



## Why This Big Bank is a Great Buy Right Now

### Description

How diversified is your portfolio? After the volatile year that 2022 was, most investors will take solace in finding one or more defensive stocks that can provide long-term growth and healthy income potential. Canada's big banks fit that description perfectly, and one bank, in particular, is a great buy today.

That bank is **Bank of Nova Scotia** ([TSX:BNS](#)), and here's why Scotiabank is a great buy right now.

### Why buy a big bank right now?

Scotiabank is neither the largest nor most well-known of [Canada's big banks](#). It is, however, Canada's most international bank and therefore offers something that its peers cannot (more on that in a moment).

Apart from that appeal, Scotiabank is also in a unique position for would-be investors. The stock is trading down over 25% during the trailing 12-month period.

In other words, Scotiabank is a discounted attractive buy right now, but that's not the only reason to consider the bank. Scotiabank also boasts tremendous growth potential that is unlike even its bigger big bank peers.

### Growth from different regions

One of the main differences between Scotiabank and its big bank peers is its expansion strategy. Instead of expanding into the U.S. market, Scotiabank turned further south into several Latin American markets.

Specifically, the bank targeted the nations of Mexico, Columbia, Peru, and Chile. Those four nations are part of a trade bloc known as the Pacific Alliance. The Alliance is charged with bolstering trade between its member states, while also removing tariffs.

To say that those efforts have been successful would be an understatement. The trade bloc has been an immense source of growth for its member states and attracted additional members.

As a well-recognized bank with a branch network in all four countries, that prosperity has had an impact on Scotiabank, too. By way of example, in the most recent quarter, Scotiabank reported adjusted earnings of \$2.5 billion, reflecting a whopping year-over-year increase of 32%. Much of that growth was attributed to mortgage loan growth and lower credit loss provisions.

That's not to say Scotiabank's domestic arm isn't performing well either. In the most recent quarter, Scotiabank's Canadian banking unit reported adjusted earnings of \$4.8 billion. This works out to a 15% increase over the same period last year.

Scotiabank's venture into Latin America is an intriguing long-term growth play. Developing markets in Latin America have higher growth rates than the mature markets in Canada and the U.S. In other words, Scotiabank is an enticing option that differs from its U.S.-focused peers.

## Scotiabank offers a juicy income, too

One of the primary reasons why investors flock to the big banks is for the dividends they offer. In the case of Scotiabank, that dividend works out to an insane 6.21% yield, making it the [highest-paying dividend](#) among the big banks.

Given a \$40,000 investment, that's enough to generate an income just shy of \$2,500. And that's not even the best part.

Scotiabank has been paying out that generous dividend without fail for nearly two centuries. The bank has also provided generous annual upticks to that dividend on a regular cadence. The one recent exception to that was during the pandemic when banks were temporarily barred from increasing dividends. Thankfully, that process has resumed, with the most recent uptick coming this past summer.

## Scotiabank is a great buy right now

No investment is without risk, and that includes Scotiabank. Fortunately, Scotiabank does boast a well-diversified business, offers some defensive appeal, and pays out a generous dividend.

In other words, Scotiabank is a great long-term investment that should be part of any well-diversified portfolio.

Buy it, hold it, and watch it grow.

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