Company Analysis TD & CIBC

Firm, Industry and Environment

Industry Definition

One of the world's most stable and well-regulated financial systems is the Canadian banking sector. Essential services like deposits, loans, mortgages, credit cards, wealth management, and payment processing are offered by banks in this industry. OSFI, which regulates the sector, imposes stringent capital and risk management standards. Canadian banks are renowned for their durability, particularly during global financial downturns, in large part due to this robust regulatory environment.

The "Big Six" banks—RBC, TD, Scotiabank, BMO, CIBC, and National Bank—control the majority of the market. These organizations dominate the majority of the nation's retail and commercial banking operations and are fierce rivals in sectors like investment services, personal banking, business lending, and mortgages. Due to the industry's maturity and significant level of consolidation, competition typically prioritizes risk management, digital innovation, and customer experience over quick growth.

Company Descriptions: TD and CIBC

Although both TD and CIBC are significant participants in the Canadian banking market, their sizes, approaches, and geographic reach are different. With a significant presence in both the US and Canada, TD is one of the biggest banks in North America. Its operations include wealth management, capital markets, retail banking in Canada, and retail banking in the United States. This lessens TD's reliance on the Canadian economy alone and provides it with a more varied revenue source.

Despite being smaller and more focused on the Canadian market, CIBC is nonetheless a significant bank. Although it operates in the United States, its primary concentration is on commercial banking rather than a comprehensive retail network, and its primary strength is personal and business banking. Consequently, the success of CIBC is more linked to changes in consumer lending, the Canadian housing market, and the state of the domestic economy.

Digital transformation, cybersecurity, and customer experience are emphasized as top goals by both institutions. While CIBC is concentrated on bolstering its Canadian retail base, enhancing credit quality, and progressively expanding its U.S. commercial banking footprint, TD is still making significant investments in U.S. expansion and technology. Long-term stability, careful risk management, and sustainable growth are highlighted in their annual reports and investor presentations.

Competitive Environment

In Canadian banking, competition is fierce yet predictable. The market is dominated by the Big Six banks, and because to the industry's extreme consolidation, each bank keeps a careful eye on the strategies, interest rate choices, and product offers of the others. In the areas of wealth management, personal banking, business lending, and mortgages, TD and CIBC are direct competitors; however, TD's greater U.S. footprint provides it a distinct growth profile from CIBC's more Canada-focused strategy.

High interest rates, slowing economic growth, greater credit risk, and growing competition from fintech companies providing low-cost digital services are some of the issues facing the industry. Banks are being forced to make significant technological investments as consumer expectations for mobile services, digital banking, and customized financial tools continue to climb.

In general, the banking sector in Canada is thought to be growing slowly to moderately. Rather than significant market expansion, the majority of growth is due to immigration, population growth, and digital innovation. While CIBC competes successfully, it has greater exposure to the Canadian retail and mortgage sectors, which can be more susceptible to changes in the economy. In contrast, TD enjoys the advantages of scale and diversity.

Social Media Presence

TD and CIBC both have active business accounts on social media sites including Instagram, LinkedIn, and X (Twitter). Financial outcomes, community involvement, ESG initiatives, leadership updates, and technological advancements are often the topics of their blogs. Despite not being marketing-focused, these posts give financial analysts valuable clues about the bank's communication during challenging economic times, its sustainability stance, and its reactions to market or regulatory changes.

Financial Analysis of TD Bank Group

This financial analysis examines TD Bank Group over the three fiscal years 2023, 2024, and 2025. The objective is to evaluate trends in profitability, financial structure, and overall financial performance using income statement and balance sheet information from the company's annual reports.

Income Statement Analysis

Vertical Analysis (Structure of Income Statement)

TD Bank reported earnings of approximately $10.8 billion in 2023, which declined to about $8.8 billion in 2024 before increasing significantly to around $20.5 billion in 2025. The decline in 2024 was largely influenced by regulatory costs and compliance-related charges, particularly associated with anti-money laundering remediation efforts in the United States. Despite these challenges, TD maintained strong revenue generation capacity and capital strength.

