CIBC CAPITAL MARKETS (Europe) S.A.
REMUNERATION POLICY – Summary

1. Governance

A. Role of the Board of Directors of CIBC (“CIBC Board”)

The Board of Directors of CIBC and two of its sub-committees – the Management Resources and Compensation Committee (MRCC) and the Risk Management Committee (RMC) provide active oversight of CIBC’s compensation process at a bank-wide level. Their responsibilities include:

- establishing the compensation governance process (MRCC);
- determining incentive compensation funding and allocations to the Strategic Business Units (SBU) and Key Lines of Business (LOB) (MRCC and CIBC Board);
- approving new material incentive compensation plans or changes to existing material plans (MRCC and CIBC Board);
- reviewing CIBC, SBU and LOB adherence to CIBC’s risk appetite and the underlying risks associated with business performance (MRCC and RMC)

The MRCC receives regular updates and ongoing education from management, their independent compensation advisor and other outside advisors on Financial Stability Board (FSB) and other regulatory requirements in the jurisdictions in which CIBC operates, including Luxembourg. The independent compensation advisor to the MRCC is Pay Governance LLC.

B. Role of the CIBC Capital Markets (Europe) S. A. Board (“Board”)

The Board is responsible for adopting and maintaining the remuneration policy and overseeing its implementation to ensure it is fully operating as intended, in line with: (i) the designed principles; and (ii) CSSF Circular 17/658.

The responsibilities of the Board with respect to remuneration include:

- reviewing, approving and ensuring remuneration policies for CIBC Capital Markets (Europe) S. A. (“**the Bank**” or “**CIBC Europe**”) are consistent with and promote effective risk management;
- reviewing, approving and ensuring remuneration policies for the Bank do not encourage risk taking which exceeds the tolerated level of risks within **CIBC Europe** or of CIBC;
- having regard to the FSB Principles for Sound Compensation Practices, the Remuneration Policies set out in the Capital Requirements Directive, the guidelines on remuneration policies and practices set out by the European Banking Authority (EBA), the CSSF Circular 17/658 and any other applicable regulation or guidance as amended from time to time;
- ensuring that the risks associated with the operation of remuneration policies are considered;
- reviewing and approving the implementation of new divisional or local remuneration plans within **CIBC Europe** or other changes that may have a material impact on remuneration for **CIBC Europe**;
- reviewing and approving the methodology by which Luxembourg Material Risk Takers (“**Lux MRTs**”), as defined by EBA’s Regulatory Technical Standards, are identified and reviewing and approving, from time to time, the list of Lux MRTs;

- reviewing and approving decisions and proposals by the management of **CIBC Europe** in respect of the remuneration proposals for Lux MRTs; and.

- ensuring incentives provided by the remuneration policy and its underlying practices are in line with the Bank's risk, capital and liquidity levels as well as with the likelihood and timing of earnings.

Such review and approval also includes:

- reviewing and approving:

    - severance payments made to Lux MRTs;

    - guaranteed variable remuneration payments made to Lux MRTs;

    - annual incentive compensation awards allocated to Lux MRTs;

    - the remuneration structures for senior officers working in the **CIBC Europe** Risk and Compliance functions to ensure that conflicts of interest do not arise

    - remuneration structures for **CIBC Europe's** High Earners as defined by EBA guidelines

    - remuneration structures for the Authorized Management functions, i.e. Lux CEO and Chief Operating Officer

    - any disclosures required to be made from time to time to the CSSF or any other relevant authority relating to the remuneration policy that has been adopted for **CIBC Europe** or the remuneration of Lux MRTs

    - a report from internal audit on **CIBC Europe**'s level of compliance with Luxembourg remuneration regulations;

- giving due regard to the long-term interests of shareholders, investors and other stakeholders when making individual remuneration decisions pursuant to the remuneration policies within **CIBC Europe**; and

- giving due regard to any relevant legal or regulatory requirements, and associated guidance, as well as to the risk and risk management implications of its decisions.

