



This 1 Bank Stock Hasn't Missed a Dividend in 192 Years

Description

Is it true that a Canadian bank stock is the most investor-friendly on the **TSX**? If the [dividend sequence](#) is the basis, the **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) deserves to wear the crown. The fourth-largest bank in Canada was established in 1817. Before the Bank of Canada's formation in 1835, BMO was the concurrent central bank in the country.

Canada's oldest incorporated bank started paying dividends in 1829. The dividend track record is now 192 years. BMO is also the first to expand outside the home country. The bank began operating through business associations with banks in Boston, New York, and London in 1818.

Rapid growth

BMO grew rapidly, particularly in the post-Confederation era when Canada's foreign trade was booming. Its lending business then was skewed toward industrial, lumber, and railway companies. About 42 years later, in 1859, the first permanent BMO branch opened in New York. The branch in London, England, followed in 1870.

In the 1880s, when **Canadian Pacific Railway** was built, BMO was its primary funding source. The bank was also the seller of federal government-issued railway bonds. By 1890, BMO's investment banking operation was in full throttle and issuing corporate bonds aside from government bonds.

Since the Canadian banking industry grew in size and importance, it became necessary to open a clearing centre for business conducted between banks. Thus, BMO joined other banks to form the Canadian Bankers Association in 1891.

Survived three important historical events

I will not dwell on the details, but BMO survived three successive economic catastrophes – World War I, the Great Depression, and World War II. After enduring the historical events, BMO's growth was unstoppable. It was the first chartered bank to extend mortgage and business loans in 1954.

Scrapped mergers

By 1963, BMO had a data-processing department to cope with the growth in consumer assets or loans. In 1988, BMO and the **Royal Bank of Canada** announced merger plans. The **Toronto-Dominion Bank** and the **Canadian Imperial Bank of Commerce** likewise intended to merge.

However, the federal government believed such mergers will result in fewer, larger banks and will not serve the country's best interest. Thus, both mergers didn't materialize. Today, the four banks and the **Bank of Nova Scotia** form the distinguished Big Five Banks in Canada.

BMO owns the most extended [dividend track record](#), but all five banks have been paying dividends for more than 100 years. Global economies envy Canada's robust banking system. The country is a world-class banking hub, no less due to a streamlined business model, prudent lending parameters, and a modern regulatory system.

Walking tall

Fast forward to 2021 and we see the BMO Financial Group walking tall in the COVID-19 environment. In Q1 fiscal 2021 (quarter ended January 31, 2021), the group reported revenue and net income growth of 3.4% and 26.7% versus Q1 fiscal 2020. The bank's provision for credit losses (PCL) went down 55.3% to \$156 million.

Regarding year-to-date stock performance, BMO investors are up 24.2%. At \$117.84 per share, the dividend offer is a decent 3.16%. The blue-chip bank stock is best for Canadians saving for the future or building retirement wealth. Buy it now and own it forever.

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