# Building a Strong, Innovative and Relationship-Based Bank

## Q1 2017

March 2017

Banking that fits your life.

# Forward-Looking Statements

From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including in this presentation, in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission and in other communications. All such statements are made pursuant to the "safe harbour" provisions of, and are intended to be forward-looking statements under applicable Canadian and U.S. securities legislation, including the U.S. Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements made about our operations, business lines, financial condition, risk management, priorities, targets, ongoing objectives, strategies and outlook for calendar year 2016 and subsequent periods. Forward-looking statements are typically identified by the words "believe", "expect", "anticipate", "intend", "estimate", "forecast", "target", "objective" and other similar expressions or future or conditional verbs such as "will", "should", "would" and "could". By their nature, these statements require us to make assumptions and are subject to inherent risks and uncertainties that may be general or specific. A variety of factors, many of which are beyond our control, affect our operations, performance and results, and could cause actual results to differ materially from the expectations expressed in any of our forward-looking statements. These factors include: credit, market, liquidity, strategic, insurance, operational, reputation and legal, regulatory and environmental risk; the effectiveness and adequacy of our risk management and valuation models and processes; legislative or regulatory developments in the jurisdictions where we operate, including the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations issued and to be issued thereunder, the U.S. Foreign Account Tax Compliance Act and regulatory reforms in the United Kingdom and Europe, the Basel Committee on Banking Supervision's global standards for capital and liquidity reform, and those relating to the payments system in Canada; amendments to, and interpretations of, risk-based capital guidelines and reporting instructions, and interest rate and liquidity regulatory guidance; the resolution of legal and regulatory proceedings and related matters; the effect of changes to accounting standards, rules and interpretations; changes in our estimates of reserves and allowances; changes in tax laws; changes to our credit ratings; political conditions and developments; the possible effect on our business of international conflicts and the war on terror; natural disasters, public health emergencies, disruptions to public infrastructure and other catastrophic events; reliance on third parties to provide components of our business infrastructure; potential disruptions to our information technology systems and services; increasing cyber security risks which may include theft of assets, unauthorized access to sensitive information, or operational disruption; social media risk; losses incurred as a result of internal or external fraud; anti-money laundering; the accuracy and completeness of information provided to us concerning clients and counterparties; the failure of third parties to comply with their obligations to us and our affiliates or associates; intensifying competition from established competitors and new entrants in the financial services industry including through internet and mobile banking; technological change; global capital market activity; changes in monetary and economic policy; currency value and interest rate fluctuations, including as a result of oil price volatility; general business and economic conditions worldwide, as well as in Canada, the U.S. and other countries where we have operations, including increasing Canadian household debt levels and Europe's sovereign debt crisis; our success in developing and introducing new products and services, expanding existing distribution channels, developing new distribution channels and realizing increased revenue from these channels; changes in client spending and saving habits; our ability to attract and retain key employees and executives; our ability to successfully execute our strategies and complete and integrate acquisitions and joint ventures; and our ability to anticipate and manage the risks associated with these factors. This list is not exhaustive of the factors that may affect any of our forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on our forward-looking statements. Any forward-looking statements contained in this presentation represent the views of management only as of the date hereof and are presented for the purpose of assisting our shareholders and financial analysts in understanding our financial position, objectives and priorities and anticipated financial performance as at and for the periods ended on the dates presented, and may not be appropriate for other purposes. We do not undertake to update any forward-looking statement that is contained in this presentation or in other communications except as required by law.

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Visit the Investor Relations section at www.cibc.com

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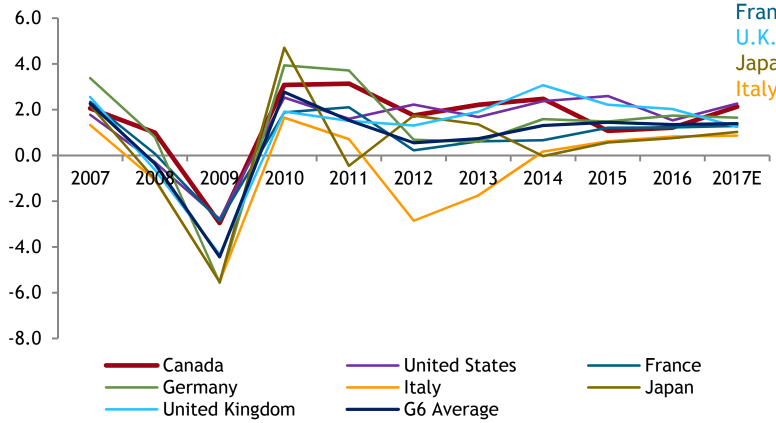
# Contents

