



Got \$2,000? 4 Canadian Bank Stocks to Buy and Hold Forever

Description

I've said before that I am bullish on top Canadian bank stocks. A steady improvement in the economy and recovery in consumer demand is likely to boost banking stocks significantly. Further, a reduction in credit provisions and continued improvement in the efficiency ratio will likely drive profitability.

So, if you have \$2,000, here are four top Canadian bank stocks that you could buy now and hold forever for superior returns in the long run. Meanwhile, these top bank stocks are Dividend Aristocrats, implying that investors could benefit from steady dividend payments.

Bank of Montreal

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) stock has appreciated by over 105% in one year. Moreover, it has risen nearly 28% this year. The [stellar growth](#) in Bank of Montreal stock reflects its solid financial and operating performance. Its bottom line is growing at a healthy pace and recorded double-digit growth during the most recent quarter.

I expect the uptrend in Bank of Montreal stock could continue in 2021 and beyond, reflecting an improving operating environment. The expansion of its asset portfolio, higher deposit volumes, operating leverage, and lower provisions could continue to drive its earnings and future dividends. The bank also looks attractive on valuation and is trading at a P/BV (price-to-book value) multiple of 1.5, which is lower than most of its peers and historical average. It also offers a healthy yield of 3.5%.

Toronto-Dominion Bank

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) has gained over 68% in one year and by over 24% year to date. Notably, the bank delivered 10% growth in its Q1 adjusted earnings, backed by a decline in credit provisions, increased loans and deposits, and higher fee-based income.

I see further upside in Toronto-Dominion Bank stock, reflecting the revival in demand and its diversified business model. The bank is also likely to continue to enhance its shareholders' returns through higher dividend payments. Its dividends have risen by 11% annually since 1996. Meanwhile, it offers a yield of 3.6%.

Royal Bank of Canada

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) has gained over 55% in one year. Moreover, I expect the trend to continue, reflecting a rise in economic activities and its leadership position in the banking space.

Royal Bank of Canada's bottom line is also growing at a double-digit rate and registered 11% growth during the last reported quarter. I believe higher volumes, lower provision for credit losses, increased client activity, and favourable industry trends are likely to bolster its growth rate. Furthermore, its solid balance sheet and high-quality earnings should support higher dividends payments. Currently, it is offering a yield of 3.5%.

Scotiabank

Scotiabank ([TSX:BNS](#))([NYSE:BNS](#)) stock has delivered stellar returns in the past and has gained over 68% in one year on economic recovery and improvement in consumer demand. The stock continues to trade cheaper than peers, which indicates [further upside](#).

I expect Scotiabank could continue to deliver solid financials, driven by the uptick in its loan portfolio, higher deposit volumes, and exposure to high-growth banking markets. Further, reduction in credit provisions, operating leverage, and strength in digital business are likely to accelerate its growth and cushion its bottom line. Its price-to-book value multiple of 1.4 is lower than all of its peers. Also, it offers an attractive yield of 4.5%.

CATEGORY

1. Bank Stocks
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TICKERS GLOBAL

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

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