



My Top 2 Bank Stocks to Buy Ahead of Earnings

Description

Canadian bank stocks have enjoyed a big 2021 on the back of a [broader economic rebound](#). Moreover, Canada's top financial institutions have also been able to draw down on the provisions for credit losses set aside. This opened the door for bigger profits. Today, I want to look at two of my favourite bank stocks to snatch up before the final batch of 2021 earnings. Let's jump in.

Why TD Bank is one of my top two bank stocks ahead of Q4 earnings

TD Bank ([TSX:TD](#))([NYSE:TD](#)) is the second-largest financial institution in Canada, [right behind](#) **Royal Bank**. Shares of this bank stock have climbed 29% in 2021 as of close on November 16. The stock has increased 38% in the year-over-year period.

The bank is set to unveil its fourth-quarter and full-year 2021 earnings on the afternoon of December 2. In Q3 2021, TD Bank delivered adjusted net income of \$3.62 billion — up from \$2.32 billion in the previous year. The bank boasts the largest United States footprint compared to its peers. Indeed, it is one of the largest retail banks south of the border. Net income in U.S. Retail increased 92% from the prior year to \$1.29 billion in the third quarter of 2021.

Investors should be optimistic ahead of its next batch of results. The Canadian economy has continued to build momentum into the final months of 2021. This has spurred projections that the Bank of Canada will move forward on several rate hikes in the next year. TD Bank and its peers will be well positioned to benefit, as profit margins typically see a boost during a rate-tightening cycle.

Shares of this top bank stock possess an attractive price-to-earnings (P/E) ratio of 11. It last paid out a quarterly dividend of \$0.79 per share. That represents a 3.3% yield.

Don't sleep on "the International Bank" in late November

Scotiabank ([TSX:BNS](#))([NYSE:BNS](#)) is the third-largest of the Big Six Canadian bank stocks. It is sometimes called “the International Bank” due to its significant global reach. The bank possesses [significant interests](#) in Latin America. Shares of this bank stock have climbed 22% in the year-to-date period. The stock is up 33% from the same period in 2020.

Investors can expect to see the bank’s final batch of 2021 results on November 30. It unveiled its third-quarter 2021 earnings on August 24. Adjusted net income increased to \$2.56 billion compared to \$1.30 billion in the previous year. Meanwhile, adjusted diluted earnings per share nearly doubled to \$2.01.

Scotiabank has been able to rely on strong domestic results. Adjusted net income in its Canadian Banking segment delivered year-over-year growth of 150% to \$1.08 billion. Meanwhile, adjusted net income in International Banking hit \$493 million — up from \$53 million in the previous year. Moreover, adjusted net income in its Global Wealth Management segment climbed 19% to \$397 million.

This bank stock possesses a favourable P/E ratio of 11. Scotiabank last paid out a quarterly dividend of \$0.90 per share, which represents a solid 4.3% yield.

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