



## Value Investors: The Best Big Six Bank to Buy Right Now

### Description

If you're looking for value stocks, then the Big Six Banks are one of the best places to start. This group of banks has seen shares rise higher and higher, boosting dividends along the way. However, each and every one still remains in value territory based on the price-to-earnings ratio.

But one does stand above the rest. While the other Big Six Banks remain in the double digits for the P/E ratio, **National Bank of Canada** ([TSX:NA](#)) offers the best deal trading at 9.91 times earnings. But is it enough? And how long will it last?

### Bulls say

Of all the Big Six Banks, National Bank stock is the most Canadian focused. Yet even with that [exposure](#), it has the lowest exposure to the volatile housing market, specifically in Vancouver and Toronto. Instead, it focuses a lot of its attention in Quebec and central Canada. These are some of the strongest areas in Canada when it comes to economic performance, helping support the bank.

While value investors will note that the bank has started to shift outside of Quebec, it remains Canada focused, improving its operational efficiency for its current and future clients. Furthermore, a series of acquisitions have allowed the company to boost its wealth management sector, all while maintaining solid organic growth.

### Bears say

No bank is perfect, and National Bank stock certainly has one fly in the ointment for value investors. That's its size. The bank is smaller than its peers, and its growth prospects therefore are slightly limited. However, over time this could help the bank outgrow its peers in share price. But it would certainly need to start expanding on a larger scale, as its peers have done.

Furthermore, a new tax by the federal government will ding all the Big Six Banks, National Bank included. While long term it shouldn't harm the banks, including their share prices, in the short term it

could decrease earnings.

## What value investors want to know

So what can you get from National Bank right now if you buy today? Simply put, a valuable share price. At 9.91 times earnings and trading at 1.81 times book value, it's a steal. Furthermore, you can lock in a solid dividend yield of 3.73%. That's a strong yield that could see another boost not just this year, but in the years to come.

Over the last decade, National Bank shares have risen by 144%. That's a compound annual growth rate of 9.2%, solidly ahead of many of its peers. Taken in combination with its substantial dividend and valuable earnings rate, National Bank stock is a strong buy to consider right now.

Furthermore, value investors can't ignore its exposure to Quebec. This is an area with a strong economy only getting stronger, and where its peers don't compete for a presence. And while it doesn't have the international exposure of its peers, right now that looks like a good thing with the ongoing Ukraine crisis and supply-chain [disruptions](#).

## Foolish takeaway

National Bank of Canada looks like a strong investment for value investors right now. It has solid, stable growth ahead, especially in comparison to its peers. Furthermore, you get a strong dividend that's only growing higher. So I would consider buying it now, before that P/E jumps back into the double-digit range.

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