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CIBC CAPITAL MARKETS

EQUITY RESEARCH

Paul Holden, CFA
Kevin Lai, CFA, CPA, CA
Brian Lee

May 16, 2022 **Earnings Revision**

Canadian Banks – FQ2 Preview

Careful On The Quarter; 2023 Outlook Matters Most

Our Conclusion

We expect the banks will post another set of strong results in FQ2, but with an economic slowdown increasingly being priced in, headline results might not matter all that much. The forward outlook, management of performing credit allowances, and risk appetite should matter more. We are cautious on banks given valuations (1.7x P/BV vs. historical average of 1.7x) and the generous assumptions that underly F2023 consensus estimates. We only have two Outperformers in the group – RY and NA – for defensive reasons.

Key Points

Lowering estimates and price targets. We reduce our F2022E Adjusted EPS by 1% and F2023E by 4%, mostly on the anticipation of slowing loan growth and higher credit losses. We also reduce our price targets across the board, by 5% on average.

Our investment thesis for the sector is summarized below:

1. **Another quarter of strong loan growth, but with a diminishing outlook.** We are forecasting over 2% Q/Q loan growth on average, supported by strong growth in business loans (3%) and solid residential mortgage growth (2%). We expect slowing growth after this quarter due to higher borrowing costs and increased economic uncertainty.
2. **Expense growth is not our primary concern.** We do worry about what the pace of inflation means for the banks, but that's because of an anticipated monetary policy response, not runaway expense growth. We forecast operating expense growth of 4% this year and positive operating leverage of 1.7% on average.
3. **Credit good today, an uncertain path forward.** The cost of credit should remain low in FQ2 and we assume a PCL ratio of 14bps on average. We have updated our forecasts for F2023 to assume higher-than-average PCLs based on growing macro-economic risks. We see downside risk to F2023 consensus on PCL assumptions.
4. **Revenue diversification is a hedge against uncertainty.** We no longer find it appropriate to simply favour P&C banking on NII growth and continuation of low credit losses. We think banks with the most diversified sources of earnings provide the best protection against more negative scenarios (rising credit losses and lower interest rates).
5. **Prioritizing strongest capital levels.** We don't feel it's too early to prioritize CET1 as a determinant of relative valuation multiples. It is arguably the best shield investors have against downside scenarios, along with high ROEs. We will also be paying increasing attention to other capital ratios given potential liquidity impacts from quantitative tightening; excess capital and liquidity will be gaining in value.

Sector:
Financials

Key Changes

Price Target Changes
- Bank of Montreal ↓
- Bank of Nova Scotia ↓
- Canadian Western Bank ↓
- Laurentian Bank ↓
- National Bank Of Canada ↓
- Royal Bank of Canada ↓
- Toronto-Dominion Bank ↓

All figures in Canadian dollars otherwise stated.

Please see "Price Target Calculation and Key Risks to Price Target" information on page(s) 16-17.
For required regulatory disclosures please refer to "Important Disclosures" beginning on page 19.

Q2/F22 Bank Preview

Second-quarter earnings will be released the last week of May into the first week of June. We expect similar trends as last quarter, such as strong loan growth, below-average PCLs, high trading revenue, positive operating leverage plus a small uplift to NIMs from recent rate hikes. Our estimates do imply a sequential decline in earnings (-8% on average), mostly due to a moderation in non-interest revenue (NIR) and less of a benefit from performing credit releases. While our estimates imply a material Q/Q decline, we are 2% above consensus on average. Our forecasts have PTPP increasing 5% Y/Y on average.

Exhibit 1: Canadian Banks – Earnings Forecasts, Release Dates And Conference Call Details – Q2/F22E

				Growth		Consensus		Q2/F22 Quarterly Results Release & Conference Call Details			
	Q2/F22E	Q1/F22	Q2/F21	Q/Q	Y/Y	Q2/F22E	Variance	Date	Release	Call	Call-in Number & Password
BMO	$3.42	$3.89	$3.13	(12.0%)	9.4%	$3.24	5.6%	Wednesday, May 25, 2022	5:30 AM ET	8:15 AM	(800) 898-3989 (1539938#)
BNS	$2.02	$2.15	$1.90	(6.0%)	6.6%	$1.98	2.3%	Wednesday, May 25, 2022	6:00 AM ET	7:15 AM	800-952-5114 (7409796#)
CM	$1.82	$2.04	$1.79	(10.9%)	1.5%	$1.82	nmf	Thursday, May 26, 2022	6:00 AM ET	7:30 AM	800-806-5484 (8335491#)
NA	$2.29	$2.60	$2.25	(11.9%)	1.7%	$2.25	1.9%	Friday, May 27, 2022	6:30 AM ET	11:00 AM	800.806.5484 (7162964#)
RY	$2.77	$2.82	$2.79	(1.7%)	(0.7%)	$2.69	3.0%	Thursday, May 26, 2022	6:00 AM ET	8:30 AM	866-696-5910 (1408176#)
TD	$1.98	$2.08	$2.08	(4.6%)	(4.6%)	$1.99	(0.3%)	Thursday, May 26, 2022	6:30 AM ET	1:30 PM	866-696-5894 (2727354#)
Average				**(7.9%)**	**2.3%**		**2.5%**				
CWB	$0.90	$0.99	$0.84	(9.1%)	6.7%	$0.90	0.0%	Friday, May 27, 2022	7:00 AM ET	10:00 AM	(888) 390-0546 (51675710#)
LB	$1.19	$1.26	$1.23	(5.3%)	(3.5%)	$1.16	2.7%	Wednesday, June 1, 2022	7:30 AM ET	9:00 AM	1-800-289-0720 (7622290)
Average for all Banks				**(7.7%)**	**2.1%**		**2.1%**				

CM estimate uses FactSet consensus. Source: FactSet, company reports and CIBC World Markets Inc.

Price Target And Earnings Revisions

We have revised our adjusted EPS estimates and price targets lower as we consider risks associated with an economic slowdown. We forecast slower loan growth later in F2022 and into F2023 and have also moderated our wealth management fee forecasts downwards given market impacts. Further, we've increased our PCL assumptions to reflect a more challenging economic environment in F2023 (now have a PCL ratio slightly above historical averages versus below average previously). Overall, our FQ2 estimates decline by 1%, F2022E declines by 1% and F2023E declines by 3% on average for the Big Six.

We have also updated our price target multiples to reflect increasing macro-economic and market risks. Our base multiple for the sector is now 10.5x, lowered from 10.7x. A summary of relative premiums/discounts for individual banks is provided below:

- BMO's multiple of 10.1x reflects a 4% discount (relative to a 1% historical discount), given capital implications associated with the Bank of the West acquisition.
- BNS' multiple of 9.9x reflects a 6% discount (relative to a 3% historical discount), given expected economic weakness in Chile.
- NA's multiple of 10.5x is consistent with the industry (relative to a 2% historical discount), given its capital strength and revenue mix.
- RY's multiple of 12.1x reflects a 15% premium (relative to a 9% historical premium), given the highest CET1, revenue diversification and historical resilience in weaker economic environments.
- TD's multiple of 11.0x (ex. Schwab) reflects a 5% premium (relative to a 7% historical premium), given the strong deposit base when liquidity is being tightened.
- CWB's multiple of 8.4x reflects a 20% discount (relative to a 6% historical discount), given the slowing loan growth environment, capital position and current discount.
- LB's multiple of 8.0x reflects a 24% discount (relative to 12% historical discount), as the current environment suggests a wider multiple for smaller-cap stocks.

