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

For the year ended
31 October 2021

Contents

Acronyms

ALCo	Asset and Liability Committee
ALM	Asset and Liability Management
BCL	Banque Centrale de Luxembourg
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
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	European Executive Committee
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
RAG	Remuneration Advisory Group
RAS	Risk Appetite Statement
RLR	Reputation and Legal Risk
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, subject to obtaining the required permissions, to engage in financial service activities in other EEA member states on the basis of its home state authorisation under the CRD IV Directive (*2013/36/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. The term CIBC Europe is used throughout this document to represent the European operations of CIBC Group, including CIBC Lux.

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.

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, CIBC Lux’s prudential reporting is prepared on a solo unconsolidated basis.

1.4. Frequency and location of disclosure

The frequency of issue of Pillar 3 disclosures 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 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. CIBC Lux prepares its accounts under IFRS. This Pillar 3 policy is reviewed annually by authorised management with final approval from the CIBC Lux Board of Directors (the Board).

1.5. Summary of key capital metrics and ratios

As at 31 October 2021, 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 2021. 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-21	31-Oct-20
Common Equity Tier 1 (CET1) capital	543,050,088	547,845,167
Tier 1 capital	543,050,088	547,845,167
Total capital	543,050,088	547,845,167

Risk-weighted exposure amounts	31-Oct-21	31-Oct-20
Total risk-weighted exposure amount	465,503,146	307,068,390

Capital ratios (as a percentage of risk-weighted exposure amount)	31-Oct-21	31-Oct-20
Common Equity Tier 1 ratio (%)	116.66%	178.41%
Tier 1 ratio (%)	116.66%	178.41%
Total capital ratio (%)	116.66%	178.41%

Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)	31-Oct-21	31-Oct-20
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-21	31-Oct-20
Capital conservation buffer (%)	2.50%	2.50%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0%
Institution specific countercyclical capital buffer (%)	0.12%	0.09%
Systemic risk buffer (%)	0.00%	0.00%
Global Systemically Important Institution buffer (%)	0.00%	0.00%
Other Systemically Important Institution buffer	0.00%	0.00%
Combined buffer requirement (%)	2.62%	2.59%
Overall capital requirements (%)	10.62%	10.59%
CET1 available after meeting the total SREP own funds requirements (%)	522,102,447	534,027,090

Leverage ratio	31-Oct-21	31-Oct-20
Total exposure measure	1,027,172,273	913,338,514
Leverage ratio (%)	52.91%	59.98%

Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)	31-Oct-21	31-Oct-20
Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	n/a
of which: to be made up of CET1 capital (percentage points)	0.00%	n/a
Total SREP leverage ratio requirements (%)	3.17%	n/a

Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)	31-Oct-21	31-Oct-20
Leverage ratio buffer requirement (%)	0.00%	n/a
Overall leverage ratio requirements (%)	3.17%	n/a

Liquidity Coverage Ratio	31-Oct-21	31-Oct-20
Total high-quality liquid assets (HQLA) (Weighted value - average)	469,786,307	60,613,864
Cash outflows - Total weighted value	242,570,638	28,705,004
Cash inflows - Total weighted value	141,998,071	-
Total net cash outflows (adjusted value)	100,572,567	28,705,004
Liquidity coverage ratio (%)	467.11%	211.16%

Net Stable Funding Ratio	31-Oct-21	31-Oct-20
Total available stable funding	543,050,088	n/a
Total required stable funding	145,483,872	n/a
NSFR ratio (%)	373.27%	n/a

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 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 Strategic Report in the CIBC Lux's Annual Report and Accounts 2021.

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. 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 has been a main focus of Management for many years. As part of this focus, 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:

- A client orientated business, focused on current core industry sectors including Power & Utilities, Transport, Oil & Gas and Infrastructure
- Using CIBC Lux's EU Passporting rights to facilitate business in strategically approved European countries in order to support client relationships
- Facilitate cross border opportunities for Canadian and global clients located in strongly rated European countries
- Maintaining a balance between sound risk management and appropriate returns; and
- Safeguarding CIBC Lux's reputation and brand.

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 included 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 2021:

Capital	Management limit	Management EWIs	CSSF / EBA limits
1. Common Equity Tier 1 (CET1) ratio	>35%	≤100%	≥25%
2. Large exposure limit	≤20%	>20%	≤25%
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	<$2MM	>$1MM	n/a
8. Non-trading VaR	<$1MM	>$0.5MM	n/a
9. Stressed trading VaR	<$45MM	n/a	n/a
10. Stresses non-trading losses (1-month)	<$20MM	n/a	n/a

Liquidity & funding (C$ or %)	Management limit	Management EWIs	CSSF / EBA limits
11. Liquid coverage ratio (LCR) monthly average	>110%	n/a	>100%
12. Minimum liquidity horizon under stress (consolidated currencies)	n/a	<90 days	n/a
13. Liquidity asset buffer (Qualifying assets)	n/a	≤$100MM	n/a

Operational (C$)	Management limit	Management EWIs	CSSF / EBA limits
14. Quarterly operational losses	<C$150k	<C$150k	n/a
15. Number of past due high risk deficiencies	0	0	0
16. High risk SOX significant deficiencies or material weaknesses	0	0	0
17. Unsatisfactory audits	0	0	0

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.

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

2.5.3. 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.

2.5.4. Market risk

Within the CIBC Group CMRM Polices, 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 EVP, CRO, CMRM, and authorised by the SEVP and CRO, CIBC.

2.5.5. 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 by the CIBC Lux Head of Treasury.

2.6. Capital management

Capital management in CIBC Lux is assessed through the ICAAP (Internal Capital Adequacy Assessment Process). The ICAAP aims to assess the capital requirements for CIBC Lux under both current state and across time. 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 Capital Markets Risk Management (CMRM), Credit Risk Management (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 Policy.

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 that establish the regulatory rules, legal and contractual obligations and procedures that are relevant to staff 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 control.

2.9. Financial crime risk

Under the direction of the MLRO, the Financial Crime Compliance Team has implemented local AML/CTF procedures (see section 2.20.10 for further detail) to ensure that both regional and Enterprise requirements which all CIBC Lux employees must follow.

2.10. Money laundering & terrorist financing risk

CIBC Lux's Board of Directors have been designated as the 'Responsable du Respect des Obligations' (RR) to ensure the Bank complies with the applicable Anti-Money Laundering (AML) and Combatting the Financing of Terrorist obligations (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. The CCO has implemented local AML/CFT 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 Policy (GRLR).

2.12. Climate Risk

CIBC Lux has committed to Bank wide initiatives relating to sustainable finance. In addition it has responded to the CSSF Circular 21/773 by laying out a road map regarding climate related and environmental risk. This includes implementing two Risk Appetite Statement metrics for credit risk and adding climate based stress tests in the ICAAP and ILAAP.

The Sustainability Risk Committee (SRC) establishes a forum for addressing regulatory, strategic and client-related climate risk issues for the region and provides input into CIBC's environmental strategy and the bank's Environmental, Social, and Governance (ESG) initiatives and risk management practices. The CIBC Lux CRO is a member of this committee.

Within the Europe region, the regulatory accountability for climate risk is with the SVP and CRO, Europe/APAC.

2.13. Board declaration – adequacy of the risk management arrangements

ExCo formally approves the CIBC Lux Risk Management Framework (RMF) every year. 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 the RMF 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. The RMF document is updated every year.

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 promote the success of CIBC Lux for the benefit of its members as a whole. The Board, directly and through its committees and the Chair of the Board, provides direction to management, generally through the Executive Committee (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 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; and

The Board have delegated the management and formal decision making responsibilities to ExCo. Together, the CIBC Lux CEO 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 Lux is committed to promoting a diverse and inclusive workplace at all levels in accordance with CIBC Group's diversity policies.

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 the 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 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. Prior to joining CIBC, he was with PwC in Toronto.

