The Canadian Banks: As Strong As Ever

Description

Three Canadian banks stepped into the earnings parade on Thursday, and all three managed to dazzle with their results. **TD Bank** (TSX:TD,NYSE:TD), **Royal Bank of Canada** (TSX:RY,NYSE:RY) and **CIBC** (TSX:CM) all announced better than expected earnings, and then some. Given the green being flashed by all 3 stocks, these results were not only dazzling, but enriching for shareholders.

Here's a quick synopsis of all 3 releases:

TD Bank

TD announced core EPS of $1.65 which handily eclipsed the consensus estimate of $1.53. For shareholders however, the best bit of news was that the quarterly dividend was hiked by 5% — from $0.81 to $0.85. Solid Canadian retail banking results and strong loan growth in the U.S. helped contribute to the strong quarter. And given the dividend hike, management seemingly does not see an end to these trends.

Royal Bank

Like TD, strong Canadian banking helped Royal earn $1.48 per share in the 3rd quarter. This compared nicely to the $1.37 that the market was expecting. A touch of weakness in the company's Capital Markets division was the only blemish that analysts could point to. Better than expected results were widespread and far outweighed the Capital Markets blip. Royal too hiked its quarterly dividend by 6%.

CIBC

Last but not least, CIBC also checked in with a solid beat. The bank earned $2.29 per share in its 3rd quarter. The consensus estimate was for $2.14. Like its peers, strong results were evident throughout the company, although the uncertainty surrounding the Aeroplan issue remains. This is an issue that is expected to be ironed out in the coming months. Although CIBC didn't hike its dividend, an 8 million share buyback was announced. This was in-line with past buybacks and if carried out, at current levels, represents a >$600 million outlay.

Foolish Takeaway

The strong results continue to roll out of these Canadian institutions. And with dividend hikes being included with these strong results, it indicates that management foresees much of the same in the quarters to come. This is bad news for those of us that have avoided the banks because of our fears of a slowing housing market and the impact this could have. It's great news however for shareholders.

Even though the banks are some of the best businesses Canada has to offer, they weren't good enough to crack our list in our special **FREE** report "**5 Canadian Companies That Should Replace Your Canadian Index Fund**". Simply **click here now** to download this report at no charge. One of the 5 was recently taken out at a huge premium. **Click here now** to learn about the other 4!

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Fool contributor Iain Butler does not own shares of any companies mentioned at this time. The Motley Fool doesn't own shares in any of the companies mentioned.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:RY (Royal Bank of Canada)
5. TSX:TD (The Toronto-Dominion Bank)

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