



2 Top Canadian Bank Stocks to Buy Before They Hike Their Dividends

Description

Investors tend to focus on Canadian bank stocks for a variety of reasons. These companies tend to pay out a higher percentage of their earnings in the form of [dividends](#). Additionally, over the very long term, these stocks have proven to be some of the best total-return options in the market.

Accordingly, investors often choose to invest in a basket of Canadian bank stocks. Such a strategy makes sense. However, those looking for individual picks in this sector may want to consider these two top picks.

Let's dive in.

Top Canadian bank stocks: Scotiabank

One of the top Canadian bank stocks I've liked for a long time is **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)). There are many reasons for this.

Among the key reasons I focus on Scotiabank is this lender's international exposure. The company is among the most international of its peers, with operations in a number of Pacific Alliance countries. Whether it's Peru, Colombia, Chile, or Mexico, investors get excellent exposure to high-growth markets other Canadian bank stocks don't provide.

Scotiabank's recent earnings highlighted the company's strength of operations through the pandemic. The bank reported earnings that nearly doubled year over year, along with excellent revenue growth as well. As the global economy continues to recover from this pandemic, Scotiabank stock stands as an excellent choice for long-term investors to capitalize on this right now.

TD Bank

Long-term investors can't go wrong owning **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)). Indeed, this is one of the top Canadian bank stocks on a variety of metrics.

TD Bank is among the largest Canadian banks and has been vying for top spot for some time. This lender has become so successful in large part due to the company's U.S. exposure. With one of the largest retail networks on the U.S. east coast, Canadian investors gain a lot of leverage to the U.S. economy owning this name. I like that.

Additionally, TD has reported some of the most impressive long-term total returns of its peers. The company has seen relatively consistent earnings growth in the high-single-digit range for a very, very long time. Thus, TD has been able to consistently raise its dividend and provide added value to investors over time.

I think TD is likely the best-positioned Canadian bank stock coming out of this recession. For those with an optimistic outlook on where the economy is headed, this is one of my top picks overall right now.

The company's current valuation of roughly [11 times earnings](#), with a 4.5% dividend yield, is absolutely juicy. Accordingly, long-term investors looking for value can't go wrong owning TD stock right now.

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2. NYSE:TD (The Toronto-Dominion Bank)
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4. TSX:TD (The Toronto-Dominion Bank)

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