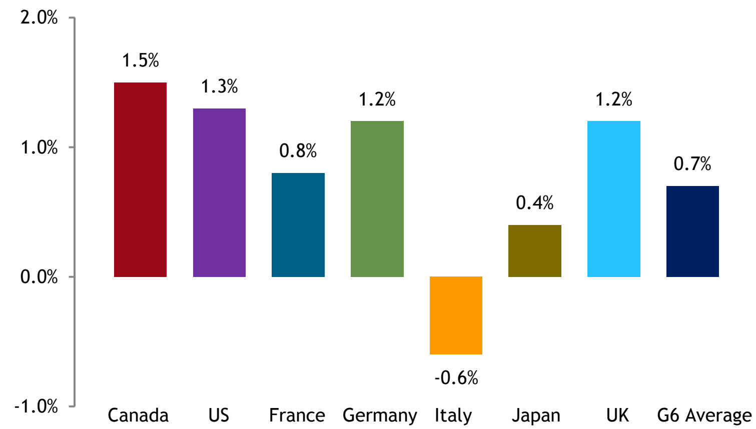
# Canadian Economy vs. G6 Countries

## GDP Growth (%)[1]

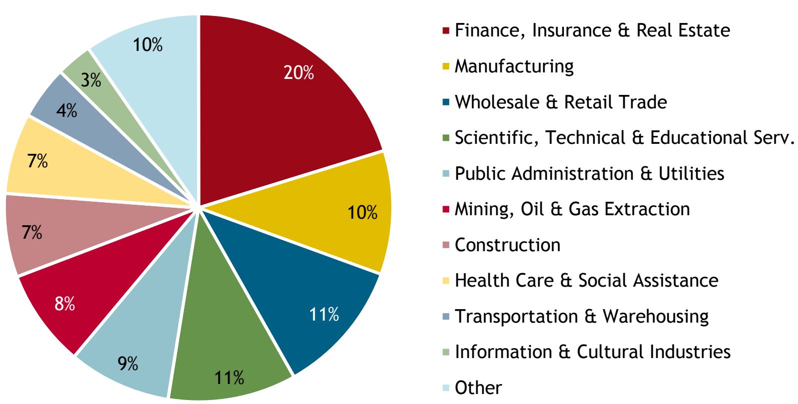
| FY2017E[3] | |
|---|---|
| U.S. | 2.3 |
| Canada | 2.1 |
| Germany | 1.7 |
| **G6 Avg.** | **1.4** |
| France | 1.3 |
| U.K. | 1.2 |
| Japan | 1.0 |
| Italy | 0.9 |




## 10-Year Average GDP Growth Rate[1]

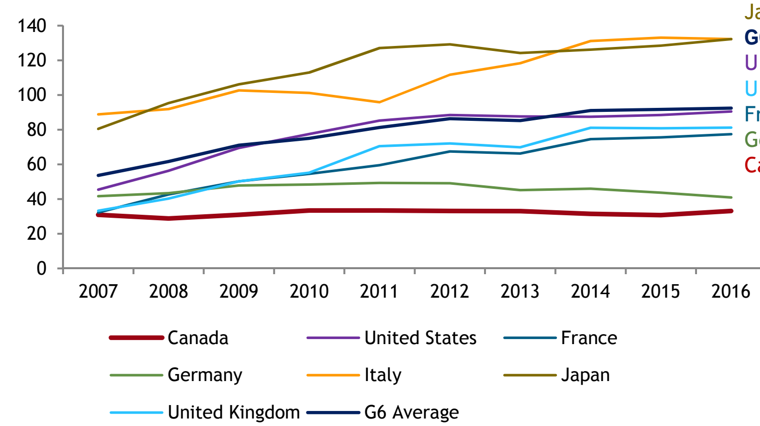



## 2016 Canadian GDP by Industry[2]




## Government Net Debt to GDP[1]

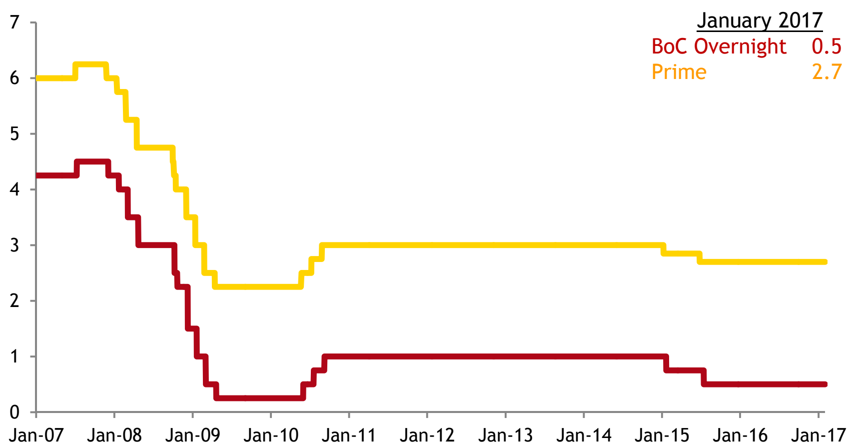
| 2016 | |
|---|---|
| Italy | 132.3 |
| Japan | 132.3 |
| **G6 Avg.** | **92.4** |
| U.S. | 90.6 |
| U.K. | 81.2 |
| France | 77.4 |
| Germany | 40.9 |
| Canada | 33.1 |



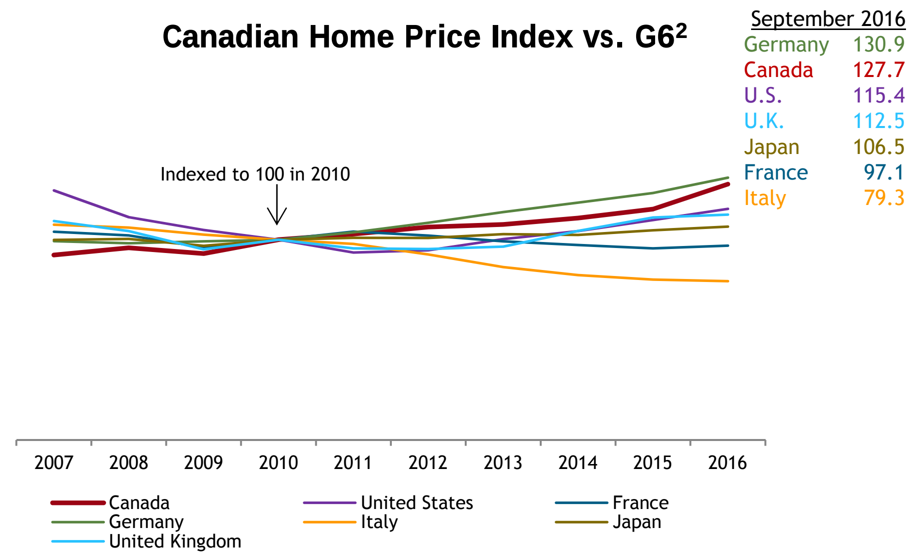

(1) Source: OECD.Stat
(2) Source: StatsCan
(3) Source of FY2017 Estimates for GDP Growth: "OECD Economic Outlook No. 100 (Edition 2016/2)" as of November 2016

