



## Why Scotiabank Stock Could Continue Soaring This Quarter

### Description

As we inch closer towards the end of the pandemic, investors have begun to look for stability. Indeed, valuations are getting stretched right now. And various sectors, such as the Canadian banks, seem to fit the investor profile of more Canadians. For those intrigued by this space, **Scotiabank** ([TSX:BNS](#))([NYSE:BNS](#)) stock certainly look like [excellent value](#) right now.

Canadian banks have taken a hit recently due to proposed tax changes from the Liberal government. However, these changes remain uncertain pending the outcome of the election. Accordingly, now is an intriguing time to look at Canadian banks and, specifically, Scotiabank stock.

Let's dive into why Scotiabank could be a great long-term pick for investors to consider right now.

### Impressive earnings bolster Scotiabank stock

This past [earnings season](#) has been a very bullish one for investors. Canadian bank stocks have shown the kind of outperformance investors expected. Indeed, Scotiabank was no exception.

Scotiabank's net income in the third quarter of the fiscal year that ended in July 2021 stood at \$2.54 billion compared to \$1.30 billion last year. That's some whopping growth. On an adjusted earnings-per-share basis, the bank brought in \$2.01 per share. This beat analysts' expectations of \$1.90 per share by quite a wide margin.

For investors in big banks such as Scotiabank stock, the bottom line matters perhaps more than the top line. However, the company's top line saw substantial growth as well. These positive results were boosted by outperformance in Scotiabank's wealth management division. This segment saw outsized growth partly due to two recent acquisitions.

Overall, Scotiabank's recent earnings were very strong and are likely to continue to be strong moving forward. That is, barring any major headwinds such as what was experienced last year.

## Strong growth prospects for the future

Many analysts have predicted strong growth on the horizon for Scotiabank. The company's recent earnings amid weakness in capital markets highlight the company's strong and consistent performance. This makes Bank of Nova Scotia very attractive to investors, who prefer its ability to outperform in the long haul.

I'm of the view that Scotiabank's long-term growth prospects are perhaps more robust than its Canadian peers. A lot of this has to do with the company's international exposure. Indeed, Scotiabank happens to be a big player in Latin America, a key growth region other banks haven't stepped into in a big way. Accordingly, I think there's a tonne of room for top- and bottom-line growth coming out of this pandemic for Scotiabank stock.

## Bottom line

Scotiabank stock has performed relatively well compared to its peers. The lender's strong performance this past quarter highlights many of the catalysts investors were banking on in previous quarters.

I see more of the same for this slow and steady long-term holding in the quarters to come.

Bank of Nova Scotia's growth profile and peer-beating performance in the recent quarter makes it a great option for investors. Its high-quality returns over a long time make it an ideal choice for the long haul. Additionally, the bank provides a 4.5% yield on its shares and will likely provide excellent dividend hikes in the future.

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