



## My Top 3 Bank Stocks to Watch Ahead of Earnings

### Description

Canadian banks were big beneficiaries of the broader economic rebound in the first half of 2021. The financial sector is the largest weighting on the **S&P/TSX Composite Index**. This means that Canada's top bank stocks have a huge impact on how the TSX performs. Investors should be paying attention, as the top banks are set to release their third-quarter earnings in the days ahead. Today, I want to look at my top three bank stocks to watch before the season kicks off.

### How does Canada's top bank look in late August?

**Royal Bank** ([TSX:RY](#))([NYSE:RY](#)) is the largest financial institution in Canada, and the largest stock by market cap on the TSX. Shares of this bank stock have climbed 24% in 2021 as of close on August 19. Meanwhile, the stock has increased 33% in the year-over-year period. I'd suggested that investors should [scoop up](#) Royal Bank after its first-quarter 2021 results.

Investors can expect to see Royal Bank's third-quarter 2021 results in the final week of August. In Q2 2021, the bank saw net income soar \$2.5 billion from the prior year to \$4.0 billion. Meanwhile, diluted earnings per share nearly tripled from \$1.00 to \$2.76. Royal Bank was powered by significantly reduced provisions for credit losses and strong volume growth.

Shares of this bank stock last had a price-to-earnings (P/E) ratio of 13. That puts Royal Bank in solid value territory at the time of this writing. It also offers a quarterly dividend of \$1.08 per share, which represents a 3.3% yield.

### This top bank stock boasts a huge United States footprint: Will it help?

**TD Bank** ([TSX:TD](#))([NYSE:TD](#)) is the second-largest Canadian financial institution. This bank stock has increased 18% in the year-to-date period. Its shares are up 37% from the same time in 2020.

This bank will unveil its third-quarter 2021 results on the afternoon of August 26. In Q2 2021, TD Bank reported adjusted net earnings of \$3.77 billion, or \$2.04 per share — up from \$1.59 billion, or \$0.85 per share, in the second quarter of 2020. The Canadian Retail segment delivered net income growth of 86% to \$2.18 billion. Like its peers, it also benefited from a decline in provisions for credit losses.

TD Bank stock possesses a favourable P/E ratio of 11. Moreover, it last paid out a quarterly dividend of \$0.79 per share. This represents a 3.6% yield.

## One more bank stock to focus on before earnings

**Scotiabank** ([TSX:BNS](#))([NYSE:BNS](#)) is the third bank stock I'm excited about ahead of the next batch of earnings. I'd [suggested](#) that investors should snatch up Scotia back in June. This bank stock has increased 17% so far in 2021. Shares are up 42% from the previous year.

The bank is set to release its Q3 2021 earnings on August 24. Scotia is often referred to as “The International Bank” due to its large global footprint. It boasts strong exposure to Latin America. This region was hit hard by the pandemic, which hurt Scotia's 2020 earnings. However, improving vaccination rates have put many of these nations on the rebound.

This bank stock last had a [favourable P/E ratio](#) of 12. It offers a quarterly dividend of \$0.90 per share, representing a solid 4.5% yield.

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2. NYSE:RY (Royal Bank of Canada)
3. NYSE:TD (The Toronto-Dominion Bank)
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