



2 Top Bank Stocks to Buy and Hold for Decades

Description

Canadian banks are must-have investments because they are stable, well capitalized, and face limited competition. They are also among the world's safest investments, as the World Economic Forum has ranked Canada's banks the soundest for eight consecutive years. With all of this in mind, let's take a look at two that you could invest in right now.

1. Bank of Montreal

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) is the fourth-largest bank in Canada and the eighth-largest bank in North America with approximately \$681.5 billion in assets. It provides a broad range of personal and commercial banking, wealth management, and investment banking products and services.

At just under \$85 per share, Bank of Montreal's stock trades at 11.9 times fiscal 2016's estimated earnings per share of \$7.10 and 11.4 times fiscal 2017's estimated earnings per share of \$7.44, both of which are inexpensive compared with its trailing 12-month price-to-earnings multiple of 12.8. It's also expected to grow its earnings at an average rate of 6.6% over the long term, making it attractive from both a value and growth standpoint.

In addition, Bank of Montreal has a great dividend. It pays a quarterly dividend of \$0.86 per share, representing \$3.44 per share on an annualized basis, which gives its stock a yield of about 4.1%. It's also important to note that its four dividend hikes since the start of 2015 have it on pace for 2016 to mark the fifth consecutive year in which it has raised its annual dividend payment, making it both a high dividend and dividend-growth play.

2. National Bank of Canada

National Bank of Canada ([TSX:NA](#)) is the largest bank in Quebec and the sixth-largest bank in Canada with approximately \$220.7 billion in assets. It offers a complete range of products and services, including banking and investment solutions, securities brokerage, insurance, and wealth management.

At just over \$45 per share, National Bank's stock trades at 10.9 times fiscal 2016's estimated earnings per share of \$4.13 and 9.3 times fiscal 2017's estimated earnings per share of \$4.86, both of which are inexpensive compared with its trailing 12-month price-to-earnings multiple of 13.2. It's also expected to grow its earnings at an average rate of 7% over the long term, making it attractive from both a value and growth standpoint.

In addition, National Bank has a great dividend. It pays a quarterly dividend of \$0.55 per share, representing \$2.20 per share on an annualized basis, which gives its stock a yield of about 4.9%. It's also important to note that its three dividend hikes since the start of 2015 have it on pace for 2016 to mark the sixth consecutive year in which it has raised its annual dividend payment, making it both a high dividend and dividend-growth play.

Which bank should you invest in today?

Bank of Montreal and National Bank of Canada are low-risk stocks that are also value, growth, and dividend-growth plays, making them strong buys in my book. If you agree, you should take a closer look at each and strongly consider making one of them a core holding today.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. TSX:BMO (Bank Of Montreal)
3. TSX:NA (National Bank of Canada)

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