Exhibit 2: Canadian Banks – Price Target And Earnings Revision Summary – F2022E-F2023E

	FQ2/22E			F2022E			F2023E			Price Target		Upside	Downside	
	Prior	Current	Δ	Prior	Current	Δ	Prior	Current	Δ	Prior	Current	Scenario	Scenario	Rating
BMO	3.39	3.42	0.9%	14.14	14.03	-0.8%	14.40	14.08	-2.2%	$ 150	$ 142	$ 176	$ 91	Neutral
BNS	2.04	2.02	-0.7%	8.53	8.41	-1.5%	9.28	8.67	-6.6%	$ 94	$ 86	$ 104	$ 65	Neutral
NA	2.26	2.29	1.4%	9.43	9.40	-0.4%	9.75	9.55	-2.1%	$ 102	$ 100	$ 119	$ 73	Outperformer
RY	2.84	2.77	-2.4%	11.37	11.25	-1.0%	12.31	12.06	-2.0%	$ 149	$ 146	$ 169	$ 106	Outperformer
TD	2.02	1.98	-1.8%	8.32	8.24	-1.0%	8.88	8.76	-1.4%	$ 103	$ 100	$ 123	$ 69	Neutral
Average			**-0.5%**			**-0.9%**			**-2.9%**					
CWB	0.92	0.90	-2.6%	3.88	3.78	-2.6%	4.47	4.08	-8.8%	$ 38	$ 34	$ 41	$ 25	Neutral
LB	1.22	1.19	-2.4%	4.93	4.84	-1.8%	5.45	5.17	-5.1%	$ 44	$ 41	$ 52	$ 28	Neutral
Average for all Banks			**-1.1%**			**-1.3%**			**-4.0%**					

Source: Company reports and CIBC World Markets Inc.

Valuation Summary

The Big Six banks currently trade at 10.0x F2022E and 9.6x F2023E estimates, relative to the historical average of 10.8x. On a P/BV basis, the Big Six trade at an average of 1.7x, in line with the five-year average of 1.7x. The P/BV multiple shows that the banks are pricing for a normal economic scenario (not too hot, not cold). If the outlook for economic conditions continues to be challenged, then there is downside risk to valuations. The average P/BV less one standard deviation equates to 1.45x (roughly 12% downside) and the bottom end of the historical valuation range is around 1.2x (roughly 29% downside). Dividend yields average 4.3%, modestly above the five-year average of 4.0%.

Exhibit 3: Canadian Banks – Valuation Summary – 2022E-2023E

Bank	Ticker	Rating	Price Target	2022E	2023E	Price/Book Ratio	Dividend Yield
Bank of Montreal	BMO	Neutral	$142	9.4x	9.4x	1.6x	4.0%
Bank of Nova Scotia	BNS	Neutral	$86	9.6x	9.3x	1.5x	4.9%
CIBC	CM	N/A	N/A	9.0x	8.8x	1.5x	4.7%
National Bank of Canada	NA	Outperformer	$100	9.6x	9.4x	1.8x	4.0%
Royal Bank of Canada	RY	Outperformer	$146	11.2x	10.4x	1.9x	4.0%
Toronto-Dominion Bank	TD	Neutral	$100	11.1x	10.5x	1.7x	3.9%
Big Six Average				**10.0x**	**9.6x**	**1.7x**	**4.3%**
Canadian Western Bank	CWB	Neutral	$34	8.5x	7.9x	1.0x	3.7%
Laurentian Bank	LB	Neutral	$41	7.8x	7.3x	0.7x	4.7%
All Bank Average				**9.8x**	**9.4x**	**1.6x**	**4.2%**

Source: FactSet, company reports and CIBC World Markets Inc.

Another Quarter Of Strong Loan Growth, But With A Diminishing Outlook

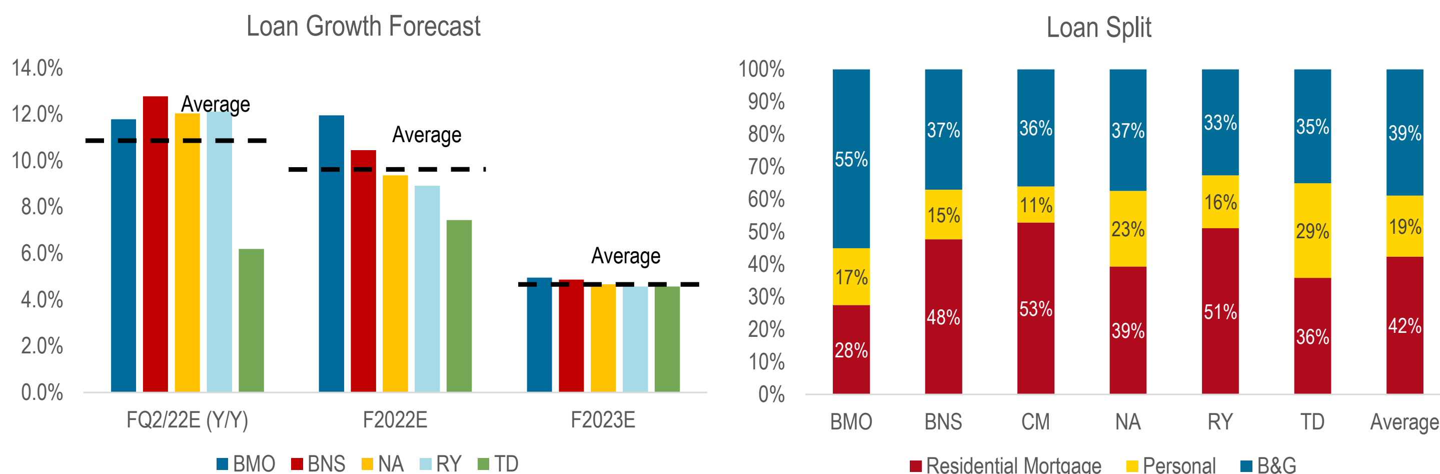
We expect the banks to post another quarter of strong loan growth, including both business and personal loans. However, we should not extrapolate strong growth this quarter into future quarters. Rapidly increasing borrowing costs and uneconomic uncertainty will dampen future demand. We might also expect some banks to tighten lending standards in response to changing economic outlooks and policy measures to reduce liquidity (quantitative tightening). In our view, measured growth with an eye to future risks is the preferred go-forward strategy.

We are modelling another quarter of robust loan growth before a slowing rate of growth through the remainder of F2022 and into F2023. Business momentum has been strong with the Big Six posting FQ1 sequential loan growth of 3.8% on average. March OSFI data shows

loans growing nearly 2% on average during the first two months of the quarter (including a negative impact from a weaker USD for the month). We forecast sequential loan growth of 2.5% on average for FQ2.

Slowing loan growth after this quarter should be our base-case assumption with the possibility of substantially lower growth next year. There is already evidence that higher mortgage rates are having the intended impact with housing volumes slowing in April. This had been a significant growth lever for the Canadian banks over the last couple of years. We have to assume that goods and services inflation combined with higher borrowing costs will severely limit growth in unsecured retail credit (particularly for the Canadian consumer who is already highly levered). Growth in business loans may prove resilient for a while longer, but eventually waning demand (the intended impact of central bank tightening), economic uncertainty and borrowing costs should slow growth here too. We assume loan growth of 9.6% on average for F2022 thanks to a strong first half of the year, but with growth slowing to 4.7% in F2023.

Exhibit 4: Canadian Banks – Loan Growth Forecast (left) – 2022E-2023E; Loan Split (right) – Q1/22



Source: OSFI, company reports and CIBC World Markets Inc.

