Why Canadian Imperial Bank of Commerce Stock Climbed 39% in 2021

Description

The Big Six banks did well coming out of the pandemic. Provisions for loan losses were put in place for a potential market crash, and it helped. Companies like **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) managed to reach pre-pandemic share prices within a year.

CIBC climbed 39% in 2021 alone. But is it all to do with just an economic rebound? Or is more going on with this top financial institution?

Better than expected

A lot of analysts thought CIBC wouldn't fare so well during the pandemic — especially as a housing crash seemed to be in the books. However, CIBC managed to stay on top, with solid risk-management practices that kept it in its position as the fifth-largest bank in Canada.

But it's not the past that Motley Fool investors should be watching; it's the future. That's what the company's new logo is meant to represent, according to management. This comes as the company begins its expansion across North America, specifically in the United States.

Furthermore, CIBC wants to begin attracting investors looking to get in on renewable energy. The bank recently announced a $100 million key climate tech and energy transition fund. This will allow the bank to transition itself from investing in fossil fuels to renewable energy in the future.

Solid results

The Big Six bank performed well during its earnings reports this year. CIBC released its most recent results last month, with adjusted net income climbing 23% year over year. Further, personal and business banking saw a climb of 40% in profit growth, and its U.S. commercial banking soared 124% to $976 million!

Now, the bank is "well positioned for growth," according to management. CIBC continues to find new ways of investing in the growing opportunity that is currently ripe with opportunity. At the same time, it wants to maintain its position as a fairly conservative bank, with a focus on Canada.

Value on value

Yet despite all this growth, CIBC is a valuable stock anyone would want in their portfolio. It currently trades at 10.74 times earnings, putting it well into value territory. Furthermore, it recently increased its dividend to now offer Motley Fool investors a yield of 4.37%. It remains the highest dividend among the Big Six at $6.44 per share per year.

But it's more than just the fundamentals and current dividend that Motley Fool investors should consider. It's everything combined. CIBC took the opportunity to grow in 2021, as did many other Big Six banks. It's now going to prove that these investments were worth their time. And that could mean some large numbers continue to be posted during 2022 as well.

If you're an investor looking for a valuable long-term stock, then I would absolutely consider CIBC. You get a valuable share price, solid returns, and growth for this year and well beyond. As the company continues to transition to new and emerging markets and industries, this will be a solid long-term hold that any Motley Fool investor will be happy to own.

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