



These 2 Banks Just Raised Their Dividends

Description

Dividend investing is one of the best ways to beat the market and build wealth over the long term, and this investment strategy generates the highest returns when you own stocks that raise their payouts every year. Taking this into account, let's take a look at two big banks that raised their dividends this week and have active streaks of annual dividend increases, so you can determine if you should invest in one of them today.

1. National Bank of Canada

National Bank of Canada ([TSX:NA](#)) is Canada's sixth-largest bank with approximately \$220.7 billion in total assets.

In its second-quarter earnings report on June 1, it announced a 1.9% increase to its quarterly dividend to \$0.55 per share, or \$2.20 per share annually, and this gives its stock a yield of about 5% at today's levels.

Investors must also make two notes.

First, National Bank's three dividend hikes since the start of 2015, including its 4% hike in May 2015, its 3.9% hike in December 2015, and the one noted above, have it on pace for 2016 to mark the sixth consecutive year in which it has raised its annual dividend payment.

Second, the company has a target dividend-payout range of 40-50% of its adjusted net earnings, so I think its consistent growth, including its 4.9% year-over-year increase to \$4.70 per share in fiscal 2015 and its 0.4% year-over-year increase to \$2.31 per share in the first half of fiscal 2016, will allow its streak of annual dividend increases to continue for many years into the future.

2. Laurentian Bank of Canada

Laurentian Bank of Canada ([TSX:LB](#)) is one of the largest banks in eastern Canada with over \$41 billion in total assets.

In its second-quarter earnings report on June 1, it announced a 3.5% increase to its quarterly dividend to \$0.60 per share, or \$2.40 per share annually, and this gives its stock a yield of about 4.6% at today's levels.

Investors must also make two notes.

First, Laurentian's three dividend hikes since the start of 2015, including its 3.7% hike in June 2015, its 3.6% hike in December 2015, and the one noted above, have it on pace for 2016 to mark the ninth consecutive year in which it has raised its annual dividend payment.

Second, the company has kept its dividend payout ratio close to 40% of its adjusted net earnings over the last several years, so I think its strong growth, including its 5.8% year-over-year increase to \$5.62 per share in fiscal 2015 and its 6.3% year-over-year increase to \$2.86 per share in the first half of fiscal 2016, will allow its streak of annual dividend increases to continue for the foreseeable future.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. TSX:LB (Laurentian Bank of Canada)
2. TSX:NA (National Bank of Canada)

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