# CIBC Q1 2020 Earnings Conference Call

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## Disclaimer



## Forward Looking Information



## Corporate Participants

Geoff Weiss

*Senior Vice-President, Investor Relations & Enterprise Transformation*

Victor Dodig

*President and Chief Executive Officer*

Hratch Panossian

*Senior Executive Vice-President and Chief Financial Officer*

Laura L. Dottori-Attanasio

*Senior Executive Vice-President and Chief Risk Officer*

Jon Hountalas

*Senior Executive Vice-President and Group Head, Commercial Banking and Wealth Management, Canada*

Christina Kramer

*Senior Executive Vice-President and Group Head, Personal and Small Business Banking, Canada*

Michael G. Capatides

*Senior Executive Vice-President and Group Head, U.S. Region; President and Chief Executive Officer, CIBC Bank USA*

Harry Culham

*Senior Executive Vice-President and Group Head, Capital Markets*

## Other Participants

John Charles Robert Aiken

*Analyst, Barclays Capital Canada, Inc.*

Ebrahim H. Poonawala

*Analyst, Bank of America Merrill Lynch*

Gabriel Dechaine

*Analyst, National Bank Financial*

Meny Grauman

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# Management Discussion Section

## Operator

Good morning and welcome to the CIBC Quarterly Financial Results Call. Please be advised that this call is being recorded.

I would now like to turn the meeting over to Geoff Weiss, Senior Vice-President, Investor Relations. Please go ahead, Geoff.

## Geoff Weiss, Senior Vice-President, Investor Relations & Enterprise Transformation

Thank you and good morning. We will begin this morning's presentation with opening remarks from Victor Dodig, our President and Chief Executive Officer. Following Victor, Hratch Panossian, our Chief Financial Officer, will review our operating results. Laura Dottori-Attanasio, our Chief Risk Officer, will close our prepared remarks with the risk management update.

We're also joined in the room by CIBC's business leaders, including Mike Capatides, Harry Culham, Jon Hountalas and Christina Kramer. They will be available to take questions following the prepared remarks.

As noted on slide 2 of our investor presentation, our comments may include forward-looking statements, which involve assumptions and have inherent risks and uncertainties. Actual results may differ materially.

With that, I will now turn the meeting over to Victor.

## Victor Dodig, President and Chief Executive Officer

Thank you Geoff and good morning everyone. Our bank reported strong first quarter result this morning, with earnings of CAD 1.5 billion on an adjusted basis, which is up 9% over last year and a return on equity of 16.1%. We're pleased with the performance across all our businesses, with particularly strong results in capital markets as well as consistently solid deposit growth across our bank. While geopolitical issues, and more recently the corona outbreak, are creating a more uncertain environment globally, our overall GDP growth in North America has been relatively supportive to-date. As expected, our credit portfolio remained strong and is well positioned in a stable environment. Our CET1 ratio of 11.3% provides us with a flexibility to invest in our core businesses for the long-term, as well as returning capital to our shareholders.

During the quarter, we accelerated the pace of our share buybacks, repurchasing 1.5 million shares. I'm also pleased to announce an increase to our quarterly dividend of CAD 0.02 to CAD 1.46 per share. While our efficiency ratio has improved to 55% this quarter, we continue to challenge ourselves to be a more modern bank by reinforcing a continuous improvement mindset and prudently managing our costs. I'm going to circle back to how we're going to repurpose our cost base later in my remarks.

Turning to our business segments, in Personal and Small Business Banking recent investments in our client-focused solutions and our emphasis on advice are paying off, with improved growth on both sides of the balance sheet. To further support our mortgage and small business growth, we recently announced a partnership with RE/MAX INTEGRA offices in Ontario and the Atlantic region. This partnership provides our mortgage and financial advisers a different avenue to build new client relationships. Our Commercial Banking and Wealth Management businesses, both north and south of the border, added relationship managers in areas that we have identified and targeted for growth.

Commercial Banking continued to demonstrate double-digit loan and deposit growth. Our Wealth Management business has also performed well, largely driven by higher fee based assets and strong net fund flows in both Canada and the United States.

Our Capital Markets business had a very good quarter, with earnings of CAD 335 million, which is up 63% over last year. We have a differentiated capital markets platform, with an increasing proportion of earnings coming from stable, recurring revenue streams, such as our innovative foreign exchange and payment solutions. We also continue to diversify and transform our earnings by growing in the United States and bringing capital markets products to our clients across the rest of our bank.

These results across our bank reflect the strength of our client focused franchise. As we look to the future and focus on the execution of our growth priorities, this morning we announced some leadership changes in support of our growth goals. These changes leverage the strengths and capabilities of our deep and experienced team and position us to accelerate the ongoing renewal of CIBC. First, with Kevin Patterson retiring in May of this year, I wanted to acknowledge his strong leadership, and over 35 years of service at our bank, which started at a branch in Hamilton many, many decades ago. Thanks to his steady hand, our technology and operations are well-positioned for the future. Kevin has been instrumental in building our best-in-class mobile banking platform, which is a legacy that Christina Kramer also helped shepherd to what it is today.

As Christina steps in to lead our technology infrastructure and innovation group, she brings a deep understanding of our clients and their changing needs at a time when technology underpins our current and future banking relationships. Christina also has extensive experience with our processes, our people, and our platforms, which will be key as we continue to focus on our clients' experience with our bank as well as simplify and profitably grow our franchise.

Laura Dottori-Attanasio, who many of you on the call know well, will take on the leadership of Personal and Small Business Banking. Laura joined our bank in 2009 as the Head of Corporate Banking, responsible for all credit activities and capital markets globally, and has also held other senior leadership roles in financial services. Laura is a strategic and passionate leader who brings a disciplined approach which will be important as we continue to modernize our retail banking platform.

Shawn Beber will become our Chief Risk Officer. Shawn joined CIBC in 2002 and has led our US Capital Markets business as well as our bank's legal, strategy, and corporate and development functions. This includes playing a central role in our acquisition of The PrivateBank. Shawn has knowledge not only of our cross-border business, but also of the regulatory environment that we operate in. Coupled with his experience on governance matters is well-positioned to take on the leadership of our risk team, as we continue to prudently manage our bank.

