innovation

CIBC

1999 ANNUAL REPORT

accountability

CONTENTS

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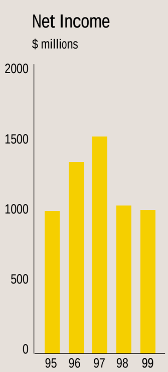
A NOTE ABOUT FORWARD-LOOKING STATEMENTS

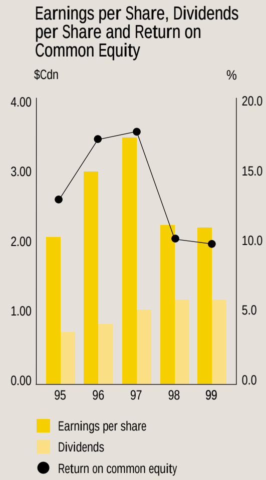
This report may contain forward-looking statements about the operations, objectives and strategies of CIBC. Forward-looking statements are typically identified by the words "believe", "expect", "anticipate", "intend", "estimate" and other similar expressions. These statements are subject to risks and uncertainties. Actual results may differ materially due to a variety of factors, including legislative or regulatory developments, competition, technological change, issues related to year 2000 readiness, global capital market activity, interest rates and general economic conditions in Canada, North America or internationally. This list is not exhaustive of the factors that may affect any of CIBC's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on CIBC's forward-looking statements.

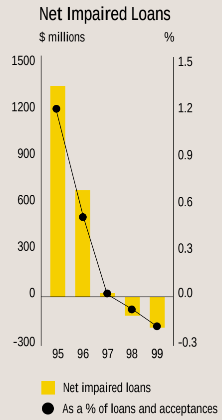
1999 in Review

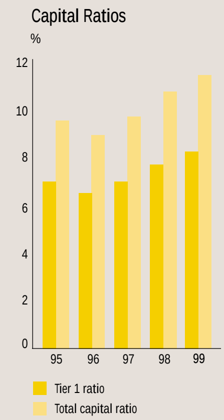
CIBC is a full-service financial institution comprising four strategic business units: Electronic Commerce, Technology and Operations; Retail and Small Business Banking; Wealth Management; and CIBC World Markets. CIBC has more than six million individual customers, 350,000 small business customers and 7,000 corporate and investment banking customers. Total assets were $250.3 billion at year end, market capitalization was $12.8 billion and BIS Tier 1 capital ratio was 8.3%.

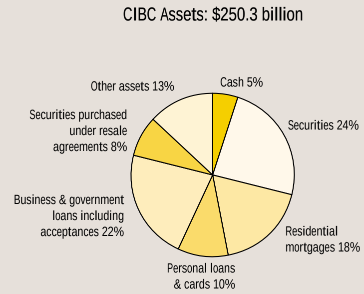
Corporate Highlights











Significant Events

- A.L. (Al) Flood retires as Chairman and CEO after a 48-year career at CIBC.
- John Hunkin becomes CIBC's new Chairman and CEO on June 3, 1999 and reorganizes the senior executive team.
- New strategic plan aims at four priorities: enhanced shareholder value, improved efficiency, reduced earnings volatility, increased revenues.
- Treasury and Balance Sheet Management division is formed to centrally manage the balance sheet, and improve capital productivity.
- CIBC repurchases 13.7 million common shares for $500 million and on December 2, 1999, the board approves another normal course issuer bid to repurchase up to 5% of outstanding common shares, subject to regulatory approval.
- CIBC receives U.S. regulatory approval for CIBC National Bank. Winn-Dixie becomes CIBC National Bank's first U.S. strategic partner, with the launch of Marketplace Bank in October.
- President's Choice Financial, CIBC's strategic alliance with Loblaw, continues to exceed expectations.
- CIBC VISA reaches $6 billion in loans managed. CIBC signs a contract extension with Air Canada for Canada's #1 Gold Card, CIBC Aerogold.
- CIBC's unrealized gains on investment securities is $3.6 billion at year end.
- CIBC announces it is exiting non-branch real estate operations, the manufacturing of direct life insurance, and certain CIBC World Markets Asian and European operations.
- CIBC is the Canadian leader in index funds with more than $2.2 billion in assets.
- CIBC customers conduct 92% of their transactions over electronic channels – ABM, PC, telephone and debit cards.
- CIBC realizes a gain of $583 million on the sale of 6.4 million shares of Global Crossing.
- CIBC World Markets demonstrates its cross-border capabilities in acting as lead adviser to JDS Fitel in its merger with Uniphase, a transaction valued at US$5.4 billion.

Financial Highlights

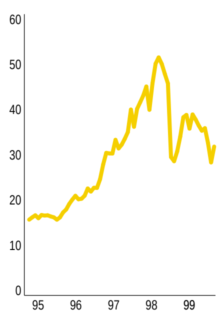
As at or for the years ended October 31		1999	1998	1997	1996	1995	US$ 1999
Common Share Information							(US$)(1)
Per Share	- basic earnings	$ 2.23	$ 2.26	$ 3.51	$ 3.02	$ 2.09	$ 1.49
	- fully diluted earnings	$ 2.22	$ 2.25	$ 3.50	$ 3.02	$ 2.09	$ 1.48
	- dividends	$ 1.20	$ 1.20	$ 1.05	$ 0.85	$ 0.74	$ 0.80
	- book value	$ 22.68	$ 22.08	$ 21.07	$ 18.62	$ 16.93	$ 15.42
Share Price	- high	$ 42.60	$ 59.80	$ 41.75	$ 28.30	$ 18.57	$ 28.96
	- low	$ 28.00	$ 24.40	$ 26.55	$ 18.00	$ 15.57	$ 19.03
	- closing	$ 31.70	$ 30.65	$ 41.20	$ 27.85	$ 18.19	$ 21.55
Shares Outstanding	- average basic (thousands)	409,789	415,030	413,545	415,028	432,614	409,789
	- average fully diluted (thousands)	422,486	425,303	422,403	422,148	438,200	422,486
	- end of period (thousands)	402,279	415,515	414,294	411,914	432,690	402,279
Market Capitalization ($ millions)		$ 12,752	$ 12,736	$ 17,069	$ 11,472	$ 7,871	$ 8,668
Value Measures							
Price to earnings multiple		14.2	13.5	11.7	9.2	8.7	14.2
Dividend yield (based on closing share price)		3.8%	3.9%	2.5%	3.1%	4.1%	3.8%
Dividend payout ratio		53.6%	53.0%	29.9%	28.1%	35.4%	53.6%
Market value to book value ratio		1.40	1.39	1.96	1.50	1.07	1.40
Operating Results ($ millions)							
Total revenue on a taxable equivalent basis (TEB)(3)		$ 10,265	$ 9,242	$ 8,621	$ 7,459	$ 6,427	$ 6,860
Provision for credit losses	- specific	600	280	360	387	680	401
	- general	150	200	250	93	-	100
		$ 750	$ 480	$ 610	$ 480	$ 680	$ 501
Non-interest expenses		$ 7,998	$ 7,125	$ 5,372	$ 4,584	$ 3,991	$ 5,345
Net income		$ 1,029	$ 1,056	$ 1,551	$ 1,366	$ 1,015	$ 688
Operating Measures							
Net interest margin (TEB)(3)		1.67%	1.59%	1.97%	2.33%	2.51%	1.67%
Net interest margin on average interest earning assets (TEB)(3)		2.03%	1.91%	2.27%	2.67%	2.90%	2.03%
Efficiency ratio(2)		77.9%	77.1%	62.3%	61.5%	62.1%	77.9%
Return on average assets		0.38%	0.38%	0.66%	0.70%	0.61%	0.38%
Return on equity		9.8%	10.3%	17.7%	17.10%	12.90%	9.80%
Balance Sheet and Off-Balance Sheet Information ($ millions)							
Cash and securities		$ 72,019	$ 71,765	$ 53,183	$ 47,937	$ 53,674	$ 48,951
Loans and acceptances		$ 145,646	$ 163,252	$ 155,864	$ 142,551	$ 118,436	$ 98,996
Total assets		$ 250,331	$ 281,430	$ 237,989	$ 210,232	$ 186,508	$ 170,150
Deposits		$ 160,041	$ 159,875	$ 138,898	$ 127,421	$ 129,482	$ 108,780
Common shareholders' equity		$ 9,125	$ 9,175	$ 8,729	$ 7,670	$ 7,324	$ 6,202
Average assets		$ 271,844	$ 278,823	$ 236,025	$ 196,063	$ 165,846	$ 181,673
Average interest earning assets		$ 223,774	$ 232,114	$ 204,121	$ 171,365	$ 143,711	$ 149,548
Average common shareholders' equity		$ 9,323	$ 9,100	$ 8,195	$ 7,332	$ 7,003	$ 6,231
Assets under administration		$ 609,500	$ 398,700	$ 245,100	$ 205,300	$ 181,900	$ 414,277
Balance Sheet Quality Measures							
Common equity to risk-weighted assets		6.8%	6.3%	5.9%	6.0%	6.2%	6.8%
Return on risk-weighted assets		0.74%	0.70%	1.11%	1.09%	0.88%	0.74%
Tier 1 capital ratio		8.3%	7.7%	7.0%	6.6%	7.0%	8.3%
Total capital ratio		11.5%	10.8%	9.8%	9.0%	9.6%	11.5%
Net impaired loans ($ millions)		$ (266)	$ (123)	$ 28	$ 692	$ 1,367	$ (181)
Net impaired loans to net loans and acceptances		(0.18)%	(0.08)%	0.02%	0.5%	1.2%	(0.18)%

(1) Represents the translation of Canadian GAAP financial information into US$ using the year end rate of $0.6797 for balance sheet figures and the average rate of $0.6683 for operating results.
(2) Efficiency ratio may also be referred to as non-interest expenses to revenue ratio.
(3) Taxable equivalent basis (TEB). Net interest income includes tax-exempt income on certain securities. Since this income is not taxable to CIBC, the rate of interest or dividend received by CIBC is significantly lower than would apply to a loan of the same amount. As the impact of tax-exempt income varies from year to year, such income has been adjusted to a taxable equivalent basis to permit uniform measurement and comparison of net interest income. An equal and offsetting adjustment is made to increase the provision for income taxes.

At CIBC our objective is to provide our shareholders with the best total return of all the major Canadian banks over the next three years. We will apply innovative solutions to market challenges and customer needs and be accountable for the results.

A spirit of innovation shapes what a company may do; financial performance measures what a company has done. Both determine value.

Share Price Performance
October 94-October 99



We are committed to improving on our share-price performance and delivering the best total return to our shareholders

CIBC starts the new century from a strong base, with a powerful franchise in Canada and a meaningful platform for growth in the United States.

Our bank is 133 years old, while some of the companies that will be our most formidable competitors are just emerging. We have branches that are historical sites, while our newest competitors exist only in cyberspace. Every day, there is a new product, company or merger that underscores the profound changes in our industry; signposts of the new economy.

Innovative strategies, an electronically connected enterprise and financial discipline are key characteristics that will help us generate the best total returns to shareholders over the next three years. We have work to do.

Financial Performance

CIBC's earnings in 1999 were reduced by a restructuring charge that will enable us to substantially reduce our cost base in the coming year. Excluding this charge our net income improved from the prior year, but our return on equity was below our target performance.

New Direction

When I was appointed Chairman and Chief Executive Officer on June 3, I announced a new senior executive team. One that brings together CIBC's historic strengths and a commitment to build the bank of the future.

We have a unified management team, one that is aligned with the interests of our shareholders and committed to providing customers with the superior services, products and access demanded in this period of transition to the new economy.

We have reorganized and created distinct customer groups – retail, small business, wealth management and corporate and investment banking. This will ensure a more tailored customer response and clear measurement of our performance. Key strategic businesses reliant on technology have been consolidated under one leadership. And we have created a new division to place greater emphasis on managing our balance sheet for strategic growth and profit.

Our new team quickly identified early priorities.

Clear Priorities

We have set clear financial targets to achieve by 2002.

- 18% return on equity
- 15% earnings per share growth annually
- 60% expense to revenue ratio
- maintain or improve our strong credit ratings
- shift capital mix.

Establish accountabilities

We need to fully engage our people to help us achieve these objectives by clearly establishing accountabilities. The performance of every business unit, product group, customer segment, distribution channel and geographic area will be formally assessed against targets, using risk-adjusted return on capital and economic value-added measures.

Improve efficiency

In 1999, we took decisive action to improve the efficiency of the bank. We took $200 million in costs out of CIBC World Markets. In fiscal 2000, we will eliminate $500 million from our operating expense base by the fourth quarter.

The need to continue to invest in growth opportunities and to achieve our expense ratios means that we will have to identify and implement further cost reductions on an ongoing basis.

Improve capital productivity

To improve returns to shareholders, CIBC is managing its growth to achieve a business mix that will provide steady and sustainable earnings growth. We are committed to using our capital more productively. We have reduced risk-weighted assets and will redeploy capital to retail and wealth management businesses and share repurchase programs. We are committed to shifting our capital mix.

Growth opportunities

While these initiatives are crucial for maximizing shareholder returns, developing new opportunities for revenue growth is imperative. We have consolidated our wealth management businesses under one business leader to capitalize on the breadth and strength of $138 billion of assets under our administration. By consolidating our high net-worth customers under this strategic business unit, and benefiting from the strength of our distribution capabilities of more than 3,200 financial professionals, we will more effectively meet the needs of these valued customers.

Further, our Electronic Commerce, Technology and Operations group is leading an exciting customer acquisition drive in the United States via electronic banking. Finally, profitability in our U.S. investment banking platform greatly improved this year and we expect it to make a significant contribution to CIBC's bottom line in the years ahead.

Focus

Toward the end of the year, we announced several initiatives that demonstrate the new management team's commitment to focus on core competencies and capital productivity.

We announced the sale of our real estate assets and our plans to exit the manufacture of non-creditor life insurance products. We sold our private client services in the United Kingdom and rationalized our Asian and European wholesale operations. In 1999, we completed a $500 million common share repurchase program and, on December 2, the board approved another 5% normal course issuer bid, subject to regulatory approval.

In closing

This year I have had the opportunity to meet many CIBC employees in Canada and throughout the world. It is immensely gratifying to witness firsthand their skills and dedication. CIBC needs both to achieve the ambitious goals we have set.

I would like to thank my predecessor, Al Flood, for his many years of service, guidance and leadership. We will continue to build on the strong foundation his vision has provided for CIBC.

I feel a strong sense of urgency and excitement about our plans, progress and future possibilities.

Our balance sheet is in good shape and we have significant unrealized gains in our securities portfolios. Our capital ratios are among the strongest in Canada. In expanding into the U.S. on both the wholesale and retail fronts, and in a number of strategic alliances, CIBC has shown innovation and first-mover courage – qualities that I believe are essential to our future success.

JOHN HUNKIN
Chairman and Chief Executive Officer

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STRATEGIC TARGETS

Return on Equity

1999 OPERATING RESULT:*
ROE was 12.7%, below our mid-term target range of 16%-18%

TARGET:
18% ROE by 2002

Earnings Growth

1999 OPERATING RESULT:*
CIBC has re-established our strategic target for EPS growth. In 1999 CIBC achieved a 12% growth

TARGET:
15% earnings per share growth per year

Efficiency

1999 OPERATING RESULT:*
Non-interest expenses as a percentage of revenue were 73.3%, still well above target levels

The restructuring charges taken in 1999 are aimed at significantly improving CIBC's efficiency

TARGET:
Below 60% by 2002

Capital Strength

1999 OPERATING RESULT:
8.3% Tier 1 and 11.5% total capital were at the high end of target ranges. Capital strength improved even as we completed a program to repurchase $500 million of our common shares

TARGETS:
Maintain capital ratios of 7.5%-8.5% Tier 1 and 10.5%-11.5% total capital

Maintain or improve AA- credit rating

Capital will be reallocated to high return businesses in Canada and the U.S.

*1999 excludes the impact of restructuring charges and Oppenheimer acquisition-related charges

INNOVATION

A spirit of innovation shapes what a company may do…

Technology, globalization and deregulation have forever changed the way financial services are provided. Speed, connectivity and the strength of intangible assets have become the keys to success.

Competition for human capital has never been greater. We live in an age of instantaneous communication and product innovation, where reputation, differentiation and distinctiveness are critical.

And "creative destruction" is a new reality as new capabilities emerge overnight and quickly undermine the old guard. Features of the new reality are short product cycles and very aggressive pricing. Old thinking no longer works and survival of the fittest has taken on new meaning. This doesn't mean having the biggest balance sheet.

CIBC has a history of innovation and, in today's world, we know we need to become faster, more connected and focused to win. Our new management team is committed to building on CIBC's legacy of innovation.

For our customers, our principal asset, we are determined to create an environment in which employees are able to provide the best service and products. This means conducting ourselves in new ways.

ACCOUNTABILITY

…financial performance measures what a company has done. Both determine value.

CIBC's propensity for innovation is bound by our accountability to our stakeholders – customers, shareholders and employees.

We are applying the principles of risk-based management across the organization. In fiscal 2000, the performance of every business unit, product, customer segment, distribution channel and geographic area will be formally assessed on a basis using Risk Adjusted Return on Capital (RAROC) measures.

In addition, a performance management framework based on modified economic value-added principles will allow us to evaluate how well we are doing and to allocate capital more effectively. CIBC has established clear financial benchmarks (see sidebar).

A key priority is to improve the return on equity of the bank. Capital will be treated as a scarce resource and, through Treasury and Balance Sheet Management, an enhanced focus and discipline will be created around alternative uses of capital.

The new economy demands new approaches

The new economy demands quick responses, a technology focus and capital productivity discipline. CIBC's new organizational structure is designed to respond to these demands. Our businesses have been consolidated into four strategic units: Electronic Commerce, Technology and Operations; Retail and Small Business Banking; Wealth Management; and CIBC World Markets. These business units are supported by four infrastructure units: Treasury and Balance Sheet Management; Risk Management; Administration; and Corporate Development.

CORPORATE DEVELOPMENT has the primary role of stimulating and encouraging an owner-manager mindset among CIBC's business leaders. This means seeking ways to create and crystallize value within the organization to maximize long-term shareholder returns.

ELECTRONIC COMMERCE, TECHNOLOGY AND OPERATIONS was formed to support the ongoing technology needs of the bank, to develop leading-edge technology for key strategic businesses and to develop new electronic banking revenue opportunities. CIBC is a leader in providing electronic banking services, is the leading credit-card issuer in Canada and has an 11.8% market share in mortgages.

ADMINISTRATION provides governance and support services to CIBC and its strategic business units. Objectives include: enhanced efficiency, better financial measures to facilitate clear decision making; establish policies to attract and retain talented and motivated people; and providing clear communication to our internal and external audiences.

RISK MANAGEMENT is an independent function, reporting directly to the chairman and CEO. It centrally manages the bank's exposure to credit, market and operational risk around the world.

RETAIL AND SMALL BUSINESS BANKING has more than five million retail clients and 350,000 small business clients who conveniently access financial services through more than 1,200 branches, as well as ABMs, PCs, telephone banking and debit card channels. Customer segmentation ensures better response to customer needs and improved performance in this important sector.

WEALTH MANAGEMENT is a leader in helping individual clients achieve their goals through accredited sales forces comprised of more than 3,200 financial professionals delivering an array of investment products and services including: full-service and discount brokerage, a full range of mutual funds and index funds, GICs, global private banking and trust, and investment management services.

TREASURY AND BALANCE SHEET MANAGEMENT was formed to centrally manage the balance sheet and improve capital productivity and therefore performance. The group has responsibility to coordinate on behalf of the bank: CIBC's key performance objectives; clear balance sheet and risk tolerance limits; capital management and performance measurement.

CIBC WORLD MARKETS has a full-scale, North American investment banking capability. CIBC is the only Canadian bank with this capability. Through CIBC World Markets, we are well-known for our skills in providing integrated financial solutions to large business and commercial clients throughout North America. We are one of the leading investment banks in Canada and among the top 15 on Wall Street.

Electronic Commerce, Technology and Operations

E-commerce has become a key part of our products, services, internal processes and capabilities, bank-wide. It is the gateway to profound competitive advantage. To focus our resources, we have created a new group that will change the way CIBC creates, markets and distributes financial services.

The priorities of the Electronic Commerce, Technology and Operations group are:

- to support the ongoing business operations of CIBC through technology, process, product and business consulting
- to deliver leading-edge, business-sensitive, cost-effective electronic and/or technology-based solutions to CIBC's businesses
- to identify new and meaningful electronic commerce business opportunities either through direct investment or joint ventures

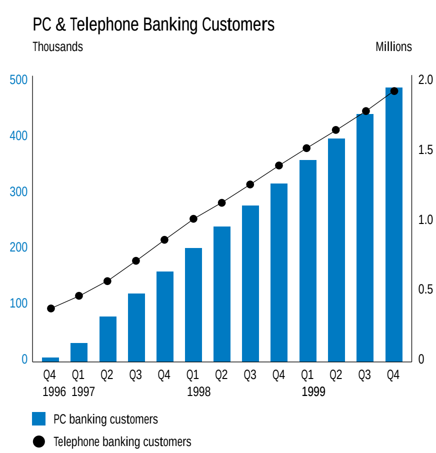
Four key businesses are part of the Electronic Commerce, Technology and Operations group: electronic banking, mortgages, card products, and insurance. The group also provides a number of services relating to technology and operations, and payments. Our processing subsidiary, INTRIA, is one of the most efficient processing operations in North America and handles well over three billion transactions a year for CIBC branches. INTRIA has enabled branch employees to focus exclusively on customers' financial needs. INTRIA provides processing and electronic services to third parties. We continue to attract new business.

Electronic banking

CIBC is a leader in providing electronic banking services to the Canadian marketplace.

We have been successful diverting transactions to electronic from paper-based channels. We have the largest remote ABM network in Canada and we are a leader in PC banking. We are a leader in innovation, forging strategic alliances in electronic banking with major grocery retailers, such as Loblaw and Winn-Dixie, under the President's Choice Financial brand in Canada and the Marketplace Bank brand in the U.S.

Having built a lower-cost transaction channel, our intention is to acquire new customers and sell a wider range of products.



Today at CIBC, more than 90% of retail transactions flow through electronic channels and, although 40 million transactions are still done in branches each year, the volume is 18% lower than in 1997. We have almost two million telephone banking customers and 500,000 PC Banking customers.

Through PC and Internet-based channels, sales and approvals of products such as insurance, loans and VISA increased by 105% during the year. Telephone banking sales and approvals of transaction accounts, loans, personal lines of credit, VISA, mortgages and RSPs increased by 53%.

President's Choice Financial, launched in 1998, was our first strategic alliance in electronic banking. Through pavilions in Loblaw stores, it provides customers with no-fee electronic banking, including chequing and savings accounts, mortgages and RRSP products. Currently, customers have access to 148 in-store pavilions across Canada.

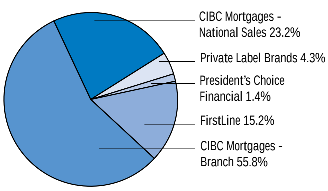
CIBC National Bank is CIBC's new U.S. retail bank subsidiary, offering electronic banking with a storefront presence. The alliance with Winn-Dixie, a large, regional supermarket chain, is an efficient, low-risk means of entry into the U.S. retail banking market. Winn-Dixie, with 1,187 stores throughout the southeastern United States, ranks in the top seven by sales volume among U.S. grocers.

Mortgages

CIBC Mortgages Inc. (CMI) is an innovator in the Canadian residential and commercial mortgage market. This industry continues to change rapidly. Customers are more value conscious, new electronic distribution channels are emerging, and aggressive price discounting continues to pressure margins. A $47 billion mortgage business, CMI holds an 11.8% market share in Canada. CMI is organized as a mortgage bank and competes with a three-part strategy.

Multi-brand, Multi-channel

Percentage of residential mortgages originated in 1999



First, CMI employs a multi-brand and multi-channel approach to develop profitable loan growth. It markets CIBC, FirstLine and President's Choice mortgages with unique customer offers.

Secondly, CMI operates a mortgage servicing business investing in people, technology and effective operations processes to deliver high customer satisfaction.

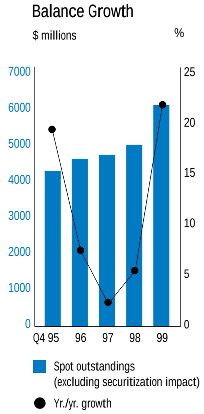
Finally, sophisticated portfolio management techniques are used, including hedging to minimize interest rate risk, predictive modeling tools to enhance credit decisions and securitization to improve shareholder return.

This three-part approach is unique in the Canadian marketplace and is another indicator of CIBC innovation.

Card Products

CIBC remains Canada's leading credit-card issuer, with strong, consistent profitability in a domestic market whose per-card charge volume continues to grow steadily. In 1999, VISA experienced double-digit growth in both volumes and revenues, and delinquencies remained at low levels. The latest success is CIBC's Dividend Card, our most successful card launch to date.

Credit Card Balance Growth



We've excelled in card products over the years with the introduction of value-added features and leading product design. Combined with highly effective direct marketing techniques and our branch distribution capabilities, we have attracted and retained a large customer base. Our co-branding strategy has enabled us to offer a broad range of high-value cards. Every day, more than 1,000 of our Aerogold cardholders fly free, and our Dividend cardholders earned almost $14 million in dividends in fiscal 1999.

Insurance

CIBC Insurance is a recognized leader in the Canadian direct home and auto insurance market and the leading employer-sponsored group home and auto insurance company, through The Personal Insurance Company of Canada.

In keeping with our strategy to focus on businesses that give us a comparative advantage and generate high returns on capital, we announced our intention to exit the underwriting of direct life and travel insurance products. We will focus on creditor insurance products and property and casualty insurance, including both individual and group home and auto insurance.

FOCUS

Objectives

- double the number of electronic banking customers within one year
- increase by 50% sales of banking products through electronic channels
- change business processes that are not serving customers well or are exceeding industry cost benchmarks

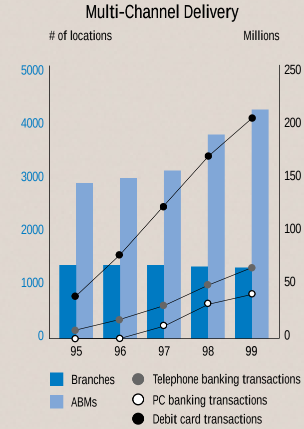
Scale

- $47 billion in mortgages, $6 billion in card assets managed
- annually process more than three billion transactions through INTRIA
- nearly 500,000 PC Banking customers, almost two million Telephone Banking customers

Market position

- Canada's largest credit-card issuer
- largest processor of VISA and Interac debit transactions
- leader in direct home and automobile insurance in Canada

Multi-Channel Delivery



DAVID MARSHALL
Vice-Chairman

Retail and Small Business Banking

CIBC has the number two market share in both retail banking and small business banking in Canada, with more than five million retail clients and 350,000 small business clients who use more than 1,200 CIBC branches and electronic channels for their individual or business banking needs.

This year, we created separate, stand-alone businesses to manage each of our small business and retail customer segments, so that we sharpen our focus on the unique market challenges and opportunities in each.

Retail Banking

Customer migration from branches to electronic channels continues with more than 90% of retail transactions now being done electronically. Despite this, a significant proportion of sales of financial products is still done in the branches. Because of the need to meet evolving customer expectations cost effectively, we are transforming our retail organization and branch network into an advice and sales platform.

Our relationship management database is ranked by consultants as being in the top 5% of the world. This tool enables us to provide customers with the information and financial products that are relevant to their phase of life, and has made our marketing programs significantly more effective.

Our challenge is to continue to meet customer and shareholder expectations in a market where daily developments in products and technology are changing the competitive landscape. Strengthening our brand and customer experience to equate these with exceptional value, mutual trust and respect will be key. To help deliver a consistent and positive customer experience, we are upgrading the quality of our financial advice and service, as well as front-line technology.

This year, CIBC improved its customer loyalty ratings. We will have to continue to offer the products that customers want, but within a cost structure that reflects the lower costs of our Internet-based and single-product line competitors.

Small Business Banking

Small Business lending volumes are strong, as is customer response to new products such as Small Business Credit Edge, a quick-approval credit product, the Job Creation Loan Fund, which offers loans to individuals starting their own business, and a range of e-commerce banking products to make small business management easier.

Up to 50% of small business transactions are now done electronically. Customer loyalty ratings in this key market improved in 1999 and we intend to focus even more on this important customer segment in the future.

West Indies Banking

CIBC West Indies serves 350,000 clients and ranks among the top three in all markets. Revenues and profits continue to grow – the result of several years of investing in technology and distribution. We are rapidly enhancing our electronic banking capabilities throughout the region and this year we will also expand our branch network in Antigua, St. Lucia, Barbados and Turks and Caicos.

FOCUS

Objectives

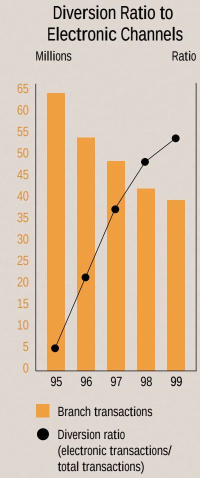
- improve customer loyalty by 10%
- become No. 1 bank for small business customers
- grow small business loans by 15% a year

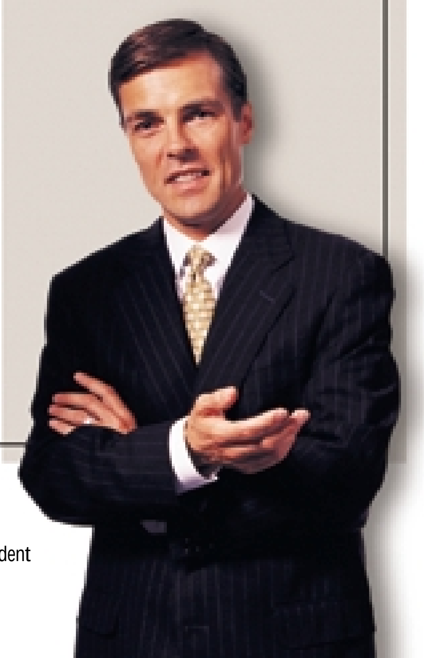
Scale

- more than five million retail clients
- 350,000 small business clients
- 350,000 West Indies clients

Market position

- No. 2 market share in retail and small business
- top three market share in West Indies markets





MIKE PEDERSEN
Senior Executive Vice-President

Wealth Management

Wealth management continues to be a primary financial need for North Americans and represents an important growth opportunity for CIBC.

CIBC has a significant wealth management business with $138 billion in assets under administration*. In 1999, all areas of wealth management were consolidated into one customer-focused organization. Wealth management is now comprised of:

- CIBC branch-based advisory sales forces
- CIBC mutual funds
- CIBC GICs
- CIBC discount brokerage services
- Global Private Banking and Trust
- CIBC Oppenheimer Private Client Division
- CIBC Oppenheimer Asset Management
- Professional Investment Management Services
- Wood Gundy Private Client Investments

Our focus is on establishing CIBC as a leader in wealth management by building on the strength of our distribution capability and ensuring we provide a competitive product offer through all our channels.

The focus of our wealth management distribution strategy is the alignment of sales forces working across all channels and product lines to meet the needs of our wealth management clients. Our highly trained and relationship-focused sales forces number more than 3,200 and the level of accreditation exceeds industry standards. We will aggressively pursue higher sales capabilities and accreditation levels while ensuring that clients of both the bank and the brokerage network have access to a full complement of investment products and solutions.

Discount brokerage is an increasingly important channel for providing our clients with access to the full range of investment products. Our focus here will be on improving customer service capabilities by increasing capacity to handle rapidly expanding volumes and on improving our product offer.

Index funds leader

Our past successes in wealth management are the foundation for our future success. For example, CIBC led the banks and trusts in mutual funds growth this year, ranking first in net sales, first in asset growth and first in market share.

CIBC is the Canadian leader in index funds with more than $2.2 billion in assets. CIBC offers Canada's largest family of index funds, including Canada's first Nasdaq index mutual fund, launched in the fall of 1999.

CIBC is also a leading provider of fee-based asset management services with $4.7 billion in assets under management in Canada and $12.5 billion under management in the U.S. through CIBC Oppenheimer Asset Management.

Our asset management capability was augmented in 1999 with the launch of the Wood Gundy Investment Advisory Service. This service provides Canadian clients with access to external professional investment managers from around the world. It combines the knowledge of a Wood Gundy Financial Consultant with the expertise of CIBC Oppenheimer Consulting Group and is one example of how our new wealth management structure allows us to leverage our strengths across the organization for the benefit of the client.

We have a strong and growing Canadian platform in wealth management with a strong North American capability from which to build and integrate our various wealth management operations to better serve clients.

*excludes GIC balances

FOCUS

Objectives

- to increase assets under administration by 10%
- to maintain a leadership position in index mutual funds by growing assets by 25%

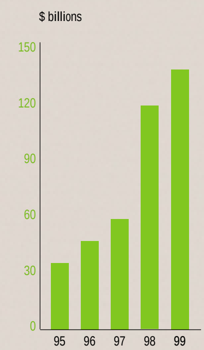
Scale

- $138 billion in administered assets
- contributes 13.3% of CIBC's total revenues
- more than 8,000 employees worldwide
- more than 3,200 accredited financial professionals

Market position

- leader in index mutual funds with more than $2.2 billion in assets
- leader in fee-based asset management services with $4.7 billion in assets in Canada

Wealth Management Assets Under Administration



GERRY McCAUGHEY
Senior Executive Vice-President

CIBC World Markets

CIBC is the only Canadian bank with a full-scale, North American investment banking capability. Called CIBC World Markets, we are well-known for our skills in providing integrated financial solutions to clients throughout North America.

This year, we met our objective to expand our cross-border capabilities by leading the JDS Fitel US$5.4 billion merger with Uniphase, leading the US$138 million offering of QLT Inc., and acting as main financial adviser to Forex in the $850 million acquisition of the company by Louisiana Pacific.

Our merchant banking capability, used opportunistically to invest in good growth opportunities or used strategically as part of a financial solution for a client, remains an important piece of our strategy. Since its inception in 1989, the equity portion of our merchant banking portfolio has generated annual returns from realized values in excess of 30%, excluding gains on Global Crossing which substantially enhanced 1999 returns. At October 31, we had unrealized gains of $3.6 billion within our investment securities portfolios.

Fiscal 1999 followed on the heels of severe market volatility, which hurt our earnings in 1998. In the wake of last year's markets, we reduced our market risk by more than 35%, took over $200 million out of our cost base and consolidated activities in Asia and Europe to focus on our North American client businesses. In Europe, we now have a growing business in structured finance, high yield and leveraged credit. In Asia, our focus is on supporting our North American clients on an advisory basis.

Canadian Operations

We are privileged to be a leading provider of virtually every financial product and service required by Canadian companies, including cross-border financing and advice. We continue to lead in underwriting, credit, corporate equity and debt, IPOs, M&A (both domestic and cross-border), merchant banking and Canadian securitization. We have the top economist and top overall fixed income and economics research teams.

Our Business Banking group, which provides credit and capital markets products to commercial clients, has been a stable and significant contributor to CIBC's revenues. We are now working to provide commercial clients with easier access to debt, equity and advisory expertise throughout North America. This year, Business Banking introduced more on-line services to help commercial clients manage their financial operations and foreign exchange and trade finance needs.

U.S. Operations

CIBC World Markets is now viewed as one of the top 15 investment banks on Wall Street. With more than 100 equity research analysts covering about 800 stocks, we have achieved the best stock-picking average for four consecutive years according to *The Wall Street Journal* "All-Star Analysts Survey". Today we are among the top 10 players in collateralized bond obligations, securitization and equity research, with strong consistent showings in mergers and acquisitions, high yield, loans, new equity issues and equity revenues.

Year 2000

Growing our client franchise and financial performance are the two priorities for CIBC World Markets in fiscal 2000. With a broad mix of revenues, an integrated strategy and a focus on the North American market, CIBC World Markets is well positioned to increase profitability. With the resources and the potential to increase our client base profitably, our objective is to generate at least a 15% risk-adjusted return on capital (RAROC) over the next three years.

FOCUS

Objectives

- generate at least a 15% RAROC by delivering integrated financial solutions to clients

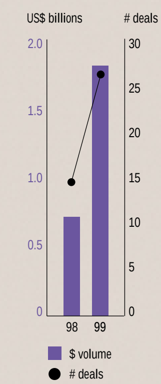
Scale

- $4.651 billion in revenues
- 8,550 employees, with more than 4,000 in the U.S.

Market position

- in Canada
  - No. 1 in underwriting, credit, corporate equity & debt, and IPOs
  - No. 1 in M&A, both domestic and cross-border
  - No. 1 in merchant banking
  - No. 1 in Canadian securitization
- in U.S., top 10 standing in collateralized bond obligations, securitization and equity research

Growing U.S. Presence
Equity deals led and $ volume



DAVID KASSIE
Vice-Chairman

Treasury and Balance Sheet Management

CIBC has a history of strong balance sheet and capital management. Our regulatory capital ratios are high and early development of sophisticated market risk measurement tools enabled CIBC to introduce value at risk and RAROC concepts ahead of BIS mandates. We have one of the largest securitization programs in Canada.

CIBC established Treasury and Balance Sheet Management to optimize the linkage between capital and risk and to maximize shareholder value. The division has responsibility to coordinate on behalf of the bank: CIBC's key performance objectives; clear balance sheet and risk tolerance limits; capital management and, in conjunction with Finance, the development of a performance measurement and management system based on shareholder value-added principles.

CIBC's capital mix is shifting. To generate more consistent revenue growth within CIBC, lower-yielding and more variable-return risk-weighted assets have been reduced. Stronger capital ratios are supporting growth in retail businesses and in 1999, enabled CIBC to repurchase 13.7 million common shares.

At the same time, the external environment is changing, with major implications for banks everywhere. Alternative markets for transferring credit risk – for example, secondary loan trading, credit derivatives, and securitization – are growing rapidly. This is a significant trend for all banks, underscoring the fact that banks are no longer the best owners of credit risk. There is a natural evolution away from the current practice of "originating and holding" credit to a practice of "originating and selling" credit.

Treasury and Balance Sheet Management will capitalize on opportunities to improve CIBC's use of capital, either through securitizing credit and therefore moving assets off the balance sheet or by liberating capital from underperforming and/or dilutive activities. The division is comprised of:

Treasury, which provides integrated management for all the funding, financing, liquidity, cash and collateral management activities across the bank.

Credit Portfolio Management, which has global responsibility for managing portfolios bank-wide across all asset classes, optimizing the risk/return performance, and achieving market leadership positions in credit portfolio management techniques, such as credit derivatives and securitization.

Capital Management, which is responsible for ensuring that CIBC is strongly capitalized, that the bank's capital structure attracts the lowest possible cost of capital, and for managing capital in the bank's legal entities. Activities include recommending and implementing share repurchases, capital issuance and placements.

Collectively, these units will bring a shareholder value-added discipline to balance sheet and capital management to support CIBC in meeting its long-term objectives.

FOCUS

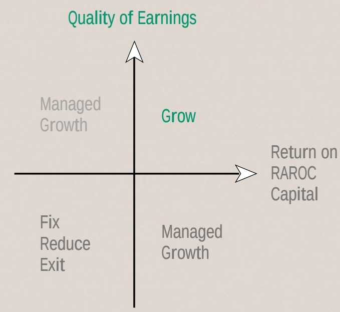
Objectives

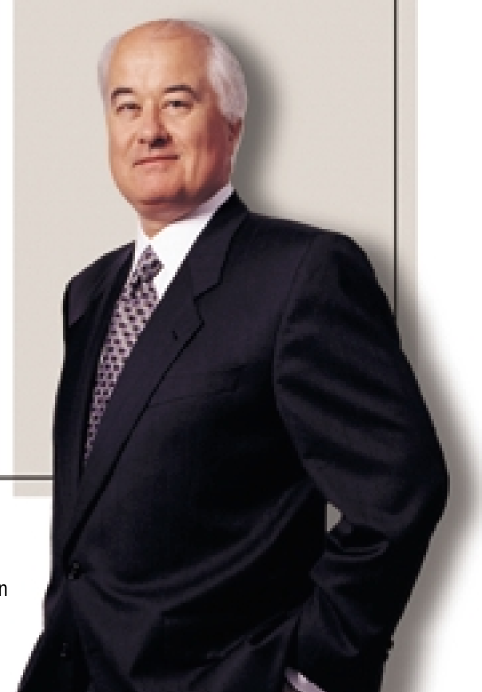
- maintain or improve AA-credit rating
- maintain strong capital ratios (in excess of 7.5% and 10.5%)
- manage balance sheet to improve EPS and achieve 18% ROE by 2002
- redistribute capital based on sustainable RAROC performance

Scale

- average assets $271.8 billion
- risk-weighted assets $134.6 billion
- BIS Tier 1 capital $11.1 billion
- BIS total capital $15.4 billion

Performance Management Framework





WAYNE FOX
Vice-Chairman

Risk Management

CIBC's Risk Management group is an independent function reporting directly to the Chairman and CEO. It manages the bank's exposure to credit risk, market risk and operational risk around the world. With offices located across Canada and in New York, London, Singapore and the West Indies, our risk management professionals can respond expeditiously to factors that affect CIBC's risk profile.

Our credit quality remains excellent. Net impaired loans represent (0.18)% of net loans and acceptances as allowances for credit losses exceed our gross impaired loans by $266 million. Our general allowance for loan losses now stands at $1 billion while specific loan loss provisions remain at an acceptable level of 0.41% of total loans and acceptances. Exposure to emerging markets remains low – at year end, net loans and acceptances outstanding to borrowers in Asia, Latin America and Eastern Europe were $3.9 billion or 2.7% of total net loans and acceptances, and net impaired loans were approximately $23 million.

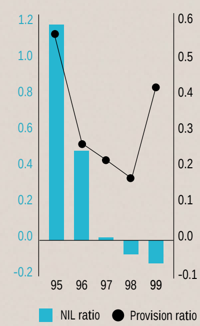
This year we reduced our market risk exposure from a peak of about US$25 million in the fourth quarter of 1998 to approximately US$15 million, and particularly reduced our exposure to equity risk. Daily net trading-related revenues were outside predicted limits once during the year on the positive side. Net trading related revenues were positive 72% of the days compared with 66% in 1998. Average daily net trading-related revenue was more than $2.7 million compared to $0.5 million in 1998.

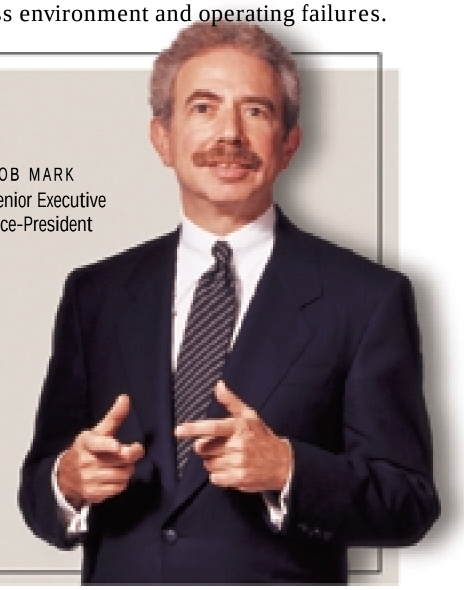
CIBC continues to build its expertise in the measurement of operational risk, which envelops the potential for material losses from changes in business environment and operating failures.

FOCUS

Historical Market Risk Usage
US$ millions

Net Impaired Loans and Specific Provisions
% of net loans and acceptances





BOB MARK
Senior Executive Vice-President

Administration

The Administration group provides governance and support services to CIBC and its strategic business units. It comprises finance and investor relations, purchasing, corporate communications, human resources, marketing, corporate real estate and governance, which includes legal, audit and compliance functions.

