,201)	(251)
Foreign exchange gains from hedging activities	**1,662**	4,391	360
Income tax expense (Note 19)	**(617)**	(1,412)	(107)
Balance at end of year	**$ (376)**	$ (180)	$ 42
Retained earnings			
Balance at beginning of year, as previously reported	**$ 7,601**	$ 6,335	$ 6,734
Adjustment for change in accounting policy	**6**(2)	—	(42)(3)
Balance at beginning of year, as restated	**7,607**	6,335	6,692
Net income	**2,199**	2,063	653
Dividends (Note 13)	**(971)**	(771)	(738)
Premium on redemption of preferred shares	**(18)**	(8)	—
Premium on purchase of common shares for cancellation	**(1,084)**	—	(269)
Other	**12**	(18)	(3)
Balance at end of year	**$ 7,745**	$ 7,601	$ 6,335
Shareholders' equity at end of year	**$13,223**	$13,778	$12,333

(1) Represents the effect of implementing the Canadian Institute of Chartered Accountants (CICA) handbook section 1100, "Generally Accepted Accounting Principles." Refer to Note 1 for more details.

(2) Represents the effect of implementing the CICA Accounting Guideline (AcG) 17, "Equity-linked Deposit Contracts." Refer to Note 1 for more details.

(3) Represents the effect of implementing the CICA handbook section 3870, "Stock-based Compensation and Other Stock-based Payments."

(4) The components of foreign currency translation adjustments for prior years have been reported to conform with the presentation adopted in 2004.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

$ millions, for the years ended October 31	2004	2003	2002
Cash flows provided by (used in) operating activities			
Net income	**$ 2,199**	$ 2,063	$ 653
Adjustments to reconcile net income to cash flows provided by (used in) operating activities:			
Provision for credit losses	**628**	1,143	1,500
Amortization of buildings, furniture, equipment and leasehold improvements	**264**	275	333
Amortization of intangible assets	**16**	20	32
Stock-based compensation	**58**	114	(15)
Restructuring (reversal) charge, net	**(18)**	(31)	514
Future income taxes	**139**	309	(1,141)
Investment securities (gains) losses, net	**(236)**	107	168
Gains on divestitures	**—**	(53)	(190)
Write-down relating to Air Canada contract	**—**	128	—
Losses (gains) on disposal of land, buildings and equipment	**4**	(1)	(8)
Changes in operating assets and liabilities			
Accrued interest receivable	**187**	332	82
Accrued interest payable	**245**	(374)	(627)
Amounts receivable on derivative contracts	**(914)**	1,921	1,006
Amounts payable on derivative contracts	**2,045**	(2,849)	(1,601)
Net change in trading securities	**483**	(7,654)	7,170
Current income taxes	**(2,706)**	293	758
Restructuring payments	**(52)**	(336)	(139)
Insurance proceeds received	**11**	80	90
Other, net	**2,470**	3,227	(27)
	4,823	(1,286)	8,558
Cash flows provided by (used in) financing activities			
Deposits, net of withdrawals	**2,447**	(8,500)	2,278
Obligations related to securities sold short	**561**	3,223	(2,777)
Net obligations related to securities lent or sold under repurchase agreements	**(2,503)**	9,678	(11,788)
Issue of subordinated indebtedness	**1,250**	250	—
Redemption/repurchase of subordinated indebtedness	**(493)**	(484)	(342)
Issue of preferred shares	**133**	550	800
Redemption of preferred shares	**(648)**	(208)	—
Issue of common shares	**162**	108	59
Purchase of common shares for cancellation	**(1,238)**	—	(313)
Net proceeds from treasury shares sold/purchased	**11**	—	—
Dividends	**(971)**	(771)	(738)
Other, net	**(522)**	(219)	(800)
	(1,811)	3,627	(13,621)
Cash flows provided by (used in) investing activities			
Interest-bearing deposits with banks	**(1,968)**	(649)	1,610
Loans, net of repayments	**(13,040)**	(5,121)	(8,930)
Proceeds from securitizations	**8,834**	5,280	1,952
Purchase of investment securities	**(12,977)**	(24,009)	(32,418)
Proceeds from sale of investment securities	**11,377**	21,396	27,990
Proceeds from maturity of investment securities	**3,138**	5,050	7,439
Net securities borrowed or purchased under resale agreements	**1,664**	(3,809)	8,059
Net cash paid for acquisitions	**—**	—	(626)
Proceeds from divestitures	**—**	181	—
Purchase of land, buildings and equipment	**(235)**	(265)	(235)
Proceeds from disposal of land, buildings and equipment	**18**	3	7
	(3,189)	(1,943)	4,848
Effect of exchange rate changes on cash and non-interest-bearing deposits with banks	**(42)**	(105)	(13)
Net (decrease) increase in cash and non-interest-bearing deposits with banks during year	**(219)**	293	(228)
Cash and non-interest-bearing deposits with banks at beginning of year	**1,593**	1,300	1,528
Cash and non-interest-bearing deposits with banks at end of year	**$ 1,374**	$ 1,593	$ 1,300
Cash interest paid	**$ 4,577**	$ 5,920	$ 6,641
Cash income taxes paid (recovered)	**$ 3,356**	$ (364)	$ 249

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Canadian Imperial Bank of Commerce and its subsidiaries (CIBC) prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles (GAAP).

A reconciliation of the impact on assets, liabilities, shareholders' equity and net income arising from differences between Canadian and U.S. GAAP is provided in Note 27.

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The following paragraphs describe our significant accounting policies. New accounting policies adopted during the year are described in the Accounting changes section within Note 1.

Basis of consolidation

The consolidated financial statements include the accounts of all subsidiaries. Inter-company balances and transactions have been eliminated. Non-controlling interests in the net book value of subsidiaries are included in other liabilities. The non-controlling interests in net income of subsidiaries is included, net of income taxes, as a separate line item in the consolidated statements of income.

Investments in companies, including investments held in the merchant banking portfolio, over which we have significant influence, are accounted for by the equity method, and are included in other assets. Our share of earnings from these investments is included in other non-interest income.

Investments over which we exercise joint control are accounted for using the proportionate consolidation method, whereby our share of the assets, liabilities, revenue and expenses of these joint ventures is included in the consolidated financial statements.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at prevailing exchange rates at the dates of the consolidated financial statements. Revenue and expenses are translated using average monthly exchange rates. Realized and unrealized gains and losses arising from the translation are included in the consolidated statements of income.

Assets and liabilities of foreign operations with a functional currency other than the Canadian dollar are translated into Canadian dollars using month-end exchange rates at balance sheet dates, while revenue and expenses of these foreign operations are translated into Canadian dollars at the average monthly exchange rates. Exchange gains and losses arising from the translation of foreign operations and from the results of hedging these positions, net of applicable taxes, are reported in foreign currency translation adjustments.

A future income tax asset or liability is not recognized in respect of a translation gain or loss arising from an investment in a foreign subsidiary, where the gain or loss is not expected to be realized in the foreseeable future.

Securities

Investment securities comprise debt and equity securities, including investments held in the merchant banking portfolio over which we have no significant influence, purchased with the intention of holding for a period of time in accordance with our originally established investment objectives but which may be sold in response to changes in such investment objectives arising from changing market conditions. Equity securities are stated at cost and debt securities at amortized cost. Realized gains and losses on disposal, determined on an average cost basis, and write-downs to reflect other-than-temporary impairments in value, are included in investment securities gains (losses). Realized and unrealized gains on securities used in hedging activities are included in earnings in the same period as the earnings from the items hedged.

Dividends and interest income on all securities, including the amortization of premiums and discounts on debt securities held for investment, are included in interest income.

Trading securities are purchased for resale generally within a short period of time and are stated at fair value. Fair value is determined based on market value or, where market prices are not readily available, on quoted market prices for similar securities or on other third-party evidence, as available. Gains and losses realized on disposal and unrealized gains and losses from market fluctuations are included in trading activities. Dividends and interest income are included in interest income.

Loan substitute securities are accounted for in the same manner as loans. They represent after-tax financing arrangements, which provide issuers with tax-effective borrowings.

Obligations related to securities sold short are recorded as liabilities and are carried at fair value. Realized and unrealized gains and losses on securities sold short that are used in hedging activities are included in earnings in the same period as the earnings from the items hedged. Realized and unrealized gains and losses on securities sold short for trading purposes are included in trading activities.

Securities borrowed or purchased under resale agreements and obligations related to securities lent or sold under repurchase agreements

Securities purchased under resale agreements are treated as collateralized lending as they represent the purchase of securities effected with a simultaneous agreement to sell them back at a future date, which is generally near term. Interest income is accrued and separately disclosed in the consolidated statements of income. Obligations related to securities sold under repurchase agreements are treated as collateralized borrowing and represent the borrowing equivalent of securities purchased under resale agreements. Interest expense is accrued and reflected in other liabilities interest expense.

The right to receive back cash collateral paid and the obligation to return cash collateral received on borrowing and lending of securities are recorded as securities borrowed and securities lent, respectively. We monitor the market value of the securities borrowed and lent on a daily basis and call for additional collateral when appropriate. Interest on cash collateral paid and received is recorded in interest income and interest expense, respectively.

Loans

Loans are stated net of unearned income and allowance for credit losses. Interest income is recognized on an accrual basis.

Loan fees and origination costs

Fees relating to loan origination, including commitment, restructuring and renegotiation fees, are considered an integral part of the yield earned on the loan, and are deferred as unearned income and amortized to interest income over the term of the loan. Incremental direct costs for originating or acquiring a loan are netted against origination fees. Fees received for commitments that

are not expected to result in a loan are included in non-interest income over the commitment period. Loan syndication fees are included in non-interest income on completion of the syndication arrangement, provided that the yield on the portion of the loan we retain is at least equal to the average yield earned by the other lenders involved in the financing; otherwise, an appropriate portion of the fee is deferred as unearned income and amortized to interest income to produce an equal average yield over the term of the loan.

Impaired loans

We classify loans as impaired when, in our opinion, there is no longer reasonable assurance of the timely collection of the full amount of principal and interest. Generally, loans on which repayment of principal or payment of interest is contractually 90 days in arrears are automatically considered impaired unless they are fully secured and in the process of collection. Notwithstanding management's assessment of collectibility, such loans are considered impaired if payments are 180 days in arrears. Exceptions are as follows:

- Credit card loans are not classified as impaired but are instead fully written off when payments are contractually 180 days in arrears.
- Loans guaranteed or insured by the Canadian government, the provinces or a Canadian government agency are classified as impaired only when payments are contractually 365 days in arrears.

When a loan is classified as impaired, accrual of interest ceases. All uncollected interest is recorded as part of the loan's carrying value for the purpose of determining the loan's estimated realizable value and establishing allowances for credit losses. No portion of cash received on any impaired loan is recorded as income until such time as any prior write-off has been recovered or any specific allowance has been reversed, and it is determined that the principal and interest are fully collectible in accordance with the original contractual terms of the loan.

Impaired loans are carried at their estimated net realizable values determined by discounting the expected future cash flows at the interest rate inherent in the loan. When the amount and timing of future cash flows cannot be estimated reliably, the loan is carried at either the fair value of the security underlying the loan or the fair value of the loan.

Allowance for credit losses

We establish and maintain an allowance for credit losses that we consider the best estimate of probable credit-related losses existing in our portfolio of on- and off-balance sheet financial instruments, giving due regard to current conditions. The allowance for credit losses consists of specific and general components.

Specific allowance

We conduct ongoing credit assessments of the business and government loan portfolio on an account-by-account basis and establish specific allowances when impaired loans are identified. Residential mortgages, personal loan and credit card, and certain small business loan portfolios consist of large numbers of homogeneous balances of relatively small amounts, for which specific allowances are established by reference to historical ratios of write-offs to balances in arrears.

General allowance

The general allowance is provided for losses which we estimate are inherent in the portfolio at the balance sheet date, but not yet identified and, therefore, not yet captured in the determination of specific allowances.

The credit portfolios to which the general allowance applies include business loans and acceptances, consumer loans and off-balance sheet credit instruments, such as credit commitments and letters of credit.

The general allowance is established based on expected loss rates associated with different credit portfolios at different risk levels and the estimated time period for losses that are present but yet to be specifically identified, adjusting for our view of the current and ongoing economic and portfolio trends.

Expected loss rates for business loan portfolios are based on the risk rating of each credit facility and on the probability of default factors associated with each risk rating, as well as estimates of loss given default. The probability of default factors reflects our historical experience over an economic cycle, and is supplemented by data derived from defaults in the public debt markets. Loss given default estimates are based on our experience over past years. For consumer loan portfolios, expected losses are based on our historical flow and loss rates.

The level of the general allowance is determined by a number of factors, including the size, relative risk profiles and changes in credit quality of the portfolios, as well as economic trends. The parameters that drive the general allowance calculation are updated regularly, based on our experience and that of the market in general.

Loans held for sale

Loans transferred into the held for sale portfolio are recorded at the lower of their carrying or fair values on a loan-by-loan basis. Losses on transfer to loans held for sale determined to be credit related are charged to the provision for credit losses. Losses determined to be other than credit related are charged to other non-interest income. Subsequent to transfer, each loan held for sale is revalued at the lower of its fair value or carrying amount at initial designation as held for sale. Unrealized gains or losses arising from subsequent revaluations and realized gains and losses on sale are recognized in other non-interest income.

Securitizations

We periodically sell groups of loans or receivables to variable interest entities (VIEs) that issue securities to investors — a process referred to as securitization.

Securitizations are accounted for as sales when we surrender control of the transferred assets and receive consideration other than beneficial

interests in the transferred assets. When such sales occur, we may retain interest-only strips, one or more subordinated tranches and, in some cases, a cash reserve account, all of which are considered retained interests in the securitized assets.

Gains or losses on transfers accounted for as sales are recognized in non-interest income and depend, in part, upon the allocation of previous carrying amounts to assets sold and retained interests. These carrying amounts are allocated in proportion to the relative fair value of the assets sold and retained interests. Quoted market prices, if available, are used to obtain fair value. However, as market prices are generally not available for retained interests, we estimate fair value based on the present value of expected future cash flows. This may require us to estimate credit losses, the rate of prepayments, forward yield curves, discount rates and other factors that influence the value of retained interests.

Retained interests in securitized assets are classified as investment securities and stated at their original carrying amounts and are reviewed for impairment on a quarterly basis.

Non-interest income from securitized assets comprises income from retained interests, losses under recourse arrangements and servicing income, and is reported separately in the consolidated statements of income.

Derivative instruments

Derivative instruments are contracts that require or provide an option to exchange cash flows or payments determined by applying certain rates, indices or changes therein to notional contract amounts.

We use derivatives in two broadly defined activities: trading and asset/liability management (ALM).

Derivatives held for trading purposes

Our derivative trading activities are primarily driven by client trading activities. Clients transact with CIBC as part of their own risk management, investing and trading activities. To facilitate these activities, we act as a derivatives dealer or market maker, and are prepared to transact with clients by quoting bid and offer prices, with the objective of yielding a spread for CIBC. We also take limited proprietary trading positions in the interest rate, foreign exchange, debt, equity and commodity markets, with the objective of earning income.

All financial and commodity derivative instruments held for trading purposes, including derivatives used to hedge risks created by assets and liabilities that are marked-to-market, are stated at fair value. Quoted market prices, when available, are used to determine the fair value of derivatives held for trading. Otherwise, fair value is estimated, using pricing models that are based on current market quotations, wherever possible. Where appropriate, the estimates include a valuation adjustment to cover market, model and credit risks, as well as administrative costs. Realized and unrealized trading gains and losses are included in trading activities. Gains at inception of a derivative transaction are recognized when the fair value of that derivative is obtained from a quoted market price, is supported by reference to other observable market transactions, or is based upon a valuation technique that incorporates either directly observable market data or highly correlated and observable proxy market data. Derivatives with positive fair value are reported as assets, while derivatives with negative fair value are reported as liabilities, in both cases as derivative instruments market valuation.

Derivatives held for ALM purposes

We use derivative instruments, primarily interest rate swaps and, to a lesser degree, futures, forward rate agreements and options contracts, to manage financial risks, such as movements in interest rates and foreign exchange rates. These instruments are used for hedging activities, including offsetting or modifying the interest rate risk of specific non-trading on-balance sheet assets and liabilities, or groups of non-trading on-balance sheet assets and liabilities, and as hedges of firm commitments or anticipated transactions.

Derivatives that qualify for hedge accounting

In order for a derivative to qualify for hedge accounting, the hedge relationship must be designated and formally documented at its inception, outlining the particular risk management objective and strategy, the specific asset, liability or cash flow being hedged, as well as how effectiveness is assessed. Hedge relationships are designated as a fair value hedge, a cash flow hedge, or a hedge of foreign currency exposure of a net investment in a foreign operation. The derivative must be effective in accomplishing the objective of offsetting either changes in the fair value or cash flow attributable to the risk being hedged both at inception and over the term of the hedging relationships.

When derivative instruments have been designated within a hedge relationship and are highly effective in offsetting the identified risk characteristics of specific financial assets and liabilities, or groups of financial assets and liabilities, hedge accounting is applied to these derivative instruments. Hedge accounting requires that gains, losses, revenue and expenses of a hedging item be recognized in the same period that the associated gains, losses, revenue and expenses of the hedged item are recognized. For interest rate swaps, this accounting treatment results in interest income or expense on non-trading on-balance sheet assets and liabilities being reflected in the consolidated statements of income at their hedged rates rather than their original contractual interest rates.

Foreign currency derivative instruments that hedge foreign currency risk exposures from foreign currency denominated assets and liabilities are revalued each month, using the spot foreign exchange rate, and are included in other assets or other liabilities. Resulting gains and losses are recognized as foreign exchange other than trading within non-interest income. The hedged items are also revalued using the spot foreign exchange rate, with the resulting gains or losses recognized as foreign exchange other than trading within non-interest income.

Foreign currency derivative instruments that hedge foreign currency exposures arising from net investments in foreign operations are revalued each month, using the spot foreign exchange rate, and are included in other assets or other liabilities. Resulting gains and losses, net of applicable taxes, are recognized in foreign currency translation adjustments. Any premium or discount resulting from differences between the contracted forward and spot foreign exchange rates due to interest rate differentials is accrued in foreign exchange other than trading within non-interest income.

Realized and unrealized gains and losses on derivative instruments used to hedge firm commitments or anticipated transactions are deferred and recognized as income when the committed or anticipated transactions occur. Anticipated transactions can be hedged only when the transactions are specifically identified, and it is probable that the anticipated transactions will occur.

Premiums paid for options used for hedging purposes are amortized over the life of the contract or the term of the hedge, as appropriate.

A hedging relationship is terminated if the hedge ceases to be effective; if the underlying asset or liability being hedged is de-recognized or if it is no longer probable that the anticipated transaction will occur and the derivative instrument is still outstanding; or if the derivative instrument is no longer designated as a hedging instrument.

If a hedging relationship is terminated, the difference between the fair value and the accrued value of the hedging derivatives upon termination is deferred in other assets or other liabilities and recognized into income or expense on the same basis as gains, losses, revenue and expenses of the previously hedged item are recognized, generally by amortization over the remaining term of the hedged asset or liability.

Derivatives that do not qualify for hedge accounting

Derivatives held for ALM purposes that do not meet the requirements for hedge accounting are marked-to-market and stated at fair value.

Derivatives with positive fair value are reported as assets, while derivatives with negative fair value are reported as liabilities, in both cases as derivative instruments market valuation. Gains and losses on the derivatives are included in other non-interest income or foreign exchange other than trading, as appropriate.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are presented net when we have a legally enforceable right to set off the recognized amounts and intend to settle on a net basis or to realize the asset and settle the liability simultaneously.

Acceptances and customers' liability under acceptances

Acceptances constitute a liability of CIBC on negotiable instruments issued to third parties by our customers. We earn a fee for guaranteeing and then making the payment to the third parties. The amounts owed to us by our customers in respect of these guaranteed amounts are reflected in assets as customers' liability under acceptances.

Land, buildings and equipment

Land is reported at cost. Buildings, furniture, equipment and leasehold improvements are reported at cost less accumulated amortization. Amortization is recorded on a straight-line basis as follows:

Buildings	40 years
Computer equipment and software	2 to 7 years
Office furniture and other equipment	4 to 15 years
Leasehold improvements	Over estimated useful life

Gains and losses on disposal are reported in other non-interest income.

Goodwill and other intangible assets

We use the purchase method of accounting for all business combinations. Identifiable intangible assets are recognized separately from goodwill and included in other intangible assets. Goodwill represents the excess of the purchase price over the fair value of the net tangible and other intangible assets acquired in business combinations. Goodwill is allocated to the reporting unit that is expected to benefit from the synergies of the business combination. Reporting units comprise business operations with similar economic characteristics and strategies. Goodwill and other intangible assets with an indefinite life are not amortized but are subjected to impairment review at least annually and, if impaired, are written down to fair value.

The impairment test for goodwill is based on a comparison of the carrying amount of the reporting unit with its fair value. This fair value is determined using a market or income valuation approach incorporating factors such as projected cash flows, projected forward earnings and/or price earnings multiples. When the carrying amount of a reporting unit exceeds its fair value, any impairment of goodwill is measured by comparing its carrying value with its implied fair value. The implied fair value of goodwill is the excess of the fair value of the reporting unit over the fair value of its net tangible and other intangible assets.

The impairment test for an other intangible asset with an indefinite life is carried out by comparing its carrying amount with its fair value, measured using valuation models which incorporate factors such as projected cash flows and market comparables.

Other intangible assets with a definite life are amortized over their estimated useful lives, generally not exceeding 20 years, and are also subjected to an assessment for impairment.

Future income taxes

We use the asset and liability method to provide for income taxes on all transactions recorded in the consolidated financial statements. The asset and liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets or liabilities and their tax bases. Future income tax assets and liabilities are determined for each temporary difference and for unused losses, as applicable, at rates expected to be in effect when the asset is realized or the liability is settled. A valuation allowance is established, if necessary, to reduce the future income tax asset to an amount that is more likely than not to be realized.

Employee future benefits

We are the sponsor of a number of employee benefit plans. These plans include both defined benefit and defined contribution pension plans, and various other post-retirement and post-employment benefit plans.

We accrue our obligations under employee benefit plans and related costs, net of plan assets. The cost of pensions and other post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and our best estimate of expected return on plan assets, salary escalation, retirement ages of employees, mortality and expected health-care costs. The discount rate used to value liabilities is based on market rates as at the measurement date.

The expected return on plan assets is based on our best estimate of the long-term expected rate of return on plan assets and a market-related value of plan assets. The market-related value of plan assets is determined using a methodology where the difference between the actual and expected market value of plan assets is recognized over three years.

Past service costs from plan amendments are amortized on a straight-line basis over the expected average remaining service period over which employees become fully eligible for benefits, since it is expected that we will realize economic benefit from these plan changes during this period.

Net actuarial gains and losses that exceed 10% of the greater of the accrued benefit obligation or the market-related value of plan assets are also amortized on a straight-line basis over the expected average remaining service life of covered employees. Experience will often deviate from the actuarial assumptions resulting in actuarial gains or losses.

The expected average remaining service life of employees covered by the defined benefit pension plans is 11 years (2003: 13 years). The expected average remaining service life of employees covered by the other benefit plans is 15 years (2003: 20 years).

Accrued benefit asset or liability represents the cumulative difference between the expense and funding contributions and is included in other assets and other liabilities.

Valuation allowance is recognized when the accrued benefit asset for any plan is greater than the expected future benefit expected to be realized. A change in the valuation allowance is recognized in the consolidated statements of income for the period in which the change occurs.

When the restructuring of a benefit plan gives rise to both a curtailment and a settlement of obligations, the curtailment is accounted for prior to the settlement.

Stock-based compensation

We provide compensation to directors and certain employees in the form of stock options and/or share-based awards.

We use the fair value-based method to account for stock options granted to employees. The value is recognized over the applicable vesting period as an increase to compensation expense and contributed surplus. When the options are exercised, the proceeds received by CIBC, together with the amount in contributed surplus, are credited to common share capital. No expense is recognized for stock options granted prior to November 1, 2001; when these options are exercised, the proceeds received by CIBC are recorded as common share capital.

Up to 50% of options relating to the Employee Stock Option Plan granted prior to 2000 can be exercised as stock appreciation rights (SARs). SARs obligations, which arise from changes in the market price of CIBC's common shares, are recorded over the applicable vesting period in compensation expense with a corresponding accrual in other liabilities. If SARs are exercised as purchases of shares, the exercise price, together with the relevant amount in other liabilities, representing the value of shares at the market price, is credited to common share capital.

Compensation expense in respect of share-based awards under the Restricted Share Program is recognized in the year of grant upon meeting certain criteria in an amount equal to the sum to be transferred to the trust in respect of the current year allocations. Compensation expense in respect of special grants is recognized over the applicable vesting period in an amount equal to the sum to be transferred to the trust. Amounts paid under the directors' plans are charged to compensation expense. Obligations relating to deferred share units under the directors' plans change with CIBC's common share price and the change is recognized as a compensation expense or credit in the period in which the change occurs.

Our contribution under the Employee Share Purchase Plan (ESPP) is expensed as incurred.

Earnings per share

Basic earnings per share (EPS) is determined as net income minus dividends and premiums on preferred shares, divided by the weighted-average number of common shares outstanding for the period.

Diluted EPS is determined as net income minus dividends and premiums on preferred shares, divided by the weighted-average number of diluted common shares outstanding for the period. Diluted common shares reflect the potential dilutive effect of exercising the stock options based on the treasury stock method. The treasury stock method determines the number of incremental common shares by assuming that the outstanding stock options, whose exercise price is less than the average market price of CIBC's common stock during the period, are exercised and then reduced by the number of common shares assumed to be repurchased with the exercise proceeds. Year-to-date incremental common shares are computed by taking a weighted average of the number of incremental common shares included in each interim period.

Non-interest income

Underwriting and advisory fees and commissions on securities transactions are recognized as revenue when the related services are performed. Deposit and payment fees and insurance fees are recognized over the period that the related services are provided.

Card fees primarily include interchange income, late fees, cash advance fees and annual fees. Card fees are recognized as billed, except for annual fees which are recognized over a 12-month period.

Investment management and custodial, and mutual fund fees are included as fees for services. Investment management and custodial fees are primarily investment, estate and trust management fees and are recorded on an accrual basis. Accordingly, prepaid fees are deferred and amortized over the contract term. Mutual fund fees are recorded on an accrual basis.

Accounting changes

Hedge accounting

On November 1, 2003, we adopted the CICA AcG-13, "Hedging Relationships," and the Emerging Issues Committee abstract (EIC) 128, "Accounting for Trading, Speculative or Non-hedging Derivative Financial Instruments." AcG-13 provides detailed guidance on the identification, designation, documentation and effectiveness of hedging relationships, for the purposes of applying hedge accounting and the discontinuance of hedge accounting. EIC-128 requires that any derivative financial instrument not designated within an AcG-13 compliant hedging relationship be measured at fair value with changes in fair value recorded in income.

Upon adoption of AcG-13, all hedging relationships that ceased to be eligible for hedge accounting were terminated as of that date. In compliance with the transitional provisions of AcG-13, the difference between the carrying and fair values of all hedging instruments in these hedging relationships was deferred for amortization over the hedge terms, ranging primarily from one to five years. The impact of recognizing derivatives at fair value in respect of hedge relationships that were terminated as of November 1, 2003, resulted in an increase in derivative instruments market valuation assets and liabilities of $763 million and $920 million, respectively, and an increase to other liabilities and other assets of $763 million and $920 million, respectively.

Equity-linked deposit contracts

On November 1, 2003, we adopted the CICA AcG-17, "Equity-linked Deposit Contracts." This guideline pertains to certain deposit obligations, such as equity-linked GICs or equity-linked notes where the deposit obligation varies according to the performance of certain equity levels or indices. These deposit obligations may be subject to a guaranteed minimum redemption amount, such as the obligation to return the investor's initial investment at maturity. Under AcG-17, we separate or bifurcate the equity-linked deposit contracts into an embedded derivative and a residual discounted deposit instrument. The embedded derivative is measured at fair value with changes in fair value recorded in other non-interest income. The discounted deposit instrument is accreted to par principal value at maturity with the expense recorded in interest expense. Upon adoption of AcG-17, the change in carrying value of the deposit obligations and any adjustments resulting from the cessation of hedge accounting have been credited to opening retained earnings. This resulted in a $6 million after-tax credit to opening retained earnings ($9 million pre-tax).

Mortgage commitments

Concurrent with the November 1, 2003 adoption of AcG-13, we voluntarily changed our accounting policy for residential mortgage interest rate commitments. These commitments are given out to our retail clients at no charge in contemplation of borrowing to finance the purchase of homes under mortgages to be funded by CIBC in the future. These commitments are usually extended for periods of up to 90 days and generally entitle the borrower to receive funding at the lower of the interest rate at the time of the commitment and the rate applicable at funding date. We use financial instruments, such as interest rate derivatives, to economically hedge our exposure to an increase in interest rates. Under this change in accounting

policy, we carry both our liability to the retail client (based on an estimate of the commitments expected to be exercised) and the associated economic hedges at fair value with changes in the fair value of both recorded in other non-interest income. In addition, as the commitments are an integral part of the mortgage, both their initial fair value and their fair value upon funding, if any, are recognized over the life of the mortgages that result. The impact of this change in accounting policy on consolidated financial statements was not significant.

Generally accepted accounting principles

On November 1, 2003 we prospectively adopted the CICA handbook section 1100, "Generally Accepted Accounting Principles." The section establishes standards for financial reporting in accordance with GAAP, and provides guidance on sources to consult when selecting accounting policies and determining appropriate disclosures when a matter is not dealt with explicitly in the primary sources of GAAP. As a result of the adoption of this section, the following changes in accounting policies were applied prospectively:

- We began to equity account for investments held in the merchant banking portfolio, where we have an ability to exert significant influence in the decision making process of the investee. The impact of the change on the consolidated financial statements was not significant.

- We commenced the treasury stock method of accounting for CIBC share positions held within trading portfolios. As a result, common shares increased by $11 million as at October 31, 2004 and contributed surplus increased by $6 million during the year.

- Beginning November 1, 2003, any debt or deposit instruments issued by CIBC that are held within trading portfolios are treated as a reduction of the appropriate debt or deposit obligation. Upon subsequent resale of the instruments, any gains or losses are deferred and amortized over their remaining lives. The impact of the change on the consolidated financial statements was not significant, and

- Certain payment clearing amounts due from and due to financial institutions previously included in other liabilities are treated separately as cash and deposit liabilities with banks, respectively. The impact of the change on the consolidated balance sheets was not significant.

2003 and 2002 financial information

Certain 2003 and 2002 financial information has been reclassified, where necessary, to conform with the presentation adopted in 2004.

Future accounting policy changes

A description of future Canadian accounting policy changes is provided in Note 29.

Note 2 SIGNIFICANT ACQUISITIONS AND DISPOSITIONS

2004

Acquisitions and dispositions

On August 18, 2004, we announced the sale of Juniper Financial Corp. (Juniper), a U.S. credit card company, to Barclays Bank PLC for consideration of US$293 million ($357 million at the October 31, 2004 exchange rate), subject to certain adjustments. The transaction closed on December 1, 2004. We expect to recognize a pre-tax gain of approximately $116 million in the first quarter of 2005. The final amount of the gain is dependent on a number of variables, including the adjustments noted above, that will be determined after the closing date of the transaction.

Earlier in the year, we purchased the remaining common shares from non-management shareholders and exercised our option to purchase shares from the remaining non-controlling preferred shareholders of Juniper. As a result, goodwill and other intangible assets, in the form of credit card relationships (customer relationships), increased by $22 million and $10 million, respectively.

As of October 31, 2004, we had a 98% interest in Juniper and Juniper's senior management owned the remaining 2%. The results of operations of Juniper were included in Corporate and Other.

2003

Dispositions

In 2003, we sold our Oppenheimer private client and asset management businesses in the U.S. (the Oppenheimer sale) for $354 million to Fahnestock Viner Holdings Inc., which was subsequently renamed Oppenheimer & Co. Inc. (Oppenheimer) and recorded a pre-tax gain on the sale of $58 million in other non-interest income. As part of the sale consideration, we received US$161 million ($245 million as at January 31, 2003) of exchangeable debentures that can be exchanged, under certain circumstances, for non-voting Class A shares of Oppenheimer.

In 2003, we sold our 51% interest in INTRIA-HP Corporation, a technology outsourcing company, and other related assets to Hewlett-Packard (Canada) Co. (HP). The impact of the sale was not significant. In addition, we entered into a seven-year outsourcing agreement with HP to provide us with comprehensive information technology services valued at approximately $2 billion, beginning November 1, 2002.

Note 3 SECURITIES

	Residual term to contractual maturity													
	Within 1 year		1 to 5 years		5 to 10 years		Over 10 years		No specific maturity		2004 total		2003 total	
$ millions, as at October 31	Carrying value	Yield[1]	Carrying value	Yield[1]	Carrying value	Yield[1]	Carrying value	Yield[1]	Carrying value	Yield[1]	Carrying value	Yield[1]	Carrying value	Yield[1]
Investment securities														
Securities issued or guaranteed by:														
Canadian federal government	$ 1,654	3.6%	$ 2,092	4.0%	$ 34	5.4%	$ 267	8.0%	$ —	—%	**$ 4,047**	**4.1%**	$ 3,373	3.8%
Other Canadian governments	18	2.2	29	2.9	—	—	317	6.9	—	—	**364**	**6.3**	557	6.0
U.S. Treasury	1	—	—	—	4,987	3.6	—	—	—	—	**4,988**	**3.6**	5,445	3.6
Other U.S. agencies	—	—	—	—	171	6.9	889	6.6	—	—	**1,060**	**6.6**	1,344	6.7
Other foreign governments	34	6.3	9	4.3	246	7.5	—	—	—	—	**289**	**7.3**	337	7.0
Mortgage-backed securities[2]	348	4.1	1,348	4.2	243	6.3	802	4.3	—	—	**2,741**	**4.4**	3,252	5.5
Asset-backed securities	4	5.8	101	3.7	104	6.2	10	—	—	—	**219**	**4.8**	207	2.4
Corporate debt	177	2.9	4	5.9	7	6.0	—	—	—	—	**188**	**3.1**	256	4.9
Corporate equity	119	4.8	105	5.5	49	3.0	—	—	236	—	**509**	**2.5**	766	0.8
Private debt	177	6.2	115	9.0	254	4.1	27	13.0	—	—	**573**	**6.2**	1,014	5.8
Private equity	94	5.4	—	—	—	—	—	—	445	—	**539**	**—**	768	1.6
Total debt securities														
Carrying value	$ 2,413		$ 3,698		$ 6,046		$ 2,312		$ —		**$14,469**		$15,785	
Fair value	$ 2,433		$ 3,723		$ 6,003		$ 2,538		$ —		**$14,697**		$15,904	
Total equity securities														
Carrying value	$ 213		$ 105		$ 49		$ —		$ 681		**$ 1,048**		$ 1,534	
Fair value[3]	$ 215		$ 110		$ 59		$ —		$ 1,172		**$ 1,556**		$ 2,116	
Total investment securities														
Carrying value	$ 2,626		$ 3,803		$ 6,095		$ 2,312		$ 681		**$15,517**		$17,319	
Fair value[3]	$ 2,648		$ 3,833		$ 6,062		$ 2,538		$ 1,172		**$16,253**		$18,020	
Trading securities[4]														
Securities issued or guaranteed by:														
Canadian federal government	$ 8,592		$ 1,664		$ 687		$ 300		$ —		**$11,243**		$11,805	
Other Canadian governments	344		925		689		663		—		**2,621**		1,824	
U.S. Treasury and agencies	3,062		564		31		194		—		**3,851**		4,913	
Other foreign governments	17		23		127		15		—		**182**		120	
Corporate debt	5,744		1,528		1,050		3,267		491		**12,080**		10,829	
Corporate equity	—		3		1		—		21,818		**21,822**		22,791	
Total trading securities	$17,759		$ 4,707		$ 2,585		$ 4,439		$ 22,309		**$51,799**		$52,282	
Loan substitute securities[5]														
Carrying value	$ —		$ —		$ —		$ —		$ —		**$ —**		$ 27	3.5%
Total securities														
Carrying value	$20,385		$ 8,510		$ 8,680		$ 6,751		$ 22,990		**$67,316**		$69,628	
Fair value[3]	$20,407		$ 8,540		$ 8,647		$ 6,977		$ 23,481		**$68,052**		$70,329	

(1) Represents the weighted-average yield, which is determined by applying the weighted average of the book yields of individual fixed income securities and the stated dividend rates of corporate and private equity securities.

(2) Includes securities issued or guaranteed by government, having a carrying value of $1.9 billion (2003: $1.7 billion) and a fair value of $1.9 billion (2003: $1.7 billion).

(3) The fair value of publicly traded equity investment securities does not take into account any adjustments for resale restrictions that expire within one year, adjustments for liquidity or future expenses.

(4) As trading securities are recorded at fair value, carrying value equals fair value.

(5) The carrying value of loan substitute securities approximates fair value.

FAIR VALUE OF INVESTMENT SECURITIES

	2004				2003			
$ millions, as at October 31	Carrying value	Unrealized gains	Unrealized losses	Fair value	Carrying value	Unrealized gains	Unrealized losses	Fair value
Securities issued or guaranteed by:								
Canadian federal government	**$ 4,047**	**$ 93**	**$ (3)**	**$ 4,137**	$ 3,373	$ 74	$ (1)	$ 3,446
Other Canadian governments	**364**	**55**	**(1)**	**418**	557	44	(1)	600
U.S. Treasury	**4,988**	**—**	**(176)**	**4,812**	5,445	—	(339)	5,106
Other U.S. agencies	**1,060**	**107**	**—**	**1,167**	1,344	130	—	1,474
Other foreign governments	**289**	**47**	**—**	**336**	337	54	—	391
Mortgage-backed securities[1]	**2,741**	**57**	**(2)**	**2,796**	3,252	92	(36)	3,308
Asset-backed securities	**219**	**5**	**(1)**	**223**	207	12	(1)	218
Corporate debt	**188**	**1**	**—**	**189**	256	11	(1)	266
Corporate equity[2]	**509**	**428**	**(7)**	**930**	766	586	(29)	1,323
Private debt	**573**	**60**	**(14)**	**619**	1,014	118	(37)	1,095
Private equity	**539**	**154**	**(67)**	**626**	768	47	(22)	793
	$15,517	**$1,007**	**$ (271)**	**$16,253**	$17,319	$1,168	$ (467)	$18,020

(1) Includes securities issued or guaranteed by government, with a carrying value of $1.9 billion (2003: $1.7 billion) and a fair value of $1.9 billion (2003: $1.7 billion).

(2) Includes certain securities hedged by forward sale contracts, collars and foreign exchange contracts with a range of maturities from 2006 — 2007. The unrealized gains related to these securities would decrease by $15 million (2003: $2 million) as a result of these hedges.

For investments where the fair value is less than the carrying value the following table presents current fair value and associated unrealized losses for periods less than 12 months and 12 months or longer:

	Less than 12 months		12 months or longer		Total	
$ millions, as at October 31	**Fair value**	**Gross unrealized losses**	**Fair value**	**Gross unrealized losses**	**Fair value**	**Gross unrealized losses**
Investment securities						
Securities issued or guaranteed by:						
Canadian federal government	**$ 1,923**	**$ (3)**	**$ —**	**$ —**	**$ 1,923**	**$ (3)**
Other Canadian governments	**47**	**(1)**	**—**	**—**	**47**	**(1)**
U.S. Treasury	**1**	**—**	**4,811**	**(176)**	**4,812**	**(176)**
Other U.S. agencies	**—**	**—**	**—**	**—**	**—**	**—**
Other foreign governments	**—**	**—**	**—**	**—**	**—**	**—**
Mortgage-backed securities	**267**	**(1)**	**33**	**(1)**	**300**	**(2)**
Asset-backed securities	**8**	**(1)**	**—**	**—**	**8**	**(1)**
Corporate debt	**—**	**—**	**—**	**—**	**—**	**—**
Corporate equity	**7**	**(2)**	**7**	**(5)**	**14**	**(7)**
Private debt	**36**	**(14)**	**3**	**—**	**39**	**(14)**
Private equity	**62**	**(60)**	**15**	**(7)**	**77**	**(67)**
	$ 2,351	**$ (82)**	**$ 4,869**	**$ (189)**	**$ 7,220**	**$ (271)**

As at October 31, 2004, the carrying value of approximately 140 investment securities exceeded their fair value by $271 million. The securities that have been in a gross unrealized loss position for more than a year include approximately 15 securities, with a gross unrealized loss of $189 million.

We have determined that any unrealized losses on our investment securities are temporary in nature. We conduct a quarterly review to identify and evaluate investments that show indications of possible impairment. An investment is considered impaired if its fair value falls below its cost, and the decline is considered other-than-temporary. Factors considered in determining whether a loss is temporary include the length of time and extent to which fair value has been below cost; financial condition and near-term prospects of the issuer; and our ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery.

The review of impairment generally entails:

- Identification and evaluation of investments with indications of possible impairment
- Analysis of individual investments that have a fair value of less than cost or amortized cost, including consideration of the length of time the investment has been in an unrealized position
- Discussion of evidential matter, including an evaluation of factors or triggers that would or could cause individual investments to qualify as having other-than-temporary impairments
- Documentation of the results of these analyses

The following table presents realized gains and losses on investment securities:

REALIZED GAINS AND LOSSES ON INVESTMENT SECURITIES

$ millions, for the years ended October 31	**2004**	**2003**	**2002**
Realized gains	**$ 494**	$ 281	$ 1,006
Realized losses and impairment write-downs	**(258)**	(388)	(1,174)
Net realized gains (losses) on investment securities	**$ 236**	$ (107)	$ (168)

Note 4 LOANS

	2004					2003				
$ millions, as at October 31	**Gross amount**	**Specific allowance**	**General allowance**	**Total allowance**	**Net total**	**Gross amount**	**Specific allowance**	**General allowance**	**Total allowance**	**Net total**
Residential mortgages	**$ 72,592**	**$ 17**	**$ 22**	**$ 39**	**$ 72,553**	$ 70,014	$ 18	$ 27	$ 45	$ 69,969
Personal[(1)]	**26,311**	**237**	**285**	**522**	**25,789**	23,390	266	247	513	22,877
Credit card	**8,689**	**133**	**209**	**342**	**8,347**	9,305	134	81	215	9,090
Business and government	**31,737**	**413**	**509**	**922**	**30,815**	33,177	434	745	1,179	31,998
	$139,329	**$ 800**	**$ 1,025**	**$ 1,825**	**$137,504**	$135,886	$ 852	$ 1,100	$ 1,952	$133,934

(1) Includes $312 million (2003: $330 million), including a non-recourse portion of approximately $151 million (2003: $154 million), relating to loans to certain individuals while employed by CIBC to finance a portion of their participation in funds which make private equity investments on a side-by-side basis with CIBC and its affiliates. These loans are secured by the borrowers' interest in the funds. Of these, $160 million (2003: $151 million) relate to individuals who are no longer employed by CIBC.

LOAN MATURITIES

	Residual term to contractual maturity				
$ millions, as at October 31	**Within 1 year**	**1 to 5 years**	**5 to 10 years**	**Over 10 years**	**2004 Total**
Residential mortgages	$12,296	$56,924	$ 3,202	$ 170	**$ 72,592**
Personal	19,414	6,783	114	—	**26,311**
Credit card	8,689	—	—	—	**8,689**
Business and government	19,860	8,269	1,836	1,772	**31,737**
	$60,259	$71,976	$ 5,152	$ 1,942	**$139,329**

ALLOWANCE FOR CREDIT LOSSES

	Specific allowance			General allowance			Total allowance		
$ millions, as at or for the years ended October 31	**2004**	**2003**	**2002**	**2004**	**2003**	**2002**	**2004**	**2003**	**2002**
Balance at beginning of year	**$ 856**	$ 1,039	$ 1,045	**$1,100**	$1,250	$1,250	**$1,956**	$ 2,289	$ 2,295
Provision for (reversal of) credit losses	**703**	1,293	1,500	**(75)**(1)	(150)(1)	—	**628**	1,143	1,500
Write-offs	**(960)**	(1,312)	(1,705)	**—**	—	—	**(960)**	(1,312)	(1,705)
Recoveries	**215**	182(2)	217(2)	**—**	—	—	**215**	182	217
Transfer to loans held for sale (Note 5)	**—**	(292)	—	**—**	—	—	**—**	(292)	—
Foreign exchange and other adjustments	**(11)**	(54)	(18)	**—**	—	—	**(11)**	(54)	(18)
Balance at end of year	**$ 803**	$ 856	$ 1,039	**$1,025**	$1,100	$1,250	**$1,828**	$ 1,956	$ 2,289
Comprised of: Loans	**$ 800**	$ 852	$ 1,038	**$1,025**	$1,100	$1,250	**$1,825**	$ 1,952	$ 2,288
Letters of credit(3)	**2**	1	1	**—**	—	—	**2**	1	1
Loan substitute securities(4)	**1**	3	—	**—**	—	—	**1**	3	—

(1) Represents reversal of the allowance.

(2) Includes credit protection purchased from third parties.

(3) Allowance on letters of credit is included in other liabilities.

(4) Allowance on loan substitute securities is included in securities.

IMPAIRED LOANS

	2004			2003		
$ millions, as at October 31	**Gross amount**	**Specific allowance**	**Net total**	**Gross amount**	**Specific allowance**	**Net total**
Residential mortgages	**$ 120**	**$ 17**	**$ 103**	$ 177	$ 18	$ 159
Personal(1)	**266**	**237**	**29**	224	266	(42)
Credit card(1)	**—**	**133**	**(133)**	—	134	(134)
Business and government	**722**	**413**	**309**	887	434	453
Total impaired loans	**1,108**	**800**	**308**	1,288	852	436
Loan substitute securities	**1**	**1**	**—**	30	3	27
Loans held for sale	**—**	**—**	**—**	58	—	58
Total impaired loans, loan substitute securities and loans held for sale(2)	**$ 1,109**	**$ 801**	**$ 308**	$ 1,376	$ 855	$ 521

(1) Specific allowances for large numbers of homogeneous balances of relatively small amounts are established by reference to historical ratios of write-offs to balances outstanding. This may result in negative net impaired loans, as individual loans are generally classified as impaired when repayment of principal or payment of interest is contractually 90 days in arrears.

(2) Average balance of gross impaired loans, loan substitute securities and loans held for sale amounts to $1.2 billion (2003: $2.0 billion).

As at October 31, 2004, other past due loans totalled $55 million (2003: $64 million), of which $54 million (2003: $64 million) were in Canada and $1 million (2003: nil) were outside Canada. Other past due loans, excluding credit card loans and government-guaranteed loans, are loans where repayment of principal or payment of interest is contractually in arrears between 90 and 180 days. These loans have not been classified as impaired loans because they are both fully secured and in the process of collection. If the number of days in arrears reaches 180, the loans become impaired notwithstanding the security held.

As at October 31, 2004, the interest entitlements on loans classified as impaired totalled $73 million (2003: $60 million; 2002: $114 million), of

which $57 million (2003: $44 million; 2002: $60 million) were in Canada and $16 million (2003: $16 million; 2002: $54 million) were outside Canada. During the year, interest recognized on loans before being classified as impaired totalled $73 million (2003: $49 million; 2002: $84 million), of which $63 million (2003: $34 million; 2002: $33 million) were in Canada and $10 million (2003: $15 million; 2002: $51 million) were outside Canada.

Note 5 LOANS HELD FOR SALE

In 2003, we transferred business and government loans amounting to $2.1 billion, and total authorizations of $2.9 billion, with the associated allowance for credit losses of $64 million into a held for sale portfolio. On transfer, the loans held for sale were further reduced by a provision for credit losses of $228 million and losses of $23 million recorded in other non-interest income.

During the year, we sold loans held for sale amounting to $1.3 billion (2003: $493 million), with total authorizations of $2.0 billion (2003: $925 million) for a gain of $142 million (2003: $22 million), which was included in other non-interest income. As at October 31, 2004, the net amount of loans held for sale was nil (2003: $1.3 billion), with total authorizations of $17 million (2003: $1.9 billion).

Note 6 SECURITIZATIONS

During the year, we securitized fixed- and variable-rate guaranteed residential mortgages of $7.9 billion (2003: $4.7 billion) through the creation of mortgage-backed securities, and subsequently sold $7.3 billion (2003: $4.4 billion) of those securities. We received net cash proceeds of $7.3 billion (2003: $4.4 billion) and retained the rights to future excess interest on residential mortgages valued at $153 million (2003: $106 million). A pre-tax gain on the sale, net of transaction costs, of $52 million (2003: $42 million) was recognized as income from securitized assets. We retained responsibility for servicing the mortgages and recognize revenue as these services are provided. The key assumptions used to value the sold and retained interests include prepayment rates of 12% to 40% (2003: 12.0% to 42.6%) and discount rates of 2.4% to 4.6% (2003: 3.7% to 4.4%). There are no expected credit losses as the mortgages are guaranteed.

During the year, we sold $1.4 billion of Canadian credit card receivables through a securitization transaction to a trust that issued securities. We received cash proceeds of $1.4 billion and retained the rights to future excess interest on the receivables with a carrying value of $8 million. In addition, we purchased $92 million of subordinated notes issued by the trust at par. There was no significant gain or loss, net of transaction costs. The key assumptions used to value the retained future excess spreads include payment rate of 42.5%, loan loss rate of 4.0% and a discount rate of 9.0%. We maintain the credit card client servicing responsibilities for the securitized credit card receivables and recognize revenue as these services are provided.

During the year, we sold $159 million (2003: $926 million) of U.S. credit card receivables through securitization transactions to a trust. We received cash proceeds of $160 million (2003: $926 million) and we also funded the cash reserve account and retained other subordinated interests in the trust. There was no significant gain or loss in 2004 or 2003, net of transaction costs. The total outstanding retained interests, as at October 31, 2004, were $63 million (2003: $68 million). In addition, we retained servicing responsibilities for the securitized credit card receivables and recognize revenue as these services are provided.

A servicing asset or liability is not generally recognized in these securitizations because we receive adequate compensation for the servicing that we provide with respect to the transferred assets.

The following table summarizes certain cash flows as a result of securitization activity:

$ millions, for the years ended October 31		Commercial mortgages	Residential mortgages	Credit card loans
2004	**Proceeds from new securitizations**	**$ —**	**$ 7,282**	**$ 1,552**
	Proceeds from collections reinvested in previous credit card securitizations	**—**	**—**	**6,571**
	Servicing fees received	**4**	**25**	**34**
	Other cash flows received on retained interests	**—**	**95**	**63**
2003	Proceeds from new securitizations	$ —	$ 4,354	$ 926
	Proceeds from collections reinvested in previous credit card securitizations	—	—	8,733
	Servicing fees received	5	11	35
	Other cash flows received on retained interests	1	52	108

Key economic assumptions used in measuring the fair value of retained interests in securitizations and the sensitivity of the current fair value of residual cash flows to changes in those assumptions are set out in the table below.

The sensitivities are hypothetical and should be viewed with caution. As the amounts indicate, changes in fair value based on variations in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of the retained interests, is calculated without changing any other assumptions. Changes in one factor may result in changes in another, which might magnify or counteract the sensitivities.

$ millions, as at October 31		Commercial mortgages	Residential mortgages	Credit card loans[1]	Non-investment grade loans[2]
2004	**Carrying amount of retained interests**	**$ 11**	**$ 231**	**$ 107**	**$ —**
	Fair value of retained interests	**15**	**248**	**108**	**—**
	Weighted-average remaining life (in years)	**1**	**4**	**0.2**	**—**
	Prepayment/payment rate	**n/a**[3]	**7.0-39.0%**	**42.5%**[4]	**—**
	Impact on fair value of a 10% adverse change	**—**	**(10)**	**(1)**	**—**
	Impact on fair value of a 20% adverse change	**—**	**(20)**	**(2)**	**—**
	Expected credit losses	**—**	**n/a**[5]	**4.0%**	**—**
	Impact on fair value of a 10% adverse change	**—**	**—**	**(1)**	**—**
	Impact on fair value of a 20% adverse change	**—**	**—**	**(3)**	**—**
	Residual cash flows discount rate (annual rate)	**4.2%**	**2.6-5.7%**	**9.0%**	**—**
	Impact on fair value of a 10% adverse change	**—**	**(1)**	**—**	**—**
	Impact on fair value of a 20% adverse change	**—**	**(2)**	**—**	**—**
2003	Carrying amount of retained interests	$ 13	$ 175	$ 80	$ 117
	Fair value of retained interests	13	168	80	117

(1) Does not include $63 million carrying value of retained interests for Juniper, due to its disposition (Note 2).

(2) Repaid during the year.

(3) Not applicable as these retained interests are not subject to prepayment risk.

(4) Monthly payment rate.

(5) Not applicable as these mortgages are guaranteed.

Static pool credit losses include actual incurred and projected credit losses divided by the original balance of securitized loans. The following table summarizes our expected static pool credit losses:

% of outstanding loans, as at October 31		Commercial mortgages	Residential mortgages[1]	Credit card loans	Non-investment grade loans
2004	**Actual and projected credit losses**	**0.2%**	**n/a**	**4.0%**	**—**
2003	Actual and projected credit losses	0.2%	n/a	3.4-5.4%	11.0%

(1) Static pool losses are not applicable to residential mortgages as the mortgages are guaranteed.

The following table summarizes the loan principal, impaired and net credit losses for total loans reported on our consolidated balance sheets and loans securitized:

		$ millions, as at or for the years ended October 31		
Type of loan		Total principal amount of loans	Impaired and other past due loans	Net credit losses[1]
2004	**Residential mortgages**	**$ 84,392**	**$ 145**	**$ 2**
	Personal	**26,311**	**285**	**228**
	Credit card	**11,889**	**64**	**512**
	Business and government[2]	**31,837**	**735**	**11**
	Total loans reported and securitized[3]	**154,429**	**1,229**	**753**
	Less loans securitized:			
	Residential mortgages	**11,800**	**2**	**—**
	Credit card	**3,200**	**64**	**125**
	Business and government[2]	**100**	**—**	**—**
	Total loans securitized	**15,100**	**66**	**125**
	Loans reported before allowance for credit losses	**$ 139,329**	**$ 1,163**	**$ 628**
2003	Residential mortgages	$ 77,114	$ 204	$ 3
	Personal	23,390	242	170
	Credit card	11,405	56	484
	Business and government[2]	33,477	909	360
	Total loans reported and securitized[3]	145,386	1,411	1,017
	Less loans securitized:			
	Residential mortgages	7,100	3	—
	Credit card	2,100	56	105
	Business and government[2]	300	—	—
	Total loans securitized	9,500	59	105
	Loans reported before allowance for credit losses	$ 135,886	$ 1,352	$ 912

(1) Excludes credit losses from loans held for sale and loan substitute securities.

(2) Includes commercial mortgages and investment grade loans.

(3) Includes loans outstanding and loans that have been securitized, which we continue to manage.

Note 7 LAND, BUILDINGS AND EQUIPMENT

	2004			2003
$ millions, as at October 31	Cost	Accumulated amortization[1]	Net book value	Net book value
Land[2]	**$ 256**	**$ —**	**$ 256**	$ 61
Buildings[2]	**979**	**206**	**773**	985
Computer equipment and software	**1,828**	**1,461**	**367**	483
Office furniture and other equipment	**1,053**	**519**	**534**	372
Leasehold improvements	**586**	**409**	**177**	192
	$ 4,702	**$ 2,595**	**$ 2,107**	$ 2,093

(1) Amortization of buildings, furniture, equipment and leasehold improvements for the year amounted to $264 million (2003: $275 million; 2002: $333 million).

(2) Land and buildings include amounts of $197 million and $503 million, respectively, in respect of a building (300 Madison) for which CIBC guaranteed the construction debt, and for which we are deemed to have ownership for accounting purposes. Construction of the building was completed in January 2004, with CIBC's prime lease effective February 2004.

Note 8 GOODWILL AND OTHER INTANGIBLE ASSETS

We completed our annual impairment testing on goodwill and other intangible assets and determined that no impairment write-downs were required. The changes in the carrying amount of goodwill are as follows:

$ millions, as at or for the years ended October 31		CIBC Retail Markets	CIBC Wealth Management	CIBC World Markets	Corporate and Other	CIBC Total
2004	**Balance at beginning of year**	**$ 23**	**$ 866**	**$ 60**	**$ 96**	**$ 1,045**
	Acquired	**—**	**1**	**—**	**22**[1]	**23**
	Adjustments[2]	**—**	**(3)**	**(3)**	**(7)**	**(13)**
	Balance at end of the year	**$ 23**	**$ 864**	**$ 57**	**$ 111**	**$ 1,055**
2003	Balance at beginning of year	$ 23	$ 882	$ 171	$ 2	$ 1,078
	Adjustments[2]	—	(16)	(4)	(13)	(33)
	Reclassifications[3]	—	—	(107)	107	—
	Balance at end of the year	$ 23	$ 866	$ 60	$ 96	$ 1,045

(1) Pertains to the purchase of additional shares of Juniper (Note 2).

(2) Includes foreign currency translation and other purchase price equation adjustments.

(3) Pertains to reclassification of Juniper from CIBC World Markets to Corporate and Other, effective November 1, 2002.

The components of other intangible assets are as follows:

	2004			2003		
$ millions, as at October 31	Gross carrying amount	Accumulated amortization[1]	Net carrying amount	Gross carrying amount	Accumulated amortization[1]	Net carrying amount
Finite-lived other intangible assets						
Customer relationships	**$ 168**	**$ 61**	**$ 107**	$ 150	$ 41	$ 109
Contract based	**51**	**30**	**21**	51	21	30
Other	**4**	**4**	**—**	4	4	—
	223	**95**	**128**	205	66	139
Indefinite-lived other intangible assets						
Contract based	**116**	**—**	**116**	116	—	116
Total other intangible assets	**$ 339**	**$ 95**	**$ 244**	$ 321	$ 66	$ 255

(1) Accumulated amortization for the year increased by $29 million (2003: $(15) million; 2002: $32 million) of which $16 million (2003: $20 million; 2002: $32 million) related to amortization charges with the remainder being foreign currency translation and other adjustments.

The total estimated amortization expense relating to finite-lived other intangible assets for each of the next five years is as follows:

$ millions	
2005	$ 14
2006	13
2007	11
2008	10
2009	10

Note 9 OTHER ASSETS

$ millions, as at October 31	2004	2003
Accrued interest receivable	**$ 904**	$ 1,091
Accrued benefit asset (Note 17)	**915**	747
Brokers' client accounts	**885**	697
Future income tax asset (Note 19)	**1,239**	1,475
Other prepayments and deferred items	**1,655**	998
Investments in limited partnerships	**890**	1,326
Equity-accounted investments[1]	**1,104**	875
Cheques and other items in transit, net	**718**	—
Derivative collateral receivable	**1,420**	1,104
Current income tax receivable	**357**	—

Other	**1,595**	2,340
	$11,682	$10,653

(1) Includes $129 million (2003: nil), in equity-accounted limited partnership investments, upon adoption of the CICA handbook section 1100, “Generally Accepted Accounting Principles,” prospectively as of November 1, 2003.

Note 10 DEPOSITS

$ millions, as at October 31	Payable on demand[2]	Payable after notice[3]	Payable on a fixed date [1] Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	2004 total	2003 total
Personal	$ 4,999	$ 31,280	$21,272	$ 6,363	$ 5,093	$1,419	$1,587	$ 36	**$ 72,049**	$ 69,202
Business and government	17,947	6,382	53,711	7,707	5,896	7,318	4,167	3,577	**106,705**	106,768
Bank	856	33	9,935	—	28	—	—	971	**11,823**	12,160
	$ 23,802	$ 37,695	$84,918	$14,070	$11,017	$8,737	$5,754	$4,584	**$190,577**	$188,130
Total deposits include:										
Non-interest-bearing deposits										
In domestic offices									**$ 11,420**	$ 8,971
In foreign offices									**280**	269
Interest-bearing deposits										
In domestic offices									**126,573**	116,516
In foreign offices									**51,380**	59,775
U.S. federal funds purchased									**924**	2,599
									$190,577	$188,130

(1) Deposits payable on a fixed date include all deposits which mature on a specified date. These deposits are generally term deposits, guaranteed investment certificates and similar instruments.

(2) Deposits payable on demand include all deposits for which we do not have the right to require notice of withdrawal. These deposits are generally chequing accounts.

(3) Deposits payable after notice include all deposits for which we can legally require notice of withdrawal. These deposits are generally savings accounts.

Note 11 OTHER LIABILITIES

$ millions, as at October 31	2004	2003
Accrued interest payable	**$ 1,308**	$ 1,063
Accrued benefit liability (Note 17)	**760**	708
Current income tax payable	**—**	1,790
Gold and silver certificates	**34**	90
Brokers' client accounts	**2,210**	2,211
Derivative collateral payable	**1,149**	1,161
Cheques and other items in transit, net	**—**	788
Deferred gain on sale of real estate properties [1]	**79**	94
Other deferred items	**579**	316
Restructuring accrual (Note 18)	**15**	85
Accrued expenses	**960**	866
Non-controlling interests in subsidiaries	**39**	22
Other	**6,164**	4,804
	$13,297	$13,998

(1) The deferred gain is being recognized in income each year over the approximate 10-year average term of the leases relating to properties that we sold and leased back in 2000.

Note 12 SUBORDINATED INDEBTEDNESS

The indebtedness included in the table below is unsecured and subordinated to deposits and other liabilities. Foreign currency denominated indebtedness either funds foreign currency denominated assets (including net investments in foreign operations) or is combined with cross-currency swaps to provide Canadian dollar equivalent funding.

TERMS OF SUBORDINATED INDEBTEDNESS

$ millions, as at October 31

Interest rate %	Maturity date	Earliest date redeemable by CIBC: At greater of Canada Yield Price[1] and par	Earliest date redeemable by CIBC: At par	Denominated in foreign currency	2004	2003
11.125	February 10, 2004(2)				**$ —**	$ 1
7.10	March 10, 2004(2)	March 10, 1999			**—**	67
8.55	May 12, 2005	May 12, 2000			**1**	1
8.65	August 22, 2005	August 22, 2000			**24**	24
6.50(3)	October 21, 2009	October 21, 1999	October 21, 2004(2)		**—**	400
7.40(3)	January 31, 2011		January 31, 2006		**250**	250
8.15(3)	April 25, 2011	April 25, 2001	April 25, 2006		**250**	250
7.00(3)	October 23, 2011	October 23, 2001	October 23, 2006		**250**	250
Floating (4)	August 14, 2012		August 14, 2007	US$ 300 million	**366**	396
4.75(3)	January 21, 2013	January 20, 2003	January 21, 2008		**250**	250
5.89(3)	February 26, 2013	February 26, 1998	February 26, 2008		**120**	120
4.25(3)	June 1, 2014	May 6, 2004	June 1, 2009		**750**	—
4.50(3)	October 15, 2014	September 14, 2004	October 15, 2009		**500**	—
9.65	October 31, 2014	November 1, 1999			**250**	250
8.70	May 25, 2029(5)				**25**	25
11.60	January 7, 2031	January 7, 1996			**200**	200
10.80	May 15, 2031	May 15, 2021			**150**	150
8.70	May 25, 2032(5)				**25**	25
8.70	May 25, 2033(5)				**25**	25
8.70	May 25, 2035(5)				**25**	25
Floating (6)	July 31, 2084		July 27, 1990	US$ 232(8) million	**283**	331
Floating (7)	August 31, 2085		August 20, 1991	US$ 119(9) million	**145**	157
					$ 3,889	$ 3,197

(1) Canada Yield Price: a price calculated at the time of redemption to provide a yield to maturity equal to the yield of a Government of Canada bond of appropriate maturity plus a pre-determined spread.

(2) Redeemed for cash during the year.

(3) Interest rate is fixed at the indicated rate until the earliest date redeemable at par by CIBC and, thereafter, at the three-month Canadian dollar bankers' acceptance rate plus 1.00%.

(4) Issued by CIBC World Markets plc and guaranteed by CIBC on a subordinated basis. Interest rate is based on the three-month US$ LIBOR plus 0.35% until the earliest date redeemable by CIBC World Markets plc and, thereafter, on the three-month US$ LIBOR plus 1.35%.

(5) Not redeemable prior to maturity date.

(6) Interest rate is based on the six-month US$ LIBOR plus 0.25%.

(7) Interest rate is based on the six-month US$ LIBOR plus 0.125%.

(8) US$19 million of the indebtedness was repurchased for cash during the year (2003: US$4 million).

(9) US$7 million of the indebtedness was repurchased for cash during 2003.

The aggregate contractual maturities of our subordinated indebtedness are outlined in the following table:

REPAYMENT SCHEDULE

$ millions	2004
Within 1 year	**$ 25**
1 to 2 years	**—**

2 to 3 years	—
3 to 4 years	—
4 to 5 years	—
Over 5 years	**3,864**
Total	**$ 3,889**

Note 13 SHARE CAPITAL

Preferred shares

An unlimited number of Class A Preferred Shares and Class B Preferred Shares without nominal or par value issuable in series, provided that for a class of preferred shares the maximum aggregate consideration for all outstanding shares of that class at any time does not exceed $10 billion.

Common shares

An unlimited number of common shares without nominal or par value, provided that the maximum aggregate consideration for all outstanding common shares at any time does not exceed $15 billion.

Share rights and privileges

Class A Preferred Shares

Each series of Class A Preferred Shares bears quarterly non-cumulative dividends and is redeemable for cash by CIBC on or after the specified redemption dates at the cash redemption prices indicated below. Each series, except as noted below, provides CIBC and the shareholders with the right to convert the shares to CIBC common shares on or after a specified conversion date. Each share is convertible into a number of common shares determined by dividing the then applicable cash redemption price by 95% of the average common share price (as defined in the short form prospectus or prospectus supplement), subject to a minimum price of $2.00 per share. Where shareholders exercise their conversion right, we have the right, subject to Superintendent of Financial Institutions, Canada consent, to elect to redeem for cash any shares tendered for conversion or to arrange for their cash sale to another purchaser.

