CANADIAN IMPERIAL BANK OF COMMERCE /CAN/
Form 6-K
January 15, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

Annual Report for the year ended October 31, 2002

CANADIAN IMPERIAL BANK OF COMMERCE
(Translation of registrant's name into English)

Commerce Court
Toronto, Ontario
Canada M5L 1A2
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F / / Form 40-F /X/

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ______

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ______

Indicate by check mark whether by furnishing the information contained in this form, the registrant is also hereby furnishing the information to the Commission pursuant to Rule 12g 3-2(b) under the Securities Exchange Act of 1934:

Yes [ ] No [X]

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

CANADIAN IMPERIAL BANK OF COMMERCE

Date: January 14, 2003 By: /s/ Paul T. Fisher

Name: Paul T. Fisher

Title: Vice President and
Corporate Secretary

By: /s/ C. Allen Logue

Name: C. Allen Logue
Title: Vice President

2002 Financial Highlights

As at or for the years ended October 31		2002	2001	2000	199
Common Share Information					
Per share(2)					
- basic earnings	- reported	$ 1.37	$ 4.19	$ 4.95	$ 2.2
	- operating(3)	$ 2.58	$ 5.27	$ 5.52	$ 3.4
- diluted earnings	- reported	$ 1.35	$ 4.13	$ 4.90	$ 2.2
	- operating(3)	$ 2.56	$ 5.19	$ 5.46	$ 3.3
- dividends		$ 1.60	$ 1.44	$ 1.29	$ 1.2
- book value		$ 25.75	$ 26.44	$ 25.17	$ 22.6
Share price	- high	$ 57.70	$ 57.00	$ 50.50	$ 42.6
	- low	$ 34.26	$ 43.20	$ 30.50	$ 28.0
	- closing	$ 38.75	$ 48.82	$ 48.40	$ 31.7
Shares outstanding (thousands)					
- average basic		360,553	372,305	388,951	409,78
- average diluted(2)		363,227	377,807	392,921	412,76
- end of period		359,064	363,188	377,140	402,27
Market capitalization ($ millions)		$ 13,914	$ 17,731	$ 18,254	$ 12,75
Value Measures					
Price to earnings multiple					
(12 month trailing)	- reported	28.9	11.7	9.8	14.
	- operating(3)	15.2	9.3	8.8	9.
Dividend yield (based on closing share price)		4.1 %	2.9 %	2.7 %	3.
Dividend payout ratio	- reported	>100 %	34.2 %	25.9 %	53.
	- operating(3)	62.0 %	27.2 %	23.3 %	35.
Market value to book value ratio		1.50	1.85	1.92	1.4
Financial Results ($ millions)					
Total revenue on a taxable equivalent basis (TEB)(4)					
	- reported	$ 11,152	$ 11,306	$ 12,210	$ 10,26
	- operating(3)	10,719	11,262	11,824	10,26
Provision for credit losses	- specific	1,500	1,100	970	60
	- general	-	-	250	15
	- total	1,500	1,100	1,220	75
Non-interest expenses	- reported	9,129	8,226	8,096	7,99
	- operating(3)	7,815	7,445	7,744	7,34
Earnings	- reported	653	1,686	2,060	1,02
	- operating(3)	1,091	2,089	2,279	1,51
Financial Measures					

Efficiency ratio	- reported	81.9 %	72.8 %	66.3 %	77.
	- operating(3)	72.9 %	66.1 %	65.5 %	71.
Return on common equity	- reported	5.1 %	16.1 %	20.5 %	9.
	- operating(3)	9.7 %	20.2 %	22.8 %	15.
Ratio of retail/wholesale operating earnings/(loss)(3)(5)		122%/(22)%	64%/36 %	55%/45 %	62%/3
Net interest margin (TEB)(4)		1.92 %	1.68 %	1.68 %	1.6
Net interest margin on average interest earning assets (TEB)(4)		2.24 %	1.97 %	1.99 %	2.0
Return on average assets		0.22 %	0.60 %	0.78 %	0.3
Return on interest earning assets		0.26 %	0.71 %	0.93 %	0.4
Regular workforce headcount(6)		42,552	42,315	44,215	45,99
Balance Sheet and Off-Balance Sheet Information ($ millions)					
Cash resources and securities		$ 74,804	$ 86,144	$ 79,921	$ 72,01
Loans and acceptances		159,937	163,740	154,740	145,64
Total assets		273,293	287,474	267,702	250,33
Deposits		196,630	194,352	179,632	160,04
Common shareholders` equity		9,245	9,601	9,493	9,12
Average assets		292,510	278,798	263,119	271,84
Average interest earning assets		250,427	238,655	221,331	223,77
Average common shareholders` equity		9,566	9,739	9,420	9,32
Assets under administration		729,400	657,400	696,800	614,80
Balance Sheet Quality Measures(7)					
Common equity to risk-weighted assets		7.3 %	7.4 %	7.1 %	6.
Risk-weighted assets ($ billions)		$ 126.5	$ 129.9	$ 132.9	$ 134.
Tier 1 capital ratio		8.7 %	9.0 %	8.7 %	8.
Total capital ratio		11.3 %	12.0 %	12.1 %	11.
Net impaired loans after general allowance ($ millions)		$ (13)	$ (592)	$ (575)	$ (26
Net impaired loans to net loans and acceptances		(0.01)%	(0.36)%	(0.37)%	(0.1

(1) Represents the translation of Canadian dollar financial information into US$ using the year-end rate of $0.6421 for balance sheet figures and the average rate of $0.6363 for average balances and income statement items.

(2) On November 1, 2001, CIBC retroactively adopted the requirements of the CICA handbook section 3500 in respect of earnings per share. Prior period information has been restated.

(3) Operating excludes unusual items and the net impact of Amicus. For a discussion of these items in 2002 to 2000, see pages 23 and 24. During 2002, certain items were reallocated from electronic bankIng services and mortgages to Amicus. Prior period information has been reclassified. The words "operating earnings" do not have standardized meanings under GAAP and, consequently, may not be comparable to similar measures presented by other companies. Please refer to the How CIBC Reports section in this report for further details.

(4) For the definition of taxable equivalent basis (TEB), see footnote 1 of Note 26 on page 110 of the consolidated financial statements.

(5) Retail includes CIBC Retail Markets, CIBC Wealth Management and commercial banking (reported as part of CIBC World Markets). Wholesale reflects CIBC World Markets, excluding commercial banking.

(6) In 2001, CIBC introduced a new measure - regular workforce headcount - to

replace full-time equivalent employees (FTE) reported previously. Regular workforce headcount comprises regular full-time and part-time employees, base plus commissioned employees and 100% commissioned employees. Full-time employees are counted as one and part-time employees as one-half. The FTE measure used previously included the regular workforce headcount plus casual and contract employees, consultants, and employees on paid leave, and was calculated based on standard hours worked during the month. Consequently, the regular workforce headcount is lower than the previously used FTE measure. CIBC implemented the regular workforce headcount measure prospectively in 2001.

(7) Debt ratings - S & P - Senior Long Term: A+; Moody's - Senior Long Term: Aa3.

2002 FINANCIAL HIGHLIGHTS

> In 1999, the management team of CIBC set aggressive financial targets as part of a strategy to transform CIBC into an organization that operates with a strong investor mindset. While we have made progress against our targets, we still have work to do to achieve the full potential of our franchise. With that in mind, we have set new go-forward medium-term objectives to allow our shareholders to measure and monitor our performance.

Measuring Performance

(versus three-year objectives established November 1999)

FINANCIAL TARGETS	MEASUREMENT	2002 RESULTS / COMMENTS
Share Price	Best total return to shareholders among the major Canadian banks, beginning November 1, 1999	While CIBC met this objective for the first two of its target timeframe, events of the past yea resulted in a disappointing comparative result. In spite of an overall return to shareholders o 34.1% our relative position fell from first to among the major Canadian banks. Generating the best total shareholder return continues to be o priority.
Return on Equity (ROE)	18% operating ROE (1)	We exceeded this objective in each of the first years of our target period. In 2002, we did not meet this objective. We are maintaining 18% as the high end of our medium-term objective ra
EPS Growth	Diluted operating EPS growth of 15% per year (1)	Although our earnings per share growth rate was for the first two years, we did not meet this objective in 2002.
Efficiency	Non-interest expenses to revenue of 60% (1)	We set an aggressive target for our efficiency r While we have made progress in moderating the gr our operating cost base, reduced revenue in 2002 the achievement of our target ratio more difficu We have more work to do. We have specific plans improve operational efficiency and increase reve
Capital	8.5% - 9.5% Tier 1 11.0% - 12.5% total	Our capital position has continued to be strong have raised our target range for total capital.

capital

(1) Based on operating results. Operating earnings exclude items that management believes are unusual or relate to substantial strategic investments, thereby allowing analysis of business trends and the performance of CIBC's business lines. These measures do not have standardized meanings under GAAP and may not be comparable to similar measures used by other companies. Refer to Management's Discussion and Analysis, Overview section, for reconciliation of operating earnings to reported earnings.

Setting the Course

FINANCIAL TARGETS	MEDIUM-TERM OBJECTIVES (3 - 5 years)
Share Price - among the major Canadian banks	Best total return to shareholders
Return on Equity	14 - 18% return on average common equity
Earnings Growth Retail & Wealth	10% per year
Operating Efficiency	Revenue growth to exceed expense growth
Capital Management	Tier 1 capital ratio equal to 8.5 - 9.5% Total capital ratio of 11.5 - 12.5%
Business Mix	70% retail/30% wholesale Reduce wholesale loan and merchant banking portfolios by 1/3

2002 FINANCIAL HIGHLIGHTS

Monitoring Progress

To monitor our progress, we review over 190 performance metrics every month. Based on these results, we direct capital and other resources to those businesses where we have a long-term sustainable advantage. This process provides the detailed analysis required to make key business decisions during times of change and is fundamental to CIBC's accountability commitment to our shareholders. The following are examples of some of the metrics we use to continually assess our performance. (Some of our metrics are based on operating results which are explained on pages 24 and 29.)