These infrastructure units are charged with establishing bank-wide processes to ensure CIBC, its subsidiaries and businesses operate in an efficient, controlled and integrated manner in achieving corporate objectives.

The Administration group works with the Chairman and the senior teams of the bank to establish operating and financial performance targets, to monitor progress against the targets and to report results in a clear and transparent way to both internal and external stakeholders.

We also deliver an array of services to CIBC business units – everything from marketing support to payroll services. Our goal is to deliver these services, either directly or through third-party suppliers, as efficiently and effectively as possible.

During fiscal 2000, the primary objectives of the Administration group will be to achieve our own cost-reduction targets and to ensure the bank's overall efficiency targets are reached. The Administration group will also take the lead in establishing further opportunities to target world-class efficiency levels in 2001 and beyond.

The market capitalization of companies in the new economy is affected as much by the value of intangibles as it is by past financial results and growth in balance sheet assets. Accordingly, another key priority in the coming year will be to attract and retain talented and motivated people with the skills to apply the new technologies that will be the backbone of our future success. We are adopting performance measures that incorporate intangibles such as business innovation, brand, customer satisfaction and sales effectiveness.

A new management process is being implemented wherein CIBC's business leaders will be held accountable and rewarded for achieving agreed upon performance targets. Emphasis will be on improving risk-adjusted return on capital and creating shareholder value above the cost of capital. Frequent monitoring of operating results, combined with formal quarterly progress meetings with each of the businesses, will ensure consistency with operational goals and will contribute to long-term value creation.

FOCUS

Objectives

- achieve cost-reduction targets
- better financial measures to facilitate clear decision-making
- attract and retain talented and motivated people
- provide clear communication to our internal and external audiences

RON LALONDE
Senior Executive Vice-President and Chief Administrative Officer

Corporate Development

To adapt to the new environment and to ensure alignment between management and shareholders, senior management is committed to changing the culture of the organization to one that balances stewardship with a principal investor mindset.

The primary role of Corporate Development is to stimulate and encourage an owner-manager mindset among CIBC's business leaders. Such a mindset means taking an organization-wide perspective on business unit issues and seeking to create and crystallize value from our relationships with our joint venture partners, customers and suppliers. Corporate Development ensures that decisions contribute to shareholder value by helping the CIBC leadership team focus on our competitive advantages, clearly identify opportunities for investment, divestiture or harvesting. We intend to surface for our shareholders unrecognized value in our businesses and will look for ways to improve profitability in our core businesses.

The new economy demands reduced barriers to the free flow of information and ideas. Business leaders need to look at new opportunities and do things in non-traditional ways. At CIBC, we are committed to new thinking, more focus and faster response.

FOCUS

Objectives

- surface for shareholders unrecognized value in our businesses
- identify opportunities for investment, divestiture and harvesting

RICHARD VENN
Senior Executive Vice-President

CIBC and our employees give proudly to enrich community life

CIBC is one of the largest corporate donors in the country, and contributed more than $28 million in 1999 to hundreds of organizations at national, regional and local levels. Our corporate giving is focused on community development, with an emphasis on youth, small business, education and youth employment. Through Youthvision, CIBC funds a wide range of programs to assist young people. In 1999, CIBC committed a $1.6 million in-kind donation to Computers for Schools, through which 6,000 refurbished computers will be provided to primary, middle and high schools across Canada. CIBC also funded the Canadian Youth Foundation's Aboriginal Nations: Students at Risk program, an Internet-based tool to help aboriginal communities assess their educational health and provide support for aboriginal youth at risk. Every year since 1984, on the first Tuesday in December, CIBC World Markets sales and trading staff around the world and Wood Gundy Private Client Investment Financial Consultants across Canada donate their fees and commissions to children's charities. Over the years, this event has raised more than $33 million, and, in 1998, employees raised more than $8.3 million. The CIBC World Markets Children's Miracle Foundation has teamed up with the Children's Aid

CIBC RUN FOR THE CURE
On October 3, more than 71,000 Canadians – including about 7,000 CIBC employees, their families and friends – participated in the CIBC Run for the Cure. The run, held in 26 cities, raised a record $6.5 million for the Canadian Breast Cancer Foundation to further breast cancer research, education, diagnosis and treatment.

YOUTHVISION

The CIBC Youthvision Scholarship Program offers educational scholarships, mentoring and work experience through internships. "Through Youthvision, our goal is to inspire and encourage Canada's youth to pursue their dreams with energy, confidence and passion," says spokesperson hockey icon Wayne Gretzky.

Foundation to create the CIBC World Markets Children's Miracle Fund. The Miracle Fund provides opportunities for vulnerable children to participate in life-enriching educational, recreational and cultural activities. CIBC and its employees are also leading contributors to the United Way, raising almost $6 million in 1998. In addition to these national initiatives, CIBC assists many local projects in communities across Canada. In the Toronto area, 200 CIBC branches held a winter clothing drive for the Out of the Cold program, collecting more than 33,000 pounds of clothing for the homeless. CIBC was a major sponsor of Newfoundland and Labrador's Festival 500 Sharing the Voices, an international festival of music and song commemorating the 500th anniversary of John Cabot's discovery of Newfoundland and Labrador. CIBC's Alberta/N.W.T./Nunavut region sponsored the Famous 5 monument to celebrate the 70th anniversary of the Persons Case and the five women who successfully campaigned to have women defined as persons under Canadian law. Queen's University School of Business received a $1.5 million commitment from CIBC to establish the CIBC professorship in entrepreneurial studies for knowledge-based enterprises. In British Columbia, CIBC supports the YWCA Women of Distinction Awards in Vancouver, Victoria and Kamloops. This program recognizes women who have attained success through personal achievement or social commitment. CIBC is a major supporter of Le club des petits déjeuners in Quebec. This organization serves more than 570,000 breakfasts to children annually, so that they can get a good start to their school day. CIBC is a significant contributor to the Royal Winnipeg Ballet and supports this world renowned ballet's youth programs.

NEW CHAIRMAN TOURS

New Chairman John Hunkin toured branches across the country to meet frontline employees. In May, he met Mabel Mark, senior financial adviser in Toronto.

Management's discussion and analysis

CONTENTS

HOW WE ARE REPORTING

CIBC's 1999 financial reporting is based on two strategic business units – Personal and Commercial Bank (P&C Bank) and CIBC World Markets. All revenue and expense items not expressly attributed to either P&C Bank or CIBC World Markets are recorded in Other.

A new organizational structure was announced on June 3, 1999. This structure has four key business lines – Electronic Commerce, Technology and Operations; Retail and Small Business Banking; Wealth Management; and CIBC World Markets. These business lines are supported by four functional groups – Treasury and Balance Sheet Management; Risk Management; Administration; and Corporate Development.

Throughout the latter part of 1999, CIBC was in transition to the new structure. The financial reporting systems are also being revised and, effective in fiscal 2000, financial results will be reported on the basis of the four new business lines.

Personal and Commercial Bank

CIBC World Markets

Other

A NOTE ABOUT FORWARD-LOOKING STATEMENTS
This report may contain forward-looking statements about the operations, objectives and strategies of CIBC. Refer to page 2 for more information.

Overview

OPERATING RESULTS $ millions, for the years ended October 31	1999	1998	1997
Net income before the following, net of income taxes	$ 1,296	$ 1,179	$ 1,408
Restructuring charge	(242)	(44)	-
Oppenheimer acquisition-related costs	(25)	(143)	-
Gain on disposal of corporate assets	-	64	143
Net income	$ 1,029	$ 1,056	$ 1,551

Operating results

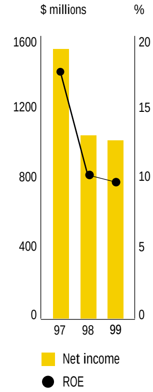
Net income

Net income before the restructuring charge and Oppenheimer acquisition-related costs was $1,296 million in 1999 up $117 million or 10% from $1,179 million in 1998. Net income in 1998 was also adjusted for the gain on disposal of Comcheq, a payroll processing subsidiary.

CIBC reported net income of $1,029 million in 1999, down $27 million or 2.6% from 1998. Return on equity was 9.8% in 1999, down from 10.3% in 1998. Earnings per share were $2.23, compared with $2.26 in 1998.

CIBC's 1998 net income of $1,056 million was down $495 million from 1997, which included non-recurring gains on the sale of land and shares in National Trust and Commcorp. Net income in 1998 was adversely affected by volatile financial capital markets in the final fiscal quarter and by Oppenheimer acquisition-related costs.

Net Income and Return on Equity



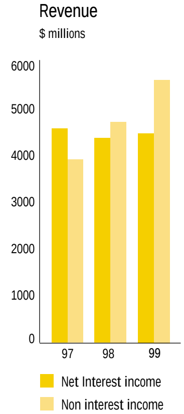
Revenue

Total revenue in 1999 was $10,265 million, on a TEB basis (see definition on page 23), up $1,023 million or 11% from 1998.

Net interest income was $4,537 million, up $99 million from 1998. Growth in consumer loans generated higher revenues; however, this was partially offset by the effect of reduced spreads and lower average corporate loan balances, the result of securitizing $6.1 billion of corporate loans late in 1998.

Non-interest income totaled $5,728 million in 1999, up $1,040 million or 22% from 1998 after excluding revenue of $116 million from the sale of Comcheq. The increase was due to growth in fees for services ($143 million), improved revenues from trading activities ($518 million) and higher net gains on investment securities ($282 million).

Revenue

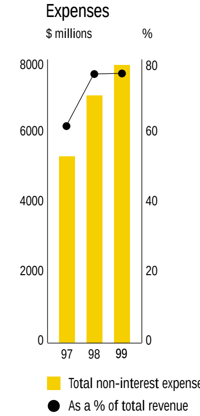


Non-interest expenses

Non-interest expenses were $7,998 million, up $873 million from 1998. The largest component of the increase was a pre-tax restructuring charge of $426 million in 1999 compared with $79 million in 1998. The remainder of the increase was primarily due to higher compensation and computer and office equipment expenses, offset in part by lower Oppenheimer acquisition-related costs, which declined to $45 million in 1999 from $240 million in 1998.

The efficiency ratio of 77.9% in 1999 was comparable to 77.1% in 1998. The efficiency ratios, excluding the restructuring charges, Oppenheimer acquisition-related costs, and revenue from the sale of Comcheq in 1998, were 73.3% in 1999 and 74.6% in 1998.

Non-interest Expenses



Assets

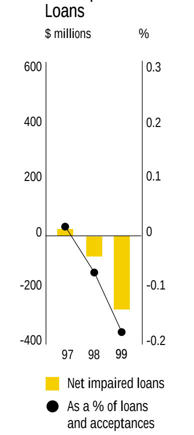
Assets totaled $250.3 billion at October 31, 1999, down $31.1 billion from 1998. Increases in residential mortgages and credit card loans were more than offset by an intended reduction in certain asset classes, in particular securities purchased under resale agreements and derivative instruments.

Net impaired loans declined in 1999 for the seventh consecutive year and were negative $266 million, as CIBC's allowance for credit losses more than offset the balance of gross impaired loans. The allowance for credit losses totaled $1,752 million or 118% of gross impaired loans at year end, up from 109% in 1998.

As at October 31, 1999, the excess of market value over book value of CIBC's securities held for investment totaled $3,620 million (1998: $2,131 million). This amount is not reflected on CIBC's balance sheet. The unrealized excess of market value over book value is recognized in income when the investments are sold.

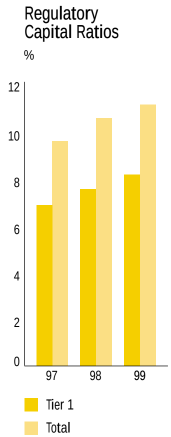
Certain of CIBC's real estate assets have been offered for sale and are expected to generate a substantial gain in 2000.

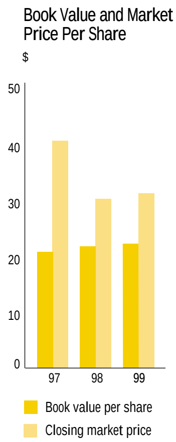
Net Impaired Loans



Capital

CIBC's Tier 1 and total capital ratios were 8.3% and 11.5%, respectively, at October 31, 1999, among the strongest of the Canadian banks.





Shareholder value

CIBC's common share price closed on October 31, 1999 at $31.70, up from $30.65 at the end of 1998. Dividends were $1.20 per share, which represents a dividend yield of 3.8% based on the 1999 closing share price. Book value was $22.68 per share in 1999, up from $22.08 per share in 1998.

During 1999, CIBC completed a normal course issuer bid pursuant to which it repurchased for cancellation 13.7 million common shares for an aggregate consideration of $500 million. On December 2, 1999, the board approved a normal course issuer bid to repurchase up to 5% of CIBC's outstanding common shares, subject to regulatory approval. The purpose is to maintain an efficient capital structure and enhance long-term value for common shareholders.

Competitive environment

CIBC conducts business primarily in North America. In Canada, it operates as a full wholesale and retail bank and in the U.S. as a wholesale bank with a mid-market focus. In 1999, CIBC received authorization to commence retail banking operations in the U.S. Outside North America, CIBC's main focus is on supporting North American clients operating globally.

CIBC operates in an extremely competitive environment, particularly with respect to the range of products and services offered and their pricing. In Canada, there is increasing foreign competition, particularly in electronic banking, investment banking and credit cards. In the U.S., commercial and investment banks and other financial service firms continue to face significant merger and acquisition activity.

1999 BUSINESS DEVELOPMENTS

CIBC is a leading North American financial institution offering more than six million personal banking and business customers a full range of products and services through its comprehensive electronic banking network, branches and offices across Canada, in the United States and around the world.

Nineteen ninety-nine was a year of change for CIBC, with the appointment of a new Chairman and Chief Executive Officer and senior executive team. A new organizational structure was introduced to replace CIBC's two-business structure, Personal and Commercial Bank and CIBC World Markets, positioning CIBC to capitalize on the rapid, fundamental changes sweeping the industry, such as technology, globalization and deregulation.

During the year, CIBC continued implementing several key strategies.

Electronic banking

Building on strong electronic banking capabilities, CIBC achieved the following:

- More than 90% of CIBC's retail transactions are now conducted electronically.
- The alliance with Loblaw Companies Limited in 1998 has exceeded expectations for customer acceptance. At the end of 1999, President's Choice Financial services were offered in 148 stores in 9 provinces.
- CIBC applied for a national bank licence in the U.S. and, effective October 1999, was authorized to begin operations. CIBC National Bank, based in Florida and in conjunction with Winn-Dixie Stores Inc., will operate under the banner Marketplace Bank through in-store banking pavilions.

U.S. expansion

CIBC World Markets has established a unique cross-border capability to provide integrated financing solutions to North American clients. This capability was enhanced in 1999 with the completion of the Oppenheimer integration. With the establishment of CIBC National Bank, CIBC is well positioned for entry into the U.S. retail banking market using electronic delivery channels.

Core businesses

The senior executive team is committed to focusing CIBC's resources on core strategic business activities. During 1999 CIBC made the following changes:

- CIBC World Markets completed the restructuring and downsizing of its activities in Asia and Europe to ensure focus on non capital intensive advisory activities, areas of competitive advantage and to provide financing services to its North American clients.
- Certain CIBC real estate assets have been offered for sale. It is expected that these property sales will close during fiscal 2000 and that CIBC will realize a substantial gain.
- CIBC announced its exit from life insurance products not directly associated with consumer loans. CIBC will continue to focus on home and auto insurance.
- In April, CIBC transferred the administration of its student loan portfolio in Canada to EDULINX, a joint venture with U.S.A. Group Inc.

Cost reduction program and restructuring provision

In 1999, CIBC announced a bank-wide cost reduction program. The purpose of the program is to reduce non-interest expenses, excluding incentive compensation and commissions by $500 million on an annualized basis by the fourth quarter of fiscal 2000.

The savings will be achieved through integration and consolidation of activities across CIBC, discontinuing low-value, non-strategic activities and minimizing discretionary expenditures.

Implementation of the cost reduction program will result in the elimination of approximately 4,200 full-time and part-time positions.

To support the cost reduction program, a pre-tax restructuring charge of $426 million was approved by the Board of Directors and recorded in 1999. After-tax, the restructuring charge was $242 million, a reduction in earnings of $0.59 per share.

Major restructuring activities for P&C Bank include the rationalization of the delivery network for retail customers and discontinuance of direct life insurance products. In CIBC World Markets, initiatives include consolidation of global capital market activities, the reduction of activities in Asia and Europe and the exit from non-strategic U.S. activities. Additionally, the reorganization of Wealth Management into a new business unit will result in the reduction of certain product offerings and a realignment of customer support activities.

With a more streamlined and focused organization, CIBC will be in a position to invest in strategic growth businesses, notably electronic banking, wealth management and small business banking.

Further details on the 1999 restructuring provision and related activities are provided in Note 2 to the consolidated financial statements.

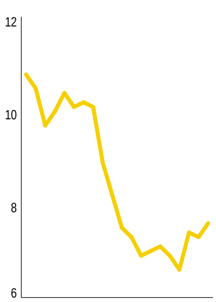
In 1998, CIBC World Markets recorded a restructuring charge of $79 million. Restructuring initiatives, which are now complete, included the exit from certain activities in Asia and Europe and the scaling back of middle and back-office operations. Approximately 470 positions were eliminated.

THE ECONOMIC ENVIRONMENT

Late in 1998 and in the early part of 1999, strong U.S. demand for Canadian exports, a stable international financial climate, low interest rates and improved consumer confidence supported Canada's overall growth performance. Throughout the first half of the year, business investment in machinery and equipment increased at a very strong pace with a significant portion of this investment spending related to efforts to address year 2000 computer problems. Net job creation, which had increased strongly through the latter part of 1998, stagnated through mid-year 1999, constraining personal income growth. This weak pattern of job creation and increased transfers to government contributed to an erosion of disposable incomes, causing consumers to save less in order to maintain their standard of living. The lacklustre growth of disposable incomes overwhelmed the effects of low interest rates and contributed to a slowing of consumer borrowing that extended to mid-year.

Total Consumer Credit

Year over year % change



Although the inflation rate in the United States was still quite low at mid-year, the effects of excess demand in labour markets and rising commodity prices prompted the Federal Reserve Board to raise interest rates. The Bank of Canada, however, was able to avoid following the U.S. moves, in part due to the rise in commodity prices, which lent support to the Canadian dollar.

Late in the summer, the effects of sustained growth in output contributed to a marked strengthening in labour demand and in employment. This, in turn, contributed to both an increase in personal incomes and a rise in consumer spending, including durables such as cars and new houses. Against a background of low interest rates, the increased willingness of consumers and small businesses to borrow reflected their increased confidence in the economy. This, in turn, contributed to an increase in revenues from personal and small business lending.

Although relatively stable interest rates in Canada helped to support domestic spending, a growing concern about rising inflation in the United States and fear of higher North American interest rates to come created volatility in financial markets in the final fiscal quarter.

Looking ahead, the impact of increases in U.S. and Canadian interest rates to date, together with the possibility of further increases in the coming months should cause growth to slow in both the U.S. and Canada in 2000. Growth in early 2000 could also be adversely affected by a post year 2000 pull back in machinery and equipment investment, inventory investment and some softening in consumer spending. Nevertheless, given that the outlook for the U.S. in 2000 remains positive, Canada's economic performance should be quite solid.

Regulatory Environment

The CIBC group of companies is subject to complex and changing legal and regulatory environments. The principal regulators include the federal and provincial governments in Canada and the governments of other countries where CIBC carries out business. Securities regulators and self-regulatory bodies, such as stock exchanges, also regulate CIBC's activities.

CIBC is subject to the bylaws of the Canada Deposit Insurance Corporation. These bylaws require standards of sound business and financial practices intended to ensure that member institutions are prudently managed.

Comprehensive policies and procedures are in place to promote compliance with applicable laws and regulations by CIBC and its subsidiaries, their directors, management and employees. Management is responsible for ongoing compliance with such laws and regulations, and CIBC's compliance and internal audit functions each have a mandate to assess and report on the performance of management in discharging its governance responsibilities.

In December 1998, a proposed merger with The Toronto-Dominion Bank was turned down by the Minister of Finance.

In June 1999, the Department of Finance issued a policy paper with proposed changes to the Canadian regulatory framework. When translated into legislation and regulations, these changes could have a significant impact on CIBC. The proposals will encourage increased competition and increase the regulation and the obligations to which CIBC is subject. However, there is also potential for greater flexibility in how CIBC could organize its activities, which would be beneficial.

In November 1999, the United States Congress approved a financial services modernization bill allowing cross-industry mergers among banks, investment banks and insurance companies. This will have extensive implications for the supervision and regulation of U.S. financial markets, potentially allowing broader powers for CIBC in the U.S. CIBC is following these developments and is considering how best to take advantage of these new opportunities.

Accounting and Reporting Developments

Compliance with U.S. Generally Accepted Accounting Principles (U.S. GAAP)

As a Canadian company, CIBC's consolidated financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles (Canadian GAAP).

Effective November 13, 1997, CIBC was listed on the New York Stock Exchange. In anticipation of the New York Stock Exchange listing, CIBC's 1996 and subsequent financial statements include additional note disclosure in accordance with U.S. GAAP. To a large extent, Canadian and U.S. GAAP are consistent. However, in those instances where Canadian and U.S. GAAP are not consistent, Canadian GAAP prevails. All material differences are explained and quantified in Note 24 to the consolidated financial statements on pages 80-83.

Recently issued accounting standards

The impact of recently issued accounting standards not yet implemented is explained in Note 26 to the consolidated financial statements on page 83.

Financial Statement Review

The 1999 operating results of CIBC's two industry segments, P&C Bank and CIBC World Markets are discussed on pages 32–35.

The geographic distribution of CIBC's net income and major assets is disclosed in Note 22 to the consolidated financial statements on pages 77–79.

CIBC CONSOLIDATED NET INCOME

$ millions, for the years ended October 31	1999 Personal and Commercial Bank	1999 CIBC World Markets	1999 Other(1)	1999 CIBC Total	1998 Personal and Commercial Bank	1998 CIBC World Markets	1998 Other(1)	1998 CIBC Total	1997 Personal and Commercial Bank	1997 CIBC World Markets	1997 Other(1)	1997 CIBC Total
Net interest income (TEB)(2)	$ 3,578	$ 813	$ 146	$ 4,537	$ 3,614	$ 722	$ 102	$ 4,438	$ 3,596	$ 913	$ 132	$ 4,641
Non-interest income	1,927	3,838	(37)	5,728	1,934	2,809	61	4,804	1,703	1,997	280	3,980
Total revenue (TEB)(2)	5,505	4,651	109	10,265	5,548	3,531	163	9,242	5,299	2,910	412	8,621
Non-interest expenses	4,128	3,747	123	7,998	3,596	3,519	10	7,125	3,369	1,989	14	5,372
Provision for credit losses	484	116	150	750	254	26	200	480	397	(37)	250	610
Income taxes and non-controlling interests(2)	283	272	(67)	488	638	(51)	(6)	581	643	382	63	1,088
Net income	$ 610	$ 516	$ (97)	$ 1,029	$ 1,060	$ 37	$ (41)	$ 1,056	$ 890	$ 576	$ 85	$ 1,551

(1) Other comprises those revenue and expense items not expressly attributed to either P&C Bank or CIBC World Markets, plus the operating results of CIBC's real estate company, CIBC Development Corporation and the general provision for credit losses of $150 million (1998: $200 million; 1997: $250 million). In 1999, other also includes $83 million of restructuring and $125 million for the write-down of certain investments. Results in 1997 were increased by gains on the sale of shares of National Trust and Commcorp and on the sale of certain real estate holdings in Toronto, generating a combined after-tax gain of $129 million.

(2) Taxable equivalent basis (TEB). Net interest income includes tax-exempt income on certain securities. Since this income is not taxable to CIBC, the rate of interest or dividend received by CIBC is significantly lower than would apply to a loan of the same amount. As the impact of tax-exempt income varies from year to year, such income has been adjusted to a taxable equivalent basis to permit uniform measurement and comparison of net interest income. An equal and offsetting adjustment is made to increase the provision for income taxes.

TOTAL REVENUE

Total revenue consists of net interest and non-interest income.

Total revenue was $10,265 million, up $1,023 million from 1998. Net interest income was up 2% while non-interest income was up a strong 19%. Non-interest income benefited from continued growth in fees for services, improved trading revenues and investment securities gains partially offset by write-downs.

In 1998, total revenue of $9,242 million was up $621 million or 7% from 1997. The acquisition of Oppenheimer added $1,092 million to 1998 revenues. This was partially offset by a decline of $612 million in trading revenues from 1997.

Net interest income and margin

Net interest income includes interest and dividends earned on assets, net of interest paid on liabilities. Net interest margin is net interest income expressed as a percentage of average assets.

Net interest income increased by $99 million over last year and net interest margin increased from 1.59% in 1998 to 1.67%. The increase in net interest income was due primarily to higher income from equity accounted investments and increased residential mortgage and credit card loan balances. Net interest margin increased due to higher income from equity accounted investments and a reduction in lower yielding assets.

Additional analysis of net interest income and margin is provided on pages 84–85.

In 1998, net interest income declined $203 million from 1997. A decrease of $434 million attributable to reductions in net interest margin was partially offset by an increase of $231 million from asset growth.

Non-interest income

NON-INTEREST INCOME $ millions, for the years ended October 31	1999	1998(1)	1997(1)
Fees for services			
Underwriting	$ 700	$ 717	$ 476
Deposit	490	486	481
Credit	495	415	432
Card	314	315	326
Trust and custodial	371	327	85
Mutual funds	184	158	136
Insurance	214	207	185
	2,768	2,625	2,121
Commissions on securities transactions	1,181	1,163	436
Trading activities	584	66	572
Investment securities gains, net	378	96	236
Income from CIBC securitized assets	200	120	44
Other	617	734	571
Total non-interest income	$ 5,728	$ 4,804	$ 3,980

(1) Certain comparative figures have been restated to conform with the presentation used in 1999.

Non-interest income includes all revenues not classified as net interest income.

Non-interest income was $5,728 million in 1999, up $924 million or 19% over 1998. The improvement was driven by an increase of $143 million in fees for services, $518 million from the recovery in trading activities and net gains of $282 million on investment securities.

Fees for services totaled $2,768 million in 1999, up 5% from 1998, primarily due to higher revenue from credit services, trust and custodial services and mutual funds. Credit services encompass fees from standby loans, mortgages, acceptances, letters of credit and participations and placements. Revenue increased 19% to $495 million due to strong performance by the CIBC World Markets securitization group. Trust and custodial services generated revenue of $371 million, a 13% increase over 1998 due to the transfer of customers from the Canada Trust custody business purchased in 1997 by CIBC Mellon Global Securities Services (CIBC Mellon), our 50% owned custody business. In 1999, CIBC Mellon acquired the Bank of Montreal custody business. This should add significantly to custody revenues in 2000. Mutual fund revenues increased 16% to $184 million as a result of higher business volumes and a higher level of assets under management.

Commissions on securities transactions remained strong at $1,181 million in 1999, slightly above the prior year.

Trading activities rebounded with revenues of $584 million, up $518 million over 1998, which was affected by volatile equity markets in the latter part of the year. Trading activities are included in trading revenues discussed on page 25.

Investment securities gains include realized gains and losses on disposals as well as write-downs to reflect other than temporary impairment of securities held for investment purposes. Revenue was $378 million, up $282 million from 1998. The increase was driven by the gain on sale of approximately 8.5% of CIBC's investment in Global Crossing, partially offset by write-downs related to shares held in The Loewen Group and Newcourt Credit Group Inc.

Income from CIBC securitized assets was $200 million, up $80 million or 67% over 1998. Revenues in 1999 reflect the securitization of commercial mortgages in the year as well as the full year impact of securitization of the CIBC investment and non-investment grade loans and facilities and VISA receivables in the second half of 1998.

Other includes the gains and losses on the disposal of fixed assets and sale of subsidiaries, foreign exchange commissions, other payment services and other commissions and fees. Other totaled $617 million in 1999, comparable with 1998 after excluding $116 million from the gain on the sale of Comcheq.

In 1998, non-interest income was $4,804 million, an increase of $824 million from 1997. The acquisition of Oppenheimer added $978 million to revenues, while a decrease of $506 million in revenue from trading activities partially offset increases in other revenue categories in the year. The acquisition of Oppenheimer led to higher underwriting fees and commissions on securities transactions and added $56.8 billion to assets under administration. The continuing transfer of customers from the Canada Trust custody business also added to revenues in 1998.

Trading revenue

TRADING REVENUE $ millions, for the years ended October 31	1999	1998	1997
Net interest income (TEB)	$ 2	$ 71	$ 177
Trading activities	584	66	572
Total trading revenue	$ 586	$ 137	$ 749
By type:			
Interest rate	$ 296	$ 97	$ 379
Foreign exchange	24	50	78
Equities	119	(40)	220
Commodities and other (1)	147	30	72
Total trading revenue	$ 586	$ 137	$ 749

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

Trading revenue includes net interest income earned on trading portfolios and net gains or losses from trading activities, mainly within CIBC World Markets.

CIBC holds positions in both liquid and less liquid traded financial instruments as a fundamental component of providing integrated financial solutions to meet client investment and risk management needs. Trading revenue is generated from these transactions with clients and, to a lesser extent, from proprietary trading. Traded instruments include debt and equity securities, as well as foreign exchange, commodity and derivative products. Positions are recorded at fair values, with realized or unrealized gains and losses from changes in fair value recognized in trading activities as non-interest income, while net interest earned on trading positions is reflected as net interest income in the consolidated statements of income.

Trading activities and related risk management strategies can periodically shift revenue between trading activities and net interest income. Therefore, CIBC World Markets views trading-related net interest revenue as an integral part of trading revenue.

While trading positions provide the opportunity to generate trading gains, they are also subject to the risk of trading losses. CIBC's risk management infrastructure permits measurement of the separate risk components and the overall risk that exist in trading portfolios. The overall risk position is expressed as a measure of potential one-day gains/losses that, in normal markets, should not be exceeded more than 1% of the time. The ability to measure risk by component and in total permits management to increase or decrease risk exposures as tolerance levels change, and to increase or decrease the potential for gains or losses accordingly. Market Risk Management is explained in detail on pages 44–47.

The trading units of CIBC actively trade positions within authorized levels and attempt to generate trading revenue by managing client and proprietary positions using strategies that take into account market expectations, correlations and anticipated volatilities.

Trading revenue totaled $586 million, up significantly from 1998, which was adversely affected by fourth quarter trading losses stemming from volatility in global financial markets.

Narrowing credit spreads in the first quarter of 1999 resulted in trading gains on the same fixed rate instruments that had produced losses in 1998 when spreads were abnormally wide. Equity arbitrage performance also improved significantly over the prior year due to better market conditions.

In 1998, trading revenue was $137 million, down $612 million from a record trading revenue of $749 million in 1997. Although the first three quarters of 1998 were slightly ahead of the equivalent period in 1997, significant market volatility and illiquid markets resulted in trading losses of $427 million in the fourth quarter.

NON-INTEREST EXPENSES

NON-INTEREST EXPENSES $ millions, for the years ended October 31	1999	1998(1)	1997(1)
Employee compensation and benefits:			
Salaries	$ 2,366	$ 2,259	$ 1,858
Incentive bonuses	1,192	988	808
Brokerage commissions	411	463	172
Benefits	419	349	302
	4,388	4,059	3,140
Occupancy costs	594	556	436
Computer and office equipment (2)	849	678	513
Communications	380	389	274
Advertising and business development	283	314	207
Professional fees	211	228	153
Business and capital taxes	127	130	153
Restructuring charge	426	79	-
Other	740	692	496
Total non-interest expenses	$ 7,998	$ 7,125	$ 5,372

(1) Certain comparative figures have been restated to conform with the presentation used in 1999.
(2) Includes year 2000 costs totaling $88 million (1998: $103 million; 1997: $27 million).

Non-interest expenses include all of CIBC's costs except interest expenses, provision for credit losses and income taxes.

Non-interest expenses totaled $7,998 million in 1999, including a restructuring charge of $426 million (1998: $79 million), and Oppenheimer acquisition-related costs of $45 million (1998: $240 million). Excluding these amounts, 1999 non-interest expenses totaled $7,527 million, compared to $6,806 million in 1998, an increase of $721 million or 10.6%.

Employee compensation and benefits totaled $4,388 million in 1999, up $329 million or 8% from 1998.

- Salaries were $2,366 million, up 5% from 1998 as a result of general salary increases and increased staffing for P&C Bank strategic initiatives, partially offset by a reduction in staff in CIBC World Markets.
- Incentive bonuses were $1,192 million, up $351 million or 44% after adjusting for the impact of certain Oppenheimer acquisition-related costs. This increase mainly related to the improved performance of CIBC World Markets.
- Brokerage commissions were $411 million, down $52 million from 1998 as certain personnel were remunerated on a salaried, rather than a commission basis in 1999.
- Employee benefits were $419 million, up $70 million from 1998 as a result of increased salaries and the cost of stock appreciation rights.

Occupancy costs were $594 million, up $38 million or 7% due to a program to reconfigure branches from transaction to sales centres as well as increased space requirements relating to P&C Bank strategic electronic banking initiatives.

Computer and office equipment expenses were $849 million in 1999, up $171 million or 25% from 1998. During 1999, the estimated useful life of certain technology assets was revised to more closely reflect expected useful life. This resulted in an incremental expense of $54 million. The remainder of the increase was primarily due to strategic initiatives in Electronic Banking and upgrading reporting systems in CIBC's European operations.

Communications expenses, which comprise telecommunications, postage, courier and stationery costs totaled $380 million. The $9 million decline from 1998 was due to lower telecommunications costs as various businesses in CIBC World Markets were exited, offset in part by volume-related increases in P&C Bank.

Advertising and business development expenses decreased $31 million to $283 million in 1999 partially in response to weaker markets in the first half of the year.

Professional fees were $211 million, down $17 million or 7% from 1998, as various initiatives were completed in 1998 and controls were implemented to constrain expense growth in 1999 and 2000.

Restructuring charge of $426 million is explained on page 21. The $79 million restructuring charge in 1998 pertained to CIBC World Markets.

Other totaled $740 million, up $48 million or 7% from 1998. Other comprises outside services, unrecoverable losses, other personnel costs and donations. Higher costs resulted from volume-related increases in outside services and card services.

In 1998, non-interest expenses were up $1,753 million, or 33% from 1997 due mainly to the acquisition of Oppenheimer, which added $1,474 million. Spending on strategic initiatives, a CIBC World Markets restructuring charge and higher volumes in certain businesses also contributed to the increase.

PROVISION FOR CREDIT LOSSES

PROVISION FOR CREDIT LOSSES $ millions, for the years ended October 31	1999	1998	1997
Provision (recovery) in Canada			
Residential mortgages	$ 7	$ 8	$ 11
Personal loans	194	139	155
Credit card loans	94	110	159
Total consumer loans	295	257	325
Non-residential mortgages	1	1	12
Trades and services	123	14	28
Manufacturing	136	(3)	12
Real estate	(59)	(94)	(9)
Agriculture	1	2	-
Natural resources	8	(2)	-
Transportation	10	24	2
Communications	8	9	-
Other	(2)	6	4
Total business and government loans	226	(43)	49
Provision (recovery) outside Canada			
United States			
Trades and services	44	14	57
Manufacturing	54	5	17
Real estate	(30)	(11)	(59)
Transportation	(1)	(2)	2
Communications	-	1	-
Other	2	9	(10)
	69	16	7
Other countries			
Trades and services	26	1	(2)
Manufacturing	-	15	(7)
Real estate	10	2	(10)
Transportation	(40)	(6)	(5)
Communications	-	29	-
Other	14	9	3
	10	50	(21)
Credit losses charged to income - specific provision	600	280	360
- general provision	150	200	250
Total credit losses charged to the consolidated statements of income	$ 750	$ 480	$ 610
As a percentage of total net loans and acceptances	0.52%	0.29%	0.39%

During 1999, the provision for credit losses charged to income was $750 million, compared with $480 million in 1998. The 1999 provision included $600 million for specific allowance and $150 million to increase the general allowance. The specific allowance is calculated by reference to the present value of expected future cash flows on impaired loans (see Note 1 to the consolidated financial statements on page 57). A discussion of the general allowance is included on page 43.

Within the consumer loans portfolio, the provision for credit card loans declined by $16 million or 14.6% to $94 million. The decline is attributed in part to the effects of securitizing $2 billion of credit card receivables in 1998 and to lower loss rates. Provisions in the personal loan portfolio increased $55 million, all of which was attributed to the student loan portfolio.

The specific provision for business and government loans in Canada was $226 million in 1999, up $269 million from 1998 which recorded a net recovery of $43 million. The increase in provision was largely attributed to a few specific situations in the trades and services and manufacturing sectors. Outside North America, specific provisions were reduced by recoveries in the transportation sector in Asia and Europe.

The 1998 provision for credit losses was $480 million, down from $610 million in 1997. The 1998 provision included $280 million to establish the appropriate level of specific allowance and $200 million to increase the general allowance. Within the consumer loan portfolio, the provision for credit card loans declined by $49 million in 1998, due to the improved quality of the portfolio and securitization of $2 billion of the loans. Also in 1998, specific provisions on business and government loans declined as a result of improved market conditions and recoveries on loans written down in prior years.

TAXES

TAXES

$ millions, for the years ended October 31	1999	1998	1997
Income taxes			
Income taxes	$ 320	$ 460	$ 937
Taxable equivalent adjustment	129	101	124
Total income taxes	449	561	1,061
Indirect taxes			
Deposit insurance premiums	52	86	92
Business and capital taxes			
Capital taxes	101	101	109
Insurance premium sales taxes	13	13	11
Business taxes	13	16	33
	127	130	153
Property taxes	71	69	48
Payroll taxes (employer portion)	197	194	153
GST and sales taxes	176	166	123
Total indirect taxes	623	645	569
Total taxes	$ 1,072	$ 1,206	$ 1,630
Combined Canadian federal and provincial tax rate	43.2%	43.2%	43.2%
Income taxes as a percentage of net income before income taxes (TEB)	29.6%	34.3%	40.2%
Total taxes as a percentage of net income before deduction of total taxes (TEB)	50.9%	53.6%	51.1%

Total income and indirect taxes decreased in 1999 to $1,072 million from $1,206 million in 1998. The largest part of the $134 million reduction was attributable to reduced income taxes of $112 million.

Income taxes are comprised of income taxes imposed on CIBC non-consolidated ("the parent") as well as on its foreign and domestic subsidiaries. The $112 million reduction in total income taxes occurred primarily because the parent had lower income due to a restructuring charge and higher securities and loan losses. Income of the parent is taxed at the combined Canadian federal and provincial tax rate while income of subsidiaries is taxed at rates applicable to their jurisdictions of residence. A substantial proportion of the subsidiaries' income is earned in foreign jurisdictions where income generally is taxed at a lower rate than in Canada. A similar set of circumstances gave rise to the decrease in consolidated income taxes in 1998 versus 1997.

The combined Canadian federal and provincial tax rate of 43.2% is the effective statutory rate of tax applicable to the parent. This rate will vary in accordance with changes in statutory rates imposed by the federal government as well as the provinces and the proportions of income earned in each of the provinces and offshore branches. This rate has not changed for the last three years. Income tax as a percentage of net income before income taxes decreased from 34.3% to 29.6% in 1999 because the amount of income taxed at the parent's higher effective statutory rate decreased as a proportion of CIBC's consolidated net income before taxes.

Indirect taxes decreased from $645 million in 1998 to $623 million in 1999. Deposit insurance premiums decreased by $34 million and other indirect taxes increased modestly to generate the net reduction of $22 million. CIBC's strong capital position gives rise to capital taxes which, while unchanged from last year, continue to represent a material annual charge to earnings and capital. In contrast, foreign jurisdictions generally do not impose such taxes, to the advantage of our foreign competitors. While deposit insurance premiums are expected to decline again in 2000, other indirect taxes are not expected to change materially in the foreseeable future.

BALANCE SHEET

CONDENSED BALANCE SHEETS

$ millions, as at October 31	1999	1998	1997
Assets			
Cash resources	$ 12,527	$ 10,795	$ 7,931
Securities held for investment and loan substitutes	13,438	12,907	14,742
Securities held for trading	46,054	48,063	30,510
Residential mortgages	46,613	43,172	40,009
Personal and credit card loans	24,532	24,382	22,118
Business and government loans, including acceptances	55,343	59,405	56,108
Securities purchased under resale agreements	19,158	36,293	37,629
Derivative instruments market valuation	24,449	37,157	21,977
Other assets	8,217	9,256	6,965
	$ 250,331	$ 281,430	$ 237,989
Liabilities and shareholders' equity			
Deposits	$ 160,041	$ 159,875	$ 138,898
Obligations related to securities sold short	15,563	16,049	15,564
Obligations related to securities sold under repurchase agreements	13,640	32,610	28,368
Derivative instruments market valuation	25,097	36,245	21,376
Other liabilities and acceptances	20,388	20,801	18,642
Subordinated indebtedness	4,544	4,714	4,894
Shareholders' equity	11,058	11,136	10,247
	$ 250,331	$ 281,430	$ 237,989

Total assets at October 31, 1999 were $250.3 billion, down $31.1 billion from 1998. The decrease was due to declines of $4.1 billion in business and government loans, including acceptances, $17.1 billion in securities purchased under resale agreements and a $12.7 billion lower market valuation on derivative instruments partially offset by a $3.4 billion increase in residential mortgages. Liabilities were $239.3 billion, down $31 billion. The reductions in repurchase agreements and derivative instruments market valuation primarily reflect reductions in their related asset categories.

Securities

SECURITIES HELD FOR INVESTMENT

$ millions, as at or for the years ended October 31	1999	1998	1997
Securities held for investment			
Market value (1)	$ 16,897	$ 14,930	$ 15,112
Book value	13,277	12,799	14,562
Unrealized excess of market value over book value	$ 3,620	$ 2,131	$ 550
Unrealized excess of market value over book value at beginning of year	$ 2,131	$ 550	$ 321
Realized net gains from the sale of securities held for investment	(378)	(96)	(236)
Appreciation in market value of securities held for investment	1,867	1,677	465
Unrealized excess of market value over book value at end of year	$ 3,620	$ 2,131	$ 550

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

All securities other than those held for trading are classified as securities held for investment and are recorded at cost. Securities held for investment were $13.3 billion, up $0.5 billion from 1998.

As at October 31, 1999, the unrealized excess of market value over book value of CIBC's investment securities portfolio totaled $3.6 billion. CIBC's investment in Global Crossing represented $3.2 billion of this excess. This investment is subject to various restrictions including the requirement that none of the shares be sold prior to March 2000. The unrealized excess of market value over book value of securities held for investment is included in income when the investments are sold. Note 3 to the consolidated financial statements on pages 60–61 provides further details on carrying and estimated market values of securities held for investment.

Securities held for trading were $46.1 billion, down $2.0 billion from 1998. The reduction was due mainly to a decrease in debt trading securities. Securities held for trading are stated at estimated fair value with both realized and unrealized gains and losses included in trading activities in the consolidated statements of income.

Loans and acceptances

LOANS AND ACCEPTANCES (net of allowance for credit losses)

$ millions, as at October 31	1999	1998	1997
Residential mortgages	$ 46,613	$ 43,172	$ 40,009
Personal loans	20,317	21,288	17,317
Credit card loans	4,215	3,094	4,801
Total consumer loans	71,145	67,554	62,127
Business and government loans, including acceptances	56,343	60,255	56,758
Securities purchased under resale agreements	19,158	36,293	37,629
General allowance	(1,000)	(850)	(650)
Total net loans and acceptances	$ 145,646	$ 163,252	$ 155,864

Portfolio diversification

CIBC's loans and acceptances portfolio is well diversified to ensure that concentrations by customer, industry, geography and currency are within prudent and acceptable limits.

