



Why I Own Shares of The Bank of Nova Scotia

Description

Canadian banks provide me consistent dividend income, and along with shares of **Toronto-Dominion Bank** and **Royal Bank of Canada**, I own shares in **The Bank of Nova Scotia** ([TSX: BNS](#))([NYSE: BNS](#)) as well.

I believe Bank of Nova Scotia will continue to provide me regular and increased income. Here are five reasons why.

1. Extensive reach and strong business lines

Bank of Nova Scotia offers its products and services to more than 21 million customers. The bank operates in more than 55 countries and its four business units are Canadian Banking, International Banking, Global Wealth and Insurance and Global Banking and Markets.

In Canada, the bank has a network of 1,190 branches and offices. It also has 3,869 automated banking machines. Regarding International Banking, the Bank of Nova Scotia, via a network of over 2,131 branches and offices, has more than 14 million retail and commercial customers.

2. Continued strong earnings

For Q3 2014, Bank of Nova Scotia reported net income of \$2.35 billion, versus net income of \$1.75 billion in the same period in 2013. This represents a considerable increase of 35%.

In Q3, Canadian Banking had net income of \$565 million, while International Banking had net income of \$410 million. Global Wealth and Insurance had net income of \$846 million and Global Banking and Markets had net income of \$408 million.

3. Continued strong revenue

Bank of Nova Scotia continues to grow revenue. Q3 total revenue was \$6.58 billion, up \$982 million (18%) from Q3 2013. Total revenue was up \$767 million (13%) quarter-over-quarter.

In 2013, the bank had growth in net interest income and net fee and commission. This contributed to its 2013 total revenues of \$21.7 billion.

4. Drive for growth

In 2013, the bank's ScotiaFunds launched six new mutual funds. Scotia Private Client Group introduced a new real estate income pool. Moreover, the bank launched premium banking in Chile, Peru, Barbados, Trinidad, and Jamaica, and mobile banking in Mexico. Furthermore, it expanded its ABM network into select Couche-Tard convenience stores across Quebec

In Q3, the bank announced the purchase of a 51% stake of Cencosud S.A.'s Financial Services business in Chile. Cencosud is the largest retailer in Chile. It is the third largest retailer in Latin America. Cencosud distributes credit cards and consumer loans in Chile.

Cencosud's financial services business includes approximately 2.5 million credit cards and over US\$1.2 billion in outstanding balances in Chile. In addition, the bank and Cencosud entered into a 15-year partnership arrangement to manage the credit card business and provide additional products and services to customers of both companies.

5. Dividends

Bank of Nova Scotia has a healthy dividend yield of 3.70% and a five-year average dividend yield of 3.90%. On August 25, 2014, the bank's board approved a quarterly dividend of \$0.66 per share, an increase of \$0.02 per share. Bank of Nova Scotia's dividend rate is \$2.64.

The bank increased its dividends twice in 2013. Its dividends have risen at a compound annual rate of 11% over the past decade.

CATEGORY

1. Investing

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1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:RY (Royal Bank of Canada)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:RY (Royal Bank of Canada)
6. TSX:TD (The Toronto-Dominion Bank)

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