# Canadian Housing Market and Consumer Debt

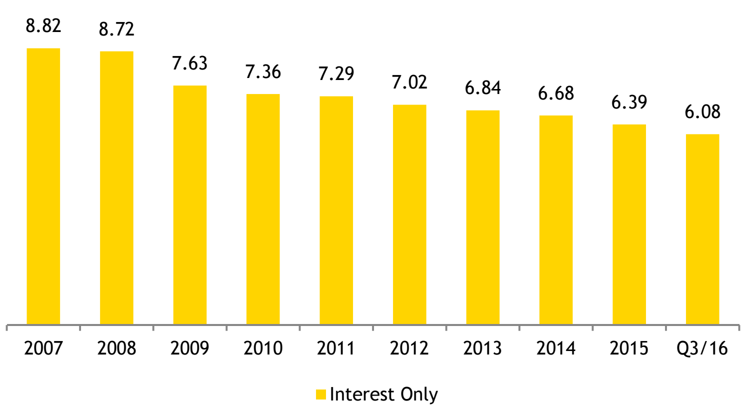
## Bank of Canada Overnight & Prime Rate (%)[1]



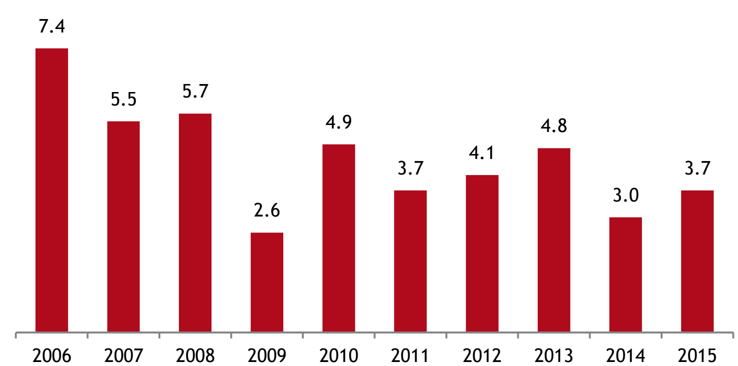

## Canadian Home Price Index vs. G6[2]




## Debt Service Ratio (Interest only)[3,4] (%)




## YoY Change in Household Equity (%)[4]

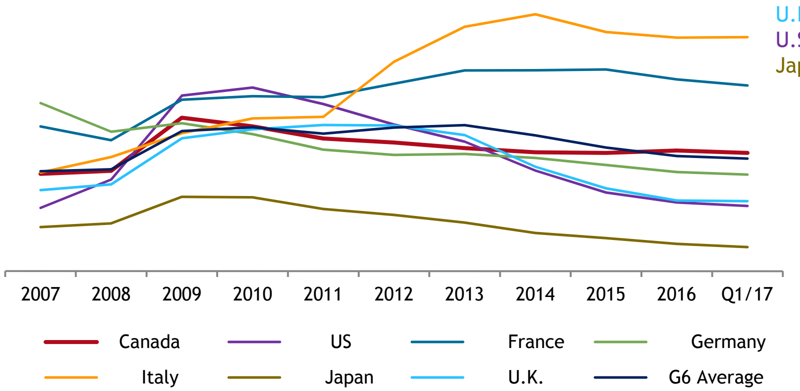



(1) Source: Bloomberg
(2) Source: OECD.Stat; Data not available for F2016
(3) Debt Service Ratio = disposable income/debt service cost
(4) Source: StatsCan; Data not available for F2016

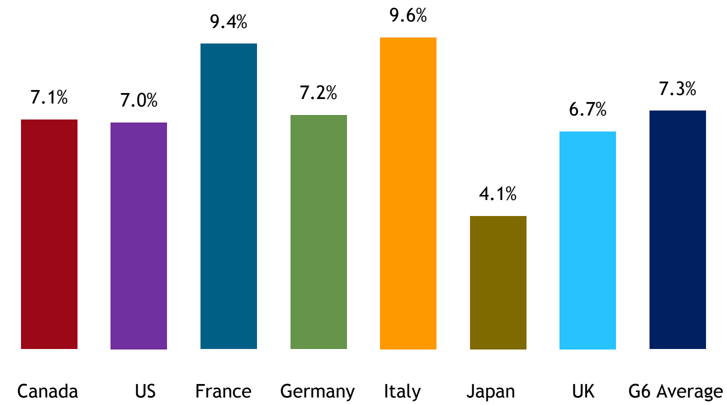
# Canadian Labour Market vs. G6 Countries

## Unemployment Rate[1] (%)

| January 2017 | |
|---|---|
| Italy | 11.7 |
| France | 9.7 |
| Canada | 6.9 |
| **G6 Avg.** | **6.7** |
| Germany | 6.0 |
| U.K. | 4.9 |
| U.S. | 4.7 |
| Japan | 3.0 |

