



# CIBC Annual Meeting of Shareholders 2021

Webcast

April 8, 2021

Address delivered by

**Victor G. Dodig**  
President & CEO, CIBC

*Check against delivery*

Good Morning,

Last year, we came together for the first virtual AGM in the history of our bank, just a few weeks after the World Health Organization declared COVID-19 a global pandemic.

Families and businesses had their lives and their financial ambitions upended, virtually overnight. There was uncertainty and fear.

Just one year later, there is every reason for cautious optimism. The path out of the pandemic will not be a straight line – and we’re seeing continued fluctuations in the spread of the virus across different regions. However, looking ahead, we can see the inflection point in this pandemic through mass vaccinations and continued adherence to public health guidelines.

It was a long and difficult year and there’s more to do, but the fact that an end is in sight is a testament to the incredible impact of *people and purpose*.

We’ve seen it in the researchers and scientists who brought numerous vaccines to market in such a short time frame, the frontline healthcare workers who care for others, and the every day efforts of those who are keeping shelves stocked, delivering goods and services, and helping to keep us all safe. I want to recognize their efforts on behalf of everyone at CIBC.

I’d also like to say a heartfelt thank you to the over 44,000 team members at our bank who continue to honour our history and live our purpose – to help make our clients’ ambitions a reality. Our team has been selfless, professional, steadfast, genuinely caring, and fully committed to the task at hand – and I couldn’t be more proud or more grateful.

I’d like to extend a special thank you to those team members who have come into the office over the course of the pandemic to provide vital services to our clients.

As the pandemic set in, I said that we were at a *moment of truth*. One year later, I would say that we’re approaching a *moment of opportunity* – economically, and for CIBC.

Today I’ll focus my remarks on three key areas:

- The first is our economic recovery from this crisis and what it will take to achieve long term prosperity in a post-pandemic world.
- The second is CIBC’s resilience through this crisis and our demonstrated capacity for growth.
- And the third is the future – *the pandemic will change banking*, and those changes present significant opportunities for banks making the right investments today to meet changing client needs. I believe our bank is very well positioned for the post-pandemic economy.

Broadly speaking, the North American economy has held up reasonably well under the circumstances – but we should be aware of risks on the horizon if we don’t plan for the long term now.

We were resilient through the onset of the pandemic, thanks to early, coordinated actions by governments and other stakeholders.

While near term uncertainty remains, we are moving towards a consumer-led recovery in the coming quarters. Households are expected to spend more of their income as the economy reopens, supported by the buildup in household savings. This will help businesses recover lost ground, notably in services that have been unavailable during the pandemic.

Current forecasts from our economics team have Canadian GDP growth at five and a half percent for 2021, and the US growing at approximately 6%, in part due to a faster rollout of vaccines across the population.

That’s the good news. But we must be mindful of what we could face *beyond* the initial rebound.

In the long run, higher spending may prompt inflation that could make debt more expensive to carry when compared to historically low rates today. That could make the challenge of managing higher pandemic-induced debt loads that much greater for governments, corporations and consumers alike.

It’s not enough to just bounce back. We need to use smart policy, progressive strategies and the momentum of the economic recovery to attract and build financial, human and social capital for the long term.

Financial capital is the raw material needed to fuel growth over the long-term. In the Canadian context, our global ranking in Foreign Direct Investment had declined pre-pandemic. As we look to the growth industries of the future, we must ask ourselves how to enable Canadian firms to start here, scale here, and stay here. That means creating deeper pools of capital to enable business growth so that Canadian success stories don't become exports.

Human capital comes in the form of a highly skilled and educated workforce to power the growth industries of the future – like renewable energy, artificial intelligence, and other high growth sectors.

And, social capital is increasingly becoming a prerequisite to attracting financial and human capital. Investment dollars – and the brightest minds – will flow to countries that can demonstrate they are committed to a sustainable future where there is truly opportunity for all. We must invest in our social capital if we expect to achieve future success.

In all of the markets where we operate, I believe the economies are well positioned for the future if we look beyond the coming economic recovery and invest now in people, progress and the growth industries of tomorrow. Any stimulus measures being considered to help drive the recovery should be focused on long-term growth rather than short-term consumption.

