



Bank of Montreal Among the Hottest Bank Stocks Right Now

Description

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) has reached some figures in 2016 that it has never been able to reach before, positioning the company for a strong future.

Last week, the company reported earnings and raised its quarterly dividend. Bank of Montreal's earnings came in at \$2.02 per share, or \$2.10 per share when adjusted to exclude certain items. The figure was a year-over-year increase of 11%, and it was well ahead of the \$1.85 per share that Wall Street was calling for. Its capital-market division was especially strong, surging 64%.

Revenue came in at \$5.28 billion for the company, topping the year-ago quarter's net sales by 6%. Wealth-management earnings were also better by 15% thanks to the Bank of Montreal's business both in its Canadian locations and its U.S. operations, both personal and commercial. The company wrapped up its strong earnings show by raising its quarterly dividend payout to 88 cents per share, marking a 2% increase from its previous dividend.

Some of the company's highlights in 2016 include its exchange-traded funds, which now have a 29.9% market share in Canada, marking a 260-basis-point surge that suggests Bank of Montreal is becoming a larger presence in Canada. Well over half of its net income is raked in at home, but its U.S. locations are expanding and improving, as evidenced by the company's acquisition of mergers and acquisitions firm Greene, Holcomb Fisher.

Part of the reason why the bank is such an attractive buy has to do with the fact that it is one of a few companies that possesses a dividend yield higher than 3% along with sustainable payout ratios and a storied history of raising its dividend payments. Bank of Montreal has been around for more than 200 years, garnering 1,500 branches with 45,000 employees working there at the moment.

The bank is the eighth-largest bank in North America based on its assets as well as the fourth-largest in Canada. Several companies have raised their position in Bank of Montreal lately, including Canada Pension Plan Investment Board, which increased it by 1.7%. It bought 4,792 shares of BMO stock, raising its position to 286,577 shares, amounting to more than \$18.7 million.

The company is looking to take care of its issues quietly, as evidenced by its decision to reach a

settlement with regulators over “excess” fees that retail fund clients were charged with. A no-contest settlement is Bank of Montreal’s goal, and the Ontario Securities Commission will meet with the company to discuss the situation and decide whether or not it is in the organization’s best interest to settle.

These fees were charged due to issues with the company’s servers, and there was no evidence of dishonest misconduct, according to regulators. Other companies hit by similar charges have had to shell out massive fees to fix the situation, including **Bank of Nova Scotia**, which shelled out \$20 million to its clients.

Bank of Montreal is taking care of its business quietly and gradually improving its annual revenue and earnings. Additionally, the company continues to raise its dividend, helping to win over the faith of its investors. The numbers are all there, suggesting a strong future for a company that now has a larger market share in Canada and the U.S. than it did a year ago.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. TSX:BMO (Bank Of Montreal)

Category

1. Bank Stocks
2. Investing

Date

2025/08/17

Date Created

2016/12/15

Author

karlutmohlen

default watermark

default watermark