



This Top Bank Stock Is a Must-Buy!

Description

Canada's big banks are some of the best long-term investment options available to investors. There's a good reason for that view, ranging from their solid earnings to handsome (and reliable) dividend payments. But which bank should you invest in? While the banks are similar in many ways, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) has emerged as a top bank stock in recent years.

Here's a look in more detail on why you should invest in Bank of Nova Scotia.

Scotiabank: A top bank stock with massive potential

Scotiabank is neither the largest or most well-known of Canada's big banks. Like its peers, Scotiabank has a mature domestic branch network, which generates a reliable revenue stream. Turning to its international business, Scotiabank reveals a very different strategy.

When it comes to international expansion, Canada's big banks often turn towards the U.S. market. There's a good reason for that view. The market is mature, culturally similar to Canada, and has huge potential for long-term growth. That strategy has worked well for most of the big banks over the years.

Scotiabank is the exception to that view, and that's where the bank really showcases massive potential. Rather than focusing its expansion efforts on the U.S. market, Scotiabank looked further south to Latin America. Specifically, the bank invested in the markets of Mexico, Chile, Columbia, and Peru. Those four nations are part of a trade bloc known as the Pacific Alliance. The alliance is tasked with improving trade and removing tariffs between member states.

When Scotiabank established a prominent bank in those four nations, it also became a familiar and preferred lender for the bloc. That solid presence has the potential to provide solid growth for years. In fact, the growth potential from those emerging markets will likely outperform the growth we see from those more mature markets.

That factor alone makes Scotiabank a top bank stock to consider for your long-term portfolio, but there's still more to offer.

Scotiabank is a good mix

As noted above, Scotiabank's international segment has plenty of long-term growth potential. Fortunately, that's still only half of what the bank can offer. What potential investors shouldn't dismiss is the solid domestic segment that generates a reliable revenue stream. This provides an element of diversification that is often disregarded. By way of example, in the most recent quarter, the domestic segment reported adjusted earnings of \$915 million. Worth noting is that the results reflect a recovery to pre-COVID levels. The international segment generated \$398 million in the quarter, whereas the Global Wealth Management segment reported earnings of \$425 million.

Finally, let's take a moment to mention Scotiabank's dividend. The bank offers a quarterly payout that currently works out to an appetizing 4.67% yield. This puts the bank on the same level, if not slightly ahead of Scotiabank's big bank peers. The bank has also maintained the practice of providing [handsome annual bumps](#) to that dividend for well over a decade.

To put that earnings potential into perspective, a \$30,000 investment in Bank of Nova Scotia will generate \$1,400 in income during the first year. Factor in reinvestments and potential stock growth, and Bank of Nova Scotia could provide some serious growth to your nest egg.

In my opinion, Bank of Nova Scotia is a top bank stock that should be a core part of any [well-diversified portfolio](#).

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