



NEWS RELEASE

Nov 18, 2020

R&I Affirms Ratings: Barclays PLC & Subsidiaries

Rating and Investment Information, Inc. (R&I) has announced the following:

ISSUER: Barclays PLC
Issuer Rating: A-, Affirmed
Rating Outlook: Stable

ISSUER: Barclays Bank PLC
Issuer Rating: A, Affirmed
Rating Outlook: Stable

ISSUER: Barclays Securities Japan Ltd.
Issuer Rating: A, Affirmed
Rating Outlook: Stable

RATIONALE:

Barclays PLC

Barclays Bank PLC

The Barclays Group is one of the four leading banking groups in the U.K. It has sound risk resilience and sufficient liquidity. A rise in credit costs caused by the novel coronavirus pandemic is dragging down its earnings. Uncertainties remain around the impact that the U.K.'s withdrawal from the European Union (EU) may have on the business environment, which warrants close attention. In consideration of these factors, R&I has affirmed the ratings for Barclays PLC and Barclays Bank PLC.

Barclays Bank PLC is a core bank of the Barclays Group and the Group's non-ring-fenced bank under the ring-fencing regulation. Based mainly on the bank's strategic importance for the Group, the rating for Barclays Bank PLC directly reflects the creditworthiness of the entire group. In light of what R&I considers as inherent structural subordination of holding companies and other factors, the rating for Barclays PLC is one notch below the rating for Barclays Bank PLC.

The Group's Corporate and Investment Bank performed well in the nine months ended September 2020 on the back of an uptick in market volatility, among other factors. The Group's revenues grew year-on-year. As operating costs also declined, its cost to income ratio dropped to 59%, which fell within its target of below 60%. The management expects the operating costs for full year 2020, excluding litigation and conduct charges, to be broadly flat compared with 2019. It plans to evaluate actions to reduce structural costs given new ways of working sparked by the coronavirus pandemic. The Group's profit before tax declined from the same period a year earlier due to a material rise in credit costs. The management estimates that the credit costs in 2021 would fall below the 2020 level. R&I is closely observing the Group's efforts to improve an earning capacity.

The Group's loan loss rate for the nine months ended September 2020 was 164 basis points -- three times the figure in 2019. In the credit card business, the 90-day arrears rate stays steady at 0.8% in the U.K. and 1.1% in the U.S. Mortgages in the U.K. make up about 40% of its outstanding loans, and the average loan to value remains low at about 50%. The government's economic measures such as support for employees on furlough and government-guaranteed loans could prop up the economy. If the transition period of Brexit expires at end-2020 without new agreements between the U.K. and the EU, this could place further downward pressure on the economy. Eyes will be on developments in negotiations between the U.K. and the EU as well as the situation of coronavirus infections.

The Group's risk resilience is commensurate with the rating. As of end-September 2020, the common equity tier 1 (CET1) ratio was 14.6% on an IFRS9 transitional basis. In response to the coronavirus issue, the Prudential Regulation Authority (PRA) introduced measures to preserve the

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flexibility banks needed to extend credit to the wider economy. This had the effect of reducing the Group's regulatory minimum requirement to 11.3% as at 30 September 2020. Although benefits from transitional relief on IFRS9 impairment will likely be reduced, the management intends to maintain an appropriate headroom above the minimum required level.

The Group's loan to deposit ratio was 70% at end-September 2020. This represents a 12 percentage point decrease from end-2019 and is attributable mainly to the growth of deposits. The liquidity coverage ratio is high at 181%. Liquidity concern is small.

Barclays Securities Japan Ltd.

Barclays Securities Japan Ltd. is the Barclays Group's securities company in Japan. It is an indirect wholly-owned subsidiary of Barclays Bank PLC and engages in investment banking operations, one of the Group's main businesses. Because of its importance for the Group's business strategy and other factors, the rating for Barclays Securities Japan is the same as that for Barclays Bank PLC, which reflects the creditworthiness of the entire group.

The primary rating methodologies applied to this rating are provided at "R&I's Basic Methodology for Corporate Credit Ratings", "Shared Rating Approach for Financial Institutions, etc.", "Depository Financial Institutions", "Securities Firms", "R&I's Analytical Approach to Financial Groups" and "R&I's Analytical Approach to Regulatory Capital Instruments and Financial Institutions". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

https://www.r-i.co.jp/en/rating/about/rating_method.html

R&I RATINGS:

ISSUER: Barclays PLC
Issuer Rating
RATING: A-, Affirmed
RATING OUTLOOK: Stable

Japanese Yen Callable Bonds No.1	Issue Date	Maturity Date	Issue Amount (mn)
	Sep 25, 2018	Sep 25, 2024	JPY 130,500
RATING:	A-, Affirmed		

Japanese Yen Callable Bonds No.2	Issue Date	Maturity Date	Issue Amount (mn)
	Sep 25, 2018	Sep 25, 2028	JPY 17,100
RATING:	A-, Affirmed		

ISSUER: Barclays Bank PLC
Issuer Rating
RATING: A, Affirmed
RATING OUTLOOK: Stable

ISSUER: Barclays Securities Japan Ltd.
Issuer Rating
RATING: A, Affirmed
RATING OUTLOOK: Stable

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