



## RRSP Investors: Should You Buy Canadian Imperial Bank of Commerce?

### Description

Canadian investors are searching for quality stocks to add to their [RRSP](#) portfolios.

Let's take a look at **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) to see if it is an attractive pick today.

### Earnings

CIBC reported fiscal Q4 2017 net income of \$1.16 billion compared to \$931 million in the same period last year.

Canadian personal and small business banking posted similar year-over-year results. The capital markets division saw a drop in net income, while the Canadian commercial banking and wealth management group had a much stronger quarter.

### Growth

The big story for CIBC in 2017 was the company's purchase of Chicago-based PrivateBancorp for \$5 billion. CIBC had to raise its initial bid for the American company, but it finally got the deal done and now has a strong U.S. base to expand its presence in the sector.

Later in the year, CIBC closed its acquisition of Geneva Advisors. The independent private wealth management firm added 100 employees to the company's existing Atlantic Trust team.

The deals provide some balance for CIBC's revenue stream, which relies heavily on its Canadian operations. Commercial banking and wealth management in the U.S. group added \$107 million in net income in fiscal Q4 2017.

Investors could see more deals south of the border in the next few years.

CIBC is also boosting its presence in the technology sector through the recent acquisition of Wellington Financial.

## Risks

CIBC's stock took a hit through the middle part of 2017, as investors worried about the company's heavy exposure to the Canadian housing market.

Rising interest rates could put some homeowners in a tight spot, but CIBC's mortgage portfolio is capable of handling a downturn in house prices. Most analysts expect the housing market to cool off at a measured pace.

## Dividends

CIBC has a strong track record of [dividend growth](#). The company recently raised the quarterly payout to \$1.30 per share. At the time of writing, the stock provides a yield of 4.2%

## Should you buy?

CIBC's stock has recovered nicely in recent months, surging from \$104 in early September to the current price of \$123 per share.

Investors who stepped in at the 2017 low have done well, but more upside could be on the way. The 12-month trailing price-to-earnings ratio is still below 11, so CIBC continues to sell at a lower multiple than its larger Canadian peers.

The dividend should be very safe, and the addition of the U.S. assets provide a better hedge against any downturn in the Canadian economy.

If you have some cash on the sidelines, CIBC might be a good buy-and-hold choice for your RRSP this year.

## CATEGORY

1. Dividend Stocks
2. Investing

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

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