Expense Growth Is Not Our Primary Concern

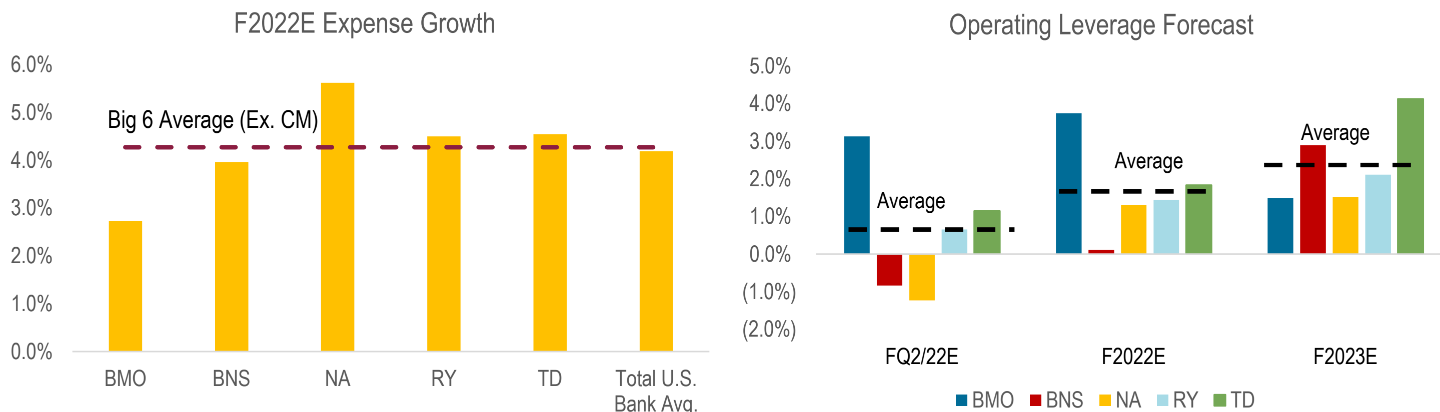
Inflationary pressures, including wage inflation, are mounting. However, based on what we have seen from U.S. banks and from what we have heard from Canadian banks, we expect operating expenses to remain well under control. Our expectation is that the banks will deliver solid operating leverage this quarter and for the full year.

Q1 expense growth for the U.S. banks and HSBC Canada did not show ill effects of inflation. U.S. banks experienced expense growth of only 3% Y/Y on average, while HSBC reported 2% Y/Y expense growth. For the U.S. banks, this falls short of full-year guidance of mid-single digits (4%-6%). Several U.S. banks, including JPM, reduced expense growth guidance for 2022, an indication that things are not going to get worse later in the year.

While Canadian banks have acknowledged upward pressure on employee compensation, there is also a healthy commentary around the ability to flex discretionary spend. This is particularly true for multi-year projects where there is the ability to adjust the timing of when investments are incurred. The Canadian banks have a long track record of managing expenses with profitability in mind and we don't think that track record is broken due to the current level of inflation. Operating expenses should remain a manageable item.

We are not making any material changes to our operating expense assumptions. We forecast F2022 operating expense growth of 4.3% on average, relatively consistent with the average of 4.2% embedded in consensus for the U.S. diversified banks. In terms of operating leverage, we forecast operating leverage of positive 1.7% on average for the year. We expect BMO to outperform the group largely due to management's confidence in expense management and recent results.

Exhibit 5: Canadian Banks – Expense Growth Forecast – 2022E (left); Operating Leverage Forecast (right), FQ2/22E-2023E



Source: Company reports and CIBC World Markets Inc.

Credit Good Today, An Uncertain Path Forward

Credit performance has been a tailwind for bank earnings over the last year due to ultra-low delinquency rates and the release of performing allowances. While we have not yet seen data points to suggest a shift in impaired losses, we do think the forward outlook needs to be adjusted based on looming macroeconomic risks, namely inflation and the intended economic slowing from central bank rate tightening. The focus this quarter should be on management commentary and the management of performing credit allowances as it is unlikely that we will see anything eventful with respect to impairments.

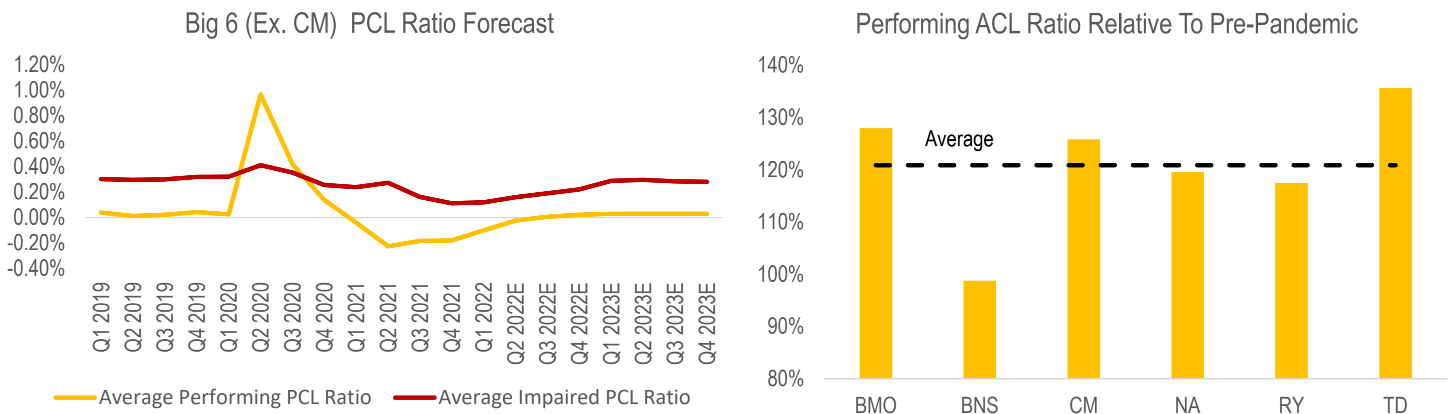
There are a few things we need to think about when it comes to the management of performing allowances. The first is changes in forward looking indicators which are a direct driver of allowance ratios (ALCs). Consensus GDP forecasts for Canada have been revised down 20bps for 2022 and 30bps for 2023 versus consensus at the end of last quarter. Similarly GDP forecasts for the U.S. have been revised down 60bps in 2022 and 10bps in 2023. The magnitude of change is not severe, but directionally it implies higher allowances should be required versus last quarter. The second thing we need to consider is the subjectivity that goes into credit allowances, which includes scenario weights and management overlays. Based on different tones we hear from management teams, and differing capital management requirements, we expect a range of approaches. This was certainly true with U.S. banks with the vast majority releasing performing allowances, but JPM catching all the attention for adding to performing allowances (KEY did the same by the .

The short story is that we expect less of an earnings lift from the release of performing allowances versus recent quarters. Some banks may have modest releases, some should be close to zero and some may even add a small amount to allowances. Taking the more conservative approach is the one that we will favour. For FQ2, we assume an impaired PCL ratio of 16bps on average, up from last quarter of 12bps, and we assume performing PCLs at -2bps on average, versus our prior assumption of -7bps on average.

The Canadian housing market is becoming topical once again, if it ever stopped, with concerns that the market is due for a correction. We don't dismiss a build in risks given consumer leverage levels, the steep increase in house prices during the pandemic and anecdotal evidence of increased market speculation (a risk highlighted in the Canadian Federal Budget and OSFI). However, loan to values (LTVs) for uninsured mortgages and the use of mortgage insurance for high LTVs support the argument that credit losses on residential mortgages will remain low. Note also that rising borrowing costs will not necessarily result in materially higher defaults as the buffer embedded in the minimum qualifying rate (higher of the contract rate plus 200bps or 5.25%) shows that even variable rate borrowers should have leeway to absorb additional BoC rate hikes. We think the real risk relates to loans for investment properties, where credit experience is expected to be far more sensitive to interest rates, economic conditions and housing prices. Quality of data for investment properties is limited, but we think it is something we need to start asking management teams about. Regardless of our opinion on residential mortgage credit risk, the share price performance of the Alt-A mortgage lenders tells us mortgage growth is not something that will be rewarded by the market today.

