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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, 2010

Commission File Number: 1 - 14678

CANADIAN IMPERIAL BANK OF COMMERCE

(Exact name of registrant as specified in its charter)

Canada	**6029**	**13-1942440**
(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
Chief Administrative Officer and General Counsel
Canadian Imperial Bank of Commerce
425 Lexington Avenue – 3rd Floor
New York, New York, 10017
(212) 667-8301
(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

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	392,739,500
Class A Preferred Shares:	
Series 18	12,000,000
Series 26	10,000,000
Series 27	12,000,000
Series 28	2,000
Series 29	13,232,342

Series 30	16,000,000
Series 31	18,000,000
Series 32	12,000,000
Series 33	12,000,000
Series 35	13,000,000
Series 37	8,000,000

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 check 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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes þ No o

The section entitled "Credit Ratings" in, and Appendix A to, Exhibit B.3(a) – Annual Information Form, shall not be incorporated by reference into any registration statement filed by the Registrant under the U.S. Securities Act of 1933, as amended.

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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 or transactions in said securities.

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 6, 2010

CANADIAN IMPERIAL BANK OF COMMERCE

By: /s/ Gerald T. McCaughey
Gerald T. McCaughey
President and Chief Executive Officer

By: /s/ J. David Williamson
J. David Williamson
Senior Executive Vice President and
Chief Financial Officer

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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, 2010 excerpted from pages 104-179 of the 2010 Annual Report of Canadian Imperial Bank of Commerce ("CIBC") including Independent Auditors' Reports to Shareholders with respect to consolidated financial statements as at October 31, 2010 and 2009 and for each of the years in the three-year period ended October 31, 2010 and internal control over financial reporting as of October 31, 2010
B.3(c)	Management's discussion and analysis excerpted from pages 31-103 of CIBC's 2010 Annual Report
B.3(d)	Other Pages of CIBC's 2010 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	None
B.8	Disclosure regarding audit committee financial expert
B.9	Disclosure regarding code of ethics
B.10	Principal accountant fees and services
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(a))
D.9	Consent of Independent Registered Public Accounting Firm

Exhibit B.3(a): Annual Information Form



Canadian Imperial Bank of Commerce

ANNUAL

INFORMATION

FORM

December 1, 2010

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A NOTE ABOUT FORWARD-LOOKING STATEMENTS:

From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including in this Annual Information Form, in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission and in other communications. These statements include, but are not limited to, statements made about our operations, business lines, financial condition, risk management, priorities, targets, ongoing objectives, strategies and outlook for 2011 and subsequent periods. Forward-looking statements are typically identified by the words “believe”, “expect”, “anticipate”, “intend”, “estimate” and other similar expressions or future or conditional verbs such as “will”, “should”, “would” and “could”. By their nature, these statements require us to make assumptions and are subject to inherent risks and uncertainties that may be general or specific. A variety of factors, many of which are beyond our control, affect our operations, performance and results, and could cause actual results to differ materially from the expectations expressed in any of our forward-looking statements. These factors include: credit, market, liquidity, strategic, operational, reputation and legal, regulatory and environmental risk; legislative or regulatory developments in the jurisdictions where we operate, amendments to, and interpretations of, risk-based capital guidelines and reporting instructions; the resolution of legal proceedings and related matters; the effect of changes to accounting standards, rules and interpretations; changes in our estimates of reserves and allowances; changes in tax laws; changes to our credit ratings; political conditions and developments; the possible effect on our business of international conflicts and the war on terror; natural disasters, public health emergencies, disruptions to public infrastructure and other catastrophic events; reliance on third parties to provide components of our business infrastructure; the accuracy and completeness of information provided to us by clients and counterparties; the failure of third parties to comply with their obligations to us and our affiliates; intensifying competition from established competitors and new entrants in the financial services industry; technological change; global capital market activity; changes in monetary and economic policy; currency value fluctuations; general business and economic conditions worldwide, as well as in Canada, the U.S. and other countries where we have operations; changes in market rates and prices which may adversely affect the value of financial products; our success in developing and introducing new products and services, expanding existing distribution channels, developing new distribution channels and realizing increased revenue from these channels; changes in client spending and saving habits; our ability to attract and retain key employees and executives; and our ability to anticipate and manage the risks associated with these factors. This list is not exhaustive of the factors that may affect any of our forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on our forward-looking statements. We do not undertake to update any forward-looking statement that is contained in this Annual Information Form or in other communications except as required by law.

INFORMATION INCORPORATED BY REFERENCE

Certain disclosure in this Annual Information Form (AIF) is derived and incorporated by reference from CIBC's 2010 Annual Report for the year ended October 31, 2010 (2010 AR). The table below identifies pages from the 2010 AR which are incorporated by reference into this AIF.

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Unless otherwise specified, this AIF presents information as at October 31, 2010.

CORPORATE STRUCTURE

Name, Address and Incorporation

Canadian Imperial Bank of Commerce (CIBC) is a diversified financial institution governed by the *Bank Act* (Canada) (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 180 of the 2010 AR.

DESCRIPTION OF THE BUSINESS

The CIBC Organization

CIBC is a leading Canadian-based, global financial institution. CIBC serves its clients through two distinct strategic business units: CIBC Retail Markets and Wholesale Banking.

CIBC Retail Markets comprises CIBC's personal banking, business banking and wealth management businesses. It provides a full range of financial products and services to personal, business and wealth management clients in Canada and the Caribbean, as well as investment management services to retail and institutional clients in Hong Kong, Singapore and the Caribbean.

Wholesale Banking provides a wide range of credit, capital markets, investment banking, merchant banking and research products and services to government, institutional, corporate and retail clients in Canada and in key markets around the world. Wholesale Banking also conducts treasury execution activities. The mandate of Wholesale Banking is to be a premier client-focused, Canadian-based wholesale bank.

CIBC's two major operating groups are supported by five functional groups: Technology and Operations; Corporate Development; Finance (including Treasury); Administration; and Risk Management. Information about CIBC's business lines and functional groups is provided in CIBC's Management Discussion and Analysis for the year ended October 31, 2010 included on pages 31-95 of the 2010 AR.

A more complete description of services provided by CIBC Retail Markets and Wholesale Banking can be found in the 2010 AR on pages 44-48.

Competitive Conditions

CIBC was the fifth largest Canadian chartered bank in terms of market capitalization as of October 31, 2010.

In 2010, CIBC and its main competitors benefited from an improving business climate as low interest rates and government stimulus helped the domestic economy to recover at a moderate pace from the prior years' recession.

With fairly similar distribution networks, products and services offered by CIBC's major competitors, price competition in more traditional bank businesses such as deposit-taking and lending, together with historically low levels of interest rates, has limited net interest margin growth. Revenue growth has been supported by higher fee-based business, as the major banks have expanded their wealth management and wholesale operations over the past decade.

In recent years, federal regulations have fostered increased competition by allowing subsidiaries of foreign banks and non-bank financial institutions to offer traditional banking services. Advances in technology have also opened up the market to new types of competitors and expanded the reach of existing non-bank competitors by allowing the delivery of limited financial services and products without the presence of a physical branch network. Several global investment banks are active participants in the Canadian capital markets.

The challenging market and economic conditions of the past several years have resulted in some foreign competitors retrenching from the Canadian market in certain retail and wholesale businesses. While economic conditions have started to improve, the economic downturn and proposals for new global capital standards have prompted financial institutions worldwide to reassess the business lines and jurisdictions within which they

operate. This could prompt some international financial institutions to decide that certain Canadian businesses no longer fit within their strategic priorities.

Over the last several years, given limited domestic growth opportunities and relatively high price-to-earnings valuations for Canadian banks, there has been an increasing commitment to international expansion by many of the other Canadian banks to provide scale, presence and operational leverage. In 2010, the Canadian banks announced a number of small acquisitions as management remained cautious in deploying capital due to continued regulatory uncertainties.

Finally, while Canadian banks remain relatively well capitalized compared to global peers, there are numerous regulatory proposals being considered domestically and internationally to strengthen the global financial system. The proposed regulatory changes have not been finalized but guidance from the Office of the Superintendent of Financial Institutions on how the new global capital standards will apply to Canadian banks is expected in 2011.

Social and Environmental Policies

Additional information about our environmental policies and environmental risks can be found under “Management of Risk – Environmental Risk” on page 85 of our 2010 AR.

Risk Factors

A discussion of risk factors related to CIBC and its business, and the steps taken to manage those risks appears throughout the 2010 MD&A and in particular under the heading “Management of Risks” on pages 66 to 85 of the 2010 AR.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

CIBC has a strategic imperative to deliver consistent and sustainable performance over the long term. At the end of 2009, CIBC identified three key priorities to support this imperative:

1. Market leadership in core businesses
    - Achieve and maintain no less than a #3 position, and target #1 or #2, in core Canadian-based retail and wholesale businesses
2. Balanced and actively managed business mix
    - Grow in select areas where we have natural opportunities and proven capabilities
3. Industry-leading fundamentals
    - Strong capital and funding, competitive productivity and sound risk management

CIBC measures progress against these priorities using four key operating objectives:

1. Earnings growth
    - Average annual EPS growth of 5-10%
    - Loan loss ratio of 50-65 bps through the cycle
    - Efficiency ratio at the median of industry peers
2. Return on equity
    - ROE of at least 20% through the cycle
3. Total shareholder return
    - 40-50% dividend payout ratio to common shareholders
    - Total shareholder return that exceeds the industry average
4. Balance sheet strength

- Minimum Tier 1 and total capital ratios of 8.5% and 11.5% respectively
- Allocate at least 75% of economic capital to retail businesses

CIBC made progress against each of these objectives in 2010.

1. Earnings Growth

In 2010, CIBC reported fully diluted cash EPS[1] of $5.95, compared with $2.73 in 2009 and a loss of $(5.80) in 2008. Results in each of these years were impacted by losses in the structured credit run-off business and economic conditions. Diluted EPS for 2010 was $5.87 in 2010 compared to $2.65 in 2009 and a loss of $(5.89) in 2008.

In 2010 CIBC's loan loss ratio (defined as specific provision for credit losses as a percentage of loans and bankers' acceptances, measured on a managed basis[1]) improved to 56 basis points compared to 70 basis points in 2009 and 38 basis points in 2008. The improvement in 2010 compared to 2009 was supported primarily by lower write-offs in the cards and personal lending businesses. The higher loss rate in 2009 compared to 2008 was primarily the result of higher losses in the cards and unsecured personal lending businesses, higher losses in leveraged loans, other run-off and U.S. real estate finance businesses.

CIBC's cash efficiency ratio (TEB) (defined as non-interest expenses as a percentage of revenue, measured on a cash and taxable-equivalent basis[1]) was 57.6% in 2010 compared to 66.4% in 2009 (2008 results are not meaningful due to losses in the structured credit run-off businesses). The improvement in 2010 is primarily supported by revenue growth. Based on the most recent publicly reported results of the industry peer group, CIBC has maintained its efficiency ratio at the industry median in 2010. CIBC's efficiency ratio was 58.1% in 2010 compared to 67.1% in 2009.

2. Return on Equity

Return on equity in 2010 is 19.4% compared to 9.4% in 2009 and (19.4%) in 2008. The improvement in 2010 and 2009 is driven by higher earnings growth that more than offset higher average shareholders equity.

3. Total Shareholder Return

CIBC's 2010 dividend payout ratio was 59.1% compared to 131.3% in 2009 (CIBC reported a net loss in 2008). The payout ratio improved as a result of higher earnings (with the dividend remaining constant).

CIBC's rolling 5 year total shareholder return in 2010 was 36.6% compared to 50.2% for the S&P/TSX Composite Banks Index. In 2009, CIBC's rolling 5 year total shareholder return was 4.5% compared to 47.4% for the index. In 2008 CIBC's rolling 5 year total shareholder return was 11.4% compared to 43.7% for the index.

4. Balance Sheet Strength

CIBC's Tier 1 and Total capital ratios were 13.9% and 17.8% at the end of 2010. This is up from 12.1% and 16.1% at the end of 2009. Capital ratios in 2010 benefitted from lower risk weighted assets and an increase in both Tier 1 and Total regulatory capital. Tier 1 and Total capital ratios were 10.5% and 15.4% respectively in 2008. The increase in capital ratios in 2009 compared to 2008 was primarily the result of the issue of Tier 1 Notes by CIBC Capital Trust and the issuance of preferred shares, offset in part by structured credit charges during the year.

1 Non GAAP Measure – refer to pages 42-43 of CIBC's 2010 Annual Report.

At the end of 2010, 74% of economic capital [1] was represented by retail businesses up from 69% in 2009 and 64% in 2008.

DIVIDENDS

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 has a medium term objective for a dividend payout ratio of 40-50% of earnings attributable to common shareholders and seeks to create a pattern of stable growth in dividends per common share as appropriate.

The cash dividends declared and paid per share for each class of CIBC shares and restrictions on the payment of dividends can be found on pages 147 to 150 of the 2010 AR.

CAPITAL STRUCTURE

A description of CIBC's capital structure is provided on pages 146 to 151 of the 2010 AR.

Credit Ratings

Credit ratings are important to CIBC's borrowing costs and ability to raise funds in the wholesale debt markets. CIBC's credit ratings are discussed on page 83 of the 2010 MD&A under the heading "Management of Risk – Liquidity Risk". Credit 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 respective rating agencies.

Definitions of the categories of each rating as at October 31, 2010 have been obtained from the respective rating agencies' websites and are outlined in Appendix A. A more detailed explanation of the various ratings categories may be obtained from the ratings agencies.

MARKET FOR SECURITIES[2]

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, other than the unlisted Series 28 Preferred Shares, on the Toronto Stock Exchange.

The following subordinated debt securities issued by CIBC are listed on the London Stock Exchange:

- US Dollar Floating Rate Debenture Notes Due 2084 with interest at 6-month US$ LIBOR plus 0.25%. To CIBC's knowledge the issue did not trade on the exchange during the year ended October 31, 2010,
- US Dollar Floating Rate Subordinated Capital Debentures Due 2085 with interest at 6-month US$ LIBOR plus 0.125%. To CIBC's knowledge the issue did not trade on the exchange during the year ended October 31, 2010.

1 Non GAAP Measure – refer to pages 42-43 of CIBC's 2010 Annual Report.

2 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 classified as deposits.

Prior Sales

CIBC sold one issue of subordinated debt securities during the year ended October 31, 2010. The issue is not listed or quoted on an exchange:

$1.1 billion 4.11% Debentures due April 30, 2020 (Subordinated Indebtedness) were issued on April 30, 2010, at a price of 100%.

CIBC sold one issue of subordinated debt securities that closed subsequent to October 31, 2010. The issue is not listed or quoted on an exchange:

$1.5 billion 3.15% Debentures due November 2, 2020 (Subordinated Indebtedness) were issued on November 2, 2010, at a price of 99.789%.

Trading Prices and Volume

	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10
Common Shares												
High	$ 70.08	$ 71.48	$ 68.69	$ 70.10	$ 77.38	$ 77.25	$ 76.18	$ 75.73	$ 71.37	$ 73.23	$ 75.25	$ 79.63
Low	$ 61.05	$ 66.77	$ 63.25	$ 62.60	$ 70.00	$ 72.04	$ 67.67	$ 66.12	$ 65.05	$ 66.23	$ 72.69	$ 73.84
Vol ('000)	28080	26908	21338	19578	31043	26029	30481	31011	31815	30671	35098	26683
Pref. Series 18												
High	$ 23.45	$ 24.19	$ 24.05	$ 23.90	$ 23.79	$ 22.42	$ 22.50	$ 23.69	$ 24.25	$ 24.75	$ 25.24	$ 25.58
Low	$ 22.77	$ 23.35	$ 23.63	$ 23.11	$ 21.90	$ 21.42	$ 21.75	$ 22.45	$ 23.10	$ 24.00	$ 24.56	$ 24.91
Vol ('000)	197	154	99	97	187	239	189	145	199	179	210	132
Pref. Series 19												
High	$ 26.45	$ 26.72	$ 26.44	$ 26.15	$ 26.00	$ 25.85	$ 26.00	$ 26.10	$ 26.09	$ 26.19	$ 26.47	$ 25.50
Low	$ 26.27	$ 25.95	$ 25.93	$ 25.76	$ 25.75	$ 25.50	$ 25.41	$ 25.66	$ 25.60	$ 25.54	$ 25.42	$ 25.40
Vol ('000)	34	216	180	20	394	32	45	56	16	18	13	221
Pref. Series 23												
High	$ 26.68	$ 26.95	$ 26.95	$ 26.35	$ 26.06	$ 25.70	$ 25.70	$ 25.69	$ 25.76	$ 25.78	$ 25.50	$ 25.00
Low	$ 26.00	$ 26.15	$ 26.25	$ 25.95	$ 25.35	$ 25.35	$ 25.46	$ 25.19	$ 25.13	$ 25.26	$ 24.95	$ 24.97
Vol ('000)	196	73	276	225	295	330	138	129	215	148	547	1033
Pref. Series 26												
High	$ 24.49	$ 25.30	$ 25.25	$ 24.95	$ 24.89	$ 23.37	$ 23.90	$ 24.49	$ 25.09	$ 25.25	$ 26.00	$ 25.80
Low	$ 24.19	$ 24.50	$ 24.41	$ 24.61	$ 23.17	$ 22.50	$ 22.53	$ 23.24	$ 24.12	$ 24.88	$ 25.07	$ 25.10
Vol ('000)	306	210	233	94	144	304	176	163	166	482	271	148
Pref. Series 27												
High	$ 23.94	$ 24.45	$ 24.48	$ 24.18	$ 24.06	$ 22.77	$ 22.94	$ 23.83	$ 24.29	$ 24.90	$ 25.45	$ 25.52
Low	$ 23.30	$ 23.70	$ 23.84	$ 23.70	$ 22.66	$ 22.09	$ 22.00	$ 22.75	$ 23.37	$ 24.06	$ 24.70	$ 24.77
Vol ('000)	114	276	122	134	158	166	206	198	193	211	204	313
Pref. Series 29												
High	$ 23.23	$ 23.59	$ 23.54	$ 23.40	$ 23.21	$ 21.98	$ 21.97	$ 23.04	$ 23.39	$ 24.15	$ 24.98	$ 25.20
Low	$ 22.42	$ 22.84	$ 23.00	$ 22.99	$ 21.52	$ 21.12	$ 20.90	$ 21.70	$ 22.65	$ 23.16	$ 23.94	$ 24.15
Vol ('000)	196	153	91	153	335	291	305	275	211	212	412	313
Pref. Series 30												
High	$ 20.89	$ 21.10	$ 21.24	$ 21.05	$ 20.77	$ 19.64	$ 19.39	$ 20.36	$ 20.85	$ 21.77	$ 22.98	$ 23.00
Low	$ 19.95	$ 20.47	$ 20.67	$ 20.46	$ 19.34	$ 18.77	$ 18.75	$ 19.32	$ 20.07	$ 20.57	$ 21.57	$ 22.00
Vol ('000)	281	294	338	295	378	381	402	492	419	603	532	329
Pref. Series 31												
High	$ 20.40	$ 20.81	$ 20.90	$ 20.70	$ 20.31	$ 19.36	$ 19.08	$ 19.98	$ 20.49	$ 21.36	$ 22.58	$ 22.65
Low	$ 19.58	$ 20.10	$ 20.28	$ 20.01	$ 18.91	$ 18.41	$ 18.47	$ 19.03	$ 19.68	$ 20.31	$ 21.22	$ 21.54
Vol ('000)	382	423	286	440	588	479	304	473	391	474	742	646
Pref. Series 32												
High	$ 19.69	$ 19.90	$ 20.25	$ 20.05	$ 19.77	$ 18.51	$ 18.30	$ 19.21	$ 19.69	$ 20.63	$ 21.95	$ 21.95
Low	$ 18.64	$ 19.18	$ 19.49	$ 19.55	$ 18.32	$ 17.77	$ 17.81	$ 18.20	$ 18.87	$ 19.49	$ 20.45	$ 21.37
Vol ('000)	270	268	331	303	349	438	306	656	288	286	357	536
Pref. Series 33												
High	$ 26.85	$ 27.25	$ 27.10	$ 26.90	$ 27.24	$ 26.85	$ 26.46	$ 26.99	$ 27.60	$ 27.25	$ 27.83	$ 27.59
Low	$ 26.02	$ 26.51	$ 26.65	$ 26.25	$ 26.48	$ 25.51	$ 25.80	$ 26.10	$ 26.30	$ 26.75	$ 26.55	$ 26.45
Vol ('000)	208	274	140	328	366	225	126	278	257	75	436	489
Pref. Series 35												
High	$ 28.00	$ 28.48	$ 28.15	$ 28.04	$ 28.60	$ 28.18	$ 27.38	$ 27.78	$ 28.25	$ 28.38	$ 28.57	$ 28.50
Low	$ 27.42	$ 27.81	$ 27.64	$ 27.75	$ 27.96	$ 26.50	$ 26.62	$ 27.05	$ 27.50	$ 27.70	$ 27.70	$ 27.71
Vol ('000)	674	589	531	274	873	857	325	428	270	233	538	252
Pref. Series 37												
High	$ 27.98	$ 28.49	$ 28.60	$ 28.45	$ 28.59	$ 28.19	$ 27.44	$ 28.00	$ 28.20	$ 28.50	$ 28.69	$ 28.49
Low	$ 27.45	$ 27.82	$ 27.71	$ 27.76	$ 27.95	$ 26.60	$ 26.35	$ 27.19	$ 27.42	$ 27.80	$ 27.91	$ 27.78
Vol ('000)	322	219	351	306	368	607	467	286	207	211	342	174

DIRECTORS AND OFFICERS

Directors and Board Committees

Information concerning the directors and board committees of CIBC is found on pages 22 to 24 of the 2010 AR.

All of the directors have held their business affiliations indicated on page 24 of the 2010 AR for the past five years with the exception of the following:

(i) Jalynn H. Bennett was previously President of Jalynn H. Bennett and Associates Ltd. until July 2010;

(ii) Dominic D'Alessandro was previously President and Chief Executive Officer of Manulife Financial Corporation from 1994 to 2009;

(iii) Luc Desjardins was previously President & Chief Executive Officer of Transcontinental Inc. from 2000 to 2008;

(iv) Nicholas D. Le Pan was previously the Superintendent of Financial Institutions of Canada from 2001 to 2006;

(v) John P. Manley was previously Counsel, McCarthy Tétrault LLP from 2004 to October 2009;

(vi) Jane L. Peverett was previously President & Chief Executive Officer of British Columbia Transmission Corporation from 2005 to January 2009;

(vii) Leslie Rahl was previously President and Founder of Capital Market Risk Advisors, Inc. from 1994 to 2009; and

(viii) Ronald W. Tysoe was previously Senior Advisor of Perella Weinberg Partners LP from 2006 to October 2007 and Vice-Chair of Macy's Inc (formerly Federated Department Stores Inc.) from 1990 to October 2006.

Directors are elected annually. Under the Bank Act and CIBC's By-laws, a director's term expires at the close of the next annual meeting of common shareholders, which is scheduled on April 28, 2011.

Executive Officers

The following are CIBC's executive officers, their titles and their municipalities of residence, as at December 1, 2010:

Name	Title	Municipality of Residence
McCaughey, G.T. (Gerry)	President and Chief Executive Officer, CIBC	Toronto
Baxendale, S. A. (Sonia)	Senior Executive Vice-President, CIBC and President, CIBC Retail Markets	Toronto
Capatides, M.G. (Mike)	Senior Executive Vice-President, Chief Administrative Officer and General Counsel	Morristown, NJ
Lalonde, R.A. (Ron)	Senior Executive Vice-President, CIBC	Toronto
Nesbitt, R.W. (Richard)	Senior Executive Vice-President, CIBC; and Chairman and Chief Executive Officer, CIBC World Markets Inc.	Toronto
Venn, R.E. (Richard)	Senior Executive Vice-President, CIBC and Advisor to the Chief Executive Officer's Office	Toronto
Williamson, J.D. (David)	Senior Executive Vice-President and Chief Financial Officer	Toronto
Woods, T.D. (Tom)	Senior Executive Vice-President and Chief Risk Officer	Toronto

All of the executive officers have held their present business affiliations for more than five years except for Richard Nesbitt who was Chief Executive Officer from 2004 to 2008 and President from 2001 to 2004 at the Toronto Stock Exchange Group; and David Williamson

who was President and Chief Executive Officer at Atlas Cold Storage from 2004 to 2006 and Senior Vice-President, Strategic Planning and Business Development at Canada Life Financial Corporation from 2002 to 2003.

Shareholdings of Directors and Executive Officers

To the knowledge of CIBC, as at October 31, 2010, the directors and executive officers of CIBC as a group, beneficially owned, directly or indirectly, or exercised control or direction over less than 1% of the outstanding common shares of CIBC and FirstCaribbean International Bank.

Corporate Cease Trade Orders or Bankruptcies

Except as set out below, to the knowledge of CIBC, in the last ten years, no director or executive officer of CIBC is or has been a director, chief executive officer or chief financial officer of an issuer that, while that person was acting in that capacity, (a) was subject to a cease trade order or similar order, or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days or (b) was the subject of an event that resulted, after that person ceased to be a director or chief executive officer or chief financial officer, in the issuer being the subject of a cease trade order or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days. Except as set out below, 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 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.

(i) Mrs. Jalynn H. Bennett, a director of CIBC, was a director of Nortel Networks Corporation and Nortel Networks Limited (collectively, the Nortel Companies), when the Nortel Companies announced on March 10, 2006 the need to restate certain of their previously reported financial results and the resulting delay in the filing of certain 2005 financial statements by the required filing dates. The Ontario Securities Commission (OSC) issued a final management cease trade order on April 10, 2006 prohibiting all of the directors, officers and certain current and former employees, including Mrs. Bennett, from trading in securities of the Nortel Companies until two business days following the receipt by the OSC of all of the filings the Nortel Companies were required to make under Ontario securities laws. The British Columbia Securities Commission (BCSC) and the Quebec Securities Commission (QSC) also issued similar orders. Mrs. Bennett was not subject to the orders issued by the BCSC and the QSC. The OSC lifted the cease trade order effective June 8, 2006. The BCSC and the QSC also lifted their cease trade orders shortly thereafter;

Mrs. Bennett was a director of the Nortel Companies when the Nortel Companies and certain other Canadian subsidiaries initiated creditor protection proceedings under the Companies' Creditors Arrangement Act (CCAA) in Canada on January 14, 2009. Certain U.S. subsidiaries filed voluntary petitions in the United States under Chapter 11 of the U.S. Bankruptcy Code, and certain Europe, Middle East and Africa subsidiaries made consequential filings in Europe and the Middle East. These proceedings are ongoing. Mrs. Bennett remains a director of the Nortel Companies;

(ii) Mr. Gordon D. Giffin, a director of CIBC, was a director of AbitibiBowater Inc. from October 29, 2007 until his resignation on January 22, 2009. In April 2009, AbitibiBowater Inc. and certain of its U.S. and Canadian subsidiaries filed voluntary petitions in the United States Bankruptcy Court for the District of Delaware for relief under the provisions of Chapter 11 and Chapter 15 of the U.S. Bankruptcy Code, as

amended, and sought creditor protection under the CCAA with the Superior Court of Quebec in Canada;

(iii) Mr. John P. Manley, a director of CIBC, was a director of the Nortel Companies, when the OSC made final an order prohibiting all trading by directors, officers and certain current and former employees of the Nortel Companies on May 31, 2004, by reason of the Nortel Companies having announced the need to restate certain of their previously reported financial results and the resulting delays in filing their interim and annual financial statements for certain periods by the required filing dates under Ontario securities laws. This order was revoked by the OSC on June 21, 2005;

Mr. Manley was also a director of the Nortel Companies when the Nortel Companies announced on March 10, 2006 the need to restate certain of their previously reported financial results and the resulting delay in the filing of certain 2005 financial statements by the required filing dates. The OSC issued a final management cease trade order on April 10, 2006 prohibiting all of the directors, officers and certain current and former employees, including Mr. Manley, from trading in securities of the Nortel Companies until two business days following the receipt by the OSC of all of the filings the Nortel Companies were required to make under Ontario securities laws. The BCSC and QSC also issued similar orders. The OSC lifted the cease trade order effective June 8, 2006. The BCSC and the QSC also lifted their cease trade orders shortly thereafter;

Mr. Manley was a director of the Nortel Companies when the Nortel Companies and certain other Canadian subsidiaries initiated creditor protection proceedings under the CCAA in Canada on January 14, 2009. Certain U.S. subsidiaries filed voluntary petitions in the United States under Chapter 11 of the U.S. Bankruptcy Code, and certain Europe, Middle East and Africa subsidiaries made consequential filings in Europe and the Middle East. These proceedings are ongoing. Mr. Manley resigned as a director of the Nortel Companies on August 10, 2009;

(iv) Ms. Leslie Rahl, a director of CIBC, was a director of the Federal National Mortgage Association (Fannie Mae) on September 6, 2008 when, at the request of the Secretary of the U.S. Department of the Treasury, the Chairman of the Board of Governors of the U.S. Federal Reserve and the Director of the U.S. Federal Housing Finance Authority (FHFA), the Board of Directors of Fannie Mae adopted a resolution consenting to putting Fannie Mae into conservatorship. After obtaining consent, the Director of FHFA appointed FHFA as conservator on September 6, 2008. On September 18, 2008, Ms. Rahl resigned as a director of Fannie Mae;

(v) Mr. Charles Sirois, a director of CIBC, was Chairman of the Board of Microcell Telecommunications Inc. (Microcell) when it elected and was granted protection to restructure its capital under 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

(vi) Mr. Robert J. Steacy, a director of CIBC, was a director of ITI Education Corporation (ITI) (as a result of Torstar Corporation's partial ownership of ITI) when it voluntarily agreed to the appointment of a receiver in August 2001. Mr. Steacy resigned from the Board of ITI on August 16, 2001. In October 2001, a cease trading order was issued against ITI by the OSC, which prohibited the trading of securities of ITI until filing an Order of Revocation by the OSC. This cease trading order was imposed as a result of ITI's failure to file its interim financial statements in accordance with Ontario securities law.

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 AND REGULATORY ACTIONS

Legal Proceedings

A description of significant legal proceedings to which CIBC is a party is provided under the heading “Contingent Liabilities” on page 164 of the 2010 AR.

Regulatory Actions

The Canadian Securities Administrators require issuers to disclose any settlements, whether or not material, entered into by an issuer or its subsidiaries with a Canadian securities regulatory authority during its most recent fiscal year. In December 2009, CIBC and CIBC World Markets Inc. reached a settlement with the Ontario Securities Commission relating to our participation in the Canadian asset-backed commercial paper market in an amount equal to $21.7 million plus $300,000 in costs. CIBC does not consider this matter to be material.

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 years 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 188 of the 2010 AR.

EXPERTS

Ernst & Young LLP, Chartered Accountants, Toronto, Ontario, is the external auditor who prepared the Independent Auditors’ Reports to Shareholders — Report on Financial Statements and Report on Internal Controls over Financial Reporting. Ernst & Young LLP is independent with respect to CIBC within the meaning of the Rules of Professional Conduct of

the Institute of Chartered Accountants of Ontario, United States federal securities laws and the rules and regulations thereunder, including the independence rules adopted by the United States Securities and Exchange Commission pursuant to the Sarbanes-Oxley Act of 2002; and applicable independence requirements 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. Each member of the Audit Committee is independent and financially literate as defined by Canadian securities laws. Each Audit Committee member has been designated by the Board as an "audit committee financial expert" as defined by the rules of the United States Securities and Exchange Commission.

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.

Each member of the Audit Committee currently is, or has previously been, in charge of, or an advisor or a consultant to, a significant business operation, often as president, chief executive officer or chief financial officer of a large public company and in the case of Mr. John Manley, the Minister of Finance for the Government of Canada. 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. Travel and attendance costs are paid by CIBC. Further detail on the education and experience of each Audit Committee member is set out below.

Jalynn H. Bennett C.M.

Mrs. Bennett was President of Jalynn H. Bennett and Associates Ltd., a Toronto-based consulting firm specializing in strategic planning and organizational development from 1989 to 2010. She is a past director of the Bank of Canada, a former commissioner of the Ontario Securities Commission, and was a member of the Canadian Institute of Chartered Accountants 2000 Toronto Stock Exchange Committee on Corporate Governance. Before setting up her own consulting firm, Mrs. Bennett was associated for nearly 25 years with The Manufacturers Life Insurance Company. Mrs. Bennett is a director and member of the audit committee of Nortel Networks Corporation and Nortel Networks Limited. She is also a director of Teck Resources Limited and The Cadillac Fairview Corporation Limited. In 2008 Mrs. Bennett was appointed by the Treasury Board of Canada Secretariat as an external member of the Departmental Audit Committee of Human Resources and Social Development Canada. Mrs. Bennett received a Bachelor of Arts degree in Economics from the University of Toronto.

John P. Manley P.C., O.C.

Mr. Manley is President and Chief Executive Officer of the Canadian Council of Chief Executives (CCCE). Prior to joining the CCCE, Mr. Manley was Counsel, McCarthy Tétrault LLP. Throughout more than 15 years of public service, Mr. Manley held several senior portfolios in the Canadian federal government. He was appointed to Cabinet in November 1993. Mr. Manley was appointed Deputy Prime Minister of Canada in January 2002 and also served as Finance Minister from June 2002 to December 2003. Mr. Manley is a director of CAE Inc. and a director and member of the audit committee of Canadian Pacific Railway Limited. He is also a member of the Board of Governors of the University of Waterloo, The Conference Board of Canada, the Board of Directors of the Institute for Research on Public Policy, and the Advisory Board of Canada 2020. Mr. Manley is also Chair of the Advisory Board of the University of Toronto Munk School of Global Affairs. Mr. Manley received a Bachelor of Arts degree from Carleton University and a law degree from the University of Ottawa.

Jane L. Peverett, FCMA, ICD.D

Ms. Peverett was President and Chief Executive Officer of British Columbia Transmission Corporation (BCTC) from 2005 to 2009. From 2003 to 2005 Ms. Peverett was Chief Financial Officer of BCTC. Prior to joining BCTC, Ms. Peverett was with Westcoast Energy where she held progressively senior finance and regulatory affairs roles until her appointment in 2001 as President and Chief Executive Officer of Union Gas Limited. Ms. Peverett is a fellow of the Society of Management Accountants and was named by RaderEnergy as one of the 50 Key Women in Energy on a Global Basis in 2004. Ms. Peverett is a director and Chair of British Columbia Ferry Authority, a director and chair of the audit committee of EnCana Corporation, a director and member of the audit committee of Northwest Natural Gas Company and a director of Associated Electric & Gas Insurance Services Limited. In 2005 Ms. Peverett received a PEAK award honouring women's excellence in the field of finance and in 2009 was named one of the Influential Women in Business in Vancouver. Ms. Peverett received a Bachelor of Commerce degree from McMaster University and an MBA from Queen's University. She is a Certified Management Accountant and was made a fellow of the Society of Management Accountants in 2003.

Robert J. Steacy (Appointment effective December 1, 2010)

Mr. Steacy is a retired Chief Financial Officer of Torstar Corporation, a major Canadian media company, with over 20 years of senior financial officer experience. Mr. Steacy was Executive Vice President and Chief Financial Officer of Torstar Corporation from 2002 to 2005, Vice President Finance from 1989 to 2002, and Director, Finance from 1983 to 1988. He has served on the boards of Torstar subsidiaries, investments and also on a number of not-for-profit boards including University of Toronto Press where he was chair of the human resources committee and a member of the audit committee. Mr. Steacy is a director of OCP Holdings Corporation and Postmedia Network Inc. and is a director and chair of the audit committees of Cineplex Galaxy Income Fund and Domtar Corporation. Mr. Steacy received an honours Bachelor of Commerce from Queen's University and is a Chartered Accountant.

Ronald W. Tysoe *(Chair of the Audit Committee)*

Mr. Tysoe was a Senior Advisor with Perella Weinberg Partners LP from October 2006 to October 2007. Mr. Tysoe was Vice-Chair of Macy's Inc. (formerly Federated Department Stores, Inc.) from 1990 until October 2006 and served as Chief Financial Officer of Federated Department Stores, Inc. from 1990 to 1997. Mr. Tysoe is a director and member of the audit committees of Pzena Investment Management, Inc. and Taubman Centers, Inc., and he is a director and chair of the audit committees of Scripps Networks Interactive Inc and Cintas Corporation. Mr. Tysoe received both Bachelor of Commerce and Bachelor of Law degrees from the University of British Columbia.

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 Shareholders' Auditors

The information on professional service fees by Shareholders' Auditors is provided on page 103 of the 2010 AR.

ADDITIONAL INFORMATION

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 financial statements and Management's Discussion and Analysis for its most recently completed

financial year. These documents, as well as additional information relating to CIBC, are available on SEDAR at www.sedar.com.

Appendix A
Rating Definitions

Dominion Bond Rating Service (DBRS)

Short-Term Debt — Rating: R-1 (high)

Short-term debt ratings indicate the risk that a borrower will not be able to meet its short- term debt obligations in a timely manner. Short-term debt rated R-1 (high) is of the highest credit quality, indicative of an entity with an exceptionally high capacity to be able to repay short term financial liabilities as they become due. R-1 is the highest of six short-term debt ratings categories.

Senior Debt — Rating: AA
Subordinated Debt — Rating: AA (low)

Long-term debt ratings provide an assessment of the risk that the issuer will not be able to meet its obligations under the terms of the issue. Long-term debt rated AA is ranked in the second highest of 10 categories. It is considered to be of superior credit quality, with capacity for payment considered to be high. Entities rated AA are unlikely to be significantly susceptible to future events.

Preferred Shares — Rating: Pfd-1(low)

Preferred share ratings provide an assessment of the risk that the issuer will not be able to meet its dividend and principal obligations in a timely manner. A Pfd-1 rating is the highest of 6 categories for preferred shares. Preferred shares rated Pfd-1 are of superior credit quality; supported by entities with strong earnings and balance sheet attributes.

(Each DBRS rating category may be denoted by the subcategories "high" or "low". The absence of a "high" or "low" designation indicates the rating is in the middle of the category.)

Moody's

Short-Term Debt — Rating: P-1

Short-term debt ratings are assessments of an issuer's ability to repay short-term obligations. There are four categories of ratings with P-1 being rated the highest. Issuers rated P-1 have a superior ability to repay short-term debt obligations.

Senior Debt — Rating: Aa2
Subordinated Debt — Rating: Aa3

Long term debt ratings reflect an assessment of whether or not financial obligations with an original maturity of 1 year or more will not be met. The Aa rating category includes debt judged to be of high quality and very low credit risk and it is the second highest of 9 categories.

Preferred shares — Rating: Baa1

A Baa rating is the fourth highest of nine categories used by Moody's. The obligation is subject to moderate credit risk. These are medium grade obligations that may have certain speculative attributes.

(*The modifiers 1, 2 and 3 may be used to indicate that the obligation ranks in the high, mid-range or lower end of the rating category respectively.)*

Standard & Poor's (S&P)

Short-Term Debt — Rating: A-1

A short-term borrowing rated A-1 is rated in the highest of ten categories used by S&P. The borrower's capacity to meet its financial obligations with respect to the debt is strong.

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

The A rating is the third highest of ten categories used to assess the ability of the borrower to meet its financial obligations as they become due. Although the borrower's ability to meet its financial commitment on the obligation is strong, obligations rated A are somewhat more vulnerable to the negative effects of changes in circumstances and economic conditions than obligations in higher rated categories. A "+" or "-" grade may be used to denote the relative standing of a rating within the major rating categories.

Preferred Shares — Canadian Rating: P-1(Low)
Global Rating: A-

The P-1 rating is the highest of the eight categories used by S&P in its Canadian preferred share rating scales. CIBC's rating of P-1 (Low) on the Canadian scale corresponds to a rating of A- on S&P's global scale, which is in the second highest category on that scale. "High" and "Low" (for the Canadian scale) and "+" and "-" (for the global scale) grades may be used to indicate the relative standing of a credit within a particular rating category.

Fitch

Short-Term Debt — Rating: F1+

This rating indicates the highest credit quality and the strongest capacity for timely payment of short term financial commitments. The F1 rating is in the highest of seven ratings categories.

Senior Debt — Rating: AA-

AA is the second highest rating category of ten ratings categories and indicates an assessment of very high credit quality and very low credit risk. This rating indicates a very strong capacity for timely payment of financial obligations that is not significantly vulnerable to foreseeable events.

Subordinated Debt — Rating: A+
Preferred Shares — Rating: A

The A rating is in the third highest category and indicates an assessment of high credit quality and low credit risk. The capacity for payment of obligations is considered strong, but may however, be more susceptible to changes in circumstances or in economic conditions than that of higher ratings.

(The signs "+" (plus) or "-" (minus) denote relative position within major ratings categories.)

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 for reviewing the integrity of CIBC's financial statements, financial disclosures and internal control over financial reporting; monitor the system of internal control; monitor CIBC's compliance with legal and regulatory requirements; select the external auditors for shareholder approval; review the qualifications, independence and performance of the external auditors; review the qualifications, independence and performance of CIBC's internal auditors; and act 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 six 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 workplan and meeting agendas; and provide reports on the work 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 in 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 Chief Auditor, the Chair of the Board or the 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 grounds 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 Chair 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 auditors, the Executive Vice-President, Controls and Deputy General Counsel, the Chief Financial Officer or the 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 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.

(8) **Access to Other Committees** — The Chair or any member of the Audit Committee may request the input of another Board committee on any accountability or responsibility set out in this mandate.

4. ACCOUNTABILITIES AND RESPONSIBILITIES

The Audit Committee shall have the accountabilities and responsibilities set out below as well as any other accountabilities 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), requirements of the stock exchanges on which the securities of CIBC are listed and all other applicable laws.

(1) **Financial Reporting**

(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 (MD&A) of CIBC's financial condition and results of operations and management's report that they present fairly, in all material respects in accordance with Canadian generally accepted accounting principles (GAAP), 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 and management's report that 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 judgments underlying the financial statements as presented by management;

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

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

(viii) review management's and the external auditors' reports on the effectiveness of internal control 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 Disclosures — The Audit Committee shall review and, if advisable, approve or recommend for Board approval: (i) the annual information form of CIBC; (ii) the Form 40F of CIBC; (iii) financial disclosure in a press release disclosing financial results, a prospectus or other securities offering document of CIBC; and (iv) any other material financial disclosure.

(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 including the resolution of disagreements between management and the external auditors regarding 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 and approve 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) 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 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 they belong and within the meaning of United States federal securities laws and the rules and regulations thereunder, including the independence rules adopted by the Securities and Exchange Commission pursuant to the Sarbanes-Oxley Act of 2002, and Rule 3600T of the Public Company Accounting Oversight Board.

(f) Evaluation and Rotation of Lead Partner — At least annually, the Audit Committee shall review the qualifications and performance of the external auditors. The Audit Committee shall obtain a report from the external auditors annually confirming that they are in compliance with all audit firm and regulatory requirements relating to partner rotation and that the engagement team collectively possesses the experience and competence to perform an appropriate audit.

(g) Pre-Approval of Audit and Non-Audit Services — The Audit Committee shall pre-approve any retainer of the external auditors for any audit and non-audit service to CIBC or its subsidiaries 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.

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

(3) **Internal Audit Function**

(a) General — The Internal Audit function is responsible for providing independent and objective assurance and consulting services to add value and improve the operations of CIBC by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. The Audit Committee shall review the independence of the internal auditors from management having regard to the scope, budget, planned activities and organization structure of the internal audit function.

(b) Internal Audit Charter — The Audit Committee is responsible for establishing and approving the Internal Audit Charter and mandate, which will be reviewed annually and updated as required.

(c) 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.

(d) 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.

(e) Audit Plans — The Audit Committee approves the annual audit plan presented by the Chief Auditor. The Chief Auditor, on a quarterly basis, will inform the Audit Committee of the status of the Audit Plan and any changes needed.

(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 policies and 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, the Chief Auditor, the Executive Vice-President, Controls and Deputy General Counsel, and the Chief Compliance Officer:

(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), operational controls, and legal and regulatory controls (including with respect to money laundering and terrorist financing) 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;

(v) CIBC's business continuity management and insurance programs, including, reviewing and recommending for Board approval a resolution establishing certain limits of insurance, to meet the requirements of the Protection of Assets (Banks) Regulations to the *Bank Act* (Canada); and

(vi) 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 including those relating to 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 control 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 control 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 the Chief Compliance Officer, the Executive Vice-President, Controls and Deputy General Counsel, CIBC's General Counsel, the Chief Anti-Money Laundering Officer, 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 programs, including those related to money laundering and terrorist financing; 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 ensure that procedures are established for the receipt, retention and treatment of complaints received by CIBC from employees or others**,** confidentially and anonymously, regarding accounting, internal accounting controls, or auditing matters. The Committee shall review management reports on the procedures.

(9) **Succession Planning** — At least annually, the Audit Committee shall review succession plans for the Chief Financial Officer and the Chief Auditor 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 any material 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 May 26, 2010.

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 any way 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

CIBC Policy on the Scope of Services of the Shareholders' Auditors

1. Summary

This policy is designed to provide a consistent approach for the engagement of the shareholders' auditors; it also establishes the roles and responsibilities of those involved in external audit engagements and must be followed by all employees responsible for the engagement of shareholders' auditors.

2. Intent

The purpose of this policy is to set parameters for the engagement of the shareholders' auditors by CIBC consistent with CIBC corporate governance expectations and applicable law, including the U.S. Sarbanes-Oxley Act and SEC Rules. Failure to comply with this policy may result in the disqualification of CIBC's appointed shareholders' auditors to conduct the financial statement and internal control audits for CIBC.

3. Audience / Scope

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

The term shareholders' auditors 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.

4. Policy Requirements

4.1 Scope of work and authorization standards:

4.1.1 All work performed by the shareholders' auditors for CIBC or its subsidiaries (includes all majority owned entities) 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 the Appendix. The EVP Finance Shared Services will monitor and report to the Audit Committee the quarterly cumulative use of the pre-approved limits. (See Appendix for Examples of Services)

4.1.2 In the event that a non-audit service is provided by the shareholders' auditors 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.

4.1.3 The shareholders' auditors will only perform audit, audit-related and tax work. Examples of "audit", "audit-related" and "tax work" are included in the Appendix.

4.1.4 The shareholders' auditors 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.

4.1.5 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' auditors. 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 the Appendix.

4.2 Ongoing relationship standards:

4.2.1 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.

4.2.2 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.

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

5. Monitoring/Oversight Mechanism

5.1 On a quarterly basis, the EVP Finance Shared Services will prepare and present to the Audit Committee a summary report of all engagements of the shareholders' auditors 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' auditors for each engagement.

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

5.3 On a quarterly basis, the shareholders' auditors will certify to the Audit Committee that all engagements with CIBC have been in compliance with this policy and will confirm that the shareholders' auditors continues to be "independent" under applicable laws, rules and guidelines. As well, quarterly the shareholders' auditors 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.

5.4 The EVP Finance Shared Services will be a signatory on all contracts of engagement with the shareholders' auditors.

6. Roles and Responsibilities

The EVP Finance Shared Services is accountable for the management of this Policy and providing interpretations on its application.

7. Maintenance and Review

This policy is effective from the date of approval by the Audit Committee of CIBC, December 1, 2010 and applies to all subsequent engagements.

This policy will be reviewed at least annually and will be submitted to the Audit Committee of the Board of Directors for review and approval. Material changes will be submitted to the CIBC Governance and Control Committee for approval prior to submission to the Audit Committee. Any significant updates will be communicated on CIBC Today.

8. Links

- Procedures for Implementing the Scope of Services Policy

Appendix A to the Scope of Services of the Shareholders' Auditors

Proxy Fee Disclosure Category	Service	Limit Per Engagement Letter or Contract	Aggregate Annual Pre-Approval Cost Limits
Audit			
$'000	Core Audit Fees (A-1)	Note 1	Note 1
	Prospectus / Regulatory Filings (A-2)	75	900
	Additional Audit Fees (A-3)	100	1,500
	Other services requiring specific pre-approval	0	0
Audit Related			
$'000	Employee benefit plan audits (AR-1)	150	400
	Due diligence services in connection with mergers, acquisitions, divestitures and restructuring (AR-2)	100	100
	Interpretation of accounting, tax and reporting standards (AR-3)	100	400
	Attest services not required by Statute or regulation (AR-4)	100	200
	Information technology review and advisory services (AR-5)	100	675
	Translation services (AR-6)	125	300
	Agreed upon procedures reports or statutory compliance (AR-7)	100	400
	Other services requiring specific pre-approval	0	0
Tax			
$'000	Tax compliance services (T-1)	100	350
	Assistance with tax audits and appeals to regulatory agencies (T-2)	100	100
	Tax advice or assistance regarding statutory, regulatory or administrative developments (T-3)	100	200
	Review of financial statement implications (T-4)	100	100
	General tax planning and advice relating to mergers and acquisitions and financing structures (T-5)	100	100
	Other tax consultations (T-6)	200	250
	Other services requiring specific pre-approval	0	0
Other	Consulting and other advisory services (O-1)	25	100
$'000	Other services requiring specific pre-approval	0	0

Proxy Fee Disclosure Category	Service	Limit Per Engagement Letter or Contract	Aggregate Annual Pre-Approval Cost Limits
Prohibited $'000	• 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 paid directly by CIBC or for a corporate credit customer of CIBC where CIBC is able to direct the choice of financial advisors or consultants by virtue of its credit position with the client • Expert services unrelated to the audit • Any other services that the Public Accounting Oversight Board in the US determines, by regulation, is impermissible	**Prohibited**	

Note 1 Core audit fees are approved by the Audit Committee of the CIBC Board of Directors at the annual CIBC Board Meeting

Exhibit B.3(b): Audited annual financial statements for the year ended October 31, 2010 excerpted from pages 104-179 of the 2010 Annual Report of Canadian Imperial Bank of Commerce ("CIBC") including Independent Auditors' Reports to Shareholders with respect to consolidated financial statements as at October 31, 2010 and 2009 and for each of the years in the three-year period ended October 31, 2010 and internal control over financial reporting as of October 31, 2010

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Financial Reporting Responsibility

The management of Canadian Imperial Bank of Commerce (CIBC) is responsible for the preparation of the Annual Report, which includes the consolidated financial statements and management's discussion and analysis (MD&A), 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 as well as the requirements of the Bank Act (Canada). The MD&A has been prepared in accordance with the requirements of applicable securities laws.

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 Report is consistent with 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 continued to improve, document and test the design and operating effectiveness of internal control over external financial reporting. The results of our work have been subjected to audit by the shareholders' auditors. As at year-end, we have determined that internal control over financial reporting is effective and CIBC is in compliance with the requirements set by the U.S. Securities and Exchange Commission (SEC) under Section 404 of the U.S. Sarbanes-Oxley Act (SOX). In compliance with Section 302 of SOX, CIBC's Chief Executive Officer and Chief Financial Officer provide to the SEC a certification related to CIBC's annual disclosure document in the U.S. (Form 40-F). The same certification is provided to the Canadian Securities Administrators pursuant to Multilateral Instrument 52-109.

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. The Chief Auditor has full and independent access to the Audit Committee.

The Board of Directors oversees management's responsibilities for financial reporting through the Audit Committee, which is composed of directors who are not officers or employees of CIBC. The Audit Committee reviews CIBC's interim and annual consolidated financial statements and MD&A and recommends them for approval by the Board of Directors. Other key responsibilities of the Audit Committee include monitoring CIBC's system of internal control, monitoring its compliance with legal and regulatory requirements, and reviewing the qualifications, independence and performance of the shareholders' auditors and internal 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.

The Office of the Superintendent of Financial Institutions (OSFI) Canada is mandated to protect the rights and interest of depositors and creditors of CIBC. Accordingly, OSFI examines and enquires into the business and affairs of CIBC, as deemed necessary, to ensure that the provisions of the Bank Act (Canada) are being complied with and that CIBC is in sound financial condition.

Gerald T. McCaughey
President and Chief Executive Officer

David Williamson
Chief Financial Officer

December 1, 2010

Independent Auditors' Reports to Shareholders

Report on Financial Statements

We have audited the consolidated balance sheets of Canadian Imperial Bank of Commerce (CIBC) as at October 31, 2010 and 2009 and the consolidated statements of operations, comprehensive income, changes in shareholders' equity and cash flows for each of the years in the three-year period ended October 31, 2010. These financial statements are the responsibility of CIBC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of CIBC as at October 31, 2010 and the results of its operations and its cash flows for each of the years in the three-year period ended October 31, 2010, in accordance with Canadian generally accepted accounting principles.

As explained in Note 1 to the consolidated financial statements, effective November 1, 2008, CIBC adopted amendments to Canadian Institute of Chartered Accountants (CICA) Handbook Sections 3855 "Financial Instruments – Recognition and Measurement", and 3064 "Goodwill and Intangible Assets". In 2008, CIBC adopted the requirements of the amended CICA Emerging Issues Committee Abstract (EIC) 46, "Leveraged Leases" and amendments to CICA Handbook Section 3855 relating to the reclassification of financial assets.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of CIBC's internal control over financial reporting as of October 31, 2010, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated December 1, 2010 expressed an unqualified opinion thereon.

Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants
Toronto, Canada
December 1, 2010

Independent Auditors' Reports to Shareholders

Report on Internal Controls under Standards of the Public Company Accounting Oversight Board (United States)

We have audited Canadian Imperial Bank of Commerce's (CIBC) internal control over financial reporting as of October 31, 2010, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). CIBC's management is responsible for maintaining effective internal control over financial reporting and for its assessment of internal control over financial reporting. Our responsibility is to express an opinion on the effectiveness of CIBC's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on assessed risk. Our audit included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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 expenditures 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, CIBC maintained, in all material respects, effective internal control over financial reporting as of October 31, 2010 based on the COSO criteria.

We have also audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of CIBC as at October 31, 2010 and 2009 and the consolidated statements of operations, comprehensive income, changes in shareholders' equity and cash flows for each of the years in the three-year period ended October 31, 2010 of CIBC and our report dated December 1, 2010 expressed an unqualified opinion thereon.

Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants
Toronto, Canada
December 1, 2010

Consolidated Balance Sheet

$ millions, as at October 31	2010	2009
ASSETS		
Cash and non-interest-bearing deposits with banks	**$ 2,190**	$ 1,812
Interest-bearing deposits with banks	**9,862**	5,195
Securities (Note 4)		
Trading (Note 12)	**28,557**	15,110
Available-for-sale (AFS)	**26,621**	40,160
Designated at fair value (FVO) (Note 13)	**22,430**	22,306
	77,608	77,576
Securities borrowed or purchased under resale agreements	**37,342**	32,751
Loans (Note 5)		
Residential mortgages	**93,568**	86,152
Personal	**34,335**	33,869
Credit card	**12,127**	11,808
Business and government (Note 13)	**38,582**	37,343
Allowance for credit losses	**(1,720)**	(1,960)
	176,892	167,212
Other		
Derivative instruments (Note 14)	**24,682**	24,696
Customers' liability under acceptances	**7,684**	8,397
Land, buildings and equipment (Note 7)	**1,660**	1,618
Goodwill (Note 8)	**1,913**	1,997
Software and other intangible assets (Note 8)	**609**	669
Other assets (Note 9)	**11,598**	14,021
	48,146	51,398
	$352,040	$335,944
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits (Note 10)		
Personal	**$113,294**	$108,324
Business and government (Notes 13 and 18)	**127,759**	107,209
Bank	**5,618**	7,584
	246,671	223,117
Other		
Derivative instruments (Note 14)	**26,489**	27,162
Acceptances	**7,684**	8,397
Obligations related to securities sold short (Notes 12 and 13)	**9,673**	5,916
Obligations related to securities lent or sold under repurchase agreements	**28,220**	37,453
Other liabilities (Note 11)	**12,572**	13,693
	84,638	92,621
Subordinated indebtedness (Note 16)	**4,773**	5,157
Preferred share liabilities (Note 17)	**—**	600
Non-controlling interests	**168**	174
Shareholders' equity		
Preferred shares (Note 17)	**3,156**	3,156
Common shares (Note 17)	**6,803**	6,240
Treasury shares (Note 17)	**1**	1
Contributed surplus	**96**	92
Retained earnings	**6,095**	5,156
Accumulated other comprehensive income (AOCI) (Note 19)	**(361)**	(370)
	15,790	14,275
	$352,040	$335,944

The accompanying notes and shaded sections in "MD&A – Management of risk" are an integral part of these consolidated financial statements.

Gerald T. McCaughey
President and Chief Executive Officer

Ronald W. Tysoe
Director

Consolidated Statement of Operations

$ millions, except as noted, for the year ended October 31		2010	2009	2008
Interest income				
Loans		**$ 7,288**	$ 7,183	$ 9,308
Securities borrowed or purchased under resale agreements		**193**	324	1,535
Securities		**1,562**	1,705	2,682
Deposits with banks		**52**	85	638
		9,095	9,297	14,163
Interest expense				
Deposits		**2,192**	2,879	6,853
Other liabilities		**476**	785	1,801
Subordinated indebtedness		**188**	208	271
Preferred share liabilities (Note 17)		**35**	31	31
		2,891	3,903	8,956
Net interest income		**6,204**	5,394	5,207
Non-interest income				
Underwriting and advisory fees		**426**	478	411
Deposit and payment fees		**756**	773	776
Credit fees		**341**	304	237
Card fees		**304**	328	306
Investment management and custodial fees		**459**	419	525
Mutual fund fees		**751**	658	814
Insurance fees, net of claims		**277**	258	248
Commissions on securities transactions		**474**	472	565
Trading income (loss) (Note 12)		**603**	(531)	(6,821)
AFS securities gains (losses), net (Note 4)		**400**	275	(40)
FVO income (loss) (Note 13)		**(623)**	(33)	(249)
Income from securitized assets		**631**	518	585
Foreign exchange other than trading		**683**	496	437
Other		**399**	119	713
		5,881	4,534	(1,493)
Total revenue		**12,085**	9,928	3,714
Provision for credit losses (Note 5)		**1,046**	1,649	773
Non-interest expenses				
Employee compensation and benefits		**3,871**	3,610	3,917
Occupancy costs		**648**	597	610
Computer, software and office equipment		**1,003**	1,010	1,095
Communications		**290**	288	284
Advertising and business development		**197**	173	217
Professional fees		**210**	189	230
Business and capital taxes		**88**	117	118
Other		**720**	676	730
		7,027	6,660	7,201
Income (loss) before income taxes and non-controlling interests		**4,012**	1,619	(4,260)
Income tax expense (benefit) (Note 23)		**1,533**	424	(2,218)
		2,479	1,195	(2,042)
Non-controlling interests		**27**	21	18
Net income (loss)		**$ 2,452**	$ 1,174	$ (2,060)
Preferred share dividends and premiums (Note 17)		**(169)**	(162)	(119)
Net income (loss) applicable to common shares		**$ 2,283**	$ 1,012	$ (2,179)
Weighted-average common shares outstanding (thousands)		**387,802**	381,677	370,229
Weighted-average diluted common shares outstanding (thousands)		**388,807**	382,442	371,763
Earnings (loss) per share (in dollars) (Note 24)	– Basic	**$ 5.89**	$ 2.65	$ (5.89)
	– Diluted	**$ 5.87**	$ 2.65	$ (5.89)
Dividends per common share (in dollars) (Note 17)		**$ 3.48**	$ 3.48	$ 3.48

The accompanying notes and shaded sections in “MD&A – Management of risk” are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

$ millions, for the year ended October 31	2010	2009	2008
Net income (loss)	**$ 2,452**	$ 1,174	$ (2,060)
Other comprehensive income (OCI), net of tax			
Net foreign currency translation adjustments			
Net gains (losses) on investment in self-sustaining foreign operations	**789**	(388)	2,947
Net gains (losses) on hedges of investment in self-sustaining foreign operations	**(869)**	250	(2,217)
	(80)	(138)	730
Net change in AFS securities			
Net unrealized gains (losses) on AFS securities	**303**	462	(41)
Transfer of net (gains) losses to net income	**(230)**	(236)	5
	73	226	(36)
Net change in cash flow hedges			
Net losses on derivatives designated as cash flow hedges	**(9)**	(26)	(12)
Net losses (gains) on derivatives designated as cash flow hedges transferred to net income	**25**	10	(32)
	16	(16)	(44)
Total OCI(1)	**9**	72	650
Comprehensive income (loss)	**$ 2,461**	$ 1,246	$ (1,410)

(1) Includes non-controlling interest of $1 million (2009: $1 million; 2008: $6 million).

The income tax benefit (expense) allocated to each component of OCI is presented in the table below:

$ millions, for the year ended October 31	2010	2009	2008
Net foreign currency translation adjustments			
Changes on investment in self-sustaining foreign operations	**$ (1)**	$ 34	$ (44)
Changes on hedges of investment in self-sustaining foreign operations	**518**	(16)	1,013
Net change in AFS securities			
Net unrealized gains (losses) on AFS securities	**(100)**	(151)	(25)
Transfer of net (gains) losses to net income	**68**	111	(37)
Net change in cash flow hedges			
Changes on derivatives designated as cash flow hedges	**3**	13	7
Changes on derivatives designated as cash flow hedges transferred to net income	**(3)**	(9)	16
	$ 485	$ (18)	$ 930

The accompanying notes and shaded sections in “MD&A – Management of risk” are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Shareholders' Equity

$ millions, except number of shares, for the year ended October 31	Shares			Amount		
	2010	2009	2008	**2010**	2009	2008
Preferred shares (Note 17)						
Balance at beginning of year				**$ 3,156**	$ 2,631	$ 2,331
Issue of preferred shares				**—**	525	300
Balance at end of year				**$ 3,156**	$ 3,156	$ 2,631
Common shares (Note 17)						
Balance at beginning of year	**383,983,867**	380,798,218	334,956,954	**$ 6,240**	$ 6,062	$ 3,133
Issue of common shares	**8,755,633**	3,185,649	45,841,264	**563**	178	2,963
Issuance costs, net of related income taxes	**—**	—	—	**—**	—	(34)
Balance at end of year	**392,739,500**	383,983,867	380,798,218	**$ 6,803**	$ 6,240	$ 6,062
Treasury shares (Note 17)						
Balance at beginning of year	**(2,000)**	6,611	31,625	**$ 1**	$ 1	$ 4
Purchases	**(51,048,586)**	(156,495,078)	(136,208,844)	**(3,594)**	(7,274)	(9,076)
Sales	**51,049,786**	156,486,467	136,183,830	**3,594**	7,274	9,073
Balance at end of year	**(800)**	(2,000)	6,611	**$ 1**	$ 1	$ 1
Contributed surplus						
Balance at beginning of year				**$ 92**	$ 96	$ 96
Stock option expense				**11**	12	9
Stock options exercised				**(4)**	(1)	(1)
Net (discount) premium on treasury shares and other				**(3)**	(15)	(8)
Balance at end of year				**$ 96**	$ 92	$ 96
Retained earnings						
Balance at beginning of year, as previously reported				**$ 5,156**	$ 5,483	$ 9,017
Adjustment for change in accounting policies				**—**	(6)(1)	(66)(2)
Balance at beginning of year, as restated				**5,156**	5,477	8,951
Net income (loss)				**2,452**	1,174	(2,060)
Dividends (Note 17)						
Common				**(1,350)**	(1,328)	(1,285)
Preferred				**(169)**	(162)	(119)
Other				**6**	(5)	(4)
Balance at end of year				**$ 6,095**	$ 5,156	$ 5,483
AOCI, net of tax (Note 19)						
Balance at beginning of year				**$ (370)**	$ (442)	$ (1,092)
OCI				**9**	72	650
Balance at end of year				**$ (361)**	$ (370)	$ (442)
Retained earnings and AOCI				**$ 5,734**	$ 4,786	$ 5,041
Shareholders' equity at end of year				**$ 15,790**	$ 14,275	$ 13,831

(1) Represents the impact of changing the measurement date for employee future benefits. See Note 22 for additional details.

(2) Represents the impact of adopting the amended Canadian Institute of Chartered Accountants (CICA) Emerging Issues Committee Abstract 46, "Leveraged Leases". See Note 1 for additional details.

The accompanying notes and shaded sections in "MD&A – Management of risk" are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

$ millions, for the year ended October 31	2010	2009	2008
Cash flows provided by (used in) operating activities			
Net income (loss)	**$ 2,452**	$ 1,174	$ (2,060)
Adjustments to reconcile net income (loss) to cash flows provided by (used in) operating activities:			
Provision for credit losses	**1,046**	1,649	773
Amortization(1)	**375**	403	410
Stock option expense	**11**	12	(21)
Future income taxes	**800**	38	(1,547)
AFS securities (gains) losses, net	**(400)**	(275)	40
Losses on disposal of land, buildings and equipment	**1**	2	—
Other non-cash items, net	**(520)**	(297)	250
Changes in operating assets and liabilities			
Accrued interest receivable	**(108)**	266	232
Accrued interest payable	**42**	(339)	(299)
Amounts receivable on derivative contracts	**(292)**	4,270	(4,297)
Amounts payable on derivative contracts	**(574)**	(6,063)	5,081
Net change in trading securities	**(13,447)**	22,278(2)	13,658(2)
Net change in FVO securities	**(124)**	(445)	(11,570)
Net change in other FVO assets and liabilities	**118**	100	7,034
Current income taxes	**466**	2,162	(1,780)
Other, net	**2,178**	—	(5,470)
	(7,976)	24,935	434
Cash flows provided by (used in) financing activities			
Deposits, net of withdrawals	**24,588**	(7,569)(3)	(4,530)
Obligations related to securities sold short	**3,094**	(2,082)	(5,785)
Net obligations related to securities lent or sold under repurchase agreements	**(9,233)**	(570)	9,079
Issue of subordinated indebtedness	**1,100**	—	1,150
Redemption/repurchase of subordinated indebtedness	**(1,395)**	(1,419)	(339)
Issue of preferred shares	**—**	525	300
Issue of common shares, net	**563**	178	2,929
Net proceeds from treasury shares sold (purchased)	**—**	—	(3)
Dividends	**(1,519)**	(1,490)	(1,404)
Other, net	**(2,051)**	596	707
	15,147	(11,831)	2,104
Cash flows provided by (used in) investing activities			
Interest-bearing deposits with banks	**(4,667)**	2,206	4,889
Loans, net of repayments	**(24,509)**	(12,496)	(22,027)
Proceeds from securitizations	**14,192**	20,744	11,328
Purchase of AFS securities	**(55,392)**	(91,663)	(18,847)
Proceeds from sale of AFS securities	**41,144**	30,205	15,764
Proceeds from maturity of AFS securities	**27,585**	35,628	8,109
Net securities borrowed or purchased under resale agreements	**(4,591)**	2,845	(1,576)
Net cash used in acquisitions	**(297)**	—	—
Purchase of land, buildings and equipment	**(220)**	(272)	(149)
Proceeds from disposal of land, buildings and equipment	**—**	—	2
	(6,755)	(12,803)	(2,507)
Effect of exchange rate changes on cash and non-interest-bearing deposits with banks	**(38)**	(47)	70
Net increase in cash and non-interest-bearing deposits with banks during year	**378**	254	101
Cash and non-interest-bearing deposits with banks at beginning of year	**1,812**	1,558	1,457
Cash and non-interest-bearing deposits with banks at end of year (4)	**$ 2,190**(5)	$ 1,812	$ 1,558
Cash interest paid	**$ 2,849**	$ 4,242	$ 9,255
Cash income taxes paid (recovered)	**$ 267**	$ (1,775)	$ 1,110

(1) Includes amortization of buildings, furniture, equipment, leasehold improvements, software and other intangible assets.

(2) Includes securities initially bought as trading securities and subsequently reclassified to loans and AFS securities as noted in Note 4.

(3) Includes $1.6 billion of Notes purchased by CIBC Capital Trust (Note 18).

(4) Includes restricted cash balance of $246 million (2009: $268 million; 2008: $291 million).

(5) Includes cash reserved for payment on redemption of non-cumulative preferred shares (Note 17).

The accompanying notes and shaded sections in “MD&A – Management of risk” are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies

The consolidated financial statements of Canadian Imperial Bank of Commerce (CIBC) are prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are expressed in Canadian dollars.

A reconciliation of the impact on assets, liabilities, shareholders' equity, net income, and comprehensive income arising from differences between Canadian and U.S. GAAP is provided in Note 30.

The following paragraphs describe our significant accounting policies. New accounting policies which have been adopted are described in the "Accounting changes" section of this note.

Basis of consolidation

The consolidated financial statements include the assets, liabilities, results of operations and cash flows of CIBC, its controlled subsidiaries and certain variable interest entities (VIEs), for which we are considered to be the primary beneficiary, after the elimination of intercompany transactions and balances. A primary beneficiary is the enterprise that absorbs a majority of a VIE's expected losses or receives a majority of a VIE's expected residual returns, or both. Non-controlling interests in subsidiaries and consolidated VIEs are included as a separate line item on the consolidated balance sheet and the consolidated statement of operations.

An entity is a VIE if it does not have sufficient equity at risk to permit it to finance its activities without additional subordinated financial support, or in which equity investors do not have the characteristics of a controlling financial interest. The VIE guidelines also exempt certain entities from their scope, including qualified special purpose entities (QSPE).

Investments in companies over which we have significant influence are accounted for by the equity method, and are included in Other assets. Our share of income from these investments is included in Non-interest income – Other. Investments over which we exercise joint control are accounted for using the proportionate consolidation method, with only CIBC's pro-rata share of assets, liabilities, income and expenses being consolidated.

Use of estimates and assumptions

The preparation of the consolidated financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the recognized and measured amounts of assets, liabilities, net income, comprehensive income and related disclosures. Estimates and assumptions are made in the areas of determining the fair value of financial instruments, accounting for allowance for credit losses, securitizations and VIEs, asset impairment, income taxes, contingent liabilities, and employee future benefits. Actual results could differ from these estimates and assumptions.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currencies of operations at prevailing exchange rates at the date of the consolidated balance sheet. Non-monetary assets and liabilities are translated into functional currencies at historical rates. Revenue and expenses are translated using average monthly exchange rates. Realized and unrealized gains and losses arising from translation into functional currencies are included in the consolidated statement of operations.

Assets and liabilities of self-sustaining foreign operations with a functional currency other than the Canadian dollar are translated into Canadian dollars at the exchange rates prevailing 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 these foreign operations and from the results of hedging the net investment in these foreign operations, net of applicable taxes, are reported in Net foreign currency translation adjustments, which is included in OCI.

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

An appropriate portion of the accumulated exchange gains and losses and any applicable taxes in AOCI are recognized in the consolidated statement of operations when there is a reduction in the net investment in a self-sustaining foreign operation.

Classification and measurement of financial assets and liabilities

All financial assets must be classified at initial recognition as trading, AFS, FVO, held-to-maturity (HTM), or loans and receivables based on the purpose for which the instrument was acquired and its characteristics. In addition, the standards require that all financial assets and all derivatives be measured at fair value with the exception of loans and receivables, debt securities classified as HTM and AFS equities that do not have quoted market values in an active market. Commencing August 1, 2008, reclassification of non-derivative financial assets from trading to AFS or HTM is allowed under rare circumstances. Such reclassifications are only permitted when there has been a change in management intent with respect to a particular non-derivative financial asset. Financial liabilities other than derivatives, obligations related to securities sold short and FVO liabilities are carried at amortized cost. Derivatives, obligations related to securities sold short and FVO liabilities are carried at fair value. Interest expense is recognized on an accrual basis using the effective interest rate method.

Loans and receivables

Loans and receivables are recorded at amortized cost net of allowance for credit losses. Interest income is recognized on an accrual basis using the effective interest rate method. See “Impairment of financial assets” section of this note for our accounting of impaired loans.

Trading financial instruments

Trading financial instruments are assets and liabilities held for trading activities or are part of a managed portfolio with a pattern of short-term profit taking. These are measured at estimated fair value as at the balance sheet date. Loans and receivables that an entity intends to sell immediately or in the near term must be classified as trading financial instruments.

Gains and losses realized on disposition and unrealized gains and losses from changes in fair value are reported in Non-interest income as Trading income (loss). Dividends and interest income earned and interest expense incurred are included in Interest income and Interest expense, respectively.

AFS securities

AFS securities are carried at fair value (other than equities that do not have quoted market values in an active market) with unrealized gains and losses being reported in OCI until sale, or if an other-than-temporary impairment (OTTI) is recognized, at which point cumulative unrealized gains or losses are transferred from AOCI to the consolidated statement of operations. Equities that do not have quoted market values in an active market are carried at cost. Realized gains and losses on sale, determined on an average cost basis, and write-downs to reflect OTTI are included in AFS securities gains (losses), net, except for retained interests on interest-only strips arising from our securitization activities, which are included in Income from securitized assets. Dividends and interest income from AFS securities, other than interest-only strips, are included in Interest income.

FVO financial instruments

FVO financial instruments are those that an entity designates on initial recognition as instruments that it will measure at fair value on the consolidated balance sheet. In addition to the requirement that reliable fair values are available, there are regulatory restrictions imposed by the Office of the Superintendent of Financial Institutions (OSFI) on the use of this designation. The criteria for applying the fair value option are met when (i) the application of the fair value option eliminates or significantly reduces the measurement inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on a different basis, or (ii) the financial instruments are part of a portfolio which is managed on a fair value basis, in accordance with our investment strategy and is reported internally on that basis.

Gains and losses realized on dispositions and unrealized gains and losses from changes in fair value of FVO financial instruments, and gains and losses arising from changes in fair value of derivatives and obligations related to securities sold short that are managed in conjunction with FVO financial instruments, are included in FVO income (loss). Dividends and interest earned and interest expense incurred on FVO assets and liabilities are included in Interest income and Interest expense, respectively.

Transaction costs

Transaction costs related to trading and FVO financial instruments are expensed as incurred. Transaction costs for all other financial instruments are generally capitalized. For debt instruments, transaction costs are then amortized over the expected life of the instrument using the effective interest rate method. For equity instruments, transaction costs are added to the carrying value.

Date of recognition of securities

We account for all securities transactions using settlement date accounting for the consolidated balance sheet.

Effective interest rate

Interest income and expense for all financial instruments measured at amortized cost and for AFS debt securities is recognized in Interest income and Interest expense using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to the net carrying amount of the financial asset or liability upon initial recognition.

Fees related to loan origination, including commitment, restructuring and renegotiation fees, are considered an integral part of the yield earned on a loan and are accounted for using the effective interest rate method. 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 using the effective interest rate method.

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 in the near term. Interest income is accrued and separately disclosed in the consolidated statement of operations. Similarly, securities sold under repurchase agreements are treated as collateralized borrowing with interest expense accrued and reflected in Interest expense – Other liabilities.

The right to receive back cash collateral paid and the obligation to return cash collateral received on borrowing and lending of securities is recorded as securities borrowed and obligations related to securities lent under repurchase agreements, respectively. Interest on cash collateral paid and received is recorded in Interest income –Securities borrowed or purchased under resale agreements and Interest expense – Other liabilities, respectively.

Impairment of financial assets

Impaired loans and allowance for credit losses

We classify a loan as impaired when, in our opinion, there is objective evidence of impairment as a result of one or more events that have occurred with a negative impact on the estimated future cash flows of the loan. Evidence of impairment includes indications that the borrower is experiencing significant financial difficulties, or a default or delinquency has occurred. 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 collectability, such loans are considered impaired if payments are 180 days in arrears.

Exceptions are as follows:

- Credit card loans are not classified as impaired and are fully written off when payments are contractually 180 days in arrears or upon customer bankruptcy. Commencing the fourth quarter of 2009, interest is accrued only to the extent that there is an expectation of receipt. Prior to that, interest was accrued until the loans were written-off. Refer to Note 5 for additional details.
- 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. A loan is returned to performing status when all past due amounts, including interest, have been recovered, and it is determined that the principal and interest are fully collectable in accordance with the original contractual terms of the loan. No portion of cash received on any impaired loan is recorded as income until the loan is returned to performing status.

An impaired loan is carried at its estimated realizable value determined by discounting the expected future cash flows at the interest rate inherent in the loan, or its net recoverable value.

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, having due regard to current conditions. The allowance for credit losses consists of specific and general components. The allowance on undrawn credit facilities including letters of credit is reported in Other liabilities.

Loans are written off against the related allowance for credit losses if there is no realistic prospect of future recovery and all collateral has been realized or transferred to CIBC. In subsequent periods, any recoveries of amounts previously written off are credited to the allowance for credit losses.

Specific allowance

We conduct ongoing credit assessments of the business and government loan portfolios on an account-by-account basis and establish specific allowances when impaired loans are identified. Residential mortgages, personal loans, 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 and to balances outstanding. The allowance is provided for on- and off-balance sheet credit exposures that are not carried at fair value. Credit card loans are not classified as impaired and a specific allowance is not established. The specific allowance previously established for credit card loans was retroactively reclassified to the general allowance during 2009.

General allowance

A general allowance is provided for losses which we estimate are inherent in the portfolio at the balance sheet date, but not yet specifically identified and, therefore, not yet captured in the determination of specific allowances. The allowance is provided for on- and off-balance sheet credit exposures that are not carried at fair value.

