



## 1 Canadian Bank Stock I'd Buy Before the Victoria Day Holiday

### Description

Most [bank stocks in Canada](#) have started recovering this week after struggling and largely underperforming the broader market for months. Worries about slowing global economic growth and a possible recession have taken a toll on investors' sentiments in the last few months, driving bank stocks lower. Nonetheless, it could be the right time for investors to consider adding some fundamentally strong bank stocks to their portfolios before most big Canadian banks report their results next week.

In this article, I'll highlight one of my favourite bank stocks on the **TSX** that I consider worth buying right now ahead of the Victoria Day long weekend.

### Scotiabank stock

By market capitalization, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is currently the third-largest bank in Canada after **Royal Bank of Canada** and **Toronto-Dominion Bank**. The shares of Scotiabank have risen by nearly 3% in the last three sessions but still continue to underperform the TSX Composite. The bank is gearing up to report its April quarter financial results next week on May 25. Investors' rising expectations from its upcoming earnings event could be one of the reasons, driving its stock higher this week.

### Solid financial recovery track record

In its fiscal year 2021 (ended in October 2021), Scotiabank's well-diversified business model showcased resilience, as the Canadian banking giant came back on its financial growth trend sooner than expected after facing COVID-19-related headwinds for several quarters. It reported \$31.3 billion in total revenue that fiscal year. Strong non-interest income and loan growth, along with the solid performance of its Canadian advisory and asset management businesses, advanced its financial recovery. With this, Scotiabank's adjusted earnings for fiscal 2021 stood strong at \$7.87 per share, exceeding analysts' expectations. These earnings figures also showcased positive growth over its pre-pandemic earnings levels of \$31 billion (in fiscal 2019).

With the help of continued rising economic activities and easing pandemic-related restrictions, the bank's earnings growth remained solid in Q1 of its fiscal year 2022 (ended in January) as well. In the January quarter, Scotiabank [registered](#) a 14% YoY (year-over-year) jump in its adjusted earnings to \$2.15 per share with the help of strong operating results across business segments. To add optimism, its adjusted net profit margin expanded further in Q1 to around 32.9% from 28.8% a year ago.

## Why BNS stock is worth buying now

It's important to note that Scotiabank has consistently been beating analysts' earnings estimates for six quarters in a row. Analysts now estimate its earnings for the April quarter to rise by just 3.9% YoY to around \$1.97 per share. Given its recent strong earnings-growth momentum and consistently increasing economic activities in the post-pandemic world, I find these estimates too conservative. That's why I wouldn't be surprised if Scotiabank manages to crush Street's expectations in Q2 as well.

In addition, a rising interest rate environment could boost Scotiabank's near-term financial growth outlook and enhance its profitability further. I expect all these positive factors to help BNS stock recover fast. Its handsome dividend yield of around 4.9% makes it even more attractive.

### CATEGORY

1. Bank Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)

### 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. jparashar
2. kduncombe

## Category

1. Bank Stocks
2. Investing

## Date

2025/09/06

## Date Created

2022/05/18

## Author

jparashar

default watermark

default watermark