In terms of impaired PCLs, we expect little movement this quarter versus last, but we do expect impairments to trend higher through the back half of the year due to inflation and interest rate pressures. The only area where we have observed higher delinquencies is sub-prime consumer credit where losses have moved off the bottom, but remain below historical averages. We are also updating our assumptions for F2023 with an average impaired PCL ratio of 30bps, from 24bps prior, and now slightly higher than the F2018-F2019 average of 29bps.

Exhibit 6: Canadian Banks – PCL Forecast, Q1 2019-Q4 2023E (left) And Performing Allowance Ratio Relative To Pre-Pandemic – FQ1/22 (right)



Source: Company reports and CIBC World Markets Inc.

Revenue Diversification Is A Hedge Against Uncertainty

We believe we are heading into a period of economic weakness and that is when revenue diversification beyond core P&C banking tends to be most beneficial. This was certainly true in 2020.

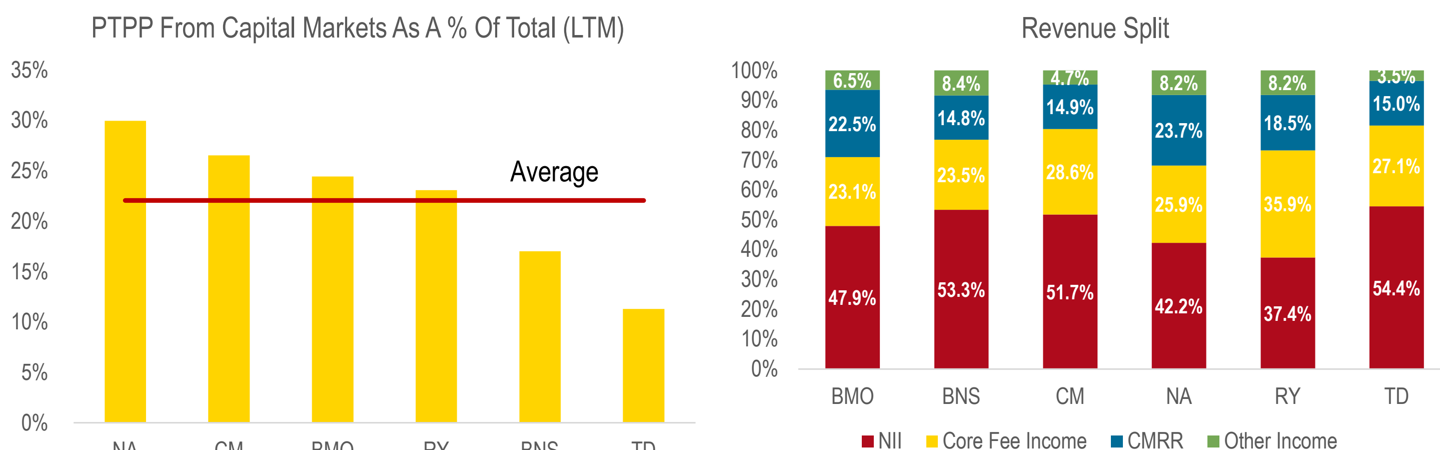
While net interest margins are expected to expand in the next few quarters with aggressive central bank tightening, there is a risk of an overshoot, recession and loosening monetary policy in response. We believe this is the scenario that U.S. bank stocks are already pricing for. This scenario is particularly challenging for P&C banking due to the combined impact of NIM compression and loan losses. Banks that generate a relatively higher proportion of

revenue and earnings outside P&C banking may take less of an earnings hit, and perhaps more importantly should have more resilient capital generation. We like RY and NA on this theme.

We expect market volatility across multiple asset classes to remain high through the remainder of F2022 and into F2023. This could result in trading revenue above historical averages for longer than many people have assumed. Based on TSX data, equity trading volumes are up 9% Q/Q and derivatives are up roughly 3% Q/Q. Tradeweb data shows fixed income volumes are up nearly 9% from last quarter. As such, we believe trading will remain strong in FQ2 (11% higher than F2021 average levels). On the other hand, investment banking revenue is likely to be subdued due to geopolitical and economic uncertainties. Based on Bloomberg (closed deals), equity issuance is down 45% and M&A is down 12% for the Big Six on average Q/Q. The U.S. diversified banks showed similar trends in Q1, with the net result being an 11% Q/Q increase in capital markets revenue. The bulge bracket investment banks reported a 4% Q/Q increase in revenue.

Overall, we forecast capital markets related revenue up 5% relative to F2021 as lower investment banking revenues partially offset higher trading revenues. As severe (or even moderate) economic downturns usually lead to continued market volatility, trading activity should remain high, partly offsetting weakness in P&C banking. Banks with a higher proportion of capital markets earnings should benefit more, including NA, BMO and RY.

Exhibit 7: Canadian Banks – Proportion Of PTPP From Capital Markets– LTM (left); Revenue Split (right), FQ1/22



Source: Company reports and CIBC World Markets Inc.

Prioritizing Strongest Capital Levels

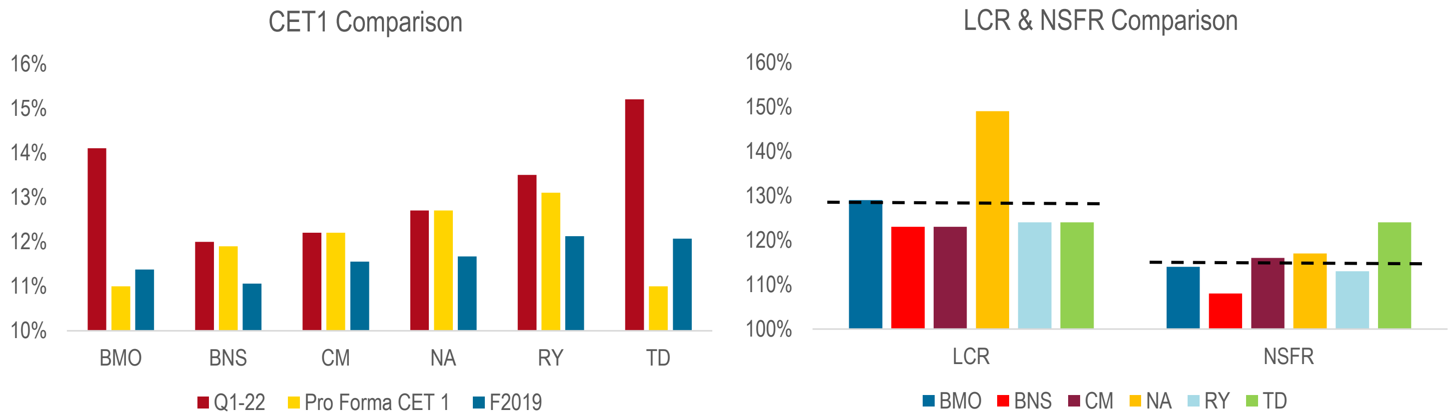
Given the turn in market sentiment and build in recessionary risks, capital buffers become an important consideration once again. The banks have been drawing down excess capital for buybacks, M&A and accelerating loan growth. Emerging macroeconomic risks have the potential to impact capital levels through credit risk weighted asset density, market RWAs due to market volatility and a decline in retained earnings if PCLs in any given quarter exceed net income less dividends.