The general allowance is established with reference to 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. The parameters that affect the general allowance calculation are updated regularly, 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 (PD) factors, as well as estimates of loss given default (LGD) associated with each risk rating. The PD factors reflect our historical experience over an economic cycle, and are supplemented by data derived from defaults in the public debt markets. LGD estimates are based on our experience over past years. For consumer loan portfolios, expected losses are based on our historical loss rates and aggregate balances, adjusted for recent loss trends and performance within the retail portfolios.

Impairment of AFS securities

We are required to assess whether an AFS investment is impaired at each balance sheet date.

AFS debt securities

An AFS debt security would be identified as impaired when there is objective observable evidence that comes to the attention of the holder about the ability to collect the contractual principal or interest.

We assess OTTI for investment grade perpetual preferred shares using this debt security model rather than an equity model.

Impairment is recognized through income to reduce the carrying value to its current fair value. Impairment losses previously recorded through income are to be reversed through income if the fair value subsequently increases and the increase can be objectively related to an event occurring after the impairment loss was recognized.

AFS equity instruments

Objective evidence of impairment for an investment in an AFS equity instrument exists if there has been a significant or prolonged decline in the fair value of the investment below its cost, or if there is significant adverse change in the technological, market, economic, or legal environment in which the issuer operates, or if the issuer is experiencing significant financial difficulty. In assessing OTTI, we also consider our intent to hold the investment for a period of time sufficient to allow for any anticipated recovery.

The accounting for an identified impairment is the same as described for AFS debt securities above, with the exception that impairment losses previously recognized in income cannot be subsequently reversed.

Derivatives held for trading purposes

Our derivative trading activities are primarily driven by client trading activities. We may also take proprietary trading positions in the interest rate,

foreign exchange, debt, equity and commodity markets, with the objective of earning income.

All financial and commodity derivatives held for trading purposes are stated at fair value at the consolidated balance sheet date. Realized and unrealized trading gains and losses are included in Trading income (loss). 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.

Derivatives held for asset/liability management (ALM) purposes

We use derivative instruments for ALM purposes to manage financial risks, such as movements in interest and foreign exchange rates. Derivatives are carried at fair value and are reported as assets where they have a positive fair value, and as liabilities where they have a negative fair value, in both cases as Derivative instruments.

Derivatives that qualify for hedge accounting

We apply hedge accounting for derivatives held for ALM purposes that meet the criteria specified in the Canadian Institute of Chartered Accountants (CICA) handbook section 3865 “Hedges”. There are three types of hedges: fair value, cash flow and hedges of net investments in self-sustaining foreign operations (NIFO). When hedge accounting is not applied, the change in the fair value of the derivative is always recognized in income. This includes instruments used for economic hedging purposes, such as swap contracts relating to mortgage securitization that do not meet the requirements for hedge accounting.

In order for derivatives to qualify for hedge accounting, the hedge relationship must be designated and formally documented at its inception in accordance with the CICA handbook section 3865. The particular risk management objective and strategy, the specific asset, liability or cash flow being hedged, as well as how hedge effectiveness is assessed, is documented. Hedge effectiveness requires a high correlation of changes in fair values or cash flows between the hedged and hedging items.

We assess the effectiveness of derivatives in hedging relationships, both at inception and on an ongoing basis. Ineffectiveness results to the extent that the changes in the fair value of the hedging derivative differ from changes in the fair value of the hedged risk in the hedged item; or the cumulative change in the fair value of the hedging derivative exceeds the cumulative change in the fair value of expected future cash flows of the hedged item. The amount of ineffectiveness of hedging instruments is recorded immediately in income.

Derivatives that do not qualify for hedge accounting are carried at fair value through income. See “Derivatives that do not qualify for hedge accounting” below.

Fair value hedges

We designate fair value hedges primarily as part of interest rate risk management strategies that use derivatives to hedge changes in the fair value of financial instruments with fixed interest rates. Changes in fair value attributed to the hedged interest rate risk are accounted for as basis adjustments to the hedged financial instruments and are recognized in Net interest income. Changes in fair value from the hedging derivatives are also recognized in Net interest income. Accordingly, any hedge ineffectiveness, representing the difference between changes in fair value of the hedging derivative and changes in the basis adjustment to the hedged item, is also recognized in Net interest income.

Similarly, for foreign exchange hedges, changes in fair value from the hedging derivatives and non-derivatives are recognized in Foreign exchange other than trading (FXOTT). Changes in fair value of the hedged item from the hedged foreign exchange risk are accounted for as basis adjustments and are also recognized in FXOTT. Any difference between the two represents hedge ineffectiveness.

If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated and the basis adjustment applied to the hedged item is then amortized over the remaining term of the hedged item. If the hedged item is derecognized, the unamortized basis adjustment is recognized immediately in income.

Cash flow hedges

We designate cash flow hedges primarily as part of interest rate risk management strategies that use derivatives and other financial instruments to mitigate our risk from variable cash flows by effectively converting certain variable-rate financial instruments to fixed-rate financial instruments, for hedging forecasted foreign currency denominated cash flows and hedging certain share-based compensation awards.

The effective portion of the change in fair value of the derivative instrument is offset through OCI until the variability in cash flows being hedged is recognized in income in future accounting periods, at which time an appropriate portion of the amount that was in AOCI is reclassified into income. The ineffective portion of the change in fair value of the hedging derivative is recognized in Net interest income, FXOTT, or Non-interest expenses immediately as it arises. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated and any remaining amount in AOCI remains therein until it is recognized in income when the variability in cash flows hedged or the hedged forecast transaction is ultimately recognized in income. When the forecasted transaction is no longer expected to occur, the related cumulative gain or loss in AOCI is immediately recognized in income.

Hedges of net investments in self-sustaining foreign operations (NIFO)

We designate NIFO hedges to mitigate the foreign exchange risk on our net investment in self-sustaining operations.

These hedges are accounted for in a similar manner to cash flow hedges. The effective portion of the changes in fair value of the hedging instruments relating to the changes in foreign currency spot rates is included in OCI (after taxes) until a reduction in the net investment occurs, at which time an appropriate portion of the accumulated foreign exchange gains and losses and any applicable taxes in AOCI are recognized in FXOTT and in income taxes, respectively. The ineffective portion of the change in fair value of the hedging instruments is recognized immediately in FXOTT.

Derivatives that do not qualify for hedge accounting

The change in fair value of the derivatives not designated as accounting hedges but used to economically hedge FVO assets or liabilities is included in FVO income (loss). The change in fair value of other derivatives not designated as accounting hedges but used for other economic hedging purposes is included in FXOTT, Non-interest income – Other, or compensation expense, as appropriate.

Embedded derivatives

All derivatives embedded in other financial instruments are valued as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host contract; the terms of the embedded derivative are the same as those of a freestanding derivative; and the combined contract is not held for trading or FVO. These embedded derivatives (which are classified together with the host instrument on

sheet) are measured at fair value with changes therein recognized in Non-interest income – Other. The host instrument asset and liability are accreted to their maturity value through interest expense and interest income, respectively, using the effective interest rate method.

Gains at inception on derivatives embedded in financial instruments bifurcated for accounting purposes are not recognized at inception; instead they are recognized over the life of the instrument.

Where an embedded derivative is separable from the host contract but the fair value, as at the acquisition or reporting date, cannot be reliably measured separately, the entire combined contract is carried at fair value.

For contracts containing one or more embedded derivatives where the embedded derivative significantly modifies the cash flows required by the contract and is not separated from the contract, the entire combined contract should be designated as FVO.

Securitizations

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. Our securitizations are accounted for as sales where 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 securitizations accounted for as sales are recognized in Income from securitized assets. The amount of the gain or loss recognized depends on the previous carrying values of the receivables involved in the transfer, allocated between the assets sold and retained interests based on their relative fair values at the date of transfer. As market prices are not available for interest-only strips, we estimate fair value based on the present value of expected future cash flows. This requires us to estimate credit losses, rate of prepayments, discount rates and other factors that influence the value of interest-only strips.

Retained interests in securitized assets are classified as AFS securities or loans, as appropriate, and are reviewed for impairment on a quarterly basis. Assets securitized and not sold are generally reported as FVO securities on the consolidated balance sheet and are stated at fair value.

Income from securitized assets comprises income from retained interests and servicing income, and is reported separately in the consolidated statement of operations.

We also recognize a servicing liability where we have retained the servicing obligation but do not receive adequate compensation for that servicing. The servicing liability is amortized over the life of the serviced assets and reported in Other liabilities.

Mortgage commitments

Mortgage interest rate commitments are extended 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 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. We carry our commitments to the retail clients (based on an estimate of the commitments expected to be exercised) and the associated economic hedges at fair value on the consolidated balance sheet. Changes in fair value are recorded in Non-interest income – Other. In addition, as the commitments are an integral part of the mortgage, their initial fair value is recognized in interest income on an effective yield basis over the life of the resulting mortgages.

The fair value of the mortgage commitment upon funding, if any, is released into income to offset the difference between the mortgage amount advanced and its fair value, which is also recognized in income.

Guarantees

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

Guarantees are initially recognized at fair value, being the premium received, on the date the guarantee was given and then recognized into income over the life of the guarantee. No subsequent remeasurement of fair value is recorded unless the guarantee also qualifies as a derivative, in which case it is remeasured at fair value through income over its life and included in Derivative instruments in assets or liabilities, as appropriate.

Accumulated other comprehensive income (AOCI)

AOCI is included on the consolidated balance sheet as a separate component (net of tax) of shareholders' equity. It includes net unrealized gains and losses on AFS securities, the effective portion of gains and losses on derivative instruments designated within effective cash flow hedges, and unrealized foreign currency translation gains and losses on self-sustaining foreign operations net of gains or losses on related hedges.

Liabilities and equity

Preferred shares that are convertible into a variable number of common shares at the option of the holder are classified as liabilities on the consolidated balance sheet. Dividend payments and premiums on redemptions arising from such preferred shares are reported as Interest expense – Preferred share liabilities.

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 3 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 Non-interest income – Other.

Goodwill and software 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 Software and 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, including the allocated goodwill, with its fair value. When the carrying amount of a reporting unit exceeds its fair value, any impairment of goodwill is measured by comparing the carrying value of the goodwill 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 other intangible assets with an indefinite life is based on a comparison of their carrying amount with their fair value.

Intangible assets with a definite life are amortized over their estimated useful lives, generally not exceeding 20 years, and are also subject to an assessment for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Software is amortized on a straight-line basis over 2 to 10 years.

Future income taxes

We use the asset and liability method to provide for income taxes. The asset and liability method requires that income taxes reflect the expected future tax effect 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 for tax purposes, 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.

Defined benefit plans

We accrue our obligations for defined benefit plans and related costs net of plan assets. The cost of pensions and other post-employment (including 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 our defined benefit pension plans is 10 years (2009: 10 years). The expected average remaining service life of employees covered by our other post-employment benefit plans is 12 years (2009: 12 years).

The accrued benefit asset or liability represents the cumulative difference between the expense and funding contributions and is included in Other assets and Other liabilities, respectively.

A valuation allowance is recognized when the accrued benefit asset for any plan is greater than the future economic benefit expected to be realized from sponsoring the plan. A change in the valuation allowance is recognized in the consolidated statement of operations for the period in which the change occurs.

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

Defined contribution plans

Costs for defined contribution plans are recognized during the year in which the service is provided.

Stock-based compensation

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

Compensation expense for awards under the Restricted Share Award (RSA) plan in respect of services already rendered is recognized in the year for which the grant is made. Compensation expense for similar awards in respect of future services is recognized over the applicable vesting period prior to the employee's retirement eligible date. Settlement of grants made under these programs may be either in common shares or equivalent cash value in accordance with the terms of the grant. Forfeitures are recognized as they arise.

Under our RSA plan, where grants are settled in common shares, we hold an equivalent number of common shares in a consolidated compensation trust. Common shares held in the trust and the obligations to employees are offset in Treasury shares. Any market gains or losses on the sale of shares arising from the forfeiture of unvested grants are recorded in Contributed surplus.

Under our RSA plan, where grants are settled in the cash equivalent of common shares, changes in the obligation which arise from fluctuations in the market price of common shares are recorded in

the consolidated statement of operations as compensation expense in proportion to the percentage of the award recognized. In the event of forfeiture of unvested grants, the amount previously recognized as compensation expense is reversed.

Compensation expense in respect of awards under the Performance Share Unit (PSU) plan in respect of services already rendered is recognized in the year for which the grant is made. In respect of awards for future services, compensation expense is recognized over the applicable vesting period prior to the employee's retirement eligible date. The amount recognized is based on management's best estimate of the number of PSUs expected to vest. Changes in the obligation which arise from fluctuations in the market price of common shares are recorded in the consolidated statement of operations as a compensation expense. In the event of forfeiture of unvested grants, the amount previously recognized as compensation expense is reversed.

The impact due to changes in common share price in respect of cash-settled share-based compensation under the RSA and PSU plans is hedged through the use of derivatives. The gains and losses on these derivatives are recognized in compensation expense, within the consolidated statement of operations, either immediately or over the applicable vesting period.

Our Book Value Unit (BVU) plan provides compensation related to the book value of CIBC on a per common share basis. Compensation expense in respect of this plan is recognized over the applicable vesting period prior to the employee's retirement eligible date. The amount recognized is based on the number of BVUs expected to vest, adjusted for new issues of, repurchase of, or dividends paid on, common shares. Changes in the obligation which arise from fluctuations in the book value of common shares are recorded in the consolidated statement of operations as a compensation expense. In the event of forfeiture of unvested grants, the amount previously recognized as compensation expense is reversed.

We use the fair value-based method to account for stock options granted to employees. The grant date value is recognized over the applicable vesting period prior to the employee's retirement eligible date, as an increase to compensation expense and contributed surplus. When the options are exercised, the proceeds we receive, together with the amount in contributed surplus, are credited to common share capital. No expense was recognized for stock options granted prior to November 1, 2001. When these options are exercised, only the proceeds received are credited to common share capital.

Up to 50% of options relating to the Employee Stock Option Plan (ESOP) granted prior to 2000 were eligible to be exercised as stock appreciation rights (SARs). SARs obligations, which arose from changes in the market price of common shares, were recorded in the consolidated statement of operations as compensation expense. If SARs were exercised as purchases of common shares, the exercise price, together with the relevant amount in other liabilities, representing the value of common shares at the market price, was credited to common share capital.

Amounts paid under the directors' plans are charged to compensation expense. Obligations relating to deferred share units under the directors' plans change with the common share price, and the change is recognized as a compensation expense or credit in the year in which the change occurs.

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

Fee and commission income

Underwriting and advisory fees and commissions on securities transactions are recognized as revenue when the related services are completed. 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 fees are primarily investment, estate and trust management fees and are recorded on an accrual basis. Prepaid fees are deferred and amortized over the contract term.

Mutual fund fees are recorded on an accrual basis.

Earnings per share (EPS)

Basic EPS is determined as net income minus dividends and premiums on preferred shares classified as equity, 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 classified as equity, 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 common shares during the period, are exercised and then reduced by the number of common shares assumed to be repurchased with the exercise proceeds from the assumed exercise of the options. When there is a loss, diluted EPS equals basic EPS.

Accounting changes

2010

There were no changes to significant accounting policies during 2010.

2009

Financial Instruments – recognition and measurement

On July 29, 2009, the CICA issued amendments to section 3855 "Financial Instruments – Recognition and Measurement", with effect from November 1, 2008. The revised standard defined loans and receivables as non-derivative financial assets with fixed or determinable payments that were not quoted in an active market. As a result of this change in definition, the following transitional provisions were applied effective November 1, 2008:

- HTM debt instruments that met the revised definition of loans and receivables were required to be reclassified from HTM to loans and receivables;
- Loans and receivables that an entity intended to sell immediately or in the near term were required to be classified as trading financial instruments; and
- AFS debt instruments were eligible for reclassification to loans and receivables if they met the revised definition of loans and receivables. AFS debt instruments were eligible for reclassification to HTM if they had fixed and determinable payments and were quoted in an active market and the entity had the positive intention

and ability to hold to maturity. The reclassification from AFS to loans and receivables or to HTM was optional and could be made on an instrument by instrument basis. We did not elect to reclassify any AFS securities.

Following adoption of the revised standard:

- Debt securities that meet the definition of loans and receivables at initial recognition may be classified as loans and receivables or designated as AFS or held for trading, but are precluded from being classified as HTM;
- Impairment charges through income for HTM financial instruments are to be recognized for credit losses only, rather than on the basis of a full write down to fair value; and
- Previously recognized OTTI losses on AFS debt securities are to be reversed through income if the increase in their fair value is related to improvement in credit that occurred subsequent to the recognition of the OTTI.

The adoption of the revised standard resulted in financial instruments previously classified as HTM being reclassified to loans and receivables with no impact to retained earnings or AOCI. Refer to Note 4 for additional details.

Financial Instruments – disclosures

We adopted the amended CICA 3862 handbook section “Financial Instruments – Disclosures”, which expanded financial instrument fair value measurement and liquidity risk management disclosures. See Notes 2, 14 and 29 for further details.

Intangible assets

Effective November 1, 2008, we adopted the CICA handbook section 3064, “Goodwill and Intangible Assets”, which replaced CICA handbook sections 3062, “Goodwill and Other Intangible Assets”, and 3450, “Research and Development Costs”. The new section established standards for recognition, measurement, presentation, and disclosure of goodwill and intangible assets.

The adoption of this guidance did not result in a change in the recognition of our goodwill and intangible assets. However, we retroactively reclassified intangible assets relating to application software with net book value of $385 million as at October 31, 2008 from Land, buildings and equipment to Software and other intangible assets on our consolidated balance sheet.

2008

Leveraged leases

Effective November 1, 2007, we adopted the amended CICA Emerging Issues Committee Abstract (EIC) 46, “Leveraged Leases”, which was based upon the Financial Accounting Standards Board Staff Position FAS 13-2, “Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction”. The EIC required that a change in the estimated timing of cash flows relating to income taxes results in a recalculation of the timing of income recognition from the leveraged lease.

The adoption of this guidance resulted in a $66 million charge to opening retained earnings as at November 1, 2007. An amount approximating this non-cash charge is being recognized into income over the remaining lease terms using the effective interest rate method.

Capital disclosures

Effective November 1, 2007, we adopted the CICA handbook section 1535, “Capital Disclosures”, which requires an entity to disclose its objective, policies and processes for managing capital. In addition, the section requires disclosure of summary quantitative information about capital components. See Note 17 for additional details.

Financial instruments

Effective November 1, 2007, we adopted the CICA handbook sections 3862 “Financial Instruments – Disclosures” and 3863 “Financial Instruments – Presentation”.

These sections replace CICA handbook section 3861 “Financial Instruments – Disclosure and Presentation” and enhance disclosure requirements on the nature and extent of risks arising from financial instruments and how the entity manages those risks. See Note 29 for additional details.

We adopted the amendments to the CICA handbook sections 3855 “Financial Instruments – Recognition and Measurement” and 3862 “Financial Instruments – Disclosures” and reclassified certain trading securities to HTM and AFS, from August 1, 2008. See Note 4 for additional details.

Note 2 Fair Value of Financial Instruments

This note presents the fair values of on- and off-balance sheet financial instruments and explains how we determine those values. Note 1, “Summary of Significant Accounting Policies” sets out the accounting treatment for each measurement category of financial instruments.

Fair value is defined as the amount at which a financial instrument could be exchanged between knowledgeable and willing parties in an orderly arm’s length transaction motivated by normal business considerations. Fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgment and is based on market information, where available and appropriate. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of valuation inputs (Level 1, 2 or 3), as outlined below.

Where active markets exist, quoted market prices are used to calculate fair value (Level 1). Bid or ask prices, where available in an active market, are used to determine the fair value of security positions, as appropriate.

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 and even where such markets do exist, they may not be considered sufficiently active to be used as a final determinant of fair

value.

Markets are considered inactive when transactions are not occurring with sufficient regularity. Inactive markets may be characterized by a significant decline in the volume and level of observed trading activity or through large or erratic bid/offer spreads. In those instances where traded markets do not exist or are not considered sufficiently active, we measure fair value using valuation models.

Valuation models may utilize predominantly observable market inputs (Level 2) or may utilize predominantly non-observable market inputs (Level 3). The valuation model and technique we select maximizes the use of observable market inputs to the extent possible and appropriate in order to estimate the price at which an orderly transaction would take place on our reporting date. In an inactive market, we consider all reasonably available information including any available pricing for similar instruments, recent arm's length market transactions, any relevant observable market inputs, indicative dealer or broker quotations, and our own internal model-based estimates. We apply judgment in determining the most appropriate inputs and the weighting we ascribe to each such input as well as in our selection of valuation methodologies. Regardless of the valuation technique we use, we incorporate assumptions that we believe market participants would make for credit, funding, and liquidity considerations. When the fair value of a financial instrument is determined using a valuation technique that incorporates significant non-observable market inputs, no inception profit or loss (the difference between the determined fair value and the transaction price) is recognized at the time the asset or liability is first recorded. Any gains or losses at inception would be recognized only in future periods over the term of the instruments or when market quotes or data become observable.

Valuation adjustments are an integral component of our fair valuation process. To the extent necessary, we make valuation adjustments for market and model risks for derivatives and non-derivatives. For derivatives, we also have credit valuation adjustments (CVA) that factor in counterparty as well as our own credit risk, and a valuation adjustment for administration costs.

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 for the same or similar assets may differ among financial institutions. The calculation of fair value is based on market conditions as at each balance sheet date, and may not be reflective of ultimate realizable value.

We have an ongoing process for evaluating and 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 basis.

Methods and assumptions

Financial instruments with fair value equal to book value

Where we consider any difference between fair and book values of on-balance sheet financial instruments to be insignificant, the fair values of these on-balance sheet financial instruments are assumed to equal their book values. 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 lent or sold under repurchase agreements; and other liabilities.

Securities

The fair value of securities and obligations related to securities sold short are based on quoted bid or ask market prices where available in an active market.

Securities for which no active market exists are valued using all reasonably available market information as described below.

Fair value of government issued or guaranteed securities that are not traded in an active market are calculated using implied yields derived from the prices of actively traded government securities and most recently observable spread differentials.

Fair value of corporate debt securities is determined using the most recently executed transaction prices, and where appropriate, adjusted to the price of these securities obtained from independent dealers, brokers, and third-party multi-contributor consensus pricing sources. When observable price quotations are not available, fair value is determined based on discounted cash flow models using discounting curves and spread differentials observed through independent dealers, brokers, and third-party multi-contributor consensus pricing sources.

Asset-backed securities (ABS) and mortgage-backed securities (MBS) not issued or guaranteed by government are valued using cash flow models making maximum use of market observable inputs, such as indicative broker quotes on identical or similar securities and other pricing information obtained from third-party pricing sources adjusted for the characteristics and the performance of the underlying collateral. Other key inputs used include prepayment and liquidation rates, credit spreads, and discount rates commensurate with the risks involved. These assumptions factor information derived from actual transactions, underlying reference asset performance, external market research, and market indices, where appropriate.

Privately issued debt and equity securities are valued 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. Private equity securities for which there is no quoted market price are carried at cost. The fair value of limited partnership investments is based upon net asset values published by third-party fund managers and is adjusted for more recent information, where available and appropriate.

Loans

The fair value of variable-rate mortgages, which are largely prime rate based, is assumed to equal the book value. The fair value of fixed-rate mortgages is 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, including consumer behaviour.

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. The fair value of loans is reduced by specific and general allowances for impaired loans and loans not yet specifically identified as impaired. 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.

Fair value option loans are valued using observable market inputs, wherever possible. In the absence of such pricing, we consider indicative broker quotes and internal models utilizing observable market inputs to the extent possible.

Other assets

Other assets mainly comprise accrued interest receivable, brokers' client accounts, equity-accounted investments, and accounts receivable.

Except as noted, the fair value of all other assets is assumed to be cost or amortized cost because we consider any difference not to be significant. 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, in which case fair value is assumed to equal book value.

Deposits

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

Certain FVO deposits are structured notes that have coupons or repayment terms linked to the performance of debt or equity securities. Fair value of these structured notes is estimated using internally vetted valuation models for the debt and embedded derivative portions of the notes by incorporating market observable prices of the reference identical or comparable securities, and other inputs such as interest rate yield curves, option volatility, and foreign exchange rates, where appropriate. Where observable prices or inputs are not available, management judgment is required to determine fair values by assessing other relevant sources of information such as historical data, proxy information from similar transactions, and through extrapolation and interpolation techniques. Appropriate market risk valuation adjustments for such inputs are assessed in all such instances.

Subordinated indebtedness

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

Preferred share liabilities

The fair value of these obligations is determined by reference to market prices for the same or similar financial instruments.

Derivative instruments

The fair value of exchange-traded derivatives such as options and futures is based on quoted market prices. Over-the-counter (OTC) derivatives primarily consist of interest rate swaps, foreign exchange forwards, equity and commodity derivatives, interest rate and currency options, and credit derivatives. For such instruments, where quoted market prices or third-party consensus pricing information are not available, valuation techniques are employed to estimate fair value on the basis of pricing models. Such vetted models incorporate current market measures for interest rates, currency exchange rates, equity and commodity prices and indices, credit spreads, corresponding market volatility levels, and other market-based pricing factors.

In determining the fair value of complex and customized derivatives, such as equity, credit, and commodity derivatives written in reference to indices or baskets of reference, we consider all reasonably available information including indicative dealer and broker quotations, third-party consensus pricing inputs, any relevant observable market inputs, and our own internal model-based estimates, which are vetted and pre-approved in accordance with our model risk policy and regularly and periodically calibrated. The model calculates fair value based on inputs specific to the type of contract, which may include stock prices, correlation for multiple assets, interest rates, foreign exchange rates, yield curves, and volatility surfaces. Where observable prices or inputs are not available, management judgment is required to determine fair values by assessing other relevant sources of information such as historical data, proxy information from similar transactions, and through extrapolation and interpolation techniques. Appropriate market risk valuation adjustments for such inputs are assessed in all such instances.

After arriving at these valuations, we consider whether CVA is required to recognize the risk that any given derivative counterparty may not ultimately be able to fulfill its obligations. The CVA is driven off market-observed credit spreads or proxy credit spreads or our assessment of recoverable values for each of the derivative counterparties. We also factor in our own credit risk and take into account credit mitigants such as collateral and netting arrangements.

For credit derivatives purchased from financial guarantors, our CVA is generally driven off market-observed credit spreads, where available. For financial guarantors that do not have observable credit spreads or where observable credit spreads are available but do not reflect an orderly market (i.e. not representative of fair value), a proxy market spread is used. The proxy market credit spread is based on our internal credit rating for the particular financial guarantor. Credit spreads contain information on market (or proxy market) expectations of PD as well as LGD. The credit spreads are applied in relation to the weighted-average life of our exposure to the counterparties. For financial guarantor counterparties where a proxy market spread is used, we also make an adjustment to reflect additional financial guarantor risk over an equivalently rated non-financial guarantor counterparty. The amount of the adjustment is dependent on all available internal and external market information for financial guarantors. The final CVA takes into account the expected correlation between the future performance of the underlying reference assets and that of the counterparties, except for high quality reference assets where we expect no future credit degradation.

Where appropriate on certain financial guarantors, we determine the CVA based on estimated recoverable amounts.

Mortgage commitments

The fair value of mortgage commitments, included in derivatives held for ALM, is for fixed-rate residential and commercial mortgage commitments and is based on changes in market interest rates between the commitment and the balance sheet 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 us to interest rate risk, although they do expose us 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.

Fair value of financial instruments

$ millions, as at October 31

		Carrying value					
		Amortized cost	Fair value through statement of operations	Fair value through OCI	Total	Fair value	Fair value over (under) carrying value
2010	**Financial assets**						
	Cash and deposits with banks	**$ 12,052**	**$ —**	**$ —**	**$ 12,052**	**$ 12,052**	**$ —**
	Securities	**582**	**50,987**	**26,039**	**77,608**	**77,936**	**328**
	Securities borrowed or purchased under resale agreements	**37,342**	**—**	**—**	**37,342**	**37,342**	**—**
	Loans						
	Residential mortgages	**93,529**	**—**	**—**	**93,529**	**94,560**	**1,031**
	Personal	**33,818**	**—**	**—**	**33,818**	**33,846**	**28**
	Credit card	**11,649**	**—**	**—**	**11,649**	**11,649**	**—**
	Business and government	**37,875**	**21**	**—**	**37,896**	**37,865**	**(31)**
	Derivative instruments	**—**	**24,682**	**—**	**24,682**	**24,682**	**—**
	Customers' liability under acceptances	**7,684**	**—**	**—**	**7,684**	**7,684**	**—**
	Other assets	**7,768**	**—**	**—**	**7,768**	**7,799**	**31**
	Financial liabilities						
	Deposits						
	Personal	**113,294**	**—**	**—**	**113,294**	**113,685**	**391**
	Business and government	**124,229**	**3,530**	**—**	**127,759**	**129,352**	**1,593**
	Bank	**5,618**	**—**	**—**	**5,618**	**5,618**	**—**
	Derivative instruments	**—**	**26,489**	**—**	**26,489**	**26,489**	**—**
	Acceptances	**7,684**	**—**	**—**	**7,684**	**7,684**	**—**
	Obligations related to securities sold short	**—**	**9,673**	**—**	**9,673**	**9,673**	**—**
	Obligations related to securities lent or sold under repurchase agreements	**28,220**	**—**	**—**	**28,220**	**28,220**	**—**
	Other liabilities	**8,848**	**—**	**—**	**8,848**	**8,848**	**—**
	Subordinated indebtedness	**4,773**	**—**	**—**	**4,773**	**5,073**	**300**
2009	**Financial assets**						
	Cash and deposits with banks	$ 7,007	$ —	$ —	$ 7,007	$ 7,007	$ —
	Securities	823	37,416	39,337	77,576	77,849	273
	Securities borrowed or purchased under resale agreements	32,751	—	—	32,751	32,751	—
	Loans						
	Residential mortgages	86,110	—	—	86,110	86,878	768
	Personal	33,328	—	—	33,328	33,358	30
	Credit card	11,259	—	—	11,259	11,259	—
	Business and government	36,289	226	—	36,515	36,284	(231)
	Derivative instruments	—	24,696	—	24,696	24,696	—
	Customers' liability under acceptances	8,397	—	—	8,397	8,397	—
	Other assets	9,182	—	—	9,182	9,201	19
	Financial liabilities						
	Deposits						
	Personal	108,324	—	—	108,324	108,959	635
	Business and government	102,724	4,485	—	107,209	108,626	1,417
	Bank	7,584	—	—	7,584	7,586	2
	Derivative instruments	—	27,162	—	27,162	27,162	—
	Acceptances	8,397	—	—	8,397	8,397	—
	Obligations related to securities sold short	—	5,916	—	5,916	5,916	—
	Obligations related to securities lent or sold under repurchase agreements	37,453	—	—	37,453	37,453	—
	Other liabilities	10,909	—	—	10,909	10,909	—

Subordinated indebtedness	5,157	—	—	5,157	5,313	156
Preferred share liabilities	600	—	—	600	628	28

Fair value of derivative instruments

$ millions, as at October 31	2010			2009		
	Positive	**Negative**	**Net**	Positive	Negative	Net
Held for trading(1)						
Interest rate derivatives						
Forward rate agreements	**$ 55**	**$ 37**	**$ 18**	$ 42	$ 8	$ 34
Swap contracts	**13,522**	**13,759**	**(237)**	11,574	11,520	54
Purchased options	**500**	**—**	**500**	1,257	—	1,257
Written options	**—**	**538**	**(538)**	—	1,276	(1,276)
Total interest rate derivatives	**14,077**	**14,334**	**(257)**	12,873	12,804	69
Foreign exchange derivatives						
Forward contracts	**1,501**	**1,326**	**175**	1,180	1,021	159
Swap contracts	**3,662**	**3,664**	**(2)**	2,999	2,939	60
Purchased options	**227**	**—**	**227**	130	—	130
Written options	**—**	**290**	**(290)**	—	183	(183)
Total foreign exchange derivatives	**5,390**	**5,280**	**110**	4,309	4,143	166
Credit derivatives						
Swap contracts	**—**	**156**	**(156)**	4	276	(272)
Purchased options	**1,341**	**14**	**1,327**	2,275	25	2,250
Written options	**1**	**1,884**	**(1,883)**	1	4,226	(4,225)
Total credit derivatives	**1,342**	**2,054**	**(712)**	2,280	4,527	(2,247)
Equity derivatives(2)	**671**	**661**	**10**	1,066	1,051	15
Precious metal derivatives(2)	**25**	**30**	**(5)**	17	26	(9)
Other commodity derivatives(2)	**529**	**450**	**79**	755	624	131
Total held for trading	**22,034**	**22,809**	**(775)**	21,300	23,175	(1,875)
Held for ALM						
Interest rate derivatives						
Swap contracts	**2,299**	**3,535**	**(1,236)**	3,055	3,886	(831)
Purchased options	**27**	**—**	**27**	17	—	17
Written options	**—**	**4**	**(4)**	—	11	(11)
Total interest rate derivatives	**2,326**	**3,539**	**(1,213)**	3,072	3,897	(825)
Foreign exchange derivatives						
Forward contracts	**23**	**29**	**(6)**	6	4	2
Swap contracts	**256**	**102**	**154**	292	67	225
Written options	**—**	**1**	**(1)**	—	1	(1)
Total foreign exchange derivatives	**279**	**132**	**147**	298	72	226
Credit derivatives						
Purchased options	**3**	**7**	**(4)**	25	4	21
Total credit derivatives	**3**	**7**	**(4)**	25	4	21
Equity derivatives(2)	**40**	**2**	**38**	1	14	(13)
Total held for ALM	**2,648**	**3,680**	**(1,032)**	3,396	3,987	(591)
Total fair value	**24,682**	**26,489**	**(1,807)**	24,696	27,162	(2,466)
Less: effect of master netting agreements	**(16,967)**	**(16,967)**	**—**	(16,030)	(16,030)	—
	$ 7,715	**$ 9,522**	**$ (1,807)**	$ 8,666	$ 11,132	$ (2,466)
Average fair value of derivatives held for trading(3)						
Interest rate derivatives	**$ 13,064**	**$ 13,109**	**$ (45)**	$ 15,792	$ 15,429	$ 363
Foreign exchange derivatives	**5,185**	**5,035**	**150**	5,887	5,887	—
Credit derivatives	**1,865**	**3,390**	**(1,525)**	3,398	6,479	(3,081)
Equity derivatives	**694**	**760**	**(66)**	1,372	1,468	(96)
Precious metal derivatives	**29**	**24**	**5**	48	63	(15)
Other commodity derivatives	**618**	**547**	**71**	1,174	1,228	(54)
	$ 21,455	**$ 22,865**	**$ (1,410)**	$ 27,671	$ 30,554	$ (2,883)

(1) Includes positive and negative fair values of $279 million (2009: $551 million) and $270 million (2009: $675 million), respectively, for exchange-traded options.

(2) Comprises forwards, swaps and options.

(3) Average fair value represents monthly averages.

The table below presents the level in the fair value hierarchy into which the fair values of financial instruments that are carried at fair value on the consolidated balance sheet are categorized:

	Level 1		Level 2		Level 3	
	Quoted market price		Valuation technique – observable market inputs		Valuation technique – non-observable market inputs	
$ millions, as at October 31	**2010**	2009	**2010**	2009	**2010**	2009
Assets						
Trading securities						
Government issued or guaranteed securities	**$ 4,158**	$ 5,710	**$ 8,463**	$ 1,843	**$ —**	$ 139
Corporate equity	**11,818**	4,522	**1,090**	553	**—**	—
Corporate debt	**—**	191	**1,039**	762	**20**	20
Mortgage- and asset-backed securities	**—**	—	**342**	169	**1,627**	1,201
	$15,976	$10,423	**$ 10,934**	$ 3,327	**$ 1,647**	$ 1,360
AFS securities						
Government issued or guaranteed securities	**$ 7,398**	$28,045	**$ 9,310**	$ 3,357	**$ —**	$ 10
Corporate debt	**—**	1,688	**2,713**	949	**23**	35
Mortgage- and asset-backed securities	**—**	—	**3,656**	3,906	**2,826**	1,237
Corporate public equity	**108**	40	**5**	55	**—**	15
	$ 7,506	$29,773	**$ 15,684**	$ 8,267	**$ 2,849**	$ 1,297
FVO securities and loans	**307**	1,330	**22,124**	20,992	**20**	210
Derivative instruments	**272**	531	**22,949**	21,712	**1,461**	2,453
Total assets	**$24,061**	$42,057	**$ 71,691**	$ 54,298	**$ 5,977**	$ 5,320
Liabilities						
Deposits	**$ —**	$ —	**$ (2,397)**(1)	$ (3,796)	**$ (1,428)**(1)	$ (689)
Derivative instruments	**(265)**	(664)	**(23,148)**	(21,367)	**(3,076)**	(5,131)
Obligations related to securities sold short	**(3,793)**	(4,780)	**(5,880)**	(1,136)	**—**	—
Total liabilities	**$ (4,058)**	$ (5,444)	**$(31,425)**	$(26,299)	**$ (4,504)**	$ (5,820)

(1) Comprises FVO deposits of $3,530 million and bifurcated embedded derivatives of $295 million.

The following reclassifications between Levels 1, 2, and 3 were made during the year:

- We reclassified certain government issued or guaranteed securities from Level 1 to Level 2 as active market quotes were not available. As a result of the reclassification, the fair values of these securities included in Level 2 that would have been included in Level 1 as at October 31, 2009 in the table above, were $4,710 million of trading securities, $12,607 million of AFS securities, $757 million of FVO securities, and $2,416 million of obligations related to securities sold short;
- We reclassified certain corporate debt securities from Level 1 to Level 2 as active market quotes were not available. As a result of the reclassification, the fair values of these securities included in Level 2 that would previously have been included in Level 1 as at October 31, 2009 in the table above, were $107 million of trading securities and $3,440 million of AFS securities;
- We reclassified $1,535 million of certain asset-backed AFS securities from Level 2 to Level 3, due to a lack of observable market inputs; and
- We reclassified $138 million of certain trading government securities from Level 3 to Level 2, due to availability of market observable inputs.

The table below presents the changes in fair value of Level 3 assets, liabilities, and derivative assets and liabilities net. These instruments are measured at fair value utilizing non-observable market inputs. We often hedge positions with offsetting positions that may be classified in a different level. As a result, the gains and losses for assets and liabilities in the Level 3 category presented in the table below do not reflect the effect of offsetting gains and losses on the related hedging instruments that are classified in Level 1 and Level 2.

The net loss recognized in the consolidated statement of operations, on the financial instruments, for which fair value was estimated using a valuation technique requiring non-observable market parameters, was $732 million (2009: net loss of $419 million).

$ millions, as at or for the year ended October 31		Opening balance	Net gains/(losses) included in income: Realized[1]	Net gains/(losses) included in income: Unrealized[1]	Net unrealized gains/(losses) included in OCI	Transfer in to Level 3	Transfer out of Level 3	Purchases and issuances	Sales and settlements	Closing balance
2010	**Trading securities**	**$ 1,360**	**$ 88**	**$ 362**	**$ —**	**$ —**	**$ (138)**	**$ 520**	**$ (545)**	**$ 1,647**
	AFS securities	**1,297**	**40**	**—**	**—**	**1,537**	**(13)**	**1,541**	**(1,553)**	**2,849**
	FVO securities and loans	**210**	**(8)**	**1**	**—**	**—**	**—**	**—**	**(183)**	**20**
	Total assets	**$ 2,867**	**$ 120**	**$ 363**	**$ —**	**$ 1,537**	**$ (151)**	**$ 2,061**	**$ (2,281)**	**$ 4,516**
	Deposits[2]	**$ (689)**	**$ (59)**	**$ (502)**	**$ —**	**$ (203)[3]**	**$ —**	**$ (126)**	**$ 151**	**$ (1,428)**
	Derivative instruments (net)	**(2,678)**	**(434)**	**(220)**	**—**	**(68)**	**(10)**	**(15)**	**1,810**	**(1,615)**
	Total liabilities	**$ (3,367)**	**$ (493)**	**$ (722)**	**$ —**	**$ (271)**	**$ (10)**	**$ (141)**	**$ 1,961**	**$ (3,043)**
2009	Trading securities	$ 854	$ 103	$ (139)	$ —	$ —	$ —	$ 603	$ (61)	$ 1,360
	AFS securities[4]	894	68	(133)	24	—	—	1,157	(713)	1,297
	FVO securities and loans	257	11	(5)	—	—	—	—	(53)	210
	Total assets	$ 2,005	$ 182	$ (277)	$ 24	$ —	$ —	$ 1,760	$ (827)	$ 2,867
	Deposits	$ (733)	$ 296	$ —	$ —	$ —	$ —	$ (432)	$ 180	$ (689)
	Derivative instruments (net)	(3,939)	198	(818)	—	—	(20)	268	1,633	(2,678)
	Total liabilities	$ (4,672)	$ 494	$ (818)	$ —	$ —	$ (20)	$ (164)	$ 1,813	$ (3,367)

(1) Includes foreign exchange gains and losses.

(2) Comprises FVO deposits of $1,188 million and bifurcated embedded derivatives of $240 million.

(3) Transfer-in pertains to structured deposit notes containing bifurcatable embedded derivatives carried at fair value.

(4) Certain prior year information has been restated to conform to the presentation of the current year.

Sensitivities of Level 3 financial assets and liabilities

Financial instruments carried at fair value include certain positions that have market values derived from inputs, which we consider to be non-observable ($5,977 million of assets and $4,504 million of liabilities).

Many of these positions are in our structured credit run-off business ($3,016 million of assets and $3,115 million of liabilities) and are valued using inputs such as indicative broker quotations and internal models with estimated market inputs, which we consider to be non-observable.

Interest-only strips from the sale of securitized assets are valued using prepayment rates, which we consider to be a non-observable market input.

Swap arrangements related to the sale of securitized assets are valued using liquidity rates, which we consider to be a non-observable market input.

ABS are sensitive to credit spreads, which we consider to be a non-observable market input.

FVO deposits that are not managed as part of our structured credit run-off business are sensitive to non-observable credit spreads, which are derived using extrapolation and correlation assumptions.

Certain bifurcated embedded derivatives, due to the complexity and unique structure of the instruments, require significant assumptions and judgment to be applied to both the inputs and valuation techniques, which we consider to be non-observable.

The effect of changing one or more of the assumptions to fair value these instruments to reasonably possible alternatives would impact net income or OCI as described below.

Our unhedged structured credit exposures (U.S. residential mortgage market (USRMM) and non-USRMM) are sensitive to changes in mark-to-market (MTM), generally as derived from indicative broker quotes or internal models as described above. A 10% adverse change in MTM of the underlyings would result in losses of approximately $54 million in our unhedged USRMM portfolio and $108 million in our non-USRMM portfolio, excluding unhedged non-USRMM positions classified as loans, which are carried at amortized cost, and before the impact of our transaction with Cerberus Capital Management LP (Cerberus). The fair value of the Cerberus protection against USRMM positions is expected to reasonably offset any changes in the fair value of USRMM positions.

For our hedged positions, there are two categories of sensitivities; the first relates to our hedged loan portfolio and the second relates to our hedged fair valued exposures. Since on-balance sheet hedged loans are carried at amortized cost whereas the related credit derivatives are fair valued, a 10% increase in the MTM of credit derivatives in our hedged structured credit positions would result in a net gain of approximately $35 million, assuming current CVA ratios remain unchanged. A 10% reduction in the MTM of our on-balance sheet fair valued exposures and a 10% increase in the MTM of all credit derivatives in our hedged structured credit positions would result in a net loss of approximately $8 million, assuming current CVA ratios remain unchanged.

The impact of a 10% increase in the MTM of unmatched credit derivatives, where we have purchased protection but do not have exposure to the underlying, would result in a net gain of approximately $1 million, assuming current CVA ratios remain unchanged.

The impact of a 10% reduction in receivable, net of CVA from financial guarantors, would result in a net loss of approximately $75 million.

A 10% increase in prepayment rates pertaining to our retained interests related to the interest-only strip, resulting from the sale of securitized assets, would result in a net loss of approximately $24 million.

A 20 basis point decrease in liquidity rates used to fair value our derivatives related to the sale of securitized assets would result in a loss of approximately $94 million.

A 10% reduction in the MTM of our on-balance sheet ABS that are valued using non-observable credit and liquidity spreads would result in a decrease in OCI of approximately $177 million.

A 10% reduction in the MTM of certain FVO deposits which are not managed as part of our structured credit run-off business and are valued using non-observable inputs, including correlation and extrapolated credit spreads, would result in a gain of approximately $13 million.

A 10% reduction in the MTM of certain bifurcated embedded derivatives, valued using internally vetted valuation techniques, would result in a gain of approximately $24 million.

Note 3 Significant Acquisitions and Disposition

Acquisition of Citi Cards Canada Inc.'s Canadian MasterCard portfolio

On September 1, 2010, we completed the acquisition of Citi Cards Canada Inc.'s (Citi) rights and obligations in respect of their Canadian MasterCard (MasterCard) portfolio for cash consideration of approximately $1.2 billion. The total portfolio consists of approximately $2.3 billion of directly owned and securitized credit card receivables to Broadway Trust, as well as certain other related assets. We purchased $811 million of directly owned credit card receivables. We also purchased $201 million of retained interests in securitized assets in the form of subordinated notes, $159 million of cash, and a customer relationship intangible asset of $46 million. We incurred $45 million of other liabilities as part of the purchase.

Broadway Trust had $1.2 billion of sold receivables and approximately $100 million of cash. These assets were funded by $1.1 billion of externally issued senior notes and $0.2 billion of subordinated notes, as mentioned above.

We have retained Citi as the transitional servicer until we transfer these accounts onto our platforms.

The allocation of the purchase price is subject to post closing adjustments and final valuations.

Acquisition of CIT Business Credit Canada Inc.

On April 30, 2010, CIBC acquired from CIT Financial Ltd. (CIT) the 50% interest in CIT Business Credit Canada Inc. (CITBCC) that we did not already own. Total cash consideration was $306 million. Additional cash consideration of up to $8 million may be payable to CIT depending on certain circumstances. The transaction has been accounted for using the purchase method and as a result, we fully consolidated CITBCC commencing April 30, 2010. Prior to that date, we accounted for our 50% interest using the proportionate consolidation method of accounting.

CITBCC's results continue to be reported within CIBC Retail Markets reporting segment. Subsequent to the acquisition, CITBCC was renamed CIBC Asset-Based Lending Inc.

Investment in The Bank of N.T. Butterfield & Son Limited

On March 2, 2010, we invested $155 million (US$150 million) for a direct 22.5% common equity interest in The Bank of N.T. Butterfield & Son Limited (Butterfield). Pursuant to a rights offering, which closed on May 11, 2010, our direct investment decreased to $130 million (US$125 million) or 18.8%. We also invested $23 million (US$22 million) or 3.3% on March 2, 2010 indirectly through a private equity fund, which was reduced to $19 million (US$18 million) or 2.7% as a result of the rights offering. Our total ownership in Butterfield may decrease in the future under certain circumstances.

Our direct equity investment is accounted for using the equity method of accounting.

In addition, we provided Butterfield with a senior secured credit facility for up to $306 million (US$300 million) that was reduced from the original $510 million (US$500 million), at Butterfield's request. We also nominated two out of twelve directors on Butterfield's Board of Directors.

Sale of CIBC Mellon Trust Company's Issuer Services business

On July 28, 2010, CIBC Mellon Trust Company (CMT), a 50/50 joint venture between CIBC and The Bank of New York Mellon, announced it had signed an agreement to sell its Issuer Services business (stock transfer and employee share purchase plan). The transaction closed on November 1, 2010. CMT's Issuer Services business results are reported in CIBC's Corporate and Other reporting segment, and the results of its operations are not considered significant to CIBC's consolidated results.

Note 4 Securities

	Residual term to contractual maturity													
	Within 1 year		1 to 5 years		5 to 10 years		Over 10 years		No specific maturity		2010 Total		2009 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)
AFS securities														
Securities issued or guaranteed by:														
Canadian federal government	$ 3,850	1.4%	$ 1,339	1.8%	$ 202	4.2%	$ —	—%	$ —	—%	**$ 5,391**	**1.6%**	$ 18,112	2.1%
Other Canadian governments	1,703	1.4	684	2.6	1,803	4.4	498	6.1	—	—	**4,688**	**3.2**	2,483	3.9
U.S. Treasury	3,127	0.2	112	2.0	109	2.6	—	—	—	—	**3,348**	**0.3**	7,036	0.1
Other foreign governments	881	1.5	1,968	3.0	207	6.8	225	6.4	—	—	**3,281**	**3.1**	3,781	3.3
Mortgage-backed securities(2)	64	2.4	3,918	2.7	127	4.2	618	1.1	—	—	**4,727**	**2.6**	3,184	3.8
Asset-backed securities	134	8.1	1,604	4.5	11	2.8	6	—	—	—	**1,755**	**4.7**	1,959	4.7
Corporate public debt	1,829	0.5	697	2.3	102	7.3	48	9.2	—	—	**2,676**	**1.4**	2,520	2.2
Corporate private debt	16	4.3	38	6.3	6	10.9	—	—	—	—	**60**	**6.2**	152	5.0
Total debt securities	11,604		10,360		2,567		1,395		—		**25,926**		39,227	
Corporate public equity	—	—	—	—	—	—	—	—	113	4.5	**113**	**4.5**	110	—
Corporate private equity	—	—	5	5.0	—	—	5	6.0	572	—	**582**	**0.1**	823	—
Total equity securities	—		5		—		5		685		**695**		933	
Total AFS securities	$ 11,604		$ 10,365		$ 2,567		$ 1,400		$ 685		**$ 26,621**		$ 40,160	
Trading securities														
Securities issued or guaranteed by:														
Canadian federal government	$ 2,940		$ 4,514		$ 873		$ 989		$ —		**$ 9,316**		$ 5,736	
Other Canadian governments	1,040		625		614		367		—		**2,646**		1,470	
U.S. Treasury and agencies	51		228		85		1		—		**365**		213	
Other foreign governments	102		186		5		1		—		**294**		273	
Mortgage-backed securities(3)	257		18		6		4		—		**285**		177	
Asset-backed securities	124		42		67		1,451		—		**1,684**		1,193	
Corporate public debt	311		469		169		110		—		**1,059**		973	
Corporate public equity	—		—		—		—		12,908		**12,908**		5,075	
Total trading securities	$ 4,825		$ 6,082		$ 1,819		$ 2,923		$ 12,908		**$ 28,557**		$ 15,110	
FVO securities														
Securities issued or guaranteed by:														
Canadian federal government	$ 655		$ 540		$ 307		$ —		$ —		**$ 1,502**		$ 1,334	
Other Canadian governments	—		—		—		46		—		**46**		—	
U.S. Treasury and agencies	—		59		—		—		—		**59**		105	
Mortgage-backed securities(4)	332		19,795		221		56		—		**20,404**		20,602	
Asset-backed securities	—		—		7		198		—		**205**		265	
Corporate public debt	—		—		80		134		—		**214**		—	
Total FVO securities	$ 987		$ 20,394		$ 615		$ 434		$ —		**$ 22,430**		$ 22,306	
Total securities(5)	$ 17,416		$ 36,841		$ 5,001		$ 4,757		$ 13,593		**$ 77,608**		$ 77,576	

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

(2) Includes securities backed by mortgages insured by the Canada Mortgage and Housing Corporation (CMHC) with amortized cost of $3,738 million (2009: $1,862 million) and fair value of $3,830 million (2009: $1,927 million); securities issued by Federal National Mortgage Association (Fannie Mae), having amortized cost of $18 million (2009: $414 million) and fair value of $18 million (2009: $422 million); securities issued by Federal Home Loan Mortgage Corporation (Freddie Mac), having amortized cost of nil (2009: $257 million) and fair value of nil (2009: $262 million); and securities issued by Government National Mortgage Association, a U.S. government corporation (Ginnie Mae), with amortized cost of $711 million (2009: $80 million) and fair value of $714 million (2009: $81 million).

(3) Includes securities backed by mortgages insured by the CMHC of $36 million (2009: $13 million).

(4) Includes securities backed by mortgages insured by the CMHC of $20.3 billion (2009: $20.4 billion); securities issued by Fannie Mae $25 million (2009: $103 million); and securities issued by Ginnie Mae $56 million (2009: $68 million).

(5) Includes securities denominated in U.S. dollars with carrying value of $14.2 billion (2009: $19.1 billion) and securities denominated in other foreign currencies with carrying value of $799 million (2009: $934 million).

Reclassification of securities

In October 2008, amendments made to the CICA handbook sections 3855 “Financial Instruments — Recognition and Measurement” and 3862 “Financial Instruments — Disclosures” permitted certain trading financial assets to be reclassified to HTM and AFS in rare circumstances. In July 2009, amendments made to section 3855 resulted in the reclassification of these HTM securities to loans effective November 1, 2008. In the current year, we have not reclassified any securities.

The following tables show the carrying values, fair values, and income or loss impact of the assets reclassified to date:

$ millions, as at October 31	2010				2009	
	Reclassified in prior years (2009 and 2008)		Reclassified in 2009		Reclassified in prior years (2008)	
	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value
Trading assets previously reclassified to HTM (currently in loans)	**$ 5,525**	**$ 5,699**	**$ —**	**$ —**	$ 5,843	$ 6,202
Trading assets previously reclassified to AFS	**55**	**55**	**84**	**84**	786	786
Total financial assets reclassified	**$ 5,580**	**$ 5,754**	**$ 84**	**$ 84**	$ 6,629	$ 6,988

$ millions, for the year ended October 31	2010	2009	2008[1]
Net income (before taxes) recognized on securities reclassified			
Gross income recognized in income statement	**$ 158**	$ 284	$ 389
Impairment write-downs	**—**	(100)	—
Funding related interest expense	**(77)**	(149)	(46)
	$ 81	$ 35	$ 343
Impact on net income if reclassification had not been made			
On trading assets previously reclassified to HTM (currently in loans)	**$ (185)**	$ (269)	$ 629
On trading assets previously reclassified to AFS	**(8)**	(25)	8
Increase (decrease) in income, before taxes	**$ (193)**	$ (294)	$ 637

(1) Income or loss impact is for the three months ended October 31, 2008 as certain securities were reclassified at the beginning of August 1, 2008.

There was no reclassification of securities during the year. The effective interest rates on trading securities previously reclassified to AFS ranged from 1% to 12% in 2009 (2008: 3% to 13%) with expected recoverable cash flows of $145 million (2008: $1.2 billion) as of their reclassification date.

Fair value of AFS securities

$ millions, as at October 31	2010				2009			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
AFS securities								
Securities issued or guaranteed by:								
Canadian federal government	**$ 5,385**	**$ 8**	**$ (2)**	**$ 5,391**	$ 18,072	$ 57	$ (17)	$ 18,112
Other Canadian governments	**4,602**	**86**	**—**	**4,688**	2,448	36	(1)	2,483
U.S. Treasury	**3,343**	**5**	**—**	**3,348**	7,024	12	—	7,036
Other foreign governments	**3,251**	**47**	**(17)**	**3,281**	3,732	53	(4)	3,781
Mortgage-backed securities	**4,627**	**103**	**(3)**	**4,727**	3,105	86	(7)	3,184
Asset-backed securities	**1,758**	**34**	**(37)**	**1,755**	1,998	9	(48)	1,959
Corporate public debt	**2,659**	**18**	**(1)**	**2,676**	2,497	29	(6)	2,520
Corporate public equity	**114**	**8**	**(9)**	**113**	125	25	(40)	110
Corporate private debt	**52**	**9**	**(1)**	**60**	164	3	(15)	152
Corporate private equity[1]	**582**	**337**	**(9)**	**910**	823	312	(39)	1,096
	$ 26,373	**$ 655**	**$ (79)**	**$ 26,949**	$ 39,988	$ 622	$ (177)	$ 40,433

(1) Carried at cost on the consolidated balance sheet as these do not have quoted market values in an active market.

For AFS securities where the fair value is less than the amortized cost, the following table presents current fair value and associated unrealized losses for periods less than 12 months and 12 months or longer:

$ millions, as at October 31	2010						2009					
	Less than 12 months		12 months or longer		Total		Less than 12 months		12 months or longer		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
AFS securities												
Securities issued or guaranteed by:												
Canadian federal government	**$ 2,483**	**$ (2)**	**$ —**	**$ —**	**$ 2,483**	**$ (2)**	$ 2,446	$ (17)	$ —	$ —	$ 2,446	$ (17)
Other Canadian governments	**758**	**—**	**—**	**—**	**758**	**—**	224	(1)	—	—	224	(1)
U.S. Treasury	**3,060**	**—**	**—**	**—**	**3,060**	**—**	2,868	—	—	—	2,868	—
Other foreign governments	**948**	**(17)**	**—**	**—**	**948**	**(17)**	551	(4)	—	—	551	(4)
Mortgage-backed securities	**588**	**(3)**	**—**	**—**	**588**	**(3)**	989	(7)	—	—	989	(7)
Asset-backed securities	**123**	**(37)**	**—**	**—**	**123**	**(37)**	953	(48)	—	—	953	(48)
Corporate public debt	**881**	**(1)**	**—**	**—**	**881**	**(1)**	482	(6)	—	—	482	(6)
Corporate public equity	**—**	**—**	**100**	**(9)**	**100**	**(9)**	—	—	75	(40)	75	(40)
Corporate private debt	**—**	**—**	**25**	**(1)**	**25**	**(1)**	801	(15)	—	—	801	(15)
Corporate private equity	**36**	**(6)**	**19**	**(3)**	**55**	**(9)**	227	(37)	9	(2)	236	(39)
	$ 8,877	**$ (66)**	**$ 144**	**$ (13)**	**$ 9,021**	**$ (79)**	$ 9,541	$ (135)	$ 84	$ (42)	$ 9,625	$ (177)

As at October 31, 2010, the amortized cost of 170 AFS securities that are in a gross unrealized loss position (2009: 279 securities) exceeded their fair value by $79 million (2009: $177 million). The securities that have been in a gross unrealized loss position for more than a year include nine AFS securities (2009: five securities), with a gross unrealized loss of $13 million (2009: $42 million). We have determined that the unrealized losses on these AFS securities are temporary in nature.

The table below presents realized gains, losses and impairment write-downs on AFS securities. There were no HTM securities as at October 31, 2010 and 2009. As at October 31, 2008, the amortized cost of 48 HTM securities that were in a gross unrealized loss position exceeded their fair value by $629 million.

$ millions, for the year ended October 31	2010	2009	2008
AFS securities(1)			
Realized gains	**$ 510**	$ 1,224	$ 416
Realized losses	**(45)**	(736)	(112)
Impairment write-downs			
Debt securities	**(22)**	(122)	(202)
Equity securities	**(43)**	(91)	(142)
	$ 400	$ 275	$ (40)

(1) Corporate private equity securities amounting to $56 million (2009: $32 million; 2008: $99 million) carried at cost on the consolidated balance sheet were sold during the year, resulting in net realized gains of $52 million (2009: $28 million; 2008: $48 million).

Note 5 Loans(1)(2)

$ millions, as at October 31	2010					2009				
	Gross amount	**Specific allowance**	**General allowance**	**Total allowance**	**Net total**	Gross amount	Specific allowance	General allowance	Total allowance	Net total
Amortized cost										
Residential mortgages	**$ 93,568**(3)	**$ 30**	**$ 9**	**$ 39**	**$ 93,529**	$ 86,152	$ 35	$ 7	$ 42	$ 86,110
Personal(4)	**34,335**	**224**	**293**	**517**	**33,818**	33,869	258	283	541	33,328
Credit card	**12,127**	**—**	**478**	**478**	**11,649**	11,808	—	549	549	11,259
Business and government(5)	**38,561**(3)	**377**	**309**	**686**	**37,875**	37,117	442	386	828	36,289
	178,591	**631**	**1,089**	**1,720**	**176,871**	168,946	735	1,225	1,960	166,986
Designated at fair value										
Business and government (Note 13)	**21**	**—**	**—**	**—**	**21**	226	—	—	—	226
	$178,612	**$ 631**	**$ 1,089**	**$ 1,720**	**$176,892**	$169,172	$ 735	$ 1,225	$ 1,960	$167,212

(1) Loans are net of unearned income of $256 million (2009: $226 million).

(2) Includes gross loans of $18.7 billion (2009: $19.4 billion) denominated in U.S. dollars and of $2.7 billion (2009: $3.1 billion) denominated in other foreign currencies.

(3) Includes $10 million of residential mortgages in the Caribbean region and $44 million of business loans pertaining to troubled-debt restructuring undertaken during 2010 and classified as performing as at October 31, 2010.

(4) Includes $210 million (2009: $219 million), including a non-recourse portion of approximately $4 million (2009: $4 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 the total amount outstanding, $184 million (2009: $190 million) relate to individuals who are no longer employed by CIBC.

(5) Includes HTM securities reclassified to loans during 2009. Refer to Note 4 for additional details.

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	**2010 Total**
Residential mortgages	$ 9,787	$ 74,543	$ 6,320	$ 2,918	**$ 93,568**
Personal	14,342	19,276	292	425	**34,335**
Credit card	3,116	9,011	—	—	**12,127**
Business and government	16,445	10,887	4,889	6,361	**38,582**
	$43,690	$113,717	$11,501	$ 9,704	**$178,612**
Sensitivity of loans due after one year to changes in interest rates					
Fixed interest rates		$ 51,442	$ 6,509	$ 1,027	**$ 58,978**
Floating interest rates		62,275	4,992	8,677	**75,944**
		$113,717	$11,501	$ 9,704	**$134,922**

Allowance for credit losses

Commencing the fourth quarter of 2009, interest income on credit card loans is only accrued where there is an expectation of receipt. Previously, interest income was accrued until the credit card loans were written off upon 180 days in arrears or when notified of customer bankruptcy. This change resulted in a decrease in interest income and a decrease in provision for credit losses of approximately $14 million and $18 million, respectively, in 2009.

Specific allowance

	Residential mortgages			Personal			Credit card			Business and government			Total specific allowance		
$ millions, as at or for the year ended October 31	**2010**	2009	2008	**2010**	2009	2008	**2010**	2009	2008	**2010**	2009	2008	**2010**	2009	2008
Balance at beginning of year	**$ 35**	$ 36	$ 30	**$ 258**	$ 207	$ 207	**$ —**	$ —	$ —	**$ 443**	$ 200	$ 194	**$ 736**	$ 443	$ 431
Provision for credit losses	**10**	10	6	**309**	364	242	**624**	646	347	**258**	392	105	**1,201**	1,412	700
Write-offs	**(12)**	(9)	(4)	**(372)**	(344)	(286)	**(708)**	(714)	(412)	**(326)**(1)	(156)	(148)	**(1,418)**	(1,223)	(850)
Recoveries	**—**	—	—	**27**	25	29	**84**	68	64	**12**	28	21	**123**	121	114
Other	**(3)**	(2)	4	**2**	6	15	**—**	—	1	**(10)**	(21)	28	**(11)**	(17)	48
Balance at end of year	**$ 30**	$ 35	$ 36	**$ 224**	$ 258	$ 207	**$ —**	$ —	$ —	**$ 377**	$ 443	$ 200	**$ 631**	$ 736	$ 443
Comprises:															
Loans	**$ 30**	$ 35	$ 36	**$ 224**	$ 258	$ 207	**$ —**	$ —	$ —	**$ 377**	$ 442	$ 200	**$ 631**	$ 735	$ 443
Letters of credit(2)	**—**	—	—	**—**	—	—	**—**	—	—	**—**	1	—	**—**	1	—

(1) Includes $56 million (2009: no material write-offs) relating to troubled-debt restructuring for the year.

(2) Included in Other liabilities.

General allowance

$ millions, as at or for the year ended October 31	Residential mortgages			Personal			Credit card			Business and government			Total general allowance		
	2010	2009	2008	**2010**	2009	2008	**2010**	2009	2008	**2010**	2009	2008	**2010**	2009	2008
Balance at beginning of year	**$ 7**	$ 10	$ 11	**$ 283**	$ 286	$ 368	**$ 549**	$ 349	$ 259	**$ 468**	$ 435	$ 374	**$ 1,307**	$ 1,080	$ 1,012
Provision for (reversal of) credit losses	**2**	(3)	(1)	**14**	7	(77)	**(71)**	200	90	**(100)**	33	61	**(155)**	237	73
Other	**—**	—	—	**(4)**	(10)	(5)	**—**	—	—	**5**	—	—	**1**	(10)	(5)
Balance at end of year	**$ 9**	$ 7	$ 10	**$ 293**	$ 283	$ 286	**$ 478**	$ 549	$ 349	**$ 373**	$ 468	$ 435	**$ 1,153**	$ 1,307	$ 1,080
Comprises:															
Loans	**$ 9**	$ 7	$ 10	**$ 293**	$ 283	$ 286	**$ 478**	$ 549	$ 349	**$ 309**	$ 386	$ 358	**$ 1,089**	$ 1,225	$ 1,003
Undrawn credit facilities(1)	**—**	—	—	**—**	—	—	**—**	—	—	**64**	82	77	**64**	82	77

(1) Included in Other liabilities.

Impaired loans

$ millions, as at October 31	2010			2009		
	Gross amount	**Specific allowance**	**Net total**	Gross amount	Specific allowance	Net total
Residential mortgages	**$ 452**	**$ 30**	**$ 422**	$ 402	$ 35	$ 367
Personal	**304**	**224**	**80**	325	258	67
Business and government	**1,080**(1)	**377**	**703**	1,184	442	742
Total impaired loans(2)(3)	**$ 1,836**	**$ 631**	**$ 1,205**	$ 1,911	$ 735	$ 1,176

(1) Includes $157 million relating to troubled-debt restructuring that was classified as impaired loans as at October 31, 2010.

(2) Average balance of gross impaired loans was $1,917 million (2009: $1,345 million).

(3) Foreclosed assets of $63 million (2009: $17 million) were included in Other assets.

Contractually past due loans but not impaired

Contractually past due loans are loans where repayment of principal or payment of interest is contractually in arrears. The following table provides an aging analysis of the contractually past due loans. Consumer overdraft balances past due less than 31 days have been excluded from the table below as the information is currently indeterminable.

$ millions, as at October 31	**Less than 31 days**	**31 to 90 days**	**Over 90 days**	**2010 Total**	2009 Total
Residential mortgages	**$ 1,574**	**$ 587**	**$ 214**	**$ 2,375**	$ 2,347
Personal	**437**	**121**	**33**	**591**	690
Credit card	**724**	**183**	**114**	**1,021**	947
Business and government	**318**	**217**	**20**	**555**	598
	$ 3,053	**$ 1,108**	**$ 381**	**$ 4,542**	$ 4,582

As at October 31, 2010, the interest entitlements on loans classified as impaired totalled $128 million (2009: $103 million; 2008: $76 million), of which $42 million (2009: $40 million; 2008: $39 million) were in Canada and $86 million (2009: $63 million; 2008: $37 million) were outside Canada. During the year, interest recognized on loans before being classified as impaired totalled $66 million (2009: $105 million; 2008: $55 million), of which $49 million (2009: $59 million; 2008: $45 million) was in Canada and $17 million (2009: $46 million; 2008: $10 million) was outside Canada.

Net interest income after provision for credit losses

$ millions, for the year ended October 31	**2010**	2009	2008
Interest income	**$ 9,095**	$ 9,297	$ 14,163
Interest expense	**2,891**	3,903	8,956
Net interest income	**6,204**	5,394	5,207
Provision for credit losses	**1,046**	1,649	773
Net interest income after provision for credit losses	**$ 5,158**	$ 3,745	$ 4,434

Note 6 Securitizations and Variable Interest Entities

Securitization

Residential mortgages

We securitize insured fixed and variable-rate residential mortgages through the creation of MBS under the Canada Mortgage Bond program, sponsored by the CMHC, and the Government of Canada National Housing Act MBS Auction process. Under both programs, the MBS are sold to a trust that issues securities to investors. We act as counterparty in interest rate swap agreements where we pay the trust the interest due to investors and receive the interest on the MBS. We have determined that we are not the primary beneficiary of the trust and, therefore, do not consolidate the trust. We had $936 million (2009: $1,024 million) in interest-only strips relating to the securitized assets and another $25 million (2009: $38 million) in interest-only strips relating to other CMHC MBS programs. Credit losses are not expected as the mortgages are insured.

We also securitize Canadian insured prime mortgages and uninsured Near-Prime/Alt-A mortgages to a QSPE. We provide a first-loss protection to the QSPE as we have a retained interest in the excess spread that is subordinate to the funding obligations applicable to the investors of the ABS. We had $85 million (2009: $91 million) of interest-only strips relating to the excess spread; we also held $187 million (2009: $408 million) in notes issued by the QSPE, of which $139 million (2009: $372 million) were R1 high notes and $48 million (2009: $36 million) were R1 mid notes. A liquidity facility of $959 million ($772 million net of our investments in the QSPE reflecting our remaining exposure) (2009: $851 million ($443 million net of our investments in the QSPE)) was provided to the QSPE which was not drawn as at October 31, 2010 or 2009. In addition, we had $59 million (2009: $25 million) of first recourse protection. We are also the counterparty to interest rate swap agreements where we pay the QSPE the interest due to investors and receive a rate of interest derived off the coupon of the underlying mortgages. Total assets in the QSPE were $1,019 million (2009: $851 million), which includes $352 million (2009: $414 million) of Prime mortgages and $586 million (2009: $431 million) of Near-Prime/ Alt-A mortgages. We held another $62 million (2009: $116 million) in inventory that is available for securitization. The Near-Prime/Alt-A mortgages have an average loss rate over the past five years of 37 basis points and an average loan-to-value ratio of 74%.

Upon sale of these assets, a net gain or loss is recognized in Income from securitized assets. We retain responsibility for servicing the mortgages and recognize revenue as these services are provided.

Commercial mortgages

We securitize commercial mortgages through a pass-through QSPE structure that results in ownership certificates held by various investors. We held ownership certificates of $5 million (2009: $26 million). We continue to service the mortgages. There were no commercial mortgage securitizations during the year.

Cards

Cards II Trust

We securitize credit card receivables to Cards II Trust (Cards II), a QSPE established to purchase a proportionate share of designated portfolios with the proceeds received from the securities issued by the QSPE. Our Cards II credit card securitizations are revolving securitizations, with new credit card receivables sold to Cards II each period in order to replenish receivable amounts as credit card clients repay their balances. We are one of several underwriters that distribute the securities issued by Cards II. We maintain the credit card client servicing responsibilities for the securitized receivables and recognize revenue as services are provided.

We had interest-only strips of $15 million (2009: $11 million), subordinated and enhancement notes of Cards II of $250 million (2009: $268 million), and senior notes of $99 million (2009: $96 million).

Broadway Trust

In connection with the acquisition of the MasterCard portfolio (see Note 3), we also securitize credit card receivables to Broadway Trust. Broadway Trust is a QSPE established to purchase credit card receivables associated with explicitly identified individual accounts with the proceeds received from the securities issued by the QSPE. Our Broadway Trust credit card securitizations are revolving securitizations, with new credit card receivables sold to the QSPE each period in order to replenish receivable amounts as credit card clients repay their balances. While we have assumed Citi's servicing responsibilities to Broadway Trust, we have retained Citi as the transitional servicer until such time that we can transfer these accounts onto our platforms. From the close of the acquisition on September 1, 2010 to the year end, we did not securitize any new credit card receivables to Broadway Trust.

As at October 31, 2010, we held subordinated notes of Broadway Trust of $202 million, and senior notes of $25 million.

The following table summarizes our securitization and sales activity:

$ millions, for the year ended October 31	**2010**		2009		2008
	Residential mortgages	**Cards(1)**	Residential mortgages	Cards(1)	Residential mortgages
Securitized(2)	**$ 17,529**	**$ 1,799**	$ 25,568	54	$ 24,895
Sold(2)	**12,453**	**1,799**	20,780	54	11,381
Net cash proceeds	**12,532**	**1,660**	20,744	—	11,328
Retained interest	**505**	**146**	1,073	54	340
Gain (loss) on sale, net of transaction costs	**255**	**4**	145	(1)	105
Retained interest assumptions (%)					
Weighted-average remaining life (in years)	**3.1**	**0.2**	3.6	0.2	3.5
Prepayment/payment rate	**15.0 – 18.0**	**37.4 – 37.6**	12.0 – 24.0	37.9	11.0 – 36.0
Internal rate of return	**1.6 – 9.3**	**3.6 – 3.7**	1.5 – 8.8	2.8	2.4 – 7.0
Expected credit losses	**0.0 – 0.4**	**5.2 – 5.9**	0.0 – 0.2	6.9	0.0 – 0.1

(1) Reinvestment in revolving securitizations is not included.

(2) Includes $409 million (2009: $247 million; 2008: $160 million) of uninsured fixed-rate mortgages securitized to a QSPE.

The following table summarizes the total assets of the QSPEs involved in the securitization and the classification of assets recorded on our consolidated balance sheet, relating to securitization of our own assets to QSPEs and VIEs:

$ millions, as at October 31	2010			2009		
	Residential and commercial mortgages	**Cards(2)**	**Total**	Residential and commercial mortgages	Cards	Total
Total assets of QSPEs (1)	**$ 1,019**	**$ 4,066**	**$ 5,085**	$ 851	$ 2,421	$ 3,272
On balance sheet assets of QSPEs and VIEs						
Securities						
Trading	**$ 139**	**$ 25**	**$ 164**	$ 1	$ —	$ 1
AFS	**1,074**	**217**	**1,291**	1,586	279	1,865
Loans	**—**	**349**	**349**	—	96	96
Other assets	**59**	**—**	**59**	25	—	25
	$ 1,272	**$ 591**	**$ 1,863**	$ 1,612	$ 375	$ 1,987

(1) Excludes assets securitized through pass-through QSPE structure.

(2) Includes assets related to the acquisition of the MasterCard portfolio.

We also have a servicing liability of $126 million (2009: $139 million) related to residential mortgages securitization and a servicing liability of $12 million (2009: $10 million) related to cards securitization.

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

$ millions, for the year ended October 31	2010		2009		2008	
	Residential mortgages	Cards	Residential mortgages	Cards	Residential mortgages	Cards
Proceeds from new securitizations	**$ 12,532**	**$ 1,799**	**$ 20,744**	**$ 54**	**$ 11,328**	**$ —**
Proceeds reinvested in revolving securitizations	**—**	**12,816**	**—**	**14,642**	**—**	**19,324**
Servicing fees received	**74**	**49**	**72**	**64**	**61**	**81**
Cash flows received on interest-only strips and other	**494**	**305**	**427**	**260**	**147**	**301**

Key economic assumptions used in measuring the fair value of interest-only strips 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 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 interest-only strips 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	2010		2009	
	Residential mortgages	**Cards**	Residential mortgages	Cards
Amortized cost of interest-only strips	**$ 996**	**$ 15**	$ 1,088	$ 11
Fair value of interest-only strips (1)	**1,046**	**15**	1,153	11
Weighted-average remaining life (in years)	**2.3**	**0.2**	2.7	0.2
Prepayment/payment rate	**7.0 – 25.0%**	**37.6%(2)**	7.0 – 25.0%	37.3%(2)
Impact on fair value of a 10% adverse change	**(23)**	**(1)**	(32)	(1)
Impact on fair value of a 20% adverse change	**(46)**	**(2)**	(62)	(2)
Expected credit losses	**0.0 – 0.4%**	**5.2%**	0.0 – 0.4%	6.6%
Impact on fair value of a 10% adverse change	**(1)**	**(3)**	(1)	(3)
Impact on fair value of a 20% adverse change	**(1)**	**(6)**	(2)	(7)
Residual cash flows discount rate (annual rate)	**1.2 – 3.6%**	**3.7%**	0.4 – 4.3%	2.8%
Impact on fair value of a 10% adverse change	**(2)**	**—**	(2)	—
Impact on fair value of a 20% adverse change	**(4)**	**—**	(5)	—

(1) There were no write-downs of interest-only strips.

(2) Monthly payment rate.

The following table summarizes the loan principal, impaired and other past due loans, and net write-offs for total loans reported on our consolidated balance sheet and loans securitized:

$ millions, as at or for the year ended October 31	2010			2009		
Type of loan	**Total principal amount of loans**	**Impaired and other past due loans**(1)	**Net write-offs**(2)	Total principal amount of loans	Impaired and other past due loans(1)	Net write-offs(2)
Residential mortgages	**$143,003**	**$ 934**	**$ 15**	$135,190	$ 943	$ 13
Personal	**34,335**	**337**	**345**	33,869	370	319
Credit card	**15,924**	**143**	**756**	14,047	178	835
Business and government (3)	**39,019**	**1,100**	**314**	37,892	1,202	128
Total loans reported and securitized (4)	**232,281**	**2,514**	**1,430**	220,998	2,693	1,295
Less: Loans securitized						
Residential mortgages	**49,435**	**268**	**3**	49,038	275	4
Credit card	**3,797**	**29**	**132**	2,239	29	189
Business and government (3)	**437**	**—**	**—**	549	—	—
Total loans securitized	**53,669**	**297**	**135**	51,826	304	193
Total loans reported on the consolidated balance sheet	**$178,612**	**$ 2,217**	**$ 1,295**	$169,172	$ 2,389	$ 1,102

(1) Other past due loans are loans where repayment of principal or payment of interest is contractually in arrears between 90 and 180 days.

