# Building a Strong Client-Focused Franchise

## Investor Presentation

March 2019

Banking that fits your life.

# Forward-Looking Statements

**A NOTE ABOUT 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, speeches, filings with Canadian securities regulators or the SEC 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 in the ''Core business performance'', ''Strong fundamentals'', and ''Making a difference in our Communities'' sections of the news release, and the Management's Discussion and Analysis in our 2018 Annual Report under the heading ''Financial performance overview -- Outlook for calendar year 2019'' and other statements about our operations, business lines, financial condition, risk management, priorities, targets, ongoing objectives, strategies, the regulatory environment in which we operate and outlook for calendar year 2019 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, including the economic assumptions set out in the ''Financial performance overview -- Outlook for calendar year 2019'' section of our 2018 Annual Report, as updated by quarterly reports, 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 Organisation for Economic Co-operation and Development Common Reporting Standard, 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 bank recapitalization legislation and 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, including changes relating to economic or trade matters; the possible effect on our business of international conflicts and terrorism; 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 market and 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 global credit risks; 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; the risk that expected synergies and benefits of the acquisition of PrivateBancorp, Inc. will not be realized within the expected time frame or at all; 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 report 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.**

# CIBC Strategy and Performance Update

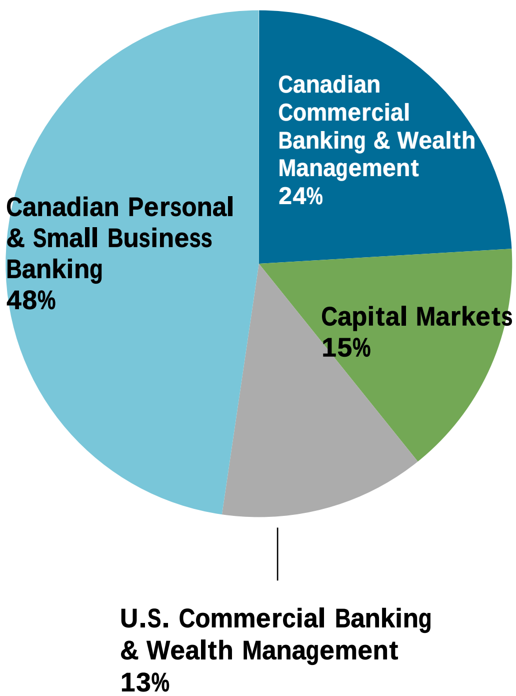
# CIBC Snapshot

**CIBC (CM: TSX, NYSE)** is a leading North American financial institution. Through our four strategic business units – Canadian Personal and Small Business Banking, Canadian Commercial Banking and Wealth Management, U.S. Commercial Banking and Wealth Management, and Capital Markets - our 44,000 employees provide a full range of financial products and services to 10 million personal banking, business, public sector and institutional clients in Canada, the U.S. and around the world.

## As at, or for the period ended, January 31, 2019:

| | | |
|---|---|---|
| **Our Stock** | Market Cap | $49.4 billion |
| | Dividend Yield | 4.8% |
| | Adjusted ROE[1] | 16.0% |
| | Five-Year TSR | 61.7% |
| **Our Company** | Clients | ~10 million |
| | Banking Centres | 1,045 |
| | Employees | 43,815 |
| | Total Assets | $614.6 billion |
| **Our Credit Rating[3]** | Moody's | Aa2, Stable |
| | S&P | A+, Stable |
| | Fitch | AA-, Stable |
| | DBRS | AA, Stable |

## YTD 2019 Adjusted Net Income by SBU[1,2]




(1) Adjusted results are non-GAAP measures. See the non-GAAP section of CIBC's Q1 2019 Report to Shareholders.
(2) Excludes the Corporate & Other segment.
(3) Long-term senior debt ratings.

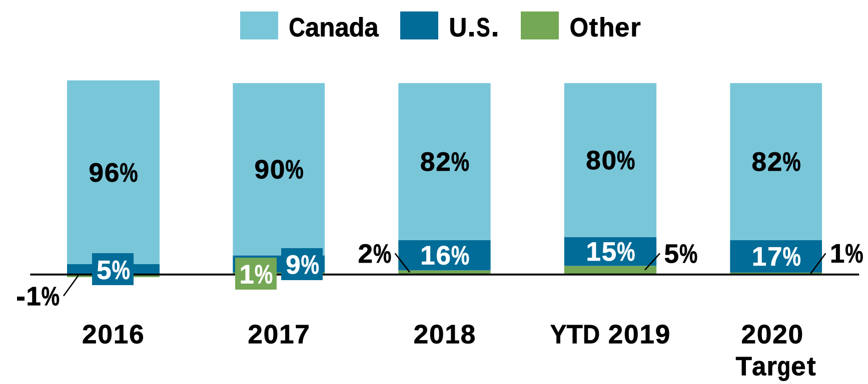
# Building a relationship-oriented franchise… for a modern world

## Strong Client-Focused Culture

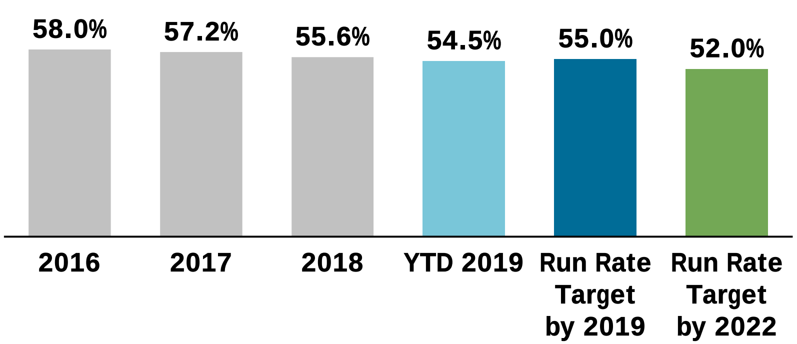
Clarabridge North American Diamond Award in 2017

Highest overall score[1] in mobile banking functionality and usability for 4th consecutive year in 2017

## Diversified Earnings Growth[2]




## Optimized Operational Efficiency[2]




## Disciplined Capital Deployment

**CET1 Capital Ratio comfort zone: approximately 11%**

Excess capital deployed in areas to generate the greatest shareholder value:

- Invest in organic growth
- Grow dividends in-line with earnings
- Judicious exercise of Normal Course Issuer Buyback program
- Inorganic growth

(1) CIBC's score is relative to Canada's Big 5 banks.
(2) Adjusted to exclude items of note. See the non-GAAP section of CIBC's Q1 2019 Report to Shareholders.

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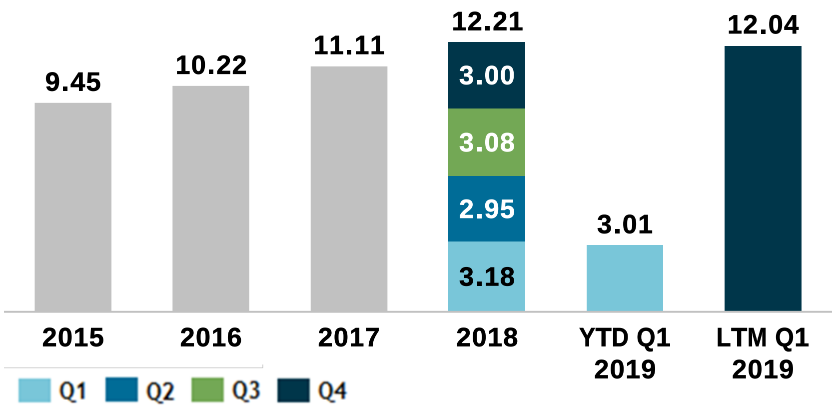
# Strong and Consistent Returns to Shareholders

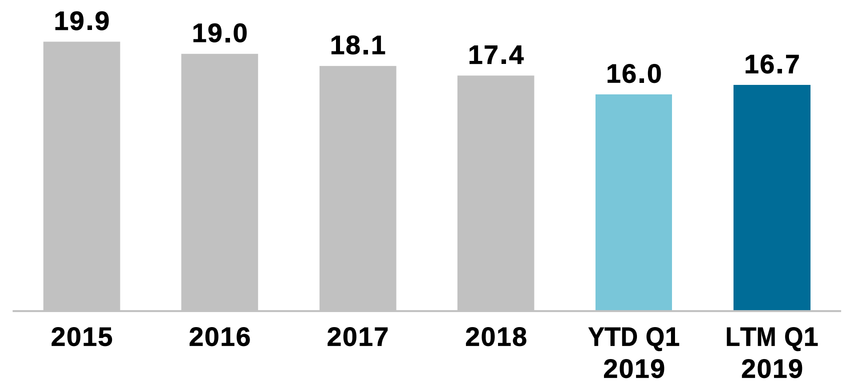
## Adjusted Diluted Earnings Per Share[1]

*(C$)*



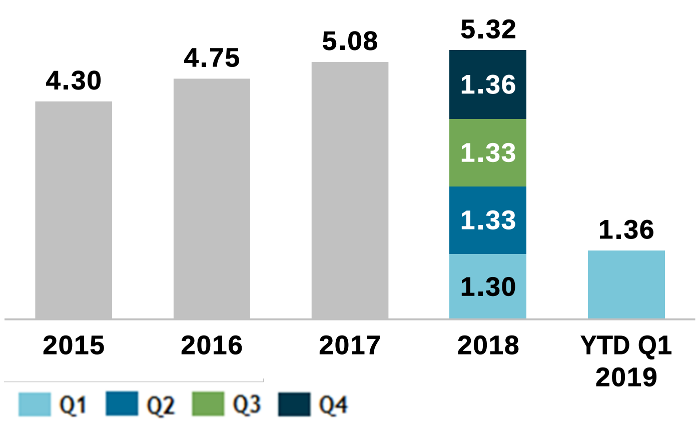

## Adjusted Return on Equity[1]

*(%)*



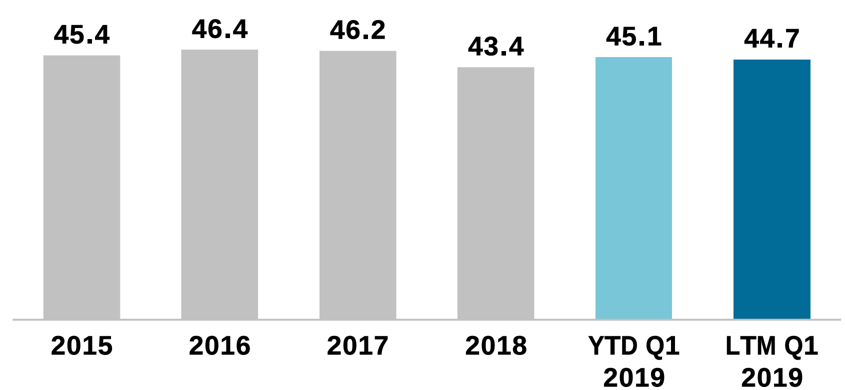

## Dividends Per Share

*(C$)*




## Adjusted Dividend Payout Ratio[1,2]

*(%)*

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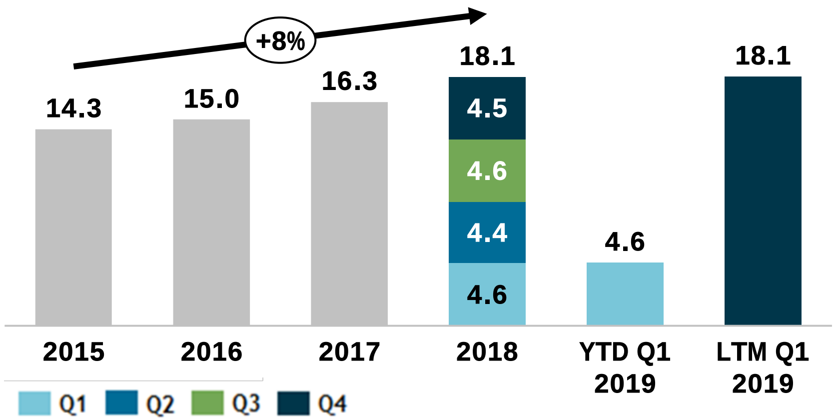
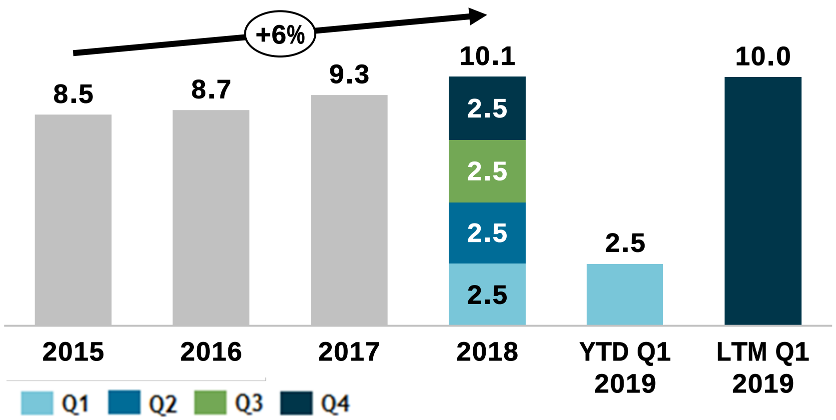
(1) Adjusted results are non-GAAP measures. See the non-GAAP section of CIBC's Q1 2019 Report to Shareholders.
(2) Common dividends paid as a percentage of net income after preferred dividends and premium on preferred share redemptions.