On June 17, 2004, we issued 13.3 million Preferred Share Units for a total consideration of $133 million. Each Preferred Share Unit consists of one Non-cumulative Redeemable Class A Series 28 Preferred Share with a par value of $10.00 and one Non-cumulative Redeemable Class A Series 29 Preferred Share Purchase Warrant. The holder of a Series 28 Preferred Share has the right to convert on November 1, 2004, February 1, 2005 or May 1, 2005, such Series 28 Preferred Share into 0.4 of a Non-cumulative Redeemable Class A Series 29 Preferred Share, provided such holder concurrently exercises one Warrant. The concurrent exercise of one Warrant together with a payment of $15.00 per Warrant will entitle the holder to acquire 0.6 of a Series 29 Preferred Share. Consequently, each Preferred Share Unit will entitle the holder to obtain one fully paid and freely tradeable Series 29 Preferred Share with a par value of $25.00. All conversion rights of the holder of a Series 28 Preferred Share and all Warrants that have not been exercised for any reason by May 1, 2005 will terminate.

Subsequent to year-end, on November 1, 2004, 11.7 million Class A Series 28 Preferred Shares were converted into Class A Series 29 Preferred Shares, together with the exercise of the same number of the Warrants, resulting in paid-up capital for the Class A Series 29 Preferred Shares of $293 million.

TERMS OF CLASS A PREFERRED SHARES

	Quarterly dividends per share[1]	Specified redemption date	Cash redemption price per share	Conversion for common shares: CIBC's conversion date	Conversion for common shares: Shareholders' conversion date
Series 18	$ 0.343750	October 29, 2012	$ 25.00	not convertible	not convertible
Series 19	$ 0.309375	April 30, 2008 April 30, 2009 April 30, 2010 April 30, 2011 April 30, 2012 April 30, 2013	$ 25.75 25.60 25.45 25.30 25.15 25.00	April 30, 2008	April 30, 2013
Series 20	US$ 0.321875	October 31, 2005 October 31, 2006 October 31, 2007	US$ 25.50 25.25 25.00	October 31, 2005	April 30, 2008
Series 21	$ 0.375000	July 31, 2005 July 31, 2006 July 31, 2007 July 31, 2008 July 31, 2009	$ 26.00 25.75 25.50 25.25 25.00	July 31, 2005	July 31, 2010
Series 22	US$ 0.390625	July 31, 2005 July 31, 2006 July 31, 2007 July 31, 2008 July 31, 2009	US$ 26.00 25.75 25.50 25.25 25.00	July 31, 2005	July 31, 2010
Series 23	$ 0.331250	October 31, 2007 October 31, 2008 October 31, 2009 October 31, 2010	$ 25.75 25.50 25.25 25.00	October 31, 2007	July 31, 2011
Series 24	$ 0.375000	January 31, 2007 January 31, 2008 January 31, 2009 January 31, 2010 January 31, 2011	$ 26.00 25.75 25.50 25.25 25.00	January 31, 2007	not convertible
Series 25	$ 0.375000	July 31, 2007 July 31, 2008 July 31, 2009 July 31, 2010 July 31, 2011	$ 26.00 25.75 25.50 25.25 25.00	July 31, 2007	not convertible
Series 26	$ 0.359375	April 30, 2008 April 30, 2009 April 30, 2010 April 30, 2011 April 30, 2012	$ 26.00 25.75 25.50 25.25 25.00	April 30, 2008	not convertible
Series 27	$ 0.350000	October 31, 2008 October 31, 2009 October 31, 2010 October 31, 2011 October 31, 2012	$ 26.00 25.75 25.50 25.25 25.00	October 31, 2008	not convertible
Series 28	$ 0.135000 until October 31, 2004 and $0.02 thereafter	June 17, 2009	$ 10.00	not convertible	February 1, 2005[2] May 1, 2005[2]

(1) Quarterly dividends are adjusted for the number of days during the quarter that the share is outstanding at the time of issuance and redemption.

(2) Convertible into one Series 29 Preferred Share upon surrender of one Series 28 Preferred Share, exercise of one Series 29 Preferred Share Purchase Warrant and cash payment of $15.00.

OUTSTANDING SHARES AND DIVIDENDS PAID

As at or for the years ended October 31	2004				2003				2002			
	Shares outstanding		Dividends paid		Shares outstanding		Dividends paid		Shares outstanding		Dividends paid	
	No. of shares	$ millions	$ millions	$ per share	No. of shares	$ millions	$ millions	$ per share	No. of shares	$ millions	$ millions	$ per share
Class A Preferred Shares												
Fixed-rate shares entitled to non-cumulative dividends												
Series 14	**—**	**$ —**	**$ —**	**$ —**	—	$ —	$ 9	$ 1.12	8,000,000	$ 200	$ 12	$ 1.49
Series 15	**—**	**—**	**13**	**1.07**	12,000,000	300	17	1.41	12,000,000	300	17	1.41
Series 16	**—**	**—**	**10**	**US 1.41**	5,500,000	181	11	US 1.41	5,500,000	214	12	US 1.41
Series 17	**—**	**—**	**9**	**1.36**	6,500,000	162	9	1.36	6,500,000	162	9	1.36
Series 18	**12,000,000**	**300**	**16**	**1.38**	12,000,000	300	16	1.38	12,000,000	300	16	1.38
Series 19	**8,000,000**	**200**	**10**	**1.24**	8,000,000	200	10	1.24	8,000,000	200	10	1.24
Series 20	**4,000,000**	**121**	**7**	**US 1.29**	4,000,000	132	7	US 1.29	4,000,000	156	8	US 1.29
Series 21	**8,000,000**	**200**	**12**	**1.50**	8,000,000	200	12	1.50	8,000,000	200	12	1.50
Series 22	**4,000,000**	**122**	**8**	**US 1.56**	4,000,000	132	9	US 1.56	4,000,000	156	10	US 1.56
Series 23	**16,000,000**	**400**	**21**	**1.33**	16,000,000	400	21	1.33	16,000,000	400	21	1.33
Series 24	**16,000,000**	**400**	**24**	**1.50**	16,000,000	400	24	1.50	16,000,000	400	21	1.30
Series 25	**16,000,000**	**400**	**24**	**1.50**	16,000,000	400	24	1.50	16,000,000	400	13	0.80
Series 26	**10,000,000**	**250**	**14**	**1.44**	10,000,000	250	11	1.09	—	—	—	—
Series 27	**12,000,000**	**300**	**19**	**1.55**	12,000,000	300	—	—	—	—	—	—
Series 28	**13,250,000**	**133**	**3**	**0.20**	—	—	—	—	—	—	—	—
Total preferred share capital and dividends		**$ 2,826**	**$ 190**			$ 3,357	$ 180			$ 3,088	$ 161	
Common shares												
Total common share capital at beginning of year	**362,042,914**	**$ 2,950**			359,064,369	$ 2,842			363,187,931	$ 2,827		
Issued pursuant to stock option plans	**3,666,817**	**162**			2,978,545	108			1,562,438	59		
Purchase of common shares for cancellation	**(18,359,200)**	**(154)**			—	—			(5,686,000)	(44)		
Treasury shares (Note 1)	**137,941**	**11**			—	—			—	—		
Total common share capital and dividends	**347,488,472**	**$ 2,969**	**$ 781**	**$ 2.20**	362,042,914	$ 2,950	$ 591	$ 1.64	359,064,369	$ 2,842	$ 577	$ 1.60
Total dividends paid			**$ 971**				$ 771				$ 738	

Restrictions on the payment of dividends

We are prohibited by the Bank Act (Canada) from declaring or paying any dividends on our preferred or common shares if there are reasonable grounds for believing that we are, or the payment would cause CIBC to be, in contravention of any capital adequacy or liquidity regulation or any direction to CIBC made by The Office of the Superintendent of Financial Institutions, Canada (OSFI) regarding our capital or liquidity.

In addition, we are prohibited under section 79 of the Bank Act from declaring or paying a dividend in any financial year without the approval of OSFI if, on the day the dividend is declared, the total of all dividends we have declared in that year would exceed the aggregate of our net income up to that day in that year and our retained net income for the preceding two financial years.

Our ability to pay common share dividends is also restricted by the terms of the outstanding preferred shares. These terms provide that we may not pay dividends on our common shares at any time without the approval of holders of the outstanding preferred shares, unless all dividends that are then payable have been declared and paid or set apart for payment.

Shareholder Investment Plan

Under the Shareholder Investment Plan, eligible shareholders have the right to participate in one or more of the Dividend Reinvestment Option, the Share Purchase Option and the Stock Dividend Option.

Shares reserved for issue

As at October 31, 2004, 23,324,258 common shares were reserved for future issue pursuant to stock option plans.

Normal course issuer bid

On December 24, 2003, we commenced a normal course issuer bid to purchase for cancellation, from time to time over the ensuing 12 months, if considered advisable, up to an aggregate of 18 million common shares of CIBC. This normal course issuer bid was increased on August 25, 2004, to an aggregate maximum of 32 million common shares of CIBC.

During the year, we repurchased and cancelled approximately 18,359,200 common shares under the program for an aggregate consideration of $1.2 billion.

Subsequent to year-end, on November 4, 2004, we announced our intention, subject to receiving all necessary stock exchange approvals, to commence a normal course issuer bid after the expiry of the current bid. Under the new bid, we intend to repurchase for cancellation, from time to time over the 12 months from the commencement of the bid, up to an aggregate of 17 million shares.

Regulatory capital

Our regulatory capital requirements are determined in accordance with guidelines issued by OSFI. The OSFI guidelines evolve from the framework of risk-based capital standards developed by the Bank for International Settlements (BIS).

BIS standards require that banks maintain minimum Tier 1 and total capital ratios of 4% and 8%, respectively. OSFI has established that Canadian deposit-taking financial institutions attain Tier 1 and total capital ratios of at least 7% and 10%, respectively, and that banks not exceed a maximum assets-to-capital multiple of 20 times, unless otherwise approved.

Our capital ratios and assets-to-capital multiple are as follows:

CAPITAL RATIOS AND ASSETS-TO-CAPITAL MULTIPLE

$ millions, as at October 31	2004	2003
Tier 1 capital	**$12,167**	$12,529
Total regulatory capital	**14,885**	15,165
Tier 1 capital ratio	**10.5%**	10.8%
Total capital ratio	**12.8%**	13.0%
Assets-to-capital multiple	**17.9x**	17.6x

Note 14 INTEREST RATE SENSITIVITY

We are exposed to interest rate risk as a consequence of the mismatch, or gap, between the assets, liabilities and off-balance sheet instruments scheduled to mature or reprice on particular dates. The gaps that existed at October 31, 2004 and 2003, based on the earlier of maturity or repricing date of interest-sensitive instruments, are detailed as follows:

	Based on earlier of maturity or repricing date of interest-sensitive instruments[1]						
$ millions, as at October 31	**Floating rate**	**Within 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Not interest rate sensitive**	**Total**
2004 Assets							
Cash and deposits with banks	$ 128	$ 9,955	$ 785	$ —	$ —	$ 1,335	**$ 12,203**
Effective yield[2]		2.23%	2.05%	—	—		
Investment and loan substitute securities	515	1,204	1,957	3,462	7,698	681	**15,517**
Effective yield[2]		4.16%	3.98%	4.21%	4.60%		
Trading securities	1,634	10,640	8,442	4,020	4,754	22,309	**51,799**
Effective yield[2]		1.90%	2.81%	4.98%	5.51%		
Securities borrowed or purchased under resale agreements	—	17,338	827	—	—	—	**18,165**
Effective yield[2]		2.20%	2.74%	—	—		
Loans	87,501	10,330	5,828	26,671	5,967	1,207	**137,504**
Effective yield[2]		4.48%	5.45%	5.67%	5.54%		
Other	—	25,786	—	—	—	17,790	**43,576**
Structural assumptions[3]	(6,255)	1,258	3,633	3,051	—	(1,687)	**—**
Total assets	$ 83,523	$ 76,511	$ 21,472	$ 37,204	$ 18,419	$ 41,635	**$278,764**
Liabilities and shareholders' equity							
Deposits	$ 68,284	$ 72,484	$ 19,889	$ 16,735	$ 1,485	$ 11,700	**$190,577**
Effective yield[2]		2.15%	2.38%	2.96%	4.50%		
Obligations related to securities sold short	—	423	362	5,204	2,357	3,874	**12,220**
Effective yield[2]		1.86%	2.83%	3.43%	4.35%		
Obligations related to securities lent or sold under repurchase agreements	—	16,790	—	—	—	—	**16,790**
Effective yield[2]		1.97%	—	—	—		
Subordinated indebtedness	—	648	171	2,370	700	—	**3,889**
Effective yield[2]		1.88%	2.40%	5.47%	10.32%		
Other	—	26,566	322	624	1,747	26,029	**55,288**
Structural assumptions[3]	(15,331)	5,679	16,391	13,767	—	(20,506)	**—**
Total liabilities and shareholders' equity	$ 52,953	$122,590	$ 37,135	$ 38,700	$ 6,289	$ 21,097	**$278,764**
On-balance sheet gap	$ 30,570	$ (46,079)	$(15,663)	$ (1,496)	$ 12,130	$ 20,538	**$ —**
Off-balance sheet gap	—	2,356	(4,731)	10,045	(7,670)	—	**—**
Total gap	$ 30,570	$ (43,723)	$(20,394)	$ 8,549	$ 4,460	$ 20,538	**$ —**
Total cumulative gap	$ 30,570	$ (13,153)	$(33,547)	$(24,998)	$(20,538)	$ —	**$ —**
Gap by currency							
On-balance sheet gap							
Canadian currency	$ 41,708	$ (38,821)	$(13,706)	$ (1,561)	$ 1,200	$ 11,180	**$ —**
Foreign currencies	(11,138)	(7,258)	(1,957)	65	10,930	9,358	**—**
Total on-balance sheet gap	30,570	(46,079)	(15,663)	(1,496)	12,130	20,538	**—**
Off-balance sheet gap							
Canadian currency	—	(3,476)	(7,280)	10,406	350	—	**—**
Foreign currencies	—	5,832	2,549	(361)	(8,020)	—	**—**
Total off-balance sheet gap	—	2,356	(4,731)	10,045	(7,670)	—	**—**
Total gap	$ 30,570	$ (43,723)	$(20,394)	$ 8,549	$ 4,460	$ 20,538	**$ —**
2003 Gap by currency							
On-balance sheet gap							
Canadian currency	$ 34,978	$ (45,139)	$ (854)	$ 14,048	$ 3,041	$ (6,074)	$ —
Foreign currencies	(25,243)	8,537	(4,193)	1,494	10,555	8,850	—
Total on-balance sheet gap	9,735	(36,602)	(5,047)	15,542	13,596	2,776	—
Off-balance sheet gap							
Canadian currency	—	1,925	(4,158)	1,775	458	—	—
Foreign currencies	—	6,181	8,401	(5,231)	(9,351)	—	—
Total off-balance sheet gap	—	8,106	4,243	(3,456)	(8,893)	—	—
Total gap	$ 9,735	$ (28,496)	$ (804)	$ 12,086	$ 4,703	$ 2,776	$ —

Total cumulative gap	$ 9,735	$ (18,761)	$(19,565)	$ (7,479)	$ (2,776)	$ —	$ —

(1) The financial assets and liabilities have been presented in the consolidated gap table based on the earlier of their contractual repricing or maturity date. In the normal course of business, mortgage and other consumer loan customers frequently repay their loans in part or in full prior to the contractual maturity date. Similarly, some term deposits are sometimes cashed before their contractual maturity date. In addition, trading account positions can fluctuate significantly from day to day.

(2) Represents the weighted-average effective yield based on the earlier of contractual repricing or maturity date.

(3) We manage the interest rate gap by imputing a duration to certain assets and liabilities based on historical and forecasted core balances trends. Beginning November 1, 2003, the repricing profile of these components of the balance sheet has been presented in accordance with these structural assumptions, which reflects the economic impact on CIBC relative to those assumptions. Prior to November 1, 2003, these balances were generally reported as non-interest rate sensitive.

Note 15 TRADING ACTIVITIES

Trading activities include the purchase and sale of securities, and dealing in foreign exchange and other derivative instruments.

Trading revenue comprises net interest income and non-interest income. Net interest income arises from interest and dividends related to trading assets and liabilities, and is reported net of costs associated with funding these assets and liabilities. Non-interest income includes unrealized gains and losses on security positions held, and gains and losses that are realized from the purchase and sale of securities. Non-interest income also includes realized and unrealized gains and losses on derivative instruments.

Trading revenue excludes underwriting fees and commissions on securities transactions, which are shown separately in the consolidated statements of income.

Trading assets and liabilities, including derivatives, are measured at fair value, with gains and losses recognized in the consolidated statements of income.

Trading revenue by product line depicts trading revenue for each major trading category.

TRADING REVENUE

$ millions, for the years ended October 31	2004	2003	2002
Net interest income consists of:			
Non-trading related	**$ 5,259**	$ 5,479	$ 5,210
Trading related	**107**	151	290
Net interest income	**$ 5,366**	$ 5,630	$ 5,500
Trading revenue consists of:			
Net interest income — trading related	**$ 107**	$ 151	$ 290
Non-interest income — trading activities	**618**	627	273
Trading revenue	**$ 725**	$ 778	$ 563
Trading revenue by product line:			
Interest rates	**$ 231**	$ 308	$ 290
Foreign exchange	**169**	171	152
Equities	**115**	199	44
Other[1]	**210**	100	77
Trading revenue	**$ 725**	$ 778	$ 563

(1) Includes commodities, credit derivatives and secondary loan trading and sales.

Note 16 STOCK-BASED COMPENSATION

Stock option plans

We have two stock option plans: Employee Stock Option Plan (ESOP) and Non-Officer Director Stock Option Plan (DSOP).

Under the ESOP, stock options are periodically granted to selected employees. Options provide the employee with the right to purchase CIBC common shares from CIBC at a fixed price not less than the closing price of the shares on the trading day immediately preceding the grant date. In general, the options vest evenly over a four-year period and expire 10 years from the grant date. Certain options expiring in February 2010 vest based upon the attainment of specified share prices, and certain options vest based upon the earlier of the attainment of these prices and seven years.

Up to 50% of options relating to the ESOP granted prior to 2000 can be exercised as SARs. SARs can be exchanged for a cash amount equal to the excess of the weighted-average price of the common shares on the Toronto Stock Exchange (TSX) on the trading day immediately preceding the day the SARs are exercised over the option strike price.

Under the DSOP, each director who was not an officer or employee of CIBC or any of its subsidiaries was provided with the right to purchase CIBC common shares from CIBC at a fixed price equal to the five-day average of the closing price per share on the TSX for the five trading days preceding the date of the grant. The options, which are not eligible for SARs, vest immediately and expire 10 years from the grant date. In January 2003, the Board of Directors determined that, effective immediately, no further options would be granted to directors under the DSOP.

A maximum of 42,834,500 common shares may be issued under our stock option plans.

The weighted-average grant date fair value of options granted during 2004 has been estimated at $10.55 (2003: $12.38; 2002: $16.24) using the Black-Scholes option-pricing model. The following weighted-average assumptions were used to determine the fair value of options on the date of grant:

For the years ended October 31	2004	2003	2002
Weighted-average assumptions			
Risk-free interest rate	**4.52%**	5.06%	5.42%
Expected dividend yield	**4.45%**	3.00%	3.00%

Expected share price volatility	**21.00%**	25.69%	25.86%
Expected life	**6.0 years**	10.0 years	10.0 years

Compensation expense in respect of stock options and SARs totalled $58 million for 2004 (2003: $114 million; 2002: $(15) million).

Employee Share Purchase Plan

Under our Canadian Employee Share Purchase Plan, qualifying employees can choose each year to have up to 10% of their eligible earnings withheld to purchase CIBC common shares. We match 50% of the employee contribution amount, up to a maximum contribution of 3%, depending upon length of service and job level, subject to a ceiling of $2,250 annually. CIBC contributions vest after employees have two years of continuous participation in the plan, and all subsequent contributions vest immediately. Similar employee share purchase plans exist in other regions globally, where, each year, qualifying employees can choose to have a portion of their eligible earnings withheld to purchase CIBC common shares and receive a matching employer contribution subject to each plan's provisions. All contributions are used by the plans' trustees to purchase common shares in the open market. Our contribution is expensed as incurred and totalled $28 million in 2004 (2003: $28 million; 2002: $29 million).

Restricted Share Program

Under our Restricted Share Program (RSP), share equivalents are awarded under the following compensation plans:

Restricted Share Awards

Under our Restricted Share Awards (RSA) Plan, which began in 2000, certain key employees are granted awards to receive CIBC common shares as part of their total compensation. Additionally, RSAs may be awarded as special grants. The funding for awards is paid into a trust which purchases CIBC common shares in the open market. RSAs vest one-third annually or at the end of three years, and the common shares held in the trust are distributed generally within a three-year period, beginning one year after the year of the grant. In 2003, a majority of key employees who would have been eligible to receive awards in prior years under the CIBC Stock Participation Plan (SPP) and the Long Term Incentive Plan (LTIP) became eligible to receive RSA awards. Compensation expense in respect of RSAs totalled $258 million in 2004 (2003: $230 million; 2002: $38 million).

Stock Participation Plan

Under our Stock Participation Plan (SPP), which began in 2000, certain key employees are granted awards to receive CIBC common shares as a portion of their total compensation. The funding for awards is paid into a trust which purchases CIBC common shares in the open market. SPP awards vest one-third annually or at the end of three years and the common shares held in the trust are distributed generally within a three-year period, beginning one year after the year of the grant. In 2003, employees who were eligible to receive awards under the SPP became eligible to receive RSA awards. Additionally, SPP awards may be issued as special grants, which generally vest and the common shares held in the trust are distributed within three years from the grant date. Compensation expense in respect of SPP awards totalled $(6) million in 2004 (2003: $11 million; 2002: $173 million).

Long Term Incentive Plan and Special Incentive Program

Under our Long Term Incentive Plan (LTIP), certain key employees are granted awards to receive CIBC common shares as a portion of their total compensation. The funding for awards is paid into a trust which purchases CIBC common shares in the open market. Generally, LTIP awards vest and the common shares held in the trust are distributed within a three-year period, beginning one year after the year of the grant. Beginning in 2003, there were no awards made from the LTIP and the employees became eligible to receive RSA awards.

Under our Special Incentive Program (SIP), certain key employees receive common share-based awards. The funding for awards under the SIP is comparable with those of the LTIP. The awards relating to some of the key employees vested and were distributed as at October 31, 2003, the date the plan expired. For other key employees, the value of awards is converted into Retirement Special Incentive Program deferred share units (RSIP DSUs). Each RSIP DSU represents the right to receive one CIBC common share and additional RSIP DSUs in respect of dividends earned by the CIBC common shares held by the trust. RSIP DSUs vested on October 31, 2003, and will be distributed in the form of CIBC common shares upon retirement or termination of employment.

There was no compensation expense for these two plans in 2004 (2003: nil; 2002: $113 million).

Directors' plans

Members of our Board of Directors who are not officers or employees of CIBC may elect to receive the annual amount payable by CIBC under the Deferred Share Unit/Common Share Election Plan as deferred share units (DSUs) or CIBC common shares.

The members may also elect, under the Director Share Plan, to receive all or a portion of their compensation (annual retainer, committee member fee, committee chair fee and meeting fees) in the form of cash, CIBC common shares or DSUs.

Compensation expense in respect of these plans totalled $4 million (2003: $3 million; 2002: $2 million). The value of DSUs credited to a director is payable when he or she is no longer a director or employee of CIBC. In addition, under the Deferred Share Unit/Common Share Election Plan, the value of DSUs is payable when the director is no longer related to, or affiliated with, CIBC as defined in the Income Tax Act (Canada).

STOCK OPTION PLANS

	2004		2003		2002	
As at or for the years ended October 31	**Number of stock options**	**Weighted-average exercise price**	**Number of stock options**	**Weighted-average exercise price**	**Number of stock options**	**Weighted-average exercise price**
Outstanding at beginning of year	**17,776,232**	**$ 41.02**	19,942,954	$ 39.74	19,070,952	$ 36.55

Granted	**18,344**	**67.22**	1,982,780	43.11	3,042,992	54.48
Exercised	**(3,666,817)**	**38.05**	(2,978,545)	32.81	(1,562,438)	30.78
Forfeited/cancelled	**(294,221)**	**48.68**	(816,432)	48.96	(302,277)	42.78
Exercised as SARs	**(408,663)**	**32.43**	(354,525)	31.69	(306,275)	30.12
Outstanding at end of year	**13,424,875**	**$ 41.96**	17,776,232	$ 41.02	19,942,954	$ 39.74
Exercisable at end of year	**9,610,229**	**$ 40.09**	11,277,020	$ 37.96	10,683,434	$ 34.48

STOCK OPTIONS OUTSTANDING AND VESTED

	Stock options outstanding			Stock options vested		
Range of exercise prices	Number outstanding	Weighted-average contractual life remaining	Weighted-average exercise price	Number outstanding	Weighted-average exercise price	Exercisable as SARs
$15.375 — $21.125	**715,824**	**1.09**	**$ 20.36**	**715,699**	**$ 20.36**	**354,800**
$31.700 — $39.850	**5,318,837**	**4.44**	**37.07**	**4,719,843**	**37.05**	**1,446,701**
$40.350 — $49.940	**4,360,248**	**6.04**	**43.03**	**2,586,110**	**42.62**	**680,985**
$50.330 — $57.190	**3,011,622**	**6.88**	**54.01**	**1,588,577**	**53.86**	**—**
$65.590 — $69.680	**18,344**	**9.54**	**67.22**	**—**	**—**	**—**
Total	**13,424,875**	**5.34**	**$ 41.96**	**9,610,229**	**$ 40.09**	**2,482,486**

Note 17 EMPLOYEE FUTURE BENEFITS

We are the sponsor of pension plans for eligible employees. These plans include registered funded defined benefit pension plans, supplemental unfunded arrangements, which provide pension benefits in excess of statutory limits, and defined contribution plans. The pension plans are predominantly non-contributory, but some participants contribute to their respective plans so as to receive a higher pension. These benefits are, in general, based on years of service and compensation near retirement. We also provide certain health-care, life insurance and other benefits to eligible employees and pensioners. In addition, we have a long-term disability plan to provide benefits to disabled employees who became disabled prior to June 1, 2004, as discussed under Benefit changes.

We measure our accrued benefit obligations and the fair value of plan assets for accounting purposes as at September 30 each year.

The financial positions of the employee defined benefit pension plans and other benefit plans are presented in the tables below.

$ millions, as at or for the years ended October 31	Pension benefit plans[1] 2004	2003	2002	Other benefit plans[1] 2004	2003	2002
Accrued benefit obligation						
Balance at beginning of year	**$ 2,798**	$ 2,537	$ 2,226	**$ 803**	$ 696	$ 609
Adjustment for inclusion of subsidiary plans	**—**	—	216[2]	**2**	—	19
Current service cost	**89**	77	80	**44**	55	53
Employee contributions	**8**	9	10	**—**	—	—
Interest cost	**175**	166	167	**43**	43	39
Benefits paid	**(166)**	(166)	(142)	**(42)**	(43)	(38)
Foreign exchange rate changes	**(5)**	(27)	7	**(2)**	(4)	—
Actuarial losses (gains)	**36**	281	(73)	**18**	68	14
Special termination benefits	**—**	8	—	**—**	—	—
Plan amendments	**16**	(7)	45	**(78)**	—	—
Acquisitions	**2**	—	—	**—**	—	—
Divestitures	**—**	(46)	—	**—**	—	—
Corporate restructuring giving rise to:						
Curtailments	**3**	—	1	**—**	(6)	—
Settlements	**—**	(34)	—	**—**	(6)	—
Balance at end of year	**$ 2,956**	$ 2,798	$ 2,537	**$ 788**	$ 803	$ 696
Plan assets						
Fair value at beginning of year	**$ 2,442**	$ 2,188	$ 2,121	**$ 116**	$ 106	$ 103
Adjustment for inclusion of subsidiary plans	**—**	—	211[2]	**—**	—	—
Actual return on plan assets	**236**	257	(106)	**10**	9	(4)
Employer contributions	**309**	253	88	**37**	44	45
Employee contributions	**8**	9	10	**—**	—	—
Benefits paid	**(166)**	(166)	(142)	**(42)**	(43)	(38)
Foreign exchange rate changes	**(4)**	(19)	6	**—**	—	—
Acquisitions	**1**	—	—	**—**	—	—
Divestitures	**—**	(46)	—	**—**	—	—
Corporate restructuring giving rise to settlements	**—**	(34)	—	**—**	—	—
Fair value at end of year	**$ 2,826**	$ 2,442	$ 2,188	**$ 121**	$ 116	$ 106
Funded status — plan (deficit)	**$ (130)**	$ (356)	$ (349)	**$ (667)**	$ (687)	$ (590)
Employer contribution received after measurement date	**—**	—	15	**—**	—	—
Unamortized net actuarial losses	**860**	953	786	**124**	118	59
Unamortized past service costs	**53**	42	54	**(72)**	—	—
Unamortized transitional (obligation) asset	**—**	(19)	(23)	**4**	5	6
Accrued benefit asset (liability)	**783**	620	483	**(611)**	(564)	(525)
Valuation allowance	**(17)**	(17)	(16)	**—**	—	—
Accrued benefit asset (liability), net of valuation allowance	**$ 766**	$ 603	$ 467	**$ (611)**	$ (564)	$ (525)

(1) Other minor plans operated by some of our subsidiaries are not considered material and are not included in these disclosures.

(2) Net of valuation allowance of $24 million.

The accrued benefit asset (liability), net of valuation allowance, included in other assets and other liabilities is as follows:

$ millions, as at October 31	Pension benefit plans 2004	2003	2002	Other benefit plans 2004	2003	2002
Accrued benefit asset (liability) recorded in:						
Other assets (Note 9)	**$ 915**	$ 747	$ 604	**$ —**	$ —	$ —
Other liabilities (Note 11)	**(149)**	(144)	(137)	**(611)**	(564)	(525)
Accrued benefit asset (liability), net of valuation allowance	**$ 766**	$ 603	$ 467	**$ (611)**	$ (564)	$ (525)

Included in the accrued benefit obligation and fair value of the plan assets at year-end are the following amounts in respect of plans with accrued benefit obligations in excess of fair value of assets:

	Pension benefit plans			Other benefit plans		
$ millions, as at October 31	**2004**	**2003**	**2002**	**2004**	**2003**	**2002**
Accrued benefit obligation [1]:						
Unfunded plans	**$ 149**	$ 128	$ 137	**$ 591**	$ 620	$ 525
Funded plans	**202**	2,627	2,362	**197**	183	171
	351	2,755	2,499	**788**	803	696
Fair value of plan assets	**175**	2,378	2,128	**121**	116	106
Funded status (deficit)	**$ (176)**	$ (377)	$ (371)	**$ (667)**	$ (687)	$ (590)

(1) Certain amounts have been reported to conform with the presentation adopted in 2004.

The net defined benefit plan expense is as follows [7]:

	Pension benefit plans			Other benefit plans		
$ millions, for the years ended October 31	**2004**	**2003**	**2002**	**2004**	**2003**	**2002**
Current service cost, net of employee contributions	**$ 89**	$ 77	$ 80	**$ 44**	$ 55	$ 53
Interest cost	**175**	166	167	**43**	43	39
Actual (positive) negative return on plan assets	**(236)**	(257)	106	**(10)**	(9)	4
Past service costs	**16**	(7)	45	**(78)**	—	—
Net actuarial losses (gains)	**36**	281	(73)	**18**	68	14
Curtailment losses (gains)	**3**	3	2	**—**	(6)	—
Settlement losses	**—**	20	—	**—**	—	—
Special termination benefits	**—**	8	—	**—**	—	—
Benefit plan expense, before adjustments to recognize the long-term nature of employee future benefit costs	**$ 83**	$ 291	$ 327	**$ 17**	$ 151	$ 110
Adjustments to recognize the long-term nature of employee future benefit costs						
Difference between actual and expected return on plan assets	**$ 65**(1)	$ 69(1)	$ (305)[1]	**$ 3**(2)	$ 2(2)	$ (12)[2]
Difference between actuarial (gains) losses arising and actuarial (gains) losses amortized	**28**(3)	(266)[3]	75(3)	**(8)**(4)	(63)[4]	(9)[4]
Difference between past service costs arising and past service costs amortized	**(11)**[5]	10(5)	(43)[5]	**72**(6)	—	—
Amortization of transitional obligation	**(20)**	(2)	(2)	**1**	—	—
	62	(189)	(275)	**68**	(61)	(21)
Change in valuation allowance	**—**	1	(8)	**—**	—	—
Defined benefit plan expense recognized	**$ 145**	$ 103	$ 44	**$ 85**	$ 90	$ 89

(1) Expected return on plan assets of $171 million (2003: $188 million; 2002: $199 million), less deferral of actual return on plan assets of $236 million (2003: $257 million; 2002: $(106) million).

(2) Expected return on plan assets of $7 million (2003: $7 million; 2002: $8 million), less deferral of actual return on plan assets of $10 million (2003: $9 million; 2002: $(4) million).

(3) Actuarial (gains) losses amortized of $64 million (2003: $15 million; 2002: $2 million), less actual actuarial (gains) losses incurred of $36 million (2003: $281 million; 2002: $(73) million).

(4) Actuarial (gains) losses amortized of $10 million (2003: $5 million; 2002: $5 million), less actual actuarial (gains) losses incurred of $18 million (2003: $68 million; 2002: $14 million).

(5) Amortization of past service costs of $5 million (2003: $3 million; 2002: $2 million), less actual plan amendments of $16 million (2003: $(7) million; 2002: $45 million).

(6) Amortization of past service costs of $(6) million (2003: nil; 2002: nil), less actual plan amendments of $(78) million (2003: nil; 2002: nil).

(7) Certain amounts have been reported to conform with the presentation adopted in 2004.

Benefit changes

Effective November 1, 2003, the plan providing medical, dental and life insurance benefits to Canadian retirees was amended to require those employees retiring subsequent to December 31, 2008, to contribute towards a portion of their benefit cost. The resulting reduction in liability is a negative past service cost that is being amortized on a straight-line basis over the average remaining service period over which employees

become fully eligible for benefits.

Effective June 1, 2004, the long-term disability plan for Canadian employees became an employee-paid insured benefit. Employees who became disabled prior to June 1, 2004, will continue to receive benefits from the long-term disability health and welfare trust. The obligations of the long-term disability plan, funded by a health and welfare trust, have not been curtailed or settled.

Benefit plan assets

The weighted-average asset allocation and target allocation by asset category of our defined benefit pension plans and other funded benefit plans are as follows:

	Pension benefit plans			Other benefit plans		
	Target allocation	Actual allocation as at October 31		Target allocation	Actual allocation as at October 31	
Asset category	2005	2004	2003	2005	2004	2003
Equity securities[1]	**55%**	**56%**	54%	**40%**	**40%**	47%
Debt securities[1]	**40**	**40**	42	**60**	**60**	53
Real estate	**5**	**4**	4	**—**	**—**	—
Total	**100%**	**100%**	100%	**100%**	**100%**	100%

(1) Pension benefit plans include CIBC securities of $24 million (2003: $14 million), representing 0.8% of total plan assets (2003: 0.6%). Other benefit plans do not include any CIBC securities.

The investment policy for benefit plan assets is to optimize the risk-return relationship using a global portfolio of various asset classes diversified by market segment, economic sector and issuer. The goal is to secure our registered pension plans and long-term disability plan obligations, maximizing the investment returns while not compromising the security of the respective plans, in a cost-effective manner. Plan assets are managed by external investment managers and TAL Global Asset Management Inc., a wholly owned subsidiary of CIBC and, within established ranges, are rebalanced as required to the target asset mix.

Plan assumptions

The discount rate assumption used in determining pension and post-retirement benefit obligations and net benefit expense reflects the market yields, as of the measurement date, on high-quality debt instruments with cash flows that match expected benefit payments.

For the Canadian plans, the expected rate of return on plan assets assumption is reviewed annually by management, in conjunction with our actuaries. The assumption is based on expected returns for the various asset classes, weighted by the portfolio allocation. Anticipated future long-term performance of individual asset categories is considered, reflecting expected future inflation and real yields on fixed income securities and equities.

In the U.K. and the U.S., procedures similar to those in Canada are used to develop the expected long-term rate of return on plan assets, taking into consideration local market conditions and the specific allocation of plan assets.

The assumptions used to determine the accrued benefit obligation and the benefit plan expense are as follows:

	Pension benefit plans			Other benefit plans		
Weighted-average assumptions	**2004**	**2003**	**2002**	**2004**	**2003**	**2002**
Accrued benefit obligation as at October 31						
Discount rate at end of the period	**6.2%**	6.2%	6.7%	**6.0%**	6.1%	6.4%
Rate of compensation increase	**3.5%**	3.6%	3.7%	**3.2%**	3.3%	3.4%
Net benefit plan expense for the years ended October 31						
Discount rate at beginning of the period	**6.2%**	6.7%	6.75%	**6.1%**	6.4%	6.75%
Expected long-term rate of return on plan assets	**7.0%**	7.5%	7.5%	**6.5%**	7.0%	7.5%
Rate of compensation increase	**3.6%**	3.7%	4.0%	**3.3%**	3.4%	4.0%

The assumed health-care cost trend rates are as follows:

For the years ended October 31	**2004**	**2003**	**2002**
Health-care cost trend rates assumed for next year	**9.3%**	10.1%	9.2%
Rate to which the cost trend rate is assumed to decline	**4.5%**	4.5%	4.5%
Year that the rate reaches the ultimate trend rate	**2012**	2011	2009

A one percentage-point change in assumed health-care cost trend rates would have the following effects:

	One percentage-point increase		One percentage-point decrease	
$ millions, for the years ended October 31	**2004**	**2003**	**2004**	**2003**
Effect on total benefit plan expense	**$ 12**	$ 11	**$ (11)**	$ (8)
Effect on accrued benefit obligation	**89**	97	**(71)**	(74)

Defined contribution and other plans

We also maintain defined contribution plans for certain employees. The total expense recognized for defined contribution plans is as follows:

$ millions, for the years ended October 31	**2004**	**2003**	**2002**
Defined contribution pension plans	**$ 18**	$ 19	$ 25
Government pension plans[1]	**74**	82	87

(1) Includes Canada Pension Plan, Quebec Pension Plan, and U.S. Federal Insurance Contributions Act.

Cash flows

Cash contributions

The most recent actuarial valuation of the material defined benefit pension plans for funding purposes was as at October 31, 2003, and the date of the next required valuation is October 31, 2006. For the long-term disability plan, the most recent actuarial valuation was performed as at October 31, 2003.

Total cash contributions for employee future benefit plans consist of:

	Pension benefit plans		Other benefit plans	
$ millions, for the years ended October 31	**2004**	**2003**	**2004**	**2003**
Funded plans	**$ 303**	$ 247	**$ 23**	$ 32
Beneficiaries of unfunded plans	**6**	6	**14**	12
Defined contribution plans	**18**	19	**—**	—
Total	**$ 327**	$ 272	**$ 37**	$ 44

The contributions for 2005 are anticipated to be approximately $103 million for defined pension benefit plans and $14 million for other benefit plans.

Benefit payments

The following benefit payments, which reflect expected future services, as appropriate, are expected to be paid either by CIBC or from the pension funds:

$ millions	**Pension benefit plans**	**Other benefit plans**
2005	$ 141	$ 19
2006	143	20
2007	145	22
2008	149	25
2009	153	27
2010 — 2014	870	164

Note 18 RESTRUCTURING ACCRUAL

In 2002, we recorded a restructuring charge of $508 million related to the closing of our U.S. electronic banking operations and restructuring initiatives in other businesses. The remaining accrual at October 31, 2004, relates mainly to outstanding lease payments and contract termination costs that extend to future periods. Payments under this restructuring program are expected to be minimal after 2004.

During the year, we changed our estimate for restructuring, resulting in a $18 million reduction in the original accrual. The change in estimate resulted from facts and circumstances occurring subsequent to the time of the original charge. In particular, other costs and severance costs were less than originally anticipated, and there was improved recovery on assets. At year-end, approximately 2,700 positions have been eliminated since the program commenced.

The components of the charges and movements in the associated accrual are as follows:

RESTRUCTURING ACCRUAL

	2004				2003			
$ millions, for the years ended October 31	**Termination benefits**	**Contract termination costs**	**Other**	**Total**	**Termination benefits**	**Contract termination costs**	**Other**	**Total**
Balance at beginning of year	**$ 43**	**$ 11**	**$ 31**	**$ 85**	$ 194	$ 185	$ 73	$ 452
Change in estimate	**(9)**	**(3)**	**(6)**	**(18)**	(16)	(10)	(5)	(31)
Cash payments	**(26)**	**(3)**	**(23)**	**(52)**	(135)	(164)	(37)	(336)
Balance at end of year	**$ 8**	**$ 5**	**$ 2**	**$ 15**	$ 43	$ 11	$ 31	$ 85

Note 19 INCOME TAXES

The components of income tax expense reported in the consolidated statements of income consist of the following:

COMPONENTS OF INCOME TAX EXPENSE

$ millions, for the years ended October 31	2004	2003	2002
Current income taxes			
Federal	**$ 433**	$ (84)	$ 631
Provincial	**208**	(12)	237
Foreign	**9**	26	(6)
	650	(70)	862
Future income taxes			
Federal	**49**	60	(66)
Provincial	**(24)**	25	(31)
Foreign	**115**	224	(1,044)(1)
	140	309	(1,141)
	$ 790	$ 239	$ (279)

(1) Includes recognition of a previously unrecorded future income tax asset of $52 million in respect of certain U.K. tax losses.

Income taxes are reported in the consolidated financial statements as follows:

TOTAL INCOME TAXES

$ millions, for the years ended October 31	2004	2003	2002
Consolidated statements of income			
Income taxes	**$ 790**	$ 239	$ (279)
Consolidated statements of changes in shareholders' equity			
Foreign currency translation adjustment	**617**	1,412	107
Accounting policy changes	**3**(1)	—	(30)(2)
Other	**4**	19	(4)
	$ 1,414	$ 1,670	$ (206)

(1) Represents the effect of implementing the CICA AcG-17, "Equity-linked Deposit Contracts."

(2) Represents the effect of implementing the CICA handbook section 3870, "Stock-based Compensation and Other Stock-based Payments."

Future income tax balances are included in other assets (Note 9) and result from temporary differences between the tax basis of assets and liabilities and their carrying amounts on the consolidated balance sheets.

The combined Canadian federal and provincial income tax rate varies each year according to changes in the statutory rates imposed by each of these jurisdictions and according to changes in the proportion of our business carried on in each province. We are also subject to Canadian taxation on income of foreign branches. Earnings of foreign subsidiaries would generally only be subject to Canadian tax when distributed to Canada. Additional Canadian taxes that would be payable if all foreign subsidiaries' retained earnings were distributed to the Canadian parent are estimated at $200 million (2003: $271 million; 2002: $92 million).

The effective rates of income tax in the consolidated statements of income are different from the combined Canadian federal and provincial income tax rate of 35.3% (2003: 36.6%; 2002: 38.7%) as set out below:

RECONCILIATION OF INCOME TAXES

$ millions, for the years ended October 31	2004		2003		2002	
Combined Canadian federal and provincial income tax rate applied to income before income taxes	**$ 1,060**	**35.3%**	$ 844	36.6%	$ 160	38.7%
Income taxes adjusted for the effect of:						
Earnings of foreign subsidiaries	**(61)**	**(2.0)**	(592)	(25.7)	(396)	(96.1)
Tax-exempt income and gains	**(120)**	**(4.0)**	(97)	(4.1)	(68)	(16.5)
Federal large corporations tax	**—**	**—**	—	—	10	2.4
Earnings of domestic subsidiaries	**23**	**0.7**	(14)	(0.6)	(1)	0.1
Future tax rate (increases) reductions	**(50)**	**(1.7)**	37	1.6	30	7.1
Other	**(62)**	**(2.0)**	61	2.6	(14)	(3.4)
Income taxes in the consolidated statements of income	**$ 790**	**26.3%**	$ 239	10.4%	$ (279)	(67.7)%

In 2004, we recognized an income tax recovery of $85 million related to the resolution of various income tax audits. During 2003, we reached an agreement with the Canada Revenue Agency resulting in the recognition of a recovery of $689 million in income taxes, in respect of certain foreign-based transactions, that were previously recorded as tax expense. In addition, in 2003, we recorded a $232 million income tax expense for a valuation allowance relating to the U.S. future income tax asset. The future income tax asset was reduced to an amount that is more likely than not to be realized, primarily as a result of the acceleration of our loan sale program, and reduced interest income resulting from a prolonged period of lower interest rates.

In November 2003, the Ontario government announced an increase in its corporate income tax rate and a cancellation of planned future rate reductions. As a result, we increased our future income tax asset by $50 million, thereby reducing income tax expense. During 2001, various proposed federal and provincial income tax rate decreases were passed into law, resulting in phased-in income tax reductions over a three- to four-year period. In 2003, we recognized a $37 million charge (2002: $30 million) to income tax expense.

SOURCES OF FUTURE INCOME TAX BALANCES

$ millions, as at October 31	2004	2003
Future income tax assets		
Allowance for credit losses	**$ 720**	$ 1,035
Buildings and equipment	**—**	52
Pension and employee benefits	**63**	9
Unearned income	**144**	139
Unrealized foreign currency translation losses	**23**	87
Investment revaluations	**381**	696
Tax loss carryforwards	**615**	226
Provisions	**304**	179
Deferred charges	**17**	105
Other	**70**	—
	2,337	2,528
Valuation allowance	**(201)**	(232)
	2,136	2,296
Future income tax liabilities		
Lease receivables	**803**	730
Buildings and equipment	**9**	—
Goodwill	**—**	37
Other	**85**	54
	897	821
Future income tax asset	**$ 1,239**	$ 1,475

Included in the tax loss carryforwards amount is $565 million relating to losses in our U.S. operations (2003: $141 million) that expire in five to 20 years from origination. In addition, as other future income tax assets naturally reverse into tax losses in the U.S., we will have five to 20 years from the date such temporary differences become tax losses to use them before they would begin to expire under current tax law. The total amount of the future income tax asset relating to the U.S. operations, net of the valuation allowance, is $576 million. We believe that, based on all available evidence, it is more likely than not that all of the future income tax asset, net of the valuation allowance, will be realized prior to its expiration. In this regard, we have completed various expense management initiatives, refocused our business activities and provided additional capital which will generate additional income.

Note 20 EARNINGS PER SHARE

$ millions, except per share amounts, for the years ended October 31	2004	2003	2002
Basic EPS			
Net income	**$ 2,199**	$ 2,063	$ 653
Preferred share dividends and premiums	**(208)**	(188)	(161)
Net income applicable to common shares	**$ 1,991**	$ 1,875	$ 492
Weighted-average common shares outstanding (thousands)	**355,735**	360,048	360,553
Basic EPS	**$ 5.60**	$ 5.21	$ 1.37
Diluted EPS			
Net income applicable to common shares	**$ 1,991**	$ 1,875	$ 492
Weighted-average common shares outstanding (thousands)	**355,735**	360,048	360,553
Add: stock options potentially exercisable [1] (thousands)	**4,041**	2,259	2,674
Weighted-average diluted common shares outstanding [2] (thousands)	**359,776**	362,307	363,227
Diluted EPS	**$ 5.53**	$ 5.18	$ 1.35

(1) Excludes average options outstanding of 3,923 with a weighted-average exercise price of $69.34; average options outstanding of 3,274,474 with a weighted-average exercise price of $52.89; and average options outstanding of 3,676,586 with a weighted-average exercise price of $53.32 for the years ended October 31, 2004, 2003 and 2002, respectively, as the options' exercise prices were greater than the average market price of CIBC's common shares. Also excluded are average options outstanding of 258,630 with a weighted-average exercise price of $37.60; average options outstanding of 576,222 with a weighted-average exercise price of $37.60; and average options outstanding of 590,704 with a weighted-average exercise price of $37.60 for the years ended October 31, 2004, 2003 and 2002, respectively, as these options are performance based and the vesting criteria for these options had not been achieved.

(2) Convertible preferred shares have not been included in the calculation since we have the right to redeem them for cash prior to the conversion date.

Note 21 RELATED-PARTY TRANSACTIONS

In the ordinary course of business, we provide normal banking services to, and enter into contractual arrangements and other transactions with, affiliated companies on terms similar to those offered to non-related parties.

Loans, at varied rates and terms, are made to directors, officers and employees.

AMOUNTS OUTSTANDING FROM DIRECTORS, OFFICERS AND EMPLOYEES (1)

$ millions, as at October 31	2004	2003
Residential mortgages	**$ 957**	$ 1,308
Personal loans	**1,399**	1,196
	$ 2,356	$ 2,504

(1) Excludes margin loans.

Note 22 DERIVATIVE INSTRUMENTS

As explained in Note 1, in the normal course of business, we use various derivative instruments in the course of trading and for ALM purposes. These derivatives limit, modify or give rise to varying degrees and types of risk.

Derivatives used by CIBC

The majority of our derivative contracts are over-the-counter transactions that are privately negotiated between CIBC and a counterparty to the contract. The remainder are exchange traded contracts transacted through organized and regulated exchanges and consist primarily of options and futures.

Interest rate derivatives

Forward rate agreements are over-the-counter contracts that effectively fix a future interest rate for a period of time. A typical forward rate agreement provides that at a pre-determined future date, a cash settlement will be made between the counterparties based upon the difference between a contracted rate and a market rate to be determined in the future, calculated on a specified notional principal amount. No exchange of principal amount takes place.

Interest rate swaps are over-the-counter contracts in which two counterparties agree to exchange interest cash flows over a period of time based on rates applied to a specified notional principal amount. A typical interest rate swap would require one counterparty to pay a fixed market interest rate in exchange for a variable market interest rate determined from time to time with both calculated on a specified notional principal amount. No exchange of principal amount takes place.

Interest rate options are contracts in which one party (the purchaser of an option) acquires from another party (the writer of an option), in exchange for a premium, the right, but not the obligation, either to buy or sell, on a specified future date or within a specified time, a specified financial instrument at a contracted price. The underlying financial instrument will have a market price which varies in response to changes in interest rates. In managing our interest rate exposure, we act both as a writer and purchaser of these options. Options are transacted both over-the-counter and through exchanges.

Interest rate futures are standardized contracts transacted on an exchange. They are based upon an agreement to buy or sell a specified quantity of a financial instrument on a specified future date, at a contracted price. These contracts differ from forward contracts in that they are in standard amounts with standard settlement dates and are transacted on an exchange.

Foreign exchange derivatives

Foreign exchange forwards are over-the-counter contracts in which one counterparty contracts with another to exchange a specified amount of one currency for a specified amount of a second currency, at a future date or range of dates.

Swap contracts comprise foreign exchange swaps and cross-currency interest rate swaps. Foreign exchange swaps are transactions in which a foreign currency is simultaneously purchased in the spot market and sold in the forward market, or vice-versa. Cross-currency interest rate swaps are transactions in which counterparties exchange principal and interest flows in different currencies over a period of time. These contracts are used to manage both currency and interest rate exposures.

Foreign exchange futures contracts are similar in mechanics to forward contracts but differ in that they are in standard currency amounts with standard settlement dates and are transacted on an exchange.

Credit derivatives

Credit derivatives are over-the-counter contracts designed to transfer the credit risk in an underlying financial instrument (usually termed a reference asset) from one counterparty to another. The most common credit derivatives are credit default swaps (referred to as option contracts) and total return swaps (referred to as swap contracts). In option contracts, an option purchaser acquires credit protection on a reference asset or group of assets from an option writer in exchange for a premium. The option purchaser may pay the agreed premium at inception or over a period of time. The credit protection compensates the option purchaser for any deterioration in value of the reference asset upon the occurrence of certain credit events such as bankruptcy or failure to pay. Settlement may be cash based or physical, requiring the delivery of the reference asset to the option writer. In swap contracts, one counterparty agrees to pay or receive from the other cash amounts based on changes in the

value of a reference asset or group of assets, including any returns such as interest earned on these assets in exchange for amounts that are based on prevailing market funding rates. These cash settlements are made regardless of whether there is a credit event.

Equity derivatives

Equity swaps are over-the-counter contracts in which one counterparty agrees to pay, or receive from the other, cash amounts based on changes in the value of a stock index, a basket of stocks or a single stock. These contracts sometimes include a payment in respect of dividends.

Equity options give the purchaser of the option, for a premium, the right, but not the obligation, to buy from or sell to the writer of an option, an underlying equity index, basket of stocks or single stock at a contracted price. Options are transacted both over-the-counter and through exchanges.

Equity index futures are standardized contracts transacted on an exchange. They are based on an agreement to pay or receive a cash amount based on the difference between the contracted price level of an underlying stock index and its corresponding market price level at a specified future date.

There is no actual delivery of stocks that comprise the underlying index. These contracts are in standard amounts with standard settlement dates.

Other derivatives

We also transact in other derivative products, including commodity derivatives, such as precious metal and energy-related products in both over-the-counter and exchange markets.

Notional amounts

The table below presents the notional amounts of derivative instruments.

The notional amounts are not recorded as assets or liabilities as they represent the face amount of the contract to which a rate or price is applied to determine the amount of cash flows to be exchanged. Notional amounts represent the volume of outstanding transactions and do not represent the potential gain or loss associated with market risk or credit risk of such instruments. As at October 31, 2004, the notional amounts of derivatives held for trading purposes were $1,010 billion (2003: $1,073 billion), or 86.1% (2003: 80.6%) of total notional amounts. The notional amounts of derivatives held for ALM were $163.6 billion (2003: $257.6 billion), or 13.9% of total notional amounts (2003: 19.3%).

NOTIONAL AMOUNTS

	Residual term to contractual maturity					Analyzed by use			
$ millions, as at October 31	Under 3 months	3 to 12 months	1 to 5 years	Over 5 years	2004 total notional amounts	Trading	2004 ALM	Trading	2003 ALM
Interest rate derivatives									
Over-the-counter									
Forward rate agreements	$ 20,810	$ 4,363	$ 9	$ —	**$ 25,182**	**$ 25,182**	**$ —**	$ 31,219	$ —
Swap contracts	96,538	130,091	308,156	130,088	**664,873**	**553,600**	**111,273**	557,439	195,801
Purchased options	7,017	7,841	17,050	6,498	**38,406**	**38,187**	**219**	44,478	4,628
Written options	8,159	9,914	19,378	5,953	**43,404**	**41,748**	**1,656**	47,059	3,058
	132,524	152,209	344,593	142,539	**771,865**	**658,717**	**113,148**	680,195	203,487
Exchange traded									
Futures contracts	16,726	39,432	23,994	—	**80,152**	**72,882**	**7,270**	65,757	8,612
Purchased options	5,845	4,750	2,254	—	**12,849**	**12,849**	**—**	7,635	—
Written options	2,144	3,026	426	—	**5,596**	**5,596**	**—**	13,707	—
	24,715	47,208	26,674	—	**98,597**	**91,327**	**7,270**	87,099	8,612
Total interest rate derivatives	157,239	199,417	371,267	142,539	**870,462**	**750,044**	**120,418**	767,294	212,099
Foreign exchange derivatives									
Over-the-counter									
Forward contracts	64,172	12,687	3,206	381	**80,446**	**61,880**	**18,566**	82,567	26,461
Swap contracts	3,967	13,965	34,692	19,746	**72,370**	**55,889**	**16,481**	58,659	12,662
Purchased options	5,523	2,700	832	630	**9,685**	**9,685**	**—**	16,361	—
Written options	5,208	2,603	670	454	**8,935**	**8,935**	**—**	15,760	—
	78,870	31,955	39,400	21,211	**171,436**	**136,389**	**35,047**	173,347	39,123
Exchange traded									
Futures contracts	69	—	—	—	**69**	**69**	**—**	137	—
Total foreign exchange derivatives	78,939	31,955	39,400	21,211	**171,505**	**136,458**	**35,047**	173,484	39,123
Credit derivatives									
Over-the-counter									
Swap contracts	65	308	905	126	**1,404**	**1,404**	**—**	1,375	—
Purchased options	6,124	2,201	11,503	1,863	**21,691**	**16,130**	**5,561**	14,807	3,303
Written options[1]	9,900	1,729	7,525	3,627	**22,781**	**22,581**	**200**	21,572	160
Total credit derivatives	16,089	4,238	19,933	5,616	**45,876**	**40,115**	**5,761**	37,754	3,463
Equity derivatives[2]									
Over-the-counter	6,282	12,531	20,368	1,498	**40,679**	**39,324**	**1,355**	40,094	1,123
Exchange traded	15,599	6,196	4,214	37	**26,046**	**24,981**	**1,065**	36,750	1,828
Total equity derivatives	21,881	18,727	24,582	1,535	**66,725**	**64,305**	**2,420**	76,844	2,951
Other derivatives[3]									
Over-the-counter	3,034	5,276	8,504	466	**17,280**	**17,280**	**—**	16,691	—
Exchange traded	500	580	378	11	**1,469**	**1,469**	**—**	1,455	—
Total other derivatives	3,534	5,856	8,882	477	**18,749**	**18,749**	**—**	18,146	—
	$277,682	$260,193	$464,064	$171,378	**$1,173,317**	**$1,009,671**	**$163,646**	$1,073,522	$257,636

(1) ALM written options are reported as financial guarantees in Note 24.

(2) Includes forwards, futures, swaps and options.

(3) Includes precious metals and other commodity forwards, futures, swaps and options.

Risk

In the following sections, we discuss the risks related to the use of derivatives and how we manage these risks.

Market risk

Derivative instruments, in the absence of any compensating upfront cash payments, generally have no market value at inception. They obtain value, positive or negative, as relevant interest rates, foreign exchange rates, equity, commodity or credit prices or indices change, such that the previously contracted terms of the derivative transactions have become more or less favourable than what can be negotiated under current market conditions for contracts with the same terms and the same remaining period to expiry. The potential for derivatives to increase or decrease in value as a result of the foregoing factors is generally referred to as market risk.

Market risk arising through trading activities is managed in order to mitigate risk, where appropriate, and with a view to maximizing trading revenue. To further manage risks, we may enter into contracts with other market makers or may undertake cash market hedges. There is no correlation between the high notional values of contracts to which we are a party and the net market and credit risks to which we are exposed.

Credit risk

Credit risk arises from the potential for a counterparty to default on its contractual obligations and the risk that prevailing market conditions are such that we would incur a loss in replacing the defaulted transaction. We limit the credit risk of derivatives traded over-the-counter by dealing with counterparties that are creditworthy, and by actively pursuing risk mitigation opportunities through the use of multi-product master netting agreements, collateral and other credit mitigation techniques.

We negotiate master netting agreements with counterparties with which we have significant credit risk through derivatives activities. Such agreements provide for the simultaneous close-out and netting of all transactions with a counterparty in an event of default. An increasing number of these agreements also provide for the exchange of collateral between parties in the event that the mark-to-market value of outstanding transactions between the parties exceeds an agreed threshold. Such agreements are used both to accommodate business with less creditworthy counterparties and to help contain the buildup of credit exposure resulting from multiple deals with more active counterparties. Credit risk on exchange traded futures and options is limited, as these transactions are standardized contracts executed on established exchanges each of which is associated with a well-capitalized clearing house that assumes the obligations of both counterparties and guarantees their performance. All exchange traded contracts are subject to initial margins and the daily settlement of variation margins.

Written options generally have no credit risk for the writer if the counterparty has already performed in accordance with the terms of the contract through payment of the premium at inception. Written options will, however, have some credit risk to the extent of any unpaid premiums.

The table below summarizes our credit exposure arising from derivative instruments. The current replacement cost is the estimated cost of replacement of all contracts which have a positive market value, representing an unrealized gain to CIBC. The replacement cost of an instrument is dependent upon its terms relative to prevailing market prices, and will fluctuate as market prices change and as the derivative approaches its scheduled maturity.

The credit equivalent amount is the sum of the current replacement cost and the potential credit exposure. The potential credit exposure is an estimate of the amount by which the current replacement cost could increase over the remaining term of each transaction, based on a formula prescribed by OSFI. OSFI prescribes a standard measure of counterparty credit risk to be applied to the credit equivalent amount to arrive at the risk-weighted amount. The risk-weighted amount is used in determining the regulatory capital requirements for derivatives.

CREDIT RISK

	2004					2003				
	Current replacement cost					Current replacement cost				
$ millions, as at October 31	**Trading**	**ALM**	**Total**	**Credit equivalent amount[1]**	**Risk-weighted amount**	**Trading**	**ALM**	**Total**	**Credit equivalent amount[1]**	**Risk-weighted amount**
Interest rate derivatives										
Forward rate agreements	**$ 8**	**$ —**	**$ 8**	**$ 8**	**$ 2**	$ 13	$ —	$ 13	$ 13	$ 2
Swap contracts	**11,123**	**989**	**12,112**	**15,523**	**3,566**	12,796	1,857	14,653	18,488	4,193
Purchased options	**691**	**—**	**691**	**873**	**208**	887	33	920	1,132	286
	11,822	**989**	**12,811**	**16,404**	**3,776**	13,696	1,890	15,586	19,633	4,481
Foreign exchange derivatives										
Forward contracts	**1,717**	**228**	**1,945**	**2,736**	**1,220**	1,895	737	2,632	3,794	1,575
Swap contracts	**4,598**	**274**	**4,872**	**8,267**	**1,800**	4,080	207	4,287	7,895	1,780
Purchased options	**248**	**—**	**248**	**419**	**136**	339	—	339	564	171
	6,563	**502**	**7,065**	**11,422**	**3,156**	6,314	944	7,258	12,253	3,526
Credit derivatives[2]										
Swap contracts	**56**	**—**	**56**	**164**	**65**	98	—	98	201	91
Purchased options	**71**	**—**	**71**	**1,231**	**178**	50	—	50	1,141	256
	127	**—**	**127**	**1,395**	**243**	148	—	148	1,342	347
Equity derivatives[3]	**1,612**	**47**	**1,659**	**3,588**	**1,145**	1,279	195	1,474	3,453	1,195

Other derivatives[4]	**2,320**	**—**	**2,320**	**3,996**	**1,757**	1,359	—	1,359	3,028	1,392
	22,444	**1,538**	**23,982**	**36,805**	**10,077**	22,796	3,029	25,825	39,709	10,941
Less: effect of master netting agreements	**(17,022)**	**—**	**(17,022)**	**(22,482)**	**(6,412)**	(17,006)	—	(17,006)	(20,683)	(5,813)
	$ 5,422	**$1,538**	**$ 6,960**	**$ 14,323**	**$ 3,665**	$ 5,790	$3,029	$ 8,819	$ 19,026	$ 5,128

(1) Sum of current replacement cost plus potential future exposure, adjusted for the impact of collateral.

(2) ALM credit derivative purchased options, with a replacement cost of $14 million (2003: $42 million), are given guarantee treatment for credit risk capital purposes and are excluded from the table above.

(3) Includes forwards, swaps and options.

(4) Includes precious metals and other commodity forwards, swaps and options.

Note 23 FAIR VALUE OF FINANCIAL INSTRUMENTS

The tables that follow present the fair value of both on- and off-balance sheet financial instruments, based on the valuation approach set out below.

Fair value represents our estimate of the price at which a financial instrument could be exchanged in an arm's length transaction between knowledgeable and willing parties, under no compulsion to act, carried out in the normal course of business. Fair value is best evidenced by a quoted market price, if one exists.

Quoted market prices are not available for a significant portion of our on- and off-balance sheet financial instruments because of the lack of traded markets for certain instruments and also, where such markets do exist, they are not considered sufficiently liquid to be used as a basis for valuation. Where quoted markets exist and are considered sufficiently liquid to be used as a basis for fair value, these quoted prices are used to calculate fair value. Fair value for our trading portfolios is adjusted for bid-offer considerations, including consideration of concentration exposure, where appropriate.

In those instances where traded markets do not exist or are not considered sufficiently liquid, our measure of fair value is estimated, using a variety of valuation techniques and models. The results of these valuation techniques and models may vary from the ultimate net realizable value, even if market conditions were to remain unchanged. We have an ongoing process of enhancing our valuation techniques and models. Where enhancements are made, they are applied prospectively, so that fair values reported in prior periods are not recalculated on the new bases. Our techniques and models take into account the effect of changes in market rates, including market interest rates and credit quality, where we are exposed to the credit risk of an issuer, borrower or counterparty.

Both book and fair values of loans and loan commitments are affected by credit quality. In this regard, we rely on our processes for determining the allowance for credit losses to simultaneously write down (but not up) both the book and fair values of loans and to account for reductions in credit quality of loan commitments and other credit-related arrangements on which we have credit exposure. This applies to impaired assets and assets not yet specifically identified as impaired through specific and general allowances, respectively. The specific allowance for credit losses is designed to write down the book value of impaired loans to the recoverable amounts and to account for any impairment on loan commitments and other credit-related arrangements. Recoverable amounts do not take into account the credit protection available to us through credit derivatives because these credit derivatives are carried at fair value. The general allowance for credit losses is similarly designed to write down the book value of loans to reflect losses inherent in the portfolio of loans (and commitments and other credit-related arrangements) that are not yet specifically identified as impaired. The recoverable amounts thus calculated and used for book value purposes already include the effect of credit quality and, therefore, no further adjustments are made in arriving at fair value. Both the book and fair values disclosed are net of all specific and general allowances for credit losses. The policy followed in setting allowances for credit losses is explained in Note 1.

For changes in fair value due to interest rate risk on financial instruments where traded markets do not exist, except for privately issued debt securities, the calculation of fair value is based on the difference between the original and current market interest rates for the same type of instrument, using present value techniques. The actual cash flows based on the original interest rate are discounted using current market interest rates for the remaining term to the repricing or maturity date, whichever is earlier. The remaining term used is generally contractual. We do not make additional adjustments to fair value for bid-offer considerations for our non-trading portfolios' fair values.

Due to the judgment used in applying a wide variety of acceptable valuation techniques and models, as well as the use of estimates inherent in this process, estimates of fair value of the same or similar assets may differ among financial institutions. The calculation of fair values is based on market conditions, as at October 31, 2004, and may not be reflective of ultimate realizable value.