Harry Culham will continue to lead our Capital Markets franchise and will add accountability for oversight of FirstCaribbean as well as our direct-to-consumer businesses, which includes Simplii Financial, Direct Investing and Advice and our Alternate Solutions Group. Under Harry's leadership, our Capital Markets business is highly connected to our broader team and has proven its ability to deliver value to clients across our bank. Through their leadership, and that of our broader executive committee, we will continue to execute against our growth strategy. Specifically, we will continue to cultivate an engaged culture focused on delivering the best service to our clients, to optimize our cost base and smartly reinvest our capital to deliver value to our shareholders, clients, employees, and the communities we operate in.

2020 is an important year for our bank on each of these fronts. So I wanted to provide a little more detail. In CIBC, we have invested a significant effort in building a purpose-driven bank with a client focused culture. Our purpose is to help make our clients' ambitions a reality each and every day. We've made steady progress in embedding it into the fabric of not just what we do, but also how we do it across our bank. Our unrelenting focus on our clients is evidenced by our clients' experience results that we're all proud of. This quarter, we achieved our highest ever Ipsos Net Promoter Score in Canadian banking. This builds on the very strong J.D. Power results we delivered last year in both Canadian banking and brokerage, as well as our leading client experience results in the United States.

When it comes to costs, we also need to continue to challenge ourselves to be a more modern bank, by focusing on continuous improvement in keeping a careful eye on our resources. Our current 55% NIX ratio is down 5% from 2015, which was achieved through repurposing resources, realigning our organization and simplifying our processes. While we've made steady progress since starting this journey, we have more work to do. This also includes reviewing our organizational structure, maximizing our capabilities and streamlining decision making, all to further enable execution of our growth strategy. At the same time, we are committed to reskilling and upskilling our talent to ensure our employees have the opportunity to develop and grow as digitization becomes a greater enabler of our banking business.

To that end, the restructuring charge we announced this morning supports an enterprise wide program to accelerate delivery of our priorities, including improving our efficiency. We're not taking these decisions lightly, but the restructuring will help us repurpose our cost structure as we simplify, reinvest in and position our bank to further strengthen our relationships with our clients.

Turning to capital, while we maintain a strong capital position and balance sheet discipline, we continue to thoughtfully and strategically enhance returns through effective deployment. This is an area where we've been making solid and steady progress as we diversify our bank. A clear example of this is our US business, which represented 6% of our earnings in 2015. Through organic growth as well as strategic acquisitions, it represents 20% of earnings today. We remain comfortable with our capital position and will continue to return capital to shareholders and remain primarily focused on organic growth.

So to wrap up, I'm pleased with our performance this quarter. We had solid results from our core businesses and we're seeing good progress in some areas that underperformed in 2019. Our performance also demonstrates the strength of our client-focused strategy and that the value of diversification across client segments, industry sectors and geography.

And with that, I'd like to turn the call over to Hratch to review our financial performance.

## Hratch Panossian, Senior Executive Vice-President and Chief Financial Officer

Thank you, Victor, and good morning, everyone. My comments would refer to the slides that are posted on our website starting with slide 7. For the first quarter of fiscal 2020, we reported earnings of CAD 1.2 billion and diluted earnings per share of CAD 2.63. Our results included two items of note, a CAD 250 million after tax charge related to the restructuring referenced by Victor and CAD 21 million after tax in amortization of acquisition related intangibles. Adjusting for these items of note, we delivered net earnings of CAD 1.5 billion and earnings per share of CAD 3.24, up 8% over the prior year.

This quarter's results reflect continued progress against our client-focused strategy. We increased the breadth of our client base, deepened relationships and improved client experience while continuing to invest for future growth. In aggregate, these efforts netted 5% growth in pre-provision earnings and improved ROE of 16.1%.

Revenue of CAD 4.9 billion was up 7% year-over-year supported by continued growth across all businesses, with particular strength in our differentiated Capital Markets platform and our Commercial and Wealth Management businesses across North America. Adjusted expenses grew 1% ahead of revenues this quarter from an unusually low Q1 last year. This growth reflects higher performance based expenses and continued franchise investments, net of the productivity improvements achieved over the year.

We anticipate expense growth to moderate over the balance of fiscal 2020, as continued investments are offset by the impact of the announced restructuring which will affect nearly 5% of our team and reduce run rate expenses by over CAD 260 million. These savings will start materializing in fiscal 2020, contributing to improvements towards positive operating leverage by the end of the year. The entire run rate impact to the restructuring will be reflected in our financials in fiscal 2021.

Turning to slide 8, we ended the quarter with a CET1 ratio of 11.3% down from 11.6%, due to a number of one-time items in the quarter. Our pro forma CET1 ratio, including the impact of the announced FCIB transaction, was approximately 11.7%, and remains above our target range. Internal capital generation of 33 basis points was more than offset by the impact of the restructuring charge and higher risk weighted assets in the quarter. In addition to normal course business growth, regulatory changes, model parameter updates and a partial reversal of last quarter's market risk reduction contributed to unusually high RWA growth over the quarter. This quarter we also bought back 1.5 million common shares, as part of our ongoing normal course issuer bid, which had an impact of 7 basis points on CET1. Going forward we will continue prioritizing capital allocation to organic growth in our business, and we will return capital to shareholders while maintaining the strength of our balance sheet.

Let me now turn to the performance of our business units. The balance of my presentation will be focused on adjusted results, which exclude items of note. Slide 9 reflects our Personal and Small Business Banking results, where we continue to see stable margins, strong growth in deposits, and quarter-over-quarter growth in residential secured lending, both in balances and commitments. Net income of CAD 619 million was down 2% from last year, as continued investments in the business outpaced revenue growth. Revenues of CAD 2.2 billion increased 2% year-over-year, benefiting from 4% growth in NII, driven by expanded margins and volume growth in both loans and deposits.

Net interest margin was 251 basis points for the quarter, relatively stable sequentially and up 9 basis points from last year, primarily due to the benefit of favorable rates. Going forward, we expect NIM to remain relatively stable with modest downward pressure from any further impact on the yield curve and competitive pricing.

Non-interest expenses of CAD 1.2 billion were flat sequentially, but up 5% from the prior year, as we continue to invest in modernizing our infrastructure, distribution channels and products. While we experienced some quarter-over-quarter fluctuation in expenses, as we've noted before, we continue to expect full year expense growth for the segments to be closer to our 3% guidance.

Slide 10 shows the results of our Canadian Commercial Banking and Wealth Management business, where we continue to see strength in Commercial Banking and improved performance in Wealth Management. Net income for the quarter was CAD 336 million, up 7% from a year ago. Pre-provision earnings were up 5%, driven by strong revenue growth of 7%, net of a 9% increase in non-interest expenses. Expense increases reflect higher performance based compensation and investments, including continued hiring in client facing roles.