Mr. Lee is a member of CIBC Capital Markets Executive Committee. In addition, Mr. Lee serves as a Director of the CIBC FirstCaribbean International Bank, and as a Director of the Canada-UK Chamber of Commerce. Mr. Lee is also an elected Council Member of the London Chamber of Commerce and Industry and a member of the McGill University Regional Advisory Board. Mr. Lee is passionate about gender equality and inclusion within the finance industry and has worked with business communities and leaders on leveraging their collective influence and engagement to advance gender equality.

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 industry. He provides advisory services and independent directorships 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 to In-house and 3rd Party management companies, UCITS and RAIF structures, a leading alternative fund administrator as well as CIBC Lux. He was elected as the non-executive chairperson for a technology start-up utilizing a 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 Corp. 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. He has held a number of board and committee chair positions in ALFI (Association of the Luxembourg Fund Industry) and ABBL (Luxembourg Bankers Association) and is well known in the industry as the Chairperson for the Luxembourg Depository Banks, he represented the Luxembourg financial service industry at the European level on regulatory matters. He is currently on the AMCHAM Luxembourg Senior Advisory Board, ILA Digital Committee, ALFI-Digital & FinTech Steering Committee and Co-Chairs the Cybersecurity working group.

2.18. Number of directorships held by members of the Board

Name	Title	Position held with CIBC Lux	Directorships Executive	Directorships Non-Executive
Thomas Pellequer	Executive Director	Managing Director, Chief Executive Officer - CIBC Lux	1	-
Tesse Parigoris	Non-Executive Director	SVP, CIBC International Treasurer	1	2
Wayne Lee	Non-Executive Director	Managing Director, Head of Europe and Asia-Pacific	-	17
Martin Dobbins	Independent Non-Executive Director	Non-Executive Director	-	9

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 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 and European Deals Committee. The role of each is further expanded in 2.20.

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

[1] CIBC European Committees in which Luxembourg FTE are members.
[2] Number of Luxembourg FTEs at Committee.

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 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 Chief Operating Officer & Chief Risk Officer – CIBC Lux Head of Finance (CFO) – CIBC Lux
Attendees:	Senior representatives from Europe business lines

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. In addition, ExCo review the work of other committees; approve regional business cases and Change Initiative Risk Assessment (CIRA).

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.

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 CRO, CFO and CCO.

2.20.4. European Operating Committee (EOC)

The European 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 for CIBC Lux entity booking. CIBC Lux is represented on the EOC by the CIBC Lux CRO, CFO, CCO and Director of Market Risk, who would in turn provide any necessary updates and recommendations to 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 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 has right of veto over any CIBC Lux deals. Current members are as follows:

Committee role	Title
Executive Chair (voting):	Chief Administrative Officer, Europe
Voting Members[1]:	Head of Europe and Asia-Pacific Chief Risk Officer, Europe and Asia Chief Risk Officer – Luxembourg Managing Director, Chief Executive Officer – Luxembourg Head of Legal, Europe Head of Capital Markets, Europe Head of Corporate Banking, Europe

2.20.6. Sustainability Committee (SC)

The Sustainability Committee ("SC") is a sub-committee of the Luxembourg Executive Committee, London Branch Management Committee and Asia Pacific Management Committee. The SC 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 SC to understand industry best practice and regulatory expectations from the regions, and for those individuals to communicate bank wide initiatives and progress to the SC. Membership of the SRC consists of CIBC Lux CRO, Heads of Business and Infrastructure Risk Heads from the European, Asian and Australian offices. Meetings are held on a monthly basis. Minutes of each meeting are maintained.

In addition to the SC, a risk scoring methodology is being developed to assess how prepared clients are for carbon transition. This reporting will assist CIBC Lux develop a risk appetite for climate risk.

[1] Or a designated alternative representative

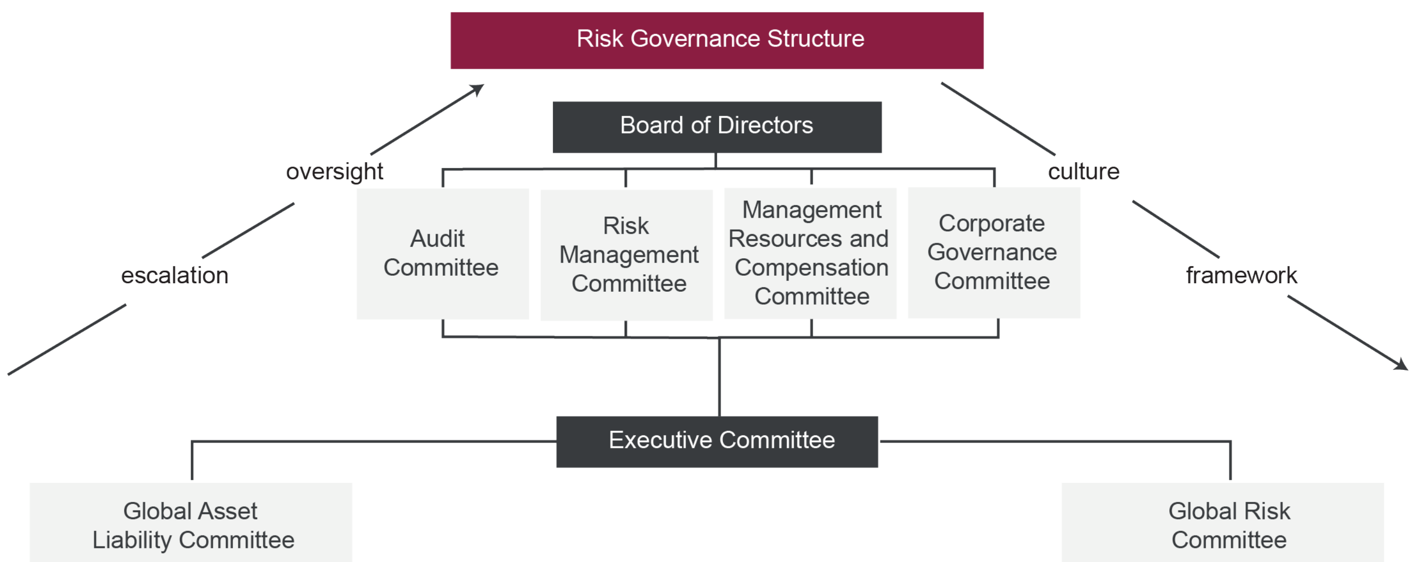
2.21. Communication of Risk Information to Management

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 CIBC 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.



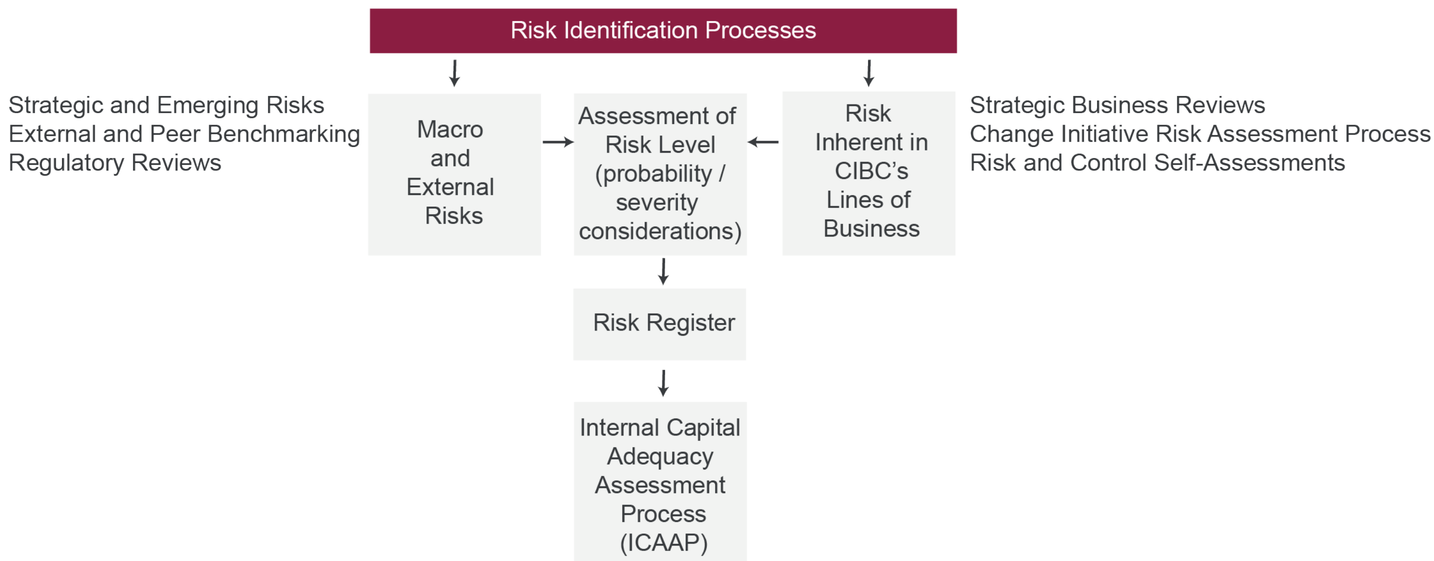
2.22. Risk Measurement and Management

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, 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 polices

2.23.1. Overview

CIBC Group's RAS is 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 policies and limits, as identified by management, are updated on a regular basis and are approved by the Risk Management Committee (RMC) of CIBC's Board of Directors.

