



Worried About Interest Rate Hikes? Here Are 2 Top TSX Bank Stocks to Buy

Description

There is one thing common in a majority of the portfolios of Canadian investors: bank stocks. Several seasoned investors consider it a core holding, while many beginners also add these stocks to their portfolios.

With interest rates on the rise, banks are often viewed as a great place to hide. That's because banks tend to benefit from rising interest Rates.

For such investors, here's why **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) and **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) may be top picks.

Top bank stocks: Toronto-Dominion Bank

Toronto-Dominion is one of the two biggest banks in Canada. It operates three business segments, namely U.S. retail banking, wholesale banking, and Canadian retail banking.

This bank boasts a solid presence in the northeast, with its operations in the United States spanning from Maine to Florida. Also, the bank has an ownership stake of 42% in TD Ameritrade. In the fiscal Q1, TD Bank's Canadian retail unit witnessed an increase in total revenue to \$6.7 billion — that's a 5.9% increase from a year earlier. Also, the bank's overall profit topped the forecasts of analysts.

Recently, this bank also announced its biggest acquisition ever. It declared an agreement to purchase First Horizon Corp. to fill in its southeast footprint. This deal was struck, as TD benefits from stronger trends in borrowing among domestic businesses and consumers, with an increase of 14% in business loans while total average personal loans grew 7.8% in the three months through January. In addition, U.S. credit card balances saw a 5.6% increase from Q4.

Bank of Nova Scotia

This global financial services provider has multiple business segments — global wealth management,

Canadian banking, global banking and markets, international banking, etc.

Bank of Nova Scotia saw significant earnings [growth](#), with commercial clients sharply increasing their borrowing. This comes as a result of economies emerging further from the pandemic.

Scotiabank rose fiscal Q1 commercial and government loans by 16% from a year earlier in its Canadian unit and 8.2% in the international division. This bank's net income saw a 14% increase to \$2.14 per share or \$2.74 billion. Excluding a few items, profit stood at \$2.15 per share. On average, analysts predicted \$2.04.

Recently, Scotiabank announced its intention to acquire the remaining 16.8% stake of Grupo Saida in Scotiabank Chile. This provides roughly 100% ownership to the Canadian bank in its Chilean unit. Bank of Nova Scotia will be paying \$1.3 billion — half of the amount in cash and the remaining in shares. This deal will immediately boost EPS and add profits of approximately \$35 million for every quarter.

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