Management's discussion and analysis

Management's discussion and analysis (MD&A) is provided to enable readers to assess CIBC's financial condition and results of operations as at and for the quarter ended January 31, 2021 compared with corresponding periods. The MD&A should be read in conjunction with our 2020 Annual Report and the unaudited interim consolidated financial statements included in this report. Unless otherwise indicated, all financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards (IFRS or GAAP) and all amounts are expressed in Canadian dollars. Certain disclosures in the MD&A have been shaded as they form an integral part of the interim consolidated financial statements. The MD&A is current as of February 24, 2021. Additional information relating to CIBC is available on SEDAR at www.sedar.com and on the U.S. Securities and Exchange Commission's (SEC) website at www.sec.gov. No information on CIBC's website (www.cibc.com) should be considered incorporated herein by reference. A glossary of terms used throughout this quarterly report can be found on pages 196 to 202 of our 2020 Annual Report.

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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 report, in other 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 "Financial performance overview – Economic outlook", "Financial performance overview – Significant events", "Financial performance overview – Financial results review", "Financial performance overview – Review of quarterly financial information", "Financial condition – Capital management", "Management of risk – Risk overview", "Management of risk – Top and emerging risks", "Management of risk – Credit risk", "Management of risk – Market risk", "Management of risk – Liquidity risk", "Accounting and control matters – Critical accounting policies and estimates", "Accounting and control matters – Accounting developments", and "Accounting and control matters – Other regulatory developments" sections of this report 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 2021 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 – Economic outlook" section of this report, and are subject to inherent risks and uncertainties that may be general or specific. Given the continuing impact of the coronavirus (COVID-19) pandemic on the global economy, financial markets, and our business, results of operations, reputation and financial condition and continued pressure on oil prices, there is inherently more uncertainty associated with our assumptions as compared to prior periods. 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: the occurrence, continuance or intensification of public health emergencies, such as the COVID-19 pandemic, and any related government policies and actions; credit, market, liquidity, strategic, insurance, operational, reputation, conduct and legal, regulatory and environmental risk; currency value and interest rate fluctuations, including as a result of market and oil price volatility; 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 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, 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 or disclosure 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; 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 benefits of an acquisition, merger or divestiture 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 report or in other communications except as required by law.

First quarter financial highlights

Unaudited, as at or for the three months ended			**2021 Jan. 31**		2020 Oct. 31		2020 Jan. 31
Financial results ($ millions)							
Net interest income		**$**	**2,839**	$	2,792	$	2,761
Non-interest income			**2,124**		1,808		2,094
Total revenue			**4,963**		4,600		4,855
Provision for credit losses			**147**		291		261
Non-interest expenses			**2,726**		2,891		3,065
Income before income taxes			**2,090**		1,418		1,529
Income taxes			**465**		402		317
Net income		**$**	**1,625**	$	1,016	$	1,212
Net income (loss) attributable to non-controlling interests		**$**	**4**	$	1	$	7
Preferred shareholders			**30**		30		31
Common shareholders			**1,591**		985		1,174
Net income attributable to equity shareholders		**$**	**1,621**	$	1,015	$	1,205
Financial measures							
Reported efficiency ratio			**54.9 %**		62.9 %		63.1 %
Operating leverage			**13.3 %**		(5.5)%		(4.7)%
Loan loss ratio [1]			**0.22 %**		0.17 %		0.24 %
Reported return on common shareholders' equity [2]			**17.0 %**		10.7 %		13.1 %
Net interest margin			**1.41 %**		1.43 %		1.62 %
Net interest margin on average interest-earning assets [3]			**1.58 %**		1.60 %		1.80 %
Return on average assets [4]			**0.81 %**		0.52 %		0.71 %
Return on average interest-earning assets [3][4]			**0.91 %**		0.58 %		0.79 %
Reported effective tax rate			**22.2 %**		28.3 %		20.7 %
Common share information							
Per share ($)	– basic earnings	**$**	**3.56**	$	2.21	$	2.64
	– reported diluted earnings		**3.55**		2.20		2.63
	– dividends		**1.46**		1.46		1.44
	– book value		**85.24**		84.05		81.38
Closing share price ($)			**108.98**		99.38		107.92
Shares outstanding (thousands)	– weighted-average basic		**447,281**		446,321		445,248
	– weighted-average diluted		**447,929**		446,877		446,031
	– end of period		**447,850**		447,085		444,982
Market capitalization ($ millions)		**$**	**48,807**	$	44,431	$	48,022
Value measures							
Total shareholder return			**11.11 %**		8.74 %		(2.64)%
Dividend yield (based on closing share price)			**5.3 %**		5.8 %		5.3 %
Reported dividend payout ratio			**41.1 %**		66.2 %		54.6 %
Market value to book value ratio			**1.28**		1.18		1.33
Selected financial measures – adjusted [5]							
Adjusted efficiency ratio [6]			**53.9 %**		56.4 %		55.0 %
Adjusted operating leverage			**2.0 %**		(0.7)%		(1.1)%
Adjusted return on common shareholders' equity [2]			**17.2 %**		13.5 %		16.1 %
Adjusted effective tax rate			**22.3 %**		24.5 %		21.7 %
Adjusted diluted earnings per share		**$**	**3.58**	$	2.79	$	3.24
Adjusted dividend payout ratio			**40.7 %**		52.2 %		44.3 %
On- and off-balance sheet information ($ millions)							
Cash, deposits with banks and securities		**$**	**213,786**	$	211,564	$	150,080
Loans and acceptances, net of allowance			**420,975**		416,388		402,453
Total assets			**782,908**		769,551		672,118
Deposits			**573,927**		570,740		497,899
Common shareholders' equity			**38,177**		37,579		36,214
Average assets			**799,948**		778,933		679,531
Average interest-earning assets [3]			**711,470**		692,465		609,839
Average common shareholders' equity			**37,067**		36,762		35,671
Assets under administration (AUA) [7][8]			**2,526,719**		2,368,904		2,546,678
Assets under management (AUM) [8]			**288,505**		265,936		263,592
Balance sheet quality and liquidity measures							
Risk-weighted assets (RWA) ($ millions)		**$**	**256,119**	$	254,871	$	252,099
Common Equity Tier 1 (CET1) ratio [9]			**12.3 %**		12.1 %		11.3 %
Tier 1 capital ratio [9]			**13.8 %**		13.6 %		12.5 %
Total capital ratio [9]			**15.8 %**		16.1 %		14.5 %
Leverage ratio			**4.7 %**		4.7 %		4.3 %
Liquidity coverage ratio (LCR)			**142 %**		145 %		125 %
Other information							
Full-time equivalent employees			**43,890**		43,853		45,083

(1) The ratio is calculated as the provision for credit losses on impaired loans to average loans and acceptances, net of allowance for credit losses.
(2) Annualized.
(3) Average interest-earning assets include interest-bearing deposits with banks, interest-bearing demand deposits with Bank of Canada, securities, cash collateral on securities borrowed, securities purchased under resale agreements, loans net of allowances, and certain sublease-related assets.
(4) Net income expressed as a percentage of average assets or average interest-earning assets.
(5) Adjusted measures are non-GAAP measures. Adjusted measures are calculated in the same manner as reported measures, except that financial information included in the calculation of adjusted measures is adjusted to exclude the impact of items of note. For additional information and a reconciliation of reported results to adjusted results, see the "Non-GAAP measures" section.
(6) Calculated on a tax equivalent basis (TEB).
(7) Includes the full contract amount of AUA or custody under a 50/50 joint venture between CIBC and The Bank of New York Mellon of $1,977.7 billion (October 31, 2020: $1,861.5 billion; January 31, 2020: $2,032.2 billion).
(8) AUM amounts are included in the amounts reported under AUA.
(9) Effective beginning in the second quarter of 2020, ratios reflect the expected credit loss (ECL) transitional arrangement announced by OSFI on March 27, 2020.

External reporting changes

Changes made to our business segments

The following external reporting changes were made in the first quarter of 2021:

- Simplii Financial and CIBC Investor's Edge, previously reported in Canadian Personal and Business Banking, are now part of the newly-created Direct Financial Services line of business in Capital Markets, along with certain other direct payment services that were previously in Capital Markets. This change was made to align with the mandates of the relevant strategic business units (SBUs).
- The financial results associated with U.S. treasury activities in U.S. Commercial Banking and Wealth Management are now included within Treasury in Corporate and Other. In addition, the transfer pricing methodology between U.S. Commercial Banking and Wealth Management and Treasury in Corporate and Other has been enhanced. Both changes align the treatment of U.S. Commercial Banking and Wealth Management with our other SBUs, and allow for better management of interest rate and liquidity risks.

Prior period amounts have been revised accordingly. The changes impacted the results of our SBUs and how we measure the performance of our SBUs. There was no impact on our consolidated financial results from these changes.

Financial performance overview

Economic outlook

The COVID-19 pandemic continues to have a significant adverse impact on the near-term economic outlook for the global economy. Restrictions imposed by governments around the world to limit the impact of the infection, such as travel restrictions, physical distancing measures, and the closure of certain businesses, continue to disrupt the global economy, and will limit the scope of the recovery until an effective mass-produced vaccine is in place. While vaccination of targeted groups has commenced across much of the world, uncertainty remains about how quickly a large enough majority of the population can be effectively immunized to reduce subsequent rates of infection, including in response to emerging variants of the virus. Our outlook assumes that effective mass vaccinations will be underway in many countries over the spring and summer and that the vaccination programs will be able to effectively respond to the emerging variants, allowing for stronger global recovery in the latter half of the year. Until then, we assume that temporary restraints on activity in response to the current wave of infections and the new variants will be in place to varying degrees across our target markets. Growth will continue in sectors less impacted by physical distancing measures, but other sectors will experience periods of disruption when regulations are tightened in response to new waves and strains of the virus. We generally expect to see stronger performance in the goods sector of the economy, but continued slack in the services sector. Constrained global activity and its implications on demand for fuel will also delay a further recovery in crude oil prices through the first half of 2021.

In Canada, after a drop of approximately 5.5% in 2020, real gross domestic product (GDP) is expected to advance by about 4% in 2021, with a decline in the first quarter followed by robust growth further into the year. We expect that this will still leave the unemployment rate averaging near 8%, well above full-employment levels. Both businesses and households will benefit from substantial government fiscal support through at least the first half of the year, which will reduce the impact of slower economic growth on insolvencies, business and household credit growth and retail transaction volumes relative to what would have occurred absent these measures. Government bond issuance will remain elevated to cover the resulting federal and provincial deficits. The Bank of Canada will maintain short-term interest rates at their current levels through 2021, although longer-term rates will drift higher as economic growth accelerates, and the central bank eases up on its asset purchase program.

In the U.S., real GDP is expected to grow by nearly 5% in 2021, after declining by almost 3.5% in the prior year, with better gains expected in the latter half of 2021. Our outlook assumes that the federal government will add to the stimulus already enacted in December to provide enhanced support for households and businesses impacted by the pandemic, reducing its impact on insolvencies, but the scale of that further stimulus is at this point uncertain. Unemployment will average approximately 6% in 2021, well above full-employment levels. In response, we expect that the Federal Reserve will maintain near-zero short-term interest rates and continue to engage in asset purchases to slow the climb in long-term rates.

The economic challenges from the COVID-19 pandemic impact all our SBUs. From a credit perspective, while our outlook has improved as a result of better-than-expected growth over the past quarter, we continue to expect that our loan portfolios will be negatively impacted by the constrained economic activity associated with measures taken to contain the spread of infection, mitigated to an extent by large-scale government support programs targeting both individuals and businesses. Deposit growth is likely to decelerate as businesses draw down on liquidity raised earlier in the pandemic, and as households spend a greater portion of their income as economic growth accelerates. The persistent low interest environment is expected to continue to have a negative impact on the net interest margins for all our SBUs.

For Canadian Personal and Business Banking, mortgage demand growth could decelerate, but will continue to remain well supported by low rates, while we expect to see a modest return to growth in non-mortgage credit demand as pandemic-related constraints begin to ease. Continued demand for business lending products is anticipated as small businesses look to weather the impact of the economic slowdown.

Our Canadian and U.S. wealth management businesses are expected to benefit from a further economic recovery, with investors looking for alternatives to low rates on savings deposits.

Our Capital Markets business is expected to benefit from merger and acquisition activity as corporate consolidations increase as a result of the pandemic, as well as increased equity issuance, but could be negatively impacted by lower corporate bond issuance and lower trading revenues from the highs in 2020. Loan demand in our Canadian and U.S. commercial banking businesses could experience slower growth as the need for liquidity during the crisis eases, but will be supported by business expansion plans further into the year.

The economic outlook described above reflects numerous assumptions and uncertainties regarding the economic impact of the COVID-19 pandemic, which will ultimately depend on the speed at which vaccines can be administered on a mass scale that are effective at controlling both existing and emerging variants of the virus, and the ability of governments, businesses and health-care systems to effectively limit the epidemiological and economic impacts of the current and future resurgences of the virus, including its variants, in the intervening period. The extent to which public health policies restrict economic activity, and the level and effectiveness of government support during this intervening period are material to our expectations for the scale and timing of a further economic rebound later in 2021. Expectations reflect currently available expert opinions and are subject to change as new information on transmissibility and epidemiology becomes available. As a result, actual experience may differ materially from expectations.

While we continue to support our clients through the pandemic, the need for and level of our client relief programs has reduced over the recent quarters. See "CIBC client relief programs in response to COVID-19" and "Government lending programs in response to COVID-19" for further details regarding the client relief and government support programs we are involved in. COVID-19 and the low interest rate environment continue to impact our business

and results of operations. See “Financial results review” and “Strategic business units overview” for further details. Despite these pressures, our financial condition and our regulatory capital and liquidity positions continue to be strong. See “Capital management” and “Liquidity risk” sections for further details. The impact of the pandemic on our risk environment is discussed in “Top and emerging risks”. The ongoing economic uncertainty arising from the pandemic continues to impact key accounting estimates and assumptions, particularly the estimation of expected credit losses. See “Accounting and control matters” section, as well as Note 2 and Note 6 to our interim consolidated financial statements for further details.

Significant events

Sale of FirstCaribbean International Bank Limited

On November 8, 2019, we announced that we had entered into a definitive agreement to sell 66.73% of the outstanding shares of FirstCaribbean International Bank Limited (CIBC FirstCaribbean) to GNB Financial Group Limited (GNB), subject to regulatory approvals, as discussed in Note 4 to the consolidated financial statements included in our 2020 Annual Report.

As a result of the lengthy regulatory review process, the worsening impact of the COVID-19 pandemic on the Caribbean economy and our revised expectations concerning the likelihood and timing of a potential transaction, we discontinued the application of held for sale accounting of CIBC FirstCaribbean in the fourth quarter of 2020 and recorded a goodwill impairment charge of $220 million based on current market conditions rather than the agreement with GNB. On February 3, 2021, we announced that the proposed sale of CIBC FirstCaribbean to GNB did not receive approval from CIBC FirstCaribbean’s regulators and that the transaction will not proceed.

Financial results review

Reported net income for the quarter was $1,625 million, compared with $1,212 million for the same quarter last year, and $1,016 million for the prior quarter.

Adjusted net income[1] for the quarter was $1,640 million, compared with $1,483 million for the same quarter last year, and $1,280 million for the prior quarter.

Reported diluted earnings per share (EPS) for the quarter was $3.55, compared with $2.63 for the same quarter last year, and $2.20 for the prior quarter.

Adjusted diluted EPS[1] for the quarter was $3.58, compared with $3.24 for the same quarter last year, and $2.79 for the prior quarter.

In the current quarter, the following item of note increased non-interest expenses by $20 million, decreased income taxes by $5 million and decreased net income by $15 million:

- $20 million ($15 million after-tax) amortization of acquisition-related intangible assets ($12 million after-tax in U.S. Commercial Banking and Wealth Management and $3 million after-tax in Corporate and Other).

Net interest income[2]

Net interest income was up $78 million or 3% from the same quarter last year, primarily due to volume growth across our businesses, higher trading income and higher revenue from financing activities in Capital Markets, partially offset by narrower margins largely as a result of changes in the interest rate environment and excess liquidity costs.

Net interest income was up $47 million or 2% from the prior quarter, primarily due to volume growth across our businesses and higher trading income, partially offset by narrower margins and the impact of foreign exchange translation.

Non-interest income[2]

Non-interest income was up $30 million or 1% from the same quarter last year, primarily due to higher credit fees and higher fee-based revenue driven by higher average AUA and AUM reflecting market appreciation, partially offset by lower trading income.

Non-interest income was up $316 million or 17% from the prior quarter, primarily due to higher trading income, higher fee-based revenue driven by higher average AUA and AUM reflecting market appreciation, higher underwriting and advisory fees, higher credit fees and higher commissions driven by higher direct brokerage trading volumes.

(1) Adjusted measures are non-GAAP measures. For additional information, see the “Non-GAAP measures” section.
(2) Trading activities and related risk management strategies can periodically shift trading income between net interest income and non-interest income. Therefore, we view total trading income as the most appropriate measure of trading performance.

Provision for credit losses

$ millions, for the three months ended	**2021 Jan. 31**	2020 Oct. 31[1]	2020 Jan. 31[1]
Provision for credit losses – impaired			
Canadian Personal and Business Banking	**$ 109**	$ 88	$ 189
Canadian Commercial Banking and Wealth Management	**19**	21	34
U.S. Commercial Banking and Wealth Management	**48**	55	16
Capital Markets	**42**	20	(2)
Corporate and Other	**18**	(6)	7
	236	178	244
Provision for (reversal of) credit losses – performing			
Canadian Personal and Business Banking	**(55)**	33	22
Canadian Commercial Banking and Wealth Management	**14**	4	1
U.S. Commercial Banking and Wealth Management	**(3)**	27	(1)
Capital Markets	**(37)**	(3)	(4)
Corporate and Other	**(8)**	52	(1)
	(89)	113	17
	$ 147	$ 291	$ 261

(1) Certain prior period information has been revised. See the “External reporting changes” section for additional details.

Provision for credit losses was down $114 million or 44% from the same quarter last year, mainly due to a $106 million reduction related to performing loans. Provision for credit losses on impaired loans was comparable with the same quarter last year, with lower provisions in Canadian Personal and Business Banking and Canadian Commercial Banking and Wealth Management, offset by higher provisions in U.S. Commercial Banking and Wealth Management, Capital Markets and Corporate and Other. Provision for credit losses on performing loans was down across most SBUs, mainly due to a favourable change in our economic outlook.

Provision for credit losses was down $144 million or 49% from the prior quarter. Provision for credit losses on performing loans was down $202 million mainly due to an improvement in our economic outlook in the current quarter impacting all our SBUs and the unfavourable impact of model parameter updates in Canadian Personal and Business Banking and negative credit migration in U.S. Commercial Banking and Wealth Management in the prior quarter. Provision for credit losses on impaired loans was up $58 million, as a result of the impact of the COVID-19 pandemic and higher provisions in the utilities sector.

Non-interest expenses

Non-interest expenses were down $339 million or 11% from the same quarter last year, as the same quarter last year included a restructuring charge primarily related to employee severance, shown as an item of note.

Non-interest expenses were down $165 million or 6% from the prior quarter, as the prior quarter included a goodwill impairment charge related to our controlling interest in CIBC FirstCaribbean, a charge related to the consolidation of our real estate portfolio associated with our upcoming move to our new global headquarters, partially offset by a gain as a result of plan amendments related to pension and other post-employment plans, all shown as items of note. The current quarter had higher performance-based compensation.

Income taxes

Income tax expense was up $148 million or 47% from the same quarter last year, primarily due to higher income.

Income tax expense was up $63 million or 16% from the prior quarter, primarily due to higher income. The prior quarter effective tax rate was impacted by a goodwill impairment charge related to our controlling interest in CIBC FirstCaribbean, which is not deductible for tax purposes.

In prior years, the Canada Revenue Agency (CRA) issued reassessments disallowing the deduction of Enron settlement payments and related legal expenses (the "Enron expenses"). In January 2019, CIBC entered into a settlement agreement (the "Agreement") with the CRA that provides certainty with respect to the portion of the Enron expenses deductible in Canada. The Agreement resulted in the recognition of a net $38 million tax recovery in the first quarter of 2019. This recovery was determined after taking into account taxable refund interest in Canada and also the portion of the Enron expenses that are expected to be deductible in the United States (the "U.S. deduction"). The U.S. deduction has not been agreed to by the Internal Revenue Service. It is possible that adjustments may be required to the amount of tax benefits recognized in the U.S.

The CRA has reassessed CIBC approximately $1,115 million of additional income tax by denying the tax deductibility of certain 2011 to 2015 Canadian corporate dividends on the basis that they were part of a "dividend rental arrangement". The dividends that were subject to the reassessments are similar to those prospectively addressed by the rules in the 2015 and 2018 Canadian federal budgets. It is possible that subsequent years may be reassessed for similar activities. CIBC is confident that its tax filing positions were appropriate and intends to defend itself vigorously. Accordingly, no amounts have been accrued in the interim consolidated financial statements.

Foreign exchange

The following table provides the estimated impact of U.S. dollar translation on key lines of our interim consolidated statement of income, as a result of changes in average exchange rates.

$ millions, except per share amounts, for the three months ended	Jan. 31, 2021 vs. Jan. 31, 2020	Jan. 31, 2021 vs. Oct. 31, 2020
Estimated increase (decrease) in:		
Total revenue	$ (28)	$ (33)
Provision for credit losses	–	–
Non-interest expenses	(13)	(15)
Income taxes	(2)	(2)
Net income	(13)	(16)
Impact on EPS:		
Basic	$ (0.03)	$ (0.03)
Diluted	(0.03)	(0.03)
Average USD appreciation (depreciation) relative to CAD	(2.5)%	(3.0)%

Review of quarterly financial information

$ millions, except per share amounts, for the three months ended	2021 Jan. 31	2020 Oct. 31	2020 Jul. 31	2020 Apr. 30	2020 Jan. 31	2019 Oct. 31	2019 Jul. 31	2019 Apr. 30
Revenue								
Canadian Personal and Business Banking [1]	**$ 2,025**	$ 1,997	$ 1,910	$ 1,936	$ 2,079	$ 2,095	$ 2,108	$ 2,000
Canadian Commercial Banking and Wealth Management	**1,088**	1,028	1,013	1,025	1,055	1,026	1,019	998
U.S. Commercial Banking and Wealth Management [1][2]	**561**	519	512	511	501	492	494	459
Capital Markets [1][2]	**1,174**	934	1,146	967	1,006	870	884	881
Corporate and Other [1][2]	**115**	122	127	139	214	289	227	204
Total revenue	**$ 4,963**	$ 4,600	$ 4,708	$ 4,578	$ 4,855	$ 4,772	$ 4,732	$ 4,542
Net interest income	**$ 2,839**	$ 2,792	$ 2,729	$ 2,762	$ 2,761	$ 2,801	$ 2,694	$ 2,460
Non-interest income	**2,124**	1,808	1,979	1,816	2,094	1,971	2,038	2,082
Total revenue	**4,963**	4,600	4,708	4,578	4,855	4,772	4,732	4,542
Provision for credit losses	**147**	291	525	1,412	261	402	291	255
Non-interest expenses	**2,726**	2,891	2,702	2,704	3,065	2,838	2,670	2,588
Income before income taxes	**2,090**	1,418	1,481	462	1,529	1,532	1,771	1,699
Income taxes	**465**	402	309	70	317	339	373	351
Net income	**$ 1,625**	$ 1,016	$ 1,172	$ 392	$ 1,212	$ 1,193	$ 1,398	$ 1,348
Net income (loss) attributable to:								
Non-controlling interests	**$ 4**	$ 1	$ 2	$ (8)	$ 7	$ 8	$ 6	$ 7
Equity shareholders	**1,621**	1,015	1,170	400	1,205	1,185	1,392	1,341
EPS – basic	**$ 3.56**	$ 2.21	$ 2.56	$ 0.83	$ 2.64	$ 2.59	$ 3.07	$ 2.96
EPS – diluted	**3.55**	2.20	2.55	0.83	2.63	2.58	3.06	2.95

(1) Certain prior period information has been revised. See the "External reporting changes" section for additional details.
(2) Capital Markets and U.S. Commercial Banking and Wealth Management revenue and income taxes are reported on a TEB with an equivalent offset in the revenue and income taxes of Corporate and Other.

Our quarterly results are modestly affected by seasonal factors. The second quarter has fewer days as compared with the other quarters, generally leading to lower earnings. The summer months (*July* – third quarter and *August* – fourth quarter) typically experience lower levels of market activity, which affects our brokerage, investment management, and Capital Markets activities.

Revenue

Revenue in our lending and deposit taking businesses are generally driven by the interest rate environment, volume growth and fees related to client transaction activity. Our wealth management businesses are driven by market conditions and net sales activity impacting AUA and AUM. Capital Markets revenue is also influenced, to a large extent, by market conditions affecting client trading and underwriting activity. The COVID-19 pandemic beginning in the second quarter of 2020 and the lower interest rate environment continue to impact revenue for all our SBUs.

Canadian Personal and Business Banking revenue has been negatively impacted by the lower interest rate environment in recent quarters, exacerbated by the COVID-19 pandemic, although some of this has been offset by volume growth. In recent quarters, lower fee income driven by lower client transaction activity as a result of the COVID-19 pandemic has negatively impacted revenue.

Canadian Commercial Banking and Wealth Management has benefited from volume growth, although loan growth was muted more recently as a result of the economic uncertainty due to the pandemic. This has been partially offset by the lower interest rate environment. Wealth management AUA and AUM growth has been driven by a continued market recovery and strong sales momentum subsequent to the market volatility noted in the second quarter of 2020.

U.S. Commercial Banking and Wealth Management revenue has benefitted from volume growth and growth in fee income. In addition, deposit growth has outpaced loan growth resulting in net interest margin expansion in the past two quarters.

The first and third quarters of 2020 included higher trading revenue in Capital Markets.

Corporate and Other included the impact of changes relating to our adoption of IFRS 16 “Leases” commencing in the first quarter of 2020 that were largely offset in non-interest expenses. Commencing in the second quarter of 2020, the COVID-19 pandemic led to excess liquidity costs that negatively impacted revenue, while the interest rate environment and narrower margins have negatively impacted revenue in international banking. The fourth quarter of 2019 included interest income related to the settlement of certain income tax matters.

Provision for credit losses

Provision for credit losses is dependent upon the credit cycle in general, on the credit performance of the loan portfolios, and changes in economic outlook. As a result of the impact of the COVID-19 pandemic beginning in the second quarter of 2020, our loan portfolios were negatively impacted by the decline in economic activity associated with physical distancing measures, mitigated to an extent by large-scale government support and relief programs targeting both individuals and businesses. There is considerable judgment involved in the estimation of credit losses in the current environment. The ultimate impact of the COVID-19 pandemic will depend on the speed at which an effective vaccine can be administered on a mass scale to effectively limit the spread of COVID-19 and its related variants, and the ability of governments, businesses and health-care systems to effectively limit the epidemiological and economic impacts of expected resurgences of the virus, including variants thereon, in the intervening period. The extent to which public health measures restrict economic activity and the level and effectiveness of government support during this intervening period are material to our expectations for a continued economic rebound in 2021 and our resulting provision for credit losses.

The significant increase in provision for credit losses on performing loans in the second and, to a lesser extent, in the third quarter of 2020 reflects the impacts of the COVID-19 pandemic and continued pressure on oil prices, and has impacted all our SBUs. The first quarter of 2021 reflects a modest improvement in our outlook. We also recognized provisions on performing loans throughout 2019, reflective of the impact of certain unfavourable changes to our economic outlook over that period.

In Canadian Personal and Business Banking, the fourth quarter of 2019 included higher provision on impaired loans in the personal lending portfolio. The third and fourth quarters of 2020 and the first quarter of 2021 included lower insolvencies and write-offs in credit cards. The decrease in insolvencies was in line with the national Canadian trend, as a result of limited consumer filing channels. The low level of write-offs was impacted by the assistance offered to clients from our payment deferral programs, lower client spending as well as government support.

In Canadian Commercial Banking and Wealth Management, the first and third quarters of 2020 and the fourth quarter of 2019 included provisions on one fraud-related impairment.

In U.S. Commercial Banking and Wealth Management, the first quarter of 2020, the second half of 2020 and the third quarter of 2019 included higher provisions on impaired loans. Impaired loan provisions in the U.S. remain elevated.

In Capital Markets, the second and third quarters of 2020, and the second half of 2019 included higher provisions on impaired loans in the oil and gas sector.

In Corporate and Other, provisions on impaired loans remained low and stable over the past two years.

Non-interest expenses

Non-interest expenses have fluctuated over the period largely due to changes in employee compensation expenses, investments in growth initiatives and movement in foreign exchange rates. The fourth quarter of 2019 and the second and fourth quarters of 2020 included a goodwill impairment charge related to our controlling interest in CIBC FirstCaribbean. The fourth quarter of 2019 and the third quarter of 2020 included increases in legal provisions in Corporate and Other, shown as an item of note. The first quarter of 2020 included a restructuring charge associated with ongoing efforts to transform our cost structure and simplify our bank. The fourth quarter of 2020 included a charge related to the consolidation of our real estate portfolio as a result of our upcoming move to our new global headquarters and a gain as a result of plan amendments related to pension and other post-employment plans.

Income taxes

Income taxes vary with changes in income subject to tax, and the jurisdictions in which the income is earned. Taxes can also be affected by the impact of significant items and the level of tax-exempt income.

Non-GAAP measures

We use a number of financial measures to assess the performance of our business lines as described below. Some measures are calculated in accordance with GAAP (IFRS), while other measures do not have a standardized meaning under GAAP, and accordingly, these measures may not be comparable to similar measures used by other companies. Investors may find these non-GAAP measures useful in understanding how management views underlying business performance.

Management assesses results on a reported and adjusted basis and considers both as useful measures of performance. Adjusted results remove items of note from reported results and are used to calculate our adjusted measures. Adjusted measures represent non-GAAP measures.

For a more detailed discussion on our non-GAAP measures, see page 16 of our 2020 Annual Report.

The following table provides a reconciliation of GAAP (reported) results to non-GAAP (adjusted) results.

$ millions, as at or for the three months ended	**2021 Jan. 31**	2020 Oct. 31	2020 Jan. 31
Operating results – reported			
Total revenue	**$ 4,963**	$ 4,600	$ 4,855
Provision for credit losses	**147**	291	261
Non-interest expenses	**2,726**	2,891	3,065
Income before income taxes	**2,090**	1,418	1,529
Income taxes	**465**	402	317
Net income	**1,625**	1,016	1,212
Net income (loss) attributable to non-controlling interests	**4**	1	7
Net income attributable to equity shareholders	**1,621**	1,015	1,205
Diluted EPS ($)	**$ 3.55**	$ 2.20	$ 2.63
Impact of items of note (1)			
Expenses			
Amortization of acquisition-related intangible assets (2)	**$ (20)**	$ (23)	$ (27)
Charge related to the consolidation of our real estate portfolio (3)	**–**	(114)	–
Gain as a result of plan amendments related to pension and other post-employment plans (3)	**–**	79	–
Restructuring charge (4)	**–**	–	(339)
Goodwill impairment (5)	**–**	(220)	–
Impact of items of note on expenses	**(20)**	(278)	(366)
Total pre-tax impact of items of note on net income	**20**	278	366
Amortization of acquisition-related intangible assets (2)	**5**	5	6
Charge related to the consolidation of our real estate portfolio (3)	**–**	30	–
Gain as a result of plan amendments related to pension and other post-employment plans (3)	**–**	(21)	–
Restructuring charge (4)	**–**	–	89
Impact of items of note on income taxes	**5**	14	95
Total after-tax impact of items of note on net income	**15**	264	271
Impact of items of note on diluted EPS ($)	**$ 0.03**	$ 0.59	$ 0.61
Operating results – adjusted (6)			
Total revenue (7)	**$ 4,963**	$ 4,600	$ 4,855
Provision for credit losses	**147**	291	261
Non-interest expenses	**2,706**	2,613	2,699
Income before income taxes	**2,110**	1,696	1,895
Income taxes	**470**	416	412
Net income	**1,640**	1,280	1,483
Net income (loss) attributable to non-controlling interests	**4**	1	7
Net income attributable to equity shareholders	**1,636**	1,279	1,476
Adjusted diluted EPS ($)	**$ 3.58**	$ 2.79	$ 3.24

(1) Reflects the impact of items of note on our adjusted results as compared with our reported results.

(2) Amortization of acquisition-related intangible assets is recognized in the SBU of the acquired business or Corporate and Other. A summary is provided in the table below.

	2021 Jan. 31	2020 Oct. 31	2020 Jan. 31
Canadian Personal and Business Banking (pre-tax)	**$ –**	$ (2)	$ (2)
Canadian Personal and Business Banking (after-tax)	**–**	(1)	(2)
Canadian Commercial Banking and Wealth Management (pre-tax)	**–**	(1)	–
Canadian Commercial Banking and Wealth Management (after-tax)	**–**	(1)	–
U.S. Commercial Banking and Wealth Management (pre-tax)	**(17)**	(17)	(22)
U.S. Commercial Banking and Wealth Management (after-tax)	**(12)**	(13)	(16)
Corporate and Other (pre-tax)	**(3)**	(3)	(3)
Corporate and Other (after-tax)	**(3)**	(3)	(3)

(3) Recognized in Corporate and Other.

(4) Restructuring charge associated with ongoing efforts to transform our cost structure and simplify our bank. This charge consists primarily of employee severance and related costs and was recognized in Corporate and Other.

(5) Goodwill impairment charge related to our controlling interest in CIBC FirstCaribbean recognized in Corporate and Other.

(6) Adjusted to exclude the impact of items of note.

(7) Excludes TEB adjustments of $54 million (October 31, 2020: $37 million; January 31, 2020: $49 million). Our adjusted efficiency ratio is calculated on a TEB.

The table below provides a summary of adjusted results by SBU(1).

