



## 3 Canadian Bank Stocks That Crushed Earnings

### Description

Earnings season is underway for Canadian banks, and so far, they have been crushing it. **TD Bank** ([TSX:TD](#))([NYSE:TD](#)), **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), and **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) have all released earnings for Q2, and all of them beat estimates. In fact, according to the *Financial Post*, [all of the Bix Six banks beat estimates](#) in the second quarter. In this article, I'll take a "deep dive" look at the three just mentioned.

### TD Bank beats

TD Bank grew its earnings by 144% year over year in the second quarter. A big boost was expected, because the year-before quarter included some major COVID-19 losses — specifically, losses due to an increase in provisions for credit losses (PCLs). Because of the COVID-19 pandemic, many of TD's loans were perceived to have become riskier. So, the bank increased its PCLs in response. That resulted in lower earnings. But, over several quarters, the PCLs were lowered, which resulted in earnings rising. Today, TD is making more money than it did in the last quarter before COVID hit. In Q1 2020, TD earned \$1.64 per share. In Q2 2021, it earned \$1.99. So, even if we compare TD's recent results to *pre-COVID* quarters, it was a winner.

### Bank of Nova Scotia: A huge win

Bank of Nova Scotia (Scotiabank) is another Canadian bank that scored a big win in Q2. In the second quarter, it earned \$1.88 per share, up from \$1 — not as big a year-over-year increase as TD Bank, but still pretty good. The bank's return on equity (ROE) also improved, going from 8.2% to 14.9%. The bank's Wealth Management division did particularly well, with a 20% increase in assets under management (AUM). The more a wealth manager's AUM goes up, the more fees it can collect, so this is one gain that could pay dividends well into the future.

### Royal Bank of Canada: Flawless victory

Last but not least, we have Royal Bank of Canada.

Royal Bank of Canada beat expectations in the second quarter, with \$4 billion in net income, up \$2.5 billion. Net income was also up by \$168 million from the prior quarter. Even pre-provision earnings were up 11%, which is very important, because it shows that the bank would have posted positive growth, even with COVID not in the equation. Speaking of which: RY's earnings are also up 58% year to date, which shows that the bank is rapidly getting past the COVID hump that plagued it last year.

Royal Bank of Canada is Canada's biggest bank for a reason. With an impeccable track record of stability, it is a [solid dividend play](#) that investors can count on. No, it doesn't have the growth potential of a TD Bank, but it's a different kind of bank stock; it's a low-risk dividend play that provides just enough income to be better than most bonds. You won't get rich buying stocks like RY, but you should enjoy steady, growing income.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

## TICKERS GLOBAL

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

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