



## Should You Invest in One of the Big 3 Banks Today?

### Description

**Toronto-Dominion Bank** ([TSX: TD](#))([NYSE: TD](#)), **Royal Bank of Canada** ([TSX: RY](#))([NYSE: RY](#)), and **Bank of Nova Scotia** ([TSX: BNS](#))([NYSE: BNS](#)) are the three largest banks in Canada and their stocks sit well below their 52-week highs, trade at inexpensive valuations, and have high dividend yields at current levels. Let's take a detailed look at each company and stock to determine which should be added to your portfolio today.

#### 1. Toronto-Dominion Bank

Toronto-Dominion Bank, also known as TD Bank, is Canada's largest bank, with approximately \$944.74 billion in total assets. The company's stock currently trades more than 4% below its 52-week high, including a drop of over 2% since it reported fourth-quarter earnings on December 4, in which earnings per share increased 3.2% and revenue increased 6.4% compared to the year ago period.

At current levels, TD Bank's stock trades at just 12.2 times fiscal 2015's earnings per estimates of \$4.53, only 11.2 times fiscal 2016's earnings per share estimates of \$4.92, and less than two times its book value per share of \$28.45. Also, the company currently pays an annual dividend of \$1.88 per share, giving it a yield of approximately 3.4% at today's levels.

I think TD Bank's inexpensive valuations and high dividend makes it one of the most intriguing investment opportunities in the market today.

#### 2. Royal Bank of Canada

Royal Bank of Canada, also known as RBC, is the second largest bank in Canada, with approximately \$940.55 billion in total assets. Its stock currently trades about 4% below its 52-week high and is down just over 1% since it released fourth-quarter earnings on December 3, even though it reported earnings per share growth of 12.9% and revenue growth of 5.8% year-over-year.

At today's levels, RBC's stock trades at just 12.3 times fiscal 2015's earnings per share estimates of \$6.53, less than 11.5 times fiscal 2016's earnings per share estimates of \$7.01, and only 2.4 times its book value per share of \$33.69. In addition, the company currently pays an annual dividend of \$3.00

per share, giving it a very high yield of approximately 3.7%.

Like TD Bank, I think RBC's inexpensive valuations and high dividend makes it one of the best investment opportunities in the market today.

### **3. Bank of Nova Scotia**

Bank of Nova Scotia is Canada's third largest bank, with approximately \$805.67 billion in total assets. The company's stock currently trades more than 11% below its 52-week high and is down about 2% since it released fourth-quarter earnings on December 5, in which it reported earnings per share growth of 2.3% and revenue growth of 6.8% year-over-year.

At current levels, Bank of Nova Scotia stock trades at the most inexpensive valuations of the three, including less than 11.5 times fiscal 2015's estimated earnings per share of \$5.78, only 10.6 times fiscal 2016's estimated earnings per share of \$6.25, and a mere 1.8 times its book value per share of \$36.96. It also pays an annual dividend of \$2.64 per share, giving it the highest yield of the Big Three at approximately 4%.

Even though Bank of Nova Scotia ranks third on the list of the Big Three banks, I think it represents the best investment opportunity of them all, because of its very inexpensive valuations and bountiful 4% dividend yield.

### **Which one belongs in your portfolio?**

Toronto-Dominion Bank, Royal Bank of Canada, and Bank of Nova Scotia are the largest banks in Canada in terms of total assets and all three of their stocks represent intriguing long-term investment opportunities today. Long-term investors should take a closer look at these three stocks and strongly consider initiating positions in one of them today.

### **CATEGORY**

1. Bank Stocks
2. Investing

### **TICKERS GLOBAL**

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:RY (Royal Bank of Canada)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:RY (Royal Bank of Canada)
6. TSX:TD (The Toronto-Dominion Bank)

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**Author**  
jsolito

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