



Sustainable Passive Income: 2 Top Bank Stocks to Buy Today

Description

The Canadian stock market has turned mixed in January after posting solid gains in 2021. The **TSX Composite Index** is currently trading with a minor year-to-date rise of 0.2%. Previously in 2021, the market benchmark rose by 21.7%, posting its best yearly gains in over a decade. Nonetheless, some high-yield [dividend stocks](#) from the banking industry continue to surge, which could help passive-income investors get solid returns on their investment. In this article, I'll highlight two such reliable Canadian dividend stocks that investors can buy to get sustainable passive income.

TD Bank stock

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is arguably one of the most reliable dividend stocks in Canada to get consistent passive income. The bank stock currently has a strong dividend yield of 3.4% at a market price of around \$103.29 per share.

In its fiscal year 2021 (ended in October 2021), TD Bank's adjusted earnings stood at \$7.91 per share. It was up 47.6% from the fiscal year 2020 and reflected strong growth over its adjusted earnings of \$6.69 per share in the pre-pandemic fiscal year. The bank's [surging](#) average volumes in core banking operations in Canada and the U.S., along with continued momentum in its wealth management segment, helped it post solid earnings growth. In the last couple of years, TD Bank has strived to improve its operations by investing in the latest technology, which is likely to drive stronger growth in the long term.

Even during the COVID period, TD Bank increased its dividends by nearly 7.6% in the fiscal year 2020. This reflects its management's focus on consistently rewarding its long-term investors, making it one of the most reliable dividend stocks to own for passive-income investors.

CIBC stock

In order to generate sustainable passive income, investors should always see whether a company has continued to pay strong dividends, even during uncertain times. Considering that, **Canadian Imperial Bank of Commerce**

([TSX:CM](#))([NYSE:CM](#)) could be another great dividend stock to buy right now for reliable passive income. Just like TD Bank, CIBC increased its dividends in the fiscal year 2020, despite going through global pandemic-related uncertainties.

Canadian Imperial Bank stock currently trades at \$165.32 per share with about 10.5% year-to-date gains, outperforming the broader market. It has a strong dividend yield of about 3.8%.

The COVID-19-related headwinds took its adjusted earnings down by nearly 19% in the fiscal year 2020. Nonetheless, the Toronto-based bank registered a sharp financial recovery last fiscal year, as it reported a 49.3% year-over-year rise in its adjusted earnings to \$14.47 per share. Strong growth across all its strategic business units sped up CIBC's financial recovery.

I expect this growth momentum to continue in the ongoing fiscal year, as rising economic activities in the post-pandemic period could drive the demand for financial services higher. In the fiscal year 2022, the bank's management plans to focus more on efficiency improvements and maintaining its recent top-line momentum. Apart from these positive factors, Canadian Imperial Bank stock's sustainable dividends make its stock really attractive for passive-income investors.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:TD (The Toronto-Dominion Bank)
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