

## Barclays Bank Ireland PLC

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# Barclays Bank Ireland PLC

## Credit Highlights

<b>Global Scale Ratings</b>
<b>Issuer Credit Rating</b> A+/Stable/A-1
<b>Resolution Counterparty Rating</b> AA-/--/A-1+

### Overview

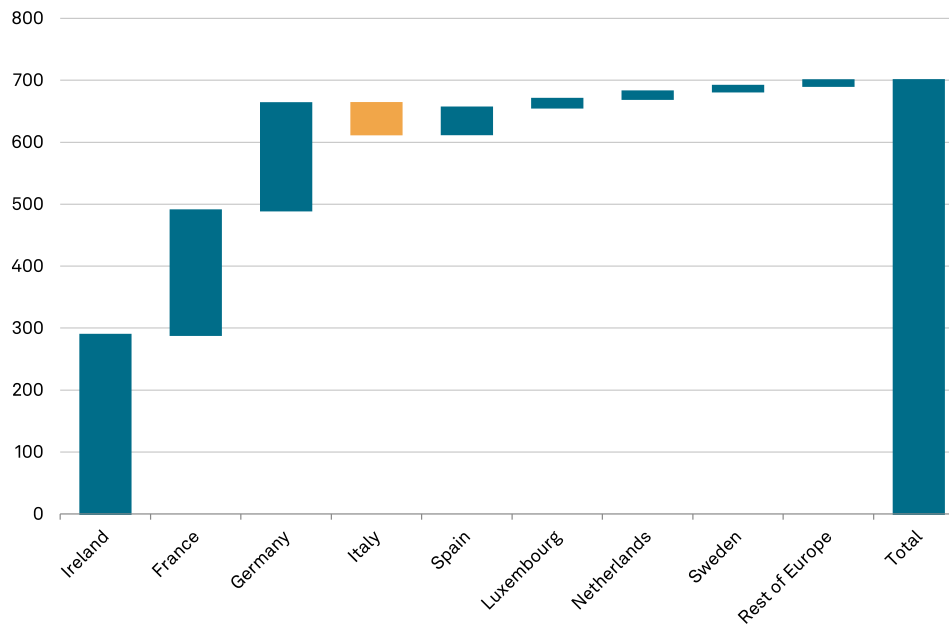
Key strengths	Key risks
Core subsidiary of the Barclays group, where it acts as the group's European hub.	Rising concentration of revenue in more volatile investment banking activity with the expected disposal of the European Cards business.
Well diversified by geography.	Continued strategic investment will demand tight underlying cost control to support the bank's earnings.

*We assess Barclays Bank Ireland PLC (BBI) as a core subsidiary of Barclays PLC.* BBI is the primary legal entity serving Barclays' clients in the European Economic Area (EEA). Headquartered in Dublin, it has branches in 10 countries across the continent and we believe that BBI plays a crucial role in continuing to serve Barclays' clients in the EEA following Brexit. Therefore, we view BBI as core to the Barclays group. We do not assign a stand-alone credit profile to BBI. Instead, we follow a top-down approach, highlighting its strong strategic value to the group.

*We position our long-term issuer credit rating on BBI in line with the 'a+' group credit profile on Barclays.* This includes uplift for additional loss-absorbing capacity because, as a material EU subsidiary of a non-EU global systemically important bank, BBI has been subject to total loss-absorbing capacity requirements since January 2021, and intermediate minimum requirement for own funds and eligible liabilities (MREL) from January 2022. Its MREL requirements became effective from January 2024 and fulfilled through instruments downstream from the parent.

*Barclays' capital, funding, and liquidity profiles will remain sound.* The common equity Tier 1 ratio was 15.8% as of June 30, 2024, 90 basis points lower year on year reflecting growth in its risk-weighted assets (RWAs) during the bank's strategic expansion. This sits well above the group target of 13%-14%, leaving BBI headroom for additional growth across the business. As such, we expect the bank's capital will normalize but remain solid into the medium term. We also anticipate that BBI's funding and liquidity metrics will remain robust.

*BBI's revenue is diversified across Europe.* BBI generates income across the EEA, although this is centered around Ireland, France, and Germany, without excessive exposure to one country.

**Chart 1****Income by geographic region**  
1H2024 (Mil. €)

Source: S&amp;P Global Ratings.

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***An ambitious growth strategy should support medium-term performance.*** BBI's pan-European commercial and investment banking strategy will pursue growth in the next 12-24 months. At the same time, we also expect there to be a relative increase in the bank's earnings volatility following the announced sale of the European cards business, Consumer Bank Europe. This transaction is expected to complete in late 2024 or early 2025. Management expects this sale to be capital accretive, releasing material RWAs. As it remains consistent with the group's broader strategy of focusing its capital onto its franchise core (primarily U.K. cards and small and midsize enterprise banking). However, the deal will see BBI increasingly rely on nonrecurring earnings following the disposal, with the Consumer business' net interest income of €209 million in the first half of 2024 no longer a support to income. This will ultimately see the bank's income skew further toward investment banking operations (81.7% of first half income), with a modest incremental support from private bank earnings (2.4% of first half income). So, while the sale will release capital and remove the material impairment charges related to BBI's loan book, we see the subsequent increase in concentration in markets driven revenue as a relative weakening in BBI's earnings stability.