[THE FOLLOWING DATA WAS REPRESENTED AS A BAR CHART IN THE PRINTED MATERIAL]

Return on Equity

	98	99	00	01	02
Reported ROE (%)	10.3	9.8	20.5	16.1	5.1
Operating ROE (%)	13.7	15.0	22.8	20.2	9.7

RETURN ON EQUITY (ROE)
(Reported, operating, %)

Reported ROE was 5.1% in 2002 compared to 16.1% in 2001. Operating ROE was 9.7% for the year, compared to 20.2% in 2001. ROE is a key measure of bank profitability. It is calculated as net income divided by common shareholders' equity.

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Earnings per Share and Dividends

	98	99	00	01	02
Reported EPS ($)	2.22	2.21	4.90	4.13	1.35
Operating EPS ($)	2.94	3.38	5.46	5.19	2.56
Dividends ($)	1.20	1.20	1.29	1.44	1.60

EARNINGS PER SHARE (EPS) AND DIVIDENDS
(Reported, operating, $)

Reported EPS, diluted, were $1.35 in 2002, compared to $4.13 in 2001. Operating EPS, diluted were $2.56 in 2002, compared to $5.19 a year earlier. EPS is a measure of net income after tax and preferred share dividends, divided by average common shares outstanding. CIBC's dividends per common share for 2002 were $1.60, as compared to $1.44 in 2001.

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Total Revenue

	98	99	00	01	02
Reported revenue (TEB) ($ billions)	9.2	10.3	12.2	11.3	11.2
Operating revenue (TEB) ($ billions)	9.1	10.3	11.8	11.3	10.7

TOTAL REVENUE
(Reported, operating, $ billions)

Total reported revenue on a taxable equivalent basis (TEB) was $11.2 billion in

2002, compared to $11.3 billion in 2001. Operating revenue for the year was $10.7 billion, compared to $11.3 billion in the previous year. Total revenue is comprised of: interest and dividends earned on assets, net of interest paid on liabilities; plus non-interest income, which includes income earned from fees for services, such as wealth management services and underwriting.

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NIX Ratio

	98	99	00	01	02
Reported NIX ratio (%)	77.1	77.9	66.3	72.8	81.9
Operating NIX ratio (%)	73.7	71.5	65.5	66.1	72.9

NIX RATIO
(Reported, operating, %)

The NIX ratio, which is a measure of non-interest expenses divided by total revenue, was 81.9% on a reported basis in 2002, compared to 72.8% in 2001. On an operating basis, the NIX ratio was 72.9% in 2002, compared to 66.1% in 2001.

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Risk-Weighted Assets

	98	99	00	01	02
Risk-weighted assets ($ billions)	145.5	134.5	132.9	130.0	126.5

RISK-WEIGHTED ASSETS
($ billions)

Risk-weighted assets were $126.5 billion in 2002, compared to $129.9 billion in 2001. Risk-weighted assets are calculated by applying weighting factors as specified by the industry regulator to all of our balance sheet assets and off-balance sheet exposures.

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Capital Ratios

	98	99	00	01	02
Tier 1 capital ratio (%)	7.7	8.3	8.7	9.0	8.7
Total capital ratio (%)	10.8	11.5	12.1	12.0	11.3

CAPITAL RATIOS
(%)

CIBC continues to be a strongly capitalized bank. At year-end, our Tier 1 capital ratio was 8.7% and our total capital ratio was 11.3%.

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Total Investor Return (Cumulative from November 1, 1999, %)

Month	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Total Return (%)	80.8	85.0	83.6	76.4	91.8	85.8	73.7	66.5	54.5	47.8	40.0	34.1

TOTAL INVESTOR RETURN
(Cumulative from November 1, 1999, %)

CIBC generated a total investor return of 34% for the three-year period ended October 31, 2002.

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Creditor Insurance Sales Penetration (%)

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Personal lines of credit (%)	47	46	47	48	49	50	51	52	52
Residential mortgages (%)	50	52	52	53	54	55	56	58	59

CREDITOR INSURANCE SALES PENETRATION
(%)

CIBC continued to realize success in its efforts to improve penetration in key creditor insurance products.

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Electronic Banking Transactions (millions)

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Electronic banking transactions (millions)	81.9	87	82	76.4	87.3	87.9	91.4	88.6	92.9

ELECTRONIC BANKING TRANSACTIONS
(millions)

The growth in emerging channels supports our customers' increasing preference to conduct more of their transactions electronically. Electronic transactions reached a high of 95 million in the month of October.

[THE FOLLOWING DATA WAS REPRESENTED AS A BAR CHART IN THE PRINTED MATERIAL]

President's Choice Financial Customers (thousands)

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Customers (thousands)	784.7	807.9	835.9	857.9	878.7	901.8	924.8	945.6

PRESIDENT'S CHOICE FINANCIAL(TM)
CUSTOMERS
(thousands)

President's Choice Financial had approximately 1.05 million registered customers at year-end, up 40% year-over-year.

[THE FOLLOWING DATA WAS REPRESENTED AS A BAR CHART IN THE PRINTED MATERIAL]

President's Choice Financial Funds Under Management ($ billions)

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Funds under management ($ billions)	4.8	5.1	5.3	5.5	5.8	5.9	6.1	6.3	6.5

PRESIDENT'S CHOICE FINANCIAL
FUNDS UNDER MANAGEMENT
($ billions)

President's Choice Financial funds under management grew by 58% to $7 billion.

[THE FOLLOWING DATA WAS REPRESENTED AS A BAR CHART IN THE PRINTED MATERIAL]

Card Balances Under Administration ($ billions)

	Nov	Dec	Jan	Feb	Mar	Apr	May	Ju
Card balances under administration ($ billions)	8.7	8.9	8.9	8.5	8.5	8.6	8.8	9

CARD BALANCES UNDER ADMINISTRATION

($ billions)

Card loans measured by average balances under administration, including securitization, grew to $9.3 billion in 2002. Market share of purchase volumes remained at 32%.

[THE FOLLOWING DATA WAS REPRESENTED AS A BAR CHART IN THE PRINTED MATERIAL]

Personal Transaction Accounts (%)

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	J
Personal transaction accounts (%)	18.72	18.94	19.09	19.26	19.4	19.34	19.29	19.24	19

PERSONAL TRANSACTION ACCOUNTS
(Chequing and savings accounts)
(% market share of $, incl. President's Choice Financial)

CIBC increased its market share of consumer chequing and savings accounts during the year. Among the major Canadian banks, CIBC's market share increased to 19.4% as at the end of September 2002 compared to 18.6% in October 2001.

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Residential Mortgages ($ billions)

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Residential mortgages ($ billions)	60.1	60.7	61.3	61.8	62.4	63.2	64.2	65.2
Market Share (%)	13.3	13.5	13.5	13.7	13.7	13.8	13.8	14.0

RESIDENTIAL MORTGAGES
($ billions, %)

The portfolio of residential mortgages under administration increased to $69.1 billion in 2002, up from $59.1 billion in 2001. New mortgage originations reached a record high $26.7 billion and market share increased to a high of 14.1% in August 2002.

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Dually Employeed Financial Advisers

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Dually employed financial advisers	399	459	519	557	592	655	696	755

DUALLY EMPLOYED FINANCIAL ADVISERS

CIBC now has more than 850 branch-based financial advisers who are licensed to provide investment advice on a wide range of third-party investment choices, as well as offering CIBC's complete range of investment, credit and day-to-day banking solutions. CIBC was the first financial institution in Canada to launch this service.

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Mutual Fund AUM Market Share (%)

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Mutual Fund AUM Market Share (%)	7.22	7.20	7.21	8.31	8.22	8.25	8.21	8.26

ASSETS UNDER MANAGEMENT (AUM)
MARKET SHARE OF TOTAL INDUSTRY
(%)

CIBC's mutual fund AUM market share among all Canadian mutual fund companies, including acquired assets, increased to 8.5% from 7.2% in November 2001. CIBC's ranking improved to #4 in October 2002, up from #7 in November 2001.

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Large Corporate Assets Core Loan Portfolio
(Risk-weighted assets, $ billions)

	NOV	DEC	JAN	FEB	MAR	APR	MAY	JU
Large Corporate Assets Core Loan Portfolio (Risk-weighted assets, $ billions)	22.04	21.45	21.13	21.56	21.01	21.37	19.66	19

LARGE CORPORATE ASSETS CORE LOAN PORTFOLIO
(Risk-weighted assets, $ billions)

The large corporate core loan portfolio decreased reflecting our strategy to actively manage our credit portfolio and focus only on core loans. At the end of 2002, the portfolio decreased to $14.8 billion from $22.0 billion in November 2001.

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Investment Banking Canada Equity New Issues Lead (cumulative)

MUTUAL FUNDS
(Cumulative net sales, $ millions)

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Mutual Funds (Cumulative net sales, $ millions)	516	782	1,133	1,527	1,630	1,540	1,447	1,269

MUTUAL FUNDS
(Cumulative net sales, $ millions)

CIBC is ranked first among major Canadian banks in mutual fund net sales. During the year, cumulative net sales from CIBC's entire suite of mutual funds grew to $1.26 billion.

CORPORATE PROFILE

CIBC is a leading North American financial institution comprising four business lines: CIBC Retail Markets; CIBC Wealth Management; CIBC World Markets; and Amicus. CIBC provides financial services to retail and small business banking customers as well as corporate and investment banking customers. At year-end, total assets were $273 billion, market capitalization was $14 billion and Tier 1 capital ratio was 8.7%.

