



Buy Bank of Nova Scotia for International Growth

Description

Canada's big banks are renowned for being great investment options over the long term. Strong results, steady growth, and ever-increasing dividends make an investment in the banks a sound plan for growth- and income-seeking investors.

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) is the third largest of the big banks, and unlike many of the other banks, it has taken a different, yet refreshing approach to growth, particularly internationally.

With the white-hot real estate market in Canada and ongoing concerns over debt and interest rate levels, Bank of Nova Scotia's focus on growth has been on four nations in Central and South America over the years, and for good reason.

The Pacific Alliance

Chile, Columbia, Mexico, and Peru comprise what is known as the Pacific Alliance. The alliance is a set of agreements that aims to forge stronger trader agreements between the member states with the ultimate goal of reducing or eliminating trade barriers over time, along with any visa requirements between the member states.

So far, the four nations have eliminated 92% of tariffs on goods passing between member states, and the removal all tariffs is set to go into effect in 2020. Together, the four current nations comprise over 205 million people with a combined GDP of US\$3.75 trillion.

Even more impressive is the fact that there's a long list of potential candidate countries wanting to join the group. Currently, both Costa Rica and Panama are in the process of seeking full membership to the bloc, and a further 47 countries are observer states that could gain entry into the club. Canada is one of the observer states to the alliance, and Mexico has noted that Canada is a natural fit into the alliance owing to the myriad of trade agreements Canada already has with the member nations.

Bank of Nova Scotia has invested considerably over the years to expand operations across all of the Pacific Alliance countries with the aim of becoming a common bridge for businesses seeking to capitalize on the agreement.

That gamble has paid off considerably as Bank of Nova Scotia continues to report stronger earnings from the region with each passing quarter.

How has this translated into results?

The Pacific Alliance was a key reason for Bank of Nova Scotia's International Banking segment continuing to see strong results. In the most recent quarter, net income from the International segment realized an 18% year-over-year increase, closing the quarter at \$576 million. In the same quarter last year, net income from the International segment was just \$505 million.

The Canadian Banking segment also saw strong growth, albeit not as strong as the International segment. Net income from the Canadian Banking segment saw gains of 7% over the same quarter last year, coming in at \$981 million.

Across all segments, Bank of Nova Scotia posted net income of \$2 billion — \$1.57 per share diluted in the most recent quarter. Revenue growth for the quarter saw an 8% year-over-year improvement and a 2% improvement over the previous quarter. Much of that revenue growth in the quarter can be attributed to higher asset growth and margins across the business.

In terms of a dividend, Bank of Nova Scotia offers a quarterly dividend of \$0.76 per share, which translates into a very appetizing 3.9% yield. Bank of Nova Scotia recently hiked the dividend to this level, continuing a long trend of steady increases.

Investors looking to diversify their portfolios with a financial stock that has a growing international presence need not look further than Bank of Nova Scotia, as the Pacific Alliance investment will continue to fuel growth for the bank for years to come.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date

2025/07/28

Date Created

2017/05/23

Author

dafxentiou

default watermark

default watermark