



## 3 Canadian Bank Stocks to Add for Stability Right Now

### Description

Ongoing geopolitical tensions and skyrocketing inflation have wreaked havoc on the global market. For investors in [bank stocks](#), this has provided the backdrop for, shall we say, an interesting setup.

On the one hand, economic activity could be hit hard in this environment. Loan growth could slow, and credit quality could deteriorate.

On the other hand, rising interest rates used to combat inflation could be a net positive for banks. Net interest margins tend to rise in such periods. Accordingly, perhaps the rising profits bank stocks show will outweigh concerns about top-line stagnation.

Time will tell. However, for those looking for exposure to Canadian banks, here are three great picks to consider right now.

### Top bank stocks: Scotiabank

**Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is the [third-largest](#) Canadian bank in terms of market cap. This lender has more than 950 branches all over Canada, serving more than 11 million customers across the retail, small business, and commercial banking segments.

In addition to domestic customers, Scotiabank also has a massive number of international customers. It has around 1,900 international branches. Apart from Canada, it has a significant footprint in Latin America, the Caribbean, Central America and Asia. This sort of international diversification is something I think is important for Canadian investors to consider.

Additionally, Scotiabank is among the top dividend-paying banks in the country. Currently, Scotiabank has a dividend yield of around 4.6%. Investors looking for a generous dividend yield alongside meaningful growth can't go wrong owning this name for the long term.

## Bank of Montreal

The oldest bank in Canada, **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) is another top bank stock to own. This company also happens to be a Dividend Aristocrat that has been paying dividend for over 190 years. It has been increasing its dividend consecutively for nearly a decade now.

Bank of Montreal has a sizeable presence within Canada with more than 900 branches. With more than 12 million customers and a total of more than \$852 billion under management, it is the eighth-largest bank in North America.

BMO's dividend yield isn't as high as its peers. However, this stock has proven its worth as a very long-term investment. Indeed, one of the reasons for BMO's otherwise low yield is the bank's balance sheet quality. In my view, this offsets any concerns around income.

## Royal Bank of Canada

The big dog in the Canadian banking space is **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)). This lender is the largest financial institution in Canada and is among the largest in North America as well. It is also the largest company (in terms of market cap) on the TSX. Accordingly, for investors looking for size, RBC is it.

Royal Bank is a massive financial organization with over 85,000 employees. It operates in 36 countries and has around 17 million customers.

This geographically diverse bank is financially stable and is growing at a healthy pace. In terms of dividends, it has been increasing its dividend consistently for nine years. It has the second-largest dividend payout among all the six big financial institutions in the country.

Overall, a portfolio with banking exposure spread to all three of these options isn't a bad idea. In my view, these are all top picks in this environment. Accordingly, investors have a number of great options among Canadian bank stocks to choose from right now.

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