



## Why Bank of Nova Scotia Is Down 2%

### Description

**Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), Canada's third-largest bank, announced its fourth-quarter earnings results this morning, and its stock has responded by falling 2% in early trading. Let's break down the quarterly results and the fundamentals of its stock to determine if now is the time to buy.

### The fourth-quarter results

Here's a quick breakdown of 10 of the most notable financial statistics from Bank of Nova Scotia's three-month period ended October 31, 2017, compared with the same period in 2016:

Metric	Q4 2017	Q4 2016	Change
Net interest income	\$3,831 million	\$3,653 million	4.9%
Non-interest income	\$2,981 million	\$3,098 million	(3.8%)
Total revenue	\$6,812 million	\$6,751 million	0.9%
Adjusted net income attributable to common shareholders	\$2,008 million	\$1,943 million	3.3%
Adjusted diluted earnings per share (EPS)	\$1.65	\$1.58	4.4%
Total assets	\$915,273 million	\$896,266 million	2.1%
Deposits	\$625,367 million	\$611,877 million	2.2%
Loans	\$504,369 million	\$480,164 million	5.0%
Common equity	\$55,454 million	\$52,657 million	5.3%
Book value per common share	\$46.24	\$43.59	6.1%

## What should you do now?

It was a solid quarter overall for Bank of Nova Scotia, and it capped off a very strong fiscal year for the company, in which its revenue increased 3.1% to \$27.16 billion and its adjusted EPS increased 8.1% to \$6.54 compared with fiscal 2016, so I do not think the drop in its stock is warranted. Furthermore, I think the decline represents a very attractive entry point for long-term investors for two fundamental reasons.

First, it's undervalued. Bank of Nova Scotia's stock now trades at just 12.5 times fiscal 2017's adjusted EPS of \$6.54 and only 11.7 times fiscal 2018's estimated EPS of \$6.98, both of which are inexpensive given its current earnings-growth rate and its estimated 8.7% long-term earnings-growth rate; these multiples are also inexpensive given the strength and stability of its business model, and the limited competition it faces.

Second, it's a dividend-growth star. Bank of Nova Scotia currently pays a quarterly dividend of \$0.79 per share, representing \$3.16 per share annually, which gives it a 3.9% yield. It's also important to note that fiscal 2017 marked the seventh consecutive year in which it has raised its annual dividend payment, and that [its 3.9% hike](#) in August has it on pace for fiscal 2018 to mark the eighth consecutive year with an increase.

Bank of Nova Scotia's stock is up about 6% since it reported its third-quarter earnings results [on August 29](#), and I think it still represents a great long-term investment opportunity today, so take a closer look and consider adding it to your portfolio.

## 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. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

## Category

1. Bank Stocks
2. Investing

## Date

2025/07/06

## Date Created

2017/11/28

---

**Author**  
jsolito

default watermark

default watermark