We continue to expect fiscal 2020 expense growth to be in the mid-single digit range, with some variability from expenses linked to top line performance. Commercial Banking revenues were up 4% from a year ago. Net interest income benefited from continued volume growth offset in part by the impact of market rates and pricing. Deposit and lending balances were up 14% and 9%, respectively, and we continue to see balance growth across all segments and geographic regions. Wealth Management benefited from improvements in markets and a CAD 2.3 billion increase in net sales over the same period last year. Revenue for the business was up 9%, primarily driven by higher fee based assets and full service brokerage, and 13% growth in AUM.

Slide 11 shows the results of US Commercial Banking and Wealth Management where we continue to experience strong growth, as we expand our business. Net income for the quarter was CAD 185 million, up 6% over the prior year. Revenues were up 9% year-over-year, as double-digit volume growth and higher asset management fees more than offset the significant decline in interest rates over the year. Average loans grew 18% from a year ago, reflecting continued momentum in client development, the impact of new regional offices, and expansion into new sectors. Average deposits grew 22% year-over-year, due to strong growth from new and existing clients. We also saw strong growth in our US Private Wealth business, where AUM was up 20% over the prior year, driven by organic client growth, tighter integration with our Commercial and Private Banking businesses and market appreciation.

Net interest margin for the segment was 302 basis points, up 3 basis points sequentially and down 29 basis points from a year ago. This quarter, we discontinued the treatment of integration costs and purchase accounting adjustments associated with our US acquisitions as an item of note, resulting in a small benefit to the segment's adjusted income and NIM. Excluding this benefit, NIM was down slightly as a result of continued decline in short term rates. Going forward, we expect NIM to remain relatively stable subject to further fluctuations in interest rates.

Non-interest expenses increased 10% from the prior year, reflecting higher performance based compensation and continued investment to drive growth. As signaled last quarter, Q1 includes the seasonal increase related to the accrual of incentive compensation and benefit costs and we anticipate more modest growth for the rest of the year.

Turning to Capital Markets on slide 12. Net income of CAD 335 million for the quarter was up 63% from a year ago, underpinned by 31% growth in pre-provision earnings, and improvement in credit provisions over the prior year. Revenue of CAD 871 million this quarter was up 22% from the prior year, driven by strong trading activity across all products, as well as higher corporate banking and underwriting revenues. Results this quarter reflect progress against the segment strategy, benefiting from continued momentum in the US and further revenue growth originating from retail and commercial clients across our bank. Non-interest expenses of CAD 419 million were up 14% from a year ago, primarily driven by higher performance related compensation as well as increased investments in growth and enterprise initiatives.

Finally, slide 13 reflects the results of the corporate and other business unit. Net income for the quarter was CAD 8 million compared with CAD 39 million for the prior year. This reflects stronger performance in FCIB, net of reductions in treasury revenues and expense growth related to enterprise and infrastructure investments. As mentioned previously, we anticipate the sale of our controlling interest in FCIB to close in the second half of 2020 and we'll provide updated guidance for this segment at that time. And with that, I will turn the call over to Laura.

### Laura L. Dottori-Attanasio, Senior Executive Vice-President and Chief Risk Officer

Thank you and good morning. Turning to slide 15, this quarter provisions for impaired loans represented a year-over-year and quarter-over-quarter decrease. This was primarily driven by our Capital Markets and Canadian Commercial banking businesses, and included an additional provision for one commercial banking account that we discussed last quarter, and some reversals in Capital Markets. Our provisions on performing were CAD 17 million, down from the prior quarter. This was mainly due to routine model and parameter updates. Overall, our forward-looking indicators remained relatively unchanged this quarter.

The next slide provides an overview of our gross impaired loans, which remain stable at 47 basis points. The slight increase in our residential mortgages was driven by continued seasoning of the loans that we originated over the past few years.

Slide 18 provides the 90-plus day delinquency rates of our Canadian consumer portfolios. The increases in delinquencies are largely driven by our mortgage and secured personal lending portfolios and reflect the seasoning of the mortgage book as well as some continued weakness in the oil provinces.

I continue to be pleased with the overall performance of our credit portfolios. And while provisions for losses were low this quarter, we are maintaining our guidance of below 30 basis points on provisions for impaired loans for fiscal 2020.

With that, I'll turn the call back to the operator for questions.

# Question and Answer Section

### Operator

Thank you. The first question is from John Aiken with Barclays. Please go ahead.

### John Charles Robert Aiken, Analyst, Barclays Capital Canada, Inc.

Good morning. Victor, with some the CET1 ratio pro forma being above the range, can we expect that to be managed down back within the range or should we expect that to be maintaining a little bit higher level given, I guess, some of the uncertainty around the macro outlook?

### Victor Dodig, President and Chief Executive Officer

Good morning, John. Thanks for your question. We've always said that we're operating within 11% to 11.5% CET1 range, that's our comfort zone. On a pro forma basis with the FCIB sale, we'll be higher than that.

As we've said to our shareholders, we're going to be using it toward organic investment, dividend increases both of which we highlighted today and an ongoing buyback program in which we executed against more repurchase of shares this last quarter and we'll continue to do so in the quarters ahead. But I'd say the message is operating within 11% to 11.5% is our range that we're comfortable in.

### John Charles Robert Aiken, Analyst, Barclays Capital Canada, Inc.

Great, thanks, Victor. And Laura, if I can very quickly, you mentioned in your prepared remarks the provisions in Canadian Commercial relating to the credit we talked about last quarter. How comfortable are you that with the additional provisions taken this quarter, this has actually been put to bed?

### Laura L. Dottori-Attanasio, Senior Executive Vice-President and Chief Risk Officer

Well, this is an evolving situation. So at this time, we're provisioned at above CAD 0.76 on the dollar. So I'm quite comfortable today with the provision rate. That said and as you can appreciate things can evolve. I think the important takeaway here is that as things evolve, [ph] this ever (20:38) we did have to further provision there is a lot less left to write down.

### John Charles Robert Aiken, Analyst, Barclays Capital Canada, Inc.

Understood. Thank you. I'll requeue.

### Operator

Thank you. The next question is from Ebrahim Poonawala with Bank of America. Please go ahead.

