



## Bank Stock Battle: TD Bank vs Royal Bank

### Description

Last week, I'd discussed what looked like the [best bank stocks](#) on the **TSX** right now. Today, I want to compare two of the bank stocks that I'd included on that list. **Royal Bank** ([TSX:RY](#))([NYSE:RY](#)) and **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) are the two largest banks in Canada. I'd [picked TD Bank](#) over the former back in August 2020. Which is the better buy today? Let's jump in.

### Why TD Bank is the better bank stock to buy today

TD Bank is the second-largest bank stock by market cap on the TSX. Its shares have climbed 3.5% year-over-year as of early afternoon trading on January 25. Bank stocks suffered in the early stages of the COVID-19 pandemic in 2020. However, they have managed to rebound with the broader market. Investors can expect to see TD Bank's first quarter 2021 report in late February.

Like its peers, TD Bank managed to put together a strong finish to a brutal 2020. It was bolstered by a big dip in provisions for loan losses in Q4 2020. Its net income rose to \$5.1 billion in the fourth quarter – up from \$2.9 billion in the prior year. Moreover, TD Bank blew away analyst expectations and posted adjusted profit per share of \$1.60 to close out 2020.

TD Bank should continue to benefit from an improved Canadian economy and a U.S. economy that is looking to aggressively reopen in the quarters ahead. Moreover, the big stimulus package on the way in the U.S. is also something for TD Bank to look forward to.

### Royal Bank: Still worth holding in your portfolio

Royal Bank is the largest bank stock and the largest stock by market cap listed on the TSX. Its shares have climbed 2.6% in 2021 so far. Investors can expect to see its first quarter 2021 results in February.

Canada's top banks benefitted from lower provisions for bad loans and a rocking stock market in the fourth quarter in 2020. Royal Bank was no different. In Q4 2020, Royal Bank's profit rose 1% year-over-year to \$3.25 billion. It earned \$2.27 in profit per share, which also beat analyst expectations. Like its

peers, Royal Bank thrived due to excellent market conditions. Profit in its Capital Markets division surged 44% year over year to \$840 million.

Royal Bank CEO Dave McKay struck a cautious tone after a strong earnings report. This was due to uncertain conditions in the domestic and global economy. Markets have thrived in recent months, but pandemic-related restrictions continue to weigh heavily on fundamentals.

## Which is the better bank stock right now?

Which is the better bank stock to buy today? TD Bank possesses a favourable price-to-earnings ratio of 11 and a price-to-book value of 1.5. This bank stock also offers a quarterly dividend of \$0.79 per share, which represents a 4.3% yield.

Royal Bank, on the other hand, has a P/E ratio of 13 and a P/B value of 1.9. It offers a quarterly distribution of \$1.08, representing a 4% yield. TD Bank owns the narrow advantage value and income-wise today. I'm sticking with this bank stock as the better pick right now.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:RY (Royal Bank of Canada)
4. TSX:TD (The Toronto-Dominion Bank)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

### Category

1. Investing

### Date

2025/08/24

### Date Created

2021/01/25

### Author

aocallaghan

default watermark