



## 2 Top Bank Stocks to Buy and Forget

### Description

Bank stocks are normally associated with safety and providing a good dividend, but not growth. However, that isn't necessarily the case, as banks are often able to generate at least modest growth as populations expand, more people buy homes, and even just through increased fees.

The biggest opportunities exist when banks expand into other parts of the world, especially when the domestic market has become saturated. The two bank stocks that I have listed below have strong growth prospects, pay more than 4% per year and could be great investments to hold for decades.

**Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is a bit of an unconventional stock when it comes to the big bank stocks in Canada, as it has a strong presence and focus in South and Central America. While many banks may focus on expansion into the U.S., Scotiabank has opted for emerging markets to invest in, which could give it a big advantage.

One of the reasons for that is that economic conditions in Canada are going to be very comparable and are often impacted by what's happening in the U.S., so it doesn't necessarily lessen or change the risk a whole lot. Outside of North America, however, investors would get a lot more diversification from their investment.

Another reason why these markets are appealing is there is a lot of potential in those areas and many opportunities for the bank to grow. Since 2013, the company's net revenues have increased by 29%, while earnings have risen 25% during that time. In its most recent quarter, however, Scotiabank's earnings were down 8% year over year as the company incurred acquisition-related costs that weighed down its performance.

As a result, the stock price has dipped since then, making it an even more appealing buy today. Scotiabank typically trades at a lower multiple than its peers given that investors are taking on a little more risk and it's currently trading at a price-to-earnings ratio of 11 and only 1.5 times book value.

The bank stock will also pay you more than 4.2% in [dividends](#) every year, which is a high yield when it comes to the big banks.

**Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) has been riding the wave the past few months, as its stock is up over 8% since the start of June, and [more could be on the way](#). The CIBC is a bit of a less risky play than Scotiabank as its expansion efforts are in the U.S. market where the results are a bit more predictable.

Last year, the company acquired Privatebancorp, which has helped give CIBC a strong foothold in the U.S. market. The results have paid off so far: in its most recent quarter, earnings in the bank's U.S. commercial banking and wealth management segment increased by nearly 300%.

Although CIBC has started generating strong results in the U.S., there's still a lot more that it can achieve there, which excite investors.

With a strong quarter, CIBC also announced that it would be raising its dividend, which now will be paying investors 4.4% on an annual basis.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

## TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CM (Canadian Imperial Bank of Commerce)

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