Total income increased by 16.3% year on year to €700 million for the first half of 2024. This was mainly driven by a substantial jump in net interest income in the Corporate and Investment Bank business—a combination of the elevated rates environment and an expansion of the corporate banking franchise. Net fee and commission income in the corporate and investment bank also grew by 9.2% in the first half of 2024, mostly attributable to solid activity in the

capital markets and trading businesses, offset by sluggish deal-making and advisory fees. Costs remained flat for the period, and although we expect cost control to remain robust in the next 12-24 months, in line with the group's ambitious cost control targets, management's growth initiatives demand ongoing investment in staff and technology. This will put a degree of pressure on the business' cost base. Profit from continuing operations increased by 53% year on year to €145 million.

The bank's reported profit after tax was weakened by a recognized €252 million loss from the disposal of the Italian retail mortgage book, which substantially completed in May 2024.

## Outlook

The stable outlook on BBI mirrors that on ultimate parent Barclays PLC. We expect Barclays PLC to maintain a robust credit profile over our two-year outlook horizon and continue generating solid, stable earnings. We also anticipate that it will maintain a solid funding and liquidity profile. The stable outlook also reflects our expectation that BBI will remain a core subsidiary.

### Downside scenario

We could lower the rating if we took a similar action on the parent company, Barclays PLC. This would be triggered by a material weakening of the parent's performance, whether because of significant financial risk events, or broader macroeconomic pressures that weaken Barclays' asset quality and earnings. A sustained weakening in its funding and liquidity could also likely lead us to take a negative rating action.

### Upside scenario

We could also consider an upgrade if we took a similar action on Barclays PLC. However, an upgrade is unlikely in the next 24 months. We could raise the ratings during our two-year outlook horizon if the parent demonstrates a sustainable improvement in its already solid earnings and delivers exceptional asset quality and risk management, complemented by a risk-adjusted capital ratio above 15% on a sustained basis. We view these scenarios as remote.

## Key Statistics

Table 1

Barclays Bank Ireland PLC--Key figures					
--Year-end Dec. 31--					
(Mil. €)	H1 2024	2023	2022	2021	2020
Adjusted assets	149,960	142,644	132,475	117,053	134,887
Customer loans (gross)	6,334	9,597	14,487	13,533	12,736
Adjusted common equity	6,112	6,230	5,862	5,049	3,943
Operating revenues	716	1,323	1,483	1,240	872
Noninterest expenses	492	979	1,106	959	669

**Table 1****Barclays Bank Ireland PLC--Key figures (cont.)**

(Mil. €)	--Year-end Dec. 31--				
	H1 2024	2023	2022	2021	2020
Core earnings	145	227	134	273	N.A.

H1--First half. N.A.--Not available.

**Table 2****Barclays Bank Ireland PLC--Business position**

(%)	--Year-end Dec. 31--				
	H1 2024	2023	2022	2021	2020
Total revenues from business line (currency in millions)	716	1,323	1,483	1,240	872
Retail banking/total revenues from business line	3.2	3.3	24.8	27.3	43.5
Other revenues/total revenues from business line	(10.5)	1.9	(0.1)	3.1	(10.4)
Investment banking/total revenues from business line	107.3	94.8	75.3	69.6	67.0
Return on average common equity	(3.4)	4.1	1.9	5.2	(3.5)

H1--First half.

**Table 3****Barclays Bank Ireland PLC--Capital and earnings**

(%)	--Year-end Dec. 31--				
	H1 2024	2023	2022	2021	2020
Tier 1 capital ratio	18.0	18.2	19.0	18.0	19.1
Adjusted common equity/total adjusted capital	88.4	88.6	87.9	86.2	87.5
Net interest income/operating revenues	14.4	20.0	21.6	25.2	33.6
Fee income/operating revenues	76.5	72.1	62.6	62.2	62.6
Market-sensitive income/operating revenues	6.8	7.9	15.8	12.7	3.8
Cost-to-income ratio	68.7	74.0	74.6	77.3	76.7
Preprovision operating income/average assets	0.3	0.3	0.3	0.2	0.2
Core earnings/average managed assets	0.2	0.2	0.1	0.2	N.A.

H1--First half. N.A.--Not available.