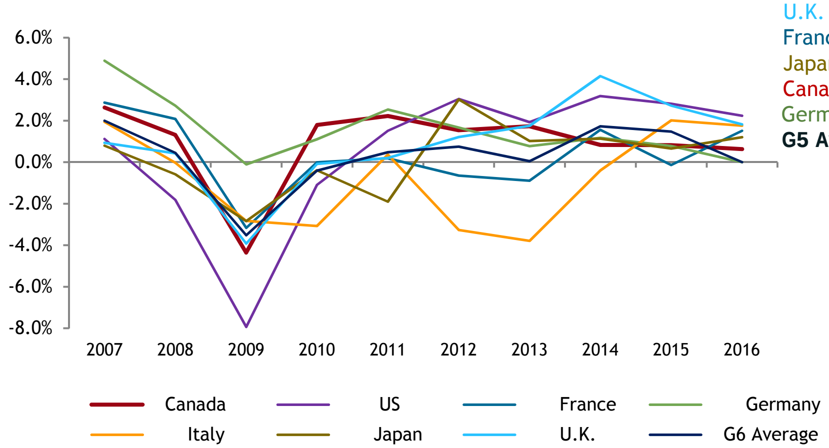



## 10-Year Average Unemployment Rate[1] (%)

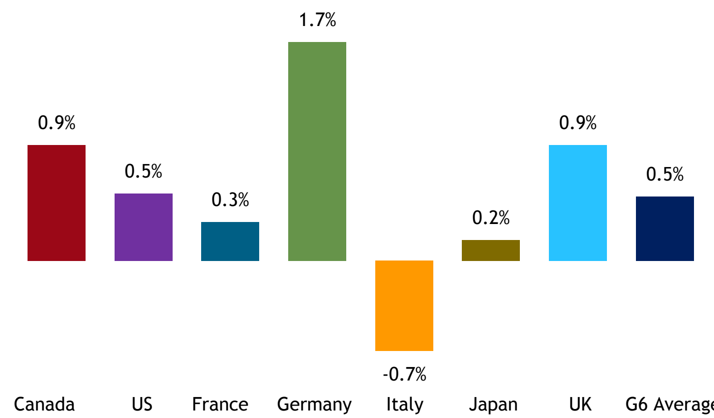



## Net Job Growth[1] (%)

| December 2016 | |
|---|---|
| U.S. | 2.2 |
| Italy | 1.8 |
| U.K. | 1.8 |
| France | 1.5 |
| Japan | 1.2 |
| Canada | 0.6 |
| Germany | N/A |
| **G5 Avg.** | **1.7** |




## 10-Year Average Net Job Growth[1] (%)



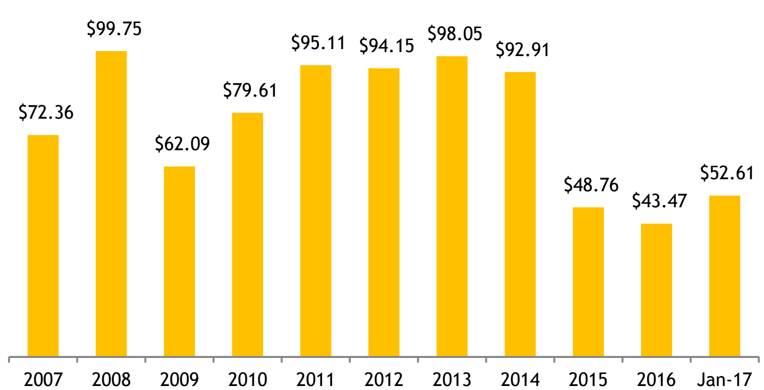

1) Source: Bloomberg

# Canadian vs. US Mortgage Market

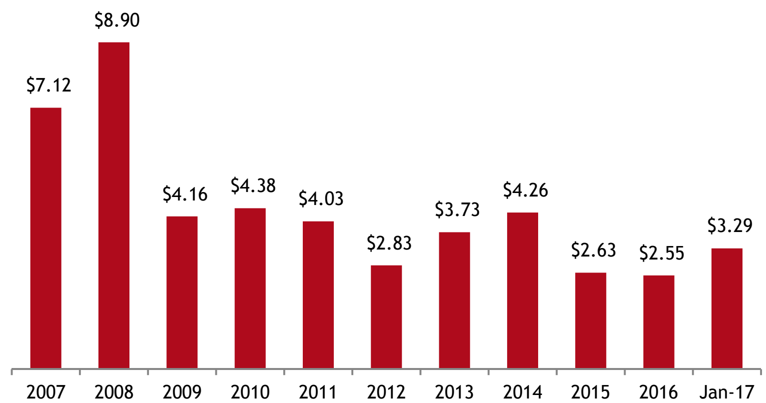
| | Canada | United States |
|---|---|---|
| **Product** | ■ Conservative product offerings – generally consist of fixed or variable rate option<br>■ Borrowers qualify based on qualifying posted mortgage rate | ■ More exotic offerings (e.g. ARMs, IOs) and a greater proportion of mortgages are variable or adjustable rate<br>■ Borrowers were often qualified using teaser rates |
| **Underwriting** | ■ Prepayment penalties are common<br>■ Terms usually 5 years or less, renewable at maturity - allows reassessment of credit<br>■ Amortization usually 25 years, but can be up to 30 years<br>■ Mortgage insurance mandatory if LTV over 80%. Insurance covers full amount | ■ Mortgages can be prepaid without penalty<br>■ 30 year term most common<br>■ Amortizations usually 30 years, but can be up to 50 years<br>■ Mortgage insurance often used to cover portion of LTV over 80% |
| **Regulation and Taxation** | ■ Interest is generally not tax deductible, so there is an incentive to take on less mortgage debt<br>■ Lenders have recourse to both the borrower and the property in most provinces<br>■ Effective Aug. 2/16: BC imposed a 15% tax on foreign buyers of residential property in the Greater Vancouver regional district. In addition, the BC government amended the Vancouver Charter to allow the city to implement a tax on vacant homes.<br>■ October 2016: A stress test used for approving high-ratio mortgages will be applied to all new insured mortgages. Home buyers need to qualify for a loan at the negotiated rate in the mortgage contract, but also at BoC's five-year fixed posted mortgage rate. | ■ Interest is tax deductible, creating an incentive to take on more mortgage debt<br>■ Lenders have limited recourse in most jurisdictions |

# Energy Prices and Canadian Dollar

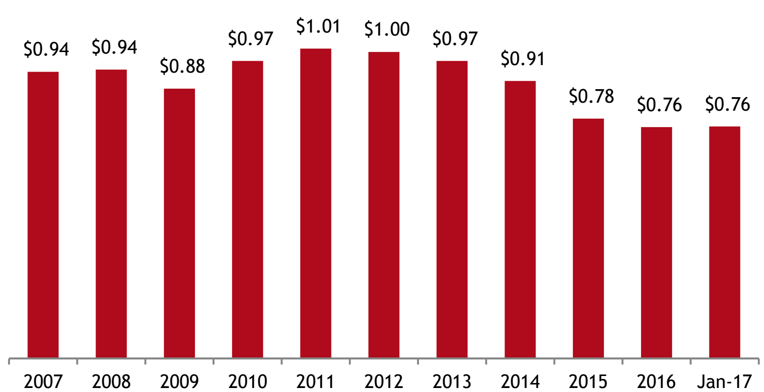
## Average Oil Price – WTI[1] (US$)



