

These 2 Canadian Banks Just Hiked Their Dividends

Description

National Bank of Canada ([TSX:NA](#)) and **Laurentian Bank of Canada** ([TSX:LB](#)) just rewarded their shareholders with dividend increases of 1-4%. Let's take a closer look at each bank and their dividends, so you can determine if you should invest in one of them today.

National Bank of Canada

National Bank of Canada is the sixth-largest bank in Canada with approximately \$245.83 billion in assets as of October 31. It provides a wide range of financial products and services to retail, commercial, corporate, and institutional clients in Canada, the U.S., Europe, and around the world.

In its fourth-quarter earnings release [on December 1](#), National Bank announced a 3.4% increase to its quarterly dividend to \$0.60 per share, equating to \$2.40 per share annually, which brings its yield up to about 3.8% at the time of this writing.

It's important to make the following three notes as well.

First, the first payment at the increased rate is payable on February 1 to shareholders of record at the close of business on December 27.

Second, it has now raised its dividend twice in 2017, with its first hike being a 3.6% hike in May, and it is now on pace for fiscal 2018 to mark the eighth consecutive year in which it has raised its annual dividend payment.

Third, the banking giant has a target dividend-payout range of 40-50% of its adjusted net earnings, so I think its very strong growth, including its 25.3% year-over-year increase to \$5.45 per share in fiscal 2017, will allow its streak of annual dividend increases to continue in fiscal 2019 and beyond.

Laurentian Bank of Canada

Laurentian Bank of Canada is one of the leading providers of banking services to individuals, small- and medium-sized enterprises, and independent advisors in eastern Canada, and it operates as a full-service brokerage firm. As of October 31, it has approximately \$46.68 billion in assets on its balance sheet.

In its fourth-quarter earnings release on December 5, Laurentian Bank announced a 1.6% increase to its quarterly dividend to \$0.63 per share, equating to \$2.52 per share annually, which brings its yield up to about 4.5% at the time of this writing.

Foolish investors must make the following three notes.

First, the first payment at the increased rate will be made on February 1 to the holders of record at the close of business on January 2.

Second, this is the second time the bank has raised its dividend in 2017, with its first being [a 1.6% hike](#) on May 30, and it's now on track for fiscal 2018 to mark the 11th consecutive year in which it has raised its annual dividend payment.

Third, it has a target dividend-payout range of 40-50% of its adjusted net income available to common shareholders, so I think its continued growth, including its 23% year-over-year increase to \$213.65 million in fiscal 2017, will allow its streak of annual dividend increases to continue for another decade at least.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

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2. TSX:NA (National Bank of Canada)

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