



## Royal Bank vs. TD Bank: Which Is the Better Bank Stock to Buy in November?

### Description

The fourth and final batch of Canadian bank earnings are on tap in late November and early December 2021. Canada's financial sector, the largest on the TSX, has been a key driver of growth over the past year. Today, I want to zero in on **Royal Bank** ([TSX:RY](#))([NYSE:RY](#)) and **TD Bank** ([TSX:TD](#))([NYSE:TD](#)), the top two bank stocks on the TSX. Which is the better stock to snatch up today? Let's jump in.

### Why investors should stick with the country's top bank stock going forward

Royal Bank is the largest stock by market cap on the Canadian market. It is also one of the largest financial institutions on the planet. Shares of this bank stock have [climbed 26%](#) in 2021 as of early afternoon trading on November 8. The stock is up 35% from the prior year. I'd [suggested](#) that investors should snatch up this top bank stock after its August earnings release.

Investors can expect to see Royal Bank's final batch of earnings on December 1. In Q3 2021, the bank delivered net income growth of 34% to \$4.3 billion. Meanwhile, diluted earnings per share jumped 35% to \$2.97. In the year-to-date period, net earnings have grown 48% to \$12.1 billion. Royal Bank achieved this on the back of a strong performance in its major segments. Like its peers, it also benefited from a steep drop in its provisions for loan losses.

Royal Bank and its peers may face a more challenging environment as we look ahead to 2022. The Bank of Canada has telegraphed rate tightening, as it ends its QE bond-buying program. Shares of Royal Bank possess a solid price-to-earnings (P/E) ratio of 12. It offers a quarterly dividend of \$1.08 per share, representing a 3.2% yield.

### What makes TD Bank worth stashing over its peers

TD Bank is the second-largest bank stock on the TSX by market cap. It boasts the largest footprint in the United States compared to its peers. Back in July, I'd suggested that investors should [buy the dip in TD Bank](#)

. This bank stock has increased 27% in the year-to-date period. Its shares are up 45% from the same period in 2020.

The bank is set to release its fourth-quarter and full-year 2021 results on December 2. In the third quarter of 2021, TD Bank posted adjusted net income of \$3.62 billion or \$1.96 per share — up from \$2.32 billion, or \$1.25 per share, in the previous year. Like Royal Bank, TD also benefited from a steep drop in provisions for loan losses. Its Canadian and U.S. Retail segment delivered net income growth of 68% and 92%, respectively, in the third quarter.

Shares of this bank stock last had a P/E ratio of 10. This puts TD Bank in favourable value territory at the time of this writing. It last paid out a quarterly dividend of \$0.79 per share. That represents a 3.4% yield.

## Which bank stock should you buy right now?

Royal Bank may be the more dependable option with its wider reach, but I'm more inclined to snatch up TD Bank stock ahead of the final batch of bank earnings. It offers better value and a marginally better dividend at the time of this writing.

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