Methods and assumptions

Financial instruments with fair value equal to book value

Where we consider any difference between fair and book values of certain on-balance sheet financial instruments to be insignificant, the fair value of certain on-balance sheet financial instruments is assumed to equal their book value. These categories are: cash and non-interest-bearing deposits with banks; short-term interest-bearing deposits with banks; securities borrowed or purchased under resale agreements; customers' liability under acceptances; acceptances; obligations related to securities sold short; obligations related to securities lent or sold under repurchase agreements and other liabilities (except for derivatives and hedge related balances. See footnote 1 on page 141).

Securities

The fair value of securities is detailed in Note 3 and are based on quoted market prices where available; otherwise, fair values are estimated using quoted market prices for similar securities or other third-party evidence, as available.

The quoted market price used to value publicly traded equity securities held for investment purposes, generally does not take into account any adjustments for resale restrictions that expire within one year, for liquidity or for future expenses.

For privately issued debt and equity securities, we estimate fair value using recent market transactions, where available. Otherwise fair values are derived from valuation models using a market, or income approach. These models consider various factors including projected cash flows, earnings, revenue or other third-party evidence as available.

Loans

The fair value of variable-rate mortgages, which are largely prime rate based are assumed to equal their book value. The fair value of fixed-rate mortgages are estimated, using a discounted cash flow calculation that uses market interest rates currently charged for mortgages with similar remaining terms. The valuation model used for mortgages takes into account prepayment optionality, as well as consumer behaviour, as appropriate.

The fair value of variable-rate loans and those that reprice frequently are assumed to be equal to their book value. The fair value for fixed-rate loans is estimated, using a discounted cash flow calculation that uses market interest rates currently charged for loans with similar terms and credit risks. As noted above, the book value of loans is adjusted to take account of impaired loans and loans not yet specifically identified as impaired through the specific and general allowance categories, respectively. The fair value of loans is not adjusted for the value of any credit derivatives used to manage the credit risk associated with them. The fair value of these credit derivatives is disclosed separately.

Other assets

Other assets included in the table below mainly comprise accrued interest receivable, brokers' client accounts, equity-accounted investments, limited partnerships and accounts receivable.

Except as noted, the fair value of all other assets is assumed to equal book value because we consider any difference not to be significant. The fair value of loans held for sale is based on quoted market prices, where available; otherwise, it is estimated, using third-party evidence and, where appropriate, adjusted for liquidity and concentration considerations. The fair value of merchant banking limited partnership investments is taken from net asset values published by third-party fund managers and is adjusted for better and/or more recent information where available and appropriate. For equity-accounted investments, we estimate fair value using quoted market prices or other recent market transactions, where available. Otherwise, fair value is derived from valuation models, except for instances where the benefits of estimating fair value for unquoted equity-accounted investments do not outweigh the related costs, then fair value is assumed to equal book value. At October 31, 2004, we assumed the fair value of FirstCaribbean International Bank (FCIB), an equity-accounted investment of CIBC, was equal to its book value of $733 million.

Deposits

The fair value of floating-rate deposits and demand deposits are assumed to be equal to their book value. The fair value of fixed-rate deposits are determined by discounting the contractual cash flows using market interest rates currently offered for deposits of similar terms. The fair value for deposit liabilities with embedded optionality (cashable option) includes the value of those options.

Subordinated indebtedness

The fair value is determined by reference to market prices for the same or similar debt instruments.

Derivatives and hedge-related balances

The fair value of derivatives is based on quoted market prices or dealer quotes, where available. Otherwise, fair values are estimated on the basis of pricing models that incorporate current market measures for interest rates, currency exchange rates, equity prices and indices, credit spreads, corresponding market volatility levels and other market-based pricing factors.

For trading derivatives, fair value reflects a valuation adjustment for market, model and credit risks, as well as administrative costs, as appropriate. Specifically, credit risk adjustments are based on current and potential credit exposure and take into account both collateral and netting arrangements. Administrative cost adjustments reflect the expected future costs of processing by type of deal and term.

For non-trading (ALM) derivatives, the fair value does not incorporate valuation adjustments either because they are not appropriate or because they would not be significant.

Mortgage commitments

The fair value of mortgage commitments, included in derivatives held for ALM, is for fixed-rate residential mortgage commitments and is based on increases, if any, in market interest rates between the commitment and funding dates. The valuation model takes into account the expected probability that outstanding commitments will be exercised.

Credit commitments

Other commitments to extend credit are primarily variable rate and, consequently, do not expose CIBC to interest rate risk, although they do expose CIBC to credit risk. These commitments generally contain provisions whereby drawn credit commitments are priced based on the credit quality of the obligor at the date funds are drawn. As noted above, the credit exposure on loan commitments is included in our assessment of the specific and general allowances and, hence, no further adjustments are made.

The fair values disclosed in the following table exclude the value of assets that are not financial instruments. Also, excluded from this table are assets, such as land, buildings and equipment, as well as goodwill and other intangible assets, including customer relationships, which add significant value to CIBC.

FAIR VALUE OF FINANCIAL INSTRUMENTS

	2004			2003		
$ millions, as at October 31	**Book value**	**Fair value**	**Fair value over (under) book value**	**Book value**	**Fair value**	**Fair value over (under) book value**
Assets						
Cash and non-interest-bearing deposits with banks	**$ 1,374**	**$ 1,374**	**$ —**	$ 1,593	$ 1,593	$ —
Interest-bearing deposits with banks	**10,829**	**10,829**	**—**	8,861	8,861	—
Securities	**67,316**	**68,052**	**736**	69,628	70,329	701
Securities borrowed or purchased under resale agreements	**18,165**	**18,165**	**—**	19,829	19,829	—
Loans	**137,504**	**138,081**	**577**	133,934	133,985	51
Customers' liability under acceptances	**4,778**	**4,778**	**—**	5,139	5,139	—
Other assets	**5,226**	**5,422**	**196**	6,173	6,196	23
Liabilities						
Deposits	**$190,577**	**$190,781**	**$ 204**	$188,130	$188,428	$ 298
Acceptances	**4,778**	**4,778**	**—**	5,147	5,147	—
Obligations related to securities sold short	**12,220**	**12,220**	**—**	11,659	11,659	—
Obligations related to securities lent or sold under repurchase agreements	**16,790**	**16,790**	**—**	19,293	19,293	—
Other liabilities	**6,562**	**6,562**	**—**	7,451	7,451	—

Subordinated indebtedness	**3,889**	**4,259**	**370**	3,197	3,561	364
Derivatives and hedge-related balances						
Derivatives — held for trading (net)	**$ 224**	**$ 224**	**$ —**	$ 851	$ 851	$ —
Derivatives and hedge-related balances — held for ALM[1]	**$ (884)**	**$ (1,164)**	**$ (280)**	$ (256)	$ 61	$ 317

(1) The book value includes both the carrying value of derivatives held for hedging purposes $(1,211) million (2003: $(256) million) and commencing in 2004 any unamortized hedge-related deferred balances, net $327 million, which are primarily included in other assets and other liabilities.

FAIR VALUE OF DERIVATIVE INSTRUMENTS

	2004 fair value			2003 fair value		
$ millions, as at October 31	**Positive**	**Negative**	**Net**	**Positive**	**Negative**	**Net**
Held for trading						
Interest rate derivatives						
Forward rate agreements	**$ 8**	**$ 7**	**$ 1**	$ 13	$ 7	$ 6
Swap contracts	**11,123**	**10,403**	**720**	12,796	11,245	1,551
Purchased options	**694**	**—**	**694**	887	—	887
Written options	**—**	**936**	**(936)**	—	1,003	(1,003)
Total interest rate derivatives	**11,825**	**11,346**	**479**	13,696	12,255	1,441
Foreign exchange derivatives						
Forward contracts	**1,717**	**1,645**	**72**	1,895	1,778	117
Swap contracts	**4,598**	**4,098**	**500**	4,080	3,972	108
Purchased options	**248**	**—**	**248**	339	—	339
Written options	**—**	**345**	**(345)**	—	614	(614)
Total foreign exchange derivatives	**6,563**	**6,088**	**475**	6,314	6,364	(50)
Credit derivatives						
Swap contracts	**56**	**68**	**(12)**	98	98	—
Purchased options	**71**	**40**	**31**	50	—	50
Written options	**—**	**13**	**(13)**	—	32	(32)
Total credit derivatives	**127**	**121**	**6**	148	130	18
Equity derivatives[1]	**2,302**	**2,922**	**(620)**	1,279	2,076	(797)
Other derivatives[2]	**2,320**	**2,436**	**(116)**	1,359	1,120	239
Total held for trading	**23,137**	**22,913**	**224**	22,796	21,945	851
Held for ALM[3]						
Interest rate derivatives						
Swap contracts	**989**	**933**	**56**	1,857	1,642	215
Purchased options	**—**	**—**	**—**	33	—	33
Written options	**—**	**8**	**(8)**	—	10	(10)
Total interest rate derivatives	**989**	**941**	**48**	1,890	1,652	238
Foreign exchange derivatives						
Forward contracts	**228**	**414**	**(186)**	737	739	(2)
Swap contracts	**274**	**1,198**	**(924)**	207	515	(308)
Purchased options	**—**	**—**	**—**	—	—	—
Total foreign exchange derivatives	**502**	**1,612**	**(1,110)**	944	1,254	(310)
Credit derivatives						
Swap contracts	**—**	**—**	**—**	—	—	—
Purchased options	**14**	**48**	**(34)**	42	—	42
Written options[4]	**—**	**1**	**(1)**	—	16	(16)
Total credit derivatives	**14**	**49**	**(35)**	42	16	26
Equity derivatives[1]	**47**	**114**	**(67)**	195	88	107
Total held for ALM	**1,552**	**2,716**	**(1,164)**	3,071	3,010	61
Total fair value	**24,689**	**25,629**	**(940)**	25,867	24,955	912
Less: effect of master netting agreements	**(17,022)**	**(17,022)**	**—**	(17,006)	(17,006)	—
	$ 7,667	**$ 8,607**	**$ (940)**	$ 8,861	$ 7,949	$ 912
Average fair value of derivatives held for trading[5]						
Interest rate derivatives	**$ 13,443**	**$ 12,473**	**$ 970**	$ 17,531	$ 16,004	$ 1,527
Foreign exchange derivatives	**5,742**	**5,441**	**301**	5,225	4,961	264
Credit derivatives	**133**	**132**	**1**	132	92	40
Equity derivatives	**1,919**	**2,410**	**(491)**	1,658	3,002	(1,344)
Other derivatives	**2,476**	**2,304**	**172**	1,795	1,556	239
	$ 23,713	**$ 22,760**	**$ 953**	$ 26,341	$ 25,615	$ 726

(1) Includes swaps and options.

(2) Includes precious metals and other commodity forwards, swaps and options.

(3) Certain ALM derivative instruments are carried at fair value because they are ineligible for hedge accounting under AcG-13. Since these derivative instruments mitigate market risks, we consider them to be economic hedges for the corresponding risks of underlying positions. In addition, this category includes derivatives, such as seller swaps, whose risks are managed in the context of ALM activities. Derivatives held for ALM purposes at October 31, 2004, include positive and negative fair values of $573 million and $1,077 million, respectively, in respect of derivative instruments held for economic hedging purposes.

(4) Reported as financial guarantees in Note 24.

(5) Average fair value represents monthly averages.

Note 24 COMMITMENTS, GUARANTEES, PLEDGED ASSETS AND CONTINGENT LIABILITIES

Commitments

Credit-related arrangements

Credit-related arrangements are off-balance sheet instruments and are typically entered into to meet the financing needs of clients or to facilitate international trade. Our policy of requiring collateral or other security to support credit-related arrangements and the types of security held is generally the same as for loans. The contract amounts shown below for credit-related arrangements represent the maximum amount of additional credit that we could be obligated to extend. The contractual amounts also represent the credit risk amounts should the contracts be fully drawn, the counterparties default and any collateral held proves to be of no value. As many of these arrangements will expire or terminate without being drawn upon, the contract amounts are not necessarily indicative of future cash requirements or credit risk.

CREDIT-RELATED ARRANGEMENTS

	Contract amounts	
$ millions, as at October 31	**2004**	**2003**
Lines of credit[1]	**$52,970**	$ 79,837
Securities lending	**33,813**	27,156
Guarantees and standby letters of credit[2]	**6,999**	8,350
Documentary and commercial letters of credit	**182**	137
Other[3]	**568**	362
	$94,532	$115,842

(1) Includes irrevocable lines of credit totalling $39.6 billion (2003: $65.0 billion), of which $31.2 billion (2003: $55.4 billion) will expire in one year or less, and excludes personal lines of credit and credit card lines, as the lines are short-term in nature and are revocable at our discretion.

(2) Includes credit derivatives — written options of $200 million (2003: $160 million), which have also been reported as derivatives in Note 22.

(3) Includes forward asset purchases.

Lines of credit

Lines of credit are undrawn lending facilities that we have approved to meet the business requirements of clients. The majority of such commitments is of a general nature with annual review provisions and/or various conditions for drawdown. The credit risk associated with undrawn lending facilities arises from the possibility that a commitment may be drawn as a loan. Therefore, a lending commitment is subject to the same credit review process as a loan. The amount of collateral obtained, if deemed necessary, is based on our credit evaluation of the borrower, and may include a charge over the present and future assets of the borrower.

Securities lending

Securities lending represents our credit exposure when we lend our own or our clients' securities to a borrower for a fee and the borrower defaults on the redelivery obligation. The borrower must fully collateralize the security loan at all times.

Guarantees and standby letters of credit

Guarantees and standby letters of credit include credit enhancement facilities, standby and performance letters of credit, and written credit derivatives. These instruments represent an irrevocable obligation to make payments to third parties in the event that clients are unable to meet their contractual financial or performance obligations. The credit risk associated with these instruments is essentially the same as that involved in extending irrevocable loan commitments to clients. The amount of collateral obtained, if deemed necessary, is based on our credit evaluation of the borrower and may include a charge over present and future assets of the borrower.

Documentary and commercial letters of credit

Documentary and commercial letters of credit are short-term instruments issued on behalf of a client, authorizing a third party, such as an exporter, to draw drafts on CIBC up to a specified amount, subject to specific terms and conditions. We are at risk for any drafts drawn that are not ultimately settled by the client; however, the amounts drawn are collateralized by the related goods.

Long-term commitments for leases

CIBC has obligations under non-cancellable leases for buildings and equipment.

Future minimum lease payments for all lease commitments for each of the five succeeding years and thereafter are as follows:

LEASE COMMITMENTS[1][2][3]

$ millions	
2005	$ 344
2006	303

2007	245
2008	205
2009	178
2010 and thereafter	1,071

(1) Total rental expense in respect of buildings and equipment charged to the consolidated statements of income was $673 million (2003: $689 million; 2002: $487 million).

(2) Includes future minimum lease commitments under sale-leaseback amounting to $54 million in 2005, $52 million in 2006, $51 million in 2007, $43 million in 2008, $38 million in 2009 and $97 million in 2010 and thereafter.

(3) Includes $63 million relating to one of our premises in New York. These premises were sublet, effective November 2002.

Other commitments

As an investor in merchant banking activities we enter into commitments to fund external private equity funds and investments in equity and debt securities at market value at the time the commitments are drawn. In connection with these activities, we had commitments to invest up to $737 million, as at October 31, 2004 (2003: $1.4 billion).

Guarantees

Guarantees include contracts that contingently require the guarantor to make payments to a guaranteed party based on (a) changes in an underlying economic characteristic that is related to an asset, liability or an equity security of the guaranteed party; (b) failure of another party to perform under an obligating agreement; or (c) failure of another third party to pay its indebtedness when due.

The following table summarizes significant guarantees issued and outstanding as at October 31, 2004:

GUARANTEES

$ millions, as at October 31, 2004	**Maximum potential future payment**
Securities lending with indemnification	**$ 18,296**
Standby and performance letters of credit	**6,970**
Credit enhancement facilities	**11**
Derivative contracts	See narrative
Other indemnification agreements	See narrative

As many of these guarantees will expire or terminate without being drawn upon and do not take into consideration the possibility of recovery by means of recourse provisions or from collateral held or pledged, the maximum potential future payment amounts are not indicative of future cash requirements or credit risk, and bear no relationship to our expected losses from these arrangements. As at October 31, 2004, we had a liability of $4.0 billion (2003: $3.9 billion) recorded on our consolidated balance sheets related to the above noted contracts. The total collateral available relating to these contracts was $22.3 billion (2003: $22.1 billion).

Securities lending with indemnification

As part of our custodial business, indemnifications may be provided to security lending clients to ensure that the fair value of securities lent will be returned in the event that the borrower fails to return the indemnified securities and collateral held is insufficient to cover the fair value of those securities.

Standby and performance letters of credit

Standby and performance letters of credit represent written undertakings that back financial and performance obligations of the client and include documentary and commercial letters of credit. These guarantees convey similar credit risk characteristics as loans. We may collateralize standby, performance, and documentary and commercial letters of credit by various forms, including cash, securities and other assets pledged.

Credit enhancement facilities

Certain credit enhancement facilities require us to guarantee the collection of the scheduled contractual cash flows from individual financial assets held by a VIE. Other credit enhancement features, including cash reserve accounts, cash collateral accounts and subordinated interests, are not considered guarantees.

Derivative contracts

Derivative contracts include credit default options and written options on interest rate, foreign exchange, equity, commodity, and other, which provide the holder the right to purchase or sell an underlying item for a predetermined price. All such derivative contracts can potentially be used to protect against changes in an underlying, depending upon the intent of the option holder. For accounting purposes, we do not track the intent of a given counterparty when writing an option, and as a result, the maximum potential liability for derivative contracts that may meet the definition of a guarantee is unavailable. We generally hedge our exposure to these contracts by entering into a variety of offsetting derivative contracts and security positions.

Other indemnification agreements

In the ordinary course of operations, we enter into contractual arrangements under which we may agree to indemnify the counterparty to such arrangement from any losses relating to a breach of representations and warranties, a failure to perform certain covenants, or for claims or losses arising from certain external events as outlined within the particular contract. This may include, for example, losses arising from changes in tax legislation, litigation or claims relating to past performance. In addition, we have entered into indemnification agreements with each of our directors and officers to indemnify those individuals, to the extent permitted by law, against any and all claims or losses (including any amounts paid in settlement of any such claims) incurred as a result of their service to CIBC. In most indemnities, maximum loss clauses are generally not provided for, and as a result, no defined limit of the maximum potential liability exists. We believe that the likelihood of the conditions arising to trigger obligations under these contract arrangements is remote and, historically, any payments made in respect of these contracts have not been significant. No amounts related to these indemnifications, representations and warranties are reflected within the consolidated financial statements at October 31, 2004.

Pledged assets

In the ordinary course of business, we pledge securities and other assets recorded on our consolidated balance sheets against liabilities, or to facilitate certain activities. The following table presents the details of pledged assets:

PLEDGED ASSETS

$ millions, as at October 31	2004	2003
Cash and deposits with banks	**$ 6**	$ —
Securities	**14,239**	21,665
Securities borrowed or purchased under resale agreements	**8,095**	9,622
Other assets	**189**	1,487
	$22,529	$32,774
Assets pledged in relation to:		
Foreign governments and central banks [1]	**$ 589**	$ 468
Clearing systems, payment systems and depositories [1]	**736**	985
Margins for exchange traded futures and options, and collateralized derivative transactions	**1,136**	2,326
Collateral related to securities borrowed, securities sold short and securities lent or sold under repurchase agreements	**20,068**	28,995
	$22,529	$32,774

(1) Includes assets pledged in order to participate in clearing and payment systems and depositories or to have access to the facilities of central banks in foreign jurisdictions.

Contingent liabilities

CIBC is a party to a number of legal proceedings, including regulatory investigations, in the ordinary course of its business. In certain of these matters, claims for substantial monetary damages are asserted against CIBC and its subsidiaries. There exists an inherent difficulty in predicting the outcome of such matters, but based on current knowledge and consultation with legal counsel, we do not expect the outcome of any of these matters, individually or in aggregate, to have a material adverse effect on our consolidated financial position. However, the outcome of any particular matter may be material to our operating results for a particular year. We regularly assess the adequacy of CIBC's contingent liabilities accrual, including the adequacy of the accrual for Enron-related matters.

Hedge funds

The SEC and the Office of the New York State Attorney General (NYAG) are currently investigating CIBC relating to financing and brokerage services provided to certain hedge funds that engaged in mutual fund market timing. In February 2004, the SEC filed a civil enforcement proceeding and the NYAG filed criminal charges against a former CIBC employee for his role in arranging financing through CIBC to hedge funds he allegedly knew were engaged in unlawful market timing and late trading of mutual funds. We are cooperating and will continue to cooperate with these and related investigations. In addition, two CIBC subsidiaries are named as defendants in a number of class actions, brought on behalf of shareholders of several families of mutual funds, alleging that CIBC knew or recklessly disregarded the fact that the hedge fund clients it financed were engaging in deceptive market timing and late trading of mutual fund shares. During the year, we established an accrual of $50 million related to matters arising from the mutual fund market timing investigations.

Enron

CIBC and certain affiliates (collectively "CIBC") are named as defendants in various Enron-related actions in the U.S. These actions include *Newby, et al.* v. *Enron Corp., et al.*, a purported class action on behalf of Enron shareholders against a number of financial institutions, Enron's accountants and lawyers and a number of Enron insiders, alleging participation in a scheme in violation of the U.S. federal securities laws and various state laws. In addition, CIBC is a defendant in a number of related cases filed in various courts in the U.S., asserting similar claims filed by purchasers of Enron securities. CIBC is also a third-party defendant in several cases in which Enron investors sued Enron's accountants, Arthur Andersen LLP, which thereafter filed third-party claims against a number of financial institutions, including CIBC, seeking contribution if Arthur Andersen LLP is found liable to plaintiffs in those actions. Enron filed a proceeding in bankruptcy court against six financial institutions, including CIBC, seeking among other things, disallowance of CIBC's claims in the bankruptcy and unspecified damages for allegedly aiding and abetting Enron insiders in their breach of fiduciary duty and fraud, and unlawful civil conspiracy. We believe these claims are without merit and intend to vigorously defend each of the Enron-related actions. We believe that the ultimate costs of these matters are likely to exceed the insurance coverage. As a result, we recorded a $300 million liability, in addition to our insurance coverage, for Enron-related litigation matters. Because we are unable to reasonably estimate the eventual loss, it is possible that additional amounts may be required in the future, and such amounts could be material to our operating results for a particular year, although we do not expect that they would have a material adverse impact on CIBC's consolidated financial position.

Note 25 CONCENTRATION OF CREDIT RISK

Concentrations of credit exposure may arise with a group of counterparties that have similar economic characteristics or are located in the same geographic region. The ability of such counterparties to meet contractual obligations would be similarly affected by changing economic, political or other conditions.

The methodology for allocating credit exposure for credit-related arrangements has been changed during the year from location of booking to country of ultimate risk. Prior-year information has been restated accordingly.

The amounts of credit exposure associated with our on- and off-balance sheet financial instruments are summarized in the following table:

CREDIT EXPOSURE BY COUNTRY OF ULTIMATE RISK

	2004				2003			
$ millions, as at October 31	**Canada**	**United States**	**Other countries**	**Total**	**Canada**	**United States**	**Other countries**	**Total**
On-balance sheet								
Major assets[1][2][3]	**$188,064**	**$48,468**	**$27,143**	**$263,675**	$180,527	$55,034	$27,093	$262,654
Off-balance sheet								
Credit-related arrangements[4]								
Lines of credit								
Financial institutions	**$ 16,073**	**$ 436**	**$ 2,773**	**$ 19,282**	$ 17,930	$20,683	$ 4,944	$ 43,557
Governments	**3,410**	**206**	**—**	**3,616**	3,092	—	—	3,092
Other	**25,694**	**665**	**3,713**	**30,072**	25,650	6,002	1,536	33,188
	45,177	**1,307**	**6,486**	**52,970**	46,672	26,685	6,480	79,837
Other credit-related arrangements								
Financial institutions	**22,365**	**12,075**	**554**	**34,994**	12,702	3,940	12,931	29,573
Governments	**31**	**30**	**199**	**260**	135	57	—	192
Other	**3,169**	**908**	**2,231**	**6,308**	3,189	1,331	1,720	6,240
	25,565	**13,013**	**2,984**	**41,562**	16,026	5,328	14,651	36,005
	$ 70,742	**$14,320**	**$ 9,470**	**$ 94,532**	$ 62,698	$32,013	$21,131	$115,842
Derivative instruments[4]								
By counterparty type								
Financial institutions	**$ 2,851**	**$ 6,622**	**$ 8,021**	**$ 17,494**	$ 3,178	$ 8,074	$ 9,423	$ 20,675
Governments	**2,388**	**1**	**117**	**2,506**	1,827	3	104	1,934
Other	**2,275**	**1,253**	**454**	**3,982**	1,581	1,182	453	3,216
	7,514	**7,876**	**8,592**	**23,982**	6,586	9,259	9,980	25,825
Less: effect of master netting agreements	**(4,488)**	**(6,456)**	**(6,078)**	**(17,022)**	(4,122)	(6,899)	(5,985)	(17,006)
Total derivative instruments	**$ 3,026**	**$ 1,420**	**$ 2,514**	**$ 6,960**	$ 2,464	$ 2,360	$ 3,995	$ 8,819

(1) Major assets consist of cash and non-interest-bearing deposits with banks, interest-bearing deposits with banks, loans, securities, securities borrowed or purchased under resale agreements, customers' liability under acceptances, and derivative instruments market valuation, after deduction of allowance for credit losses.

(2) Includes Canadian currency of $185.9 billion (2003: $177.7 billion) and foreign currencies of $77.8 billion (2003: $84.9 billion).

(3) Includes loans and acceptances, net of allowance for credit losses, totalling $142.3 billion (2003: $139.1 billion). No industry or foreign jurisdiction accounts for more than 10% of this amount in either 2004 or 2003.

(4) ALM credit derivative purchased options, with a replacement cost of $14 million (2003: $42 million), are given guarantee treatment for credit risk capital purposes, and are excluded from the table above.

Note 26 SEGMENTED INFORMATION

CIBC has three strategic business lines: CIBC Retail Markets, CIBC Wealth Management and CIBC World Markets. These business lines reflect the characteristics of our products and services and of the clients to which those products and services are delivered. This organizational structure, which is the basis upon which we report our segmented information, was initially adopted in 2003 at which time the comparative amounts for 2002 were reclassified.

CIBC Retail Markets provides financial services and products to personal and small business clients in Canada. These services are offered through the branch network, telephone banking, online banking and ABMs, as well as through the co-branded retail electronic banking business, President's Choice Financial, a co-venture with Loblaw Companies Limited.

CIBC Wealth Management provides relationship-based advisory, sales, service and product solutions to the full spectrum of wealth-building clients, primarily in Canada. The business comprises branch-based advice, full service brokerage, private wealth management and online brokerage. We also develop and package a wide range of financial products, including mutual funds, managed solutions and fixed-term.

CIBC World Markets is the wholesale banking arm of CIBC, providing a full range of integrated credit and capital markets products, investment banking, and merchant banking to clients in key financial markets in North America and around the world. We deliver innovative full capital solutions to growth-oriented companies and are active in all capital markets. We offer advisory expertise across a wide range of industries and provide top-ranked research for our corporate, government and institutional investor clients.

These business lines are supported by five functional groups -Administration; Corporate Development; Finance; Technology and Operations; and Treasury, Balance Sheet and Risk Management. The activities of these functional groups are included within Corporate and Other with their revenue, expenses and balance sheet resources generally being allocated to the business lines. Corporate and Other also includes Juniper, CIBC Mellon joint ventures, Oppenheimer Holdings Inc. (formerly Fahnestock Viner Holdings Inc.) debentures, and other income statement and balance sheet items not directly attributable to the business lines.

Results for our operating segments are based on our internal financial reporting systems. The assets and liabilities of the segments are transfer priced, using a funding methodology that best reflects their nature and term, at wholesale market rates. Non-interest expenses are matched against the revenue to which they relate. Indirect expenses are allocated to the segments based on appropriate criteria.

To measure and report the results of operations of the three business lines, we use a Manufacturer/Customer Segment/Distributor Management Model. Under this model, internal payments for sales commissions and distribution service fees are made among the business lines. As well, revenue, expenses and balance sheet resources relating to certain activities, such as the payments and lending products businesses included in CIBC Retail Markets, are fully allocated to other business lines.

This model allows management and other users of our financial information to better understand the economics of our customer segments, products and delivery channels. The model uses certain estimates and allocation methodologies in the preparation of segmented financial information.

Each year, the sales and service fees paid to segments for certain products are renegotiated among the business lines. Prior year financial information has not been reclassified to reflect these fee changes.

RESULTS BY BUSINESS LINE

$ millions, for the years ended October 31		CIBC Retail Markets	CIBC Wealth Management	CIBC World Markets	Corporate and Other	CIBC Total
2004	**Net interest income**	**$ 4,030**	**$ 493**	**$ 539**	**$ 304**	**$ 5,366**
	Non-interest income	**1,850**	**1,588**	**2,769**	**310**	**6,517**
	Intersegment revenue(1)	**(636)**	**425**	**213**	**(2)**	**—**
	Total revenue	**5,244**	**2,506**	**3,521**	**612**	**11,883**
	Provision for credit losses	**711**	**29**	**(55)**	**(57)**(2)	**628**
	Amortization(3)	**112**	**20**	**25**	**123**	**280**
	Other non-interest expenses	**2,859**	**1,848**	**2,716**	**548**	**7,971**
	Income (loss) before income taxes and non-controlling interests	**1,562**	**609**	**835**	**(2)**	**3,004**
	Income taxes	**519**	**207**	**139**	**(75)**	**790**
	Non-controlling interests	**—**	**—**	**12**	**3**	**15**
	Net income	**$ 1,043**	**$ 402**	**$ 684**	**$ 70**	**$ 2,199**
	Average assets(4)	**$161,156**	**$ 19,782**	**$ 99,177**	**$ 695**	**$280,810**
2003	Net interest income	$ 3,938	$ 582	$ 834	$ 276	$ 5,630
	Non-interest income	1,660	1,524	2,429	333	5,946
	Intersegment revenue(1)	(631)	425	210	(4)	—
	Total revenue	4,967	2,531	3,473	605	11,576
	Provision for credit losses	607	18	653	(135)(2)	1,143
	Amortization(3)	122	25	19	129	295
	Restructuring reversal	(5)	—	(5)	(21)	(31)
	Other non-interest expenses	2,983	1,941	2,407	533	7,864
	Income before income taxes and non-controlling interests	1,260	547	399	99	2,305
	Income taxes	397	181	28	(367)(5)	239
	Non-controlling interests	—	—	(2)	5	3
	Net income	$ 863	$ 366	$ 373	$ 461	$ 2,063
	Average assets(4)	$145,514	$ 30,670	$107,658	$ 897	$284,739
2002	Net interest income	$ 3,917	$ 622	$ 743	$ 218	$ 5,500
	Non-interest income	1,691	1,810	1,950	90	5,541
	Intersegment revenue(1)	(633)	422	215	(4)	—
	Total revenue	4,975	2,854	2,908	304	11,041
	Provision for credit losses	419	11	1,062	8	1,500
	Amortization(3)	137	28	33	167	365
	Restructuring charge (reversal)	66	(6)	59	395	514
	Other non-interest expenses	2,873	2,548	2,426	403	8,250
	Income (loss) before income taxes and non-controlling interests	1,480	273	(672)	(669)	412
	Income taxes	384	76	(522)	(217)	(279)
	Non-controlling interests	23	—	(8)	23	38
	Net income (loss)	$ 1,073	$ 197	$ (142)	$ (475)	$ 653
	Average assets(4)	$143,826	$ 33,023	$114,891	$ 770	$292,510

(1) Intersegment revenue represents internal sales commissions and revenue allocations under the Manufacturer/Customer Segment/Distributor Management Model. (2) Includes $75 million (2003: $150 million) reversal of the general allowance.

(3) Includes amortization on buildings, furniture, equipment, leasehold improvements and finite-lived other intangible assets.

(4) Assets are disclosed on an average basis as this measure is most relevant to a financial institution and is the measure reviewed by management. Average assets of Juniper, CIBC Mellon joint ventures, Oppenheimer Holdings Inc.(formerly Fahnestock Viner Holdings Inc.) debentures and other average assets not directly attributable to specific business lines are not allocated to the business lines.

(5) Includes recovery of income taxes amounting to $689 million.

Geographic distribution

We earn revenue and incur expenses from domestic and foreign activities, and have domestic and foreign assets from which income is earned. Net income (loss) and average assets are allocated based on the geographic location where they are recorded.

GEOGRAPHIC DISTRIBUTION

$ millions, for the years ended October 31		Canada	United States	West Indies	Other countries	Total
2004	**Net interest income**	**$ 4,604**	**$ 487**	**$ 141**	**$ 134**	**$ 5,366**
	Non-interest income	**4,794**	**1,204**	**98**	**421**	**6,517**
	Total revenue	**9,398**	**1,691**	**239**	**555**	**11,883**
	Provision for (recovery of) credit losses	**705**	**(64)**	**—**	**(13)**	**628**
	Non-interest expenses	**6,198**	**1,647**	**37**	**369**	**8,251**
	Income before income taxes and non-controlling interests	**2,495**	**108**	**202**	**199**	**3,004**
	Income taxes	**690**	**51**	**2**	**47**	**790**
	Non-controlling interests	**3**	**12**	**—**	**—**	**15**
	Net income	**$ 1,802**	**$ 45**	**$ 200**	**$ 152**	**$ 2,199**
	Average assets	**$195,263**	**$51,545**	**$13,304**	**$20,698**	**$280,810**
2003	Net interest income	$ 4,629	$ 693	$ 153	$ 155	$ 5,630
	Non-interest income	4,237	1,168	214	327	5,946
	Total revenue	8,866	1,861	367	482	11,576
	Provision for credit losses	633	270	—	240	1,143
	Non-interest expenses	6,050	1,667	46	365	8,128
	Income (loss) before income taxes and non-controlling interests	2,183	(76)	321	(123)	2,305
	Income taxes	796	182	(697)[1]	(42)	239
	Non-controlling interests	5	(2)	—	—	3
	Net income (loss)	$ 1,382	$ (256)	$ 1,018	$ (81)	$ 2,063
	Average assets	$204,816	$49,474	$14,902	$15,547	$284,739
2002	Net interest income	$ 4,413	$ 347	$ 520	$ 220	$ 5,500
	Non-interest income	3,396	655	1,212	278	5,541
	Total revenue	7,809	1,002	1,732	498	11,041
	Provision for credit losses	540	827	—	133	1,500
	Non-interest expenses	5,732	2,787	210	400	9,129
	Income (loss) before income taxes and non-controlling interests	1,537	(2,612)	1,522	(35)	412
	Income taxes	590	(1,109)	269	(29)	(279)
	Non-controlling interests	23	(8)	23	—	38
	Net income (loss)	$ 924	$ (1,495)	$ 1,230	$ (6)	$ 653
	Average assets	$199,411	$54,395	$19,014	$19,690	$292,510

(1) Includes the West Indies share of the $689 million recovery of income taxes.

Note 27 RECONCILIATION OF CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

CIBC's consolidated financial statements have been prepared in accordance with Canadian GAAP. The following table summarizes the more significant differences that would result if U.S. GAAP were applied in the preparation of the consolidated financial statements:

CONDENSED CONSOLIDATED BALANCE SHEETS

	2004			2003		
$ millions, as at October 31	Canadian GAAP	Adjustments	U.S. GAAP	Canadian GAAP	Adjustments	U.S. GAAP
ASSETS						
Cash and non-interest-bearing deposits with banks	**$ 1,374**	**$ 111**	**$ 1,485**	$ 1,593	$ 103	$ 1,696
Interest-bearing deposits with banks	**10,829**	**—**	**10,829**	8,861	—	8,861
Securities						
Investment	**15,517**	**(15,517)**	**—**	17,319	(17,319)	—
Available for sale	**—**	**15,426**	**15,426**	—	17,381	17,381
Trading	**51,799**	**2,161**	**53,960**	52,282	30	52,312
Loan substitute	**—**	**—**	**—**	27	(27)	—
Securities borrowed or purchased under resale agreements	**18,165**	**—**	**18,165**	19,829	—	19,829
Loans	**137,504**	**1,359**	**138,863**	133,934	1,696	135,630
Other						
Derivative instruments market valuation	**23,710**	**979**	**24,689**	22,796	3,071	25,867
Customers' liability under acceptances	**4,778**	**—**	**4,778**	5,139	—	5,139
Loans held for sale	**—**	**—**	**—**	1,321	—	1,321
Land, buildings and equipment	**2,107**	**—**	**2,107**	2,093	—	2,093
Goodwill	**1,055**	**(73)**	**982**	1,045	(73)	972
Other intangible assets	**244**	**7**	**251**	255	—	255
Other assets	**11,682**	**8,253**	**19,935**	10,653	3,138	13,791
	$278,764	**$ 12,706**	**$291,470**	$277,147	$ 8,000	$285,147
LIABILITIES AND SHAREHOLDERS' EQUITY						
Deposits	**$190,577**	**$ 2,607**	**$193,184**	$188,130	$ 3,243	$191,373
Other						
Derivative instruments market valuation	**23,990**	**1,635**	**25,625**	21,945	2,974	24,919
Acceptances	**4,778**	**—**	**4,778**	5,147	—	5,147
Obligations related to securities sold short	**12,220**	**2,252**	**14,472**	11,659	659	12,318
Obligations related to securities lent or sold under repurchase agreements	**16,790**	**—**	**16,790**	19,293	—	19,293
Other liabilities	**13,297**	**6,158**	**19,455**	13,998	1,054	15,052
Subordinated indebtedness	**3,889**	**—**	**3,889**	3,197	—	3,197
Shareholders' equity						
Preferred shares	**2,826**	**—**	**2,826**	3,357	—	3,357
Common shares	**2,969**	**(42)**	**2,927**	2,950	(25)	2,925
Contributed surplus	**59**	**—**	**59**	50	—	50
Foreign currency translation adjustment	**(376)**	**376**	**—**	(180)	180	—
Retained earnings	**7,745**	**(275)**	**7,470**	7,601	(242)	7,359
Accumulated other comprehensive income						
Foreign currency translation adjustment	**—**	**(376)**	**(376)**	—	(180)	(180)
Unrealized gains on securities available for sale	**—**	**380**	**380**	—	134	134
Unrealized gains on derivatives designated as hedges [1]	**—**	**46**	**46**	—	243	243
Additional pension obligation	**—**	**(55)**	**(55)**	—	(40)	(40)
	$278,764	**$ 12,706**	**$291,470**	$277,147	$ 8,000	$285,147

(1) A net gain of $9 million, deferred in accumulated other comprehensive income, as at October 31, 2004, is expected to be reclassified to net income during the next 12 months. Remaining amounts will be reclassified to net income over periods of up to eight years thereafter.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

$ millions, except per share amounts, for the years ended October 31	2004	2003	2002
Net income as reported	**$ 2,199**	$ 2,063	$ 653
Net interest income			
Variable interest entities	**1**	—	—
Provision for credit losses	**—**	(54)	(123)
Non-interest income			
Derivative instruments and hedging activities	**(118)**	133	(635)
Equity accounting adjustments	**27**	64	(60)
Impairment measurement	**—**	10	—
Other	**—**	54	123
Valuation adjustments	**(3)**	(22)	2
Variable interest entities	**90**	—	—
Non-interest expenses			
Employee future benefits	**17**	(5)	(17)
Stock-based compensation	**31**	59	(39)
Variable interest entities	**(4)**	—	—
Income taxes and net change in income taxes due to the above items	**(5)**	(97)	275
Non-controlling interests in net income of variable interest entities	**(63)**	—	—
	(27)	142	(474)
Net income based on U.S. GAAP	**2,172**	2,205	179
Preferred share dividends and premiums	**(208)**	(188)	(161)
Net income applicable to common shareholders	**$ 1,964**	$ 2,017	$ 18
Weighted-average basic shares outstanding (thousands)	**355,735**	360,048	360,553
Add: stock options potentially exercisable [1]	**4,852**	3,066	3,654
Weighted-average diluted shares outstanding (thousands)	**360,587**	363,114	364,207
Basic EPS	**$ 5.52**	$ 5.60	$ 0.05
Diluted EPS	**$ 5.45**	$ 5.55	$ 0.05

(1) It is assumed that 80% of average options outstanding will be exercised for shares while the remaining 20% will be exercised as SARs.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

$ millions, for the years ended October 31	2004	2003	2002
Net income based on U.S. GAAP	**$ 2,172**	$ 2,205	$ 179
Other comprehensive income, net of tax			
Change in foreign currency translation adjustments [1]	**(196)**	(222)	2
Change in net unrealized gains on securities available for sale [2][3]	**246**	(272)	(115)
Change in net unrealized gains on derivative instruments and hedging activities [4]	**(197)**	246	(485)
Change in additional pension obligation [5]	**(15)**	(28)	(12)
Total other comprehensive income	**(162)**	(276)	(610)
Comprehensive income	**$ 2,010**	$ 1,929	$ (431)

(1) Net of income tax expense of $617 million (2003: $1.4 billion; 2002: $107 million).

(2) Net of income tax expense (benefit) of $130 million (2003: $(132) million; 2002: $(1) million).

(3) Net of reclassification adjustments for net realized gains included in net income of $90 million (2003: $236 million; 2002: $70 million).

(4) Net of income tax benefit (expense) of $121 million (2003: $(148) million; 2002: $306 million).

(5) Net of income tax benefit of $9 million (2003: $16 million; 2002: $6 million).

A. Securities available for sale

Under Canadian GAAP, investment securities are carried at cost or at amortized cost. U.S. GAAP requires these securities to be classified as either securities held to maturity or as securities available for sale. The accounting for securities held to maturity is consistent with the accounting for investment securities, while securities available for sale are reported at estimated fair value with unrealized gains and losses recognized in other comprehensive income.

U.S. GAAP also requires the following additional disclosures:

SECURITIES AVAILABLE FOR SALE

$ millions, for the years ended October 31	2004	2003	2002
Proceeds from sales	**$13,913**	$26,416	$35,651
Gross realized gains	**288**	260	1,083
Gross realized losses	**68**	43	167

B. Provision and allowance for credit losses

Upon the adoption of AcG-13 on November 1, 2003, certain credit derivatives that we use to hedge the credit exposure of certain loans, despite being economically effective, do not qualify for hedge accounting. As a result, the existence of credit protection on loan balances from purchases of credit derivatives is no longer considered when determining the provision for credit losses. This change substantially harmonized Canadian and U.S. GAAP in relation to the determination of the provision and allowance for credit losses.

As a result of this change, there is no longer a difference between the 2004 Canadian and U.S. GAAP provisions for credit losses (2003: $54 million; 2002: $123 million) or other non-interest income (2003: $54 million; 2002: $123 million).

C. Valuation adjustments

Under Canadian GAAP, we record certain valuation adjustments to the carrying value of our securities in order to reflect resale restrictions that expire within one year or adjustments for liquidity. Under U.S. GAAP, these valuation adjustments are not permitted.

D. Equity accounting adjustments

Effective November 1, 2003, the application of the equity method of accounting was substantially harmonized with U.S. GAAP for certain investments held within the merchant banking portfolio. Previously, we accounted for these merchant banking investments on a cost basis. Both Canadian and U.S. GAAP now require the use of the equity method to account for such investments when the investor exerts significant influence, which is generally represented by an equity interest between 20% and 50%.

Under Canadian GAAP, certain of our investments in limited partnerships are accounted for on a cost basis. We record an impairment loss on these investments when there is evidence of an other-than-temporary decline in their value. Canadian GAAP requires the use of the equity method of accounting when we exert significant influence over the investee, whereas U.S. GAAP requires the use of the equity method to account for such investments when the equity interest is more than minor.

E. Impairment measurements

Under Canadian GAAP, we record investment securities at cost, less amounts for impairment of carrying values deemed to be other-than-temporary in nature. When an other-than-temporary impairment has occurred on a publicly traded available-for-sale security, we record the security at its expected realizable value. Under U.S. GAAP, when an other-than-temporary impairment has occurred on a publicly traded available-for-sale security, it requires the establishment of a new cost basis for the security, equal to its quoted market price at the time impairment is determined to be other-than-temporary.

F. Derivative instruments and hedging activities

U.S. GAAP requires that all derivative instruments, including derivative instruments embedded in financial instruments that are not clearly and closely related to the economic characteristics of the underlying host financial instruments, be recognized at fair value in the consolidated financial statements. Under Canadian GAAP, effective November 1, 2003, derivatives used for non-trading purposes that do not qualify for hedge accounting under the requirements of AcG-13, or derivatives embedded within equity-linked deposit contracts, are carried at fair value on the consolidated balance sheets with changes in fair value reflected in current earnings. Under Canadian GAAP, gains and losses on both securities and derivative instruments held within an effective hedge relationship are recognized in the income statement on the same basis and in the same period as the underlying hedged items. Thus, there is no difference in accounting between Canadian and U.S. GAAP in respect of derivatives held for trading purposes, for derivatives that do not qualify for hedge accounting, or for derivatives embedded within equity-linked deposit contracts. However, there are significant differences in accounting for derivatives that qualify for hedge accounting purposes and for embedded derivatives other than derivatives embedded in equity-linked deposit contracts.

The accounting under U.S. GAAP for changes in the fair value of derivatives held for hedging purposes depends on their intended use. For fair value hedges, the effective portion of changes in fair value of derivative instruments is offset in income against the change in fair value, attributed to the risk being hedged, of the underlying hedged asset, liability or firm commitment. For cash flow hedges, the effective portion of changes in fair value of derivative instruments is offset through other comprehensive income, until the variability in cash flows being hedged is recognized in earnings in future accounting periods. For both fair value and cash flow hedges, if a derivative instrument is designated as a hedge and meets the criteria for hedge effectiveness, earnings offset is available, but only to the extent that the hedge is effective.

We have elected for operational considerations, not to designate certain derivatives as hedges for U.S. GAAP accounting purposes, even

though these hedges are effective for Canadian GAAP purposes. In addition, U.S. GAAP disallows the use of cash instrument hedges, and loan commitments are difficult to qualify for hedge accounting. As a consequence, in respect of accounting for hedging activities, the U.S. GAAP reported earnings may exhibit significant volatility in any given period.

G. Employee future benefits

For Canadian GAAP purposes, we retroactively adopted the accounting requirements surrounding “Employee future benefits.” For U.S. GAAP purposes, we continue to recognize certain unamortized actuarial losses incurred prior to the adoption date of the Canadian standard in November 1, 2000. As a result, there will continue to be an adjustment to income until amounts, previously deferred under U.S. GAAP, have been fully amortized into income.

Under Canadian GAAP, an entity’s accrued benefit asset is limited to the amount it can realize in the future by applying any surplus to reduce an entity’s contributions. The valuation allowance is not included under U.S. GAAP, resulting in an adjustment to U.S. GAAP income. In addition, for defined

benefit plans, U.S. GAAP requires that the unfunded accumulated benefit obligation be recorded as additional minimum liability and the excess of the unfunded accumulated benefit obligation over the unrecognized prior service cost be recorded in other comprehensive income. The actuarial valuation of the accumulated benefit obligation is based on current and past compensation levels and service rendered to date.

The financial position on a U.S. GAAP basis of the employee defined benefit pension plans with an unfunded accumulated benefit obligation is as follows:

	Pension benefit plans	
$ millions, for the years ended October 31	**2004**	**2003**
Accumulated benefit obligations	**$ 334**	$ 310
Fair value of assets	**175**	151
Unfunded accumulated benefit obligations	**159**	159
Accrued benefit (asset) liability	**66**	88
Additional minimum liability	**93**	71
Intangible asset	**7**	7
Other comprehensive income	**86**	63

H. Stock-based compensation

We adopted the expense recognition provisions of Statement of Financial Accounting Standard (SFAS) 123, “Accounting for Stock-based Compensation,” effective November 1, 2001. The impact of this change in accounting policy is the same as under Canadian GAAP except as it relates to SARs outstanding as of the date of adoption.

Under Canadian GAAP, the cost of SARs is measured assuming that all options eligible for SARs are exercised as SARs. Under U.S. GAAP, for SARs granted prior to the date of adoption of SFAS 123, the Financial Accounting Standards Board (FASB) Interpretation Number (FIN) 28, “Accounting for SARs and Other Variable Stock Option or Award Plans,” continues to apply, under which the accrual is determined as an estimate (based on past experience) of the proportion of stock options expected to be exercised for cash.

SFAS 148 requires pro-forma disclosure of net income and EPS as if the fair value-based method had been applied for awards granted subsequent to 1995.

Had the fair value-based method been used for awards granted subsequent to 1995 until October 31, 2001, U.S. GAAP pro-forma net income and diluted net income per share would be as follows:

STOCK-BASED COMPENSATION

$ millions, except per share amounts, for the years ended October 31	**2004**	**2003**	**2002**
Net income	**$ 2,172**	$ 2,205	$ 179
Add: stock-based compensation expense included in net income, net of related tax effects	**21**	44	26
Less: stock-based compensation expense determined under the fair value-based method for all awards, net of related tax effects	**(43)**	(88)	(47)
	$ 2,150	$ 2,161	$ 158
Basic EPS – Reported	**$ 5.52**	$ 5.60	$ 0.05
– Pro-forma	**$ 5.46**	$ 5.48	$ (0.01)
Diluted EPS – Reported	**$ 5.45**	$ 5.55	$ 0.05
– Pro-forma	**$ 5.39**	$ 5.43	$ (0.01)

I. Income taxes

Under Canadian GAAP, tax rate changes are reflected in the measurement of the future income tax balances when they are substantively enacted. Under U.S. GAAP, only the enacted tax rates under current legislation are required to be used.

J. Variable interest entities

In January 2003, FASB issued FIN 46, “Consolidation of Variable Interest Entities,” which provides a framework for identifying a variable interest entity (VIE) and requires a company to consolidate a VIE if the company absorbs a majority of the VIE’s expected losses or receives a majority of the VIE’s expected residual returns, or both. In December 2003, FASB issued a revised FIN 46 (FIN 46R). The revised standard was effective for all entities no later than the end of the first reporting period ending after March 15, 2004. CIBC adopted the standard for U.S. GAAP purposes at April 30, 2004. The equivalent CICA AcG-15R “Consolidation of Variable Interest Entities,” is effective for annual and interim periods beginning on or after November 1, 2004.

The consolidated U.S. GAAP balance sheet includes approximately $2.7 billion relating to VIEs for which we are considered the primary beneficiary. Of this amount, $1.4 billion represents VIEs that hold loans sourced in the financial markets; $456 million relates to transactions that modify the cash flows of trusts managed by third-party asset managers to create investments with specific risk profiles; and $853 million relates to certain investment vehicles that make private equity investments (including investments on a side-by-side basis with our employees) that are managed by certain of our employees. Further, we deconsolidated a trust with assets of $213 million as we are not considered the primary beneficiary. The net impact of these are reported on our consolidated U.S. GAAP balance sheet primarily as follows: cash and non-interest-bearing deposits with banks of $111 million, securities of $1.1 billion and loans of $1.3 billion. In general, investors in the obligations of consolidated VIEs have recourse only to the assets of the VIEs and do not have recourse to our assets, except where we have provided liquidity

facilities, credit enhancements or are the counterparty to a derivative transaction involving the VIE.

We are considered the primary beneficiary of certain compensation trusts. However, the consolidation does not have a significant impact as both the assets (CIBC shares) and the liabilities (the obligation to deliver CIBC shares to the participants) of the trusts offset each other in the share capital section on the consolidated U.S. GAAP balance sheet.

In addition, we have significant variable interests in VIEs that are not consolidated because we are not considered the primary beneficiary. These include multi-seller conduits, CDOs, structured finance transactions and investment funds.

We administer several VIEs in Canada that purchase pools of third-party financial assets, such as CDOs, mortgages, trade receivables, loans and credit cards. These VIEs are commonly referred to as multi-seller conduits. These conduits provide third parties with access to liquidity in the debt capital markets by allowing them to sell assets to the conduits, which fund the purchases through the issue of commercial paper or other notes to investors. Third parties that transfer assets to the conduits may continue to service these assets, and may be exposed to credit losses realized on them, through asset over-collateralization or other forms of retained interests. We have no ownership interests in these conduits. The conduits may obtain credit enhancement from third-party providers. We may provide commercial paper backstop liquidity facilities, credit enhancements, securities distribution, accounting, cash management and operations services. We may be required to provide funding under the liquidity facilities in the event that funding for such conduits becomes unavailable in the debt market. We are not required to fund under the liquidity facilities to the extent that the assets in the conduits are in default. We may also act as the counterparty to derivative contracts entered into by the conduits in order to convert the yield of the underlying assets to match the needs of the conduit's investors or to limit or change the interest rate risk of the conduit. All fees earned in respect of these activities are on a market basis. At October 31, 2004, these Canadian conduits had assets of approximately $11.1 billion.

We securitize our own assets and also act as an administrator or financial advisor to conduits that purchase clients' financial assets. Details relating to the securitization of our own assets are provided in Note 6.

In addition, we may provide liquidity facilities, together with other financial institutions, hold notes in, and act as counterparty to derivative contracts entered into by third-party administered conduits.

Although actual losses are not expected to be material, our maximum exposure to loss as a result of involvement with these conduits was approximately $15.5 billion. For this purpose, maximum exposure to loss is considered to be the amount of liquidity facilities, credit enhancements and investments in these conduits.

We act as structuring and placement agent for CDOs. We receive market-rate fees for these activities. In addition, we may lend to, or invest in, the debt or equity tranches of these CDOs. In a number of transactions structured on behalf of clients, we first purchase the collateral at their request and warehouse them until the CDO transaction is completed. CIBC or a third-party manager typically manages the CDO's collateral, which generally consists of rated debt securities, on behalf of equity and debt investors. Any net income or loss is allocated to the CDO's equity investors; further losses, if any, are allocated to the debt investors in reverse order of seniority. Although actual losses are not expected to be material, our maximum exposure to loss as a result of involvement with the CDOs that are not consolidated was approximately $429 million. For this purpose, maximum exposure to loss is considered to be the amount of liquidity facilities provided to, and investments in, the CDOs. The total assets in these CDOs, at October 31, 2004 amounted to approximately $11.5 billion.

We provide a wide range of financial products, including structured notes and other financial instruments, for institutional and private bank clients, including VIEs as counterparties, as well as retail clients. These financial products are created, from time to time, using a VIE as issuer or obligor of the financial products. We may provide certain administrative services and other financial facilities to the VIEs in exchange for market-rate compensation. In all cases, we would have nominal or no ownership interest in such VIEs.

We are the sponsor of several mutual and pooled funds, in the form of trusts. We are the administrator of these funds. In addition, we may act in other capacities, including custodian, trustee and broker. We earn fees at market rates from these trusts. We do not guarantee either principal or returns to investors in these funds, except in very limited circumstances.

We act as a trustee of a number of personal trusts and have a fiduciary responsibility to act in the best interests of the beneficiaries of these trusts. We earn a fee for acting as a trustee.

We participate in transactions that modify the cash flows of trusts managed by third-party asset managers to create investments with specific risk profiles, or to assist clients in the efficient management of other risks. Typically, these involve the use of derivative products, which transfer the risks and returns of assets to or from a trust.

In addition, our current exposure under the derivative transactions with the VIEs is reflected in the consolidated financial statements, as the fair value of the derivative contracts are recorded in other assets or other liabilities, and changes in fair value are recognized in other non-interest income.

We continue to monitor developments, which affect our current interpretation of FIN 46R.

K. Non-cash collateral

Under Canadian GAAP, non-cash collateral received from securities lending is not recognized in the financial statements. Under U.S. GAAP, certain non-cash collateral received in securities lending transactions is recognized as an asset, and a liability is recorded for obligations to return the collateral.

L. Netting of financial instruments

Under Canadian GAAP, two or more separate financial instruments can be presented on a net basis if certain criteria are met. In addition to the same criteria, under U.S. GAAP, only financial instruments with the same party can be presented on a net basis.

Note 28 REGULATORY MATTERS AND EXIT OF CERTAIN ACTIVITIES

Regulatory matters

On December 22, 2003, we agreed with the staff of the SEC to a settlement resolving the SEC's investigation regarding certain structured finance transactions between CIBC and Enron. Without admitting or denying any wrongdoing, CIBC consented to an injunction enjoining it from violations of the anti-fraud provisions of U.S. federal securities laws. Under the settlement, we paid a total of US$80 million in disgorgement, penalties and interest, which was provided for in the 2003 consolidated financial statements. This settlement concludes the SEC's investigation into Enron-related matters with respect to CIBC. On the same day, we entered into an agreement with the U.S. Department of Justice (DOJ). The DOJ has agreed not to prosecute CIBC for violations of criminal law that, in the DOJ's view, have been committed by CIBC and its employees related to certain structured finance transactions between CIBC and Enron, subject to certain understandings for a three-year period, including: our continued cooperation with the DOJ; our acceptance of responsibility for conduct of our employees; our agreement to exit certain structured finance businesses and transactions; our agreement to adopt and implement new policies and procedures related to the integrity of client and counterparty financial statements and quarter- and year-end transactions; and our retention of a law firm to monitor our compliance with these new policies and procedures. We also agreed with the Federal Reserve Bank of New York and OSFI to implement the policies and procedures outlined in our agreement with the DOJ and, for three years, to retain an independent firm to review and monitor our compliance with these policies.

In compliance with our agreement with the DOJ, we have completed the orderly wind down of CIBC World Markets' U.S.-, United Kingdom- and Australia-based receivables conduit vehicles. At October 31, 2004 all of these conduits have ceased issuing commercial paper. In the course of completing these exit activities, we have purchased assets of $1.7 billion and incurred costs of $25 million.

Note 29 FUTURE CANADIAN ACCOUNTING POLICY CHANGES

CIBC will be required to adopt the following accounting standards for Canadian GAAP purposes in future years:

Variable interest entities

In June 2003, the CICA issued AcG-15, "Consolidation of Variable Interest Entities." In August 2004, a revised guideline (AcG-15R) was issued to ensure that AcG-15 was harmonized with FIN 46R, its U.S. GAAP equivalent. AcG-15R provides guidance for applying consolidation principles to certain entities that are subject to control on a basis other than ownership of voting interests. AcG-15R is effective for annual and interim periods, beginning on or after November 1, 2004.

We are considered the primary beneficiary of entities with assets of approximately $2.7 billion. This change in accounting policy is expected to result in an after-tax credit to opening retained earnings of $14 million ($24 million pre-tax.) We have determined that we are not the primary beneficiary of Canadian multi-seller conduits that we administer. We are also not considered the primary beneficiary of mutual funds and personal trusts administered by us. We continue to monitor developments that may affect our current interpretation of AcG-15R.

Liabilities and equity

In January 2004, the CICA issued amendments to handbook section 3860, "Financial Instruments — Disclosure and Presentation." The amendments require that contractual obligations which can be settled at the issuer's option by issuing a variable number of the issuer's own equity instruments be presented as liabilities rather than equity. Dividend payments arising from such financial instruments will be treated as an interest expense within the consolidated statements of income. This change in accounting policy will be applied retroactively, and is effective beginning November 1, 2004.

The amended standard will require us to classify our preferred shares that are convertible into common shares at the option of the holder as a liability, rather than as equity, within the consolidated balance sheets. Our Class A Preferred Shares Series 19-23, with a carrying value of $1.0 billion will be presented as liabilities, beginning November 1, 2004. Interest expense is expected to increase by $58 million and preferred share dividends is expected to decrease by $58 million, for the year ended October 31, 2005. The change will not have any impact on earnings per share or net income available to common shareholders.

In February 2004, OSFI confirmed that any preferred shares outstanding as at January 31, 2004, will continue to be eligible as Tier 1 capital for as long as they remain outstanding, thus not affecting CIBC's capital ratios.

2002 Auditors' Report

Report of Independent Registered Public Accounting Firms

We have audited the consolidated statements of income, changes in shareholders' equity and cash flows and the accompanying notes of Canadian Imperial Bank of Commerce ("CIBC") for the year ended October 31, 2002. These consolidated financial statements are the responsibility of CIBC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of CIBC for the year ended October 31, 2002 in accordance with Canadian generally accepted accounting principles, including the accounting requirements of the Superintendent of Financial Institutions, Canada.

Deloitte & Touche LLP
Chartered Accountants
Toronto, Canada
November 27, 2002

PricewaterhouseCoopers LLP
Chartered Accountants
Toronto, Canada
November 27, 2002

Exhibit B.3(c): Management's discussion and analysis excerpted from pages 42-99 of CIBC's 2004 Annual Accountability Report

Management's discussion and analysis (MD&A) should be read in conjunction with the consolidated financial statements and auditors' reports included in this Annual Accountability Report. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are expressed in Canadian dollars. The effect of significant differences between Canadian and U.S. GAAP is disclosed in Note 27 to the consolidated financial statements. This MD&A is current as of December 1, 2004. Additional information relating to CIBC is available on SEDAR at www.sedar.com. No information on CIBC's corporate website (www.cibc.com) should be considered incorporated herein by reference. A glossary of terms used in the MD&A and consolidated financial statements is provided on pages 194 to 195 of this Annual Accountability Report.

Management's Discussion and Analysis

Management's discussion and analysis of CIBC's 2004 results and operations is organized into four sections:

OVERVIEW

To facilitate an understanding of CIBC's 2004 results, this section presents an executive overview that includes key business themes. It also discusses controls and procedures, critical accounting policies and estimates, employee future benefit assumptions, how CIBC reports, and non-GAAP measures, and provides a review of results of operations and financial position.

43	Executive Overview
46	Controls and Procedures
46	Critical Accounting Policies and Estimates
50	Employee Future Benefit Assumptions
51	How CIBC Reports
52	Non-GAAP Measures
55	Review of Results of Operations and Financial Position

BUSINESS LINE REVIEW AND FUNCTIONAL GROUPS

This section reviews CIBC's business lines. Business line profiles and strategies are outlined, as are the operating highlights for the year and the outlook for 2005. In addition, a review of the financial results is presented. This section also provides a description of the functional groups, which provide support services to the business lines.

63	CIBC Retail Markets
66	CIBC Wealth Management
69	CIBC World Markets
72	Corporate and Other
73	Review of 2003 Financial Performance
75	Functional Groups

MANAGEMENT OF RISK

This section discusses how CIBC manages risks and capital resources.

76	Overview
77	Management of Credit Risk
81	Management of Market Risk
86	Management of Operational Risk
87	Management of Liquidity, Off-balance Sheet Arrangements, Contractual Obligations and Capital Resources
94	Basel II Capital Accord

BUSINESS ENVIRONMENT AND OTHER

This section provides an economic review of 2004 and the outlook for 2005, as well as an overview of the regulatory environment in which CIBC operates. Also included are recent accounting and reporting developments, and other matters.

95	Economic
96	Regulatory
97	Other

A NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Annual Accountability Report contains forward-looking statements which are made pursuant to the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about the operations, business lines, financial condition, risk management, priorities, targets, ongoing objectives, strategies and outlook of CIBC for 2004 and subsequent periods. Forward-looking statements are typically identified by the words "believe," "expect," "anticipate," "intend," "estimate" and other similar expressions or future or conditional verbs such as "will," "should," "would" and "could." A forward-looking statement is subject to inherent risks and uncertainties that may be general or specific. A variety of factors, many of which are beyond CIBC's control, affect the operations, performance and results of CIBC and its business lines, and could cause actual results to differ materially from the expectations expressed in any of CIBC's forward-looking statements. These factors include: current, pending and proposed legislative or regulatory developments in the jurisdictions where CIBC operates, including pending developments in Canadian laws regulating financial institutions and

U.S. regulatory changes affecting foreign companies listed on a U.S. exchange, as well as amendments to, and interpretations of, risk-based capital guidelines and reporting instructions; the resolution of legal proceedings and related matters; the effect of applying future accounting changes; changes in tax laws; political conditions and developments; the possible effect on CIBC's business of international conflicts and the war on terror; the accuracy and completeness of information provided to CIBC by clients and counterparties; intensifying competition from established competitors and new entrants in the financial services industry; technological change; global capital market activity; interest rate fluctuations; currency value fluctuations; general economic conditions worldwide, as well as in Canada, the U.S. and other countries where CIBC has operations; changes in market rates and prices which may adversely affect the value of financial products; CIBC's success in developing and introducing new products and services, expanding existing distribution channels, developing new distribution channels and realizing increased revenue from these channels, including electronic commerce-based efforts. This list is not exhaustive of the factors that may affect any of CIBC's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on CIBC's forward-looking statements. CIBC does not undertake to update any forward-looking statement that is contained in this Annual Accountability Report.

OVERVIEW

EXECUTIVE OVERVIEW

CIBC is a leading North American financial institution with assets of $278.8 billion, market capitalization of $25.7 billion and a Tier 1 capital ratio of 10.5% at year-end. CIBC provides financial services to retail, small business, and corporate and institutional clients.

FINANCIAL PERFORMANCE

$ millions, except per share amounts, as at or for the years ended October 31	2004	2003	2002
Total revenue	**$ 11,883**	$ 11,576	$ 11,041
Net income	**2,199**	2,063	653
Earnings per share — basic	**5.60**	5.21	1.37
— diluted	**5.53**	5.18	1.35
Dividends per share	**2.20**	1.64	1.60
Total assets	**278,764**	277,147	273,293
Return on equity	**18.7%**	19.2%	5.1%
Efficiency ratio	**69.4%**	70.2%	82.7%
Total shareholder return	**28.9%**	57.8%	(17.9)%
Share price	**73.90**	59.21	38.75
Tier 1 capital ratio	**10.5%**	10.8%	8.7%
Total capital ratio	**12.8%**	13.0%	11.3%

CIBC's results benefited from the continuing expansion of the North American economy in 2004. Interest rates remained low by historical standards, driving strong growth in consumer credit and personal deposits, but narrowing deposit spreads. Increased investor confidence also led to an improvement in the Canadian equity markets, with higher trading volumes and asset values generating higher fees. Improved credit markets, driven by stronger corporate profits, led to a lower provision for credit losses.

Net income for the year was $2,199 million, up $136 million from 2003. The increase in net income arose from a lower provision for credit losses due to a combination of favourable market conditions and our ongoing commitment to reduce risk, higher merchant banking gains net of write-downs, higher gains on loans held for sale, and an income tax recovery of $85 million related to the resolution of various income tax audits. This was partially offset by a $300 million ($194 million after-tax) provision in respect of Enron-related litigation matters.

