



## 2 Regional Bank Stocks to Consider for Your Retirement Portfolio

### Description

The S&P/TSX Composite Index was up over 100 points in mid-afternoon trading on August 16. Canadian stocks have suffered a broad retreat after rallying from the middle of April into July. The pullback was sparked by an international sell-off, seemingly triggered by the rift between Canada and Saudi Arabia, and has been worsened by the Turkish lira crisis that has spilled over into global markets.

Canadians may want to limit global exposure during this period. Investors may also want to seek out income-yielding stocks as we gear up for the stretch run in 2018. The [top Canadian bank stocks](#) get a lot of run in the investing world, but regional bank stocks tend to fly under the radar. We are going to look at two today that are worth a look, as investors prepare for the final months of 2018.

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

Canadian Western is an Edmonton-based regional bank. It primarily services, as its name suggests, clients in western Canada. Shares are in negative territory in 2018 in spite of positive results in its first two quarters. The bank is expected to release its third-quarter results in late August or early September.

The second quarter was very kind to Canadian Western. The company reported record total revenue of \$197 million, which represented a 14% increase from the prior year. Net income surged 27% to \$60 million. The bank posted its strongest quarter of organic loan growth since 2016, while also benefiting from higher margins. This has been a common theme for bank earnings in 2018 with higher interest rates providing a boost.

The bank has also made solid progress in its “Balanced Growth” initiative. This included 12% year-over-year loan growth, 17% loan growth outside Alberta, and 12% deposit growth at branches across the country. The bank also declared a dividend of \$0.25 per share, representing a solid 2.7% dividend yield.

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

Laurentian Bank has faced complications due to an internal review that was triggered last year over its mortgage underwriting practices. This damaged investor sentiment, and Laurentian Bank was forced to

repurchase up to \$150 million in mortgages that did not ultimately meet CHMC lending criteria. Still, the bank is [well positioned](#) to move forward with this issue now behind it.

Laurentian Bank reported a 25% year-over-year increase in adjusted net income in the second quarter. Its mortgage book remained strong, as it posted 11% growth in residential mortgage loans through independent brokers and advisors. The bank raised its quarterly dividend by \$0.01 to \$0.64 per share, representing a strong 5.3% dividend yield.

Laurentian Bank is expected to release its third-quarter results during a conference call on September 4. Its price remains fairly enticing after its precipitous drop during this mortgage review. A top-shelf dividend and positive quarterly results make this stock a buy-low candidate heading into its Q3 earnings release.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:CWB (Canadian Western Bank)
2. TSX:LB (Laurentian Bank of Canada)

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