The sharp increase in earnings in 2025 reflects improved operating conditions, higher revenue growth, restructuring initiatives, and gains from strategic transactions. This indicates recovery after the regulatory challenges faced in 2024.

Horizontal Analysis (Trend Over Three Years)

From 2023 to 2024, earnings decreased due to regulatory expenses, higher interest costs, and economic uncertainty. However, from 2024 to 2025, TD experienced strong financial recovery driven by revenue growth, improved operational efficiency, and strategic financial decisions.

Overall, while TD faced short-term profitability pressure, the long-term trend demonstrates resilience and strong earnings potential.

TD Income Statement 2023 (TD Annual Report 2023)

Our Strategy

Anchored in our proven business model, we are guided by our purpose to give our customers, communities and colleagues the opportunities and confidence to thrive in a changing world.

Proven Business Model

Deliver consistent earnings growth, underpinned by a strong risk culture

Purpose-Driven

Centre everything we do on our vision, purpose and shared commitments

Forward-Focused

Shape the future of banking in the digital age

Our Business

Every day, TD enriches the lives of those we serve, while delivering consistent earnings growth for our shareholders. We are accelerating our digital transformation and using our innovation ecosystem to shape the future of banking.

(as at October 31, 2023)

95,000+
TD colleagues

~28 million
customers served around the globe

> 3,500
community organizations received support in 2023

6th
largest bank in North America[1]

16.7 million
active digital customers[2]

> $157 million[3]
contributed to communities through the TD Ready Commitment in 2023

[1] By total assets, as at October 31, 2023. Source: Bloomberg.

[2] Active digital users are users who have logged in online or via their mobile device at least once in the last 90 days

[3] Figures are disclosed in CAD Equivalent and include any donation commitments recognized as a legal obligation or a constructive obligation and expensed in 2023 before they were paid out. Figure does not include donations made through TD Friends of the Environment Foundation.

TD Income Statement 2024 (TD Annual Report 2024)

Our Strategy

Anchored in our proven business model, we are guided by our purpose to give our customers, communities and colleagues the opportunities and confidence to thrive in a changing world.

Proven Business Model ›

Deliver consistent earnings growth, underpinned by a strong risk culture

Purpose-Driven ›

Centre everything we do on our vision, purpose and shared commitments

Forward-Focused ›

Shape the future of banking in the digital age

Our Business

Every day, TD enriches the lives of those we serve, while delivering consistent earnings growth for our shareholders. We are accelerating our digital transformation and using our innovation ecosystem to shape the future of banking.

(as at October 31, 2024)

95,000+
TD colleagues

~28 million
customers served around the globe

> 3,300
community organizations received support in 2024

6th
largest bank in North America[1]

17.6 million
active digital customers[2]

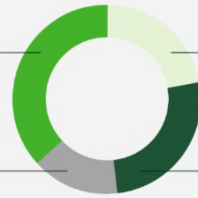
> $169 million[3]
contributed to communities in 2024

[1] By total assets, as at October 31, 2024. Source: Bloomberg.

[2] Active digital customers are users who have logged in online or via their mobile device at least once in the last 90 days.

[3] Figures are disclosed in CAD equivalent and include any donation commitments recognized as a legal obligation or a constructive obligation and expensed in the fiscal year before they were paid out. Figure does not include donations made through TD Friends of the Environment Foundation.