For most risk types, policy 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 business.

The 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[2]

Key supporting policies and limits

Credit risk	Market risk	Liquidity risk	Operational risk	Reputation risk	Regulatory compliance risk	Other risk
Credit risk management policy[3] • Common risk / Concentration risk limits for credit exposures[4] • Portfolio concentration limits for credit exposures[3] • Investment and lending authority • Expected credit loss policy[4]	**Trading credit risk management and market risk management policies**[3] • Capital markets risk limits[3] • Structural interest rate risk management policy[3] • Structural foreign exchange risk management policy[3]	**Liquidity risk management policy**[3] • Liquidity limits • Funding limits • Pledging Policy[3] • Pledging limits[3]	**Operational risk management policy**[3] • Global conduct risk framework • Control framework[5] • Control and deficiency management policy	**Reputation risk management framework**[3] • Global reputation and legal risks policy[4]	• **Regulatory compliance management policy**[3] • Anti-bribery and anti-corruption policy[3]	• Anti-money laundering and anti-terrorist financing framework[3] and policy[3] • Corporate environmental policy[4] • Insurance / reinsurance risk management policy[4] • Model risk and validation policy[3] • Procurement and supplier governance policy[3] **Supporting framework / policies** • Capital policy • Economic capital policy[4] • Enterprise-wide stress testing policy[3] • Risk data and policy reporting policy[3]

2 Approved by the Board of Directors.

3 Approved / reviewed by the Risk Management Committee of the Board (RMC)

4 Approved by the CRO

5 Approved by the Audit Committee

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

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 Credit Risk Management 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.

Country Limits also apply to control exposures within 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 to the CIBC Lux CRO and CIBC Lux Credit Risk Management in writing 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 Capital Markets Risk Management (CMRM) to the SVP, CRO Europe and Asia and from the EVP, CRO, Credit Risk Management (CRM), to the SVP, CRO Europe and Asia 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 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 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 Risk Management Policy

Structural risk covers both structural interest rate risk and structural foreign exchange (FX) Risk. Structural interest rate risk is the risk arising due to mismatches in assets and liabilities, inherent in origination businesses like lending and deposits and in activities of domestic and foreign subsidiaries. Structural FX risk is primarily the risk inherent in net investment in foreign operations due to changes in FX rates.

The CIBC Structural Risk Management Policy applies to CIBC Lux and 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 risks.

2.23.5. Interest Rate Risk in the Banking Book

Interest rate risk in the Banking Book (IRRBB) is low compared with Tier 1 capital of CIBC Lux. Interest Rate Stress Scenarios are run against the Banking Book as per Basel recommendations.

CIBC Lux leverages the interest rate shocks that the Parent Bank has introduced, employing the Bank Outlier methodology. This includes both the minimum regulatory requirement of a 200bp parallel shock (as detailed in CSSF Circular 08/338 as amended), as well as encompassing a series of more sophisticated shocks such as yield curve steepeners, flatteners and shocks as prescribed in SPR31.90 to SPR31.93.

2.23.6. 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 its 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.

2.23.7. Operational Risk Management Policy

The CIBC Lux Framework is supplemental to the CIBC global Operational Risk Management Policy (ORMP) which outlines the framework, requirements and roles and responsibilities in managing operational risk in CIBC. The ORMP describes the four-step model for continuous Operational Risk management.

2.23.8. Reputational risk management policies

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

2.23.9. 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 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 is a member.

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.

2.23.10. Anti-Money Laundering and Anti-Terrorist Financing Policy

CIBC is committed to adhering to all regulatory requirements pertaining to AML and ATF 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 ATF activities, including all reporting requirements and standards.

The AML and ATF 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 ATF policies, as well as policies implemented by the CCO locally.

2.23.11. 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 follows the CIBC Anti-Bribery and Anti-Corruption (ABAC) Policy, which supports this commitment by setting 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 Anti-Bribery and Anti-Corruption Policy, which all CIBC Lux employees must adhere to, in addition to the ABAC Policy.

2.23.12. 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 plans which align to the CIBC Business Continuity Management 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 Business Continuity Management Program (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, limit and exposure reports are generated and 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. On a weekly basis, market risk reports are generated and distributed at the weekly CMT floor meeting, which is chaired by the Head of CMT and the SVP, CRO CMRM Europe and Asia.

2.24.3. Trading operational risk reporting

CMRM Europe and CMRM CIBC Lux have developed a Key Risk Indicator (KRI) framework, highlighting any breaches above agreed operational risk triggers (e.g. unauthorised excesses). The KRI framework also encompasses metrics on processes performed in Toronto to support European regional business (e.g. outstanding confirmations).

Trading Operational Risk within CMRM Europe is also responsible for reviewing incident reports following an operational failure/near miss and presenting the incident and conclusions to the EOC as they arise.

2.24.4. 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.

2.24.5. Overall 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.

2.24.6. 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 and Regulation (EU) No 648/2012.

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	550,000,000
of which: Instrument type 1	550,000,000
of which: Instrument type 2	-
of which: Instrument type 3	-
Retained earnings	-1,961,269
Accumulated other comprehensive income (and other reserves)	-
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	548,038,731

Common Equity Tier 1 (CET1) capital: regulatory adjustments	Amounts
Additional value adjustments (negative amount)	-5,616
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)	-468,461
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)	-4,514,566
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)	-4,988,643
Common Equity Tier 1 (CET1) capital	543,050,088

Additional Tier 1 (AT1) capital: instruments	Amounts
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	-

Additional Tier 1 (AT1) capital: regulatory adjustments	Amounts
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)	543,050,088

Tier 2 (T2) capital: instruments	Amounts
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	-

Tier 2 (T2) capital: regulatory adjustments	Amounts
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)	543,050,088
Total risk exposure amount	465,503,146

Capital ratios and requirements including buffers	Ratios
Common Equity Tier 1	1.1666
Tier 1	1.1666
Total capital	1.1666
Institution CET1 overall capital requirements	0.0709
of which: capital conservation buffer requirement	0.0250
of which: countercyclical capital buffer requirement	0.0009
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	1.1216

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	5,019,555
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
550,000,000 ordinary shares of C$1 each	C$550,000,000

3.2.2. P&L and other reserves

The reserves carried forward comprise current year audited P&L and brought forward retained earnings.

