ALERT: 2 Super-Cheap Bank Stocks to Buy Today

Description

Investors have been treated to the second quarter of Canadian bank earnings in late May. Predictably, Canada's top financial firms have been squeezed due to the COVID-19 pandemic. Provisions for loan losses have skyrocketed at top banks, but bank stocks have reacted surprisingly well. Bank stocks took another spill on Friday, which means investors may want to consider buying the dip. Today, I want to look at two bank stocks that offer monster dividends. Let's dive in.

One regional Canadian bank stock that fell after earnings

Laurentian Bank (TSX:LB) is a regional bank based in Quebec. Its shares were down 9.39% in early afternoon trading on May 29. The stock has dropped 28% in 2020 so far. Laurentian released its second-quarter 2020 results on the same day.

The bank took major hits due to the COVID-19 pandemic throughout the second quarter. Adjusted net income plunged 76% year over year to $11.9 million and adjusted diluted earnings per share fell 81% to $0.20. Laurentian's provision for credit losses increased to $54.9 million in Q2 2020. This is compared to $9.2 million in the second quarter of 2019. This increase was driven by higher collective allowances. However, net write-offs only climbed to 0.03% of loans compared to 0.02% in the prior year.

Shares of Laurentian Bank were trending toward technically oversold territory at the time of this writing. The bank slashed its dividend by 40% to a quarterly payout of $0.40 per share. This still represents a strong 5.6% yield. Quebec was one of the first provinces to push forward with its economic reopening. I like this regional bank stock as a buy-the-dip opportunity right now.

If you're on the hunt for income, look to CIBC

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) has boasted one of the best dividend yields of its peers in recent years. The fifth largest of the Big Six Canadian banks released its second-quarter results on May 28. Shares of CIBC were down 1.91% in early afternoon trading on Friday, May

29. The stock has dropped 15% in 2020 so far.

Like its peers, CIBC struggled mightily in the second quarter. Its second-quarter profit fell 71% year over year to $392 million. It reported adjusted earnings per share of $0.94, which fell far short of analyst expectations. Meanwhile, its set-asides for loans erupted to $1.41 billion compared to $261 million in Q2 2019. Regardless, CIBC remains confident in its path forward. The bank still boasts an immaculate balance sheet, making it well equipped to weather this financial storm.

Earlier this year, I'd recommended that investors look to buy CIBC at a discount. Bank stocks have been hit hard this spring, which has generated some attractive buying opportunities. Shares of CIBC last possessed a favourable price-to-earnings ratio of 9.7 and a price-to-book value of one. Moreover, the bank announced that it would maintain its quarterly dividend payout of $1.46 per share. This represents a tasty 6.5% yield.

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