

## Is Now the Time to Buy Toronto-Dominion Bank?

### Description

**Toronto-Dominion Bank** ([TSX: TD](#))([NYSE: TD](#)), the largest bank in Canada by assets, announced fourth-quarter earnings on December 4, with the results coming in mixed compared to analysts' expectations, and its stock has reacted by falling more than 4.5% in the trading sessions since.

The company's stock now sits nearly 7% below its 52-week high, so let's take a closer look at the results to determine if we should consider using this weakness as a long-term buying opportunity or if we should look elsewhere for an investment today.

### The mixed fourth-quarter results

Here's a chart of TD Bank's fourth-quarter earnings per share and revenue results compared to what analysts had expected and its actual results in the same period a year ago.

Metric	Reported	Expected	Year-Ago
Earnings Per Share	\$0.98	\$1.05	\$0.95
Revenue	\$7.45 billion	\$7.02 billion	\$7.00 billion

Source: *Financial Times*

TD Bank's earnings per share increased 3.2% and its revenue increased 6.4% compared to the year-ago period, driven by net income increasing 8% to \$1.75 billion, led by growth of 31.1% in its Wholesale Banking segment, 13.6% growth in its U.S. Retail segment, and 5.4% growth in its Canadian Retail segment. The company also achieved revenue growth in all three of its major business segments, including 7% growth in the Canadian Retail segment, 4.2% growth in the U.S. Retail segment, and 0.2% growth in the Wholesale Banking segment.

Here are six other highly important statistics and updates from the report:

- Total assets increased 9.6% to \$944.74 billion compared to \$862.02 billion in the year-ago period.
- Total loans increased 7.6% to \$478.91 billion compared to \$444.92 billion in the year-ago period.
- Total deposits increased 10.9% to \$600.72 billion compared to \$541.61 billion in the year-ago period.
- Efficiency ratio of 56.2% compared to 55.4% in the year-ago period.
- Return on common equity of 14.0% compared to 15.1% in the year-ago period.
- Book value per share increased 12.3% to \$28.45 compared to \$25.33 in the year-ago period.

### Should you go long TD Bank today?

TD Bank is the largest bank in Canada by assets and the growing demand for its loans, wealth management services, and other banking products led it to a strong financial performance in the fourth

quarter. The company reported growth on both the top and bottom lines, while achieving revenue and net income growth in all three of its major business segments, but its stock has responded by falling more than 4.5% in the trading days since the release.

I do not think this sell-off is warranted, but I do think it has led to a long-term buying opportunity, because the stock now trades at very inexpensive valuations, including just 11.9 times fiscal 2015's earnings estimates, only 11 times fiscal 2016's earnings estimates, and only 1.9 times its book value per share, and it has the added buffer of a 3.5% dividend yield. With all of this information in mind, I think investors should strongly consider initiating long-term positions today.

## CATEGORY

1. Bank Stocks
2. Investing

## TICKERS GLOBAL

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## Author

jsolitro

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