



# Canadian Imperial Bank of Commerce (CM)

Updated June 4<sup>th</sup>, 2025 by Kay Ng

## Key Metrics

|                             |      |                                             |            |                                  |          |
|-----------------------------|------|---------------------------------------------|------------|----------------------------------|----------|
| <b>Current Price:</b>       | \$68 | <b>5 Year Annual Expected Total Return:</b> | 6.9%       | <b>Market Cap:</b>               | \$63.5B  |
| <b>Fair Value Price:</b>    | \$58 | <b>5 Year Growth Estimate:</b>              | 6.0%       | <b>Ex-Dividend Date:</b>         | 06/27/25 |
| <b>% Fair Value:</b>        | 117% | <b>5 Year Valuation Multiple Estimate:</b>  | -3.1%      | <b>Dividend Payment Date:</b>    | 07/28/25 |
| <b>Dividend Yield:</b>      | 4.2% | <b>5 Year Price Target</b>                  | \$78       | <b>Years Of Dividend Growth:</b> | 14       |
| <b>Dividend Risk Score:</b> | C    | <b>Sector:</b>                              | Financials | <b>Rating:</b>                   | Hold     |

## Overview & Current Events

Canadian Imperial Bank of Commerce is a global financial institution that provides banking and other financial services to individuals, small businesses, corporations and institutional clients. CIBC is focused on the Canadian market. The bank was founded in 1961 and is headquartered in Toronto, Canada. If not indicated otherwise, all numbers in this research report are in U.S. dollars.

CIBC reported its fiscal Q1 2025 earnings results on 5/29/25. For the quarter, the bank's revenue climbed 14% year over year ("YOY") to C\$7.0 billion. Provision for credit losses ("PCL") was C\$605 million, up 18% from a year ago. The loan loss ratio was 0.33%, up from 0.31% a year ago. And net income came in C\$2.0 billion (up 15%) with diluted earnings-per-share ("EPS") up 14% YOY to C\$2.04. Adjusted net income came in 17% higher at C\$2.0 billion. Ultimately, adjusted EPS also climbed 17% to C\$2.05. The adjusted return on equity was 13.9%, up from 13.4% a year ago. The bank's capital position remains solid with a Common Equity Tier 1 ratio of 13.4%, up from 13.1% a year ago. The net interest margin was 1.42% compared to 1.35% a year ago.

Fiscal year to date, revenue climbed 15% YOY to C\$14.3 billion, PCL rose 7.2% to C\$1.2 billion, while non-interest expense jumped 10% to C\$7.7 billion. Ultimately, net income rose 20% to C\$4.2 billion, while the adjusted EPS climbed 19% to C\$4.25. We update our fiscal 2025 EPS estimate to US\$5.80.

## Growth on a Per-Share Basis

| Year                      | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021    | 2022   | 2023   | 2024   | 2025          | 2030          |
|---------------------------|--------|--------|--------|--------|--------|--------|---------|--------|--------|--------|---------------|---------------|
| <b>EPS</b>                | \$7.06 | \$7.67 | \$8.62 | \$9.19 | \$9.04 | \$7.53 | \$11.28 | \$5.25 | \$4.96 | \$5.27 | <b>\$5.80</b> | <b>\$7.76</b> |
| <b>DPS</b>                | \$3.45 | \$3.58 | \$3.88 | \$4.13 | \$4.21 | \$4.32 | \$4.64  | \$2.52 | \$2.55 | \$2.67 | <b>\$2.84</b> | <b>\$3.80</b> |
| <b>Shares<sup>1</sup></b> | 397    | 397    | 439    | 453    | 446    | 447    | 451     | 906    | 931    | 942    | <b>934</b>    | <b>981</b>    |

In May 2022, the big Canadian bank stock had a two-for-one stock split, which is why its EPS and dividend-per-share ("DPS") appear much lower in 2022 in the table above. Stock splits do not change the valuation of the stock. The Canadian bank's goal is to grow adjusted EPS by 7-10% per year over a 3- to 5-year period under a normal cycle. However, its earnings and dividends have been bumpy due partly to the foreign exchange fluctuations between the U.S. dollar and the Canadian dollar.

From 2015 to 2024, the bank increased its EPS and DPS by 4.6% and 4.9%, respectively, per year in US\$. Fiscal 2020 was one of those abnormal years with a pandemic triggering a decline in CIBC's earnings. For the bank, one key area of growth is its loans and deposits portfolio. The increased loan book leads to higher net interest income, which is a key source of CIBC's revenues. CIBC's fiscal Q2 2025 deposits and loans & acceptances, rose 7.2% and 5.1% YOY, respectively. The bank's medium-term target for its EPS growth is 7-10% annually. We project a more conservative EPS and DPS growth rate of 6.0% through 2030.