# Profitable Revenue Growth with Expense Discipline

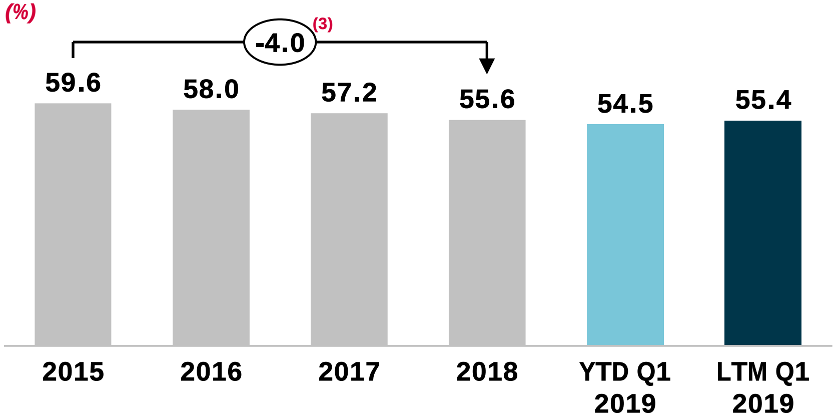
## Adjusted Revenue (TEB)[1,2]
*(C$ billions)*



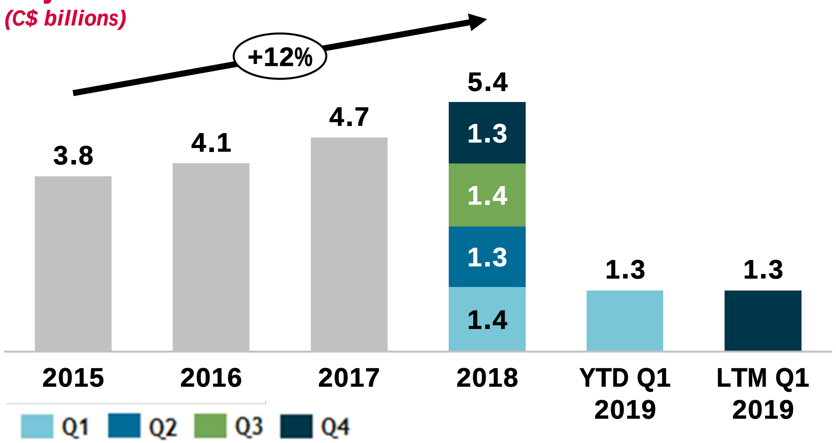

## Adjusted Non-Interest Expenses[1]
*(C$ billions)*




## Adjusted Efficiency Ratio (TEB)[1,2]
*(%)*



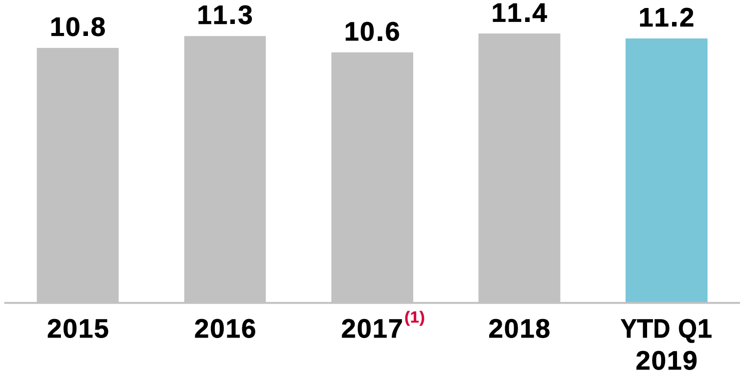

## Adjusted Net Income[1]
*(C$ billions)*



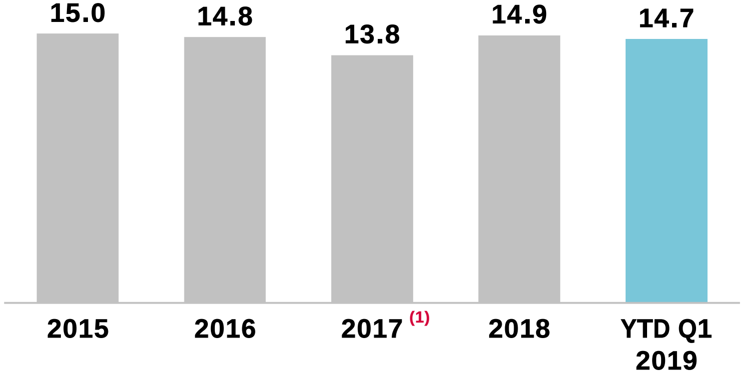

(1) Adjusted results are non-GAAP measures. See the non-GAAP section of CIBC's Q1 2019 Report to Shareholders.
(2) TEB = Taxable Equivalent Basis - a non-GAAP financial measure representing the gross up of tax-exempt revenue on certain securities to an equivalent before-tax basis to facilitate comparison of net interest income from both taxable and tax-exempt sources.
(3) 2015 to 2018 variance.

# Commitment to Balance Sheet Strength

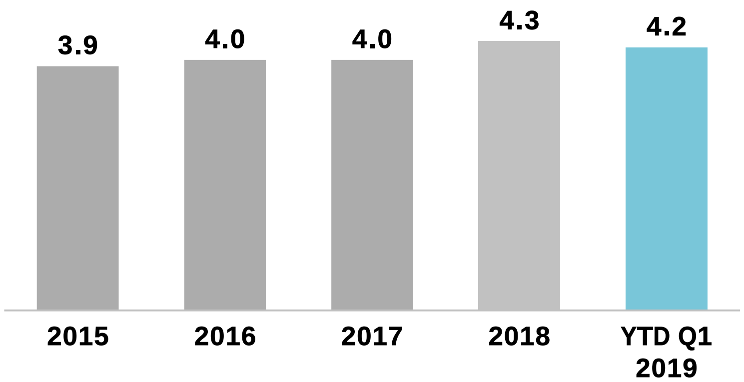
## Basel III CET1 Ratio
*(%)*



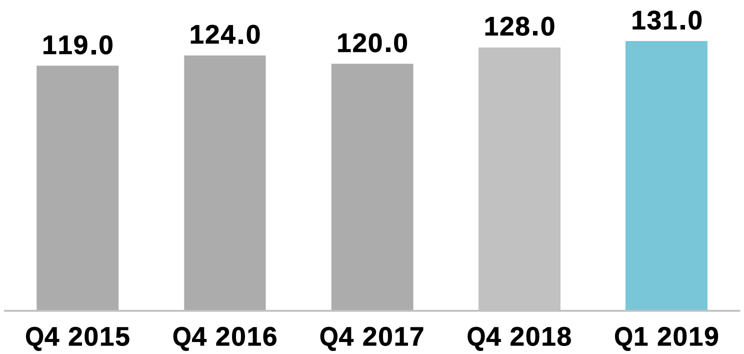

## Basel III Total Capital Ratio
*(%)*




## Basel III Leverage Ratio[2]
*(%)*




## Liquidity Coverage Ratio[2]
*(%)*

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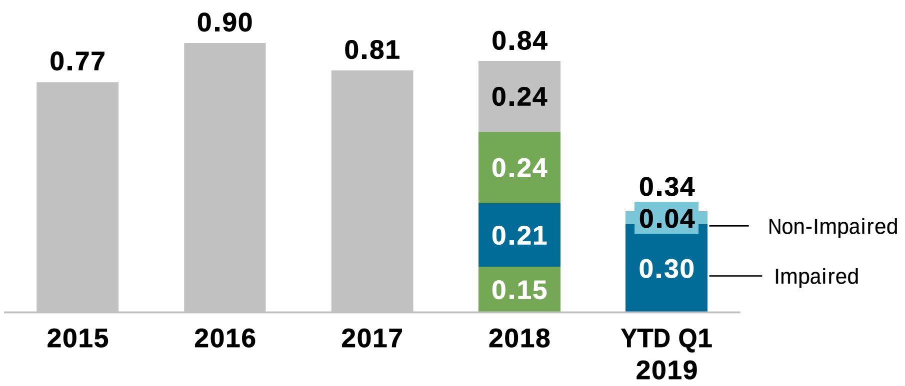
(1) On June 23, 2017, CIBC completed the acquisition of PrivateBancorp, Inc. and its subsidiary, The PrivateBank and Trust Company.
(2) Public disclosure of the Basel III Leverage Ratio and the Liquidity Coverage Ratio was required effective January 1, 2015.

# Good Credit Performance

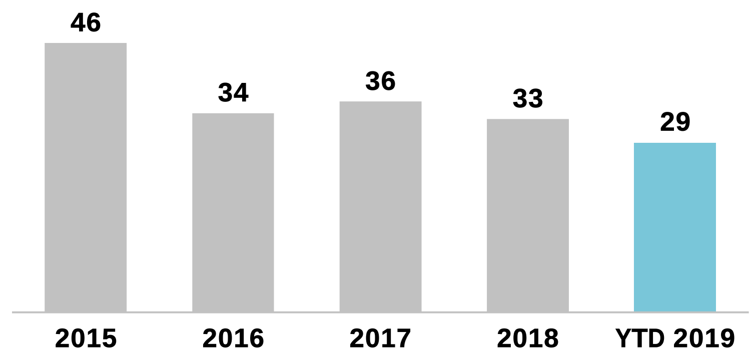
## Adjusted Provision for Credit Losses[1,2]

*(C$ billions)*



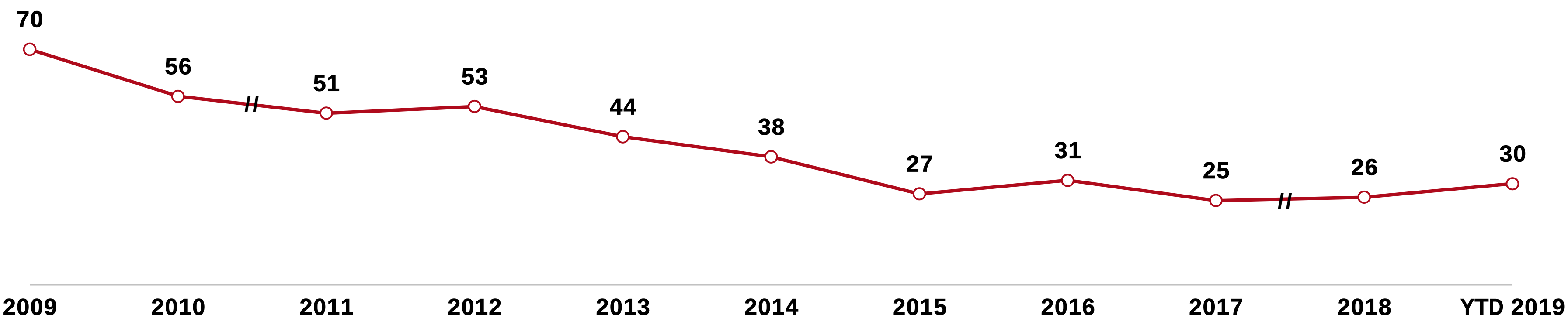

## Coverage Ratio[3]

*(%)*




## Loan Loss Ratio[2]

*(bps)*




*Global financial crisis*

*Oil & gas crisis*

(1) Adjusted results are non-GAAP measures. See the non-GAAP section of CIBC's Q1 2019 Report to Shareholders.
(2) Fiscal years prior to 2011 are under Canadian GAAP. Fiscal years 2011 to 2017 are under IAS 39. Effective November 1, 2017, we adopted IFRS 9.
(3) Allowance for Credit Losses divided by Gross Impaired Loans and Acceptances.

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# Our Strategy Drives Organic Growth and Shareholder Value

| Financial Measure | Medium-Term Target | 2018 Results Reported | 2018 Results Adjusted[1] |
|---|---|---|---|
| Diluted Earnings Per Share Growth | 5%-10% on average, annually | 4% | 10% |
| Return on Common Shareholders' Equity | 15%+ | 16.6% | 17.4% |
| Efficiency Ratio | 55% run rate by 2019<br>52% run rate by 2022 | 57.5% | 55.6% |
| Basel III CET1 Ratio | Strong buffer to regulatory minimum | 11.4% | |
| Dividend Payout Ratio | 40%-50% | 45.5% | 43.4% |
| Total Shareholder Return<br>*(rolling five-year period)* | Exceed the industry average[2]<br>*(62.0% as of October 31, 2018)* | 60.6% | |

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(1) Adjusted results are non-GAAP measures. See the non-GAAP section of CIBC's Q1 2019 Report to Shareholders
(2) Defined as the S&P/TSX Composite Banks Index.

# Strategic Business Units

# Canadian Personal and Small Business Banking

## Our business strategy

Our goal is to build a modern consumer and small business relationship bank.

## Strategic Priorities

- Winning at relationships through deeper needs-based conversations including more financial planning;
- Delivering market-leading solutions that offer clients great value and benefits, are easy to use and provide a more focused product line; and
- Being easy to bank with by implementing meaningful process enhancements and helping clients experience the ease of managing their day-to-day banking.

## Medium Term Targets

| Earnings Growth[1] over 3 years | Efficiency Ratio[1] | Competitive Positioning |
|---|---|---|
| 5% - 7% CAGR | <49% run-rate in F2022 | Above market volume growth |

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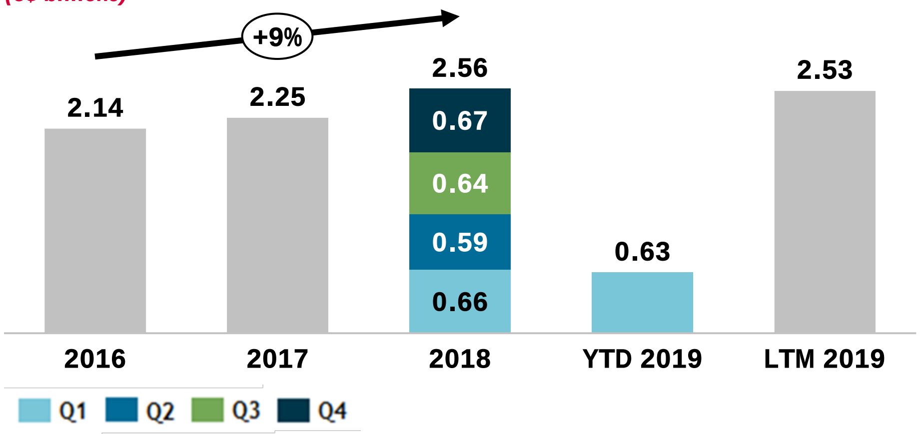
(1) Non-GAAP measure adjusted for items of note. See the non-GAAP section of CIBC's Q1 2019 Report to Shareholders.

