



# **CIBC CAPITAL MARKETS (EUROPE) S.A. — PILLAR 3 DISCLOSURES**

For the year ended  
31 October 2024

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## Acronyms

|                       |                                                                                                      |
|-----------------------|------------------------------------------------------------------------------------------------------|
| ALCo                  | Asset and Liability Committee                                                                        |
| ALM                   | Asset and Liability Management                                                                       |
| AML                   | Anti Money Laundering                                                                                |
| ASF                   | Available Stable Funding                                                                             |
| ATF                   | Anti-Terrorist Financing                                                                             |
| Authorised Management | CEO and CRO/COO of CIBC Lux                                                                          |
| BCL                   | Banque Centrale de Luxembourg                                                                        |
| BCM                   | Business Continuity Management                                                                       |
| CB                    | Corporate Banking                                                                                    |
| CCO                   | Chief Compliance Officer                                                                             |
| CFP                   | Contingency Funding Plan                                                                             |
| CIBC, CIBC Group      | Canadian Imperial Bank of Commerce group of companies                                                |
| CIBC Europe           | The European operations of CIBC, including CIBC Capital Markets (Europe) S.A. and CIBC London Branch |
| CIBC Lux              | CIBC Capital Markets (Europe) S.A., a wholly owned subsidiary of CIBC                                |
| CIRA                  | Change Initiative Risk Assessment                                                                    |
| CMRM                  | Capital Markets Risk Management                                                                      |
| CRD                   | Capital Requirements Directive                                                                       |
| CRM                   | Credit Risk Management                                                                               |
| CRO                   | Chief Risk Officer                                                                                   |
| CRR                   | Capital Requirements Regulation                                                                      |
| CSSF                  | Commission de Surveillance du Secteur Financier                                                      |
| CVA                   | Credit Valuation Adjustment                                                                          |
| DLA                   | Delegated Limit Authorities                                                                          |
| EBA                   | European Banking Authority                                                                           |
| ECL                   | Expected Credit Loss                                                                                 |
| eGRC                  | Enterprise Governance, Risk and Compliance solution                                                  |
| ERMF                  | European Risk Management Framework                                                                   |
| ERR                   | Enterprise Risk Reporting                                                                            |
| ExCo                  | Executive Committee (Luxembourg, unless otherwise stated)                                            |
| HQLA                  | High Quality Liquid Assets                                                                           |
| ICAAP                 | Internal Capital Adequacy Assessment Process                                                         |
| ILAAP                 | Individual Liquidity Adequacy Assessment Process                                                     |
| KRI                   | Key Risk Indicator                                                                                   |
| LAB                   | Liquid Asset Buffer                                                                                  |
| LCR                   | Liquidity Coverage Ratio                                                                             |
| MAT                   | Minimum Acceptable Terms                                                                             |

|            |                                                       |
|------------|-------------------------------------------------------|
| MRT        | Material Risk Taker                                   |
| NSFR       | Net Stable Funding Ratio                              |
| RAG        | Remuneration Advisory Group                           |
| RAS        | Risk Appetite Statement                               |
| RSF        | Required Stable Funding                               |
| RLR        | Reputation and Legal Risk                             |
| RP         | Recovery Plan                                         |
| RWA / RWEA | Risk Weighted Assets / Risk Weighted Exposure Amounts |
| SVP        | Senior Vice President                                 |
| VP         | Vice President                                        |

# 1. Overview

## 1.1. Introduction

CIBC Capital Markets (Europe) S.A. (CIBC Lux) is a wholly owned subsidiary of Canadian Imperial Bank of Commerce (CIBC), a bank incorporated pursuant to the Bank Act Canada. CIBC Lux is a Luxembourg Bank, authorised by the European Central Bank (the ECB) and supervised by the Luxembourg Financial Supervisory Authority (Commission de Surveillance du Secteur Financier) under the oversight of the ECB.

As an authorised credit institution, CIBC Lux enjoys the right to engage in financial service activities in other EEA member states on the basis of its home state authorisation under the CRD (2013/36/EU, amended 2019/878/EU). It is also subject to the provisions of other EU directives, such as the Markets in Financial Instruments Directive (MiFID).

CIBC Lux is incorporated under the laws of Luxembourg (registration number B236326). Its head office and registered office is 2C Rue Albert Borschette, Luxembourg, L-1246. CIBC Lux currently has no subsidiaries or branches. The term CIBC Europe is used throughout this document to represent the European operations of CIBC Group, including CIBC Lux.

The reporting date of this document is 31 October 2024, aligned with CIBC Lux statutory year end.

## 1.2. Background

The Capital Requirements Regulation (CRR) rules include a public disclosure requirement known as “Pillar 3”. These rules are designed to promote market discipline through disclosure of key information about risk exposures and the risk management processes.

When producing the Pillar 3 disclosures, CIBC Lux is required to comply with the consolidated Basel Framework, including the updated Pillar 3 disclosure requirements, which were mostly introduced in Regulation (EU) 575/2013 by Regulation (EU) 2019/876 of the European Parliament and of the Council. The amendment to the regulation specified by EU2024/1623 (CRR3) came into effect subsequent to the reporting date of this document so is not reflected in the tables and ratios presented herein.

CIBC Lux applies the standardised approach for the calculation of credit and counterparty credit risk, market risk and credit valuation adjustment (CVA) risk. It uses the Basic Indicator Approach (BIA) for the calculation of operational risk. CIBC Lux is not involved in securitisation or specialised lending, and as such, no disclosures are deemed necessary around these activities.

## 1.3. Scope of application

In line with prudential guidelines, prudential reporting of CIBC Lux is prepared on a solo unconsolidated basis.

## 1.4. Frequency and location of disclosure

The frequency of issue of Pillar 3 disclosures for CIBC Lux has been considered. It has not been deemed necessary to increase the frequency of disclosure beyond the annual requirement as set out in Article 433 of the CRR.

Pillar 3 disclosures for CIBC Lux are published annually on CIBC’s website once approved <https://cibccm.com/en/disclosures/europe/>

CIBC Lux has a formal policy to ensure that it remains in compliance with the requirements in Title I of Part Eight of the CRR in preparing this disclosure document. This Pillar 3 policy is reviewed annually by authorised management with final approval from the CIBC Lux Board of Directors (the Board). CIBC Lux prepares its accounts under IFRS.

## 1.5. Summary of key capital metrics and ratios

As at 31 October 2024, CIBC Lux had a credit rating of Aa2 (Moody’s) and AA-(Fitch).

The following tables provide an overview of the key capital metrics and ratios for CIBC Lux as at 31 October 2024. Figures and tables throughout this document are presented in Canadian Dollars (C\$) and as at the reporting date unless otherwise stated.

*Template EU KM1 - Key Metrics Template*

| Available own funds (amounts)                                                                                                                   | 31-Oct-24     | 31-Oct-23     |
|-------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Common Equity Tier 1 (CET1) capital                                                                                                             | 1,346,898,404 | 1,255,654,505 |
| Tier 1 capital                                                                                                                                  | 1,346,898,404 | 1,255,654,505 |
| Total capital                                                                                                                                   | 1,346,898,404 | 1,255,654,505 |
|                                                                                                                                                 |               |               |
| Risk-weighted exposure amounts                                                                                                                  | 31-Oct-24     | 31-Oct-23     |
| Total risk-weighted exposure amount                                                                                                             | 2,105,623,279 | 1,820,899,779 |
|                                                                                                                                                 |               |               |
| Capital ratios (as a percentage of risk-weighted exposure amount)                                                                               | 31-Oct-24     | 31-Oct-23     |
| Common Equity Tier 1 ratio (%)                                                                                                                  | 63.97%        | 68.96%        |
| Tier 1 ratio (%)                                                                                                                                | 63.97%        | 68.96%        |
| Total capital ratio (%)                                                                                                                         | 63.97%        | 68.96%        |
|                                                                                                                                                 |               |               |
| Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount) | 31-Oct-24     | 31-Oct-23     |
| Additional own funds requirements to address risks other than the risk of excessive leverage (%)                                                | 0%            | 0%            |
| of which: to be made up of CET1 capital (percentage points)                                                                                     | 0%            | 0%            |
| of which: to be made up of Tier 1 capital (percentage points)                                                                                   | 0%            | 0%            |
| Total SREP own funds requirements (%)                                                                                                           | 8%            | 8%            |
|                                                                                                                                                 |               |               |
| Combined buffer requirement (as a percentage of risk-weighted exposure amount)                                                                  | 31-Oct-24     | 31-Oct-23     |
| Capital conservation buffer (%)                                                                                                                 | 2.50%         | 2.50%         |
| Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)                                      | 0%            | 0%            |
| Institution specific countercyclical capital buffer (%)                                                                                         | 0.88%         | 0.69%         |
| Systemic risk buffer (%)                                                                                                                        | 0%            | 0%            |
| Global Systemically Important Institution buffer (%)                                                                                            | 0%            | 0%            |
| Other Systemically Important Institution buffer                                                                                                 | 0%            | 0%            |
| Combined buffer requirement (%)                                                                                                                 | 3.32%         | 3.19%         |
| Overall capital requirements (%)                                                                                                                | 11.32%        | 11.19%        |
| CET1 available after meeting the total SREP own funds requirements (%)                                                                          | 59.47%        | 64.46%        |

| Leverage ratio                                                                                                          | 31-Oct-24     | 31-Oct-23     |
|-------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Total exposure measure                                                                                                  | 3,964,204,558 | 3,907,143,087 |
| Leverage ratio (%)                                                                                                      | 33.98%        | 32.14%        |
|                                                                                                                         |               |               |
| Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure) | 31-Oct-24     | 31-Oct-23     |
| Additional own funds requirements to address the risk of excessive leverage (%)                                         | 0%            | 0%            |
| of which: to be made up of CET1 capital (percentage points)                                                             | 0%            | 0%            |
| Total SREP leverage ratio requirements (%)                                                                              | 3.00%         | 3.00%         |
|                                                                                                                         |               |               |
| Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)                | 31-Oct-24     | 31-Oct-23     |
| Leverage ratio buffer requirement (%)                                                                                   | 0%            | 0%            |
| Overall leverage ratio requirements (%)                                                                                 | 3.00%         | 3.00%         |
|                                                                                                                         |               |               |
| Liquidity Coverage Ratio                                                                                                | 31-Oct-24     | 31-Oct-23     |
| Total high-quality liquid assets (HQLA) (Weighted value - average)                                                      | 1,410,488,220 | 968,517,996   |
| Cash outflows - Total weighted value                                                                                    | 714,751,892   | 731,333,414   |
| Cash inflows - Total weighted value                                                                                     | 912,715,568   | 410,184,258   |
| Total net cash outflows (adjusted value)                                                                                | 502,202,198   | 321,149,155   |
| Liquidity coverage ratio (%)                                                                                            | 280.86%       | 301.58%       |
|                                                                                                                         |               |               |
| Net Stable Funding Ratio                                                                                                | 31-Oct-24     | 31-Oct-23     |
| Total available stable funding                                                                                          | 1,741,536,054 | 1,267,563,163 |
| Total required stable funding                                                                                           | 1,086,292,882 | 752,052,129   |
| NSFR ratio (%)                                                                                                          | 160.32%       | 168.55%       |

## **2. Risk management objectives, policies and reporting**

### **2.1. Introduction to Risk Management**

Effective risk management is deeply embedded in the businesses of CIBC Lux. CIBC Lux plans and controls its capital resources and capital requirement to strict guidelines. Risk and related balance sheet resources are managed within tolerance levels established by Senior Management and approved by the Board.

The Board has directed that CIBC Lux maintain a generous buffer between its capital resource requirement under CRD and its capital resources. This is achieved through a comprehensive framework of measurement, monitoring and control policies, procedures and standards that support active and effective management of risk and balance sheet resources.

Key risk management policies are approved or renewed by ExCo on behalf of CIBC Lux.

CIBC Lux ensures sound risk management by adhering to the CIBC Lux Risk Management Framework Policy and Risk Appetite Framework (collectively the Framework). The Framework is intended to ensure risks are appropriately identified, measured, monitored and controlled in accordance with CIBC's risk appetite.

Within this Framework, there are a series of additional overarching framework documents for most risk types that set out the key principles for managing the associated risks and the key risk policies and limits for that risk type. These frameworks and key policies are supported by standards, guidelines, processes, procedures and controls that govern day-to-day business activities undertaken by Risk Management representatives.

The Risk Management function of CIBC Lux, headed by CIBC Lux Chief Risk Officer (CRO), is conducted by local Risk Management representatives who act independently from the lines of business. Risk Management work with the lines of business to ensure business and risk strategies are aligned, and that the risk profile is reflective of the approved risk appetite. Risk Management is structured to align with the risk types and complexity of the respective lines of businesses.

In addition to Risk Management, CIBC maintains an Enterprise Governance, Risk and Compliance solution (eGRC) which is a database of CIBC's key internal controls that mitigate the risks the business could face. These controls are assessed and attested to on a regular basis and includes the operations of CIBC Lux.

Further information about the overall risk profile and its association with the business strategy of CIBC Lux, over and above what is disclosed below, can be found in the Directors' Report in the CIBC Lux's Annual Report and Accounts 2024.

### **2.2. Risk culture**

CIBC Lux strives to achieve a consistent and effective risk culture throughout the organisation, promoted through both formal and informal channels. Each year all employees are required to complete formal training on reputational risk, code of conduct, anti-money laundering and other key risk topics. This enables all employees to develop a basic knowledge of risk management in support of the risk culture. In addition to this mandatory training, all material related to risk culture (i.e. Conduct & Culture Framework, Risk Appetite Statement, Risk Management priorities, principles, policies and procedures) is communicated through the CIBC intranet, internal news releases and communications from CIBC Lux Senior Management.

CIBC Lux's Risk Appetite Statement is reviewed annually by ExCo and the Board and communicated to all employees. In addition, performance against this Risk Appetite Statement is reviewed on an ongoing basis and at least at every quarterly board meeting.

### **2.3. Risk appetite**

The risk profile and risk appetite associated with the business strategy of CIBC continues to be a focus of management. As part of this, CIBC has developed a concise Risk Appetite Statement (RAS), which contains metrics to define risk tolerance levels and facilitate assessment of the risk profile against the risk appetite.

In alignment with the CIBC RAS, CIBC Lux has developed its own RAS (CIBC Lux RAS). Adherence to CIBC Lux's RAS ensures sound risk management across all risk categories in CIBC Lux, supported by strong capital and funding positions. It also defines how business will be conducted, consistent with the following objectives:

- Risk-controlled growth for CIBC Lux in businesses within our strategy
- Earn a leading reputation with clients by providing focused coverage and pro-active solutions based on clients' needs
- Recruit, retain, and develop leading professionals that embrace a relentless pursuit of excellence for our bank
- Invest in technology, data and infrastructure to protect our platform and provide the best possible service to our clients
- Develop client solutions without exposing stakeholders to unnecessary risks or complexity as the first line of defence
- Escalate issues on a timely basis to the appropriate risk, governance or control function
- Meeting/exceeding stakeholders' expectations with respect to the Environment, Social and Governance (ESG) criteria including setting/sharing targets, and reporting progress towards these targets

CIBC Lux's RAS is updated annually in conjunction with the strategic planning cycle and is approved by the Board. On a quarterly basis, the Board, the Asset & Liability Committee (ALCo) and the ExCo receive and review reporting on CIBC Lux's risk profile against the risk appetite targets and limits.

A number of Early Warning Indicators (EWIs) are also included and monitored as metrics in CIBC Lux's RAS and included in the quarterly presentations to the above-named Committees, and to the Board. An example of these metrics are set out in the table below as at 31 October 2024:

| Capital                                                               | Management limit | Management EWIs | CSSF / EBA limits |
|-----------------------------------------------------------------------|------------------|-----------------|-------------------|
| 1. Common Equity Tier 1 (CET1) ratio                                  | >20%             | ≥40%            | ≥8%               |
| 2. Large exposure limit                                               |                  |                 |                   |
| a. Largest client/group of connected clients as % of CET1             | a. ≤20%          | a. n/a          | a. ≤25%           |
| b. Intragroup (Parent Bank and London Branch)                         | b. ≤\$2B         | b. ≤\$1.5B      | b. n/a            |
| 3. Leverage ratio                                                     | >5%              | ≥10%            | >3%               |
| Credit                                                                | Management limit | Management EWIs | CSSF / EBA limits |
| 4. Loan losses as % of average outstanding loans (12-months trailing) | <0.25%           | n/a             | n/a               |
| 5. Expected losses as % of average outstanding loans                  | <0.55%           | n/a             | n/a               |
| 6. Non-performing loans as % outstanding loans                        | <1.5%            | n/a             | n/a               |
| Market (C\$)                                                          | Management limit | Management EWIs | CSSF / EBA limits |
| 7. Trading VaR                                                        | <\$1MM           | >\$0.5MM        | n/a               |
| 8. Stressed non-trading losses (1-month)                              | <\$25MM          | n/a             | n/a               |

| Liquidity & funding (C\$ or %)                                       | Management limit | Management EWIs | CSSF / EBA limits |
|----------------------------------------------------------------------|------------------|-----------------|-------------------|
| 9. Liquid coverage ratio (LCR) monthly average                       | >110%            | ≥130%           | >100%             |
| 10. Minimum liquidity horizon under stress (consolidated currencies) | 80 days          | >95 days        | n/a               |
| 11. Net Stable Funding Ratio                                         | >100%            | >130%           | >100%             |

| Operational (C\$)                                                                                                            | Management limit | Management EWIs | CSSF / EBA limits |
|------------------------------------------------------------------------------------------------------------------------------|------------------|-----------------|-------------------|
| 12. Quarterly operational losses, 12 month rolling:                                                                          | <\$600k          | n/a             | n/a               |
| 13. Number of past due high-risk deficiencies                                                                                | 0                | n/a             | n/a               |
| 14. High risk SOX significant deficiencies or material weaknesses                                                            | 0                | n/a             | n/a               |
| 15. Quarterly unauthorised transactions (market, credit, product)                                                            | ≤1               | n/a             | n/a               |
| 16. Number of regionally owned critical arrangements with a high-risk deficiency “pilot”                                     | ≤1               | n/a             | n/a               |
| 17. Number of enterprise managed critical arrangements providing a service to the region with a high risk deficiency “pilot” | ≤1               | n/a             | n/a               |

| Climate                                                                                                            | Management limit | Management EWIs | CSSF / EBA limits |
|--------------------------------------------------------------------------------------------------------------------|------------------|-----------------|-------------------|
| 18. Weighted average portfolio climate transaction score <sup>1</sup> Corporate <sup>2</sup> for carbon transition | <6               | n/a             | n/a               |
| 19. Number of corporate loans poorly positioned <sup>3</sup> for carbon transition                                 | 0                | n/a             | n/a               |

At present, no transactions have been identified in CIBC Lux which would have a material impact on the risk profile of CIBC Lux (including reputational risk) or the distribution of risks within the group.

<sup>1</sup> As defined by CIBC’s carbon scoring method. “advanced and strong positioning are <6”

<sup>3</sup> As defined by CIBC’s carbon scoring method. “poor positioning is 9-10”

## 2.4. Three Lines of Defence Model

CIBC Lux's approach to enterprise-wide risk management aligns with the three lines of defence model:

- First line of defence (1st LOD) – Lines of business and functional groups (referred to as “1A” in the three lines of defence model) own the risk and are accountable and responsible for managing all risks associated with their activities including identifying, assessing, mitigating and controlling them.
- Governance and control groups within the 1st LOD who facilitate risk management processes are referred to as “1B”.
- Second line of defence (2nd LOD) - Risk Management and other functional groups are responsible for providing guidance and effective independent oversight and challenge of the enterprise-wide risks inherent in the 1st LOD's activities.
- Third line of defence (3rd LOD) – CIBC's Internal Audit function. provides an independent assessment of the design and operating effectiveness of risk management controls, processes and systems.

Although the three LOD groups function independently in monitoring and providing oversight of the risks, a strong risk culture and good communication between them are important characteristics of effective risk management.

Generally, functional groups should not perform 1st LOD activities on behalf of the lines of business; in occasional situations where this is necessary, another independent and qualified group should act as the 2nd LOD.

Similarly, when functional groups perform 1st LOD activities to manage and mitigate risks within their own area of responsibility, appropriate 2nd LOD responsibilities should be established.

## **2.5. Risk Management function**

CIBC Lux faces a variety of risks across all areas of business. Primary risks include credit, market, funding and liquidity, capital management, operational (including business interruption risk and continuity planning), conduct risk, reputational and legal risks, regulatory compliance risk, plus various corporate risks such as those associated with environmental/climate change risk management and outsourcing arrangements.

Risk management for CIBC Lux is conducted by a local Risk Management function which is independent from the Lines of Business (LOB) and falls under the oversight of the CIBC Lux Chief Risk Officer. Risk Management partners with the LOB to ensure business and risk strategies are aligned, and that the risk profile is reflective of the approved CIBC Lux RAS.

The Risk Management function is structured to align with the risk types and complexity of the respective LOBs. Risk updates are provided to the ExCo monthly and by the RAS update quarterly to ALCo and the Board.

### **2.5.1. Corporate Credit risk**

CIBC Group's Credit Risk Management Policy describes the overarching principles and policies for Credit Risk Management (CRM). These form the foundation for segment specific portfolio limits, lending standards and guidelines.

The CRO is responsible for CRM and has local oversight of corporate credit risks in CIBC Lux. Monthly, the CRO reports to ExCo on material credit risk matters including material credit transactions, compliance with limits, portfolio trends, impaired loans and credit loss provisioning levels.

### **2.5.2. Capital Markets risk**

CIBC Group's Capital Markets Risk Management (CMRM) Policies describes the policies for ensuring market risk and trading credit risks under the CMRM mandate are appropriately measured, approved, monitored and controlled.

The VP of Capital Market Risk Management, Europe and Asia, is responsible for trading credit risk in CIBC Europe and provides necessary reporting assistance to the CIBC Lux CRO to oversee those risks. Monthly, the CRO reports to ExCo on material trading credit risk matters including material trading credit transactions, compliance with limits and portfolio trends, and changes to limits.

#### **2.5.2.1. Trading credit risk**

The CIBC Group's CMRM Policies describe the requirements for the management of Trading Credit Risk, Market Risk and associated stress tests in support of the Enterprise Risk Management Framework and Risk Appetite Statement. As with other Risk functions this is overseen for CIBC Lux by the CIBC Lux CRO.

#### **2.5.2.2. Market risk**

Within the CIBC Group CMRM Policies, the standards for Market Risk Management are outlined. These relate to the identification and measurement of the various types of market risk, and the establishment of limits within which overall exposures are managed. Explicit risk tolerance levels are expressed in terms of both statistically based Value-at-Risk (VaR) measures and potential worst-case stress losses, as well as notional or other limits as appropriate.

Local oversight reports of trading and non-trading market risk is provided by the Head of Market and Liquidity Risk, Europe and Asia, CMRM to the CIBC Lux CRO. The CIBC Lux CRO is accountable for accurately identifying and reporting market risks as they relate to the business. Management of market risk is governed by limits, delegated by the CIBC EVP, CRO, CMRM, and authorised by the CIBC Europe SEVP and CRO.

### **2.5.3. Funding and liquidity risk / asset liability management**

The CIBC Group Liquidity Risk Management Policy outlines key elements of CIBC's approach to managing liquidity risk. The liquidity risk management strategies followed by CIBC Lux seek to ensure that a sufficient amount of unencumbered liquid assets are available to meet anticipated liquidity needs in both stable and stressed conditions for a minimum period of time determined by ALCo and by the Board.

Supplemental to the Liquidity Risk Management Policy is the CIBC Global Contingency Funding Plan (CFP). The CFP clearly sets out the strategies for addressing liquidity shortfalls in emergency situations. CIBC Lux has documented its own CFP, which is reviewed annually by ALCo and the Board.

The Treasury function is distinct from Risk Management in CIBC Lux. Its remit includes the management of CIBC Lux's liquidity and funding risks as well as structural interest rate and FX risk and associated risk positions. Oversight of treasury/liquidity risk management in CIBC Lux is provided by the CIBC Lux Head of Treasury in conjunction with CMRM Europe and CIBC Lux CRO.

### **2.6. Capital management**

Capital management in CIBC Lux is assessed through its ICAAP (Internal Capital Adequacy Assessment Process). The ICAAP aims to assess the capital requirements for CIBC Lux under both current state and future conditions. The ICAAP contains stresses to assess impact to CIBC Lux's balance sheet and to make an assessment of the viability of CIBC Lux's business model over a three year period. The ICAAP is undertaken by Luxembourg senior management with contributions from subject matter expert experts from CMRM, CRM, Treasury, Legal, Business Management, Compliance and Finance. Local oversight is provided by ExCo and the Board.

### **2.7. Operational risk**

Operational risk is inherent in all of CIBC's activities and is the risk of loss resulting from people, inadequate or failed internal processes and systems, or from external events. Operational Risk for CIBC Lux is governed by the CIBC Europe Operational Risk Management Framework.

Strategic business units and functional groups own their risks and are accountable and responsible for identifying, measuring, mitigating, monitoring and reporting operational risks using a common set of operational risk categories and terminology set out in CIBC's Common Operational Risk Taxonomy.

### **2.8. Compliance risk**

The authorised management is in charge of effective, sound and prudent day-to-day management of the activities (and inherent risks) of CIBC Lux. This management is exercised in compliance with strategies and guiding principles approved by the supervisory body and the applicable regulations. All decisions of the authorised management are documented.

In addition, the Chief Compliance Officer (CCO) has implemented local policies and procedures to comply with regulatory requirements in the region. The CCO has established the Compliance Charter, which describes the purpose of the Compliance department, and its core functions and responsibilities as a second line of defence.

### **2.9. Financial crime risk**

Under the direction of the "responsable du contrôle du respect des obligations professionnelles" (RC), the Bank has implemented local Anti-Money Laundering (AML), A and Combatting the Financing of Terrorist (CFT) policies and procedures (see section 2.10 and 2.23.11 for further detail) covering both regional and Enterprise requirements, which all CIBC Lux employees must follow.

## **2.10. Money laundering & terrorist financing risk**

The Authorised Manager responsible for Compliance and Risk for CIBC Lux has been designated as the 'Responsable du Respect des Obligations' (RR) to ensure that the Bank complies with the applicable AML and CFT. The CCO has been appointed by the RR to be responsible for implementing policies and controls to counter the risk of money laundering or terrorist financing and also RC. The CCO has implemented local AML/CFT policies and procedures to adhere to both regional and Enterprise requirements which all CIBC Lux employees must follow.

## **2.11. Reputational and legal risk**

Reputation risk is the risk of negative publicity regarding CIBC's business conduct or practices which, whether true or not, could significantly harm CIBC's reputation as a leading financial institution, or could materially and adversely affect CIBC's business, operations or financial condition. CIBC Lux is governed by the CIBC Reputation Risk Management Framework, supplemented by the Global Reputation and Legal Risk (GRLR) Policy.

## **2.12. Climate Risk**

CIBC Lux manages the financial and non-financial risks arising from climate change, the transition to net zero, and other environmental risk drivers. In line with the CSSF's supervisory expectations set out in Circular 21/773, we have developed the CIBC Luxembourg Environmental Risk Framework that sets out how climate-related and environmental (CR&E) risks are factored into our regional governance, risk management and strategy arrangements.

Our Risk Appetite Statement represents a key element of our approach to environmental risk management and sets out our tolerance towards bearing CR&E risks in support of our strategic goals. The Risk Appetite Statement includes both qualitative statements and quantitative metrics which are associated with specific limits. Beyond the Risk Appetite Statement we also report on additional CR&E risk indicators and undertake an annual quantitative CR&E stress test exercise that feeds into our ICAAP and ILAAP. This exercise enables us to consider how our exposure to carbon-intensive sectors interrelates with other financial risk factors included in our financial risk management practices.

The dedicated Climate Risk Committee (CRC) establishes the key governance forum for addressing regulatory, strategic and client-related climate risk issues for the region and provides input into CIBC's Environmental, Social, and Governance (ESG) initiatives, strategy and risk management practices. Additionally, defined CR&E roles and responsibilities have been designated across CIBC Lux's Three Lines of Defense and regulatory accountability for climate risk has been assigned to the SVP and CRO, Europe/APAC.

Over the course of FY24 CIBC Lux implemented an action plan to further enhance our management of environmental risks and we plan to make further enhancements in 2025 in line with emerging industry practices and in preparation for the new requirements arising from CRD6.

From a disclosure perspective, CIBC Lux is preparing to make enhancements to the ESG disclosures in our Pillar 3 report next year, in line with the new requirements introduced by CRR III, and will continue to monitor CSRD scoping requirements and report accordingly. CIBC Group reports on its climate-related risk identification and mitigation at a Group-level in line with the Task Force on Climate-related Financial Disclosure's (TCFD's) recommendations.

More information on our ESG governance, policy, management and performance can be found in CIBC Group's Sustainability Report, which is available on [www.cibc.com](http://www.cibc.com)

## **Carbon Risk Scoring Methodology**

CIBC's Carbon Risk Scoring Methodology aims to enhance our understanding of our clients' carbon journey over the short, medium and long-term, and to inform our credit assessment with respect to our clients' climate-related risk profiles. It is also used to inform our climate heatmapping and scenario analysis work to assess and manage the climate-related risks across our corporate and commercial lending activities. Scores are reviewed by our credit risk management team as part of the credit adjudication process and support our broader climate credit risk appetite and strategic discussions within the bank.

CIBC's High Carbon Risk Review committee reviews clients who have scored poorly to determine how we can best support their transition activities. We also use the outputs from this analysis to inform a range of risk management processes, including identifying and prioritizing climate-related client engagement, as well as inputs for our climate risk heatmapping.

### **Transition Scoring Methodology**

CIBC has also developed a framework to better understand our clients' transition planning actions across our oil and gas and power generation portfolios. The Transition Framework, which will be implemented in FY2025, is informed by industry guidance on transition planning and is expected to evolve over time as the regulatory landscape changes. Individual client transition assessment scores are expected to inform CIBC's client engagement efforts and support CIBC's ability to provide clients with relevant advisory and sustainable product solutions to address their de-carbonisation needs.

