



CIBC Pays Executives C\$575 Million Over 9 Years, Analyst Says

By Sean B. Pasternak

Jan. 31 (Bloomberg) -- Canadian Imperial Bank of Commerce, which has had more writedowns and charges than any Canadian bank this decade, paid its top executives about C\$575 million (\$573 million) over the last nine years, a study by an independent analyst shows.

The report by Diane Urquhart lists total compensation for 12 current and former executives, including Chief Executive Officer Gerald McCaughey, who was awarded C\$102.9 million over the period, according to Urquhart's calculations.

Urquhart, a former director of equity research at Scotia Capital and Burns Fry Ltd., said the Toronto-based bank rewarded senior executives even as it recorded debt writedowns and other costs.

Charges taken by the bank include \$2.4 billion in 2005 to settle claims related to energy trader Enron Corp., a record one-time cost for a Canadian bank. The lender has also announced about \$3.2 billion in pretax writedowns on investments tied to the U.S. subprime mortgage market.

"There are no significant financial consequences for CIBC top executive officers supervising excessively risky activities which cause massive losses," Urquhart wrote in a report dated Feb. 1.

In her study, Urquhart made assumptions about parts of McCaughey's 2007 compensation, such as bonuses, which won't be determined until the end of the fiscal year. In 2006, his first full year as CEO, he was awarded C\$9.05 million in salary, bonus and stock-based compensation, CIBC said yesterday.

McCaughey was the third-highest paid bank CEO in Canada that year, trailing Gordon Nixon at Royal Bank of Canada and Edmund Clark at Toronto-Dominion Bank, according to bank filings.

Merchant Banking

Compensation for some CIBC executives included about C\$140 million awarded from the bank's now-defunct "Special Incentive Plan" that paid out a share of profit from merchant-banking positions, Urquhart said.

CIBC spokesman Rob McLeod referred to a bank filing yesterday, stating the firm "is committed to providing competitive compensation, for both the executive and broader employee populations, that is competitive with market practice and adjusted as appropriate to align with performance."

Urquhart hasn't done a similar study for any other Canadian bank. Canadian Imperial is Canada's fifth-biggest bank by assets.

Canadian Imperial rose 98 cents, or 1.4 percent, to C\$69.68 at 2:46 p.m. trading on the Toronto Stock Exchange, and has fallen by almost a third in the past year, the worst performer among Canadian bank stocks.

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