



## Why TD Bank Is My Favourite Bank Stock Today

### Description

**TD Bank** ([TSX:TD](#))([NYSE:TD](#)) is the second-largest financial institution in Canada and one of the largest retail banks in the United States. In May 2020, I'd [suggested](#) that the top bank stock was a no brainer buy. Shares of TD Bank have climbed 44% year over year as of early afternoon trading on April 19. The stock is up 14% in 2021 so far.

Today, I want to look at how the bank has bounced back over the past year. Moreover, I'll discuss why I'm more bullish on TD Bank over its peers as we move further into the spring.

### How TD Bank performed over the past year

TD Bank unveiled its first quarter 2021 results on February 25. The bank's Canadian Retail division reported adjusted net income of \$2.03 billion – up 12% from the prior year. Revenues rose marginally on the back of improved loan and deposit volumes, as well as higher transaction and free-based revenue in its wealth business. However, it did suffer due to lower margins as interest rates were curbed in the face of the pandemic.

Net income in its U.S. Retail segment dropped 13% year over year. Charles Schwab contributed \$209 million in earnings to the segment combined with \$201 million from TD Ameritrade. This week, the bank said that Schwab would contribute another \$223 million to its earnings in the second quarter.

Overall, adjusted net income at TD Bank climbed to \$3.38 billion or \$1.83 per share – up from \$3.07 billion or \$1.66 per share in the previous year. Its exposure to the resurgent U.S. market is one of the main reasons I'm bullish on TD Bank in the quarters ahead.

### Why I'm excited about its prospects in 2021

Canada has lagged its peers in the vaccine race, struggling to secure deliveries. Moreover, provinces have also faced challenges in delivering the vaccine to their citizens. We all hope that this will improve into the summer as Ontario was forced into its third lockdown over the past year. Canada's economy is

still [on the rebound](#), which is why I'd suggested that investors should dip into bank stocks earlier this month. In my view, TD Bank stands above them all at this stage.

Meanwhile, the U.S. has charged ahead as a global leader with its vaccine rollout. It will grow into a leading vaccine exporter by the second half of 2021. This rollout has allowed the U.S. to pursue a rapid reopening across the country. The economy is expected to post a huge rebound in gross domestic product (GDP) in its next quarterly report. Indeed, Canada is expected to benefit from some of this spillover. TD Bank is the best positioned bank to receive a boost in this climate.

## Should you buy TD Bank today?

Shares of TD Bank last had a price-to-earnings ratio of 12, putting it in [favourable value](#) territory relative to its industry peers. The bank last paid out a quarterly dividend of \$0.79 per share, which represents a 3.8% yield.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. 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

2025/07/19

### Date Created

2021/04/19

### Author

aocallaghan

default watermark