



Still the Heavyweights in 2022: Big 5 Bank Stocks

Description

Six of the TSX's 11 primary sectors are in negative territory as April 2022 comes to a close. Because the financial sector underperforms with its 5.82% year-to-date loss, some market observers stripped it of the heavyweight title. Instead, they point to materials sector as the new champion after energy.

However, if you're risk averse and seeking [durable investments](#) amid the chaos, you can't go wrong with the Big Five bank stocks. Whether you choose the largest or fifth largest in the banking sector, your money is safe and secure. Moreover, a drop in their share prices are excellent buying opportunities.

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) and **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) remain [solid choices](#) for income investors, retirees, and millennials. While energy and mining stocks are on a tear, their sectors are more volatile under normal conditions.

Also, in 2020, many oil stocks cut or slashed dividend payments to conserve cash and protect the balance sheet. Big banks, including RBC and CIBC, didn't have such issues. Both aren't immune to [market influences](#) and other factors, but they recover eventually from economic downturns. Furthermore, there's no imminent threat to dividends in the face of headwinds like rising interest rates.

Most valuable TSX company

RBC is strongest in wealth management and will soon hold the number three position in the U.K. and Ireland. The most valuable TSX company by market cap (\$183.7 billion) will acquire Brewin Dolphin Holdings to expand its limited footprint in the said countries.

Several analysts expected RBC to pursue M&As since amassing a significant cash stockpile in Q2 2021. Scott Chan, an analyst at **Canaccord Genuity**, said, "Because it was very limited, RBC management has talked about using excess capital to support growth in wealth management in Europe, and in the U.S., and to a certain extent in Canada."

Doug Guzman, group head of RBC Wealth Management, said, "The U.K. is a key growth market for

RBC.” He added that Brewin Dolphin provides an exceptional platform to significantly transform RBC’s wealth management business in the region. *Bloomberg* estimates the annual revenue from the business combination to be around \$900 million.

Innovation banking

CIBC has yet to announce a grand expansion plan in 2022, but it can do so anytime. The \$63.75 billion bank had \$3.1 billion in excess common equity tier one (CET1) capital at the close of Q2 2021. CIBC Innovation Banking will take the lead in expanding the bank’s presence in the greater Pacific Northwest region of the United States.

The said business unit announced the opening of a new office in Seattle, Washington. According to John Flemming, managing director of CIBC Innovation Banking in Seattle, the startup ecosystem in Seattle has seen an incredible economic boom in recent years. CIBC will come in to support existing and emerging startups as well as help in the future advancement and acceleration of innovation in the market.

Reliable as ever

At the share prices of \$129.68 (RBC) and \$141.28 (CIBC), respectively, you’ll get value for money with these banks. The dividends of 3.69% (RBC) and 4.50% (CIBC) are likewise safe and sustainable for years to come. Lastly, there’s no debate that the big banks in Canada are bedrocks of stability, notwithstanding the current underperformance.

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