



This Top TSX Bank Represents Real Value at These Levels

Description

Investors are keeping a keen eye on bank stocks as economic recovery plays. Why? Well, banks typically lag slightly behind their intrinsic value and have a history of decent dividend payout. Indeed, focusing on total return at times like these is more important for many investors.

Quebec-based **Laurentian Bank** ([TSX:LB](#)) has been making [rounds in the headlines](#), posting impressive fundamentals. The big Canadian bank is also the first to hire a female CEO (a long time coming). Accordingly, investors are getting behind the new CEO Rania Llewellyn in her bid to steer the bank in the right direction.

Let's dive deeper into the bank's value proposition and why Laurentian is a great pick right now.

Let's start with the impressive fundamentals

Laurentian Bank is one of the better-performing stocks in the banking industry. Indeed, the company has outperformed 87% of 48 competing stocks. Both long- and short-term trends are looking really impressive in the current market. Accordingly, Laurentian's stock price reflects this sentiment. Investors buying Laurentian Bank are doing so just below its 52-week high.

In fact, at \$42.8, it is trading above its estimated fair value. Its price-to-earnings ratio of 16 times is in line with the TSX average and slightly above the industry average of 14.4 times. Laurentian's PEG ratio of 0.7 and the price-to-book ratio of 0.8 represents good value compared to industry peers.

Laurentian offers a quarterly dividend of \$0.40 per share, which represents a 3.7% yield. While this yield is not the best in the market, the technicals presented above indicate that there is a huge untapped potential in this bank.

What does the future hold?

Laurentian is set to continue this impressive growth long term. Based on estimates for the next two

years, this bank will show very strong growth in earnings per share, averaging 30% per year. Its forecast earnings growth at 21.5% per year is faster than the market average (19.8% per year) and above its savings rate at 1.5%.

The main differentiating factors between Laurentian and other banks in this industry include a diverse geographical footprint, service quality, technological integration, and flexibility of products and services.

With a new CEO on the helm, the future appears bright for this bank. It can now focus on developing a new strategy to address productivity gaps and identify and develop new growth opportunities.

Bottom line

Laurentian Bank is currently showing a bull flag trend, which means it shows the signs of a slight pullback after a steep rise. This is an opportunity for investors to jump aboard and reap the benefits of consistent dividend payouts and healthy capital appreciation.

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