$ millions, for the three months ended		Canadian Personal and Business Banking	Canadian Commercial Banking and Wealth Management	U.S. Commercial Banking and Wealth Management	Capital Markets	Corporate and Other	CIBC Total
2021 Jan. 31	**Reported net income (loss)**	**$ 652**	**$ 354**	**$ 188**	**$ 493**	**$ (62)**	**$ 1,625**
	After-tax impact of items of note (1)	**–**	**–**	**12**	**–**	**3**	**15**
	Adjusted net income (loss) (2)	**$ 652**	**$ 354**	**$ 200**	**$ 493**	**$ (59)**	**$ 1,640**
2020 Oct. 31 (3)	Reported net income (loss)	$ 590	$ 340	$ 135	$ 310	$ (359)	$ 1,016
	After-tax impact of items of note (1)	1	1	13	–	249	264
	Adjusted net income (loss) (2)	$ 591	$ 341	$ 148	$ 310	$ (110)	$ 1,280
2020 Jan. 31 (3)	Reported net income (loss)	$ 575	$ 336	$ 165	$ 378	$ (242)	$ 1,212
	After-tax impact of items of note (1)	2	–	16	–	253	271
	Adjusted net income (loss) (2)	$ 577	$ 336	$ 181	$ 378	$ 11	$ 1,483

(1) Reflects the impact of items of note described above.

(2) Non-GAAP measure.

(3) Certain prior period information has been revised. See the "External reporting changes" section for additional details.

Strategic business units overview

CIBC has four SBUs – Canadian Personal and Business Banking, Canadian Commercial Banking and Wealth Management, U.S. Commercial Banking and Wealth Management, and Capital Markets. These SBUs are supported by the following functional groups – Technology, Infrastructure and Innovation, Risk Management, People, Culture and Brand, Finance and Enterprise Strategy, as well as other support groups, which all form part of Corporate and Other. The expenses of these functional and support groups are generally allocated to the business lines within the SBUs. The majority of the functional and support costs of CIBC Bank USA are recognized directly in the U.S. Commercial Banking and Wealth Management SBU. Corporate and Other also includes the results of CIBC FirstCaribbean and other strategic investments, as well as other income statement and balance sheet items not directly attributable to the business lines. The key methodologies and assumptions used in reporting the financial results of our SBUs are provided on page 19 of our 2020 Annual Report.

External reporting changes were made in the first quarter of 2021, which affected the results of our SBUs. See the "External reporting changes" section for additional details.

Canadian Personal and Business Banking

Canadian Personal and Business Banking provides personal and business clients across Canada with financial advice, products and services through banking centre, digital, mobile and remote channels.

Results[1]

$ millions, for the three months ended	**2021 Jan. 31**	2020 Oct. 31[2]	2020 Jan. 31[2]
Revenue	**$ 2,025**	$ 1,997	$ 2,079
Provision for (reversal of) credit losses			
Impaired	**109**	88	189
Performing	**(55)**	33	22
Total provision for credit losses	**54**	121	211
Non-interest expenses	**1,086**	1,076	1,086
Income before income taxes	**885**	800	782
Income taxes	**233**	210	207
Net income	**$ 652**	$ 590	$ 575
Net income attributable to:			
Equity shareholders	**$ 652**	$ 590	$ 575
Efficiency ratio	**53.6 %**	53.9 %	52.2 %
Return on equity [3]	**39.9 %**	36.1 %	34.9 %
Average allocated common equity [3]	**$ 6,480**	$ 6,509	$ 6,550
Full-time equivalent employees	**12,594**	12,437	12,948

(1) For additional segmented information, see the notes to the interim consolidated financial statements.
(2) Certain prior period information has been revised. See the "External reporting changes" section for additional details.
(3) For additional information, see the "Non-GAAP measures" section.

Financial overview

Net income for the quarter was $652 million, up $77 million from the same quarter last year, primarily due to a lower provision for credit losses, partially offset by lower revenue.

Net income was up $62 million from the prior quarter, primarily due to a lower provision for credit losses and higher revenue, partially offset by higher non-interest expenses.

Revenue

Revenue was down $54 million or 3% from the same quarter last year, primarily due to narrower margins largely as a result of changes in the interest rate environment and lower fees driven by lower client transaction activity, partially offset by volume growth.

Revenue was up $28 million or 1% from the prior quarter, primarily due to higher volume growth and higher non-interest income, partially offset by narrower margins.

Provision for credit losses

Provision for credit losses was down $157 million from the same quarter last year. The current quarter included a provision reversal on performing loans primarily due to a favourable change in our economic outlook, while the same quarter last year included a provision for credit losses primarily due to model parameter updates in the cards portfolio. Provision for credit losses on impaired loans was down due to lower insolvencies and write-offs in credit cards. Provision for credit losses on impaired loans remained lower than pre-pandemic levels, partially due to the impact of lower client spending, the client relief programs and government support.

Provision for credit losses was down $67 million from the prior quarter. The current quarter included a provision reversal on performing loans primarily due to a favourable change in our economic outlook, while the prior quarter included a provision for credit losses as a result of the unfavourable impact from model parameter updates in the personal lending portfolio. Provision for credit losses on impaired loans was up mainly due to a higher provision in personal lending, partially offset by a reduction in the cards portfolio.

Non-interest expenses

Non-interest expenses were comparable with the same quarter last year and were up $10 million from the prior quarter, primarily due to higher spending on strategic initiatives.

Income taxes

Income taxes were up $26 million from the same quarter last year, and up $23 million from the prior quarter, primarily due to higher income.

Canadian Commercial Banking and Wealth Management

Canadian Commercial Banking and Wealth Management provides high-touch, relationship-oriented banking and wealth management services to middle-market companies, entrepreneurs, high-net-worth individuals and families across Canada, as well as asset management services to institutional investors.

Results[1]

$ millions, for the three months ended	**2021 Jan. 31**	2020 Oct. 31	2020 Jan. 31
Revenue			
Commercial banking	**$ 428**	$ 409	$ 423
Wealth management	**660**	619	632
Total revenue	**1,088**	1,028	1,055
Provision for (reversal of) credit losses			
Impaired	**19**	21	34
Performing	**14**	4	1
Total provision for credit losses	**33**	25	35
Non-interest expenses	**572**	540	561
Income before income taxes	**483**	463	459
Income taxes	**129**	123	123
Net income	**$ 354**	$ 340	$ 336
Net income attributable to:			
Equity shareholders	**$ 354**	$ 340	$ 336
Efficiency ratio	**52.6 %**	52.5 %	53.2 %
Return on equity [2]	**21.4 %**	20.7 %	21.5 %
Average allocated common equity [2]	**$ 6,568**	$ 6,551	$ 6,226
Full-time equivalent employees	**5,036**	4,984	5,084

(1) For additional segmented information, see the notes to the interim consolidated financial statements.
(2) For additional information, see the "Non-GAAP measures" section.

Financial overview

Net income for the quarter was $354 million, up $18 million from the same quarter last year, primarily due to higher revenue, partially offset by higher non-interest expenses.

Net income was up $14 million from the prior quarter, primarily due to higher revenue, partially offset by higher non-interest expenses and a higher provision for credit losses.

Revenue

Revenue was up $33 million or 3% from the same quarter last year.

Commercial banking revenue was up $5 million, primarily due to higher fees and volume growth, partially offset by narrower margins.

Wealth management revenue was up $28 million, primarily due to higher fee-based revenue driven by higher average AUA and AUM reflecting market appreciation and net sales, and higher foreign exchange revenue.

Revenue was up $60 million or 6% from the prior quarter.

Commercial banking revenue was up $19 million, primarily due to higher fees and volume growth.

Wealth management revenue was up $41 million, primarily due to higher fee-based revenue driven by higher average AUA and AUM reflecting market appreciation, as well as higher transactional revenue driven by increased trading activity.

Provision for credit losses

Provision for credit losses was down $2 million from the same quarter last year. The current quarter included a higher provision for credit losses on performing loans mainly related to unfavourable credit migration. Provision for credit losses on impaired loans was down as the same quarter last year included an additional provision on a previously impaired fraud-related loan.

Provision for credit losses was up $8 million from the prior quarter. The current quarter included a higher provision for credit losses on performing loans mainly related to unfavourable credit migration. Provision for credit losses on impaired loans was comparable with the prior quarter.

Non-interest expenses

Non-interest expenses were up $11 million or 2% from the same quarter last year, primarily due to performance-based compensation.

Non-interest expenses were up $32 million or 6% from the prior quarter, primarily due to higher performance-based compensation, and higher spending on strategic initiatives.

Income taxes

Income taxes were up $6 million from the same quarter last year, and up $6 million from the prior quarter, primarily due to higher income.

U.S. Commercial Banking and Wealth Management

U.S. Commercial Banking and Wealth Management delivers commercial banking and private wealth services across the U.S., as well as personal and small business banking services in four U.S. Midwestern markets and focuses on middle-market and mid-corporate companies and high-net worth families.

Results[1]

$ millions, for the three months ended	**2021 Jan. 31**	2020 Oct. 31 [2]	2020 Jan. 31 [2]
Revenue			
Commercial banking	**$ 381**	$ 362	$ 340
Wealth management [4]	**180**	157	161
Total revenue [3]	**561**	519	501
Provision for (reversal of) credit losses			
Impaired	**48**	55	16
Performing	**(3)**	27	(1)
Total provision for credit losses	**45**	82	15
Non-interest expenses	**280**	267	298
Income before income taxes	**236**	170	188
Income taxes	**48**	35	23
Net income	**$ 188**	$ 135	$ 165
Net income attributable to:			
Equity shareholders	**$ 188**	$ 135	$ 165
Efficiency ratio	**49.9 %**	51.7 %	59.4 %
Return on equity [5]	**8.2 %**	5.9 %	7.4 %
Average allocated common equity [5]	**$ 9,105**	$ 9,127	$ 8,855
Full-time equivalent employees	**2,090**	2,085	2,060

(1) For additional segmented information, see the notes to the interim consolidated financial statements.
(2) Certain prior period information has been revised. See the "External reporting changes" section for additional details.
(3) Included $4 million of income relating to the accretion of the acquisition date fair value discount on the acquired loans of The PrivateBank for the quarter ended January 31, 2021 (October 31, 2020: $5 million; January 31, 2020: $6 million).
(4) Includes revenue related to the U.S. Paycheck Protection Program.
(5) For additional information, see the "Non-GAAP measures" section.

Financial overview

Net income for the quarter was $188 million, up $23 million from the same quarter last year, primarily due to higher revenue and lower non-interest expenses, partially offset by a higher provision for credit losses.

Net income was up $53 million from the prior quarter, primarily due to higher revenue and a lower provision for credit losses, partially offset by higher non-interest expenses.

Revenue

Revenue was up $60 million or 12% from the same quarter last year.

Commercial banking revenue was up $41 million, primarily due to volume growth and higher fees, partially offset by narrower deposit margins and the impact of foreign exchange translation.

Wealth management revenue was up $19 million, primarily due to higher fee-based revenue driven by higher average AUA and AUM reflecting market appreciation and net sales, and higher loan fees, partially offset by narrower deposit margins and the impact of foreign exchange translation.

Revenue was up $42 million or 8% from the prior quarter.

Commercial banking revenue was up $19 million, primarily due to wider spreads driven by higher loan fees, volume growth and higher syndication fees, partially offset by the impact of foreign exchange translation.

Wealth management revenue was up $23 million, primarily due to wider spreads driven by higher loan fees and higher fee-based revenue driven by higher average AUA and AUM reflecting market appreciation and net sales.

Provision for credit losses

Provision for credit losses was up $30 million from the same quarter last year. Provision for credit losses on performing loans was comparable with the same quarter last year. Provision for credit losses on impaired loans was up mainly attributable to the real estate sector.

Provision for credit losses was down $37 million from the prior quarter. The current quarter included a small provision reversal on performing loans mainly related to an improvement in our economic outlook partially offset by unfavourable credit migration, while the prior quarter included a provision for credit losses as a result of unfavourable credit migration. Provision for credit losses on impaired loans was down slightly compared with the prior quarter.

Non-interest expenses

Non-interest expenses were down $18 million or 6% from the same quarter last year, primarily due to lower business development costs and the impact of foreign exchange translation, partially offset by higher salaries and benefits.

Non-interest expenses were up $13 million or 5% from the prior quarter, primarily due to higher employee compensation driven by seasonality associated with certain benefits and performance-based awards, partially offset by the impact of foreign exchange translation.

Income taxes

Income taxes were up $25 million from the same quarter last year, and up $13 million from the prior quarter, primarily due to higher income.

Capital Markets

Capital Markets provides integrated global markets products and services, investment banking advisory and execution, corporate banking solutions and top-ranked research to our clients around the world. It includes Direct Financial Services which focuses on expanding CIBC's digitally enabled capabilities to provide a cohesive set of direct banking, direct investing and innovative multi-currency payment solutions for CIBC's clients.

Results[1]

$ millions, for the three months ended	**2021 Jan. 31**	2020 Oct. 31 [2]	2020 Jan. 31 [2]
Revenue			
Global markets	**$ 614**	$ 427	$ 500
Corporate and investment banking	**358**	322	330
Direct financial services	**202**	185	176
Total revenue [3]	**1,174**	934	1,006
Provision for (reversal of) credit losses			
Impaired	**42**	20	(2)
Performing	**(37)**	(3)	(4)
Total provision for (reversal of) credit losses	**5**	17	(6)
Non-interest expenses	**522**	458	492
Income before income taxes	**647**	459	520
Income taxes [3]	**154**	149	142
Net income	**$ 493**	$ 310	$ 378
Net income attributable to:			
Equity shareholders	**$ 493**	$ 310	$ 378
Efficiency ratio	**44.5 %**	49.0 %	48.9 %
Return on equity [4]	**28.0 %**	17.8 %	22.4 %
Average allocated common equity [4]	**$ 6,991**	$ 6,926	$ 6,697
Full-time equivalent employees	**1,943**	1,912	1,865

(1) For additional segmented information, see the notes to the interim consolidated financial statements.
(2) Certain prior period information has been revised. See the "External reporting changes" section for additional details.
(3) Revenue and income taxes are reported on a TEB. Accordingly, revenue and income taxes include a TEB adjustment of $54 million for the quarter ended January 31, 2021 (October 31, 2020: $37 million; January 31, 2020: $49 million). The equivalent amounts are offset in the revenue and income taxes of Corporate and Other.
(4) For additional information, see the "Non-GAAP measures" section.

Financial overview

Net income for the quarter was $493 million, up $115 million from the same quarter last year, primarily due to higher revenue, partially offset by higher non-interest expenses.

Net income was up $183 million from the prior quarter, primarily due to higher revenue and a lower provision for credit losses, partially offset by higher non-interest expenses.

Revenue

Revenue was up $168 million or 17% from the same quarter last year.

Global markets revenue was up $114 million, primarily due to higher revenue from our fixed income, equities and foreign exchange trading businesses.

Corporate and investment banking revenue was up $28 million, primarily due to higher corporate banking revenue, higher equity underwriting activity and investment portfolio gains, partially offset by lower advisory revenue.

Direct financial services revenue was up $26 million, primarily due to higher direct brokerage trading volumes.

Revenue was up $240 million or 26% from the prior quarter.

Global markets revenue was up $187 million, primarily due to higher revenue from our foreign exchange, equities trading and fixed income businesses.

Corporate and investment banking revenue was up $36 million, primarily due to higher advisory revenue, higher equity underwriting activity and investment portfolio gains, partially offset by lower debt underwriting activity.

Direct financial services revenue was up $17 million, primarily due to higher direct brokerage trading volumes.

Provision for (reversal of) credit losses

Provision for credit losses was up $11 million from the same quarter last year. The current quarter included a provision reversal on performing loans due to favourable credit migration, transfers of performing loans to impairments and a favourable change in our economic outlook. Provision for credit losses on impaired loans was up mainly attributable to the utilities sector.

Provision for credit losses was down $12 million from the prior quarter. Provision reversals on performing loans was up due to favourable credit migration and a favourable change in our economic outlook. Provision for credit losses on impaired loans was up mainly attributable to the utilities sector.

Non-interest expenses

Non-interest expenses were up $30 million or 6% from the same quarter last year, and up $64 million or 14% from the prior quarter, primarily due to higher performance-based compensation and investments in growth initiatives.

Income taxes

Income taxes were up $12 million from the same quarter last year, and up $5 million from the prior quarter, primarily due to higher income.

Corporate and Other

Corporate and Other includes the following functional groups – Technology, Infrastructure and Innovation, Risk Management, People, Culture and Brand, Finance and Enterprise Strategy, as well as other support groups. The expenses of these functional and support groups are generally allocated to the business lines within the SBUs. The majority of the functional and support costs of CIBC Bank USA are recognized directly in the U.S. Commercial Banking and Wealth Management SBU. Corporate and Other also includes the results of CIBC FirstCaribbean and other strategic investments, as well as other income statement and balance sheet items not directly attributable to the business lines.

Results[(1)]

$ millions, for the three months ended	**2021 Jan. 31**	2020 Oct. 31 [(2)]	2020 Jan. 31 [(2)]
Revenue			
International banking	**$ 174**	$ 178	$ 206
Other	**(59)**	(56)	8
Total revenue [(3)]	**115**	122	214
Provision for (reversal of) credit losses			
Impaired	**18**	(6)	7
Performing	**(8)**	52	(1)
Total provision for (reversal of) credit losses	**10**	46	6
Non-interest expenses	**266**	550	628
Loss before income taxes	**(161)**	(474)	(420)
Income taxes [(3)]	**(99)**	(115)	(178)
Net income (loss)	**$ (62)**	$ (359)	$ (242)
Net income (loss) attributable to:			
Non-controlling interests	**$ 4**	$ 1	$ 7
Equity shareholders	**(66)**	(360)	(249)
Full-time equivalent employees	**22,227**	22,435	23,126

(1) For additional segmented information, see the notes to the interim consolidated financial statements.
(2) Certain prior period information has been revised. See the "External reporting changes" section for additional details.
(3) Revenue and income taxes of Capital Markets are reported on a TEB. The equivalent amounts are offset in the revenue and income taxes of Corporate and Other. Accordingly, revenue and income taxes include a TEB adjustment of $54 million for the quarter ended January 31, 2021 (October 31, 2020: $37 million; January 31, 2020: $49 million).

Financial overview

Net loss for the quarter was $62 million, compared with a net loss of $242 million in the same quarter last year, as the prior year quarter included a restructuring charge primarily relating to employee severance, shown as an item of note. The current quarter included lower revenue.

Net loss for the quarter was $62 million, compared with a net loss of $359 million in the prior quarter, as the prior quarter included a goodwill impairment charge related to our controlling interest in CIBC FirstCaribbean, a charge related to the consolidation of our real estate portfolio, partially offset by a gain as a result of plan amendments related to pension and other post-employment plans, all shown as items of note.

Revenue

Revenue was down $99 million or 46% from the same quarter last year.

International banking revenue was down $32 million, primarily due to lower revenue in CIBC FirstCaribbean as a result of narrower margins, lower fees, and the impact of foreign exchange translation.

Other revenue was down $67 million, primarily due to lower treasury revenue largely as a result of excess liquidity costs.

Revenue was down $7 million or 6% from the prior quarter.

International banking revenue was down $4 million, primarily due to the impact of foreign exchange translation.

Other revenue was down $3 million as a higher TEB adjustment and lower revenue from strategic investments was largely offset by higher treasury revenue.

Provision for (reversal of) credit losses

Provision for credit losses was comparable with the same quarter last year.

Provision for credit losses was down $36 million from the prior quarter. The current quarter included a reversal on performing loans partially related to accounts that transferred to impaired at CIBC FirstCaribbean, while the prior quarter included a provision for credit losses related to a worsening of our economic view in the Caribbean region as a result of the COVID-19 pandemic. The provision for credit losses on impaired loans was up due to higher provisions in CIBC FirstCaribbean.

Non-interest expenses

Non-interest expenses were down $362 million or 58% from the same quarter last year, primarily due to the restructuring charge noted above.

Non-interest expenses were down $284 million or 52% from the prior quarter as the prior quarter included the goodwill impairment, charge on our real estate portfolio and gain on pension and other post-employment plans noted above, while the current quarter included an increase in legal provisions.

Income taxes

Income tax benefit was down $79 million from the same quarter last year, primarily due to a lower loss.

Income tax benefit was down $16 million from the prior quarter, primarily due to a lower loss. The prior quarter's effective tax rate was impacted by a goodwill impairment charge related to our controlling interest in CIBC FirstCaribbean, which is not deductible for tax purposes.

Financial condition

Review of condensed consolidated balance sheet

$ millions, as at	**2021 Jan. 31**	2020 Oct. 31
Assets		
Cash and deposits with banks	**$ 63,293**	$ 62,518
Securities	**150,493**	149,046
Securities borrowed and purchased under resale agreements	**75,953**	74,142
Loans and acceptances, net of allowance	**420,975**	416,388
Derivative instruments	**34,165**	32,730
Other assets	**38,029**	34,727
	$ 782,908	$ 769,551
Liabilities and equity		
Deposits	**$ 573,927**	$ 570,740
Obligations related to securities lent, sold short and under repurchase agreements	**97,743**	89,440
Derivative instruments	**32,158**	30,508
Other liabilities	**32,458**	31,816
Subordinated indebtedness	**4,693**	5,712
Equity	**41,929**	41,335
	$ 782,908	$ 769,551

Assets

As at January 31, 2021, total assets were up $13.4 billion or 2% from October 31, 2020, net of a decrease of approximately $9 billion due to the depreciation of the U.S. dollar.

Cash and deposits with banks increased by $0.8 billion or 1%, primarily due to higher short-term placements in Treasury.

Securities increased by $1.4 billion or 1%, primarily due to increases in corporate equity and debt securities in foreign governments, partially offset by decreases in debt securities in Canadian governments.

Securities borrowed and purchased under resale agreements increased by $1.8 billion or 2%, primarily due to client-driven activities.

Loans and acceptances, net of allowance, increased by $4.6 billion or 1%, primarily due to increases in Canadian residential mortgages and business and government loans, partially offset by a decrease in U.S. business and government loans due to foreign exchange translation.

Derivative instruments increased by $1.4 billion or 4%, largely driven by an increase in foreign exchange derivatives valuation, partially offset by a decrease in interest rate derivatives valuation.

Other assets increased by $3.3 billion or 10%, primarily due to increases in collateral pledged for derivatives and precious metals, partially offset by a decrease in broker receivables.

Liabilities

As at January 31, 2021, total liabilities were up $12.8 billion or 2% from October 31, 2020, net of a decrease of approximately $9 billion due to the depreciation of the U.S. dollar.

Deposits increased by $3.2 billion or 1%, primarily due to domestic retail volume growth and increases in bank deposits, partially offset by decreased wholesale funding. Further details on the composition of deposits are provided in Note 7 to our interim consolidated financial statements.

Obligations related to securities lent, sold short and under repurchase agreements increased by $8.3 billion or 9%, primarily due to client-driven activities.

Derivative instruments increased by $1.7 billion or 5%, largely driven by increases in foreign exchange and equity derivatives valuation, partially offset by decreases in interest rate and other commodity derivatives valuation.

Other liabilities increased by $0.6 billion or 2%, primarily due to increases in collateral received for derivatives and acceptances, partially offset by a decrease in accrued liabilities.

Subordinated indebtedness decreased by $1.0 billion or 18%, mainly due to the redemption during the current quarter. For further details see the “Capital management” section.

Equity

As at January 31, 2021, equity increased by $0.6 billion or 1% from October 31, 2020, primarily due to a net increase in retained earnings, partially offset by a decrease in accumulated other comprehensive income.

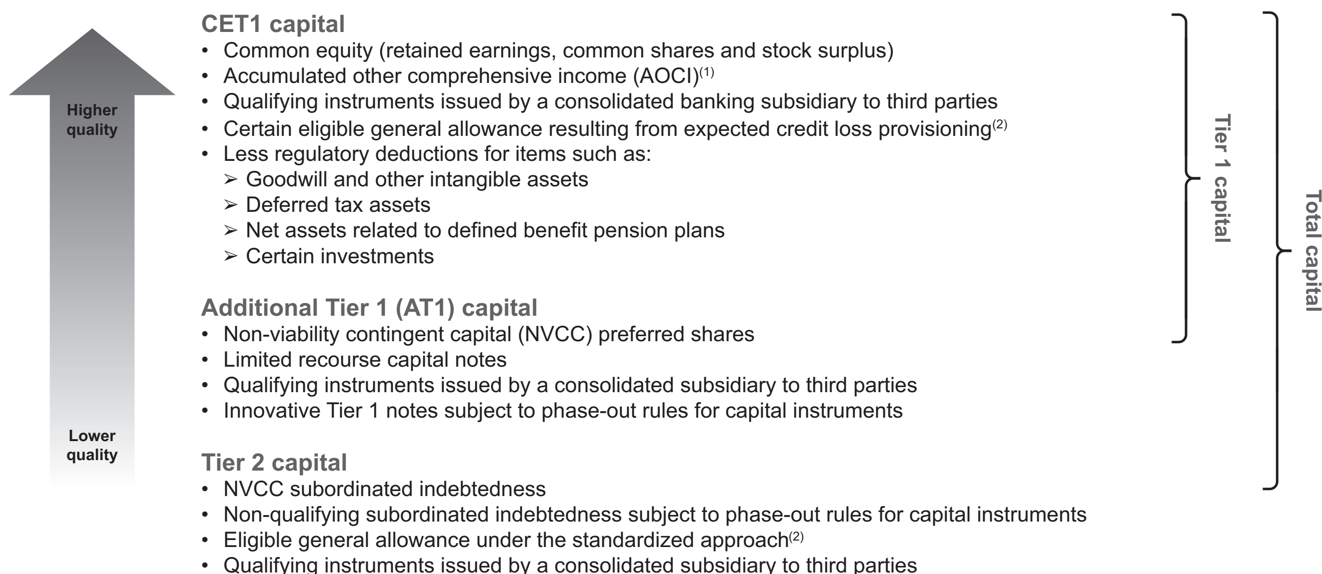
Capital management

We actively manage our capital to maintain a strong and efficient capital base that provides balance sheet strength, enables our businesses to grow and execute on our strategy, and meets regulatory requirements. For additional details on capital management, see pages 31 to 42 of our 2020 Annual Report.

Regulatory capital requirements under Basel III

Our regulatory capital requirements are determined in accordance with guidelines issued by the Office of the Superintendent of Financial Institutions (OSFI), which are based upon the capital standards developed by the Basel Committee on Banking Supervision (BCBS).

Regulatory capital consists of CET1, Tier 1 and Tier 2 capital. The tiers of regulatory capital indicate increasing quality/permanence and the ability to absorb losses. The major components of our regulatory capital are summarized as follows:



(1) Excluding AOCI relating to cash flow hedges and changes to fair value option (FVO) liabilities attributable to changes in own credit risk.
(2) In response to the COVID-19 pandemic, OSFI has provided regulatory flexibility by implementing transitional arrangements for the treatment of expected loss provisioning, such that part of the allowances that would otherwise be included in Tier 2 capital will instead qualify for inclusion in CET1 capital subject to certain scalars and limitations until fiscal 2022. See the "Continuous enhancement to regulatory capital requirements" section for additional details.

Qualifying regulatory capital instruments must be capable of absorbing loss at the point of non-viability of the financial institution. Non-qualifying Tier 1 and Tier 2 capital instruments are excluded from regulatory capital at a rate of 10% per annum until November 1, 2021, at which point they will have no regulatory value.

OSFI requires all institutions to achieve target capital ratios which include buffers. Targets may be higher for certain institutions at OSFI's discretion. CIBC, along with Bank of Montreal, Bank of Nova Scotia, National Bank of Canada, Royal Bank of Canada, and the Toronto-Dominion Bank, have been designated by OSFI as domestic systemically important banks (D-SIBs) in Canada. D-SIBs are subject to a CET1 surcharge equal to 1.0% of RWA and a Domestic Stability Buffer (DSB) requirement intended to address Pillar 2 risks that are not adequately captured in the Pillar 1 capital requirements. The DSB is currently set at 1.0% but can range from 0% to 2.5% of RWA, see the "Continuous enhancement to regulatory capital requirements" section for further details. Additionally, banks need to hold an incremental countercyclical capital buffer equal to their weighted-average buffer requirement in Canada and across certain other jurisdictions where they have private sector credit exposures. OSFI's current targets are summarized below:

As at January 31, 2021	Minimum	Capital conservation buffer	D-SIB buffer	Pillar I targets (1)	Domestic Stability Buffer	Target including all buffer requirements
CET1 ratio	**4.5 %**	**2.5 %**	**1.0 %**	**8.0 %**	**1.0 %**	**9.0 %**
Tier 1 capital ratio	**6.0 %**	**2.5 %**	**1.0 %**	**9.5 %**	**1.0 %**	**10.5 %**
Total capital ratio	**8.0 %**	**2.5 %**	**1.0 %**	**11.5 %**	**1.0 %**	**12.5 %**

(1) The countercyclical capital buffer applicable to CIBC is insignificant as at January 31, 2021.

Capital adequacy requirements are applied on a consolidated basis consistent with our financial statements, except for our insurance subsidiaries (CIBC Cayman Reinsurance Limited and CIBC Life Insurance Company Limited), which are excluded from the regulatory scope of consolidation. The basis of consolidation applied to our financial statements is described in Note 1 to the consolidated financial statements included in our 2020 Annual Report. CIBC Life Insurance Company Limited is subject to OSFI's Life Insurance Capital Adequacy Test.

Continuous enhancement to regulatory capital requirements

The BCBS and OSFI have published a number of proposals for changes to the existing regulatory capital requirements to strengthen the regulation, supervision, and practices of banks with the overall objective of enhancing financial stability (see pages 34 to 35 of our 2020 Annual Report).

Transitional arrangements for the capital treatment of expected loss provisioning

In response to the COVID-19 pandemic, OSFI introduced transitional arrangements for ECL provisioning that are available under the Basel Framework. These transitional arrangements were effective immediately upon being announced by OSFI on March 27, 2020 and result in a portion of allowances that would otherwise be included in Tier 2 capital qualifying for inclusion in CET1 capital. The amount of ECL allowances eligible for inclusion in CET1 capital is determined based on the increase in stage 1 and stage 2 allowances relative to balances as at January 31, 2020 as a baseline. This amount is then adjusted for tax effects and is subject to a scaling factor that will decrease over time. The scaling factor has been set at 70% for fiscal 2020, 50%

for fiscal 2021, and 25% for fiscal 2022. For exposures under the internal ratings-based (IRB) approach, the lower of this amount and excess allowances otherwise eligible for inclusion in Tier 2 capital is included as CET1 capital under the transitional arrangements.

Domestic Stability Buffer

In response to the COVID-19 pandemic and market conditions, OSFI announced an immediate reduction in the DSB requirement from 2.0% to 1.0% for all D-SIBs effective March 13, 2020. This reduction decreased OSFI's target capital ratios, including all buffers, for CET1, Tier 1 and Total capital to 9.0%, 10.5% and 12.5%, respectively. On December 8, 2020, OSFI again announced that the DSB would remain unchanged at 1.0%.

Capital treatment of federal program supporting highly affected sectors

In January 2021, OSFI provided direction on the capital treatment of the government-guaranteed loans made under the Business Development Bank of Canada (BDC) Highly Affected Sectors Credit Availability Program (HASCAP) loan guarantee program. The loans will be considered sovereign risk based on the BDC guarantee, and the relevant risk weight under the Capital Adequacy Requirements (CAR) Guideline will be applied accordingly. The entire amount of the loan is to be included in the exposure measure used for calculating the leverage ratio. See "Government lending programs in response to COVID-19" for further details.

Total loss absorbing capacity requirements

Beginning in the first quarter of 2022, D-SIBs will be required to maintain a supervisory target total loss absorbing capacity requirements (TLAC) ratio (which is comprising a minimum risk-based TLAC ratio of 21.5% plus the then applicable DSB) and a minimum TLAC leverage ratio of 6.75%. TLAC is required to ensure that a non-viable bank will have sufficient loss absorbing capacity, through its regulatory capital and bail-in eligible instruments, to support its recapitalization. In accordance with the Department of Finance's Bank recapitalization (Bail-in) conversion regulations, senior debt issued by D-SIBs on or after September 23, 2018, with an original term to maturity of more than 400 days (including explicit or embedded options) that is unsecured or partially secured is subject to bail-in. Consumer deposits, certain derivatives, covered bonds, and certain structured notes are not eligible for bail-in.

CIBC will continue to monitor and prepare for developments impacting regulatory capital requirements and disclosures.

Regulatory capital

Our regulatory capital levels and ratios are summarized below:

$ millions, as at	**2021 Jan. 31**	2020 Oct. 31
CET1 capital [1]	**$ 31,438**	$ 30,876
Tier 1 capital	**35,284**	34,775
Total capital	**40,355**	40,969
RWA consist of:		
Credit risk	**218,293**	218,694
Market risk	**7,331**	5,858
Operational risk	**30,495**	30,319
Total RWA	**256,119**	254,871
CET1 ratio	**12.3 %**	12.1 %
Tier 1 capital ratio	**13.8 %**	13.6 %
Total capital ratio	**15.8 %**	16.1 %

(1) Includes the impact of the ECL transitional arrangement announced by OSFI on March 27, 2020. The transitional arrangement results in a portion of ECL allowances that would otherwise be included in Tier 2 capital qualifying for inclusion in CET1 capital. The amount is subject to certain adjustments and limitations until fiscal 2022.

CET1 ratio

The CET1 ratio at January 31, 2021 increased 0.2% from October 31, 2020, driven by the increase in CET1 capital, partially offset by the impact of an increase in RWA.

The increase in CET1 capital was primarily the result of internal capital generation (net income less dividends) and common share issuance, partially offset by a decrease in AOCI (largely due to the impact of currency translation adjustments). The increase in RWA was primarily due to increases in book size and market risk levels, partially offset by the impact of foreign exchange translation.

We anticipate that the combined impact of our expected loss calculation for regulatory capital purposes and credit risk RWA will act as a headwind to the positive impact of earnings on our CET1 ratio in future periods to the extent balances increase, utilization and delinquency rates increase and risk ratings and other credit scores deteriorate in line with our forward-looking information.

Tier 1 capital ratio

The Tier 1 capital ratio at January 31, 2021 increased 0.2% from October 31, 2020 primarily due to the factors affecting the CET1 ratio noted above.

