



Why Bank of Montreal Is Still a Dividend Superstar

Description

Canada's big banks have been notoriously lucrative investments over the years, realizing gains and yields much higher than their peers south of the border. As dividend investments, they have garnered the reputation as being great buy-and-forget type of stocks, owing to their great returns and relatively stable revenue streams and growth.

Chief among those big banks is **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)). Bank of Montreal is not the largest of the big banks, but when it comes to providing a dividend to shareholders, Bank of Montreal leads the pack.

More than a century of dividend growth

Bank of Montreal has the privilege of being the first company in Canada to issue a dividend well over a century ago in 1829. This speaks volumes to the stability and resolve of the company, which continues to this day.

Bank of Montreal's current dividend was hiked this week to \$0.93 per share, providing an appetizing 3.75% yield. This represents a 3% hike over the last quarter's distribution and a 6% year-over-year increase. The announcement came during fourth-quarter results for the bank, which saw Bank of Montreal, once again, beat forecasts by analysts.

Q4 profit takes a dip from bad weather

In the fourth quarter, Bank of Montreal saw net income of \$1,227 million come in 9% lower than the same quarter last year, and 6% lower on an adjusted basis. Earnings came in at \$1.81 per share, reflecting a decrease of 10% over the same quarter last year.

Despite that slump, Bank of Montreal still finished the fiscal year with strong earnings of \$5.5 billion, which surpassed the figure from last year by 10%.

Much of that drop was attributed to the impact of hurricanes Irma, Maria, and Harvey, ultimately driving net income growth down by 8%. The weakness in the greenback also contributed to driving growth

down another 1% in the quarter.

Looking closer at the Canadian personal and commercial segments, Bank of Montreal realized a gain of 6% in the quarter, with net income coming in at \$624 million. The U.S. personal and commercial segment suffered from the effect of a weaker U.S. dollar and dropped 3% over last year, coming in at \$280 million.

Bank of Montreal is more than a dividend stock

Bank of Montreal is not only a great dividend option for your portfolio, but it can also be a source of growth. Over the past five years, the stock has managed to edge up over 65%, while registering 11 dividend hikes in that same period.

The bank is also well diversified with significant holdings in the U.S., particularly in the Midwest, where the bank operates under the BMO Harris name. Bank of Montreal's U.S. holdings provides an intriguing alternative for investors looking for some diversification away from Canada's overheated real estate market.

In my opinion, Bank of Montreal remains an excellent opportunity for investors looking for a buy-and-forget stock that will provide [strong growth](#) and [income potential](#) for years.

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