The prior year included a recovery and interest on overpayment of income taxes, net of a valuation allowance related to the U.S. future income tax asset, of $475 million after-tax. The prior year also included losses of $251 million ($152 million after-tax) in loans held for sale, a $128 million ($81 million after-tax) write-down related to the Air Canada contract and a $109 million ($87 million after-tax) provision for CIBC's Enron settlement with the U.S. Securities and Exchange Commission (SEC), which was paid in 2004, as discussed in Contingent liabilities in the Significant events section.

Diluted earnings per share (EPS) and return on equity (ROE) for the year were $5.53 and 18.7%, respectively, compared with $5.18 and 19.2% for 2003.

Our total regulatory capital was $14.9 billion as at October 31, 2004, down $0.3 billion from 2003, reflecting the net effect of capital generated from operations, dividends paid, common share repurchases, shares issued pursuant to stock option plans, preferred share and subordinated indebtedness issuance and redemptions, and foreign currency translation adjustments. Our Tier 1 and total capital ratios were 10.5% and 12.8%, respectively, compared with 10.8% and 13.0% in 2003.

Our common share price was $73.90 as at October 31, 2004, compared with $59.21 at the end of 2003. Dividends of $0.60 per share in the fourth quarter of 2004 imply an annual dividend of $2.40 and a dividend yield of 3.25%, based on the closing share price for the year. From the end of 2003, we increased our quarterly common share dividend from $0.41 per share to $0.60 per share. Book value per common share was $29.92, up from $28.78 in 2003.

CIBC's total shareholder return for 2004 of 28.9% compared favourably with the total return of 16.1% for the S&P/TSX Composite Index.

Summary of segmented results

CIBC has three strategic business lines: CIBC Retail Markets, CIBC Wealth Management and CIBC World Markets, which are supported by five functional groups included in Corporate and Other.

CIBC Retail Markets

Net income was up $180 million (20.9%) from 2003, which included an $81 million after-tax write-down related to the Air Canada contract. The strong economy and low interest rates led to higher volumes in all product areas and higher transaction-based fee income, partially offset by lower spreads. The current year also included a $32 million after-tax recovery related to the Air Canada contract. The provision for credit losses increased as a result of both higher loss ratios and volume growth in our personal and small business lending portfolios.

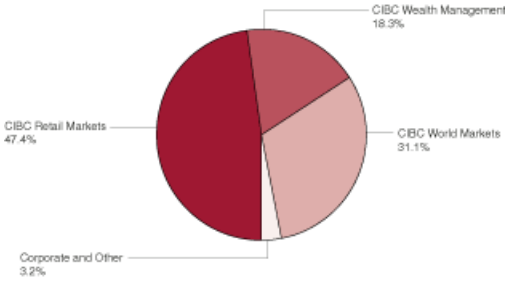
CIBC Wealth Management

Net income was up $36 million (9.8%) from 2003, primarily due to improved performance in Canadian retail brokerage, and investment product sales in the branch-based network, helped by improved market conditions. This was partially offset by higher revenue-related compensation, legal provisions, and lower spreads.

CIBC World Markets

Net income was up $311 million (83.4%) from 2003, primarily due to a net recovery of credit losses and higher revenue, partially offset by a $300 million ($194 million after-tax) provision in respect of Enron-related litigation matters. Revenue increased as a result of higher merchant banking gains net of write-downs and gains on loans held for sale, partially offset by lower investment banking and credit products, and capital markets revenue.

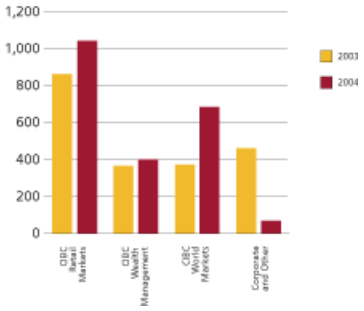
2004 net income



Corporate and Other

Net income was down $391 million (84.8%) from 2003, which included higher income tax recoveries, and a higher reversal of the general allowance for credit losses. Expenses related to infrastructure projects increased, including those related to governance.

Net income
($ millions)



Business themes

At CIBC, our goal is to consistently deliver superior shareholder returns by investing in businesses that will generate sustainable growth and by prudently managing our risk levels. To that end, in 2002, we set four clear strategies: reduce risk, shift the business mix, improve productivity and grow core businesses.

Reducing risk

In the second quarter of 2002, we set out to reduce the credit risk in our corporate loan portfolios, with a target to reduce the economic capital allocated to large corporate loans by one-third. In 2003, $2.1 billion of business and government loans were identified and transferred to loans held for sale, the disposition of which is substantially complete. Through this and other initiatives, we have reduced credit risk capital associated with large corporate loans by 69.3% from the second quarter of 2002. In addition, we have kept market risk at historical lows.

Also in 2002, we established an objective to reduce the carrying value of our merchant banking portfolio by one-third. By the end of 2004, we had reduced it by 38.5%, a full year in advance of our target date of the end of 2005.

We have always sought to attain the highest levels of ethical and governance practices, and this imperative has assumed even greater importance over the past few years. In 2004, we continued to invest in enhancements to our governance and controls. We believe we now have one of the strongest reputation and legal risk management frameworks in North America, with ongoing investments planned for 2005. Preserving a solid capital position is a core CIBC objective. For the past two years, CIBC has maintained particularly high capital ratios and closed the year with a Tier 1 ratio of 10.5%, well above our stated minimum target. Strong financial performance and capital strength have enabled us to reward our shareholders. Since the beginning of 2000, we have returned $6.5 billion to our common shareholders through dividends and share repurchases. In 2004, we repurchased 18.4 million shares and increased dividends paid per common share by 34.1%.

Shifting the business mix

Another key priority for CIBC in 2004 was to shift our business mix in favour of consumer businesses (which comprise CIBC Retail Markets, CIBC Wealth Management and commercial banking). By the end of 2004, 72% of our economic capital[(1)] supported these businesses, an increase from 64% at the end of 2003, exceeding our target of 70%.

(1) For additional information, see the Non-GAAP measures section.

Improving productivity

CIBC's objective is to achieve a sustained reduction in expenses, without compromising investments in client, employee and governance initiatives. Improving productivity will require ongoing revenue growth initiatives (discussed below) while containing our cost base. Examples of expense initiatives underway include: improving our procurement practices, negotiating better supplier contracts, introducing online tools to reduce paper usage and implementing other general process efficiencies. While our efficiency ratio decreased to 69.4% from 70.2% in 2003 and 82.7% in 2002, we recognize that ongoing efforts are still required.

Growing core businesses

In CIBC Retail Markets, our goal is to put our clients first and to improve productivity. We have continued to upgrade our distribution network with renovations and remerchandising, transforming four branches into flagship branches and opening seven new flagships in 2004. These new flagship branches feature leading-edge technology and modern design, which improve both service and efficiency for our clients and employees. We have also continued to invest in training and technology, while improving processes to free up administrative hours in our branches. CIBC continues to have particular strengths in mortgages and cards businesses. Market share in residential mortgages has increased 158 basis points over the past three years, and we continue to be #1 in Canada in market share for credit card purchase volumes and outstanding balances.

In CIBC Wealth Management, our strategy is to achieve leadership in advice-based distribution, complemented by strength in product development and packaging, as well as building scale to maximize market share and achieve cost efficiencies. The foundation of our strategy is distribution. Our focus on advice-based distribution is reflected in the growth of our advisory sales force to more than 2,600 fully licensed, accredited advisors. We meet the diverse needs of clients through four distribution businesses: our branch-based offer, CIBC Imperial Service; CIBC Wood Gundy, providing full-service brokerage; CIBC Private Wealth Management, for high net worth clients; and, our online brokerage, CIBC Investor's Edge. CIBC Wealth Management provides advice on a wide range of financial products and services, both proprietary and non-proprietary, including mutual funds, managed solutions and fixed-term. We have the largest separately managed wrap program and the #1 mutual fund wrap, and CIBC is the third largest mutual fund provider in Canada.

In CIBC World Markets, we have successfully changed our operating strategy over the past three years, focusing in particular on a disciplined capital allocation process. We are committed to growing businesses where we have a sustainable competitive advantage and the opportunity to generate high returns on capital. In Canada, our objective is to maintain our market leadership by leveraging strong distribution and other resources in support of our core clients. In the U.S., we will continue our focus on mid-market investment banking, as well as targeted sales and trading activities. Internationally, we will direct resources to activities that are aligned with our North American businesses.

Outlook

The North American economy is improving and appears to be positioned for moderate growth in 2005. Interest rates are expected to rise gradually through 2005. Higher energy prices and the impact of the stronger Canadian dollar may dampen growth in Canada.

The outlook for CIBC's retail and wealth management businesses is for continued growth despite higher levels of competition across all of our product lines. While the performance of our wholesale business will be driven largely by market conditions, we are well positioned. However, 2005 results will be affected by the absence of the large gains on loan sales and corporate loan loss recoveries recorded in 2004.

We intend to focus on growing our core businesses and improving productivity, while maintaining a prudent risk-return profile and investing in our governance initiatives. The key to ongoing success and growth, however, lies in a growing commitment to client service and employee engagement. We will continue to regularly evaluate and prudently pursue additional opportunities for growth and redeployment of capital.

CONTROLS AND PROCEDURES

Disclosure controls and procedures

CIBC's management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness, as at October 31, 2004, of CIBC's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the U.S. Securities Exchange Act of 1934) and has concluded that such disclosure controls and procedures are effective.

Management's annual report on internal control over financial reporting

The following report is provided by management in respect of CIBC's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the U.S. Securities Exchange Act of 1934):

1. CIBC's management is responsible for establishing and maintaining adequate internal control over financial reporting for CIBC.

2. CIBC's management has used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework to evaluate the effectiveness of CIBC's internal control over financial reporting. Management believes that the COSO framework is a suitable framework for its evaluation of CIBC's internal control over financial reporting because it is free from bias, permits reasonably consistent qualitative and quantitative measurements of CIBC's internal controls, is sufficiently complete so that those relevant factors that would alter a conclusion about the effectiveness of CIBC's internal controls are not omitted and is relevant to an evaluation of internal control over financial reporting.

3. Management has assessed the effectiveness of CIBC's internal control over financial reporting, as at October 31, 2004, and has concluded that such internal control over financial reporting is effective. There are no material weaknesses in CIBC's internal control over financial reporting that have been identified by management.

4. Ernst & Young LLP, who has audited the consolidated financial statements of CIBC for the year ended October 31, 2004, has also issued a report on financial statements and internal controls under Auditing Standard No. 2 of the Public Company Accounting Oversight Board (United States). This report is located on page 103 of this Annual Accountability Report.

Changes in internal control over financial reporting

There have been no changes in CIBC's internal control over financial reporting during the year ended October 31, 2004, that have materially affected, or are reasonably likely to materially affect its internal control over financial reporting.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A summary of significant accounting policies is presented in Note 1 to the consolidated financial statements. Certain accounting policies are critical to understanding the results of operations and the financial condition of CIBC. These critical accounting policies require management to make certain judgments and estimates, some of which may relate to matters that are uncertain. Changes in these judgments and estimates could have a material impact on our financial results and financial condition. Management has established control procedures which are intended to ensure that accounting policies are applied consistently and that the processes for changing methodologies are well controlled and occur in an appropriate and systematic manner. Details of our critical accounting policies that require management's judgment and estimates are described below. Assumptions made for pension and other benefit plans are discussed in the Employee future benefit assumptions section.

Valuation of financial instruments

Certain of our financial instruments (including debt and equity trading securities, investment securities in the merchant banking portfolio and derivative contracts) require management to make judgments and estimates in the determination of the valuation for such instruments, as there is often limited market information.

We have a number of control procedures in place to ensure that valuations involving estimates and judgments are appropriate.

Trading instruments

Our trading instruments include debt and equity trading securities, obligations related to securities sold short and derivatives contracts traded over-the-counter or through exchanges.

All trading instruments are carried at fair value, which is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between knowledgeable and willing parties, under no compulsion to act, carried out in the normal course of business. Fair value is based on quoted market prices for the same instrument or for similar instruments, adjusted for any difference in terms. If a market price is not available, the fair value is estimated on the basis of valuation models. The table below summarizes our trading portfolios by valuation methodology as at October 31, 2004.

Valuation models may incorporate multiple observable market inputs, including interest rates, foreign currency rates, equity and equivalent synthetic instrument prices, index levels, credit spreads, counterparty credit quality, corresponding market volatility levels, and other market-based pricing factors, as well as any appropriate highly correlated proxy market valuation data.

SOURCES OF FAIR VALUE

	Trading assets		Trading liabilities	
	Securities purchased[1]	Derivatives[2]	Securities sold[3]	Derivatives[2]
Fair value based on:				
Quoted market prices	98%	3%	100%	3%
Internal models with significant observable market parameters	2	97	—	97
Total	100%	100%	100%	100%

(1) Reflected as trading securities on the consolidated balance sheets.

(2) Reflected as derivative instruments market valuation on the consolidated balance sheets.

(3) Reflected as obligations related to securities sold short on the consolidated balance sheets.

If the fair value of a derivative is not determinable based upon quoted market prices in an active market, and a suitable market proxy is not available, the transaction price would be considered to be the best indicator of market value, such that any gains or losses would be recognized only in future periods. Such gains or losses are recognized in income when the market quote or data become observable or through various appropriate methods over the life of the transaction.

To ensure that valuations are appropriate, a number of policies and controls have been put in place. Independent checking of fair value is performed at least once a month. Valuations are verified to external sources such as exchange quotes, broker quotes or other management-approved independent pricing sources. Key model inputs, such as yield curves and volatilities, are independently verified. Valuation models used, including analytics for the construction of yield curves and volatility surfaces, are vetted and approved, consistent with our model risk policy.

Management's judgment is applied in the establishment of valuation adjustments that take into account various factors that may have an impact on the valuation. Such factors include, but are not limited to, the bid-offer spread, illiquidity due to lack of market depth, parameter uncertainty and other market risks, model risk, credit risk and future administration costs.

Investment securities

Our investment securities include debt and equity securities held within the merchant banking portfolios over which we have no significant influence and retained interests in securitized assets. The merchant banking portfolios consist of both public and private securities, as well as private equity funds.

Equity investment securities are stated at cost and debt investment securities at amortized cost. They are subject to ongoing impairment reviews and are adjusted to reflect other-than-temporary declines in value. Factors that are reviewed for impairment assessment include, but are not limited to, operating performance and future expectations, liquidity and capital adequacy, external credit ratings, underlying asset quality deterioration, management changes, industry valuation levels for comparable public companies, and any changes in market and economic outlook. Realized gains and losses on disposal and write-downs to reflect other-than-temporary impairments in value are recognized in investment securities gains (losses).

Allowance for credit losses

Management establishes and maintains an allowance for credit losses that it considers the best estimate of probable credit-related losses existing in our portfolio of on- and off-balance sheet financial instruments, giving due regard to current conditions. The allowance for credit losses consists of specific and general components. Our allowance for credit losses is based on management's assessment of probabilities of default, internal risk ratings (based on the borrowers' financial stability, external credit ratings, management strength, earnings and operating environment), expected loss and recovery rates, and the degree of risk inherent in the loan portfolios.

Consumer loans

Management evaluates homogeneous loan portfolios (including residential mortgages, and personal and credit card and certain small business loan portfolios) for specific allowances by reference to historical ratios of write-offs to balances in arrears. Further analysis and evaluation of the allowance is performed to account for the aging of the portfolios, along with the impact of economic trends and conditions.

Business and government loans

For portfolios of large individual loans, management establishes specific allowances against impaired loans based on continuous monitoring. A loan is classified as impaired when management is of the opinion that there is no longer a reasonable assurance of the full and timely collection of principal and interest. Impaired loans are carried at their estimated net realizable value determined by discounting the expected future cash flows at the interest rate inherent in the loan. When the amount and timing of future cash flows cannot be estimated reliably, the impaired loan is carried at either the fair value of the security underlying the loan or the fair value of the loan.

General allowance

The general allowance is based on expected loss rates associated with different credit portfolios and the estimated time period for losses that are present but yet to be specifically identified to become evident, adjusted for management's view of the current and ongoing economic and portfolio trends. The credit portfolios to which the general allowance applies include business loans and acceptances, consumer loans, and off-balance sheet credit instruments, such as credit commitments and letters of credit. The methodology for determining the appropriate level of the general allowance reflects a number of factors, including the portfolios' size, expected loss rates associated with different credit portfolios, the relative risk profiles of the portfolios, estimates of the time periods over which losses that are present would be specifically identified and a specific provision taken, management's view of current economic and portfolio trends, and evidence of credit quality improvements or deterioration. On a regular basis, the parameters that drive the general allowance calculation are updated, based on our experience and that of the market in general.

Expected loss rates for business loan portfolios are based on the risk rating of each credit facility and on the probability of default factors associated with each risk rating, as well as estimates of loss given default. The probability of default factors reflect our historical experience in the market over time. Loss given default estimates are based on our experience over past years. For consumer loan portfolios, expected losses are based on our historical flow and loss rates. Our model indicates a range of outcomes for the general allowance between $715 million and $1,081 million. As at October 31, 2004, the general allowance was $1,025 million, which is our best estimate of losses inherent in our loan portfolios based on the factors noted above.

For a further discussion of the methodologies used in establishing our allowance for credit losses, see the Management of credit risk section. For details of the allowance for credit losses, see Note 4 to the consolidated financial statements.

Securitizations

We periodically transfer groups of loans or receivables to variable interest entities (VIEs) that issue securities to investors. These investors are entitled to a return of cash flows, based on the principal and interest provided by the group of loans or receivables transferred. This process is referred to as securitization.

Securitizations are accounted for as sales when we surrender control of the transferred assets and receive consideration other than beneficial interests in the transferred assets.

Gains or losses on transfers accounted for as sales depend, in part, upon the allocation of previous carrying amounts to assets sold and retained interests. These carrying amounts are allocated in proportion to the relative fair value of the assets sold and retained interests. As market prices are generally not available for retained interests, we estimate fair value based on the present value of expected future cash flows. This requires management to estimate expected future cash flows, which incorporate expected credit losses, scheduled payment and prepayment rates, discount rates and other factors that influence the value of retained interests.

There are two key accounting determinations to be made relating to securitizations. First, accounting rules require a determination to be made as to whether a transfer of a group of loans or receivables should be considered a sale or a secured borrowing for accounting purposes. Second, if considered a sale, a further decision is required as to whether a securitization VIE should be consolidated into our financial statements. If the activities of the VIE are sufficiently restricted to meet certain accounting requirements, the seller of the transferred assets does not consolidate the VIE. Our securitizations meet the accounting criteria and are recorded as sales of assets and the related VIEs are not consolidated for financial reporting purposes.

For additional information on our securitizations, including key economic assumptions used in measuring the fair value of retained interests and the sensitivity of the changes to those assumptions, see the Off-balance sheet arrangements section and Note 6 to the consolidated financial statements.

We administer several VIEs that purchase pools of third-party financial assets and are involved in other financial transactions involving VIEs. These arrangements meet existing accounting requirements for non-consolidation.

In June 2003, the Canadian Institute of Chartered Accountants (CICA) issued Accounting Guideline (AcG) 15, "Consolidation of Variable Interest Entities." In August 2004, a revised guideline (AcG-15R) was issued to ensure that AcG-15 was harmonized with Financial Accounting Standards Board (FASB) Interpretation Number (FIN) 46R, its U.S. GAAP equivalent. AcG-15R provides guidance for applying consolidation principles to certain entities that are subject to control on a basis other than ownership of voting interests. AcG-15R is effective for annual and interim periods, beginning on or after November 1, 2004. The implications of adopting AcG-15R are included in Note 29 to the consolidated financial statements. Additional guidance on implementing FIN 46R is evolving in the U.S. and this may affect the consolidation status of various VIEs with which we are involved. We will continue to review the status of our VIEs as this guidance is finalized.

Asset impairment

Goodwill, other intangible assets and long-lived assets

Goodwill and other intangible assets with an indefinite life are subject to at least an annual assessment for impairment by applying a fair value-based test. An impairment loss is recognized to the extent that, at the reporting unit level, the carrying amount of goodwill exceeds the implied fair value. An acquired intangible asset should be

separately recognized if the benefit of the intangible asset is obtained through contractual or other legal rights, or if the intangible asset can be sold, transferred, licensed, rented, or exchanged, regardless of the acquirer's intent to do so. Determining the useful lives of intangible assets requires considerable judgment and fact-based analysis.

As at October 31, 2004, we had goodwill of $1.1 billion (including $864 million allocated to retail brokerage and wealth products under CIBC Wealth Management) and other intangible assets with an indefinite life amounting to $116 million, which are substantially related to business acquisitions made in recent years. The fair value of the reporting units and intangible assets with an indefinite life are derived from internally and externally developed valuation models, using a market or income approach. Under a market approach, the models consider various factors, including normalized earnings, projected forward earnings, price earnings multiples and book to market multiples. Under an income approach, the models consider various factors, including projected cash flows, terminal growth values and discount rates.

Management uses judgment to estimate the fair value of the reporting units and intangible assets with an indefinite life. Imprecise estimates can affect the value reported for goodwill and other intangible assets with an indefinite life. If we were to change the key assumptions in these models adversely by 20% as at October 31, 2004, there would still be no impairment in our goodwill and other intangible assets with an indefinite life. For details of goodwill and other intangible assets, see Note 8 to the consolidated financial statements.

In addition, we review for impairment our long-lived assets and other identifiable intangibles with a definite life whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. In performing the review for recoverability, management estimates the future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of an impairment loss for long-lived assets and other identifiable intangibles would be based on the fair value of the asset.

Income taxes

Management uses judgment in the estimation of income taxes, and future income tax assets and liabilities. As part of the process of preparing our consolidated financial statements, we are required to estimate income taxes in each of the jurisdictions where we operate. This process involves estimating actual current tax exposure, together with assessing temporary differences that result from the different treatments of items for tax and accounting purposes, and any tax loss carryforwards.

As at October 31, 2004, we had available future income tax assets in excess of future income tax liabilities of $1.4 billion before a valuation allowance of $201 million. A substantial portion of our tax loss carryforwards originated from our U.S. operations. Income tax loss carryforwards expire in 20 years from origination and capital tax loss carryforwards expire in five years from origination. In addition, as other future income tax assets naturally reverse into tax losses in the U.S., we will have five to 20 years from the date such temporary differences become tax losses to use them before they would begin to expire under current tax law.

Management is required to assess whether it is more likely than not that future income tax assets will be realized prior to their expiration and, based on all the available evidence, determine if a valuation allowance is required on all or a portion of our future income tax assets. The factors used to assess the likelihood of realization are our forecast of future net income before taxes, available tax planning strategies that could be implemented to realize the net future income tax assets and the remaining expiration period of tax loss carryforwards. We carry a valuation allowance of $201 million related to a future income tax asset from our U.S. operations, primarily as a result of the effect of the acceleration of our loan sale program, a reduction in the investment securities portfolio and reduced interest income from a prolonged period of lower interest rates. Although realization is not assured, management believes, based on all the available evidence, it is more likely than not that the remaining future income tax assets will be realized prior to their expiration; our analysis indicates that they will be realized in three to five years. The amount of the future income tax asset considered realizable, however, could be reduced in the future if forecasted income during the carryforward period is further reduced. Factors that may adversely affect our ability to achieve sufficient forecasted taxable income include, but are not limited to, a deterioration of capital and credit markets, loss of market share and higher expense levels, including litigation provisions.

For details of our income taxes, see Note 19 to the consolidated financial statements.

Contingent liabilities

CIBC is a party to a number of legal proceedings, including regulatory investigations, in the ordinary course of its business. In certain of these matters, claims for substantial monetary damages are asserted against CIBC and its subsidiaries. There exists an inherent difficulty in predicting the outcome of such matters, but based on current knowledge and consultation with legal counsel, we do not expect the outcome of any of these matters, individually or in aggregate, to have a material adverse effect on our consolidated financial position. However, the outcome of any particular matter may be material to our operating results for a particular year. We regularly assess the adequacy of CIBC's contingent liabilities accrual. For further details, see Note 24 to the consolidated financial statements.

EMPLOYEE FUTURE BENEFIT ASSUMPTIONS

We are the sponsor of defined benefit pension and post-retirement benefit plans for eligible employees. The pension and post-retirement benefit expense and obligations are dependent upon assumptions used in calculating such amounts. These assumptions include discount rates, projected salary increases, expected return on assets, health-care cost trend rates, turnover of employees, retirement age and mortality rates. These assumptions are reviewed annually in accordance with accepted actuarial practice, and approved by management. The discount rate assumption used in determining pension and post-retirement benefit obligations and net benefit expense reflects the market yields, as of the measurement date, on high-quality debt instruments with cash flows that match expected benefit payments. The expected rate of return on the plan assets assumption is based on expected returns for the various asset classes, weighted by portfolio allocation. Anticipated future long-term performance of individual asset categories is considered, reflecting expected future inflation and real yields on fixed income securities and equities. Other assumptions are based on actual plan experience and management's best estimates.

In accordance with Canadian GAAP, actual results that differ from the assumptions are accumulated and amortized over future periods and, therefore, generally affect recognized expense and the recorded obligation in future periods. As at October 31, 2004, the net amount of the unamortized actuarial losses was $860 million (2003: $953 million) in respect of the pension plans and $124 million (2003: $118 million) in respect of the post-retirement benefit plans.

Our approach to managing our benefit plans is based upon a comprehensive framework to ensure that benefit plans are properly governed, managed and operated in each region. The framework is built upon an effective system that holds its decision-makers accountable for results under changing conditions. These plans are funded to or above the amounts required by relevant legislation. During 2004, we contributed $309 million (2003: $253 million) to the pension plans, which included $193 million (2003: $145 million) above the minimum required. For the year ended October 31, 2004, pension expense was $145 million (2003: $103 million). The post-retirement benefit plans are unfunded, with CIBC making contributions to cover annual benefit payments. For 2004, these benefit payments totalled $14 million (2003: $12 million). The long-term disability plan is funded through a health and welfare trust. During the year, we contributed $23 million (2003: $32 million) to this trust.

For further details on our annual pension and post-retirement expense and liability, see Note 17 to the consolidated financial statements.

Actual future experience different from that assumed or future changes in assumptions may affect our pension and other post-retirement benefit obligations and future expense. The following table outlines the potential impact of changes in certain key assumptions used in measuring the accrued benefit obligations and related expenses:

2004 SENSITIVITY OF KEY ASSUMPTIONS

	Pension benefit plans		Other benefit plans	
$ millions	**Obligation**	**Expense**	**Obligation**	**Expense**
Impact of a change of 0.5% in key assumptions:				
Discount rate				
Decrease in assumption	**$ 200**	**$ 25**	**$ 34**	**$ 3**
Increase in assumption	**(187)**	**(24)**	**(58)**	**(3)**
Expected long-term rate of return on plan assets				
Decrease in assumption	**n/a**	**11**	**n/a**	**1**
Increase in assumption	**n/a**	**(11)**	**n/a**	**(1)**
Rate of compensation increase				
Decrease in assumption	**(50)**	**(10)**	**(1)**	**—**
Increase in assumption	**54**	**11**	**1**	**—**

The sensitivity analysis contained in this table should be used with caution as the changes are hypothetical and the impact of changes in each key assumption may not be linear.

HOW CIBC REPORTS

CIBC has three strategic business lines: CIBC Retail Markets, CIBC Wealth Management and CIBC World Markets. These business lines reflect the characteristics of our products and services and the clients to which those products or services are delivered.

These business lines are supported by five functional groups —Administration; Corporate Development; Finance; Technology and Operations; and Treasury, Balance Sheet and Risk Management. The activities of these functional groups are included within Corporate and Other with their revenue, expenses and balance sheet resources generally being allocated to the business lines. Corporate and Other also includes Juniper Financial Corp., CIBC Mellon joint ventures, Oppenheimer Holdings Inc. (formerly Fahnestock Viner Holdings Inc.) debentures, and other income statement and balance sheet items not directly attributable to the business lines.

To measure and report the results of operations of the three business lines, we use a Manufacturer/Customer Segment/Distributor Management Model. Under this model, internal payments for sales commissions and distribution service fees are made among the business lines. As well, revenue, expenses and balance sheet resources relating to certain activities, such as the payments and lending products businesses included in CIBC Retail Markets, are fully allocated to other business lines. Management uses this model to better understand the economics of our customer segments, products and delivery channels.

Effective November 1, 2003, concurrent with the implementation of the CICA AcG-13, "Hedging Relationships," we refined our internal funds transfer pricing and treasury allocation processes on a prospective basis, as follows:

- The funds transfer pricing of retail products with embedded options (examples include: mortgage commitments, mortgage prepayments and redeemable GICs) now includes a specific charge for hedging the consumer behaviour risk applicable to these embedded options. With this change, gains and losses applicable to hedging these risks, previously allocated to the respective businesses, are now allocated to CIBC Retail Markets-other and CIBC Wealth Management-other.

- The hedging costs associated with mortgage refinancing before maturity and mortgage securitizations are now allocated to the mortgage business to better align these costs with their respective revenue. Previously, these costs were allocated to CIBC Retail Markets-other.

Effective November 1, 2003, a number of cash management accounts previously allocated to investment banking and credit products were transferred to commercial banking on a prospective basis.

In addition, we realigned the following business activities into CIBC Retail Markets-other:

- bizSmart™, previously in small business banking

- bank@work™, previously in personal banking

In addition, during the year, we have reclassified equity-accounted investments from investment securities to other assets. This realignment has also resulted in the reclassification of related income statement items.

ROE has been revised to incorporate the effect of premiums on preferred share redemptions. Prior-year information has been restated.

Certain other prior-year information has been reclassified, where necessary, to conform to the presentation used in the current year.

NON-GAAP MEASURES

We use a number of financial measures to assess the performance of our business lines. Some measures are calculated in accordance with GAAP, while other measures do not have a standardized meaning under GAAP and, accordingly, these measures, described below, may not be comparable to similar measures used by other companies.

Net interest income (TEB)

We adjust net interest income to reflect tax-exempt income on an equivalent before-tax basis. This measure enables comparability of net interest income arising from both taxable and tax-exempt sources. Net interest income (TEB) is used to calculate the efficiency ratio, trading revenue, net interest margin and net interest margin on average interest-earning assets, all on a taxable equivalent basis. Management believes these measures permit uniform measurement, which enables users of our financial information to make comparisons more readily.

Economic capital

Economic capital provides the financial framework to understand the returns of each business line, commensurate with the risk taken.

Economic capital is based upon an estimate of the equity capital required to protect the business lines from future potential adverse economic scenarios that would result in significant losses. It comprises credit, market, operational and strategic risk capital. The capital methodologies employed quantify the level of risk within products, clients, and business lines, as required. The difference between CIBC total equity capital and economic capital allocated to the business lines is held in Corporate and Other. From time to time, CIBC's economic capital model may be enhanced as part of the risk measurement process and these changes are made prospectively.

There is no comparable GAAP measure for economic capital.

Economic profit

Net income, adjusted for a charge on economic capital, determines economic profit. This measures the return generated by each business line in excess of our cost of equity capital, thus enabling users of our financial information to identify relative contributions to shareholder value.

Segmented return on equity

We use ROE on a segmented basis for performance evaluation and resource allocation decisions.

While ROE for total CIBC provides a measure of return on common equity, ROE on a segmented basis provides a similar metric related to the capital allocated to the segments. We use economic capital to calculate ROE on a segmented basis. As a result, segmented ROE is a non-GAAP measure.

Business mix: Retail/wholesale ratios

While we manage commercial banking operations within CIBC World Markets, some financial institutions include commercial banking in their retail operations. From time to time, some measures will be presented on the basis of CIBC Retail Markets, CIBC Wealth Management, and commercial banking operations for comparison purposes. Such measures include revenue, net income, and economic capital.

Reconciliation of non-GAAP measures

The following table provides a reconciliation of non-GAAP to GAAP measures:

INCOME STATEMENT MEASURES

$ millions, for the years ended October 31	CIBC Retail Markets	CIBC Wealth Management	CIBC World Markets
2004			
Total revenue	**$ 5,244**	**$ 2,506**	**$ 3,521**
Add: adjustment for TEB	**—**	**—**	**150**
Revenue (TEB)	**$ 5,244**	**$ 2,506**	**$ 3,671**
Net income	**$ 1,043**	**$ 402**	**$ 684**
Less: charge for economic capital	**340**	**149**	**310**
Economic profit	**$ 703**	**$ 253**	**$ 374**
Efficiency ratio	**56.6%**	**74.5%**	**77.8%**
Less: adjustment for impact of TEB	**—**	**—**	**3.1**
Efficiency ratio (TEB)	**56.6%**	**74.5%**	**74.7%**
2003			
Total revenue	$ 4,967	$ 2,531	$ 3,473
Add: adjustment for TEB	—	—	132
Revenue (TEB)	$ 4,967	$ 2,531	$ 3,605
Net income	$ 863	$ 366	$ 373
Less: charge for economic capital	328	161	444
Economic profit (loss)	$ 535	$ 205	$ (71)
Efficiency ratio	62.4%	77.7%	69.7%
Less: adjustment for impact of TEB	—	—	2.5
Efficiency ratio (TEB)	62.4%	77.7%	67.2%
2002			
Total revenue	$ 4,975	$ 2,854	$ 2,908
Add: adjustment for TEB	3	—	108
Revenue (TEB)	$ 4,978	$ 2,854	$ 3,016
Net income (loss)	$ 1,073	$ 197	$ (142)
Less: charge for economic capital	273	68	456
Economic profit (loss)	$ 800	$ 129	$ (598)
Efficiency ratio	61.8%	90.1%	86.6%
Less: adjustment for impact of TEB	—	—	3.1
Efficiency ratio (TEB)	61.8%	90.1%	83.5%

BUSINESS MIX: RETAIL INFORMATION

$ millions, for the years ended October 31	2004	2003	2002
Revenue			
CIBC Retail Markets	**$ 5,244**	$ 4,967	$ 4,975
CIBC Wealth Management	**2,506**	2,531	2,854
	7,750	7,498	7,829
Commercial banking	**452**	436	449
	$ 8,202	$ 7,934	$ 8,278
Net income			
CIBC Retail Markets	**$ 1,043**	$ 863	$ 1,073
CIBC Wealth Management	**402**	366	197
	1,445	1,229	1,270
Commercial banking	**124**	92	85
	$ 1,569	$ 1,321	$ 1,355

TRADING REVENUE

$ millions, for the years ended October 31	2004	2003	2002
Trading revenue	**$ 725**	$ 778	$ 563
Add: adjustment for TEB	**138**	118	92
Trading revenue (TEB)	**$ 863**	$ 896	$ 655

REVIEW OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

REVIEW OF CONSOLIDATED STATEMENTS OF INCOME

Revenue

Revenue in 2004 was up $307 million from 2003 due to an increase in non-interest income of $571 million, partially offset by a decrease in net interest income of $264 million.

Net interest income

Net interest income for the year was down $264 million from 2003, primarily due to lower revenue from CIBC World Markets, where corporate lending assets and merchant banking investments were significantly reduced, and narrower GIC spreads due to a low interest rate environment. Additional information on net interest income and margin is provided in the Supplementary annual financial information.

NET INTEREST INCOME AND MARGIN

$ millions, for the years ended October 31	2004	2003	2002
Average assets	**$280,810**	$284,739	$292,510
Net interest income	**5,366**	5,630	5,500
Net interest margin	**1.91%**	1.98%	1.88%

Non-interest income

Non-interest income for the year was up $571 million from 2003.

NON-INTEREST INCOME

$ millions, for the years ended October 31	2004	2003	2002
Underwriting and advisory fees	**$ 797**	$ 870	$ 840
Deposit and payment fees	**760**	713	665
Credit fees	**314**	386	410
Card fees	**407**	359	331
Investment management and custodial fees	**353**	340	486
Mutual fund fees	**615**	536	561
Insurance fees	**176**	168	148
Commissions on securities transactions	**892**	884	1,203
Trading activities	**618**	627	273
Investment securities gains (losses), net	**236**	(107)	(168)
Income from securitized assets	**191**	216	200
Foreign exchange other than trading	**280**	273	218
Other	**878**	681	374
Total non-interest income	**$ 6,517**	$ 5,946	$ 5,541

Underwriting and advisory fees decreased by $73 million, primarily due to the exit from our international asset securitization activities and a continuing decline in our structured leasing activities, partially offset by higher new issue revenue.

Deposit and payment fees increased by $47 million, primarily due to an increase in service fees in personal banking and small business banking.

Credit fees decreased by $72 million, mainly in CIBC World Markets due to the reduction in the large corporate loan portfolio.

Card fees increased by $48 million, driven by increased purchase volumes and fee changes, partially offset by the increased cost of loyalty points.

Mutual fund fees increased by $79 million, primarily due to higher management fee income generated from higher asset balances, driven by market value appreciation and improved net sales.

Investment securities gains (losses), net includes realized gains and losses on disposals, net of write-downs, to reflect other-than-temporary impairments in the value of investment securities. Revenue increased by $343 million, primarily due to higher merchant banking gains and lower write-downs.

Income from securitized assets decreased by $25 million, primarily due to a reduction in average securitized assets.

Other includes gains and losses on the disposal of fixed assets, sales of subsidiaries and corporate assets, realized gains and losses on sales and write-downs of equity-accounted and limited partnership investments and loans held for sale, and other commissions and fees. Other increased by $197 million, primarily due to higher gains on sales of equity-accounted investments and loans held for sale. The prior year included a gain of $58 million resulting from the sale of the Oppenheimer private client and asset management businesses in the U.S. (the Oppenheimer sale).

Trading revenue

Trading revenue was down $53 million from 2003, primarily due to lower equities and interest rate revenue related to lower market activity, partially offset by a stronger performance in commodities and loan trading.

TRADING REVENUE

$ millions, for the years ended October 31	2004	2003	2002
Net interest income — trading related	**$ 107**	$ 151	$ 290
Non-interest income — trading activities	**618**	627	273
Total trading revenue	**$ 725**	$ 778	$ 563
By type:			
Interest rate	**$ 231**	$ 308	$ 290
Foreign exchange	**169**	171	152
Equities	**115**	199	44
Other[1]	**210**	100	77
Total trading revenue	**$ 725**	$ 778	$ 563

(1) Includes commodities, credit derivatives and secondary loan trading and sales.

Provision for credit losses

The provision for credit losses for the year was down $515 million from 2003, primarily due to the combination of favourable market conditions and our ongoing commitment to reduce risk in our corporate loan portfolio, partially offset by higher loss ratios and volume growth in our personal and small business lending portfolios.

PROVISION FOR CREDIT LOSSES

$ millions, for the years ended October 31	2004	2003	2002
Provision for credit losses	**$ 628**	$ 1,143	$ 1,500

Non-interest expenses

Non-interest expenses were up $123 million from 2003.

NON-INTEREST EXPENSES

$ millions, for the years ended October 31	2004	2003	2002
Employee compensation and benefits			
Salaries	**$ 2,126**	$ 2,260	$ 2,620
Incentive bonuses	**1,147**	1,164	933
Commissions	**522**	460	767
Benefits	**604**	533	562
	4,399	4,417	4,882
Occupancy costs	**634**	605	715
Computer and office equipment	**1,138**	1,143	985
Communications	**331**	360	418
Advertising and business development	**279**	289	334
Professional fees	**326**	241	297
Business and capital taxes	**138**	133	114
Restructuring (reversal) charge	**(18)**	(31)	514
Other	**1,024**	971	870
Total non-interest expenses	**$ 8,251**	$ 8,128	$ 9,129

Employee compensation and benefits were down $18 million, primarily due to the Oppenheimer sale and the winding down of the U.S. electronic banking operations in 2003, partially offset by higher pension expense and revenue-related compensation.

Occupancy costs were up $29 million, primarily due to increased costs related to relocating to our new premises in New York.

Communications, comprising telecommunication, postage, courier and stationery were down $29 million as a result of the optimization of the data network infrastructure as well as the renegotiation of telecommunication services contracts.

Professional fees were up $85 million, primarily due to increased spending on governance projects and higher legal fees.

Other, comprising outside services, operational losses, other personnel costs and donations was up $53 million. The increase included a $300 million provision in respect of Enron-related litigation matters and higher operational losses, partially offset by a $49 million recovery related to the Air Canada contract. The prior year included a $109 million provision for CIBC's Enron settlement with the SEC, which was paid in 2004, and a $128 million write-down related to the Air Canada contract.

As at October 31, 2004, we had a regular workforce headcount of 37,281, up 651 from 2003, primarily due to additional branch ambassadors and increased governance activities.

Taxes

Income taxes include those imposed on the non-consolidated CIBC, as well as on CIBC's domestic and foreign subsidiaries. Indirect taxes comprise capital, property and business, payroll, and the goods and services tax (GST) and sales taxes. Indirect taxes are included in non-interest expenses.

Total income and indirect taxes were up $549 million from 2003.

TAXES

$ millions, for the years ended October 31	2004	2003	2002
Income tax expense (benefit)	**$ 790**	$ 239	$ (279)
Indirect taxes			
Capital taxes	**132**	126	100
Property and business taxes	**34**	35	44
Payroll taxes	**203**	212	235
GST and sales taxes	**244**	242	204
Total indirect taxes	**$ 613**	$ 615	$ 583
Total taxes	**$ 1,403**	$ 854	$ 304
Combined Canadian federal and provincial tax rate	**35.3%**	36.6%	38.7%
Income taxes as a percentage of net income before income taxes	**26.3%**	10.4%	(67.7)%
Total taxes as a percentage of net income before deduction of total taxes	**38.8%**	29.2%	30.5%

Income tax expense was up $551 million from 2003, which included a $689 million income tax recovery relating to a settlement agreement with Canada Revenue Agency (CRA) concerning certain foreign-based earnings, partially offset by a $232 million income tax expense for a valuation allowance related to the future income tax asset from the U.S. operations. Increased earnings in the current year also contributed to the increase in income tax expense, partially offset by an $85 million income tax recovery related to the resolution of various income tax audits and a $50 million tax recovery ($45 million in Corporate and Other and $5 million in CIBC Retail Markets) related to an increase in our future income tax asset as a result of the cancellation of planned Ontario tax rate reductions.

The combined Canadian federal and provincial income tax rate of 35.3% (2003: 36.6%) is the non-consolidated CIBC's statutory income tax rate. Variations in this rate can result from legislative changes to corporate income tax rates enacted by the federal and provincial governments and from changes in the proportion of income earned in each of the provinces and in offshore branches of the non-consolidated CIBC. The rate declined in 2004, primarily due to a reduction in federal income tax rates, partially offset by an increase in Ontario rates. For a reconciliation of our income taxes in the consolidated statements of income with the combined Canadian federal and provincial income tax rate, see Note 19 to the consolidated financial statements.

Under Canadian GAAP, we are required to establish a future income tax asset in respect of expenses recorded currently for which a tax deduction will be available in a future period, such as the general allowance for credit losses and loss carryforwards. The future income tax asset is established using tax rates that will apply in future periods. Accounting standards also require a valuation allowance when it is more likely than not that all or a portion of a future income tax asset will not be realized prior to its expiration.

Included in the tax loss carryforwards amount as indicated in Note 19 is $565 million related to losses in our U.S. operations (2003: $141 million) which expire in five to 20 years from origination. In addition, as other future income tax assets naturally reverse into tax losses in the U.S., we will have between five and 20 years from the date such temporary differences become tax losses to use them before they would begin to expire under current tax law. The total amount of the future income tax asset related to our U.S. operations, net of the valuation allowance, is $576 million. We believe that, based on all available evidence, it is more likely than not that all of the future income tax asset, net of the valuation allowance, will be realized prior to its expiration.

Indirect taxes were down $2 million from 2003. Payroll taxes decreased by $9 million, primarily due to the reduced number of employees in the U.S., partially offset by an increase of $6 million in capital taxes primarily due to increased retained earnings.

REVIEW OF CONSOLIDATED BALANCE SHEETS

CONDENSED BALANCE SHEETS

$ millions, as at October 31	2004	2003
Assets		
Cash and deposits with banks	**$ 12,203**	$ 10,454
Securities		
Investment and loan substitute securities	**15,517**	17,346
Trading securities	**51,799**	52,282
	67,316	69,628
Securities borrowed or purchased under resale agreements	**18,165**	19,829
Loans		
Residential mortgages	**72,592**	70,014
Personal and credit card	**35,000**	32,695
Business and government	**31,737**	33,177
Allowance for credit losses	**(1,825)**	(1,952)
	137,504	133,934
Derivative instruments market valuation	**23,710**	22,796
Other assets	**19,866**	20,506
	$278,764	$277,147
Liabilities and shareholders' equity		
Deposits	**$190,577**	$188,130
Derivative instruments market valuation	**23,990**	21,945
Obligations related to securities sold short	**12,220**	11,659
Obligations related to securities lent or sold under repurchase agreements	**16,790**	19,293
Other liabilities and acceptances	**18,075**	19,145
Subordinated indebtedness	**3,889**	3,197
Shareholders' equity	**13,223**	13,778
	$278,764	$277,147

Assets

Total assets as at October 31, 2004, were up $1.6 billion from 2003.

Increases in personal loans (12.5%), and residential mortgages net of securitizations (3.7%), reflected continued efforts to reallocate balance sheet resources to businesses with strong earnings, high strategic importance and long-term growth potential. The increase in cash and deposits with banks (16.7%) reflects normal treasury funding activities. The increase in derivative instruments market valuation (4.0%) primarily reflects increased commodity prices. Reductions in business and government loans and acceptances, including those transferred to held for sale (7.9%) were due to a combination of loan sales and repayments, and reflect continued efforts to liberate balance sheet resources from low-return businesses. Reductions in investment securities (10.4%) were primarily due to the transfer of certain securities held by our U.S. real estate finance business to a trading book, lower translated value of U.S. dollar denominated assets due to a weaker U.S. dollar, and sales and write-downs of merchant banking assets. The reduction in securities borrowed or purchased under resale agreements (8.4%) reflects regular client-driven business activity and the impact of the weaker U.S. dollar.

A detailed discussion of the loan portfolio is included in the Management of credit risk section.

Liabilities and shareholders' equity

Deposits were up 1.3% from 2003, primarily due to the increase in personal deposits. Further details on the composition of deposits are provided in Note 10 to the consolidated financial statements and in the Supplementary annual financial information.

Obligations related to securities lent or sold under repurchase agreements were down 13.0% from 2003. This decline reflects reductions due to normal treasury funding activities and the impact of the weaker U.S. dollar, partially offset by increases due to business activity.

Other liabilities and acceptances were down 5.6% from 2003, primarily due to the decrease in income tax payable.

Subordinated indebtedness was up 21.6% from 2003. Further details on subordinated indebtedness are provided in Note 12 to the consolidated financial statements.

Shareholders' equity was down 4.0% from 2003, primarily due to the repurchase of our common shares for cancellation, redemptions of preferred shares and dividends paid, partially offset by net income. Further details on common and preferred shares are provided in Note 13 to the consolidated financial statements.

SIGNIFICANT EVENTS

Contingent liabilities

CIBC is a party to a number of legal proceedings, including regulatory investigations, in the ordinary course of its business. In certain of these matters, claims for substantial monetary damages are asserted against CIBC and its subsidiaries. There exists an inherent difficulty in predicting the outcome of such matters, but based on current knowledge and consultation with legal counsel, we do not expect the outcome of any of these matters, individually or in aggregate, to have a material adverse effect on our consolidated financial position. However, the outcome of any particular matter may be material to our operating results for a particular year. We regularly assess the adequacy of CIBC's contingent liabilities accrual, including the adequacy of the accrual for Enron-related matters.

Hedge funds

The SEC and the Office of the New York State Attorney General (NYAG) are currently investigating CIBC relating to financing and brokerage services provided to certain hedge funds that engaged in mutual fund market timing. In February 2004, the SEC filed a civil enforcement proceeding and the NYAG filed criminal charges against a former CIBC employee for his role in arranging financing through CIBC to hedge funds he allegedly knew were engaged in unlawful market timing and late trading of mutual funds. We are cooperating and will continue to cooperate with these and related investigations. In addition, two CIBC subsidiaries are named as defendants in a number of class actions, brought on behalf of shareholders of several families of mutual funds, alleging that CIBC knew or recklessly disregarded the fact that the hedge fund clients it financed were engaging in deceptive market timing and late trading of mutual fund shares. During the year, we established an accrual of $50 million related to matters arising from the mutual fund market timing investigations.

Enron

CIBC and certain affiliates (collectively "CIBC") are named as defendants in various Enron-related actions in the U.S. These actions include *Newby, et al.* v. *Enron Corp., et al.*, a purported class action on behalf of Enron shareholders against a number of financial institutions, Enron's accountants and lawyers and a number of Enron insiders, alleging participation in a scheme in violation of the U.S. federal securities laws and various state laws. In addition, CIBC is a defendant in a number of related cases filed in various courts in the U.S., asserting similar claims filed by purchasers of Enron securities. CIBC is also a third-party defendant in several cases in which Enron investors sued Enron's accountants, Arthur Andersen LLP, which thereafter filed third-party claims against a number of financial institutions, including CIBC, seeking contribution if Arthur Andersen LLP is found liable to plaintiffs in those actions. Enron filed a proceeding in bankruptcy court against six financial institutions, including CIBC, seeking among other things, disallowance of CIBC's claims in the bankruptcy and unspecified damages for allegedly aiding and abetting Enron insiders in their breach of fiduciary duty and fraud, and unlawful civil conspiracy. We believe these claims are without merit and intend to vigorously defend each of the Enron-related actions. We believe that the ultimate costs of these matters are likely to exceed the insurance coverage. As a result, we recorded a $300 million liability, in addition to our insurance coverage, for Enron-related litigation matters. Because we are unable to reasonably estimate the eventual loss, it is possible that additional amounts may be required in the future, and such amounts could be material to our operating results for a particular year, although we do not expect that they would have a material adverse impact on CIBC's consolidated financial position.

Regulatory matters and exit of certain activities

On December 22, 2003, we agreed with the staff of the SEC to a settlement resolving the SEC's investigation regarding certain structured finance transactions between CIBC and Enron. Without admitting or denying any wrongdoing, CIBC consented to an injunction enjoining it from violations of the anti-fraud provisions of U.S. federal securities laws. Under the settlement, we paid a total of US$80 million in disgorgement, penalties and interest, which was provided for in the 2003 consolidated financial statements. This settlement concludes the SEC's investigation into Enron-related matters with respect to CIBC. On the same day, we entered into an agreement with the U.S. Department of Justice (DOJ). The DOJ has agreed not to prosecute CIBC for violations of criminal law that, in the DOJ's view, have been committed by CIBC and its employees related to certain structured finance transactions between CIBC and Enron, subject to certain understandings for a three-year period, including: our continued cooperation with the DOJ; our acceptance of responsibility for conduct of our employees; our agreement to exit certain structured finance businesses and transactions; our agreement to adopt and implement new policies and procedures related to the integrity of client and counterparty financial statements and quarter-and year-end transactions; and our retention of a law firm to monitor our compliance with these new policies and procedures. We also agreed with the Federal Reserve Bank of New York and the Office of the Superintendant of Financial Institutions, Canada (OSFI) to implement the policies and procedures outlined in our agreement with the DOJ and, for three years, to retain an independent firm to review and monitor our compliance with these policies.

In compliance with our agreement with the DOJ, we have completed the orderly wind down of CIBC World Markets' U.S.-, United Kingdom- and Australia-based receivables conduit vehicles. As at October 31, 2004, all of these conduits have ceased issuing commercial paper. In the course of completing these exit activities, we have purchased assets of $1.7 billion and incurred costs of $25 million.

Sale of Global Payments Inc.

During the year, we sold 3.0 million shares of Global Payments Inc., resulting in an after-tax gain of $97 million. In addition, in respect of the remaining six million shares held, we entered into a series of derivative hedges (collars) with scheduled maturities ranging from March 2006 to April 2007, that will provide us with the opportunity to participate in a portion of any price increase while simultaneously protecting us against any significant price decrease. Upon final disposition of these shares, taking into account the price protection afforded by the collars, we expect to recognize in future periods a minimum after-tax gain based on scheduled maturity dates of approximately $182 million.

Air Canada

In 2003, as a result of Air Canada filing for protection under the Companies' Creditors Arrangement Act, we recorded a $128 million pre-tax charge, included in other non-interest expenses, to write down the deferred asset related to our Air Canada contract. During the year, we sold our proven claims as an unsecured creditor of Air Canada to a third party for cash, and recorded a gain of $49 million ($32 million after-tax) related to the contract. This amount was booked as a recovery in other non-interest expenses. In addition, for an investment of approximately $70 million, we exercised rights to acquire approximately 3.5 million voting shares of ACE Aviation Holdings Inc., which became the parent holding company of Air Canada on completion of Air Canada's plan of reorganization, effective September 30, 2004.

New York premises

During the year, we signed a 30-year lease agreement to rent space to a tenant for approximately 800,000 square feet of space in the recently completed 1.2 million square foot building at 300 Madison Avenue in New York. As part of the lease agreement, we will pay approximately $140 million in leasing concessions between 2004 and early 2006, which will be deferred and amortized over the lease term.

We began consolidating the majority of our New York-based business operations into the remaining space in the new building in October 2004. As a result, we will vacate most of our existing New York premises and expect to incur sublease losses as we exit these leased facilities. These losses will be recorded when incurred and are currently estimated to be between $50 million and $70 million, including a $34 million loss recorded during the year as a portion of the premises was sublet.

Sale of Juniper Financial Corp.

During the year, we announced the sale of Juniper Financial Corp. (Juniper), a U.S. credit card company, to Barclays Bank PLC for gross consideration of US$293 million ($357 million as at the October 31, 2004 exchange rate), subject to certain adjustments. The transaction closed on December 1, 2004. We expect to recognize a gain of approximately $116 million ($66 million after-tax). The final amount of the gain is dependent on a number of variables, including the adjustments noted above, that will be determined after the closing date of the transaction.

The sale is not expected to have a significant impact on our ongoing results of operations.

REVIEW OF FOURTH QUARTER RESULTS

Net income was $439 million for the quarter, down $71 million from the fourth quarter of 2003.

Net interest income was $1,324 million, down $95 million from the fourth quarter of 2003, primarily due to reduced corporate lending assets in CIBC World Markets and lower spreads in GICs. Dividend revenue in the U.S. equity structured products business was also lower as certain arbitrage strategies were exited.

Non-interest income was $1,614 million, up $136 million from the fourth quarter of 2003, primarily due to higher merchant banking gains net of write-downs.

Provision for credit losses was $175 million, up $44 million from the fourth quarter of 2003, which included a provision of $93 million related to loans held for sale. The current quarter included a lower reversal of allowance for credit losses ($62 million in the current quarter as compared with $150 million in the fourth quarter of 2003), and a few specific provisions in CIBC World Markets.

Non-interest expenses were $2,266 million, up $228 million from the fourth quarter of 2003 due to the $300 million provision in respect of Enron-related litigation matters.

Income tax expense was $46 million, down $171 million from the fourth quarter of 2003 due in part to an $85 million tax recovery related to the resolution of various income tax audits.

Net income was down $181 million from the prior quarter.

Net interest income was $1,324 million, down $20 million from the prior quarter, primarily due to lower interest income from trading activities.

Non-interest income was $1,614 million, up $28 million from the prior quarter, primarily due to the increase in merchant banking gains net of write-downs.

Provision for credit losses was $175 million, up $84 million from the prior quarter, primarily due to higher loan losses in the large corporate loan portfolio, partially offset by the $62 million reversal of the student loan and general allowance for credit losses due to favourable market conditions.

Non-interest expenses were $2,266 million, up $298 million from the prior quarter due to the previously mentioned $300 million provision.

Income tax expense was $46 million, down $204 million from the prior quarter due in part to an $85 million tax recovery noted above.

REVIEW OF QUARTERLY FINANCIAL INFORMATION

QUARTERLY FINANCIAL INFORMATION

	2004				2003			
$ millions, except for per share amounts	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Total revenue	**$2,938**	**$2,930**	**$3,051**	**$2,964**	$2,897	$2,866	$2,734	$3,079
Net income	**439**	**620**	**531**	**609**	510	788	320	445
Earnings per share — basic	**1.08**	**1.62**	**1.35**	**1.56**	1.29	2.04	0.76	1.12
— diluted	**1.06**	**1.60**	**1.33**	**1.54**	1.28	2.02	0.76	1.11

Net income for the first quarter of 2004 was higher than the prior quarter, primarily due to lower non-interest expenses, significantly higher trading revenue, higher commissions earned on securities resulting from larger trading volumes, and higher revenue in our fixed income and equity structured products businesses.

In the second quarter of 2004, net income was lower than the prior quarter, primarily due to lower net interest income, an increase in the provision for credit losses and higher revenue-related compensation, partially offset by higher merchant banking gains net of write-downs, higher gains on loans held for sale and higher equity trading revenue and new issue revenue.

In the third quarter of 2004, net income was higher than the prior quarter, primarily due to a reduction in the provision for credit losses due to favourable market conditions and a $50 million ($32 million after-tax) reversal of the general allowance for credit losses, and lower revenue-related compensation, partially offset by a decline in trading revenue.

In the fourth quarter of 2004, net income was lower than the prior quarter, primarily due to a $300 million ($194 million after-tax) provision in respect of Enron-related litigation matters, partially offset by a tax recovery and higher merchant banking gains net of write-downs.

In the first quarter of 2003, net income was higher than the prior quarter, which included a restructuring charge of $514 million ($323 million after-tax), write-downs in merchant banking, collateralized debt obligation and high-yield portfolios, partially offset by a gain of $190 million ($190 million after-tax) that resulted from the combination of the Caribbean retail, corporate and international banking operations of CIBC and Barclays Bank PLC (the West Indies combination). The first quarter also included a $52 million ($28 million after-tax) gain on the Oppenheimer sale.

In the second quarter of 2003, net income was lower than the prior quarter, primarily due to the $128 million ($81 million after-tax) write-down related to the Air Canada contract, lower trading revenue and net interest income, and higher merchant banking write-downs, partially offset by higher revenue in cards due to improved spreads.

In the third quarter of 2003, net income was higher than the prior quarter, primarily due to a recovery and interest on overpayment of income taxes of $707 million after-tax, partially offset by a $232 million valuation allowance related to the U.S. future income tax asset.

In the fourth quarter of 2003, net income was lower than the prior quarter, primarily due to lower trading revenue, a $49 million ($43 million after-tax) provision for CIBC's Enron settlement with the SEC, which was paid in the first quarter of 2004, partially offset by a $150 million ($95 million after-tax) reversal of the general allowance for credit losses and $23 million ($15 million after-tax) in restructuring reversals.

For further analysis of our quarterly results, refer to CIBC's quarterly reports to shareholders available on www.cibc.com.

CIBC Retail Markets

Business profile

CIBC Retail Markets is a full-service retail bank serving clients across Canada through 1,073 branches, 4,136 ABMs, four telephone banking centres, and online banking as well as through CIBC's unique banking offer, President's Choice Financial, a co-venture with Loblaw Companies Limited. Our more than 17,000 employees contribute 47% of CIBC's net income by offering financial services to more than nine million clients.

Business strategy

Building strong client relationships is at the heart of our strategy. Our priority is to understand what matters to our clients, so that we can deliver innovative products and services to meet all their needs, at every stage of their lives. We're also focused on an employee culture that puts the client first, in everything we do. To achieve this, we continually raise our sales and service standards, while finding ways to free up employees so that they can focus on their clients. By streamlining and centralizing processes and investing in technologies, we are taking important steps to improve our operational efficiency that we anticipate will further enhance our clients' experience, as well as deliver shareholder value by lowering our costs.

	OPERATING HIGHLIGHTS	OUTLOOK FOR 2005
Personal banking is the individual customer segment (customers other than those in Imperial Service and Private Wealth Management).	Personal loan and deposit volume growth helped drive strong results for CIBC Retail Markets this year, supported by a revitalized CIBC brand. We continued to implement programs to strengthen the retail delivery network, improve client satisfaction and drive revenue performance. We also introduced further new e-learning programs to improve employee training in our branch network.	We will pursue continued growth by enabling our employees to give our clients a more seamless and personalized banking experience through further improvements to our sales and service activities, our client information systems and our operating processes.
Small business banking is the customer segment supporting small, owner-operated businesses, including their personal holdings.	With one in every five Canadians anticipated to be self-employed by 2010, CIBC introduced a pre-selected package of services to help entrepreneurs get off to a great start. In addition, we re-engineered key processes for existing clients.	With the economy reaching a mature stage of its cycle, we expect small business activity to continue outperforming the economy as a whole, with the number of self-employed Canadians expected to rise in the coming 48 months. CIBC will strive to meet our small business clients' needs with innovative products and time-saving services.
Cards comprises a portfolio of credit cards.	Our cards business continued to be the industry leader — maintaining its #1 position in market share in purchase volumes and outstanding balances, with average balances growth rates of 7.2% and 4.0%, respectively. CIBC Aerogold VISA* continues to lead in the premium card market in terms of aggregate purchase volumes. In addition, products such as the Aventura™ Gold, CIBC Aero Classic VISA* and bizline™ cards provide new growth opportunities.	Faced with an increasingly competitive marketplace, we will aspire to maintain our market leadership position with innovative products that meet our cardholders' evolving credit needs.
Mortgages includes both residential and commercial mortgages.	At a time when more clients have decided to build equity through home ownership, we've experienced strong growth in our residential mortgage portfolio. This year, we also experienced continued growth in our commercial mortgage portfolio.	Although rates are expected to rise in 2005, we still anticipate increases in home ownership and real estate market values. We expect that market growth will continue at a healthy pace, though more modestly than last year. We will strive for continued above-market growth in our mortgage portfolio to increase our share position.

Results

RESULTS — CIBC RETAIL MARKETS

$ millions, for the years ended October 31	2004	2003	2002
Revenue (TEB)[1][2]			
Personal banking	**$ 2,061**	$ 1,903	$ 1,711
Small business banking	**574**	542	514
Cards	**1,384**	1,278	1,241
Mortgages	**572**	701	623
Other	**653**	543	889
Total revenue (TEB)[1][2]	**5,244**	4,967	4,978
TEB adjustment	**—**	—	3
Total revenue	**5,244**	4,967	4,975
Provision for credit losses	**711**	607	419
Non-interest expenses	**2,971**	3,100	3,076
Income before taxes and non-controlling interests	**1,562**	1,260	1,480
Income taxes and non-controlling interests	**519**	397	407
Net income	**$ 1,043**	$ 863	$ 1,073
Efficiency ratio	**56.6%**	62.4%	61.8%
ROE[1][2]	**38.5%**	32.5%	45.5%
Economic profit[1][2]	**$ 703**	$ 535	$ 800

(1) For additional information, see the Non-GAAP measures section.

(2) For additional segmented information, see Note 26 to the consolidated financial statements.

Financial overview

CIBC Retail Markets benefited from a stronger economy in 2004 as continued low and stable interest rates encouraged loan and deposit volume growth, leading to higher interest income. Low interest rates, however, led to reduced spreads on deposit products. Heightened competition across most products also put pressure on spreads.

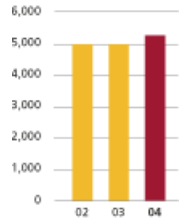
Net income was up $180 million from 2003, which included an $81 million after-tax write-down related to the Air Canada contract. The current year included a $32 million after-tax recovery on the write-down. Revenue was up $277 million from 2003, primarily due to growth in personal lending and deposit volumes, and transaction-based fee income. These increases were partially offset by lower spreads on deposit products.

Revenue

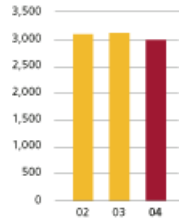
Personal banking and small business banking revenue was up $190 million from 2003, primarily due to increased loan and deposit volumes, higher fee income, and higher commissions received from other businesses, partially offset by lower deposit spreads and a provision to cover client reimbursements related to overdraft protection and residential bridge loan products. Average funds managed increased 7.6%.

Cards revenue was up $106 million from 2003 due to lower credit losses from reduced levels of securitized receivables, which are recorded as a reduction to other revenue after receivables are securitized. Revenue also increased due to higher fee income and volume growth, partially offset by reduced spreads.

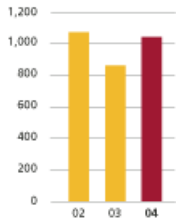
Total revenue
($ millions)



Non-interest expenses
($ millions)



Net income
($ millions)



Mortgages revenue was down $129 million from 2003, as higher fee income and volume growth were more than offset by hedging costs associated with mortgages refinanced before maturity, which were included in treasury revenue allocations and reported in other in 2003. In addition, volume growth led to higher commissions being paid to other businesses.

Other revenue was up $110 million from 2003, primarily due to the move of hedging costs to mortgages, as noted above, and due to increases in insurance and President's Choice Financial.

Provision for credit losses

Provision for credit losses was up $104 million from 2003, primarily due to higher loss ratios and volume growth in personal and small business lending, and higher agricultural losses. These increases were partially offset by a $37 million reversal of the allowance for credit losses in student loans due to improved portfolio performance.

Non-interest expenses

Non-interest expenses were down $129 million from 2003, which included a $128 million write-down related to the Air Canada contract. The current year included a $49 million recovery related to the Air Canada contract. Higher support costs and operational losses were partially offset by lower severance provisions.

The regular workforce headcount totalled 17,659 at year-end, up 206 from 2003, primarily due to additional branch ambassadors.

Average assets

Average assets were $161.2 billion, up $15.6 billion from 2003, primarily due to growth in personal and small business lending, residential mortgages and reduced credit card securitization levels.

Outlook

The outlook for 2005 is for a continuation of the current economic environment; rates are expected to rise gradually through 2005. Volumes are expected to continue to increase as a result of continuing low interest rates. Loan loss provisions recorded in 2004 were higher than expected. We are working to refine our credit adjudication processes to lower credit losses in our personal and small business lending portfolios, however such refinements take time to implement and have a lagging impact on loss rates. We expect these portfolios to continue to experience above average loss rates in 2005.

