



Why I'm Buying These Quebec-Based Bank Stocks Ahead of Earnings

Description

Quebec's economy is positioned to outperform every other Canadian province in 2021. It has bounced back magnificently from the COVID-19 pandemic. Indeed, Quebec is geared up to post annual GDP growth of 6.5% in 2021. That would represent the highest mark in its history after a 5.5% dip in the previous year. Today, I want to look at three [Quebec-based bank stocks](#) that are worth targeting, as the province benefits from this spectacular rebound.

Why BMO is a top bank stock to target right now

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) is the fourth-largest bank stock by [market cap](#) in Canada. Its shares have climbed 46% in 2021 as of close on November 25. BMO is set to release its fourth-quarter and full-year 2021 earnings on December 3.

In the third quarter of 2021, BMO delivered adjusted net income growth of 82% to \$2.29 billion. Adjusted earnings per share jumped 86% year over year to \$3.44. Like its peers, it was bolstered by a huge dip in provisions for credit losses. In the first nine months of 2021, adjusted net income jumped 79% to \$6.42 billion, or 82% on a per-share basis to \$9.63.

Shares of this bank stock possess a price-to-earnings (P/E) ratio of 13, which puts BMO in solid value territory. It offers a quarterly dividend of \$1.06 per share. That represents a 3% yield.

Regional bank stocks are thriving in a surging Quebec economy

Laurentian Bank ([TSX:LB](#)) is a regional Quebec-based bank stock. When this month started, I'd [suggested](#) that investors should snatch up this bank stock ahead of its next earnings release. Shares of this bank stock are up 25% in 2021. The stock has dipped 5.5% week over week. Investors can expect to see these results in early December.

In Q3 2021, Laurentian posted profit of \$62.1 million — up from \$36.2 million in the previous year. Profit on a per-share basis increased to \$1.32 over \$0.77 in the third quarter of 2020. Laurentian saw

its provisions for credit losses shrink to \$5.4 million compared to \$22.3 million in the prior year. The bank was powered by strong performances in real estate financing and capital markets.

This regional bank stock last had a very attractive P/E ratio of 9.3. Better yet, it pays out a quarterly dividend of \$0.40 per share. This represents a solid 4% yield.

The smallest of the Big Six Canadian banks is a powerhouse in Quebec

National Bank ([TSX:NA](#)) is the smallest of the Big Six Canadian bank stocks. However, it is a heavyweight in its home province of Quebec. This bank stock has surged 45% in the year-to-date period.

The bank is set to release its final batch of 2021 earnings on December 1. In the first nine months of 2021, National Bank delivered net income growth of 51% to \$2.40 billion. Meanwhile, diluted earnings per share jumped 56% to \$6.77. It delivered double-digit percentage growth in each major segment.

Shares of this bank stock possess a favourable P/E ratio of 12. It offers a quarterly dividend of \$0.71 per share, which represents a 2.7% yield.

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3. TSX:LB (Laurentian Bank of Canada)
4. TSX:NA (National Bank of Canada)

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