After leading the bank for over 10 years, CEO Victor G. Dodig will be retiring in October 2025, and Harry Culham, the head of the bank's capital markets will take over the CEO role in November 2025.

<sup>1</sup> Share count is in millions.

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## Valuation Analysis

| Year      | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Now  | 2030 |
|-----------|------|------|------|------|------|------|------|------|------|------|------|------|
| Avg. P/E  | 10.8 | 10.1 | 9.9  | 10.3 | 9.2  | 8.9  | 10.9 | 10.0 | 8.3  | 10.0 | 11.7 | 10.0 |
| Avg. Yld. | 5.1% | 4.5% | 4.1% | 5.5% | 5.1% | 6.0% | 4.0% | 4.8% | 6.0% | 5.5% | 4.2% | 4.9% |

CIBC tends to trade at a lower valuation than its peers. From fiscal 2015 to 2024, its price-to-earnings averaged 9.8, while its yield averaged 5.1%. From 2020 to 2024, its P/E averaged 9.6, while its dividend yield averaged 5.3%. We think a target P/E of 10 is reasonable with a target yield of about 5%. The bank stock appears to be a bit expensive at current levels. Its yield likely won't stray far away from the 5% range in the long run. As a Canadian stock, CIBC's dividends may be subject to a 15% dividend withholding tax for U.S. investors. This can possibly be avoided by holding in CIBC in a retirement account.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

| Year   | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|--------|------|------|------|------|------|------|------|------|------|------|------|------|
| Payout | 49%  | 47%  | 45%  | 45%  | 47%  | 57%  | 41%  | 48%  | 51%  | 51%  | 49%  | 49%  |

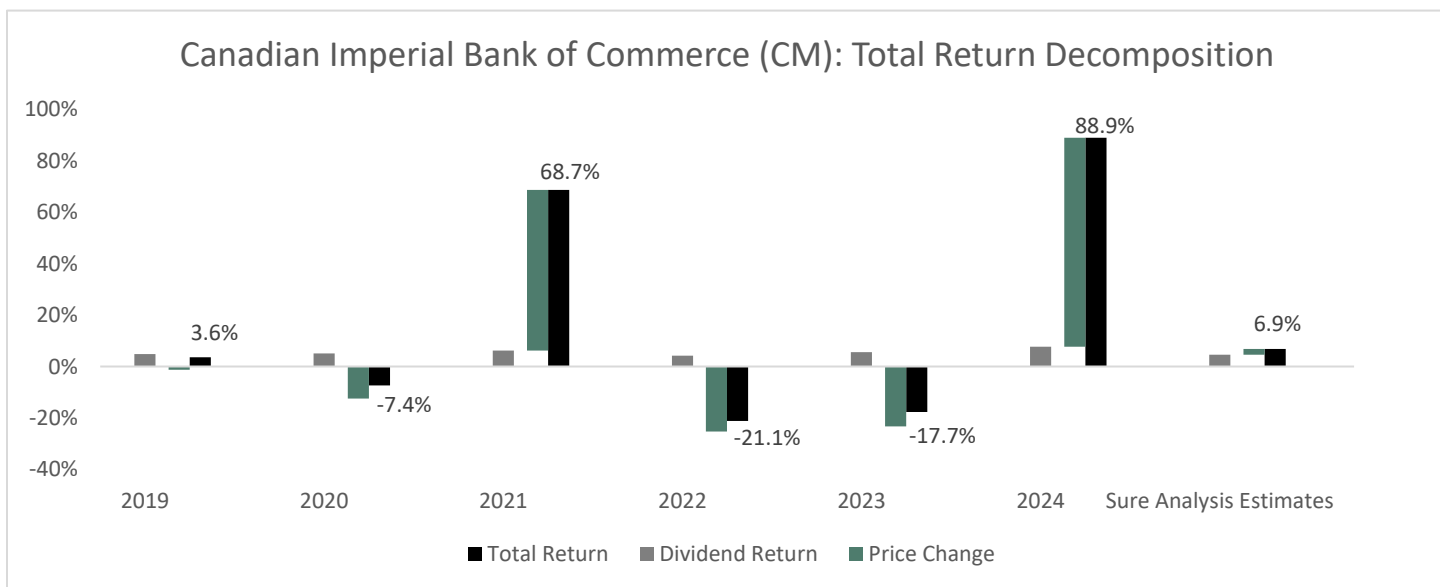
During the last financial crisis that triggered a recession in 2008/2009, the bank stock increased its dividend every year (in the local currency of Canadian dollars), except for fiscal 2009 and 2010 in which it maintained the dividend. The regulator stepped in to be prudent of the potential economic earthquake at that time. During that period, CIBC's adjusted EPS fell about 31% from fiscal 2007-2009 before recovering and having a nine-year run through fiscal 2018. In 2020, CIBC experienced an adjusted EPS decline of 19%.