Total capital ratio

The Total capital ratio at January 31, 2021 decreased 0.3% from October 31, 2020. Total capital was favourably impacted by the factors affecting the Tier 1 capital ratio noted above. However, the redemption of subordinated indebtedness during the quarter (see "Significant capital management activity" for additional details), along with a decrease in the applicable cap related to the inclusion of non-qualifying instruments resulted in a net reduction in Total capital for the quarter.

Leverage ratio

The Basel III capital standards include a non-risk-based capital metric, the leverage ratio, to supplement risk-based capital requirements. The leverage ratio is defined as Tier 1 capital divided by the leverage ratio exposure. The leverage ratio exposure is defined under the rules as the sum of:

(i) On-balance sheet assets less Tier 1 capital regulatory adjustments;
(ii) Derivative exposures;
(iii) Securities financing transaction exposures; and
(iv) Off-balance sheet exposures (such as commitments, direct credit substitutes, letters of credit, and securitization exposures).

OSFI expects federally regulated deposit-taking institutions to have leverage ratios that meet or exceed 3.0%. This minimum may be higher for certain institutions at OSFI's discretion.

$ millions, as at	**2021 Jan. 31**	2020 Oct. 31
Tier 1 capital	**$ 35,284**	$ 34,775
Leverage ratio exposure (1)	**756,688**	741,760
Leverage ratio	**4.7 %**	4.7 %

(1) Includes the impact of regulatory flexibility provided by OSFI in respect of exposures arising from central bank reserves and sovereign-issued securities that qualify as high quality liquid assets. The treatment specified by OSFI permits these items to be excluded from the leverage ratio exposure measure.

The leverage ratio at January 31, 2021 was comparable with October 31, 2020, as the impact of an increase in Tier 1 capital was offset by the impact of an increase in leverage ratio exposure. The increase in leverage ratio exposure was primarily driven by an increase in on-balance sheet and securities financing transaction exposures.

Significant capital management activity

In conjunction with OSFI's March 13, 2020 announcement to decrease the DSB to 1.0% in response to COVID-19, OSFI also announced that it expects all federally regulated financial institutions to cease dividend increases and share buybacks for the time being, in order to ensure that the additional capital available is used to support Canadian lending activities. The following were the main capital initiatives undertaken in 2021:

Shareholder investment plan

Pursuant to the shareholder investment plan, we issued 294,164 common shares for consideration of $32 million for the quarter ended January 31, 2021.

Subordinated indebtedness

On January 26, 2021, we redeemed all $1.0 billion of our 3.42% Debentures due January 26, 2026. In accordance with their terms, the Debentures were redeemed at 100% of their principal amount, plus accrued and unpaid interest thereon.

Outstanding share data

The table below provides a summary of our outstanding shares, NVCC capital instruments, and the maximum number of common shares issuable on conversion/exercise:

	Shares outstanding		**Minimum conversion price per common share**	**Maximum number of common shares issuable on conversion**
$ millions, except number of shares and per share amounts, as at January 31, 2021	**Number of shares**	**Par value**		
Preferred shares (1)(2)				
Series 39 (NVCC)	**16,000,000**	**$ 400**	**$ 5.00**	**80,000,000**
Series 41 (NVCC)	**12,000,000**	**300**	**5.00**	**60,000,000**
Series 43 (NVCC)	**12,000,000**	**300**	**5.00**	**60,000,000**
Series 45 (NVCC)	**32,000,000**	**800**	**5.00**	**160,000,000**
Series 47 (NVCC)	**18,000,000**	**450**	**5.00**	**90,000,000**
Series 49 (NVCC)	**13,000,000**	**325**	**5.00**	**65,000,000**
Series 51 (NVCC)	**10,000,000**	**250**	**5.00**	**50,000,000**
Limited recourse capital notes (2)(3)				
4.375% Limited recourse capital notes Series 1 (NVCC)	**n/a**	**750**	**5.00**	**150,000,000**
Subordinated indebtedness (2)(4)				
3.45% Debentures due April 4, 2028 (NVCC)	**n/a**	**1,500**	**5.00**	**450,000,000**
2.95% Debentures due June 19, 2029 (NVCC)	**n/a**	**1,500**	**5.00**	**450,000,000**
2.01% Debentures due July 21, 2030 (NVCC)	**n/a**	**1,000**	**5.00**	**300,000,000**
Total		**$ 7,575**		**1,915,000,000**

(1) Upon the occurrence of a Trigger Event, each share is convertible into a number of common shares, determined by dividing the par value of $25.00 plus declared and unpaid dividends by the average common share price (as defined in the relevant prospectus supplement) subject to a minimum price per share (subject to adjustment in certain events as defined in the relevant prospectus supplement). Preferred shareholders do not have the right to convert their shares into common shares.
(2) The maximum number of common shares issuable on conversion excludes the impact of declared but unpaid dividends and accrued interest.
(3) Upon the occurrence of a Trigger Event, the Series 53 Preferred Shares held in the Limited Recourse Trust in support of the limited recourse capital notes are convertible into a number of common shares, determined by dividing the par value of $1,000 by the average common share price (as defined in the relevant prospectus supplement) subject to a minimum price per common share (subject to adjustment in certain events as defined in the relevant prospectus supplement).
(4) Upon the occurrence of a Trigger Event, the Debentures are convertible into a number of common shares, determined by dividing 150% of the par value plus accrued and unpaid interest by the average common share price (as defined in the relevant prospectus supplement) subject to a minimum price per common share (subject to adjustment in certain events as defined in the relevant prospectus supplement).
n/a Not applicable.

The occurrence of a "Trigger Event" would result in conversion of all of the outstanding NVCC instruments described above, which would represent a dilution impact of 81% based on the number of CIBC common shares outstanding as at January 31, 2021. As described in the CAR Guideline, a Trigger Event occurs when OSFI determines the bank is or is about to become non-viable and, if after conversion of all contingent instruments and consideration of any other relevant factors or circumstances, it is reasonably likely that its viability will be restored or maintained; or if the bank has accepted or agreed to accept a capital injection or equivalent support from a federal or provincial government, without which OSFI would have determined the bank to be non-viable.

In addition to the potential dilution impacts related to the NVCC instruments discussed above, as at January 31, 2021, $22,622 million (October 31, 2020: $19,925 million) of our outstanding liabilities were subject to conversion under the bail-in regime. Under the bail-in regime there is no fixed and pre-determined contractual conversion ratio for the conversion of the specified eligible shares and liabilities of CIBC that are subject to a bail-in conversion into common shares, nor are there specific requirements regarding whether liabilities subject to a bail-in conversion are converted into common shares of CIBC or any of its affiliates. Canada Deposit Insurance Corporation (CDIC) determines the timing of the bail-in conversion, the portion of the specified eligible shares and liabilities to be converted and the terms and conditions of the conversion, subject to parameters set out in the bail-in regime. See the "Total loss absorbing capacity requirements" section for further details.

Global systemically important banks – public disclosure requirements

The BCBS paper "Global systemically important banks: updated assessment methodology and the higher loss absorbency requirement" dated July 3, 2013 describes the annual assessment methodology and the 12 indicators used to identify global systemically important banks (G-SIBs). The document also provides annual public disclosure requirements applicable to large globally active banks.

In March 2014, OSFI published an Advisory on the implementation of the G-SIB public disclosure requirements in Canada. Federally regulated banks, including CIBC, which have not been identified as G-SIBs, and have leverage ratio exposure measures greater than the equivalent of €200 billion at year-end, are required to publicly disclose at a minimum the 12 indicators (in Canadian equivalent values) annually. The indicators are calculated based on specific instructions issued by the BCBS, which are updated annually. As a result, values may not be directly comparable against other measures disclosed in this report. The following table provides the 12 indicators used in the BCBS assessment methodology to identify G-SIBs:

$ thousands, as at October 31				**2020**		2019
Section		**Indicators**				
A.	Cross-jurisdictional activity	1.	Cross-jurisdictional claims	**$ 202,927,443**	$	171,547,163
		2.	Cross-jurisdictional liabilities	**192,443,219**		170,609,561
B.	Size	3.	Total exposures as defined for use in the leverage ratio [(1)]	**$ 847,137,806**	$	722,260,507
C.	Interconnectedness	4.	Intra-financial system assets	**$ 59,736,081**	$	55,180,978
		5.	Intra-financial system liabilities	**45,553,165**		34,198,618
		6.	Securities outstanding	**168,533,444**		173,111,702
D.	Substitutability/financial institution infrastructure	7.	Payments activity	**$ 17,709,722,200**	$	15,818,619,512
		8.	Assets under custody	**1,886,628,000**		1,943,784,000
		9.	Underwritten transactions in debt and equity markets	**74,473,634**		50,889,244
E.	Complexity	10.	Notional amount of over-the-counter derivatives	**$ 5,557,139,266**	$	5,333,289,112
		11.	Trading and other securities	**27,120,512**		22,344,685
		12.	Level 3 assets	**1,399,544**		1,737,213

(1) The calculation of this measure for the purposes of the G-SIB indicator disclosures excludes regulatory adjustments related to capital deductions, as well as the temporary OSFI exemption for exposures arising from central bank reserves and sovereign-issued securities that qualify as high quality liquid assets.

Changes in G-SIB measures

Changes in measures compared with 2019 primarily reflect normal changes in business activity and movement in foreign exchange rates.

A. Cross-jurisdictional activity

The objective of this section is to measure a bank's global footprint – i.e., the importance of a bank's activities outside its home jurisdiction. The concept underlying this section is that the global impact of a bank's distress or failure varies in line with its share of cross-jurisdictional assets and liabilities.

B. Size

Size is a key measure of a bank's systemic importance as a bank's distress or failure is more likely to damage the global economy or financial markets if its activities comprise a large share of global activity.

C. Interconnectedness

Financial distress at one institution can materially increase the likelihood of distress at other institutions given the network of contractual obligations in which these firms operate. A bank's systemic impact is likely to be positively related to its interconnectedness with other financial institutions.

D. Substitutability/financial institution infrastructure

The objective of this section is to measure the extent to which a bank provides financial institution infrastructure. The concept underlying this section is that the greater a bank's role in a particular business line, or as a service provider in underlying market infrastructure (e.g., payment systems), the larger the disruption will likely be in the event of its failure, in terms of both service gaps (including the cost to a failed bank's clients of having to seek the same service from another bank) and reduced flow of market and infrastructure liquidity.

E. Complexity

The systemic impact of a bank's distress or failure is expected to be positively related to its overall complexity – i.e., its business, structural and operational complexity. The more complex a bank is, the greater the costs and time needed to resolve the bank.

Future revisions to G-SIBs – public disclosure requirements

On July 5, 2018, the BCBS issued "Global systemically important banks: revised assessment methodology and the higher loss absorbency requirement" as a result of the first review of the G-SIB framework. The revised assessment methodology was to be effective by the 2021 G-SIB assessment. As part of the measures announced by the BCBS in response to COVID-19, the effective date for the revised assessment methodology has been deferred by one year and will now be effective for the 2022 G-SIB assessment.

Off-balance sheet arrangements

We enter into off-balance sheet arrangements in the normal course of our business. Details of our off-balance sheet arrangements are provided on page 41 of our 2020 Annual Report and also in Note 7 and Note 22 to the consolidated financial statements included in our 2020 Annual Report.

Management of risk

Our approach to management of risk has not changed significantly from that described on pages 43 to 82 of our 2020 Annual Report.

Risk overview

CIBC faces a wide variety of risks across all of its areas of business. Identifying and understanding risks and their impact allows CIBC to frame its risk appetite and risk management practices. Defining acceptable levels of risk, and establishing sound principles, policies and practices for managing risks, is fundamental to achieving consistent and sustainable long-term performance, while remaining within our risk appetite.

Our risk appetite defines tolerance levels for various risks. This is the foundation for our risk management culture and our risk management framework.

Our risk management framework includes:

- CIBC, SBU and functional group-level risk appetite statements;
- Risk frameworks, policies, procedures and limits to align activities with our risk appetite;
- Regular risk reports to identify and communicate risk levels;
- An independent control framework to identify and test the design and operating effectiveness of our key controls;
- Stress testing to consider the potential impact of changes in the business environment on capital, liquidity and earnings;
- Proactive consideration of risk mitigation options in order to optimize results; and
- Oversight through our risk-focused committees and governance structure.

Managing risk is a shared responsibility at CIBC. Business units and risk management professionals work in collaboration to ensure that business strategies and activities are consistent with our risk appetite. CIBC's approach to enterprise-wide risk management aligns with the three lines of defence model:

(i) As the first line of defence, CIBC's SBUs and functional groups own the risks and are accountable and responsible for identifying and assessing risks inherent in their activities in accordance with the CIBC risk appetite. In addition, they establish and maintain controls to mitigate such risks. The first line of defence may include governance groups within the relevant area to facilitate the control framework and other risk-related processes. Control groups provide subject matter expertise to the business lines and/or implement and maintain enterprise-wide control programs and activities. While control groups collaborate with the lines of business in identifying and managing risk, they also challenge risk decisions and risk mitigation strategies.

(ii) The second line of defence is independent from the first line of defence and provides an enterprise-wide view of specific risk types, guidance and effective challenge to risk and control activities. Risk Management is the primary second line of defence. Risk Management may leverage or rely on subject matter expertise of other groups (e.g., third parties or control groups) to better inform their independent assessments, as appropriate.

(iii) As the third line of defence, CIBC's internal audit function provides reasonable assurance to senior management and the Audit Committee of the Board of Directors (the Board) on the effectiveness of CIBC's governance practices, risk management processes, and internal controls as a part of its risk-based audit plan and in accordance with its mandate as described in the Internal Audit Charter.

A strong risk culture and communication between the three lines of defence are important characteristics of effective risk management.

We continuously monitor our risk profile against our defined risk appetite and related limits, taking action as needed to maintain an appropriate balance of risk and return. Monitoring our risk profile includes forward-looking analysis of sensitivity to local and global market factors, economic conditions, and geo-political and regulatory environments that influence our overall risk profile.

Regular and transparent risk reporting and discussion at senior management committees facilitates communication of risks and discussion of risk management strategies across the organization.

Top and emerging risks

We monitor and review top and emerging risks that may affect our future results and take action to mitigate potential risks. We perform in-depth analyses, which can include stress testing our exposures relative to the risks, and provide updates and related developments to the Board on a regular basis. Top and emerging risks are those that we consider to have potential negative implications that are material for CIBC. See pages 50 to 53 of our 2020 Annual Report for details regarding the following top and emerging risks:

- Canadian consumer debt and the housing market
- Disintermediation risk
- Anti-money laundering
- U.S. banking regulation
- Technology, information and cyber security risk
- Third party risk
- Climate risk
- Corporate transactions

The remainder of this section describes top and emerging risks that have been updated for developments that have occurred since the issuance of our 2020 Annual Report, as well as regulatory and accounting developments that are material for CIBC.

Pandemic outbreaks

The COVID-19 pandemic and the restrictions imposed by governments around the world to limit its impact have disrupted the global economy, financial markets, supply chains and business productivity in unprecedented and unpredictable ways, and have limited economic activity in Canada, the U.S. and other regions where we operate. While measures to slow the spread of infection, including lockdowns, have negatively impacted economic activity and our short term expectations, our medium term outlook is supported by the assumption that the rollout of mass vaccination programs over the spring and summer will be able to effectively control the spread of the virus, including the emerging variants. As a result, we expect a slow recovery in the first half of 2021, accelerating thereafter although not returning to pre-pandemic levels until 2022.

We are closely monitoring the evolving impacts of the pandemic. COVID-19 has adversely affected our business and uncertainty remains as to the full impact of COVID-19 on the global economy, financial markets, and our business, results of operations, reputation and financial condition, including our regulatory capital, liquidity positions and our ability to meet regulatory and other requirements. The ultimate impacts will depend on future developments that are highly uncertain, such as the scope, severity and duration of the pandemic, including the ongoing fallout from the current wave, subsequent resurgences of infection including from new variants, actions taken by governments, monetary authorities, regulators, financial institutions and other third parties in response to subsequent waves, the extent of physical distancing measures, as well as business closures and travel restrictions mandated by governments. The development of vaccines and their rollout has created positive momentum for the latter part of the year, although this is likely to be tempered by growth in the number of cases, uncertainty about how quickly a large enough majority of the population can be effectively immunized to reduce rates of infection including in response to new variants of the disease and further government restrictions, such as lockdowns.

A substantial amount of our business involves extending credit or otherwise providing financial resources to individuals, companies, industries or governments that have likely been adversely impacted by the pandemic, hindering their ability to meet original loan terms and potentially impacting their ability to repay their loans. While our estimate of ECL on performing loans considers the likelihood and extent of future defaults and impairments, given the inherent uncertainty caused by COVID-19, actual experience may differ materially from our current estimates. To the extent that business activity does not increase in line with our expectations due to the impact of the current and subsequent waves, or if unemployment continues to rise and clients default on loans beyond our current expectations, we may recognize further credit losses beyond those reflected in the current quarter's expected credit losses. The effectiveness of various government support programs in place for individuals and businesses as well as the timing of the rollout of vaccines also impacts our expectations. Similarly, because of changing economic and market conditions, we may be required to recognize losses, impairments, or reductions in other comprehensive income (OCI) in future periods relating to other assets that we hold.

Net interest income is significantly impacted by market interest rates. Interest rate cuts by the Bank of Canada and the U.S. Federal Reserve in response to COVID-19 have negatively impacted our net interest income. The overall effect of lower, or potentially negative, interest rates cannot be predicted and depends on future actions that the Bank of Canada and the U.S. Federal Reserve may take to increase or reduce targeted rates in response to COVID-19 or other factors.

We have taken multiple steps to support our clients through these challenging times (see the "CIBC client relief programs in response to COVID-19" section for further details). Governments, monetary authorities, regulators and financial institutions have also taken actions to support the economy, increase liquidity, mitigate unemployment, provide temporary financial assistance and regulatory flexibility, and implement other measures intended to mitigate or counterbalance the adverse economic consequences of the pandemic. We continue to work with regulators and governments across the jurisdictions in which we operate to support and facilitate government programs assisting our clients. The unprecedented nature, scope and speed of these actions, while essential to mitigate the economic damage of the crisis, present additional risks for CIBC.

We continue to adapt our operating model due to the resurgence of COVID-19 cases, with a focus on the continued safety of our team members, especially those working on-site. Our response is evolving based on the perspective of governments and public health authorities on necessary measures to help slow the spread. As the infection rate rises in our surrounding communities, consistent monitoring and application of our Health & Safety protocols continue, in line with government and public health authorities' guidelines. The possibility of widespread illness amongst our clients and team members poses additional business and operational risk, and we continue to prioritize the health and safety of our clients and team members while meeting our clients' needs. Remote work arrangements continue to be in place where possible, and we anticipate that they will continue at least throughout the next quarter.

Overall, our organization has adapted well. Relevant operational risk metrics continue to track at an acceptable level, while uncertainty remains around the operational impact of the prolonged pandemic. Operational resilience and sustainability remain our key areas of focus. We will continue to monitor our risk posture and trends to ensure operational risks are managed appropriately and in a timely manner.

If the COVID-19 pandemic is prolonged beyond our expectations, in part based on countries' abilities to effectively distribute mass produced vaccines, or further variants emerge that give rise to similar effects that vaccines are not able to effectively mitigate in a timely manner, the adverse impact on the economy could deepen and result in further volatility and declines in financial markets. Moreover, it remains uncertain how the macroeconomic environment, societal and business norms will be impacted following this pandemic. Unexpected developments in financial markets, regulatory environments, or consumer behaviour and confidence may have adverse impacts on our business, results of operations, reputation and financial condition, and our ability to achieve previously announced target and performance objectives for a substantial period of time.

Commodity prices

Over the past year, we have observed high volatility and historic lows in the price of crude oil driven by excess supply owing to a price war and constrained global activity impacting demand as the COVID-19 pandemic took hold. In recent months, we have seen a recovery, as the price of oil rose above $50 per barrel, reflecting expectations of a return to economic growth as vaccination programs are rolled out and lockdown restrictions are lifted, along with a commitment from producers to restrict output. However, future price volatility remains a concern as considerable uncertainty remains associated with the pandemic recovery and the ongoing cooperation of the Organization of the Petroleum Exporting Countries (OPEC), Saudi Arabia and Russia. The cancellation of the Keystone XL pipeline also served as further evidence of the commitment to green energy policies by the new White House administration in the U.S. Clients in our oil and gas portfolio continue to be assessed on the basis of our enhanced risk metrics that reflect the current environment, and our portfolio is monitored in a prudent manner. In the precious metal market we have observed large moves in the price of silver at the end of January (which broke $30 an ounce for the first time since 2013), a rally largely attributed to retail behaviour. While the precious metal market is robust with considerable liquidity, unprecedented volatility or trade volumes could place strain on the physical infrastructure underpinning this market for settlement and delivery of metal. We continue to closely monitor our overall commodity exposure in these volatile markets.

Geo-political risk

The level of geo-political risk escalates at certain points in time. While the specific impact on the global economy and on global credit and capital markets would depend on the nature of the event, in general, any major event could result in instability and volatility, leading to widening spreads, declining equity valuations, flight to safe-haven currencies and increased purchases of gold. In the short run, market disruption could hurt the net income of our trading and non-trading market risk positions. Geo-political risk could reduce economic growth, and in combination with the potential impacts on commodity prices and the recent rise of protectionism, could have serious negative implications for general economic and banking activities. Current areas of concern include:

- Global uncertainty and market repercussions pertaining to the spread of COVID-19, including concerns related to the current and subsequent waves of infection, the introduction of new variants, and the rollout of vaccines;
- Ongoing U.S. and China relations and trade issues;
- Diplomatic tensions and the trade dispute between Canada and China;
- Implications of the U.S. “Buy American” policy;
- Relations between the U.S. and Iran;
- Anti-government protests in Hong Kong; and
- Next steps following the agreed-upon Brexit deal.

While it is impossible to predict where new geo-political disruption will occur, we do pay particular attention to markets and regions with existing or recent historical instability to assess the impact of these environments on the markets and businesses in which we operate.

Interbank Offered Rate (IBOR) transition

Interest rate benchmarks including the London Interbank Offered Rate (LIBOR) and other similar benchmarks, are being reformed and replaced by new risk-free rates that are largely based on traded markets. The U.K.’s Financial Conduct Authority (FCA) originally announced in July 2017 that it would not compel banks to submit LIBOR rates after December 2021. In November 2020, the FCA and the ICE Benchmark Administrator (IBA) announced a consultation process that may lead to an 18 month extension to June 30, 2023 for most USD LIBOR tenors with an expectation that originations of new USD LIBOR-linked products would cease after the end of 2021. We are closely monitoring the consultation process. As IBORs are widely referenced by large volumes of derivative, loan and cash products, the transition presents a number of risks to CIBC, and the industry as a whole. These transition risks include market risk (in the eventuality that new basis risks emerge), model risk, operational risk (as processes are changed or newly introduced), legal risk (as contracts are revised) and conduct risk (in ensuring clients are adequately informed/prepared). CIBC has established a comprehensive enterprise-wide program to manage and coordinate all aspects of the transition, including the identification and mitigation of these risks. See the “Other regulatory developments” section for further details.

Regulatory developments

See the “Capital management” and “Accounting and control matters” sections for additional information on regulatory developments.

Accounting developments

See the “Accounting and control matters” section and Note 1 to our interim consolidated financial statements for additional information on accounting developments.

Risks arising from business activities

The chart below shows our business activities and related risk measures based upon regulatory RWA and allocated common equity as at January 31, 2021:

CIBC

	Canadian Personal and Business Banking	Canadian Commercial Banking and Wealth Management	U.S. Commercial Banking and Wealth Management	Capital Markets	Corporate and Other
SBUs	Canadian Personal and Business Banking	Canadian Commercial Banking and Wealth Management	U.S. Commercial Banking and Wealth Management	Capital Markets	
Business activities	• Deposits • Residential mortgages • Personal loans • Credit cards • Business lending • Insurance	• Commercial banking • Full-service brokerage • Asset management • Private wealth management	• Commercial banking • Asset management • Private wealth management • Personal and small business banking	• Credit products • Global markets • Investment banking • Investment portfolios	• International banking • Investment portfolios • Joint ventures • Functional and support groups (see page 12)
Balance sheet ($ millions)					
Average assets	261,542	65,774	47,501	250,418	174,713
Average deposits	184,497	83,292	41,110	83,692	190,987
RWA ($ millions)					
Credit risk	49,127	49,722	45,412 [1]	53,906 [2]	20,126 [3]
Market risk	-	-	19	6,955	357
Operational risk	11,558	6,587	3,454	7,770	1,126
Allocated common equity (%)					
Proportion of total CIBC	18	18	25	19	20
Comprising:					
Credit risk	76	74	50	79	74
Market risk	-	-	-	9	2
Operational risk	18	10	4	11	8
Other [4]	6	16	46	1	16

Risk profile

We are exposed to credit, market, liquidity, operational, and other risks, which primarily include strategic, insurance, technology, information and cyber security, reputation and legal, regulatory compliance, and environmental and social risks.

(1) Includes counterparty credit risk of $156 million, which comprises derivatives and repo-style transactions.
(2) Includes counterparty credit risk of $16,863 million, which comprises derivatives and repo-style transactions.
(3) Includes counterparty credit risk of $101 million, which comprises derivatives and repo-style transactions.
(4) Represents allocated common equity relating to capital deductions, such as goodwill and intangible assets, in accordance with the rules in OSFI's CAR Guideline.

Credit risk

Credit risk is the risk of financial loss due to a borrower or counterparty failing to meet its obligations in accordance with contractual terms.

Credit risk arises out of the lending businesses in each of our SBUs. Other sources of credit risk consist of our trading activities, which include our over-the-counter (OTC) derivatives, debt securities, and our repo-style transaction activity. In addition to losses on the default of a borrower or counterparty, unrealized gains or losses may occur due to changes in the credit spread of the counterparty, which could impact the carrying or fair value of our assets.

Exposure to credit risk

$ millions, as at	2021 Jan. 31	2020 Oct. 31
Business and government portfolios – advanced internal ratings-based approach (AIRB)		
Drawn	**$ 245,009**	$ 248,265
Undrawn commitments	**61,775**	59,379
Repo-style transactions	**218,474**	202,809
Other off-balance sheet	**75,326**	75,399
OTC derivatives	**17,779**	18,850
Gross exposure at default (EAD) on business and government portfolios	**618,363**	604,702
Less: Collateral held for repo-style transactions	**201,608**	187,832
Net EAD on business and government portfolios	**416,755**	416,870
Retail portfolios – AIRB approach		
Drawn	**270,023**	265,097
Undrawn commitments	**88,511**	87,294
Other off-balance sheet	**272**	306
Gross EAD on retail portfolios	**358,806**	352,697
Standardized portfolios (1)	**80,252**	79,350
Securitization exposures – AIRB approach	**10,146**	12,276
Gross EAD	**$ 1,067,567**	$ 1,049,025
Net EAD	**$ 865,959**	$ 861,193

(1) Includes $69.4 billion relating to business and government loans (October 31, 2020: $69.7 billion), $6.1 billion (October 31, 2020: $6.2 billion) relating to retail portfolios, and $4.8 billion (October 31, 2020: $3.5 billion) relating to securitization exposures. Our business and government loans under the standardized approach consist of $44.3 billion (October 31, 2020: $45.7 billion) to corporates, $23.8 billion (October 31, 2020: $22.7 billion) to sovereigns, and $1.3 billion (October 31, 2020: $1.3 billion) to banks.

Forbearance policy

We employ forbearance techniques to manage client relationships and to minimize credit losses due to default, foreclosure or repossession. In certain circumstances, it may be necessary to modify a loan for reasons related to a borrower's financial difficulties, reducing the potential for default. Total debt restructurings are subject to our normal quarterly impairment review which considers, amongst other factors, covenants and/or payment delinquencies. Loan loss provisions are adjusted as appropriate.

In retail lending, forbearance techniques include interest capitalization, amortization amendments and debt consolidations. We have a set of eligibility criteria which allow our Client Account Management team to determine suitable remediation strategies and propose products based on each borrower's situation.

The solutions available to corporate and commercial clients vary based on the individual nature of the client's situation and are undertaken selectively where it has been determined that the client has or is likely to have repayment difficulties servicing its obligations. Covenants often reveal changes in the client's financial situation before there is a change in payment behaviour and typically allow for a right to reprice or accelerate payments. Solutions may be temporary in nature or may involve other special management options.

CIBC client relief programs in response to COVID-19

We have been actively engaged in lending activities to support our clients who are experiencing financial hardship caused by the COVID-19 pandemic. Further details about the client relief programs offered are described on page 62 of our 2020 Annual Report and in Note 6 to the consolidated financial statements in our 2020 Annual Report. The number of clients under these payment deferral programs was considerably lower as at January 31, 2021 and October 31, 2020 relative to the second and third quarters of 2020. As at January 31, 2021, the gross outstanding balance of loans for which CIBC provided payment deferrals was nil for credit cards in Canada (October 31, 2020: nil, July 31, 2020: less than $10 million); $0.7 billion for residential mortgages in Canada (October 31, 2020: $2.7 billion, July 31, 2020: $33.3 billion); $0.1 billion for personal loans in Canada (October 31, 2020: $0.3 billion, July 31, 2020: $0.8 billion); $0.2 billion for various consumer loans in the Caribbean (October 31, 2020: $0.3 billion, July 31, 2020: $1.4 billion); and $1.6 billion for business and government loans (October 31, 2020: $2.5 billion, July 31, 2020: $6.2 billion), including $0.2 billion in Canada (October 31, 2020: $0.5 billion, July 31, 2020: $2.4 billion), $0.4 billion in the United States (October 31, 2020: $0.5 billion, July 31, 2020: $1.6 billion) and $1.0 billion in the Caribbean (October 31, 2020: $1.5 billion, July 31, 2020: $2.2 billion). Of the loans that were under payment deferrals as at January 31, 2021, the gross outstanding balance of loans that received an extension of an initial deferral or are in the process of being provided an extension was $1.4 billion.

Government lending programs in response to COVID-19

During 2020, CIBC was engaged in a number of Government of Canada lending programs, including the Canada Emergency Business Account (CEBA) program and the Business Credit Availability Program (BCAP), that were introduced to improve access to credit and financing for Canadian businesses facing operational cash flow and liquidity challenges during the period of significant uncertainty caused by the COVID-19 pandemic. In addition, the U.S. federal government introduced government-backed loans and other funding programs for small and medium-sized businesses, including the U.S. Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Further details about the programs are described on page 62 of our 2020 Annual Report and in Note 2 to the consolidated financial statements in our 2020 Annual Report. As at January 31, 2021, loans of $3.9 billion (October 31, 2020: $2.9 billion) have been provided to our clients under the CEBA, which are accounted for off-balance sheet. In addition, funded loans outstanding on our consolidated balance sheet under the BCAP program were $0.2 billion (October 31, 2020: $0.2 billion), while loans outstanding under the PPP in the U.S. were US$1.7 billion (October 31, 2020: US$1.9 billion).

On January 26, 2021, the Government of Canada launched the HASCAP, which is a new loan program that is 100% guaranteed by the BDC and is available to small and medium-sized businesses that have been hardest hit by the pandemic. Application by eligible businesses commenced on February 1, 2021. Loans provided by CIBC under the HASCAP will be recognized on our consolidated balance sheet when funded.

Real estate secured personal lending

Real estate secured personal lending comprises residential mortgages, and personal loans and lines secured by residential property. This portfolio is low risk, as we have a first charge on the majority of the properties and a second lien on only a small portion of the portfolio. We use the same lending criteria in the adjudication of both first lien and second lien loans.

The following table provides details on our residential mortgage and home equity line of credit (HELOC) portfolios:

	Residential mortgages [1]				HELOC [2]		Total			
$ billions, as at January 31, 2021	Insured		Uninsured		Uninsured		Insured		Uninsured	
Ontario [3]	**$ 28.0**	**24 %**	**$ 87.3**	**76 %**	**$ 10.1**	**100 %**	**$ 28.0**	**22 %**	**$ 97.4**	**78 %**
British Columbia and territories [4]	**9.7**	**22**	**34.4**	**78**	**3.9**	**100**	**9.7**	**20**	**38.3**	**80**
Alberta	**13.4**	**52**	**12.4**	**48**	**2.3**	**100**	**13.4**	**48**	**14.7**	**52**
Quebec	**5.8**	**35**	**10.7**	**65**	**1.2**	**100**	**5.8**	**33**	**11.9**	**67**
Central prairie provinces [5]	**3.6**	**49**	**3.8**	**51**	**0.7**	**100**	**3.6**	**44**	**4.5**	**56**
Atlantic provinces [6]	**4.0**	**48**	**4.4**	**52**	**0.7**	**100**	**4.0**	**44**	**5.1**	**56**
Canadian portfolio [7][8]	**64.5**	**30**	**153.0**	**70**	**18.9**	**100**	**64.5**	**27**	**171.9**	**73**
U.S. portfolio [7]	**–**	**–**	**2.0**	**100**	**0.1**	**100**	**–**	**–**	**2.1**	**100**
Other international portfolio [7]	**–**	**–**	**2.3**	**100**	**–**	**–**	**–**	**–**	**2.3**	**100**
Total portfolio	**$ 64.5**	**29 %**	**$ 157.3**	**71 %**	**$ 19.0**	**100 %**	**$ 64.5**	**27 %**	**$ 176.3**	**73 %**
October 31, 2020	$ 67.0	31 %	$ 149.0	69 %	$ 19.6	100 %	$ 67.0	28 %	$ 168.6	72 %

(1) Balances reflect principal values.
(2) We did not have any insured HELOCs as at January 31, 2021 and October 31, 2020.
(3) Includes $13.1 billion (October 31, 2020: $13.8 billion) of insured residential mortgages, $56.3 billion (October 31, 2020: $53.4 billion) of uninsured residential mortgages, and $5.9 billion (October 31, 2020: $6.1 billion) of HELOCs in the Greater Toronto Area (GTA).
(4) Includes $4.3 billion (October 31, 2020: $4.5 billion) of insured residential mortgages, $23.8 billion (October 31, 2020: $22.9 billion) of uninsured residential mortgages, and $2.5 billion (October 31, 2020: $2.5 billion) of HELOCs in the Greater Vancouver Area (GVA).
(5) Includes $1.7 billion (October 31, 2020: $1.8 billion) of insured residential mortgages, $1.8 billion (October 31, 2020: $1.7 billion) of uninsured residential mortgages, and $0.4 billion (October 31, 2020: $0.4 billion) of HELOCs in Saskatchewan.
(6) Includes $1.2 billion (October 31, 2020: $1.3 billion) of insured residential mortgages, $1.4 billion (October 31, 2020: $1.4 billion) of uninsured residential mortgages, and $0.2 billion (October 31, 2020: $0.2 billion) of HELOCs in Newfoundland and Labrador.
(7) Geographic location is based on the address of the property.
(8) 70% (October 31, 2020: 71%) of insurance on Canadian residential mortgages is provided by Canada Mortgage and Housing Corporation (CMHC) and the remaining by two private Canadian insurers, both rated at least AA (low) by DBRS Limited (DBRS).

