



## Which Quebec-Based Bank Is the Better Buy Today?

### Description

Toward the end of 2018 I [discussed the pleasant surprise](#) that was the Quebec economy and focused on two of the strongest banks in the region. Today I want to revisit one of those banks and compare it with another Montreal-based bank with a much larger national and international footprint. Which bank stock is the better buy today? Let's find out.

### National Bank ([TSX:NA](#))

National Bank is the smallest of the Big Six Canadian banks. However, its footprint is significant in its home province of Quebec. Shares have climbed 9.9% in 2019 as of close on June 4. The bank released its second-quarter 2019 results on May 30.

For the second quarter in a row, National Bank reported net income of \$558 million, up 2% from Q2 2018. Diluted earnings per share posted 5% growth to \$1.51. In the year-to-date period, net income has increased 1% to \$1.11 billion and diluted EPS has climbed 4% to \$3.01.

National Bank reported net income of \$234 million in its Personal and Commercial Banking segment, up 9% from the prior year. Personal lending rose 4% year over year and commercial lending posted 9% growth. Unlike its peers, however, National Bank reported a disappointing quarter in its Financial Markets segment. Net income fell 16% year-over-year to \$160 million largely due to lower revenues from the global markets revenue category.

The bank elected to raise its quarterly dividend in the face of a lukewarm quarter. National Bank now offers a quarterly dividend of \$0.68 per share, a 4.6% hike, representing an attractive 4.4% yield. National Bank's forward P/E of 10 makes it a value play relative to its peers right now.

### Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#))

Bank of Montreal is the fourth-largest Canadian bank. Shares have climbed 11.9% in 2019 as of close on June 4. The stock is still down 1% from the prior year. In early May I [discussed why BMO was poised for improved results](#)

in the second quarter, but cautioned investors that some of its technicals put the stock in pricey territory.

BMO released its second-quarter 2019 results on May 29. The bank reported adjusted net income of \$1.52 billion, up 4% from the prior year. Adjusted earnings per share rose 5% to \$2.30. Net revenue also increased 8% to \$5.65 billion.

Adjusted net income in Canadian Personal and Commercial Banking rose 5% year-over-year to \$615 million on the back of strong revenue growth. In what has become a consistent trend, BMO's U.S. P&C Banking segment was the strongest point, reporting adjusted net income of \$417 million. This was up 16% from Q2 2018 bolstered by good revenue growth and lower provisions for credit losses.

BMO announced a 7% year-over-year increase in its quarterly dividend to \$1.03 per share, representing a 4.1% yield. BMO stock also boasts a forward P/E of 10. Its post-earnings bump briefly put the stock into technically oversold territory in late May and it currently has an RSI of 38 as of this writing.

It is a close call between these two, but I like BMO's value after its post-earnings dip.

## CATEGORY

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## TICKERS GLOBAL

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2. TSX:BMO (Bank Of Montreal)
3. TSX:NA (National Bank of Canada)

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