Subsequent to year-end, we announced our intention to sell our holdings in Republic Bank Limited based in Trinidad and Tobago. Concurrent with the announcement, FirstCaribbean International Bank, in which we hold an equity interest, also concluded an agreement to sell its holdings in Republic Bank Limited. In total, we expect to report an $85 million after-tax gain. This gain will be reported in the first quarter of 2005.

CIBC Wealth Management

Business profile

With more than 2,600 advisors and $208.5 billion in client assets under administration, our distribution business comprises branch-based advice, full-service brokerage, private wealth management and online brokerage. We develop and package a range of financial products, including managed solutions and mutual funds, with over $46.3 billion in assets, as well as fixed-term investments with $33.5 billion in deposits. We also manage $54.5 billion in assets through our global investment management firm, TAL Global Asset Management Inc.

Business strategy

Our goal is to become Canada's leading wealth management franchise with industry-leading advisory capability and innovative, competitive products. Our business strategy is to build leadership in advice-based distribution and financial solutions and to leverage scale to maximize market share and attain operating efficiencies. In 2005, we expect to continue to deliver growth and profitability by maintaining our focus on the accreditation and training of our advisors to strengthen the quality of our advice, delivering competitive products, enhancing our investment advisory due diligence and focusing on our execution.

	OPERATING HIGHLIGHTS	OUTLOOK FOR 2005
Imperial Service offers comprehensive financial planning advice for clients' day-to-day banking, credit and investment needs.	With a focus on consolidating client assets, we continued to make improvements to the client experience and to build our unique market position. This led to strong investment growth, particularly in mutual funds, where assets under administration were up 19.6% in 2004 versus industry growth of 12.6%.	CIBC Imperial Service is well positioned to capitalize on the anticipated strong asset growth in our target market segment by building on our unique market position in the branch-based advice channel and by continuing to improve our advisor capability to meet client needs.
Retail brokerage provides investment advice on investment, retirement and estate planning solutions to affluent clients through Wood Gundy. Investor's Edge provides online brokerage services.	This year our Wood Gundy Portfolio Partner™ fee-based brokerage product assets grew significantly. Our separately managed wrap program led the industry with 38.5% of the market. And our Estate Planning offer benefited from a 24.8% market share in insurance solutions. We supported advisors with professional development and a strong, client-centred brand.	CIBC Wood Gundy will support the transition to an increasingly affluent client base by delivering career-stage advisor training and investment management technology. Customizing advisor websites and personalizing online messaging will facilitate improved client contact. We will emphasize managed solutions to take advantage of an expected annual industry growth rate of 16%.
Private Wealth Management offers customized investment management, private banking, and estate planning solutions to high net worth clients in Canada and overseas.	In Canada, we successfully integrated our client offer, introduced a multi-manager approach for our pooled investment solutions and launched Estate Planning advisory services. Assets under administration grew by 7.9% to $41.8 billion in 2004.	CIBC Private Wealth Management will focus on capturing a greater share of the market by continuing to enhance the customization of our offer and by providing highly personalized service to high net worth clients. We will strengthen our overseas presence with the opening of a Shanghai office.
Wealth products delivers investment products such as mutual funds, managed solutions and GICs.	We further strengthened our market position and are now ranked as the third largest mutual fund provider in Canada. With particular strength in managed solutions, we operate the #1 mutual fund wrap program and the largest separately managed account program. In 2004, we enhanced TAL Global's worldwide research platform.	CIBC Asset Management will reinforce our leadership position in key product categories by strengthening and expanding distribution within CIBC and third-party channels, and by leveraging capabilities across product businesses to best meet client needs, realize efficiencies and establish best practices.

Results

RESULTS — CIBC WEALTH MANAGEMENT

$ millions, for the years ended October 31	2004	2003	2002
Revenue			
Imperial Service	**$ 765**	$ 724	$ 718
Retail brokerage	**1,036**	1,108	1,380
Private Wealth Management	**141**	141	159
Wealth products	**477**	511	530
Other	**87**	47	67
Total revenue	**2,506**	2,531	2,854
Provision for credit losses	**29**	18	11
Non-interest expenses	**1,868**	1,966	2,570
Income before taxes	**609**	547	273
Income taxes	**207**	181	76
Net income	**$ 402**	$ 366	$ 197
Efficiency ratio	**74.5%**	77.7%	90.1%
ROE[1][2]	**33.5%**	27.8%	32.9%
Economic profit[1][2]	**$ 253**	$ 205	$ 129

(1) For additional information, see the Non-GAAP measures section.

(2) For additional segmented information, see Note 26 to the consolidated financial statements.

Financial overview

CIBC Wealth Management benefited from a stronger economy in 2004. Increased investor confidence led to significant improvements in capital market volumes and asset values, generating higher fees. Continued low interest rates, however, caused GIC and deposit spreads to narrow.

Net income was up $36 million from 2003, primarily due to strength in retail brokerage, mutual funds (reported within wealth products) and Imperial Service, partially offset by lower GIC spreads. Revenue and non-interest expenses were down from 2003, primarily due to the loss of ongoing revenue and expenses and the pre-tax gain of $58 million on the Oppenheimer sale in January 2003.

Revenue

Imperial Service revenue was up $41 million from 2003, primarily due to strong growth in investment products and new mortgage sales. Average funds managed increased 6.7%.

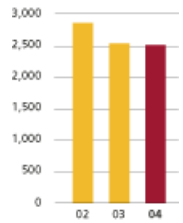
Retail brokerage revenue was down $72 million from 2003, primarily due to the loss of ongoing revenue and the gain of $58 million on the Oppenheimer sale. Excluding the impact of the Oppenheimer sale, revenue increased by $152 million, primarily due to higher equity trading and new issue activity, and higher fee-based asset values.

Private Wealth Management revenue was consistent with 2003, primarily due to higher volumes, offset by lower deposit spreads.

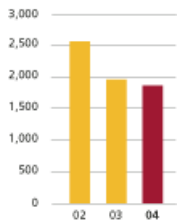
Wealth products revenue was down $34 million from 2003, primarily due to a decline in GIC spreads. This decrease was partially offset by an increase in mutual fund revenue on higher asset balances, driven by market value appreciation and improved net sales.

Other revenue was up $40 million from 2003, primarily due to higher treasury revenue allocations.

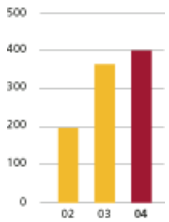
Total revenue
($ millions)



Non-interest expenses
($ millions)



Net income
($ millions)



Non-interest expenses

Non-interest expenses were down $98 million from 2003, primarily due to $240 million lower expenses resulting from the Oppenheimer sale and lower support costs, partially offset by an increase in revenue-related compensation in retail brokerage, increased legal provisions and a $25 million provision related to matters involving our dealings with certain hedge funds in the U.S.

The regular workforce headcount totalled 6,510 at year-end, down 91 from 2003.

Average assets

Average assets were $19.8 billion, down $10.9 billion from 2003, primarily due to lower treasury asset allocations.

Assets under administration

Assets under administration were up $15.3 billion from 2003 due to market value appreciation and net sales.

ASSETS UNDER ADMINISTRATION

$ billions, as at October 31	2004	2003	2002[1]
Individuals	**$ 126.6**	$ 121.2	$ 115.1
Institutions	**41.4**	36.3	42.2
Retail mutual funds	**40.5**	35.7	33.0
	$ 208.5	$ 193.2	$ 190.3

(1) Excludes U.S. Oppenheimer.

Outlook

We expect continuing growth in investment products. The interest rate environment is expected to continue to see rates rising gradually through 2005. The equity markets are expected to rise, which will benefit all business lines with higher transaction volumes and increased fee-based asset values.

CIBC World Markets

Business profile

CIBC World Markets is the wholesale banking arm of CIBC, providing a full range of integrated credit and capital markets products, investment banking, and merchant banking to clients in key financial markets in North America and around the world. We deliver innovative full capital solutions to growth-oriented companies and are active in all capital markets. We offer advisory expertise across a wide range of industries and provide top-ranked research for our corporate, government and institutional investor clients.

Business strategy

Since 2002, CIBC World Markets has been focused on lowering risk, generating sustainable earnings and high returns. During 2004, we surpassed our targeted one-third reduction in capital, corporate credit and merchant banking, ahead of our 2005 goal, while generating net income of $684 million and ROE[1] of 27.1%. With the risk reductions goals achieved, we are turning our focus in 2005 to driving sustainable growth while maintaining the risk discipline we have embedded in the organization during the past two years. Key to our growth will be leveraging the scale of our North American platform and continuing our focus of delivering value to our core clients.

	OPERATING HIGHLIGHTS	OUTLOOK FOR 2005
Capital markets operates trading, sales and research activities serving institutional, corporate and government clients.	In 2004 CIBC World Markets was ranked #1 in overall service in Canadian equity research, sales and trading; and #1 in fixed income and overall service quality in Canadian debt research. We also increased market share in our U.S. equities business, resulting in further penetration across major U.S. buy-side clients.	We have three initiatives related to our capital markets businesses for 2005. We will seek to provide additional financial resources to increase volume in existing platforms that have proven high returns. We will further develop additional product capability, such as credit trading, structuring and distribution within debt capital markets. We will expand our U.S. mid-market cash equities business.
Investment banking and credit products provides advisory services and underwriting of debt, credit and equity for corporate and government clients.	In 2004, CIBC World Markets was ranked #1 in equity underwriting in Canada. CIBC World Markets achieved its targeted one-third reduction of large corporate credit capital ahead of its 2005 goal. The actual reduction since the second quarter of 2002 was 69.3%. We maintained market leadership in Canadian investment banking, including remaining the #1 Canadian mergers and acquisitions advisor. We solidified our U.S. mid-market focus through the integration of our origination and distribution capabilities.	In 2005, we will continue to focus on building strong relationships with our core clients. We will focus on maintaining our leadership position in our Canadian franchise. In addition, a key focus in 2005 will be to increase productivity within our U.S. investment banking platform.
Merchant banking makes targeted investments to create, grow and recapitalize companies across a variety of industries.	CIBC World Markets achieved its goal of reducing the merchant banking private equity portfolio by one-third, ahead of the 2005 goal. Through a combination of fund sales, reduced investment activity net of direct sales, and write-downs, the actual reduction was 38.5%.	The focus of merchant banking going forward will be discipline and alignment with investment banking. Our direct equity investing will be aligned with industry groups that are important to investment banking and where we have industry expertise. Our private equity fund investing will be smaller in size and limited to fewer funds. This strategy will result in further capital reduction in the business.
Commercial banking originates financial solutions centred around credit products for medium- sized businesses in Canada.	In 2004 we continued to achieve our goal of generating high returns in this business, with returns[1] increasing from 12% to 20% over the past five years.	In 2005, we will continue to balance our return thresholds and risk tolerance objectives to support profitable growth across the business.

(1) For additional information, see the Non-GAAP measures section, Segmented return on equity.

Results

RESULTS — CIBC WORLD MARKETS

$ millions, for the years ended October 31	2004	2003	2002
Revenue (TEB)[1][2]			
Capital markets	**$ 1,445**	$ 1,526	$ 1,288
Investment banking and credit products	**1,381**	1,567	1,115
Merchant banking	**351**	(47)	198
Commercial banking	**452**	436	449
Other	**42**	123	(34)
Total revenue (TEB)[1][2]	**3,671**	3,605	3,016
TEB adjustment	**150**	132	108
Total revenue	**3,521**	3,473	2,908
(Recovery of) provision for credit losses	**(55)**	653	1,062
Non-interest expenses	**2,741**	2,421	2,518
Income (loss) before taxes and non-controlling interests	**835**	399	(672)
Income taxes and non-controlling interests	**151**	26	(530)
Net income (loss)	**$ 684**	$ 373	$ (142)
Efficiency ratio	**77.8%**	69.7%	86.6%
Efficiency ratio (TEB)[1][2]	**74.7%**	67.2%	83.5%
ROE[1][2]	**27.1%**	9.1%	(5.4)%
Economic profit (loss)[1][2]	**$ 374**	$ (71)	$ (598)

(1) For additional information, see the Non-GAAP measures section.

(2) For additional segmented information, see Note 26 to the consolidated financial statements.

Financial overview

CIBC World Markets benefited from a stronger global economy in 2004. Improved credit markets resulted in a recovery of credit losses, while improved market conditions and liquidity in merchant banking resulted in higher gains on sales of investments net of write-downs. U.S. dollar denominated revenue and non-interest expenses were lower due to a weaker U.S. dollar.

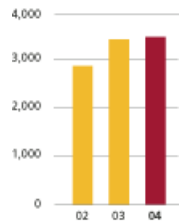
Net income was up $311 million from 2003. Current year results included a $300 million ($194 million after-tax) provision in respect of Enron-related litigation matters. Revenue was comparable to the prior year. The recovery of credit losses compared favourably with the provision for credit losses in 2003, reflecting an improved credit environment and our lower credit risk profile. Non-interest expenses were up $320 million, primarily due to the provision noted above. The combination of these factors resulted in a significantly higher ROE[1][2] of 27.1%, compared with 9.1% in 2003.

Revenue

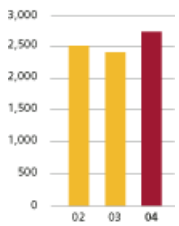
Capital markets revenue was down $81 million from 2003, primarily due to lower revenue in our U.S. equity structured products business where certain arbitrage strategies were exited. Revenue was also affected by weaker U.S. equity market conditions.

Investment banking and credit products revenue was down $186 million from 2003, primarily due to lower interest income resulting from reductions in our corporate loan portfolio, the exit of our international asset securitization activities, a continuing decline in our structured leasing activities, lower translated value of U.S. dollar denominated revenue, higher charges associated with our corporate loan hedging programs, and the transfer of various client

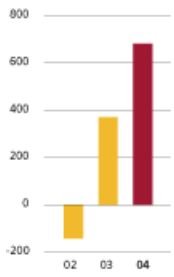
Total revenue
($ millions)



Non-interest expenses
($ millions)



Net income (loss)
($ millions)



activities to commercial banking. These decreases were partially offset by higher gains in loans held for sale as loans were sold into an improved credit environment, lower write-downs to our collateralized debt obligation portfolio and high-yield portfolios, higher gains on sale of high-yield investments, and growth in our U.S. real estate finance business.

Merchant banking revenue was up $398 million from 2003, primarily due to the combined effect of significantly higher gains and lower write-downs in an improved market environment.

Commercial banking revenue was up $16 million from 2003, primarily due to the transfer of various client activities from investment banking and credit products.

Other revenue was down $81 million from 2003, which included higher treasury revenue allocations.

Provision for credit losses

Provision for credit losses was down $708 million from 2003, which included $228 million in losses on loans held for sale. Recoveries of $101 million and lower levels of new provisions were primarily due to the combination of favourable market conditions and our ongoing commitment to reduce risk.

Non-interest expenses

Non-interest expenses were up $320 million from 2003, mainly due to the $300 million provision in respect of Enron-related litigation matters, costs related to relocating to our new premises in New York, higher corporate support costs, the $25 million provision related to matters involving our dealings with certain hedge funds in the U.S., and higher legal fees. The above increases were partially offset by the impact of the lower translated value of U.S. dollar denominated expenses. The prior year included a $109 million provision for CIBC's Enron settlement with the SEC, which was paid in 2004.

The regular workforce headcount totalled 2,366 at year-end, consistent with 2003.

Income taxes

CIBC World Markets conducts business in a number of tax jurisdictions that are subject to varying rates of taxation. As such, the aggregate tax expense recognized in each period is determined, in part, by the relative proportion of earnings generated in each tax jurisdiction. Current year income taxes benefited from a $31 million recovery related to the resolution of various income tax audits.

Average assets

Average assets were $99.2 billion, down $8.5 billion from 2003, primarily due to lower loan balances resulting from our commitment to reduce corporate lending assets.

Outlook

During 2005, equity new issue activity is projected to be lower than 2004, when we experienced record levels in Canada and improved U.S. results. We expect fewer Canadian Income Trust new issues in a rising interest rate environment. We are positioned to participate in the U.S. Income Deposit Securities market as opportunities arise. On the mergers and acquisitions front, our current pipeline is encouraging. Stronger markets, increased liquidity and reduced investment levels are expected to result in continued merchant banking gains. In addition, hedged gains related to our investment in Global Payments Inc. will be realized before the end of 2007. Although the provision for credit losses will be higher in 2005 (lower levels of credit recoveries are anticipated), we will continue to closely monitor credit risk in order to minimize future credit losses.

CORPORATE AND OTHER

Corporate and Other comprises the five functional groups —Administration; Corporate Development; Finance; Technology and Operations; and Treasury, Balance Sheet and Risk Management (TBRM) —that support CIBC's business lines, as well as Juniper Financial Corp., CIBC Mellon joint ventures, Oppenheimer Holdings Inc. (formerly Fahnestock Viner Holdings Inc.) debentures, and other income statement and balance sheet items not directly attributable to the business lines. The revenue and expenses of the functional groups are generally allocated to the business lines.

TBRM generates revenue from funding, hedging and interest-earning activities that is generally allocated to the business lines; the amount not allocated remains in Corporate and Other.

Results

RESULTS — CORPORATE AND OTHER

$ millions, for the years ended October 31	2004	2003	2002
Total revenue	**$ 612**	$ 605	$ 304
(Recovery of) provision for credit losses	**(57)**	(135)	8
Non-interest expenses	**671**	641	965
(Loss) income before taxes and non-controlling interests	**(2)**	99	(669)
Income taxes and non-controlling interests	**(72)**	(362)	(194)
Net income (loss)	**$ 70**	$ 461	$ (475)

Financial overview

Net income was down $391 million from 2003.

Revenue was up $7 million from 2003, primarily due to higher unallocated treasury revenue, substantially offset by reduced revenue from the winding down of the U.S. electronic banking operations, higher interest on overpayment of income taxes in 2003, and lower hedge revenue on stock appreciation rights (SARs). In January 2003, we entered into economic hedges that reduce the impact of the volatility of SARs.

Recovery of credit losses was down $78 million from 2003 due to a lower reversal of the general allowance for credit losses of $75 million, compared to $150 million in the prior year. The reversal was primarily due to a combination of favourable market conditions and our ongoing commitment to reduce risk.

Non-interest expenses were up $30 million from 2003, primarily due to increased spending on infrastructure projects, including those related to governance, and higher pension expense, partially offset by reduced expenses from the winding down of the U.S. electronic banking operations and lower costs related to SARs.

Income taxes and non-controlling interests were a net recovery of $72 million, $290 million lower than in 2003, which included a $689 million recovery on overpayment of income taxes, partially offset by a $232 million valuation allowance related to the U.S. future income tax asset. The current year included a $54 million income tax recovery related to the resolution of various income tax audits and a $45 million tax recovery related to an increase in our future income tax asset as a result of the cancellation of planned Ontario tax rate reductions.

The regular workforce headcount totalled 10,746 at year-end, up 544 from 2003, primarily due to the centralization of certain back-office functions and increased governance activities.

Outlook

The previously announced sale of Juniper to Barclays Bank PLC closed on December 1, 2004, resulting in a gain of approximately $116 million ($66 million after-tax). Spending on infrastructure projects, including those related to governance is expected to continue in 2005.

REVIEW OF 2003 FINANCIAL PERFORMANCE

$ millions, for the years ended October 31		CIBC Retail Markets	CIBC Wealth Management	CIBC World Markets	Corporate and Other	CIBC Total
2003	Net interest income	$ 3,938	$ 582	$ 834	$ 276	$ 5,630
	Non-interest income	1,660	1,524	2,429	333	5,946
	Intersegment revenue	(631)	425	210	(4)	—
	Total revenue	4,967	2,531	3,473	605	11,576
	Provision for (recovery of) credit losses	607	18	653	(135)	1,143
	Non-interest expenses	3,100	1,966	2,421	641	8,128
	Income before taxes and non-controlling interests	1,260	547	399	99	2,305
	Income taxes and non-controlling interests	397	181	26	(362)	242
	Net income	$ 863	$ 366	$ 373	$ 461	$ 2,063
2002	Net interest income	$ 3,917	$ 622	$ 743	$ 218	$ 5,500
	Non-interest income	1,691	1,810	1,950	90	5,541
	Intersegment revenue	(633)	422	215	(4)	—
	Total revenue	4,975	2,854	2,908	304	11,041
	Provision for credit losses	419	11	1,062	8	1,500
	Non-interest expenses	3,076	2,570	2,518	965	9,129
	Income (loss) before taxes and non-controlling interests	1,480	273	(672)	(669)	412
	Income taxes and non-controlling interests	407	76	(530)	(194)	(241)
	Net income (loss)	$ 1,073	$ 197	$ (142)	$ (475)	$ 653

The following discussion provides a comparison of our results of operations for the years ended October 31, 2003 and 2002.

Overview

Net income was up $1,410 million from 2002, primarily due to a recovery and interest on overpayment of income taxes and reversal of a portion of the general allowance for credit losses, partially offset by a valuation allowance related to the U.S. future income tax asset, losses on loans held for sale and the write-down related to the Air Canada contract. Net income for 2002 was negatively affected by a restructuring charge, high provisions for credit losses, Merrill Lynch integration costs, and write-downs to merchant banking investments and other portfolios.

Diluted EPS and ROE were $5.18 and 19.2%, respectively, compared with $1.35 and 5.1% for 2002.

Net interest income

Net interest income was up $130 million from 2002, primarily due to volume growth and improved spreads in personal banking, President's Choice Financial and mortgages, higher volumes in cards and small business banking, and interest on overpayment of income taxes. These increases were partially offset by lower West Indies revenue as a result of the change to equity accounting, following the West Indies combination in October 2002, and lower trading revenue.

Non-interest income

Non-interest income was up $405 million from 2002, primarily due to higher trading revenue, lower merchant banking and other write-downs, partially offset by the net impact of the Oppenheimer sale in January 2003. The prior year also included a $190 million gain relating to the West Indies combination.

Provision for credit losses

Provision for credit losses was down $357 million from 2002, primarily due to the reversal of a portion of the general allowance and higher provisions made in 2002 as a result of a combination of deteriorating market conditions and specific provisions relating to Enron Corp., Global Crossing Ltd. and Teleglobe Inc., partially offset by a provision for credit losses of $228 million in 2003 related to loans held for sale.

Non-interest expenses

Non-interest expenses were down $1,001 million from 2002, primarily due to a restructuring charge of $514 million in 2002, as well as the combined effects of the winding down of the U.S. electronic banking operations, the Oppenheimer sale, the West Indies combination and lower Merrill Lynch integration costs. This was partially offset by the $128 million write-down related to the Air Canada contract, and a $109 million provision for CIBC's Enron settlement with the SEC.

Income taxes and non-controlling interests

Income taxes and non-controlling interests were up $483 million, primarily due to higher earnings, partially offset by a $689 million income tax recovery relating to a settlement agreement with the CRA, net of a $232 million income tax expense for a valuation allowance related to the future income tax asset from the U.S. operations.

CIBC Retail Markets

Net income was down $210 million from 2002. Revenue was down $8 million from 2002, which included the $190 million gain on the West Indies combination, primarily due to $199 million lower revenue as a result of the change to equity accounting following the West Indies combination, and lower treasury revenue allocations of $56 million. These decreases were substantially offset by volume growth, higher fee income and improved spreads. Provision for credit losses was up $188 million from 2002, mainly due to volume growth, higher loss ratios in cards and personal and small business portfolios, and higher agricultural losses. Non-interest expenses were up $24 million from 2002, primarily due to the $128 million write-down related to the Air Canada contract, severance and higher technology costs, partially offset by a $162 million decrease in West Indies expenses as a result of the change to equity accounting, lower project spending, and a $66 million restructuring charge in 2002.

CIBC Wealth Management

Net income was up $169 million from 2002. Revenue was down $323 million from 2002, primarily due to the loss of ongoing revenue, partially offset by the pre-tax gain of $58 million on the Oppenheimer sale and the additional revenue related to the acquisition of the Merrill Lynch retail brokerage and asset management businesses. Non-interest expenses were down $604 million from 2002, primarily due to lower expenses resulting from the Oppenheimer sale and cost-containment activities, partially offset by additional expenses related to the acquisition of the Merrill Lynch businesses.

CIBC World Markets

Net income was up $515 million from 2002. Revenue was up $565 million from 2002 due to lower write-downs to the collateralized debt obligation and high-yield portfolios, stronger performance across a number of business lines including equity structured products (especially in the U.S.), fixed income, Canadian equity agency (with a record year for new issue revenue), and U.S. origination, and higher treasury revenue allocations. These increases were partially offset by the impact of lower merchant banking gains net of write-downs. Provision for credit losses was down $409 million from 2002, which included higher provisions related to Enron Corp., Global Crossing Ltd. and Teleglobe Inc., and the impact of poor market conditions throughout the year. These reductions were partially offset by losses on loans held for sale in 2003. Non-interest expenses were down $97 million from 2002, primarily due to cost savings associated with staff reduction programs, the transfer of Juniper to Corporate and Other, and lower severance and restructuring costs, partially offset by higher revenue-related compensation and increased costs resulting from the regulatory and legal environment in the U.S. Results in 2003 included a $109 million provision for CIBC's Enron settlement with the SEC, which was paid in 2004.

Corporate and Other

Net income was up $936 million from 2002, primarily due to the recovery and interest on overpayment of income taxes, lower losses relating to the U.S. electronic banking operations and the reversal of a portion of the general allowance for credit losses. The prior year included a restructuring charge and the write-down of a preferred share investment, partially offset by a valuation allowance related to the U.S. future income tax asset.

FUNCTIONAL GROUPS	OUR PRIORITIES
Administration The Administration group establishes and monitors processes to facilitate the operations of CIBC and its businesses in an integrated, controlled and efficient manner. An important part of the mandate of the group, comprising communications and public affairs, human resources, corporate real estate, corporate secretary, legal, compliance, consulting services, controls, internal audit and corporate security, is to provide leadership on governance and control issues. During 2004, the group led and participated in many governance and control initiatives. These included the implementation and testing of a broad control framework, the re-engineering of our compliance function, implementation of a comprehensive reputation and legal risk policy, and improved Board and senior management reporting. We continued to invest in our employees by expanding e-learning capabilities, leading employment equity strategies, strengthening career and talent management processes, and launching executive leadership programs.	**• Lead governance and controls programs across CIBC to achieve industry-leading performance standards** **• Lead initiatives to embed CIBC's Vision, Mission and Values** **• Improve productivity of Administration group services** **• Lead and support initiatives to enhance CIBC's reputation as one of Canada's leading corporate citizens**
Corporate Development Corporate Development is a key participant in creating long-term value by fostering an owner-manager mindset and directing CIBC's strategic planning processes. The group works to maximize the value of CIBC's portfolio of businesses through the identification, assessment and execution of transactions, including acquisitions, divestitures and other alliances. During 2004, Corporate Development was integral in the sale of Juniper Financial Corp. and EDULINX Canada Corporation (both closing after year-end), as well as the disposition of a portion of CIBC's interest in Global Payments Inc. We continued to partner with CIBC's business lines to identify opportunities for their growth, and to increase the value of existing businesses by divesting parts or acquiring new contracts or assets. Corporate Development also manages CIBC's strategic relationship with FirstCaribbean International Bank (FCIB) and the CIBC Mellon joint ventures in order to maximize their contribution to shareholders.	**• Continue to team with CIBC's strategic business lines to further enhance the value of CIBC's portfolio of businesses** **• Develop options and opportunities for future acquisitions and joint ventures** **• Continue to oversee CIBC's relationship with FCIB and CIBC Mellon** **• Drive rigorous, robust and constructive strategic planning and transaction execution at CIBC**
Finance The Finance group provides financial services to CIBC's businesses through effective governance and decision-support processes. These services include financial, management and regulatory reporting, maintenance of accurate, complete and timely accounting records, independent financial analysis, performance measurement and planning, tax planning and compliance, liaison with CIBC's investors, as well as independent oversight and reporting to CIBC's senior management and Board on compliance with statutory tax and accounting requirements. In addition, Finance provides financial advice regarding CIBC's business opportunities and transactions. During the year, Finance continued to focus on enhancing control processes to meet increasing governance requirements. In particular, Finance led CIBC's extensive efforts to meet the Sarbanes-Oxley Act section 404 requirements to demonstrate that internal control over financial reporting is effective, one year in advance of that required by legislation.	**• Continue to improve and strengthen financial control systems and processes** **• Develop and lead initiatives across CIBC to achieve long-term cost efficiencies** **• Continue to enhance the level and quality of disclosure to investors** **• Enhanced training and development program for Finance professionals**
Technology and Operations (T&O) T&O provides the systems and operational services that support CIBC's businesses. During 2004, T&O continued to deliver on its three-year strategic plan to provide better service at lower cost. In addition to delivering major technology projects that contributed to the growth of CIBC's core businesses, T&O made significant progress in the consolidation and integration of technology platform and telecommunications infrastructure and continued the fundamental re-engineering of back office processes and controls to improve service, increase efficiency and strengthen controls. T&O was also instrumental in meeting the regulatory and compliance requirements that were a priority for CIBC in 2004. As part of CIBC's commitment to provide quality service, T&O developed internal client and employee promises and metrics for delivery.	**• Continue to build a strong client service and continuous improvement culture** **• Continue to deliver on the long-term program to simplify and rationalize technology infrastructure and re-engineer operations processes and service delivery to achieve savings, enhanced service and heightened controls** **• Maintain a focus on people through the further delivery of enhanced recognition, learning, communications and career development programs**
Treasury, Balance Sheet and Risk Management (TBRM)	

TBRM's management of risk and balance sheet resources continues to be a fundamental element of CIBC's strategy in building a foundation for sustainable growth. These resources are allocated to higher-return and/or strategic activities to support CIBC's objectives based on a continuous, disciplined review of business line performance and potential. In 2004, TBRM and CIBC World Markets partnered to reduce exposure to corporate loans and merchant banking investments as CIBC reached its target of reducing exposure to these asset classes by one-third. Key to CIBC's ongoing strength is its capital position that is as strong as it has ever been. Market risk exposures were maintained at low levels. Liquidity and related resources and risks are measured, monitored and controlled by TBRM. All CIBC employees manage operational (including reputation and legal) risk while TBRM is responsible for measurement, monitoring and control. TBRM and T&O are co-leading CIBC's Basel II Capital Accord Program efforts.

• Manage and re-allocate balance sheet and risk resources to higher return and/or strategic growth activities to support CIBC's objectives

• Maintain a target Tier 1 capital ratio of not less than 8.5% and a total capital ratio of not less than 11.5%

• Ongoing measurement, monitoring and control of credit, market, liquidity and operational (including reputation and legal) risks and balance sheet resources

Management of Risk

OVERVIEW

This section provides details on how we manage risks and capital resources, as well as our efforts to comply with the Basel II Capital Accord. We manage risk and related balance sheet (including capital) resources within tolerance levels established by our management committees and approved by the Board of Directors and its committees. This is achieved through a comprehensive framework of measurement, monitoring and control policies, procedures and standards that support active and effective management of our risk and balance sheet resources. Our risk management structure is presented in the diagram below. During 2004, all risk management policies were approved or renewed by the applicable Board and management committees. Further details on the Board and management committees, as applicable to the management of risk, are provided in the Governance section.

Treasury, Balance Sheet and Risk Management (TBRM), led by the Vice Chair and Chief Risk Officer, facilitates the management of risk and balance sheet resources, and comprises:

- Treasury — provides organization-wide funding and asset/liability, liquidity, cash and collateral management; ensures that we are strongly and effectively capitalized; and manages capital in our subsidiaries, affiliates and legal entities;
- Credit and Investment Portfolio Management — applies market-based techniques and models to the management of balance sheet resources attributed to corporate and commercial loans and merchant banking investments;
- Balance Sheet Measurement, Monitoring and Control — oversees the balance sheet resource allocation process; is responsible for the consolidation of economic capital and other elements of the balance sheet and their related parameters and methodologies, and is responsible for independently vetting all models; and
- Other independent risk management services and functions —adjudicate, measure, monitor and control our global credit, market, liquidity and operational (including reputation and legal) risks.

TBRM along with Technology and Operations, is co-leading our efforts to comply with the requirements of the Basel II Capital Accord. For additional details, see the Basel II Capital Accord section.

Numbers quoted in this section are as of October 31, 2004, unless otherwise stated.

Risk Management Structure



MANAGEMENT OF CREDIT RISK

Credit risk primarily arises from our direct lending activities, and, to a lesser extent, from our trading, investment and funding operations. Credit risk is defined as the risk of loss due to borrower or counter-party default.

Infrastructure

The Capital and Risk Committee (CRC) is responsible for reviewing our key credit risk management policies. These policies are approved by the Risk Management Committee (RMC) annually. The CRC is also responsible for ensuring that these policies are implemented and that procedures are in place to manage and control credit risk, as well as overseeing the quality of the credit portfolio in accordance with these policies.

Senior management reports regularly, but not less than quarterly, to the RMC on material credit risk matters, including individual credit transactions, compliance with policies, portfolio trends, impaired loans and credit loss provisioning levels. In addition, we review impaired loan balances, and allowances and credit loss provisioning levels with the Audit Committee on a quarterly basis.

Policies, procedures and standards

Our credit risk policies, procedures and standards outline the credit risk appetite, as well as the detailed parameters under which credit risk is to be controlled. Policies establish the basis for how credit is granted, measured, aggregated, monitored and reported. In this regard, we have policies for the control of credit risk within both the consumer loan portfolio and the business and government loan portfolio, including all hedging-related activities.

Environmental risk is fully integrated into the overall credit assessment process, with credit policies, guidelines and environmental risk management standards in place covering lending to small and medium-sized businesses and the large corporate sector.

Measurement, monitoring and control

The day-to-day responsibility for measuring and monitoring credit risk is delegated to TBRM. This is accomplished through the establishment of lending policies; the approval of all models used for risk rating and credit scoring of individual loans; the exercising of approval authority for credit transactions; the monitoring of exposures against policies and limits; and the rigorous management of past due, high-risk and impaired loans by specialized groups.

TBRM also uses market-based techniques in the management of the credit risk component of economic capital. It applies enhanced credit models to the analysis of the large corporate credit portfolio. Higher risk or concentrated positions are reduced through the use of direct loan sales, credit derivative hedges or structured transactions. By the same means, selected credit exposures are added to the portfolio to enhance diversification and increase returns.

Consumer loans

Consumer loans, which comprise residential mortgages, credit cards and personal loans, including student loans, are managed through statistical techniques, such as credit scoring and computer-based loan models. These techniques are well suited to the identification and management of risk for portfolios that consist of a large number of relatively small dollar-sized transactions. Our consumer loan portfolio is well diversified to ensure that concentrations by client and product type are within prudent and acceptable limits.

Consumer credit risk is managed by Retail Risk Management (RRM), a function within TBRM. Its mandate is to provide independent, organization-wide oversight of the management of credit risk in our retail portfolio. RRM has the responsibility for developing risk tolerance recommendations for senior management and Board approval, and for establishing policies, practices and control mechanisms that ensure the portfolio performs within approved limits. RRM meets with the Senior Executive Team (SET) weekly to report on and review current retail credit risk matters. Senior management and the SET also receive monthly portfolio reviews that outline the health of the retail portfolio. RRM reports to the RMC quarterly to ensure proper oversight and approval from the Board on all risk policies, actions and systems.

Consumer loans constitute 75.0% of our net loan portfolio, including acceptances. These loans represent millions of borrowers with relatively small individual loan balances. Residential mortgages, which constitute 68.0% of the total consumer loan portfolio, exhibit very low levels of credit risk. Consistent with our managed growth strategy for this business, residential mortgages increased by $2.6 billion from the prior year on a balance sheet basis, and by $7.3 billion or 9.5% on a managed basis. Our consumer loan growth strategy also resulted in an increase of 16.9% in the personal loan portfolio (excluding student loans) and 3.2% in the managed credit card portfolio. On a balance sheet basis, the credit card portfolio decreased by 8.2% due to the securitization of $1.4 billion of credit card assets during the year. The discontinued student loan portfolio continued to decrease in 2004 and is down 19.7% from the prior year.

Business and government loans

Within the business and government loan portfolio, qualified lenders undertake a detailed assessment of credit transactions and assign internal risk ratings according to an approved methodology. All business and government loans have ratings appropriate for their businesses, which reflect probability of default of the counterparty and/or loss given default and/or probability of loss of the credit facility.

The internal risk ratings standardize the quantification of risk across portfolios, assist in monitoring the portfolio and are key inputs used in our economic models for the attribution of the credit risk component of economic capital. The risk ratings also affect the level of seniority of approval required.

The approval process is highly centralized, with all significant credit requests submitted to a credit risk management unit of TBRM that is independent of the origination businesses. Approval authorities are well defined and are a function of the risk rating and amount of credit requested. In certain cases, credits must be referred to a credit committee or to the Board for approval.

Individual credit exposures are monitored on an ongoing basis with a full risk assessment documented not less than annually. Higher-risk accounts are subject to close monitoring and are reviewed not less than quarterly. In addition, a specialized loan workout group handles the management of the highest risk accrual and non-accrual loans to minimize loss.

We diversify the business and government loan portfolio by establishing and continually monitoring exposures against concentration limits established for individual borrowers or group of related borrowers, industry sectors, geographic regions and selected products and/or types of lending.

Business and government loans (including acceptances) constitute 25.0% of our total credit portfolio and are 4.2% lower than last year. This is consistent with our strategy to aggressively manage balance sheet resources. In addition, over the year, we have aggressively managed our exposure to any single name/group of related borrowers' concentrations by adhering to strict underwriting standards, loan sales and hedging activities.

The portfolio is diversified by industry, with the largest industry group, non-residential mortgages, constituting 13.9% of total business and government loans (including acceptances).

Geographically, 90.3% of the business and government loan portfolio is in North America, with the remaining balance predominantly in the United Kingdom and Western Europe. Exposures in Asia Pacific, Eastern Europe, Latin America and the Middle East, and elsewhere are limited. Country risk is the risk of doing business in or with the country and reflects economic, political, social, institutional and other risks. Country risk ratings assigned to individual countries are reviewed annually. We actively manage country risk through limits on exposures to individual countries outside of North America. These limits establish the maximum amount of acceptable country risk including its subcomponents, such as bank deposits and trade finance.

The majority of our credit risk exposure relates to the loan and acceptances portfolio. However, we also engage in activities that expose us to off-balance sheet credit risk. These include credit-related arrangements and derivative instruments, as explained in Notes 22, 24 and 25 to the consolidated financial statements. We manage these exposures through the credit risk management framework, as described above.

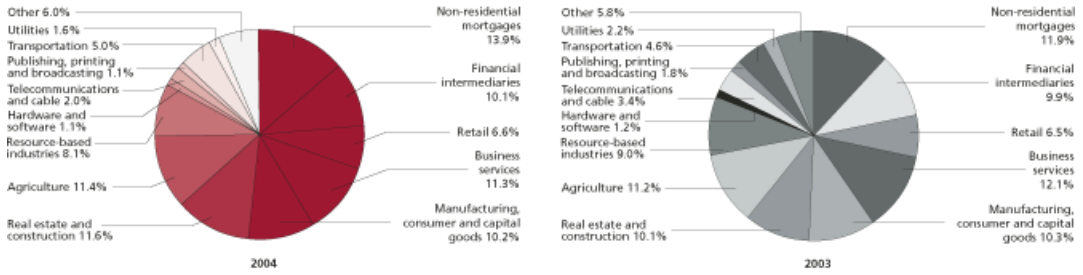
Loans held for sale

During the year, we sold loans held for sale amounting to $1.3 billion (2003: $493 million), with total authorizations of $2.0 billion (2003: $925 million) for a gain of $142 million (2003: $22 million), which was included in other non-interest income. As at October 31, 2004, the net amount of loans held for sale was nil (2003: $1.3 billion), with total authorizations of $17 million (2003: $1.9 billion).

Credit derivatives

We are active in the credit derivatives market, both as a market maker facilitating the credit hedging needs of our clients and as a principal when managing our own credit portfolios. We are an active user of single-name credit derivatives in addition to synthetic collateralized loan obligations (CLOs) to reduce credit risk as part of managing our overall credit portfolio. Credit derivatives are used to mitigate industry sector concentrations and single-name exposure, or as part of portfolio diversification techniques.

Business and government loans (including acceptances) by industry group (1)



(1) Industry classifications provided have been summarized. For further details, see the Supplementary annual financial information.

The largest sector concentrations hedged through these programs were oil and gas ($1.6 billion) in the resource-based industries group, financial intermediaries ($1.1 billion) and utilities ($517 million). The notional amount outstanding relating to credit protection purchased (including synthetic CLOs) was $5.6 billion, as at October 31, 2004, including credit derivatives of $3.3 billion.

Counterparty credit exposure

We have counterparty credit exposure that arises from our interest rate, foreign exchange, equity, commodity and credit derivatives market making, and portfolio management activities. We measure and manage the credit exposure on our derivative contracts, taking into account both the current mark-to-market value of each contract, as well as a prudent estimate of potential future exposure for each transaction. This is based upon statistically driven simulation approaches and takes into account any legally enforceable risk-mitigating techniques for each obligor, such as netting and margin arrangements. Under such an agreement, we obtain collateral from, and/or pledge collateral to, our counterparties, consisting primarily of cash or marketable securities that are revalued on a regular basis.

Our derivative credit exposure represents a variety of product types. Investment grade counterparties account for 91.1% of our derivative credit exposure. We actively measure and monitor our credit exposure arising from our derivative activities.

Impaired loans

While we impose a disciplined approach to risk by continuously monitoring all credit exposures, we also aggressively manage all impaired accounts.

During the year, $1.9 billion of loans were newly classified as impaired, down $271 million from 2003. Overall, new Canadian classifications increased by $78 million, while new foreign classifications decreased by $349 million, of which $136 million were related to classifications in the U.S.

Reductions in gross impaired loans through remediation, repayment or sale were $1.2 billion, down $551 million from 2003. The decrease included $608 million related to business and government loans, partially offset by a $57 million increase in consumer loans. For the year, write-offs totalled $960 million, down $352 million from the prior year. Business and government loan write-offs accounted for $410 million of this decrease, while consumer loan write-offs increased by $58 million.

CHANGES IN NET IMPAIRED LOANS[1]

$ millions, as at or for the years ended October 31	Business and government loans	Consumer loans[2]	2004 Total	Business and government loans	Consumer loans[2]	2003 Total	Business and government loans	Consumer loans[2]	2002 Total
Gross impaired loans									
Balance at beginning of year	**$ 975**	**$ 401**	**$ 1,376**	$ 1,864	$ 411	$ 2,275	$ 1,197	$ 505	$ 1,702
New additions	**717**	**1,224**	**1,941**	1,098	1,114	2,212	2,354	1,008	3,362
Returned to performing status, repaid or sold	**(763)**	**(485)**	**(1,248)**	(1,371)	(428)	(1,799)	(583)	(501)	(1,084)
Gross impaired loans prior to write-offs	**929**	**1,140**	**2,069**	1,591	1,097	2,688	2,968	1,012	3,980
Write-offs	**(206)**	**(754)**	**(960)**	(616)	(696)	(1,312)	(1,104)	(601)	(1,705)
Balance at end of year	**$ 723**	**$ 386**	**$ 1,109**	$ 975	$ 401	$ 1,376	$ 1,864	$ 411	$ 2,275
Specific allowance									
Balance at beginning of year	**$ 437**	**$ 418**	**$ 855**	$ 595	$ 443	$ 1,038	$ 519	$ 525	$ 1,044
Write-offs	**(206)**	**(754)**	**(960)**	(616)	(696)	(1,312)	(1,104)	(601)	(1,705)
Provisions	**86**	**617**	**703**	741	552	1,293	1,097	403	1,500
Transfer to loans held for sale	**—**	**—**	**—**	(292)	—	(292)	—	—	—
Recoveries	**109**	**106**	**215**	74	108	182	92	125	217
Foreign exchange and other adjustments	**(12)**	**—**	**(12)**	(65)	11	(54)	(9)	(9)	(18)
Balance at end of year[3]	**$ 414**	**$ 387**	**$ 801**	$ 437	$ 418	$ 855	$ 595	$ 443	$ 1,038
Net impaired loans									
Balance at beginning of year	**$ 538**	**$ (17)**	**$ 521**	$ 1,269	$ (32)	$ 1,237	$ 678	$ (20)	$ 658
Net change in gross impaired	**(252)**	**(15)**	**(267)**	(889)	(10)	(899)	667	(94)	573
Net change in allowance	**23**	**31**	**54**	158	25	183	(76)	82	6
Balance at end of year[3]	**$ 309**	**$ (1)**	**$ 308**	$ 538	$ (17)	$ 521	$ 1,269	$ (32)	$ 1,237
Gross impaired loans less specific allowance as a percentage of related assets[4]			**0.19%**			0.33%			0.77%

(1) Impaired loans include loans held for sale of nil (2003: $58 million; 2002: nil), loan substitute securities of $1 million (2003: $30 million; 2002: $30 million) and allowances for credit losses of $1 million (2003: $3 million; 2002: nil) relating to loan substitute securities.

(2) Specific allowances for large numbers of homogeneous balances of relatively small amounts are established by reference to historical ratios of write-offs to balances outstanding. This may result in negative net impaired loans as individual loans are generally classified as impaired when repayment of principal or payment of interest is contractually 90 days in arrears.

(3) Balance excludes allowances on letters of credit totalling $2 million (2003: $1 million; 2002: $1 million).

(4) The related assets include loans, securities borrowed or purchased under resale agreements, acceptances, loan substitute securities, and loans held for sale.

Allowance for credit losses

The total allowance for credit losses consists of specific and general allowance components carried on the balance sheet.

Specific allowances are typically recorded only when loans are identified as impaired. For business and government loans, specific allowances are established through ongoing assessments of the portfolio on an account-by-account basis when impaired loans are identified. Specific allowances for consumer loans are determined by reference to historical ratios of write-offs to balances in arrears.

The general allowance provides for credit losses that are present in the credit portfolios, but which have not yet been specifically identified. The credit portfolios to which the general allowance applies include business loans and acceptances, off-balance sheet credit instruments, such as credit commitments and letters of credit, and consumer loans. The general allowance does not apply to loans or credit facilities that are impaired, as appropriate specific provisions are taken on these.

The methodology for determining the appropriate level of the general allowance reflects a number of factors, including the portfolios' size, expected loss rates associated with different credit portfolios, the relative risk profiles of the portfolios, estimates of the time periods over which losses that are present would be specifically identified and a specific provision taken, our view of current economic and portfolio trends, and evidence of credit quality improvements or deterioration. The parameters that drive the general allowance calculation are reviewed and updated quarterly, based on our experience and that of the market in general. Senior management reviews the resulting general allowance calculation on a quarterly basis.

Expected loss rates for business loan portfolios are based on the risk rating of each credit facility and on the probability of default factors associated with each risk rating, as well as estimates of loss given default. The probability of default factors reflect our historical experience in the market over time. Loss given default estimates are based on our experience over past years. For consumer loan portfolios, expected losses are based on our historical flow and loss rates.

As at October 31, 2004, the specific allowance for credit losses was $803 million, down $53 million from 2003. The change was the result of a decrease of $31 million in respect of the consumer loan portfolio, and a decrease of $22 million in respect of the business and government loan portfolio.

Our total allowance for credit losses as at October 31, 2004, including the general allowance, of $1,828 million was viewed as appropriate in light of the composition of the credit portfolio, as well as continued positive economic performance in our major lending markets.

While we believe that the allowance for credit losses is appropriate as at October 31, 2004, future additions to or drawdowns from the allowance will be subject to continuing evaluation of risks in the loan portfolio and changing economic conditions.

Provision for (recovery of) credit losses

PROVISION FOR (RECOVERY OF) CREDIT LOSSES

$ millions, for the years ended October 31	2004	2003	2002
Canada			
Residential mortgages	**$ 2**	$ 3	$ 3
Student	**(37)**	—	—
Personal	**265**	170	108
Credit card	**370**	366	271
Total consumer loans	**600**	539	382
Non-residential mortgages	**(4)**	2	4
Financial institutions	**3**	1	(3)
Service and retail industries	**45**	97	37
Manufacturing, consumer and capital goods	**31**	28	25
Real estate and construction	**(11)**	(1)	(29)
Agriculture	**63**	35	13
Resource-based industries	**(2)**	4	1
Telecommunications, media and technology	**5**	(10)	76
Transportation	**—**	17	3
Utilities	**(1)**	8	11
Other	**2**	6	1
Total business and government loans	**131**	187	139
	731	726	521
United States			
Total consumer loans	**17**	13	18
Financial institutions	**(1)**	7	(2)
Service and retail industries	**(5)**	37	12
Manufacturing, consumer and capital goods	**(16)**	36	18
Real estate and construction	**(5)**	(1)	38
Resource-based industries	**(29)**	18	292
Telecommunications, media and technology	**(26)**	20	381
Transportation	**2**	7	27
Utilities	**—**	12	70
	(63)	149	854

Other countries			
Total consumer loans	**—**	—	3
Financial institutions	**54**	(1)	(2)
Service and retail industries	**(7)**	117	(1)
Real estate and construction	**(3)**	(3)	(4)
Agriculture	**—**	—	(1)
Resource-based industries	**(9)**	6	18
Telecommunications, media and technology	**1**	30	108
Utilities	**(1)**	41	4
	35	190	125
Loans held for sale portfolio	**—**	228	—
Credit losses charged to income			
Specific provision	**703**	1,293	1,500
General provision	**(75)**	(150)	—
Total credit losses charged to the consolidated statements of income	**$ 628**	$ 1,143	$ 1,500
As a percentage of total net loans and acceptances	**0.44%**	0.82%	1.04%

Provision for credit losses is the amount charged to income that increases the total allowance for credit losses to a level that management considers appropriate to cover all probable credit-related losses in the portfolio, giving due regard to existing economic conditions and credit protection purchased.

Provision for credit losses charged to income in 2004 was $628 million, compared with $1.1 billion in 2003. Specific provision for credit losses in 2004 was $703 million, compared with $1.3 billion in 2003. The significant reduction in the specific provision for credit losses in 2004 was attributable to the business and government loan portfolio and reflects continuing reductions, substantial recoveries and improved credit quality. Specific provision for credit losses attributable to consumer loans in 2004 increased to $617 million due to continued portfolio growth and higher loss ratios in unsecured credit products.

The general allowance was reduced in 2004 by $75 million, to $1,025 million, primarily due to reductions in the business and government loan portfolio.

MANAGEMENT OF MARKET RISK

Market risk arises from positions in securities and derivatives held in our trading portfolios, and from our retail banking, investment portfolios and other non-trading activities. Market risk is defined as the potential for financial loss from adverse changes in underlying market factors, including interest and foreign exchange rates, credit spreads, and equity and commodity prices.

Infrastructure

TBRM is responsible for managing market risk through an integrated internal control framework that encompasses policies, procedures and standards for measuring, monitoring and controlling market risk. Each business has a dedicated market risk manager, supplemented by regional risk managers located in all of our major trading centres, facilitating comprehensive risk coverage.

Data from trading systems are consolidated in a central market risk management database. Centralized independent risk measurement and access to the database support the global management of market risk through integrated risk reporting and analysis, and limit monitoring. We generate a daily detailed risk report and limit-monitoring summary, based on the previous day's trading. This report provides an organization-wide view of market risk and is integral to the review of risk exposure. Each day, all risk positions are monitored, and those that exceed authorized limits are promptly reported to senior management. Reports on overall compliance with risk limits are also made weekly.

Policies, procedures and standards

Market risk policies, procedures and standards are formally presented to, and approved by, RMC and CRC.

We have comprehensive policies for market risk management related to identification and measurement of the various types of market risk, and to the establishment of limits within which we manage our overall exposures. The policies explicitly state risk tolerance levels, expressed in terms of both statistically based Value-at-Risk (VaR) measures and potential worst-case stress losses.

We use a three-tiered approach to set market risk and stress limits on the amounts of risk that we can assume in our trading and non-trading activities, as follows:

- Tier 1 limits are our overall market risk and worst-case scenario limits.
- Tier 2 limits are designed to control the risk profile in each business.
- Tier 3 limits are at the desk level and designed to monitor risk concentration and the impact of book-specific stress events.

Tier 1 limits are established by the SET; Tier 2 and Tier 3 limits are approved at levels of management commensurate with the risk taken.

Policies also outline requirements for yield curve and valuation model construction, and link to accounting policies with respect to mark-to-market methodologies and the independent valuation of positions.

Measurement, monitoring and control

Market risk exposures are monitored daily against approved risk limits, and control processes are in place to ensure that only authorized activities are undertaken. We use several different risk measures:

- VaR, which enables the like-for-like comparison of risk in different businesses and asset classes.
- Stress testing and scenario analysis, which provide insight into portfolio behaviour under extreme circumstances.
- Backtesting, which validates the effectiveness of risk quantification through analysis of actual and theoretical profit and loss outcomes.

Value-at-Risk

Our VaR methodology is a statistically defined, probability-based approach that uses volatilities and correlations to quantify risk in dollar terms. VaR measures the potential loss from adverse market movements that can occur overnight with less than a 1% probability of occurring under normal market conditions, based on historical data and recent market experience. VaR uses numerous risk factors as inputs and is computed through the use of historical volatility of each risk factor and the associated historical correlations among them,

updated on a regular basis. Aggregate VaR is determined by the combined modelling of VaR for each of interest rate, credit spread, equity, foreign exchange and commodity risks, along with the reduction due to the portfolio effect of combining the risks.

Stress testing and scenario analysis

Stress testing and scenario analysis are designed to add insight to the possible outcomes of abnormal market conditions.

Our stress testing measures the effect on portfolio values of a wide range of extreme moves in market prices. The stress test methodology assumes that no actions are taken during the stress event to mitigate risk, reflecting the decreased liquidity that frequently accompanies market shocks.

Our scenario analysis approach simulates the impact on earnings of extreme market events up to a period of one quarter. Scenarios are developed using actual historical market data during periods of market disruption, or are based on the hypothetical occurrence of economic events, political events and natural disasters suggested and designed by economists, business leaders and risk managers.

Among the historical scenarios used were the 1987 equity market crash, the 1994 period of U.S. Federal Reserve tightening, the 1998 Russian-led crisis, and the market events following September 11, 2001. The hypothetical scenarios used include potential market crises originating in North America and Asia.

Our core stress tests and scenario analyses are run daily, and further ad hoc analysis is carried out as required. Limits are placed on the maximum acceptable loss to the aggregate portfolio under any worst-case scenario and on the impact of stress testing at the detailed portfolio level and by asset class.

Backtesting

The process of backtesting is key to the sustained integrity of our risk models. For each of our trading portfolios, and in aggregate, the backtesting process serves to confirm that actual profit and loss outcomes are consistent with the statistical assumptions of the VaR model. This process is further enhanced through the calculation of a hypothetical or static profit and loss. This represents the theoretical change in value of the prior day's closing portfolio due to each day's price movements, on the assumption that it remained unchanged. The comparison of the daily static profit and loss with VaR is required by OSFI.

Trading activities

We hold positions in traded financial instruments to meet client investment and risk management needs. Trading revenue (net interest income or non-interest income) is generated from these transactions with clients and from proprietary trading. Traded instruments include debt and equity securities, as well as interest rate, foreign exchange, equity, commodity, and credit derivative products. Positions are recorded at fair value.

The VaR by risk type table below shows the mix of market risks through 2004 by type of risk and in aggregate. The risks are interrelated and the diversification effect reflects the reduction of risk due to portfolio effects among the trading positions. Our trading risk exposures to interest rates and credit spread arise from activities in the global debt and derivative markets, particularly from transactions in the Canadian and U.S. markets. The primary instruments are government and corporate debt, and interest rate and credit derivatives. The bulk of the trading exposure to foreign exchange risk arises from transactions involving the U.S. dollar, Euro, British pound, and Japanese yen, whereas the primary risks of loss in equities are in the U.S., Canadian and European markets. Trading exposure to commodities arises primarily from transactions involving North American natural gas and oil product indices. During 2004, aggregate risk levels were generally lower than in 2003, with reductions in credit spread and equity risk, partially offset by increased interest rate risk. Limitations on significant directional exposure and active securities inventory management were major components in constraining risk, consistent with our goal of low earnings volatility.

VaR BY RISK TYPE — TRADING PORTFOLIO

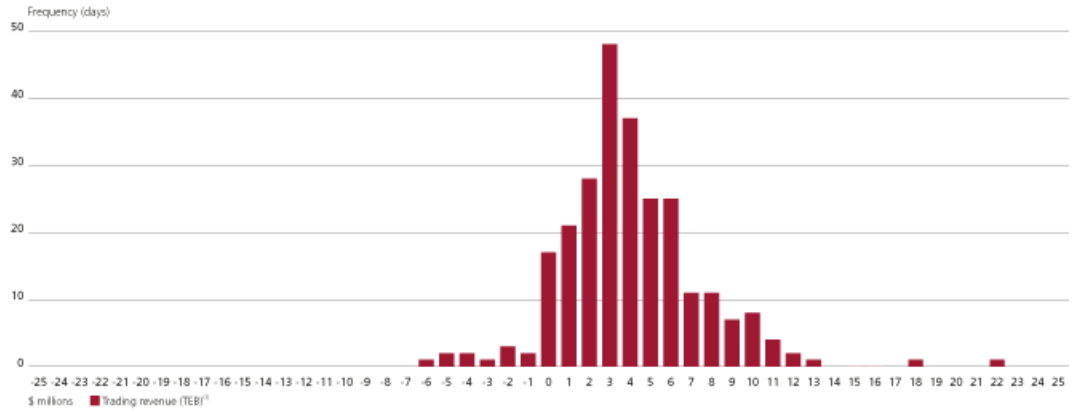
	2004				2003			
$ millions, as at or for the years ended October 31	**Year-end**	**Average**	**High**	**Low**	**Year-end**	**Average**	**High**	**Low**
Interest rate risk	**$ 6.0**	**$ 4.4**	**$ 8.8**	**$ 2.1**	$ 2.5	$ 3.7	$ 8.1	$ 1.9
Credit spread risk	**2.9**	**2.7**	**5.0**	**2.2**	2.6	4.3	7.0	2.3
Equity risk	**4.7**	**5.2**	**7.4**	**4.3**	5.4	6.3	9.7	4.1
Foreign exchange risk	**0.2**	**0.7**	**2.1**	**0.2**	1.0	0.6	1.7	0.2
Commodity risk	**2.0**	**1.5**	**3.2**	**0.8**	0.8	1.3	2.7	0.7
Diversification effect[1]	**(7.0)**	**(7.2)**	**NM**[2]	**NM**[2]	(6.1)	(7.0)	NM[2]	NM[2]
Total risk	**$ 8.8**	**$ 7.3**	**$10.5**	**$ 5.4**	$ 6.2	$ 9.2	$16.4	$ 5.3

(1) Aggregate VaR is less than the sum of the VaR of the different market risk types due to risk offsets resulting from portfolio diversification.

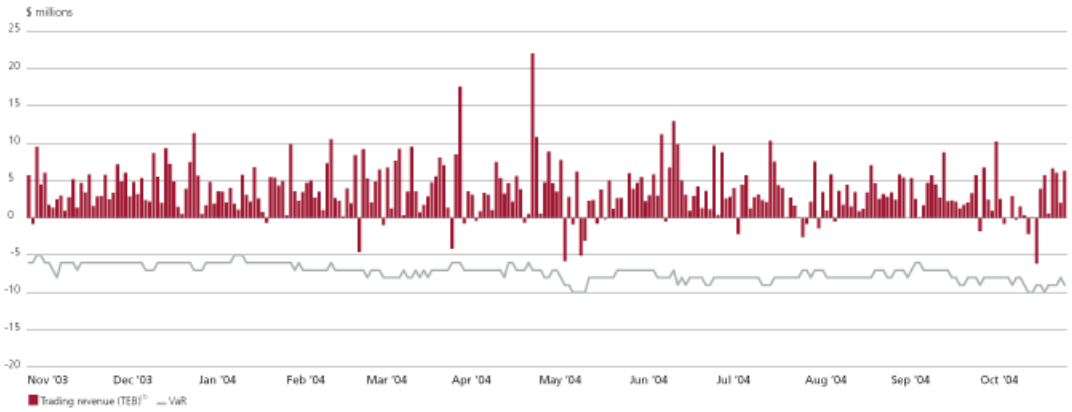
(2) Not meaningful. It is not meaningful to compute a diversification effect because the high and low may occur on different days for different risk types.

Trading revenue in 2004 was $725 million and trading revenue (TEB) [1] was $863 million. The histogram below presents the frequency distribution of daily trading revenue (TEB)[1] for 2004. Trading revenue (TEB)[1] was positive for 90% of the days in 2004, compared with 85% in 2003 and 74% in 2002. Trading losses did not exceed VaR for any day during the year. Average daily trading revenue (TEB)[1] was $3.5 million in 2004, compared with $3.7 million in 2003 and $2.5 million in 2002. The trading revenue (TEB)[1] and VaR backtesting graph below compares the 2004 actual daily trading revenue (TEB)[1] with the previous day's VaR measures.

Frequency distribution of daily 2004 trading revenue (TEB) [1]



Backtesting of trading revenue (TEB) [1] **vs. VaR**



(1) For additional information, see Non-GAAP measures section. Trading revenue (TEB) charts exclude the impact of adjustments related solely to the internal reclassification of revenue.

Non-trading activities

Market risks also arise from our retail banking business, investment portfolios and other non-trading activities. We offer and originate a broad array of retail products with various market risk characteristics. Changes in market conditions, customer behaviour and competitive market pressures can have an impact on the market risk exposure and retail margins earned from these products. Foreign exchange exposures arising from structural on-balance sheet assets and liabilities and from investments in foreign operations are also included in non-trading activities.

The VaR by risk type table below shows the mix of non-trading risks by type and in aggregate (excluding the investment portfolio). These risks are interrelated and the diversification effect reflects the reduction of risk due to portfolio effects among the different positions. During 2004, risk levels were generally lower than in 2003, with the reduction concentrated primarily in interest rate risk due to the change in assumptions outlined in the Interest rate risk section below, and consistent with our strategy of retaining limited directional exposure in the asset/liability gap.

VaR BY RISK TYPE — NON-TRADING PORTFOLIO

	2004				2003			
$ millions, as at or for the years ended October 31	**Year-end**	**Average**	**High**	**Low**	**Year-end**	**Average**	**High**	**Low**
Interest rate risk	**$ 38.9**	**$ 42.4**	**$60.9**	**$30.2**	$ 43.0	$ 49.9	$64.4	$32.7
Interest rate risk (revised)[1]	**22.3**	**21.8**	**31.5**	**14.1**	—	—	—	—
Credit spread risk	**0.8**	**2.0**	**3.4**	**0.8**	3.3	4.0	6.9	2.6
Equity risk	**0.5**	**2.2**	**8.5**	**0.5**	2.4	2.9	5.7	1.5
Foreign exchange risk	**1.2**	**0.7**	**4.2**	**0.2**	0.7	1.8	5.2	0.7
Diversification effect[2]	**(2.6)**	**(5.1)**	**NM**[3]	**NM**[3]	(7.3)	(9.6)	NM[3]	NM[3]
Total risk	**$ 38.8**	**$ 42.2**	**$60.9**	**$29.9**	$ 42.1	$ 49.0	$63.7	$31.8
Total risk revised[1]	**22.3**	**21.5**	**31.3**	**14.0**	—	—	—	—

(1) As referenced in the Interest rate risk section below; revised measures calculated from January 2004.

(2) Aggregate VaR is less than the sum of the VaR of the different market risk types due to risk offsets resulting from portfolio diversification effect. The portfoliio diversification effect when using the revised interest rate risk is $(2.5) million and $(5.2) million for year-end and average, respectively.

(3) Not meaningful. It is not meaningful to compute a diversification effect because the high and low may occur on different days for different risk types.

Interest rate risk

Non-trading interest rate risk consists primarily of risk inherent in asset/liability management activities and the activities of domestic and foreign subsidiaries. Interest rate risk results from differences in the maturities or repricing dates of assets and liabilities, both on- and off-balance sheet, as well as from embedded optionality in retail products. This optionality arises predominantly from the prepayment exposures of mortgage products, mortgage commitments and some GIC products with early redemption features. A variety of cash instruments and derivatives, principally interest rate swaps, futures and options, are used to manage and control these risks. Derivatives are used to modify the interest rate characteristics of related balance sheet instruments and to hedge anticipated exposures.

Our total non-trading interest rate risk exposure, as at October 31, 2004, is included in Note 14 to the consolidated financial statements. On- and off-balance sheet assets and liabilities are generally reported based on the earlier of their contractual repricing date or maturity date. In 2004, we updated this disclosure to include the assumed interest rate sensitivity of certain assets and liabilities (including core deposits and credit card balances), reflecting how we manage our structural interest rate position. The effect of this change is shown separately in Note 14, and risk measures for 2004 are shown both with and without this revision. The interest rate position reported in Note 14 presents our risk exposure only at a point in time. Exposure can change depending on client preference for products and terms, including mortgage prepayment or other options exercised, and the nature of our management of the various and diverse portfolios that comprise the consolidated interest rate risk position.

Given our consolidated maturity and repricing portfolio profile at October 31, 2004, as adjusted for estimated prepayments, an immediate 1% increase in interest rates across all maturities would increase net income after taxes by approximately $100 million over the next 12 months, and increase common shareholders' equity as measured on a present value basis by approximately $220 million including structural assumptions noted above (decrease of approximately $194 million, excluding the impact of structural assumptions).

Credit spread risk

Non-trading credit spread risk arises primarily from portfolios of debt securities held for liquidity management purposes. Credit spread VaR is reported for marketable securities only, and excludes other non-trading credit-sensitive assets, such as loans.

Foreign exchange risk

Non-trading foreign exchange risk arises primarily from structural on-balance sheet assets and liabilities and from investments in foreign operations. Our approach to the structural foreign exchange position, and other non-trading foreign exchange risk, is designed to ensure this exposure is minimized.

