

Barclays Bank Ireland PLC

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Major Rating Factors

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Strengths:	Weaknesses:
<ul style="list-style-type: none">• Core subsidiary of the Barclays group.• Key EU subsidiary to serve Barclays' European clients and global clients of the group active in Europe.	<ul style="list-style-type: none">• Business activity includes capital markets activity, which we view as more volatile and complex.

Outlook
<p>S&P Global Ratings' stable outlook on Barclays Bank Ireland PLC (BBI) mirrors that on its ultimate parent, Barclays PLC (Barclays). We assume that the statutory earnings performance of the Barclays group will steadily improve and that its asset quality metrics will remain resilient over our two-year outlook time horizon.</p> <p>Upside scenario</p> <p>Given that we already uplift the ratings on BBI by two notches above the 'bbb+' unsupported group credit profile (UGCP) of Barclays, based on the additional loss-absorbing capacity (ALAC) arising from the group's subordinated debt and senior debt buffers, a higher rating on BBI would depend on an upward revision of the UGCP. We consider this unlikely in the near term while Barclays builds statutory earnings to be more in line with other large global banks.</p> <p>Downside scenario</p> <p>We could consider lowering the ratings on BBI if we revised down the UGCP, if our view of its group status weakens, or if we expected the group's ALAC to reduce below our two-notch threshold.</p>

Rationale

The ratings reflect our view that Ireland-incorporated BBI is a core subsidiary of Barclays. We believe that BBI is instrumental in allowing Barclays to continue to service its European Economic Area (EEA) domiciled clients and provide important services to network clients with operations in the EEA. Given that we assess BBI as core to Barclays, we rate the bank using a top-down approach by emphasizing the consolidated accounts of the group. We also assume that the group will downstream ALAC internally to BBI (and other core subsidiaries) as required. For these reasons, we do not assign a stand-alone credit profile to BBI.

BBI is the main banking entity of the Barclays group within the EU, whose importance to the group and scale has risen significantly following the U.K.'s decision to leave the EU. A subsidiary of Barclays Bank PLC (BBPLC; the non-ring-fenced bank of Barclays, and also a core subsidiary), BBI's activities will therefore tend to mirror BBPLC's. These activities mainly comprise corporate and investment banking, private banking, and the Barclaycard business in Germany. Barclays states that Europe represented 11% of group income, based upon counterparty location, in 2018.

The Central Bank of Ireland granted an extended license to BBI in October 2018. BBI first obtained a license in Ireland in 2005 and was a niche player focusing primarily on multinational corporations and internationally active domestic corporates. Indicative of its changed scale, reported total assets were €12.6 billion at Dec. 31, 2018, up from €3.2 billion the year before. We understand that there will be a much more material expansion of the balance sheet during 2019, and possibly beyond, which is largely dependent on the outcome and timelines of Brexit. For example, the transfer of the assets and liabilities of Barclays' EU branches to BBI from BBPLC completed in the first quarter of 2019, and the migration of EU-facing clients has commenced.

We expect that the expanded BBI will continue to be comfortably profitable, with increasingly varied revenue streams, while expanding capital, funding and liquidity ratios will remain sufficiently above regulatory limits as assets gradually transfer. BBI became classified as a significant supervised entity, directly supervised by the European Central Bank with effect from Jan. 1, 2019. BBI is therefore subject to a stand-alone requirement for own funds and eligible liabilities (MREL), which we understand will be downstreamed from the group.

Related Criteria

- Criteria - Financial Institutions - General: Methodology For Assigning Financial Institution Resolution Counterparty Ratings, April 19, 2018
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Financial Institutions | Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- Criteria | Financial Institutions | Banks: Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions, Jan. 29, 2015
- General Criteria: Principles For Rating Debt Issues Based On Imputed Promises, Dec. 19, 2014

- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria | Financial Institutions | Banks: Assessing Bank Branch Creditworthiness, Oct. 14, 2013
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Criteria | Financial Institutions | Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria | Financial Institutions | Banks: Commercial Paper I: Banks, March 23, 2004

Related Research

- Barclays PLC, June 27, 2019
- Barclays Bank PLC, June 27, 2019
- Barclays Bank Ireland PLC 'A/A-1' Ratings Affirmed On Expansion Plans As The Barclays Group's EU Bank; Outlook Stable, June 14, 2018

Ratings Detail (As Of June 27, 2019)*

Barclays Bank Ireland PLC

Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A+/--/A-1

Issuer Credit Ratings History

15-Nov-2017	A/Stable/A-1
17-Oct-2017	A/Negative/A-1
07-Jul-2016	A-/Negative/A-2
09-Jun-2015	A-/Stable/A-2
03-Feb-2015	A/Watch Neg/A-1

Sovereign Rating

Ireland	A+/Stable/A-1
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Related Entities

Barclays Bank Ireland PLC (Milan Branch)

Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A+/--/A-1

Barclays Bank Ireland PLC, Sucursal en Espana (Madrid Branch)

Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A+/--/A-1

Barclays Bank Mexico S.A.

Issuer Credit Rating	mxAAA/Stable/mxA-1+
<i>CaVal (Mexico) National Scale</i>	

Ratings Detail (As Of June 27, 2019)*(cont.)

Barclays Bank PLC

Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A+/-/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	BB+
Junior Subordinated	BBB-
Preference Stock	BB
Resolution Counterparty Liability	A+
Senior Unsecured	A
Short-Term Debt	A-1
Subordinated	BB+
Subordinated	BBB-

Barclays Bank PLC (Cayman Branch)

Commercial Paper	A-1
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Barclays Bank PLC (Hong Kong Branch)

Commercial Paper	A-1
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Barclays Bank PLC (New York Branch)

Commercial Paper	A-1
Senior Unsecured	A

Barclays Bank PLC (Singapore Branch)

Commercial Paper	A-1
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Barclays Bank PLC (Tokyo Branch)

Commercial Paper	A-1
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Barclays Bank UK PLC

Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A+/-/A-1
Commercial Paper	
<i>Local Currency</i>	A-1
Senior Secured	AA-
Senior Secured	AAA/Stable
Senior Unsecured	A
Short-Term Debt	A-1

Barclays Capital Inc.

Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A/-/A-1

Barclays Capital Luxembourg

Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A+/-/A-1

Barclays Capital Trading Luxembourg

Issuer Credit Rating	A/Stable/A-1
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Ratings Detail (As Of June 27, 2019)*(cont.)

Resolution Counterparty Rating	A+/-/A-1
Barclays PLC	
Issuer Credit Rating	BBB/Stable/A-2
Commercial Paper	A-1
Junior Subordinated	B+
Senior Unsecured	BBB
Subordinated	BB+
Barclays Services Ltd.	
Issuer Credit Rating	A/Stable/A-1
BARCLAYS US CCP FUNDING LLC	
Commercial Paper	
<i>Foreign Currency</i>	A-1
Barclays US Funding LLC	
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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