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Barclays Tier 2 Bonds

Written by Marsha Desouza

The newly issued Barclays Tier 2 bonds are trading at attractive levels in the secondary market, presenting a potential capital upside for investors.

These bonds offer:

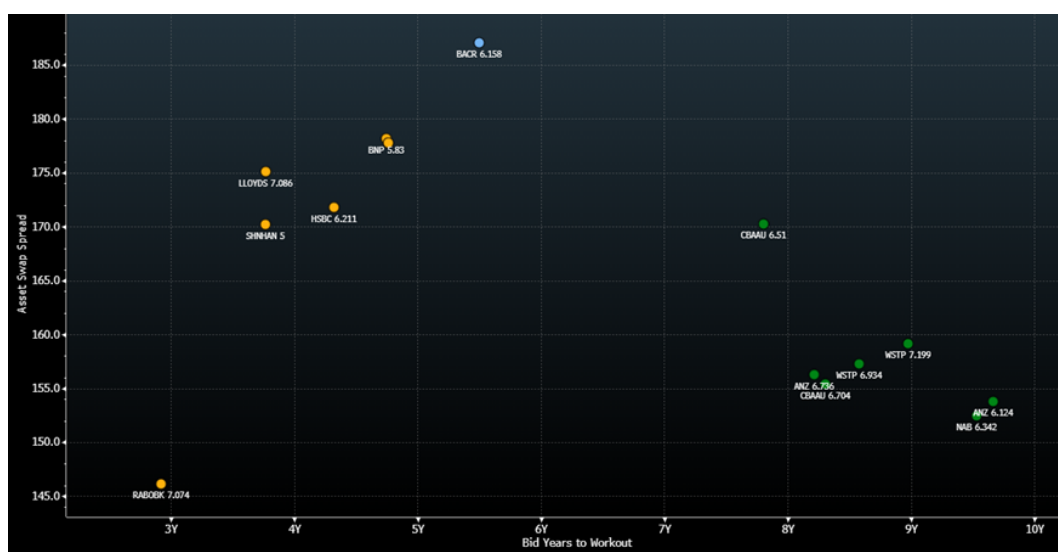
- Fixed coupon: 6.158%
- Callable date: 5.5 years
- Yield advantage: Approximately +7 bps over existing Kangaroo-issued bonds and about +16 bps over the AUD major bank Tier 2 curve.

Relative Value Opportunity

Barclay's Tier 2 offers a higher return at a modestly shorter duration, and the credit ratings on Barclays bonds are strong:

- Baa1 (Stable) by Moody's
- BBB+ (Stable) by S&P
- A (Stable) by Fitch

In comparison, major Australian banks are rated A- (S&P and Fitch) and A2 (Moody's), making the Barclays Tier 2 bonds a compelling alternative for investors considering offshore issuer risk while maintaining the comfort of investment grade space. This relative value highlights the opportunity to achieve superior returns with a comparable risk profile.



*Source: Bloomberg

European Banks Q3 2024 Performance Overview (Source: CreditSights)

European banks delivered a steady performance in Q3 2024, with trading revenues stable and origination/advisory activities recovering. Barclays outperformed, exceeding market expectations for pre-tax profit growth. Its strategic focus on the US and UK markets continues to drive robust performance.

Barclays Key Highlights

- **Capital Strength:** Barclays' CET1 ratio of 13.8% allows it to increase its Risk-Weighted Assets (RWA) guidance while maintaining its leadership among European banks in terms of capital ratios.
- **Strategic Positioning:** Focused on the UK and US markets, Barclays benefits from strong asset quality and a solid capital position, reinforcing its resilience and growth prospects.
- **Valuation Opportunity:** The new Tier 2 bonds offer attractive secondary market valuations, delivering strong potential for capital upside.

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