(2) Represents write-offs in the current year net of recoveries on previously written-off loans.

(3) Includes commercial mortgages and investment-grade loans.

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

Variable interest entities

VIEs that are consolidated

We consolidate VIEs for which we are considered the primary beneficiary.

The table below provides further details on the assets that support the obligations of the consolidated VIEs.

$ millions, as at October 31	2010	2009
Trading securities	**$ 818**	$ 669
AFS securities	**85**	91
Residential mortgages	**62**	115
Other assets	**1**	250
	$ 966	$ 1,125

Investors in the consolidated VIEs have recourse only to the assets of the VIEs and do not have recourse to our general credit, except where we have provided liquidity facilities, credit enhancements, or are a counterparty to a derivative transaction involving the VIE.

In addition, we were considered the primary beneficiary for certain compensation trusts with assets of approximately $75 million (2009: $139 million), as represented by 1.0 million of our common shares (2009: 2.2 million). The consolidation of these trusts did not have a significant impact as both the assets (our common shares) and the liabilities (the obligation to deliver our common shares to the participants) of the trusts offset each other in Treasury shares on the consolidated balance sheet.

VIEs that are not consolidated

As at October 31, 2010, we have interests in VIEs involved in the securitization of third-party assets, for which we are not considered the primary beneficiary, and thus, we do not consolidate these VIEs. These VIEs include several CIBC-sponsored conduits and CDOs for which we act as structuring and placement agents.

During 2009, CIBC Capital Trust, a trust wholly owned by CIBC, issued $1.3 billion CIBC Tier 1 Notes — Series A, due June 30, 2108 and $300 million CIBC Tier 1 Notes — Series B, due June 30, 2108, which qualify as Tier 1 regulatory capital. For additional details, see Note 18.

We also have interests in securities issued by entities established by CMHC, Fannie Mae, Freddie Mac, Ginnie Mae, Federal Home Loan Bank, Federal Farm Credit Bank, and Student Loan Marketing Association (Sallie Mae).

CIBC-sponsored conduits

We sponsor several non-consolidated multi-seller conduits in Canada that purchase pools of financial assets from our clients and finance the purchases by issuing commercial paper to investors. Total assets of these non-consolidated conduits amounted to $2.3 billion (2009: $3.7 billion). Certain of our conduits hold commercial paper issued by our other conduits. The underlying collateral amounts totalled $2.1 billion (2009: $3.6 billion) and are included in the total assets. The sellers to the conduits may continue to service the assets and may be exposed to credit losses realized on these assets, typically through the provision of overcollateralization or another form of retained interest. The conduits may obtain credit enhancement from third-party providers.

We generally provide the conduits with commercial paper backstop liquidity facilities, securities distribution, accounting, cash management, and operations services. The liquidity facilities for our sponsored asset-backed commercial paper (ABCP) programs offered to external investors require us to provide funding, subject to the satisfaction of certain limited conditions with respect to the conduits, to fund non-defaulted assets. We are subject to maintaining certain short-term and/or long-term debt ratings with respect to the liquidity facilities provided to our own sponsored ABCP programs. If we are downgraded below the specified level, and we fail to make alternative arrangements that meet the requirements of the rating agencies that rate the ABCP issued by conduits, we could be required to provide funding into an escrow account in respect of our liquidity commitments.

We may also act as the counterparty to derivative contracts entered into by a conduit in order to convert the yield of the underlying assets to match the needs of the conduit's investors or to mitigate the interest rate risk within the conduit. All fees earned in respect of these activities are on a market basis.

We continue to support our sponsored conduits from time to time through the purchase of commercial paper issued by these conduits. Our direct investment in commercial paper issued by our sponsored conduits was $110 million (2009: $487 million). We also sponsor a single-seller conduit that provides funding to franchises of a major Canadian retailer. Total assets of this conduit amounted to $403 million (2009: $397 million). This conduit is financed through a 364-day syndicated commitment facility totalling $475 million. We participated in the commitment facility for $95 million. As at October 31, 2010 we funded $72 million (2009: $69 million) through the issuance of bankers' acceptances.

CIBC structured CDO vehicles

We have curtailed our business activity in structuring CDO vehicles within our structured credit run-off portfolio. Our exposures to CDO vehicles mainly arose through our previous involvement in acting as structuring and placement agent for the CDO vehicles.

Third-party structured vehicles — run-off

Similar to our structured CDO activities, we also curtailed our business activities in third-party structured vehicles, within our structured credit run-off portfolio. These positions were initially traded as intermediation, correlation and flow trading which earned us a spread on matching positions.

Third-party structured vehicles — continuing

We have investments in third-party structured vehicles through our Treasury and trading activities.

Our on-balance sheet amounts and maximum exposure to loss related to VIEs that are not consolidated are set out in the table below. The maximum exposure comprises the carrying value for investments, the notional amounts for liquidity and credit facilities, and the notional amounts less accumulated fair value losses for written credit derivatives on VIE reference assets less hedged positions excluding the impact of CVA.

$ millions, as at October 31		CIBC-sponsored conduits	CIBC-structured CDO vehicles	Third-party structured vehicles		Total
				Run-off	Continuing	
2010	**On-balance sheet assets**(1)					
	Trading securities	**$ 110**	**$ —**	**$ 621**	**$ 32**	**$ 763**
	AFS securities	**—**	**5**	**14**	**1,541**	**1,560**
	FVO	**—**	**9**	**—**	**205**	**214**
	Loans	**72**	**434**	**7,061**	**—**	**7,567**
	Derivatives(2)	**—**	**—**	**—**	**184**	**184**
		$ 182	**$ 448**	**$ 7,696**	**$ 1,962**	**$ 10,288**
	On-balance sheet liabilities					
	Derivatives(2)	**$ —**	**$ 36**	**$ 1,084**	**$ 2**	**$ 1,122**
		$ —	**$ 36**	**$ 1,084**	**$ 2**	**$ 1,122**
2009	**On-balance sheet assets**(1)					
	Trading securities	$ 149	$ —	$ 463	$ 6	$ 618
	AFS securities	338	5	15	1,424	1,782
	FVO	—	203	—	265	468
	Loans	69	529	6,198	—	6,796
		$ 556	$ 737	$ 6,676	$ 1,695	$ 9,664
	On-balance sheet liabilites					
	Derivatives(2)	$ —	$ 243	$ 2,213(3)	$ —	$ 2,456
		$ —	$ 243	$ 2,213	$ —	$ 2,456

$ millions, as at October 31	**2010**	2009
Maximum exposure to loss, net of hedges		
Maximum exposure to loss before hedge positions	**$ 17,318**	$ 24,467(3)
Less: Notional of protection purchased or hedges relating to written credit derivatives, less gross receivable on those hedges	**(3,824)**	(10,663)
Carrying value of hedged securities and loans	**(7,330)**	(9,086)
	$ 6,164	$ 4,718

(1) Excludes securities issued by, retained interest in, and derivatives with, entities established by CMHC, Fannie Mae, Freddie Mac, Ginnie Mae, Federal Home Loan Banks, Federal Farm Credit Bank and Sallie Mae.

(2) Comprises credit derivatives (written options and total return swaps) under which we assume exposures and excludes all other derivatives.

(3) Restated to exclude balances in and exposures to consolidated VIEs.

Note 7 Land, Buildings and Equipment

$ millions, as at October 31			2010	2009
	Cost	Accumulated amortization[1]	Net book value	Net book value
Land[2]	$ 238	$ —	$ 238	$ 248
Buildings[2]	965	349	616	651
Computer equipment	1,067	839	228	219
Office furniture and other equipment [3]	697	357	340	285
Leasehold improvements	647	409	238	215
	$ 3,614	$ 1,954	$ 1,660	$ 1,618

(1) Amortization of buildings, furniture, equipment, and leasehold improvements for the year amounted to $208 million (2009: $205 million; 2008: $203 million).

(2) Land and buildings include amounts of $165 million (2009: $175 million) and $351 million (2009: $383 million), respectively, for which we are deemed to have ownership for accounting purposes.

(3) Includes $132 million (2009: $69 million) of work-in-progress not subject to amortization.

Note 8 Goodwill, Software and Other Intangible Assets

We performed our annual impairment test on goodwill and other indefinite-lived intangible assets as at April 30, 2010. Based on our assessment, we determined that no impairment write-downs were required.

The changes in the carrying amount of goodwill are as follows:

$ millions, for the year ended October 31		CIBC Retail Markets	Wholesale Banking	Corporate and Other	CIBC Total
2010	**Balance at beginning of year**	**$ 1,881**	**$ 72**	**$ 44**	**$ 1,997**
	Acquisitions	**5**	**—**	**—**	**5**
	Dispositions	**—**	**(31)[1]**	**(1)**	**(32)**
	Adjustments[2]	**(56)**	**(1)**	**—**	**(57)**
	Balance at end of year	**$ 1,830**	**$ 40**	**$ 43**	**$ 1,913**
2009	Balance at beginning of year	$ 1,993	$ 64	$ 43	$ 2,100
	Acquisitions	—	12	1	13
	Adjustments[2]	(112)	(4)	—	(116)
	Balance at end of year	$ 1,881	$ 72	$ 44	$ 1,997

(1) Includes disposition of a consolidated U.S. investment.

(2) Includes foreign currency translation adjustments.

The components of software and other intangible assets are as follows:

$ millions, as at October 31				2010			2009
	Gross carrying amount[1]	Accumulated amortization[1][2]	Net carrying amount	Gross carrying amount[1]	Accumulated amortization[1][2]	Net carrying amount
Finite-lived software and other intangible assets						
Customer relationships[3]	$ 161	$ 90	$ 71	$ 112	$ 80	$ 32
Core deposit intangibles[4]	249	110	139	264	90	174
Contract based[5]	50	40	10	64	40	24
Software[6]	1,537	1,284	253	1,544	1,242	302
	1,997	1,524	473	1,984	1,452	532
Indefinite-lived other intangible assets						
Contract based[5]	116	—	116	116	—	116
Brandname[4]	20	—	20	21	—	21
	136	—	136	137	—	137
Total software and other intangible assets	$ 2,133	$ 1,524	$ 609	$ 2,121	$ 1,452	$ 669

(1) Includes foreign currency translation adjustments.

(2) Amortization of finite-lived software and other intangible assets for the year amounted to $167 million (2009: $198 million; 2008: $207 million).

(3) Represents customer relationships associated with the custody business and the intangible asset acquired as part of the MasterCard portfolio acquisition.

(4) Acquired as part of the FirstCaribbean International Bank (FirstCaribbean) acquisition in 2007.

(5) Represents a combination of management contracts purchased as part of past acquisitions.

(6) Includes $73 million (2009: $63 million) of work-in-progress not subject to amortization.

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

	$ millions
2011	$ 131
2012	69
2013	39
2014	32
2015	25

Note 9 Other Assets

$ millions, as at October 31	**2010**	2009
Accrued interest receivable	**$ 787**	$ 679
Accrued benefit asset (Note 22)	**1,426**	1,243
Brokers' client accounts	**406**	440
Current income tax receivable	**577**	594
Future income tax asset (Note 23)	**767**	1,635
Other prepayments and deferred items	**656**	748
Equity-accounted investments	**298**	190
Cheques and other items in transit, net	**674**	702
Derivative collateral receivable	**4,912**	6,545
Accounts receivable	**687**	578
Other	**408**	667
	$ 11,598	$ 14,021

Note 10 Deposits(1)(2)

$ millions, as at October 31	**Payable on demand(3)**	**Payable after notice(4)**	**Payable on a fixed date(5)**	**2010 Total**	2009 Total
Personal	$ 7,935	$ 61,079	$ 44,280	**$113,294**	$108,324
Business and government	29,490	13,050	85,219(6)	**127,759**	107,209
Bank	1,020	5	4,593	**5,618**	7,584
	$ 38,445	$ 74,134	$ 134,092	**$246,671**	$223,117
Comprised of:					
Held at amortized cost				**$243,141**	$218,632
Designated at fair value (Note 13)				**3,530**	4,485
Total deposits include:					
Non-interest-bearing deposits					
In domestic offices				**$ 27,675**	$ 25,570
In foreign offices				**2,070**	2,295
Interest-bearing deposits					
In domestic offices				**177,368**	155,801
In foreign offices				**39,115**	37,494
U.S. federal funds purchased				**443**	1,957
				$246,671	$223,117

(1) Includes deposits of $54.1 billion (2009: $47.1 billion) denominated in U.S. dollars and deposits of $5.4 billion (2009: $7.8 billion) denominated in other foreign currencies.

(2) Net of own deposits purchased by CIBC of $648 million (2009: $698 million).

(3) Includes all deposits for which we do not have the right to require notice of withdrawal. These deposits are generally chequing accounts.

(4) Includes all deposits for which we can legally require notice of withdrawal. These deposits are generally savings accounts.

(5) Includes all deposits that mature on a specified date. These deposits are generally term deposits, guaranteed investment certificates, and similar instruments.

(6) Includes covered bond deposits totalling $6.4 billion (2009: $3.2 billion) and $1.6 billion (2009: $1.6 billion) of Notes purchased by CIBC Capital Trust (see Note 18 for additional details).

Note 11 Other Liabilities

$ millions, as at October 31	2010	2009
Accrued interest payable	**$ 1,336**	$ 1,294
Accrued benefit liability (Note 22)	**749**	760
Gold and silver certificates	**415**	327
Brokers' client accounts	**898**	3,048
Derivative collateral payable	**3,062**	3,010
Other deferred items	**255**	252
Negotiable instruments	**1,194**	1,269
Current income tax liability	**29**	130
Accounts payable and accrued expenses	**1,832**	1,836
Other(1)	**2,802**	1,767
	$ 12,572	$ 13,693

(1) Includes $604 million payable in respect of non-cumulative preferred shares (Series 19 and 23) redeemed on October 31, 2010. See Note 17 for additional details.

Note 12 Trading Activities

Trading income comprises net interest income and non-interest income. Net interest income arises from interest and dividends related to trading assets and liabilities other than derivatives, and is reported net of interest expense and income 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 trading derivatives.

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

The following tables present the assets and liabilities and income related to trading activities.

Trading Assets and Liabilities

$ millions, as at October 31	2010	2009
Assets		
Debt securities(1)	**$ 15,649**	$ 10,035
Equity securities	**12,908**	5,075
Total securities (Note 4)	**28,557**	15,110
Derivative instruments (Note 14)	**22,034**	21,300
	$ 50,591	$ 36,410
Liabilities		
Obligations related to securities sold short	**$ 7,304**	$ 4,681
Derivative instruments (Note 14) (1)	**22,809**	23,175
	$ 30,113	$ 27,856

Income (loss) from trading activities

$ millions, for the year ended October 31	2010	2009	2008
Trading income (loss) consists of:			
Interest income	**$ 495**	$ 420	$ 1,826
Interest expense	**277**	183	2,244
Net interest income (expense)	**218**	237	(418)
Non-interest income	**603**	(531)	(6,821)
	$ 821	$ (294)	$ (7,239)
Trading income (loss) by product line:			
Interest rates	**$ 162**	$ 145	$ (168)
Foreign exchange	**265**	291	264
Equities	**94**	216	(258)
Commodities	**33**	44	30
Structured credit and other	**267**	(990)	(7,107)
	$ 821	$ (294)	$ (7,239)

(1) Includes USRMM-related securities of $250 million (2009: $133 million) and derivative liabilities with notional of $1,445 million and fair value of $1,155 million (2009: notional of $2,693 million and fair value of $2,436 million), which are used to economically hedge a FVO liability with a fair value of $526 million (2009: $264 million) included in Note 13.

Note 13 Financial Instruments Designated at Fair Value (FVO)

FVO financial instruments include the following instruments:

- Certain securities and deposit liabilities hedged by derivatives such as interest rate swaps and seller swaps;
- Financial liabilities that have one or more embedded derivatives which significantly modify the cash flows of the host liability; and
- Loans hedged by credit derivatives.

The following tables present the FVO assets and liabilities and their hedges, and the related income from these financial instruments on a portfolio basis. Net interest income arises from interest and dividends related to the FVO assets and liabilities, and is reported net of interest expense and income associated with funding these assets and liabilities. Non-interest income includes unrealized gains and losses on the FVO assets and liabilities, related hedging derivatives and securities sold short.

FVO Assets and Liabilities

$ millions, as at October 31	**2010**	2009
FVO assets		
Debt securities	**$ 22,430**	$ 22,306
Business and government loans (1) (Note 5)	**21**	226
	$ 22,451	$ 22,532
FVO liabilities		
Business and government deposits (2)(3)	**$ 3,530**	$ 4,485
	$ 3,530	$ 4,485

(1) The undrawn credit exposure related to FVO loans was nil as at October 31, 2010 and 2009.

(2) Included in business and government deposits is a limited recourse note of $526 million (2009: $264 million), which is hedged by USRMM-related securities of $250 million (2009: $133 million) that are classified as trading, and by derivative liabilities of $1,155 million (2009: $2,436 million). See Note 12 for additional details.

(3) The carrying amount of FVO deposits was $6 million lower (2009: $269 million lower) than the amount if the deposits were carried on a contractual settlement amount.

Economic Hedging Assets and Liabilities of FVO Financial Instruments

$ millions, as at October 31	**2010**	2009
Assets		
Derivative instruments (Note 14)	**$ 492**	$ 773
	$ 492	$ 773
Liabilities		
Derivative instruments (Note 14)	**$ 1,569**	$ 1,667
Obligations related to securities sold short	**1,844**	1,182
	$ 3,413	$ 2,849

FVO and Related Hedges Income (Loss)

$ millions, for the year ended October 31	**2010**	2009	2008
Interest income	**$ 335**	$ 525	$ 846
Interest expense(1)	**69**	276	720
Net interest income	**266**	249	126
Non-interest income			
FVO financial instruments	**(291)**	168	(488)
Economic hedges(2)	**(332)**	(201)	239
	(623)	(33)	(249)
	$ (357)	$ 216	$ (123)

(1) Includes $15 million (2009: $10 million; 2008: $13 million) on obligations related to securities sold short hedging the FVO financial instruments.

(2) Comprises derivative instruments held to economically hedge FVO financial instruments.

The changes in the fair value of the FVO loans attributable to changes in credit risk are calculated by determining the credit spread implicit in the fair value of comparable bonds issued by the same entity or others with similar characteristics. The change in fair value attributable to changes in CIBC's credit risk is calculated by reference to the change in the credit spread implicit in the fair value of CIBC's deposits.

The following table presents the income (loss) due to changes in the fair value of FVO financial instruments attributable to changes in the credit risk:

$ millions	For the year ended October 31			Cumulative for the period ended October 31(1)		
	2010	2009	2008	**2010**	2009	2008
FVO loans	**$ —**	$ (29)	$ (251)	**$ (1)**	$ (27)	$ (306)

FVO loans, net of related hedges (2)	**—**	(8)	28	**(1)**	2	10
FVO liabilities	**(1)**	(5)	30	**(3)**	(6)	31

(1) Change in the fair value of FVO financial instruments, held by CIBC at the end of the reporting period, since they were designated as FVO.

(2) Notional amounts of the derivatives hedging the credit risk on FVO loans was nil (2009: $242 million; 2008: $1.5 billion).

Note 14 Derivative Instruments

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

$ millions, as at October 31	2010		2009	
	Assets	**Liabilities**	Assets	Liabilities
Trading (Note 12)	**$ 22,034**	**$ 22,809**	$21,300	$23,175
Designated accounting hedges (Note 15)	**1,278**	**714**	1,424	691
Economic hedges(1)				
Economic hedges of FVO financial instruments (Note 13)	**492**	**1,569**	773	1,667
Other economic hedges	**878**	**1,397**	1,199	1,629
	$ 24,682	**$ 26,489**	$24,696	$27,162

(1) Comprises derivatives not part of qualifying hedging relationships for accounting purposes under the CICA handbook section 3865.

Derivatives used by CIBC

The majority of our derivative contracts are OTC transactions that are privately negotiated between CIBC and the 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 OTC 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 OTC contracts in which two counterparties agree to exchange 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 in both OTC and exchange markets.

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 rate agreements in that they are in standard amounts with standard settlement dates and are transacted on an exchange.

Foreign exchange derivatives

Foreign exchange forwards are OTC 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 foreign exchange 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 OTC contracts designed to transfer the credit risk in an underlying financial instrument (usually termed as 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.

Within our structured credit run-off portfolio, we hold purchased and sold protection on both single-name and index-reference obligations. These reference obligations include corporate debt, CDOs of residential mortgages, commercial mortgages, trust preferred securities, and collateralized loan obligations (CLOs). For both single-name and index credit default swap (CDS) contracts, upon the occurrence of a credit event, under the terms of a CDS contract neither party to the CDS contract has recourse to the

reference obligation. The protection purchaser has recourse to the protection seller for the difference between the face value of the CDS contract and the fair value of the reference obligation at the time of settling the credit derivative contract.

In our structured credit run-off portfolio, we also have total return swaps (TRS) on single-name reference obligations that are primarily CLOs. There is a regular payment calendar for the transfer of net returns. Where the reference asset is a security with a risk of default, the TRS agreement normally sets forth various payments and valuation steps required upon default. The TRS agreement may simply terminate and the parties exchange cash payments according to the value of the defaulted assets. There may be an exchange of cash with physical delivery of the defaulted assets. The total return payer may substitute another security for the defaulted one and continue the TRS arrangement. Collateral treatment is typically “full recourse,” meaning the total return receiver must post additional collateral if the asset value drops, or may withdraw collateral if the asset value increases.

Equity derivatives

Equity swaps are OTC 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 stock index, basket of stocks, or single stock at a contracted price. Options are transacted in both OTC and exchange markets.

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.

Precious metal and other commodity derivatives

We also transact in other derivative products, including commodity forwards, futures, swaps and options, such as precious metal and energy-related products in both OTC and exchange markets.

Notional amounts

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. In most cases, notional amounts do not represent the potential gain or loss associated with market or credit risk of such instruments.

The following table presents the notional amounts of derivative instruments.

$ millions, as at October 31	Residual term to contractual maturity				2010		2009	
	Less than 1 year	1 to 5 years	Over 5 years	**Total notional amounts**	**Trading**	**ALM**	Trading	ALM
Interest rate derivatives								
OTC								
Forward rate agreements	$ 65,692	$ 5,803	$ 330	**$ 71,825**	**$ 68,354**	**$ 3,471**	$ 67,430	$ 3,750
Swap contracts	217,595	442,459	96,951	**757,005**	**486,886**	**270,119**	386,958	210,254
Purchased options	1,215	8,092	3,492	**12,799**	**12,452**	**347**	38,016	493
Written options	6,385	8,583	3,424	**18,392**	**16,682**	**1,710**	38,012	2,029
	290,887	464,937	104,197	**860,021**	**584,374**	**275,647**	530,416	216,526
Exchange traded								
Futures contracts	16,250	12,213	—	**28,463**	**27,427**	**1,036**	23,728	723
Purchased options	5,352	21,628	—	**26,980**	**26,980**	**—**	28,456	—
Written options	6,062	27,749	—	**33,811**	**33,811**	**—**	54,961	—
	27,664	61,590	—	**89,254**	**88,218**	**1,036**	107,145	723
Total interest rate derivatives	318,551	526,527	104,197	**949,275**	**672,592**	**276,683**	637,561	217,249
Foreign exchange derivatives								
OTC								
Forward contracts	110,716	4,900	133	**115,749**	**107,299**	**8,450**	75,780	2,306
Swap contracts	21,200	50,598	21,630	**93,428**	**85,995**	**7,433**	61,177	5,238
Purchased options	11,936	1,707	—	**13,643**	**13,566**	**77**	5,591	—
Written options	10,634	1,233	92	**11,959**	**11,880**	**79**	5,251	154
	154,486	58,438	21,855	**234,779**	**218,740**	**16,039**	147,799	7,698
Exchange traded								
Futures contracts	33	—	—	**33**	**33**	**—**	26	—
Total foreign exchange derivatives	154,519	58,438	21,855	**234,812**	**218,773**	**16,039**	147,825	7,698
Credit derivatives								
OTC								
Swap contracts purchased protection	—	—	—	**—**	**—**	**—**	—	17
Swap contracts written protection	—	—	2,982	**2,982**	**2,982**	**—**	3,657	—
Purchased options	75	6,711	16,569	**23,355**	**22,149**	**1,206**	35,046	2,517
Written options	76	3,922	8,082	**12,080**	**12,080**	**—**	20,520	27
Total credit derivatives	151	10,633	27,633	**38,417**	**37,211**	**1,206**	59,223	2,561
Equity derivatives(1)								
OTC	13,033	3,522	34	**16,589**	**16,057**	**532**	9,126	318
Exchange traded	8,010	689	—	**8,699**	**8,699**	**—**	13,967	—
Total equity derivatives	21,043	4,211	34	**25,288**	**24,756**	**532**	23,093	318
Precious metal derivatives(1)								
OTC	369	144	—	**513**	**513**	**—**	1,107	—
Exchange traded	19	—	—	**19**	**19**	**—**	11	—
Total precious metal derivatives	388	144	—	**532**	**532**	**—**	1,118	—
Other commodity derivatives(1)								
OTC	3,075	3,531	272	**6,878**	**6,878**	**—**	7,654	—
Exchange traded	3,353	2,949	1	**6,303**	**6,303**	**—**	3,078	1,049
Total other commodity derivatives	6,428	6,480	273	**13,181**	**13,181**	**—**	10,732	1,049
	$ 501,080	$ 606,433	$ 153,992	**$ 1,261,505**	**$ 967,045**	**$ 294,460**	$ 879,552	$ 228,875

(1) Comprises forwards, futures, swaps, and options.

The following table provides the fair value of derivative instruments by term to maturity.

$ millions, as at October 31				2010	2009
	Less than 1 year	**1 to 5 years**	**Over 5 years**(1)	**Total fair value**	Total fair value
Derivative assets(2)	**$ 3,765**	**$ 10,141**	**$ 10,776**	**$ 24,682**	$ 24,696
Derivative liabilities(2)	**3,999**	**11,633**	**10,857**	**26,489**	27,162

(1) CVA is included in over 5 years maturity.

(2) Derivative assets and liabilities are stated before the effect of master netting agreements of $16,967 million (2009: $16,030 million). The amount of cash collateral receivable and payable on the contracts subject to master netting agreements were $4,890 million and $3,062 million, respectively (2009: $6,493 million and $3,010 million, respectively). In practice, a majority of the derivative cash flows settle within a year due to collateral requirements.

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 or small market values at inception. They obtain value, positive or negative, as relevant

interest rates, foreign exchange rates, equity, commodity, 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 income. To further manage risks, we may enter into contracts with other market makers or may undertake cash market hedges.

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 OTC derivatives by actively pursuing risk mitigation opportunities through the use of multi-product derivative master netting agreements, collateral and other credit mitigation techniques.

We negotiate derivative master netting agreements with counterparties with which we have significant credit risk through derivative activities. Such agreements provide for the simultaneous close-out and netting of all transactions with a counterparty in an event of default. A number of these agreements also provide for the exchange of collateral between parties in the event that the MTM value of outstanding transactions between the parties exceeds an agreed threshold. Such agreements are used to help contain the build-up 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 generally to 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 following table summarizes our credit exposure arising from derivative instruments, except for those that are traded on an exchange and subject to daily margining requirements. The calculation of the risk-weighted amount is prescribed by OSFI. The current replacement cost is the estimated cost to replace 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. The credit equivalent amount is then multiplied by counterparty risk variables that are adjusted for the impact of collateral and guarantees to arrive at the risk-weighted amount. The risk-weighted amount is used in determining the regulatory capital requirements for derivatives.

$ millions, as at October 31	2010					2009				
	Current replacement cost[1]			Credit equivalent amount[2]	Risk-weighted amount	Current replacement cost[1]			Credit equivalent amount[2]	Risk-weighted amount
	Trading	ALM	Total			Trading	ALM	Total		
Interest rate derivatives										
Forward contracts	$ 55	$ —	$ 55	$ 49	$ 9	$ 42	$ —	$ 42	$ 52	$ 10
Swap contracts	13,522	2,299	15,821	4,154	1,120	11,574	3,055	14,629	4,040	1,500
Purchased options	494	27	521	91	26	1,237	17	1,254	263	133
	14,071	2,326	16,397	4,294	1,155	12,853	3,072	15,925	4,355	1,643
Foreign exchange derivatives										
Forward contracts	1,501	23	1,524	1,291	235	1,180	6	1,186	906	228
Swap contracts	3,662	256	3,918	2,985	626	2,999	292	3,291	2,509	673
Purchased options	227	—	227	113	36	130	—	130	75	28
	5,390	279	5,669	4,389	897	4,309	298	4,607	3,490	929
Credit derivatives[1]										
Swap contracts	—	—	—	73	49	4	—	4	110	79
Purchased options	1,341	—	1,341	2,215	2,016	2,275	—	2,275	4,024	7,703
Written options[3]	—	—	—	10	4	1	—	1	34	18
	1,341	—	1,341	2,298	2,069	2,280	—	2,280	4,168	7,800
Equity derivatives[4]	468	40	508	648	250	613	1	614	345	146
Precious metal derivatives[4]	25	—	25	13	6	17	—	17	13	6
Other commodity derivatives[4]	460	—	460	703	219	677	—	677	828	297
	21,755	2,645	24,400	12,345	4,596	20,749	3,371	24,120	13,199	10,821
Less: effect of master netting agreements	(16,967)	—	(16,967)	—	—	(16,030)	—	(16,030)	—	—
	$ 4,788	$ 2,645	$ 7,433	$ 12,345	$ 4,596	$ 4,719	$ 3,371	$ 8,090	$ 13,199	$ 10,821

(1) Exchange-traded instruments with a replacement cost of $279 million (2009: $551 million) are excluded in accordance with the guidelines of OSFI. Written ALM credit derivatives are treated as guarantee commitments; bought ALM credit derivatives meeting the hedge effectiveness criteria under Basel II are treated as credit risk mitigation with no counterparty credit risk charge; and bought ALM credit derivatives not meeting the hedge effectiveness criteria under Basel II receive a counterparty credit risk charge.

(2) Sum of current replacement cost and potential credit exposure, adjusted for the impact of collateral amounting to $2,261 million (2009: $2,129 million). The collateral comprises cash $2,136 million (2009: $2,063 million) and government securities $125 million (2009: $66 million).

(3) Comprises credit protection sold. The amount represents the fair value of contracts for which fees are received over the life of the contracts.

(4) Comprises forwards, swaps and options.

CVA

A CVA is determined using the fair value based exposure we have on derivative contracts. We believe that we have made appropriate fair value adjustments to date. The establishment of fair value adjustments involves estimates that are based on accounting processes and judgments by management. We evaluate the adequacy of the fair value adjustments on an ongoing basis. Market and economic conditions relating to derivative counterparties may change in the future, which could result in significant future losses.

Financial guarantors

Contracts we have with financial guarantors are primarily credit derivatives. Fair value based exposure for credit derivatives is determined using the market value of the underlying reference assets. Our counterparty credit charge is a function of the fair value based exposure and our assessment of the counterparty credit risk. Counterparty credit risk is calculated using market-observed credit spreads, where available and appropriate, or through the use of equivalent credit proxies, or through an assessment of net recoverable value. During the year, we recorded a gain of $703 million (2009: loss of $1.1 billion) against our receivables from financial guarantors. Separately, we recorded a net loss of $341 million on terminations and maturity of contracts with financial guarantors during the year. The fair value of derivative contracts with financial guarantors, net of CVA, was $734 million (2009: $1.5 billion).

Non-financial guarantors

Our methodology in establishing CVA against other derivative counterparties is also calculated using a fair value based exposure measure. We use market-observed credit spreads or proxies, as appropriate. During the year, we recorded a gain of $27 million on our receivables from non-financial guarantors derivative counterparties.

Note 15 Designated Accounting Hedges

The following table presents the hedge ineffectiveness gains (losses) recognized in the consolidated statement of operations:

$ millions, for the year ended October 31	**2010**	2009	2008
Fair value hedges(1)	**$ 20**	$ 85	$ 23
Cash flow hedges(2)(3)	**(11)**	(5)	2

(1) Recognized in Net interest income.

(2) Recognized in Non-interest income – Other and Non-interest expenses – Other.

(3) Includes NIFO hedges.

Portions of derivative gains (losses) that by designation were excluded from the assessment of hedge effectiveness for fair value, cash flow, and foreign exchange hedging activities are included in the consolidated statement of operations, and are not significant for the years ended October 31, 2010, 2009, and 2008.

The following table presents the notional amounts and carrying value of our hedging-related derivative instruments:

$ millions, as at October 31	**2010**			2009		
	Derivatives notional amount	**Carrying value**		Derivatives notional amount	Carrying value	
		Positive	**Negative**		Positive	Negative
Fair value hedges	**$ 84,298**	**$ 1,240**	**$ 696**	$ 60,022	$ 1,414	$ 672
Cash flow hedges	**8,018**	**33**	**18**	518	10	13
NIFO hedges	**1,235**	**5**	**—**	58	—	6
	$ 93,551	**$ 1,278**	**$ 714**	$ 60,598	$ 1,424	$ 691

In addition, foreign currency denominated deposit liabilities of $62 million (2009: $131 million) and $659 million (2009: $1,913 million) have been designated as fair value hedges of foreign exchange risk and NIFO hedges, respectively.

Note 16 Subordinated Indebtedness

The debt issues included in the table below are unsecured obligations of CIBC and its subsidiaries and are subordinated to the claims of depositors and other creditors as set out in their terms. Foreign currency denominated indebtedness either funds foreign currency denominated assets (including our net investment in foreign operations) or is combined with cross-currency swaps to provide funding on a cost-effective basis and to manage currency risk. All redemptions are subject to regulatory approval.

Terms of Subordinated Indebtedness

$ millions, as at October 31		Earliest date redeemable			2010		2009	
Interest rate %	Contractual Maturity date	At greater of Canada Yield Price(1) and par	At par	Denominated in foreign currency	**Par value**	**Carrying value(2)**	Par value	Carrying value(2)
9.65	October 31, 2014	November 1, 1999			**$ 250**	**$ 325**	$ 250	$ 331
Floating(3)	March 10, 2015		March 10, 2010		**—**	**—**	101	101
3.75(4)	September 9, 2015	September 9, 2005	September 9, 2010(5)		**—**	**—**	1,300	1,300
4.55(4)	March 28, 2016	March 28, 2006	March 28, 2011		**1,080**	**1,093**	1,080	1,131
Fixed(6)	March 23, 2017		September 23, 2012	TT$195 million	**32**	**32**	33	33
Floating(7)	June 22, 2017		June 22, 2012	€200 million	**284**	**284**	319	319
5.15(4)	June 6, 2018	June 6, 2008	June 6, 2013		**550**	**557**	550	560
4.11(4)	April 30, 2020	April 30, 2010	April 30, 2015(8)		**1,100**	**1,100**	—	—
6.00(4)	June 6, 2023	June 6, 2008	June 6, 2018		**600**	**600**	600	600
8.70	May 25, 2029(9)				**25**	**42**	25	40
11.60	January 7, 2031	January 7, 1996			**200**	**200**	200	200
10.80	May 15, 2031	May 15, 2021			**150**	**150**	150	150
8.70	May 25, 2032(9)				**25**	**43**	25	40
8.70	May 25, 2033(9)				**25**	**43**	25	40
8.70	May 25, 2035(9)				**25**	**44**	25	40
Floating(10)	July 31, 2084		July 27, 1990	US $198 million	**202**	**202**	214	214
Floating(11)	August 31, 2085		August 20, 1991	US $67 million(12)	**68**	**68**	72	72
					4,616	**4,783**	4,969	5,171
Subordinated debt held for trading purposes					**(10)**	**(10)**	(14)	(14)
					$ 4,606	**$ 4,773**	$ 4,955	$ 5,157

(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) Carrying values of fixed-rate subordinated indebtedness notes reflect the impact of interest rate hedges in an effective hedge relationship.

(3) Issued by FirstCaribbean. Interest rate is based on the three-month US$ LIBOR plus 0.70% until March 10, 2010, thereafter, at the three-month US$ LIBOR plus 1.95%. From February 2009 through to December 2009, a portion of this issue was repurchased and cancelled. The remaining principal amount was redeemed in 2010.

(4) 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 banker's acceptance rate plus a pre-determined spread.

(5) During the year, we redeemed the outstanding principal amount plus interest accrued to the redemption date.

(6) Guaranteed Subordinated Term Notes in Trinidad and Tobago dollars issued by FirstCaribbean International Bank (Trinidad & Tobago) Limited, a subsidiary of FirstCaribbean, and guaranteed on a subordinated basis by FirstCaribbean. FirstCaribbean International Bank (Trinidad & Tobago) Limited may redeem all or a portion of the notes on, but not after September 23, 2012 by repaying the principal amount plus a penalty of 0.50% of the principal amount of the notes being redeemed.

(7) Issued by CIBC World Markets plc and guaranteed by CIBC on a subordinated basis. Interest rate is based on the three-month Euribor plus 0.20% until the earliest date redeemable by CIBC World Markets plc and, thereafter, on the three-month Euribor plus 0.70%.

(8) CIBC's ability to redeem prior to this date is subject to our receipt of notice or advice from OSFI that the Debentures no longer qualify as Tier 2 capital.

(9) Not redeemable prior to maturity date.

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

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

(12) A portion of this issue was repurchased and cancelled during 2009.

Subsequent to the year-end, on November 2, 2010, we issued $1,500 million principal amount of 3.15% Debentures (subordinated indebtedness) due November 2, 2020. The Debentures qualify as Tier 2 capital.

Repayment Schedule

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

$ millions, as at October 31	**2010**
Within 1 year	**$ —**
1 to 2 years	**—**
2 to 3 years	**—**
3 to 4 years	**250**
4 to 5 years	**—**
Over 5 years	**4,366**
	$ 4,616

Note 17 Common and Preferred Share Capital and Preferred Share Liabilities

Common shares

CIBC is authorized to issue 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.

Preferred shares

CIBC is authorized to issue an unlimited number of Class A Preferred Shares and Class B Preferred Shares without nominal or par value issuable in series, provided that, for each class of preferred shares, the maximum aggregate consideration for all outstanding shares, at any time does not exceed $10 billion. There are no Class B Preferred Shares currently outstanding.

Outstanding shares and dividends and interest paid

$ millions, except per share amounts, as at or for the year ended October 31	2010				2009				2008			
	Shares outstanding		Dividends paid		Shares outstanding		Dividends paid		Shares outstanding		Dividends paid	
	No. of shares	Amount	Amount	$ per share	No. of shares	Amount	Amount	$ per share	No. of shares	Amount	Amount	$ per share
Common shares[1]	**392,738,700**	**$6,804**	**$1,350**	**$ 3.48**	383,981,867	$6,241	$1,328	$ 3.48	380,804,829	$6,063	$1,285	$ 3.48
Class A Preferred Shares												
Classified as equity												
Series 18	**12,000,000**	**$ 300**	**$ 16**	**$ 1.38**	12,000,000	$ 300	$ 16	$ 1.38	12,000,000	$ 300	$ 16	$ 1.38
Series 26	**10,000,000**	**250**	**14**	**1.44**	10,000,000	250	14	1.44	10,000,000	250	14	1.44
Series 27	**12,000,000**	**300**	**17**	**1.40**	12,000,000	300	17	1.40	12,000,000	300	17	1.40
Series 28[2]	**2,000**	**—**[3]	**—**[3]	**0.08**	2,000	—[3]	—[3]	0.08	2,000	—[3]	—[3]	0.08
Series 29	**13,232,342**	**331**	**18**	**1.35**	13,232,342	331	18	1.35	13,232,342	331	18	1.35
Series 30	**16,000,000**	**400**	**19**	**1.20**	16,000,000	400	19	1.20	16,000,000	400	19	1.20
Series 31	**18,000,000**	**450**	**21**	**1.18**	18,000,000	450	21	1.18	18,000,000	450	21	1.18
Series 32	**12,000,000**	**300**	**14**	**1.13**	12,000,000	300	14	1.13	12,000,000	300	14	1.13
Series 33	**12,000,000**	**300**	**16**	**1.34**	12,000,000	300	18	1.53	12,000,000	300	—	—
Series 35	**13,000,000**	**325**	**21**	**1.63**	13,000,000	325	16	1.19	—	—	—	—
Series 37	**8,000,000**	**200**	**13**	**1.63**	8,000,000	200	9	1.06	—	—	—	—
		$3,156	**$ 169**			$3,156	$ 162			$2,631	$ 119	
	Shares outstanding		Interest paid		Shares outstanding		Interest paid		Shares outstanding		Interest paid	
	No. of shares	Amount	Amount	$ per share	No. of shares	Amount	Amount	$ per share	No. of shares	Amount	Amount	$ per share
Class A Preferred Shares												
Classified as liabilities												
Series 19[4]	**—**	**$ —**	**$ 10**	**$ 1.24**	8,000,000	$ 200	$ 10	$ 1.24	8,000,000	$ 200	$ 10	$ 1.24
Series 23[4]	**—**	**—**	**21**	**1.33**	16,000,000	400	21	1.33	16,000,000	400	21	1.33
		$ —	**$ 31**			$ 600	$ 31			$ 600	$ 31	
Total preferred shares		**$3,156**	**$ 200**			$3,756	$ 193			$3,231	$ 150	

(1) Includes treasury shares.

(2) On June 17, 2009, CIBC's offer to repurchase for cancellation all outstanding non-cumulative Class A Preferred Shares Series 28 at a price of $10.00 per share expired. We did not repurchase any shares under this offer in 2009 (2008: 500 shares repurchased).

(3) Due to rounding.

(4) On October 31, 2010, we redeemed and legally extinguished these non-cumulative preferred shares. Other liabilities (Note 11) include $604 million in respect of principal and premium amounts payable to holders. The payment was made subsequent to the year end on November 1, 2010.

Preferred share rights and privileges

Class A Preferred Shares

Each series of Class A Preferred Shares bears quarterly non-cumulative dividends. Class A Preferred Shares Series 18, and 26 through 32, are redeemable, subject to regulatory approval if required, for cash by CIBC on or after the specified redemption dates at the cash redemption prices indicated in the following table.

Class A Preferred Shares Series 26, 27 and 29 provide CIBC with the right to convert the shares to common shares on or after the specified conversion date indicated in the footnote to the following table. Each such 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 relevant short form prospectus or prospectus supplement), subject to a minimum price of $2.00 per share. All other Class A Preferred Shares are not convertible into common shares.

Non-cumulative Rate Reset Class A Preferred Shares Series 33 (Series 33 shares) may be converted on a one-for-one basis into non-cumulative Floating Rate Class A Preferred Shares Series 34 (Series 34 shares) at the holder's option on July 31, 2014. Thereafter, Series 33 shares and Series 34 shares are convertible, one to the other, at every fifth anniversary of July 31, 2014.

Series 33 shares pay an initial dividend yield of 5.35% per annum, payable quarterly, as and when declared by the Board of Directors, until July 31, 2014. At such time and every five years thereafter, the dividend rate will reset to the then current five-year Government of Canada bond yield plus 2.18%.

Series 34 shares will pay a floating rate dividend, determined and paid quarterly, as and when declared by the Board of Directors, to yield a rate per annum equal to the three-month Government of Canada Treasury Bill yield at the beginning of the relevant quarterly period plus 2.18%.

Series 33 shares may be redeemed on July 31, 2014 and every five years thereafter. Series 34 shares may be redeemed on or after July 31, 2019. All redemptions are subject to regulatory approval as required.

Non-cumulative Rate Reset Class A Preferred Shares Series 35 (Series 35 shares) may be converted on a one-for-one basis into non-cumulative Floating Rate Class A Preferred Shares Series 36 (Series 36 shares) at the holder's option on April 30, 2014. Thereafter, Series 35 shares and Series 36 shares are convertible, one to the other, at every fifth anniversary of April 30, 2014.

Series 35 shares pay an initial dividend yield of 6.5% per annum, payable quarterly, as and when declared by the Board of Directors, until April 30, 2014. At such time and every five years thereafter, the dividend rate will reset to the then current five-year Government of Canada bond yield plus 4.47%.

Series 36 shares will pay a floating rate dividend, determined and paid quarterly, as and when declared by the Board of Directors, to yield a rate per annum equal to the three-month Government of Canada Treasury Bill yield at the beginning of the relevant quarterly period plus 4.47%.

Series 35 shares may be redeemed on April 30, 2014 and every five years thereafter. Series 36 shares may be redeemed on or after April 30, 2019. All redemptions are subject to regulatory approval as required.

Non-cumulative Rate Reset Class A Preferred Shares Series 37 (Series 37 shares) may be converted on a one-for-one basis into non-cumulative Floating Rate Class A Preferred Shares Series 38 (Series 38 shares) at the holder's option on July 31, 2014. Thereafter, Series 37 shares and Series 38 shares are convertible, one to the other, at every fifth anniversary of July 31, 2014.

Series 37 shares pay an initial dividend yield of 6.5% per annum, payable quarterly, as and when declared by the Board of Directors, until July 31, 2014. At such time and every five years thereafter, the dividend rate will reset to the then current five-year Government of Canada bond yield plus 4.33%.

Series 38 shares will pay a floating rate dividend, determined and paid quarterly, as and when declared by the Board of Directors, to yield a rate per annum equal to the three-month Government of Canada Treasury Bill yield at the beginning of the relevant quarterly period plus 4.33%.

Series 37 shares may be redeemed on July 31, 2014 and every five years thereafter. Series 38 shares may be redeemed on or after July 31, 2014. All redemptions are subject to regulatory approval as required.

Terms of Class A Preferred Shares

	Quarterly dividends per share[1]	Specified redemption date	Cash redemption price per share
Series 18	$ 0.343750	October 29, 2012	$ 25.00
Series 26[2]	$ 0.359375	April 30, 2008	$ 26.00
		April 30, 2009	25.75
		April 30, 2010	25.50
		April 30, 2011	25.25
		April 30, 2012	25.00
Series 27[2]	$ 0.350000	October 31, 2008	$ 26.00
		October 31, 2009	25.75
		October 31, 2010	25.50
		October 31, 2011	25.25
		October 31, 2012	25.00
Series 28	$ 0.020000	June 17, 2009	$ 10.00
Series 29[2]	$ 0.337500	May 1, 2010	$ 26.00
		May 1, 2011	25.75
		May 1, 2012	25.50
		May 1, 2013	25.25
		May 1, 2014	25.00
Series 30	$ 0.300000	April 30, 2010	$ 26.00
		April 30, 2011	25.75
		April 30, 2012	25.50
		April 30, 2013	25.25
		April 30, 2014	25.00
Series 31	$ 0.293750	January 31, 2012	$ 26.00
		January 31, 2013	25.75
		January 31, 2014	25.50
		January 31, 2015	25.25
		January 31, 2016	25.00
Series 32	$ 0.281250	April 30, 2012	$ 26.00
		April 30, 2013	25.75
		April 30, 2014	25.50
		April 30, 2015	25.25
		April 30, 2016	25.00
Series 33	$ 0.334375	July 31, 2014	$ 25.00
Series 35	$ 0.406250	April 30, 2014	$ 25.00
Series 37	$ 0.406250	July 31, 2014	$ 25.00

(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) CIBC's earliest conversion dates for common shares were: Series 26: April 30, 2008; Series 27: October 31, 2008; and Series 29: May 1, 2010.

Common shares issued

During the year, we issued 1.9 million (2009: 1.0 million) new common shares for a total consideration of $88 million (2009: $41 million), pursuant to stock option plans.

Effective July 2009, participants in the Shareholder Investment Plan (Plan) receive a 3% discount from the average market price on the reinvested dividends in additional common shares. The discount applies to common shares received under the "Dividend Reinvestment Option" or "Stock Dividend Option" portions of the Plan. During the year, we issued 6.0 million (2009: 2.2 million) new common shares for a total consideration of $419 million (2009: $137 million), pursuant to the Plan.

Effective February 2010, employee contributions to our Canadian ESPP have been used to purchase common shares issued from Treasury. We issued 0.8 million new common shares for a total consideration of $56 million, pursuant to the ESPP.

Common shares reserved for issue

As at October 31, 2010, 11,934,131 common shares (2009: 13,877,708) were reserved for future issue pursuant to stock option plans.

Restrictions on the payment of dividends

Under Section 79 of the Bank Act (Canada), a bank, including CIBC, is prohibited from declaring or paying any dividends on its preferred or common shares if there are reasonable grounds for believing that the bank is, or the payment would cause it to be, in contravention of any capital adequacy or liquidity regulation or any direction to the bank made by OSFI.

In addition, 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 to preferred shareholders that are then payable have been declared and paid or set apart for payment.

We have agreed that if CIBC Capital Trust fails to pay any interest payments on its $1,300 million of CIBC Tier 1 Notes – Series A, due June 30, 2108 or its $300 million of CIBC Tier 1 Notes –Series B, due June 30, 2108, we will not declare dividends of any kind on any of our

preferred or common shares for a specified period of time. For additional details see Note 18.

Currently, these limitations do not restrict the payment of dividends on our preferred or common shares.

Capital

Objectives, policies, and procedures

Our objective is to employ a strong and efficient capital base. We manage capital in accordance with policies established by the Board of Directors. These policies relate to capital strength, capital mix, dividends, return on capital, and the unconsolidated capital adequacy of regulated entities. Each policy has associated guidelines, and capital is monitored continuously for compliance.

Each year, a capital plan and three-year outlook are established, which encompass all the associated elements of capital: forecasts of sources and uses, maturities, redemptions, new issuance, corporate initiatives, and business growth. The capital plan is stress-tested in various ways to ensure that it is sufficiently robust under all reasonable scenarios. All of the elements of capital are monitored throughout the year, and the capital plan is adjusted as appropriate.

There were no significant changes made in the objectives, policies, and procedures during the year.

Regulatory requirements

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

Current 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 maintain Tier 1 and Total capital ratios of at least 7% and 10%, respectively. During the year, we have complied in full with all of our regulatory capital requirements.

Regulatory capital and ratios

Regulatory capital consists of Tier 1 and Tier 2 capital.

Tier 1 capital comprises common shares excluding short trading positions in our own shares, retained earnings, preferred shares, innovative capital instruments, non-controlling interests, contributed surplus, and foreign currency translation adjustments. Goodwill and gains on sale of applicable securitized assets are deducted from Tier 1 capital. Tier 2 capital comprises subordinated debt and eligible general allowance. Both Tier 1 and Tier 2 capital are subject to certain deductions on a 50/50 basis, including substantial investments. Investment in insurance activities continues to be deducted 100% from Tier 2 capital in accordance with OSFI's transition rules.

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

Regulatory capital, risk-weighted assets, and capital ratios

$ millions, as at October 31	**2010**	2009
Capital		
Tier 1 capital	**$ 14,851**	$ 14,154
Total regulatory capital	**18,966**	18,827
Risk-weighted assets		
Credit risk	**$ 86,782**	$ 97,190
Market risk	**1,625**	1,321
Operational risk	**18,256**	18,787
Total risk-weighted assets	**$106,663**	$117,298
Capital ratios		
Tier 1 capital ratio	**13.9%**	12.1%
Total capital ratio	**17.8%**	16.1%
Assets-to-capital multiple	**17.0x**	16.3x

The risk-based capital framework will be revised in the coming years. Effective the first quarter of fiscal 2012, banks are required to implement the series of guidelines issued by the Basel Committee on Banking Supervision (BCBS) in July 2009. The guidelines proposed enhancements to the market risk and credit risk framework. Starting January 1, 2013, banks will commence implementing the significant capital reforms proposed by BCBS since December 2009. The reforms will increase the quality, quantity, and consistency of capital to strengthen the resilience of the banking sector.

Note 18 Capital Trust Securities

On March 13, 2009, CIBC Capital Trust (the Trust), a trust wholly owned by CIBC and established under the laws of the Province of Ontario, issued $1,300 million of CIBC Tier 1 Notes — Series A, due June 30, 2108, and $300 million of CIBC Tier 1 Notes — Series B, due June 30, 2108 (collectively, the Notes). The proceeds were used by the Trust to purchase senior deposit notes from CIBC. The Trust is a VIE not consolidated by CIBC; the Notes issued by the Trust are therefore not reported on the consolidated balance sheet. The senior deposit notes issued to the Trust are reported as Deposits — business and government on the consolidated balance sheet.

The Notes are structured to achieve Tier 1 regulatory capital treatment and, as such, have features of equity capital, including the deferral of cash interest under certain circumstances (Deferral Events). In the case of a Deferral Event, holders of the Notes will be required to invest interest paid on the Notes in our perpetual preferred shares. Should the Trust fail to pay the semi-annual interest payments on the Notes in full, we will not declare dividends of any kind on any of our preferred or common shares for a specified period of time.

In addition, the Notes will be automatically exchanged for our perpetual preferred shares upon the occurrence of any one of the following events: (i) proceedings are commenced for our winding-up; (ii) OSFI takes control of us or our assets; (iii) we or OSFI are of the opinion that our Tier 1 capital ratio is less than 5% or our Total capital ratio is less than 8%; or (iv) OSFI directs us pursuant to the Bank Act to increase our capital or provide additional liquidity and we elect such automatic exchange or we fail to comply with such direction. Upon such automatic exchange, holders of the Notes will cease to have any claim or entitlement to interest or principal against the Trust.

CIBC Tier 1 Notes — Series A will pay interest, at a rate of 9.976%, semi-annually until June 30, 2019. On June 30, 2019, and on each five-year anniversary thereafter, the interest rate on the CIBC Tier 1 Notes — Series A will reset to the five-year Government of Canada bond yield at such time plus 10.425%. CIBC Tier 1 Notes — Series B will pay interest, at a rate of 10.25%, semi-annually until June 30, 2039. On June 30, 2039, and on each five-year anniversary thereafter, the interest rate on the CIBC Tier 1 Notes — Series B will reset to the five-year Government of Canada bond yield at such time plus 9.878%.

According to OSFI guidelines, innovative capital instruments can comprise up to 15% of net Tier 1 capital with an additional 5% eligible for Tier 2 capital. As at October 31, 2010, we held $1 million (2009: $1 million) of Tier 1 Notes — Series B for trading purposes.

The table below presents the significant terms and conditions of the Notes:

$ millions, as at October 31

				Earliest redemption dates			**Principal amount**
Issue	Issue date	Interest payment dates	Yield	At greater of Canada Yield Price(1) and par	At par	**2010**	2009
CIBC Capital Trust — Tier 1 Notes							
Series A	March 13, 2009	June 30, December 31	9.976%	June 30, 2014	June 30, 2019	**$ 1,300**	$ 1,300
Series B	March 13, 2009	June 30, December 31	10.25%	June 30, 2014	June 30, 2039	**300**	300

(1) Canada Yield Price: a price calculated at the time of redemption (other than an interest rate reset date applicable to the series) to provide a yield to maturity equal to the yield on a Government of Canada bond of appropriate maturity plus (i) for the CIBC Tier 1 Notes — Series A, (a) 1.735% if the redemption date is any time prior to June 30, 2019, or (b) 3.475% if the redemption date is any time on or after June 30, 2019, and (ii) for the CIBC Tier 1 Notes — Series B, (a) 1.645% if the redemption date is any time prior to June 30, 2039, or (b) 3.29% if the redemption date is any time on or after June 30, 2039.

Subject to the approval of OSFI, the Trust may, in whole or in part, on the redemption dates specified above, and on any date thereafter, redeem the CIBC Tier 1 Notes Series A or Series B without the consent of the holders. Also, subject to the approval of OSFI, the Trust may redeem all, but not part of, the CIBC Tier 1 Notes — Series A or Series B prior to the earliest redemption date specified above without the consent of the holders, upon the occurrence of certain specified tax or regulatory events.

Note 19 Accumulated Other Comprehensive Income (AOCI)

$ millions, as at October 31	**2010**	2009
Net foreign currency translation adjustments	**$ (575)**	$ (495)
Net unrealized gains on AFS securities(1)	**197**	124
Net gains on cash flow hedges(2)	**17**	1
	$ (361)	$ (370)

(1) Includes $53 million (2009: $101 million) of cumulative loss related to AFS securities measured at fair value.

(2) A net gain of $8 million (2009: $3 million) deferred in AOCI is expected to be reclassified to net income during the next 12 months. Remaining amounts will be reclassified to net income over periods up to eight years (2009: four years) thereafter.

Note 20 Interest Rate Sensitivity

The table below details our exposure to interest rate risk resulting from the mismatch, or gap, between financial assets, liabilities, and off-balance sheet instruments. On- and off-balance sheet financial instruments have been reported on the earlier of their contractual repricing date or maturity date. Certain contractual repricing dates have been adjusted according to management's estimates for prepayments and early redemptions. Weighted-average effective yields are based on the earlier of contractual repricing date or maturity date of the underlying instrument.

We manage interest rate gap by imputing a duration to certain assets and liabilities based on historical and forecasted trends in core balances. The repricing profile of these assets and liabilities has been incorporated in the table below under structural assumptions.

		Based on earlier of maturity or repricing date of interest rate sensitive instruments						
$ millions, as at October 31		Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Not interest rate sensitive	**Total**
2010	**Assets**							
	Cash and deposits with banks	$ 233	$ 9,887	$ 238	$ —	$ —	$ 1,694	**$ 12,052**
	Effective yield		0.96%	1.37%				
	Trading securities	—	2,066	3,583	6,082	3,918	12,908	**28,557**
	Effective yield		1.56%	2.10%	2.86%	4.59%		
	AFS securities	—	8,721	5,992	8,417	2,796	695	**26,621**
	Effective yield		1.10%	2.03%	3.50%	4.80%		
	FVO securities	—	9,148	2,778	9,703	801	—	**22,430**
	Effective yield		1.10%	1.19%	2.51%	4.43%		
	Securities borrowed or purchased under resale agreements	—	36,197	1,145	—	—	—	**37,342**
	Effective yield		0.89%	1.15%				
	Loans	94,764	16,228	17,465	42,359	2,784	3,292	**176,892**
	Effective yield		3.19%	4.62%	4.44%	5.15%		
	Other	—	29,739	—	—	—	18,407	**48,146**
	Structural assumptions	(8,729)	1,306	3,678	6,143	—	(2,398)	**—**
	Total assets	$ 86,268	$ 113,292	$ 34,879	$ 72,704	$ 10,299	$ 34,598	**$ 352,040**
	Liabilities and shareholders' equity							
	Deposits	$ 87,067	$ 58,046	$ 28,987	$ 38,530	$ 4,205	$ 29,836	**$ 246,671**
	Effective yield		1.04%	1.79%	3.01%	5.50%		
	Obligations related to securities sold short	—	100	1,364	3,930	2,886	1,393	**9,673**
	Effective yield		0.96%	1.09%	1.47%	2.59%		
	Obligations related to securities lent or sold under repurchase agreements	—	28,220	—	—	—	—	**28,220**
	Effective yield		0.77%	—				
	Subordinated indebtedness	—	284	1,393	1,974	1,122	—	**4,773**
	Effective yield		1.08%	3.75%	5.31%	8.05%		
	Other	—	29,908	—	954	1,996	29,845	**62,703**
	Structural assumptions[1]	(17,445)	5,292	17,212	20,835	—	(25,894)	**—**
	Total liabilities and shareholders' equity	$ 69,622	$ 121,850	$ 48,956	$ 66,223	$ 10,209	$ 35,180	**$ 352,040**
	On-balance sheet gap	$ 16,646	$ (8,558)	$ (14,077)	$ 6,481	$ 90	$ (582)	**$ —**
	Off-balance sheet gap[2]	—	(9,812)	12,468	(2,342)	(314)	—	**—**
	Total gap	$ 16,646	$ (18,370)	$ (1,609)	$ 4,139	$ (224)	$ (582)	**$ —**
	Total cumulative gap	$ 16,646	$ (1,724)	$ (3,333)	$ 806	$ 582	$ —	**$ —**
	Gap by currency							
	On-balance sheet gap							
	Canadian currency	$ 19,030	$ (15,413)	$ (13,657)	$ 10,991	$ (101)	$ (850)	**$ —**
	Foreign currencies	(2,384)	6,855	(420)	(4,510)	191	268	**—**
	Total on-balance sheet gap	$ 16,646	$ (8,558)	$ (14,077)	$ 6,481	$ 90	$ (582)	**$ —**
	Off-balance sheet gap[2]							
	Canadian currency	$ —	$ (4,842)	$ 12,584	$ (7,253)	$ (489)	$ —	**$ —**
	Foreign currencies	—	(4,970)	(116)	4,911	175	—	**—**
	Total off-balance sheet gap	$ —	$ (9,812)	$ 12,468	$ (2,342)	$ (314)	$ —	**$ —**
	Total gap	$ 16,646	$ (18,370)	$ (1,609)	$ 4,139	$ (224)	$ (582)	**$ —**
2009	Gap by currency							
	On-balance sheet gap							
	Canadian currency	$ 13,707	$ (9,709)	$ (27,002)	$ 23,502	$ (2,505)	$ 2,007	$ —
	Foreign currencies	(1,179)	1,759	(7,714)	3,468	1,112	2,554	—
	Total on-balance sheet gap	$ 12,528	$ (7,950)	$ (34,716)	$ 26,970	$ (1,393)	$ 4,561	$ —
	Off-balance sheet gap[2]							
	Canadian currency	$ —	$ 2,615	$ 18,831	$ (22,062)	$ 616	$ —	$ —
	Foreign currencies	—	(6,035)	8,106	(1,279)	(792)	—	—
	Total off-balance sheet gap	$ —	$ (3,420)	$ 26,937	$ (23,341)	$ (176)	$ —	$ —
	Total gap	$ 12,528	$ (11,370)	$ (7,779)	$ 3,629	$ (1,569)	$ 4,561	$ —
	Total cumulative gap	$ 12,528	$ 1,158	$ (6,621)	$ (2,992)	$ (4,561)	$ —	$ —

(1) Commencing 2010, amounts reported exclude the impact of structural assumptions relating to shareholders' equity.

(2) Includes derivative instruments which are reported on the consolidated balance sheet at fair value.

Note 21 Stock-based Compensation

Restricted Share Award Plan

Under our RSA plan, which began in 2000, certain key employees are granted annual awards to receive either common shares or an equivalent cash value in accordance with the terms of the grant. Additionally, RSAs may be awarded as special grants. RSAs generally vest at the end of three years or one-third annually. All awards are generally distributed or settled within a three-year period, beginning one year after the year of the grant.

Prior to December 2008, grants were made in the form of share-settled awards. The funding for these awards was paid into a trust which purchased common shares in the open market. Grant date fair value of each share-settled RSA was calculated based on the weighted-average purchase price of the corresponding common shares that were purchased by the trust.

Beginning December 2008, RSA grants are made in the form of cash-settled awards which are funded at the time of payment. Dividend equivalent payments in respect of cash-settled awards are recognized in compensation expense as incurred. Grant date fair value of each cash-settled RSA is calculated based on the average closing price per common share on the TSX for the 10 trading days prior to a fixed date. Fair value for cash-settled RSAs is remeasured each period for subsequent changes in the market value of common shares.

Compensation expense in respect of RSAs, before the impact of hedging, totalled $290 million in 2010 (2009: $217 million; 2008: $135 million). Liabilities in respect of cash-settled RSAs totalled $521 million (2009: $298 million; 2008: $117 million).

Special Incentive Program

Special Incentive Program (SIP) award units were granted only once in 2000.

Certain key employees were granted awards to receive common shares. The funding for these awards was paid into a trust which purchased common shares in the open market.

SIP 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 was converted into Retirement Special Incentive Program Deferred Share Units (RSIP DSUs). Each RSIP DSU represents the right to receive one common share and additional RSIP DSUs in respect of dividends earned by the common shares held by the trust. RSIP DSUs met time- and performance-based vesting conditions on October 31, 2003, and will be distributed in the form of common shares upon the participant's retirement or termination of employment.

Performance Share Unit Plan

Under the PSU plan, which was introduced in 2005, certain key executives are granted awards to receive common shares or an equivalent cash value. Beginning December 2008, PSU grants are made only in the form of cash-settled awards, which are funded at the time of payment. PSUs vest at the end of three years. The final number of PSUs that vest will range from 75% to 125% of the initial number awarded based on CIBC's return on equity performance relative to the average of the other major Canadian banks.

Recognition of compensation expense is based on management's best estimate of the number of PSUs expected to vest. PSUs are remeasured for changes in management's best estimate of the number of PSUs to vest and changes in the market value of common shares. Dividend equivalent amounts are recognized in compensation expense as incurred and in accordance with management's best estimate of the number of PSUs expected to vest.

Grant date fair value of PSUs is deemed to be the same as the grant date fair value of RSAs awarded at the same time.

Compensation expense in respect of PSUs, before the impact of hedging, totalled $9 million in 2010 (2009: expense of $2 million; 2008: recovery of $13 million). Liabilities in respect of PSUs totalled $14 million (2009: $8 million; 2008: $11 million).

Book Value Unit Plan (BVU)

Under the BVU plan, which was introduced in 2010, certain key executives are granted awards denominated in BVUs. Each unit represents the right to receive a cash payment equal to the vesting price per unit, the value of which is related to the book value of CIBC on a per common share basis. BVUs vest at the end of three years. The final number of BVUs that vest will be adjusted for new issues of, re-purchases of, or dividends paid on common shares.

Grant date fair value of BVUs is calculated based on the book value per share of common shares on the last day of the previous fiscal quarter.

Compensation expense in respect of BVUs totalled $2 million in 2010. Liabilities in respect of BVUs totalled $2 million.

Directors' Plans

Under the Director Deferred Share Unit/Common Share Election Plan, each director who is not an officer or employee of CIBC may elect to receive the annual amount payable by CIBC as either Deferred Share Units (DSUs) or common shares. For purposes of this plan, the annual amount payable is the non-cash component of the director retainer.

Under the Non-Officer Director Share Plan, each non-officer director may elect to receive all or a portion of their cash-eligible remuneration in the form of cash, common shares, or DSUs. For purposes of this plan, cash-eligible remuneration includes the cash component of the director retainer and the Chair of the Board retainer, meeting attendance fees, non-resident attendance fees, committee chair retainers, and committee member retainers.

The value of DSUs credited to a director is payable when he or she is no longer a director or employee of CIBC and, in addition, for directors subject to section 409A of the U.S. Internal Revenue Code of 1986, as amended, the director is not providing any services to CIBC or any member of its controlled group as an independent contractor. In addition, under the Director 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).

Compensation expense in respect of the DSU components of these plans, before the impact of hedging, totalled $3 million (2009: $2 million;

2008: nil). Liabilities in respect of DSUs totalled $8 million (2009: $5 million; 2008: $5 million).

Stock option plans

We have two stock option plans: ESOP and Non-Officer Director Stock Option Plan (DSOP). A maximum of 42,834,500 common shares may be issued under these plans.

Under the ESOP, stock options are periodically granted to selected employees. Options provide the employee with the right to purchase 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 vest on the attainment of specified performance conditions.

Under the DSOP, each director who was not an officer or employee of CIBC or any of our subsidiaries was provided with the right to purchase 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 vested immediately and expire on the earlier of (i) 60 months after the date the director ceases to be a member of the Board of Directors, or (ii) 10 years from the grant date. In January 2003, the Board of Directors determined that no further options would be granted under the DSOP.

Fair value of stock options is measured at the grant date using the Black-Scholes option pricing model. Model assumptions are based on observable market data for the risk-free interest rate and dividend yield; contractual terms for the exercise price and performance conditions; and historical experience for expected life. Volatility assumptions are best estimates of market implied volatility matching the exercise price and expected life of the options.

The weighted-average grant date fair value of options granted during 2010 has been estimated at $11.13 (2009: $13.60; 2008: $14.19). The following weighted-average assumptions were used to determine the fair value of options on the date of grant:

For the year ended October 31	**2010**	2009	2008
Weighted-average assumptions			
Risk-free interest rate	**2.88%**	2.85%	4.33%
Expected dividend yield	**6.57%**	7.00%	6.23%
Expected share price volatility	**32.20%**	45.00%	32.35%
Expected life	**6 years**	6 years	6 years
Share price /exercise price	**$ 70.71**	$ 49.75	$ 75.60

Up to 50% of options relating to the ESOP granted prior to 2000 were eligible to be exercised as SARs. During 2009, all remaining SARs either expired or were exercised.

Compensation expense in respect of stock options and SARs, before the impact of hedging, totalled $11 million in 2010 (2009: expense of $9 million; 2008: recovery of $21 million). Liabilities in respect of SARs totalled nil (2009: nil; 2008: $6 million).

Stock option plans

As at or for the year ended October 31	**2010**		2009		2008	
	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	**7,023,502**	**$ 56.53**	7,270,168	$ 55.38	7,236,483	$ 51.63
Granted	**708,434**	**70.71**	1,077,608	49.75	876,342	75.60
Exercised(1)	**(1,943,577)**	**43.28**	(983,705)	39.10	(495,134)	41.83
Forfeited	**—**	**—**	(5,035)	72.06	(21,644)	74.69
Cancelled/Expired	**(147,138)**	**56.47**	(214,629)	73.09	(49,479)	79.69
Exercised as SARs	**—**	**—**	(120,905)	38.44	(276,400)	39.69
Outstanding at end of year	**5,641,221**	**$ 62.88**	7,023,502	$ 56.53	7,270,168	$ 55.38
Exercisable at end of year	**3,560,238**	**$ 61.79**	4,942,948	$ 53.47	5,654,145	$ 48.69
Available for grant	**6,292,910**		6,854,206		7,712,150	

(1) The weighted-average share price at the date of exercise was $69.69 (2009: $52.20; 2008: $70.15).

Stock options outstanding and vested

As at October 31, 2010	**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**
$40.00 – $49.00	**800,111**	**1.67**	**43.63**	**800,111**	**43.63**
$49.01 – $55.00	**1,295,142**	**6.38**	**50.28**	**518,726**	**51.06**
$55.01 – $65.00	**762,586**	**1.57**	**55.65**	**730,818**	**55.34**
$65.01 – $75.00	**1,604,866**	**6.73**	**70.82**	**695,978**	**71.71**
$75.01 – $85.00	**836,508**	**6.32**	**78.50**	**558,024**	**77.98**
$85.01 – $105.00	**342,008**	**6.04**	**96.33**	**256,581**	**96.33**
	5,641,221	**5.13**	**$ 62.88**	**3,560,238**	**$ 61.79**

Employee Share Purchase Plan

Under our Canadian ESPP, qualifying employees can choose each year to have up to 10% of their eligible earnings withheld to purchase

common shares. We match 50% of the employee contribution amount, up to a maximum contribution of 3% of eligible earnings, 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 ESPPs exist in other regions globally, where each year qualifying employees can choose to have a portion of their eligible earnings withheld to purchase common shares and receive a matching employer

contribution subject to each plan's provisions. All contributions are paid into a trust and used by the plan trustees to purchase common shares. All employer contributions are used by the trustee to purchase shares on the open market. Effective February 2010, for our Canadian plan, shares purchased by the trustee using employee contributions are issued as treasury shares. FirstCaribbean operates its own ESPP, in which contributions are used by the plan trustee to purchase FirstCaribbean common shares in the open market.

Our contributions are expensed as incurred and totalled $30 million in 2010 (2009: $30 million; 2008: $30 million).

Hedging

The impact due to changes in CIBC's share price in respect of cash-settled share-based compensation under the RSA, PSU, DSU, and SAR plans is hedged through the use of derivatives. Effective November 1, 2008, the gains and losses on these derivatives are recognized in compensation expense. In prior years, the gains and losses on these derivatives were recognized in other income. During the year, we recorded gains of $105 million (2009: gain of $60 million; 2008: loss of $49 million) in the consolidated statements of operations. Additionally, we recorded gains of $10 million (2009: $14 million; 2008: nil) in AOCI in respect of hedges of awards that are being expensed over vesting periods.

Note 22 Employee Future Benefits

We sponsor pension and other post-employment benefit plans for eligible employees. Our pension plans include registered funded defined benefit pension plans, supplemental 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 higher pension benefits. 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 continue to sponsor a long-term disability plan which provides benefits to disabled employees who became disabled prior to June 1, 2004.

Effective November 1, 2008, we elected to change our measurement date for accrued benefit obligations and the fair value of plan assets from September 30 to October 31. The change was applied retroactively without restatement and resulted in an after-tax charge to opening retained earnings of $6 million ($9 million pre-tax) as at November 1, 2008.

As a result, plan assets and accrued benefit obligations related to our employee defined benefit plan are measured for accounting purposes as at October 31, 2010 and 2009.

The following tables present the financial positions of the employee defined benefit pension and other post-employment benefit plans for Canada, the U.S., the U.K., and the Caribbean subsidiaries. Other minor plans operated by some of our subsidiaries are not considered material and are not included in these disclosures.

	Pension benefit plans			Other benefit plans		
$ millions, as at or for the year ended October 31	**2010**	2009	2008	**2010**	2009	2008
Accrued benefit obligation						
Balance at beginning of year	**$ 3,942**	$ 3,641	$ 4,043	**$ 720**	$ 694	$ 767
Adjustment for change in measurement date	**—**	12	—	**—**	1	—
Current service cost	**120**	108	139	**13**	13	15
Employee contributions	**6**	6	7	**—**	—	—
Interest cost on accrued benefit obligation	**257**	248	229	**43**	43	41
Benefits paid	**(212)**	(216)	(198)	**(51)**	(52)	(50)
Foreign exchange rate changes	**(27)**	(6)	11	**(3)**	—	2
Actuarial losses (gains)	**528**	144	(576)	**55**	21	(81)
Net transfer out	**—**	—	(2)	**—**	—	—
Plan amendments	**1**	5	—	**(8)**	—	—
Curtailments gains	**—**	—	—	**—**	—	(1)
Settlement gains	**—**	—	(13)	**—**	—	—
Special termination benefits	**—**	—	1	**—**	—	1
Balance at end of year	**$ 4,615**	$ 3,942	$ 3,641	**$ 769**	$ 720	$ 694
Plan assets						
Fair value at beginning of year	**$ 4,003**	$ 3,794	$ 4,121	**$ 27**	$ 40	$ 59
Adjustment for change in measurement date	**—**	(15)	—	**—**	(4)	—
Actual positive (negative) return on plan assets	**471**	154	(411)	**1**	3	2
Employer contributions	**369**	288	278	**48**	40	29
Employee contributions	**6**	6	7	**—**	—	—
Benefits paid	**(212)**	(216)	(198)	**(51)**	(52)	(50)
Settlement payments	**—**	—	(13)	**—**	—	—
Foreign exchange rate changes	**(29)**	(8)	12	**—**	—	—
Net transfer out	**—**	—	(2)	**—**	—	—
Fair value at end of year	**$ 4,608**	$ 4,003	$ 3,794	**$ 25**	$ 27	$ 40
Funded status (deficit) surplus	**$ (7)**	$ 61	$ 153	**$ (744)**	$ (693)	$ (654)
Employer contributions after measurement date	**—**	—	55	**—**	—	3
Unamortized net actuarial losses	**1,423**	1,171	877	**151**	100	82
Unamortized past service costs (gains)	**8**	9	7	**(135)**	(148)	(170)
Unamortized transitional asset	**—**	—	—	**—**	1	1

Accrued benefit asset (liability)	**$ 1,424**	$ 1,241	$ 1,092	**$ (728)**	$ (740)	$ (738)
Valuation allowance	**(19)**	(18)	(19)	**—**	—	—
Accrued benefit asset (liability), net of valuation allowance	**$ 1,405**	$ 1,223	$ 1,073	**$ (728)**	$ (740)	$ (738)

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

	Pension benefit plans			Other benefit plans		
$ millions, as at October 31	**2010**	2009	2008	**2010**	2009	2008
Accrued benefit asset (liability), net of valuation allowance, recorded in:						
Other assets (Note 9)	**$ 1,426**	$ 1,243	$ 1,094	**$ —**	$ —	$ —
Other liabilities (Note 11)	**(21)**	(20)	(21)	**(728)**	(740)	(738)
	$ 1,405	$ 1,223	$ 1,073	**$ (728)**	$ (740)	$ (738)

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	**2010**	2009	2008	**2010**	2009	2008
Accrued benefit obligation						
Unfunded plans	**$ 43**	$ 38	$ 31	**$ 638**	$ 582	$ 559
Funded plans	**4,149**	217	132	**131**	138	135
	4,192	255	163	**769**	720	694
Fair value of plan assets	**4,094**	202	123	**25**	27	40
Funded status deficit	**$ (98)**	$ (53)	$ (40)	**$ (744)**	$ (693)	$ (654)

The net defined benefit plan expense is as follows:

	Pension benefit plans			Other benefit plans		
$ millions, for the year ended October 31	**2010**	2009	2008	**2010**	2009	2008
Current service cost	**$ 120**	$ 108	$ 139	**$ 13**	$ 13	$ 15
Interest cost on accrued benefit obligation	**257**	248	229	**43**	43	41
Actual negative (positive) return on plan assets	**(471)**	(154)	411	**(1)**	(3)	(2)
Plan amendments	**1**	5	—	**(8)**	—	—
Actuarial losses (gains)	**528**	144	(576)	**55**	21	(81)
Curtailment losses	**—**	—	1	**—**	—	—
Settlement losses	**—**	—	2	**—**	—	—
Special termination benefits	**—**	—	1	**—**	—	1
Benefit plan expense, before adjustments to recognize the long-term nature of employee future benefit costs	**$ 435**	$ 351	$ 207	**$ 102**	$ 74	$ (26)
Adjustments to recognize the long-term nature of employee future benefit costs						
Difference between actual and expected return on plan assets	**$ 204**(1)	$ (141)(1)	$ (683)(1)	**$ —**(2)	$ 1(2)	$ 1(2)
Difference between actuarial (gains) losses arising and actuarial (gains) losses amortized	**(462)**(3)	(133)(3)	629(3)	**(51)**(4)	(20)(4)	88(4)
Difference between plan amendment costs arising and plan amendment costs amortized	**1**(5)	(3)(5)	2(5)	**(13)**(6)	(20)(6)	(21)(6)
	(257)	(277)	(52)	**(64)**	(39)	68
Change in valuation allowance	**1**	(1)	—	**—**	—	—
Defined benefit plan expense recognized	**$ 179**	$ 73	$ 155	**$ 38**	$ 35	$ 42

(1) Expected return on plan assets of $267 million (2009: $295 million; 2008: $272 million), subtracted from actual positive (negative) return on plan assets of $471 million (2009: $154 million; 2008: $(411) million).