### Ebrahim H. Poonawala, Analyst, Bank of America Merrill Lynch

Good morning. So I guess a question for Victor. There seems to be this perception when you talk to investors some of your shareholders around under-investment in the retail franchise in Canada and the risk of a widening gap relative to some of your larger peers. Would love to hear your thoughts around one, do you think this is a valid concern? And if so, how much will it take both in terms of just expense spend both in terms of dollars and time to catch up to some of those peers?

## Victor Dodig, President, Chief Executive Officer & Director

Good morning, Ebrahim. So a couple of things, I'd say. One is, I always listen to investors and investor feedback, but I have to tell you all that we have a very solid Personal and Small Business Banking franchise in Canada and we also recognize the importance of our franchise to our growth strategy. So let me highlight some of our strengths. We have a leading mobile platform that's been recognized by independent research agencies and our clients. It's been recognized by millennials, who, the under 35 class according to J.D. Power think that we're the best mobile platform out there. We have a functionality that exceeds some of our peers. We've been investing in that platform that continue to have a lead.

We have a leading relationship management platform. The Imperial Service is still an unmatched service in Canadian Banking, and we continue to invest there and we'll continue to invest in our advice platform in the quarters ahead, which we'll share with you as those investments come to life. We've been investing in our small business platform. We've got some interesting significant pilots going on in the small business side where we're seeing very encouraging results. We've invested significantly in our banking centers. We now have almost 90% of our transactions being done outside of the banking center, so that we can focus on advice and our banking centers have been repurposed in that regard and we've rejuvenated our product suite.

We have our Smart Plus platform, so any Canadian that has CAD 6,000 in their checking account or CAD 100,000 in any part of CIBC, pays no checking account fees and gets a free Premium credit card. We've invested in Smart Investment Solutions which is driving our volume on the investment side. So those are our strengths.

And I think it's important to highlight those because they are real, they are incumbent advantages that we continue to build on and we'll invest in.

Now, in the past year we also recognized those areas of opportunity for improvement. There is clearly an area of opportunity for improvement in mortgages. We've invested in that by putting in a higher quality and larger number of mobile advisors, investing in technology so they can simplify their way of doing business and onboarding clients for mortgages and we've established this relationship with RE/MAX which we're very excited about as they are the leading agency in the eastern part of our country.

The second thing is mutual funds. Last year, we had outflow of CAD 1.6 billion in the first quarter. This year, we had a positive inflow of CAD 1 billion, that's a CAD 2.6 billion delta. It's being driven by our Smart Investment Solutions, which are market leading in terms of structure and pricing. Our investment performance on the investment side, we've got 72% of our assets under management are performing above benchmark on a 5-year basis and 86% on a one year basis. And in our cards business, we're seeing improved acquisition. Our goal is to continue to embrace the launch of the new Air Canada Card and continue to invest in our Aventura platform including our cash back card. So, our goal is to continue to invest in our business, deliver positive operating leverage and continue to ensure that our solid Personal and Small Business Banking franchise in Canada, delivers the growth that our investors expect and we know we can deliver.

## Ebrahim H. Poonawala, Analyst, Bank of America Merrill Lynch

Got it. That was pretty comprehensive. I guess, if I had to one line it sounds like you don't really share the investor perception around this.

## Victor Dodig, President and Chief Executive Officer

I think that, if you actually lift up the hood and look at what we're doing, look at how we're positioned, look at some of the growth trajectory in those areas where we exhibited some softness last year, things are heading in the right direction. Now as you all know, it takes time, right. Well, we said, we're going to get to market level of mortgage growth toward the end of the year. We've already turned around our investment franchise. We're seeing client experience scores at the highest level that we've ever seen. Now one quarter does not make a trend, but if you actually look at it over a number of years, our client experience scores have been improving. We're focused on serving our clients and we're focused on being best-in-class.

### Ebrahim H. Poonawala, Analyst, Bank of America Merrill Lynch

That was helpful. Thank you very much.

### Victor Dodig, President and Chief Executive Officer

Thank you, Ebrahim.

### Operator

Thank you. The next question is from with Gabriel Dechaine with National Bank Financial. Please go ahead.

### Gabriel Dechaine, Analyst, National Bank Financial

Good morning. I just want to follow up on the capital commentary, at 11.3% you're still comfortable with the pace of buybacks, or are you looking at it on a pro forma basis when you're contemplating capital deployment?

### Hratch Panossian, Senior Executive Vice-President and Chief Financial Officer

Good morning, Gabriel. It's Hratch, I'll take that one. I would say we are comfortable for a number of reasons. So one, we do look at that pro forma number and we continue to feel comfortable about the probability of that realizing around the midpoint of the year, as we discussed. Two, we look at the forward trajectory of capital generation. And outside of one-time items this quarter as well as some of the volatility we saw between last quarter and this quarter, which bled some RWA growth into this quarter, we feel very confident with our net generations going forward. And so, between those two things, we feel comfortable that we're in a position to continue that.

### Gabriel Dechaine, Analyst, National Bank Financial

Thanks. And on the credit side of things, for Laura, I've asked this question of other banks, I'm getting a pretty consistent, too really to tell response, but given the balance of factors, like the coronavirus and the indirect impact, the rail blockade that continue to have an impact on the economy, notwithstanding this quarter's better than expected credit performance, there got to be some upward pressure that you could contemplate in Q2, if not beyond, at least from the provisions on performing, no or yes?

### Laura L. Dottori-Attanasio, Senior Executive Vice-President and Chief Risk Officer

Well, I continue to guide to, as I said in my prepared remarks, to below 30 basis points as it relates to provisions on impaired. And as you pointed out, things relating to the coronavirus, rail blockades, we're still sort of in early days. They are two important events and they can certainly impact our economy on a go forward basis. So we continue to monitor them closely. And dependent upon what happens and length of time, I would expect that we would see that start to represent first in FLI movements and so in our provisions on performing. But it's still early days.

### Gabriel Dechaine, Analyst, National Bank Financial

Thank you.

### Operator

Thank you. And the next question is from Meny Grauman with Cormark Securities. Please go ahead.

### Meny Grauman, Analyst, Cormark Securities, Inc.

Hi, good morning. I'm wondering is the change in leadership in the retail business changes anything in terms of the strategy for that business?

### Victor Dodig, President and Chief Executive Officer

Our strategy is, as I articulated a little earlier Meny, and we're very, very confident in the solid platform that we have and our ability to invest in that platform and deliver further growth. I think Laura is well-poised to take on the leadership of the business, Christina is well-poised to take on leadership in her new role in technology, infrastructure and innovation, and I know that two of them as well as the entire team, which has been working together for quite some time, will continue to focus on delivering profitable growth to our franchise.

