



Is National Bank a Buy Following Earnings?

Description

Canadian banks are slowly going back to pre-pandemic earnings, with a drastic fall in provisions for credit losses. A significant reason for this is ramped up vaccine rollouts and a more optimistic outlook coming out of this pandemic.

According to the latest reports released by **National Bank** ([TSX:NA](#)), increasing economic activity and a spike in lending interest back to normal levels is resurfacing.

Accordingly, let's look at why the outlook is bright for this small Canadian bank.

Earnings soaring for National Bank

National Bank's recent earnings were quite incredible.

Indeed, the lender reported a 111% jump in profit to \$800 million this past quarter. This increase was courtesy of a provisions for credit losses decrease to a paltry \$5 million. This is down from more than \$500 million year over year. These earnings translated into EPS of \$2.25, which handily beat analyst expectations of \$1.99 per share this past quarter.

Not bad indeed.

With the economic reopening underway, and Canadians borrowing once again, the company's 7% surge in revenue could be sustainable. Accordingly, commercial lending activity could also continue at its 5% growth clip for some time.

For investors bullish on what the future holds, National Bank is a highly leveraged play on regional Canadian economic growth. This is one of the key reasons investors like this stock, and one reason I stand firmly behind this player right now.

Staying ahead of its competition

National Bank Direct Brokerage has recently been the winner in a recent scorecard of Canadian discount brokerage offerings. As per a review by Survivor, National Bank's brokerage service got top marks for its overall offering. The review was based on factors like a commission for stock trading, ETFs or exchange-traded funds and options, along with interests charged on margin loans, data costs, and general account fees. National Bank topped the list, with a whopping 92% approval rating, while Interactive Brokers came last with a 25% score.

According to Survivor, NBDB offers "the best pricing experience across stocks, ETFs and options trading" for five investor profiles specifically made for the review.

Indeed, with the rise of discount trading platforms taking off, National Bank could have a [competitive edge](#) on its peers. While the market in Canada remains small for these services, it's a high-growth segment. Accordingly, given the few high-growth opportunities available in the banking space, investors would do well to consider National Bank on this competitive basis alone.

These factors all point toward National Bank being an intriguing speculative buy today.

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1. Bank Stocks
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1. TSX:NA (National Bank of Canada)

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