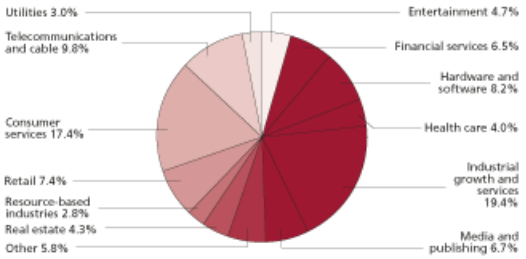
Equity risk

Non-trading equity risk arises primarily from merchant banking activities, as well as from equity-linked retail products, including embedded optionality, and associated hedges. A variety of cash instruments and derivatives, including equity swaps, futures and options, are used to manage and control these exposures.

Investment portfolio

We have $1.9 billion in the active and strategic merchant banking portfolios. Merchant banking investments are subject to oversight by the Investment Committee, as described in the Governance section. The active portfolio consists of $1.7 billion of debt, equity and private equity fund investments. This portfolio was down 22.7% from the prior year due to a combination of write-downs and sales efforts to reduce exposures. The portfolio is diversified from an industry perspective with 13 principal industry groups.

Active merchant banking portfolio industry diversification (1)



(1) The industry classifications represent those for debt and equity securities, including the underlying investees of the fund investments.

Non-exchange traded commodity derivatives

We control and manage our commodity derivatives risk through its VaR and stress testing methodologies as described earlier. The following table indicates the fair value based upon maturity of non-exchange traded commodity contracts:

$ millions, as at October 31, 2004	Positive	Negative	Net
Maturity less than 1 year	**$ 1,006**	**$ (971)**	**$ 35**
Maturity 1 — 3 years	**711**	**(706)**	**5**
Maturity 4 — 5 years	**322**	**(364)**	**(42)**
Maturity in excess of 5 years	**324**	**(402)**	**(78)**
Gross fair value of contracts	**$ 2,363**	**$ (2,443)**	**$ (80)**

During the year, we had exposure to energy and other commodity derivatives. Wherever possible, we independently verify the fair value of the positions using third-party pricing sources. In the event that these are not available, independently approved modelling techniques or other valuation methodologies are used. The table below summarizes the sources of the fair value of the commodity exposures.

SOURCES OF FAIR VALUE

	Gross fair value of contracts					
$ millions, as at October 31	Maturity less than 1 year	Maturity 1 – 3 years	Maturity 4 – 5 years	Maturity in excess of 5 years	2004 Total	2003 Total
Sources of fair value						
Quoted prices from external sources	$ 35	$ 5	$ 5	$ (41)	**$ 4**	$ (53)
Prices based upon models or other valuation methodologies	—	—	(47)	(37)	**(84)**	6
	$ 35	$ 5	$ (42)	$ (78)	**$ (80)**	$ (47)

MANAGEMENT OF OPERATIONAL RISK

Operational risk is the loss resulting from inadequate or failed processes or systems, human factors, or external events.

Infrastructure

Under our integrated internal control framework, businesses have responsibility for the day-to-day management of operational risk, which is inherent in all of our activities. TBRM is responsible for measuring, monitoring and controlling operational risk on an organization-wide basis and also for ensuring that businesses are managing operational risk in compliance with policies, procedures and standards that were affirmed by the RMC and the Operations and Administration Committee (OAC) during 2004.

The OAC directs the management of operational risk and oversees the effectiveness of our internal control framework within the parameters and strategic objectives established by the SET. The SET is accountable to the Board and its Audit and Risk Management Committees for maintaining a strong and disciplined internal control environment, which provides reasonable assurance of prudent operational risk management and an effective internal control structure.

Our infrastructure groups support the businesses in this regard by maintaining a comprehensive self-assessment process that encompasses measuring, monitoring and controlling the effectiveness of controls. The results of this self-assessment are reported to the Board, the Audit Committee, the SET and the OAC. Our independent Internal Audit function also plays an important role in the governance process by regularly reporting to the Audit Committee, the SET and the OAC on the effectiveness of, and adherence to, internal control policies, procedures and standards.

Policies, procedures and standards

We have a comprehensive set of policies, procedures and standards that are designed to measure, monitor and control operational risk associated with people, processes and systems, and to promote a sound internal control structure across the organization. Operational risks driven by people and processes are mitigated through human resource policies and practices, and procedural controls, respectively. Operational risks driven by systems are managed through controls over systems development and change management. As a result, people, processes and systems are managed so that operational risk is controlled at acceptable levels, given our strategy and the environment in which we operate.

While operational risk can be minimized through a sound internal control structure, it can never be fully eliminated. In the event that an operational risk results in a loss, we seek to cover the loss through earnings, capital and, for certain types of losses, insurance. Furthermore, the risk of catastrophic loss is covered through risk avoidance and control programs that reduce the probability or potential severity of such losses to acceptable levels. We maintain a comprehensive corporate insurance program to protect our earnings from potential high-severity losses arising from criminal activity, property loss or damage, and liability exposures. We evaluate each type of coverage on the basis of a cost-benefit analysis. We also have a global business continuity plan in place to ensure that our key business functions will continue and normal operations will be restored effectively and efficiently in the event of a major disaster affecting our operations. The business continuity plan is regularly updated and tested. Our insurance, business continuity management and other related programs are overseen by TBRM.

Enhancing the management of reputation and legal risk continues to be a focus and is overseen by the Financial Transactions Oversight Committee, which was established in February 2004 in accordance with the commitments we made in our agreements with OSFI, the U.S. Department of Justice (DOJ), and the Federal Reserve Bank of New York. Work continues to ensure that policies and procedures that support reputation and legal risk management are sustainable.

We have in place a corporate environmental management program to ensure responsible conduct towards the environment in all activities, and to safeguard the interests of the organization and its stakeholders from all forms of environmental risk.

Measurement, monitoring and control

We have developed and continue to enhance our operational risk measurement methodology with the objective of receiving regulatory approval to attribute operational risk capital using the Advanced Measurement Approach in respect of the Bank for International Settlements (BIS) Capital Accord proposals, effective November 1, 2007. This measurement methodology uses historical loss information, where available, supplemented by scenario analyses, to produce loss event frequencies and severities. These loss event frequencies and severities (or combined expected losses) are used to determine the operational risk component of economic capital that is attributed to all of our business lines and infrastructure groups. In line with BIS proposals, our operational risk measurement methodology attributes operational risk capital to expected losses arising from the following event types:

- Legal liability (with respect to third parties, clients and employees)
- Client restitution
- Regulatory, compliance and taxation violations
- Loss or damage to assets
- Transaction processing errors, and
- Theft, fraud and unauthorized activities

MANAGEMENT OF LIQUIDITY, OFF-BALANCE SHEET ARRANGEMENTS, CONTRACTUAL OBLIGATIONS AND CAPITAL RESOURCES

MANAGEMENT OF LIQUIDITY RISK

Liquidity risk arises from our general funding needs and in the management of our assets and liabilities. It is the risk of having insufficient cash resources to meet current financial obligations without raising funds at unfavourable prices or selling assets on a forced basis.

We manage liquidity risk according to policies that seek to maintain sufficient liquid financial resources to continually fund our balance sheet and meet all of our funding obligations in all market environments on an ongoing, daily basis and in the most cost-effective manner possible.

Liquidity risk is actively managed with a view to exposure containment and mitigation.

Infrastructure

The Board establishes liquidity risk parameters that recognize the credit-sensitive nature of our business activities and that depositor confidence is critical. Global liquidity management within CIBC is the responsibility of TBRM. The established management framework consists of policies, limits and independent monitoring structures governing major regional funding centres and operating subsidiaries in North America, Europe and Asia.

As we operate in a variety of jurisdictions and through various subsidiaries, the liquidity management framework is designed to ensure compliance with applicable regulatory restrictions and to ensure appropriate liquidity in each region and subsidiary.

Policies, procedures and standards

Our liquidity policies and standards are reviewed and approved annually by the RMC. Limits are established on net cash outflows in both Canadian dollars and foreign currencies, and minimum liquid asset inventories, and guidelines are set to ensure adequate diversification of funds. Policies, procedures and standards govern measurement requirements and define approved liquidity limits. The policy framework includes clearly defined change control processes for management information systems development and implementation, and TBRM participation in all new initiatives requiring funding. The RMC is informed of current and prospective liquidity conditions, ongoing monitoring measures and the implementation of enhanced measurement tools.

Measurement, monitoring and control

Liquidity measurement is integral to the containment of risk exposure through the use of a prudent distribution of liability maturities, to ensure manageable net cash outflows in any given time horizon. The measurement of our liquidity reflects our estimates and judgment pertaining to the behaviour of clients under certain market conditions.

Our measurement systems provide daily monitoring of both actual and anticipated inflows and outflows of funds generated from on- and off-balance sheet exposures. These measurement systems generate detailed liquidity reports, subject to independent monitoring and review.

We maintain and periodically update a liquidity contingency plan for responding to stress events. While normal daily funding requirements are addressed by the liquidity risk management framework, stress event impacts are measured through scenario analyses, performed periodically on cash flow assumptions. Scenarios are designed to measure the potential impact of abnormal market conditions on the liquidity risk profile and further enhance insight into potential liquidity risk exposures.

Term funding sources and strategies

We are a major banking intermediary in Canada. A major intermediary provides the working capital needs of the economy and is a major participant in both the payment system and in the domestic capital markets.

On a consolidated basis, we prudently manage our liquidity so that we are able to meet both short-term and long-term cash requirements. Ongoing funding for current operations is managed within a set of short-term net cash outflow limits and individual depositor concentration guidelines.

Strategies include well-diversified sources of funding, an active program of wholesale funding term extension, asset securitization initiatives, capital and subordinated debt issuance, and maintenance of segregated pools of higher-quality liquid assets that can be sold or pledged as security to provide a ready source of cash. Collectively, these strategies result in lower short-term wholesale funding needs.

Planning for funding requirements under liquidity stress events includes liquidity stress modelling. By stressing our balance sheet under various liquidity event scenarios, we can plan responses that ensure the availability of sufficient funds without having to access wholesale markets for additional funding for a specified period.

We obtain funding through wholesale and retail sources. Access to wholesale funding sources, and the cost of that funding, are dependent on various factors, including credit ratings. A reduction in these ratings could adversely affect the cost of funding or trigger increased collateral requirements for derivative transactions. Over the past year, our wholesale funding spreads have not materially changed and our credit ratings have remained constant.

Consistent with liquidity risk mitigation strategies, we have continued to expand and diversify our funding sources by client, currency, type and geographic location. In particular, we have enhanced our term funding with a range of maturity profiles and funding

instruments. We use derivative instruments in the management of liquidity risk and funding to help achieve our desired interest rate risk profile.

Core personal deposits remain a prime source of dependable retail funding for the balance sheet. As at October 31, 2004, Canadian dollar deposits from individuals totalled $72.0 billion.

In addition to the issuance of unsecured wholesale debt, we have historically securitized various financial assets, including credit card receivables and guaranteed residential mortgages.

We also address potential liquidity risk exposure through the maintenance of segregated term-funded pools of unencumbered high-quality liquid assets. These liquid assets may be sold or pledged to secure borrowings to provide a readily available cash source. Liquid assets as at October 31, 2004, totalled $84.8 billion and included cash of $1.0 billion, securities of $54.4 billion, deposits with banks of $11.2 billion and $18.2 billion of securities borrowed or purchased under resale agreements.

In the course of our regular business activities, certain assets are pledged as part of collateral management, including those necessary for day-to-day clearing and settlement of payments and securities. Pledged assets as at October 31, 2004, totalled $22.5 billion. An organization-wide pledging policy has been implemented and includes consolidated aggregate net maximum pledge limits for financial and non-financial assets.

Liquidity of our major subsidiaries is continually evaluated, factoring in foreign jurisdiction regulatory restrictions, and operational, tax, economic and other business impediments around movement of funds between subsidiaries and the domestically regulated parent bank. This enables us to manage and minimize the existence of pockets of "trapped liquidity."

We consider our liquidity profile to be sound and there are no known trends, demands, commitments, events or uncertainties that are likely to materially change our current liquidity position.

OFF-BALANCE SHEET ARRANGEMENTS

We enter into several types of off-balance sheet arrangements in the normal course of our business. These off-balance sheet arrangements include VIEs, derivatives, credit-related arrangements and guarantees.

Variable interest entities

In June 2003, the CICA issued AcG-15, "Consolidation of Variable Interest Entities." In August 2004, a revised guideline (AcG-15R) was issued to ensure that AcG-15 was harmonized with FIN 46R, its U.S. GAAP equivalent. AcG-15R provides guidance for applying consolidation principles to certain entities that are subject to control on a basis other than ownership of voting interests. AcG-15R is effective for annual and interim periods, beginning on or after November 1, 2004.

VIEs are used for securitizing our own assets or third-party assets. VIEs are an important part of the financial markets, providing market liquidity by facilitating investors' access to specific portfolios of assets and risks. VIEs may be formed as corporations, partnerships, limited liability companies or trusts. In a securitization, an entity transfers assets to a VIE in exchange for cash. A VIE may also buy certain predefined assets for cash in the marketplace (where the seller may at times be CIBC). The VIE will fund these purchases by issuing ownership interests and debt securities in the form of commercial paper and other evidence of indebtedness to third-party investors. VIEs can be structured to be bankruptcy remote, thereby insulating investors from the impact of the creditors of other entities, including the asset seller. Investors can benefit from, and have recourse to, the VIE assets, such as a cash collateral account and over-collateralization in the form of excess assets, a liquidity facility or a guarantee facility. Accordingly, the VIE may obtain a more favourable credit rating from rating agencies than the transferor could obtain for its own debt issuance, resulting in lower financing costs.

Securitization of our own assets

Securitization of our own assets provides us with an additional source of liquidity. It may also reduce our risk exposure and provide regulatory capital relief. Securitizations are accounted for as asset sales only when we surrender control of the transferred assets and receive consideration other than beneficial interests in the transferred assets. Accounting standards require a determination to be made as to whether the VIE should be consolidated into our financial statements. Where the criteria for allowing recognition of the securitization as a sale of assets and for non-consolidation for financial reporting purposes are met, we record the sale. When such asset sales occur, we may retain residual components of the securitized assets, such as interest-only strips, one or more senior or subordinated tranches of debt and cash reserve accounts, all of which are considered retained interests in the securitized assets. We periodically review the carrying value of these retained interests for impairment and when a decline in value is identified that is other-than-temporary, the affected carrying amount is written down to its fair value. We continue to service all securitized assets after transfer. As at October 31, 2004, the total amount of securitized assets outstanding, which we continue to service, was $15.1 billion and associated retained interests amounted to $412 million. During the year, we recorded $191 million in securitization revenue, which included $52 million from gains on sale of securitized assets. Expenses arising from securitizations are not significant.

Credit card receivables

Credit card receivables are securitized through trusts in Canada and the U.S., which are established to purchase the receivables with the proceeds of securities issued by the trust. We sell receivables to the trusts on a non-recourse basis but continue to maintain credit card client account relationships and provide servicing for receivables sold to the trusts. Our credit card securitizations are revolving

securitizations, with new credit card receivables sold to the trusts each period to replenish receivable amounts as clients repay their balances. We retain some risk of loss with respect to the receivables held by the trusts to the extent of our retained interests. In addition, we may hold subordinated notes issued by the trusts. These trusts meet the criteria for a Qualifying Special Purpose Entity pursuant to AcG-12, "Transfers of Receivables" and, accordingly, as the transferor of the credit card receivables, we are precluded from consolidating these trusts.

In Canada, trusts are established to purchase credit card receivables from CIBC. We are one of several underwriters that distribute securities issued by the trusts. We may provide credit enhancement to the trust through over-collateralization and also arrange for a third party to provide credit enhancement to the trust through a letter of credit. In some instances, we may hold the subordinated notes issued by the trust. As at October 31, 2004, total assets in the trusts were $1.7 billion, all of which had been sold to investors via trust-issued securities, except for $92 million of subordinated notes which we hold. In addition, we retained seller interests in the trust in the form of interest-only strips, representing future excess spreads, that arose from the calculation of gain or loss at the time assets were sold to the trusts. In 2004, we sold $1.4 billion of credit card receivables through a securitization transaction to a trust. We received cash proceeds of $1.4 billion and retained the rights to future excess interest on the receivables with a carrying value of $8 million. In addition, we hold $92 million of subordinated notes in the trust. There was no significant gain or loss, net of transaction costs. In addition, we acted as the structurer and lead underwriter for the transaction and retained servicing responsibilities for the securitized credit card receivables and recognize revenue as these services are provided. During the year, we recorded $39 million in securitization revenue from the securitized Canadian credit card receivables.

In the U.S., through our credit card subsidiary Juniper, we have sold credit card receivables through a bankruptcy remote corporation to a trust that is established to purchase the receivables via trust-issued securities. We have provided credit enhancement to the trust by retaining a subordinated interest in the trust, funding cash reserve accounts and subordinating our accrued interest receivable. Third-party underwriters sponsor facilities that purchase certificates from the trust. These purchased securities are combined with larger pools of third parties' securitized assets from which securities are issued to investors. As at October 31, 2004, total assets in the trust were $1.4 billion, all of which had been sold to investors via trust-issued securities except for $30 million of subordinated interests in the trust which we hold. During the year, we securitized $159 million of U.S. credit card receivables and recorded $53 million in securitization revenue. As at October 31, 2004, retained interests amounted to $63 million in the form of subordinated interests, accrued interest receivables, cash reserve accounts and interest-only strips. We rely on securitizations to fund approximately 90% of our Juniper credit card business. On August 18, 2004, we announced the sale of Juniper to Barclays Bank PLC and the transaction closed on December 1, 2004. Upon closing, our arrangement and relationship with the securitization trust ceased.

Residential mortgage loans

We securitize certain fixed- and variable-rate residential mortgage loans through the creation of mortgage-backed securities. Substantially all of the securities are sold through the Canada Mortgage Bond Program, sponsored by Canada Mortgage and Housing Corporation, to a trust that issues bond-like securities to investors. We maintain the client account relationships and continue to service the securitized loans. There are no expected credit losses on the securitized loans as they are guaranteed. We also enter into swap arrangements with the trust to exchange monthly cash flows from the securitized assets into non-amortizing bond cash flows with fixed interest payments and principal at maturity. Cash flows from the swap arrangements relating to principal repayments on the securitized assets are used to purchase replacement assets for the trust. During the year, we securitized $7.9 billion of guaranteed residential mortgage loans through the creation of mortgage-backed securities. We subsequently sold $7.3 billion, including replacement assets from the swap arrangements under the Canada Mortgage Bond Program, and recorded $96 million in securitization revenue, including gains on sale of $52 million. We retained no seller interest in the trust, except for the interest-only strips calculated at the time of securitization. During the year, we also recorded income of $29 million from the swap arrangements in other non-interest income. As at October 31, 2004, outstanding securitized residential mortgage loans were $11.8 billion and retained interests amounted to $231 million.

Other assets

We have also securitized commercial mortgage loans in prior years and retain some risk of loss from these securitizations to the extent of our retained interests. As at October 31, 2004, outstanding securitized commercial mortgage loans were $100 million and retained interests amounted to $11 million. During the year, we recorded $3 million in securitization revenue from the securitized commercial mortgage loans.

For additional details of our securitization activities involving our own assets and the sensitivity analysis on the retained interests, see Note 6 to the consolidated financial statements.

Securitization of third-party assets

We administer several VIEs in Canada that purchase pools of third-party financial assets, such as CDOs, mortgages, trade receivables, loans and credit cards. These VIEs are commonly referred to as multi-seller conduits. These conduits provide third parties with access to liquidity in the debt capital markets by allowing them to sell assets to the conduits, which fund the purchases through the issue of

commercial paper or other notes to investors. Third parties that transfer assets to the conduits may continue to service the assets, and may be exposed to credit losses realized on these assets, typically through over-collateralization of the conduits with the assets sold to it or other retained interests. We have no ownership interests in these conduits. The conduits may obtain credit enhancement from third-party providers. We may provide commercial paper backstop liquidity facilities, credit enhancements, securities distribution, accounting, cash management and operations services. We may be required to provide funding under the liquidity facilities in the event that funding for such conduits becomes unavailable in the debt market. We are not required to fund under the liquidity facilities to the extent that the assets in the conduits are in default. We may also act as the counterparty to derivative contracts entered into by the conduits in order to convert the yield of the underlying assets to match the needs of the conduits' investors or to limit or change the interest rate risk of the conduit. All fees earned in respect of these activities are on a market basis. At October 31, 2004, these Canadian conduits had assets of approximately $11.1 billion.

We also act as an administrator or financial advisor to conduits that purchase clients' financial assets.

In addition, we may provide liquidity facilities together with other financial institutions, hold notes in, and act as counterparty to derivative contracts entered into by third-party administered conduits.

Although actual losses are not expected to be material, our maximum exposure to loss as a result of involvement with these conduits was approximately $17.0 billion. For this purpose, maximum exposure to loss is considered to be the amount of liquidity facilities, credit enhancements and investments in these conduits.

We act as structuring and placement agent for certain asset-backed investment vehicles, known as CDOs. We receive market-rate fees for these activities. In addition, we may lend to, or invest in, the debt or equity tranches of these CDOs. In a number of transactions structured on behalf of clients, we first purchase the collateral at their request and warehouse them until the CDO transaction is completed. CIBC or a third-party manager typically manages the CDO's collateral, which generally consists of rated debt securities, on behalf of equity and debt investors. Any net income or loss is allocated to the CDO's equity investors; further losses, if any, are allocated to the debt investors in reverse order of seniority. The creditors of the CDOs have no recourse to our general credit. Although actual losses are not expected to be material, our maximum exposure to loss as a result of involvement with the CDOs was approximately $485 million. For this purpose, maximum exposure to loss is considered to be the amount of liquidity facilities provided to, and investments in, the CDOs. The total assets in these CDOs at October 31, 2004, amounted to approximately $11.9 billion.

For the year ended October 31, 2004, revenue from all of the above activities amounted to approximately $41 million.

Other financial transactions

We provide a wide range of financial products, including structured notes and other financial instruments, for institutional and private banking clients, including VIEs as counterparties, as well as retail clients. These financial products are created, from time to time, using a VIE as issuer or obligor of the financial products. We may provide certain administrative services and other financial facilities to the VIEs in exchange for market-rate compensation. In all cases, we would have nominal or no ownership interest in such VIEs.

We are the sponsor of several mutual and pooled funds, in the form of trusts. We are the administrator of these funds. In addition, we may act in other capacities, including custodian, trustee and broker. We earn fees at market rates from these trusts. We do not guarantee either principal or returns to investors in these funds, except in very limited circumstances.

We act as a trustee of a number of personal trusts and have a fiduciary responsibility to act in the best interests of the beneficiaries of the trusts. We earn a fee for acting as a trustee.

We participate in transactions to modify the cash flows of trusts managed by third-party asset managers to create investments with specific risk profiles, or to assist clients in the efficient management of other risks. Typically, these involve the use of derivative products, which transfer the risks and returns to or from a trust.

Derivatives

We use derivatives for both trading and asset/liability management (ALM). For further details, see Note 22 to the consolidated financial statements. In addition, Note 1 to the consolidated financial statements explains how we account for both trading and ALM derivatives.

Credit-related arrangements

The table below summarizes our credit-related arrangements. For a detailed description of these arrangements, see Note 24 to the consolidated financial statements.

CREDIT-RELATED ARRANGEMENTS

	Contract amounts expiration per period					
$ millions, as at October 31	**Less than 1 year**	**1 – 3 years**	**4 – 5 years**	**Over 5 years**	**2004 Total**	**2003 Total**
Lines of credit[1]	$ 44,516	$ 4,774	$ 3,047	$ 633	**$52,970**	$ 79,837
Securities lending	33,813	—	—	—	**33,813**	27,156
Guarantees and standby letters of credit	3,950	515	802	1,732	**6,999**	8,350
Documentary and commercial letters of credit	165	15	—	2	**182**	137
Other[2]	568	—	—	—	**568**	362
	$ 83,012	$ 5,304	$ 3,849	$ 2,367	**$94,532**	$115,842

(1) Includes irrevocable lines of credit totalling $39.6 billion (2003: $65.0 billion), of which $31.2 billion (2003: $55.4 billion) will expire in one year or less, and excludes personal lines of credit, and credit card lines, as the lines are short-term in nature and are revocable at our discretion.

(2) Includes forward asset purchases.

Guarantees

We enter into various guarantee contracts. For a detailed description of guarantees, see Note 24 to the consolidated financial statements.

CONTRACTUAL OBLIGATIONS

The following table includes aggregated information about our contractual obligations:

CONTRACTUAL OBLIGATIONS[1][2]

$ millions, as at October 31, 2004	**Less than 1 year**	**1 – 3 years**	**3 – 5 years**	**Over 5 years**	**Total**
Subordinated indebtedness	$ 25	$ —	$ —	$ 3,864	**$ 3,889**
Investment commitments[3]	737	—	—	—	**737**
Operating leases	344	548	383	1,071	**2,346**
Purchase obligations[4]	463	665	460	61	**1,649**
Deposits[5]	146,415	25,087	14,491	4,584	**190,577**
Pension contributions[6]	103	—	—	—	**103**
	$148,087	$26,300	$15,334	$ 9,580	**$199,301**

(1) Includes obligations that are enforceable and legally binding on CIBC.

(2) Excluded from the table are a number of obligations to be settled in cash, primarily under one year. These obligations are reflected on our consolidated balance sheets and include: securities lent or sold under repurchase agreements; securities sold short; purchases of debt and equity instruments that settle within standard market timeframes (e.g. regular way); derivatives payable that do not require physical delivery of the underlying instrument; and certain purchases of instruments that result in settlement failures.

(3) As an investor in merchant banking activities we enter into commitments to fund external private equity funds and investments in equity and debt securities at market value at the time the commitments are drawn. As the specific timing of future investment commitments is non-specific and callable by the counterparty, obligations have been included as less than one year.

(4) Obligations that are legally binding agreements whereby we agree to purchase products or services with specific minimum or baseline quantities defined at fixed, minimum or variable prices over a specified period of time are defined as purchase obligations. Purchase obligations are included through to the termination date specified in the respective agreements, even if the contract is renewable. Many of the purchase agreements for goods and services include clauses that would allow CIBC to cancel the agreement prior to expiration of the contract within a specific notice period. However, the amount above includes CIBC's obligations without regard to such termination clauses (unless actual notice of CIBC's intention to terminate the agreement has been communicated to the counterparty).

(5) As the specific timing of deposits payable on demand, and deposits payable after notice, is non-specific and callable by the depositor, obligations have been included as less than one year.

(6) Subject to change since contribution decisions are affected by various factors, such as market performance, regulatory requirements, and management's ability to change funding policy. Also, funding requirements after 2005 are excluded due to the significant variability in the assumptions required to project the timing of future cash flows.

MANAGEMENT OF CAPITAL RESOURCES

Capital resources comprise common and preferred shareholders' equity and subordinated debt. For regulatory purposes, minority interests and general allowance for credit losses are added, and goodwill and certain specified investments are deducted. Capital is managed in terms of amount and structure in accordance with our own capital policies and OSFI guidelines.

Infrastructure

Capital strength is vital to our safety and soundness. It protects our depositors and creditors from risks inherent in our various businesses, and enables us to take advantage of attractive business opportunities. It also enables us to maintain a favourable credit standing, facilitating the raising of capital and funding on attractive terms.

TBRM is responsible for managing capital in our legal entities, as well as in the consolidated bank, and for ensuring that we remain well capitalized.

Policies, procedures and standards

Policies and associated guidelines are approved annually by the Board, and are intended to balance the need to be well capitalized with a cost-effective capital structure.

Management of capital resources

Consistent with our policies and guidelines, we continually rebalance our capital by redeeming and refinancing preferred shares and debentures. Overall, the mix of capital instruments has normally not been materially different from year to year. With the introduction of new accounting standards, however, certain preferred share structures, for example those with a holder's option to convert to common shares, may be gradually replaced by alternative capital instruments, such as trust preferred securities or perpetual preferred shares with no conversion features. The following were the main capital initiatives undertaken in 2004:

Share repurchase program

Under the terms of a normal course issuer bid, which commenced on December 24, 2003, we repurchased and cancelled approximately 18.4 million common shares during the period ended October 31, 2004 for an aggregate consideration of $1.2 billion.

Subsequent to year-end, on November 4, 2004, we announced our intention, subject to receiving all necessary stock exchange approvals, to commence a normal course issuer bid after the expiry of the current bid on December 23, 2004. Under the new bid, we intend to repurchase for cancellation, from time to time over the 12 months from the commencement of the bid, up to an aggregate of 17 million shares.

Issuance

- Common shares: Pursuant to stock option plans, 3.7 million new common shares were issued for a total consideration of $162 million for the year ended October 31, 2004.

- Preferred shares: On June 17, 2004 we issued 13.3 million Non-cumulative Class A Series 28 Preferred Shares with a par value of $10.00 each for an aggregate amount of $133 million. Subsequent to year-end, on November 1, 2004, holders elected to convert 11.7 million of these shares, with an accompanying payment of $15.00 per share, into the same number of fully paid Non-cumulative Class A Series 29 Preferred Shares with a par value of $25.00 each. The Series 28 Preferred Shares so converted were cancelled.

- Subordinated indebtedness: On May 6, 2004, we issued $750 million principal amount of 4.25% subordinated indebtedness due June 1, 2009. On September 14, 2004, we issued $500 million principal amount of 4.50% subordinated indebtedness due October 15, 2009.

Redemptions/maturities

- Preferred shares: On August 3, 2004, we redeemed all 12 million outstanding Non-cumulative Class A Series 15 Preferred Shares at a price of $26.00 per share for an aggregate consideration of $312 million. On October 29, 2004, we redeemed all 5.5 million outstanding Non-cumulative Class A Series 16 Preferred Shares at a price of US$25.50 per share for an aggregate consideration of US$140 million. On October 29, 2004, we redeemed all 6.5 million outstanding Non-cumulative Class A Series 17 Preferred Shares at a price of $25.50 per share, for an aggregate consideration of $166 million.

- Subordinated indebtedness: On October 21, 2004, we redeemed our $400 million 6.50% debentures due October 21, 2009. On February 10 and March 10, 2004, the remaining $1 million of our 11.125% debentures and $67 million of our 7.10% debentures, respectively, matured and were repaid.

Dividends

Common and preferred share dividends are declared quarterly at the discretion of the Board. Our common share dividend policy is reviewed periodically and approved by the Board. From the end of 2003, we increased our quarterly common share dividend from $0.41 per share to $0.60 per share. The declaration and payment of dividends is governed by Section 79 of the Bank Act.

Measurement, monitoring and control

Regulatory capital

Regulatory capital requirements are determined in accordance with guidelines issued by OSFI. Total regulatory capital is the sum of Tier 1 and Tier 2 capital less certain deductions.

The components of our regulatory capital are shown in the table below. Tier 1 capital decreased by $362 million during 2004, reflecting the net effect of common share repurchases, dividends paid, preferred share issuance and redemptions, changes in foreign currency translation adjustments, shares issued pursuant to stock option plans, and capital generated from operations. Tier 2 capital increased by $526 million from 2003, mainly due to the net effect of issuance and redemptions of subordinated indebtedness. Including the effect of prescribed adjustments to regulatory capital, our total regulatory capital decreased by $280 million during 2004.

REGULATORY CAPITAL

$ millions, as at October 31	2004	2003	2002
Tier 1 capital			
Common shares	**$ 2,929**	$ 2,950	$ 2,842
Contributed surplus	**59**	50	26
Foreign currency translation adjustments	**(376)**	(180)	42
Retained earnings	**7,745**	7,601	6,335
Non-cumulative preferred shares	**2,826**	3,132	2,759
Non-controlling interests in subsidiaries	**39**	21	111
Goodwill	**(1,055)**	(1,045)	(1,078)
	12,167	12,529	11,037
Tier 2 capital			
Perpetual debentures	**428**	488	594
Preferred shares — other	**—**	225(1)	329(1)
Other debentures (net of amortization)	**3,435**	2,621	2,900
General allowance for credit losses (2)	**1,015**	1,018	1,107
	4,878	4,352	4,930
Total Tier 1 and Tier 2 capital	**17,045**	16,881	15,967
Securitization-related deductions	**(308)**	(299)	(174)
Investments in unconsolidated subsidiaries and other substantial investments	**(1,852)**	(1,417)	(1,497)
Total capital available for regulatory purposes	**$14,885**	$15,165	$14,296

(1) Represents the amount of non-cumulative preferred shares in excess of 25% of Tier 1 capital.

(2) The maximum amount of general allowance for credit losses eligible for inclusion in Tier 2 capital is 0.875% of risk-weighted assets.

Risk-weighted assets

Risk-weighted assets arising from credit risk are calculated by applying the weighting factors specified in OSFI guidelines to all on-balance sheet assets and off-balance sheet instruments. Risk-weighted assets reflecting market risk in the trading portfolio are calculated based on our VaR simulation models approved by OSFI.

As shown in the table below, our risk-weighted assets were $116.0 billion as at October 31, 2004.

RISK-WEIGHTED ASSETS

$ millions, as at October 31	2004 Amount	Risk-weighted amounts 2004	2003	2002
On-balance sheet assets				
Cash and deposits with banks	**$ 12,203**	**$ 1,111**	$ 804	$ 1,027
Securities issued or guaranteed by Canada, provinces, municipalities, OECD banks and governments	**36,838**	**176**	253	426
Other securities	**30,478**	**2,594**	3,611	5,049
Securities borrowed or purchased under resale agreements	**18,165**	**850**	957	464
Loans to or guaranteed by Canada, provinces, territories, municipalities, OECD banks and governments	**3,922**	**199**	292	504
Mortgage loans	**77,560**	**28,430**	25,356	22,570
Other loans	**56,021**	**56,534**	54,657	60,933
Acceptances	**4,778**	**4,010**	4,348	5,557
Other assets	**38,799**	**6,649**	8,641	7,832
Total on-balance sheet assets	**$ 278,764**	**$100,553**	$ 98,919	$104,362
Off-balance sheet instruments				
Credit-related arrangements				
Lines of credit	**$ 52,971**	**$ 3,780**	$ 4,677	$ 7,601
Guarantees and letters of credit	**7,181**	**3,128**	4,456	4,758
Securities lending	**33,813**	**234**	190	133
Other	**568**	**541**	357	367
	94,533	**7,683**	9,680	12,859
Derivatives	**1,173,317**	**3,665**	5,128	5,476
Total off-balance sheet instruments	**$1,267,850**	**$ 11,348**	$ 14,808	$ 18,335
Total risk-weighted assets before adjustments for market risk		**$111,901**	$113,727	$122,697
Add: market risk for trading activity (1)		**4,049**	2,613	3,838
Total risk-weighted assets		**$115,950**	$116,340	$126,535

(1) Under the BIS 1998 Capital Accord, trading assets are subject to market risk calculations.

Regulatory capital ratios

Regulatory capital ratios are determined by dividing Tier 1 and total regulatory capital by total risk-weighted assets. As at October 31, 2004, our Tier 1 ratio was 10.5% and the total capital ratio was 12.8%. These ratios are well in excess of OSFI's target Tier 1 and total capital ratios of 7% and 10%, respectively. The capital ratio targets presented in A balanced scorecard section (see page 4 of this Annual Accountability Report) were established in accordance with our capital policies. Financial institutions must also meet an assets-to-capital multiple test. Our multiple was 17.9 times, within CIBC's permitted maximum provided by OSFI.

CAPITAL RATIOS AND ASSETS-TO-CAPITAL MULTIPLE

As at October 31	2004	2003	2002
Tier 1 capital	**10.5%**	10.8%	8.7%
Total capital	**12.8%**	13.0%	11.3%
Assets-to-capital multiple	**17.9**x	17.6x	18.3x

BASEL II CAPITAL ACCORD

Bank regulators, under the auspices of the Basel Committee on Banking Supervision, have introduced new rules for the calculation of regulatory capital that enhance risk measurement and sensitivity to on- and off-balance sheet activities. These changes will bring regulatory capital into closer alignment with economic capital, that is, the capital required to support the underlying risk of the asset or activity. Regulatory capital will, for the first time, include a charge for operational risk. In addition, the new rules will permit wider discretion by bank regulators to increase or decrease capital requirements in line with the circumstances of individual banks. The new rules will require greater transparency of risk management information intrinsic to underlying risks and capital adequacy. The domestic implementation framework and timetable have been established by OSFI. This timetable requires banks to be in compliance with, and operate under, the new framework from November 1, 2007. In this regard, we are making the appropriate enhancements to risk management and financial information, systems and operations.

Business Environment and Other

ECONOMIC

The North American economic expansion continued in 2004, with both the U.S. and Canada benefiting from the stimulus of historically low interest rates.

Canada's economy shook off the negative shocks that impeded 2003 performance. Spurred on by strong resource prices and a healthy U.S. economy, an export-led acceleration in growth was evident through the spring, despite a moderation in economic growth south of the border in the face of higher gasoline prices. Energy-rich provinces in the west generally outpaced central and eastern Canada.

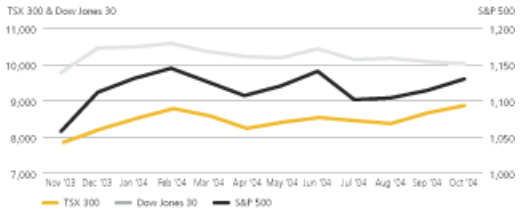
Aside from energy prices, inflation remained quite tame in both the U.S. and Canada. Nevertheless, central banks on both sides of the border judged interest rates too stimulative for economies that were making progress in absorbing earlier economic slack. Short-term interest rate hikes were led off by the Federal Reserve, with the Bank of Canada adding quarter point hikes of its own in September and October, and talking of more to come.

Longer-term bond yields moved higher in both the U.S. and Canada by mid-year, but evidence of an energy-induced economic slowdown in the U.S., and a moderation in core inflation, saw longer-dated bond yields retreat in late summer. Mortgage rates remained low by historic standards, boosting our mortgage lending business. Steadily rising housing prices and near record employment rates lifted household incomes and wealth, supporting volumes in our consumer credit businesses.

Corporate profits grew briskly in North America. In the U.S., strong productivity growth widened margins. Faster growth also lifted Canadian corporate profits, particularly for resource producers, where higher U.S. dollar product prices more than offset a related rise in the Canadian dollar to its strongest levels in over a decade. Healthier income and balance sheets led to a substantial tightening in corporate and high-yield debt spreads. This improved credit market tone and the stronger general business environment helped our corporate lending and merchant banking businesses, and aided in the disposition of our loans held for sale. Agriculture was a notable exception due to the U.S. border closure to Canadian cattle exports.

Equity markets had anticipated 2004 earnings gains in a healthy 2003 rally. That left the broad U.S. market moving largely sideways through the first three quarters of calendar 2004, with the Toronto Stock Exchange (TSX) faring significantly better, led by its proportionately larger energy sector.

Stock price indices



Mortgage rates and existing home sales(1)



(1) Source: The Canadian Real Estate Association

Outlook

Both Canada and the U.S. are expected to see reasonably healthy economic growth in 2005, in the 2 3/4 – 3 1/2% range for real GDP. High energy prices in a tight global oil market will serve as a braking force on the U.S. economy. With core consumer price index (CPI) inflation staying near 2%, the economic drag from energy prices could put off more aggressive Federal Reserve interest rate hikes until at least 2006.

As an energy exporter, Canada will see a smaller but still negative impact from the run-up in crude oil prices. Also, the negative impact on exporters of a strong Canadian dollar, and a levelling off in automotive and building materials markets, will provide additional dampening on growth. As in the U.S., these braking forces and tame core CPI inflation will allow the Bank of Canada to opt for a slower pace to interest rate hikes, with the potential for a pause in rate hikes by early 2005. Even so, consumer lending and mortgage activity will likely grow at a slower pace after brisk, interest rate-driven activity in the past year.

The absence of year-over-year gains for most resource prices will see a deceleration in corporate earnings growth in Canada and, as is typical for a maturing expansion, corporate earnings growth is also expected to slow in the U.S. This could potentially result in a modest widening in corporate credit spreads. Sustained low unemployment rates in Canada should maintain generally favourable conditions for consumer credit quality and consumer confidence.

Index of consumer confidence (1)



(1) Source: The Conference Board of Canada, quarterly averages

REGULATORY

We are subject to complex and changing legal and regulatory environments in Canada and other countries. Our principal regulators include the federal, provincial and territorial governments in Canada, as well as the governments of the U.S. and other countries where we conduct business. Our activities are also regulated by securities regulators, such as the Canadian Securities Administrators (CSA) and the U.S. Securities and Exchange Commission (SEC); stock exchanges, such as the TSX and New York Stock Exchange (NYSE); and various self-regulatory organizations. Important regulatory developments which affected us in 2004 are described below.

Corporate governance

Canadian and U.S. regulators continued to propose and adopt new laws relating to corporate governance, continuous disclosure, and director and officer accountability.

In Canada, the CSA proposed guidelines on corporate governance standards and implemented rules affecting our public disclosure documents, including our Annual Accountability Report, annual information form and management proxy circular. In addition, many of the provincial securities regulators adopted rules regarding Audit Committee responsibilities and certification of financial reports by the Chief Executive Officer and Chief Financial Officer. These rules and proposals derive from the Sarbanes-Oxley Act (SOX) in the U.S., including the SEC's implementing rules and the NYSE's corporate governance standards.

In the U.S., the Public Company Accounting Oversight Board published new guidelines for the assessment of internal control over financial reporting. These guidelines are the basis for complying with the requirement under SOX for management of a public company to report on the effectiveness of internal control over financial reporting. In this Annual Accountability Report, we have included our management's report on internal control over financial reporting and an attestation by our external auditors regarding management's report. We are providing this report and including this attestation voluntarily, one year ahead of our compliance deadline.

Subsequent to year-end, the NYSE issued amendments to its corporate governance rules. We have included in this Annual Accountability Report a comparison of our corporate governance practices in relation to NYSE's revised rules.

We monitor these regulatory developments and continually assess, review and, where appropriate, enhance our compliance processes, corporate governance practices and internal controls to address regulatory developments. For a description of our corporate governance initiatives during 2004, see the Governance section.

Basel II

The Basel Committee on Banking Supervision has provided guidance for changes to bank capital requirements for implementation by regulators in Canada and other jurisdictions. We are working on the implementation of these changes. For additional details, see the Basel II Capital Accord section.

OTHER

Financial and other instruments

As a leading North American financial institution that offers a broad range of products and services across retail banking, wealth management and investment banking, CIBC originates, manages and trades financial and other instruments on a routine basis to serve client needs while generating earnings through net interest, trading, investment and other fee income.

Types of financial instruments involved include deposits, securities, loans, financial derivatives, acceptances, repurchase agreements, subordinated debt and preferred shares. Other instruments include commodity contracts. See Notes 3, 4, 5, 10, 12, 13, 22, 23, 24 and 25 to the consolidated financial statements for details on these instruments.

Financial and other instruments are used for both trading and non-trading activities.

Trading activities include the purchase and sale of securities, and transacting in foreign exchange and other derivative instruments as a result of facilitating client needs and in the course of taking proprietary trading positions. We take limited proprietary trading positions in the interest rate, foreign exchange, debt, equity and commodity markets, with the objective of earning income by taking advantage of market pricing inefficiencies or by correctly anticipating future changes in these markets.

Non-trading activities generally include the business of lending, making investments, funding and asset/liability management.

Lending activities involve the origination of multiple types of loans including personal, business, government, credit card and mortgages for the generation of interest as well as fee income.

Instruments held for investment comprise debt and equity securities, including investments held in the merchant banking portfolio, originally purchased with the intention of holding to maturity or for a pre-determined period of time, which may be sold in response to changes in investment objectives arising from changing market conditions.

To provide for funding needs for CIBC, financial instruments, such as deposits, subordinated debt and preferred shares, are taken or issued.

Securitization of our own financial assets, such as mortgages and credit card receivables, provides us with another source of funding. It may also reduce our risk exposure and provide regulatory capital relief. See Note 6 to the consolidated financial statements for details on securitizations.

Derivatives, such as interest rate swaps, futures, forward rate agreements and option contracts, are utilized for asset/liability management purposes. These instruments are used for hedging activities or to modify interest rate characteristics of certain on-balance sheet assets and liabilities, and as hedges of firm commitments of anticipated transactions.

The usage of financial and other instruments may either introduce or mitigate exposures to market, credit and/or liquidity risks. See the Management of risk section for details on how these risks are managed.

Financial and other instruments are accounted for according to their purposes. Trading securities and trading derivatives are recorded at fair value in the consolidated financial statements. Investment securities are accounted for on a cost or an amortized cost basis, and adjusted to reflect other-than-temporary declines in value, on the consolidated balance sheets. Derivatives in effective hedge relationships are accounted for within the consolidated statements of income in the same manner as the underlying financial instrument whose risk is being hedged. Derivatives that cannot be qualified for hedge accounting but are retained for economic hedging purposes are recorded at fair value in non-interest income. Income and expenses arising from financial and other instruments are generally recorded within interest income, interest expense and/or non-interest income.

For significant assumptions made in determining the valuation of financial and other instruments, see the Critical accounting policies and estimates section.

Changes in accounting policies

Hedge accounting

On November 1, 2003, we adopted the CICA AcG-13, "Hedging Relationships," and the Emerging Issues Committee abstract (EIC) 128, "Accounting for Trading, Speculative or Non-Hedging Derivative Financial Instruments." AcG-13 provides detailed guidance on the identification, designation, documentation and effectiveness of hedging relationships, for the purposes of applying hedge accounting and the discontinuance of hedge accounting. EIC-128 requires that any derivative financial instrument not designated within an AcG-13 compliant hedging relationship be measured at fair value with changes in fair value recorded in income.

Upon the adoption of AcG-13, all hedging relationships that ceased to be eligible for hedge accounting were terminated as of that date. In compliance with the transitional provisions of AcG-13, the difference between the carrying and fair values of all hedging instruments in these hedging relationships was deferred for amortization over the hedge terms, ranging primarily from one to five years. The impact of recognizing derivatives at fair value in respect of hedge relationships that were terminated as of November 1, 2003, resulted in an increase in derivative instruments market valuation assets and liabilities of $763 million and $920 million, respectively, and an increase to other liabilities and other assets of $763 million and $920 million, respectively.

Equity-linked deposit contracts

On November 1, 2003, we adopted the CICA AcG-17, "Equity-linked Deposit Contracts." The guideline pertains to certain deposit obligations, such as equity-linked GICs or equity-linked notes where the deposit obligation varies according to the performance of certain equity levels or indices. These deposit obligations may be subject to a guaranteed minimum redemption amount, such as the obligation to return the investor's initial investment at maturity. Under AcG-17, we separate or bifurcate the equity-linked deposit contracts into an embedded derivative and a residual discounted deposit instrument. The embedded derivative is measured at fair value with changes in fair value recorded in other non-interest income. The discounted deposit instrument is accreted to par principal value at maturity with the expense recorded in interest expense. Upon adoption of AcG-17, the change in carrying value of the deposit obligations and any adjustments resulting from the cessation of hedge accounting have been credited to opening retained earnings. This resulted in a $6 million after-tax credit to opening retained earnings ($9 million pre-tax).

Mortgage commitments

Concurrent with the November 1, 2003 adoption of AcG-13, we voluntarily changed our accounting policy for residential mortgage interest rate commitments. These commitments are given out to our retail clients at no charge in contemplation of borrowing to finance the purchase of homes under mortgages to be funded by CIBC in the future. These commitments are usually extended for periods of up to 90 days and generally entitle the borrower to receive funding at the lower of the interest rate at the time of the commitment and the rate applicable at funding date. We use financial instruments, such as interest rate derivatives, to economically hedge our exposure to an increase in interest rates. Under this change in accounting policy, we carry both our liability to the retail client (based on an estimate of the commitments expected to be exercised) and the associated economic hedges at fair value with changes in the fair value of both recorded in other non-interest income. In addition, as the commitments are an integral part of the mortgage, both their initial fair value and their fair value upon funding, if any, are recognized over the life of the mortgages that result. The impact of this change in accounting policy on consolidated financial statements was not significant.

Generally accepted accounting principles

On November 1, 2003, we prospectively adopted the CICA handbook section 1100, "Generally Accepted Accounting Principles." The section establishes standards for financial reporting in accordance with GAAP, and provides guidance on sources to consult when selecting accounting policies and determining appropriate disclosures when a matter is not dealt with explicitly in the primary sources of GAAP. As a result of the adoption of this section, the following changes in accounting policies were applied prospectively:

- We began to equity-account for investments held in the merchant banking portfolio, where we have an ability to exert significant influence in the decision making process of the investee. The impact of the change on the consolidated financial statements was not significant.
- We commenced the treasury stock method of accounting for CIBC share positions held within trading portfolios. As a result, common shares increased by $11 million as at October 31, 2004 and contributed surplus increased by $6 million, during the year.
- Beginning November 1, 2003, any debt or deposit instruments issued by CIBC that are held within trading portfolios are treated as a reduction of the appropriate debt or deposit obligation. Upon subsequent resale of the instrument, any gains or losses are deferred and amortized over their remaining lives. The impact of the change on the consolidated financial statements was not significant, and
- Certain payment clearing amounts due from and due to financial institutions previously included in other liabilities are treated separately as cash and deposit liabilities with banks, respectively. The impact of the change on the consolidated balance sheets was not significant.

Future accounting policy changes

Variable interest entities

In June 2003, the CICA issued AcG-15, "Consolidation of Variable Interest Entities." In August 2004, a revised guideline (AcG-15R) was issued to ensure that AcG-15 was harmonized with FIN 46R, its U.S. GAAP equivalent. AcG-15R provides guidance for applying consolidation principles to certain entities that are subject to control on a basis other than ownership of voting interests. AcG-15R is effective for annual and interim periods, beginning on or after November 1, 2004.

We are considered the primary beneficiary of entities with assets of approximately $2.7 billion. This change in accounting policy is expected to result in an after-tax credit to opening retained earnings of $14 million ($24 million pre-tax). We have determined that we are not the primary beneficiary of Canadian multi-seller conduits that we administer. We are also not considered the primary beneficiary of mutual funds and personal trusts administered by us. We continue to monitor developments that may affect our current interpretation of AcG-15R.

Liabilities and equity

In January 2004, the CICA issued amendments to handbook section 3860, "Financial Instruments — Disclosure and Presentation." The amendments require that contractual obligations which can be settled at the issuer's option by issuing a variable number of the issuer's own equity instruments be presented as liabilities rather than equity. Dividend payments arising from such financial instruments will be treated as an interest expense within the consolidated statements of income. This change in accounting policy will be applied retroactively, and is effective beginning November 1, 2004.

The amended standard will require us to classify our preferred shares that are convertible into common shares at the option of the

holder as a liability, rather than as equity, within the consolidated balance sheets. Our Class A Preferred Shares Series 19—23, with a carrying value of $1.0 billion will be presented as liabilities, beginning November 1, 2004. Interest expense is expected to increase by $58 million and preferred share dividends is expected to decrease by $58 million, for the year ended October 31, 2005. The change will not have any impact on earnings per share or net income available to common shareholders.

In February 2004, OSFI confirmed that any preferred shares outstanding as at January 31, 2004, will continue to be eligible as Tier 1 capital for as long as they remain outstanding, thus not affecting CIBC's capital ratios.

Related-party transactions

In the ordinary course of business, we provide normal banking services to and enter into contractual arrangements and other transactions with affiliated companies on terms similar to those offered to non-related parties. Loans, at varied rates and terms, are made to directors, officers and employees.

For further details, see Note 21 to the consolidated financial statements.

Outstanding share data

OUTSTANDING SHARE DATA

	Conversion for common shares			
As of November 25, 2004	**CIBC's conversion date**	**Shareholders' conversion date**	**Shares outstanding No. of shares**	**$ millions**
Class A Preferred Shares				
Series 18	not convertible	not convertible	12,000,000	$ 300
Series 19	April 30, 2008	April 30, 2013	8,000,000	200
Series 20	October 31, 2005	April 30, 2008	4,000,000	118
Series 21	July 31, 2005	July 31, 2010	8,000,000	200
Series 22	July 31, 2005	July 31, 2010	4,000,000	118
Series 23	October 31, 2007	July 31, 2011	16,000,000	400
Series 24	January 31, 2007	not convertible	16,000,000	400
Series 25	July 31, 2007	not convertible	16,000,000	400
Series 26	April 30, 2008	not convertible	10,000,000	250
Series 27	October 31, 2008	not convertible	12,000,000	300
Series 28	not convertible	February 1, 2005(1) May 1, 2005(1)	1,518,773	15
Series 29	May 1, 2010	not convertible	11,731,227	293
Common shares			347,587,122(2)	$ 2,973

(1) Convertible into one Series 29 Preferred Share upon surrender of one Series 28 Preferred Share, exercise of one Series 29 Preferred Share Purchase Warrant and cash payment of $15.00.

(2) Includes treasury shares outstanding as at October 31, 2004.

Each series of Class A Preferred Shares, except as noted in the table above, provides CIBC and the shareholders with the right to convert the shares to CIBC common shares on or after a specified conversion date. Each share is convertible into a number of common shares determined by dividing the then applicable cash redemption price by 95% of the average common share price (as defined in the short form prospectus or prospectus supplement), subject to a minimum price of $2.00 per share. Where shareholders exercise their conversion right, we have the right, subject to OSFI's consent, to elect to redeem for cash any shares tendered for conversion or to arrange for their cash sale to another purchaser.

On June 17, 2004, we issued 13.3 million Preferred Share Units for a total consideration of $133 million. Each Preferred Share Unit consists of one Non-cumulative Redeemable Class A Series 28 Preferred Share with a par value of $10.00 and one Non-cumulative Redeemable Class A Series 29 Preferred Share Purchase Warrant. The holder of a Series 28 Preferred Share has the right to convert on November 1, 2004, February 1, 2005 or May 1, 2005, such Series 28 Preferred Share into 0.4 of a Non-cumulative Redeemable Class A Series 29 Preferred Share, provided such holder concurrently exercises one Warrant. The concurrent exercise of one Warrant together with a payment of $15.00 per Warrant will entitle the holder to acquire 0.6 of a Series 29 Preferred Share. Consequently, each Preferred Share Unit will entitle the holder to obtain one fully paid and freely tradeable Series 29 Preferred Share with a par value of $25.00. All conversion rights of the holder of a Series 28 Preferred Share and all Warrants that have not been exercised for any reason by May 1, 2005 will terminate.

Subsequent to year-end, on November 1, 2004, 11.7 million Class A Series 28 Preferred Shares were converted into Class A Series 29 Preferred Shares, together with the exercise of the same number of Warrants.

Exhibit B.3(d): Other Pages of 2004 Annual Accountability Report incorporated in Annual Information Form

- **"CIBC-at-a-Glance" 14-19**
- **"Public Accountability Statement" 21-41**
- **"Principal Subsidiaries" 156**
- **"Supplementary Annual Information" 157-166**
- **"Governance" 168-171**
- **"Transfer Agent and registrar" 197**

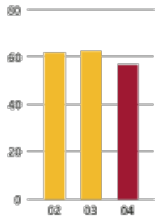
CIBC Retail Markets

Putting Clients First

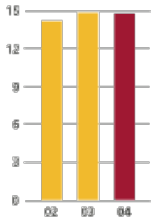
“Buying my home with the help of CIBC has made a big difference in my life. My branch manager put me at ease and helped me to see that I could achieve my goal. She also made the process quick and easy.”

Sandy Davidson
Lagoon City, Ontario

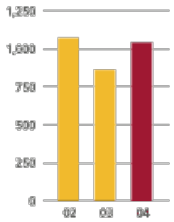
Efficiency ratio
(%)



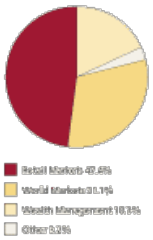
Residential mortgages market share
(%)



Net income
($ millions)



Share of net income



Where we're going — Our goal is to help our individual and small business clients achieve the things that matter most to them. To achieve our goal, we continue to focus on proactively meeting our clients' financial needs at every stage of their lives, creating an environment where employees can excel and improving our efficiency and processes.

Our clients

We are committed to providing an unparalleled client experience — through the best products and services, client-focused delivery channels, efficient processes and highly skilled staff.

This year, we launched the new CIBC Unlimited Chequing Account, which provides unlimited everyday account transactions for a flat monthly fee, and the new CIBC Everyday™ Chequing Account, which offers a lower-fee alternative for clients with basic banking needs. We also launched CIBC Express Switch™ Service, allowing clients to easily transfer their preauthorized debits and payroll credits from other financial institutions. Our small business clients continue to benefit from the CIBC Self-Employed Recognition Mortgage™. In our Cards business, we introduced CIBC Club Privileges Travel™ benefits to the Aerogold VISA* Card and Aerogold VISA* Card for Business. To help our clients achieve financial security, we enhanced our product offer at President's Choice Financial (PCF), with a range of creditor insurance products to complement the PCF suite of lending products.

We continued to upgrade our delivery channels with the opening of seven new flagship branches and with significant renovations to four existing branches, transforming them into flagships. We increased the proportion of full-time Customer Service Representatives and introduced CIBC Branch Ambassadors across the country, who greet and assist our clients when they enter a CIBC branch. We also enhanced our online banking website, making our clients' online banking experience better.

We continued to invest in employee training and technology to strengthen client relationships and improve client satisfaction. This year, CIBC expanded our award-winning e-learning program for our branch employees coast-to-coast.

Our people

We’re giving our employees the tools, coaching, processes and incentives to make each client experience a great one. Our employees understand their critically important role in building client loyalty and achieving our strategic goals. To help them succeed, we have introduced a range of learning and development opportunities. This year, our employees completed more than 100,000 training courses.

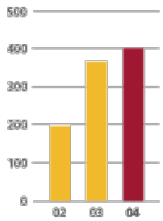
CIBC Wealth Management

Putting Clients First

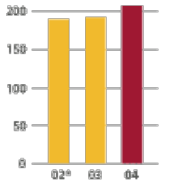
“Our advisor understands our needs and makes financial planning and investing simple. She doesn’t sell us products. She listens to us, thinks about our finances from our point of view and recommends things that work for us. As the owners of four restaurants, we recognize good customer service. Our advisor makes us feel like valued clients and gives us confidence in our financial future.”

Stephanie and Maurizio Bertossi
Halifax, Nova Scotia

Net income
($ millions)

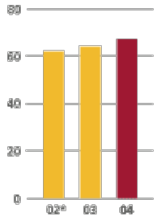


Assets under administration
($ billions)



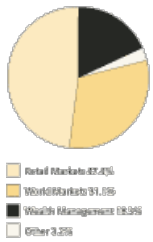
* excludes U.S. Oppenheimer

Assets under management
($ billions)



* excludes U.S. Oppenheimer

Share of net income



Where we're going — We are committed to becoming the leader in client relationships. We will do this by providing superior financial advice and tailored products and services to help clients realize their financial goals. We will further strengthen our advisors' capabilities through continued training and accreditation; and, to ensure that our clients can realize the benefits of our advice, we remain focused on providing industry-leading financial solutions.

Our clients

Our success depends on building strong and lasting relationships with clients. To accomplish this, we focus on tailoring our business to meet clients' needs at varying stages of life and levels of affluence; providing clients with quality advice; and developing industry-leading products.

Clients who prefer to work with a single, branch-based advisor are served through CIBC Imperial Service. This year we made it easier and more convenient for clients to deal with us through improved online and telephone banking. In addition, our focus on strengthening CIBC Imperial Service advisors' capabilities has resulted in CIBC having more branch-based Certified Financial Planner accredited advisors than any other bank — enabling us to provide clients with comprehensive financial planning advice.

CIBC Wood Gundy supports clients seeking in-depth investment expertise with 1,400 advisors — more than any other full-service Canadian brokerage. In 2004, we focused on reinforcing our relationships with clients, helping to earn an industry-leading client satisfaction ranking for the firm. We continue to provide clients with access to industry-leading investments including managed solutions and products from CIBC World Markets.

CIBC Private Wealth Management™ provides customized investment management, private banking, and estate planning solutions in Canada and overseas.

And, CIBC Investor's Edge™ meets the needs of self-directed investors who prefer to manage their investments online. In 2004, we improved our website to enhance the client experience and satisfaction.

In addition to offering the highest quality advice, we concentrate on helping our clients realize their financial goals by delivering competitive investment products to fulfill our advice. This year, we launched new products such as CIBC Escalating Rate GICs™ and we enhanced mutual fund reporting for clients. In CIBC Wealth Management, we remain focused on tailoring our products to clients with varying investment objectives, levels of wealth and time horizons.

Our people

In 2004, we maintained our focus on creating an environment where employees can build strong, tenured relationships with clients. To achieve this we continued to streamline processes, enabling employees to spend more time with clients. And, we improved advisors' access to research and information to expand their knowledge and ability to service clients' needs. We aim to foster a culture of leadership and learning, enabling employees to realize their potential.

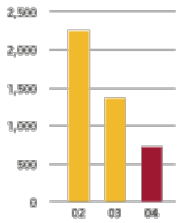
CIBC World Markets

Putting Clients First

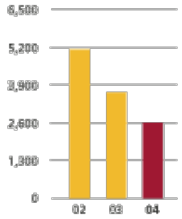
"YPG has evolved at an unprecedented pace over the last two years, having gone through a $3.0 billion leveraged buyout, then raising $5.6 billion in financing less than a year later. CIBC World Markets has taken a leadership role in our transactions and has followed us every step of the way. They have been an ideal partner given their blend of industry knowledge and capital markets capabilities."

Marc P. Tellier, President and CEO
Yellow Pages Group

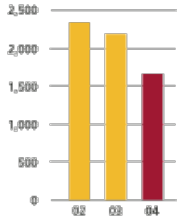
Large corporate credit risk
($ millions)



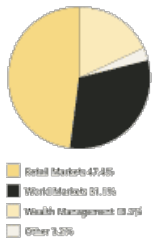
Economic capital
($ millions)



Merchant banking private equity outstandings
($ millions)



Share of net income



Where we're going — CIBC World Markets' strategic focus is to drive earnings growth and returns by concentrating resources and efforts within our core business areas. In Canada, our objective is to maintain our market leadership by leveraging our capability, strong distribution and resources in support of our clients. In the U.S., we will continue our focus on mid-market investment banking as well as targeted sales and trading activities. Internationally, we will direct resources to activities that are aligned to our North American businesses.

Our clients

CIBC World Markets' client-focused strategy paid off in 2004 as we were again the top performing Canadian investment bank in equity underwriting, income trusts, and domestic mergers and acquisitions advisory, while in the U.S. we continued to solidify our mid-market position in both equities and mergers and acquisitions.

In Canada, CIBC World Markets led or participated in many of the biggest deals of the year, including acting as joint bookrunner and co-lead manager in the largest equity underwriting deal in Canadian history, Petro-Canada's $3.2 billion secondary offering. Other deal highlights included acting as joint bookrunner and co-arranger on debt financing for Alimentation Couche-Tard's US$804 million acquisition of The Circle K Corporation and as lead manager in UE Waterheater Income Fund's $361 million initial public offering (IPO) in Canada. CIBC World Markets was also the exclusive financial advisor to Connors Bros. Income Fund in its $800 million combination with Bumble Bee Holdings L.P. and the sole bookrunner on the $263 million unit trust offering by Connors Bros. used to provide financing for the combination.

Other significant Canadian deals included acting as exclusive financial advisor to Manitoba Telecom Services Inc. in its acquisition of Allstream Inc., and as the co-lead agent and sole bookrunner for the deal's financing of $350 million in medium-term notes.

In the U.S., CIBC World Markets introduced its leading income trust capabilities with Volume Services America Inc.'s US$252 million Income Deposit Securities IPO. The U.S. real estate finance group co-led five Commercial Mortgage Backed Securities offerings valued at US$5.3 billion and originated US$1.8 billion of the loans sold into these offerings with other participants contributing the balance.

Internationally, assignments included acting as the lead global coordinator for 3i Group plc and Veronis Suhler debt financing of Yellow Brick Road, a leading European directory business. We also acted as joint global coordinator and joint bookrunner on Findexa Limited's Income Deposit Securities IPO.

Our people

Our team of close to 2,500 employees around the world is key to our success. Working in highly disciplined cross-functional teams, our professionals provide industry expertise, focused market advice, and targeted financial solutions to meet the unique business challenges of our clients. In 2004, we made further investments in professional development and training opportunities to further enhance the capabilities and skills of our people at every level of the organization. Our business successes are testimony to the strength and commitment of our team and the depth of our talent.

Public Accountability Statement

Our Clients

At CIBC, we are in business to help our clients achieve what matters to them. We are developing innovative products and services so that they receive a range of financial solutions that meet their needs. Fulfilling our commitment to long-term value creation for all of our stakeholders means paying attention to the unique needs of our diverse client groups. This section highlights the progress we are making in providing affordable and accessible banking products and services, advancing the goals of our small business clients and actively engaging the Aboriginal community.

Please refer to page 22 for more detailed information.

Our People

CIBC is committed to becoming the employer of choice in Canada's financial services industry. Creating a supportive work environment that is fair and inclusive is central to our commitment to build sustainable value for our stakeholders. Our holistic approach to managing human resources combines CIBC's business priorities with meeting the diverse needs of our employees. It will also help us to develop a high performance culture that sets us apart from our competitors.

Please refer to page 30 for more detailed information.

CIBC in the Community

At CIBC, we are determined to make a difference in the lives of Canadians by having a positive, enduring impact on the communities where our clients and employees work and live. Through corporate donations, community sponsorships, gifts in-kind and the volunteer efforts of our employees, giving back to the community is an important part of our culture. We're dedicated to playing our part to strengthen Canada's communities and to improve the quality of life of its citizens.

Please refer to page 34 for more detailed information.

CIBC and the Environment

CIBC acknowledges that as a major financial institution we have an impact on the environment and society, and we recognize our responsibility for managing environmental issues responsibly. We are committed to policies, procedures and initiatives to minimize the impact of our operations on the quality of the air, land and water and to integrate environmental risk evaluation into our credit assessment process. In this way, we contribute to the health and well-being of all of our stakeholders and a sustainable future for CIBC.

Please refer to page 38 for more detailed information.

Our Clients

CIBC's vision is to be the leader in client relationships. We provide personal and business banking solutions across Canada to individuals, small businesses, and the Aboriginal community. To increase our value to clients, we're creating new products, improving our service, upgrading our delivery channels, becoming more efficient and working to gain a better understanding of our clients' needs.

"Our clients are our priority. Everything we do is focused on helping our clients achieve what matters to them."

