



Should You Buy Royal Bank of Canada Today?

Description

Royal Bank of Canada ([TSX: RY](#))([NYSE: RY](#)), the second largest bank in Canada by assets, announced fourth-quarter earnings this morning and its stock has reacted by moving higher. Let's break down the most important statistics and updates from the report to determine if we should consider initiating long-term positions right now or if we should wait for a better entry point.

Breaking down the quarterly report

Here's a chart of RBC's fourth-quarter earnings per share and revenue results compared to what analysts had expected and its actual results in the same period a year ago.

Metric	Reported	Expected	Year Ago
Earnings Per Share	\$1.57	\$1.58	\$1.39
Revenue	\$8.38 billion	\$8.40 billion	\$7.92 billion

Source: *Financial Times*

RBC's earnings per share increased 12.9% and its revenue increased 5.8% compared to the year ago period. Net income increased 11% to \$2.33 billion for the quarter, led by 8% growth in the company's Personal & Commercial Banking segment, 41% growth in its Wealth Management segment, 14% growth in its Insurance segment, and 24% growth in its Investor & Treasury Services segment.

Here are five other very important statistics and updates from the report:

1. Total assets increased 9.4% to \$940.55 billion from the \$859.75 billion reported in the year-ago quarter
2. Total loans increased 6.5% to \$435.23 billion from the \$408.85 billion reported in the year-ago quarter
3. Total deposits increased 9.1% to \$614.1 billion from the \$563.08 billion reported in the year-ago quarter
4. Total assets under management increased 16.8% to \$457 billion from the \$391.1 billion reported

in the year-ago quarter

5. 19.0% return on equity compared to 18.8% in the year-ago quarter

Finally, in a move to reduce expenses, RBC closed two bank branches and removed 11 ATM machines from use during the quarter. The company closed a total of six bank branches and removed a total of 44 ATM machines in fiscal 2014, bringing its total bank branch count down to 1,366 and its total ATM count down to 4,929.

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Royal Bank of Canada is the second-largest bank by assets in Canada and the growing demand for its services led it to a great fourth-quarter performance. The company reported strong growth in both earnings per share and revenue, while reporting increased loans, deposits, and assets under management, and its stock has reacted by making a slight move to the upside. I think long-term investors should consider buying RBC today, because its stock trades at a mere 12.4 times fiscal 2015's earnings estimates and it has a bountiful 3.7% dividend yield at current levels.

CATEGORY

1. Bank Stocks
2. Investing

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1. NYSE:RY (Royal Bank of Canada)
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