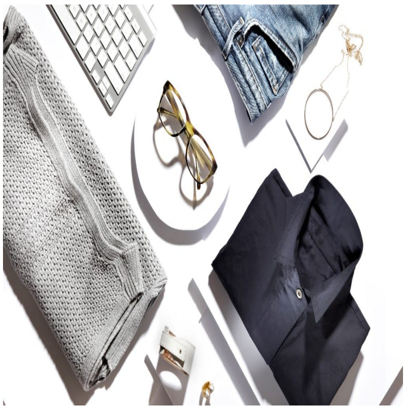

Top Canadian Dividend Stock to Buy Right Now With $500

Description

Bank of Montreal (TSX:BMO)(NYSE:BMO) is one of Canada's largest banks. When the extent of the threat from COVID-19 became clear in early March, the bank (BMO) took immediate action to protect the health of the company's employees who, in turn, worked tirelessly to secure the well-being of BMO's customers and communities.

The support and advice BMO provided, and the relief programs the bank delivered on behalf of governments, underline the vital role a trusted financial institution plays in restoring stability after an economic shock. BMO is also taking steps to address issues such as racial injustice because the bank feels that it has a fundamental responsibility to be part of the solution.

Strong operating momentum

Further, the bank is built for resilience. BMO had the benefit of strong operating momentum coming into 2021. Despite the difficulties of 2020, BMO appears well-positioned to provide a solid defence against uncertainty. The bank is well-diversified in terms of geography, with BMO's U.S. businesses accounting for approximately one-third of earnings.

Also, BMO also has a diverse business mix within and across personal and commercial banking, wealth management, and capital markets. This strategic advantage, together with BMO's active management of the bank's capabilities, helped sustain the company's fundamental resilience through the balance of 2020, as evidenced by the bank's year-end results.

Appropriate loan loss provisioning

In fiscal 2020, BMO delivered strong relative adjusted pre-provision, pre-tax earnings, generating $9.4 billion, up 7% over the previous year. The bank continued to make progress against BMO's efficiency commitments, driving the bank's adjusted net expense-to-revenue ratio down another 160 basis points this year and achieving above-target adjusted net operating leverage of 2.7%. This strong performance was balanced by appropriate loan loss provisioning.

With $3.1 billion of allowances for possible credit losses on performing loans, BMO entered the current year ready for the future. Adjusted return on equity was 10.3%, while adjusted earnings per share were $7.71. Foundational to BMO's resilience is the bank's capital strength.

With a common equity Tier 1 ratio of 11.9%, up by 50 basis points compared to last year, BMO has the capacity to absorb the impacts of an uncertain environment while retaining the flexibility to invest and grow in areas of strategic importance.

Structural cost improvements

In addition, BMO has maintained the annual dividend the bank has issued every year since 1829. BMO appears to be building a high-performance, digitally-enabled bank that is ready for the future.

Despite the challenging environment, the bank remains focused on accelerating BMO's shift to greater digitization and BMO's ability to create industry-leading experiences for all customers, across the bank's retail, wealth, commercial, and institutional banking franchises.

The bank is also speeding up structural cost improvements and adopting hybrid work models across the bank. Within BMO, the bank has broadened measures to attract and develop diverse talent while eliminating barriers to career advancement and setting clear targets for measuring progress.

Among BMO's customers, the bank is providing more capital for minority-owned businesses and opening doors to other sources of long-term financing. This approach is likely to serve it well over the long term.

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