The 3 Best Canadian Bank Stocks I'd Buy Right Now for 2021

Description

Canadian bank stocks are looking attractive, as the economy is likely to expand in 2021. The top Canadian banks remain well capitalized and maintain strong balance sheets. Meanwhile, vaccine distribution and economic reopening are likely to spur demand and drive credit growth.

Furthermore, lower credit loss provisions and easier year-over-year comparisons could cushion earnings and drive share buybacks and dividends. Here are the top three Canadian bank stocks that have the potential to deliver stellar returns in 2021 and have been paying dividends for a very long period. Also, these banks have raised their dividends in the past 10 years.

Bank of Montreal

Canadian lenders had a turbulent 2020, as low interest rates and higher provisions weighed on their top and bottom lines. However, **Bank of Montreal** (TSX:BMO)(NYSE:BMO) finished 2020 on a higher note and impressed with its bottom-line performance.

Bank of Montreal's adjusted EPS increased 5% in Q4, reflecting operating leverage and strong performance in its personal and commercial banking division. I believe the momentum is likely to sustain in 2021, reflecting higher lending and deposits. Moreover, the decline in loss provisions and improving efficiency ratio should drive its earnings.

Notably, the bank has been paying dividends for 192 years. Moreover, it has raised the same at a CAGR (compound annual growth rate) of 6% since 2005.

Bank of Montreal remains well capitalized and is expected to gain from the continued growth in loans and deposits. Further, its high dividend yield of 4.2% makes it an attractive income investment.

Scotiabank

Economic reopening and recovery in consumer demand are likely to significantly boost **Scotiabank** (TSX:BNS)(NYSE:BNS) stock. Its exposure to the high-growth markets is expected to drive its asset base. Meanwhile, stable margins and lower provisions are expected to drive its bottom line in 2021.

Scotiabank's diversified business and growing scale in the core markets are likely to accelerate its growth. Moreover, its strong wealth management and personal and commercial banking businesses should support its top and bottom lines in 2021.

Scotiabank has been continuously paying dividends since 1833 and has raised the same at a CAGR of 6% from 2009. It is trading at a price-to-book-value (P/BV) ratio of one, which is significantly lower than its peers and offers a solid yield of 5.1% at the current price levels.

Toronto-Dominion Bank

The revival of the economy is likely to boost **Toronto-Dominion Bank's** (TSX:TD)(NYSE:TD) growth prospects in 2021. The bank's diversified business mix with an increased retail focus and the U.S. expansion is likely to drive its revenues and profitability.

The uptick in loans and deposit volumes, lower provisions, and expected improvement in its efficiency ratio are likely to support its earnings in 2021. Further, its low-risk and deposit-rich balance sheet augur well for future growth.

Toronto-Dominion Bank's ability to consistently generate strong earnings growth has led it to pay its dividends for 164 years continuously. It has also raised its dividends at a CAGR of 11% (the highest growth rate among its peers) since 1995.

Currently, the bank offers a dividend yield of 4.2% and trades at an attractive P/BV ratio of 1.2.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Investing

Date
2025/07/04
Date Created
2021/01/19
Author
snahata