



2 Blue-Chip Bank Stocks Trading for a Discount Right Now

Description

Savvier investors who have a long-term view know that it is good to find high-quality stocks trading for less than what the companies could be worth down the line. Investing in [undervalued stocks](#) with a strong potential to deliver stellar long-term returns is an excellent method to generate sustainable wealth.

The banking sector boasts some of the strongest fundamentals in the Canadian economy, offer juicy dividend yields, and are considered higher-quality investments than its counterpart elsewhere in North America.

The wide economic moat and overall conservative approach have allowed the top Canadian financial institutions to ride out several economic recessions without disappointing investors.

Presently, Canadian investors are worried about the impact of the record-high inflationary environment and multiple interest rate hikes designed to bring it down a notch. Higher interest rates can significantly reduce the borrowing capacity of consumers and corporations.

There is also a strong chance of an economic recession, making bank stocks a relatively high-risk investment.

However, Canadian bank stocks have delivered stellar returns through previous recessions, coming out stronger each time. Many investors might be moving their capital away from bank stocks. Today, I will discuss two blue-chip bank stocks that could be strong bets for value-seeking investors.

Royal Bank of Canada

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is a \$181.49 billion market capitalization Canadian multinational banking and financial services corporation headquartered in Toronto. It is the largest company on the **TSX** in terms of market capitalization, and it boasts rock-solid fundamentals.

The bank's January-ending quarter saw it report \$4.1 billion in earnings, marking its second-highest

earnings figure on record. Its year-over-year net income also surged by 6%, as it continues to grow.

Royal Bank of Canada stock trades for \$127.25 per share at writing, and it boasts a juicy 3.77% dividend yield. Its share prices are down by over 14% from its January 2022 high. It could be an attractive value bet to consider at current levels.

Toronto-Dominion Bank

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is a \$167.65 billion market capitalization bank among the Big Six Canadian financial institutions. Headquartered in Toronto, TD Bank is the second-largest Canadian bank in the country, with a 21% market share in the domestic market.

TD Bank is well capitalized and boasts a strong presence south of the border in the U.S., giving it the opportunity to capitalize on the economic growth in the U.S.

TD Bank stock trades for \$92.10 per share at writing, and it boasts a juicy 3.87% dividend yield. Its share prices are down by over 14% from its February 2022 high, making it an attractive bet to consider for capital gains and dividend income.

Foolish takeaway

It is important to remember that stock market investing is inherently risky. However, well-placed bets on companies with the potential to deliver reliable returns could be worth the risk.

Royal Bank of Canada stock and TD Bank stock have shown resilience during challenging economic environments several times over more than a century and a half. If you are searching for blue-chip stocks trading for a discount and potentially delivering stellar long-term returns, it might be worth considering these two bank stocks.

CATEGORY

1. Bank Stocks
2. Investing

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1. Editor's Choice

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