



## 3 Bank Stocks to Buy Now

### Description

The bank stocks to buy today are trading at extremely attractive valuations. As long-term investors know, the carnage that has happened in bank stocks over the last four months is an opportunity. While the economic toll of the coronavirus will be huge, Canadian banks are well capitalized. As they survived the 2008 crisis, they will survive this one.

Even before the coronavirus hit, cracks were already starting to appear in bank stocks after years of booming profitability. [From slowing loan growth to increasing bad loans](#), the banking sector has been preparing for the challenges ahead for many months.

What the crisis has done is really amplify all of these issues, leaving little room for optimism. But, as they say, it is always darkest before the dawn. Here are three bank stocks to buy now.

### Royal Bank: A bank stock to buy for its dominant position

**Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) is Canada's largest bank with a market capitalization of \$119 billion. Royal Bank's stock price has fallen 19.5% so far in 2020, a performance that is far better than its peer group. This is well justified, as this Canadian bank enjoys leading operating efficiency and a dominant market share in many segments.

Today, Royal Bank of Canada provides investors with an incredibly attractive dividend yield of 5.19%. Although times will be tough, Royal Bank's dividend has proven to be sticky in the past. Even in the 2008 crisis, the dividend was maintained. Royal Bank stock trades at a price to book of 1.5, the highest of the banks. This multiple is justified in my view, given the high quality of Royal Bank stock.

### TD Bank: A bank stock to buy for its leading efficiency and conservatism

**Toronto-Dominion Bank's** ([TSX:TD](#))([NYSE:TD](#)) stock price has fallen 25% year to date. It is now

trading at levels last seen in 2013. TD Bank stock is on sale today.

TD Bank has years of success in driving efficiencies. The bank has an industry-leading ROE and a conservative approach that mitigates risk. For example, TD Bank adheres to strict controls with regard to lending practices. This pays off big, especially in the bad times. And these are bad times. But TD Bank survived the 2008 crisis, as it will survive this crisis. With the help and support of the government, the coronavirus will pass, and the economy will get back on its feet. Banks like TD Bank will survive today and thrive tomorrow.

In its latest quarter, TD Bank was still increasing its dividend. Although this 7% dividend hike will be the last one for a while, investors can take solace. TD Bank is trading at a price-to-book multiple of 1.2 times, which are trough levels. And its dividend yield is a very generous 5.76%. All of this makes TD Bank one of the best bank stocks to buy.

## Bank of Nova Scotia: The most international bank

As Canada's most international bank, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is one of the riskier Canadian banks to buy. While business in less-developed countries offers more growth (upside), [it also presents greater risk \(downside\)](#). The coronavirus is bringing out the downside, and the stock has consequently fallen 27.6% so far this year. 74% of the bank's international banking revenue is from Latin America. Countries in Latin America were already vulnerable before the coronavirus; today they are even more so.

On the bright side, Bank of Nova Scotia has strategically re-positioned its footprint. It exited certain less-profitable countries, focused on asset quality and risk reduction. This re-positioning places the bank in a better spot than it would otherwise be. Bank of Nova Scotia is the higher-risk bank stock to buy with the potential for higher reward in the long term.

## Foolish bottom line

The three bank stocks to buy all have their own strengths. And these strengths will take them through to the other side of this crisis. While this year will be uglier the longer the economy is shut down, this will pass. Let's keep our eyes on the long-term together.

### CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Investing

### POST TAG

1. Editor's Choice

### 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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