



Investors: Have You Considered Royal Bank of Canada Recently?

Description

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is the biggest of the “big” banks in the country by market cap and one of the largest banks in the world, employing over 80,000 people in 38 different countries with nearly \$1.2 trillion in assets.

Size alone doesn't necessarily make Royal Bank a great investment option, but there are number of compelling reasons why investors might want to consider it.

A growing footprint

There's no doubt about the sheer size of Royal Bank. In terms of assets, loans, deposits and branches, Royal Bank comes out on top, or very near it, when comparing banks in Canada.

While Royal Bank retains the crown for being the largest Canadian bank in terms of market cap, it has, until recently, lagged behind some of the other banks in terms of expansion outside Canada, particularly in U.S. markets.

That changed about a year ago when Royal Bank acquired City National Bank. The California-based bank had an impressive portfolio prior to the Royal Bank deal, and this has held true since the deal.

Apart from acting as a catalyst to further growth in the U.S. market, the City National deal also acts as an opportunity for Royal Bank to offset the weaker results in parts of the Canadian economy with stronger results from the U.S. market.

Strong results

In the most recent quarter, Royal Bank posted net income of \$2.895 billion, representing a 17% increase over the same quarter last year and a 13% increase over the previous quarter. In terms of earnings per share, Royal Bank reported diluted earnings per share of \$1.88—an increase of \$0.22 over the same quarter last year.

Royal Bank's Personal & Commercial Banking segment completed the quarter up 3% over the same

quarter last year with a net income of \$1.3 billion. Much of this growth can be attributed to volume and fee-based growth.

The Wealth Management sector fared significantly better, reporting net income of \$388 million—an impressive 36% increase year over year. This is primarily as a result of the addition of the City National acquisition, which provided \$82 million directly to net income.

During the most recent quarter Royal Bank also increased the quarterly dividend by 2%, or \$0.02. The current quarterly dividend of \$0.83 translates into a fairly impressive yield of 3.96%. This is the second such increase in the dividend this year and the sixth in the past three years.

Royal Bank maintains a healthy payout level that is below 45%, which means additional increases in the dividend are likely to continue without having an impact on growth.

Is Royal Bank a good investment?

Royal Bank is, in my opinion, a great investment option, especially for those investors looking for a buy-and-forget stock in the financial sector.

The bank has worked hard over the years to diversify into other markets and remains a true behemoth in banking that continues to show signs of growth. The bank's dividend is also one of the better on the market, and twice-a-year increases to that dividend are also worth noting.

Investors will be hard pressed to find a better option.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. TSX:RY (Royal Bank of Canada)

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date

2025/07/30

Date Created

2016/10/31

Author

dafxentiou

default watermark