FY'25 Total Reported Revenue by Business Segment[1]



37% Canadian Personal & Commercial Banking

22% U.S. Retail[2]

15% Wholesale Banking

26% Wealth Management & Insurance

FY'25 Total Reported Revenue

$68 billion

50% Canada
50% U.S.[2]

100,000+
colleagues

6th
largest bank in North America[3]

28+ million
clients

13+ million
active mobile users in Canada and the U.S.[4]

2,151
retail locations in North America

$178+ million
contributed to communities in 2025[5]

[1] Excluding Corporate segment..
[2] U.S. includes International.
[3] By total assets, as at October 31, 2025.
[4] As at October 31, 2025. Active mobile users are users who have logged in via their mobile device at least once in the last 90 days.
[5] Figures are disclosed in CAD equivalent and include donation commitments paid in the fiscal year. Figure does not include donations made through TD Friends of the Environment Foundation.

TD Income Statement 2025 (TD Annual Report 2025)

The income statements for 2023, 2024, and 2025 show fluctuations in TD Bank's financial performance. Earnings declined in 2024 mainly due to regulatory costs and economic challenges. However, in 2025, earnings increased significantly due to improved revenue growth, strategic transactions, and better operational efficiency. Overall, the bank shows strong recovery and financial stability over the three-year period.

Balance Sheet Analysis

Vertical Analysis (Financial Structure)

TD maintains a very strong balance sheet with total assets exceeding $2 trillion throughout the three-year period. The bank's asset base is largely composed of loans, investments, and customer deposits, typical for large financial institutions. Capital adequacy ratios remained above regulatory minimums, indicating financial stability.

Horizontal Analysis (Trend Analysis)

Total assets increased slightly between 2023 and 2024 and remained relatively stable in 2025. Capital ratios temporarily declined in 2024 due to regulatory charges but improved again in 2025, suggesting recovery and strengthened capital management.

These trends demonstrate TD's ability to maintain financial strength despite economic uncertainty and regulatory pressures.

Overall Financial Performance Conclusion

Overall, TD Bank Group demonstrates strong financial resilience. While the bank experienced regulatory challenges in 2024 that affected profitability, it showed clear recovery in 2025 through improved earnings, stable assets, and strong capital adequacy. The bank's diversified operations, strong customer base, and solid capital position suggest positive long-term financial prospects.

Balance Sheet Trends and Vertical Analysis

TD is more inclined towards current assets. Accounts receivable has shown up to 44 to 46%. Inventory has dropped 15% to 11%. Cash and its equivalent have improved up to 5 to 8%, which decreased to 5%. Other current assets have shown to be up to decrease in year 2 and then increase in year 3 up to 37.44. Account receivable was the largest of assets, and the second largest was the other current assets.

Liabilities represent 93%. Shareholder Equity shows from 5.73 to an increase of 6.10%, showing that most of the assets are financed through debt and not investment. Debt has shown to increase yearly. Short-term debt shows in year 1 it 10.12% to year 2 11.27% to year 3it was 12.37%. Long-term debt shows an increase in Year 1 in 2023 from 0.49% to year 2 in 2024 to 0.56% to a decrease in year 3 in 2025 of about 0.51%.

Toal assets to shareholder equity ratio shows year 1 was 17.45, year 2 was 17.90, and year 3 was 16.39. The ratio decreased from 17.90 in Year 2 to 16.39 in Year 3. This indicates that the TD bank supports less dollars of assets per dollar of equity indicating a stronger position. Shareholder Equity had increased more faster, and leaving behind the increase in total assets.

This shows that TD bank is shifting to digital services which no longer require physical services. Td needs to keep its assets and cash, inventory, and account receivable positively and high showing short term debt increased due to cash and its equivalent, and inventory percentage decreased.