### **2.13. Board declaration – adequacy of the risk management arrangements**

Subject to the recommendation from the ExCo, the Board formally approves the CIBC Lux Risk Management Framework (RMF) every two years. The RMF defines the accountabilities of risk governance and key controls for business conducted through CIBC Lux's office. In addition, it defines how the processes surrounding governance in CIBC Lux are linked to CIBC Group. The CIBC Lux RMF closely follows that of CIBC Group.

The adoption and approval of this document reflects CIBC Lux management's confidence in the risk management and systems in place for the entity.

### **2.14. The Board**

Ultimate responsibility for the activities of CIBC Lux rests with its Board. The members of the Board have a duty to among other things promote the success of CIBC Lux for the benefit of its shareholders and stakeholders as a whole. The Board ensures the execution of CIBC Lux's activities and business continuity, ensuring sound central administration and internal governance arrangements in line with the Luxembourg national regulatory and legislative provisions. The Board, directly and through its committees and the Chair of the Board, provides direction to management, generally through the ExCo to pursue the best interests of CIBC Lux and have regard to:

- the likely consequences of any decision in the long term;
- interests of CIBC Lux's employees;
- the need to foster CIBC Lux's business relationships with suppliers, customers and others;
- the impact of CIBC Lux's operations on the community, a society and the environment;
- the desirability of CIBC Lux maintaining a reputation for high standards of business conduct;
- the need to act fairly between members of CIBC Lux; and

The Board have delegated the management and formal decision-making responsibilities to ExCo. Together, Authorised Management and ExCo provide leadership, direction and guidance to CIBC Lux.

### **2.15. Board – Recruitment policy**

Recruitment to the Board combines an assessment of both technical capability and competence and is based on the principles of equity and diversity as enshrined in CIBC's Global Hiring Policy. Board appointments are made by a collective decision of the Board.

### **2.16. Diversity policy**

CIBC Group & CIBC Lux are committed to creating an inclusive workforce with teams that reflect the clients and communities we serve, in accordance with CIBC local and global policies, procedures and regulatory requirements. We work hard to invest in building our team's inclusive leadership capabilities and practice inclusive talent management. To ensure we engage a wide array of experiences, skills, talents and knowledge that help us build a modern, relationship-oriented bank, this policy is intended to promote diversity across CIBC Lux, including within the Management Body, consistent with Article 38-2(8) of the law of 5 April 1993 on the

financial sector, as amended, and the joint EBA and ESMA guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2021/06).

CIBC is committed to inclusion and diversity, and actively works to embed these principles into our global human capital strategy. At CIBC, inclusion is a priority from the top to all levels of our organisation through our Inclusion Leadership Council, chaired by the CIBC Group President & CEO, which oversees the implementation of the bank's global inclusion strategy. In keeping with this commitment, CIBC Lux helps provide a workplace that is fair, respectful and free from discrimination, and expressly prohibits discrimination in all forms, in accordance with our Discrimination, Harassment and Violence Prevention Policy (Europe and Asia Pacific).

Senior management from CIBC Lux are active participants of the European Inclusion and Wellbeing Council and women make up 25% of the CIBC Lux Board of Directors and 32% of the total share of employees (data as at 31 October 2024).

CIBC Lux is also a signatory to the Luxembourg Women in Finance Charter and pledged 30% female representation in senior management by 31/10/2026 and 40% female Board representation by 31/10/2028.

## **2.17. Board members skills and expertise**

### **Thomas Pellequer**

Mr. Pellequer is Managing Director and Chief Executive Officer of CIBC Capital Markets Europe S.A. Mr. Pellequer joined CIBC in 2009 in London and has held leading positions in the Global Markets distribution space being successively Head of Continental European Sales before becoming Head of CIBC's Corporate Solutions Group in Europe and Asia. Prior to joining CIBC he worked for major financial institutions in London and Paris (RBS/ABN Amro, Santander and Commerzbank).

Mr. Pellequer has a Masters in Mathematics and Mechanics as well as DESS in Finance from University Pierre et Marie Curie (Paris VI). He also spent time studying finance in New York (Baruch College) as well as actuarial science in Paris (Conservatoire National des Arts et Métiers).

### **Tesse Parigoris**

Ms. Parigoris is the Senior Vice President, Short-Term Funding, Portfolio Management & International Treasurer for CIBC. She joined CIBC in 1985 and has provided overall leadership for its Canadian dollar and currency Repo business since 1990. She was appointed head of the Toronto Funding Liquidity Management Group in 2006, overseeing Canadian wholesale funding in the short end including collateral management. Her responsibilities were expanded in 2008 to include oversight of CIBC's money market trading and global equity securities lending businesses. In September 2017, Tesse took on her current role to ensure that a comprehensive Treasury framework has been implemented in the Caribbean, UK, Europe, Asia and Australia. In addition, her role has global accountability for Short Term Funding and Portfolio Management. Working with the STF&PM teams in Canada, the U.S., London, Hong Kong and Singapore, she manages a globally diversified funding program to meet strategic business requirements.

Tesse Parigoris serves as a Director on the Boards of CIBC Cayman Bank Limited and CIBL (CIBC Investments (Cayman) Limited) in addition to CIBC Capital Markets (Europe) S.A.

### **Wayne Lee**

Mr. Lee is Managing Director and Head, Europe & Asia Pacific Region. He is responsible for CIBC's business and operations in the Europe and Asia Pacific Regions, with offices in London, Hong Kong, Luxembourg, Sydney, Tokyo, Singapore, Beijing and Shanghai.

Mr. Lee joined CIBC in 2001 and has held increasingly senior and international positions. His previous roles at CIBC included Head of Asia Pacific and Chief Financial Officer of Capital Markets. Mr. Lee is a member of CIBC Capital Markets Executive Committee. In addition, Mr. Lee serves as a Director of the CIBC Caribbean Bank Limited.

Mr Lee is very active in the business community and he is elected President of the Canada-UK Chamber of Commerce, Council Member of the London Chamber of Commerce and Industry and member of the Governors'

Council of the Canadian Chamber of Commerce in Hong Kong. Mr Lee is passionate about education and gender equality and inclusion within the finance industry and he currently serves as Director on the Global Board of 100 Women in Finance, 100WF Hong Kong Foundation Limited and 100WF Singapore Limited.

Mr. Lee received a Bachelor of Commerce degree from the McGill University (Montreal) and is a Chartered Accountant and a Chartered Financial Analyst. He has lived and worked in Toronto, New York, Hong Kong and is now based in London.

## Martin Dobbins

Mr. Dobbins is the Founder and CEO of Sage Advisory, s.á.r.l., with over 30 years of international experience in the financial sector. He provides advisory services and independent directorships to internationally known asset managers, banks, financial service and technology firms and continues to support these firms in strategy, acquisitions, due diligence, regulatory framework and corporate governance. Mr. Dobbins has assisted in financial structuring in Debt, Equity and Asset Backed Securitizing Tokens (STOs). He is passionate about bringing technology innovation to the financial service industry and led the design and development of a number of successful regulatory and financial applications.

Mr. Dobbins is a non-executive independent director supporting regulated fin-tech, in-house management companies, UCITS and RAIF structures and for a leading alternative fund administrator as well as CIBC Lux. He was the non-executive chairperson for a successful technology start-up from early stage start up to acquisition. The firm utilized blockchain-based platform for the investment fund industry that sets out to facilitate the distribution of funds using distributed ledger technology.

Mr. Dobbins was the former CEO & Country Head for State Street Corporation's European and Luxembourg Banks and chaired the Luxembourg country executive group. As a global systemically important institution (G-SIIs) he was the lead executive to the European Central Bank's Joint Supervisory Team. He is a seasoned executive with extensive experience in financial management, treasury, regulations, acquisitions, client integration and new business development.

He began his career in Boston, Massachusetts for State Street Corporation in their Mutual Funds and Institutional business groups and then in the Technology Development group before relocating to Europe with his family. He has had assignments in Boston, Sydney, Tokyo, Hong Kong, Munich, London and Luxembourg. Martin holds a BS/BA in Finance & Banking and an Executive MBA from Suffolk University, Boston, MA USA. He recently completed a certification program in Strategy & Innovation from MIT's Sloan School of Management, Cambridge MA USA and a certificate programme in Sustainable Finance from Cambridge University's Institute for Sustainable Leadership Cambridge UK. He has held a number of board and committee chair positions in ALFI (Association of the Luxembourg Fund Industry) and ABBL (Association des Banques et Banquiers, Luxembourg) and is well known in the industry as the Chairperson for the Luxembourg Depository Banks. He has represented the Luxembourg financial service industry at the European level on regulatory matters. He is currently on the ILA Funds Committee.

## 2.18. Number of directorships held by members of the Board

| Name             | Title                              | Position held with CIBC Lux                           | Directorships Executive <sup>4</sup> | Directorships Non-Executive |
|------------------|------------------------------------|-------------------------------------------------------|--------------------------------------|-----------------------------|
| Thomas Pellequer | Executive Director                 | Managing Director, Chief Executive Officer - CIBC Lux | 0                                    | -                           |
| Tesse Parigoris  | Non-Executive Director             | SVP, CIBC International Treasurer                     | 0                                    | 2                           |
| Wayne Lee        | Non-Executive Director             | Managing Director, Head of Europe and Asia-Pacific    | -                                    | 18                          |
| Martin Dobbins   | Independent Non-Executive Director | Non-Executive Director                                | -                                    | 9                           |

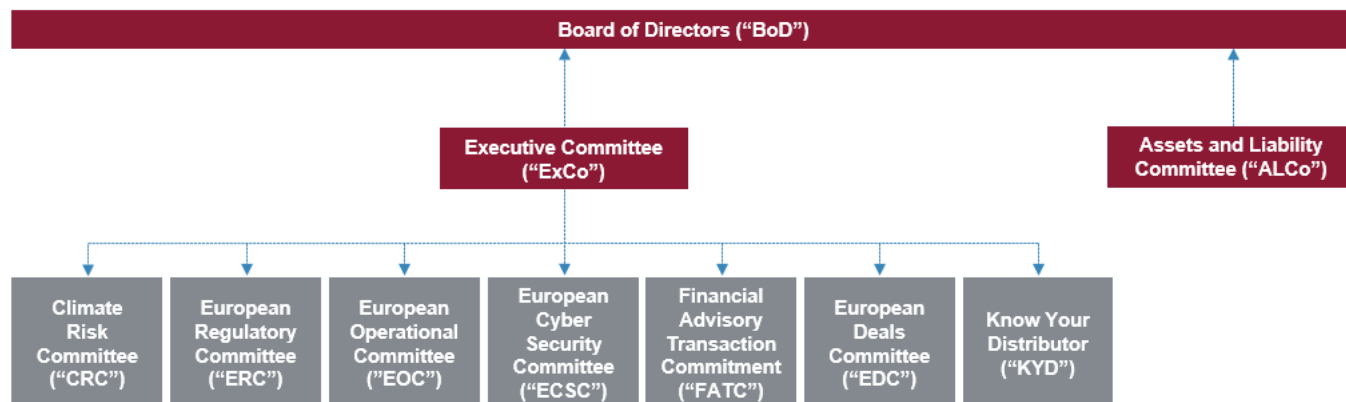
<sup>4</sup> This excludes the Director's role in CIBC Lux

## 2.19. CIBC Lux Governance Structure

The governance structure of CIBC Lux comprises a Board of Directors (one independent non-executive, two non-executive and one executive director). The board has delegated the day-to-day management responsibility to the Executive Committee (ExCo) and the Asset and Liabilities Committee (ALCo). Reporting to the ExCo are the Sustainability Committee, European Regulatory Committee, European Operational Committee, European Deals Committee and the European Cyber Security Committee. The role of each is further expanded in 2.20.

Current structure is as follows:

### *CIBC Capital Markets (Europe) S.A. Governance Structure*



## Control Framework

CIBC Group has established the Control Framework to ensure that Management follows a consistent approach in determining, with reasonable assurance, that CIBC's internal control environment is designed and operating effectively. This includes the operations of CIBC Lux. Activities supporting the Control Framework provide reasonable assurance that CIBC meets its management control objectives of producing accurate, timely and reliable financial and non-financial internal and external reports, complying with all applicable laws and regulations, and having effective operations. The internal control environment must be managed and evaluated through the Control Management Process and in accordance with the Control and Deficiency Management Policy to ensure it operates effectively.

Global Operational Risk Management (GORM) and Internal Audit report on the status of controls to senior management, senior management committees and to the Board; the Chief Compliance Officer also reports on regulatory compliance risk.

## 2.20. Roles of CIBC Lux Committees

### 2.20.1. Asset and Liability Committee (ALCo)

The Board of CIBC Lux has established an ALCo which reports directly to it. The mandate of the ALCo is to ensure that CIBC Lux operates with sufficient levels of liquidity for current and future business both under normal and stressed market environments. The ALCo also reviews the interest rate risk, market risk, credit risk and aggregate balance sheet of the entity to ensure that the risk within CIBC Lux is compliant with the Board approved CIBC Lux RAS. Current members are as follows:

| Committee Role     | Title                                                                                                                                                                                                    |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Executive Chair:   | Head of Treasury                                                                                                                                                                                         |
| Committee Members: | Managing Director, Chief Executive Officer – CIBC Lux<br>Chief Operating Officer – CIBC Lux<br>Chief Risk Officer – CIBC Lux<br>Head of Finance (CFO) – CIBC Lux<br>Head of Corporate Banking – CIBC Lux |
| Attendees:         | Senior representatives from CIBC Europe business lines, as required                                                                                                                                      |

### 2.20.2. Luxembourg Executive Management Committee (ExCo)

Monthly governance ExCo meetings are held to review risk reports from each area of the business and infrastructure group.

ExCo is accountable to the authorised managers and the Board for the fulfilment of its mandate. The Chair of ExCo is the Managing Director (CEO) of CIBC Lux. Summary updates are provided by the Chair, heads of business and functional groups to facilitate governance, oversight and direction.

| Committee Role     | Title                                                                                                                                                                                  |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Executive Chair:   | Managing Director, Chief Executive Officer – CIBC Lux                                                                                                                                  |
| Committee Members: | Chief Operating Officer – CIBC Lux<br>Chief Risk Officer – CIBC Lux<br>Chief Compliance Officer – CIBC Lux<br>Head of Finance (CFO) – CIBC Lux<br>Head of Corporate Banking – CIBC Lux |
| Attendees:         | Head of Treasury – CIBC Lux and other senior representatives from CIBC Europe business lines, as required                                                                              |

### 2.20.3. European Regulatory Committee (ERC)

The ERC is comprised of heads and key staff of CIBC's European Business and Infrastructure groups, providing a forum to discuss regulatory matters and directives relating to CIBC's Europe operations, including CIBC Lux, and potential impacts on the European business model. It considers external factors such as upcoming regulatory developments and work to effectively accommodate the changes. Quarterly updates and recommendations are provided to ExCo and to the Board. CIBC Lux is represented on the ERC by the CIBC Lux COO, CRO, CFO and CCO.

### 2.20.4. European Operating Committee (EOC)

The CIBC Europe ExCo established the EOC as a sub-committee of ExCo to: review the operational support of business activities executed through the European office, including CIBC Lux; ensure operational efficiency across all infrastructure groups within the region; consider specific business and regional operational issues and risks for resolution; review material risk assessments; and review proposals impacting the CIBC Lux entity booking model. CIBC Lux is represented on the EOC by the CIBC Lux COO, CRO, CFO and CCO. Material items impacting CIBC Lux would be escalated as required to the ExCo. The Chair of ExCo would then make any approved recommendations to the Board at each quarterly meeting, or when required.

### 2.20.5. European Deals Committee (EDC)

The Head of CIBC Europe and Asia-Pacific has established the EDC to consider all capital requests associated with credit commitments provided by Business and Corporate Banking prior to obtaining Credit Risk Management approvals and presenting commitments to clients. The EDC's mandate is to ensure compliance with applicable CIBC policies, procedures and regulatory requirements, including reviewing transactions in accordance with CIBC's Global Reputation and Legal Risks Policy and associated procedures including consideration as to whether escalation to the Reputation and Legal Risk (RLR) Committee is required. The EDC also screens proposed credit commitments, including contingent (trading) lines and associated daily settlement limits, of all clients who have borrowing relationships with Corporate Banking, with the goal of ensuring efficient and profitable allocation of CIBC's capital while maximizing profit opportunities ('share of wallet') across all CIBC businesses, including CIBC Lux. It also ensures co-ordination with, and input from, key CIBC business groups as it pertains to historical and forecasted business opportunities, and account coverage strategies and provides local oversight. Membership of the committee is at the discretion of the Executive Chair, and it is noted that the CIBC Lux CEO and CRO have right of veto over any CIBC Lux deals. Current members are as follows:

| Committee role                | Title                                                                                                                                                                                                                                                                                                                          |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Executive Chair (voting):     | Head of Corporate Banking Europe and Asia                                                                                                                                                                                                                                                                                      |
| Voting Members <sup>5</sup> : | Head of Europe and Asia-Pacific<br>Chief Risk Officer, Europe and Asia, CRM<br>Chief Administration Officer<br>CFO, Europe and Asia<br>Head of Legal, Europe<br>Head of Distribution, Europe and Asia<br>Head of Investment Banking Europe<br>CEO CIBC Capital Markets (Europe) S.A.<br>CRO CIBC Capital Markets (Europe) S.A. |

### 2.20.6. Climate Risk Committee (CRC)

The Climate Risk Committee ("CRC") is a sub-committee of the Luxembourg ExCo, UK Management Committee and Asia Pacific Management Committee. The CRC provides a forum for addressing regulatory, strategic and client-related climate risk issues for the Europe and APAC regions. It also acts as a forum for Toronto-based members of the CRC to understand industry best practice and regulatory expectations from the regions, and for those individuals to communicate bank wide initiatives and progress to the CRC. Membership of the CRC comprises the CIBC Lux CRO and Heads of Business and Infrastructure Risk Heads from the European, Asian and Australian offices. Meetings are held on a quarterly basis. Minutes of each meeting are maintained.

### 2.20.7. European Cyber Security Committee (ECSC)

The quarterly European Cyber Security Committee (ECSC) meeting is the primary point for in-region Senior Management discussion for cyber security issues and governance matters pertaining to Europe. A monthly Cyber Dashboard for Luxembourg is also provided to the Lux COO/CRO highlighting any key items of note for the region. The CIBC Lux COO/CRO is a member of the ECSC and represents Lux interests.

The ECSC is a formal sub-committee of the Lux ExCo. The Lux COO/CRO is accountable for regularly reporting on ECSC activity to the Lux ExCo. The responsibilities of the ECSC include prioritising cyber security initiatives and activities relative to other regional priorities, reviewing security metrics and initiating actions to address any local security issues and understanding local cyber security-related regulatory demands, requirements and guidance; and ensuring appropriate actions to address are in place.

<sup>5</sup> Or a designated alternative representative

## 2.21. Communication of Risk Information to Management

Managing risk is a shared responsibility at CIBC. Business units and risk management work together to ensure the business strategies are aligned with the risk appetite of CIBC. Regular and transparent risk reporting and discussions at senior management committees facilitate communication of risks and discussions of risk management strategies within the organisation.

The following areas of risk are reported via dashboards and the RAS to the ALCo and ExCo at least quarterly: Funding and Liquidity Management, Market and Trading Risk and Capital Management Credit Risk. The Lux CRO presents the Board with a Risk Update, following the presentation of these updates. In addition, the Board is presented with the CIBC Lux's RAS for review quarterly and approval annually.

The governance structure for risk management in CIBC Lux is supplemented by the CIBC Risk Governance Structure and is described in detail in the European Risk Management Framework.

CIBC Group's Risk Governance Structure is shown below and outlines the flow of information to the appropriate committees and senior management body. The CIBC board delegate certain matters to its Audit Committee, Risk Management Committee, Management Resources and Compensation Committee and Corporate Governance Committee. Below this is the CIBC Executive Committee and its sub-committees the Global Asset and Liability Committee and Global Risk Committee. All of these provide oversight and governance as part of the risk governance structure and help set the group risk culture and framework.



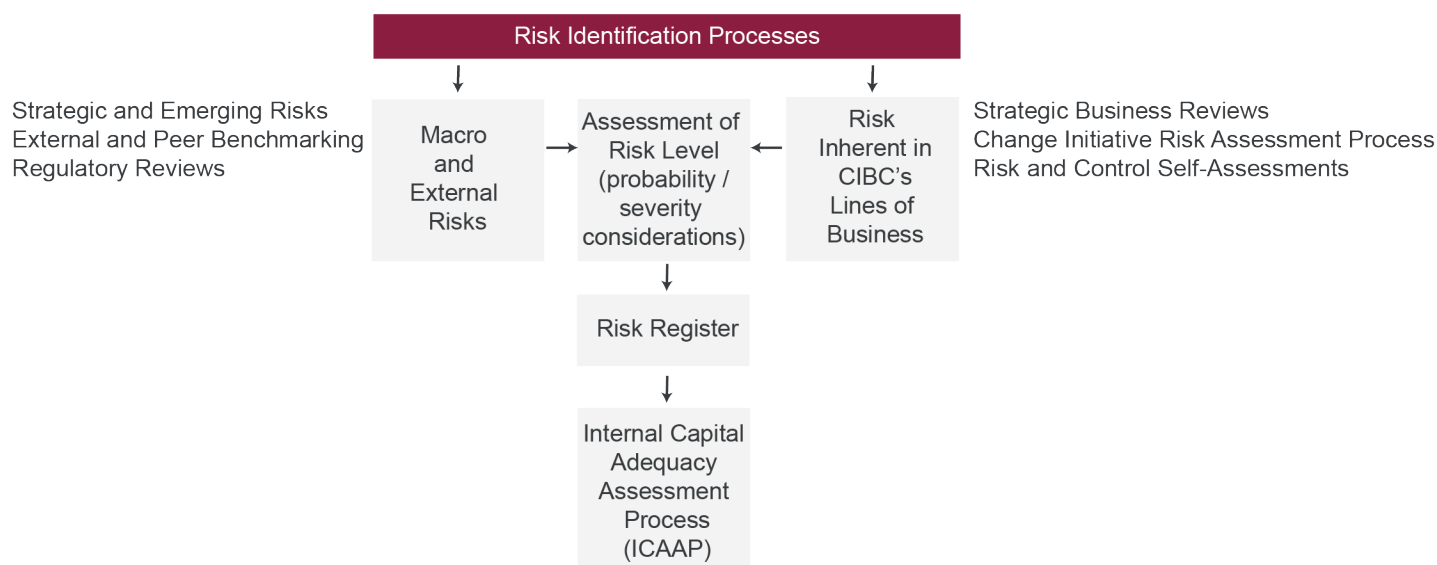
## 2.22. Risk Measurement and Management

Risk identification and measurement is an important element of the Risk Management Framework. Risk identification is a continuous process, generally achieved through regular assessments of risks, ongoing monitoring of portfolios, assessment of risk in new business activities and processes, assessment of risk in complex and unusual business transactions and the regular monitoring of the overall risk profile.

Enterprise Risk Reporting (ERR) maintains a Risk Register that lists all material risks facing CIBC by line of business. The inventory is based on the risks inherent in CIBC's businesses and is updated annually, to reflect changes in the nature of the risks faced by the business.

The risk identification process is outlined in the diagram. CIBC Lux takes a combination of macro and external risks and inherent risks which are combined to form an assessment of Risk Level. Factors such as strategic reviews, benchmarking, regulatory and internal reviews provide data points. This then feeds the risk register and ultimately is captured in the CIBC Lux ICAAP.

### *CIBC Capital Markets (Europe) S.A. Risk Identification Process*



CIBC uses a combination of external vendor and internally developed systems to enable the front office to manage risks associated with its trading and non-trading risk exposures. Within Risk Management, CIBC has purchased an external vendor solution to measure the market and credit risk associated with its trading and non-trading activities. This includes stress testing, VaR analysis for market risk and a quantification of current and future portfolio value following default for credit risk.

Methodologies, models and techniques are subject to independent assessment and review to ensure:

- the underlying logic remains sound;
- that model risks have been identified and managed; and
- the use of the models continues to be appropriate and outputs are valid.

## **2.23. Risk management policies**

### **2.23.1. Overview**

CIBC faces a wide variety of risks across its businesses. Identifying and understanding risks and their impacts allow 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 CIBC achieving consistent and sustainable long-term performance, while remaining within its risk appetite. The CIBC Risk Management Framework (RMF) sets out CIBC's approach to achieving these objectives.

The CIBC Enterprise Risk Appetite Framework (RAF), sets out the overall approach to risk appetite and provides a common understanding among stakeholders of how risk appetite is established, managed and governed at CIBC. The CIBC Risk Appetite Statement (RAS) supports the RMF which sets out CIBC's approach to risk management, and is in turn supported by risk limits, policies, standards, procedures, processes and controls.

#### **Risk Appetite Statement (RAS)**

CIBC's RAS is established, managed and governed as per the RAF. The RAS articulates the aggregate level and types of risk CIBC is willing to assume, or to avoid, in pursuit of its strategy and business objectives and sets the basic goals and measurement metrics, which define tolerance levels for various risks.

CIBC's RAS is defined by management and approved by the Board; it is reviewed at least annually. Reporting against CIBC's RAS metrics is provided quarterly to the GRC, the Risk Management Committee of the Board (RMC) and the Board.

#### **Risk Frameworks, Policies and Limits**

The CIBC RAS is also the foundation for the comprehensive framework of risk limits, policies, standards and procedures, set out by type of risk: Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Reputation Risk, Regulatory Compliance Risk and Other Risks. Key risk frameworks, policies and limits, as identified by CIBC management, are updated on a regular basis and are approved by the Senior Executive Vice-President and Chief Risk Officer (CRO), RMC or the CIBC Board. For most risk types, policy (or framework) documents set out the key principles for managing the associated risks. These are supported by standards, guidelines, processes, procedures and controls that govern day-to-day activities in CIBC's businesses.

The Risk Policy and Limits Framework (see Risk Policy and Limits Framework) ensures risks are appropriately identified, measured, monitored and controlled in accordance with CIBC's risk appetite.

## Risk Policy and Limits Framework

### Risk appetite framework<sup>1</sup>

#### Key supporting CIBC policies and limits

| Credit Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Market Risk                                                                                                                                                                                                                                                                                      | Liquidity Risk                                                                                                                                                                                                                                               | Operational Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Reputation Risk                                                                                                                                                      | Regulatory Compliance Risk <sup>6</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Other Risks                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Credit Risk Management Policy<sup>2</sup></li> <li>• Common risk / Concentration risk Limits for credit exposures<sup>3</sup></li> <li>• Expected credit loss policy<sup>3</sup></li> <li>• Investment and lending authority<sup>1</sup></li> <li>• Portfolio concentration limits for credit exposures<sup>2</sup></li> <li>• Residential Mortgage Underwriting Policy<sup>3</sup></li> <li>• Trading Credit Risk Management Policy<sup>2,6</sup></li> </ul> | <ul style="list-style-type: none"> <li>• Market Risk Management Policy<sup>2,6</sup></li> <li>• Annual review of markets risk limits<sup>2</sup></li> <li>• Structural interest rate risk management policy<sup>3</sup></li> <li>• Structural foreign exchange risk management policy</li> </ul> | <ul style="list-style-type: none"> <li>• Liquidity Risk Management Policy<sup>1</sup></li> <li>• Liquidity Limits<sup>1</sup></li> <li>• Funding Limits<sup>1</sup></li> <li>• Pledging Policy<sup>3</sup></li> <li>• Pledging Limits<sup>2</sup></li> </ul> | <ul style="list-style-type: none"> <li>• Operational Risk Management Framework<sup>2</sup></li> <li>• Business Continuity Management Policy<sup>2,7</sup></li> <li>• Code of Conduct<sup>1,7</sup></li> <li>• Control Framework<sup>1</sup></li> <li>• Control and Deficiency Management Policy</li> <li>• Conduct and Culture Risk Framework<sup>7</sup></li> <li>• Data Lifecycle Management, Data Governance and Records Management Policy<sup>1,2,7</sup></li> <li>• Financial Accounting and Reporting Policy<sup>7</sup></li> <li>• Fraud Management Policy<sup>4</sup></li> <li>• Information/Cyber Security Risk Policy<sup>2</sup></li> <li>• Model Risk and Validation Policy<sup>2</sup></li> <li>• Operational Resilience Framework<sup>2</sup></li> <li>• Project, Program and Portfolio Management Policy</li> <li>• Risk Data Management and Reporting Policy<sup>2,7</sup></li> <li>• Technology Risk Management Policy<sup>2</sup></li> <li>• Third Party Risk Management Policy<sup>2</sup></li> </ul> | <ul style="list-style-type: none"> <li>• Reputation Risk Management Framework<sup>2</sup></li> <li>• Global reputation and legal risks policy<sup>3</sup></li> </ul> | <ul style="list-style-type: none"> <li>• <b>Regulatory compliance management policy</b><sup>2</sup></li> <li>• Anti-bribery and anti-corruption policy<sup>4</sup></li> <li>• Enterprise Anti-Money Laundering Framework<sup>2</sup></li> <li>• Enterprise Anti-Money Laundering and Anti-Terrorist Financing Policy<sup>3</sup></li> <li>• Enterprise Sanctions Policy<sup>3</sup></li> <li>• Compliance Risk Management Framework<sup>3</sup></li> <li>• Global Privacy Management Framework<sup>3</sup></li> <li>• Global Privacy Policy<sup>7</sup></li> </ul> | <ul style="list-style-type: none"> <li>• Corporate environmental policy<sup>3</sup></li> <li>• Global Environmental and Social Framework</li> <li>• Insurance / reinsurance risk management policy<sup>3</sup></li> <li>• <b>Supporting policies</b></li> <li>• Capital policy<sup>1</sup></li> <li>• Economic capital policy<sup>3</sup></li> <li>• Enterprise-wide stress testing policy<sup>3</sup></li> </ul> |

Highlights of these policies and limits applicable to the operations of CIBC Lux are outlined in the following sections.

