



3 Deeply Discounted Bank Stocks to Pounce On Today

Description

The stock market has been a battleground over the last year. The S&P/TSX Composite Index is down over 19%, and even though Canadian banks are stable, well capitalized, and face very limited competition, they have not been immune to the sell-off.

However, as long-term investors, we must always remember that sell-offs, though tough to endure, are nothing more than opportunities to buy the stocks of great companies at deep discounts. With this in mind, let's take a look at three bank stocks that you could buy right now.

1. Royal Bank of Canada

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is the second-largest bank in Canada with approximately \$1.07 trillion in total assets. Its stock has fallen over 12% in the last year, including a decline of more than 10% year-to-date.

At today's levels, RBC's stock trades at just 9.7 times 2016's estimated earnings per share of \$6.84 and only 9.2 times fiscal 2017's estimated earnings per share of \$7.26, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 12.7. It also trades at a mere 1.68 times its book value per share of \$39.51, which is very inexpensive compared with its five-year average market-to-book value of 2.19.

In addition, the company pays a quarterly dividend of \$0.79 per share, or \$3.16 per share annually, which gives its stock a yield of about 4.75%. Investors must also note that it has raised its annual dividend payment for five consecutive years, and it is currently on pace for 2016 to mark the sixth consecutive year with an increase.

2. Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) is the third-largest bank in Canada with approximately \$856.5 billion in total assets. Its stock has fallen over 18% in the last year, including a decline of more than 5% year-to-date.

At today's levels, Bank of Nova Scotia's stock trades at just 8.9 times 2016's estimated earnings per share of \$5.94 and only 8.3 times fiscal 2017's estimated earnings per share of \$6.35, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 11.7. It also trades at a mere 1.29 times its book value per share of \$40.80, which is very inexpensive compared with its five-year average market-to-book value of 1.91.

Additionally, the company pays a quarterly dividend of \$0.70 per share, or \$2.80 per share annually, which gives its stock a yield of about 5.3%. Investors must also note that it has increased its annual dividend payment for five consecutive years, and it is currently on pace for 2016 to mark the sixth consecutive year with an increase.

3. National Bank of Canada

National Bank of Canada ([TSX:NA](#)) is the sixth-largest bank in Canada with approximately \$216.1 billion in total assets. Its stock has fallen over 22% in the last year, including a decline of more than 8% year-to-date.

At today's levels, National Bank's stock trades at just 7.8 times 2016's estimated earnings per share of \$4.73 and only 7.4 times fiscal 2017's estimated earnings per share of \$4.98, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 10.1. It also trades at a mere 1.31 times its book value per share of \$28.26, which is very inexpensive compared with its five-year average market-to-book value of 1.85.

In addition, National Bank pays a quarterly dividend of \$0.54 per share, or \$2.16 per share annually, which gives its stock a yield of about 5.8%. Investors must also note that it has raised its annual dividend payment for five consecutive years, and it is currently on pace for 2016 to mark the sixth consecutive year with an increase.

Which of these bank stocks should you buy today?

Royal Bank of Canada, Bank of Nova Scotia, and National Bank of Canada represent three of the best long-term investment opportunities in the market. Foolish investors should take a closer look at each and strongly consider beginning to scale in to positions in one of them today.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:NA (National Bank of Canada)
5. TSX:RY (Royal Bank of Canada)

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date

2025/09/30

Date Created

2016/02/11

Author

jsolitro

default watermark

default watermark