



These Banks Offer the Greatest Dividend Income Right Now

Description

[The Canadian banks](#) offer solid dividend income that can be a core part of your dividend portfolio. If you need to boost your income, among the eight Canadian banks that I reviewed, **Laurentian Bank of Canada** ([TSX:LB](#)) and **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) offer the greatest dividend yields right now.

Laurentian Bank

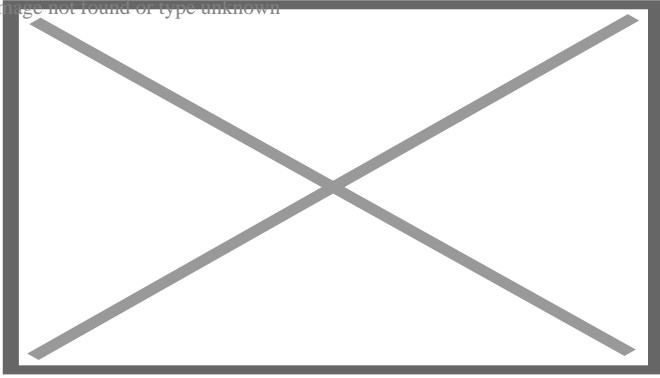
Laurentian Bank stock has plummeted about 22% in the last 12 months. The decline began in December, at which time the bank announced that it had to buy back some mortgages that it sold to a third party.

Last week, the bank reported its fiscal third-quarter results, which included diluted earnings per share (EPS) decline of 17%. The results had added pressure on the stock.

Notably, over the nine completed months of the current fiscal year, Laurentian Bank's diluted EPS remained the same at \$3.97. So, its dividend remains safe with a payout ratio of about 65%.

In the meantime, Laurentian Bank trades at its cheapest multiple since the last recession. At \$43 per share as of writing, Laurentian Bank trades at a price-to-earnings (P/E) multiple of 7.5. Moreover, the bank has steadily increased its dividend per share over the last 10 years. So, it now offers the highest dividend yield of nearly 6% after some weak stock performance.

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Bank of Nova Scotia

Scotiabank stock is about 1.6% lower than it was a year ago. So, the stock hasn't moved much. It has been pressured by a strong U.S. dollar, as the international bank has meaningful exposure in the Pacific Alliance countries, including Mexico, Peru, Chile, and Colombia.

However, in the long run, these countries should deliver good growth with the following drivers: young demographics, low banking penetration, growing economies, low consumer debt levels, and stable banking systems.

The stock is also being pressured by the acquisitions it has been making. They include \$7 billion of announced acquisitions that expand its key operations in Canada and the Pacific Alliance countries.

At about \$75 per share, Scotiabank trades at a P/E of 10.8. So, it's cheap relative to its long-term normal multiple of about 12. You can count on the bank keeping its dividend safe and increasing it over time.

Scotiabank offers a solid dividend yield of about 4.5%. Its dividend per share is 7.6% higher than it was a year ago. It can increase its dividend per share by at least 6% per year.

Investor takeaway

It's hard to pass up on Laurentian Bank, which offers a fat yield of close to 6%. However, between Laurentian Bank and Scotiabank, I'd go with the latter, which is more diversified and has better long-term [growth potential](#).

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2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:LB (Laurentian Bank of Canada)

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