



## Dividend Investors: Snap Up Income AND Growth With TD Bank (TSX:TD) Stock

### Description

If you're looking for dividends and growth in a single package, it's hard to do better than **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)). As the fastest-growing and second-largest Canadian bank, it offers a [3.98% dividend yield](#) and a tonne of U.S. exposure. Although all Canadian banks are known for their financial stability, they have recently come under scrutiny for excessive credit risks and exposure to a sluggish mortgage market. These exact factors make TD — the “most American of Canadian banks” — the safest pick among the lot.

In its most recent quarter, TD grew EPS by 10% and revenue by 3% year over year. The EPS figure was enough to drive TD stock higher the day after earnings were reported, as it beat analyst estimates by a considerable margin.

In the most recent earnings season, TD grew faster than any other Canadian bank. And there's reason to believe that it could keep up the momentum in the future. To understand how that could be the case, we need to look at TD's growth potential.

### Potential for growth

TD surpasses all its Big Six peers in growth potential for one reason: U.S. banking.

TD has a massive U.S. presence that consists of a [U.S. Retail business](#) and a major investment in the brokerage firm TD Ameritrade. In its most recent quarter, TD's U.S. retail division grew by 29% year over year, while TD Ameritrade grew its earnings by 93% year over year.

These are strong growth figures. What's more, they could continue for the foreseeable future. Although a Canadian bank posting 29% year-over-year growth in its domestic operations would be a once-in-a-lifetime fluke, this kind of growth is standard for TD's U.S. operations. As the eighth-largest bank in the U.S., TD still has tonnes of room to grow, and it has barely even penetrated the West Coast (its U.S. stronghold is in New York and the East Coast, generally). So, we could easily see TD continue growing at strong double-digit figures in the U.S., perhaps getting to a point where its U.S. business is larger than its Canadian one.

## Dividend & yield

TD Bank pays a dividend that yields about 3.98% at current prices and has been increasing by an average of about 10% a year. 4% yields aren't unheard of on the TSX, but usually, you don't get them on stocks that have growth prospects like TD. While TD's 10% year-over-year growth isn't amazing, that figure could accelerate as U.S. retail comes to represent a larger and larger share of the company's total earnings, as U.S. banks have a much higher earnings ceiling than their Canadian counterparts.

## Foolish takeaway

Usually, finding growth and income in one stock isn't easy. Stocks that have very high yields usually get that way because of low prices, and low prices usually come from slow or negative earnings growth. TD is an exception to the rule. As a 4% yielder that grows earnings reliably each and every quarter, it's a must-have for any TSX dividend portfolio.

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1. Bank Stocks
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