The average loan-to-value (LTV) ratios[1] for our uninsured residential mortgages and HELOCs originated and acquired during the quarter ended January 31, 2021 are provided in the following table.

	2021 Jan. 31		2020 Oct. 31		2020 Jan. 31	
For the three months ended	**Residential mortgages**	**HELOC**	Residential mortgages	HELOC	Residential mortgages	HELOC
Ontario [2]	**63 %**	**68 %**	63 %	68 %	63 %	67 %
British Columbia and territories [3]	**59**	**66**	60	65	60	64
Alberta	**66**	**73**	68	73	68	72
Quebec	**68**	**74**	68	73	68	72
Central prairie provinces	**68**	**75**	68	74	69	73
Atlantic provinces	**68**	**75**	71	74	72	73
Canadian portfolio [4]	**63 %**	**69 %**	63 %	68 %	64 %	68 %
U.S. portfolio [4]	**63 %**	**63 %**	67 %	62 %	65 %	61 %
Other international portfolio [4]	**76 %**	**n/m**	75 %	n/m	70 %	n/m

(1) LTV ratios for newly originated residential mortgages and HELOCs are calculated based on weighted average.
(2) Average LTV ratios for our uninsured GTA residential mortgages originated during the quarter were 63% (October 31, 2020: 62%; January 31, 2020: 61%).
(3) Average LTV ratios for our uninsured GVA residential mortgages originated during the quarter were 57% (October 31, 2020: 58%; January 31, 2020: 57%).
(4) Geographic location is based on the address of the property.
n/m Not meaningful.

The following table provides the average LTV ratios on our total Canadian residential mortgage portfolio:

	Insured	Uninsured
January 31, 2021 [1][2]	**55 %**	**52 %**
October 31, 2020 [1][2]	55 %	52 %

(1) LTV ratios for residential mortgages are calculated based on weighted average. The house price estimates for January 31, 2021 and October 31, 2020 are based on the Forward Sortation Area level indices from the Teranet – National Bank National Composite House Price Index (Teranet) as of December 31, 2020 and September 30, 2020, respectively. Teranet is an independent estimate of the rate of change in Canadian home prices.
(2) Average LTV ratio on our uninsured GTA residential mortgage portfolio was 49% (October 31, 2020: 48%). Average LTV ratio on our uninsured GVA residential mortgage portfolio was 46% (October 31, 2020: 46%).

The tables below summarize the remaining amortization profile of our total Canadian, U.S. and other international residential mortgages. The first table provides the remaining amortization periods based on the minimum contractual payment amounts. The second table provides the remaining amortization periods based upon current customer payment amounts, which incorporate payments other than the minimum contractual amount and/or a different frequency of payments.

Contractual payment basis

	0–5 years	>5–10 years	>10–15 years	>15–20 years	>20–25 years	>25–30 years	>30–35 years	>35 years
Canadian portfolio								
January 31, 2021	**– %**	**– %**	**2 %**	**7 %**	**55 %**	**36 %**	**– %**	**– %**
October 31, 2020	– %	1 %	2 %	7 %	54 %	36 %	– %	– %
U.S. portfolio								
January 31, 2021	**– %**	**1 %**	**1 %**	**1 %**	**9 %**	**88 %**	**– %**	**– %**
October 31, 2020	– %	1 %	1 %	1 %	8 %	89 %	– %	– %
Other international portfolio								
January 31, 2021	**12 %**	**15 %**	**22 %**	**23 %**	**18 %**	**10 %**	**– %**	**– %**
October 31, 2020	11 %	15 %	23 %	23 %	18 %	10 %	– %	– %

Current customer payment basis

	0–5 years	>5–10 years	>10–15 years	>15–20 years	>20–25 years	>25–30 years	>30–35 years	>35 years
Canadian portfolio								
January 31, 2021	**2 %**	**4 %**	**7 %**	**18 %**	**44 %**	**25 %**	**– %**	**– %**
October 31, 2020	2 %	4 %	7 %	18 %	44 %	25 %	– %	– %
U.S. portfolio								
January 31, 2021	**1 %**	**4 %**	**7 %**	**10 %**	**9 %**	**69 %**	**– %**	**– %**
October 31, 2020	2 %	3 %	7 %	10 %	10 %	68 %	– %	– %
Other international portfolio								
January 31, 2021	**7 %**	**13 %**	**22 %**	**23 %**	**19 %**	**15 %**	**1 %**	**1 %**
October 31, 2020	7 %	13 %	22 %	23 %	19 %	14 %	2 %	– %

We have two types of condominium exposures in Canada: mortgages and developer loans. Both are primarily concentrated in the Toronto and Vancouver areas. As at January 31, 2021, our Canadian condominium mortgages were $29.5 billion (October 31, 2020: $28.1 billion) of which 29% (October 31, 2020: 31%) were insured. Our drawn developer loans were $1.5 billion (October 31, 2020: $1.4 billion) or 1.0% (October 31, 2020: 1.0%) of our business and government portfolio, and our related undrawn exposure was $4.1 billion (October 31, 2020: $4.5 billion). The condominium developer exposure is diversified across 101 projects.

We stress test our mortgage and HELOC portfolio to determine the potential impact of different economic events. Our stress tests can use variables such as unemployment rates, debt service ratios and housing price changes, to model potential outcomes for a given set of circumstances. The stress testing involves variables that could behave differently in certain situations. Our main tests use economic variables in a similar range or more conservative to historical events when Canada experienced economic downturns. Our results show that in an economic downturn, our strong capital position should be sufficient to absorb mortgage and HELOC losses.

Trading credit exposure

We have trading credit exposure (also called counterparty credit exposure) that arises from our OTC derivatives and our repo-style transactions. The nature of our derivatives exposure and how it is mitigated is described in Note 13 to the consolidated financial statements included in our 2020 Annual Report. Our repo-style transactions consist of our securities bought or sold under repurchase agreements, and our securities borrowing and lending activity.

The following table shows the rating profile of OTC derivative mark-to-market (MTM) receivables:

$ billions, as at	**2021 Jan. 31**		2020 Oct. 31 (1)	
	Exposure (2)			
Investment grade	**$ 7.77**	**76.3 %**	$ 7.45	74.8 %
Non-investment grade	**2.25**	**22.1**	2.40	24.1
Watch list	**0.15**	**1.5**	0.10	1.0
Default	**0.01**	**0.1**	0.01	0.1
	$ 10.18	**100.0 %**	$ 9.96	100.0 %

(1) Restated from amounts previously presented.
(2) MTM of OTC derivative contracts is after the impact of master netting agreements, but before any collateral.

Impaired loans

The following table provides details of our impaired loans and allowance for credit losses:

$ millions, as at or for the three months ended			2021 Jan. 31			2020 Oct. 31			2020 Jan. 31
	Business and government loans	**Consumer loans**	**Total**	Business and government loans	Consumer loans	Total	Business and government loans	Consumer loans	Total
Gross impaired loans									
Balance at beginning of period	**$ 1,359**	**$ 990**	**$ 2,349**	$ 1,443	$ 1,140	$ 2,583	$ 911	$ 955	$ 1,866
Classified as impaired during the period	**407**	**433**	**840**	328	357	685	144	525	669
Transferred to performing during the period	**(68)**	**(201)**	**(269)**	(56)	(260)	(316)	(10)	(105)	(115)
Net repayments	**(126)**	**(84)**	**(210)**	(299)	(97)	(396)	(100)	(152)	(252)
Amounts written off	**(70)**	**(150)**	**(220)**	(54)	(149)	(203)	(40)	(229)	(269)
Recoveries of loans and advances previously written off	**–**	**–**	**–**	–	–	–	–	–	–
Disposals of loans	**–**	**–**	**–**	–	–	–	–	–	–
Purchased credit-impaired loans	**–**	**–**	**–**	–	–	–	–	–	–
Foreign exchange and other	**(26)**	**(9)**	**(35)**	(3)	(1)	(4)	2	1	3
Balance at end of period	**$ 1,476**	**$ 979**	**$ 2,455**	$ 1,359	$ 990	$ 2,349	$ 907	$ 995	$ 1,902
Allowance for credit losses – impaired loans									
Balance at beginning of period	**$ 650**	**$ 264**	**$ 914**	$ 612	$ 296	$ 908	$ 376	$ 268	$ 644
Amounts written off	**(70)**	**(150)**	**(220)**	(54)	(149)	(203)	(40)	(229)	(269)
Recoveries of amounts written off in previous periods	**3**	**45**	**48**	1	46	47	3	49	52
Charge to income statement [1]	**121**	**117**	**238**	100	78	178	58	186	244
Interest accrued on impaired loans	**(6)**	**(5)**	**(11)**	(7)	(6)	(13)	(5)	(6)	(11)
Disposals of loans	**–**	**–**	**–**	–	–	–	–	–	–
Transfers	**–**	**–**	**–**	–	–	–	–	–	–
Foreign exchange and other	**(12)**	**(5)**	**(17)**	(2)	(1)	(3)	(1)	(1)	(2)
Balance at end of period	**$ 686**	**$ 266**	**$ 952**	$ 650	$ 264	$ 914	$ 391	$ 267	$ 658
Net impaired loans [2]									
Balance at beginning of period	**$ 709**	**$ 726**	**$ 1,435**	$ 831	$ 844	$ 1,675	$ 535	$ 687	$ 1,222
Net change in gross impaired	**117**	**(11)**	**106**	(84)	(150)	(234)	(4)	40	36
Net change in allowance	**(36)**	**(2)**	**(38)**	(38)	32	(6)	(15)	1	(14)
Balance at end of period	**$ 790**	**$ 713**	**$ 1,503**	$ 709	$ 726	$ 1,435	$ 516	$ 728	$ 1,244
Net impaired loans as a percentage of net loans and acceptances			**0.36 %**			0.34 %			0.31 %

(1) Excludes provision for credit losses on impaired undrawn credit facilities and other off-balance sheet exposures.
(2) Net impaired loans are gross impaired loans net of stage 3 allowance for credit losses.

Gross impaired loans

As at January 31, 2021, gross impaired loans were $2,455 million, up $553 million from the same quarter last year, primarily due to increases in the real estate and construction, oil and gas, retail and wholesale, and education, health and social services sectors.

Gross impaired loans were up $106 million from the prior quarter, primarily due to increases in the real estate and construction, education, health and social services sectors, partially offset by a decrease in the oil and gas and business services sectors, the impact of foreign exchange translation and a decrease in the Canadian residential mortgages portfolio.

57% of gross impaired loans related to Canada, of which the residential mortgages and personal lending portfolios, as well as the retail and wholesale, and business services sectors accounted for the majority.

28% of gross impaired loans related to the U.S., of which the real estate and construction, oil and gas, and business services sectors accounted for the majority.

The remaining gross impaired loans related to CIBC FirstCaribbean, of which the residential mortgages and personal lending portfolios, and real estate and construction sector accounted for the majority.

Allowance for credit losses – impaired loans

Allowance for credit losses on impaired loans was $952 million, up $294 million from the same quarter last year, primarily due to increases in the real estate and construction, oil and gas, retail and wholesale, and business services sectors.

Allowance for credit losses on impaired loans was up $38 million from the prior quarter, primarily due to increases in the real estate and construction, and utilities sectors, partially offset by a decrease in the capital goods manufacturing sector and the impact of foreign exchange translation.

Loans contractually past due but not impaired

This comprises loans where repayment of principal or payment of interest is contractually in arrears. The following table provides an aging analysis of the contractually past due loans. Most risk rated business and government loans that were contractually past due at the time relief was provided pursuant to payment deferral programs were presented in the aging category that applied at the time deferrals were granted during the period of the deferral. Other business and government loans, credit cards, personal loans and residential mortgages that were subject to a payment deferral program were generally presented in the aging category that applied as at March 31, 2020 during the period of the deferral, which approximated the time when the majority of the deferrals were granted, except that Canadian residential mortgages and certain secured personal loans that were less than 29 days past due at that time were treated as current. Loans that have exited a deferral program generally continue to age based on the status that was applied at the beginning of the program to the extent a payment has not been made.

$ millions, as at				2021 Jan. 31	2020 Oct. 31
	Less than 31 days	**31 to 90 days**	**Over 90 days**	**Total**	Total
Residential mortgages	**$ 3,281**	**$ 1,112**	**$ 1**	**$ 4,394**	$ 4,510
Personal	**685**	**194**	**–**	**879**	830
Credit card	**436**	**164**	**178**	**778**	806
Business and government	**2,056**	**302**	**–**	**2,358**	2,135
	$ 6,458	**$ 1,772**	**$ 179**	**$ 8,409**	$ 8,281

Oil and gas exposure

The following table provides a breakdown of our exposure to the oil and gas industry under the AIRB approach. Of these exposures, 67% are investment grade as at January 31, 2021 based on our internal risk rating, which incorporates security pledged (equivalent to Standard & Poor's (S&P)/Moody's Investors Service, Inc. (Moody's) rating of BBB-/Baa3 or higher).

$ millions, as at January 31, 2021	Drawn	Undrawn commitments	Other off-balance sheet	OTC derivatives	Total [(1)]
Exploration and production	**$ 4,359**	**$ 2,920**	**$ 318**	**$ 1,234**	**$ 8,831**
Midstream	**1,899**	**3,123**	**32**	**307**	**5,361**
Integrated	**218**	**1,697**	**282**	**453**	**2,650**
Petroleum distribution	**1,730**	**925**	**111**	**110**	**2,876**
Oil and gas services	**340**	**207**	**11**	**7**	**565**
Downstream	**548**	**263**	**31**	**–**	**842**
	$ 9,094	**$ 9,135**	**$ 785**	**$ 2,111**	**$ 21,125**
October 31, 2020	$ 9,649	$ 8,532	$ 1,039	$ 2,305	$ 21,525

(1) Oil and gas exposures under the standardized approach are not significant.

In addition, we have $40.0 billion (October 31, 2020: $40.0 billion) of retail exposure in the provinces of Alberta, Saskatchewan, and Newfoundland and Labrador, which together are responsible for the vast majority of Canada's oil production.

Exposure to certain countries and regions

Europe

The following table provides our exposure to European countries, both within and outside the Eurozone.

Our direct exposures presented in the tables below comprise (A) funded – on-balance sheet loans (stated at amortized cost net of stage 3 allowance for credit losses, if any), deposits with banks (stated at amortized cost net of stage 3 allowance for credit losses, if any) and securities (stated at carrying value); (B) unfunded – unutilized credit commitments, letters of credit, and guarantees (stated at notional amount net of stage 3 allowance for credit losses, if any); and (C) derivative MTM receivables (stated at fair value) and repo-style transactions (stated at fair value).

Of our total direct exposures to Europe, approximately 43% (October 31, 2020: 47%) is to entities in countries with Aaa/AAA ratings from at least one of Moody's or S&P.

The following table provides a summary of our positions in this business:

	Direct exposures											
	Funded				Unfunded			Derivative MTM receivables and repo-style transactions [(1)]				
$ millions, as at January 31, 2021	Corporate	Sovereign	Banks	Total funded (A)	Corporate	Banks	Total unfunded (B)	Corporate	Sovereign	Banks	Net exposure (C)	Total direct exposure (A)+(B)+(C)
Austria	**$ –**	**$ 571**	**$ 318**	**$ 889**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ 2**	**$ 2**	**$ 891**
Finland	**59**	**–**	**445**	**504**	**119**	**8**	**127**	**–**	**–**	**14**	**14**	**645**
France	**36**	**43**	**51**	**130**	**256**	**47**	**303**	**–**	**6**	**2**	**8**	**441**
Germany	**397**	**1,221**	**746**	**2,364**	**205**	**105**	**310**	**47**	**–**	**21**	**68**	**2,742**
Greece	**1**	**–**	**–**	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1**
Ireland	**129**	**–**	**134**	**263**	**152**	**–**	**152**	**12**	**–**	**139**	**151**	**566**
Luxembourg	**134**	**–**	**1,845**	**1,979**	**91**	**100**	**191**	**7**	**–**	**46**	**53**	**2,223**
Netherlands	**364**	**469**	**158**	**991**	**266**	**229**	**495**	**28**	**–**	**1**	**29**	**1,515**
Norway	**228**	**397**	**201**	**826**	**595**	**–**	**595**	**–**	**4**	**–**	**4**	**1,425**
Spain	**1**	**–**	**7**	**8**	**–**	**27**	**27**	**–**	**–**	**13**	**13**	**48**
Sweden	**398**	**950**	**168**	**1,516**	**175**	**–**	**175**	**25**	**–**	**4**	**29**	**1,720**
Switzerland	**282**	**–**	**59**	**341**	**52**	**–**	**52**	**4**	**–**	**110**	**114**	**507**
United Kingdom	**2,325**	**1,946**	**1,597**	**5,868**	**3,323**	**315**	**3,638**	**584**	**16**	**432**	**1,032**	**10,538**
Other European countries	**65**	**26**	**233**	**324**	**13**	**94**	**107**	**–**	**83**	**5**	**88**	**519**
Total Europe	**$ 4,419**	**$ 5,623**	**$ 5,962**	**$ 16,004**	**$ 5,247**	**$ 925**	**$ 6,172**	**$ 707**	**$ 109**	**$ 789**	**$ 1,605**	**$ 23,781**
October 31, 2020	$ 4,275	$ 3,598	$ 5,157	$ 13,030	$ 5,063	$ 968	$ 6,031	$ 788	$ 92	$ 835	$ 1,715	$ 20,776

(1) The amounts shown are net of credit valuation adjustments and collateral. Collateral on derivative MTM receivables was $1.9 billion (October 31, 2020: $1.8 billion), collateral on repo-style transactions was $30.5 billion (October 31, 2020: $30.3 billion), and both comprise cash and investment grade debt securities.

We have $1,953 million (October 31, 2020: $639 million) of indirect exposure to European entities, as we hold debt or equity securities issued by European entities as collateral for our derivatives transactions and securities borrowing and lending activity from counterparties that are not in Europe.

Selected exposure in certain activities

In response to the recommendations of the Financial Stability Board, this section provides information on a selected activity within our continuing and exited businesses that may be of particular interest to investors based on the risk characteristics and the current market environment. For additional information on selected exposures, refer to page 67 of our 2020 Annual Report.

U.S. real estate lending

In our U.S. Commercial Banking and Wealth Management SBU, we operate a full-service real estate platform. Once construction is complete, and the property is income producing, we may occasionally offer fixed-rate financing within a permanent financing program (typically with average terms of up to 10 years). This portfolio of permanent financing exposures, which is a small subset of our total U.S. real estate lending portfolio, serves as a warehouse for inclusion in future commercial mortgage-backed securities (CMBS) programs. We retain no exposure to those CMBS programs. As at January 31, 2021, the portfolio of permanent financing exposures was $265 million (October 31, 2020: $276 million).

Market risk

Market risk is the risk of economic or financial loss in our trading and non-trading portfolios from adverse changes in underlying market factors, including interest rates, foreign exchange rates, equity market prices, commodity prices, credit spreads, and customer behaviour for retail products. Market risk arises in CIBC's trading and treasury activities, and encompasses all market related positioning and market making activity.

The trading book consists of positions in financial instruments and commodities held to meet the near-term needs of our clients.

The non-trading book consists of positions in various currencies that are related to asset/liability management and investment activities.

Risk measurement

The following table provides balances on the interim consolidated balance sheet that are subject to market risk. Certain differences between accounting and risk classifications are detailed in the footnotes below:

$ millions, as at				**2021 Jan. 31**				2020 Oct. 31	
		Subject to market risk [1]				Subject to market risk [1]			
	Consolidated balance sheet	**Trading**	**Non-trading**	**Not subject to market risk**	Consolidated balance sheet	Trading	Non-trading	Not subject to market risk	Non-traded risk primary risk sensitivity
Cash and non-interest-bearing deposits with banks	**$ 42,986**	**$ –**	**$ 2,475**	**$ 40,511**	$ 43,531	$ –	$ 2,445	$ 41,086	Foreign exchange
Interest-bearing deposits with banks	**20,307**	**72**	**20,235**	**–**	18,987	75	18,912	–	Interest rate
Securities	**150,493**	**50,616**	**99,877**	**–**	149,046	45,825	103,221	–	Equity, interest rate
Cash collateral on securities borrowed	**11,557**	**–**	**11,557**	**–**	8,547	–	8,547	–	Interest rate
Securities purchased under resale agreements	**64,396**	**–**	**64,396**	**–**	65,595	–	65,595	–	Interest rate
Loans									
Residential mortgages	**226,594**	**–**	**226,594**	**–**	221,165	–	221,165	–	Interest rate
Personal	**41,971**	**–**	**41,971**	**–**	42,222	–	42,222	–	Interest rate
Credit card	**10,709**	**–**	**10,709**	**–**	11,389	–	11,389	–	Interest rate
Business and government	**134,863**	**22,529** [2]	**112,334**	**–**	135,546	22,643 [2]	112,903	–	Interest rate
Allowance for credit losses	**(3,484)**	**–**	**(3,484)**	**–**	(3,540)	–	(3,540)	–	Interest rate
Derivative instruments	**34,165**	**32,231**	**1,934**	**–**	32,730	31,244	1,486	–	Interest rate, foreign exchange
Customers' liability under acceptances	**10,322**	**–**	**10,322**	**–**	9,606	–	9,606	–	Interest rate
Other assets	**38,029**	**5,437**	**22,747**	**9,845**	34,727	3,364	20,613	10,750	Interest rate, equity, foreign exchange
	$ 782,908	**$ 110,885**	**$ 621,667**	**$ 50,356**	$ 769,551	$ 103,151	$ 614,564	$ 51,836	
Deposits	**$ 573,927**	**$ 548** [3]	**$ 510,037**	**$ 63,342**	$ 570,740	$ 484 [3]	$ 510,788	$ 59,468	Interest rate
Obligations related to securities sold short	**19,476**	**18,014**	**1,462**	**–**	15,963	13,795	2,168	–	Interest rate
Cash collateral on securities lent	**1,745**	**–**	**1,745**	**–**	1,824	–	1,824	–	Interest rate
Obligations related to securities sold under repurchase agreements	**76,522**	**–**	**76,522**	**–**	71,653	–	71,653	–	Interest rate
Derivative instruments	**32,158**	**31,087**	**1,071**	**–**	30,508	29,436	1,072	–	Interest rate, foreign exchange
Acceptances	**10,380**	**–**	**10,380**	**–**	9,649	–	9,649	–	Interest rate
Other liabilities	**22,078**	**2,314**	**10,920**	**8,844**	22,167	2,386	10,926	8,855	Interest rate
Subordinated indebtedness	**4,693**	**–**	**4,693**	**–**	5,712	–	5,712	–	Interest rate
	$ 740,979	**$ 51,963**	**$ 616,830**	**$ 72,186**	$ 728,216	$ 46,101	$ 613,792	$ 68,323	

(1) Funding valuation adjustments (FVA) are excluded from trading activities for regulatory capital purposes, with related derivative hedges to these FVA also excluded.
(2) Excludes $275 million (October 31, 2020: $291 million) of loans that are warehoused for future securitization purposes. These are considered non-trading for market risk purposes.
(3) Comprises FVO deposits which are considered trading for market risk purposes.

Trading activities

We hold positions in traded financial contracts to meet client investment and risk management needs. Trading revenue (net interest income or non-interest income) is generated from these transactions. Trading instruments are recorded at fair value and include debt and equity securities, as well as interest rate, foreign exchange, equity, commodity, and credit derivative products.

Value-at-risk

Our value-at-risk (VaR) methodology is a statistical technique that measures the potential overnight loss at a 99% confidence level. We use a full revaluation historical simulation methodology to compute VaR, stressed VaR and other risk measures.

The following three tables show VaR, stressed VaR and incremental risk charge (IRC) for our trading activities based on risk type under an internal models approach.

Average total VaR for the three months ended January 31, 2021 was up $0.5 million from the prior quarter, driven primarily by an increase in credit spread risk, partially offset by an increase in diversification benefit and a decrease in commodity risk.

Average stressed total VaR for the three months ended January 31, 2021 was up $8.9 million from the prior quarter, driven by increases in interest rate, equity and foreign exchange risks. Positioning in the trading book is the primary cause of the increase in risk. During this quarter, our stressed VaR window is from February 25, 2008 to February 20, 2009. This historical period exhibited not only increased volatility in interest rates but also increased volatility in equity prices, combined with a reduction in the level of interest rates, and an increase in credit spreads.

Average IRC for the three months ended January 31, 2021 was up $8.7 million from the prior quarter, partially due to an increase in fixed income inventory.

VaR by risk type – trading portfolio

$ millions, as at or for the three months ended				**2021 Jan. 31**		2020 Oct. 31		2020 Jan. 31
	High	**Low**	**As at**	**Average**	As at	Average	As at	Average
Interest rate risk	**$ 9.3**	**$ 4.6**	**$ 5.2**	**$ 6.6**	$ 7.3	$ 6.5	$ 8.8	$ 6.5
Credit spread risk	**11.4**	**5.8**	**8.8**	**8.0**	7.0	5.7	3.0	1.9
Equity risk	**5.2**	**2.3**	**3.7**	**3.4**	3.7	3.4	3.1	2.3
Foreign exchange risk	**2.6**	**0.9**	**1.4**	**1.7**	2.0	1.8	2.4	2.5
Commodity risk	**6.1**	**1.0**	**3.2**	**3.1**	2.4	3.4	1.3	2.9
Debt specific risk	**4.6**	**2.2**	**4.1**	**3.2**	3.0	3.2	1.9	1.9
Diversification effect [1]	**n/m**	**n/m**	**(19.4)**	**(18.2)**	(12.1)	(16.7)	(12.8)	(12.2)
Total VaR (one-day measure)	**$ 13.9**	**$ 5.1**	**$ 7.0**	**$ 7.8**	$ 13.3	$ 7.3	$ 7.7	$ 5.8

(1) Total VaR is less than the sum of the VaR of the different market risk types due to risk offsets resulting from a portfolio diversification effect.
n/m Not meaningful. It is not meaningful to compute a diversification effect because the high and low may occur on different days for different risk types.

Stressed VaR by risk type – trading portfolio

$ millions, as at or for the three months ended				**2021 Jan. 31**		2020 Oct. 31		2020 Jan. 31
	High	**Low**	**As at**	**Average**	As at	Average	As at	Average
Interest rate risk	**$ 33.9**	**$ 13.0**	**$ 25.7**	**$ 24.4**	$ 33.7	$ 19.2	$ 23.0	$ 27.8
Credit spread risk	**12.6**	**7.8**	**10.2**	**9.8**	7.1	10.9	8.8	10.0
Equity risk	**14.0**	**5.1**	**13.6**	**8.9**	6.9	4.0	3.0	2.2
Foreign exchange risk	**26.5**	**1.9**	**15.7**	**10.7**	9.1	6.7	12.0	11.1
Commodity risk	**3.7**	**1.3**	**2.0**	**2.3**	3.0	3.3	4.4	6.5
Debt specific risk	**7.0**	**4.4**	**6.3**	**5.8**	6.1	4.9	5.1	5.0
Diversification effect [1]	**n/m**	**n/m**	**(43.5)**	**(34.8)**	(35.7)	(30.8)	(32.4)	(43.6)
Stressed total VaR (one-day measure)	**$ 39.9**	**$ 15.3**	**$ 30.0**	**$ 27.1**	$ 30.2	$ 18.2	$ 23.9	$ 19.0

(1) Stressed total VaR is less than the sum of the VaR of the different market risk types due to risk offsets resulting from a portfolio diversification effect.
n/m Not meaningful. It is not meaningful to compute a diversification effect because the high and low may occur on different days for different risk types.

Incremental risk charge – trading portfolio

$ millions, as at or for the three months ended				**2021 Jan. 31**		2020 Oct. 31		2020 Jan. 31
	High	**Low**	**As at**	**Average**	As at	Average	As at	Average
Default risk	**$ 134.1**	**$ 85.9**	**$ 130.5**	**$ 113.1**	$ 102.6	$ 95.4	$ 153.4	$ 157.6
Migration risk	**79.5**	**45.0**	**50.5**	**59.1**	72.7	68.1	79.0	70.2
IRC (one-year measure) [1]	**$ 197.4**	**$ 144.6**	**$ 181.0**	**$ 172.2**	$ 175.3	$ 163.5	$ 232.4	$ 227.8

(1) High and low IRC are not equal to the sum of the constituent parts, because the highs and lows of the constituent parts may occur on different days.

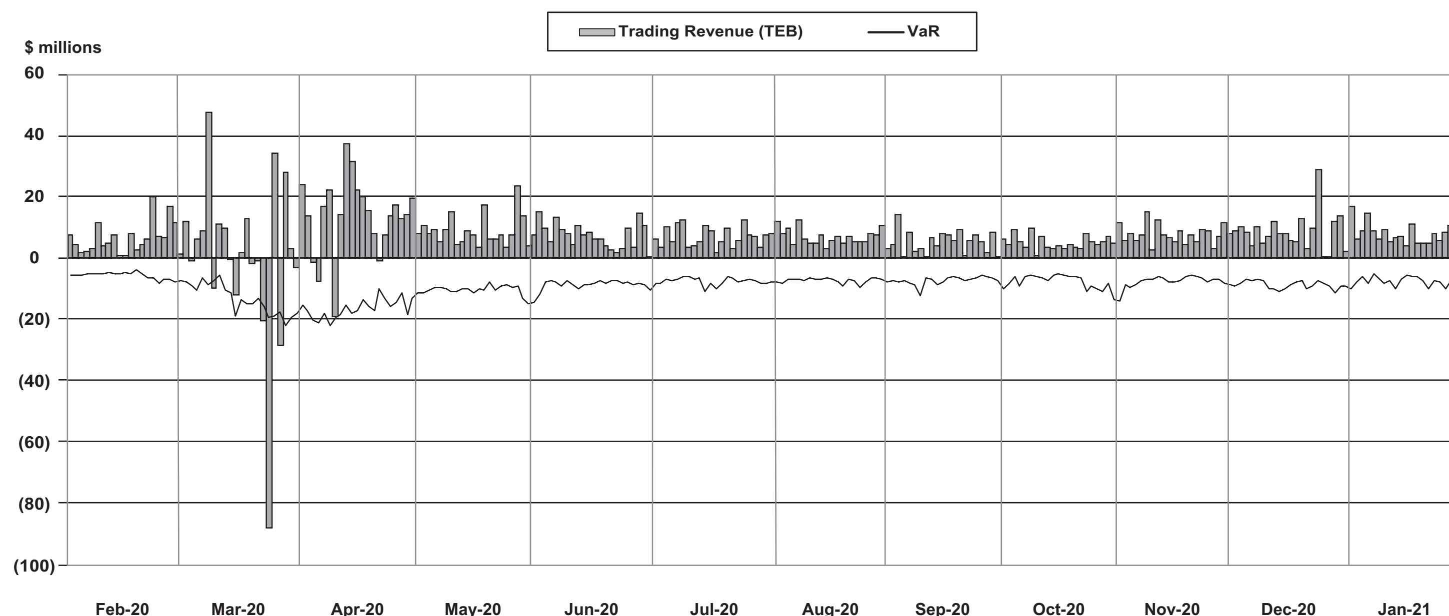
Trading revenue

Trading revenue (TEB) comprises both trading net interest income and non-interest income and excludes underwriting fees and commissions. Trading revenue (TEB) in the chart below excludes certain exited portfolios.

The trading revenue (TEB) versus VaR graph below shows the current quarter and the three previous quarters' daily trading revenue (TEB) against the close of business day VaR measures.

During the quarter, trading revenue (TEB) was positive for 100% of the days. The largest gain of $29.0 million occurred on December 23, 2020, and it was attributed to the business within our global markets line of business, notably in equity derivatives. Average daily trading revenue (TEB) was $8.3 million during the quarter, and the average daily TEB was $0.9 million. The large VaR increases in March and April 2020 were a result of market volatility due to the COVID-19 pandemic.

Trading revenue (TEB)[(1)] versus VaR[(2)]



(1) Excludes certain month-end transfer pricing and other miscellaneous adjustments.
(2) FVA are excluded from trading activities for regulatory capital purposes, with related derivative hedges to these FVA also excluded.

Non-trading activities

Structural interest rate risk (SIRR)

SIRR primarily consists of the risk arising due to mismatches in assets and liabilities, which do not arise from trading and trading-related businesses. The objective of SIRR management is to lock in product margins and deliver stable and predictable net interest income over time, while managing the risk to the economic value of our assets arising from changes in interest rates.

SIRR results from differences in the maturities or repricing dates of assets and liabilities, both on- and off-balance sheet, as well as from embedded optionality in retail products, and other product features that could affect the expected timing of cash flows, such as options to pre-pay loans or redeem term deposits prior to contractual maturity. A number of assumptions affecting cash flows, product re-pricing and the administration of rates underlie the models used to measure SIRR. The key assumptions pertain to the expected funding profile of mortgage rate commitments, fixed rate loan prepayment behaviour, term deposit redemption behaviour, the treatment of non-maturity deposits and equity. All assumptions are derived empirically based on historical client behaviour, balance sheet composition and product pricing with the consideration of possible forward-looking changes. All models and assumptions used to measure SIRR are subject to independent oversight by Risk Management. A variety of cash instruments and derivatives, primarily interest rate swaps, are used to manage these risks.