Our bank has proven to be highly resilient through this crisis.

We closed out fiscal 2020 with adjusted earnings of \$4.4 billion dollars. This was down from the year prior primarily as a result of elevated provisions for credit losses related to the pandemic. On a pre-provision basis, we delivered record earnings – a clear sign of our capacity for growth.

We also improved our capital strength, increasing our common equity tier 1 capital ratio to 12.3% as of the end of Q1. This gives us the flexibility to continue to support our clients, while maintaining our dividend for our shareholders, and investing in our business.

Beyond the numbers, we lived our purpose and it showed in our actions.

Throughout the year, we prioritized the health and wellbeing of our team, and focused all of our efforts on meeting the needs of our clients. We provided over 500,000 payment deferrals on CIBC credit products to give clients the flexibility they needed to manage through an uncertain time. For other clients, our

conversations have been about growth – capturing business opportunities, or moving forward with plans to buy a home.

In Canada, we were first among the banks to reduce credit card interest rates for clients experiencing hardship. We leveraged digital technology to help as many clients as possible in the early days of the pandemic. And we took special measures to keep our most vulnerable friends and neighbours, including our seniors safe, by prioritizing them in our banking centres and by reaching out proactively to help them bank online.

Our team in the US lived our purpose by managing the crisis with a constant focus on client relationships. As our competitors established web-based processes to handle incoming applications for government relief programs aimed at businesses, we did something different. We picked up the phone, called our commercial banking clients directly and asked them what help they needed from us to ensure they could weather the storm. Many of them were on strong footing, but some needed the support.

And globally, our teams in the Caribbean, the UK and Asia stepped up for our clients and delivered on their needs under challenging circumstances.

The result of these actions was resilient financial performance and a shared experience that helped drive our purpose deeper than ever into our culture.

Entering the new fiscal year, we are making good progress in all of our key focus areas.

In the first quarter, we delivered adjusted earnings of \$1.6 billion dollars, up 11% YoY, by executing on our strategic priorities.

We're focused on revitalizing our Canadian consumer franchise, and we saw clear progress in Q1. Earnings were up 13% in this business year over year, and our mortgage business showed improved momentum with 8% balance growth vs the same quarter a year ago. Our Direct Financial Services business which meets the needs of digital-savvy clients who prefer a self serve approach posted double-digit growth over the last year. And we delivered strong results in Canadian Wealth Management, with higher fund flows and award-winning investment performance.

We continued our momentum in Capital Markets in Q1 with a record quarter, and we focused on building and deepening relationships across our Canadian Commercial Banking business.

In the US, our momentum in Commercial Banking and Wealth Management continued, as we further expanded our business and delivered growth while deepening our North American relationships in key sectors.

Our third strategic priority is accelerating the transformation of our bank. Over the last 5 years we've generated over \$800 million dollars in cost savings, enabling us to reinvest for growth in areas like Artificial Intelligence, cloud-based platforms, and other enhancements to advance the capabilities and efficiency of our bank.

That focus on transformation is going to be essential to our future prosperity, as change accelerates in the post-pandemic era.

*First*, digital technology has already become part of everyday banking for our clients, but usage trends and adoption surged during the pandemic, across age groups. Investments in our industry-leading mobile banking platform paid dividends for us over this past year, and position us well for the future.

We recently added CIBC Insights to our mobile banking platform, using AI to give clients insights about their everyday spending patterns and to help them make informed decisions.

We've also created the CIBC Goal Planner platform, which empowers our clients to start the goal setting process through their mobile device before they meet with one of our Imperial Service advisors so that together we can map out a plan to achieve their ambitions.

There's more to do here, but we have clearly established a strong position at a time when digital engagement will remain permanently elevated.

*Second*, relationships will become entrenched as the currency of banking. Clients will have long memories for the actions their bank took during this time.

Looking at the last 12 months, I'm extremely confident about the investments we've made in our relationship capital. I see the feedback from clients everyday about the difference our team has made in helping them achieve their ambitions.

