



TSX Bank Earnings: Is Laurentian Bank Stock a Buy After its Q4 Event?

Description

Laurentian Bank of Canada ([TSX:LB](#)) reported its fourth-quarter of fiscal 2020 earnings on Friday last week. Following the earnings event, its stock has been trading on a mixed note after posting solid gains in November. Let's take a closer look at its earnings highlights and find out whether it's still worth buying right now.

Laurentian Bank's Q4 event

In the quarter ended October 2020, Laurentian Bank reported \$0.91 adjusted earnings per share — lower than \$1.02 per share in the previous quarter. It was also 13.3% lower than its earnings of \$1.05 in the fourth quarter of 2019. Nonetheless, the bank beat analysts' consensus earnings expectations of \$0.73 per share by about 25% — reflecting optimism. This justifies why LB stock rose by 1.7% on Monday — a day after its earnings event.

The positive financial trend continues

Previously in the third quarter of fiscal 2020, Laurentian Bank exceeded Bay Street's earnings expectations by a solid 125%. Although its Q4 earnings were not as solid as Q3, it would be [unfair to expect](#) the bank to beat analysts' expectations by such a huge margin in each quarter.

The bank continued to report better-than-expected and positive YoY (year-over-year) growth revenue for the third quarter in a row. In contrast, many of its larger peers are continuing to struggle with the COVID-19-related headwinds. Laurentian Bank's Q4 revenue stood at \$244 million — slightly higher than an expectation of \$238 million.

Stable year despite COVID-19 woes

The ongoing pandemic virtually couldn't hurt Laurentian Bank's fiscal 2020 financials, and its top line grew positively. The bank reported \$971 million in revenue for the fiscal year compared to \$968.5

million in the previous fiscal year. In fiscal 2019, Laurentian Bank's adjusted net profit fell by 25.4%, and the trend slightly improved this year, as it reported a 23.3% drop in its adjusted net profit to \$138.2 million. It was nearly 18% better than Bay Street's net profit estimates.

Change in top leadership

On October 30, Rania Llewellyn [became](#) Laurentian Bank's president and CEO — who has over 25 years of experience in the banking sector. Under his leadership, the bank expects to continue to strengthen its digital offerings.

Also, the bank is continuing to work on improving its operational efficiency across its network. As a result of these efficiency measures, the bank had to bear \$18.3 million restructuring charges in fiscal 2020. However, I expect these measures to pay off well in the long run by reducing Laurentian Bank's costs.

Is its stock up buy?

After posting solid 24.2% gains in November, Laurentian Bank stock is largely trading on a mixed note. On a month-to-date basis, its stock has gone up by 1.5% — lower than the **S&P/TSX Composite Index's** 2.3% rise.

Its latest quarterly results showcased how Laurentian Bank has the potential to improve its financials, despite the consistent sector-wide challenges. That's why I find its stock attractive for the long term. For regular income-seeking investors, the bank also offers a 4.8% dividend yield.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. TSX:LB (Laurentian Bank of Canada)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Bank Stocks
2. Investing

Date

2025/08/22

Date Created

2020/12/11

Author

jparashar

default watermark

default watermark