



## Bank of Montreal: A Dividend King for Your RRSP

### Description

After a pretty disappointing performance this year, **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) stock is catching up fast.

In the past one month, BMO has outperformed other top Canadian lenders, surging ~8% at the time of writing. Its move up has been [long overdue](#), but investors were hesitant to realize that this Canadian dividend king will bounce back sooner rather than later.

In recent months, BMO stock led losses in the Canadian financial sector on concerns that its huge exposure to the [housing market](#) is a risk that investors should avoid, especially at a time when the government is trying to put a break on the double-digit price gains in the housing market.

But after a severe price correction in the nation's largest city, Toronto, it seems that Canada's housing risk is waning, as the government and regulators tighten rules in a bid to secure a soft landing.

Improving housing market dynamics and the strengthening of Canadian economy make BMO stock a long-term buy for investors looking for stable income.

### Dividend history

BMO is considered one of the safest dividend stocks among top Canadian banks due to its unbeatable track record. The company has sent dividend cheques to investors every single year since 1829 — one of the longest streaks of consecutive dividends in North America.

With a dividend yield of ~3.6%, BMO pays a \$0.9-a-share quarterly dividend, and there is no reason to believe that BMO will stop growing its dividend. Over the past 15 years, BMO has delivered an ~ 8% compound annual growth rate in its dividend with a manageable payout ratio of 50%.

### Diversification

BMO has a diversified franchise with a solid presence in commercial, retail banking, wealth management, and capital markets. The company also maintains a strong foothold in the U.S. with more than 500 branches, mainly in the U.S. Midwest.

Due to this strong business model, BMO has been able to consistently increase its income. In the most recent quarter, BMO posted net income of \$2.05 a share, which is up from \$1.66 a share in the same period a year earlier. Adjusted earnings of \$2.03, which accounted for a reversal in collective reserves, beat analyst estimates of \$2 a share.

### **The bottom line**

Trading at \$100.1 a share at the time of writing, BMO is getting close to the 52-week high after a nice rebound in the past one month. If you are looking to add a solid dividend stock in your RRSP portfolio, BMO is a good candidate with its growth potential and stability in income.

### **CATEGORY**

1. Bank Stocks
2. Investing

### **TICKERS GLOBAL**

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

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