Looking ahead, we've invested in the advisory capabilities of our team which will serve us well in 2021 and beyond. For our retail clients, we've enabled virtual meetings across our frontline, and we've added mobile advisors to reach more clients, where and when they need us.

On the commercial side of our business, we continue to invest in cross-border capabilities for mid-market clients. We also continue to build on our advantage in our Innovation Banking business, focused on meeting the needs of growing firms with forward thinking ideas.

And with our corporate clients we've significantly expanded our team and our capabilities in sustainable finance. We've invested in the growth of our team, added advisory capabilities globally, and made significant progress towards our goal of mobilizing \$150 billion dollars in capital in this area by 2027. This is reflected in our leadership position in league tables in this growing space.

*Third*, the future of work at CIBC will be more flexible, with many team members operating in a hybrid model of remote work coupled with an in-person component. We see upside here in terms of employee engagement, productivity, work-life balance – and critically, in our ability to attract and retain top talent as part of a winning culture at our bank.

Our investment in our new headquarters, CIBC Square, will also be a game changer for us. Our modern physical presence at Square enables us to accommodate social distancing in the near-term, while enhancing our ability to collaborate with each other, engage with our clients, and foster the health and wellbeing of our team over the longer term.

Underpinning these trends is a commitment to sustainability, and to building the social capital I spoke of earlier. Banks play a critical role in fostering a sustainable, inclusive economy.

As a lender, we can enable companies to achieve their sustainability ambitions. As an advisor, we can help to connect innovative companies with market opportunities for growth. And as a major employer, we can lead by example through a commitment to sustainability, diversity, equity and inclusion.

On this measure, we've either established or furthered targets for hiring and advancement for visible minorities, including the Indigenous and Black communities. We're committed to the advancement of women in our bank. And we've taken a clear stand against racism in all its forms through numerous activities, including our involvement with the BlackNorth initiative.

These efforts are more than a social imperative. They are also an economic imperative, because growth and sustainable performance will only come when an organization leverages human capital to its full potential

and creates an environment where everyone can achieve their ambitions.

In this moment of opportunity, CIBC is very well positioned thanks to the investments we've made in the technology that is shaping our industry, in the relationships that will drive growth for the long term, and in the culture that will enable us to modernize how we work to meet the changing needs of our clients.

I would like to recognize and thank the outgoing Chair of our Board, the Honourable John Manley, for his leadership, wise counsel and humour, as well as for his role in furthering our strategy, and a culture of inclusion at CIBC.

Through John's leadership, our bank navigated a period of significant change in the industry with an eye to the future, investing in long term growth opportunities and always staying focused on what our clients would need from us today and tomorrow.

John is a champion for inclusion, because he understands the value inclusion brings to organizations and to society, and he's long been a tireless advocate for the kind of sustainable growth that is now on the agenda of organizations globally.

John, on behalf of all of our stakeholders I want to thank you for your contributions to CIBC on our Board, and wish you all the best.

I would also like to welcome Kate Stevenson, our incoming Board chair. Kate's leadership capabilities, her forward thinking approach to emerging issues, and

commitment to sustainability is an ideal fit for our bank in this moment of opportunity. I look forward to working with her to further our growth and progress on behalf of our stakeholders.

I'd like to close by emphasizing our team's support for our communities. In a year where many charitable causes faced their own moment of truth, our bank remained steadfast in our support of the organizations and causes that are keeping our community strong. We reimagined key fundraising events like the CIBC Run for the Cure and CIBC Miracle Day as virtual events.

Our team also stepped up through our One for Change campaign, where CIBC matched the contributions made by our team members. In total, our bank contributed \$75 million dollars to community organizations across the US and Canada in 2020.

To everyone on our CIBC Team globally, thank you for everything you've done to bring our clients, our communities, and each other through a year that challenged all of us. Our resilience in this time is a tribute to your efforts.

To everyone across society who continues to play their roles in keeping us safe and well, I extend our sincere gratitude.

To our stakeholders including our shareholders, I want to thank you for your confidence in our bank, and assure you that we are focused on delivering in this *moment of opportunity* for CIBC.

Thank you.