



3 Cheap Bank Stocks to Buy Ahead of Earnings

Description

The Big Six Canadian bank stocks are set to release the second round of quarterly earnings in late May and early June. This is a great time for investors to revisit these top equities, especially in a volatile market environment. The **S&P/TSX Capped Financial Index** rose marginally to close the previous week on May 20. Today, I want to look at three bank stocks that are discounted ahead of their earnings release. Let's jump in.

This bank stock offers nice value and a high dividend yield

Canadian Imperial Bank of Commerce ([TSX:CM](#))([NYSE:CM](#)) is the fifth-largest of the [Big Six Canadian banks](#). Shares of this bank stock have dropped 8.3% in 2022 as of close on May 20. The stock is still up 1.1% in the year-over-year period.

This bank is set to release its second-quarter 2022 results before markets open on May 26. I'd suggested that investors snatch up CIBC after its first-quarter 2022 earnings release back in March. In Q1 2022, the bank reported adjusted net earnings of \$1.89 billion, or \$4.08 on a per-share basis — up from adjusted net income of \$1.64 billion, or \$3.58 per share, in the previous year. CIBC was bolstered by a big dip in provisions set aside for credit losses and improved volume growth.

Shares of CIBC possess an attractive price-to-earnings (P/E) ratio of 9.5. This bank stock last paid out a quarterly dividend of \$1.61 per share. That represents a solid 4.7% yield.

Here's a Quebec-based bank worth targeting ahead of its earnings release

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) is another top bank stock that is based in Quebec. Back in November 2021, I'd discussed Quebec's big economic rebound and how it related to equities like BMO. This bank stock has declined 7.2% so far this year. Its shares are still up 5.9% from the same period in 2021.

Investors can expect to see BMO's second-quarter 2022 earnings before markets open on May 25. In Q1 2022, the bank delivered adjusted net income growth of 26% to \$2.03 billion. Meanwhile, adjusted earnings per share (EPS) jumped 27% to \$3.06. Like its peers, it benefited from lower provisions for credit losses and strong volume growth.

This bank stock last had a favourable P/E ratio of 10. BMO offers a quarterly dividend of \$1.33 per share, which represents a 4% yield.

The smallest of the Big Six bank stocks is worth buying today

National Bank ([TSX:NA](#)) is the third undervalued bank stock I'd look to snatch up in the final days of May. This is the smallest of the Big Six Canadian bank stocks. National Bank has a huge presence in the home province of Quebec and a very small domestic footprint outside of it. Shares of this bank stock have dropped 7.3% in 2022. This has pushed the stock into negative territory in the year-over-year period.

The bank is set to unveil its second-quarter 2022 earnings on May 27. In Q1 2022, National Bank delivered net income growth of 22% to \$932 million, or 23% on a per-share basis to \$2.65. It posted strong growth in each major segment. This bank stock possesses a very attractive P/E ratio of 9.7. Better yet, it offers a quarterly dividend of \$0.87 per share. That represents a 3.7% yield.

CATEGORY

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