



3 Top Bank Stocks to Buy This Summer

Description

The Canadian economy has been on the rebound since the last months of 2020. That rebound has kicked into overdrive in 2021, as the country has been able to broadly reopen. Ontario, Canada's most populous province, just entered step two of its reopening plan. In April, I'd [discussed](#) why bank stocks were perfect targets during this recovery.

Here's why TD Bank is still one of my favourites

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is the second-largest financial institution in Canada. Shares of TD Bank have climbed 21% in 2021 as of early afternoon trading on July 5. The bank stock is up 43% from the prior year.

In Q2 2021, TD Bank built on its strong performance to kick off the year. One of the key drivers for the increase in profit has been the decline in provisions for loan losses. This has been true for TD Bank's peers as well. The bank delivered \$3.7 billion in net earnings in the second quarter — up 144% from the prior year. On an adjusted basis, earnings per share rose to \$2.04 compared to \$1.76 in Q2 2021.

Shares of this bank stock still possess a favourable price-to-earnings ratio of 11. Moreover, it offers a [quarterly dividend](#) of \$0.79 per share. That represents a 3.6% yield.

This bank stock is worth snatching up in July

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) is another top bank stock that boasts a strong footprint in the United States. Shares of BMO have increased 32% in the year-to-date period. The stock has surged 73% year over year.

BMO saw its provisions for credit losses sink to \$60 million compared to a whopping \$1.11 billion in the prior year. Adjusted net income rose to \$2.09 billion, or \$3.13 on a per share basis — up from \$715 million, or \$1.04 per share, in Q2 2020. BMO was also bolstered by a return to profit in its Capital Markets division. Strong market performance powered earnings for BMO and its peers in this space.

Overall, these results managed to surpass analyst expectations.

This bank stock last had a P/E ratio of 14. The last year of strong momentum has put its shares in less-favourable value territory compared to its peers. BMO offers a quarterly dividend of \$1.06 per share, which represents a 3.3% yield.

One more bank stock to buy today

Scotiabank ([TSX:BNS](#))([NYSE:BNS](#)) is a noteworthy Canadian bank stock due to its international exposure, especially in Latin America. Back in late 2019, I'd [suggested](#) that this was a big reason to scoop up Scotiabank. Unfortunately, this region was hit hard at the peak of the COVID-19 pandemic in 2020. A recovery is underway, but it will likely be more gradual than top nations in the developed world.

The bank reported net income of \$2.46 billion, or \$1.88 per diluted share, in the quarter — up from \$1.32 billion, or \$1.00 per diluted share, in the previous year. Shares of this bank stock last had a solid P/E ratio of 12. It offers a quarterly dividend of \$0.90 per share. This represents a 4.5% yield.

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Date

2025/08/23

Date Created

2021/07/05

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