A NOTE ABOUT FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements which are made pursuant to the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about the operations, business lines, financial condition, risk management, priorities, targets, ongoing objectives, strategies and outlook of CIBC for 2003 and subsequent periods. Forward-looking statements are typically identified by the words "believe," "expect," "anticipate," "intend," "estimate" and other similar expressions or future or conditional verbs such as "will," "should," "would" and "could." A forward-looking statement is subject to inherent risks and uncertainties that may be general or specific. A variety of factors, many of which are beyond CIBC's control, affect the operations, performance and results of CIBC and its business lines, and could cause actual results to differ materially from the expectations expressed in any of CIBC's forward-looking statements. For more information on forward-looking statements, see page 20.

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innovation

We are stepping up our drive to develop new ways of serving our customers, while improving efficiency and creating an exceptional work environment for our employees.

[PHOTO OMITTED]

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accountability

By focusing on our customers and supporting our people, we are committed to building long-term value for all of our stakeholders.

[PHOTO OMITTED]

[PHOTO OMITTED]

Chairman's Letter to Shareholders

> JOHN HUNKIN (above right), Chairman and Chief Executive Officer with TOM WOODS (above left), Executive Vice-President and Chief Financial Officer at CIBC's head office at Commerce Court in Toronto.

[PHOTO OMITTED]

For CIBC, 2002 was a challenging and, ultimately, disappointing year. Deteriorating capital markets and the rapid emergence of a new economic reality in the wholesale sector, particularly in the United States, overshadowed a very strong performance by our Canadian retail, wealth management, and wholesale banking businesses.

CHAIRMAN'S LETTER TO SHAREHOLDERS

Stepping Up

For the first time in three years, CIBC did not deliver the best total return among the major Canadian banks. And while our three-year total return to shareholders was 34.1%, your management clearly viewed this year's financial performance as unacceptable. We are determined to step up our efforts to create the kind of high performance organization that can deliver sustainable, superior returns.

We have chosen the theme "Stepping Up" for this year's report. Stepping Up is a fitting theme on two fronts: First, our employees did step up in a very challenging environment; and second, we will need to further step up our efforts if we are to produce better results.

OUR EMPLOYEES - STEPPING UP WHEN IT COUNTED MOST

This year, across CIBC, our employees delivered a tremendous performance in the face of what was a truly difficult environment.

- In CIBC Retail & Wealth, our decision to make large investments in training, technology, product development and brand awareness is paying off. With the help of new technology and new sales tools, our people took CIBC's retail franchise to new heights - a $7.9 billion business with earnings of $1.4 billion. We made significant gains in revenue and funds managed, and we gained market share in deposits and mortgages.
- In CIBC Wealth Management, our employees made the large and complex integration of the acquired businesses of Merrill Lynch successful. In 1999, CIBC had a fully licensed adviser group of over 1,300; today, thanks to acquisitions and the internal development of our Imperial Service branch-based sales force, the number exceeds 3,000. Going forward, we are committed to maintaining our leadership in advice-based distribution. A decision to segment our customer base enabled us to focus resources on the entire high net worth market. Today over 850 of our Imperial Service advisers are licensed to sell both bank products and third-party investment products. With the completion of the acquisition of TAL and Merrill Lynch Investment Managers Canada Inc., CIBC's total mutual fund assets under management is now the 4th highest in Canada among all Canadian mutual fund companies. In 2002 we ranked 1st among the major Canadian banks in mutual fund net sales.

CHAIRMAN'S LETTER TO SHAREHOLDERS

- CIBC World Markets was ranked Canada's #1 mergers and acquisition franchise in 2002, both in terms of number and value of deals, by the National Post. CIBC World Markets was also the Canadian leader in the emerging Income Trust sector and maintained #1 industry ranking with respect to in-country equity financing.

- Rates of customer acquisition continue to be strong at President's Choice Financial services. At year-end, total number of customers was 1.05 million, up 40% from 2001. Total funds managed at year-end grew to $7.0 billion, up 58%. Customer satisfaction levels for President's Choice Financial remained higher than those of competitors.
- In Treasury, Balance Sheet and Risk Management, we continue to expand our ability to actively manage our loan portfolio. Since 1998, we have reduced risk-weighted assets by $19 billion, through a combination of disciplined loan underwriting and syndication practices, as well as several innovative structures to distribute credit risk.
- Our Administration group provided expertise and leadership in the all-important area of corporate governance, supporting the board's efforts to keep CIBC at the forefront of best governance practices. Lead Director Bill Etherington addresses this topic in his message, on page 12.

Clearly 2002 challenged us in profound and unexpected ways. We now see that the tragedy of September 11, 2001, and its consequences continued to reverberate into the year. A series of corporate failures and oversight lapses served to further undermine the very trust that makes a market economy viable. Although we had already begun to shift capital and other resources towards the retail sectors of our business - as witnessed by our investments in the branch system and the Merrill Lynch acquisition - with the benefit of hindsight we did not do so quickly enough. We are committed to taking action to return CIBC's performance to levels that you - and we - demand.

To get there, in 2002 we moved quickly to identify and tackle several issues that affected our performance in 2002:

- In October, we decided to close our U.S. electronic banking operations.
- We further downsized our U.S. corporate and investment banking operations.
- We undertook a thorough review of our merchant banking portfolio and our collateralized debt obligations and high yield debt portfolios, taking appropriate write-downs.
- We implemented branch re-configuration and efficiency measures in our retail banking businesses.
- We moved to reduce capital allocated to our large corporate loan book by one-third over the next three years.
- We announced our intention to reduce the size of our merchant bank portfolio by one-third over the next three years.

STEPPING AHEAD

The late 1990s produced exaggerated market trends. Adjusting for inflation, the Toronto Stock Exchange rose by 72% through the 1990s, four times the average of the three previous decades. Future growth is expected to be solid but slower and few expect the market to be as generous. So, what does that mean for CIBC?

In order to achieve best shareholder returns, CIBC's strategy will continue to be grounded in its traditional priorities:

- Good corporate governance.
- Putting our customers at the centre of our strategy.
- Creating attractive career opportunities for our employees.
- Maintaining a strict focus on our financial goals:
  - A significant shift in the business mix of the bank in favour of CIBC Retail & Wealth.
  - Strong targets for growth in earnings and market share in CIBC Retail & Wealth.
  - A substantial reduction in earnings volatility.
  - A commitment to maintaining high levels of capital.
  - Improved efficiency ratios.

Solid, steady growth with a heightened emphasis on the deliberate execution of our objectives - that, in essence, is CIBC's objective.

We will continue to closely monitor changes in Canadian government policies regarding consolidation in the financial services sector. In that context, the government's initiative in late 2002 to invite comment on the subject of bank mergers was a welcome development.

The core strengths of a strong and vibrant organization do not change during periods of adversity; they simply stiffen with resolve. CIBC's core strengths - innovation, accountability and teamwork - were all evident as our people stepped up to meet unprecedented challenges. These are the same qualities that will move CIBC forward and build value - long-term value - for our shareholders and for all of our stakeholders.

/s/ J.S. Hunkin

J.S. Hunkin

Chairman and Chief Executive Officer

LEAD DIRECTOR'S MESSAGE

Lead Director's Message

At CIBC, leadership in corporate governance has long been a key objective of the Board of Directors and management. As part of our journey to this destination, we have taken numerous steps to strengthen our corporate governance policies and practices. 2002 was no exception.

As Lead Director, I want to share with you, my fellow shareholders, just some of the actions your Board of Directors has undertaken in the last 12 months to enhance corporate governance. We have:

- Announced the separation of auditing and consulting work by our external auditors;
- Mandated that all non-auditing work must be approved by the board's Audit Committee;
- Instituted a CIBC-wide prohibition on the awarding of any information technology or systems implementation projects to CIBC's auditing firms; and

- Expensed stock options to provide greater financial transparency to investors.

During the year, the board also initiated an extensive review of the shareholders' auditors, including the practice of using two auditing firms. The Audit Committee of the board, independent of management but with management's assistance, established a review process that included assessing submissions from the four global accounting firms.

Following that review, the committee unanimously recommended to the Board of Directors that one firm - Ernst & Young LLP - be retained to audit CIBC's 2003 consolidated financial statements. CIBC's complex needs for assurance services can best be met by one firm. The three other firms that were not selected will be eligible to compete for other consulting work. The recommendation was approved by the board in October. The existing auditors will resign their office in December 2002, and Ernst & Young LLP will act as CIBC's auditors until the next annual meeting in February 2003, where the appointment of Ernst & Young LLP will be put to the shareholders for a vote.

[PHOTO OMITTED]

WILLIAM A. ETHERINGTON
Lead Director

Mandate of the
Lead Director

- Appointed annually by the Board of Directors
- Role is to facilitate the independence of the board and to strive for the highest standards of corporate governance

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LEAD DIRECTOR'S MESSAGE

The actions undertaken in 2002 with respect to corporate governance support the board's and management's focus to provide CIBC's shareholders with enhanced financial and operational transparency. They also reflect our ongoing commitment to manage CIBC with a tough investor-focused mindset and to take the action necessary to protect the long-term value of our shareholders' investments.

These beliefs are deep rooted at CIBC. A special board task force, commissioned by John Hunkin upon becoming chairman and chief executive officer in 1999, put forth several recommendations for enhancing our corporate governance framework, forming the cornerstone of our current policies and practices. One of these recommendations, implemented in March 2000, established the role of the Lead Director to strengthen board independence. Another resulted in the formation of formal and rigorous assessment procedures for the board, its committees and individual directors, managed by the Corporate Governance Committee.

