



Why Bank of Montreal Is a Top Pick for Your Portfolio

Description

While banks are, for the most part, regarded as some of the safest investments to make, there are a few reasons that put **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) ahead of other banks.

Dividend growth

Bank of Montreal is not only one of Canada's biggest banks, but it's also been paying dividends to shareholders for well over a century.

Bank of Montreal started paying out dividends in 1829 and hasn't ceased paying them since then. Not only does that predate Confederation, but it spans two world wars, the Great Depression, and a host of other world events that wreaked havoc on markets.

Bank of Montreal has also managed to steadily increase the dividend over the years, raising it by 2% just this week on a better-than-expected quarter.

The current quarterly dividend is \$0.88 per share, or \$3.52 per year, which amounts to 3.78% at the current stock price.

Impressive results

One reason why Bank of Montreal remains such a great investment is the company continues to impress during earnings time.

In the latest quarterly results, Bank of Montreal reported a better-than-expected profit of \$1.35 billion for the quarter, or \$2.02 per share, bettering the \$1.21 billion, or \$1.83 per share, posted in the same quarter last year.

Net income for the quarter was \$1.345 billion, reflecting an 11% increase over the same quarter last year. Adjusted net income came in 10% higher than the same quarter last year at \$1.395 billion

Revenue for the quarter was also up by 6% over the same quarter last year, coming in at \$5.28 billion.

When looking at how each segment performed in the quarter, the U.S P&C and BMO Capital Markets segments outperformed other areas, contributing greatly to the results. The U.S. P&C segment posted net income of \$286 million, reflecting an increase of \$78 million, or 38%, whereas the BMO Capital Market segment increased net income by 65% over the same quarter last year, coming in at \$396 million.

Acquisitions that contribute to results

One aspect of Bank of Montreal that continues to impress me is how the acquisitions it has made continue to provide to the bottom line of the company. Back in 2011, Bank of Montreal acquired Marshall Ilsley Corporation for \$4.1 billion. That deal effectively doubled the size of the bank's footprint within the U.S. and set the stage for further growth.

Bank of Montreal's acquisition of the transportation finance business from **General Electric** last year was probably one of the most lucrative acquisitions in terms of potential to date. That division accounts for approximately 20% of the lending done to the trucking sector in both the U.S. and Canada.

More recently, Bank of Montreal acquired Greene Holcomb Fisher. The advisory firm consists of 30 investment bankers that have completed over 100 deals in the past five years. That firm is slated to be rolled into BMO Capital Markets.

If there's one takeaway from the most recent results, it would be that not all of Canada's big banks are great investments all the time, but, at least for the moment, Bank of Montreal remains a great investment.

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