



The 2 Best Big Six Bank Stocks to Buy After Earnings

Description

The Canadian stock market is known for its energy and mining-heavy index. However, the heaviest weighting is in the financial sector. Indeed, Canada's Big Six Canadian banks are respected around the world for their stability and dependability in terms of profit generation. Canada's top banks put together another banner year in 2021. Today, I want to look at two of my favourite bank stocks after first-quarter earnings season. Let's jump in.

Why CIBC is one of my top bank stocks to buy after first-quarter earnings

Canadian Imperial Bank of Commerce ([TSX:CM](#))([NYSE:CM](#)) is the fifth largest of the Big Six Canadian bank stocks by [market cap](#). Shares of CIBC have climbed 8.3% in 2022 as of close on March 17. The stock is up 27% in the year-over-year period.

CIBC unveiled its first-quarter 2022 earnings on February 25. Canadian banks have been powered by the same conditions that led to a big rebound in 2021. Namely, strong volume growth and a decline in provisions set aside for credit losses. That does not mean that Canada's top financial institutions will not face major challenges this year. Chief among them will be a rate-tightening cycle and the Russia-Ukraine crisis that has shaken up the global economy.

In the first quarter of 2022, this bank reported adjusted net income of \$1.89 billion, or \$4.08 on a per-share basis. This was up 15% and 14%, respectively, from the previous year. Meanwhile, net income in its Canadian Personal and Commercial Banking segment jumped 5% year over year to \$687 million. Moreover, U.S. Commercial Banking and net income increased \$38 million from the previous year to \$226 million.

Shares of this bank stock last had a [favourable](#) price-to-earnings (P/E) ratio of 11. CIBC offers a quarterly dividend of \$1.61 per share, representing a 3.9% yield. This bank stock looks like a solid pickup after its first earnings report of 2022.

This Quebec-based bank stock is worth targeting ahead of the spring season

Last year, I'd [recommended](#) that Canadian investors get in on Quebec-based equities. The province had managed to outpace its peers in the realm of economic growth, albeit after a very difficult 2020. **National Bank** ([TSX:NA](#)) is a small player across Canada but the bank is a powerhouse in its home province of Quebec. This bank stock has climbed marginally so far this year. Its shares have increased 12% from the same period in 2021.

National Bank unveiled its first batch of 2022 earnings on February 25. It reported net income of \$932 million, or \$2.65 per diluted share — up 22% and 23%, respectively, from the first quarter of 2021. Meanwhile, net income in its Personal and Commercial Banking segment rose to \$317 million compared to \$250 million in the prior year. Its Wealth Management and Financial Markets segments delivered growth of 11% and 20%, respectively.

Shares of this bank stock currently possess an attractive P/E ratio of 10. National Bank last paid out a quarterly dividend of \$0.87 per share. That represents a 3.5% yield.

CATEGORY

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