Our experiences over the past several years have shown that, while regulations and guidelines are necessary to protect the interests of shareholders, strong corporate governance derives from the mutual trust and open communication that exists between the Board of Directors and management. The board is pleased with the progress made during the year to further enhance our corporate governance policies and practices, and for the continued constructive working relationship we have with the chairman and chief executive officer and the senior management team.

As John Hunkin describes in his letter, 2002 was clearly a difficult and challenging year. Your board works closely with management and fully supports decisive actions taken during the year to reallocate resources, realize cost savings and lower risk. These actions are focused on improving performance in 2003 and further reflect our commitment to serve the long-term interests of CIBC's shareholders.

For more information on how CIBC manages and governs, see:

Management of Risk and Balance Sheet Resources
page 55

Regulatory
page 70

Related-Party Procedures
page 70

Corporate Governance
page 132

2002 PERFORMANCE HIGHLIGHTS

[GRAPHIC OMITTED]

[FIRST CARIBBEAN LOGO]

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>2002 Performance Highlights

In 2002, CIBC continued to stress innovation and accountability across the organization. Below are some of our significant operating achievements for the year.

Created the largest full-service brokerage in Canada through the continuing integration of Merrill Lynch Canada Private Client Group, with assets under administration of $83 billion and over 1,500 investment professionals providing CIBC Wealth Management clients with objective financial advice.

Continued to have the largest VISA(TM) market share in Canada in both average outstanding card balances and purchase volumes. This year, we built up our strength with an agreement with American Express Limited to issue American Express-branded credit cards, becoming the first bank to offer both VISA and American Express in Canada. The entourage(TM) line of American Express-branded cards also includes the first smart-chip credit card available nationally.

Established FirstCaribbean International Bank(TM) (FCIB) through the combination of CIBC's Caribbean retail, corporate and international banking operations with those of Barclays Bank PLC. FCIB has operations in 13 Caribbean countries with over US$9.2 billion in assets and over 700,000 accounts.

Increased market share in mortgages. CIBC's market share in residential mortgages increased to 14%, up from 13% last year. Our multi-channel strategy, coupled with product innovation, continues to perform well and we are on track to become the leader in this market in 2003.

Continued to record positive growth through President's Choice Financial services. As a result of our alliance with Loblaw Companies Limited, our customer base in Canada grew by 40% to 1.05 million. In the recent Gomez survey of Internet sites of Canadian banks, President's Choice Financial received top ranking in the overall cost category and was ranked #3 in customer confidence.

CIBC World Markets participated in three of the five biggest M&A deals of the year in Canada, including acting as lead adviser in the biggest deal of the year, Alberta Energy Company Ltd.'s merger with PanCanadian Energy Corp. to form EnCana.

2002 PERFORMANCE HIGHLIGHTS

CIBC World Markets was ranked the #1 M&A franchise in Canada in 2002 by the National Post, both in terms of number and value of deals. CIBC World Markets also achieved a year-to-date #1 industry ranking with respect to equity financings completed in Canada.

CIBC World Markets participated in the largest ever mezzanine financing provided in a European leveraged buy-out. CIBC World Markets arranged and underwrote senior and mezzanine facilities in respect of Paribas Affaires Industrielles' acquisition of Holdelis SA.

Achieved ongoing success in our strategy to grow our CIBC Wealth Management business with non-institutional assets under administration growing to $207 billion, a 24% increase from last year.

Completed the integration of Treasury and Balance Sheet Management with Risk Management. This ensures that authority and accountability resides in one functional group, creating greater efficiency and effectiveness in managing the resources of CIBC.

Continued our program of proactive credit portfolio management through additional single-name and bulk loan sales and hedges. Such activities have been instrumental in supporting CIBC's reduction of risk-weighted assets by $19 billion since 1998.

Continued to meet the needs of those customers looking for alternative ways to do their banking; the number of internet transactions in 2002 more than doubled from 2001 to almost 25 million transactions.

Offered the latest in payment innovation and convenience via an arrangement with Certapay Inc. and other Canadian banks to launch the world's first real-time, bank-to-bank, secure email transfers.

Selected for 2002/2003 Dow Jones Sustainability World Index. CIBC was one of two Canadian financial services companies to be listed on this index, which tracks the financial performance of the leading sustainability-driven companies worldwide.

Implemented a new branch technology infrastructure that allows the introduction of new performance and sales measurement tools, faster transaction processing times for our customers, as well as e-learning for employees.

Announced a new seven-year outsourcing agreement with Hewlett-Packard (Canada) Co., along with the divestiture of CIBC's interest in INTRIA-HP. The agreement enables CIBC to drive down costs by reducing technology diversification while concentrating on its core business. The new outsourcing relationship also establishes new service levels and governance standards that will ensure service delivery and minimize operational risk.

(right)
In August 2002, CIBC opened the CIBC Children's Centre, Canada's first employer-sponsored centre dedicated to back-up childcare. Operated by ChildrenFirst Ltd.,

the centre is exclusively for CIBC employees

[PHOTO OMITTED]

(below)
In June 2002, CIBC celebrated National Aboriginal Day with ceremonies held at Commerce Court.

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[PHOTO OMITTED]

(above)
The CIBC Run for the Cure(TM) is the bank's biggest employee fundraising activity in Canada, raising over $13 million for the fight against breast cancer.

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Public Accountability Statement

CIBC is stepping up efforts to create sustainable business excellence by building employee satisfaction, delivering enhanced long-term value for customers and shareholders, and promoting greater commitment to the communities we serve.

At CIBC, accountability means more than delivering solid financial results to our shareholders. It is our commitment to make a difference to all stakeholders - to win respect from our employees, to deliver quality and value to customers, to foster strong, healthy communities, and to work diligently to exceed the expectations of shareholders.

CIBC is one of Canada's leading corporations, with major business operations around the world. In 2002, we employed more than 42,000 people worldwide, the majority of them in Canada. Taxes paid to all levels of government in Canada totalled $1,317 million. During the year, CIBC contributed more than $46 million to hundreds of causes around the world, including almost $24 million in Canada, and we supported our employees' volunteer initiatives that raised millions of dollars for grassroots community organizations across the country.

In 2002, CIBC made significant progress to step up our efforts to grow into a performance-driven culture focused on innovation and business excellence to better serve CIBC's stakeholders. As a public corporation and good corporate citizen, our mission is clear: To have a positive impact on the lives of Canadians by offering them superior financial solutions, and by playing a leading role in the growth of our communities.

Responsible stewardship of the environment is an important priority. CIBC's longstanding environmental policy reflects our commitment to responsible conduct, both to protect and conserve the environment and to safeguard the interests of stakeholders from environmental risk.

CIBC's retail customers want banking products and services that they can afford, and easily access whenever they want them. Our small business customers insist upon more choice of financial solutions, as well as greater access to credit and financial advice, to help them manage their businesses efficiently. And, national, regional and grassroots community groups across Canada look to us for commitment and support, to help them accomplish their goals.

Here are some examples of the initiatives CIBC took in 2002 to respond to our stakeholders' needs.

AFFORDABLE ACCESSIBLE BANKING

Banking in the 21st century is changing. Today, our customers want more choice, more convenience and the freedom to pick the delivery channel that works best for them - going to their branch, visiting an ABM, picking up the telephone or clicking their mouse. CIBC is listening to what they are telling us. In 2002, we provided faster, more convenient ways to access our services "24/7" by strengthening our entire distribution network, which includes 1,139 branches and more than 4,300 ABMs nationwide, and expanding our telephone and computer banking capabilities.

Our customers also want a greater selection of affordable banking products and services to meet their financial needs more effectively. We've responded by providing a wider choice of Smart Simple Solutions(TM) to allow customers to weigh the options and pick the solution that is right for them.

Some of the initiatives taken in 2002 include:

- Upgrading our ABM network infrastructure to add functionality to more than 4,300 machines, allowing customers to do more of their banking at the ABM.

- Introducing email money transfer, so personal account customers now have the convenience of transferring money electronically, through the world's first real-time, bank-to-bank secure email transfer.

- Offering more flexible mortgage options, giving customers the choice between the variable-rate CIBC Better Than Prime Mortgage(TM) or the fixed-rate CIBC Better Than Posted Mortgage(TM).

- Providing faster, more powerful telephone banking solutions. We introduced speech-recognition technology and added more call centres to meet increased customer demand.

- Expanding low-cost banking options by extending our co-branded electronic, no fee daily banking offer to 212 President's Choice Financial services pavilions in grocery stores through our strategic alliance with Loblaw Companies Limited.

SUPPORTING SMALL BUSINESS

Small businesses across Canada make a vital contribution to this country's economic growth. In today's economic environment, conditions for Canadian small business growth have never been better. Entrepreneurs are taking the Canadian economy forward and CIBC is behind them, supporting their growth in regional and national markets, and helping them to establish themselves competitively on the global stage.

At year-end, CIBC had more than 480,000 small business customers and more than $25.8 billion in authorized loans (under $5 million in authorized credit) supporting business across Canada, including over $4.5 billion in authorized loans in agriculture.

During the last year, CIBC introduced a broad range of initiatives and enhancements to better support our small business customers - versatile solutions that will save them more time, so that they can accomplish their goals more effectively. We updated our lending processes and procedures, launched new products, enhanced delivery through upgraded alternative channels and provided easier access to a wealth of CIBC resources to give small business customers greater, more timely access to the products and services they need.

We enhanced our offer to small business customers by providing them with faster, more convenient access to credit products to finance their businesses and offering a range of new products and services to make their banking experience more productive and meaningful. Our initiatives included:

- Expanding CIBC Small Business Credit Edge(TM) eligibility requirements to allow more businesses to apply. The Small Business Credit Edge offers customers up to $100,000 either as a loan or line of credit, with only minimal information required, a two-page application and typically a 48-hour turnaround.

