



3 Inexpensive Bank Stocks With High Dividend Yields to Buy Today

Description

Canadian financial institutions are considered to be must-have investments because of their financial stability and because they face very limited competition in the marketplace. I fully agree with this investment philosophy and think that all Foolish investors should own shares of at least one financial institution. With this in mind, let's take a look at three of the largest banks in Canada to determine which one you should consider buying today.

1. Bank of Montreal

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) is the fourth-largest bank in Canada, with \$672.36 billion in total assets as of the end of its first quarter in January 2015.

At today's levels Bank of Montreal's stock trades at just 11.9 times fiscal 2015's estimated earnings per share of \$6.66 and only 11.2 times fiscal 2016's estimated earnings per share of \$7.13, both of which are inexpensive compared with its long-term growth rate. It also trades at a mere 1.5 times its book value per share of \$52.98, which is very inexpensive compared with its market-to-book value of 1.7 at the conclusion of fiscal 2014.

In addition, Bank of Montreal pays a quarterly dividend of \$0.80 per share, or \$3.20 per share annually, giving its stock a 4% yield at current levels. The company has also increased its dividend five times in the last three years, and its consistent free cash flow generation could allow for another increase in the near future.

2. Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce ([TSX:CM](#))([NYSE:CM](#)) is the fifth-largest bank in Canada, with \$445.22 billion in total assets as of the end of its first quarter in January 2015.

At today's levels CIBC's stock trades at just 10.5 times fiscal 2015's estimated earnings per share of \$9.19 and only 10 times fiscal 2016's estimated earnings per share of \$9.60, both of which are inexpensive compared to its five-year average price-to-earnings multiple of 11.4. It also trades at merely 2.09 times its book value per share of \$45.99, which is very inexpensive compared with its

market-to-book value of 2.32 at the conclusion of fiscal 2014.

Additionally, CIBC pays a quarterly dividend of \$1.06 per share, or \$4.24 per share annually, which gives its stock a 4.4% yield at current levels. The company has also raised its dividend seven times in the last four years, and like Bank of Montreal, its consistent free cash flow generation could allow for another increase in the next few quarters.

3. Laurentian Bank of Canada

Laurentian Bank of Canada ([TSX:LB](#)) is the ninth-largest bank in Canada, with \$37.44 billion in total assets as of the end of its first quarter in January 2015.

At today's levels Laurentian Bank's stock trades at just 8.8 times fiscal 2015's estimated earnings per share of \$5.46 and only 8.3 times fiscal 2016's estimated earnings per share of \$5.79, both of which are very inexpensive compared with its five-year average price-to-earnings multiple of 10.2. It also trades at just 1.04 times its book value per share of \$46.34, which is inexpensive compared with its market-to-book value of 1.08 at the conclusion of fiscal 2014.

In addition, Laurentian Bank pays a quarterly dividend of \$0.54 per share, or \$2.16 per share annually, giving its stock a 4.5% yield at current levels. The company has also increased its dividend 12 times in the last eight years, making it one of the top dividend-growth plays in the banking industry today.

Which one of these top bank stocks belong in your portfolio?

Bank of Montreal, Canadian Imperial Bank of Commerce, and Laurentian Bank of Canada represent three of the top investment opportunities in the financial sector today. All long-term investors should take a closer look and strongly consider establishing long-term positions in one of them.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. TSX:BMO (Bank Of Montreal)
4. TSX:CM (Canadian Imperial Bank of Commerce)
5. TSX:LB (Laurentian Bank of Canada)

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