



## Dividend Investors: Buy Canada's Cheapest Bank Stock Now

### Description

**Equitable Group** ([TSX:EQB](#)) is a growing Canadian [financial services business](#) that operates through the company's wholly owned subsidiary, Equitable Bank. Equitable Bank is a Schedule I Bank with total assets under management of over \$35 billion.

The bank serves retail and commercial customers across Canada with a [range of savings and lending solutions](#), offered under the Equitable Bank, EQ Bank, and Equitable Trust brands. Recently, Equitable Bank acquired Bennington, a Canadian equipment leasing company that finances a wide range of assets. Measured by assets, Equitable Bank is the ninth-largest independent bank in Canada.

The company has a price-to-earnings ratio of 9.65, price-to-book ratio of 1.30, dividend yield of 1.27%, and market capitalization of \$1.96 billion. Debt is very sparingly used at Equitable Group, as evidenced by a debt-to-equity ratio of just 0.12. The company has excellent performance metrics with an operating margin of 56.75% and a return on equity of 13.95%.

### Powerful deposit-taking business

The company's deposit-taking business sources funds directly from consumers and through partners. The company launched EQ Bank in 2016 as a means of directly reaching Canadian savers who were looking for an alternative to Canada's big banks. EQ Bank products offer an everyday high interest rate, convenient features, and a great digital experience. EQ Bank's flexible technology platform, based in the cloud, enables it to easily connect to other business partners and provides it with the agility to bring new products and services to market quickly.

### Exciting new products

In 2019, EQ Bank partnered with TransferWise to offer Canadians a cost effective and user-friendly international money-transfer service. EQ Bank intends to bring a range of new products and services to Canadian consumers in the coming years. For almost 50 years, Equitable Bank has offered a suite of safe and secure deposit products through third-party agents, investment dealers, and financial

planners across the country.

## Competitive retail lending segment

The bank's success in retail lending results from the company's superior level of service, disciplined approach to credit, and favourable market dynamics. Equitable offers first and insured mortgages and home equity lines of credit on residential properties across Canada, distributed through a network of independent mortgage brokers.

## Taking on the big banks

The company has begun to build a decumulation business by expanding EQ Bank's retail product offerings to include reverse mortgages and cash surrender value lines of credit. This business competes with the big banks and aims to serve Canadians who want to unlock their home equity or the cash surrender value of their whole life insurance policies in a tax-efficient manner. It gives a growing Canadian demographic financial flexibility to retire comfortably and pursue retirement dreams.

## Growing commercial lending business

The company's commercial lending business consists of conventional commercial, insured multi-unit residential, specialized financing, and equipment leasing assets. The company's loan portfolio is about 70% retail lending assets and 30% commercial lending assets. The company's loan products consist of first and insured loans with terms of up to 10 years.

At current prices, Equitable Group could be trading at a large discount to intrinsic value.

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