



This Unique Bank Stock Is Long-Term Gem

Description

Investing in Canada's big banks is always a sound investment option. There are plenty of reasons for that view, ranging from superb growth potential to offering a juicy dividend. But which of the big banks should investors consider? **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is a unique bank stock that is full of potential.

What makes Scotiabank a unique bank stock?

At first glance, Scotiabank is just another big bank option. Canada's big banks all share impressive histories in regards to growth and offer handsome dividends. That being said, a key difference with Scotiabank is where the bank chose to expand. While Scotiabank's peers chose the U.S. market as a primary driver for expansion, Scotiabank turned further south.

Specifically, Scotiabank established a branch network in the Latin American markets of Chile, Columbia, Peru, and Mexico. Those four nations are members of a trade bloc known as the Pacific Alliance. The Alliance is charged with increasing trade and removing tariffs between member states. Scotiabank's efforts in the region led the bank to become a preferred and familiar lender in the region. This led to Scotiabank reporting strong results from its international segment.

Strong performance in those markets led Scotiabank to expand further into those markets. An example of this is in Chile, where a slew of acquisitions in recent years made Scotiabank one of the largest banks in that market. This provides Scotiabank with an element of diversification that its big bank peers lack, truly making it a unique bank stock option.

Scotiabank offers something else to investors

Despite the strong growth prospects from its expansion markets, Scotiabank has lagged its peers in recovering from the crash of 2020. The pandemic-induced crash impacted every business, but Scotiabank's exposure to international markets staggered its recovery. In short, while markets in Canada and the U.S. were beginning to re-open to customers following the first shutdown, Latin

American markets were just beginning to shut down. This led Scotiabank's recovery to be more staggered and appear in waves over the recovery its U.S.-centric peers experienced.

What does that mean for investors? In short, Scotiabank still has [plenty of room to grow](#), and it will. Over the longer term, as vaccines get distributed and markets fully reopen, the bank's upward trajectory will resume.

Finally, let's take a moment to talk dividends. Scotiabank offers investors a handsome quarterly payout, which currently works out to a mouth-watering 5.19% yield. To put it another way, a \$25,000 investment would provide just shy of \$1,300 income in just the first year. Let the magic of compounding have its way for a decade or longer, and you have a solid income stream. And that's without even factoring in annual bumps to that dividend, which Scotiabank has provided for years without fail.

Final thoughts

Scotiabank is a unique bank stock that should be [on the radar of every investor](#). The juicy dividend, coupled with incredible long-term growth prospects make it a sound option for any portfolio. The fact that the bank still lags some of its peers in terms of recovering from the 2020 market lows furthers that opportunity.

In short, buy it, hold it, and let the dividend grow your portfolio.

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