



These Banks Just Raised Their Dividends by 3-5%

Description

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) and **Canadian Western Bank** ([TSX:CWB](#)) just made very shareholder-friendly moves and raised their dividends. Let's take a closer look at each bank and their dividend increases to determine if you should invest in one of them today.

Bank of Nova Scotia

Bank of Nova Scotia is Canada's third-largest bank, as measured by assets with approximately \$906.33 billion in total as of July 31.

In its third-quarter earnings release on August 29, Bank of Nova Scotia announced a 3.9% increase to its quarterly dividend to \$0.79 per share, equal to \$3.16 per share annually, which brings its yield up to about 4.1% at the time of this writing.

Investors must also make the following three notes about Bank of Nova Scotia's new dividend.

First, the first quarterly installment at the increased rate is payable on October 27 to shareholders of record at the close of business on October 3.

Second, Bank of Nova Scotia has raised its annual dividend payment for six consecutive years, and its recent hikes, including its 2.7% hike in February and the one noted above, have it positioned for 2017 to mark the seventh consecutive year with an increase.

Third, it has a target dividend-payout range of 40-50% of its net income attributable to common shareholders, so I think its consistently strong growth, including its 9.2% year-over-year increase to an adjusted \$5.99 billion in the first nine months of 2017, will allow its streak of annual dividend increases to easily continue into the late 2020s.

Canadian Western Bank

Canadian Western Bank, or CWB for short, is one of the largest banks in Canada's four western provinces with approximately \$25.34 billion in assets as of July 31.

In its third-quarter earnings release on August 31, CWB announced a 4.3% increase to its quarterly dividend to \$0.24 per share, equal to \$0.96 per share annually, which brings its yield up to about 3.2% at the time of this writing.

It's also important to make the following three notes about CWB's new dividend.

First, the first quarterly payment at the increased rate is payable on September 29 to shareholders of record on September 15.

Second, the company has raised its annual dividend payment for 24 consecutive years, and the hike it just announced has it on pace for 2017 to mark the 25th consecutive year with an increase.

Third, CWB has a dividend-payout target of approximately 30% of its common shareholders' net income, so I think its very strong growth, including its 23% year-over-year increase to \$167.55 million in the first nine months of 2017, will allow its streak of annual dividend increases to continue for the foreseeable future.

Should you invest in one of these banks today?

I think Bank of Nova Scotia and CWB would make great additions to any Foolish portfolio, so take a closer look at each and strongly consider making one of them a core holding today.

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