My Top 3 Bank Stocks to Buy After Earnings

Description

Canada's top banks have released their third-quarter 2021 earnings at the end of this month. The broader economic rebound has continued to give a boost to the country's top financial institutions. Today, I want to go over my top three bank stocks to buy and hold after the third-quarter earnings season. Let's dive in.

Canada's top bank stock lived up to the billing in its earnings release

Royal Bank of Canada (TSX:RY)(NYSE:RY) is the largest bank stock on the **TSX** by market cap. This is a stock I'd suggested investors target from the beginning of the year. Shares of Royal Bank have climbed 26% in 2021 as of close on August 26. The top bank stock is up 30% year over year.

Investors got to see Royal Bank's third-quarter 2021 results on August 25. Net income increased 34% year-over-year to $4.29 billion or 35% to $2.97 diluted earnings per share. Profit in its Personal & Commercial Banking segment delivered 55% growth to $2.11 billion. It was a banner quarter for Royal Bank in its Wealth Management and Capital Markets division as well. Like its peers, Royal Bank benefited from significantly lower provisions for loan losses.

This bank stock possesses a price-to-earnings ratio of 13, putting it in solid value territory. It declared a quarterly dividend of $1.08 per share. That represents a 3.2% yield.

Scotiabank is worth buying on its post-earnings dip

Scotiabank (TSX:BNS)(NYSE:BNS) is a Canadian bank stock that boasts a significant global footprint, especially in Latin America. This bank stock has climbed 17% in the year-to-date period. Meanwhile, its shares have increased 38% from the same time in 2020.

Canada's International Bank unveiled its Q3 2021 earnings on August 24. Scotiabank delivered a third-quarter profit of $2.54 billion or $1.99 per diluted share – up from $1.30 billion or $1.04 per diluted share in the prior year. The bank reported provisions for credit losses of $380 million – down significantly from $2.18 billion in the third quarter of 2020. These results managed to beat analyst expectations.

This bank stock last had a P/E ratio of 11, putting Scotiabank in attractive value territory. It announced a quarterly dividend of $0.90 per share, representing a solid 4.5% yield.

One more bank stock to snatch up after earnings

Bank of Montreal (TSX:BMO)(NYSE:BMO) is another bank stock I'd suggested that investors target as the economy was on the rebound in the spring. Shares of BMO have increased 33% so far this year. Meanwhile, the stock is up over 50% in the year-over-year period.

The bank released its Q3 2021 results on August 24. In this instance, BMO's monster revenues fueled its earnings growth. Revenue was reported at $7.56 billion – up from $6.07 billion in the previous year. Adjusted net income climbed 82% year-over-year to $2.92 billion and adjusted earnings per share jumped 86% to $3.44. The bank's The US Personal & Commercial Banking segment delivered a profit gain of $286 million from the prior year.

BMO possesses a P/E ratio of 11, putting the bank stock in favourable value territory. It offers a quarterly distribution of $1.06 per share, which represents a 3.3% yield.

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