Looking at the banks at a pro forma basis (adjusting for acquisitions), the average CET1 ratio is at 12.0%, 150bps higher than the required ratio and 40bps higher than pre-pandemic. However, there is a large range, putting banks near the bottom end of the range more at risk of being forced to take sub-optimal actions if there is an economic downturn (e.g. shrinking the balance sheet or raising higher cost capital). As a result, we prioritize banks with the

strongest capital levels, namely RY and NA. At the other end of the spectrum are BMO and TD due to capital allocated for large pending acquisitions (the pro forma CET1 of 11.0% doesn't leave much wiggle room for unplanned negatives).

We are also starting to more closely track other measures of bank resilience, the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR). The LCR measures short-term resilience of a bank's liquidity risk profile, ensuring that it has high liquid assets to meet its needs in a 30-day acute stress scenario. NSFR takes a longer-term view, measuring a bank's sustainable funding position. As of FQ1, NA compares better than peers on both ratios, while BNS is the lowest in the group.

Exhibit 8: Canadian Banks – CET1 Comparison (left), Liquidity Coverage & Net Stable Funding Ratio Comparison (right), FQ1/22



Source: Company reports and CIBC World Markets Inc.

Bank of Montreal

Exhibit 9: BMO – Quarterly Expectations And Call Times – Q2/22

Adjusted Cash EPS Estimates						Conference Call	
	Q2/F22E	F2022E	F2023E	Q1/F22A	Q2/F21A	Date	May 25, 2022
CIBC Est.	$3.42	$14.03	$14.08	$3.89	$3.13	Time	8:15 AM
Consensus	$3.24	$13.66	$14.65			Number	416-406-0743 (1539938#)
Difference	$0.18	$0.37	($0.57)			Alternate	(800) 898-3989

Source: Company reports and CIBC World Markets Inc.

Investment Thesis

1. High growth in commercial loans may come with risks. BMO reported astounding results in FQ1, including commercial loan growth of 8.4% Q/Q, easily exceeding the group average of 6.2%. There are no warning signs in credit RWA densities or PCLs, but we expect a normalization in impairment ratios in coming quarters and the potential for higher-than-normal credit loss in F2023. We generally assume higher credit losses in commercial loans versus other loan categories and higher losses in less seasoned loans. Continued rapid growth in commercial loans through F2022 might cause us to assume a higher PCL ratio in F2023 versus the bank average.

2. Capital may be an organic growth constraint. BMO is expected to have the lowest CET1 ratio in the group pro forma Bank of The West (near 11%), which does not provide much buffer to the regulatory minimum of 10.5%. With market sentiment turning more pessimistic and defensive, we think relative CET1 ratios will increasingly matter for relative valuation multiples. BMO's cost of capital for the acquisition may be higher than originally modeled due to a higher risk free rate and widening credit spreads.

3. Large allowance buffers provide cushion. While BMO's credit performance has been very solid over the last two years (average impaired ratio of 20bps, relative to a group average of 26bps), a fast-growing commercial loan book in this stage of the economic cycle may increase credit risks in the future. However, BMO has been more conservative with releasing allowances over the last year, as its ACL ratio is still 28% higher than pre-pandemic (relative to a group average of 21%), and this extra cushion would help offset growing impairments. We forecast a PCL ratio of 6bps, relative to negative 11bps last quarter as the current economic environment should limit allowance releases.

4. Operating leverage to remain strong. While expense growth was higher-than-expected last quarter, operating leverage was the best in the group by far. FQ1 expenses came in at over 6% Y/Y, largely due to very high variable expenses (+15% Y/Y). However, given a large portion of the variable expenses came from growth in capital market earnings, operating leverage was still very positive (+5.6%). We expect FQ2 to be a similar quarter, with higher expense growth (largely due to variable expenses), as well as high revenue growth (strong capital markets and commercial loan growth). We forecast operating leverage in excess of 3%, highest in the group.

5. Capital markets should boost PTPP growth once again. BMO generates more PTPP from capital markets relative to total PTPP than the peer average. On a LTM basis, BMO generated 25% of its total PTPP from capital markets, relative to the peer average of 22%. With trading activity at an all-time high, BMO should continue to benefit from strong capital markets this quarter (and likely remaining rest of the year). As such, we forecast PTPP growth of 9% Y/Y this quarter relative to a peer average of 5%.

Bank of Nova Scotia

Exhibit 10: BNS – Quarterly Expectations And Call Times – Q2/22

Adjusted Cash EPS Estimates						Conference Call	
	Q2/F22E	F2022E	F2023E	Q1/F22A	Q2/F21A	Date	May 25, 2022
CIBC Est.	$2.02	$8.41	$8.67	$2.15	$1.90	Time	7:15 AM
Consensus	$1.98	$8.39	$8.76			Number	416-641-6104 (7409796#)
Difference	$0.04	$0.02	($0.09)			Alternate	800-952-5114

Source: Company reports and CIBC World Markets Inc.

Investment Thesis

1. International Banking recovery is less rosy but should continue. Consensus GDP and household consumption forecasts have gone down and unemployment forecasts have trickled up in LATAM countries for both 2022 and 2023. Taking the average changes for BNS' largest exposures, GDP forecasts are down 30bps in 2022 and 35bps in 2023, the household consumption forecast is down 50bps in 2022 and 77bps in 2023, and unemployment expectations are up 5bps in 2022 and 8bps in 2023. These changes are generally worse than Canada and the U.S. As forecasts still suggest some growth in the coming years on average (but less), we expect International Banking revenue to continue to grow, but at a slower pace than we were previously assuming.

2. Credit could become a concern. BNS has essentially released its entire 2020 allowance build as of last quarter, as the performing ACL ratio is back at pre-pandemic levels. While this is partially attributable to a changing credit mix in International Banking (i.e., more secured vs. unsecured products), higher interest rates in a slow growing (and potentially receding) economy concern us. Economic forecasts from BNS are slightly more positive than peers (looking at quarter-end forecasts). Overall, we forecast a PCL ratio of 26bps this quarter vs. a pre-pandemic average in the mid-40s. Credit quality may be tested sooner than later and BNS is not carrying the same level of additional buffers as some peers.

3. Loan growth to remain strong for now, but weaker in the future. BNS has surpassed group average loan growth for the last couple of quarters, and we expect that to continue in the near term. In competing for market share, BNS' residential mortgages were a big part of the overall loan growth. This trend is likely to continue in FQ2, as March OSFI results shows that BNS' residential mortgage growth (for the first two months of the quarter) is ~50bps higher than the group average, and total loan growth is ~30bps higher. Looking forward however, as the Canadian housing market slows and as LATAM slows, BNS may have a harder time outperforming peers in loan growth. Overall, our loan growth assumptions were revised slightly lower to 10% in F2022 and under 5% in F2023.

4. Capital levels provide a good buffer. As of last quarter, BNS' CET1 came in at 12% (our pro forma estimate assumed 11.9%), higher than the F2019 ratio of 11.1% and the regulatory requirement of 10.5%. The bank increased its NCIB limit (24MM to 36MM) to roughly 3% of shares outstanding; BNS can choose to decelerate repurchases if it needs to conserve capital. During the quarter, the bank repurchased over 8MM shares.

5. Operating leverage should improve. BNS reported the weakest operating leverage last quarter of negative 2% relative to the group average of positive 1.5%. While expenses were well managed at 2%, revenue growth was near flat Y/Y. While we expect better revenue growth this quarter, wealth management fees will likely be lower once again, but this time due to weaker equity markets partially offsetting revenue growth from other sources. Further, with a smaller proportion of capital market earnings vs. peers, BNS should benefit less from the trading activity. Expenses are likely to remain well contained (we forecast 3% Y/Y), but overall we forecast negative operating leverage for this quarter once again (-1%).

