



3 Bank Stocks That Pay Big Dividends

Description

Stacking stocks that offer income is one path to peace of mind in a volatile market. Canadian bank stocks are popular because of their balance of growth and income and consistent profit, but today I want to look at three bank stocks that stand out for their hefty dividend payouts. All three are worth consideration as we move into September.

Laurentian Bank

Laurentian Bank ([TSX:LB](#)) is a regional bank based in Quebec. Shares have climbed 19.3% in 2019 as of close on August 29. Laurentian has managed to thrive in the face of a [publicized short call](#) from Steve Eisman.

In the third quarter, Laurentian saw profit fall to \$47.8 million compared to \$54.9 million in the prior year. For the first nine months of 2019, net income has dropped 24% to \$131.4 million, and diluted earnings to share have fallen 27% to \$2.88. Laurentian struggled due to lower year-over-year loan volumes as well as lower lending and deposit fees.

Still, Laurentian stock possesses a favourable price-to-earnings (P/E) ratio of 10.4 and a price-to-book (P/B) of 0.8. It last paid out a quarterly dividend of \$0.66 per share, which represents an attractive 5.9% yield. The bank has achieved dividend growth for 11 consecutive years.

Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce ([TSX:CM](#))([NYSE:CM](#)) stock shot up by the most it had in over a year in response to its third-quarter earnings report. I'd discussed why CIBC looked [dirt cheap](#) ahead of its earnings report last week. Shares have climbed 3.9% in 2019 so far.

In the third quarter, CIBC got a big boost from its U.S. Commercial Banking and Wealth Management segment. Adjusted net income in the segment rose 6% year over year to \$182 million. This was due mostly to higher revenue. Canadian Personal and Small Business Banking adjusted net income

increased 2% from the prior year to \$659 million.

CIBC announced a hike in its quarterly dividend to \$1.44 per share. This represents a tasty 5.6% yield. Even after its post-earnings bump, it offers solid value with a P/E ratio of nine and a P/B of 1.3.

Scotiabank

Scotiabank ([TSX:BNS](#))([NYSE:BNS](#)) stock has climbed 6.1% in 2019 so far. The “International Bank” released its third-quarter 2019 results on August 27. Its Latin American holdings proved to provide a nice boost in the quarter.

On an adjusted basis, Scotiabank reported net income of \$2.46 billion, or \$1.88 per diluted share, which was up from \$2.26 billion, or \$1.76 per diluted share, in Q3 2018. Scotiabank’s international banking division provided double-digit earnings growth in the quarter, fuelling its first earnings beat in over a year. Headwinds on the domestic front are frustrating investors, which is why Scotia’s exposure to Pacific Alliance countries is encouraging.

Better yet, Scotiabank announced a dividend increase to \$0.90 per share, which is paid out quarterly. This represents a strong 5.1% yield. The bank has achieved dividend growth for eight consecutive years.

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aocallaghan

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