



## Why Toronto-Dominion Bank Is Down About 2%

### Description

**Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)), the largest bank in Canada as measured by assets, released its fourth-quarter earnings results yesterday, and its stock has responded by falling about 2% in early trading. Let's take a closer look at the quarterly results and the fundamentals of its stock to determine if this decline represents a long-term buying opportunity.

### The fourth-quarter results

Here's a quick breakdown of 10 of the most notable financial statistics from TD Bank's three-month period ended October 31, 2017, compared with the same period in 2016:

Metric	Q4 2017	Q4 2016	Change
Net interest income	\$5,330 million	\$5,072 million	5.1%
Non-interest income	\$3,940 million	\$3,673 million	7.3%
Total revenue	\$9,270 million	\$8,745 million	6.0%
Adjusted net income	\$2,603 million	\$2,347 million	10.9%
Adjusted diluted earnings per share (EPS)	\$1.36	\$1.22	11.5%
Total assets	\$1,278,995 million	\$1,176,967 million	8.7%
Total deposits	\$832,824 million	\$773,660 million	7.6%
Total loans, net of allowance for loan losses	\$612,591 million	\$585,656 million	4.6%
Total equity	\$75,190 million	\$72,564 million	2.3%
Book value per share	\$37.76	\$36.71	2.9%

### Should you buy on the dip?

It was a very strong quarter overall for TD Bank, and it capped off a great fiscal year for the company,

in which its revenue increased 5.3% to \$36.15 billion, and its adjusted diluted EPS increased 13.7% to \$5.55 compared with fiscal 2016. With these solid results in mind, I do not think the 2% drop in its stock is warranted, and I think it represents an attractive entry point for long-term investors for two fundamental reasons.

First, it's undervalued. TD Bank's stock now trades at just 13.3 times fiscal 2017's adjusted EPS of \$5.55 and only 12.5 times fiscal 2018's estimated adjusted EPS of \$5.90, both of which are inexpensive given its current earnings-growth rate, its estimated 8.7% long-term earnings-growth rate, and the low-risk nature of its business model.

Second, it's a dividend aristocrat. TD Bank currently pays a quarterly dividend of \$0.60 per share, representing \$2.40 per share annually, giving it a rich 3.3% yield. Investors must also note that fiscal 2017 marked the seventh consecutive year in which it had raised its annual dividend payment, and [its 9.1% hike](#) in March has it positioned for fiscal 2018 to mark the eighth consecutive year with an increase.

TD Bank's stock is up over 13% since it released its third-quarter earnings results [on August 31](#), and I think it is still a great long-term buy today, so take a closer look and consider initiating a position today.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

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

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

## Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

## Tags

1. Editor's Choice

**Date**

2025/07/06

**Date Created**

2017/12/01

**Author**

jsolitro

default watermark

default watermark