(2) Expected return on plan assets of $1 million (2009: $2 million; 2008: $1 million), subtracted from actual return on plan assets of $1 million (2009: $3 million; 2008: $2 million).

(3) Actuarial losses amortized of $66 million (2009: $11 million; 2008: $53 million), less actual actuarial losses (gains) incurred of $528 million (2009: $144 million; 2008: $(576) million).

(4) Actuarial losses amortized of $4 million (2009: $1 million; 2008: $7 million), less actual actuarial losses (gains) incurred of $55 million (2009: $21 million; 2008: $(81) million).

(5) Amortization of plan amendments of $2 million (2009: $2 million; 2008: $2 million), less actual plan amendments of $1 million (2009: $5 million; 2008: nil).

(6) Amortization of plan amendments of $(21) million (2009: $(20) million; 2008: $(21) million), less actual plan amendments of $(8) million (2009: nil; 2008: nil).

Benefit and plan changes

2010 and 2009

There were no material changes to the terms of our defined benefit pension plans or other benefit plans in 2010 or 2009.

2008

During 2008, the supplemental pension arrangements for Canadian employees became funded plans. The initial funding contribution was $167 million.

Investment policy

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 the plan obligations of our funded plans, maximizing the investment returns while not compromising the security of the respective plans, and managing the level of funding contributions. Plan assets are managed by external investment managers and CIBC Global Asset Management Inc., a wholly owned subsidiary of CIBC, within established ranges and are rebalanced as required to the target asset mix.

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			
Asset category[1]	**Target allocation 2010**	**Actual allocation 2010**	Target allocation 2009	Actual allocation 2009	**Target allocation 2010**	**Actual allocation 2010**	Target allocation 2009	Actual allocation 2009
Equity[2]	**49%**	**49%**	49%	48%	**—%**	**—%**	—%	—%
Debt[2]	**42**	**45**	43	45	**100**	**100**	100	100
Real estate	**5**	**4**	4	4	**—**	**—**	—	—
Other[3]	**4**	**2**	4	3	**—**	**—**	—	—
	100%	**100%**	100%	100%	**100%**	**100%**	100%	100%

(1) Commencing 2010, categories are based upon risk classification. Prior year actual allocations have been restated.

(2) Pension benefit plans include CIBC or FirstCaribbean securities and deposits of $39 million (2009: $9 million), representing 0.8% of total plan assets (2009: 0.3%). Other benefit plans do not include any CIBC or FirstCaribbean securities or deposits.

(3) Includes foreign currency derivatives that hedge currency exposures and investments in essential public assets, including transportation, communication, energy, education, and health-care projects.

Plan assumptions

The discount rate assumption used in determining pension and other post-employment 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.S., U.K., and Caribbean regions, 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 weighted-average assumptions used to determine the accrued benefit obligation and the benefit plan expenses are as follows:

	Pension benefit plans			Other benefit plans		
For the year ended October 31	**2010**	2009	2008	**2010**	2009	2008
Accrued benefit obligation as at October 31						
Discount rate at end of the period	**5.6%**	6.5%	6.8%	**5.3%**	6.0%	6.6%
Rate of compensation increase	**3.6%**	3.7%	3.7%	**3.5%**	3.5%	3.5%
Net benefit plan expense for the year ended October 31						
Discount rate at beginning of the period	**6.5%**	6.8%	5.6%	**6.0%**	6.6%	5.5%
Expected long-term rate of return on plan assets	**6.4%**	6.9%	6.8%	**4.0%**	5.0%	5.8%
Rate of compensation increase	**3.7%**	3.7%	3.6%	**3.5%**	3.5%	3.5%

The assumed health-care cost trend rates of the principal Canadian plan providing medical, dental, and life insurance benefits are as follows:

For the year ended October 31	**2010**	2009	2008
Health-care cost trend rates assumed for next year	**7.0%**	7.1%	6.7%
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	**2029**	2029	2018

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 year ended October 31	**2010**	2009	2008	**2010**	2009	2008
Effect on aggregate of service and interest costs	**$ 4**	$ 4	$ 4	**$ (3)**	$ (3)	$ (4)
Effect on accrued benefit obligation	**54**	49	53	**(45)**	(40)	(44)

Defined contribution and other plans

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

$ millions, for the year ended October 31	**2010**	2009	2008
Defined contribution pension plans	**$ 11**	$ 13	$ 14
Government pension plans(1)	**75**	73	76
	$ 86	$ 86	$ 90

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

Expenses if recognized as they arose

The total expense arising for the defined benefit pension plans, defined contribution pension plans, government pension plans, and other post-employment benefit plans if we had recognized all costs and expenses as they arose is as follows:

	Pension benefit plans			Other benefit plans			Total		
$ millions, for the year ended October 31	**2010**	2009	2008	**2010**	2009	2008	**2010**	2009	2008
Defined benefit plans	**$ 435**	$ 351	$ 207	**$ 102**	$ 74	$ (26)	**$ 537**	$ 425	$ 181
Defined contribution and other plans	**86**	86	90	**—**	—	—	**86**	86	90
	$ 521	$ 437	$ 297	**$ 102**	$ 74	$ (26)	**$ 623**	$ 511	$ 271

Cash flows

Cash contributions

The most recently completed actuarial valuation of the principal defined benefit pension plan for funding purposes was as at October 31, 2009. The next required actuarial valuation of this plan for funding purposes will be effective as of October 31, 2010. For the long-term disability plan, the most recent actuarial valuation was performed as of October 31, 2009. Total cash contributions for employee future benefit plans consist of:

	Pension benefit plans			Other benefit plans		
$ millions, for the year ended October 31	**2010**	2009	2008	**2010**	2009	2008
Funded plans	**$ 366**	$ 230	$ 330	**$ 15**	$ —	$ —
Beneficiaries of unfunded plans	**3**	3	3	**33**	37	32
Defined contribution pension plans	**11**	13	14	**—**	—	—
	$ 380	$ 246	$ 347	**$ 48**	$ 37	$ 32

The minimum contributions for 2011 are anticipated to be $164 million for defined benefit pension plans and $52 million for other benefit plans. These estimates are subject to change since contributions are affected by various factors, such as market performance, regulatory requirements, and management's ability to change funding policy.

Benefit payments

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

$ millions, as at October 31, 2010	Pension benefit plans	Other benefit plans
2011	$ 212	$ 52
2012	217	52
2013	223	52
2014	229	53
2015	236	53
2016 – 2020	1,307	272

Note 23 Income Taxes

Total Income Taxes

$ millions, for the year ended October 31	2010	2009	2008
Consolidated statement of operations			
Income tax expense (benefit) — current	**$ 733**	$ 386	$ (671)
— future	**800**	38	(1,547)
	1,533	424	(2,218)
Consolidated statement of changes in shareholders' equity			
OCI	**(485)**	18	(930)
Accounting policy changes	**—**	(3)(1)	(50)(2)
Other	**(7)**	(6)	(20)
	(492)	9	(1,000)
	$ 1,041	$ 433	$ (3,218)

(1) Represents the impact of changing the measurement date for employee future benefits. See Note 22 for additional details.

(2) Represents the impact of adopting the amended CICA EIC Abstract 46, "Leveraged leases". See Note 1 for additional details..

Components of Income Tax

$ millions, for the year ended October 31	2010	2009	2008
Current income taxes			
Federal	**$ 80**	$ 133	$ (1,326)
Provincial	**63**	84	(612)
Foreign	**44**	65	263
	187	282	(1,675)
Future income taxes			
Federal	**491**	172	(788)
Provincial	**292**	94	(451)
Foreign	**71**	(115)	(304)
	854	151	(1,543)
	$ 1,041	$ 433	$ (3,218)

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 sheet.

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 out 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 as dividends are estimated at $231 million (2009: $500 million; 2008: $379 million).

The effective rates of income tax in the consolidated statement of operations are different from the combined Canadian federal and provincial income tax rate of 30.6% (2009: 31.8%; 2008: 32.7%) as set out in the following table:

Reconciliation of Income Taxes

$ millions, for the year ended October 31	2010		2009		2008	
Combined Canadian federal and provincial income tax rate applied to income (loss) before income taxes	**$ 1,228**	**30.6%**	$ 515	31.8%	$ (1,393)	32.7%
Income taxes adjusted for the effect of:						
Earnings of foreign subsidiaries	**(96)**	**(2.4)**	(118)	(7.3)	(309)	7.3
Tax-exempt income	**(36)**	**(0.9)**	(29)	(1.8)	(126)	3.0
Tax-exempt gains	**—**	**—**	(4)	(0.2)	—	—
Enron-related increased tax benefit	**—**	**—**	—	—	(486)	11.4
Net realized foreign exchange gains on investments in foreign operations	**409**	**10.2**	69	4.3	144	(3.4)
Future tax rate decrease	**27**	**0.7**	—	—	—	—
Other	**1**	**—**	(9)	(0.6)	(48)	1.1
Income taxes in the consolidated statement of operations	**$ 1,533**	**38.2%**	$ 424	26.2%	$ (2,218)	52.1%

During the year, capital repatriation activities resulted in a $536 million (2009: $104 million; 2008: $160 million) increase in income tax expense in the consolidated statement of operations, arising from the transfer of related accumulated balances in the foreign currency translation adjustments component of AOCI.

Future Income Tax Asset

At October 31, 2010, our future income tax asset was $767 million, net of a $66 million (US$65 million) valuation allowance. Included in the future income tax asset were $385 million related to Canadian non-capital loss carryforwards that expire in 18 years, $54 million related to Canadian capital loss carryforwards that have no expiry date, and $267 million related to our U.S. operations. Accounting standards 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. Although realization is not assured, 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.

The following table presents sources of the future income tax assets and liabilities, net of the valuation allowance:

Sources of Future Income Tax Balances

$ millions, as at October 31	2010	2009
Future income tax assets		
Tax loss carryforwards	**$ 665**	$ 1,249
Provisions	**37**	76
Allowance for credit losses	**346**	466
Unearned income	**88**	70
Buildings and equipment	**62**	55
Pension and employee benefits	**90**	73
Securities revaluation	**35**	150
Other	**106**	70
	1,429	2,209
Valuation allowance	**(66)**	(95)
	1,363	2,114
Future income tax liabilities		
Lease receivables	**87**	64
Pension and employee benefits	**152**	82
Buildings and equipment	**80**	80
Goodwill	**69**	72
Securities revaluation	**91**	40
Foreign currency	**62**	62
Other	**55**	79
	596	479
Net future income tax asset, net of the valuation allowance (Note 9)	**$ 767**	$ 1,635

Enron

On October 2, 2009 and March 17, 2010, the Canada Revenue Agency (CRA) issued reassessments disallowing the deduction of approximately $3.0 billion of the 2005 Enron settlement payments and related legal expenses. Also during the year, the CRA proposed to disallow legal expenses related to 2006.

On April 30, May 19, and September 9, 2010, we filed Notices of Appeal with the Tax Court of Canada. On September 30 and November 12, 2010, we received Replies from the Department of Justice which confirmed CRA's reassessments. The matter is now proceeding to litigation. We believe that we will be successful in sustaining at least the amount of the accounting tax benefit recognized to date. Should we successfully defend our tax filing position in its entirety, we would be able to recognize an additional accounting tax benefit of $214 million and taxable refund interest of approximately $167 million. Should we fail to defend our position in its entirety, additional tax expense of approximately $865 million and non-deductible interest of approximately $128 million would be incurred.

Leveraged leases

Final closing agreements for leveraged leases were executed with the Internal Revenue Service (IRS) in 2009. During the year, final taxable amounts and interest charges thereon were agreed with the IRS and payments applied to the various affected taxation years.

Ontario tax rate reductions

The Ontario Government will reduce Ontario corporate tax rates to 10% by 2013. The rate reductions were substantively enacted as at November 16, 2009. As a result, we wrote down our future tax assets by approximately $25 million.

The following table presents a reconciliation of the beginning and ending amount of unrecognized tax benefits.

Unrecognized Tax Benefits

$ millions, for the year ended October 31	2010	2009
Balance at beginning of year	**$ 456**	$ 460
Increases based on tax positions related to the current year	**39**	42
Decreases based on tax positions related to prior years	**(21)**	(39)
Decreases related to a lapse of applicable statute of limitations	**—**	(7)

Balance at the end of year	**$ 474**	$ 456

The entire amount of remaining unrecognized tax benefits of $474 million (2009: $456 million), if recognized, would affect the effective tax rate.

We do not expect any other significant changes in the total amount of unrecognized benefits to occur within the next 12 months.

CIBC operates in Canada, the U.S., the U.K., and other tax jurisdictions. The earliest tax years subject to investigation (for federal purposes) are as follows:

Jurisdiction:	
Canada	2005
U.S.	2008
U.K.	2008

CIBC accounts for interest arrears and penalties in Income tax expense, except where the interest is deductible for income tax purposes, in which case it is recognized as Interest expense in the consolidated statement of operations. The total amount of interest and penalties payable on the consolidated balance sheet as at October 31, 2010 was nil (2009: $94 million). Substantially all of the accrued interest and penalties in 2009 related to our U.S. leveraged leases transactions.

Note 24 Earnings per Share (EPS)

$ millions, except per share amounts, for the year ended October 31	**2010**	2009	2008
Basic EPS			
Net income (loss)	**$ 2,452**	$ 1,174	$ (2,060)
Preferred share dividends and premiums	**(169)**	(162)	(119)
Net income (loss) applicable to common shares	**$ 2,283**	$ 1,012	$ (2,179)
Weighted-average common shares outstanding (thousands)	**387,802**	381,677	370,229
Basic EPS	**$ 5.89**	$ 2.65	$ (5.89)
Diluted EPS			
Net income (loss) applicable to common shares	**$ 2,283**	$ 1,012	$ (2,179)
Weighted-average common shares outstanding (thousands)	**387,802**	381,677	370,229
Add: stock options potentially exercisable (1) (thousands)	**1,005**	765	1,534
Weighted-average diluted common shares outstanding (2) (thousands)	**388,807**	382,442	371,763
Diluted EPS (3)	**$ 5.87**	$ 2.65	$ (5.89)

(1) Excludes average options outstanding of 1,954,098 with a weighted-average exercise price of $78.99; average options outstanding of 3,444,668 with a weighted-average exercise price of $69.37; and average options outstanding of 1,911,347 with a weighted-average exercise price of $79.13 for the years ended October 31, 2010, 2009, and 2008, respectively, as the options' exercise prices were greater than the average market price of common shares.

(2) Convertible preferred shares and preferred share liabilities have not been included in the calculation because either we have settled preferred shares for cash in the past or we have not exercised our conversion right in the past.

(3) In case of a loss, the effect of stock options potentially exercisable on diluted EPS is anti-dilutive; therefore, basic and diluted EPS are the same.

Note 25 Commitments, Guarantees, Pledged Assets and Contingent Liabilities

Commitments

Credit-related arrangements

Credit-related arrangements are generally off-balance sheet instruments and are typically entered into to meet the financing needs of clients. In addition, there are certain exposures for which we could be obligated to extend credit that are not recorded on the consolidated balance sheet. 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 contract 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 actual risk of loss.

	Contract amounts	
$ millions, as at October 31	**2010**	2009
Securities lending (1)(2)	**$ 57,325**	$ 43,907
Unutilized credit commitments (3)	**44,530**	39,747
Backstop liquidity facilities	**4,403**	4,869
Standby and performance letters of credit	**5,721**	5,123
ALM credit derivatives written options	**—**	27
Documentary and commercial letters of credit	**290**	234
Other	**381**	371
	$112,650	$ 94,278

(1) Includes the full contract amount of custodial client securities totalling $45.0 billion (2009: $33.3 billion) lent by CIBC Mellon Global Securities Services Company.

(2) Excludes securities lending of $4.3 billion (2009: $5.3 billion) for cash because it is reported on the consolidated balance sheet as obligations related to securities lent or sold under repurchase agreements.

(3) Includes irrevocable lines of credit totalling $34.9 billion (2009: $30.7 billion), of which $14.3 billion (2009: $18.7 billion) will expire in one year or less. Excludes personal lines of credit, home equity lines of credit, and credit card lines.

Securities lending

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

Unutilized credit commitments

Unutilized credit commitments are the undrawn portion of lending facilities that we have approved to meet the requirements of clients. These lines may include various conditions that must be satisfied prior to drawdown and include facilities extended in connection with contingent acquisition financing. The credit risk associated with these lines arises from the possibility that a commitment will be drawn down as a loan at some point in the future, prior to the expiry of the commitment. 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.

Backstop liquidity facilities

We provide irrevocable backstop liquidity facilities primarily to ABCP conduits. We are the financial services agent for some of these conduits, while other conduits are administered by third parties. The liquidity facilities for our sponsored ABCP programs for Crisp Trust, Macro Trust, Safe Trust, Smart Trust and Sound Trust require us to provide funding, subject to the satisfaction of certain limited conditions with respect to the conduits, to fund non-defaulted assets.

Standby and performance letters of credit

These 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.

ALM credit derivatives written options

Credit default swaps for ALM purposes are written to create synthetic loan exposures to a reference borrower, to manage credit portfolio diversification. The notional amount of these contracts is included in the table above. The notional amount represents the maximum amount at risk in the event of a default of the reference 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.

Lease commitments(1)(2)(3)(4)

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:

$ millions, as at October 31, 2010	
2011	$ 332
2012	310
2013	286
2014	248
2015	247
2016 and thereafter	1,482

(1) Total rental expense (excluding servicing agreements) in respect of buildings and equipment charged to the consolidated statement of operations was $373 million (2009: $334 million; 2008: $366 million).

(2) Includes future minimum lease commitments under sale-leaseback amounting to $46 million in 2011, $45 million in 2012, $47 million in 2013, $48 million in 2014, $47 million in 2015, and $382 million in 2016 and thereafter.

(3) We have sublet some of our premises and expect to receive $26 million (2009: $43 million) from third-party tenants on the sub-leases. Our lease commitments in the table above are gross of the sub-lease income.

(4) Includes $16 million (2009: $21 million) of assigned lease commitments in connection with our sale of the U.S. private client and asset management division to Oppenheimer in 2003. We remain contingently liable under the terms of the leases that have been assigned to Oppenheimer in the event of an Oppenheimer default.

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 $294 million (2009: $372 million).

In addition, we act as underwriter for certain new issuances under which we alone or together with a syndicate of financial institutions purchase the new issue for resale to investors. As at October 31, 2010, the related underwriting commitments were $183 million (2009: $358 million).

Guarantees

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

The following table summarizes significant guarantees issued and outstanding:

$ millions, as at October 31	**2010**		2009	
	Maximum potential future payment(1)	**Carrying amount**	Maximum potential future payment(1)	Carrying amount
Securities lending with indemnification (2)	**$ 42,527**	**$ —**	$ 30,797	$ —
Standby and performance letters of credit	**5,721**	**25**	5,123	20
Credit derivatives				
Written options	**12,080**	**1,884**	20,547	4,226
Swap contracts written protection	**2,982**	**156**	3,657	276
Other derivative written options	**See narrative**	**1,593**	See narrative	2,849
Other indemnification agreements	**See narrative**	**—**	See narrative	—

(1) The total collateral available relating to these guarantees was $45.5 billion (2009: $33.1 billion).

(2) Securities lending with indemnification is the full contract amount of custodial client securities lent by CIBC Mellon Global Securities Services Company, which is a 50/50 joint venture between CIBC and The Bank of New York Mellon.

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.

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. The term of these indemnifications varies, as the securities lent are recallable on demand.

Standby and performance letters of credit

Standby and performance letters of credit represent written undertakings that back financial and performance obligations of the client. These guarantees convey similar credit risk characteristics as loans. We may collateralize standby and performance letters of credit by various forms, including cash, securities, and other assets pledged. The term of these guarantees may vary with the majority of them expiring within one year.

Credit derivatives written options

Credit derivatives written options represent an indirect guarantee of indebtedness of another party or the market value of a reference asset as they require us to transfer funds to a counterparty upon the occurrence of specified events related to the creditworthiness of a reference obligor or the market value of a reference asset. For these types of derivatives, determination of our counterparties' underlying exposure related to the obligor or reference asset (outside of the derivative contract) is not required in order to classify the derivative as a guarantee. The term of these contracts may vary, with the majority of them expiring over five years.

Other derivative written options

Derivative contracts include written options on interest rate, foreign exchange, equity, commodity, and other underlyings, which provide the holder the right to purchase or sell the underlying item for a pre-determined price. The derivative would be considered a guarantee if the counterparty held an asset, liability, or equity security related to the underlying in the derivative contract. We do not track the intention or holdings 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. The term of these contracts is generally within one to five years.

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. 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 as at October 31, 2010 and 2009.

Pledged assets

In the ordinary course of business, we pledge our own or may sell or re-pledge third-party assets against liabilities, or to facilitate certain activities. The following table presents the sources and uses of pledged assets and collateral:

$ millions, as at October 31	**2010**	2009
Sources of pledged assets and collateral		
CIBC assets		
Deposits with banks	**$ 41**	$ 32
Securities	**22,187**	26,365
Mortgages	**6,409**	3,697
Other assets	**4,912**	6,603
	33,549	36,697
Client assets		
Collateral received and available for sale or re-pledged (1)	**97,707**	79,028
Less: not sold or re-pledged	**22,106**	15,960
	75,601	63,068
	$109,150	$ 99,765
Uses of pledged assets and collateral		
Securities lent(2)	**$ 57,325**	$ 43,907
Obligations related to securities lent or sold under repurchase agreements (3)	**28,220**	37,453
Obligations related to securities sold short (3)	**9,673**	5,916
Covered bonds(3)	**6,409**	3,182
Margins for exchange-traded futures and options, and collateralized derivative transactions	**6,204**	8,175
Foreign governments and central banks (4)	**419**	332
Clearing systems, payment systems and depositories (4)	**900**	800
	$109,150	$ 99,765

(1) Includes the full contract amount totalling $47.8 billion (2009: $35.3 billion) of collateral received for custodial client securities lent by CIBC Mellon Global Securities Services Company.

(2) Includes the full contract amount of custodial client securities totalling $45.0 billion (2009: $33.3 billion) lent by CIBC Mellon Global Securities Services Company.

(3) Does not include over-collateralization of assets pledged.

(4) 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. Excludes intraday pledges to the Bank of Canada related to the Large Value Transfer System.

Securities collateral

Client securities collateral available for sale or re-pledge is received in connection with securities lending, securities borrowed or purchased under resale agreements, margin loans, and to collateralize derivative contracts. Client securities collateral may be sold or re-pledged by CIBC in connection with securities borrowed, lent or sold under repurchase agreements, for margin loans, as collateral for derivative transactions, or delivered to cover securities sold short.

Contingent liabilities

CIBC is a party to a number of legal proceedings, including regulatory investigations, in the ordinary course of its business. While it is inherently difficult to predict the outcome of such matters, based on current knowledge and consultation with legal counsel, we do not expect that the outcome of any of these matters, individually or in aggregate, would have a material adverse effect on our consolidated financial position. However, the outcome of any such matters, individually or in aggregate, may be material to our operating results for a particular period.

In the fourth quarter of 2008, we recognized a gain of $895 million (US$841 million), resulting from the reduction to zero of our unfunded commitment on a variable funding note (VFN) issued by a CDO. This reduction followed certain actions of the indenture trustee for the CDO following the September 15, 2008 bankruptcy filing of Lehman Brothers Holdings, Inc. (Lehman), the guarantor of a related credit default swap agreement with the CDO.

In September 2010, just prior to the expiration of a statute of limitations, the Lehman Estate instituted an adversary proceeding against numerous financial institutions, indenture trustees and note holders, including CIBC, related to this and more than 40 other CDOs. The Lehman Estate seeks a declaration that the indenture trustee's actions were improper and that CIBC remains obligated to fund the VFN. In October 2010, the bankruptcy court issued an order, at the request of the Lehman Estate, staying all proceedings in the action for a period of nine months.

Of note, in September 2010, the U.S. District Court for the Southern District of New York agreed to hear Bank of New York's appeal of the U.S. bankruptcy court ruling in the first quarter of 2010, in *Lehman Brothers Special Financing, Inc. v. BNY Corporate Trustee Services, Ltd.* , finding unenforceable a customary provision in a CDO transaction that reversed the priority of the payment waterfall upon the bankruptcy of Lehman, the credit support provider under a related swap agreement. On November 17, 2010, the Lehman Estate advised the U.S. District Court that it has settled this dispute in principle with the sole note holder. At the request of the Lehman Estate, the Court granted a 90-day stay of Bank of New York's appeal to allow time for the settlement documents to be finalized.

Although there can be no certainty regarding any eventual outcome, we continue to believe that the CDO indenture trustee's actions in reducing the unfunded commitment on our VFN to zero, were fully supported by the terms of the governing contracts and the relevant legal standards and CIBC intends to vigorously contest the adversary proceeding.

Note 26 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 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

$ millions, as at October 31	2010				2009			
	Canada	**U.S.**	**Other countries**	**Total**	Canada	U.S.	Other countries	Total
On-balance sheet								
Major assets(1)(2)(3)	**$262,043**	**$29,283**	**$44,934**	**$336,260**	$242,487	$32,225	$42,927	$317,639
Off-balance sheet								
Credit-related arrangements								
Lines of credit								
Financial institutions	**$ 6,692**	**$ 1,136**	**$ 655**	**$ 8,483**	$ 7,983	$ 1,136	$ 507	$ 9,626
Governments	**4,281**	**3**	**—**	**4,284**	3,899	10	8	3,917
Other	**30,101**	**3,026**	**3,038**	**36,165**	28,150	1,948	975	31,073
	41,074	**4,165**	**3,693**	**48,932**	40,032	3,094	1,490	44,616
Other credit-related arrangements(4)								
Financial institutions	**57,350**	**1,249**	**154**	**58,753**	42,683	1,797	160	44,640
Governments	**125**	**—**	**5**	**130**	82	6	—	88
Other	**4,155**	**215**	**465**	**4,835**	4,033	286	615	4,934
	61,630	**1,464**	**624**	**63,718**	46,798	2,089	775	49,662
	$102,704	**$ 5,629**	**$ 4,317**	**$112,650**	$ 86,830	$ 5,183	$ 2,265	$ 94,278
Derivative instruments								
By counterparty type								
Financial institutions(5)	**$ 5,858**	**$ 5,523**	**$ 9,000**	**$ 20,381**	$ 6,063	$ 6,000	$ 8,372	$ 20,435
Governments	**2,662**	**—**	**—**	**2,662**	1,918	—	—	1,918
Other	**1,116**	**197**	**44**	**1,357**	1,353	281	133	1,767
	9,636	**5,720**	**9,044**	**24,400**	9,334	6,281	8,505	24,120
Less: effect of master netting agreements	**(7,008)**	**(4,066)**	**(5,893)**	**(16,967)**	(6,544)	(3,676)	(5,810)	(16,030)
Total derivative instruments	**$ 2,628**	**$ 1,654**	**$ 3,151**	**$ 7,433**	$ 2,790	$ 2,605	$ 2,695	$ 8,090

(1) Major assets consist of cash and deposits with banks, loans and acceptances net of allowance for credit losses, securities, securities borrowed or purchased under resale agreements, and derivative instruments.

(2) Includes Canadian currency of $272.7 billion (2009: $250.7 billion) and foreign currencies of $63.6 billion (2009: $66.9 billion).

(3) Includes loans and acceptances, net of allowance for credit losses, totalling $184.6 billion (2009: $175.6 billion). No industry or foreign jurisdiction accounts for more than 10% of this amount, either in 2010 or 2009.

(4) Includes the full contract amount of custodial client securities totalling $45.0 billion (2009: $33.3 billion) lent by CIBC Mellon Global Securities Services Company.

(5) Includes positive fair value (net of CVA) of $732 million (2009: $1,519 million) on notional amounts of $13.4 billion (2009: $25.7 billion) with U.S. financial guarantors.

Note 27 Related-party Transactions

In the ordinary course of business, we provide banking services and enter into transactions with related parties on terms similar to those offered to non-related parties. Related parties include directors, senior officers and their affiliates(1), joint ventures, and investments accounted for under the equity method. Loans to these related parties are based on market terms and conditions. We offer a subsidy on annual fees and preferential interest on credit card balances to senior officers which is the same offer to all employees of the bank.

Directors, senior officers and their affiliates (1)

As at October 31, 2010, loans(2) to directors and their affiliates totalled $23 million (2009: $157 million), letters of credit and guarantees totalled $8 million (2009: $10 million), and the undrawn credit commitments(3) totalled $392 million (2009: $314 million).

As at October 31, 2010, loans to senior officers and their affiliates totalled $10 million (2009: $10 million), letters of credit and guarantees totalled $75 million (2009: $75 million), and the undrawn credit commitments totalled $69 million (2009: $69 million).

We offer various stock-based compensation plans to senior officers and directors. See Note 21 for details.

Joint ventures

CIBC is a 50/50 joint venture partner with The Bank of New York Mellon in two joint ventures: CMT, which provides trust services; and CIBC Mellon Global Securities Services Company, which provides asset servicing, both in Canada. As at October 31, 2010, our common share investments in the joint ventures totalled $99 million (2009: $99 million), which are eliminated upon proportionate

(1) Affiliates include spouses, children under 18, and supported family members (dependants) of directors and senior officers. The term also includes entities over which directors, senior officers, and their dependants have significant influence. Significant influence can be exerted by one or more of these factors: greater than 10% voting interest; entities in which they have a management contract; entities in which they have positions of management authority/senior positions; entities in which they are a general partner; trusts in which they are trustees or substantial beneficiaries.

(2) Includes $22 million (2009: $156 million) to entities over which directors and their dependants have significant influence.

(3) Includes $391 million (2009: $313 million) to entities over which directors and their dependants have significant influence.

consolidation. We also provided the two entities with undrawn credit commitments of $100 million (2009: $81 million). CIBC, The Bank of New York Mellon and CIBC Mellon have, jointly and severally, provided indemnity to CIBC Mellon customers in respect of securities lending transactions.

CIBC was a 50/50 joint venture partner with CIT in CITBCC, which is engaged in asset-based lending in Canada. On April 30, 2010, we obtained 100% control of CITBCC (see Note 3 for details). As at October 31, 2009, our loans to, and common share investment in, the joint venture totalled $413 million and $1 million, respectively, which were eliminated upon proportionate consolidation. In addition, as at October 31, 2009, we had letters of credit and guarantees of $129 million and undrawn credit commitments of $189 million to the joint venture. The loans were made to the joint venture under a Master Funding agreement, under which the joint venture borrowed money equally from both of its joint investors. Interest was charged at prime rate on Canadian dollar loans and at Base Rate (Canada) for U.S. dollar loans.

Equity-accounted entities

As at October 31, 2010, investments in and loans to equity-accounted entities totalled $457 million (2009: $386 million), the undrawn investment commitments totalled $8 million (2009: $10 million), and credit commitments totalled $332 million (2009: $5 million).

Note 28 Segmented and Geographic Information

We have two strategic business units (SBUs): CIBC Retail Markets, which services retail customers, and Wholesale Banking, which services wholesale customers. These SBUs are supported by Corporate and Other.

CIBC Retail Markets provides a full range of financial products, services, and advice to individual and business banking clients in Canada, as well as investment management services globally to retail and institutional clients in Hong Kong, Singapore, and the Caribbean. In addition, CIBC Retail Markets offers a full range of financial services to clients in over 17 regional markets in the Caribbean through FirstCaribbean.

Wholesale Banking is the corporate and investment banking arm of CIBC. To deliver on its mandate as a premier client-focused and Canadian-based investment bank, Wholesale Banking provides a wide range of capital markets, credit, investment banking, merchant banking, and research products and services to government, institutional, corporate and retail clients in Canada and in key markets around the world. Wholesale Banking provides capital solutions and advisory expertise across a wide range of industries, as well as research for our corporate, government, and institutional clients. Wholesale Banking also conducts treasury execution activities.

These SBUs are supported by five functional groups: Technology and Operations; Corporate Development; Finance (including Treasury); Administration; 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 SBUs. Corporate and Other also includes CIBC Mellon joint ventures, and other income statement and balance sheet items, not directly attributable to the SBUs.

Business unit allocations

Results for the SBUs 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 attributed to the SBUs to which they relate based on appropriate criteria.

Treasury activities impact the reported financial results of our SBUs. Each line of business within our SBUs is charged or credited with a market-based cost of funds on assets and liabilities, respectively, and this impacts the revenue performance of the SBUs. Once the interest and liquidity risk inherent in our customer-driven assets and liabilities is transfer priced into Treasury, it is managed within our risk framework and limits.

Treasury also allocates capital to the SBUs in a manner that is intended to consistently measure and align economic costs with the underlying benefits and risks associated with SBU activities. Earnings on unallocated capital and the impact of securitization activities remain in Corporate and Other.

We review our transfer pricing and treasury allocations methodologies on an ongoing basis to ensure they reflect changing market environments and industry practices. The nature of transfer pricing and treasury allocation methodologies is such that the presentation of certain line items in segmented results is different compared to consolidated CIBC results.

Changes made to our business segments

2010

The global repurchase agreement (repo) business that was previously part of Treasury in Corporate and Other was retroactively transferred to capital markets within Wholesale Banking. The results of this repo business were previously allocated substantially to other within CIBC Retail Markets. Also during the year, large corporate cash management revenue previously reported in business banking within CIBC Retail Markets, was retroactively transferred to corporate and investment banking within Wholesale Banking. Prior period amounts were restated.

2009

We moved the impact of securitization for CIBC Retail Markets to Corporate and Other. In addition, the provision for credit losses related to general allowance (excluding FirstCaribbean) was moved to Corporate and Other. We also reclassified the specific allowance related to credit card loans to general allowance. As a consequence, all changes in credit allowance related to credit card loans are reflected in Corporate and Other. Prior period information was restated to reflect these changes.

In the first quarter, we moved sublease income and related operating costs of our New York premises from Wholesale Banking to Corporate and Other. In the third quarter, we made certain modifications to our transfer pricing and treasury allocations methodologies to more appropriately reflect funding costs and observed client behaviour in our SBUs in the current environment. The modifications resulted in an increase in the revenue of CIBC Retail Markets with a corresponding decrease in the revenue of Wholesale Banking and Corporate and Other. These changes and modifications were applied prospectively and prior period information was not restated.

2008

We separated “Administration and Technology and Operations” into two functional groups, “Administration” and “Technology and Operations”. We also moved the Legal and Regulatory Compliance function into Administration.

Results by business segments and geographic distribution

$ millions, for the year ended October 31		CIBC Retail Markets	Wholesale Banking	Corporate and Other	CIBC Total	Canada[1]	U.S.[1]	Caribbean[1]	Other countries[1]
2010	**Net interest income**	**$ 6,058**	**$ 651**	**$ (505)**	**$ 6,204**	**$ 5,285**	**$ 364**	**$ 475**	**$ 80**
	Non-interest income	**3,630**	**1,063**	**1,188**	**5,881**	**5,073**	**224**	**516**	**68**
	Total revenue	**9,688**	**1,714**	**683**	**12,085**	**10,358**	**588**	**991**	**148**
	Provision for (reversal of) credit losses	**1,252**	**88**	**(294)**	**1,046**	**890**	**81**	**65**	**10**
	Amortization[2]	**121**	**3**	**251**	**375**	**306**	**16**	**47**	**6**
	Other non-interest expenses	**5,300**	**1,144**	**208**	**6,652**	**5,922**	**266**	**347**	**117**
	Income before income taxes and non-controlling interests	**3,015**	**479**	**518**	**4,012**	**3,240**	**225**	**532**	**15**
	Income tax expense	**809**	**125**	**599**	**1,533**	**1,386**	**95**	**50**	**2**
	Non-controlling interests	**15**	**12**	**—**	**27**	**—**	**11**	**16**	**—**
	Net income (loss)	**$ 2,191**	**$ 342**	**$ (81)**	**$ 2,452**	**$ 1,854**	**$ 119**	**$ 466**	**$ 13**
	Average assets[3]	**$ 268,148**	**$ 105,142**	**$ (27,347)**	**$ 345,943**	**$ 276,930**	**$ 18,820**	**$ 24,052**	**$ 26,141**
2009[4]	Net interest income	$ 5,404	$ 430	$ (440)	$ 5,394	$ 4,321	$ 300	$ 581	$ 192
	Non-interest income	3,866	82	586	4,534	5,228	99	441	(1,234)
	Intersegment revenue	2	—	(2)	—	n/a	n/a	n/a	n/a
	Total revenue	9,272	512	144	9,928	9,549	399	1,022	(1,042)
	Provision for credit losses	1,382	218	49	1,649	1,365	155	51	78
	Amortization[2]	122	7	274	403	322	21	54	6
	Other non-interest expenses	5,106	1,053	98	6,257	5,450	293	385	129
	Income (loss) before income taxes and non-controlling interests	2,662	(766)	(277)	1,619	2,412	(70)	532	(1,255)
	Income tax expense (benefit)	746	(294)	(28)	424	813	(51)	66	(404)
	Non-controlling interests	21	—	—	21	—	—	21	—
	Net income (loss)	$ 1,895	$ (472)	$ (249)	$ 1,174	$ 1,599	$ (19)	$ 445	$ (851)
	Average assets[3]	$ 265,043	$ 110,832	$ (25,169)	$ 350,706	$ 265,670	$ 19,828	$ 27,373	$ 37,835
2008[4]	Net interest income	$ 5,475	$ (183)	$ (85)	$ 5,207	$ 3,886	$ 187	$ 1,010	$ 124
	Non-interest income	3,857	(5,774)	424	(1,493)	5,108	(102)	459	(6,958)
	Intersegment revenue	5	—	(5)	—	n/a	n/a	n/a	n/a
	Total revenue	9,337	(5,957)	334	3,714	8,994	85	1,469	(6,834)
	Provision for (reversal of) credit losses	833	12	(72)	773	723	10	33	7
	Amortization[2]	112	16	117	245	175	20	45	5
	Other non-interest expenses[2]	5,306	1,302	348	6,956	5,995	362	342	257
	Income (loss) before income taxes and non-controlling interests	3,086	(7,287)	(59)	(4,260)	2,101	(307)	1,049	(7,103)
	Income tax expense (benefit)	763	(3,104)	123	(2,218)	656	(626)	62	(2,310)
	Non-controlling interests	19	(1)	—	18	—	(1)	19	—
	Net income (loss)	$ 2,304	$ (4,182)	$ (182)	$ (2,060)	$ 1,445	$ 320	$ 968	$ (4,793)
	Average assets[3]	$ 238,549	$ 123,801	$ (17,485)	$ 344,865	$ 252,235	$ 25,727	$ 30,434	$ 36,469

(1) Net income (loss) and average assets are allocated based on the geographic location where they are recorded.

(2) Includes amortization of buildings, furniture, equipment, leasehold improvements, and software and other intangible assets. Prior to 2009, amortization of software of $165 million was included in Other non-interest expenses.

(3) Assets are disclosed on an average basis as this measure is most relevant to a financial institution and is the measure reviewed by management.

(4) Certain prior year information has been restated to conform to the presentation in the current year.

n/a Not applicable.

Note 29 Financial Instruments — Disclosures

Certain disclosures required by the CICA handbook section 3862 are provided in the shaded sections of the "MD&A — Management of risk", as permitted by the handbook section. The following table provides a cross referencing of those disclosures to the MD&A.

Description	Section
For each type of risk arising from financial instruments, an entity shall disclose: the exposure to risks and how they arise; objectives, policies and processes used for managing the risks; methods used to measure the risk; and description of collateral.	Risk overview Credit risk Market risk Liquidity risk Operational risk Reputation and legal risk Regulatory risk
Credit risk — gross exposure to credit risk, credit quality and concentration of exposures.	Credit risk
Market risk — trading portfolios — Value-at-Risk (VaR); non-trading portfolios — interest rate risk, foreign exchange risk and equity risk.	Market risk
Liquidity risk — liquid assets, maturity of financial liabilities, and credit and liquidity commitments.	Liquidity risk

We have provided quantitative disclosures related to credit risk consistent with Basel II guidelines, which require entities to disclose their exposures based on how they manage their business and risks. The table below sets out the categories of the drawn exposure to credit risk under Advanced Internal Ratings Based (AIRB) and standardized approaches, displayed in both accounting categories and Basel II portfolios.

$ millions, as at October 31

Accounting categories	Basel II portfolios						
	Corporate	Sovereign	Bank	Real estate secured personal lending	Qualifying revolving retail	Other retail	Securitization
2010 Non-interest-bearing deposits with banks	**$ —**	**$ 231**	**$ 632**	**$ —**	**$ —**	**$ —**	**$ —**
Interest-bearing deposits with banks	**10**	**2,688**	**6,833**	**—**	**—**	**—**	**—**
Securities							
Trading	**2**	**260**	**—**	**—**	**—**	**—**	**760**
AFS	**1,354**	**18,047**	**3,692**	**—**	**—**	**—**	**2,413**
FVO	**105**	**22,191**	**133**	**—**	**—**	**—**	**—**
Loans							
Residential mortgages	**543**	**1,382**	**—**	**90,732**	**—**	**—**	**—**
Personal loans	**210**	**—**	**6**	**20,292**	**6,757**	**7,036**	**—**
Credit card loans(1)	**—**	**—**	**—**	**—**	**13,948**	**1,969**	**—**
Business and government loans	**26,391**	**765**	**669**	**—**	**—**	**1,961**	**7,428**
Customers' liability under acceptances	**7,132**	**1,441**	**138**	**—**	**—**	**—**	**—**
Other assets	**270**	**568**	**5,233**	**10**	**38**	**26**	**71**
Total credit exposure	**$ 36,017**	**$ 47,573**	**$ 17,336**	**$ 111,034**	**$ 20,743**	**$ 10,992**	**$ 10,672**
2009 Non-interest-bearing deposits with banks	$ —	$ —	$ 582	$ —	$ —	$ —	$ —
Interest-bearing deposits with banks	—	386	4,718	—	—	—	—
Securities							
Trading	2	810	—	—	—	—	410
AFS	1,940	30,104	3,825	—	—	—	2,982
FVO	107	22,199	—	—	—	—	—
Loans							
Residential mortgages	507	1,194	—	83,624	—	—	—
Personal loans	196	—	—	19,614	6,908	7,137	—
Credit card loans(1)	—	—	—	—	14,032	111	—
Business and government loans	27,443	732	201	—	—	1,997	6,554
Customers' liability under acceptances	6,908	1,329	160	—	—	—	—
Other assets	218	722	7,013	8	—	10	286
Total credit exposure	$ 37,321	$ 57,476	$ 16,499	$ 103,246	$ 20,940	$ 9,255	$ 10,232

(1) Credit card loans included for Basel II purposes is higher than the amount recorded on the consolidated balance sheet due to the different treatments of securitized credit card receivables related to the Cards II Trust and Broadway Trust (see Note 6 for details) for accounting and capital purposes.

Note 30 Reconciliation of Canadian and U.S. 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.

We have not included a consolidated statement of cash flows prepared under U.S. GAAP because the differences from the consolidated statement of cash flows prepared under Canadian GAAP are not material.

Condensed consolidated balance sheet

$ millions, as at October 31	2010			2009[1]		
	Canadian GAAP	**Adjustments**	**U.S. GAAP**	Canadian GAAP	Adjustments	U.S. GAAP
ASSETS						
Cash and non-interest-bearing deposits with banks	**$ 2,190**	**$ —**	**$ 2,190**	$ 1,812	$ —	$ 1,812
Interest-bearing deposits with banks	**9,862**	**(956)**	**8,906**	5,195	(561)	4,634
Securities						
Trading	**28,557**	**(414)**	**28,143**	15,110	1,451	16,561
AFS	**26,621**	**5,906**	**32,527**	40,160	4,518	44,678
FVO	**22,430**	**—**	**22,430**	22,306	—	22,306
Securities borrowed or purchased under resale agreements	**37,342**	**(219)**	**37,123**	32,751	(148)	32,603
Loans	**176,892**	**(8,820)**	**168,072**	167,212	(7,658)	159,554
Other						
Derivative instruments	**24,682**	**—**	**24,682**[2]	24,696	—	24,696[2]
Customers' liability under acceptances	**7,684**	**—**	**7,684**	8,397	—	8,397
Land, buildings and equipment	**1,660**	**(4)**	**1,656**	1,618	(5)	1,613
Goodwill	**1,913**	**3**	**1,916**	1,997	—	1,997
Software and other intangible assets	**609**	**—**	**609**	669	—	669
Other assets	**11,598**	**255**	**11,853**	14,021	1,076	15,097
	$352,040	**$ (4,249)**	**$ 347,791**	$335,944	$ (1,327)	$ 334,617
LIABILITIES AND SHAREHOLDERS' EQUITY						
Deposits	**$246,671**	**$ (4,896)**	**$ 241,775**	$223,117	$ (5,880)	$ 217,237
Other						
Derivative instruments	**26,489**	**(4)**	**26,485**[2]	27,162	(10)	27,152[2]
Acceptances	**7,684**	**—**	**7,684**	8,397	—	8,397
Obligations related to securities sold short	**9,673**	**(522)**	**9,151**	5,916	974	6,890
Obligations related to securities lent or sold under repurchase agreements	**28,220**	**—**	**28,220**	37,453	—	37,453
Other liabilities	**12,572**	**2,517**	**15,089**	13,693	4,556	18,249
Subordinated indebtedness	**4,773**	**—**	**4,773**	5,157	—	5,157
Preferred share liabilities	**—**	**—**	**—**	600	(600)	—
Shareholders' equity						
Preferred shares	**3,156**	**—**	**3,156**	3,156	600	3,756
Common shares	**6,803**	**(86)**	**6,717**	6,240	(119)	6,121
Treasury shares	**1**	**—**	**1**	1	—	1
Non-controlling interests	**168**	**—**	**168**	174	—	174
Contributed surplus	**96**	**3**	**99**	92	—	92
Retained earnings	**6,095**	**208**	**6,303**	5,156	(72)	5,084
AOCI						
Foreign currency translation adjustments	**(575)**	**(326)**	**(901)**	(495)	(211)	(706)
Unrealized losses on AFS securities	**197**	**(176)**	**21**	124	149	273
Net gains on cash flow hedges	**17**	**(17)**	**—**	1	(10)	(9)
Unrecognized post-retirement obligations	**—**	**(950)**	**(950)**	—	(704)	(704)
	$352,040	**$ (4,249)**	**$ 347,791**	$335,944	$ (1,327)	$ 334,617

(1) Certain prior year balances have been restated to conform to the current year presentation.

(2) The positive and negative fair values of the derivative contracts are stated before the effect of master netting agreements of $16,967 million as at October 31, 2010. The amounts of cash collateral receivable and payable on the contracts subject to master netting agreements were $4,890 million and $3,062 million, respectively. If we had adopted the offsetting provisions of FASB Staff Position ASC 815-10-45 (FIN 39-1), Amendment of FASB Interpretation 39, the net derivative fair value assets and liabilities would be $10,777 million and $14,408 million, respectively.

Condensed consolidated statement of operations

$ millions, except share and per share amounts, for the year ended October 31	2010	2009	2008
Net income (loss) as reported	**$ 2,452**	$ 1,174	$ (2,060)
Net interest income			
Reclassification of certain financial assets	**$ 81**	$ 127	$ (25)
Joint ventures	**(31)**	(39)	(63)
Preferred share liabilities	**35**	31	31
Non-interest income			
Leverage loans held for sale	**36**	124	(260)
Joint ventures	**(93)**	(100)	(95)
Trading income (loss)	**—**	—	(850)
Reclassification of certain financial assets	**563**	(30)	—
FVO income (loss)	**—**	—	249
Capital repatriation	**(411)**	49	(47)
Derivative instruments and hedging activities	**(422)**	25	(7)
Day 1 P&L reversal	**(1)**	(4)	—
Business combination	**(2)**	—	—
OTTI	**(1)**	(2)	—
Equity accounting	**(4)**	3	(15)
Valuation adjustments	**—**	—	(16)
Insurance reserves and deferred acquisition costs	**(8)**	(13)	(15)
Non-interest expense			
Joint ventures	**98**	111	115
Employee future benefits	**16**	(18)	5
Stock-based compensation	**—**	(29)	(141)
Net change in income taxes due to the above noted items	**465**	(65)	529
	321	170	(605)
Net income (loss) based on U.S. GAAP	**2,773**	1,344	(2,665)
Preferred share dividends and premiums	**(205)**	(193)	(150)
Net income (loss) applicable to common shareholders	**$ 2,568**	$ 1,151	$ (2,815)
Weighted-average basic shares outstanding (thousands)	**387,802**	381,677	370,229
Add: stock options potentially exercisable	**1,005**	777	1,594
Weighted-average diluted shares outstanding (thousands)	**388,807**	382,454	371,823
Basic EPS	**$ 6.62**	$ 3.02	$ (7.60)
Diluted EPS	**$ 6.60**	$ 3.01	$ (7.60)

Consolidated statement of comprehensive income (loss)

$ millions, for the year ended October 31	2010	2009	2008
Net income (loss) based on U.S. GAAP	**$ 2,773**	$ 1,344	$ (2,665)
OCI, net of tax			
Foreign currency translation adjustments	**(195)**	(138)	619
Net change in AFS securities (1)	**(252)**	372	(28)
Net change in cash flow hedges	**9**	(26)	(44)
Change in unrecognized pension and post-retirement obligations	**(246)**	(236)	(24)
Total OCI	**(684)**	(28)	523
Comprehensive income (loss)	**$ 2,089**	$ 1,316	$ (2,142)

(1) Net of reclassification adjustments for net realized gains (losses) (including OTTI) included in net income of $230 million (2009: $236 million; 2008: $(5) million).

The income tax (expense) benefit allocated to each component of OCI is presented in the table below:

$ millions, for the year ended October 31	2010	2009	2008
Foreign currency translation adjustments	**$ (11)**	$ (35)	$ 810
Net change in AFS securities	**98**	(99)	(68)
Net change in cash flow hedges	**—**	4	23
Change in unrecognized pension and post-retirement obligations	**85**	85	(39)
	$ 172	$ (45)	$ 726

Financial Accounting Standards Board (FASB) Codification

FASB ASC 105 (SFAS 168), “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles a replacement of FASB Statement No. 162 (The FASB Codification)” identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of non-governmental entities that are presented in conformity with generally accepted accounting principles in the U.S. The FASB codification was effective for CIBC beginning May 1, 2009.

Equity accounting adjustments

Both Canadian and U.S. GAAP require the use of the equity method to account for such investments when the investor exerts significant influence. Under Canadian GAAP, certain of our investments in limited partnerships are accounted for on a cost basis. 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 limited partnership investments when the equity interest is more than minor.

Employee future benefits

As a result of the difference in the timing and the method of adoption of the accounting requirements for employee future benefits under Canadian and U.S. GAAP, there will continue to be an adjustment to U.S. GAAP earnings until the respective transition date unamortized balances are fully amortized under both Canadian and U.S. GAAP.

In addition, actuarial gains and losses relating to post-employment benefits are not permitted to be deferred under U.S. GAAP.

Furthermore, 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.

FASB ASC 715 (SFAS 158), “Employers’ Accounting for Defined Benefit Pension Plan and Other Post-Retirement Plans — an amendment of FASB Statements No. 87, 88, 106 and 132(R)” also requires the recognition of the full funded status of a defined benefit post-retirement plan as an asset or liability in its consolidated balance sheet. As a result, the unamortized balances are reported as a component of AOCI. The net periodic benefit expense expected to be reclassified to income from other comprehensive income for fiscal 2011 is $104 million.

Effective November 1, 2008, we adopted the remaining provision of FASB ASC 715 (SFAS 158), which requires that the date at which the benefit obligation and plan assets are measured should be the fiscal year end date. As a result, we changed our measurement date for accrued benefit obligations and the fair value of plan assets related to our employee defined benefit plans from September 30 to October 31. The impact of the adoption of this provision of the standard was a decrease to the opening fiscal 2009 U.S. GAAP retained earnings of $6 million net of taxes.

Stock-based compensation

FASB ASC 718 (SFAS 123-R) “Share-based Payment” requires companies to measure and record compensation expense for stock options and other equity settled share-based payments based on the instruments’ fair value on the grant date. The standard requires the cost of awards to be recognized in the consolidated statement of operations over the vesting period. Under Canadian GAAP we recognize compensation expense in the year of grant for past service awards regardless of the vesting provisions. However, FASB ASC 718 (SFAS 123-R) requires the costs to be recognized over the vesting period of the award for awards granted in respect of periods commencing on or after November 1, 2005. In addition, forfeitures are required to be estimated upfront whereas under Canadian GAAP forfeitures are recognized as incurred. A compensation expense difference for estimated forfeitures exists for all new awards granted subsequent to the adoption of FASB ASC 718 (SFAS 123-R).

Under Canadian GAAP, the cost of SARs is measured assuming that all options eligible for SARs are exercised for cash. Under U.S. GAAP, for SARs granted prior to the date of adoption of FASB ASC 718 (SFAS 123-R), FASB Interpretation No. (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.

Liabilities and equity

Under Canadian GAAP, preferred shares that are convertible into a variable number of common shares at the option of the holder are presented as liabilities rather than as equity, and dividend payments and premiums on redemption arising from such preferred shares are treated as interest expense within the consolidated statement of operations rather than as dividends within the consolidated statement of changes in shareholders’ equity.

As described in Note 17 to the consolidated financial statements, CIBC redeemed all of its outstanding preferred share liabilities (non-cumulative Class A Preferred Shares Series 19 and Series 23) on October 31, 2010. As a result, the balance sheet reclassification from liabilities to shareholders’ equity under U.S. GAAP is no longer required. The related dividend payments and redemption loss of these preferred shares have no impact on U.S. GAAP earnings.

Capital repatriation

Certain of our self-sustaining foreign subsidiaries have repatriated capital by returning capital and distributing dividends to the domestic parent entity. Canadian GAAP requires that a proportionate amount of gains and losses accumulated in the foreign currency translation adjustments component within AOCI be recognized in earnings when there has been a reduction in the net investment of a self-sustaining foreign operation. U.S. GAAP prohibits such recognition except where the foreign operation has either been sold or has been completely or substantially completely liquidated. Accordingly we adjusted the Canadian GAAP results by decreasing non-interest income by $411 million (2009: increased non-interest income by $49 million), and decreasing tax expense by $528 million this year (2009: increased tax expense by $53 million). This also increased the foreign currency translation adjustment component within AOCI by $117 million (2009: reduced by $4 million).

Income taxes

Under Canadian GAAP, tax rate changes are reflected in the measurement of the future income tax balances when they are considered

substantively enacted. Under U.S. GAAP, only enacted tax rates under current legislation are required to be used.

Accounting for uncertainty in income taxes

FASB ASC 740 (FIN-48) “Accounting for Uncertainty in Income Taxes” clarifies the accounting for income taxes by prescribing a “more

likely than not" recognition threshold that a tax position is required to meet before being recognized in the financial statements. FASB ASC 740 (FIN-48) also provides guidance on measurement of uncertain tax positions, classification of interest and penalties, and requires additional disclosures on tax reserves. We have assessed that the application of FASB ASC 740 (FIN-48) does not result in any adjustment to our Canadian GAAP financial statements.

Credit derivatives and standby and performance letters of credit

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 following table presents a summary of the notional and fair value amounts of credit derivatives that we sold and the purchased credit derivatives with identical underlyings, as at October 31, 2010:

	Protection sold		Protection purchased with identical underlyings		
$ millions, as at October 31	Maximum payout/ notional	Fair value	Maximum payout/ notional	Fair value (net of CVA)	Net protection sold
2010 Credit derivatives					
Credit default swaps	**$12,080**	**$ (1,883)**	**$ 9,981**	**$ 651**	**$ 2,099**
Total return swaps	**2,982**	**(156)**	**2,982**	**107**	**—**
	$15,062	**$ (2,039)**	**$ 12,963**	**$ 758**	**$ 2,099**
2009 Credit derivatives					
Credit default swaps	$20,547	$ (4,225)	$ 17,457	$ 1,270	$ 3,090
Total return swaps	3,657	(276)	3,564	176	93
	$24,204	$ (4,501)	$ 21,021	$ 1,446	$ 3,183

The following table summarizes the maturity and ratings profile of credit protection sold as at October 31, 2010. The maturity profile is based on the remaining contractual maturity of the credit derivative contracts. The ratings profile is based on the external rating of the assets underlying the tranches referenced by the contracts. A tranche is a portion of a security offered as part of the same transaction where the underlying may be an asset, pool of assets, index or another tranche. The value of the tranche depends on the value of the assets, subordination (i.e. the attachment point) and deal-specific structures such as tests/triggers.

	Notional amount				Fair
$ millions, as at October 31	< 1 year	1 to 5 years	> 5 years	Total	value
2010 Risk rating of underlying assets					
Investment grade	**$ 67**	**$ 2,512**	**$ 4,027**	**$ 6,606**	**$ (204)**
Non-investment grade	**5**	**728**	**5,694**	**6,427**	**(1,733)**
Not rated	**4**	**682**	**1,343**	**2,029**	**(102)**
	$ 76	**$ 3,922**	**$11,064**	**$15,062**	**$ (2,039)**
2009 Risk rating of underlying assets					
Investment grade	$ 173	$ 3,916	$ 4,378	$ 8,467	$ (408)
Non-investment grade	34	1,260	11,374	12,668	(3,645)
Not rated	30	918	2,121	3,069	(448)
	$ 237	$ 6,094	$17,873	$24,204	$ (4,501)

Standby and performance letters of credit

The following table summarizes the maximum possible future payout on standby and performance letters of credit, based on notional amounts, by the ratings profiles of our customers as of October 31, 2010. The ratings scale is representative of the payment or performance risk to CIBC under the guarantee and is based on our internal risk ratings, which generally correspond to ratings defined by Standard & Poor's (S&P) and Moody's Investors Service (Moody's).

$ millions, as at October 31	**2010**	2009
Risk rating of customers		
Investment grade	**$ 3,954**	$ 3,338
Non-investment grade	**1,572**	1,557
Not rated	**195**	228
	$ 5,721	$ 5,123

Derivative instruments and hedging activities

Canadian GAAP derivative and hedge accounting is substantially harmonized with U.S. GAAP. However, U.S. GAAP reported earnings may exhibit significant volatility in any given period relative to Canadian GAAP because:

- We elect not to designate certain derivatives as hedges for U.S. GAAP accounting purposes;
- Canadian GAAP permits the use of cash instruments for certain foreign currency hedges, which is disallowed under U.S. GAAP; and
- Our residential mortgage commitments are treated as derivatives carried at fair value only under Canadian GAAP.

FASB ASC 815 (SFAS 161), "Disclosures about Derivative Instruments and Hedging Activities", an amendment of FASB ASC 815 (SFAS 133), "Accounting for Derivative Instruments and Hedging Activities", enhances disclosures for derivative instruments and hedging activities and their effects on an entity's financial position, financial performance and cash flows. Under FASB ASC 815 (SFAS 161), an entity is required to disclose the objectives for using derivative instruments in terms of underlying risk and accounting designation; the fair values, gains and losses on derivatives; as well as credit-risk-related contingent features in derivative agreements. Much of this disclosure is presented in Note 14 to the consolidated financial statements with the incremental requirements under FASB ASC 815 (SFAS 161) presented below.

The following tables provide the derivatives-related gains (losses), before taxes, recognized in the U.S. GAAP consolidated statement of operations and OCI. Net gains of $44 million on items hedged under fair value hedges are included in net interest income for the year ended October 31, 2010 (2009: $20 million).

	Gains/(losses) recognized in consolidated statement of operations						
	Net interest income			Non-interest income			
$ millions, for the year ended October 31	Directly recognized	Recognized as hedge ineffectiveness	Recognized on transfer from AOCI	Directly recognized	Recognized as hedge ineffectiveness	Recognized on transfer from AOCI	Gains/(losses) recognized in OCI
2010 Derivatives held for ALM							
Interest rate derivatives							
Cash flow hedges	**$ —**	**$ —**	**$ 18**	**$ —**	**$ —**	**$ —**	**$ —**
Fair value hedges	**(35)**	**8**	**n/a**	**—**	**—**	**n/a**	**n/a**
Economic hedges(1)	**—**	**n/a**	**n/a**	**(854)**	**n/a**	**n/a**	**n/a**
Foreign exchange derivatives							
Cash flow hedges	**—**	**—**	**—**	**—**	**(11)**	**(27)**	**(5)**
NIFO hedges	**n/a**	**n/a**	**n/a**	**1**	**—**	**25**	**41**
Credit and equity derivatives							
Economic hedges	**—**	**n/a**	**n/a**	**(25)**	**n/a**	**n/a**	**n/a**
	$ (35)	**$ 8**	**$ 18**	**$ (878)**	**$ (11)**	**$ (2)**	**$ 36**
2009(2) Derivatives held for ALM							
Interest rate derivatives							
Cash flow hedges	$ —	$ —	$ 27	$ —	$ —	$ —	$ —
Fair value hedges	28	8	n/a	—	—	n/a	n/a
Economic hedges(1)	—	n/a	n/a	(282)	n/a	n/a	n/a
Foreign exchange derivatives							
Cash flow hedges	—	—	—	—	(5)	(20)	(22)
NIFO hedges	n/a	n/a	n/a	6	—	404	130
Credit and equity derivatives							
Economic hedges	—	n/a	n/a	(274)	n/a	n/a	n/a
	$ 28	$ 8	$ 27	$ (550)	$ (5)	$ 384	$ 108

$ millions, for the year ended October 31	2010	2009(2)
Derivatives held for trading		
Interest rate	**$ 26**	$ (357)
Foreign exchange	**301**	331
Equity	**(90)**	(316)
Commodities	**85**	(3)
Structured credit and others	**100**	320
	$ 422	$ (25)

(1) Includes derivative instruments held to economically hedge FVO financial instruments.

(2) Certain prior year amounts have been restated.

n/a Not applicable.

Contingent features

Certain derivative instruments contain provisions that require CIBC's debt to maintain an investment grade credit rating from each of the major credit rating agencies. If CIBC's debt were to fall below investment grade, it would be in violation of these provisions, and the counterparties to the derivative instruments could request immediate payments or demand immediate and ongoing full overnight collateralization on derivative instruments in net liability positions. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that are in a liability position on October 31, 2010, is $5,963 million (2009: $7,471 million) for which we have posted collateral of $5,531 million (2009: $7,076 million) in the normal course of business. If the credit-risk-related contingent features underlying these agreements were triggered on October 31, 2010, we would be required to post an additional $95 million (2009: $106 million) of collateral to our counterparties.

Insurance accounting

Policy benefit liabilities and policy acquisition costs

Under U.S. GAAP, the liabilities for traditional term and accidental death insurance contracts are determined using the net level premium method, which includes assumptions for mortality, morbidity, policy lapses, surrenders, investment yields, policy dividends and direct operating expenses. These assumptions are not revised unless it is determined that existing deferred acquisition costs cannot be recovered. Under Canadian GAAP, the liabilities for insurance contracts are determined using the Canadian asset liability method, which incorporates assumptions for mortality, morbidity, policy lapses and surrenders, investment yields, policy dividends, operating and policy maintenance expenses. To recognize the uncertainty in the assumptions underlying the calculation of the liabilities, a margin (provision for adverse deviations) is added to each assumption. These assumptions are reviewed at least annually and updated in response to actual experience and market conditions.

Under U.S. GAAP, the policy acquisition costs, which vary with and are primarily related to the production of new business, are deferred and amortized in proportion to the premium revenue. Under Canadian GAAP, the costs of acquiring new life insurance and annuity business are implicitly recognized as a reduction in insurance claims and policy benefit liabilities.

Trade date accounting

For securities transactions, the trade date basis of accounting is used under U.S. GAAP. Under Canadian GAAP, the settlement date basis of accounting is used.

Joint ventures

Our investments in joint ventures other than VIEs are accounted for using proportionate consolidation under Canadian GAAP and accounted for using the equity method under U.S. GAAP.

Leveraged loans held for sale

Leveraged loans held for sale are accounted for at lower of cost or market value under U.S. GAAP while under Canadian GAAP, they are carried at amortized cost subject to OTTI.

Reclassification of certain financial assets

On August 1, 2008, certain trading financial assets, for which no active trading market existed and which management intended to hold to maturity or for the foreseeable future, were reclassified as HTM and AFS under Canadian GAAP. Subsequently as a result of amendments to section 3855 "Financial Instrument — Recognition and Measurement", with effect from November 1, 2008, we were required to reclassify all of our HTM securities to loans and receivables. The loans and receivables category does not contain a requirement to hold these securities to maturity.

Under U.S. GAAP, we also reclassified certain trading financial assets to HTM and AFS, but did so on October 31, 2008. On October 31, 2009, we evaluated the appropriateness of the classification of HTM securities. Due to the change in the requirements of our primary GAAP, we could no longer demonstrate the positive intent to hold these securities to maturity. Therefore we reclassified these securities to AFS effective October 31, 2009. Since the reclassification does not qualify under the exemption provisions for the sale or transfer of HTM securities under FASB ASC 320 (SFAS 115), the reclassification decision is deemed to have "tainted" the HTM category and, accordingly, we are not permitted to prospectively classify any securities as HTM for a period of two years from the time of tainting.

Due to the difference in the timing of the reclassification under U.S. GAAP, additional unrealized pre-tax MTM losses on the reclassified trading assets of $612 million were included in the U.S. GAAP net loss for 2008. Additional pre-tax interest income of $81 million (2009: $127 million) is included in U.S. GAAP earnings in the current year. The securities that were originally reclassified from HTM to AFS had a carrying value of $5,486 million and a fair value of $5,674 million as at October 31, 2010 (2009: $5,942 million and $6,151 million, respectively). The realized and unrealized gain (loss) related to these securities was $293 million and $(371) million, respectively for 2010 (2009: $394 million and $(321) million).

Fair value measurement

FASB ASC 820 (SFAS 157) "Fair Value Measurements and Disclosures", and related pronouncements, became effective as of November 1, 2008, except for certain non-financial assets and non-financial liabilities which became effective for the fiscal year beginning November 1, 2009. This standard establishes a framework for measuring fair value and prescribes a three-level fair value hierarchy for disclosure purposes based on the transparency of the inputs used to measure the fair value of assets and liabilities. Note 2 of the consolidated financial statements provides additional disclosure as to the classification of financial instruments into Levels 1, 2 and 3 of the fair value hierarchy.

FASB ASC 820 (SFAS 157) defines fair value as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. It requires an entity to maximize the use of observable inputs and requires consideration of the entity's own credit risk when measuring the fair value of liabilities.

While FASB ASC 820 (SFAS 157) is largely consistent with the fair value measurement guidance contained in CICA handbook section 3855

and section 3862, the following key differences do exist:

- Under FASB ASC 820 (SFAS 157), the transaction to sell the asset or transfer the liability takes place in the principal market, whereas Canadian GAAP assumes the transaction to take place in the most advantageous market. In practice, the most advantageous market is generally the principal market.
- Under FASB ASC 820 (SFAS 157), recognition of inception gains/losses for derivatives is permitted if the determination of fair value includes the use of non-observable market inputs whereas Canadian GAAP requires deferral of inception gains/losses in such cases.

With the adoption of FASB ASC 820 (SFAS 157), we recorded an after-tax cumulative-effect adjustment of $4 million net of taxes as an increase to the U.S. GAAP opening retained earnings as of November 1, 2008 relating to the unamortized deferred profit previously not recognized.

Additional guidance and disclosures on fair value measurement and other-than-temporary impairment of securities

The following FASB Staff Positions (FSPs) provide additional application guidance and require enhancements to disclosures regarding fair value measurements and OTTI of securities.

- FASB ASC 820-10-65 (FSP FAS 157-4), "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly", provides additional factors to consider when measuring the fair value of an asset or liability when there has been a significant decrease in the level of market activity for the instrument and quoted prices are associated with transactions that are not considered to be orderly. It also expands the disclosure requirements for the fair value of financial instruments.
- FASB ASC 320-10-65-1 (FSP FAS 115-2 and FAS 124-2), "Recognition and Presentation of Other-than-Temporary Impairments", amends the impairment assessment guidance and recognition principles of OTTI for debt securities and enhances the presentation and disclosure requirements for debt and equity securities. The FSP requires an entity to recognize an OTTI when the entity intends to sell the security, it is more likely than not that it will be required to sell the security before recovery, or when the entire amortized cost basis of the security will not be recovered. When an entity intends to sell the security, or more likely than not will be required to sell the security, before recovery of its amortized cost basis less any current-period credit loss, the OTTI is recognized in earnings equal to the difference between fair value and amortized cost at the balance sheet date. In all other situations, the impairment is separated into an amount representing credit loss and amount relating to all other factors. The impairment related to credit loss is recognized in earnings and impairment related to other factors is recognized in OCI.

Fair value option

FASB ASC 825 (SFAS 159) "The Fair Value Option for Financial Assets and Liabilities" allows certain eligible financial instruments to be measured at fair value using the fair value option with the change in fair value being recognized in income. As Canadian GAAP permits the use of the fair value option, we had previously recorded certain securities and loans at fair value using this option. The impact of adopting this standard has resulted in the elimination of a Canadian/U.S. GAAP difference relating to financial instruments that are designated as trading under the fair value option.

Securitizations and variable interest entities (VIEs)

FASB ASC 860 (FSP FAS 140-4) and FASB ASC 810 (FIN 46(R)-8), Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities, amends SFAS 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". The FSP requires public entities to provide additional disclosures related to their continuing involvement with transferred financial assets and the related risks retained as well as any contractual or non-contractual support provided and any future financial support to special purpose entities. The FSP also amends FIN 46 revised December 2003, "Consolidation of Variable Interest Entities", to require public enterprises, including sponsors that have a variable interest in a VIE, to provide additional disclosures about their involvement with VIEs.

These additional disclosures are presented in Note 6 of the consolidated financial statements. As a result of the reclassification of financial instruments noted above, loans in third-party structured vehicles under Canadian GAAP with a fair value of $6,779 million (2009: $5,667 million) have been reclassified to AFS securities while loans in CIBC structured CDO vehicles under Canadian GAAP with a fair value of $411 million (2009: $484 million) have been reclassified to AFS securities.

Offsetting of amounts related to certain contracts

FASB ASC 815-10-45 (FSP FIN 39-1), Amendment of FASB FIN 39, permits an entity to offset fair value amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral against fair value amounts recognized for derivative instruments executed with the same counterparty under the same master netting arrangement. We elected not to apply the offsetting provisions.

Changes in significant accounting policies affecting Canadian and U.S. GAAP differences

Business combinations

Effective November 1, 2009, we adopted FASB ASC 805 (SFAS 141 (R)), which replaces SFAS 141, "Business Combinations". This standard improves the relevance, representational faithfulness, and comparability of the information that an entity provides in its financial reports about a business combination and its effects. FASB ASC 805 (SFAS 141 (R)) retains the fundamental concepts of SFAS 141 and requires the acquisition method of accounting and the identification of an acquirer for all business combinations.

Upon the adoption of FASB ASC 805 the following differences exist:

- An acquirer should recognize the identifiable assets, liabilities, and non-controlling interests in the acquiree at the full amounts of their fair value in a step acquisition;
- An acquirer should measure assets or liabilities arising from a contingency at their acquisition date fair value. Subsequently, the acquirer should evaluate new information and measure a liability at the higher of its acquisition date fair value or the amount that would be recognized if applying FASB ASC 450 (SFAS 5), "Accounting for Contingencies", and measure an asset at the lower of its acquisition date fair value or the best estimate of its future settlement amount;
- An acquirer must expense acquisition-related and restructuring costs; and
- Non-controlling interests in subsidiaries are initially measured at fair value and classified as a separate component of equity.

Note 3 of the consolidated financial statements provides disclosure of the acquisitions made during the year. With the adoption of FASB ASC 805, we recognized a contingent consideration agreement with a fair value of $5 million on the acquisition date related to the CIT transaction. We also expensed acquisition-related costs of $2 million relating to the acquisitions made during the year.

Accounting for non-controlling interests

Effective November 1, 2009, we adopted FASB ASC 810 (SFAS 160), “Non-controlling Interests in Consolidated Financial Statements, an amendment of ARB No. 51”. This standard requires the following retroactive changes in presentation:

- Non-controlling interests will be separately presented in equity, rather than in the mezzanine section of the balance sheet; and
- Consolidated net income will no longer be adjusted for the non-controlling interests, although the amount of consolidated net income attributable to the parent and to non-controlling interests must be clearly identified and presented on the statement of operations and the consolidated net income will be required to be adjusted by the portion attributable to the non-controlling interests for the purposes of calculating EPS.

In addition, this standard requires the following prospective changes in measurement:

- A loss of control of an entity that results in a deconsolidation will require a remeasurement of the fair value of the retained ownership interest in the entity with the offset recognized in the statement of operations; and
- A change in the ownership interest in an entity that is controlled both before and after the change will be treated as an equity transaction.

The adoption of this standard resulted in $168 million of non-controlling interests as at October 31, 2010 (2009: $174 million) being reclassified from liabilities to shareholders’ equity.

Accounting for transfers of financial assets and repurchase financing transactions

Effective November 1, 2009, we adopted FASB ASC 860-10-40 (FSP FAS 140-3), “Accounting for Transfers of Financial Assets and Repurchase Financing Transactions”. This FSP requires that an initial transfer of a financial asset and a repurchase financing that was entered into contemporaneously with, or in contemplation of, the initial transfer be evaluated together as a linked transaction under FASB 860 (SFAS FASB 140), unless certain criteria are met. The adoption of this standard did not have a material impact on our financial position or earnings.

Fair value measurement — financial assets and liabilities

Effective November 1, 2009, we adopted Update 2009-05 “Fair Value Measurements and Disclosure (FASB ASC 820) —Measuring Liabilities at Fair Value”. This update provides clarification as to how to value a liability where a quoted price in an active market for an identical liability is not available. The update also specifies that the fair value of the liability can be measured in relation to the quoted price of the identical or similar liability when it is traded as an asset in an active market. In addition, it clarifies that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of a liability.

In January 2010, the FASB issued FASB Accounting Standards Update ASU 2010-06 Fair Value Measurement and Disclosure (FASB ASC 820): Improving Disclosures about Fair Value Measurements. This update requires new disclosure of transfers in and out of Level 1 and 2 and separate disclosures about purchases, sales, issuances and settlements relating to Level 3 financial instruments. It also clarifies existing fair value disclosures about the level of desegregation and about inputs and valuation techniques used to measure fair value. The update is effective for us for reporting on October 31, 2010 except that separate disclosures about purchases, sales, issuances and settlements relating to Level 3 financial instruments will be effective for us for our fiscal year beginning on November 1, 2010. Note 2 of the financial statements provides the disclosure of inputs and valuation techniques used to measure fair value.

Fair value measurement for financial assets and liabilities measured at fair value on a non-recurring basis

In addition to the fair value measurement disclosures for financial instruments that are carried at fair value, FASB ASC 820 (SFAS 157) also requires disclosure for financial instruments measured at fair value on a non-recurring basis. For the year ended October 31, 2010, we have certain equity securities and leveraged loans that are measured at fair value on a non-recurring basis using non-observable market inputs (Level 3). The equity securities have been written down to their fair value of $79 million (2009: $77 million) to reflect OTTI of $48 million (2009: $83 million). The carrying value of the leveraged loans held for sale has been reduced by $112 million (2009: $195 million) to reflect the current market value of $550 million (2009: $608 million).

Fair value measurement — non-financial assets and liabilities

Non-financial assets and liabilities are normally carried at cost and fair value measurements would only be applicable on a non-recurring basis that is, the assets and liabilities are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances.

Effective November 1, 2009, we adopted the remaining provision of FASB ASC 820 (SFAS 157). The remaining provision primarily impacts us by requiring additional disclosures about our fair value measurements related to non-financial assets and liabilities.

For the year ended October 31, 2010, certain foreclosed assets were classified as held for sale. The carrying value for these assets is the lower of cost or fair value less cost to sell. Fair value for these assets is determined using valuation techniques. As at October 31, 2010 the fair value of these assets was approximately $63 million and they were classified as Level 3 in the fair value hierarchy.

