



Canadian Imperial Bank of Commerce's Q2 Results Could Send the Stock Soaring!

Description

Canadian Imperial Bank of Commerce ([TSX:CM](#))([NYSE:CM](#)) released its second-quarter earnings on Wednesday, which were strong as the bank continued to show strong growth. However, despite a good showing, the stock price was down 1.5% by the close of the day, as investors remained hesitant about buying the stock.

Overall, CIBC had a strong quarter across most of its segments, with profits up 26% year-over-year. The bank's adjusted earnings per share came in at \$2.95, which was well above the \$2.81 expected by analysts.

The biggest improvement came from the company's operations south of the border, where income was up a staggering 431%. As a result of its acquisition of PrivateBancorp, Inc., which has been the driving force behind the bank's strong results, CIBC now has a strong presence south of the border, which will help it continue to grow. In fact, it's one of the reasons the stock might be a [better buy than its peers](#).

CIBC President and CEO Victor Dodig was impressed with the results, stating that "Our U.S. commercial banking and wealth management businesses are exceeding our expectations, as our team continues to expand the relationships with our clients and build out cross-border flows."

What about the other segments?

Domestically, CIBC performed well in the personal and small business banking segment, and saw profits rise 16% from a year ago as the company was able to take advantage of higher spreads and fees, while also seeing more volume come through its doors. In its commercial banking and wealth management division, CIBC saw a more modest growth of 9%, as it also saw more activity in this segment and was able to grow its profits by charging higher fees.

CIBC's capital markets segment was the lone blemish this quarter, dropping 7%, as the company had a higher effective tax rate in Q2 and saw non-interest expenses rise as well.

However, CIBC had a lot more positives than it did negatives this quarter, and investors should be

optimistic about the bank's long-term potential, especially as it continues to build its brand south of the border.

Investors remain concerned about mortgage growth

One reason the stock may have not taken off on these results is that investors are still concerned about the fallout that higher interest rates and tighter mortgage rules will have on sales growth. It's still early, and it's likely we'll see more of an impact on financials toward the latter half of the year. CIBC did see mortgage growth start to slow down this quarter, but was hesitant to sound alarm bells just yet, as it remains optimistic that activity levels will pick up.

Dodig remained optimistic, stating that "Even if mortgage growth slows... I believe that we can continue to deliver in the five to seven per cent range or better."

Is CIBC a buy on these results?

The bank put in a great performance this past quarter. It's a very appealing buy, as it offers some great prospects for growth. I think it's one of the [best](#) dividend stocks on the TSX.

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