National Bank

Exhibit 11: NA – Quarterly Expectations And Call Times – Q2/22

	Adjusted Cash EPS Estimates					Conference Call	
	Q2/F22E	F2022E	F2023E	Q1/F22A	Q2/F21A	Date	May 27, 2022
CIBC Est.	$2.29	$9.40	$9.55	$2.60	$2.25	Time	11:00 AM
Consensus	$2.25	$9.53	$9.68			Number	416-406-0743 (7162964#)
Difference	$0.04	($0.13)	($0.13)			Alternate	800.806.5484

Source: Company reports and CIBC World Markets Inc.

Investment Thesis

1. Strong capital position. NA was one of the few banks that generated an increase in CET1 last quarter, reaching a 12.7% CET1 ratio. When we compare this ratio to peers' pro forma acquisitions, NA has the second highest CET1 ratio. As management has commented several times over recent quarters that organic growth is a top priority and hasn't suggested any large acquisitions, NA's capital level should be stable in the near future. We think that will be important given that economic forecasts for growth have been revised down, and recessionary risks are rising. With a LTM payout ratio of under 40%, we forecast a 4% dividend increase to be announced in the coming quarter.

2. Highest weight in capital markets should be a benefit. On a LTM basis, NA generated 30% of its PTPP from capital markets, highest amongst peers (average of 22%). U.S. bank results, TSX trading volumes and Tradeweb trading volumes all point to a strong quarter for capital markets trading revenue. As such, we forecast capital markets-related revenue will be 7% above the quarterly average in F2021. We forecast CMRR up 8% for NA in F2022, higher than the group average of 5%.

3. Allowance build up provides additional coverage. Relative to peers, NA has released allowances at a comparable rate to peers. Looking at its performing ACL coverage ratio, NA has a 20% buffer relative to pre-pandemic and relative to a group average of 21%. While the bank has some additional room for releases, we expect only moderate performing allowance releases this quarter due to new macroeconomic risks that appeared over the quarter. Further, given that NA's loan growth over the last two years has been largely attributable to residential mortgages (a safer and secured product), we don't expect a large uptick in impaired losses. We forecast performing PCLs at negative 3bps and impaired PCLs at 8bps.

4. Deposit growth will become increasingly important. In a rate-tightening environment and with bond and swap yields rising, cheap costs of funding will be essential for maintaining NIMs and to fund further growth. Over the course of the pandemic, NA's deposit growth comes in higher than peers (+30% since the end of F2019, vs. an average of 27%). Based on recent OSFI data, NA continues to grow deposits, even when some banks are starting to see contraction (1.6% vs. Big Six average of 0.8% March QTD). Further, when we look at NA's LCR and NSFR ratios, NA has the highest LCR ratio and second highest NSFR, indicating that it is well positioned on liquidity and funding.

5. Valuations imply less multiple risk. NA's P/BV ratio is at 1.8x currently, relative to an average P/BV ratio of 1.5x from March-May of F2020 (representing the onset of the global pandemic. This valuation gap is the second lowest amongst peers, suggesting that NA might have less multiple risk than other bank stocks if recessionary conditions continue to be priced in.

Royal Bank

Exhibit 12: RY – Quarterly Expectations And Call Times – Q2/22

						Conference Call	
	Q2/F22E	F2022E	F2023E	Q1/F22A	Q2/F21A	Date	May 26, 2022
CIBC Est.	$2.77	$11.25	$12.06	$2.82	$2.79	Time	8:30 AM
Consensus	$2.69	$11.19	$11.99			Number	416-340-2217 (1408176#)
Difference	$0.08	$0.06	$0.07			Alternate	866-696-5910

Source: Company reports and CIBC World Markets Inc.

Investment Thesis

1. High capital ratio will be beneficial in uncertain times. RY has the highest CET1 ratio of 13.1%, above the group average of 12% pro forma acquisitions and regulatory minimum of 10.5%. Given potential recessionary risks, we think excess capital is the better approach, as it could get used through RWA inflation or further credit risk provisioning. Further, we forecast a dividend increase for RY this quarter of 4%, which would bring the payout ratio to mid-40% based on our F2022E.

2. Cost management to help operating leverage. RY posted fairly strong operating leverage last quarter of nearly 3% relative to the group average of 1.5%. We expect positive 3% will be hard to repeat given our assumptions for lower wealth management revenues (as equity markets declined), but RY's prudent expense management should be a good offset. Like many of the large U.S. banks, they were able to manage higher personnel costs through other cost savings, and with RY's scale, we believe this will be possible as well. We forecast expenses up 3% Y/Y, with an operating leverage of 1% for the quarter.

3. Conservative outlook may increase credit allowances. Similar to JPM and KEY, we expect RY to bump up credit reserves slightly. From January to April, Royal Bank's Economics team decreased Canada GDP forecast by 140bps for 2022, the largest decline out of the Big Six banks. Given the less positive economic environment, plus RY's history of conservative credit provisioning, we believe RY will increase performing allowances slightly. For FQ2, we forecast the performing PCL ratio at 7bps and impaired PCL ratio at 12bps.

4. Revenue diversification reduces risks. We forecast total revenue growth of 4%Y/Y despite RY's heavier weight in wealth management and the obvious challenge there from lower equity markets. RY's higher-than-average weight in capital markets should benefit the bank given our outlook for strong trading results. Revenue diversification is a big positive when the macro outlook is so uncertain as it reduces the risk of having a wrong way call on a particular theme (i.e., continued commercial loan growth, Canadian housing, higher rates as a driver of NII growth, etc.).

5. Valuations look safer. In an economic downturn, RY's stock performance usually does better than the peer group (-22% vs. an average of -32% using the 2020 pandemic as an example). Further, when we compare RY's P/BV of 1.9x relative to its P/BV during early 2020 (reflecting the pandemic), RY has the smallest gap relative to peers, indicating less downside valuation risk.

TD Bank

Exhibit 13: TD – Quarterly Expectations And Call Times – Q2/22

Adjusted Cash EPS Estimates						Conference Call	
	Q2/F22E	F2022E	F2023E	Q1/F22A	Q2/F21A	Date	May 26, 2022
CIBC Est.	$1.98	$8.24	$8.76	$2.08	$2.08	Time	1:30 PM
Consensus	$1.99	$8.23	$9.06			Number	416-641-6150 (2727354#)
Difference	($0.01)	$0.01	($0.30)			Alternate	866-696-5894

Source: Company reports and CIBC World Markets Inc.

Investment Thesis

1. Lower pro forma capital ratio introduces future risks. TD has communicated a CET1 ratio of 11% pro forma the First Horizon transaction, only 50bps higher than the regulatory minimum. With recessionary risks increasing and slower economic growth forecasts, we see a lower CET1 ratio as a valuation negative. While our forecasts generally rely on NIM expansion for better earnings growth for TD, the aggressive pace of rate hikes will pressure overall GDP growth and employment. TD has less excess capital to absorb potential costs associated with an economic downturn.

2. Largest allowance buffer adds some safety. By comparing current performing ACL ratios to pre-pandemic levels, TD has the highest allowance buffer among the Big Six with nearly 36% extra coverage. TD has been the most conservative in releasing its F2020 build up, and with current economic uncertainty, we view this as a positive. It is less likely TD will need to add much to allowances in the near term. Further, while TD economic estimates went down when comparing April to January forecasts, the decline was modest. Given the size of the buffer, we believe TD will continue to release some performing allowances. We forecast a performing PCL ratio of -7bps (relative to -13bps last quarter) and impaired PCL ratio of 22bps (relative to 17bps last quarter).

