



## Royal Bank of Canada Posts Another Great Quarter

### Description

Canada's largest bank provided a quarterly update this week for the third fiscal quarter, and the results were nothing short of phenomenal.

**Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) continued a trend starting earlier this year in surpassing market expectations. In the most recent quarterly results announced this week, Royal Bank announced net income of \$2.8 billion, beating the figure from the same quarter last year by 5%.

Total revenue for the quarter amounted to \$9.9 billion, which was lower than the figure in the same quarter last year by approximately 2%. Net income across the company came in at \$2.8 billion for the quarter, reflecting a decrease of 3% over the same quarter last year, which was largely due to the sale of Royal Bank's insurance arm last year for \$235 million.

In terms of earnings, Royal Bank reported \$1.89 per share, just surpassing the \$1.87 that analysts were calling for. In the same quarter last year, that figure was just \$1.72 per share.

Looking at the individual segments of the bank, the retail business arm realized a net income of \$1.4 billion, reflecting a 6% increase, whereas the wealth management unit, fueled by strong earnings from Royal Bank's U.S.-based bank City National saw net income surge 25% to \$486 million.

One of the most impressive aspects of Royal Bank has always been the handsome dividend that the company provides, and in the most recent quarter, Royal Bank announced a hike in the dividend to \$0.91 per share. This marks the second time this year that Royal Bank has hiked the dividend, which, for many investors, may be reason enough to buy Royal Bank.

### What about the housing market?

One of the common concerns relating to Canada's big banks is the overheated housing market and the potential vulnerability to banks if that market suddenly drops. Both Vancouver and Toronto have already taken measures to cool the overheated real estate market aimed primarily at limiting foreign buyer purchases through taxation.

While the housing market is long overdue for a correction, Royal Bank has voiced its support of the initiatives undertaken in British Columbia and Ontario to slow rising prices, noting that the policies in place should help the housing market move to a “soft landing” rather than a rapid decline in price, known as a “hard landing.”

### **Is Royal Bank a good investment?**

It would be hard to go wrong with investing in Royal Bank. The bank pays a great dividend, which has been raised 11 times in the past five years, and the stock price has grown with that dividend, realizing growth of over 14% over the past year and an even more impressive 70% increase in the past five years.

In my opinion, Royal Bank is an excellent investment option for those investors looking to diversify with a bank stock that has immense potential and dividend-growth prospects.

### **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)

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