



## 3 Top Bank Stocks That Just Went on Sale

### Description

The top Canadian banks passed through the third earnings release of 2021 in late August and early September. It was another banner quarter for Canada's top financial institutions. The broader economic rebound has had a hugely [positive impact](#) on earnings. However, volatility has hit North American markets, as central banks mull over their next move in the face of rising inflation. Today, I want to look at three bank stocks that have been punished by this retreat. Now is a great [time to pounce](#) on these equities. Let's jump in.

### Why the top Canadian bank stock looks undervalued today

**Royal Bank** ([TSX:RY](#))([NYSE:RY](#)) is the largest financial institution in Canada and the largest stock on the TSX by market cap. Shares of this bank stock dropped 1% on September 28. Royal Bank stock is still up 20% in the year-to-date period.

In Q3 2021, Canada's top bank delivered net earnings growth of 34% year over year to \$4.3 billion. Meanwhile, diluted earnings per share jumped 35% to \$2.97. Net income in the first nine months of fiscal 2021 rose 48% to \$12.1 billion, or 50%, on a per-share basis to \$8.39.

Strong earnings aside, this bank stock possesses a favourable price-to-earnings (P/E) ratio of 11. Royal Bank dipped into technically oversold territory in trading last week. It is still threatening those levels with an RSI of 40 at the time of this writing.

### CIBC just took a hit but I'm still buying in late September

**Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) is the fifth largest of the Big Six Canadian banks. This bank stock has climbed 32% in 2021. Its shares declined 1.9% on September 28.

CIBC released its third batch of earnings on August 26. Like its peers, CIBC put together a very strong quarter. Total revenue rose 7% from the prior year to \$5.6 billion. Another trend was a sharp dip in provisions for credit losses at CIBC and other top Canadian banks. This has bolstered earnings for

fiscal 2021.

Shares of this bank stock last had an attractive P/E ratio of 10. It possesses an RSI of 40, putting it outside of technically oversold territory. CIBC last paid out a quarterly dividend of \$1.46 per share, which represents a solid 4% yield.

## Here's why I'd snatch up this Quebec-based bank stock today

**National Bank** ([TSX:NA](#)) is the third and final bank stock that looks like it went on sale after a brutal trading session. This is the smallest of the Big Six banks, but National Bank remains a [powerhouse](#) in its home province of Quebec. Shares of this bank stock fell 1.1% on September 28.

This Quebec-based bank saw net income rise to \$839 million or \$2.36 on a per-share basis — up from \$602 million or \$1.66 per share in the previous year. National Bank delivered strong growth in each of its major business segments. It still offers a quarterly dividend of \$0.71 per share, representing a 2.9% yield.

National Bank stock currently has a favourable P/E ratio of 11. This consistently under-the-radar bank stock is worth monitoring, as markets pass through this period of volatility and uncertainty.

### CATEGORY

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2. Investing

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3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:NA (National Bank of Canada)
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