



The 3 Best Canadian Bank Stocks I Would Buy With \$3,000 for 2021

Description

The Canadian bank stocks have delivered healthy returns over the past six months. Moreover, the expected economic expansion, rise in consumer demand, and lower credit provisions suggest that the uptrend in the bank stocks could continue in 2021 and beyond.

Let's dive deeper into three top Canadian bank stocks that have strong potential for growth and are likely to deliver higher returns in the coming quarters. Further, shares of these banking giants offer decent dividend yield, while a couple of these stocks are offering [good value](#) and are trading at an attractive valuation multiple.

Bank of Montreal

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) is one of my top stock picks for 2021 that could outperform the broader markets by a wide margin. Its stock has appreciated by 40% in the last six months. Meanwhile, the bank offers a decent [dividend yield](#) of 3.8%.

My bullish view on Bank of Montreal stock stems from its ability to deliver strong revenue and earnings growth consistently. It started the year with a bang and delivered 26% growth in its adjusted net income in Q1. Its personal & commercial banking segment continued to generate strong growth led by an increase in net interest income and a decline in expenses. Further, a significant decrease in the provisions for credit losses cushioned its bottom line.

I expect continued growth in Bank of Montreal's loans and deposit volumes. Meanwhile, its efficiency ratio could continue to improve and support its earnings. Also, lower credit provisions are expected to boost its earnings and drive share repurchases and dividend payments. Bank of Montreal is trading at a price-to-book value multiple of 1.4, which is lower than the peer group average.

Scotiabank

Scotiabank ([TSX:BNS](#))([NYSE:BNS](#)) stock has risen by about 47% over the past six months on hopes of recovery in demand and economic growth. The bank's CEO remains optimistic and expects to deliver strong performance in the coming quarters. Like Bank of Montreal, Scotiabank also impressed

with its recent quarterly numbers. Its net income improved on the back of operating leverage and lower provisions.

I believe the uptick in economic activities and Scotiabank's exposure to the high-growth markets position it well to deliver stellar revenue and EPS growth in 2021. Meanwhile, expense management and a sharp decline in credit provisions are likely to boost its bottom line.

Scotiabank stock is also trading at a price-to-book value ratio of 1.4, reflecting a discount to its peer group average. Also, Scotiabank has a long history of consistently distributing higher dividends and currently offers a high yield of 4.6%.

Toronto-Dominion Bank

Shares of **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) are up over 30% in six months, benefiting from the recovery in demand and its diversified business model. I believe higher loans and deposit volumes and increased fee-based income could continue to support its revenues. Furthermore, lower provisions for credit losses are expected to drive its net income in 2021.

With an improving operating environment, Toronto-Dominion Bank could continue to boost its shareholders' returns through higher dividend payments. It hiked its dividends at a compound annual growth rate of 11% in the past 25 years, which is higher than its peers. Meanwhile, its currently offering a healthy dividend yield of 3.9%.

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

2025/08/23

Date Created

2021/03/11

Author

snahata

default watermark

default watermark