3.2.3. 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 AVA	Risk category: Equity	Risk category: Interest Rates	Risk category: Foreign exchange	Risk category: Credit	Risk category: Commodities	Category level AVA - Valuation uncertainty: Unearned credit spreads AVA	Category level AVA - Valuation uncertainty: Investment and funding costs AVA	Total category level post-diversification	Total category level post-diversificati on: Of which: Total core approach in the trading book	Total category level post-diversificati on: Of which: Total core approach in the banking book
Market price uncertainty	-	-	-	-	-	-	-	-	-	-
Close-out cost	-	-	-	-	-	-	-	-	-	-
Concentrated positions	-	-	-	-	-	-	-	-	-	-
Early termination	-	-	-	-	-	-	-	-	-	-
Model risk	-	-	-	-	-	-	-	-	-	-
Operational risk	-	-	-	-	-	-	-	-	-	-
Future administrative costs	-	-	-	-	-	-	-	-	-	-
Total Additional Valuation Adjustments (AVAs)	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**5,616**	**-**	**-**

3.2.4. 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 2021 there were no current impediments to the movement of capital resources or repayments of liabilities between CIBC and CIBC Lux. Once profitable, CIBC Lux intend to designate a Net Wealth Tax reserve for which there will be limitations on distribution as dividends.

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[6], including representatives from Capital Markets Risk Management (CMRM), Credit Risk Management (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. Within this forecast, the possibility and associated costs that a business could be restructured, retrenched or closed down is considered. The impact of the COVID pandemic and Russian invasion of Ukraine on CIBC Lux's operations has been considered in its 2021 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 risk, market risk, operational risk, liquidity risk, concentration risk, group 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 economic recession scenario. CIBC Lux's credit risk capital requirement is recalculated using a stress event.

The results of the ICAAP confirm that CIBC Lux is adequately capitalised and, under its current capital framework, is 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 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
- Institutions
- Corporates
- Other items

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

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[6] CIBC Lux Senior Management is comprised of the Executive Committee (ExCo).

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 2021 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

Descripiton	Risk weighted exposure amounts (RWEAs) 31-Oct-21	Risk weighted exposure amounts (RWEAs) 31-Oct-20	Total own funds requirements 31-Oct-21
Credit risk (excluding CCR)	258,295,059	171,279,753	20,663,605
Of which the standardised approach	258,295,059	171,279,753	20,663,605
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	179,212,462	108,825,589	14,336,997
Of which the standardised approach	143,269,287	96,034,263	11,461,543
Of which internal model method (IMM)	-	-	-
Of which exposures to a CCP	41	-	3
Of which credit valuation adjustment - CVA	35,943,133	12,791,327	2,875,451
Of which other CCR	-	-	-
Settlement risk	-	-	-
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	27,995,625	26,963,048	2,239,650
Of which basic indicator approach	27,995,625	26,963,048	2,239,650
Of which standardised approach	-	-	-
Of which advanced measurement approach	-	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	-	-	-
Total	**465,503,146**	**307,068,390**	**37,240,252**

Increases are due to underlying business activities which have resulted in a net increase in exposures subject to Credit Risk and Counterparty Credit Risk. This is particularly driven by an increase in loans and undrawn commitments to non-banks (i.e. the Corporate Banking business) and derivatives.

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 the main Board of Directors of CIBC in Canada.

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 adjudication under delegated approval authorities granted by the SVP, CRO Europe and Asia. 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 delegated authorities, these credits are presented to the EVP and GCRO, CRM and onwards to the Credit Committee, dependent on 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 Asia and EVP and GCRO, CRM on a monthly basis.

Credit Portfolio Monitoring is achieved through quarterly portfolio reports to ExCo.

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 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(s) 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 quarterly basis.

5.3.3. Trading credit risk

With regards to trading credit risk, the independent adjudication is conducted by the CIBC Lux Credit Risk Manager. Limits are delegated from the SVP, CRO Europe and Asia while local oversight is through the CIBC Lux CRO. Limits 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. Excesses of approved lines are strictly prohibited 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 (ISDA/CSA where applicable) for derivatives. 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 including annual reviews.

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

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 polices 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.

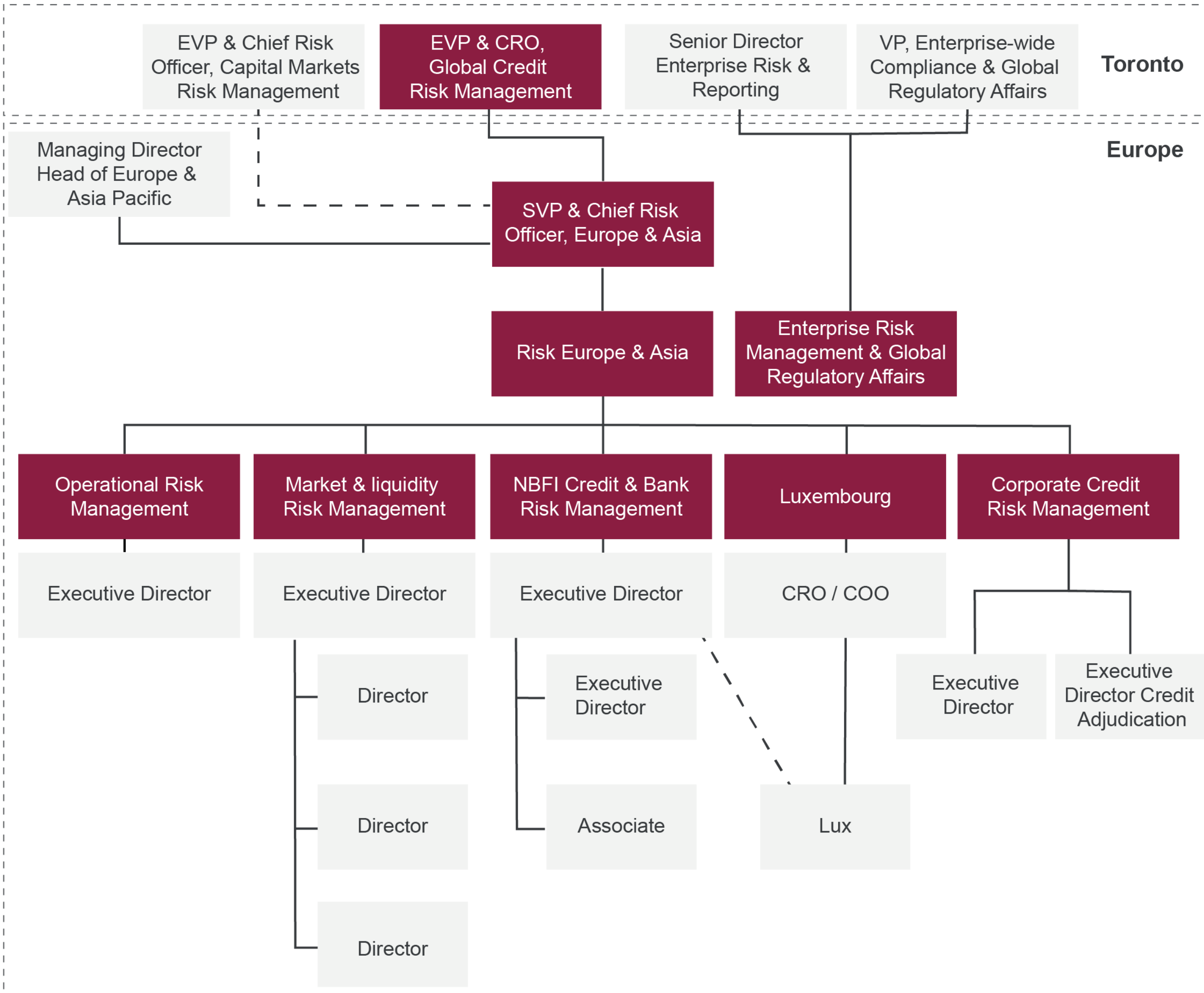
Models and market-based techniques are also used by CRM in the management of the credit risk. Higher risk or concentrated positions are reduced through the use of direct loan sales, credit derivative hedges or structured transactions. In addition, selected credit exposures may be added to the portfolio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

5.7. Structure and organisation of the Risk Management function (including Credit)

CRO Europe and Asia

This diagram outlines the organisational structure of the Risk Management (RM) function, reflecting that CIBC Lux, which has its own RM team comprising Chief Risk Officer and second Luxembourg based RM team member, forms part of the European Risk Management team, headed by the SVP CRO Europe & Asia, ultimately falling under the EVP CRO Global Credit RM. In addition, other risk functions are covered at a Europe level as part of RM Europe and Asia, being Operational RM, Market and Liquidity RM, Credit and Bank RM and Corporate Credit RM.

