



## Passive Income: 2 Top Bank Stocks to Buy Now

### Description

A great way to boost your financial strength is to add an extra stream of income in the form of dividend-paying stocks. Dividends are a form of passive income, as you don't have to put in any effort to earn them. There are many Canadian [dividend stocks](#) to choose from, but some are better than others. Bank stocks are an excellent choice.

You can never go wrong with Canadian bank stocks, as they're pretty stable and they have tonnes of cash on the balance sheet. Among big Canadian bank stocks, **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) and **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) look particularly interesting right now. Indeed, those banks have been paying dividends for years and have low payout ratios. Plus, they are cheap, as they have P/E ratios under 15. Let's look at these dividend stocks in more detail.

### Bank of Montreal

BMO is the fourth-largest bank in Canada. Like other big Canadian banks, it is a very stable business.

BMO currently pays a dividend yield of around 3.3%. At the same time, its P/E ratio is only 12, which is pretty conservative. BMO has been paying a dividend for more than 25 years, and its payout ratio is 40%. Its financial results are also really good.

Indeed, BMO posted a strong performance in the [third quarter of 2021](#). The bank exceeded profit estimates thanks to improved loan-loss provisions.

Net income for the quarter ended July 31 reached \$2.28 billion, up 85% from \$1.23 billion a year earlier.

BMO adjusted earnings reached \$2.29 billion (\$3.44 per share) in the third quarter of 2021 compared to adjusted earnings of \$1.26 billion (\$1.85 per share) in the quarter of the previous fiscal year.

Capital Markets earnings reached \$558 million — an increase of 31% over the same quarter last year, driven by continued strong revenue performance.

Analysts on average expected BMO to report adjusted earnings of \$2.93 per share in the third quarter of 2021.

Revenue increased 5.6% to \$7.6 billion from \$7.2 billion a year earlier.

## TD Bank

TD Bank is the second-largest lender in the country. It is expanding in the United States really fast and beyond that. TD Bank has been paying a dividend for more than 25 years. The dividend yield of this top bank stock is currently 3.8% and its P/E ratio is 9.7.

TD Bank posted [solid third-quarter results](#). Quarterly profit increased and beat expectations, as the bank recovered credit losses and earned higher revenues from its retail operations in Canada and the United States.

Profit was \$3.55 billion (\$1.92 per diluted share) in the third quarter of 2021, up 57.7% from a profit of \$2.25 billion (\$1.21 per share) in the third quarter of 2020. On an adjusted basis, TD earned \$1.96 per diluted share in its last quarter compared to \$1.25 per diluted share in the previous year's quarter. The consensus was for adjusted earnings of \$1.90 per share.

Revenue totalled \$10.71 billion in the quarter ended July 31, up 0.4% from \$10.67 billion a year ago.

TD's Canadian retail business saw net income soar 68% year over year to \$2.13 billion. Meanwhile, its U.S. retail operations gained \$1.3 billion, up 92% from a year ago.

The bank's Wholesale Banking business posted a 25% drop in net income to \$330 million. TD's tier one capital ratio was 14.5% in the third quarter compared to 12.5% in the prior-year quarter.

### CATEGORY

1. Bank Stocks
2. Investing

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:BMO (Bank Of Montreal)
4. TSX:TD (The Toronto-Dominion Bank)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

#### **PP NOTIFY USER**

1. kduncombe
2. sbchateauneuf

#### **Category**

1. Bank Stocks
2. Investing

#### **Tags**

1. Editor's Choice

#### **Date**

2025/09/10

#### **Date Created**

2021/09/10

#### **Author**

sbchateauneuf

default watermark

default watermark