



Why Stability Matters: Toronto-Dominion Bank

Description

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is often cited as one of Canada's big banks, among "the Big Five" banks controlling the majority of financial services in Canada and a growing portfolio of financial services globally. The bank has continued to grow its brand and reputation globally and is considered to be one of the safest banks due to the stable revenue and earnings growth combined with strong risk management and regulatory oversight.

Here's why TD has been, and will continue to be, highly regarded among its group of peers moving forward, given the recent negative news emanating from more than one [scandal](#) involving the bank's operations.

TD: a global bank

Compared to TD's peers, TD stands out as the most "global" bank of the bunch with more branches on the east coast of the United States than in all of Canada. The bank has a very strong brand in the U.S., serving a market which typically provides greater growth opportunities and long-term profitability than the domestic market.

TD has continued to grow and diversify its operations outside Canada, increasing its global opportunities accordingly, while competitors have generally lagged behind. This growth strategy has had the direct and intended consequence of diversifying TD's exposure to the Canadian market — something other large Canadian banks have been reluctant or slow to do. This move toward diversification has meant that TD is far less exposed to Canada's oil-producing regions than other banks, relying on the east coast of Canada and the U.S. to spur growth moving forward, which appears to be a solid long-term strategy.

The strategic initiative of building its brand outside Canada has paid dividends for TD, figuratively and literally.

One of the most stable dividends in Canada's financials sector

The dividend yield is one of a number of factors I consider to be important in assessing the stability of

TD's dividend moving forward. Of the Big Five, TD has a dividend yield in the middle of the pack at 3.7%, within a range of 3.61% and 4.53% for the other banks.

The bank has paid a dividend each quarter over the past 18 years, growing it steadily at a compound annual growth rate (CAGR) of 10.78%, and the bank's dividend-payout ratio sits at 46.25% — both "middle-of-the-pack" numbers.

The fact that TD is sandwiched between the other four banks in almost every metric is, in my opinion, an indication that the company is very well balanced, providing a stable mix of income and capital appreciation with increased diversification compared to its peers. Other banks may focus more on dividend yield and others on growth — TD bank provides both.

Stay Foolish, my friends.

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