



Earn Dividend Income With Bank of Montreal

Description

Canada's banks, particularly the Big Six banks, have earned a reputation over time as being strong, stable investments that pay handsome dividends that far outshines their peers in the U.S. market.

Many of those banks seem, at least at first glance, to be fairly similar, specifically, a strong domestic portfolio with a smaller, diversified presence in some foreign markets.

One bank in particular that continues to impress me is **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)). Here's a look at the bank and why it represents a great opportunity for almost any portfolio.

Dividend and growth potential

Bank of Montreal holds the crown as being the dividend-payout leader in the financial sector, paying out handsome dividends to shareholders since before Confederation. That's an incredible amount of time and spans the most turbulent events in modern history, including the U.S. Civil War, both World Wars, and every major market crash.

Bank of Montreal pays a very respectable \$0.88 per share quarterly, which amounts to an impressive 3.57% yield. The stock is currently priced just below \$99 and, over the course of the past 12 months, has grown by a very impressive 36%.

Bank of Montreal is well diversified too. The bank has a strong presence in the U.S. in both the banking and commercial-leasing sector. On the banking front, Bank of Montreal operates a sizeable unit that, in the most recent quarter, provided \$286 million in net income to the bank, nearly 40% improved over the same quarter last year.

Much of that growth is thanks to a number of deals that Bank of Montreal has completed over the past few years that have increased its footprint in the U.S. market. Chief among those deals is the \$4.1 billion deal in 2010 to acquire Marshall Ilsley Corporation, and, more recently, the purchase of Greene Holcomb Fisher, which provided additional investment bankers to the company with a portfolio of over 100 deals in the past five years.

The commercial-leasing business, operating as BMO Transportation, is actively engaged with the trucking sector in Canada and the U.S., accounting for 20% of all lending in that sector. This business was just acquired by Bank of Montreal last year and has immense potential for the bank over the long term.

One important factor to note is that given the bank's exposure to the U.S. market and interest rates are starting to creep up, the bank is set to generate even more income. Industry pundits are in agreement that Bank of Montreal is in a prime position for additional M&A activity over the course of 2017.

Is Bank of Montreal a good investment?

The fact that Bank of Montreal has been paying dividends for well over 100 years with steady increases is nothing short of impressive. Additionally, Bank of Montreal's growing presence in the U.S. market will continue to drive revenue and growth for the bank over the long term.

In my opinion, Bank of Montreal remains one of the best dividend investments on the market.

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