### Meny Grauman, Analyst, Cormark Securities, Inc.

And then just on the restructuring charge, I don't think you mention about and I'm wondering were these charges concentrated in a particular area, and if so what? And then on the CAD 260 million run rate savings, Hratch, how much of that will be falling to the bottom line? I think Victor you talked about repurposing a lot, so I'm wondering how that goes.

### Victor Dodig, President and Chief Executive Officer

Okay, Meny. Let me say a couple of things about restructuring because I think it's important to get our entire narrative out to our investor base. I'm going to let Hratch deal with some of the very specifics in terms of what we're anticipating in the back half of this year as well as 2021. So just to remind everyone, we set out a path five years ago to create a more client focused, agile and cost efficient bank. Since then I think we've made solid progress on a number of fronts.

We've reduced our NIX ratio from 60% to 55%. I think that's quite an accomplishment from the CIBC team. We took a restructuring charge in 2016 to further accelerate our efficiency and the restructuring charge we announced today is a further effort to simplify our bank. We believe, as a leadership team, that the charge we announced today is sufficient to get our bank to the operating model that's going to do a couple of things, deliver improved top line growth, help us achieve our 53.5% to 54% 2022 target. That's by the end of that year, deliver positive operating leverage across our platform into the year ahead across all our SBUs and get us back to that 5% to 10% EPS growth range in a stable market environment. That's what we believe. That's what we've done this and we don't anticipate doing this going forward. It is really all about now operating performance of our businesses. You had some specific questions about the expenses and how we're thinking about that going forward, so Hratch maybe you want to elaborate on that?

### Hratch Panossian, Senior Executive Vice-President and Chief Financial Officer

Sure. Thank you, Victor. So I think as Victor said for this year, we will continue our investments and we also see continued investment into 2021 forward. The purpose here of the restructuring was to find offsets and to find efficiencies in areas where work can be eliminated or done more efficiently, so that we can continue investing in the frontline. So with all of that, for this year, for fiscal 2020 on a net basis, we're still comfortable with that 4% to 5% guidance full year for expenses that we spoke about. And the couple of items in that are performance based expenses are trending a bit higher because of outperformance and we're pleased with that and some of the beginning of the restructuring early parts of that CAD 260 million reflecting this year. Net that off a bit, so net-net, so, we're still in that 4% to 5% range. But in terms of quarterly trends, as Victor mentioned, accelerating towards positive operating leverage at the end of the year.

When the full impact of the CAD 260 million comes in next year, that will give us the ability to reduce baseline expense growth, as a starting point to the low single digits. Now that will be the baseline off of which we will decide our reinvestment levels. And our goals, as Victor said, are operating leverage positive and trying to get back to that 5% to 10% earnings growth. It's too early to tell what the environment looks like. So we will resize reinvestments based on those outputs. And so, the exact expense growth for 2021, we'll give you more guidance on later in the year.

### Meny Grauman, Analyst, Cormark Securities, Inc.

Thank you.

### Operator

Thank you. The next question is from Steve Theriault with Eight Capital. Please go ahead.

### Steve Theriault, Analyst, Eight Capital

Thanks very much. I would like to start with the Canadian Commercial business. Jon, on the commercial, lending growth had been very, very steady around 12% in the last number of quarters, but slowed a few hundred basis points in Q1. Maybe just some detail there. Are you seeing any increased competition, or terms you don't like in the market? What's driving that?

### Jon Hountalas, Senior Executive Vice-President and Group Head-Commercial Banking and Wealth Management, Canada

Yeah. So, thank you for the question. If you look – we tend to look at the business on both sides of the balance sheet. I tell you over the last eight or nine quarters, deposits have been double-digits every quarter. Loans have kind of jumped back and forth. Sometimes they are low double, sometimes they are high single. This quarter, they're high single. So that feels pretty normal. When we look at the kind of pipeline, it's in line with history. New business in Q1 in line with history. Utilization rates were a bit down. So that's a bit different, so we're watching that early days. And to your comment, yeah, we are passing on more business. We're relationship [ph] based (32:22) right. We don't compete on price or risk. If we have to pass on business that doesn't fit our model, we're happy to do it. We're very comfortable with the model we've built. Long-term, we think we can grow faster than market on both sides of the balance sheet. In the short-term, if we see things in the market that don't make sense for us, we pass. So, we are passing on a few more deals in Commercial Banking.

### Steve Theriault, Analyst, Eight Capital

Okay, that's helpful. And then kind of related, but Victor you mentioned Small Business, and looking at that line item it's a little down this quarter, but it's been flat for a while. And Victor so you mentioned some initiatives there. Can you or Christina give a little more detail, and what's your level of confidence we'll see some acceleration this year in the Small Business line?

### Victor Dodig, President and Chief Executive Officer

Good morning, Steve. I'm going to pass it on to CK. Go ahead.

### Christina Kramer, Senior Executive Vice-President and Group Head, Personal and Small Business Banking, Canada

I'll take that question. Thank you, Victor and thank you, Steve. The first priority as we look at our Small Business segment was to focus on specific client segments. Canadian entrepreneurs and professionals, and we've been focused on growing the business by meeting clients' core payments and cash management needs. So that's on the deposit side, and we've seen positive deposit growth in that space.

Last year we added, and this speaks to the reinvestments that Victor was talking about. We added over 170 new specialized business advisors and support roles in targeted markets and we'll continue to make those investments to advance our relationship-based strategy. So those new roles, their growth is outpacing our expectation, so early days, but outpacing expectation and we're expanding into other parts of Canada this year. So, we see further opportunity on the business borrowing side, has not been our primary focus initially. But as we expand our specialized mobile business advisor force, we believe we will increase our growth on the borrowing side. And with the roles that we've already put in place, albeit again still early on, we're seeing higher lending origination activity. So good early results. At least that's where we've been focusing in on Small Business segment.

### Steve Theriault, Analyst, Eight Capital

Okay. Thanks for that color.

### Operator

Thank you. And the next question is from Scott Chan with Canaccord Genuity. Please go ahead.

### Scott Chan, Analyst, Canaccord Genuity Corp.

Good morning. Just a quick question on the restructuring charge, did it affect the US business at all?

