



Top 3 Bank Stocks to Buy This Week

Description

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)), **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)), and **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) will report their third-quarter earnings this week. Those are three solid bank stocks to buy and hold for a long time. You might want to buy them before their earnings release because if they beat expectations, their share price could rally.

Royal Bank of Canada

Royal Bank is one of the leading Canadian banking stocks. Given its size and status as the largest bank in the country, Royal Bank offers unparalleled security.

It continues to perform well and has been one of the few banks that has managed to increase its revenues despite the pandemic.

It is one of the most diverse banks in the world, and its global exposure will allow it to generate more stable income and profits as several countries are in different phases of economic recovery due to COVID-19. This will remain true until the end of 2021.

Royal Bank has been the second-best performing major bank in the past 3, 5, and 10 years. Shares have risen by approximately 25% year to date. The bank is currently trading at a forward P/E of 12. Sales and profits are expected to increase by around 4% and 23% next year.

Toronto-Dominion Bank

TD is a multinational banking and financial services company that [began operations in 1855](#). TD Bank is the second-largest bank in terms of market capitalization.

The \$155 billion company is the most exposed south of the border, as more than 40% of its revenue comes from the United States.

Over the past five years, TD Bank has averaged annual earnings growth of 6.83% and 8.79%. This includes the pandemic which has severely affected operations.

These are the highest growth rates among the Big Six banks. This is one of the main reasons that TD Bank has been able to grow its dividend at a rapid rate and boasts the highest dividend growth rate of its peers. At the time of writing, TD Bank is trading at a forward P/E of 11.4 and shares have jumped by approximately 20% year to date.

TD exposure to the U.S. may lead to outperformance, as our neighbours to the south are opening much faster than us here in Canada.

Bank of Montreal

During the pandemic, the Bank of Montreal was the hardest hit bank. In fact, for most of 2020, the bank lagged behind its peers.

That was until the markets recognized that it was significantly undervalued and quickly became one of the best-performing banks. Shares have gained more than 30% year to date.

BMO is the eighth-largest bank in North America and has paid uninterrupted dividends for more than 185 years, the longest streak in the country.

The bank is the least exposed to the Canadian [real estate market](#), a market that many investors see as a bubble just waiting to burst.

Currently, BMO stock is trading at a forward P/E of 10.7. However, it should be noted that BMO is one of the few banks expected to increase revenues by more than 4% this year. Profits are also expected to jump 56%, the highest of any major bank.

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

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