Investments in certain entities that calculate net asset value per share

Effective November 1, 2009, we adopted FASB Accounting Standards Update ASU 2009 —12 (FASB ASC 820) “Fair Value Measurements and Disclosure — Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent)”. This Update provides guidance on measuring the fair value of an investment in an investment company that does not have a readily determinable fair value. It permits entities to use net asset value as a practical expedient to measure the fair value of the investments. Additional disclosures are also required regarding the nature and risk of the investments. Our investments include certain limited partnerships held in our Merchant Banking portfolio where we are a limited partner. Fair value of these investments is based on the net asset

value provided by third-party fund managers and is adjusted for more recent information where available and appropriate. As at October 31, 2010, the fair value of these investments in limited partnerships was $475 million and our unfunded commitment was $152 million. These limited partnerships typically have a 10-year commitment period with varying extension terms.

Disclosure about post-retirement benefit plan assets

In December 2008, the FASB issued FASB ASC 715-20 (FAS 132 (R) -1), "Employer's Disclosures about Postretirement Benefit Plan Assets". This guidance requires an employer to disclose the following:

- How investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies;
- The major categories of plan assets;
- The inputs and valuation techniques used to measure the fair value of plan assets;
- The effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets for the period;
- Significant concentration of risk within plan assets; and
- A description of the basis used to determine the overall expected long-term rate of return on assets assumption.

The majority of this disclosure is presented in Note 22 to the consolidated financial statements.

The incremental disclosure is presented in the table below that presents the level in the fair value hierarchy into which the defined benefit pension plans and other funded benefit plan assets and liabilities are categorized:

	Pension benefit plans			Other benefit plans		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
$ millions, as at October 31, 2010	Quoted market price	Valuation technique-observable market inputs	Valuation technique-non-observable market inputs	Quoted market price	Valuation technique-observable market inputs	Valuation technique-non-observable market inputs
Assets(1)						
Equity securities						
Canadian equity	$ 582	$ 32	$ —	$ —	$ —	$ —
Non-Canadian equity	755	638	12	—	—	—
Debt securities						
Short-term investments	310	168	—	—	—	—
Canadian bonds	251	1,402	—	—	26	—
Non-Canadian bonds	—	213	—	—	—	—
Real estate investments	—	—	172	—	—	—
Derivative instruments	15	—	—	—	—	—
Other	—	—	114	—	—	—
Total assets	$ 1,913	$ 2,453	$ 298	$ —	$ 26	$ —
Liabilities(1)						
Derivative instruments	$ —	$ (4)	$ —	$ —	$ —	$ —
Total liabilities	$ —	$ (4)	$ —	$ —	$ —	$ —

(1) Excludes assets and liabilities of these plans not measured at fair value.

There were no transfers between levels during the year.

The changes in fair value of Level 3 assets are summarized as follows:

		Net gains/(losses) included in income			
$ millions, as at or for the year ended October 31, 2010	Opening balance	Realized	Unrealized	Purchases, (sales) and (settlements)	Closing balance
Equity securities	$ 17	$ —	$ 1	$ (6)	$ 12
Real estate investment	152	11	14	(5)	172
Infrastructure	120	—	(2)	(4)	114
	$ 289	$ 11	$ 13	$ (15)	$ 298

Comparative amounts

Certain comparative amounts have been reclassified to conform to the presentation adopted in 2010.

Future accounting changes

We are currently evaluating the impact of adopting the standards listed below:

Accounting for Transfers of Financial Assets and Repurchase Financing Transactions

In June 2009, the FASB issued FASB ASC 860 (SFAS 166), "Accounting for Transfers of Financial Assets an amendment of FASB Statement No. 140", which will be effective for us on November 1, 2010. FASB ASC 860 (SFAS 166) must be applied prospectively to transfers of financial assets occurring on or after its effective date. FASB ASC 860 (SFAS 166) eliminates the ability to reclassify mortgage loans to securities when a transfer to a Guaranteed Mortgage Securitization does not meet the sale accounting requirements. It also eliminates the concept of a QSPE for accounting purposes. Therefore, former QSPEs (as defined under previous accounting standards) would be evaluated for consolidation on and after the effective date in accordance with the applicable consolidation guidance. Furthermore, the disclosure provisions of FASB ASC 805 (SFAS 166) will be applied to transfers that occurred both before and after the effective date.

In June 2009, the FASB also issued FASB ASC 805 (SFAS 167), "Amendments to FASB Interpretation 46(R)", which will also be effective for us on November 1, 2010. It amends FIN 46(R) "Consolidation of Variable Interest Entities" to require an enterprise to perform an analysis to determine whether the enterprise's VIEs give it a controlling financial interest in a VIE. This analysis identifies the primary beneficiary of a VIE as the enterprise that has both of the following characteristics: (i) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE. Additionally, an enterprise is required to assess whether it has an implicit financial responsibility to ensure that a VIE operates as designed when determining whether it has the power to direct the activities of the VIE that most significantly impact the entity's economic performance. In contrast to FIN 46(R), FASB ASC 805 (SFAS 167) requires ongoing reassessments of whether an enterprise is the primary beneficiary of a VIE. It also amends the events that trigger a reassessment of whether an entity is a VIE and requires enhanced disclosures with more transparent information about an enterprise's involvement in a VIE.

Disclosures about the credit quality of financing receivables and the allowance for credit losses

In July 2010, the FASB issued FASB Accounting Standards Update ASU 2010-20 (FASB ASC 310). The objective of the amendments in this Update is for an entity to provide disclosures that facilitate financial statement users' evaluation of the following:

- The nature of credit risk inherent in the entity's portfolio of financing receivables;
- How that risk is analyzed and assessed in arriving at the allowance for credit losses; and
- The changes and reasons for those changes in the allowance for credit losses.

An entity is required to provide disclosures on a disaggregated basis. The amendments in this Update define two levels of disaggregation – portfolio segment and class of financing receivable. A portfolio segment is defined as the level at which an entity develops and documents a systematic method for determining its allowance for credit losses. Classes of financing receivables generally are a disaggregation of portfolio segment.

The amendments in this Update require an entity to provide the following disclosures about its financing receivables on a disaggregated basis:

- A roll forward schedule of the allowance for credit losses from the beginning of the reporting period to the end of the reporting period on a portfolio segment basis, with the ending balance further disaggregated on the basis of the impairment method;
- For each disaggregated ending balance above, the related recorded investment in financing receivables;
- The non-accrual status of financing receivables by class of financing receivables; and
- Impaired financing receivables by class of financial receivables.

The amendments in this Update require an entity to provide the following additional disclosures about its financing receivables:

- Credit quality indicators of financing receivables at the end of the reporting period by class of financing receivables;
- The aging of past due financing receivables at the end of the reporting period by class of financing receivables;
- The nature and extent of troubled debt restructurings that occurred during the period by class of financing receivables and their effect on the allowance for credit losses;
- The nature and extent of financing receivables modified as troubled debt restructurings within the previous 12 months that defaulted during the reporting period by class of financing receivables and their effect on the allowance for credit losses; and
- Significant purchases and sales of financing receivables during the reporting period disaggregated by portfolio segment.

This Update will be effective for us on November 1, 2010.

Note 31 Future Accounting Policy Changes

Business Combinations, Consolidated Financial Statements, and Non-controlling Interests

In January 2009, the CICA issued three new handbook sections: 1582, “Business Combinations”, 1601, “Consolidated Financial Statements”, and 1602, “Non-controlling Interests”.

CICA handbook section 1582 provides guidance on the application of the purchase method of accounting for business combinations. In particular, this section addresses the determination of the carrying amount of the assets and liabilities of a subsidiary company, goodwill, and accounting for a non-controlling interest at the time of the business combination. Under this standard, most acquisition-related costs must now be accounted for as expenses in the periods they are incurred. This new section is applicable for acquisitions completed on or after November 1, 2011, although early adoption is permitted to facilitate the transition to IFRS in 2011.

CICA handbook section 1601 establishes standards for the preparation of consolidated financial statements after the acquisition date. CICA handbook section 1602 addresses the accounting and presentation of non-controlling interests in the consolidated financial statements subsequent to a business combination. CICA handbook sections 1601 and 1602 must be adopted concurrently with CICA handbook section 1582.

Transition to International Financial Reporting Standards (IFRS)

Canadian publicly accountable enterprises must transition to IFRS for fiscal years beginning on or after January 1, 2011. As a result, we will adopt IFRS commencing November 1, 2011, and will publish our first consolidated financial statements, prepared in accordance with IFRS, for the quarter ending January 31, 2012. Upon adoption, we will provide fiscal 2011 comparative financial information also prepared in accordance with IFRS.

The transition to IFRS represents a significant initiative for us and is supported by a formal governance structure with an enterprise-wide view and a dedicated project team.

The requirements concerning the transition to IFRS are set out in IFRS 1, “First-Time Adoption of International Financial Reporting Standards”, which generally requires that changes from Canadian GAAP be applied retroactively and reflected in our opening November 1, 2010 comparative IFRS consolidated balance sheet. However, there are a number of transitional elections, some of which entail an exemption from retroactive application, available under the transitional rules that we continue to evaluate.

IFRS is expected to result in accounting policy differences in many areas. Based on existing IFRS and the assessment of our transitional elections to date, the areas that have the potential for the most significant impact to our financial and capital reporting include derecognition of financial instruments and the accounting for post-employment benefits.

Financial impacts

Derecognition of financial instruments

There are differences between Canadian GAAP and existing IFRS concerning the determination of whether financial instruments should be derecognized from the consolidated balance sheet. Under IFRS, the determination of whether a financial asset should be derecognized is based to a greater extent on the transfer of risks and rewards, rather than on whether the assets have been legally isolated from the transferor.

As a result, securitization transactions are much more likely to be accounted for as secured borrowings rather than as sales, which will result in an increase to total assets recorded on our consolidated balance sheet, and a charge to retained earnings at transition in respect of gains previously recorded from off-balance sheet accounting, particularly in respect of residential mortgages securitized through the creation of MBS under the CMB program and Government of Canada National Housing Act MBS Auction process. The on-balance sheet treatment for securitized mortgages may also impact our hedging strategies.

The proposed change to IFRS 1 permitting transfers that occured before November 1, 2010 to be exempted from these requirements could reduce the initial impact of these accounting rules, although we may elect to still apply the rules retroactively, which would result in a gross-up to our opening IFRS balance sheet of approximately $29 billion in respect to the securitized residential mortgages.

Post-employment benefits

The IFRS 1 accounting election for post-employment benefits may also negatively impact our capital ratios through charging unamortized actuarial losses to retained earnings at transition, however this “fresh start” election would also reduce post-transition compensation expense through the elimination of amortization expense that would otherwise occur. Based on our October 31, 2010 actuarial valuation, the net impact of the “fresh-start” election combined with a number of other less significant IFRS differences relating to post-employment benefits, would be a reduction of Tier 1 capital of approximately $1.1 billion after-tax.

Other elections related to the accounting for actuarial gains and losses that may arise after transition also have the potential to impact our capital and earnings in subsequent years. Regardless of the alternative we choose, we will record in expense the cost of benefits incurred during the year, plus the interest cost on the obligation net of the expected returns on plan assets.

Cumulative foreign currency translation differences

IFRS 1 allows entities to elect to charge the cumulative translation account for all foreign operations to retained earnings at transition. Based on the balance in the foreign currency translation account as at October 31, 2010, this “fresh-start” election would result in a reclassification of $575 million from AOCI to retained earnings. This adjustment would not impact our Tier 1 capital.

Future changes

Proposed changes to the IFRS accounting standards may introduce additional significant accounting differences, although we expect that most of the changes arising from the proposed standards will not be effective for us until the years following our initial IFRS transition in fiscal 2012.

The impact of IFRS to us at transition will ultimately depend on the IFRS standards and capital reporting rules in effect at the time, transition

elections that have not yet been finalized, and the prevailing business and economic facts and circumstances.

Exhibit B.3(c): Management's discussion and analysis excerpted from pages 31-103 of CIBC's 2010 Annual Report

Management's Discussion and Analysis

Management's discussion and analysis (MD&A) is provided to enable readers to assess CIBC's results of operations and financial condition for the year ended October 31, 2010, compared with prior years. The MD&A should be read in conjunction with the audited consolidated financial statements, which have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). Unless otherwise indicated, all amounts in the MD&A are expressed in Canadian dollars. Certain comparative amounts have been reclassified to conform with the presentation adopted in the current year. This MD&A is current as of December 1, 2010. Additional information relating to CIBC is available on SEDAR at www.sedar.com and on the U.S. Securities and Exchange Commission's (SEC) website at www.sec.gov. No information on our website (www.cibc.com) should be considered incorporated herein by reference. A glossary of terms used in the MD&A and the consolidated financial statements is provided on pages 184 to 187 of this Annual Report.

External reporting changes

The following is a summary of the external reporting changes adopted during the year:

- The global repurchase agreement (repo) business that was previously part of Treasury in Corporate and Other was retroactively transferred to capital markets within Wholesale Banking. The results of the repo business were previously allocated substantially to other within CIBC Retail Markets.
- Large corporate cash management revenue, previously reported in business banking within CIBC Retail Markets, was retroactively transferred to corporate and investment banking within Wholesale Banking.

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A NOTE ABOUT FORWARD-LOOKING STATEMENTS: From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including in this Annual Report, in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission and in other communications. These statements include, but are not limited to, statements made in the "Chief Executive Officer's Letter", "Performance Against Objectives", "Overview", "Financial Performance Overview — Taxes", "Financial Performance Overview — Significant Events", "Business Line Overview — CIBC Retail Markets", "Business Line Overview — Wholesale Banking", "Run-off Businesses and Other Selected Activities", "Financial Condition — Capital Resources", "Management of Risk - Liquidity Risk", "Accounting and Control Matters — Risk Factors Related to Fair Value Adjustments" and "Accounting and Control Matters — Contingent Liabilities" sections of this report and other statements about our operations, business lines, financial condition, risk management, priorities, targets, ongoing objectives, strategies and outlook for 2011 and subsequent periods. Forward-looking statements are typically identified by the words "believe", "expect", "anticipate", "intend", "estimate" and other similar expressions or future or conditional verbs such as "will", "should", "would" and "could". By their nature, these statements require us to make assumptions, including the economic assumptions set out in the "Financial Performance Overview — Outlook for 2011" section of this report, and are subject to inherent risks and uncertainties that may be general or specific. A variety of factors, many of which are beyond our control, affect our operations, performance and results, and could cause actual results to differ materially from the expectations expressed in any of our forward-looking statements. These factors include: credit, market, liquidity, strategic, operational, reputation and legal, regulatory and environmental risk discussed in the "Management of Risk" section of this report; legislative or regulatory developments in the jurisdictions where we operate, amendments to, and interpretations of, risk-based capital guidelines and reporting instructions; the resolution of legal proceedings and related matters; the effect of changes to accounting standards, rules and interpretations; changes in our estimates of reserves and allowances; changes in tax laws; changes to our credit ratings; political conditions and developments; the possible effect on our business of international conflicts and the war on terror; natural disasters, public health emergencies, disruptions to public infrastructure and other catastrophic events; reliance on third parties to provide components of our business infrastructure; the accuracy and completeness of information provided to us by clients and counterparties; the failure of third parties to comply with their obligations to us and our affiliates; intensifying competition from established competitors and new entrants in the financial services industry; technological change; global capital market activity; changes in monetary and economic policy; currency value fluctuations; general business and economic conditions worldwide, as well as in Canada, the U.S. and other countries where we have operations; changes in market rates and prices which may adversely affect the value of financial products; our success in developing and introducing new products and services, expanding existing distribution channels, developing new distribution channels and realizing increased revenue from these channels; changes in client spending and saving habits; our ability to attract and retain key employees and executives; and our ability to anticipate and manage the risks associated with these factors. This

list is not exhaustive of the factors that may affect any of our forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on our forward-looking statements. We do not undertake to update any forward-looking statement that is contained in this report or in other communications except as required by law.

Overview

CIBC is a leading Canadian-based global financial institution with a market capitalization of $30.7 billion and a Tier 1 capital ratio of 13.9%. Through our two major operating groups, CIBC Retail Markets and Wholesale Banking, CIBC provides a full range of financial products and services to 11 million individual, small business, commercial, corporate and institutional clients in Canada and around the world. We have more than 42,000 employees dedicated to helping our clients achieve what matters to them, delivering consistent and sustainable performance for our shareholders and giving back to our communities.

Vision, Mission and Values

CIBC's vision is to be the leader in client relationships.

Our mission is to fulfill the commitments we have made to each of our stakeholders:

1. Help our clients achieve what matters to them
2. Create an environment where all employees can excel
3. Make a real difference in our communities
4. Generate strong total returns for our shareholders

Our vision and mission are driven by an organizational culture based on core values of Trust, Teamwork and Accountability.

Our Strategic Imperative and Priorities

CIBC's strategic imperative is to deliver consistent and sustainable performance over the long term.

In support of this imperative, we are focused on three priorities:

1. Market leadership in core businesses
   - Achieve and maintain no less than a #3 position, and target #1 or #2, in our core Canadian-based retail and wholesale businesses
2. Balanced and actively managed business mix
   - Grow in certain areas where we have competitive capabilities and market opportunities that can generate sustainable earnings
3. Industry-leading fundamentals
   - Underpin our core businesses with strong capital and funding, competitive productivity measures and sound risk management

Performance Against Objectives

For many years, CIBC has reported a scorecard of financial measures that we use to measure and report on our progress to external stakeholders. These measures can be categorized into four key areas of shareholder value – earnings growth, return on equity, total shareholder return and balance sheet strength.

Earnings growth

As the primary driver of shareholder value, CIBC has regularly reported an earnings per share (EPS) growth target as one of our medium-term financial objectives. Our current target, which we set at the end of 2007, is to deliver average annual EPS growth of 5 to 10%.

In 2010, we reported cash EPS(1) on a fully diluted basis of $5.95, up from $2.73 in 2009 and $(5.80) in 2008, but below the $9.30 we achieved in 2007. As a result of the unanticipated global credit crisis that developed in 2008 and the difficult economic conditions that followed, we did not achieve our 5 to 10% target over the prior three-year period.

We are maintaining our 5 to 10% average annual EPS growth target.

In support of our EPS target, we have objectives to maintain a loan loss ratio between 50 and 65 basis points through the cycle and to maintain our cash efficiency ratio(1) at the median position among our industry peers.

Our loan loss ratio is defined as specific provision for credit losses as a percentage of loans and bankers' acceptances, measured on a managed basis(1). Supported primarily by lower write-offs in our cards and personal lending businesses, our loan loss ratio improved to 56 basis points in 2010, below the 70 basis points we reported in 2009 and within our target range.



Our efficiency ratio is defined as non-interest expenses as a percentage of revenue, measured on a cash and taxable equivalent basis (TEB)(1). Based on the most recent publicly reported results of our industry peer group, CIBC has maintained its efficiency ratio at the industry median in 2010. Our 2010 efficiency ratio of 57.6% improved from 66.4% in 2009, supported by revenue growth that exceeded expense growth.

We are maintaining our industry median target.

Return on equity

Return on equity (ROE) is another key measure of shareholder value.

CIBC's target is to achieve ROE of 20% through the cycle. In 2010, ROE of 19.4% was slightly below this target. ROE was up from 9.4% in 2009, driven by strong earnings growth that more than offset higher average common shareholders' equity.

We are maintaining our minimum ROE target of 20%, which continues to be at the higher end of industry objectives.

Total shareholder return

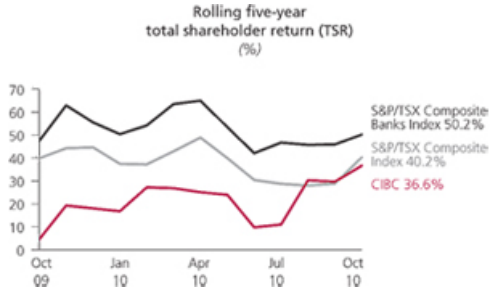
CIBC's mission is to fulfill the commitments we have made to each of our stakeholders, which includes generating a strong level of total shareholder return (TSR).

We have two targets that support our shareholder mission:

1. We have had a consistent objective for many years of paying out between 40% and 50% of our earnings in the form of dividends to our common shareholders. In 2010, and for the past three years, our dividend payout has exceeded this target range.

   Our key criteria for considering dividend increases is our current level of payout relative to our target and our view on the sustainability of our current earnings level through the cycle.

2. We also have an objective to deliver a TSR that exceeds the industry average, which we have defined as the S&P/TSX Composite Banks Index, over a rolling five-year period. For the five years ended October 31, 2010, CIBC delivered a TSR of 36.6%, below the Index return of 50.2%. However, supported by a strong TSR of 32.4% in 2010 that was the highest among the major Canadian banks, CIBC has closed the gap to the Index over the past year.



Balance sheet strength

A strong balance sheet is a necessary foundation for our strategic imperative of consistent and sustainable performance.

Capital levels are a key component of balance sheet strength. In this area, we have set targets for our Tier 1 and Total capital ratios, which have been 8.5% and 11.5% for many years. We expect to define new medium-term capital ratio targets in 2011 when we have final guidance from the Office of the Superintendent of Financial Institutions Canada (OSFI) on how the new global capital standards will apply to Canadian banks. With our strong capital ratios at the end of 2010, we expect to be well positioned for the new standards.

How we deploy our capital is also important. In this area, we have defined a target retail/wholesale business mix, as measured by the allocation of economic capital, that is consistent with the type of earnings and risk profile we desire for CIBC. For the past few years, our target has been to allocate at least 75% of our economic capital to retail. At the end of 2010, our retail allocation was 74%, up from 69% at the end of 2009.

We are maintaining our business mix target.

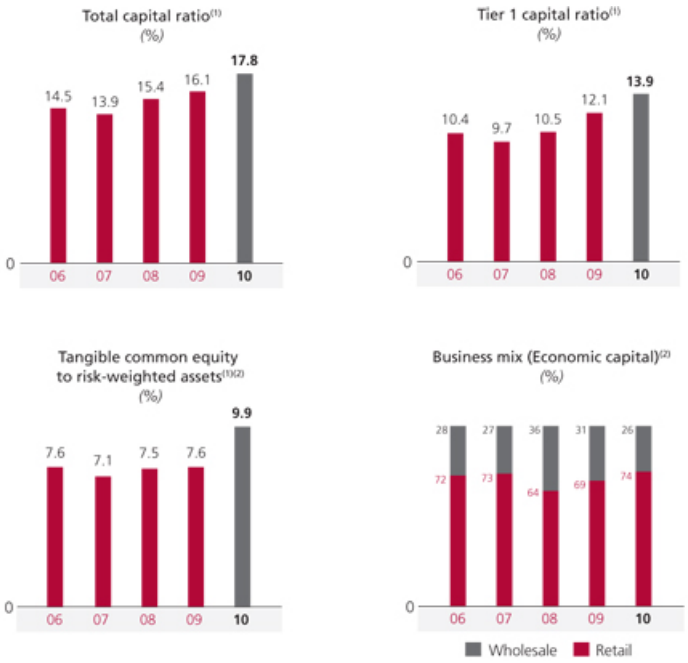
In addition to our capital and business mix objectives, we remain focused on asset quality and a strong funding profile as key underpinnings of a strong balance sheet.

Economic and Market Environment

CIBC benefited from an improving business climate as the economy continued to recover at a moderate pace from the prior year's recession. Helped by a rebound in the U.S. and in the broader global economy, Canada's manufacturing and resource sectors recouped some of their prior declines, and the domestic economy responded to low interest rates and government stimulus. Improved confidence and a period of record low borrowing costs led to a pickup in home buying, and supported volume growth in retail banking activities.

Following three quarter-point rate increases by the Bank of Canada, and a tightening in mortgage insurance rules, mortgage and other household credit growth slowed in Canada in the latter half of the fiscal year. A lower unemployment rate improved household credit quality as the lagged impacts of the earlier recession faded.

The Wholesale Banking business benefited from the improvement in credit quality and a healthier overall tone to financial markets. Government deficit financing kept wholesale debt markets active, but strong corporate balance sheets with ample cash and still-tempered capital spending plans held down activity in equity issuance.



(1) Beginning in 2008, these measurements are based upon Basel II framework, whereas the prior years were based upon Basel I methodology.
(2) For additional information, see the "Non-GAAP measures" section.

Financial Performance Overview

Financial Highlights 2010

As at or for the year ended October 31	**2010**	2009	2008	2007	2006
Common share information					
Per share — basic earnings (loss)	**$ 5.89**	$ 2.65	$ (5.89)	$ 9.30	$ 7.50
— diluted earnings (loss) (1)	**5.87**	2.65	(5.89)	9.21	7.43
— cash diluted earnings (loss) (2)	**5.95**	2.73	(5.80)	9.30	7.49
— dividends	**3.48**	3.48	3.48	3.11	2.76
Share price — closing	**78.23**	62.00	54.66	102.00	87.60
Shares outstanding (thousands) — end of period	**392,739**	383,982	380,805	334,989	335,977
Market capitalization ($ millions)	**$ 30,724**	$ 23,807	$ 20,815	$ 34,169	$ 29,432
Value measures					
Dividend yield (based on closing share price)	**4.4%**	5.6%	6.4%	3.0%	3.2%
Dividend payout ratio	**59.1%**	>100%	n/m	33.4%	36.8%
Financial results ($ millions)					
Total revenue	**$ 12,085**	$ 9,928	$ 3,714	$ 12,066	$ 11,351
Total revenue (TEB) (2)	**12,138**	9,970	3,902	12,363	11,575
Provision for credit losses	**1,046**	1,649	773	603	548
Non-interest expenses	**7,027**	6,660	7,201	7,612	7,488
Net income (loss)	**2,452**	1,174	(2,060)	3,296	2,646
Financial measures					
Efficiency ratio	**58.1%**	67.1%	n/m	63.1%	66.0%
Cash efficiency ratio (TEB) (2)	**57.6%**	66.4%	n/m	61.3%	64.4%
Return on equity	**19.4%**	9.4%	(19.4)%	28.7%	27.9%
Net interest margin	**1.79%**	1.54%	1.51%	1.39%	1.52%
Total shareholder return	**32.4%**	21.1%	(43.5)%	20.2%	25.6%
Balance sheet information ($ millions)					
Loans and acceptances, net of allowance	**$184,576**	$175,609	$180,323	$170,678	$151,916
Total assets	**352,040**	335,944	353,930	342,178	303,984
Deposits	**246,671**	223,117	232,952	231,672	202,891
Common shareholders' equity	**12,634**	11,119	11,200	11,158	9,941
Balance sheet quality measures					
Risk-weighted assets ($ billions) (3)	**$ 106.7**	$ 117.3	$ 117.9	$ 127.4	$ 114.8
Tangible common equity ratio (2)	**9.9%**	7.6%	7.5%	7.1%	7.6%
Tier 1 capital ratio (3)	**13.9%**	12.1%	10.5%	9.7%	10.4%
Total capital ratio (3)	**17.8%**	16.1%	15.4%	13.9%	14.5%
Other information					
Retail/wholesale ratio (4)(5)	**74%/26%**	69%/31%	64%/36%	73%/27%	72%/28%
Full-time equivalent employees (6)	**42,354**	41,941	43,293	44,906	40,774

(1) In case of a loss, the effect of stock options potentially exercisable on diluted EPS is anti-dilutive; therefore, basic and diluted EPS will be the same.

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

(3) Beginning in 2008, these measures are based upon Basel II framework, whereas the prior years were based upon Basel I methodology.

(4) Ratio represents the amount of economic capital attributed to CIBC Retail Markets and Wholesale Banking as of the end of the year.

(5) Certain prior year information has been restated to conform to the presentation of the current year.

(6) Full-time equivalent headcount is a measure that normalizes the number of full-time and part-time employees, base plus commissioned employees, and 100% commissioned employees into equivalent full-time units based on actual hours of paid work during a given period.
n/m Not meaningful.

2010 Financial Performance

Net income for the year was $2,452 million, compared to $1,174 million in 2009. The results for the current and prior years were affected by certain significant items reported during the years as follows:

2010

- $232 million ($161 million after-tax) loss on the structured credit run-off business;
- $411 million ($117 million loss after-tax) of foreign exchange gains on capital repatriation activities;
- $141 million ($98 million after-tax) reversal of provision for credit losses in the general allowance;
- $25 million future tax asset write-down resulting from the enactment of lower Ontario corporate tax rates;
- $30 million ($17 million after-tax) reversal of interest expense related to the favourable conclusion of prior years' tax audits; and
- $17 million ($12 million after-tax) negative impact of changes in credit spreads on the mark-to-market (MTM) of credit derivatives in our corporate loan hedging program.

2009

- $1,003 million ($684 million after-tax) loss on the structured credit run-off business;
- $265 million ($182 million after-tax) negative impact of changes in credit spreads on the MTM of credit derivatives in our corporate loan hedging program;
- $164 million ($106 million after-tax) of valuation charges related to certain trading and available-for-sale (AFS) positions in exited and other run-off businesses;
- $136 million ($81 million after-tax) of higher than normal losses and write-downs on our legacy merchant banking portfolios;
- $107 million ($73 million after-tax) provision for credit losses in the general allowance;
- $92 million ($51 million after-tax) MTM loss relating to interest-rate hedges for the leveraged lease portfolio that did not qualify for hedge accounting;
- $83 million ($56 million after-tax) loan loss in our leveraged loan and other run-off portfolios;
- $27 million ($18 million after-tax) of a higher litigation provision and other operational costs;
- $26 million ($18 million after-tax) decrease in credit valuation adjustments (CVAs) against credit exposures to derivative counterparties, other than financial guarantors, on non-structured credit contracts;
- $25 million ($17 million after-tax) interest income on income tax reassessments; and
- $111 million ($7 million after-tax) of foreign exchange gains on capital repatriation activities.

Net Interest Income and Margin

$ millions, for the year ended October 31	**2010**	2009	2008
Average assets	**$345,943**	$350,706	$344,865
Net interest income	**6,204**	5,394	5,207
Net interest margin	**1.79%**	1.54%	1.51%

Net interest income was up $810 million or 15% from 2009, with increases primarily due to higher treasury interest income, volume growth in most retail products, wider spreads in lending products, and interest income in the structured credit run-off business compared to interest expense in the prior year. These factors were partially offset by narrower spreads in deposits, volume driven decreases in corporate lending, and lower income from U.S. real estate finance. The prior year included losses relating to interest-rate hedges for the leveraged lease portfolio that did not qualify for hedge accounting.

Additional information on net interest income and margin is provided in the "Supplementary annual financial information" section.

Non-interest Income

$ millions, for the year ended October 31	**2010**	2009	2008
Underwriting and advisory fees	**$ 426**	$ 478	$ 411
Deposit and payment fees	**756**	773	776
Credit fees	**341**	304	237
Card fees	**304**	328	306
Investment management and custodial fees	**459**	419	525
Mutual fund fees	**751**	658	814
Insurance fees, net of claims	**277**	258	248
Commissions on securities transactions	**474**	472	565
Trading income (loss)	**603**	(531)	(6,821)
AFS gains (losses), net	**400**	275	(40)
FVO income (loss)	**(623)**	(33)	(249)
Income from securitized assets	**631**	518	585

Foreign exchange other than trading	**683**	496	437
Other	**399**	119	713
	$ 5,881	$ 4,534	$ (1,493)

Non-interest income was up $1,347 million or 30% from 2009.

Underwriting and advisory fees were down $52 million or 11%, primarily due to lower equity new issuances.

Credit fees were up $37 million or 12%, primarily due to higher committed corporate lending facilities.

Card fees were down $24 million or 7%, primarily due to higher securitization activity.

Investment management and custodial fees were up $40 million or 10% and *mutual fund fees* were up $93 million or 14%, primarily due to market-driven increases in asset values.

Trading income (loss) was up $1,134 million, driven largely by lower losses in the structured credit run-off business. See the “Trading activities” section which follows for further details.

AFS gains (losses), net includes realized gains and losses on disposals, net of write-downs to reflect other-than-temporary impairments (OTTI) in the value of the securities and limited partnerships. Gains were up $125 million or 45%, primarily due to lower write-downs during the year, partially offset by lower net realized gains on sale of securities.

FVO income (loss) represents revenue from financial instruments designated at fair value and related hedges. FVO loss was up $590 million, primarily due to higher losses in the structured credit run-off business, resulting from the Cerberus Capital Management LP (Cerberus) note. Largely offsetting these losses were gains on the underlying securities included in trading income noted below. Gains from U.S. real estate finance were also lower during the year. Further details on the composition of our FVO income (loss) are provided in Note 13 to the consolidated financial statements.

Income from securitized assets was higher by $113 million or 22%, primarily due to a higher level of securitized assets.

Foreign exchange other than trading was up $187 million or 38%, largely due to higher foreign exchange gains on capital repatriation activities.

Other includes realized gains and losses on sales and write-downs of equity-accounted investments, and other commissions and fees. Other revenue was up $280 million, mainly due to lower MTM losses associated with our corporate loan hedging program and gain on sale of a U.S. investment, partially offset by lower other commissions and fees.

Trading Activities

$ millions, for the year ended October 31	**2010**	2009	2008
Trading income (loss) consists of:			
Net interest income	**$ 218**	$ 237	$ (418)
Non-interest income	**603**	(531)	(6,821)
	$ 821	$ (294)	$ (7,239)

Trading income was higher by $1,115 million, primarily due to lower losses in the structured credit run-off business. Offsetting this increase was higher losses in the FVO income (loss) noted above. For a more detailed discussion of the structured credit losses, refer to the "Run-off businesses and other selected activities" section.

Further details on the composition of our trading income by product type are provided in Note 12 to the consolidated financial statements.

Provision for Credit Losses

$ millions, for the year ended October 31	**2010**	2009	2008
Specific			
Consumer	**$ 943**	$ 1,020	$ 595
Business and government	**258**	392	105
	1,201	1,412	700
General	**(155)**	237	73
	$ 1,046	$ 1,649	$ 773

The provision for credit losses was down $603 million or 37% from 2009.

The specific provision in consumer portfolios was down $77 million driven by lower write-offs in the cards portfolio, as well as improvements in delinquencies and lower write-offs in the personal lending portfolio.

The specific provision in business and government lending decreased by $134 million across all portfolios, mainly attributable to lower losses in the run-off portfolios in the U.S. and Europe, and the U.S. real estate finance portfolio.

The decrease in the general provision for credit losses was primarily related to the cards and business and government lending portfolios, reflecting improved economic conditions. This was offset in part by the general allowance established for the MasterCard portfolio acquired from Citi Cards Canada Inc. (the MasterCard portfolio).

Non-interest Expenses

$ millions, for the year ended October 31	**2010**	2009	2008
Employee compensation and benefits			
Salaries	**$ 2,202**	$ 2,180	$ 2,435
Performance-based compensation	**1,103**	995	942
Benefits	**566**	435	540
	3,871	3,610	3,917
Occupancy costs	**648**	597	610
Computer, software and office equipment	**1,003**	1,010	1,095
Communications	**290**	288	284
Advertising and business development	**197**	173	217
Professional fees	**210**	189	230
Business and capital taxes	**88**	117	118
Other	**720**	676	730
	$ 7,027	$ 6,660	$ 7,201

Non-interest expenses increased by $367 million or 6% from 2009.

Employee compensation and benefits increased by $261 million or 7%, primarily due to higher performance-based compensation, and higher pension expenses resulting from changes in certain assumptions and the market value of our plan assets.

Occupancy costs increased by $51 million or 9%, mainly due to higher rental expenses during the year.

Advertising and business development increased by $24 million or 14%, mainly due to higher spending during the year.

Professional fees increased by $21 million or 11%, mainly due to higher consulting and legal expenses.

Business and capital taxes decreased by $29 million or 25%, mainly as a result of lower tax rates, as discussed in the "Taxes" section.

Other, mainly comprising operational losses, outside services, and other variable expenses increased by $44 million or 7%, mainly due to the

settlement with the Ontario Securities Commission (OSC) relating to our participation in the asset-backed commercial paper (ABCP) market and the servicing fees in relation to the acquisition of the MasterCard portfolio.

Taxes

$ millions, for the year ended October 31	**2010**	2009	2008
Income tax expense (benefit)	**$ 1,533**	$ 424	$ (2,218)
Indirect taxes[1]			
GST, HST and sales taxes	**211**	208	200
Payroll taxes	**180**	155	180
Capital taxes	**73**	106	107
Property and business taxes	**52**	51	45
Total indirect taxes	**516**	520	532
Total taxes	**$ 2,049**	$ 944	$ (1,686)
Income taxes as a percentage of net income before income taxes and non-controlling interests	**38.2%**	26.2%	52.1%
Total taxes as a percentage of net income before deduction of total taxes and non-controlling interests	**45.3%**	44.1%	45.2%

(1) Certain amounts in this table are based on a paid or payable basis and do not factor in capitalization and subsequent amortization.

Income taxes include those imposed on CIBC as a Canadian legal entity, as well as on our domestic and foreign subsidiaries. Indirect taxes comprise goods and services tax (GST), harmonized sales tax (HST), and sales, payroll, capital, property and business taxes. Indirect taxes are included in non-interest expenses.

Total income and indirect taxes were up $1,105 million from 2009.

Income tax expense was $1,533 million, compared to $424 million in 2009. This change was primarily due to higher income in the year. The current year included increased taxes related to foreign exchange gains on capital repatriation activities.

Indirect taxes were down $4 million, or 1%. A decrease in capital taxes was largely offset by an increase in payroll taxes. Capital taxes were down due to the reduction of capital tax rates in certain provinces. Payroll taxes were up as the prior year included a favourable resolution of a payroll tax audit. On July 1, 2010, Ontario and British Columbia enacted HST to replace provincial sales tax.

At October 31, 2010, our future income tax asset was $767 million, net of a $66 million (US$65 million) valuation allowance. Included in the future income tax asset were $385 million related to Canadian non-capital loss carryforwards that expire in 18 years, $54 million related to Canadian capital loss carryforwards that have no expiry date, and $267 million related to our U.S. operations. Accounting standards 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. Although realization is not assured, 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.

On October 2, 2009 and March 17, 2010, the Canada Revenue Agency (CRA) issued reassessments disallowing the deduction of approximately $3.0 billion of the 2005 Enron settlement payments and related legal expenses. In May 2010, CRA also proposed to disallow legal expenses related to 2006. On April 30, May 19 and September 9, 2010, we filed Notices of Appeal with the Tax Court of Canada. On September 30 and November 12, 2010, we received Replies from the Department of Justice which confirmed CRA's reassessments. The matter is proceeding to litigation. We believe that we will be successful in sustaining at least the amount of the accounting tax benefit recognized to date. Should we successfully defend our tax filing position in its entirety, we would be able to recognize an additional accounting tax benefit of $214 million and taxable refund interest of approximately $167 million. Should we fail to defend our position in its entirety, additional tax expense of approximately $865 million and non-deductible interest of approximately $128 million would be incurred.

The Ontario Government will reduce Ontario corporate tax rates to 10% by 2013. These reductions were substantively enacted for accounting purposes as at November 16, 2009. As a result, we wrote down our future tax assets by approximately $25 million. The statutory income tax rate applicable to CIBC as a legal entity was 30.6% in 2010. The rate will be reduced to 28.2% in 2011 and further reduced to 25.3% by 2014.

Final closing agreements for leveraged leases were executed with the Internal Revenue Service (IRS) in 2009. In 2010, final taxable amounts and interest charges were agreed with the IRS and payments were applied to the various affected tax years.

For a reconciliation of our income taxes in the consolidated statement of operations with the combined Canadian federal and provincial income tax rate, see Note 23 to the consolidated financial statements.

Foreign Exchange

In 2010, the Canadian dollar appreciated 11% on average relative to the U.S. dollar from the prior year. The estimated impact of U.S. dollar translation on the consolidated statement of operations was as follows:

$ millions, for the year ended October 31	**2010**	2009	2008
Estimated increase (decrease) on:			
Total revenue	**$ (205)**	$ 90	$ (25)
Provision for credit losses	**(19)**	25	(3)
Non-interest expense	**(79)**	90	(42)
Income taxes and non-controlling interest	**(15)**	(5)	2
Net income	**$ (92)**	$ (20)	$ 18

Significant Events

Sale of CIBC Mellon Trust Company's Issuer Services business

On July 28, 2010, CIBC Mellon Trust Company (CMT), a 50/50 joint venture between CIBC and The Bank of New York Mellon, announced it had signed an agreement to sell its Issuer Services business (stock transfer and employee share purchase plan). The transaction closed on November 1, 2010. CMT's Issuer Services business results are reported in CIBC's Corporate and Other reporting segment and the results of its operations are not considered significant to CIBC's consolidated results.

Acquisition of Citi Cards Canada Inc.'s Canadian MasterCard portfolio

On September 1, 2010, we completed the acquisition of Citi Cards Canada Inc.'s (Citi) rights and obligations in respect of their Canadian MasterCard portfolio for cash consideration of approximately $1.2 billion. The total portfolio consists of approximately $2.3 billion of directly owned and securitized credit card receivables to Broadway Trust, as well as certain other related assets. Approximately $811 million of credit card receivables were directly owned at the closing date. Broadway Trust had $1.2 billion of sold receivables and approximately $100 million of cash. These assets were funded by $1.1 billion of externally issued senior notes and $201 million of subordinated notes, which we purchased. We have retained Citi as the transitional servicer until we transfer these accounts onto our platforms. See Note 3 of the consolidated financial statements for further details.

Acquisition of CIT Business Credit Canada Inc.

On April 30, 2010, CIBC acquired from CIT Financial Ltd. (CIT) the 50% interest in CIT Business Credit Canada Inc. (CITBCC) that we did not already own. Total cash consideration was $306 million. Additional cash consideration of up to $8 million may be payable to CIT depending on certain circumstances. CITBCC was established in 2000 as a joint venture between CIBC and CIT. Subsequent to the acquisition, CITBCC was renamed CIBC Asset-Based Lending Inc.

Investment in The Bank of N.T. Butterfield & Son Limited

On March 2, 2010, we invested $155 million (US$150 million) for a direct 22.5% common equity interest in The Bank of N.T. Butterfield & Son Limited (Butterfield), as part of a $570 million (US$550 million) recapitalization of Butterfield. The Carlyle Group and other institutional investors invested the remaining $415 million (US$400 million). We also invested $23 million (US$22 million) or 3.3% on March 2, 2010 indirectly in common shares of Butterfield through a private equity fund sponsored by The Carlyle Group. We had previously committed US$150 million to the fund to invest in financial services transactions.

Pursuant to a US$130 million rights offering, which closed on May 11, 2010, other investors, including Butterfield's shareholders, participated in the recapitalization by subscribing for additional common shares, which decreased the size of our direct investment to $130 million (US$125 million) or 18.8% and our indirect ownership in Butterfield to $19 million (US$18 million) or 2.7%. Our total ownership in Butterfield may decrease in the future under certain circumstances.

In addition, we provided Butterfield with a senior secured credit facility for up to $306 million (US$300 million) that was reduced from the original $510 million (US$500 million), at Butterfield's request. We also nominated two out of twelve directors on Butterfield's Board of Directors.

Outlook for 2011

Both the Canadian and U.S. economies are expected to continue on a moderate recovery path in 2011, with real GDP growth in both countries near 2%, and unemployment rates holding steady. U.S. domestic demand is expected to be dampened by the end of major fiscal stimulus efforts and the absence of a rebound in the troubled housing market. Canada's export growth is expected to be held back by a strong Canadian dollar and a slow recovery in the U.S. The domestic economy should see a slower pace to home building and government spending. The absence of inflation risks should keep interest rates very low by historic standards, although the Bank of Canada could raise overnight rates slightly in the latter half of the year.

CIBC Retail Markets is expected to face slower demand growth for mortgages and household credit, with a modest recovery in demand for business credit. The lagged impacts of the earlier recession on credit quality will continue to fade, allowing for an improvement in delinquencies and a reduction in personal bankruptcies. Demand for investment products should be supported as confidence gradually improves.

Wholesale Banking should benefit from a healthier pace of issuance of equities and bonds, with governments remaining heavy borrowers and businesses taking advantage of stronger capital markets. Merger and acquisition activity could increase as confidence improves. Corporate credit demand should be supported by growth in capital spending, although the public debt market and internal cash flows will be a competitive source of funding. U.S. real estate finance could remain slow given an overhang of vacant properties. Corporate default rates could remain contained as we move further from the prior recession.

Fourth Quarter Review

$ millions, except per share amounts, for the three months ended	**Oct. 31**	**Jul. 31**	**Apr. 30**	**2010 Jan. 31**	Oct. 31	Jul. 31	Apr. 30	2009[1] Jan. 31
Revenue								
CIBC Retail Markets	**$ 2,480**	**$ 2,472**	**$ 2,334**	**$ 2,402**	$ 2,356	$ 2,318	$ 2,223	$ 2,375
Wholesale Banking	**238**	**315**	**548**	**613**	503	552	(213)	(330)
Corporate and Other	**536**	**62**	**39**	**46**	29	(13)	151	(23)
Total revenue	**$ 3,254**	**$ 2,849**	**$ 2,921**	**$ 3,061**	$ 2,888	$ 2,857	$ 2,161	$ 2,022
Net interest income	**$ 1,645**	**$ 1,548**	**$ 1,497**	**$ 1,514**	$ 1,419	$ 1,369	$ 1,273	$ 1,333
Non-interest income	**1,609**	**1,301**	**1,424**	**1,547**	1,469	1,488	888	689
Total revenue	**3,254**	**2,849**	**2,921**	**3,061**	2,888	2,857	2,161	2,022
Provision for credit losses	**150**	**221**	**316**	**359**	424	547	394	284
Non-interest expenses	**1,860**	**1,741**	**1,678**	**1,748**	1,669	1,699	1,639	1,653
Income before taxes and non-controlling interests	**1,244**	**887**	**927**	**954**	795	611	128	85
Income taxes	**742**	**244**	**261**	**286**	145	172	174	(67)
Non-controlling interests	**2**	**3**	**6**	**16**	6	5	5	5
Net income (loss)	**$ 500**	**$ 640**	**$ 660**	**$ 652**	$ 644	$ 434	$ (51)	$ 147
Per share – basic EPS	**$ 1.17**	**$ 1.54**	**$ 1.60**	**$ 1.59**	$ 1.57	$ 1.02	$ (0.24)	$ 0.29
– diluted EPS	**$ 1.17**	**$ 1.53**	**$ 1.59**	**$ 1.58**	$ 1.56	$ 1.02	$ (0.24)	$ 0.29

(1) Certain prior period information has been restated to conform to the presentation of the current year.

Compared with Q4/09

Net income was down $144 million or 22% from the fourth quarter of 2009.

Net interest income was up $226 million or 16%, primarily due to higher treasury revenue, volume growth in most retail products including the impact of the MasterCard portfolio, and higher trading-related net interest income, partially offset by lower spreads in retail products.

Non-interest income was up $140 million or 10%, primarily due to foreign exchange gains of $411 million on capital repatriation activities, higher net realized gains on sale of AFS securities and lower write-downs, higher income from securitization activities, and higher mutual fund fees. These factors were partially offset by higher losses in the structured credit run-off business and lower underwriting and advisory fees.

Provision for credit losses was down $274 million or 65%. The specific provision for credit losses was down $193 million, attributable to lower provisions in the consumer and business and government portfolios. The general provision for credit losses was down $81 million, driven by improvements in cards and personal lending, as well as a refinement in how we calculate our general allowance for small business, partially offset by changes in the provision for large corporate loans and the establishment of an allowance for the MasterCard portfolio.

Non-interest expenses were up $191 million or 11%, primarily due to higher performance-related compensation, pension expenses, computer-related costs, advertising and business development expenses, and the impact of HST on these and other items.

Income tax expense was up by $597 million, primarily due to the tax expense of $528 million on capital repatriation activities during the quarter.

Compared with Q3/10

Net income was down $140 million or 22% from the prior quarter.

Net interest income was up $97 million or 6%, primarily due to volume growth in most retail products, including the impact of the MasterCard portfolio, and higher trading-related net interest income.

Non-interest income was up $308 million or 24%, primarily due to foreign exchange gains on the capital repatriation activities, higher income from securitization activities, and higher commissions on securities transactions. These factors were partially offset by higher losses in the structured credit run-off business and lower underwriting and advisory fees.

Provision for credit losses was down $71 million or 32%. The specific provision for credit losses was down $82 million, attributable to lower provisions in the consumer and business and government portfolios. The general provision for credit losses was up $11 million, driven by the establishment of an allowance for the MasterCard portfolio and changes in the provision for large corporate loans, largely offset by a refinement in how we calculate our general allowance for small business.

Non-interest expenses were up $119 million or 7%, primarily due to higher computer-related costs, advertising and business development expenses, professional fees, occupancy costs, and the impact of HST on these and other items.

Income tax expense was higher by $498 million, primarily due to the tax expense on the capital repatriation activities during the quarter.

Quarterly Trend Analysis

Our quarterly results are modestly affected by seasonal factors. The first quarter is normally characterized by increased credit card purchases over the holiday period. The second quarter has fewer days as compared with the other quarters, generally leading to lower earnings. The summer months (July – third quarter and August – fourth quarter) typically experience lower levels of capital markets activity, which affects our brokerage, investment management, and wholesale banking activities.

Revenue

CIBC Retail Markets revenue was up over the period reflecting growth in volumes and improved credit spreads, partially offset by lower treasury allocations.

Wholesale Banking revenue is influenced to a large extent by capital markets conditions. In the first half of 2009 and the second half of 2010, Wholesale Banking was adversely affected by the losses in the structured credit run-off business.

Corporate and Other revenue is affected by the impact of significant items not included in the other business lines. The fourth quarter of 2010 and the second quarter of 2009 included foreign exchange gains on capital repatriation activities. Foreign exchange losses on capital repatriation activities were included in the first quarter of 2009.

Provision for credit losses

The provision for credit losses is dependent upon the credit cycle in general and on the credit performance of the loan portfolio. CIBC Retail Markets provisions trended higher through the third quarter of 2009 largely due to higher losses in the cards and personal lending portfolios. This was the result of both volume growth as well as economic deterioration in the consumer sector. The cards and personal lending portfolios showed some improvements in 2010. Wholesale Banking provisions stabilized in 2010, reflecting improvement in economic conditions in both the U.S. and Europe.

Non-interest expenses

Non-interest expenses were fairly constant throughout the period with higher employee compensation and benefit expenses and occupancy costs during 2010.

Income taxes

Income taxes vary with changes in income subject to tax and the jurisdictions in which the income is earned. It can also be affected by the impact of significant items. The fourth quarter of 2010 and the second quarter of 2009 included income tax expense on capital repatriation activities. Income tax benefits on the foreign exchange losses on capital repatriation activities were included in the first quarter of 2009. The first

quarter of 2010 and the second quarter of 2009 included write-downs of future tax assets. The fourth quarter of 2009 included a tax benefit, primarily from a positive revaluation of future tax assets.

Non-controlling interests

Non controlling interests were down in 2010 due to lower net income from FirstCaribbean International Bank (FirstCaribbean). The first quarter of 2010 included the minority interest related to the gain on the sale of a U.S. investment.

Review of 2009 Financial Performance

$ millions, for the year ended October 31		CIBC Retail Markets	Wholesale Banking	Corporate and Other	CIBC Total
2009(1)	Net interest income	$ 5,404	$ 430	$ (440)	$ 5,394
	Non-interest income	3,866	82	586	4,534
	Intersegment revenue	2	—	(2)	—
	Total revenue	9,272	512	144	9,928
	Provision for credit losses	1,382	218	49	1,649
	Non-interest expenses	5,228	1,060	372	6,660
	Income (loss) before taxes and non-controlling interests	2,662	(766)	(277)	1,619
	Income taxes	746	(294)	(28)	424
	Non-controlling interests	21	—	—	21
	Net income (loss)	$ 1,895	$ (472)	$ (249)	$ 1,174
2008(1)	Net interest income	$ 5,475	$ (183)	$ (85)	$ 5,207
	Non-interest income	3,857	(5,774)	424	(1,493)
	Intersegment revenue	5	—	(5)	—
	Total revenue	9,337	(5,957)	334	3,714
	Provision for (reversal of) credit losses	833	12	(72)	773
	Non-interest expenses	5,418	1,318	465	7,201
	Income (loss) before taxes and non-controlling interests	3,086	(7,287)	(59)	(4,260)
	Income taxes	763	(3,104)	123	(2,218)
	Non-controlling interests	19	(1)	—	18
	Net income (loss)	$ 2,304	$ (4,182)	$ (182)	$ (2,060)

(1) Certain prior year information has been restated to conform to the presentation of the current year.

The following discussion provides a comparison of our results of operations for the years ended October 31, 2009 and 2008.

Overview

Net income for 2009 was $1,174 million, compared to a net loss of $2,060 million in 2008. This was due to higher revenue driven mainly by lower structured credit run-off business losses and lower non-interest expenses, offset in part by higher provision for credit losses and income taxes.

Revenue by segments

CIBC Retail Markets

Revenue was in line with 2008 with narrower spreads and lower wealth management revenue largely offset by volume growth across most products.

Wholesale Banking

Revenue was up $6,469 million from 2008, primarily due to lower losses from the structured credit run-off business and higher revenue in capital markets and corporate and investment banking, partially offset by MTM losses on corporate loan hedges in 2009 compared to MTM gains in 2008.

Corporate and Other

Revenue was down $190 million or 57% from 2008, mainly due to lower unallocated treasury revenue which includes securitization activities, partially offset by higher foreign exchange gains on capital repatriation activities. Losses from the hedging of stock appreciation rights (SARs) were included in 2008.

Consolidated CIBC

Net interest income

Net interest income was up $187 million or 4% from 2008, primarily due to volume growth in most retail products, lower trading-related interest expense, higher interest income from FirstCaribbean mainly due to the weaker Canadian dollar, and interest income on tax reassessments. These increases were partially offset by spread compression in retail products and lower revenue from trading securities.

Non-interest income

Non-interest income was up $6,027 million from 2008, largely due to lower losses from the structured credit run-off business. In addition, realized gains on AFS securities net of write-downs, revenue from U.S. real estate finance, foreign exchange gains on capital repatriation activities, underwriting and advisory fees, and credit fees were higher during 2009. These increases were partially offset by MTM losses associated with corporate loan hedging programs in 2009 compared to MTM gains in 2008, higher MTM losses on our inventory of mortgage-backed securities (MBS) net of seller swaps, lower investment management and custodial fees, and lower income from securitized assets.

Provision for credit losses

The provision for credit losses was up $876 million from 2008. Specific provision increased $712 million, primarily due to higher write-offs and delinquencies in the cards and unsecured personal lending portfolios, and higher impaired loans in the run-off and U.S. real estate finance businesses.

The general provision increased by $164 million, primarily related to cards due to the difficult economic environment.

Non-interest expenses

Non-interest expenses decreased by $541 million or 8% from 2008, primarily due to lower employee compensation and benefits, lower computer and software related expenses, lower spending on advertising and business development, lower legal and consulting expenses, and lower litigation reserves and indirect taxes.

Income taxes

Income taxes were up $2,642 million from 2008, primarily due to higher income in 2009 and a $486 million income tax reduction in 2008 attributable to an increase in our expected tax benefit relating to Enron-related litigation settlements.

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. Investors may find these non-GAAP financial measures useful in analyzing financial performance.

Net interest income (TEB)

We evaluate net interest income on an equivalent before-tax basis. In order to arrive at the TEB amount, we gross up tax-exempt income on certain securities to the equivalent level that would have incurred tax at the statutory rate. Meanwhile the corresponding entry is made in the income tax expense. 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 (TEB) and trading income (TEB). We believe these measures permit uniform measurement, which may enable users of our financial information to make comparisons more readily.

Economic capital

Economic capital provides the financial framework to evaluate the returns of each business line, commensurate with the risk taken. See the "Capital resources" section for details on the definition and calculation of economic capital. Economic capital is a non-GAAP measure and there is no comparable GAAP measure.

Economic profit

Net income, adjusted for a charge on capital, determines economic profit. This measures the return generated by each business line in excess of our cost of 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 as one of the measures 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.

Cash basis measures

Cash basis measures are calculated by adjusting the amortization of other intangible assets to net income and non-interest expenses. Management believes these measures permit uniform measurement, which may enable users of our financial information to make comparisons more readily.

Managed loans

We securitize loans and sell resulting securities or loans to variable interest entities (VIEs), that in turn issue securities to investors. These loans and securities are removed from the consolidated balance sheet upon sale. Loans on a managed basis include securitization inventory as well as loans and securities sold. We use this measure to evaluate the credit performance and the overall financial performance of the underlying loans.

Tangible common equity

Tangible common equity (TCE) comprises the sum of common share capital, excluding short trading positions in our own shares, retained earnings, contributed surplus, non-controlling interests, and accumulated other comprehensive income, less goodwill and intangible assets other than software. The TCE ratio is calculated by dividing TCE by risk-weighted assets (RWAs).

The following table provides a reconciliation of non-GAAP to GAAP measures related to consolidated CIBC. The reconciliations of non-GAAP measures of our strategic business units (SBUs) are provided in their respective sections.

Statement of operations measures

$ millions, for the year ended October 31		2010	2009	2008	2007	2006
Net interest income		**$ 6,204**	$ 5,394	$ 5,207	$ 4,558	$ 4,435
Non-interest income		**5,881**	4,534	(1,493)	7,508	6,916
Total revenue per financial statements		**12,085**	9,928	3,714	12,066	11,351
TEB adjustment		**53**	42	188	297	224
Total revenue (TEB)(1)	A	**$ 12,138**	$ 9,970	$ 3,902	$ 12,363	$ 11,575
Trading income (loss)		**$ 821**	$ (294)	$ (7,239)	$ (310)	$ 685
TEB adjustment		**49**	38	183	292	221
Trading income (loss) (TEB)(1)		**$ 870**	$ (256)	$ (7,056)	$ (18)	$ 906
Non-interest expenses per financial statements		**$ 7,027**	$ 6,660	$ 7,201	$ 7,612	$ 7,488
Less: amortization of other intangible assets		**39**	43	42	39	29
Cash non-interest expenses(1)	B	**$ 6,988**	$ 6,617	$ 7,159	$ 7,573	$ 7,459
Net income (loss) applicable to common shares		**$ 2,283**	$ 1,012	$ (2,179)	$ 3,125	$ 2,514
Add: after-tax effect of amortization of other intangible assets		**30**	33	32	29	20
Cash net income (loss) applicable to common shares(1)	C	**$ 2,313**	$ 1,045	$ (2,147)	$ 3,154	$ 2,534
Loans and acceptances (after allowance for credit losses)		**$184,576**	$175,609	$180,323	$170,678	$151,916
Add: loans securitized		**53,669**	51,826	43,409	29,983	24,740
Managed loans and acceptances(1)	D	**$238,245**	$227,435	$223,732	$200,661	$176,656
Specific provision for credit losses		**$ 1,201**	$ 1,412	$ 700	$ 614	$ 612
Add: losses on securitized portfolio		**132**	189	139	151	149
Specific provision for credit losses on a managed basis(1)	E	**$ 1,333**	$ 1,601	$ 839	$ 765	$ 761
Basic weighted average of common shares (thousands)	F	**387,802**	381,677	370,229	336,092	335,135
Diluted weighted average of common shares (thousands)	G	**388,807**	382,442	371,763	339,316	338,360
Cash efficiency ratio (TEB)(1)	B/A	**57.6%**	66.4%	n/m	61.3%	64.4%
Cash basic EPS(1)	C/F	**$ 5.96**	$ 2.74	$ (5.80)	$ 9.38	$ 7.56
Cash diluted EPS(1)(2)	C/G	**$ 5.95**	$ 2.73	$ (5.80)	$ 9.30	$ 7.49
Loan loss ratio (on managed basis) (1)	E/D	**0.56%**	0.70%	0.38%	0.38%	0.43%

(1) Non-GAAP measure.

(2) In case of a loss, the effect of stock options potentially exercisable on diluted EPS is anti-dilutive; therefore cash basic and cash diluted EPS are the same. n/m Not meaningful.

Business Unit Allocations

Treasury activities impact the reported financial results of our SBUs – CIBC Retail Markets and Wholesale Banking.

Each line of business within our SBUs is charged or credited with a market-based cost of funds on assets and liabilities, respectively, which impacts the revenue performance of the SBUs. Once the interest and liquidity risk inherent in our customer-driven assets and liabilities is transfer priced into Treasury, it is managed within CIBC's risk framework and limits. The majority of the revenue from these Treasury activities is then allocated to the "Other" line of business within CIBC Retail Markets and Wholesale Banking.

Treasury also allocates capital to the SBUs in a manner that is intended to consistently measure and align economic costs with the underlying benefits and risks associated with SBU activities. Earnings on unallocated capital and the impact of securitization activities remain in Corporate and Other. Revenue, expenses, and balance sheet resources relating to certain activities are fully allocated to the lines of business.

Non-interest expenses are attributed to the SBUs to which they relate based on appropriate criteria.

We review our transfer pricing and treasury allocations methodologies on an ongoing basis to ensure they reflect changing market environments and industry practices.

To measure and report the results of operations of the lines of business within our CIBC Retail Markets SBU, we use a Manufacturer/ Customer Segment/Distributor Management Model. The model uses certain estimates and allocation methodologies in the preparation of segmented financial information. Under this model, internal payments for sales and trailer commissions and distribution service fees are made among the lines of business. Periodically, the sales and trailer commission rates paid to customer segments for certain products are revised and applied prospectively.

Business Line Overview

CIBC Retail Markets

CIBC Retail Markets comprises CIBC's personal banking, business banking and wealth management businesses. We provide a full range of financial products, services and advice to nearly 11 million personal, business and wealth management clients in Canada and the Caribbean, as well as investment management services globally to retail and institutional clients in Hong Kong, Singapore and the Caribbean.

Our objective is to be the primary financial institution for our clients, consolidating their business with us by delivering what matters most – excellent service, strong financial advice and competitive products.

In 2010, we invested in delivering greater access and choice to our clients in how they do their everyday banking:

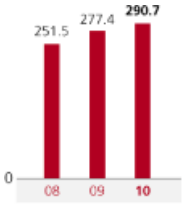
- Became the first major bank in Canada to launch a mobile banking App for iPhone, and now offer mobile banking for BlackBerry and other smartphone users
- Opened an additional 35 new or expanded branches, completing our plans to build, relocate or expand 70 branches across Canada a year ahead of schedule
- *CIBC Aerogold Visa* credit cards recognized as the top airline travel cards by rewardscanada.ca for the second year in a row
- Became Canada's largest dual issuer of credit cards offering a broad range of both Visa and MasterCard credit cards in the premium and mass market categories
- Delivered debit card innovation with the *CIBC Advantage Card*, the first debit card in Canada to offer Visa Debit, which provides expanded acceptance for online purchases and international debit transactions
- Named *Best Consumer Internet Bank* in Canada for the past three years by *Global Finance Magazine*
- Continued our national brand advertising campaign to demonstrate that what matters to our clients, matters to all of us at CIBC

Priorities

- Provide strong advisory solutions
- Deliver an excellent client experience
- Offer competitive products

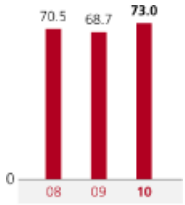
	2010 in Review
Personal banking	- 5% growth in funds managed
	- Largest dual issuer of credit cards in Canada with the acquisition of a MasterCard portfolio
	- Key product innovations yielded strong results – *CIBC eAdvantage Savings Account, CIBC EverydayPlus Chequing Account, equity-linked GICs* linked to stocks and mutual funds
	- Launched *CIBC Advantage Card,* the first debit card in Canada with Visa Debit

Fund managed
($ billions)

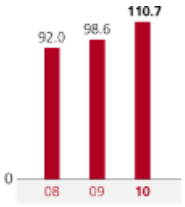


	2010 in Review
Business banking	- 6% growth in funds managed - New leadership and renewed focus on business banking segment - Offered *CIBC Unlimited Business Operating Account,* providing unlimited day-to-day transactions for small business owners
Wealth management	- A leader in managed solutions - Record long-term net sales growth - Solid fund performance – 62% of funds with one-year returns above the median - Growth in high net worth client base
FirstCaribbean	- Launched mobile banking region-wide, upgraded ABMs, and enhanced the client website - Launched *CIBC Axiom Portfolios* mutual fund family, Visa Debit cards, a suite of small business products and commodity derivatives

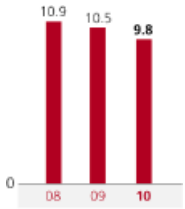
Fund manged
($ billions)



CIBC Wood Gundy
Assets under administration
($ billions)



Assets
(US $ billions)



Results(1)

$ millions, for the year ended October 31	**2010**	2009(2)	2008(2)
Revenue			
Personal banking	**$ 6,413**	$ 5,932	$ 5,719
Business banking	**1,360**	1,282	1,308
Wealth management	**1,382**	1,275	1,532
FirstCaribbean	**590**	713	574
Other	**(57)**	70	204
Total revenue (a)	**9,688**	9,272	9,337
Provision for credit losses	**1,252**	1,382	833
Non-interest expenses (b)	**5,421**	5,228	5,418
Income before taxes and non-controlling interests	**3,015**	2,662	3,086
Income tax expense	**809**	746	763
Non-controlling interests	**15**	21	19
Net income (c)	**$ 2,191**	$ 1,895	$ 2,304
Efficiency ratio (b/a)	**56.0%**	56.4%	58.0%
Amortization of other intangible assets (d)	**$ 29**	$ 32	$ 31
Cash efficiency ratio(3) ((b-d)/a)	**55.7%**	56.0%	57.7%
Return on equity(3)	**42.7%**	38.2%	46.8%
Charge for economic capital (3)(e)	**$ (704)**	$ (673)	$ (634)
Economic profit(3) (c+e)	**$ 1,487**	$ 1,222	$ 1,670
Average assets ($ billions)	**$ 268.1**	$ 265.0	$ 238.5
Full-time equivalent employees	**29,106**	28,921	29,368

(1) For additional segmented information, see Note 28 to the consolidated financial statements.

(2) Certain prior year information has been restated to conform to the presentation of the current year.

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

Financial overview

Net income was up $296 million or 16% from 2009. Revenue increased as a result of volume growth across most lines of business, higher fees, and wider spreads, partially offset by lower treasury revenue allocations. Lower provision for credit losses due to the improved economic environment was partially offset by higher non-interest expenses.

Revenue

Revenue was up $416 million or 4% from 2009.

Personal banking revenue was up $481 million or 8%. Volume growth across most products, wider spreads in lending products, and the impact of the acquisition of the MasterCard portfolio were partially offset by narrower spreads in deposits.

Business banking revenue was up $78 million or 6%, primarily due to volume growth in deposits, higher commercial banking fees, and wider spreads.

Wealth management revenue was up $107 million or 8%. Fee income was higher as a result of market-driven increases in asset values.

FirstCaribbean revenue was down $123 million or 17% as a result of a stronger Canadian dollar, lower treasury allocations and volumes, and narrower spreads, partially offset by higher securities gains.

Other was down $127 million, primarily due to lower treasury revenue allocations.

Provision for credit losses

Provision for credit losses was down $130 million or 9% from 2009. Lower losses were mainly driven by lower delinquencies, bankruptcies and write-offs in the cards and personal lending portfolios.

Non-interest expenses

Non-interest expenses were up $193 million or 4% from 2009, primarily as a result of higher performance-related compensation and pension expense, partially offset by the impact of the stronger Canadian dollar on FirstCaribbean expenses.

Income taxes

Income taxes were up $63 million or 8% from 2009, mainly due to an increase in income, partially offset by a lower effective tax rate.

Average assets

Average assets were marginally higher by $3.1 billion or 1% from 2009.

Wholesale Banking

Wholesale Banking provides a wide range of credit, capital markets, investment banking, merchant banking and research products and services to government, institutional, corporate and retail clients in Canada and in key markets around the world.

Our objective is to be the premier client-focused wholesale bank based in Canada by bringing Canadian capital markets products to Canada and the rest of the world, and bringing the world to Canada.

In 2010, we focused on market leadership in our core businesses by delivering excellent service and value to our clients. We were:

- Lead coordinator on a $6.0 billion, five-year bond offering, for Canada Housing Trust No. 1
- Co-lead arranger and joint bookrunner on a $2.3 billion corporate revolver for Penn West Energy Trust
- Joint lead and joint bookrunner on a 10-year, $1.0 billion bond offering for TELUS Corporation
- Sole lead arranger and sole bookrunner on a $1.0 billion corporate revolver for Enerplus
- Joint bookrunner for Cameco Corporation's $908 million bought secondary offering of Centerra Gold Inc. common shares
- Joint lead agent and joint bookrunner for a $700 million offering of senior notes of Husky Energy Inc.
- Joint bookrunner on a $287 million bought deal secondary offering for Dollarama Inc. – the second secondary offering since Dollarama's IPO in October 2009
- Finance advisor to the Encana Board of Directors on a $21.0 billion transaction

Priorities

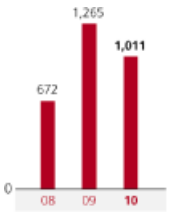
- Client-focused strategy
- Market leadership in core businesses
- Grow with CIBC

2010 in Review

Capital markets

- Maintained leadership positions in equity trading, debt capital markets and structured products
- Expanded equity research coverage, with a focus on the energy, mining and materials, and financial services sectors
- Improved competitive position with large asset managers and expanded the equity trading client base
- Broadened client-focused product capabilities
- Improved foreign exchange market share

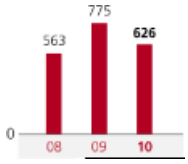
Revenue
($ millions)



Corporate and investment banking

- Maintained strong position in mergers and acquisitions (M&A), equity and debt underwriting, and improved market position in syndicated lending
- Authorized loan commitments up 14.6%
- Strong client-focus

Revenue
($ millions)



Results(1)

$ millions, for the year ended October 31	2010	2009(2)	2008(2)
Revenue (TEB)(3)			
Capital markets	**$ 1,011**	$ 1,265	$ 672
Corporate and investment banking	**626**	775	563
Other	**130**	(1,486)	(7,004)
Total revenue (TEB) (3) (a)	**1,767**	554	(5,769)
TEB adjustment	**53**	42	188
Total revenue (b)	**1,714**	512	(5,957)
Provision for credit losses	**88**	218	12
Non-interest expenses (c)	**1,147**	1,060	1,318
Income (loss) before taxes and non-controlling interests	**479**	(766)	(7,287)
Income tax expense (benefit)	**125**	(294)	(3,104)
Non-controlling interests	**12**	—	(1)
Net income (loss) (d)	**$ 342**	$ (472)	$ (4,182)
Efficiency ratio (c/b)	**66.9%**	n/m	n/m
Amortization of other intangible assets (e)	**$ 1**	$ 2	$ 1
Cash efficiency ratio (TEB)(3) ((c-e)/a)	**64.9%**	n/m	n/m
Return on equity(3)	**17.6%**	(20.6)%	(185.1)%
Charge for economic capital (3) (f)	**$ (254)**	$ (347)	$ (300)
Economic profit (loss)(3) (d+f)	**$ 88**	$ (819)	$ (4,482)
Average asssets ($ billions)	**$ 105.1**	$ 110.8	$ 123.8
Full-time equivalent employees	**1,159**	1,077	1,139

(1) For additional segmented information, see Note 28 to the consolidated financial statements.

(2) Certain prior year information has been restated to conform to the presentation of the current year.

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

n/m Not meaningful.

Financial overview

Net income was $342 million, compared to a net loss of $472 million in 2009. This was primarily due to lower losses in the structured credit run-off business, lower MTM losses on corporate loan hedges, and gains in legacy merchant banking and other run-off businesses compared to losses in the prior year. The current year also benefited from a lower provision for credit losses.

Revenue (TEB)(3)

Revenue was up $1,213 million from 2009.

Capital markets revenue was down $254 million, driven by lower revenue from fixed income trading, global derivatives, strategic risk, foreign exchange revenue, and equity new issuances.

Corporate and investment banking revenue was down $149 million, primarily due to lower revenue from U.S. real estate finance and equity new issuances.

Other revenue was up $1,616 million, primarily due to lower losses in the structured credit run-off business, lower MTM losses on corporate loan hedges, and gains in legacy merchant banking and other run-off businesses, compared to losses in the prior year.

Provision for credit losses

Provision for credit losses was down $130 million from 2009, mainly due to lower losses in the European leveraged finance run-off and U.S. real estate finance portfolios.

Non-interest expenses

Non-interest expenses were up $87 million or 8%, primarily due to higher employee salaries and benefits, expenses related to the ABCP settlement with the OSC, and higher performance-related compensation.

Income taxes

Income tax expense was $125 million, compared to a benefit of $294 million in 2009, largely due to lower losses in the structured credit run-off business.

Average assets

Average assets were down $5.7 billion or 5% from 2009, primarily due to reduced trading activity in our exited and run-off businesses.

Corporate and Other

Corporate and Other comprises the five functional groups — Technology and Operations; Corporate Development; Finance (including Treasury); Administration; and Risk Management — that support CIBC's SBUs. It also includes the CIBC Mellon joint ventures, and other income statement and balance sheet items, including the general allowance, not directly attributable to the business lines. The general allowance applicable to FirstCaribbean is determined locally and is included in CIBC Retail Markets. The impact of securitization is retained within Corporate and Other. The remaining revenue and expenses are generally allocated to the SBUs.

Results(1)

$ millions, for the year ended October 31	**2010**	2009	2008
Total revenue	**$ 683**	$ 144	$ 334
(Reversal of) provision for credit losses	**(294)**	49	(72)
Non-interest expenses	**459**	372	465
Income (loss) before taxes	**518**	(277)	(59)
Income tax expense (benefit)	**599**	(28)	123
Net loss	**$ (81)**	$ (249)	$ (182)
Full-time equivalent employees(2)	**12,089**	11,943	12,786

(1) For additional segmented information, see Note 28 to the consolidated financial statements.

(2) Prior year information has been restated to conform to the presentation of the current year.

Financial overview

Net loss was lower by $168 million from 2009, primarily due to a reversal of provision for credit losses in the general allowance and higher unallocated treasury revenue, partially offset by the after-tax impact on capital repatriation activities noted below, higher unallocated corporate support costs, and lower interest income from income tax reassessments.

During the year, capital repatriation activities resulted in accumulated foreign exchange gains, net of hedges, of $416 million, previously recorded in the accumulated other comprehensive income (AOCI), being transferred to non-interest income in the consolidated statement of operations. The after-tax impact of these capital repatriations resulted in a loss of $120 million in the consolidated net income. Our capital repatriation activities in 2009 had resulted in non-interest income of $111 million and an after-tax gain of $7 million. These capital repatriations had no impact on our shareholders' equity or on our Tier 1 capital ratio.

Revenue

Revenue was up $539 million from 2009, mainly due to higher foreign exchange gains on capital repatriation activities and higher unallocated treasury revenue, partially offset by lower interest income from income tax reassessments.

(Reversal of) provision for credit losses

Reversal of credit losses was $294 million, compared to a provision for credit losses of $49 million in 2009. This was primarily due to a reversal of provision for credit losses in the general allowance for the cards and business and government portfolios, reflective of improved economic conditions, partially offset by lower recoveries on securitized card balances.

Non-interest expenses

Non-interest expenses were up $87 million or 23% from 2009, primarily due to higher unallocated corporate support costs.

Income taxes

Income tax expense was $599 million, compared to an income tax benefit of $28 million in 2009, primarily due to the tax impact of foreign exchange gains on the repatriation activities noted above and higher income.

Run-off Businesses and Other Selected Activities

Run-off Businesses

Given the uncertain market conditions and to focus on our core businesses in Wholesale Banking, we curtailed activity in our structured credit and non-Canadian leveraged finance businesses and have established a focused team with the mandate to manage and reduce the residual exposures.

Structured credit run-off business

Overview and results

Our structured credit business, within Wholesale Banking, comprised our previous activities as principal and for client facilitation. These activities included warehousing of assets and structuring of special purpose entities (SPEs), which resulted in the holding of unhedged positions. Other activities included intermediation, correlation and flow trading, which earned a spread on matching positions.

Exposures

Our exposures largely consist of the following categories:

Unhedged

- U.S. residential mortgage market (USRMM)
- Non-USRMM

Hedged by

- Financial guarantors (non-USRMM) including unmatched positions where we have purchased protection but do not have exposure to the underlying
- Other counterparties (USRMM and non-USRMM)

Results

The net loss, before taxes, for the year was $232 million, compared with $1,003 million for the prior year.

The net loss for the year was the result of a reduction in receivables related to purchased protection from financial guarantors on loan assets that are carried at amortized cost due to an improvement of the underlying position MTM, negative impact of the revaluations of the Cerberus note, losses from the transactions to reduce our exposures, and lower MTM of unmatched purchased protection. These losses were partially offset by decreases in CVA relating to financial guarantors driven by MTM recoveries for certain underlying assets and tightening credit spreads, and gains on unhedged positions.

