



## 2 Bank Stocks for 2021

### Description

Canada's big banks remain some of the best long-term investments on the market. There are plenty of reasons for that view, including impressive dividends and strong growth. As 2020 comes to a close, let's look at some of the best bank stocks for 2021. Here are two similar yet very different options to consider.

### An international bank full of potential

**Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is neither the largest or most well-known of Canada's big banks. What Scotiabank does offer, however, is a diversified international presence that could prove to be a lucrative growth driver over the next few years. When it comes to expansion outside Canada, the big banks have mostly looked to the U.S. market. There are good reasons for that (see below), but Scotiabank has looked elsewhere — specifically, the Latin American nations of Chile, Columbia, Mexico, and Peru.

All four of those nations comprise a trade pact known as the Pacific Alliance. The bloc is charged with improving trade and reducing tariffs between member states. When Scotiabank established itself in all member states, it became a preferred and familiar face for businesses. This has led to a series of strong results from the bank's international segment during earnings season prior to the onset of the global pandemic.

In [the most recent quarter](#), Scotiabank reported net income of \$1,899 million, which reflected the global impact of COVID-19 on business. In the same quarter last year, Scotiabank reported net income of \$2,308 million. On a per-share basis, the bank earned \$1.42 per diluted share in the most recent quarter compared with \$1.73 reported last year.

Worth noting is that Latin American markets experienced closures a significant period *after* the U.S. and Canada. This meant that the expected dip in earnings that was always expected following the closures in the spring was more of a wave for international segments.

Turning to dividends, Scotiabank offers investors a quarterly dividend that has an appetizing 5.29%

yield. In other words, Scotiabank has [one of the best yields](#) across the big banks, and the market. That could be reason enough for many investors to see Scotiabank as one of the best bank stocks for 2021.

## This bank will have you seeing green

**Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is another bank worth looking into. TD is larger than Scotiabank and opted to focus its expansion efforts into the U.S. market. That expansion came during the Great Recession when TD acquired regional banks and stitched them into a single network. Those efforts have resulted in TD becoming one of the larger banks in that lucrative market. TD's presence there currently stretches along the east coast from Maine to Florida.

Operating a large branch network in the U.S. means access to an additional revenue stream with strong loan and deposit growth. In the most recent quarter, TD reported adjusted net income of \$5,143 million. In the same period last year, the bank reported 2,856 million. The U.S. segment contributed \$871 million in net income to that total. A huge part of that income jump can be attributed to the sale of TD Ameritrade.

In terms of a dividend, TD offers investors a juicy quarterly dividend that currently boasts a 4.45% yield.

## The best bank stocks for 2021

Both TD and Scotiabank offer handsome dividends and strong growth prospects. They are both well diversified, which makes them great bank stocks for 2021. The market may still be volatile going into 2021, but long term, both are solid investments. In short, buy them, hold them, and let those juicy dividends grow your nest egg.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:BNS (Bank Of Nova Scotia)
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