The Authorised Management, together with the HR function, and with the involvement of the Control Functions, is responsible for the compliance of remuneration policies with laws and regulatory framework.

The Independent Control Functions of the Bank will assist the Board of Directors in determining the overall remuneration strategy applicable to the Bank, having regard for the promotion of effective risk management and take all necessary measures in order to make the present Remuneration Policy compliant with laws/circulars/directives or further guidelines issued by any authorities and any requirements necessary for a healthy and efficient risk management of the activities of the Bank.

The CIBC Human Resources Department is closely involved in the design of the Policy and is responsible for its regular review with the assistance of the local Independent Control Functions whom have knowledge of the local provisions.

2. Pay Structure

Remuneration for CIBC Capital Markets (Europe) S. A. employees is comprised of fixed remuneration, including pension and benefits and variable remuneration. The remuneration is structured to align with CIBC and CIBC Capital Markets (Europe) S. A. business strategy, the long-term interests, the underlying values of wealth preservation and sustainable growth, and does not exceed market standards for comparable banks without reason. The remuneration principles of the Policy aim at ensuring a balance between fixed and variable remuneration to decrease any risk from excessive risk taking and are defined in a manner as to not limit the ability of the Bank's ability to strengthen and / or to limit its capital base.

CIBC Capital Markets (Europe) S.A.'s remuneration policies will ensure that the balance of fixed to variable remuneration is appropriate for the various types of roles across the organization, typically increasing with seniority and involving fixed pay as a higher proportion for control functions but without specifying a fixed or maximum ratio.

A. Fixed Remuneration

Fixed remuneration is defined as any remuneration, whether monetary or non-monetary, which an employee is entitled to receive:

- Based on the employee's relevant experience, general expectations of the employee's qualifications and organizational responsibilities;
- No matter the actual performance of the employee; and
- On a continuous basis, normally month-by-month.

Thus, fixed remuneration comprises:

- The employee's base salary, including any fixed allowances which are comparable to and in practice considered a part of the base salary (e.g. role based allowances, allowances paid as a form of compensation for private costs, e.g. car and housing allowances);
- Any pension benefits calculated on the basis of the employee's base salary or a part thereof (i.e. as defined under the Luxembourg Social Security Law (i.e. Pillar 1) or the Law of Juin 8 1999, as amended (i.e. Pillar 2); and
- Any non-pay benefits, which are granted or made available to the employee on a continuous basis (e.g. lunch arrangement, company car / allowance, health insurance, paid telephone, mobile and/or laptop, etc.).

B. Variable Remuneration and Performance

1. General Principles

Variable remuneration, is tied to performance measures on an individual basis as well as on a collective basis in accordance with predefined qualitative and quantitative objectives, including financial and non-financial criteria.

The global amount allocated to the variable remuneration depends on the performance of (i) CIBC, (ii) CIBC Capital Markets (Europe) S. A., (iii) the SBU and (iv) the individual. Individual performance will be assessed in order to determine the allocation of variable remuneration. This performance assessment will take into account both quantitative and qualitative criteria for all members of staff. Should the individual performance be negative, the variable remuneration may amount to zero.

Variable remuneration of Staff in Control Functions will not be linked to the performance of the business units they oversee. CIBC Capital Markets (Europe) S. A. will ensure a balanced ratio between fixed and variable remuneration as to prevent any excessive risk taking through increasing and incentivizing the variable component. The total amount of the variable remuneration of any member of Staff may not exceed a maximum of 100% of his/her total fixed remuneration. In some exceptional cases, variable remuneration of MRTs may exceed the 1:1 ratio, which in no case can exceed 200% of the total fixed remuneration with appropriate approvals.