Change in exposures

The following table summarizes our positions within our structured credit run-off business:

US$ millions, as at October 31	**2010**	2009
Notional		
Investments and loans	**$ 12,006**	$10,442
Written credit derivatives, liquidity and credit facilities	**15,163**	22,710
Total gross exposures	**$ 27,169**	$33,152
Purchased credit derivatives	**$ 21,571**	$32,257

We undertook a number of transactions during the year to reduce our exposures, as noted below:

USRMM

- Terminated $610 million (US$582 million) of contracts with financial guarantors (counterparties "I" and "II"), resulting in a pre-tax loss of $48 million (US$46 million);
- Terminated $60 million (US$59 million) of written credit derivatives and assumed the related securities of the same amount with no significant pre-tax impact as a result; and
- Assumed the underlying reference securities of written credit derivatives with notional of $883 million (US$829 million). The written credit derivatives were subsequently terminated with no significant pre-tax impact as a result of these transactions.

Non-USRMM

Collateralized loan obligations (CLOs)

- Terminated $3.7 billion (US$3.5 billion) of written credit derivatives and assumed the related securities of the same amount, some of which were classified as loans, resulting in a pre-tax loss of $5 million (US$5 million);
- Subsequently sold certain of these and other CLO securities with notional of $1.9 billion (US$1.8 billion), resulting in a pre-tax loss of $35 million (US$34 million); and
- Terminated $2.9 billion (US$2.8 billion) of hedging contracts with financial guarantors (counterparties "I", "II", "III", "IV" and "VII"), resulting in a pre-tax loss of $50 million (US$48 million).

Corporate debt

- Terminated $1.9 billion (US$1.8 billion) of written credit derivatives resulting in a pre-tax loss of $3 million (US$3 million); and
- Terminated $1.8 billion (US$1.8 billion) of related hedging and $3.0 billion (US$2.8 billion) of other unmatched purchased protection contracts with financial guarantors (counterparties “VI” and “IX”), resulting in a pre-tax loss of $25 million (US$24 million).

Collateralized debt obligations (CDOs) of trust preferred securities (TruPs)

- Sold TruPs with notional of $243 million (US$240 million), resulting in a pre-tax gain of $57 million (US$56 million); and
- Terminated $244 million (US$240 million) of related hedging contracts with a financial guarantor (counterparty "II"), resulting in a pre-tax loss of $38 million (US$37 million).

Commercial mortgage-backed securities (CMBS)

- Terminated $793 million (US$777 million) of unmatched purchased protection contracts with a financial guarantor (previously referred to as counterparty "I"), resulting in a pre-tax loss of $152 million (US$149 million).

Other non-USRMM

- Terminated $812 million (US$788 million) of hedging contracts on Other non-USRMM exposures with financial guarantors (counterparties "I", "II" and "IV") and a non-financial guarantor, resulting in a pre-tax loss of $9 million (US$9 million);
- The underlying on a $138 million (US$134 million) written credit derivative was redeemed without any loss and therefore our written credit derivative as well as the related hedging contract with a financial guarantor (counterparty "II") matured. The transactions resulted in a pre-tax gain of $51 million (US$50 million) primarily from reversal of the CVA;
- Terminated a $231 million (US$225 million) written credit derivative and assumed the related loan of the same amount. We subsequently delivered the loan under the terms of the related hedging contract with a financial guarantor (counterparty "VII"). As a result, related purchased protection became unmatched. There was no significant pre-tax income as a result of the transaction; and
- Sold security classified as a loan with notional of $77 million (US$75 million), resulting in a pre-tax gain of $8 million (US$8 million).

Normal amortization reduced the notional of our purchased credit derivatives with financial guarantors by $611 million (US$589 million).

Gain on reduction of unfunded commitment on a variable funding note (VFN)

In the fourth quarter of 2008, we recognized a gain of $895 million (US$841 million), resulting from the reduction to zero of our unfunded commitment on a VFN issued by a CDO. This reduction followed certain actions of the indenture trustee for the CDO following the September 15, 2008 bankruptcy filing of Lehman Brothers Holdings, Inc. (Lehman), the guarantor of a related credit default swap agreement with the CDO.

In September 2010, just prior to the expiration of a statute of limitations, the Lehman Estate instituted an adversary proceeding against numerous financial institutions, indenture trustees and note holders, including CIBC, related to this and more than 40 other CDOs. The Lehman Estate seeks a declaration that the indenture trustee's actions were improper and that CIBC remains obligated to fund the VFN. In October 2010, the bankruptcy court issued an order, at the request of the Lehman Estate, staying all proceedings in the action for a period of nine months.

Of note, in September 2010, the U.S. District Court for the Southern District of New York agreed to hear Bank of New York's appeal of the U.S. bankruptcy court ruling in the first quarter of 2010, in *Lehman Brothers Special Financing, Inc. v. BNY Corporate Trustee Services, Ltd* ., finding unenforceable a customary provision in a CDO transaction that reversed the priority of the payment waterfall upon the bankruptcy of Lehman, the credit support provider under a related swap agreement. On November 17, 2010, the Lehman Estate advised the U.S. District Court that it has settled this dispute in principle with the sole note holder. At the request of the Lehman Estate, the Court granted a 90-day stay of Bank of New York's appeal to allow time for the settlement documents to be finalized.

Although there can be no certainty regarding any eventual outcome, we continue to believe that the CDO indenture trustee's actions in reducing the unfunded commitment on our VFN to zero, were fully supported by the terms of the governing contracts and the relevant legal standards and CIBC intends to vigorously contest the adversary proceeding.

Total exposures

The exposures held within our structured credit run-off business within Wholesale Banking are summarized in the table below. Only our direct investments and exposures through written credit derivatives to consolidated CDOs are included in this table. The table excludes the protection from Cerberus on our USRMM exposures.

US$ millions, as at October 31, 2010

	Exposures(1)					Hedged by			
	Investments and loans(2)			Written credit derivatives, liquidity and credit facilities(3)		Purchased credit derivatives and index hedges			
						Financial guarantors		Others	
	Notional	Fair value	Carrying value	Notional	Fair value(4)(5)	Notional	Fair value before CVA(4)	Notional	Fair value before CVA(4)
Hedged									
USRMM – CDOs	$ —	$ —	$ —	$ 402	$ 349	$ —	$ —	$ 402	$ 349
Total USRMM hedged	$ —	$ —	$ —	$ 402	$ 349	$ —	$ —	$ 402	$ 349
Non-USRMM									
CLO	$ —	$ —	$ —	$ 3,916	$ 199	$ 3,668	$ 189	$ 249	$ 15
CLO classified as loans(6)	6,420	5,933	5,992	—	—	6,215	331	223	13
Corporate debt	—	—	—	8,238	217	800	26	7,442	199
Corporate debt (Unmatched)	—	—	—	—	—	1,600	11	—	—
Other securities classified as loans(7)	429	265	343	—	—	429	165	—	—
Others	77	50	50	220	44	165	57	153	7
Others (Unmatched)	—	—	—	—	—	225	225	—	—
Total non-USRMM hedged	$ 6,926	$ 6,248	$ 6,385	$ 12,374	$ 460	$ 13,102	$ 1,004	$ 8,067	$ 234
Total hedged	$ 6,926	$ 6,248	$ 6,385	$ 12,776	$ 809	$ 13,102	$ 1,004	$ 8,469	$ 583
Unhedged									
USRMM – CDOs	$ 3,007	$ 249	$ 249	$ 1,430	$ 1,146	$ —	$ —	$ —	$ —
Total USRMM unhedged	$ 3,007	$ 249	$ 249	$ 1,430	$ 1,146	$ —	$ —	$ —	$ —
Non-USRMM									
CLO	$ 156	$ 109	$ 109	$ 130	$ 2	$ —	$ —	$ —	$ —
CLO classified as loans(6)	853	780	786	—	—	—	—	—	—
Corporate debt	172	124	124	—	—	—	—	—	—
Montreal Accord related notes(3)(8)	368	197	197	294	n/a	—	—	—	—
Third-party sponsored ABCP conduits(3)	60	60	60	97	n/a	—	—	—	—
Other securities classified as loans	193	172	173	—	—	—	—	—	—
Others(3)(9)	271	200	200	436	40	—	—	—	—
Total non-USRMM unhedged	$ 2,073	$ 1,642	$ 1,649	$ 957	$ 42	$ —	$ —	$ —	$ —
Total unhedged	$ 5,080	$ 1,891	$ 1,898	$ 2,387	$ 1,188	$ —	$ —	$ —	$ —
Total hedged and unhedged	$ 12,006	$ 8,139	$ 8,283	$ 15,163	$ 1,997	$ 13,102	$ 1,004	$ 8,469	$ 583
October 31, 2009	$ 10,442	$ 6,721	$ 7,024	$ 22,710	$ 4,152	$ 23,748	$ 3,413	$ 8,509	$ 681

(1) We have excluded our total holdings, including holdings related to our treasury activities, of notional US$792 million (2009: US$868 million) with fair value of US$796 million (2009: US$865 million) in debt securities issued by Federal National Mortgage Association (Fannie Mae) (notional US$42 million, fair value US$42 million), and Government National Mortgage Association (Ginnie Mae) (notional US$750 million, fair value US$754 million). Trading equity securities with a fair value of US$1 million (2009: US$1 million), issued by Student Loan Marketing Association (Sallie Mae), were also excluded.

(2) Excludes equity and surplus notes that we obtained in consideration for commutation of our USRMM contracts with financial guarantors with notional US$249 million and carrying value US$18 million, as at October 31, 2010 (2009: notional US$261 million and fair value US$39 million).

(3) Undrawn notional of the liquidity and credit facilities relating to Montreal Accord related notes amounted to US$294 million (2009: US$277 million), relating to third-party non-bank sponsored ABCP conduits amounted to US$97 million (2009: US$61 million), and relating to unhedged Other non-USRMM amounted to nil (2009: US$15 million).

(4) This is the gross fair value of the contracts, which was typically zero, or close to zero, at the time they were entered into.

(5) This represents the fair value of written credit derivatives only.

(6) Investments and loans include unfunded investment commitments with a notional of US$182 million as at October 31, 2010 (2009: US$247 million).

(7) Represents CDOs with TruPs collateral.

(8) Includes estimated notional USRMM exposure of US$83 million as at October 31, 2010 (2009: US$104 million).

(9) Includes warehouse non-residential mortgage-backed securities (RMBS) with notional US$10 million and fair value of nil.

n/a Not applicable.

Cerberus transaction

In 2008, we transacted with Cerberus to obtain downside protection on our hedged and unhedged USRMM CDO exposures while retaining upside participation if the underlying securities recover. As at October 31, 2010, the outstanding principal and fair value of the limited recourse note issued as part of the Cerberus transaction was $535 million (US$525 million) and $526 million (US$516 million), respectively. The underlying USRMM CDO exposures, none of which are now hedged by financial guarantors, consist of securities with fair value of $250 million (US$245 million) and derivative liabilities with notional of $1,445 million (US$1,417 million) and fair value of $1,155 million (US$1,132 million), as at October 31, 2010. During the year, we had a loss of $362 million (US$347 million) on the limited recourse note, including interest expense thereon, which was partially offset by gains of $234 million (US$225 million) on the underlying exposures.

Purchased protection from financial guarantors

The following table presents the notional amounts and fair values of non-USRMM related protection purchased from financial guarantors, and the underlying referenced assets, by counterparty. The fair value net of CVA is included in derivative instruments in other assets on the consolidated balance sheet. We no longer have USRMM related protection purchased from financial guarantors as at October 31, 2010 (2009: notional $588 million; fair value, net of CVA $115 million). Also, we no longer have any purchased protection with counterparty "I" (2009: notional $1,567 million; fair value, net of CVA $206 million).

US$ millions, as at October 31, 2010

			Notional amounts of referenced non-USRMM assets					Protection purchased from financial guarantors		
Counterparty	Standard & Poor's	Moody's Investors Service	CLO	Corporate debt	CMBS	Other	Total notional	Fair value before CVA	CVA	Fair value less CVA
II	**R**(6)	**Caa2**(3)	**522**	**—**	**—**	**—**	**522**	**21**	**(14)**	**7**
III	**—**(4)	**—**(4)	**691**	**—**	**—**	**106**	**797**	**79**	**(56)**	**23**
IV(5)	**—**(4)	**—**(4)	**550**	**—**	**—**	**—**	**550**	**31**	**(31)**	**—**
V	**—**(4)	**—**(4)	**2,554**	**—**	**—**	**—**	**2,554**	**127**	**(31)**	**96**
VI	**BB**	**Ba1**	**—**	**2,400**(2)	**—**	**—**	**2,400**	**37**	**(7)**	**30**
VII	**AA+**	**Aa3**(1)	**4,203**	**—**	**—**	**225**(2)	**4,428**	**462**	**(74)**	**388**
VIII	**AA+**	**Aa3**(1)	**1,288**	**—**	**—**	**123**	**1,411**	**109**	**(22)**	**87**
IX	**BB-**(1)	**Ba1**	**75**	**—**	**—**	**365**	**440**	**138**	**(50)**	**88**
Total financial guarantors			**$ 9,883**	**$ 2,400**	**$ —**	**$ 819**	**$ 13,102**	**$ 1,004**	**$ (285)**	**$ 719**
October 31, 2009			$ 13,292	$ 6,959	$ 777	$ 2,132	$ 23,160	$ 2,880	$ (1,591)	$ 1,289

(1) Credit watch/outlook with negative implication.

(2) Includes US$1.6 billion and US$225 million of unmatched purchased protection related to corporate debt and Other non-USRMM, respectively.

(3) Under review.

(4) Rating withdrawn or not rated.

(5) Subsequent to October 31, 2010, we terminated the remaining contacts with this counterparty with no impact on our results.

(6) Subsequent to October 31, 2010, the rating has been withdrawn.

The total CVA gain for financial guarantors was $703 million (US$678 million) for the year. Separately, we recorded a net loss of $341 million (US$332 million) on terminations and maturity of contracts with financial guarantors during the year.

As at October 31, 2010, the CVA on credit derivative contracts with financial guarantors was $291 million (US$285 million) (2009: $2.2 billion (US$2.0 billion)), and the fair value of credit derivative contracts with financial guarantors net of CVA was $732 million (US$719 million) (2009: $1.5 billion (US$1.4 billion)). Further significant losses could result depending on the performance of both the underlying assets and the financial guarantors.

In addition, in our other run-off portfolios, we have loans and tranched securities positions that are partly secured by direct guarantees from financial guarantors or by bonds guaranteed by financial guarantors. As at October 31, 2010, these positions were performing and the total amount guaranteed by financial guarantors was approximately $70 million (US$69 million) (2009: $75 million (US$69 million)).

The following table provides further data and description of the non-USRMM referenced assets underlying the protection purchased from financial guarantors:

US$ millions, as at October 31, 2010

	Notional	Fair value purchased protection	Total tranches(1)	Notional/tranche High	Notional/tranche Low	Fair value/tranche High	Fair value/tranche Low	WAL in years(2)(3)	Investment grade underlyings	Subordination/ attachment(4) Average	Subordination/ attachment(4) Range	Detachment(5) Average	Detachment(5) Range
Hedged													
CLO (includes loans)	$ 9,883	$ 520	67	$ 353	$ 3	$ 21	$ —	3.4	2%	32%	24-67%	98%	50-100%
Corporate debt	800	26	1	800	800	26	26	3.1	51%	15%	15%	30%	30%
Others													
TruPs (includes loans)	519	203	9	89	32	38	8	11.7	n/a	50%	45-57%	100%	100%
Other	75	19	1	75	75	19	19	3.4	n/a	29%	29%	100%	100%
Unmatched													
Corporate debt	1,600	11	2	800	800	7	4	2.6	66%	17%	15-18%	32%	30-33%
Other	225	225	1	225	225	225	225	5.1	n/a	—	—	100%	100%
	$ 13,102	$ 1,004	81	$ 2,342	$ 1,935	$ 336	$ 282						

(1) A tranche is a portion of a security offered as part of the same transaction where the underlying may be an asset, pool of assets, index or another tranche. The value of the tranche depends on the value of the underlying, subordination and deal specific structures such as tests/triggers.

(2) The weighted average life (WAL) of the positions is impacted by assumptions on collateral, interest deferrals and defaults, and prepayments, and for TruPs CDOs, also the potential for successful future auctions. These assumptions and the resulting WAL, especially for TruPs CDOs, may change significantly from period to period.

(3) The WAL of a tranche will typically be shorter than the WAL for the underlying collateral for one or more reasons relating to how cash flows from repayment and default recoveries are directed to pay down the tranche.

(4) Subordination/attachment points are the level of losses which can be sustained on the collateral underlying the reference assets without those losses impacting the tranches shown above.

(5) The detachment points are the level of losses on the collateral underlying the reference assets at which point any further losses cease to impact the tranches shown above.

n/a Not available.

Hedged positions

CLO

The hedged CLO underlyings consist of 67 tranches. Approximately 11% of the total notional amount of the CLO tranches was rated equivalent to AAA, 69% rated between the equivalent of AA+ and AA-, and the remainder rated between the equivalent of A+ and A-, as at October 31, 2010. Approximately 16% of the underlying collateral was rated equivalent to BB- or higher, 55% was rated between the equivalent of B+ and B-, 13% rated equivalent to CCC+ or lower, with the remainder unrated as at October 31, 2010. The collateral comprises assets in a wide range of industries with the highest concentration in the services (personal and food) industry (21%); the broadcasting, publishing and telecommunication sector (18%); and the manufacturing sector (12%). Only 3% is in the real estate sector. Approximately 69% and 25% of the underlyings represent U.S. and European exposures, respectively.

Corporate debt

The hedged corporate debt underlyings consist of one super senior synthetic CDO tranche that references portfolios of primarily U.S. (63%) and European (20%) corporate debt in various industries (manufacturing – 28%, financial institutions – 16%, cable and telecommunications – 11%, retail and wholesale – 3%). Approximately 9% of the total notional of US$800 million of the corporate debt underlyings were rated equivalent to A- or higher, 42% were rated between the equivalent of BBB+ and BBB-, 35% were rated equivalent to BB+ or lower, with the remainder unrated as at October 31, 2010.

Others

Other hedged positions include CDOs with TruPs collateral, which are Tier I Innovative Capital Instruments issued by U.S. regional banks and insurers, and tranches of CDOs.

Unmatched positions

Corporate debt

The unmatched corporate debt underlyings consist of two super senior synthetic CDO tranches that reference portfolios of primarily U.S. (55%) and European (33%) corporate debt in various industries (manufacturing – 30%, financial institutions – 7%, cable and telecommunications – 14%, retail and wholesale – 9%). Approximately 21% of the total notional amount of US$1.6 billion of the unmatched corporate debt underlyings were rated equivalent to A- or higher, 45% were rated between the equivalent of BBB+ and BBB-, 23% were rated equivalent to BB+ or lower, with the remainder unrated as at October 31, 2010.

Other

The underlying in our other unmatched position is a loan backed by film receivables.

Purchased protection from other counterparties

The following table provides the notional amounts and fair values, before CVA of US$9 million (2009: US$8 million) of purchased credit derivatives from non-financial guarantor counterparties, excluding unmatched purchased credit derivatives:

	USRMM related		Non-USRMM related		Total			
					Notional		Fair value	
US$ millions, as at October 31	Notional	Fair value	Notional	Fair value	**2010**	2009	**2010**	2009
Non-bank financial institutions	**$ 402**	**$ 349**	**$ 53**	**$ 3**	**$ 455**	$ 437	**$ 352**	$ 350
Banks	**—**	**—**	**570**	**32**	**570**	862	**32**	86
Canadian conduits	**—**	**—**	**7,442**	**199**	**7,442**	7,166	**199**	245
Others	—	—	**2**	**—**	**2**	2	**—**	—
	$ 402	**$ 349**	**$ 8,067**	**$ 234**	**$ 8,469**	$ 8,467	**$ 583**	$ 681

The non-financial guarantor counterparty hedging our USRMM exposures is a large U.S.-based diversified multinational insurance and financial services company with which CIBC has market-standard collateral arrangements. Approximately 99% of other counterparties hedging our non-USRMM exposures have internal credit ratings equivalent to investment grade.

The assets underlying the exposure hedged by counterparties other than financial guarantors are as below:

	USRMM related	Non-USRMM related			
	Notional	Notional			
US$ millions, as at October 31, 2010	CDO[1]	CLO[2]	Corporate debt	Other[3]	Total
Non-bank financial institutions	**$ 402**	**$ —**	**$ —**	**$ 53**	**$ 53**
Banks	**—**	**472**	**—**	**98**	**570**
Canadian conduits	**—**	**—**	**7,442**	**—**	**7,442**
Others	**—**	**—**	**—**	**2**	**2**
	$ 402	**$ 472**	**$ 7,442**	**$ 153**	**$ 8,067**

(1) The US$402 million represents super senior CDO with approximately 68% sub-prime RMBS, 2% Alt-A RMBS, 14% asset-backed securities (ABS) CDO, and 16% non-USRMM. Sub-prime and Alt-A are all pre-2006 vintage.

(2) All underlyings are non-investment grade. 5% is U.S. exposure and 95% is European exposure. Major industry concentration is in the services industry (32%), the manufacturing sector (14%), the broadcasting and communication industries (12%), and only 5% is in the real estate sector.

(3) Approximately 91% of the underlyings are investment grade or equivalent based on internal ratings with the majority of the exposure located in the U.S. and Europe. The industry concentration is primarily banking and financial institutions, manufacturing, broadcasting, publishing and telecommunication, with approximately 2% in the real estate sector.

Canadian conduits

We purchased credit derivative protection from Canadian conduits and generated revenue by selling the same protection to third parties. The reference portfolios consist of diversified indices of corporate loans and bonds. These conduits are in compliance with their collateral posting arrangements and have posted collateral exceeding current market exposure. Great North Trust is sponsored by CIBC and MAV I was party to the Montreal Accord.

US$ millions, as at October 31, 2010	Underlying	Notional[1]	MTM (before CVA)	Collateral and guarantee notionals[2]
Great North Trust	Investment grade corporate credit index (3)	**$ 4,844**	**$ 188**	**$ 294**
MAV I	160 Investment grade corporates (4)	**2,598**	**11**	**339**
		$ 7,442	**$ 199**	**$ 633**
October 31, 2009		$ 7,166	$ 245	$ 602

(1) These exposures mature within 2 to 6 years.

(2) Comprises investment grade notes issued by third-party sponsored conduits, corporate floating rate notes, bankers' acceptances (BAs), and funding commitments. The fair value of the collateral as at October 31, 2010 was US$652 million (2009: US$566 million).

(3) Consists of a static portfolio of 126 North American corporate reference entities that were investment grade rated when the index was created. 79% of the entities are rated BBB- or higher. 100% of the entities are U.S. entities. Financial guarantors represent approximately 2% of the portfolio. 4% of the entities have experienced credit events. Original attachment point is 30% and there is no direct exposure to USRMM or the U.S. commercial real estate market.

(4) The underlying portfolio consists of a static portfolio of 160 corporate reference entities of which 91% were investment grade on the trade date. 82% of the entities are currently rated BBB-or higher (investment grade). 58% of the entities are U.S. entities. Financial guarantors represent approximately 3% of the portfolio. 3% of the entities have experienced credit events. Original attachment point is 20% and there is no direct exposure to USRMM or the U.S. commercial real estate market.

Unhedged USRMM exposures

Our remaining net unhedged exposure (excluding the Cerberus protection noted above) to the USRMM, after write-downs, was $544 million (US$533 million) as at October 31, 2010. $469 million (US$460 million) of the net unhedged exposure relates to super senior CDOs of mezzanine RMBS.

Unhedged non-USRMM exposures

Our unhedged exposures to non-USRMM primarily relate to the following categories: CLO, corporate debt, Montreal Accord related notes, third-party non-bank sponsored ABCP conduits and other.

CLO

Our unhedged CLO exposures, including those classified as loans, with notional of $1.2 billion (US$1.1 billion) are mostly tranches rated equivalent to AA or higher as at October 31, 2010, and are primarily backed by diversified pools of U.S. and European-based senior secured leveraged loans.

Corporate debt

Approximately 64%, 11% and 25% of the unhedged corporate debt exposures with notional of $175 million (US$172 million) are related to positions in Canada, Europe, and other countries, respectively.

Montreal Accord related notes

As at October 31, 2010, we held variable rate Class A-1 and Class A-2 notes and various tracking notes with a combined fair value of $201 million, and remaining notional value of $375 million that were originally received in exchange for our non-bank sponsored ABCP in January 2009, upon the ratification of the Montreal Accord restructuring. The notes are expected to mature in December 2016 and are backed by fixed income, traditional securitization and CDO assets as well as super senior credit default swaps on investment grade corporates. The underlying assets that have U.S. subprime mortgage exposures have been isolated and are specifically linked to tracking notes with a notional value of $83 million and a fair value of $8 million as at October 31, 2010.

We have provided $300 million of undrawn Margin Funding Facility to be used if the amended collateral triggers of the related credit derivatives are breached and the new trusts created under the restructuring plan do not have sufficient assets to meet any collateral calls. If the loan facility was fully drawn and subsequently more collateral was required due to breaching further collateral triggers, we would not be obligated to fund any additional collateral, although the consequence would likely be the loss of that $300 million loan.

During the first quarter of 2010, we reached a settlement with the OSC relating to our participation in the ABCP market. Our net loss for the year from the settlement, MTM, and dispositions was $29 million.

Third-party non-bank sponsored ABCP conduits

We provided liquidity and credit related facilities to third-party non-bank sponsored ABCP conduits. As at October 31, 2010, $160 million (US$157 million) of the facilities remained committed, which mostly relate to U.S. CDOs. As at October 31, 2010, $61 million (US$60 million) of the committed facilities were drawn. Of the undrawn facilities, $7 million (US$7 million) were subject to liquidity agreements under which the conduits maintain the right to put their assets back to CIBC at par. The underlying assets of the U.S. CDOs have maturities ranging from less than one year to eight years.

Other

Other unhedged exposures with notional of $918 million (US$900 million) include $75 million (US$74 million) of credit facilities (drawn US$74 million and undrawn nil) provided to SPEs with lottery receivables (36%) and U.S. mortgage defeasance loans (64%).

Included in the above are $646 million (US$633 million) of securities and written protection on tranches of high yield corporate debt portfolios, inflation linked notes, and non-US RMBS with 61% rated the equivalent of AA- or higher, 4% rated between the equivalent of A+ and A-, with the remaining rated equivalent to BB+ or lower.

Other unhedged exposures classified as loans with notional of $197 million (US$193 million) represent primarily investment grade ABS.

European leveraged finance (ELF)

We provided leveraged finance to non-investment grade customers to facilitate their buyout, acquisition and restructuring activities. We generally underwrote leveraged financial loans and syndicated the majority of the loans, earning a fee during the process. We stopped transacting new ELF business in 2008.

Exposures of ELF loans (net of write-downs and allowance for credit losses) by industry are as below:

$ millions, as at October 31, 2010	Drawn	Undrawn
Manufacturing	**$ 223**	**$ 71**
Hardware and software	**219**	**21**
Wholesale trade	**198**	**9**
Publishing and printing	**36**	**8**
Business services	**14**	**16**
Telecommunications	**11**	**5**
Transportation	**10**	**10**
Utilities	**10**	**—**
Total exposure	**$ 721**	**$ 140**
October 31, 2009	$ 834	$ 162

As at October 31, 2010, we had drawn leveraged loans of $746 million (2009: $894 million) and unfunded letters of credit and commitments of $140 million (2009: $162 million). The drawn and undrawn amounts include performing notional of $555 million and $65 million, respectively, in respect of certain restructured facilities. Of the drawn loans, $76 million (2009: $99 million) relating to restructured facilities were considered impaired, for which an allowance of $25 million as at October 31, 2010 (2009: $60 million) has been applied. As a result of restructuring, drawn loans of $32 million and undrawn commitments of $29 million were cancelled during the year. In addition, of the total performing loans and commitments, $379 million were on the credit watch list as at October 31, 2010 (2009: $485 million).

Other Selected Activities

In response to the recommendations of the Financial Stability Forum, this section provides additional details on other selected activities.

Securitization business

Our securitization business provides clients access to funding in the debt capital markets. We sponsor several multi-seller conduits in Canada that purchase pools of financial assets from our clients, and finance the purchases by issuing ABCP to investors. We generally provide the conduits with commercial paper backstop liquidity facilities, securities distribution, accounting, cash management, and other financial services.

As at October 31, 2010, our holdings of ABCP issued by our non-consolidated sponsored multi-seller conduits that offer ABCP to external investors were $110 million (2009: $487 million) and our committed backstop liquidity facilities to these conduits were $2.6 billion (2009: $4.0 billion). We also provided credit facilities of $40 million (2009: $50 million) to these conduits as at October 31, 2010.

The following table shows the underlying collateral and the average maturity for each asset type in these multi-seller conduits:

$ millions, as at October 31, 2010	Amount[1]	Estimated weighted avg. life (years)
Asset class		
Credit cards	**$ 975**	**2.3**[2]
Canadian residential mortgages	**489**	**1.2**
Franchise loans	**469**	**0.4**
Auto leases	**141**	**1.0**
Equipment leases/loans	**40**	**0.9**
Other	**28**	**1.0**
	$ 2,142	**1.5**
October 31, 2009	$ 3,612	1.7

(1) The committed backstop liquidity facility of these assets was the same as the amounts noted in the table, other than for franchise loans, auto leases and other, for which the facility was $750 million, $197 million, and $187 million, respectively.

(2) Based on the revolving period and amortization period contemplated in the transaction.

The short-term notes issued by the conduits are backed by the above assets. The performance of the above assets has met the criteria required to retain the credit ratings of the notes issued by the multi-seller conduits.

We also participated in a syndicated facility for a 364-day commitment of $475 million to a CIBC-sponsored single-seller conduit that provides funding to franchisees of a major Canadian retailer. Our portion of the commitment is $95 million. At October 31, 2010 we funded $72 million (2009: $69 million) by the issuance of bankers' acceptances.

We also securitize our mortgages and credit card receivables. Details of our consolidated VIEs and securitization transactions during the year are provided in Note 6 to the consolidated financial statements.

U.S. real estate finance

In our U.S. real estate finance business, we operate a full-service platform which originates commercial mortgages to mid-market clients under four programs.

The construction program offers floating-rate financing to properties under construction. The interim program offers fixed and floating-rate financing, typically with an average term of one to three years for properties that are fully leased or with some leasing or renovation yet to be done. In addition the interim program provides operating lines to select borrowers. These programs provide feeder product for the group's permanent fixed-rate loan program. Once the construction and interim phases are complete and the properties are income producing, borrowers are offered fixed-rate financing within the permanent program (typically with average terms of 10 years). On September 27, 2010, CIBC signed a joint venture agreement with a private equity firm to set up an entity with US$125 million in equity. The entity will originate a pool of US$750 million of newly advanced fixed-rate first mortgages secured by commercial real estate in the U.S. Under the terms of the agreement, we will invest up to US$20 million of equity and provide a US$625 million in senior-ranking credit to the entity. The credit facility is structured with a three-year initial term. Each advance under the facility to fund a loan will be subject to CIBC's credit approval. We will also provide a US$92 million contingent swap line relating to the entity's interest rate hedging activity.

The business also maintains CMBS trading and distribution capabilities. As at October 31, 2010, we had CMBS inventory with a notional amount of $9 million (US$9 million) and a fair value of less than $1 million (US$1 million) (2009: less than $1 million (US$1 million)).

The following table provides a summary of our positions in this business:

US$ millions, as at October 31, 2010	Drawn	Undrawn
Construction program	**$ 125**	**$ 24**
Interim program	**1,684**	**218**
Joint venture	**—**	**625**
Total exposure	**$ 1,809**	**$ 867**
October 31, 2009	$ 2,209	$ 236

As at October 31, 2010, $225 million (US$221 million) (2009: $279 million (US$257 million)) of funded loans were considered impaired and $276 million (US$271 million) of loans and $4 million (US$4 million) of undrawn commitments were included in the credit watch list. As at October 31, 2010, the allowance for credit losses for this portfolio was $76 million (US$75 million). During the year, we recorded a provision for credit losses of $81 million (US$78 million).

U.S. leveraged finance

We sold our U.S. leveraged finance business as part of our sale of some of our U.S. businesses to Oppenheimer Holdings Inc. (Oppenheimer) in fiscal 2008. Under the transaction, the leveraged loans in existence at the time of the sale remained with us. These loans are being managed to maturity. In addition, under the current terms of our agreement with Oppenheimer, we agreed to provide a loan warehouse facility of up to $2.0 billion (US$2.0 billion) to finance and hold syndicated loans originated for U.S. middle market companies by Oppenheimer. Underwriting of any loan for inclusion in this facility is subject to joint credit approval by Oppenheimer and CIBC. Exposures of our U.S. leveraged loans, including loans originated through Oppenheimer (net of allowance for credit losses of $16 million (US$15 million) as at October 31, 2010) are summarized in the table below.

US$ millions, as at October 31, 2010	Drawn	Undrawn[1]
Transportation	**$ 114**	**$ 43**
Gaming and lodging	**17**	**32**
Healthcare	**30**	**93**
Media and advertising	**24**	**21**
Manufacturing	**20**	**82**
Other	**22**	**44**
Total exposure	**$ 227**	**$ 315**
October 31, 2009	$ 370	$ 575

(1) Includes unfunded letters of credit of US$23 million (2009: US$36 million).

As at October 31, 2010, we had $13 million (US$13 million) of net impaired loans, and $127 million (US$125 million) of loans and $31 million (US$31 million) of undrawn commitments included in the credit watch list. No provision for credit losses was recognized during the year.

Financial Condition

Review of Consolidated Balance Sheet

$ millions, as at October 31	2010	2009
Assets		
Cash and deposits with banks	**$ 12,052**	$ 7,007
Securities		
Trading	**28,557**	15,110
AFS	**26,621**	40,160
FVO	**22,430**	22,306
	77,608	77,576
Securities borrowed or purchased under resale agreements	**37,342**	32,751
Loans		
Residential mortgages	**93,568**	86,152
Personal	**34,335**	33,869
Credit card	**12,127**	11,808
Business and government	**38,582**	37,343
Allowance for credit losses	**(1,720)**	(1,960)
	176,892	167,212
Derivative instruments	**24,682**	24,696
Other assets	**23,464**	26,702
	$352,040	$335,944
Liabilities and shareholders' equity		
Deposits		
Personal	**$113,294**	$108,324
Business and government	**127,759**	107,209
Bank	**5,618**	7,584
	246,671	223,117
Derivative instruments	**26,489**	27,162
Obligations related to securities lent or sold short or under repurchase agreements	**37,893**	43,369
Other liabilities	**20,256**	22,090
Subordinated indebtedness	**4,773**	5,157
Preferred share liabilities	**—**	600
Non-controlling interests	**168**	174
Shareholders' equity	**15,790**	14,275
	$352,040	$335,944

Assets

As at October 31, 2010, total assets increased by $16.1 billion or 5% from 2009.

Cash and deposits with banks were up $5.0 billion or 72%, mainly due to higher treasury deposit placements.

Securities overall were at the same levels as at October 31, 2009. Trading securities increased mainly in the equity portfolio whereas AFS securities decreased mainly in government issued bonds. Further details on the composition of securities are provided in Note 4 to the consolidated financial statements and in the "Supplementary annual financial information" section.

Securities borrowed or purchased under resale agreements increased by $4.6 billion or 14% primarily due to client demand.

Loans increased by $9.7 billion or 6% mainly due to an increase in residential mortgages resulting from volume growth, net of new securitizations and repayments. The acquisition of the MasterCard portfolio during the year also contributed to the growth in loans. A detailed discussion of the loan portfolios is included in the "Management of risk" section. Further details on the composition of loans are provided in Note 5 to the consolidated financial statements and in the "Supplementary annual financial information" section.

Other assets were down $3.2 billion or 12%, mainly due to lower collateral pledged, future income tax assets, and bankers' acceptances.

Liabilities

Total liabilities as at October 31, 2010 were up by $14.6 billion or 5% from 2009. Deposits were up $23.6 billion or 11%, primarily due to the issuance of medium term notes and covered bonds, retail volume growth, and reclassification of certain payables from other liabilities during the year. Further details on the composition of deposits are provided in Note 10 to the consolidated financial statements and in the "Supplementary annual financial information" section.

Obligations related to securities lent or sold short or under repurchase agreements decreased by $5.5 billion or 13%, primarily due to funding requirements.

Other liabilities decreased by $1.8 billion or 8%, primarily due to reclassification of certain payables to deposits noted above, partially offset by a payable outstanding relating to the redemption of preferred share liabilities on October 31, 2010 noted below.

Subordinated indebtedness decreased by $0.4 billion or 7% as the issuance of debentures was more than offset with the redemption of debentures during the year. See the "Capital resources" section for more details.

The preferred share liabilities were redeemed on October 31, 2010. See Note 17 to the consolidated financial statements for more details.

Shareholders' equity

Shareholders' equity as at October 31, 2010 was up by $1.5 billion or 11%, mainly due to a net increase in retained earnings and the issuance of common shares pursuant to the stock option, shareholder investment, and employee share purchase plans.

Capital Resources

Our capital strength protects our depositors and creditors from risks inherent in our businesses, allows us to absorb unexpected losses, and enables us to take advantage of attractive business opportunities. It also enables us to maintain a favourable credit standing and to raise additional capital or other funding on attractive terms. Our objective is to maintain a strong and efficient capital base. We manage and monitor our capital to maximize risk-adjusted return to shareholders and to meet regulatory requirements.

Basel II Capital Accord and recent revisions to regulatory capital requirements

On November 1, 2007, we adopted the Basel II capital management framework, which enhances the risk sensitivity of minimum regulatory capital requirements.

In July 2009, the Basel Committee on Banking Supervision (BCBS) issued a series of guidelines to enhance the Basel II capital management framework. The guidelines include revisions to the Basel II market risk framework, enhancements to the Basel II credit risk framework, and the introduction of capital requirements for incremental risk in the trading book. These guidelines strengthen the rules governing trading book capital as well as increase the capital requirements for securitization and re-securitization activities. In addition, the amendment prescribes expanded supervisory review of internal risk management activities surrounding securitization and re-securitization activities, as well as increased disclosure for such activities. We are working on a series of enhancements to our market Value-at-Risk (VaR) models in order to meet the new regulatory requirements and ensure a comprehensive assessment of risk, which will increase our VaR measure and regulatory capital requirements. These enhancements are required to be implemented by the first quarter of fiscal 2012.

In December 2009, the BCBS issued a consultative document which proposed increases to the quality, quantity, and consistency of capital, with the goal of strengthening the resilience of the banking sector. In July 2010, amendments to the original proposals were released, followed in September 2010 by details on phase-in arrangements and minimum requirements. While the proposed new capital rules are expected to be finalized by the BCBS by the end of 2010, the BCBS may continue to refine certain aspects of reforms after 2010. We have analyzed the impact that the guidelines could have on our capital position, and are confident that we will be able to meet the new requirements.

Regulatory capital and ratios

Our minimum regulatory capital requirements are determined in accordance with guidelines issued by OSFI. The OSFI guidelines evolved from the framework of risk-based capital standards developed by the Bank for International Settlements (BIS). The BIS framework allows some domestic regulatory discretion in determining capital. Capital ratios of banks in different countries are, therefore, not strictly comparable unless adjusted for discretionary differences.

Current 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 maintain Tier 1 and Total capital ratios of at least 7% and 10%, respectively.

Total regulatory capital consists of Tier 1 and Tier 2 capital. The components of our regulatory capital are shown in the table below.

Capital adequacy requirements are applied on a consolidated basis. The consolidation basis applied to CIBC's financial statements is described in Note 1 to the consolidated financial statements. All subsidiaries, except certain investments and holdings which are not subject to risk assessment under Basel II and are instead deducted from regulatory capital, are included for regulatory capital calculation purposes. A deduction approach applies to investments in insurance subsidiaries, substantial investments, and applicable securitization-related activities. Our Canadian insurance subsidiary, CIBC Life Insurance Company Limited, is subject to OSFI's Minimum Continuing Capital Surplus Requirements for life insurance companies.

As a result of our holdings of subordinated enhancement notes issued by Cards II Trust, commencing the fourth quarter of 2009, we are required to hold regulatory capital for the underlying securitized credit card receivables as if they had remained on our balance sheet. We apply the same capital treatment to the securitized credit card receivables relating to Broadway Trust; these assets resulted from our acquisition of the MasterCard portfolio on September 1, 2010, which included the acquisition of all subordinated enhancement notes issued by Broadway Trust (see "Significant events" section for additional details). In aggregate, applying this treatment to Cards II Trust and Broadway Trust resulted in a reduction of our Tier 1 and Total capital ratios by approximately 0.34% and 0.42%, respectively.

$ millions, as at October 31	2010	2009
Tier 1 capital		
Common shares	**$ 6,804**	$ 6,241
Contributed surplus	**96**	92
Retained earnings	**6,095**	5,156
Net after-tax fair value losses arising from changes in institution's own credit risk	**1**	4
Foreign currency translation adjustments	**(575)**	(495)
Net after-tax unrealized holding losses on AFS equity securities	**—**	(14)
Non-cumulative preferred shares (1)	**3,156**	3,756
Innovative instruments	**1,599**	1,599
Certain non-controlling interests in subsidiaries	**168**	174
Goodwill	**(1,913)**	(1,997)
Gains on sale of applicable securitized assets	**(58)**	(59)
50/50 deductions from each of Tier 1 and Tier 2 (2)	**(522)**	(303)
	14,851	14,154
Tier 2 capital		
Perpetual subordinated indebtedness	**270**	286
Other subordinated indebtedness (net of amortization)	**4,404**	4,736
Net after-tax unrealized holding gains on AFS equity securities	**4**	—
Eligible general allowance (standardized approach)	**126**	119
50/50 deductions from each of Tier 1 and Tier 2 (2)	**(522)**	(303)
Investment in insurance activities (3)	**(167)**	(165)
	4,115	4,673
Total capital available for regulatory purposes	**$ 18,966**	$ 18,827
Regulatory capital ratios		
Tier 1 capital	**13.9%**	12.1%
Total capital	**17.8%**	16.1%
Assets-to-capital multiple	**17.0x**	16.3x

(1) Non-cumulative preferred share liabilities included in Tier 1 capital were redeemed as at October 31, 2010 (2009: $600 million).

(2) Items which are deducted 50% from each of Tier 1 capital and Tier 2 capital include allowance shortfall calculated under AIRB approach, securitization exposures (other than gain on sale of applicable securitized assets), and substantial investments in unconsolidated entities.

(3) Investment in insurance activities continues to be deducted 100% from Tier 2 capital in accordance with OSFI's transition rules.

The Tier 1 ratio was up 1.8% and the Total capital ratio was up 1.7% from October 31, 2009. The capital ratios benefited from lower RWAs and an increase in both Tier 1 and Total regulatory capital.

The $10.6 billion decrease in RWAs was largely attributable to a decrease in structured credit exposure to financial guarantors, the effect of a strengthening Canadian dollar on foreign currency denominated assets, updates to advanced internal ratings based (AIRB) model parameters, and a reduction in our future tax asset, partially offset by the acquisition of the MasterCard portfolio.

Tier 1 and Total regulatory capital increased mainly due to internal capital generation and the issuance of common shares, offset in part by the redemption of preferred shares noted below. The Total regulatory capital as at October 31, 2010 also reflected the issuance and redemption of subordinated debt noted below.

Capital management

Our capital management policies, established by the Board, relate to capital strength, capital mix, dividends and return of capital, and the unconsolidated capital adequacy of regulated entities. Each year a capital plan and three-year outlook are established, which encompass all the associated elements of capital: forecasts of sources and uses, maturities, redemptions, new issuances, corporate initiatives and business growth. The capital plan is stress-tested in various ways to ensure that it is sufficiently robust under all reasonable scenarios. We maintain a process which determines plausible but stressed economic scenarios, and then apply these stresses to the vast majority of our exposures to determine the impact on the consolidated statement of operations, RWA requirements, and consequently, key capital ratios. This helps us analyze the potential risks within our portfolios and establish prudent capital levels in excess of the regulatory minimum requirements. All of the elements of capital are monitored throughout the year and the capital plan is adjusted as appropriate.

The following were the main capital initiatives undertaken in 2010:

Subordinated debt

On April 30, 2010, we issued $1,100 million principal amount of 4.11% Debentures (subordinated indebtedness) due April 30, 2020. The Debentures qualify as Tier 2 regulatory capital.

On September 9, 2010, we redeemed all $1,300 million of our 3.75% Debentures (subordinated indebtedness) due September 9, 2015. The Debentures were redeemed at 100% of the principal amount, plus accrued interest thereon.

Subsequent to the year-end, on November 2, 2010, we issued $1,500 million principal amount of 3.15% Debentures (subordinated indebtedness) due November 2, 2020. The Debentures qualify as Tier 2 capital.

Preferred shares

On October 31, 2010, we redeemed the following non-cumulative Class A Preferred Shares:

- 8 million of Series 19 with a par value of $25 each for a redemption price of $25.45 each; and
- 16 million of Series 23 with a par value of $25 each for a redemption price of $25.00 each.

Common shares

During the year, we issued 1.9 million (2009: 1.0 million) new common shares for a total consideration of $88 million (2009: $41 million), pursuant to stock option plans.

Under CIBC's Shareholder Investment Plan (Plan), shareholders may elect to reinvest dividends received on common or preferred shares into additional common shares, and purchase additional common shares through optional cash contributions. Under the Plan, we may elect to have shares issued from Treasury or purchased in the open market. If the shares are issued from Treasury, we may offer a discount on reinvested dividends. In 2010, we issued shares from Treasury at a 3% discount from the average market price (as defined in the Plan) for reinvested dividends. During 2010, we issued 6.0 million (2009: 2.2 million) new common shares for a total consideration of $419 million (2009: $137 million), pursuant to the Plan.

Effective February 2010, employee contributions to CIBC's Canadian Employee Share Purchase Plan (ESPP) have been used to purchase common shares issued from Treasury. For additional details about the ESPP, see Note 21 to the consolidated financial statements. During 2010, we issued 0.8 million new common shares for a total consideration of $56 million, pursuant to the ESPP.

Dividends

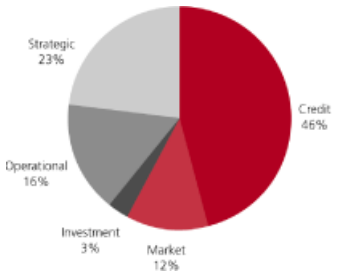
During the year, we paid quarterly dividends of 87 cents per common share. Common and preferred share dividends are declared quarterly at the discretion of the Board. The declaration and payment of dividends is governed by Section 79 of the Bank Act (Canada), the terms of the preferred shares, and the terms of the Notes issued by CIBC Capital Trust, as explained in Notes 17 and 18 to the consolidated financial statements.

Economic capital

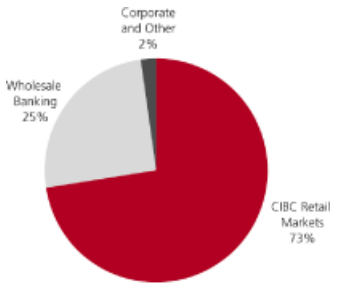
Economic capital provides the financial framework to evaluate the returns of each business line, commensurate with the risk taken. It comprises the capital required to protect against unexpected losses, in periods of near catastrophic "worst case" loss scenarios, while remaining an independent going concern. Economic capital is therefore an estimate of the amount of equity capital required by the businesses to absorb losses consistent with our targeted risk rating over a one-year horizon. The economic capital methodologies that we employ quantify the level of inherent risk within our products, clients and business lines, as required. This enables us to measure and compare risk-adjusted returns across products and business lines, and contributes to the analysis of where to direct the allocation of balance sheet resources.

Our economic capital methodology comprises a number of key risk types including credit, strategic, operational, investment, and market.

Total economic capital by risk type



Total economic capital by segment



Risk-weighted assets

Under the Basel II AIRB approach, credit RWAs are calculated according to the mathematical formula utilizing probability of default (PD), loss given default (LGD), and exposure at default (EAD), and in some cases, maturity adjustments.

Under the Basel II standardized approach, credit RWAs are calculated by applying the weighting factors specified in the OSFI guidelines to on- and off-balance sheet exposures. RWAs for market risk in the trading portfolio are statistically estimated based on models approved by OSFI. RWAs for operational risk related to losses from inadequate or failed processes, people, and systems are estimated under a model-based approach approved by OSFI.

	Risk-weighted amounts	
$ millions, as at October 31	**2010**	2009
Credit risk		
Standardized approach		
Corporate	**$ 4,729**	$ 5,554
Sovereign	**178**	202
Banks	**394**	405
Real estate secured personal lending	**1,653**	1,716
Other retail	**2,288**	875
	9,242	8,752
AIRB approach		
Corporate	**31,236**	34,388
Sovereign	**1,595**	1,670
Banks	**3,902**	3,552
Real estate secured personal lending	**4,213**	4,894
Qualifying revolving retail	**14,281**	14,801
Other retail	**5,302**	5,650
Equity(1)	**695**	896
Trading book	**3,516**	7,588
Securitizations	**1,761**	2,522
Adjustment for scaling factor	**3,990**	4,558
	70,491	80,519
Other credit risk-weighted assets	**7,049**	7,919
Total credit risk	**86,782**	97,190
Market risk (Internal Models Approach)	**1,625**	1,321
Operational risk (Advanced Measurement Approach)	**18,256**	18,787
Total risk-weighted assets	**$106,663**	$117,298

(1) 100% risk-weighted.

Outstanding share data

		Shares outstanding	Conversion for common shares	
As at November 26, 2010	No. of shares	$ millions	CIBC's conversion date	Shareholders' conversion date
Common shares(1)	392,953,553	$ 6,817		
Class A Preferred Shares				
Classified as equity				
Series 18	12,000,000	$ 300	not convertible	not convertible
Series 26	10,000,000	250	April 30, 2008	not convertible
Series 27	12,000,000	300	October 31, 2008	not convertible
Series 28	2,000	—(2)	not convertible	not convertible
Series 29	13,232,342	331	May 1, 2010	not convertible
Series 30	16,000,000	400	not convertible	not convertible
Series 31	18,000,000	450	not convertible	not convertible
Series 32	12,000,000	300	not convertible	not convertible
Series 33	12,000,000	300	not convertible	not convertible
Series 35	13,000,000	325	not convertible	not convertible
Series 37	8,000,000	200	not convertible	not convertible
Total		$ 3,156		
Stock options outstanding	5,484,153			

(1) Net of treasury shares.

(2) Due to rounding.

As noted in the table above, Class A Preferred Shares Series 26, 27, and 29 provide CIBC with the right to convert the shares to common shares on or after a specified conversion date. Each such 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 relevant short form prospectus or prospectus supplement), subject to a minimum price of $2.00 per share.

Non-cumulative Rate Reset Class A Preferred Shares, Series 33 (Series 33 shares) may be converted on a one-for-one basis into non-cumulative Floating Rate Class A Preferred Shares Series 34 (Series 34 shares) at the holder's option on July 31, 2014. Thereafter, Series 33

shares and Series 34 shares are convertible, one to the other, at every fifth anniversary of July 31, 2014.

Non-cumulative Rate Reset Class A Preferred Shares Series 35 (Series 35 shares) may be converted on a one-for-one basis into non-cumulative Floating Rate Class A Preferred Shares Series 36 (Series 36 shares) at the holder's option on April 30, 2014. Thereafter, Series 35 shares and Series 36 shares are convertible, one to the other, at every fifth anniversary of April 30, 2014.

Non-cumulative Rate Reset Class A Preferred Shares Series 37 (Series 37 shares) may be converted on a one-for-one basis into non-cumulative Floating Rate Class A Preferred Shares Series 38 (Series 38 shares) at the holder's option on July 31, 2014. Thereafter, Series 37 shares and Series 38 shares are convertible, one to the other, at every fifth anniversary of July 31, 2014.

Off-balance Sheet Arrangements

Off-balance sheet arrangements include securitizations, derivatives, credit-related arrangements, and guarantees. These off-balance sheet arrangements are either not recorded on the consolidated balance sheet or are recorded in amounts that differ from the full contract or notional amounts. They could have a current or future effect on our financial condition as they involve, among other risks, varying elements of market, credit, and liquidity risk, as discussed in the "Management of risk" section. Off-balance sheet arrangements are generally undertaken both as a revenue-generating business activity and for risk management, capital management, and/or funding management purposes.

Securitizations

Off-balance sheet arrangements may involve the use of VIEs. VIEs may be formed as corporations, partnerships, limited liability companies or trusts. They are an important part of the financial markets, providing market liquidity by facilitating investors' access to specific portfolios of assets and risks.

VIEs are often used for securitizing our own assets or third-party assets. In a securitization, an entity transfers assets to a VIE in exchange for cash. The VIE will fund these purchases by issuing ownership interests and debt securities to third-party investors.

VIEs are also used to create investment products by aggregating pools of assets and issuing ABCP or longer-term multi-tiered debt instruments which may include super senior, senior, mezzanine, and equity tranches. Often these VIEs are referred to by reference to the types of assets that are aggregated within the VIE, such as RMBS which aggregate residential mortgage loans, or CLOs which aggregate corporate loans. In addition, VIEs can also aggregate debt securities issued by other VIEs, such as RMBS, in which case they are referred to as CDOs. In more complex structures, VIEs aggregate securities issued by other CDOs and then issue a further tranche of debt securities.

VIEs are generally structured to be bankruptcy remote, thereby insulating investors from creditors of other entities, including the asset seller. Investors can benefit from and may have recourse to, the VIE assets, including a cash collateral account and over-collateralization in the form of excess assets, a liquidity facility or a guarantee or other forms of credit enhancements. Accordingly, the debt securities issued by 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.

We engage one or more of the four major rating agencies, Moody's Investors Service (Moody's), DBRS, Standard & Poor's (S&P) and Fitch Ratings Limited (Fitch), to opine on the credit ratings of ABS issued by our sponsored securitization vehicles. In the event that ratings differ between rating agencies, we use the more conservative rating.

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 that purchases these assets should be consolidated into our financial statements. We record the transaction as a sale of assets when the aforementioned criteria are met and when we are not required to consolidate the VIE. 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 continue to service all securitized assets after transfer.

The following table provides details on our securitized assets. Further details on our securitization transactions are provided in Note 6 to the consolidated financial statements.

$ millions, as at or for the year ended October 31		Residential mortgages	Credit cards	Commercial mortgages
2010	**Outstanding securitized assets**	**$ 49,435**	**$ 3,797**	**$ 437**
	Retained interests in securitized assets	**1,105**	**467**	**—**
	Liquidity facilities(1)	**772**	**—**	**—**
	Securitization revenue(2)	**277**	**354**	**—**
2009	Outstanding securitized assets	$ 49,038	$ 2,239	$ 549
	Retained interests in securitized assets	1,178	279	—
	Liquidity facilities(1)	443	—	—
	Securitization revenue(2)	210	308	—

(1) Net of investments in our securitization vehicles.

(2) Includes net gain on sale of securitized assets of $259 million (2009: $144 million).

Residential mortgage loans

We securitize insured fixed- and variable-rate residential mortgages through the creation of MBS under the Canada Mortgage Bond (CMB) program, sponsored by Canada Mortgage and Housing Corporation (CMHC), and the Government of Canada National Housing Act MBS Auction process. Under both programs, the MBS are sold to a trust that issues securities to investors. During the year, we sold approximately $12.1 billion (2009: $20.3 billion) of MBS under these programs. We maintain the client account relationships and continue to service the securitized loans. We also enter into swap arrangements with CMHC to receive interest cash flows from the securitized MBS assets in return for paying interest on the bond issued by CMHC. In addition to interest on the MBS assets, the swap arrangement entitles us to any interest earned

on CMHC's principal reinvestment account resulting from principal repaid on those MBS assets.

We also securitize Canadian insured prime mortgages and uninsured Near-Prime/Alt-A mortgages to a qualifying special purpose entity (QSPE), which we are not required to consolidate. During the year, we sold $0.4 billion (2009: $0.5 billion) of these mortgages into the QSPE. We have retained interest in those mortgages through the retention of an excess spread and cash reserve accounts that are subordinate to the funding obligations to investors of the ABS. We are also counterparty to interest rate swap agreements and provide a liquidity facility to the QSPE.

Credit card receivables

Prior to September 1, 2010, credit card receivables were securitized through our Cards II Trust, which was established to purchase a proportionate share of designated portfolios, with the proceeds of securities issued by the trust. Effective September 1, 2010, we also securitize credit card receivables associated with explicitly identified individual accounts through Broadway Trust as a result of the MasterCard portfolio acquisition (see Note 3 to the consolidated financial statements for additional details). We are one of several underwriters that distribute securities issued by the trusts. We continue to maintain the 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. The trusts meet the criteria for a QSPE pursuant to the Canadian Institute of Chartered Accountants (CICA) Accounting Guideline (AcG) 12, "Transfers of Receivables", and, accordingly, we do not consolidate either of the trusts.

We retain some risk of loss with respect to the receivables held by the trusts to the extent of our retained interest. Our interests in the excess spread from the trusts are subordinate to the trusts' obligation to the holders of their ABS. The excess spread represents our participation in the residual income after all the interests and administrative expenses have been paid. As a result, excess spread absorbs losses with respect to credit card receivables before payments to the note-holders are affected. Subordinated notes, which we may retain, also absorb losses before payments to senior note-holders are affected.

Commercial mortgage loans

We securitize certain commercial mortgages through a pass-through QSPE structure that results in ownership certificates held by various investors. As at October 31, 2010, we held ownership certificates of $5 million (2009: $26 million). We continue to service the mortgages.

Securitization of third-party assets

CIBC sponsored conduits

We sponsor several multi- and single-seller conduits in Canada that purchase pools of financial assets from our clients, and finance the purchases by issuing commercial paper to investors. These conduits provide our clients with access to liquidity in the debt capital markets by allowing them to sell assets to the conduits. The sellers to the conduits may continue to service the assets and may be exposed to credit losses realized on these assets, typically through the provision of over-collateralization or another form of credit enhancement. The conduits may obtain credit enhancements from third-party providers.

We generally provide the conduits with commercial paper backstop liquidity facilities, securities distribution, accounting, cash management, and operations services. The liquidity facilities for our sponsored ABCP programs in Macro Trust, Safe Trust, Smart Trust, and Sound Trust require us to provide funding, subject to the satisfaction of certain limited conditions with respect to the conduits, to fund non-defaulted assets.

We are required to maintain certain short- and/or long-term debt ratings with respect to the liquidity facilities provided to our own sponsored ABCP programs. If we are downgraded below the specified level, and we fail to make alternative arrangements that meet the requirements of the rating agencies that rate the ABCP issued by the conduits, we could be required to provide funding into an escrow account in respect of our liquidity commitments.

We may also act as the counterparty to derivative contracts entered into by a conduit in order to convert the yield of the underlying assets to match the needs of the conduit's investors or to mitigate the interest rate risk within the conduit. All fees earned in respect of these activities are on a market basis.

Revenue from the above activities amounted to approximately $12 million (2009: approximately $11 million).

CIBC structured CDO vehicles

As discussed in the "Run-off businesses and other selected activities" section, we curtailed our business activity in structuring CDO vehicles. We have a focused team with the mandate to manage and reduce the residual exposures from legacy activities. These exposures mainly arose through our previous involvement in acting as structuring and placement agent for CDOs. We lent to, or invested in, the debt or equity tranches of these vehicles, and acted as a counterparty to derivative contracts. In some transactions structured on behalf of clients, we first purchased the assets at their request with the original intention to sell them into CDOs.

Third-party structured vehicles — run-off

Similar to our structured CDO activities, we also curtailed our business activities in third-party structured vehicles. Our activities were mainly intermediation, correlation and flow trading which earned us a spread on matching positions. These activities are now being managed by the focused team discussed above. The table below excludes our investments (fair value – 2010: $188 million; 2009: $69 million) in, and written credit derivatives (2010: notional $0.9 billion, negative fair value $0.7 billion; 2009: notional $1.9 billion, negative fair value $1.7 billion) on, the notes of consolidated CDOs.

Third-party structured vehicles — continuing

We have investments in third-party structured vehicles through our treasury and trading activities.

Our exposures to non-consolidated entities involved in the securitization of third-party assets (both CIBC sponsored/structured and third-party structured) are summarized in the table below. Investments and loans are stated at carrying value. Undrawn liquidity and credit facilities and written credit derivatives are stated at notional amounts.

$ millions, as at October 31	2010			2009		
	Investment and loans(1)	**Undrawn liquidity and credit facilities**	**Written credit derivatives (notional)(2)**	Investment and loans(1)	Undrawn liquidity and credit facilities	Written credit derivatives (notional)(2)
CIBC sponsored conduits	**$ 182**	**$ 2,182(3)**	**$ —**	$ 556	$ 3,108(3)	$ —
CIBC structured CDO vehicles	**448**	**50**	**389**	737	66	652
Third-party structured vehicles — run-off	**7,696**	**585**	**5,128**	6,676	650	11,110
Third-party structured vehicles — continuing	**1,778**	**—**	**—**	1,695	—	—

(1) Excludes securities issued by, retained interest in, and derivatives with, entities established by CMHC, Fannie Mae, Freddie Mac, Ginnie Mae, Federal Home Loan Bank, Federal Farm Credit Bank, and Sallie Mae. Exposure related to CIBC structured CDO and third-party structured vehicles hedged by credit derivatives amounted to $6.4 billion (2009: $6.1 billion).

(2) Comprises credit derivatives written options and total return swaps under which we assume exposures. The negative fair value recorded on the consolidated balance sheet was $1.1 billion (2009: $4.1 billion). Notional amounts of $4.7 billion (2009: $10.7 billion) were hedged with credit derivatives protection from third parties, the fair value of these hedges net of CVA was $0.5 billion (2009: $0.6 billion). Accumulated fair value losses amount to $0.5 billion (2009: $0.5 billion) on unhedged written credit derivatives.

(3) Net of $182 million (2009: $556 million) of investments and loans in CIBC sponsored conduits.

Other financial transactions

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 also 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 participate in derivatives transactions, as a market maker facilitating the needs of our clients or as a principal to manage the risks associated with our funding, investing and trading strategies. Since 2008, we have ceased activities in the following areas:

- Credit derivative contracts with clients to enable them to create synthetic exposures to meet their needs.
- Intermediation trades that assume credit risks of clients through credit derivatives, and in turn offset these risks by entering into credit derivative contracts with third-party financial institutions.

All derivatives are recorded at fair value on our consolidated balance sheet. See Notes 2 and 14 to the consolidated financial statements for details on derivative contracts and the risks associated with them.

Credit-related arrangements

We enter into various commitments to meet the financing needs of clients, which are summarized in the table below. For a detailed description of these arrangements, see Note 25 to the consolidated financial statements.

	Contract amounts expiration per period					
$ millions, as at October 31	Less than 1 year	1 – 3 years	3 – 5 years	Over 5 years	**2010 Total**	2009 Total
Securities lending(1)(2)	$ 57,325	$ —	$ —	$ —	**$ 57,325**	$ 43,907
Unutilized credit commitments(3)	23,998	17,610	2,401	521	**44,530**	39,747
Backstop liquidity facilities	4,403	—	—	—	**4,403**	4,869
Standby and performance letters of credit	4,656	767	146	152	**5,721**	5,123
ALM credit derivatives written options	—	—	—	—	**—**	27
Documentary and commercial letters of credit	290	—	—	—	**290**	234
Other	381	—	—	—	**381**	371
	$ 91,053	$ 18,377	$ 2,547	$ 673	**$112,650**	$ 94,278

(1) Includes the full contract amount of custodial client securities totalling $45.0 billion (2009: $33.3 billion) lent by CIBC Mellon Global Securities Services Company, which is a 50/50 joint venture between CIBC and The Bank of New York Mellon.

(2) Securities lending of $4.3 billion (2009: $5.3 billion) for cash is excluded from the table above as it is reported on the consolidated balance sheet as obligations related to securities lent or sold under repurchase agreements.

(3) Includes irrevocable lines of credit totalling $34.9 billion (2009: $30.7 billion), of which $14.3 billion (2009: $18.7 billion) will expire in one year or less, and excludes personal lines of credit, home equity lines of credit, and credit card lines.

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 a third party to pay its indebtedness when due. For a detailed description of our guarantees, maximum potential future payments, and the liability recorded on the consolidated balance sheet, see Note 25 to the consolidated financial statements.

Management of Risk

We have provided, in the MD&A, certain disclosures required under the CICA handbook section 3862, "Financial Instruments – Disclosures" related to the nature and extent of risks arising from financial instruments, as permitted by that handbook section. These disclosures are included in the sections "Risk overview", "Credit risk", "Market risk", "Liquidity risk", "Operational risk", "Reputation and legal risk", and "Regulatory risk". These disclosures have been shaded and form an integral part of the consolidated financial statements.

Risk Overview

Most of CIBC's business activities involve, to a varying degree, a variety of risks, including credit, market, liquidity, and operational risks.

Our objective is to balance the level of risk with our business objectives for growth and profitability, in order to achieve consistent and sustainable performance over the long term, while remaining within our risk appetite.

Our risk appetite defines tolerance levels for various risks. This is the foundation for our risk management culture, and is supported by limits, policies, procedures and other controls.

Managing risk is a shared responsibility at CIBC. Business units and risk management professionals work in collaboration to ensure that business strategies and activities are consistent with our risk appetite.

Our risk management framework includes:

- Risk policies, procedures and limits to align activities with risk appetite;
- Regular risk reports to identify and communicate risk levels;
- An independent control framework to identify and test compliance with key controls;
- Stress testing to consider potential impacts of changes in the business environment on capital, liquidity and earnings; and
- Oversight through our risk-focused committees and governance structures.

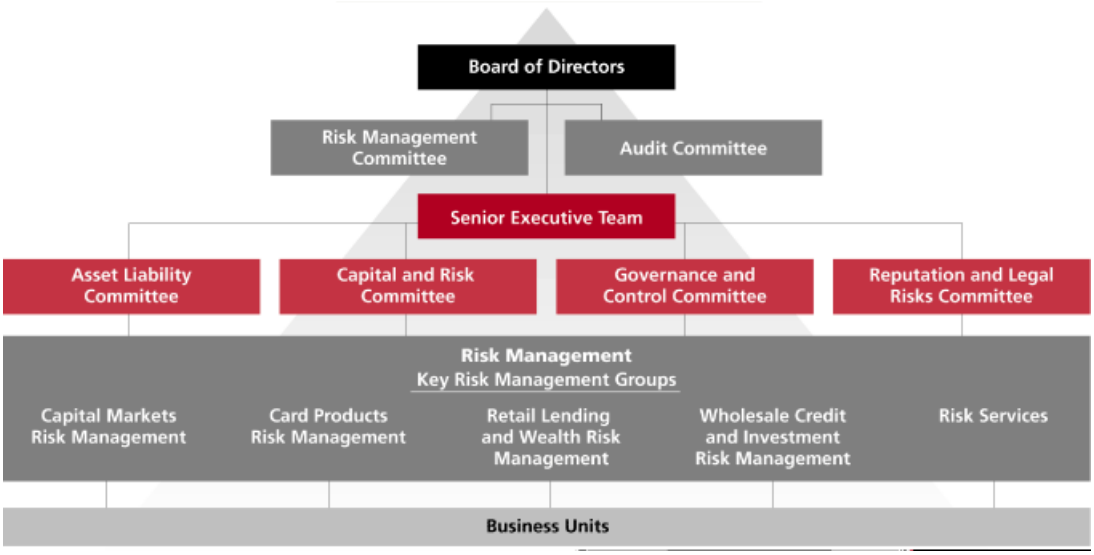
We continuously monitor our risk profile against our defined risk appetite and related limits, taking actions as needed to maintain an appropriate balance of risk and return. Monitoring our risk profile includes forward-looking analysis of sensitivity to local and global market factors, economic conditions, and political and regulatory environments that influence our overall risk profile.

Regular and transparent risk reporting and discussion at senior management committees facilitate communication of risks and risk strategies across the organization, with oversight provided by the Board of Directors.

Risk governance

Our risk governance and management structure is illustrated below:

Risk governance and management structure



Board of Directors (the Board): The Board oversees the enterprise-wide risk management program through approval of our risk appetite and supporting risk management policies and limits. The Board accomplishes its mandate through its Risk Management and Audit committees, described below.

Risk Management Committee (RMC): This committee assists the Board in fulfilling its responsibilities for approving CIBC's risk appetite and overseeing CIBC's risk profile and performance against the defined risk appetite. This includes oversight of policies, procedures and limits related to the identification, measurement, monitoring and controlling of CIBC's principal business risks.

Audit Committee: The Audit Committee reviews the overall adequacy and the effectiveness of internal controls and the control environment, including controls over the risk management process.

Senior Executive Team (SET): The SET, led by the CEO, and including the executives reporting directly to the CEO, is responsible for setting business strategy and for monitoring, evaluating and managing risks across CIBC. The SET is supported by the following committees:

- *Asset Liability Committee (ALCO):* This committee, which is comprised of the SET, senior Business and Risk Management executives, reviews CIBC's key risks and implications for balance sheet and liquidity management.
- *Capital and Risk Committee (CRC):* This committee, which is comprised of the SET, senior leaders from the lines of business, Risk Management and other infrastructure groups, provides a forum for the strategic assessment of risks and risk-mitigation strategies. Key activities include reviewing, evaluating and recommending CIBC's risk-appetite statement and risk strategies; reviewing and evaluating business strategies in the context of our risk-appetite; and identifying, reviewing and advising on current and emerging risk issues and associated mitigation plans.
- *Governance and Control Committee (GCC):* This committee acts as the senior point of management review with respect to the design and effectiveness of CIBC's governance and internal control structure, within the parameters and strategic objectives established by the CEO and direction provided by the Board.
- *Reputation and Legal Risks (RLR) Committee:* This committee reviews transactions for potential material reputation and/or legal impacts and provides oversight of our policies and procedures relative to the management of reputation and legal risks.

Risk management

The Risk Management group is responsible for setting risk strategy and for providing independent oversight of risk measurement, monitoring and control. Our Risk Management group works in partnership with our businesses to identify, assess, mitigate and monitor the risks associated with business activities and strategies.

The Risk Management group performs several important activities including the following:

- Developing CIBC's risk appetite;
- Setting risk strategy to manage risks in alignment with our risk appetite and business strategy;
- Establishing and communicating policies, procedures and limits to control risks in alignment with risk strategy;
- Measuring, monitoring and reporting on risk levels;
- Identifying and assessing emerging and potential strategic risks; and
- Deciding on transactions that fall outside of risk limits delegated to underlying business lines.

The five key groups within Risk Management, independent of the originating businesses, contribute to our management of risk:

- *Capital Markets Risk Management* — This unit provides independent oversight of the measurement, monitoring and control of market risks (both trading and non-trading), trading credit risk and trading operational risk across CIBC's portfolios.
- *Card Products Risk Management* — This unit oversees the management of credit risk in the card products portfolio, including the optimization of lending profitability.
- *Retail Lending and Wealth Risk Management* — This unit primarily oversees the management of credit and fraud risk in the retail lines of credit and loans, residential mortgage, and small business loan portfolios, including the optimization of lending profitability. This unit is also responsible for overall risk management oversight of wealth management activities.
- *Wholesale Credit and Investment Risk Management* — This unit is responsible for the adjudication and oversight of credit risks associated with our commercial and wholesale lending activities globally, management of the risks of our investment portfolios, as well as management of the special loans portfolios.
- *Risk Services* — This unit is responsible for regulatory and economic capital analysis and reporting, operational risk management, and enterprise-wide risk and stress analysis and reporting. Risk Services is also responsible for policies associated with credit and operational risks, including reputation and legal risks.

Liquidity and funding risks are managed by Treasury. The measurement, monitoring and control of liquidity and funding risk is addressed in collaboration with Risk Management, with oversight provided by the ALCO.

Risk identification and measurement

Risk identification and measurement are important elements of our risk management framework. Risk identification is a continuous process, generally achieved through:

- Ongoing monitoring of trading and non-trading portfolios;

- Regular assessment of risks associated with lending and trading credit exposures;
- Assessment of risks in new business activities and processes;
- Assessment of risks in restructurings and re-organizations;
- Assessment of risks in complex and unusual business transactions; and
- Regular monitoring of the overall risk profile considering market developments and trends and external and internal events.

We have enterprise-wide methodologies, models and techniques in place to measure both the quantitative and qualitative aspects of risks, appropriate for the various types of risks we face. These methodologies, models and techniques are subject to independent assessment and review to ensure that the underlying logic remains sound, that model risks have been identified and managed, that use of the models continue to be appropriate and outputs are valid.

Risk is usually measured in terms of expected loss, unexpected loss, and economic capital.

Expected loss

Expected loss represents the loss that is statistically expected to occur in the normal course of business in a given period of time.

In respect of credit risk, the parameters used to measure expected loss are PD, LGD, and EAD. These parameters are updated regularly and are based on our historical experience and benchmarking of credit exposures.

For trading market risks, VaR is the statistical technique used to measure risk. VaR is the estimate of the maximum loss in market value that we would expect to incur in our trading portfolio due to an adverse one-day movement in market rates and prices, within a given level of confidence.

For trading credit risks associated with market value based products, we use models to estimate exposure relative to the value of the portfolio of trades with each counterparty, giving consideration to market rates and prices.

Unexpected loss and economic capital

Unexpected loss is the statistical estimate of the amount by which actual losses might exceed expected losses over a specified time horizon, computed at a given confidence level. We use economic capital to estimate the level of capital needed to protect us against unexpected losses. Economic capital allows us to assess performance on a risk-adjusted basis. Refer to the "Financial condition" section for additional details.

We also use techniques such as sensitivity analysis and stress testing to help ensure that the risks remain within our risk appetite and that our capital is adequate to cover those risks. Our stress testing program includes evaluation of the potential effects of various economic and market scenarios on our risk profile.

Risk controls

Our risk management framework includes a comprehensive set of risk controls, designed to ensure that risks are being appropriately identified and managed.

Our risk controls are part of CIBC's overall Control Framework, developed based on the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) widely accepted "Internal Control – Integrated Framework". The Control Framework also draws on elements of the OSFI Supervisory Framework and Corporate Governance Guidelines.

The Board, primarily through the RMC, approves certain risk limits and delegates specific transactional approval authorities to the CEO. The RMC must approve transactions that exceed delegated authorities. Onward delegation of authority by the CEO to business units is controlled to ensure decision-making authorities are restricted to those individuals with the necessary experience levels.

In addition, CIBC has rigorous processes to identify, evaluate and remediate risk control deficiencies in a timely manner.

Regular reporting is provided to the RMC to evidence compliance with risk limits. Risk limits are reviewed annually by the RMC, and the delegation of authority to the CEO is reviewed and approved annually by the Board.

Credit Risk

Credit risk primarily arises from our direct lending activities, and from our trading, investment, and hedging activities. Credit risk is defined as the risk of financial loss due to a borrower or counterparty failing to meet its obligations in accordance with contractual terms.

To control credit risk in alignment with CIBC's risk appetite, CIBC has implemented policies and standards as well as limits to control credit concentrations. Key policies and limits are subject to annual review and approval by the RMC.

Senior management reports to the RMC at least quarterly on material credit risk matters, including material credit transactions, compliance with limits, portfolio trends, impaired loans and credit loss provisioning levels. Impaired loan balances, allowances, and credit losses are reviewed by the RMC and the Audit Committee quarterly.

The Risk Management group provides enterprise-wide adjudication and oversight of the management of credit risk in our credit portfolios. Adjudication and portfolio management decisions are based on our risk appetite, as reflected in our policies, standards and limits. Credit approval authorities are controlled to ensure decisions are made by qualified and experienced personnel.

Process and control

The credit approval process is centrally controlled, with all significant credit requests submitted to a credit adjudication group within Risk Management that is independent of the originating businesses. Approval authorities are a function of the risk and amount of credit requested. In certain cases, credit requests must be referred to the Credit Committee, a sub-committee of the CRC, or to the RMC for approval.

After initial approval, individual credit exposures continue to be monitored, with a formal risk assessment, including review of assigned ratings, documented at least annually. Higher risk-rated accounts are subject to closer monitoring and are reviewed at least quarterly. Collections and specialized loan workout groups handle the day-to-day management of assigned high risk loans to maximize recoveries.

Credit concentration limits

Credit concentration limits are established for business and government loans to control against adverse concentrations within portfolios. These include limits for individual borrowers, groups of related borrowers, industry sectors, country and geographic regions, and products or portfolios. Direct loan sales, credit derivative hedges, or structured transactions may also be used to reduce concentrations.

Credit risk mitigation

We may mitigate credit risk by obtaining a pledge of collateral in support of loans. Our credit risk management policies include requirements relating to collateral including requirements to verify the collateral and its value and to ensure we have legal certainty with respect to the assets pledged. Valuations are updated periodically depending on the nature of the collateral. The main types of collateral include: (i) cash or marketable securities for securities lending and repurchase transactions; (ii) charges over operating assets such as inventory, receivables and real estate properties for lending to small business and commercial borrowers; and (iii) mortgages over residential properties for retail lending. We have policies in place to monitor the existence of undesirable concentrations in the collateral supporting our mortgage exposure.

We also obtain third-party guarantees and insurance to reduce the risk in our lending portfolios, the most material of which relate to our residential mortgage portfolio that is insured by CMHC or other investment grade counterparties.

We use credit derivatives to reduce industry sector concentrations and single-name exposures, or as part of portfolio diversification techniques.

We limit the credit risk of over-the-counter (OTC) derivatives through the use of multi-product derivative master netting agreements and collateral.