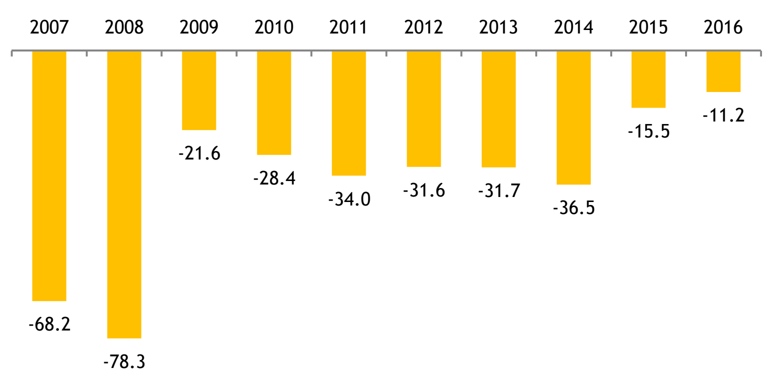

## Average Natural Gas Price[1] (US$)




## Average C$/US$[1]




## US-Canada Trade Balance[2] (US$B)




(1) Source: Bloomberg
(2) Negative value reflect greater imports of Canadian goods into the US than export of US goods

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# Pending and Proposed Regulatory Changes

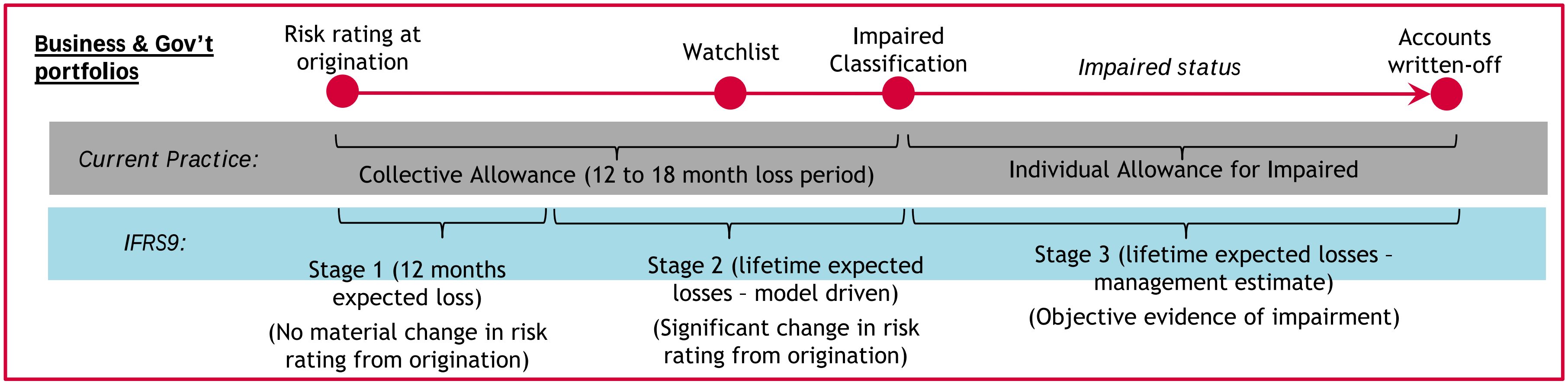
| | | |
|---|---|---|
| **Capital Requirements** | **Risk-Based Capital Ratios** | ▪ The Basel Committee continues to finalize a number of changes to the capital framework including a comprehensive review of all risk categories (i.e. credit, market, and operational risk). Major changes include:<br>▪ Complete rehaul of market risk and counterparty credit risk framework;<br>▪ Removal of advanced operational model AMA and introduction of a new standardized measurement approach (in consultation);<br>▪ A new Standardized Approach for credit risk (in consultation);<br>▪ A new framework for modelling constraints for credit risk (in consultation);<br>▪ Potential capital "output" floor based on the Standardized Approach to replace the existing Basel I Capital Floor<br>▪ Proposed revisions to leverage ratio includes higher credit conversion factors for off-balance sheet exposures and higher minimum requirement for G-SIBs |
| **Liquidity Requirements** | **Liquidity Coverage Ratio (LCR)** | ▪ Canadian banks became LCR compliant January 2015<br>▪ US Banks with <US$50B in assets do not have to be LCR compliant |
| | **Net Stable Funding Ratio (Proposed)** | ▪ Intent is to ensure an appropriate funding structure in relation to the degree of the institution's asset illiquidity, as a way of properly mitigating funding risk in banks.<br>▪ Final Basel Committee on Banking Supervision (BCBS) rules released October 2014. OSFI consultative document released January 2014.<br>▪ OSFI draft NSFR industry consultation was initiated in August 2016 and final rules expected in March 2017.<br>▪ Effective January 2018 – disclosed via MD&A. Minimum NSFR ≥100% |
| **Other** | **Total Loss Absorbing Capacity (TLAC) (Proposed)** | ▪ Requirement for too-big-to-fail banks to have loss-absorbing liabilities (e.g. wholesale funding)<br>▪ Canadian Bail-in proposal 2014; Legislation expected in 2017<br>▪ Financial Stability Board November 2015. Effective 2019 for most G-SIBs |

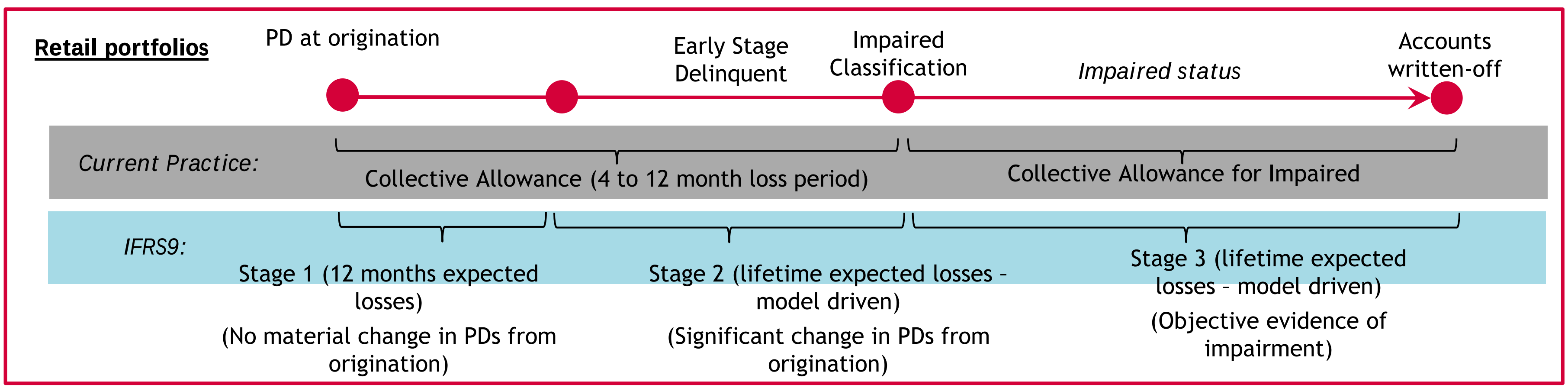
# IFRS 9 – Expected Credit Losses (ECL)