Organisational Chart of Risk Management Function



In addition to the above, CIBC has a separate Internal Audit Function, which operates outside of the risk management function and forms the third line of defence. As the third line of defence, Internal Audit provides an independent assessment of the design and operating effectiveness of risk management controls, processes and systems. Annually, Internal Audit present their Audit Plan to the Board, which outlines their focus within the organisation for the coming year

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 2021.

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	Risk-weighted exposure amounts
CA	48,146,807.67	0.00	0.00	0.00	0.00	48,146,807.67	3,851,744.61	0.00	0.00	3,851,744.61	48,146,807.67	13.07%	0.00%
CH	9,280,961.18	0.00	0.00	0.00	0.00	9,280,961.18	742,476.89	0.00	0.00	742,476.89	9,280,961.18	2.52%	0.00%
DE	36,091,238.23	0.00	0.00	0.00	0.00	36,091,238.23	2,887,299.06	0.00	0.00	2,887,299.06	36,091,238.23	9.80%	0.00%
FI	18,663,991.58	0.00	0.00	0.00	0.00	18,663,991.58	1,493,119.33	0.00	0.00	1,493,119.33	18,663,991.57	5.07%	0.00%
FR	23,283,167.28	0.00	0.00	0.00	0.00	23,283,167.28	1,862,653.42	0.00	0.00	1,862,653.42	17,440,397.93	6.32%	0.00%
IE	4,424,122.53	0.00	0.00	0.00	0.00	4,424,122.53	353,929.80	0.00	0.00	353,929.80	4,424,122.53	1.20%	0.00%
LU	33,320,323.45	0.00	0.00	0.00	0.00	33,320,323.45	2,665,625.88	0.00	0.00	2,665,625.88	30,414,600.02	9.04%	0.50%
NL	103,971,077.43	0.00	0.00	0.00	0.00	103,971,077.43	8,317,686.19	0.00	0.00	8,317,686.19	97,676,110.09	28.22%	0.00%
NO	30,600,283.75	0.00	0.00	0.00	0.00	30,600,283.75	1,198,992.97	0.00	0.00	1,198,992.97	14,987,412.19	4.07%	1.00%
PL	63,811,728.02	0.00	0.00	0.00	0.00	63,811,728.02	5,104,938.24	0.00	0.00	5,104,938.24	63,811,728.02	17.32%	0.00%
SE	8,989,336.02	0.00	0.00	0.00	0.00	8,989,336.02	719,146.88	0.00	0.00	719,146.88	8,989,336.02	2.44%	0.00%
US	3,433,332.01	0.00	0.00	0.00	0.00	3,433,332.01	274,666.56	0.00	0.00	274,666.56	3,433,332.01	0.93%	0.00%
Total	**384,016,369.15**	**0.00**	**0.00**	**0.00**	**0.00**	**384,016,369.15**	**29,472,279.84**	**0.00**	**0.00**	**29,472,279.84**	**353,360,037.46**	**1**	**-**

The below table summarises the institution specific countercyclical capital buffer calculation for CIBC Lux as at the 31 October 2021. 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$)	465,503,146
Institution specific countercyclical capital buffer rate (%)	0.0859%
Institution specific countercyclical capital buffer requirement (C$)	573,389

7. Credit and counterparty credit risk[7]

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

[7] 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 weight: 0%	Risk weight: 2%	Risk weight: 4%	Risk weight: 10%	Risk weight: 20%	Risk weight: 35%	Risk weight: 50%	Risk weight: 70%	Risk weight: 75%	Risk weight: 100%	Risk weight: 150%	Risk weight: 250%	Risk weight: 370%	Risk weight: 1250%	Risk weight: Others	Total	Of which unrated
Central governments or central banks	56,812,035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56,812,035	-
Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	-	2,049	-	-	49,085,966	-	76,774,232	-	-	-	-	-	-	-	-	125,862,247	-
Corporates	-		-	-	19,516,089	-	-	-	-	358,774,360	-	-	-	-	-	378,290,449	374,179,303
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	-	-	-	-	-	-	-	-	-	5,725,921	-	-	-	-	-	5,725,921	5,725,921
TOTAL	**56,812,035**	**2,049**	**-**	**-**	**68,602,056**	**-**	**76,774,232**	**-**	**-**	**364,500,280**	**-**	**-**	**-**	**-**	**-**	**566,690,652**	**379,905,224**

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 2021 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	56,812,035	-	56,812,035	-	-	-
Regional government or local authorities	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-
International organisations	-	-	-	-	-	-
Institutions	10,154,480	-	10,154,480	29,090,022	16,575,907	42.24%
Corporates	142,726,463	207,947,871	142,726,463	113,630,528	235,993,232	92.06%
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	5,725,921	-	5,725,921	-	5,725,921	100%
TOTAL	**215,418,898**	**207,947,871**	**215,418,898**	**142,720,550**	**258,295,059**	**72.12%**

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 credit exposure by maturity

The following table presents the significant balance sheet categories having credit risk as at 31 October 2021. For on-balance sheet financial instruments, the maximum exposure equals their carrying amounts on the balance sheet.

Template EU CR1-A: Maturity of exposures

Description	Net exposure value: On demand	Net exposure value: <= 1 year	Net exposure value: > 1 year <= 5 years	Net exposure value: > 5 years	Net exposure value: No stated maturity	Net exposure value: Total
Loans and advances	66,813,366	9,281,040	92,682,228	46,642,264	-	215,418,898
Debt securities	-	-	-	-	-	-
Total	**66,813,366**	**9,281,040**	**92,682,228**	**46,642,264**	**-**	**215,418,898**

7.2.5. 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	13,230,819.38	-	-	13,230,819.38	6,786.57	-
Manufacturing	-	-	-	-	-	-
Electricity, gas, steam and air conditioning supply	10,346,803.93	-	-	10,346,803.93	764.64	-
Water supply	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Wholesale and retail trade	12,810,284.56	-	-	12,810,284.56	789.73	-
Transport and storage	8,987,643.09	-	-	8,987,643.09	2,012.05	-
Accommodation and food service activities	-	-	-	-	-	-
Information and communication	-	-	-	-	-	-
Real estate activities	-	-	-	-	-	-
Financial and insurance activities	15,975,543.63	-	-	15,975,543.63	3,370.97	-
Professional, scientific and technical activities	-	-	-	-	-	-
Administrative and support service activities	58,001,394.32	-	-	58,001,394.32	13,004.01	-
Public administration and defence, compulsory social security	-	-	-	-	-	-
Education	-	-	-	-	-	-
Human health services and social work activities	-	-	-	-	-	-
Arts, entertainment and recreation	-	-	-	-	-	-
Other services	-	-	-	-	-	-
Total	119,352,488.91	-	-	119,352,488.91	26,727.98	-

The table above is based on our financial reporting framework.

7.2.6. 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	298,472,505.05	418,224,619.87	418,224,619.87	-	-
Debt securities				-	-
Total	**298,472,505.05**	**418,224,619.87**	**418,224,619.87**	**-**	**-**
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)	59,318,682	71,713,229	n/a	1.4	183,444,675	183,444,675	183,444,675	138,248,391
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	25,104,480	25,104,480	25,104,480	5,020,896
VaR for SFTs	n/a	n/a	n/a	n/a				
Total	**n/a**	**n/a**	**n/a**	**n/a**	**208,549,154**	**208,549,154**	**208,549,154**	**143,269,287**

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: 0%	Risk weight: 2%	Risk weight: 4%	Risk weight: 10%	Risk weight: 20%	Risk weight: 50%	Risk weight: 70%	Risk weight: 75%	Risk weight: 100%	Risk weight: 150%	Risk weight: Others	Total exposure value
Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	38,931,486	47,684,210	-	-	-	-	-	86,615,696
Corporates	-	-	-	-	-	-	-	-	121,933,459	-	-	121,933,459
Retail	-	-	-	-	-	-	-	-	-	-	-	-
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-	-	-	-	-	-
Total exposure value	**-**	**-**	**-**	**-**	**38,931,486**	**47,684,210**	**-**	**-**	**121,933,459**	**-**	**-**	**208,549,154**

7.3.4. Counterparty credit risk exposures to CCPs

Template EU CCR8 – Exposures to CCPs

Description	Exposure value	RWEA
Exposures to QCCPs (total)	n/a	41
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	2,049	41
(i) OTC derivatives	-	-
(ii) Exchange-traded derivatives	2,049	41
(iii) SFTs	-	-
(iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	-	n/a
Non-segregated initial margin	-	-
Prefunded default fund contributions	-	-
Unfunded default fund contributions	-	-
Exposures to non-QCCPs (total)	n/a	-
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
(i) OTC derivatives	-	-
(ii) Exchange-traded derivatives	-	-
(iii) SFTs	-	-
(iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	-	n/a
Non-segregated initial margin	-	-
Prefunded default fund contributions	-	-
Unfunded default fund contributions	-	-

7.4. Risk control

7.4.1. Derivatives

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 and cross currency swaps.

