



CIBC Annual Meeting of Shareholders 2020

Webcast

April 8, 2020

Address delivered by

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Thank you and good morning, everyone.

They say life comes at you fast.

A few weeks ago, we were preparing to host our AGM in Edmonton, a great Canadian city with a warm heart, a diverse economy - and a city where our bank has a rich history. We were the first Canadian chartered bank to open there in 1891.

In the days since, like every one of you, we were rapidly confronting the human, economic and social impact of COVID-19.

And today, we are hosting our first ever virtual AGM in order to maintain social distance and do our part to help flatten the curve.

Our thoughts are with those who have been directly affected by this virus. And our gratitude goes to the doctors, nurses and other frontline workers in our healthcare system, as well as our first responders. They are dedicating the best of themselves to helping others under tough conditions.

I also want to recognize the community heroes that are helping us get through this one day at a time. Grocery clerks, sanitation workers, and good neighbours - all doing their part to help to keep some normalcy in these unusual times.

I want to open by recognizing our team, because in this moment of truth for our bank and our clients - our team has risen to the challenge.

Through an exceptional period of acute change in our society, the over 40,000 members of team CIBC have stayed focused on our purpose: to help make our clients' ambitions a reality.

They are helping our clients by arranging payment deferrals, to help alleviate financial stress.

They are offering advice to major corporations who bank with us, or to individuals and families, to help them stay on course with their personal ambitions despite near term uncertainty.

They've been the face of our bank. Empathetic, professional, and steadfast. We're proud of them.

As they support our clients, we're supporting them with proactive measures to keep them safe and maintain physical distancing while serving our clients.

Team, thank you.

Our bank has taken additional measures to ensure our clients feel supported through this time. In Canada, we have:

- Implemented mortgage deferrals of up to six months for our clients, and payment deferrals on other credit products.
- Reduced interest rates on credit cards for clients experiencing financial hardship.
- Created a dedicated contact centre for business owners seeking payment relief.
- And we're helping to protect our vulnerable communities by initiating special measures to ensure seniors are served first in our banking centres and when they call us to bank by phone.

For our clients in the US, we are offering payment deferrals for both business and personal clients, as well as advice and counsel on how to manage through this challenging period.

Our hope is that these measures will offer support to our clients today while we continue to plan for the long-term.

Business results

Having a long-term perspective in times like this is essential. Today I will report on our 2019 and Q1 2020 performance, and highlight the strategic transformation of CIBC into a relationship oriented bank for a modern world.

F19 was a solid year for CIBC - we delivered pre-provision earnings of \$8.1 billion CAD, an increase of 5% over the prior year. However, we also saw an increase in loan loss provisions in the second half of the year, primarily attributable to a small number of commercial and corporate accounts. Coupled with underperformance in our Canadian retail banking business, our bottom-line growth numbers were below our potential. For the full year, our earnings of \$5.4 billion and earnings per share of \$11.92 were both down 2% year over year.

We maintained a return on equity of 15.4% for the year, ahead of our 15% target.

External factors weighed on our growth in 2019, including a continued low interest rate environment. We entered fiscal 2020 with opportunities within our control to accelerate our performance – and we made clear progress on those opportunities in Q1:

- Within Personal and Business Banking, mortgage growth accelerated, long term investment flows improved significantly, and we saw some improvements in our cards portfolio with higher purchase volumes.
- Within Commercial Banking and Wealth Management on both sides of the border, we continue to drive double-digit volume growth in funds managed.
- And in Capital Markets, we continue to see the benefits of transforming this business – delivering record earnings in the first quarter.

Clearly, the outlook across the economy has changed, which will affect our business in the near term.

Our economists have revised their 2020 growth forecasts downwards in recent weeks as a result of the global economic impact of COVID-19.

Current forecasts call for negative GDP growth of 3.9% in Canada for the full year in 2020, and negative GDP growth of 3.3% in the United States.

The situation remains very fluid and we may see further revisions to these forecasts as the year plays out.

Clearly, these are uncertain times.

And in uncertain times, strength matters.

CIBC is well positioned to support our clients through this challenging period:

- Our credit portfolio is strong, diversified, and performing well. In Q1 we recorded a provision for credit loss ratio of 24 bps, below our target of 30bps for the year.
- Our capital position is strong, with a CET1 ratio of 11.3% - giving us ample resilience, flexibility for investments in our business, and the capital strength to return capital to shareholders.
- The jurisdictions in which we operate – principally Canada and the United States – have strong, well capitalized banking systems that are ready to meet the needs of clients in this difficult period.

- And, our bank's transformation has positioned us for growth. Simply put, over the last 5 years, we've become a different bank – with diversified revenue streams, strong client relationships, and greater opportunities for growth than we had just a few years ago.

