



## Ranking Canada's Top Banking Stocks

### Description

Historically, Canada's Big Five banks have been the cornerstone of portfolios across the country. Collectively, they dominate the industry and are ranked among the 100 biggest banks in the world.

They have maintained their dominance by scooping up smaller regional players, and have made several acquisitions in niche markets over the years. It's a moat that isn't likely to dissipate soon. With some of the longest uninterrupted dividend streaks in the world (over 100 years), the Big Five are among the safest investments Canada has to offer.

Which of the Big Five should you buy today? It's important to note that all of Canada's banks are currently depressed and all make good buys in their own right. However, there are reasons to prioritize some over the others. Here are Canada's largest banks ranked by the best (#1) to the least attractive (#5) investment today.

### #5 – Canadian Imperial Bank of Commerce ([TSX:CM](#))([NYSE:CM](#))

As Canada's least diversified bank, CIBC is the most exposed to a struggling Canadian economy and high consumer debt. Although it has made efforts to diversify south of the border, it is far more dependent on a booming Canadian economy than its peers.

This in of itself doesn't mean it's a bad investment, however. Investors should simply temper expectations. It has the highest yield of the quintet, but also has the [lowest expected growth rates](#).

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

You might be surprised to find that Canada's largest bank by market cap ranked so low on the list. However, Royal Bank is the most expensive bank in relation to historical averages. RBC is trading at a 7% discount to historical averages, whereas all of its peers are trading at double-digit discounts.

Given its sheer size, it's not surprising to see that RBC also has the second lowest expected growth

rate. At 4.01%, its yield is also tied for the lowest in the group, and is not enough to justify a higher ranking.

### #3 – Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#))

The number two and three spots were the most difficult to rank. Year to date, BMO has posted an 11.45% return, topping the group. As such, it has already recovered better than most.

The company is still cheap however, trading at a 12% discount to historical averages. BMO's yield and dividend growth rate are middle of the pack, and its expected earnings growth rate is second best.

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

The Bank of Nova Scotia is deserving of the runner-up spot for one reason: valuation. One of Canada's most geographically diverse banks, it ran into some trouble with its Caribbean operations. It has been the most active bank in terms of mergers and acquisitions, but the general consensus is that the company grew too fast.

However, the company is now focused on integrating recent deals and is disposing of non-core assets. As of writing, the company is trading at an almost 20% discount to historical averages. It currently yields a hefty 5% yield with above-average expected growth rates.

### #1 – Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#))

The best banking stock in Canada is TD Bank. TD has been the best-performing bank over the past two, five and 10 years. It's trading at an 11% discount to historical averages and has best-in-class assets south of the border.

This has enabled the company to post the best growth rate in the industry, and analysts expect it to post the highest growth rates over the next five years. Although it's tied with RBC for the lowest yield (4.02%), it has the highest dividend growth rate of its peers.

TD Bank is still the [top banking stock](#) to buy today.

#### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

#### TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:CM (Canadian Imperial Bank of Commerce)
4. NYSE:RY (Royal Bank of Canada)
5. NYSE:TD (The Toronto-Dominion Bank)

6. TSX:BMO (Bank Of Montreal)
7. TSX:BNS (Bank Of Nova Scotia)
8. TSX:CM (Canadian Imperial Bank of Commerce)
9. TSX:RY (Royal Bank of Canada)
10. TSX:TD (The Toronto-Dominion Bank)

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