Consumer loans totaled $71.1 billion in 1999, up $3.6 billion or 5% from 1998 and represented 56% of total net loans and acceptances, excluding securities purchased under resale agreements. The increase in 1999 was due to growth in residential mortgages of $3.4 billion, or 8%, reflecting strong housing markets in Canada. Credit card loan balances grew $1.1 billion, or 36%, reflecting the introduction of four new credit cards in late 1998.

Business and government loans, including acceptances were $56.3 billion in 1999, down $3.9 billion or 6% from 1998 (see detail on page 87). The portfolio decreased $2.4 billion or 7% in Canada due to the securitization of commercial mortgages and reductions in the natural resources and manufacturing sectors. The portfolio also decreased $2.2 billion or 18% in other countries, primarily in the trades and services sector. These decreases were partially offset by growth in the United States portfolio which was up $0.7 billion or 5%, primarily in the manufacturing sector.

CIBC's exposure to Asia, Latin America and Eastern Europe continued to decline.

EXPOSURES TO SELECT GEOGRAPHIC AREAS (1)

$ millions, as at September 30, 1999 (2)

	Securities	Net Derivatives (3)	Lending-Related and Other Assets (4)	1999 Total (5)	1998 Total (5)
Asia:					
Indonesia	$ -	$ -	$ 127	$ 127	$ 136
Korea	422	28	118	568	339
Thailand	16	-	52	68	144
Malaysia	1	31	17	49	82
Philippines	58	-	15	73	92
	497	59	329	885	793
Japan	1,552	305	1,041	2,898	3,737
Hong Kong	149	41	1,404	1,594	2,207
Singapore	11	16	897	924	864
Taiwan	27	-	101	128	817
China	12	22	62	96	534
Other	8	2	27	37	71
	2,256	445	3,861	6,562	9,023
Latin America:					
Mexico	35	-	43	78	157
Brazil	29	-	44	73	180
Other	37	-	368	405	581
	101	-	455	556	918
Eastern Europe	3	-	66	69	340
	$ 2,360	$ 445	$ 4,382	$ 7,187	$ 10,281

(1) The information presented is consistent with that used by CIBC's credit risk management in assessing CIBC's exposure to select countries.
(2) This information is presented at September 30 for consistency with regulatory reporting, which is on a calendar quarter basis. On and off-balance sheet items are allocated based on location of ultimate risk.
(3) Derivatives are reflected on a mark-to-market basis. The impact of legally enforceable master netting agreements on these derivative contracts reduced exposure by $1.0 billion.
(4) Includes loans, mortgages, acceptances, and $0.5 billion of deposits with banks.
(5) Amounts by country differ from assets reflected in Note 22 to the consolidated financial statements on page 79, which are not reduced for the effects of master netting agreements on derivative contracts.

Asset securitization

Securitization involves the sale of groups of loans or receivables to independent special purpose vehicles or trusts. As substantially all the risks and rewards of ownership of the assets are transferred, the assets and the related allowance for credit losses are removed from the consolidated balance sheets.

CIBC periodically securitizes certain of its own assets to manage asset concentration and growth, enhance liquidity, and deploy capital more efficiently. During 1999, CIBC securitized $1.1 billion of commercial mortgages and $2.0 billion of loans.

In addition, CIBC acquires assets with the intent to sell these assets to securitization vehicles.

Securities purchased under resale agreements (reverse repos)

CIBC reduced its participation in the reverse repo market and accordingly securities purchased under resale agreements declined to $19.2 billion, from $36.3 billion at October 31, 1998. Reverse repos are a low risk form of secured lending with minimal capital requirements; however, the interest earned on reverse repos is lower than that on other loans.

Derivative instruments market valuation

Derivative instruments market valuation represents the unrealized gains (assets) and losses (liabilities) on derivative contracts used in trading activities. The balances were down from 1998 due to lower transaction volume as a result of closing trading desks and exiting products not used to service core customers. In addition, the strengthening of the Canadian dollar year-over-year has also contributed to the decline.

Deposits

DEPOSITS

$ millions, as at October 31	1999	1998	1997
Individuals	$ 60,878	$ 59,993	$ 59,188
Businesses and governments	85,940	84,862	60,272
Banks	13,223	15,020	19,438
	$ 160,041	$ 159,875	$ 138,898
Canadian currency	$ 89,431	$ 85,297	$ 83,040
Foreign currencies	70,610	74,578	55,858
	$ 160,041	$ 159,875	$ 138,898

CIBC's deposits at October 31, 1999 were $160.0 billion, an increase of $0.2 billion over 1998.

Deposits from individuals were relatively flat as a result of the continuing low interest rate environment and potential for higher yields from off-balance sheet investment alternatives.

Deposits from businesses and governments include operating and investment accounts, as well as commercial paper and term certificates issued through domestic and international capital markets. Deposits from businesses and governments increased by $1.1 billion in 1999.

Deposits with banks, which tend to be more variable, declined $1.8 billion.

Further details on the composition of deposits are provided in Note 7 to the consolidated financial statements on page 63 and in the supplementary annual financial information on page 90.

Subordinated indebtedness

Subordinated indebtedness was $4.5 billion at October 31, 1999, a decrease of $0.2 billion from 1998. The decrease is attributable to redemptions and maturities during the year of $0.5 billion, and to foreign currency fluctuations. The decline was moderated by a $0.4 billion new issue during the year. Note 9 to the consolidated financial statements on page 64 provides further details on subordinated indebtedness.

Shareholders' equity

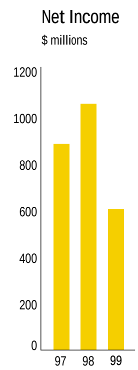
Shareholders' equity decreased $0.1 billion to $11.1 billion at October 31, 1999. Increases to shareholders' equity from the retention of earnings were more than offset by the repurchase of common shares during the year and the payment of dividends.

Personal and Commercial Bank

In 1999, the businesses within the Personal and Commercial Bank (P&C Bank) segment provided a complete range of financial services to individuals, small business customers and commercial clients, primarily in Canada. In fiscal 2000, the financial products and services previously provided by P&C Bank will be offered through the four new business lines.

NET INCOME

P&C Bank generated net income of $610 million in 1999, down $450 million from record earnings of $1,060 million in 1998. The major non-recurring and other factors that reduced income year-over-year were restructuring charges ($93 million), the gain on the sale of Comcheq in 1998 ($64 million), higher credit losses – mainly student and commercial loans – ($131 million), a change in the estimated useful life of certain technology assets ($27 million) and reduced spreads on deposits and card services and mortgage loans. As well, higher spending on electronic banking initiatives in Canada and the U.S. reduced year-over-year net income. Core volumes, however, were strong with mortgage volumes up 9% and card services up 15%.



P&C Bank net income in 1998 was up $170 million or 19% from 1997, due primarily to the $64 million after-tax gain on Comcheq and an $80 million after-tax reduction in the provision for credit losses.

PERSONAL AND COMMERCIAL BANK $ millions, for the years ended October 31	1999	1998	1997
Net interest income (TEB)	$ 3,578	$ 3,614	$ 3,596
Non-interest income	1,927	1,934	1,703
Total revenue (TEB)	5,505	5,548	5,299
Non-interest expenses	4,128	3,596	3,369
	1,377	1,952	1,930
Provision for credit losses	484	254	397
Net income before income taxes	893	1,698	1,533
Income taxes and minority interests	283	638	643
Net income	$ 610	$ 1,060	$ 890

PERSONAL AND COMMERCIAL BANK $ millions, for the years ended October 31	1999	1998	1997
Total revenue before the following	$ 5,505	$ 5,432	$ 5,299
Gain on disposal of corporate assets	-	116	-
Total revenue (TEB)	$ 5,505	$ 5,548	$ 5,299

P&C Bank total revenue in 1999 was $5,505 million on a taxable equivalent basis (TEB), down $43 million from 1998. Excluding $116 million from the sale of Comcheq, 1998 revenue was $5,432 million.

P&C Bank total revenue was also affected by the securitization of VISA receivables, which lowered revenue by $54 million in 1999 and $33 million in 1998.

P&C Bank revenue in 1998 was up $133 million or 2.5% over 1997, after excluding $116 million from the sale of Comcheq. The increase in non-interest income primarily related to growth in mutual funds, fiduciary services and insurance.

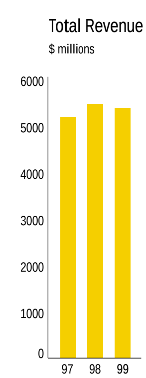
PERSONAL AND COMMERCIAL BANK $ millions, for the years ended October 31	1999	1998	1997
Non-interest expenses before the following	$ 3,964	$ 3,596	$ 3,369
Restructuring charge	164	-	-
Non-interest expenses	$ 4,128	$ 3,596	$ 3,369
Efficiency ratio	75.0%	64.8%	63.6%
Efficiency ratio - excluding above-noted items	72.0%	66.2%	63.6%

P&C Bank non-interest expenses were affected in 1999 by the restructuring charge of $164 million. P&C Bank non-interest expenses were also affected by an adjustment of $48 million in 1999 for a revision in the estimated useful life of certain technology assets.

REVENUE

Revenues in 1999 were affected by numerous factors.

Price competition from both new and existing competitors placed downward pressure on interest revenue and decreased interest spreads during the year. This rate pressure was more than offset by an increase in revenues from growth in average balances for both loans and investment products as well as growth in non-interest income generated from transaction and balance-driven revenues such as card fees and mutual funds.



REVENUE $ millions, for the years ended October 31	1999	1998	1997
Total revenue (TEB)			
Asset management	$ 1,845	$ 1,842	$ 1,638
Personal lending	1,811	1,748	1,799
Small business	700	658	677
Commercial banking	579	668	576
CIBC Insurance	251	238	219
Other	319	394	390
	$ 5,505	$ 5,548	$ 5,299

Asset management earns revenue from net interest spread on deposits and fees from fund management, discount brokerage, trust and fiduciary services and international private banking services. Revenue was $1,845 million in 1999, comparable with 1998, as the effect of lower interest spreads was countered by increased fee revenue from a higher level of assets under management and a 7% increase in business volumes.

Personal lending includes residential mortgages, personal loans and card services. Revenue is earned from net interest spread and fees. Revenue in 1999 totaled $1,811 million, up $63 million from 1998. After excluding the revenue impact related to credit card balances securitized mid-way through 1998, revenue was up $84 million or 4.7% in 1999. Credit cards experienced the highest loan growth, with an increase in average balances of over 15%, after excluding the impact of securitization. Pressure on interest spreads in the mortgage business and card services was more than offset by loan growth.

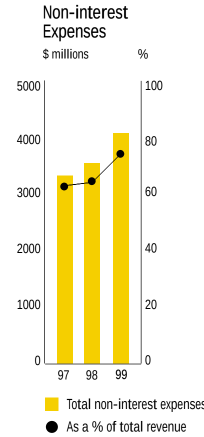
Small business provides lending, banking and investment services to small owner-operated businesses. Revenue was $700 million, up $42 million or 6.4% from 1998, reflecting 13% loan growth in this important market segment.

Commercial banking provides loan, banking and investment services to medium sized companies. Revenue in 1999 was $579 million, up $58 million from 1998, after excluding the business activities of Comcheq. Loans, acceptances, and deposit balances all demonstrated growth.

CIBC Insurance offered a full range of insurance products to individual customers in 1999. Revenue comprises earned premiums less claims, plus investment income. Revenue was $251 million in 1999, up 5.5% from 1998. Going forward, CIBC will concentrate on home and auto insurance products as well as creditor life and disability insurance.

Other includes revenues from international operations, electronic banking and treasury activities. Revenue was $319 million, down $75 million from 1998, primarily as a result of lower treasury management revenues.

EXPENSES



Non-interest expenses were $4,128 million in 1999. Excluding a restructuring charge of $164 million and a $48 million charge for a revision in the estimated useful life of certain technology assets, 1999 expenses were $3,916 million, up $320 million or 8.9% from 1998. The increase in expenses results from higher business volumes, branch reconfiguration costs and increases in ABMs, telephone banking, and Internet banking as well as spending on new and existing business initiatives in electronic commerce. President's Choice Financial and CIBC National Bank, a new U.S. electronic banking venture operating with Winn-Dixie Stores Inc. are two of these initiatives.

In 1998, non-interest expenses were up $227 million or 6.7% from 1997 due to increased business activity and spending on strategic initiatives.

AVERAGE BALANCE SHEET

$ millions, as at or for the years ended October 31	1999	1998	1997
Selected average balance sheet items			
Loans and acceptances	$ 92,288	$ 86,774	$ 81,441
Total assets	$ 107,340	$ 99,394	$ 93,034
Deposits	$ 81,001	$ 77,289	$ 77,073
Selected statistics			
Return on equity	15.6%	29.3%	25.3%
Full-time equivalent employees	35,561	36,023	35,053

Average assets in 1999 were $107.3 billion, up $7.9 billion or 8% from 1998. Loans and acceptances grew $5.5 billion in 1999, primarily from residential mortgages and credit card loans. On the liability side, average deposits increased 5%, despite the trend of customers to migrate investments to off-balance sheet products such as mutual funds and indexed portfolio services.

In 1998, average assets were $99.4 billion, up $6.4 billion or 7% from 1997, driven by growth in personal loans, mortgages and commercial loans and acceptances.

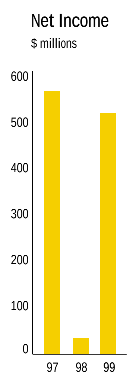
CIBC World Markets

CIBC World Markets, a full-service corporate and investment bank, provides integrated corporate, investment and merchant banking solutions to corporate, government and institutional clients worldwide. In 1999, individual wealth management services were provided through full-service brokerage operations, primarily to clients in North America. In fiscal 2000, these services will be provided through CIBC's new Wealth Management business line. Also in 2000, certain commercial banking activities reported under P&C Bank in 1999 will be reported with CIBC World Markets.

NET INCOME

Net income of $516 million was up significantly from 1998, which was adversely affected by trading losses and volatile market conditions. The 1999 results were driven by improved trading revenues and merchant banking gains offset in part by investment securities write-downs.

In 1997, strong market conditions resulted in a record profit of $576 million.



CIBC WORLD MARKETS $ millions, for the years ended October 31	1999	1998	1997
Net interest income (TEB)	$ 813	$ 722	$ 913
Non-interest income	3,838	2,809	1,997
Total revenue (TEB)	4,651	3,531	2,910
Non-interest expenses	3,747	3,519	1,989
	904	12	921
Provision for credit losses	116	26	(37)
Net income before income taxes	788	(14)	958
Income taxes and minority interests	272	(51)	382
Net income	$ 516	$ 37	$ 576

The impact of the restructuring charge and Oppenheimer acquisition-related costs on CIBC World Markets total non-interest expenses are shown in the table below.

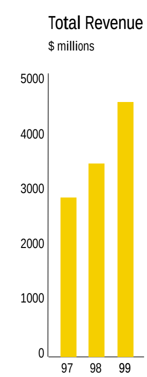
CIBC WORLD MARKETS $ millions, for the years ended October 31	1999	1998	1997
Non-interest expenses before			
the following	$ 3,523	$ 3,200	$ 1,989
Restructuring charge	179	79	-
Oppenheimer acquisition-related costs	45	240	-
Non-interest expenses	$ 3,747	$ 3,519	$ 1,989
Efficiency ratio	80.6%	99.7%	68.4%
Efficiency ratio - excluding above-noted items	75.7%	90.6%	68.4%

CIBC World Markets non-interest expenses also reflect an increase in revenue-based incentive compensation from $681 million in 1998 to $1,017 million in 1999.

REVENUE

CIBC World Markets reported revenue of $4,651 million in 1999, up $1,120 million from 1998. Higher merchant banking revenue, partially offset by write-downs, accounted for $402 million of the increase, with the remainder resulting from improved trading revenue and the successful implementation of the U.S. growth strategy.

Revenue growth in 1998 from 1997 reflected $1,092 million from the Oppenheimer business acquired at the beginning of 1998, partially offset by lower capital markets revenues.



REVENUE $ millions, for the years ended October 31	1999	1998	1997
Total revenue (TEB)			
Capital markets	$ 1,228	$ 747	$ 1,089
Investment banking and advisory	694	693	447
Credit products	1,095	1,006	902
Private client	976	923	392
Merchant banking	448	46	75
Other	210	116	5
	$ 4,651	$ 3,531	$ 2,910

Capital markets earns revenue through the trading, sale and distribution of fixed income, foreign exchange, equity and commodity instruments. A broad range of services is also provided to the equity and high yield markets. Revenue is generated from fees, commissions, spread-based income and from taking proprietary positions within prescribed risk parameters. Revenue was $1,228 million in

1999, up $481 million from 1998, as a result of improved trading revenue. Trading revenue was $586 million in 1999, up $449 million from 1998, which was adversely affected by severe market declines and volatility in the fourth quarter. The equity arbitrage business was particularly successful in 1999 due to significant growth and productivity in the U.S.

In 1997, a combination of strong market performance and high activity levels led to record capital markets revenue.

Investment banking and advisory earns revenue through underwriting the issue of equity, debt and high yield instruments as well as by providing financial advisory and merger and acquisition services to clients. Revenue of $694 million in 1999 was comparable with 1998. Higher revenue from increased capabilities in the U.S. and the success of the mergers and acquisitions business in Canada offset weakness in the equity new issue market.

The increase in 1998 from 1997 was due to the addition of Oppenheimer, which added $188 million in revenues.

Credit products earns net interest spread on corporate loans, as well as fees on loan syndication. Large scale asset based finance, project finance and securitizations are also arranged. Revenue was $1,095 million in 1999, up $89 million from 1998. This increase was the result of leveraging U.S. banking capabilities to generate enhanced fee business and the successful structured finance business, which increased its asset securitization activities and expanded internationally.

Revenue in 1998 was up 12% over 1997 due to increased securitization fees, partially offset by a decline in net interest income.

Private client comprises a full-service retail brokerage business providing equity and debt investments and mutual fund products as well as advisory and financial planning services to individuals. Revenue is entirely fee or commission based. Revenue was $976 million in 1999, up from 1998 due to growth in the U.S., while revenue in Canada was relatively flat.

Revenue in 1998 was up from 1997 due to the inclusion of Oppenheimer, which added $558 million and more than offset the decline in revenue resulting from the adverse investment climate in 1998. In fiscal 2000, private client will be reported in the new Wealth Management business line.

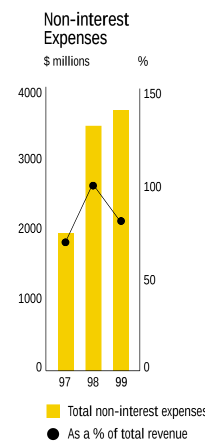
Merchant banking provides equity capital and mezzanine debt financing to companies for expansion, recapitalization, project finance, management buyouts and bridge financing. Revenue is generated through fees, interest and dividends earned on investments and from gains or losses associated with these investments. Revenue of $448 million in 1999 benefited from the $583 million gain realized on the sale of approximately 8.5% of CIBC's investment in Global Crossing. This gain was offset in part by investment write-downs on The Loewen Group and Newcourt Credit Group Inc.

Lower revenue in 1998 resulted from limited divestitures. The merchant banking portfolio continues to hold investments with significant unrealized gains. Revenue is recognized when investments are sold.

Other includes revenue from sundry sources such as CEF Capital, an affiliated Asian merchant bank holding company, CIBC Mellon, asset management, treasury activities and other revenues that do not specifically belong to the main businesses listed above. CIBC Mellon provides institutional, trust, custody, stock transfer and other corporate services. Other revenue totaled $210 million in 1999, an increase of $94 million from 1998. Improved results from our Asian affiliate, which was adversely affected in 1998 by Asian economic problems, as well as higher revenues from CIBC Mellon contributed to the increase in 1999.

The increase in 1998 from 1997 was largely due to CIBC Mellon.

EXPENSES



Non-interest expenses of $3,747 million were up $228 million from 1998. Non-interest expenses included a restructuring charge of $179 million in 1999 ($79 million in 1998), revenue-based incentive compensation of $1,017 million in 1999 ($681 million in 1998) and Oppenheimer acquisition-related costs of $45 million in 1999 ($240 million in 1998). Excluding these items, non-interest expenses were $2,506 million, relatively consistent with $2,519 million in 1998.

U.S. expansion strategies increased expenses toward the second half of 1998. In 1999, the full year effect of this expense growth was offset by a successful cost reduction program initiated in 1998 across CIBC World Markets and restructuring initiatives.

The increase in 1998 non-interest expenses from 1997 was due to the addition of Oppenheimer operating costs of $1,217 million, Oppenheimer acquisition-related costs of $240 million and other costs related to the U.S. expansion strategies.

AVERAGE BALANCE SHEET

$ millions, as at or for the years ended October 31	1999	1998	1997
Selected average balance sheet items			
Trading securities and repo loans	$ 77,130	$ 86,921	$ 71,766
Loans and acceptances	$ 34,320	$ 38,746	$ 32,413
Total assets	$ 161,870	$ 176,979	$ 140,863
Selected statistics			
Return on equity	14.2%	(0.2)%	16.0%
Full-time equivalent employees	8,591	9,158	5,523

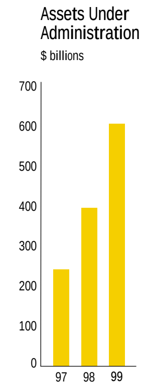
The 1999 reduction in average assets was primarily due to the decrease in securities purchased under resale agreements. Average assets also declined because of the reduction in trading securities reflecting the exit of certain non-strategic businesses and reduced risk limits. This decline is consistent with CIBC's strategy to redeploy assets to less variable and higher return businesses. As well, a decision to exit certain non-core corporate lending relationships resulted in lower loans and acceptances balances.

Assets Under Administration

Assets under administration include assets administered for institutions, wealth management assets administered for individuals, securitized assets and assets under custody. CIBC earns fees both for the management of certain of these assets as well as for administrative services, including the safekeeping of securities, the collection of interest and dividends and the settlement of purchase and sale transactions. Administered assets are excluded from CIBC's balance sheet as they are client-owned assets.

Assets under administration totaled $609.5 billion at year end, an increase of $210.8 billion or 53% from 1998. The largest component of assets under administration is custodial services, mainly provided by CIBC Mellon Global Securities Services, CIBC's 50 per cent owned custody business. These assets under administration increased $183.7 billion or 81% to $410.1 billion at year end due to the completion of the conversion of the Canada Trust custody business purchased in 1997 and the Bank of Montreal custody business purchased in 1999. At year end, the Bank of Montreal conversion was approximately 65% complete.

In 1998, the addition of CIBC Oppenheimer added $56.8 billion of administered assets to CIBC's portfolio.

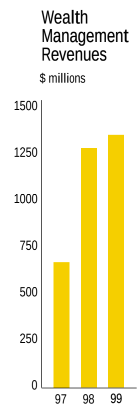


Wealth Management

Revenues earned by CIBC's wealth management businesses in both P&C Bank and CIBC World Markets totaled $1,362 million in 1999, up $88 million or 6.9% from 1998. This increase reflected the continued development of our investment advisory sales forces. In 1998, the $611 million increase in wealth management revenues was due mainly to the inclusion of CIBC Oppenheimer, which added $573 million.

Wealth management administered assets totaled $138.4 billion at year end, an increase of $18.7 billion or 15.6% from 1998. Private client demonstrated strong growth with administered assets increasing $9.7 billion or 11.8% to $91.6 billion. Mutual funds and professional investment management services combined, totaled $20.2 billion, up $3.8 billion or 23.2%. These increases resulted from both sales growth and favourable market conditions.

The wealth management business is a key strategic priority for CIBC. In the last half of 1999, all wealth management sales forces and businesses previously in P&C Bank and CIBC World Markets, were brought under one management team to better meet the wealth management needs of our clients. This includes the branch-based advisory and investment sales forces in Canada and the U.S., as well as mutual funds, GICs, and investment management services; global private banking and trust; and discount brokerage.



WEALTH MANAGEMENT ADMINISTERED ASSETS(1)(2)

$ billions, as at October 31	1999	1998	1997	Service
P&C Bank				
Investors Edge Discount Brokerage	$ 9.3	$ 6.3	$ 4.3	Asset consolidation and brokerage trading services are offered through PC Banking, telephone banking and CIBC branches.
Mutual Funds - includes Imperial Pools	20.2	16.4	13.0	Mutual funds and professional investment management services.
Global Private Banking and Trust	17.3	15.1	11.4	Offshore banking, investment, trust and advisory services are offered to a client base of affluent individuals.
	$ 46.8	$ 37.8	$ 28.7	
CIBC World Markets				
Private Client				
Canada	$ 35.7	$ 31.6	$ 30.1	Full-service retail brokerage businesses providing equity, debt and mutual fund products, as well as advisory and financial planning services to individuals.
U.S.	55.9	50.3	-	
	$ 91.6	$ 81.9	$ 30.1	
	$ 138.4	$ 119.7	$ 58.8	

(1) Excludes TAL Global Asset Management Inc.'s other managed assets.
(2) Excludes other Wealth Management client assets, primarily GIC balances totaling $34.8 billion (1998: $33.1 billion; 1997: $34.3 billion).

Capital Strength

REGULATORY CAPITAL AND CAPITAL RATIOS

CIBC is one of the strongest capitalized banks in Canada. This capital strength is important to protect CIBC's depositors and creditors from risks inherent in CIBC's various businesses, to enable CIBC to take advantage of attractive business opportunities, and to maintain CIBC's favourable credit standing.

CIBC has approved internal policies to meet or exceed regulatory requirements specified in guidelines issued by the Office of the Superintendent of Financial Institutions (OSFI), market expectations for capital strength and internal assessments of risk capital. Internal assessments, which are determined using state-of-the-art risk measurement techniques are discussed under Market Risk Management on pages 44–47. CIBC manages its capital level and capital mix within its policy framework to maximize shareholder value.

Regulatory capital

Regulatory capital is calculated in accordance with OSFI guidelines, which are based on standards issued by the Bank for International Settlements (BIS). These standards were first introduced in November 1988 to establish capital requirements for credit risk. Effective January 1, 1998, standards were amended to include capital for market risk in trading portfolios.

Regulatory capital comprises three tiers. The tiers are distinguished based on three capital properties: permanence; freedom from mandatory fixed charges against earnings; and a subordinated legal position to the rights of depositors and other creditors. Tier 1 is the highest quality capital, possessing all three capital properties. Tier 2 does not have the same degree of permanence or freedom from fixed charges as Tier 1 capital and cannot normally exceed the amount of Tier 1 capital. The concept of Tier 3 capital was created under the BIS standards in conjunction with the introduction of market risk capital requirements in January 1998. Specific qualifying guidelines have not been issued by OSFI. No Canadian bank has issued Tier 3 capital to date.

The components of CIBC's Tier 1 and Tier 2 capital are shown in the table below.

REGULATORY CAPITAL AND CAPITAL RATIOS

$ millions, as at October 31	1999	1998	1997
Tier 1 capital			
Common shares	$ 3,035	$ 3,128	$ 3,105
Retained earnings	6,090	6,047	5,624
Non-cumulative preferred shares	1,933	1,961	1,518
Non-controlling interests in subsidiaries	204	230	126
Goodwill	(123)	(154)	(135)
	11,139	11,212	10,238
Tier 2 capital			
Perpetual debentures	686	788	720
Other debentures (net of amortization)	3,768	3,767	3,503
General allowance for credit losses (1)	1,000	850	650
	5,454	5,405	4,873
Total Tier 1 and Tier 2 capital	16,593	16,617	15,111
Securitization-related deductions	(288)	(320)	(148)
Investments in unconsolidated subsidiaries and other substantial investments	(870)	(532)	(494)
Total capital available for regulatory purposes	$ 15,435	$ 15,765	$ 14,469
Total risk-weighted assets (see page 38)	$ 134,567	$ 145,475	$ 147,259
Regulatory capital ratios			
Tier 1 capital	8.3%	7.7%	7.0%
Total capital	11.5%	10.8%	9.8%
Leverage ratio (2)	16.3x	17.5x	17.0x

(1) General allowance for credit losses may be included in Tier 2 capital up to a limit of 0.75% of risk-weighted assets.
(2) In addition to meeting minimum risk-weighted capital ratios, banks cannot exceed a leverage ratio of 20 times capital.

RISK-WEIGHTED ASSETS

Risk-weighted assets arising from credit risk are calculated by applying the weighting factors specified in OSFI guidelines to all balance sheet assets and off-balance sheet exposures. Risk-weighted assets reflecting market risk in the trading portfolio are calculated based on CIBC's value-at-risk simulation models approved by OSFI.

CIBC's risk-weighted assets were $134.6 billion as at October 31, 1999, a decrease of $10.9 billion during the year. The decrease is related largely to a reduction in risk-weighted assets associated with trading activities, as well as low-yielding loans and unfunded commitments to non-core customers. Securitization of assets also reduced risk-weighted assets. The reduction in risk-weighted assets is consistent with CIBC's strategy to re-allocate its capital to more profitable and less variable businesses.

Regulatory capital and leverage ratios

Regulatory capital ratios are determined by dividing Tier 1 and total regulatory capital by the calculated amount of risk-weighted assets. OSFI has indicated that a well-capitalized deposit-taking financial institution's Tier 1 regulatory capital ratio should be at least 7% of its risk-weighted assets and total regulatory capital at least 10%. CIBC's Tier 1 and total capital ratios were 8.3% and 11.5%, respectively, as at October 31, 1999, well above this standard.

Financial institutions must also meet a leverage ratio (or assets-to-capital ratio) test, wherein a bank's gross assets (defined as balance sheet assets plus lines of credit and guarantees, less certain deductions) may not exceed 20 times total regulatory capital. CIBC's leverage ratio was 16.3 times capital, well within the maximum.

CIBC's capital ratios and leverage ratio improved over the year as reductions in capital were more than offset by reductions in assets.

RISK-WEIGHTED ASSETS

	Amount	Risk-Weighted Amounts		
$ millions, as at October 31		1999	1998	1997
On-balance sheet assets (Balance sheet amounts)				
Cash resources	$ 12,527	$ 1,936	$ 1,729	$ 1,449
Securities issued or guaranteed by Canada, provinces, municipalities, OECD banks and governments	30,423	101	522	487
Other securities	29,068	5,130	4,276	16,091
Loans to or guaranteed by Canada, provinces, territories, municipalities, OECD banks and governments	8,779	306	287	162
Mortgage loans	48,528	14,750	14,760	14,971
Other loans	79,044	60,118	62,103	62,192
Derivative instruments market valuation	24,449	-	-	-
Acceptances	9,296	9,012	10,379	9,932
Other assets	8,217	5,758	5,886	5,916
Total on-balance sheet assets	$ 250,331	$ 97,111	$ 99,942	$ 111,200
Off-balance sheet instruments (Contract/Notional amounts)				
Credit Related Arrangements				
Lines of credit	$ 133,432	$ 15,700	$ 17,879	$ 18,448
Guarantees and letters of credit	29,772	8,259	6,945	8,975
Other	364	324	244	223
	163,568	24,283	25,068	27,646
Derivatives	1,670,440	6,249	8,896	8,413
Total off-balance sheet instruments	$ 1,834,008	$ 30,532	$ 33,964	$ 36,059
Total risk-weighted assets before adjustments for market risk		$ 127,643	$ 133,906	$ 147,259
Add: Market risk for trading activity(1)		6,924	11,569	NA
Total risk-weighted assets		$ 134,567	$ 145,475	$ 147,259

(1) Under the BIS 1998 Capital Accord, effective January 1998, trading assets are subject to market risk calculations. Risk-weighted assets for 1997 have been calculated under the terms of the BIS 1988 Capital Accord.
NA - not applicable.

REGULATORY CAPITAL GENERATION

Total regulatory capital funds decreased by $330 million during the year, the details of which are outlined in the following table.

During 1999, CIBC completed a normal course issuer bid pursuant to which it repurchased for cancellation 13.7 million common shares for an aggregate consideration of $500 million. On December 2, 1999, the board approved a normal course issuer bid to repurchase up to 5% of CIBC's outstanding common shares, subject to regulatory approval.

REGULATORY CAPITAL GENERATION

$ millions, as at October 31	1999	1998(1)	1997(1)
Internally generated capital			
Net income	$ 1,029	$ 1,056	$ 1,551
Other amounts credited/(charged), to retained earnings	15	(9)	(10)
Capital from operations	1,044	1,047	1,541
Dividends	(604)	(614)	(532)
General allowance for credit losses	150	200	650
Other (2)	(301)	(125)	(33)
	289	508	1,626
External financing			
Subordinated indebtedness	(101)	332	813
Preferred shares	(28)	443	450
Common shares	(93)	23	50
Premium on repurchase of common shares and preferred shares	(397)	(10)	-
	(619)	788	1,313
Total (decrease)/increase in regulatory capital	$ (330)	$ 1,296	$ 2,939

(1) Certain comparative figures have been restated to conform with the presentation used in 1999.
(2) Other includes non-controlling interests in subsidiaries and deductions from regulatory capital which include goodwill, securitization-related deductions, investments in unconsolidated subsidiaries and other substantial investments.

Changes in regulatory capital requirements

The BIS launched a major review of the capital requirements for credit risk to recognize the many changes that have taken place in the financial marketplace, including more sophisticated techniques for measuring and mitigating credit risk.

A discussion paper was issued by the BIS in June 1999 inviting comment by national regulators and other interested parties. One of the proposals involves using a bank's internal risk rating system as a basis for measuring regulatory credit risk.

The Canadian banks, through the Canadian Bankers Association, will be preparing a response to the BIS proposals by March 2000. It is expected that revised proposals will be issued by the BIS later in the year for a second round of consultations and comment.

Risk Management

CIBC manages risk through a comprehensive framework of infrastructure, policies and methods that support active and effective management.

OVERVIEW AND INFRASTRUCTURE

Two standing committees of CIBC's Board of Directors oversee management's activities that result in risk. The board reviews and approves all credit, investment and market risk policies annually.

At the operational level, four management committees, comprised of senior management and business line representatives, oversee and direct CIBC's risk exposures arising from business activities.

The two board and four management committees establish risk management policies, limits and procedures, approve risk management strategies, and monitor portfolio performance and trends.

Risk Management Division works closely with the lines of business and the board and management committees to manage CIBC's exposure to three basic types of risk – credit, market and operational. A discussion of these risks follows on pages 41–49.

BOARD OF DIRECTORS

RISK MANAGEMENT AND CONDUCT REVIEW COMMITTEE:
- Ensures policy guidelines and systems exist and are adhered to (credit, market, operational).
- Reviews and approves policies on loan concentrations.
- Reviews and approves procedures for dealing with related party transactions and conflict of interest issues.
- Reviews year 2000 program.
- Reviews CDIC self assessment.

Chair: External Director

AUDIT COMMITTEE:
- Oversees CIBC's financial reporting process on behalf of the Board of Directors.
- Reviews CIBC's financial statements.
- Liaises with internal and external auditors.
- Reviews internal control procedures and loan loss provisions.
- Reviews CDIC self assessment.

Chair: External Director

MANAGEMENT COMMITTEES(1)

CREDIT AND INVESTMENT POLICY COMMITTEE:
- Approves credit risk management and investment policies.
- Reviews the diversity and composition of the asset portfolio.
- Approves specific business plans.

Chair: Chairman & CEO, CIBC

ASSET LIABILITY MANAGEMENT COMMITTEE ("ALCO"):
- Establishes and enforces market risk policies.
- Assesses strategies for management of assets, liabilities and capital.

Chair: Chairman & CEO, CIBC

CREDIT COMMITTEE:
- Approves credit requests over $100 million.
- Presents new credit requests and certain renewals over $100 million to the Board of Directors.

Chair: Senior Executive Vice-President, Risk Management

INVESTMENT COMMITTEE:
- Approves merchant banking investments within delegated limits.

Co-Chairs: Senior Executive Vice-President, Risk Management and Chairman & CEO, CIBC World Markets Inc.

RISK MANAGEMENT DIVISION

- Designs, recommends and implements infrastructure to manage risk.
- Develops, recommends and monitors adherence to risk management policy.
- Establishes methods and tools to give effect to risk management.
- Manages CIBC's global exposure to credit, market and operational risk through offices located across Canada and in New York, London, Singapore and the West Indies.

(1) In addition to the management committees described, there are committees comprised of senior risk and business management personnel in each of CIBC's business segments. These committees are responsible for ensuring compliance with risk management policies as part of on-going operational activities.

CREDIT RISK MANAGEMENT

In the normal course of business, credit risk arises when CIBC relies on another party to honour or perform contractual obligations that have economic value to CIBC.

Direct credit risk arises on the loan portfolio and represents the possibility that customers will be unable or unwilling to repay some of, or the entire principal amount they have borrowed, or to make interest payments when due.

Contingent credit risk arises on derivative instruments. When CIBC's entitlements under a derivative contract have developed value, CIBC is dependent on the counterparty honouring its obligations so that CIBC can realize that value. The contingent credit risk is represented by the market value of the contract, plus an allowance for potential increases in market value in the future. Market value is the amount CIBC's counterparty would be required to pay another party to assume obligations to CIBC under the contract.

Infrastructure

CIBC's credit authority emanates from the Board of Directors and is delegated through the chairman and chief executive officer to the senior executive vice-president, risk management. This authority is ultimately delegated, in part, to senior officers of risk management and to the senior officers of each business segment.

Risk Management Division directs the delegation of credit authority within CIBC's line organization.

CIBC's risk management structure controls the credit process and is designed to instill a strong sense of accountability and a disciplined approach throughout the organization.

Policies

Direct credit risk and contingent credit risk are aggregated and subjected to the same credit policies and processes.

Policies designed to prevent concentrations within CIBC's loan portfolio are fundamental to the management of direct credit risk. There are two key policies.

- The single name/common risk concentration policy limits CIBC's exposure to any individual borrower or group of related borrowers, based on risk rating.
- The industry concentration policy limits the percentage of the business loans and securities portfolio, within 16 industry groups.

Other credit risk policies address management of geographic and product concentrations, syndicated bank credit and bridge credit concentrations, requirements for environmental reviews and real estate appraisals, maintenance of portfolio lending standards, delegation of lending authority and conflicts of interest with respect to mergers and acquisitions.

Methods

CIBC imposes a disciplined approach to risk by continuously monitoring all credit exposures and aggressively managing past due and impaired accounts. Computer-based loan management models, formal risk rating guidelines for commercial and corporate clients, and credit scoring for small business and consumer clients are some of the tools used by credit officers and risk managers in identifying and managing risk. Specific industry profiles have been developed, outlining factors such as key credit risks, and appropriate products and terms to assist lending officers and risk managers in adhering to policies and standards.

Country risk arises when CIBC is exposed to the possibility that its assets could become frozen in a foreign country because of imposed exchange controls or other economic or political disturbances. With the exception of Canada and the United States, the credit worthiness of all countries in which CIBC operates is assessed and rated at least annually. Formal restrictions are in place against transactions in higher risk countries to ensure exposures are subject to review and approval by Risk Management Division and appropriate management committees.

Environmental risk associated with lending activities is proactively managed through a formal Environmental Risk Management program. Under the program, lenders and risk managers receive training and support to identify and evaluate potential environmental risk exposure and to help customers understand their environmental risks. Where appropriate, environmental assessments are conducted to evaluate and mitigate these risks.

Year 2000 risk arises as CIBC customers face the possibility of business interruption due to the inability of their computer applications and systems to recognize the year 2000 and beyond or due to disruptions at their key suppliers, customers or infrastructure providers. Disruption of customer businesses, should they occur, may effect the ability of customers to honour their obligations. Therefore, CIBC assesses customer preparedness and the potential adverse effect of the year 2000 on customer business operations as part of the credit process. CIBC has also implemented strategies to increase customer awareness of the year 2000 issue. There is also the possibility of disruptions in settlement and payment systems in early 2000 and the consequent ability of counterparties to settle transactions when due. CIBC has participated in industry-wide reviews of such systems, established alternative arrangements as required and taken business steps to minimize the probability or effect of any serious disruption.

Impaired loans

Impaired loans are those for which, in the opinion of management, there no longer is reasonable assurance of the full and timely collection of principal and interest. Note 1 to the consolidated financial statements, commencing on page 56, outlines the criteria and processes for designating and accounting for impaired loans.

During the year, $1,737 million of loans were newly classified as impaired, up $510 million from 1998. Business and government loans increased $426 million, due to classification of a few specific accounts, while consumer loans increased $84 million. Reductions in gross impaired loans through remediation, repayment or sale were $987 million, up $219 million from 1998, reflecting continued healthy economic conditions and successful remediations.

Gross impaired loans prior to write-offs were $2,236 million. After deducting write-offs of $754 million, gross impaired loans totaled $1,482 million, down $4 million from 1998.

CIBC's gross impaired loans are more than offset by the allowance for credit losses, resulting in a negative net impaired loans position.

CHANGES IN NET IMPAIRED LOANS

$ millions, as at or for the years ended October 31	Business and government loans	Consumer loans	General allowance	1999 Total	Business and government loans	Consumer loans	General allowance	1998 Total	Business and government loans	Consumer loans	General allowance	1997 Total
Gross impaired loans												
Balance at beginning of year	$ 1,050	$ 436	$ -	$ 1,486	$ 1,203	$ 416	$ -	$ 1,619	$ 1,668	$ 446	$ -	$ 2,114
New additions	911	826	-	1,737	485	742	-	1,227	511	809	-	1,320
Returned to performing status, repaid or sold	(534)	(453)	-	(987)	(388)	(380)	-	(768)	(736)	(458)	-	(1,194)
Gross impaired loans prior to write-offs	1,427	809	-	2,236	1,300	778	-	2,078	1,443	797	-	2,240
Write-offs	(408)	(346)	-	(754)	(250)	(342)	-	(592)	(240)	(381)	-	(621)
Balance at end of year	$ 1,019	$ 463	$ -	$ 1,482	$ 1,050	$ 436	$ -	$ 1,486	$ 1,203	$ 416	$ -	$ 1,619
Allowances												
Balance at beginning of year	$ 551	$ 208	$ 850	$ 1,609	$ 724	$ 217	$ 650	$ 1,591	$ 827	$ 195	$ 400	$ 1,422
Write-offs	(408)	(346)	-	(754)	(250)	(342)	-	(592)	(240)	(381)	-	(621)
Provisions	292	308	150	750	18	262	200	480	31	329	250	610
Recoveries	69	75	-	144	53	79	-	132	83	74	-	157
Foreign exchange and other	1	(2)	-	(1)	6	(8)	-	(2)	23	-	-	23
Balance at end of year (1)	$ 505	$ 243	$ 1,000	$ 1,748	$ 551	$ 208	$ 850	$ 1,609	$ 724	$ 217	$ 650	$ 1,591
Net impaired loans												
Balance at beginning of year	$ 499	$ 228	$ (850)	$ (123)	$ 479	$ 199	$ (650)	$ 28	$ 841	$ 251	$ (400)	$ 692
Net change in gross impaired	(31)	27	-	(4)	(153)	20	-	(133)	(465)	(30)	-	(495)
Net change in allowance	46	(35)	(150)	(139)	173	9	(200)	(18)	103	(22)	(250)	(169)
Balance at end of year	$ 514	$ 220	$ (1,000)	$ (266)	$ 499	$ 228	$ (850)	$ (123)	$ 479	$ 199	$ (650)	$ 28
As a percentage of total net loans and acceptances				(0.18)%				(0.08)%				0.02%
As a percentage of shareholders' equity				(2.41)%				(1.10)%				0.27%

(1) Excludes allowances on letters of credit totaling $4 million (1998: $17 million; 1997: $4 million).

Allowances – general and specific

At October 31, 1999, the accumulated total allowance for credit losses was $1,752 million, up $126 million from a year ago. Allowances now represent 118% of the gross impaired loans and acceptances portfolio, up from 109% in 1998. Specific allowances now account for 43% of the total allowances, down from 48% in 1998, primarily as a result of the continued build-up of general allowances. The general allowance of $1.0 billion accounted for 57% of the total allowance, and increased for the fifth consecutive year.

