



Toronto-Dominion Bank (TD)

Updated June 2nd, 2026 by Kay Ng

Key Metrics

Current Price:	\$113	5 Year Annual Expected Total Return:	4.3%	Market Cap:	\$187.2B
Fair Value Price:	\$86	5 Year Growth Estimate:	7.0%	Ex-Dividend Date:	07/10/26
% Fair Value:	132%	5 Year Valuation Multiple Estimate:	-5.4%	Dividend Payment Date:	07/31/26
Dividend Yield:	2.9%	5 Year Price Target	\$120	Years Of Dividend Growth:	15
Dividend Risk Score:	B	Sector:	Financials	Rating:	Hold

Overview & Current Events

Toronto-Dominion Bank traces its lineage back to 1855 when the Bank of Toronto was founded. The institution – formed by millers and merchants – has since blossomed into a global organization with over 100,000 employees and C\$2 trillion in assets. The bank’s core earnings primarily come from retail banking focused operations. It tends to be profitable through the economic cycle although its earnings have some sensitivity to the ups and downs of the cycle. All figures in this report are in U.S. dollars unless otherwise noted.

TD reported fiscal Q2 2026 earnings results on May 28th, 2026. Canadian Personal & Commercial Banking results was stable with net income rising 15% to C\$1.9 billion, U.S. Banking saw adjusted net income rising 8% to C\$960 million, while Wealth Management and Insurance witnessed net income rising 18% to C\$837 million, and Wholesale Banking adjusted net income rose 38% to C\$612 million.

For the quarter, TD generated adjusted revenue growth of 5.9% to C\$16.0 billion. Provision for credit losses (“PCL”) fell 25% to C\$1.0 billion. Adjusted net income came in 15% higher to C\$4.2 billion with the adjusted earnings per share (“EPS”) rising 21% to C\$2.38. TD raised its quarterly dividend by 3.7% to C\$1.12 per share, equating an annualized payout of C\$4.48.

In the first half of the fiscal year, adjusted revenue rose 8.3% to C\$32.7 billion. PCL fell 20% to C\$2.0 billion. Adjusted non-interest expense rose 6.4% to \$16.9 billion. Adjusted net income rose 16% to C\$8.4 billion, while the adjusted EPS climbed 21% to C\$4.82. Its PCL ratio as a percentage of average net loans and acceptances was 0.43%, down from 0.54% from a year ago. Net impaired loans as a percentage of net loans and acceptances was 0.39%, up from 0.35% a year ago. The adjusted return on equity (“ROE”) was 14.3%, up from 12.7% a year ago. The bank’s capital position remained solid with a common equity tier 1 ratio of 14.3%, down from 14.9% a year ago. We update our fiscal 2026 EPS estimate to US\$6.86 per share.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$3.65	\$4.30	\$4.87	\$5.07	\$4.16	\$6.17	\$6.23	\$5.89	\$5.56	\$5.97	\$6.86	\$9.62
DPS	\$1.63	\$1.80	\$2.03	\$2.17	\$2.31	\$2.51	\$2.75	\$2.84	\$3.00	\$3.00	\$3.24	\$4.54
Shares¹	1,857	1,840	1,828	1,812	1,816	1,822	1,814	1,791	1,750	1,728	1,665	1,653

The bank promoted Raymond Chun to CEO in February 2025 and appointed a new board chair and five new directors. We believe the new leadership team could help re-ignite TD Bank’s growth.

TD’s medium-term adjusted EPS guidance is growth of 7-10% through fiscal 2029. Foreign exchange fluctuations between the C\$ and US\$ will impact the effective growth rate. That said, TD’s EPS performance has been stable in the last decade despite forex volatility. From 2016 to 2025, the bank increased its adjusted EPS by 6.2% per year and DPS by 7.7% per year in CAD\$. When translated to US\$, the EPS rose by 5.6% per year (and DPS by 7.0%).

¹ Share count is in millions.

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Fiscal year 2020 was one of those abnormal years with a pandemic triggering a decline in TD earnings. Results rebounded strongly in the subsequent year. After TD maintained its quarterly dividend for seven consecutive quarters, it raised its dividend as soon as the regulator lifted the ban as a safety measure against pandemic-linked disruptions to the economy. We estimate TD's EPS and DPS growth to be 7.0% per year through 2031.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	11.8	13.2	12.5	11.3	11.5	12.3	11.6	10.3	10.3	11.5	16.5	12.5
Avg. Yld.	3.3%	3.1%	4.1%	3.9%	4.8%	4.0%	3.7%	4.5%	4.8%	4.6%	2.9%	3.8%

From 2016-2025, TD's average price-to-earnings ratio (P/E) was 11.6. We think 12.5 is a fair P/E to target for over the next five years. With the current P/E of 16.5, the stock seems expensive. TD's yield likely won't stray far away from the 4% range in the long run. As a Canadian stock, TD's dividends may be subject to a 15% dividend withholding tax for U.S. investors. This tax can potentially be avoided by investing in TD through a retirement account.

