



## Why Royal Bank of Canada Rose 1% on Wednesday

### Description

**Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)), Canada's largest bank, announced its fourth-quarter earnings results Wednesday morning, and its stock responded by rising about 1% as of 2:00 P.M. EST. Let's break down the earnings results and the fundamentals of its stock to determine if it could continue higher from here, and if we should be long-term buyers today.

### The results that sent the stock higher

Here's a quick breakdown of 12 of the most notable financial statistics from RBC's three-month period ended October 31, 2017, compared with the same period in 2016:

Metric	Q4 2017	Q4 2016	Change
Non-interest income	\$6,162 million	\$5,177 million	19.0%
Net interest income	\$4,361 million	\$4,187 million	4.2%
Total revenue	\$10,523 million	\$9,364 million	12.4%
Net income	\$2,837 million	\$2,543 million	11.6%
Diluted earnings pershare (EPS)	\$1.88	\$1.65	13.9%
Total assets	\$1,212,853 million	\$1,180,258 million	2.8%
Total deposits	\$789,635 million	\$757,589 million	4.2%
Total loans, net of allowance for loan losses	\$542,617 million	\$521,604 million	4.0%
Common equity	\$67,416 million	\$64,304 million	4.8%
Total assets under management	\$639,900 million	\$586,300 million	9.1%
Total assets under administration	\$5,473,300 million	\$5,058,900 million	8.2%
Book value per share	\$46.41	\$43.32	7.1%

### What should you do now?

It was a great quarter overall for RBC, and it capped off a very strong year for the company, in which its total revenue increased 4.8% to \$40.67 billion, and its EPS increased 11.5% to \$7.56 compared with fiscal 2016. That being said, I think the pop in its stock is warranted, and I think it still represents a very attractive long-term investment opportunity for two fundamental reasons.

First, it's attractively valued. RBC's stock still trades at just 13.4 times fiscal 2017's EPS of \$7.56 and only 12.7 times fiscal 2018's estimated EPS of \$7.96, both of which are inexpensive given its current earnings-growth rate and its estimated 7.5% long-term earnings-growth rate; these multiples are also inexpensive given the low-risk nature of its business model.

Second, it's a dividend aristocrat. RBC pays a quarterly dividend of \$0.91 per share, representing \$3.64 per share annually, which gives it a lavish 3.6% yield. Foolish investors must also note that 2017 marks the seventh consecutive year in which it has raised its annual dividend payment, and [its 4.6% hike](#) in August has it on track for fiscal 2018 to mark the eighth consecutive year with an increase.

RBC's stock is up over 10% since it reported its third-quarter earnings results [on August 23](#), and I think it is still a strong buy today, so take a closer look and consider making it a long-term core holding.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
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1. Editor's Choice

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