# Canadian Personal and Small Business Banking

## Financial Highlights[1]

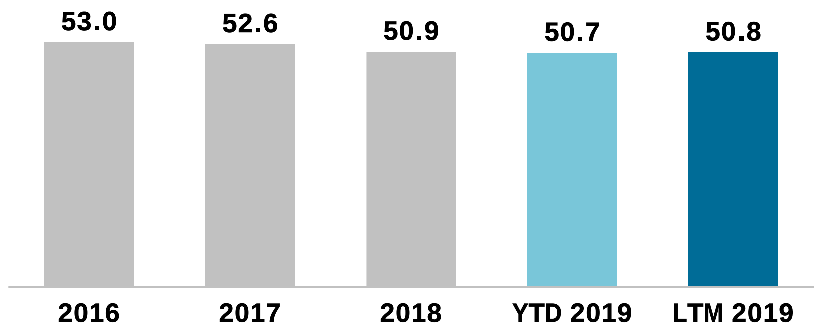
### Adjusted Net Income[2]

*(C$ billions)*



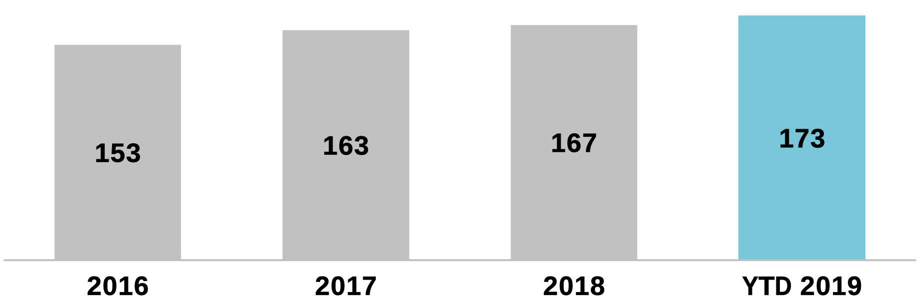

### Adjusted Efficiency Ratio[2]

*(%)*



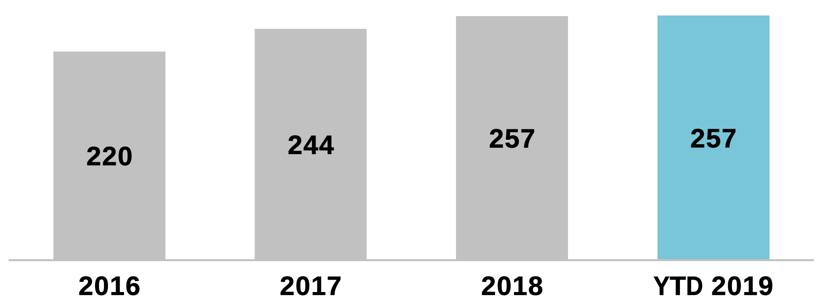

### Deposits

*(C$ billions)*




### Average Loans & Acceptances

*(C$ billions)*




(1) On June 20, 2017, we announced changes to CIBC's leadership team and organizational structure to further accelerate our transformation. As a result of these changes, we have a new reporting structure and prior period amounts up to 2015 were reclassified accordingly.
(2) Adjusted results are non-GAAP measures. See the non-GAAP section of CIBC's Q1 2019 Report to Shareholders.

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# Canadian Commercial Banking and Wealth Management

## Our business strategy

We are focused on building and enhancing client relationships, being Canada's leader in financial advice and generating long-term consistent growth.

## Strategic Priorities

- Scaling our Commercial Banking model
- Deepening client relationships across our bank
- Increasing agility & efficiency in Wealth Management

## Medium Term Targets

| Earnings Growth[1] over 3 years | Efficiency Ratio[1] | Loan and Deposit Growth |
|---|---|---|
| 10% - 12% CAGR | ~50% run-rate in F2022 | 9% - 11% CAGR in F2020 |

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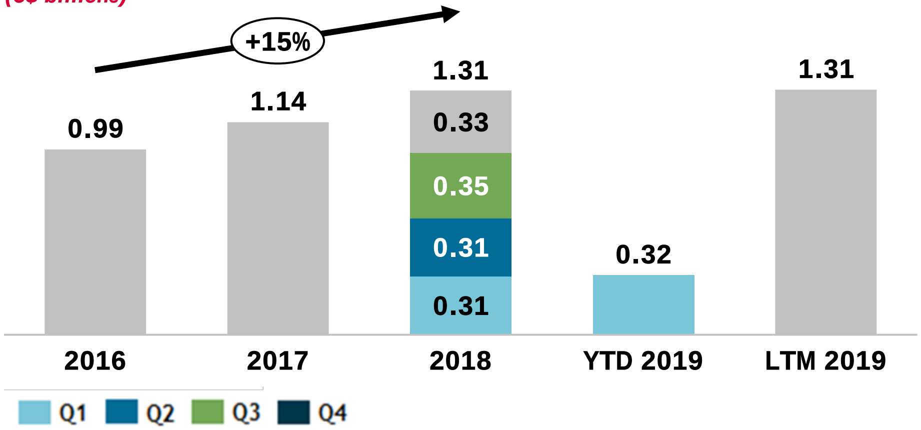
(1) Non-GAAP measure adjusted for items of note. See the non-GAAP section of CIBC's Q1 2019 Report to Shareholders

# Canadian Commercial Banking and Wealth Management

## Financial Highlights[1]

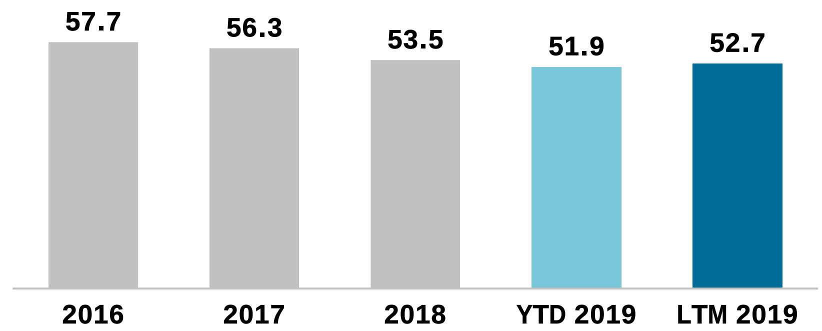
### Adjusted Net Income[2]

*(C$ billions)*



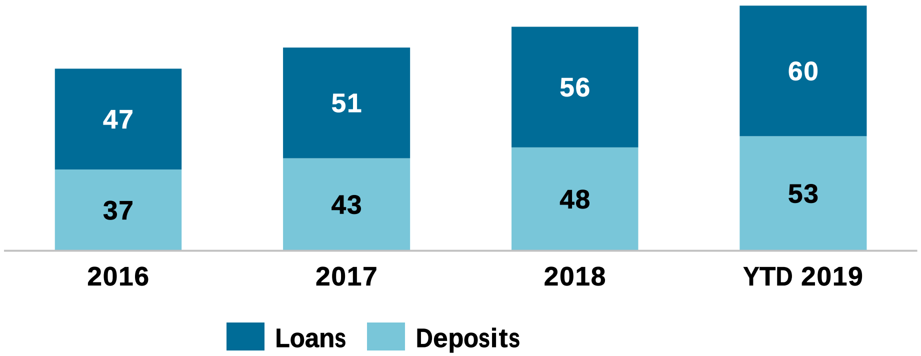

### Adjusted Efficiency Ratio[2]

*(%)*



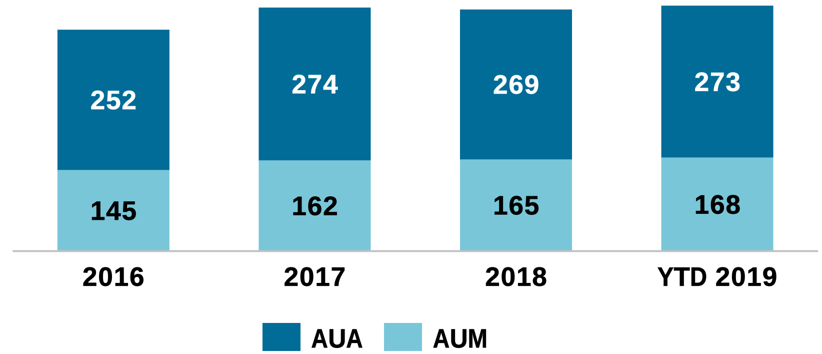

### *Commercial Banking:* Average Loans and Deposits

*(C$ billions)*




### *Wealth Management:* Assets Under Administration and Management[3]

*(C$ billions)*




(1) On June 20, 2017, we announced changes to CIBC's leadership team and organizational structure to further accelerate our transformation. As a result of these changes, we have a new reporting structure and prior period amounts up to 2015 were reclassified accordingly.
(2) Adjusted results are non-GAAP measures. See the non-GAAP section of CIBC's Q1 2019 Report to Shareholders.
(3) Assets Under Management (AUM) amounts are included in the amounts reported under Assets Under Administration (AUA).

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# U.S. Commercial Banking and Wealth Management

## Our business strategy

Our goal is to build the go-to commercial and wealth management bank for our chosen client segments and markets with a focus on developing deep, profitable relationships leveraging the full complement of CIBC's products and services across our North American platform.

## Strategic Priorities

- Growing organically through long-term client relationships
- Enhancing our U.S. platform
- Investing to serve our clients

## Medium Term Targets

| Earnings Growth[1] over 3 years | Efficiency Ratio[1] | Loan Growth | Deposit Growth |
|---|---|---|---|
| 10% - 12% CAGR[2] | <50% run-rate in F2022 | 9% - 11% CAGR[3] in F2020 | 13% - 15% CAGR[3] in F2020 |

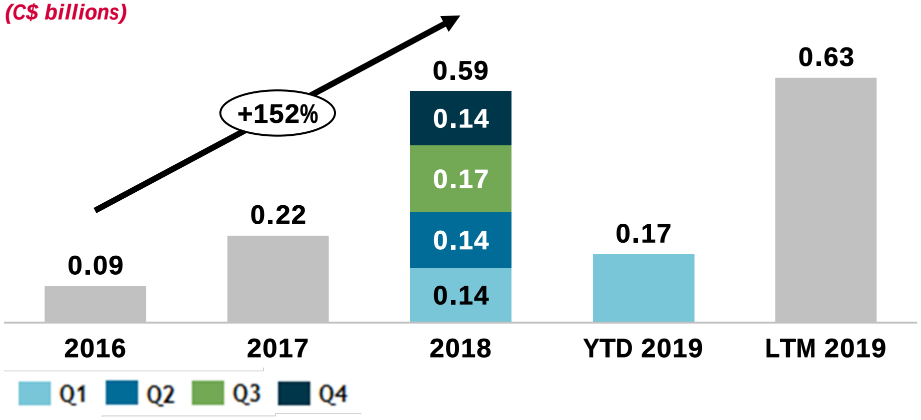
(1) Non-GAAP measure adjusted for items of note. See the non-GAAP section of CIBC's Q1 2019 Report to Shareholders.
(2) Forecasted earnings growth from adjusted net income of $119MM for Q4 F17 on an annualized basis.
(3) Based on spot balances as of October 31, 2017.

# U.S. Commercial Banking and Wealth Management

## Financial Highlights[1]

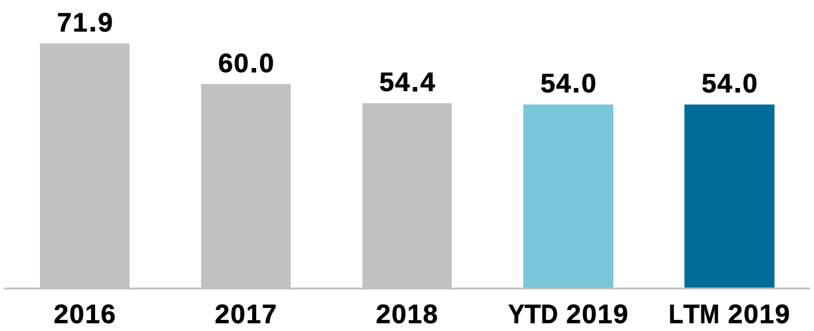
### Adjusted Net Income[2]

*(C$ billions)*



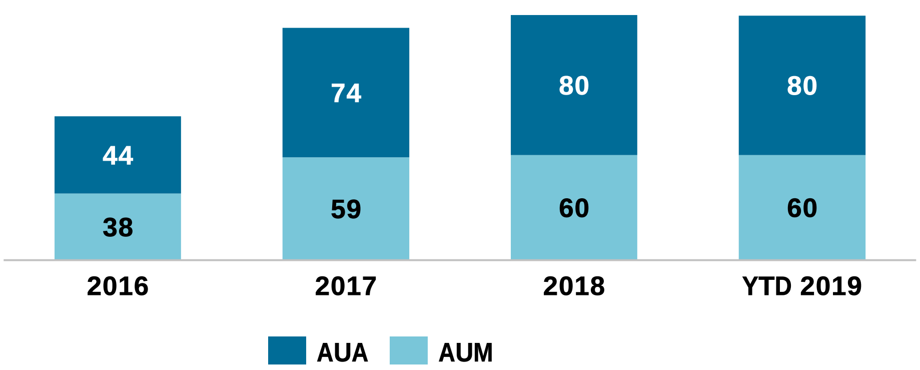

### Adjusted Efficiency Ratio (TEB)[2,3]

*(%)*



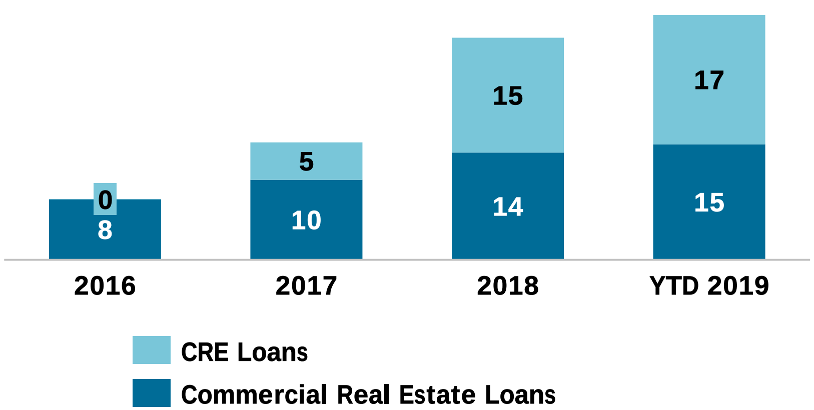

### Assets Under Administration and Management[4]

*(C$ billions)*




### Commercial Loans and Commercial Real Estate Loans

*(C$ billions)*




(1) On June 20, 2017, we announced changes to CIBC's leadership team and organizational structure to further accelerate our transformation. As a result of these changes, we have a new reporting structure and prior period amounts up to 2015 were reclassified accordingly. F2017 results for this segment reflect the acquired assets of PrivateBancorp, Inc. (closed on June 23, 2017) and Geneva Advisors, LLC (closed on August 31, 2017).

