



## TFSA Investors: 2 Banks Stocks Yielding up to 4.7%

### Description

The annual contribution to a Tax-Free Savings Account (TFSA) grew to \$6,000 in 2019. The results of the federal election next week may be consequential for this relatively new registered account. In 2015, the Trudeau-led Liberal government decided to drop the annual contribution amount from \$10,000 to \$5,500 in 2016. As it stands today, a minority government for the Conservatives or Liberals appears to be the most likely result. In such an event, investors should not rely on any major changes to annual contribution room.

Bank stocks have bounced back nicely in the early fall, which is why I want to focus on two top options for a TFSA portfolio today. These equities are both trading close to 52-week highs. Are they worth buying today? Let's dive in.

### National Bank

**National Bank** ([TSX:NA](#)) stock has climbed 22.9% in 2019 as of close on October 15. The smallest of the Big Six Canadian banks has been one of the top performers over the past decade. It has achieved average annual returns of 11% over the last 10 years. Back in July, I'd recommended National Bank as one of my [top three bank stocks](#) to scoop up ahead of earnings.

In the third quarter, National Bank saw net income rise 7% year over year to \$608 million and diluted earnings per share increased 9% to \$1.66. The bank reported year-over-year earnings growth in its four major segments, including a 28% increase in net income in U.S. Specialty Finance and International to \$69 million. In the year-to-date period, diluted earnings per share have climbed 6% to \$4.67.

Back in May, National Bank increased its quarterly dividend payout to \$0.68 per share. This represents a 4% yield. The stock still boasts a price-to-earnings (P/E) ratio of 10.8 and a price-to-book (P/B) value of 1.8, putting it in favourable territory.

## Scotiabank

**Scotiabank** ([TSX:BNS](#))([NYSE:BNS](#)) is sometimes called Canada's "international bank" because of its large global footprint, especially in Pacific Alliance nations. In August, I'd suggested that investors should [jump on its share price](#) ahead of its third-quarter earnings release. Shares have climbed 10% over the past three months as of close on October 15.

The bank saw its quarterly profit come in at \$1.98 billion, or \$1.50 per diluted share, in Q3 2019 compared to \$1.94 billion, or \$1.55, in the prior year. On an adjusted basis, diluted earnings per share rose to \$1.88 compared to \$1.76 in the third quarter of 2018. Scotiabank's International Banking segment was once again a source of strength as profit rose to \$781 million over \$519 million, propelled by strong loan growth in Pacific Alliance countries.

Investors got more good news as Scotiabank raised its quarterly dividend payout to \$0.90 per share. This represents a 4.7% yield at the time of this writing. Scotiabank stock possesses a P/E ratio of 11.3 and a P/B value of 1.4 as of close on October 15. Shares have dipped outside technically overbought territory since the late September surge.

### CATEGORY

1. Bank Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:NA (National Bank of Canada)

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