Exposure to credit risk

The following table presents the exposure to credit risk, which is measured as EAD for on- and off-balance sheet financial instruments. EAD represents the estimate of the amount which will be drawn at the time of default.

Total exposure increased by $13.6 billion in 2010, primarily due to increases in our corporate portfolio, as well as our real estate secured personal lending portfolio. Overall repo-style transaction exposure is down from October 31, 2009, though exposure levels can fluctuate significantly, due to the very short-term nature of the activity. The increase in other off-balance sheet exposure is largely due to increases in indemnities related to our securities lending exposure.

As a result of our holdings of subordinated enhancement notes issued by Cards II Trust, commencing in the fourth quarter of 2009, we are required to hold regulatory capital for the underlying securitized credit card receivables as if they had remained on our balance sheet. We apply the same capital treatment to the securitized credit card receivables relating to Broadway Trust; these assets resulted from our acquisition of the MasterCard portfolio (see the "Significant events" section for additional details) on September 1, 2010.

$ millions, as at October 31

	AIRB approach	Standardized approach	2010 Total	AIRB approach	Standardized approach	2009 Total
Business and government portfolios						
Corporate						
Drawn	**$ 31,522**	**$ 4,495**	**$ 36,017**	$ 32,035	$ 5,286	$ 37,321
Undrawn commitments	**21,853**	**167**	**22,020**	17,341	211	17,552
Repo-style transactions	**28,614**	**—**	**28,614**	22,207	—	22,207
Other off-balance sheet	**4,765**	**188**	**4,953**	3,755	216	3,971
OTC derivatives	**5,316**	**29**	**5,345**	7,594	47	7,641
	92,070	**4,879**	**96,949**	82,932	5,760	88,692
Sovereign						
Drawn	**45,055**	**2,518**	**47,573**	55,398	2,078	57,476
Undrawn commitments	**4,513**	**—**	**4,513**	4,216	—	4,216
Repo-style transactions	**1,056**	**—**	**1,056**	1,815	—	1,815
Other off-balance sheet	**184**	**—**	**184**	150	—	150
OTC derivatives	**1,778**	**—**	**1,778**	1,314	—	1,314
	52,586	**2,518**	**55,104**	62,893	2,078	64,971
Banks						
Drawn	**15,613**	**1,723**	**17,336**	15,016	1,483	16,499
Undrawn commitments	**890**	**—**	**890**	811	—	811
Repo-style transactions	**51,395**	**219**	**51,614**	59,783	148	59,931
Other off-balance sheet	**42,082**	**—**	**42,082**	30,936	—	30,936
OTC derivatives	**7,486**	**5**	**7,491**	6,349	13	6,362
	117,466	**1,947**	**119,413**	112,895	1,644	114,539
Total business and government portfolios	**262,122**	**9,344**	**271,466**	258,720	9,482	268,202
Less: repo collateral	**(76,273)**	**—**	**(76,273)**	(77,291)	—	(77,291)
Total business and government portfolios (net)	**185,849**	**9,344**	**195,193**	181,429	9,482	190,911
Retail portfolios						
Real estate secured personal lending						
Drawn	**108,818**	**2,216**	**111,034**	100,939	2,307	103,246
Undrawn commitments	**25,983**	**—**	**25,983**	24,728	—	24,728
	134,801	**2,216**	**137,017**	125,667	2,307	127,974
Qualifying revolving retail						
Drawn	**20,743**	**—**	**20,743**	20,940	—	20,940
Undrawn commitments	**40,095**	**—**	**40,095**	40,351	—	40,351
Other off-balance sheet	**381**	**—**	**381**	370	—	370
	61,219	**—**	**61,219**	61,661	—	61,661
Other retail						
Drawn	**8,001**	**2,991**	**10,992**	8,149	1,106	9,255
Undrawn commitments	**2,110**	**20**	**2,130**	2,244	21	2,265
Other off-balance sheet	**18**	**—**	**18**	42	—	42
	10,129	**3,011**	**13,140**	10,435	1,127	11,562
Total retail portfolios	**206,149**	**5,227**	**211,376**	197,763	3,434	201,197
Securitization exposures	**17,592**(1)	**—**	**17,592**	17,446(1)	—	17,446
Gross credit exposure	**$485,863**	**$ 14,571**	**$500,434**	$473,929	$ 12,916	$486,845

(1) Under the internal ratings based (IRB) approach.

The portfolios are categorized based upon how we manage the business and the associated risks. Amounts provided are after CVA related to financial guarantors, and before allowance for credit losses and risk mitigation. Non-trading equity exposures are not included in the table above as they have been deemed immaterial under the OSFI guidelines, and hence, are subject to 100% risk-weighting.

Exposures subject to advanced internal rating based (AIRB) approach

Business and government portfolios (excluding scored small business) — risk-rating method

This section describes the portfolio rating categories. The portfolio is comprised of exposures to corporate, sovereign, and bank obligors. These exposures are individually assessed and assigned an obligor rating that reflects our estimate of the financial strength of the borrower, and a facility rating that reflects the security applicable to the exposure.

The obligor rating takes into consideration our financial assessment of the obligor, the industry, and the economic environment of the region in which the obligor operates. Where a guarantee from a third party exists, both the obligor and the guarantor will be assessed. While our obligor rating is arrived at independently of external ratings for the obligor, our risk-rating methodology includes a review of those external ratings.

A mapping between our internal ratings and the ratings used by external ratings agencies is shown in the table below.

Grade	CIBC rating	S&P equivalent	Moody's equivalent
Investment grade	**00-47**	AAA to BBB-	Aaa to Baa3
Non-investment grade	**51-67**	BB+ to B-	Ba1 to B3
Watchlist	**70-80**	CCC+ to CC	Caa1 to Ca
Default	**90**	D	C

We use quantitative modelling techniques to assist in the development of internal risk-rating systems. The risk-rating systems have been developed through analysis of internal and external credit risk data. The risk ratings are used for portfolio management, risk limit setting, product pricing, and in the determination of economic capital.

We assess risk exposure using the following three dimensions. Parameter estimates for each of these dimensions are long-term averages with adjustments for the impact of any potential change in the credit cycle.

- PD – the probability that the obligor will default within the next 12 months.
- EAD – the estimate of the amount which will be drawn at the time of default.
- LGD – the expected severity of loss as the result of the default, expressed as a percentage of the EAD.

The effectiveness of the risk rating systems and the parameters associated with the risk ratings are monitored within Risk Management and are subject to an annual review. The models used in the estimation of the risk parameters are also subject to independent validation by the Risk Management validation group, which is independent of both the origination business and the model development process.

A simplified risk-rating process (slotting approach) is used for uninsured Canadian commercial mortgages, which comprise non-residential mortgages and multi-family residential mortgages. These exposures are individually rated on our rating scale using a risk-rating methodology that considers the property's key attributes, which include its loan-to-value and debt service ratios, the quality of the property, and the financial strength of the owner/sponsor. All exposures are secured by a lien over the property. Additionally, we have insured multi-family residential mortgages, which are not treated under the slotting approach, but are instead treated as sovereign exposures in the table below.

Credit quality of the risk-rated portfolios

The following table provides the credit quality of the risk-rated portfolios. Amounts provided are before allowance for credit losses, and after credit risk mitigation, CVA related to financial guarantors, and collateral on repurchase agreement activities.

$ millions, as at October 31

		EAD			
	Grade	Corporate	Sovereign	Banks	Total
2010	**Investment grade**	**$ 33,217**	**$ 51,036**	**$ 67,501**	**$ 151,754**
	Non-investment grade	**22,761**	**517**	**2,347**	**25,625**
	Watchlist	**603**	**1**	**3**	**607**
	Default	**1,061**	**1**	**—**	**1,062**
		$ 57,642	**$ 51,555**	**$ 69,851**	**$ 179,048**
	Strong				**$ 6,612**
	Good				**111**
	Satisfactory				**57**
	Weak				**13**
	Default				**8**
	Total slotted exposure				**$ 6,801**
	Total business and government portfolios				**$ 185,849**
2009	Investment grade	$ 31,516	$ 60,966	$ 55,554	$ 148,036
	Non-investment grade	21,777	362	2,112	24,251
	Watchlist	1,865	3	4	1,872
	Default	1,041	2	—	1,043
		$ 56,199	$ 61,333	$ 57,670	$ 175,202
	Strong				$ 5,999
	Good				159
	Satisfactory				52
	Weak				9
	Default				8
	Total slotted exposure				$ 6,227
	Total business and government portfolios				$ 181,429

The decrease in watchlist exposures was largely attributable to reductions in our structured credit portfolio. Default exposures were up marginally from October 31, 2009, with the majority of the exposure in the European leveraged finance run-off portfolio, as well as the U.S. real estate finance portfolio.

Retail portfolios

Retail portfolios are characterized by a large number of relatively small exposures. They comprise: real estate secured personal lending (residential mortgages and personal loans and lines secured by residential property); qualifying revolving retail exposures (credit cards and unsecured lines of credit); and other retail exposures (loans secured by non-residential assets, unsecured loans including student loans, and scored small business loans). These portfolios are managed as pools of homogenous risk exposures, using external credit bureau scores and/or other behavioural assessment to group exposures according to similar credit risk profiles. These pools are assessed through statistical techniques, such as credit scoring and computer-based models. Characteristics used to group individual exposures vary by asset category; as a result, the number of pools, their size, and the statistical techniques applied to their management differ accordingly.

The following table maps the PD bands to various risk levels:

Risk level	PD bands
Exceptionally low	0.01% – 0.20%
Very low	0.21% – 0.50%
Low	0.51% – 2.00%
Medium	2.01% – 10.00%
High	10.01% – 99.99%
Default	100.00%

Credit quality of the retail portfolios

The following table presents the credit quality of the retail portfolios. Amounts provided are before allowance for credit losses and after credit risk mitigation. Retail portfolios include $3.5 billion (2009: $3.7 billion) of small business scored exposures.

$ millions, as at October 31

		EAD			
Risk level		Real estate secured personal lending	Qualifying revolving retail	Other retail	Total
2010	**Exceptionally low**	**$ 115,235**	**$ 32,252**	**$ 825**	**$ 148,312**
	Very low	**10,991**	**9,230**	**2,244**	**22,465**
	Low	**7,705**	**12,556**	**4,885**	**25,146**
	Medium	**593**	**5,484**	**2,045**	**8,122**
	High	**112**	**1,523**	**61**	**1,696**
	Default	**165**	**174**	**69**	**408**
		$ 134,801	**$ 61,219**	**$ 10,129**	**$ 206,149**
2009	Exceptionally low	$ 98,402	$ 31,569	$ 2,423	$ 132,394
	Very low	12,058	9,650	2,399	24,107
	Low	14,438	13,080	4,197	31,715
	Medium	205	5,556	1,289	7,050
	High	402	1,622	44	2,068
	Default	162	184	83	429
		$ 125,667	$ 61,661	$ 10,435	$ 197,763

Retail portfolios include $59.5 billion (2009: $59.1 billion) of insured residential mortgages, and government guaranteed student loans and small business loans.

Exposures subject to the standardized approach

Exposures within FirstCaribbean, obligations of certain exposures of individuals for non-business purposes, and certain exposures in the CIBC Mellon joint ventures have been deemed immaterial, and are subject to the standardized approach. In addition, credit card receivables, which resulted from our acquisition of the MasterCard portfolio on September 1, 2010 (see the "Significant events" section for additional details) are subject to the standardized approach. A detailed breakdown of our standardized exposures before allowance for credit losses by risk-weight category is provided below.

$ millions, as at October 31

	Risk-weight category					2010	2009
	0%	20%	50%	75%	100%	Total	Total
Corporate	$ —	$ —	$ 40	$ —	$ 4,839	$ 4,879	$ 5,760
Sovereign	2,241	81	69	—	127	2,518	2,077
Bank	—	1,808	125	—	14	1,947	1,645
Real estate secured personal lending	—	—	—	2,215	1	2,216	2,307
Other retail	—	—	—	2,801	210	3,011	1,127
	$ 2,241	$ 1,889	$ 234	$ 5,016	$ 5,191	$ 14,571	$ 12,916

Securitization exposures

The following table provides details on our securitization exposures by credit ratings under the IRB approach. Accumulated gain of $58 million (2009: $59 million) is not included in the table below as it is deducted from Tier 1 capital.

$ millions, as at October 31	2010	2009
	EAD[1]	
S&P rating equivalent		
AAA to BBB-	$ 16,255	$ 16,367
BB+ to BB-	9	116
Below BB-	484	120
Unrated	308	565
	$ 17,056	$ 17,168

(1) EAD under IRB approach is net of financial collateral of $478 million (2009: $219 million).

Counterparty credit exposures

We have counterparty credit exposure that arises from our interest rate, foreign exchange, equity, commodity, and credit derivatives trading, hedging, and portfolio management activities, as explained in Note 14 to the consolidated financial statements. The PD of our counterparties is measured in the same manner as our direct lending activity.

We are exposed to wrong-way risk when the exposure to a particular counterparty is adversely correlated with the credit quality of that counterparty. When we are exposed to wrong-way risk with a derivative counterparty, our procedures subject those transactions to a more rigorous approval process. The exposure may be hedged with other derivatives to further mitigate the risk that can arise from these transactions.

We establish a CVA for expected future credit losses from each of our derivative counterparties. The expected future credit loss is a function of our estimates of the PD, the expected loss/exposure in the event of default, and other factors such as risk mitigants.

Rating profile of derivative MTM receivables

$ billions, as at October 31	2010		2009	
		Exposure[1]		
S&P rating equivalent				
AAA to BBB-	**$ 6.45**	**86.7%**	$ 6.12	75.5%
BB+ to B-	**0.82**	**11.0**	1.42	17.5
CCC+ to CCC-	**0.01**	**0.1**	0.42	5.1
Below CCC-	**0.02**	**0.3**	0.08	1.0
Unrated	**0.14**	**1.9**	0.07	0.9
	$ 7.44	**100.0%**	$ 8.11	100.0%

(1) MTM value of the derivative contracts is after CVA and derivative master netting agreements, and before any collateral.

Concentration of exposures

Concentration of credit risk exists when a number of obligors are engaged in similar activities, or operate in the same geographical areas or industry sectors, and have similar economic characteristics so that their ability to meet contractual obligations is similarly affected by changes in economic, political, or other conditions.

Geographic distribution

The following table provides a geographic distribution of our business and government exposures under the AIRB approach. The classification of geography is based upon the country of ultimate risk. Amounts are before allowance for credit losses and risk mitigation, and after CVA related to financial guarantors and $76.3 billion (2009: $77.3 billion) of collateral held for our repurchase agreement activities.

$ millions, as at October 31					2010	2009
	Canada	U.S.	Europe	Other	Total	Total
Drawn	**$ 72,141**	**$10,967**	**$ 6,012**	**$ 3,070**	**$ 92,190**	$102,449
Undrawn commitments	**22,652**	**2,749**	**458**	**1,397**	**27,256**	22,368
Repo-style transactions	**1,763**	**2,347**	**466**	**216**	**4,792**	6,514
Other off-balance sheet	**35,956**	**4,737**	**5,730**	**608**	**47,031**	34,841
OTC derivatives	**6,350**	**3,058**	**4,635**	**537**	**14,580**	15,257
	$138,862	**$23,858**	**$17,301**	**$ 5,828**	**$185,849**	$181,429

For retail portfolios, substantially all of the exposures under the AIRB approach are based in Canada.

Business and government exposures by industry groups

The following table provides an industry-wide breakdown of our business and government exposures under the AIRB approach. Amounts are before allowance for credit losses and risk mitigation, and after CVA related to financial guarantors and $76.3 billion (2009: $77.3 billion) of collateral held for our repurchase agreement activities.

$ millions, as at October 31						2010	2009
	Drawn	Undrawn commitment	Repo-style transactions	Other off-balance sheet	OTC derivatives	Total	Total
Commercial mortgages	**$ 6,638**	**$ 163**	**$ —**	**$ —**	**$ —**	**$ 6,801**	$ 6,228
Financial institutions	**24,210**	**2,927**	**4,711**	**43,741**	**11,453**[1]	**87,042**	71,314[1]
Retail	**2,390**	**1,917**	**—**	**263**	**42**	**4,612**	3,903
Business services	**3,506**	**1,274**	**29**	**331**	**100**	**5,240**	5,065
Manufacturing – capital goods	**1,056**	**1,066**	**—**	**101**	**42**	**2,265**	2,062
Manufacturing – consumer goods	**1,288**	**820**	**—**	**45**	**35**	**2,188**	1,960
Real estate and construction	**5,717**	**2,690**	**—**	**618**	**71**	**9,096**	8,183
Agriculture	**2,968**	**999**	**—**	**31**	**23**	**4,021**	3,486
Oil and gas	**2,791**	**4,742**	**—**	**352**	**419**	**8,304**	8,128
Mining	**264**	**1,955**	**—**	**284**	**63**	**2,566**	1,795
Forest products	**353**	**344**	**9**	**102**	**42**	**850**	761
Hardware and software	**496**	**349**	**1**	**31**	**4**	**881**	888
Telecommunications and cable	**418**	**982**	**—**	**185**	**172**	**1,757**	1,711
Broadcasting, publishing, and printing	**424**	**487**	**—**	**73**	**12**	**996**	990
Transportation	**1,114**	**723**	**—**	**422**	**44**	**2,303**	2,390
Utilities	**875**	**1,901**	**—**	**332**	**404**	**3,512**	3,185
Education, health, and social services	**1,211**	**874**	**17**	**66**	**80**	**2,248**	2,135
Governments	**36,471**	**3,043**	**25**	**54**	**1,574**	**41,167**	57,245
	$92,190	**$ 27,256**	**$ 4,792**	**$ 47,031**	**$ 14,580**	**$185,849**	$181,429

(1) Includes $1.2 billion (2009: $2.8 billion) of EAD with financial guarantors hedging our derivative contracts. The fair value of these derivative contracts net of CVA was $732 million (2009: $1.5 billion).

As at October 31, 2010, the notional amount of credit protection purchased against our business and government loans was $1.2 billion (2009: $2.5 billion). The decrease during the year was due to unwinding of a number of hedge positions. The largest sector concentrations hedged through these programs were oil and gas of $767 million (2009: $1.2 billion) and financial intermediaries of $332 million (2009: $776 million). All counterparties from whom we have purchased credit protection for the loan portfolio are financial institutions with investment grade ratings from major rating agencies.

Total loans and acceptances

As at October 31, 2010, total loans and acceptances after allowance for credit losses were $184.6 billion (2009: $175.6 billion). Consumer loans (comprising residential mortgages, credit cards and personal loans, including student loans) constitute 75% (2009: 74%) of the portfolio, and business and government loans (including acceptances) constitute the remaining.

Consumer loans increased $8.3 billion or 6% from the prior year, resulting mainly from volume growth in residential mortgages and the acquisition of the MasterCard portfolio (which closed in September 2010). Residential mortgages increased by $7.4 billion or 9% and constitute 67% (2009: 66%) of the total consumer loan portfolio and exhibit very low levels of credit risk. The acquisition of the MasterCard portfolio accounted for $0.8 billion of the increase in credit cards.

Business and government loans (including acceptances) were up slightly by $0.7 billion or 1% from the prior year.

Impaired loans, allowance and provision for credit losses

$ millions, as at or for the year ended October 31	**Business and government loans**	**Consumer loans**	**2010 Total**	Business and government loans	Consumer loans	2009 Total
Gross impaired loans						
Balance at beginning of year	**$ 1,184**	**$ 727**	**$ 1,911**	$ 399	$ 584	$ 983
New additions	**626**	**1,636**	**2,262**	1,142	1,646	2,788
Returned to performing status, repaid or sold	**(404)**	**(515)**	**(919)**	(201)	(436)	(637)
Gross impaired loans prior to write-offs	**1,406**	**1,848**	**3,254**	1,340	1,794	3,134
Write-offs	**(326)**	**(1,092)**	**(1,418)**	(156)	(1,067)	(1,223)
Balance at end of year	**$ 1,080**	**$ 756**	**$ 1,836**	$ 1,184	$ 727	$ 1,911
Specific allowance(1)						
Balance at beginning of year	**$ 442**	**$ 293**	**$ 735**	$ 200	$ 243	$ 443
Write-offs	**(326)**	**(1,092)**	**(1,418)**	(156)	(1,067)	(1,223)
Provisions	**258**	**943**	**1,201**	392	1,020	1,412
Recoveries	**12**	**111**	**123**	28	93	121
Others	**(9)**	**(1)**	**(10)**	(22)	4	(18)
Balance at end of year	**$ 377**	**$ 254**	**$ 631**	$ 442	$ 293	$ 735
Net impaired loans						
Balance at beginning of year	**$ 742**	**$ 434**	**$ 1,176**	$ 199	$ 341	$ 540
Net change in gross impaired	**(104)**	**29**	**(75)**	785	143	928
Net change in allowance	**65**	**39**	**104**	(242)	(50)	(292)
Balance at end of year	**$ 703**	**$ 502**	**$ 1,205**	$ 742	$ 434	$ 1,176
Gross impaired loans less specific allowance as a percentage of related assets(2)			**0.54%**			0.56%

(1) Excludes allowance on letters of credit (2010: nil; 2009: $1 million).
(2) The related assets include loans, securities borrowed or purchased under resale agreements, and acceptances.

Impaired loans

During the year, $2.3 billion of loans were newly classified as impaired, down $0.5 billion from 2009. The decrease was driven by a decrease of $516 million in business and government loans and $10 million in consumer loans.

Reductions in gross impaired loans (GIL) through remediation, repayment or sale were $919 million, up $282 million from 2009. The increase comprised $79 million in consumer loans and $203 million in business and government loans. For the year, write-offs totalled $1.4 billion, up $195 million from the prior year. Consumer loan write-offs increased by $25 million, while business and government loan write-offs increased by $170 million.

Canadian consumer GIL trended higher beginning in 2007 due to both historical growth of the portfolio and economic deterioration but showed some signs of improvement in 2010. The majority of impaired residential mortgages in 2010 were in the Canadian insured portfolio where losses are expected to be minimal. The decrease in the business and government portfolio in 2010 was attributable to an improvement in credit quality of the Canadian and U.S. portfolios and increased write-offs, partially offset by deterioration in FirstCaribbean.

Additional details on the geographic distribution and industry classification of impaired loans are provided in the "Supplementary annual financial information" section.

Allowance for credit losses

The total allowance for credit losses consists of specific and general allowance components carried on the consolidated balance sheet.

The allowance for credit losses is the means by which we reduce the book value of our loan portfolio to the value of future cash flows that we expect to receive from those loans, discounted at the effective interest rate of the loan. Our loss estimate on impaired loans, and therefore, the level of specific allowance for such loans is a function of the security and collateral held against each of the impaired loans in the portfolio. The nature of the security and collateral varies by loan, and may include cash, guarantees, real property, inventory, accounts receivable, or other assets. Larger loans are assessed individually, while smaller retail loans may be assessed on a pooled basis, using historical loss data. The general allowance provides for credit losses that are expected to have already occurred in the current portfolio, but that have not yet been specifically identified or provided for through the specific allowance.

For a discussion on the methodologies used in establishing our allowance for credit losses, see the "Critical accounting policies and estimates" section. A breakdown of the allowance by geographic region and industry classification is provided in the "Supplementary annual financial information" section.

The total allowance for credit losses was $1,784 million, down $259 million or 13% from 2009.

Specific allowance for credit losses, excluding the allowance for letters of credit, was $631 million, down $104 million or 14% from 2009. The decrease was in both consumer and business and government loans. The specific allowance for consumer loans decreased by $39 million or 13%, mainly due to improvements in personal lending. The specific allowance for business and government loans decreased by $65 million or 15%, related to financial institutions, and the publishing, printing and broadcasting sector. The specific allowance was down in 2010 as a result of the improving economic conditions.

Consumer GIL increased to $756 million from $727 million a year ago. The increase was mainly attributable to residential mortgages driven by volume growth, partially offset by an improvement in personal lending. Despite the increase in residential mortgages, no material increases in allowance and losses are expected in this portfolio due to protection provided by mortgage insurance. Personal lending GIL decreased from a year ago, consistent with the downward movement in specific allowances for this portfolio, as a result of economic improvements in Canada.

The specific allowance for business and government loans decreased to $377 million from $442 million a year ago as the Canadian economy continued to recover and the U.S. economy began to improve. Business and government GIL decreased from $1,184 million to $1,080 million. The decrease was primarily in the U.S. and Canada. Business and government GIL decreased $211 million in the U.S. where specific allowances decreased $45 million (or approximately 21% of the decrease in GIL). In Canada, GIL decreased $41 million while the specific allowance decreased $14 million (or approximately 34% of the decrease in GIL). The decrease in GIL in Canada and the U.S. was partially offset by an increase of $148 million in the other regions, while allowances in the other regions decreased by $6 million. The increase in GIL in the other regions was attributable to our FirstCaribbean subsidiary, partially offset by a decrease in GIL in Europe. The allowance coverage in FirstCaribbean is generally lower than other regions, reflecting lower expected losses from the portfolio, given the higher level of security in place in the region.

Additional information on specific allowance for credit losses as a percentage of GIL is provided in the "Supplementary annual financial information" section.

The general allowance was $1,153 million, down $154 million from 2009. The decrease in consumer loans was $59 million or 7%, mainly driven by an improvement in the credit quality of our Visa card portfolio, partially offset by the general allowance established for the recently acquired MasterCard portfolio.

The decrease in business and government loans was $77 million or 20%, driven by a decrease in the Canadian portfolio of $37 million resulting mainly from a refinement in how we calculate our general allowance for small business, other countries (mainly Europe and the Caribbean) portfolio of $31 million, and the U.S. portfolio of $9 million. Additional information on the general allowance as a percentage of total net loans is provided in the "Supplementary annual financial information" section.

The general allowance related to undrawn credit facilities was down $18 million, primarily attributed to an improvement in the credit risk profile due to improving economic conditions.

Management believes the total allowance for credit losses as at October 31, 2010 was appropriate in light of the composition of the credit portfolio. Future additions to, or reductions of, the allowance will be influenced by the continuing evaluation of risks in the loan portfolio as well as changing economic conditions.

Settlement risk

Settlement risk is the risk that one party fails to deliver at the time of settlement on the terms of a contract between two parties. This risk can arise in general trading activities and from payment and settlement system participation.

Many global settlement systems offer significant risk reduction benefits through complex risk mitigation frameworks. We participate in several North American payment and settlement systems, including a global foreign exchange multilateral netting system. We also use financial intermediaries to access some payment and settlement systems.

Transactions settled outside of payment and settlement systems require approval of credit facilities for counterparties, either as pre-approved settlement risk limits or payment-versus-payment arrangements. Bilateral payment netting agreements may be put in place to mitigate risk by reducing the aggregate settlement amount between counterparties.

Market Risk

Market risk arises from positions in currencies, securities and derivatives held in our trading portfolios, and from our retail banking business, 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.

Market risk is managed through an integrated internal control framework. 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.

We have comprehensive policies for market risk management related to identification and measurement of the various types of market risk, the eligibility of certain of those risks for inclusion in the trading and non-trading books, and to the establishment of limits within which we manage our overall exposures.

Our policies also outline requirements for valuation model construction, and align with accounting policies with respect to MTM and model valuation methodologies, the independent checking of the valuation of positions, and the establishment of valuation adjustments.

In June 2010, the BCBS announced the delay of the implementation of revisions to the Basel II market risk framework until December 2011. We are working on a series of enhancements to our VaR models in order to meet the new regulatory requirements and ensure more complete risk capture, which will increase our VaR measure. We expect implementation of these enhancements to begin in fiscal 2011 with the inclusion of additional risk factors (which will lead to higher VaR results in the first quarter of 2011), and be completed within the revised timeline for revisions to the Basel II market risk framework in the first quarter of 2012.

Process and control

Market risk exposures are monitored daily against approved risk limits, and control processes are in place to monitor that only authorized activities are undertaken. We generate daily risk and limit-monitoring reports, based on the previous day's positions. Summary market risk and limit compliance reports are produced and reviewed weekly with the SET, and quarterly with the RMC.

We have risk tolerance levels, expressed in terms of both statistically based 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; and
- 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 CEO, consistent with the risk tolerance policies approved by the RMC; Tier 2 and Tier 3 limits are approved at levels of management commensurate with the risk taken.

Trading activities

We hold positions in traded financial instruments to meet client investment and risk management needs, and for proprietary trading purposes. Trading revenue (net interest income or non-interest income) is generated from these transactions. Trading instruments are recorded at fair value and include debt and equity securities, as well as interest rate, foreign exchange, equity, commodity, and credit derivative products.

Risk measurement

We use the following measures for market risk:

- VaR, which enables the meaningful comparison of the risks in different businesses and asset classes;
- Stress testing and scenario analyses, which provide insight into portfolio behaviour under extreme circumstances; and
- Backtesting, which validates the effectiveness of risk quantification through analysis of actual and theoretical profit and loss outcomes.

The VaR measures disclosed in the table and backtesting chart on the next pages exclude exposures in our run-off businesses as described on pages 50 to 56 of the MD&A. These positions are being managed down independent of our trading businesses and our processes include frequent comprehensive measurement and reporting of the main risks to both management and the RMC.

Value-at-Risk

Our VaR methodology is a statistical technique that measures the potential overnight loss within a 99% confidence level. 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, evaluated over a one-year period.

Total market risk VaR is determined by the combined modelling of VaR for each of interest rate, credit spread, equity, foreign exchange, commodity, and debt specific risks, along with the reduction due to the portfolio effect arising from the interrelationship of the different risks.

Actual market loss experience may differ from that implied by the VaR measure for a variety of reasons. Fluctuations in market rates and prices may differ from those in the past that are used to compute the VaR measure. Additionally, the VaR measure does not account for any losses that may occur beyond the 99% confidence level.

To determine the reliability of the VaR models, actual outcomes are monitored regularly to test the validity of the assumptions and the parameters used in the VaR calculation. Market risk positions are also subject to regular stress tests against defined limits to ensure CIBC would withstand an extreme market event.

Stress testing and scenario analysis

Stress testing and scenario analyses are designed to add insight to possible outcomes of abnormal market conditions, and to highlight possible

risk concentrations.

Our stress testing measures the effect on portfolio values of a wide range of extreme moves in market prices. The 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, the market events following September 11, 2001, and the 2008 market crisis. The hypothetical scenarios used include potential market crises originating in North America and Asia.

Our core stress testing and scenario analyses are run daily, and further ad hoc analysis is carried out as required. Scenarios are reviewed and amended as necessary to ensure they remain relevant. 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

For each of our trading portfolios, and in aggregate, the backtesting process measures that actual profit and loss outcomes are consistent with the statistical assumptions of the VaR model. This process also includes 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 the contents of the portfolio remained unchanged.

The table below shows the mix of market risks 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 spreads arise from activities in the global debt and derivative markets, particularly from transactions in the Canadian, U.S. and European markets. The primary instruments are government and corporate debt, interest rate derivatives and other. 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 losses 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.

Total average risk for the trading portfolio was down 33% from the previous year, primarily due to proactive managing down of the market risk exposure and general improvement in the capital markets.

VaR by risk type — trading portfolio (1)

	2010				2009			
$ millions, as at or for the year ended October 31	**Year-end**	**Average**	**High**	**Low**	Year-end	Average	High	Low
Interest rate risk	**$ 3.2**	**$ 3.2**	**$ 6.2**	**$ 1.3**	$ 3.3	$ 4.1	$ 7.7	$ 1.7
Credit spread risk	**0.9**	**0.6**	**1.4**	**0.3**	0.5	1.2	7.9	0.4
Equity risk	**0.8**	**1.1**	**2.5**	**0.6**	1.2	2.8	6.1	1.0
Foreign exchange risk	**0.7**	**1.0**	**2.7**	**0.3**	1.1	0.9	7.3	0.1
Commodity risk	**0.3**	**0.5**	**3.1**	**0.2**	0.5	0.7	2.7	0.3
Debt specific risk	**2.2**	**1.7**	**2.8**	**1.0**	1.2	2.5	6.1	0.9
Diversification effect(2)	**(4.0)**	**(3.9)**	**n/m**	**n/m**	(3.4)	(5.9)	n/m	n/m
Total risk	**$ 4.1**	**$ 4.2**	**$ 6.8**	**$ 2.6**	$ 4.4	$ 6.3	$ 14.6	$ 3.0

(1) The table excludes exposures in our run-off businesses which are described on pages 50 to 56 of the MD&A.

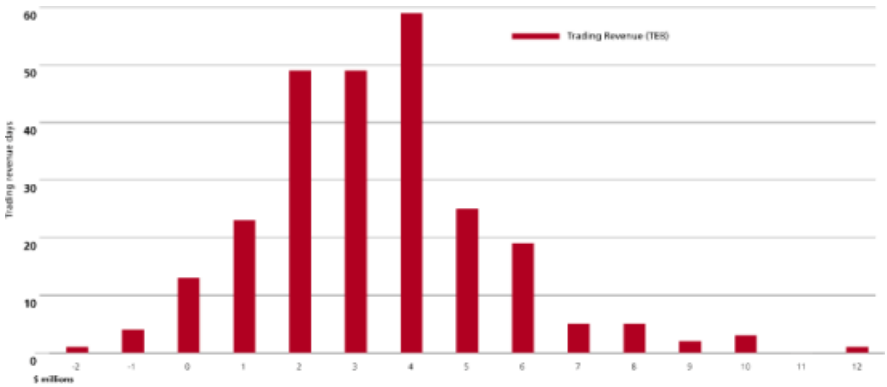
(2) Aggregate VaR is less than the sum of the VaR of the different market risk types due to risk offsets resulting from portfolio diversification effect.

n/m 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

Trading revenue was $821 million (2009: $(294) million; 2008: $(7,239) million) and trading revenue (TEB) (1) was $870 million (2009: $(256) million; 2008: $(7,056) million). The trading revenue and trading revenue (TEB)(1) for 2010 in the daily trading revenue histogram and trading revenue (TEB)(1) and VaR backtesting graph below exclude $134 million from run-off positions related primarily to structured credit, which cannot be meaningfully allocated to specific days. The histogram below presents the frequency distribution of daily trading revenue (TEB)(1) for 2010. Trading revenue (TEB)(1) was positive for 93% of the days (2009: 91%; 2008: 55%). Daily trading losses did not exceed VaR during the year. Average daily trading revenue (TEB)(1) was $2.9 million (2009: $3.3 million; 2008: $0.4 million). The trading revenue (TEB) (1) below and VaR backtesting graph which follows compares the 2010 actual daily trading revenue (TEB)(1) with the previous day's VaR measures.

Frequency distribution of daily 2010 trading revenue (TEB) (1)(2)



(1) For additional information, see the "Non-GAAP measures" section. Trading revenue comprises both trading net interest income and non-interest income.
(2) The graph excludes revenue from run-off positions related primarily to reductions in fair value of structured credit assets and CVA, which cannot be allocated meaningfully to specific days.

Backtesting of trading revenue (TEB) (1)(2) **vs. VaR**



(1) For additional information, see the "Non-GAAP measures" section.
(2) The graph excludes revenue from run-off positions related primarily to reductions in fair value of structured credit assets and CVA, which cannot be allocated meaningfully to specific days.

Non-exchange traded commodity derivatives

In the normal course of business, we trade non-exchange traded commodity derivative contracts. We control and manage our non-exchange traded commodity derivatives risk through the VaR and stress testing methodologies described above. We use modelling techniques or other valuation methodologies to determine the fair value of these contracts.

The following table provides the fair value, based upon maturity of non-exchange traded commodity contracts:

$ millions, as at October 31, 2010	Positive	Negative	Net
Maturity less than 1 year	$ 216	$ 171	$ 45
Maturity 1 — 3 years	178	205	(27)
Maturity 4 — 5 years	29	13	16
Maturity in excess of 5 years	62	4	58
Fair value of contracts	$ 485	$ 393	$ 92

Non-trading activities

Market risks also arise from our retail banking business, equity investments and other non-trading activities. We originate many retail products with 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 net earnings from, and investments in, foreign operations are also included in non-trading activities.

Interest rate risk

Non-trading interest rate risk consists primarily of risk inherent in ALM 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; this optionality is measured consistent with our actual experience. A variety of cash instruments and derivatives, principally interest rate swaps, futures and options, are used to manage and control these risks.

ALM activities are conducted by Treasury under the supervision of the SET, within the overall risk appetite established by the Board. Compliance with trading and non-trading market risk policy, as well as market risk limits is monitored daily by market risk management.

Our principal interest rate risk measures are VaR, earnings risk, and future risk. Earnings risk is the impact to net income after-tax, over a one-year term of an immediate 1% and 2% increase in market interest rates. Future risk is the impact to common shareholders' equity (on a present value basis) of an immediate 1% and 2% increase in market interest rates.

Our total non-trading interest rate risk exposure, as at October 31, 2010, is included in Note 20 to the consolidated financial statements. On- and off-balance sheet assets and liabilities are generally reported based on the earlier of their contractual repricing or maturity date; however, our disclosure includes the assumed interest rate sensitivity of certain assets and liabilities (including core deposits and credit card balances), reflecting how we manage interest rate risk; the assumed duration of core balances is approximately 1.9 years. The interest rate position reported in Note 20 presents our risk exposure only at a point in time. The 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.

The following table shows the potential impact over the next 12 months, adjusted for estimated prepayments, of an immediate 100 and 200 basis point increase or decrease in interest rates. In addition, we have a floor in place in the downward shock to accommodate for the current low interest rate environment.

Interest rate sensitivity — non-trading (after-tax)

$ millions, as at October 31	2010			2009		
	C$	US$	Other	C$	US$	Other
100 basis points increase in interest rates						
Net income	$ 110	$ 12	$ 3	$ 134	$ (21)	$ 2
Change in present value of shareholders' equity(1)	(39)	(17)	(12)	322	(89)	(6)
100 basis points decrease in interest rates						
Net income	$ (173)	$ (2)	$ (3)	$ (30)	$ 21	$ (2)
Change in present value of shareholders' equity(1)	(68)	9	9	(257)	75	5
200 basis points increase in interest rates						
Net income	$ 196	$ 25	$ 5	$ 218	$ (42)	$ 3
Change in present value of shareholders' equity(1)	(117)	(33)	(25)	643	(178)	(11)
200 basis points decrease in interest rates						
Net income	$ (250)	$ (2)	$ (3)	$ (22)	$ 19	$ (1)
Change in present value of shareholders' equity(1)	(161)	13	17	(536)	126	12

(1) Commencing 2010, amounts reported exclude the impact of structural assumptions relating to shareholders' equity.

Foreign exchange risk

Non-trading foreign exchange risk, also referred to as structural foreign exchange risk, arises primarily from our investments in foreign operations. This risk, predominantly in U.S. dollars, is managed using derivative hedges and by funding the investments in foreign currencies. We actively manage this risk to ensure that the potential impact to earnings is minimized and that the potential impact on our capital ratios is within tolerances set by the RMC.

Structural foreign exchange risk is managed by Treasury under the supervision of the SET, with the overall risk appetite established by the Board. Compliance with trading and non-trading market risk policy, as well as market risk limits is monitored daily by market risk management.

A 1% appreciation of the Canadian dollar would reduce our shareholders' equity as at October 31, 2010 by approximately $39 million (2009: $40 million) on a pre-tax basis.

Our non-functional currency denominated earnings are converted into the functional currencies through spot or forward foreign exchange transactions. Thus, there is no significant impact of exchange rate fluctuations on our consolidated statement of operations, except for foreign functional currency earnings, which are translated at average monthly exchange rates as they arise.

We hedge certain foreign currency contractual expenses using derivatives which are accounted for as cash flow hedges. The net change in fair value of these hedging derivatives included in AOCI amounted to a loss of $24 million as at October 31, 2010 (2009: loss of $38 million). This amount will be released from AOCI to offset the hedged currency fluctuations as the expenses are incurred.

Derivatives held for ALM purposes

Where derivatives are held for ALM purposes, and when transactions meet the criteria specified in the CICA handbook section 3865, we apply hedge accounting for the risks being hedged, as discussed in Notes 1, 2 and 15 to the consolidated financial statements. Derivative hedges that do not qualify for hedge accounting treatment are referred to as economic hedges and are recorded at fair value on the consolidated balance sheet with changes in fair value recognized in the consolidated statement of operations.

Economic hedges for other than FVO financial instruments may lead to income volatility because the hedged items are either recorded on a cost or amortized cost basis; this income volatility may not be representative of the overall risk.

Equity risk

Non-trading equity risk arises primarily in our merchant banking activities. Our merchant banking investments comprise public and private equities, investments in limited partnerships, and equity-accounted investments.

The following table provides the amortized cost and fair values of our non-trading equities, including merchant banking portfolios:

$ millions, as at October 31		Amortized cost	Fair value
2010	**AFS securities**	**$ 696**	**$ 1,023**
	Equity-accounted investments	**298**	**324**
		$ 994	**$ 1,347**
2009	AFS securities	$ 948	$ 1,206
	Equity-accounted investments	190	209
		$ 1,138	$ 1,415

Liquidity Risk

Liquidity risk arises from our general funding activities and in the course of managing our assets and liabilities. It is the risk of having insufficient cash resources to meet current financial obligations without raising funds at unfavourable rates or selling assets on a forced basis.

Our liquidity risk management strategies seek to maintain sufficient liquid financial resources to continually fund our balance sheet under both normal and stressed market environments.

In its oversight capacity, the Board establishes the liquidity risk framework that recognizes the credit-sensitive nature of our business activities and the importance of depositor confidence. 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.

The Treasurer oversees and governs our liquidity risk management framework and is responsible for recommending and maintaining the liquidity policies as well as monitoring compliance to the policies.

Policies and standards defining our liquidity risk management, measurement and reporting requirements are reviewed and approved annually by the RMC. Our liquidity policies require maintenance of sufficient unencumbered liquid assets or unused funding capacity to meet anticipated funding needs (as measured by a selected benchmark stress scenario) for a minimum period of time as determined by the RMC. Guidelines are set to ensure adequate diversification of funds and to manage individual depositor concentration.

As part of the liquidity risk management framework, our enterprise-wide pledging policy sets out consolidated aggregate net maximum pledge limits for financial and non-financial assets. Pledged assets are considered encumbered for liquidity purposes.

We maintain and periodically update a liquidity contingency plan for responding to stress event impacts. The plan is presented annually to the RMC.

Process and control

Actual and anticipated inflows and outflows of funds generated from on- and off-balance sheet exposure are monitored on a daily basis to ensure compliance with the limits. Potential cash flows under various stress scenarios are modelled using balance sheet positions. Short-term asset/liability mismatch limits are set by geographic location and consolidated for overall global exposure. On a consolidated basis, prescribed liquidity levels under a selected benchmark stress scenario are maintained for a minimum time horizon.

The RMC is regularly informed of current and prospective liquidity conditions, ongoing monitoring measures and the implementation of enhanced measurement tools.

Risk measurement

Our liquidity measurement system provides daily liquidity risk exposure reports for review by senior management. ALCO monitors CIBC's current and prospective liquidity position in relation to risk appetite and limits. Stress event impacts are measured through scenario analyses, designed to measure potential impact of abnormal market conditions on the liquidity risk profile. Treatment of cash flows under varying conditions is reviewed periodically to determine whether changes to customer behaviour assumptions are warranted.

The primary liquidity risk metric to measure and monitor our liquidity positions is liquidity horizon, the future point in time when projected cumulative cash outflows exceed cash inflows. Our on- and off-balance sheet positions are projected forward using parameters to reflect response expectations by category under given stress environments.

Collateral, which consists mainly of cash and high-quality government bonds that are generally acceptable by central banks, is primarily used to minimize exposure to counterparty credit risk. In the normal course of business, we are exposed to the risk of counterparties being unable to provide required collateral to cover their exposure with us. In addition, we are exposed to impacts of downgrades of our own credit ratings on the requirements to collateralize counterparties' credit exposures. As part of our liquidity framework, we make prudential assumptions on intraday and other collateral requirements that may arise under hypothetical CIBC defined liquidity stress events. These requirements are pre-funded by holding appropriate liquid asset buffers in the form of unencumbered high-quality securities.

Term funding sources and strategies

We manage liquidity to meet both short- and long-term cash requirements. Reliance on short-term wholesale funding is maintained at prudent levels.

We obtain funding through both wholesale and retail sources. Consistent with our liquidity risk mitigation strategies, we continue to source term funding in the wholesale markets from a variety of clients and geographic locations, borrowing across a range of maturities, using a mix of funding instruments.

Core personal deposits remain a primary source of retail funding and totalled $108.6 billion as at October 31, 2010 (2009: $104.3 billion).

Strategies for managing liquidity risk include maintaining diversified sources of wholesale term funding, asset securitization initiatives, and maintenance of segregated pools of high-quality liquid assets that can be sold or pledged as security to provide a ready source of cash. Collectively, these strategies result in lower dependency on short-term wholesale funding.

New facilities introduced in 2008 by various governments and global central banks including the Bank of Canada and the U.S. Federal Reserve Bank provide liquidity to financial systems. These liquidity initiatives include expansion of eligible types of collateral, provision of term liquidity through Purchase and Resale Agreement facilities, and the pooling and sale to CMHC of NHA MBS, which are composed of insured residential mortgage pools. From time to time, we utilize these term funding facilities, pledging a combination of private and public sector assets against these obligations. These facilities have largely been withdrawn, but term funding raised will continue to be outstanding.

We were an active issuer of term debt during the year, raising US$4,250 million, CHF 1,175 million, and AUD 750 million through covered bond issuances, and over $14 billion through the issuance of Canadian and U.S. deposit notes.

We have historically securitized various financial assets, including credit card receivables and residential and commercial mortgages. For further discussion of our off-balance sheet arrangements affecting liquidity and funding, see the "Off-balance sheet arrangements" section.

Balance sheet liquid assets are summarized in the following table:

$ billions, as at October 31	**2010**	2009
Cash	**$ 1.3**	$ 1.2
Deposits with banks	**10.7**	5.8
Securities issued by Canadian governments (1)	**5.4**	16.8
Mortgage-backed securities(1)	**20.1**	19.4
Other securities(2)	**40.9**	31.0
Securities borrowed or purchased under resale agreements	**37.3**	32.8
	$ 115.7	$ 107.0

(1) These represent securities with residual term to contractual maturity of more than one year.

(2) Comprises AFS securities and FVO securities with residual term to contractual maturity within one year and trading securities.

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, including those for covered bonds, securities borrowed or financed through repurchase agreements as at October 31, 2010 totalled $33.5 billion (2009: $36.7 billion). For additional details, see Note 25 to the consolidated financial statements.

Credit ratings

Access to wholesale funding sources and the cost of funds are dependent on various factors including credit ratings. During the course of the year, DBRS changed CIBC's outlook from negative to stable and Moody's lowered its ratings on Canadian bank preferred shares. The change to our preferred share ratings as a result of Moody's decision is reflected in the table below. There have been no other changes to our credit ratings and outlook during the year at major credit rating agencies.

Our funding and liquidity levels remained stable and sound over the year and we do not anticipate any events, commitments or demands that will materially impact our liquidity risk position.

Our credit ratings are summarized in the table below:

	Short-term debt		Senior debt		Subordinated debt		Preferred shares	
As at October 31	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
DBRS	**R-1(H)**	R-1(H)	**AA**	AA	**AA(L)**	AA(L)	**Pfd-1(L)**	Pfd-1(L)
Fitch	**F1+**	F1+	**AA-**	AA-	**A+**	A+	**A**	A
Moody's	**P-1**	P-1	**Aa2**	Aa2	**Aa3**	Aa3	**Baa1**	A1
S&P	**A-1**	A-1	**A+**	A+	**A**	A	**P-1(L)**	P-1(L)

Impact on collateral if there is a downgrade of CIBC's credit rating

We are required to deliver collateral to certain derivative counterparties in case of a downgrade to our current credit risk rating. The collateral requirement is based on MTM exposure, collateral valuations, and collateral arrangement thresholds as applicable.

Restrictions on the flow of funds

We have certain subsidiaries that have separate regulatory capital, liquidity and funding requirements, as set by banking and securities regulators. Requirements of these entities are subject to regulatory change and can fluctuate depending on activity.

We monitor and manage our capital and liquidity requirements across these entities to ensure that capital is used efficiently and that each entity is in continuous compliance with local regulations.

Contractual obligations

Contractual obligations give rise to commitments of future payments affecting our short- and long-term liquidity and capital resource needs. These obligations include financial liabilities, credit and liquidity commitments, and other contractual obligations.

Financial liabilities

The following table provides the maturity profile of financial liabilities based upon contractual repayment obligations, and excludes contractual cash flows related to derivative liabilities. Contractual maturity information related to derivatives is provided in Note 14 to the consolidated financial statements. Although contractual repayments of many deposit accounts are on demand or at short notice, in practice, short-term deposit balances remain stable. Our deposit retention history indicates that many customers do not request repayment on the earliest redemption date and the table therefore does not reflect the anticipated cash flows.

$ millions, as at October 31	Less than 1 year	1-3 years	3-5 years	Over 5 years	No specified maturity	**2010 Total**	2009 Total
Liabilities							
Deposits	$ 76,428	$39,264	$ 8,885	$ 9,515	$ 112,579	**$246,671**	$223,117
Acceptances	7,684	—	—	—	—	**7,684**	8,397
Obligations related to securities sold short	9,673	—	—	—	—	**9,673**	5,916
Obligations related to securities lent or sold under repurchase agreements	26,121	1,478	—	621	—	**28,220**	37,453
Other liabilities	—	—	—	—	12,740	**12,740**	13,867
Subordinated indebtedness	—	—	250	4,366	—	**4,616**	4,969
Preferred share liabilities	—	—	—	—	—	**—**	600
	$119,906	$40,742	$ 9,135	$14,502	$ 125,319	**$309,604**	$294,319

Credit and liquidity commitments

The following table provides the contractual maturity of notional amounts of credit, guarantee, and liquidity commitments should contracts be fully drawn upon and clients default. Since a significant portion of guarantees and commitments are expected to expire without being drawn upon, the total of the contractual amounts is not representative of future liquidity requirements.

	Contract amounts expiration per period					
$ millions, as at October 31	Less than 1 year	1-3 years	3-5 years	Over 5 years	**2010 Total**	2009 Total
Unutilized credit commitments(1)	$ 23,998	$ 17,610	$ 2,401	$ 521	**$ 44,530**	$ 39,747
Backstop liquidity facilities	4,403	—	—	—	**4,403**	4,869
Standby and performance letters of credit	4,656	767	146	152	**5,721**	5,123
Documentary and commercial letters of credit	290	—	—	—	**290**	234
	$ 33,347	$ 18,377	$ 2,547	$ 673	**$ 54,944**	$ 49,973

(1) Excludes personal lines of credit, home equity lines of credit, and credit card lines.

Other contractual obligations

The following table provides the contractual maturities of other contractual obligations affecting our short- and long-term and capital resource needs:

$ millions, as at October 31	Less than 1 year	1-3 years	3-5 years	Over 5 years	**2010 Total**	2009 Total
Operating leases	$ 332	$ 596	$ 495	$ 1,482	**$ 2,905**	$ 2,871
Purchase obligations(1)	581	801	219	151	**1,752**	1,438
Investment commitments(2)	294	—	—	—	**294**	372
Pension contributions(3)	216	—	—	—	**216**	199
Underwriting commitments	183	—	—	—	**183**	358
	$ 1,606	$ 1,397	$ 714	$ 1,633	**$ 5,350**	$ 5,238

(1) 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 us to cancel the agreement prior to expiration of the contract within a specific notice period. However, the amount above includes our obligations without regard to such termination clauses (unless actual notice of our intention to terminate the agreement has been communicated to the counterparty). The table excludes purchases of debt and equity instruments that settle within standard market timeframes.

(2) 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 timing of future investment commitments is non-specific and callable by the counterparty, obligations have been included as less than one year.

(3) Subject to change as 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 2011 are excluded due to the significant variability in the assumptions required to project the timing of future cash flows.

Strategic Risk

Strategic risk arises from ineffective business strategies or the failure to effectively execute strategies. It includes, but is not limited to, potential financial loss due to the failure of acquisitions or organic growth initiatives.

Oversight of strategic risk is the responsibility of the SET and the Board. At least annually, the CEO presents CIBC's strategic planning process and CIBC's annual strategic business plan to the Board for review and approval. The Board reviews the plan in light of management's assessment of emerging market trends, the competitive environment, potential risks and other key issues.

One of the tools for measuring, monitoring and controlling strategic risk is attribution of economic capital against this risk. Our economic capital models include a strategic risk component for those businesses utilizing capital to fund an acquisition or a significant organic growth strategy.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems, human error or external events.

Operational risks driven by people and processes are mitigated through human resources policies and practices, and operational procedural controls, respectively. Operational risks driven by systems are managed through controls over technology development and change management.

The GCC 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 Committee and the RMC for maintaining a strong internal control environment.

Process and control

Each line of business has responsibility for the day-to-day management of operational risk. Infrastructure and governance groups maintain risk and control self-assessment processes. We maintain a corporate insurance program to provide additional protection from loss and a global business continuity management program to mitigate business continuity risks in the event of a disaster.

Risk measurement

We use the Advanced Measurement Approach (AMA) under Basel II to calculate operational risk regulatory capital. Our operational risk measurement methodology attributes operational risk capital to expected and unexpected losses arising from the following loss 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.

Operational risk capital is calculated using a loss distribution approach with the input parameters based on either actual internal loss experience where a statistically significant amount of internal historical data is available, or applying a loss scenario approach based on the available internal/external loss data and management expertise.

In addition to the capital attributed as described above, adjustments are made for internal control issues and risks that are not included in the original operational risk profile. These adjustments are based on the results of the quarterly risk and control self-assessment processes, which involve input from the business and infrastructure groups as well as from the governance areas such as the Operational Risk Department, Control Division, Internal Audit, Legal, and Compliance.

Under AMA, we are allowed to recognize the risk mitigating impact of insurance in the measures of operational risk used for regulatory minimum capital requirements. Although our current insurance policies are tailored to provide earnings protection from potential high-severity losses, we currently do not take any capital relief as a result of our insurance program.

We attribute operational risk capital at the line of business level. Capital represents the worst-case loss and is determined for each loss event type and production/infrastructure/corporate governance line of business. The aggregate risk of CIBC is less than the sum of the individual parts, as the likelihood that all business groups across all regions will experience a worst-case loss in every loss category in the same year is extremely small. To adjust for the fact that all risks are not 100% correlated, we incorporate a portfolio effect to ensure that the aggregated risk is representative of the total bank-wide risk. The process for determining correlations considers both internal and external historical correlations and takes into account the uncertainty surrounding correlation estimates.

The results of the capital calculations are internally backtested each quarter, and the overall methodology is independently validated by the Risk Management Validation group to ensure that the assumptions applied are reasonable and conservative.

Reputation and Legal Risk

Our reputation and financial soundness are of fundamental importance to us and to our customers, shareholders and employees.

Reputation risk is the potential for negative publicity regarding our business conduct or practices which, whether true or not, could significantly harm our reputation as a leading financial institution, or could materially and adversely affect our business, operations or financial condition.

Legal risk is the potential for civil litigation or criminal or regulatory proceedings being commenced against CIBC that, once decided, could materially and adversely affect our business, operations or financial condition.

The RMC provides oversight of the management of reputation and legal risk. The identification, consideration and prudent, proactive management of potential reputation and legal risk is a key responsibility of CIBC and all of our employees.

Our Global Reputation and Legal Risks Policy sets standards for safeguarding our reputation and minimizing exposure to our reputation and legal risk. The policy is supplemented by business procedures for identifying and escalating transactions that could pose material reputation risk and/or legal risk to the RLR Committee.

Regulatory Risk

Regulatory risk is the risk of non-compliance with regulatory requirements. Non-compliance with these requirements may lead to regulatory sanctions and harm to our reputation.

Our regulatory compliance philosophy is to manage regulatory risk through the promotion of a strong compliance culture, and the integration of sound controls within the business and infrastructure groups. The foundation of this approach is a comprehensive Legislative Compliance Management (LCM) framework. The LCM framework maps regulatory requirements to internal policies, procedures and controls that govern regulatory compliance.

Our Compliance department is responsible for the development and maintenance of a comprehensive regulatory compliance program, including oversight of the LCM framework. The department is independent of business management and reports regularly to the Audit Committee.

Primary responsibility for compliance with all applicable regulatory requirements rests with senior management of the business and infrastructure groups, and extends to all employees. The Compliance department's activities support those groups, with particular emphasis on those regulatory requirements that govern the relationship between CIBC and its clients and those requirements that help protect the integrity of the capital markets.

Environmental Risk

Environmental risk is the risk of financial loss or damage to reputation associated with environmental issues, whether arising from our credit and investment activities or related to our own operations. Our corporate environmental policy, originally approved by the Board in 1993 and most recently updated and approved by the RMC in 2010, commits CIBC to responsible conduct in all activities to protect and conserve the environment; safeguard the interests of all stakeholders from unacceptable levels of environmental risk; and support the principles of sustainable development.

The policy is addressed by an integrated Corporate Environmental Management Program which is under the overall management of the Environmental Risk Management (ERM) group in Risk Management. Environmental evaluations are integrated into our credit and investment risk assessment processes, with environmental risk management standards and procedures in place for all sectors. In addition, environmental and social risk assessments in project finance are required in accordance with our commitment to the Equator Principles, a voluntary set of guidelines for financial institutions based on the screening criteria of the International Finance Corporation, which we adopted in 2003. We also conduct ongoing research and benchmarking on environmental issues such as climate change and biodiversity protection as they may pertain to responsible lending practices. We are also a signatory to and participant in the Carbon Disclosure Project, which promotes corporate disclosure to the investment community on greenhouse gas emissions and climate change management.

The ERM group works closely with Corporate Services, Marketing, Communications and Public Affairs, and other business and functional groups in ensuring that high standards of environmental due diligence and responsibility are applied in our facilities management, purchasing and other operations. An Environmental Management Committee is in place to provide oversight and to support these activities.

Accounting and Control Matters

Critical Accounting Policies and Estimates

A summary of significant accounting policies is presented in Note 1 to the consolidated financial statements. Certain accounting policies require us to make judgments and estimates, some of which may relate to matters that are uncertain. Changes in the judgments and estimates required in the critical accounting policies discussed below could have a material impact on our financial results. We have established control procedures to ensure accounting policies are applied consistently and processes for changing methodologies are well controlled.

Valuation of financial instruments

Debt and equity trading securities, obligations related to securities sold short, all derivative contracts, AFS securities other than private equities, and FVO financial instruments are carried at fair value. FVO financial instruments include debt securities, business and government loans, and business and government deposits.

The determination of fair value requires judgment and is based on market information, where available and appropriate. Fair value is defined as the amount at which a financial instrument could be exchanged between knowledgeable and willing parties in an orderly arm's length transaction motivated by normal business considerations. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the valuation inputs (Level 1, 2 or 3) as outlined below. Fair value is best evidenced by an independent quoted market price for the same instrument in an active market (Level 1).

If a market price in an active market is not available, the fair value is estimated on the basis of valuation models. Observable market inputs are utilized for valuation purposes to the extent possible and appropriate.

Valuation models may utilize predominantly observable market inputs (Level 2), 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. Valuation models may also utilize predominantly non-observable market inputs (Level 3).

If the fair value of a financial instrument 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 on the transaction date. When the fair value of a financial instrument is determined using a valuation technique that incorporates significant non-observable market inputs, no inception profit or loss (difference between the determined fair value and the transaction price) is recognized at the time the financial instrument is first recorded. Any gains or losses at inception would be recognized only in future periods over the term of the instruments, or when market quotes or data become observable.

In inactive markets, quotes obtained from brokers are indicative quotes, meaning that they are not binding, and are mainly derived from the brokers' internal valuation models. Due to the inherent limitations of the indicative broker quotes in estimating fair value, we also consider the values provided by our internal models, where appropriate, utilizing observable market inputs to the extent possible.

To ensure that valuations are appropriate, a number of policies and controls are put in place. Independent validation of fair value is performed at least on a monthly basis. 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.

The table below presents amounts in each category of financial instruments, which are fair valued using valuation techniques based on non-observable market inputs (Level 3), for the structured credit run-off business and consolidated CIBC.

$ millions, as at October 31	2010			2009		
	Structured credit run-off business	**Total CIBC**	**Total CIBC(1)**	Structured credit run-off business	Total CIBC	Total CIBC(1)
Assets						
Trading securities	**$ 1,647**	**$ 1,647**	**5.8%**	$ 1,221	$ 1,360	9.0%
AFS securities	**20**	**2,849**	**10.7**	20	1,297	3.2
FVO securities and loans	**9**	**20**	**0.1**	203	210	0.9
Derivative instruments	**1,340**	**1,461**	**5.9**	2,068	2,453	9.9
Liabilities						
Deposits(2)	**$ 1,063**	**$ 1,428**	**37.3%**	$ 689	$ 689	15.4%
Derivative instruments	**2,052**	**3,076**	**11.6**	4,317	5,131	18.9

(1) Represents percentage of Level 3 assets and liabilities in each reported category on the consolidated balance sheet.
(2) Includes FVO deposits and bifurcated embedded derivatives.

Sensitivity of Level 3 financial assets and liabilities

Much of our structured credit run-off business requires the application of valuation techniques using non-observable market inputs. In an inactive market, indicative broker quotes, proxy valuation from comparable financial instruments, and other internal models using our own assumptions of how market participants would price a market transaction on the measurement date (all of which we consider to be non-observable market inputs), are predominantly used for the valuation of these positions. We also consider whether a CVA is required to recognize the risk that any given counterparty to which we are exposed, may not ultimately be able to fulfill its obligations.

For credit derivatives purchased from financial guarantors, our CVA is generally driven off market-observed credit spreads, where available. For financial guarantors that do not have observable credit spreads or where observable credit spreads are available but do not reflect an orderly market (i.e., not representative of fair value), a proxy market spread is used. The proxy market credit spread is based on our internal credit rating for the particular financial guarantor. Credit spreads contain information on market (or proxy market) expectations of PD as well as LGD. The credit spreads are applied in relation to the weighted-average life of our exposure to the counterparties. For financial guarantor counterparties where a proxy market credit spread is used, we also make an adjustment to reflect additional financial guarantor risk over an equivalently rated non-financial guarantor counterparty. The amount of the adjustment is dependent on all available internal and external market information for financial guarantors. The final CVA takes into account the expected correlation between the future performance of the underlying reference assets and that of the counterparties, except for high quality reference assets where we expect no future credit degradation.

Where appropriate, on certain financial guarantors, we determined the CVA based on estimated recoverable amounts.

Interest-only strips from the sale of securitized assets are valued using prepayment rates, which we consider to be a non-observable market input.

Swap arrangements related to the sale of securitized assets are valued using liquidity rates, which we consider to be a non-observable market input.

ABS are sensitive to credit spreads, which we consider to be a non-observable market input.

FVO deposits that are not managed as part of our structured credit run-off business are sensitive to non-observable credit spreads, which are derived using extrapolation and correlation assumptions.

Certain bifurcated embedded derivatives, due to the complexity and unique structure of the instruments, require significant assumptions and judgment to be applied to both the inputs and valuation techniques, which we consider to be non-observable.

The effect of changing one or more of the assumptions to fair value these instruments to reasonably possible alternatives would impact net income or OCI as described below.

Our unhedged structured credit exposures (USRMM and non-USRMM) are sensitive to changes in MTM, generally as derived from indicative broker quotes and internal models as described above.

A 10% adverse change in MTM of the underlyings would result in losses of approximately $54 million in our unhedged USRMM portfolio and $108 million in our non-USRMM portfolio, excluding unhedged non-USRMM positions classified as loans which are carried at amortized cost, and before the impact of the Cerberus transaction. The fair value of the Cerberus protection against USRMM positions is expected to reasonably offset any changes in the fair value of USRMM positions.

For our hedged positions, there are two categories of sensitivities, the first relates to our hedged loan portfolio and the second relates to our hedged fair valued exposures. Since on-balance sheet hedged loans are carried at amortized cost whereas the related credit derivatives are fair valued, a 10% increase in the MTM of credit derivatives in our hedged structured credit positions would result in a net gain of approximately $35 million, assuming current CVA ratios remain unchanged. A 10% reduction in the MTM of our on-balance sheet fair valued exposures and a 10% increase in the MTM of all credit derivatives in our hedged structured credit positions would result in a net loss of approximately $8 million, assuming current CVA ratios remain unchanged.

The impact of a 10% increase in the MTM of unmatched credit derivatives, where we have purchased protection but do not have exposure to the underlying, would result in a net gain of approximately $1 million, assuming current CVA ratios remain unchanged.

The impact of a 10% reduction in receivables, net of CVA from financial guarantors, would result in a net loss of approximately $75 million.

A 10% increase in prepayment rates pertaining to our retained interests related to the interest-only strip, resulting from the sale of securitized assets, would result in a net loss of approximately $24 million.

A 20 basis point decrease in liquidity rates used to fair value our derivatives related to the sale of securitized assets would result in a loss of approximately $94 million.

A 10% reduction in the MTM of our on-balance sheet ABS that are valued using non-observable credit and liquidity spreads would result in a decrease in OCI of approximately $177 million.

A 10% reduction in the MTM of certain FVO deposits which are not managed as part of our structured credit run-off business and are valued using non-observable inputs, including correlation and extrapolated credit spreads, would result in a gain of approximately $13 million.

A 10% reduction in the MTM of certain bifurcated embedded derivatives, valued using internally vetted valuation techniques, would result in a gain of approximately $24 million.

The net loss recognized in the consolidated statement of operations, on the financial instruments, for which fair value was estimated using valuation techniques requiring non-observable market parameters, was $732 million (2009: net loss of $419 million).

We apply judgment in establishing 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 risk, model risk, credit risk, and future administration costs. During 2010, we reassessed our estimate of valuation adjustments for administration (servicing) costs relating to our derivatives portfolio. These valuation adjustments are based on our estimates of what a market participant would require from a fair value perspective to compensate for future servicing costs on our portfolio. This reassessment led to a release of $25 million of valuation adjustments.

The following table summarizes our valuation adjustments:

$ millions, as at October 31	2010	2009
Trading securities		
Market risk	**$ 2**	$ 7
Derivatives		
Market risk	**64**	81
Credit risk	**325**	2,241
Administrative costs	**6**	33
Other	**—**	2
	$ 397	$ 2,364

Note 2 to the consolidated financial statements presents the valuation methods used to determine fair value showing separately those that are carried at fair value on the consolidated balance sheet and those that are not.

Risk factors related to fair value adjustments

We believe that we have made appropriate fair value adjustments and have taken appropriate write-downs to date. The establishment of fair value adjustments and the determination of the amount of write-downs involve estimates that are based on accounting processes and judgments by management. We evaluate the adequacy of the fair value adjustments and the amount of write-downs on an ongoing basis. The levels of fair value adjustments and the amount of the write-downs could be changed as events warrant and may not reflect ultimate realizable amounts.

Impairment of AFS securities

AFS securities include debt and equity securities and retained interests in securitized assets.

AFS securities, other than equities that do not have a quoted market value in an active market, are stated at fair value, whereby the difference between the fair value and the amortized cost is included in AOCI. Equities that do not have a quoted market value in an active market are carried at cost. AFS securities are subject to impairment reviews to assess whether or not there is an OTTI. The assessment of OTTI depends on whether the instrument is debt or equity in nature.

AFS debt securities are identified as impaired when there is objective observable evidence concerning the inability to collect the contractual principal or interest. 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, industry valuation levels for comparable entities, and any changes in market and economic outlook.

For AFS equity instruments, objective evidence of impairment exists if there has been a significant or prolonged decline in the fair value of the investment below its cost. In making the OTTI assessment we also consider significant adverse changes in the technological, market, economic, or legal environments in which the issuer operates, or if the issuer is experiencing significant financial difficulty, as well as our intent to hold the investment for a period of time sufficient to allow for any anticipated recovery.

Realized gains and losses on disposal and write-downs to reflect OTTI in the value of AFS are recorded in the consolidated statement of operations. Previously recognized impairment losses for debt securities (but not equity securities) are reversed if subsequent increase in fair value can be objectively identified and is related to an event occurring after the impairment loss was recognized.

Allowance for credit losses

We establish and maintain an allowance for credit losses that is considered 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

Consumer loans

A specific allowance is established for residential mortgages, personal loans, and certain small business loan portfolios, which consist of large numbers of homogeneous balances of relatively small amounts. We take a portfolio approach and establish the specific allowance utilizing a formula basis, since it is not practical to review each individual loan. We evaluate these portfolios for specific allowances by reference to historical ratios of write-offs to balances in arrears and to balances outstanding. Further analysis and evaluation of the allowance is performed to account for the aging of the portfolios and the impact of economic trends and conditions.

A specific allowance is not established for credit card loans and they are not classified as impaired. Instead, they are fully written off when payments are contractually 180 days in arrears, or upon customer bankruptcy. Commencing the fourth quarter of 2009, interest on credit card loans is accrued only to the extent that there is an expectation of receipt. Prior to that, interest was accrued until the loans were written off. See Note 5 to the consolidated financial statements for additional details.

Business and government loans

Business and government loan portfolios are assessed on an individual loan basis. Specific allowances are established when impaired loans are identified. A loan is classified as impaired when we are of the opinion that there is no longer a reasonable assurance of the full and timely

collection of principal and interest. The specific allowance is the amount required to reduce the carrying value of an impaired loan to its estimated realizable amount. This is determined by discounting the expected future cash flows at the effective interest rate inherent in the loan before impairment.

General allowance

The general allowance provides for credit losses that are present in the credit portfolios, but which have not yet been specifically identified or provided for through specific allowances. The general allowance applies to on- and off-balance sheet credit exposures that are not carried at fair value. The methodology for determining the appropriate level of the general allowance incorporates a

number of factors, including the size of the portfolios, expected loss rates, and relative risk profiles. We also consider 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. On a regular basis, the parameters that affect the general allowance calculation are updated, based on our experience and the economic environment.

Expected loss rates for business loan portfolios are based on the risk rating of each credit facility and on the PD factors associated with each risk rating, as well as estimates of LGD. The PD factors reflect our historical experience over an economic cycle, and is supplemented by data derived from defaults in the public debt markets. LGD estimates are based on our historical experience. For consumer loan portfolios, expected losses are based on our historical loss rates and aggregate balances. As at October 31, 2010, our model indicated a range of outcomes for the general allowance between $621 million and $1,699 million. The general allowance of $1,153 million (2009: $1,307 million), which represents our best estimate of losses inherent but not specifically provided for in our loan portfolios, was selected from within the range based on a qualitative analysis of the economic environment and credit trends, as well as the risk profile of the loan portfolios. A uniform 10% increase in the PDs or loss severity across all portfolios would cause the general allowance to increase by approximately $115 million.

Securitizations and VIEs

Securitization of our own assets

We have determined that substantially all of our securitizations are accounted for as sales because we surrender control of the transferred assets and receive consideration other than beneficial interests in the transferred assets. We have also determined that the entities to which we have transferred the assets should not be consolidated because they are either QSPEs or we are not the primary beneficiary of the entities.

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 the retained interest. 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 us to estimate expected future cash flows, which incorporate expected credit losses, scheduled payments and unscheduled prepayment rates, discount rates, and other factors that influence the value of retained interests. Actual cash flows may differ significantly from our estimations. These estimates directly affect our calculation of gain on sale from securitizations and the rate at which retained interests are taken into income.

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, Note 6 to the consolidated financial statements, and the "Valuation of financial instruments" section above.

Securitization of third-party assets

We also sponsor several VIEs that purchase pools of third-party financial assets. Our derivative and administrative transactions with these entities are generally not considered variable interests. We monitor the extent to which we support these VIEs through direct investment in the debt issued by the VIEs and through the provision of liquidity protection to the other debt holders, to assess whether we are the primary beneficiary and consolidator of these entities.

AcG-15, "Consolidation of Variable Interest Entities" provides guidance on applying consolidation principles to certain entities that are subject to control on a basis other than ownership of voting interests. To determine which VIEs require consolidation under AcG-15, we exercise judgment by identifying our variable interests and comparing them with other variable interests held by unrelated parties to determine if we are exposed to a majority of each of these entities' expected losses or expected residual returns. We have consolidated certain other VIEs as we determined that we were exposed to a majority of the expected losses or residual returns.

Where we consider that CIBC is the primary beneficiary of any VIEs, AcG-15 requires that we reconsider this assessment in the following circumstances: (i) when there is a significant change to the design of the VIE or the ownership of variable interests that significantly changes the manner in which expected losses and expected residual returns are allocated; (ii) when we sell or dispose of a part or all of our variable interest to unrelated parties; or (iii) when the VIE issues new variable interest to unrelated parties. Where CIBC is not the primary beneficiary, AcG-15 requires that we reconsider whether we are the primary beneficiary when we acquire additional variable interests.

Specifically, in relation to ABCP conduits (the conduits), we reconsider our primary beneficiary assessment whenever our level of interest in the ABCP issued by the conduits changes significantly, or in the less frequent event that the liquidity protection we provide to the conduits is drawn or amended. To the extent that our ABCP holdings in a particular conduit exceeds 45%, it is likely that we will consider ourselves to be the primary beneficiary, as a result of the relatively small amount of variability stemming from the other variable interests in the conduit. A significant increase in our holdings of ABCP issued by the conduits would become more likely in a scenario in which the market for bank-sponsored ABCP suffered a significant deterioration such that the conduits were unable to roll their ABCP.

Securitizations and VIEs affect all our reporting segments.

Asset impairment

Goodwill, other intangible assets and long-lived assets

As at October 31, 2010, we had goodwill of $1.9 billion (2009: $2.0 billion) and other intangible assets with an indefinite life amounting to $136 million (2009: $137 million). Under Canadian GAAP, goodwill is not amortized, but is instead subject to, at least annually, an assessment for impairment by applying a two-step fair value-based test. In the first test, the fair value of the reporting unit is compared to its book value including goodwill. If the book value of the reporting unit exceeds the fair value, an impairment loss is then recognized pursuant to the second test to the extent that, at the reporting unit level, the carrying amount of goodwill exceeds the implied fair value of goodwill. Where appropriate, the carrying values of our reporting units are based on economic capital models and are designed to approximate the net book value a reporting unit would have if it was a stand-alone entity.

Acquired intangible assets are separately recognized if the benefits of the intangible assets are obtained through contractual or other legal rights, or if the intangible assets can be sold, transferred,

licensed, rented, or exchanged. Determining the useful lives of intangible assets requires judgment and fact-based analysis. Intangibles with an indefinite life are not amortized but are assessed for impairment by comparing the fair value to the carrying value.

Long-lived assets and other identifiable intangibles with a definite life are amortized over their estimated useful lives. These assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. In performing the review for recoverability, we estimate 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 to the extent that fair value is less than the carrying value.

We use judgment to estimate the fair value of the reporting units and other intangible assets with an indefinite life. The fair value of the reporting units and other intangible assets with an indefinite life are derived from internally developed valuation models, using market or discounted cash flow approaches. Under a market approach, the models consider various factors, including normalized earnings, projected forward earnings, and price earnings multiples. Under a discounted cash flow approach, the models consider various factors, including projected cash flows, terminal growth rates and discount rates.

Our goodwill impairment tests conducted using these models during both the current and prior years indicate that the fair value of all of the reporting units subject to testing exceeded the carrying value. The valuations determined by these models are sensitive to the underlying business conditions in the markets in which the reporting units operate. The largest components of our goodwill relate to our Wealth Management reporting unit in Canada and our FirstCaribbean reporting unit in the Caribbean. Changes in estimated fair values could result in the future depending on various factors including changes in expected economic conditions in these markets.

Our indefinite life intangible asset impairment tests during both the current and prior years indicate that the fair value of the indefinite life intangible assets subject to testing exceeded their carrying values.

These assets are held in all our reporting segments. For additional details, see Note 8 to the consolidated financial statements.

Income taxes

We use 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.

We are also 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.

As at October 31, 2010, we had available future income tax assets in excess of future income tax liabilities of $833 million (2009: $1,730 million), before a valuation allowance of $66 million (2009: $95 million). We are required to assess whether it is more likely than not that our 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 past experience of income and capital gains, forecast of future net income before taxes, available tax planning strategies that could be implemented to realize the future income tax assets, and the remaining expiration period of tax loss carryforwards. Although realization is not assured, we believe, based on all the available evidence, it is more likely than not that the remaining future income tax assets, net of the valuation allowance, will be realized prior to their expiration.

Income tax accounting impacts all our reporting segments. For further details of our income taxes, see Note 23 to the consolidated financial statements.

Contingent liabilities

In the ordinary course of its business, CIBC is a party to a number of legal proceedings, including regulatory investigations. In certain of these matters, claims for substantial monetary damages are asserted against CIBC and its subsidiaries. In accordance with Canadian GAAP, amounts are accrued for the financial resolution of claims if, in the opinion of management, it is both likely that a future event will confirm that a liability had been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. In some cases, however, it is either not possible to determine whether such a liability has been incurred or to reasonably estimate the amount of loss until the case is closer to resolution, in which case no accrual can be made until that time. If the reasonable estimate of loss involves a range within which a particular amount appears to be a better estimate, that amount would be accrued. If no such better estimate within a range is indicated, the minimum amount in the range is required to be accrued. We regularly assess the adequacy of CIBC's contingent liability accrual and make the necessary adjustments to incorporate new information as it becomes available. Adjustments to the accrual in any quarter may be material in situations where significant new information becomes available. While there is inherent difficulty in predicting the outcome of such matters, based on current knowledge and consultation with legal counsel, we do not expect that the outcome of any of these matters, individually or in aggregate, would have a material adverse effect on our consolidated financial position. However, the outcome of any such matters, individually or in aggregate, may be material to our operating results for a particular year.