The following table shows the potential before-tax impact of an immediate and sustained 100 basis points increase and 25 basis points decrease in interest rates on projected 12-month net interest income and economic value of equity for our structural balance sheet, assuming no subsequent hedging. While an immediate and sustained shock of 100 basis points is typically applied, and notwithstanding the possibility of negative rates, due to the low interest rate environment in both Canada and the U.S. at the end of the quarter, an immediate downward shock of 25 basis points was applied while maintaining a floor on market and client interest rates at zero. Amounts related to the quarter ended January 31, 2020 have been revised to reflect the impact of a 25 basis point decrease in all interest rates.

Structural interest rate sensitivity – measures

$ millions (pre-tax), as at		**2021 Jan. 31**		2020 Oct. 31		2020 Jan. 31
	CAD [(1)]	**USD**	CAD [(1)]	USD	CAD [(1)]	USD
100 basis point increase in interest rates						
Increase (decrease) in net interest income	**$ 384**	**$ 42**	$ 317	$ 92	$ 240	$ 49
Increase (decrease) in present value of shareholders' equity	**(564)**	**(365)**	(556)	(348)	(494)	(299)
25 basis point decrease in interest rates						
Increase (decrease) in net interest income	**(122)**	**(66)**	(119)	(42)	(60)	(10)
Increase (decrease) in present value of shareholders' equity	**77**	**40**	57	49	95	58

(1) Includes CAD and other currency exposures.

Liquidity risk

Liquidity risk is the risk of having insufficient cash or its equivalent in a timely and cost-effective manner to meet financial obligations as they come due. Common sources of liquidity risk inherent in banking services include unanticipated withdrawals of deposits, the inability to replace maturing debt, credit and liquidity commitments, and additional pledging or other collateral requirements.

CIBC's approach to liquidity risk management supports our business strategy, aligns with our risk appetite and adheres to regulatory expectations.

Our management strategies, objectives and practices are regularly reviewed to align with changes to the liquidity environment, including regulatory, business and/or market developments. Liquidity risk remains within CIBC's risk appetite.

Governance and management

We manage liquidity risk in a manner that enables us to withstand a liquidity stress event without an adverse impact on the viability of our operations. Actual and anticipated cash flows generated from on- and off-balance sheet exposures are routinely measured and monitored to ensure compliance with established limits. CIBC incorporates stress testing into its management and measurement of liquidity risk. Stress test results assist with the development of our liquidity assumptions, identification of potential constraints to funding planning, and contribute to the design of CIBC's contingency funding plan.

The Global Asset Liability Committee (GALCO) governs CIBC's liquidity risk management, ensuring the liquidity risk management methodologies, assumptions, and key metrics such as the Liquidity Horizon, are regularly reviewed and consider CIBC's business activities. The Liquidity Risk Management Committee, a subcommittee of GALCO, is responsible for ensuring that CIBC's liquidity risk profile is comprehensively measured and managed in alignment with CIBC's strategic direction, risk appetite and regulatory requirements.

The Risk Management Committee (RMC) approves CIBC's liquidity risk management policy and recommends liquidity risk tolerance to the Board through the risk appetite statement.

Liquid assets

Available liquid assets include unencumbered cash and marketable securities from on- and off-balance sheet sources that can be used to access funding in a timely fashion. Encumbered liquid assets, composed of assets pledged as collateral and those assets that are deemed restricted due to legal, operational, or other purposes, are not considered as sources of available liquidity when measuring liquidity risk.

Encumbered and unencumbered liquid assets from on- and off-balance sheet sources are summarized as follows:

$ millions, as at		Bank owned liquid assets	Securities received as collateral	Total liquid assets	Encumbered liquid assets	Unencumbered liquid assets (1)
2021	**Cash and deposits with banks**	**$ 63,293**	**$ –**	**$ 63,293**	**$ 204**	**$ 63,089**
Jan. 31	**Securities issued or guaranteed by sovereigns, central banks, and multilateral development banks**	**105,645**	**94,159**	**199,804**	**119,303**	**80,501**
	Other debt securities	**4,961**	**5,330**	**10,291**	**3,054**	**7,237**
	Equities	**34,903**	**19,897**	**54,800**	**23,728**	**31,072**
	Canadian government guaranteed National Housing Act mortgage-backed securities	**40,276**	**686**	**40,962**	**13,774**	**27,188**
	Other liquid assets (2)	**15,019**	**1,914**	**16,933**	**7,470**	**9,463**
		$ 264,097	**$ 121,986**	**$ 386,083**	**$ 167,533**	**$ 218,550**
2020	Cash and deposits with banks	$ 62,518	$ –	$ 62,518	$ 133	$ 62,385
Oct. 31	Securities issued or guaranteed by sovereigns, central banks, and multilateral development banks	112,403	92,202	204,605	108,425	96,180
	Other debt securities	4,798	4,288	9,086	2,603	6,483
	Equities	27,169	15,924	43,093	21,449	21,644
	Canadian government guaranteed National Housing Act mortgage-backed securities	40,592	895	41,487	13,084	28,403
	Other liquid assets (2)	10,909	2,109	13,018	5,441	7,577
		$ 258,389	$ 115,418	$ 373,807	$ 151,135	$ 222,672

(1) Unencumbered liquid assets are defined as on-balance sheet assets, assets borrowed or purchased under resale agreements, and other off-balance sheet collateral received less encumbered liquid assets.
(2) Includes cash pledged as collateral for derivatives transactions, select asset-backed securities and precious metals.

The following table summarizes unencumbered liquid assets held by CIBC (parent) and its domestic and foreign subsidiaries:

$ millions, as at	**2021 Jan. 31**	2020 Oct. 31
CIBC (parent)	**$ 168,614**	$ 170,936
Domestic subsidiaries	**7,598**	12,355
Foreign subsidiaries	**42,338**	39,381
	$ 218,550	$ 222,672

Asset haircuts and monetization depth assumptions under a liquidity stress scenario are applied to determine asset liquidity value. Haircuts take into consideration those margins applicable at central banks – such as the Bank of Canada and the U.S. Federal Reserve Bank – historical observations, and securities characteristics including asset type, issuer, credit ratings, currency and remaining term to maturity, as well as available regulatory guidance.

Our unencumbered liquid assets decreased by $4.1 billion since October 31, 2020, as a result of our ongoing business activities.

Furthermore, CIBC maintains access eligibility to the Bank of Canada's Emergency Lending Assistance program and the U.S. Federal Reserve Bank's Discount Window.

Asset encumbrance

In the course of CIBC's day-to-day operations, securities and other assets are pledged to secure obligations, participate in clearing and settlement systems and other collateral management purposes.

The following table provides a summary of our on- and off-balance sheet encumbered and unencumbered assets:

$ millions, as at		Encumbered		Unencumbered		Total assets
		Pledged as collateral	Other [1]	Available as collateral	Other [2]	
2021 Jan. 31	**Cash and deposits with banks**	**$ –**	**$ 204**	**$ 63,089**	**$ –**	**$ 63,293**
	Securities	**143,827**	**1,070**	**125,935**	**–**	**270,832**
	Loans, net of allowance [3]	**7,939**	**40,807**	**32,887**	**329,020**	**410,653**
	Other assets	**7,059**	**–**	**4,798**	**70,659**	**82,516**
		$ 158,825	**$ 42,081**	**$ 226,709**	**$ 399,679**	**$ 827,294**
2020 Oct. 31	Cash and deposits with banks	$ –	$ 133	$ 62,385	$ –	$ 62,518
	Securities	127,974	678	132,493	–	261,145
	Loans, net of allowance [3]	7,946	42,291	34,103	322,441	406,781
	Other assets	4,950	–	2,731	69,382	77,063
		$ 140,870	$ 43,102	$ 231,712	$ 391,823	$ 807,507

(1) Includes assets supporting CIBC's long-term funding activities and assets restricted for legal or other reasons, such as restricted cash.
(2) Other unencumbered assets are not subject to any restrictions on their use to secure funding or as collateral, however they are not considered immediately available to existing borrowing programs.
(3) Loans included as available as collateral represent the loans underlying National Housing Act mortgage-backed securities and Federal Home Loan Banks eligible loans.

Restrictions on the flow of funds

Our subsidiaries are not subject to significant restrictions that would prevent transfers of funds, dividends or capital distributions. However, certain subsidiaries have different capital and liquidity requirements, established by applicable banking and securities regulators.

We monitor and manage our capital and liquidity requirements across these entities to ensure that resources are used efficiently and entities are in compliance with local regulatory and policy requirements.

Liquidity coverage ratio (LCR)

The objective of the LCR is to promote short-term resilience of a bank's liquidity risk profile, ensuring that it has adequate unencumbered high quality liquid resources to meet its liquidity needs in a 30-day acute stress scenario. Canadian banks are required to achieve a minimum LCR value of 100%. CIBC is in compliance with this requirement.

In accordance with the calibration methodology contained in OSFI's Liquidity Adequacy Requirements (LAR) Guideline, CIBC reports the LCR to OSFI on a monthly basis. The ratio is calculated as follows:

$$\frac{\text{Total High Quality Liquid Assets (HQLA)}}{\text{Total net cash outflows over the next 30 calendar days}} \geq 100\%$$

The LCR's numerator consists of unencumbered HQLA, which follow an OSFI-defined set of eligibility criteria that considers fundamental and market-related characteristics, and relative ability to operationally monetize assets on a timely basis during a period of stress. CIBC's centrally managed liquid asset portfolio includes those liquid assets reported in the HQLA, such as central government treasury bills and bonds, central bank deposits and high-rated sovereign, agency, provincial, and corporate securities. Asset eligibility limitations inherent in the LCR metric do not necessarily reflect CIBC's internal assessment of its ability to monetize its marketable assets under stress.

The ratio's denominator reflects net cash outflows expected in the LCR's stress scenario over the 30-calendar-day period. Expected cash outflows represent LCR-defined withdrawal or draw-down rates applied against outstanding liabilities and off-balance sheet commitments, respectively. Significant contributors to CIBC's LCR outflows include business and financial institution deposit run-off, draws on undrawn lines of credit and unsecured debt maturities. Cash outflows are partially offset by cash inflows, which are calculated at LCR-prescribed inflow rates, and include performing loan repayments and maturing non-HQLA marketable assets.

Furthermore, CIBC reports the LCR to OSFI in multiple currencies, and thus measures the extent of potential currency mismatch under the ratio. CIBC predominantly operates in major currencies with deep and fungible foreign exchange markets.

During a period of financial stress, institutions may use their stock of HQLA, thereby falling below 100%, as maintaining the LCR at 100% under such circumstances could produce undue negative effects on the institution and other market participants.

The LCR is disclosed using a standard OSFI-prescribed disclosure template.

	$ millions, average of the three months ended January 31, 2021	Total unweighted value [1]	Total weighted value [2]
HQLA			
1	HQLA	**n/a**	**$ 190,484**
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:	**$ 201,116**	**15,713**
3	Stable deposits	**79,026**	**2,371**
4	Less stable deposits	**122,090**	**13,342**
5	Unsecured wholesale funding, of which:	**202,249**	**99,585**
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	**67,756**	**16,374**
7	Non-operational deposits (all counterparties)	**110,322**	**59,040**
8	Unsecured debt	**24,171**	**24,171**
9	Secured wholesale funding	**n/a**	**5,280**
10	Additional requirements, of which:	**122,360**	**29,261**
11	Outflows related to derivative exposures and other collateral requirements	**19,463**	**9,969**
12	Outflows related to loss of funding on debt products	**3,427**	**3,427**
13	Credit and liquidity facilities	**99,470**	**15,865**
14	Other contractual funding obligations	**2,628**	**2,628**
15	Other contingent funding obligations	**306,683**	**6,132**
16	Total cash outflows	**n/a**	**158,599**
Cash inflows			
17	Secured lending (e.g. reverse repos)	**75,946**	**11,600**
18	Inflows from fully performing exposures	**24,752**	**9,066**
19	Other cash inflows	**4,240**	**4,240**
20	Total cash inflows	**$ 104,938**	**$ 24,906**
			Total adjusted value
21	Total HQLA	**n/a**	**$ 190,484**
22	Total net cash outflows	**n/a**	**$ 133,693**
23	LCR	**n/a**	**142 %**
	$ millions, average of the three months ended October 31, 2020		Total adjusted value
24	Total HQLA	n/a	$ 187,227
25	Total net cash outflows	n/a	$ 129,444
26	LCR	n/a	145 %

(1) Unweighted inflow and outflow values are calculated as outstanding balances maturing or callable within 30 days of various categories or types of liabilities, off-balance sheet items or contractual receivables.
(2) Weighted values are calculated after the application of haircuts (for HQLA) and inflow and outflow rates prescribed by OSFI.
n/a Not applicable as per the LCR common disclosure template.

Our average LCR as at January 31, 2021 decreased to 142% from 145% in the prior quarter, due to an increase in net cash outflows, partially offset by higher HQLA.

Net stable funding ratio (NSFR)

Derived from the BCBS's Basel III framework and incorporated into OSFI's LAR Guideline, the NSFR standard aims to promote long-term resilience of the financial sector by requiring banks to maintain a sustainable funding profile in relation to the composition of their assets and off-balance sheet activities. Canadian D-SIBs are required to maintain a minimum NSFR value of 100% on a consolidated bank basis. CIBC is in compliance with this requirement.

In accordance with the calibration methodology contained in OSFI's LAR Guideline, CIBC reports the NSFR to OSFI on a quarterly basis. The ratio is calculated as follows:

$$\frac{\text{Available Stable Funding (ASF)}}{\text{Required Stable Funding (RSF)}} \geq 100\%$$

The numerator consists the portion of capital and liabilities considered reliable over a one-year time horizon. The NSFR considers longer-term sources of funding to be more stable than short-term funding and deposits from retail and commercial customers to be behaviourally more stable than wholesale funding of the same maturity. In accordance with CIBC's funding strategy, key drivers of CIBC's ASF include client deposits supplemented by secured and unsecured wholesale funding, and capital instruments.

The ratio's denominator represents the amount of stable funding required based on the OSFI-defined liquidity characteristics and residual maturities of assets and off-balance sheet exposures. The NSFR ascribes varying degrees of RSF such that high-quality liquid assets and short-term exposures are assumed to have a lower funding requirement than less liquid and longer-term exposures. CIBC's RSF is largely driven by retail, commercial and corporate lending, investments in liquid assets, derivative exposures, and undrawn lines of credit and liquidity.

The ASF and RSF may be adjusted to zero for certain liabilities and assets that are determined to be interdependent if they meet the NSFR-defined criteria, which take into account the purpose, amount, cash flows, tenor and counterparties among other aspects to ensure the institution is acting solely as a pass-through unit for the underlying transactions. CIBC reports, where applicable, interdependent assets and liabilities arising from transactions OSFI has designated as eligible for such treatment in the LAR Guideline.

The NSFR is disclosed using an OSFI-prescribed disclosure template, which captures the key quantitative information based on liquidity characteristics unique to the NSFR as defined in the LAR Guideline. As a result, amounts presented in the below table may not allow for direct comparison with the interim consolidated financial statements.

	a	b	c	d	e
	Unweighted value by residual maturity				
$ millions, as at January 31, 2021	No maturity	<6 months	6 months to <1 year	>1 year	Weighted value
ASF item					
1 **Capital**	$ 43,411	$ –	$ –	$ 4,059	$ 47,471
2 Regulatory capital	43,411	–	–	4,059	47,471
3 Other capital instruments	–	–	–	–	–
4 **Retail deposits and deposits from small business customers**	184,510	31,840	10,104	10,544	218,652
5 Stable deposits	83,193	13,495	5,804	6,765	104,132
6 Less stable deposits	101,317	18,345	4,300	3,779	114,520
7 **Wholesale funding**	143,518	154,803	32,730	59,533	162,920
8 Operational deposits	66,905	6,859	–	–	36,882
9 Other wholesale funding	76,613	147,944	32,730	59,533	126,038
10 **Liabilities with matching interdependent assets**	–	2,069	765	15,146	–
11 **Other liabilities**	–		68,589 (1)		5,934
12 NSFR derivative liabilities			4,421 (1)		
13 All other liabilities and equity not included in the above categories	–	40,133	139	23,896	5,934
14 **Total ASF**					434,977
RSF item					
15 **Total NSFR HQLA**					14,420
16 **Deposits held at other financial institutions for operational purposes**	–	2,813	–	54	1,460
17 **Performing loans and securities**	56,014	105,399	36,680	256,377	286,377
18 Performing loans to financial institutions secured by Level 1 HQLA	–	25,904	4,048	–	3,417
19 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	268	29,880	2,461	6,787	11,654
20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities, of which:	26,801	34,397	12,519	94,972	127,151
21 With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk	–	–	–	–	–
22 Performing residential mortgages, of which:	18,056	13,600	17,236	150,878	130,703
23 With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk	18,056	13,520	17,155	146,546	126,940
24 Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	10,889	1,618	416	3,740	13,452
25 **Assets with matching interdependent liabilities**	–	2,069	765	15,146	–
26 **Other assets**	14,047		69,373 (1)		43,821
27 Physical traded commodities, including gold	4,798				4,078
28 Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties			7,352 (1)		6,249
29 NSFR derivative assets			9,244 (1)		4,822
30 NSFR derivative liabilities before deduction of variation margin posted			16,877 (1)		844
31 All other assets not included in the above categories	9,249	29,817	312	5,771	27,828
32 **Off-balance sheet items**			309,646 (1)		10,668
33 **Total RSF**					$ 356,746
34 **NSFR**					122 %

(1) No assigned time period per disclosure template design.

CIBC considers the impact of its business decisions on the LCR, NSFR and other liquidity risk metrics that it regularly monitors as part of a robust liquidity risk management function. Variables that can impact the metrics month-over-month include, but are not limited to, items such as wholesale funding activities and maturities, strategic balance sheet initiatives, and transactions and market conditions affecting collateral.

Reporting of the LCR and NSFR is calibrated centrally by CIBC Treasury, in conjunction with CIBC's SBUs and other functional groups.

Funding

CIBC funds its operations with client-sourced deposits, supplemented with a wide range of wholesale funding.

CIBC's principal approach aims to fund its consolidated balance sheet with deposits primarily raised from personal and commercial banking channels. CIBC maintains a foundation of relationship-based core deposits, whose stability is regularly evaluated through internally developed statistical assessments.

We routinely access a range of short-term and long-term secured and unsecured funding sources diversified by geography, depositor type, instrument, currency and maturity. We raise long-term funding from existing programs including covered bonds, asset securitizations and unsecured debt.

CIBC continuously evaluates opportunities to diversify into new funding products and investor segments in an effort to maximize funding flexibility and minimize concentration and financing costs. We regularly monitor wholesale funding levels and concentrations to internal limits consistent with our desired liquidity risk profile.

GALCO and RMC review and approve CIBC's funding plan, which incorporates projected asset and liability growth, funding maturities, and output from our liquidity position forecasting.

The following table provides the contractual maturity profile of CIBC's wholesale funding sources at their carrying values:

$ millions, as at January 31, 2021	Less than 1 month	1–3 months	3–6 months	6–12 months	Less than 1 year total	1–2 years	Over 2 years	Total
Deposits from banks [1]	**$ 4,931**	**$ 480**	**$ 497**	**$ 89**	**$ 5,997**	**$ –**	**$ –**	**$ 5,997**
Certificates of deposit and commercial paper	**7,752**	**3,935**	**17,307**	**20,912**	**49,906**	**–**	**–**	**49,906**
Bearer deposit notes and bankers' acceptances	**220**	**1,056**	**1,238**	**260**	**2,774**	**–**	**–**	**2,774**
Asset-backed commercial paper	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Senior unsecured medium-term notes [2]	**1,726**	**2,083**	**1,951**	**3,982**	**9,742**	**7,264**	**28,589**	**45,595**
Senior unsecured structured notes	**–**	**–**	**32**	**146**	**178**	**–**	**–**	**178**
Covered bonds/asset-backed securities								
Mortgage securitization	**–**	**243**	**1,843**	**768**	**2,854**	**3,462**	**11,946**	**18,262**
Covered bonds	**–**	**391**	**2,261**	**1,302**	**3,954**	**9,169**	**5,717**	**18,840**
Cards securitization	**–**	**–**	**820**	**–**	**820**	**–**	**804**	**1,624**
Subordinated liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**4,693**	**4,693**
Other	**–**	**–**	**–**	**–**	**–**	**256**	**8**	**264**
	$ 14,629	**$ 8,188**	**$ 25,949**	**$ 27,459**	**$ 76,225**	**$ 20,151**	**$ 51,757**	**$ 148,133**
Of which:								
Secured	**$ –**	**$ 634**	**$ 4,924**	**$ 2,070**	**$ 7,628**	**$ 12,631**	**$ 18,467**	**$ 38,726**
Unsecured	**14,629**	**7,554**	**21,025**	**25,389**	**68,597**	**7,520**	**33,290**	**109,407**
	$ 14,629	**$ 8,188**	**$ 25,949**	**$ 27,459**	**$ 76,225**	**$ 20,151**	**$ 51,757**	**$ 148,133**
October 31, 2020	$ 17,139	$ 15,400	$ 12,670	$ 35,224	$ 80,433	$ 17,648	$ 54,253	$ 152,334

(1) Includes non-negotiable term deposits from banks.
(2) Includes wholesale funding liabilities which are subject to conversion under bail-in regulations. See the "Capital management" section for additional details.

CIBC's wholesale funding is diversified by currency as demonstrated in the table that follows:

$ billions, as at	**2021 Jan. 31**		2020 Oct. 31	
CAD	**$ 46.4**	**31 %**	$ 50.8	33 %
USD	**76.0**	**51**	75.4	50
Other	**25.7**	**18**	26.1	17
	$ 148.1	**100 %**	$ 152.3	100 %

We manage liquidity risk in a manner that enables us to withstand severe liquidity stress events. Wholesale funding may present a higher risk of run-off in stress situations, and we maintain significant portfolios of unencumbered liquid assets to mitigate this risk. See the "Liquid assets" section for additional details.

Credit ratings

CIBC's access to and cost of wholesale funding are dependent on multiple factors, among them credit ratings provided by rating agencies. Rating agencies' opinions are based upon internal methodologies, and are subject to change based on factors including, but not limited to, financial strength, competitive position, macroeconomic backdrop and liquidity positioning.

Our credit ratings are summarized in the following table:

As at January 31, 2021	DBRS	Fitch	Moody's	S&P
Deposit/Counterparty [1]	**AA**	**AA**	**Aa2**	**A+**
Legacy senior debt [2]	**AA**	**AA**	**Aa2**	**A+**
Senior debt [3]	**AA(L)**	**AA-**	**A2**	**BBB+**
Subordinated indebtedness	**A(H)**	**A**	**Baa1**	**BBB+**
Subordinated indebtedness – NVCC [4]	**A(L)**	**A**	**Baa1**	**BBB**
Limited recourse capital notes – NVCC [4]	**BBB(H)**	**n/a**	**Baa3**	**BB+**
Preferred shares – NVCC [4]	**Pfd-2**	**n/a**	**Baa3**	**P-3(H)**
Short-term debt	**R-1(H)**	**F1+**	**P-1**	**A-1**
Outlook	**Stable**	**Negative**	**Stable**	**Stable**

(1) DBRS Long-Term Issuer Rating; Moody's Long-Term Deposit and Counterparty Risk Assessment Rating; S&P's Issuer Credit Rating; Fitch Ratings Inc. (Fitch) Long-Term Deposit Rating and Derivative Counterparty Rating.
(2) Includes senior debt issued prior to September 23, 2018 as well as senior debt issued on or after September 23, 2018 which is not subject to bail-in regulations.
(3) Comprises liabilities which are subject to conversion under bail-in regulations. See the "Capital management" section for additional details.
(4) Comprises instruments which are treated as NVCC in accordance with OSFI's CAR Guideline.
n/a Not applicable.

Additional collateral requirements for rating downgrades

We are required to deliver collateral to certain derivative counterparties in the event of a downgrade to our current credit risk rating. The collateral requirement is based on MTM exposure, collateral valuations, and collateral arrangement thresholds, as applicable. The following table presents the additional cumulative collateral requirements for rating downgrades:

$ billions, as at	**2021 Jan. 31**	2020 Oct. 31
One-notch downgrade	**$ 0.1**	$ 0.1
Two-notch downgrade	**0.2**	0.2
Three-notch downgrade	**0.3**	0.3

Contractual obligations

Contractual obligations give rise to commitments of future payments affecting our short- and long-term liquidity and capital resource needs. These obligations include financial liabilities, credit and liquidity commitments, and other contractual obligations.

Assets and liabilities

The following table provides the contractual maturity profile of our on-balance sheet assets, liabilities and equity at their carrying values. Contractual analysis is not representative of CIBC's liquidity risk exposure, however this information serves to inform CIBC's management of liquidity risk, and provide input when modelling a behavioural balance sheet.

$ millions, as at January 31, 2021	Less than 1 month	1–3 months	3–6 months	6–9 months	9–12 months	1–2 years	2–5 years	Over 5 years	No specified maturity	Total
Assets										
Cash and non-interest-bearing deposits with banks [1]	$ 42,986	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 42,986
Interest-bearing deposits with banks	20,307	–	–	–	–	–	–	–	–	20,307
Securities	3,702	6,072	4,810	3,325	6,583	17,662	40,416	32,078	35,845	150,493
Cash collateral on securities borrowed	11,557	–	–	–	–	–	–	–	–	11,557
Securities purchased under resale agreements	35,447	17,733	6,897	2,597	1,722	–	–	–	–	64,396
Loans										
Residential mortgages	2,059	4,021	12,291	13,125	10,882	48,367	128,056	7,793	–	226,594
Personal	794	835	1,172	1,147	1,100	469	3,377	3,511	29,566	41,971
Credit card	225	450	675	675	675	2,699	5,310	–	–	10,709
Business and government	15,234	5,973	8,695	5,551	6,257	28,004	41,439	15,436	8,274	134,863
Allowance for credit losses	–	–	–	–	–	–	–	–	(3,484)	(3,484)
Derivative instruments	2,898	3,473	3,057	2,255	2,636	3,438	6,436	9,972	–	34,165
Customers' liability under acceptances	9,083	1,201	33	4	–	1	–	–	–	10,322
Other assets	–	–	–	–	–	–	–	–	38,029	38,029
	$ 144,292	$ 39,758	$ 37,630	$ 28,679	$ 29,855	$ 100,640	$ 225,034	$ 68,790	$ 108,230	$ 782,908
October 31, 2020 [2]	$ 141,033	$ 32,738	$ 41,413	$ 32,267	$ 28,499	$ 101,338	$ 224,276	$ 69,248	$ 98,739	$ 769,551
Liabilities										
Deposits [3]	$ 28,557	$ 26,815	$ 46,158	$ 24,608	$ 25,384	$ 31,017	$ 51,613	$ 11,238	$ 328,537	$ 573,927
Obligations related to securities sold short	19,476	–	–	–	–	–	–	–	–	19,476
Cash collateral on securities lent	1,745	–	–	–	–	–	–	–	–	1,745
Obligations related to securities sold under repurchase agreements	42,622	28,180	2,994	474	407	1,845	–	–	–	76,522
Derivative instruments	3,159	4,270	3,435	2,869	2,256	2,456	5,418	8,295	–	32,158
Acceptances	9,141	1,201	33	4	–	1	–	–	–	10,380
Other liabilities	24	52	74	79	74	315	646	512	20,302	22,078
Subordinated indebtedness	–	–	–	–	–	–	–	4,693	–	4,693
Equity	–	–	–	–	–	–	–	–	41,929	41,929
	$ 104,724	$ 60,518	$ 52,694	$ 28,034	$ 28,121	$ 35,634	$ 57,677	$ 24,738	$ 390,768	$ 782,908
October 31, 2020	$ 98,552	$ 40,528	$ 58,834	$ 43,919	$ 26,555	$ 33,273	$ 58,938	$ 26,416	$ 382,536	$ 769,551

(1) Cash includes interest-bearing demand deposits with Bank of Canada.
(2) Restated from amounts previously presented.
(3) Comprises $206.1 billion (October 31, 2020: $202.2 billion) of personal deposits; $349.1 billion (October 31, 2020: $351.6 billion) of business and government deposits and secured borrowings; and $18.7 billion (October 31, 2020: $17.0 billion) of bank deposits.

The changes in the contractual maturity profile were primarily due to the natural migration of maturities and also reflect the impact of our regular business activities.

Credit-related commitments

The following table provides the contractual maturity of notional amounts of credit-related commitments. Since a significant portion of commitments are expected to expire without being drawn upon, the total of the contractual amounts is not representative of future liquidity requirements.

$ millions, as at January 31, 2021	Less than 1 month	1–3 months	3–6 months	6–9 months	9–12 months	1–2 years	2–5 years	Over 5 years	No specified maturity [1]	Total
Unutilized credit commitments	$ 761	$ 10,387	$ 4,461	$ 3,891	$ 6,085	$ 21,867	$ 49,204	$ 2,144	$ 176,479	$ 275,279
Securities lending [2]	40,394	2,794	2,954	–	–	–	–	–	–	46,142
Standby and performance letters of credit	2,397	1,409	3,461	2,619	3,282	514	678	42	–	14,402
Backstop liquidity facilities	–	179	1,442	10	9,848	252	18	–	–	11,749
Documentary and commercial letters of credit	38	62	19	7	10	1	12	–	–	149
Other	141	–	–	–	–	–	–	–	–	141
	$ 43,731	$ 14,831	$ 12,337	$ 6,527	$ 19,225	$ 22,634	$ 49,912	$ 2,186	$ 176,479	$ 347,862
October 31, 2020	$ 39,474	$ 24,451	$ 11,188	$ 8,798	$ 6,427	$ 20,638	$ 51,245	$ 1,714	$ 173,157	$ 337,092

(1) Includes $134.2 billion (October 31, 2020: $131.3 billion) of personal, home equity and credit card lines, which are unconditionally cancellable at our discretion.
(2) Excludes securities lending of $1.7 billion (October 31, 2020: $1.8 billion) for cash because it is reported on the interim consolidated balance sheet.

Other contractual obligations

The following table provides the contractual maturities of other contractual obligations affecting our funding needs:

$ millions, as at January 31, 2021	Less than 1 month	1–3 months	3–6 months	6–9 months	9–12 months	1–2 years	2–5 years	Over 5 years	Total
Purchase obligations [1]	**$ 79**	**$ 186**	**$ 218**	**$ 167**	**$ 146**	**$ 448**	**$ 471**	**$ 269**	**$ 1,984**
Future lease commitments	**–**	**4**	**11**	**13**	**13**	**51**	**90**	**1,307**	**1,489**
Underwriting commitments	**495**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**495**
Investment commitments	**–**	**–**	**–**	**2**	**4**	**2**	**6**	**214**	**228**
Pension contributions [2]	**17**	**33**	**49**	**50**	**–**	**–**	**–**	**–**	**149**
	$ 591	**$ 223**	**$ 278**	**$ 232**	**$ 163**	**$ 501**	**$ 567**	**$ 1,790**	**$ 4,345**
October 31, 2020	$ 211	$ 243	$ 231	$ 239	$ 204	$ 488	$ 795	$ 1,625	$ 4,036

(1) Obligations that are legally binding agreements whereby we agree to purchase products or services with specific minimum or baseline quantities defined at fixed, minimum or variable prices over a specified period of time are defined as purchase obligations. Purchase obligations are included through to the termination date specified in the respective agreements, even if the contract is renewable. Many of the purchase agreements for goods and services include clauses that would allow us to cancel the agreement prior to expiration of the contract within a specific notice period. However, the amount above includes our obligations without regard to such termination clauses (unless actual notice of our intention to terminate the agreement has been communicated to the counterparty). The table excludes purchases of debt and equity instruments that settle within standard market time frames.

(2) Includes estimated minimum funding contributions for our funded defined benefit pension plans in Canada, the U.S., the U.K., and the Caribbean. Estimated minimum funding contributions are included only for the next annual period ending October 31, 2021 as the minimum contributions are affected by various factors, such as market performance and regulatory requirements, and therefore are subject to significant variability.

Other risks

We also have policies and processes to measure, monitor and control other risks, including strategic, reputation, environmental and social, and operational risks, such as insurance, technology, information and cyber security, and regulatory compliance. These risks and related policies and processes have not changed significantly from those described on pages 80 to 82 of our 2020 Annual Report.

Accounting and control matters

Critical accounting policies and estimates

The interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" using IFRS as issued by the International Accounting Standards Board (IASB). A summary of significant accounting policies is presented in Note 1 to the consolidated financial statements included in our 2020 Annual Report. The interim consolidated financial statements have been prepared using the same accounting policies as CIBC's consolidated financial statements as at and for the year ended October 31, 2020, except that CIBC adopted the "Conceptual Framework for Financial Reporting" (Conceptual Framework) and early adopted the "Interest Rate Benchmark Reform: Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16" (Phase 2 amendments) effective November 1, 2020.

There was no impact from the adoption of the Conceptual Framework.

The early adoption of the Phase 2 amendments as discussed under the "Other regulatory developments" section below required us to provide additional disclosure in Note 1 to our interim consolidated financial statements.

Certain accounting policies require us to make judgments and estimates, some of which may relate to matters that are uncertain. The COVID-19 pandemic continues to result in increased level of judgment as discussed on pages 83 to 88 of our 2020 Annual Report, and could have a material impact on our financial results, particularly in regard to the estimation of expected credit losses.

During the quarter, improvements in our economic outlook resulted in a relatively moderate reduction in our Stage 1 and Stage 2 performing ECLs relative to prior quarter. Significant judgment was inherent in the forecasting of forward-looking information, including with regard to our base case assumption that effective mass vaccinations will be underway in many countries over the spring and summer and that the vaccination programs will be able to effectively respond to the emerging variants, allowing for stronger global recovery in the latter half of the year.

Changes in the judgments and estimates related to IFRS 9 can have a significant impact on the level of ECL allowance recognized and the period-over-period volatility of the provision for credit losses. See Note 6 to our consolidated financial statements in our 2020 Annual Report, and Note 6 to our interim consolidated financial statements for more information concerning the high level of judgment inherent in the estimation of ECL allowance, including the impact of COVID-19.

