Attention Investors: Canadian Imperial Bank of Commerce (TSX:CM) Is Yielding Over 6%!

Description

In these uncertain times, everyone is feeling the uncertainty. Stock prices are extremely volatile, and sometimes it's hard to know where to turn.

Have you thought about turning to a high-yielding bank stock? One has been around since 1867, and it survived the 2008 crisis and came out at the other end better for it. **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) stock is yielding 6.22% today!

I say, stick to the plan. Find those stocks that have risk mitigating factors in their favour. Close your eyes and hold your breath. Then take the plunge. In the long run, you will be thankful for finding this strength.

Canadian Imperial Bank of Commerce stock is yielding a juicy 6.22%

The world is not ending, despite the many problems we are facing today. This is true. Every crisis passes, economies and societies recover, and things move forward again. Wouldn't you prefer to buy when the market is reflecting maximum fear? The answer is yes, because it is in these times that you get the best deals.

In the 2008 crisis, Canadian Imperial Bank of Commerce stock fell 43% over the period of nine months. This time, due to the instantaneous closure of economies because of the coronavirus, the stock fell 35% in less than a month. The stock remains vulnerable but also attractive.

There are two major differences compared to the 2008 crisis. First, the government is providing a significant amount of stimulus. Second, Canadian banks today are even more prepared to maintain their financial health and liquidity. This is partly due to regulations that were enacted after the 2008 crisis. It's also due to the banks themselves. For its part, Canadian Imperial Bank of Commerce really transformed itself, moving away from its more risk-taking past.

Today, this bank stock is still tainted a bit by its past, which has meant that this bank stock usually trades at a discount to the other big bank stocks. CIBC stock is also the highest-yielding bank. It is now a well-capitalized bank that is financially sound.

Prudent growth means a steady future

Today, in this new crisis, CIBC is seeing the fruits of its labour from so many years ago. While provisions spiked up significantly in the second quarter, the make-up of its loans is different. The risks inherent in its clients is lower. Provision losses will likely not come anywhere near the 7-8% hit in the 2008 crisis.

CIBC remains more exposed than its peers to the Canadian consumer and to personal/mortgage lending. This was already a cause for concern, and with the crisis today, it is even more so. On the bright side, the bank's U.S. acquisition PrivateBancorp, is delivering strong results. The only problem there is that it only accounts for 10% of total revenue.

There are no simple answers. Yes, the Canadian banks are in for a rough ride. But they are also the backbone of the economy, and they have government support to get through this.

Foolish bottom line

It is worthwhile to add to positions in top institutions that have risk-mitigating qualities. CIBC stock is a bank stock that has some good ones, including its generous dividend yield. Investors who buy today will be richer for it in the long run.

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