



## Toronto-Dominion Bank's Strong Q1 Results Has Boosted the Shares: Should You Buy Now?

### Description

**Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)), the largest bank in Canada by assets, released first-quarter earnings before the market opened on February 26, and its stock has responded by making a slight move to the upside.

The company's stock still sits more than 6% below its 52-week high of \$58.20 reached in August 2014, so let's take a closer look at the results to determine if we should consider initiating long-term positions today, or if we should wait for a better entry point in the trading sessions ahead.

### The first-quarter results are in

Here's a summary of TD Bank's first-quarter earnings results compared to its results in the same period a year ago.

Metric	Q1 2015	Q1 2014
Adjusted Earnings Per Share	\$1.12	\$1.06
Adjusted Revenue	\$7.61 billion	\$7.31 billion

*Source: Toronto-Dominion Bank*

TD Bank's adjusted earnings per share increased 5.7% and its revenue increased 4.1% compared to the first quarter of fiscal 2014. The company's strong earnings per share growth can be attributed to adjusted net income increasing 4.9% to \$2.12 billion, driven by increases in both of its major segments, including 8.1% growth to \$1.45 billion in its Canadian Retail Banking segment and 27% growth to \$625 million in its U.S. Retail Banking segment.

It also achieved strong revenue growth in both of its major segments, including 5.8% growth to \$4.9 billion in its Canadian Retail Banking Segment and 7.5% growth to \$2.22 billion in its U.S. Retail Banking segment.

Here are eight other notable statistics and updates from the report compared to the year-ago period:

1. Total assets increased 17.4% to \$1.08 trillion
2. Total loans managed, net of loans securitized, increased 12% to \$65 billion
3. Total deposits increased 19.7% to \$77 billion
4. Net interest income increased 6% to \$4.56 billion
5. Adjusted non-interest income increased 1.4% to \$3.05 billion
6. Adjusted efficiency ratio improved 130 basis points to 53.8%
7. Adjusted return on common equity contracted 110 basis points to 15.1%
8. Book value per share increased 17.4% to \$31.60

TD Bank also announced an 8.5% increase to its quarterly dividend to \$0.51 per share, or \$2.04 annually. The next payment will come on April 30 to shareholders of record at the close of business on April 7.

### **Should you invest in TD Bank today?**

The increased demand for TD Bank's financial products and services led it to a very strong first-quarter performance. The company's stock has responded to the earnings release by making a slight move to the upside.

I think TD Bank's stock represents a great long-term investment opportunity today, even after the slight post-earnings pop, because it still trades at very attractive valuations and pays a high dividend.

First, TD Bank's stock trades at just 12.1 times fiscal 2015's estimated earnings per share of \$4.50, only 11.4 times fiscal 2016's estimated earnings per share of \$4.81, and a mere 1.7 times its book value per share of \$31.60.

Second, the company now pays an annual dividend of \$2.04 per share, giving its stock a bountiful 3.7% yield, and I think this makes it both a value and dividend play today.

With all of the information above in mind, I think Toronto-Dominion Bank represents the best long-term investment opportunity in the financial sector today. Foolish investors should take a closer look and strongly consider initiating positions.

### **CATEGORY**

1. Bank Stocks
2. Investing

### **POST TAG**

1. Editor's Choice

### **TICKERS GLOBAL**

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:TD (The Toronto-Dominion Bank)

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