



Load Up on These 2 Bank Stocks

Description

The banking sector in Canada has gone through a significant transformation phase in the last five years. In a few years preceding the 2020 pandemic, most banking stocks saw a period of stagnancy, except perhaps **National Bank of Canada**. However, the post-pandemic market was quite ripe for growth, and banks led the charge for the whole financial sector.

However, the growth was too rapid, considering the history of the banking stocks, and a correction was long overdue. And considering the fall many bank stocks are experiencing right now, it seems that the correction *has* caught up, and now you have the chance to buy these stocks at a discount price.

This would be a great way to normalize the overall buying price if you loaded up at or near the bullish phase.

A high-yield bank stock

Even at the height of its bullish phase, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) had one of the highest yields in the sector. And now that the stock has fallen almost 10% from its peak, the yield has become even more pronounced at 4.7%. The valuation has become far more attractive as well.

However, considering the current trajectory of the stock, the fall will most likely continue for a relatively long time before stabilizing. It hasn't fallen as far as some other [banking stocks](#), and even if it slips up a few more points, you will be able to lock in a much juicier 5% (or higher) yield at an even more attractive valuation than what you are currently getting.

The recent growth phase of the bank was a bit more restrained than others, and it's in line with the former, modest growth pace. However, as a dividend stock, Bank of Nova Scotia is a great choice, and you can load up on it as soon as it reaches its full depth and offers a much more attractive yield.

A decent growth-oriented bank stock

Toronto-Dominion ([TSX:TD](#))([NYSE:TD](#)) is a considerably better option when it comes to capital-appreciation potential compared to the BNS. One endorsement of that statement is the post-pandemic growth of TD, which was higher compared to the BNS. It also offers a decent 10-year CAGR of 12.87%, which currently might be a bit more realistic thanks to the recent fall the stock experienced.

The fall has already put a 12.8% discount on the second-largest bank in Canada, and, given enough time, it may reach as high as 20% or more. And if the bank stock is going for its pre-pandemic price, the fall would be significantly harder.

It would be a perfect time to buy TD in bulk and hold it for the [long term](#) or the next major growth phase. It will also push the yield high to a much more attractive number than the current 3.7%.

Foolish takeaway

The two banking stocks can offer a decent combination of growth and dividends. Even if we discard the rapid growth triggered by the 2020 [market crash](#) and consequential correction, the stocks are worth holding on to for the long term. But now is the chance to add them to your portfolio at a decently discounted price.

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2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:BNS (Bank Of Nova Scotia)
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