Safety, Quality, Competitive Advantage, & Recession Resiliency

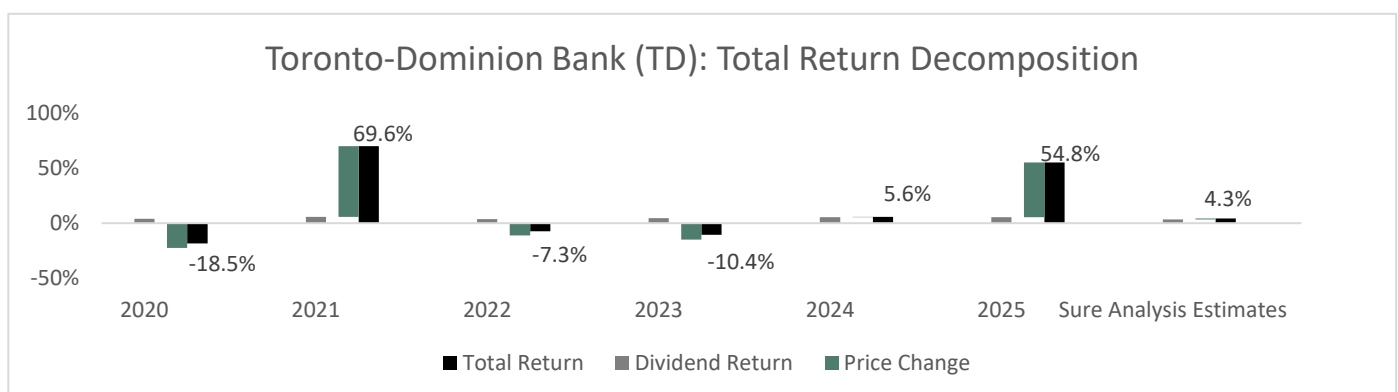
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	45%	42%	42%	43%	56%	41%	44%	48%	54%	50%	47%	47%

In December 2025, the bank raised its quarterly dividend by 2.9% to C\$1.08 per share. This extended its dividend growth streak, as measured in CAD, to 15 years. During the Great Recession more than a decade ago, TD increased its dividend every year (in Canadian dollars), except for fiscal 2010 in which it maintained the dividend. During that period, its adjusted EPS also remained strong, only declining 15% in fiscal 2008. Caused by COVID-19 repercussions, global economic contractions had been a drag on bank earnings in fiscal 2020 with adjusted EPS falling about 20% measured in C\$. The pandemic disruptions to the economy have been less severe thanks partly to government support programs. TD normally has a payout ratio of under 50% and targets a payout ratio of 40-50%. In fiscal 2020, like its peers, its payout ratio was elevated due to COVID-19 impacts. Tariff changes would heighten the uncertainty of the Canadian economy, which could bring volatility to TD's earnings and stock. The bank's competitive advantage is its focus on retail banking in Canada and in the U.S. This means the stock's performance will be closely related to the health of the North American economy, and its growth outlook in North America. Still, as a leading North American bank, TD stands as one resilient bank that can navigate through hardships.

Final Thoughts & Recommendation

We forecast 4.3% in total returns annually over the next five years, consisting of a 2.9% dividend yield, 7.0% earnings-per-share growth, and a 5.4% headwind from P/E compression. We currently have a hold rating on TD stock.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	25,641	27,405	29,949	30,644	32,197	33,595	35,544	39,220	41,110	43,810
SG&A Exp.	9,429	9,932	10,589	10,566	10,993	11,990	12,656	15,500	18,290	18,558
D&A Exp.	1,008	999	1,081	1,057	1,593	1,642	1,372	1,416	1,489	1,548
Net Profit	6,653	7,949	8,753	8,779	8,848	11,365	13,537	7,990	6,497	14,683
Net Margin	25.9%	29.0%	29.2%	28.6%	27.5%	33.8%	38.1%	20.4%	15.8%	33.5%
Free Cash Flow	27,606	19,645	3,969	-418	169,856	38,947	29,123	-49,760	38,770	-51,323
Income Tax	1,616	1,723	2,473	2,058	857	2,878	3,096	2,348	1,977	2,438

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets (\$B)	877	997	1017	1075	1288	1395	1409	1415	1482	1500
Cash & Equiv. (\$B)	43	43	27	23	128	134	107	76	128	83
Accounts Rec. (\$B)	7	8	9	9	10	9	11	14	13	11
Goodwill (\$B)	14	15	14	15	14	15	15	15	16	14
Total Liab. (\$B)	822	938	956	1008	1216	1314	1327	1334	1400	1410
Accounts Payable	17,307	29,878	26,392	23,013	32,168	30,022	23,590	31,600	28,660	34,779
Long-Term Debt	162,659	182,378	201,866	213,232	189,455	202,770	270,934	286,890	327,590	316,292
Shareholder's Equity	50,809	54,140	56,439	62,201	67,442	75,945	73,575	73,220	74,970	91,383
LTD/E Ratio	3.01	3.15	3.35	3.2	2.64	2.52	3.31	3.54	3.96	3.46

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	0.8%	0.8%	0.9%	0.8%	0.7%	0.8%	1.0%	0.6%	0.5%	1.0%
Return on Equity	13.5%	15.1%	15.8%	14.8%	13.7%	15.9%	18.1%	10.9%	7.9%	16.8%
ROIC	4.4%	3.5%	3.5%	3.2%	3.3%	4.2%	4.3%	2.2%	1.7%	
Shares Out.	1857	1855	1840	1827	1809	1820	1814	1824	1760	1726
Revenue/Share	13.81	14.78	16.28	16.77	17.80	18.46	19.60	21.50	23.36	25.38
FCF/Share	14.87	10.59	2.16	-0.23	93.91	21.4	16.06	-27.27	22.03	-29.74

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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