



The Time to Buy Bank of Nova Scotia (TSX:BNS) Is Now

Description

If there's one thing that the [latest round of quarterly updates](#) from Canada's banks has taught us, it's that we should never underestimate the muscle of the big banks.

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS), which adheres to a different growth policy than the other big banks, reported impressive results much like its peers over the past week and provided a generous hike to its dividend.

Here's a quick recap of the quarter and what investors can expect over the long term from Bank of Nova Scotia.

Q3 numbers: Another impressive quarter despite the miss

In the third fiscal quarter, Bank of Nova Scotia reported net income of \$1.93 billion, which came in lower than the \$2.1 billion reported in the same quarter last year. On a per-share basis, the bank earned \$1.55 per diluted share, down \$0.11 over the same period last year, and ROE for the quarter came in at 13.1%, down 1.7% over the same quarter last year.

Much of that dip can be attributed to the acquisitions that Bank of Nova Scotia completed in the quarter, which amounted to \$320 million after tax. Bank of Nova Scotia has been on a spending spree over the past year, announcing a half dozen different acquisitions that include both additions on both the domestic and international front.

Similar to its peers, Bank of Nova Scotia's success in the quarter was not due to the results of one particular segment, but rather to the continued success across several. The Canadian Banking segment saw a 9% gain in earnings, which are likely to see additional gains in subsequent quarters as both the Jarislowsky Fraser and MD Financial acquisitions contribute to the segment's success.

The International segment has long provided the most impressive of returns, and in this most recent quarter the segment didn't fail to impress once again. Fueled by continued strong growth in the Pacific Alliance member nations where Bank of Nova Scotia maintains a strong presence, the segment realized double-digit growth of 15%.

The impressive results by the bank also played a role in Bank of Nova Scotia announcing an 8% hike to its dividend, which will now pay \$0.85 per share, translating into a very appealing yield of 4.46% and continuing a trend of annual or better dividend hikes that now spans back several years.

Should you buy Bank of Nova Scotia?

I'm typically bullish when it comes to Canada's big banks, but in the case of Bank of Nova Scotia, I would put its potential far ahead of any of its peers as a great opportunity, which I state for the following two key reasons.

First, there's Bank of Nova Scotia's Pacific Alliance expansion. Not only has this provided ample diversification over the domestic market, but it's capitalizing on the phenomenal growth and higher interest rates in the region, which is likely to continue growing for years, particularly as several additional countries are now contemplating becoming full members in the trade bloc.

There's also the recent acquisition of the third-largest bank in Chile by Bank of Nova Scotia, which had acquisition costs highlighted in the most recent results. The deal is likely to draw in further growth and earnings from the region in future quarters.

Second, there's Bank of Nova Scotia's dividend. The most recent uptick places the yield on par with some of the best on the market, and for long-term investors, the quarterly dividend coupled with the [incredible growth](#) of the stock over the past few years can be a major contributor to nearly any portfolio.

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Date

2025/08/27

Date Created

2018/08/30

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