



## Buy Alert: This Bank Stock Could Double Your Investment

### Description

The Big Five banks in Canada form the nucleus of the world's most robust banking system. The 2020 health crisis was a headstrong wave, but it did not destabilize the sector as people thought it would. Like in the 2008-2009 financial crisis, the banking giants proved their resiliency and stability during economic downturns.

From the largest, the **Royal Bank of Canada**, to the fifth-largest bank, the **Canadian Imperial Bank of Commerce**, any of them can be the anchor in your stock portfolio. However, if doubling your investment is the goal, the **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) or Scotiabank appears to be the hands-down choice in the sector.

### Continued strong performance

Canada's economy shows surprising strength in 2021 despite successive waves of lockdowns. Scotiabank is similarly on the cusp of full recovery. While revenue in Q1 fiscal 2021 (quarter ended January 31, 2021) slid 0.8% versus Q1 fiscal 2020, net income increased by 3.1%. However, it was 26.3% higher than Q4 fiscal 2020.

Brian Porter, Scotiabank's President and CEO, said, "As we emerge from the pandemic, I am confident of continued strong performance across the Bank." The earnings from the local Canadian banking segment are nearly back to pre-COVID levels due to the solid asset and deposit growth, strong fee income, stable margins, and improving credit trends in Q1 2021.

### Driving growth is an ongoing concern

Driving growth, whether locally or internationally, is an ongoing concern of Scotiabank. This \$96.3 billion bank has a vast international presence. The good performance in the Pacific Alliance countries and stable margins contributed \$398 million in adjusted earnings to its International banking segment.

Canada's third-largest bank wants nothing more but to achieve a grander scale and deliver the highest

value for customers. Its Chilean operations will increase to 83% once it completes the purchase of an additional 7% stake in Scotiabank Chile. The transaction with the Said family is worth \$500 million.

Porter said the presence in Chile is a key pillar of Scotiabank's international business. Besides Chile, management also expects the high-growth markets in Colombia, Mexico, and Peru to contribute significantly to business growth in 2021. Regarding the provision for credit losses (PCL), the level in Q1 2021 was \$764 million compared to \$1.1 billion in Q4 2020, or a 32% decrease.

Management is confident that all of the bank's four business lines in its diversified business platform will substantially contribute to earnings post-pandemic. The positive revenue growth and solid expense discipline in Q1 2021 is proof that Scotiabank can produce high-quality earnings and generate positive operating leverage.

## Dividend stability

For investment income, Scotiabank pays a 4.59% dividend, the highest yield in the banking sector. As of May 7, 2021, the share price is \$79.43 (+18.3% year-to-date gain). Market analysts see a potential climb of 19.6% to \$95 in the next 12 months. This top-tier Canadian bank has been paying dividends since 1872. The total return in the last 48.26 years is 187,157.56% (16.9% compound annual growth rate).

Given the impressive 189 years dividend track record, would-be investors would have [lasting financial support](#). Dividend stability is the hallmark of Scotiabank, and therefore, the payouts will not be in jeopardy for decades to come. When you buy the bank stock, hold it for good, then wait for your investment to double in due time.

### CATEGORY

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