Accounting developments

For details on future accounting policy changes, refer to Note 1 to our interim consolidated financial statements and Note 32 to the consolidated financial statements included in our 2020 Annual Report.

Other regulatory developments

Reforms to interest rate benchmarks

Various interest rate and other indices that are deemed to be "benchmarks" (including LIBOR) are the subject of international regulatory guidance and proposals for reform. Regulators in various jurisdictions have pushed for the transition from Interbank Offered Rates (IBORs) to alternative benchmark rates (alternative rates), based upon risk free rates determined using actual market transactions. The U.K.'s FCA originally announced in July 2017 that it would not compel banks to submit LIBOR rates after December 2021. In November 2020, the FCA and the IBA announced a consultation process that may lead to an 18 month extension to June 30, 2023 for most USD LIBOR tenors with an expectation that originations of new USD LIBOR-linked products would cease after the end of 2021. We are closely monitoring the consultation process.

The transition from current reference rates to alternative rates may adversely affect the value of, return on, or trading market for contracts linked to existing benchmarks. These developments may cause some LIBOR and other benchmarks to be discontinued.

A significant number of our derivatives, lending and deposit contracts reference various interest rate benchmarks, including contracts with maturity dates that extend beyond December 2021. We also hold securities that reference interbank offered rates. In response to the proposed reforms to interest rate benchmarks, we have established an Enterprise IBOR Transition Program (Program) to manage and coordinate all aspects of the transition. Further details on the Program are included as part of the "Other regulatory developments" section of our 2020 Annual Report.

As a part of the Program, we are in the process of preparing to transition existing IBOR based contracts to those that reference the new alternative rates, and are developing supporting business processes to support the transition. We have adhered to the International Swaps and Derivatives Association (ISDA) 2020 IBOR Fallbacks Protocol to facilitate the transition of the contractual rate for derivatives with counterparties who have also adhered to the ISDA Protocol. Such transition will be effective on the occurrence of certain prescribed trigger events. We have continued to develop contract remediation plans for our LIBOR referencing products and have continued to make information available to clients, advising them on developments.

We continue to assess the impact of IBOR reform on our operations and continue to engage with industry associations on recent developments on the transition to risk-free rates, which includes the development of supporting business processes. We also continue to engage with industry associations to incorporate recent developments into our project plan. The Program provides regular updates to senior management, including the Executive Committee.

Current accounting policy changes relating to the interest rate benchmark reform

The IASB addressed interest rate benchmark reform and its effects on financial reporting in two phases. The first phase focuses on issues affecting financial reporting in the period before the interest rate benchmark reform, while the second phase focuses on the issues that affect financial reporting once the existing rate is replaced with an alternative rate. In September 2019, the IASB finalized the first phase through the issuance of “Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7” (Phase 1 amendments). We elected to early adopt the Phase 1 amendments effective November 1, 2019. The financial accounting and reporting impact of the early adoption of the Phase 1 amendments was described in Note 1 to our 2020 Annual Report.

In August 2020, the IASB finalized the second phase through the issuance of “Interest Rate Benchmark Reform: Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16” (Phase 2 amendments), which addresses the issues that affect financial reporting once the existing rate is replaced with an alternative rate and provides specific disclosure requirements. The Phase 2 amendments are effective for annual periods beginning on or after January 1, 2021. As we elected to continue to apply the hedge accounting requirements of IAS 39 upon the adoption of IFRS 9, the Phase 2 amendments to IAS 39, IFRS 7, IFRS 4 and IFRS 16 will apply to us, mandatorily effective on November 1, 2021, with earlier application permitted. We elected to early adopt the Phase 2 amendments effective November 1, 2020. As a result, we have provided additional disclosures related to our exposures to significant benchmark rates subject to the reform in Note 1 to our interim consolidated financial statements.

Controls and procedures

Disclosure controls and procedures

CIBC’s management, with the participation of the President and Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of CIBC’s disclosure controls and procedures as at January 31, 2021 (as defined in the rules of the SEC and the Canadian Securities Administrators). Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer have concluded that such disclosure controls and procedures were effective.

Changes in internal control over financial reporting

There have been no changes in CIBC’s internal control over financial reporting during the quarter ended January 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Related-party transactions

There have been no significant changes to CIBC’s procedures and policies regarding related-party transactions since October 31, 2020. For additional information, refer to pages 90 and 183 of our 2020 Annual Report.

Interim consolidated financial statements
(Unaudited)

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Consolidated balance sheet

Unaudited, millions of Canadian dollars, as at	2021 Jan. 31	2020 Oct. 31
ASSETS		
Cash and non-interest-bearing deposits with banks	**$ 42,986**	$ 43,531
Interest-bearing deposits with banks	**20,307**	18,987
Securities (Note 5)	**150,493**	149,046
Cash collateral on securities borrowed	**11,557**	8,547
Securities purchased under resale agreements	**64,396**	65,595
Loans (Note 6)		
Residential mortgages	**226,594**	221,165
Personal	**41,971**	42,222
Credit card	**10,709**	11,389
Business and government	**134,863**	135,546
Allowance for credit losses	**(3,484)**	(3,540)
	410,653	406,782
Other		
Derivative instruments	**34,165**	32,730
Customers' liability under acceptances	**10,322**	9,606
Property and equipment	**2,932**	2,997
Goodwill	**5,084**	5,253
Software and other intangible assets	**1,942**	1,961
Investments in equity-accounted associates and joint ventures	**658**	658
Deferred tax assets	**519**	650
Other assets	**26,894**	23,208
	82,516	77,063
	$ 782,908	$ 769,551
LIABILITIES AND EQUITY		
Deposits (Note 7)		
Personal	**$ 206,090**	$ 202,152
Business and government	**310,445**	311,426
Bank	**18,666**	17,011
Secured borrowings	**38,726**	40,151
	573,927	570,740
Obligations related to securities sold short	**19,476**	15,963
Cash collateral on securities lent	**1,745**	1,824
Obligations related to securities sold under repurchase agreements	**76,522**	71,653
Other		
Derivative instruments	**32,158**	30,508
Acceptances	**10,380**	9,649
Deferred tax liabilities	**35**	33
Other liabilities	**22,043**	22,134
	64,616	62,324
Subordinated indebtedness	**4,693**	5,712
Equity		
Preferred shares and other equity instruments	**3,575**	3,575
Common shares (Note 9)	**13,991**	13,908
Contributed surplus	**119**	117
Retained earnings	**23,060**	22,119
Accumulated other comprehensive income (AOCI)	**1,007**	1,435
Total shareholders' equity	**41,752**	41,154
Non-controlling interests	**177**	181
Total equity	**41,929**	41,335
	$ 782,908	$ 769,551

The accompanying notes and shaded sections in "MD&A – Management of risk" are an integral part of these interim consolidated financial statements.

Consolidated statement of income

Unaudited, millions of Canadian dollars, except as noted, for the three months ended	**2021 Jan. 31**	2020 Oct. 31	2020 Jan. 31
Interest income (Note 14) [1]			
Loans	**$ 3,071**	$ 3,099	$ 3,986
Securities	**569**	572	730
Securities borrowed or purchased under resale agreements	**90**	87	364
Deposits with banks	**41**	42	102
	3,771	3,800	5,182
Interest expense (Note 14)			
Deposits	**755**	822	1,983
Securities sold short	**56**	59	75
Securities lent or sold under repurchase agreements	**71**	71	295
Subordinated indebtedness	**35**	36	46
Other	**15**	20	22
	932	1,008	2,421
Net interest income	**2,839**	2,792	2,761
Non-interest income			
Underwriting and advisory fees	**134**	103	126
Deposit and payment fees	**195**	186	222
Credit fees	**287**	265	254
Card fees	**123**	105	122
Investment management and custodial fees	**373**	357	350
Mutual fund fees	**424**	402	409
Insurance fees, net of claims	**97**	95	102
Commissions on securities transactions	**103**	83	81
Gains (losses) from financial instruments measured/designated at fair value through profit or loss (FVTPL), net	**213**	86	265
Gains (losses) from debt securities measured at fair value through other comprehensive income (FVOCI) and amortized cost, net	**36**	4	11
Foreign exchange other than trading (FXOTT)	**69**	45	58
Income from equity-accounted associates and joint ventures	**16**	12	18
Other	**54**	65	76
	2,124	1,808	2,094
Total revenue	**4,963**	4,600	4,855
Provision for credit losses (Note 6)	**147**	291	261
Non-interest expenses			
Employee compensation and benefits	**1,564**	1,371	1,897
Occupancy costs	**193**	321	206
Computer, software and office equipment	**467**	516	470
Communications	**79**	72	75
Advertising and business development	**45**	71	77
Professional fees	**47**	53	50
Business and capital taxes	**31**	30	36
Other	**300**	457	254
	2,726	2,891	3,065
Income before income taxes	**2,090**	1,418	1,529
Income taxes	**465**	402	317
Net income	**$ 1,625**	$ 1,016	$ 1,212
Net income (loss) attributable to non-controlling interests	**$ 4**	$ 1	$ 7
Preferred shareholders and other equity instrument holders	**$ 30**	$ 30	$ 31
Common shareholders	**1,591**	985	1,174
Net income attributable to equity shareholders	**$ 1,621**	$ 1,015	$ 1,205
Earnings per share (in dollars) (Note 12)			
Basic	**$ 3.56**	$ 2.21	$ 2.64
Diluted	**3.55**	2.20	2.63
Dividends per common share (in dollars)	**1.46**	1.46	1.44

(1) Interest income included $3.4 billion for the quarter ended January 31, 2021 (October 31, 2020: $3.4 billion; January 31, 2020: $4.7 billion) calculated based on the effective interest rate method.

The accompanying notes and shaded sections in "MD&A – Management of risk" are an integral part of these interim consolidated financial statements.

Consolidated statement of comprehensive income

Unaudited, millions of Canadian dollars, for the three months ended	**2021 Jan. 31**	2020 Oct. 31	2020 Jan. 31
Net income	**$ 1,625**	$ 1,016	$ 1,212
Other comprehensive income (loss) (OCI), net of income tax, that is subject to subsequent reclassification to net income			
Net foreign currency translation adjustments			
Net gains (losses) on investments in foreign operations	**(1,417)**	(187)	162
Net gains (losses) on hedges of investments in foreign operations	**798**	103	(85)
	(619)	(84)	77
Net change in debt securities measured at FVOCI			
Net gains (losses) on securities measured at FVOCI	**56**	5	44
Net (gains) losses reclassified to net income	**(26)**	(5)	(6)
	30	–	38
Net change in cash flow hedges			
Net gains (losses) on derivatives designated as cash flow hedges	**124**	32	(11)
Net (gains) losses reclassified to net income	**(148)**	(62)	14
	(24)	(30)	3
OCI, net of income tax, that is not subject to subsequent reclassification to net income			
Net gains (losses) on post-employment defined benefit plans	**199**	147	(105)
Net gains (losses) due to fair value change of fair value option (FVO) liabilities attributable to changes in credit risk	**(35)**	(8)	(22)
Net gains (losses) on equity securities designated at FVOCI	**24**	25	36
	188	164	(91)
Total OCI [1]	**(425)**	50	27
Comprehensive income	**$ 1,200**	$ 1,066	$ 1,239
Comprehensive income (loss) attributable to non-controlling interests	**$ 4**	$ 1	$ 7
Preferred shareholders and other equity instrument holders	**$ 30**	$ 30	$ 31
Common shareholders	**1,166**	1,035	1,201
Comprehensive income attributable to equity shareholders	**$ 1,196**	$ 1,065	$ 1,232

(1) Includes $6 million of losses for the quarter ended January 31, 2021 (October 31, 2020: $1 million of losses; January 31, 2020: $4 million of losses), relating to our investments in equity-accounted associates and joint ventures.

Unaudited, millions of Canadian dollars, for the three months ended	**2021 Jan. 31**	2020 Oct. 31	2020 Jan. 31
Income tax (expense) benefit allocated to each component of OCI			
Subject to subsequent reclassification to net income			
Net foreign currency translation adjustments			
Net gains (losses) on investments in foreign operations	**$ 11**	$ 1	$ (1)
Net gains (losses) on hedges of investments in foreign operations	**(15)**	(3)	–
	(4)	(2)	(1)
Net change in debt securities measured at FVOCI			
Net gains (losses) on securities measured at FVOCI	**(25)**	(7)	(12)
Net (gains) losses reclassified to net income	**9**	1	2
	(16)	(6)	(10)
Net change in cash flow hedges			
Net gains (losses) on derivatives designated as cash flow hedges	**(45)**	(12)	4
Net (gains) losses reclassified to net income	**53**	22	(5)
	8	10	(1)
Not subject to subsequent reclassification to net income			
Net gains (losses) on post-employment defined benefit plans	**(71)**	(42)	36
Net gains (losses) due to fair value change of FVO liabilities attributable to changes in credit risk	**13**	4	8
Net gains (losses) on equity securities designated at FVOCI	**(8)**	(9)	(13)
	(66)	(47)	31
	$ (78)	$ (45)	$ 19

The accompanying notes and shaded sections in “MD&A – Management of risk” are an integral part of these interim consolidated financial statements.

Consolidated statement of changes in equity

Unaudited, millions of Canadian dollars, for the three months ended	**2021 Jan. 31**	2020 Oct. 31	2020 Jan. 31
Preferred shares and other equity instruments			
Balance at beginning of period	**$ 3,575**	$ 2,825	$ 2,825
Issue of preferred shares and limited recourse capital notes	**–**	750	–
Balance at end of period	**$ 3,575**	$ 3,575	$ 2,825
Common shares (Note 9)			
Balance at beginning of period	**$ 13,908**	$ 13,800	$ 13,591
Issue of common shares	**99**	89	123
Purchase of common shares for cancellation	**–**	–	(46)
Treasury shares	**(16)**	19	1
Balance at end of period	**$ 13,991**	$ 13,908	$ 13,669
Contributed surplus			
Balance at beginning of period	**$ 117**	$ 122	$ 125
Compensation expense arising from equity-settled share-based awards	**6**	3	3
Exercise of stock options and settlement of other equity-settled share-based awards	**(5)**	(8)	(4)
Other	**1**	–	(1)
Balance at end of period	**$ 119**	$ 117	$ 123
Retained earnings			
Balance at beginning of period before accounting policy changes	**n/a**	n/a	$ 20,972
Impact of adopting IFRS 16 at November 1, 2019	**n/a**	n/a	127
Balance at beginning of period after accounting policy changes	**$ 22,119**	$ 21,726	21,099
Net income attributable to equity shareholders	**1,621**	1,015	1,205
Dividends and distributions			
Preferred and other equity instruments	**(30)**	(30)	(31)
Common	**(653)**	(652)	(641)
Premium on purchase of common shares for cancellation	**–**	–	(119)
Realized gains (losses) on equity securities designated at FVOCI reclassified from AOCI	**3**	62	29
Other	**–**	(2)	1
Balance at end of period	**$ 23,060**	$ 22,119	$ 21,543
AOCI, net of income tax			
AOCI, net of income tax, that is subject to subsequent reclassification to net income			
Net foreign currency translation adjustments			
Balance at beginning of period	**$ 1,173**	$ 1,257	$ 993
Net change in foreign currency translation adjustments	**(619)**	(84)	77
Balance at end of period	**$ 554**	$ 1,173	$ 1,070
Net gains (losses) on debt securities measured at FVOCI			
Balance at beginning of period	**$ 309**	$ 309	$ 77
Net change in securities measured at FVOCI	**30**	–	38
Balance at end of period	**$ 339**	$ 309	$ 115
Net gains (losses) on cash flow hedges			
Balance at beginning of period	**$ 274**	$ 304	$ 113
Net change in cash flow hedges	**(24)**	(30)	3
Balance at end of period	**$ 250**	$ 274	$ 116
AOCI, net of income tax, that is not subject to subsequent reclassification to net income			
Net gains (losses) on post-employment defined benefit plans			
Balance at beginning of period	**$ (283)**	$ (430)	$ (363)
Net change in post-employment defined benefit plans	**199**	147	(105)
Balance at end of period	**$ (84)**	$ (283)	$ (468)
Net gains (losses) due to fair value change of FVO liabilities attributable to changes in credit risk			
Balance at beginning of period	**$ (40)**	$ (32)	$ 16
Net change attributable to changes in credit risk	**(35)**	(8)	(22)
Balance at end of period	**$ (75)**	$ (40)	$ (6)
Net gains (losses) on equity securities designated at FVOCI			
Balance at beginning of period	**$ 2**	$ 39	$ 45
Net gains (losses) on equity securities designated at FVOCI	**24**	25	36
Realized gains (losses) on equity securities designated at FVOCI reclassified to retained earnings	**(3)**	(62)	(29)
Balance at end of period	**$ 23**	$ 2	$ 52
Total AOCI, net of income tax	**$ 1,007**	$ 1,435	$ 879
Non-controlling interests			
Balance at beginning of period	**$ 181**	$ 179	$ 186
Net income attributable to non-controlling interests	**4**	1	7
Dividends	**–**	(2)	(2)
Other	**(8)**	3	–
Balance at end of period	**$ 177**	$ 181	$ 191
Equity at end of period	**$ 41,929**	$ 41,335	$ 39,230

n/a Not applicable.

The accompanying notes and shaded sections in "MD&A – Management of risk" are an integral part of these interim consolidated financial statements.

Consolidated statement of cash flows

Unaudited, millions of Canadian dollars, for the three months ended	2021 Jan. 31	2020 Oct. 31	2020 Jan. 31
Cash flows provided by (used in) operating activities			
Net income	$ **1,625**	$ 1,016	$ 1,212
Adjustments to reconcile net income to cash flows provided by (used in) operating activities:			
Provision for credit losses	**147**	291	261
Amortization and impairment [(1)]	**237**	536	246
Stock options and restricted shares expense	**6**	3	3
Deferred income taxes	**43**	(16)	(93)
Losses (gains) from debt securities measured at FVOCI and amortized cost	**(36)**	(4)	(11)
Net losses (gains) on disposal of property and equipment	**–**	–	1
Other non-cash items, net	**82**	14	(68)
Net changes in operating assets and liabilities			
Interest-bearing deposits with banks	**(1,320)**	64	(2,458)
Loans, net of repayments	**(4,177)**	(2,256)	(4,116)
Deposits, net of withdrawals	**1,628**	3,775	12,718
Obligations related to securities sold short	**3,513**	(263)	1,791
Accrued interest receivable	**132**	(179)	151
Accrued interest payable	**(159)**	109	(112)
Derivative assets	**(1,440)**	10,715	(1,356)
Derivative liabilities	**1,688**	(12,386)	252
Securities measured at FVTPL	**(3,864)**	(1,868)	(9,009)
Other assets and liabilities measured/designated at FVTPL	**1,727**	975	(1,050)
Current income taxes	**62**	(221)	1,242
Cash collateral on securities lent	**(79)**	260	(200)
Obligations related to securities sold under repurchase agreements	**4,869**	6,678	5,339
Cash collateral on securities borrowed	**(3,010)**	(1,335)	(2,964)
Securities purchased under resale agreements	**1,199**	(10,747)	(807)
Other, net	**(4,096)**	1,845	(297)
	(1,223)	(2,994)	675
Cash flows provided by (used in) financing activities			
Redemption/repurchase/maturity of subordinated indebtedness	**(1,008)**	(33)	–
Issue of preferred shares and limited recourse capital notes, net of issuance cost	**–**	747	–
Issue of common shares for cash	**62**	4	83
Purchase of common shares for cancellation	**–**	–	(165)
Net sale (purchase) of treasury shares	**(16)**	19	1
Dividends and distributions paid	**(651)**	(650)	(636)
Repayment of lease liabilities	**(74)**	(78)	(75)
	(1,687)	9	(792)
Cash flows provided by (used in) investing activities			
Purchase of securities measured/designated at FVOCI and amortized cost	**(9,954)**	(10,056)	(9,821)
Proceeds from sale of securities measured/designated at FVOCI and amortized cost	**6,812**	2,346	3,757
Proceeds from maturity of debt securities measured at FVOCI and amortized cost	**5,676**	4,968	7,145
Net sale (purchase) of property and equipment	**(71)**	(100)	(62)
	2,463	(2,842)	1,019
Effect of exchange rate changes on cash and non-interest-bearing deposits with banks	**(98)**	(13)	12
Net increase (decrease) in cash and non-interest-bearing deposits with banks during the period	**(545)**	(5,840)	914
Cash and non-interest-bearing deposits with banks at beginning of period	**43,531**	49,371	3,840
Cash and non-interest-bearing deposits with banks at end of period [(2)]	$ **42,986**	$ 43,531	$ 4,754
Cash interest paid	$ **1,091**	$ 899	$ 2,533
Cash interest received	**3,659**	3,401	5,139
Cash dividends received	**244**	220	194
Cash income taxes paid (received)	**360**	639	(832)

(1) Comprises amortization and impairment of buildings, right-of-use assets, furniture, equipment, leasehold improvements, and software and other intangible assets.
(2) Includes restricted cash of $493 million (October 31, 2020: $463 million; January 31, 2020: $493 million) and interest-bearing demand deposits with Bank of Canada.

The accompanying notes and shaded sections in “MD&A – Management of risk” are an integral part of these interim consolidated financial statements.

Notes to the interim consolidated financial statements
(Unaudited)

The interim consolidated financial statements of CIBC are prepared in accordance with Section 308(4) of the *Bank Act* (Canada), which states that, except as otherwise specified by the Office of the Superintendent of Financial Institutions (OSFI), the financial statements are to be prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). There are no accounting requirements of OSFI that are exceptions to IFRS.

These interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and do not include all of the information required for full annual consolidated financial statements. Except as indicated below, these interim consolidated financial statements follow the same accounting policies and methods of application as CIBC's consolidated financial statements as at and for the year ended October 31, 2020.

All amounts in these interim consolidated financial statements are presented in Canadian dollars, unless otherwise indicated. These interim consolidated financial statements were authorized for issue by the Board of Directors on February 24, 2021.

Note 1. Changes in accounting policies

(a) Current period changes in accounting policies

Interest Rate Benchmark Reform: Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

Various interest rate and other indices that are deemed to be "benchmarks" (including LIBOR) are the subject of international regulatory guidance and proposals for reform. Regulators in various jurisdictions have pushed for the transition from Interbank Offered Rates (IBORs) to alternative benchmark rates (alternative rates), based upon risk free rates determined using actual market transactions. The U.K.'s Financial Conduct Authority (FCA) originally announced in July 2017 that it would not compel banks to submit LIBOR rates after December 2021. In November 2020, the FCA and the ICE Benchmark Administrator (IBA) announced a consultation process that may lead to an 18 month extension to June 30, 2023 for most USD LIBOR tenors with an expectation that originations of new USD LIBOR-linked products would cease after the end of 2021. We are closely monitoring the consultation process.

In response to interest rate benchmark reform, the IASB issued "Interest Rate Benchmark Reform: Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16" (Phase 2 amendments) in August 2020. These amendments address issues that affect financial reporting once an existing rate is replaced with an alternative rate and concludes the IASB's amendments to financial reporting standards due to the effects of interest rate benchmark reform. While the Phase 2 amendments are effective for annual periods beginning on or after January 1, 2021, we elected to early adopt the Phase 2 amendments effective November 1, 2020. Only the amendments to IAS 39 "Financial Instruments: Recognition and Measurement" (IAS 39), IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts", and IFRS 16 "Leases" apply to us because we elected to continue to apply the hedge accounting requirements of IAS 39 upon the adoption of IFRS 9 "Financial Instruments" (IFRS 9).

The Phase 2 amendments permit modifications of financial assets, financial liabilities and lessee lease liabilities required as a direct consequence of IBOR reform, and made on an economically equivalent basis to be accounted for by updating the effective interest rate (EIR) prospectively. The amendments also provide temporary relief that allows for hedging relationships to continue upon the replacement of an existing interest rate benchmark with an alternative rate under certain qualifying conditions, including the amendment of the hedge designation and documentation to reflect the new rate, and permits new hedging relationships that are in the scope of the Phase 2 amendments.

The IASB had previously issued "Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7" (Phase 1 amendments) in September 2019. The Phase 1 amendments provide relief for specific hedge accounting requirements to address uncertainties in the period before the interest rate benchmark reform, and provide specific disclosure requirements for the affected hedging relationships. We adopted the Phase 1 amendments effective November 1, 2019 and the disclosure can be found in Note 1 to the consolidated financial statements included in our 2020 Annual Report.

As IBORs are widely referenced by large volumes of derivative, loan and cash products, the transition presents a number of risks to us, and the industry as a whole. These transition risks include market risk (in the eventuality that new basis risks emerge), model risk, operational risk (as processes are changed or newly introduced), legal risk (as contracts are revised) and conduct risk (in ensuring clients are adequately informed/prepared). In response to the proposed reforms to interest rate benchmarks, we have established an Enterprise IBOR Transition Program (Program), which is supported by a formal governance structure and dedicated working groups that include stakeholders from frontline businesses as well as functional groups such as Treasury, Technology and Operations, Risk Management, Legal and Finance, to manage and coordinate all aspects of the transition, including the identification and mitigation of the risks. An Interbank Offered Rate (IBOR) Steering Committee has been established with responsibility for oversight and execution of the Program. The IBOR Steering Committee manages the impact of the transition risks through appropriate mitigating actions. We also continue to engage with industry associations to incorporate recent developments into our project plan. The Program provides regular updates to the senior management, including the Executive Committee.

As a part of the Program, we are in the process of preparing to transition existing IBOR based contracts to those that reference the new alternative rates, and are developing supporting business processes to support the transition. We have adhered to the International Swaps and Derivatives Association (ISDA) 2020 IBOR Fallbacks Protocol to facilitate the transition of the contractual rate for derivatives with counterparties who have also adhered to the ISDA Protocol. Such transition will be effective on the occurrence of certain prescribed trigger events. We have continued to develop contract remediation plans for our LIBOR referencing products and have continued to make information available to clients, advising them on developments.

We currently consider exposures that are indexed to USD LIBOR and GBP LIBOR with a maturity date beyond December 31, 2021 to be significant exposures that are potentially subject to the transition to an alternative benchmark rate. The following table presents the approximate notional amounts of our derivatives and the gross outstanding balances of our non-derivative financial assets and financial liabilities that are indexed to USD LIBOR, GBP LIBOR and other benchmark rates with a maturity date beyond December 31, 2021, that are expected to be affected by IBOR reform.

$ billions, as at November 1, 2020	Notional/gross outstanding amounts (1)(2)(3)			
	USD LIBOR		GBP LIBOR	Others (4)
	Maturing after December 31, 2021 and before June 30, 2023	Maturing after June 30, 2023	Maturing after December 31, 2021	
Non-derivative financial assets				
Securities	**$ 4.0**	**$ 1.9**	**$ –**	**$ –**
Loans	**18.6**	**21.2**	**2.4**	**–**
	22.6	**23.1**	**2.4**	**–**
Non-derivative financial liabilities				
Secured borrowing deposits and subordinated indebtedness	**–**	**0.1**	**1.1**	**–**
Other deposits	**0.8**	**1.0**	**–**	**–**
	0.8	**1.1**	**1.1**	**–**
Derivatives	**276.4**	**463.3**	**70.4**	**33.3**

(1) Excludes financial instruments which reference rates in multi-rate jurisdictions, including Canadian Dollar Offered Rate (CDOR), Euro Interbank Offered Rate (EURIBOR) and Australian Bank Bill Swap Rate. While financial instruments referencing 6-month and 12-month CDOR will be discontinued on May 17, 2021, we do not hold material positions referencing these tenors as of November 1, 2020. Other tenors of CDOR are expected to continue.
(2) The table excludes undrawn loan commitments. As at November 1, 2020, total outstanding undrawn loan commitments that are potentially subject to the transition with a maturity date beyond December 31, 2021 are estimated to be $53.1 billion, including $52.1 billion which can be drawn in USD LIBOR and $1.0 billion which can be drawn in GBP LIBOR.
(3) For cross currency swaps for which both legs reference benchmark rates that are subject to transition, the relevant notional amount for each leg has been included in the table above.
(4) Includes exposures indexed to JPY LIBOR, CHF LIBOR and EUR LIBOR.

Conceptual Framework for Financial Reporting (Conceptual Framework)
The Conceptual Framework sets out the fundamental concepts that underlie the preparation and presentation of financial statements and serves to guide the IASB in developing IFRS standards. The Conceptual Framework is effective for annual periods beginning on or after January 1, 2020. As a result, CIBC adopted the Conceptual Framework as at November 1, 2020.

There was no impact to our consolidated financial statements and no changes in our accounting policies as a result of adopting the Conceptual Framework.

(b) Future accounting policy changes

For details on future accounting policy changes, refer to Note 32 to the consolidated financial statements included in our 2020 Annual Report. We are continuing to evaluate the impact of standards that are effective for us after fiscal 2021.

Note 2. Impact of COVID-19

The COVID-19 pandemic continues to have a significant adverse impact globally. The overall economy continues to operate below pre-pandemic levels in Canada, the U.S. and other regions where we operate, with continuing uncertainty related to economic growth and unemployment, which ultimately will only be resolved with the dissemination of an effective vaccine for COVID-19. As a result, we continue to operate in an uncertain macroeconomic environment.

Impact on estimates and assumptions
As disclosed in our 2020 Annual Report, the preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the recognized and measured amounts of assets, liabilities, net income, comprehensive income and related disclosures. Significant estimates and assumptions are made in the areas of the valuation of financial instruments, allowance for credit losses, the evaluation of whether to consolidate structured entities, asset impairment, income taxes, provisions and contingent liabilities, post-employment and other long-term benefit plan assumptions and valuation of self-managed loyalty points programs.

Further, the COVID-19 pandemic continues to give rise to heightened uncertainty as it relates to accounting estimates and assumptions and increases the need to apply judgment in evaluating the economic and market environment and its impact on significant estimates. This particularly impacts estimates and assumptions relating to allowance for credit losses. During the quarter, improvements in our economic outlook resulted in a relatively moderate reduction in our Stage 1 and Stage 2 performing ECLs relative to prior quarter. Significant judgment was inherent in the forecasting of forward-looking information, including with regard to our base case assumption that effective mass vaccinations will be underway in many countries over the spring and summer and that the vaccination programs will be able to effectively respond to the emerging variants, allowing for stronger global recovery in the latter half of the year.

Changes in the judgments and estimates related to IFRS 9 can have a significant impact on the level of ECL allowance recognized and the period-over-period volatility of the provision for credit losses. Actual results could differ from these estimates and assumptions. See Note 6 to our consolidated financial statements in our 2020 Annual Report, and Note 6 to our interim consolidated financial statements for more information concerning the high level of judgment inherent in the estimation of ECL allowance, including the impact of COVID-19.

Note 3. Fair value measurement

Fair value of financial instruments

$ millions, as at		Carrying value: Amortized cost	Carrying value: Mandatorily measured at FVTPL	Carrying value: Designated at FVTPL	Carrying value: Fair value through OCI	Carrying value: Total	Fair value	Fair value over (under) carrying value
2021	**Financial assets**							
Jan. 31	Cash and deposits with banks	**$ 62,577**	**$ 716**	**$ –**	**$ –**	**$ 63,293**	**$ 63,293**	**$ –**
	Securities	**31,993**	**66,462**	**95**	**51,943**	**150,493**	**151,147**	**654**
	Cash collateral on securities borrowed	**11,557**	**–**	**–**	**–**	**11,557**	**11,557**	**–**
	Securities purchased under resale agreements	**56,686**	**7,710**	**–**	**–**	**64,396**	**64,396**	**–**
	Loans							
	Residential mortgages	**226,216**	**42**	**–**	**–**	**226,258**	**227,963**	**1,705**
	Personal	**41,164**	**–**	**–**	**–**	**41,164**	**41,215**	**51**
	Credit card	**10,050**	**–**	**–**	**–**	**10,050**	**10,050**	**–**
	Business and government	**109,498**	**23,277**	**406**	**–**	**133,181**	**133,370**	**189**
	Derivative instruments	**–**	**34,165**	**–**	**–**	**34,165**	**34,165**	**–**
	Customers' liability under acceptances	**10,322**	**–**	**–**	**–**	**10,322**	**10,322**	**–**
	Other assets	**17,276**	**–**	**–**	**–**	**17,276**	**17,276**	**–**
	Financial liabilities							
	Deposits							
	Personal	**$ 202,701**	**$ –**	**$ 3,389**	**$ –**	**$ 206,090**	**$ 206,293**	**$ 203**
	Business and government	**298,982**	**–**	**11,463**	**–**	**310,445**	**311,528**	**1,083**
	Bank	**18,666**	**–**	**–**	**–**	**18,666**	**18,666**	**–**
	Secured borrowings	**37,986**	**–**	**740**	**–**	**38,726**	**39,139**	**413**
	Derivative instruments	**–**	**32,158**	**–**	**–**	**32,158**	**32,158**	**–**
	Acceptances	**10,380**	**–**	**–**	**–**	**10,380**	**10,380**	**–**
	Obligations related to securities sold short	**–**	**19,476**	**–**	**–**	**19,476**	**19,476**	**–**
	Cash collateral on securities lent	**1,745**	**–**	**–**	**–**	**1,745**	**1,745**	**–**
	Obligations related to securities sold under repurchase agreements [1]	**59,493**	**–**	**17,029**	**–**	**76,522**	**76,522**	**–**
	Other liabilities	**15,541**	**130**	**12**	**–**	**15,683**	**15,683**	**–**
	Subordinated indebtedness	**4,693**	**–**	**–**	**–**	**4,693**	**5,013**	**320**
2020	**Financial assets**							
Oct. 31	Cash and deposits with banks	$ 61,570	$ 948	$ –	$ –	$ 62,518	$ 62,518	$ –
	Securities	31,800	62,576	117	54,553	149,046	149,599	553
	Cash collateral on securities borrowed	8,547	–	–	–	8,547	8,547	–
	Securities purchased under resale agreements	58,090	7,505	–	–	65,595	65,595	–
	Loans							
	Residential mortgages	220,739	63	–	–	220,802	222,920	2,118
	Personal	41,390	–	–	–	41,390	41,452	62
	Credit card	10,722	–	–	–	10,722	10,722	–
	Business and government	110,220	23,291	357	–	133,868	134,097	229
	Derivative instruments	–	32,730	–	–	32,730	32,730	–
	Customers' liability under acceptances	9,606	–	–	–	9,606	9,606	–
	Other assets	15,940	–	–	–	15,940	15,940	–
	Financial liabilities							
	Deposits							
	Personal	$ 199,593	$ –	$ 2,559	$ –	$ 202,152	$ 202,345	$ 193
	Business and government	301,546	–	9,880	–	311,426	312,279	853
	Bank	17,011	–	–	–	17,011	17,011	–
	Secured borrowings	39,560	–	591	–	40,151	40,586	435
	Derivative instruments	–	30,508	–	–	30,508	30,508	–
	Acceptances	9,649	–	–	–	9,649	9,649	–
	Obligations related to securities sold short	–	15,963	–	–	15,963	15,963	–
	Cash collateral on securities lent	1,824	–	–	–	1,824	1,824	–
	Obligations related to securities sold under repurchase agreements [1]	54,617	–	17,036	–	71,653	71,653	–
	Other liabilities	15,282	133	9	–	15,424	15,424	–
	Subordinated indebtedness	5,712	–	–	–	5,712	5,993	281

(1) Includes obligations related to securities sold under repurchase agreements supported by bearer deposit notes that are pledged as collateral under the Bank of Canada Term Repo Facility.

