



1 Small Canadian Bank Providing High-Risk, High-Reward Upside

Description

Generally speaking, investors can't go wrong owning any of the Big Six Canadian banks. Indeed, as far as reliable dividend stocks go, these banks provide consistency in spades. **National Bank of Canada** ([TSX:NA](#)) is a top-tier Canadian bank with a [market cap](#) of \$33 billion that rounds out the Big Six in Canada.

This status makes National Bank one of the more overlooked options in this space. For many investors looking for [value](#), that's a great thing.

Here's more on why National Bank looks like a great option for those looking for a higher-risk, higher-upside pick in the banking sector right now.

National Bank of Canada raising dividends and repurchasing shares

Joining its peers, National Bank announced plans to raise its dividend and is planning to launch a share-buyback program.

In a recent release, National Bank of Canada stated that its board of directors decided to raise the lender's quarterly payout by 23% to shareholders. This amounts to a total dividend payout of \$0.87 per share. Additionally, this Montreal-based lender looks forward to seeking approval from the Toronto Stock Exchange and OSFI (Office of the Superintendent of Financial Institutions) to repurchase up to seven million common shares.

National Bank is able to take this step after OSFI lifted the prohibition on share buybacks and dividend hikes implemented in early 2020. Indeed, these moves are broadly viewed as bullish for National Bank, and signal to the market the strength of this top-tier Canadian lender.

More positives for this top Canadian bank

A few weeks back, National Bank of Canada provided its quarterly earnings update. In this update, National Bank showed rather impressive bottom-line growth. The Canadian bank stated that its full-year profit grew from \$2.08 billion last year to \$3.18 billion this year. For the fiscal Q4 that ended on October 31, this financial institution's net income rose around 58% to \$776 million.

National Bank's profit received a lift this quarter due to the release of \$41 million in loan-loss provisions. This resulted in adjusted earnings per share of \$2.21 for National Bank, significantly higher than analyst expectations of \$2.19 per share.

Furthermore, National Bank of Canada posted solid results in every segment. Net income in Commercial and Personal Banking rose 64% from the previous year to hit \$1.26 billion. The Wealth Management segment saw its net income jump 22% to touch \$655 million. Meanwhile, the company's Financial Markets segment reported 25% net income growth, hitting \$923 million. Finally, net income for National Bank's U.S. Finance and International segment grew 58% to touch \$555 million.

Bottom line

National Bank is an oft-overlooked Canadian bank in many respects. This company is well positioned for growth across various business segments. And if the company's historical performance is any guide, this is a stock with some strong momentum going forward.

National Bank's upcoming earnings in February could prove to be another big catalyst for this stock. As investors rotate into more defensive names, National Bank is a stock I've got my eye on right now.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. TSX:NA (National Bank of Canada)

PARTNER-FEEDS

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

PP NOTIFY USER

1. chrismacdonald
2. kduncombe

Category

1. Bank Stocks
2. Investing

Date

2025/09/09

Date Created

2022/01/08

Author

chrismacdonald

default watermark

default watermark