



CHECK AGAINST DELIVERY

Remarks by Victor G. Dodig, President & CEO  
CIBC Annual and Special Meeting  
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Good morning and welcome.

It's good to be in the beautiful City of Vancouver for CIBC's 149th annual and special meeting.

We're proud of our British Columbia heritage, and of the client relationships we've built in this province. CIBC opened Vancouver's first chartered bank branch 130 years ago in 1886 on Cordova Street. The population of the newly incorporated city was only about 5,000 at the time.

Today, more than two and a half million people call greater Vancouver home. And it is no wonder. Vancouver is ranked the third most livable city in the world, according to the Economist Intelligence Unit. This livability factor has been a key factor in making the city a thriving innovation hub, attracting start-ups and global companies alike.

### **Current Economic Climate**

Both Vancouver and British Columbia have seized a leadership position in the new economy. Recently, our Chief Economist, Avery Shenfeld, forecast B.C. would lead Canadian economic growth in 2016. He expects the province to lead the nation on both GDP and employment growth in 2016.



Last evening, I met with about 100 of our key clients in the province. I heard all about the rainy winter you've had and the state of your beloved Canucks, and I sympathize, I do. Coming from Toronto, when I say I sympathize, you can be assured that I really do!

I also heard quite a lot about the housing market. Both Premier Clark and Prime Minister Trudeau have identified housing affordability as an issue and we will be an active participant with government in working on a solution.

Whether you are a buyer or a seller, we will continue to be there for our clients to provide expertise and guidance to help them find solutions.

### **Community investment in BC**

And we are an important part of the fabric of the province. Today we have 64 banking centres in the Greater Vancouver Area and 164 banking centres across British Columbia.

With more than 4,200 Team CIBC members throughout the province, we are a major employer, serving nearly 1.3 million clients. We remain committed to investing in BC and ensuring our customers' long-term sustainable growth.

That support extends to the communities where our clients and team members live and work.

Over the past three years, CIBC has invested more than \$6 million across BC - more than \$2.5 million in Vancouver alone - aligned to our Community Investment strategy of Kids, Cures and Community.

2016 marks the 20<sup>th</sup> year of our support for the BC Children's Hospital. Since 1996, CIBC, our clients and team members have contributed more than \$8.3 million to fund

pediatric oncology. Giving back is part of our DNA. It's what connects us to the places we live and the clients we serve, and has built a strong foundation for our culture.

### Progress Against Priorities (2015)

We have an incredible team at CIBC that's some 44,000 members strong, in Canada and around the world. Eighteen months ago, when the new leadership team came in, we outlined three objectives:

- to rejuvenate our culture,
- re-engage with our clients, and
- create shareholder value.

Our team has made excellent progress on each of our three objectives.

We've **shifted our culture** to become more open and transparent. We've taken steps to encourage an ownership mindset among our team members - one where everyone feels empowered to make decisions that drive our client agenda forward. And I'm proud to say that in our most recent employee survey, our team told us they've never been more proud to work for CIBC. This speaks to our team members' confidence in our bank as a place to work and a place to bank.

Our **client-focus** has come full-circle. We've made it clear to the market that we are committed to building deeper relationships with our clients. Over the past eighteen months, I have personally met with over 500 corporate and business banking clients to better understand their needs and to reaffirm our commitment.

And we worked to **create shareholder value** and enhance the growth profile of CIBC. We generated industry-leading total shareholder returns in 2015, driven by both stock performance and strong dividends. And at our Investor Day in October, we shared our plans for growth and how we're going to enhance shareholder value going forward.

## Fiscal 2015 Results

Overall, 2015 was an incredible year for CIBC. Our results reflect our progress in our transformation to become a strong, innovative and relationship-oriented bank for our clients, shareholders and employees.

We delivered record adjusted net income of \$3.8 billion with earnings per share up 6% from last year. We also generated an industry-leading return on equity of 20% while increasing our capital strength. Our Basel III Common Equity Tier 1 ratio of 10.8% at year-end was also highest among our peers.

We continued to enhance shareholder value and raised our dividend 12 per cent with increases in eight of the last nine quarters. Our focus is to deliver a payout ratio at the upper range of our 40-50% target.

Turning to our business units, in **Retail and Business Banking**, we continued our momentum to enhance the client experience and make banking easy, personalized and flexible for our clients.

Clients today expect a lot more from their bank. They have extensive and varied online experience and they are tech-savvy. They've seen technology simplify transactions that used to be complex and time-consuming in other parts of their lives.

But they will only embrace innovative technologies if they integrate seamlessly into their lives, fulfill real needs and deliver additional value - and we need to make this happen quickly. To deliver, we've changed our business model. Our #digital team is made up of talented individuals from a cross-section of skills and experience - they are mostly young and hungry to innovate and collaborate.

I see Mike Stevenson, who heads up our Retail & Small Business Banking in BC & the Northern Territories, here today. Through Mike's and his colleagues' leadership we transformed our branches into banking centres and simplified the leadership structure to focus on providing personalized advice and deepening client relationships.