Specific allowance

Allowances specifically related to the consumer portfolios were $243 million, up $35 million or 17%. This increase was entirely in personal loans. Net impaired loans, before the general provision, were relatively constant. Allowances for the business and government loan portfolio declined $46 million or 8%, in line with the decline in gross impaired loans. Net impaired business and government loans increased by $15 million before the general allowance.

General allowance

The general allowance provides for credit losses which are present in the credit portfolio, but which have not yet been specifically identified. This allowance is expected to be drawn down as losses materialize.

The level to which general allowances are accumulated is based on the expected losses associated with individual asset portfolios, adjusted by management for economic or portfolio risk trends and changes in lending policies and standards. These portfolios include business loans and acceptances, off-balance sheet credit instruments such as credit commitments and letters of credit, and consumer loan portfolios.

Expected losses for business portfolios are based on the risk rating of each credit facility and loss factors associated with each risk rating which have been derived from historical experience. Expected losses for consumer portfolios are based on historical flow and loss rates.

CIBC's general allowance methodology utilizes a portfolio by portfolio approach. While the general allowances may be determined with respect to individual portfolios or business segments, the whole allowance remains available to absorb losses in the entire credit portfolio which have not yet been specifically identified.

During 1999, CIBC increased its general allowance level by $150 million to $1.0 billion, reflecting the current economic cycle, portfolio composition and continued refinement of CIBC's allowance methodology.

This level, in the opinion of management, provides adequately for losses existing in the loan portfolio when considered together with specific allowances.

MARKET RISK MANAGEMENT

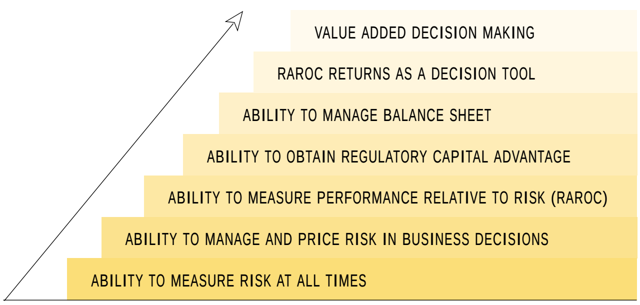
Market risk is the risk of loss arising from changes in values of financial instruments and includes interest rate, foreign exchange, equity, commodity and liquidity risks. Credit risk on trading products is the risk of loss from changes in debtor or counterparty credit quality. CIBC engages in transactions, in the normal course of business, that encompass both market risk and some aspects of credit risk. Together, they are often referred to as price risk.

CIBC's framework for risk management comprises infrastructure, policies and methods, and CIBC considers that its framework meets best practice risk management standards.

Within CIBC, an independent market risk management group oversees all market risk associated with trading portfolios as well as structural market risk associated with CIBC's balance sheet. Market risk management processes ensure that overall price risk, and its components, are well understood within the organization.

TRANSFORMING RISK INTO VALUE

CIBC's framework for best practice risk management sets a foundation for sound stewardship, and promotes value added decision-making.



The building blocks of market risk processes provide the opportunity for competitive advantage by providing a rigorous approach to measuring the risks and rewards of many business alternatives. CIBC uses Risk Adjusted Return on Capital (RAROC) as a tool in active portfolio management to optimize the allocation of capital to those businesses that will provide the highest returns relative to the risk assumed.

In January 1998, CIBC received approval from OSFI to use proprietary risk measurement models for all aspects of the Bank for International Settlements (BIS) 98 Accord related to market risk capital requirements. In September 1998, CIBC World Markets plc, CIBC's U.K. subsidiary, received approval from the Bank of England to use CIBC's proprietary risk models to calculate capital under its regulatory directives. Regulatory acceptance of CIBC's proprietary risk measurement models permits CIBC to better deploy capital by using assets more effectively than would be possible under the standardized model developed by the BIS 98 Accord related to market risk capital requirements.

For purposes of BIS 98, CIBC measures general and specific market risks.

- Interest rate risk is risk relating to the parallel and non-parallel shifts upward or downward in yield curves.
- Credit spread risk is risk arising from changes in the market's perception of generic and individual credit quality and liquidity.
- Equity risk is risk arising from movements in share prices or share indices.
- Foreign exchange risk is risk arising from exchange rate movements.
- Commodity risk is risk arising from movements in commodity prices.

Specific market risk relates to debtor or counterparty credit quality for both interest rate risks and equity risks.

Infrastructure

The market risk management group is independent of the business units. Its activities are reviewed and approved, as appropriate, by the ALCO and, ultimately, by the Risk Management and Conduct Review Committee of the Board. In addition to understanding, measuring and monitoring risks, market risk management ensures that, on a daily basis, the individual components and overall trading market risk exposures of CIBC are within approved risk limits. The quality and skills of risk managers are critical to achieving best practices risk management. Each of the distinct but related functions of the market risk management group is led by a qualified risk manager. CIBC has developed a proprietary risk management information system which captures and consolidates data from trading systems around the world. The centralized control of risk measurements and access to large amounts of risk management data enable market risk to be managed on a global basis.

Policies

CIBC has developed comprehensive policies and procedures for market risk management. These policies relate to identification and measurement of the various types of market and trading credit risk, and to the establishment of limits within which CIBC manages its overall price risk exposure. The policies explicitly state risk tolerance levels, expressed in terms of a potential "worst case" loss. The Risk Management and Conduct Review Committee approves overall levels of risk CIBC may assume.

CIBC uses a three-tiered approach to set price risk limits on the amounts of interest rate, credit spread, foreign exchange, commodity and equity risks that the organization can assume. The first-tier limits reflect CIBC's overall price risk limits and are set by ALCO. The second-tier limits are designed to control the risk profile of positioning activities at the business unit level. They are established by agreement of market risk management and trading management and are approved by the CIBC World Markets Risk Committee. This committee is responsible for ensuring that the risk/reward and portfolio management principles, policies and processes are, at a minimum, consistent with industry practice. The committee is also responsible for providing recommendations to ALCO for the approval of Tier 1 risk and stress limits and ensuring that audit findings are appropriately addressed. The third-tier limits are delegated down to the desk level and are designed to monitor risk concentration. Market risk management policies further limit possible exposures by setting limits for results of scenario analysis and stress testing. Policies also outline mark-to-market methodologies, yield curve and model construction and require independent valuations of positions.

CIBC's policies require maintaining a hedged position to minimize structural foreign exchange risk on balance sheet assets and liabilities. Structural interest rate risk associated with all of CIBC's on and off-balance sheet positions is actively managed within ALCO policies and is discussed in the sections on Asset Liability Management and Liquidity Risk on page 48.

Methods

Overview

The key methods for managing risks are:

- limit management – the identification and monitoring of risk;
- risk analysis – Risk Measurement Unit (RMU) methodology complemented by stress testing and scenario analysis;
- the use of RAROC as an active portfolio management tool.

Limit Management

Controls are in place to ensure that each business activity undertaken is compatible with CIBC's risk management philosophy and that only authorized activities are undertaken. The risk management information database enables CIBC to generate a detailed risk report each morning, based on the previous day's trading, which provides an enterprise-wide view of market risk. This reporting is integral to the review of risk exposure at CIBC's daily trading room meeting. Each day all risk positions are monitored against authorized limits by an independent risk manager. Positions that exceed authorized limits are promptly reported to senior management. Reports on compliance with risk limits are made quarterly to the Risk Management and Conduct Review Committee of the Board.

RMU Methodology

CIBC has developed and adopted a comprehensive Value at Risk (VAR) price risk measurement methodology that measures risk in terms of risk measurement units (RMUs). The VAR or RMU methodology, is a statistically-defined, probability-based approach that uses volatilities and correlations to quantify price risks, in dollar terms.

The RMU is CIBC's price risk measure of the potential "worst case" loss that can occur overnight under normal market conditions based on historical data and recent market experience. A worst case loss is defined as a loss with less than a 1% probability of occurring, in normal markets. The RMU methodology uses advanced methods which, for example, for interest rate risk, include parallel and non-parallel shifts in the yield curve, correlations among points on the curve, and actual historical volatilities of the curve. A composite RMU measure is determined by aggregating the RMU measures for each of interest rate, credit spread, equity, foreign exchange and commodity market risks and the reduction due to the portfolio effect of combining the risks. The composite RMU is then expressed as a potential worst case loss that can occur over one day, no more than 1% of the time, or equivalently, within a confidence interval of 2.3 standard deviations, in normal markets.

The model covers all financial products traded by CIBC, i.e. foreign exchange products, derivatives, debt securities, equities and commodities. The RMU-based methodology is based on the variance-covariance model, otherwise known as the Delta, Gamma, Vega, Rho, Theta model (or DGVRT model). The DGVRT model is supplemented by a hybrid "Monte Carlo" and historical simulation model for large options positions and when market risk factors exhibit "fat tails" in their distributions (i.e., a larger probability of occurrence of an extreme event than would be expected in a normal distribution).

The measurement of the credit risks associated with many trading products also utilizes a VAR approach which quantifies the credit equivalent risk of a transaction as the actual mark-to-market of the transaction, at any time, plus a worst case probability based potential exposure over the remaining life of the transaction.

CIBC has implemented a program of "back testing" that compares the daily RMUs with actual daily net trading-related revenues (losses). Back testing over an extended period has confirmed that the worst case loss assumption, under normal market conditions, is valid. However, there are rare occasions in which domestic and foreign capital markets, behaving abnormally, experience rapid and large price movements that may result in actual losses that exceed amounts predicted by the RMU methodology.

Scenario analysis and stress testing

The RMU methodology is complemented by scenario analysis and stress testing processes that address conditions related to market environments falling outside of what would be considered normal market conditions. Such conditions would include the October 1987 market crash and the 1998 Asian crisis. Scenario analysis measures the effects on portfolio values by subjecting the portfolio to extreme moves in market prices based on actual historical experiences, or based on the hypothetical occurrence of economic events, political events and natural disasters suggested and designed by economists, business leaders, and risk managers. Stress testing is similar to scenario analysis, but instead of relating changes in portfolio values to actual economic events, the portfolio is subjected to a range of large arbitrary price and rate moves. CIBC's trading portfolio is analyzed for such events and a loss or exposure limit is placed on the portfolio. Scenario analysis and stress tests are conducted and reviewed daily by market risk management personnel. The scenarios that are analyzed include the impact of problems associated with the change over to the new millennium on the trading portfolios.

Risk Adjusted Return On Capital (RAROC)

RAROC facilitates the comparison, aggregation and management of market, credit and operational risks across CIBC and provides a framework for measuring risk in relation to return at each level of CIBC's business activity, and for facilitating pricing consistent with target returns on capital.

CIBC has implemented a RAROC methodology to support effective utilization of its risk assessment and measurement applications. RAROC allows management to view credit, market and operational risks on a comparative basis that differentiates by risk class. These comparisons, which can be performed by transaction, customer and line of business, enable management to better understand sustainable performance, actively manage the composition of portfolio risk, and allocate capital to those businesses with the greatest potential to maximize shareholder value.

Review of 1999 trading activities

CIBC trades a wide range of products globally, including foreign exchange, derivatives, debt securities, equities, and commodities. Trading activities relate primarily to customer flows, market making and to a lesser extent, proprietary trading. Cash and derivative instruments are used to manage risks in the trading portfolio.

The RMU by risk type chart shows the "mix" of price risks through fiscal 1999, expressed in terms of estimated worst case potential overnight losses, or RMU, by type of risk and total risk. The risks are inter-related and consequently, are only additive after taking into account the diversification effect which reflects the reduction of risk due to portfolio effects among the trading positions.

CIBC's primary trading risk exposures to interest rates arise from activities in the global debt and money markets, particularly from transactions in Canadian, U.S., European and Japanese markets. The primary instruments are government and corporate debt, and interest rate swaps. The bulk of the trading exposure to foreign exchange risk arises from transactions involving the U.S. dollar, the Euro, the British pound, and the Japanese yen, whereas the primary risks of loss in equities are in the U.S., Canadian and European equity markets.

The histogram presents the frequency distribution of daily net trading-related revenue for fiscal 1999. Net trading-related revenue includes the net interest income and the daily change in value of mark-to-market trading portfolios. Net trading-related revenue was positive for 72% of the days in 1999 compared with 66% in 1998 and 85% in 1997. The average daily net trading-related revenue was $2.7 million in 1999, compared with $0.5 million in 1998 and $3.3 million in 1997.

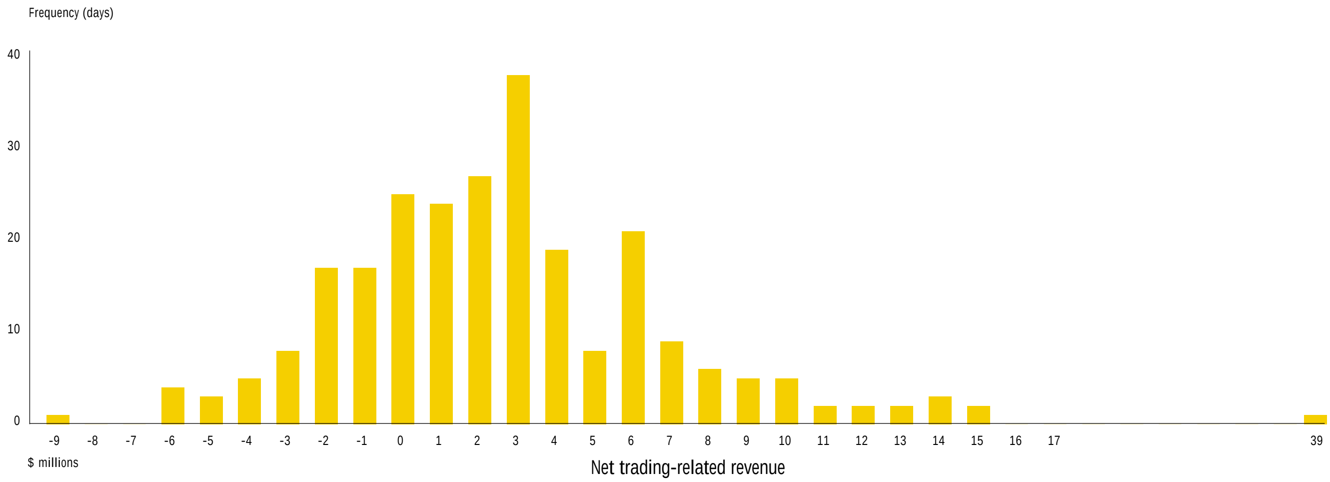
The net trading-related revenue and RMU graph compares the 1999 actual daily net trading-related revenue with the previous day's predicted RMU measures. As indicated previously, the potential positive and potential negative revenues are derived from statistically defined probability-based models that utilize CIBC's market positions and prior market correlations and volatilities under normal market conditions. Statistically, the actual net trading-related losses would be expected to exceed the potential negative revenue predicted an equivalent of two to three times per year.

As shown in the graph on page 47, actual daily net trading-related revenue fell outside the range predicted by the previous day's RMU on one occasion, primarily reflecting the increase in unrealized value of a security as a result of an initial public offering of the related common shares.

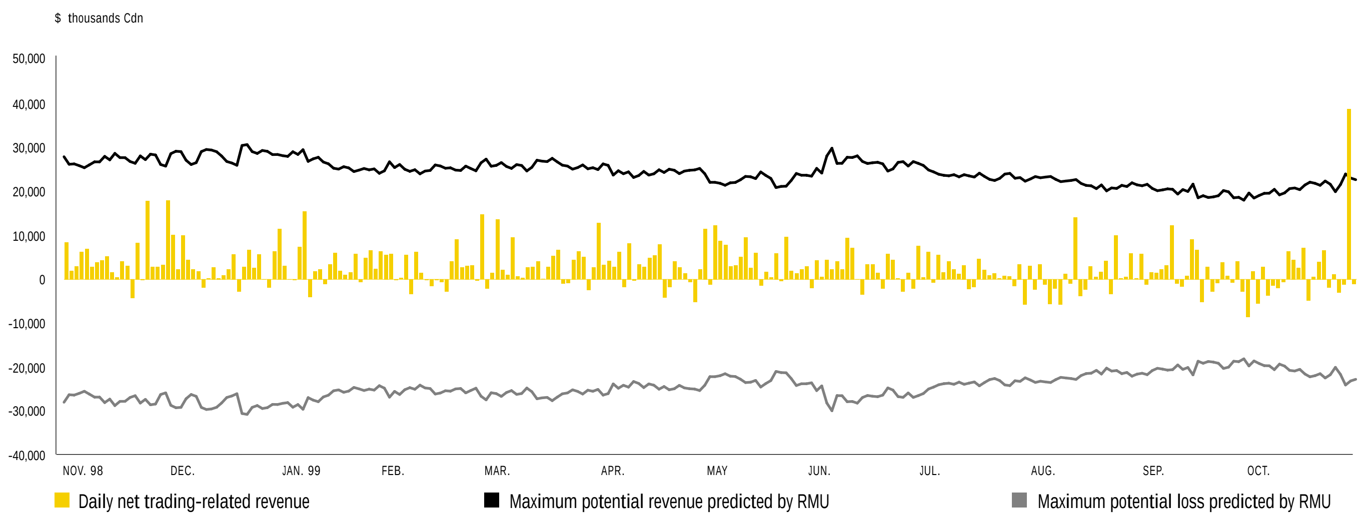
RMU BY RISK TYPE – TRADING PORTFOLIO

$ millions	1999 Year end	1999 Average	1998 Year end	1998 Average
Interest rate risk	$ 12.24	$ 13.10	$ 10.30	$ 11.80
Credit spread risk	14.40	13.80	8.70	10.80
Equity risk	15.55	14.77	23.70	21.80
Foreign exchange risk	0.97	1.79	2.00	2.50
Commodity risk	2.11	2.02	2.80	2.30
Diversification effect	(20.59)	(20.52)	(20.00)	(20.60)
Total risk	$ 24.68	$ 24.96	$ 27.50	$ 28.60

FREQUENCY DISTRIBUTION OF 1999 DAILY NET TRADING-RELATED REVENUE



BACKTESTING OF NET TRADING-RELATED REVENUE VS. ECONOMIC RMU



Note: The large revenue item in October resulted primarily from the unrealized increase in value of a security as the result of an initial public offering of the related common shares.

Non-trading portfolio

Interest rate, equity and foreign exchange risks for the non-trading portfolio are monitored and measured in terms of RMUs. The exposure is included in the CIBC senior executive team's weekly risk report. The measured non-trading portfolio risk consists primarily of risk inherent in asset/liability management activities and activities of foreign and domestic subsidiaries.

The Canadian Dollar Interest Rate Risk position is the core interest rate position on the CIBC consolidated balance sheets. Risk exposure arises mostly as a result of mismatches in the maturities of assets (e.g., residential mortgages) and deposits (e.g., guaranteed investment certificates). This "mismatch" gives rise to an exposure to changing interest rates. Other sources of interest rate risk include various hedges and options embedded in retail products.

Equity risk in the non-trading portfolio arises from the equity holdings of CIBC Life Insurance Company Limited and CIBC General Insurance Company Limited. Merchant banking positions are measured and monitored in notional terms and are therefore not included in the non-trading portfolio table. The non-trading foreign exchange risk of the CIBC consolidated balance sheets arises primarily from structural on-balance sheet assets and liabilities and from investments in foreign operations.

RMU BY RISK TYPE – NON TRADING PORTFOLIO

$ millions	1999 Year end	1999 Average
Interest rate risk	$ 128.90	$ 97.68
Equity risk	13.00	10.55
Foreign exchange risk	0.60	0.39
Diversification effect (1)	-	-
Total risk	$ 142.50	$ 108.62

(1) The risk types in the non-trading portfolio are conservatively assumed to be one hundred percent correlated (i.e. diversification effect is assumed to be zero).

ASSET LIABILITY MANAGEMENT

Asset Liability Management (ALM) is conducted under the supervision of the ALCO. Compliance with ALCO policies limiting interest rate risk is monitored daily by the Market Risk Management Group.

Interest rate risk results primarily from differences in the maturities or repricing dates of assets and liabilities, both on and off the balance sheet. These interest rate risk exposures, or gaps, and option exposures are reviewed weekly by the ALCO using the RMU framework used to measure all market risks across the entire CIBC group of companies. A variety of cash instruments and derivatives, principally interest rate swaps, futures and options are used to manage and control interest rate risks. Derivatives are used to modify the interest rate characteristics of related balance sheet instruments and to hedge anticipated exposures when market conditions of price and liquidity are deemed beneficial.

Foreign exchange risk also arises from non-trading activities of the bank, principally from structural on balance sheet assets and liabilities and investments in foreign operations. CIBC adopts a prudent approach to managing foreign exchange exposure within ALCO policies. Market Risk Management monitors compliance with ALCO policies related to foreign exchange exposure daily.

On and off-balance sheet assets and liabilities are reported in time frames based on the earlier of their contractual repricing date or maturity date. CIBC's total interest rate risk exposure as at October 31, 1999 is outlined in Note 10 to the consolidated financial statements on page 65. It should be noted that this reported gap position presents CIBC's risk exposure only at a point in time. Exposure can change depending on the preferences of customers for product and terms, changes in CIBC's expectations of interest rate movements, and the nature of CIBC's active management of the various and diverse portfolios that comprise the consolidated gap position.

Given CIBC's consolidated maturity and repricing portfolio profile at October 31, 1999, as adjusted for estimated prepayments, an immediate 1% increase in interest rates across all maturities would reduce net income after taxes by approximately $68 million over the next 12 months, and common shareholders' equity as measured on a present value basis by approximately $443 million.

LIQUIDITY RISK

CIBC's liquidity policy is to maintain a level of liquid assets for normal operating purposes that could be sold immediately, if necessary, to meet cash requirements. The policy emphasizes that higher quality asset holdings be readily available to meet typical requirements. As a global institution, CIBC maintains liquid asset portfolios in all currencies in which it incurs significant liabilities to ensure compliance with ALCO liquidity policies across all jurisdictions and legal entities.

The ALCO establishes liquidity policies that include guidelines and limits for cash management, asset liquidity and funding diversification. Limits governing the maximum levels of net cash outflows have also been established.

The objective of liquidity management is to ensure the availability of sufficient funds to honour all financial commitments, including those arising from the liquidity needs of customers. CIBC manages liquidity by monitoring actual and expected inflows and outflows of funds on a daily basis, by projecting longer term inflows and outflows across the entire maturity spectrum, and by developing diverse sources of funding with the objective of maintaining stability while reducing funding costs.

CIBC's large base of Canadian dollar deposits by individuals, which stood at $54.7 billion at October 31, 1999, provides a stable and secure source of funding for a significant proportion of CIBC's asset base. This reduces pressure on CIBC's cash flow position and provides a favourable liquidity base, thereby reducing our reliance on more costly corporate deposits or money market financing.

Year 2000

Liquidity risk has been a major component of CIBC's year 2000 Event Risk Management. The Liquidity Reporting System has been enhanced to provide information over and above what is required for normal day-to-day operations. In combination with its cash management systems, CIBC is able to monitor intraday extension of credit and identify possible counterparty payment pressures in real time.

During 1999 CIBC has reduced its liquidity exposure to wholesale funding markets over the calendar year end by increasing its term funding. Off balance sheet positions including securitization vehicles have been term funded over the calendar turn.

Another key element of CIBC's liquidity contingency planning has been the accumulation of liquid asset positions above what is required in other periods. CIBC has broadened its ability to collateralize securities both on and off its balance sheet.

OPERATIONAL RISK MANAGEMENT

Operational risk incorporates all risks other than market and credit risk and is inherent in all CIBC activities. It is defined as the potential for material dollar losses arising from events relating to people, process and technology risks, as well as external dependencies.

- People risk is associated with losses pertaining to key people leaving, staff competencies and capabilities and employee fraud.
- Process risk is associated with losses due to improper completion of transactions, incorrect reporting of information or process breakdowns.
- Technology risk is associated with losses due to technology or telecommunication failures and improper programming and systems security.

Policies and methods

Operational risk is measured in terms of its potential financial impact on business plans and activities. Measurement is on a net basis, considering both inherent risk and risk-reduction techniques, including controls. The resulting financial impact analysis is used to improve business decisions and proactively manage the risks.

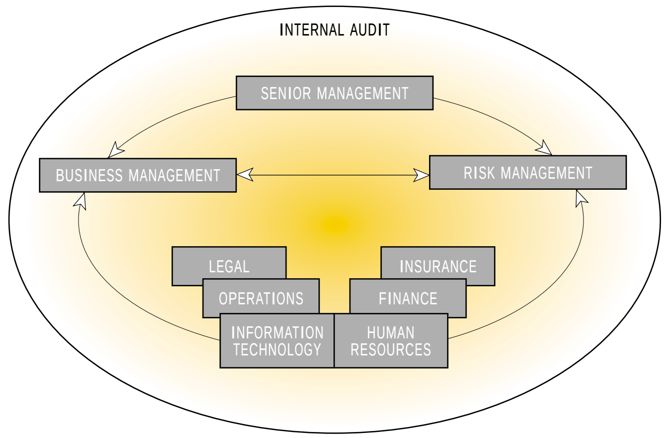
People risk is mitigated through human resource policies and practices including employee training and development, comprehensive recruiting programs and selection criteria, as well as a formal code of conduct.

Process risk is mitigated through clear delegation of authority and segregation of duties and the provision of timely and accurate management information for monitoring and decision making purposes.

Technology risk is managed through proper and prudent controls over information and technology systems, record keeping, evaluation of on and off-balance sheet items, and safeguarding of CIBC's assets and those of our customers.

CIBC has a comprehensive business recovery planning process to ensure that key business functions continue and normal operations are restored effectively and efficiently in the event of business interruption.

Infrastructure



Senior management, business management, internal audit, risk management and support functions collaborate to manage operational risk as illustrated in the chart. Furthermore, senior management is accountable to the Board of Directors for maintaining a strong and disciplined control environment to provide reasonable assurance to shareholders and creditors that operational risk is prudently managed.

YEAR 2000 DISCLOSURE READINESS STATEMENT

As at October 31, 1999, all of CIBC's critical business units were year 2000 ready. Testing will continue through the rest of 1999 as part of CIBC's risk mitigation efforts. With comprehensive and tested contingency plans in place to mitigate risks, CIBC continues to work with outside vendors, consultants, and interest groups to effectively position CIBC for the year 2000. In particular, CIBC is an active member of several committees under the auspices of the Canadian Bankers Association. CIBC's contingency plans include the availability of standby recovery teams and equipment through the rollover into the new millennium.

Year 2000 costs, which are expensed as incurred, totaled $88 million during 1999 and $103 million in 1998. As at October 31, 1999, total costs since project inception are $218 million. Costs are now estimated to total $233 million over the life of the project, down from the prior estimate of $240 million. Remaining project costs are primarily related to CIBC's contingency plans. Specific costs include rental of equipment used in testing as well as personnel related costs over the calendar turn.

CIBC believes that the investigation, remediation, testing and contingency planning undertaken in its year 2000 program are appropriate to manage its year 2000 risk. Despite the steps taken by CIBC, there is some unavoidable uncertainty about year 2000 issues, especially the year 2000 readiness of third parties. As a result, CIBC cannot be absolutely certain that year 2000 issues will not materially and adversely affect CIBC's business operations and customers.

Financial Results

CONTENTS

Financial Reporting Responsibility of Management

The management of Canadian Imperial Bank of Commerce (CIBC) is responsible for the preparation of the Annual Report, which includes the consolidated financial statements. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, including the accounting requirements of the Superintendent of Financial Institutions, Canada (OSFI).

In meeting its responsibility for the reliability and integrity of the consolidated financial statements, management has developed, and maintains, a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded and liabilities are recognized. The system focuses on the need for the employment and training of qualified and professional staff, effective written communication between management and staff and management guidelines and policies. The system also addresses the need for established policies on social responsibility and corporate conduct, and a management organization philosophy which reflects accountability within delineated areas of responsibility. Of necessity, the consolidated financial statements contain items that reflect the best estimates and judgments of management.

The accounting, reporting and internal control systems are reviewed by the Chief Inspector and his staff who examine and review all aspects of CIBC's operations. Systems and procedures to ensure employee compliance with conflict of interest rules and with securities legislation are monitored by the Compliance Officer. The Chief Inspector and the Compliance Officer have full access to the Audit Committee of the Board of Directors of CIBC.

CIBC's interim and annual consolidated financial statements are discussed and reviewed by the Audit Committee with management, the Chief Accountant and the shareholders' auditors, in the presence of the Chief Inspector and the Compliance Officer, before the statements are reviewed by the Board of Directors.

In addition, the Audit Committee has the duty to review the adoption of and changes in accounting principles and practices which have a material effect on the consolidated financial statements; to review such investments and transactions that could adversely affect the well-being of CIBC which are brought to the attention of the Committee by the Chief Inspector and the shareholders' auditors or any officer of CIBC; to review financial reports requiring Board approval prior to submission to securities commissions or other regulatory authorities; to help develop CIBC's financial disclosure philosophy; to assess and review key management estimates and judgments material to reported financial information; and to review the shareholders' auditors' fees.

The Annual Report has been reviewed and approved by the Board of Directors upon the recommendation of the Audit Committee.

J.S. HUNKIN
Chairman and
Chief Executive Officer

J.C. DORAN
Chief Financial Officer
December 2, 1999

Auditors' Report to Shareholders

We have audited the consolidated balance sheets of Canadian Imperial Bank of Commerce (CIBC) as at October 31, 1999 and 1998 and the consolidated statements of income, changes in shareholders' equity and cash flows for each of the years in the three-year period ended October 31, 1999. These consolidated financial statements are the responsibility of CIBC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of CIBC as at October 31, 1999 and 1998 and the results of its operations and its cash flows for each of the years in the three-year period ended October 31, 1999 in accordance with generally accepted accounting principles in Canada, including the accounting requirements of the Superintendent of Financial Institutions, Canada.

ARTHUR ANDERSEN LLP
PRICEWATERHOUSECOOPERS LLP
Chartered Accountants
Toronto, Canada
December 2, 1999

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

$ millions, as at October 31	1999	1998
ASSETS		
Cash resources		
Cash and non-interest-bearing deposits with banks	$ 1,902	$ 1,989
Interest-bearing deposits with banks	10,625	8,806
	12,527	10,795
Securities (Note 3)		
Securities held for investment	13,277	12,799
Securities held for trading	46,054	48,063
Loan substitute securities	161	108
	59,492	60,970
Loans (Note 4)		
Residential mortgages	46,613	43,172
Personal and credit card loans	24,532	24,382
Business and government loans	46,047	48,410
Securities purchased under resale agreements	19,158	36,293
	136,350	152,257
Other		
Derivative instruments market valuation	24,449	37,157
Customers' liability under acceptances	9,296	10,995
Land, buildings and equipment (Note 5)	2,213	2,201
Other assets (Note 6)	6,004	7,055
	41,962	57,408
	$ 250,331	$ 281,430
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits (Note 7)		
Individuals	$ 60,878	$ 59,993
Businesses and governments	85,940	84,862
Banks	13,223	15,020
	160,041	159,875
Other		
Derivative instruments market valuation	25,097	36,245
Acceptances	9,296	10,995
Obligations related to securities sold short	15,563	16,049
Obligations related to securities sold under repurchase agreements	13,640	32,610
Other liabilities (Note 8)	11,092	9,806
	74,688	105,705
Subordinated indebtedness (Note 9)	4,544	4,714
Shareholders' equity		
Preferred shares (Note 11)	1,933	1,961
Common shares (Note 11)	3,035	3,128
Retained earnings	6,090	6,047
	11,058	11,136
	$ 250,331	$ 281,430

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

J.S. HUNKIN
Chairman and Chief Executive Officer

I.E.H. DUVAR
Director

CONSOLIDATED STATEMENTS OF INCOME

$ millions, for the years ended October 31			1999	1998 (1)	1997 (1)
Interest income					
Loans			$ 11,215	$ 11,731	$ 10,211
Securities			2,692	2,645	2,246
Deposits with banks			498	624	434
			14,405	15,000	12,891
Interest expense					
Deposits and other liabilities			9,691	10,271	8,028
Subordinated indebtedness			306	392	346
			9,997	10,663	8,374
Net interest income (Note 3)			4,408	4,337	4,517
Provision for credit losses (Note 4)			750	480	610
			3,658	3,857	3,907
Non-interest income					
Fees for services	Underwriting		700	717	476
	Deposit		490	486	481
	Credit		495	415	432
	Card		314	315	326
	Trust and custodial		371	327	85
	Mutual funds		184	158	136
	Insurance		214	207	185
			2,768	2,625	2,121
Commissions on securities transactions			1,181	1,163	436
Trading activities (Note 3)			584	66	572
Investment securities gains, net			378	96	236
Income from securitized assets			200	120	44
Other			617	734	571
			5,728	4,804	3,980
			9,386	8,661	7,887
Non-interest expenses					
Employee compensation and benefits			4,388	4,059	3,140
Occupancy costs			594	556	436
Computer and office equipment			849	678	513
Communications			380	389	274
Advertising and business development			283	314	207
Professional fees			211	228	153
Business and capital taxes			127	130	153
Restructuring charge (Note 2)			426	79	-
Other			740	692	496
			7,998	7,125	5,372
Net income before income taxes			1,388	1,536	2,515
Income taxes (Note 14)			320	460	937
			1,068	1,076	1,578
Non-controlling interests in net income of subsidiaries			39	20	27
Net income			$ 1,029	$ 1,056	$ 1,551
Dividends on preferred shares (Note 11)			$ 112	$ 116	$ 98
Net income applicable to common shares			917	940	1,453
			$ 1,029	$ 1,056	$ 1,551
Average number of common shares outstanding (in thousands)		- Basic	409,789	415,030	413,545
		- Fully diluted	422,486	425,303	422,403
Net income per common share (in dollars) (Note 15)		- Basic	$ 2.23	$ 2.26	$ 3.51
		- Fully diluted	$ 2.22	$ 2.25	$ 3.50
Dividends per common share (in dollars) (Note 11)			$ 1.20	$ 1.20	$ 1.05

(1) Certain comparative figures have been restated to conform with the presentation used in 1999.

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

$ millions, as at or for the years ended October 31	1999	1998	1997
Preferred shares (Note 11)			
Balance at beginning of year	$ 1,961	$ 1,518	$ 1,068
Issue of preferred shares	-	641	653
Redemption of preferred shares	-	(250)	(217)
Translation adjustment on foreign currency preferred shares	(28)	52	14
Balance at end of year	$ 1,933	$ 1,961	$ 1,518
Common shares (Note 11)			
Balance at beginning of year	$ 3,128	$ 3,105	$ 3,055
Issue of common shares	10	23	50
Repurchase of common shares for cancellation	(103)	-	-
Balance at end of year	$ 3,035	$ 3,128	$ 3,105
Retained earnings			
Balance at beginning of year	$ 6,047	$ 5,624	$ 4,615
Net income	1,029	1,056	1,551
Dividends	(604)	(614)	(532)
Premium on redemption of preferred shares	-	(10)	-
Premium on repurchase of common shares	(397)	-	-
Foreign currency translation adjustment, net of income taxes	(4)	1	10
Other	19	(10)	(20)
Balance at end of year (1)	$ 6,090	$ 6,047	$ 5,624

(1) The cumulative balance in the foreign currency translation account is $6 million (1998: $2 million; 1997: $3 million).

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

$ millions, for the years ended October 31	1999	1998 (1)	1997 (1)
Cash flows provided by (used in) operating activities			
Net income	$ 1,029	$ 1,056	$ 1,551
Adjustments to determine net cash provided by operating activities			
Provision for credit losses	750	480	610
Amortization	368	294	257
Restructuring charge, net of cash payments	325	72	-
Future income taxes	3	(97)	(8)
Investment securities gains, net	(378)	(96)	(236)
Accrued interest receivable	743	(772)	33
Accrued interest payable	(632)	1,045	(84)
Net change in securities held for trading	2,009	(17,278)	(8,811)
Gain on disposal of subsidiary	-	(116)	-
Loss (gain) on disposal of fixed assets	27	(24)	(80)
Current income taxes payable	391	(641)	(78)
Other, net	2,069	1,584	453
	6,704	(14,493)	(6,393)
Cash flows provided by (used in) financing activities			
Deposits, net of withdrawals	(66)	20,027	11,477
Obligations related to securities sold short	(486)	485	2,739
Net obligations related to securities sold under repurchase agreements	(18,970)	892	(714)
Issue of debentures	400	785	993
Redemption of debentures	(262)	(1,095)	(4)
Issue of preferred shares	-	641	653
Redemption of preferred shares	-	(260)	(217)
Issue of common shares	10	23	50
Repurchase of common shares for cancellation	(500)	-	-
Dividends	(604)	(614)	(532)
Other, net	1,054	(735)	325
	(19,424)	20,149	14,770
Cash flows provided by (used in) investing activities			
Interest-bearing deposits with banks	(1,819)	(2,229)	(111)
Loans, net of repayments	(4,983)	(16,542)	(10,229)
Proceeds from securitizations	3,005	7,958	3,043
Purchase of securities held for investment	(9,222)	(12,908)	(10,979)
Proceeds on sales of securities held for investment	9,069	14,839	14,591
Net securities purchased under resale agreements	17,135	4,562	(5,095)
Net cash paid for acquisition of subsidiary	-	(460)	-
Proceeds from sale of subsidiary	-	144	-
Purchase of land, buildings and equipment	(387)	(368)	(300)
Proceeds on disposal of land, buildings and equipment	12	55	141
	12,810	(4,949)	(8,939)
Effect of exchange rate changes on cash and cash equivalents	(21)	88	27
Net increase (decrease) in cash and cash equivalents during year	69	795	(535)
Cash and cash equivalents at beginning of year	1,631	836	1,371
Cash and cash equivalents at end of year	$ 1,700	$ 1,631	$ 836
Represented by:			
Cash and non-interest-bearing deposits with banks	$ 1,902	$ 1,989	$ 1,354
Cheques and other items in transit, net (Note 8)	(202)	(358)	(518)
Cash and cash equivalents at end of year	$ 1,700	$ 1,631	$ 836
Cash interest paid	$ 10,629	$ 9,618	$ 8,408
Cash income taxes paid	$ 140	$ 860	$ 917

(1) Certain comparative figures have been restated to conform with the presentation used in 1999.

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

Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Canadian Imperial Bank of Commerce and its subsidiaries (CIBC) have been prepared in accordance with Canadian generally accepted accounting principles, including the accounting requirements of the Superintendent of Financial Institutions, Canada.

A reconciliation of the impact on total assets, liabilities, net income and retained earnings arising from differences between Canadian and U.S. generally accepted accounting principles is provided in Note 24. Disclosures reflected in these consolidated financial statements comply in all material respects with those required under U.S. generally accepted accounting principles.

A description of new accounting standards not yet implemented is provided in Note 26.

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

The following paragraphs describe the significant accounting policies:

Basis of consolidation

The consolidated financial statements include the accounts of all subsidiaries on a consolidated basis. Goodwill, representing the excess of the purchase price over the fair value of the net assets of the subsidiaries acquired, is amortized to income over its estimated useful life, not exceeding 20 years, using the straight-line method, except where a write-down is required to reflect permanent impairment. Intercompany accounts and transactions have been eliminated.

Investments in companies over which CIBC has significant influence are accounted for by the equity method and are included in securities held for investment in the consolidated balance sheets. CIBC's share of earnings from these investments is included in interest income.

Foreign currency translation

Assets and liabilities arising from foreign currency transactions are translated into Canadian dollars at rates prevailing at the dates of the consolidated financial statements while the associated revenues and expenses are translated using prevailing monthly exchange rates. Realized and unrealized gains and losses arising on the translation are reported in the current year consolidated statement of income.

Assets and liabilities of CIBC's foreign operations are translated using rates prevailing at balance sheet dates while the associated revenues and expenses are translated at the monthly exchange rates in effect. Exchange gains and losses arising from the translation of the net investment positions and from the results of hedging these positions are reported in retained earnings.

Securities

Dividend and interest income, including the amortization of premiums and discounts on debt securities, are included in interest income.

Securities held for investment comprise all securities other than those which are held for trading. Equity securities are stated at cost and debt securities at amortized cost, determined on the average cost basis. Realized gains and losses on disposal and write-downs to reflect other than temporary impairments in value are included in investment securities gains in the consolidated statements of income.

Securities held for trading are purchased for resale over a short period of time and are stated at estimated market value. Gains and losses realized on disposal and unrealized gains and losses from market value fluctuations are included in trading activities in the consolidated statements of income.

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

Obligations related to securities sold short are recorded as liabilities and are carried at their fair values. Realized and unrealized gains and losses thereon are included in trading activities in the consolidated statements of income.

Loans

Loans are stated net of unearned income and allowances for credit losses.

Loan fees

Fees relating to loan origination, including loan commitment, restructuring and renegotiation fees, are considered an integral part of the yield earned on the loan and are deferred as unearned income and amortized to interest income over the term of the loan. Commitment fees which do not result in a loan are included in income immediately. 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 retained by CIBC is at least equal to the average yield earned by the other lenders involved in the financing; otherwise, an appropriate portion of the fee is deferred as unearned income and amortized to interest income to produce an equal average yield over the term of the loan.

Securitizations

CIBC periodically sells groups of loans or receivables to special purpose vehicles (SPVs) which issue securities to investors. If these transactions transfer the risks and rewards of ownership from CIBC and meet accepted criteria for recognition as sales, the assets are removed from the consolidated balance sheets.

Securitization affects the components of income reported in the consolidated statements of income. Amounts that would otherwise be included in net interest income and provision for credit losses are instead included in non-interest income. Non-interest income from securitized assets comprises gains on sale, losses under recourse arrangements and servicing income. All of these components are recognized only when earned, received in cash and the SPV has no recourse to the cash.

Impaired loans

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

Credit card loans are not classified as impaired but are instead fully written-off when payments are contractually 180 days in arrears.

Loans guaranteed or insured by the Canadian government, the provinces or a Canadian government agency are classified as impaired only when payments are contractually 365 days in arrears.

When a loan is classified as impaired, interest recognition 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 necessary allowances for credit losses. No portion of cash received on a loan subsequent to its classification as impaired is recorded as income until such time as any prior write-off has been recovered or any specific allowance has been reversed and it is deemed that the loan principal is fully collectible in accordance with the original contractual terms of the loan.

Allowance for credit losses

Management establishes and maintains an allowance for credit losses which it considers the best possible estimate of probable credit-related losses existing in CIBC's portfolio of on and off-balance sheet financial instruments, giving due regard to current conditions. Impaired loans are carried at their estimated realizable values determined by discounting the expected future cash flows at the interest rate inherent in the loan. When the amount and timing of future cash flows cannot be estimated reliably, the loan is carried at either the fair value of the security underlying the loan or the market price of the loan. Any changes in the estimated realizable amounts over time are reported wholly as a charge or credit for loan impairment. The allowance for credit losses consists of specific and general components, which are deducted from the related asset categories, and specific allowances relating to off-balance sheet items, which are included in other liabilities in the consolidated balance sheets.

Management conducts ongoing credit assessments of the business and government loan portfolio on an account-by-account basis and establishes specific allowances when doubtful accounts are identified. Residential mortgage, personal and credit card 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 outstanding.

The general allowance is provided for unidentified losses.

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

Securities purchased under resale agreements are stated at cost and are secured loans insofar as they represent a purchase of securities by CIBC effected with a simultaneous agreement to sell them back at a future date, which is generally near term. Interest income thereon is included in loan interest income in the consolidated statements of income. Obligations related to securities sold under repurchase agreements are stated at cost and represent the borrowing equivalent of securities purchased under resale agreements. Interest thereon is reflected in deposits and other liabilities interest expense in the consolidated statements of income.