<sup>1</sup> Approved by the CIBC Board of Directors

<sup>2</sup> Approved / reviewed by the Risk Management Committee of the CIBC Board (RMC) s

<sup>3</sup> Approved by the CIBC CRO

<sup>4</sup> Approved by the CIBC Audit Committee

<sup>5</sup> Regulatory Compliance is defined as one of the 17 Operational Risk Types

<sup>6</sup> Full name of the Policy is Trading Credit Risk Management and Market Risk Management Policy

<sup>7</sup> Operational Risk type policies that are not owned by Global Operational Risk Management

### **2.23.2. Credit risk policies and limits**

Credit risk arises from CIBC Lux's direct lending and trading activities and is defined as the risk of financial loss due to a borrower or counterparty failing to meet its obligations in accordance with contractual terms.

To control credit risk, prudent credit risk management principles are used as a base to establish policies, standards and guidelines that govern credit activities as outlined by CIBC's CRM Policy.

CIBC Lux is guided by the CIBC enterprise-wide limits with respect to acceptable exposures of their business activities.

CIBC's Management Limits are assessed on an ongoing basis to ensure effective monitoring of exposures as risks emerge or change. Exposures above Management Limits require the approval of the SEVP, CRO CIBC Group. CIBC Lux may also impose lower limits to reflect the nature of the exposures and target markets. Tiering of limits provides for an appropriate hierarchy of decision making.

CIBC also has set limits to mitigate against the risk of developing adverse concentrations. Concentrations can arise by borrower, where large, single name credit exposures create vulnerability to deterioration in the credit worthiness of one or more large clients. Concentrations can also arise by country, product or activity, and in the case of business loans, by industry, where potential correlations of exposure create vulnerability to event-driven deterioration across a portfolio. Concentration Risk Limits and Common Risk Limits apply to control concentration risk.

Lending Portfolio Concentration Limits Policy has been established and outlines the requirements at CIBC Lux that must be followed to prevent adverse concentrations of corporate banking initiated loans by Country and Industry Sector and to ensure that existing concentrations are within approved limits and in accordance with CIBC Lux's Risk Appetite Statement ("RAS").

Country Limits also apply to control exposures to countries outside of Canada and the United States. These are reviewed regularly and updates distributed amongst the business and Risk Management.

CIBC Lux has ongoing regard to the local regulatory requirements and guidance of the CSSF in its application of the CIBC Risk Policy and Limits Framework and other policies.

Credit approval authority is granted by the SEVP, CRO CIBC and is further delegated in writing to risk adjudicators with the appropriate level of experience and expertise relative to the type and size of credit. Credit approval authority for CIBC Lux's activities is delegated from the EVP, CRO CMRM to the SVP, CRO Europe and Asia and to the CIBC Lux CRO in respect of the mandates of CMRM and CRM.

Credit exposures within CIBC Lux against approved limits are monitored daily. Summary reports, highlighting concentrations and changes in credit risk exposure, as well as any unauthorised trading above limits (if applicable) are presented to the CIBC Lux CRO and ExCo on a monthly basis and to ALCo and the Board quarterly.

### **2.23.3. Capital Markets risk policies and limits**

Market risk is the risk of economic 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 and credit spreads.

Trading credit risk is the counterparty credit risk resulting from all trading and treasury investing activities.

The CMRM policies set out key principles, the overall limits structure and specific roles and responsibilities, for the measurement, management and control of market risk and trading credit risk and comprise the following:

- Market Risk Management Policy; and
- Trading Credit Risk Policy.

Trading credit risk and market risk exposures are monitored against approved limits on a daily basis and reviewed by CMRM Europe and CIBC Lux Risk management before being reported to the CIBC Lux CRO. CMRM Europe follow the established excess management protocol when required. Summary market risk information is produced and reviewed at least quarterly by ExCo.

#### **2.23.4. Structural Interest Rate Risk Management Policy**

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 SIRR Policy applies to CIBC Lux and defines SIRR, describes the management principles and objectives, governance structure and CIBC's approach to SIRR management including identification, measurement, control as well as monitoring and reporting requirements.

At the end of 2024, CIBC Lux has approved a specific CIBC Lux SIRR Policy which sets out CIBC Lux's approach to SIRR management.

#### **2.23.5. Structural FX Risk Management Policy**

Structural FX risk is primarily the risk inherent in net investment in foreign operations due to changes in FX rates. The Structural FX Risk Management Policy describes the management principles, measures, benchmarking strategy, high-level reporting requirements, the requirements for monitoring and oversight as well as detailed roles and accountabilities for the management of structural FX risks.

#### **2.23.6. Interest Rate Risk in the Banking Book**

Interest rate risk in the Banking Book (IRRBB) is compared with the Tier 1 capital of CIBC Lux. Interest Rate Stress Scenarios are run at least quarterly against the Banking Book as per Basel recommendations *and EBA prescribed shocks following the publication of CSSF 24/848 and CSSF 24/849*.

Additionally, CIBC Lux leverages the interest rate shocks that the Parent Bank has introduced, employing the OSFI Bank Outlier methodology. This includes parallel shocks and a series of other shocks such as yield curve steepeners, flatteners as prescribed in SPR31.90 to SPR31.93. These run on a weekly basis.

#### **2.23.7. Liquidity Risk Management Policy and limits**

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 fall due.

The CIBC Liquidity Risk Management Policy outlines key elements of CIBC Group's approach to managing liquidity risk. The policy incorporates RAS metrics for liquidity risk management as well as other RMC and management approved limits, such as funding limits, to further control liquidity risk.

The liquidity risk management strategies followed by CIBC Lux seek to ensure that a sufficient amount of unencumbered liquid assets are available to meet anticipated liquidity needs in both stable and stressed conditions for a minimum period of time determined by ALCo and by the Board. In addition, the liquidity risk management strategies seek to ensure that CIBC Lux is compliant with local regulatory requirements.

The Liquid Asset Buffer (LAB) Policy defines CIBC Lux's approach to managing the LAB as it relates to liquidity risk management and LAB regulatory requirements. It is the primary reference with regards to the risk-related LAB approach of CIBC Lux and includes key responsible parties for the oversight and policy/programme review cycles. Details of the LAB and any movements, breaches and repositioning will be identified to the ALCo as part of the regular agenda. On a quarterly basis, the ALCo report will be summarised and reported to the Board.

The CIBC Lux Contingency Funding Plan (CFP) sets out the strategies for addressing liquidity shortfalls in emergency situations. The CFP outlines policies to manage the liquidity requirement under CIBC Lux's stress scenario, establishes clear lines of responsibility, includes clear invocation and escalation procedures and is operationally robust. The CFP is aligned with the requirements of the Basel Committee on Banking Supervision

(BCBS) Principles for Sound Liquidity Risk Management and Supervision. ALCo and the Board review and approve the CFP for CIBC Lux and ensure it is compliant with local regulatory requirements.

CIBC Group's Pledging Policy and associated pledging limits set out CIBC's approach to pledging and the consolidated aggregate gross and net maximum pledging limits.

#### **2.23.8. Operational Risk Management Policy**

The CIBC Lux Framework is supplemental to the CIBC Operational Risk Management Framework which outlines the framework, requirements and roles and responsibilities in managing operational risk in CIBC.

#### **2.23.9. Reputational risk management policies**

CIBC Lux follows CIBC's Reputation Risk Management Framework supplemented by the CIBC Global Reputation and Legal Risks (GRLR) Policy and related procedures, as well as the CIBC AML and ATF policies. In addition, CIBC Lux follows the CIBC Lux Conduct & Culture Framework, and CIBC's Global Code of Conduct, Confidentiality and Privacy Policy, Information Security Policy, Fraud Management Policy and Marketing and Advertising Policy.

#### **2.23.10. Regulatory Compliance Management Policy**

Regulatory compliance risk refers to the risk of CIBC Lux's potential non-conformance with applicable regulatory requirements. Regulatory requirements are requirements contained in laws and regulations and other prescribed regulatory practices that are applicable to CIBC Lux and require CIBC Lux to do (or prohibit it from doing) certain things or to act or conduct its affairs in a particular manner.

The CIBC Regulatory Compliance Management (RCM) Policy sets out CIBC's regulatory compliance philosophy and RCM framework. The RCM Policy describes how CIBC identifies and risk assesses regulatory requirements, maps them to controls and oversees compliance. European regional regulatory compliance is monitored via the European Regulatory Committee of which the CIBC Lux CRO, CCO and CFO are members.

At the Parent Bank level, Compliance reports to the CIBC Risk Management Committee (RMC) on a quarterly basis, expressing opinions concerning the adequacy and design and operating effectiveness of CIBC's RCM framework. At CIBC Lux level, Compliance reports to the Exco and to the Board at least on a quarterly basis.

#### **2.23.11. Anti-Money Laundering and Anti-Terrorist Financing Policy**

CIBC is committed to adhering to all regulatory requirements pertaining to AML and CTF and to implementing best practices to minimise the impact of Money Laundering and Terrorist Financing activities within the reach of CIBC. As such, all CIBC lines of business must execute their role in preventing Money Laundering and Terrorist Financing by being diligent in their dealings with clients and by being aware of and complying with applicable laws related to AML and CTF activities, including all reporting requirements and standards.

The AML and CTF Policy establishes a framework and sets out the requirements for promoting compliance with regulatory requirements relating to AML and ATF. CIBC Lux adheres to the Global AML and CTF policies, as well as policies implemented locally.

#### **2.23.12. Anti-Bribery and Anti-Corruption Policy**

CIBC is committed to conducting its business in compliance with applicable regulatory requirements related to the prevention of bribery and corruption.

CIBC Lux executes on this commitment by following the CIBC Anti-Bribery and Anti-Corruption (ABAC) Policy, which sets out the various components that make up CIBC's ABAC regulatory compliance program, including minimum standards of conduct relating to the giving and receiving of gifts or entertainment.

In addition, CIBC Lux has established its own Gifts, Entertainment and Hospitality Policy, which all CIBC Lux employees must adhere to, in addition to the CIBC ABAC Policy.

### **2.23.13. Policies for other risks**

CIBC maintains other policies, which set out how other risks are managed. These include Corporate Environmental Policy, Model Risk and Validation Policy, Procurement and Supplier Governance Policy, Insurance/Reinsurance Risk Management Policy, Capital Policy, Economic Capital Policy, Stress Testing Policy and Risk Data and Reporting Framework and Management Policy.

CIBC Lux has specific Business Continuity Management (BCM) plans which align to the CIBC BCM Policy. CIBC Lux must regularly assess its exposure to business interruption risk and take appropriate action to minimise and control the risk. These requirements align with CIBC's BCM Program.

## **2.24. Risk management reporting**

To monitor CIBC Lux's risk profile and facilitate evaluation against the CIBC Lux RAS, measurement metrics have been established with quarterly reporting against these metrics provided to ExCo, ALCo and the Board. This reporting enables decisions on growth and risk mitigation strategies. The type and frequency of this reporting is set out below by type:

### **2.24.1. Market risk reporting**

Daily market risk reports highlight VaR, stress results and sensitivities per business and are distributed to desk heads, the CIBC Lux CRO, CIBC Lux CEO, the Head of Europe and Asia-Pacific, the SVP CRO, CMRM Europe and Asia and the Head of Capital Markets Trading (CMT), Europe. In addition, market risk limit and exposure reports are reviewed by traders and CMRM staff in Luxembourg and other CIBC locations as required.

### **2.24.2. Trading Credit Risk reporting**

Daily credit risk reports are produced by CMRM Europe and the CIBC Lux Credit Risk Manager, highlighting any counterparties in excess of limit, and distributed to the Head of CMT, Europe and the Heads of the trading desks and to the Lux CRO.

### **2.24.3. CRM reporting**

The CIBC Group CRO is accountable for accurate and timely corporate credit risk reporting using staff and systems as appropriate across CIBC. Locally, accountability sits with the CIBC Lux CRO.

### **2.24.4. Overall CIBC Lux portfolio reporting**

CRM Europe provides summary reporting of the corporate loan portfolio along with associated contingent lines on a monthly basis to the CIBC Lux CRO which is presented in summary form to the ExCo monthly. On a daily basis CRM monitors balance changes booked by Loan Operations in CIBC's main loan booking system.

This reporting details total authorised and total drawn exposure to individual borrower groups, banded by risk rating, country risk, industry groupings and by facility types. Exposures booked within CIBC Lux are separately identified within the overall portfolio. Notable month-on-month changes given new commitments, repayments or amendments are flagged within each report.

In accordance with the Quarterly High Risk Review Reporting Procedures, the SVP, CRO Europe and Asia's team, including where appropriate the CIBC Lux CRO, along with Corporate Banking prepare risk reporting for the High Risk portfolio names. These detail the nature of CIBC's exposure, underlying borrower financial performance, historic and prospective risk rating analysis, collateral cover and where necessary provisioning rationale, along with current and future action plans for the management of the files concerned. These reports are circulated quarterly to the CIBC Lux CEO and CRO, Internal Audit, the SVP, Head of Special Loans, CRM, the Head of Europe and Asia-Pacific, the EVP and CRO Global CRM, the MD and Head of Corporate Banking (CB) and the SEVP, CRO CIBC.

#### **2.24.5. Stress testing**

Stress testing supplements other risk management tools by providing an estimate of tail loss. At least annually, enterprise-wide stress testing is conducted based on a number of enterprise-wide stress scenarios, featuring a range of severities. The stress testing program is integrated with CIBC's Recovery Plan (RP) and for preparation of specific RP related scenarios. Other enterprise-wide scenarios are performed on an ad-hoc basis as emerging risks are identified through CIBC's risk identification processes. Results of stress testing are interpreted in the context of CIBC's risk appetite and specific risk appetite metrics including metrics for capital adequacy. Enterprise-wide stress testing, capital planning and financial planning processes combine to form a comprehensive information system. Other enterprise-wide scenarios are performed on an ad-hoc basis as emerging risks are identified through the risk identification processes.

Stress testing results are used to inform management decision making, including potential risk mitigation strategies. The stress tests utilise CIBC's macro-economic stresses and supplements them with additional stresses relevant to CIBC Lux's portfolio and/or local macro-economic conditions (e.g. default of the largest corporate loan), which are incorporated into CIBC Lux's Recovery Plan. The impact and results of CIBC Lux's stress testing are also documented in its annual ICAAP.

### 3. Capital resources

#### 3.1. Objectives, policies and processes

CIBC Lux's objective is to employ a strong and efficient capital base. Capital is managed in accordance with policies established by the Board. These policies relate to capital strength, capital mix and dividends. Each policy has associated guidelines, and capital is monitored continuously for compliance.

Each year a capital plan and three-year outlook are developed by senior management in conjunction with the preparation of the ICAAP. This encompasses all the associated elements of capital: forecasts of sources and uses, maturities, redemptions, new issuances, corporate initiatives and business growth. The capital plan is stress-tested in various ways to ensure that it is sufficiently robust under all reasonable scenarios. All of the elements of capital are monitored throughout the year, and the capital plan is adjusted as appropriate.

The capital adequacy is determined by rules and minimum standards prescribed by the Regulator under Regulation (EU) 2019/876 of the European Parliament and of the Council, amending Regulation (EU) No 575/2013.

#### 3.2. Structure of regulatory capital

Regulatory capital consists solely of Core Equity Tier 1 instruments less certain deductions. The components of CIBC Lux's regulatory capital are set out below:

##### *Template EU CC1 - Composition of regulatory own funds*

| Common Equity Tier 1 (CET1) capital: instruments and reserves                                                                   | Amounts       |
|---------------------------------------------------------------------------------------------------------------------------------|---------------|
| Capital instruments and the related share premium accounts                                                                      | 1,207,000,000 |
| of which: Instrument type 1                                                                                                     | 1,207,000,000 |
| of which: Instrument type 2                                                                                                     | -             |
| of which: Instrument type 3                                                                                                     | -             |
| Retained earnings                                                                                                               | 114,416,746   |
| Accumulated other comprehensive income (and other reserves)                                                                     | 25,855,000    |
| Funds for general banking risk                                                                                                  | -             |
| Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1 | -             |
| Minority interests (amount allowed in consolidated CET1)                                                                        | -             |
| Independently reviewed interim profits net of any foreseeable charge or dividend                                                | -             |
| Common Equity Tier 1 (CET1) capital before regulatory adjustments                                                               | 1,347,271,746 |

| Common Equity Tier 1 (CET1) capital: regulatory adjustments                                                                                                                                                                                                                       | Amounts       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Additional value adjustments (negative amount)                                                                                                                                                                                                                                    | -373,343      |
| Intangible assets (net of related tax liability) (negative amount)                                                                                                                                                                                                                | -             |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)                                                                          | -             |
| Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value                                                                                                                                                     | -             |
| Negative amounts resulting from the calculation of expected loss amounts                                                                                                                                                                                                          | -             |
| Any increase in equity that results from securitised assets (negative amount)                                                                                                                                                                                                     | -             |
| Gains or losses on liabilities valued at fair value resulting from changes in own credit standing                                                                                                                                                                                 | -             |
| Defined-benefit pension fund assets (negative amount)                                                                                                                                                                                                                             | -             |
| Direct and indirect holdings by an institution of own CET1 instruments (negative amount)                                                                                                                                                                                          | -             |
| Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)                        | -             |
| Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount) | -             |
| Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)           | -             |
| Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative                                                                                                                                                  | -             |
| of which: qualifying holdings outside the financial sector (negative amount)                                                                                                                                                                                                      | -             |
| of which: securitisation positions (negative amount)                                                                                                                                                                                                                              | -             |
| of which: free deliveries (negative amount)                                                                                                                                                                                                                                       | -             |
| Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)                                                                                                | -             |
| Amount exceeding the 17,65% threshold (negative amount)                                                                                                                                                                                                                           | -             |
| of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities                                                                                    | -             |
| of which: deferred tax assets arising from temporary differences                                                                                                                                                                                                                  | -             |
| Losses for the current financial year (negative amount)                                                                                                                                                                                                                           | -             |
| Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)                                | -             |
| Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)                                                                                                                                                                                          | -             |
| Other regulatory adjustments                                                                                                                                                                                                                                                      | -             |
| Total regulatory adjustments to Common Equity Tier 1 (CET1)                                                                                                                                                                                                                       | -373,343      |
| Common Equity Tier 1 (CET1) capital                                                                                                                                                                                                                                               | 1,346,898,404 |

| <b>Additional Tier 1 (AT1) capital: instruments</b>                                                                                                                                                                                                           | <b>Amounts</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Capital instruments and the related share premium accounts                                                                                                                                                                                                    | -              |
| of which: classified as equity under applicable accounting standards                                                                                                                                                                                          | -              |
| of which: classified as liabilities under applicable accounting standards                                                                                                                                                                                     | -              |
| Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1                                                                                                                                | -              |
| Amount of qualifying items referred to in Article 494a(1) subject to phase out from AT1                                                                                                                                                                       | -              |
| Amount of qualifying items referred to in Article 494b(1) subject to phase out from AT1                                                                                                                                                                       | -              |
| Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties                                                                                          | -              |
| of which: instruments issued by subsidiaries subject to phase out                                                                                                                                                                                             | -              |
| Additional Tier 1 (AT1) capital before regulatory adjustments                                                                                                                                                                                                 | -              |
| <b>Additional Tier 1 (AT1) capital: regulatory adjustments</b>                                                                                                                                                                                                | <b>Amounts</b> |
| Direct and indirect holdings by an institution of own AT1 instruments (negative amount)                                                                                                                                                                       | -              |
| Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)      | -              |
| Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount) | -              |
| Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)                       | -              |
| Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)                                                                                                                                                                        | -              |
| Other regulatory adjustments to AT1 capital                                                                                                                                                                                                                   | -              |
| Total regulatory adjustments to Additional Tier 1 (AT1) capital                                                                                                                                                                                               | -              |
| Additional Tier 1 (AT1) capital                                                                                                                                                                                                                               | -              |
| Tier 1 capital (T1 = CET1 + AT1)                                                                                                                                                                                                                              | 1,346,898,404  |

| <b>Tier 2 (T2) capital: instruments</b>                                                                                                                                                                                                                                        | <b>Amounts</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Capital instruments and the related share premium accounts                                                                                                                                                                                                                     | -              |
| Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR                                                                                                              | -              |
| Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2                                                                                                                                                                                        | -              |
| Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2                                                                                                                                                                                        | -              |
| Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties                                                                          | -              |
| of which: instruments issued by subsidiaries subject to phase out                                                                                                                                                                                                              | -              |
| Credit risk adjustments                                                                                                                                                                                                                                                        | -              |
| Tier 2 (T2) capital before regulatory adjustments                                                                                                                                                                                                                              | -              |
| <b>Tier 2 (T2) capital: regulatory adjustments</b>                                                                                                                                                                                                                             | <b>Amounts</b> |
| Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)                                                                                                                                                                  | -              |
| Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount) | -              |
| Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)       | -              |
| Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)                             | -              |
| Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)                                                                                                                                                     | -              |
| Other regulatory adjustments to T2 capital                                                                                                                                                                                                                                     | -              |
| Total regulatory adjustments to Tier 2 (T2) capital                                                                                                                                                                                                                            | -              |
| Tier 2 (T2) capital                                                                                                                                                                                                                                                            | -              |
| Total capital (TC = T1 + T2)                                                                                                                                                                                                                                                   | 1,346,898,404  |
| Total risk exposure amount                                                                                                                                                                                                                                                     | 2,105,623,279  |
| <b>Capital ratios and requirements including buffers</b>                                                                                                                                                                                                                       | <b>Ratios</b>  |
| Common Equity Tier 1                                                                                                                                                                                                                                                           | 63.97%         |
| Tier 1                                                                                                                                                                                                                                                                         | 63.97%         |
| Total capital                                                                                                                                                                                                                                                                  | 63.97%         |
| Institution CET1 overall capital requirements                                                                                                                                                                                                                                  | 7.82%          |
| of which: capital conservation buffer requirement                                                                                                                                                                                                                              | 2.50%          |
| of which: countercyclical capital buffer requirement                                                                                                                                                                                                                           | 0.82%          |
| of which: systemic risk buffer requirement                                                                                                                                                                                                                                     | -              |
| of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement                                                                                                                                             | -              |

| Capital ratios and requirements including buffers                                                                               | Ratios |
|---------------------------------------------------------------------------------------------------------------------------------|--------|
| of which: additional own funds requirements to address the risks other than the risk of excessive leverage                      | -      |
| Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements | 59.47% |

| Amounts below the thresholds for deduction (before risk weighting)                                                                                                                                                                              | Amounts |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions) | -       |
| Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)  | -       |
| Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)                                                                             | -       |

| Applicable caps on the inclusion of provisions in Tier 2                                                                                        | Amounts    |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)           | -          |
| Cap on inclusion of credit risk adjustments in T2 under standardised approach                                                                   | 24,123,515 |
| Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap) | -          |
| Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach                                                        | -          |

| Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022) | Amounts |
|-----------------------------------------------------------------------------------------------------------|---------|
| Current cap on CET1 instruments subject to phase out arrangements                                         | -       |
| Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)                   | -       |
| Current cap on AT1 instruments subject to phase out arrangements                                          | -       |
| Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)                    | -       |
| Current cap on T2 instruments subject to phase out arrangements                                           | -       |
| Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)                     | -       |

### 3.2.1. Permanent Share Capital

The authorised share capital of the entity:

| Share Capital Class                        | Share Capital Amount |
|--------------------------------------------|----------------------|
| 1,207,000,000 ordinary shares of C\$1 each | C\$1,207,000,000     |

### 3.2.2. P&L and other reserves

The reserves carried forward comprise current year audited P&L, brought forward retained earnings, accumulated other comprehensive income, legal and tax reserve.

### 3.2.3. Reconciliation of regulatory own funds to balance sheet in the audited financial statements

Template EU CC2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements

| Description                                                                                                              | a & b<br>Balance sheet as in<br>published financial<br>statements in C\$'000 | C<br>Reference |
|--------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|----------------|
| <b>Assets - Breakdown by asset classes according to the balance sheet in the published financial statements</b>          |                                                                              |                |
| Cash and balances with central banks                                                                                     | 1,161,447                                                                    |                |
| Due from banks                                                                                                           | 3,869                                                                        |                |
| Settlement accounts                                                                                                      | 354,547                                                                      |                |
| Derivative financial assets                                                                                              | 356,364                                                                      |                |
| Debt securities at fair value through profit and loss                                                                    | 250,956                                                                      |                |
| Equity securities at fair value through profit and loss                                                                  | 93,987                                                                       |                |
| Loans and advances to non-banks                                                                                          | 1,019,039                                                                    |                |
| Other assets                                                                                                             | 151,093                                                                      |                |
| Property and equipment                                                                                                   | 2,599                                                                        |                |
| <b>Total assets</b>                                                                                                      | <b>3,393,901</b>                                                             |                |
| <b>Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements</b> |                                                                              |                |
| Settlement accounts                                                                                                      | 365,709                                                                      |                |
| Deposits from banks                                                                                                      | 1,135,717                                                                    |                |
| Derivative financial liabilities                                                                                         | 370,359                                                                      |                |
| Other liabilities                                                                                                        | 125,560                                                                      |                |
| Current tax liabilities                                                                                                  | 47,974                                                                       |                |
| Accrued expenses                                                                                                         | 1,311                                                                        |                |
| <b>Total liabilities</b>                                                                                                 | <b>2,046,630</b>                                                             |                |
| <b>Shareholders' Equity</b>                                                                                              |                                                                              |                |
| Share capital                                                                                                            | 1,207,000                                                                    | 1              |
| Retained earnings                                                                                                        | 23,118                                                                       | 2              |
| Accumulated other comprehensive income                                                                                   | 86                                                                           | 3              |
| Profit for the year                                                                                                      | 91,298                                                                       |                |
| Legal reserve                                                                                                            | 2,769                                                                        | 3              |
| Tax reserve                                                                                                              | 23,000                                                                       | 3              |
| <b>Total shareholders' equity</b>                                                                                        | <b>1,347,271</b>                                                             |                |
| <b>Total liabilities and shareholders' equity</b>                                                                        | <b>3,393,901</b>                                                             |                |

### 3.2.4. Prudent Valuation Adjustment (PVA)

The Prudential Valuation Adjustment (PVA) is an Additional Valuation Adjustment (AVA) mandated under Article 105(14) of Regulation (EU) No 575/2013 (Capital Requirements Regulation — CRR) which is deducted from Common Equity Tier 1 (CET1) capital.

Under the Simplified Approach adopted by CIBC Lux it is calculated as 0.1% of the aggregate absolute value of fair valued positions held.

*Template EU PV1: Prudent valuation adjustments (PVA)*

| Category level<br>AVA                                                | Risk category:<br>Equity | Risk category:<br>Interest Rates | Risk category:<br>Foreign<br>exchange | Risk<br>category:<br>Credit | Risk category:<br>Commodities | Category<br>level AVA -<br>Valuation<br>uncertainty:<br>Unearned<br>credit spreads<br>AVA | Category<br>level AVA -<br>Valuation<br>uncertainty:<br>Investment<br>and funding<br>costs AVA | Total category<br>level post-<br>diversification | Total category<br>level post-<br>diversification:<br>Of which:<br>Total core<br>approach in<br>the trading<br>book | Total category<br>level post-<br>diversification:<br>Of which:<br>Total core<br>approach in<br>the banking<br>book |
|----------------------------------------------------------------------|--------------------------|----------------------------------|---------------------------------------|-----------------------------|-------------------------------|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| Market price<br>uncertainty                                          | -                        | -                                | -                                     | -                           | -                             | -                                                                                         | -                                                                                              | -                                                | -                                                                                                                  | -                                                                                                                  |
| Close-out cost                                                       | -                        | -                                | -                                     | -                           | -                             | -                                                                                         | -                                                                                              | -                                                | -                                                                                                                  | -                                                                                                                  |
| Concentrated<br>positions                                            | -                        | -                                | -                                     | -                           | -                             | -                                                                                         | -                                                                                              | -                                                | -                                                                                                                  | -                                                                                                                  |
| Early<br>termination                                                 | -                        | -                                | -                                     | -                           | -                             | -                                                                                         | -                                                                                              | -                                                | -                                                                                                                  | -                                                                                                                  |
| Model risk                                                           | -                        | -                                | -                                     | -                           | -                             | -                                                                                         | -                                                                                              | -                                                | -                                                                                                                  | -                                                                                                                  |
| Operational<br>risk                                                  | -                        | -                                | -                                     | -                           | -                             | -                                                                                         | -                                                                                              | -                                                | -                                                                                                                  | -                                                                                                                  |
| Future<br>administrative<br>costs                                    | -                        | -                                | -                                     | -                           | -                             | -                                                                                         | -                                                                                              | -                                                | -                                                                                                                  | -                                                                                                                  |
| <b>Total<br/>Additional<br/>Valuation<br/>Adjustments<br/>(AVAs)</b> | <b>n/a</b>               | <b>n/a</b>                       | <b>n/a</b>                            | <b>n/a</b>                  | <b>n/a</b>                    | <b>n/a</b>                                                                                | <b>n/a</b>                                                                                     | <b>373,343</b>                                   | <b>-</b>                                                                                                           | <b>-</b>                                                                                                           |

### **3.2.5. Dividends**

Common share dividends are declared at the discretion of the Board. No dividend was declared or paid during the year.

As at 31 October 2024 there were no current impediments to the movement of capital resources or repayments of liabilities between CIBC and CIBC Lux other than the non-distributable legal reserve.

In addition, CIBC Lux management maintain a Net Wealth Tax reserve from its historic retained earnings for which there will be limitations on distribution as dividends for a period of five years from creation.

## 4. Capital requirements

### 4.1. Adequacy of Capital

To assess the adequacy of the firm's capital both to support current activities and activities which may be executed in the future, CIBC Lux performs an Internal Capital Adequacy Assessment Process (ICAAP). The Board has delegated the preparation of the ICAAP to ExCo whilst retaining overall ownership.

The ICAAP assessment has been undertaken by CIBC Lux Senior Management, including representatives from CMRM, CRM, Treasury, Legal, Business Management, Compliance, Finance and the business. The ICAAP document has been reviewed by ExCo and approved by the Board.

