



# NEWS RELEASE

Nov 27, 2019

## 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. While liquidity is also ample, there are still many uncertainties about the impact that developments in Brexit may have on the business environment, and this 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.

In 3Q 2019, the group's cost to income ratio was 88%, or 59%, if litigation and conduct charges are excluded. The group posted a statutory loss after tax, but this was largely attributable to a temporary increase in payment protection insurance provisions. At the beginning of 2019, it targeted 13.6 billion to 13.9 billion pounds in operating expenses. Given the challenging income environment, however, the target was revised to less than 13.6 billion pounds. The group aims to achieve this through further flexibility in compensation costs, which has largely been realized in its Corporate & Investment Bank to date, and the ability to prioritize and adjust the pace of investment spend. It expects to deliver the cost to income ratio below 60% over time. Eyes are on whether the group will be able to improve its earning capacity even in a deteriorating business environment.

The group's credit cost ratio in 3Q 2019 increased from a year earlier, but is kept below the historical average. In the credit card business, the 90 day arrears rate was stable, staying broadly flat year on year at 0.8% in the U.K. and 1.3% in the U.S. Moreover, the loan to value of the U.K. mortgage portfolio was around 50% in 1H 2019, making the group less susceptible to a drop in property prices. R&I will pay attention to the possibility that asset quality may deteriorate if the economy comes under pressure in the process of Brexit and this causes unemployment rates to rise and property prices to fall.

The group's risk resilience is commensurate with the rating. As of end-September 2019, the common equity tier 1 (CET1) ratio was 13.4% on an IFRS9 transitional basis. Following discussions with regulators on operational risk change, the CET1 ratio was increased, and the overall regulatory capital requirement was raised from 11.7% to 12.0%. As a result, the group revised its target CET1 ratio from 13% to about 13.5%.

The group's loan to deposit ratio was 82% at end-September 2019. This is roughly the same as a

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year earlier, suggesting that the ratio is relatively stable. The liquidity coverage ratio is high at 151%. The group's pro forma Basel net stable funding ratio is also above 100%. Liquidity concern is thus 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](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

<b>Japanese Yen Bonds No.2</b>	<b>Issue Date</b> Sep 17, 2015	<b>Maturity Date</b> Sep 17, 2020	<b>Issue Amount (mn)</b> JPY 42,000
<b>RATING:</b>	<b>A-, Affirmed</b>		

<b>Japanese Yen Flt. Rate Bonds No.1</b>	<b>Issue Date</b> Sep 17, 2015	<b>Maturity Date</b> Sep 17, 2020	<b>Issue Amount (mn)</b> JPY 4,000
<b>RATING:</b>	<b>A-, Affirmed</b>		

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

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

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

**ISSUER:** Barclays Securities Japan Ltd.

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**RATING:**

**RATING OUTLOOK:**

**Issuer Rating**

**A, Affirmed**

**Stable**

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