2. Definition of the Bonus Pool

a) At the level of CIBC

Bonus pool funding is designed to reflect a balanced consideration of CIBC's performance, the business environment / market conditions, competitive requirements, and the regulatory environment, including conduct. The Bonus pool is used to award short-, mid- and long-term incentives based on the employee's job grade and level.

The Bonus pool is funded by CIBC on a monthly basis based on:

1) CIBC's achievement against its three strategic priorities:
    - Financial strength measured by the adjusted Earnings per Share ("**EPS**");
    - Simplification and efficiency measured by an adjusted non-interest expense to revenue ratio ("**NIX Ratio**"); and
    - Client experience measured by the Client Experience ("**CX**") Index.
2) In the case of the SBUs other than Capital Markets, business performance measured by the SBU's Net Income Before Bonus and Tax (NIBBT) is also included as a measure.

3) In the case of Capital Markets, Capital Markets NIBBT times Capital Markets Funding Rate.

Collectively the first two elements are used to formulaically determine a Business Performance Factor ("**BPF**") and together with the third element to ultimately calculate the Bonus pool funding, which can be also adjusted for any discretionary funding factors.

The overall allocation of Institution wide variable remuneration, will be determined by the MRCC after a joint discussion with the RMC and will be approved by CIBC Board of Directors. Once the Institution wide Bonus pool has been defined, CIBC will make its proposal of allocation for CIBC Capital Markets (Europe) S. A. to the Board of Directors of CIBC Capital Markets (Europe) S. A. for review and approval.

As part of the review of incentive funding at the end of the year, the MRCC ensures both business performance and risk are appropriately considered in the funding of incentives by reviewing:

- Business performance for CIBC, the Operating SBUs and their respective key lines of businesses (**"LOBs"**), including Capital Markets (which incorporates CIBC Capital Markets (Europe) S.A.), with independent assessments provided by the CFO, CRO and EVP, Purpose, Brand and Corporate Affairs;
- The RMC also reviews the independent assessment provided by the CRO and participates and provides risk input in the year-end MRCC meeting where the incentive funding and individual incentive compensation recommendations are discussed; and
- individual performance factors for certain CIBC senior roles, (incorporating any non-adherence to CIBC policy, risk management and control framework).

The required and useful information and supporting documents (i.e. not only aggregate figures or a summary) for CIBC Capital Markets (Europe) S. A. are then submitted to the CIBC Board, for review and approval.

b) At the level of CIBC Capital Markets (Europe) S.A.

At the end of the year the Lux Board reviews the sum of the incentive awards (i.e. the CIBC Capital Markets (Europe) S.A. Bonus pool funding), for the CIBC Capital Markets (Europe) S. A.'s employees and may recommend to the MRCC any changes that it feels are appropriate for CIBC Capital Markets (Europe) S. A., taking into account CIBC Capital Markets (Europe) S.A.'s business and risk performance.

3. Payout of Variable compensation

a) General principles

Certain remuneration requirements as defined by the law and as clarified under the EBA Guidelines, may be subject to the proportionality principle, hence may allow the application of certain remuneration provisions in a proportionate manner. The Bank is indeed considered as a "non-significant" institution, and, therefore, applies its remuneration practices in a manner and to the extent that are appropriate to its size, internal organisation and to the nature, scope and complexity of its activities.

Subsequently, and as a general principle, the variable remuneration of its members of staff and notably its Lux MRTs consist of a single payment in cash, unless the Lux MRTs are eligible to participate in Group Medium / Long term incentives schemes.

b) Deferral and Vesting for Mid and Long-Term Incentive Awards

Some MRTs may be considered key employees by CIBC Capital Markets (Europe) S. A. and CIBC and shall receive part of their variable remuneration paid via a M/LTIP award. The type of award and modalities related to it will depend on the job grade and level of the respective MRT.