The ICAAP seeks to determine the composition and the total level of capital required by CIBC Lux to meet its business objectives and comply with its regulatory requirements. The review encompassed the following areas:

- Assessment of the adequacy of Tier 1 capital under Basel III (Normative Risk).
- Identification and assessment of risks not currently captured under the normative risk assessment.
- Assessment of the adequacy of the capital resources requirement under stress scenarios

The review is based on a three year forecast, encompassing projected revenues, costs and projected balance sheet by business and associated RWA. Within this forecast, the possibility and associated costs that a business could be restructured, retrenched or closed down is considered. The impact of ongoing global geopolitical tensions on CIBC Lux's operations have been considered in its 2024 ICAAP and has been documented therein. The ICAAP is reviewed on an annual basis, or as required in the event of a significant change in strategy.

Credit and counterparty risk, market risk, operational risk, liquidity risk, concentration risk, group risk, climate risk and regulatory compliance risk are considered by Senior Management to be the significant risks faced by CIBC Lux. The market and credit risk impact to capital adequacy is assessed using a severe stagflation scenario. CIBC Lux's credit risk capital requirement is further recalculated using an idiosyncratic stress event.

The results of the ICAAP confirm that CIBC Lux is adequately capitalised and, under its current capital framework, able to absorb both additional losses and capital charges arising from potential stress scenarios.

In addition to the ICAAP and as noted in this document, the Board has formulated a RAS which identifies key metrics to monitor and control the risk appetite of CIBC Lux. The RAS sets out the management target for CIBC Lux's capital ratio to ensure management and the Board are adequately monitoring the firm's internal capital position.

CIBC Lux has an effective credit management policy to ensure that exposures are maintained within the regulatory limits.

### 4.2. External credit rating agency

The External Credit Assessment Institution (ECAI) used by CIBC Lux for ratings is Standard & Poor's (S&P). These ratings are used in addition to CIBC Lux's internal counterparty ratings to determine the credit quality of counterparties for the following exposure classes:

- Central governments or central banks
- Regional governments or local authorities
- Public sector entities
- Multilateral development banks
- Institutions
- Corporates
- Other items

CIBC Lux did not have exposures to any other exposure classes.

S&P is recognised by the CSSF as an eligible credit assessment institution for the purposes of calculating credit risk requirements under the standardised approach. The external ratings provided by S&P are then mapped to prescribed credit quality steps based on which the applicable risk weight is derived for each of the relevant exposures.

| Credit quality step | S&P's assessments |
|---------------------|-------------------|
| 1                   | AAA to AA-        |
| 2                   | A+ to A-          |
| 3                   | BBB+ to BBB-      |
| 4                   | BB+ to BB-        |
| 5                   | B+ to B-          |
| 6                   | CCC+ and below    |

As an input to regulatory capital calculations, current ratings are monitored regularly, no less than on a semi-annual basis.

### 4.3. Risk weighted assets and minimum capital requirements

Under Basel III, CIBC Lux applies the standardised approach to credit risk, market risk and CVA risk. Operational risk is calculated under the Basic Indicator Approach.

As at 31 October 2024 the Risk Weighted Assets and associated minimum capital requirements (8% of risk weighted assets) were as follows:

#### Template EU OV1 – Overview of total risk exposure amounts

| Description                                                                                   | Risk weighted exposure amounts (RWEAs) 31-Oct-24 | Risk weighted exposure amounts (RWEAs) 31-Oct-23 | Total own funds requirements 31-Oct-24 |
|-----------------------------------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------|
| Credit risk (excluding CCR)                                                                   | 1,587,674,524                                    | 1,325,960,934                                    | 127,013,962                            |
| Of which the standardised approach                                                            | 1,587,674,524                                    | 1,325,960,934                                    | 127,013,962                            |
| Of which the Foundation IRB (F-IRB) approach                                                  | -                                                | -                                                | -                                      |
| Of which: slotting approach                                                                   | -                                                | -                                                | -                                      |
| Of which: equities under the simple risk weighted approach                                    | -                                                | -                                                | -                                      |
| Of which the Advanced IRB (A-IRB) approach                                                    | -                                                | -                                                | -                                      |
| Counterparty credit risk - CCR                                                                | 350,420,010                                      | 409,606,090                                      | 28,033,601                             |
| Of which the standardised approach                                                            | 342,206,024                                      | 345,377,001                                      | 27,376,482                             |
| Of which internal model method (IMM)                                                          | -                                                | -                                                | -                                      |
| Of which exposures to a CCP                                                                   | -                                                | -                                                | -                                      |
| Of which credit valuation adjustment - CVA                                                    | 8,213,986                                        | 64,229,089                                       | 657,069                                |
| Of which other CCR                                                                            | -                                                | -                                                | 50                                     |
| Settlement risk                                                                               | -                                                | 2,023                                            | -                                      |
| Securitisation exposures in the non-trading book (after the cap)                              | -                                                | -                                                | -                                      |
| Of which SEC-IRBA approach                                                                    | -                                                | -                                                | -                                      |
| Of which SEC-ERBA (including IAA)                                                             | -                                                | -                                                | -                                      |
| Of which SEC-SA approach                                                                      | -                                                | -                                                | -                                      |
| Of which 1250%/ deduction                                                                     | -                                                | -                                                | -                                      |
| Position, foreign exchange and commodities risks (Market risk)                                | -                                                | -                                                | -                                      |
| Of which the standardised approach                                                            | -                                                | -                                                | -                                      |
| Of which IMA                                                                                  | -                                                | -                                                | -                                      |
| Large exposures                                                                               | -                                                | -                                                | -                                      |
| Operational risk                                                                              | 167,528,745                                      | 85,330,732                                       | 13,402,300                             |
| Of which basic indicator approach                                                             | 167,528,745                                      | 85,330,732                                       | 13,402,300                             |
| Of which standardised approach                                                                | -                                                | -                                                | -                                      |
| Of which advanced measurement approach                                                        | -                                                | -                                                | -                                      |
| Amounts below the thresholds for deduction (subject to 250% risk weight)<br>(For information) | -                                                | -                                                | -                                      |
| <b>Total</b>                                                                                  | <b>2,105,623,279</b>                             | <b>1,820,899,779</b>                             | <b>168,449,862</b>                     |

Increases are due to year-on-year organic growth of underlying business activities.

Management expect to receive a further capital injection from CIBC Parent of C\$550mm in Calendar Quarter 2, 2025. This has not been included in the disclosures in this document.

## **5. Management of credit risk**

### **5.1. Background**

CIBC Lux credit risk primarily arises from direct lending activities, and to a lesser extent, from trading, investment and hedging activities. Credit risk is defined as the risk of financial loss due to a borrower or counterparty failing to meet its obligations in accordance with agreed terms.

### **5.2. Governance**

To control credit risk in alignment with CIBC Group's risk appetite, CIBC has implemented overarching policies and standards. In addition to these policies and standards, CIBC Lux has established its own risk appetite and limits to control local credit concentrations. Key policies and limits are subject to annual review and approval by the CIBC Group Risk Management Committee (RMC) of CIBC's Board of Directors. CIBC Lux key risk management policies are subject to review and approved by ExCo and CIBC Lux Board of Directors.

CIBC's Credit Risk Management Framework describes CIBC's overall approach to managing credit risk and supports the establishment of sound credit risk management principles. It also establishes an effective framework for managing credit risk, including documented policies, standards and guidelines, processes and controls, as well as limits to operationalise the credit risk management principles in line with CIBC's credit risk strategy.

### **5.3. Process and control**

#### **5.3.1. Credit risk management**

The CIBC Lux CRO provides independent review of Lux deals under delegated approval authorities granted by the SVP, CRO Europe and Asia. The CIBC Lux CRO has right of veto over any CIBC Lux deals. Credits above the CIBC Lux CRO's delegated authorities are recommended to the SVP, CRO Europe and Asia. For amounts above the SVP, CRO Europe and Asia limits, credits are presented up the chain dependent on size of limits. Delegated lending authorities are risk rating based and are reviewed annually. The CIBC Lux CRO has the ability to delegate authority to appropriately skilled staff members. Use of delegated authorities in Europe is communicated to the SVP, CRO Europe and VP, CRM on a monthly basis.

Furthermore, Credit Portfolio Monitoring is also achieved through monthly portfolio reports to ExCo and quarterly report to the Board.

Formal risk rating guidelines are amongst the tools used to manage credit risk. All credit exposures are monitored on an ongoing basis to ensure compliance with the terms and conditions of the credit agreement, including limits and repayment terms, and to facilitate the early identification of deteriorating accounts. At least annually, a formal risk assessment, including review of assigned ratings is documented. Higher risk-rated accounts are subject to closer monitoring and are reviewed at least quarterly.

#### **5.3.2. Non-trading credit risk**

Within the non-trading book, qualified personnel in CIBC Europe and CIBC Lux undertake a detailed assessment of credit transactions and assign internal risk ratings according to an approved methodology. All loans have ratings appropriate for their businesses which reflect probability of default of the counterparty, loss given default and probability of loss of the credit facility. In addition, final allocation of a designated limit takes into consideration concentration limits which are established for individual borrowers or groups of related borrowers.

The internal risk ratings standardise the quantification of risk across portfolios. They are also used in monitoring the portfolios and are key inputs used in the risk-based models for the attribution of the credit risk component of economic capital. The risk ratings also affect the level of approval of authority needed and thus seniority of approval personnel required.

Internal risk ratings of corporate credit counterparties are reviewed at least annually. Graded problem loan lists are used to monitor accounts where the counterparty represents heightened levels of risk. Such higher risk accounts are reviewed quarterly or more frequently as per CIBC's High Risk reporting protocol. Distressed accounts are monitored on a continuous basis and any changes are reported immediately for decision making.

An overview of the corporate credit portfolio is presented to the ExCo on a monthly basis and to the Board on a quarterly basis.

### **5.3.3. Trading credit risk**

With regards to trading credit risk, the independent review and where necessary adjudication of CIBC Lux trading credit limits is conducted by the CIBC Lux Credit Risk Manager and reported to the CIBC Lux CRO. CMRM DLA are delegated via the VP, CMRM Europe and Asia while local oversight is through the CIBC Lux CRO. Counterparty Risk Appetite are monitored against concentration limits established for individual counterparties or related groups, industry sectors, geographic regions and selected products.

Counterparty credit exposures are monitored on a daily basis. Unapproved excesses of trading credit lines are escalated within the global control governance and processes are in place to sanction those involved.

### **5.4. Credit risk mitigation**

Credit risk mitigation is applied to repos/reverse repos, securities lending/borrowing and derivative trades. CIBC Lux only trades these products under market standard documentation such as Global Master Repurchase Agreement (GMRA) for repos/reverse repos, predominantly Global Master Securities Lending Agreement (GMSLA) for stock lending/borrowing (although some Overseas Securities Lending Agreements are in place), and International Swaps and Derivatives Agreement/Credit Support Annex (ISDA/CSA where applicable) for derivatives. CIBC has established MAT documentation terms per master trading documentation which are described in the CIBC Trading Documentation Procedures. MAT depend on counterparty type and product traded. All non MAT negotiated terms in trading documentation are pre-approved by CMRM. All counterparties are assigned an internal risk rating, a credit limit and tenor for each product, and be subject to periodic credit management including annual reviews.

With respect to repos/reverse repos and securities lending/borrowing business, credit risk is mitigated by the underlying security. With respect to derivative trades, credit risk is mitigated by daily collateral.

CIBC Group's CRM policies and procedures are described in the CIBC Lux Risk Management Framework. This ensures compliance with Part 3, Title II, Chapter 4 of the CRR and is signed off by the Board and ExCo.

In the event of an exposure exceeding the credit limits in place due to market movements, credit mitigation strategies are adopted to bring the credit risk back within comfort levels promptly.

### **5.5. Policies, procedures and standards**

CIBC has a comprehensive framework of risk policies and limits (Risk Policy and Limits Framework) which sets out policies by type of risk: credit risk, capital markets risk, liquidity risk, operational risk, reputation risk and other/corporate risks.

Within this Risk Policy and Limits Framework, there are a series of additional overarching documents for most risk types that set out the key principles for managing the associated risks. These frameworks and key policies are supported by standards, guidelines, processes, procedures and controls that govern day-to-day business activities undertaken by Risk Management officers. These documents are intended to ensure risks are appropriately identified, measured, monitored and controlled in accordance with risk appetite.

The Risk Policy and Limits Framework is utilised by CIBC Lux as applicable, with related standards in place covering lending to the large corporate sector.

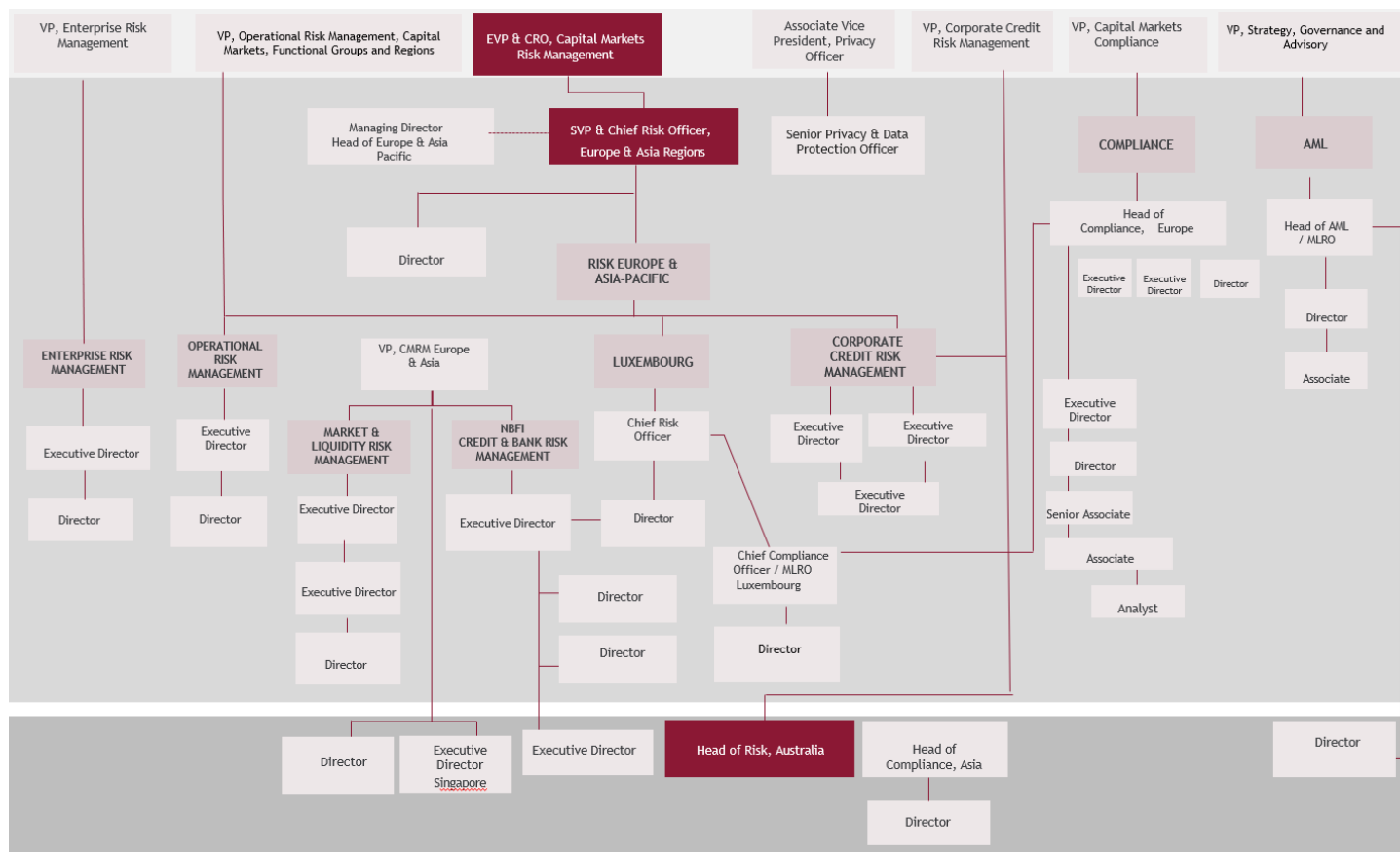
### **5.6. Measurement, monitoring and control**

Risk Management provide enterprise-wide adjudication and oversight of management of credit risk in the trading and credit portfolios. Adjudication and portfolio management decisions are based on the risk appetite, as reflected in policies, standards and limits. Lending authorities are controlled to ensure decisions are made by qualified and experienced personnel.

Models and market-based techniques are also used by CRM in the management of the credit risk. Higher risk or concentrated positions are reduced through the use of direct loan sales, credit derivative hedges or structured transactions. In addition, selected credit exposures may be added to the portfolio to enhance diversification and increase overall return.

## CRO Europe and Asia

*Current Organisational Chart of Risk Management Function*



CIBC Capital Markets (Europe) S.A.– Pillar 3 disclosures | 45

## 6. Capital buffers

### 6.1. Institution specific and geographical distribution countercyclical buffer

The following table details the geographical distribution of the credit exposures, after the application of relevant credit conversion factors, relevant for the calculation of the countercyclical capital buffer for CIBC Lux as at the 31 October 2024.

*Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer*

#### Breakdown by country

| Country        | General credit exposures: Exposure value under the standardised approach | General credit exposures: Exposure value under the IRB approach | Relevant credit exposures – Market risk: Sum of long and short positions of trading book exposures for SA | Relevant credit exposures – Market risk: Value of trading book exposures for internal models | Securitisation exposures Exposure value for non-trading book | Total exposure value | Own fund requirements: Relevant credit risk exposures - Credit risk | Own fund requirements: Relevant credit exposures – Market risk | Own fund requirements: Relevant credit exposures – Securitisation positions in the non-trading book | Own fund requirements: Total | Risk-weighted exposure amounts | Own fund requirements weights | Countercyclical Buffer Rate % |
|----------------|--------------------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|--------------------------------------------------------------|----------------------|---------------------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|------------------------------|--------------------------------|-------------------------------|-------------------------------|
| Canada         | 63,913,824                                                               | 0                                                               | 0                                                                                                         | 0                                                                                            | 0                                                            | 63,913,824           |                                                                     | 0                                                              | 0                                                                                                   | 5,113,106                    | 63,913,824                     | 3.52%                         | 0.00%                         |
| Finland        | 87,739,092                                                               | 0                                                               | 0                                                                                                         | 0                                                                                            | 0                                                            | 87,739,092           |                                                                     | 0                                                              | 0                                                                                                   | 7,019,127                    | 87,739,092                     | 4.83%                         | 0.00%                         |
| France         | 33,061,519                                                               | 0                                                               | 0                                                                                                         | 0                                                                                            | 0                                                            | 33,061,519           |                                                                     | 0                                                              | 0                                                                                                   | 1,983,691                    | 24,796,140                     | 1.36%                         | 1.00%                         |
| Germany        | 135,385,992                                                              | 0                                                               | 0                                                                                                         | 0                                                                                            | 0                                                            | 135,385,992          |                                                                     | 0                                                              | 0                                                                                                   | 10,830,879                   | 135,385,992                    | 7.45%                         | 0.75%                         |
| Ireland        | 18,839,161                                                               | 0                                                               | 0                                                                                                         | 0                                                                                            | 0                                                            | 18,839,161           |                                                                     | 0                                                              | 0                                                                                                   | 1,507,133                    | 18,839,161                     | 1.04%                         | 1.50%                         |
| Italy          | 468,670,767                                                              | 0                                                               | 0                                                                                                         | 0                                                                                            | 0                                                            | 468,670,767          |                                                                     | 0                                                              | 0                                                                                                   | 36,814,673                   | 460,183,414                    | 25.31%                        | 0.00%                         |
| Luxembourg     | 168,794,695                                                              | 0                                                               | 0                                                                                                         | 0                                                                                            | 0                                                            | 168,794,695          |                                                                     | 0                                                              | 0                                                                                                   | 13,503,576                   | 168,794,695                    | 9.28%                         | 0.50%                         |
| Netherlands    | 399,790,404                                                              | 0                                                               | 0                                                                                                         | 0                                                                                            | 0                                                            | 399,790,404          |                                                                     | 0                                                              | 0                                                                                                   | 31,893,575                   | 398,669,684                    | 21.93%                        | 2.00%                         |
| Norway         | 76,941,218                                                               | 0                                                               | 0                                                                                                         | 0                                                                                            | 0                                                            | 76,941,218           |                                                                     | 0                                                              | 0                                                                                                   | 1,231,059                    | 15,388,244                     | 0.85%                         | 2.50%                         |
| Poland         | 182,348,475                                                              | 0                                                               | 0                                                                                                         | 0                                                                                            | 0                                                            | 182,348,475          |                                                                     | 0                                                              | 0                                                                                                   | 13,733,019                   | 171,662,738                    | 9.44%                         | 0.00%                         |
| Spain          | 10,991,671                                                               | 0                                                               | 0                                                                                                         | 0                                                                                            | 0                                                            | 10,991,671           |                                                                     | 0                                                              | 0                                                                                                   | 879,334                      | 10,991,671                     | 0.60%                         | 0.00%                         |
| Sweden         | 117,876,633                                                              | 0                                                               | 0                                                                                                         | 0                                                                                            | 0                                                            | 117,876,633          |                                                                     | 0                                                              | 0                                                                                                   | 7,626,069                    | 95,325,866                     | 5.24%                         | 2.00%                         |
| Switzerland    | 15,816,521                                                               | 0                                                               | 0                                                                                                         | 0                                                                                            | 0                                                            | 15,816,521           |                                                                     | 0                                                              | 0                                                                                                   | 1,265,322                    | 15,816,521                     | 0.87%                         | 0.00%                         |
| United Kingdom | 145,837,785                                                              | 0                                                               | 0                                                                                                         | 0                                                                                            | 0                                                            | 145,837,785          |                                                                     | 0                                                              | 0                                                                                                   | 8,750,267                    | 109,378,339                    | 6.02%                         | 2.00%                         |
| United States  | 41,880,122                                                               | 0                                                               | 0                                                                                                         | 0                                                                                            | 0                                                            | 41,880,122           |                                                                     | 0                                                              | 0                                                                                                   | 3,307,055                    | 41,338,191                     | 2.27%                         | 0.00%                         |
| <b>Total</b>   | <b>1,967,887,878</b>                                                     | <b>0</b>                                                        | <b>0</b>                                                                                                  | <b>0</b>                                                                                     | <b>0</b>                                                     | <b>1,967,887,878</b> |                                                                     | <b>0</b>                                                       | <b>0</b>                                                                                            | <b>145,457,886</b>           | <b>1,818,223,570</b>           | <b>100%</b>                   | <b>-</b>                      |

The below table summarises the institution specific countercyclical capital buffer calculation for CIBC Lux as at the 31 October 2024. Countercyclical buffer rates are periodically reviewed by the respective issuing bodies.

Template EU CCyB2 - Amount of institution-specific countercyclical capital buffer

| Description                                                           | Amount        |
|-----------------------------------------------------------------------|---------------|
| Total risk exposure amount (C\$)                                      | 2,105,623,279 |
| Institution specific countercyclical capital buffer rate (%)          | 0.8163%       |
| Institution specific countercyclical capital buffer requirement (C\$) | 17,188,136    |

## **7. Credit and counterparty credit risk<sup>7</sup>**

### **7.1. Risk rating of exposures**

Qualified personnel undertake a detailed assessment of credit and counterparty credit transactions and assign internal risk ratings according to an approved methodology. All exposures have ratings appropriate for their businesses, which reflect probability of default of the counterparty and/or loss given default and/or probability of loss of the credit facility.

The internal risk ratings standardise the quantification of risk across portfolios. They are also used in monitoring the portfolios and are key inputs used in the risk-based models for the attribution of the credit and counterparty risk component of economic capital. The risk ratings also affect the level of seniority of approval personnel required.

### **7.2. Credit risk**

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<sup>7</sup> The amounts disclosed in section 7.3 may differ from the amounts disclosed in the Financial Statements as SFT exposure netting has been applied in accordance with Part 3 Title 1 Chapter 6 Section 7 of the CRR.

### 7.2.1. Total exposures by risk weight

The following tables detail the exposures, after applicable credit conversion factors have been applied by Credit Quality step under the Standardised Approach. The amounts in these tables may differ from the amounts disclosed in the Financial Statements due to the application of Credit Risk Mitigation and netting effects.

#### Template EU CR5 – Standardised approach

| Exposure classes                                                | Risk wt: 0%          | Risk wt: 2% | Risk wt: 4% | Risk wt: 10% | Risk wt: 20%       | Risk wt: 35% | Risk wt: 50%      | Risk wt: 70% | Risk wt: 75% | Risk wt: 100%        | Risk wt: 150% | Risk wt: 250% | Risk wt: 370% | Risk wt: 1250 % | Risk wt: Other s | Total                | Of which unrated     |
|-----------------------------------------------------------------|----------------------|-------------|-------------|--------------|--------------------|--------------|-------------------|--------------|--------------|----------------------|---------------|---------------|---------------|-----------------|------------------|----------------------|----------------------|
| Central governments or central banks                            | 1,423,040,159        | -           | -           | -            | -                  | -            | -                 | -            | -            | -                    | -             | -             | -             | -               | -                | 1,423,040,159        | -                    |
| Regional government or local authorities                        | -                    | -           | -           | -            | -                  | -            | -                 | -            | -            | -                    | -             | -             | -             | -               | -                | -                    | -                    |
| Public sector entities                                          | -                    | -           | -           | -            | -                  | -            | -                 | -            | -            | -                    | -             | -             | -             | -               | -                | -                    | -                    |
| Multilateral development banks                                  | -                    | -           | -           | -            | -                  | -            | -                 | -            | -            | -                    | -             | -             | -             | -               | -                | -                    | -                    |
| International organisations                                     | -                    | -           | -           | -            | -                  | -            | -                 | -            | -            | -                    | -             | -             | -             | -               | -                | -                    | -                    |
| Institutions                                                    | -                    | -           | -           | -            | 37,837,875         | -            | 28,790,725        | -            | -            | -                    | -             | -             | -             | -               | -                | 66,628,600           | -                    |
| Corporates                                                      | -                    | -           | -           | -            | 76,941,218         | -            | -                 | -            | -            | 1,613,943,586        | -             | -             | -             | -               | -                | 1,690,884,803        | 1,540,437,957        |
| Retail                                                          | -                    | -           | -           | -            | -                  | -            | -                 | -            | -            | -                    | -             | -             | -             | -               | -                | -                    | -                    |
| Secured by mortgages on immovable property                      | -                    | -           | -           | -            | -                  | -            | -                 | -            | -            | -                    | -             | -             | -             | -               | -                | -                    | -                    |
| Exposures in default                                            | -                    | -           | -           | -            | -                  | -            | -                 | -            | -            | -                    | -             | -             | -             | -               | -                | -                    | -                    |
| Exposures associated with particularly high risk                | -                    | -           | -           | -            | -                  | -            | -                 | -            | -            | -                    | -             | -             | -             | -               | -                | -                    | -                    |
| Covered bonds                                                   | -                    | -           | -           | -            | -                  | -            | -                 | -            | -            | -                    | -             | -             | -             | -               | -                | -                    | -                    |
| Institutions and corporates with a short-term credit assessment | -                    | -           | -           | -            | -                  | -            | -                 | -            | -            | -                    | -             | -             | -             | -               | -                | -                    | -                    |
| Unit or shares in collective investment undertakings            | -                    | -           | -           | -            | -                  | -            | -                 | -            | -            | -                    | -             | -             | -             | -               | -                | -                    | -                    |
| Equity                                                          | -                    | -           | -           | -            | -                  | -            | -                 | -            | -            | -                    | -             | -             | -             | -               | -                | -                    | -                    |
| Other items                                                     | -                    | -           | -           | -            | -                  | -            | -                 | -            | -            | 2,924,621            | -             | -             | -             | -               | -                | 2,924,621            | 2,924,621            |
| <b>TOTAL</b>                                                    | <b>1,423,040,159</b> | <b>-</b>    | <b>-</b>    | <b>-</b>     | <b>114,779,093</b> | <b>-</b>     | <b>28,790,725</b> | <b>-</b>     | <b>-</b>     | <b>1,616,868,206</b> | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>        | <b>-</b>         | <b>3,183,478,183</b> | <b>1,543,362,578</b> |

### 7.2.2. Total risk weighted assets by exposure class

The risk weighted assets and own funds capital requirement (8% of RWAs) as at 31 October 2024 are shown in the following table:

*Template EU CR4 – Standardised approach – Credit risk exposure and CRM effects*

| Exposure classes                                                | Exposures before CCF and before CRM: On-balance-sheet exposures | Exposures before CCF and before CRM: Off-balance-sheet exposures | Exposures post CCF and post CRM: On-balance-sheet exposures | Exposures post CCF and post CRM: Off-balance-sheet exposures | RWAs and RWAs density: RWEA | RWAs and RWAs density: RWEA density (%) |
|-----------------------------------------------------------------|-----------------------------------------------------------------|------------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------|-----------------------------|-----------------------------------------|
| Central governments or central banks                            | 1,423,040,159                                                   | -                                                                | 1,423,040,159                                               | -                                                            | -                           | -                                       |
| Regional government or local authorities                        | -                                                               | -                                                                | -                                                           | -                                                            | -                           | -                                       |
| Public sector entities                                          | -                                                               | -                                                                | -                                                           | -                                                            | -                           | -                                       |
| Multilateral development banks                                  | -                                                               | -                                                                | -                                                           | -                                                            | -                           | -                                       |
| International organisations                                     | -                                                               | -                                                                | -                                                           | -                                                            | -                           | -                                       |
| Institutions                                                    | 37,837,875                                                      | -                                                                | 37,837,875                                                  | 28,790,725                                                   | 21,962,937                  | 33%                                     |
| Corporates                                                      | 1,025,644,437                                                   | 1,448,208,742                                                    | 1,025,644,437                                               | 665,240,367                                                  | 1,562,791,964               | 92%                                     |
| Retail                                                          | -                                                               | -                                                                | -                                                           | -                                                            | -                           | -                                       |
| Secured by mortgages on immovable property                      | -                                                               | -                                                                | -                                                           | -                                                            | -                           | -                                       |
| Exposures in default                                            | -                                                               | -                                                                | -                                                           | -                                                            | -                           | -                                       |
| Exposures associated with particularly high risk                | -                                                               | -                                                                | -                                                           | -                                                            | -                           | -                                       |
| Covered bonds                                                   | -                                                               | -                                                                | -                                                           | -                                                            | -                           | -                                       |
| Institutions and corporates with a short-term credit assessment | -                                                               | -                                                                | -                                                           | -                                                            | -                           | -                                       |
| Collective investment undertakings                              | -                                                               | -                                                                | -                                                           | -                                                            | -                           | -                                       |
| Equity                                                          | -                                                               | -                                                                | -                                                           | -                                                            | -                           | -                                       |
| Other items                                                     | 2,924,621                                                       | -                                                                | 2,924,621                                                   | -                                                            | 2,924,621                   | 100%                                    |
| <b>TOTAL</b>                                                    | <b>2,489,447,092</b>                                            | <b>1,448,208,742</b>                                             | <b>2,489,447,092</b>                                        | <b>694,031,091</b>                                           | <b>1,587,674,524</b>        | <b>50%</b>                              |

### **7.2.3. Geographical analysis of credit risk**

Country risk reflects economic, political, social, institutional and other risks. Country risk ratings are formally reviewed at least annually at the CIBC level, although there is a quarterly meeting to monitor any changing risks of countries. Country risk is actively managed on a group-wide basis through limits on exposures to individual countries outside of North America. These limits establish the maximum amount of acceptable country risk including its sub-components, such as bank deposits and trade finance. The majority of credit risk exposure relates to the loan portfolio. However, CIBC Lux also engages in activities that expose the entity to off-balance sheet credit risk, including credit-related arrangements and derivative instruments. These exposures are managed through the credit risk management framework.