**Table 4****Barclays Bank Ireland PLC--Risk position**

(%)	--Year-end Dec.31--				
	H1 2024	2023	2022	2021	2020
Growth in customer loans	(68.0)	(33.8)	7.0	6.3	(5.3)
Total managed assets/adjusted common equity (x)	24.5	22.9	22.6	23.2	34.2
New loan loss provisions/average customer loans	1.0	0.3	1.2	(0.7)	2.1
Net charge-offs/average customer loans	0.3	0.6	0.3	0.3	0.6
Gross nonperforming assets/customer loans + other real estate owned	4.5	3.3	4.2	4.6	5.1
Loan loss reserves/gross nonperforming assets	40.4	50.0	88.5	72.8	91.7

H1--First half.

Table 5

Barclays Bank Ireland PLC--Funding and liquidity					
	--Year-end Dec. 31--				
(%)	H1 2024	2023	2022	2021	2020
Core deposits/funding base	37.6	36.1	37.9	35.6	37.2
Customer loans (net)/customer deposits	19.4	31.6	54.1	61.2	61.9
Long-term funding ratio	49.3	48.2	51.7	48.5	46.7
Stable funding ratio	77.3	77.9	76.6	68.1	60.7
Short-term wholesale funding/funding base	54.7	56.1	52.9	56.5	57.8
Regulatory net stable funding ratio	132.0	147.0	149.0	148.0	N.A.
Broad liquid assets/short-term wholesale funding (x)	1.3	1.2	1.2	1.1	1.2
Broad liquid assets/total assets	40.6	39.0	32.9	32.3	26.1
Broad liquid assets/customer deposits	190.0	186.4	169.2	176.9	179.7
Net broad liquid assets/short-term customer deposits	45.6	31.8	30.6	19.1	25.3
Regulatory liquidity coverage ratio (LCR) (x)	202.0	221.0	194.0	171.0	N.A.
Short-term wholesale funding/total wholesale funding	86.4	86.6	83.6	86.0	90.5
Narrow liquid assets/3-month wholesale funding (x)	1.3	1.2	1.3	1.2	1.3

H1--First half. N.A.--Not available.

## Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, April 30, 2024
- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

## Related Research

- Barclays PLC, July 3, 2024

### Ratings Detail (As Of September 10, 2024)\*

#### Barclays Bank Ireland PLC

Issuer Credit Rating

A+/Stable/A-1

Resolution Counterparty Rating

AA-/--/A-1+

## Ratings Detail (As Of September 10, 2024)\*(cont.)

Senior Unsecured	A+
<b>Issuer Credit Ratings History</b>	
19-May-2023	A+/Stable/A-1
24-Jun-2021	A/Positive/A-1
26-Feb-2021	A/Stable/A-1
23-Apr-2020	A/Negative/A-1
<b>Sovereign Rating</b>	
Ireland	AA/Stable/A-1+
<b>Related Entities</b>	
<b>Barclays Bank Ireland PLC (Milan Branch)</b>	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/--/A-1+
<b>Barclays Bank Ireland PLC, Sucursal en Espana (Madrid Branch)</b>	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/--/A-1+
<b>Barclays Bank Mexico S.A., Institucion de Banca Multiple, Grupo Financiero Barclays Mexico</b>	
Issuer Credit Rating	
<i>CaVal (Mexico) National Scale</i>	mxAAA/Stable/mxA-1+
<b>Barclays Bank PLC</b>	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/--/A-1+
Certificate Of Deposit	
<i>Foreign Currency</i>	A+/A-1/A-1
Commercial Paper	
<i>Local Currency</i>	A-1
Junior Subordinated	BB+
Junior Subordinated	BBB
Junior Subordinated	BBB-
Preference Stock	BB+
Resolution Counterparty Liability	A-1+
Resolution Counterparty Liability	AA-
Senior Secured	AA-
Senior Unsecured	A+
Short-Term Debt	A-1
Short-Term Secured Debt	A-1+
Subordinated	BBB
<b>Barclays Bank PLC (Cayman Branch)</b>	
Commercial Paper	A-1
<b>Barclays Bank PLC (New York Branch)</b>	
Commercial Paper	A-1
<b>Barclays Bank UK PLC</b>	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/--/A-1+

Ratings Detail (As Of September 10, 2024)*(cont.)	
Commercial Paper	A-1
Senior Secured	AAA/Stable
Senior Unsecured	A+
Short-Term Debt	A-1
<b>Barclays Capital Inc.</b>	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	A+/-/A-1
Commercial Paper	
<i>Local Currency</i>	A-1
<b>Barclays Capital Luxembourg</b>	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/-/A-1+
<b>Barclays Capital Trading Luxembourg</b>	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/-/A-1+
<b>Barclays Execution Services Ltd.</b>	
Issuer Credit Rating	A+/Stable/A-1
<b>Barclays PLC</b>	
Issuer Credit Rating	BBB+/Stable/A-2
Commercial Paper	A-2
Junior Subordinated	BB-
Senior Unsecured	BBB+
Subordinated	BBB-
<b>BARCLAYS US CCP FUNDING LLC</b>	
Resolution Counterparty Liability	A-1+
<b>Barclays US Funding LLC</b>	
Senior Unsecured	A+
Short-Term Debt	A-1

\*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.



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