Derivative instruments

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

CIBC utilizes derivatives in two broadly defined activities, trading operations and, to a lesser extent, in asset-liability management operations. Note 19 provides details on their relative use.

Derivatives held for trading purposes

CIBC's derivative trading activities are driven by client and, to a lesser extent, by proprietary trading activities. Clients transact with CIBC as part of their own risk management, investing and trading activities. To facilitate these activities, CIBC acts as a derivatives dealer or market maker, and is prepared to transact with clients by quoting bid and offer prices, with the objective of providing a spread to CIBC. CIBC also takes proprietary trading positions in the interest rate, foreign exchange, debt, equity and commodity markets, with the objective of earning income.

All financial and commodity derivative instruments entered into for trading purposes, including derivatives used to hedge risks created by assets and liabilities which are marked to market, are stated at fair values. Quoted market prices, when available, are used to determine the fair values of derivatives held for trading. Otherwise, fair values are estimated using pricing models. Where appropriate, a valuation adjustment is made to cover market, model and credit risks, as well as administrative costs. Realized and unrealized trading gains and losses are included in trading activities in the consolidated statements of income. Cash flows related to such trading derivatives are included in operating activities in the consolidated statements of cash flows. Derivatives with a positive fair value are reported as assets while derivatives with a negative fair value are reported as liabilities in the consolidated balance sheets, in both cases as derivative instruments market valuation. Assets and liabilities with the same counterparty are netted only where CIBC has both the legal right as well as intent to settle the assets and liabilities on a net basis.

Derivatives held for asset liability management purposes

CIBC uses derivative financial instruments, primarily interest rate swaps and, to a lesser degree, futures, forward rate agreements and options contracts, to manage financial risks such as movements in interest rates and foreign exchange rates. These instruments are used for hedging activities or to modify interest rate characteristics of specific on-balance sheet assets and liabilities, or groups of similar on-balance sheet assets and liabilities.

When derivative instruments, primarily interest rate swaps, modify the interest rate characteristics of specific financial assets or liabilities or groups of similar financial assets or liabilities, these derivative instruments are accounted for using the accrual method. Amounts accrued on these derivative instruments are included in interest income or expense in the consolidated statements of income and reported in other assets or other liabilities in the consolidated balance sheets. Cash flows related to these instruments are included in operating activities in the consolidated statements of cash flows.

Derivative instruments may be designated as hedges of financial risk exposures of on-balance sheet assets or liabilities, firm commitments and anticipated transactions or, of foreign currency exposures arising from net investments in foreign operations. Designation as a hedge is allowed only if, both at the inception of the hedge and throughout the hedge period, the changes in the market value of the derivative instrument substantially offset the effects of price or interest rate changes on the exposed items.

Gains and losses on derivative instruments used to hedge interest rate risk exposures of on-balance sheet assets and liabilities, except for hedges of foreign currency denominated assets and liabilities, are recognized as interest income or expense at the same time as interest income or expense related to the hedged on-balance sheet assets and liabilities. There is no recognition in the consolidated balance sheets of unrealized gains or losses on derivatives used to hedge on-balance sheet assets and liabilities. Cash flows related to these instruments are included in operating activities in the consolidated statements of cash flows.

Foreign currency derivative instruments that hedge foreign currency risk exposures from foreign denominated assets and liabilities are revalued each month using the spot foreign exchange rate and included in other assets or other liabilities in the consolidated balance sheets. Resulting gains and losses are recognized as non-interest income or expense in the consolidated statements of income. The hedged items are also revalued using the spot foreign exchange rate with the resulting gains or losses recognized as non-interest income or expense. Cash flows related to these instruments are included in operating activities in the consolidated statements of cash flows.

Gains and losses on derivative instruments used to hedge firm commitments or anticipated transactions are deferred and recognized in income or as adjustments to the carrying amount of the assets and liabilities which they hedge in the period that the committed or anticipated transactions occur. Anticipated transactions can be hedged only when significant characteristics and expected terms of the anticipated transactions are identified and it is probable that the anticipated transactions will occur. There is no recognition in the consolidated balance sheets of unrealized gains or losses on derivatives hedging anticipated transactions. Cash flows related to these instruments are included in the consolidated statements of cash flows: in operating activities when the gains or losses are included in income; investing activities when the gains or losses are reported as adjustments to the carrying amount of assets acquired; and in financing activities when the gains and losses are reported as adjustments to the carrying amount of liabilities. Premiums for options used for hedging purposes are amortized over the life of the contract.

A hedging relationship is terminated if the hedge ceases to be effective; the underlying asset, liability or future transaction being hedged is liquidated or terminated and the derivative instrument is still outstanding; or, if the derivative instrument is no longer designated as a hedging instrument.

If the relationship of hedging or modification of interest rate characteristics is terminated, the derivative instrument is measured at fair value and transferred to the trading portfolio. Any resulting gains or losses on termination or change in designation are recorded as other assets or other liabilities in the consolidated balance sheets. The gains and losses are included in interest income or expense or as adjustments to the carrying amount of the assets or liabilities on the basis of the original relationship.

Acceptances and customers' liability under acceptances

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

Land, buildings and equipment

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

Buildings	40 years
Computers and equipment	3 to 10 years
Leasehold improvements	Over estimated useful life

Gains and losses on disposal are reported in non-interest income. Costs specifically associated with modifying computer software for the year 2000 are expensed as incurred.

Future income taxes

CIBC uses the asset and liability method to provide for income taxes on all transactions recorded in the consolidated financial statements. The asset and liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets or liabilities and their tax bases. Future income tax assets and liabilities are determined for each temporary difference based on the tax rates which are expected to be in effect when the underlying items of income and expense are expected to be realized.

Pensions and other post-retirement benefits

CIBC is the sponsor of two major pension plans, the contributory and the non-contributory defined benefit pension plans, under which all eligible employees are entitled to benefits based on length of service and rates of pay.

Based on management's best estimate assumptions, actuarial valuations of the pension obligations are made periodically for accounting purposes using the projected benefit method prorated on service. The valuations are made by an independent actuary who provides management with advice and assistance in arriving at their best estimate assumptions. Market-related values are used to value pension fund assets.

The annual pension expense includes the estimated present value of the cost of future pension benefits payable in respect of services rendered in the current period, interest on projected pension obligations net of interest earned on plan assets and the amortization of experience gains and losses. Amortization is charged on a straight-line basis over the expected average remaining service life of the employee groups covered by the plans.

CIBC also provides certain health care and life insurance benefits to eligible pensioners. The costs of such benefits are expensed as incurred.

Stock-based compensation

CIBC provides compensation to certain employees in the form of stock options. CIBC follows the intrinsic value based method of accounting for such awards, consequently no expense is recognized for stock options as the strike price thereon is set at the market price on the issue date of the awards. When options are exercised, the proceeds received by CIBC are credited to common shares.

Under CIBC's stock option plan, participants may elect to exercise up to 50% of their vested options as Stock Appreciation Rights (SARs). Compensation expense in respect of SARs is accrued over the vesting period. Details of stock-based compensation arrangements are provided in Note 12.

Insurance revenues and expenses

Premiums less claims and changes in actuarial liabilities are reflected in non-interest income while administrative costs are included in non-interest expenses in the consolidated statements of income. Investment income is included in income from securities in the consolidated statements of income.

Assets under administration

Assets under administration are comprised of assets under management, assets securitized and still administered by CIBC and assets administered by CIBC in the capacity of custodian. Mutual fund assets managed by CIBC on behalf of its clients are considered assets under management. Assets under administration are not the property of CIBC and are not included in the consolidated balance sheets. Trust and custodial and mutual fund fees are included in non-interest income as fees for services. Trust and custodial fees are primarily investment, estate and trust management fees, which are recorded on an accrual basis, and custodial service fees, which are recorded as earned, except for prepaid fees which are deferred and amortized over the contract term. Mutual fund fees are recorded on an accrual basis.

Consolidated statements of cash flows

In 1999, CIBC adopted the requirements in Canadian Institute of Chartered Accountants (CICA) handbook section 1540, "Cash Flow Statements". Reported cash flows continue to be classified by operating, financing and investing activities. New disclosure includes the effect of exchange rate changes on cash and cash equivalents. As well, the purchase price and proceeds on sale are now disclosed on a gross rather than a net basis for certain investments – subsidiaries, securities held for investment and fixed assets.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows comprise cash, deposits with the Bank of Canada, current operating accounts, overnight deposits with banks and, on a net basis, uncleared cheques and other items in transit.

1998 and 1997 financial information

Certain 1998 and 1997 financial information has been reclassified, where necessary, to conform with the presentation adopted in 1999.

2. RESTRUCTURING CHARGE

During 1999, CIBC's new Chairman and Chief Executive Officer announced a new senior executive team and organizational structure. The organizational structure has four key business lines: Electronic Commerce, Operations and Technology; Retail and Small Business Banking; Wealth Management; and CIBC World Markets. Immediate objectives were established to reduce costs, reallocate capital to more profitable businesses and realign operations with the new business units.

A comprehensive cost reduction plan was developed, which resulted in a restructuring charge of $426 million that was included in non-interest expense in the consolidated statements of income.

Personal and Commercial Bank (P&C Bank) planned restructuring activities include rationalization of the delivery network for retail and insurance customers. This will include branch closures, exiting the direct life insurance business and other unprofitable lines of business and consolidation of other functions.

CIBC World Markets plans include rationalization of global capital markets, closing of the Taiwan office and reducing activities in Hong Kong and Singapore. Additionally, certain non-core product offerings will be discontinued within the U.S.

At the broader CIBC level, plans include the combination of similar activities previously performed in P&C Bank and CIBC World Markets to eliminate redundancies. These plans encompass a fundamental restructuring of Wealth Management, Commercial Banking and common support functions, including finance, human resources, technology and items processing.

The overall restructuring plan includes the reduction of approximately 4,200 employees; accordingly an amount of $377 million has been accrued for severance and employee support costs directly related to the program. Most of the staff reductions will occur in fiscal 2000. At year-end, approximately 480 positions had been eliminated.

Certain former Oppenheimer employees terminated as a result of the restructuring were previously owed retention bonuses of $17 million on October 31, 2000 (see Note 23 on page 80). This amount has been included in their severance packages and, accordingly, has been included as part of the restructuring charge.

Non-cash costs of $26 million include the write-down of goodwill where there has been a permanent impairment in value as a result of decisions to exit businesses. Also included are write-downs of fixed assets held for disposal to net recoverable value, related to premises to be exited and write-off of certain deferred amounts relating to projects to be discontinued.

The actions under the restructuring program which commenced in 1999 will be substantially completed by the fourth quarter of fiscal 2000.

In 1998, CIBC World Markets recorded a restructuring charge of $79 million. Initiatives, which are now complete, included the exit from certain activities in Asia and Europe and a reduction of certain support functions. Approximately 470 positions were eliminated.

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

PROVISION FOR RESTRUCTURING CHARGES

$ millions, as at or for the years ended October 31	1999 Termination benefits	1999 Other cash costs(1)	1999 Total cash costs	1999 Non-cash costs(2)	1999 Total	1998 Termination benefits	1998 Other cash costs	1998 Total cash costs	1998 Non-cash costs(2)	1998 Total
Balance at beginning of year	$ 66	$ -	$ 66	$ 1	$ 67	$ -	$ -	$ -	$ -	$ -
Restructuring charge	377	23	400	26	426	71	2	73	6	79
Cash payments	(97)	(4)	(101)	-	(101)	(5)	(2)	(7)	-	(7)
Non-cash items	-	-	-	(27)	(27)	-	-	-	(5)	(5)
Balance at end of year	$ 346	$ 19	$ 365	$ -	$ 365	$ 66	$ -	$ 66	$ 1	$ 67

(1) Other cash costs include $13 million related to lease commitments for premises to be exited.
(2) Non-cash costs consist of goodwill and fixed asset write-downs and the write-off of other deferred charges.

3. SECURITIES

Residual term to contractual maturity

$ millions, as at October 31	Within 1 year Carrying value	Within 1 year Yield(1)	1 to 5 years Carrying value	1 to 5 years Yield(1)	5 to 10 years Carrying value	5 to 10 years Yield(1)	Over 10 years Carrying value	Over 10 years Yield(1)	No specific maturity Carrying value	No specific maturity Yield(1)	1999 Total Carrying value	1999 Total Yield(1)	1998 Total Carrying value	1998 Total Yield(1)	1997 Total Carrying value	1997 Total Yield(1)
Securities held for investment																
Canadian federal government	$ 855	5.0%	$ 1,126	5.5%	$ 170	6.2%	$ 223	5.8%	$ -	-%	$ 2,374	5.4%	$ 2,192	5.5%	$ 3,043	6.1%
Other Canadian governments	254	5.6	1,050	5.7	37	6.4	207	5.9	-	-	1,548	5.7	1,624	5.6	1,358	5.9
U.S. Treasury	82	4.8	-	-	-	-	-	-	-	-	82	4.8	128	5.0	154	5.4
Other U.S. agencies	96	4.9	1,473	5.4	255	5.4	-	-	20	6.0	1,844	5.4	3,049	5.3	4,313	5.6
Other foreign governments	279	5.9	443	5.7	60	6.0	64	6.0	-	-	846	5.8	919	5.5	879	7.1
Corporate debt	1,550	4.7	838	5.7	440	5.7	268	5.3	8	4.9	3,104	5.2	2,178	5.5	2,854	5.3
Corporate equity	125	5.9	159	5.6	452	5.0	44	5.0	2,496	2.5	3,276	3.2	2,511	4.9	1,787	4.8
Equity accounted investments(2)	-	-	-	-	-	-	-	-	203	-	203	-	198	-	174	-
Total debt securities																
Carrying value	$ 3,116		$ 4,930		$ 962		$ 762		$ 28		$ 9,798		$ 10,090		$ 12,601	
Estimated market value	$ 3,099		$ 4,964		$ 933		$ 779		$ 28		$ 9,803		$ 10,340		$ 12,770	
Total equity securities																
Carrying value	$ 125		$ 159		$ 452		$ 44		$ 2,699		$ 3,479		$ 2,709		$ 1,961	
Estimated market value(3)	$ 125		$ 161		$ 638		$ 59		$ 6,111		$ 7,094		$ 4,590		$ 2,342	
Total investment securities																
Carrying value	$ 3,241		$ 5,089		$ 1,414		$ 806		$ 2,727		$ 13,277		$ 12,799		$ 14,562	
Estimated market value(3)	$ 3,224		$ 5,125		$ 1,571		$ 838		$ 6,139		$ 16,897		$ 14,930		$ 15,112	

(1) Represents the weighted average yield which is determined by applying the weighted average of the book yields of individual fixed income securities and the stated dividend rates of corporate equity securities.
(2) For purposes of this disclosure, the estimated market value has been assumed to equal the book value.
(3) The fair value of publicly traded equities held for investment does not take into account any adjustments for resale restrictions that expire within one year, adjustments for liquidity or future expenses.

$ millions, as at October 31	Within 1 year Carrying value	Yield (1)	1 to 5 years Carrying value	Yield (1)	5 to 10 years Carrying value	Yield (1)	Over 10 years Carrying value	Yield (1)	No specific maturity Carrying value	Yield (1)	1999 Total Carrying value	Yield (1)	1998 Total Carrying value	Yield (1)	1997 Total Carrying value	Yield (1)
	Residual term to contractual maturity															
Securities held for trading (2)																
Canadian federal government	$ 3,878		$ 6,285		$ 1,096		$ 718		$ -		$ 11,977		$ 13,519		$ 9,720	
Other Canadian governments	254		573		313		296		-		1,436		1,434		2,325	
U.S. Treasury and agencies	3,316		1,351		350		245		-		5,262		5,849		3,124	
Other foreign governments	148		372		45		30		-		595		2,758		1,465	
Corporate debt	5,527		1,771		1,256		1,413		-		9,967		11,534		6,650	
Corporate equity	13		3		-		13		16,788		16,817		12,969		7,226	
Total trading securities	$ 13,136		$ 10,355		$ 3,060		$ 2,715		$ 16,788		$ 46,054		$ 48,063		$ 30,510	
Total investment securities																
Carrying value	$ 3,241		$ 5,089		$ 1,414		$ 806		$ 2,727		$ 13,277		$ 12,799		$ 14,562	
Estimated market value (3)	$ 3,224		$ 5,125		$ 1,571		$ 838		$ 6,139		$ 16,897		$ 14,930		$ 15,112	
Loan substitute securities																
Carrying value	$ 6	5.1%	$ 155	4.3%	$ -	-%	$ -	-%	$ -	-%	$ 161	4.3%	$ 108	4.2%	$ 180	4.7%
Estimated market value	$ 6		$ 155		$ -		$ -		$ -		$ 161		$ 108		$ 180	
Total securities																
Carrying value	$ 16,383		$ 15,599		$ 4,474		$ 3,521		$ 19,515		$ 59,492		$ 60,970		$ 45,252	
Estimated market value (3)	$ 16,366		$ 15,635		$ 4,631		$ 3,553		$ 22,927		$ 63,112		$ 63,101		$ 45,802	

(1) Represents the weighted average yield which is determined by applying the weighted average of the book yields of individual fixed income securities and the stated dividend rates of corporate equity securities.
(2) Since securities held for trading are recorded at market value, carrying value equals market value.
(3) The fair value of publicly traded equities held for investment does not take into account any adjustments for resale restrictions that expire within one year, or adjustments for liquidity or future expenses.

ESTIMATED MARKET VALUES OF SECURITIES HELD FOR INVESTMENT

$ millions, as at October 31	1999 Carrying value	1999 Unrealized gains	1999 Unrealized losses	1999 Estimated market value	1998 Carrying value	1998 Unrealized gains	1998 Unrealized losses	1998 Estimated market value
Securities issued or guaranteed by:								
Canadian federal government	$ 2,374	$ 52	$ (18)	$ 2,408	$ 2,192	$ 110	$ (12)	$ 2,290
Other Canadian governments	1,548	41	(40)	1,549	1,624	68	(1)	1,691
U.S. Treasury	82	-	-	82	128	-	-	128
Other U.S. agencies	1,844	7	-	1,851	3,049	21	-	3,070
Other foreign governments	846	15	(1)	860	919	63	-	982
Corporate securities								
Debt	3,104	30	(81)	3,053	2,178	7	(6)	2,179
Equity	3,276	3,744	(129)	6,891	2,511	1,966	(85)	4,392
Equity accounted investments (1)	203	-	-	203	198	-	-	198
	$ 13,277	$ 3,889	$ (269)	$ 16,897	$ 12,799	$ 2,235	$ (104)	$ 14,930

(1) For purposes of this disclosure, the estimated market value has been assumed to equal book value.

Trading activities

Trading revenue is earned through the trading of securities, foreign exchange and derivative products. Net interest income on trading assets is integral to trading activities and is therefore included in total trading revenue.

Trading activities include dealing and other securities and derivatives trading activities measured at fair value, with gains and losses recognized in earnings. Trading activities exclude underwriting fees and commissions on securities transactions which are shown separately in the consolidated statements of income.

TRADING REVENUE

$ millions, for the years ended October 31	1999	1998	1997
Net interest income consists of:			
Non-trading related	$ 4,492	$ 4,334	$ 4,399
Trading related	(84)	3	118
Net interest income	$ 4,408	$ 4,337	$ 4,517
Trading revenue consists of:			
Trading related net interest income	$ (84)	$ 3	$ 118
Non-interest income -			
trading activities	584	66	572
Trading revenue	$ 500	$ 69	$ 690
Trading revenue by product line:			
Interest rates	$ 296	$ 97	$ 379
Foreign exchange	24	50	78
Equities	33	(108)	161
Commodities and other (1)	147	30	72
Trading revenue	$ 500	$ 69	$ 690

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

4. LOANS

$ millions, as at October 31	1999 Gross amount	1999 Allowance	1999 Net total	1998 Gross amount	1998 Allowance	1998 Net total
Residential mortgages	$ 46,637	$ 24	$ 46,613	$ 43,199	$ 27	$ 43,172
Personal and credit card loans	24,751	219	24,532	24,563	181	24,382
Business and government loans	47,552	505	47,047(1)	49,811	551	49,260(1)
Securities purchased under resale agreements	19,158	-	19,158	36,293	-	36,293
General allowance for credit losses	-	1,000	(1,000)(1)	-	850	(850)(1)
	$ 138,098	$ 1,748	$ 136,350	$ 153,866	$ 1,609	$ 152,257

(1) The general allowance for credit losses is available for the portfolio as a whole. However, for purposes of presentation in the consolidated balance sheets, the general allowance for credit losses is netted against business and government loans.

LOAN MATURITIES

$ millions, as at October 31	Residual term to contractual maturity: Within 1 year	1 to 5 years	5 to 10 years	Over 10 years	1999 Total
Residential mortgages	$ 9,879	$ 33,624	$ 2,909	$ 201	$ 46,613
Personal and credit card loans	17,082	6,929	519	2	24,532
Business and government loans	30,131	9,082	6,572	1,262	47,047
Securities purchased under resale agreements	19,158	-	-	-	19,158
	76,250	49,635	10,000	1,465	137,350
General allowance for credit losses					(1,000)
					$ 136,350

ALLOWANCE FOR CREDIT LOSSES

$ millions, as at or for the years ended October 31	Specific(1) 1999	Specific 1998	Specific 1997	General 1999	General 1998	General 1997	Total(1) 1999	Total 1998	Total 1997
Balance at beginning of year	$ 776	$ 945	$ 1,041	$ 850	$ 650	$ 400	$ 1,626	$ 1,595	$ 1,441
Write-offs	(754)	(592)	(621)	-	-	-	(754)	(592)	(621)
Recoveries	144	132	157	-	-	-	144	132	157
Provision for credit losses charged to the consolidated statements of income	600	280	360	150	200	250	750	480	610
Foreign exchange and other adjustments	(14)	11	8	-	-	-	(14)	11	8
Balance at end of year	$ 752	$ 776	$ 945	$ 1,000	$ 850	$ 650	$ 1,752	$ 1,626	$ 1,595

(1) Includes allowances on letters of credit totaling $4 million (1998: $17 million; 1997: $4 million).

IMPAIRED LOANS

$ millions, as at October 31	1999 Gross amount	1999 Allowance	1999 Net total	1998 Gross amount	1998 Allowance	1998 Net total
Residential mortgages	$ 138	$ 24	$ 114	$ 135	$ 27	$ 108
Personal and credit card loans	325	219	106	301	181	120
Business and government loans	1,019	505	514	1,050	551	499
General allowance for credit losses	-	1,000	(1,000)(1)	-	850	(850)(1)
	$ 1,482	$ 1,748	$ (266)	$ 1,486	$ 1,609	$ (123)

(1) The general allowance for credit losses is available for the portfolio as a whole. However, for purposes of presentation in the consolidated balance sheets, the general allowance for credit losses is netted against business and government loans.

As at October 31, 1999, other past due loans totaled $68 million (1998: $77 million) of which $44 million (1998: $26 million) was in Canada and $24 million (1998: $51 million) was outside Canada. Other past due loans, excluding credit card loans and government guaranteed loans, are loans where repayment of principal or payment of interest is contractually in arrears between 90 and 180 days. These loans have not been classified as impaired loans because they are both fully secured and in the process of collection. When the arrears reach 180 days, the loans become impaired notwithstanding the security held.

As at October 31, 1999, the interest entitlements on loans classified as impaired were $98 million for Canadian domiciled loans (1998: $96 million; 1997: $97 million) and $26 million for foreign domiciled loans (1998: $34 million; 1997: $27 million), of which interest recognized on loans classified as impaired was $59 million for Canadian domiciled loans (1998: $41 million; 1997: $39 million) and $13 million for foreign domiciled loans (1998: $10 million; 1997: $11 million).

5. LAND, BUILDINGS AND EQUIPMENT

$ millions, as at October 31	1999 Cost	1999 Accumulated amortization(1)	1999 Net book value	1998 Net book value
Land	$ 243	$ -	$ 243	$ 216
Buildings	1,324	412	912	900
Computers, office furniture and other equipment	2,364	1,545	819	800
Leasehold improvements	564	325	239	285
	$ 4,495	$ 2,282	$ 2,213	$ 2,201

(1) Amortization of buildings, equipment and leasehold improvements for the year amounted to $336 million (1998: $266 million; 1997: $231 million).

During the year, CIBC revised the estimated useful life for certain technology assets to reflect replacement dates which differed from those originally anticipated. The effect of this change was to reduce net income by $31 million and earnings per share by $0.08.

In 1999, CIBC offered for sale its real estate investment portfolio. The portfolio of seven buildings and additional properties held through joint venture arrangements are located in major urban centres across Canada.

6. OTHER ASSETS

$ millions, as at October 31	1999	1998
Accrued interest receivable	$ 1,236	$ 1,979
Brokers' client accounts	1,276	1,375
Prepaid pension costs (Note 13)	267	271
Goodwill (1)	135	172
Other prepayments and deferred items	718	120
Other, including accounts receivable	2,372	3,138
	$ 6,004	$ 7,055

(1) Amortization of goodwill for the year amounted to $32 million (1998: $28 million; 1997: $26 million).

7. DEPOSITS

$ millions, as at October 31	Payable on demand (1)	Payable after notice (2)	Payable on a fixed date(3) Within 1 year	1 to 5 years	5 to 10 years	Over 10 years	1999 Total	1998 Total
Individuals	$ 3,634	$ 17,817	$ 27,711	$ 11,689	$ 27	$ -	$ 60,878	$ 59,993
Businesses and governments	12,457	5,869	62,130	3,460	1,582	442	85,940	84,862
Banks	1,163	1	10,510	1,499	16	34	13,223	15,020
	$ 17,254	$ 23,687	$ 100,351	$ 16,648	$ 1,625	$ 476	$ 160,041	$ 159,875
Total deposits include:								
Non-interest-bearing deposits								
In domestic offices							$ 6,569	$ 6,062
In foreign offices							619	554
Interest-bearing deposits								
In domestic offices							94,172	87,363
In foreign offices							57,870	64,936
U.S. federal funds purchased							811	960
							$ 160,041	$ 159,875

(1) Deposits payable on demand include all deposits for which CIBC does not have the right to require notice of withdrawal. These deposits are, in general, chequing accounts.
(2) Deposits payable after notice include all deposits for which CIBC can legally require notice of withdrawal. These deposits are, in general, savings accounts.
(3) Deposits payable on a fixed date include all deposits which mature on a specified date. These deposits are generally term deposits, guaranteed investment certificates and similar instruments.

8. OTHER LIABILITIES

$ millions, as at October 31	1999	1998
Accrued interest payable	$ 2,353	$ 2,985
Gold and silver certificates	240	452
Brokers' client accounts	2,462	1,000
Cheques and other items in transit, net	202	358
Deferred items	346	454
Future income taxes (Note 14)	147	223
Non-controlling interests in subsidiaries	204	230
Other, including accounts payable and accruals	5,138	4,104
	$ 11,092	$ 9,806

9. SUBORDINATED INDEBTEDNESS

The following indebtedness is unsecured and subordinated to deposits and other liabilities. Foreign denominated indebtedness either funds foreign denominated assets or is combined with cross currency swaps to create synthetic Canadian dollar liabilities.

TERMS OF SUBORDINATED INDEBTEDNESS
$ millions, as at October 31

		Earliest date redeemable by CIBC				
Interest rate %	Maturity date	at greater of Canada Yield Price(2) and par	at par	Denominated in foreign currency	1999 Amount	1998 Amount
9.5	December 30, 1998(3)			LUF 1.5 billion	$ -	$ 68
10.375	January 31, 2000(3)				41	41
12.45	December 1, 2000(3)				9	9
7.88	July 28, 2001(4)			Yen 5 billion	-	66
5.5	June 21, 2003(3)			Yen 5 billion	71	66
11.125	February 10, 2004(3)(5)				1	50
7.1	March 10, 2004(5)	March 10, 1999			67	250
6.91	July 19, 2004(4)			Yen 5 billion	-	66
8.55	May 12, 2005	May 12, 2000			70	70
8.65	August 22, 2005	August 22, 2000			200	200
5.52(1)	September 5, 2006		September 5, 2001		220	220
Floating(6)	March 7, 2007		March 7, 2002		100	100
Floating(7)	October 30, 2007		October 30, 2002		250	250
Floating(7)	March 4, 2008		March 4, 2003		50	50
Floating(8)(9)	May 19, 2008		May 18, 2003	US$ 250 million	368	386
6.5(1)	October 21, 2009	October 21, 1999	October 21, 2004		400	-
7.4(1)	January 31, 2011		January 31, 2006		250	250
8.15(1)	April 25, 2011	April 25, 2001	April 25, 2006		250	250
7.0(1)	October 23, 2011	October 23, 2001	October 23, 2006		250	250
Floating(8)(10)	August 14, 2012		August 14, 2007	US$ 300 million	441	463
5.89(1)	February 26, 2013	February 26, 1998	February 26, 2008		120	120
9.65	October 31, 2014	November 1, 1999			250	250
8.7	May 25, 2029(3)				25	25
8.7	May 25, 2032(3)				25	25
8.7	May 25, 2033(3)				25	25
8.7	May 25, 2035(3)				25	25
11.6	January 7, 2031	January 7, 1996			200	200
10.8	May 15, 2031	May 15, 2021			150	150
Floating(11)	July 31, 2084		July 27, 1990	US$ 257 million(12)	378	440
Floating(13)	August 31, 2085		August 20, 1991	US$ 209 million(14)	308	349
					$ 4,544	$ 4,714

(1) Interest rate is fixed at the indicated rate until the earliest date redeemable at par by CIBC and thereafter, on the three month bankers' acceptance rate plus 1.00%.
(2) Canada Yield Price: a price calculated to provide a yield to maturity equal to the yield of a Government of Canada bond of appropriate maturity plus a predetermined spread.
(3) Not redeemable prior to maturity date.
(4) Redeemed early through normal provisions of the debenture agreement for cash.
(5) A portion of the amounts outstanding was converted to deposit liabilities during 1999.
(6) Interest rate is based on the three month bankers' acceptance rate plus 0.20% until the earliest date redeemable by CIBC and thereafter, on the three month bankers' acceptance rate plus 1.00%.
(7) Interest rate is based on the three month bankers' acceptance rate plus 0.21% until the earliest date redeemable by CIBC and thereafter, on the three month bankers' acceptance rate plus 1.00%.
(8) Issued by CIBC World Markets plc and guaranteed by CIBC on a subordinated basis.
(9) Interest rate is based on the three month London inter-bank offered rate (LIBOR) plus 0.25% until the earliest date redeemable by CIBC World Markets plc and thereafter, on the three month LIBOR plus 0.75%.
(10) Interest rate is based on the three month LIBOR plus 0.35% until the earliest date redeemable by CIBC World Markets plc and thereafter, on the three month LIBOR plus 1.35%.
(11) Interest rate is based on the six month LIBOR plus 0.25%.
(12) US $28 million of the indebtedness was repurchased for cash during 1999.
(13) Interest rate is based on the six month LIBOR plus 0.125%.
(14) US $17 million of the indebtedness was repurchased for cash during 1999.

The aggregate contractual maturities of CIBC's subordinated indebtedness are outlined in the following table.

REPAYMENT SCHEDULE
$ millions

Within 1 year	$ 41
Over 1 to 2 years	9
Over 2 to 3 years	-
Over 3 to 4 years	71
Over 4 to 5 years	68
Over 5 years	4,355
	$ 4,544

10. INTEREST RATE SENSITIVITY

CIBC is exposed to interest rate risk as a consequence of the mismatch, or gap, between the assets, liabilities and off-balance sheet instruments scheduled to mature or reprice on particular dates. The gaps which existed at October 31 are detailed below.

	Maturity or repricing date of interest sensitive instruments						
$ millions, as at October 31	Floating rate	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Not interest rate sensitive	Total
1999 Assets							
Cash resources	$ 6	$ 8,641	$ 2,342	$ -	$ -	$ 1,538	$ 12,527
Effective yield(1)		5.07%	5.65%				
Securities held for investment	227	3,616	2,056	2,568	1,769	3,202	13,438
Effective yield(1)		5.14%	5.61%	6.03%	7.14%		
Securities held for trading	-	5,243	7,441	10,121	6,231	17,018	46,054
Effective yield(1)		5.34%	5.47%	5.80%	6.37%		
Loans	37,713	48,059	11,176	32,913	5,560	929	136,350
Effective yield(1)		5.76%	6.63%	6.70%	7.28%		
Other	-	24,449	-	-	-	17,513	41,962
Total assets	37,946	90,008	23,015	45,602	13,560	40,200	250,331
Liabilities and shareholders' equity							
Deposits	21,456	63,616	40,827	15,937	2,075	16,130	160,041
Effective yield(1)		4.86%	4.85%	5.13%	6.19%		
Obligations related to securities sold short	-	4,774	277	4,123	3,350	3,039	15,563
Effective yield(1)		5.03%	5.54%	5.97%	6.10%		
Obligations related to securities sold under repurchase agreements	-	13,640	-	-	-	-	13,640
Effective yield(1)		5.00%					
Subordinated indebtedness	-	1,628	308	768	1,840	-	4,544
Effective yield(1)		6.02%	6.06%	6.28%	8.73%		
Other	-	25,097	-	-	-	31,446	56,543
Total liabilities and shareholders' equity	21,456	108,755	41,412	20,828	7,265	50,615	250,331
On-balance sheet gap	16,490	(18,747)	(18,397)	24,774	6,295	(10,415)	-
Off-balance sheet gap	-	(14,018)	5,189	3,483	5,346	-	-
Total gap	$ 16,490	$ (32,765)	$ (13,208)	$ 28,257	$ 11,641	$ (10,415)	$ -
Total cumulative gap	$ 16,490	$ (16,275)	$ (29,483)	$ (1,226)	$ 10,415	$ -	$ -
Gap by currency							
On-balance sheet gap							
Canadian currency	$ 17,125	$ (17,599)	$ (9,159)	$ 24,105	$ 1,341	$ (15,813)	$ -
Foreign currencies	(635)	(1,148)	(9,238)	669	4,954	5,398	-
Total on-balance sheet gap	16,490	(18,747)	(18,397)	24,774	6,295	(10,415)	-
Off-balance sheet gap							
Canadian currency	-	(21,107)	9,346	5,957	5,804	-	-
Foreign currencies	-	7,089	(4,157)	(2,474)	(458)	-	-
Total off-balance sheet gap	-	(14,018)	5,189	3,483	5,346	-	-
Total gap	$ 16,490	$ (32,765)	$ (13,208)	$ 28,257	$ 11,641	$ (10,415)	$ -
1998 Gap by currency							
On-balance sheet gap							
Canadian currency	$ 16,400	$ (14,278)	$ (6,288)	$ 22,066	$ (252)	$ (17,648)	$ -
Foreign currencies	(4,700)	9,425	(15,151)	2,185	4,235	4,006	-
Total on-balance sheet gap	11,700	(4,853)	(21,439)	24,251	3,983	(13,642)	-
Off-balance sheet gap							
Canadian currency	-	(24,994)	16,438	3,060	5,496	-	-
Foreign currencies	-	4,390	4,641	(9,003)	(28)	-	-
Total off-balance sheet gap	-	(20,604)	21,079	(5,943)	5,468	-	-
Total gap	$ 11,700	$ (25,457)	$ (360)	$ 18,308	$ 9,451	$ (13,642)	$ -
Total cumulative gap	$ 11,700	$ (13,757)	$ (14,117)	$ 4,191	$ 13,642	$ -	$ -

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

11. SHARE CAPITAL

Authorized

Preferred Shares

An unlimited number of Class A Preferred Shares and Class B Preferred Shares without par value issuable in series for an aggregate consideration not exceeding $5,000 million for each class.

Common Shares

An unlimited number of Common Shares without par value issuable for an aggregate consideration not exceeding $10,000 million.

Share rights and privileges

Class A Preferred Shares

Each series of Class A Preferred Shares bears quarterly non-cumulative dividends and is redeemable for cash by CIBC on or after the specified redemption dates at the cash redemption prices indicated below. Each series, with the exception of Series 18, also provides CIBC with the right to convert the shares to CIBC common shares on or after a specified conversion date. Each share is convertible into a number of common shares determined by dividing the then applicable cash redemption price by 95% of the average common share price (as defined in the short form prospectus or prospectus supplement), subject to a minimum price of $2.00 per share. Shareholders acquire the same conversion option at a specified conversion date. Furthermore, subject to the approval of the Superintendent of Financial Institutions, Canada, CIBC may elect to redeem for cash any shares tendered for conversion or to arrange for their cash sale to another purchaser.

TERMS OF PREFERRED SHARES

				Conversion for common	
	Quarterly dividends per share	Specified redemption date	Cash redemption price per share	CIBC conversion date	Shareholders conversion date
Series 12	US$ 0.406250	October 31, 2000	US$ 26.00	October 31, 2000	July 31, 2003
		October 31, 2001	US$ 25.50		
		October 31, 2002	US$ 25.00		
Series 13	$ 0.437500	October 31, 2000	$ 26.00	October 31, 2000	July 31, 2003
		October 31, 2001	$ 25.50		
		October 31, 2002	$ 25.00		
Series 14	$ 0.371875	July 31, 2003	$ 26.00	July 31, 2003	July 31, 2006
		July 31, 2004	$ 25.50		
		July 31, 2005	$ 25.00		
Series 15	$ 0.353125	July 31, 2004	$ 26.00	July 31, 2004	July 31, 2007
		July 31, 2005	$ 25.50		
		July 31, 2006	$ 25.00		
Series 16	US$ 0.353125	October 29, 2004	US$ 25.50	October 29, 2004	October 29, 2007
		October 29, 2005	US$ 25.25		
		October 29, 2006	US$ 25.00		
Series 17	$ 0.340625	October 29, 2004	$ 25.50	October 29, 2004	October 29, 2007
		October 29, 2005	$ 25.25		
		October 29, 2006	$ 25.00		
Series 18	$ 0.343750	October 29, 2012	$ 25.00	not convertible	not convertible
Series 19	$ 0.309375	April 30, 2008	$ 25.75	April 30, 2008	April 30, 2013
		April 30, 2009	$ 25.60		
		April 30, 2010	$ 25.45		
		April 30, 2011	$ 25.30		
		April 30, 2012	$ 25.15		
		April 30, 2013	$ 25.00		
Series 20	US$ 0.321875	October 31, 2005	US$ 25.50	October 31, 2005	April 30, 2008
		October 31, 2006	US$ 25.25		
		October 31, 2007	US$ 25.00		

OUTSTANDING SHARES AND DIVIDENDS DECLARED

As at or for the years ended October 31	1999				1998				1997	
	Shares outstanding		Dividends declared		Shares outstanding		Dividends declared		Dividends declared	
	No. of shares	$ millions	$ millions	per share	No. of shares	$ millions	$ millions	per share	$ millions	per share
Class A Preferred Shares										
Floating rate shares entitled to cumulative dividends										
Series 4	-	$ -	$ -	$ -	-	$ -	$ -	$ -	$ 4	$ 3.41
Series 5	-	-	-	$ -	-	-	-	$ -	4	$ 0.82
		-	-			-	-		8	
Fixed rate shares entitled to non-cumulative dividends										
Series 9	-	-	-	$ -	-	-	11	$ 1.14	23	$ 2.28
Series 12	6,000,000	221	14	US$ 1.63	6,000,000	232	14	US$ 1.63	13	US$ 1.63
Series 13	8,000,000	200	14	$ 1.75	8,000,000	200	14	$ 1.75	14	$ 1.75
Series 14	8,000,000	200	12	$ 1.49	8,000,000	200	12	$ 1.49	12	$ 1.49
Series 15	12,000,000	300	17	$ 1.41	12,000,000	300	17	$ 1.41	17	$ 1.41
Series 16	5,500,000	203	11	US$ 1.41	5,500,000	212	12	US$ 1.41	6	US$ 0.82
Series 17	6,500,000	162	9	$ 1.36	6,500,000	162	9	$ 1.36	5	$ 0.79
Series 18	12,000,000	300	17	$ 1.38	12,000,000	300	16	$ 1.36	-	$ -
Series 19	8,000,000	200	10	$ 1.24	8,000,000	200	6	$ 0.74	-	$ -
Series 20	4,000,000	147	8	US$ 1.29	4,000,000	155	5	US$ 0.77	-	$ -
		1,933	112			1,961	116		90	
Total preferred share capital and dividends		$ 1,933	$ 112			$ 1,961	$ 116		$ 98	
Common Shares										
Total common share capital at beginning of year	415,515,134	$ 3,128			414,293,851	$ 3,105				
Issued pursuant to the Employee Stock Option Plan	506,445	10			1,221,283	23				
Repurchase of common shares	(13,743,000)	(103)			-	-				
Total common share capital and dividends	402,278,579	$ 3,035	$ 492	$ 1.20	415,515,134	$ 3,128	$ 498	$ 1.20	$ 434	$ 1.05
Total dividends declared			$ 604				$ 614		$ 532	

Restrictions on the payment of dividends

CIBC is prohibited by the Bank Act (Canada) from declaring any dividends on its preferred or common shares when CIBC is, or would be placed by such declaration, in contravention of the capital adequacy and liquidity regulations or any regulatory directives issued under the Act. In addition, the ability to pay common share dividends is restricted by the terms of the outstanding preferred shares whereby CIBC may not pay dividends on its common shares at any time unless all dividends to which preferred shareholders are then entitled have been declared and paid or set apart for payment.

Shareholder investment plan

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

Shares reserved for issue

As at October 31, 1999, 8,526,186 common shares have been reserved for issue pursuant to the Employee Stock Option Plan.

Share repurchase

On September 17, 1998, CIBC announced a program to repurchase up to 20 million of its outstanding common shares. Under the program, which has been completed, 13.7 million shares were repurchased at an average price of $36.38 per share.

On December 2, 1999, the board approved a normal course issuer bid to repurchase up to 5% of CIBC's outstanding common shares, subject to regulatory approval.

12. STOCK-BASED COMPENSATION

CIBC has four stock-based compensation plans which are described below. Compensation expense recognized in respect of the plans totaled $142 million (1998: $45 million; 1997: $158 million).

Employee Stock Option Plan

Under CIBC's Employee Stock Option Plan, stock options are periodically granted to designated employees. Options provide the employee with the right to purchase CIBC common shares from CIBC at a fixed strike price equal to the market price of the stock at the grant date. The options vest evenly over a four-year period and expire 10 years from the grant date, except for the options expiring in February 2001, which vest based on certain operating results.

Up to 50% of vested options can be exercised as Stock Appreciation Rights (SARs). SARs can be exchanged for a cash amount equal to the difference between the option strike price and the weighted average price of the common shares on the Toronto Stock Exchange the day immediately preceding the day the SARs are exercised.

CIBC accrues compensation expense on SARs over the vesting period as a function of the expected exercise rate and the excess of quoted market price over strike price. The compensation cost (recovery) recorded in the year in respect of this plan amounted to $8 million (1998: $(16) million; 1997: $17 million).

Employee Share Purchase Plan

Under CIBC's Employee Share Purchase Plan, qualifying employees can choose each year to have up to 6% of their annual base earnings withheld to purchase CIBC common shares. CIBC matches 50% of the employee contribution amount. All contributions are used by the plan trustee to purchase common shares during each pay period in the open market. CIBC contributions vest after two years of continuous participation in the plan and all subsequent contributions vest immediately. CIBC's contribution is expensed as paid and totaled $26 million (1998: $25 million; 1997: $24 million).

Long Term Incentive Plan

Under CIBC's Long Term Incentive Plan, certain key CIBC World Markets' employees are provided with common share-based awards.

The funding for awards under this plan is paid into a trust which purchases CIBC common shares in the open market. The awards vest over a three-year period. Compensation expense is recognized in an amount equal to the sums to be transferred to the trust in respect of current fiscal year allocations and totaled $106 million (1998: $36 million; 1997: $117 million).