The newly structured banking centres are having a positive impact on our client experience.

Also last year we continued to invest in our digital channels to encourage our clients to conduct their everyday banking through their tablets, mobile devices and our ATMs, allowing them to bank when, where and how they want.

As a leader in innovation, we believe in the importance of partnering with FinTechs – those start-ups that leverage innovation and technology to deliver financial services in new ways. That’s why we partnered with Thinking Capital to provide small business with faster and easier access to short-term online loans.

And we will continue to partner with innovation labs across Canada to help develop the next wave of banking technology for our clients, while helping to build Canada’s innovation economy.

Vancouver is quickly becoming a leader in this space. The Vancouver Tech Hub has been driving ideas and commercial success. Today nearly 75,000 tech professionals work in the city and the sector contributes some \$15 billion to GDP.

Phil Lehn from CIBC Commercial Banking is here today. Phil’s team has done a great job with our clients like Avigilon, Aritzia, Bosa Properties and Great Canadian Gaming.

Our investments in innovation are helping us build deeper relationships with our clients. The results are showing up in our bottom line. 2015 saw strong performance in both Personal and Business Banking, driving adjusted net income to \$2.5 billion, up 3% over the previous year.

In 2016, we are continuing to focus our efforts on further deepening client relationships and building the bank that fits our clients’ lives.

Our **Wealth Management** franchise also made good progress in 2015 against its strategy of enhancing the client experience and attracting new clients. We reported adjusted net income of \$538 million, up 11% from 2014.

Our Canadian Asset Management business achieved its sixth consecutive record for long-term mutual fund sales and the franchise forged a strong partnership with our retail banking centres that helped drive new account openings up 36% year-over-year at our self-directed brokerage, CIBC Investor's Edge.

We continued to make doing business with us easier and more beneficial by removing paper processes and increasing digitization.

Our newest Private Wealth Management Centre in Kerrisdale, which we opened in late 2014 to reflect the significant growth of the wealth market in Vancouver, continues to perform well.

Jean-Marc is here from Private Wealth Management and can certainly speak to how we are serving this market.

2016 will be another important year for our franchise. We will continue to look for ways to offer integrated advice and investment solutions to our clients, drive asset growth and optimize our business platform.

## **U.S. Investment**

As I mentioned at our Investor Day last October, growing into the U.S. market with a banking platform is strategically important to us.

We know that our business banking and our corporate banking clients are expanding from Canada into the U.S., as they deploy capital into that marketplace. We want to be able to bank them, both from a lending and deposit standpoint.

We believe a U.S. banking platform would complement our Atlantic Trust franchise, which has been a very successful foundational investment in the U.S. private wealth management space.

With the pending close of the sale of our stake in American Century Investments, we will have an even stronger financial base which will provide us flexibility to further pursue acquisition opportunities.

We have been actively looking at opportunities but, as we have demonstrated with previous acquisitions, we will be patient and remain disciplined in our approach to ensure they meet our acquisition criteria: a good cultural and strategic fit, as well as being able to deliver growth within a target time frame.

In the meantime, we will continue to focus on the growth opportunities that are available by investing in our core businesses and simplifying our bank until the right opportunity becomes available.

In our **Capital Markets** business (formerly Wholesale Banking), we made solid progress against our strategy of helping our clients grow globally by expanding our lending and advisory mandates. For 2015, the business reported adjusted net income of more than a billion dollars, up 11% from 2014.

Kathy Butler, who heads up our Capital Markets Investment Banking in BC, is in the audience today. Through strong leadership we have helped our clients navigate market uncertainty and volatility by delivering integrated advisory, lending, trading and research solutions.

We maintained our leadership positions in syndicated loans, debt and equity underwriting, M&A advisory, and trading activities.

In 2015, our Capital Markets business also was an innovation leader, building and implementing two new innovative foreign exchange solutions for our clients bank-wide.

CIBC Global Money Transfer is a no-fee international remittance service that allows our clients to send money to 40 countries around the world from the comfort of their computer for free and expanding to mobile by Summer 2016.

The second, CIBC Foreign Cash Online, lets our clients order 75 different foreign currencies online and have them delivered directly to their home, local banking centre.

We will build upon these leadership positions as we help deliver for our clients in 2016.

### **Challenging Economic Environment**

As we continue our transformation in 2016, we are mindful of the current market volatility. We face a number of headwinds, including a low-growth, low interest rate environment here in Canada, weak energy prices, and investor unease.

We will take a very focused approach to emerge from this fluid time as a much stronger bank. These headwinds make our need to transform the way we operate as a bank even more urgent.

### **Our Transformation**

Last year at our Investor Day, we talked about our strategy and how we will transform to build a financially strong, technologically innovative, and relationship-oriented bank.

We have a great team and a strong franchise that has proven it can deliver consistent, sustainable results. Our opportunity now is to deliver profitable growth.