(2) Adjusted results are non-GAAP measures. See the non-GAAP section of CIBC's Q1 2019 Report to Shareholders.

(3) TEB = Taxable Equivalent Basis - a non-GAAP financial measure representing the gross up of tax-exempt revenue on certain securities to an equivalent before-tax basis to facilitate comparison of net interest income from both taxable and tax-exempt sources.

(4) Assets Under Management (AUM) amounts are included in the amounts reported under Assets Under Administration (AUA).

# Capital Markets

## Our business strategy

Our goal is to be the leading capital markets franchise for our core clients in Canada and the lead relationship bank for our key clients globally by delivering best-in-class insight, advice and execution. To enable CIBC's strategy and priorities, we collaborate with our partners across our bank to deepen and enhance client relationships.

## Strategic Priorities

- Becoming the leading capital markets platform in Canada for our core clients
- Building a North American client platform with global capabilities
- Increasing connectivity across CIBC to deliver better service for clients

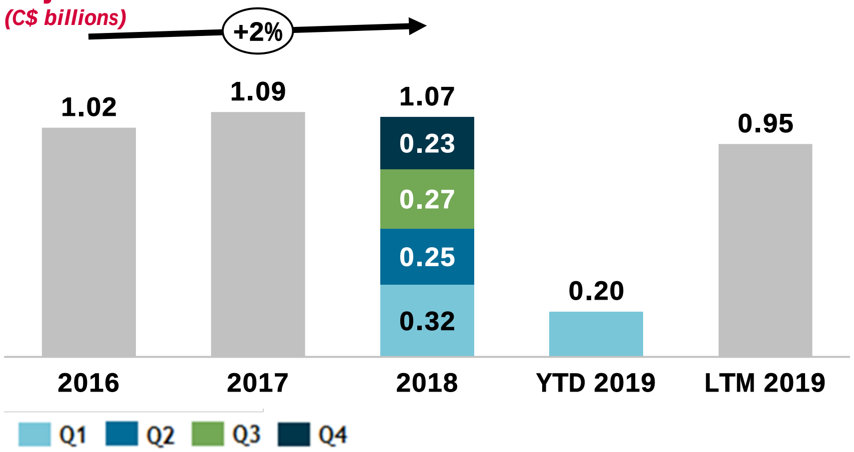
## Medium Term Targets

| Earnings Growth[1] over 3 years | Efficiency Ratio[1] |
|---|---|
| 5% - 10% CAGR[2] | ~50% in F2022 |

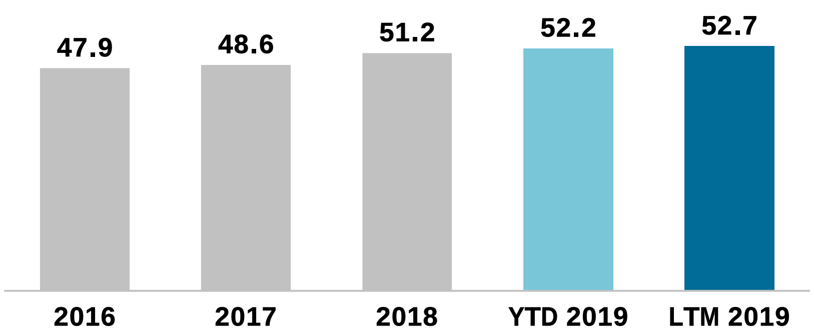
(1) Non-GAAP measure adjusted for items of note. See the non-GAAP section of CIBC's 2018 Annual Report.
(2) Forecast earnings growth from base of $225MM-$250MM (Q4 2017) quarterly adjusted earnings.

# Capital Markets
## Financial Highlights[1]

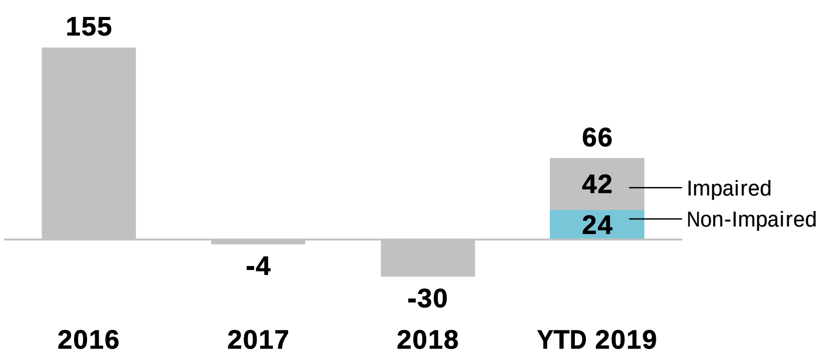
### Adjusted Net Income[2]
*(C$ billions)*



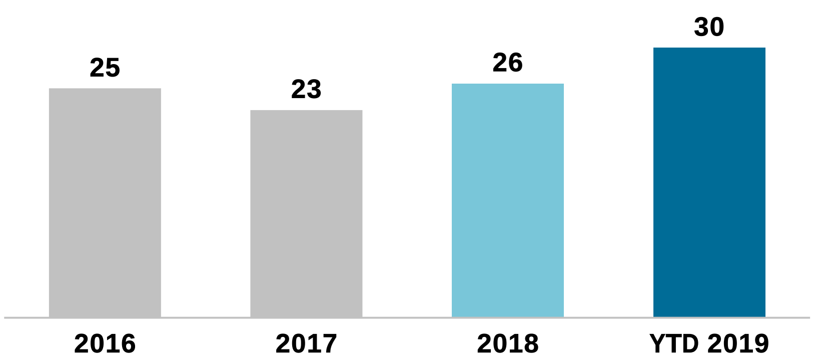

### Adjusted Efficiency Ratio (TEB)[2,3]
*(%)*




### Adjusted Loan Losses[2,4]
*(C$ millions)*




### Average Loans and Acceptances, Net of Allowances
*(C$ billions)*




(1) On June 20, 2017, we announced changes to CIBC's leadership team and organizational structure to further accelerate our transformation. As a result of these changes, we have a new reporting structure and prior period amounts up to 2015 were reclassified accordingly.
(2) Adjusted results are non-GAAP measures. See the non-GAAP section of CIBC's Q1 2019 Report to Shareholders.
(3) TEB = Taxable Equivalent Basis - a non-GAAP financial measure representing the gross up of tax-exempt revenue on certain securities to an equivalent before-tax basis to facilitate comparison of net interest income from both taxable and tax-exempt sources.
(4) Fiscal years 2015 to 2017 are under IAS 39. Effective November 1, 2017, we adopted IFRS 9.

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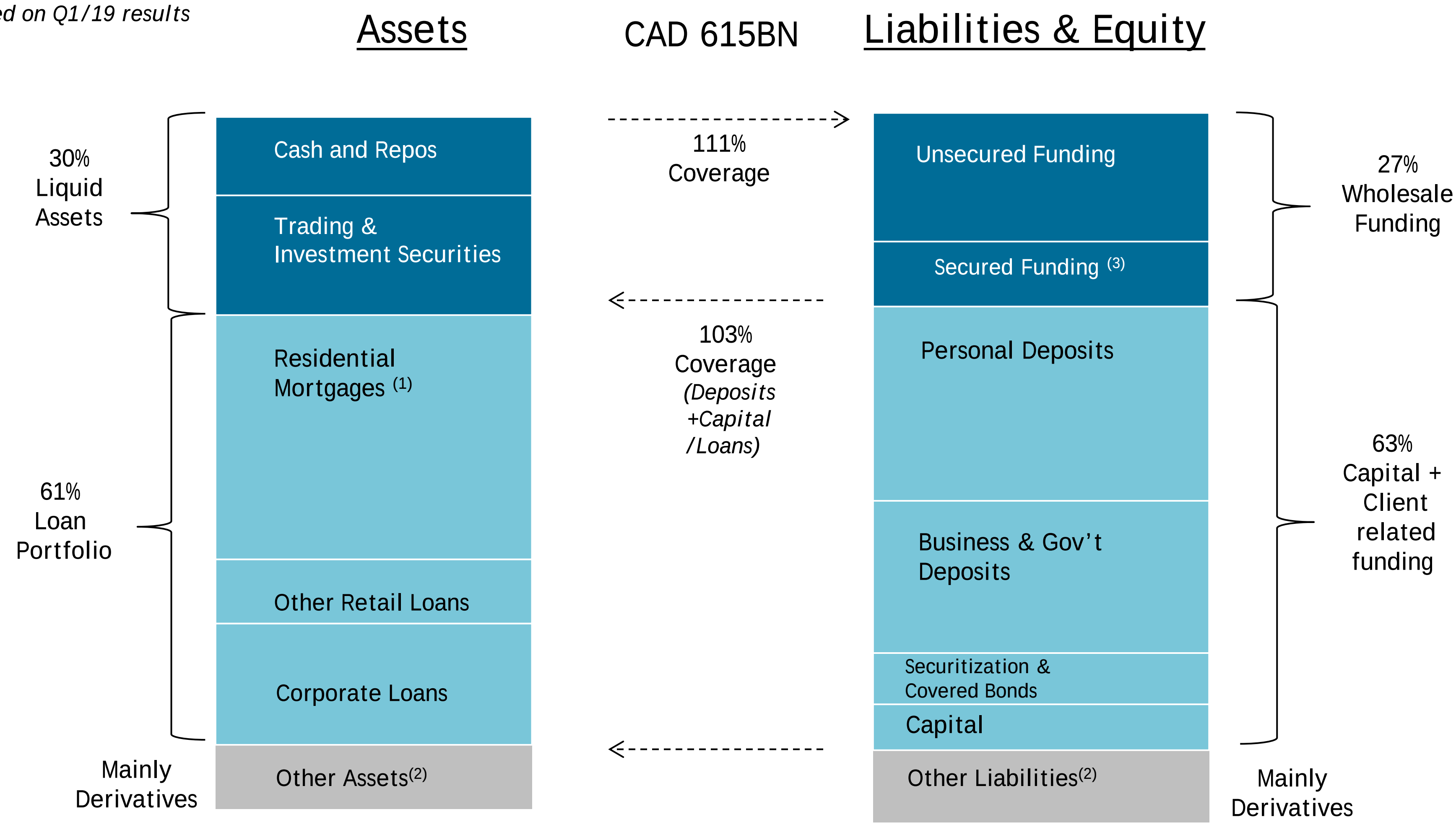
# Balance Sheet & Funding

# Strong, High Quality Liquid Client Driven Balance Sheet

*Based on Q1/19 results*




(1) Securitized agency MBS are on balance sheet as per IFRS
(2) Derivatives related assets, are largely offset by derivatives related liabilities. Under IFRS derivative amounts with master netting agreements cannot be offset and the gross derivative assets and liabilities are reported on balance sheet.
(3) Includes Obligations related to securities sold short, Cash collateral on securities lent and Obligations related to securities under repurchase agreements

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# CIBC Funding Strategy and Sources

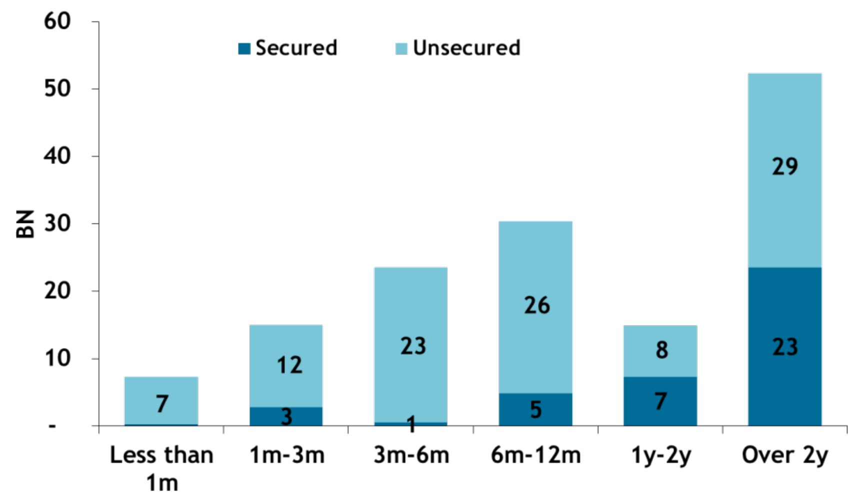
## Funding Strategy

- CIBC's funding strategy includes access to funding through retail deposits and wholesale funding and deposits
- CIBC updates its three year funding plan on at least a quarterly basis
- The wholesale funding strategy is to develop and maintain a sustainable funding base through which CIBC can access funding across many different depositors and investors, geographies, maturities, and funding instruments

## Wholesale Funding Sources

- Wholesale deposits Canada, U.S.
- Credit card securitization Canada, U.S.
- Global MTN programs
- Mortgage securitization programs
- Covered Bond program
- Structured Notes

