



3 Bank Stocks Yielding Well Over 5%

Description

Bank stocks today are trading at extremely attractive valuations for long-term investors. With this, we are seeing numerous solid yield opportunities for investors looking for income.

[Bank stocks were struggling long before the coronavirus shutdown.](#) Rising debt levels, low interest rates, and higher provisions for credit losses were already taking a toll. But this pales in comparison to today's environment. Canada's banks are being battered by record unemployment, bankruptcies, and debt loads.

[Within this, we can, of course, find opportunities.](#) In this article, I will talk about three bank stocks that are yielding well over 5%.

Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce ([TSX:CM](#))([NYSE:CM](#)) stock is currently yielding 7.42%. While the bank is coming off a very difficult year, its latest quarter came in above expectations. This followed a year of rising provisions for credit losses and slowing loan growth. It all culminated in early 2020, as the bank took a \$339 million restructuring charge.

CIBC remains more exposed than its peers to the Canadian consumer and to personal/mortgage lending. This was already a cause for concern, and with the crisis today, it is even more so. On the bright side, the bank's U.S. acquisition PrivateBancorp, is delivering strong results. The only problem there is that it only accounts for 10% of total revenue.

With CIBC stock, investors get a dividend stock that provides very generous income while we wait for a stock price recovery.

Bank of Montreal

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) is the fourth-largest Canadian bank by market

capitalization and the eighth-largest bank by assets. The bank has one of the least significant exposures to the Canadian personal and commercial banking (P&C) industry. And this makes it interesting.

Today, the Bank of Montreal stock is yielding a very high 6.83%. This also makes it interesting. Bank of Montreal was founded in 1817 and was Canada's first bank. Like all banks today, BMO is struggling with rising provisions for credit losses. In these times of extreme difficulty, more than ever, we must focus on the long term.

On the bright side, the bank is benefiting from its cost-savings program and efficiency improvements. Most importantly, Bank of Montreal's capital position remains solid. This bank stock is another dividend stock providing very generous income while we wait for a recovery.

National Bank of Canada

National Bank of Canada ([TSX:NA](#)) is the smallest of Canada's Big Six banks. It is yielding 5.5% today, and this dividend continues to be supported by a solid capital position. Most of National Bank's revenue comes out of Quebec (55%). This means that it is the least diversified of the banks. Longer term, the banks plans to expand its wealth management segment in western Canada.

Before the crisis hit, National Bank was outperforming due to strength in Quebec. The bank was also seeing better credit trends relative to its peers. National Bank was also in the middle of its cost-savings program, which will drive meaningful efficiency improvements in 2020.

Foolish bottom line

The three bank stocks, which yield over 5%, are all good income-generating ideas for investors today. While there are certainly many risks, these banks are well capitalized. And all of them survived and even thrived after the last crisis in 2008. Today's crisis will eventually resolve. These banks will survive and thrive.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
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2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. TSX:BMO (Bank Of Montreal)
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