



## Does Canadian Imperial Bank of Commerce Belong in Your Portfolio?

### Description

**Canadian Imperial Bank of Commerce** ([TSX: CM](#))([NYSE: CM](#)), Canada's fifth largest bank in terms of total assets, released fourth-quarter earnings on December 4 and the results came in mixed compared to the expectations of analysts. The company's stock has reacted by falling about 5% in the trading days since, so let's break down the report to determine if now is the time to initiate long-term positions.

### Breaking down the fourth-quarter report

Here's a full breakdown of the most important statistics and updates from CIBC's fourth-quarter earnings report compared to what analysts had expected and its results in the same period a year ago.

Metric	Reported	Expected	Year-Ago
Earnings Per Share	\$2.24	\$2.25	\$2.19
Revenue	\$3.42 billion	\$3.41 billion	\$3.28 billion

Source: *Financial Times*

CIBC's adjusted earnings per share increased 2.3% and its adjusted revenue increased 4.3% compared to the fourth quarter of fiscal 2013. Adjusted net income increased 0.3% to \$911 million, which was led by 18.1% growth in the company's Wealth Management segment, but held back by a 2.5% decline in its Retail and Business Banking segment and a 0.5% decline in its Wholesale Banking segment.

CIBC noted that its strong performance in wealth management can be attributed to its ongoing innovation to enhance the client experience, as well as the positive impact of its acquisition of Atlantic Trust which closed earlier this year.

Here's a quick breakdown of seven other very important statistics and ratios from the report:

- Total assets increased 4.2% to \$414.90 billion compared to \$398.01 billion in the year-ago period.

- Total deposits increased 3.2% to \$325.39 billion compared to \$315.16 billion in the year-ago period.
- Total loans and acceptances increased 4.6% to \$268.24 billion compared to \$256.38 billion in the year-ago period.
- Net interest margin of 1.78% compared to 1.85% in the year-ago period.
- Adjusted efficiency ratio of 60.4% compared to 56.7% in the year-ago period.
- Adjusted return on equity of 20.1% compared to 21.9% in the year-ago period.
- Book value per share increased 9.8% to \$44.30 compared to \$40.36 in the year-ago period.

### Should you be a buyer of CIBC today?

Canadian Imperial Bank of Commerce is the fifth largest bank in Canada and the growing demand for its wealth management services led it to a strong performance in the fourth quarter. However, the company's results came in mixed compared to expectations, so its stock has reacted by falling about 5% in the days since the release.

I think CIBC represents an intriguing investment opportunity today, because its stock trades at inexpensive valuations, including just 10.9 times fiscal 2015's earnings estimates, a mere 10.2 times fiscal 2016's earnings estimates, and only 2.3 times its book value per share, and because it has a bountiful 4.1% dividend yield at current levels. Long-term investors should take a closer look and strongly consider initiating positions in the days ahead.

### CATEGORY

1. Bank Stocks
2. Investing

### TICKERS GLOBAL

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2. TSX:CM (Canadian Imperial Bank of Commerce)

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