## Wholesale Market (CAD Eq. 143.4BN), Maturity Profile




Source: CIBC Q1-2019 Report to Shareholders

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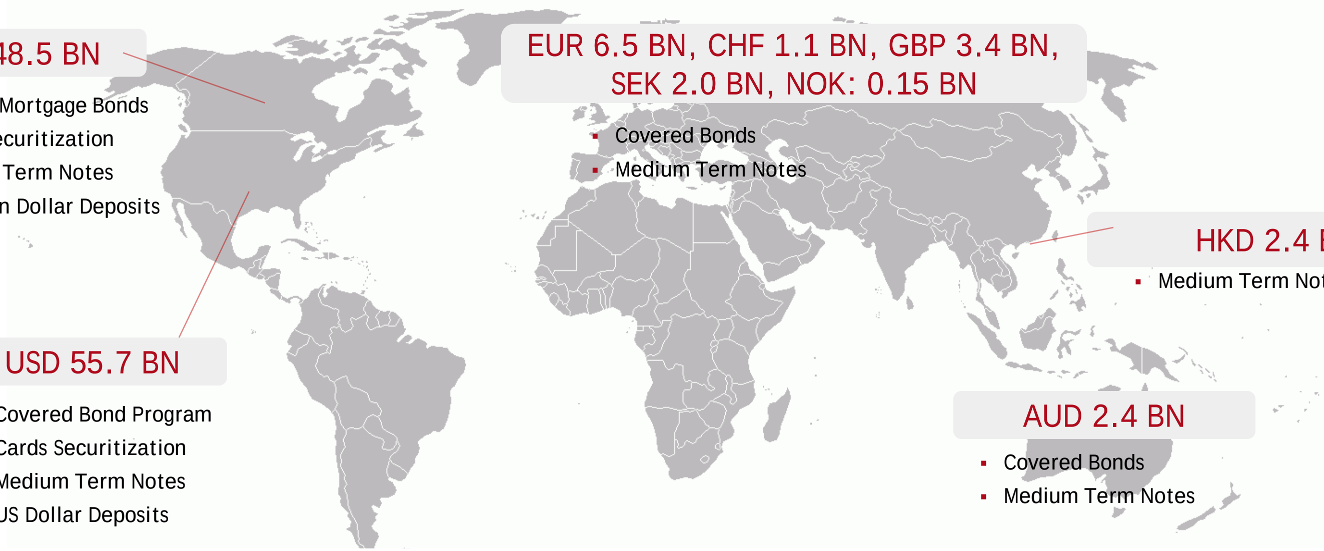
# Wholesale Funding Geography

## Wholesale Funding By Currency



**CAD 48.5 BN**
- Canada Mortgage Bonds
- Cards Securitization
- Medium Term Notes
- Canadian Dollar Deposits

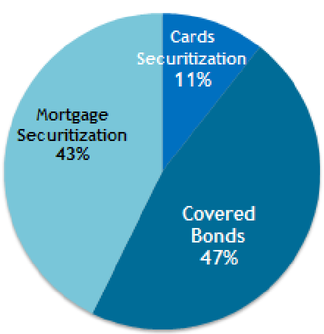
**EUR 6.5 BN, CHF 1.1 BN, GBP 3.4 BN, SEK 2.0 BN, NOK: 0.15 BN**
- Covered Bonds
- Medium Term Notes

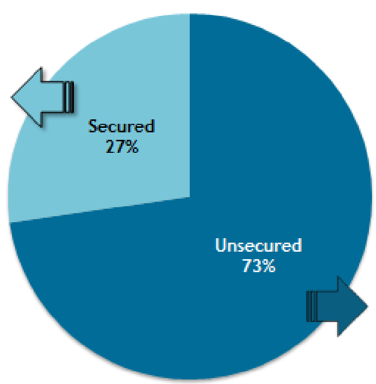
**HKD 2.4 BN**
- Medium Term Notes

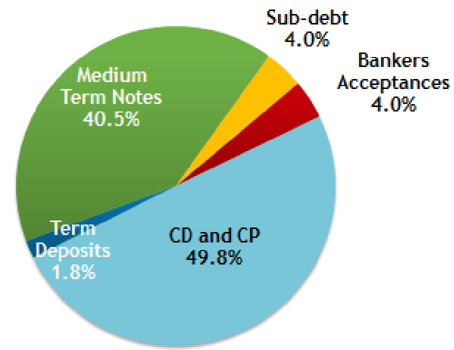
**USD 55.7 BN**
- Covered Bond Program
- Cards Securitization
- Medium Term Notes
- US Dollar Deposits

**AUD 2.4 BN**
- Covered Bonds
- Medium Term Notes

## Wholesale Funding By Product




Source: CIBC Q1-2019 Quarterly Report to Shareholders, Bloomberg
Unsecured includes Obligations related to securities sold short, Cash collateral on securities lent and Obligations related to securities under repurchase agreements.

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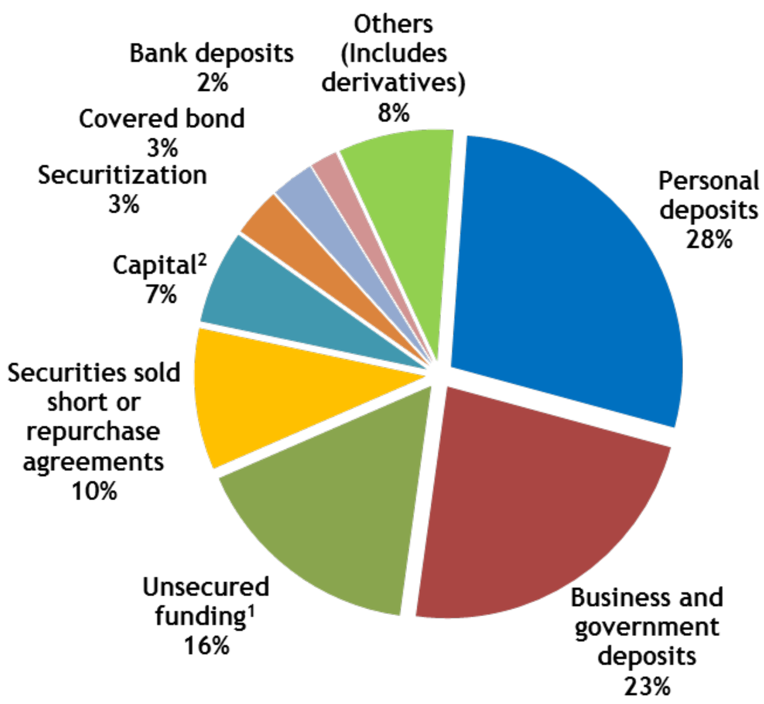
# CIBC Funding Composition

## Funding Sources – January 2019




Source: CIBC Q1-2019 Supplementary Financial Information

| Funding sources | BN |
|---|---|
| Personal deposits | 172.8 |
| Business and government deposits | 141.0 |
| Unsecured funding[1] | 100.2 |
| Securities sold short or repurchase agreements | 60.6 |
| Capital[2] | 40.1 |
| Securitization | 20.9 |
| Covered bond | 18.3 |
| Bank deposits | 11.5 |
| Others (Includes derivatives) | 49.3 |
| **Total** | **614.6** |

| Wholesale market, currency[3] | BN |
|---|---|
| USD | 74.0 |
| CAD | 48.5 |
| Other | 20.9 |
| **Total** | **143.4** |

[1] Unsecured funding is comprised of wholesale bank deposits, certificates of deposit and commercial paper, bearer deposit notes and bankers' acceptances, senior unsecured EMTN and senior unsecured structured notes

[2] Capital includes subordinated liabilities

[3] Currency composition, in Canadian dollar equivalent, of funding sourced by CIBC in the wholesale market. Source: CIBC Q1-2019 Report to Shareholders

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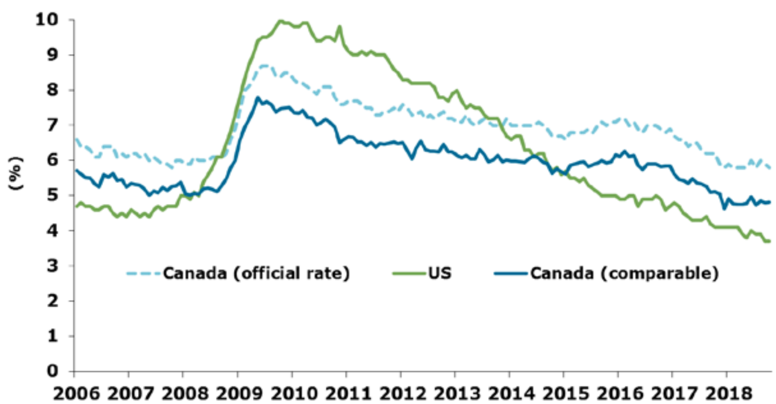
# Macroeconomic Overview

# Canadian Economy Selected Indicators

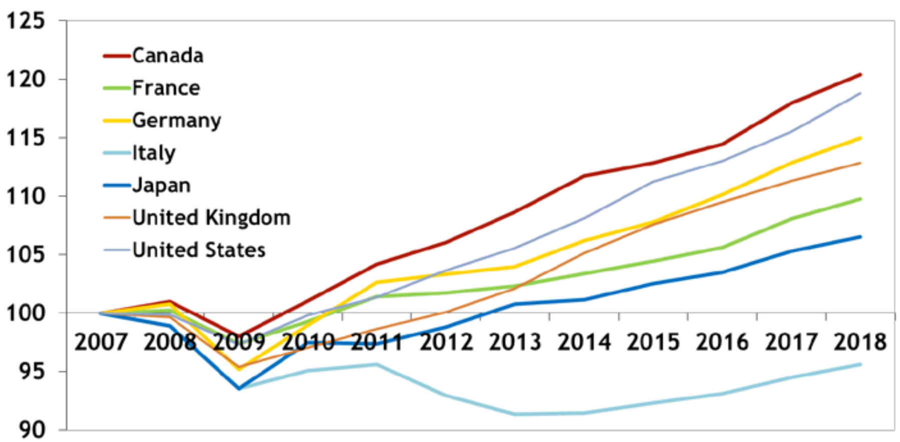
## Unemployment Rate




Source: Statistics Canada; U.S. Bureau of Labor Statistics, Oct 2018

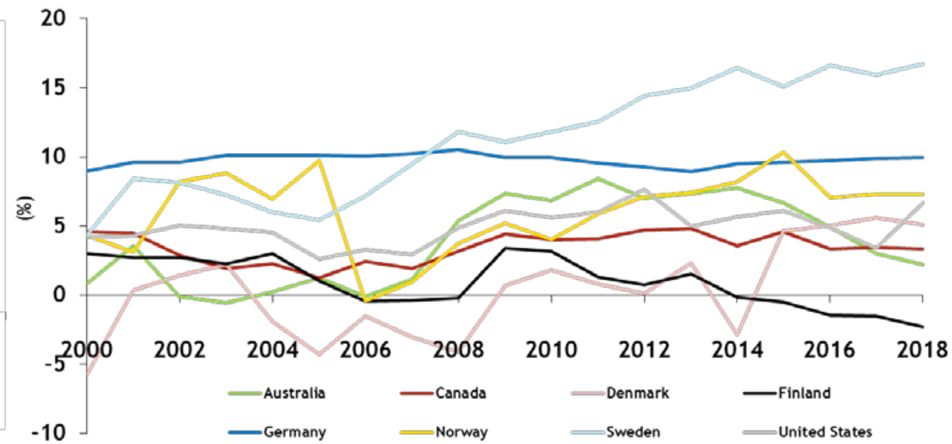
- Canada's unemployment rate less volatile in the past decade, and not directly comparable to the United States unemployment rate[1]
- As measured by GDP indexed to 2007, the Canadian economy has outperformed other major economies since the financial crisis of 2008
- Canadian savings rate consistently positive in the past decade

## GDP Indexed to 2007




Source: IMF, World Economic Outlook Database, Oct 2018

## Household Net Savings Ratio




Source: OECD, Economic Outlook No 104, Nov 2018

[1] Certain groups of people in Canada are counted as unemployed, but are deemed to not participate in the labour force in the U.S. – e.g. job seekers who only looked at job ads, or individuals not able to work due to for family responsibilities.

