



## 1 Top TSX Bank Stock I'd Buy Today

### Description

When it comes to big Canadian banks, **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) is one of my [top picks](#).

Indeed, this bank is among the largest in the world for a reason. It's a lender with a global presence that's really unparalleled in Canada. Accordingly, I'm of the belief investors looking for banking exposure can't go wrong considering this name.

Here's more on why I think Royal Bank is uniquely positioned to outperform in the Canadian banking sector today.

### Royal Bank of Canada is as diversified as they come

One of the things I like most about Royal Bank is the company's business model. Unlike its peers, which have higher levels of exposure to specific segments, Royal Bank is well diversified.

Approximately 45% of Royal Bank's earnings are generated from its commercial and personal lending division. The capital markets segment contributes 25%, whereas 26% of the earnings come from wealth management and insurance. Lastly, this Toronto-based company generates 4% of its income from treasury services.

While 58% of Royal Bank's revenue comes from Canada, a quarter of its business comes from the United States. Accordingly, this bank is highly diversified — not only in its businesses, but in its geographic reach as well.

For those betting on a broad global recovery coming out of this [pandemic](#), Royal Bank is a great pick. Indeed, I think a lot of this optimism is being priced into Royal Bank stock today. Shares of Royal Bank are up approximately 50% from their lows last year.

That said, I think more upside could be on the horizon, as bank earnings continue to get revised higher.

## Royal Bank's fundamentals remain top notch

Royal Bank stock's fundamentals have been one of the primary reasons why it has remained one of my top picks, irrespective of market dynamics. Despite the ongoing pandemic, this company has reported excellent margins. Royal Bank continues to have a strong liquidity position as reflected in the company's capital ratios. Additionally, Royal Bank's return on equity continues to be in the double-digit category.

Currently, Royal Bank trades at a valuation multiple of 14 times earnings, which is quite reasonable. Furthermore, this company has a decent dividend yield of 3.7%. Considering where bond yields are today, this still positions Royal Bank as a solid income pick for long-term investors.

Indeed, there's also room for optimism when it comes to Royal Bank's earnings over the near term. As the economy improves, loan-loss provisions will continue to be taken off the lender's balance sheet. This near-term catalyst, combined with excellent long-term tailwinds, makes Royal Bank a safe and conservative long-term pick for any investor today.

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1. Bank Stocks
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1. Bank stocks
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3. growth
4. growth stocks
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7. Stocks

### TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. TSX:RY (Royal Bank of Canada)

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