Retirement Deferred Share Units

In 1999, CIBC introduced a long term incentive plan for certain senior executives. Under the plan, the participants are awarded Retirement Deferred Share Units (RDSUs) which vest after two years if certain performance criteria are attained. Each RDSU is equivalent to one common share of CIBC and is redeemable only upon the participant's retirement, death or termination. Compensation expense in respect of the RDSUs is charged to income at the date of grant. This totaled $2 million for 1999.

EMPLOYEE STOCK OPTION PLAN

	1999		1998		1997	
As at or for the years ended October 31	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price	Number of stock options (1)	Weighted average exercise price
Outstanding at beginning of year	13,106,825	$ 28.20	11,131,619	$ 23.02	9,467,660	$ 18.08
Granted	4,617,000	$ 38.95	3,632,980	$ 40.65	3,862,300	$ 32.09
Exercised	(506,445)	$ 20.00	(1,221,283)	$ 19.14	(1,514,095)	$ 17.16
Forfeited/Cancelled	(388,050)	$ 35.62	(200,846)	$ 32.55	(452,500)	$ 19.83
Exercised as SARs	(121,055)	$ 18.71	(235,645)	$ 18.94	(231,746)	$ 16.92
Outstanding at end of year	16,708,275	$ 31.31	13,106,825	$ 28.20	11,131,619	$ 23.02
Exerciseable at end of year	7,043,274	$ 23.51	5,084,611	$ 19.83	3,921,654	$ 17.31

(1) Options outstanding have been restated to reflect the stock dividend paid on March 27, 1997.

OPTIONS OUTSTANDING

Exercise price	Stock options outstanding	Stock options vested	Expiry
$ 33.850	702,000	-	February 2001
$ 15.375	751,075	751,075	February 2003
$ 17.813	1,015,825	1,015,825	February 2004
$ 16.375	1,419,515	1,419,515	February 2005
$ 21.125	2,166,900	1,625,175	February 2006
$ 31.700	2,754,276	1,377,138	February 2007
$ 40.650	3,418,184	854,546	February 2008
$ 38.950	4,480,500	-	February 2009
	16,708,275	7,043,274	

Pro-forma disclosures

CIBC uses the intrinsic-value based method of accounting for stock-based compensation. The fair value of each option granted in 1999 has been estimated at $13.35 (1998: $13.90; 1997: $13.46) using the Cox-Rubinstein model for pricing American options.

The pricing model assumes risk-free interest rates of 6% (1998: 5%; 1997: ranging from 3.6% for 1 year to 7.4% for 10 years), expected dividend yields of 3.08% annually (1998: 2.95%; 1997: from $0.90 per share in 1996 to $1.90 per share in 2007) and expected common stock price volatility of 28% (1998: 30%; 1997: 24%).

The fair-value based method requires that the compensation cost related to SARs be measured as the intrinsic value of the SARs at the exercise date. Consequently, under the fair-value based method, compensation cost on SARs is measured on a straight-line basis over the vesting period based on the excess of quoted market price over strike price, assuming that all options eligible for SARs are exercised as SARs.

Had the fair-value method been used for awards granted subsequent to 1995, 1999 net income would have been reduced by $13 million (1998: $14 million; 1997: $8 million), and basic and fully diluted earnings per share reduced by $0.03 (1998: $0.03; 1997: $0.02).

13. POST-RETIREMENT BENEFITS

CIBC provides pension benefits to qualified employees. The benefits are in general based on years of service and compensation near retirement. CIBC's funding policy for its principal pension plans is based on the funding standards of local regulatory authorities which require contributions to provide for the accumulated benefit obligation and current service cost, except for certain plans to which contributions are not required and are not tax-deductible.

Assets held within the principal pension plans are primarily treasury bills, government bonds, corporate bonds and equities.

Post-retirement life insurance, health and dental care benefits are expensed as incurred and amounted to $10 million in 1999 (1998: $14 million; 1997: $6 million).

The funded status of the principal pension plans and the amounts recognized in CIBC's consolidated balance sheets are as follows:

FUNDED STATUS OF PENSION PLANS

$ millions, as at October 31	1999	1998
Accumulated benefit obligation		
Vested	$ 1,500	$ 1,453
Non-vested	42	45
	$ 1,542	$ 1,498
Plan assets at market-related value	$ 2,362	$ 2,155
Projected benefit obligation	(1,875)	(1,812)
Funding excess	487	343
Unrecognized prior service cost	43	42
Unrecognized transition net assets	6	7
Unrecognized net experience gains	(269)	(121)
Prepaid pension costs	$ 267	$ 271

Pension expense and actuarial assumptions relating to the pension plans reported in employee benefits consist of the following:

PENSION EXPENSE

$ millions, for the years ended October 31	1999	1998	1997
Service cost - benefits earned	$ 50	$ 47	$ 41
Interest cost on projected benefit obligation	135	130	126
Actual earnings on assets	(302)	(135)	(408)
Net amortization and deferral	140	(35)	249
Net pension expense	$ 23	$ 7	$ 8

ACTUARIAL ASSUMPTIONS

For the years ended October 31	1999	1998	1997
Discount rate for benefit obligation	7.5%	7.5%	8.0%
Rate of compensation increase	4.5%	4.5%	5.0%
Expected long term rate of return on plan assets	7.5%	7.5%	8.0%
Expected average remaining service life of the employee service groups	13 years	13 years	13 years

Subsequent event

CIBC's two principal pension plans, the contributory and the non-contributory defined benefit pension plans, will be amalgamated effective November 1, 1999. Assets and obligations of the plans will remain unchanged. The amalgamation will have no impact on CIBC's consolidated financial statements.

14. INCOME TAXES

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

COMPONENTS OF INCOME TAX EXPENSE

$ millions, for the years ended October 31	1999	1998	1997
Current income taxes			
Federal	$ 38	$ 362	$ 516
Provincial	31	162	214
Foreign	248	33	215
	317	557	945
Future income taxes			
Federal	16	(66)	(13)
Provincial	2	(24)	(6)
Foreign	(15)	(7)	11
	3	(97)	(8)
	$ 320	$ 460	$ 937

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

TOTAL INCOME TAXES

$ millions, for the years ended October 31	1999	1998	1997
Consolidated statements of income			
Income taxes	$ 320	$ 460	$ 937
Consolidated statements of changes in shareholders' equity			
Foreign currency translation adjustment	146	(238)	(84)
Other	-	(7)	(5)
	$ 466	$ 215	$ 848

Future income tax balances are included in other liabilities (Note 8) and consist of temporary differences between the tax basis of assets and liabilities and their carrying amount in the 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 CIBC's business carried on in each province. CIBC is also subject to Canadian taxation on income of foreign branches. Earnings of foreign subsidiaries would generally only be subject to Canadian tax when distributed to Canada. Additional Canadian taxes that would be payable if all foreign subsidiaries' retained earnings were distributed to the Canadian parent are estimated at $75 million as at October 31, 1999 (1998: $35 million; 1997: $20 million).

The effective rates of income tax in the consolidated statements of income are different from the combined Canadian federal and provincial income tax rate of 43.2% (1998: 43.2%; 1997: 43.2%) as set out below.

RECONCILIATION OF INCOME TAXES

$ millions, for the years ended October 31	1999	1998	1997
Combined Canadian federal and provincial income tax rate applied to net income before income taxes	$ 600	$ 663	$ 1,087
Income taxes adjusted for the effect of:			
Earnings of foreign subsidiaries	(291)	(177)	(123)
Tax-exempt income and gains	(135)	(61)	(76)
Federal large corporations tax	16	20	14
Temporary tax on capital	10	10	11
Earnings of domestic subsidiaries	31	10	9
Other	89	(5)	15
Income taxes in the consolidated statements of income	$ 320	$ 460	$ 937

SOURCES OF FUTURE INCOME TAX BALANCES

$ millions, as at October 31	1999	1998	1997
Future income tax liabilities			
Lease receivables	$ 605	$ 488	$ 412
Premises and equipment	129	124	97
Prepaid pension costs	98	86	91
Undistributed earnings of foreign subsidiaries	295	92	82
Securitization receivables	9	14	10
Unrealized foreign currency translation gains	89	143	37
Other	63	-	-
	1,288	947	729
Future income tax assets			
Allowance for credit losses	547	447	331
Unearned income	30	44	45
Investment write-downs	125	35	(3)
Tax loss carry forwards	11	26	9
Reserves	295	74	32
Deferred charges	132	89	56
Other	1	9	18
	1,141	724	488
Future income taxes	$ 147	$ 223	$ 241

15. NET INCOME PER COMMON SHARE

Net income per common share is determined as net income minus dividends on preferred shares, divided by the average number of common shares outstanding.

Fully diluted net income per common share reflects the potential dilutive effect of exercising the employee stock options outstanding and any other dilutive conversions.

16. CAPITAL REQUIREMENTS

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

Total regulatory capital is the sum of Tier 1 and Tier 2 capital less certain deductions. Tier 1 capital consists of common shares, retained earnings, non-cumulative preferred shares and non-controlling interests in subsidiaries, less any unamortized goodwill. Tier 2 capital consists of unamortized subordinated indebtedness and the general allowance for credit losses to a maximum of 0.75% of risk-weighted assets. The concept of Tier 3 capital was created under the B.I.S. standards in conjunction with the introduction of market risk capital requirements in January 1998. Specific qualifying guidelines have not been issued by OSFI.

OSFI also requires that banks not exceed a maximum leverage ratio. The ratio, which is a multiple of adjusted gross assets to capital, may not exceed 20 times.

CIBC's capital ratios and leverage ratio are as follows:

CAPITAL AND LEVERAGE RATIOS

$ millions, as at October 31	Regulatory requirements	1999	1998
Tier I capital		11,139	11,212
Total regulatory capital		15,435	15,765
Tier I capital ratio	min 4.0%	8.3%	7.7%
Total capital ratio	min 8.0%	11.5%	10.8%
Leverage ratio	max 20.0x	16.3x	17.5x

17. RELATED PARTY TRANSACTIONS

In the ordinary course of business, CIBC provides normal banking services to affiliated companies on terms similar to those offered to non-related parties.

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

AMOUNTS OUTSTANDING FROM DIRECTORS, OFFICERS AND EMPLOYEES

$ millions, as at October 31	1999	1998
Mortgage loans	$ 505	$ 738
Personal loans	450	309
	$ 955	$ 1,047

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables present the fair value of on and off-balance sheet financial instruments of CIBC based on the valuation methods and assumptions as set out below.

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

The quoted market price of publicly traded equities held for investment does not take into account any adjustments for resale restrictions that are less than one year from the reporting date or adjustments for liquidity and future expenses.

Quoted market prices are not available for a significant portion of CIBC's financial instruments. Consequently, the fair values presented are estimates derived using present value or other valuation techniques and may not be indicative of the ultimate net realizable value.

Due to the judgment used in applying a wide range of acceptable valuation techniques and estimations in calculating fair value amounts, fair values are not necessarily comparable among financial institutions. The calculation of estimated fair values is based on market conditions at a specific point in time and may not be reflective of future fair values.

The fair values disclosed exclude the values of assets and liabilities that are not considered financial instruments, such as land, buildings and equipment. The value of intangible assets such as customer relationships and leases, which in management's opinion add significant value to CIBC, are also excluded in the disclosures below.

FAIR VALUE OF FINANCIAL INSTRUMENTS

	1999			1998		
$ millions, as at October 31	Book value	Fair value	Fair value over book value	Book value	Fair value	Fair value over book value
Assets						
Cash resources	$ 12,527	$ 12,527	$ -	$ 10,795	$ 10,795	$ -
Securities	59,492	63,112	3,620	60,970	63,101	2,131
Loans	136,350	134,884	(1,466)	152,257	152,724	467
Acceptances	9,296	9,296	-	10,995	10,995	-
Other	2,512	2,512	-	3,354	3,354	-
Liabilities						
Deposits	$ 160,041	$ 160,082	$ 41	$ 159,875	$ 160,353	$ 478
Acceptances	9,296	9,296	-	10,995	10,995	-
Obligations related to securities sold short	15,563	15,563	-	16,049	16,049	-
Obligations related to securities sold under repurchase agreements	13,640	13,640	-	32,610	32,610	-
Other	4,815	4,815	-	3,985	3,985	-
Subordinated indebtedness	4,544	4,762	218	4,714	5,059	345
Derivative financial instruments						
Net assets	$ (648)	$ (284)	$ 364	$ 912	$ 1,824	$ 912

FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

$ millions, as at October 31	1999 Fair value Positive	Negative	Net	1998 Fair value Positive	Negative	Net
Held for trading purposes						
Interest rate products						
Forward rate agreements	$ 51	$ 52	$ (1)	$ 353	$ 411	$ (58)
Futures contracts	-	-	-	-	-	-
Swap contracts	9,493	8,675	818	15,258	15,219	39
Purchased options	996	-	996	1,106	-	1,106
Written options	-	1,281	(1,281)	-	1,006	(1,006)
Total interest rate products	10,540	10,008	532	16,717	16,636	81
Foreign exchange products						
Spot and forward contracts	2,713	3,184	(471)	7,450	6,501	949
Futures contracts	-	-	-	-	-	-
Swap contracts	5,005	3,720	1,285	6,409	4,238	2,171
Purchased options	295	-	295	1,878	-	1,878
Written options	-	285	(285)	-	2,227	(2,227)
Total foreign exchange products	8,013	7,189	824	15,737	12,966	2,771
Other	5,896	7,900	(2,004)	4,703	6,643	(1,940)
Total held for trading	24,449	25,097	(648)	37,157	36,245	912
Held for asset liability management purposes						
Interest rate products						
Forward rate agreements	-	-	-	3	3	-
Futures contracts	-	-	-	-	-	-
Swap contracts	689	496	193	1,092	482	610
Purchased options	33	-	33	23	-	23
Written options	-	5	(5)	-	-	-
Total interest rate products	722	501	221	1,118	485	633
Foreign exchange products						
Spot and forward contracts	94	31	63	41	72	(31)
Futures contracts	-	-	-	-	-	-
Swap contracts	205	312	(107)	478	189	289
Purchased options	-	-	-	-	-	-
Written options	-	-	-	-	-	-
Total foreign exchange products	299	343	(44)	519	261	258
Other	236	49	187	21	-	21
Total held for asset liability management	1,257	893	364	1,658	746	912
Total fair value	25,706	25,990	(284)	38,815	36,991	1,824
Less: impact of master netting agreements	(12,624)	(12,624)	-	(20,262)	(20,262)	-
	$ 13,082	$ 13,366	$ (284)	$ 18,553	$ 16,729	$ 1,824
Average fair value of derivatives held for trading (1)						
Interest rate products	$ 13,510	$ 13,206	$ 304	$ 11,247	$ 11,254	$ (7)
Foreign exchange products	10,245	8,829	1,416	12,527	11,445	1,082
Other	6,158	7,633	(1,475)	4,177	4,695	(518)
	$ 29,913	$ 29,668	$ 245	$ 27,951	$ 27,394	$ 557

(1) Average fair values represent monthly averages.

Methods and assumptions – on-balance sheet financial instruments

Financial instruments valued at carrying value

Due to their short-term maturity, the carrying values of certain on-balance sheet financial instruments are assumed to approximate their fair values. These include cash resources, customers' liability under acceptances, other assets, acceptances, obligations related to securities sold short, obligations related to securities sold under repurchase agreements and other liabilities.

Securities

The estimated fair values of securities are detailed in Note 3 and are based on quoted market prices, when available; otherwise, fair values are estimated using quoted market prices of similar securities.

Loans

The estimated fair values for performing variable rate loans that reprice frequently are assumed to be equal to their carrying values. The fair values of other loans are estimated using a discounted cash flow calculation that uses market interest rates currently charged for loans with similar terms and credit risks.

Deposit liabilities

The fair values of floating rate deposits are assumed to be equal to their carrying values. The estimated fair values of fixed rate deposits are determined by discounting the contractual cash flows, using market interest rates currently offered for deposits of similar terms.

Subordinated indebtedness

The fair values are determined by reference to current market prices for the same or similar debt instruments.

Methods and assumptions – off-balance sheet financial instruments

Derivative instruments

The fair values of derivatives are based on quoted market prices or dealer quotes when available. Otherwise, fair values are estimated on the basis of pricing models which incorporate current market and contractual prices of the underlying instruments, time value of money, yield curve and volatility factors.

Credit-related arrangements

Commitments to extend credit are primarily variable rate and, therefore, do not expose CIBC to interest rate risk.

19. DERIVATIVE INSTRUMENTS

As explained in Note 1, in the normal course of business, CIBC utilizes various derivative instruments which will limit or give rise to varying degrees and types of risk.

Derivative products used by CIBC

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

Interest rate products

Forward rate agreements are contracts that effectively fix a future interest rate. The agreement provides that, at a predetermined future date, a cash settlement will be made between the parties for the difference between the contracted rate and a specified current market rate, based on an agreed notional principal amount. No exchange of principal amount takes place.

Interest rate futures are standardized contractual obligations with a specified financial exchange to make or to take delivery of specified quantities of a financial instrument on specified future dates, at a price established on the exchange. These contracts differ from forward contracts in that they are in standard amounts with standard delivery dates and are transacted on an established exchange.

Interest rate swaps are financial transactions in which two counterparties exchange interest flows over a period of time based on rates applied to a notional principal amount.

Purchased interest rate options are contracts in which the right, but not the obligation, is acquired by the option purchaser from the option writer either to buy or sell, on a specified future date or within a specified time, a stipulated financial instrument at a stated price.

Written interest rate options are contracts in which the writer, for a fee, allows the purchaser the right, but not the obligation, to buy or sell on a specified future date or within a specified time a stipulated financial instrument at a stated price.

Foreign exchange products

Foreign exchange spot and forward contracts are transactions in which a foreign currency is purchased or sold for delivery currently, in the case of a spot contract, or at a specified future date or within a range of future dates, for a forward contract.

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

Swap contracts comprise cross currency swaps and cross currency interest rate swaps. Cross currency 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.

Other derivative products

CIBC also transacts equity, commodity (including precious metal), energy-related and agricultural-related products and credit derivatives in both over-the-counter and listed exchange markets.

Notional amounts

The following table presents the notional amounts of derivative instruments as at October 31, 1999 and 1998 by residual term to contractual maturity and by their purpose as held for trading or held for asset liability management purposes.

The notional amounts are not recorded as assets or liabilities on the consolidated balance sheets as they represent the face amount of the contract to which a rate or price is applied to determine the amount of cash flows to be exchanged. Notional amounts represent the volume of outstanding transactions and do not represent the potential gain or loss associated with market risk or credit risk of such instruments. As at October 31, 1999, the notional amount of derivatives held for trading purposes was $1,576 billion (1998: $2,100 billion), or 94% of total notional amounts (1998: 97%). The notional amount of derivatives held for asset liability management purposes was $94 billion (1998: $67 billion), or 6% of total notional amounts (1998: 3%).

NOTIONAL AMOUNTS

	Residual term to contractual maturity					Analyzed by use			
$ millions, as at October 31	Under 3 months	3 to 12 months	1 year through 5 years	Over 5 years	1999 Total notional amounts	Trading	1999 ALM[1]	Trading	1998 ALM[1]
Interest rate products									
Over-the-counter									
Forward rate agreements	$ 70,381	$ 82,449	$ 8,984	$ -	$ 161,814	$ 161,520	$ 294	$ 300,722	$ 11
Swap contracts	100,247	186,863	316,760	137,061	740,931	668,527	72,404	803,765	47,241
Purchased options	4,807	13,675	41,538	12,187	72,207	65,986	6,221	63,145	376
Written options	5,257	14,054	43,974	12,666	75,951	75,656	295	64,404	890
	180,692	297,041	411,256	161,914	1,050,903	971,689	79,214	1,232,036	48,518
Exchange traded									
Futures contracts	33,823	78,888	52,058	-	164,769	160,450	4,319	196,801	-
Purchased options	1,643	9,006	2,796	-	13,445	13,416	29	37,879	-
Written options	3,132	4,458	1,771	-	9,361	9,305	56	33,446	-
	38,598	92,352	56,625	-	187,575	183,171	4,404	268,126	-
Total interest rate products	219,290	389,393	467,881	161,914	1,238,478	1,154,860	83,618	1,500,162	48,518
Foreign exchange products									
Over-the-counter									
Spot and forward contracts	123,011	58,480	23,160	417	205,068	197,700	7,368	291,991	16,364
Swap contracts	5,816	15,841	40,937	25,145	87,739	85,210	2,529	83,526	1,391
Purchased options	6,136	5,756	2,067	145	14,104	14,104	-	54,764	-
Written options	7,567	7,052	2,717	1,076	18,412	18,412	-	60,358	-
	142,530	87,129	68,881	26,783	325,323	315,426	9,897	490,639	17,755
Exchange traded									
Futures contracts	96	85	-	-	181	181	-	441	-
Purchased options	-	-	-	-	-	-	-	37	-
Written options	-	-	-	-	-	-	-	35	-
	96	85	-	-	181	181	-	513	-
Total foreign exchange products	142,626	87,214	68,881	26,783	325,504	315,607	9,897	491,152	17,755
Other[2]									
Over-the-counter	8,096	12,456	46,179	14,087	80,818	79,840	978	91,198	896
Exchange traded	22,824	2,464	341	11	25,640	25,586	54	17,048	-
Total other	30,920	14,920	46,520	14,098	106,458	105,426	1,032	108,246	896
	$ 392,836	$ 491,527	$ 583,282	$ 202,795	$ 1,670,440	$ 1,575,893	$ 94,547	$ 2,099,560	$ 67,169

(1) ALM: asset liability management.
(2) Includes equity futures, swaps and options; precious metals and other commodity forwards, futures, swaps and options, and credit derivatives.

Risk

Market risk

Derivative instruments, in the absence of any compensating upfront cash payments, generally have no market value at inception. They obtain value, positive or negative, as relevant interest rates, exchange rates, equity or commodity prices or indices change such that the previously contracted derivative transactions have become more or less favourable than what can be negotiated under current market conditions for contracts with 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.

The market risks arising through client and proprietary trading activities are managed together in order to mitigate risk and to maximize trading revenues. To further manage risks and revenues, CIBC enters into contracts with other market makers and undertakes cash market hedges. The effect of these activities is that the net market and credit risks to which CIBC is exposed are low relative to the high notional values of contracts to which CIBC is a party.

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 CIBC would incur a loss in replacing the defaulted transaction. CIBC limits the credit risk of derivatives traded over-the-counter by dealing with counterparties that are creditworthy and by actively pursuing risk mitigation opportunities through the use of multi-product master netting agreements, collateral and other credit mitigation techniques. Credit risk on exchange traded futures and options is limited as these transactions are standardized contracts executed on established exchanges that assume the obligations of counterparties and are subject to initial margins and daily settlement of variation margins. Written options have no credit risk as the counterparty has already performed in accordance with the terms of the contract through an upfront payment of the premium.

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

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

CIBC negotiates master netting agreements with counterparties with which it has significant credit risk through derivatives activities. Such agreements provide for the simultaneous close out and netting of all transactions with a counterparty in an event of default. An increasing number of these agreements also provide for the exchange of collateral between parties in the event that the mark-to-market value of outstanding transactions between the parties exceeds an agreed threshold. Such agreements are used both to accommodate business with less creditworthy counterparties as well as to help contain the build up of credit exposure resulting from multiple deals with more active counterparties.

CREDIT RISK

	1999				
	Current replacement cost			Credit equivalent amount	Risk-weighted amount
$ millions, as at October 31	Trading	ALM(1)	Total		
Interest rate products					
Forward rate agreements	$ 51	$ -	$ 51	$ 96	$ 20
Swap contracts	9,493	689	10,182	13,742	3,348
Purchased options	996	33	1,029	1,419	436
	10,540	722	11,262	15,257	3,804
Foreign exchange products					
Forward foreign exchange contracts	2,713	94	2,807	5,509	1,442
Swap contracts	5,005	205	5,210	9,359	2,368
Purchased options	295	-	295	529	172
	8,013	299	8,312	15,397	3,982
Other(2)	5,896	236	6,132	9,653	3,177
	24,449	1,257	25,706	40,307	10,963
Less: impact of master netting agreements	(12,624)	-	(12,624)	(18,260)	(4,714)
	$ 11,825	$ 1,257	$ 13,082	$ 22,047	$ 6,249

	1998				
	Current replacement cost			Credit equivalent amount	Risk-weighted amount
$ millions, as at October 31	Trading	ALM(1)	Total		
Interest rate products					
Forward rate agreements	$ 353	$ 3	$ 356	$ 486	$ 107
Swap contracts	15,258	1,092	16,350	19,865	4,910
Purchased options	1,106	23	1,129	1,533	403
	16,717	1,118	17,835	21,884	5,420
Foreign exchange products					
Forward foreign exchange contracts	7,450	41	7,491	11,139	2,902
Swap contracts	6,409	478	6,887	10,781	2,996
Purchased options	1,878	-	1,878	2,581	675
	15,737	519	16,256	24,501	6,573
Other(2)	4,703	21	4,724	9,515	3,235
	37,157	1,658	38,815	55,900	15,228
Less: impact of master netting agreements	(20,262)	-	(20,262)	(25,126)	(6,332)
	$ 16,895	$ 1,658	$ 18,553	$ 30,774	$ 8,896

(1) ALM: asset liability management.
(2) Includes equity futures, swaps and options; precious metals and other commodity forwards, futures, swaps and options, and credit derivatives.

20. CREDIT-RELATED ARRANGEMENTS

Credit-related arrangements are off-balance sheet instruments and are typically entered into to meet the financing needs of customers or to facilitate international trade. CIBC's 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 for credit-related arrangements represent the maximum amount of additional credit that CIBC could be obligated to extend. The contract amounts also represent the credit risk amounts should the contracts be fully drawn down, the counterparties default and any collateral held proves to be of no value. As many of these arrangements will expire or terminate without being drawn upon, the contract amounts are not necessarily indicative of future cash requirements or credit risk.

	Contract amounts	
$ millions, as at October 31	1999	1998
Lines of credit(1)	$ 133,432	$ 121,544
Direct credit substitutes	27,502	28,433
Transaction-related contingencies	1,946	2,399
Documentary letters of credit	324	510
Other(2)	364	244
	$ 163,568	$ 153,130

(1) Includes irrevocable lines of credit totaling $99,711 million (1998: $97,721 million) of which $66,191 million (1998: $58,154 million) will expire in one year or less, and excludes lines of credit for credit cards as the lines are short-term in nature and are revocable at CIBC's discretion.
(2) Includes forward asset purchases.

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

Direct credit substitutes include guarantees or equivalent instruments, such as standby letters of credit, which back financial obligations of the customer. Also included as direct credit substitutes at October 31, 1999 are securities lent against collateral amounting to $14,586 million (1998: $16,903 million). The credit risk associated with direct credit substitutes is essentially the same as that involved in extending loan commitments to customers. The amount of collateral obtained, if deemed necessary by CIBC, is based on management's credit evaluation of the borrower and may include a charge over present and future assets of the borrower.

Transaction-related contingencies are guarantees which back particular performance obligations rather than customers' financial obligations. Examples of transaction-related contingencies are performance bonds, warranties and indemnities.

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

21. CONCENTRATION OF CREDIT RISK

Concentrations of credit exposure may arise with a group of counterparties which have similar economic characteristics or that 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 foreign and domestic credit exposure associated with CIBC's on-balance sheet financial instruments is summarized in the table "Geographic Distribution of Major Assets" in Note 22 on page 79.

The amounts of credit exposure associated with CIBC's off-balance sheet financial instruments are summarized in the table below.

CREDIT EXPOSURE $ millions, as at October 31	Canada	United States	Other Countries	1999 Total	Canada	United States	Other Countries	1998 Total
Credit-related arrangements(1)								
Lines of credit	$ 66,467	$ 60,613	$ 6,352	$ 133,432	$ 48,884	$ 65,661	$ 6,999	$ 121,544
Other credit-related arrangements	17,768	8,937	3,431	30,136	15,824	9,286	6,476	31,586
	$ 84,235	$ 69,550	$ 9,783	$ 163,568	$ 64,708	$ 74,947	$ 13,475	$ 153,130
Derivative instruments(2)								
By counterparty type								
Financial institutions	$ 2,306	$ 6,952	$ 11,871	$ 21,129	$ 2,206	$ 7,525	$ 18,274	$ 28,005
Governments	909	18	54	981	919	-	83	1,002
Other	1,241	1,477	878	3,596	3,260	5,094	1,454	9,808
	4,456	8,447	12,803	25,706	6,385	12,619	19,811	38,815
Less: impact of master netting agreements	(1,553)	(4,863)	(6,208)	(12,624)	(5,461)	(4,204)	(10,597)	(20,262)
	$ 2,903	$ 3,584	$ 6,595	$ 13,082	$ 924	$ 8,415	$ 9,214	$ 18,553

(1) Credit-related arrangements are allocated based on the location in which they are booked.
(2) Derivative instruments are allocated based on location of ultimate risk.

22. SEGMENTED INFORMATION

During 1999, CIBC announced a significant reorganization of operations, aligning its businesses around four core areas: Electronic Commerce, Technology and Operations; Retail and Small Business Banking; Wealth Management; and CIBC World Markets. This organizational realignment and segmented reporting on that basis will take full effect in fiscal 2000.

In 1999, CIBC adopted the requirements in Canadian Institute of Chartered Accountants (CICA) handbook section 1701, "Segment Disclosures" and SFAS 131, "Disclosures about Segments of an Enterprise and Related Information". These virtually identical standards outline new criteria for reportable segments as well as new disclosure requirements. For 1999, CIBC had two reportable segments – Personal and Commercial Bank and CIBC World Markets. Disclosure has been expanded to include a description of the product categories from which revenue is generated and the revenue amount by product type.

CIBC provides financial services through two distinct operating segments, Personal and Commercial Bank and CIBC World Markets. These segments differ in services, products and the geographic location of customers. Personal and Commercial Bank provides a wide range of credit, investment, advisory and insurance services to customers primarily in Canada. CIBC World Markets provides capital markets, advisory services and products primarily in North America, including corporate and investment banking services.

Results for CIBC's operating segments are based on CIBC's internal financial reporting systems and are on a taxable equivalent basis and adjusted to be consistent with those followed in the preparation of CIBC's consolidated financial statements. The assets and liabilities of the segments are transfer priced, using a funding methodology which best reflects their nature and term, at wholesale market rates. Non-interest expenses are matched against the revenues to which they relate. Indirect expenses are allocated to the segments based on appropriate criteria.

Net income

Net income for each operating segment is detailed in the following table:

CIBC SEGMENTED INCOME STATEMENT

$ millions, for the years ended October 31		Personal and Commercial Bank	CIBC World Markets	Other(1)	Corporate/ Reconciling items(2)	CIBC Total
1999	Net interest income (TEB)	$ 3,578	$ 813	$ (33)	$ 179	$ 4,537
	Non-interest income	1,927	3,838	71	(108)	5,728
	Total revenue (TEB)	5,505	4,651	38	71	10,265
	Non-interest expenses	3,964	3,568	1	39	7,572
	Restructuring charge	164	179	7	76	426
	Provision for credit losses	484	116	-	150(4)	750
	Income (loss) before taxes	893	788	30	(194)	1,517
	Income taxes and non-controlling interests	283	272	21	(88)	488
	Net income (loss)	$ 610	$ 516	$ 9	$ (106)	$ 1,029
	Average assets(3)	$ 107,340	$ 161,870	$ 859	$ 1,775	$ 271,844
1998(5)	Net interest income (TEB)	$ 3,614	$ 722	$ (30)	$ 132	$ 4,438
	Non-interest income	1,934	2,809	74	(13)	4,804
	Total revenue (TEB)	5,548	3,531	44	119	9,242
	Non-interest expenses	3,596	3,440	(4)	14	7,046
	Restructuring charge	-	79	-	-	79
	Provision for credit losses	254	26	-	200(4)	480
	Income (loss) before taxes	1,698	(14)	48	(95)	1,637
	Income taxes and non-controlling interests	638	(51)	21	(27)	581
	Net income (loss)	$ 1,060	$ 37	$ 27	$ (68)	$ 1,056
	Average assets(3)	$ 99,394	$ 176,979	$ 860	$ 1,590	$ 278,823
1997(5)	Net interest income (TEB)	$ 3,596	$ 913	$ (24)	$ 156	$ 4,641
	Non-interest income	1,703	1,997	141	139	3,980
	Total revenue (TEB)	5,299	2,910	117	295	8,621
	Non-interest expenses	3,369	1,989	(3)	17	5,372
	Restructuring charge	-	-	-	-	-
	Provision for credit losses	397	(37)	-	250(4)	610
	Income before taxes	1,533	958	120	28	2,639
	Income taxes and non-controlling interests	643	382	48	15	1,088
	Net income	$ 890	$ 576	$ 72	$ 13	$ 1,551
	Average assets(3)	$ 93,034	$ 140,863	$ 801	$ 1,327	$ 236,025

(1) Includes the results of all other non-reportable operating segments, primarily the results of CIBC Development Corporation.
(2) Comprised of revenues and expenses not expressly attributed to either Personal and Commercial Bank or CIBC World Markets. This includes investments of a corporate nature, earnings on capital not attributed to the strategic operating segments, differences in the actual amount of corporate costs incurred and charged to each of the operating segments, and any residual balances from transfer pricing.
(3) Assets are disclosed on an average basis as this measure is most relevant to a financial institution and is the measure reviewed by CIBC's management.
(4) Represents an increase in the general allowance for credit losses.
(5) Certain comparative figures have been restated to conform with the presentation used in 1999.

Revenues

Revenues for each of these operating segments are summarized in the following table:

CIBC SEGMENTED REVENUES (TEB) $ millions, for the years ended October 31	1999	1998	1997
Personal and Commercial Bank			
Asset management	$ 1,845	$ 1,842	$ 1,638
Personal lending	1,811	1,748	1,799
Small business	700	658	677
Commercial banking	579	668	576
CIBC Insurance	251	238	219
Other	319	394	390
	5,505	5,548	5,299
CIBC World Markets			
Capital markets	1,228	747	1,089
Investment banking and advisory	694	693	447
Credit products	1,095	1,006	902
Private client	976	923	392
Merchant banking	448	46	75
Other	210	116	5
	4,651	3,531	2,910
Other	109	163	412
CIBC Total	$ 10,265	$ 9,242	$ 8,621

Personal and Commercial Bank

Asset management earns revenues from net interest spread on deposits and fees from fund management, discount brokerage, trust and fiduciary services and international private banking services.

Personal lending includes residential mortgages, personal loans and card services. Revenue is earned from net interest spread and fees.

Small business provides lending, banking and investment services to small owner-operated businesses.

Commercial banking provides loan, banking and investment services to medium sized companies.

CIBC Insurance offered a full range of insurance products to individual customers in 1999. Revenue comprises earned premiums less claims plus investment income.

Other includes revenues from international operations, electronic banking and treasury activities.

CIBC World Markets

Capital markets earns revenue through the trading, sale and distribution of fixed income, foreign exchange, equity and commodity instruments. A broad range of services is also provided to the equity and high yield markets. Revenue is generated from fees, commissions, spread-based income and from taking proprietary positions within prescribed risk parameters.

Investment banking and advisory earns revenue through underwriting the issue of equity, debt and high yield instruments as well as by providing financial advisory and merger and acquisition services to clients.

Credit products earns net interest spread on corporate loans, as well as fees on loan syndication. Large scale asset based finance, project finance and securitizations are also arranged.

Private client comprises a full-service retail brokerage business providing equity and debt investments and mutual fund products as well as advisory and financial planning services to individuals. Revenue is entirely fee or commission based.

Merchant banking provides equity capital and mezzanine debt financing to companies for expansion, recapitalizations, project finance, management buyouts and bridge financing. Revenue is generated through fees, interest and dividends earned on investments and from gains or losses associated with these investments.

Other includes revenue from sundry sources such as CEF Capital, an affiliated Asian merchant bank holding company, CIBC Mellon, asset management, treasury activities and other revenues that do not specifically belong to the main businesses listed above. CIBC Mellon provides institutional, trust, custody, stock transfer and other corporate services.

Geographic distribution

CIBC earns revenues and incurs expenses from domestic and foreign activities, and has assets from which income is earned. Assets are allocated based on location of ultimate risk, while net income and related income taxes are allocated based on the geographic location in which income is booked.

The geographic distribution of net income and major assets are as follows:

GEOGRAPHIC DISTRIBUTION OF NET INCOME

$ millions, for the years ended October 31		Canada	United States	West Indies	Other Countries	Total
1999	Net interest income	$ 3,235	$ 294	$ 514	$ 365	$ 4,408
	Non-interest income	2,607	2,318	704	99	5,728
	Total revenue	5,842	2,612	1,218	464	10,136
	Non-interest expenses	5,095	2,244	186	473	7,998
	Provision for credit losses	644	96	15	(5)	750
	Income (loss) before taxes	103	272	1,017	(4)	1,388
	Income taxes and non-controlling interests	32	104	274	(51)	359
	Net income (loss)	$ 71	$ 168	$ 743	$ 47	$ 1,029
1998(1)	Net interest income	$ 3,224	$ 334	$ 436	$ 343	$ 4,337
	Non-interest income	3,109	1,677	109	(91)	4,804
	Total revenue	6,333	2,011	545	252	9,141
	Non-interest expenses	4,501	2,073	156	395	7,125
	Provision for credit losses	402	20	16	42	480
	Income (loss) before taxes	1,430	(82)	373	(185)	1,536
	Income taxes and non-controlling interests	605	(58)	34	(101)	480
	Net income (loss)	$ 825	$ (24)	$ 339	$ (84)	$ 1,056
1997(1)	Net interest income	$ 3,640	$ 299	$ 274	$ 304	$ 4,517
	Non-interest income	2,962	684	110	224	3,980
	Total revenue	6,602	983	384	528	8,497
	Non-interest expenses	4,149	648	130	445	5,372
	Provision for credit losses	620	29	(7)	(32)	610
	Income before taxes	1,833	306	261	115	2,515
	Income taxes and non-controlling interests	750	139	54	21	964
	Net income	$ 1,083	$ 167	$ 207	$ 94	$ 1,551

(1) Certain comparative figures have been restated to conform with the presentation used in 1999.

GEOGRAPHIC DISTRIBUTION OF MAJOR ASSETS (1)

$ millions, as at September 30 and October 31		1999	1998	1997
Canada		$ 144,807	$ 152,737	$ 137,515
United States		64,848	87,560	63,491
Europe	United Kingdom	6,714	10,349	7,541
	France	4,334	4,336	2,431
	Germany	6,399	6,921	3,591
	Other European countries	11,042	11,628	6,107
		28,489	33,234	19,670
Latin America		556	918	564
West Indies		4,663	4,306	3,224
Asia and Pacific	Japan	3,818	5,403	4,954
	Hong Kong	1,625	2,412	2,829
	Australia	509	790	683
	Other Asian and Pacific countries	2,155	3,222	3,986
		8,107	11,827	12,452
Middle East and Africa		735	771	607
General allowance for credit losses (2)		(1,000)	(850)	(650)
Major assets(1)		251,205	290,503	236,873
Other assets		7,386	11,182	6,854
Total assets as at September 30 (3)		$ 258,591	$ 301,685	$ 243,727
Net change in October		(8,260)	(20,255)	(5,738)
Total assets as at October 31		$ 250,331	$ 281,430	$ 237,989
Canadian currency (2)		$ 146,500	$ 146,944	$ 136,832
Foreign currencies		$ 103,831	$ 134,486	$ 101,157

(1) Major assets consist of cash, loans, securities, deposits with banks, customers' liability under acceptances, and derivative instruments market valuation, after deduction of allowances for credit losses.
(2) For purposes of presentation, the general allowance for credit losses has been entirely applied to Canadian dollar based lending.
(3) The information presented here is compiled for regulatory purposes and reported on a calendar quarter basis.

23. COMMITMENTS AND CONTINGENT LIABILITIES

Long-term commitments for leases

CIBC has obligations under non-cancellable leases for buildings and equipment. Future minimum lease payments for such commitments for each of the five succeeding years and thereafter are as follows:

LEASE COMMITMENTS

$ millions	
2000	$ 269
2001	242
2002	215
2003	193
2004	175
2005 and thereafter	878

Total rental expense in respect of buildings and equipment charged to the consolidated statements of income was $394 million (1998: $374 million; 1997: $278 million).

Other commitments and contingent liabilities

In the ordinary course of business, securities and other assets are pledged against liabilities or used to facilitate certain activities. The table presents the details of notional amounts pledged.

PLEDGED ASSETS

$ millions, as at October 31	1999	1998
Bank of Canada[(1)]	$ 45	$ 45
Foreign governments and central banks[(1)]	1,980	2,685
Clearing systems, payment systems and depositories[(1)]	379	261
Margins for exchange traded futures and options, and collateralized derivative transactions	2,117	634
Collateral related to securities sold short and securities sold under repurchase agreements	28,317	44,342
	$ 32,838	$ 47,967

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

CIBC is subject to recourse for potential losses in connection with asset securitizations. As at October 31, 1999, the recourse against CIBC under securitization transactions totaled $288 million (1998: $320 million) and is deducted from regulatory capital.

Various actions and legal proceedings arising in the normal course of business are pending against CIBC and its subsidiaries. Management considers the aggregate liability, if any, of these actions and proceedings to be immaterial.

Oppenheimer obligations

In connection with the acquisition of CIBC World Markets Holdings Inc. (formerly Oppenheimer Holdings, Inc.) in 1998, CIBC deposited US$175 million into a Compensation Trust Fund which was intended to compensate selected Oppenheimer personnel as the business was integrated into CIBC World Markets Corp. (formerly CIBC Oppenheimer Corp.). Of this amount, $154 million (US$100 million), plus interest, was paid on November 3, 1998, and $110 million (US$75 million), plus interest, was to be payable on November 3, 2000. An original condition for the retention bonus was that eligible personnel remain in the employment of CIBC for three years, to October 31, 2000. However, certain employees otherwise eligible will be terminated prior to October 31, 2000, as part of the restructuring plan announced in 1999. It was determined that these employees will be paid their full retention bonus as part of their termination package. In 1999, $54 million (US$37 million) was expensed (1998: $184 million (US$125 million)). The 1999 expense includes $17 million (US$12 million) expensed as part of the restructuring charge and covering the period from November 1, 1999 through October 31, 2000 for employees affected by the restructuring. An additional $19 million (US$13 million) will be expensed in 2000.

24. RECONCILIATION OF CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The consolidated financial statements of CIBC are prepared in accordance with Canadian generally accepted accounting principles, including the accounting requirements of the Superintendent of Financial Institutions, Canada (Canadian GAAP). These principles conform, in all material respects, with generally accepted accounting principles in the United States (U.S. GAAP), except as described below:

Stock-based compensation

CIBC applies the intrinsic-value based method of accounting for stock-based compensation, as explained in Note 1. SFAS 123, "Stock-Based Compensation", requires pro-forma disclosure of net income and earnings per share as if the fair-value based method had been applied. This pro-forma disclosure is included in Note 12 and does not change reported Canadian GAAP net income.

Securities

Under Canadian GAAP, securities classified by CIBC as held for investment are carried at either cost or amortized cost. Under SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities", these securities are classified as either securities held to maturity and treated consistent with securities held for investment under Canadian GAAP, or as securities available for sale and reported at estimated fair value with unrealized gains and losses excluded from earnings and reported as a separate component of shareholders' equity.

SECURITIES AVAILABLE FOR SALE

$ millions, for the years ended October 31	1999	1998	1997
Proceeds from sales	$ 6,273	$ 12,951	$ 6,488
Gross realized gains	$ 818	$ 160	$ 271
Gross realized losses	$ 3	$ 25	$ 28

For Canadian reporting, CIBC records certain valuation adjustments to the value of trading securities to reflect resale restrictions that expire within one year or adjustments for liquidity that are not permitted for U.S. reporting under SFAS 115. This results in increasing pre-tax non-interest income – trading for U.S. purposes by $23 million.

