



## Which Canadian Bank Stock Offers the Best Dividend?

### Description

It's no secret that high-dividend-paying, blue-chip stocks are some of the safest and most lucrative investments around. Canadian banks in particular are a staple of many Canadian portfolios, but which one offers the best dividend today?

### Dividend hunting

Passive income and long-term growth investors in Canada are always looking for reliable blue-chip stocks with high dividend yields to park in their TFSA, RRSP, or other long-term savings instrument. Earning high-dividend payouts and reinvesting them to continue to earn even higher payouts allows an investor's pool of cash to grow exponentially. With the immense power of compounding, even a small sum of money set aside can turn into a large nest egg over time.

The top five Canadian banks have long been favourites among this group of reliable stocks due to their ironclad stability and attractive dividend payouts. The banks have also been known to generally raise their dividend distributions over time in terms of absolute dollars, so like many investment vehicles, there's no better time than today to get invested. Picking which bank to invest in is a big decision, and the dividend yield is one very important attribute to consider when choosing a bank stock to purchase for long-term gains.

As of today, among the major Canadian banks, **CIBC** ([TSX:CM](#))([NYSE:CM](#))) offers the best bang for your buck when it comes to dividend yield. CIBC's yield currently comes in at 5.22%. CIBC also offers a relatively cheap P/E ratio at 9.87, which is a much more attractive P/E ratio than what its banking peers offer today.

There's also evidence to suggest that CIBC can [increase its dividend payouts comfortably going forward](#). With the highest yield among Canadian banks today and the potential for even higher yields in the future, CIBC's stock offers a lucrative opportunity for long-term, blue-chip investors in Canada.

## Should you buy CIBC today?

Now, does CIBC's yield make it an automatic buy? Not necessarily. Despite these attractive figures that make it seem like a bargain-bin pick, CIBC is also considered one of the more volatile Canadian bank stocks to own. This is mostly because of CIBC's incredibly [large exposure to the domestic housing market](#).

The stocks for banks like **TD** and **RBC** are generally considered more stable, because their holdings are more diversified, not only in the general nature of the holdings but also in terms of geography. It's very likely the case that the safety of that diversification is reflected in the higher P/E ratios and lower dividend yields observed in these stocks. These are important trade-offs that must be considered when choosing an investment vehicle, and, as always, the dividend yield does not tell the whole story.

## The bottom line

CIBC offers the best dividend yield among Canadian bank stocks today. For a long-term or passive-income investor, this might mean CIBC is the right bank stock to pursue. However, it's important to be mindful of the additional risks CIBC faces relative to other Canadian banks due to their positioning in the domestic housing market.

### CATEGORY

1. Bank Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)

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