



This Under-the-Radar Bank Stock is an Intriguing Buy Today

Description

An under-rated but [top-tier dividend stock](#) is **National Bank of Canada** ([TSX:NA](#)). The sixth-largest bank in Canada is not getting the accolades that appear to be exclusive to the Big Five banks, but there are plenty of things to like about it. If you know them, you might consider it as your next investment option.

Integrated financial services

National Bank is not as popular as the larger banks and continues to stay outside the limelight. Nonetheless, the \$22.13 billion bank maintains a competitive advantage and is benefitting from the tightly regulated banking system in Canada.

While it is evident that the regulatory environment helps the larger banks maintain ethical credit standards, it does help the smaller National Bank in a big way. The bank has been delivering stable profits in the last six years.

As of July 31, 2019, National Bank's total assets were \$276 billion, which, along with its subsidiaries, makes it one of the leading integrated financial groups in Canada. Eight major subsidiaries deliver a wide range of financial services, including trust services, wealth management and mutual funds. Other subsidiaries offer full-service brokerage, investment counselling and insurance products.

Dividend record

National Bank, which is the leading bank in Quebec, has been around for 16 decades. It has conservatively grown to \$22.13 billion today. Except for the period between May 1982 and July 1983, the bank has been paying dividends since 1980.

Imagine you invested \$10,000 in National Bank 19 years ago, at the turn of the millennium. Your total return would be a fantastic 1,130.18%, or an average annual total return of 14.12%. At present, the dividend is 4.1%. Analysts are projecting a moderate capital gain of 7% in the next 12 months.

Growth outlook

In the coming years, expect National Bank not only to maintain profitability but to increase it. Aside from the small and medium-sized enterprise markets, its international acquisitions will be the catalysts for its future growth.

National Bank owns 100% of ABA Bank, which is Cambodia's largest financial institution. It is also present in Africa, through Mauritius-based AfrAsia Bank, as well as in the Ivory Coast. National Bank also has partnerships in the U.S. and Europe.

Over the next five years, management expects a 6% growth annually, which is respectable for a bank that is starting to expand its international operations.

The investment thesis

In a nutshell, four great things are going for National Bank of Canada. It has been profitable for years, delivers a [steady dividend](#), and boasts solid international growth prospects.

While the bank is not as popular as the Big Five, it offers the same generous rewards to potential investors, if not better. Overall, this bank stock is as interesting and as attractive as its bigger counterparts. National Bank won't disappoint, and in a few years, the bank's international diversification will likely bear abundant fruit.

Hang in there, because this bank's growth story is just starting and could be better than that of the other banks.

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2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. TSX:NA (National Bank of Canada)

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