We've outlined some achievable, yet aggressive, financial targets that we will deliver over the medium term.

We want to achieve sustainable earnings per share growth of 5-10% and improve our expense to revenue ratio. We will do this by staying really close to our clients, leveraging benefits across all of our businesses, and returning earnings growth to our shareholders. Strategies that will further reward you, our shareholders, by driving increases in our share price.

## **Priorities**

To accelerate our transformation, we're going to relentlessly focus on the needs of our clients, innovate to meet these needs, and simplify the way we do business. We're making good progress on our three bank-wide priorities:

### **Client Focus**

To become the relationship-oriented bank we're striving for, we want to be #1 in client experience over the medium term. We will measure this by the number of clients who say we are a good place to bank and recommend us to their friends, families and co-workers - we refer to this as our Net Promoter Score.

To better align to that vision, we repositioned our brand to 'Banking That Fits Your Life'. Our clients want a bank that knows them, values their business, advocates for them, fixes their problems quickly and listens to their needs.

Our team members are feeling energized by our renewed client-focus and the results we're seeing. Since shifting our focus from a product-centric bank to a client-centric bank four years ago, we've had third-party validation that our strategy is working.

In fact, we've improved our client satisfaction scores more than any of our Canadian banking peers over the past three years. We're making an impact in the marketplace, but our work is far from done.

We have a number of new initiatives that will accelerate our client focus, like Adopt-a-Banking Centre, where our executives are assigned a banking centre and visit

quarterly to understand the challenges and opportunities from our frontline team members. We will expand this program in 2016.

And our 'Make it Right' program, which empowers our team members who hear of a client issue - from family, friends, acquaintances. Our goal is to rectify a complaint within 24 hours. This is creating an **ownership mentality** among our people, where they can have a real impact on our client experience.

Because client experience is a bank-wide priority, we've made changes to our executive compensation structure, so that now 20% of our variable compensation program is tied directly to the client experience. Irrespective of where you work in the bank, you have a role to play.

We're going to place a greater emphasis on performance orientation to help drive a relentless focus on our clients.

## **Innovation**

In support of our client focus, we will increase our efforts and investment in innovation to find new ways to help our clients have a better banking experience with us.

As far as banking innovators go, we were one of the early adopters. One of our core strengths has been our technology heritage and we have a number of 'firsts' to our name.

While we continue to be the innovation leaders today, our industry is rapidly changing. Our challenge is to stay ahead of our competition - both the other large Canadian financial institutions and the FinTechs who are looking to disrupt our model.

We'll do this by continuing to innovate for our clients as they adopt new technologies and look for secure, easy and more flexible ways to do their day-to-day banking.

Already this year we've introduced the CIBC Smart Account - a bank account that adapts to our clients' needs. It also recognizes that the way people bank has changed. That is why we now include Interac e-Transfers as a regular transaction. We are the only bank that doesn't charge extra for these or require you to be in a premium account.

Whether it is first-to-market with mobile banking, the Apple Watch, partnering with a Fintech or no-fee global money transfers, innovation is strategically important to CIBC as we build the bank of the future. They're the result of tireless teamwork and partnership and they're enabled by a nimble organization.

### **Simplification**

As we transform CIBC, it's essential that we streamline and simplify our bank to make it easier for our clients to bank with us and for our team members to get work done.

The good news is that we already have work underway to help transform our bank, our cost base, and our growth profile. At our Investor Day, we launched the bank-wide initiative *Program Clarity* to do just that.

Our focus on our clients and innovation will enable our growth, while *Program Clarity* will help free up resources that can then be reinvested in our business and help us grow in the future.

Although it's still early days, we're making some solid progress. This work will continue to unlock the value within our existing footprint, allowing us to free up capital to improve our efficiency and fund the transformation of our bank.

Clarity is not a project that we complete and move beyond - it's a shift in our mindset to think bank-wide, to simplify our bank and to change how we operate.

## Conclusion

It's our focus on these three priorities: client needs, innovation, and simplification that will help transform CIBC into a strong, innovative and relationship-oriented bank during these challenging economic times.

I'm confident that we have a winning strategy and the right team to deliver growth for our shareholders and build the bank of the future.

We've made a tremendous amount of progress over the last 18 months. I'd like to thank the Board of Directors for entrusting the leadership team with the future of our bank. We have inherited a strong, stable bank and we will maintain its strength and enable its growth.

Thank you also to my leadership team for their support. And thank you to our 44,000 team members for their ongoing dedication in serving our 11 million clients.

What gets done at our bank each and every day is the result of what happens across our more than 1,100 banking centres and offices across Canada and around the world, with our relationship managers, the people in our call centres and back offices, and with our support staff. I have the privilege of leading an extremely skilled team that's incredibly client focused.

I would like to also thank our shareholders for their support as we continue to transform CIBC to become the strong, innovative, relationship-oriented bank that I know we can be. Thank you.