Another Strong Quarter for Toronto-Dominion Bank (TSX:TD)

Description

Earnings season is alive and well in the financial sector as Canada's big banks kicked off the season with some impressive gains that once again shattered the expectations of analysts. Leading the pack once again is none other than **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD), more than justifying its growing presence in the U.S. market.

Let's look at those results and what this means to investors.

Strong results. Great growth

In the most recent quarter, TD reported net income of $3.27 billion, or $1.75 per share on an adjusted basis, representing a solid 6.7% gain over the same period last year. The consensus among analysts was that the bank would post earnings of just $1.67 per share.

The primary reason behind that impressive growth can be found south of the border in the lucrative U.S. market, where TD has invested heavily over the past decade to establish itself as one of the largest lenders in the country, with a network of branches stretching from Maine to Florida that is now larger than the bank's presence at home in Canada. To be clear, most of TD's peers have also invested in the U.S. market, but TD's presence there far eclipses those efforts.

During the most recent quarter, earnings from TD's U.S. segment hit $1.26 billion, reflecting a whopping 29% increase over the prior period, fueled by stronger deposit margins and an increase across both loan and deposit volumes. This puts TD at a major advantage over its other big bank peers that didn't focus as much on the U.S. market as TD did. That's not to say that TD didn't realize growth here at home, as the domestic segment realized a smaller 1% gain in earnings to $1.85 billion.

Even TD's wholesale business, which reported a loss in the previous quarter, returned to profitability in the most recent quarter thanks to improved trading-related revenue and improved market conditions.

What does this mean? Should you invest?

While reporting a record-breaking quarter is nothing new for TD, the positive momentum that the bank continues to realize from its growing U.S. presence cannot be understated. As I mentioned before, TD's network in the U.S. is now larger than its presence in Canada, despite TD only operating in the states along the eastern coast. In other words, there is plenty of opportunity for further growth from the U.S. market over the course of the next few years.

Adding to that comes the opportunity of adopting new technologies and practices, such as the new digital platform that TD's U.S. small business customers have moved to over the past few months.

Apart from the superb results and future growth opportunities, investors often flock to TD for the impressive dividend that the bank has been paying out to shareholders for well over a century. Currently, that quarterly dividend amounts to a solid 3.87% yield, which is not only stable but subject to handsome increases that have come on an annual or better basis.

In short, TD is a great long-term investment option, with growth and income-earning potential that is best left to grow in your portfolio. Buy it, forget about it, and let it help power your retirement portfolio for the long term.

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