## 7.2.4. Analysis of non-financial loan exposures by industry

Template EU CQ5: Credit quality of loans and advances to non-financial corporations by industry

| Description                                                   | Gross carrying amount | Gross carrying amount of which: non-performing | Gross carrying amount of which: non-performing of which: defaulted | Gross carrying amount of which: loans and advances subject to impairment | Accumulated impairment | Accumulated negative changes in fair value due to credit risk on non-performing exposures |
|---------------------------------------------------------------|-----------------------|------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------|------------------------|-------------------------------------------------------------------------------------------|
| Agriculture, forestry and fishing                             | -                     | -                                              | -                                                                  | -                                                                        | -                      | -                                                                                         |
| Mining and quarrying                                          | 29,656,530            | -                                              | -                                                                  | 29,656,530                                                               | -7,242                 | -                                                                                         |
| Manufacturing                                                 | -                     | -                                              | -                                                                  | -                                                                        | -                      | -                                                                                         |
| Electricity, gas, steam and air conditioning supply           | 330,266,350           | -                                              | -                                                                  | 330,266,350                                                              | -144,842               | -                                                                                         |
| Water supply                                                  | -                     | -                                              | -                                                                  | -                                                                        | -                      | -                                                                                         |
| Construction                                                  | -                     | -                                              | -                                                                  | -                                                                        | -                      | -                                                                                         |
| Wholesale and retail trade                                    | 15,330,027            | -                                              | -                                                                  | 15,330,027                                                               | -2,203                 | -                                                                                         |
| Transport and storage                                         | 6,561,635             | -                                              | -                                                                  | 6,561,635                                                                | -1,153                 | -                                                                                         |
| Accommodation and food service activities                     | -                     | -                                              | -                                                                  | -                                                                        | -                      | -                                                                                         |
| Information and communication                                 | 51,678,061            | -                                              | -                                                                  | 51,678,061                                                               | -25,016                | -                                                                                         |
| Real estate activities                                        | -                     | -                                              | -                                                                  | -                                                                        | -                      | -                                                                                         |
| Financial and insurance activities                            | 84,059,592            | -                                              | -                                                                  | 84,059,592                                                               | -53,660                | -                                                                                         |
| Professional, scientific and technical activities             | -                     | -                                              | -                                                                  | -                                                                        | -                      | -                                                                                         |
| Administrative and support service activities                 | 31,881,036            | -                                              | -                                                                  | 31,881,036                                                               | -9,221                 | -                                                                                         |
| Public administration and defence, compulsory social security | -                     | -                                              | -                                                                  | -                                                                        | -                      | -                                                                                         |
| Education                                                     | -                     | -                                              | -                                                                  | -                                                                        | -                      | -                                                                                         |
| Human health services and social work activities              | -                     | -                                              | -                                                                  | -                                                                        | -                      | -                                                                                         |
| Arts, entertainment and recreation                            | -                     | -                                              | -                                                                  | -                                                                        | -                      | -                                                                                         |
| Other services                                                | -                     | -                                              | -                                                                  | -                                                                        | -                      | -                                                                                         |
| <b>Total</b>                                                  | <b>549,433,231</b>    | <b>-</b>                                       | <b>-</b>                                                           | <b>549,433,231</b>                                                       | <b>-243,337</b>        | <b>-</b>                                                                                  |

The table above ties to the FINREP framework.

### 7.2.5. Credit risk exposures and CRM

#### Template EU CR3 – CRM techniques – Overview

| Description                       | Unsecured carrying amount | Secured carrying amount | Of which secured by collateral | Of which secured by financial guarantees | Of which secured by credit derivatives |
|-----------------------------------|---------------------------|-------------------------|--------------------------------|------------------------------------------|----------------------------------------|
| Loans and advances                | 2,645,237,317             | -                       | -                              | -                                        | -                                      |
| Debt securities                   | 250,956,308               | -                       | -                              | -                                        | -                                      |
| <b>Total</b>                      | <b>2,896,193,625</b>      | -                       | -                              | -                                        | -                                      |
| Of which non-performing exposures | -                         | -                       | -                              | -                                        | -                                      |
| Of which defaulted                | -                         | -                       | -                              | -                                        | -                                      |

### **7.3. Counterparty credit risk**

#### **7.3.1. Counterparty credit exposure**

Counterparty credit exposure arises from interest rate, foreign exchange, hedging and portfolio management activities. Credit exposure on derivative contracts is measured and managed, taking into account both the current mark-to-market value of each contract, as well as a prudent estimate of potential future exposure for each transaction. This considers any legally enforceable risk-mitigating arrangements for each obligor such as netting and margin. Under such an agreement, collateral can be obtained from and/or pledged to CIBC Lux counterparties. This consists primarily of cash or marketable securities that are re-valued on a regular basis.

### 7.3.2. Counterparty credit risk exposure by approach

For off-balance sheet instruments, the maximum exposure is the mark-to-market plus a value for potential future exposure (PFE).

*Template EU CCR1 – Analysis of CCR exposure by approach*

| Description                                                        | Replacement cost (RC) | Potential future exposure (PFE) | EEPE       | Alpha used for computing regulatory exposure value | Exposure value pre-CRM | Exposure value post-CRM | Exposure value     | RWEA               |
|--------------------------------------------------------------------|-----------------------|---------------------------------|------------|----------------------------------------------------|------------------------|-------------------------|--------------------|--------------------|
| EU - Original Exposure Method (for derivatives)                    | -                     | -                               | n/a        | 1.4                                                | -                      | -                       | -                  | -                  |
| EU - Simplified SA-CCR (for derivatives)                           | -                     | -                               | n/a        | 1.4                                                | -                      | -                       | -                  | -                  |
| SA-CCR (for derivatives)                                           | 133,732,672           | 298,743,097                     | n/a        | 1.4                                                | 695,246,583            | 592,868,530             | 592,868,530        | 342,206,024        |
| IMM (for derivatives and SFTs)                                     | n/a                   | n/a                             | -          | -                                                  | -                      | -                       | -                  | -                  |
| Of which securities financing transactions netting sets            | n/a                   | n/a                             | -          | n/a                                                | -                      | -                       | -                  | -                  |
| Of which derivatives and long settlement transactions netting sets | n/a                   | n/a                             | -          | n/a                                                | -                      | -                       | -                  | -                  |
| Of which from contractual cross-product netting sets               | n/a                   | n/a                             | -          | n/a                                                | -                      | -                       | -                  | -                  |
| Financial collateral simple method (for SFTs)                      | n/a                   | n/a                             | n/a        | n/a                                                | -                      | -                       | -                  | -                  |
| Financial collateral comprehensive method (for SFTs)               | n/a                   | n/a                             | n/a        | n/a                                                | -                      | -                       | -                  | -                  |
| VaR for SFTs                                                       | n/a                   | n/a                             | n/a        | n/a                                                |                        |                         |                    |                    |
| <b>Total</b>                                                       | <b>n/a</b>            | <b>n/a</b>                      | <b>n/a</b> | <b>n/a</b>                                         | <b>695,246,583</b>     | <b>592,868,530</b>      | <b>592,868,530</b> | <b>342,206,024</b> |

### 7.3.3. Counterparty credit risk exposures by regulatory portfolios and risk weight

Template EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

| Exposure classes                                                | Risk weight:<br>0% | Risk weight:<br>2% | Risk weight:<br>4% | Risk weight:<br>10% | Risk weight:<br>20% | Risk weight:<br>50% | Risk weight:<br>70% | Risk weight:<br>75% | Risk weight:<br>100% | Risk weight:<br>150% | Risk weight:<br>Others | Total<br>exposure<br>value |
|-----------------------------------------------------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|------------------------|----------------------------|
| Central governments or central banks                            | 109,692,977        | -                  | -                  | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                      | 109,692,977                |
| Regional government or local authorities                        | -                  | -                  | -                  | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                      | -                          |
| Public sector entities                                          | -                  | -                  | -                  | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                      | -                          |
| Multilateral development banks                                  | -                  | -                  | -                  | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                      | -                          |
| International organisations                                     | -                  | -                  | -                  | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                      | -                          |
| Institutions                                                    | -                  | 9,400,334          | -                  | -                   | 34,474,495          | 165,223,515         | -                   | -                   | -                    | -                    | -                      | 209,098,344                |
| Corporates                                                      | -                  | -                  | -                  | -                   | -                   | -                   | -                   | -                   | 274,078,454          | -                    | -                      | 274,078,454                |
| Retail                                                          | -                  | -                  | -                  | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                      | -                          |
| Institutions and corporates with a short-term credit assessment | -                  | -                  | -                  | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                      | -                          |
| Other items                                                     | -                  | -                  | -                  | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                      | -                          |
| <b>Total exposure value</b>                                     | <b>109,692,977</b> | <b>9,400,334</b>   | <b>-</b>           | <b>-</b>            | <b>34,474,495</b>   | <b>165,223,515</b>  | <b>-</b>            | <b>-</b>            | <b>274,078,454</b>   | <b>-</b>             | <b>-</b>               | <b>592,869,776</b>         |

### 7.3.4. Counterparty credit risk exposures to CCPs

#### Template EU CCR8 – Exposures to CCPs

|    | Description                                                                                           | a<br>Exposure<br>Value | b<br>RWEA |
|----|-------------------------------------------------------------------------------------------------------|------------------------|-----------|
| 1  | <b>Exposures to QCCPs (total)</b>                                                                     |                        | 188,007   |
| 2  | Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which     | 9,400,334              | 188,007   |
| 3  | (i) OTC derivatives                                                                                   | 9,400,334              | 188,007   |
| 4  | (ii) Exchange-traded derivatives                                                                      | -                      | -         |
| 5  | (iii) SFTs                                                                                            | -                      | -         |
| 6  | (iv) Netting sets where cross-product netting has been approved                                       | -                      | -         |
| 7  | Segregated initial margin                                                                             | -                      |           |
| 8  | Non-segregated initial margin                                                                         | -                      | -         |
| 9  | Prefunded default fund contributions                                                                  | -                      | -         |
| 10 | Unfunded default fund contributions                                                                   | -                      | -         |
| 11 | <b>Exposures to non-QCCPs (total)</b>                                                                 |                        | -         |
| 12 | Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which |                        |           |
| 13 | (i) OTC derivatives                                                                                   | -                      | -         |
| 14 | (ii) Exchange-traded derivatives                                                                      | -                      | -         |
| 15 | (iii) SFTs                                                                                            | -                      | -         |
| 16 | (iv) Netting sets where cross-product netting has been approved                                       | -                      | -         |
| 17 | Segregated initial margin                                                                             | -                      |           |
| 18 | Non-segregated initial margin                                                                         | -                      | -         |
| 19 | Prefunded default fund contributions                                                                  | -                      | -         |
| 20 | Unfunded default fund contributions                                                                   | -                      | -         |

## **7.4. Risk control**

### **7.4.1. Derivatives**

In the latter part of FY2024 the Bank commenced in a new product offering whereby it took positions on a principal basis in equity derivatives. Therefore, the Bank is exposed to market risk albeit on a small scale. For the rest of its business activity CIBC Lux has no market making activity and operates on a strict back-to-back model. The use of derivatives is predominately to support our clients' hedging or investment needs. In this case, CIBC Lux would seek to hedge its market risks by way of matching intra-group transactions as necessary.

CIBC Lux transacts both over-the-counter trades, being contracts that are privately negotiated between CIBC Lux and the counterparty, and exchange traded positions through regulated exchanges. Typically, these would include interest rate swaps, interest rate options, cross currency swaps and FX forwards.

Credit exposure arising from derivative activities is actively measured and monitored. All counterparties must be pre-approved by CMRM, assigned an internal risk rating, assigned a credit limit and tenor for each product, and be subject to periodic credit management reviews, including annual reviews. In addition, a daily OTC Derivative Change Analysis report, which comprises of material changes to CIBC Lux's derivative exposures per counterparty, is widely circulated to CMRM, CRM, Specialised Credit and the business on a daily basis.

### **7.4.2. Past due**

CIBC Lux deems a financial asset to be past due when a counterparty has failed to make a payment when contractually due. As at 31 October 2024 there were no such assets.

### **7.4.3. Impaired loans**

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re-organisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The amount of the loss is measured as the difference between the asset's carrying value and the present value of estimated future cash flows.

CIBC Lux imposes a disciplined approach to risk by continuously monitoring all credit exposures and aggressively managing all non-performing accounts. As at 31 October 2024 there were no non-performing loans.

*Template EU CR1: Performing and non-performing exposures and related provisions*

Gross carrying amount/ nominal amount

| Description                                              | Performing exposures, | Performing exposures, Of which stage 1 | Performing exposures, Of which stage 2 | Non-performing exposures, | Non-performing exposures, Of which stage 2 | Non-performing exposures, Of which stage 3 |
|----------------------------------------------------------|-----------------------|----------------------------------------|----------------------------------------|---------------------------|--------------------------------------------|--------------------------------------------|
| Cash balances at central banks and other demand deposits | 1,165,315,630         | 1,165,315,630                          | -                                      | -                         | -                                          | -                                          |
| Loans and advances                                       | 1,480,391,747         | 1,480,391,747                          | -                                      | -                         | -                                          | -                                          |
| Central banks                                            | -                     | -                                      | -                                      | -                         | -                                          | -                                          |
| General governments                                      | -                     | -                                      | -                                      | -                         | -                                          | -                                          |
| Credit institutions                                      | 400,006,726           | 400,006,726                            | -                                      | -                         | -                                          | -                                          |
| Other financial corporations                             | 496,355,484           | 496,355,484                            | -                                      | -                         | -                                          | -                                          |
| Non-financial corporations                               | 549,433,231           | 549,433,231                            | -                                      | -                         | -                                          | -                                          |
| Of which SMEs                                            | -                     | -                                      | -                                      | -                         | -                                          | -                                          |
| Households                                               | -                     | -                                      | -                                      | -                         | -                                          | -                                          |
| Debt securities                                          | 250,956,308           | 250,956,308                            | -                                      | -                         | -                                          | -                                          |
| Central banks                                            | -                     | -                                      | -                                      | -                         | -                                          | -                                          |
| General governments                                      | 216,781,994           | 216,781,994                            | -                                      | -                         | -                                          | -                                          |
| Credit institutions                                      | 34,174,314            | 34,174,314                             | -                                      | -                         | -                                          | -                                          |
| Other financial corporations                             | -                     | -                                      | -                                      | -                         | -                                          | -                                          |
| Non-financial corporations                               | -                     | -                                      | -                                      | -                         | -                                          | -                                          |
| Off-balance-sheet exposures                              | 1,450,278,340         | 1,450,278,340                          | -                                      | -                         | -                                          | -                                          |
| Central banks                                            | -                     | -                                      | -                                      | -                         | -                                          | -                                          |
| General governments                                      | -                     | -                                      | -                                      | -                         | -                                          | -                                          |
| Credit institutions                                      | -                     | -                                      | -                                      | -                         | -                                          | -                                          |
| Other financial corporations                             | 349,884,902           | 349,884,902                            | -                                      | -                         | -                                          | -                                          |
| Non-financial corporations                               | 1,100,393,437         | 1,100,393,437                          | -                                      | -                         | -                                          | -                                          |
| Households                                               | -                     | -                                      | -                                      | -                         | -                                          | -                                          |
| <b>Total</b>                                             | <b>4,346,942,026</b>  | <b>4,346,942,026</b>                   | <b>-</b>                               | <b>-</b>                  | <b>-</b>                                   | <b>-</b>                                   |

The table above ties to the FINREP framework.

## Template EU CR1: Performing and non-performing exposures and related provisions

### Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions

| Description                                              | Performing exposures – accumulated impairment and provisions | Performing exposures – accumulated impairment and provisions, Of which stage 1 | Performing exposures – accumulated impairment and provisions, Of which stage 2 | Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions, | Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions, Of which stage 2 | Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions, Of which stage 3 |
|----------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Cash balances at central banks and other demand deposits | -316                                                         | -316                                                                           | -                                                                              | -                                                                                                                                | -                                                                                                                                                 | -                                                                                                                                                 |
| Loans and advances                                       | -469,745                                                     | -469,745                                                                       | -                                                                              | -                                                                                                                                | -                                                                                                                                                 | -                                                                                                                                                 |
| Central banks                                            | -                                                            | -                                                                              | -                                                                              | -                                                                                                                                | -                                                                                                                                                 | -                                                                                                                                                 |
| General governments                                      | -                                                            | -                                                                              | -                                                                              | -                                                                                                                                | -                                                                                                                                                 | -                                                                                                                                                 |
| Credit institutions                                      | -                                                            | -                                                                              | -                                                                              | -                                                                                                                                | -                                                                                                                                                 | -                                                                                                                                                 |
| Other financial corporations                             | -226,408                                                     | -226,408                                                                       | -                                                                              | -                                                                                                                                | -                                                                                                                                                 | -                                                                                                                                                 |
| Non-financial corporations                               | -243,337                                                     | -243,337                                                                       | -                                                                              | -                                                                                                                                | -                                                                                                                                                 | -                                                                                                                                                 |
| Of which SMEs                                            | -                                                            | -                                                                              | -                                                                              | -                                                                                                                                | -                                                                                                                                                 | -                                                                                                                                                 |
| Households                                               | -                                                            | -                                                                              | -                                                                              | -                                                                                                                                | -                                                                                                                                                 | -                                                                                                                                                 |
| Debt securities                                          | -                                                            | -                                                                              | -                                                                              | -                                                                                                                                | -                                                                                                                                                 | -                                                                                                                                                 |
| Central banks                                            | -                                                            | -                                                                              | -                                                                              | -                                                                                                                                | -                                                                                                                                                 | -                                                                                                                                                 |
| General governments                                      | -                                                            | -                                                                              | -                                                                              | -                                                                                                                                | -                                                                                                                                                 | -                                                                                                                                                 |
| Credit institutions                                      | -                                                            | -                                                                              | -                                                                              | -                                                                                                                                | -                                                                                                                                                 | -                                                                                                                                                 |
| Other financial corporations                             | -                                                            | -                                                                              | -                                                                              | -                                                                                                                                | -                                                                                                                                                 | -                                                                                                                                                 |
| Non-financial corporations                               | -                                                            | -                                                                              | -                                                                              | -                                                                                                                                | -                                                                                                                                                 | -                                                                                                                                                 |
| Off-balance-sheet exposures                              | 136,696                                                      | 136,696                                                                        | -                                                                              | -                                                                                                                                | -                                                                                                                                                 | -                                                                                                                                                 |
| Central banks                                            | -                                                            | -                                                                              | -                                                                              | -                                                                                                                                | -                                                                                                                                                 | -                                                                                                                                                 |
| General governments                                      | -                                                            | -                                                                              | -                                                                              | -                                                                                                                                | -                                                                                                                                                 | -                                                                                                                                                 |
| Credit institutions                                      | -                                                            | -                                                                              | -                                                                              | -                                                                                                                                | -                                                                                                                                                 | -                                                                                                                                                 |
| Other financial corporations                             | -                                                            | -                                                                              | -                                                                              | -                                                                                                                                | -                                                                                                                                                 | -                                                                                                                                                 |
| Non-financial corporations                               | 136,696                                                      | 136,696                                                                        | -                                                                              | -                                                                                                                                | -                                                                                                                                                 | -                                                                                                                                                 |
| Households                                               | -                                                            | -                                                                              | -                                                                              | -                                                                                                                                | -                                                                                                                                                 | -                                                                                                                                                 |
| <b>Total</b>                                             | <b>-606,441</b>                                              | <b>-606,441</b>                                                                | <b>-</b>                                                                       | <b>-</b>                                                                                                                         | <b>-</b>                                                                                                                                          | <b>-</b>                                                                                                                                          |

The table above ties to the FINREP framework.

*Template EU CR1: Performing and non-performing exposures and related provisions*

| Description                                              | Accumulated partial write-off |
|----------------------------------------------------------|-------------------------------|
| Cash balances at central banks and other demand deposits | -                             |
| Loans and advances                                       | -                             |
| Central banks                                            | -                             |
| General governments                                      | -                             |
| Credit institutions                                      | -                             |
| Other financial corporations                             | -                             |
| Non-financial corporations                               | -                             |
| Of which SMEs                                            | -                             |
| Households                                               | -                             |
| Debt securities                                          | -                             |
| Central banks                                            | -                             |
| General governments                                      | -                             |
| Credit institutions                                      | -                             |
| Other financial corporations                             | -                             |
| Non-financial corporations                               | -                             |
| Off-balance-sheet exposures                              | n/a                           |
| Central banks                                            | n/a                           |
| General governments                                      | n/a                           |
| Credit institutions                                      | n/a                           |
| Other financial corporations                             | n/a                           |
| Non-financial corporations                               | n/a                           |
| Households                                               | n/a                           |
| <b>Total</b>                                             | -                             |

The table above ties to the FINREP framework.

Template EU CR1: Performing and non-performing exposures and related provisions

Collateral and financial guarantees received

| Description                                              | On performing exposures | On non-performing exposures |
|----------------------------------------------------------|-------------------------|-----------------------------|
| Cash balances at central banks and other demand deposits | -                       | -                           |
| Loans and advances                                       | -                       | -                           |
| Central banks                                            | -                       | -                           |
| General governments                                      | -                       | -                           |
| Credit institutions                                      | -                       | -                           |
| Other financial corporations                             | -                       | -                           |
| Non-financial corporations                               | -                       | -                           |
| Of which SMEs                                            | -                       | -                           |
| Households                                               | -                       | -                           |
| Debt securities                                          | -                       | -                           |
| Central banks                                            | -                       | -                           |
| General governments                                      | -                       | -                           |
| Credit institutions                                      | -                       | -                           |
| Other financial corporations                             | -                       | -                           |
| Non-financial corporations                               | -                       | -                           |
| Off-balance-sheet exposures                              | 54,180,406              | -                           |
| Central banks                                            | -                       | -                           |
| General governments                                      | -                       | -                           |
| Credit institutions                                      | -                       | -                           |
| Other financial corporations                             | -                       | -                           |
| Non-financial corporations                               | 54,180,406              | -                           |
| Households                                               | -                       | -                           |
| <b>Total</b>                                             | <b>54,180,406</b>       | <b>-</b>                    |

The table above ties to the FINREP framework.

## Template EU CQ3: Credit quality of performing and non-performing exposures by past due days

### Gross carrying amount / Nominal amount

| Description                                              | Performing exposures | Performing exposures, Not past due or Past due < 30 days | Performing exposures, Past due > 30 days < 90 days | Non-performing exposures | Unlikely to pay that are not past-due or past-due < = 90 days | Past due > 90 days <= 180 days | Past due > 180 days <= 1 year | Past due > 1 year <= 2 years | Past due > 2 year <= 5 years | Past due > 5 year <= 7 years | Past due > 7 years | Of which defaulted |
|----------------------------------------------------------|----------------------|----------------------------------------------------------|----------------------------------------------------|--------------------------|---------------------------------------------------------------|--------------------------------|-------------------------------|------------------------------|------------------------------|------------------------------|--------------------|--------------------|
| Cash balances at central banks and other demand deposits | 1,165,315,630        | 1,165,315,630                                            | -                                                  | -                        | -                                                             | -                              | -                             | -                            | -                            | -                            | -                  | -                  |
| Loans and advances                                       | 1,480,391,747        | 1,480,391,747                                            | -                                                  | -                        | -                                                             | -                              | -                             | -                            | -                            | -                            | -                  | -                  |
| Central banks                                            | -                    | -                                                        | -                                                  | -                        | -                                                             | -                              | -                             | -                            | -                            | -                            | -                  | -                  |
| General governments                                      | -                    | -                                                        | -                                                  | -                        | -                                                             | -                              | -                             | -                            | -                            | -                            | -                  | -                  |
| Credit institutions                                      | 400,006,726          | 400,006,726                                              | -                                                  | -                        | -                                                             | -                              | -                             | -                            | -                            | -                            | -                  | -                  |
| Other financial corporations                             | 496,355,484          | 496,355,484                                              | -                                                  | -                        | -                                                             | -                              | -                             | -                            | -                            | -                            | -                  | -                  |
| Non-financial corporations                               | 549,433,231          | 549,433,231                                              | -                                                  | -                        | -                                                             | -                              | -                             | -                            | -                            | -                            | -                  | -                  |
| Of which SMEs                                            | -                    | -                                                        | -                                                  | -                        | -                                                             | -                              | -                             | -                            | -                            | -                            | -                  | -                  |
| Households                                               | -                    | -                                                        | -                                                  | -                        | -                                                             | -                              | -                             | -                            | -                            | -                            | -                  | -                  |
| Debt Securities                                          | 250,956,308          | 250,956,308                                              | -                                                  | -                        | -                                                             | -                              | -                             | -                            | -                            | -                            | -                  | -                  |
| Central banks                                            | -                    | -                                                        | -                                                  | -                        | -                                                             | -                              | -                             | -                            | -                            | -                            | -                  | -                  |
| General governments                                      | 216,781,994          | 216,781,994                                              | -                                                  | -                        | -                                                             | -                              | -                             | -                            | -                            | -                            | -                  | -                  |
| Credit institutions                                      | 34,174,314           | 34,174,314                                               | -                                                  | -                        | -                                                             | -                              | -                             | -                            | -                            | -                            | -                  | -                  |
| Other financial corporations                             | -                    | -                                                        | -                                                  | -                        | -                                                             | -                              | -                             | -                            | -                            | -                            | -                  | -                  |
| Non-financial corporations                               | -                    | -                                                        | -                                                  | -                        | -                                                             | -                              | -                             | -                            | -                            | -                            | -                  | -                  |
| Off-balance sheet exposures                              | 1,450,278,340        | n/a                                                      | n/a                                                | -                        | n/a                                                           | n/a                            | n/a                           | n/a                          | n/a                          | n/a                          | n/a                | -                  |
| Central banks                                            | -                    | n/a                                                      | n/a                                                | -                        | n/a                                                           | n/a                            | n/a                           | n/a                          | n/a                          | n/a                          | n/a                | -                  |
| General governments                                      | -                    | n/a                                                      | n/a                                                | -                        | n/a                                                           | n/a                            | n/a                           | n/a                          | n/a                          | n/a                          | n/a                | -                  |
| Credit institutions                                      | -                    | n/a                                                      | n/a                                                | -                        | n/a                                                           | n/a                            | n/a                           | n/a                          | n/a                          | n/a                          | n/a                | -                  |
| Other financial corporations                             | 349,884,902          | n/a                                                      | n/a                                                | -                        | n/a                                                           | n/a                            | n/a                           | n/a                          | n/a                          | n/a                          | n/a                | -                  |
| Non-financial corporations                               | 1,100,393,437        | n/a                                                      | n/a                                                | -                        | n/a                                                           | n/a                            | n/a                           | n/a                          | n/a                          | n/a                          | n/a                | -                  |

| Description  | Performing exposures | Performing exposures, Not past due or Past due < 30 days | Performing exposures, Past due > 30 days < 90 days | Non-performing exposures | Unlikely to pay that are not past-due or past-due < = 90 days | Past due > 90 days <= 180 days | Past due > 180 days < =1 year | Past due > 1 year <= 2 years | Past due > 2 year <= 5 years | Past due > 5 year <= 7 years | Past due > 7 years | Of which defaulted |
|--------------|----------------------|----------------------------------------------------------|----------------------------------------------------|--------------------------|---------------------------------------------------------------|--------------------------------|-------------------------------|------------------------------|------------------------------|------------------------------|--------------------|--------------------|
| Households   | -                    | n/a                                                      | n/a                                                | -                        | n/a                                                           | n/a                            | n/a                           | n/a                          | n/a                          | n/a                          | n/a                | -                  |
| <b>Total</b> | <b>4,346,942,026</b> | <b>2,896,663,686</b>                                     | -                                                  | -                        | -                                                             | -                              | -                             | -                            | -                            | -                            | -                  | -                  |

#### **7.4.4. Provision for credit losses and Impairments**

IFRS 9 “Financial Instruments” requires that impairment allowances are measured according to an expected loss model. This generally means impairments are recognised earlier than under the previous incurred loss model approach. Expected Credit Loss (ECL) incorporates forward looking information and considers various future macroeconomic scenarios to estimate unbiased expected losses. This involves the exercise of considerable judgement.

The calculation of ECL allowances is based on the expected value based on projected cash shortfalls discounted at the effective interest rate across three probability-weighted scenarios representing a downside scenario, an upside scenario and a base case.

The key inputs in the measurement of ECL allowances are as follows:

- The probability of default (PD) is an estimate of the likelihood of default over a given time horizon;
- The loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time; and
- The exposure at default (EAD) is an estimate of the exposure at a future default date.

