



## 3 Reasons Investors Want to Buy Bank of Montreal

### Description

Owning bank stocks can often times be the best investments an individual can make. They effectively take money from average people and then use it to make even more money.

One bank that I have had my eye on for some time now is **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)). While it doesn't get as much coverage as its larger contemporaries, I believe that this could be one of the top performing banks going forward. Investors should seriously consider buying stock in the company. Here are three reasons to support that argument.

### It has strong earnings

When comparing the third-quarter results of 2015 to 2014, the bank killed it. Its net adjusted income over that time period rose by 6%, with total profit reaching \$1.23 billion.

This can be broken into two segments. The first is its Canadian operations. According to the earnings statement, net income was \$557 million, which was also 6% higher year over year. Despite it being in a mature market, it still saw a 3% increase in loans.

The other segment is its United States operations. Across its 600+ branches in the United States, the bank was able to generate \$186 million in net income. While this doesn't seem like a significant amount of money, it is actually 36% higher year over year.

Its ability to continue generating significant income, even during times of difficulty, is a sign that the bank is well managed.

### It is expanding into lucrative markets

The second reason I really like BMO is because it is expanding into incredibly lucrative markets. One of those markets is the Transportation Finance division at **General Electric**. General Electric has been forced to sell off much of its financial assets, so Bank of Montreal was able to sweep in and buy from it.

This move is good for a couple reasons. The first is the fact that BMO is buying \$13 billion in loans.

The other reason is because the division accounts for 20% of the lending done in the trucking business. As the economy continues to get stronger in the United States, I expect loans to continue rising.

### **This all leads to an incredible dividend**

The final reason I believe investors should consider buying shares of BMO is the fact that its dividend is incredible, stable, and long term. Unlike many companies who overextend themselves during the good times and then have to stop paying dividends in the bad times, BMO has not missed a dividend payment since 1829.

Think about that for a second. World Wars I & II, the Great Depression, and the Financial Crisis of 2008 all came and went, yet BMO continued to pay a dividend to investors.

On top of that, the dividend is lucrative. BMO pays a quarterly dividend of \$0.82, which comes out to a 4.28% yield. Being able to get nearly 5% from a company that I believe is just beginning a growth strategy is a really great opportunity.

Because of these three reasons, I believe investors should buy BMO. However, there are many more reasons—and banks—that investors might want to consider before making any decisions.

### **CATEGORY**

1. Bank Stocks
2. Investing

### **POST TAG**

1. Editor's Choice

### **TICKERS GLOBAL**

1. NYSE:BMO (Bank of Montreal)
2. NYSE:GE (General Electric Company)
3. TSX:BMO (Bank Of Montreal)

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