Irrespective of the type of instruments (e.g. RSA, PSU or ESOP), the proportion of variable remuneration allocated to the M/LTIP will be subject to the following provisions:

- The instruments will be deferred over at least a 3 year period or more, depending on the type of incentive plan;
- The instruments shall vest fully at the end of the deferral period or on a pro-rata basis, depending on the type of incentive plan;
- The first vesting shall not occur sooner than 12 months after the start of the deferral period; and
- The instruments are subject to a retention period of 1 year (no less than 12 months) after the vesting where the beneficiaries shall not redeem their instruments.

Furthermore, the scheme incorporates a "malus / clawback" mechanism taking into account:

- A material misstatement of the Bank, any Group company or business unit (i.e. including the consideration of potential future risk outcomes); or
- Any act or omission by the beneficiary, which has contributed to serious reputational damage or serious misconduct, fraud or negligence or, undermining the Bank's effective risk management.

In any case, the total variable remuneration attributed to staff (including instruments) does not exceed 100% of his/her total fixed remuneration. In some exceptional cases variable remuneration may go up to 200% of his/her total fixed remuneration in which case CIBC Capital Markets (Europe) S. A. will engage in an approval and notification procedure as defined under CSSF circular 15/622.

For the M/LTIP, a deferral schedule is critical for improving risk alignment effects in a remuneration package, since it allows for part of the remuneration to be adjusted for risk outcomes over time through ex-post risk adjustments.

4. Performance Assessment

CIBC Capital Markets (Europe) S. A. will leverage the Goals Performance Success Program ("GPS") used CIBC-wide. Notwithstanding the application of Group wide principles, the Bank sets up Performance Measurement principles that reflect regulatory requirements under CRD IV.

a) General Principles

The various performance criteria used for defining the variable remuneration are aligned with sound and effective risk management and compliance principles. The performance measures are designed in a way to avoid risk-taking that exceeds the level of tolerated risk of the Bank.

The performance criteria consist of an appropriate combination of financial (quantitative) and non-financial (qualitative) performance criteria. The relative importance of each level / weighting given to the performance criteria is determined up-front and adequately balanced to take into account the employee's position and responsibilities. To the extent possible, the performance criteria include achievable objectives and measures on which the employee has some direct influence. Negative non-financial performance in the form of unethical or non-compliant behaviour must override any good financial performance generated by the Bank and the SBU of the member of staff.

The performance assessment sets in a multi-year framework in order to ensure that the assessment process is based on longer-term performance and that the actual payment of variable remuneration is spread over a period, which takes account of the underlying business cycle of the Bank and its underlying business risks. Future business performance impacts the final pay-outs as measured by CIBC's absolute business performance, business performance relative to its peer group of other Canadian Banks, and/or CIBC's share price.

In order to ensure transparency, the specific nature of the performance criteria that apply to an employee for any fiscal year must be set out in a written document and given to the employee at the beginning of the respective fiscal year.

b) Linking GPS outcomes to Variable Remuneration

The individual variable remuneration will be based on annual assessment of performances carried out by each Manager with respect to members of his/her Business Unit.

The individual variable remuneration of the Authorised Management and the officers in Independent Control Functions (i.e. Risk management, Compliance and Internal Audit), will be based on annual assessment of performances carried out by their respective direct managers. The outcome of the assessment is then submitted to the Human Resources function, for consistency checks and reviews (i.e. calibration). The Human Resources, provide then the detailed assessment and all supporting documents (i.e. not only a summary or aggregate figures) to the Board of Directors, for final approval (or the case may be adjustments).

The variable remuneration of the executive member of the Lux Board (i.e. CEO of CIBC Capital Markets (Europe) S. A.), will be assessed and approved by the non-executive members of the Board of Directors, including the independent member.

After proposals on the performance achievement (i.e. Individual performance component), made by the Managers (i.e. with a direct impact on variable remuneration), the final attribution of variable remuneration will be reviewed and approved by the Lux Board as to ensure the allocated amounts are defined (i) as fitting within the defined budgetary envelope; and (ii) based on the overall evaluation results.