



Ranking Canada's Top 3 Banks

Description

There is so much discourse about Canadian banks and the deteriorating quality of their credit portfolios. Some observers, mostly short-sellers, are trying to promote the idea that a subprime loan disaster is in the offing. The events will be similar to what happened in the U.S. However, it's actually wishful thinking.

Their assertions stem from weak growth prospects and saturated local domestic markets. Yet during times of uncertainties, investors gravitate towards Canadian bank stocks. Now that volatility has gripped the market, you should own bank stocks. To my mind, here are Canada's top three banks for consideration.

Third: Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#))

BNS is [an investor's delight](#). Because it is a Dividend Aristocrat, there is less worry about a market downturn. Your earnings will be boosted by nearly 5% dividend, even if the price drops a little or stay flat longer. Currently, BNS is up +5.83% year to date and analysts are bullish about the bank's prospects.

BNS is an international bank providing financial services to clients in Asia, Europe, and Latin America. Just last week, BNS announced the launching of Global Wealth Management come November. This is a new business line intended to support the bank's desire to further scale in key regions where they operate.

Second: Toronto Dominion Bank ([TSX:TD](#))([NYSE:TD](#))

TD is a stalwart in Canada's banking industry. Long-term and dividend investors are not too concerned about price appreciation. It's more of the bank's stability and consistency in paying up to 4% dividends. Not all high-paying dividend stocks are safe, but owning TD is akin to securing your financial future.

Analysts see a potential upside of 20% for the bank's shares in the months ahead. So far this year, the

stock is up about +11%. Some say this \$135.13 billion bank is the best of the pack. TD is popular among American small business owners due to the seamless transactions through the bank's digital/online banking features.

First: Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#))

RY spells dominance, because it's the biggest in terms of market capitalization. Also, the bank has the largest scale in mass-market banking. Hence, prophets of doom and short-sellers alike are warning against poor-quality credit portfolio. However, that is far from reality.

The bank possesses a high-quality credit portfolio. More so, stricter laws to obtain mortgage loans are in place so banks are more prudent and vigilant. It would take an extraordinary drop in housing prices for Canadian banks to take a hit. Besides, RY is geared on expanding wealth management business in the U.S.

Of the three stocks, RY is presently the top performer. RY is determined to [significantly grow its business across the border, just like TD](#). The dividend yield is at par with TD but lower than BNS. But the real good news is that the payout ratios of the three are 50% and below. Therefore, dividends are sustainable.

These bank stocks I've ranked will definitely keep you in good financial health.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:RY (Royal Bank of Canada)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:RY (Royal Bank of Canada)
6. TSX:TD (The Toronto-Dominion Bank)

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