RRSP Investors: Why I'm Buying Bank Stocks Right Now

Description

The COVID-19 pandemic may have thrown a wrench in the retirement plans of many Canadians. However, recent market volatility and soaring inflation has also demonstrated how crucial it is for the average investor to build a strong retirement portfolio. The Registered Retirement Savings Plan (RRSP) is still a solid option for Canadians to want to generate tax-free gains in their portfolio and receive a tax break in the near term for putting cash in their account.

Today, I want to look at three bank stocks that are worth snatching up on the dip in the late summer.

I'm still bullish on this bank stock for its impressive United States exposure

TD Bank (TSX:TD)(NYSE:TD) is the second largest of the Big Six Canadian bank stocks. This bank also boasts the largest United States retail banking footprint among its peers. That dual threat makes TD Bank one of my favourite bank stocks to target right now and for the long term. RRSP investors can snatch up bank stocks like TD at a discount right now.

Shares of TD Bank have dropped 12% in 2022 as of close on August 26. The stock is still up 4.9% in the year-over-year period. TD Bank unveiled its third-quarter fiscal 2022 earnings on August 25.

The bank beat expectations in the third quarter of 2022, but management continued to warn of a coming recession. Adjusted net income was reported at $3.81 billion, or $2.09 per share — up from $3.62 billion, or $1.96 per share, in the prior year. Its Canadian and U.S. Retail banking segments delivered net income growth of 6% and 11%, respectively.

This bank stock possesses a very solid price-to-earnings (P/E) ratio of 11. It offers a quarterly dividend of $0.89 per share. That represents a 4.1% yield. TD Bank offers a perfect balance of growth and income to any RRSP.

The International Bank disappointed in Q3 but hasn't disappointed in the long term

Scotiabank (TSX:BNS)(NYSE:BNS) is sometimes referred to as "The International Bank" due to its significant global exposure, especially in Latin America. Its shares have dropped 17% in the year-to-date period. The stock is down 4.8% from the prior year.

This bank missed analyst expectations in the third quarter (Q3) of 2022. That sparked a sharp post-earnings selloff. The stock has plunged 7% week over week.

In Q3 2022, Scotiabank saw Global Banking and Markets net income decline 26% from the previous year to $378 million. RRSP investors should not let the earnings miss sour them on Scotiabank for the long haul. This bank stock now possesses a very attractive P/E ratio of 8.9. It last announced a quarterly dividend of $1.03 per share, representing a strong 5.5% yield.

Here's one more bank stock I'd snatch up in my RRSP today

National Bank (TSX:NA) is the third bank stock I'd look to snatch up in an RRSP today. It is the smallest of the Big Six Canadian banks but the largest bank in its home province of Quebec. Shares of this bank stock have declined 9.6% so far in 2022. It is down 9.9% from the prior year.

The bank released its third-quarter 2022 results on August 24. Net income slipped 2% from the previous year to $826 million. It suffered due to a 22% decrease in net income in its U.S. Specialty Finance and International segment. Regardless, I still like this Quebec-based bank stock going forward. It possesses a favourable P/E ratio of 9.2. Moreover, it offers a quarterly dividend of $0.92 per share. That represents a 4.1% yield.

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