Contingent liabilities impact all our reporting segments. For further details of our contingent liabilities, see Note 25 to the consolidated financial statements.

Employee future benefit assumptions

We are the sponsor of defined benefit pension and other post-employment (including post-retirement) benefit plans for eligible employees. The pension and other post-employment benefit expense and obligations, which impact all of our reporting segments, are dependent upon assumptions used in calculating such amounts. These assumptions include discount rates, projected salary increases, expected returns 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 other post-employment 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 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 expected real yields on fixed-income securities and equities. Other assumptions are based on actual plan experience and our best estimates.

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, 2010, the net amount of unamortized actuarial losses was $1,423 million (2009: $1,171 million) in respect of pension plans and $151 million (2009: $100 million) in respect of other post-employment benefit plans.

Our benefit plans are funded to or above the amounts required by relevant legislation or plan term. During the year, we contributed $369 million (2009: $233 million) to the defined benefit pension plans, which included $175 million (2009: $84 million) above the minimum required. Our 2010 funding contributions to our principal Canadian pension plan was the maximum amount allowed by the Income Tax Act (Canada).

Our principal post-employment benefit plans are unfunded. We fund benefit payments for these plans as incurred. During the year, these benefit payments totalled $33 million (2009: $32 million).

We continue to administer a funded trust in respect of long-term disability benefits. This plan was closed to new claims effective June 1, 2004. During the year, we contributed $15 million (2009: $5 million) to the trust.

For further details of our annual pension and other post-employment expense and liability, see Note 22 to the consolidated financial statements.

For our Canadian plans, which represent more than 90% of our pension and other post-employment benefit plans, management has approved changes to the assumptions to be used for the 2011 expense calculation. Management has approved a weighted-average discount rate of approximately 5.5% for pension and other post-employment benefit plans, which is a decrease of 90 basis points over the similar rate for 2010. The approved weighted-average expected long-term rate of return on plan assets is 6.3% for the funded defined benefit plans, which are primarily pension plans. This is unchanged from 2010. The aggregate impact of these changes in assumptions together with the impact of changes in market value of the plan assets in the year is expected to be an increase of $82 million in expense recognition for 2011.

Actual experience different from that anticipated or future changes in assumptions may affect our pension and other post-employment benefit obligations, expense and funding contributions. The following table outlines the potential impact of changes in certain key assumptions used in measuring the accrued benefit obligations and related expenses:

$ millions, as at October 31, 2010	Pension benefit plans		Other benefit plans	
	Obligation	Expense	Obligation	Expense
Impact of a change of 100 basis points in key assumptions:				
Discount rate				
Decrease in assumption	$ 617	$ 62	$ 94	$ 5
Increase in assumption	(520)	(69)	(77)	(2)
Expected long-term rate of return on plan assets				
Decrease in assumption	n/a	37	n/a	—
Increase in assumption	n/a	(37)	n/a	—
Rate of compensation increase				
Decrease in assumption	(110)	(27)	(2)	—
Increase in assumption	119	29	2	—

n/a Not applicable

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.

Financial Instruments

As a financial institution, our assets and liabilities primarily comprise financial instruments, which include deposits, securities, loans, derivatives, acceptances, repurchase agreements, subordinated debt, and preferred shares.

We use these financial instruments for both trading and non-trading activities. Trading activities include the purchase and sale of securities, transacting in foreign exchange and derivative instruments in the course of facilitating client trades, and taking proprietary trading positions with the objective of income generation. Non-trading activities generally include the business of lending, investing, funding, and ALM.

The use of financial 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 instruments are accounted for according to their classification. For details on the accounting for these instruments, see Note 1 to the consolidated financial statements.

For significant assumptions made in determining the valuation of financial and other instruments, see the "Valuation of financial instruments" section above.

Accounting Developments

Changes in accounting policies

2010

There were no changes to significant accounting policies during 2010.

2009

Financial instruments — recognition and measurement

Effective November 1, 2008, we adopted the revised CICA handbook section 3855 "Financial Instruments — Recognition and Measurement".

The revised standard defines loans and receivables as non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. As a result of this change in definition, the following transitional provisions were applied effective November 1, 2008:

- HTM debt instruments that met the revised definition of loans and receivables were required to be reclassified from HTM to loans and receivables;
- Loans and receivables that an entity intended to sell immediately or in the near term were required to be classified as trading financial instruments; and
- AFS debt instruments were eligible for reclassification to loans and receivables if they met the revised definition of loans and receivables. AFS debt instruments were eligible for reclassification to HTM if they had fixed and determinable payments and were quoted in an active market and the entity had the positive intention and ability to hold to maturity. The reclassification from AFS to loans and receivables or to HTM was optional and could be made on an instrument-by-instrument basis. We did not elect to reclassify any AFS securities.

Following adoption of the revised standard:

- Debt securities that meet the definition of loans and receivables at initial recognition may be classified as loans and receivables or designated as AFS or held for trading, but are precluded from being classified as HTM;
- Impairment charges through income for HTM financial instruments are to be recognized for credit losses only, rather than on the basis of a full write down to fair value; and
- Previously recognized OTTI losses on AFS debt securities are to be reversed through income if the increase in their fair value is related to improvement in credit that occurred subsequent to the recognition of the OTTI.

The adoption of the revised standard resulted in financial instruments previously classified as HTM being reclassified to loans and receivables with no impact to retained earnings or AOCI.

We adopted the CICA handbook sections 3855 "Financial Instruments — Recognition and Measurement" and 3862 "Financial Instruments — Disclosures" as amended and reclassified certain trading securities to HTM and AFS, from August 1, 2008. See Note 4 to the consolidated financial statements for additional details.

Financial instruments — disclosures and presentation

For the year ended October 31, 2009, we adopted the amended CICA 3862 handbook section "Financial Instruments — Disclosures", which expands financial instrument fair value measurement and liquidity risk management disclosures. The disclosures are provided in Notes 2, 14 and 29 to the consolidated financial statements.

Intangible assets

Effective November 1, 2008, we adopted the CICA handbook section 3064, "Goodwill and Intangible Assets", which replaced CICA handbook sections 3062, "Goodwill and Other Intangible Assets", and 3450, "Research and Development Costs". The new section establishes standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets.

The adoption of this guidance did not result in a change in the recognition of our goodwill and intangible assets. However, we retroactively reclassified intangible assets relating to application software with net book value of $385 million as at October 31, 2008, from Land, buildings and equipment to Software and other intangible assets on our consolidated balance sheet.

2008

Leveraged leases

Effective November 1, 2007, we adopted the amended CICA Emerging Issues Committee Abstract (EIC) 46, "Leveraged Leases", which was based upon the Financial Accounting Standards Board Staff Position FAS 13-2, "Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction". The EIC required that a change in the estimated timing of cash flows relating to income taxes results in a recalculation of the timing of income recognition from the leveraged lease.

The adoption of this guidance resulted in a $66 million charge to opening retained earnings as at November 1, 2007. An amount approximating this non-cash charge is being recognized into income over the remaining lease terms using the effective interest rate method.

Capital disclosures

Effective November 1, 2007, we adopted the CICA handbook section 1535, “Capital Disclosures”, which requires an entity to disclose its objective, policies and processes for managing capital. In addition, the section requires disclosure of summary quantitative information about capital components. See Note 17 to the consolidated financial statements for additional details.

Financial instruments

Effective November 1, 2007, we adopted the CICA handbook sections 3862 “Financial Instruments – Disclosures” and 3863 “Financial Instruments — Presentation”.

These sections replace CICA handbook section 3861 “Financial Instruments — Disclosure and Presentation” and enhance disclosure requirements on the nature and extent of risks arising from financial instruments and how the entity manages those risks. See Note 29 to the consolidated financial statements for additional details.

We adopted the amendments to the CICA handbook sections 3855 “Financial Instruments — Recognition and Measurement” and 3862 “Financial Instruments — Disclosures” and reclassified certain trading securities to HTM and AFS, from August 1, 2008. See Note 4 to the consolidated financial statements for additional details.

Future accounting policy changes

Business combinations, consolidated financial statements and non-controlling interests

In January 2009, the CICA issued three new handbook sections: 1582, "Business Combinations", 1601, "Consolidated Financial Statements", and 1602, "Non-controlling Interests".

CICA handbook section 1582 provides guidance on the application of the purchase method of accounting for business combinations. In particular, this section addresses the determination of the carrying amount of the assets and liabilities of a subsidiary company, goodwill, and accounting for a non-controlling interest at the time of the business combination. Under this standard, most acquisition-related costs must now be accounted for as expenses in the periods they are incurred. This new section is applicable for acquisitions completed on or after November 1, 2011, although early adoption is permitted to facilitate the transition to IFRS in 2011.

CICA handbook section 1601 establishes standards for the preparation of consolidated financial statements after the acquisition date. CICA handbook section 1602 addresses the accounting and presentation of non-controlling interests in the consolidated financial statements subsequent to a business combination. CICA handbook sections 1601 and 1602 must be adopted concurrently with CICA handbook section 1582.

Transition to International Financial Reporting Standards (IFRS)

Canadian publicly accountable enterprises must transition to IFRS for fiscal years beginning on or after January 1, 2011. As a result, we will adopt IFRS commencing November 1, 2011 and will publish our first consolidated financial statements, prepared in accordance with IFRS, for the quarter ending January 31, 2012. Upon adoption, we will provide fiscal 2011 comparative financial information also prepared in accordance with IFRS, including an opening IFRS consolidated balance sheet as at November 1, 2010.

The transition to IFRS represents a significant initiative for CIBC and is supported by a formal governance structure with an enterprise view and a dedicated project team. Our IFRS transition program has been divided into three phases: (i) discovery; (ii) execution; and (iii) conversion. The discovery phase included an accounting diagnostic which identified the accounting standards that are relevant to CIBC, and the identification and planning for the execution phase. The execution phase which we are currently in, commenced with a detailed analysis of the IFRS standards and continues through to the preparation of the policies, processes, technologies, strategies, and reporting for the upcoming transition. The final conversion phase will report on the new IFRS standards in 2012 and reconcile Canadian GAAP to IFRS with fiscal 2011 comparative information under IFRS.

Our IFRS transition project continues to progress on track with our transition plan. We have appropriately engaged our external and internal auditors to review key milestones and activities as we progress through the transition.

Process, financial reporting controls and technology

Pursuant to our plans, an initial assessment was previously completed to identify the IFRS standards that represent key accounting differences from Canadian GAAP. More detailed assessment work was completed in the first two quarters of fiscal 2010, including execution work with respect to the underlying financial reporting and business processes and controls. During the last two quarters of fiscal 2010, we completed a significant amount of the development of the business processes and internal controls over financial reporting that will enable us to restate our comparative opening November 1, 2010 consolidated balance sheet and comparative fiscal 2011 consolidated financial statements to IFRS, while at the same time preparing normal course fiscal 2011 Canadian GAAP financial information. This included the development of a technology-based comparative year reporting tool to track IFRS financial information during our fiscal 2011 comparative year, which was tested in the last two quarters of fiscal 2010 and is now operational. Implementation of the developed business processes and internal controls over comparative year financial reporting is expected to commence in the first quarter of the fiscal 2011 comparative year.

We will continue to develop the business processes and controls related to transaction level accounting, including those related to the greater use of on-balance sheet accounting as a result of IFRS differences concerning the derecognition of financial assets. While we have identified additional resource and process requirements as part of our assessment and execution work, we have not identified any significant modifications for our supporting information technology systems, nor do we expect any significant changes to our business activities. Identified technology impacts include the realignment of system feeds to more efficiently report our securitized mortgages on the consolidated balance sheet.

During fiscal 2010, we refreshed our assessment for many of the incremental disclosures required under IFRS. We will complete our assessment work in the first half of fiscal 2011, including the disclosures and associated controls required in respect of the transition to IFRS in fiscal 2012.

Concurrent with preparing for the impact of IFRS on our financial reporting, we have also focused on preparing CIBC for impacts that IFRS will have on the financial statements of our clients and counterparties, including impacts to our loan management processes, controls and risk rating systems.

Communications and training

Information regarding the progress of the project continued to be communicated to internal stakeholders during fiscal 2010, including our Audit Committee, senior executives and the Program Steering Committee, and to external stakeholders including OSFI and our external auditor. Communications to external stakeholders will continue through the quarterly and annual reports. In addition, we are currently preparing for additional external communications with the investor community in fiscal 2011.

We believe we have the financial reporting expertise to support our transition to IFRS. We have accounting policy staff dedicated to assessing the impact of IFRS and consulting with external advisors as necessary. In 2009, we launched an enterprise-wide training program to raise the level of awareness of IFRS throughout CIBC, and to prepare staff to perform in an IFRS environment. We completed the delivery of our training program during fiscal 2010, which included separate learning paths for: (i) groups that need to understand and execute on the impact of IFRS on CIBC and its subsidiaries; and (ii) groups, such as Risk Management and the businesses, that need to understand the impact of transitioning away from Canadian GAAP on our Canadian clients and counterparties. While the training was completed during fiscal 2010, additional training will be provided in 2011 as required.

Financial impacts

The requirements concerning the transition to IFRS are set out in IFRS 1, "First-Time Adoption of International Financial Reporting Standards", which generally requires that changes from Canadian GAAP be applied retroactively and reflected in our opening November 1, 2010 comparative IFRS consolidated balance sheet. However, there are a number of transitional elections, some of which entail an exemption from full restatement, available under the transitional rules that we continue to evaluate. The most significant election is in the area of accounting for post-employment benefits in which we have the choice to either restate our existing unamortized net actuarial losses to what they would have been had we always followed IFRS or to charge them to retained earnings at transition. Other significant elections include: (i) whether we should restate prior business combinations to reflect IFRS differences concerning business acquisition accounting or to only apply IFRS differences to business acquisitions that may arise subsequent to transition; (ii) whether to charge our cumulative foreign currency translation account to retained earnings at transition; and (iii) whether to reclassify certain of our financial instruments in or out of the "fair value option" at transition. During the third quarter of 2010, the International Accounting Standards Board (IASB) issued a pronouncement proposing an additional transitional election with respect to changing the grandfathering date for determining which securitizations are derecognized from the consolidated balance sheet under IFRS from January 1, 2004 to any date up to the transition date of November 1, 2010. The proposal is expected to be ratified in December 2010.

IFRS is expected to result in accounting policy differences in many areas. Based on existing IFRS and the assessment of our transitional elections to date, the areas that have the potential for the most significant impact to our financial and capital reporting include derecognition of financial instruments and the accounting for post-employment benefits. Other areas include, but are not limited to consolidations, accounting for share-based compensation, measurement and impairment of equity instruments, accounting for foreign exchange, accounting for joint ventures, and measurement of loss contingencies.

OSFI has issued guidance allowing banks to phase-in over five quarters most of the negative impacts that IFRS will have on their Tier 1 capital. In addition, OSFI has indicated that mortgages that come back on the consolidated balance sheet with respect to securitizations completed prior to March 31, 2010 under the CMB program will not negatively impact the capital leverage ratio.

Derecognition of financial instruments

There are differences between Canadian GAAP and existing IFRS concerning the determination of whether financial instruments should be derecognized from the consolidated balance sheet. Under IFRS, the determination of whether a financial asset should be derecognized is based to a greater extent on the transfer of risks and rewards rather than on whether the assets have been legally isolated from the transferor.

As a result, securitization transactions are much more likely to be accounted for as secured borrowings rather than as sales, which will result in an increase to total assets recorded on our consolidated balance sheet, and a charge to retained earnings at transition in respect of gains previously recorded from off-balance sheet accounting, particularly in respect of residential mortgages securitized through the creation of MBS under the CMB program and Government of Canada National Housing Act MBS Auction process. The on-balance sheet treatment for securitized mortgages may also impact our hedging strategies.

The proposed change to IFRS 1 permitting transfers that occured before November 1, 2010 to be exempted from these requirements could reduce the initial impact of these accounting rules, although we may elect to still apply the rules retroactively, which would result in a gross-up to our opening IFRS balance sheet of approximately $29 billion in respect to the securitized residential mortgages.

Post-employment benefits

The IFRS 1 accounting election for post-employment benefits may also negatively impact our capital ratios through charging unamortized actuarial losses to retained earnings at transition, however this "fresh-start" election would also reduce post-transition compensation expense through the elimination of amortization expense that would otherwise occur. Based on our October 31, 2010 actuarial valuation, the net impact of the "fresh-start" election combined with a number of other less significant IFRS differences relating to post-employment benefits, would be a reduction of Tier 1 capital of approximately $1.1 billion after-tax.

Other elections related to the accounting for actuarial gains and losses that may arise after transition also have the potential to impact our capital and earnings in subsequent years. Regardless of the alternative we choose, we will record in expense the cost of benefits incurred during the year, plus the interest cost on the obligation net of the expected returns on plan assets. However, the IASB has issued an exposure draft proposing significant changes to the accounting for employee future benefits which are likely to become mandatory in a fiscal period sometime after our transition to IFRS.

Consolidation

The IFRS requirements for consolidation are based on a control model as set out in the criteria in IAS 27 – "Consolidated and Separate Financial Statements", whereas under Canadian GAAP, the determination is either based on a control model or beneficial interest model depending on whether the entity is considered a VIE. Furthermore, IFRS does not embody the concept of a QSPE, which is exempted from consolidation under Canadian GAAP. As a result, certain entities are likely to be consolidated by CIBC under IFRS that are currently not consolidated under Canadian GAAP, which could impact CIBC in a similar manner to the derecognition rules noted above.

Share-based payments

Under IFRS, the cost of share-based payments is generally recognized over the vesting period of the award and may include the fiscal year preceding the grant date. The impact of forfeitures is estimated over the life of the award. Under Canadian GAAP, we recognize the cost

of the awards in the year preceding the grant date if the award is for past service, and over the vesting period after the grant date if the award is for retention; we recognize forfeitures on an as incurred basis.

Business combinations

Under IFRS, there is a greater use of fair value measurement in the accounting for business combinations, including the measurement of non-controlling interests and contingent consideration and the use of the closing date, rather than the announcement date, to value share consideration. In addition, transaction costs and certain restructuring costs that were able to be capitalized in the purchase equation under Canadian GAAP must be expensed under IFRS. These differences will impact purchase price allocations and the amount of goodwill recorded on the consolidated balance sheet. However, IFRS 1 allows entities to only apply these changes to business acquisitions that occur after transition.

Cumulative foreign currency translation differences

IFRS 1 allows entities to elect to charge the cumulative translation account for all foreign operations to retained earnings at transition. Based on the balance in the foreign currency translation account as at October 31, 2010, this "fresh-start" election would result in a reclassification of $575 million from AOCI to retained earnings. This adjustment would not impact our Tier 1 capital.

Future changes

Proposed changes to the IFRS accounting standards, including the changes related to employee future benefits noted above and proposed changes to the standards addressing loan loss provisioning and the classification and measurement of financial instruments, may introduce additional significant accounting differences, although we expect that the changes arising from the proposed standards will not be effective for us until the years following our IFRS transition in fiscal 2012. During fiscal 2010, we continued to monitor these proposed changes to IFRS, as well as potential changes in the interpretation of existing IFRS on our assessment of the financial, capital, and business implications of the transition to IFRS.

The impact of IFRS to us at transition will ultimately depend on the IFRS standards and capital reporting rules in effect at the time, transition elections that have not yet been finalized, and the prevailing business and economic facts and circumstances. The evolving nature of IFRS will likely also result in additional accounting changes, some of which may be significant, in the years following our initial transition. We continue to monitor changes in the standards and to adjust our transition plans accordingly.

Related-party Transactions

We have various processes in place to ensure that the relevant related-party information is identified and reported to the Corporate Governance Committee (CGC) of the Board on a quarterly basis, as required by the Bank Act. The CGC has the responsibility for reviewing our policies and practices in identifying transactions with our related parties that may materially affect us, and reviewing the associated procedures for promoting compliance with the Bank Act.

For further details, see Note 27 to the consolidated financial statements.

Controls and Procedures

Disclosure controls and procedures

CIBC's management, with the participation of the President and Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of CIBC's disclosure controls and procedures (as defined in the rules of the SEC and the Canadian Securities Administrators) as at October 31, 2010, and has concluded that such disclosure controls and procedures were effective.

Management's annual report on internal control over financial reporting

CIBC's management is responsible for establishing and maintaining adequate internal control over financial reporting for CIBC.

Internal control over financial reporting is a process designed by, or under the supervision of, the President and Chief Executive Officer and the Chief Financial Officer and effected by the Board, management and other personnel 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. CIBC's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records, that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of CIBC; (ii) 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 expenditures of CIBC are being made only in accordance with authorizations of CIBC's management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of CIBC's assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

CIBC's management has used the COSO framework to evaluate the effectiveness of CIBC's internal control over financial reporting.

As at October 31, 2010, management assessed the effectiveness of CIBC's internal control over financial reporting and concluded that such internal control over financial reporting was effective and that there were no material weaknesses in CIBC's internal control over financial reporting that have been identified by management.

Ernst & Young LLP, who has audited the consolidated financial statements of CIBC for the year ended October 31, 2010, has also issued a report on internal control over financial reporting under Auditing Standard No. 5 of the Public Company Accounting Oversight Board (United States). This report is located on page 107 of this Annual 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, 2010, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Average Balance Sheet, Net Interest Income and Margin

		Average balance			Interest			Average rate		
$ millions, for the year ended October 31		**2010**	2009	2008	**2010**	2009	2008	**2010**	2009	2008
Domestic assets[1]										
Cash and deposits with banks		**$ 3,359**	$ 2,370	$ 2,708	**$ 16**	$ 26	$ 174	**0.48%**	1.10%	6.43%
Securities	Trading	**14,895**	10,423	26,664	**368**	269	692	**2.47**	2.58	2.60
	AFS	**19,969**	21,661	6,321	**598**	589	269	**2.99**	2.72	4.26
	FVO	**19,713**	23,602	16,780	**282**	435	615	**1.43**	1.84	3.67
Securities borrowed or purchased under resale agreements		**18,910**	19,575	21,999	**90**	190	727	**0.48**	0.97	3.30
Loans	Residential mortgages	**89,714**	80,551	88,667	**2,566**	2,284	3,957	**2.86**	2.84	4.46
	Personal and credit card	**43,851**	41,823	38,587	**2,786**	2,612	2,871	**6.35**	6.25	7.44
	Business and government	**20,041**	21,413	21,668	**927**	1,023	1,308	**4.63**	4.78	6.04
Total loans		**153,606**	143,787	148,922	**6,279**	5,919	8,136	**4.09**	4.12	5.46
Other interest-bearing assets		**419**	429	758	**55**	110	111	**13.13**	25.64	14.64
Derivative instruments		**9,459**	12,120	9,141	**—**	—	—	**—**	—	—
Customers' liability under acceptances		**7,774**	9,490	8,607	**—**	—	—	**—**	—	—
Other non-interest-bearing assets		**13,761**	17,977	14,645	**—**	—	—	**—**	—	—
Total domestic assets		**261,865**	261,434	256,545	**7,688**	7,538	10,724	**2.94**	2.88	4.18
Foreign assets[1]										
Cash and deposits with banks		**7,694**	5,973	12,514	**36**	59	464	**0.47**	0.99	3.71
Securities	Trading	**5,647**	6,481	24,504	**89**	149	825	**1.58**	2.30	3.37
	AFS	**14,649**	15,382	3,972	**198**	225	148	**1.35**	1.46	3.73
	FVO	**416**	634	658	**27**	38	40	**6.49**	5.99	6.08
	HTM	**—**	—	1,719	**—**	—	93	**—**	—	5.41
Securities borrowed or purchased under resale agreements		**16,933**	14,995	10,985	**103**	134	808	**0.61**	0.89	7.36
Loans	Residential mortgages	**2,210**	2,428	2,076	**177**	140	154	**8.01**	5.77	7.42
	Personal and credit card	**1,058**	1,260	1,212	**79**	100	98	**7.47**	7.94	8.09
	Business and government	**17,582**	18,584	12,254	**685**	911	802	**3.90**	4.90	6.54
Total loans		**20,850**	22,272	15,542	**941**	1,151	1,054	**4.51**	5.17	6.78
Other interest-bearing assets		**166**	140	432	**13**	3	7	**7.83**	2.14	1.62
Derivative instruments		**14,487**	19,199	13,595	**—**	—	—	**—**	—	—
Customers' liability under acceptances		**—**	1	2	**—**	—	—	**—**	—	—
Other non-interest-bearing assets		**3,236**	4,195	4,397	**—**	—	—	**—**	—	—
Total foreign assets		**84,078**	89,272	88,320	**1,407**	1,759	3,439	**1.67**	1.97	3.89
Total assets		**$ 345,943**	$ 350,706	$ 344,865	**$ 9,095**	$ 9,297	$ 14,163	**2.63%**	2.65%	4.11%
Domestic liabilities[1]										
Deposits	Personal	**$ 104,862**	$ 96,292	$ 89,378	**$ 1,398**	$ 1,739	$ 2,334	**1.33%**	1.81%	2.61%
	Business and government	**82,697**	76,029	82,590	**571**	657	2,571	**0.69**	0.86	3.11
	Bank	**1,156**	1,881	1,652	**4**	7	27	**0.35**	0.37	1.63
Total deposits		**188,715**	174,202	173,620	**1,973**	2,403	4,932	**1.05**	1.38	2.84
Derivative instruments		**10,357**	13,751	9,679	**—**	—	—	**—**	—	—
Acceptances		**7,774**	9,499	8,609	**—**	—	—	**—**	—	—
Obligations related to securities sold short		**8,492**	6,054	7,740	**209**	156	252	**2.46**	2.58	3.26
Obligations related to securities lent or sold under repurchase agreements		**25,885**	32,158	18,459	**186**	252	444	**0.72**	0.78	2.41
Other liabilities		**10,183**	11,574	10,121	**(5)**	18	26	**(0.05)**	0.16	0.26
Subordinated indebtedness		**4,767**	5,387	5,042	**180**	183	227	**3.78**	3.40	4.50
Preferred share liabilities		**598**	600	600	**35**	31	31	**5.85**	5.17	5.17
Total domestic liabilities		**256,771**	253,225	233,870	**2,578**	3,043	5,912	**1.00**	1.20	2.53
Foreign liabilities[1]										
Deposits	Personal	**6,217**	6,766	6,294	**85**	119	183	**1.37**	1.76	2.91
	Business and government	**30,437**	32,176	42,708	**111**	263	1,241	**0.36**	0.82	2.91
	Bank	**5,678**	7,839	14,344	**23**	94	497	**0.41**	1.20	3.46
Total deposits		**42,332**	46,781	63,346	**219**	476	1,921	**0.52**	1.02	3.03
Derivative instruments		**15,863**	21,783	14,395	**—**	—	—	**—**	—	—
Acceptances		**—**	1	2	**—**	—	—	**—**	—	—
Obligations related to securities sold short		**128**	407	2,161	**2**	2	36	**1.56**	0.49	1.67
Obligations related to securities lent or sold under repurchase agreements		**13,494**	11,214	12,115	**109**	269	981	**0.81**	2.40	8.10
Other liabilities		**1,637**	2,516	4,323	**(25)**	88	62	**(1.53)**	3.50	1.43
Subordinated indebtedness		**622**	866	856	**8**	25	44	**1.29**	2.89	5.14
Non-controlling interests		**168**	179	162	**—**	—	—	**—**	—	—
Total foreign liabilities		**74,244**	83,747	97,360	**313**	860	3,044	**0.42**	1.03	3.13
Total liabilities		**331,015**	336,972	331,230	**2,891**	3,903	8,956	**0.87**	1.16	2.70
Shareholders' equity		**14,928**	13,734	13,635	**—**	—	—	**—**	—	—
Total liabilities and shareholders' equity		**$ 345,943**	$ 350,706	$ 344,865	**$ 2,891**	$ 3,903	$ 8,956	**0.84%**	1.11%	2.60%
Net interest income and margin					**$ 6,204**	$ 5,394	$ 5,207	**1.79%**	1.54%	1.51%
Additional disclosures:										
Non-interest-bearing deposit liabilities										
	Domestic	**$ 26,125**	$ 22,977	$ 21,795						
	Foreign	**$ 2,234**	$ 3,405	$ 2,832						

(1) Classification as domestic or foreign is based on domicile of debtor or customer.

Volume/Rate Analysis of Changes in Net Interest Income

$ millions		2010/2009			2009/2008		
		Increase (decrease) due to change in:			Increase (decrease) due to change in:		
		Average balance	**Average rate**	**Total**	Average balance	Average rate	Total
Domestic assets(1)							
Cash and deposits with banks		**$ 11**	**$ (21)**	**$ (10)**	$ (22)	$ (126)	$ (148)
Securities	Trading	**115**	**(16)**	**99**	(421)	(2)	(423)
	AFS	**(46)**	**55**	**9**	653	(333)	320
	FVO	**(72)**	**(81)**	**(153)**	250	(430)	(180)
Securities borrowed or purchased under resale agreements		**(6)**	**(94)**	**(100)**	(80)	(457)	(537)
Loans	Residential mortgages	**260**	**22**	**282**	(362)	(1,311)	(1,673)
	Personal and credit card	**127**	**47**	**174**	241	(500)	(259)
	Business and government	**(66)**	**(30)**	**(96)**	(15)	(270)	(285)
Total loans		**321**	**39**	**360**	(136)	(2,081)	(2,217)
Other interest-bearing assets		**(3)**	**(52)**	**(55)**	(48)	47	(1)
Change in domestic interest income		**320**	**(170)**	**150**	196	(3,382)	(3,186)
Foreign assets(1)							
Cash and deposits with banks		**17**	**(40)**	**(23)**	(243)	(162)	(405)
Securities	Trading	**(19)**	**(41)**	**(60)**	(607)	(69)	(676)
	AFS	**(11)**	**(16)**	**(27)**	425	(348)	77
	FVO	**(13)**	**2**	**(11)**	(1)	(1)	(2)
	HTM	**—**	**—**	**—**	(93)	—	(93)
Securities borrowed or purchased under resale agreements		**17**	**(48)**	**(31)**	295	(969)	(674)
Loans	Residential mortgages	**(13)**	**50**	**37**	26	(40)	(14)
	Personal and credit card	**(16)**	**(5)**	**(21)**	4	(2)	2
	Business and government	**(49)**	**(177)**	**(226)**	414	(305)	109
Total loans		**(78)**	**(132)**	**(210)**	444	(347)	97
Other interest-bearing assets		**1**	**9**	**10**	(5)	1	(4)
Change in foreign interest income		**(86)**	**(266)**	**(352)**	215	(1,895)	(1,680)
Total change in interest income		**$ 234**	**$ (436)**	**$ (202)**	$ 411	$ (5,277)	$ (4,866)
Domestic liabilities(1)							
Deposits	Personal	**$ 155**	**$ (496)**	**$ (341)**	$ 181	$ (776)	$ (595)
	Business and government	**58**	**(144)**	**(86)**	(204)	(1,710)	(1,914)
	Bank	**(3)**	**—**	**(3)**	4	(24)	(20)
Total deposits		**210**	**(640)**	**(430)**	(19)	(2,510)	(2,529)
Obligations related to securities sold short		**63**	**(10)**	**53**	(55)	(41)	(96)
Obligations related to securities lent or sold under repurchase agreements		**(49)**	**(17)**	**(66)**	330	(522)	(192)
Other liabilities		**(2)**	**(21)**	**(23)**	4	(12)	(8)
Subordinated indebtedness		**(21)**	**18**	**(3)**	16	(60)	(44)
Preferred share liabilities		**—**	**4**	**4**	—	—	—
Change in domestic interest expense		**201**	**(666)**	**(465)**	276	(3,145)	(2,869)
Foreign liabilities(1)							
Deposits	Personal	**(10)**	**(24)**	**(34)**	14	(78)	(64)
	Business and government	**(14)**	**(138)**	**(152)**	(306)	(672)	(978)
	Bank	**(26)**	**(45)**	**(71)**	(225)	(178)	(403)
Total deposits		**(50)**	**(207)**	**(257)**	(517)	(928)	(1,445)
Obligations related to securities sold short		**(1)**	**1**	**—**	(29)	(5)	(34)
Obligations related to securities lent or sold under repurchase agreements		**55**	**(215)**	**(160)**	(73)	(639)	(712)
Other liabilities		**(31)**	**(82)**	**(113)**	(26)	52	26
Subordinated indebtedness		**(7)**	**(10)**	**(17)**	1	(20)	(19)
Change in foreign interest expense		**(34)**	**(513)**	**(547)**	(644)	(1,540)	(2,184)
Total change in interest expense		**$ 167**	**$ (1,179)**	**$ (1,012)**	$ (368)	$ (4,685)	$ (5,053)
Change in total net interest income		**$ 67**	**$ 743**	**$ 810**	$ 779	$ (592)	$ 187

(1) Classification as domestic or foreign is based on domicile of debtor or customer.

Analysis of Net Loans and Acceptances

	Canada[1]					U.S.[1]				
$ millions, as at October 31	**2010**	2009	2008	2007	2006	**2010**	2009	2008	2007	2006
Residential mortgages	**$ 91,338**	$ 83,837	$ 88,185	$ 89,772	$ 81,326	**$ 1**	$ 1	$ 1	$ 3	$ 4
Student	**523**	677	858	1,060	1,284	**—**	—	—	—	—
Personal	**32,365**	31,729	29,648	26,640	25,731	**241**	162	215	155	252
Credit card	**11,508**	11,121	10,329	8,737	7,027	**30**	28	25	23	19
Total net consumer loans	**135,734**	127,364	129,020	126,209	115,368	**272**	191	241	181	275
Non-residential mortgages	**6,339**	5,789	5,790	4,892	5,018	**2**	3	77	531	1,822
Financial institutions	**1,852**	2,422	4,107	2,757	1,901	**352**	644	1,045	310	307
Retail	**2,487**	1,926	2,261	2,088	2,044	**52**	115	193	266	121
Business services	**2,773**	2,701	2,951	3,106	3,277	**403**	455	558	365	263
Manufacturing – capital goods	**970**	709	860	829	957	**12**	26	296	250	142
Manufacturing – consumer goods	**1,016**	787	951	1,123	1,102	**18**	17	90	195	143
Real estate and construction	**3,123**	2,903	2,975	2,602	2,494	**1,563**	2,054	2,138	999	906
Agriculture	**3,240**	2,897	3,058	2,890	2,911	**(1)**	(1)	—	10	6
Oil and gas	**2,418**	3,091	3,605	3,851	3,100	**145**	12	58	114	103
Mining	**123**	501	1,763	513	215	**32**	—	39	11	5
Forest products	**376**	299	340	474	476	**—**	61	93	94	58
Hardware and software	**223**	172	190	238	257	**33**	43	140	169	57
Telecommunications and cable	**264**	148	565	507	419	**13**	34	107	112	119
Publishing, printing, and broadcasting	**386**	505	580	523	703	**—**	—	59	100	12
Transportation	**750**	800	627	616	633	**359**	294	460	623	489
Utilities	**795**	667	862	258	277	**99**	57	162	179	79
Education, health and social services	**1,301**	1,240	1,296	1,222	1,214	**46**	47	119	83	70
Governments	**759**	685	856	824	901	**—**	—	—	—	—
Others	**358**	96	—	—	—	**1,031**	1,128	—	—	—
General allowance allocated to business and government loans	**(217)**	(254)	(282)	(279)	(260)	**(67)**	(76)	(42)	(54)	(101)
Total net business and government loans including acceptances[2]	**29,336**	28,084	33,355	29,034	27,639	**4,092**	4,913	5,592	4,357	4,601
Total net loans and acceptances	**$ 165,070**	$ 155,448	$ 162,375	$ 155,243	$ 143,007	**$ 4,364**	$ 5,104	$ 5,833	$ 4,538	$ 4,876

(1) Classification by country is based on domicile of debtor or customer.

(2) Commencing 2010, business and government net loans and acceptances related to FirstCaribbean have been retroactively categorized by industry groups consistent with CIBC's practice. Previously, they were included within business services, other than non-residential mortgages, which was reported separately. Prior year information was restated.

Analysis of Net Loans and Acceptances (continued)

	Other[1]					Total				
$ millions, as at October 31	**2010**	2009	2008	2007	2006	**2010**	2009	2008	2007	2006
Residential mortgages	**$ 2,190**	$ 2,272	$ 2,463	$ 1,848	$ 3	**$ 93,529**	$ 86,110	$ 90,649	$ 91,623	$ 81,333
Student	**1**	1	1	1	—	**524**	678	859	1,061	1,284
Personal	**688**	759	909	782	160	**33,294**	32,650	30,772	27,577	26,143
Credit card	**111**	110	126	102	—	**11,649**	11,259	10,480	8,862	7,046
Total net consumer loans	**2,990**	3,142	3,499	2,733	163	**138,996**	130,697	132,760	129,123	115,806
Non-residential mortgages	**392**	495	519	343	—	**6,733**	6,287	6,386	5,766	6,840
Financial institutions	**1,032**	971	1,245	1,498	1,570	**3,236**	4,037	6,397	4,565	3,778
Retail	**582**	691	775	726	164	**3,121**	2,732	3,229	3,080	2,329
Business services	**1,053**	1,361	1,837	1,468	281	**4,229**	4,517	5,346	4,939	3,821
Manufacturing – capital goods	**78**	100	73	105	177	**1,060**	835	1,229	1,184	1,276
Manufacturing – consumer goods	**253**	296	365	373	110	**1,287**	1,100	1,406	1,691	1,355
Real estate and construction	**681**	755	613	231	23	**5,367**	5,712	5,726	3,832	3,423
Agriculture	**104**	114	142	116	—	**3,343**	3,010	3,200	3,016	2,917
Oil and gas	**—**	—	—	—	12	**2,563**	3,103	3,663	3,965	3,215
Mining	**129**	348	1,149	1,319	39	**284**	849	2,951	1,843	259
Forest products	**31**	21	28	73	98	**407**	381	461	641	632
Hardware and software	**242**	271	243	169	41	**498**	486	573	576	355
Telecommunications and cable	**33**	44	213	465	383	**310**	226	885	1,084	921
Publishing, printing and broadcasting	**36**	39	10	133	336	**422**	544	649	756	1,051
Transportation	**249**	273	369	397	469	**1,358**	1,367	1,456	1,636	1,591
Utilities	**310**	351	247	264	152	**1,204**	1,075	1,271	701	508
Education, health and social services	**27**	19	—	52	60	**1,374**	1,306	1,415	1,357	1,344
Governments	**633**	567	822	473	—	**1,392**	1,252	1,678	1,297	901
Others	**6,312**	5,255	—	—	—	**7,701**	6,479	—	—	—
General allowance allocated to business and government loans	**(25)**	(56)	(34)	(41)	(45)	**(309)**	(386)	(358)	(374)	(406)
Total net business and government loans including acceptances[2]	**12,152**	11,915	8,616	8,164	3,870	**45,580**	44,912	47,563	41,555	36,110

Total net loans and acceptances	**$ 15,142**	$ 15,057	$ 12,115	$ 10,897	$ 4,033	**$ 184,576**	$ 175,609	$ 180,323	$ 170,678	$ 151,916

(1) Classification by country is based on domicile of debtor or customer.

(2) Commencing 2010, business and government net loans and acceptances related to FirstCaribbean have been retroactively categorized by industry groups consistent with CIBC's practice. Previously, they were included within business services, other than non-residential mortgages, which was reported separately. Prior year information was restated.

Summary of Allowance for Credit Losses

$ millions, as at or for the year ended October 31	**2010**	2009	2008	2007	2006
Balance at beginning of year	**$ 2,043**	$ 1,523	$ 1,443	$ 1,444	$ 1,638
Provision for credit losses	**1,046**	1,649	773	603	548
Write-offs					
Domestic					
Residential mortgages	**9**	7	4	5	12
Student	**9**	11	11	13	27
Personal and credit card	**1,054**	1,034	681	673	648
Other business and government	**150**	115	113	131	156
Foreign					
Residential mortgages	**3**	2	—	2	—
Personal and credit card	**17**	13	6	22	—
Other business and government	**176**	41	35	15	23
Total write-offs	**1,418**	1,223	850	861	866
Recoveries					
Domestic					
Student	**—**	1	1	2	3
Personal and credit card	**109**	89	87	77	65
Other business and government	**8**	8	13	19	14
Foreign					
Personal and credit card	**2**	3	5	2	—
Other business and government	**4**	20	8	47	36
Total recoveries	**123**	121	114	147	118
Net write-offs	**1,295**	1,102	736	714	748
Foreign exchange and other adjustments	**(10)**	(27)	43	110	6
Balance at end of year	**$ 1,784**	$ 2,043	$ 1,523	$ 1,443	$ 1,444
Comprised of:					
Loans	**$ 1,720**	$ 1,960	$ 1,446	$ 1,443	$ 1,442
Letters of credit	**—**	1	—	—	2
Undrawn credit facilities	**64**	82	77	—	—
Ratio of net write-offs during year to average loans outstanding during year	**0.74%**	0.66%	0.45%	0.46%	0.53%

Specific Allowances for Credit Losses as a Percentage of Gross Impaired Loans

	Specific allowance for credit losses					Specific allowance as a % of gross impaired loans				
$ millions, as at October 31	**2010**	2009	2008	2007	2006	**2010**	2009	2008	2007	2006
Domestic(1)										
Residential mortgages	**$ 19**	$ 14	$ 9	$ 11	$ 13	**7.3%**	6.1%	6.3%	9.2%	11.0%
Personal loans	**193**	226	169	183	245	**88.9**	94.2	79.0	83.9	91.4
Credit cards	**—**	—	—	—	105	**—**	—	—	—	n/m
Business and government	**120**	134	121	133	172	**55.3**	51.9	71.2	66.2	75.8
Total domestic	**$ 332**	$ 374	$ 299	$ 327	$ 535	**47.9%**	51.4%	56.7%	60.8%	87.3%
Foreign(1)										
Residential mortgages	**$ 11**	$ 21	$ 27	$ 19	$ —	**5.7%**	12.2%	18.8%	19.0%	—%
Personal loans	**31**	32	38	24	—	**35.6**	37.6	45.8	42.9	—
Credit cards	**—**	—	—	—	—	**—**	—	—	—	—
Business and government	**257**	308	79	61	7	**29.8**	33.3	34.5	36.1	41.2
Total foreign	**$ 299**	$ 361	$ 144	$ 104	$ 7	**26.2%**	30.5%	31.6%	32.0%	41.2%
Total specific allowance	**$ 631**	$ 735	$ 443	$ 431	$ 542	**34.4%**	38.5%	45.1%	49.9%	86.0%

(1) Classification as domestic is based on domicile of debtor or customer.

n/m Not meaningful.

General Allowance as a Percentage of Total Net Loans

	General allowance for credit losses					General allowance as a % of total net loans				
$ millions, as at October 31	**2010**	2009	2008	2007	2006	**2010**	2009	2008	2007	2006
Domestic(1)										
Residential mortgages	**$ 5**	$ 4	$ 6	$ 8	$ 12	**—%**	—%	—%	—%	—%
Personal loans	**287**	279	280	354	375	**0.9**	0.9	0.9	1.3	1.4
Credit cards	**477**	548	348	258	102	**4.1**	4.9	3.4	3.0	1.5
Business and government	**217**	254	282	279	260	**0.7**	0.9	0.8	1.0	0.9
Total domestic	**$ 986**	$1,085	$ 916	$ 899	$ 749	**0.6%**	0.7%	0.6%	0.6%	0.5%
Foreign(1)										
Residential mortgages	**$ 4**	$ 3	$ 4	$ 3	$ —	**0.2%**	0.1%	0.2%	0.2%	—%
Personal loans	**6**	4	6	14	5	**0.6**	0.4	0.5	1.5	1.2
Credit cards	**1**	1	1	1	—	**0.7**	0.7	0.7	0.8	—
Business and government	**92**	132	76	95	146	**0.6**	0.8	0.5	0.8	1.7
Total foreign	**$ 103**	$ 140	$ 87	$ 113	$ 151	**0.5%**	0.7%	0.5%	0.7%	1.7%
Total general allowance	**$1,089**	$1,225	$1,003	$1,012	$ 900	**0.6%**	0.7%	0.6%	0.6%	0.6%

(1) Classification as domestic or foreign is based on domicile of debtor or customer.

Net Loans and Acceptances by Geographic Location (1)

$ millions, as at October 31	**2010**	2009	2008	2007	2006
Canada					
Atlantic provinces	**$ 9,446**	$ 8,903	$ 8,977	$ 8,848	$ 8,213
Quebec	**13,779**	12,435	12,693	12,052	11,376
Ontario	**77,791**	72,527	76,065	74,362	70,441
Prairie provinces	**7,934**	7,348	7,152	6,281	5,897
Alberta, Northwest Territories and Nunavut	**27,667**	27,336	28,145	26,654	22,813
British Columbia and Yukon	**29,439**	27,984	30,259	27,945	25,016
General allowance allocated to Canada	**(986)**	(1,085)	(916)	(899)	(749)
Total Canada	**$165,070**	$155,448	$162,375	$155,243	$143,007
U.S.	**$ 4,364**	$ 5,104	$ 5,833	$ 4,538	$ 4,876
Other countries	**$ 15,142**	$ 15,057	$ 12,115	$ 10,897	$ 4,033
Total net loans and acceptances	**$184,576**	$175,609	$180,323	$170,678	$151,916

(1) Classification by country is based on domicile of debtor or customer.

Impaired Loans before General Allowance

	Canada[1]					U.S.[1]				
$ millions, as at October 31	**2010**	2009	2008	2007	2006	**2010**	2009	2008	2007	2006
Gross impaired loans										
Residential mortgages	**$ 259**	$ 230	$143	$119	$ 118	**$ —**	$ —	$ —	$ —	$ —
Student	**23**	29	33	41	49	**—**	—	—	—	—
Personal	**194**	211	181	177	219	**—**	—	—	—	—
Total gross impaired consumer loans	**476**	470	357	337	386	**—**	—	—	—	—
Non-residential mortgages	**8**	8	4	3	4	**—**	—	—	—	—
Financial institutions	**1**	1	4	6	2	**—**	135	—	—	—
Retail and business services	**57**	97	89	95	90	**51**	45	—	20	8
Manufacturing — consumer and capital goods	**46**	49	17	26	37	**16**	31	2	3	2
Real estate and construction	**54**	16	8	19	14	**183**	244	2	—	—
Agriculture	**6**	9	20	33	60	**—**	—	—	—	—
Resource-based industries	**26**	26	20	4	2	**—**	—	—	—	—
Telecommunications, media and technology	**10**	44	3	6	7	**—**	—	2	1	2
Transportation	**7**	5	3	5	5	**13**	19	—	—	—
Utilities	**—**	—	—	—	—	**—**	—	—	—	—
Other	**2**	3	2	4	6	**—**	—	—	—	—
Total gross impaired — business and government loans[2]	**217**	258	170	201	227	**263**	474	6	24	12
Total gross impaired loans	**693**	728	527	538	613	**263**	474	6	24	12
Other past due loans[3]	**376**	472	366	60	45	**—**	—	5	—	—
Total gross impaired and other past due loans	**$1,069**	$1,200	$893	$598	$ 658	**$263**	$474	$ 11	$ 24	$ 12
Allowance for credit losses										
Residential mortgages	**$ 19**	$ 14	$ 9	$ 11	$ 13	**$ —**	$ —	$ —	$ —	$ —
Student	**7**	12	11	16	22	**—**	—	—	—	—
Credit card	**—**	—	—	—	105	**—**	—	—	—	—
Personal	**186**	214	158	167	223	**—**	—	—	—	—
Total allowance — consumer loans	**212**	240	178	194	363	**—**	—	—	—	—
Non-residential mortgages	**2**	2	1	1	1	**—**	—	—	—	—
Financial institutions	**1**	1	1	1	2	**—**	17	—	—	—
Retail and business services	**36**	59	74	66	74	**22**	10	—	14	3
Manufacturing — consumer and capital goods	**23**	27	11	17	33	**7**	17	1	3	1
Real estate and construction	**18**	8	8	13	9	**63**	89	2	—	—
Agriculture	**4**	6	10	18	36	**1**	1	—	—	—
Resource-based industries	**19**	12	7	3	2	**—**	—	—	—	—
Telecommunications, media and technology	**9**	13	3	6	6	**—**	—	1	—	—
Transportation	**7**	5	4	5	5	**9**	13	—	—	—
Utilities	**—**	—	—	—	—	**—**	—	—	—	—
Other	**1**	1	2	3	4	**—**	—	—	—	—
Total allowance — business and government loans[2]	**120**	134	121	133	172	**102**	147	4	17	4
Total allowance	**$ 332**	$ 374	$299	$327	$ 535	**$102**	$147	$ 4	$ 17	$ 4
Net impaired loans										
Residential mortgages	**$ 240**	$ 216	$134	$108	$ 105	**$ —**	$ —	$ —	$ —	$ —
Student	**16**	17	22	25	27	**—**	—	—	—	—
Credit card	**—**	—	—	—	(105)	**—**	—	—	—	—
Personal	**8**	(3)	23	10	(4)	**—**	—	—	—	—
Total net impaired consumer loans	**264**	230	179	143	23	**—**	—	—	—	—
Non-residential mortgages	**6**	6	3	2	3	**—**	—	—	—	—
Financial institutions	**—**	—	3	5	—	**—**	118	—	—	—
Retail and business services	**21**	38	15	29	16	**29**	35	—	6	5
Manufacturing — consumer and capital goods	**23**	22	6	9	4	**9**	14	1	—	1
Real estate and construction	**36**	8	—	6	5	**120**	155	—	—	—
Agriculture	**2**	3	10	15	24	**(1)**	(1)	—	—	—
Resource-based industries	**7**	14	13	1	—	**—**	—	—	—	—
Telecommunications, media and technology	**1**	31	—	—	1	**—**	—	1	1	2
Transportation	**—**	—	(1)	—	—	**4**	6	—	—	—
Utilities	**—**	—	—	—	—	**—**	—	—	—	—
Other	**1**	2	—	1	2	**—**	—	—	—	—
Total net impaired — business and government loans[2]	**97**	124	49	68	55	**161**	327	2	7	8

Total net impaired loans	**$ 361**	$ 354	$228	$211	$ 78	**$161**	$327	$ 2	$ 7	$ 8

(1) Classification by country is based on domicile of debtor or customer.

(2) Commencing 2010, business and government gross impaired loans and specific allowance for credit losses related to FirstCaribbean have been retroactively categorized by industry groups consistent with CIBC's practice. Previously, they were included within retail and business services, other than non-residential mortgages, which was reported separately. Prior year information was restated.

(3) Represents loans where repayment of principal or payment of interest is contractually in arrears between 90 and 180 days. Commencing 2008, other past due loans also include government-guaranteed loans.

Impaired Loans before General Allowance (continued)

					Other[1]					Total
$ millions, as at October 31	**2010**	2009	2008	2007	2006	**2010**	2009	2008	2007	2006
Gross impaired loans										
Residential mortgages	**$193**	$172	$144	$100	$ —	**$ 452**	$ 402	$ 287	$219	$ 118
Student	**—**	—	—	—	—	**23**	29	33	41	49
Personal	**87**	85	83	56	—	**281**	296	264	233	219
Total gross impaired consumer loans	**280**	257	227	156	—	**756**	727	584	493	386
Non-residential mortgages	**67**	57	28	34	—	**75**	65	32	37	4
Financial institutions	**4**	3	1	—	—	**5**	139	5	6	2
Retail and business services	**208**	132	70	28	3	**316**	274	159	143	101
Manufacturing — consumer and capital goods	**15**	16	7	4	2	**77**	96	26	33	41
Real estate and construction	**228**	115	76	59	—	**465**	375	86	78	14
Agriculture	**20**	14	15	10	—	**26**	23	35	43	60
Resource-based industries	**—**	—	1	—	—	**26**	26	21	4	2
Telecommunications, media and technology	**32**	90	—	—	—	**42**	134	5	7	9
Transportation	**25**	24	23	10	—	**45**	48	26	15	5
Utilities	**1**	1	1	—	—	**1**	1	1	—	—
Other	**—**	—	1	—	—	**2**	3	3	4	6
Total gross impaired — business and government loans[2]	**600**	452	223	145	5	**1,080**	1,184	399	370	244
Total gross impaired loans	**880**	709	450	301	5	**1,836**	1,911	983	863	630
Other past due loans[3]	**5**	6	3	—	—	**381**	478	374	60	45
Total gross impaired and other past due loans	**$885**	$715	$453	$301	$ 5	**$2,217**	$2,389	$1,357	$923	$ 675
Allowance for credit losses										
Residential mortgages	**$ 11**	$ 21	$ 27	$ 19	$ —	**$ 30**	$ 35	$ 36	$ 30	$ 13
Student	**—**	—	—	—	—	**7**	12	11	16	22
Credit card	**—**	—	—	—	—	**—**	—	—	—	105
Personal	**31**	32	38	24	—	**217**	246	196	191	223
Total allowance — consumer loans	**42**	53	65	43	—	**254**	293	243	237	363
Non-residential mortgages	**14**	9	4	3	—	**16**	11	5	4	1
Financial institutions	**1**	1	—	—	—	**2**	19	1	1	2
Retail and business services	**63**	46	30	13	3	**121**	115	104	93	80
Manufacturing — consumer and capital goods	**4**	5	3	2	—	**34**	49	15	22	34
Real estate and construction	**46**	27	27	19	—	**127**	124	37	32	9
Agriculture	**9**	6	4	2	—	**14**	13	14	20	36
Resource-based industries	**—**	—	—	—	—	**19**	12	7	3	2
Telecommunications, media and technology	**11**	59	—	—	—	**20**	72	4	6	6
Transportation	**7**	7	6	5	—	**23**	25	10	10	5
Utilities	**—**	1	1	—	—	**—**	1	1	—	—
Other	**—**	—	—	—	—	**1**	1	2	3	4
Total allowance — business and government loans[2]	**155**	161	75	44	3	**377**	442	200	194	179
Total allowance	**$197**	$214	$140	$ 87	$ 3	**$ 631**	$ 735	$ 443	$431	$ 542
Net impaired loans										
Residential mortgages	**$182**	$151	$117	$ 81	$ —	**$ 422**	$ 367	$ 251	$189	$ 105
Student	**—**	—	—	—	—	**16**	17	22	25	27
Credit card	**—**	—	—	—	—	**—**	—	—	—	(105)
Personal	**56**	53	45	32	—	**64**	50	68	42	(4)
Total net impaired consumer loans	**238**	204	162	113	—	**502**	434	341	256	23
Non-residential mortgages	**53**	48	24	31	—	**59**	54	27	33	3
Financial institutions	**3**	2	1	—	—	**3**	120	4	5	—
Retail and business services	**145**	86	40	15	—	**195**	159	55	50	21
Manufacturing — consumer and capital goods	**11**	11	4	2	2	**43**	47	11	11	7
Real estate and construction	**182**	88	49	40	—	**338**	251	49	46	5
Agriculture	**11**	8	11	8	—	**12**	10	21	23	24
Resource-based industries	**—**	—	1	—	—	**7**	14	14	1	—
Telecommunications, media and technology	**21**	31	—	—	—	**22**	62	1	1	3
Transportation	**18**	17	17	5	—	**22**	23	16	5	—
Utilities	**1**	—	—	—	—	**1**	—	—	—	—
Other	**—**	—	1	—	—	**1**	2	1	1	2
Total net impaired — business and government loans[2]	**445**	291	148	101	2	**703**	742	199	176	65

Total net impaired loans	**$683**	$495	$310	$214	$ 2	**$1,205**	$1,176	$ 540	$432	$ 88

(1) Classification by country is based on domicile of debtor or customer.

(2) Commencing 2010, business and government gross impaired loans and specific allowance for credit losses related to FirstCaribbean have been retroactively categorized by industry groups consistent with CIBC's practice. Previously, they were included within retail and business services, other than non-residential mortgages, which was reported separately. Prior year information was restated.

(3) Represents loans where repayment of principal or payment of interest is contractually in arrears between 90 and 180 days. Commencing 2008, other past due loans also include government-guaranteed loans.

Deposits

$ millions, for the year ended October 31	Average balance 2010	Average balance 2009	Average balance 2008	Interest 2010	Interest 2009	Interest 2008	Rate 2010	Rate 2009	Rate 2008
Deposits in domestic bank offices (1)									
Payable on demand									
Personal	**$ 7,026**	$ 5,967	$ 5,783	**$ 3**	$ 5	$ 6	**0.04%**	0.08%	0.10%
Business and government	**25,632**	23,539	22,337	**46**	59	358	**0.18**	0.25	1.60
Bank	**1,299**	1,193	1,140	**2**	4	14	**0.15**	0.34	1.23
Payable after notice									
Personal	**56,735**	45,135	37,568	**286**	329	506	**0.50**	0.73	1.35
Business and government	**11,812**	8,622	6,825	**62**	48	182	**0.52**	0.56	2.67
Bank	**4**	1	4	**—**	—	—	**—**	—	—
Payable on a fixed date									
Personal	**42,749**	46,932	47,659	**1,143**	1,438	1,867	**2.67**	3.06	3.92
Business and government	**46,073**	45,192	54,189	**493**	448	1,815	**1.07**	0.99	3.35
Bank	**560**	1,062	641	**2**	4	22	**0.36**	0.38	3.43
Total domestic	**191,890**	177,643	176,146	**2,037**	2,335	4,770	**1.06**	1.31	2.71
Deposits in foreign bank offices									
Payable on demand									
Personal	**439**	482	508	**3**	5	13	**0.68**	1.04	2.56
Business and government	**2,320**	2,912	2,611	**6**	5	9	**0.26**	0.17	0.34
Bank	**80**	272	347	**4**	4	3	**5.00**	1.47	0.86
Payable after notice									
Personal	**1,916**	2,055	1,764	**39**	49	53	**2.04**	2.38	3.00
Business and government	**647**	662	410	**1**	1	3	**0.15**	0.15	0.73
Payable on a fixed date									
Personal	**2,214**	2,487	2,390	**9**	32	72	**0.41**	1.29	3.01
Business and government	**26,650**	27,278	38,926	**74**	359	1,445	**0.28**	1.32	3.71
Bank	**4,891**	7,192	13,864	**19**	89	485	**0.39**	1.24	3.50
Total foreign	**39,157**	43,340	60,820	**155**	544	2,083	**0.40**	1.26	3.42
Total deposits	**$231,047**	$220,983	$236,966	**$2,192**	$2,879	$6,853	**0.95%**	1.30%	2.89%

(1) Deposits by foreign depositors in our domestic bank offices amounted to $3.6 billion (2009: $4.2 billion; 2008: $3.6 billion).

Short-term Borrowings

$ millions, as at or for the year ended October 31	2010	2009	2008
Amounts outstanding at end of year			
Obligations related to securities sold short	**$ 9,673**	$ 5,916	$ 6,924
Obligations related to securities lent or sold under repurchase agreements	**28,220**	37,453	38,023
Total short-term borrowings	**$37,893**	$43,369	$44,947
Obligations related to securities sold short			
Average balance	**$ 8,620**	$ 6,461	$ 9,901
Maximum month-end balance	**10,554**	7,368	11,984
Average interest rate	**2.45%**	2.45%	2.91%
Obligations related to securities lent or sold under repurchase agreements			
Average balance	**39,379**	43,372	30,574
Maximum month-end balance	**45,886**	49,211	38,023
Average interest rate	**0.75%**	1.20%	4.66%

Fees Paid to the Shareholders' Auditors

$ millions, for the year ended October 31	2010	2009	2008
Audit fees (1)	**$ 16.3**	$ 19.0	$ 18.0
Audit related fees (2)	**2.8**	2.2	2.3
Tax fees (3)	**0.4**	0.4	0.4
Other	**—**	—	1.3
Total	**$ 19.5**	$ 21.6	$ 22.0

(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 also include the audit of internal control over financial reporting under standards of the Public Company Accounting Oversight Board (United States).

(2) For the assurance and related services that are reasonably related to the performance of the audit or review of CIBC's financial statements, including accounting consultation, various agreed upon procedures and translation of financial reports.

(3) For tax compliance services.

Exhibit B.3(d): Other Pages of CIBC's 2010 Annual Report incorporated in Annual Information Form

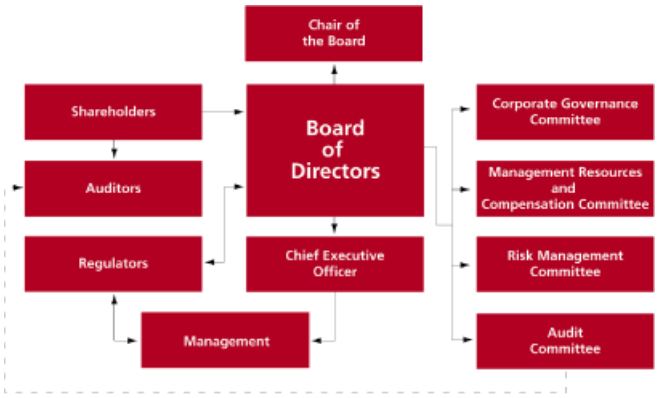
- **"Governance" pages 22-24**
- **"Principal Subsidiaries" page 180**
- **"Transfer Agent and Registrar" page 188**

Governance

At the heart of CIBC's governance structure is an experienced, independent Board of Directors that is committed to upholding strong governance principles, creating a culture of engagement and transparency, and leading in governance best practices.

Sustaining excellence in governance

CIBC believes that embracing strong governance is the foundation to delivering against its strategic imperative of consistent and sustainable performance over the long term. The Board of Directors (the Board) employs a comprehensive, integrated governance framework as the basis for its oversight responsibilities of the management of the business and affairs of CIBC.



CIBC's integrated governance framework

The framework guides the Board and management in fulfilling their obligations to CIBC and its stakeholders. The Board reviews the effectiveness of the governance structure annually and is committed to evolving its structure to ensure it serves as the keystone for sustaining excellence in governance in the future.

This framework includes a capable and qualified Board with diverse backgrounds and skills; a collaborative and constructive relationship between the Board and senior management; and a robust set of governance and control policies and procedures.

Continually evolving governance practices

As part of its ongoing review, the Board regularly assesses and enhances its governance practices and principles to confirm that we continue to meet regulatory requirements and that we remain at the forefront of governance best practices. CIBC posts these practices and principles on our corporate website at www.cibc.com.

The **Statement of Corporate Governance Practices** describes our comprehensive governance framework, states CIBC's vision and details the Board's responsibilities. This document describes the Board's policy on board composition, director nomination and tenure, board independence and education, as well as director and executive compensation and management succession.

The Board and management of CIBC recognize the importance of consistent and timely communication with CIBC's stakeholders. The **CIBC Disclosure Policy** explains CIBC's disclosure philosophy and practices for disclosing material information to the market, and outlines roles and responsibilities of various individuals and groups at CIBC relating to the release of material information. The Policy is intended to minimize the risk of unauthorized, inconsistent or selective disclosure.

Fostering a culture of integrity and accountability

In accordance with our commitment to nurture a governance culture of integrity and personal accountability, CIBC has policies on personal conduct for directors, employees and contractors intended to foster a strong ethical culture and to protect our clients, our employees and CIBC.

The **CIBC Code of Ethics for Directors** applies to all members of CIBC's Board of Directors. The principles in this Code require a consistent and high standard of ethical conduct for all directors. The principles are intended to protect the business interests of CIBC, maintain CIBC's reputation for integrity and foster compliance with applicable legal and regulatory obligations. Directors are required to certify their compliance with the Code each year.

The **CIBC Code of Conduct** promotes ethical decision-making for all employees and supports behaviour that is consistent with CIBC's core values of Trust, Teamwork and Accountability. All employees are required to complete annual certification and testing on the CIBC Code of Conduct to ensure they understand its requirements.

All CIBC employees are encouraged to come forward with any concerns. In keeping with our commitment to open and honest communications, employees are expected to report any irregular business activity or behaviour that could place CIBC's integrity or reputation at risk. Concerns can be reported in confidence and anonymity to any CIBC executive, director or through the confidential **CIBC Ethics Hotline**. Employees who report suspected contraventions in good faith are protected from retaliation or adverse employment action.

Meeting and exceeding compliance requirements

As a Canadian public company with securities listed on the Toronto Stock Exchange (TSX) and the New York Stock Exchange (NYSE), CIBC has in place a system of corporate governance practices that meets or exceeds all applicable regulatory requirements. A summary of significant differences between the corporate governance practices of CIBC and those required of U.S. domestic companies under the NYSE listing standards is available at www.cibc.com.

Committed to ongoing Board renewal

We recognize the importance of having a complement of board skills, experience and competencies. Using our competency matrix, we annually assess the individual skills across the Board to ensure we have the appropriate balance of qualifications and skills to effectively address CIBC's evolving needs.

The Board has four committees which, as part of its overall responsibilities, assist in carrying out its duties and enhance governance:

- Audit Committee (AC)
- Corporate Governance Committee (CGC)
- Management Resources and Compensation Committee (MRCC)
- Risk Management Committee (RMC)

Supported by an effective committee structure

The Board has worked hard to align its governance and risk management philosophies and structure to support our broader long-term strategic imperative of consistent and sustainable performance over the long term.

To support the senior team on the governance and control activities of CIBC, four management committees have been established:

- Capital & Risk Committee
- Disclosure Committee
- Reputation & Legal Risk Committee
- Governance and Control Committee

The Board committee mandates are outlined in greater detail in the Management Proxy Circular and are available at www.cibc.com.

Directors' committee membership is indicated following their name in the Board of Directors list below:

Board of Directors

Charles Sirois C.M., O.Q. (1997)
Chair of the Board
CIBC
Chairman and Chief Executive Officer
Telesystem Ltd.
(Montreal, Quebec, Canada)
Brent S. Belzberg (2005)
(CGC, MRCC)
Senior Managing Partner
Torquest Partners
(Toronto, Ontario, Canada)
Jalynn H. Bennett C.M. (1994)
(AC)
Corporate Director
(Toronto, Ontario, Canada)
Gary F. Colter (2003)
(CGC, MRCC)
President
CRS Inc.
(Mississauga, Ontario, Canada)
Dominic D'Alessandro (2010)
(RMC)
Past President and Chief Executive Officer
Manulife Financial Corporation
(Toronto, Ontario, Canada)
Patrick D. Daniel (2009)
(RMC)
President and Chief Executive Officer
Enbridge Inc.
(Calgary, Alberta, Canada)
Luc Desjardins (2009)
(MRCC)
Equity Partner
The Sterling Group, LP
(Montreal, Quebec, Canada)
Hon. Gordon D. Giffin (2001)

(MRCC)
Senior Partner
McKenna Long & Aldridge LLP
(Atlanta, Georgia, U.S.A.)
Linda S. Hasenfratz (2004)
(MRCC)
Chief Executive Officer
Linamar Corporation
(Guelph, Ontario, Canada)
Nicholas D. Le Pan (2008)
(CGC, RMC)
Consultant
(Ottawa, Ontario, Canada)
Hon. John P. Manley P.C., O.C. (2005)
(AC, CGC)
President and Chief Executive Officer
Canadian Council of Chief Executives
(Ottawa, Ontario, Canada)
Gerald T. McCaughey (2005)
President and Chief Executive Officer
CIBC
(Toronto, Ontario, Canada)
Jane L. Peverett (2009)
(AC)
Corporate Director
(West Vancouver, British Columbia, Canada)
Leslie Rahl (2007)
(RMC)
Founder and Managing Partner
Capital Market Risk Advisors, Inc.
(New York, New York, U.S.A.)
Robert J. Steacy (2008)
(RMC)
Corporate Director
(Toronto, Ontario, Canada)
Ronald W. Tysoe (2004)
(AC, CGC)
Corporate Director
(Jupiter, Florida, U.S.A.)

Principal Subsidiaries

Unaudited, $ millions, as at October 31, 2010

Subsidiary name[1][2]	Address of head or principal office	Book value[3] of shares owned by CIBC and other subsidiaries of CIBC
CIBC Asset-Based Lending Inc.	Toronto, Ontario, Canada	1
CIBC Asset Management Holdings Inc.	Toronto, Ontario, Canada	286
CIBC Asset Management Inc.	Toronto, Ontario, Canada	
CIBC BA Limited	Toronto, Ontario, Canada	(4)
CIBC Global Asset Management Inc.	Montreal, Quebec, Canada	301
CIBC Global Asset Management (USA) Ltd.	Montreal, Quebec, Canada	
CIBC Private Investment Counsel Inc.	Toronto, Ontario, Canada	
CIBC Investor Services Inc.	Toronto, Ontario, Canada	25
CIBC Life Insurance Company Limited	Mississauga, Ontario, Canada	24
CIBC Mortgages Inc.	Toronto, Ontario, Canada	230
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.	Toronto, Ontario, Canada	343
CIBC WM Real Estate Ltd.	Toronto, Ontario, Canada	
CIBC WM Real Estate (Quebec) Ltd.	Montreal, Quebec, Canada	
CIBC Wood Gundy Financial Services Inc.	Toronto, Ontario, Canada	
CIBC Wood Gundy Financial Services (Quebec) Inc.	Montreal, Quebec, Canada	
CIBC Delaware Holdings Inc.	New York, NY, U.S.A.	
Canadian Imperial Holdings Inc.	New York, NY, U.S.A.	
CIBC Inc.	New York, NY, U.S.A.	
CIBC Capital Corporation	New York, NY, U.S.A.	
CIBC World Markets Corp.	New York, NY, U.S.A.	
INTRIA Items Inc.	Mississauga, Ontario, Canada	100
CIBC Capital Funding IV, L.P.	New York, NY, U.S.A.	51
CIBC Holdings (Cayman) Limited	George Town, Grand Cayman, Cayman Islands	8,775
CIBC Bank and Trust Company (Cayman) Limited	George Town, Grand Cayman, Cayman Islands	
CIBC Investments (Cayman) Limited	George Town, Grand Cayman, Cayman Islands	
FirstCaribbean International Bank Limited (91.4%)	Warrens, St. Michael, Barbados	
FirstCaribbean International Bank (Bahamas) Limited (87.0%)	Nassau, The Bahamas	
FirstCaribbean International Bank (Barbados) Limited (91.4%)	Warrens, St. Michael, Barbados	
FirstCaribbean International Bank (Cayman) Limited (91.4%)	George Town, Grand Cayman, Cayman Islands	
FirstCaribbean International Bank (Jamaica) Limited (88.0%)	Kingston, Jamaica	
FirstCaribbean International Bank (Trinidad and Tobago) Limited (91.4%)	Maraval, Port of Spain, Trinidad & Tobago	
FirstCaribbean International Wealth Management Bank (Barbados) Limited (91.4%)	Warrens, St. Michael, Barbados	
CIBC International (Barbados) Inc.	Warrens, St. Michael, Barbados	
CIBC Offshore Banking Services Corporation	Warrens, St. Michael, Barbados	
CIBC Reinsurance Company Limited	Warrens, St. Michael, Barbados	
CIBC Trust Company (Bahamas) Limited	Nassau, The Bahamas	
CIBC World Markets Securities Ireland Limited	Co. Meath, Ireland	
CIBC World Markets plc	London, England, U.K.	387
CIBC Asia Limited	Singapore City, Singapore	8
CIBC World Markets (Japan) Inc.	Tokyo, Japan	51
CIBC Australia Limited	Sydney, New South Wales, Australia	22

(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 IV, L.P., CIBC Delaware Holdings Inc., CIBC World Markets Corp., Canadian Imperial Holdings Inc., CIBC Inc. and CIBC Capital Corporation, which were incorporated or organized under the laws of the State of Delaware, U.S.A.

(3) The book value of shares of subsidiaries is 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.

Transfer agent and registrar

For information relating to shareholdings, shareholder investment plan, dividends, direct dividend deposit, dividend reinvestment accounts and 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
Website: www.cibcmellon.com

Common and preferred shares are transferable in Canada at the offices of our agent, CIBC Mellon Trust Company, in Toronto, Montreal, Halifax, Calgary and Vancouver.

In the United States, common shares are transferable at:
BNY Mellon Shareowner Services
480 Washington Blvd, 27th Floor
Jersey City, NJ 07310
1 800 589-9836
E-mail: shrrelations@bnymellon.com
Website: www.bnymellon-investor.com

Exhibit B.6(a)(1) Certifications required by Rule 13a-14(a)

CERTIFICATIONS

I , Gerald T. McCaughey, 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 6, 2010

/s/ Gerald T. McCaughey
Gerald T. McCaughey
President and Chief Executive Officer

I, J. David Williamson, 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 6, 2010

/s/ J. David Williamson
J. David Williamson
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

Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the annual report of Canadian Imperial Bank of Commerce ("CIBC") filed under cover of a Form 40-F for the period ended October 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gerald T. McCaughey, President and Chief Executive Officer of CIBC, 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 CIBC.

/s/ Gerald T. McCaughey
Gerald T. McCaughey
President and Chief Executive Officer

Date: December 6, 2010

In connection with the annual report of Canadian Imperial Bank of Commerce ("CIBC") filed under cover of a Form 40-F for the period ended October 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. David Williamson, Senior Executive Vice President and Chief Financial Officer of CIBC, 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 CIBC.

/s/ J. David Williamson
J. David Williamson
Senior Executive Vice President and
Chief Financial Officer

Date: December 6, 2010

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 each of Ms. Jalynn Bennett, Mr. John Manley, Ms. Jane L. Peverett, Mr. Robert J. Steacy (appointed to the audit committee effective December 1, 2010) and Mr. Ronald W. Tysoe is a "financial expert" (as so defined), and (iii) that each is "independent" (as that term is defined in the listing standards of the New York Stock Exchange).

In accordance with the rules of the Securities and Exchange Commission, notwithstanding their designation as "audit committee expert," each of the individuals listed above shall not (i) be deemed "experts" for any purpose, including, without limitation, for purposes of Section 11 of the Securities Act of 1933, as amended, or (ii) have any greater duties, obligations or liability than those imposed on any other member of the audit committee or board of directors.

The Honourable John Manley is designated as an audit committee financial expert based on his experience as a lawyer advising on corporate, commercial and tax matters as well as his experience as a senior member of the Canadian federal government, including serving as Minister of Finance and as Deputy Chairman of the Treasury Board.

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 http://www.cibc.com/ca/pdf/about/code-of-conduct-en.pdf. No waivers from the provisions of the Code of Conduct were granted in the fiscal year ended October 31, 2010 to the Chief Executive Officer, Chief Financial Officer, Chief Accountant or Controller of CIBC.

Effective November 1, 2010, CIBC adopted amendments to the Code of Conduct to address the following issues:

- *Rejecting Corruption and Bribery:* A new section has been added to clearly express that employees will not engage, directly or indirectly, in fraudulent or corrupt business practices and, if they encounter such incidents, it is their obligation to report the activity.
- *Ethical Behaviour:* This section has been revised to reinforce the requirement to respect both the letter and the spirit of the Code of Conduct.
- *Reporting Code of Conduct Violations:* References to the mechanisms for reporting Code of Conduct violations, including the Ethics Hotline, as well as the protection of employees from retaliation for reporting violations, have been made more prominent throughout the Code of Conduct.

In addition to these changes, certain other editorial, technical, administrative or non-substantive amendments were made to the Code of Conduct.

Effective November 1, 2009, CIBC adopted minor amendments to the Code of Conduct to address the following issues:

- *Honesty, Integrity and Fraud Prevention*: This section now includes specific examples of activities that are prohibited.
- *Scope of Activity:* This section has been expanded to prohibit giving clients certain types of advice (investment, tax, legal, etc.) unless the employee has the required authority and qualifications to do so. This section also now includes an explicit prohibition regarding the processing of transactions without proper client authorization and documentation.
- *Outside Activities and Appointments:* This section has been clarified to indicate that an employee requires approval:
  - prior to commencing a campaign for election to public office; or
  - prior to acting as a director of a company, even where the activity is undertaken at CIBC's request.
- *Copyright:* A new section has been added regarding the need to respect copyright laws before using certain types of material.

In addition to these changes, certain other technical, administrative or non-substantive amendments were made to the Code of Conduct.

Exhibit B.10: Principal accountant fees and services

Information about the principal accountant fees and services is contained in Exhibit B.3(d). The Audit Committee of CIBC pre-approves all services performed by the shareholders' auditor for CIBC and its subsidiaries in accordance with the Policy on the Scope of Services of the Shareholders' Auditors, a copy of which is contained in Exhibit B.3(a).

Exhibit D.9: 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 incorporation by reference in the Registration Statements (Form F-9 no. 333-168062 and Form S-8 nos. 333-09874 and 333-130283) of Canadian Imperial Bank of Commerce (“CIBC”) and the use of our reports dated December 1, 2010, with respect to the consolidated financial statements of CIBC and the effectiveness of internal control over financial reporting of CIBC, included in this Annual Report (Form 40-F) for the year ended October 31, 2010.

/s/ Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants
Toronto, Canada
December 1, 2010