CIBC is the fifth largest bank in its main market, Canada. Due to a focus on consumer banking, and especially mortgages, which usually are insured in Canada, CIBC has a relatively low-risk portfolio relative to other banks in a normal market. CIBC's performance in the last financial crisis was not good, but also not as disastrous as that of many of its North American peers.

## Final Thoughts & Recommendation

We forecast 6.9% in total returns annually over the next five years, consisting of a yield of 4.2%, 6.0% earnings-per-share growth, and a 3.1% headwind from a price-to-earnings ratio compression. We maintain a hold rating on CIBC stock.

## Total Return Breakdown by Year



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## Income Statement Metrics

| Year           | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   |
|----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Revenue        | 11,021 | 10,890 | 12,137 | 13,755 | 13,895 | 13,882 | 15,865 | 16,917 | 17,270 | 18,760 |
| SG&A Exp.      | 4,097  | 3,859  | 4,190  | 4,657  | 4,578  | 4,605  | 5,315  | 5,818  | 5,820  | 6,323  |
| D&A Exp.       | 351    | 348    | 414    | 511    | 631    | 975    | 808    | 813    | 847    | 860    |
| Net Profit     | 2,881  | 3,224  | 3,593  | 4,094  | 3,834  | 2,819  | 5,110  | 4,831  | 3,706  | 5,228  |
| Net Margin     | 26.1%  | 29.6%  | 29.6%  | 29.8%  | 27.6%  | 20.3%  | 32.2%  | 28.6%  | 21.4%  | 27.9%  |
| Free Cash Flow | 15,493 | 7,573  | 1,879  | 7,471  | 13,816 | 44,621 | -3,315 | 16,782 | 8,255  | 7,347  |
| Income Tax     | 511    | 541    | 888    | 1,105  | 1,014  | 817    | 1,491  | 1,344  | 1,433  | 1,478  |

## Balance Sheet Metrics

| Year                  | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total Assets (B)      | 352    | 374    | 441    | 455    | 495    | 578    | 676    | 693    | 706    | 749    |
| Cash & Equivalents    | 15,213 | 11,316 | 12,203 | 15,768 | 17,339 | 53,797 | 55,895 | 53,881 | 45,680 | 40,280 |
| Accounts Receivable   | 1,015  | 982    | 1,140  | 1,646  | 1,650  | 1,378  | 1,719  | 2,412  | 3,148  | 3,919  |
| Goodwill & Int.       | 2,069  | 2,198  | 5,725  | 5,723  | 5,634  | 5,415  | 5,635  | 5,834  | 5,905  | 5,948  |
| Total Liabilities (B) | 336    | 356    | 416    | 428    | 466    | 547    | 639    | 656    | 667    | 707    |
| Accounts Payable      | 3,033  | 3,087  | 3,856  | 5,539  | 6,410  | 6,497  | 7,140  | 8,255  | 9,574  | 10,160 |
| Long-Term Debt (B)    | 97     | 99     | 109    | 112    | 111    | 109    | 132    | 138    | 141    | 150    |
| Shareholder's Equity  | 15,467 | 16,751 | 22,790 | 24,919 | 27,014 | 28,207 | 33,344 | 33,255 | 34,710 | 38,670 |
| D/E Ratio             | 5.98   | 5.66   | 4.49   | 4.22   | 3.81   | 3.52   | 3.60   | 3.74   | 3.68   | 3.55   |

## Profitability & Per Share Metrics

| Year             | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  |
|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Return on Assets | 0.8%  | 0.9%  | 0.9%  | 0.9%  | 0.8%  | 0.5%  | 0.8%  | 0.7%  | 0.5%  | 0.7%  |
| Return on Equity | 18.5% | 20.0% | 18.2% | 17.2% | 14.8% | 10.2% | 16.6% | 14.5% | 9.8%  | 12.9% |
| ROIC             | 3.4%  | 2.8%  | 2.9%  | 3.0%  | 2.7%  | 2.0%  | 3.3%  | 2.8%  | 2.1%  | 2.8%  |
| Shares Out.      | 796   | 792   | 827   | 889   | 891   | 892   | 900   | 906   | 916   | 942   |
| Revenue/Share    | 13.85 | 13.75 | 14.67 | 15.47 | 15.60 | 15.56 | 17.62 | 18.68 | 18.84 | 19.92 |
| FCF/Share        | 19.47 | 9.56  | 2.27  | 8.40  | 15.51 | 50.02 | -3.68 | 18.53 | 9.01  | 7.80  |

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

### Disclaimer

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