3. Higher rates could be short lived. TD is by far the most interest sensitive bank, as we estimate that each rate hike should increase F2022 earnings by roughly 2% (and peers are close to 1% or less). With rate hikes coming in quick succession, TD should experience uplifts in NIM and NII. However, there is a risk of a rate tightening overshoot, which would then result in the BoC and Fed reducing rates to restimulate the economy. As hikes have been very aggressive (i.e., three in the quarter for Canada and three to date for the U.S.), we are wary of what this means in F2023. Our base case still assumes economic expansion, and as such we forecast NII up near 6%Y/Y this quarter and up over 7% for the full year.

4. U.S. loan growth looks stalled. TD's U.S. loan growth remained low last quarter, as it was under 1% based on average balances. PPP loan roll off has weighed on loan growth as the bank was one of the largest writers of PPP loans. A comparison of TD loan growth to other U.S. banks with significant PPP programs would suggest that TD is around middle of the pack. Overall, while TD may not be losing market share, it doesn't look to be generating a ton of organic growth either. Coupled with lower GDP forecasts in the U.S. (-60bps in 2022 and -10bps in 2023 based on April consensus), loan growth in the U.S. may not accelerate as we had previously envisioned.

5. Slower loan growth in higher-risk products helps control future credit risks. TD has the highest weight in unsecured personal loans (~30% relative to an average of 19%). Since the pandemic, personal loans have only increased 4% on average for the Big Six, with TD growing roughly 3%. As many types of unsecured personal loans (i.e., credit cards) have the highest credit risk, lower growth, especially in this juncture of the economy, may reduce future PCLs. While TD may have been penalized over the previous two years for slower loan growth, banks that are aggressively growing now may be taking on more high-risk loans. Slower growth may not be that bad in this environment.

Canadian Western Bank

Exhibit 14: CWB – Quarterly Expectations And Call Times – Q2/22

Adjusted Cash EPS Estimates						Conference Call	
	Q2/F22E	F2022E	F2023E	Q1/F22A	Q2/F21A	Date	May 27, 2022
CIBC Est.	$0.90	$3.78	$4.08	$0.99	$0.84	Time	10:00 AM
Consensus	$0.90	$3.85	$4.26			Number	647-427-7450 (51675710#)
Difference	($0.00)	($0.07)	($0.18)			Alternate	(888) 390-0546

Source: Company reports and CIBC World Markets Inc.

Investment Thesis

1. All eyes on loan growth. CWB reported weaker-than-expected loan growth at 1.4% Q/Q in FQ1 (9.3% Y/Y), short of our expectations for 10% annualized growth and below management guidance of double digit growth in F2022. CWB's loan growth was also much lower than the average Big Six growth of nearly 4% Q/Q. March OSFI data didn't show significant improvement as growth over the first two months in the quarter was only 1.3%. As management remained confident in its guidance as of last quarter, FQ2 will be very important to see if guidance is achievable given the change in economic outlook.

2. High expenses make positive operating leverage difficult. Non-interest expenses were up 13% Y/Y in FQ1, largely due to continued investments (AIRB, tech, branches, etc.) plus inflation impacts. While continued investment is a good thing, it will make positive operating leverage very difficult. We forecast expenses will remain in the double digits Y/Y for the rest of F2022, leading to an operating leverage of negative 4% in FQ2 (comparable to last quarter) and negative 3% for the full year.

3. Capital is not a strength for now. CWB has the lowest CET1 ratio out of all the banks at 9.0%. Last year, CWB issued an ATM to support loan growth and conserve capital, which we still view as earnings accretive. However, with credit risks normalizing and likely to rise as the economy slows or heads into a recession, the low CET1 ratio could be viewed as a relative negative. Higher credit risk with loan growth will inflate credit RWAs and lower the CET1 ratio, and additional allowances will slow organic capital generation. While we don't see a significant impact this quarter, this is a looming future concern.

4. **Higher impairments are a risk.** Based on our analysis, CWB has released the majority of its allowance build-up from F2020. Given the loan mix of mostly commercial loans (a higher risk category), higher impairments could be a future earnings risk. As current impairment and delinquency trends are still under historical average, we don't see a need for concern yet, but there could be a turn in the credit cycle in F2023. For FQ2, we forecast a PCL ratio at 14bps.

5. Valuations still look good. CWB is trading at 8.0x P/E (NTM consensus), a 22% discount to the Big Six. This compares to a five-year average of 10.2x and an average discount of only 6% over time. During the pandemic months, CWB traded at 7.2x and had an average discount of 26%. While there are some additional risks to CWB in a recessionary scenario, we believe the valuation multiple has already been penalized on a relative basis.

Laurentian Bank

Exhibit 15: LB – Quarterly Expectations And Call Times – Q2/22

	Adjusted Cash EPS Estimates					Conference Call	
	Q2/F22E	F2022E	F2023E	Q1/F22A	Q2/F21A	Date	June 1, 2022
CIBC Est.	$1.19	$4.84	$5.17	$1.26	$1.23	Time	9:00 AM
Consensus	$1.16	$4.85	$5.14			Number	800-289-0720 (7622290#)
Difference	$0.03	($0.01)	$0.03			Alternate	

Source: Company reports and CIBC World Markets Inc.

Investment Thesis

1. Retail banking to be further challenged by the economic environment. As a part of management's strategic plan, the goal was to stabilize the retail banking business and reposition for growth. However, given economic headwinds this looks to be a much harder task. Last quarter, LB reported a 4% decline in personal lending, and over 2% decline in residential mortgages in FQ1, relative to the Big Six average of positive 2% growth in both categories. With higher interest rates and already cooling housing market, it will be harder for LB to compete with peers that already have a strong foothold in the market. On the deposits side, LB experienced strong personal deposit growth of nearly 4% last quarter, a big improvement for the bank. However, with higher rates and inflation, deposits growth will likely slow or even contract. Overall, the retail banking recovery may take longer than expected.

2. Commercial business remains a strength. LB reported very strong commercial loan growth and business deposit growth last quarter of nearly 9%, both better than the Big Six. While management mentioned that part of the loan growth was due to seasonality in the business and we should see a slowdown in coming quarters, FQ1 results further demonstrate that LB's commercial bank continues to perform well. Based on March OFSI data, LB generated commercial loan growth of near 7% over the first two months, better than the Big Six average of 2.5%. While supply chain and inflation risks are still potential headwinds, we believe LB is in a better position to compete for market share in this business given a specialized focus and client base.

3. Credit allowance buffer looks sufficient. LB looks fairly well covered in terms of credit risk, as its current performing ACL ratio is at 35 bps as of FQ1, much higher than its pre-pandemic level of 19bps. Its important to point out LB had a modelling change in FQ4/21 that resulted in a substantial build up. In FQ1, LB also further increased performing allowances, largely due to commercial loan growth, with some offset from performing allowance releases in its existing portfolio. Given LB's continued commercial loan growth, weaker economic environment and gradual normalizing credit environment assumptions, we expect PCLs to come in at 16bps, compared to 11bps in FQ1.

4. Positive operating leverage should be achievable. With the restructuring charge taken in late F2021, higher interest rates and better-than-expected capital markets activity, we believe management's guidance of positive operating leverage is very achievable. We forecast operating leverage above 2% in FQ2, comparable to last quarter. For the full year, we have operating leverage above 1%, and operating efficiency at 67%, both in line with guidance.

5. Deposit growth will be important for NIM expansion. Management guided to >1.85% NIM in 2022, with a medium-term goal of >1.90%. We believe this is achievable with the help of consistent deposit growth, which helps contain the cost of funding. NIM came in at 1.88% in FQ1, a 5bps Q/Q improvement due to better commercial lending growth, as well as a lower cost of funding. As management suggested slightly lower NIM in Q2 and Q3 due to slower loan growth (from seasonality), maintaining steady deposit growth will even more important to keep on track.

