

This Bank Is a Long-Term Income- and Growth-Generating Gem

Description

There's still a little over a month to go before **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) reports on the third fiscal quarter of 2018, but that hasn't stopped potential investors from contemplating whether CIBC continues to be a good investment.

I've long held the position that CIBC is a great long-term investment for both income- and growth-seeking investors, and I can attribute that position to the following key points.

CIBC's long overdue expansion is paying dividends ... literally

CIBC caught the attention of investors earlier this year, as the bank finally completed the behemoth acquisition of U.S.-based PrivateBancorp, which was [announced last year](#).

The acquisition was significant because it represented CIBC's long overdue re-entry into the U.S. market, where many of its peers have been enjoying deposit and loan growth for several years since the end of the Great Recession.

CIBC's expansion also provided some investor relief from the cooling mortgage market at home, as the bank has a larger mortgage book than many of its peers, and diversifying into another market eased some of those concerns.

CIBC continues to shatter records during earnings season

In the most recent quarter, CIBC surpassed the expectations of analysts and its own prior-year performance by a fair margin. Adjusted earnings topped \$1.32 billion, or \$2.95 per share, handily beating both the \$2.64 per share reported in the same quarter last year and the \$2.81 per share that analysts were predicting.

CIBC also witnessed double-digit growth across the board, with the commercial banking and wealth management arm's \$310 million in profit being the lone holdout at just a 9% improvement over the same period last year.

By way of comparison, the Canadian personal and small business segment witnessed gains of 16% over the same quarter last year, while the U.S. commercial banking segment saw a whopping 431% increase to \$138 million over the same period last year.

CIBC is a great dividend investment

The big banks have some of the most impressive dividends on the market, and they are exceptionally better than their peers across the border that offer paltry yields.

CIBC has offered annual or better increases to its quarterly dividend, which currently pays out an impressive 4.62% yield. The most recent uptick to that dividend came last fall — the third increase in

the past six quarters.

If that isn't reason enough to consider CIBC as a great income investment, then perhaps CIBC's plans to buy back shares is.

In the most recent quarter, CEO Victor Dodig made a note of saying that CIBC has made efforts to buy back 2% of all outstanding shares, which, at the time, meant as many as nine million shares.

In my opinion, CIBC remains an excellent long-term investment for both [income- and growth-seeking investors](#).

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