Post-retirement benefits

SFAS 87, "Employers' Accounting for Pensions", requires that the projected pension benefit obligation be calculated using a current market discount rate. As at October 31, 1999, the rate was 7.0% (1998: 6.25%). Under Canadian GAAP, a rate of 7.5% (1998: 7.5%), based on long-term best estimate actuarial assumptions, was used to calculate the obligation.

SFAS 106, "Employers' Accounting for Post-Retirement Benefits Other Than Pensions", requires that the expected costs of employees' post-retirement benefits be expensed during the years that the employees render services, whereas, under Canadian GAAP, these costs are expensed as paid as described in Note 13.

SFAS 132, "Employers' Disclosure about Pensions and Other Post-Retirement Benefits – an amendment of SFAS No. 87, 88 and 106," requires disclosure of additional information on changes in the projected benefit obligations and fair value of plan assets. There is no change to the measurement or recognition of these plans.

If the current market discount rate had been used to calculate pension benefits and if the costs of post-retirement benefits other than pensions were accounted for in the period when employment services were provided rather than being expensed as paid, the status of the principal defined plans, in aggregate, would have been as follows:

	Pension Benefit Plans		Other Benefit Plans	
$ millions, as at October 31	1999	1998	1999	1998
Accrued benefit obligation				
Balance at beginning of year	$ 2,182	$ 2,072	$ 325	$ 303
Current service cost	71	73	12	11
Employees' contributions	11	10	-	-
Interest cost	136	132	19	20
Benefits paid	(126)	(100)	(10)	(9)
Actuarial gains	(269)	(17)	(66)	-
Plan amendments	9	10	37	-
Corporate restructuring giving rise to:				
Curtailments	-	2	-	-
Balance at end of year	$ 2,014	$ 2,182	$ 317	$ 325
Plan assets				
Fair value at beginning of year	$ 2,155	$ 2,213	$ -	$ -
Actual return on plan assets	315	7	-	-
Employer contributions	14	25	-	-
Employees' contributions	11	10	-	-
Benefits paid	(126)	(100)	-	-
Fair value at end of year	$ 2,369	$ 2,155	$ -	$ -
Funded status - plan surplus (deficit)	$ 355	$ (27)	$ (317)	$ (325)
Unamortized net actuarial (gain) loss	(238)	188	(27)	39
Unamortized past service costs	44	43	37	-
Unamortized transitional obligation	6	6	177	189
Accrued benefit asset (liability)	$ 167	$ 210	$ (130)	$ (97)

Included in the accrued benefit obligation and fair value of the plan assets at year end are the following amounts in respect of plans that are not fully funded:

	Pension Benefit Plans		Other Benefit Plans	
$ millions, as at October 31	1999	1998	1999	1998
Accrued benefit obligation	$ 99	$ 95	$ 317	$ 325
Fair value of plan assets	-	-	-	-
Funded status - plan deficit	$ (99)	$ (95)	$ (317)	$ (325)

Plan assets include common shares of CIBC having a fair value of $15 million at October 31, 1999 (1998: $13 million; 1997: $28 million). The significant actuarial assumptions adopted in measuring CIBC's accrued benefit obligations are as follows:

	Pension Benefit Plans			Other Benefit Plans		
For the years ended October 31	1999	1998	1997	1999	1998	1997
Discount rate	7.0%	6.25%	7.5%	7.25%	6.5%	6.5%
Expected long-term rate of return on plan assets	7.5%	7.5%	8.5%	n/a	n/a	n/a
Rate of compensation increase	4.5%	4.5%	5.0%	4.5%	4.5%	4.5%

A 6.4% annual rate of increase in the per capita cost of covered health care benefits was assumed to 2000. The rate was assumed to decrease gradually to 4.5% for 2005 and remain at that level thereafter. The effect of a 1% increase each year in the assumed health care cost trend rate would be to increase the post-retirement benefit expense by $5 million (1998: $7 million; 1997: $6 million) and the accumulated post-retirement benefit obligation by $41 million (1998: $61 million; 1997: $54 million).

CIBC's net benefit plan expense is as follows:

	Pension Benefit Plans			Other Benefit Plans		
$ millions, for the years ended October 31	1999	1998	1997	1999	1998	1997
Current service cost	$ 71	$ 73	$ 48	$ 12	$ 11	$ 9
Interest cost	136	132	127	19	20	20
Expected return on plan assets	(158)	(154)	(156)	-	-	-
Amortization of past service costs	7	6	6	-	-	-
Amortization of net actuarial loss	4	5	3	-	-	-
Amortization of transitional obligation	2	(8)	(8)	12	12	12
Curtailment gains (losses)	-	3	(1)	-	-	-
Net benefit plan expense	$ 62	$ 57	$ 19	$ 43	$ 43	$ 41

This results in increasing pre-tax non-interest expenses related to employee compensation and benefits by $72 million.

Earnings per share (EPS)

Under Canadian GAAP, fully diluted EPS is calculated by adjusting net income available to common shareholders for imputed earnings on funds which would have been received on the exercise of options. SFAS 128, "Earnings per Share", requires the use of the treasury stock method, whereby diluted earnings per share are calculated as if options were exercised at the beginning of the year and funds received were used to purchase the corporation's own stock.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

$ millions, except per share data, for the years ended October 31	1999	1998	1997
Net income as reported	$ 1,029	$ 1,056	$ 1,551
Non-interest income - trading	23	-	-
Non-interest expenses - employee compensation and benefits	(72)	(90)	(35)
- restructuring charge	216	-	-
Net change in income taxes due to the above items	(72)	39	15
	95	(51)	(20)
Net income according to U.S. GAAP	1,124	1,005	1,531
Less: Preferred dividends	(112)	(116)	(98)
Net income available to common shareholders	$ 1,012	$ 889	$ 1,433
Weighted-average basic shares outstanding (in thousands)	409,789	415,030	413,545
Add: Options (1)	779	3,114	1,533
Weighted-average diluted shares outstanding	410,568	418,144	415,078
Basic EPS	$ 2.47	$ 2.14	$ 3.47
Diluted EPS	$ 2.46	$ 2.13	$ 3.45

(1) It is assumed that 80% of average options outstanding will be exercised.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

$ millions, for the years ended October 31	1999	1998	1997
Net income according to U.S. GAAP	$ 1,124	$ 1,005	$ 1,531
Other comprehensive income, net of tax			
Change in foreign currency translation adjustments (1)	(4)	1	10
Change in net unrealized gains on securities available for sale (2)(3)	1,152	813	129
Total other comprehensive income	1,148	814	139
Comprehensive income	$ 2,272	$ 1,819	$ 1,670

(1) Net of income tax benefit of $146 million (1998: $238 million; 1997: $84 million).
(2) Net of income tax expense of $458 million (1998: $619 million; 1997: $100 million).
(3) Net of reclassification adjustments for gains included in net income of $232 million (1998: $88 million; 1997: $76 million).

CONDENSED CONSOLIDATED BALANCE SHEETS

$ millions, as at October 31	Cdn GAAP	Adjustments	1999 U.S. GAAP	1998 U.S. GAAP
Assets				
Cash resources	$ 12,527	$ -	$ 12,527	$ 10,795
Securities				
Securities held for trading	46,054	23	46,077	48,063
Securities held for investment	13,277	(13,277)	-	-
Securities held to maturity	-	4,748	4,748	5,769
Securities available for sale	-	12,120	12,120	9,012
Loan substitute securities	161	-	161	108
	59,492	3,614	63,106	62,952
Loans	136,350		136,350	152,257
Prepaid pension costs	267	(100)	167	210
Other assets	41,695	-	41,695	57,137
Total assets	$ 250,331	$ 3,514	$ 253,845	$ 283,351
Liabilities and shareholders' equity				
Deposits	$ 160,041	$ -	$ 160,041	$ 159,875
Post-retirement benefit liability	-	130	130	97
Future income tax liability	147	1,320	1,467	1,012
Other liabilities	74,541	(216)	74,325	105,482
Subordinated indebtedness	4,544	-	4,544	4,714
Total liabilities	239,273	1,234	240,507	271,180
Shareholders' equity				
Preferred shares	1,933	-	1,933	1,961
Common shares	3,035	-	3,035	3,128
Retained earnings	6,090	9	6,099	5,959
Accumulated other comprehensive income				
Foreign currency translation adjustments	-	(6)	(6)	(2)
Net unrealized gains on securities available for sale	-	2,277	2,277	1,125
Total accumulated other comprehensive income	-	2,271	2,271	1,123
Total shareholders' equity	11,058	2,280	13,338	12,171
Total liabilities and shareholders' equity	$ 250,331	$ 3,514	$ 253,845	$ 283,351

Restructuring charge

Under Canadian GAAP, a liability for termination benefits pursuant to a restructuring is recognized in the period management approves the plan of termination if all of the following conditions exist:

- prior to the financial statement date, management having the authority level commits the entity to the staff reduction plan;
- the plan specifically identifies all significant actions to be taken to complete the plan and the expected date of completion; and
- the period of time to complete the termination plans indicates that significant changes are not likely.

In addition to these conditions FASB EITF Issue 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)", requires that prior to the date of the financial statements, the termination benefit arrangement must be communicated to employees. This difference would result in a $216 million increase in net income before taxes under U.S. GAAP.

Comprehensive income

SFAS 130, "Reporting Comprehensive Income", requires that a statement of comprehensive income be displayed with the same prominence as other financial statements. Comprehensive income, which incorporates net income, includes all changes in equity during a period except those resulting from investments by and distributions to owners. There is no requirement to disclose comprehensive income under Canadian GAAP.

25. YEAR 2000

The year 2000 issue arises because many computer systems use only two numbers to identify a year in the date field and assume that the first two digits are always 19. This may result in errors when these systems process data or utilize dates subsequent to 1999. In addition, similar problems may arise in 1999 because some systems may use the digits '99' in date fields to represent something other than the year 1999. The effects of the year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the year 2000 issue affecting the entity, particularly those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

26. RECENTLY ISSUED ACCOUNTING STANDARDS NOT YET IMPLEMENTED

CIBC will be required to adopt the following recently issued accounting standards for Canadian and U.S. reporting purposes in future years.

CICA Handbook section 3461, "Employee Future Benefits", will be effective for fiscal 2001. Adoption of this standard will substantially harmonize Canadian and U.S. GAAP in the area of employee future benefits.

Under section 3461, employee future benefits are defined as: pension and other benefits provided after retirement; post-employment benefits provided to former inactive employees; compensated absences such as parental leave and sabbaticals; and termination benefits. The cost of these employee future benefits will be recognized as a liability and expensed over the periods that the employees earn the benefits. At present, certain of these benefits are accounted for on a cash basis.

The impact of implementing this standard is affected by whether the requirements are applied retroactively or prospectively and whether they are adopted in fiscal 2000 or 2001. As a decision has not yet been made by CIBC, the impact on CIBC's consolidated balance sheets and consolidated statements of income is not yet determinable.

SFAS 133, "Accounting for Derivative Instruments and Hedging Activities", originally effective for fiscal 2000, has been deferred one year and will now be effective for fiscal 2001.

Under SFAS 133, all derivatives must be recognized on CIBC's consolidated balance sheets at fair value with the offset to either current earnings or to Other Comprehensive Income (OCI). If specific criteria are met, derivatives may qualify for hedge accounting. Derivatives which are fair value hedges, together with financial instruments being hedged, will be marked to market with adjustments reflected in income. Derivatives which are cash flow hedges will be marked to market with adjustments reflected in OCI.

CIBC currently recognizes the derivatives used in trading activities on its consolidated balance sheets at fair value, with changes in fair value included in earnings. Therefore, the primary impact of this standard will be related to derivatives held for asset liability management purposes. The impact of implementing this standard on CIBC's consolidated balance sheets and consolidated statements of income and comprehensive income is not yet determinable.

Supplementary Annual Financial Information

AVERAGE BALANCE SHEET, NET INTEREST INCOME AND MARGIN

	Average balance			Interest			Average rate		
$ millions (TEB), as at or for the years ended October 31	1999	1998	1997	1999	1998	1997	1999	1998	1997
Domestic assets (1)									
Cash resources	$ 1,802	$ 1,725	$ 1,623	$ 64	$ 45	$ 30	3.55%	2.61%	1.85%
Securities — Held for investment	5,141	5,822	7,258	432	352	494	8.40	6.05	6.81
Held for trading	23,377	21,446	19,409	1,148	1,051	859	4.91	4.90	4.43
Loans — Residential mortgages	43,986	40,684	37,954	2,877	2,738	2,722	6.54	6.73	7.17
Personal and credit card loans	20,883	22,721	19,763	1,728	1,984	1,601	8.27	8.73	8.10
Business and government loans	23,074	20,980	21,999	1,976	1,631	1,643	8.56	7.77	7.47
Securities purchased under resale agreements	10,559	15,529	12,817	687	1,097	900	6.51	7.06	7.02
Total loans	98,502	99,914	92,533	7,268	7,450	6,866	7.38	7.46	7.42
Other interest-bearing assets	471	587	351	31	16	19	6.58	2.73	5.41
Other non-interest-bearing assets	26,284	20,586	16,932						
Total domestic assets	155,577	150,080	138,106	8,943	8,914	8,268	5.75	5.94	5.99
Foreign assets (1)									
Cash resources	9,582	11,011	8,597	433	579	404	4.52	5.26	4.70
Securities — Held for investment	6,948	8,204	9,685	357	450	546	5.14	5.49	5.64
Held for trading	26,655	20,785	11,629	884	893	471	3.32	4.30	4.05
Loans — Residential mortgages	538	461	410	54	47	40	10.04	10.20	9.76
Personal and credit card loans	2,957	1,895	537	318	187	69	10.75	9.87	12.85
Business and government loans	24,462	27,621	23,553	1,682	1,950	1,538	6.88	7.06	6.53
Securities purchased under resale agreements	23,516	32,069	28,171	1,848	2,073	1,677	7.86	6.46	5.95
Total loans	51,473	62,046	52,671	3,902	4,257	3,324	7.58	6.86	6.31
Other interest-bearing assets	1,041	573	365	15	8	2	1.44	1.40	0.55
Other non-interest-bearing assets	20,568	26,124	14,972						
Total foreign assets	116,267	128,743	97,919	5,591	6,187	4,747	4.81	4.81	4.85
Total assets	$ 271,844	$ 278,823	$ 236,025	$ 14,534	$ 15,101	$ 13,015	5.35%	5.42%	5.51%
Domestic liabilities (1)									
Deposits — Individuals	$ 54,777	$ 53,949	$ 56,364	$ 1,835	$ 1,753	$ 1,840	3.35%	3.25%	3.26%
Businesses and governments	39,718	32,029	27,910	1,481	1,177	720	3.73	3.67	2.58
Banks	313	623	585	13	26	17	4.15	4.17	2.91
Total deposits	94,808	86,601	84,859	3,329	2,956	2,577	3.51	3.41	3.04
Derivative instruments market valuation	6,583	3,835	9,453						
Acceptances	10,064	10,462	9,276						
Obligations related to securities sold short	9,228	7,892	7,594	424	315	308	4.59	3.99	4.06
Obligations related to securities sold under repurchase agreements	8,264	10,221	10,019	665	806	801	8.05	7.89	7.99
Other liabilities	8,460	6,730	3,447	20	5	16	0.24	0.07	0.46
Subordinated indebtedness	2,789	3,054	2,684	221	254	240	7.92	8.32	8.94
Total domestic liabilities	140,196	128,795	127,332	4,659	4,336	3,942	3.32	3.37	3.10
Foreign liabilities (1)									
Deposits — Individuals	5,121	5,241	3,668	229	262	195	4.47	5.00	5.32
Businesses and governments	43,863	40,739	25,102	2,448	2,437	1,389	5.58	5.98	5.53
Banks	18,689	27,737	27,727	802	1,153	1,263	4.29	4.16	4.56
Total deposits	67,673	73,717	56,497	3,479	3,852	2,847	5.14	5.23	5.04
Derivative instruments market valuation	23,085	23,559	6,569						
Acceptances	107	113	91						
Obligations related to securities sold short	8,006	9,162	7,589	187	209	205	2.34	2.28	2.70
Obligations related to securities sold under repurchase agreements	18,232	28,625	23,422	1,571	2,126	1,264	8.62	7.43	5.40
Other liabilities	1,443	1,455	2,976	16	2	10	1.11	0.14	0.34
Non-controlling interests in subsidiaries	101	100	78						
Subordinated indebtedness	1,706	2,193	1,655	85	138	106	4.98	6.29	6.40
Total foreign liabilities	120,353	138,924	98,877	5,338	6,327	4,432	4.44	4.55	4.48
Total liabilities	260,549	267,719	226,209	9,997	10,663	8,374	3.84	3.98	3.70
Shareholders' equity	11,295	11,104	9,816						
Liabilities and shareholders' equity	$ 271,844	$ 278,823	$ 236,025	$ 9,997	$ 10,663	$ 8,374	3.68%	3.82%	3.55%
Net interest income and margin				$ 4,537	$ 4,438	$ 4,641	1.67%	1.59%	1.97%
Additional disclosures:									
Non-interest-bearing demand deposits									
Domestic	$ 5,855	$ 5,317	$ 4,848						
Foreign	$ 1,056	$ 885	$ 719						

(1) Classification as domestic or foreign is based on domicile of debtor or customer.

VOLUME/RATE ANALYSIS OF CHANGES IN NET INTEREST INCOME

		1999/1998 Increase (decrease) due to change in:			1998/1997 Increase (decrease) due to change in:		
$ millions (TEB), for the years ended October 31		Average balance	Average rate	Total	Average balance	Average rate	Total
Domestic assets (1)							
Cash resources		$ 2	$ 17	$ 19	$ 2	$ 13	$ 15
Securities	Held for investment	(41)	121	80	(98)	(44)	(142)
	Held for trading	95	2	97	90	102	192
Loans	Residential mortgages	222	(83)	139	196	(180)	16
	Personal and credit card loans	(160)	(96)	(256)	240	143	383
	Business and government loans	163	182	345	(76)	64	(12)
	Securities purchased under resale agreements	(351)	(59)	(410)	190	7	197
Total loans		(126)	(56)	(182)	550	34	584
Other interest-bearing assets		(3)	18	15	13	(16)	(3)
Change in domestic interest income		(73)	102	29	557	89	646
Foreign assets (1)							
Cash resources		(75)	(71)	(146)	113	62	175
Securities	Held for investment	(69)	(24)	(93)	(83)	(13)	(96)
	Held for trading	252	(261)	(9)	371	51	422
Loans	Residential mortgages	8	(1)	7	5	2	7
	Personal and credit card loans	105	26	131	174	(56)	118
	Business and government loans	(223)	(45)	(268)	266	146	412
	Securities purchased under resale agreements	(553)	328	(225)	232	164	396
Total loans		(663)	308	(355)	677	256	933
Other interest-bearing assets		7	-	7	1	5	6
Change in foreign interest income		(548)	(48)	(596)	1,079	361	1,440
Total change in interest income		$ (621)	$ 54	$ (567)	$ 1,636	$ 450	$ 2,086
Domestic liabilities (1)							
Deposits	Individuals	$ 27	$ 55	$ 82	$ (79)	$ (8)	$ (87)
	Businesses and governments	283	21	304	106	351	457
	Banks	(13)	-	(13)	1	8	9
Total deposits		297	76	373	28	351	379
Obligations related to securities sold short		53	56	109	12	(5)	7
Obligations related to securities sold under repurchase agreements		(154)	13	(141)	16	(11)	5
Other liabilities		1	14	15	15	(26)	(11)
Subordinated indebtedness		(22)	(11)	(33)	33	(19)	14
Change in domestic interest expense		175	148	323	104	290	394
Foreign liabilities (1)							
Deposits	Individuals	(6)	(27)	(33)	84	(17)	67
	Businesses and governments	187	(176)	11	865	183	1,048
	Banks	(376)	25	(351)	-	(110)	(110)
Total deposits		(195)	(178)	(373)	949	56	1,005
Obligations related to securities sold short		(26)	4	(22)	42	(38)	4
Obligations related to securities sold under repurchase agreements		(772)	217	(555)	281	581	862
Other liabilities		-	14	14	(5)	(3)	(8)
Subordinated indebtedness		(31)	(22)	(53)	34	(2)	32
Change in foreign interest expense		(1,024)	35	(989)	1,301	594	1,895
Total change in interest expense		$ (849)	$ 183	$ (666)	$ 1,405	$ 884	$ 2,289
Change in total net interest income		$ 228	$ (129)	$ 99	$ 231	$ (434)	$ (203)

(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	1999	1998	1997	1996	1995	1999	1998	1997	1996	1995
Residential mortgages	$ 46,043	$ 42,646	$ 39,573	$ 36,506	$ 34,313	$ 46	$ 49	$ 44	$ 46	$ 46
Personal loans	17,842	18,648	16,818	14,918	13,828	1,762	1,907	6	6	3
Credit card loans	4,158	3,043	4,766	4,660	4,324	-	-	-	-	-
Total consumer loans	68,043	64,337	61,157	56,084	52,465	1,808	1,956	50	52	49
Non-residential mortgages	1,775	2,370	2,508	2,722	2,977	-	-	-	-	-
Trades and services	10,740	11,170	9,616	10,126	10,206	5,064	5,126	3,720	3,597	2,783
Manufacturing	5,793	6,379	6,259	6,220	5,766	2,692	2,393	3,770	3,609	2,362
Real estate	2,639	2,571	2,929	3,241	3,786	1,598	1,608	1,125	1,475	1,959
Agriculture	2,919	2,564	2,229	1,934	1,827	28	32	165	184	72
Natural resources	3,350	4,589	3,831	2,940	3,129	439	488	1,191	632	677
Transportation and communications	2,646	2,568	2,788	2,734	2,534	2,431	2,433	4,630	5,015	4,805
Other	2,216	2,294	2,194	1,941	2,094	1,643	1,091	770	547	430
Total business and government loans including acceptances	32,078	34,505	32,354	31,858	32,319	13,895	13,171	15,371	15,059	13,088
Securities purchased under resale agreements	6,776	12,464	12,250	10,250	7,037	10,862	21,225	22,350	20,511	7,129
General allowance										
Total net loans and acceptances	$ 106,897	$ 111,306	$ 105,761	$ 98,192	$ 91,821	$ 26,565	$ 36,352	$ 37,771	$ 35,622	$ 20,266

(1) Classification by country is based on domicile of debtor or customer.

SUMMARY OF ALLOWANCE FOR CREDIT LOSSES

$ millions, as at or for the years ended October 31	1999	1998	1997	1996	1995
Balance at beginning of year	$ 1,626	$ 1,595	$ 1,441	$ 1,538	$ 1,673
Adjustment for accounting change (1)	-	-	-	165	-
Write-offs					
Domestic					
Residential mortgages	11	14	24	24	21
Personal and credit card loans	326	324	355	371	189
Real estate	29	50	53	143	216
Other business and government loans	244	82	115	163	77
Foreign					
Residential mortgages	-	-	-	-	-
Personal and credit card loans	9	4	2	1	1
Real estate	7	3	36	54	241
Other business and government loans	128	115	36	100	128
Total write-offs	754	592	621	856	873
Recoveries					
Domestic					
Personal and credit card loans	75	79	74	62	28
Real estate	27	17	6	4	5
Other business and government loans	12	11	10	14	16
Foreign					
Personal and credit card loans	-	-	-	-	-
Real estate	27	14	57	21	1
Other business and government loans	3	11	10	12	16
Total recoveries	144	132	157	113	66
Net write-offs	610	460	464	743	807
Provision for credit losses	750	480	610	480	680
Foreign exchange adjustments	(14)	11	8	1	(8)
Balance at end of year	$ 1,752 (2)	$ 1,626 (2)	$ 1,595 (2)	$ 1,441 (2)	$ 1,538
Ratio of net write-offs during year to average loans outstanding during year	0.41%	0.28%	0.32%	0.62%	0.79%

(1) Represents the effect of implementing CICA Handbook section 3025, "Impaired loans", which introduced the requirement to discount expected cash flows on impaired loans when determining the allowance for credit losses.
(2) Includes a $4 million allowance for letters of credit (1998: $17 million; 1997: $4 million; 1996: $19 million).

ANALYSIS OF NET LOANS AND ACCEPTANCES (CONTINUED)

$ millions, as at October 31	Other[1] 1999	1998	1997	1996	1995	Total 1999	1998	1997	1996	1995
Residential mortgages	$ 524	$ 477	$ 392	$ 337	$ 300	$ 46,613	$ 43,172	$ 40,009	$ 36,889	$ 34,659
Personal loans	713	733	493	378	372	20,317	21,288	17,317	15,302	14,203
Credit card loans	57	51	35	18	10	4,215	3,094	4,801	4,678	4,334
Total consumer loans	1,294	1,261	920	733	682	71,145	67,554	62,127	56,869	53,196
Non-residential mortgages	140	138	78	61	48	1,915	2,508	2,586	2,783	3,025
Trades and services	5,201	7,062	4,311	2,689	2,537	21,005	23,358	17,647	16,412	15,526
Manufacturing	1,023	1,516	1,295	1,359	880	9,508	10,288	11,324	11,188	9,008
Real estate	505	584	573	439	565	4,742	4,763	4,627	5,155	6,310
Agriculture	31	14	15	15	11	2,978	2,610	2,409	2,133	1,910
Natural resources	876	554	548	592	653	4,665	5,631	5,570	4,164	4,459
Transportation and communications	2,185	2,050	1,762	1,163	892	7,262	7,051	9,180	8,912	8,231
Other	409	661	451	313	324	4,268	4,046	3,415	2,801	2,848
Total business and government loans including acceptances	10,370	12,579	9,033	6,631	5,910	56,343	60,255	56,758	53,548	51,317
Securities purchased under resale agreements	1,520	2,604	3,029	1,773	7	19,158	36,293	37,629	32,534	14,173
General allowance						(1,000)	(850)	(650)	(400)	(250)
Total net loans and acceptances	$ 13,184	$ 16,444	$ 12,982	$ 9,137	$ 6,599	$ 145,646	$ 163,252	$ 155,864	$ 142,551	$ 118,436

(1) Classification by country is based on domicile of debtor or customer.

ALLOWANCE FOR CREDIT LOSSES AS A PERCENTAGE OF EACH LOAN CATEGORY[1]

$ millions, as at October 31	Allowance for credit losses 1999	1998	1997	1996	1995	Allowance as a % of each loan category 1999	1998	1997	1996	1995
Domestic										
Residential mortgages	$ 24	$ 27	$ 30	$ 43	$ 27	0.05%	0.06%	0.08%	0.12%	0.08%
Personal and credit card loans	208	173	182	148	176	0.94	0.79	0.84	0.75	0.96
Real estate	102	163	291	332	406	4.77	7.17	10.96	11.52	11.72
Other business and government loans	289	234	256	295	323	1.36	1.06	1.28	1.41	1.51
Total domestic	623	597	759	818	932	0.68	0.67	0.90	1.02	1.20
Foreign										
Residential mortgages	-	-	-	-	-	-	-	-	-	-
Personal and credit card loans	11	8	5	4	3	0.43	0.30	0.93	0.99	0.77
Real estate	29	22	27	85	138	1.36	0.99	1.57	4.25	5.18
Other business and government loans	85	132	150	115	93	0.38	0.57	0.66	0.58	0.56
Total foreign	125	162	182	204	234	0.46	0.56	0.72	0.90	1.18
General allowance for credit losses	1,000	850	650	400	250	-	-	-	-	-
General country risk allowance	-	-	-	-	122	-	-	-	-	-
Total allowance	$ 1,748	$ 1,609	$ 1,591	$ 1,422	$ 1,538	1.47%	1.37%	1.45%	1.38%	1.58%

(1) Percentage is calculated on loan portfolio excluding acceptances and securities purchased under resale agreements.

IMPAIRED LOANS BEFORE GENERAL ALLOWANCES

$ millions, as at October 31	Canada[1] 1999	1998	1997	1996	1995[2]	U.S.[1] 1999	1998	1997	1996	1995[2]
Gross impaired loans										
Residential mortgages	$ 138	$ 135	$ 134	$ 207	$ 211	$ -	$ -	$ -	$ -	$ -
Personal loans	279	271	266	224	168	2	2	1	2	1
Credit card loans	-	-	-	-	75	-	-	-	-	-
Total gross impaired consumer loans	417	406	400	431	454	2	2	1	2	1
Non-residential mortgages	43	64	78	121	146	-	-	-	-	-
Trades and services	189	141	169	216	270	27	58	89	-	4
Manufacturing	234	78	95	101	152	41	5	39	6	6
Real estate	140	258	426	526	812	-	40	71	419	529
Agriculture	17	22	20	16	16	-	-	-	-	-
Natural resources	36	10	9	7	8	1	2	1	3	9
Transportation and communications	87	105	28	29	18	11	30	4	1	20
Other	9	20	17	15	15	-	-	-	2	8
Total gross impaired business and government loans	755	698	842	1,031	1,437	80	135	204	431	576
Total gross impaired loans	1,172	1,104	1,242	1,462	1,891	82	137	205	433	577
Other past due loans[3]	44	26	38	25	35	6	23	-	-	-
Total gross impaired and other past due loans	$ 1,216	$ 1,130	$ 1,280	$ 1,487	$ 1,926	$ 88	$ 160	$ 205	$ 433	$ 577
Allowance for credit losses										
Residential mortgages	$ 24	$ 27	$ 30	$ 43	$ 27	$ -	$ -	$ -	$ -	$ -
Personal loans	208	173	182	148	101	-	-	-	-	1
Credit card loans	-	-	-	-	75	-	-	-	-	-
Total allowance - consumer loans	232	200	212	191	203	-	-	-	-	1
Non-residential mortgages	25	41	57	80	74	-	-	-	-	-
Trades and services	92	78	95	110	121	7	16	57	-	-
Manufacturing	109	45	62	66	101	2	-	9	4	2
Real estate	102	163	291	332	406	-	9	15	60	58
Agriculture	4	5	5	4	2	-	-	-	-	-
Natural resources	11	8	7	6	7	-	-	-	-	-
Transportation and communications	44	44	19	18	8	-	2	1	-	-
Other	4	13	11	11	10	-	-	-	2	3
Total allowance - business and government loans	391	397	547	627	729	9	27	82	66	63
Total allowance	$ 623	$ 597	$ 759	$ 818	$ 932	$ 9	$ 27	$ 82	$ 66	$ 64
Net impaired loans										
Residential mortgages	$ 114	$ 108	$ 104	$ 164	$ 184	$ -	$ -	$ -	$ -	$ -
Personal loans	71	98	84	76	67	2	2	1	2	-
Credit card loans	-	-	-	-	-	-	-	-	-	-
Total net impaired consumer loans	185	206	188	240	251	2	2	1	2	-
Non-residential mortgages	18	23	21	41	72	-	-	-	-	-
Trades and services	97	63	74	106	149	20	42	32	-	4
Manufacturing	125	33	33	35	51	39	5	30	2	4
Real estate	38	95	135	194	406	-	31	56	359	471
Agriculture	13	17	15	12	14	-	-	-	-	-
Natural resources	25	2	2	1	1	1	2	1	3	9
Transportation and communications	43	61	9	11	10	11	28	3	1	20
Other	5	7	6	4	5	-	-	-	-	5
Total net impaired business and government loans	364	301	295	404	708	71	108	122	365	513
Total net impaired loans	$ 549	$ 507	$ 483	$ 644	$ 959	$ 73	$ 110	$ 123	$ 367	$ 513

(1) Classification by country is based on domicile of debtor or customer.
(2) 1995 information excludes LDC loans.
(3) Other past due loans, which have not been classified as impaired, are described in Note 4 to the consolidated financial statements on page 62.

IMPAIRED LOANS BEFORE GENERAL ALLOWANCES (CONTINUED)

	Other[1]					Total				
$ millions, as at October 31	1999	1998	1997	1996	1995[2]	1999	1998	1997	1996	1995[2]
Gross impaired loans										
Residential mortgages	$ -	$ -	$ -	$ -	$ -	$ 138	$ 135	$ 134	$ 207	$ 211
Personal loans	44	28	15	13	10	325	301	282	239	179
Credit card loans	-	-	-	-	-	-	-	-	-	75
Total gross impaired consumer loans	44	28	15	13	10	463	436	416	446	465
Non-residential mortgages	-	-	-	-	-	43	64	78	121	146
Trades and services	70	31	37	44	36	286	230	295	260	310
Manufacturing	5	22	5	19	9	280	105	139	126	167
Real estate	41	29	17	32	160	181	327	514	977	1,501
Agriculture	6	5	-	-	-	23	27	20	16	16
Natural resources	-	1	-	-	-	37	13	10	10	17
Transportation and communications	61	128	96	96	86	159	263	128	126	124
Other	1	1	2	15	14	10	21	19	32	37
Total gross impaired - business and government loans	184	217	157	206	305	1,019	1,050	1,203	1,668	2,318
Total gross impaired loans	228	245	172	219	315	1,482	1,486	1,619	2,114	2,783
Other past due loans[3]	18	28	24	21	7	68	77	62	46	42
Total gross impaired and other past due loans	$ 246	$ 273	$ 196	$ 240	$ 322	$ 1,550	$ 1,563	$ 1,681	$ 2,160	$ 2,825
Allowance for credit losses										
Residential mortgages	$ -	$ -	$ -	$ -	$ -	$ 24	$ 27	$ 30	$ 43	$ 27
Personal loans	11	8	5	4	2	219	181	187	152	104
Credit card loans	-	-	-	-	-	-	-	-	-	75
Total allowance - consumer loans	11	8	5	4	2	243	208	217	195	206
Non-residential mortgages	-	-	-	-	-	25	41	57	80	74
Trades and services	36	16	20	22	13	135	110	172	132	134
Manufacturing	2	16	2	14	4	113	61	73	84	107
Real estate	29	13	12	25	80	131	185	318	417	544
Agriculture	4	3	-	-	-	8	8	5	4	2
Natural resources	-	-	-	-	-	11	8	7	6	7
Transportation and communications	33	79	60	64	65	77	125	80	82	73
Other	1	-	1	9	6	5	13	12	22	19
Total allowance - business and government loans	105	127	95	134	168	505	551	724	827	960
Total allowance	$ 116	$ 135	$ 100	$ 138	$ 170	$ 748	$ 759	$ 941	$ 1,022	$ 1,166
Net impaired loans										
Residential mortgages	$ -	$ -	$ -	$ -	$ -	$ 114	$ 108	$ 104	$ 164	$ 184
Personal loans	33	20	10	9	8	106	120	95	87	75
Credit card loans	-	-	-	-	-	-	-	-	-	-
Total net impaired consumer loans	33	20	10	9	8	220	228	199	251	259
Non-residential mortgages	-	-	-	-	-	18	23	21	41	72
Trades and services	34	15	17	22	23	151	120	123	128	176
Manufacturing	3	6	3	5	5	167	44	66	42	60
Real estate	12	16	5	7	80	50	142	196	560	957
Agriculture	2	2	-	-	-	15	19	15	12	14
Natural resources	-	1	-	-	-	26	5	3	4	10
Transportation and communications	28	49	36	32	21	82	138	48	44	51
Other	-	1	1	6	8	5	8	7	10	18
Total net impaired business and government loans	79	90	62	72	137	514	499	479	841	1,358
Total net impaired loans	$ 112	$ 110	$ 72	$ 81	$ 145	$ 734	$ 727	$ 678	$ 1,092	$ 1,617

(1) Classification by country is based on domicile of debtor or customer.
(2) 1995 information excludes LDC loans.
(3) Other past due loans, which have not been classified as impaired, are described in Note 4 to the consolidated financial statements on page 62.

DEPOSITS

$ millions, as at October 31	Average balance 1999	Average balance 1998	Average balance 1997	Interest 1999	Interest 1998	Interest 1997	Rate 1999	Rate 1998	Rate 1997
Deposits in domestic bank offices									
Payable on demand									
Individuals	$ 2,732	$ 2,637	$ 2,136	$ 85	$ 59	$ 38	3.11%	2.22%	1.77%
Businesses and governments	10,296	9,573	8,295	200	190	109	1.94	1.99	1.31
Banks	48	412	434	1	6	4	2.08	1.56	1.01
Payable after notice									
Individuals	16,267	16,865	17,083	87	109	67	0.53	0.64	0.39
Businesses and governments	5,445	5,131	4,815	207	187	109	3.80	3.64	2.26
Banks	-	6	7	-	-	-	-	4.86	2.21
Payable on a fixed date									
Individuals	36,399	36,191	38,491	1,701	1,669	1,797	4.67	4.61	4.67
Businesses and governments	27,077	19,393	16,008	1,427	915	538	5.27	4.72	3.36
Banks	268	785	825	12	40	31	4.48	5.10	3.76
Total domestic	98,532	90,993	88,094	3,720	3,175	2,693	3.78	3.49	3.06
Deposits in foreign bank offices									
Payable on demand									
Individuals	769	555	44	4	4	1	0.52	0.72	1.18
Businesses and governments	1,188	810	568	11	10	11	0.93	1.21	1.92
Banks	498	132	106	11	6	4	2.21	4.48	3.77
Payable after notice									
Individuals	757	574	491	27	30	25	3.57	5.28	5.15
Businesses and governments	315	151	128	11	10	12	3.49	6.62	9.47
Banks	112	352	475	1	13	17	0.89	3.69	3.47
Payable on a fixed date									
Individuals	2,974	2,368	1,787	153	144	107	5.14	6.08	5.99
Businesses and governments	39,260	37,710	23,198	2,080	2,302	1,330	5.30	6.10	5.73
Banks	18,076	26,673	26,465	790	1,114	1,224	4.37	4.18	4.63
Total foreign deposits	63,949	69,325	53,262	3,088	3,633	2,731	4.83	5.24	5.13
Total deposits	$ 162,481	$ 160,318	$ 141,356	$ 6,808	$ 6,808	$ 5,424	4.19%	4.25%	3.84%

SHORT-TERM BORROWINGS

$ millions, as at or for the years ended October 31	1999	1998	1997
Amounts outstanding at end of year			
Obligations related to securities sold short	$ 15,563	$ 16,049	$ 15,564
Obligations related to securities sold under repurchase agreements	13,640	32,610	28,368
Total short-term borrowings	$ 29,203	$ 48,659	$ 43,932
Obligations related to securities sold short			
Average balance	$ 17,234	$ 17,054	$ 15,183
Maximum month-end balance	$ 19,423	$ 18,319	$ 16,374
Average interest rate	3.54%	3.07%	3.38%
Obligations related to securities sold under repurchase agreements			
Average balance	$ 26,496	$ 38,846	$ 33,441
Maximum month-end balance	$ 33,006	$ 48,125	$ 36,902
Average interest rate	8.44%	7.55%	6.18%

Quarterly Review

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Unaudited, $ millions, for the quarter	1999 Q4	1999 Q3	1999 Q2	1999 Q1	1998 Q4	1998 Q3	1998 Q2	1998 Q1
Net interest income (TEB)[1]	$ 1,166	$ 1,171	$ 1,078	$ 1,122	$ 1,100	$ 1,075	$ 1,116	$ 1,147
Deduct taxable equivalent adjustment	36	32	31	30	21	28	27	25
Net interest income (consolidated statement of income basis)	1,130	1,139	1,047	1,092	1,079	1,047	1,089	1,122
Non-interest income	1,270	1,727	1,384	1,347	633	1,360	1,608	1,203
Total revenue	2,400	2,866	2,431	2,439	1,712	2,407	2,697	2,325
Provision for credit losses	210	210	165	165	120	120	120	120
Non-interest expenses	2,312	2,076	1,826	1,784	1,633	1,952	1,861	1,679
Net income before taxes	(122)	580	440	490	(41)	335	716	526
Income taxes	(137)	178	132	147	(72)	82	274	176
Non-controlling interests in net income of subsidiaries	7	8	8	16	(3)	8	8	7
Net income	$ 8	$ 394	$ 300	$ 327	$ 34	$ 245	$ 434	$ 343
Dividends on preferred shares	$ 28	$ 28	$ 28	$ 28	$ 28	$ 30	$ 29	$ 29
Net income (loss) applicable to common shareholders	$ (20)	$ 366	$ 272	$ 299	$ 6	$ 215	$ 405	$ 314

CONDENSED CONSOLIDATED BALANCE SHEETS

Unaudited, $ millions, as at quarter end	1999 Q4	1999 Q3	1999 Q2	1999 Q1	1998 Q4	1998 Q3	1998 Q2	1998 Q1
Assets								
Cash resources	$ 12,527	$ 10,791	$ 9,232	$ 9,329	$ 10,795	$ 10,313	$ 11,630	$ 12,454
Securities	59,492	62,972	64,678	61,789	60,970	58,665	55,240	50,829
Loans — Residential mortgages	46,613	45,668	44,384	43,635	43,172	42,108	40,844	40,616
Personal and credit card loans	24,532	23,972	24,446	23,645	24,382	23,910	22,442	24,433
Business and government loans	46,047	46,898	46,298	48,823	48,410	49,566	48,919	48,174
Securities purchased under resale agreements	19,158	29,284	35,646	34,905	36,293	40,270	43,351	58,970
Derivative instruments market valuation	24,449	24,951	27,842	33,139	37,157	28,725	23,924	28,473
Customers' liability under acceptances	9,296	9,137	9,316	10,218	10,995	10,988	10,225	10,682
Other assets	8,217	8,111	7,780	8,986	9,256	10,154	7,803	8,069
	$ 250,331	$ 261,784	$ 269,622	$ 274,469	$ 281,430	$ 274,699	$ 264,378	$ 282,700
Liabilities and shareholders' equity								
Deposits — Individuals	$ 60,878	60,431	$ 60,229	$ 60,943	$ 59,993	$ 59,457	$ 59,120	$ 59,487
Businesses and governments	85,940	82,595	79,018	79,092	84,862	74,038	71,381	71,471
Banks	13,223	17,289	20,834	22,049	15,020	26,065	23,610	28,316
Derivative instruments market valuation	25,097	24,368	28,771	32,961	36,245	27,615	23,654	27,459
Acceptances	9,296	9,137	9,316	10,222	10,995	10,991	10,226	10,812
Obligations related to securities sold short or under repurchase agreements	29,203	41,527	46,247	44,024	48,659	50,474	51,760	60,607
Other liabilities	11,092	10,645	9,503	9,480	9,806	9,461	8,065	8,674
Subordinated indebtedness	4,544	4,407	4,474	4,541	4,714	5,338	5,420	5,099
Shareholders' equity	11,058	11,385	11,230	11,157	11,136	11,260	11,142	10,775
	$ 250,331	$ 261,784	$ 269,622	$ 274,469	$ 281,430	$ 274,699	$ 264,378	$ 282,700

SELECT FINANCIAL MEASURES

Unaudited, as at or for the quarter	1999 Q4	1999 Q3	1999 Q2	1999 Q1	1998 Q4	1998 Q3	1998 Q2	1998 Q1
Return on common equity[2]	(0.8)%	15.4%	12.1%	12.8%	0.3%	9.2%	18.3%	14.1%
Return on average assets	0.01%	0.58%	0.46%	0.45%	0.05%	0.35%	0.64%	0.51%
Average common shareholders' equity ($ millions)	$ 9,405	$ 9,433	$ 9,229	$ 9,220	$ 9,244	$ 9,283	$ 9,087	$ 8,832
Average assets ($ millions)	$ 261,010	$ 270,755	$ 269,566	$ 286,045	$ 295,258	$ 278,048	$ 275,609	$ 266,376
Average assets to average common equity	27.8	28.7	29.2	31.0	31.9	30.0	30.3	30.2
Tier 1 capital ratio	8.3%	8.4%	8.3%	8.0%	7.7%	7.6%	7.8%	7.1%
Total capital ratio	11.5%	11.5%	11.5%	11.2%	10.8%	10.8%	11.2%	10.0%
Net interest margin (TEB)	1.77%	1.72%	1.64%	1.56%	1.48%	1.53%	1.66%	1.71%
Non-interest expenses to revenue ratio[3]	94.9%	71.6%	74.2%	72.3%	94.2%	80.2%	68.3%	71.4%

COMMON SHARE INFORMATION

Unaudited, as at or for the quarter	1999 Q4	1999 Q3	1999 Q2	1999 Q1	1998 Q4	1998 Q3	1998 Q2	1998 Q1
Average shares outstanding (thousands)	402,811	410,247	411,264	414,882	415,510	415,384	414,862	414,358
$ per share — basic earnings	$ (0.04)	$ 0.89	$ 0.66	$ 0.72	$ 0.01	$ 0.52	$ 0.97	$ 0.76
fully diluted earnings	$ (0.04)[7]	$ 0.88	$ 0.65	$ 0.71	$ 0.01[7]	$ 0.51	$ 0.96	$ 0.75
dividends	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30
book value[4]	$ 22.68	$ 23.19	$ 22.66	$ 22.34	$ 22.08	$ 22.41	$ 22.21	$ 21.58
Share price[5] — high	$ 35.20	$ 37.90	$ 42.60	$ 41.50	$ 45.30	$ 51.30	$ 59.80	$ 47.45
low	$ 28.00	$ 34.00	$ 34.65	$ 29.70	$ 24.40	$ 45.25	$ 40.20	$ 35.30
close	$ 31.70	$ 35.65	$ 37.50	$ 38.50	$ 30.65	$ 45.25	$ 50.85	$ 39.60
Price to earnings multiple[6] (12 months trailing)	14.2	15.6	19.6	17.3	13.5	14.3	14.3	11.6
Dividend payout ratio	>100%	33.7%	45.3%	41.7%	>100%	57.9%	30.8%	39.5%

(1) Taxable equivalent basis (TEB). Net interest income includes tax-exempt income on certain securities. Since this income is not taxable to CIBC, the rate of interest or dividend received by CIBC is significantly lower than would apply to a loan of the same amount. As the impact of tax-exempt income varies from year to year, such income has been adjusted to a taxable equivalent basis to permit uniform measurement and comparison of net interest income. An equal and offsetting adjustment is made to increase the provision for income taxes.
(2) Net income applicable to common shares divided by average common shareholders' equity for the period, annualized.
(3) Non-interest expenses divided by the sum of net interest income (taxable equivalent basis) and non-interest income.
(4) Common shareholders' equity (including adjustment for taxes) divided by the number of common shares issued and outstanding at end of quarter.
(5) The high and low price during the period, and closing price on the last trading day of the period, on the Toronto Stock Exchange.
(6) Closing common share price expressed as a multiple of net income per common share (12 month trailing).
(7) Potential stock option conversions were not dilutive in the fourth quarter of 1999 and 1998. As a result, fully diluted earnings per share for the year does not equal the sum of the quarters.

