



## Got \$3,000? Here Are My Top 3 Canadian Bank Stocks

### Description

Last month, I'd [ranked](#) the Big Six bank stocks from worst to first. Canadians have faced major financial challenges during the COVID-19 pandemic. Hopefully, some of you have been able to stash away cash for your investments in the fall. Today, I want to look at my top three bank stocks in October. Let's dive in.

### Why Scotiabank is my number one bank stock right now

**Scotiabank** ([TSX:BNS](#))([NYSE:BNS](#)) is my favourite bank stock on the **TSX** right now. It has been hit hard by the pandemic, largely due to its Latin America holdings. However, there are signs of a post-COVID recovery in those regions. As it stands today, this bank stock offers mouth-watering value and attractive income.

Shares of Scotia have dropped 18% in 2020 as of close on October 15. The stock has climbed 2.6% month over month. I'd [suggested](#) that investors should snag Scotiabank stock after its third quarter 2020 earnings release. In Q3 2020, Scotia reported a \$1.3 billion profit as provisions for credit losses continued to weigh on its earnings. Scotia reiterated the recovery path for its Pacific Alliance assets.

This bank stock last possessed a price-to-earnings ratio of 9.9 and a price-to-book value of 1.0, putting Scotiabank stock in attractive value territory. Moreover, it last paid out a quarterly dividend of \$0.90 per share. This represents a tasty 6.4% yield.

### Target this underrated Quebec-based bank

**National Bank** ([TSX:NA](#)) was my last ranked bank stock in September. Its shares have dropped 6.4% month over month. I'm hunting for value in October, which is why National Bank has surged up my ranking. This is my second favourite bank stock to snatch up right now.

The bank released its third quarter 2020 results on August 26. Net income fell 1% year over year to \$601 million, while diluted earnings per share was flat at \$1.66. However, National Bank did achieve

net income growth of 2% and 5% in its Wealth Management and Financial Markets segments. Better yet, the bank's U.S. Specialty and Finance and International segment posted net income growth of 26% to \$87 million.

Shares of National Bank last had a favourable P/E ratio of 11 and a P/B value of 1.7. Like its peers, it also boasts an excellent balance sheet. National Bank still offers a quarterly dividend of \$0.71 per share, which represents a 4.2% yield.

## A bank stock with a big U.S. footprint

While my top ranked bank stock has significant assets in Latin America, this bank stock is a big player in the United States. **Toronto-Dominion Bank** is one of the largest retail banks south of the border. This bank stock has plunged 12% in 2020.

In Q3 2020, TD Bank met expectations and delivered net income of \$2.25 billion. It was forced to set aside \$2.19 billion for bad loans in the quarter. Banks look to be in good hands no matter who wins the U.S. election, with both Biden and Trump enjoying a strong relationship with Wall Street. Moreover, a post-election stimulus in the trillions could be huge for the economy.

Shares of TD Bank possess a favourable P/E ratio of 11 and a P/B value of 1.2. It last delivered a quarterly dividend of \$0.79 per share, representing a strong 5.2% yield.

### CATEGORY

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### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:NA (National Bank of Canada)

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