- IFRS9 ECL requires banks to switch their allowance methodology from an incurred loss model to an expected credit loss model.
- The mandatory date is fiscal 2019, but OSFI requires all large Canadian banks to apply this new methodology one year earlier
- In the IFRS9 ECL approach, each credit portfolio is segmented into three stages, of which each stage represents a different level of relative credit risk and requires different levels of coverage:
  - **Stage 1** – Credit quality at initial recognition
  - This stage includes mainly new and good performing accounts – allowance for 12-months of expected credit losses
  - **Stage 2** – Accounts for which credit risk has increased significantly since initial recognition
  - This stage includes mainly accounts whose credit quality (e.g., Beacon, probability of default or risk rating) has deteriorated since origination (e.g. delinquent accounts or accounts on watch list or accounts that have experienced a significant drop in the risk rating, credit score, or probability of default) - allowance for lifetime expected credit losses (model driven)
  - **Stage 3** – Accounts for which there is objective evidence of impairment
  - This stages includes impaired accounts – allowance for lifetime expected credit losses (individual account driven)
- In the allowance calculation for each of the stages above, banks are required to incorporate forward looking information and macro-economic factors
- In the U.S., banks generally report under U.S. GAAP and will not transition to IFRS9. Instead, the U.S. banks (that report under U.S. GAAP) are expected to transition to a different expected loss model in which all loans are essentially treated as stage 2 / stage 3 (i.e. life time expected losses). However, the U.S. GAAP transition date is expected to be after the IFRS9 ECL date

# IFRS 9 Expected Credit Loss Methodology

- IFRS 9 requires the use of an expected credit loss model based on (i) credit migration between 3 stages that each have their own allowance requirements and (ii) the reflection of forward looking information in 3 probability weighted scenarios (downside, base & upside) in all of the allowances
- The charts below contrast the existing and future allowance rules for **business and government loans and Retail loans**



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# Our Strategy - Driving Sustainable Profitable Growth

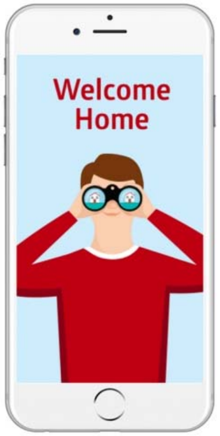

## Building a Strong, Innovative, Relationship-Oriented Bank

# Client Focus

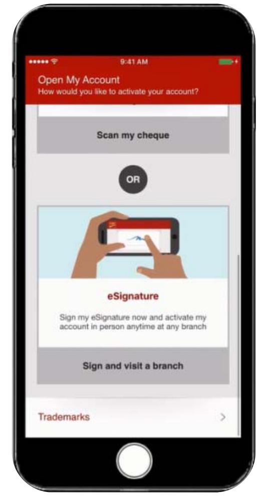
**Our Goal** — **#1 in client satisfaction**

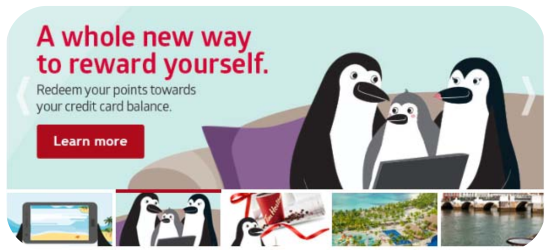
| **JD Power**<br>**Customer Satisfaction Survey** | | **Ipsos**<br>**Net Promoter Score (NPS)** | |
|---|---|---|---|
| **2012 - 2016:** | | **2012 - 2016:** | |
| **Survey results:** | CIBC: +32 points<br>Avg. of peers: +9 points | **Survey results:** | CIBC: +3.0 points<br>Avg. of peers: -4.4 points |
| **CIBC Ranking:** | from #5 to #4 | **CIBC Ranking:** | maintained #5 |
| **Gap to #1:** | 11 points | **Gap to #1:** | 18 points |

# Innovation






pay

Pay

SAMSUNG pay

Borrowell

Thinking Capital

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CIBC

# Simplification

| | |
|---|---|
| Digitization | Process Simplification |
| Data | Demand Management |
| Workforce | Suppliers |

**2019 Efficiency Ratio Target: 55%[1]**

**FY16:** 58%[1]

(160 bps[1] YoY improvement)

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(1) Adjusted to exclude items of note.

# Retail & Business Banking


## Key Strategic Initiatives

- Enhancing the client experience
- Accelerating profitable revenue growth

# Wealth Management


## Key Strategic Initiatives

- Enhance client experience
- Drive asset growth
- Simplify and optimize business platform

