TFSA Investors: 3 Super Bank Dividend Stocks to Buy Today

**Description**

The **S&P/TSX Composite Index** shed 270 points on June 24. Earlier this week, I'd discussed how investors should respond to a potential summer market crash. Today, I want to explore how effective bank dividend stocks can be in a Tax-Free Savings Account (TFSA). Let's dive in.



## Why these bank dividend stocks are perfect for your TFSA

What is the only thing better than big dividend payments? Big dividend payments in your TFSA. When the market is reeling, it is always a relief to be able to rely on consistent tax-free income that flows into your portfolio. Below are some of my favourite bank dividend stocks on the TSX right now.

## This top Canadian bank is an income beast

**Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) is the fifth-largest of the Big Six Canadian banks. Its shares have dropped 12% in 2020 as of close on June 24. However, the stock has climbed 25% over the past three months. This bank dividend stock is worth targeting for its monster dividend.

In the second quarter of 2020, CIBC reported adjusted net income of $441 million — down 68% from the prior year and 70% from the previous quarter. The ill-effects of the COVID-19 pandemic took a toll on CIBC and its peers. Provisions for credit losses soared 454% year over year to $1.41 billion. However, investors still responded positively to Q2 earnings season for banks.

Shares of CIBC last possessed a favourable price-to-earnings (P/E) ratio of 10 and a price-to-book (P/B) value of 1.1. The bank maintained its quarterly dividend of $1.46 per share, which represents a tasty 6.3% yield. This is a dividend stock that can work wonders in your TFSA for the long term.

# Two regional bank dividend stocks that punch above their weight

Back in early May, I'd suggested that investors should pick up **Canadian Western Bank** (TSX:CWB) at a discount. Shares of Canadian Western have climbed 18% month over month as of close on June 24. In the second quarter of 2020, the bank saw adjusted cash earnings per share drop 19% year over year to $0.60. Meanwhile, total revenue increased 2% to $214 million. Loans rose 7% to $29.2 billion and were up 10% in Ontario, as Canadian Western continues its eastern push.

Canadian Western stock still boasts a very favourable P/E ratio of 7.9 and a P/B value of 0.7. In Q2 2020, the bank declared a quarterly dividend of $0.29 per share, representing a 4.8% yield. This bank dividend stock has increased annual payouts for over 25 consecutive years.

**Laurentian Bank** is another regional bank focused in the province of Quebec. Its stock is down 32% so far this year, and it has failed to gain momentum in recent weeks. In its Q2 2020 results, Laurentian reported adjusted net income of $11.9 million — down 76% from the prior year. However, the bank still has a solid balance sheet.

Shares of Laurentian last possessed a P/E ratio of 10 and a P/B value of 0.5. In Q2 2020, the bank reduced its quarterly payout to $0.40 per share. This still represents a strong 5.4% yield.



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