



Passive Income: Buy Bank of Nova Scotia (TSX:BNS) Now

Description

There are increasing signs of a slowdown across the market. Soaring inflation, rising interest rates, and growing uncertainty are creating a perfect storm of volatility for investors. Adding to that is the opportunity to buy **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) now at a good discount.

Let's consider if you should jump on that bandwagon.

Scotiabank is Canada's international bank

One of the things that investors contemplating a big [bank investment](#) is selecting *which* of the big banks to invest in. All the banks operate a mature domestic segment that generates a healthy revenue stream. Additionally, all big banks boast some presence outside of Canada in international markets.

Scotiabank is often referred to as Canada's *most* international bank. There's a good reason for that name. Scotiabank boasts over 2,000 branches in 30 different countries. The bank has also been serving customers internationally for over a century.

While impressive, Scotiabank's international network alone hardly qualifies it as a reason alone for investors to buy Bank of Nova Scotia now. For that, let's look at the focus of that international growth.

Expanding to the right markets at the right time

Unlike Scotiabank's peers that looked to the U.S. market for expansion, the bank looked further south — specifically, to the markets of Mexico, Columbia, Peru, and Chile. Those four nations are parties to a trade block known as the Pacific Alliance.

The Alliance is tasked with eliminating tariffs across its member states while increasing trade. To say the initiative was successful would be an understatement. The 230 million people and combined GDP of \$2.8 trillion has attracted over 60 nations to become observer states, including Canada.

For Scotiabank, having an established branch network in all member states has helped immensely. The bank is regarded as both a familiar face and a preferred lender within the region. In turn, this has helped Scotiabank realize significant growth in the region.

Best of all, that growth is expected to continue for several years, if not longer.

To showcase just how good that segment has performed, let's look at some results. In the most recent quarter, Scotiabank's international segment reported earnings of \$605 million. In the same period last year, the segment reported earnings of just \$429 million.

That's not to say that Scotiabank's domestic segment isn't seeing stellar growth as well. In the most recent quarter, the Canadian banking segment reported a net income of \$1,179 million. This handily surpassed the \$927 million reported in the same period last year.

There's more than growth to love

Scotiabank's long-term growth prospects through its international segment are impressive. For some investors, that may be reason enough to buy Bank of Nova Scotia now.

But wait — there's more!

Scotiabank also boasts a very juicy dividend, with an established history of providing annual hikes. The bank provided investors with a solid 11% increase late last year when the COVID-era moratorium on dividend hikes was lifted.

The bank announced yet another increase to that dividend during the most recent earnings announcement. This brings the quarterly payout up to \$1.03 per share, which, at the current stock price, works out to a yield of 5.03%.

To illustrate that potential another way, given the current yield, a \$35,000 investment will generate a first-year income of \$1,760. Investors that don't need to draw on that income yet can reinvest it until needed, increasing their final income further.

This makes Scotiabank one of the better-paying stocks on the market that should be on the radar of every investor.

Should you buy Bank of Nova Scotia now?

In my opinion, Bank of Nova Scotia is a great long-term option that can provide both growth and income-earning potential. Keep in mind, though, that, as with all investments, there's some risk involved.

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