

Which Bank Stock Is up More Than 35% Since May?

# **Description**

Bank stocks get a lot of attention in Canada, and for good reason. Due to heavy regulation and few large players, these tend to be relatively stable stocks that pay quality dividends. Which one has the best performance in recent months? You may be surprised to learn it's **Canadian Western Bank** (TSX:CWB). Let's look at what's happening with this stock.

### Performance in 2017

This stock has been on a tear since May. It's up ~35%. (And it's up 13.61% over the last year.) The stock has outperformed the TSX by over 25% this year. It's also doing better than all of the Big Five banks. The stock price has increased more than two times faster than the next closest bank, <a href="Mank of Nova Scotia">Bank of Nova Scotia</a> (TSX:BNS)(NYSE:BNS). While the stock has backslid a little recently, those are still impressive gains.

Two interest rate increases from the Bank of Canada helped the performance of all bank stocks this year. A large part of the reason for CWB's wonderful current performance is that it was lagging behind the other major banks in recent years. The stock was mostly catching up after company performance started to improve.

## **Canadian Western Bank by the numbers**

The stock currently boasts a net profit margin of 30.96%. While all the banks have good profit numbers, CWB is among the leaders in the pack. As a comparison, Bank of Nova Scotia is at 30.21%, and **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) is at 27.14%. Revenue growth is also good at an average of 7.15% annually over the last three years.

CWB most recently reported earnings on August 31. Adjusted third-quarter earnings were \$0.69 per share, beating estimates of \$0.62 per share. This also beat 2016's third-quarter results by 15%. The Motley Fool talked about these results more in depth back in August.

If you are interested in dividends, CWB offers a quarterly dividend of \$0.24 per share. This increased from \$0.23 per share earlier in the year. The current yield sits at 2.78%. CWB pays a consistent

dividend that has increased slowly but steadily in recent years.

### **Investor takeaway**

It's always a good idea to keep an eye on underperforming banks, because they often make spectacular comebacks. Will this stock increase more over the next year? It's hard to say. It's catching back up to the pack, and the stock is down a little bit currently. Its results are probably more likely to even out for the next while.

#### **CATEGORY**

- 1. Bank Stocks
- 2. Investing

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- 1. NYSE:BNS (The Bank of Nova Scotia)
- 2. NYSE:TD (The Toronto-Dominion Bank)
- 3. TSX:BNS (Bank Of Nova Scotia)
- 4. TSX:CWB (Canadian Western Bank)
- 5. TSX:TD (The Toronto-Dominion Bank)

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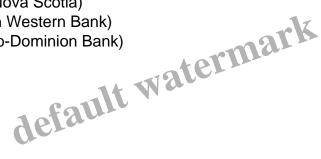
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