Price Target Calculation - BMO

We are revising our price target from $150 to $142 as a result of realigning our industry valuation multiple to price in recessionary risks. We derive our $142 price target by applying a 10.1x P/E multiple to our F2023 EPS estimate of $14.08. The target multiple is slightly lower than the historical valuation for the bank given the Bank of the West transaction risk.

Key Risks To Price Target - BMO

The primary risks to our price target include acquisition risks, a delayed or slower-than-expected rebound in commercial loan growth, a significant increase in PCLs beyond our expectations, prolonged capital market activity weakness, rapid and substantial changes in global interest rates, key personnel changes, and changes in business strategy

Price Target Calculation - BNS

We are revising our price target from $94 to $86 as a result of realigning our industry valuation multiple to price in recessionary risks. We derive our $86 price target by applying a 9.9x P/E multiple to our F2023 EPS estimate of $8.67. The target multiple is slightly below the historical valuation for the bank relative to peers given the bank's sensitivity to recessionary times.

Key Risks To Price Target - BNS

The primary risks to our price target include a significant increase in PCLs beyond our expectations, prolonged capital market activity weakness, rapid and substantial changes in global interest rates, key personnel changes, changes in business strategy, and instability in select international markets.

Price Target Calculation - NA

We are revising our price target from $102 to $100 as a result of realigning our industry valuation multiple to price in recessionary risks. We derive our $100 price target by applying a 10.5x P/E multiple to our F2023 EPS estimate of $9.55. The target multiple is slightly higher than the historical for the bank given the bank's revenue mix.

Key Risks To Price Target - NA

The primary risks to our price target include a significant increase in PCLs beyond our expectations, prolonged capital market activity weakness, rapid and substantial changes in global interest rates, key personnel changes, and changes in business strategy.

Price Target Calculation - RY

We are revising our price target from $149 to $146 as a result of realigning our industry valuation multiple to price in recessionary risks. We derive our $146 price target by applying a 12.1x P/E multiple to our F2023 EPS estimate of $12.06. The target multiple is a 15% premium for the bank, higher than the historical premium due to RY's strong balance sheet position.

Key Risks To Price Target - RY

The primary risks to our price target include a significant increase in PCLs beyond our expectations, prolonged capital market activity weakness, rapid and substantial changes in global interest rates, key personnel changes, and changes in business strategy.

Price Target Calculation - TD

We are revising our price target from $103 to $100 as a result of realigning our industry valuation multiple to price in recessionary risks. We derive our $100 price target by applying a 11.0 P/E multiple to earnings excluding Schwab (resulting in $87) and then adding the value of TD's stake in Schwab at the consensus target price ($13 per TD share).

Key Risks To Price Target - TD

The primary risks to our price target include a significant increase in PCLs beyond our expectations, prolonged capital market activity weakness, rapid and substantial changes in global interest rates, weaker performance from Schwab, key personnel changes, and changes in business strategy.

Price Target Calculation - CWB

We are revising our price target from $38 to $34 as a result of realigning our industry valuation multiple to price in recessionary risks. We derive our $34 price target by applying an 8.4x P/E multiple to our F2023 EPS estimate of $4.08. The target multiple is a 20% discount to peers, which compares to a 6% five-year average historical discount for the bank given the higher sensitivity to recessionary risks.

Key Risks To Price Target - CWB

The primary risks to our price target include a significant increase in PCLs beyond our expectations, rapid and substantial changes in Canadian interest rates, key personnel changes, changes in business strategy, inability to transition to AIRB, prolonged weakness in commodity prices, and prolonged weakness in Western Canadian economic growth.

Price Target Calculation - LB

We are revising our price target from $44 to $41 as a result of realigning our industry valuation multiple to price in recessionary risks. We derive our $41 price target by applying an 8.0x PE multiple to our F2023 EPS estimate of $5.17.

Key Risks To Price Target - LB

The primary risks to our price target include a significant increase in PCLs beyond our expectations, prolonged capital market activity weakness, rapid and substantial changes in global interest rates, key personnel changes, and changes in business strategy. Upside risks to our price target and rating relate to the bank's ability to navigate the execution of the strategic plan. Continued low levels of provisioning relative to the Big Six banks would be viewed positively. Additionally, success in lowering the efficiency ratio permanently would be viewed positively and would require progress on both revenues (e.g. consistent loan growth, improvements in the margin) and expenses.

CIBC Ratings and Price Targets

Ticker	Price	Price Target Prior	Price Target Current	Rating Prior	Rating Current
BMO-CA	C$132.86	C$150.00	C$142.00	Neutral	Neutral
BNS-CA	C$81.45	C$94.00	C$86.00	Neutral	Neutral
CWB-CA	C$32.22	C$38.00	C$34.00	Neutral	Neutral
LB-CA	C$38.06	C$44.00	C$41.00	Neutral	Neutral
NA-CA	C$90.79	C$102.00	C$100.00	Outperformer	Outperformer
RY-CA	C$126.89	C$149.00	C$146.00	Outperformer	Outperformer
TD-CA	C$92.14	C$103.00	C$100.00	Neutral	Neutral

Source: Company reports and CIBC World Markets Inc.

Changes To CIBC Estimates

Ticker	Earnings Type	FYE	2020 Prior	2020 Current	2021 Prior	2021 Current	2022 Prior	2022 Current
BMO-CA	Adj. EPS	Oct	C$7.71	C$7.71	C$12.96	C$12.96	C$14.14	C$14.03
BNS-CA	Adj. EPS	Oct	C$5.34	C$5.34	C$7.88	C$7.88	C$8.53	C$8.41
CWB-CA	Adj. EPS	Oct	C$2.93	C$2.93	C$3.81	C$3.81	C$3.88	C$3.78
LB-CA	Adj. EPS	Oct	C$2.93	C$2.93	C$4.57	C$4.57	C$4.93	C$4.84
NA-CA	Adj. EPS	Oct	C$6.05	C$6.05	C$8.98	C$8.98	C$9.43	C$9.40
RY-CA	Adj. EPS	Oct	C$7.96	C$7.96	C$11.26	C$11.26	C$11.37	C$11.25
TD-CA	Adj. EPS	Oct	C$5.45	C$5.45	C$7.99	C$7.99	C$8.32	C$8.24

Source: Company reports and CIBC World Markets Inc.

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Outperformer	OP	Stock is expected to outperform similar stocks in the coverage universe during the next 12-18 months.
Neutral	NT	Stock is expected to perform in line with similar stocks in the coverage universe during the next 12-18 months.
Underperformer	UN	Stock is expected to underperform similar stocks in the coverage universe during the next 12-18 months.
Tender	TR	Shareholders are advised to tender shares to a specific offer as we do not believe a superior offer will materialize.
Not Rated	NR	CIBC World Markets does not maintain an investment recommendation on the stock.
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Overweight	O	Sector is expected to outperform the broader market averages.
Marketweight	M	Sector is expected to equal the performance of the broader market averages.
Underweight	U	Sector is expected to underperform the broader market averages.
None	NA	Sector rating is not applicable.

Note: Broader market averages refer to S&P 500 in the U.S. and S&P/TSX Composite in Canada.

CIBC World Markets Inc. Price Chart

For price and performance charts, please visit CIBC on the web at https://researchcentral.cibccm.com/#/disclaimer-central-new or write to CIBC World Markets Inc., 161 Bay Street, 4th Floor, Toronto, ON M5H 2S8, Attn: Research Disclosure Chart Request.

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Underperformer	9	2.9%	Underperformer	9	100.0%
Tender	2	0.7%	Tender	2	100.0%
Restricted	4	1.3%	Restricted	4	100.0%

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