



Bank of Montreal (TSX:BMO): A Superb Growth and Income Stock

Description

Finding the right mix of investments for your portfolio is something that takes time and a lot of patience. Fortunately, there are some [stellar options](#) to add to your portfolio on the market today. One such option is **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)), which is a superb growth and income stock.

What sets Bank of Montreal apart from its peers?

Canada's big banks are some of the best long-term investments on the market. There's a good reason for that view. The banks offer a juicy yield, a stable domestic network that generates revenue, and a growing international segment.

But what sets BMO apart from its peers as a superb growth and income stock? That comes down to several key points.

First, let's talk about results. BMO has an established branch network in Canada that generates oodles of cash for the company. In the most recent quarter, BMO's domestic segment reported a net income of \$1,001 million, reflecting a 34% gain over last year.

It's not just BMO's domestic segment that posts impressive gains. Overall, the company reported a net income of \$2,933 million, or \$4.43 per share, in the most recent quarter. When compared with the same quarter last year, that works out to an impressive 45% and 46% gain, respectively.

Those superb results help pave the way for my second point — growth.

Incredible growth

When Canada's big banks look to expand, they usually ([with one exception](#)) turn to the U.S. market. In recent years, BMO has established itself in the Chicago area through its BMO-Harris brand. Net income from that segment came in at \$681 million in the most recent quarter. This works out to an impressive 18% gain year over year.

What prospective investors should know is that BMO's presence in the U.S. market is about to get supercharged. Late last year, BMO announced a \$16 billion deal to acquire Bank of the West. The deal will expose BMO to the markets of California, Colorado, and Nebraska.

Collectively, the deal will add over 500 branches to BMO's U.S network, and by extension, 1.8 million new customers. In short, the long-term growth potential from this deal is huge and might just be the deciding factor for some investors.

And I still haven't mentioned the other half of that superb growth and income equation: BMO's dividend.

Who wants income?

One of the main reasons why investors continue to flock to Canada's big banks is for the dividend that they offer. In the case of BMO, that dividend is one of the most impressive and well established on the market.

BMO has been paying out dividends without fail for an incredible 193 years. That literally defines the buy-and-forget mantra, but there's still more to consider. BMO has provided annual upticks to that dividend going back decades. The only recent gap in that cadence came during the pandemic, which was forced upon the banks.

Fortunately, when the moratorium on dividend hikes was lifted, BMO announced a juicy 25% hike to its dividend. Today that quarterly dividend works out to a juicy yield of 3.67%.

This means that prospective investors buying \$35,000 of BMO will earn an income of just shy of \$1,285 in the first year. Keep in mind that investors not ready to draw on that income can reinvest those dividends for huge gains over the longer term.

Superb growth and income could be yours!

No stock is without at least some risk, and that includes BMO. Fortunately, the bank is well-diversified and in a prime position to continue growing.

In my opinion, BMO is a superb growth and income stock that should be a core holding in every well-diversified portfolio.

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