



Why CIBC Stock Is the Best Big Six Bank to Buy

Description

The Big Six banks have been some of the most anticipated earnings on the **TSX** today. Each continues to trade near or at 52-week highs. Yet while some gravitate towards the top two largest Big Six banks, there's an argument to be made for **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)). In fact, CIBC stock may just be the [best Big Six bank](#) to buy right now.

Show of strength

Let's start off with how CIBC stock has performed in the last quarter, given that its earnings are due Feb. 25. The big headline was that the company upped its dividend. Shareholders now get access to \$6.44 per share per year. The Big Six bank reported net income of \$1.44 billion, up 42% year over year. Its diluted earnings per share came in at \$3.07, up 40% compared to 2020 levels.

The news came in below analyst estimates. Yet CIBC stock remains at all-time highs. Why? Because a lot of this was due to major moves on the bank's part. It's been making large acquisitions and streamlining its real estate business to create more revenue for shareholders. Next, let's take a look at what those moves could mean.

Room to grow

A lot of the other Big Six banks have already done their major growth. Whether it's expanding into the United States or Latin America, each bank is now trying to find new opportunities. CIBC stock, however, lagged behind. Now this wasn't great before the pandemic. But now, the company has plenty of cash on hand and came out of the 2020 crash relatively unscathed.

The Canadian-focused bank is now changing, acquiring PrivateBancorp and planning to have up to 25% of revenue coming from the U.S. and is already at 20% as of writing. Analysts believe CIBC stock has substantially improved its operating performance the last few years and in 2021 made major moves to improve its bottom line. The company invested in technology, a **Costco** credit card partnership, and, of course, the burgeoning housing market.

What analysts say

Ahead of earnings, it's important to start paying attention to what analysts say about CIBC stock. The bank is estimated to report earnings of \$3.64 per share. Future rate-hike expectations would also be good for the bank, and loan growth trends continue to benefit the company.

In fact, some analysts believe CIBC stock has the best potential to achieve above-average EPS growth. Meanwhile, some of the biggest of the Big Six banks have actually gone from "buy" to "hold," whereas CIBC stock remains at a solid "buy" for analysts. This especially comes from property and casualty exposure in the near term and U.S. exposure in the long term.

Foolish takeaway

Yes, CIBC stock trades at all-time highs. It's currently up 45% in the last year. However, it's still cheap given it trades at 11.76 times earnings, and it has so many growth opportunities on the table. Plus, you get solid [passive income](#) at a yield of 3.93% as of writing — a yield that is likely to be bumped several times over the next few years after the pandemic drop.

So, while the other Big Six banks seem to be fairly valued or starting to see a decline in activity, CIBC stock seems to be just getting started.

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Date

2025/08/23

Date Created

2022/02/07

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