- Eliminating restrictive conditions for customers borrowing less than $250,000, including the margining of accounts receivable and maintenance of financial covenants, to enhance and simplify access to credit.

- Introducing CIBC entourage Business(TM) American Express(R) Card, a no-annual fee, low interest rate card with a great combination of travel, entertainment and savings features built in, offering value, convenience and choice to small business owners.

Total employees
approximately 42,000

Taxes paid in Canada
$1,317 million

Global contributions
to community-based
organizations were
more than $46 million

- An expanded Online Banking and Telephone Banking offer that includes new services and transaction capabilities, such as requests for:

    - Loan balance information.

    - Copies of transaction documents, including cheques, credit memos, debit memos, deposits, and electronic funds transfer items and withdrawals.

    - A dedicated team of small business specialists within CIBC's telephone banking channel to assist customers with day-to-day banking transactions.

SUPPORTING COMMUNITY AND EMPLOYEE VOLUNTEER ACTIVITIES

Community giving is at the heart of CIBC. Through the volunteer efforts of our employees and corporate donations, CIBC's contribution to Canadian communities is significant.

In 2002, CIBC contributed more than $46 million worldwide, including almost $24 million in Canada to hundreds of national, regional and grassroots organizations in communities across the country. Supporting youth is the strategic focus of our commitment. Through CIBC Youthvision(TM), we fund research, education, mentoring and skills development programs aimed at helping Canadian youth prepare for the future. The CIBC Youthvision Scholarship Program - our flagship program - is a unique arrangement with Big Brothers Big Sisters of Canada and YMCA Canada.

Each year, 30 scholarships valued up to $35,000 each are awarded to Grade 10 students enrolled in a mentoring program with these charitable partners. Winning a CIBC Youthvision Scholarship gives young Canadians the once-in-a-lifetime opportunity to stay in school and reap all the benefits of a post-secondary education.

The volunteer activities of CIBC employees make up the lion's share of our contribution to communities. Through the Employee as Ambassador Program, CIBC encourages their community spirit by donating up to $1,000 per employee to each community organization they support. In 2002, we donated over $289,000 to local organizations on behalf of our employees. We're also proud to support their significant volunteer efforts in raising millions of dollars for high-profile events, such as the CIBC Run for the Cure, the CIBC World Markets Children's Miracle Day(TM) and the United Way.

The CIBC Run for the Cure is the bank's biggest employee fundraising activity in Canada, and the country's premier annual event dedicated to raising money for the fight against breast cancer. This year's event was the largest ever, even breaking last year's incredible record for the number of participants. More than 135,000 people in 38 communities across Canada took part in 2002, including over 14,000 CIBC employees, their families and friends nationwide, raising over $13 million for breast cancer research, education, diagnosis and treatment.

The CIBC World Markets Children's Miracle Day is held each year, on the first Wednesday in December, when CIBC World Markets and CIBC Wood Gundy sales and trading staff in Canada, the U.S., Europe and Asia donate their fees and commissions to children's charities. On Miracle Day 2001, CIBC raised more than $19 million globally, including more than $3 million in Canada. Since one solitary broker, the late Timothy Miller, came up with the idea for the event back in 1984, Children's Miracle Day has raised more than $85 million.

These funds are directed back to the communities where they were raised, providing help for more than 350 local and national charitable organizations dedicated to improving the education, health, and well-being of children.

CIBC provided more than $2.4 million in corporate donations to United Way agencies across Canada, in addition to $250,000 in gifts-in-kind. CIBC's employees contributed $3.7 million through their organizational and fundraising efforts and payroll deductions.

PUBLIC ACCOUNTABILITY

CIBC publishes its public accountability statement annually, outlining its contribution to the economic and social well-being of our communities and our country. A full version of CIBC's 2002 Public Accountability Statement will be available online on our corporate website at www.cibc.com in the first quarter of 2003.

Management's Discussion and Analysis for 2002 has been designed to provide readers with a more meaningful presentation of our businesses and our risk management approach. Strategic commentary and key messages from each business line leader have been integrated into the business line review to supplement the financial analysis.

Management's Discussion and Analysis

Management's Discussion and Analysis of CIBC's 2002 results and operations is organized into five sections

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OVERVIEW

To facilitate an understanding of CIBC's 2002 results, this section sets out CIBC's significant business themes and critical accounting policies. An overview of the consolidated financial results is also provided to set the framework for the more detailed business line discussions that follow.

BUSINESS LINE REVIEW

This section reviews CIBC's businesses and provides an explanation of CIBC's reporting structure, which is consistent with how the business is managed. In addition, each business line leader reviews financial results for the year. Business line performance is measured against 2002 objectives. Ongoing objectives and priorities, together with an outlook for 2003 are also provided. Finally, an in-depth financial review is provided.

FUNCTIONAL GROUPS

The functional groups provide infrastructure support services to the business lines. In this section, the business leader for each functional group reviews the year and establishes priorities going forward.

CONSOLIDATED FINANCIAL REVIEW

This section provides a discussion of CIBC's consolidated income statements and consolidated balance sheets, as well as a detailed outline of how CIBC manages risk and balance sheet resources.

BUSINESS ENVIRONMENT

This section provides an economic review of the year 2002 and the outlook for 2003, an overview of the regulatory environment in which CIBC operates and related-party procedures. Accounting and reporting developments complete the section.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

BUSINESS THEMES

Disciplined balance sheet management and capital strength continued to be priorities for CIBC in 2002. The balance sheet management process is aimed at reallocating economic capital and balance sheet resources to businesses with strong, stable results and ensuring CIBC remains strongly capitalized. The performance of every business across CIBC is assessed based on both quantity and quality of earnings criteria. As a result, CIBC places each of its 37 businesses into one of the four quadrants in the balance sheet resource allocation matrix presented below.

BALANCE SHEET RESOURCE ALLOCATION MATRIX

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The quantity of earnings is measured on a performance management basis, including risk-adjusted return on capital (RAROC) and economic profit. RAROC and economic profit are measured using economic capital, which captures the inherent risks associated with each business (see page 29). Quality of earnings considers volatility, sustainability, strategic importance, and growth potential. These are dynamic assessments based on financial performance and management judgment, which support the allocation of balance sheet resources to each business.

Businesses with strong earnings, high strategic importance and long-term growth potential are considered "Growth" businesses. Examples of businesses in this quadrant include both cards and the Canadian full-service brokerage, which continued strong growth in 2002. Balance sheet resources in cards were up 7% in 2002, supporting 15% operating revenue growth. In 2002, CIBC acquired Merrill Lynch Canada Inc.'s Private Client & Securities Services businesses and Merrill Lynch Investment Managers Canada Inc., now CM Investment Management Inc. These acquisitions have enabled CIBC to increase its Canadian full-service brokerage platform under the CIBC Wood Gundy name. In aggregate, the CIBC Canadian full-service brokerage business increased its balance sheet resource usage by over 100% in 2002. The performance of these now integrated businesses continues to exceed expectations.

Businesses with low current earnings but long-term profitability and growth potential are considered "Investment" businesses. In 2002, CIBC continued to invest in the electronic banking operations of Amicus in Canada (President's Choice Financial) which continues to perform well and is expected to become profitable in the fourth quarter of 2003. The total number of customers for President's Choice Financial at the year-end was 1.05 million, up 40% from 2001. It also experienced strong revenue growth in 2002 due to increasing volumes and spreads.

"Managed growth" businesses are those that deliver strong financial results, but have more moderate long-term growth prospects. In 2002, mortgages grew by over 13%, with revenue up by 30%. CIBC also completed the combination of its Caribbean retail, corporate and international banking operations with those of Barclays Bank PLC to form FirstCaribbean International Bank(TM). The combined operations will be both more efficient and better able to compete in the region from a position of enhanced market share.

Businesses with low earnings and lower long-term growth potential fall into the category of "Fix, reduce, exit." CIBC continued to liberate capital and other balance sheet resources from these businesses and redeploy them to "Investment" and "Growth" businesses. Examples of activities in 2002 included:

A NOTE ABOUT FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements which are made pursuant to the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about the operations, business lines, financial condition, risk management, priorities, targets, ongoing objectives, strategies and outlook of CIBC for 2003 and subsequent periods. Forward-looking statements are typically identified by the words "believe," "expect," "anticipate," "intend," "estimate" and other similar expressions or future or conditional verbs such as "will," "should," "would" and "could." A forward-looking statement is subject to inherent risks and uncertainties that may be general or specific. A variety of factors, many of which are beyond CIBC's control, affect the operations, performance and results of CIBC and its business lines, and could cause actual results to differ materially from the expectations expressed in any of CIBC's forward-looking statements. These factors include: current, pending and proposed legislative or regulatory developments in the jurisdictions where CIBC operates, including pending developments in Canadian laws regulating financial institutions and U.S. regulatory changes affecting foreign companies listed on a U.S. exchange; political conditions and developments, including conflict in the Middle East and the war on terrorism; weakened market conditions; intensifying competition from established competitors and new entrants in the financial services industry; technological change; global capital market activity; interest rate fluctuation; currency value fluctuation; general economic conditions worldwide, as well as in Canada, the United States and other countries where CIBC has operations; the impact of the events of September 11, 2001; changes in market rates and prices which may adversely affect the value of financial products; CIBC's success in developing and introducing new products and services to a receptive market, expanding existing distribution channels, developing new ones and realizing increased revenue from these channels, including electronic commerce-based efforts. This list is not exhaustive of the factors that may affect any of CIBC's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on CIBC's forward-looking statements. CIBC does not undertake to update any forward-looking statement that is contained in this annual report.

(i) The continued reduction of the non-core loan portfolio, through loan sales credit derivatives and maturities, resulting in the release of more than 34% of balance sheet resources related to this portfolio.

