



## The 3 Top Bank Stock Performers in 2021: Which Is the Best Buy Today?

### Description

Canadian banks put together a banner year in 2021 after passing through a very challenging 2020. Banks were able to slash the provisions set aside for credit losses, as the broader economy stabilized. Moreover, bank stocks rose with domestic and global stock markets. Today, I want to look at three of the top-performing bank stocks in 2021. Which of these bank stocks is the best buy to kick off 2022? Let's jump in.

### Gold bank stock: Bank of Montreal

**Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) is one of the largest of the Big Six Canadian bank stocks. Shares of BMO climbed 45.9% in 2021. That made it the top performer among its peers in a fantastic 2021.

In late November, I'd [suggested](#) Quebec-based bank stocks for investors. Quebec outpaced all other provinces when it came to economic growth in 2021. However, the rise of the Omicron COVID-19 variant has spurred a radical response from the provincial government. This has the potential to put a halt to the momentum the province's economy built throughout the previous year.

BMO delivered adjusted net income growth of 66% in 2021 to \$8.65 billion. Meanwhile, adjusted earnings per share increased 68% to \$12.96. Provisions for credit losses dropped to \$20 million compared to a whopping \$2.95 billion in fiscal 2020.

Shares of this bank stock possess a [favourable](#) price-to-earnings (P/E) ratio of 11. Moreover, BMO offers a quarterly dividend of \$1.33 per share. That represents a 3.9% yield.

### Runner-up: Canadian Imperial Bank of Commerce

**Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) is the fifth largest of the Big Six Canadian bank stocks. However, it proved to be the second-best performer among its peers, as its stock rose 41.5% in 2021.

The bank unveiled its final batch of 2021 results on December 2. Total revenue was reported at \$20.0 billion — up from \$18.7 billion in the previous year. Meanwhile, net income climbed to \$6.44 billion compared to \$3.79 billion in 2020. CIBC delivered double-digit percentage growth in adjusted net income in Canadian P&B Banking, Canadian Commercial Banking and Wealth Management, Capital Markets, while U.S. Commercial Banking and Wealth Management saw its adjusted net income grow 124%.

This bank stock last had an attractive P/E ratio of 10. It hiked its quarterly dividend to \$1.61 per share, representing a 4.3% yield.

## Bronze bank stock: TD Bank

**TD Bank** ([TSX:TD](#))([NYSE:TD](#)) was still one of my [favourite bank stocks](#) to target in early November. It was the third best-performing bank stock in 2021. Shares of TD Bank increased 40.1% for the full year.

For the full year, TD Bank delivered adjusted net income of \$14.6 billion or \$7.91 on a per-share basis — up from \$9.96 billion, or \$5.36 per share, in the previous year. TD Bank benefited from a strong economic rebound in Canada and the United States, where it has a very strong retail presence.

Shares of this bank stock possess a solid P/E ratio of 12. It hiked its quarterly dividend to \$0.89 per share, which represents a 3.6% yield.

## Which bank stock is the best buy today?

I'm going with the underdog among the three and picking CIBC. The stock offers a marginally better value and dividend than its larger peers at the time of this writing.

### CATEGORY

1. Bank Stocks
2. Investing

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2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:BMO (Bank Of Montreal)
5. TSX:CM (Canadian Imperial Bank of Commerce)
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