

3 Arguments As to Why Toronto-Dominion Bank (TSX:TD) Is a Bankable Stock

Description

If there's a bankable stock on the **Toronto Stock Exchange**, it is the **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)). Time and again, this second biggest lender in Canada is proving to all that the stock belongs to the cream of the crop. Canadian banks, especially the big ones, are excellent stock investment options.

Imagine maintaining returns on equity (ROE) of more than 13% for seven consecutive years. During the recent financial crisis, the bank's ROE hovered over 9%, which is no mean feat by any measure. However, the stock performance hasn't been stellar in 2018.

But if you're looking to beef up your stock portfolio with solid choices, consider Toronto-Dominion Bank. The stock is safe with plenty of upsides waiting in the wings.

Arguments that will make you pick the stock

Impressive growth

Investors can't help but be enticed by the bank's impressive growth. There's no need for a hard sell because the fourth-quarter numbers can do all the talking. The earnings and profits of Toronto-Dominion Bank went up by an identical 9%, which is very reassuring.

You might say the market in Canada is almost saturated with no more room to grow. In truth, [a gold mine exists in the U.S. retail banking market](#). Toronto-Dominion Bank's sizeable exposure to the U.S. and stature as a highly-rated bank strengthens growth prospects.

Rising interest rates favour the bank as it will instantly raise margins. In addition, the strong economy will serve as the springboard to higher demand for loans. It is crystal clear that Toronto-Dominion Bank has yet to reach its full potential outside the border.

Top dividend stock

Toronto-Dominion Bank is not a losing proposition despite currently wallowing above \$70. The price is not reflective of the bank's strong fundamentals. It's the market noise that's actually weighing down on the stock. But if you're a smart investor, the bank's track record and a dividend yield of 3.5% should suffice to firm up your buy decision.

Healthy loan portfolio

The subprime mortgage disaster that shook the market several years back is still fresh in the minds of investors. There are fears that a repetition might occur if interest rates continue to rise. But Toronto-Dominion Bank is exercising prudence to ensure [a healthy mortgage portfolio](#).

Give credit to the risk management team for working wisely to identify the markets that pose the

highest risk. The team's recourse is to bring down the exposures as a way to maintain the high credit quality. Canada hasn't been swamped by subprime mortgages and the volume is negligible to raise alarm bells.

A valuable addition to your stock portfolio

The Toronto-Dominion Bank and other financial institutions are not insulated from market volatility. Trade war fears continue to hound global markets and that causes investors to be exceedingly guarded. But if you know the real score behind the bank, you're buying the stock because it's a winning deal.

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