(ii) The decision to close the U.S. electronic banking operations. Operating losses from these activities will be substantially reduced in 2003.

(iii) The commitment to reduce capital allocated to the corporate loan and merchant banking portfolios by one-third over the next three years.

CIBC continued to meet its targets for capital strength throughout 2002, with strong growth in key retail businesses in spite of a difficult economic environment. Share repurchases were curtailed earlier in the year to ensure continued capital strength and flexibility.

CRITICAL ACCOUNTING POLICIES

A summary of significant accounting policies is presented in Note 1 to the consolidated financial statements. Certain accounting policies of CIBC are critical to understanding the results of operations and the financial condition of CIBC.

These critical accounting policies require management to make certain judgments and estimates, some of which may relate to matters that are uncertain. Changes in these judgments and estimates could have a material impact on CIBC's financial results and financial condition. Management has established control procedures that are intended to ensure that accounting policies are applied consistently and that the processes for changing methodologies are well controlled, and occur in an appropriate and systematic manner. The following details CIBC's critical accounting policies that require management's judgments and estimates.

Valuation of financial instruments

CIBC's financial instruments include debt and equity securities, derivatives and investments in merchant banking activities. Financial instruments that are classified as held for trading purposes are carried at fair value, and financial instruments that are classified as held for investment purposes, including those held in the merchant banking portfolios, are carried at cost and amortized cost adjusted for write-downs to reflect other-than-temporary impairments in value.

For debt and equity securities carried at fair value, the fair values are based on quoted market prices, where available; otherwise, fair values are estimated using quoted market prices for similar securities or other third-party evidence as available. The fair values are adjusted for bid-offer considerations, including consideration of concentration exposure, where appropriate.

For derivative instruments carried at fair value, the fair values are based on quoted market prices or dealer quotes, where available; otherwise, fair values are estimated on the basis of pricing models that incorporate current market measures for interest rates, currency exchange rates, equity prices and indices, credit spreads, corresponding market volatility levels and other market-based pricing factors. Where appropriate, fair value includes a valuation adjustment to cover credit, model and market risks, as well as administrative costs.

Realized and unrealized gains or losses on securities and derivatives held for trading purposes are included in trading activities in the consolidated statements of income.

For financial instruments carried at cost and amortized cost, CIBC conducts regular reviews to assess whether other-than-temporary impairment has occurred. Management's assessment is based upon a review of various factors, including quoted market price of public securities; the investee's financial results; future prospects and values derived from discounted cash flow models. Impairment losses that are considered other-than-temporary are recognized in earnings.

Management uses judgment in the estimation of fair values and impairments as there is often limited market information. Management has control procedures in place relating to valuation processes, the process for obtaining external prices, periodic model review, and the consistent application of control procedures from period to period. Imprecise estimates can affect the amount of gain or loss recorded in trading activities and the impairment recorded for a particular position or portfolio.

For additional details of fair value by type of on- and off-balance sheet financial instruments, see Note 22 to the consolidated financial statements.

Allowance for credit losses

Management establishes and maintains an allowance for credit losses that it considers the best estimate of probable credit-related losses existing in CIBC's portfolio of on- and off-balance sheet financial instruments, giving due regard to current conditions and credit protection purchased from third parties. The allowance for credit losses consists of specific and general components. A number of factors affect management judgment and estimates relating to CIBC's allowance for credit losses, including probability of default, risk ratings, expected loss and recovery rates, and the degree of risk inherent in the loan portfolios. Changes in these estimates due to any number of circumstances can have a direct impact on the provision for credit losses, and may result in a change in the allowance.

Management establishes specific allowances against impaired loans for larger non-homogeneous loan portfolios based on continuous monitoring of these portfolios. Generally, a loan is classified as impaired when management is of the opinion that there is no longer a reasonable assurance of the full and timely collection of principal and interest. Impaired loans are carried at their estimated 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 as a charge or credit to the allowance for credit losses.

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

CIBC's homogeneous loans include residential mortgages, and personal and credit card loan portfolios. Management evaluates its homogeneous loan portfolios for specific allowances by reference to historical write-offs of balances outstanding. The general allowance for these consumer loan portfolios is based on CIBC's historical flow and loss rates. Further analysis and evaluation of the allowance is performed to account for the aging of the portfolios, along with the impact of economic trends and conditions. For a further discussion of the methodologies used in establishing CIBC's allowance for credit losses, see "Management of credit risk" included in the "Management of Risk and Balance Sheet Resources" section. For details of the allowance for credit losses, see Note 4 to the consolidated financial statements.

Securitizations

CIBC periodically transfers groups of loans or receivables to special purpose entities (SPEs) that issue securities to investors. These investors are entitled to a return of cash flows, based on the principal and interest provided by the group of loans or receivables transferred. This process is referred to as securitization.

Securitizations are accounted for as sales when CIBC surrenders control of the transferred assets and receives consideration other than beneficial interests in the transferred assets.

Gains or losses on transfers accounted for as sales depend, in part, upon the allocation of previous carrying amounts to assets sold and retained interests. These carrying amounts are allocated in proportion to the relative fair value of the assets sold and retained interests. As market prices are generally not available for retained interests, CIBC estimates fair values based on the present value of expected future cash flows. This requires management to estimate expected credit losses, prepayment rates, discount rates, forward yield curves, and other factors that influence the value of retained interests.

There are two key accounting determinations to be made relating to securitizations. First, accounting rules require a determination to be made as to whether a transfer of a group of loans or receivables should be considered a sale for accounting purposes. Second, a decision is required whether a securitization SPE should be considered a subsidiary of CIBC and be consolidated into the financial statements. If the SPE is sufficiently restricted to meet certain accounting requirements, the seller of the transferred assets need not consolidate the SPE.

CIBC's securitizations that meet the accounting criteria are recorded as a sale of assets and are not consolidated for financial reporting purposes. For additional information on CIBC's securitizations, see Note 5 to the consolidated financial statements.

As further discussed in the section "Off-balance sheet arrangements involving SPEs," CIBC administers several SPEs that purchase pools of third-party financial assets and may be involved in other financial transactions involving SPEs. Under current accounting requirements, if the administrator does not control the SPEs, the administrator need not consolidate the SPEs.

In August 2002, the Canadian Institute of Chartered Accountants (CICA) issued a draft guideline "Consolidation of Special-Purpose Entities." As well, in June 2002, the Financial Accounting Standards Board in the U.S. issued an exposure draft addressing the accounting for SPEs. The impact of these exposure drafts on CIBC's consolidated financial statements is not yet determinable.

Valuation of goodwill and other intangible assets

Effective November 1, 2001, CIBC adopted the requirements of the CICA handbook section 3062, "Goodwill and Other Intangible Assets." Under this section, goodwill is no longer subject to amortization. Rather, goodwill is subject to at least an annual assessment for impairment by applying a fair value-based test at the reporting unit level. Impairment loss is recognized to the extent that the carrying amount of goodwill exceeds the implied fair value. Under the standard, an acquired intangible asset should be separately recognized if the benefit of the intangible asset is obtained through contractual or other legal rights, or if the intangible asset can be sold, transferred, licensed, rented, or exchanged, regardless of the acquirer's intent to do so. Determining the useful lives of intangible assets requires considerable judgment and fact-based analysis. Intangible assets with an indefinite life are not amortized but are tested at least annually for impairment.

The fair values of the reporting units and intangible assets with an indefinite life are derived from internally and externally developed valuation models, using a market or income approach. These models consider various factors, including normalized earnings, projected forward earnings, price earnings multiples and discount rates. Management uses judgment to estimate the fair value of the reporting units and intangible assets with an indefinite life. Imprecise estimates can affect the value reported for goodwill and other intangible assets with an indefinite life. For details of goodwill and other intangible assets, see Note 7 to the consolidated financial statements.

Pension and other post-retirement benefits

Pension and other post-retirement benefit costs and obligations are dependent on assumptions used in calculating such amounts. These assumptions include discount rates, projected salary increases, expected return on assets, health care cost trend rates, turnover of employees, retirement age and mortality rates. In accordance with Canadian generally accepted accounting principles, actual results that differ from the assumptions are accumulated and amortized over future periods and, therefore, generally affect recognized expense and the recorded obligation in future periods.

CIBC's approach to managing its pension plans is based upon a comprehensive framework to ensure that the pension plans are properly governed, managed, and operated in each region. This framework is built upon an effective system that holds its decision-makers accountable for results under changing conditions. During the year, key assumptions were reviewed and adopted for the principal CIBC Pension Plan. These assumptions, which affect the October 31, 2002 accrued benefit obligation and funded status of the plan and which will be used to determine expense for 2003 are as follows:

- The discount rate is based on the yield of high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments. As at the measurement date of September 30, 2002, the rate was 6.75%, consistent with the prior year.

- The assumed rate of compensation increase was reduced from 4% to 3.5%. The impact of this assumption change was to decrease the accrued benefit obligation by $53 million.

- The expected long-term rate of return on plan assets remains at 7.5%. The rate is based on the long-term market outlook and CIBC Pension Fund investment policies.

Actual future experience different from that assumed or future changes in assumptions may affect CIBC's pension and other post-retirement benefit obligations and future expense.

For a further discussion of the key assumptions used in determining CIBC's annual pension expense and accrued pension liability, see Note 15 to the consolidated financial statements.