As part of the governance process, the CIBC Lux CRO, CIBC Lux CFO and the CIBC CRO Europe and Asia participate in a quarterly working group to review ECL, staging, overlays and forward-looking information as they relate to the CIBC Lux portfolio. Any items arising would be communicated to ExCo and the Board.

Further disclosures relating to ECL can be found in the Credit Risk note within the CIBC Lux’s 2024 Annual Report and Accounts.

#### **7.5. Wrong-way risk**

CIBC Lux is exposed to wrong-way risk when the exposure to a particular counterparty is positively correlated with the probability of default of that counterparty due to the nature of the transactions with the company. Should CIBC Lux be exposed to wrong-way risk with a derivative counterparty, the procedures in place subject those transactions to a more rigorous approval process. The exposure may be hedged with other derivatives to further mitigate the risk that can arise from these transactions.

A valuation adjustment is established for expected future credit losses from each of the derivative counterparties. The expected future credit loss is a function of the estimates of the expected loss/exposure in the event of default, and other factors such as risk mitigants.

#### **7.6. Impact to collateral following a downgrade in credit rating**

CIBC Lux is required to deliver collateral to certain counterparties in case of a downgrade to its current credit risk rating. The collateral requirement is based on mark-to-markets, valuations and collateral arrangement thresholds as applicable. If CIBC Lux is downgraded below the specified level and fails to make alternative arrangements that meet the requirements of the rating agencies, CIBC Lux could be required to provide funding into an escrow account to meet its liquidity commitments.

CIBC Lux’s current mark-to-market (mtm) exposure with its counterparts is such that an immediate one notch downgrade in its credit rating would not result in a requirement to place additional collateral.

#### **7.7. Collateral**

CIBC has specific guidelines and standards covering the management, enforceability, dispute resolution, escalation and reporting of collateral held to support both trading and credit product exposures. These include Master Netting Agreements and Related Collateral Agreements Guidelines and Standards and Over-The-Counter Derivatives Collateral (Margin) Dispute Resolution, Escalation and Reporting Guidelines and Standards.

CIBC Lux seeks to minimise its credit exposure to counterparts by using collateral service agreements, wherever possible. Collateral is marked to market regularly from published market information. Where published market information is not readily available appropriate external appraisals are commissioned from an approved list of value. Collateral comprises of cash in respect of derivative transactions and high quality debt securities in respect of repurchase transactions. CIBC Lux does not currently take or hold any collateral in respect of any other transactions.

To accurately quantify the risk involved in a secured transaction, the valuation of collateral takes into account all relevant factors including, but not limited to type, quality, liquidity, location, volatility, any correlation between the collateral value and the borrower or counterparty's performance and prior charges or liens. A risk-based approach is used to determine the frequency and method to inspect and verify the collateral and its value may be used. Characteristics of the underlying asset, such as volatility and location, are to be considered in establishing segment specific requirements. Roles and responsibilities as well as operational requirements regarding the specific aspects of collateral management vary substantially across different risk rating systems due to the nature of the underlying asset and credit facility requirements.

The market risk and credit concentrations within credit mitigation are monitored on a daily basis through the use of daily large exposure reporting. These processes are undertaken by the Luxembourg Finance team.

Pursuant to Article 493(3)(c) of the CRR, CIBC Lux was granted an exemption by the CSSF for intra-group large exposures to CIBC Parent and CIBC London Branch.

#### 7.7.1. Collateral composition under standardised approach

##### *Template EU CCR5 – Composition of collateral for CCR exposures*

| Collateral type          | Collateral used in derivative transactions – Fair value of collateral received: Segregated | Collateral used in derivative transactions – Fair value of collateral received: Unsegregated | Collateral used in derivative transactions – Fair value of posted collateral: Segregated | Collateral used in derivative transactions – Fair value of posted collateral: Unsegregated | Collateral used in SFTs – Fair value of collateral received: Segregated | Collateral used in SFTs – Fair value of collateral received: Unsegregated | Collateral used in SFTs – Fair value of posted collateral: Segregated | Collateral used in SFTs – Fair value of posted collateral: Unsegregated |
|--------------------------|--------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|---------------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------------------------------|
| Cash – Domestic currency | -                                                                                          | 82,282,571                                                                                   | -                                                                                        | 96,980,695                                                                                 | -                                                                       | -                                                                         | -                                                                     | -                                                                       |
| Cash – Other currencies  | -                                                                                          | 5,104,672                                                                                    | -                                                                                        | 5,604,330                                                                                  | -                                                                       | -                                                                         | -                                                                     | -                                                                       |
| Domestic sovereign debt  | -                                                                                          | -                                                                                            | -                                                                                        | -                                                                                          | -                                                                       | -                                                                         | -                                                                     | -                                                                       |
| Other sovereign debt     | -                                                                                          | -                                                                                            | -                                                                                        | -                                                                                          | -                                                                       | -                                                                         | -                                                                     | -                                                                       |
| Government agency debt   | -                                                                                          | -                                                                                            | -                                                                                        | -                                                                                          | -                                                                       | -                                                                         | -                                                                     | -                                                                       |
| Corporate bonds          | -                                                                                          | -                                                                                            | -                                                                                        | -                                                                                          | -                                                                       | -                                                                         | -                                                                     | -                                                                       |
| Equity securities        | -                                                                                          | -                                                                                            | -                                                                                        | -                                                                                          | -                                                                       | -                                                                         | -                                                                     | -                                                                       |
| Other collateral         | -                                                                                          | -                                                                                            | -                                                                                        | -                                                                                          | -                                                                       | -                                                                         | -                                                                     | -                                                                       |
| <b>Total</b>             | <b>-</b>                                                                                   | <b>87,387,243</b>                                                                            | <b>-</b>                                                                                 | <b>102,585,025</b>                                                                         | <b>-</b>                                                                | <b>-</b>                                                                  | <b>-</b>                                                              | <b>-</b>                                                                |

## 7.8. General and specific credit risk adjustments

In line with CIBC's policies for management of higher risk accounts, (Quarterly High-Risk Review Reporting Procedures and Expected Credit Loss Policy), Corporate Banking Europe and CRM Europe provide a function across the European operations to monitor and manage higher risk and non-performing or impaired credits as these arise.

Certain higher risk names in CIBC Europe, including CIBC Lux where applicable, are also subject to refer notices within Loan Operations such that advances or roll-overs under committed but not fully drawn facilities are referred to the SVP, CRO Europe and Asia before being actioned.

Wherever there is an impact directly to CIBC Lux of impairment or write-off, the CIBC Lux CRO will be engaged in any decision-making process.

As there is no specific Special Loans group based in Europe, the SVP, CRO Europe and Asia, CIBC Lux CRO and the local CRM team provide any day-to-day management and oversight of Special Loans accounts as the need arises.

## 7.9. Credit valuation risk adjustments

Credit Valuation Adjustment (CVA) as defined in Article 381 of the CRR is, 'an adjustment to the mid-market valuation of the portfolio of transactions with a counterparty and that adjustment reflects the current market value of the credit risk of the counterparty to the institution, but does not reflect the current market value of the credit risk of the institution to the counterparty'.

CIBC Lux calculates CVA risk in respect of over-the-counter derivatives using the standardised approach as defined in Article 384 of the CRR. The majority of these corporate entities with whom CIBC Lux have derivative contracts are exempt from the CVA charge because the transactions are below the threshold for clearing specified in Article 10(3) and 10(4) of the EMIR Directive (2013/36/EU, amended 2019/878/EU).

### *Template EU CCR2 – Transactions subject to own funds requirements for CVA risk*

| Description                                                                              | Exposure value | RWEA      |
|------------------------------------------------------------------------------------------|----------------|-----------|
| Total transactions subject to the Advanced method                                        | -              | -         |
| (i) VaR component (including the 3× multiplier)                                          | n/a            | -         |
| (ii) stressed VaR component (including the 3× multiplier)                                | n/a            | -         |
| Transactions subject to the Standardised method                                          | 49,702,736     | 8,213,363 |
| Transactions subject to the Alternative approach (Based on the Original Exposure Method) | -              | -         |
| Total transactions subject to own funds requirements for CVA risk                        | 49,702,736     | 8,213,363 |

## 8. Liquidity risk

### 8.1. Introduction

Liquidity risk is the risk arising from an inability to meet contractual or contingent financial obligations as they fall due, or only being able to meet these obligations at excessive costs. This may lead to an inability to support normal business activity. Liquidity risk may arise from a mismatch in the timing and amount of cash inflows and outflows.

### 8.2. Liquidity risk management and control

The Board have delegated the day-to-day management and formal decision making responsibilities to authorised management - the CEO and COO/CRO - and the ExCo.

The bank has developed policies, internal reporting and control processes to ensure compliance with liquidity regulations and adherence to its RAS. Daily monitoring combined with regular stress testing and scenario analysis play a central role in the assessment of liquidity risk. Oversight of these activities is provided by regular reporting to senior management, Risk Management, ALCo and the CIBC Lux Board. Any forecast, potential or actual breaches of the bank's Board approved metrics are escalated in accordance with the management and governance structure. Liquidity policies and metrics are reviewed regularly and where appropriate, approved by the bank's Board. Therefore, the Board formulates and approves the strategy to adequately cover relevant liquidity risks in the Bank's operations and, support its business plan and objectives in relation to risk taking and management including liquidity planning.

The management of liquidity risk within the bank is described in detail in the Internal Liquidity Adequacy Assessment Process (ILAAP) with annual update and review. It consists of controls covering the process for setting, monitoring and approving liquidity limits to ensure that the bank's RAS and relevant regulatory guidelines are respected at all times. The Contingency Funding Plan (CFP) for the bank references a number of EWI and the CIBC CFP framework, with annual review. The bank's CFP details testing and operational considerations as well as the invocation procedure. The bank employs a liquidity survival horizon reporting model, as well as compliance with regulatory metrics including the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR).

The bank maintains a Liquid Asset Buffer (LAB) portfolio of High Quality Liquid Assets (HQLA) including cash deposits held in a Banque Centrale du Luxembourg Reserve Account which ensure that CIBC Lux can manage liquidity effectively even during a stress environment. The LAB portfolio is comprised of assets with an appropriate currency mix and can be liquidated as required.

Treasury has a mandate to manage and where appropriate strengthen the bank's liquidity. Treasury is responsible for the execution of funding transactions and raising unsecured wholesale funds, primarily with short to intermediate tenor (i.e. 1-year and under). Treasury is responsible for the submission of liquidity reporting to the appropriate regulator and internal stakeholders, as well as daily management and monitoring of the liquidity position. CIBC Lux maintains a LAB which contains HQLA. This can be liquidated with the speed necessary to meet liabilities as they fall due. CIBC Lux also considers the currency denomination and the potential impact of stressed conditions on its ability to access foreign exchange and funding swap markets.

The CIBC Lux CEO and the CIBC Lux Head of Treasury both provide updates to the ALCo to evaluate on-going liquidity trends and requirements. These metrics and trends then form the basis of an ALCo discussion to ascertain if any material actions are required.

Treasury is responsible for the daily management and monitoring of the LAB, as well as instigating any liquidation (including HQLA1 bonds investment) or repo. Liquidation or repo activity may be driven by the need to test the liquidity of the assets or to test the CFP. The LAB portfolio is dynamic and related to the output of liquidity stress tests among other variables. As such, Treasury calibrates the size of the LAB and adjusts its currency composition on an ongoing basis, respecting internal and regulatory reporting limits.

### 8.2.1. Liquidity Risk Management assessment

To assess the adequacy of liquidity resources, existing sources and uses of liquidity are stressed against a number of scenarios, including 'business as usual' ("BAU") which have been developed over time, and adopted in the ILAAP document. Appropriate stress test scenarios and assumptions for current market conditions are reviewed on a continual basis in conjunction with lines of business and management. These scenarios and the stress test results are presented to ALCo as part of the regular governance, challenge and review process prior to adoption and inclusion in the liquidity documentation. The Board reviews these as part of the ILAAP approval process.

CIBC Lux assesses material liquidity drivers and stressed liquidity needs before and after mitigation actions over a twelve month horizon. These stress tests have been developed over time. CIBC Lux employs the WKFS RiskPro system (provided by Wolters Kluwer Financial Services) to model the stress test scenarios on a regular basis. The RiskPro system has been employed by a variety of financial institutions including CIBC Lux for a number of years.

The central assumption is based on CIBC Lux's business plan and a combination of severe but plausible liquidity stress tests.

### 8.2.2. Main liquidity risk drivers

Liquidity risk is managed by Treasury as a first line of defence on a daily basis, monitored by Risk as a second line of defence, reported to ALCO and authorised management and ultimately to the Board. The liquidity risk drivers are :

Liquidity mismatch: liquidity transformation whereby longer term assets are funded with shorter term liabilities. The assessment of this liquidity risk is part of the survival horizon assessment on cumulative liquidity gap.

Intragroup concentration and Wholesale Funding: CIBC Lux's strong capital base is still the main source of funding to manage our obligations. At 31st Oct 2024, funding of C\$ 1,124mn was required, of which 32% was sourced from the group. This funding gap/requirement is forecasted to grow steadily over the term of the business plan. CIBC Lux Treasury Dept will closely monitor the funding risk associated with the plan. Treasury maintains good communication channels with the main users of funding to assess any material change in projections, and plan for funding requirements while mindful of liquidity ratios and survival horizons. The targeted source of the growth in funding will be from corporate/non-bank deposits together with funds from central banks. In addition, when required, the bank has intragroup funding sources.

Marketable assets: Treasury maintains the LAB portfolio ensuring a suitable currency mix to meet CIBC Lux's liquidity requirements. Assets held within Treasury portfolios, either outright or through reverse repos are classified as CIBC Lux's liquid resources. Treasury is therefore responsible for the management of the LAB/HQLA buffer. The LAB's ability to satisfy CIBC Lux's liquidity requirements under stress proves that it is adequate. CIBC Lux maintains an adequate LAB supplemented by other transferable assets and Euro cash held on CIBC Lux's BCL Reserve account.

Intraday liquidity: Intra-day liquidity risk is defined as the risk that a firm is unable to meet its daily settlement obligations, for example, as a result of timing mismatches arising from direct and indirect membership of relevant payment or security settlement systems. It is important to ensure that sufficient liquidity is available to maintain normal payment activity if incoming payments are delayed until close to payment cut off times, or if credit lines are withdrawn (or require full collateralization) or large individual client's default on their payments.

CIBC Lux actively manages its intra-day liquidity positions and related risks so that it is able to meet its payment and settlement obligations on a timely basis in both normal financial conditions and under the stress. Regular monitoring and reporting enables management to identify and prioritise the most time-critical payment and settlement obligations; and in relation to the currencies in which it is active to measure, monitor and deal with intra-day liquidity risk. CIBC Lux achieves this objective by measuring expected daily gross liquidity inflows and outflows, anticipating the intra-day timing of these flows where possible, and forecasting the range of potential net funding shortfalls that might arise at different points during the day.

Off balance sheet liquidity: Off balance sheet sources of liquidity risks include items which might cause demands for additional funding in the future. These include: Contingent liabilities such as guarantees, undrawn lending facilities and derivative instruments. Part of the liquidity stresses we apply to our survival horizon is a 40% drawdown on contingent liabilities.

### **8.2.3. Main liquidity risk drivers**

The bank is a fully owned subsidiary of CIBC, rating: Aa2/stable, and has its debt and payment obligations fully and irrevocably guaranteed by CIBC. The bank's funding strategy is a mix between deposits from established clients and intragroup.

## **8.3. Liquidity monitoring**

### **8.3.1. Liquidity Adequacy Assessment Process**

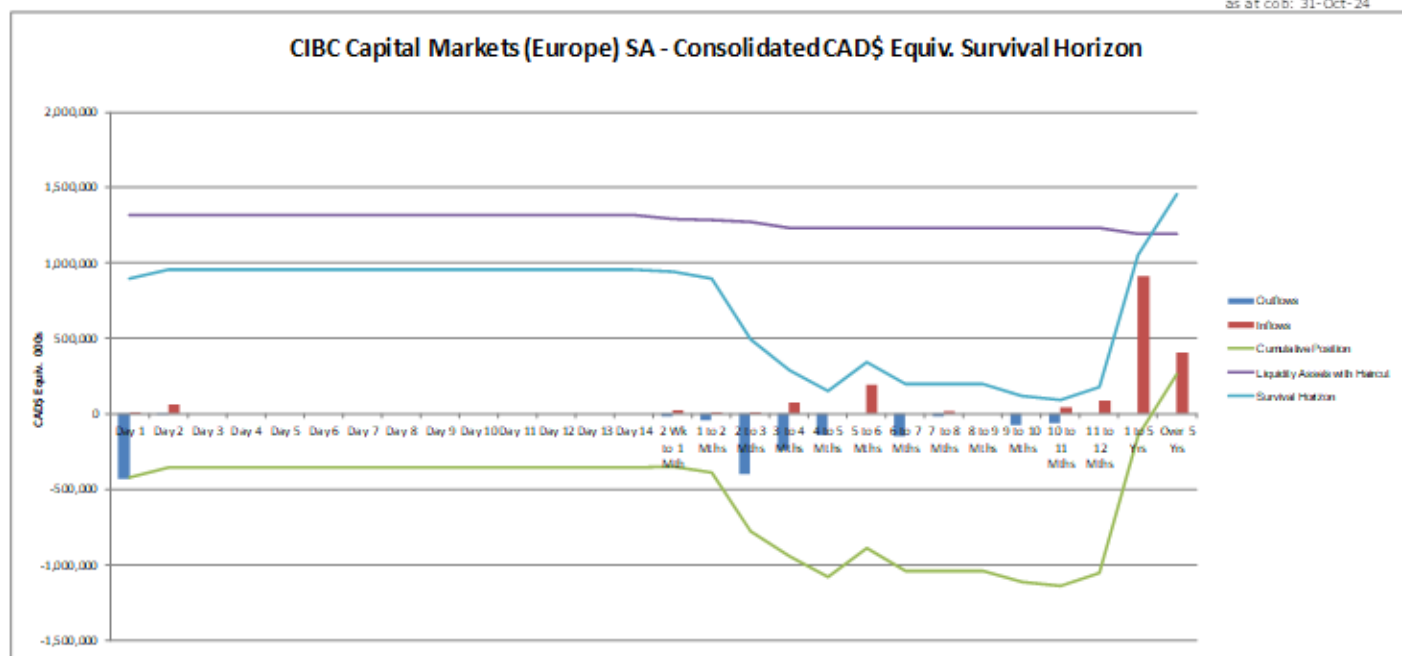
The ILAAP describes the regular daily liquidity monitoring combined with frequent stress testing and scenario analysis that plays a central role in the assessment and management of liquidity risk.

Liquidity Survival Horizons, Liquid Asset Buffer targets and holdings, maximum daily outflows and liquidity metrics are monitored and reported to stakeholders on a daily basis. Additionally, ALCo receives a regular report which demonstrates compliance with Regulatory and Management Liquidity limits.

Stress testing for a variety of market and idiosyncratic liquidity stress scenarios are detailed in the ILAAP. Appropriate stress test scenarios and assumptions for current market conditions are reviewed on a continual basis in conjunction with lines of business and management. These scenarios (and stress test results) are presented to ALCo and the Board on a quarterly basis (or more frequently, where appropriate) as part of the regular governance, challenge and review process, prior to adoption and inclusion. The Board reviews these as part of the ILAAP approval process. Material changes or breaches are escalated appropriately. Stress test results indicate that CIBC Lux will be able to meet all of its liabilities as they fall due and consequently meet its regulatory and liquidity obligations for the foreseeable future.

The output of the stress testing confirms that CIBC Lux is able to meet all of its liabilities as and when they fall due. We assess various stress scenarios for impact with factors described in section 8.2.1. Upon selection of the key risk drivers with material impact to business, we suggest 3 scenarios for each, which involve a CIBC idiosyncratic, a market-wide, and a combination of the two being the most severe. We then apply these scenarios, which are severe yet plausible, to our forecast liquidity position. Even under the combined stress of each risk driver, due to our strong capital base and back-to-back business model, we calculate our survival horizon to be greater than one year. CIBC Lux is comfortably able to survive all of the above individual idiosyncratic and market-wide stresses, and so, for simplicity, the following survival horizon shows the impact of worst case combination stresses. The most material risk drivers which impact CIBC Lux remain as Intra-group funding risk, Funding concentration and Cross currency risk.

The Market Wide and Combined stress tests have very similar impacts. The stress results based on these scenarios indicate that there will be limited or no material change to the liquidity value of the assets held in the LAB. Therefore, losses from a 'forced' sale (to meet liquidity objectives) will be small and not materially impair the business.



### 8.3.2. Contingency Funding Plan

The objective of the bank's CFP provides a road map to CIBC Lux's liquidity management functions to efficiently manage, escalate and execute liquidity actions.

Additionally, it aims to document the strategies which the bank will employ in order to ensure that a robust liquidity position is maintained even during a period of extreme liquidity stress. In the event that this stress cannot be survived the CFP highlights the transition to the Bank's Recovery and Resolution Plan (RRP) frameworks. Accordingly, the CFP actions outlined in these documents are linked to the bank's expected actions.

The bank, alongside CIBC London Branch and CIBC Parent Bank, may adopt an integrated and/or enterprise management approach to returning to target liquidity levels depending on:

- the nature and severity of the liquidity stress event or condition causing the stress event;
- relative impact on business segment financial performance and related impact on liquidity position and/or capital ratios;
- required contingency actions or recovery action plans.

The CFP sets out clear roles and responsibilities with regards to 'invoking' the plan and identifies sources of additional liquidity which may be accessed in a phased approach. 'Early Warning Indicators' are used to monitor potential liquidity tensions.

## 8.4. Quantitative Information on LCR

### Template EU LIQ1 Quantitative information of LCR

| Description                                                                             | Total unweighted value (average); Quarter ending on: 30-Sep-24 | Total unweighted value (average); Quarter ending on: 30-Jun-24 | Total unweighted value (average); Quarter ending on: 31-Mar-24 | Total unweighted value (average); Quarter ending on: 31-Dec-23 | Total weighted value (average); Quarter ending on: 30-Sep-24 | Total weighted value (average); Quarter ending on: 30-Jun-24 | Total weighted value (average); Quarter ending on: 31-Mar-24 | Total weighted value (average); Quarter ending on: 31-Dec-23 |
|-----------------------------------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| Number of data points used in the calculation of averages                               | 12                                                             | 12                                                             | 12                                                             | 12                                                             | 12                                                           | 12                                                           | 12                                                           | 12                                                           |
|                                                                                         |                                                                |                                                                |                                                                |                                                                |                                                              |                                                              |                                                              |                                                              |
| High-quality liquid assets                                                              | Total unweighted value (average); Quarter ending on: 30-Sep-24 | Total unweighted value (average); Quarter ending on: 30-Jun-24 | Total unweighted value (average); Quarter ending on: 31-Mar-24 | Total unweighted value (average); Quarter ending on: 31-Dec-23 | Total weighted value (average); Quarter ending on: 30-Sep-24 | Total weighted value (average); Quarter ending on: 30-Jun-24 | Total weighted value (average); Quarter ending on: 31-Mar-24 | Total weighted value (average); Quarter ending on: 31-Dec-23 |
| Total high-quality liquid assets (HQLA)                                                 | n/a                                                            | n/a                                                            | n/a                                                            | n/a                                                            | 1,133,521,878                                                | 1,049,330,362                                                | 944,834,892                                                  | 897,634,182                                                  |
|                                                                                         |                                                                |                                                                |                                                                |                                                                |                                                              |                                                              |                                                              |                                                              |
| Cash – Outflows                                                                         | Total unweighted value (average); Quarter ending on: 30-Sep-24 | Total unweighted value (average); Quarter ending on: 30-Jun-24 | Total unweighted value (average); Quarter ending on: 31-Mar-24 | Total unweighted value (average); Quarter ending on: 31-Dec-23 | Total weighted value (average); Quarter ending on: 30-Sep-24 | Total weighted value (average); Quarter ending on: 30-Jun-24 | Total weighted value (average); Quarter ending on: 31-Mar-24 | Total weighted value (average); Quarter ending on: 31-Dec-23 |
| Retail deposits and deposits from small business customers, of which:                   | -                                                              | -                                                              | -                                                              | -                                                              | -                                                            | -                                                            | -                                                            | -                                                            |
| Stable deposits                                                                         | -                                                              | -                                                              | -                                                              | -                                                              | -                                                            | -                                                            | -                                                            | -                                                            |
| Less stable deposits                                                                    | -                                                              | -                                                              | -                                                              | -                                                              | -                                                            | -                                                            | -                                                            | -                                                            |
| Unsecured wholesale funding                                                             | 254,441,554                                                    | 300,324,104                                                    | 260,315,989                                                    | 285,660,647                                                    | 214,837,748                                                  | 264,677,614                                                  | 224,890,118                                                  | 264,796,069                                                  |
| Operational deposits (all counterparties) and deposits in networks of cooperative banks | -                                                              | -                                                              | -                                                              | -                                                              | -                                                            | -                                                            | -                                                            | -                                                            |
| Non-operational deposits (all counterparties)                                           | 254,441,554                                                    | 300,324,104                                                    | 260,315,989                                                    | 285,660,647                                                    | 214,837,748                                                  | 264,677,614                                                  | 224,890,118                                                  | 264,796,069                                                  |
| Unsecured debt                                                                          | -                                                              | -                                                              | -                                                              | -                                                              | -                                                            | -                                                            | -                                                            | -                                                            |
| Secured wholesale funding                                                               | n/a                                                            | n/a                                                            | n/a                                                            | n/a                                                            | -                                                            | -                                                            | -                                                            | -                                                            |
| Additional requirements                                                                 | 296,114,581                                                    | 238,479,455                                                    | 213,663,046                                                    | 218,757,921                                                    | 295,972,077                                                  | 238,479,455                                                  | 213,663,046                                                  | 218,757,921                                                  |
| Outflows related to derivative exposures and other collateral requirements              | 296,114,581                                                    | 238,479,455                                                    | 213,663,046                                                    | 218,757,921                                                    | 295,972,077                                                  | 238,479,455                                                  | 213,663,046                                                  | 218,757,921                                                  |
| Outflows related to loss of funding on debt products                                    | -                                                              | -                                                              | -                                                              | -                                                              | -                                                            | -                                                            | -                                                            | -                                                            |
| Credit and liquidity facilities                                                         | 1,238,760,555                                                  | 1,134,090,288                                                  | 989,557,138                                                    | 809,927,404                                                    | 123,876,055                                                  | 113,409,029                                                  | 98,955,714                                                   | 80,992,740                                                   |
| Other contractual funding obligations                                                   | -                                                              | -                                                              | -                                                              | -                                                              | -                                                            | -                                                            | -                                                            | -                                                            |

| Cash – Outflows                                                                                                                                                                                                   | Total unweighted value (average);<br>Quarter ending on:<br>30-Sep-24 | Total unweighted value (average);<br>Quarter ending on:<br>30-Jun-24 | Total unweighted value (average);<br>Quarter ending on:<br>31-Mar-24 | Total unweighted value (average);<br>Quarter ending on:<br>31-Dec-23 | Total weighted value (average);<br>Quarter ending on:<br>30-Sep-24 | Total weighted value (average);<br>Quarter ending on:<br>30-Jun-24 | Total weighted value (average);<br>Quarter ending on:<br>31-Mar-24 | Total weighted value (average);<br>Quarter ending on:<br>31-Dec-23 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|
| Other contingent funding obligations                                                                                                                                                                              | 732,061,162                                                          | 596,536,914                                                          | 541,227,875                                                          | 538,152,350                                                          | 485,550,081                                                        | 113,409,029                                                        | 98,955,714                                                         | 80,992,740                                                         |
| TOTAL CASH OUTFLOWS                                                                                                                                                                                               | n/a                                                                  | n/a                                                                  | n/a                                                                  | n/a                                                                  | 1,120,235,961                                                      | 972,562,237                                                        | 850,978,122                                                        | 907,788,695                                                        |
| Cash – Inflows                                                                                                                                                                                                    | Total unweighted value (average);<br>Quarter ending on:<br>30-Sep-24 | Total unweighted value (average);<br>Quarter ending on:<br>30-Jun-24 | Total unweighted value (average);<br>Quarter ending on:<br>31-Mar-24 | Total unweighted value (average);<br>Quarter ending on:<br>31-Dec-23 | Total weighted value (average);<br>Quarter ending on:<br>30-Sep-24 | Total weighted value (average);<br>Quarter ending on:<br>30-Jun-24 | Total weighted value (average);<br>Quarter ending on:<br>31-Mar-24 | Total weighted value (average);<br>Quarter ending on:<br>31-Dec-23 |
| Secured lending (e.g. reverse repos)                                                                                                                                                                              | -                                                                    | -                                                                    | -                                                                    | -                                                                    | -                                                                  | -                                                                  | -                                                                  | -                                                                  |
| Inflows from fully performing exposures                                                                                                                                                                           | 234,767                                                              | 322,805                                                              | 516,487                                                              | -                                                                    | -                                                                  | -                                                                  | -                                                                  | -                                                                  |
| Other cash inflows                                                                                                                                                                                                | 722,632,671                                                          | 555,202,747                                                          | 504,117,655                                                          | 559,901,532                                                          | 722,632,671                                                        | 555,202,747                                                        | 504,117,655                                                        | 559,901,532                                                        |
| (Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies) | n/a                                                                  | n/a                                                                  | n/a                                                                  | n/a                                                                  | -                                                                  | -                                                                  | -                                                                  | -                                                                  |
| (Excess inflows from a related specialised credit institution)                                                                                                                                                    | n/a                                                                  | n/a                                                                  | n/a                                                                  | n/a                                                                  | -                                                                  | -                                                                  | -                                                                  | -                                                                  |
| TOTAL CASH INFLOWS                                                                                                                                                                                                | 553,279,075                                                          | 501,935,780                                                          | 453,416,813                                                          | 257,340,307                                                          | 553,090,048                                                        | 501,746,753                                                        | 453,227,786                                                        | 257,340,307                                                        |
| Fully exempt inflows                                                                                                                                                                                              | -                                                                    | -                                                                    | -                                                                    | -                                                                    | -                                                                  | -                                                                  | -                                                                  | -                                                                  |
| Inflows subject to 90% cap                                                                                                                                                                                        | -                                                                    | -                                                                    | -                                                                    | -                                                                    | -                                                                  | -                                                                  | -                                                                  | -                                                                  |
| Inflows subject to 75% cap                                                                                                                                                                                        | 553,279,075                                                          | 501,935,780                                                          | 453,416,813                                                          | 257,340,307                                                          | 553,090,048                                                        | 501,746,753                                                        | 453,227,786                                                        | 257,340,307                                                        |
| Total adjusted value                                                                                                                                                                                              | Total unweighted value (average);<br>Quarter ending on:<br>30-Sep-24 | Total unweighted value (average);<br>Quarter ending on:<br>30-Jun-24 | Total unweighted value (average);<br>Quarter ending on:<br>31-Mar-24 | Total unweighted value (average);<br>Quarter ending on:<br>31-Dec-23 | Total weighted value (average);<br>Quarter ending on:<br>30-Sep-24 | Total weighted value (average);<br>Quarter ending on:<br>30-Jun-24 | Total weighted value (average);<br>Quarter ending on:<br>31-Mar-24 | Total weighted value (average);<br>Quarter ending on:<br>31-Dec-23 |
| LIQUIDITY BUFFER                                                                                                                                                                                                  | n/a                                                                  | n/a                                                                  | n/a                                                                  | n/a                                                                  | 1,133,521,878                                                      | 1,049,330,362                                                      | 944,834,892                                                        | 897,634,182                                                        |
| TOTAL NET CASH OUTFLOWS                                                                                                                                                                                           | n/a                                                                  | n/a                                                                  | n/a                                                                  | n/a                                                                  | 415,587,807                                                        | 424,708,740                                                        | 354,209,716                                                        | 362,414,385                                                        |
| LIQUIDITY COVERAGE RATIO                                                                                                                                                                                          | n/a                                                                  | n/a                                                                  | n/a                                                                  | n/a                                                                  | 272.75%                                                            | 247%                                                               | 267%                                                               | 248%                                                               |