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 Capital Markets Risk Management, Credit Risk Management, 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 2021 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 2021 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	66,273,598	66,273,598	-	-	-	-
Loans and advances	650,423,527	650,423,527	-	-	-	-
Central banks	-	-	-	-	-	-
General governments	-	-	-	-	-	-
Credit institutions	471,578,557	471,578,557	-	-	-	-
Other financial corporations	59,492,481	59,492,481	-	-	-	-
Non-financial corporations	119,352,489	119,352,489	-	-	-	-
Of which SMEs	-	-	-	-	-	-
Households	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Central banks	-	-	-	-	-	-
General governments	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-
Off-balance-sheet exposures	208,236,292	208,236,292	-	-	-	-
Central banks	-	-	-	-	-	-
General governments	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-
Non-financial corporations	208,236,292	208,236,292	-	-	-	-
Households	-	-	-	-	-	-
Total	924,933,417	924,933,417	-	-	-	-

The table above is based on our financial reporting 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	-	-	-	-	-	-
Loans and advances	-37,526	-37,526	-	-	-	-
Central banks	-	-	-	-	-	-
General governments	-	-	-	-	-	-
Credit institutions	-5,064	-5,064	-	-	-	-
Other financial corporations	-5,734	-5,734	-	-	-	-
Non-financial corporations	-26,728	-26,728	-	-	-	-
Of which SMEs	-	-	-	-	-	-
Households	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Central banks	-	-	-	-	-	-
General governments	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-
Off-balance-sheet exposures	-23,978	-23,978	-	-	-	-
Central banks	-	-	-	-	-	-
General governments	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-
Non-financial corporations	-23,978	-23,978	-	-	-	-
Households	-	-	-	-	-	-
Total	**-61,505**	**-61,505**	**-**	**-**	**-**	**-**

The table above is based on our financial reporting 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
Total	**-**

The table above is based on our financial reporting 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	418,224,620	-
Central banks	-	-
General governments	-	-
Credit institutions	418,224,620	-
Other financial corporations	0	-
Non-financial corporations	0	-
Of which SMEs	-	-
Households	-	-
Debt securities	-	-
Central banks	-	-
General governments	-	-
Credit institutions	-	-
Other financial corporations	-	-
Non-financial corporations	-	-
Off-balance-sheet exposures	-	-
Central banks	-	-
General governments	-	-
Credit institutions	-	-
Other financial corporations	-	-
Non-financial corporations	-	-
Households	-	-
Total	**418,224,620**	**-**

The table above is based on our financial reporting framework.

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	66,273,598	66,273,598	-	-	-	-
Loans and advances	650,423,527	650,423,527	-	-	-	-
Central banks	-	-	-	-	-	-
General governments	-	-	-	-	-	-
Credit institutions	471,578,557	471,578,557	-	-	-	-
Other financial corporations	59,492,481	59,492,481	-	-	-	-
Non-financial corporations	119,352,489	119,352,489	-	-	-	-
Of which SMEs	-	-	-	-	-	-
Households	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Central banks	-	-	-	-	-	-
General governments	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-
Off-balance-sheet exposures	208,236,292	208,236,292	-	-	-	-
Central banks	-	-	-	-	-	-
General governments	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-
Non-financial corporations	208,236,292	208,236,292	-	-	-	-
Households	-	-	-	-	-	-
Total	**924,933,417**	**924,933,417**	**-**	**-**	**-**	**-**

The table above is based on our financial reporting 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	66,273,598	66,273,598	-	-	-	-	-	-	-	-	-	-
Loans and advances	650,423,527	650,423,527	-	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	471,578,557	471,578,557	-	-	-	-	-	-	-	-	-	-
Other financial corporations	59,492,481	59,492,481	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	119,352,489	119,352,489	-	-	-	-	-	-	-	-	-	-
Of which SMEs	-	-	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-	-	-
Debt Securities	-	-	-	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet exposures	208,236,292	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	-	n/a	n/a	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Non-financial corporations	208,236,292	n/a	n/a	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Households	-	n/a	n/a	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Total	**924,933,417**	**716,697,125**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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.

Further disclosures relating to ECL can be found in the Credit Risk note within the CIBC Lux’s 2021 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 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 as well as capital monitoring requirements. These processes are undertaken by the Luxembourg Finance team.

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	-	373,071	-	373,071	-	-	-	-
Cash – Other currencies	-	-	-	1,702,205	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	390,731,868	-	
Government agency debt	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-	-	-
Other collateral	-	-	-	-	-	27,492,752	-	-
Total	**-**	**373,071**	**-**	**2,075,276**	**-**	**418,224,620**	**-**	**-**

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.

The SVP, CRO Europe and Asia (or delegate) provides a recommendation on a quarterly basis for any provisions and write-offs, as appropriate.

Provisions and, as identified, write-offs require approval by the SVP, Head of Special Loans with concurrence by the Head of Europe and Asia-Pacific. Any impairments and/or write-offs taken in CIBC Lux are promptly reported to ExCo and the Board.

Wherever there is an impact directly to CIBC Lux, the CIBC Lux CRO will be engaged in the 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).

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	68,318,002	35,943,133
Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
Total transactions subject to own funds requirements for CVA risk	68,318,002	35,943,133

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 management of liquidity risk within CIBC Lux is described in detail in the Internal Liquidity Adequacy Assessment Process (ILAAP). It consists of controls covering the process for setting, monitoring and approving liquidity limits to ensure that the bank's Risk Appetite Statement (RAS) and relevant regulatory guidelines are respected at all times. The Contingency Funding Plan (CFP) for CIBC Lux references a number of Early Warning Indicators (EWI's) and the global CFP framework. The CIBC Lux CFP details testing and operational considerations as well as the invocation procedure. CIBC Lux 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).

CIBC Lux 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 is responsible for the daily management and monitoring of the LAB, as well as instigating any liquidation or repo activity (via the Funding and Liquidity Management (FLM) team). 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.

8.3. Liquidity monitoring

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.

