The 2 Best TSX Bank Stocks to Buy Right Now

Description

Investors looking to find the best bank stocks to consider right now have come to the right place. Indeed, investing in financials has proven to be a great way to generate consistent long-term returns. Canada's banks have provided consistent (and growing) dividend yields over time. These have been complemented by similarly consistent capital appreciation over time.

Two of Canada's best-performing banks over the long term happen to be **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) and **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD). Let's dive into why these bank stocks continue to top my list right now.

Top bank stocks: Scotiabank

Among the Canadian bank stocks with significant international exposure, Scotiabank continues to be one of my top picks.

Indeed, this company hasn't been shy about venturing outside of Canada for growth. The company has built up impressive lending businesses in Latin America, with significant market shares in its respective markets. These markets include the likes of Mexico, Chile, Peru, and Colombia.

The growth this region provides is unlike what we see in North America. Somewhat more volatile, on average, these markets are expected to produce excellent returns over the long run. Scotiabank is still anchored by rock-solid Canadian lending business and will continue to be. However, these growth-enhancing businesses globally make Scotiabank stand out among its peers in a big way.

Currently, Scotiabank is valued attractively relative to its peers. The company trades at a price-to-earnings ratio of around 13 times. That's not expensive compared to the sector, and it's dirt cheap compared to the overall market.

Additionally, Scotiabank is one of the bank stocks with the juiciest of dividends. Currently, the lender pays investors 4.6% to be patient over time. That's a hefty yield and one that gets me excited. Accordingly, this is a stock I think is a great long-term fit for investors seeking stable and reliable total

returns over time.

TD Bank

Another bank with a rather impressive long-term growth trajectory is TD Bank.

TD has been one of my top picks among Canadian bank stocks for quite some time. And for good reason. This Canadian lender similarly has significant global exposure. However, unlike Scotiabank, TD is more focused on the U.S. market.

In fact, TD was able to build its U.S. business via a string of acquisitions made right after the financial crisis. Call it luck or just plain old good timing, but TD Bank's management team definitely seems to know what they're doing.

I like TD's exposure to the U.S. relative to its Canadian peers. I also like the company's willingness to focus on operational efficiencies above all else. The bank isn't afraid to scale back its physical locations in favour of digitizing its offering. Online banking is the future and TD is embracing that future.

Currently, TD trades at a price-to-earnings ratio of around 11 (among the most attractive of its peers). That said, the company's dividend isn't quite as juicy as that of Scotiabank.

However, I'd take a 3.8% yield home and be happy with it. Wouldn't you?

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