### Hratch Panossian, Senior Executive Vice-President and Chief Financial Officer

Good morning Scott, it's Hratch. I'll jump in. So, the way to think about this across segments that it's fairly broad and it affects all segments, roughly proportionate to where FTE count is, if you look at it. So, it is largely focused on where we can do things more efficiently across a number of the areas and there are those types of roles both in corporate and other segments, in operations and so forth, in other areas, but there are those types of roles across the entire bank. So look at it proportional across the segments.

### Scott Chan, Analyst, Canaccord Genuity Corp.

Okay, that's helpful. And sticking with the US segment, the Commercial growth seems to be, continues to be very robust. We've seen a lot of your peers and industry data, noticed some deceleration in the quarter, and potentially throughout fiscal 2020. Just curious to hear your thoughts on the trajectory, on your volume business there.

### Michael G. Capatides, Senior Executive Vice-President and Group Head, U.S. Region; President and Chief Executive Officer, CIBC Bank USA

Thanks Scott. This is Mike Capatides. I'll take that question. As we said last quarter, our growth is in part due to the new initiatives we put in place over the course of the past year-and-a-half, that's new offices, new products and increased referrals amongst our various business groups in the US. Last quarter was about 50/50 between new and same-store. This quarter it's about one-third new, two-thirds same-store. So this healthy growth is in large part due to purposeful new initiatives we put in place.

We expect that growth to moderate for the rest of the year, but remain healthy, probably to the high single digit, low double digits. And importantly it'll be proportional between our C&I portfolio and our real estate and private banking portfolio. Having said all that, we're staying disciplined on pricing and credit. Although we do see a lot of competition, we too are passing on deals that do not make sense for us right now, but we're very pleased with the way the team continues to execute on a very purposeful US strategy that we put in place along with the acquisition a couple of years ago.

### Scott Chan, Analyst, Canaccord Genuity Corp.

Thank you.

### Operator

Thank you. The next question is from Sumit Malhotra with Scotiabank. Please go ahead.

### Sumit Malhotra, Analyst, Scotiabank Global Banking and Markets

Good morning. I'm going to stay with Mike to start. Mike, when the bank acquired PVTB a few years ago, one of the talking points that was discussed was the ability of CIBC to help accelerate the funding profile and the low cost funding profile of that institution. It is coming off a low base, but we do see your no interest, your zero interest bearing deposits starting to increase. Can you tie that into some of the initiatives that Victor talked about in terms of how the bank is engaging with clients? And maybe more specifically, numbers wise, how does that tie into what seems to be a constructive margin outlook in the face of another step lower in the interest rate structure.

### Michael G. Capatides, Senior Executive Vice-President and Group Head, U.S. Region; President and Chief Executive Officer, CIBC Bank USA

Sorry. I'll just turn my microphone on. I'll start off and then pass it over to Hratch. On the deposit side, we are seeing greater opportunities in our market space, especially related to the expansion of the CIBC brand. And we've been able to work very, very effectively with our new and existing CIBC clients to expand that deposit base and liquidity services. Importantly, as the balance sheet has grown, we've been able to maintain a very healthy level of non-interest bearing accounts, check-in accounts and expanded our treasury services.

These clients are generally in the commercial and wealth sector, and are somewhat price sensitive. But as we adjust rates, which in, a good part of our book is LIBOR based, most of our book, which is forward looking. Our team has worked very, very hard and productively with our clients to readjust our deposit pricing. And it frankly a day-to-day effort. And you're starting to see that in our NIMs, and you'll see it going forward. In addition, our Digital Agility platform has performed very well, and that's given us some flexibility in terms of our deposit stack. So overall, we're just – we're happy with how our deposit strategy is rolled out. It's been strong. And I'll turn it over to Hratch now to give similar technical information on our NIMs.

### Hratch Panossian, Senior Executive Vice-President and Chief Financial Officer

Thanks, Mike, and thanks for the question, Sumit. So I think Mike covered the business elements. The few things I would add is, as CIBC acquired PrivateBank, we brought the ability to help and accelerate the growth of deposits as well as the ability to manage the profitability and margins I think better through some of our hedging program, and so there is a number of things that we've done.

Mike talked about some of the initiatives in the business, then there have been some cross segment initiatives. So some deposits from our Commercial clients in Canada that may have had deposits there. Some opportunities for deposits from our Geneva and Atlantic Trust client historically, that now with the private banking offer that we have there is some personal deposits on that. So all of those are helping. Generally, puts and takes, generally helping as well and we hope over time will help on the cost of deposits which helps margins. But deposits overall, I would say, stable to some of the initiatives Mike mentioned, managing that more closely.

Loan margins as well staying fairly stable, some movements as the composition of the portfolio moves, but we're able to keep those stable. And so the residual really has been around interest rate sensitivity and the yield curve due to the mismatches between assets and liabilities. And we've put a lot of hedging capability on top of that through our central treasury since then. And so that's stabilized the margin. So we had forecasted margins to be relatively stable. There was a bit of noise in that uptick this quarter due to the item I mentioned in my remarks, but net of that margins were down 3 basis points, which is relatively stable in the short rate environment that we are seeing and we expect that to continue because of all the dynamics I spoke about.

### Sumit Malhotra, Analyst, Scotiabank Global Banking and Markets

Thanks for that color, and I'll wrap up with a quick one for you, Hratch. You mentioned that you expect FirstCaribbean, the FirstCaribbean divestiture to close in the second half of this year. Thinking about the full year impact to earnings power for the bank, if, you still have that disclosure out there, I know there are some differences between what they report and how it gets picked up in the bank's financials. If I was to estimate approximately CAD 0.40 a share as a net amount that CIBC would forgo. Is that in the ballpark of what you're expecting?

### Hratch Panossian, Senior Executive Vice-President and Chief Financial Officer

I would say that's high, Sumit. So I think remember there is a number of components here. There is a contribution from FirstCaribbean. There is the portion that we look, continue to recognize through earnings, because of our continued stake of 24.9%. So the net of those two is what would be lost. There is some economics related to the loan related to the transaction. You've got to net that off as well. So I would say it's significantly below that number. And the way we're thinking about it is between the loss and steady state earnings and then capital that's generated, as it released as part of the transaction, once we deploy that capital and return to shareholders, we're relatively, yes, neutral.

### Sumit Malhotra, Analyst, Scotiabank Global Banking and Markets

Thanks for your time.

### Operator

Thank you. The next question is from Mario Mendonca with TD Securities. Please go ahead.