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# Capital Markets

CLIENT FOCUS

INNOVATION

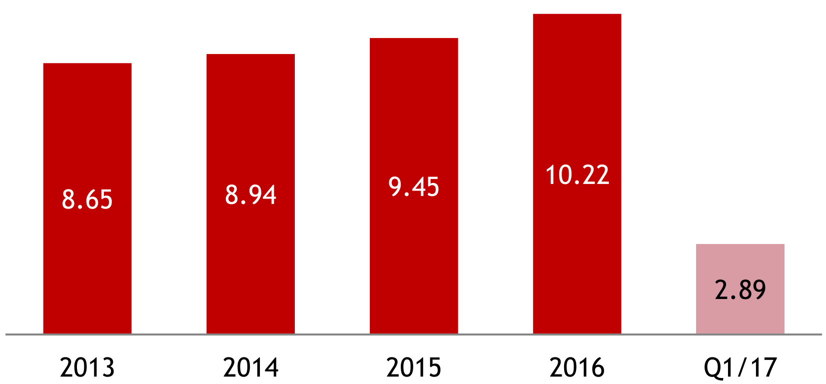
SIMPLIFICATION

## Key Strategic Initiatives

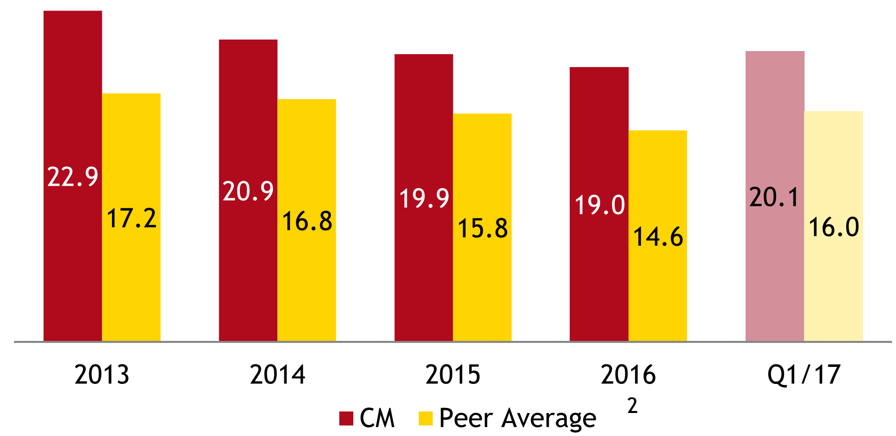
- Strengthen & expand leadership positions in Canada
- Build a North American platform & expand coverage in key sectors globally
- Deliver innovation to clients across CIBC

# Key Financial Metrics

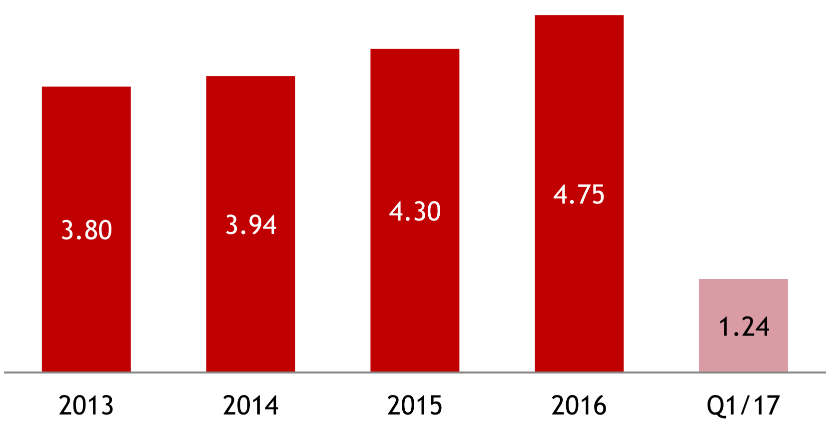
## Adjusted Earnings / Share[1] (C$)



