



2 Unsung Bank Stocks That Can Beef Up Your RRSP

Description

Back in May, I'd [discussed](#) the findings of two studies that sought to evaluate how Canadians were preparing for retirement. Another survey was released in late May from Schrodgers in a Global Investor Study. In that survey, 44% of respondents said that they wish they had saved a "little" more for retirement. Compare this global study to the Franklin Templeton Investments Canada survey that found one-fifth of pre-retiree baby boomers in Canada had put away nothing for retirement.

Today I want to focus on two stocks for investors who are well into their retirement saving plan or just starting out. Regional banks often fly under the radar, but the two we will analyze today have both turned in solid earnings and also offer attractive dividends. Investors looking for an alternative to the Big Six banks may want to add one or both of these stocks to their RRSPs this summer.

Laurentian Bank of Canada ([TSX:LB](#))

Laurentian Bank stock has plunged 19.9% in 2018 as of close on June 7. However, the bank has released very solid first and second quarter earnings in the midst of a mortgage-underwriting crisis. Laurentian expects this to be resolved by the end of fiscal 2018. In the meantime, the bank is worth a look for its performance and [dividend](#).

Total revenue at Laurentian rose 9% to \$259.9 million in Q2 2018. Net interest income increased 18% to \$177.1 million due to strong volume growth in its commercial loan portfolio, and higher margins earned on the loans in question. Liquid assets totalled \$10.1 billion, which represented an increase of \$1.1 billion compared with October 31, 2017.

The bank elected to hike its dividend by \$0.01 to \$0.64 per share, representing an attractive 5.5% dividend yield.

Canadian Western Bank ([TSX:CWB](#))

Canadian Western Bank is an Edmonton-based regional bank. Its stock surged 8.53% on June 7, the same day it released its second-quarter results. Shares are still down 12.4% in 2018 so far, but investors may want to consider stacking the stock at its current price.

In the second quarter, Canadian Western posted net income of \$60 million, which represented a 27% increase from the prior year. The bank reported very solid progress for its balanced growth strategy. It reported 12% loan growth year-over-year and 25% growth of general commercial loans. Canadian Western also reported 12% deposit growth in the quarter.

The bank has also managed to maintain strong credit quality as gross impaired loans totalled \$123 million in the quarter, thereby representing 0.50% of total loans. This was down from 0.62% of total loans in the prior year. The bank has seen a concentration of impaired loans in Alberta, which is largely due to the regional recession in 2015-2016.

Canadian Western also hiked its quarterly dividend by 9% to \$0.25 per share. Shares are still up 34% year-over-year, and investors should consider this regional bank a bargain in June.

CATEGORY

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2. TSX:LB (Laurentian Bank of Canada)

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