Income taxes

Management uses judgment in the estimation of income taxes, and future income tax assets and liabilities. As part of the process of preparing CIBC's consolidated financial statements, management is required to estimate income taxes in each of the jurisdictions in which CIBC operates. This process involves estimating actual current tax exposure, together with assessing temporary differences that result from different treatment of items for tax and accounting purposes and the tax loss carryforwards. These temporary differences and tax loss carryforwards result in future income tax assets and liabilities, which are included on CIBC's consolidated balance sheets. Substantially all of CIBC's tax loss carryforwards originated from the U.S. operations in 2002 and expire in 20 years. In addition, as other future income tax assets naturally reverse into tax losses in the U.S., CIBC will have 20 years from the date such temporary differences become tax losses to utilize them before they would begin to expire under current tax law. Management is required to assess whether it is more likely than not that future income tax assets will be realized prior to their expiration and, based on all available evidence, determine if a valuation allowance is required on all or a portion of its future income tax assets. The factors used to assess the likelihood of realization are management's forecast of future net income before taxes, available tax planning strategies that could be implemented to realize the net future income tax assets and the remaining expiration period of loss carryforwards. Although realization is not assured, management believes, based on all available evidence, that it is more likely than not that all of the future tax assets will be realized prior to their expiration. In this regard, CIBC has initiated various expense management initiatives, refocused its business activities and committed to provide additional capital which will generate additional income. The amount of the future income tax asset considered realizable, however, could be reduced in the near term if forecasted income during the carryforward period is not achieved. Factors that may affect CIBC's ability to achieve sufficient forecasted income include, but are not limited to, the following: deterioration of capital and credit markets, a decline in revenue or margins, loss of market share or increased competition.

For details of CIBC's income taxes, see Note 18 to the consolidated financial statements.

CONSOLIDATED FINANCIAL RESULTS

Highlights

- Total shareholder return of 34.1% for the three-year period ended October 31, 2002, versus the TSX Banks and Trust Index of 44.5%
- Strong Tier 1 and total capital ratios of 8.7% and 11.3%, respectively
- Reported ROE of 5.1%

Earnings

CIBC's reported earnings were $653 million for the year, down $1,033 million from 2001. This was primarily due to a restructuring charge in the U.S. electronic banking operations and other businesses, lower revenue from the CIBC World Markets business line, and a higher provision for credit losses. This was partially offset by lower revenue-related compensation and the gain resulting from the combination of the Caribbean retail, corporate and international banking operations of CIBC and Barclays Bank PLC, to form FirstCaribbean International Bank(TM), now reflected as an equity investment. As well, CIBC benefited from significant tax recoveries in 2002. Reported EPS, diluted, and reported ROE were $1.35 and 5.1%, respectively, compared with $4.13 and 16.1% in 2001.

CIBC's reported earnings in 2001 were $1,686 million, down $374 million from 2000. This resulted from a combination of lower revenue, reflecting weaker markets that were further challenged by the events of September 11, 2001, and higher expenses related to increased technology spending and a restructuring charge. Concurrently, CIBC benefited from a relatively lower income tax expense. Reported EPS, diluted, and reported ROE were $4.13 and 16.1%, respectively, compared with $4.90 and 20.5% in 2000.

The accompanying table adjusts reported earnings for unusual items and CIBC's investment in Amicus. Refer to page 29 for more information on operating earnings.

EARNINGS

$ millions, for the years ended October 31	2002	2001
Reported earnings	$ 653	$ 1,686
Less:		
Gain on sales of corporate assets (1)	200	65
Restructuring charge(2)	(323)	(123)
Merrill Lynch acquisition-related costs (3)	(112)	-
Events of September 11, 2001(4)	(19)	(4)
Adjustment to future income tax assets (5)	52	(66)
Bulk sale of U.S. corporate loans (6)	-	(94)
Restructured ownership of certain U.S.-based loans and leases (7)	-	142

Specific provision for credit losses (6) (8)	-	(28)
General provision for credit losses (9)	-	-
Goodwill amortization (10)	-	(46)
Other items (11)	-	(4)
Adjusted earnings(12)	855	1,844
Less:		
Net impact of Amicus (13)	(236)	(245)
Operating earnings(12)	$ 1,091	$ 2,089
EPS(14) - diluted, reported	$ 1.35	$ 4.13
- diluted, adjusted	$ 1.91	$ 4.54
- diluted, operating	$ 2.56	$ 5.19
ROE - reported	5.1%	16.1%
- adjusted	7.3%	17.7%
- operating	9.7%	20.2%

(1) During the fourth quarter of 2002, CIBC and Barclays Bank PLC completed the combination of their Caribbean retail, corporate and international banking operations. As a result of this combination, CIBC recognized an after-tax gain of $190 million (pre-tax $190 million). During the third quarter of 2002, a $10 million after-tax gain (pre-tax $13 million) was recognized relating to the sale of CIBC's investment in Life of Barbados Limited. Gains in 2001 included the sale of CIBC's two offshore banking subsidiaries, CIBC Fund Managers (Guernsey) Limited and CIBC Bank and Trust Company (Channel Islands) Limited, collectively the Guernsey private banking business, for an after-tax gain of $22 million (pre-tax $22 million) and the sale of the Merchant Card Services business for an after-tax gain of $43 million (pre-tax $58 million). The after-tax gains in 2000 included $143 million (pre-tax $203 million) from the sale of CIBC's portfolio of various wholly-owned office properties; $97 million (pre-tax $97 million) from the sale of CIBC's property and casualty insurance companies; and $20 million (pre-tax $28 million) from the sale of CIBC Suisse S.A.

(2) During the fourth quarter of 2002, CIBC recorded an after-tax restructuring charge of $323 million (pre-tax $514 million). This amount included $232 million (pre-tax $366 million) relating to closing the U.S. electronic banking operations. During the fourth quarter of 2001, CIBC recorded an after-tax restructuring charge of $123 million (pre-tax $207 million). The $18 million after-tax restructuring credit (pre-tax $31 million) in 2000 represented an adjustment of the 1999 after-tax restructuring charge of $242 million (pre-tax $426 million).

(3) In 2002, CIBC incurred after-tax costs of $112 million (pre-tax $183 million) relating to the acquisition of Merrill Lynch Canada Inc.'s Private Client & Securities Services businesses. These costs also include additional compensation to certain investment advisers within CIBC Wood Gundy.

(4) During 2002, net after-tax expenses of $19 million (pre-tax $32 million) were recognized relating to losses and incremental expenses incurred for certain of CIBC's New York operations located at One World Financial Center, in close proximity to the World Trade Center. In the fourth quarter of 2001, CIBC recognized an after-tax expense of $4 million (pre-tax $7 million) in respect of such losses and incremental expenses.

(5) During the fourth quarter of 2002, CIBC recorded $52 million in recognition of certain United Kingdom tax losses related to prior years. In June 2002, the Ontario Government proposed that the tax rate reductions previously announced by it be delayed by one year. This measure was substantively enacted in 2002. During the third quarter of 2001, it was determined that the provincial income tax rate decreases proposed in the May 9, 2001 Ontario Budget and the July 30, 2001 British Columbia Budget Update were substantively enacted. As a result, CIBC recognized a $21 million charge to income tax expense in that quarter, thereby reducing its future income tax assets, in recognition of the fact that temporary differences will reverse when the rates are lower. An adjustment of $45 million was recognized in the first quarter of 2001, resulting from the federal income tax rate decreases proposed in the October 18, 2000 federal government Economic Statement and Budget Update.

(6) In the fourth quarter of 2001, CIBC completed a sale of $848 million of non-investment grade loans and $195 million of undrawn credit commitments. CIBC recorded an after-tax specific provision for credit losses of $28 million (pre-tax $48 million) related to the loans and incurred an after-tax loss on the sale of $94 million (pre-tax $162 million).

(7) During the fourth quarter of 2001, CIBC restructured ownership of certain U.S.-based loans and leases, resulting in a net reduction of income tax expense of $142 million.

(8) In 2000, CIBC recorded an after-tax additional specific provision of $143 million (pre-tax $250 million) for credit losses related to government-sponsored student loans.

(9) In 2000, CIBC recorded an after-tax general provision for credit losses of $146 million (pre-tax $250 million).

(10) On November 1, 2001, CIBC adopted the requirements of the CICA handbook section 3062, "Goodwill and Other Intangible Assets," which require that amortization of goodwill, including that relating to equity accounted investments, cease after October 31, 2001. Accordingly, adjusted earnings for 2001 and 2000 include adding back amortization of goodwill to present 2001 and 2000 results on a basis comparable to the current year.

(11) In the fourth quarter of 2001, CIBC incurred after-tax costs of $4 million (pre-tax $8 million) related to the restructured ownership of certain U.S.-based loans and leases. In 2000, CIBC recorded after-tax costs of $12 million (pre-tax $20 million) for Oppenheimer acquisition-related costs. In 2000, other after-tax costs of $27 million (pre-tax $50 million) related to CIBC's New York premises consolidation.

(12) Operating earnings exclude items that, in management's opinion, are either unusual in nature, or that relate to substantial strategic investments, thereby allowing for the analysis of business trends and the performance of CIBC's business lines. Adjusted earnings exclude only unusual items. The words "operating earnings" and "adjusted earnings" do not have standardized meanings under generally accepted accounting principles and, consequently, may not be comparable to similar measures presented by other companies. Refer to the "Operating performance measurements" section in this report for further details.

(13) During the first quarter of 2002, certain business activities were moved from CIBC Retail Markets (formerly Retail Products and Retail Markets) to Amicus. Refer to the "Business line review" section in this report for further details. Comparative information has been reclassified.

(14) During the first quarter of 2002, CIBC retroactively adopted the CICA

handbook section 3500, "Earnings Per Share." Prior period EPS figures have been restated.

Revenue

Reported revenue in 2002 was $11,152 million on a taxable equivalent basis (TEB), down $154 million from the prior year. The decrease in revenue was mainly due to lower trading and origination revenue, lower net merchant banking revenue and write-downs related to collateralized debt obligation and high-yield portfolios, all as a result of continued weak markets. This decrease was partially offset by the gain resulting from the combination of the Caribbean retail, corporate and international banking operations of CIBC and Barclays Bank PLC. Revenue also benefited from increased net interest income related to increased volumes in credit products (cards, lending products and mortgages) and in customer deposits, as well as revenue related to acquired businesses.

