



1 Canadian Stock to Buy in August 2021

Description

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) is an [exceptionally well-run Canadian bank](#). The bank, also known as BMO Financial Group, reported one-year adjusted earnings-per-share (EPS) of \$7.71 in 2020 which was down 18.2% from 2019, as the bank appropriately set aside provisions for credit losses.

Diversified business model

Adjusted net operating leverage in 2020 was positive 2.7%, reflecting the benefits of the bank's diversified business model and continued focus on disciplined expense management. Adjusted net operating leverage has been positive in each of the past five years. The one-year adjusted return on equity (ROE) was 10.3%, down from 13.7% in 2019, and has averaged approximately 13% over the past five years.

BMO Financial Group has the longest-running [dividend payout record](#) of any company in Canada, at 192 years. The bank-supported businesses were hit hard by COVID-19 as BMO customers, coping with the pandemic, counted on the bank for financial support and advice, including access to government relief programs.

Assisting small businesses

By year-end, BMO arranged \$5.2 billion in funding for more than 22,000 businesses through the United States Paycheck Protection Program (PPP). In Canada, BMO facilitated \$2.9 billion in interest-free loans through the Canada Emergency Business Account (CEBA), assisting over 72,000 small businesses and not-for-profits.

As a recognized leader in sustainable finance, BMO is increasingly prominent in the world of sustainable finance, including as joint lead manager on a five-year, \$8 billion sustainable development bond issued by the World Bank. The largest such bond ever issued by a supranational, the bond is aimed at strengthening healthcare systems in countries challenged by COVID-19.

Making digital banking simpler

In addition, BMO is making digital banking simpler and safer than ever with several initiatives. Using BMO QuickPay, customers can pay bills without even logging into mobile or online banking. BMO's digital line of credit enables secure personal lending via a mobile device.

It appears that the bank now allows customers to reset individual personal identification numbers (PIN's) remotely which would result in clients making purchases with more confidence than before. This initiative could be revolutionary.

Furthermore, BMO is now helping build healthier Indigenous communities. In partnership with the Hewitt Foundation, BMO has announced a landmark \$5 million donation to Montreal Children's Hospital Foundation to support social pediatric services for several growing Indigenous communities in Northern Quebec.

Biometric security protection

Also, BMO is the first Canadian bank to offer comprehensive biometric security protection for commercial customers. BMO's business banking app now allows authentication by fingerprint, retina, voice, and face, ensuring safe and convenient payments from a mobile device or desktop. This helped BMO win a 2019 Impact Innovation Award from Aite Group, a global research and advisory firm.

Recently, BMO also invested \$5 billion in pursuit of greater economic equity. In fall 2020, BMO launched BMO EMpower, an initiative to help advance a more inclusive and equitable economic recovery in the U.S. The bank has indicated that it would be directing \$5 billion over five years to support minority businesses, families, and communities, addressing longstanding challenges that have only deepened during the pandemic.

Overall, these initiatives should significantly enhance BMO's intrinsic value over the medium and long term.

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