



These 2 Banks Just Raised Their Dividends

Description

Earnings season is the most popular time for companies to raise their dividends, and this season has been another highly active time. Let's take a closer look at two Canadian banks that recently raised their dividends by 1-3%, so you can determine if you should invest in one of them today.

Bank of Montreal

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)), or BMO for short, is the fourth-largest bank in Canada and the eighth-largest bank in North America, as measured by assets with approximately \$718.94 billion as of April 30. It provides a full range of financial products and services to over 12 million customers in Canada, the U.S., and around the world.

In its second-quarter earnings release on May 24, BMO announced a 2.3% increase to its quarterly dividend to \$0.90 per share, equal to \$3.60 per share on an annualized basis, and this brings its yield up to about 4% today.

Investors must also make the following three notes about BMO's new dividend.

First, the first quarterly payment at the increased rate will come on August 28 to shareholders of record on August 1.

Second, its three dividend hikes in the last 13 months, including its 2.4% hike in May 2016, its 2.3% hike in December 2016, and the one noted above, have it on pace for fiscal 2017 to mark the sixth consecutive year in which it has raised its annual dividend payment, and its two most recent hikes also have it on pace for fiscal 2018 to mark the seventh consecutive year with an increase.

Third, BMO has a target dividend-payout range of 40-50% of its adjusted basic earnings per share, so I think its very strong growth, including its 20.6% year-over-year increase to \$4.21 in the first half of fiscal 2017, and its growing asset base that will help fuel future earnings growth, including its 5.5% year-over-year increase to \$718.94 billion in the first half, will allow its streak of annual dividend increases to continue for decades.

Laurentian Bank of Canada

Laurentian Bank of Canada ([TSX:LB](#)) is one of Canada's leading providers of banking services to individuals, small- and medium-sized enterprises, and independent advisors, and it operates as a full-service brokerage firm. As of April 30, it has over 500,000 clients and approximately \$45.4 billion in assets.

In its second-quarter earnings release on May 30, Laurentian announced a 1.6% increase to its quarterly dividend to \$0.62 per share, equal to \$2.48 per share on an annualized basis, which brings its yield up to about 4.7% today.

It's also important to make the following three notes about Laurentian's new dividend.

First, the first quarterly installment at the increased rate is payable on August 1 to shareholders on record at the close of business on July 4.

Second, its three dividend hikes in the last 12 months, including its 3.5% hike in June 2016, its 1.7% hike in December 2016, and the one noted above, have it positioned for fiscal 2017 to mark the 10th consecutive year in which it has raised its annual dividend payment, and its two most recent hikes also have it positioned for fiscal 2018 to mark the 11th consecutive year with an increase.

Third, Laurentian has a target dividend-payout range of 40-50% of its adjusted net income available to common shareholders, so I think its consistently strong growth, including its 11.9% year-over-year increase to \$95.81 million in the first half of fiscal 2017, and its growing asset base that will help drive future net income growth, including its 10.7% year-over-year increase to \$45.4 billion in the first half, will allow its streak of annual dividend increases to continue for the foreseeable future.

Which of these dividend growers belongs in your portfolio?

I think BMO and Laurentian Bank would make great additions to any Foolish portfolio, so take a closer look at each and strongly consider initiating a position in one of them today.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. TSX:BMO (Bank Of Montreal)
3. TSX:LB (Laurentian Bank of Canada)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Tags

1. Editor's Choice

Date

2025/08/25

Date Created

2017/06/01

Author

jsolitro

default watermark

default watermark