



## Ranking Canada's Big 5 Banks After Q3 Earnings

### Description

All of the big banks in Canada have recently released third-quarter earnings, and all did well. I'll give you a quick run-down of how each bank did, and I have ranked the ones I think are the best investments going forward from worst to best.

**Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) saw a decline in revenue of 3% in its most recent quarter, but the bank was still able to post strong profit growth of 11%. Although the company did not see any growth in its U.S. banking operations, on the Canadian side, it saw net income rise over 9% from the prior year.

The bank is not a bad investment by any stretch, but I would rank it in the five spot, mainly because of a lack of growth outside Canada and stronger results from the other banks.

**Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) might present the most potential of the big banks due to its recent acquisition of PrivateBancorp and a greater presence south of the border. However, even with the inclusion of its new acquisition, the bank didn't have the strongest quarter with flat revenues and an overall decline in net income (mainly due to one-time expenses), although it did see growth in most of its segments with its U.S. commercial and wealth management division seeing profits rise by over 74%.

The ability for CIBC to grow its U.S. operations will be key to providing stronger returns for investors, and that might move its price-to-earnings multiple into double digits.

**Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) is in the middle of the pack, as the company had a decent performance in its latest quarter, but it did not show any significant growth. In Q3, the bank saw income decline by 3%, which was mainly due to a gain in the prior year; without which, it would have resulted in an increase of 5% this year. However, revenues were down 2% from the prior year as the bank's sales fell just below \$10 billion for the quarter.

**Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) saw revenues rise 4%, while profits grew by 7% in its most recent quarter. The bank saw a lot of growth in its international banking segment, which saw profits grow by 16% compared to just 12% for the bank's domestic operations, while sales were also

higher internationally.

I put Bank of Nova Scotia in the second spot because of its strong international growth, which gives it a big advantage over the other banks. With a significant international exposure, the bank has many opportunities for future growth as it becomes less dependent on any one economy.

**Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is in the top spot as the bank had the most impressive Q3 of all the banks with revenues rising 6% and profits increasing 17% from a year ago. However, the increased profits were primarily helped by the bank's Canadian retail segment, which benefited from fewer insurance claims compared to 2016 when the Fort McMurray wildfires took place.

I would expect a drop off in future earnings as the B.C. wildfires will result in added insurance claims that will have the reverse effect in earnings on future periods, but in the long term, the bank still has terrific growth prospects.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

## TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:CM (Canadian Imperial Bank of Commerce)
4. NYSE:RY (Royal Bank of Canada)
5. NYSE:TD (The Toronto-Dominion Bank)
6. TSX:BMO (Bank Of Montreal)
7. TSX:BNS (Bank Of Nova Scotia)
8. TSX:CM (Canadian Imperial Bank of Commerce)
9. TSX:RY (Royal Bank of Canada)
10. TSX:TD (The Toronto-Dominion Bank)

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