8.4. Contractual maturity of transferrable assets & deposit liabilities

The following table shows the liquidity profile of the Liquid Asset Buffer and other HQLA, as at 31 October 2021:

Maturity profile

Asset liability type	Amount in C$M	< 1 Month	1 > 3 Months	3 > 1 Year	Over 1 Year
LAB qualifying	413	115	298	-	-
Reserve account	57	57	-	-	-
Total liquid assets	470	172	298	-	-
Deposits from banks & CIBC Group	95	95	-	-	-

8.5. Quantitative Information on LCR

Template EU LIQ1 Quantitative information of LCR

Description	Total unweighted value (average); Quarter ending on: 30-Sep-21	Total unweighted value (average); Quarter ending on: 30-Jun-21	Total unweighted value (average); Quarter ending on: 31-Mar-21	Total unweighted value (average); Quarter ending on: 31-Dec-20	Total weighted value (average); Quarter ending on: 30-Sep-21	Total weighted value (average); Quarter ending on: 30-Jun-21	Total weighted value (average); Quarter ending on: 31-Mar-21	Total weighted value (average); Quarter ending on: 31-Dec-20
Number of data points used in the calculation of averages	3	3	3	3	3	3	3	3

High-quality liquid assets	Total unweighted value (average); Quarter ending on: 30-Sep-21	Total unweighted value (average); Quarter ending on: 30-Jun-21	Total unweighted value (average); Quarter ending on: 31-Mar-21	Total unweighted value (average); Quarter ending on: 31-Dec-20	Total weighted value (average); Quarter ending on: 30-Sep-21	Total weighted value (average); Quarter ending on: 30-Jun-21	Total weighted value (average); Quarter ending on: 31-Mar-21	Total weighted value (average); Quarter ending on: 31-Dec-20
Total high-quality liquid assets (HQLA)	n/a	n/a	n/a	n/a	496,413,252	539,639,479	570,302,145	215,460,691

Cash – Outflows	Total unweighted value (average); Quarter ending on: 30-Sep-21	Total unweighted value (average); Quarter ending on: 30-Jun-21	Total unweighted value (average); Quarter ending on: 31-Mar-21	Total unweighted value (average); Quarter ending on: 31-Dec-20	Total weighted value (average); Quarter ending on: 30-Sep-21	Total weighted value (average); Quarter ending on: 30-Jun-21	Total weighted value (average); Quarter ending on: 31-Mar-21	Total weighted value (average); Quarter ending on: 31-Dec-20
Retail deposits and deposits from small business customers, of which:	-	-	-	-	-	-	-	-
Stable deposits	-	-	-	-	-	-	-	-
Less stable deposits	-	-	-	-	-	-	-	-
Unsecured wholesale funding	81,286,622	106,719,723	156,348,932	42,360,190	78,791,600	94,486,134	132,193,611	42,360,190
Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
Non-operational deposits (all counterparties)	81,286,622	106,719,723	156,348,932	42,360,190	78,791,600	94,486,134	132,193,611	42,360,190
Unsecured debt	-	-	-	-	-	-	-	-
Secured wholesale funding	n/a	n/a	n/a	n/a	-	-	-	-
Additional requirements	57,498,733	55,518,044	59,824,428	35,720,694	57,498,733	55,518,044	59,824,428	35,720,694
Outflows related to derivative exposures and other collateral requirements	57,498,733	55,518,044	59,824,428	35,720,694	57,498,733	55,518,044	59,824,428	35,720,694
Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
Credit and liquidity facilities	128,870,195	104,164,637	66,216,759	22,000,562	12,887,020	10,416,464	6,621,676	2,200,056
Other contractual funding obligations	-	-	-	-	-	-	-	-

Cash – Outflows	Total unweighted value (average); Quarter ending on: 30-Sep-21	Total unweighted value (average); Quarter ending on: 30-Jun-21	Total unweighted value (average); Quarter ending on: 31-Mar-21	Total unweighted value (average); Quarter ending on: 31-Dec-20	Total weighted value (average); Quarter ending on: 30-Sep-21	Total weighted value (average); Quarter ending on: 30-Jun-21	Total weighted value (average); Quarter ending on: 31-Mar-21	Total weighted value (average); Quarter ending on: 31-Dec-20
Other contingent funding obligations	77,729,483	97,709,299	51,337,195	34,182,138	27,775,816	48,080,215	17,390,356	1,548,141
TOTAL CASH OUTFLOWS	n/a	n/a	n/a	n/a	176,953,168	208,500,856	216,030,071	81,829,082

Cash – Inflows	Total unweighted value (average); Quarter ending on: 30-Sep-21	Total unweighted value (average); Quarter ending on: 30-Jun-21	Total unweighted value (average); Quarter ending on: 31-Mar-21	Total unweighted value (average); Quarter ending on: 31-Dec-20	Total weighted value (average); Quarter ending on: 30-Sep-21	Total weighted value (average); Quarter ending on: 30-Jun-21	Total weighted value (average); Quarter ending on: 31-Mar-21	Total weighted value (average); Quarter ending on: 31-Dec-20
Secured lending (e.g. reverse repos)	149,309,434	152,568,193	165,199,909	80,187,667	-	-	-	-
Inflows from fully performing exposures	2,110,667	-	-	97,190	1,055,333	-	-	48,595
Other cash inflows	85,581,240	107,418,141	78,961,432	24,022,815	85,581,240	107,418,141	78,961,432	24,022,815
(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	**237,001,340**	**259,986,335**	**244,161,341**	**104,307,672**	**86,636,573**	**107,418,141**	**78,961,432**	**24,071,411**
Fully exempt inflows	-	-	-	-	-	-	-	-
Inflows subject to 90% cap	-	-	-	-	-	-	-	-
Inflows subject to 75% cap	-	-	-	-	-	-	-	-

Total adjusted value	Total unweighted value (average); Quarter ending on: 30-Sep-21	Total unweighted value (average); Quarter ending on: 30-Jun-21	Total unweighted value (average); Quarter ending on: 31-Mar-21	Total unweighted value (average); Quarter ending on: 31-Dec-20	Total weighted value (average); Quarter ending on: 30-Sep-21	Total weighted value (average); Quarter ending on: 30-Jun-21	Total weighted value (average); Quarter ending on: 31-Mar-21	Total weighted value (average); Quarter ending on: 31-Dec-20
LIQUIDITY BUFFER	n/a	n/a	n/a	n/a	496,413,252	539,639,479	570,302,145	215,460,691
TOTAL NET CASH OUTFLOWS	n/a	n/a	n/a	n/a	90,316,595	101,082,715	137,068,639	57,757,671
LIQUIDITY COVERAGE RATIO	n/a	n/a	n/a	n/a	550%	534%	416%	373%

8.6. Net Stable Funding Ratio

Template EU LIQ2 Net Stable Funding Ratio

Available stable funding (ASF) Items As at 31 October 2021	Unweighted value by residual maturity: No maturity	Unweighted value by residual maturity: < 6 months	Unweighted value by residual maturity: 6 months to < 1yr	Unweighted value by residual maturity: ≥ 1yr	Weighted value
Capital items and instruments	-	-	-	-	-
Own funds	-	-	-	543,050,088	543,050,088
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	94,611,203	-	-	-
Interdependent liabilities	n/a	-	-	-	-
Other liabilities:	-	-	-	-	-
NSFR derivative liabilities	48,116,345	n/a	n/a	n/a	n/a
All other liabilities and capital instruments not included in the above categories	n/a	85,768,043	-	-	-
Total available stable funding (ASF)	**n/a**	**n/a**	**n/a**	**n/a**	**543,050,088**

Required stable funding (RSF) Items As at 31 October 2021	Unweighted value by residual maturity: No maturity	Unweighted value by residual maturity: < 6 months	Unweighted value by residual maturity: 6 months to < 1yr	Unweighted value by residual maturity: ≥ 1yr	Weighted value
Total high-quality liquid assets (HQLA)	n/a	n/a	n/a	n/a	-
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	64,717	-	-	32,359
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	-	-	56,230,028	2,811,501
NSFR derivative liabilities before deduction of variation margin posted	n/a	-	-	-	-
All other assets not included in the above categories	n/a	85,768,043	12,830,482	130,761,620	130,761,620
Off-balance sheet items	n/a	-	-	189,159,155	11,878,392
Total RSF	n/a	n/a	n/a	n/a	145,483,872
Net Stable Funding Ratio (%)	n/a	n/a	n/a	n/a	373.27%

9. Encumbered assets

9.1. Introduction

Encumbered assets are an integral part of CIBC Lux's funding model as the positions traded and held are generally with highly rated counterparties to ensure that marketable securities are available to meet liquidity requirements.

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.