The table below presents the level in the fair value hierarchy into which the fair values of financial instruments, that are carried at fair value on the interim consolidated balance sheet, are categorized:

	Level 1		Level 2		Level 3			
	Quoted market price		Valuation technique – observable market inputs		Valuation technique – non-observable market inputs		**Total**	Total
$ millions, as at	**2021 Jan. 31**	2020 Oct. 31	**2021 Jan. 31**	2020 Oct. 31	**2021 Jan. 31**	2020 Oct. 31	**2021 Jan. 31**	2020 Oct. 31
Financial assets								
Deposits with banks	**$ –**	$ –	**$ 716**	$ 948	**$ –**	$ –	**$ 716**	$ 948
Securities mandatorily measured and designated at FVTPL								
Government issued or guaranteed	**2,190**	3,917	**23,197** [1]	25,091 [1]	**–**	–	**25,387**	29,008
Corporate equity	**35,167**	27,919	**50**	47	**19**	16	**35,236**	27,982
Corporate debt	**–**	–	**3,230**	3,525	**30**	25	**3,260**	3,550
Mortgage- and asset-backed	**–**	–	**2,572** [2]	2,018 [2]	**102**	135	**2,674**	2,153
	37,357	31,836	**29,049**	30,681	**151**	176	**66,557**	62,693
Loans mandatorily measured and designated at FVTPL								
Business and government	**–**	–	**22,804**	23,022	**879** [3]	626 [3]	**23,683**	23,648
Residential mortgages	**–**	–	**42**	63	**–**	–	**42**	63
	–	–	**22,846**	23,085	**879**	626	**23,725**	23,711
Debt securities measured at FVOCI								
Government issued or guaranteed	**3,176**	3,912	**39,363**	41,269	**–**	–	**42,539**	45,181
Corporate debt	**–**	–	**6,347**	6,224	**–**	–	**6,347**	6,224
Mortgage- and asset-backed	**–**	–	**2,448**	2,563	**–**	–	**2,448**	2,563
	3,176	3,912	**48,158**	50,056	**–**	–	**51,334**	53,968
Equity securities designated at FVOCI								
Corporate equity	**47**	41	**293**	304	**269**	240	**609**	585
Securities purchased under resale agreements measured at FVTPL	**–**	–	**7,710**	7,505	**–**	–	**7,710**	7,505
Derivative instruments								
Interest rate	**–**	4	**11,664**	12,793	**45**	48	**11,709**	12,845
Foreign exchange	**–**	–	**13,861**	11,462	**–**	–	**13,861**	11,462
Credit	**–**	–	**3**	8	**101**	98	**104**	106
Equity	**4,259**	3,153	**1,677**	1,791	**61**	212	**5,997**	5,156
Precious metal	**–**	–	**302**	283	**–**	–	**302**	283
Other commodity	**160**	271	**2,032**	2,607	**–**	–	**2,192**	2,878
	4,419	3,428	**29,539**	28,944	**207**	358	**34,165**	32,730
Total financial assets	**$ 44,999**	$ 39,217	**$ 138,311**	$ 141,523	**$ 1,506**	$ 1,400	**$ 184,816**	$ 182,140
Financial liabilities								
Deposits and other liabilities [4]	**$ –**	$ –	**$ (15,367)**	$ (13,176)	**$ (367)**	$ 4	**$ (15,734)**	$ (13,172)
Obligations related to securities sold short	**(7,140)**	(5,363)	**(12,336)**	(10,600)	**–**	–	**(19,476)**	(15,963)
Obligations related to securities sold under repurchase agreements	**–**	–	**(17,029)**	(17,036)	**–**	–	**(17,029)**	(17,036)
Derivative instruments								
Interest rate	**–**	–	**(8,931)**	(9,964)	**(74)**	(28)	**(9,005)**	(9,992)
Foreign exchange	**–**	–	**(13,021)**	(10,883)	**–**	–	**(13,021)**	(10,883)
Credit	**–**	–	**(45)**	(41)	**(113)**	(107)	**(158)**	(148)
Equity	**(3,739)**	(3,537)	**(4,714)**	(3,288)	**(137)**	(163)	**(8,590)**	(6,988)
Precious metal	**(2)**	–	**(250)**	(366)	**–**	–	**(252)**	(366)
Other commodity	**(221)**	(325)	**(911)**	(1,806)	**–**	–	**(1,132)**	(2,131)
	(3,962)	(3,862)	**(27,872)**	(26,348)	**(324)**	(298)	**(32,158)**	(30,508)
Total financial liabilities	**$ (11,102)**	$ (9,225)	**$ (72,604)**	$ (67,160)	**$ (691)**	$ (294)	**$ (84,397)**	$ (76,679)

(1) Includes $54 million related to securities designated at FVTPL (October 31, 2020: $57 million).
(2) Includes $41 million related to asset-backed securities designated at FVTPL (October 31, 2020: $60 million).
(3) Includes $406 million related to loans designated at FVTPL (October 31, 2020: $357 million).
(4) Comprises deposits designated at FVTPL of $15,328 million (October 31, 2020: $13,419 million), net bifurcated embedded derivative liabilities of $264 million (net bifurcated embedded derivative assets of $389 million as at October 31, 2020), other liabilities designated at FVTPL of $12 million (October 31, 2020: $9 million), and other financial liabilities measured at fair value of $130 million (October 31, 2020: $133 million).

Transfers between levels in the fair value hierarchy are deemed to have occurred at the beginning of the year in which the transfer occurred. Transfers between levels can occur as a result of additional or new information regarding valuation inputs and changes in their observability. During the quarter, we transferred $19 million of securities mandatorily measured at FVTPL (for the quarter ended October 31, 2020: $953 million) and $128 million of securities sold short (for the quarter ended October 31, 2020: $1,178 million) from Level 1 to Level 2 due to changes in the observability of the inputs used to value these securities. In addition, transfers between Level 2 and Level 3 were made during the quarters ended January 31, 2021, October 31, 2020 and January 31, 2020, primarily due to changes in the observability of certain market volatility inputs that were used in measuring the fair value of our embedded derivatives.

The following table presents the changes in fair value of financial assets and liabilities in Level 3. These instruments are measured at fair value utilizing non-observable market inputs. We often hedge positions with offsetting positions that may be classified in a different level. As a result, the gains and losses for assets and liabilities in the Level 3 category presented in the table below do not reflect the effect of offsetting gains and losses on the related hedging instruments that are classified in Level 1 and Level 2.

$ millions, for the three months ended	Opening balance	Net gains (losses) included in income [1]		Net unrealized gains (losses) included in OCI [4]	Transfer in to Level 3	Transfer out of Level 3	Purchases/ Issuances	Sales/ Settlements	Closing balance
		Realized [2]	Unrealized [2][3]						
Jan. 31, 2021									
Securities mandatorily measured at FVTPL									
Corporate equity	**$ 16**	**$ –**	**$ 3**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ 19**
Corporate debt	**25**	**–**	**5**	**–**	**–**	**–**	**–**	**–**	**30**
Mortgage- and asset-backed	**135**	**–**	**–**	**–**	**–**	**–**	**–**	**(33)**	**102**
Loans mandatorily measured and designated at FVTPL									
Business and government	**626**	**–**	**–**	**(25)**	**–**	**–**	**278**	**–**	**879**
Debt securities measured at FVOCI									
Corporate debt	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Equity securities designated at FVOCI									
Corporate equity	**240**	**–**	**–**	**19**	**–**	**–**	**17**	**(7)**	**269**
Derivative instruments									
Interest rate	**48**	**–**	**(4)**	**–**	**–**	**–**	**–**	**1**	**45**
Credit	**98**	**(6)**	**9**	**–**	**–**	**–**	**–**	**–**	**101**
Equity	**212**	**–**	**15**	**–**	**–**	**–**	**–**	**(166)**	**61**
Total assets	**$ 1,400**	**$ (6)**	**$ 28**	**$ (6)**	**$ –**	**$ –**	**$ 295**	**$ (205)**	**$ 1,506**
Deposits and other liabilities [5]	**$ 4**	**$ –**	**$ (387)**	**$ –**	**$ (2)**	**$ (5)**	**$ (2)**	**$ 25**	**$ (367)**
Derivative instruments									
Interest rate	**(28)**	**–**	**(47)**	**–**	**–**	**–**	**–**	**1**	**(74)**
Credit	**(107)**	**6**	**(8)**	**–**	**–**	**–**	**–**	**(4)**	**(113)**
Equity	**(163)**	**–**	**(44)**	**–**	**–**	**–**	**–**	**70**	**(137)**
Total liabilities	**$ (294)**	**$ 6**	**$ (486)**	**$ –**	**$ (2)**	**$ (5)**	**$ (2)**	**$ 92**	**$ (691)**
Oct. 31, 2020									
Securities mandatorily measured at FVTPL									
Corporate equity	$ 7	$ –	$ (1)	$ –	$ –	$ –	$ 10	$ –	$ 16
Corporate debt	26	–	(1)	–	–	–	–	–	25
Mortgage- and asset-backed	137	–	–	–	–	–	–	(2)	135
Loans mandatorily measured and designated at FVTPL									
Business and government	869	–	–	(2)	–	–	244	(485)	626
Equity securities designated at FVOCI									
Corporate equity	275	–	–	36	–	–	20	(91)	240
Derivative instruments									
Interest rate	41	–	12	–	–	–	2	(7)	48
Credit	100	(1)	(1)	–	–	–	–	–	98
Equity	245	–	(32)	–	–	–	–	(1)	212
Total assets	$ 1,700	$ (1)	$ (23)	$ 34	$ –	$ –	$ 276	$ (586)	$ 1,400
Deposits and other liabilities [5]	$ 15	$ –	$ (18)	$ –	$ 2	$ (1)	$ (3)	$ 9	$ 4
Derivative instruments									
Interest rate	(5)	–	(24)	–	–	–	–	1	(28)
Credit	(108)	1	–	–	–	–	–	–	(107)
Equity	(156)	–	(8)	–	–	–	–	1	(163)
Total liabilities	$ (254)	$ 1	$ (50)	$ –	$ 2	$ (1)	$ (3)	$ 11	$ (294)
Jan. 31, 2020									
Securities mandatorily measured at FVTPL									
Corporate equity	$ 7	$ –	$ –	$ –	$ 7	$ –	$ –	$ –	$ 14
Corporate debt	23	–	–	–	–	–	–	–	23
Mortgage- and asset-backed	173	–	–	–	–	–	–	(13)	160
Loans mandatorily measured at FVTPL									
Business and government	831	–	–	4	–	–	–	(329)	506
Debt securities measured at FVOCI									
Corporate debt	–	–	–	3	20	–	–	–	23
Equity securities designated at FVOCI									
Corporate equity	291	–	–	49	(7)	–	10	(60)	283
Derivative instruments									
Interest rate	56	–	3	–	–	–	1	(13)	47
Credit	104	(1)	1	–	–	–	–	–	104
Equity	252	–	12	–	–	–	44	(42)	266
Total assets	$ 1,737	$ (1)	$ 16	$ 56	$ 20	$ –	$ 55	$ (457)	$ 1,426
Deposits and other liabilities [5]	$ (601)	$ –	$ (52)	$ –	$ (37)	$ 31	$ (102)	$ 114	$ (647)
Derivative instruments									
Interest rate	(1)	–	(2)	–	–	–	–	3	–
Credit	(112)	1	(1)	–	–	–	–	–	(112)
Equity	(155)	–	21	–	–	–	(10)	23	(121)
Total liabilities	$ (869)	$ 1	$ (34)	$ –	$ (37)	$ 31	$ (112)	$ 140	$ (880)

(1) Cumulative AOCI gains or losses related to equity securities designated at FVOCI are reclassified from AOCI to retained earnings at the time of disposal or derecognition.
(2) Includes foreign currency gains and losses related to debt securities measured at FVOCI.
(3) Comprises unrealized gains and losses relating to the assets and liabilities held at the end of the reporting period.
(4) Foreign exchange translation on loans mandatorily measured at FVTPL held by foreign operations and denominated in the same currency as the foreign operations is included in OCI.
(5) Includes deposits designated at FVTPL of $136 million (October 31, 2020: $137 million; January 31, 2020: $135 million) and net bifurcated embedded derivative liabilities of $231 million (net bifurcated embedded derivative assets of $141 million as at October 31, 2020 and net bifurcated embedded derivative liabilities of $512 million as at January 31, 2020).

Financial instruments designated at FVTPL (fair value option)

A net gain of $19 million, net of hedges for the three months ended January 31, 2021 (a net gain of $5 million and a net gain of $6 million for the three months ended October 31, 2020 and January 31, 2020, respectively), which is included in the interim consolidated statement of income under Gains (losses) from financial instruments measured/designated at FVTPL, net was recognized for FVO assets and FVO liabilities.

The fair value of a FVO liability reflects the credit risk relating to that liability. For those FVO liabilities for which we believe changes in our credit risk would impact the fair value from the note holders' perspective, the related fair value changes were recognized in OCI.

Note 4. Significant transactions

Sale of FirstCaribbean International Bank Limited

On November 8, 2019, we announced that we had entered into a definitive agreement to sell 66.73% of the outstanding shares of FirstCaribbean International Bank Limited (CIBC FirstCaribbean) to GNB Financial Group Limited (GNB), subject to regulatory approvals, as discussed in Note 4 to the consolidated financial statements included in our 2020 Annual Report.

As a result of the lengthy regulatory review process, the worsening impact of the COVID-19 pandemic on the Caribbean economy and our revised expectations concerning the likelihood and timing of a potential transaction, we discontinued the application of held for sale accounting of CIBC FirstCaribbean in the fourth quarter of 2020 and recorded a goodwill impairment charge of $220 million based on current market conditions rather than the agreement with GNB. On February 3, 2021, we announced that the proposed sale of CIBC FirstCaribbean to GNB did not receive approval from CIBC FirstCaribbean's regulators and that the transaction will not proceed.

Note 5. Securities

Securities

$ millions, as at	**2021 Jan. 31**	2020 Oct. 31
	Carrying amount	
Debt securities measured at FVOCI	**$ 51,334**	$ 53,968
Equity securities designated at FVOCI	**609**	585
Securities measured at amortized cost [(1)]	**31,993**	31,800
Securities mandatorily measured and designated at FVTPL	**66,557**	62,693
	$ 150,493	$ 149,046

(1) There were no sales of securities measured at amortized cost during the quarter (October 31, 2020: nil).

Fair value of debt securities measured and equity securities designated at FVOCI

$ millions, as at				**2021 Jan. 31**				2020 Oct. 31
	Amortized cost [(1)]	**Gross unrealized gains**	**Gross unrealized losses**	**Fair value**	Amortized cost [(1)]	Gross unrealized gains	Gross unrealized losses	Fair value
Securities issued or guaranteed by:								
Canadian federal government	**$ 10,319**	**$ 46**	**$ –**	**$ 10,365**	$ 11,379	$ 32	$ (2)	$ 11,409
Other Canadian governments	**13,354**	**182**	**–**	**13,536**	15,187	128	–	15,315
U.S. Treasury and agencies	**12,295**	**51**	**–**	**12,346**	12,533	63	–	12,596
Other foreign governments	**6,259**	**36**	**(3)**	**6,292**	5,825	38	(2)	5,861
Mortgage-backed securities	**2,054**	**49**	**(1)**	**2,102**	2,320	49	(1)	2,368
Asset-backed securities	**348**	**–**	**(2)**	**346**	197	–	(2)	195
Corporate debt	**6,322**	**26**	**(1)**	**6,347**	6,194	31	(1)	6,224
	50,951	**390**	**(7)**	**51,334**	53,635	341	(8)	53,968
Corporate public equity [(2)]	**28**	**20**	**–**	**48**	30	15	(3)	42
Corporate private equity	**544**	**55**	**(38)**	**561**	546	43	(46)	543
	572	**75**	**(38)**	**609**	576	58	(49)	585
	$ 51,523	**$ 465**	**$ (45)**	**$ 51,943**	$ 54,211	$ 399	$ (57)	$ 54,553

(1) Net of allowance for credit losses for debt securities measured at FVOCI of $20 million (October 31, 2020: $22 million).
(2) Includes restricted stock.

The fair value of equity securities designated at FVOCI that were disposed of during the quarter was $7 million ($88 million and nil for the three months ended October 31, 2020 and January 31, 2020, respectively). Net realized cumulative after-tax gains resulting from dispositions of equity securities designated at FVOCI and return on capital distributions from limited partnerships designated at FVOCI of $3 million were reclassified from AOCI to retained earnings for the three months ended January 31, 2021 ($62 million and $29 million for the three months ended October 31, 2020 and January 31, 2020, respectively).

Dividend income recognized on equity securities designated at FVOCI that were still held as at January 31, 2021 was $1 million ($1 million and $4 million for the three months ended October 31, 2020 and January 31, 2020, respectively). Dividend income recognized on equity securities designated at FVOCI that were disposed of as at January 31, 2021 was nil ($2 million and nil for the three months ended October 31, 2020 and January 31, 2020, respectively).

Allowance for credit losses

The following table provides a reconciliation of the opening balance to the closing balance of the expected credit loss (ECL) allowance for debt securities measured at FVOCI:

$ millions, as at or for the three months ended		Stage 1 Collective provision 12-month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit-impaired	Total
2021	**Debt securities measured at FVOCI**				
Jan. 31	Balance at beginning of period	**$ 18**	**$ 4**	**$ –**	**$ 22**
	Provision for (reversal of) credit losses [1]	**(1)**	**(1)**	**–**	**(2)**
	Write-offs	**–**	**–**	**–**	**–**
	Foreign exchange and other	**–**	**–**	**–**	**–**
	Balance at end of period	**$ 17**	**$ 3**	**$ –**	**$ 20**
2020	**Debt securities measured at FVOCI**				
Oct. 31	Balance at beginning of period	$ 19	$ 5	$ –	$ 24
	Provision for (reversal of) credit losses [1]	–	(1)	–	(1)
	Write-offs	–	–	–	–
	Foreign exchange and other	(1)	–	–	(1)
	Balance at end of period	$ 18	$ 4	$ –	$ 22
2020	**Debt securities measured at FVOCI**				
Jan. 31	Balance at beginning of period	$ 14	$ 3	$ 6	$ 23
	Provision for (reversal of) credit losses [1]	(1)	–	–	(1)
	Write-offs	–	–	–	–
	Foreign exchange and other	1	(1)	–	–
	Balance at end of period	$ 14	$ 2	$ 6	$ 22

(1) Included in gains (losses) from debt securities measured at FVOCI and amortized cost, net on our interim consolidated statement of income.

Note 6. Loans

Allowance for credit losses

The following table provides a reconciliation of the opening balance to the closing balance of the ECL allowance:

$ millions, as at or for the three months ended				2021 Jan. 31
	Stage 1	Stage 2	Stage 3	
	Collective provision 12-month ECL performing	Collective provision lifetime ECL performing	Collective and individual provision lifetime ECL credit-impaired	Total
Residential mortgages				
Balance at beginning of period	$ 51	$ 161	$ 151	$ 363
Originations net of repayments and other derecognitions	4	(6)	(4)	(6)
Changes in model	–	–	–	–
Net remeasurement [(1)]	(32)	7	22	(3)
Transfers [(1)]				
– to 12-month ECL	33	(27)	(6)	–
– to lifetime ECL performing	(3)	10	(7)	–
– to lifetime ECL credit-impaired	–	(5)	5	–
Provision for (reversal of) credit losses [(2)]	2	(21)	10	(9)
Write-offs	–	–	(6)	(6)
Recoveries	–	–	1	1
Interest income on impaired loans	–	–	(4)	(4)
Foreign exchange and other	(1)	(4)	(4)	(9)
Balance at end of period	$ 52	$ 136	$ 148	$ 336
Personal				
Balance at beginning of period	$ 204	$ 546	$ 113	$ 863
Originations net of repayments and other derecognitions	11	(15)	(2)	(6)
Changes in model	1	1	–	2
Net remeasurement [(1)]	(110)	84	61	35
Transfers [(1)]				
– to 12-month ECL	87	(84)	(3)	–
– to lifetime ECL performing	(11)	16	(5)	–
– to lifetime ECL credit-impaired	–	(13)	13	–
Provision for (reversal of) credit losses [(2)]	(22)	(11)	64	31
Write-offs	–	–	(74)	(74)
Recoveries	–	–	17	17
Interest income on impaired loans	–	–	(1)	(1)
Foreign exchange and other	(1)	–	(1)	(2)
Balance at end of period	$ 181	$ 535	$ 118	$ 834
Credit card				
Balance at beginning of period	$ 136	$ 572	$ –	$ 708
Originations net of repayments and other derecognitions	(1)	(26)	–	(27)
Changes in model	–	–	–	–
Net remeasurement [(1)]	(88)	117	23	52
Transfers [(1)]				
– to 12-month ECL	79	(79)	–	–
– to lifetime ECL performing	(10)	10	–	–
– to lifetime ECL credit-impaired	–	(20)	20	–
Provision for (reversal of) credit losses [(2)]	(20)	2	43	25
Write-offs	–	–	(70)	(70)
Recoveries	–	–	27	27
Interest income on impaired loans	–	–	–	–
Foreign exchange and other	–	–	–	–
Balance at end of period	$ 116	$ 574	$ –	$ 690
Business and government				
Balance at beginning of period	$ 453	$ 683	$ 652	$ 1,788
Originations net of repayments and other derecognitions	17	(23)	(5)	(11)
Changes in model	–	–	–	–
Net remeasurement [(1)]	(62)	55	118	111
Transfers [(1)]				
– to 12-month ECL	81	(75)	(6)	–
– to lifetime ECL performing	(12)	14	(2)	–
– to lifetime ECL credit-impaired	(2)	(12)	14	–
Provision for (reversal of) credit losses [(2)]	22	(41)	119	100
Write-offs	–	–	(70)	(70)
Recoveries	–	–	3	3
Interest income on impaired loans	–	–	(6)	(6)
Foreign exchange and other	(13)	(19)	(12)	(44)
Balance at end of period	$ 462	$ 623	$ 686	$ 1,771
Total ECL allowance [(3)]	$ 811	$ 1,868	$ 952	$ 3,631
Comprises:				
Loans	$ 724	$ 1,808	$ 952	$ 3,484
Undrawn credit facilities and other off-balance sheet exposures [(4)]	87	60	–	147

(1) Transfers represent stage movements of prior period ECL allowances to the current period stage classification. Net remeasurement represents the current period change in ECL allowances for transfers, net write-offs, changes in forecasts of forward-looking information, parameter updates, and partial repayments in the period.

(2) Provision for (reversal of) credit losses for loans and undrawn credit facilities and other off-balance sheet exposures is presented as Provision for (reversal of) credit losses on our interim consolidated statement of income.

(3) See Note 5 for the ECL allowance on debt securities measured at FVOCI. The table above excludes the ECL allowance on debt securities classified at amortized cost of $16 million as at January 31, 2021 (October 31, 2020: $16 million; January 31, 2020: $2 million), $13 million of which was a stage 3 ECL allowance on originated credit-impaired amortized cost debt securities (October 31, 2020: $14 million; January 31, 2020: nil). The ECL allowances for other financial assets classified at amortized cost were immaterial as at January 31, 2021 and were excluded from the table above. Financial assets other than loans that are classified at amortized cost are presented on our interim consolidated balance sheet net of ECL allowances.

(4) Included in Other liabilities on our interim consolidated balance sheet.

(5) Includes the ECL allowance for purchased credit-impaired loans from the acquisition of The PrivateBank.

$ millions, as at or for the three months ended				2020 Oct. 31				2020 Jan. 31
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	Collective provision 12-month ECL performing	Collective provision lifetime ECL performing	Collective and individual provision lifetime ECL credit-impaired	Total	Collective provision 12-month ECL performing	Collective provision lifetime ECL performing	Collective and individual provision lifetime ECL credit-impaired [5]	Total
Residential mortgages								
Balance at beginning of period	$ 48	$ 88	$ 165	$ 301	$ 28	$ 43	$ 140	$ 211
Originations net of repayments and other derecognitions	4	(4)	(3)	(3)	1	(3)	(5)	(7)
Changes in model	–	25	–	25	(1)	–	–	(1)
Net remeasurement [1]	(15)	58	5	48	(12)	7	22	17
Transfers [1]								
– to 12-month ECL	22	(17)	(5)	–	12	(10)	(2)	–
– to lifetime ECL performing	(8)	14	(6)	–	(1)	5	(4)	–
– to lifetime ECL credit-impaired	–	(3)	3	–	–	(2)	2	–
Provision for (reversal of) credit losses [2]	3	73	(6)	70	(1)	(3)	13	9
Write-offs	–	–	(5)	(5)	–	–	(3)	(3)
Recoveries	–	–	2	2	–	–	1	1
Interest income on impaired loans	–	–	(5)	(5)	–	–	(5)	(5)
Foreign exchange and other	–	–	–	–	1	–	–	1
Balance at end of period	$ 51	$ 161	$ 151	$ 363	$ 28	$ 40	$ 146	$ 214
Personal								
Balance at beginning of period	$ 169	$ 558	$ 131	$ 858	$ 174	$ 271	$ 128	$ 573
Originations net of repayments and other derecognitions	17	(13)	(2)	2	9	(13)	(3)	(7)
Changes in model	22	81	–	103	11	(7)	–	4
Net remeasurement [1]	(83)	(1)	37	(47)	(71)	90	64	83
Transfers [1]								
– to 12-month ECL	114	(110)	(4)	–	67	(65)	(2)	–
– to lifetime ECL performing	(35)	42	(7)	–	(8)	11	(3)	–
– to lifetime ECL credit-impaired	–	(11)	11	–	–	(19)	19	–
Provision for (reversal of) credit losses [2]	35	(12)	35	58	8	(3)	75	80
Write-offs	–	–	(67)	(67)	–	–	(100)	(100)
Recoveries	–	–	16	16	–	–	20	20
Interest income on impaired loans	–	–	(1)	(1)	–	–	(1)	(1)
Foreign exchange and other	–	–	(1)	(1)	–	–	(1)	(1)
Balance at end of period	$ 204	$ 546	$ 113	$ 863	$ 182	$ 268	$ 121	$ 571
Credit card								
Balance at beginning of period	$ 144	$ 566	$ –	$ 710	$ 145	$ 340	$ –	$ 485
Originations net of repayments and other derecognitions	–	(14)	–	(14)	–	(17)	–	(17)
Changes in model	–	–	–	–	13	5	–	18
Net remeasurement [1]	(97)	146	12	61	(77)	156	40	119
Transfers [1]								
– to 12-month ECL	95	(95)	–	–	87	(87)	–	–
– to lifetime ECL performing	(6)	6	–	–	(9)	9	–	–
– to lifetime ECL credit-impaired	–	(37)	37	–	–	(58)	58	–
Provision for (reversal of) credit losses [2]	(8)	6	49	47	14	8	98	120
Write-offs	–	–	(77)	(77)	–	–	(126)	(126)
Recoveries	–	–	28	28	–	–	28	28
Interest income on impaired loans	–	–	–	–	–	–	–	–
Foreign exchange and other	–	–	–	–	–	(1)	–	(1)
Balance at end of period	$ 136	$ 572	$ –	$ 708	$ 159	$ 347	$ –	$ 506
Business and government								
Balance at beginning of period	$ 568	$ 558	$ 614	$ 1,740	$ 239	$ 158	$ 378	$ 775
Originations net of repayments and other derecognitions	12	(28)	(5)	(21)	7	(5)	(5)	(3)
Changes in model	–	–	–	–	–	4	(1)	3
Net remeasurement [1]	(140)	240	37	137	(29)	22	59	52
Transfers [1]								
– to 12-month ECL	48	(45)	(3)	–	24	(22)	(2)	–
– to lifetime ECL performing	(15)	18	(3)	–	(11)	12	(1)	–
– to lifetime ECL credit-impaired	(17)	(57)	74	–	–	(8)	8	–
Provision for (reversal of) credit losses [2]	(112)	128	100	116	(9)	3	58	52
Write-offs	–	–	(54)	(54)	–	–	(40)	(40)
Recoveries	–	–	1	1	–	–	3	3
Interest income on impaired loans	–	–	(7)	(7)	–	–	(5)	(5)
Foreign exchange and other	(3)	(3)	(2)	(8)	1	2	(1)	2
Balance at end of period	$ 453	$ 683	$ 652	$ 1,788	$ 231	$ 163	$ 393	$ 787
Total ECL allowance [3]	$ 844	$ 1,962	$ 916	$ 3,722	$ 600	$ 818	$ 660	$ 2,078
Comprises:								
Loans	$ 735	$ 1,891	$ 914	$ 3,540	$ 537	$ 753	$ 658	$ 1,948
Undrawn credit facilities and other off-balance sheet exposures [4]	109	71	2	182	63	65	2	130

See previous page for footnote references.

Inputs, assumptions and model techniques

The uncertainties inherent in the COVID-19 pandemic have increased the level of judgment applied in estimating ECLs. See Note 6 to our consolidated financial statements in our 2020 Annual Report for more information concerning the significant estimates and credit judgment inherent in the estimation of ECL allowances.

The forecasting of forward-looking information and the determination of scenario weightings in the COVID-19 pandemic continued to require a heightened application of judgment in a number of areas as our forecast reflects numerous assumptions and uncertainties regarding the economic impact of the COVID-19 pandemic. The following tables provide the base case, upside case and downside case scenario forecasts for select forward-looking information variables used to estimate our ECL.

	Base case		Upside case		Downside case	
As at January 31, 2021	Average value over the next 12 months	Average value over the remaining forecast period [1]	Average value over the next 12 months	Average value over the remaining forecast period [1]	Average value over the next 12 months	Average value over the remaining forecast period [1]
Real GDP year-over-year growth						
Canada [2]	**4.0 %**	**3.9 %**	**6.0 %**	**4.4 %**	**2.5 %**	**2.1 %**
United States	**4.1 %**	**3.2 %**	**5.8 %**	**4.5 %**	**1.8 %**	**1.9 %**
Unemployment rate						
Canada [2]	**7.8 %**	**6.1 %**	**7.3 %**	**5.7 %**	**8.6 %**	**7.4 %**
United States	**5.9 %**	**4.1 %**	**4.5 %**	**3.4 %**	**7.4 %**	**5.8 %**
Canadian Housing Price Index growth [2]	**1.5 %**	**3.2 %**	**12.2 %**	**10.2 %**	**(9.9)%**	**0.3 %**
S&P 500 Index growth rate	**5.0 %**	**5.0 %**	**13.0 %**	**10.8 %**	**(5.5)%**	**(2.9)%**
West Texas Intermediate Oil Price (US$)	**$ 50**	**$ 55**	**$ 54**	**$ 62**	**$ 41**	**$ 46**

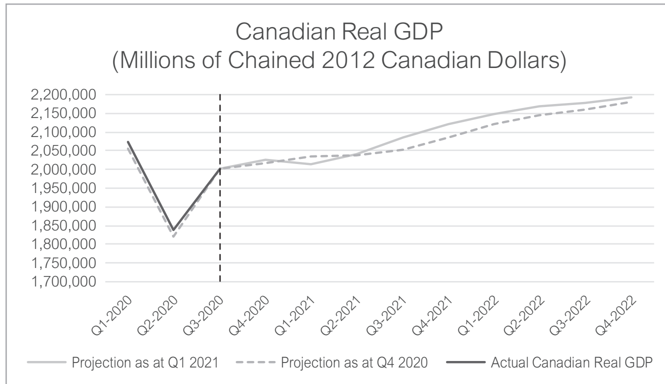
	Base case		Upside case		Downside case	
As at October 31, 2020	Average value over the next 12 months	Average value over the remaining forecast period [1]	Average value over the next 12 months	Average value over the remaining forecast period [1]	Average value over the next 12 months	Average value over the remaining forecast period [1]
Real GDP year-over-year growth						
Canada [2]	1.6 %	3.8 %	3.6 %	4.6 %	0.03 %	2.0 %
United States	1.7 %	3.5 %	3.0 %	4.2 %	(0.6)%	1.7 %
Unemployment rate						
Canada [2]	8.7 %	6.7 %	7.4 %	5.9 %	9.5 %	8.4 %
United States	7.4 %	4.7 %	5.1 %	3.5 %	9.2 %	7.3 %
Canadian Housing Price Index growth [2]	2.4 %	3.0 %	11.2 %	10.4 %	(6.9)%	(0.8)%
S&P 500 Index growth rate	5.6 %	4.8 %	11.2 %	7.7 %	(3.5)%	(5.3)%
West Texas Intermediate Oil Price (US$)	$ 42	$ 53	$ 51	$ 60	$ 34	$ 39

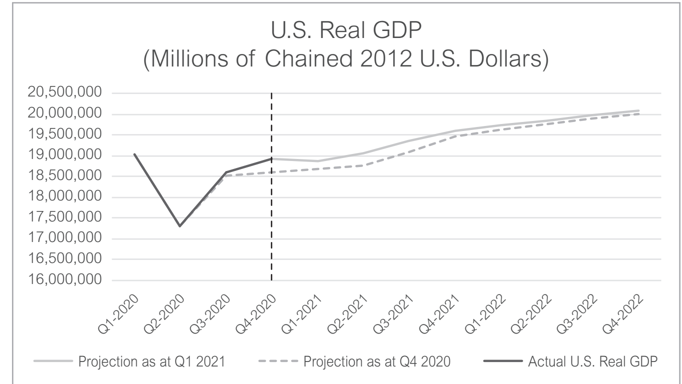
(1) The remaining forecast period is generally two years.
(2) National-level forward-looking forecasts are presented in the table above, which represent the aggregation of the provincial-level forecasts used to estimate our ECL. Housing Price Index growth rates are also forecasted at the municipal level in some cases. As a result, the forecasts for individual provinces or municipalities reflected in our ECL will differ from the national forecasts presented above.