### Mario Mendoca, Analyst, TD Securities, Inc.

Good morning. If we could take a step back now and just look at the balance sheet in total, and the page I'm using as your average balances on page 17 of the supplement. And what I observe this quarter is that the growth in the average assets is meaningful, it's a fair bit greater than what we've seen in the past. And as I drill down on the various items, there's repos for sure, security is definitely, cash and deposits with banks. Could you help me understand if this is the new level from which CIBC would grow or was this quarter somewhat special in terms of what the bank was presented in terms of opportunities?

### Hratch Panossian, Senior Executive Vice-President and Chief Financial Officer

Good morning, Mario. It's Hratch. I'll take that. I would say this is all normal course business. There can always be some volatility back and forward, but a number of items driving that. And I'll elaborate a little bit more. So one there is the ongoing dynamic across the balance sheet, as we grow certain items other than drawn loans, for example our deposit books, our undrawn commitments and other contingent exposures from a funding perspective, because of the new liquidity rules that increases the liquidity and HQLA requirements from – that we manage in Treasury for LCR purposes and other liquidity metrics. And so that drives the continual increase in securities that you'll see coming in the treasury side. So that's one element, and that I would say is ongoing.

The second element, which is also treasury related is, you can have fluctuations in liquidity, and so you'll see the cash line item as well up significantly this quarter. That I would say is transient liquidity, so some of that will be volatile and not necessarily steady state. And then lastly, we had an increase in securities in our Capital Markets business that's related to the ongoing client business that we're doing, growing that business. And so again, that can have some fluctuation, but as we grow the business I would expect that to grow both across our financing business as well as some of the other desks. And so those are the main drivers. A little bit of noise obviously on the IFRS gross up this quarter that adds to the balance sheet but nothing significant.

### Mario Mendoca, Analyst, TD Securities, Inc.

So, Hratch would it be fair to say then it's hard to tell whether this will grow from here. It could shrink, it could grow, it just sort of depends on what's presented next quarter? Is that fair?

### Hratch Panossian, Senior Executive Vice-President and Chief Financial Officer

Yeah. I think there'll be a little volatility. The longer term trend, as we grow our business, I would expect that to grow because of the liquidity requirements that I mentioned, Mario.

### Mario Mendoca, Analyst, TD Securities, Inc.

And then finally, if we look at the increase in RWA this quarter and you acknowledged that it was big. I understand the various pieces. Is there an opportunity here for CIBC to actually shrink some of these balances and redeploy it to things like buybacks? Like is this – this is actually present an opportunity to boost capital. Is that any – is that reasonable and the way the bank looks at it?

### Hratch Panossian, Senior Executive Vice-President and Chief Financial Officer

Yeah. So, I'll say a few things. Let me start with the quarter because I think it is important to clarify that. So as I mentioned, if you look at the 36 basis points of normal course business RWA growth, if you will, that is probably about 10 basis points overstated this quarter. So when I look at last quarter and this one combined, I think there is a 10 basis point that was borrowed from one quarter to the other, and that's related to our trading related RWAs both across counterparty credit and market risk. Those will move around between quarters and there's some volatility right because of market movements that change the marks on derivatives and so forth, and changes in market risk based on the dynamics of VaR and stressed VaR. So net-net we still think that this quarter core is the same amount of capital deployment going forward.

Now, is there an opportunity to deploy less? We are always conscious of the ROEs and the returns that we're getting on any capital that we deploy. We are focused on organic growth, but we are very disciplined. We do not have significant areas of our business where our returns of capital deployed are below what we expect as returns and well above cost of capital and hurdles. But we will continuously look at that. On the margin, there may be opportunities here and there, but I think we're more in the mode of deploying capital towards growth that was our strategy, that was one of the reasons that we invested in the US, to give us an avenue to deploy the organic capital generation. And so we're seeing the current dynamic as the right one with small amount of net generation but a lot of business growth through deployment.

### Mario Mendoca, Analyst, TD Securities, Inc.

Okay. Thank you.

### Operator

Thank you. The next question is from Sohrab Movahedi with BMO Capital Markets. Please go ahead.

### Sohrab Movahedi, Analyst, BMO Capital Markets (Canada)

Thank you. Just wanted to start off maybe with Harry for a second. I mean very strong quarter, Harry. You had once upon a time said that you think the Capital Markets segment is probably about a CAD 1 billion a year type contributor to the total bank. Is there any reason to think that yardstick has changed?

### Harry Culham, Senior Executive Vice-President and Group Head, Capital Markets

Hi, good morning. Thanks for the question. Yeah, you're right. I did say that in the past, and we've evolved, I would say. The core franchise continues to perform very well. Very diversified organic growth here in Canada over where the core branch dwells but also internationally. And as we've said in the past, our medium to long-term focus is to grow in the US and also at the same time increase our stable recurring revenues through innovative solutions and servicing our personal and commercial clients. And that's all growing in double-digits.

So, I guess, the answer to your question is, we feel confident that we can deliver in a slightly higher range now. And I put it at sort of CAD 250 million to CAD 300 million NIAT per quarter and surpass expectations as we did in this quarter, given favorable market conditions from time-to-time and credit conditions. So the franchise is growing. We think we can continue to grow at this pace going forward.

### Sohrab Movahedi, Analyst, BMO Capital Markets (Canada)

Okay. And maybe just, I'll – credit spreads obviously a big factor for everyone this quarter but even since the quarter end, high yield spreads have kind of widened, are you seeing anything noteworthy as far as the trading businesses so far this quarter?

### Harry Culham, Senior Executive Vice-President and Group Head, Capital Markets

We had a reasonably good start to quarter two. Obviously, the markets are volatile. They remain liquid, so they're constructive for client activity. There has been a little bit of gapping from time-to-time, but we're pretty confident that we're there for our clients. We're doing good client business. It's a reasonable start to quarter two. We'll see where the markets take us with the various different disruptions. Our clients are active. The pipeline is pretty strong. And as Victor pointed out, this is a differentiated platform where we're building businesses using technology to get through the cycles of capital markets. So, therefore I'm confident in the guidance, I gave you a moment ago.

### Sohrab Movahedi, Analyst, BMO Capital Markets (Canada)

Okay. Can I sneak in one more?

### Victor Dodig, President and Chief Executive Officer

Sure.

### Sohrab Movahedi, Analyst, BMO Capital Markets (Canada)

Victor or Hratch, lots of talk about the ROE, but also about getting back to that 5% to 10% kind of EPS growth target range. If, at the margin which one trumps the other one. Would you pursue growth or would you make the ROE decision?