Jill Denham
Vice Chair, CIBC Retail Markets

Affordable Accessible Banking

Affordable banking choices

With the CIBC Everyday Chequing Account, fixed- and variable-rate mortgages, and service packages for seniors, students and youth, CIBC offers a wide range of affordable banking options.

President's Choice Financial

Canadians can access competitive financial products and services through the President's Choice Financial offer. This low-cost banking option is available at ABMs, over the telephone, on the Internet and at on-site pavilions in select Loblaw Companies stores across Canada.

Revitalizing branches

In 2004, CIBC opened new flagship branches in seven locations in British Columbia, Alberta, Manitoba, Ontario and Quebec.

ABMs

With the largest bank ABM network in Canada, we provide clients greater access to their accounts through this channel.

Special needs

We're committed to a barrier-free banking environment. All of CIBC's new branches are fully wheelchair accessible and CIBC Access for All™ ABMs are installed to make banking easier for clients with special needs.

Affordable banking

At CIBC, we're committed to meeting the needs of every client. For Canadians living on modest incomes, the CIBC Everyday Chequing Account provides clients with up to 10 transactions included in the low monthly fee of $3.90, and $0.60 for each transaction after that. CIBC waives the monthly service fee of $3.90 when a minimum monthly balance of $1,000 is maintained. With our variable-rate CIBC Better Than Prime Mortgage™ or fixed-rate CIBC Better Than Posted Mortgage™, Canadians continue to have affordable mortgage choices in today's market.

CIBC also provides a range of service packages tailored to meet the banking needs of seniors, students and youth clients. The CIBC Advantage for Seniors program offers banking and travel advantages for clients 60 years of age and over. It includes free daily banking transactions and no monthly fee on the CIBC Everyday Chequing Account, and a discount on a safety deposit box rental. The CIBC Advantage for Students package offers up to 10 transactions on the CIBC Everyday Chequing Account for a low monthly fee of $1.95, and $0.30 for each transaction thereafter. The monthly service fee of $1.95 is waived when a $1,000 minimum monthly balance is maintained. For our banking clients under 19 years, the CIBC Advantage for Youth package offers free daily banking on the CIBC Premium Growth™ Account.

President's Choice Financial

CIBC's unique banking offer, President's Choice Financial (PCF), a co-venture with Loblaw Companies Limited, is a quality, low-cost banking option for clients looking for an alternative to traditional banking services. PCF customer associates provide clients with a wide range of competitive financial products and services at in-store pavilions and over the telephone. Clients can also access their accounts through ABMs and over the Internet.

There are 201 staffed President's Choice Financial pavilions and 17 remote pavilions, located at select Loblaw Companies Limited stores across Canada. In 2004, CIBC introduced President's Choice Financial creditor insurance products to its existing product line, to help protect clients' families and dependants in the event of death, disability or job loss. For a complete listing of pavilion openings and closings, see page 178.

Since President's Choice Financial launched in 1998, more than one million Canadians have signed on to this low-cost, high-value alternative — and the number continues to grow.

Accessibility

At CIBC, we want to improve the banking experience for all of our clients — across all of our delivery channels. Our priority is to make our banking products and services understandable and accessible to our clients, so that they bank with us in the way that suits them best. In 2004, CIBC implemented a number of initiatives designed to make banking more accessible to Canadians.

We upgraded our delivery channels to enhance service levels for our clients. We refurbished branches to deliver a better banking experience. We added new features and improved CIBC's Online Banking and Investor's Edge™ websites, including a simpler login process, better access to information for managing multiple accounts and easier-to-read screens with more transactions displayed on each page.

Branches

At CIBC, we are continually making adjustments to our branch network to meet changes in clients' banking habits and needs. We open new branches and close others based on detailed analyses of markets, demographic trends and client preferences. At the end of 2004, our national network consisted of 1,073 branches. For a complete listing of branches opened and closed in 2004, see page 178.

This year, CIBC continued its multi-year branch revitalization program. The new flagship branches that we're launching as part of this program are state-of-the-art facilities providing our clients with personal and business banking services, greater access to multiple delivery channels and extended operating hours. In major markets, we're replacing outdated or physically constrained branches with new, larger banking centres in nearby high-traffic areas.

During the year, CIBC opened seven new flagship branches in Edmonton, Alberta; Winnipeg, Manitoba; Kelowna, British Columbia; Woodbridge and Pickering, Ontario; and LaSalle and Rosemère, Quebec. In addition, four existing branch locations were converted to flagship branches in Regina, Saskatchewan; Mississauga and Toronto, Ontario, and Montreal, Quebec. When added to the locations in Toronto and Kitchener, Ontario and Pointe Claire, Quebec, opened in 2003, CIBC now has 14 flagship branches serving customers in six provinces across Canada.

In 2004, CIBC closed 40 branches, the vast majority of which were in urban locations. We're particularly sensitive to the special circumstances created by closures in rural areas. A decision to close rural branches is only taken after an exhaustive review of alternative options.

In every decision to close a branch, CIBC carefully considers the interests of the community, our clients and employees by:

- Assessing consumer usage patterns in the local market to identify the most appropriate alternative branch to serve affected clients
- Informing the community at large, including clients, employees, community leaders, politicians and government officials, of the decision to close the branch. Notice is given and the bank holds a community meeting to discuss the decision and to hear suggestions for helping the community to adjust.
- Assisting affected individual clients and groups, identifying their needs and the most appropriate branch in the market to serve them
- Making every effort to help employees affected by closures to find new positions within the organization, deploying them either to the branch where affected clients are being transferred or elsewhere in the CIBC network

We also continued to invest in branch technology upgrades, process enhancements and staff training across our national network. For example, we developed a comprehensive curriculum of 100 custom-built e-learning courses for our frontline employees, so that they have the opportunity to learn new skills to better serve clients.

ABMs

With over 328 million transactions in 2004, CIBC's ABM channel is the most popular point of access for our clients. At year-end, the CIBC group of companies continued to offer customers access to the largest bank ABM network in Canada. Our clients can bank at 2,165 ABMs in CIBC branches across the country and 1,971 non-branch locations, including participating 7-Eleven Canada, Inc. stores, Mac's Convenience Stores Inc., Sunoco Inc. and Ultramar locations and independent convenience stores. For a complete listing of ABM installations and removals, see page 178.

Special needs

CIBC is committed to a barrier-free banking environment. Through our CIBC Access for All program, all of our new branches are made fully wheelchair accessible.

Through the CIBC Access for All ABM program, we're also making banking easier for visually impaired clients, the elderly and persons that have restricted mobility. CIBC purchases new ABMs on an ongoing basis that meet the Canadian Standards Association guidelines for accessibility, and these are phased in as part of our machine replacement program.

At year-end, 610 branches had been equipped with at least one CIBC Access for All ABM. They're installed at a lower height, with curved parcel shelves for easier wheelchair access, grab bars for persons with mobility impairments, and improved task lighting. The machines are also equipped with audio jacks, allowing blind and partially sighted clients to use headsets and follow verbal instructions to complete their transactions. All of CIBC's ABMs display high contrast colours for better readability, especially for elderly and partially sighted clients.

CIBC also offers large print and Braille statements to customers who request them. CIBC's Telephone Banking service uses innovative speech recognition and Tele-Type Touch technology to provide clients with direct, 24/7 access to telephone banking. The technology allows them to conduct routine financial transactions, obtain information and purchase products or services.

Our service commitment to our clients

Our Service Commitment to You promises that we will respect the privacy and integrity of the information that our clients share with us and will treat our clients in a courteous, professional and respectful way at all times.

We deal with our clients in an honest and transparent manner by providing candid explanations of our service fees and talking openly with them at all times while honouring their right to privacy in all dealings with us.

Solving problems for our clients

Resolving client complaints to their satisfaction is an important priority for us. CIBC has an efficient process in place for resolving problems within 24 hours at the branch, or the complaint is referred to our Customer Care Centre that has the authority to resolve issues directly. This year, we substantially improved the resolution time for most escalated issues from 72 hours to 48 hours. We've also extended our Customer Care coverage to our Saturday branches, for timely resolution of any client complaints that may occur on weekends. CIBC has training modules to help employees better understand what clients experience when they have a complaint, learning how they can address their concerns more effectively.

The Office of the CIBC Ombudsman serves as an objective, independent intermediary to help CIBC's personal and small business customers resolve any concerns they have to their satisfaction after other avenues as set out in the bank's resolution process have been unsuccessful. The office uses feedback received from CIBC clients through this process to help management identify areas and issues in need of attention to improve the future experience of bank clients. For contact information, see page 198.

Small Business Banking

Committed to small business

We're committed to delivering an exceptional banking experience to clients. Our holistic approach to delivering financial services is designed to meet the personal and business requirements of entrepreneurs at every stage of business growth.

Accessible banking services

CIBC branches, ABMs, online and telephone delivery channels provide easy access to daily banking services for clients. Our small business employees provide clients across Canada with advice and service to meet personal and business financial requirements.

Meeting specialized needs

CIBC meets the specialized needs of small business clients in the agricultural sector and Aboriginal community.

Improved access to credit

Our newly enhanced fulfilment process for CIBC Small Business Credit Edge™ has reduced the amount of time it takes for approved clients to access their funds.

Encouraging growth

CIBC is a strong supporter of programs that encourage entrepreneurship and growth of small businesses.

Supporting Small Business

Small business is vital to the vibrancy and sustainability of Canada's economy. The rate of growth in the number of entrepreneurs is more than double that of private sector salaried employees. The CIBC Small Business Economic Report, published in September 2004 and entitled *Canadian Small Business —Back in High Gear* , notes that, as of July 2004, the ranks of Canada's self-employed grew to just under 2.5 million — and, by the end of the decade, it is expected that one in five Canadians will be self-employed.

Two striking developments are the emergence of "seniorpreneurs" as the fastest growing segment in the small business sector and the unmistakable pattern of small businesses getting smaller. During 2004, small business formation growth has been concentrated among entrepreneurs with fewer than five employees. And, small business owners 55 years and over currently account for one in four self-employed individuals in Canada. Since 2001, the number of organizations run by older Canadians has risen by 140,000 or 30%.

CIBC is committed to this dynamic and growing sector. For decades, CIBC has been a strong supporter of the small business sector and we continue to strive to be the #1 bank for small business in Canada. We are committed to delivering an exceptional banking experience that will make a difference to our clients.

Our goal is to meet all of the business and personal financial requirements of our clients at every stage of their business growth, from the startup phase and early development through to maturity and transition as the business changes hands. At each stage of evolution, entrepreneurs need access to different combinations of financial products, services and expert advice that will help them run their businesses more efficiently. As an example, for startup businesses, we offer a complete financial package, including daily business banking, access to easier borrowing solutions and valuable online resources, to help them get their businesses off to a great start.

Learning about our clients

As part of our ongoing efforts to better understand entrepreneurs and the factors at work in their lives, CIBC regularly researches and reports on the state of the small business sector. In 2004, the two most significant reports were the CIBC Small Business Economic Report, cited above and developed by CIBC World Markets, and our collaborative report with Decima Research. On the basis of these and other findings, we gain insights into the factors that affect entrepreneurs, industry trends and what we need to do to address their needs more effectively.

Making life easier for small business

CIBC's branches, online and telephone delivery channels provide easy access for our clients to meet their day-to-day banking requirements and to select the products and services they need. Also, CIBC's team of over 1,400 small business employees, located in Canada's major centres and rural communities across the country, provide clients with the financial advice, products and services they need to further their business and personal goals.

CIBC Small Business is also committed to serving Canadian small businesses with more specialized requirements. We have national networks of specialists dedicated to serving Canada's agricultural sector and assisting entrepreneurs in Aboriginal communities. Our Agricultural Banking Specialists have both small business banking expertise and significant farm experience and are experts in farm loans, general farm management and planning. At the same time, our Aboriginal Banking team and in-branch employees provide personal and business financial services to First Nations, Métis and Inuit entrepreneurs and their families.

CIBC's Franchise Finance Group provides franchisee customers with expert advice and a comprehensive selection of personal and business financial products and services through the national branch network. We also help to finance program arrangements with a large number of franchise systems.

Improving accessibility for small business

We have taken many steps this year to further improve small business clients' access to capital and banking services. Here are just a few examples:

- We have enhanced our credit application documentation and fulfilment process, making it more simple and straightforward. With CIBC Small Business Credit Edge, entrepreneurs can apply for up to $100,000 either as a loan or a line of credit, or a combination of both, through a simple application process. In 2004, new credit application and agreement forms, together with a new terms and conditions booklet, were developed to present important information more clearly and concisely. In addition, the fulfilment process was streamlined, further reducing the amount of time it takes for approved customers to access funds.

- To create better financing opportunities for Aboriginal businesses, CIBC is committed to working with the National Aboriginal Capital Corporation Association to provide advice and assistance that will help the association develop an Aboriginal Financial Institution loan syndication pool.

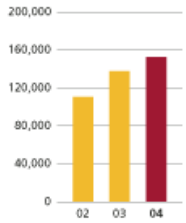
- The CIBC Self-Employed Recognition Mortgage, introduced in 2003, has been further enhanced to help more of Canada's entrepreneurs purchase a home. Approval is easier and takes the borrower's whole financial picture into account.

- A new sales tool introduced this year has significantly reduced the time it takes for our small business clients to open a new account. Forms for most small business accounts are now generated through web-based software that is simple, efficient and easy to use. Also, we redesigned our CIBC Business Operating Account™ statement to provide more information to clients clearly and succinctly. The new, easy-to-read statement includes an account summary, important new information on account changes, a cheque summary and any relevant updates about business banking at CIBC.

- To help business clients manage their cash flow more effectively, CIBC introduced a new Inter-Branch Deposit feature that enables them to make deposits at many CIBC branches for immediate credit to their CIBC Business Operating Account or U.S. Dollar Current Account. The new account feature provides significantly greater cash management flexibility than was previously available.

- In 2004, federal and provincial governments introduced the Canadian Agricultural Income Stabilization (CAIS) Program to help stabilize agricultural producers' income and to provide income disaster protection. To support this government program, CIBC launched the CIBC CAIS Deposit Account, an interest-bearing deposit-only account available to agricultural producers. Clients can make unlimited deposits at any CIBC branch or CIBC ABM and make inquiries and transfers into their CIBC CAIS Deposit Account through CIBC Telephone Banking, Online Banking and CIBC ABMs.

Borrowing customers with total authorizations under $100,000



CIBC's small business borrowing customers with total authorizations under $100,000 totalled almost 153,000 in 2004, up from just under 138,000 in the prior year and nearly 111,000 in 2002.

Community investment

In 2004, CIBC Small Business continued its wide-ranging support of national and regional programs that foster the growth of small business and encourage the development of entrepreneurship in Canada. Examples are listed below.

- We committed $1 million over 10 years to the University of Saskatchewan's College of Agriculture to develop a program in agricultural entrepreneurship. The curriculum will focus on commercialization of scientific research, economic development and agribusiness opportunities. It's designed to encourage agricultural entrepreneurship across the province, especially in rural and First Nations communities. CIBC's donation will also create bursaries for Aboriginal students. And, for each of the next 10 years, $10,000 will be earmarked for outreach activities to encourage First Nations economic and agribusiness development.

- In addition to our regional support of $120,000 in 2004, we reinforced our commitment to Junior Achievement of Canada with a three-year lead sponsorship of the Canadian National Junior Achievement Conference, starting in 2005. At the week-long conference, students will explore and discuss a business-related theme in an informal learning environment facilitated by guest speakers and local business representatives.

- CIBC continues to be an enthusiastic sponsor of Advancing Canadian Entrepreneurship. As a founding corporate sponsor and supporter of the organization since 1995, we're helping to build an entrepreneurial culture in Canada where innovation and creativity are valued. Through the CIBC Student Entrepreneur of the Year Award, we celebrate the commitment, determination and achievements of young entrepreneurs. The 2004 award was presented to Amanda Harburn for founding and operating Prestige Dance Academy Inc., a full-service dance studio for children and adults in Calgary.

- CIBC continues to support the efforts of the Canadian Women's Foundation (CWF) to create systemic change that will bring independence and economic self-sufficiency to women and girls in Canada. With a $600,000 donation over five years, CIBC has joined with a number of partners in contributing to the CWF Economic Development Collaborative Fund, to support a diverse portfolio of economic development projects in Canada. Components of the Collaborative Fund include grants, technical assistance, monitoring and evaluation, research, learning and policy work and the National Skills Institute. The goal of the Institute is to increase the effectiveness of community organizations in their economic development work with low-income women.

- In addition, we support organizations dedicated to fostering innovation and entrepreneurship. These include Canada's Outstanding Young Farmer Program, which celebrates the achievements of young farm operators, and the Canadian Youth Business Foundation that nurtures the development of entrepreneurship through mentoring and financial support.

Aboriginal Banking

CIBC is dedicated to building stronger relationships with Aboriginal Peoples in Canada by providing comprehensive financial services relevant to the needs of First Nations, Métis and Inuit individuals and businesses. Our holistic approach is designed to meet the growing demand for financial services and to improve the overall banking experience for our Aboriginal clients.

CIBC serves the Aboriginal community through our national branch network, including seven on-reserve branches and one agency, in communities across Canada. Our branch staff and experienced Aboriginal Banking team offer our clients informed advice and integrated financial solutions to meet their specialized requirements.

For individuals, CIBC provides personal financial products and services with distinct features that are appropriate for everyday banking needs. We have developed custom lending guidelines that recognize the unique legal and tax circumstances of Aboriginal Peoples. For example, adjustments to CIBC's credit adjudication process include a formula to "gross up" the income levels of Status Indians earning tax-exempt income on a reserve, and enhance the total debt service ratio used to calculate an individual's ability to repay the proposed loan and to service existing debt.

In 2004, CIBC reviewed its Aboriginal Banking business to satisfy the growing demand for products and services to meet financing needs both on- and off-reserve. The dramatic increase in Aboriginal entrepreneurship has led CIBC to focus on expanding its product offer to better meet the personal and business banking needs of clients.

To improve access to capital, CIBC's business loan adjudication process has been improved to meet the growing credit needs of Aboriginal business owners. Credit files are now centralized in one location and all Aboriginal credit decisions over $250,000 are adjudicated by a single, dedicated group of specialists with the expertise and resources to review applications efficiently and fairly.

To complement the enhanced credit process, CIBC has committed to make an investment to offer advice and assistance that will help the National Aboriginal Capital Corporation Association develop an Aboriginal Financial Institution (AFI) loan syndication pool to provide funding for Aboriginal businesses with borrowing needs over $250,000 that are too large for an individual AFI.

Community investment

CIBC has a long history of contributing to Canada's Aboriginal community. Support includes:

- The National Aboriginal Achievement Foundation, for its awards program, post-secondary scholarships, a youth career fair and Taking Pulse, where educators, governments, Aboriginal Peoples and the private sector examine ways to increase Aboriginal participation in the workforce
- The University of Winnipeg with a $275,000 commitment over five years to help establish a new Aboriginal Student Services Centre
- Canadian Executive Service Organization Aboriginal Services initiative for financial management training
- Innu community recreation centres at Sheshatshiu and Natuashish through the Innu Healing Foundation
- The Town of Inuvik in the Northwest Territories, to help build a family centre

Our People

Creating a supportive work environment where people can excel is fundamental to our strategy of becoming recognized as the leader in client relationships. The priorities of our global People Strategy are to ensure we have a supportive employee environment reflective of CIBC's vision, mission and values; to create effective recruitment and development plans to attract and develop the best people wherever we do business; to continuously enhance CIBC's performance focus through best-in-class performance management process and performance-based compensation; and, to contribute to the health and well-being of our people — both at work and in all aspects of their lives.

"At CIBC, we are building on our commitment to deliver long-term value for our stakeholders. Our holistic approach blends our business priorities with the diverse needs of our employees, empowering us to create a high-performance culture that nurtures a supportive employee environment and invests in the health and well-being of our people."

Joyce Phillips
Executive Vice-President, Human Resources

Creating a Supportive Work Environment

Supporting our employees

CIBC's Code of Conduct guarantees every employee the right to be respected, to receive fair and equitable treatment, and prohibits discrimination and harassment.

Achieving employment equity

CIBC is committed to employment equity and achieving the goal of full representation of women, visible minorities, persons with disabilities and Aboriginal Peoples. In 2004, CIBC was in compliance with all 12 of the statutory requirements of Canada's Employment Equity Act.

Attracting the best

In 2004, we invested almost $70 million to provide employees with tools and training. CIBC's Corporate Knowledge Network and business sites offer training and career development opportunities for employees.

Building performance

CIBC's Performance Management and Measurement process is an organization-wide tool to drive employee motivation and performance by helping staff to connect their individual contributions to CIBC's overall results.

Health and well-being

CIBC sets the industry standard with Employment Insurance top-up benefits during maternity, parental, adoption, and compassionate care leave. And through the CIBC Children's Centre, we provide emergency backup child-care when regular arrangements break down.

Fostering commitment — supportive employee environment

Increasing employee commitment is crucial for developing highly motivated, skilled and productive employees who share CIBC's vision and make a valued contribution to our organization. CIBC measures employee commitment through a bi-annual employee survey that allows us to track our progress over time, as well as benchmark against other organizations. Sponsored by the Chief Executive Officer, survey data are used by CIBC to enhance the experiences of all employees.

CIBC has a number of policies that address workplace culture and behaviour. Policies and practices are aligned with CIBC's Code of Conduct, which guarantees every employee the right to be respected, to receive fair and equitable treatment and to be free from discrimination and harassment. The Code also provides protection from retaliation for employees who, in good faith, report facts and incidents that may involve a breach of the principles contained within the Code. Our global and regional policies on employment equity and diversity, workplace accommodation, and harassment in the workplace also ensure employees are treated with respect and dignity.

In 2004, CIBC's Ethics Hotline was established to provide a confidential phone line managed by a third party, for employees to report any irregularities they observe in business practices. This is a new option available to employees who may not wish to report their concerns to a supervisor.

CIBC's Employee Privacy Policy mandates the confidentiality of personal information. There was one recorded official privacy complaint regarding employment issues filed with privacy commissions in Canada in 2004. In addition, during the year, CIBC introduced new global, Canadian and U.S. violence in the workplace policies to promote a safe, secure workplace for all employees.

CIBC is working to create an inclusive workforce and a supportive work environment that reflect the diversity of the communities where we do business. As one of Canada's largest employers, CIBC is committed to employment equity and to achieving the goal of full representation by 2005 of women, visible minorities, persons with disabilities and Aboriginal Peoples. This goal is based on national labour market availability rates provided by Statistics Canada for each of the designated groups. To reinforce our commitment, employment equity goals and objectives are cascaded through the performance scorecards of the Chief Executive Officer and the Senior Executive Team. In 2004, the Canadian Human Rights Commission found CIBC in compliance with all 12 of the statutory requirements of Canada's Employment Equity Act.

To improve our hiring rates of candidates with disabilities and Aboriginal Peoples, CIBC established the Employment Equity Agency that focuses on outreach and pre-employment training. During 2004, 102 new employees were hired through this initiative, including eight who participated in the pre-employment training program.

CIBC maintains a centralized accommodation fund to cover the costs of workplace accommodations. In 2004, over $350,000 was spent to meet the special needs of employees.

Employment equity requires a top-down commitment. In 2004, CIBC's Chief Executive Officer, his direct reports and the 50 executives in the next level of management took part in the launch of Dialogues on Diversity, where persons with disabilities community representatives presented their perspectives and experiences. To spearhead employee consultation and involvement, CIBC established a National Employment Equity and Diversity Committee, led by the Vice Chair and Chief Risk Officer. Employment Equity Committees established in each of CIBC's strategic business units have over 60 members.

For the 12th consecutive year, CIBC celebrated Diversity Month in June, when employees organized over 150 different events and activities across the country, including the celebration of National Aboriginal Day and the first annual CIBC Pride Reception. In 2004, we became a founding corporate partner with the Canadian Abilities Foundation in the development of Access Guide Canada, an online guide to accessible places in Canada.

Our longstanding support for employment equity and diversity principles also extends to assisting students with disabilities to fund their post-secondary education. In the final year of our initial $75,000 three-year program, CIBC Access™ Awards were presented to 14 students from Ryerson University, York University's Schulich School of Business and the Joseph L. Rotman School of Management at the University of Toronto. Originally established in 2001 in partnership with the Disabled Persons for Employment Equity Human Rights Group, CIBC has renewed the program for a further three years.

In partnership with the City of Toronto, we established the CIBC — Pinball Clemons Award for Community Leadership to recognize the contributions of African Canadians to community leadership. CIBC committed $15,000 over three years to this initiative, which will coincide with the city's celebrations for Black History Month.

In June, CIBC was presented with the 2004 Mental Health in the Workplace Award by the Canadian Mental Health Association, recognizing an individual, corporation or organization that has made mental health promotion in the workplace a priority and promoted cooperation. The Ontario March of Dimes jointly presented CIBC and JVS Toronto its 2004 Vocational Rehabilitation Award, recognizing private sector employers who make outstanding contributions to the vocational rehabilitation and employment of adults with disabilities.

In March, CIBC shared second place in the first-ever list of the top workplaces for visible minorities by *Canadian Business* magazine, in partnership with Rogers OMNI Television.

At the Board of Directors level, women hold four of the 19 director positions. The Board continues in its renewal efforts, assisted by an external consultant, to identify qualified candidates to serve as directors who are representative of the communities in which we operate.

Attracting the best — recruitment and development

At CIBC, we're committed to becoming the employer of choice in Canada's financial services industry. Attracting the best people and creating opportunities to leverage the skills of all employees is key. We have a number of recruitment strategies that are driven by the increasingly specialized and diverse needs of our business. In 2004, we invested about $70 million globally in employee training, including governance and regulatory compliance; client and customer service; product knowledge and other business and technical skills; leadership management and individual development. Mandatory training programs are provided during the first month of orientation for all new employees. CIBC's Corporate Knowledge Network (CKN) is an integrated global learning, information and knowledge centre offering employees access to hundreds of self-study books, videos and online training resources and courses enterprise-wide. At the business level, training and development sites, such as the Financial Learning Institute, provide job training and career development to employees specific to their needs.

CIBC communicates regularly with employees on client and other stakeholder matters. In 2004, the Senior Executive Team stepped up efforts to meet face-to-face with as many employees as possible to help them understand our goals, strategies and progress made to date. To supplement this, additional employee communication vehicles included the Intranet, e-mail and video messaging. In addition, through both annual and ongoing marketing campaigns, all employees are made aware of the resources and services available to them through CKN to heighten their performance and develop their careers.

Building value — performance focus

At CIBC, fostering a high-performance culture in which our people can thrive and grow is fundamental to our strategy for building sustainable, long-term value for our stakeholders.

Using a balanced scorecard approach, CIBC's Performance Management and Measurement (PMM) process employs a wide range of indicators, including financial results, client relationships, operational efficiency, strategic priorities and key competencies, to assess employee and team performance. CIBC's

top executives share their performance planning scorecards for the upcoming year with the entire organization, as well as their year-end scorecard results through our Intranet. It's designed to drive employee motivation and performance by helping staff connect their individual contributions to CIBC's overall results.

In our March PMM survey, 80% of employees agreed with the statement, "I understand how the goals on my scorecard support the goals for my line of business," and 78% agreed that, "I understand how my day-to-day activities support the goals in my scorecard."

Recognizing the achievements of employees is equally important. In addition to pay for performance compensation, the prestigious Chief Executive Officer's Awards go to 500 employees annually based on criteria that reflect CIBC's balanced scorecard and vision of being recognized as the leader in client relationships.

Senior management representation rates and goals
(as at Dec. 31, 2003)

%	Rate	Goal
Women	**30.2**	**19.4**
Visible Minorities	**3.6**	**8.4**
Persons with Disabilities	**2.0**	**4.3**
Aboriginal Peoples	**0.4**	**0.3**

CIBC is committed to employment equity and achieving full representation of women, visible minorities, persons with disabilities and Aboriginal Peoples in its workforce.

Maintaining a healthy workplace — health and well-being

Creating a safe and healthy work environment where all employees can balance their work and life effectively is a top priority for us. Our workplace policies and practices are designed to support the varied personal circumstances of employees. CIBC continues to set the industry standard with Employment Insurance top-up benefits during maternity, parental and adoption leave. And, CIBC was the first Canadian bank to provide compassionate care leave top-up benefits to employees who need to provide care or support for a gravely ill parent, spouse or child.

CIBC also helps employees to manage the additional personal stress that results when their regular child-care arrangements break down. The CIBC Children's Centre, an innovative emergency backup child-care facility exclusively for the use of CIBC employees, completed its second year of operation at the end of 2004. During that time, the Centre saved the equivalent of over 3,200 employee days, while providing safe, reliable care for the children of our employees. An unqualified success with parent clients, 98% of those surveyed said they would highly recommend it to colleagues, while 97% believed the Centre demonstrated CIBC's commitment to the principle of corporate social responsibility.

Through Wellness Checkpoint, staff have access to CIBC's global health website which includes an online health risk and lifestyle questionnaire that provides personalized assessment, as well as resources and information on healthier lifestyles. To date, 4,185 employees have registered on the website.

Through CIBC's Employee Assistance Program, we provided resources and counselling support for our employees in the Cayman Islands who were devastated by the effects of Hurricane Ivan.

In 2004, CIBC continued its Coordinated Return to Work (CRTW) program to manage employee disability leaves and to facilitate the return to work based on heightened communication between the employee and manager. The program, which focuses on the employee's abilities and CIBC's efforts to accommodate individual needs, has been highly effective. In the first nine months of implementing the CRTW program in 1999, we saw a reduction in total days lost of 29% and a reduction in average claim duration of 32% for short-term disability cases. The program's success continues today. In the period from 2000 to 2003, the average claim duration has remained stable, and the new case rate per 1,000 employees has been reduced.

CIBC is also committed to providing healthy and safe workplaces by enhancing general awareness of accident prevention. Our Policy Health and Safety Committee, a joint management/employee committee, participates in the development and monitoring of health and safety policies and programs, assists workplace health and safety committees, and monitors data on workplace accidents and injuries. Our health and safety website provides information and training to managers and supervisors in Canada and includes a manager's checklist for ensuring workplace health and safety, global and regional health and safety policies, the accident reporting system, first aid information and online training for managers and supervisors.

During 2004, we completed our manager training program and introduced new health and safety policies. Also, ad hoc health and safety issues committees were put in place to manage key issues, such as SARS and asbestos detection. In 2003, CIBC reported 45 lost-time workplace injuries in Canada.

For detailed **employment figures** *see page* ***185***

For information on **taxes paid** *see page* ***185***

CIBC in the Community

CIBC is committed to making a positive difference in the communities where we do business. Through corporate donations and sponsorships, and the volunteer spirit of employees, CIBC makes an important contribution towards enriching the lives of Canadians. When we support organizations in their efforts to build stronger, more vibrant local communities, we strengthen Canada's social fabric and create an environment where communities and companies both thrive.

"We are proud of the role CIBC and CIBC employees play in our communities. Our focus is on making strategic investments in communities that will have a meaningful and sustainable impact."

Ron Lalonde
Senior Executive Vice-President
and Chief Administrative Officer

Giving Back to the Community

Corporate contributions

In 2004, the CIBC group of companies contributed over $44 million worldwide. Of this, $28 million was invested in Canada.

CIBC Youthvision

We fund hundreds of initiatives that support education, mentoring and skills development to help young people reach their full potential.

Employee as Ambassador

CIBC strongly encourages volunteerism. Through our Employee as Ambassador Program, we contributed over $450,000 to charities and not-for-profit organizations.

CIBC Run for the Cure

This is Canada's largest event dedicated to raising funds to fight breast cancer. In 2004, Canadians raised a record-breaking total of more than $19 million for the Canadian Breast Cancer Foundation.

CIBC World Markets Children's Miracle Foundation

In December 2003, CIBC World Markets Children's Miracle Foundation raised almost $20 million globally, including over $4 million in Canada.

Canadian amateur sport

We committed more than $4 million over five years to the Canadian Soccer Association as part of our growing support for Canadian amateur sport.

Corporate contributions

CIBC is proud to support the communities where we work and live. In 2004, the CIBC group of companies contributed more than $44 million worldwide to charitable organizations and community initiatives. Of this, $28 million was invested in Canada, where CIBC contributed more than $23 million in charitable donations and over $5 million in community sponsorships to hundreds of national, regional and local organizations. We are one of Canada's largest corporate donors and our contributions extend to health, education, community, arts and culture, the environment and United Way agencies.

For example, in health, CIBC donated $1 million over five years to St. Michael's Hospital in Toronto to establish the CIBC Breast Centre, which is one of the most comprehensive facilities of its kind in Canada. A $10,000 donation supported the purchase of a mammography unit for the Vernon Jubilee Hospital Foundation. We continued to fund children's health with a $50,000 two-year pledge to the Montreal Children's Hospital Foundation campaign to purchase diagnostic imaging equipment. We maintained our $50,000 multi-year commitment to the South & Central Health Foundation in Newfoundland and Labrador. Our commitment of $350,000 over five years to the Foundation Fighting Blindness will contribute to a new Children's Vision Research Registry and an awareness campaign on progressive retinal diseases. And, we contributed $10,000 to the Fort Qu'Appelle Indian Hospital in Saskatchewan towards the purchase of furnishings and equipment.

In education, CIBC committed $1 million over 10 years to fund scholarships at the University of Ottawa to benefit student mentors. We provided funding to the University of Victoria's Career Services Centre, which will help students make a successful transition from studies to rewarding careers, with a commitment of $500,000 over five years. And, CIBC donated $25,000 to Women Building Futures, an organization in Alberta, Saskatchewan and Manitoba dedicated to helping women living on welfare and in severe poverty enter the skilled trades, offering safety qualifications, life skills, academic upgrading, job placement and follow-up counselling.

We showed our support for Canadian arts and culture in 2004 with a $100,000 commitment over two years to the National Arts Centre's Alberta Scene, a major cultural festival in 2005 showcasing the best of Alberta talent in music, theatre, dance and the visual arts. And, we contributed $25,000 over two years to Theatre New Brunswick, where our donation will help offset the costs of touring the productions and support the company's school performance program. We also committed $25,000 towards Centre des Arts de St. Hyacinthe for the construction of a new community arts and culture centre.

In community support, we maintained our $150,000, three-year commitment to The Pathways to Education Program in downtown Toronto. An initiative of the Regent Park Community Health Centre, it is helping to break the cycle of poverty by providing an innovative model of supports to assist young people to complete their education. A $10,000 donation will contribute to the construction of new facilities for the Fort St. James Public Library. Through our support of the Canadian Foundation for AIDS Research we sponsor the "Have a Heart" program to increase awareness of HIV/AIDS among young people. We committed $10,000 to Phoenix Youth Programs in Halifax, to enable programming through which they provide supervised and supported living for homeless and at-risk youth. Also, our three-year pledge of $75,000 to Leave Out ViolencE (LOVE) supports its ongoing United Youth Against Bullying initiative. As well, our $25,000 commitment to Canadian Feed The Children goes towards vital nourishment programs for children living in high-poverty areas and at-risk communities. A $75,000

commitment over three years to The Salvation Army in Vancouver will support the construction of the new Kate Booth House, a shelter for abused women and children.

In 2004, we continued support for environmental protection with a $100,000 multi-year commitment to Learning for a Sustainable Future, an organization dedicated to pursuing environmental protection, economic prosperity and social justice through education. CIBC contributed $25,000 to the Alberta Ecotrust Foundation that brings together industry and environmental groups to collaborate on grassroots projects across Alberta. We also continued our $180,000 three-year commitment to the World Wildlife Fund-Canada. And, over the past several years, we have donated a total of more than $1 million to the Waterfront Regeneration Trust for the development of the Lake Ontario Waterfront Trail.

As a designated Imagine Caring Company, we consistently exceed the target of 1% of pre-tax profits set by the Canadian Centre for Philanthropy as the benchmark for corporate giving. In recognition of our community investment program, we shared the first place ranking in the banking sector in corporate social responsibility in a survey compiled by Michael Jantzi Research Associates and published in *The Globe and Mail's Report on Business* magazine.

United Way

CIBC has a time-honoured tradition of giving to United Way. In 2003, CIBC, its employees and pensioners, raised more than $7 million for United Way agencies across the country. Employees and pensioners alone raised almost $5 million, with CIBC's corporate contribution totalling more than $2 million.

CIBC's Valerie Ledger was awarded the 2003 Employee Campaign Chair of the Year by United Way of Greater Toronto. In 2003, CIBC piloted an online pledge process in Greater Toronto and plans are underway to implement this across Canada in 2004.

In recognition of the contribution the United Way makes to the communities where we live, CIBC Chief Executive Officer John Hunkin has taken on the role of Cabinet Chair for United Way of Greater Toronto for the 2004 campaign.

CIBC Youthvision

Canada's youth has long been a focus of our community support. Through CIBC Youthvision, an umbrella for all contributions that support youth, we fund a wide range of programs and initiatives in education, mentoring and skills development to help young people reach their full potential. Of the $28 million invested in Canada in 2004, more than $10 million supported youth.

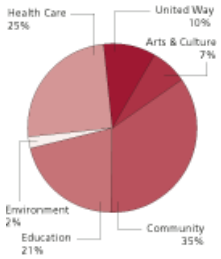
Our CIBC Youthvision Scholarship Program is a unique partnership with Big Brothers Big Sisters of Canada and YMCA Canada. Every year, we award 30 scholarships valued at up to $34,000 each to Grade 10 students enrolled in mentoring programs with these charitable partners. Scholars receive up to $4,000 per year for tuition for a maximum of four years of post-secondary education. They also have an opportunity to participate in YMCA summer internships valued at up to $2,000 per year while still in high school, to a maximum of $4,000 per year while at college or university. Since its introduction in 1998, CIBC has awarded 180 scholarships to students across Canada, representing a commitment of more than $5 million. In 2004, Marc Witney became the first CIBC Youthvision Scholarship recipient to graduate, earning his diploma in airport operations from the British Columbia Institute of Technology.

Employee involvement

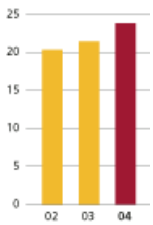
CIBC employees make a significant contribution to the life of the communities where they work and live. We strongly encourage their participation, and recognize their personal efforts in support of the community. Through our Employee as Ambassador Program, which provides up to $1,000 per employee to charities and not-for-profit organizations where employees volunteer, we contributed over $450,000. This supported the volunteer efforts of more than 750 employees and retired staff in a wide range of community initiatives.

CIBC also proudly promotes a variety of high-profile fundraising events supported by our employees, in particular, the CIBC Run for the Cure and CIBC World Markets Children's Miracle Day.

Contributions in Canada by category — 2004



Corporate donations in Canada
($ millions)



CIBC's donations to communities across Canada have steadily increased, year over year.

CIBC Run for the Cure

The CIBC Run for the Cure is our flagship event and the largest single annual fundraiser in Canada dedicated to creating a world without breast cancer. Our employees are passionate about this cause and are dedicated to achieving even greater success with every passing year. This year, the CIBC Run for the Cure raised over $19 million for the Canadian Breast Cancer Foundation to support its fight against breast cancer.

For the eighth consecutive year, we were the title sponsor of this annual event that was held in 40 communities across Canada. This year's was the largest ever, drawing more than 170,000 participants across the country, including over 10,500 CIBC employees, their friends and families. We also play a leading role behind the scenes, co-ordinating the event as Canadian Breast Cancer Foundation run directors. Thirteen of the 40 run sites were led by our employees in 2004 and more than 1,500 staff volunteered to help organize local events. And, this year, several Members of Parliament accepted CIBC's challenge to participate in their communities.

CIBC World Markets Children's Miracle Foundation

On the first Wednesday of December every year, CIBC World Markets sales and trading staff and CIBC Wood Gundy investment advisors around the world help to create miracles for children. On this day, they donate their fees and commissions to children's charities. On Miracle Day 2003, held on December 3rd, we raised almost $20 million globally, including over $4 million in Canada. Since it was founded in 1984, Children's Miracle Day has raised more than $130 million for deserving children's charities around the world.

Funds raised are directed back to their communities of origin. The money raised in Canada provides much needed grassroots support for more than 350 charitable organizations investing in children's education, health and well-being.

Individuals who make outstanding contributions on behalf of children's charities are recognized by CIBC World Markets Miracle Maker Awards™. This year's honouree was 12-year-old Ryan Hreljac for his determination and efforts to raise money for building a well in Africa for those without clean water. Today, Ryan's Well Foundation has raised over $800,000 to build wells and related projects in six African countries.

Canadian amateur sport

In 2004, CIBC built on its existing support of amateur sport in Canada with a major commitment to the Canadian Soccer Association (CSA). This new relationship complements our existing partnership with Alpine Canada Alpin, the governing body for Canadian alpine ski racing, and establishes CIBC as a leader in supporting both summer and winter amateur sport in Canada.

Our more than $4 million, five-year agreement with CSA provides the association with financial and strategic support. Our commitment includes sponsorship of all 13 CSA men's and women's national teams, the CIBC Mini Soccer Team Sponsorship Program and the Tide Mini Soccer Festivals presented by CIBC. As well, CIBC is recognized as the Diamond Sponsor at international matches played in Canada. And through the CIBC Employee as Ambassador Soccer Program, contributions made on behalf of employees who volunteer with community-based soccer teams totalled $115,000.

In 2004, we continued our four-year commitment of $1 million annually to Alpine Canada Alpin, to help reach its goal of bringing Canadian alpine skiers back to the winners' podium. Our partnership is linked to Podium 2010, which is a total development system for nurturing young talent and creating a new generation of "Crazy Canucks."

For a more complete listing of **CIBC's contributions to community organizations** *see page* ***186***

CIBC and the Environment

Should a bank play a role in protecting and conserving the environment? At CIBC, we believe that our environmental responsibilities and business objectives are connected, as a healthy and sustainable environment fosters Canada's sustainable economic growth. We recognize that we do have an impact on the environment and acknowledge our responsibility for managing environmental issues effectively. We are committed to policies, procedures and initiatives that reinforce sustainability awareness across the organization to reduce our environmental footprint and help safeguard our stakeholders from environmental risk. With the support of our employees, customers and suppliers, CIBC is making a significant contribution to environmental protection, helping to conserve precious non-renewable resources and investing in the quality of life in local communities.

"CIBC's longstanding commitment to environmental management helps us protect and conserve the environment and safeguard our stakeholders from environmental risk. Our adoption of the Equator Principles is a clear example of our determination to continually build greater environmental and social responsibility into our business activities."

Wayne Fox
Vice Chair and Chief Risk Officer

Managing environmental issues effectively

Our commitment

In 2004, CIBC adopted the Equator Principles, an internationally recognized voluntary network for financial institutions to manage social and environmental due diligence in project financing.

Corporate Environmental Management Program

CIBC integrates environmental risk evaluations throughout the business, to ensure systems are in place to evaluate, measure and manage risk effectively.

Credit risk management

Managing environmental risk is an important consideration in our lending decisions. Environmental risk evaluations are fully integrated into CIBC's credit assessment process.

Facility management

CIBC has made a number of enhancements to its monitoring and reporting of environmental performance metrics.

Climate change

CIBC recognizes the potential impact of climate change as we strive for sustainable economic growth. We monitor and report on carbon dioxide emissions produced through operations and employee business travel.

Our commitment

In 1991, CIBC became the first Canadian bank to hire a full-time environmental risk manager and, later, developed a comprehensive corporate environmental management program. Since then, we have continued to demonstrate our environmental commitment, both internally and in the international community, through the following:

- 1991 — We endorsed the Business Charter for Sustainable Development published by the International Chamber of Commerce.
- 1992 — We signed the United Nations Environmental Program (UNEP) Statement by Banks on the Environment and Sustainable Development.
- 1993 — Our first corporate environmental policy was approved by our Board of Directors.
- 1997 — Guiding principles were established, and revised in 2002, to govern CIBC's Corporate Environmental Program objectives.
- 1999 — We developed our Environmental Credit and Investment Risk Management Policy, which was revised in 2004.
- 2004 — We joined with 28 leading international financial institutions in adopting the Equator Principles, a voluntary and internationally recognized framework for financial institutions to manage social and environmental due diligence in project financing.

Our commitment to the environment is further demonstrated by our active involvement in a number of environmental organizations and agencies. These include:

- **Canadian Bankers Association** — CIBC chairs the Canadian Bankers Association's Environmental Issues Specialists Group.
- **Environmental Bankers Association** — CIBC is a member of this U.S.-based forum for disseminating information of interest to the North American financial services industry.
- **United Nations Environmental Program** — As a signatory to the UNEP Statement by Banks on the Environment and Sustainable Development, we maintain membership with the United Nations Environment Program Finance Initiative (UNEP FI). CIBC is an active member of the UNEP FI North American Task Force that works to support and expand sustainable financial institution practices.

Corporate environmental program and policies

CIBC's Corporate Environmental Program integrates environmental risk throughout our business, including lending and investment activities, as well as initiatives and due diligence in supplier relations, facilities management and procurement. Our program is based on an environmental management system (EMS) framework to ensure that environmental issues are systematically identified, controlled and monitored. The cornerstone of CIBC's EMS implementation lies in the development and maintenance of our two corporate environmental policies:

- The CIBC Corporate Environmental Policy outlines our commitment to responsible conduct in all activities to protect and conserve the environment; to safeguard the interests of the bank, its employees, customers and shareholders from unacceptable levels of environmental risk; and to support the principle of sustainable development.

- The CIBC Environmental Credit and Investment Risk Management Policy sets the standard for credit- and investment-related environmental due diligence and provides guidelines for the development of business-specific policies and procedures.

CIBC's Corporate Risk and Insurance Services is responsible for monitoring, governance and communication programs to promote and support adherence to CIBC's Corporate Environmental Management policies and program. An Environmental Management Committee (EMC) meets monthly and comprises representatives from several of CIBC's strategic business units and our real estate service provider, O&Y CB Richard Ellis (OYCBRE). The EMC promotes compliance with the Corporate Environmental Policy, in addition to coordinating environmentally responsible facility programs and initiatives.

In 2004, EMC conducted an environmental risk assessment of potential environmental impacts within the workplace. It further refined CIBC's operational control procedures and processes, and helped us to identify key environmental performance metrics identified in this section and on page 192.

A number of quantified environmental targets are set at the beginning of each year, and are reviewed by appropriate levels of management to ensure appropriate action plans are developed and executed. Typically, targets include elements within CIBC's EMS and its operational and environmental credit risk components. CIBC then conducts annual performance reviews of its Corporate Environmental Program to ensure that consistent, measurable progress is being made to reach our environmental goals.

Credit and investment risk management

Environmental risk evaluations are fully integrated into CIBC's credit assessment processes. Our policies, together with guidelines for small and medium-sized enterprises and the large corporate sector, protect us from exposure to these risks. This commitment has helped increase awareness of environmental issues among our clients. It has also encouraged many of our clients to adopt environmental risk mitigation programs and to re-evaluate environmental risk exposures within their businesses. For a summary of environmental credit risk due diligence, see page 192.

CIBC environmental risk management actively supports credit risk assessment on behalf of all lending units throughout the organization. These value-added services include:

- Due diligence reviews of client information, client environmental data, compliance record assessment, interpretation of consultant reports, and interviewing client personnel
- Assessment of client facilities and corporate environmental management systems
- Advisory services for retaining environmental consulting services
- Assistance in the structuring of credits that take into account environmental risk management concerns

Lending and risk assessment processes are improved as laws, regulations and risk tolerances change. In 2004, we updated our manual due diligence process to an online environmental risk screening procedure that is now used by CIBC Small Business Banking. We are currently working with CIBC World Markets to update environmental risk review procedures for their commercial banking and large corporate lending officers.

Environmental risk criteria are also part of merchant banking activities undertaken by CIBC World Markets, in accordance with CIBC's Environmental Credit and Investment Risk Management Policy. This policy was revised in 2004 to include our adoption of the Equator Principles for project financing due diligence. Where environmental considerations form part of a due diligence review, CIBC World Markets' Equity Underwriting Policy requires them to be included in the overall assessment of risk factors in investment banking decisions.

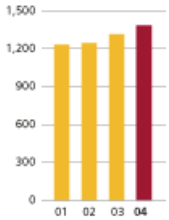
CIBC World Markets provides extensive analyst coverage of industry segments with a positive impact on the environment, including environmental rehabilitation services, waste management and water treatment companies.

CIBC utilities consumption — 2004

Electricity (MWh)	**159,000**
Natural gas (cubic metres)	**5,967,000**
Fuel oil (litres)	**435,000**
Water (kilo gallons)	**350,000**

With the enhancements introduced in 2004, CIBC monitors its energy usage for electricity, natural gas, fuel oil and water consumption throughout our branches and owned office buildings across Canada.

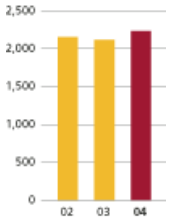
CIBC recycling[(1)]
(metric tonnes)



In 2004, 1,386 metric tonnes of material was recycled across 567 branches and 11 office locations in Canada. Commencing in 2005, paper will be recycled through a national shredding program in most CIBC branches.

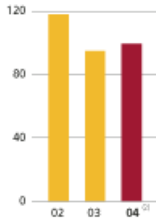
(1) Figures provided by third-party service provider and based on best estimate.

Paper purchases[1]
(metric tonnes)



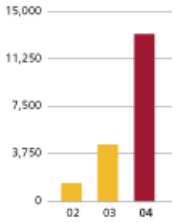
CIBC monitors annual paper purchases. All purchases are 100% elemental chlorine free.

Employee business travel
(millions of kilometres)



CIBC recognizes the environmental implications of its employee business travel [3]. Since 2002, CIBC has reduced its travel by 16%. See page 193 for details.

Computers for Schools
(computer components)



CIBC is a founding member and the largest corporate supporter of Industry Canada's Computers for Schools program. Since it was established in 1993, we have donated more than 35,500 computer components, worth approximately $500,000.

(1) Based on Canadian paper sales only from CIBC preferred vendor. Figures estimated based on orders and weight.

(2) Total includes an estimation for the month of October.

(3) Air and rail: Canada, U.S. and U.K.; car rental: Canada and U.S.

Climate change

In 2004, we began to monitor and report on carbon dioxide emissions produced through company operations as a result of fossil fuel consumption in our branches and CIBC-owned facilities in Canada. We also began monitoring and reporting on carbon dioxide emissions produced as a result of employee business travel, including air, rail and car rentals. Also, CIBC once again purchased 2,000 megawatt hours of Evergreen Energy Green Power from Ontario Power Generation. For details, see page 192.

Where warranted, in transactional relationships, our environmental due diligence includes an assessment of our clients' exposure to costs and liabilities associated with meeting greenhouse gas emission mandates. Beyond this, we recognize that the broader implications of climate change risks to the financial sector need to be assessed to ensure sustainable growth. Consequently, through our membership in UNEP, we will be involved in the work of the UNEP FI Climate Change Working Group in 2005.

Facility management

In 2004, CIBC premises comprised 1,073 branches and almost 6.1 million square feet of office space nationwide either leased from third-party landlords or owned by the bank. Following divestiture of its Canadian office portfolio, CIBC outsourced many of its real estate functions, including facilities management, to OYCBRE in 2001.

Throughout the year, CIBC Corporate Real Estate (CRE) and OYCBRE launched initiatives to promote responsible environmental stewardship through sound facility management practices. These included:

- Development of an environmental management program involving an environmental risk assessment, documenting operational procedures for managing environmental issues, and environmental training for facility managers and CIBC's EMC members

- Conducting a survey of office buildings where CIBC is a major tenant to better understand the types of environmental programs available. Its findings helped to identify our participation rate in such programs, as well as partnership opportunities between CIBC and our landlords, to promote environmental awareness and best practices.

- Enhancements to reporting, so that CIBC can now track energy usage for electricity, natural gas, fuel oil and water within its branches and owned office buildings

- Waste audits conducted in 50 CIBC branch locations across Canada over a one-week period, to help us better understand our solid waste generation

Responsible procurement

CIBC purchases competitively priced, environmentally sound products and services. This strengthens existing business relationships with environmentally responsible suppliers who assist us in reducing our environmental footprint.

Environmental criteria are now incorporated into CIBC's standard request for proposal process within CIBC Global Sourcing and Payments, our procurement division. These criteria, based in part on the Canadian Standards Association's environmentally responsible procurement guidelines, articulate evaluation and selection considerations for our suppliers. Where appropriate, we will select those products and services with the least environmental impacts by considering such criteria as energy efficiency, product recyclability, responsible packaging, minimal use of hazardous substances, and product return where applicable.

In 2004, we pursued further advancements by including environmental criteria in our vendor performance measurement process. Where appropriate, criteria specific to each vendor are measured to determine ongoing environmental performance as part of our standard performance measurement system.

In addition, CIBC CRE and OYCBRE ensure that third-party service and product suppliers demonstrate environmentally responsible practices, where appropriate. For example, in 2004, environmental factors were strongly considered in our selection of the supplier of new carpeting for CIBC's office and branch premises.

For more on **CIBC and the Environment** *go to page* ***192*** *and visit* ***www.cibc.com.***

PRINCIPAL SUBSIDIARIES

Unaudited, $ millions, as at October 31, 2004

Subsidiary name[1][2]	Address of head or principal office	Book value[3] of shares owned by CIBC and other subsidiaries of CIBC
Amicus Bank	Toronto, Ontario, Canada	441
CIBC Asset Management Holdings Inc.	Toronto, Ontario, Canada	336
CIBC Asset Management Inc.	Montreal, Quebec, Canada	
Talvest (LSVC) Inc.	Montreal, Quebec, Canada	
CIBC BA Limited	Toronto, Ontario, Canada	(4)
CIBC Financial Planning Inc.	Toronto, Ontario, Canada	(4)
CIBC Investor Services Inc.	Toronto, Ontario, Canada	25
CIBC Life Insurance Company Limited	Mississauga, Ontario, Canada	24
CIBC Mortgages Inc.	Toronto, Ontario, Canada	130
3877337 Canada Inc. (Home Loans Canada)	Toronto, Ontario, Canada	
CIBC Securities Inc.	Toronto, Ontario, Canada	2
CIBC Trust Corporation	Toronto, Ontario, Canada	411
CIBC World Markets Inc.[5]	Toronto, Ontario, Canada	306
CIBC Delaware Holdings Inc.[6]	New York, NY, U.S.A.	
Canadian Imperial Holdings Inc.	New York, NY, U.S.A.	
CIBC INC.[5]	New York, NY, U.S.A.	
CIBC US Insurance Company	Barre, Vermont, U.S.A.	
CIBC World Markets Corp.	New York, NY, U.S.A.	
CIBC Israel Ltd.	Tel Aviv, Israel	
Juniper Financial Corp. (98%)[7]	Wilmington, Delaware, U.S.A.	
CIBC WM Real Estate (Quebec) Ltd.	Montreal, Quebec, Canada	
CIBC WM International Limited	St. Michael, Barbados	
EDULINX Canada Corporation[8]	Mississauga, Ontario, Canada	29
INTRIA Items Inc. (90%)	Mississauga, Ontario, Canada	25
TAL Global Asset Management Inc.	Montreal, Quebec, Canada	331
T.A.L. Asset Management (Cayman) Limited	George Town, Cayman Islands	
TAL Global Asset Management (Cayman) Limited	George Town, Cayman Islands	
TAL Global Asset Management Limited	Hong Kong, China	
TAL Global Asset Management (Bermuda) Limited	Hamilton, Bermuda	
T.A.L. Asset Management (Guernsey) Limited	St. Peter Port, Guernsey, Channel Islands	
TAL Private Management Ltd.	Montreal, Quebec, Canada	
CIBC Capital Funding, L.P.	New York, NY, U.S.A.	68
CIBC Capital Funding II, L.P.	New York, NY, U.S.A.	81
CIBC Holdings (Cayman) Limited	George Town, Cayman Islands	3,055
CIBC Bank and Trust Company (Cayman) Limited	George Town, Cayman Islands	
CIBC Investments (Cayman) Limited	George Town, Cayman Islands	
CIBC Offshore Services Inc.	St. Michael, Barbados	
CIBC Reinsurance Company Limited	St. Michael, Barbados	
CIBC Trust Company (Bahamas) Limited	Nassau, The Bahamas	
CIBC World Markets Securities Ireland Limited	Dublin, Ireland	
CIBC Offshore Banking Services Corporation[5]	St. Michael, Barbados	5,020
CIBC Australia Holdings Limited	Sydney, New South Wales, Australia	67
CIBC Australia Limited	Sydney, New South Wales, Australia	
CIBC World Markets Securities Australia Limited	Sydney, New South Wales, Australia	
CIBC World Markets (Japan) Inc.	Tokyo, Japan	47
CIBC Asia Limited	Singapore City, Singapore	129
CIBC World Markets plc[5]	London, England, U.K.	841

(1) CIBC and other subsidiaries of CIBC own 100% of the voting shares of each subsidiary, except as otherwise noted.

(2) Each subsidiary is incorporated or organized under the laws of the state or country in which the principal office is situated, except for CIBC World Markets (Japan) Inc., which was incorporated in Barbados; CIBC Capital Funding, L.P., CIBC Capital Funding II, L.P., CIBC Delaware Holdings Inc., CIBC World Markets Corp., Juniper Financial Corp., Canadian Imperial Holdings Inc. and CIBC INC., which were incorporated or organized under the laws of the state of Delaware, U.S.A.

(3) The book value of shares of subsidiaries are shown at cost and may include non-voting common and preferred shares.

(4) The book value of shares owned by CIBC is less than $1 million.

(5) CIBC directly or indirectly owns 100% of the non-voting shares of the subsidiaries. (6) CIBC directly owns $7.4 billion of shares of CIBC Delaware Holdings Inc.

(7) On August 8, 2004, CIBC sold Juniper Financial Corp. to Barclays Bank PLC. The transaction closed on December 1, 2004.

(8) On October 26, 2004, CIBC entered into an agreement to sell EDULINX Canada Corporation to Nelnet Canada Inc., a wholly owned subsidiary of Nelnet Inc. The transaction closed on December 1, 2004.

AVERAGE BALANCE SHEET, NET INTEREST INCOME AND MARGIN

Unaudited, $ millions, for the years ended October 31	Average balance			Interest			Average rate		
	2004	2003	2002	2004	2003	2002	2004	2003	2002
Domestic assets[1]									
Cash and deposits with banks	**$ 1,724**	$ 2,134	$ 1,526	**$ 10**	$ 19	$ 15	**0.58%**	0.89%	0.98%
Securities — Investment[2]	**6,567**	9,071	13,799	**265**	419	600	**4.04**	4.62	4.35
Securities — Trading	**26,288**	25,026	26,028	**748**	856	999	**2.85**	3.42	3.84
Securities borrowed or purchased under resale agreements	**12,124**	9,880	11,886	**277**	278	306	**2.28**	2.81	2.57
Loans — Residential mortgages	**70,062**	68,490	61,706	**3,131**	3,430	3,227	**4.47**	5.01	5.23
Loans — Personal and credit card	**32,948**	29,220	26,507	**2,507**	2,428	2,040	**7.61**	8.31	7.70
Loans — Business and government	**22,881**	22,916	22,769	**1,355**	1,444	1,319	**5.92**	6.30	5.79
Total loans	**125,891**	120,626	110,982	**6,993**	7,302	6,586	**5.55**	6.05	5.93
Other interest-bearing assets	**366**	421	450	**97**	156	79	**26.50**	37.05	17.56
Derivative instruments market valuation	**7,443**	6,031	6,121						
Customers' liability under acceptances	**4,922**	5,881	7,258						
Other non-interest-bearing assets[2]	**8,622**	7,736	7,270						
Total domestic assets	**193,947**	186,806	185,320	**8,390**	9,030	8,585	**4.33**	4.83	4.63
Foreign assets[1]									
Cash and deposits with banks	**9,773**	8,090	10,173	**142**	116	207	**1.45**	1.43	2.03
Securities — Investment[2]	**10,686**	10,906	10,792	**439**	490	573	**4.11**	4.49	5.31
Securities — Trading	**26,948**	26,457	27,617	**509**	610	568	**1.89**	2.31	2.06
Securities borrowed or purchased under resale agreements	**8,343**	10,509	13,502	**247**	250	381	**2.96**	2.38	2.82
Loans — Residential mortgages	**12**	61	1,039	**1**	4	81	**8.33**	6.56	7.80
Loans — Personal and credit card	**927**	1,536	3,286	**31**	60	155	**3.34**	3.91	4.72
Loans — Business and government	**8,223**	13,950	19,720	**388**	580	943	**4.72**	4.16	4.78
Total loans	**9,162**	15,547	24,045	**420**	644	1,179	**4.58**	4.14	4.90
Other interest-bearing assets	**966**	378	346	**41**	36	21	**4.24**	9.52	6.07
Derivative instruments market valuation	**16,270**	20,310	15,972						
Customers' liability under acceptances	**—**	6	17						
Other non-interest-bearing assets[2]	**4,715**	5,730	4,726						
Total foreign assets	**86,863**	97,933	107,190	**1,798**	2,146	2,929	**2.07**	2.19	2.73
Total assets	**$ 280,810**	$ 284,739	$ 292,510	**$ 10,188**	$ 11,176	$ 11,514	**3.63%**	3.92%	3.94%
Domestic liabilities[1]									
Deposits — Personal	**$ 67,400**	$ 64,605	$ 62,837	**$ 1,194**	$ 1,280	$ 1,388	**1.77%**	1.98%	2.21%
Deposits — Business and government	**59,771**	54,760	52,944	**1,185**	1,268	1,067	**1.98**	2.32	2.02
Deposits — Bank	**525**	541	664	**9**	12	13	**1.71**	2.22	1.96
Total deposits	**127,696**	119,906	116,445	**2,388**	2,560	2,468	**1.87**	2.14	2.12
Derivative instruments market valuation	**7,144**	6,132	6,443						
Acceptances	**4,923**	5,901	7,264						
Obligations related to securities sold short	**8,039**	6,241	7,333	**270**	235	270	**3.36**	3.77	3.68
Obligations related to securities lent or sold under repurchase agreements	**7,482**	9,876	11,178	**190**	295	299	**2.54**	2.99	2.67
Other liabilities	**9,134**	8,357	6,280	**71**	303	40	**0.78**	3.63	0.64
Subordinated indebtedness	**2,691**	2,275	2,359	**198**	181	179	**7.36**	7.96	7.59
Total domestic liabilities	**167,109**	158,688	157,302	**3,117**	3,574	3,256	**1.87**	2.25	2.07
Foreign liabilities[1]									
Deposits — Personal	**2,747**	3,075	5,912	**42**	50	141	**1.53**	1.63	2.38
Deposits — Business and government	**50,321**	59,028	68,096	**775**	939	1,743	**1.54**	1.59	2.56
Deposits — Bank	**10,711**	12,330	11,970	**186**	227	295	**1.74**	1.84	2.46
Total deposits	**63,779**	74,433	85,978	**1,003**	1,216	2,179	**1.57**	1.63	2.53
Derivative instruments market valuation	**15,616**	19,483	15,952						
Acceptances	**—**	6	17						
Obligations related to securities sold short	**5,253**	5,162	5,421	**102**	161	145	**1.94**	3.12	2.67
Obligations related to securities lent or sold under repurchase agreements	**11,031**	9,019	9,876	**263**	195	316	**2.38**	2.16	3.20
Other liabilities	**3,191**	3,754	3,871	**323**	378	77	**10.12**	10.07	1.99
Subordinated indebtedness	**868**	1,212	1,541	**14**	22	41	**1.61**	1.82	2.66
Total foreign liabilities	**99,738**	113,069	122,656	**1,705**	1,972	2,758	**1.71**	1.74	2.25
Total liabilities	**266,847**	271,757	279,958	**4,822**	5,546	6,014	**1.81**	2.04	2.15
Shareholders' equity	**13,963**	12,982	12,552						
Total liabilities and shareholders' equity	**$ 280,810**	$ 284,739	$ 292,510	**$ 4,822**	$ 5,546	$ 6,014	**1.72%**	1.95%	2.06%
Net interest income and margin				**$ 5,366**	$ 5,630	$ 5,500	**1.91%**	1.98%	1.88%
Additional disclosures:									
Non-interest-bearing deposits/liabilities									
Domestic	**$ 9,699**	$ 8,147	$ 7,503						
Foreign	**$ 769**	$ 624	$ 1,025						

(1) Classification as domestic or foreign is based on domicile of debtor or customer.

(2) During the year, we reclassified equity-accounted investments from investment securities to other assets. This realignment has also resulted in the reclassification of related income statement items. Prior-year information has been reclassified.

