

CIBC eyeing billion-dollar acquisitions as it seeks to boost profit

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TORONTO — Canadian Imperial Bank of Commerce said it was seeking acquisitions valued at more than \$1-billion as it tries to boost the amount of profit it generates from wealth management.

“Much of the growth that we are planning will come from the U.S. and will be focused on asset management, private wealth management and private banking,” Chief Executive Officer Gerry McCaughey said on Wednesday.

The bank is also targeting acquisitions in Canada, he told the Scotiabank financials summit in Toronto.

CIBC is focusing on wealth management because it offers steady fee-based income and requires very little capital to run, which is appealing under new global Basel III rules that force banks to hold more capital on their balance sheets.

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The shift toward larger deals comes as CIBC plans to increase the percentage of overall profit it derives from its wealth management unit to more than 15% from the current level of 11 percent, McCaughey said.

“As we have worked through the universe of potential acquisitions, it has become clear that choices improve as we expand the size of the universe under consideration,” he said.

“We are now open to considering acquisitions in excess of \$1-billion that would accelerate how fast we get to 15%.”

CIBC, Canada’s fifth-largest lender, is the least internationally focused of Canada’s big five banks. It bills itself as the lowest-risk player of the group.

While rivals like Bank of Nova Scotia and Toronto-Dominion have aggressively sought assets in Latin America and the United States, CIBC has limited itself to smaller targets, largely in wealth management.

The largest deal of the last few years was its \$848-million acquisition of 41 percent of American Century investments in 2011. Most recently, it said in April that it would acquire wealth firm Atlantic Private Wealth Management for US\$210 million.

Last week, CIBC reported stronger-

than-expected quarterly results because of higher retail banking and wealth management income.

Its shares were down 2 cents at \$82.08 on the Toronto Stock Exchange.

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