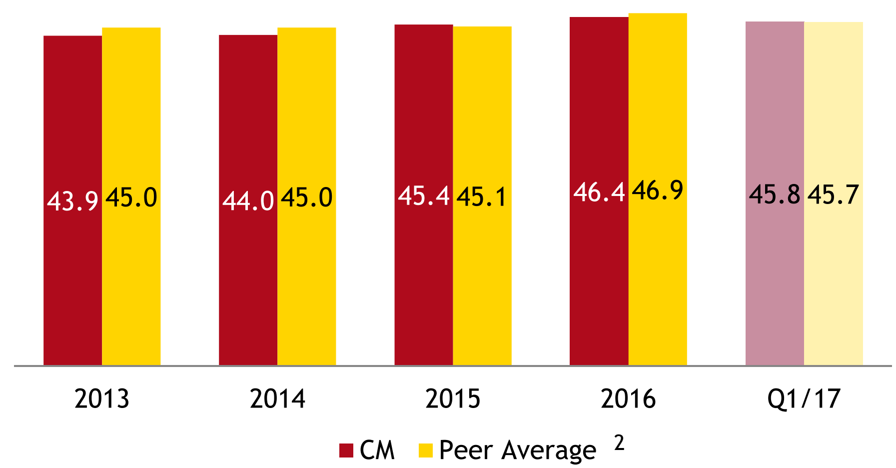

## Adjusted Return on Equity[1] (%)




## Dividend / Share[1] (C$)

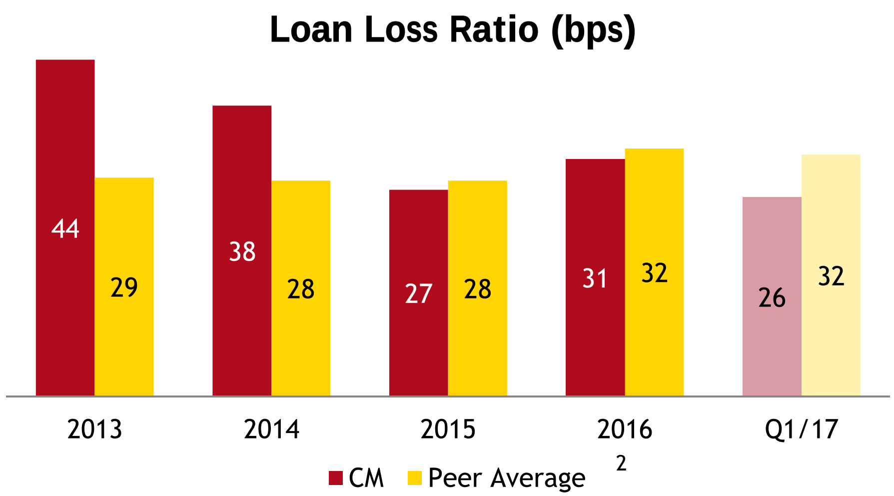


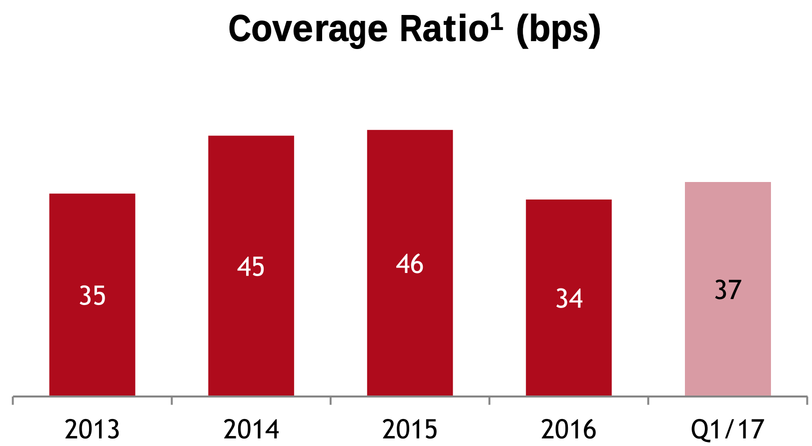

## Adjusted Dividend Payout Ratio[1] (%)

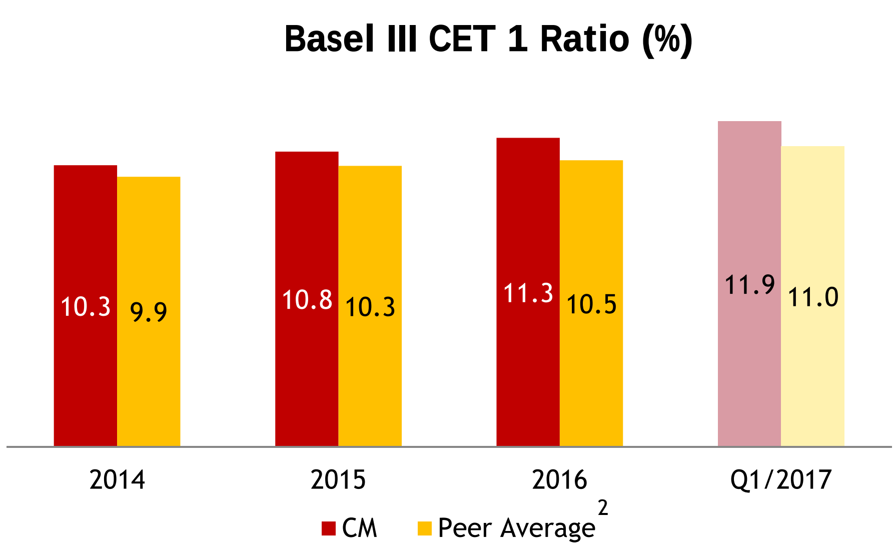


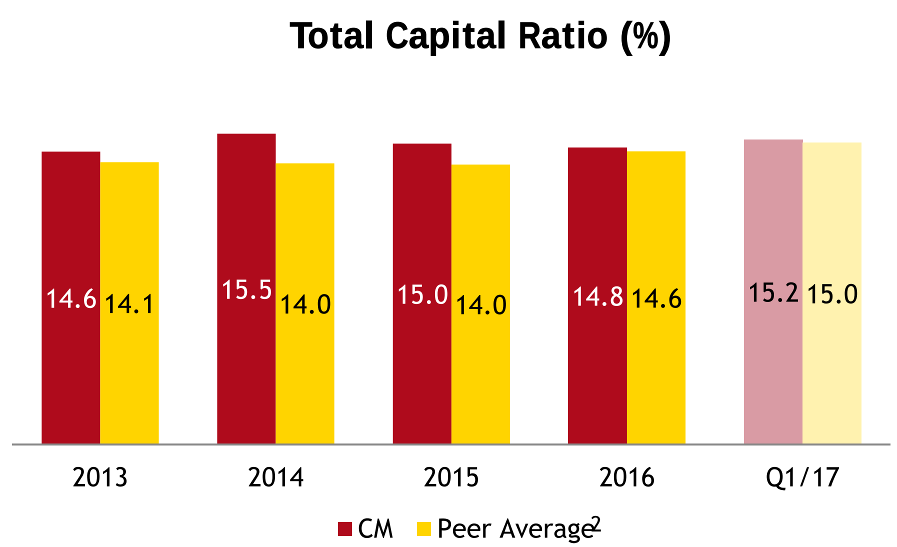

(1) Adjusted results are considered Non-GAAP measures which exclude items of note as referenced in our Q1/17 SFI.
(2) Peer Average includes RBC, TD, BNS, BMO and NA.

# Credit & Capital




(1) Coverage Ratio = allowance for credit losses to Gross Impaired Loans and acceptances
(2) Peer Average includes RBC, TD, BNS, BMO and NA.

# Balanced Capital Deployment

## Organic Growth

- High priority
- Focused on operational investment
- Deeper client relationships

## Acquisitions

- Selective acquisitions to support strategic priorities
- Consistent with defined risk appetite

## Return to Shareholders

- Dividend growth with payout ratio target of ~50%
- Opportunistic share buybacks

**Strong Capital Generation → flexibility**

# PrivateBancorp Acquisition

| | |
|---|---|
| **Announced** | ▪ June 29, 2016: CIBC announced that it had entered into definitive agreement to acquire PrivateBancorp, Inc. (NASDAQ: PVTB) and its subsidiary, The PrivateBank. |
| **PrivateBancorp** | ▪ PrivateBancorp is a high-quality, Chicago-based middle market commercial bank with private banking and wealth management capabilities. |
| **Consideration** | ▪ CIBC will pay US$18.80 in cash and 0.3657 of a CIBC common share for each share of PrivateBancorp common stock.<br>▪ Based on the March 3, 2017 closing price of CIBC's common shares on the NYSE of US$89.14, the total transaction value is approximately US$51.40 per share of PVTB. |
| **Closing** | ▪ Subject to customary closing conditions, including regulatory approvals and the approval of PrivateBancorp's common shareholders at a Special Meeting to be held on or about May 4, 2017. |

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