



Toronto-Dominion Bank Continues the March of Banks With Another Impressive Quarter

Description

Toronto-Dominion Bank ([TSX: TD](#))([NYSE: TD](#)), Canada's largest bank in terms of assets, is riding high on another impressive quarter — once again bucking the predictions of analysts that Canadian banks may be on the downswing.

But how good was this third quarter for the bank with the comfy chairs?

Bankable earnings

TD Bank managed to break the \$2 billion mark in its third quarter by posting \$2.11 billion in income. This is a sizeable jump from the \$1.52 billion the bank brought in during Q3 2013. In terms of earnings per share, the bank earned \$1.11 per share compared to \$0.79 per share last year, beating analysts' expectations of \$1.09 per share.

In all the bank brought in \$7.5 billion in revenues, up modestly from \$7.1 billion of revenues last year. The growth in both net income and revenues were thanks to continued growth in the core Canadian retail segment.

Another key driver in the boost to net earnings came from an unexpected source, the bank's insurance arm. As the division's expenses dropped in the quarter to a new five-year low of \$771 million. That's compared to the \$1.14 billion of expenses that were paid out last year, due mostly to a string of severe storms on both sides of the country.

One spot on the bank's financials is the continued stagnant growth of its U.S. banking operations, which saw a 4% increase in earnings, totalling \$449 million. Just because you advertise on a major sports arena in Boston, that doesn't always translate into year over year growth.

Rewards and credit cards

Since luring away **Aimia** ([TSX: AIM](#)) and its Aeroplan from **Canadian Imperial Bank of Commerce** ([TSX: CM](#))([NYSE: CM](#)) in January, TD Bank has been aggressively pushing its new VISA Aeroplan

Card. In the original deal, TD Bank picked up half of CIBC's Aeroplan VISA portfolio or 550,000 accounts for \$3.5 billion. This ended a 20-year marathon of CIBC as the main partner with Aimia and Aeroplan.

The stock is trading just below its 52-week high of \$58.20 with a Thursday closing price of \$57.38, and carries an average price target of \$59.60.

The one question that remains is how much longer Canadian banks can continue this record run of profits. Is this a new normal in the industry, or will analysts have their day with their expectations of a housing crash and an erosion of profits? So far the banks and investors appear to be winning this argument, but for how long?

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:AIM (Aimia Inc.)
4. TSX:CM (Canadian Imperial Bank of Commerce)
5. TSX:TD (The Toronto-Dominion Bank)

Category

1. Investing

Date

2025/07/01

Date Created

2014/08/29

Author

cameronconway

default watermark