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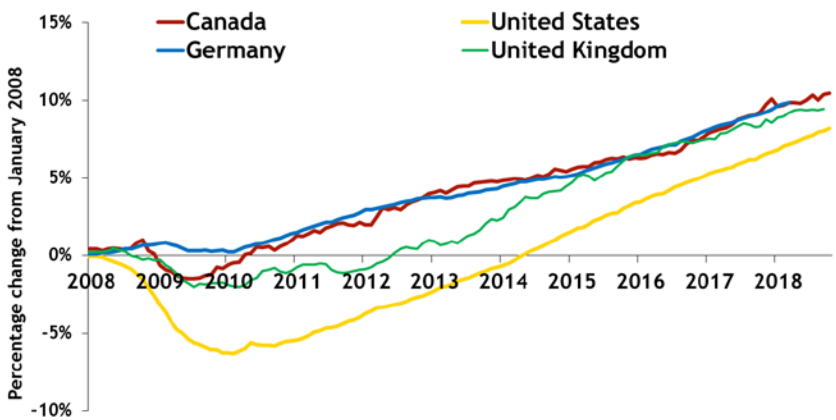
# Canadian Labour Market Profile

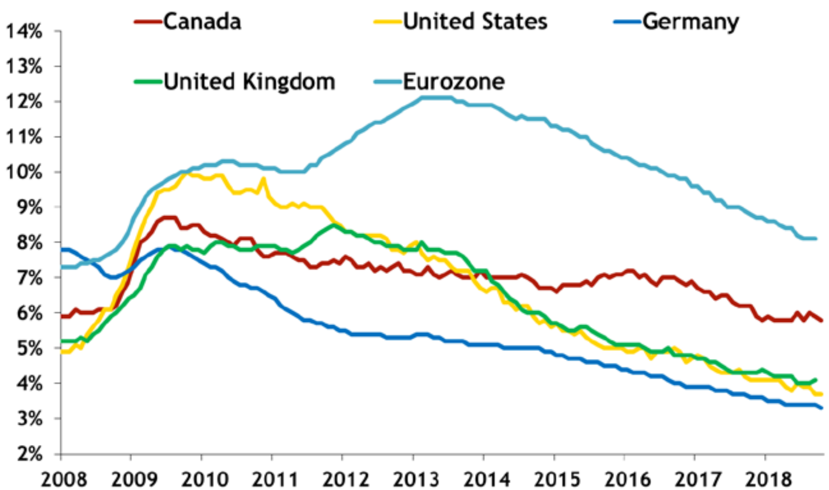
## Total Employment



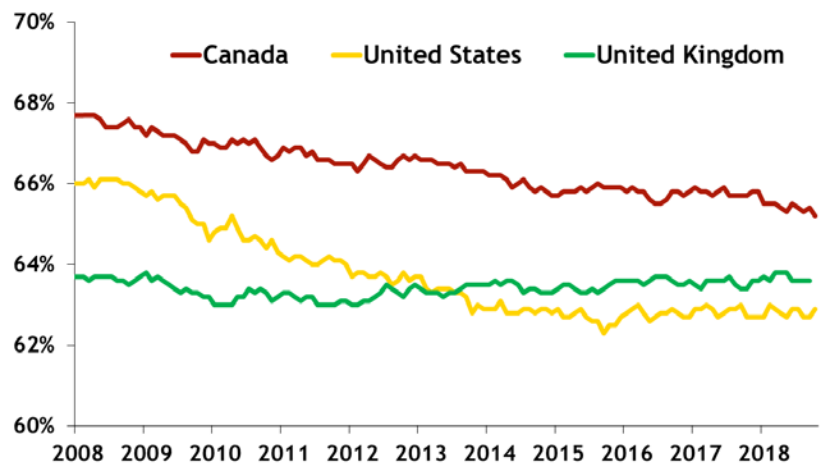

## Strong Job Creation Record

- Canada regained all jobs lost during the recession by January 2010, before the United Kingdom and the United States
- Net employment increases in Canada and the United States from January 2008 to December 2018 are 1,800,200 and 12,165,000, respectively
- Participation rate holding higher than in the U.S. and the U.K.

## Unemployment Rate



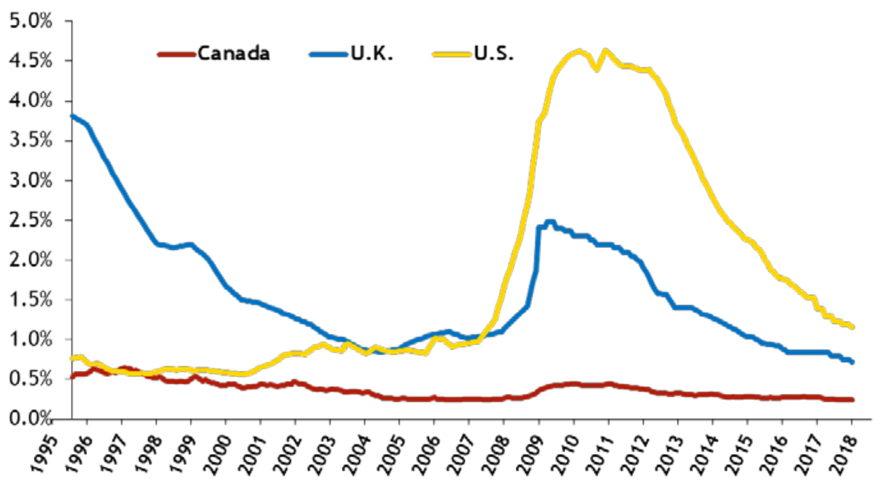

## Participation Rate




Source: Bloomberg (Index) - CANLNETJ, CANLEMPL, UKLFEMCH, UKLFEMPF, USEMNCHG, NFP T, CANLXEMR, UKEUILOR, USURTOT, UMRTEMU, CANLPRTR, UKLFMGWG and PRUSTOT.

# Mortgage Market Performance and Urbanisation Rates

### Mortgage Arrears by Number of Mortgages




*Source: CML Research, CBA, MBA. *Mortgage arrears of 3+ months in Canada and UK or in foreclosure process in the US*

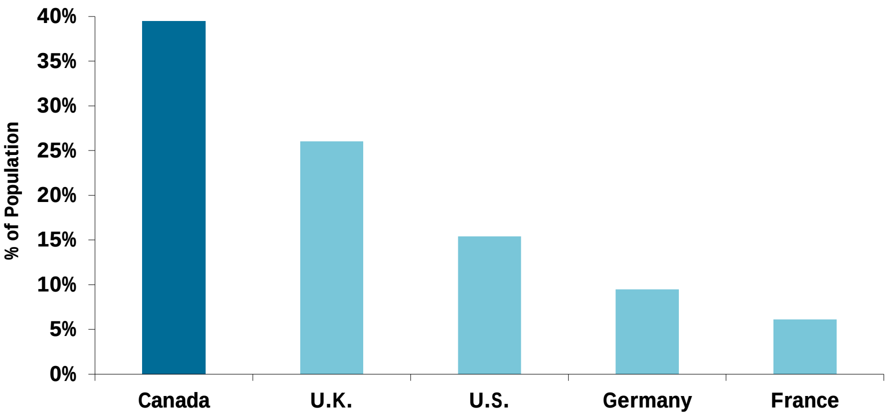
## Canada has one of the highest urbanisation rates in the G7

- Almost 40% of the Canadian population lives in one of the four largest cities
- A greater rate of urbanisation is a strong contributor to increases in property values

## Canadian mortgages consistently outperform U.S. and U.K. mortgages

- Low defaults and arrears reflect the strong Canadian credit culture
- Mortgage interest is generally not tax deductible, resulting in an incentive for mortgagors to limit their amount of mortgage debt
- In most provinces, lenders have robust legal recourse to recoup losses
- Mortgage arrears have steadily declined from high of 0.45% in 2009 to 0.24% in 2018

### Population in Top Four Cities




*Source: 2014 Census for France, 2016 Census for Canada, 2011 Census for UK, Germany; 2010 Census for US*

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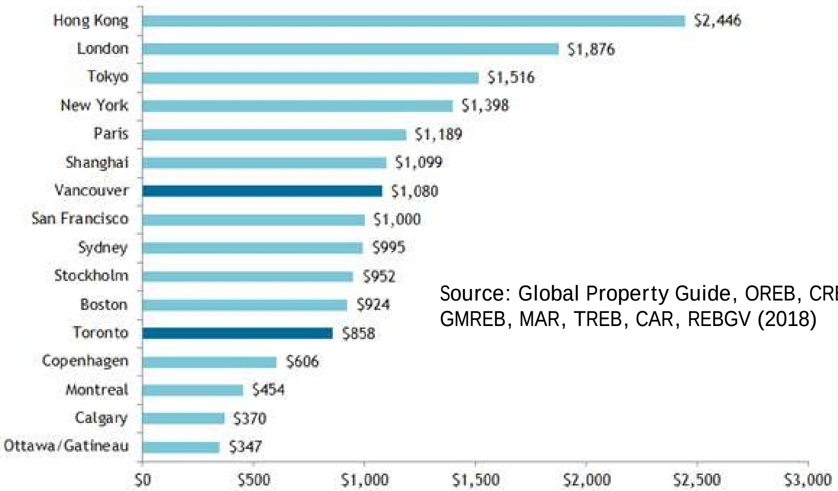
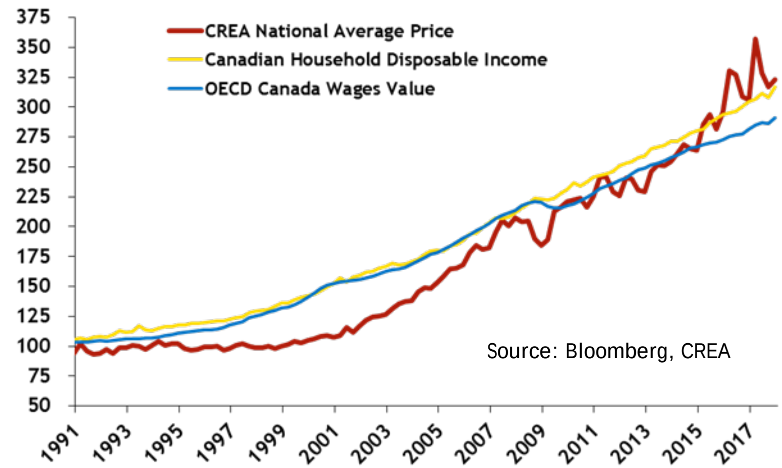
# Canadian Mortgage Market

## World Home Prices Per Square Foot (USD)



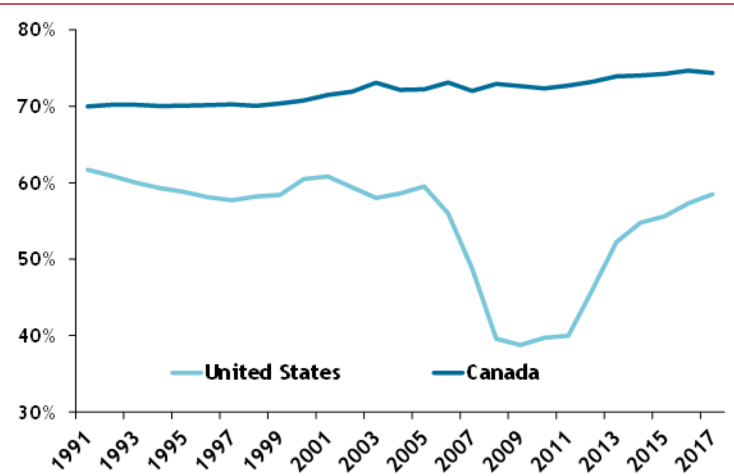

Source: Global Property Guide, OREB, CREB GMREB, MAR, TREB, CAR, REBGV (2018)

## House Price & Household Income Growth




Source: Bloomberg, CREA

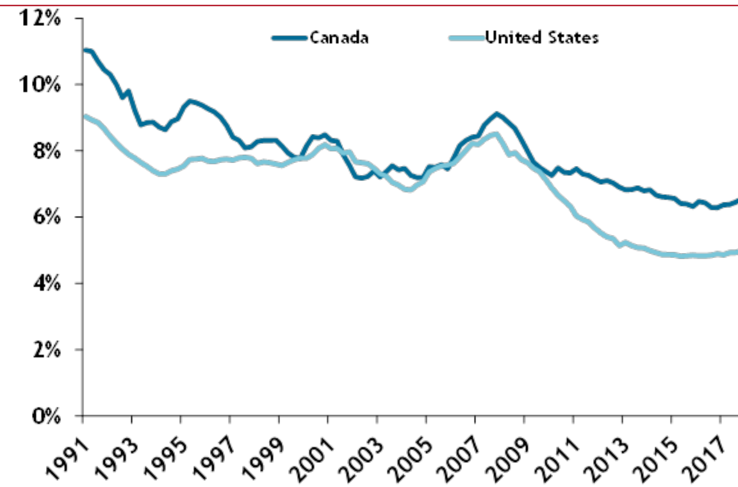
## Consistently High Owner's Equity[2]




Source: Federal Reserve, Statistics Canada

[2] Indexed

## Household Debt Service Ratio[1]




Source: Federal Reserve, Statistics Canada

[1] Includes interest component only

# 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% |

# Canadian vs. US Mortgage Market *(continued)*

| | Canada | United States |
|---|---|---|
| **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>• Foreign buyer and vacant home tax: this tax was imposed by the BC government in Aug./16 to cool the GVA housing market. The ON government followed suit in Apr./17 to cool the GTA housing market.<br>• Oct./16: 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.<br>• Jan./18: The Office of the Superintendent of Financial Institutions (OSFI) introduced new rules on mortgage lending, requiring stress tests on uninsured mortgages and cutting out practices designed to circumvent lending limits. | • Interest is tax deductible, creating an incentive to take on more mortgage debt<br>• Lenders have limited recourse in most jurisdictions |

# Canadian vs. US Mortgage Market *(continued)*

| | Canada | United States |
|---|---|---|
| **Regulation and Taxation** | • In Feb./18, the BC government introduced tax measures to further cool down the GVA housing market:<br>1. BC to implement a Speculation Tax on vacant residential properties in BC's largest urban centres. In 2018, tax rate will be 0.5% of property's assessed value. In 2019 and subsequent years, tax rates will be as follows:<br>  • 2% for foreign investors and satellite families<br>  • 1% for Canadian citizens and permanent residents who do not live in B.C.<br>  • 0.5% for B.C. residents who are Canadian citizens or permanent residents<br>2. BC to increase foreign buyer's tax from 15% to 20% and expand to outside Metro Vancouver, including the Fraser Valley, Nanaimo, the Central Okanagan and the Capital Regional District<br>3. BC to increase taxes on homes worth more than $3 million<br>4. BC to cancel interest-free loans (no interest or principal payments for the first 5 years) to first time home buyers which offered a second mortgage to qualified buyers | |