Balance Sheet Trends and Horizontal Analysis

The horizontal analysis of the balance sheet for TD Bank Group over the 2023-2025 period indicates moderate asset growth followed by stabilization with improving capitalization and reduced leverage. Total assets increased from 2023 to 2024, reflecting expansion in lending and interest-earning assets during a higher interest rate environment, and remained relatively stable in 2025 as the bank adopted a more cautious growth strategy following regulatory pressures. Short-term debt increased from 10.12% in 2023 to 11.27% in 2024 and 12.37% in 2025, suggesting greater reliance on short-term funding to support operations and liquidity needs. Long-term debt rose slightly in 2024 before declining in 2025, indicating improved long-term debt management. Shareholders’ equity increased from 5.73% to approximately 6.10%, demonstrating strengthened capital through retained earnings. This improvement is reflected in the assets-to-equity ratio, which increased to 17.90 in 2024 but declined significantly to 16.39 in 2025, indicating reduced leverage and a stronger capital position. Overall, despite temporary pressure in 2024, TD improved its financial stability and lowered risk by 2025, demonstrating resilience and effective balance sheet management.

Outlook and Risks

Based on the financial analysis and industry review, both TD Bank Group and CIBC operate in a mature and highly regulated Canadian banking industry characterized by stability, strong capital requirements, and moderate long-term growth. However, both institutions face several common risks of moving forward. These include regulatory risk, credit risk, interest rate volatility, and macroeconomic uncertainty in Canada and the United States.

For TD Bank Group, 2024 represented a challenging year due to regulatory and compliance related costs, particularly connected to anti money laundering remediation efforts in the U.S. These issues contributed to a decline in earnings from approximately $10.8 billion in 2023 to about $8.8 billion in 2024. However, in 2025 earnings rebounded significantly to approximately $20.5 billion, demonstrating strong recovery and improved operating performance. This sharp recovery suggests that the regulatory costs were largely temporary rather than structural weaknesses. TD's diversified operations in both Canada and the United States provide a strategic advantage by reducing reliance on any single economic region.

CIBC, while smaller and more concentrated in the Canadian market, faces greater exposure to domestic mortgage lending and consumer credit risk. In a high interest rate environment, this concentration increases sensitivity to housing market conditions and potential loan defaults. Because CIBC's operations are more Canada-focused compared to TD's broader geographic diversification, economic slowdowns in Canada may have a more direct impact on its earnings performance.

Both banks must also continue investing heavily in digital transformation, cybersecurity, and customer experience to remain competitive against fintech companies and evolving consumer expectations. Although the Canadian banking sector is generally considered slow to moderately growing, long term demand is supported by immigration, population growth, and ongoing financial service needs.

Overall, while short term risks remain present, both institutions appear positioned for stable long-term performance, provided economic conditions remain manageable.

Overall Performance Evaluation

From a financial performance perspective, TD Bank Group demonstrates stronger earnings volatility but also stronger recovery capacity over the three year period analyzed. The decline in net income in 2024 was significant, but the 2025 increase to approximately $20.5 billion reflects substantial improvement in profitability, operational efficiency, and strategic financial management. Additionally, TD maintained total assets exceeding $2 trillion throughout the three years, highlighting its scale and financial strength. The total assets-to-shareholder equity ratio declined from 17.90 in 2024 to 16.39 in 2025, indicating improved capitalization and reduced leverage risk as equity grew faster than assets.

CIBC, although not analyzed in the same depth in Section B, operates on a smaller scale and is more concentrated within Canada. This narrower geographic focus may limit diversification benefits but also allows for specialization within its core domestic market. Compared to TD, CIBC's growth strategy appears more conservative, with gradual expansion in U.S. commercial banking rather than large-scale diversification.

When comparing the two institutions, TD benefits from larger scale, broader geographic diversification, and stronger earnings rebound in 2025. CIBC remains competitive within Canada but carries relatively higher exposure to domestic economic conditions, particularly the housing and consumer lending markets.

In conclusion, both TD and CIBC operate within a stable, well-regulated industry and maintain strong capital positions. However, based on the financial data analyzed, TD demonstrates greater resilience, stronger recovery from short-term regulatory challenges, and a more diversified earnings base. Therefore, from a financial statement analysis perspective, TD appears better positioned for long-term sustainable growth, while CIBC remains solid but more sensitive to domestic economic fluctuations.

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