

CIBC Risk Assessment Report

CIBC Lending Policy - Credit Risk Standards

Document Version: 2024.2

Last Updated: July 1, 2024

Classification: Internal Use Only

This document outlines CIBC's lending standards and credit risk management framework across all retail and commercial lending products.

Credit Score Requirements

Minimum Credit Score Thresholds (Updated July 2024):

Mortgage Products:

- Prime mortgages: 680 minimum (increased from 650)
- Alt-A mortgages: 620 minimum
- Maximum LTV: 80% (95% with CMHC insurance)

Personal Loans:

- Unsecured personal loans: 680 minimum (increased from 640)
- Secured personal loans: 620 minimum
- Maximum loan amount: \$50,000 unsecured

Auto Loans:

- New vehicles: 660 minimum
- Used vehicles: 680 minimum
- Maximum term: 72 months (84 months requires executive approval)

Small Business Loans:

- Minimum personal credit score: 680
- Business credit score: 70+ (Paydex equivalent)
- Minimum 2 years operating history

Credit Cards:

- Prime cards: 700 minimum
- Standard cards: 660 minimum
- Secured cards: No minimum (requires security deposit)

Debt-to-Income Ratio Requirements

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Maximum DTI Ratios (Updated July 2024):

Mortgage Products:

- GDS (Gross Debt Service): 32% maximum
- TDS (Total Debt Service): 38% maximum (reduced from 42%)
- Stress test: Must qualify at 5.25% or contract rate + 2%, whichever is higher

All Other Products:

- Maximum TDS: 38% including new debt obligation
- High-income exception: 42% for borrowers with income >\$150K and credit score >750

Income Verification Standards

Required Documentation:

Salaried Employees (Minimum 2 years continuous employment):

- Two most recent pay stubs
- T4 for previous tax year
- Letter of employment
- Optional: ROE if employment gap exists

Self-Employed / Commission-Based (Minimum 2 years self-employment):

- Two years of complete tax returns (T1 General + NOAs)
- Financial statements (if incorporated)
- Bank statements (6 months) showing income deposits
- Business license/registration

Additional verification required for:

- Rental income: Lease agreements + tax returns
- Investment income: Portfolio statements + T3/T5 slips
- Pension income: Pension statements or direct confirmation

Risk-Based Pricing Matrix

Interest Rate Adjustments Based on Risk Profile:

Credit Score Tiers:

- 750+: Prime rate

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- 700-749: Prime + 0.25%
- 680-699: Prime + 0.50%
- 650-679: Prime + 0.75%
- 620-649: Prime + 1.25%
- Below 620: Declined or alternative products only

LTV Adjustments (Mortgages):

- 0-65% LTV: Best rate
- 65-80% LTV: +0.10%
- 80-90% LTV: +0.20% (requires insurance)
- 90-95% LTV: +0.30% (requires insurance)

DTI Adjustments:

- DTI <32%: Standard rate
- DTI 32-38%: +0.15%
- DTI 38-42%: +0.35% (executive approval required)

Portfolio Concentration Limits

Maximum Exposure Limits to Prevent Concentration Risk:

Geographic:

- No single province >45% of total portfolio
- No single metropolitan area >25% of total portfolio

Industry (Small Business):

- No single industry >20% of small business portfolio
- High-risk industries (retail, hospitality) capped at 15% combined

Product:

- Unsecured products <30% of total retail portfolio
- Subprime products <10% of total retail portfolio

Single Borrower:

- Retail: \$2M maximum unsecured, \$5M maximum secured
- Small business: \$10M maximum (requires executive approval above \$5M)