# Regulatory Environment

# Regulatory Environment Continually Evolving

| | | |
|---|---|---|
| **Capital Requirements** | **Risk-Based Capital Ratios** | ▪ The Basel Committee has finalized its Basel III reforms. Key changes include:<br>  ▪ A new Standardized Approach for credit, CVA and operational risk (2022)<br>  ▪ A new credit risk framework for constraining model-based approaches to reduce RWA variations (2022)<br>  ▪ Revised market risk (2022), counterparty credit risk (2019), and securitization (2019) frameworks<br>  ▪ A capital "output" floor based on the revised Standardized Approach to replace the existing Basel I Capital Floor. Floor calibrated at 50% starting 2022 and increasing to 72.5% in 2027<br>  ▪ Finalized leverage ratio framework with new leverage ratio buffer for G-SIBs and revised treatment of off-balance sheet and derivative exposures<br>▪ OSFI implemented a revised capital floor based on Basel II Standardized Approaches starting Q2/18. In effect until the new capital floor comes in 2022.<br>▪ In July 2018, OSFI issued a discussion paper on the domestic implementation of the Basel III reforms. Proposal includes new risk weight functions for mortgages and credit cards, accelerated adoption of revised operational risk framework (2021), no phase-in of the capital "output" floor (2022) and increased leverage ratio requirements for D-SIBs<br>▪ In June 2018, OSFI announced revisions to Pillar 2 buffer requirements (details on next slide) |
| **Liquidity Requirements** | **Liquidity Coverage Ratio (LCR)** | ▪ OSFI mandates minimum LCR for Canadian institutions of 100%, which became effective Jan 1, 2015.<br>▪ US Foreign Bank Organizations (FBOs) with <US$50B in total Non-Branch US Assets are not required to be LCR compliant |
| | **Net Stable Funding Ratio (Proposed)** | ▪ The NSFR will require banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet exposures<br>▪ Final Basel Committee on Banking Supervision (BCBS) guidelines were released in October 2014<br>▪ OSFI draft consultation initiated in August 2016 and final rules expected by end-2018<br>▪ Official implementation of the metric is January 2020, with a minimum NSFR requirement of ≥100% |
| **Other** | **Total Loss Absorbing Capacity (TLAC)** | ▪ Requirement for too-big-to-fail banks to have loss-absorbing liabilities (e.g. wholesale funding)<br>▪ Canadian Bail-in Regime came into force on September 23, 2018<br>▪ TLAC minimum (23%[1] of RWA and 6.75% of leverage exposure) starting F2022 for Canadian D-SIBs |

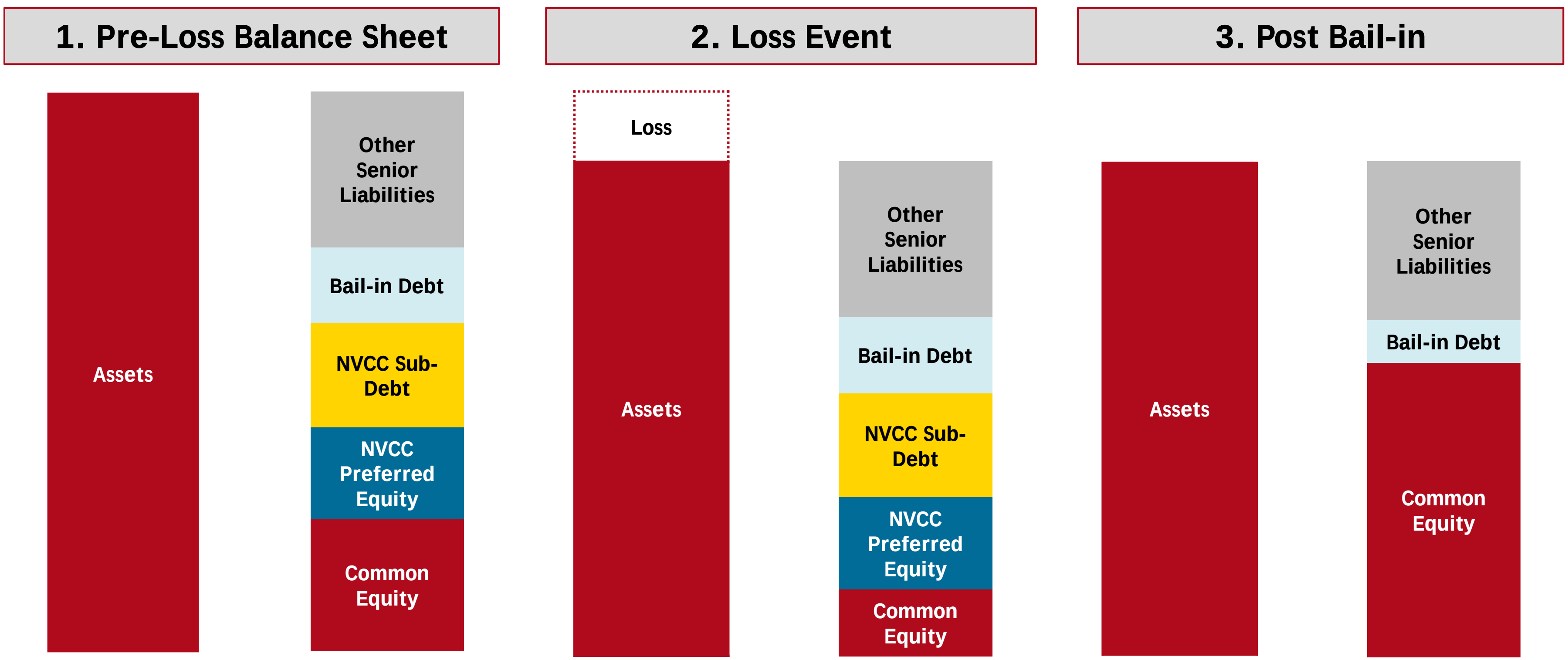
[1] Increases to 23.25% when Domestic Stability Buffer of 1.75% becomes effective April 30, 2019

# Canadian Bail-in Regime Update

# How Bail-In Is Expected To Work

**When OSFI deems a bank has ceased to or may be about to cease to continue to be viable, it may trigger temporary takeover of the bank and carry out the bail-in conversion of NVCC capital and bail-in debt to common equity.**

- At bail-in, all NVCC instruments would be fully converted to common equity based on pre-determined conversion ratios
- Portion of the bail-in debt that would be converted to common equity as well as the conversion ratio would be determined by the authorities on a case-by-case basis



# Canadian Bail-in Regime Update

**On April 18, 2018, Department of Finance published the bail-in regulations, and OSFI finalized the guidelines on Total Loss Absorbing Capacity (TLAC) and TLAC holdings.**

## 1. Department of Finance's bank recapitalization (bail-in) conversion regulations

- Provide statutory powers to CDIC (through Governor in Council) to enact the bail-in regime including the ability to convert specified eligible shares and liabilities of D-SIBs into common shares in the event such bank becomes non-viable
- Bail-in eligible liabilities include tradable (with CUSIP/ISIN), unsecured debt with original maturity of over 400 days
- Excluded liabilities are covered bonds, consumer deposits, secured liabilities, derivatives, and structured notes[1]
- Effective on September 23, 2018

## 2. OSFI's TLAC guideline

- TLAC liabilities must be directly issued by the D-SIB, satisfy all of the requirements set out in the bail-in regulations, and have residual maturity greater than 365 days
- Minimum requirements:
  - TLAC ratio = TLAC measure / RWA > 21.5%
  - TLAC leverage ratio = TLAC measure / Leverage exposure > 6.75%
  - TLAC supervisory target ratio set at 23% RWA[2]
  - Effective Fiscal 2022. Public disclosure will start in Q1 2019.

## 3. OSFI's TLAC holdings

- Our investment in other G-SIBs and other Canadian D-SIB's TLAC instruments are to be deducted from our own tier 2 capital if our aggregate holding, together with investments in capital instruments of other FIs, exceed 10% of our own CET1 capital
- Implementation starting in Q1 2019

[1] As referenced in the Bank Recapitalization (Bail-in) Regulations: http://laws-lois.justice.gc.ca/eng/regulations/SOR-2018-57/FullText.html

[2] Increases to 23.25% when Domestic Stability Buffer of 1.75% becomes effective April 30, 2019

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# Canadian Bail-in Regime – Comparison to Other Jurisdictions

## Bail-in implementation in other jurisdictions has increased the riskiness of bail-inable bonds vs. non-bail-inable bonds:

- Legislative changes prohibit bail-outs, increasing the probability that bail-in will be relied on
- The hierarchy of claims places bail-in debt below deposits and senior debt through structural subordination, legislation or contractual means
- Bail-in is expected to rely on write-down of securities, imposing certain losses on investors

## The Canadian framework differs from other jurisdictions on several points:

- The Canadian government has not introduced legislation preventing bail-outs
- Canadian senior term debt will be issued in a single class and will not be subordinated to another class of senior term debt like other jurisdictions such as the US and Europe
- Canada does not have a depositor preference regime; bail-in debt does not rank lower than other liabilities
  - No Creditor Worse Off principle provides that no creditor shall incur greater losses than under insolvency proceedings
- There are no write-down provisions in the framework
- Conversion formula under many scenarios may result in investor gains

# Corporate Responsibility

# Our Environmental, Social and Governance (ESG) Commitments

- We are contributing to a sustainable future through our ESG commitments which are detailed in our 2018 Corporate Responsibility Report.
- Our approach to sustainability aligns with our corporate strategy, as our ESG initiatives are interconnected with our performance as a business and our ability to connect with and be relevant to our diverse stakeholders.

## 2018 Highlights

Included in DJSI North America

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

Among the Best 50 Corporate Citizens

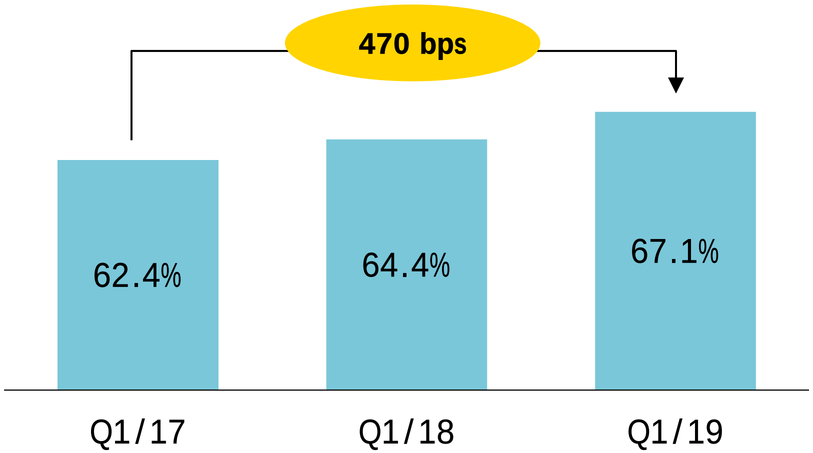
BEST 50 CORPORATE CITIZENS

| | |
|---|---|
| $1.5B | Responsible Investment funds held on behalf of our clients |
| $1.5B | Financing towards renewable power projects in the last five years |
| $182B | Debt financing to help businesses grow |
| 88% | Employee Engagement score: 7 points above the global financial services norm |
| 44% | Representation rate of women on CIBC's Board |
| $80M | Corporate and employee contributions to 2,077 charitable organizations in Canada and the US |
| ✓ | Ethical sourcing & supplier labour practices |
| ✓ | Signatory to the UN Principles for Responsible Investment |
| ✓ | Supporter of the Task Force on Climate-related Financial Disclosures |

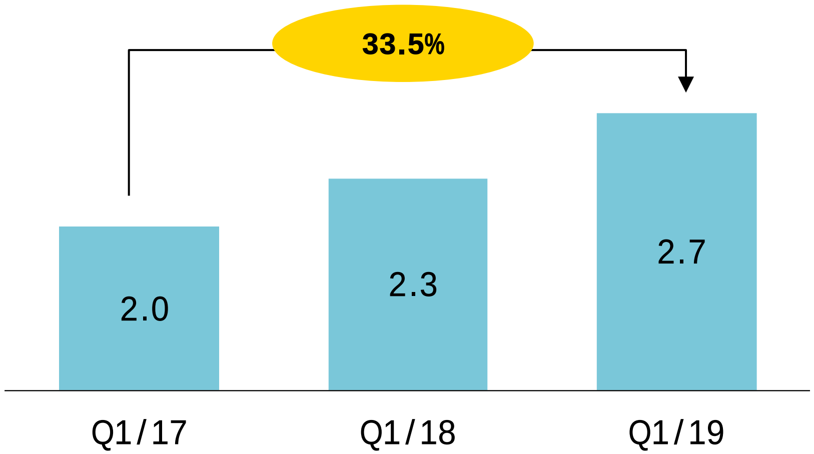
# Appendix

# Canadian Personal Banking Digital Transformation[1]

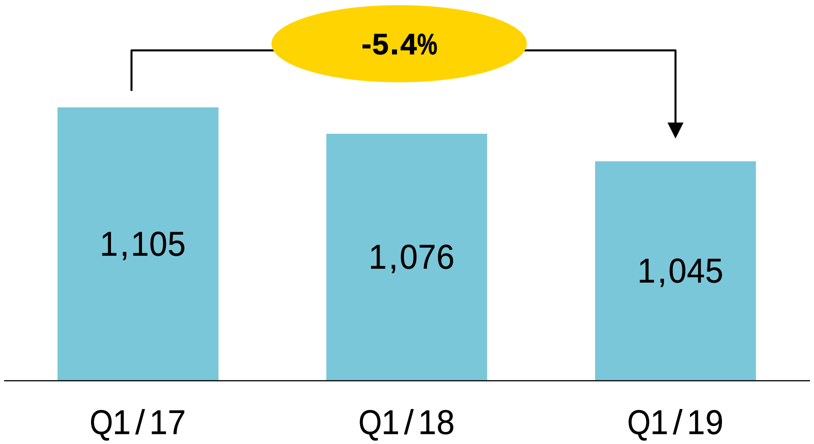
## Digital Adoption Rate[2]



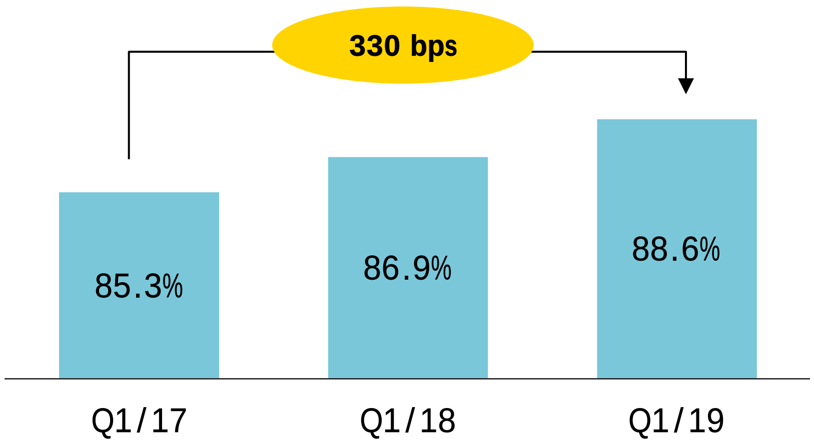

## Active Mobile Users[3] (Millions)




## Banking Centres




## Self-Serve Transactions[4] (%)




1 Excludes Simplii Financial.
2 Digital Adoption Rate calculated using 90-day active users.
3 Active Mobile Users represent the 90-day Active clients in Canadian Personal Banking.
4 Reflect financial transactions only.