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	116,729	-	n/a	n/a	789,626,741	75,614,673	n/a	n/a
030	Equity instruments	-	-	-	-	-	-	-	-
040	Debt securities	-	-	-	-	-	-	-	-
050	of which: covered bonds	-	-	-	-	-	-	-	-
060	of which: securitisations	-	-	-	-	-	-	-	-
070	of which: issued by general governments	-	-	-	-	-	-	-	-
080	of which: issued by financial corporations	-	-	-	-	-	-	-	-
090	of which: issued by non-financial corporations	-	-	-	-	-	-	-	-
120	Other assets	116,729	-	n/a	n/a	789,626,741	75,614,673	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 reporting institution	-	-	463,310,407	463,310,407
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	-	-	463,310,407	463,310,407
170	of which: covered bonds	-	-	-	-
180	of which: securitisations	-	-	-	-
190	of which: issued by general governments	-	-	398,160,028	398,160,028
200	of which: issued by financial corporations	-	-	27,943,649	27,943,649
210	of which: issued by non-financial corporations	-	-	51,516,970	51,516,970
220	Loans and advances other than loans on demand	-	-	-	-
230	Other collateral received	-	-	-	-
240	Own debt securities issued other than own covered bonds or securitisations	-	-	-	-
241	Own covered bonds and asset-backed securities issued and not yet pledged	n/a	n/a	-	-
250	TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	116,729	-	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	-	116,729

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 Head of Market and Liquidity Risk, Europe and Asia, CMRM. The Head of Market and Liquidity Risk, Europe and Asia, CMRM is 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. Overall local responsibility and oversight is through the CIBC Lux CRO.

An overview of market risks is presented to ALCo and the Board on a quarterly basis. The ExCo is presented with an overview of market risks 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 Head of Europe and Asia-Pacific and 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 statistically based 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. For the assessment of non-trading interest rate risk, standardised interest rate shocks - expressed in terms of threat to economic value - are used. This includes parallel rate shocks to the yield curve of 200bps and rate shocks associated with 1st and 99th percentile of observed interest rate changes from five years of rate observations. Parallel rate shocks have also been supplemented by stresses including yield curve steepening and flattening.

On a daily basis, the mark-to-market change arising from interest rate shocks are compared to the capital for CIBC Lux. Stress shocks resulting in an excess of 20% of Tier 1 capital will trigger a discussion within CMRM and Senior Management in relation to CIBC Lux's non-trading interest rate exposure.

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

Currently there is no Market Risk in the Trading Book.

10.9. 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[8].

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 2021 was C$ nil.

[8] 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 CIBC Lux's 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 Group Executive Committee (Group ExCo). The Group ExCo is accountable to the Group Board and its Audit Committee and the Group 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 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 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 minimised 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 business continuity plan 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 affecting the operations. This business continuity plan is regularly updated and tested.

11.5. Risk monitoring

Operational risk is monitored using a variety of approaches. Global Operational Risk Management has developed a Key Risk Indicator (KRI) Framework that seeks 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. Given that this is the second year of operations, we have used two years of audited operating income and one year of forecasted 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 2021 appear below.

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

Description	Relevant indicator: Year-3	Relevant indicator: Year-2	Relevant indicator: Last year	Own funds requirements	Risk exposure amount
Banking activities subject to basic indicator approach (BIA)	23,616,000	16,950,000	4,227,000	2,239,650	27,995,625
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 Board of Directors of CIBC 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 Key Lines of Business (LOB) (MRCC, with input as required from the RMC, and CIBC Board);
- approving new material incentive compensation plans or 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 Board is responsible for adopting and maintaining the remuneration policy 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 which 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 or other changes that may have a material impact on remuneration for CIBC;
- 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:
- severance payments made to Lux MRTs;
- increases in salary and benefits;
- guaranteed variable remuneration payments made to Lux MRTs;
- 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;
- remuneration structures for the Authorised Management functions, i.e. Lux CEO and 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.

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. At the employee level, 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; 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 over the maximum allowable term for deferral in Canada, provided this is not in contravention of local rules in regions where the employees work. 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.
- 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. 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 for the SBUs outside of Capital Markets.
- 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 CFO, CRO, Chief Legal Officer (CLO) 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 CRO's independent assessment is also reviewed by the RMC. In addition, the RMC also attends the October MRCC incentive funding discussion. Performance is assessed relative to Plan, peers and the prior year.

Compliance with risk appetite is a key component in assessing CIBC's performance for the year ended 31 October 2021, measured quantitatively against CIBC's Risk Appetite Targets, and qualitatively based on an assessment by the CRO.

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. Quantitative information on remuneration

As per the guidelines in Article 450 (2) of the CRR, quantitative remuneration disclosures are reflective of the relative size and complexity of CIBC Lux in the period.

The aggregated remuneration for the 22 individuals who are considered Material Risk Takers (MRTs) for CIBC Lux purposes was C$13.13 million for the 2021 performance period. This is split by;

Capital markets – 10 MRTs totaling C$9.07 million

Infrastructure – 12 MRTs totaling C$4.06 million

Please note the above remuneration figure reflects the full value of the compensation awarded to MRTs. It has been adjusted for partial year MRTs to reflect their tenure in the MRT role.

Due to the limited number of MRTs, CIBC Lux does not consider it appropriate to further break down aggregated remuneration of its MRTs between senior management and members of staff whose action may have a material impact on the risk profile of the institution for reasons of confidentiality and data protection.

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 for monthly monitoring purposes using adjusted total assets and the Tier 1 Capital amounts.

The table below summarises CIBC Lux's leverage at 31 October 2021. 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 2021
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	779,042,031.80
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))	56,657,022.82
(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	76,254,318.39
Adjustment for eligible cash pooling transactions	-
Adjustments for derivative financial instruments	149,097,851.08
Adjustment for securities financing transactions (SFTs)	12,949,921.11
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	142,745,107.70
(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	132,905,724.92
Total exposure measure	**1,083,829,295.39**

Template EU LR2 - LRCom: Leverage ratio common disclosure

	CRR leverage ratio exposures 31st October 2021
On-balance sheet items (excluding derivatives, SFTs, but including collateral)	295,262,362
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)	-
(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)	-5,616
Total on-balance sheet exposures (excluding derivatives and SFTs)	**295,256,746**

	CRR leverage ratio exposures 31st October 2021
Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	83,046,155
Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-
Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	118,661,896
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)	-
Total derivatives exposures	**201,708,050**

	CRR leverage ratio exposures 31st October 2021
Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	431,169,470
(Netted amounts of cash payables and cash receivables of gross SFT assets)	5,067
Counterparty credit risk exposure for SFT assets	12,944,854
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	**444,119,391**

	CRR leverage ratio exposures 31st October 2021
Off-balance sheet exposures at gross notional amount	228,615,431
(Adjustments for conversion to credit equivalent amounts)	
(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-
Off-balance sheet exposures	**142,745,108**

	CRR leverage ratio exposures 31st October 2021
(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 exposures 31st October 2021
Tier 1 capital	543,461,945
Total exposure measure	**1,083,829,295**

	CRR leverage ratio exposures 31st October 2021
Leverage ratio (%)	50.14
Leverage ratio (**excluding the impact of the exemption of public sector investments and promotional loans**) (%)	50.14
Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	52.91
Regulatory minimum leverage ratio requirement (%)	3.17
Additional own funds requirements to address the risk of excessive leverage (%)	**-**
of which: to be made up of CET1 capital (percentage points) (%)	**-**
Leverage ratio buffer requirement (%)	**-**
Overall leverage ratio requirement (%)	**3.17**

Choice on transitional arrangements and relevant exposures	CRR leverage ratio exposures 31st October 2021
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
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	238,605,339.26
Trading book exposures	-
Banking book exposures, of which:	238,605,339.26
Covered bonds	-
Exposures treated as sovereigns	-
Exposures to regional governments, MDB, international organisations and PSE **not** treated as sovereigns	-
Institutions	10,154,480
Secured by mortgages of immovable properties	-
Retail exposures	-
Corporates	142,726,463
Exposures in default	-
Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	85,724,397

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 the approach to risk management, guides the activities of CIBC Lux and is taken into consideration when setting the limits and metrics of CIBC Lux's RAS annually. CIBC Lux's RAS is aligned to CIBC Group's RAS and 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

The Balance Sheet of CIBC Lux is undergoing controlled growth in line with management's strategy. Settlement balances and underwriting commitments may result in small changes to the leverage ratio, however CIBC Lux's leverage ratios remain well ahead of both the internal trigger and regulatory minimum.

End of document