## 8.5. Net Stable Funding Ratio

### Template EU LIQ2 Net Stable Funding Ratio

| Available stable funding (ASF) Items<br>As at 31 October 2024                         | Unweighted<br>value by<br>residual<br>maturity:<br>No maturity | Unweighted<br>value by<br>residual<br>maturity:<br>< 6 months | Unweighted<br>value by<br>residual<br>maturity:<br>6 months to <<br>1yr | Unweighted value<br>by residual<br>maturity:<br>≥ 1yr | Weighted value       |
|---------------------------------------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------|----------------------|
| Capital items and instruments                                                         | -                                                              | -                                                             | -                                                                       | -                                                     | -                    |
| Own funds                                                                             | -                                                              | -                                                             | -                                                                       | 1,242,015,465                                         | 1,242,015,465        |
| Other capital instruments                                                             | n/a                                                            | -                                                             | -                                                                       | -                                                     | -                    |
| Retail deposits                                                                       | n/a                                                            | -                                                             | -                                                                       | -                                                     | -                    |
| Stable deposits                                                                       | n/a                                                            | -                                                             | -                                                                       | -                                                     | -                    |
| Less stable deposits                                                                  | n/a                                                            | -                                                             | -                                                                       | -                                                     | -                    |
| Wholesale funding:                                                                    | n/a                                                            | -                                                             | -                                                                       | -                                                     | -                    |
| Operational deposits                                                                  | n/a                                                            | -                                                             | -                                                                       | -                                                     | -                    |
| Other wholesale funding                                                               | n/a                                                            | 604,273,439                                                   | 424,156,311                                                             | 271,680,381                                           | 153,011,399          |
| Interdependent liabilities                                                            | n/a                                                            | -                                                             | -                                                                       | -                                                     | -                    |
| Other liabilities:                                                                    | -                                                              | -                                                             | -                                                                       | -                                                     | -                    |
| NSFR derivative liabilities                                                           | 234,141,391                                                    | n/a                                                           | n/a                                                                     | n/a                                                   | n/a                  |
| All other liabilities and capital instruments not<br>included in the above categories | n/a                                                            | 344,534,873                                                   | -                                                                       | -                                                     | -                    |
| <b>Total available stable funding (ASF)</b>                                           | <b>n/a</b>                                                     | <b>n/a</b>                                                    | <b>n/a</b>                                                              | <b>n/a</b>                                            | <b>1,395,026,863</b> |

| Required stable funding (RSF) Items<br>As at 31 October 2024                                                                                                  | Unweighted<br>value by<br>residual<br>maturity:<br>No maturity | Unweighted<br>value by<br>residual<br>maturity:<br>< 6 months | Unweighted<br>value by<br>residual<br>maturity:<br>6 months to <<br>1yr | Unweighted value<br>by residual<br>maturity:<br>≥ 1yr | Weighted value |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------|----------------|
| Total high-quality liquid assets (HQLA)                                                                                                                       | n/a                                                            | n/a                                                           | n/a                                                                     | n/a                                                   | 1,086,586,547  |
| Assets encumbered for more than 12m in cover pool                                                                                                             | n/a                                                            | -                                                             | -                                                                       | -                                                     | -              |
| Deposits held at other financial institutions for operational purposes                                                                                        | n/a                                                            | -                                                             | -                                                                       | -                                                     | -              |
| Performing loans and securities:                                                                                                                              | n/a                                                            | -                                                             | -                                                                       | -                                                     | -              |
| Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut                                    | n/a                                                            | -                                                             | -                                                                       | -                                                     | -              |
| Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions          | n/a                                                            | -                                                             | -                                                                       | -                                                     | -              |
| Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:              | n/a                                                            | 116,148,287                                                   | 35,410,535                                                              | 766,503,841                                           | 824,919,464    |
| With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk                                                      | n/a                                                            | -                                                             | -                                                                       | -                                                     | -              |
| Performing residential mortgages, of which:                                                                                                                   | n/a                                                            | -                                                             | -                                                                       | -                                                     | -              |
| With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk                                                      | n/a                                                            | -                                                             | -                                                                       | -                                                     | -              |
| Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products | n/a                                                            | -                                                             | -                                                                       | -                                                     | -              |
| Interdependent assets                                                                                                                                         | n/a                                                            | -                                                             | -                                                                       | -                                                     | -              |
| Other assets:                                                                                                                                                 | -                                                              | -                                                             | -                                                                       | -                                                     | -              |
| Physical traded commodities                                                                                                                                   | n/a                                                            | n/a                                                           | n/a                                                                     | -                                                     | -              |
| Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs                                                           | n/a                                                            | -                                                             | -                                                                       | -                                                     | -              |
| NSFR derivative assets                                                                                                                                        | n/a                                                            | 393,869,333                                                   | 20,823,920                                                              |                                                       |                |
| NSFR derivative liabilities before deduction of variation margin posted                                                                                       | n/a                                                            | 288,054,691                                                   | -                                                                       |                                                       |                |
| All other assets not included in the above categories                                                                                                         | n/a                                                            | 339,402,603                                                   | -                                                                       | -                                                     | -              |
| Off-balance sheet items                                                                                                                                       | n/a                                                            | -                                                             | 128,037,396                                                             | 1,320,870,108                                         | 74,872,902     |
| Total RSF                                                                                                                                                     | n/a                                                            | n/a                                                           | n/a                                                                     | n/a                                                   | 920,616,287    |
| Net Stable Funding Ratio (%)                                                                                                                                  | n/a                                                            | n/a                                                           | n/a                                                                     | n/a                                                   | 151.53%        |

## 9. Encumbered assets

### 9.1. Introduction

An asset is deemed encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralise or credit enhance any transaction from which it cannot be freely withdrawn.

In the calculation of the median values used in the tables below, the quarterly values have been used as there are no significant fluctuations month-on-month.

Global Markets business commenced equity derivative business at the end of FY24. As such the impact of this business rounds down to zero with the reported median values for the asset encumbrance table. If a point in time report is prepared as at 31 October 2024, a balance of C\$94m would be reportable in the cell 030 / 060.

### 9.2. Assets

#### Template EU AE1 Encumbered and unencumbered assets

| Description                                        | Carrying amount of encumbered assets | Carrying amount of encumbered assets of which notionally eligible EHQLA and HQLA | Fair value of encumbered assets | Fair value of encumbered assets of which notionally eligible EHQLA and HQLA | Carrying amount of unencumbered assets | Carrying amount of unencumbered assets of which EHQLA and HQLA | Fair value of unencumbered assets | Fair value of unencumbered assets of which EHQLA and HQLA |
|----------------------------------------------------|--------------------------------------|----------------------------------------------------------------------------------|---------------------------------|-----------------------------------------------------------------------------|----------------------------------------|----------------------------------------------------------------|-----------------------------------|-----------------------------------------------------------|
| 010 Assets of the reporting institution            | 232,588                              | 232,588                                                                          | n/a                             | n/a                                                                         | 2,787,592,757                          | 1,131,022,480                                                  | n/a                               | n/a                                                       |
| 030 Equity instruments                             | -                                    | -                                                                                | -                               | -                                                                           | -                                      | -                                                              | -                                 | -                                                         |
| 040 Debt securities                                | -                                    | -                                                                                | -                               | -                                                                           | 68,248,870                             | 68,248,870                                                     | 68,248,870                        | 68,248,870                                                |
| 050 of which: covered bonds                        | -                                    | -                                                                                | -                               | -                                                                           | -                                      | -                                                              | -                                 | -                                                         |
| 060 of which: securitisations                      | -                                    | -                                                                                | -                               | -                                                                           | -                                      | -                                                              | -                                 | -                                                         |
| 070 of which: issued by general governments        | -                                    | -                                                                                | -                               | -                                                                           | 31,707,557                             | 31,707,557                                                     | 31,707,557                        | 31,707,557                                                |
| 080 of which: issued by financial corporations     | -                                    | -                                                                                | -                               | -                                                                           | 36,541,313                             | 36,541,313                                                     | 36,541,313                        | 36,541,313                                                |
| 090 of which: issued by non-financial corporations | -                                    | -                                                                                | -                               | -                                                                           | -                                      | -                                                              | -                                 | -                                                         |
| 120 Other assets                                   | 232,588                              | 232,588                                                                          | n/a                             | n/a                                                                         | 2,534,399,274                          | 1,058,315,738                                                  | n/a                               | n/a                                                       |

### 9.3. Collateral

#### Template EU AE2 Collateral received and own debt securities issued

|     | Description                                                                | Fair value of encumbered collateral received or own debt securities issued; 010 | Fair value of encumbered collateral received or own debt securities issued of which notionally eligible EHQLA and HQLA; 030 | Unencumbered; Fair value of collateral received or own debt securities issued available for encumbrance; 040 | Unencumbered; Fair value of collateral received or own debt securities issued available for encumbrance of which EHQLA and HQLA; 060 |
|-----|----------------------------------------------------------------------------|---------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| 130 | Collateral received by the disclosing institution                          | -                                                                               | -                                                                                                                           | -                                                                                                            | -                                                                                                                                    |
| 140 | Loans on demand                                                            | -                                                                               | -                                                                                                                           | -                                                                                                            | -                                                                                                                                    |
| 150 | Equity instruments                                                         | -                                                                               | -                                                                                                                           | -                                                                                                            | -                                                                                                                                    |
| 160 | Debt securities                                                            | -                                                                               | -                                                                                                                           | -                                                                                                            | -                                                                                                                                    |
| 170 | of which: covered bonds                                                    | -                                                                               | -                                                                                                                           | -                                                                                                            | -                                                                                                                                    |
| 180 | of which: securitisations                                                  | -                                                                               | -                                                                                                                           | -                                                                                                            | -                                                                                                                                    |
| 190 | of which: issued by general governments                                    | -                                                                               | -                                                                                                                           | -                                                                                                            | -                                                                                                                                    |
| 200 | of which: issued by financial corporations                                 | -                                                                               | -                                                                                                                           | -                                                                                                            | -                                                                                                                                    |
| 210 | of which: issued by non-financial corporations                             | -                                                                               | -                                                                                                                           | -                                                                                                            | -                                                                                                                                    |
| 220 | Loans and advances other than loans on demand                              | -                                                                               | -                                                                                                                           | -                                                                                                            | -                                                                                                                                    |
| 230 | Other collateral received                                                  | -                                                                               | -                                                                                                                           | 152,205,201                                                                                                  | -                                                                                                                                    |
| 240 | Own debt securities issued other than own covered bonds or securitisations | -                                                                               | -                                                                                                                           | -                                                                                                            | -                                                                                                                                    |
| 241 | Own covered bonds and securitisation issued and not yet pledged            | n/a                                                                             | n/a                                                                                                                         | -                                                                                                            | -                                                                                                                                    |
| 250 | TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED                   | 232,588                                                                         | -                                                                                                                           | n/a                                                                                                          | n/a                                                                                                                                  |

9.4. Sources of encumbrance

Template EU AE3 – Sources of Encumbrance

|     | Description                                       | Matching liabilities, contingent liabilities or securities lent; 010 | Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered; 030 |
|-----|---------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| 010 | Carrying amount of selected financial liabilities | -                                                                    | -                                                                                                                       |

## 10. Management of market risk

Market risk arises as a result of CIBC Lux's trading and treasury activities and encompasses all market related positioning and market-making activity. Market risk is defined as the potential for economic financial loss in the trading and non-trading portfolios from adverse changes in underlying market factors, including interest and foreign exchange rates, credit spreads and equity and commodity prices.

### 10.1. Governance, process and control

Local oversight of trading and non-trading market risk is provided by the VP, Europe and Asia CMRM. They are responsible for the provision of and to accurately identify and report the main market risks as they relate to the business. Management of market risk is governed by limits, delegated by the EVP, CRO, CMRM, and authorised by the SEVP and CRO, CIBC. Limits are reported and managed daily. Overall local responsibility and oversight is through the CIBC Lux CRO.

In addition, an overview of market risks is presented to ALCo and the Board by the CIBC Lux CRO on a quarterly basis. The ExCo is presented with an overview of market risks by the CIBC Lux CRO each month.

### 10.2. Risk monitoring

Market risk exposures are monitored daily against approved risk limits, and control processes are in place to ensure that only authorised activities are undertaken. Reports highlighting Value at Risk (VaR), stress results and key sensitivities are produced and distributed on a daily basis to traders and Risk Management personnel, including the CIBC Lux CRO and CEO, as well as the CIBC Head of Europe and Asia-Pacific and CIBC Head of CMT, Europe. Market risk exposures are reviewed quarterly by the Board and ALCo.

### 10.3. Policies and standards

CIBC Lux's market risk exposures are fully governed by group wide policy and there are no local policy exceptions. Policies and standards for market risk management relate to identification and measurement of the various types of market risk and the establishment of limits within which overall exposures are managed. Explicit risk tolerance levels are expressed in terms of both VaR measures and potential worst-case stress losses as well as notional or other limits as appropriate.

### 10.4. Trading activities

CIBC Lux holds positions in traded financial instruments 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.

### 10.5. Capital and risk measurement

With regards to trading credit risks, direct, negotiable and settlement risk exposures are measured on a notional basis, whilst contingent risk is calculated using Potential Exposure Factors (PEF), where the risk on a trade or portfolio of trades with any given counterparty is run through a simulator that takes into account the notional sizes of the trades and the remaining term to maturity. Each individual trading exposure is then allotted a limit, based on the risk exposure measured or calculated through the simulator, to accurately reflect the CIBC's credit risk appetite. Each individual credit exposure is risk rated using the methodology adopted by CIBC.

## **10.6. Non-trading and other activities**

Non-trading interest rate risk within CIBC Lux is taken as part of the Treasury function's daily funding and cash management activities and LAB book, as well as through Corp Banking loans issued. For the assessment of non-trading interest rate risk, standardised interest rate shocks - expressed in terms of threat to economic value and to changes in net interest income - are used. This includes parallel rate shocks to the yield curve (up and down), curve steepener and flattener shocks, and shocking short rates up and down. These shocks are as prescribed in EU RTS 2024/856. The results of these scenarios are presented to CIBC Lux ALCo on a quarterly basis. There is a RAS limit of 5% drop in Economic Value of Equity (EVE) in in these scenarios.

A similar set of scenarios (OSFI B12) are run on a weekly basis to give an early visibility into changes in the Bank's interest rate exposure profile.

CIBC Lux did not undertake the businesses related to "equities not included in the trading book" (CRR2 Article 447) or to "securitisation positions" (CRR2 449) in either or its trading or banking books. As such, no disclosure is required in these respects.

## **10.7. Foreign exchange risk**

Foreign exchange positions are taken to facilitate client needs and to hedge the foreign exchange risk inherent in daily trading activities.

## **10.8. Market Risk in the Trading Book**

CIBC Lux does not envisage taking material market risk in its trading books, and the majority of trades are to be executed on a back to backback-to-back basis. For this activity, we have set a non-zero trading book VaR limit to account for potential client business. For trades that are not executed on a back-back-basis (e.g. Equity Forwards, Equity TRS), material risks are hedged (equity exposure).

### **Capital requirement for market risk**

CIBC Lux calculates general market risk using the Maturity-Based calculation of general risk under Part 3, Title IV, Chapter 2, Section 2, Sub-Section 2 of the CRR<sup>8</sup>.

Specific Interest Rate Risk is calculated using the Standard method under Part 3 Title IV Chapter 2, Section1, Sub-Section 1 of the CRR.

Foreign Exchange Risk is calculated using the Standard method under Part 3 Title IV, Chapter 3 of the CRR.

Market risk as at 31 October 2024 was de minimis (C\$ 46k VaR).

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<sup>8</sup> Capital Requirements Regulation (Regulation EU No. 575/2013)

## 11. Management of operational risk

### 11.1. Introduction

Operational risk is the loss resulting from inadequate or failed internal processes, systems, or from human error or external events. Operational risk is inherent in every business activity and process of CIBC Lux. Operational risk metrics are monitored by Operational Risk Management and form an integral part of the CIBC Lux RAS.

### 11.2. Governance

At parent level, CIBC's Global Risk Committee (GRC) and the Operational Risk and Control Committee (ORCC) and its related committees oversee operational risk matters, as well as the effectiveness of the internal control framework within the parameters and strategic objectives established by the CIBC ExCo. The CIBC ExCo is accountable to the CIBC Board and its Audit Committee and the CIBC RMC for maintaining a strong internal control environment.

CIBC Group's approach to managing operational risk aligns with the model outlined in the Basel Committee on Banking Supervision's "Sound Practices for the Management and Supervision of Operational Risk" paper, which was last revised in June 2011. This model advocates that sound operational risk management should rely on three lines of defence: (i) business line management; (ii) an independent corporate operational risk management function; and (iii) an independent review.

### 11.3. Three Lines of Defence Approach

CIBC Lux's approach to enterprise-wide risk management is built on the group's approach and aligns with the three Lines of defence model (see also Section 2.4):

Although the three lines of Defence groups function independently in monitoring and providing oversight of the risks, a strong risk culture and good communication between the three lines of Defence are important characteristics of effective operational risk management.

- **First Line of Defence (1st LOD)** – Management owns the risks and is accountable and responsible for identifying and assessing risks inherent in their activities in accordance with the CIBC Lux and CIBC risk appetite. In addition, Management establishes and maintains controls to mitigate such risks. Management may include governance groups within their business to facilitate Control Framework and other risk-related processes.

Control Groups provide subject matter expertise to Management and/or implement/maintain enterprise-wide control programs and activities. While Control Groups collaborate with Management in identifying and managing risk, they also challenge risk decisions and risk mitigation strategies.

- **Second Line of Defence (2nd LOD)** is independent from the 1st LOD. 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 and/or rely on subject matter expertise of other groups (e.g. third parties or Control Groups) to better inform their independent assessments, as appropriate.

Where the 2nd LOD also owns risks from their own activities, a designated Global Operational Risk Management Portfolio Manager will provide oversight and challenge.

While independence is an important element of providing effective challenge, it is important that the 1st and 2nd Line of Defence, including Control Groups, work collaboratively through open and complete dialogue and provision of information needed to assess risks, controls and deficiencies. Where there are differing views regarding the level of risk and/or the effectiveness of controls, unresolved disputes should be escalated by the Business Unit, Control Groups and Risk Management to their respective senior management or, if appropriate, to the Operational Risk and Control Committee (ORCC) for resolution.

- **Third Line of Defence (3rd LOD)** – Internal Audit is the 3rd LOD and is responsible for providing Reasonable Assurance to senior management and the CIBC Audit Committee of the Board on the effectiveness of CIBC's governance practices, risk management processes, and internal control as a part of its risk-based audit plan and in accordance with its mandate as described in the Internal Audit Charter.

Each Line of Defence is responsible for ensuring an appropriate level of Management and Board reporting.

#### **11.4. Policies and standards**

In addition to the CIBC Lux Risk Management Framework policy, CIBC Lux adopts the group's comprehensive set of policies, procedures and standards that are designed to control operational risk associated with people, processes and systems, and to promote a sound internal control structure. Operational risks driven by people and processes are mitigated through human resources policies and practices, and operational procedural controls, respectively. Operational risks driven by systems are managed through controls over technology development and change management.

While operational risk can be mitigated through a sound internal control structure, it can never be fully eliminated. The risk of catastrophic loss is addressed through risk avoidance and control programs that reduce the probability or potential severity of such losses to acceptable levels. CIBC Lux maintains a comprehensive corporate insurance program to protect its earnings from potential high-severity losses arising from certain criminal activity, property loss or damage, or liability exposures. Each type of coverage is evaluated on the basis of a cost-benefit analysis. A global BCP is in place to ensure that key business functions will continue, and normal operations will be restored effectively and efficiently, in the event of a major disaster event affecting the operations. This BCP is regularly updated and tested.

#### **11.5. Risk monitoring**

Global Operational Risk Management has developed a KRI Framework to standardise specific operational risk metrics for the region. KRI's are used to monitor and report upon:

- unauthorised market and credit limit excesses and breaches against approved products.
- process failures during the trade settlement process, such as confirmation delays, trader cancels and corrects and collateral disputes

Indicators are constructed with pre-defined risk tolerance thresholds which are agreed with stakeholders. A risk dashboard including operational risk information is reported to the ExCo every month and to the Board on a quarterly basis. Operational Loss and Near Miss Incident Reports are also completed for CIBC Lux. Reports identify material operational risk issues, control failures, operational losses and policy breaches.

Operational risk is also assessed from deep dives (e.g. manual process reviews into businesses), and gap analysis against regulatory expectations (e.g. EBA standards on operational risk).

#### **11.6. Risk measurement**

CIBC Lux does not have a history of operational losses and has been granted permission to use the Basic Indicator Approach for calculation of its operational risk charge. Under this approach, the net interest income, net fees & commissions and other operating income (excluding extraordinary items and non-trading book sales) are used to calculate this charge.

#### **11.7. Capital requirement for operational risk**

CIBC Lux calculates the Operational Risk capital requirement by using the Basic Indicator Approach ("BIA"). The capital requirement is calculated to be 15% of the three-year average operating income. CIBC Lux has used three years of audited operating income to calculate the capital requirement in line with Regulation (EU) No 575/2013 Article 315 (2).

The RWA and capital requirements for operational risk as at 31 October 2024 appear below.

*Template EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts*

| Description                                                                                  | Relevant indicator:<br>Year-3 | Relevant indicator:<br>Year-2 | Relevant indicator:<br>Last year | Own funds requirements | Risk exposure amount |
|----------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|----------------------------------|------------------------|----------------------|
| Banking activities subject to basic indicator approach (BIA)                                 | 20,968,000                    | 98,890,528                    | 148,187,464                      | 13,402,300             | 167,528,745          |
| Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches | -                             | -                             | -                                | -                      | -                    |
| Subject to TSA:                                                                              | -                             | -                             | -                                | n/a                    | n/a                  |
| Subject to ASA:                                                                              | -                             | -                             | -                                | n/a                    | n/a                  |
| Banking activities subject to advanced measurement approaches AMA                            | -                             | -                             | -                                | -                      | -                    |

## 12. Remuneration

### 12.1. Role of the CIBC Board

The CIBC Board of Directors and two of its sub-committees – the Management Resources and Compensation Committee (MRCC) and the Risk Management Committee (RMC) provide active oversight of CIBC's compensation process at a bank-wide level. Their responsibilities include:

- establishing the compensation governance process (MRCC);
- determining incentive compensation funding and allocations to the Strategic Business Units (SBU) and functional groups (MRCC, with input as required from the RMC, and CIBC Board);
- approving new material incentive compensation plans or material changes to existing material plans (MRCC and CIBC Board);
- reviewing CIBC, SBU and LOB adherence to CIBC's risk appetite and the underlying risks associated with business performance (MRCC and RMC)

The MRCC receives regular updates and ongoing education from management, their independent compensation advisor and other outside advisors on Financial Stability Board (FSB) and other regulatory requirements in the jurisdictions in which CIBC operates, including Luxembourg. The independent compensation advisor to the MRCC is Pay Governance LLC.

### 12.2. Role of the CIBC Lux Board

The CIBC Lux Board ("The Board") is comprised of four members, including one executive director, two non-executive directors and an independent non-executive director as described in section 2.17 Board members skills and expertise, and is responsible for adopting and maintaining the remuneration policy applicable to CIBC Lux and overseeing its implementation to ensure it is fully operating as intended, in line with: (i) the designated principles; and (ii) CSSF Circular 17/658.

The responsibilities of the Board with respect to remuneration include:

- reviewing, approving and ensuring remuneration policies for CIBC Lux are consistent with and promote effective risk management;
- reviewing, approving and ensuring remuneration policies for CIBC Lux do not encourage risk taking that exceeds the tolerated level of risks within CIBC Lux or of CIBC;
- having regard to the FSB Principles for Sound Compensation Practices, the Remuneration Policies set out in the Capital Requirements Directive, the guidelines on remuneration policies and practices set out by the European Banking Authority (EBA), the CSSF Circular 17/658 and any other applicable regulation or guidance as amended from time to time;
- ensuring that the risks associated with the operation of remuneration policies are considered;
- reviewing and approving the implementation of new divisional or local remuneration plans within CIBC Lux;
- reviewing and approving the proposed compensation pool allocation for CIBCLux;
- reviewing and approving the methodology by which Luxembourg Material Risk Takers (Lux MRTs), under CSSF Circular 17/658 and Commission Delegated Regulation (EU) 604/2014, are identified and reviewing and approving the list of Lux MRTs;
- reviewing and approving decisions and proposals by the management of CIBC Lux in respect of the remuneration proposals for Lux MRTs; and,
- ensuring incentives provided by the remuneration policy and its underlying practices are in line with CIBC Lux's risk, capital and liquidity levels as well as with the likelihood and timing of earnings.

Such review and approval also includes:

- reviewing and approving certain compensation elements for Lux MRTs, including annual incentive compensation awards allocated to Lux MRTs;
- the remuneration structures for senior officers working in the CIBC Lux Risk and Compliance functions to ensure that conflicts of interest do not arise;
- remuneration structures for CIBC Lux High Earners as defined by EBA guidelines and
- the Authorised Management functions, i.e. Lux Chief Executive Officer and Chief Risk Officer/Chief Operating Officer;
- any disclosures required to be made from time to time to the CSSF or any other relevant authority relating to the remuneration policy that has been adopted for CIBC Lux or the remuneration of Lux MRTs;
- a report from internal audit on CIBC Lux's level of compliance with Luxembourg remuneration regulations;
- giving due regard to the long-term interests of shareholders, investors and other stakeholders when making individual remuneration decisions pursuant to the remuneration policies within CIBC Lux; and
- giving due regard to any relevant legal or regulatory requirements, and associated guidance, as well as to the risk and risk management implications of its decisions.

The Authorised Management, together with the HR function, and with the involvement of the Control Functions, is responsible for the compliance of remuneration policies with laws and regulatory framework. HR received advice from PricewaterhouseCoopers on Capital Requirements Directive V (CRD V) remuneration matters for Lux MRTs in 2024.

The Board meets at least quarterly and in FY2024 the Board held seven meetings.

### **12.3. Overview of CIBC's Compensation Approach**

CIBC's Compensation Philosophy, Methodology and Governance is comprised of three key principles that are intended to guide all steps of the compensation process, from plan design and variable incentive compensation pool determination through to individual award decisions:

- Support CIBC's ability to attract, motivate and retain the right talent;
- Pay for performance and encourage behaviours aligned with our purpose and employee value proposition; and,
- Align with CIBC's business strategy, risk appetite and the creation of sustainable shareholder value and the evolving regulatory environment.

Total compensation is evaluated relative to a peer group of companies of comparable size, scope, market presence and complexity. Variable incentive awards are based on a combination of individual, LOB, SBU and CIBC-wide performance. For all employees eligible for variable incentive awards, individual performance is assessed against:

- core accountabilities of the role (including employee engagement for managers of people) and annual goals which may include specific targets for sales focused roles; and
- demonstration of behaviours aligned with our purpose and employee value proposition, and compliance with CIBC's risk management, governance, control and policy requirements.

Cash and deferred equity based compensation awards are used to achieve pay and performance alignment. Senior executives, as well as other employees whose actions have a material impact on the risk exposure of CIBC, have a substantial portion of variable compensation (up to 80%) which is deferred in alignment with local regulatory requirement. This ensures that future performance impacts final payouts.

Incentive compensation funding is designed to reflect a balanced consideration of CIBC's performance, the business environment, market conditions and competitive requirements.

