This Bank Is a Great Buy for Growth and Dividends

Description

There are many benefits to investing in Canada's big banks, and most of us have wisely added one or more to our portfolios. **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) has, for the most part, avoided much of the fanfare and coverage that many of its larger peers have garnered.

That's a shame, because CIBC is a great investment option that is unique from its peers, and it will surprise some investors.

Here's a look at what CIBC offers and why the bank is a great investment opportunity.

Strong results

CIBC's first-quarter results last month opened earnings season in a big way. Canada's fifth-largest lender reported stronger-than-expected results, which were fueled largely in part thanks to the bank's acquisition of PrivateBancorp, which was completed last year.

Earnings for the quarter topped $1.33 billion, or $2.95 per share, which was a decrease of 5.6% over the same quarter last year. Once one-time gains and changes to U.S. tax laws are factored in, CIBC ends with an impressive $1.43 billion, or $3.18 per share, surpassing the $2.83 per share that analysts were forecasting.

Growth and income prospects

The PrivateBancorp acquisition was significant for two reasons, and both of those reasons play into why CIBC is such a great growth pick.

First, PrivateBancorp exposed CIBC to the U.S. market, which offsets the slowing mortgage market in Canada. CIBC has a greater exposure to the mortgage market than any of its peers, and introducing a new revenue stream from the U.S. market will continue to provide a boost to earnings, even if the mortgage market in Canada continues to cool.

CIBC's growing exposure to the U.S. market cannot be understated. In recent years, most of Canada's big banks have been staking claims over large swaths of the U.S., expanding into specific areas of the country. With rising interest rates, a larger client base, and a lower-risk mortgage portfolio, the prospects for CIBC operating and expanding within the U.S. market are huge.

In terms of a dividend, CIBC already offers one of the best dividends in the financial space, and after the most recent hike last month, the yield has hit a very attractive 4.58%, which continues a series of annual (or better) increases that go back nearly a decade.

Opportunity is calling

Year to date, CIBC has dropped just over 5%, but this is indicative of the market as a whole, which has exposed several great buying opportunities. Investors contemplating CIBC should view the current pullback as an opportunity to acquire a great stock at a discounted price, as CIBC remains, an excellent long-term investment.

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dafxentiou