And in uncertain times, history matters.

We stand by our clients in challenging times – it's been true since 1867. It's true in 2020.

Transformation story

And that brings us to today – as we deal with a significant disruption in the outside world, we're also in the midst of a significant transformation at CIBC, built around our clients.

5 years ago, we set out to build a relationship-oriented bank for a modern world, and we've made significant progress.

A bank with a leading, integrated commercial and wealth platform to meet the needs of the private economy, a modern consumer and small business relationship-oriented bank, and a differentiated capital markets business focused on relationships across our bank.

It's working.

We're increasingly the bank of choice for entrepreneurs in the mid-market to help manage their business, and their personal wealth.

We've modernized our Personal and Business Banking business by reshaping our physical presence with a focus on advice, and maintaining our leadership in mobile banking functionality according to third party research. We've modernized our business banking platform through SmartBanking for Business, allowing clients to manage their banking, payroll, accounts payable and other needs from a single platform.

We have transformed our Capital Markets business by better connecting our people, geographies and capabilities to meet the needs of clients across our bank. One example is our Global Money Transfer service – which uses an innovative Capital Markets platform to provide foreign exchange and remittance services to our retail clients – generating recurring, fee-based revenue.

The foundation for our transformation is our focus in 3 key areas: Repurposing our capital, our cost base, and our culture.

Regarding capital, we've made a series of strategic decisions in recent years to reallocate capital to our highest growth opportunities. The pending sale of our majority stake in CIBC FirstCaribbean is the most recent example. We expect to realize an incremental 40 basis points in Tier 1 capital on closing.

We have repurposed our cost base – we're a more efficient bank today because we've simplified processes, leveraging new tools like artificial intelligence and more modern platforms to improve our efficiency ratio to 55% as of Q1.

But perhaps the most important shift in recent years is our culture – our bank has an inclusive culture focused on enabling our team to be at their best so that we can do more for our clients.

This culture shows in our client experience metrics, which have consistently improved in recent years. In Q1, we achieved our highest ever Ipsos Net Promoter Score in Canadian banking.

It shows in our Employee Survey results. In 2019, employee commitment reached an all-time high for our bank after improving steadily over a number of years.

And it shows in our commitment to harnessing the strength of inclusion as an enabler of business growth.

Diverse teams make better decisions, and are better equipped to serve our clients by reflecting the communities where we live and work. We recently furthered our targets in this area, including:

- Committing to making 8-9% of our 2020 hires persons with disabilities
- Making 2% of our 2020 hires from the indigenous community, and
- We're targeting 35-40% of our boarded executive roles to be held by women by the year 2022

As we've transformed our bank, we're also highly connected to changes in the external environment. And despite the crisis that faces us now, we also need to continue to make progress on long term issues.

Environmental, social, and governance factors are influencing the flow of capital and key business decisions across almost every industry. Banks play a key role – both as an employer, and a lender. In addition to the diversity targets I just mentioned, we've made a commitment to \$150B in sustainable financing by 2027 to mobilize the capital necessary to create a more sustainable future.

That leads me to my final comments about the impact our bank has on our communities.

Our ties to the community are deep – both at a corporate level, and right across our team.

Nationally, our corporate donations and contributions from our team totaled \$79 million dollars in 2019.

Through our One for Change program, our team contributed 113,000 volunteer hours to charitable organizations last year, helping causes that are close to their heart.

We're there at big events. Over 15,000 team members took part in the Canadian Cancer Society CIBC Run for the Cure. Our team cycles, runs, walks, and gives their time to local causes at various fundraising events all year long.

We're also there in the everyday moments – helping at a shelter, or a food bank, or in a hundred other ways that strengthen our communities.

In the wake of recent events, and recognizing the disruption to the fundraising efforts of essential local charities, our bank made a \$750,000 contribution to charities and community organizations that provide vital services – food banks, blood services, and mental health support, as well as the World Health Organization.

We'll continue to be there for local organizations that need help now, more than ever.

As a team, we're optimistic about the future.

Today, CIBC is positioned to deliver continued growth to our shareholders over the long term, enable our team members to achieve their full potential, and to continue to help our communities thrive.

Right now, our efforts are focused on helping clients get through a challenging time.

In the longer term, we are confident CIBC is well positioned to help our clients achieve their ambitions, and by doing so, grow our business, as we see a return to economic growth and prosperity.

Anyone invested in our bank should be incredibly proud and grateful for the work our team has done – and continues to do – for our clients.

Their resolve, and their relentless focus on our clients gives me great confidence that we're going to get through this challenging period – and great optimism in what our bank will accomplish when we do.

Thank You.