### Victor Dodig, President and Chief Executive Officer

How about both? Because that's really our focus. We've been quite clear, as over five years ago when we said, look part of our mandate is to get our EPS to 5% to 10% and make sure that ROE stays above 15%. So we believe that some of the actions that we've taken on costs, and some of the management effort we've taken on driving the top line will continue to show through in our EPS growth as we head into the back half of this year and early next year. We also are all too aware of how do we get a balanced business going in terms of capital-light businesses like some of the agency businesses we have going through capital markets and the technology investments that we've made. Our wealth management businesses which are showing robust net flows in both Canada and United States, and the rejuvenation of our -- continued rejuvenation of our mortgage business which has a lower RWA density, driving better growth and continued focus on deposits will all contribute to ensuring that ROE stays in a 15%-plus range.

### Sohrab Movahedi, Analyst, BMO Capital Markets (Canada)

Thank you.

### Operator

Thank you. And the next question is from Doug Young with Desjardins Capital. Please go ahead.

### Doug Young, Analyst, Desjardins Capital Markets

Good morning. Just on the Capital Markets side, Victor you made a comment, and I'm just hoping to get a little more detail, because I find it real hard to model Capital Market. But you said a growing percent of revenues are from stable recurring revenue streams in Capital Market, which, it would be great to understand what – can you quantify that? Can you kind of layer out what the – a little bit more detail on that. Thank you.

### Victor Dodig, President and Chief Executive Officer

I'm going to turn it over to Harry in a sec, Doug, but I just want to highlight a couple of things. The technology investments that we've made have not only served our Capital Markets clients sort of in its classic institutional and corporate sense, but there's been a higher degree of connectivity to our retail and commercial businesses. We do measure that connectivity, how much business flow are we putting through our Personal and Small Business Bank as well as through our Commercial and Wealth Management franchises. And that number is growing, and we see that is having a higher quality level more of a recurring nature.

The second thing that we've created today is just this whole notion of direct financial services. The Alternate Solutions Group, which you will get more visibility to over the coming quarters, as well as our Simplii business and our Investor's Edge business are all pretty profitable and growing businesses that really rely heavily on technology and the kind of technology investments that we've been making in Capital Markets to drive a better result.

So Harry, let me just pass it on to you in terms of highlighting anything else you'd like to highlight in that regard. I will say unequivocally, that the Capital Markets revenue streams that are coming from CIBC are fundamentally different than they used to be and are much more recurring and high quality in nature.

### Harry Culham, Senior Executive Vice-President and Group Head, Capital Markets

Yeah. I guess, I would add that we have diversified the franchise significantly. Clearly, the core corporate and institutional franchise is very important to this business. If you just look at the pre-provision earning growth over the last five years of this business, it is growing in double-digits. So we're confident that that growth will continue with very good technology investment and continued diversification of client base. So Victor mentioned servicing personal and commercial clients. That's very important to this franchise. We think we have an edge there. And we have a very good market share that we continue to grow in Canada but also in the US. We're very pleased with the growth of the non-traditional corporate institutional clients into the personal and commercial space.

### Doug Young, Analyst, Desjardins Capital Markets

I mean, I guess, I would say, care to put a number or percent on where that recurring revenue stands and where you think it would go or...

### Hratch Panossian, Senior Executive Vice-President and Chief Financial Officer

So this is – Doug, it's Hratch. This is an area that we're going to continue providing more transparency on as we go forward. So, as we work towards our next Investor Day with some of what was announced today as well with Harry's responsibilities around the sector, we're going to work through our disclosures to provide more transparency, but not at this time.

### Doug Young, Analyst, Desjardins Capital Markets

Okay. And then just on the CET1, lot of questions on it, but if I look at it simplistically, it look like organic internal capital generation was negative. Clearly that's not the case as Hratch you talked about something borrowed from last quarter that impacted you this quarter. I guess my question is, what is the organic internal capital generation CET1 growth that we should think about? Is it less so than it was five, three, two – three years ago? And as part of your issue is that you're getting good growth in the US and I believe the US is still under the standardized model, if I'm not right there, you can correct me, and is there a potential to change that, if it is?

### Hratch Panossian, Senior Executive Vice-President and Chief Financial Officer

Yeah. So thanks for the question. I'll take it. So let me start with the quarter and I'll reiterate. So the 36 basis points we saw this quarter in RWA growth is unusual and we don't anticipate to see that in the quarters going forward. Some of it was that quarter-over-quarter as I mentioned. So take 10 basis points off. I think you're more in the ballpark of what we would expect to see going forward.

So in terms of net generation, nothing has changed in the short term. So the last guidance we provided was that we would be somewhere in the range of that sort of 5 to 10 a quarter. And I think that's still the right range. I would probably look at it on an annual basis, given the quarter-over-quarter volatility. So I'd sort of call it that 30 to 40 – 35 to 40 basis points over a year. We still feel pretty good about that. And the way we manage that goes back to the question earlier around ROEs from Sohrab, we are very focused on marginal ROE forward and the ROE of the bank, because we very much recognize that ROE net of dividend is really our ability to grow capital. And as long as we maintain that capital level, that equates to our growth level and at the same ROE that equates to our growth within our guidance range. So we'll continue to manage that going forward. And like I said, I think that 30 to 40 basis points hasn't changed.

### Doug Young, Analyst, Desjardins Capital Markets

And that US business, is it standardized? Was I right on that?

### Hratch Panossian, Senior Executive Vice-President and Chief Financial Officer

So it is still on standardized. Yes, we do have an ability to go to advanced and there is a timeline around that. We're probably a couple of years away still, but we are working through it.

### Doug Young, Analyst, Desjardins Capital Markets

Okay. Thank you.

### Operator

Thank you. I would now like to turn the meeting over to Victor.

### Victor Dodig, President and Chief Executive Officer

Thank you, operator. So we've had a good start to 2020 with strong earnings growth this quarter that reflect the strength of our client-focused strategy. The importance of earnings diversification and discipline in cost management while maintaining a strong capital position. We will continue our journey to transform our bank into a relationship-focused, modern consumer and business banking franchise with a leading North American commercial wealth platform and a differentiated Capital Markets business.

In summary, we're a different bank today with tremendous opportunities available to us now that weren't possible a few years ago. I've never been more excited about our future. I'd like to thank our CIBC team for their dedication to our clients each and every day and I'd like to thank you all for joining us on our call today. We look forward to speaking with you next quarter and obviously in between that time. Thank you.

### Operator

Thank you. The conference has now ended. Please disconnect your lines at this time and we thank you for your participation.