



## 2 of Canada's 5 Largest Banks Just Raised Their Dividends

### Description

Two of Canada's largest banks — **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) and **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) — just made very shareholder-friendly moves and raised their dividends. Let's take a closer look at each dividend increase, so you can determine if you should invest in one of these banks today.

#### Royal Bank of Canada

RBC is Canada's second-largest bank as measured by assets with approximately \$1.2 trillion in total as of July 31.

In its third-quarter earnings release on August 23, RBC announced a 4.6% increase to its quarterly dividend to \$0.91 per share, equal to \$3.64 per share on an annualized basis, and this brings its yield up to about 3.9% at the time of this writing.

Investors must also make the following three notes.

First, the first payment at the increased rate will be made on or after November 24 to shareholders of record at the close of business on October 26.

Second, RBC has raised its annual dividend payment for six straight years, and its recent hikes, including its 4.8% hike in February and the one noted above, have it on track for 2017 to mark the seventh straight year with an increase.

Third, the company has a target dividend-payout range of 40-50% of its adjusted net income available to common shareholders, so I think its consistently strong growth, including its 10% year-over-year increase to \$8.16 billion in the first nine months of 2017, will allow its streak of annual dividend increases to continue for the foreseeable future.

#### Canadian Imperial Bank of Commerce

CIBC is Canada's fifth-largest bank as measured by assets with approximately \$560.91 billion in total

as of July 31.

In its third-quarter earnings release August 24, CIBC announced a 2.4% increase to its quarterly dividend to \$1.30 per share, equal to \$5.20 per share on an annualized basis, which brings its yield up to about 4.9% at the time of the writing.

It's also important to make the following three notes.

First, the first quarterly installment at the increased rate is payable on October 27 to shareholders of record at the close of business on September 28.

Second, the company has raised its annual dividend payment for six consecutive years, and its recent hikes, including its 2.4% hike in February and the one noted above, have it on pace for 2017 to mark the seventh consecutive year with an increase.

Third, CIBC has a dividend-payout target of approximately 50% of its adjusted net income, so I think its very strong growth, including its 11.1% year-over-year increase to \$3.4 billion in the first nine months of 2017, will allow its streak of annual dividend increases to continue for another seven years or more.

### **Which of these banks belongs in your portfolio?**

I think RBC and CIBC would make great additions to any Foolish portfolio, so take a closer look at each and strongly consider making one of them a long-term core holding.

### **CATEGORY**

1. Bank Stocks
2. Investing

### **TICKERS GLOBAL**

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:RY (Royal Bank of Canada)

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