



## 2 Top Canadian Bank Stocks to Buy Right Now

### Description

For those looking to invest like Warren Buffett or other top-tier value investors, bank stocks are a great way to go. Indeed, as capital compounders, banks have continued to provide steady and consistent long-term returns. Absent times of trouble, these stocks tend to outperform over the long run. Accordingly, there's a strong growth thesis to owning these stocks.

Additionally, as interest rates rise, banks stand to benefit. That's because the net interest margins banks earn tend to go up alongside interest rates. When margins rise, so too do [dividend](#) distributions. Thus, there's a safety and income angle to owning bank stocks as well.

For those looking at Canadian banks, here are two top tier options. Let's dive in.

### Top Canadian bank stocks: Royal Bank of Canada

With a market cap of more than \$200 billion, **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) is the biggest bank in Canada, and once again the top stock on the TSX. From a revenue and earnings perspective, this has remained the case for some time.

Indeed, Royal Bank is often considered to be the blue-chip Canadian stock international investors look to own in Canada. This is not by accident. Royal Bank has some of the best fundamentals of its peers. Additionally, this bank is, by and large, the most International of its Canadian banking peers. Thus, investors looking for long-term exposure to the banking sector look to Royal Bank as a top-10 global bank in this regard.

For those bullish on interest rate increases on the horizon, RY stock remains an intriguing option right now.

### Toronto-Dominion Bank

Another one of the top Canadian bank stocks I've been pounding the table on of late is **Toronto-Dominion Bank**

([TSX:TD](#))([NYSE:TD](#)). Indeed, TD stock has been on quite the run of late. In 2021, TD stock [surged more than 30% higher](#), boosted by similar factors as Royal Bank.

Like Royal Bank, TD has a strong presence outside Canada. For TD, the lender's retail banking presence in the U.S. is the key differentiator most investors focus on with this stock. TD's market share in the U.S. is impressive, making this one of the top bank stocks many Canadian investors choose. For those looking for geographic and currency diversification, TD stock provides this in spades.

Additionally, TD's dividend is among the best of its peers. Currently, TD stock yields 3.5%, while Royal Bank yields just under 3.3%. For those looking at the highest-quality Canadian banks, there's a strong argument to own TD for its dividend growth. This company has a tremendous track record of boosting its distributions over time. I think that's bound to continue, and I like the outlook for both these top Canadian bank stocks.

## CATEGORY

1. Bank Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:RY (Royal Bank of Canada)
4. TSX:TD (The Toronto-Dominion Bank)

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