



Is Bank of Montréal (TSX:BMO) Stock Worth Buying After its Q4 Results?

Description

Bank of Montréal ([TSX:BMO](#))([NYSE:BMO](#)) announced the fourth quarter of its fiscal year 2021 results earlier this morning. The bank posted a 38.2% YoY (year-over-year) rise in its adjusted earnings to \$3.33 per share for the quarter — slightly higher than analysts' consensus estimate of \$3.21.

BMO stock is currently trading with solid 40% year-to-date gains. However, it has seen some downside correction in the last couple of weeks — mainly due to a recent spike in volatility due to the Omicron variant. Let's dive deeper into its latest quarterly results and find out whether Bank of Montréal stock is worth buying after its Q4 earnings event.

Bank of Montréal's Q4 earnings

Bank of Montréal's stronger-than-expected earnings in the latest quarter were [supported](#) by strong earnings growth across all its operating groups along with lower provisions for credit losses. Its adjusted net profits from its home market personal and commercial banking segment rose by 42% YoY. The bank reported an even higher 58% YoY increase in its U.S. personal and commercial banking segment adjusted earnings. In contrast, the recent strength in the Canadian dollar against the U.S. dollar acted as headwinds to its bottom line.

Notably, it was the sixth consecutive quarter when Bank of Montréal continued to beat analysts' earnings expectations.

Revenue missed expectations

While Bank of Montréal managed to report better-than-expected earnings in the October quarter, its total revenue fell short of analysts' estimates. The bank reported total revenue of \$6.33 billion — up 4.4% YoY but lower than Street's expectation of \$6.59 billion.

On the positive side, its revenue-growth rate increased to 5.4% in the fiscal year 2021 compared to 3.1% in the previous fiscal year. Also, its total revenue figure of \$25.1 billion for the latest fiscal year

was much stronger than its pre-pandemic levels.

Profit margin expanded

Factors such as lower provisions for credit losses and strong revenue growth also helped Bank of Montréal post strong profitability in the last quarter. In the October quarter, its adjusted net profit margin expanded to 34.2% from just 25.7% a year ago.

With this, its adjusted net profit margin for the fiscal year 2021 stood at 33.5% — much stronger than 20.8% and 26.1% in its fiscal year 2020 and 2019, respectively.

Is BMO stock worth buying?

Bank of Montréal has been one of [my favourite Canadian banking stocks](#) for many years, partly because of its robust and consistent earnings and dividends growth. Its strong latest quarterly results seemingly boosted investors' confidence as its stock opened nearly 3% gains on the days of its Q4 earnings event. On the same day, the bank also announced an increase of about 25%, or a \$0.27-per-share increase, in its dividends — adding optimism.

The recent worries about the new coronavirus variant Omicron are raising short-term uncertainties about economic growth. Nonetheless, the long-term strong economic growth outlook remains intact, which should help BMO stock continue soaring and yield handsome returns for its investors. That's why long-term investors may want to add this amazing dividend stock to their portfolios after its Q4 results.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. TSX:BMO (Bank Of Montreal)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. jparashar
2. kduncombe

Category

1. Bank Stocks
2. Investing

Date

2025/06/30

Date Created

2021/12/03

Author

jparashar

default watermark

default watermark