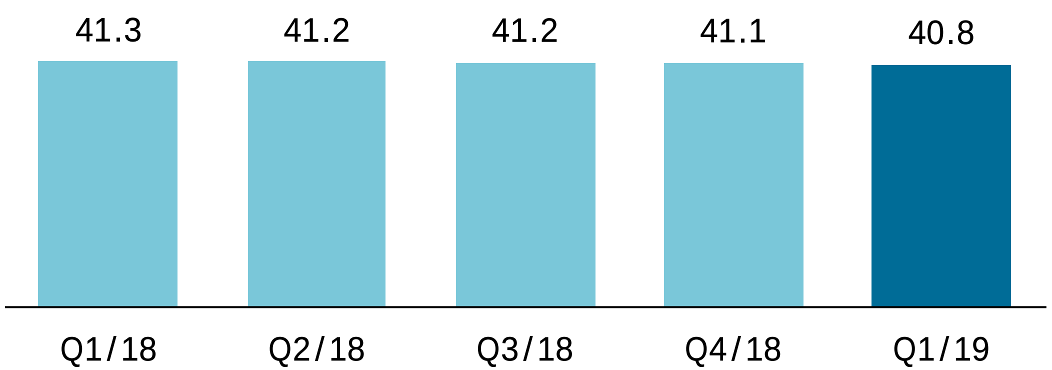
# Canadian Personal and Small Business Banking Market Share

| | Q1/19 Balances ($B) | YoY Growth | Most Current Market Share[1] | Absolute Rank | YoY Growth Rank |
|---|---|---|---|---|---|
| **Money-In** | | | | | |
| Personal Deposits & GICs | 151 | 3.6% | 16.7% | 4 | 4 |
| Canadian Retail Mutual Fund and ETF AUM | 102 | -1.0% | 13.5% | 5 | 4 |
| Small Business Deposits & GICs | 23 | 2.8% | 13.7% | 4 | 4 |
| **Money-Out** | | | | | |
| Real Estate Secured Personal Lending | 224 | -0.2% | 18.1% | 4 | 6 |
| Other Personal Lending incl. Cards | 30 | 5.8% | 12.5% | 4 | 1 |
| Small Business Lending | 3 | 1.0% | 10.2% | 5 | 6 |

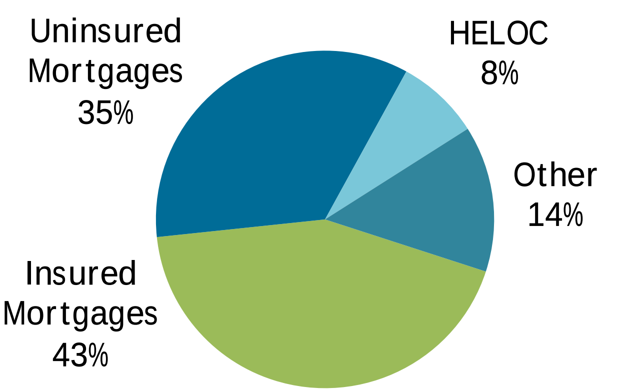
[1] Market share is calculated using most current data available from OSFI (as at Dec/18), CBA (as at Sep/18), IFIC (as at Jan/19) and CETFA (as at Jan/19), and is based on 6 banks (CIBC, BMO, BNS, NA, RBC and TD).

# Oil & Gas Retail Exposure

## Retail Exposure[1] in Oil Provinces ($B)




- $40.8B of retail exposure[1] to oil provinces[2] (or $23.1B excluding insured mortgages)
  - Alberta accounts for $32.3B or 79% of the retail exposure[1]
  - Average LTV[3] of 66% in the uninsured mortgage portfolio




## Loan-to-Value (LTV)[3]

| | Q1/18 | Q2/18 | Q3/18 | Q4/18 | Q1/19 |
|---|---|---|---|---|---|
| Insured Mortgages | 69% | 70% | 70% | 70% | 71% |
| Uninsured Mortgages | 65% | 66% | 66% | 65% | 66% |
| HELOC | 63% | 64% | 64% | 63% | 64% |

[1] Comprises mortgages, HELOC, unsecured personal lines and loans, credit cards and small business.
[2] Alberta, Saskatchewan and Newfoundland and Labrador.
[3] LTV ratios for residential mortgages are calculated based on weighted average.

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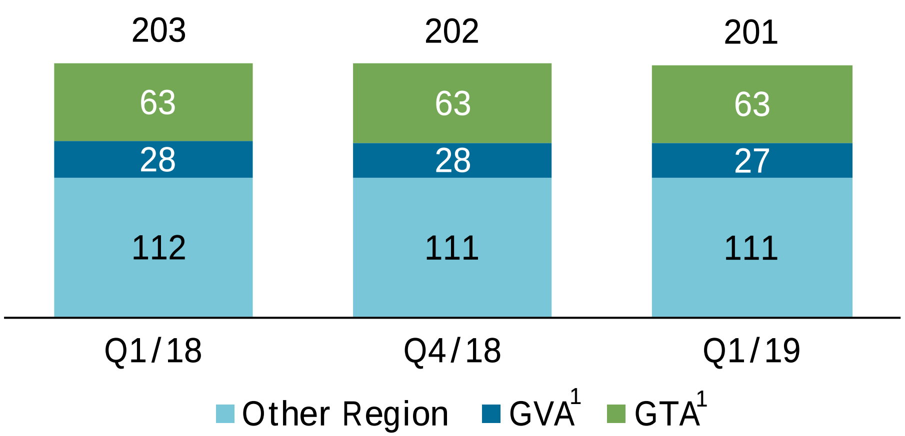
# Canadian Real Estate Secured Personal Lending

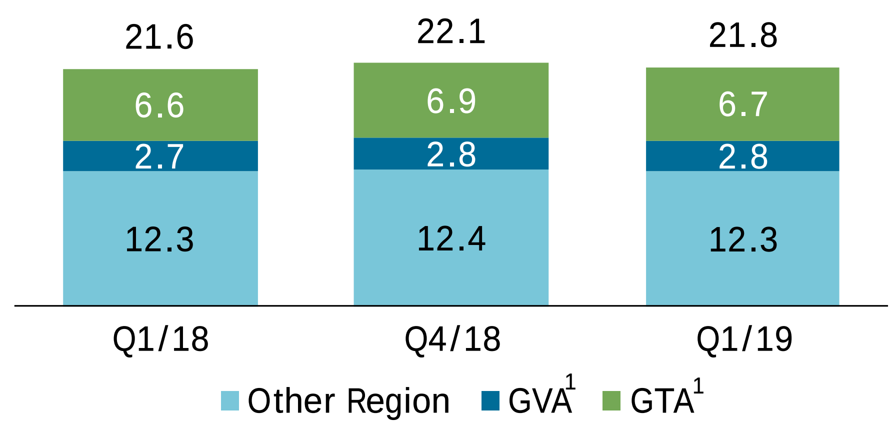
| 90+ Days Delinquency Rates | Q1/18 | Q4/18 | Q1/19 |
|---|---|---|---|
| Total Mortgages | 0.23% | 0.24% | 0.27% |
| Uninsured Mortgages | 0.19% | 0.19% | 0.21% |
| Uninsured Mortgages in GVA[1] | 0.07% | 0.06% | 0.10% |
| Uninsured Mortgages in GTA[1] | 0.10% | 0.08% | 0.13% |
| Uninsured Mortgages in Oil Provinces | 0.48% | 0.54% | 0.54% |

- Delinquency rates increased in Q1/19
- The Greater Vancouver Area[1] (GVA) and Greater Toronto Area[1] (GTA) continue to outperform the Canadian average
- Oil provinces remain stable QoQ, but have increased YoY

## Mortgage Balances ($B; spot)




## HELOC Balances ($B; spot)




[1] GVA and GTA definitions based on regional mappings from Teranet.

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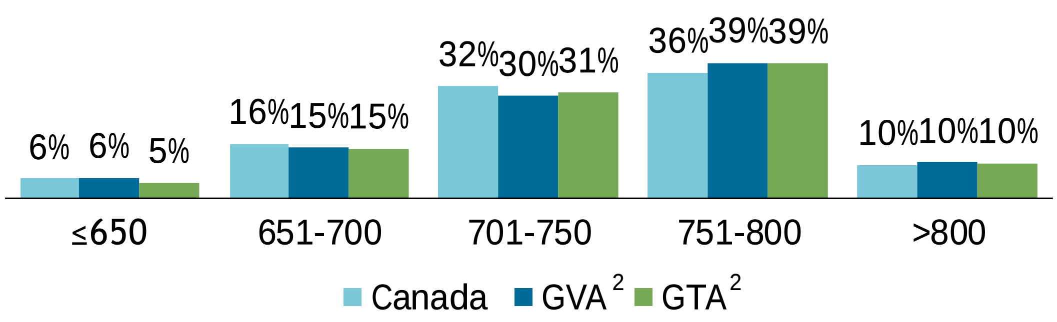
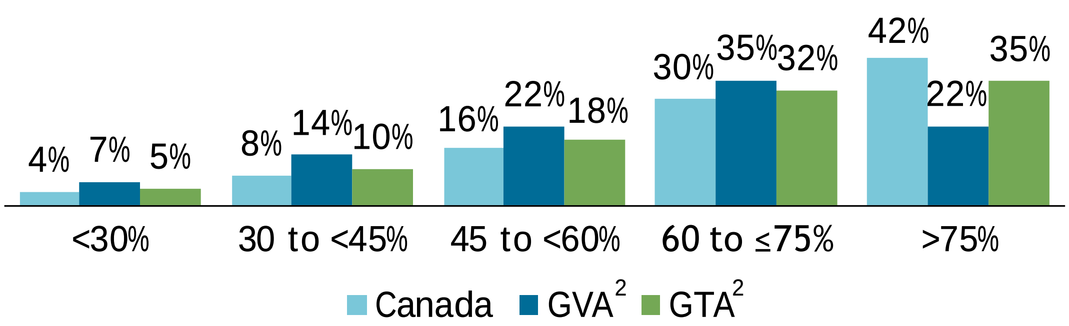
# Canadian Uninsured Residential Mortgages — Q1/19 Originations

## Beacon Distribution




## Loan-to-Value (LTV)[1] Distribution




- Originations of $6B in Q1/19
- Average LTV[1] in Canada: 64%
  - GVA[2]: 56%
  - GTA[2]: 61%

[1] LTV ratios for residential mortgages are calculated based on weighted average.
[2] GVA and GTA definitions based on regional mappings from Teranet.

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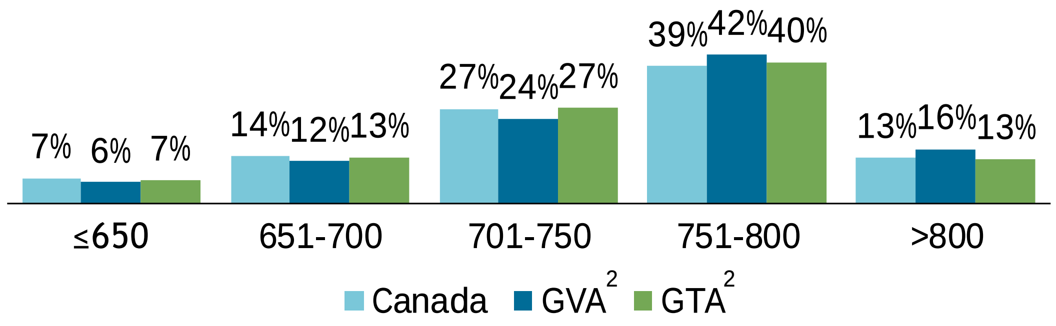
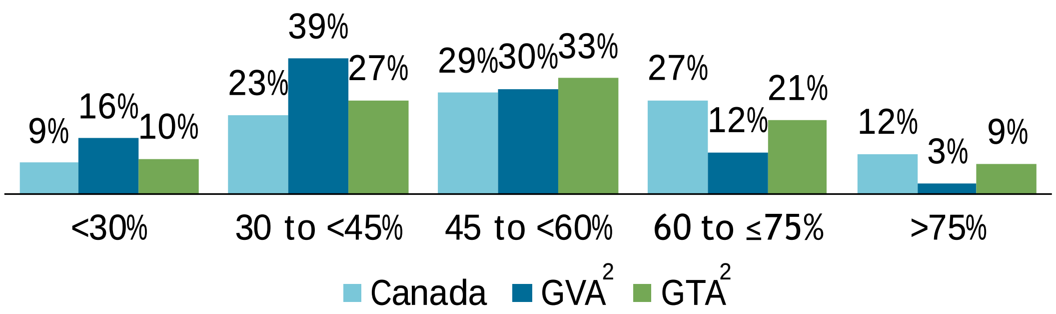
# Canadian Uninsured Residential Mortgages

## Beacon Distribution




## Loan-to-Value (LTV)[1] Distribution




- Better current Beacon and LTV[1] distributions in GVA[2] and GTA[2] than the Canadian average
- Less than 1% of this portfolio has a Beacon score of 650 or lower and an LTV[1] over 75%
- Average LTV[1] in Canada: 54%
  - GVA[2]: 44%
  - GTA[2]: 51%

[1] LTV ratios for residential mortgages are calculated based on weighted average. See page 23 of the Q1/19 Report to Shareholders for further details.

[2] GVA and GTA definitions based on regional mappings from Teranet.

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