Ten-Year Statistical Review

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

$ millions, for the years ended October 31	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Net interest income (TEB)(1)	$ 4,537	$ 4,438	$ 4,641	$ 4,567	$ 4,169	$ 4,107	$ 3,835	$ 3,612	$ 3,501	$ 3,104
Taxable equivalent adjustment	129	101	124	104	95	105	90	80	73	87
Net interest income										
(consolidated statement of income basis)	4,408	4,337	4,517	4,463	4,074	4,002	3,745	3,532	3,428	3,017
Non-interest income	5,728	4,804	3,980	2,892	2,258	2,252	1,903	1,769	1,581	1,375
Total revenue	10,136	9,141	8,497	7,355	6,332	6,254	5,648	5,301	5,009	4,392
Provision for credit losses	750	480	610	480	680	880	920	1,835	613	254
Non-interest expenses	7,998	7,125	5,372	4,584	3,991	3,907	3,544	3,489	3,073	2,848
Net income (loss) before taxes	1,388	1,536	2,515	2,291	1,661	1,467	1,184	(23)	1,323	1,290
Income taxes (recovery)	320	460	937	911	635	550	435	(55)	488	513
Non-controlling interests										
in net income of subsidiaries	39	20	27	14	11	27	19	20	24	(25)
Net income	$ 1,029	$ 1,056	$ 1,551	$ 1,366	$ 1,015	$ 890	$ 730	$ 12	$ 811	$ 802
Dividends on preferred shares	$ 112	$ 116	$ 98	$ 112	$ 111	$ 141	$ 131	$ 120	$ 101	$ 93
Net income (loss) applicable										
to common shareholders	$ 917	$ 940	$ 1,453	$ 1,254	$ 904	$ 749	$ 599	$ (108)	$ 710	$ 709

(1) Taxable equivalent basis, as described in footnote (1) in Quarterly Review on page 91.

CONDENSED CONSOLIDATED BALANCE SHEETS

$ millions, as at October 31	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Assets										
Cash resources	$ 12,527	$ 10,795	$ 7,931	$ 8,120	$ 15,419	$ 9,436	$ 7,880	$ 6,245	$ 7,465	$ 6,751
Securities	59,492	60,970	45,252	39,817	38,255	28,753	24,167	20,055	14,890	10,402
Loans										
Residential mortgages	46,613	43,172	40,009	36,889	34,659	32,225	30,720	28,927	25,616	24,196
Personal and credit card loans	24,532	24,382	22,118	19,980	18,537	16,807	14,650	14,318	14,608	14,715
Business and government loans	46,047	48,410	45,733	44,415	42,752	44,322	46,687	49,384	46,137	44,420
Securities purchased										
under resale agreements(1)	19,158	36,293	37,629	32,534	14,173	6,584	5,124	2,298	-	-
Customers' liability under acceptances	9,296	10,995	10,375	8,733	8,315	7,259	7,069	6,045	7,706	9,180
Derivative instruments market valuation	24,449	37,157	21,977	13,314	9,207	7,100	7,600	NA	NA	NA
Land, buildings and equipment	2,213	2,201	2,071	1,983	2,013	1,995	1,951	1,754	1,605	1,380
Other assets	6,004	7,055	4,894	4,447	3,178	2,894	2,268	3,186	2,998	3,152
	$ 250,331	$ 281,430	$ 237,989	$ 210,232	$ 186,508	$ 157,375	$ 148,116	$ 132,212	$ 121,025	$ 114,196
Liabilities and shareholders' equity										
Deposits										
Individuals	$ 60,878	$ 59,993	$ 59,188	$ 61,484	$ 61,061	$ 59,040	$ 57,265	$ 54,233	$ 50,412	$ 47,534
Businesses and governments	85,940	84,862	60,272	43,705	45,738	36,213	34,357	36,873	34,095	31,605
Banks	13,223	15,020	19,438	22,232	22,683	20,209	19,283	15,912	10,964	10,971
Acceptances	9,296	10,995	10,375	8,733	8,315	7,259	7,069	6,045	7,706	9,180
Obligations related to securities sold										
short or under repurchase agreements(1)	29,203	48,659	43,932	41,907	22,211	10,569	7,523	4,361	-	-
Derivative instruments market valuation	25,097	36,245	21,376	12,500	8,135	6,373	6,860	NA	NA	NA
Other liabilities	11,092	9,806	8,267	7,041	6,015	5,836	4,802	5,302	8,660	7,011
Subordinated indebtedness	4,544	4,714	4,894	3,892	3,671	3,441	3,003	2,848	2,485	2,026
Shareholders' equity										
Preferred shares	1,933	1,961	1,518	1,068	1,355	1,691	1,878	1,460	1,300	1,050
Common shares	3,035	3,128	3,105	3,055	3,202	3,200	3,016	2,433	2,297	2,168
Retained earnings	6,090	6,047	5,624	4,615	4,122	3,544	3,060	2,745	3,106	2,651
	$ 250,331	$ 281,430	$ 237,989	$ 210,232	$ 186,508	$ 157,375	$ 148,116	$ 132,212	$ 121,025	$ 114,196

(1) Comparative amounts for years prior to 1992 have not been reclassified as information is not readily available.
NA – Not Available.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

$ millions, as at or for the years ended October 31		1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Balance at beginning of year		$ 11,136	$ 10,247	$ 8,738	$ 8,679	$ 8,435	$ 7,954	$ 6,638	$ 6,703	$ 5,869	$ 4,845
Adjustment [1]		-	-	-	(94)	-	-	-	-	-	-
Premium on redemption/repurchase of share capital											
	Preferred	-	(10)	-	(34)	-	-	-	-	-	-
	Common	(397)	-	-	(281)	-	-	-	-	-	-
Changes in share capital	Preferred	-	391	436	(290)	(336)	(187)	418	160	250	450
	Common	(93)	23	50	(147)	2	184	583	136	129	110
Net Income		1,029	1,056	1,551	1,366	1,015	890	730	12	811	802
Dividends	Preferred	(112)	(116)	(98)	(112)	(111)	(141)	(131)	(120)	(101)	(93)
	Common	(492)	(498)	(434)	(352)	(320)	(281)	(263)	(245)	(239)	(232)
Other		(13)	43	4	3	(6)	16	(21)	(8)	(16)	(13)
Balance at end of year		$ 11,058	$ 11,136	$ 10,247	$ 8,738	$ 8,679	$ 8,435	$ 7,954	$ 6,638	$ 6,703	$ 5,869

(1) Represents the effect of implementing CICA Handbook section 3025, "Impaired loans", which introduced the requirement to discount expected cash flows on impaired loans when determining the allowance for credit losses.

SELECT FINANCIAL MEASURES

As at or for the years ended October 31	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Return on common equity [1]	9.8%	10.3%	17.7%	17.1%	12.9%	11.7%	10.6%	(2.0)%	13.9%	15.8%
Return on average assets	0.38%	0.38%	0.66%	0.70%	0.61%	0.57%	0.51%	0.01%	0.68%	0.74%
Average common shareholders' equity ($ millions)	$ 9,323	$ 9,100	$ 8,195	$ 7,332	$ 7,003	$ 6,393	$ 5,664	$ 5,318	$ 5,094	$ 4,491
Average assets ($ millions)	$ 271,844	$ 278,823	$ 236,025	$ 196,063	$ 165,846	$ 155,640	$ 144,041	$ 126,415	$ 118,892	$ 108,391
Average assets to average common equity	29.2	30.6	28.8	26.7	23.7	24.3	25.4	23.8	23.3	24.1
Tier 1 capital ratio	8.3%	7.7%	7.0%	6.6%	7.0%	7.1%	6.9%	5.9%	6.0%	5.3%
Total capital ratio	11.5%	10.8%	9.8%	9.0%	9.6%	9.9%	9.7%	8.7%	9.0%	7.9%
Net interest margin (TEB) [2]	1.67%	1.59%	1.97%	2.33%	2.51%	2.64%	2.66%	2.86%	2.94%	2.86%
Non-interest expenses to revenue ratio [3]	77.9%	77.1%	62.3%	61.5%	62.1%	61.4%	61.8%	64.8%	60.5%	63.6%

(1) Net income applicable to common shares divided by average common shareholders' equity for the year.
(2) Taxable equivalent basis, as described in footnote (1) in Quarterly Review on page 91.
(3) Non-interest expenses divided by the sum of net interest income (taxable equivalent basis) and non-interest income.

COMMON SHARE INFORMATION

As at or for the years ended October 31		1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Average number outstanding (thousands)		409,789	415,030	413,545	415,028	432,614	425,464	401,366	371,006	361,810	352,370
$ per share	- basic earnings	$ 2.23	$ 2.26	$ 3.51	$ 3.02	$ 2.09	$ 1.76	$ 1.50	$ (0.30)	$ 1.97	$ 2.02
	- fully diluted earnings	$ 2.22	$ 2.25	$ 3.50	$ 3.02	$ 2.09	$ 1.76	$ 1.50	$ (0.30)	$ 1.97	$ 2.02
	- dividends	$ 1.20	$ 1.20	$ 1.05	$ 0.85	$ 0.74	$ 0.66	$ 0.66	$ 0.66	$ 0.66	$ 0.66
	- book value [1]	$ 22.68	$ 22.08	$ 21.07	$ 18.62	$ 16.93	$ 15.59	$ 14.45	$ 13.72	$ 14.71	$ 13.45
Share price [2]	- high	$ 42.60	$ 59.80	$ 41.75	$ 28.30	$ 18.57	$ 18.13	$ 16.82	$ 18.50	$ 16.50	$ 16.82
	- low	$ 28.00	$ 24.40	$ 26.55	$ 18.00	$ 15.57	$ 14.00	$ 11.82	$ 12.57	$ 10.82	$ 10.82
	- close	$ 31.70	$ 30.65	$ 41.20	$ 27.85	$ 18.19	$ 16.00	$ 15.82	$ 14.38	$ 15.44	$ 11.13
Price to earnings multiple [3] (12 months trailing)		14.2	13.5	11.7	9.2	8.7	9.1	10.6	NM	7.9	5.5
Dividend payout ratio [4]		53.6%	53.0%	29.9%	28.1%	35.4%	37.5%	43.9%	NM	33.6%	32.8%

(1) Common shareholders' equity (including adjustment for taxes) divided by the number of common shares issued and outstanding at end of year.
(2) The high and low price during the year, and closing price on the last trading day of the year, on the Toronto Stock Exchange.
(3) Closing common share price expressed as a multiple of net income per common share for the year.
(4) Total common share dividends divided by net income applicable to common shares for the year.
NM - Not Meaningful

DIVIDENDS PER PREFERRED SHARES

As at or for the years ended October 31		1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Class A	Series 3	-	-	-	-	-	-	-	$ 2.6530	$ 9.5140	$ 10.0190
	Series 4	-	-	$ 3.4106	$ 4.7360	$ 6.0900	$ 4.5840	$ 4.5840	$ 5.3780	$ 7.7460	$ 10.0340
	Series 5	-	-	$ 0.8240	$ 1.1600	$ 1.4728	$ 1.1057	$ 1.1273	$ 1.3051	$ 1.8992	$ 2.4384
	Series 6	-	-	-	-	-	$ 2.4349	$ 2.2500	$ 2.2500	$ 2.2500	$ 2.0697
	Series 7	-	-	-	-	$ 4,208	$ 3,507	$ 4,034	$ 4,871	$ 7,238	$ 8,328
	Series 8	-	-	-	-	$ 0.6706	$ 2.2200	$ 2.2200	$ 2.2200	$ 2.2200	$ 1.5540
	Series 9	-	$ 1.1375	$ 2.2750	$ 2.2750	$ 2.2750	$ 2.2750	$ 2.2750	$ 2.2750	$ 0.9988	-
	Series 10	-	-	-	$ 2.8175	$ 2.5555	$ 2.5786	$ 2.4423	$ 2.2510	-	-
	Series 11	-	-	-	$ 2.4060	$ 2.2125	$ 2.2125	$ 2.2125	$ 2.1867	-	-
	Series 12	$ 2.4267	$ 2.4097	$ 2.2462	$ 2.2188	$ 2.1856	$ 2.2054	$ 1.4983	-	-	-
	Series 13	$ 1.7500	$ 1.7500	$ 1.7500	$ 1.7500	$ 1.7500	$ 1.7500	$ 1.2490	-	-	-
	Series 14	$ 1.4875	$ 1.4875	$ 1.4870	$ 1.1197	-	-	-	-	-	-
	Series 15	$ 1.4125	$ 1.4125	$ 1.4110	-	-	-	-	-	-	-
	Series 16	$ 2.1093	$ 2.0946	$ 1.1367	-	-	-	-	-	-	-
	Series 17	$ 1.3625	$ 1.3625	$ 0.7880	-	-	-	-	-	-	-
	Series 18	$ 1.3750	$ 1.3628	-	-	-	-	-	-	-	-
	Series 19	$ 1.2375	$ 0.7404	-	-	-	-	-	-	-	-
	Series 20	$ 1.9227	$ 1.1703	-	-	-	-	-	-	-	-

Directors of the Bank

DOUGLAS G. BASSETT ('80)
O.C., O.Ont., L.L.D., D. Litt.
Vice-Chairman
CTV Inc.
(Toronto, Ontario, Canada)

JALYNN H. BENNETT ('94)
President
Jalynn H. Bennett and Associates Ltd.
(Toronto, Ontario, Canada)

HON. CONRAD M. BLACK ('77)
P.C., O.C., LL.D., Litt.D., LL.L., M.A.
Chairman
Argus Corporation Limited
(London, England)

HON. WILLIAM G. DAVIS ('85)
P.C., C.C., Q.C.
Counsel
Tory Tory
(Toronto, Ontario, Canada)

PAT M. DELBRIDGE ('93)
President
PDA Partners Inc.
(Toronto, Ontario, Canada)

E.L. DONEGAN ('91)
Q.C.
Partner
Blake, Cassels & Graydon
(Toronto, Ontario, Canada)

WILLIAM L. DUKE ('91)
Farmer
(Redvers, Saskatchewan, Canada)

IVAN E.H. DUVAR ('89)
B.E., DCL, P.Eng.
Chairman
MTT
(Halifax, Nova Scotia, Canada)

WILLIAM A. ETHERINGTON ('94)
Senior Vice-President and Group
Executive Sales and Distribution
IBM Corporation
(New Canaan, Connecticut, U.S.A.)

A.L. FLOOD ('89)
C.M.
Chairman, Executive Committee
CIBC
(Toronto, Ontario, Canada)

MARGOT A. FRANSSEN ('92)
President
The Body Shop
(Toronto, Ontario, Canada)

R.D. FULLERTON ('74)
Company Director
(Toronto, Ontario, Canada)

HON. JAMES A. GRANT ('91)
P.C., Q.C.
Partner
Stikeman, Elliot
(Montreal, Quebec, Canada)

RICHARD F. HASKAYNE ('88)
O.C., B. Comm., F.C.A., LL.D.
Chairman of the Board
TransCanada Pipelines Limited
(Calgary, Alberta, Canada)

ALBERT E.P. HICKMAN ('89)
Chairman and President
Hickman Motors Limited
(St. John's, Newfoundland, Canada)

JOHN S. HUNKIN ('93)
Chairman and Chief Executive Officer
CIBC
(Toronto, Ontario, Canada)

WILLIAM JAMES ('83)
President and Chief Executive Officer
INMET Mining Corporation
(Toronto, Ontario, Canada)

MARIE-JOSÉE KRAVIS ('87)
O.C., M.Sc. (Econ.), LL.D.
Senior Fellow
Hudson Institute Inc.
(New York, New York, U.S.A.)

HON. PEARL MCGONIGAL ('88)
C.M., LL.D.
Company Director
(Winnipeg, Manitoba, Canada)

W. DARCY MCKEOUGH ('78)
O.C., B.A. LL.D.
Chairman
McKeough Supply Inc.
(Chatham, Ontario, Canada)

ARNOLD NAIMARK ('87)
O.C., M.D., LL.D., F.R.C.P.(C), F.R.S. (Can.)
Past President
The University of Manitoba
Director
Centre for the Advancement of Medicine
(Winnipeg, Manitoba, Canada)

MICHAEL E.J. PHELPS ('89)
B.A., LL.B., LL.M., LL.D.
Chairman and Chief Executive Officer
Westcoast Energy Inc.
(Vancouver, British Columbia, Canada)

ALFRED POWIS ('66)
O.C.
Company Director
(Toronto, Ontario, Canada)

BARBARA J. RAE ('92)
C.M., O.B.C., M.B.A., LL.D.
Former Chairman and
Chief Executive Officer
ADECCO Canada Ltd.
(Vancouver, British Columbia, Canada)

SIR NEIL SHAW ('86)
LL.D.
Company Director
(London, England)

CHARLES SIROIS ('97)
B. Fin., M. Fin.
Chairman and Chief Executive Officer
Teleglobe Inc.
(Montreal, Quebec, Canada)

JOHN S. WALTON ('86)
Chairman
Endeavour Financial Corporation
(Victoria, British Columbia, Canada)

W. GALEN WESTON ('78)
O.C.
Chairman and Director
George Weston Limited
(Toronto, Ontario, Canada)

PETER N.T. WIDDRINGTON ('86)
M.B.A., LL.D.
Chairman
Laidlaw Inc.
(London, Ontario,Canada)

As at October 31, 1999, the directors and senior officers of CIBC as a group, beneficially owned, directly or indirectly, or exercised control or direction of less than 1% of the outstanding common shares of CIBC. To the knowledge of CIBC, no director or senior officer of CIBC beneficially owned or controlled voting securities of any subsidiaries of CIBC.

Senior Officers

EXECUTIVE TEAM

HUNKIN, J.S. (JOHN)
Chairman and Chief Executive Officer

FOX, W.C. (WAYNE)
Vice-Chairman
Treasury and Balance
Sheet Management

KASSIE, D.J. (DAVID)
Vice-Chairman
CIBC World Markets

LALONDE, R.A. (RON)
Senior Executive Vice-President
and Chief Administrative Officer

MARK, R.M. (BOB)
Senior Executive Vice-President
Risk Management

MARSHALL, I.D. (DAVID)
Vice-Chairman
Electronic Commerce,
Technology & Operations

MCCAUGHEY, G.T. (GERRY)
Senior Executive Vice-President
Wealth Management

PEDERSEN, M.B. (MIKE)
Senior Executive Vice-President
Retail and Small Business Banking

VENN, R.E. (RICHARD)
Senior Executive Vice-President
Corporate Development

OFFICERS

ADOLPHE, K.J.E. (KEVIN)
Managing Director and
Chief Administrative Officer
CIBC World Markets

BAXENDALE, S.A. (SONIA)
Executive Vice-President,
Product Design & Development
Wealth Management

CAPATIDES, M.G. (MICHAEL)
Executive Vice-President and
General Counsel
Legal and Compliance

CASSIDY, B.M. (BRIAN)
Senior Executive Vice-President
Electronic Banking

CROUCHER, C. (CHRISTINE)
Executive Vice-President
Card Products, Collections
and Merchant Card Services

DENHAM, G.H. (JILL)
Executive Vice-President
Commercial Banking

DORAN, J.C. (JOHN)
Executive Vice-President
and Chief Financial Officer

FERGUSON, D.S. (DAN)
Executive Vice-President
Large Corporate,
Risk Management

FISHER, P.T. (PAUL)
Vice-President and
Corporate Secretary

GALLAGHER, T. (THOMAS)
Managing Director
U.S. Equities,
CIBC World Markets

GRAY, C.J. (CAROL)
Executive Vice-President
Small Business Banking

HORROCKS, M.G. (MICHAEL)
Executive Vice-President and
Treasurer
Treasury and Balance Sheet
Management

KILGOUR, P.K.M. (KEN)
Managing Director
Merchant Banking,
CIBC World Markets

LINDSAY, D.R. (DON)
Managing Director
Canadian Investment
and Corporate Banking,
CIBC World Markets

MACDONALD, B.E. (BARBARA)
Senior Vice-President
and Chief Accountant

MACLACHLAN, L. (LACHLAN)
Senior Vice-President and
CIBC Ombudsman

MARTIN, J.C. (JANET)
Executive Vice-President
Retail Banking,
Retail & Small Business Banking

MCGIRR, S.R. (STEVE)
Managing Director
Global Debt Capital Markets
and Foreign Exchange,
CIBC World Markets

MCNAIR, S.M. (STEVE)
Executive Vice-President
Imperial Service,
Wealth Management

MIRZA, Y.J. (JOE)
Executive Vice-President
and Managing Director
Asia Pacific Region,
CIBC World Markets

PHILLIPS, J.M. (JOYCE)
Executive Vice-President
Human Resources

RAMANI, S. (RAM)
Senior Vice-President
and Chief Inspector
Internal Audit and Corporate Security

ROGERS, P.D. (PAUL)
Managing Director
U.S.A. Region,
CIBC World Markets

SHAW, B.G. (BRIAN)
Managing Director
Canadian Equities,
CIBC World Markets

SMITH, C.E. (CATHERINE)
Executive Vice-President
Production Distribution & Operations,
Wealth Management

VESSEY, P.J. (PAUL)
Senior Executive Vice-President
Card Products, Payment Products
and Insurance

WEINBERG, D.S. (DAVID)
President
CIBC Development Corporation

WOODS, T.D. (TOM)
Senior Vice-President
and Controller

Corporate Governance

Duties of the Board of Directors

The fundamental statutory duty of the Board of Directors is to supervise the management of the business and affairs of CIBC.

The Board recognizes the importance of the protection and enhancement of shareholder value and maintains and regularly evaluates a system of corporate governance to achieve this.

CIBC's Board of Directors has reviewed CIBC's governance practices and the guidelines for corporate governance established by The Toronto Stock Exchange (TSE) and the Montreal Exchange, and has concluded that there is no material difference between them.

All directors, officers and employees must comply with CIBC's core values as set out in the booklet Where We Stand. CIBC reinforces its core values of sound ethics, integrity and judgment with all CIBC employees.

To Carry out its Duties CIBC's Board of Directors:

- Makes all major policy decisions and retains specific responsibilities, such as approval for issuing shares and approval of financial statements
- Establishes the board committee structure, composition and mandate
- Receives reports from committee chairs following every committee meeting
- Conducts annual two-day strategy sessions to ensure directors are fully versed in CIBC's global strategic plan
- Compares and measures corporate performance against previously established plans, prior years' performance and industry peers
- Directly and through its committees takes an active role in succession planning for the Chairman and Chief Executive Officer and executive officers
- Regularly reviews the performance of CIBC on a consolidated basis as well as the performance of individual divisions and major subsidiaries
- Reviews all shareholder proposals and responds to them through the Management Proxy Circular.
- Acts independently of management to establish where and when it will meet and agenda items to be reviewed

Committees may engage outside consultants, as they see fit, to assist in discharging their responsibilities.

Composition and Independence of the Board

The TSE and Montreal Exchange guidelines recommend that a corporation have a majority of "unrelated directors". As a Canadian chartered bank, CIBC is subject to the Bank Act and its regulations and the Bank Act sets out rules as to when a director will be an "affiliated director". The board has reviewed these Bank Act rules and has determined that the test of what constitutes an affiliated director is an appropriate test for the TSE concept of a "related director". On this basis the board has concluded that as at October 31, 1999 there are three directors of the 29-member CIBC Board of Directors who are "related" to CIBC:

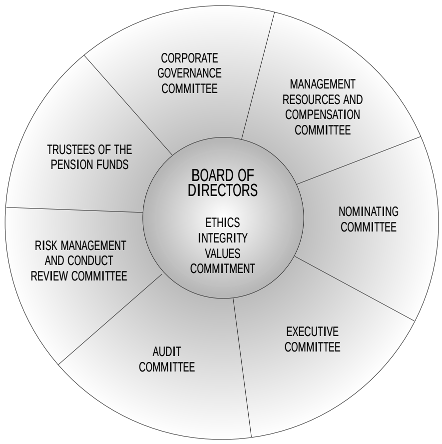
- As CEO of CIBC, John Hunkin is a "related" director
- As at October 31, 1999 two directors are "related" by virtue of a corporate banking relationship with the Bank.

Corporate Governance Initiatives in Fiscal 1999

On the decision of A.L. Flood to retire as Chairman and Chief Executive Officer, the board implemented a succession planning process to be carried out through the Corporate Governance Committee. The committee received input from board members, met extensively with potential candidates and other bank officers, and made a recommendation to the board. An analysis of the role of the Chairman and CEO was an integral part of the succession planning process with consideration given to splitting the role. The board unanimously approved the selection of John S. Hunkin as Chairman and Chief Executive Officer to succeed Mr. Flood, effective June 3, 1999. Mr. Flood has succeeded R.D. Fullerton as chairman of the Executive Committee and Mr. Fullerton has retired from that committee.

CIBC's Management Resources and Compensation Committee worked to strengthen the relationship between performance and compensation and to ensure adherence to CIBC's values through the use of employment continuity and retraining programs as CIBC embarked on a major expense-reduction initiative.

Board Committees



THE CORPORATE GOVERNANCE COMMITTEE reviews corporate governance matters pertaining to the shareholders and the Board of Directors. The committee:
- Reviews the performance of the Chief Executive Officer (CEO) and succession planning for the CEO
- Reviews the role of the board, its committees and the methods and processes by which the board fulfills its duties
- Reviews the performance of the board, its committees and the directors
- Reviews and, where appropriate, refers matters that should be brought to the attention of the board or its committees
- Considers board and committee agendas and the quality of material being presented, for subsequent approval by the board

Members: I.E.H. Duvar, J.A. Grant, P. McGonigal, M.E.J. Phelps, A. Powis (Chair), B.J. Rae

THE MANAGEMENT RESOURCES AND COMPENSATION COMMITTEE reviews compensation policies, programs and practice to ensure they support CIBC business strategies and to ensure ongoing, long-term development and deployment of high-caliber senior management resources. The committee:
- Reviews compensation to ensure the relationship between senior management performance and compensation is appropriate
- Reviews human resource matters with emphasis on overall strategy and programs relating to the recruitment, development and continuity of personnel
- Monitors succession planning for senior management other than the CEO

Members: M.A. Franssen, R.F. Haskayne, M.J. Kravis, A. Naimark, M.E.J. Phelps (Chair), A. Powis, B.J. Rae, C. Sirois

THE NOMINATING COMMITTEE recommends and recruits candidates for the board. The committee:
- Sets criteria for the selection of directors
- Recommends to the board candidates for election as directors
- Examines and recommends the appropriate level and nature of directors' fees

Members: W. G. Davis, P.M. Delbridge, E.L. Donegan, W. James, P. McGonigal (Chair), W.D. McKeough, N.M. Shaw

THE EXECUTIVE COMMITTEE acts on behalf of the Board of Directors when the board is not in session, except where prohibited by statute.
- Matters brought to the committee generally relate to the operating performance, strategies and policies of CIBC and its businesses

Members: D.G. Bassett, J.H. Bennett, E.L. Donegan, I.E.H. Duvar, A.L. Flood (Chair), J.A. Grant, R.F. Haskayne, J.S. Hunkin, P. McGonigal, W. D. McKeough, A. Powis, B.J. Rae

THE AUDIT COMMITTEE oversees CIBC's financial reporting procedures to ensure there are adequate internal controls over accounting and financial reporting systems. The committee:
- Reviews the annual statement prior to approval by the board and other published or regulatory financial statements
- Reviews and monitors CIBC's compliance with the standards for capital management and internal control established by the Canada Deposit Insurance Corporation
- Examines the mandate, nature and scope of CIBC's internal and external audit work
- Monitors procedures established by the board to provide disclosure of information to customers
- Reviews and monitors legislative amendments impacting the financial services sector
- Meets annually with the Superintendent of Financial Institutions Canada and regularly with CIBC's chief accountant, chief inspector, senior compliance officer and the shareholders' auditors

Members: P.M. Delbridge, E.L. Donegan, W.L. Duke, I.E.H. Duvar (Chair), W. James, J.S. Walton

THE RISK MANAGEMENT AND CONDUCT REVIEW COMMITTEE ensures policy guidelines and systems exist and are being followed to ensure that operational, market, credit, liquidity, legal/compliance and technology risks are maintained at an acceptable level. The committee:
- Reviews and monitors CIBC's compliance with Canada Deposit Insurance Corporation standards for liquidity management, credit risk management, foreign exchange risk management, credit risk management, securities portfolio management and real estate appraisals

Members: D.G. Bassett, J.H. Bennett, W.A. Etherington, J.A. Grant (Chair), A.E.P. Hickman, W.D. McKeough, P.N.T. Widdrington

THE TRUSTEES OF THE PENSION FUNDS oversee the administration of the pension plan to ensure it is managed prudently by professional investment managers in accordance with established rules, policies and guidelines. The trustees:
- Develop, monitor and/or assess such items as asset mix, portfolio quality and objectives, and investment return expectations

Members: J.H. Bennett, M.A. Franssen, A.E.P. Hickman, J.S. Hunkin, B.J. Rae (Chair), J.S. Walton, J.C. Doran

Information on the number of board and committee meetings held and director attendance is included in the Management Proxy Circular.

All committees are composed entirely of outside directors except the Executive Committee, which includes John Hunkin, Chairman and CEO, as a member and the Trustees of the Pension Funds, which includes Mr. Hunkin and John Doran, Executive Vice-President and Chief Financial Officer, as members.

Principal Subsidiaries

As at October 31, 1999 Subsidiary Name(1)	Address of head or principal office	Book value(2) of shares owned by CIBC and other subsidiaries of CIBC
		($ millions)
CIBC Mortgage Corporation	Toronto, Canada	493
CIBC Mortgages Inc.	Toronto, Canada	120
CIBC Trust Corporation	Toronto, Canada	46
The Dominion Realty Company Limited	Toronto, Canada	13
CIBC Development Corporation		
CIBC Finance Inc.	Toronto, Canada	8
INTRIA Corporation	Toronto, Canada	107
INTRIA Items Inc. (90%)		
INTRIA-HP Corporation (90%)		
The CIBC World Markets Corporation	Toronto, Canada	300
CIBC World Markets Inc.	Toronto, Canada	
Services Hypothecaires CIBC Inc.	Montreal, Canada	130
CIBC Securities Inc.	Toronto, Canada	(3)
CIBC Investor Services Inc.	Toronto, Canada	25
CIBC Insurance Management Company Limited	Toronto, Canada	362
CIBC Life Insurance Company Limited		
CIBC General Insurance Company Limited		
The Personal Insurance Company of Canada		
CIBC Investments Limited	Toronto, Canada	50
CIBC Capital Solutions Inc.	Toronto, Canada	2
Penfund Inc.		
EDULINX Canada Corporation (90%)	Toronto, Canada	27
EVP Equity Valuation Protection Corporation	St. John’s, Canada	500
EVPII Equity Valuation Protection Corporation	St. John’s, Canada	755
CIBC (Suisse) S.A.	Geneva, Switzerland	39
CIBC World Markets Funding, LLC	New York, U.S.A.	154
CIBC Delaware Holdings Inc.	New York, U.S.A.	1,493
CIBC World Markets Corp.		
Canadian Imperial Holdings Inc.		
CIBC INC.		
CIBC National Bank	Maitland, U.S.A.	
CIBC Australia Holdings Limited	Sydney, Australia	67
CIBC Asia Ltd.	Singapore	156
CIBC Holdings (Cayman) Limited	Grand Cayman, Cayman Islands	121
CIBC Bank and Trust Company (Cayman) Limited (49%)	Grand Cayman, Cayman Islands	
CIBC Trust Company (Bahamas) Limited	Nassau, Bahamas	
CIBC Bank and Trust Company (Channel Islands) Limited	St. Peter Port, Guernsey	
CIBC West Indies Holdings Limited (77%)	Bridgetown, Barbados	
CIBC Bahamas Limited (70%)	Nassau, Bahamas	
CIBC Jamaica Limited (63%)	Kingston, Jamaica	
CIBC Caribbean Limited	Bridgetown, Barbados	
CIBC Offshore Banking Services Corporation	Bridgetown, Barbados	250
CIBC Offshore Services Inc.	Bridgetown, Barbados	1,057
CIBC General Insurance (Barbados) Ltd.		
CIBC World Markets (International) Arbitrage Corp.	Bridgetown, Barbados	441
CIBC (U.K.) Holdings Limited	London, England	121
CIBC World Markets plc	London, England	1,517
CIBC Offshore Finance (Ireland) Limited	Dublin, Ireland	54

(1) CIBC owns 100% of the voting shares of each subsidiary, except as otherwise noted.
(2) Book value of shares of subsidiaries are shown at cost.
(3) The book value of shares owned by CIBC is less than one million dollars.

Investor Information

Dividends

COMMON SHARES

Ex-dividend date	Record date	Payment date	Dividend per share	Number of Common Shares on record date
Sep. 24/99	Sep. 28/99	Oct. 28/99	$ 0.30	402,267,379
Jun. 24/99	Jun. 28/99	Jul. 28/99	$ 0.30	410,583,529
Mar. 25/99	Mar. 29/99	Apr. 28/99	$ 0.30	411,031,327
Dec. 23/98	Dec. 29/98	Jan. 28/99	$ 0.30	415,239,834

PREFERRED SHARES

Ex-dividend date	Record date	Payment date	Series 12	Series 13	Series 14	Series 15	Series 16	Series 17	Series 18	Series 19	Series 20
Sep. 24/99	Sep. 28/99	Oct. 28/99	US$0.40625	$0.4375	$0.371875	$0.353125	US$0.353125	$0.340625	$0.343750	$0.309375	US$0.321875
Jun. 24/99	Jun. 28/99	Jul. 28/99	US$0.40625	$0.4375	$0.371875	$0.353125	US$0.353125	$0.340625	$0.343750	$0.309375	US$0.321875
Mar. 25/99	Mar. 29/99	Apr. 28/99	US$0.40625	$0.4375	$0.371875	$0.353125	US$0.353125	$0.340625	$0.343750	$0.309375	US$0.321875
Dec. 23/98	Dec. 29/98	Jan. 28/99	US$0.40625	$0.4375	$0.371875	$0.353125	US$0.353125	$0.340625	$0.343750	$0.309375	US$0.321875

Normal Course Issuer Bid

During 1999, CIBC completed a normal course issuer bid through the Toronto, Montreal, Alberta and Vancouver stock exchanges. Pursuant to the bid, CIBC repurchased for cancellation 13.7 million common shares for an aggregate consideration of $500 million The bid was part of CIBC's overall program to maintain an efficient capital structure and enhance long-term value for common shareholders.

Exchange Listings

COMMON SHARES

Stock Symbol	Stock Exchange
CM	Toronto Montreal* Winnipeg* Canadian Venture* London, England
BCM	New York

PREFERRED SHARES

Series	Stock Symbol	Stock Exchange
Series 12	CM.PR.V	Toronto Montreal* Winnipeg* Canadian Venture*
Series 13	CM.PR.K	
Series 14	CM.PR.L	
Series 15	CM.PR.M	
Series 16	CM.PR.X	
Series 17	CM.PR.N	
Series 18	CM.PR.P	
Series 19	CM.PR.R	
Series 20	CM.PR.Y	

* CIBC may delist from these exchanges during fiscal 2000 in accordance with the reorganization of the Canadian stock exchanges.

Credit Ratings

	Senior debt	Preferred shares
CBRS	A+ (high)	P-2
DBRS	AA (low)	Pfd-1 (low)
MOODY's	Aa3	
S&P	AA-	
FITCHIBCA	AA-	

Shareholder Investment Plan

Registered holders of CIBC common shares may participate in one or more of the following options, and pay no brokerage commissions or service charges:

Dividend Reinvestment Option: Common dividends may be reinvested in additional CIBC common shares. Residents of the United States and Japan are not eligible.

Share Purchase Option: Up to $50,000 of additional CIBC common shares may be purchased during the fiscal year. Residents of the United States and Japan are not eligible.

Stock Dividend Option: U.S. residents may elect to receive stock dividends on CIBC common shares.

For further information and a copy of the offering circular, contact the Corporate Secretary.

PRICE OF COMMON SHARES PURCHASED UNDER THE SHAREHOLDER INVESTMENT PLAN

Date purchased	Dividend reinvestment & stock dividend options	Share purchase option
Oct. 28/99	$ 30.72	
Oct. 1/99		$ 28.05
Sep. 1/99		$ 32.35
Aug. 3/99		$ 36.15
Jul. 28/99	$ 36.58	
Jul. 2/99		$ 35.94
Jun. 1/99		$ 36.45
May 3/99		$ 37.65
Apr. 28/99	$ 38.98	
Apr. 5/99		$ 38.80
Mar. 2/99		$ 35.25
Feb. 1/99		$ 38.95
Jan. 28/99	$ 37.86	
Jan. 4/99		$ 38.60
Dec. 1/98		$ 33.70
Nov. 2/98		$ 31.70

Direct Dividend Deposit Service

Canadian-resident holders of common shares may have their dividends deposited by electronic transfer directly into their account at any financial institution which is a member of the Canadian Payments Association. To arrange, please write to CIBC Mellon Trust Company (see Transfer Agent and Registrar).

Transfer Agent and Registrar

CIBC Mellon Trust Company
320 Bay Street, 6th Floor
Toronto, Ontario M5H 4A6
(416) 643-5500 or fax (416) 643-5501
1-800-387-0825 (toll-free in Canada and the U.S.)
E-mail: inquiries@cibcmellon.ca

For information relating to shareholdings, dividends, dividend reinvestment accounts, lost certificates or to eliminate duplicate mailings of shareholder material, please contact CIBC Mellon Trust Company.

Common and preferred shares are transferable in Canada at the offices of our agent, CIBC Mellon Trust Company, in Toronto, Montreal, Halifax, Winnipeg, Regina, Calgary and Vancouver.

Outside of North America, common shares are transferable at:
CIBC Mellon Trust Company
Balfour House, 390 High Road
Ilford, Essex, England 1G1 1NQ

In the United States, common shares are transferable at:
ChaseMellon Shareholder Services, L.L.C.
450 West 33rd Street, 15th Floor
New York, New York 10001

Corporate Information

CIBC Head Office

Commerce Court	Telephone number: (416) 980-2211
Toronto, Ontario	Telex number: 065 24116
Canada	Cable address: Canbank, Toronto
M5L 1A2	Web site: http: //www.cibc.com

Incorporation

Canadian Imperial Bank of Commerce (CIBC) is a diversified financial institution governed by the Bank Act (Canada). 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 charter was amended to change the name 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. CIBC's charter has been amended from time to time to change its authorized capital.

Annual Meeting

Shareholders are invited to attend the CIBC annual meeting on Thursday, March 2nd, 2000 at 10:00 a.m. in The Ballroom, Westin Calgary, 320-4th Avenue S.W., Calgary, Alberta.

CIBC Annual Report

If you would prefer CIBC's annual report to shareholders in an alternative format, please call (416) 980-6658. The annual report is also available online at www.cibc.com/discover/annual report.

La version française: Sur simple demande, nous nous ferons un plaisir de vous faire parvenir la version française du présent rapport.

Further Information

Corporate Secretary: For further shareholder information, call (416) 980-3096 or fax (416) 980-7012.
Investor Relations: Financial analysts, portfolio managers and other investors requiring financial information may call (416) 980-6657 or fax (416) 980-5028.
Corporate Communications: For information on corporate activity and media inquiries, please call (416) 980-4523 or fax (416) 363-5347.
CIBC Telephone Banking: As part of our commitment to our customers, information, products and services are available by calling (416) 980-CIBC or toll-free across Canada at 1-800-465-CIBC.
Office of the CIBC Ombudsman: CIBC Ombudsman Lachlan MacLachlan can be reached by telephone at 1-800-308-6859 (Toronto (416) 861-3313), or by fax 1-800-308-6861 (Toronto (416) 980-3754).

Printed in Canada on recycled paper.

A.L. (AL) FLOOD, C.M.

Al Flood retires

CIBC would like to thank A.L. (Al) Flood for 48 years of dedicated and distinguished service. Mr. Flood, who retired in June after seven years as Chairman and Chief Executive Officer, began his bank career at the Monkton, Ontario branch in 1951.

Throughout his career, he not only witnessed but led key changes in the industry. Under his stewardship, CIBC recognized that technology was about to revolutionize the way customers would conduct their financial transactions. When he assumed the role of CIBC chairman and chief executive in 1992, Mr. Flood's vision and leadership resulted in the virtual rebuilding of CIBC to meet the rapidly changing realities of the financial services marketplace. His tenure was highlighted by the introduction of new technologies and product innovations in retail banking in Canada, while launching a major expansion of the corporate and investment bank into global markets.

Throughout the years, whatever the assignment, he was principled and fair-minded; a leader with integrity who encouraged people to do their best. He was highly respected by those who worked with him.

Earlier this year, Mr. Flood was appointed Member (CM) of the Order of Canada, the country's highest honour, for outstanding achievement and service to industry, business and commerce.

The directors, executive officers and staff would like to pay tribute and convey their thanks and best wishes to Mr. Flood, his wife, Rolande, and their family in his retirement.

Canadian Imperial Bank of Commerce

Head Office: Commerce Court, Toronto, Ontario, Canada M5L 1A2 (416) 980-2211 www.cibc.com