

SUMMARY OF RATIONALE FOR SETTLEMENT

The following is a summary of the factors considered by Class Counsel in forming the opinion that the \$125 million Settlement was fair and reasonable. These factors will be explained in greater detail in the motion materials to be filed in support of Court approval of the Settlement, which will be posted at www.rochongenova.com no later than December 28, 2021.

1. The risk that the Court would conclude that CIBC (“CIBC” or the “Bank”) did not make any misrepresentations about its US subprime exposure in 2007:

To succeed at trial, the Plaintiffs would have to prove that CIBC failed to disclose to shareholders material information it was required to disclose about a material risk of loss it faced as a result of its exposure to US subprime securities throughout the Class Period beginning on May 31, 2007. While the claim alleges that CIBC made misrepresentations by failing to disclose the full extent of its subprime exposure and risks from May 31, 2007 through February 2008, the Bank argued that its disclosure relating to its US subprime securities were accurate, reflected facts that were known at the time, and complied with all applicable securities laws. The Bank also argued that the period of 2007 was tumultuous for all financial institutions as it was the period when the global credit crisis affected the entire financial sector. In short, the Court could conclude that CIBC made no material misrepresentations that caused harm to shareholders

2. The risk that the Defendants’ defences would defeat the Plaintiffs’ claims:

The Defendants advanced defenses that they exercised proper judgment in evaluating the value and risk associated with its subprime portfolio, relied appropriately on their internal disclosure, risk measurement systems and external accounting advisers who agreed with the Bank’s disclosure of risks and valuations of its subprime portfolios. The Defendants also maintained that it was only in late 2007 that the severity of the subprime crisis required detailed disclosure, which it made in its Q4 2007 report in December 2007. The Bank also argued that the Bank’s Board and management committees were constantly analyzing the risk inherent in its subprime portfolio and made the necessary disclosure as required by law.

The Defendants also asserted that the Bank acted reasonably throughout the relevant period in assessing the risks associated with its subprime exposures, in a manner consistent with acceptable banking practices. They asserted reliance upon a comprehensive system of internal policies, employee certifications, and internal and external audits to ensure that all material information was considered and properly disclosed. They also rely on the fact that the Bank made full disclosure of the existence and extent of its subprime-exposed securities not only to its external auditors, but also to its regulators through the class period and the Bank argued that it was not required to make additional or different disclosure.

3. The risk that the misrepresentations alleged would not be found to give rise to damages:

The Defendants also argued that the economic analysis of its experts established that there were no damages suffered by shareholders as a result of any alleged failure to disclose the Bank's subprime risk exposure prior to Q3 and Q4 2007. According to the Defendants' experts, fluctuations in CIBC's share price were attributable to the evolution of the financial crisis through 2007 and not because of the Bank's failure to make appropriate and timely disclosure of material facts about its sub-prime risk exposure.

In light of these litigation risks and the substantial delay that would result from prolonged trial and appellate procedures, Class counsel believe that the settlement is both reasonable and in the best interests of the class Members. It was the product of intense litigation over a decade and prolonged negotiations