



Diversify Your Portfolio With National Bank of Canada

Description

National Bank of Canada ([TSX:NA](#)) is the nation's sixth-largest lender, and, despite often passing unnoticed by many thanks to its larger peers, the bank represents a great opportunity for investors.

National Bank joined its financial peers in releasing quarterly results recently, and much like the other banks, it posted impressive results for the quarter.

Here's a look at those results, and why National Bank makes a great addition to your portfolio.

Quarterly results

In terms of earnings, National Bank posted \$518 million, or \$1.37, in the most recent quarter — a noted increase over the \$478 million, or \$1.31 per share, reported in the same quarter last year. Once adjusted to exclude specific items, earnings amounted to \$1.39 per share, handily beating analyst expectations of just \$1.32 per share.

Unlike several other of the banks that raised their dividend with the most recent quarterly announcement, National Bank opted to keep its dividend at the current level, which provides a quarterly distribution of \$0.58 per share, resulting in a very respectable 4.10% yield. National Bank increase the dividend by \$0.02 earlier this year.

All of the segments of National Bank shared in the success of the quarter. The personal and commercial banking segment saw profits climb to \$240 million in the quarter, reflecting a 21% increase over the \$199 million reported in the same quarter last year, owing largely to increasing deposits and a higher number of loans across both personal and commercial customers, both of which saw lending rates grow by 5% and 6%, respectively.

National Bank's wealth management segment reported growth that fared just as well, if not better. Earnings from that segment surged 31% in the quarter, coming in at \$106 million.

Is National Bank a good investment?

National Bank, like the other big banks, continues to outperform during earnings season, but there are a few reasons why investors may want to take a closer look at National Bank.

First, National Bank has plenty of growth opportunities that are often understated. While the bank surpassed expectations in the most recent quarter, taking a look at some of the previous quarters shows a trend of incredible growth for investors to capitalize on. The 7% year-over-year revenue that National Bank beat in the most recent quarter comes on the heels of beating the previous year by 12% in the second quarter. Looking even further back to the first quarter of this fiscal year, National Bank beat the previous year by an impressive 27% year over year.

While that might be reason enough to consider the bank for your portfolio, let's turn back to dividends for a moment. National Bank has established a routine of hiking the dividend each year, and the most recent increase earlier this year marked the seventh consecutive year of increases. Given the performance of the company over the past few quarters, there's little reason to doubt further increases are coming, making this a perfect buy-and-forget investment for your portfolio.

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