As required, the forward-looking information used to estimate expected credit losses reflects our expectations as at January 31, 2021 and October 31, 2020, respectively, and does not reflect changes in expectation as a result of economic forecasts that may have subsequently emerged. The base case, upside case and downside case amounts shown represent the average value of the forecasts over the respective projection horizons. Our economic forecasts are made in the context of the recovery currently underway from the severe downturn experienced in the second calendar quarter of 2020. As at January 31, 2021, our underlying base case projection is characterized by a brief drop in economic activity in the first calendar quarter of 2021 due to temporary restrictions on activity in response to the current wave of infections and the new variants, followed by stronger recovery in the latter half of calendar 2021 as our outlook assumes that effective mass vaccinations will be underway over the spring and summer and that the vaccination programs will be able to effectively respond to the emerging variants. Our base case projection assumes that economic activity will return to pre-COVID-19 levels just before the end of calendar year 2021.

While vaccination of targeted groups have commenced across much of the world, uncertainty remains about how quickly a large enough majority of the population can be effectively immunized to reduce subsequent rates of infection, including in response to emerging variants of the virus. The downside case forecast still reflects a recovery from the severe low experienced in the second calendar quarter of 2020, but to a much lower level of sustained economic activity. Meanwhile, the upside scenario continues to reflect a quicker recovery with the pre-pandemic level of activity reached in the third calendar quarter of 2021.

While there has been a modest overall improvement in our outlook over the past quarter, the improvement is not as significant as implied by the annualized forecasts above as a result of the current quarter's forecast being less impacted by the more significant downturn experienced in 2020. The graphs below compare the actual and forecasted base case real GDP levels in Canada and the U.S. on a calendar quarter basis to the forecasts from the fourth quarter of 2020:





As indicated above, forecasting forward-looking information for multiple scenarios and determining the probability weighting of the scenarios involves a high degree of management judgment, particularly in light of the COVID-19 pandemic. Assumptions concerning the timing and effectiveness of mass vaccination programs to control the spread of COVID-19 and its variants such that severe restrictions will no longer need to be imposed by governments to limit the impact of subsequent waves of infection, are material to these forecasts.

If we were to only use our base case scenario for the measurement of ECL for our performing loans, our ECL allowance would be $309 million lower than the recognized ECL as at January 31, 2021 (October 31, 2020: $204 million). If we were to only use our downside case scenario for the measurement of ECL for our performing loans, our ECL allowance would be $682 million higher than the recognized ECL as at January 31, 2021 (October 31, 2020: $938 million). This sensitivity is isolated to the measurement of ECL and therefore did not consider changes in the migration of exposures between stage 1 and stage 2 from the determination of the significant increase in credit risk that would have resulted in a 100% base case scenario or a 100% downside case scenario. As a result, our ECL allowance on performing loans could exceed the amount implied by the 100% downside case scenario from the migration of additional exposures from stage 1 to stage 2. Actual credit losses could differ materially from those reflected in our estimates.

The following tables provide the gross carrying amount of loans, and the contractual amounts of undrawn credit facilities and other off-balance sheet exposures based on the application of our 12-month point-in-time probability of default (PD) under IFRS 9 to our risk management PD bands for retail exposures, and based on our internal risk ratings for business and government exposures. Refer to the "Credit risk" section of our 2020 Annual Report for details on the CIBC risk categories.

Loans[1]

$ millions, as at				**2021 Jan. 31**				2020 Oct. 31
	Stage 1	**Stage 2**	**Stage 3** [2]	**Total**	Stage 1	Stage 2	Stage 3 [2]	Total
Residential mortgages								
– Exceptionally low	**$ 150,641**	**$ 6**	**$ –**	**$ 150,647**	$ 146,139	$ 2	$ –	$ 146,141
– Very low	**47,164**	**1,670**	**–**	**48,834**	45,678	1,166	–	46,844
– Low	**12,311**	**5,609**	**–**	**17,920**	12,491	6,042	–	18,533
– Medium	**278**	**4,567**	**–**	**4,845**	232	4,924	–	5,156
– High	**1**	**1,021**	**–**	**1,022**	–	1,054	–	1,054
– Default	**–**	**–**	**620**	**620**	–	–	654	654
– Not rated	**1,814**	**727**	**165**	**2,706**	1,810	818	155	2,783
Gross residential mortgages [3][4]	**212,209**	**13,600**	**785**	**226,594**	206,350	14,006	809	221,165
ECL allowance	**52**	**136**	**148**	**336**	51	161	151	363
Net residential mortgages	**212,157**	**13,464**	**637**	**226,258**	206,299	13,845	658	220,802
Personal								
– Exceptionally low	**22,955**	**–**	**–**	**22,955**	23,302	–	–	23,302
– Very low	**1,644**	**150**	**–**	**1,794**	1,618	157	–	1,775
– Low	**8,919**	**2,354**	**–**	**11,273**	8,662	2,497	–	11,159
– Medium	**1,406**	**2,571**	**–**	**3,977**	1,265	2,768	–	4,033
– High	**303**	**816**	**–**	**1,119**	331	769	–	1,100
– Default	**–**	**–**	**150**	**150**	–	–	140	140
– Not rated	**523**	**136**	**44**	**703**	513	159	41	713
Gross personal [4]	**35,750**	**6,027**	**194**	**41,971**	35,691	6,350	181	42,222
ECL allowance	**159**	**530**	**118**	**807**	179	540	113	832
Net personal	**35,591**	**5,497**	**76**	**41,164**	35,512	5,810	68	41,390
Credit card								
– Exceptionally low	**2,949**	**–**	**–**	**2,949**	3,285	–	–	3,285
– Very low	**1,341**	**–**	**–**	**1,341**	1,388	–	–	1,388
– Low	**2,244**	**–**	**–**	**2,244**	2,340	–	–	2,340
– Medium	**1,722**	**1,833**	**–**	**3,555**	1,778	1,973	–	3,751
– High	**–**	**477**	**–**	**477**	–	472	–	472
– Default	**–**	**–**	**–**	**–**	–	–	–	–
– Not rated	**143**	**–**	**–**	**143**	135	18	–	153
Gross credit card	**8,399**	**2,310**	**–**	**10,709**	8,926	2,463	–	11,389
ECL allowance	**106**	**553**	**–**	**659**	125	542	–	667
Net credit card	**8,293**	**1,757**	**–**	**10,050**	8,801	1,921	–	10,722
Business and government [5]								
– Investment grade	**51,909**	**253**	**–**	**52,162**	50,691	307	–	50,998
– Non-investment grade	**81,511**	**5,654**	**–**	**87,165**	80,471	7,319	–	87,790
– Watchlist	**476**	**3,633**	**–**	**4,109**	447	4,291	–	4,738
– Default	**–**	**–**	**1,476**	**1,476**	–	–	1,359	1,359
– Not rated	**216**	**57**	**–**	**273**	218	49	–	267
Gross business and government [3][6]	**134,112**	**9,597**	**1,476**	**145,185**	131,827	11,966	1,359	145,152
ECL allowance	**407**	**589**	**686**	**1,682**	380	648	650	1,678
Net business and government	**133,705**	**9,008**	**790**	**143,503**	131,447	11,318	709	143,474
Total net amount of loans	**$ 389,746**	**$ 29,726**	**$ 1,503**	**$ 420,975**	$ 382,059	$ 32,894	$ 1,435	$ 416,388

(1) The table excludes debt securities measured at FVOCI, for which ECL allowances of $20 million (October 31, 2020: $22 million) were recognized in AOCI. In addition, the table excludes debt securities classified at amortized cost, for which ECL allowances of $16 million were recognized as at January 31, 2021 (October 31, 2020: $16 million), $13 million of which was stage 3 ECL allowance on originated credit-impaired amortized cost debt securities (October 31, 2020: $14 million). Other financial assets classified at amortized cost were also excluded from the table above as their ECL allowances were immaterial as at January 31, 2021 and October 31, 2020. Financial assets other than loans that are classified as amortized cost are presented on our interim consolidated balance sheet net of ECL allowances.
(2) Excludes foreclosed assets of $26 million (October 31, 2020: $23 million) which were included in Other assets on our interim consolidated balance sheet.
(3) Includes $42 million (October 31, 2020: $63 million) of residential mortgages and $23,277 million (October 31, 2020: $23,291 million) of business and government loans that are measured at FVTPL.
(4) The internal risk rating grades presented for residential mortgages and certain personal loans do not take into account loan guarantees or insurance issued by the Canadian government (federal or provincial), Canadian government agencies, or private insurers, as the determination of whether a significant increase in credit risk has occurred for these loans is based on relative changes in the loans' lifetime PD without considering collateral or other credit enhancements.
(5) Certain prior period amounts were restated.
(6) Includes customers' liability under acceptances of $10,322 million (October 31, 2020: $9,606 million).

Undrawn credit facilities and other off-balance sheet exposures

$ millions, as at				**2021 Jan. 31**				2020 Oct. 31
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Retail								
– Exceptionally low	**$ 127,758**	**$ 5**	**$ –**	**$ 127,763**	$ 124,690	$ 8	$ –	$ 124,698
– Very low	**7,233**	**139**	**–**	**7,372**	6,632	137	–	6,769
– Low	**8,720**	**316**	**–**	**9,036**	8,703	416	–	9,119
– Medium	**892**	**580**	**–**	**1,472**	909	692	–	1,601
– High	**64**	**439**	**–**	**503**	263	503	–	766
– Default	**–**	**–**	**25**	**25**	–	–	28	28
– Not rated	**400**	**19**	**–**	**419**	411	23	–	434
Gross retail	**145,067**	**1,498**	**25**	**146,590**	141,608	1,779	28	143,415
ECL allowance	**32**	**26**	**–**	**58**	36	36	–	72
Net retail	**145,035**	**1,472**	**25**	**146,532**	141,572	1,743	28	143,343
Business and government (1)								
– Investment grade	**91,590**	**19**	**–**	**91,609**	89,883	149	–	90,032
– Non-investment grade	**57,993**	**3,029**	**–**	**61,022**	55,910	3,679	–	59,589
– Watchlist	**46**	**1,410**	**–**	**1,456**	91	1,665	–	1,756
– Default	**–**	**–**	**201**	**201**	–	–	129	129
– Not rated	**674**	**27**	**–**	**701**	795	41	–	836
Gross business and government	**150,303**	**4,485**	**201**	**154,989**	14	5,534	129	152,342
ECL allowance	**55**	**34**	**–**	**89**	73	35	2	110
Net business and government	**150,248**	**4,451**	**201**	**154,900**	14	5,499	127	152,232
Total net undrawn credit facilities and other off-balance sheet exposures	**$ 295,283**	**$ 5,923**	**$ 226**	**$ 301,432**	$ 288,178	$ 7,242	$ 155	$ 295,575

(1) Certain prior period amounts were restated.

Note 7. Deposits(1)(2)

$ millions, as at				**2021 Jan. 31**	2020 Oct. 31
	Payable on demand (3)	**Payable after notice** (4)	**Payable on a fixed date** (5)(6)	**Total**	Total
Personal	**$ 14,510**	**$ 138,108**	**$ 53,472**	**$ 206,090**	$ 202,152
Business and government (7)	**88,248**	**78,197**	**144,000**	**310,445**	311,426
Bank	**9,042**	**432**	**9,192**	**18,666**	17,011
Secured borrowings (8)	**–**	**–**	**38,726**	**38,726**	40,151
	$ 111,800	**$ 216,737**	**$ 245,390**	**$ 573,927**	$ 570,740
Comprised of:					
Held at amortized cost				**$ 558,599**	$ 557,321
Designated at fair value				**15,328**	13,419
				$ 573,927	$ 570,740
Total deposits include (9):					
Non-interest-bearing deposits					
Canada				**$ 76,280**	$ 71,122
U.S.				**13,339**	13,833
Other international				**5,461**	5,798
Interest-bearing deposits					
Canada				**385,250**	389,439
U.S.				**68,385**	66,399
Other international				**25,212**	24,149
				$ 573,927	$ 570,740

(1) Includes deposits of $191.4 billion (October 31, 2020: $185.2 billion) denominated in U.S. dollars and deposits of $30.7 billion (October 31, 2020: $30.2 billion) denominated in other foreign currencies.
(2) Net of purchased notes of $3,280 million (October 31, 2020: $3,063 million).
(3) Includes all deposits for which we do not have the right to require notice of withdrawal. These deposits are generally chequing accounts.
(4) Includes all deposits for which we can legally require notice of withdrawal. These deposits are generally savings accounts.
(5) Includes all deposits that mature on a specified date. These deposits are generally term deposits, guaranteed investment certificates, and similar instruments.
(6) Includes $22,622 million (October 31, 2020: $19,925 million) of deposits which are subject to the bank recapitalization (bail-in) conversion regulations issued by the Department of Finance Canada. These regulations provide certain statutory powers to the Canada Deposit Insurance Corporation (CDIC), including the ability to convert specified eligible shares and liabilities of CIBC into common shares in the event that CIBC is determined to be non-viable.
(7) Includes $302 million (October 31, 2020: $303 million) of Notes issued to CIBC Capital Trust.
(8) Comprises liabilities issued by, or as a result of, activities associated with the securitization of residential mortgages, covered bond programme, and consolidated securitization vehicles.
(9) Classification is based on geographical location of the CIBC office.

Note 8. Subordinated indebtedness

On January 26, 2021, we redeemed all $1.0 billion of our 3.42% Debentures due January 26, 2026. In accordance with their terms, the Debentures were redeemed at 100% of their principal amount, plus accrued and unpaid interest thereon.

Note 9. Share capital

Common shares

$ millions, except number of shares, for the three months ended	**2021 Jan. 31**		2020 Oct. 31		2020 Jan. 31	
	Number of shares	**Amount**	Number of shares	Amount	Number of shares	Amount
Balance at beginning of period	**447,085,329**	**$ 13,908**	446,008,888	$ 13,800	445,341,675	$ 13,591
Issuance pursuant to:						
Equity-settled share-based compensation plans [1]	**294,626**	**29**	236,999	24	474,948	51
Shareholder investment plan	**294,164**	**32**	329,447	33	334,004	36
Employee share purchase plan	**346,076**	**38**	323,052	32	324,279	36
	448,020,195	**$ 14,007**	446,898,386	$ 13,889	446,474,906	$ 13,714
Purchase of common shares for cancellation	**–**	**–**	–	–	(1,497,800)	(46)
Treasury shares	**(170,590)**	**(16)**	186,943	19	4,427	1
Balance at end of period	**447,849,605**	**$ 13,991**	447,085,329	$ 13,908	444,981,533	$ 13,669

(1) Includes the settlement of contingent consideration related to prior acquisitions.

Regulatory capital and leverage ratios

Our capital ratios and leverage ratio are presented in the table below:

$ millions, as at		**2021 Jan. 31**	2020 Oct. 31
Common Equity Tier 1 (CET1) capital [1]		**$ 31,438**	$ 30,876
Tier 1 capital	A	**35,284**	34,775
Total capital		**40,355**	40,969
Total risk-weighted assets (RWA)		**256,119**	254,871
CET1 ratio		**12.3 %**	12.1 %
Tier 1 capital ratio		**13.8 %**	13.6 %
Total capital ratio		**15.8 %**	16.1 %
Leverage ratio exposure [2]	B	**$ 756,688**	$ 741,760
Leverage ratio	A/B	**4.7 %**	4.7 %

(1) Includes the impact of the ECL transitional arrangement announced by OSFI on March 27, 2020. The transitional arrangement results in a portion of ECL allowances that would otherwise be included in Tier 2 capital qualifying for inclusion in CET1 capital. The amount is subject to certain adjustments and limitations until fiscal 2022.

(2) Includes the impact of regulatory flexibility provided by OSFI in respect of exposures arising from central bank reserves and sovereign-issued securities that qualify as high quality liquid assets. The treatment specified by OSFI permits these items to be excluded from the leverage ratio exposure measure.

Our regulatory capital requirements are determined in accordance with guidelines issued by OSFI, which are based upon the capital standards developed by the Basel Committee on Banking Supervision.

CIBC has been designated by OSFI as a domestic systemically important bank (D-SIB) in Canada, and is subject to a CET1 surcharge equal to 1.0% of RWA. OSFI also currently expects D-SIBs to hold a 1.0% Domestic Stability Buffer (DSB). This results in current targets, including all buffer requirements, for CET1, Tier 1 and Total capital ratios of 9.0%, 10.5%, and 12.5%, respectively. These targets may be higher for certain institutions at OSFI's discretion.

During the quarter ended January 31, 2021, we have complied with OSFI's regulatory capital requirements.

Note 10. Post-employment benefits

The following tables provide details on the post-employment benefit expense recognized in the interim consolidated statement of income and on the remeasurements recognized in the interim consolidated statement of comprehensive income:

Defined benefit plan expense

$ millions, for the three months ended	**2021 Jan. 31**	2020 Oct. 31	2020 Jan. 31	**2021 Jan. 31**	2020 Oct. 31	2020 Jan. 31
		Pension plans			Other post-employment plans	
Current service cost	**$ 71**	$ 70	$ 68	**$ 2**	$ 4	$ 3
Past service cost [1]	**–**	12	(32)	**–**	(76)	(1)
Net interest (income) expense	**(4)**	(2)	(3)	**4**	5	5
Special termination benefits [1]	**–**	1	9	**–**	–	–
Plan administration costs	**2**	1	2	**–**	–	–
Net defined benefit plan expense recognized in net income	**$ 69**	$ 82	$ 44	**$ 6**	$ (67)	$ 7

(1) Includes amounts related to the restructuring charge, and gains related to plan amendments recognized in 2020.

Defined contribution plan expense

$ millions, for the three months ended	**2021 Jan. 31**	2020 Oct. 31	2020 Jan. 31
Defined contribution pension plans	**$ 11**	$ 7	$ 9
Government pension plans [1]	**36**	31	35
Total defined contribution plan expense	**$ 47**	$ 38	$ 44

(1) Includes Canada Pension Plan, Quebec Pension Plan, and U.S. Federal Insurance Contributions Act.

Remeasurement of employee defined benefit plans[1]

$ millions, for the three months ended	**2021 Jan. 31**	2020 Oct. 31	2020 Jan. 31	**2021 Jan. 31**	2020 Oct. 31	2020 Jan. 31
	Pension plans			Other post-employment plans		
Net actuarial gains (losses) on defined benefit obligation	**$ 60**	$ 458	$ (428)	**$ 3**	$ 42	$ (29)
Net actuarial gains (losses) on plan assets	**207**	(312)	315	**–**	–	–
Changes in asset ceiling excluding interest income	**–**	1	1	**–**	–	–
Net remeasurement gains (losses) recognized in OCI	**$ 267**	$ 147	$ (112)	**$ 3**	$ 42	$ (29)

(1) The Canadian post-employment defined benefit plans are remeasured on a quarterly basis for changes in the discount rate and for actual asset returns. All other Canadian plans' actuarial assumptions and foreign plans' actuarial assumptions are updated at least annually.

Note 11. Income taxes

Enron

In prior years, the Canada Revenue Agency (CRA) issued reassessments disallowing the deduction of Enron settlement payments and related legal expenses (the "Enron expenses"). In January 2019, CIBC entered into a settlement agreement (the "Agreement") with the CRA that provides certainty with respect to the portion of the Enron expenses deductible in Canada. The Agreement resulted in the recognition of a net $38 million tax recovery in the first quarter of 2019. This recovery was determined after taking into account taxable refund interest in Canada and also the portion of the Enron expenses that are expected to be deductible in the United States (the "U.S. deduction"). The U.S. deduction has not been agreed to by the Internal Revenue Service. It is possible that adjustments may be required to the amount of tax benefits recognized in the U.S.

Dividend Received Deduction

The CRA has reassessed CIBC approximately $1,115 million of additional income tax by denying the tax deductibility of certain 2011 to 2015 Canadian corporate dividends on the basis that they were part of a "dividend rental arrangement". The dividends that were subject to the reassessments are similar to those prospectively addressed by the rules in the 2015 and 2018 Canadian federal budgets. It is possible that subsequent years may be reassessed for similar activities. CIBC is confident that its tax filing positions were appropriate and intends to defend itself vigorously. Accordingly, no amounts have been accrued in the interim consolidated financial statements.

Note 12. Earnings per share

$ millions, except number of shares and per share amounts, for the three months ended	**2021 Jan. 31**	2020 Oct. 31	2020 Jan. 31
Basic earnings per share			
Net income attributable to equity shareholders	**$ 1,621**	$ 1,015	$ 1,205
Less: Preferred share dividends and distributions on other equity instruments	**30**	30	31
Net income attributable to common shareholders	**$ 1,591**	$ 985	$ 1,174
Weighted-average common shares outstanding (thousands)	**447,281**	446,321	445,248
Basic earnings per share	**$ 3.56**	$ 2.21	$ 2.64
Diluted earnings per share			
Net income attributable to common shareholders	**$ 1,591**	$ 985	$ 1,174
Weighted-average common shares outstanding (thousands)	**447,281**	446,321	445,248
Add: Stock options potentially exercisable [1] (thousands)	**502**	389	639
Add: Equity-settled consideration (thousands)	**146**	167	144
Weighted-average diluted common shares outstanding (thousands)	**447,929**	446,877	446,031
Diluted earnings per share	**$ 3.55**	$ 2.20	$ 2.63

(1) Excludes average options outstanding of 3,840,348 (October 31, 2020: 3,816,293; January 31, 2020: 2,382,904) with a weighted-average exercise price of $112.71 (October 31, 2020: $111.50; January 31, 2020: $114.21) for the quarter ended January 31, 2021, as the options' exercise prices were greater than the average market price of CIBC's common shares.

Note 13. Contingent liabilities and provisions

Legal proceedings and other contingencies

In the ordinary course of its business, CIBC is a party to a number of legal proceedings, including regulatory investigations, in which claims for substantial monetary damages are asserted against CIBC and its subsidiaries. Legal provisions are established if, in the opinion of management, it is both probable that an outflow of economic benefits will be required to resolve the matter, and a reliable estimate can be made of the amount of the obligation. If the reliable estimate of probable loss involves a range of potential outcomes within which a specific amount appears to be a better estimate, that amount is accrued. If no specific amount within the range of potential outcomes appears to be a better estimate than any other amount, the mid-point in the range is accrued. In some instances, however, it is not possible either to determine whether an obligation is probable or to reliably estimate the amount of loss, in which case no accrual can be made.

While there is inherent difficulty in predicting the outcome of legal proceedings, based on current knowledge and in consultation with legal counsel, we do not expect the outcome of these matters, individually or in aggregate, to have a material adverse effect on our interim consolidated financial statements. However, the outcome of these matters, individually or in aggregate, may be material to our operating results for a particular reporting period. We regularly assess the adequacy of CIBC's litigation accruals and make the necessary adjustments to incorporate new information as it becomes available.

The provisions disclosed in Note 22 to the consolidated financial statements included in our 2020 Annual Report included all of CIBC's accruals for legal matters as at that date, including amounts related to the significant legal proceedings described in that note and to other legal matters.

CIBC considers losses to be reasonably possible when they are neither probable nor remote. It is reasonably possible that CIBC may incur losses in addition to the amounts recorded when the loss accrued is the mid-point of a range of reasonably possible losses, or the potential loss pertains to a matter in which an unfavourable outcome is reasonably possible but not probable.

CIBC believes the estimate of the aggregate range of reasonably possible losses, in excess of the amounts accrued, for its significant legal proceedings, where it is possible to make such an estimate, is from nil to approximately $1.0 billion as at January 31, 2021. This estimated aggregate range of reasonably possible losses is based upon currently available information for those significant proceedings in which CIBC is involved, taking into account CIBC's best estimate of such losses for those cases for which an estimate can be made. CIBC's estimate involves significant judgment, given the varying stages of the proceedings and the existence of multiple defendants in many of such proceedings whose share of the liability has yet to be determined. The range does not include potential punitive damages and interest. The matters underlying the estimated range as at January 31, 2021, consist of the significant legal matters disclosed in Note 22 to the consolidated financial statements included in our 2020 Annual Report as updated below. The matters underlying the estimated range will change from time to time, and actual losses may vary significantly from the current estimate. For certain matters, CIBC does not believe that an estimate can currently be made as many of them are in preliminary stages and certain matters have no specific amount claimed. Consequently, these matters are not included in the range.

The following developments related to our significant legal proceedings occurred since the issuance of our 2020 annual consolidated financial statements:

- *Credit card class actions - Interchange fees litigation*: Five of the seven actions have been settled subject to court approval and the remaining two actions will be stayed. CIBC will contribute towards a proposed settlement.
- *Pilon v. Amex Bank of Canada, et al.*: The plaintiff's appeal of the decision denying certification was heard in February 2021. The court reserved its decision.
- *Simplii privacy class actions*: The *Bannister* and *Steinman* actions have been settled subject to court approval. Pursuant to the proposed settlement, CIBC will pay $2 million to settle these actions.
- *Order Execution Only class actions*: The *Frayce* action is proceeding and the *Michaud* action has been stayed.
- *Pope v. CIBC and CIBC Trust*: In December 2020, CIBC Asset Management Inc. was added as a defendant. The certification motion is scheduled for August 2021.

Other than the items described above, there are no significant developments in the matters identified in Note 22 to the consolidated financial statements included in our 2020 Annual Report, and no new significant legal proceedings have arisen since the issuance of our 2020 annual consolidated financial statements.

Note 14. Interest income and expense

The table below provides the consolidated interest income and expense by accounting categories.

$ millions, for the three months ended		**2021 Jan. 31**		2020 Oct. 31		2020 Jan. 31
	Interest income	**Interest expense**	Interest income	Interest expense	Interest income	Interest expense
Measured at amortized cost [1]	**$ 3,256**	**$ 814**	$ 3,280	$ 888	$ 4,435	$ 2,326
Debt securities measured at FVOCI [1]	**98**	**n/a**	107	n/a	240	n/a
Other [2]	**417**	**118**	413	120	507	95
Total	**$ 3,771**	**$ 932**	$ 3,800	$ 1,008	$ 5,182	$ 2,421

(1) Interest income for financial instruments that are measured at amortized cost and debt securities that are measured at FVOCI is calculated using the effective interest rate method.
(2) Includes interest income and expense and dividend income for financial instruments that are mandatorily measured and designated at FVTPL and equity securities designated at FVOCI.
n/a Not applicable.

Note 15. Segmented information

CIBC has four strategic business units (SBUs) – Canadian Personal and Business Banking, Canadian Commercial Banking and Wealth Management, U.S. Commercial Banking and Wealth Management, and Capital Markets. These SBUs are supported by Corporate and Other.

Canadian Personal and Business Banking provides personal and business clients across Canada with financial advice, products and services through banking centre, digital, mobile and remote channels.

Canadian Commercial Banking and Wealth Management provides high-touch, relationship-oriented banking and wealth management services to middle-market companies, entrepreneurs, high-net-worth individuals and families across Canada, as well as asset management services to institutional investors.

U.S. Commercial Banking and Wealth Management delivers commercial banking and private wealth services across the U.S., as well as personal and small business banking services in four U.S. Midwestern markets and focuses on middle-market and mid-corporate companies and high-net-worth families.

Capital Markets provides integrated global markets products and services, investment banking advisory and execution, corporate banking solutions and top-ranked research to our clients around the world. It includes Direct Financial Services which focuses on expanding CIBC's digitally-enabled capabilities to provide a cohesive set of direct banking, direct investing and innovative multi-currency payment solutions for CIBC's clients.

Corporate and Other includes the following functional groups – Technology, Infrastructure and Innovation, Risk Management, People, Culture and Brand, Finance and Enterprise Strategy, as well as other support groups. The expenses of these functional and support groups are generally allocated to the business lines within the SBUs. The majority of the functional and support costs of CIBC Bank USA are recognized directly in the U.S. Commercial Banking and Wealth Management SBU. Corporate and Other also includes the results of CIBC FirstCaribbean and other strategic investments, as well as other income statement and balance sheet items not directly attributable to the business lines.

Changes made to our business segments

The following changes were made in the first quarter of 2021:

- Simplii Financial and CIBC Investor's Edge, previously reported in Canadian Personal and Business Banking, are now part of the newly-created Direct Financial Services line of business in Capital Markets, along with certain other direct payment services that were previously in Capital Markets. This change was made to align with the mandates of the relevant SBUs.
- The financial results associated with U.S. treasury activities in U.S. Commercial Banking and Wealth Management are now included within Treasury in Corporate and Other. In addition, the transfer pricing methodology between U.S. Commercial Banking and Wealth Management and Treasury in Corporate and Other has been enhanced. Both changes align the treatment of U.S. Commercial Banking and Wealth Management with our other SBUs, and allow for better management of interest rate and liquidity risks.

These changes impacted the results of our SBUs. Prior period amounts were revised accordingly. There was no impact on consolidated net income resulting from these changes.

$ millions, for the three months ended		Canadian Personal and Business Banking	Canadian Commercial Banking and Wealth Management	U.S. Commercial Banking and Wealth Management	Capital Markets	Corporate and Other	CIBC Total
2021 Jan. 31	**Net interest income (1)**	**$ 1,483**	**$ 298**	**$ 374**	**$ 682**	**$ 2**	**$ 2,839**
	Non-interest income (2)	**542**	**790**	**187**	**492**	**113**	**2,124**
	Total revenue (1)	**2,025**	**1,088**	**561**	**1,174**	**115**	**4,963**
	Provision for credit losses	**54**	**33**	**45**	**5**	**10**	**147**
	Amortization and impairment (3)	**53**	**7**	**28**	**2**	**147**	**237**
	Other non-interest expenses	**1,033**	**565**	**252**	**520**	**119**	**2,489**
	Income (loss) before income taxes	**885**	**483**	**236**	**647**	**(161)**	**2,090**
	Income taxes (1)	**233**	**129**	**48**	**154**	**(99)**	**465**
	Net income (loss)	**$ 652**	**$ 354**	**$ 188**	**$ 493**	**$ (62)**	**$ 1,625**
	Net income (loss) attributable to:						
	Non-controlling interests	**$ –**	**$ –**	**$ –**	**$ –**	**$ 4**	**$ 4**
	Equity shareholders	**652**	**354**	**188**	**493**	**(66)**	**1,621**
	Average assets (4)	**$ 261,542**	**$ 65,774**	**$ 47,501**	**$ 250,418**	**$ 174,713**	**$ 799,948**
2020 Oct. 31 (5)	Net interest income (1)	$ 1,486	$ 294	$ 356	$ 652	$ 4	$ 2,792
	Non-interest income (2)	511	734	163	282	118	1,808
	Total revenue (1)	1,997	1,028	519	934	122	4,600
	Provision for credit losses	121	25	82	17	46	291
	Amortization and impairment (3)	58	8	29	3	438	536
	Other non-interest expenses	1,018	532	238	455	112	2,355
	Income (loss) before income taxes	800	463	170	459	(474)	1,418
	Income taxes (1)	210	123	35	149	(115)	402
	Net income (loss)	$ 590	$ 340	$ 135	$ 310	$ (359)	$ 1,016
	Net income (loss) attributable to:						
	Non-controlling interests	$ –	$ –	$ –	$ –	$ 1	$ 1
	Equity shareholders	590	340	135	310	(360)	1,015
	Average assets (4)	$ 256,054	$ 65,018	$ 48,510	$ 239,272	$ 170,079	$ 778,933
2020 Jan. 31 (5)	Net interest income (1)	$ 1,505	$ 315	$ 342	$ 498	$ 101	$ 2,761
	Non-interest income (2)	574	740	159	508	113	2,094
	Total revenue (1)	2,079	1,055	501	1,006	214	4,855
	Provision for (reversal of) credit losses	211	35	15	(6)	6	261
	Amortization and impairment (3)	57	7	32	3	147	246
	Other non-interest expenses	1,029	554	266	489	481	2,819
	Income (loss) before income taxes	782	459	188	520	(420)	1,529
	Income taxes (1)	207	123	23	142	(178)	317
	Net income (loss)	$ 575	$ 336	$ 165	$ 378	$ (242)	$ 1,212
	Net income (loss) attributable to:						
	Non-controlling interests	$ –	$ –	$ –	$ –	$ 7	$ 7
	Equity shareholders	575	336	165	378	(249)	1,205
	Average assets (4)	$ 251,596	$ 65,257	$ 44,811	$ 213,172	$ 104,695	$ 679,531

(1) Capital Markets net interest income and income taxes include a taxable equivalent basis (TEB) adjustment of $54 million for the three months ended January 31, 2021 (October 31, 2020: $37 million; January 31, 2020: $49 million) with an equivalent offset in Corporate and Other.
(2) Includes intersegment revenue, which represents internal sales commissions and revenue allocations under the Manufacturer / Customer Segment / Distributor Management Model.
(3) Comprises amortization and impairment of buildings, right-of-use assets, furniture, equipment, leasehold improvements, software and other intangible assets. The three months ended October 31, 2020 includes goodwill impairment.
(4) Assets are disclosed on an average basis as this measure is most relevant to a financial institution and is the measure reviewed by management.
(5) Certain prior period information has been revised. See the "Changes made to our business segments" section for additional details.