- Outside of Capital Markets, incentives are funded monthly based on achievement against CIBC's strategic priorities: financial strength and operational efficiency measured by adjusted Earnings per Share (EPS), adjusted operating leverage and adjusted revenue growth; client experience measured by CIBC's Client Experience (CX) Index and Environmental, Social and Governance (ESG) related metrics measured by the ESG index. In the case of Capital Markets, incentive funding is based on a percentage of Capital Markets Net Income Before Bonus and Tax (NIBBT) which can also be adjusted for qualitative factors.
- NIBBT is adjusted for items typically adjusted for by research analysts.
- Outside of Capital Markets, adjusted EPS, adjusted operating leverage, adjusted revenue growth, the CX Index and the ESG Index are used to formulaically determine a Business Performance Factor (BPF) which is used to calculate the incentive funding. This can also be adjusted for qualitative funding factors.
- When determining incentive funding at year end, the MRCC, with input as required from the RMC, and CIBC Board review:
  - Achievement against CIBC's strategic priorities which are formulaically calculated using BPFs for CIBC and for the SBUs outside of Capital Markets. For Capital Markets, a NIBBT funding rate is used as a starting point to determine initial incentive funding. The NIBBT funding rate is normalised for any material organisational changes during the year.
  - Any qualitative adjustments for reported results vs. adjusted results, results vs. peers, material credit, market, operational, reputational and/or liquidity risk issues, the business environment and market conditions and competitive requirements.
  - Any discretionary adjustment recommended by the MRCC and the CIBC Board.
  - Independent assessments of performance from the CIBC CFO, CRO, Chief Legal Officer and Executive Vice-President, Purpose, Brand and Corporate Affairs, including key considerations with regard to the quality and sustainability of earnings, an assessment of financial performance, adherence to CIBC's risk appetite and performance against client and ESG metrics. The CIBC CRO's independent assessment is also reviewed by the RMC.
  - In addition, the assessment completed by the CRO identifies if there are any risk events that may warrant adjustments at the individual level.
- In addition, the MRCC holds a joint meeting with the RMC in October to review and discuss performance relative to plan, peers and prior year and to consider if there is a need for any adjustments for risk or other qualitative factors.

Compliance with risk appetite is a key component in assessing CIBC's performance for the year ended 31 October 2024, measured quantitatively against CIBC's Risk Appetite Targets, and qualitatively based on an assessment by the CIBC CRO.

Pay Governance LLC performs an annual assessment of CIBC's EPS goal. The assessment is presented to the MRCC annually. In addition, the MRCC and CIBC Board have discretion to recommend changes to the incentive funding at year end as noted above.

Future business performance impacts the final payouts as measured by CIBC's absolute business performance, business performance relative to its peer group of other Canadian Banks, and/or CIBC's share price.

## **12.4. Overview of CIBC Lux Remuneration Policy**

The CIBC Lux Remuneration Policy ("Policy") sets out the remuneration practices and procedures applicable to CIBC Lux. The Policy is applicable to all employees of CIBC Lux, with specific provisions on variable remuneration applicable to Identified Staff (referred to as Lux MRTs).

The Policy is consistent with and promotes sound and effective risk management, through measures that do not encourage excessive risk taking. Furthermore, the Policy ensures alignment with and support of the business strategy, goals, values and long-term interest of CIBC and CIBC Lux, including underlying practices

and procedures that are gender neutral and take into account environmental, social and governance risks. The Policy has been established on the basis of local legal and regulatory requirements and also takes into account general remuneration principles followed by CIBC with the objective to have a similar approach worldwide but in respect of local constraints and rules.

The Board is responsible for adopting and maintaining the Policy, and overseeing its implementation to ensure it is operating as intended. The Authorised Management, together with the HR function, and with the involvement of the Control Functions, is responsible for the compliance of this Policy with laws and regulatory framework. The Policy is presented to the Board annually for approval and subject to an annual central and independent review by the internal audit function.

## **12.5 CIBC Lux Material Risk Takers (Lux MRTs)**

The identification of Lux MRTs is based on a thorough assessment of roles, responsibilities and actual mandates held by certain positions that may be deemed as having a material impact on CIBC Lux's risk profile. The annual identification of MRTs is conducted with due regard to criteria set out under Article 92(3) of the CRD V (as transposed under Article 38-5(2) of the LSF), as well as the qualitative and quantitative criteria set out in Articles 5 and 6 of Commission Delegated Regulation (EU) 2021/923 of 25 March 2021 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards setting out the criteria to define managerial responsibility, control functions, material business units and a significant impact on a material business unit's risk profile, and setting out criteria for identifying staff members or categories of staff whose professional activities have an impact on the institution's risk profile that is comparably as material as that of staff members or categories of staff referred to in Article 92(3) of that Directive.

## **12.6 Proportionality Principle**

Certain remuneration requirements as defined by the law and clarified under the EBA Guidelines, may be subject to the proportionality principle, hence may allow the application of certain remuneration provisions in a proportionate manner. As per Article 94 (3) (a), CIBC Lux applies its remuneration practices in a manner and to the extent that are appropriate to its size, internal organisation and to the nature, scope and complexity of its activities. For the 2024 performance year, CIBC Lux chose to:

- neutralise the requirement of establishing a Remuneration Committee; and,
- apply certain other remuneration requirements, in a proportionate manner:
- deferral period of variable remuneration;
- deferral amount of variable remuneration; and
- variable remuneration payment in instruments.

## **12.7 Remuneration Structure and Design**

Remuneration for CIBC Lux employees is comprised of fixed remuneration, including pension and benefits and variable remuneration. The remuneration is structured in a way to align with CIBC Lux's business strategy, long-term interests, underlying values of wealth preservation and sustainable growth, and does not exceed market standards for comparable banks without reason. The remuneration principles of the Policy aim at ensuring a balance between fixed and variable remuneration to decrease any risk from excessive risk taking and are defined in a manner as to not limit the ability of the bank to strengthen and / or to limit its capital base.

### **Fixed Remuneration**

Fixed remuneration is defined as any remuneration, whether monetary or non-monetary, which an employee is entitled to receive based on the employee's relevant experience, general expectations of the employee's qualifications and organizational responsibilities. Fixed remuneration typically comprises:

- The employee's base salary, including any fixed allowances which are comparable to, and in practice considered, part of the base salary (e.g. could include role based allowances);

- Any pension benefits calculated on the basis of the employee's base salary or a part thereof (i.e. as defined under the Luxembourg Social Security Law (i.e. Pillar 1) or the Law of June 8 1999, as amended (i.e. Pillar 2)); and,
- Any non-pay benefits, which are granted or made available to the employee on a continuous basis (e.g. could include lunch arrangement, company car, health insurance, paid telephone, mobile and/or laptop, internet connection at home address, etc.).

### Variable Remuneration

Variable remuneration is tied to performance measures on an individual basis as well as on a collective basis in accordance with predefined qualitative and quantitative objectives, including financial and non-financial criteria.

The global amount allocated to the variable remuneration depends on the performance of (i) CIBC, (ii) CIBC Lux (iii) the SBU and (iv) the individual. Individual performance will be assessed in order to determine the allocation of variable remuneration. This performance assessment will take into account both quantitative and qualitative criteria for all employees. Should the individual performance be negative, the variable remuneration may amount to zero.

Definition of the bonus pool is described in section 12.3 Overview of CIBC's Compensation Approach. Once the bank wide bonus pool has been defined, CIBC will make its proposal of allocation for CIBC Lux to the Board for review and approval. At the end of the year, the Board reviews the sum of the incentive awards (i.e. the CIBC Lux bonus pool funding) for CIBC Lux's employees and may recommend to the MRCC any changes that it feels are appropriate for CIBC Lux, taking into account CIBC Lux's business and risk performance. Prior to the proposal of annual incentive compensation awards to the Board, the Lux Chief Risk Officer assesses whether there are any material risk, control or conduct related matters that would impact remuneration and the Head of Finance assesses whether there are any significant losses or material restatements requiring the application of CIBC's clawback provisions.

Variable remuneration will consist of a single payment in cash, unless the employee / MRT is eligible to participate in medium / long-term incentive awards (e.g. could include Restricted Share Awards, Performance Share Units and Employee Stock Options based on job level and/or MRT status). Medium / long-term incentive awards will be subject to the following provisions:

- The instruments will be deferred over at least a 3 year period or more;
- The instruments shall vest fully at the end of the deferral period or on a pro-rata basis;
- The first vesting shall not occur sooner than 12 months after the start of the deferral period; and
- The instruments are subject to a retention period of 1 year (no less than 12 months) after the vesting where the beneficiaries shall not redeem their instruments.

Variable remuneration is subject to malus and clawback provisions, with specific provisions applicable to CIBC Lux MRTs.

### Shareholding Requirements

CIBC Executives and Managing Directors are expected to hold a minimum amount of equity. CIBC's share ownership guidelines apply to employees globally that meet certain requirements.

### Ratio between fixed and variable remuneration

CIBC Lux will ensure a balanced ratio between fixed and variable remuneration to prevent any excessive risk taking through increasing and incentivising the variable component. The total amount of the variable remuneration of MRTs may not exceed maximum of 100% of their total fixed remuneration. In some exceptional cases, variable remuneration of MRTs may exceed the 1:1 ratio, which in no case can exceed 200% of the total fixed remuneration with the appropriate approvals.

## Guaranteed Variable Remuneration and Severance Payments

Guaranteed variable remuneration will be exceptional, and will only be allowed in connection with the hiring of new employees. Guaranteed variable remuneration will be limited to the first year of employment and only provided that the bank has a sound and strong capital base. Any kind of multi-year guarantees will not be permitted. Guaranteed variable remuneration constitutes variable remuneration and not fixed remuneration.

Severance payments will be made in alignment with applicable legislation and any applicable collective bargaining agreement. The amount of severance payments will be determined on the basis of an analysis conducted by HR, in collaboration with the relevant control and/or corporate functions. Such analysis will take into account the performance achieved over time by the employee and labour law and judicial implications.

### **12.8 Control Functions**

Control Function employees shall be independent from the business units they oversee and have appropriate authority. The amount of variable remuneration of Control Functions employees will not be linked to the performances of the business units they monitor. In line with Article 196 of the EBA Guidelines, the total remuneration of the Independent Control Functions will be predominantly fixed, to reflect the nature of their responsibilities.

### **12.9 Performance Measurement**

CIBC Lux will leverage the Goals Performance Success Program ("GPS") used CIBC-wide. Notwithstanding the application of CIBC wide principles, CIBC Lux sets up Performance Measurement principles that reflect regulatory requirements under CRD V.

The various performance criteria used for defining variable remuneration are aligned with sound and effective risk management and compliance principles. The performance measures are designed in a way to avoid risk-taking that exceeds the level of tolerated risk of CIBC Lux.

The performance criteria consist of an appropriate combination of financial (quantitative) and non-financial (qualitative) performance criteria. The relative importance of each level / weighting given to the performance criteria is determined up-front and adequately balanced to take into account the employee's position and responsibilities. To the extent possible, the performance criteria include achievable objectives and measures on which the employee has some direct influence. Negative non-financial performance in the form of unethical or non-compliant behaviour must override any good financial performance generated by CIBC Lux and the SBU of the employee.

The performance assessment is set out in a multi-year framework in order to ensure that the assessment process is based on longer-term performance and that the actual payment of variable remuneration is spread over a period, which takes account of the underlying business cycle of CIBC Lux and its underlying business risks. Future business performance impacts the final payouts as measured by CIBC's absolute business performance, business performance relative to its peer group of other Canadian Banks, and/or CIBC's share price.

### **12.10 Quantitative information on remuneration**

As per the guidelines in Article 450 (2) of the CRR, quantitative remuneration disclosures are reflective of the relative size, internal organisation, and the nature, scope and complexity of CIBC Lux in the period and without prejudice to Regulation (EU) 2016/679 of the European Parliament and of the Council.

The remuneration figures below reflect remuneration awarded to Lux MRTs. It has been adjusted for partial year MRTs to reflect their tenure in the MRT role.

## Template EU REM1 - Remuneration awarded for the financial year

|        |                             |                                                                       | a                                  | d                      |
|--------|-----------------------------|-----------------------------------------------------------------------|------------------------------------|------------------------|
|        |                             |                                                                       | Management Function <sup>1,2</sup> | Other identified staff |
| 1      |                             | Number of identified staff                                            | 9                                  | 17                     |
| 2      |                             | Total fixed remuneration                                              | 2,934,316                          | 4,860,529              |
| 3      |                             | Of which: cash-based                                                  | 2,642,492                          | 4,306,230              |
| 4      |                             | (Not applicable in the EU)                                            |                                    |                        |
| EU-4a  |                             | Of which: shares or equivalent ownership interests                    | -                                  | -                      |
| 5      | Fixed remuneration          | Of which: share-linked instruments or equivalent non-cash instruments | -                                  | -                      |
| EU-5x  |                             | Of which: other instruments                                           | -                                  | -                      |
| 6      |                             | (Not applicable in the EU)                                            |                                    |                        |
| 7      |                             | Of which: other forms                                                 | 291,823                            | 554,299                |
| 8      |                             | (Not applicable in the EU)                                            |                                    |                        |
| 9      |                             | Number of identified staff                                            | 5                                  | 13                     |
| 10     |                             | Total variable remuneration                                           | 1,745,325                          | 2,402,516              |
| 11     |                             | Of which: cash-based                                                  | 1,124,205                          | 1,780,650              |
| 12     |                             | Of which: deferred                                                    | -                                  | -                      |
| EU-13a |                             | Of which: shares or equivalent ownership interests                    | -                                  | -                      |
| EU-14a |                             | Of which: deferred                                                    | -                                  | -                      |
| EU-13b | Variable remuneration       | Of which: share-linked instruments or equivalent non-cash instruments | 621,121                            | 621,866                |
| EU-14b |                             | Of which: deferred                                                    | 621,121                            | 621,866                |
| EU-14x |                             | Of which: other instruments                                           | -                                  | -                      |
| EU-14y |                             | Of which: deferred                                                    | -                                  | -                      |
| 15     |                             | Of which: other forms                                                 | -                                  | -                      |
| 16     |                             | Of which: deferred                                                    | -                                  | -                      |
| 17     | Total remuneration (2 + 10) |                                                                       | 4,679,641                          | 7,263,044              |

1. Only fees related to CIBC Lux have been included for Management Function members who are CIBC Lux Board members.
2. Lux MRT Outsourced Functions are included in headcount but remuneration is excluded as they are compensated under their local remuneration rules, which are more onerous on the individual.

## Template EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

No special payments were made in the year ending 31 October 2024.

## Template EU REM3 - Deferred remuneration

|    | Deferred and retained remuneration                          | a<br>Total amount of deferred remuneration awarded for previous performance periods | b<br>Of which due to vest in the financial year | c<br>Of which vesting in subsequent financial years | d<br>Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year <sup>3</sup> | e<br>Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years | f<br>Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments) | EU – g<br>Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year | EU – h<br>Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods |
|----|-------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| 1  | <b>Management Function<sup>1,2</sup></b>                    | 3,394,134                                                                           | 685,128                                         | 2,709,006                                           | 31,966                                                                                                                                            | -                                                                                                                                          | 134,123                                                                                                                                                                                    | 11,794                                                                                                                    | 673,334                                                                                                                                        |
| 2  | Cash-based                                                  | -                                                                                   | -                                               | -                                                   | -                                                                                                                                                 | -                                                                                                                                          | -                                                                                                                                                                                          | -                                                                                                                         | -                                                                                                                                              |
| 3  | Shares or equivalent ownership interests                    | -                                                                                   | -                                               | -                                                   | -                                                                                                                                                 | -                                                                                                                                          | -                                                                                                                                                                                          | -                                                                                                                         | -                                                                                                                                              |
| 4  | Share-linked instruments or equivalent non-cash instruments | 3,394,134                                                                           | 685,128                                         | 2,709,006                                           | 31,966                                                                                                                                            | -                                                                                                                                          | 134,123                                                                                                                                                                                    | 11,794                                                                                                                    | 673,334                                                                                                                                        |
| 5  | Other instruments                                           | -                                                                                   | -                                               | -                                                   | -                                                                                                                                                 | -                                                                                                                                          | -                                                                                                                                                                                          | -                                                                                                                         | -                                                                                                                                              |
| 6  | Other forms                                                 | -                                                                                   | -                                               | -                                                   | -                                                                                                                                                 | -                                                                                                                                          | -                                                                                                                                                                                          | -                                                                                                                         | -                                                                                                                                              |
| 19 | <b>Other identified staff</b>                               | 2,762,466                                                                           | 421,896                                         | 2,340,569                                           | -                                                                                                                                                 | -                                                                                                                                          | 78,910                                                                                                                                                                                     | 151,397                                                                                                                   | 270,499                                                                                                                                        |
| 20 | Cash-based                                                  | -                                                                                   | -                                               | -                                                   | -                                                                                                                                                 | -                                                                                                                                          | -                                                                                                                                                                                          | -                                                                                                                         | -                                                                                                                                              |
| 21 | Shares or equivalent ownership interests                    | -                                                                                   | -                                               | -                                                   | -                                                                                                                                                 | -                                                                                                                                          | -                                                                                                                                                                                          | -                                                                                                                         | -                                                                                                                                              |
| 22 | Share-linked instruments or equivalent non-cash instruments | 2,762,466                                                                           | 421,896                                         | 2,340,569                                           | -                                                                                                                                                 | -                                                                                                                                          | 78,910                                                                                                                                                                                     | 151,397                                                                                                                   | 270,499                                                                                                                                        |
| 23 | Other instruments                                           | -                                                                                   | -                                               | -                                                   | -                                                                                                                                                 | -                                                                                                                                          | -                                                                                                                                                                                          | -                                                                                                                         | -                                                                                                                                              |
| 24 | Other forms                                                 | -                                                                                   | -                                               | -                                                   | -                                                                                                                                                 | -                                                                                                                                          | -                                                                                                                                                                                          | -                                                                                                                         | -                                                                                                                                              |
| 25 | <b>Total amount</b>                                         | <b>6,156,599</b>                                                                    | <b>1,107,024</b>                                | <b>5,049,576</b>                                    | <b>31,966</b>                                                                                                                                     | <b>-</b>                                                                                                                                   | <b>213,033</b>                                                                                                                                                                             | <b>163,191</b>                                                                                                            | <b>943,833</b>                                                                                                                                 |

1. Only fees related to CIBC Lux have been included for Management Function members who are CIBC Lux Board members.

2. Lux MRT Outsourced Functions are included in headcount but remuneration is excluded as they are compensated under their local remuneration rules, which are more onerous on the individual.

3. Adjustment at the CIBC wide level based on PSU vesting performance condition, not at the individual level.

## Template EU REM4 - Remuneration of 1 million EUR or more per year

| a |                 |                                                                         |
|---|-----------------|-------------------------------------------------------------------------|
|   | EUR             | Identified staff that are high earners as set out in Article 450(i) CRR |
| 1 | Above 1 Million | 1                                                                       |

## Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

|                | Description                            | b<br>Management<br>Function <sup>1,2</sup> | c<br>Total MB | d<br>Investment<br>banking <sup>3</sup> | e<br>Retail<br>banking | f<br>Asset<br>management | g<br>Corporate<br>functions<br>and all<br>other | j<br>Total |
|----------------|----------------------------------------|--------------------------------------------|---------------|-----------------------------------------|------------------------|--------------------------|-------------------------------------------------|------------|
| Business areas |                                        |                                            |               |                                         |                        |                          |                                                 |            |
| 1              | Total number of identified staff       |                                            |               |                                         |                        |                          |                                                 | 26         |
| 2              | Of which: members of the MB            | 9                                          | 9             |                                         |                        |                          |                                                 |            |
| 3              | Of which: other senior management      |                                            |               | -                                       | -                      | -                        | -                                               |            |
| 4              | Of which: other identified staff       |                                            |               | 11                                      | -                      | -                        | 6                                               |            |
| 5              | Total remuneration of identified staff | 4,679,641                                  | 4,679,641     | 6,688,317                               | -                      | -                        | 574,727                                         |            |
| 6              | Of which: variable remuneration        | 1,745,325                                  | 1,745,325     | 2,328,588                               | -                      | -                        | 73,927                                          |            |
| 7              | Of which: fixed remuneration           | 2,934,316                                  | 2,934,316     | 4,359,729                               | -                      | -                        | 500,799                                         |            |

1. Only fees related to CIBC Lux have been included for Management Function members who are CIBC Lux Board members.
2. Lux MRT Outsourced Functions are included in headcount but are remuneration is excluded as they are compensated under their local remuneration rules, which are more onerous on the individual.
3. Investment Banking is a prescribed heading and for the purposes of CIBC Lux it is inclusive of all Capital Markets business staff.

## 13. Leverage

### 13.1. Introduction

CIBC Lux calculates and submits calendar quarter-end leverage ratio data to the CSSF and EBA as part of its COREP submissions. The leverage ratio is calculated and communicated to management quarterly for monitoring purposes using adjusted total assets and the Tier 1 Capital amounts.

The table below summarises CIBC Lux’s leverage as at 31 October 2024. This template discloses the total exposure measure as well as a reconciliation of the total exposure measure to the published financial statements.

#### CRR Leverage Ratio – Disclosure template

| Description          | Value                            |
|----------------------|----------------------------------|
| Reference date       | 31 October 2024                  |
| Entity name          | CIBC Capital Markets (Europe) SA |
| Level of application | Individual                       |

*Template EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures*

|                                                                                                                                                                                                                    | Applicable amount    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Total assets as per published financial statements                                                                                                                                                                 | 3,393,900,851        |
| Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation                                                                                       | -                    |
| (Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)                                                                                             | -                    |
| (Adjustment for temporary exemption of exposures to central banks (if applicable))                                                                                                                                 | -                    |
| (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR) | -                    |
| Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting                                                                                                                | 354,546,909          |
| Adjustment for eligible cash pooling transactions                                                                                                                                                                  | -                    |
| Adjustments for derivative financial instruments                                                                                                                                                                   | 309,398,757          |
| Adjustment for securities financing transactions (SFTs)                                                                                                                                                            | -                    |
| Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)                                                                                               | 718,223,724          |
| (Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)                                                                                               | -                    |
| (Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)                                                                                            | -                    |
| (Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)                                                                                            | -                    |
| Other adjustments                                                                                                                                                                                                  | 102,771,865          |
| <b>Total exposure measure</b>                                                                                                                                                                                      | <b>3,964,204,558</b> |

Template EU LR2 - LRCom: Leverage ratio common disclosure

|                                                                                                                                           | CRR leverage ratio<br>exposures<br>31 October 2024 | CRR leverage ratio<br>exposures<br>31 October 2023 |
|-------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| On-balance sheet items (excluding derivatives, SFTs, but including collateral)                                                            | 2,682,990,663                                      | 1,981,000,630                                      |
| Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework | -                                                  | -                                                  |
| (Deductions of receivables assets for cash variation margin provided in derivatives transactions)                                         | -102,398,522                                       | -113,233,350                                       |
| (Adjustment for securities received under securities financing transactions that are recognised as an asset)                              | -                                                  | -                                                  |
| (General credit risk adjustments to on-balance sheet items)                                                                               | -                                                  | -                                                  |
| (Asset amounts deducted in determining Tier 1 capital)                                                                                    | -373,343                                           | -94,242                                            |
| <b>Total on-balance sheet exposures (excluding derivatives and SFTs)</b>                                                                  | <b>2,580,218,797</b>                               | <b>1,867,673,039</b>                               |
|                                                                                                                                           | CRR leverage ratio<br>exposures<br>31 October 2024 | CRR leverage ratio<br>exposures<br>31 October 2023 |
| Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)                             | 187,225,741                                        | 108,066,976                                        |
| Derogation for derivatives: replacement costs contribution under the simplified standardised approach                                     | -                                                  | -                                                  |
| Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions                                              | 478,536,296                                        | 643,414,160                                        |
| Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach                             | -                                                  | -                                                  |
| Exposure determined under Original Exposure Method                                                                                        | -                                                  | -                                                  |
| (Exempted CCP leg of client-cleared trade exposures) (SA-CCR)                                                                             | -                                                  | -                                                  |
| (Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)                                                   | -                                                  | -                                                  |
| (Exempted CCP leg of client-cleared trade exposures) (original Exposure Method)                                                           | -                                                  | -                                                  |
| Adjusted effective notional amount of written credit derivatives                                                                          | -                                                  | -                                                  |
| (Adjusted effective notional offsets and add-on deductions for written credit derivatives)                                                | -                                                  | -                                                  |
| <b>Total derivatives exposures</b>                                                                                                        | <b>665,762,036</b>                                 | <b>751,481,136</b>                                 |

|                                                                                                        | CRR leverage ratio<br>exposures<br>31 October 2024 | CRR leverage<br>ratio exposures<br>31 October 2023 |
|--------------------------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions  | -                                                  | -                                                  |
| (Netted amounts of cash payables and cash receivables of gross SFT assets)                             | -                                                  | -                                                  |
| Counterparty credit risk exposure for SFT assets                                                       | -                                                  | -                                                  |
| Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR | -                                                  | -                                                  |
| Agent transaction exposures                                                                            | -                                                  | -                                                  |
| (Exempted CCP leg of client-cleared SFT exposure)                                                      | -                                                  | -                                                  |
| Total securities financing transaction exposures                                                       | -                                                  | -                                                  |

|                                                                                                                                 | CRR leverage ratio<br>exposures<br>31 October 2024 | CRR leverage<br>ratio exposures<br>31 October 2023 |
|---------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| Off-balance sheet exposures at gross notional amount                                                                            | 2,540,150,784                                      | 1,804,119,586                                      |
| (Adjustments for conversion to credit equivalent amounts)                                                                       | -1,821,927,060                                     | -516,130,673                                       |
| (General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures) | -                                                  | -                                                  |
| Off-balance sheet exposures                                                                                                     | 718,223,724                                        | 1,287,988,912                                      |

|                                                                                                                                                                                    | CRR leverage ratio<br>exposures<br>31 October 2024 | CRR leverage<br>ratio exposures<br>31 October 2023 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| (Exposures excluded from the total exposure measure in accordance with point (c ) of Article 429a(1) CRR)                                                                          | -                                                  | -                                                  |
| (Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))                                                                               | -                                                  | -                                                  |
| (Excluded exposures of public development banks (or units) - Public sector investments)                                                                                            | -                                                  | -                                                  |
| (Excluded exposures of public development banks (or units) - Promotional loans):                                                                                                   |                                                    |                                                    |
| - Promotional loans granted by a public development credit institution                                                                                                             |                                                    |                                                    |
| - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State                                    | -                                                  | -                                                  |
| - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution) |                                                    |                                                    |
| (Excluded passing-through promotional loan exposures by non-public development banks (or units)):                                                                                  |                                                    |                                                    |
| - Promotional loans granted by a public development credit institution                                                                                                             |                                                    |                                                    |
| - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State                                    | -                                                  | -                                                  |
| - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution) |                                                    |                                                    |
| (Excluded guaranteed parts of exposures arising from export credits)                                                                                                               | -                                                  | -                                                  |
| (Excluded excess collateral deposited at triparty agents)                                                                                                                          | -                                                  | -                                                  |
| (Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)                                                                            | -                                                  | -                                                  |
| (Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)                                                                     | -                                                  | -                                                  |
| (Reduction of the exposure value of pre-financing or intermediate loans)                                                                                                           | -                                                  | -                                                  |
| (Total exempted exposures)                                                                                                                                                         | -                                                  | -                                                  |

|                        | CRR leverage ratio<br>exposures<br>31 October 2024 | CRR leverage ratio<br>exposures<br>31 October 2023 |
|------------------------|----------------------------------------------------|----------------------------------------------------|
| Tier 1 capital         | 1,346,898,404                                      | 1,255,654,505                                      |
| Total exposure measure | 3,964,204,558                                      | 3,907,143,087                                      |

|                                                                                                               | CRR leverage ratio exposures<br>31 October 2024 | CRR leverage ratio exposures<br>31 October 2023 |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| Leverage ratio (%)                                                                                            | 33.98%                                          | 32.14%                                          |
| Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%) | 33.98%                                          | 32.14%                                          |
| Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)      | 33.98%                                          | 32.14%                                          |
| Regulatory minimum leverage ratio requirement (%)                                                             | 3.00%                                           | 3.00%                                           |
| <b>Additional own funds requirements to address the risk of excessive leverage (%)</b>                        | -                                               | -                                               |
| <b>of which: to be made up of CET1 capital (percentage points) (%)</b>                                        | -                                               | -                                               |
| <b>Leverage ratio buffer requirement (%)</b>                                                                  | -                                               | -                                               |
| <b>Overall leverage ratio requirement (%)</b>                                                                 | <b>3.00%</b>                                    | <b>3.00%</b>                                    |

|                                                                               |                                                 |
|-------------------------------------------------------------------------------|-------------------------------------------------|
| Choice on transitional arrangements and relevant exposures                    | CRR leverage ratio exposures<br>31 October 2024 |
| Choice on transitional arrangements for the definition of the capital measure | Fully Phased-In                                 |

*Template EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)*

|                                                                                                              | CRR leverage ratio exposures |
|--------------------------------------------------------------------------------------------------------------|------------------------------|
| <b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b>     | 2,580,592,140                |
| Trading book exposures                                                                                       | 93,987,160                   |
| Banking book exposures, of which:                                                                            | 2,486,604,980                |
| Covered bonds                                                                                                | -                            |
| Exposures treated as sovereigns                                                                              | 1,423,040,159                |
| Exposures to regional governments, MDB, international organisations and PSE <b>not</b> treated as sovereigns | -                            |
| Institutions                                                                                                 | 37,837,875                   |
| Secured by mortgages of immovable properties                                                                 | -                            |
| Retail exposures                                                                                             | -                            |
| <b>Corporates</b>                                                                                            | 1,025,631,420                |
| Exposures in default                                                                                         | -                            |
| Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)                       | 95,526                       |

### **13.2. Processes used to manage risk of excessive leverage**

The Board has set a comprehensive array of risk triggers within CIBC Lux's RAS. Included within these triggers is a leverage ratio metric which is calculated in accordance with Article 429 of the CRR as amended by Commission Delegated Regulation (EU) 2015/62.

The Board has set a significantly more conservative trigger leverage ratio than the minimum required under regulatory rules. This means that CIBC Lux will maintain a leverage ratio of at least 5% at all times. In the event of this trigger being breached, appropriate management actions would be instigated to restore the leverage ratio to a level above the trigger level.

CIBC's RAS dictates its approach to risk management and guides its activities. The RAS limits and metrics are set on an annual basis subject to review and approval by management and the CIBC Lux Board. CIBC Lux's RAS is aligned to CIBC Group's RAS. It is monitored on a quarterly basis by ALCo and reported to both ExCo and the Board on a quarterly basis.

### **13.3. Factors impacting the leverage ratio**

CIBC Lux and its balance sheet are in a phase of controlled growth in line with management's strategy. Balances in the course of settlement and underwriting commitments may result in small fluctuations to the leverage ratio, however CIBC Lux's leverage ratio remains well above both the internal trigger and regulatory minimum.

**End of document**