



## 2 of the Best Canadian Bank Stocks to Buy for 2021

### Description

Despite the resurgence of the coronavirus, shares of the top Canadian banks are holding strong and remained least impacted amid the recent selloff. Notably, the large government stimulus, economic recovery, and revival in credit demand suggest that the rally in banks could continue in 2021 and beyond. Further, the uptick in inflation indicates that the interest rates could increase in the future, which is a positive for banks.

Shares of the top banks in Canada witnessed strong buying since the beginning of this year on gradual revival in the economy following the positive development on the vaccine front. Most of the top banks have marked healthy appreciation in value. However, a couple of bank stocks are trading cheap and are delivering solid financials, indicating further upside to their stocks.

### Bank of Montreal

**Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) has consistently performed well and delivered stellar returns. Its diversified business mix, strong control over expenses, and high-quality earnings have driven its stock higher and supported increased dividend payments.

Shares of Bank of Montreal have almost doubled in one year. Meanwhile, its stock has increased about 31% year to date. The uptrend in Bank of Montreal stock reflects the ongoing momentum in its operating performance and stellar growth in its earnings. I am optimistic about Bank of Montreal's prospects and expect it to deliver robust revenues and earnings in the coming quarters. Economic expansion and higher loans and deposit volumes will likely drive its top line. Furthermore, its strong credit performance, operating leverage, and lower provisions are expected to drive its earnings and, in turn, its dividends.

Bank of Montreal stock trades at a price-to-earnings (P/E) multiple of 11.6 and a price-to-book (P/BV) value ratio of 1.5, which are lower than most of its peers and well within reach. Further, it offers a decent yield of 3.4%. Notably, Bank of Montreal had paid dividends for over 192 years, which indicates the strength of its earnings base. Investors eyeing a top growth and income stock could consider buying the shares of Bank of Montreal right now.

## Scotiabank

Like peers, **Scotiabank** ([TSX:BNS](#))([NYSE:BNS](#)) is also benefitting from the improving economic conditions. Further, it is expected to deliver robust top- and bottom-line growth in the coming quarters. Lower provisions for credit losses and operating leverage will likely drive its future earnings and support the uptrend in its stock.

Scotiabank's presence in the high-growth banking markets and its diversified business model position it well to capitalize on the improving demand. Furthermore, its high-quality assets, decline in provisions, and expense management [augur well for future](#) growth.

Scotiabank stock is trading at a P/E multiple of 11.1 and a P/BV ratio of 1.4, which are lowest among the peers and indicates strong upside potential. Further, it offers a high yield of 4.6%. Notably, Scotiabank has been consistently paying and increasing its quarterly dividends for a very long time and is among the [top dividend stocks](#) listed on the TSX index.

## Final thoughts

Both these banks have performed exceptionally well and have a resilient and high-quality earnings base that provides a solid foundation for growth. I believe growth in loans and deposit volumes, improving non-interest income, lower credit performance, and expense management position them well to deliver stellar returns and boost shareholders' value through higher dividends.

### 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. TSX:BMO (Bank Of Montreal)
4. TSX:BNS (Bank Of Nova Scotia)

### 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**

2025/08/13

### **Date Created**

2021/05/25

### **Author**

snahata

default watermark

default watermark