



3 Reasons to Own Bank of Nova Scotia

Description

Investors often overlook **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) when searching for a financial stock to add to their portfolios.

Let's look at a few of the reasons the stock might deserve more attention.

International operations

Bank of Nova Scotia has invested billions to build up a large international presence. In fact, the company is the most international of all the big Canadian banks.

The core focus of the foreign operations is in Latin America, with a large presence in Mexico, Peru, Colombia, and Chile. These four countries form the heart of the Pacific Alliance, which is a trade bloc set up to promote the free movement of goods and capital among the member states.

Together, the four markets hold more than 200 million consumers, so the opportunity for Bank of Nova Scotia is significant, especially as the middle class expands and demand rises for loans and investment products.

Strong earnings

Bank of Nova Scotia recently reported strong fiscal Q3 2017 results.

The company generated \$2.1 billion in net income in the quarter, with strong performances coming from all operations.

The Canadian banking group saw adjusted net income jump 8%, supported by 6% loan growth and deposit growth of 5%, compared to the same period last year. International banking performed even better, with net income up 16%. Loans rose 11% and deposits surged 13% on a year-over-year basis.

Bank of Nova Scotia's international banking segment delivered 29% of net income for the quarter.

Some investors fear rising interest rates might put some pressure on Canadian mortgage holders and

trigger a housing crash. A total meltdown in house prices would be negative, but most analysts predict a gradual pullback, and Bank of Nova Scotia's mortgage portfolio is capable of riding out a downturn in the market.

Higher rates are normally good news for banks, as they can get better returns on cash they have to keep available to cover deposits and often see lending margins improve.

Dividend growth

Bank of Nova Scotia just raised its quarterly dividend by \$0.03 to \$0.79 per share. At the time of writing, that's good for an annualized yield of 4%.

The bank has a strong track record of dividend growth, and investors should see the trend continue.

The bottom line

Bank of Nova Scotia's international operations have the potential to generate long-term earnings that outpace the growth in Canada. If you are looking for a buy-and-hold financial stock, this company should be on your radar.

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