



2 Top Banks Stocks That Just Raised Their Payouts

Description

As good as dividend stocks are, stocks that grow their payouts regularly are even more special. The benefit of a growing dividend is that not only do you earn more on your initial investment, but it also ensures that inflation isn't chipping away at your dividend income over the years.

The two stocks listed below have recently increased their dividends and could be good options for investors looking for some great income-producing stocks to add to their portfolios.

Bank of Montreal ([TSX:BMO](#)) ([NYSE:BMO](#)) released its quarterly earnings earlier this week, and although its profits were up by 20%, the company still fell short of analysts' expectations. Adjusted per-share earnings of \$2.30 fell below the expected \$2.33. However, it was still a very good quarter for the company, making it easy to justify hiking payouts by three cents.

At \$1.03 in quarterly dividend payments, the stock is now yielding 4.1% per year. It's a good payout for BMO, as normally the stock is yielding less than 4%, the one exception being late last year when the stock price went down along with the markets:



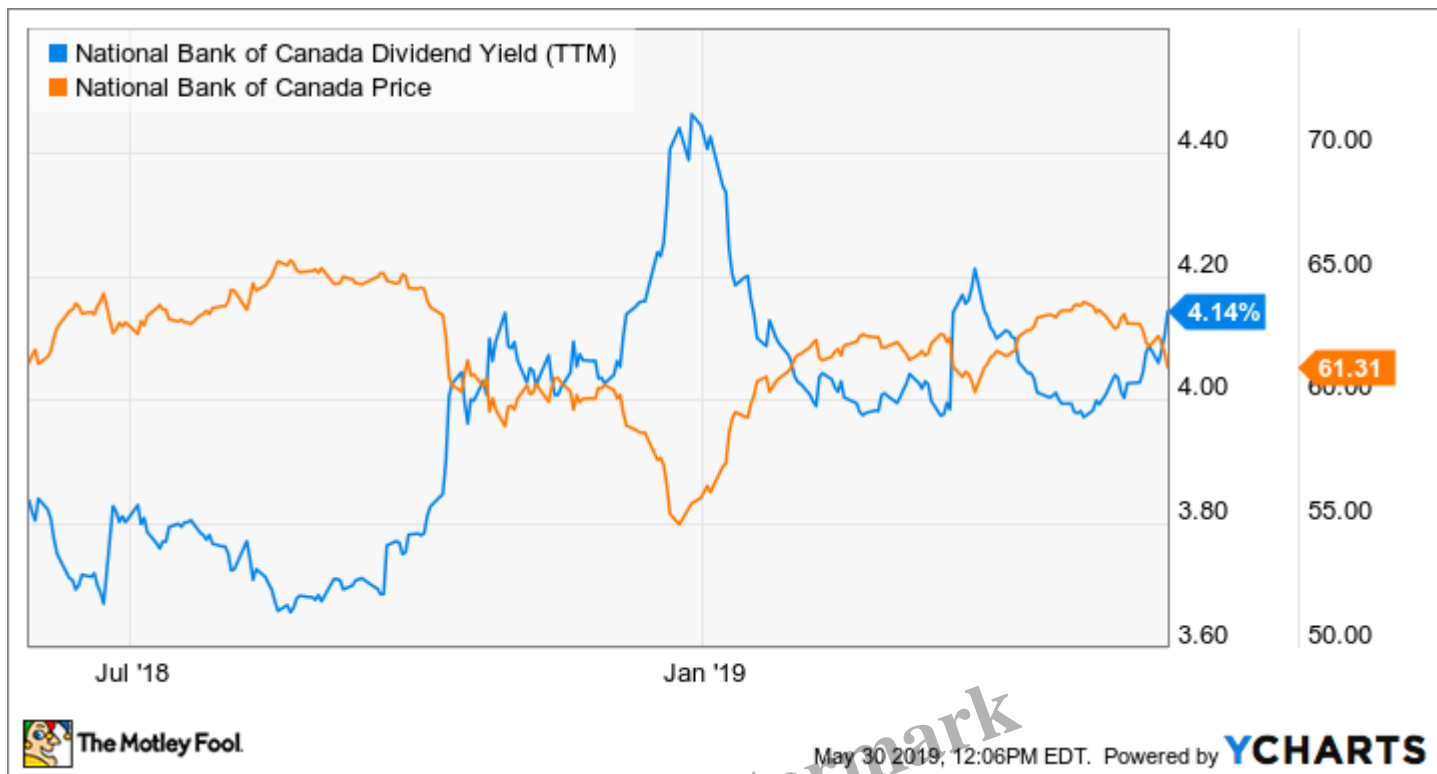
With the latest dividend hike, BMO is definitely at a good yield to lock in today. With a solid history of increasing its payouts, there's a good chance that more will be on the way. Five years ago, the stock was paying 78 cents per quarter and has gone on to increase 32% since then, equating to an average compounded annual growth rate (CAGR) of 5.7%.

If that rate of increase were to continue, it would take less than 13 years for the bank's dividend payments to double in value.

National Bank of Canada ([TSX:NA](#)) is another bank stock that recently increased its dividend payments. It also released its quarterly results recently, which showed a two percent improvement in its bottom line from a year ago, but like BMO, it too fell short of expectations.

Nonetheless, the bank stock still increased its dividend payments by three cents and shareholders will now be earning 68 cents per quarter, which for investors today means a yield of 4.4%. It's a [higher yield](#) than BMO, and given that it lacks the popularity and size, it shouldn't come as a big surprise.

It has also increased dividend payments over the years as well, with payouts rising by 42% in five years, for a CAGR of 7.2%. At that rate, it would take about 10 years for dividend payments to double.



As you can see, a yield of 4.4% has been rare for National Bank over the past year. As with BMO, it makes now an attractive time to buy the stock today.

One thing investors should remember is that with all dividend stocks, there's always the risk of payouts being suspended or [reduced](#). There's never a guarantee or an obligation from a company to continue paying shareholders, much less raising dividend payments.

However, for bank stocks, they're one of the safest dividend stocks you can own. Something would have to terribly wrong for them to stop paying dividends.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. TSX:BMO (Bank Of Montreal)
3. TSX:NA (National Bank of Canada)

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