REVENUE

$ millions, for the years ended October 31	2002	2001	2000
Reported revenue (TEB)	$ 11,152	$ 11,306	$ 12,210
Less:			
Gain on sales of corporate assets	203	80	328
Bulk sale of U.S. corporate loans	--	(162)	--
Amicus	230	148	75
Goodwill amortization - equity accounted investments	--	(22)	(17)
Operating revenue (TEB)	$ 10,719	$ 11,262	$ 11,824

Reported revenue in 2001 was $11,306 million, down $904 million from the prior year. Revenue for the year included gains from sales of CIBC's Merchant Card Services business and the Guernsey private banking business. These gains were more than offset by the loss associated with the bulk sale of the U.S. corporate loans. In 2000, revenue included gains of $328 million related to the sales of certain office properties, the property and casualty insurance companies and CIBC Suisse S.A. Reported revenue in 2001 was also lower from 2000 as a result of revenue declines in CIBC Wealth Management and CIBC World Markets businesses, reflecting weaker market conditions and the events of September 11, 2001.

Non-interest expenses

CIBC's reported non-interest expenses for the year were $9,129 million, up $903 million from 2001. The increase in non-interest expenses was primarily due to a higher restructuring charge and the ongoing expenses related to acquired businesses, as well as acquisition-related costs, partially offset by lower revenue-related compensation. Details of the restructuring charge are outlined below.

The reported efficiency ratio was 81.9% in 2002, compared with 72.8% in the prior year.

At October 31, 2002, CIBC had a regular workforce headcount of 42,552, up 237 from 2001 due to the impact of acquired businesses partly offset by staff reductions as part of restructuring and the exclusion of the West Indies workforce. The regular workforce headcount measure comprises regular full-time and part-time employees, base salaried plus commissioned employees and 100% commissioned employees.

NON-INTEREST EXPENSES $ millions, for the years ended October 31	2002	2001	2000
Reported non-interest expenses	$ 9,129	$ 8,226	$ 8,096
Less:			
Restructuring charge	514	207	(31)
Merrill Lynch acquisition-related costs	183	--	--
Events of September 11, 2001	32	7	--
Amicus	585	535	290
Goodwill amortization	--	24	23
Other items	--	8	70
Operating non-interest expenses	$ 7,815	$ 7,445	$ 7,744

Reported non-interest expenses were $8,226 million in 2001, up $130 million from the prior year. This was primarily the result of increased Amicus spending and the restructuring charge related to CIBC's cost-reduction program, partially offset by lower revenue-related compensation.

Restructuring

In 2002, CIBC recorded a restructuring charge of $366 million relating to the closing of its U.S. electronic banking operations and an additional $142 million related to restructuring initiatives in other businesses. These initiatives in total are expected to result in the elimination of approximately 2,700 positions.

The charge relating to closing the U.S. electronic banking operations, subject to regulatory approval, consisted of contract termination costs, termination benefits and other related charges, including the write-down of assets. The initiative is expected to be substantially completed by the end of the first quarter of 2003.

CIBC World Markets has reduced staff levels, primarily in the U.S., as a result of the continued low level of business activity in capital markets and investment banking. In addition, selective reductions will be made in Asian, European and commercial banking businesses.

CIBC Retail Markets will reduce staff levels, reconfigure its branch network and close bizSmart(TM), CIBC's direct banking offer which provided internet and telephone based banking services to small businesses.

Operations and systems development support for CIBC World Markets, CIBC

Wealth Management and CIBC Retail Markets businesses will rationalize to align their cost structures with current market conditions.

In 2001, a CIBC-wide cost-reduction program was initiated in response to changing economic conditions. Significant actions taken in 2002 under the program included consolidation of branches, rationalization of business support functions, realignment of the workforce, reorganization of certain operations, and termination of certain leases. This program was substantially completed in 2002 and the original estimate was revised by a net increase of $6 million.

Events of September 11, 2001

CIBC's New York operations located at One World Financial Center (WFC), in close proximity to the World Trade Center, were directly affected by the events of September 11, 2001. These events caused the temporary

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relocation of employees from WFC to CIBC's other major premises in mid-town Manhattan, as well as to temporary locations in the vicinity.

For the year ended October 31, 2002, CIBC recorded expenses, net of insurance recoveries, related to the events of September 11, 2001 of $32 million (2001: $7 million). CIBC has received payments on account of insurance claims of $90 million in 2002 (2001: $9 million). Although CIBC is still in discussions with its insurance carrier as to the ultimate settlement amount, CIBC has recorded insurance recoveries for amounts for which it considers recovery is probable. In addition, no insurance recovery amounts are recorded under the business interruption insurance claim as negotiations are still continuing. Management is still in the process of evaluating various scenarios concerning the premises in New York. The full financial impact of these decisions, including related insurance recoveries, was not determinable at the time of preparation of the consolidated financial statements.

For details relating to expenses related to the events of September 11, 2001, refer to Note 17 to the consolidated financial statements.

Taxes

CIBC's reported income tax recovery for the year was $279 million, compared with an income tax expense of $92 million in 2001 primarily due to a higher provision for credit losses in North America in 2002 and increased restructuring charge and other losses in CIBC's U.S. operations. Also contributing to the reduced income tax expense were the gain resulting from the combination of the Caribbean retail, corporate and international banking operations of CIBC and Barclays Bank PLC, upon which no tax expense was provided, and the recognition of a future tax asset in respect of certain United Kingdom tax losses relating to prior years.

CIBC has not provided for a valuation allowance related to future income tax assets. Included in the tax loss carryforwards amount is $447 million relating to losses in the U.S. operations in 2002 which expire in 20 years. In addition, as other future income tax assets naturally reverse into tax losses in the U.S., CIBC will have 20 years from the date such temporary differences become tax losses to utilize them before they would begin to expire under current tax law. Although realization is not assured, CIBC believes that, based on all available evidence, it is more likely than not that all of the future tax assets will be realized prior to their expiration. In this regard, CIBC has initiated various expense management initiatives, refocused its business activities and committed to provide additional capital which will generate additional income. See pages 52 and 53 for a more detailed discussion.

Assets

CIBC's balance sheet decreased by $14.2 billion, to $273.3 billion, from October 31, 2001. Decreases were largely driven by reductions in business and government loans ($4.7 billion), securities borrowed or purchased under a resale agreement ($8.1 billion), trading securities ($7.2 billion), investment securities ($2.3 billion), customers' liability under acceptances ($1.3 billion), and interest-bearing deposits with banks ($1.6 billion). These decreases were partially offset by increases in retail assets, such as residential mortgages ($7.9 billion), and personal and credit card loans ($2.4 billion). Large reductions in balances, specifically in the fourth quarter of 2002, were partially the result of the combination of the Caribbean retail, corporate and international banking operations of CIBC and Barclays Bank PLC, and also as a result of continuing efforts to manage the balance sheet to appropriate levels.

The net unrealized excess of market value over book value of CIBC's investment portfolio totalled $671 million at year-end. The unrealized gains in corporate equity of $271 million related mainly to investments held in the merchant banking portfolio.

Gross impaired loans were $2.28 billion at October 31, 2002, up from $1.70 billion from the prior year. CIBC's total allowance for credit losses, which includes specific and general allowances, was $2.29 billion at year-end, and exceeded gross impaired loans by $13 million, compared with $592 million at October 31, 2001.

The specific provision for credit losses was $1,500 million for the year, up from $1,100 million in 2001. As at October 31, 2002, the general allowance remained at $1.25 billion, unchanged from the prior year. The increase in specific provisions mainly related to the business and government loan portfolio and reflects the continuing decline in credit conditions experienced in the U.S. and Europe.

Capital management

CIB's total capital for regulatory purposes was $14.3 billion at October 31, 2002, down $1.3 billion from 2001 mainly as a result of increased deductions for goodwill (from Tier 1 capital) and for equity accounted investments (from total regulatory capital). Goodwill increased as a result of acquisitions during the year. The increase in equity accounted investments resulted from the combination of the Caribbean retail, corporate and international banking operations of CIBC and Barclays Bank PLC. CIBC's Tier 1 and total regulatory capital ratios were 8.7% and 11.3%, respectively, at October 31, 2002, compared with 9.0% and 12.0% a year ago.

Shareholder value

CIBC's common share price was $38.75 at October 31, 2002, compared with $48.82 at the end of 2001. Current dividends of 41 cents per quarter, implying an annual dividend of $1.64, represent a dividend yield of 4.2% based on the closing share price for the year. Book value was $25.75 per share, down from $26.44 per share in 2001.

Under a normal course issuer bid that began on January 9, 2002, CIBC purchased 5.7 million common shares for cancellation during the year for an aggregate consideration of $313 million, representing an average price of $55.05 per share. The normal course issuer bid ends January 8, 2003.

Stock option plans

CIBC has two stock option plans: the Employee Stock Option Plan and the Non-Officer Director Stock Option Plan, as detailed in Note 14 to the consolidated financial statements.

During the year, CIBC early adopted the fair value-based method to account for stock options. This is further explained in Note 14 to the consolidated financial statements.

The dilution impact of the stock option plans is summarized in the table below. The dilution impact is calculated as the new option grants for the year, net of options forfeited by employees leaving CIBC, divided by the average number of shares outstanding during the year.

STOCK OPTIONS As at or for the years ended October 31	2002	2001	2000	1999	1998	19
Net options granted (millions)	2.7	2.4	5.1	4.5	3.4	3
Average number of shares outstanding (millions)	360.6	372.3	388.9	409.8	415.0	413