VOLUME/RATE ANALYSIS OF CHANGES IN NET INTEREST INCOME

Unaudited, $ millions		2004/2003 Increase (decrease) due to change in: Average balance	Average rate	Total	2003/2002 Increase (decrease) due to change in: Average balance	Average rate	Total
Domestic assets[1]							
Cash and deposits with banks		**$ (4)**	**$ (5)**	**$ (9)**	$ 6	$ (2)	$ 4
Securities	Investment[2]	**(116)**	**(38)**	**(154)**	(206)	25	(181)
	Trading	**43**	**(151)**	**(108)**	(38)	(105)	(143)
Securities borrowed or purchased under resale agreements		**63**	**(64)**	**(1)**	(52)	24	(28)
Loans	Residential mortgages	**79**	**(378)**	**(299)**	355	(152)	203
	Personal and credit card	**310**	**(231)**	**79**	209	179	388
	Business and government	**(2)**	**(87)**	**(89)**	9	116	125
Total loans		**387**	**(696)**	**(309)**	573	143	716
Other interest-bearing assets		**(20)**	**(39)**	**(59)**	(5)	82	77
Change in domestic interest income		**353**	**(993)**	**(640)**	278	167	445
Foreign assets[1]							
Cash and deposits with banks Interest-bearing deposits with banks		**24**	**2**	**26**	(42)	(49)	(91)
Securities	Investment[2]	**(10)**	**(41)**	**(51)**	6	(89)	(83)
	Trading	**11**	**(112)**	**(101)**	(24)	66	42
Securities borrowed or purchased under resale agreements		**(52)**	**49**	**(3)**	(84)	(47)	(131)
Loans	Residential mortgages	**(3)**	**—**	**(3)**	(76)	(1)	(77)
	Personal and credit card	**(24)**	**(5)**	**(29)**	(83)	(12)	(95)
	Business and government	**(238)**	**46**	**(192)**	(276)	(87)	(363)
Total loans		**(265)**	**41**	**(224)**	(435)	(100)	(535)
Other interest-bearing assets		**56**	**(51)**	**5**	2	13	15
Change in foreign interest income		**(236)**	**(112)**	**(348)**	(577)	(206)	(783)
Total change in interest income		**$ 117**	**$ (1,105)**	**$ (988)**	$ (299)	$ (39)	$ (338)
Domestic liabilities[1]							
Deposits	Personal	**$ 55**	**$ (141)**	**$ (86)**	$ 39	$ (147)	$ (108)
	Business and government	**116**	**(199)**	**(83)**	37	164	201
	Bank	**—**	**(3)**	**(3)**	(2)	1	(1)
Total deposits		**171**	**(343)**	**(172)**	74	18	92
Obligations related to securities sold short		**68**	**(33)**	**35**	(40)	5	(35)
Obligations related to securities lent or sold under repurchase agreements		**(72)**	**(33)**	**(105)**	(35)	31	(4)
Other liabilities		**28**	**(260)**	**(232)**	13	250	263
Subordinated indebtedness		**33**	**(16)**	**17**	(6)	8	2
Change in domestic interest expense		**228**	**(685)**	**(457)**	6	312	318
Foreign liabilities[1]							
Deposits	Personal	**(5)**	**(3)**	**(8)**	(68)	(23)	(91)
	Business and government	**(139)**	**(25)**	**(164)**	(232)	(572)	(804)
	Bank	**(30)**	**(11)**	**(41)**	9	(77)	(68)
Total deposits		**(174)**	**(39)**	**(213)**	(291)	(672)	(963)
Obligations related to securities sold short		**3**	**(62)**	**(59)**	(7)	23	16
Obligations related to securities lent or sold under repurchase agreements		**44**	**24**	**68**	(27)	(94)	(121)
Other liabilities		**(57)**	**2**	**(55)**	(2)	303	301
Subordinated indebtedness		**(6)**	**(2)**	**(8)**	(9)	(10)	(19)
Change in foreign interest expense		**(190)**	**(77)**	**(267)**	(336)	(450)	(786)
Total change in interest expense		**$ 38**	**$ (762)**	**$ (724)**	$ (330)	$ (138)	$ (468)
Change in total net interest income		**$ 79**	**$ (343)**	**$ (264)**	$ 31	$ 99	$ 130

(1) Classification as domestic or foreign is based on domicile of debtor or customer.

(2) During the year, we reclassified equity-accounted investments from investment securities to other assets. This realignment has also resulted in the reclassification of related income statement items. Prior-year information has been reclassified.

ANALYSIS OF NET LOANS AND ACCEPTANCES

	Canada[1]					U.S.[1]				
Unaudited, $ millions, as at October 31	**2004**	**2003**	**2002**	**2001**	**2000**	**2004**	**2003**	**2002**	**2001**	**2000**
Residential mortgages	**$ 72,543**	$ 69,955	$ 66,251	$ 57,777	$ 51,203	**$ 10**	$ 14	$ 321	$ 239	$ 79
Student	**2,089**	2,600	2,960	3,568	4,263	**—**	—	—	—	—
Personal	**23,145**	19,754	17,656	15,324	14,569	**283**	314	1,803	1,657	2,409
Credit card	**8,098**	8,844	7,194	6,707	5,564	**249**	246	278	4	—
Total consumer loans	**105,875**	101,153	94,061	83,376	75,599	**542**	574	2,402	1,900	2,488
Non-residential mortgages	**5,025**	4,515	3,821	3,085	2,270	**—**	—	—	—	—
Financial institutions	**1,829**	2,018	2,143	2,706	2,349	**620**	938	1,120	2,851	2,564
Retail	**2,229**	2,239	2,165	2,563	3,485	**96**	124	298	294	467
Business services	**3,397**	3,566	3,574	3,635	3,906	**280**	550	1,238	1,079	1,358
Manufacturing, capital goods	**1,201**	1,518	1,595	1,876	1,873	**240**	348	797	845	1,353
Manufacturing, consumer goods	**1,512**	1,737	1,863	2,278	2,319	**294**	157	559	533	367
Real estate and construction	**2,358**	2,101	2,135	2,058	2,311	**1,809**	1,709	2,121	1,599	1,465
Agriculture	**4,085**	4,232	4,177	3,807	3,701	**35**	22	—	—	6
Oil and gas	**2,067**	1,878	2,784	3,230	4,038	**128**	272	605	850	876
Mining	**134**	341	507	420	322	**25**	35	73	55	277
Forest products	**346**	537	559	598	897	**10**	89	356	297	158
Hardware and software	**290**	237	187	290	394	**90**	215	126	497	331
Telecommunications and cable	**305**	442	872	942	844	**123**	323	1,144	1,336	1,883
Publishing, printing and broadcasting	**285**	439	613	1,275	499	**85**	213	362	282	382
Transportation	**643**	828	1,063	1,246	1,116	**472**	506	667	612	813
Utilities	**323**	331	490	453	358	**99**	195	1,562	1,157	868
Education, health and social services	**1,334**	1,284	1,280	1,185	1,212	**62**	63	162	161	237
Governments	**758**	832	836	706	878	**11**	12	13	12	61
General allowance allocated to business and government loans[2]	**(346)**	(315)	(414)	—	—	**(125)**	(238)	(333)	—	—
Total business and government loans including acceptances	**27,775**	28,760	30,250	32,353	32,772	**4,354**	5,533	10,870	12,460	13,466
General allowance for credit losses[2]										
Total net loans and acceptances	**$133,650**	$129,913	$124,311	$115,729	$108,371	**$ 4,896**	$ 6,107	$ 13,272	$ 14,360	$ 15,954

(1) Classification by country is based on domicile of debtor or customer.

(2) Pursuant to an OSFI guideline issued in October 2001, the general allowance has been allocated to related asset categories beginning 2002 onwards.

SUMMARY OF ALLOWANCE FOR CREDIT LOSSES

Unaudited, $ millions, for the years ended October 31	**2004**	**2003**	**2002**	**2001**	**2000**
Balance at beginning of year	**$ 1,956**	$ 2,289	$ 2,295	$ 2,238	$ 1,752
Provision for credit losses	**628**	1,143	1,500	1,100	1,220
Write-offs					
Domestic					
Residential mortgages	**3**	6	6	4	6
Student	**77**	108	145	131	129
Personal and credit card	**662**	560	430	349	283
Other business and government	**157**	295	183	90	214
Foreign					
Personal and credit card	**12**	22	20	7	16
Other business and government	**49**	321	921	668	201
Total write-offs	**960**	1,312	1,705	1,249	849
Recoveries					
Domestic					
Student	**18**	36	63	89	35
Personal and credit card	**88**	72	60	48	41
Other business and government	**20**	12	30	25	16
Foreign					
Personal and credit card	**—**	—	2	4	1
Other business and government	**89**	62	62	19	28
Total recoveries	**215**	182	217	185	121
Net write-offs	**745**	1,130	1,488	1,064	728
Transfer to loans held for sale	**—**	(292)	—	—	—
Foreign exchange and other adjustments	**(11)**	(54)	(18)	21	(6)
Balance at end of year	**$ 1,828**	$ 1,956	$ 2,289	$ 2,295	$ 2,238
Comprised of:					

Loans	**$ 1,825**	$ 1,952	$ 2,288	$ 2,294	$ 2,236
Letters of credit	**2**	1	1	1	2
Loans substitute securities	**1**	3	—	—	—
Ratio of net write-offs during year to average loans outstanding during year	**0.55%**	0.83%	1.10%	0.83%	0.60%

ANALYSIS OF NET LOANS AND ACCEPTANCES (continued)

	Other[1]					Total				
Unaudited, $ millions, as at October 31	**2004**	**2003**	**2002**	**2001**	**2000**	**2004**	**2003**	**2002**	**2001**	**2000**
Residential mortgages	**$ —**	$ —	$ —	$ 712	$ 616	**$ 72,553**	$ 69,969	$ 66,572	$ 58,728	$ 51,898
Student	**—**	—	—	—	—	**2,089**	2,600	2,960	3,568	4,263
Personal	**272**	209	192	589	589	**23,700**	20,277	19,651	17,570	17,567
Credit card	**—**	—	—	60	58	**8,347**	9,090	7,472	6,771	5,622
Total consumer loans	**272**	209	192	1,361	1,263	**106,689**	101,936	96,655	86,637	79,350
Non-residential mortgages	**5**	9	15	170	174	**5,030**	4,524	3,836	3,255	2,444
Financial institutions	**1,198**	783	866	1,315	2,954	**3,647**	3,739	4,129	6,872	7,867
Retail	**38**	101	64	329	357	**2,363**	2,464	2,527	3,186	4,309
Business services	**403**	448	692	1,273	866	**4,080**	4,564	5,504	5,987	6,130
Manufacturing, capital goods	**369**	142	167	291	348	**1,810**	2,008	2,559	3,012	3,574
Manufacturing, consumer goods	**58**	9	109	378	360	**1,864**	1,903	2,531	3,189	3,046
Real estate and construction	**7**	18	69	357	305	**4,174**	3,828	4,325	4,014	4,081
Agriculture	**—**	1	—	39	36	**4,120**	4,255	4,177	3,846	3,743
Oil and gas	**70**	40	96	263	203	**2,265**	2,190	3,485	4,343	5,117
Mining	**66**	130	264	370	434	**225**	506	844	845	1,033
Forest products	**76**	86	116	185	83	**432**	712	1,031	1,080	1,138
Hardware and software	**28**	5	59	139	106	**408**	457	372	926	831
Telecommunications and cable	**309**	519	2,247	2,384	2,143	**737**	1,284	4,263	4,662	4,870
Publishing, printing and broadcasting	**26**	29	278	222	183	**396**	681	1,253	1,779	1,064
Transportation	**678**	412	734	830	601	**1,793**	1,746	2,464	2,688	2,530
Utilities	**171**	304	553	753	665	**593**	830	2,605	2,363	1,891
Education, health and social services	**—**	—	—	26	28	**1,396**	1,347	1,442	1,372	1,477
Governments	**—**	—	18	137	95	**769**	844	867	855	1,034
General allowance allocated to business and government loans[2]	**(38)**	(192)	(205)	—	—	**(509)**	(745)	(952)	—	—
Total business and government loans including acceptances	**3,464**	2,844	6,142	9,461	9,941	**35,593**	37,137	47,262	54,274	56,179
General allowance for credit losses[2]	**—**	—	—	—	—	**—**	—	—	(1,250)	(1,250)
Total net loans and acceptances	**$ 3,736**	$ 3,053	$ 6,334	$ 10,822	$ 11,204	**$142,282**	$139,073	$143,917	$139,661	$134,279

(1) Classification by country is based on domicile of debtor or customer.

(2) Pursuant to an OSFI guideline issued in October 2001, the general allowance has been allocated to related asset categories beginning 2002 onwards.

ALLOWANCE FOR CREDIT LOSSES AS A PERCENTAGE OF EACH LOAN CATEGORY [1]

	Allowance for credit losses					Allowance as a % of each loan category				
Unaudited, $ millions, as at October 31	**2004**	**2003**	**2002**	**2001**	**2000**	**2004**	**2003**	**2002**	**2001**	**2000**
Domestic										
Residential mortgages	**$ 39**	$ 45	$ 40	$ 23	$ 23	**0.05%**	0.06%	0.06%	0.04%	0.04%
Personal and credit card	**843**	714	680	488	478	**2.47**	2.24	2.39	1.87	1.92
Other business and government	**608**	585	795	396	340	**2.58**	2.42	3.29	1.61	1.41
Total domestic	**1,490**	1,344	1,515	907	841	**1.14**	1.07	1.27	0.84	0.84
Foreign										
Personal and credit card	**21**	14	21	14	9	**2.55**	1.79	0.92	0.60	0.29
Other business and government	**314**	594	752	123	136	**3.86**	6.62	4.23	0.56	0.58
Total foreign	**335**	608	773	137	145	**3.74**	6.23	3.79	0.54	0.53
General allowance for credit losses[2]	**—**	—	—	1,250	1,250	**—**	—	—	—	—
Total allowance	**$1,825**	$1,952	$2,288	$2,294	$2,236	**1.31%**	1.44%	1.64%	1.71%	1.75%

(1) Percentage is calculated on loan portfolio excluding acceptances.

(2) Pursuant to an OSFI guideline issued in October 2001, the general allowance has been allocated to related asset categories beginning 2002 onwards.

IMPAIRED LOANS BEFORE GENERAL ALLOWANCES

	Canada[1]					U.S.[1]				
Unaudited, $ millions, as at October 31	**2004**	**2003**	**2002**	**2001**	**2000**	**2004**	**2003**	**2002**	**2001**	**2000**
Gross impaired loans										
Residential mortgages	**$ 120**	$ 177	$ 172	$ 182	$ 148	**$ —**	$ —	$ —	$ —	$ —
Student	**90**	86	123	177	167	**—**	—	—	—	—
Credit card	**—**	—	—	—	—	**—**	—	—	—	—
Personal	**176**	137	114	101	99	**—**	1	2	1	1
Total gross impaired consumer loans	**386**	400	409	460	414	**—**	1	2	1	1
Non-residential mortgages	**10**	28	28	28	40	**—**	—	—	—	—
Financial institutions	**4**	5	7	9	12	**12**	23	45	50	107
Service and retail industries	**130**	219	253	197	152	**53**	13	30	15	102
Manufacturing, consumer and capital goods	**70**	82	54	128	112	**4**	35	55	37	41
Real estate and construction	**28**	54	51	84	110	**—**	—	24	—	—
Agriculture	**155**	73	35	42	28	**—**	—	—	—	—
Resource-based industries	**10**	11	17	23	31	**2**	16	93	12	15
Telecommunications, media and technology	**9**	6	87	62	11	**2**	27	372	77	13
Transportation	**9**	34	236	236	229	**1**	1	32	33	33
Utilities	**—**	1	8	9	15	**—**	7	80	—	—
Other	**7**	6	9	9	9	**1**	2	4	2	10
Total gross impaired — business and government loans	**432**	519	785	827	749	**75**	124	735	226	321
Total gross impaired loans	**818**	919	1,194	1,287	1,163	**75**	125	737	227	322
Other past due loans[2]	**54**	64	38	67	58	**1**	—	—	—	1
Total gross impaired and other past due loans	**$ 872**	$ 983	$ 1,232	$ 1,354	$ 1,221	**$ 76**	$ 125	$ 737	$ 227	$ 323
Allowance for credit losses										
Residential mortgages	**$ 17**	$ 18	$ 21	$ 23	$ 23	**$ —**	$ —	$ —	$ —	$ —
Student	**71**	166	237	320	363	**—**	—	—	—	—
Credit card	**122**	126	99	99	48	**11**	8	—	—	—
Personal	**166**	100	80	69	67	**—**	—	6	—	—
Total allowance — consumer loans[3]	**376**	410	437	511	501	**11**	8	6	—	—
Non-residential mortgages	**6**	16	14	16	23	**—**	—	—	—	—
Financial institutions	**4**	4	5	8	12	**7**	16	26	29	25
Service and retail industries	**86**	113	117	93	63	**25**	8	2	3	20
Manufacturing, consumer and capital goods	**40**	38	45	72	60	**4**	18	8	7	10
Real estate and construction	**14**	24	30	65	71	**—**	—	1	—	—
Agriculture	**85**	38	13	9	6	**—**	—	—	—	—
Resource-based industries	**8**	10	15	17	18	**1**	2	8	7	—
Telecommunications, media and technology	**8**	3	52	33	5	**—**	3	33	29	—
Transportation	**7**	23	76	74	74	**1**	1	1	1	1
Utilities	**—**	—	8	3	3	**—**	1	49	—	—
Other	**5**	4	6	6	5	**—**	—	—	—	—
Total allowance — business and government loans	**263**	273	381	396	340	**38**	49	128	76	56
Total allowance	**$ 639**	$ 683	$ 818	$ 907	$ 841	**$ 49**	$ 57	$ 134	$ 76	$ 56
Net impaired loans										
Residential mortgages	**$ 103**	$ 159	$ 151	$ 159	$ 125	**$ —**	$ —	$ —	$ —	$ —
Student	**19**	(80)	(114)	(143)	(196)	**—**	—	—	—	—
Credit card	**(122)**	(126)	(99)	(99)	(48)	**(11)**	(8)	—	—	—
Personal	**10**	37	34	32	32	**—**	1	(4)	1	1
Total net impaired consumer loans[3]	**10**	(10)	(28)	(51)	(87)	**(11)**	(7)	(4)	1	1
Non-residential mortgages	**4**	12	14	12	17	**—**	—	—	—	—
Financial institutions	**—**	1	2	1	—	**5**	7	19	21	82
Service and retail industries	**44**	106	136	104	89	**28**	5	28	12	82
Manufacturing, consumer and capital goods	**30**	44	9	56	52	**—**	17	47	30	31
Real estate and construction	**14**	30	21	19	39	**—**	—	23	—	—
Agriculture	**70**	35	22	33	22	**—**	—	—	—	—
Resource-based industries	**2**	1	2	6	13	**1**	14	85	5	15
Telecommunications, media and technology	**1**	3	35	29	6	**2**	24	339	48	13
Transportation	**2**	11	160	162	155	**—**	—	31	32	32
Utilities	**—**	1	—	6	12	**—**	6	31	—	—
Other	**2**	2	3	3	4	**1**	2	4	2	10
Total net impaired — business and government loans	**169**	246	404	431	409	**37**	75	607	150	265
Total net impaired loans	**$ 179**	$ 236	$ 376	$ 380	$ 322	**$ 26**	$ 68	$ 603	$ 151	$ 266

(1) Classification by country is based on domicile of debtor or customer.

(2) Other past due loans, which have not been classified as impaired, are described in Note 4 to the consolidated financial statements.

(3) Specific allowances for large numbers of homogeneous balances of relatively small amounts are established by reference to historical ratios of write-offs to balances outstanding. This may result in negative net impaired loans as individual loans are generally classified as impaired when repayment of principal or interest is contractually 90 days in arrears.

IMPAIRED LOANS BEFORE GENERAL ALLOWANCES (continued)

	Other[1]					Total				
Unaudited, $ millions, as at October 31	**2004**	**2003**	**2002**	**2001**	**2000**	**2004**	**2003**	**2002**	**2001**	**2000**
Gross impaired loans										
Residential mortgages	**$ —**	$ —	$ —	$ —	$ —	**$ 120**	$ 177	$ 172	$ 182	$ 148
Student	**—**	—	—	—	—	**90**	86	123	177	167
Credit card	**—**	—	—	—	—	**—**	—	—	—	—
Personal	**—**	—	—	44	42	**176**	138	116	146	142
Total gross impaired consumer loans	**—**	—	—	44	42	**386**	401	411	505	457
Non-residential mortgages	**—**	—	—	—	—	**10**	28	28	28	40
Financial institutions	**113**	1	3	9	25	**129**	29	55	68	144
Service and retail industries	**73**	225	—	33	11	**256**	457	283	245	265
Manufacturing, consumer and capital goods	**—**	—	—	4	10	**74**	117	109	169	163
Real estate and construction	**—**	3	9	23	31	**28**	57	84	107	141
Agriculture	**2**	2	3	6	6	**157**	75	38	48	34
Resource-based industries	**—**	28	34	—	—	**12**	55	144	35	46
Telecommunications, media and technology	**22**	25	274	56	8	**33**	58	733	195	32
Transportation	**—**	—	—	1	25	**10**	35	268	270	287
Utilities	**6**	48	21	12	16	**6**	56	109	21	31
Other	**—**	—	—	—	2	**8**	8	13	11	21
Total gross impaired — business and government loans	**216**	332	344	144	134	**723**	975	1,864	1,197	1,204
Total gross impaired loans	**216**	332	344	188	176	**1,109**	1,376	2,275	1,702	1,661
Other past due loans[2]	**—**	—	—	1	2	**55**	64	38	68	61
Total gross impaired — and other past due loans	**$ 216**	$ 332	$ 344	$ 189	$ 178	**$ 1,164**	$ 1,440	$ 2,313	$ 1,770	$ 1,722
Allowance for credit losses										
Residential mortgages	**$ —**	$ —	$ —	$ —	$ —	**$ 17**	$ 18	$ 21	$ 23	$ 23
Student	**—**	—	—	—	—	**71**	166	237	320	363
Credit card	**—**	—	—	—	—	**133**	134	99	99	48
Personal	**—**	—	—	14	9	**166**	100	86	83	76
Total allowance — consumer loans[3]	**—**	—	—	14	9	**387**	418	443	525	510
Non-residential mortgages	**—**	—	—	—	—	**6**	16	14	16	23
Financial institutions	**56**	1	2	4	13	**67**	21	33	41	50
Service and retail industries	**42**	79	—	5	2	**153**	200	119	101	85
Manufacturing, consumer and capital goods	**—**	—	—	2	5	**44**	56	53	81	75
Real estate and construction	**—**	3	9	13	22	**14**	27	40	78	93
Agriculture	**2**	2	3	4	4	**87**	40	16	13	10
Resource-based industries	**—**	15	18	—	—	**9**	27	41	24	18
Telecommunications, media and technology	**9**	11	38	7	8	**17**	17	123	69	13
Transportation	**—**	—	—	—	10	**8**	24	77	75	85
Utilities	**4**	4	16	12	16	**4**	5	73	15	19
Other	**—**	—	—	—	—	**5**	4	6	6	5
Total allowance — business and government loans	**113**	115	86	47	80	**414**	437	595	519	476
Total allowance	**$ 113**	$ 115	$ 86	$ 61	$ 89	**$ 801**	$ 855	$ 1,038	$ 1,044	$ 986
Net impaired loans										
Residential mortgages	**$ —**	$ —	$ —	$ —	$ —	**$ 103**	$ 159	$ 151	$ 159	$ 125
Student	**—**	—	—	—	—	**19**	(80)	(114)	(143)	(196)
Credit card	**—**	—	—	—	—	**(133)**	(134)	(99)	(99)	(48)
Personal	**—**	—	—	30	33	**10**	38	30	63	66
Total net impaired consumer loans[3]	**—**	—	—	30	33	**(1)**	(17)	(32)	(20)	(53)
Non-residential mortgages	**—**	—	—	—	—	**4**	12	14	12	17
Financial institutions	**57**	—	1	5	12	**62**	8	22	27	94
Service and retail industries	**31**	146	—	28	9	**103**	257	164	144	180
Manufacturing, consumer and capital goods	**—**	—	—	2	5	**30**	61	56	88	88
Real estate and construction	**—**	—	—	10	9	**14**	30	44	29	48
Agriculture	**—**	—	—	2	2	**70**	35	22	35	24
Resource-based industries	**—**	13	16	—	—	**3**	28	103	11	28
Telecommunications, media and technology	**13**	14	236	49	—	**16**	41	610	126	19
Transportation	**—**	—	—	1	15	**2**	11	191	195	202
Utilities	**2**	44	5	—	—	**2**	51	36	6	12
Other	**—**	—	—	—	2	**3**	4	7	5	16
Total net impaired - business and government loans	**103**	217	258	97	54	**309**	538	1,269	678	728
Total net impaired loans	**$ 103**	$ 217	$ 258	$ 127	$ 87	**$ 308**	$ 521	$ 1,237	$ 658	$ 675

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(3) Specific allowances for large numbers of homogeneous balances of relatively small amounts are established by reference to historical ratios of write-offs to balances outstanding. This may result in negative net impaired loans as individual loans are generally classified as impaired when repayment of principal or interest is contractually 90 days in arrears.

DEPOSITS

Unaudited, $ millions, for the years ended October 31	Average balance			Interest			Rate		
	2004	2003	2002	2004	2003	2002	2004	2003	2002
Deposits in domestic bank offices									
Payable on demand									
Personal	**$ 5,422**	$ 5,774	$ 5,793	**$ 39**	$ 60	$ 53	**0.72%**	1.04%	0.91%
Business and government	**16,726**	15,525	15,063	**117**	143	122	**0.70**	0.92	0.81
Bank	**559**	429	356	**3**	4	4	**0.54**	0.93	1.12
Payable after notice									
Personal	**28,284**	25,015	23,348	**160**	151	115	**0.57**	0.60	0.49
Business and government	**6,008**	5,955	6,000	**95**	126	101	**1.58**	2.12	1.68
Bank	**1**	1	1	**—**	—	—	**—**	—	—
Payable on a fixed date									
Personal	**35,343**	35,525	35,463	**1,021**	1,100	1,249	**2.89**	3.10	3.52
Business and government	**38,547**	34,519	32,934	**986**	1,013	860	**2.56**	2.93	2.61
Bank	**570**	628	735	**8**	12	16	**1.40**	1.91	2.18
Total domestic	**131,460**	123,371	119,693	**2,429**	2,609	2,520	**1.85**	2.11	2.11
Deposits in foreign bank offices									
Payable on demand									
Personal	**131**	254	736	**—**	—	6	**—**	—	0.82
Business and government	**354**	308	969	**2**	1	6	**0.56**	0.32	0.62
Bank	**61**	94	114	**1**	2	2	**1.64**	2.13	1.75
Payable after notice									
Personal	**91**	87	1,254	**1**	1	38	**1.10**	1.15	3.03
Business and government	**46**	8	135	**—**	—	2	**—**	—	1.48
Bank	**77**	111	11	**1**	1	—	**1.30**	0.90	—
Payable on a fixed date									
Personal	**876**	1,025	2,155	**15**	18	68	**1.71**	1.76	3.16
Business and government	**48,412**	57,473	65,939	**760**	924	1,719	**1.57**	1.61	2.61
Bank	**9,967**	11,608	11,417	**182**	220	286	**1.83**	1.90	2.51
Total foreign	**60,015**	70,968	82,730	**962**	1,167	2,127	**1.60**	1.64	2.57
Total deposits	**$191,475**	$194,339	$202,423	**$3,391**	$3,776	$4,647	**1.77%**	1.94%	2.30%

SHORT-TERM BORROWINGS

Unaudited, $ millions, as at or for the years ended October 31	2004	2003	2002
Amounts outstanding at end of year			
Obligations related to securities sold short	**$12,220**	$11,659	$ 8,436
Obligations related to securities lent or sold under repurchase agreements	**16,790**	19,293	9,615
Total short-term borrowings	**$29,010**	$30,952	$18,051
Obligations related to securities sold short			
Average balance	**$13,292**	$11,403	$12,754
Maximum month-end balance	**15,507**	12,568	16,413
Average interest rate	**2.80%**	3.47%	3.25%
Obligations related to securities lent or sold under repurchase agreements			
Average balance	**18,513**	18,895	21,054
Maximum month-end balance	**23,571**	21,584	23,977
Average interest rate	**2.45%**	2.59%	2.92%

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Unaudited, $ millions, for the quarter	2004 Q4	2004 Q3	2004 Q2	2004 Q1	2003 Q4	2003 Q3	2003 Q2	2003 Q1
Net interest income[1]	**$1,324**	**$1,344**	**$1,284**	**$1,414**	$1,419	$1,473	$1,352	$1,386
Non-interest income[1]	**1,614**	**1,586**	**1,767**	**1,550**	1,478	1,393	1,382	1,693
Total revenue	**2,938**	**2,930**	**3,051**	**2,964**	2,897	2,866	2,734	3,079
Provision for credit losses	**175**	**91**	**207**	**155**	131	425	248	339
Non-interest expenses	**2,266**	**1,968**	**2,074**	**1,943**	2,038	1,952	2,045	2,093
Income before income taxes and non-controlling interests	**497**	**871**	**770**	**866**	728	489	441	647
Income taxes	**46**	**250**	**238**	**256**	217	(300)	122	200
Non-controlling interests in net income of subsidiaries	**12**	**1**	**1**	**1**	1	1	(1)	2
Net income	**$ 439**	**$ 620**	**$ 531**	**$ 609**	$ 510	$ 788	$ 320	$ 445
Dividends on preferred shares	**$ 46**	**$ 47**	**$ 48**	**$ 49**	$ 43	$ 46	$ 47	$ 44
Premiums on preferred shares[2]	**18**	**—**	**—**	**—**	—	8	—	—
Net income applicable to common shares[2]	**$ 375**	**$ 573**	**$ 483**	**$ 560**	$ 467	$ 734	$ 273	$ 401

CONDENSED CONSOLIDATED BALANCE SHEETS

Unaudited, $ millions, as at quarter-end	2004 Q4	2004 Q3	2004 Q2	2004 Q1	2003 Q4	2003 Q3	2003 Q2	2003 Q1
Assets								
Cash and non-interest-bearing deposits with banks	**$ 1,374**	**$ 1,273**	**$ 1,128**	**$ 1,359**	$ 1,593	$ 1,879	$ 1,494	$ 1,361
Interest-bearing deposits with banks	**10,829**	**9,447**	**12,409**	**10,137**	8,861	11,180	6,799	7,800
Securities[1]	**67,316**	**70,465**	**70,074**	**71,656**	69,628	69,684	70,109	71,393
Securities borrowed or purchased under resale agreements	**18,165**	**18,612**	**21,169**	**21,652**	19,829	19,327	17,067	18,248
Loans Residential mortgages	**72,592**	**71,214**	**69,955**	**69,018**	70,014	70,082	68,545	67,721
Personal and credit card	**35,000**	**35,610**	**34,861**	**33,656**	32,695	31,942	31,609	30,805
Business and government	**31,737**	**32,479**	**32,630**	**32,250**	33,177	36,844	38,949	40,508
Allowance for credit losses	**(1,825)**	**(1,879)**	**(1,989)**	**(1,948)**	(1,952)	(2,478)	(2,402)	(2,389)
Derivative instruments market valuation	**23,710**	**20,789**	**23,904**	**25,423**	22,796	24,124	26,993	26,984
Customers' liability under acceptances	**4,778**	**5,151**	**4,695**	**4,767**	5,139	5,264	5,841	5,980
Other assets[1]	**15,088**	**14,718**	**15,339**	**16,965**	15,367	15,406	14,833	14,643
	$278,764	**$277,879**	**$284,175**	**$284,935**	$277,147	$283,254	$279,837	$283,054
Liabilities and shareholders' equity								
Deposits Personal	**$ 72,049**	**$ 71,754**	**$ 71,247**	**$ 70,419**	$ 69,202	$ 68,996	$ 67,874	$ 67,843
Business and government	**106,705**	**109,260**	**115,138**	**111,349**	106,768	115,600	110,541	115,501
Bank	**11,823**	**12,006**	**9,252**	**11,446**	12,160	13,496	14,571	14,938
Derivative instruments market valuation	**23,990**	**20,098**	**22,321**	**24,323**	21,945	23,103	26,436	26,004
Acceptances	**4,778**	**5,151**	**4,695**	**4,778**	5,147	5,264	5,871	6,010
Obligations related to securities lent or sold short or under repurchase agreements	**29,010**	**28,685**	**32,071**	**32,380**	30,952	26,792	25,155	24,533
Other liabilities	**13,297**	**12,903**	**12,166**	**12,957**	13,998	13,403	12,763	11,562
Subordinated indebtedness	**3,889**	**3,861**	**3,146**	**3,201**	3,197	3,256	3,698	3,841
Shareholders' equity	**13,223**	**14,161**	**14,139**	**14,082**	13,778	13,344	12,928	12,822
	$278,764	**$277,879**	**$284,175**	**$284,935**	$277,147	$283,254	$279,837	$283,054

SELECT FINANCIAL MEASURES

Unaudited, as at or for the quarter	2004 Q4	2004 Q3	2004 Q2	2004 Q1	2003 Q4	2003 Q3	2003 Q2	2003 Q1
Return on equity[3]	**14.2%**	**21.3%**	**18.4%**	**21.0%**	17.9%	29.6%	11.9%	16.8%
Return on average assets	**0.63**	**0.88**	**0.76**	**0.86**	0.73	1.09	0.46	0.61
Average common shareholders' equity ($ millions)	**$ 10,545**	**$ 10,704**	**$ 10,693**	**$ 10,591**	$ 10,374	$ 9,835	$ 9,386	$ 9,451
Average assets ($ millions)	**$278,535**	**$279,008**	**$284,242**	**$281,529**	$279,009	$285,829	$284,432	$289,676

Average assets to average common equity	**26.4%**	**26.1%**	**26.6%**	**26.6%**	26.9%	29.1%	30.3%	30.7%
Tier 1 capital ratio	**10.5**	**10.9**	**11.0**	**11.1**	10.8	10.2	9.3	9.0
Total capital ratio	**12.8**	**13.3**	**12.8**	**13.0**	13.0	12.2	11.7	11.9
Net interest margin[1]	**1.89**	**1.92**	**1.84**	**2.00**	2.02	2.04	1.95	1.90
Efficiency ratio	**77.1**	**67.2**	**68.0**	**65.5**	70.4	68.1	74.8	68.0

COMMON SHARE INFORMATION

	2004				**2003**			
Unaudited, as at or for the quarter	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Average shares outstanding (thousands)	**349,128**	**354,003**	**358,895**	**359,742**	361,266	360,270	359,506	359,131
Per share - basic earnings	**$ 1.08**	**$ 1.62**	**$ 1.35**	**$ 1.56**	1.29	$ 2.04	$ 0.76	$ 1.12
- diluted earnings	**1.06**	**1.60**	**1.33**	**1.54**	1.28	2.02	0.76	1.11
- dividends	**0.60**	**0.60**	**0.50**	**0.50**	0.41	0.41	0.41	0.41
- book value[4]	**29.92**	**30.40**	**30.17**	**29.70**	28.78	28.42	26.77	26.43
Share price[5] - high	**73.90**	**69.68**	**71.46**	**68.60**	60.95	55.42	49.45	45.75
- low	**64.50**	**62.20**	**64.80**	**59.35**	51.90	46.27	41.05	39.50
- close	**73.90**	**66.28**	**67.19**	**66.66**	59.21	54.52	47.80	43.55
Price to earnings multiple	**13.2**	**11.4**	**10.8**	**11.8**	11.4	15.5	25.3	26.6
Dividend payout ratio[3]	**55.7%**	**37.0%**	**37.1%**	**32.3%**	31.7%	20.2%	53.9%	36.7%

(1) During the fourth quarter of 2004, we reclassified equity-accounted investments from investment securities to other assets. This realignment has also resulted in the reclassification of related income statement items. Prior-period information has been reclassified and, accordingly, net interest margin has been restated.

(2) Net income applicable to common shares has been revised to incorporate the effect of premiums on preferred share redemptions. Prior-period information has been restated.

(3) Return on equity and dividend payout ratio have been revised to incorporate the effect of premiums on preferred share redemptions. Prior-period information has been restated.

(4) Common shareholders' equity divided by the number of common shares issued and outstanding at end of the quarter.

(5) The high and low price during the period, and closing price on the last trading day of the period, on the TSX.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Unaudited, $ millions, for the years ended October 31	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Net interest income[1]	**$ 5,366**	$ 5,630	$ 5,500	$ 4,549	$ 4,282	$ 4,408	$4,337	$4,517	$4,463	$4,074
Non-interest income[1]	**6,517**	5,946	5,541	6,613	7,797	5,728	4,804	3,980	2,892	2,258
Total revenue	**11,883**	11,576	11,041	11,162	12,079	10,136	9,141	8,497	7,355	6,332
Provision for credit losses	**628**	1,143	1,500	1,100	1,220	750	480	610	480	680
Non-interest expenses	**8,251**	8,128	9,129	8,226	8,096	7,998	7,125	5,372	4,584	3,991
Income before income taxes and non-controlling interests	**3,004**	2,305	412	1,836	2,763	1,388	1,536	2,515	2,291	1,661
Income taxes	**790**	239	(279)	92	641	320	460	937	911	635
Non-controlling interests in net income of subsidiaries	**15**	3	38	58	62	39	20	27	14	11
Net income	**$ 2,199**	$ 2,063	$ 653	$ 1,686	$ 2,060	$ 1,029	$1,056	$1,551	$1,366	$1,015
Dividends on preferred shares	**$ 190**	$ 180	$ 161	$ 121	$ 128	$ 112	$ 116	$ 98	$ 112	$ 111
Premiums on preferred shares[2]	**$ 18**	$ 8	$ —	$ —	$ 17	$ —	$ 10	$ —	$ 34	$ —
Net income applicable to common shares[2]	**$ 1,991**	$ 1,875	$ 492	$ 1,565	$ 1,915	$ 917	$ 930	$1,453	$1,220	$ 904

CONDENSED CONSOLIDATED BALANCE SHEETS

Unaudited, $ millions, as at October 31	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Assets										
Cash and deposits with banks	**$ 12,203**	$ 10,454	$ 9,512	$ 11,350	$ 10,679	$ 12,527	$ 10,795	$ 7,931	$ 8,120	$ 15,419
Securities[1]	**67,316**	69,628	64,273	74,794	69,242	59,492	60,970	45,252	39,817	38,255
Securities borrowed or purchased under resale agreements	**18,165**	19,829	16,020	24,079	20,461	19,158	36,293	37,629	32,534	14,173
Loans										
Residential mortgages	**72,592**	70,014	66,612	58,751	51,921	46,637	43,199	40,039	36,932	34,686
Personal and credit card	**35,000**	32,695	30,784	28,411	27,939	24,751	24,563	22,305	20,132	18,716
Business and government	**31,737**	33,177	41,961	46,693	47,567	47,552	49,811	47,107	45,642	44,013
Allowance for credit losses	**(1,825)**	(1,952)	(2,288)	(2,294)	(2,236)	(1,748)	(1,609)	(1,591)	(1,422)	(1,467)
Derivative instruments market valuation	**23,710**	22,796	24,717	25,723	23,847	24,449	37,157	21,977	13,314	9,207
Customers' liability under acceptances	**4,778**	5,139	6,848	8,100	9,088	9,296	10,995	10,375	8,733	8,315
Other assets[1]	**15,088**	15,367	14,854	11,867	9,194	8,217	9,256	6,965	6,430	5,191
	$278,764	$277,147	$273,293	$287,474	$267,702	$250,331	$281,430	$237,989	$210,232	$186,508
Liabilities and shareholders' equity										
Deposits										
Personal	**$ 72,049**	$ 69,202	$ 67,975	$ 66,826	$ 63,109	$ 60,878	$ 59,993	$ 59,188	$ 61,484	$ 61,061
Business and government	**106,705**	106,768	117,986	114,270	103,141	85,940	84,862	60,272	43,705	45,738
Bank	**11,823**	12,160	10,669	13,256	13,382	13,223	15,020	19,438	22,232	22,683
Derivative instruments market valuation	**23,990**	21,945	24,794	26,395	24,374	25,097	36,245	21,376	12,500	8,135
Acceptances	**4,778**	5,147	6,878	8,100	9,088	9,296	10,995	10,375	8,733	8,315
Obligations related to securities lent or sold short or under repurchase agreements	**29,010**	30,952	18,051	32,616	28,191	29,203	48,659	43,932	41,907	22,211
Other liabilities	**13,297**	13,998	10,980	10,112	10,630	11,092	9,806	8,267	7,041	6,015
Subordinated indebtedness	**3,889**	3,197	3,627	3,999	4,418	4,544	4,714	4,894	3,892	3,671
Shareholders' equity										
Preferred shares	**2,826**	3,357	3,088	2,299	1,876	1,933	1,961	1,518	1,068	1,355
Common shares	**2,969**	2,950	2,842	2,827	2,868	3,035	3,128	3,105	3,055	3,202
Contributed surplus	**59**	50	26	—	—	—	—	—	—	—
Retained earnings	**7,369**	7,421	6,377	6,774	6,625	6,090	6,047	5,624	4,615	4,122
	$278,764	$277,147	$273,293	$287,474	$267,702	$250,331	$281,430	$237,989	$210,232	$186,508

(1) During the year, we reclassified equity-accounted investments from investment securities to other assets. This realignment has also resulted in the reclassification of related income statement items. Prior-year information for 2003 and 2002 has been reclassified; information prior to 2002 has not been reclassified as the amounts are not reasonably determinable.

(2) Net income applicable to common shares has been revised to incorporate the effect of premiums on preferred share redemptions. Prior-period information has been restated.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Unaudited, $ millions, for the years ended October 31	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Balance at beginning of year	**$13,778**	$12,333	$11,900	$11,369	$11,058	$11,136	$10,247	$ 8,738	$8,679	$8,435
Adjustment for change in accounting policy	**6**(1)	—	(42)(2)	(140)(3)	—	—	—	—	(94)(4)	—
Premium on redemption/repurchase of share capital										
Preferred	**(18)**	(8)	—	—	(17)	—	(10)	—	(34)	—
Common	**(1,084)**	—	(269)	(736)	(873)	(397)	—	—	(281)	—
Changes in share capital										
Preferred	**(497)**	350	800	400	(80)	—	391	436	(290)	(336)
Common	**8**	108	15	(41)	(167)	(93)	23	50	(147)	2
Changes in contributed surplus	**3**	24	26	—	—	—	—	—	—	—
Net income	**2,199**	2,063	653	1,686	2,060	1,029	1,056	1,551	1,366	1,015
Dividends										
Preferred	**(190)**	(180)	(161)	(121)	(128)	(112)	(116)	(98)	(112)	(111)
Common	**(781)**	(591)	(577)	(536)	(501)	(492)	(498)	(434)	(352)	(320)
Other	**(201)**	(321)	(12)	19	17	(13)	43	4	3	(6)
Balance at end of year	**$13,223**	$13,778	$12,333	$11,900	$11,369	$11,058	$11,136	$10,247	$8,738	$8,679

(1) Represents the effect of implementing the CICA AcG-17, "Equity-linked Deposit Contracts," which introduced the requirements to bifurcate the equity-linked contracts and measure the derivative at fair value.

(2) Represents the effect of implementing the CICA handbook section 3870, "Stock-based Compensation and Other Stock-based Payments," which introduced the requirement to account for SARs based on quoted market price on an ongoing basis. Additionally, CIBC adopted the fair value-based method to account for stock transactions with employees and non-officer directors, as encouraged by section 3870.

(3) Represents the effect of implementing the CICA handbook section 3461, "Employee Future Benefits," which introduced the requirement to accrue the cost of post-retirement and post-employment benefits during the years employees provide services to CIBC.

(4) Represents the effect of implementing the CICA handbook section 3025, "Impaired Loans," which introduced the requirement to discount expected cash flows on impaired loans when determining the allowance for credit losses.

SELECT FINANCIAL MEASURES

Unaudited, as at or for the years ended October 31	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Return on equity(1)	**18.7%**	19.2%	5.1%	16.1%	20.3%	9.8%	10.2%	17.7%	16.6%	12.9%
Return on average assets	**0.78**	0.72	0.22	0.60	0.78	0.38	0.38	0.66	0.70	0.61
Average common shareholders' equity ($ millions)	**$ 10,633**	$ 9,764	$ 9,566	$ 9,739	$ 9,420	$ 9,323	$ 9,100	$ 8,195	$ 7,332	$ 7,003
Average assets ($ millions)	**$280,810**	$284,739	$292,510	$278,798	$263,119	$271,844	$278,823	$236,025	$196,063	$165,846
Average assets to average common equity	**26.4%**	29.2%	30.6%	28.6%	27.9%	29.2%	30.6%	28.8%	26.7%	23.7%
Tier 1 capital ratio	**10.5**	10.8	8.7	9.0	8.7	8.3	7.7	7.0	6.6	7.0
Total capital ratio	**12.8**	13.0	11.3	12.0	12.1	11.5	10.8	9.8	9.0	9.6
Net interest margin(2)	**1.91**	1.98	1.88	1.63	1.63	1.62	1.56	1.91	2.28	2.46
Efficiency ratio	**69.4**	70.2	82.7	73.7	67.0	78.9	77.9	63.2	62.3	63.0

(1) Return on equity has been revised to incorporate the effect of premiums on preferred share redemptions. Prior-year information has been restated.

(2) During the year, we reclassified equity-accounted investments from investment securities to other assets. This realignment has also resulted in the reclassification of related income statement items. Accordingly, net interest margin for 2003 and 2002 has been restated, as applicable; net interest margin prior to 2002 has not been restated as the amounts are not reasonably determinable.

COMMON SHARE INFORMATION

Unaudited, as at or for the years ended October 31	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Average number outstanding (thousands)	**355,735**	360,048	360,553	372,305	388,951	409,789	415,030	413,545	415,028	432,614
Per share										
- basic earnings	**$ 5.60**	$ 5.21	$ 1.37	$ 4.19	$ 4.95	$ 2.23	$ 2.24	$ 3.51	$ 2.94	$ 2.09
- diluted earnings	**5.53**	5.18	1.35	4.13	4.90	2.21	2.22	3.49	2.93	2.09
- dividends	**2.20**	1.64	1.60	1.44	1.29	1.20	1.20	1.05	0.85	0.74
- book value(1)	**29.92**	28.78	25.75	26.44	25.17	22.68	22.08	21.07	18.62	16.93
Share price(2)										
- high	**73.90**	60.95	57.70	57.00	50.50	42.60	59.80	41.75	28.30	18.57
- low	**59.35**	39.50	34.26	43.20	30.50	28.00	24.40	26.55	18.00	15.57
- close	**73.90**	59.21	38.75	48.82	48.40	31.70	30.65	41.20	27.85	18.19
Price to earnings multiple	**13.2**	11.4	28.9	11.7	9.8	14.2	13.7	11.7	9.5	8.7
Dividend payout ratio(3)	**39.2%**	31.5%	>100.0%	34.2%	26.2%	53.6%	53.5%	29.9%	28.9%	35.4%

(1) Common shareholders' equity divided by the number of common shares issued and outstanding at end of year.

(2) The high and low price during the year, and closing price on the last trading day of the year, on the TSX.

(3) Dividend payout ratio has been revised to incorporate the effect of premiums on preferred share redemptions. Prior-year information has been restated.

DIVIDENDS ON PREFERRED SHARES(1)

Unaudited, for the years ended October 31	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Class A										
Series 4	**$ —**	$ —	$ —	$ —	$ —	$ —	$ —	$3.4106	$4.7360	$6.0900
Series 5	**—**	—	—	—	—	—	—	0.8240	1.1600	1.4728
Series 7	**—**	—	—	—	—	—	—	—	—	4,208
Series 8	**—**	—	—	—	—	—	—	—	—	0.6706
Series 9	**—**	—	—	—	—	—	1.1375	2.2750	2.2750	2.2750
Series 10	**—**	—	—	—	—	—	—	—	2.8175	2.5555
Series 11	**—**	—	—	—	—	—	—	—	2.4060	2.2125
Series 12	**—**	—	—	—	2.4100	2.4267	2.4097	2.2462	2.2188	2.1856
Series 13	**—**	—	—	—	1.7500	1.7500	1.7500	1.7500	1.7500	1.7500
Series 14	**—**	1.1156	1.4875	1.4875	1.4875	1.4875	1.4875	1.4870	1.1197	—
Series 15	**1.0709**	1.4125	1.4125	1.4125	1.4125	1.4125	1.4125	1.4110	—	—
Series 16	**1.8456**	2.0025	2.2244	2.1724	2.0948	2.1093	2.0946	1.1367	—	—
Series 17	**1.3551**	1.3625	1.3625	1.3625	1.3625	1.3625	1.3625	0.7880	—	—
Series 18	**1.3750**	1.3750	1.3750	1.3750	1.3750	1.3750	1.3628	—	—	—
Series 19	**1.2375**	1.2375	1.2375	1.2375	1.2375	1.2375	0.7404	—	—	—
Series 20	**1.6908**	1.8253	2.0276	1.9801	1.9095	1.9227	1.1703	—	—	—
Series 21	**1.5000**	1.5000	1.5000	1.5000	1.1372	—	—	—	—	—
Series 22	**2.0520**	2.2152	2.4606	2.4031	1.7713	—	—	—	—	—
Series 23	**1.3250**	1.3250	1.3250	0.9938	—	—	—	—	—	—
Series 24	**1.5000**	1.5000	1.2962	—	—	—	—	—	—	—
Series 25	**1.5000**	1.5000	0.8048	—	—	—	—	—	—	—
Series 26	**1.4375**	1.0859	—	—	—	—	—	—	—	—
Series 27	**1.5484**	—	—	—	—	—	—	—	—	—
Series 28	**0.1996**	—	—	—	—	—	—	—	—	—

(1) The dividends are adjusted for the number of days during the year that the share is outstanding at the time of issuance and redemption.

Board structure and members — Ongoing renewal

The Board's duty is to supervise the management of the business and affairs of CIBC. The Board works with management to act in the best interests of CIBC. To fulfill its oversight obligations, it is important for the Board to have individuals whose characteristics meet the needs of CIBC and its shareholders. Directors work with senior management to obtain and review appropriate information that assists the Board in providing strategic guidance. To facilitate its operation, the Board has developed principles and policies for director meeting attendance and preparation.

Board renewal, which goes beyond the appointment of directors with the appropriate skill set, is critical to CIBC. Board renewal started five years ago when John Hunkin, who had just been appointed Chairman and Chief Executive Officer, initiated a major review of all board governance activities. This initiative resulted in a number of governance improvements dealing primarily with Board and committee structure as well as policies and processes associated with corporate governance. In the last year greater focus was applied to Board leadership skills and competencies to bring Board renewal to the next level.

Director tenure

The Board approved a formal director tenure policy which outlines the circumstances in which a director's resignation should be tendered. These circumstances include having reached the age of 70, having a material change occur in the status of his or her employment, or having been a director for 15 years since joining the Board. There is a transition period for directors appointed at the last annual meeting of shareholders, some of whom have been a director of CIBC for 15 years. The Corporate Governance Committee has authority to determine whether it is in the best interests of CIBC to accept a director's resignation.

This year, three new directors joined the Board, decreasing the average tenure of CIBC's directors and bringing a new outlook to the Board and committee activities.

Board annual self assessment

As in previous years, the Board underwent an extensive self-assessment process, facilitated by an external consultant specializing in governance. The assessment covered the Board, each Board committee, the Chairman and the Chief Executive Officer. The consultant developed separate and tailored questionnaires for each of these parties to assist in reviewing their performance against their mandate and other criteria recommended by the consultant. The questionnaires covered a range of dimensions, such as overall performance of the Board; Board and committee structure and composition; succession planning; management development; strategic planning; risk management; operational performance; Chief Executive Officer performance evaluation; Board membership; director competencies; Board processes and director involvement. The consultant also interviewed each Board member individually.

The data obtained from the questionnaires and the individual interviews was compiled, analysed and scored by the consultant, culminating in a formal assessment report to the Board. Following the formal assessment process, the Chairman conducted his annual one-on-one meeting with each director to discuss the director's performance and development needs.

The assessment report identified opportunities for development, which formed the basis of action plans for improvement. These action plans were developed by the Board committees, the Chairman, and the Chief Executive Officer, and then reviewed and approved by the Board. Progress against these plans is monitored by the Corporate Governance Committee.

Building a competency matrix

The Corporate Governance Committee regularly updates a competency matrix for approval by the Board. The matrix outlines the desired complement of directors' skills and characteristics based on CIBC's current and anticipated needs. This matrix assists in identifying and recruiting suitable new directors; during the year, three new directors, whose expertise and skills complement the existing Board strengths, were appointed. In addition, the matrix is helpful for identifying areas for director development. Given the increasing complexity associated with directorships, CIBC has enhanced its director development through an improved orientation program, more focused tutorials on select subject matters and continuing education plans for committees.

Review of Board mandates

During the year, the Board, assisted by external advisors, undertook a thorough review of the mandates of the Board, the committees, the Chairman, and the Chief Executive Officer, taking into account global benchmarks. These mandates have been posted on www.cibc.com.

We are pleased with the extensive Board renewal work we have completed over the past five years. We believe that our continued focus on establishing solid structures and processes will result in systematic and sustainable renewal.

Board members — Independence is a priority

The Board recognizes the importance of maintaining its independence and has adopted independence standards derived from the Affiliated Persons regulations under the Bank Act and the corporate governance rules of both the New York Stock Exchange (NYSE) and the Toronto Stock Exchange (TSX). The Directors Independence Standards have been posted on www.cibc.com.

To further facilitate its independent operation and in accordance with its mandate, the Board continues to have regular sessions at which management is not present, and this year held 12 independent sessions out of 24 Board meetings. As noted above, the mandate of the Board of Directors has been posted on www.cibc.com.

Board members — 19 directors in 2004

Douglas G. Bassett O.C., O.Ont., LL.D., D.Litt. (1980)
Chairman, Windward Investments
(Toronto, Ontario, Canada)

Jalynn H. Bennett C.M. (1994)
President, Jalynn H. Bennett and Associates Ltd.
(Toronto, Ontario, Canada)

Gary F. Colter F.C.A. (2003)
President, CRS Inc.
(Toronto, Ontario, Canada)

Pat M. Delbridge (1993)
President, PDA Inc.
(Toronto, Ontario, Canada)

William L. Duke (1991)
Farmer
(Redvers, Saskatchewan, Canada)

Ivan E.H. Duvar B.E., P.Eng., LL.D. (Hon.) (1989)
President and Chief Executive Officer, MIJAC Inc.
(Amherst, Nova Scotia, Canada)

William A. Etherington (1994)
Chairman of the Board, CIBC
(Toronto, Ontario, Canada)

A.L. Flood C.M. (1989)
Company Director, CIBC
(Thornhill, Ontario, Canada)

Margot A. Franssen O.C. (1992)
President and Chief Executive Officer, Bibelot Inc.
(Toronto, Ontario, Canada)

Hon. Gordon D. Giffin (2001)
Senior Partner, McKenna Long & Aldridge LLP
(Atlanta, Georgia, U.S.A.)

Hon. James A. Grant P.C., C.M., Q.C. (1991)
Chair Emeritus, Stikeman Elliott LLP
(Montréal, Québec, Canada)

Linda S. Hasenfratz (2004)
Chief Executive Officer, Linamar Corporation
(Guelph, Ontario, Canada)

Albert E.P. Hickman (1989)
Chairman and President, Hickman Motors Limited
(St. John's, Newfoundland, Canada)

John S. Hunkin (1993)
Chief Executive Officer, CIBC
(Toronto, Ontario, Canada)

John S. Lacey (2004)
Chairman, Alderwoods Group Inc.
(Toronto, Ontario, Canada)

Charles Sirois C.M., B.Fin., M.Fin. (1997)
Chairman and Chief Executive Officer, Telesystem Ltd.
(Montréal, Québec, Canada)

Stephen G. Snyder B.Sc., M.B.A. (2000)
President and Chief Executive Officer, TransAlta Corporation
(Calgary, Alberta, Canada)

Ronald W. Tysoe (2004)
Vice-Chair, Federated Department Stores, Inc.
(Cincinnati, Ohio, U.S.A.)

W. Galen Weston O.C. (1978)
President and Chairman, George Weston Limited
(Toronto, Ontario, Canada)

Board committees — Focused expertise

The Board believes that the governance of CIBC is more effectively carried out through the active participation of committees. Currently there are four committees of the Board: Corporate Governance Committee, Audit Committee, Management Resources and Compensation Committee, and Risk Management Committee. Each year, the Board reviews, revises and approves a mandate for each of these committees.

The mandates of each committee are posted on www.cibc.com/AboutCIBC/Governance.

The committee chairs regularly provide an update to the Board on material matters considered by each committee. To facilitate communication among the committees and enhance good governance, each committee chair is a member of the Corporate Governance Committee.

The Corporate Governance Committee The primary function of the Corporate Governance Committee is to assist the Board of Directors in fulfilling its corporate governance oversight responsibilities. The Corporate Governance Committee also acts as the conduct review committee of CIBC under the Bank Act (Canada).

The committee met 11 times during the year. Key accomplishments and initiatives included:

- Exercising oversight of Board renewal activities noted above, including recommending candidates for appointment to the Board
- Reviewing and recommending to the Board for approval the Code of Ethics for Directors, which outlines a standard of conduct for all directors
- Further enhancement of the Board competency matrix, and
- Reviewing CIBC's governance framework and ongoing regulatory and accounting developments related to governance

Members: J.H. Bennett (Chair), G.F. Colter, J.A. Grant, C. Sirois, S.G. Snyder

The Audit Committee The primary functions of the Audit Committee are to fulfill its responsibilities in relation to reviewing the integrity of CIBC's financial statements, financial disclosures and internal controls over financial reporting; monitoring the system of internal control; monitoring CIBC's compliance with legal and regulatory requirements; selecting the external auditors for shareholder approval; reviewing the qualifications, independence and performance of the external auditors; reviewing the qualifications, independence and performance of CIBC's internal auditors; and acting as the Audit Committee for certain federally regulated subsidiaries.

The committee met 12 times during the year. Key accomplishments and initiatives included:

- Exercising oversight in a major management-led governance initiative which incorporated a review of CIBC's financial and non-financial controls and enabled CIBC to meet the management reporting requirements of SOX section 404
- Approving CIBC's approach to and implementation of the Ethics Hotline
- Reviewing and revising of key reports presented to the committee
- Reviewing and revising the Audit Committee mandate to better reflect current regulatory requirements and best practice
- Promoting regular dialogue with our principal regulator, OSFI, and
- Reviewing and assessing CIBC's tax strategy

Members: D.G. Bassett, G.F. Colter (Chair), P.M. Delbridge, W.L. Duke, I.E.H. Duvar

The Management Resources and Compensation Committee The primary function of the Management Resources and Compensation Committee is to assist the Board of Directors in fulfilling its supervisory responsibilities in relation to CIBC's human resource policies and practices.

The committee met eight times during the year. Key accomplishments and initiatives included:

- Reconfirming that CIBC's compensation philosophy, principles and plans/programs are aligned to CIBC strategy and are based on the competitive market frame and trends
- Reviewing direction of CIBC's people strategy, comprising major initiatives within the context of performance management, health and well being, employee environment and recruiting/learning and development
- Discussing CIBC's methodology and approach surrounding talent management, incorporating the development approaches conducted for senior executives
- Reviewing compensation levels for senior executives to ensure appropriateness of market competitive pay for competitive performance, and engaging external consultants to better understand market trends for overall performance levels in the industry, and

- Conducting a director development session for all Board members on executive compensation through engagement of an external consulting firm

Members: J.H. Bennett, M.A. Franssen, J.A. Grant, L.S. Hasenfratz, C. Sirois (Chair)

The Risk Management Committee The primary function of the Risk Management Committee is to assist the Board of Directors in fulfilling its responsibilities in relation to the identification, measurement, monitoring and controlling of CIBC's principal business risks.

The committee met 11 times during the year. Key accomplishments and initiatives included:

- Fulfilling all requirements of its enhanced mandate for overseeing the management of credit, market, liquidity and operational risk as well as the balance sheet
- Exercising governance oversight of reputation and legal risk, including a review at all 2004 committee meetings of status reports, Financial Transactions Oversight Committee (FTOC) reporting, and receiving independent assessments from external advisors
- Assuming responsibility for the oversight of operational risk, reviewing and approving the relevant policies, procedures, standards and internal mandate, and reviewing quarterly capital reports, and
- Providing support and guidance, reviewing and recommending the approval of CIBC's Basel II Program

Members: A.L. Flood, G.D. Giffin, A.E.P. Hickman, J.S. Lacey, S.G. Snyder (Chair), R.W. Tysoe

Governance processes — Continuous improvement

CIBC monitors Canadian and U.S. regulatory developments on an ongoing basis and responds by changing or enhancing its governance practices and policies, where required or desirable.

For example, in November 2003, the NYSE established new corporate governance rules, which were amended in November 2004. The application of NYSE's rules is restricted for foreign companies, recognizing that they have to comply with domestic requirements. The table below compares NYSE's corporate governance rules with CIBC's governance practices and includes a brief description of any significant differences.

New York Stock Exchange Corporate Governance Rule		CIBC Governance Practice	
Director independence			
1.	Listed companies must have a majority of independent directors.	ü	
2.	In order to tighten the definition of "independent director" for purposes of these standards:	ü	
	(a) No director qualifies as "independent" unless the board of directors affirmatively determines that the director has no material relationship with the listed company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company). Companies must identify which directors are independent and disclose the basis for that determination.	ü	See Directors Independence Standards at www.cibc.com which adopt NYSE's independence standards, TSX governance guidelines and Affiliated Person regulations under the Bank Act (Canada).
	(b) In addition, a director is not independent if:		
	(i) The director is, or has been within the last three years, an employee of the listed company, or an immediate family member is, or has been within the last three years, an executive officer of the listed company.	ü	
	(ii) The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than $100,000 in direct compensation from the listed company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).	ü	
	(iii) (A) The director or an immediate family member is a current partner of a firm that is the company's internal or external auditor; (B) the director is a current employee of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the listed company's audit within that time.	ü	
	(iv) The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the listed company's present executive officers at the same time serves or served on that company's compensation committee.	ü	

(v)	The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the listed company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million, or 2% of such other company's consolidated gross revenues.	ü

Price of common shares purchased under the shareholder investment plan

Date purchased	Share purchase option	Dividend reinvestment & stock dividend options
Oct. 28/04		$ 72.84
Oct. 1/04	$ 68.25	
Sep. 1/04	$ 66.90	
Aug. 3/04	$ 66.90	
Jul. 28/04		$ 64.75
Jul. 2/04	$ 65.13	
Jun. 1/04	$ 65.45	
May 3/04	$ 68.00	
Apr. 28/04		$ 68.19
Apr. 1/04	$ 68.89	
Mar. 1/04	$ 68.90	
Feb. 2/04	$ 66.80	
Jan. 28/04		$ 68.23
Jan. 2/04	$ 64.74	
Dec. 1/03	$ 63.26	
Nov. 3/03	$ 59.40	

Direct dividend deposit service

Canadian-resident holders of common shares may have their dividends deposited by electronic transfer directly into their account at any financial institution that is a member of the Canadian Payments Association. To arrange, please write to CIBC Mellon Trust Company (see Transfer Agent and Registrar).

Transfer agent and registrar

For information relating to shareholdings, dividends, dividend reinvestment accounts, lost certificates or to eliminate duplicate mailings of shareholder material, please contact:

CIBC Mellon Trust Company
P.O. Box 7010, Adelaide Street Postal
Station Toronto, Ontario M5C 2W9
416-643-5500 or fax 416-643-5501
1-800-387-0825 (toll-free in Canada and the U.S.)
e-mail: inquiries@cibcmellon.com

Common and preferred shares are transferable in Canada at the offices of our agent, CIBC Mellon Trust Company, in Toronto, Montreal, Halifax, Winnipeg, Regina, Calgary and Vancouver.

In the United States, common shares are transferable at:
Mellon Investor Services LLC
Overpeck Centre
85 Challenger Road
Ridgefield Park, NJ 07660

Outside of North America, common shares are transferable at:
CIBC Mellon Trust Company
Balfour House, 390 High Road
Ilford, Essex, England 1G1 1NQ

Exhibit B.6(a)(1): Certifications required by Rule 13a-14(a)

CERTIFICATIONS

I , John S. Hunkin, certify that:

1. I have reviewed this annual report on Form 40-F of Canadian Imperial Bank of Commerce;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e))and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: December 13, 2004

/s/ John S. Hunkin
John S. Hunkin
Chief Executive Officer

I, Tom D. Woods, certify that:

1. I have reviewed this annual report on Form 40-F of Canadian Imperial Bank of Commerce;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: December 13, 2004

/s/ Tom D. Woods
Tom D. Woods
Senior Executive Vice President and
Chief Financial Officer

Exhibit B.6(a)(2): Certifications required by Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code

Certificates pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Certifications

In connection with the annual report of Canadian Imperial Bank of Commerce (the "Bank") filed under cover of a Form 40-F for the period ended October 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John S. Hunkin, Chief Executive Officer of the Bank, certify that:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Bank.

/s/ John S. Hunkin
John S. Hunkin
Chief Executive Officer

Date: December 13, 2004

In connection with the annual report of Canadian Imperial Bank of Commerce (the "Bank") filed under cover of a Form 40-F for the period ended October 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Tom D. Woods, Senior Executive Vice President and Chief Financial Officer of the Bank, certify that:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Bank.

/s/ Tom D. Woods
Tom D. Woods
Senior Executive Vice President and
Chief Financial Officer

Date: December 13, 2004

Exhibit B.8: Disclosure regarding audit committee financial expert

CIBC's Board of Directors has determined that (i) CIBC has at least one audit committee "financial expert" (as that term is defined in General Instruction B(8)(b) of the General Instructions to Form 40-F) serving on its audit committee, (ii) that Mr. Gary Colter is a "financial expert" (as so defined) and (iii) Mr. Gary Colter is "independent" (as that term is defined in 17 CFR 240.10A-3).

Exhibit B.9: Disclosure regarding code of ethics

CIBC has adopted a Code of Conduct applicable to all its officers and employees, including CIBC's Chief Executive Officer, Chief Financial Officer, Chief Accountant and Controller. The Code of Conduct meets the definition of a "code of ethics" (as that term is defined in General Instruction B(9)(b) of the General Instructions to Form 40-F). The Code of Conduct is available on CIBC's website at www.cibc.com. No waivers from the provisions of the Code of Conduct were granted in the fiscal year ended October 31, 2004 to the Chief Executive Officer, Chief Financial Officer, Chief Accountant or Controller of CIBC.

Exhibit D.9(a): Consent of Independent Registered Public Accounting Firm

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption “Experts” and to the use of our report dated December 1, 2004 in this annual report (Form 40-F) of Canadian Imperial Bank of Commerce for the year ended October 31, 2004, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Ernst & Young LLP
Chartered Accountants
Toronto, Canada
December 13, 2004

Exhibit D.9(b): Consent of Independent Registered Public Accounting Firms

We consent to the use in this Annual Report on Form 40-F of Canadian Imperial Bank of Commerce of our report dated November 27, 2002 on the consolidated statements of income, changes in shareholders' equity and cash flows for the year ended October 31, 2002 prior to the modifications in presentation described in the consolidated statement of changes in shareholders' equity, the accounting policy for mortgage commitments disclosed in Note 1, disclosures in Note 17 and presentation of segmented information in Note 26 which were audited by the successor Independent Registered Public Accounting Firm, which appears in this Annual Report on Form 40-F.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants
Toronto, Canada
November 27, 2002

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Toronto, Canada
November 27, 2002